

INSTRUCTIONS

TO PREPARE THE FY 2018

COUNTY SECONDARY ROAD BUDGET

And

CONSTRUCTION PROGRAM

PREPARED BY: Office of Local Systems
Iowa Department of Transportation
January 2017
515-239-1528

TABLE OF CONTENTS

TABLE OF CONTENTS	1
DEFINITIONS	2
COUNTY SECONDARY ROAD BUDGET	3
COUNTY SECONDARY ROAD CONSTRUCTION PROGRAM.....	10

DEFINITIONS

Advancement of a Priority List Project

The process to advance a locally funded project from the program priority lists to the accomplishment list so the project may be let or constructed in the accomplishment year. This is typically accomplished using a resolution process provided in Transportation Program Management System (TPMS) at the Iowa County Engineers Association (ICEA) Service Bureau. In most cases, this process can be used in lieu of submitting a supplemental program. Details are contained in [Instructional Memorandum \(I.M.\) 2.050](#), "Procedure to Amend a County Secondary Road Construction Program and Budget".

Amended Secondary Road Budget

A document adopted by the Board of Supervisors during the current fiscal year revising the receipts or expenditures as shown on the approved current secondary road budget. These revisions shall be necessitated by **bona fide unforeseen conditions** arising during the budget year and must be approved prior to exceeding the previously approved expenditures. The unforeseen condition(s) must be stated in the area provided in the TPMS Budget and Program submittal application. It must explain the "why" of what happened to create the need for an amended budget. Refer to [I.M. 2.050](#) for further information.

Program Project Accomplishment List

The portion of the secondary road construction program which lists the local, farm-to-market and federal/state-aid projects proposed for construction in the next fiscal year. It is the first year of the five-year program. The estimated cost of the individual projects shall be on a total cost basis in thousands of dollars.

Program Project Priority Lists

The portion of the secondary road construction program which lists the local, farm-to-market and federal/state-aid projects contemplated for the remaining four fiscal years. The estimated cost of the individual projects shall be on a total cost basis in thousands of dollars.

Secondary Road Budget

Adopted annually by the Board of Supervisors and submitted electronically to the Iowa DOT for approval on or before April 15 of each year. The submittal must show the actual two previous fiscal years, the proposed current fiscal year and the proposed next fiscal year's receipts and expenditures.

Secondary Road Construction Program

Adopted annually by the Board of Supervisors and submitted electronically to the Iowa DOT for approval on or before April 15 of each year. The submittal must indicate the proposed local, farm-to-market and federal/state-aid construction projects for the next fiscal year, and a project priority list for the succeeding four fiscal years based upon available construction

funds.

Supplemental Secondary Road Construction Program (Full Amendment)

A process used by the Board of Supervisors, during the current fiscal year, to revise the currently approved secondary road program. A full amendment is required when a priority year project needs to be added or changed. These revisions shall be necessitated by **bona fide unforeseen conditions** arising during the program year and must be approved prior to the start of any additional construction work included in the supplement. The unforeseen condition(s) must be stated in space provided in the TPMS program amendment application and must explain the “why” of what happened to create the need for a supplemental program. Refer to [I.M. 2.050](#) for further information.

COUNTY SECONDARY ROAD BUDGET

When to Prepare and Submit

On or before April 15 of each year, the Board of Supervisors shall adopt and submit, for department approval, a secondary road budget for the next fiscal period beginning July 1 and ending June 30. The Office of Local Systems encourages an early submittal of this document in order to eliminate delays in reviews and approvals. This should be filed in the county records.

Submit the Budget Electronically through the ICEA Service Bureau as per the Instructions Provided in TPMS

Contact the ICEA Service Bureau for assistance if problems are encountered during the preparation and submittal process. We strongly recommend that you do not wait until the last minute to complete your submittal to avoid a late submittal if server problems occur.

General Information

In some cases, an explanation may need to accompany the submitted budget. The document itself is not designed to be self-explanatory; therefore, notes outlining the cause of any special circumstances will be advantageous to both the county and the department. The Budget and Program application includes the ability to provide such notes.

Items Chargeable to Various Classifications

In order to obtain a uniform accounting method, the coding and classification of expenditures outlined in [I.M. 2.071](#) shall be followed. It is only with the cooperation of all counties that we can attain a reasonable, uniform method of budgeting.

Expenditures Reimbursable to Secondary Road Fund

Reimbursable items are those that are initially paid from the county’s secondary road fund and repaid by outside agencies or by a transfer of other county funds, **except as noted in the last paragraph of this section.** To qualify as a reimbursable item, the work must be paid for out of secondary road funds and reimbursed to that fund by others **in the same accounting year.** If

the transactions will **not** take place in the same accounting year, they should be treated as expenses in the current fiscal year and miscellaneous receipts in the next fiscal year. Other agencies may include other counties, cities, etc. Other county funds may include general, conservation, etc.

Reimbursement to the new equipment expenditure shall only be used if a county purchases, without trade, a replacement machine and then sells the old machine in the same accounting year. The amount of the sale shall be the reimbursable figure. This line item shall not be used for trade-in values or for amount received for selling non-replaced pieces of equipment.

Estimate the expenditures from the secondary road fund for the next fiscal year that may be reimbursed to the secondary road fund on or before June 30 of the next fiscal year. They should be included in the total expenditures amount but will be subtracted to arrive at the net expenditures. For example, reimbursement for general maintenance work may affect the maintenance worksheet, as well as those for equipment operations, and possibly tools, materials, and supplies. Reimbursable amounts are accounted for in this system in order to more accurately determine the expense for secondary road operations only and not show as net expenditure those expenses which are of a non-secondary road operation nature.

This method should **not** be used when accounting for funds received from federal or state special programs, which are actually used for secondary road construction, reconstruction, or improvements. Examples are the federal and state bridge funding programs, disaster payments, railroad programs, Traffic Safety programs, and the RISE program. To assure work accomplished using these funds is reflected in the net expenditures, the income must be accounted for as a **receipt** and **not as a reimbursement**. Expenditures should be programmed in the year they are expected to occur. Likewise the receipts should be programmed in the year they will be received.

Title Sheet

County Certification

TPMS automatically includes the name of your county and the fiscal year of the proposed budget. The date that the budget was adopted by the Board of Supervisors, as well as various signatures, will need to be entered by hand on this sheet. The book and page number from the official board minutes, as well as the date the budget was adopted, will need to be manually entered into TPMS.

The Receipts Sheet

The tool in TPMS provides the actual receipts for the second prior and first prior years. It also provides the estimated receipts for the current fiscal year, so the estimated receipts for the next fiscal year is all that needs to be entered, for all of the following categories:

1. County Auditor's Secondary Road Fund Beginning Balance

The beginning balance for a particular fiscal year must equal the ending balance from

the previous fiscal year. An explanation is required if there is a difference.

2. Receipts from Property Tax Levies

Indicate the latest tax levy rate for secondary road purposes on property in the county. List the total property tax receipts for the next fiscal year.

2A. Local Option Sales Tax

List the amount of local option sales tax that your secondary road fund receives for the next fiscal year.

3. Regular Road Use Tax Received

List receipts to secondary road fund from the Road Use Tax Fund (RUTF). **Note: Do not include transfer of road use tax to farm-to-market fund for construction.**

Amount for 306.4 (3a) T.J. (FM extensions in cities < 500 pop.)

List the receipts to the secondary road fund from the transfer of the FM extensions in the cities with populations less than 500 to the county per Iowa Code Section 306.4 (3a)

TIME-21 Funds

List the estimated TIME-21 receipts to the secondary road fund as provided by the ICEA Service Bureau.

4. RISE Funds

List anticipated receipts to secondary road fund from the state Revitalize Iowa's Sound Economy (RISE) program.

5. Federal Bridge Replacement Funds

List anticipated receipts for bridge replacement projects on local roads funded with Federal Bridge Replacement Off-System (BROS--8J). State County Bridge (SBRC or SBRFM) funds should be listed under Miscellaneous Receipts (see item 8 below).

6. Proposed Transfer of FM Funds to Local Secondary Fund

List proposed transfers from the farm-to-market fund to the secondary road fund as per Iowa Code Section 309.10. The county must have a positive balance in its FM fund and the maximum amount, which can be transferred in the next fiscal year, is 50 percent of the anticipated farm-to-market allocation. Also see [I.M. 2.030](#) for other restrictions and instructions on this process.

7. Tax Refunds and/or Credits

This line has been added to provide a location to list refunds and/or credits for the first and second prior years rather than include them in the miscellaneous receipts. By adding this line the receipts portion of the budget more closely aligns with the annual report. Amounts are indicated here only if the refunds or credits occur in the same year as the taxes levied. If warrants for refunds in a previous year are cancelled, that amount should still be shown as a miscellaneous receipt. There is no need to estimate any amounts for the proposed current fiscal year or the proposed next fiscal year.

8. Miscellaneous Receipts

List the receipts from State County Bridge (SBRC or SBRFM) funds, anticipatory certificates (Section 309.46), and the sale of county road and bridge bonds (Section 331.441-331.449). Do not show revenues from special levies, which pay interest on or retirement of said bonds because the county must maintain a special account for such funds.

Also include other receipts not included above, such as donations, sale of used equipment, materials, junk, permits, receipts from voluntary TJ agreements, receipts from special categorical funding programs (TSIP, RR Crossing, FEMA), etc. Clearly itemize next year's various miscellaneous receipts. **Note: Do not include reimbursable items.**

List receipts to your secondary road fund from special assessment districts as outlined in Iowa Code Chapter 311.

9. Total Miscellaneous Receipts

List the total of all miscellaneous receipts itemized in 8.

10. Total Receipts

List the total of lines 1, 2, 3, 4, 5, 6, 7, and 9.

11. Road Use Tax Funds Transferred to FM Funds

Enter amount, if any, the State Treasurer will transfer from the county's road use taxes to the county's farm-to-market fund for construction. This action requires a resolution by the Board of Supervisors. Refer to [I.M. 2.010](#) for specific details and the resolution form.

Summary of Expenditures Sheet

Please provide expenditure information for the following:

1. Second Prior Year - TPMS will provide actuals from that year's annual report.
2. First Prior Year - TPMS will provide actuals from last year's annual report.
3. Current Year - Estimated by adjusting the current year budget.
4. Next Year - Estimated by using prior years as guides or using the optional worksheets located on the Service Bureau Web site.

Total Expenditures--Enter total of the four budget control items, 70X + 020 + 71X + 72X.

Note: Counties paying cities under 500 population to maintain the FM extension that transferred to the county per Iowa Code Section 306.4 (3a) should budget those payments as expenditures in 71X. Accounting Code 458 has been added to the 450 - Roadway Maintenance category to track and report those payments.

Auditor's Balance of Secondary Road Fund at End of Budgeting Period

Enter auditor's fiscal year ending balance. TPMS gives actual amounts for second and first prior years. Give estimated balance for the current and next fiscal years. Note: The ending balance of a fiscal year must equal the beginning balance of the following fiscal year. If the ending balance and the beginning balance of the succeeding years are not equal, please note the reason.

TOTAL--TPMS totals the Total Expenditures plus auditor's year-end balance. This must equal total receipts.

Optional worksheets for completing the budget and program are included on the ICEA Service Bureau website. Instructions related to the worksheets are also included there.

Budget Construction Estimate

The budget construction estimate does not necessarily have to match the program accomplishment year local (LCL) estimate. These figures may differ due to duplicate items and/or the way some federal highway bridge program (HBP) funds are handled. For example, a BROS--8J project estimated at \$500,000 would be programmed as 20 LCL and 80 Federal Aid (FA) and budgeted as a \$500,000 construction expenditure. The necessary revenue to construct the project would be shown in two locations in the estimated receipts. The \$400,000 in FA would be shown on line 5, Bridge Replacement Funds and the \$100,000 local match would be included in either the total receipts for local tax levies or the Road Use Tax received. Below is a screen shot from the Budget tool in TPMS:

020* Construction			
Adjusted Construction Program Expenditures (300) on FM and Local Sec. Roads (with other than FM funds)			
OPTIONAL Local Construction Cost Estimator			
Local Construction programmed in Accomplishment Year			
1 projects view	21000		
Estimated BROS-8J costs that will flow through Sec.Rd. Fund			
0 projects view	0		
Adjust for ROW	0	74582	412215
Adjust for Balance in Reserve	0		272000
Estimated local construction total	21000		21500
Click the Post button to transfer this estimate to the Next column (optional) Or type your own value into the Next column directly			
			Post

- The top line shows local construction and local match amounts from the latest version of the program.

- The second line shows BROS--8J Federal aid amounts to be passed through the local budget
- “Estimated local construction total” is a default total that can be inserted as-is into the “Next” year’s construction slot, by clicking the “Post” button, or an adjusted figure can be inserted in the “Next” column manually. This is typically done when the cash flows of FA projects will end up spanning more than one fiscal year. For instance, a BROS--8J job may have \$400K in in FA reimbursements coming, but only \$250K can be expected in the Next Fiscal Year; with the remaining \$150K coming in the following Fiscal Year. So a decreased 020 entry would be made. Or BROS--8J funds from a prior fiscal year are expected to finally come in during the Next Fiscal Year. This would call for an increased 020 entry.

Note: A BROS--8J project needs to be programmed only in the year that it will be let.

Budget Worksheet for Construction – Optional (Located on ICEA Service Bureau web site)

The total cost of construction projects, anticipated to be done by the contract method, is shown in the right hand portion of this worksheet under the heading of Contract Construction Cost. Various work types are shown by cost accounting code. This breakdown may be used to compute your total construction costs by contract.

The total cost of construction projects, anticipated to be done by the day labor method, is shown in the left hand portion of this worksheet under the heading of Day Labor Construction Cost. The same work type listing is provided to assist with determining day labor construction costs. The total day labor construction costs transferred to the 020 Construction item in the budget will need to be reduced for equipment operations, tools, materials, and supplies expenditures which have been budgeted in the 600 series and will be used on day labor construction projects.

Duplicated expenditures 620, 630, and 650 are a prorated share of the expenditures for maintaining and operating equipment and included in the estimated cost of day labor construction projects. Equipment operation costs for day labor construction projects are estimated according to the anticipated number of hours individual pieces of equipment will be used on the construction projects multiplied by a determined hourly rental rate.

It is the responsibility of each county engineer's office to establish realistic equipment rental rates used in this and other accounting procedures for secondary road operations. Rental rates should include consideration for depreciation. The hourly rates contained in the [Iowa DOT Schedule of Equipment Rates](#) in the Publications Page of Local Systems web site may be used for this purpose. These rates are mandatory for determining final project costs reported in accordance with the requirements of Section 314.1A of the Iowa Code.

Duplicated expenditures 655, 660, and 680 include tools, materials, and supplies used from stock on day labor construction projects. The total duplicated items are then subtracted from the total day labor construction costs to obtain the adjusted day labor construction. This procedure makes it possible for these items to be reflected in the estimated costs of day labor construction projects while the actual expenditure for the item is accounted for in the appropriate 600 series. Failure to make this adjustment would result in duplicating these expenditures.

Labor and related fringe benefits associated with day labor construction projects are not accounted for in the other series noted above and, therefore, are not considered duplicated items. Tools, materials, and supplies purchased exclusively for a specific day labor project may be charged directly to the appropriate 300 series code and would then not be considered a duplicated item.

The net adjusted construction expenditure is transferred to the 020 Construction expenditure line in budget sheet 3.

COUNTY SECONDARY ROAD CONSTRUCTION PROGRAM

The “Official” copies of the five-year program, that the county maintains on file, will be composed of a title sheet, a paving point determination sheet, and as many construction project sheets as necessary to identify your construction work. TPMS provides an opportunity to complete a location map for every project that is programmed or a combined map showing all programmed projects. Maps should be completed for all projects but are **required for all accomplishment year projects**. Instructions for completing a single project map or a combined map are provided in TPMS. **Note: Programs with incomplete Accomplishment Year maps will not be approved until the projects are shown.**

Projects to be funded with federal/state aid (i.e. BR, TSF, RISE) must be listed in the program for the total estimated costs which includes the portion paid with the federal or special funds.

When to Prepare and Submit

On or before April 15 of each year, the Board of Supervisors shall adopt and submit to the department for approval a secondary road construction program for the next five fiscal years. This program should be based upon the construction funds (local secondary, farm-to-market and federal/state aid) estimated to be available for such years as stated in Iowa Code Section 309.22. The Office of Local Systems encourages early submittals in order to eliminate delays in revisions and approvals. Board Approval is necessary per Iowa Code Section 309.22, and is considered to be approved whether by motion or resolution.

Counties should follow up their CFYP submittal by double checking to make sure that matching records for each project seeking Federal Aid have been entered and submitted in their TIP. The Iowa DOT Office of Program Management strongly urges all Federal Funding prospects be TIP-submitted no later than April 30th.

Note: Submittal of the program must be done electronically through TPMS as per instructions provided by the ICEA Service Bureau website.

Program Sheet 1--The Title Sheet

This sheet needs to be signed by the county auditor, county engineer, and chairperson of the Board of Supervisors and filed in the proper county office.

Program Sheet 2--Paving Point Computation Sheet

When projects are programmed in TPMS, check in the space provided whether the project will be a grade for pave project or a paving project. TPMS will direct you to a worksheet in the Budget and Program submittal tool where you will need to calculate all the points for those projects. **Pavement resurfacing projects do not require paving points.** Refer to [I.M. 3.770](#) “Paving Point Requirements” for more information.

Paving points will be determined by the system shown in [I.M. 3.770, Attachment A](#).

Construction Project Detail Worksheets

“Contract” and “Day Labor” costs are mandatory information items and must be indicated in the spaces provided. The following is the preferred method of listing projects in the five-year program:

1. An entry called "Accomplishment Year ROW" or "FY ROW" if applicable.
2. An entry to accommodate Accomplishment Year Balance Held in Reserve such as "FY__ Bal. in Reserve" or "Acc Bal. in Reserve," if applicable.
3. The accomplishment year projects. (first of the five years)
4. The first priority year projects. (second of the five years)
5. The priority year projects for years three, four, and five in that order.
6. Complete location maps for all projects included in the five-year program.
7. A county may program a single line-item project to cover small projects (like culverts) that may come up during the year. However, the total estimated cost for that project cannot exceed the day labor limit in force when the program is prepared. See [Bid and Quote Thresholds](#) webpage.

Accomplishment year ROW costs should be listed as a project line entry (See No. 1 above). Priority year ROW costs should be included in the project costs.

Accomplishment Year Balance Held in Reserve is a project line entry that can be used if desired to allow for overruns. While most counties do not use this category, several do feel a need for it. It is intended to allow for project overruns, and therefore should be limited to a maximum of 10% of the total accomplishment year project costs.

FM transfer projects must be designated as such in the locations provided in TPMS and the Budget and Program application.

Anticipated funding for programmed projects should be shown in one of the category columns (LCL, FM, SP, and FA) provided on the worksheets. Please note that the “SP” category is intended for special non-federal funds such as RISE, TSF, or state bridge funds. TPMS provides for indicating which special fund or federal fund is anticipated.

Program Amendments

Subject to departmental approval, the project accomplishment list may be revised due to unforeseen conditions. This process is accomplished using the TPMS budget and program tool. If adding, modifying, or advancing projects; TPMS will generate a resolution that the County Board of Supervisors can then approve and execute. Once this process has been completed, the County Engineer can submit the amendment through TPMS to the Iowa DOT, Office of Local Systems. The County should also file the resolution with the originally adopted Program in the county files. If unforeseen conditions create a need to make multiple changes to the 5-year

program, the TPMS budget and program application also provides a means to submit a full amendment to the program. Refer to [I.M. 2.050](#) for further information.