

# STATE OF MICHIGAN

Gretchen Whitmer, Governor

## DEPARTMENT OF TREASURY

Rachael Eubanks, State Treasurer



### Uniform Accounting Procedures Manual for County Road Commissions

**DRAFT**

Uniform Accounting Procedures Manual for County Road Commissions

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## Uniform Accounting Procedures Manual for County Road Commissions

### PREFACE

This uniform chart of accounts has been specifically designed for use by County Road Commissions to account for Michigan Transportation Funds. It is based upon the “Uniform Chart of Accounts for Local Units of Government in Michigan.” The objective of this classification of accounts is to provide a means for the accumulation of financial information, which will be uniform for all Road Commissions. Secondly, the accounts are provided to facilitate the preparation of prescribed reports. Thirdly, the chart follows the Chart of Accounts and Michigan law.

The classification provides a systematic arrangement of accounts to be used in recording financial transactions of County Road Commissions. An adherence to this classification of accounts will assure responsible local officials and the general public that similar transactions are recorded in the same manner among all Road Commissions.

The classification of accounts is designed to serve basic legislative, budgetary and accounting objectives. The method of classifications is one deemed to best serve the legislative and executive needs of Road Commissions of any size.

### ACKNOWLEDGMENTS

Thank you to the County Road Association of Michigan, the Accounting Manual Sub-Committee of the Finance and Human Resources Committee for the many hours dedicated to this manual.

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[www.michigan.gov/treasury](http://www.michigan.gov/treasury)

The *Uniform Accounting Procedures Manual for County Road Commissions* is issued pursuant to the requirements of PA 2 of 1968, as amended, being [Sections 141.421 to 141.440a](#) of the Michigan Compiled Laws; and PA 71 of 1919, as amended, being [Sections 21.44 to 21.55](#) of the Michigan Compiled Laws.

## Uniform Accounting Procedures Manual for County Road Commissions

### INTRODUCTION

1  
2  
3 The Community Engagement and Finance Division of the Department of Treasury was given the  
4 responsibility of implementing requirements of [Public Act \(PA\) 2 of 1968](#), [Public Act 283 of 1909](#),  
5 as amended and [Public Act 71 of 1919](#), as amended. The requirements of these Acts are two-fold:  
6

7 First, the State Treasurer is required to prescribe uniform accounting and reporting standards for  
8 all County Road Commissions within the State.

9 Second, the Acts deal with the requirements for audits of County Road Commissions, which are  
10 covered in this manual. These laws provide, among other things, that County Road Commissions  
11 will have the first option of selecting an independent Certified Public Accountant (CPA). If the  
12 County Road Commission does not select an independent CPA, the State Treasurer must perform  
13 the audit or select an independent CPA. In all instances, the entire cost is to be borne by the Road  
14 Commission.

15 The audit is intended to be an annual audit, except in the instance of counties with less than 50,000  
16 in population, the minimum State requirement will be an annual audit not less frequently than  
17 every two years. Even though not required, it is recommended that smaller counties have audits  
18 annually.

19 The Department of Treasury (Treasury) is requiring that the audit report and the auditing  
20 procedures report (APR) be electronically submitted to our office via Treasury's Local Unit Audit  
21 Report Upload website at: <https://treas-secure.state.mi.us/LAFDeform/TL41W71.aspx>. [Public Act](#)  
22 [\(PA\) 2 of 1968](#) grants Treasury the authority to mandate that the audit report and the APR be filed  
23 electronically as prescribed by the State Treasurer. The independent CPA may file the audit report  
24 with the State Treasurer at the request of the Road Commission. However, the responsibility of  
25 filing the audit report timely lies with the Road Commission. The audit report, deficiency letter  
26 and auditing procedures report are to be filed with the State Treasurer within 6 months after the  
27 end of the fiscal year of the Road Commission. Extensions of time for filing all reports may be  
28 granted upon written request for extraordinary cause to the State Treasurer by the Road  
29 Commission. Such application shall set forth the circumstances necessitating the extension per  
30 Treasury policy [Numbered Letter 2001-1](#) issued January 12, 2001 [PA 34 of 2001](#) also requires the  
31 Chief Administrative Officer of the Road Commission to prepare a "Municipal Financial  
32 Qualifying Statement" within 6 months of the end of the fiscal year.

33 In accordance with the Bureau of Census' definition and Michigan Committee on Governmental  
34 Accounting and Auditing Statements (MCGAA Statement No. 4), County Road Commissions are  
35 part of the reporting entity of counties and are to be audited annually in order for the Single Audit  
36 requirements to be met. Title 2 U.S. Code of Federal Regulation Part 200 Uniform Administrative  
37 Requirements. Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance),  
38 requires an annual audit of all funds of a county that expends over \$750,000 in Federal funds.  
39 Federal funds applicable to the single audit for Road Commissions are those expended on  
40 negotiated projects.

## **Uniform Accounting Procedures Manual for County Road Commissions**

1 The fundamental benefit of the Chart of Accounts is that expenditures are broken down by  
2 expenditure; such as labor, equipment rental, road materials, contract purchases, utility  
3 expenditures and more. This enables the Road Commission to determine detailed components that  
4 make up the expenditures for primary and local road construction and primary and local road  
5 maintenance, etc. Detailed expenditure classifications, by projects, can also be recorded within the  
6 activities. Line-item expenditures such as labor, equipment rental, or supplies are also available  
7 for each project.

## Uniform Accounting Procedures Manual for County Road Commissions

### CODIFICATION STRUCTURE

The general ledger account structure includes funds, activities, functions, accounts and sub-accounts. Capital asset and long-term debt control groups may be used to record amounts reflected in the government-wide financial statements.

#### Funds

##### Special Revenue Funds Category (201-299)

201 County Road Fund

##### Trust and Agency Funds Category (701-799)

727 401K Deferred Compensation Fund

731 Retirement System Fund

733 401K Retirement System Fund

737 Other Post Employment Benefit Fund (OPEB)

##### Governmental Full Accrual Fund (901)

##### Capital Assets Control Group (970-989)

##### Long-Term Debt Control Group (990-997)

Activities – a broad classification of the nature of operations (see activities and functions).

Functions – classification of the type of work performed for road construction, preservation or routine maintenance activities (see activities and functions).

Accounts and Classifications – accounts are grouped into classes as follows:

#### Account Number

<u>Group</u>	<u>Classifications</u>
001-129	Current Assets
130-179	Capital Assets
180-195	Other Non-Current Assets
196 -199	Deferred Outflows of Resources
200-299	Current Liabilities
300-359	Long-Term Liabilities
360-369	Deferred Inflows of Resources
370-399	Fund Balance and Net Position
400-694	Revenues
695-699	Other Financing Sources
700-969	Expenditures
970-989	Capital Outlay
990-997	Debt Service
998	Special Item
999	Extraordinary Item



# Uniform Accounting Procedures Manual for County Road Commissions

1 Sample Account Structures

<u>Sample 9 Digit Number</u>	<u>201</u>	<u>451</u>	<u>702</u>
Fund (in Category Order)			
Activity (in Function Order)			
Account Numbers (in Balance Sheet)			

2

<u>Explanation of the Sample 9 Digit Number</u>	<u>201</u>	<u>451</u>	<u>702</u>
"Special Revenue Fund" <u>Category</u>			
"County Road" <u>Fund</u>			
"Primary Road" <u>Function</u>			
"Construction" <u>Activity</u>			
"Personnel Services" <u>Classification</u>			
"Salaries and Wages" <u>Account</u>			

3

4 The above outlined codification structure which is described in more detail in the following pages,  
 5 is designed in accordance with [PA 2 of 1968](#) and [PA 71 of 1919](#). This structure will provide  
 6 analysis of revenues and/or expenditures by: (1) Category; (2) Fund; (3) Function; (4) Activity;  
 7 (5) Classification; or by (6) Account.

8

9 The codification structure can be expanded to include a project or work order number, and to  
 10 expand the classification of accounts.

11

<u>Sample Expanded Codification Number</u>	<u>201</u>	<u>5</u>	<u>471.012</u>	<u>3790</u>	<u>730.51</u>
County Road Fund					
Department					
Activity					
Township, Highway, Road, or Project Number					
Work Order or Equipment Number, State Highway Maintenance Activity Code, Primary & Local Function Code					
Account Number					
Sub Account Number					

12

<u>Sample Reduced Codification Number</u>	<u>2</u>	<u>481</u>	<u>802</u>
County Road Fund			
Local Road Construction			
Other Services and Charges Classification Engineering			

13

14 A further reduction of one-digit fund number can be obtained by use of a two-digit  
 15 function/activity number when total activities are one hundred or less. The basic three-digit  
 16 account number should not be reduced.

17 This manual is designed for county road accounting. If a Road Commission performs accounting  
 18 for parks, water and sewer, or other such entities, the Uniform Chart of Accounts for Local Units

## **Uniform Accounting Procedures Manual for County Road Commissions**

- 1 of Government in Michigan should be used to set up the funds and accounts for those functions.
- 2 They will have the same account structure.

## Uniform Accounting Procedures Manual for County Road Commissions

### REQUIRED ACCOUNTING RECORDS

#### Basic Records and Forms

The following basic accounting records and forms are required by the Department of Treasury for use by all Road Commissions:

- General Ledger
- Cash Receipts Journal
- Cash Disbursements Journal
- General Journal (Transfer Vouchers)
- Department Receipts (Pre-numbered in consecutive order)
- Transmittal/Deposit Advise (Receipts report to County Treasurer)
- Monthly Trial Balance
- Disbursement Vouchers
- Checks (Pre-numbered in consecutive order)
- Imprest/Petty Cash Vouchers
- Travel Expense Vouchers
- Time/Attendance Report (Signed or electronically approved by Employee and Supervisor)

#### Subsidiary Accounting Records

Subsidiary records are required to be kept for many activities and accounts as detailed in the Explanation of Accounts. (Note: Subsidiary records may be in the form of subaccounts, subsidiary ledgers, equipment cards, worksheets, spreadsheets, etc.)

#### Activity and Account Number Usage

Activity and account numbers which do not have names assigned are OPEN activities and accounts. The control of open numbers remains with the Michigan Department of Treasury. To use open numbers prior approval must be obtained from the Community Engagement and Finance Division at (517) 373-3227. **Exception:** Open account numbers in the following categories may be assigned as needed without obtaining approval from the Department of Treasury:

<u>Account Numbers</u>	<u>Account Name</u>
450-500	Licenses & Permits Subaccounts
600-654	Charges for Services Subaccounts
655-663	Fines & Forfeits Subaccounts
700-969	Expenditure Subaccounts
970-989	Capital Outlay
990-996	Debt Service
999	Extraordinary Item

## Uniform Accounting Procedures Manual for County Road Commissions

### EXPLANATION OF FUNDS

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#### Fund 201-County Road Fund

Purpose--This fund is used by each county to account for the operation of the County Road Commission.

Character--This is classified as a special revenue fund because it is used to control the expenditures of Michigan Transportation Fund (MTF) which are restricted by law and the State Constitution for street and highway purposes.

Distinguishing Features--The Road Commission accounting system is prescribed by the Michigan Department of Transportation and the Community Engagement and Finance Division of the Michigan Department of Treasury.

Authorization--This fund is required by [PA 51 of 1951](#), as amended.

Operation and Present Use--This fund accounts for: (1) revenue obtained through a tax levy for road construction and maintenance purposes; (2) revenue received from Michigan Transportation Fund; (3) reimbursement from the Michigan Department of Transportation for work done by the Road Commission on State trunklines; (4) contributions and reimbursements from other local units of government for work performed by the Road Commission; and (5) the expenditure of these funds.

Fund Balance--Fund balance has three sub accounts, as follows:

- Primary Roads
- Local Roads
- County Roads

This fund is subject to budgetary requirements of [PA 2 of 1968](#), as amended.

# Uniform Accounting Procedures Manual for County Road Commissions

## EXPLANATION OF FUNDS (Continued)

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### Fund 727-401K Deferred Compensation Fund

Purpose--This fund is used to account for money set aside to pay employees for their accumulated 401K deferred compensation deposits. Only those Road Commissions, which had established a 401K deferred compensation plan prior to the effective date established in the Tax Reform Act of 1986, may have this fund.

Character--This fund is classified as a custodial fund because it is used to account for assets held by the local unit in a custodial capacity.

Distinguishing Features--This fund can be found in any Road Commission and is used for 401K plans to which only the employee contributes. When the employer also contributes, use fund 733.

Establishment and Authorization--This fund is established by the legislative body in accordance with IRS regulations pertaining to code section 401K.

Operation and Present Use--The money in this fund is supplied by: (a) withholding from payroll of employees; and (b) investment earnings on plan assets.

Administration of the investments of this fund may be made directly by the local unit, by contract with an insurance company, bank trust department or other organizations authorized to do business in this area in Michigan.

## Uniform Accounting Procedures Manual for County Road Commissions

### EXPLANATION OF FUNDS (Continued)

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#### **Fund 731-Retirement System Fund**

Purpose--This fund is used to record the operations of an employee retirement system.

Character--This is classified as a pension trust fund because it is used to account for money which is held on a trust basis by the local unit.

Distinguishing Features--This fund can be found in any Road Commission. The provisions for the investment of the money belonging to this fund are contained in [PA 314 of 1965, MCL 38.1132](#).

Establishment and Authorization--This fund is established in accordance with statutory provisions, which allow retirement benefits. Each separate retirement plan must be accounted for in a separate Retirement System Fund. Retirement plans and deferred compensation plans, established in accordance with IRS section 401K or 457 regulations, should be accounted for in trust funds 727, or 733.

Operation and Present Use--The money in this fund is supplied by: (a) employer pension expense from operating funds (employer contributions); (b) deductions from employee payroll (employee contribution); (c) investment earnings; and/or (d) a special tax levy.

Administration of the investments may be directed by the local unit, by contract with an insurance company or bank trust department. Generally, if an actuarial report is prepared for the Road Commission as single employer pension plan, a pension trust fund must be established in the financial records of the local unit.

## Uniform Accounting Procedures Manual for County Road Commissions

### EXPLANATION OF FUNDS (Continued)

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#### Fund 733-401K Retirement System Fund

Purpose--This fund is used to account for the operation of a 401K employee retirement system. Only the Road Commissions, which had established a 401K retirement plan prior to the effective date established in the Tax Reform Act of 1986, may have this fund.

Character--This is classified as a custodial fund because it is used to account for assets held by the local unit in a custodial capacity.

Distinguishing features--This fund can be found in any Road Commission and is used for 401K plans to which only the employer or both the employer and employee contributes. When the employee only contributes, use fund 727.

Establishment and Authorization--This fund is established in accordance with internal revenue code section 401K and statutory provisions, which allow retirement benefits. Each separate retirement plan must be accounted for in a separate Retirement System Fund. Deferred Compensation plans established in accordance with IRS section 401K or 457 regulations should be accounted for in custodial funds 727.

Operation and Present Use--The money in this custodial fund is supplied by: (a) employer pension expense from operating funds (employer contributions); (b) deductions from employee payroll (employee contributions); and/or (c) investment earnings.

Administration of the investments may be made directly by the local unit or by contract with an insurance company or bank trust department.

## Uniform Accounting Procedures Manual for County Road Commissions

### EXPLANATION OF FUNDS (Continued)

#### Fund 737-OPEB Trust Fund

Purpose--This fund is used to record the operations of an OPEB Trust Fund.

Character--This is classified as an employee benefit trust fund because it is used to account for money which is held on a trust basis by the local unit.

Distinguishing Features--This fund can be found in any Road Commission. The provisions for the investment of the money belonging to this fund are contained in [PA 314 of 1965, MCL 38.1132](#).

Establishment and Authorization--This fund is established in accordance with statutory provisions, which allow other post-employment benefits. Each separate retirement plan must be accounted for in a separate OPEB Trust Fund.

Operation and Present Use--The money in this fund is supplied by: (a) employer OPEB expense from operating funds (employer contributions); (b) deductions from employee payroll (employee contributions); (c) investment earnings.

Administration of the investments may be directed by the local unit, by contract with an insurance company or bank trust department.

#### Other Funds

Activities concerning county parks, airports, or any other functions under the jurisdiction of the Road Commission, but not directly concerned with the road system, should be maintained in a separate fund or funds.



## Uniform Accounting Procedures Manual for County Road Commissions

### ACTIVITES AND FUNCTIONS

#### Activity Index

This section of the manual is an index of activities and accounts.

	Primary	Local		
	<u>Road</u>	<u>Road</u>	<u>Other</u>	<u>Activity Name</u>
8	Construction/Capacity Improvements			
9	450	480	--	Construction/Capacity Improvements Control
10	451	481	--	Roads
11	452	482	--	Bridges & Structures
12	453	483	--	Roadside Parks
13	454	484	--	Non-Motorized Transportation
14	455	485	--	Open
15	456	486	--	Special Assessment Districts
16	457	487	--	Other Construction/Capacity Improvements
17	Preservation/Structural Improvements			
18	458	488	--	Preservation/Structural Improvements Control
19	459	489	--	Roads
20	460	490	--	Bridges & Structures
21	461	491	--	Roadside Parks
22	462	492	--	Non-Motorized Transportation
23	463	493	--	Open
24	464	494	--	Special Assessment Districts
25	465	495	--	Other Preservation/Structural Improvements
26	Routine and Preventive Maintenance			
27	466	496	--	Routine and Preventive Maintenance Control
28	467	497	--	Roads
29	468	498	--	Bridges & Structures
30	469	499	--	Roadside Parks
31	470	500	--	Non-Motorized Transportation
32	471	501	--	Open
33	472	502	--	Winter Routine and Preventive Maintenance
34	473	503	--	Traffic Control Routine and Preventive Maintenance
35	474	504	--	Other Routine and Preventive Maintenance
36	475	505	--	Open
37	476	506	--	Open
38	477	507	--	Open
39	478	508	--	Open
40	479	509	--	Open
41			510	Equipment Expense Direct
42			511	Equipment Expense Indirect
43			512	Equipment Expense Operating
44			513	Distributive Expense - Fringe Benefits
45			514	Distributive Expense - Other
46			515	Administration

## Uniform Accounting Procedures Manual for County Road Commissions

1			516	Engineering
2	Primary	Local		
3	<u>Road</u>	<u>Road</u>	<u>Other</u>	<u>Activity Name</u>
4			517	State Trunkline Maintenance
5			518	State Trunkline Non-Maintenance
6			519	Maintenance Service for Other Units
7			520	Driveway Snow Plowing (Upper Peninsula ONLY)
8			521	Non-Road Projects
9			900	Capital Outlay Control
10			901-904	Capital Outlay Detail
11			905	Debt Service Control
12			906-929	Debt Service Detail
13			930	Transfers In Control
14			931-964	Transfers In Detail
15			965	Transfers Out Control
16			966-995	Transfers Out Detail

## Uniform Accounting Procedures Manual for County Road Commissions

### Activity Explanations

#### 450 Primary Road Construction/Capacity Improvement Control

Construction/Capacity Improvement is the building of a new road, street or bridge on a new location, and the addition of lanes to increase the capacity for through traffic. See definition at: Construction/Capacity Improvement

#### 458 Primary Road Preservation/Structural Improvements Control

Preservation/Structural Improvements is the improving of an existing road or street by correcting the grades, drainage structures, width, alignment, surface and the hard surfacing of gravel roads. It is the rebuilding of existing bridges or grade separations, the repair of such structures by strengthening and the replacement of piers and abutments. It is the initial signing of newly constructed roads or streets, major resigning projects; and the installation, replacement or improvement of traffic signals. See definition at: Preservation/Structural Improvements

#### 466 Primary Road Routine and Preventive Maintenance Control

Routine and Preventive Maintenance is the work and materials required to keep the road or street, roadbed, surface, and drainage in good repair; prevent damage by water or wind; repair and paint bridges and guard rails; provide for safe and convenient travel by keeping signs, signals and pavement marking in good condition; by snow and ice removal; and cleaning the road or street surface. See definition at: Routine and Preventative Maintenance

#### 480 Local Road Construction/Capacity Improvement Control

Construction/Capacity Improvement is the building of a new road, street or bridge on a new location, and the addition of lanes to increase the capacity for through traffic. See definition at: Construction/Capacity Improvement.

Note: Local roads under the jurisdiction of the Road Commission constructed by a developer or under special assessment must have the cost recorded in the appropriate construction/capacity improvement activity with an offsetting credit to an appropriate revenue account such as 674 - Contributions and Donations from Private Sources or 672 - Special Assessments.

#### 488 Local Road Preservation/Structural Improvement Control

Preservation/Structural Improvement is the improving of an existing road or street by correcting the grades, drainage structures, width, alignment, surface, and the hard surfacing of gravel roads. It is the rebuilding of existing bridges or grade separations, the repair of such structures by strengthening, and the replacement of piers and abutments. It is the initial signing of newly constructed roads or streets, major resigning projects; and the installation, replacement or improvement of traffic signals. See definition at: Preservation/Structural Improvement.

## Uniform Accounting Procedures Manual for County Road Commissions

1 496 Local Road Routine and Preventive Maintenance Control  
 2 Routine and Preventive Maintenance is the routine work and materials required to keep the  
 3 road or street, roadbed, surface and drainage in good repair; prevent damage from water or  
 4 wind; repair and paint bridges and guard rails; provide for safe and convenient travel by  
 5 keeping signs, signals and pavement marking in good condition; by snow and ice removal;  
 6 and cleaning the road or street surface. See definition at: Routine & Preventative  
 7 Maintenance.

8  
 9 510 Equipment Expense – Direct  
 10 Direct Equipment Expense includes costs that are attributable to a specific unit of  
 11 equipment such as parts and labor for repairs.

12  
 13 511 Equipment Expense – Indirect  
 14 Indirect Equipment Expense includes those costs associated with equipment that cannot be  
 15 directly attributed to a specific unit of equipment. Examples include costs for operating the  
 16 garage, fleet insurance, indirect shop labor and shop equipment expenses. Indirect costs are  
 17 prorated on the Equipment Questionnaire report on a percentage basis of total indirect costs  
 18 of all equipment to total direct repair costs of all equipment.

19  
 20 Note: Account numbers utilized with activity 511 are specific to shop and equipment  
 21 storage, however, may also be utilized with other activities.

22  
 23 The following are examples of accounts used within the 511 activity.

25 Account	
26 <u>Number</u>	<u>Account Name</u>
27 707	Wages
28 721	Drug Testing
29 728	Office Supplies
30 731	Janitor Supplies
31 733	Welding Supplies
32 734	Safety Supplies
33 736	Tire Shop Supplies
34 737	Shop Supplies
35 791	Inventory Adjustments (equipment material and parts only)
36 801	Contractual Services
37 805	Health Services
38 806	Laundry Services
39 807	Data Processing
40 810	Education
41 850-859	Communications
42 861	Travel and Mileage
43 862	Freight Costs
44 875	Insurance - Buildings and Contents
45 876	Insurance - Boiler and Machine
46 878	Insurance - Fleet

47

## Uniform Accounting Procedures Manual for County Road Commissions

1	883	Insurance - Underground Tank Liability
2	921-923	Utilities
3	931	Buildings Repairs and Maintenance
4	932	Yard and Storage Repairs and Maintenance
5	933	Shop Equipment Repairs and Maintenance
6	934	Office Equipment Repairs and Maintenance
7	941	Equipment Rental - Road
8	944-948	Fuel Tanks
9	968	Depreciation (utilize subaccounts to classify different types)

10  
 11 512 Equipment Expense Operating  
 12 Operating Equipment Expense includes operating costs for fuel, lubricants and antifreeze.  
 13

14 513 Distributive Expense - Fringe Benefits  
 15 Distributive Expense Fringe Benefits includes employment benefits provided in addition  
 16 to employees' wages or salaries.  
 17

18 The following are examples of accounts used within the 513 activity.  
 19

20	Account	
21	<u>Number</u>	<u>Account Name</u>
22	709	Vacation
23	710	Sick Leave
24	711	Holiday Pay
25	712	Other Salaries and Wages (utilize subaccounts to classify different types)
26	713	Personal Leave
27	714	Longevity
28	715	Social Security
29	716	Health Insurance (utilize subaccounts to classify different types)
30	717	Life and Disability
31	718	Retirement
32	719	Workers Compensation
33	720	Unemployment
34	724	Other Fringe Benefits
35	725	Fringe Benefits Recovered (Credit)
36		(Use of this account is optional. Benefit recoveries may be credited
37		to this account or to the account expended from originally.)

38  
 39 Expenditures charged to the fringe benefits activity must be distributed (respreads) to applicable  
 40 activities at year-end, based on payroll, in accordance with the instructions for the Distributive  
 41 Expense-Fringe Benefits Schedule in the Act 51 Annual Financial Report.  
 42

43 Note: Fringe benefits may be distributed monthly on an estimated basis (such as the prior year's  
 44 fringe benefits rate) for the first 11 months of the accounting period. If this method is used, the  
 45 12th and final distribution must include adjustments to ensure that total fringe benefits for the year  
 46 are distributed in accordance with the Distributive Expense-Fringe Benefits Schedule from the Act  
 47 51 Report.  
 48

## Uniform Accounting Procedures Manual for County Road Commissions

1    514    Distributive Expense – Other

2            This should be utilized for expenditures other than fringe benefits that cannot properly be  
3            charged to another specific activity at the time the costs are incurred.

4  
5    The following are examples of accounts used within the 514 activity:

7    Account	
8 <u>Number</u>	<u>Account Name</u>
9    705	Engineering not chargeable to a specific project.
10   732	Traffic Control Supplies (Includes only costs not properly chargeable to a 11            specific project or road. Examples are barricades, construction signs, sign 12            shop equipment cost or depreciation expense.)
13   734	Safety Supplies
14   790	Small Road Tools
15   791	Inventory Adjustment (road material only)
16   882	Insurance – General Liability
17   810	Education (Includes only costs not chargeable to administration or another 18            specific activity.)
19   853	Weather Service
20   882	Insurance – General Liability
21   957	Gravel Pit Inspections

22  
23    Expenditures charged to the Distributive Expense-Other activity must be distributed to applicable  
24    activities at year-end, based on cost of operations, in accordance with the instructions for the  
25    Distributive Expense-Overhead Schedule in the Act 51 Annual Financial Report.

26  
27    Note: Cost of operations for each construction/capacity improvements, preservation/structural  
28    improvements, and routine and preventive maintenance activity includes all activity costs  
29    including the fringe benefits (Per the Distributive Expense-Fringe Benefits Schedule).

30  
31    515    Administration  
32            The use of this activity is mandatory. Administrative expenditures such as salaries, wages,  
33            and travel expenses of the commission members, Managing Director, Director of Finance,  
34            Human Resources Director, Legal and other office personnel, along with their respective  
35            costs for fringe benefits are debited to this activity. In accordance with Act 51, total  
36            administrative cost cannot exceed 10% of your MTF revenues.

38    Account	
39 <u>Number</u>	<u>Account Name</u>
40    703	Administrative
41    709-713	Administrative Leave
42    724	Other Fringe Benefits
43    727	Postage
44    728	Office Supplies
45    730	Dues and Subscriptions
46    801	Contractual Services

47

## Uniform Accounting Procedures Manual for County Road Commissions

1	803	Legal Services
2	804	Auditing and Accounting Services
3	807	Data Processing
4	810	Education
5	850-859	Communications
6	861	Travel and Mileage
7	862	Freight
8	873	Public Relations
9	874	Advertising
10	875	Insurance-Buildings and Contents
11	876	Insurance-Boiler and Machinery
12	877	Insurance-Bonds
13	880	Insurance-Umbrella
14	881	Insurance-Errors and Omissions
15	882	Insurance-General Liability
16	920-929	Utilities
17	931	Building Repair/Maintenance
18	934	Office Equipment Repair/Maintenance
19	942	Building Rental
20	955-965	Miscellaneous
21	966-967	State Trunkline/Other Overhead
22	968	Depreciation (utilize subaccounts to classify different accounts)
23		
24	516	<u>Engineering</u>
25		The use of this activity is optional. It may reflect all engineering salaries, supplies,
26		equipment, and other engineering expenses not chargeable to another project or activity. If
27		this activity is not used, these expenses can be charged to Activity 514, Distributive
28		Expense-Other.
29		
30	517	<u>State Trunkline Maintenance</u>
31		The use of this activity is mandatory for any county having a State maintenance contract
32		with MDOT. It reflects all salaries and wages, supplies, materials, equipment rental and
33		other expenses applicable to the maintenance of the State trunkline. Counties are
34		reimbursed by the State for State trunkline maintenance expenditures.
35		
36	518	<u>State Trunkline Non-Maintenance</u>
37		The use of this activity is mandatory by any county having a State maintenance contract
38		with DOT. It reflects all salaries and wages, supplies, materials, equipment rental and other
39		expenses applicable to the maintenance of the State trunkline. Counties are reimbursed by
40		the State for State trunkline maintenance expenditures.
41		
42	519	<u>Maintenance Services for Other Units</u>
43		The use of this activity is mandatory by any local unit performing maintenance service for
44		other units of government. It reflects all salaries and wages, materials, equipment rental
45		and other expenses involving maintenance services provided for other units of government.
46		
47		
48		

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 520 Driveway Snowplowing (Upper Peninsula ONLY)  
2 This is used in the County Road Fund of counties in the Upper Peninsula to account for  
3 costs of plowing private driveways, pursuant to [MCL 247.361](#).  
4
- 5 521 Non-Road Related Projects  
6 This is used to record expenditures for projects which are not on the county's road system.  
7 An example would be a Road Commission's share of expenses for a joint project on a road  
8 that borders another county and the road is on the other county's road system.  
9
- 10 900 Capital Outlay Control  
11 This should reflect the total cost of all capital assets purchased during the year, except for  
12 infrastructure additions. Total cost should be the gross purchase cost before any trade-in  
13 allowance credit or cash discount credit, and should include labor, materials, etc., for any  
14 alterations and/or additions made in preparing the equipment for Road Commission use or  
15 operation.  
16
- 17 901-904 Capital Outlay Detail  
18 These may be assigned to separately account for capital outlay as land, building and  
19 improvements, road equipment, office furniture and fixtures, etc.  
20
- 21 905 Debt Service Control  
22 This is found in the County Road Fund. Its use is mandatory by any Road Commission  
23 having general obligation debt, whether long-term or short-term, whether bonded debt or  
24 otherwise. It reflects such payments as debt principal, interest on debt, paying agent fees,  
25 bond coupon fees, etc.  
26
- 27 906-929 Debt Service Detail  
28 These may be assigned to separately account for specific debt obligations.  
29
- 30 930 Operating Transfers In Control  
31 These may be found in the County Road Fund.  
32
- 33 931-964 Operating Transfers In Detail  
34 These activity numbers may be assigned by the Road Commission to account separately  
35 for appropriation transfers in.  
36
- 37 965 Operating Transfers Out Control  
38 These may be found in the County Road Fund.  
39
- 40 966-995 Operating Transfers Out Detail  
41 These activity numbers may be assigned by the Road Commission to account separately  
42 for appropriation transfers out.  
43  
44  
45  
46  
47  
48



## Uniform Accounting Procedures Manual for County Road Commissions

### Function Codes

The function codes presented in this manual are based primarily on those used by the Michigan Department of Transportation. Counties that have a trunkline maintenance contract with MDOT are required to use the codes listed below for all expenditures charged to the State trunkline. We recommend utilizing the same function codes for County maintenance expenditures. MDOT refers to these as activity codes where road commissions refer to them as function codes.

For all other expenditures, use of function codes is optional.

<u>Function Code</u>	<u>Function Name</u>
<u>Construction/Capacity Improvements</u>	
001	Engineering
002	Surveying and Plans
003	Right-of-Way
004	Clearing and Grubbing
005	Tree Removal
006	Traffic Control
007	Grading
008	Drainage/Ditching
009	Sub-Grade
010	Surface
011	Seeding and Mulching
012	Shoulders
015	Structure
016	Guard Rail
017	Excavation
<u>Preservation/Structural Improvements</u>	
<u>Road Routine and Preventive Maintenance</u>	
100	Dust Control
104	Seal Coating
109	Surface Maintenance
119	Shoulder Maintenance
121	Trees and Shrub Removal
122	Drainage and Backslope
124	Roadside Clean Up
126	Grass and Weed Control
128	Culverts and Underdrain
129	Non-Motorized Trails
130	Guard Rail and Guard Rail Posts
132	Sweeping and Flushing
133	Tourist Facility Maintenance (State Trunkline)
137	Right-of-Way Fence Repair
138	Tourist Facility Maintenance (County Road)

## Uniform Accounting Procedures Manual for County Road Commissions

1	139	Other Routine Maintenance
2	141	Winter Maintenance Operation
3	144	Winter Maintenance Patrol
4	149	Other Winter Maintenance
5		
6		<u>Structure Maintenance</u>
7	150	Assisting Bridge Crews
8	151	Maintenance
9	152	Painting
10	153	Pumphouses
11	154	Moveable Spans
12	155	Building Maintenance (Blue Water Only)
13	156	Seal Joints - Bridge
14	157	Metal Hand Railing - Bridge
15	158	Bridge Slope Repairs
16	159	Other Bridge Maintenance
17		
18		<u>Sign Maintenance</u>
19	160	Traffic Signs
20	161	Traffic Signal Repair
21	162	Pavement Marking
22	163	Maintaining Thermal Plastic Lines
23	164	Delineation Maintenance
24	165	Attenuation Maintenance
25	167	Structural Signs Maintenance
26	168	Traffic Signal Energy
27	169	Other Sign Maintenance
28		
29		<u>Operational Costs</u>
30	180	Engineer
31	181	Overhead
32	182	Accident Investigation
33	185	Field Supervision
34	186	Roadway Inspection
35	187	Leave Benefits and Insurance
36	188	Permit Inspection (Non-Billable Permit Work)
37	189	Drainage Assessments
38		
39		

## Uniform Accounting Procedures Manual for County Road Commissions

### DEFINITIONS

#### CONSTRUCTION/CAPACITY IMPROVEMENTS

These projects include removal and replacement of the pavement structure or construction of a new pavement.

The building of a totally new road where no road previously existed

The addition of lanes to an existing roadway (only the additional lane area is considered construction)

Increasing the capacity of a highway to accommodate that part of traffic having neither an origin nor destination within the local area

Widening of a lane width or more

Adding turn lanes of more than ½ mile in length

Note: Local roads under the jurisdiction of the road commission constructed by a developer or under special assessment must have the cost recorded in the appropriate construction/capacity improvement activity with an offsetting credit to an appropriate revenue account such as 674 - Contributions and Donations from Private Sources or 672 - Special Assessments.

#### PRESERVATION/STRUCTURAL IMPROVEMENTS

Preservation/Structural Improvements means: 1) The improvement of an existing road or street by correcting the grades, drainage structures, width, alignment, surface, and the hard surfacing of gravel roads; 2) The rebuilding of existing bridges or grade separations and the repair of such structures by strengthening, and the replacement of piers and abutments; 3) Installing traffic signs and/or signal devices in new locations and replacing existing signal devices. 4) Bituminous overlays (1 1/2" thick or more) with or without milling, crush and shape projects where no base material is added, concrete rubblization with asphalt overlay (composite pavement) and bonded or unbounded concrete overlays on existing concrete pavements 4) At a minimum, for work to be considered reconstruction, a project must consist of adding significant new aggregate base material in addition to a crush and shape project on an asphalt pavement or addition of base material over a rubblized concrete pavement with a new concrete surface.

Preservations/structural improvements includes, but is not limited to, one or more of the following:

Placing a hard surface on a gravel road

All items normally included in a construction contract for a road or street, including the removal of old roadbed, structures, detour expense, and replacement of any sidewalks damaged by construction or made necessary by change of grade

Rebuilding short sections of roadway to super-elevate curves, to improve grades, to lengthen horizontal curves, and to improve sight distances

Resurfacing a bituminous, concrete, or brick surface with bituminous materials over 1-1/2 inches

Placing three inches or more of new aggregate on prepared gravel or stone surfaces to substantially increase the thickness of the surfacing material beyond that originally built

Resurfacing a bituminous, concrete, or brick surface with bituminous materials over 1 inch with a layer of chip seal or vice-versa.

Curb, or curb and gutter construction in block lengths

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 Surfacing of shoulders with materials of higher quality than adjacent roadsides
- 2 Installation of new culverts, wash checks, baffles, drains, sewers, and catch basins on old
- 3 or new roads or streets
- 4 Modernizing intersections
- 5 Adding auxiliary turning lanes of ½ mile or less
- 6 Extending old culverts and rebuilding headwalls
- 7 Building flood control, flood prevention, and earthwork protective structures
- 8 Reconstruction, restoration or rehabilitation of bridges, culverts or grade separations and
- 9 required major modifications consisting of strengthening or replacement of piers and
- 10 abutments, or complete deck replacements
- 11 Installing traffic signs and/or signal devices in new locations, and replacing existing signal
- 12 devices

### 14 MAINTENANCE

15 “Maintenance” means routine maintenance or preventive maintenance, or both.

### 17 ROUTINE MAINTENANCE

18 Routine maintenance" means actions performed on a regular or controllable basis or in response  
 19 to uncontrollable events upon a highway, road, street, or bridge. Routine maintenance includes,  
 20 but is not limited to, 1 or more of the following:

- 22 Snow and ice removal
- 23 Patching and repairing roadway surface of bituminous, concrete, or brick, including
- 24 pothole patching
- 25 Unplugging drain facilities
- 26 Replacing damaged signs and pavement markings
- 27 Replacing damaged guardrails
- 28 Repairing storm damage
- 29 Repair or operation of traffic signs and signal systems
- 30 Emergency environmental cleanup
- 31 Emergency repairs
- 32 Emergency management of road closures that result from uncontrollable events
- 33 Cleaning the road or street surface and associated drainage
- 34 Mowing roadside
- 35 Control of roadside brush and vegetation, including tree trimming
- 36 Lighting Repair
- 37 Keep the road or street, roadbed, surface, and drainage in good repair
- 38 Prevent damage from water or wind
- 39 Repair and paint bridges and guard rails
- 40 Placing new aggregate (less than three inches) on an existing gravel or stone surface to
- 41 replace original material worn off, including grading
- 42 Reconditioning of bituminous surfaces of any length section by scarifying and remixing or
- 43 resurfacing without scarifying when new material is added which increases the existing
- 44 bituminous surface less than ¾ inch
- 45 Dust layers, sprinkling, and flushing
- 46 Guard rail or right-of-way fence repair or replacement and new installation of less than 500
- 47 feet on old roadways

48

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 PREVENTIVE MAINTENANCE

2 "Preventive maintenance" means a planned strategy of cost-effective treatments to an existing  
3 roadway system and its appurtenances that preserve assets by retarding deterioration and  
4 maintaining functional condition without significantly increasing structural capacity.

5  
6 Preventive maintenance includes, but is not limited to, 1 or more of the following:

- 7
- 8 Pavement crack sealing
- 9 Micro surfacing
- 10 Chip sealing (single or multiple courses)
- 11 Fog sealing
- 12 Slurry sealing
- 13 Hot in-place recycling
- 14 Concrete joint resealing
- 15 Concrete joint repair (partial or full depth)
- 16 Filling shallow pavement cracks
- 17 Patching concrete
- 18 Shoulder resurfacing
- 19 Concrete diamond grinding
- 20 Dowel bar retrofit
- 21 Bituminous overlays of 1-1/2 inches or less in thickness (ultra-thin)
- 22 Restoration of drainage
- 23 Bridge crack sealing
- 24 Bridge joint repair
- 25 Bridge seismic retrofit
- 26 Bridge scour countermeasures
- 27 Bridge painting
- 28 Pollution prevention
- 29 New treatments as they may be developed

### 30 31 32 BRIDGE

33 A structure of 20 feet or more, clear span length, crossing a drain, stream, or dry gully. A timber  
34 bridge is a bridge constructed from timber with a 20 foot or more, clear span length crossing a  
35 drain, stream or dry gully. A metal structure bridge is a metal culvert or multi-plate arch structure  
36 with a 20 foot or more, clear span length allowing for water to cross a drain, stream or dry gully.  
37 A concrete bridge is a concrete constructed structure with a 20 foot or more, clear span length  
38 crossing a drain, stream or dry gully. This includes concrete I-beam with concrete deck, steel I-  
39 beam with concrete deck, jack arch (steel I-beam with concrete deck, steel I-beam slab on metal  
40 sheeting, pre-cast concrete arch, concrete box beam with concrete deck, and concrete box beam  
41 with bituminous deck.

### 42 43 CULVERT

44 A structure of less than 20 feet clear span.

45

## Uniform Accounting Procedures Manual for County Road Commissions

### CHART OF ACCOUNTS

Please refer to the [Michigan Department Treasury Uniform Chart of Accounts for Local Units of Government](#) (UCA) for additional information or contact the Michigan Department of Treasury, Community Engagement and Finance Division, for assistance assigning open accounts or when additional subaccounts are needed. If there is a conflict between the accounts illustrated here and the UCA, use of the UCA is required. Use of the correct subaccount number is important since the Receipts Processing Section uses these numbers for depositing into applicable State accounts.

#### Assets (001-199)

##### Current Assets (001-129)

001	Cash - Checking
002	Cash - Savings
003	Cash - Certificates of Deposit
004	Cash - Imprest (Petty)
005	Cash - Construction/Repair
006	Cash - Debt Principal and Interest Payments
007	Cash - Payroll Bank Account
008-015	Open
016	Deposits with Fiscal Agent (Short-Term)
017	Investments in Securities
018	Receivable Control (All Receivables 019-100)
019	Taxes Receivable Control (020-039)
020	Taxes Receivable Real Property - Current Levy
021	Open
022	Taxes Receivable Personal Property - Current Levy
023-025	Open
026	Taxes Receivable - Delinquent Real Property
027	Open
028	Taxes Receivable - Delinquent Personal Property
029	Open
030	Interest and Penalties Receivable on Taxes
031-032	Open
033	Utility Bills Receivable
034	Delinquent Utility Bills Receivable on Tax Roll
035-039	Open
040	Accounts Receivable (General - Not Governmental Units)
041	Estimated Uncollectible Accounts Receivable (Credit)
042-044	Open
045	Special Assessments Receivable - Current
046	Open
047	Special Assessments Receivable - Delinquent
048	Open
049	Special Assessments Receivable- Unavailable
050-055	Open

## Uniform Accounting Procedures Manual for County Road Commissions

1	056	Interest Receivable
2	057	Local Unit's Share of Assessment Improvement Costs Receivable
3	058-059	Open
4	060	Notes Receivable
5	061	Loans Receivable
6	062	Lease Receivable - Current
7	063	Contracts Receivable
8	064	Land Contracts Receivable
9	065-069	Open
10	070	Other Accounts Receivable
11	071	Due from Cities
12	072	Due from Counties
13	073	Open
14	074	Due from Road Commissions
15	075	Open
16	076	Due from Townships (Except Road Agreements)
17	077	Due from Villages
18	078 .01	Due from State - State Trunkline Maintenance
19	078 .02	Due from State - State Trunkline Non-Maintenance
20	078 .03	Due from State - Michigan Transportation Funds
21	078 .04	Due from State - Dept. of Transportation - Other
22		(Negotiated Contract/Force Account)
23	.05	Due from State - Chemical Storage Facility (Salt Shed)
24	079	Due from Federal Government
25	080	Due from Townships (Road Agreements)
26	081	Due from Other Governmental Entities
27	082	Open
28	083	Due from Employees
29	084	Due from Other Funds
30	085-086	Open
31	087	Court Orders Receivable
32	088	Service Fees Receivable
33	089-100	Open
34	101	Inventory Control (102-110)
35	102-108	Open
36	109	Inventory - Road Materials
37	110	Inventory - Equipment Materials and Parts
38	111	Inventory Clearing
39	112	Inventory Clearing - State Materials
40	113	Surplus Capital Assets
41	114-118	Open
42	119	Investments - Deferred Compensation Plan
43	120	Investments
44	121-122	Open
45	123	Prepaid Expenses
46	124	Engineering and Development Expense Advance
47	125	Advance - Federal Aid Projects
48		

## Uniform Accounting Procedures Manual for County Road Commissions

1	126	Advance - State Aid Projects
2	127	Advance - Construction Awarded Contracts
3	128	Unamortized Discounts on Bonds Sold by the Road Commission
4	129	Assets Held for Sale
5	<u>Capital Assets (130-179)</u>	
6	130	Land and Right of Way Purchases
7	131	Land Improvements Non-Depreciating
8	132	Land Improvements Depreciating
9	133	Accumulated Depreciation - Land Improvements (Credit)
10	134	Depletable Assets
11	135	Accumulated Depletion - Depletable Assets (Credit)
12	136	Buildings, Building Additions, and Improvements
13	137	Accumulated Depreciation - Buildings, Additions, and Improvements (Credit)
14	138	Road Equipment
15	139	Accumulated Depreciation - Road Equipment (Credit)
16	140	Shop Equipment
17	141	Accumulated Depreciation - Shop Equipment (Credit)
18	142	Engineering Equipment
19	143	Accumulated Depreciation - Engineering Equipment (Credit)
20	144	Yard and Storage Equipment
21	145	Accumulated Depreciation - Yard and Storage Equipment (Credit)
22	146	Office Equipment and Furniture
23	147	Accumulated Depreciation - Office Equipment and Furniture (Credit)
24	148	Vehicles
25	149	Accumulated Depreciation - Vehicles (Credit)
26	150-155	Open
27	156	Bridges
28	.01	Timber
29	.02	Metal
30	.03	Concrete
31	.04	Movable
32	157	Accumulated Depreciation – Bridges (Credit)
33	.01	Timber
34	.02	Metal
35	.03	Concrete
36	.04	Movable
37	158	Construction in Progress
38	159	Roads
39	.01	Gravel
40	.02	Asphalt
41	.03	Concrete
42	160	Accumulated Depreciation – Roads (Credit)
43	.01	Gravel
44	.02	Asphalt
45	.03	Concrete
46	161	Traffic Signals
47		



## Uniform Accounting Procedures Manual for County Road Commissions

1	162	Accumulated Depreciation - Traffic Signals (Credit)
2	163-179	Open
3		
4	<u>Other Non-Current Assets (180-195)</u>	
5	180	Investment of Surplus Funds
6	181	Investment in Joint Venture
7	182-185	Open
8	186	Amount to be Provided for Payment of Debt Principal
9		(Long-Term Debt Control Only)
10	187	Long-Term Contracts Receivable
11	188	Derivative Contracts
12	189	Leases Receivable (Long-Term)
13	190	Net Pension Asset
14	191	Net OPEB Asset
15	192	Unamortized Discounts on Bonds Sold by the Local Unit
16	193	Long -Term Advances to Other Funds
17	194	Long Term Advances to Other Units of Government
18	195	Amount to be Provided for Accumulated Vacation and Sick Leave
19		(Long-Term Debt Control Only)
20		
21	<u>Deferred Outflows of Resources (196-199)</u>	
22	196	Deferred Outflows
23	197	Deferred Outflows of Resources for Pension
24	198	Deferred Outflows of Resources for OPEB
25	199	Open

## Uniform Accounting Procedures Manual for County Road Commissions

1	<b><u>Liabilities (200-359)</u></b>	
2		
3	<b><u>Current Liabilities (200-299)</u></b>	
4	200	Open
5	201	Vouchers Payable
6	202	Accounts Payable
7	203	Drain Order Payable
8	204	Consignment Payable
9	205	Judgments Payable
10	206	Annuities Payable
11	207	Notes Payable (Current)
12	208	Lease Payable (Current)
13	209	Open
14	210	Contracts Payable (Current)
15	211	Contracts Payable Retained Percentage
16	212	Awarded Contracts Payable Unbilled
17	213	Land Contracts Payable Current Portion
18	214	Due to Other Funds
19	215-220	Open
20	221	Due to Cities
21	222	Due to Counties
22	223	Open
23	224	Due to Road Commissions
24	225	Reserved for Michigan Department of Treasury
25	226	Due to Townships
26	227	Due to Villages
27	228	Due to State of Michigan
28	229	Due to Federal Government
29	230	Due to Other Units of Government
30	231	Payroll Deductions Payable
31	232	Due to Employees
32	233	Due to Former Employees
33	234	Reserved for Michigan Department of Treasury
34	235-240	Open
35	241	Advances from Cities
36	242-245	Open
37	246	Advances from Townships
38	247	Advances from Villages
39	248	Open
40	249	Advances from Other Units of Government
41	250	Bonds Payable (Current)
42	251	Accrued Interest Payable
43	252-254	Open
44	255	Customer's Deposits - Driveway Snow Plowing (U.P. Only)
45	256	Open
46	257	Accrued Wages Payable
47		

## Uniform Accounting Procedures Manual for County Road Commissions

1	258	Accrued Taxes Payable (Includes Payroll Taxes)
2	259	Open
3	260	Accrued Vacation Payable
4	261	Accrued Sick Leave Payable
5	262-263	Open
6	264	Other Accrued Liabilities
7	265	Bonds payable (cash bonds)
8	266	Court Orders Payable
9	267	Open
10	268	Unclaimed Money
11	269	Garnishments Payable
12	270-275	Open
13	276	Receipts Refundable
14	277-282	Open
15	283	Performance Deposits Payable
16	284-285	Open
17	286	Due to Fiscal Agent
18	287-288	Open
19	289	Unamortized Premiums on Bonds Sold
20	290-298	Open
21	299	Other Current Liabilities
22		
23		<u>Long-Term Liabilities (300-359)</u>
24	300	Bonds Payable
25	301-302	Open
26	303	Open
27	304	Lease Payable (Non-Current)
28	305-306	Open
29	307	Notes Payable (Long-Term)
30	308-309	Open
31	310	Contracts Payable (Long-Term)
32	311-313	Open
33	314	Advances from Other Funds
34	315-320	Open
35	321	Advances from Cities
36	322	Advances from Counties
37	323	Open
38	324	Advances from Road Commissions
39	325	Advances from Schools
40	326	Advances from Townships
41	327	Advances from Villages
42	328	Advances from State
43	.01	State Trunkline Equipment Purchase Advance
44	.02	State Trunkline Maintenance Advance
45	329	Advances from Federal Government
46	330	Advances from Local Units of Government
47		

**Uniform Accounting Procedures Manual for County Road Commissions**

1	331-332	Open
2	333	Advances - Special Assessment Districts
3	334	Net Pension Liability
4	335	Net OPEB Liability
5	336-338	Open
6	339	Unearned Revenue
7	340-342	Open
8	343	Accrued Vacation and Sick Leave Payable
9	344-359	Open
10		
11	<u>Deferred Inflows of Resources (360-369)</u>	
12	360	Deferred Inflows
13	361	Deferred Inflows for Pension
14	362	Deferred Inflows for OPEB
15	363	Drain Orders – Deferred
16	364-369	Open
17		

## Uniform Accounting Procedures Manual for County Road Commissions

1	<b><u>Fund Balance and Net Position (370-399)</u></b>	
2		
3	370	Fund Balance - Non-Spendable Prepaids
4	371	Fund Balance - Non-Spendable-Inventory
5	372	Fund Balance - Non-Spendable-Long Term Advances to Other Funds
6	373	Fund Balance - Non-Spendable-Other
7	374	Fund Balance - Non-Spendable-For Long Term Federal Contracts
8	375	Fund Balance - Restricted for Debt Service
9	376	Fund Balance - Restricted for Pension Retirement System
10	377	Fund Balance - Restricted
11	378	Fund Balance - Restricted for Deferred Compensation
12	379	Fund Balance – Restricted
13	380-381	Open
14	382	Fund Balance Committed for Replacement of Capital Assets
15	383-384	Open
16	385	Fund Balance - Assigned for Self-Insurance
17	386	Fund Balance - Assigned for Subsequent Years Expenditures
18	387	Fund Balance - Assigned for Construction
19	388-389	Fund Balance - Assigned
20	390	Fund Balance - Unassigned
21	.01	Primary Road Funds
22	.02	Local Road Funds
23	.03	County Road Funds
24	391	
25	392-397	Net Position – Restricted
26	398	Net Position – Net Position - Invested in Capital Assets (net of related debt)
27	.01	Primary Road Funds
28	.02	Local Road Funds
29	.03	County Road Funds
30	.04	Infrastructure
31		
32	399	Unrestricted
33		

## Uniform Accounting Procedures Manual for County Road Commissions

1	<b><u>Revenues (400-699)</u></b>				
2					
3	Control	Mandatory	Account	Sub-	
4	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	<u>Description</u>
5	400	Revenue Control			
6					
7	401	Taxes Control			
8			402		Current Property Taxes
9			403		Current Property Taxes -
10					Extra or Special Voted
11			404-412		Open
12			413		Delinquent Property Taxes
13			414-419		Open
14			420		Unpaid Personal Property
15					Taxes
16			421-426		Open
17			427		Community-wide special
18					assessments
19			428		Open
20			429		Commercial Forest Reserve
21			430		National Forest Reserve
22					Taxes
23			431		Sub-marginal Land Act
24					(Bankhead Jones)
25			432-444		Open
26			445		Penalties & Interest on Taxes
27			446-449		Open
28					
29	475	Licenses & Permits Control			
30			476-500		Open
31					
32	501	Federal Grants Control			
33			502-509		Open
34			510		Federal Grants - Highways
35					(MDOT - Private
36					Contractors)
37				.02	Urban Highway
38				.03	Hazard Elimination Safety
39				.04	Railroad Safety
40				.05	Critical Bridge
41				.06	Discretionary (85% Floor)
42				.07	ISTEA "D" Enhancement
43					Funds
44				.071	Surface Transportation
45					Program (STP) - Primary
46				.072	Surface Transportation
47					Program (STP) - Local

## Uniform Accounting Procedures Manual for County Road Commissions

1	Control	Mandatory	Account	Sub-	Description
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	<u>Description</u>
3	501	Federal Grants Control (Continued)			
4				.073	(STP) - Other
5				.081	Category "C" - Urban
6					Congestion - Primary
7				.082	Category "C" - Urban
8					Congestion - Local
9				.091	Category "D" - Rural -
10					Primary
11				.092	Category "D" - Rural - Local
12				.10	Demonstration Funds -
13					Primary
14				.11	Demonstration Funds - Local
15				.13	Congestion Mitigation Grants
16				.14	High Priority Grants
17				.16	American Recovery and
18					Reinvestment Act
19					(ARRA)(Stimulus)
20				.17	High Risk Rural Roads
21		511			Federal Grants - Highway
22					(Negotiated Contracts)
23				.02	Urban Highway
24				.03	Hazard Elimination Safety
25				.04	Railroad Safety
26				.05	Critical Bridge
27				.06	Discretionary (85% Floor)
28				.07	ISTEA "D" Enhancement
29					Funds
30				.071	Surface Transportation
31					Program (STP) - Primary
32				.072	Surface Transportation
33					Program (STP) - Local
34				.073	(STP) - Other
35				.081	Category "C" - Urban
36					Congestion - Primary
37				.082	Category "C" - Urban
38					Congestion - Local
39				.091	Category "D" - Rural -
40					Primary
41				.092	Category "D" - Rural - Local
42				.13	Congestion Mitigation Grants
43				.14	High Priority Grants
44				.15	Public Land Highway
45					Discretionary (PLH)
46				.16	American Recovery and
47					Reinvestment Act (ARRA)
48					(Stimulus)

## Uniform Accounting Procedures Manual for County Road Commissions

1	<u>Control</u>	<u>Mandatory</u>	<u>Account</u>	<u>Sub-</u>	<u>Description</u>
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	
3	501	Federal Grants Control (Continued)			
4				.17	High Risk Rural Roads
5			512		CDBG Community
6					Development Block Grant
7					Funds
8			513-520		Open
9			521		Non-Road Related Projects
10				.01	Safe Routes to School
11					Program (MDOT - Private
12					Contractors)
13				.02	Safe Routes to School
14					Program (Negotiated
15					Contracts)
16			522		Open
17			523		Culture and Recreation
18					Grants (US Fish and Wildlife
19					Services)
20			524-529		Open
21			530		FEMA and Emergency Relief
22			531		Federal Training Programs
23			532-535		Open
24			536		National Highway Safety
25					(NHS) Fund
26				.01	Primary
27				.02	Local
28			537		Open
29			538		Federal Capital Grants
30					
31	539	State Grants Control			
32			540-545		Open
33			546		Michigan Transportation
34					Fund
35				.01	Engineering
36				.02	Primary Road
37				.03	Local Road
38				.04	Primary Urban Road
39				.05	Local Urban Road
40				.06	Snow Removal
41			547		Critical Bridge
42				.01	Primary Road
43				.02	Local Road
44			548		State Aid Category "E"
45				.02	"E" - Primary
46				.03	"E" - Local
47					
48					



## Uniform Accounting Procedures Manual for County Road Commissions

1	<u>Control</u>	<u>Mandatory</u>	<u>Account</u>	<u>Sub-</u>	<u>Description</u>
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	
3	539	State Control Grants (Continued)			
4			549		State Aid Category "A"
5				.02	"A" – Primary
6				.03	"A" - Local
7			550		State Aid TED Category "C"
8				.02	"C" – Primary
9				.03	"C" - Local
10			551		TED - "D" Funds - Rural
11					Primary
12			552		TED - "F" Funds - Urban
13					Area
14			553		TED/STP - Transfer
15			554		Jobs Today Program Grant
16			555		State Grants - Capital Assets
17				.01	Chemical Storage Facility
18					
19				.02	Other Buildings
20			556-559		Open
21			560-568		Reserved for Michigan
22					Department of Treasury
23			569		Other State Grants Revenue
24			570		State Aid – FEMA
25			571-579		Open
26					
27	580	Contributions from Local Units Control			
28			581-582		Open
29			583		Contributions from Local
30					Units Highways
31				.01	City Contributions
32				.03	School Contributions
33				.04	Township Contributions
34				.05	Village Contributions
35				.06	Other Governmental
36					Contributions
37				.07	Sale of Federal Aid - Other
38					Counties
39				.08	Sale of State Aid - Other
40					Counties
41			584-599		Open
42					
43	600	Charges for Services Control			
44			601-606		Open
45			607		Charges for Services - Fees
46			608		Subdivision Fees
47					
48					

## Uniform Accounting Procedures Manual for County Road Commissions

1	Control	Mandatory	Account	Sub-	<u>Description</u>
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	
3	600	Charges for Services	Control (Continued)		
4				.01	Subdivision Inspection Fees
5				.02	Subdivision Sign Fees
6			609-612		Reserved for Michigan
7					Department of Treasury
8			613-625		Open
9			626		Charges for Services
10					Rendered
11			627		State Trunkline Maintenance
12					Control
13				.01	State Trunkline Maintenance
14				.02	State Trunkline Non-
15					Maintenance and Special
16					Projects
17			628		State Trunkline Non-
18					Maintenance
19			629		Overhead State Maintenance
20				.01	Overhead - State Trunkline
21					Maintenance
22				.02	Overhead - State Trunkline
23					Non-Maintenance and
24					Special Projects
25			630		Overhead - All Other
26					Services
27				.01	Overhead - Tax Exempt
28				.02	Overhead - Other
29				.03	Overhead - Chemical Storage
30					Construction
31				.05	Overhead - Chemical Storage
32					Maintenance and Operation
33			631		Driveway Installations
34			632-640		Open
35			641		Driveway Snow Plowing
36					(U.P. Only)
37			642		Charges for Services – Sales
38			643		Open
39			644		Maps
40			645		Plans and Specifications
41			646		Handling Charges on
42					Materials Sold
43			647-650		Open
44			651		Charges for Services - Use
45					and Admission Fees
46			652		Parking Fees
47					
48					

## Uniform Accounting Procedures Manual for County Road Commissions

1	Control	Mandatory	Account	Sub-	
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	<u>Description</u>
3			653-654		Open
4					
5	655	Fines & Forfeits Control			
6			656-659		Open
7			660-663		Reserved for Michigan
8					Department of Treasury
9	664	Interest & Rents Control			
10			665		Interest
11					
12			666		Dividends
13			667		Lease Revenue/ Short term
14					Rent
15			668		Royalties
16			669		Investment gains and losses
17	losses				
18			670		Equipment Rental Credits
19					
20	671	Other Revenue Control			
21			672		Special Assessments
22			673		Gain or Loss on Sale of
23					Capital Assets
24				.01	Gain or Loss on Disposal of
25					Road Equipment
26				.02	Gain or Loss on Disposal of
27					(Surplus Property) Other
28					Capital Assets
29					
30				.03	Gain or Loss on Disposal of
31					Inventory
32					
33					
34			675		Contributions from Public
35					Enterprises
36			674		Contributions and Donations
37					from Private Sources
38			676		Reimbursements
39			677		Scrap and Salvage
40				.01	Equipment Related
41				.02	(Non-Equipment) Road
42					Related
43					
44			678-686		Open
45			687		Refunds - Rebates
46			688		Trade-In Allowances
47			689		Capital Asset Retirements
48				.01	Road Equipment

## Uniform Accounting Procedures Manual for County Road Commissions

1	<u>Control</u>	<u>Mandatory</u>	<u>Account</u>	<u>Sub-</u>	<u>Description</u>
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	
3	671	Other Revenue Control (Continued)			
4				.02	Other Capital Assets
5			690		Depreciation and Depletion
6					Credits
7				.01	Depreciation - Infrastructure
8					Assets (GASB No. 34 Entry
9					Only)
10			691		Purchase Discounts
11			692		Open
12			693		Sale of Capital Assets
13				.01	Sale of Land
14				.02	Sale of Building
15					
16			694		Cash Over or Short
17					
18	695	Other Financing Sources Control			
19			696		Proceeds from Sale of
20					Bonds/Notes
21			697		Installment Purchase and
22					Lease Proceeds
23			698		Bond or Insurance
24					Recoveries
25			699		Operating Transfers In
26					
27					
28					
29					

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Expenditures (700-999)

2					
3	Control	Mandatory	Account	Sub-	
4	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	<u>Description</u>
5	700	Expenditure Control			
6					
7	701	Personnel Services Control			
8			702		Salaries and Wages (Use
9					703-707, if breakdown is
10					desired)
11			703		Administrative
12				.01	Commissioners
13				.02	Clerical
14				.03	Managers
15			704		Operations
16			705		Engineering
17			706		Traffic
18			707		Shop
19			708		Open
20			709		Vacation
21			710		Sick Leave
22			711		Holiday
23			712		Other Salaries and Wages
24				.01	Funeral
25				.02	Jury Duty
26				.03	Disability
27			713		Personal Leave
28			714		Longevity
29			715		Social Security
30			716		Health Insurance (May
31					include dental insurance,
32					vision insurance)
33				.20	OPEB Trust Payment
34					(Activity 513 only)
35				.21	OPEB Actuarial (Activity
36					513 only)
37			717		Life Insurance and Disability
38			718		Retirement
39				.21	Retirement Actuarial
40					(Activity 513 only)
41			719		Workers Compensation
42			720		Unemployment
43			721		Drug Testing
44			722-723		Open
45			724		Other Fringe Benefits
46			725		Fringes Recovered (Credit)
47					
48					

## Uniform Accounting Procedures Manual for County Road Commissions

1	Control	Mandatory	Account	Sub-	Description
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	
3	726	Supplies Control			
4			727		Postage
5			728		Office Supplies
6			729		Engineering Supplies
7			730		Dues and Subscriptions
8			731		Janitor Supplies
9			732		Traffic Control Supplies
10			733		Welding Supplies
11			734		Safety Supplies
12			735		Open
13			736		Tire Shop Supplies
14			737		Shop Supplies
15			738		Open
16			739		Maps
17			740		Open
18			741		Parts
19			742		Gas
20			743		Diesel
21			744		Unleaded
22			745		Anti-Freeze
23			746		Motor Oil
24			747		Tires and Tubes
25			748		Blades
26			749-759		Open
27			760		Road Materials Control
28			761		Gravel
29			762		Cold Patch
30			763		Sand
31			764		Salt
32			765		Asphalt
33			766		Brine
34			767		Culvert
35			768		Signs
36			769		Guardrail
37			770		Posts
38			771		Inventory/Cost of Goods Sold
39			790		Small Road Tools
40			791		Inventory Adjustments
41			792-799		Open
42	800	Other Services and Charges			
43			801		Contractual Services
44			802		Engineering Services
45				.01	Construction
46				.02	Right-of-Way
47					
48					

## Uniform Accounting Procedures Manual for County Road Commissions

1	Control	Mandatory	Account	Sub-	<u>Description</u>
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	
3	800	Other Services and Charges (Continued)			
4				.03	Design
5			803		Legal Services
6			804		Auditing and Accounting
7					Services
8			805		Health Services
9			806		Laundry Services
10			807		Data Processing
11			808		Road Contractor
12			809		Bridge Contractor
13			810		Education
14			811-849		Open
15			850		Communications (Use 851-
16					859 if breakdown is desired)
17			851		Telephone Communications
18			852		Radio System
19			853		Weather Service
20			854-859		Open
21			860		Transportation (Use 861-873
22					if breakdown is desired)
23			861		Travel and Mileage
24			862		Freight
25			863		Moving Expense
26			864-872		Open
27			873		Public Relations
28			874		Advertising
29			875		Insurance - Buildings and
30					Contents
31			876		Insurance - Boiler and
32					Machinery
33			877		Insurance - Bonds
34			878		Insurance - Fleet
35			879		Insurance - Contractors
36					Equipment
37			880		Insurance - Umbrella
38			881		Insurance - Errors and
39					Omissions
40			882		Insurance - General Liability
41			883		Insurance - Underground
42					Tank Liability
43			884-889		Open
44			890		Claims Paid
45					
46					
47					
48					

## Uniform Accounting Procedures Manual for County Road Commissions

1	Control	Mandatory	Account	Sub-	<u>Description</u>
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	
3	800	Other Services and Charges (Continued)			
4			891-919		Open
5			920		Public Utilities (Use 921-929 if breakdown is desired)
6					Electricity
7			921		Heat
8			922		Water and Sewage
9			923		Open
10			924-929		Repairs and Maintenance (Use 931-939 if breakdown is desired)
11			930		Buildings
12					Repair/Maintenance
13			931		Yard and Storage -
14					Repair/Maintenance
15			932		Shop Equipment -
16					Repair/Maintenance
17			933		Office Equipment -
18					Repair/Maintenance
19			934		Open
20					Rentals
21			935-939		Equipment Rental - Road
22			940		Building Rental
23			941		Equipment Rental - Office
24			942		Fuel Tanks
25			943		Engineering services
26			944-945		Open
27			946		Hazardous Waste
28			947-948		Operating Lease Payments
29			949		Open
30			950		Miscellaneous (Use 956-965 if breakdown is desired)
31			951-954		Safety Expense
32			955		Gravel Pit Inspections
33					Open
34			956		County Drain Assessments
35			957		Property Taxes
36			958-959		Open
37			960		Refunds and Rebates
38			961		Open
39			962-963		State Trunkline Overhead
40			964		Overhead - Other
41			965		Depreciation and Depletion
42			966		Depreciation - Land
43				.01	Improvements
44				.02	Depreciation - Buildings



## Uniform Accounting Procedures Manual for County Road Commissions

1	Control	Mandatory	Account	Sub-	
2	<u>Number</u>	<u>Accounts</u>	<u>Number</u>	<u>Account</u>	<u>Description</u>
3	800	Other Services and Charges (Continued)			
4				.03	Depreciation - Road
5					Equipment
6				.04	Depreciation - Shop
7					Equipment
8				.05	Depreciation - Engineering
9					Equipment
10				.06	Depreciation - Yard and
11					Storage
12				.07	Depreciation - Office
13					Equipment and Furniture
14				.08	Depreciation - Vehicles
15				.09	Depletion
16					
17			969		Amortization Expense
18	970	Capital Outlay Control			
19			971		Land
20			972-973		Open
21			974		Land Improvements - County
22					Work
23			975		Buildings
24			976		Road Equipment
25			977		Shop Equipment
26			978		Engineering Equipment
27			979		Yard and Storage Equipment
28			980		Office Equipment and
29					Furniture
30			981-986		Open
31			987		Depletable Assets
32			988		Construction in Progress
33			989		Open
34	990	Debt Service			
35			991		Principal
36			992		Interest
37			995		Operating Transfers (Out)
38			996		Discounts on Bonds or Notes
39			997		Open
40			998		Special Item
41					
42	999	Extraordinary Item			

## Uniform Accounting Procedures Manual for County Road Commissions

### EXPLANATION OF ACCOUNTS

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#### Balance sheet

#### Assets (001 to 195)

#### Current Assets (001-129)

#### Cash and Investments (001 to 017)

##### 001 Cash - Checking

This account is used to record the amount of currency, checks, money orders, and bank drafts on hand or on deposit with the County Treasurer. Cash equivalents such as short-term highly liquid investments including Treasury bills, commercial paper, and money market funds should be recorded in Account 017.

This account is:

DEBITED - when cash is received.

CREDITED - when cash is disbursed.

##### 002 Cash - Savings

This account is used to record Road Commission funds on deposit in savings accounts under the control of the county treasurer.

This account is:

DEBITED - when money is deposited in a savings account.

CREDITED - when money is withdrawn from a savings account.

##### 003 Cash - Certificates of Deposit

This account is used to record Road Commission funds held by the county treasurer in certificates of deposit.

This account is:

DEBITED - when the certificates of deposit are purchased.

CREDITED - when certificates of deposit are cashed.

##### 004 Cash - Imprest (Petty)

This account is used to record a sum of money either in the form of currency, a special bank deposit, or a separate bank account set aside for the purpose of making change or paying incidental expenses. It is used for expenses that, for practical reasons, cannot be paid in the regular manner. At certain intervals the petty cash is replenished by a check drawn on the fund from which the petty cash expenses are payable. An itemized voucher for the amount of disbursements made from petty cash must support the replenishment check. The total of petty cash on hand and/or on deposit, plus un-replenished disbursements, must always equal the imprest cash account balance.

This account is:

DEBITED - with the amount in which the account is established or increased.

CREDITED - when the established account balance is decreased.

## Uniform Accounting Procedures Manual for County Road Commissions

1 005 Cash - Construction/Repair

2 This account is used to record the amount of cash designated for the purpose of construction  
3 and/or repairs. It is used for the deposit of bond or note proceeds, interest earned,  
4 contributions or other money to this use. A separate depository account may be required  
5 by a debt ordinance.  
6

7 This account is:

8 DEBITED - upon receipt of money restricted for construction or repair purposes.

9 CREDITED - upon expenditure.  
10

11 006 Cash - Debt Principal and Interest Payments

12 This account is used to record the amount of cash designated for the purpose of making  
13 debt principal and interest payments. It is used for the deposit of tax collections,  
14 contributions or other money to be used for the payment of debt principal/interest and  
15 paying agent fees. A separate depository account may be required by a debt ordinance.  
16

17 This account is:

18 DEBITED - upon receipt of money restricted for debt purposes.

19 CREDITED - upon expenditure.  
20

21 007 Cash - Payroll Bank Account

22 This account is used to record an amount of cash in the form of a separate bank account  
23 used only for making payments for payroll related expenses and deductions. Usually a  
24 fixed sum is deposited to this bank account in an amount sufficient to meet the requirements  
25 of the bank for carrying the account without service charges, and the Road Commission  
26 for making payments between regular pay periods.  
27

28 The principal use of this account is for the deposit of the amount of the gross payroll,  
29 against which individual payroll checks and/or direct deposits and payroll deduction checks  
30 and/or direct deposits will be drawn. Individual payroll checks and/or direct deposits  
31 drawn on this account between regular payroll periods will be included on the next regular  
32 payroll voucher. By this method the fixed sum deposited in the payroll bank account will  
33 be replenished each pay period.  
34

35 This account is:

36 DEBITED - when money is deposited in the payroll bank account.

37 CREDITED - when money is disbursed from the payroll bank account.  
38

39 008 to 015 Open  
40

41 016 Deposits with Fiscal Agent (Short-term)

42 This account is used to record deposits with bond trustees prior to payment.  
43

44 This account is:

45 DEBITED - when amounts deposited with a fiscal agent

46 CREDITED - when disbursements are made by the fiscal agent.  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 017 Investments in Securities  
2 This account is used to record the cost of short-term investments in government bonds,  
3 treasury bills, treasury notes and money market certificates. A short-term investment is an  
4 investment having a maturity date of 1 year or less. Certificate of deposits with a maturity  
5 of 3 months or less are cash equivalents and should not be recorded in this account. (See  
6 Account 003 Cash-Certificates of Deposit)  
7  
8 This account is:  
9 DEBITED - when investments are purchased.  
10 CREDITED - when investments are sold.  
11
- 12 Receivables (018 through 100)  
13 018 Receivable Control (019-100)  
14 This account is used to record amounts owed to the Road Commission from any source.  
15 The account may be used separately or as a control account to record amounts due for any  
16 or all of the types of receivables provided for in Accounts #019-100.  
17  
18 This account is:  
19 DEBITED - when amounts owed to the local unit are determined but not immediately  
20 received.  
21 CREDITED - when amounts are received or written off by proper authority.  
22
- 23 019 Taxes Receivable Control (020-039)  
24 This account is used to record amounts of taxes levied and related charges, which have  
25 become due but have not been collected. The account may be used separately or as a control  
26 account for Accounts 020-039.  
27  
28 This account is:  
29 DEBITED - when the amount of taxes or related charges are determined to  
30 be due and payable.  
31 CREDITED - with the amount collected or written off.  
32
- 33 040 Accounts Receivable (General - Not Governmental Units)  
34 This account is used to record amounts owed to the Road Commission which are not  
35 provided for elsewhere in this manual. Detail by individual or organization required.  
36  
37 Sales to individuals or private organizations -- There is no statutory authority for sales of  
38 materials or services to individuals or private organizations. However, exceptions occur.  
39  
40 Sales tax must be charged if the individual or private organization is not tax-exempt. The  
41 account is debited with cash disbursements and journal entries are posted for equipment  
42 rental, materials, labor, or parts. Payments on account are credited directly from the cash  
43 receipts journal.  
44  
45 Uncollectible accounts receivables – For financial reporting purposes, uncollectible  
46 accounts receivable should be charged to an appropriate revenue account and not to bad  
47 debt expense since uncollectible accounts are not expenditures.

## Uniform Accounting Procedures Manual for County Road Commissions

1 Reporting revenues on a net basis does not mean that a governmental unit cannot budget  
2 for bad debts expense and monitor the expense through its financial accounting system.  
3 When this is done, however, the bad debts expense account used for budgeting or internal  
4 purposes must be netted against the related gross revenue account and reported as net  
5 revenue for financial reporting purposes.  
6

7 This account is:

8 DEBITED - when amounts owed are determined.

9 CREDITED - when payments are received or when adjustments or write-offs are  
10 approved.  
11

### 12 041 Estimated Uncollectible Accounts Receivable (Credit)

13 This account is used to record that portion of accounts receivable which is unlikely to be  
14 collected.  
15

16 This account is:

17 DEBITED - after approval had been obtained to record adjustments or to write off an  
18 account.

19 CREDITED - when the amounts of estimated uncollectible accounts receivable are  
20 determined and approved.  
21

### 22 042 – 044 Open

### 23 045 Special Assessments Receivable - Current

24 This account may be used to record the special assessments levied that have become due  
25 but have not been returned delinquent. Subsidiary accounts may be established for various  
26 types or various years of special assessments. Detail by districts and individual property  
27 owners required.  
28

29 This account is:

30 DEBITED - for the amount of the current special assessment levy on the  
31 day it becomes due and payable.

32 CREDITED - with the collection of current special assessments and when the  
33 account balance is transferred to Account #047  
34

### 35 046 Open

### 36 047 Special Assessments Receivable - Delinquent

37 This account is used to record the balance of special assessments remaining unpaid on and  
38 after the date on which a penalty is effective. Detail by districts and individual property  
39 owners required.  
40

41 This account is:

42 DEBITED - with the balance remaining in Account #045 on the date a penalty  
43 for nonpayment is effective.  
44

45 CREDITED - with the collection of delinquent assessments.  
46

### 47 048 Open

## Uniform Accounting Procedures Manual for County Road Commissions

1    049    Special Assessments Receivable – Unavailable

2    This account is used to record special assessments for which a roll has been prepared and  
3    confirmed, but which are not due. Detail by districts and individual property owners  
4    required.

5  
6    This account is:

7    DEBITED - when the amount of a special assessment roll has been prepared and  
8    confirmed.

9    CREDITED - when the special assessment becomes due, at which time this should be  
10    transferred to Account 045 - Special Assessments Receivable (Current).

11  
12    All costs of the project should be charged directly to either Activity #456 - Primary Road - Special  
13    Assessment District Construction/Capacity Improvement or Activity #486 - Local Road - Special  
14    Assessment District Construction/Capacity Improvement. At the time of completion of the project,  
15    the following entry should be made:

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
17    045	Special Assessment Receivable (Current)	\$ 5,000	
18    672	Special Assessments		\$ 5,000

20  
21    The unlevied portion of the assessments should be recorded as follows:

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
23    049	Special Assessments Receivable	\$50,000	
24    360	Deferred Inflows		\$50,000

25  
26  
27    Collections of current special assessments should be recorded as follows:

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
29    001	Cash - Checking	\$ 4,000	
30    045	Special Assessments Receivable – Current		\$ 4,000

31  
32  
33    On the date a penalty for nonpayment is effective, the following journal entry should be  
34    made:

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
36    047	Special Assessments Receivable – 37    Delinquent	\$ 1,000	
38    045	Special Assessments Receivable – Current		\$ 1,000

39  
40  
41    Collections of delinquent special assessments should be recorded as follows:

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
43    001	Cash – Checking	\$ 1,000	
44    047	Special Assessments Receivable – Delinquent		\$ 1,000

45  
46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 To reclassify special assessments receivable due within the current year, a journal entry  
2 will be made as follows:

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
4 045	Special Assessments Receivable - Current	\$ 5,000	
5 360	Deferred Inflows		\$ 5,000

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
8 672	Special Assessments	\$ 5,000	
9 049	Special Assessments Receivable – Unavailable		\$ 5,000

10

### 11 Interest and Penalties on Special Assessments

12

13 Interest and penalties on special assessments should be recorded as follows at the time they are  
14 received:

15

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
17 001	Cash - Checking	\$ 1,500	
18 665	Interest		\$ 1,500

19

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
21 045	Special Assessments Receivable - Current	\$ 1,500	
22 665	Interest		\$ 1,500

23

24 050-055      Open

25

### 26 056 Interest Receivable

27 This account is used to accrue interest earned but not received, as of the end of an  
28 accounting period.

29

30 This account is:

31 DEBITED - when the amount of interest earned is accrued.

32 CREDITED - when payments are received.

33

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
35 056	Interest Receivable	\$ 8,000	
36 665	Interest		\$ 8,000

37

<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
39 001	Cash - Checking	\$ 8,000	
40 056	Interest Receivable		\$ 8,000

41

### 42 057 Local Unit's Share of Assessment Improvement Costs Receivable

43 This account may be used to record the amount due from a local unit as its share of the cost  
44 of an improvement financed by special assessments.

45

46 This account is:

47 DEBITED - when the local unit's share of special assessment project costs are determined.

48 CREDITED - when the amounts are collected or when any adjustments are approved.

## Uniform Accounting Procedures Manual for County Road Commissions

1 058-059 Open

2

3 060 Notes Receivable

4 This account may be used to record the amount due on any legal note that has been accepted  
5 by the Road Commission. It represents an unconditional written promise, signed by the  
6 maker, to pay a certain sum on demand or at a fixed or determinable future time either to  
7 the bearer or to the order of a person designated therein. Detail by individual note required.  
8

9 This account is:

10 DEBITED - when the amount of notes become legal obligations.

11 CREDITED - when payments are received.  
12

13 061 Loans Receivable

14 This account may be used to record the current amount due to the Road Commission on  
15 loans that have been made in accordance with statutory provisions. Detail by individual  
16 loan required.  
17

18 This account is:

19 DEBITED - when the amount of the loan becomes a legal obligation.

20 CREDITED - when with payments are received.  
21

22 062 Leases Receivable (Current)

23 This account is used to record the amount of minimum rental payments due from a lessee  
24 within a year excluding executory costs. It generally represents the amount due to the  
25 government pursuant to operating leases and rental agreements. Long-term portions (over  
26 1 year) are recorded in Account 189- Leases Receivable (Long-term).  
27

28 This account is:

29 DEBITED - when the minimum lease payments due within a year is determined.

30 CREDITED - when the minimum lease payments are received.  
31

32 063 Contracts Receivable

33 This account may be used to record the current portion of contracts due to the Road  
34 Commission. Long-term portions (over 1 year) are recorded in Account 197 - Long-term  
35 Contracts Receivable. Detail by individual contract required.  
36

37 This account is:

38 DEBITED - with current amounts due on contracts.

39 CREDITED - with payments received.  
40

41 064 Land Contracts Receivable

42 This account may be used to record the current portion of land contracts due to the Road  
43 Commission.  
44

45 This account is:

46 DEBITED - when the current amounts due on land contracts are determined.

47 CREDITED - when payments are received.  
48  
49



## Uniform Accounting Procedures Manual for County Road Commissions

- 1 065-069 Open  
2
- 3 070 Other Accounts Receivable  
4 This account is used to record amounts due to the Road Commission for accounts  
5 receivable not provided for in preceding receivable accounts. This account may be used  
6 separately or as a control for Accounts 071-105.  
7  
8 This account is:  
9 DEBITED - when amounts owed to the Road Commission are determined but not  
10 immediately received.  
11 CREDITED - with amounts received or written off  
12
- 13 071 Due from Cities  
14 This account is used to record amounts due from cities. Detail by individual city is required.  
15  
16 This account is:  
17 DEBITED - when the amounts due to the Road Commission from cities is determined.  
18 CREDITED - when payments are received.  
19
- 20 072 Due from Counties  
21 This account is used to record amounts due from other counties. Detail by each individual  
22 county is required.  
23  
24 This account is:  
25 DEBITED - when the amount due to the Road Commission from counties is determined.  
26 CREDITED - when payments are received.  
27
- 28 073 Open  
29
- 30 074 Due from Road Commissions  
31 This account is used to record amounts due from Road Commissions. Detail by each  
32 individual Road Commission is required.  
33  
34 This account is:  
35 DEBITED - when the amount due the Road Commission from other Road Commissions is  
36 determined.  
37 CREDITED - when payments are received.  
38
- 39 075 Open  
40
- 41 076 Due from Townships (Except Road Agreements)  
42 This account is used to record amounts due from townships for most purposes. Detail by  
43 individual townships is required. Account 080 – Due from Townships - Road Agreements  
44 is to record amounts due from townships for road agreements.  
45  
46 This account is:  
47 DEBITED - when the amount due the Road Commission from townships is determined.  
48 CREDITED - when payments are received.  
49

## Uniform Accounting Procedures Manual for County Road Commissions

1 077 Due from Villages

2 This account is used to record amounts due from villages. Detail by individual village is  
3 required.

4  
5 This account is:

6 DEBITED - when the amount due the Road Commission from villages are determined.

7 CREDITED - when payments are received.

8

9 078 Due from State

10 This account is used to record amounts due from the State of Michigan.

11

12 This account is:

13 DEBITED - when the amount due the Road Commission from the state is determined.

14 CREDITED - when payments are received.

15

16 078.01 Due from State - State Trunkline Maintenance

17 This account is used to record amounts due from the State of Michigan for work performed  
18 on State trunkline pursuant to a State trunkline maintenance contract with MDOT.

19

20 This account is:

21 DEBITED - with amounts due the Road Commission from the State.

22 CREDITED - with payments received.

23

24 078.02 Due from State - State Trunkline Non-Maintenance

25 This account is used to record amounts due from the State of Michigan for services  
26 performed and materials furnished to MDOT which are not a part of the trunkline  
27 maintenance contract. This account is also used to record amounts of State aid due at fiscal  
28 year-end.

29

30 This account is:

31 DEBITED - with amounts due the Road Commission from the State.

32 CREDITED - with payments received.

33

34 078.03 Due from State - Michigan Transportation Funds

35 This account is used to record amounts due from the State of Michigan for MTFs. Note:  
36 MTF funds are received two months after they are earned.

37

38 This account is:

39 DEBITED - with amounts due the Road Commission from the State.

40 CREDITED - with payments received.

41

42 078.04 Due from State - Dept. of Transportation – Other (Negotiated Contract/Force Account)

43 This account is used to record amounts due from the State of Michigan for services  
44 provided on "negotiated contract/force account" contracts with the State of Michigan.

45

46 This account is:

47 DEBITED - with amounts due the Road Commission from the State.

48 CREDITED - with payments received.

## Uniform Accounting Procedures Manual for County Road Commissions

1   078.05 Due from State - Chemical Storage Facility (Salt Shed)

2       This account is used to record amounts due from the State of Michigan for services  
3       performed and for payments made by the Road Commission to private contractors for the  
4       construction of "chemical storage facilities" as per contract.

5  
6       This account is:

7       DEBITED - with amounts due the Road Commission from the State.

8       CREDITED - with payments received.

9

10   079   Due from Federal Government

11       This account is used to record amounts due from the federal government.

12

13       This account is:

14       DEBITED - when the amount due the Road Commission from the federal government is  
15       determined.

16       CREDITED - when payments are received.

17

18   080   Due from Townships (Road Agreements)

19       This account is used to record amounts due from townships for work performed on roads  
20       under agreement signed by the township and the Road Commission. A detailed subsidiary  
21       ledger that is maintained by individual township is required.

22

23       This account is:

24       DEBITED - when the amounts are determined to be due on agreements.

25       CREDITED - when payments are received.

26

27   081   Due from Other Governmental Entities

28       This account is used to record amounts due from other units of government for which an  
29       account is not provided for elsewhere in this manual. Detail by individual governmental  
30       entity is required.

31

32       This account is:

33       DEBITED - when the amount due the Road Commission from other governmental entities  
34       is determined.

35       CREDITED - when payments are received.

36

37   082   Open

38

39   083   Due from Employees

40       This account is used to record amounts due from Road Commission employees for  
41       reimbursable goods or services provided to or on behalf of the employees. Detail by  
42       individual employee is required.

43

44       This account is:

45       DEBITED - when the amounts due are determined.

46       CREDITED - when payments are received.

47

48

## Uniform Accounting Procedures Manual for County Road Commissions

1 084 Due from Other Funds

2 This account is used to record short-term amounts due from other funds within the local  
3 government unit. It represents amounts owed for goods and services rendered for a  
4 particular fund by another fund in the government reporting entity, or interfund loans that  
5 are due within one year. An offsetting liability must be recorded in the fund from which  
6 the payment is due in Account 214 – Due to other funds.  
7

8 This account is:

9 DEBITED - when the amounts owed from other funds is determined.

10 CREDITED - when amounts are received from other funds.  
11

12 085-086 Open  
13

14 087 Court Orders Receivable

15 This account is used to record amounts of unpaid fines, court costs, restitution and any  
16 other court ordered payments. Subsidiary records or accounts must be kept for these court  
17 orders by case number and/or name.  
18

19 This account is:

20 DEBITED - when court orders are issued.

21 CREDITED - when payments are received, or adjustments are approved.  
22

23 088 Service Fees Receivable

24 This account is used to record amounts due to the Road Commission for fees for services  
25 for which an account is not provided for elsewhere in this manual.  
26

27 This account is:

28 DEBITED - when services are rendered.

29 CREDITED - when payments are received.  
30

31 089-100 Open  
32

33 Inventory (101 to 112)

34 101 Inventory Control

35 This account is used to record the cost of materials, supplies, and/or surplus properties  
36 purchased in one accounting period for use in another accounting period or to reflect  
37 supplies and materials held in inventory until charged to a specific job, project, department,  
38 etc. This account may be used separately or as a control for Accounts 102-110.  
39

40 This account is:

41 DEBITED - when materials, supplies, and/or surplus properties are purchased, and with  
42 approved adjustments.

43 CREDITED - as inventory is used and with approved adjustments.  
44

45 102-110 Open  
46  
47  
48  
49

## Uniform Accounting Procedures Manual for County Road Commissions

1 109 Inventory - Road Materials

2 This account is used to record the cost of road materials stockpiled in warehouses, pits or  
3 yards which are used for construction or maintenance of the county road system.  
4

5 This account is:

6 DEBITED - when road materials are produced or purchased, and with approved  
7 adjustments.

8 CREDITED - when road materials are used from inventory and with  
9 approved adjustments.  
10

11 110 Inventory - Equipment Materials and Parts

12 This account is used to record the cost of materials and parts on hand, which are to be used  
13 for the repair, maintenance and operation of equipment.  
14

15 This account is:

16 DEBITED - when materials and parts are purchased and with approved adjustments.

17 CREDITED - when the cost of materials and parts are used from inventory and with  
18 approved adjustments.  
19

20 111-112 Inventory Clearing

21 Clearing accounts are temporary accounts that hold costs until they can be transferred  
22 elsewhere.  
23

24 Other Current Assets (113 to 129)

25 113 Surplus Capital Assets

26 This account is used to record the cost of land and buildings that are surplus capital assets  
27 to the Road Commission and are not used in its regular operations.  
28

29 This account is:

30 DEBITED - with the cost of land and buildings, which are determined to be surplus capital  
31 assets.

32 CREDITED - with the cost of such property when sold or if used in the road commission's  
33 regular operations.  
34

35 This account is also used to record the prorated value of all right-of-way purchases  
36 determined to be in excess of what is required for highway use.  
37

38 The entire purchase price is charged to the construction expenditure activity/account until  
39 such time as these right-of-way costs can be prorated between actual highway use and  
40 surplus capital assets. Since the entire purchase price has been charged to construction, at  
41 such time as the prorated value of the surplus capital assets has been determined, a journal  
42 entry shall be made as follows:  
43

44 This account is:

45 DEBITED - Account 113 - Surplus Capital Assets (In the amount of the prorated value of  
46 the surplus capital assets)

47 CREDITED - Applicable Infrastructure Asset  
48  
49

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Sale of Surplus Capital Assets

2 The postings necessary upon the sale of the surplus capital assets will vary according to the sale  
3 price and terms. If sold for cash, Account 113 - Surplus Capital Assets shall be credited directly  
4 from the cash receipts journal in the exact amount received but not exceeding the recorded value  
5 of the property. Any amount received in excess of the recorded value shall be credited to Account  
6 693.02 - Gain or Loss on Sale of Other Capital Assets. If the cash sale price is less than the recorded  
7 value, the balance remaining in Account 113 shall be closed into Account 693.02 as a debit.

8  
9 The sale of surplus capital assets on a time basis requires an entry crediting Account 113 and  
10 debiting applicable receivable account(s), such as Account 064 - Land Contracts Receivable. Any  
11 gain or loss on time basis sales would be handled in the same manner as cash sales.

12  
13 If surplus capital assets are sold on a time basis, the amount due in the second year and beyond  
14 from the sale date should be recorded as a credit to Account 339 - Unearned Revenues, with an  
15 offsetting debit to Account 390 - Fund Balance - Unassigned.

16  
17 114-118 Open

### 18 19 119 Investments - Deferred Compensation Plan

20 This account is used to record the cost of investments purchased in accordance with the  
21 provisions of a deferred compensation plan administered by the Road Commission.

22  
23 This account is:  
24 DEBITED - with the cost of investments purchased.  
25 CREDITED - with the original cost of investments when sold or otherwise disposed of.

### 26 27 120 Investments

28 This account is used to record the cost of long-term investments such as government bonds,  
29 treasury bills, treasury notes, municipal bonds, stocks, mortgages, land purchased for  
30 investment purposes, etc. A long-term investment is an investment having a maturity date  
31 of more than one year from the date of purchase.

32  
33 This account is:  
34 DEBITED - with the cost of investments purchased.  
35 CREDITED - with the original cost of investments when sold or otherwise disposed of.

36  
37 121-122 Open

### 38 39 Prepaid Insurance

40 Account 123 - Prepaid Expense is provided to record prepayments of insurance premiums which  
41 represent expenses chargeable to future years' operations.

42  
43 At the end of each year, this account will be credited, and the appropriate expense accounts debited  
44 for that portion of premiums applicable to the current year. For example: 1/3 of a 3-year premium  
45 for insurance, effective on January 1st, would be charged to current year expense.

46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 It will be necessary to use this account only if insurance premiums paid in any one year are for  
2 more than one year's coverage. Annual premium payments made each year on a 5 year policy,  
3 need not be considered as prepaid insurance even though the annual payment covers a part of a  
4 succeeding year.

5 In connection with insurance payments and policies, it is advisable to maintain an insurance record  
6 of all essential details of Road Commission insurance. This insurance or record should indicate  
7 policy number, company, agent, property insurance, amount of premium paid, date of policy and  
8 expiration date, amount of unexpired premium, and a space for explanations or notes.

9

### 10 123 Prepaid Expenses

11 This account is used to record charges entered in the accounts of the Road Commission for  
12 benefits or services not yet received. Examples of prepaid expenses are prepaid rent,  
13 prepaid interest and unexpired insurance premiums.

14

15 This account is:

16 DEBITED - for prepaid expenses to be charged off in a subsequent accounting period.

17 CREDITED - as prepaid expenses are charged off to expenditure accounts in the  
18 accounting period to which the expenses pertain.

19

### 20 124 Engineering and Development Expense Advances

21 This account may be used to record engineering and development costs incurred for the  
22 purpose of determining the feasibility of a project or projects.

23

24 This account is:

25 DEBITED - with the amount of preliminary costs incurred.

26 CREDITED - with the total costs charged to the project upon project approval or with the  
27 total cost charged to an expenditure account if the project is rejected.

28

### 29 125 Advance - Federal Aid Projects

30 This account is used to record money advanced in accordance with Federal aid contracts  
31 where the work is to be performed by private contractors and paid by MDOT. Detailed  
32 subsidiary records must be kept, either by Federal program and project/contract number,  
33 or by project/contract number.

34

35 This account is:

36 DEBITED - with amount billed by State Department of Transportation for Federal aid  
37 projects.

38 CREDITED - from State Department of Transportation estimate for Federal aid projects.

39

### 40 126 Advance - State Aid Projects

41 This account is used to record money advanced in accordance with State aid contracts  
42 where the work is to be performed by private contractors paid by the State Department of  
43 Transportation. Detailed subsidiary records must be kept, either by State program and  
44 project/contract number, or by project/contract number.

45

46 This account is:

47 DEBITED - with amount billed by State Department of Transportation for State aid  
48 projects.

49 CREDITED - from State Department of Transportation estimate for State aid projects.

## Uniform Accounting Procedures Manual for County Road Commissions

1 127 Advance - Construction Awarded Contracts  
2 This account may be used to record the expected cost of a construction project for which a  
3 contract has been awarded but not yet billed. This account balance reflects an offsetting  
4 debit to the liability recorded in Account 212 - Awarded Contracts Payable Unbilled.  
5

6 This account is:  
7 DEBITED - with the amount of an awarded but unbilled contract.  
8 CREDITED - with the completed portion of the contract when billed by the contractor.  
9

10 128 Unamortized Discounts on Bonds Sold by the Road Commission  
11 This account may be used to record the difference between the part of a bond — the value  
12 of the bond at maturity — and the proceeds from the sale of the bond by the issuing  
13 company, less the portion that has already been amortized.  
14

15 This account is:  
16 DEBITED - with the discount amount at time of issue.  
17 CREDITED - with amounts charged to expenditure accounts in a subsequent accounting  
18 period.  
19

20 129 Assets Held for Sale  
21 This account is used to record the cost of assets that are being held for re-sale. When assets  
22 are acquired with the intent of reselling them, they should be reported as assets even though  
23 they may be capital in nature. However, the carrying value should not exceed the estimated  
24 sales proceeds, net of expenditures necessary to ready the asset for sale. An example of  
25 assets held for sale could be houses purchased to be renovated and resold.  
26

27 This account is:  
28 DEBITED - for the cost of assets acquired with the intent to be re-sold.  
29 CREDITED - as sales take place, or as the estimated future sales price drops below the  
30 current carrying value (net of costs of preparing for sale).  
31

### 32 Non-Current Assets (130 to 199)

#### 34 Capital Assets - 130 to 179

35 For additional guidance, see the [Michigan Committee on Governmental Accounting and](#)  
36 [Auditing Statement](#) No. 10, 11 and 12 on the Michigan Department of Treasury's website under  
37 Local Government Services/Accounting Information. In governmental funds, capital assets are  
38 expenditures.  
39

#### 40 130 Land and Right of Way Purchases

41 This account is used to record the cost of land purchased by the Road Commission. Land  
42 acquired by gift or grant should be recorded at acquisition value. This account is also used  
43 to record the acquisition cost of land or right of ways. The cost of land includes legal fees,  
44 land surface leveling, debris removal and any other costs necessary to place the land in  
45 service.  
46

47 This account is:  
48 DEBITED - for the cost or appraised value of lands acquired.  
49 CREDITED - for the recorded value of any land sold or otherwise disposed of.



## Uniform Accounting Procedures Manual for County Road Commissions

- 1 131 Land Improvements Non-Depreciating  
2 This account is used to record the actual cost of land improvements from construction  
3 and/or reconstruction projects. This work includes excavation, ditching, grading (lane  
4 widened portion and/or elevation change only), tree removal, subgrade preparation of land  
5 in preparation for roadway, and any other costs necessary.  
6  
7 This account is:  
8 DEBITED - for the cost of land improvements by year.  
9 CREDITED - for the value of land improvements when the roadway is abandoned or  
10 otherwise disposed of.  
11
- 12 132 Land Improvements Depreciating  
13 This account is used to record the cost of permanent improvements, other than buildings,  
14 which add value to the land. Examples are fences, sewers, sidewalks, pavements, retaining  
15 walls and landscaping.  
16  
17 This account is:  
18 DEBITED - for the cost or appraised value of land improvements acquired.  
19 CREDITED - for the recorded value of any such assets sold or otherwise disposed of.  
20
- 21 133 Accumulated Depreciation - Land Improvements (Credit)  
22 This account is used to record the accumulation of periodic decreases in the estimated  
23 service life of land improvements due to wear and tear, deterioration, action of the physical  
24 elements, inadequacy, and obsolescence.  
25  
26 This account is:  
27 DEBITED - for the amount of accumulated depreciation applicable to land improvements  
28 sold or otherwise disposed of.  
29 CREDITED - either monthly or annually for the amount of decrease in estimated service  
30 life attributable to the current accounting period.  
31
- 32 134 Depletable Assets  
33 This account is used to record the cost or acquisition value (if acquired by gift) of natural  
34 resources which diminish in value by the removal of their contents such as gravel pits,  
35 stone quarries, timber stands, brine wells, gas, and oil wells, etc.  
36  
37 This account is:  
38 DEBITED - for the cost or appraised value of depletable assets acquired.  
39 CREDITED - for the recorded value of such assets sold or otherwise disposed of.  
40
- 41 135 Accumulated Depletion - Depletable Assets (Credit)  
42 This account is used to record the accumulation of periodic credits made to record the  
43 removal of natural resources.  
44  
45 This account is:  
46 DEBITED - for the amount of accumulated depletion applicable to depletable assets sold  
47 or otherwise disposed of.  
48 CREDITED - either monthly or annually with the cost of natural resources removed during  
49 the accounting period.

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 136 Buildings, Building Additions, and Improvements  
2 This account is used to record the cost or acquisition value (if acquired by gift) of  
3 permanent structures, additions and improvements. It includes the cost of all fixtures  
4 attached to and forming a permanent part of such structures.  
5  
6 This account is:  
7 DEBITED - for the cost or appraised value of such assets acquired.  
8 CREDITED - for the recorded value of such assets sold or otherwise disposed of.  
9
- 10 137 Accumulated Depreciation - Buildings, Building Additions and Improvements (Credit)  
11 This account is used to record the accumulation of periodic credits made to record the  
12 expiration of the estimated service life of buildings and improvements.  
13  
14 This account is:  
15 DEBITED - for the amount of accumulated depreciation applicable to buildings sold or  
16 otherwise disposed of.  
17 CREDITED - either monthly or annually with the amount of decrease in estimated service  
18 life attributable to that month or year.  
19
- 20 138 Road Equipment  
21 This account is used to record the cost or acquisition value (if acquired by gift) of  
22 equipment of a more or less permanent nature used in road work such as motor graders,  
23 cranes, rollers, etc. If separate accounts are desired for unlicensed and licensed vehicles  
24 and equipment, use Account 138 Road Equipment, for unlicensed; and Account 148  
25 Vehicles, for licensed.  
26  
27 This account is:  
28 DEBITED - for the cost or acquisition value of road equipment acquired.  
29 CREDITED - for the recorded value of such equipment sold or otherwise disposed of.  
30
- 31 139 Accumulated Depreciation - Road Equipment (Credit)  
32 This account is used to record the accumulation of periodic credits made to record the  
33 expiration of the estimated service life of unlicensed road equipment.  
34  
35 This account is:  
36 DEBITED - for the amount of accumulated depreciation applicable to such equipment sold  
37 or otherwise disposed of.  
38 CREDITED - either monthly or annually with the amount of decrease in estimated service  
39 life attributable to that month or year.  
40
- 41 140 Shop Equipment  
42 This account is used to record the cost or acquisition value (if acquired by gift) of  
43 machinery and equipment of a more or less permanent nature used in a Road Commission  
44 or city repair and maintenance shop.  
45  
46 This account is:  
47 DEBITED - for the cost or acquisition value of shop equipment acquired.  
48 CREDITED - for the recorded value of such equipment sold or otherwise disposed of.  
49

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 141 Accumulated Depreciation - Shop Equipment (Credit)  
2 This account is used to record the accumulation of periodic credits made to record the  
3 expiration of the estimated service life of shop machinery and equipment.  
4  
5 This account is:  
6 DEBITED - for the amount of accumulated depreciation applicable to such equipment sold  
7 or otherwise disposed of.  
8 CREDITED - either monthly or annually for the amount of decrease in estimated service  
9 life attributable to that month or year.  
10
- 11 142 Engineering Equipment  
12 This account is used to record the cost or acquisition value (if acquired by gift) of  
13 equipment of a more or less permanent nature used in the engineering department.  
14  
15 This account is:  
16 DEBITED - for the cost or acquisition value of engineering equipment acquired.  
17 CREDITED - for the recorded value of such equipment sold or otherwise disposed of.  
18
- 19 143 Accumulated Depreciation - Engineering Equipment (Credit)  
20 This account is used to record the accumulation of periodic credits made to record the  
21 expiration of the estimated service life of engineering equipment.  
22  
23 This account is:  
24 DEBITED - for the amount of accumulated depreciation applicable to such equipment sold  
25 or otherwise disposed of.  
26 CREDITED - either monthly or annually for the amount of decrease in estimated service  
27 life attributable to that month or year.  
28
- 29 144 Yard and Storage Equipment  
30 This account is used to record the cost or acquisition value (if acquired by gift) of  
31 equipment of a more or less permanent nature used for yard or storage purposes such as  
32 gasoline pumps and meters, fuel storage tanks, etc.  
33  
34 This account is:  
35 DEBITED - for the cost or acquisition value of yard and storage equipment acquired.  
36 CREDITED - for the recorded value of such equipment sold or otherwise disposed of.  
37
- 38 145 Accumulated Depreciation - Yard and Storage Equipment (Credit)  
39 This account is used to record the accumulation of periodic credits made to record the  
40 expiration of the estimated service life of yard and storage equipment.  
41  
42 This account is:  
43 DEBITED - for the amount of accumulated depreciation applicable to such equipment sold  
44 or otherwise disposed of.  
45 CREDITED - either monthly or annually with the amount of decrease in estimated service  
46 life attributable to that month or year.  
47  
48  
49

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 146 Office Equipment and Furniture  
 2 This account is used to record the cost or acquisition value (if acquired by gift) of office  
 3 equipment and furniture of a more or less permanent nature.  
 4  
 5 This account is:  
 6 DEBITED - for the cost or acquisition value of office equipment and furniture acquired.  
 7 CREDITED - for the recorded value of such equipment and furniture sold or otherwise  
 8 disposed of.  
 9
- 10 147 Accumulated Depreciation - Office Equipment and Furniture (Credit)  
 11 This account is used to record the accumulation of periodic credits made to record the  
 12 expiration of the estimated service life of office equipment and furniture.  
 13  
 14 This account is:  
 15 DEBITED - for the amount of accumulated depreciation applicable to such equipment and  
 16 furniture sold or otherwise disposed of.  
 17 CREDITED - either monthly or annually for the amount of decrease in estimated service  
 18 life attributable to that month or year.  
 19
- 20 148 Vehicles  
 21 This account may be used to record the cost or acquisition value (if acquired by gift) of all  
 22 vehicles and equipment that are required to have a license plate such as cars, trucks, etc.  
 23  
 24 This account is:  
 25 DEBITED - for the cost or acquisition value of vehicles and equipment acquired.  
 26 CREDITED - for the recorded value of such vehicles and equipment sold or otherwise  
 27 disposed of.  
 28
- 29 149 Accumulated Depreciation - Vehicles (Credit)  
 30 This account is used to record the accumulation of periodic credits made to record the  
 31 expiration of the estimated service life of licensed vehicles and equipment.  
 32  
 33 This account is:  
 34 DEBITED - for the amount of accumulated depreciation applicable to such vehicles and  
 35 equipment sold or otherwise disposed of.  
 36 CREDITED - either monthly or annually with the amount of decrease in estimated service  
 37 life attributable to that month or year.  
 38
- 39 150-155 Open  
 40
- 41 156 Bridges  
 42 This account is used to record the actual cost of bridge construction/capacity improvement  
 43 and/or redecking by year and subaccount.  
 44 .01 - Timber  
 45 .02 - Metal  
 46 .03 - Concrete  
 47 .04 - Movable  
 48  
 49

## Uniform Accounting Procedures Manual for County Road Commissions

1 This account is:  
2 DEBITED - with the cost of bridge construction/capacity improvement and/or redecking  
3 by subaccount type at the end of each year  
4 CREDITED - with the recorded value of such bridges when removed or otherwise disposed  
5 of.

6  
7 157 Accumulated Depreciation - Bridges (Credit)

8 This account is used to record the accumulation of periodic credits made to record the  
9 expiration of the estimated life of bridge construction and/or redecking by year and  
10 subaccount.

- 11 .01 - Timber  
12 .02 - Metal  
13 .03 - Concrete  
14 .04 - Movable

15  
16 This account is:  
17 DEBITED - with the amount of accumulated depreciation applicable to each bridge  
18 removed or otherwise disposed of.  
19 CREDITED - with the amount of decrease in the estimated life, by subaccount and year,  
20 on an annual basis.

21  
22 158 Construction in Progress

23 This account is used to record the cost of construction work undertaken but not yet  
24 completed. As projects are completed, the cost is transferred from this account to the  
25 applicable capital asset account.

26  
27 This account is:  
28 DEBITED - for costs of a construction project in progress at fiscal year-end.  
29 CREDITED - for the cost of a project upon completion and transfer to the appropriate  
30 capital asset account.

31  
32 159 Roads

33 This account is used to record the actual cost of road construction and/or reconstruction by  
34 year and subaccount.

- 35 .01 - Gravel  
36 .02 - Asphalt  
37 .03 - Concrete

38  
39 This account is:  
40 DEBITED - with the cost of road construction/capacity improvements and/or  
41 reconstruction by subaccount type at the end of each year.  
42 CREDITED - with the original cost reported at the termination of the depreciation schedule  
43 allocation per subaccount and year.

44  
45  
46  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

1 160 Accumulated Depreciation - Roads (Credit)

2 This account is used to record the accumulation of periodic credits made to record the  
3 expiration of the estimated life of road construction and/or reconstruction by year and  
4 subaccount.

- 5 .01 - Gravel  
6 .02 - Asphalt  
7 .03 - Concrete  
8

9 This account is:

10 DEBITED - with the amount of accumulated depreciation applicable to each subaccount  
11 at the termination of the depreciation schedule allocation per subaccount and year.

12 CREDITED - with the amount of decrease in the estimated life, by subaccount and year,  
13 on an annual basis.  
14

15 161 Traffic Signals

16 This account is used to record the cost of traffic signals installed.  
17

18 This account is:

19 DEBITED - with the original cost of installation of the signal.

20 CREDITED - with the recorded value of such signal removed or otherwise disposed of.  
21

22 162 Accumulated Depreciation - Traffic Signal (Credit)

23 This account is used to record the accumulation of periodic credits made to record the  
24 expiration of the estimated life of traffic signals.  
25

26 This account is:

27 DEBITED - with the amount of accumulated depreciation applicable to each traffic signal  
28 on an annual basis.

29 CREDITED - with the amount of decrease in the estimated life on an annual basis.  
30

31 163-179 Open  
32

33 Other Non-Current Assets (180 to 195)  
34

35 These accruals may be used for assets that are not easily convertible to cash or not expected to  
36 become cash within the next year.  
37

38 180 Investment of Surplus Funds

39 This account is used to record the cost of long-term investments of surplus funds under  
40 [1943 PA 20](#) (for the government's assets) and [1965 PA 314](#) (for pension and OPEB trust  
41 fund assets). This will include government bonds, treasury bills, treasury notes, municipal  
42 bonds, stocks, mortgages, land purchased for investment purposes, etc. A long-term  
43 investment is an investment having a maturity date of more than one year from the date of  
44 purchase.  
45

46 This account is:

47 DEBITED - for the cost of the investments purchased.

48 CREDITED - when the investments are sold or otherwise disposed of.  
49

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 181 Investment in Joint Venture  
2 This account is used to record a Road Commission's equity in a joint venture, in instances  
3 where there is an explicit, measurable right to the net resources of a joint venture. ([GASB](#)  
4 [Statement 14, paragraph 72](#))  
5  
6 This account is:  
7 DEBITED - for the original investment in the joint venture, and for any subsequent income  
8 from the joint venture.  
9 CREDITED - for any losses from the joint venture.  
10
- 11 182-185 Open
- 12
- 13 186 Amount to be Provided for Payment of Debt Principal (Long-Term Debt Control Only)  
14 This account is used only in the Long-Term Debt Control and is used to record the amount  
15 which must be provided from Michigan Transportation Fund State aid distributions or other  
16 revenues to retire the principal on outstanding debt.  
17  
18 This account is:  
19 DEBITED - with the full principal amount of long-term debt incurred.  
20 CREDITED - with reductions of long-term debt principal.  
21
- 22 187 Long-Term Contracts Receivable  
23
- 24 188 Derivative Contracts  
25 This account is used to record the fair market value of any derivatives contracts, in  
26 accordance with [GASB 53](#).  
27  
28 This account is:  
29 DEBITED - when the fair value of the derivative is positive (i.e., the present value of the  
30 expected future inflows exceeds the present value of the expected future outflows), or the  
31 fair value has increased from its last measurement.  
32 CREDITED - when the fair value of the derivative is negative (i.e., the present value of  
33 the expected future outflows exceeds the present value of the expected future inflows), or  
34 the fair value has decreased from its last measurement.  
35
- 36 189 Leases Receivable (Long-term)  
37 This account is used to record receivables generally created pursuant to a capital lease. The  
38 amount recorded should be the minimum rental payment due from the lessee over the life  
39 of the contract (excluding executory costs). This would be called gross investment in the  
40 lease. Generally, it would be equal to total principal and interest payments on the bond  
41 issue sold to acquire the asset.  
42  
43 This account is:  
44 DEBITED - for the amount of bond principal and interest due over the entire life of the  
45 issue.  
46 CREDITED - when the receivable becomes current. (See Account 062 – Leases Receivable  
47 (Current).)  
48  
49

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 190 Net Pension Asset

2 This account will be used to record the excess of net position in a pension system to the  
3 total pension liability and should be measured as the portion of the actuarial present value  
4 of projected payments that is attributable to past periods of employee service, net of the  
5 pension plan's fiduciary net position.

6  
7 This account is:

8 DEBITED - when the portion of the actuarial present value of projected payments that is  
9 attributable to past periods of employee service is less than net of the pension plan's  
10 fiduciary net position.

11 CREDITED - when the portion of the actuarial present value of projected payments that  
12 is attributable to past periods of employee service is greater than net of the pension plan's  
13 fiduciary net position.

14

### 15 191 Net OPEB Asset

16 This account is used to record the excess of net position in a OPEB Trust Fund to the total  
17 OPEB liability. It should be measured as the portion of the actuarial present value of  
18 projected benefits that is attributable to past periods of employee service, net of the OPEB  
19 trust funds fiduciary net position.

20

21 This account is:

22 DEBITED - when the portion of the actuarial present value of projected payments that is  
23 attributable to past periods of employee service is less than net of the OPEB trust funds  
24 fiduciary net position.

25 CREDITED - when the portion of the actuarial present value of projected payments that is  
26 attributable to past periods of employee service is greater than net of the OPEB trust funds  
27 fiduciary net position.

28

### 29 192 Unamortized Discounts on Bonds Sold by the Local Unit

30 This account is used to record that portion of the excess of the face value of bonds over the  
31 amount received from their sale which remains to be amortized over the remaining life of  
32 the bonds.

33

34 This account is:

35 DEBITED - with the total amount of discounts allowed on bonds sold for less than face  
36 value.

37 CREDITED - with equal amounts charged to interest expense over the life of the bonds  
38 and with any balance remaining if bonds are redeemed before stated maturity dates.

39

### 40 193 Long -Term Advances to Other Funds

41 This account is used to record advances to other funds within the local unit where such  
42 advances are not due within a year. Examples are advances to a County Drain Revolving  
43 Fund for preliminary expenses, advances to a County 100% Tax Payment Fund, advances  
44 to an internal service fund, etc. Sub-accounts must be used where several funds are  
45 involved. An offsetting liability must be recorded in the fund receiving the advance.

46

47 This account is:

48 DEBITED - for amounts advanced to other funds.

49 CREDITED - for the repayment of any portion of such advances.



## Uniform Accounting Procedures Manual for County Road Commissions

### 1 194 Long-term Advances to Other Units of Government

2 This account is used to record advances to other units of government where such advances  
3 are not due within a year. An example is an advance to a building authority. Sub-accounts  
4 must be used where several units are involved.

5  
6 This account is:

7 DEBITED - for the amounts advanced by the Road Commission to another unit.

8 CREDITED - for the repayment of any portion of such advances.

9  
10 Note: Legal advice should always be obtained before advances or loans are made to another  
11 unit of government.

### 12 13 195 Amount to be Provided for Accumulated Vacation and Sick Leave (Long-Term Debt 14 Control Only)

15 This account is used only in the Long-Term Debt Control and is used to record the dollar  
16 value of the employees vested accumulated vacation and sick leave as of the last day of the  
17 fiscal year. The amount is determined by multiplying the employees' hourly rates by the  
18 number of leave hours available to use per employee contracts or agreements if 100% of  
19 the leave is vested. If less than 100% is vested, record only the vested portion. Offsetting  
20 entries to this account are to be made to Account #343 - Accrued Vacation and Sick Leave  
21 Payable (Long-Term).

22  
23 A schedule should be kept documenting compensated absences including beginning  
24 balance, additions, reductions and ending balance. This schedule may be required by your  
25 auditors at year-end

26  
27 This account is:

28 DEBITED - at the end of the current fiscal year with the difference between the amount  
29 recorded in the account from the previous year and the amount calculated at the end of the  
30 current fiscal year if the ending amount is greater.

31 CREDITED - with the difference if the amount calculated is less.

32

### 33 Deferred Outflows of Resources (196-199)

34

#### 35 196 Deferred Outflows

36 This account should be used to record amounts that are specifically defined by the GASB  
37 as meeting the definition of Deferred Outflow by [GASB Statement 63](#), [GASB Statement](#)  
38 [65](#), or any subsequent amendment. In general, this account applies to the recognition of  
39 liabilities that neither meet the criteria for expense recognition nor result in an asset. At  
40 this point, the types of deferrals specified for this category include:

41  
42 The deferral of a loss on the refunding of a bond issue (where the amount transferred to the  
43 escrow agent exceeds the carrying value of the refund debt.

44

45 This account is:

46 DEBITED - For the amounts advanced by the local unit to another unit.

47 CREDITED - For the repayment of any portion of such advances.

48

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 197 Deferred Outflows of Resources for Pension

2 a. Each of the following should be recognized in pension expense, beginning in the  
3 current reporting period, using a systematic and rational method over a closed period  
4 equal to the average of the expected remaining service lives of all employees that are  
5 provided with pensions through the pension plan (active employees and inactive  
6 employees) determined as of the beginning of the measurement period:

7 (1) Differences between expected and actual experience with regard to economic  
8 or demographic factors (differences between expected and actual experience)  
9 in the measurement of the total pension liability

10 (2) Changes of assumptions about future economic or demographic factors or of  
11 other inputs (changes of assumptions or other inputs).

12  
13 The portion of (1) and (2) not recognized in pension expense should be reported as deferred  
14 outflows of resources or deferred inflows of resources related to pensions.  
15

16 b. The difference between projected and actual earnings on pension plan investments  
17 should be recognized in pension expense using a systematic and rational method over  
18 a closed five-year period, beginning in the current reporting period. The amount not  
19 recognized in pension expense should be reported as deferred outflows of resources or  
20 deferred inflows of resources related to pensions. Deferred outflows of resources and  
21 deferred inflows of resources arising from differences between projected and actual  
22 pension plan investment earnings in different measurement periods should be  
23 aggregated and reported as a net deferred outflow of resources related to pensions or a  
24 net deferred inflow of resources related to pensions.

25  
26 Contributions to the pension plan from the employer subsequent to the measurement date  
27 of the net pension liability and before the end of the reporting period should be reported as  
28 a deferred outflow of resources related to pensions.  
29

30 This account is:

31 DEBITED - current year recognition of differences in experience, assumptions,  
32 investments and contributions subsequent to the measurement date.

33 CREDITED - using a systematic and rational method over a closed period equal to the  
34 average of the expected remaining service lives for changes in experience or assumptions/  
35 using a systematic and rational method over a closed five-year period for changes in  
36 investments  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 198 Deferred Outflows of Resources for OPEB

2 a. Each of the following should be recognized in OPEB expense, beginning in the current  
3 reporting period, using a systematic and rational method over a closed period equal to  
4 the average of the expected remaining service lives of all employees that are provided  
5 with OPEB through the OPEB plan (active employees and inactive employees)  
6 determined as of the beginning of the measurement period:

7  
8 (1) Differences between expected and actual experience with regard to economic  
9 or demographic factors (differences between expected and actual experience)  
10 in the measurement of the total OPEB liability

11 (2) Changes of assumptions about future economic or demographic factors or of  
12 other inputs (changes of assumptions or other inputs).  
13

14 The portion of (1) and (2) not recognized in OPEB expense should be reported as deferred  
15 outflows of resources or deferred inflows of resources related to OPEB.

16 b. The difference between projected and actual earnings on OPEB plan investments  
17 should be recognized in OPEB expense using a systematic and rational method over a  
18 closed five-year period, beginning in the current reporting period. The amount not  
19 recognized in OPEB expense should be reported as deferred outflows of resources or  
20 deferred inflows of resources related to OPEB. Deferred outflows of resources and  
21 deferred inflows of resources arising from differences between projected and actual  
22 OPEB plan investment earnings in different measurement periods should be aggregated  
23 and reported as a net deferred outflow of resources related to OPEB or a net deferred  
24 inflow of resources related to OPEB.  
25

26 Contributions to the OPEB plan from the employer subsequent to the measurement date of  
27 the net OPEB liability and before the end of the reporting period should be reported as a  
28 deferred outflow of resources related to OPEB.  
29

30 This account is:

31 DEBITED - current year recognition of differences in experience, assumptions,  
32 investments and contributions subsequent to the measurement date.

33 CREDITED - using a systematic and rational method over a closed period equal to the  
34 average of the expected remaining service lives for changes in experience or assumptions/  
35 using a systematic and rational method over.  
36

### 37 199 Open

## Uniform Accounting Procedures Manual for County Road Commissions

### Liabilities (200 to 359)

#### Current Liabilities (200-299)

200 Open

#### 201 Vouchers Payable

This account is used to record liabilities for materials and services evidenced by vouchers, which have been pre-audited and signed by the proper authority approving the liability.

This account is:

DEBITED - upon payment of vouchers.

CREDITED - for amounts approved for payment.

#### 202 Accounts Payable

This account is used to record amounts on open account owing to private persons, firms, corporations, or other organizations for goods and services received by the Road Commission.

This account is:

DEBITED - upon payment of these accounts.

CREDITED - for amount of accounts payable approved for payment.

#### 203 Drain Order Payable

This account is used by a county Drain Fund to record the amount of drain orders payable during the current fiscal year. Drain orders payable in a subsequent year or years are recorded in Account 363 - Drain Orders Payable-Deferred.

This account is:

DEBITED - upon payment of any drain orders previously credited to this account.

CREDITED - at the beginning of the fiscal year with the amount of all drain orders due during the year, and with the issuance of other drain orders which become due and payable during the current year.

#### 204 Consignment Payable

This account is used to record liabilities for parts or materials, such as culverts, received with the understanding that payment for the parts or materials will only be made once the parts or materials are used.

This account is:

DEBITED - when the consigned materials are used.

CREDITED - upon receipt of the consignment

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 205 Judgments Payable  
2 This account is used to record amounts payable by the Road Commission as a result of a  
3 court decision, including condemnation awards and payment for private property taken for  
4 public use.  
5  
6 This account is:  
7 DEBITED – upon payment of any portion of the judgement or will any amount of the  
8 judgement ordered, set aside by a higher court.  
9 CREDITED - for the total amount of any judgment against the Road Commission.  
10
- 11 206 Annuities Payable  
12 This account is normally used by a Road Commission’s Retirement Fund to record amounts  
13 due and payable to retirees or their survivors.  
14  
15 This account is:  
16 DEBITED - upon payment of the annuities.  
17 CREDITED - when annuities become due and payable.  
18
- 19 207 Notes Payable (Current)  
20 This account is used to record the portion of tax anticipation notes or other notes to be paid  
21 by the Road Commission during the current year. A note payable is an unconditional  
22 written promise signed by the maker (authorized Road Commission officials) to pay a  
23 certain sum of money on demand or at a fixed or determinable time either to the bearer or  
24 to the order of a person designated therein. The long-term portion of notes payable should  
25 be recorded in Account 307-Notes Payable.  
26  
27 This account is:  
28 DEBITED - for payments made on such notes.  
29 CREDITED - for the amount of notes to be paid during the current year.  
30
- 31 208 Lease Payable (Current)  
32 This account may be used to record that portion of the present value of total minimum lease  
33 payments which are due to the lessor within a year. Generally, it is the present value of the  
34 current payment from a lease payment schedule. All delinquent lease principal payments  
35 as of the end of a fiscal period must be recorded in this account.  
36  
37 This account is:  
38 DEBITED - when the lease payment is made only to the extent of the present value of the  
39 minimum lease payments.  
40 CREDITED - for the present-value minimum lease payment to be made.  
41
- 42 209 Open  
43  
44  
45  
46  
47  
48  
49

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 210 Contracts Payable (Current)  
2 This account is used to record the actual liability on a contract for the amount of work done  
3 or services rendered to date for which the contractor has not been compensated.  
4 Subaccounts should be used where several contracts are involved. This account does not  
5 include the percentage retained in accordance with contract provisions. Retained  
6 percentages are recorded in Account #211.  
7  
8 This account is:  
9 DEBITED - with payments of such amounts to contractors.  
10 CREDITED - with amounts due contractors for work completed but not including any  
11 retained percentages.  
12
- 13 211 Contracts Payable - Retained Percentage  
14 This account is used to record the amount due on construction contracts which have been  
15 completed but on which part of the liability has not been paid pending final inspection or  
16 the lapse of a specified time period, or both. The unpaid amount is usually a stated  
17 percentage of the contract price.  
18  
19 This account is:  
20 DEBITED - upon payment of such amount to the contractor.  
21 CREDITED - for the amount of retained percentage provided for in the contract.  
22
- 23 212 Awarded Contracts Payable (Unbilled)  
24 This account is used to formally record the liability incurred by the Road Commission upon  
25 entering into a construction contract even though no portion of the work has been  
26 completed.  
27  
28 This account is:  
29 DEBITED - for amounts billed by the contractor. (The credit to this entry should be to  
30 Account 210 and/or Account 211).  
31 CREDITED - for the total amount of any construction contract officially entered into by  
32 the Road Commission. (The debit of this entry should be to Account 127 - Deferred  
33 Construction - Awarded Contracts.)  
34
- 35 213 Land Contracts Payable Current Portion  
36 This account is used to record the portion of land contracts due and payable during the  
37 current fiscal year.  
38  
39 This account is:  
40 DEBITED - for payments made.  
41 CREDITED - for the amount of contracts payable during the current year.  
42
- 43 214 Due to Other Funds  
44 This account is used to record short-term amounts due to another fund within the local  
45 government unit reporting entity. An offsetting receivable must be recorded in Account  
46 084 -Due from Other Funds, in the fund to which the payments are due.  
47  
48  
49

## Uniform Accounting Procedures Manual for County Road Commissions

1 This account is:  
2 DEBITED - for payment of such amounts.  
3 CREDITED - for amounts due to other funds of the local unit.

4  
5 215-220 Open

6  
7 221 Due to Cities

8 This account is used to record amounts due to cities. Sub-accounts should be maintained  
9 for each individual city.

10  
11 This account is:  
12 DEBITED - for payments on such debt.  
13 CREDITED - for amounts owed to any city as debt is incurred.

14  
15 222 Due to Counties

16 This account is used to record amounts due to counties. Sub-accounts should be maintained  
17 for each individual county. County Road Commission

18  
19 This account is:  
20 DEBITED - for payments on amounts owed.  
21 CREDITED - for amounts owed to any county.

22  
23 223 Open

24  
25 224 Due to Road Commissions

26 This account is used to record amounts due to a County Road Commission for road  
27 construction, repair or for other services rendered to the Road Commission by the other  
28 County Road Commission.

29  
30 This account is:  
31 DEBITED - for payment of amounts owed.  
32 CREDITED - for amounts owed to a Road Commission.

33  
34 225 Reserved for Michigan Department of Treasury

35  
36 226 Due to Townships

37 This account is used to record amounts owed to townships for township taxes collected,  
38 services rendered by the townships, etc. Sub-accounts should be maintained for each  
39 individual township.

40  
41 This account is:  
42 DEBITED - for payments to townships of amounts owed.  
43 CREDITED - for amounts owed to townships.

44  
45 227 Due to Villages

46 This account is used to record amounts owed to villages for village taxes collected, services  
47 rendered by villages, etc. Sub-accounts should be maintained for each individual village.

48  
49

## Uniform Accounting Procedures Manual for County Road Commissions

1 This account is:  
 2 DEBITED - for payments to villages of amounts owed.  
 3 CREDITED - for amounts owed to villages.  
 4

### 5 228 Due to State of Michigan

6 This account is used to record amounts collected for and owed to the State of Michigan by  
 7 the Road Commission. Detailed sub-accounts for the various statutory collections and  
 8 remittances to the state must be maintained.  
 9

10 If additional sub-accounts are needed, please contact the Michigan Department of  
 11 Treasury, Local Government Fiscal Accountability Division, P.O. Box 30728, Lansing,  
 12 Michigan 48909-8228, or phone 517-373-3227.  
 13

14 The Michigan Department of Treasury's Receipts Processing Section requires all payments  
 15 to be accompanied with the applicable form or remittance advice. Payments made without  
 16 a Treasury form or remittance advice should include a detailed explanation of why the  
 17 payment is being made.  
 18

19 The following sub-account numbers must be used:  
 20

21 02 State Income Tax Withheld ([Public Act 281 of 1967](#))  
 22 03 Emergency Advance – M.F. Funds  
 23 11 Highway Safety fund [MCL 257.629e](#)  
 24 18 State Trunk Line Maintenance (MDOT Contracts)  
 25 19 Michigan Department of Transportation - Other Services  
 26 23 Sales Tax [MCL 205.52](#) and [MCL 205.56](#)  
 27 27 Unemployment Compensation ([Public Act 1 of 1936 Extra Session](#)) [MCL 421.13](#)  
 28 35 State Highway – Contracted Projects  
 29

30 This account is:  
 31 DEBITED - for all payments to the State of Michigan of amounts owed.  
 32 CREDITED - for all amounts owed to the State of Michigan.  
 33

### 34 229 Due to Federal Government

35 This account is used to record amounts collected for or owed to the federal government by  
 36 the Road Commission. Detailed sub-accounts must be maintained, and the following  
 37 subaccount numbers should be used:

38 .01 - Federal Income Taxes Withheld  
 39 .02 - Social Security Taxes  
 40 .03 - Medicare Taxes

41 Additional sub-account numbers and titles may be assigned by Road Commission as  
 42 needed.  
 43

44 This account:  
 45 DEBITED - for all payments owed to the federal government  
 46 CREDITED - for all amounts owed to the federal government  
 47  
 48



## Uniform Accounting Procedures Manual for County Road Commissions

1 230 Due to Other Units of Government

2 This account is used to record amounts collected for or owed to other units of government.  
3 Subaccounts should be used for each separate unit of government.  
4

5 This account is:

6 DEBITED - for all payments to such units of amounts owed.

7 CREDITED - for amounts owed to other units of government.  
8

9 231 Payroll Deductions Payable

10 This account is used to record amounts withheld from employees' (other than social  
11 security and income taxes) for payments to other agencies. Examples are health and life  
12 insurance premiums, credit union deductions, etc. Sub-accounts should be used for each  
13 separate deduction.

14 This account is:  
15

16 DEBITED - for payments to the proper agencies.

17 CREDITED - for amounts withheld from employees pay.  
18

19 232 Due to Employees

20 This account is used to record amounts due to employees of the Road Commission.  
21 Examples are underpayment of salaries, excessive payroll withholding, etc.  
22

23 This account is:

24 DEBITED - for payments to employees of the amounts owed.

25 CREDITED - for amounts owed by the Road Commission to its employees.  
26

27 233 Due to Former Employees

28 This account is used to record severance pay, vacation pay, and other benefits due but not  
29 paid when employment was terminated. This account may also be used in a Road  
30 Commission retirement fund to record amounts due to members of the retirement system  
31 who have resigned or left the system prior to retirement. Sub-accounts should be used to  
32 record amounts due to each former employee.  
33

34 This account is:

35 DEBITED - for payments to former employees of the amounts owed.

36 CREDITED - for amounts due to former employees.  
37

38 234 Reserved for Michigan Department of Treasury

39  
40 235 – 240 Open  
41  
42  
43  
44  
45  
46  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 241 Advances from Cities  
2 This account is used to record amounts received from cities based on agreements for  
3 specified projects for which work has not yet begun. Subaccounts may be used to record  
4 amounts advanced from each city.  
5  
6 This account is:  
7 DEBITED - as work on such projects progresses. The offsetting credit to this entry is to  
8 Account 583.01.  
9 CREDITED - with amounts of advances received.  
10
- 11 242-245 Open  
12
- 13 246 Advances from Townships  
14 This account is used to record amounts received from townships based on agreements for  
15 specified projects for which work has not yet begun. Subaccounts may be used to record  
16 amounts advanced by each township.  
17  
18 This account is:  
19 DEBITED - as work on such projects progresses. The off-setting credit to this entry is  
20 normally to Account 583.04.  
21 CREDITED - with amounts of advances received.  
22
- 23 247 Advances from Villages  
24 This account is used to record amounts received from villages based on agreements for  
25 specified projects for which work has not yet begun. Subaccounts should be used to record  
26 amounts advanced from each village.  
27  
28 This account is:  
29 DEBITED - as work on such projects progresses. The off-setting credit to this entry is to  
30 Account 583.05.  
31 CREDITED - with amounts of advances received.  
32
- 33 248 Open  
34
- 35 249 Advances from Other Units of Government  
36 This account is used to record amounts received from other units of government based on  
37 agreements for specified projects for which work has not yet begun. Subaccounts should  
38 be used to record amounts advanced from each unit.  
39  
40 This account is:  
41 DEBITED - as work on such projects progresses. The offsetting credit to this entry is  
42 normally to Account 583.06.  
43 CREDITED - with amounts of advances received.  
44  
45  
46  
47  
48  
49

## Uniform Accounting Procedures Manual for County Road Commissions

- 1    250    Bonds Payable (Current)  
 2        This account may be used to record the amount of bonds that mature (or come due) within  
 3        one year of the balance sheet date. Sub-accounts may be used to record amounts due for  
 4        each series.  
 5  
 6        This account is:  
 7        DEBITED - upon payment of such bonds at maturity.  
 8        CREDITED - at the beginning of the year with the face value of bonds maturing during the  
 9        year. Note that an equal amount must be deducted from long-term bonds payable recorded  
 10       in account 300-Bonds Payable.  
 11
- 12   251    Accrued Interest Payable  
 13        This account is used to accrue bond interest due in the current fiscal year.  
 14  
 15        This account is:  
 16        DEBITED - upon payment of such interest when due.  
 17        CREDITED - at the end of the fiscal year for the amount of interest expense accrued during  
 18        the fiscal year but not paid as of the end of the year.  
 19
- 20   252 – 254 Open
- 21
- 22   255    Customers Deposits - Driveway Snowplowing (UP Only)  
 23        This account is used to record the liability created when a customer is required to post a  
 24        deposit before receiving private driveway plowing services.  
 25  
 26        This account is:  
 27        DEBITED - with repayments of deposits to customers or when the deposit is recognized  
 28        as revenue in Account 641-Driveway Snowplowing (UP only)  
 29        CREDITED - with customer deposits received.  
 30
- 31   Private Driveway Plowing (UP Only)  
 32        All private driveway plowing receipts shall be credited to liability Account 255 - Customer's  
 33        Deposits Driveway - Snowplowing.  
 34  
 35        All private driveway plowing costs shall be charged to Activity 520 - Driveway Snowplowing.  
 36  
 37        At fiscal year-end, prior to recording closing entries, an amount equal to driveway plowing  
 38        expenditures (for the year) that are recorded in Activity 520 shall be transferred from liability  
 39        Account 255 to revenue Account 641 - Charges for Services - Driveway Snowplowing.  
 40
- 41   256    Open
- 42
- 43   257    Accrued Wages Payable  
 44        This account is used to record wages earned by employees but not due until a later date.  
 45  
 46        This account is:  
 47        DEBITED - upon payment or by reversing the entry.  
 48        CREDITED - for amounts of salaries and wages earned but not paid as of the end of an  
 49        accounting period.

## Uniform Accounting Procedures Manual for County Road Commissions

1 258 Accrued Taxes Payable (Includes Payroll Taxes)

2 This account is used to record the Road Commission's liability for taxes incurred but not  
3 due until a later date. An example is the Road Commission's matching portion of social  
4 security on an accrued payroll.  
5

6 This account is:

7 DEBITED - upon payment or by reversing the entry

8 CREDITED - monthly, or at the end of the fiscal year for amounts of accrued taxes.  
9

10 259 Open

11  
12 260 Accrued Vacation Payable

13 This account is used to record the liability for unused vacation.  
14

15 This account is:

16 DEBITED - upon payment of wages related to vacations.

17 CREDITED - with an estimate that can be determined using historical trends, budgeted  
18 amounts, and internal policies of the government. This estimate should agree with the  
19 current portion of compensated absences in the government-wide Statement of Net  
20 Position.  
21

22 In the government-wide financial statements, this account is used to record the entire liability for  
23 unused vacation, on the accrual basis of accounting.  
24

25 [GASB 34](#) requires local governments to report and disclose the portion of compensated absences  
26 that "is due within one year of the statement date." Compensated absences liabilities become due  
27 upon the occurrence of events such as resignations, retirements and use of leave balances by  
28 employees. Because these occurrences and related dollar amounts generally cannot be  
29 determined reliably in advance, the portion of compensated absences due within one year should  
30 be estimated.  
31

32 Note: The Road Commission's liability for all compensated absences is required to be reported  
33 and disclosed, including the liability for personal leave, compensatory time, etc. Open account  
34 numbers may be assigned account names for each type of leave, or Account 260 may be titled  
35 Compensated Absences Payable and used to record the liability for all the different kinds of  
36 leave. This account is used to record vacation earned by employees but not paid until a later date.  
37

38 261 Accrued Sick Leave Payable

39 In the government-wide financial statements, this account is used to record the accrued  
40 liability for sick leave (calculated in accordance with GASB Statement 16), on the accrual  
41 basis of accounting. "A liability should be accrued as the benefits are earned by the  
42 employees if it is probable that the employer will compensate the employees for the  
43 benefits through cash payments conditioned on the employees' termination or retirement  
44 ("termination payments"). Therefore, an accrual for earned sick leave should be made only  
45 to the extent it is probable that the benefits will result in termination payments, rather than  
46 be taken as absences due to illness or other contingencies, such as medical appointments  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 and funerals. Alternatively, a governmental entity could estimate its accrued sick leave  
2 liability based on the sick leave accumulated at the balance sheet date by those employees  
3 who currently are eligible to receive termination payments as well as other employees who  
4 are expected to become eligible in the future to receive such payments.” [[GASB Statement  
5 16, Paragraph 8](#)]  
6

7 This account is:

8 DEBITED - upon payment of wages related to sick leave.

9 CREDITED - when it is probable that the employer will compensate the employees for the  
10 benefits through cash payments conditioned on the employees' termination or retirement.  
11

### 12 262 – 263 Open

#### 14 264 Other Accrued Liabilities

15 This account may be used to record accrued liabilities for which no other account has been  
16 provided.  
17

18 This account is:

19 DEBITED - upon payment of the liabilities or by reversing entry.

20 CREDITED - at the end of the year, or monthly, with amounts of other accrued liabilities.  
21

#### 22 265 Bonds Payable (Cash bonds)

23 This account is used to record collections of cash bonds such as appearance bonds and  
24 bail bonds, the subsequent repayment of these bonds upon court order to the proper party  
25 or to the General fund upon forfeiture. A detailed ledger must be maintained to record the  
26 receipt and disbursement of each bond,  
27

28 This account is:

29 DEBITED - upon repayment of the bond or transferred to the General Fund  
30 upon forfeiture.

31 CREDITED - for all cash bonds received.  
32

#### 33 266 Court Orders Payable

34 This account is used to record amounts received by the Road Commission, in accordance  
35 with a court order, for subsequent payment to recipients specified in the court order. A  
36 detailed ledger must be maintained showing the account activity for each case or court  
37 order.  
38

39 This account is:

40 DEBITED - upon payment to the recipients specified in the court order.

41 CREDITED - for all court ordered amounts received.  
42

#### 43 267 Open

44  
45

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 268 Unclaimed Money

2 This account is used to record unclaimed money in the possession of the Road Commission  
3 such as outstanding or unclaimed payroll checks and other checks, unclaimed meter  
4 deposits, other unclaimed trust and agency money, etc. Unclaimed money must be reported  
5 to the State Treasurer annually. Unclaimed money is considered to be abandoned if:

6 There has been no owner-generated activity in the account for a specific amount of  
7 time as identified in the list of dormancy periods that can be found on treasury's  
8 [unclaimed property website](#), and

9 1. Attempts to contact the owner fail. If these attempts are unsuccessful, the money is  
10 turned over to the State Treasurer where the owner or the owner's heirs may claim it.

11  
12 Beginning in 2011, the due date for the annual unclaimed property report (holder report)  
13 will change from November 1 to July 1 for property reaching its dormancy period as of  
14 March 31.

15  
16 This account is:

17 DEBITED - for any amounts claimed by and paid to rightful owners and for any amounts  
18 paid to the state.

19 CREDITED - for all amounts determined to be unclaimed.  
20

### 21 269 Garnishments Payable

22 This account is used to record amounts received or held by the Road Commission as a  
23 result of the garnishment of wages. These amounts are subsequently paid to parties  
24 specified in the garnishment order.

25  
26 This account is:

27 DEBITED - for payments to proper parties.

28 CREDITED - for amounts of wage garnishments received or withheld from employees.  
29

30 270 – 275 Open

### 31 276 Receipts Refundable

32 This account is used to record amounts to be returned to persons or firms which have made  
33 overpayments or duplicate payments, other than taxes, to the Road Commission.  
34

35 This account is:

36 DEBITED - upon return of the overpayments.

37 CREDITED - for amounts of overpayments or duplicate payments received as described  
38 above.  
39

40 277 – 282 Open

### 41 283 Performance Deposits Payable

42 This account is used to record money deposited with the Road Commission by contractors,  
43 other firms or individuals to guarantee the performance of a certain act or acts. Subsidiary  
44 records must be maintained showing account activity for each depositor.  
45  
46

47 This account is:

48 DEBITED - for the return or other authorized use of such deposits.

49 CREDITED - for the receipt of deposits described above.

## Uniform Accounting Procedures Manual for County Road Commissions

1 284 – 285 Open

2

3 286 Due to Fiscal Agent

4 This account may be used to record amounts due to fiscal agents such as banks for servicing  
5 the Road Commission's maturing debt principal and interest payments.

6

7 This account is:

8 DEBITED - for payments to such fiscal agents.

9 CREDITED - for amounts due but not paid to fiscal agents.

10

11 287 – 288 Open

12

13 289 Unamortized Premiums on Bonds Sold

14 This account is used to record the excess of proceeds received from the sale of bonds over  
15 and above the par value, which remains to be amortized over the remaining life of such  
16 bonds. (This amount does not include accrued interest to the date of sale.)

17

18 This account is:

19 DEBITED - for equal amounts credited to Account 992 – Interest Expense over the life of  
20 the bonds, and with any balance remaining if bonds are redeemed before the stated maturity  
21 dates.

22 CREDITED - upon receipt of the bond premiums described above.

23

24 290 – 298 Open

25

26 299 Other Current Liabilities

27 This account may be used to record those current liabilities for which a specific current  
28 liability account is not provided.

29

30 This account is:

31 DEBITED - upon payment of the liability.

32 CREDITED - upon incurrence of the liability.

33

34 Long-Term Liabilities (300-359)

35 300 Bonds Payable

36 This account is used to record the face value of all long-term bonds which are issued and  
37 unpaid.

38

39 Note that bonds maturing during the current fiscal year should be recorded in account 250  
40 - Bonds Payable (Current). Sub-accounts must be maintained showing account activity for  
41 each bond issue.

42

43 This account is:

44 DEBITED - for the amount of bonds retired or transferred to account 250 - Bonds Payable  
45 (Current).

46 CREDITED - for the face amount of bonds issued.

47

48

## Uniform Accounting Procedures Manual for County Road Commissions

1 301 – 303 Open

2

3 304 Lease Payable (Non-Current)

4 This account is used to record present value of the total minimum lease payments to be  
5 made during the term of a capital lease (net of the portion allocable to future interest) due  
6 after a year or more. Present value is the cash purchase price or principal attributable to the  
7 leased asset. Note that present value of lease payments due during the current fiscal year  
8 should be recorded in account 208 - Leases Payable (Current). All delinquent lease  
9 principal payments as of the end of a fiscal period must be recorded in account 208- Leases  
10 Payable (Current). Sub-accounts must be maintained showing account activity for each  
11 capital lease agreement.

12

13 This account is:

14 DEBITED - as lease payments are made or for amounts transferred to account 208 - Leases  
15 Payable (Current).

16 CREDITED - for the total present value amount of long-term lease payments.

17

18 305 – 306 Open

19

20 307 Notes Payable (Long-term)

21 This account is used to record all notes of a long-term nature (over one year) owed by the  
22 Road Commission. The current portion of notes payable may be recorded in account 207  
23 – Notes Payable (Current). Detail for each issue of notes is required.

24

25 This account is:

26 DEBITED - upon payment of such notes and for amounts transferred to account 207–  
27 Notes Payable (Current).

28 CREDITED - for the face amount of long-term notes.

29

30 308 – 309 Open

31

32

33 310 Contracts Payable (Long-Term)

34 This account is used to record that portion of contracts payable falling due in years  
35 subsequent to the current fiscal year.

36

37 Note: The current portion of contracts payable may be recorded in Account #210. Detail  
38 for each contract is required.

39

40 This account is:

41 DEBITED - with contractual payments and with amounts transferred to Account #210.

42 CREDITED - with the full amount of debt incurred through a long-term contract.

43

44 311 – 313 Open

45

46

47

48

49



## Uniform Accounting Procedures Manual for County Road Commissions

- 1 314 Advances from Other Funds  
2 This account is used to record amounts owed to other funds of the same local government  
3 reporting entity for amounts payable in years subsequent to the current year. Examples are  
4 long-term loans, advances for services to be performed in the future, and similar items.  
5  
6 This account is:  
7 DEBITED - for all repayments of advances or other redemptions of this long-term debt.  
8 CREDITED - upon the incurrence of a long-term obligation to another fund.  
9
- 10 315 – 320 Open  
11
- 12 321 Advances from Cities  
13 This account may be used to record amounts owed by a Road Commission to a city.  
14 Subaccounts should be maintained for each individual city.  
15  
16 This account is:  
17 DEBITED - for decreases (repayments) of advance amounts.  
18 CREDITED - for amounts of advances received.  
19
- 20 322 Advances from Counties  
21 This account may be used to record amounts owed by a Road Commission to a county.  
22 Subaccounts should be maintained for each individual county.  
23  
24 This account is:  
25 DEBITED - for decreases (repayments) of advance amounts.  
26 CREDITED - for amounts of advances received.  
27
- 28 323 Open  
29
- 30 324 Advances from Road Commissions  
31 This account may be used to record amounts owed by a Road Commission to a Road  
32 Commission. Subaccounts should be maintained for each individual Road Commission.  
33  
34 This account is:  
35 DEBITED - for decreases (repayments) of advance amounts.  
36 CREDITED - for amounts of advances received.  
37
- 38 325 Advances from Schools  
39 This account may be used to record amounts owed by a Road Commission to a school.  
40 Subaccounts should be maintained for each individual school.  
41  
42 This account is:  
43 DEBITED - for decreases (repayments) of advance amounts.  
44 CREDITED - for amounts of advances received.  
45
- 46 326 Advances from Townships  
47 This account may be used to record amounts owed by a Road Commission to a township.  
48 Subaccounts should be maintained for each individual township.  
49

## Uniform Accounting Procedures Manual for County Road Commissions

1 This account is:  
 2 DEBITED - for decreases (repayments) of advance amounts.  
 3 CREDITED - for amounts of advances received.

4  
 5 327 Advances from Villages

6 This account may be used to record amounts owed by a Road Commission to a village.  
 7 Subaccounts should be maintained for each individual village.

8  
 9 This account is:  
 10 DEBITED - for decreases (repayments) of advance amounts.  
 11 CREDITED - for amounts of advances received.

12  
 13 328 Advances from State

14 This account may be used to record amounts owed by a Road Commission to the State of  
 15 Michigan where such amounts are due in years subsequent to the current fiscal year.  
 16 Detailed sub-accounts should be maintained if more than one advance is received.

17  
 18 .01 - State Trunkline Equipment Purchase Advance  
 19 .02 - State Trunkline Maintenance Advance

20  
 21 This account is:  
 22 DEBITED - for decreases (repayments) of advance amounts.  
 23 CREDITED - for amounts of advances received.

24  
 25 329 Advances from Federal Government

26 This account may be used to record amounts owed by the Road Commission to the federal  
 27 government where such amounts are due in years subsequent to the current fiscal year.  
 28 Detailed sub-accounts should be maintained if more than one advance is received.

29  
 30 This account is:  
 31 DEBITED - for decreases (repayments) of advance amounts.  
 32 CREDITED - for amounts of advances received.

33  
 34 330 Advances from Local Units of Government

35 This account may be used to record amounts owed by the Road Commission to a local unit  
 36 of government to another unit where such amounts are due in years subsequent to the  
 37 current fiscal year. Account 314 -Advances from Other Funds, should be used by a local  
 38 unit to record long-term obligations between its own funds.

39  
 40 This account is:  
 41 DEBITED - for decreases (repayments) of advance amounts.  
 42 CREDITED - for amounts of advances received.

43  
 44 331 – 332 Open

45  
 46  
 47  
 48  
 49

## Uniform Accounting Procedures Manual for County Road Commissions

1 333 Advances - Special Assessment Districts  
 2 This account may be used to record proceeds received from bond issues to finance primary  
 3 and local road construction and improvements in special assessment districts, and advances  
 4 or prepayments received from individuals and local units in these districts to finance this  
 5 work. Subsidiary records must be maintained for this account.  
 6

7 This account is:  
 8 DEBITED - as work on the district project progresses with offsets credited to revenue  
 9 account 672 - Special Assessments.  
 10 CREDITED - for the amount of bond proceeds and advances received.  
 11

12 334 Net Pension Liability  
 13 This account will be used to record the shortfall of net position in a pension system to the  
 14 total pension liability and should be measured as the portion of the actuarial present value  
 15 of projected payments that is attributable to past periods of employee service, net of the  
 16 pension plan's fiduciary net position.  
 17

18 This account is:  
 19 DEBITED - when the portion of the actuarial present value of projected payments that is  
 20 attributable to past periods of employee service is greater than net of the pension plan's  
 21 fiduciary net position.  
 22 CREDITED - when the portion of the actuarial present value of projected payments that is  
 23 attributable to past periods of employee service is less than net of the pension plan's  
 24 fiduciary net position.  
 25

26 335 Net OPEB Liability  
 27 This account is used to record the amount of a Road Commission's Net Other Post-  
 28 Employment Benefits (OPEB) Obligation, under GASB Statement 74 and 75. This  
 29 account is found in the government-wide financial statements.  
 30

31 This account is:  
 32 DEBITED - for contributions to the OPEB trust fund in excess of the annual OPEB cost.  
 33 CREDITED - for contributions in relation to the ARC that are less than the annual OPEB  
 34 cost.  
 35

36 336 – 338 Open  
 37

38 339 Unearned Revenue  
 39 This account should be used to record amounts for which asset recognition criteria have  
 40 been met (such as cash that has been received, or amounts that are receivable), but for  
 41 which it has not met the revenue recognition requirements, and the deferral meets the  
 42 definition of a liability. (Note that for certain specific situations where the deferral does not  
 43 meet the definition of a liability, [GASB Statement 65](#) requires the use of account 360-  
 44 Deferred Inflows). Under the modified accrual basis of accounting, Unearned Revenue  
 45 would include government-mandated or voluntary non-exchange revenue that is received  
 46 before the eligibility requirements are met (excluding time requirements – those with only  
 47

## Uniform Accounting Procedures Manual for County Road Commissions

1 time requirements are to be reported as deferred inflows). It would also include exchange  
2 or exchange-like revenues for which the services or goods have not yet been exchanged.  
3 Subaccounts may be utilized for individual types of revenue such as recreation programs,  
4 advance grant programs, forest road funds, etc.  
5

6 This account is:

7 DEBITED - for amounts reclassified to revenue accounts, as the exchange takes place, or  
8 as the eligibility requirements have been met.

9 CREDITED - for an equal amount recorded in cash or a receivable account by a local unit  
10 which meets the definition of a liability.  
11

12 340 – 342 Open  
13

14 343 Accrued Vacation and Sick Leave Payable

15 This account is used in the government-wide financial statements to record the dollar value  
16 of the employees accrued vacation and sick leave as of the last day of the fiscal year  
17 (calculated in accordance with [GASB Statement 16](#)), less the amount recorded as a current  
18 year liability in account 260 - Accrued Vacation Payable, and account 261 - Accrued Sick  
19 Leave Payable. The amount is determined by multiplying the employees' hourly rates by  
20 the number of leave hours available to use per employee contracts or agreements if 100%  
21 of the leave is vested. If less than 100% is vested, record only the vested portion. Offsetting  
22 entries to this account are to be made to Account 195 - Amount to be Provided for  
23 Accumulated Vacation and Sick Leave. A schedule should be kept documenting  
24 compensated absences including beginning balance, additions, reductions and ending  
25 balance. This schedule may be required by your auditors at year-end.  
26

27 This account is:

28 DEBITED - with the difference if the amount calculated at year-end is less.

29 CREDITED - at the end of the current fiscal year for the difference between the amount  
30 recorded in the account from the previous year and the amount calculated at the end of the  
31 current fiscal year if the ending amount is greater.  
32

33 344 - 359 Open

## Uniform Accounting Procedures Manual for County Road Commissions

### Deferred Inflows of Resources (360 to 369)

#### 360 Deferred Inflows

This account should be used to record amounts that are specifically defined by the GASB as meeting the definition of Deferred Inflow by [GASB Statement 63](#), [GASB Statement 65](#), or any subsequent amendments. In general, this account applies to asset (cash or receivables) that do not meet the criteria for revenue recognition, and that also do not meet the definition of a liability. At this point, the types of deferrals specified for this category include:

- Any modified accrual funds that need to defer revenue solely because it is not available (not collected within their period of availability, generally 30-60 days);
- Property taxes or other imposed non-exchange revenue that are receivable (or received) before the period the resources may be used;
- Government-mandated or voluntary non-exchange revenue that is awaiting only their time requirements before revenue recognition is appropriate; and
- Sale of future revenues.

Subaccounts should be utilized for individual types of revenue such as property taxes, special assessments, etc.

This account is:

DEBITED - for amounts reclassified to revenue accounts, as the revenue recognition requirements have been met.

CREDITED - for an equal amount recorded in cash or a receivable account by a local unit which meets the definition of a deferred inflow.

#### 361 Deferred Inflows for Pension

This account should be used to reflect changes in assumptions, experience, and investments.

- a. Each of the following should be recognized in pension expense, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period:

1. Differences between expected and actual experience with regard to economic or demographic factors (differences between expected and actual experience) in the measurement of the total pension liability
2. Changes of assumptions about future economic or demographic factors or of other inputs (changes of assumptions or other inputs).

## Uniform Accounting Procedures Manual for County Road Commissions

1 The portion of (1) and (2) not recognized in pension expense should be reported as deferred  
2 outflows of resources or deferred inflows of resources related to pensions.

- 3
- 4 b. The difference between projected and actual earnings on pension plan investments  
5 should be recognized in pension expense using a systematic and rational method over a  
6 closed five-year period, beginning in the current reporting period. The amount not  
7 recognized in pension expense should be reported as deferred outflows of resources or  
8 deferred inflows of resources related to pensions. Deferred outflows of resources and  
9 deferred inflows of resources arising from differences between projected and actual  
10 pension plan investment earnings in different measurement periods should be  
11 aggregated and reported as a net deferred outflow of resources related to pensions or a  
12 net deferred inflow of resources related to pensions.

13

14 This account is:

15 DEBITED - using a systematic and rational method over a closed period equal to the  
16 average of the expected remaining service lives for changes in experience or assumptions/  
17 using a systematic and rational method over a closed five-year period for changes in  
18 investments

19 CREDITED - Current year recognition of differences in experience, assumptions, and  
20 investments.

21

22 362 Deferred Inflows for OPEB

23 This account should be used to reflect changes in assumptions, experience, and investments.

- 24
- 25 a. Each of the following should be recognized in OPEB expense, beginning in the current  
26 reporting period, using a systematic and rational method over a closed period equal to  
27 the average of the expected remaining service lives of all employees that are provided  
28 with OPEB through the OPEB plan (active employees and inactive employees)  
29 determined as of the beginning of the measurement period:

- 30
- 31 1. Differences between expected and actual experience with regard to economic  
32 or demographic factors (differences between expected and actual experience)  
33 in the measurement of the total OPEB liability
  - 34 2. Changes of assumptions about future economic or demographic factors or of  
35 other inputs (changes of assumptions or other inputs).
- 36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 The portion of (1) and (2) not recognized in OPEB expense should be reported as deferred  
2 outflows of resources or deferred inflows of resources related to OPEB.

3  
4 b. The difference between projected and actual earnings on OPEB plan investments should  
5 be recognized in pension expense using a systematic and rational method over a closed  
6 five-year period, beginning in the current reporting period. The amount not recognized  
7 in OPEB expense should be reported as deferred outflows of resources or deferred  
8 inflows of resources related to OPEB. Deferred outflows of resources and deferred  
9 inflows of resources arising from differences between projected and actual OPEB plan  
10 investment earnings in different measurement periods should be aggregated and  
11 reported as a net deferred outflow of resources related to OPEB or a net deferred inflow  
12 of resources related to OPEB.

13 This account is:

14 DEBITED - using a systematic and rational method over a closed period equal to the  
15 average of the expected remaining service lives for changes in experience or assumptions/  
16 using a systematic and rational method over a closed five-year period for changes in  
17 investments

18 CREDITED - Current year recognition of differences in experience, assumptions, and  
19 investments.

20  
21 363 Drain Orders – Deferred  
22 This account is used only in the Drain Fund of counties and its balance reflects drain orders  
23 payable for years subsequent to the current fiscal year. A detailed subsidiary ledger should  
24 be maintained showing liability by year for each drain order.

25  
26 This account is:

27 DEBITED - at the beginning of each year for the amount of drain orders becoming due  
28 during the current year. Note that the amount due within one year is credited to account  
29 204 - Drain Orders Payable.

30 CREDITED - for the amount of all drain orders issued which become due and payable in  
31 years subsequent to the current fiscal year.

32  
33 364-369 Open

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Deferred Outflows (365 to 369)

2

#### 3 365 Deferred Outflows

4 The deferral of a loss on the refunding of a bond issue (where the amount transferred to the  
5 escrow agent exceeds the carrying value of the refunded debt);

6

7 This account is:

8 DEBITED - for amounts reclassified to expense, as the expense recognition requirements  
9 have been met.

10 CREDITED - for an equal amount recorded in a liability account, which meets the  
11 definition of a deferred outflow;

12

### 13 Non-Spendable Fund Balance (370-374)

14

#### 15 370 – 374 Non-Spendable Fund Balance

16 These accounts are used in governmental funds to record the portion of fund balance that  
17 is not in spendable form (that is, the portion that results from assets that are not spendable  
18 – prepaids, inventory, long-term advances to other funds, or other receivables whose  
19 collection is not likely in the next year.

20

21 370 Fund Balance – Non-Spendable – Prepaids

22 371 Fund Balance – Non-Spendable – Inventory

23 372 Fund Balance – Non-Spendable – Long Term Advances to Other Funds

24 373 Fund Balance – Non-Spendable – Other

25 374 Fund Balance – Non-Spendable for Long-Term Federal Contracts

26

27



## Uniform Accounting Procedures Manual for County Road Commissions

### Restricted Fund Balance (375 to 379)

#### 375 - 379 Fund Balance – Restricted

These accounts are used in governmental funds to record the portion of fund balance that is legally restricted as to the purposes for which it may be used. Often a fund's entire fund balance will be restricted, but sometimes, such as in the General Fund, only a portion will be restricted. These accounts should be pointed off with individual restrictions into separate sub-accounts.

Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

*Enabling legislation*, as the term is used in this section, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a *legally enforceable* requirement that those resources be used only for the specific purposes stipulated in the legislation. *Legal enforceability* means that a government can be compelled by an external party—such as citizens, public interest groups, or the judiciary—to use resources created by enabling legislation only for the purposes specified by the legislation.

#### 375 Fund Balance – Restricted for Debt Service

This account is used to account for and report financial resources that are restricted for principal and interest.

#### 376 Fund Balance – Restricted for Pension Retirement System

This account is used to record the amount of accumulated contributions made by the employer on behalf of employees plus interest earnings credited in accordance with applicable legal provisions.

This account is:

DEBITED - upon withdrawals of employee contributions and/or investment losses and administrative fees.

CREDITED - with the payment of retirement contributions and/or interest earnings.

#### 377 Fund Balance - Restricted

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 378 Fund Balance –Restricted for Deferred Compensation  
2 This account is used to record the amount of accumulated contributions made by the  
3 employee for deferred compensation plus interest earnings credited in accordance with  
4 applicable legal provisions.  
5  
6 This account is:  
7 DEBITED - upon withdrawals of employee contributions and/or investment losses and  
8 administrative fees.  
9 CREDITED - with the payment of employee contributions and/or interest earnings.  
10  
11 379 Fund Balance - Restricted

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Committed Fund Balance (380 to 384)

2

3 These accounts are used in governmental funds to record the portion of fund balance that is  
4 constrained by formal actions of the Road Commission's highest level of decision-making  
5 authority as to the purposes for which it may be used. Sometimes a fund's entire fund balance will  
6 be committed, but more often only a portion will be committed, so this may take additional  
7 analysis. Subaccounts should be utilized for individual commitments.

8

#### 9 380 - 381 Fund Balance - Committed

10

#### 11 382 Fund Balance Committed for Replacement of Capital Assets

12 This account is used for the purpose of identifying a portion of fund balance which is  
13 determined by the highest level of decision-making authority for meeting the estimated  
14 replacement cost of specified capital assets.

15

16 This account is:

17 DEBITED - used or with other reductions from the committed fund balance.

18 CREDITED - with amounts authorized to be committed.

19

#### 20 383 - 384 Fund Balance - Committed

21

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Assigned Fund Balance (385 to 389)

2  
3 These accounts are used in governmental funds to record the portion of fund balance that is  
4 constrained by the government's intent to be used for specific purposes (but are neither restricted  
5 nor committed). Sometimes a fund's entire fund balance will be assigned, but more often only a  
6 portion will be, so this may take additional analysis. Subaccounts should be utilized for individual  
7 assignments.

#### 8 9 385 Fund Balance - Assigned for Self-Insurance

10 This account may be used to record amounts which are "earmarked" for a Road  
11 Commission's self-insurance program.

12  
13 This account is:

14 DEBITED - when reserves are used for self-insurance costs.

15 CREDITED - with amounts assigned for self-insurance purposes.

#### 16 17 386 Fund Balance – Assigned for Subsequent Years Expenditures

18 Fund Balance assigned for subsequent year appropriations in excess of revenues. An  
19 appropriation of existing fund balance to eliminate a projected budgetary deficit in the  
20 subsequent year's budget in an amount no greater than the projected excess of expected  
21 expenditures over expected revenues satisfies the criteria to be classified as an assignment  
22 of fund balance. Assignments should not cause a deficit in unassigned fund balance to  
23 occur.

#### 24 25 387 Fund Balance – Assigned for Construction

26 This account is used for the purpose of identifying a portion of fund balance which is  
27 legally allowed to be set aside for the purpose of meeting the estimated replacement cost  
28 of specified construction.

29  
30 This account is:

31 DEBITED - with money used or with other reductions in the reserve.

32 CREDITED - with amounts required or permitted to be reserved.

#### 33 34 388 - 389 Fund Balance - Assigned

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Unassigned Fund Balance (390)

2  
3 Unassigned fund balance is the residual classification for the general fund. This classification  
4 represents fund balance that has not been assigned to other funds and that has not been restricted,  
5 committed, or assigned to specific purposes within the general fund. The general fund should be  
6 the only fund that reports a positive unassigned fund balance amount. In other governmental funds,  
7 if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or  
8 assigned to those purposes, it may be necessary to report a negative unassigned fund balance  
9 [[GASBS 54, Paragraph 17](#)].

10

#### 11 390 Fund Balance – Unassigned

12 This account is used to record the fund balance of the County Road Fund. In most instances,  
13 this account reflects the excess of a fund's assets over its liabilities not restricted or  
14 committed or assigned for other purposes.

15

16 To conform with requirements of [PA 51 of 1951](#), as amended, (MCL 247.651 through 247.674),  
17 subsidiary accounts are necessary in the County Road Fund to present the unexpended balances of  
18 Act 51 monies. The following subaccount numbers should be used:

19

20 .01 - Primary Road Funds

21 .02 - Local Road Funds

22 .03 - County Road Commission Funds

23

24 This account is:

25 DEBITED - at the end of the year with any excess of expenditures over revenues as such  
26 accounts are closed to this account.

27 CREDITED - at the end of the year with any excess of revenues over expenditures as such  
28 accounts are closed out to this account.

29

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Net Position (391-399)

#### 3 391 Net Position – Invested in Capital Assets (net of related debt)

4 This account is used to record the net equity in capital assets of the local unit. It represents  
5 the component of the difference between capital assets less accumulated depreciation and  
6 the outstanding balance of debt (e.g. bonds, mortgages, notes) that is directly attributable  
7 to the acquisition, construction, or improvement of those assets.

8  
9 This account is:

10 DEBITED – with the recorded value of capital assets sold or otherwise disposed of.

11 CREDITED – at year end or monthly with the cost of capital assets.

#### 13 392-397 Net Position – Restricted

14 This account is used to record the component of the difference between assets and liabilities  
15 with constraints placed on their use by either external parties (e.g. creditors or grantors) or  
16 through constitutional provisions or enabling legislation.

17  
18 This account is:

19 DEBITED – with any reductions of restricted net position.

20 CREDITED – with the required amount of restricted net position.

#### 22 398 Investment in Capital Assets

23 This is an offset account for the capital assets see subaccount descriptions below:

24 .01 - Primary Road Funds

25 .02 - Local Road Funds

26 .03 - County Road Commission Funds

27 .04 - Infrastructure

28  
29 These accounts are:

30 DEBITED - with the recorded value of capital assets sold or otherwise disposed of.

31 CREDITED - at year-end or monthly with the cost of capital assets acquired during the  
32 year.

#### 35 399 Net Position – Unrestricted

36 This account represents the difference between assets and liabilities that are not reported  
37 as Net Position - Invested in Capital Assets (net of related debt) or Net Position - Restricted.

38  
39 This account is:

40 DEBITED – at year end, with the excess of expenses over revenues for the fiscal year.

41 CREDITED – at the end of the year, with excess of revenues over expenses for the fiscal  
42 period; or with any appropriation from unrestricted net position to a specified reserve  
43 account.

## Uniform Accounting Procedures Manual for County Road Commissions

### Revenue and Other Financing Resources

Revenues represent net increases in governmental fund type current assets from other than expenditure refunds, operating transfers in and proceeds from the sale of bonds, Revenue is recognized when it becomes both measurable and available to finance expenditures of the fiscal period. Revenue Accounts 400-699 are included in this category.

The below items are also considered revenues by source for budgeting purposes. Accounts numbered 1 through 10 are also the revenue categories that must be reported in county financial reports. However, in county financial reports, Item 11--Other Financing Sources must be classified in greater detail, such as proceeds from sale of bonds and appropriation transfers in. This is illustrated in the "Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan," published by the Michigan Department of Treasury. The Act 51 financial reports require more detailed reporting of revenue. The classification and accounting for these detailed revenues are provided in the "subaccount" column of this manual.

The only revenue accounts that will be mandatory are the following listed accounts:

1. Revenue Control
2. Taxes Control
3. Licenses & Permits Control
4. Federal Grants Control
5. State Grants Control
6. Contributions from Local Units Control
7. Charges for Services Control
8. Fines & Forfeits Control
9. Interest & Rents Control
10. Other Revenue Control
11. Other Financing Sources Control

The Road Commission may use as much or as little detail as they wish. The best guide to use when assigning detail account numbers is to use the greatest detail to meet your reporting requirement. For uniform reporting within the county, we suggest you assign the same number for applicable accounts used by other county agencies.

Perhaps the most distinctive and significant aspect of governmental fund accounting is that the operations measurement focus is on sources, uses, and balances of fund financial resources. In this context, the term *revenues* mean increases in (sources of) fund financial resources other than from interfund transfers and debt issue proceeds and redemptions of demand bonds.

It is recommended that the Road Commission assign subaccount numbers to the various types of revenue received. The account numbers must be assigned by source as outlined in the revenue account number index. For budgetary purposes, revenue must be budgeted by source. The source groups are summarized as follows:

## Uniform Accounting Procedures Manual for County Road Commissions

1	<u>Account Numbers</u>	<u>Source Title</u>
2	401-449	Taxes
3	450-500	Licenses and Permits
4	501-538	Federal Grants
5	539-579	State Grants
6	580-599	Contributions from Local Units
7	600-654	Charges for Services
8	655-663	Fines and Forfeits
9	664-670	Interest and Rents
10	671-694	Other Revenue
11	695-699	Other Financing Sources
12		
13	400	<u>Revenue Control</u>
14		This is a mandatory control account for the total of revenue accounts 401-699.
15		
16		This account is:
17		DEBITED - with any adjustments and when closing this account to fund balance.
18		CREDITED - with total revenues received or accrued by a fund.
19		
20	401	<u>Taxes Control</u>
21		This is a mandatory control account for tax revenues. The Road Commission may record
22		all taxes in the control account or may record them separately in detail accounts. This
23		account is a revenue by source control used for financial statement reporting purposes.
24		
25		402 – 449 <u>Tax Revenue Detail</u> – Refer to the chart of accounts when assigning detail
26		account.
27		
28		This account is:
29		DEBITED - with any adjustments and when closing this account to fund balance.
30		CREDITED - with total tax revenues applicable to Accounts 402-449.
31		
32	450	<u>Licenses and Permits Control</u>
33		This is a mandatory control account for license and permit fees. The Road Commission
34		may record all license and permit fees in the control account or may record them separately
35		in detail accounts. This account is a revenue by source control used for financial statement
36		reporting purposes.
37		
38		451 – 500 <u>Licenses and Permits Detail</u> – Refer to the chart of accounts when assigning
39		detail account.
40		
41		This account is:
42		DEBITED - with any adjustments and when closing this account to fund balance.
43		CREDITED - with all fee revenue from business and nonbusiness licenses and permits.
44		
45	501	<u>Federal Grants Control</u>
46		This is a mandatory control account for Federal Grants. The Road Commission may record
47		all federal grants in the control account or may record them separately in detail accounts.
48		This account is a revenue by source control used for financial statement reporting purposes.



## Uniform Accounting Procedures Manual for County Road Commissions

1 502 – 538 Federal Grants Detail – Refer to the chart of accounts when assigning detail accounts.  
2

3 This account is:

4 DEBITED - with any adjustments and when closing this account to fund balance.

5 CREDITED - with all Federal Grant revenue received or accrued.  
6

7 539 State Grants Control

8 This is a mandatory control account for State Grants. The Road Commission may record  
9 all grants in the control account or may record them separately in detail accounts. This  
10 account is a revenue by source control used for financial statement reporting purposes.  
11

12 540 – 579 State Grants Detail – Refer to the chart of accounts when assigning detail  
13 accounts.  
14

15 This account is:

16 DEBITED - with any adjustments and when closing this account to fund balance.

17 CREDITED - with all State grant revenue received or accrued.  
18

19 580 Contributions from Local Units Control

20 This is a mandatory control account for contributions from local units. The Road  
21 Commission may record all contributions in the control account or may record them  
22 separately in detail accounts. This account is a revenue by source control used for financial  
23 statement reporting purposes.  
24

25 581 – 599 Contributions from Local Units Detail – Refer to the chart of accounts when  
26 assigning detail accounts.  
27

28 This account is:

29 DEBITED - with any adjustments and when closing this account to fund balance.

30 CREDITED - with all local unit contribution revenue received or accrued.  
31

32 600 Charges for Services Control

33 This is a mandatory control account for charges for services. The Road Commission may  
34 record all charges for services in the control account or may record them separately in detail  
35 accounts. This account is a revenue by source control used for financial statement reporting  
36 purposes.  
37

38 601 – 654 Charges for Services Detail – Refer to the chart of accounts when assigning  
39 detail accounts.  
40

41 This account is:

42 DEBITED - with any adjustments and when closing this account to fund balance.

43 CREDITED - with all charges for services provided by the Road Commission.  
44

45 655 Fines and Forfeits Control

46 This is a mandatory control account for fines and forfeits. The Road Commission may  
47 record all fines and forfeits in the control account or may record them separately in detail  
48 accounts. This account is a revenue by source control used for financial statement reporting  
49 purposes.

## Uniform Accounting Procedures Manual for County Road Commissions

1 656 – 663 Fines and Forfeits Detail – Refer to the chart of accounts when assigning detail accounts.  
2

3 This account is:

4 DEBITED - with any adjustments and when closing this account to fund balance.

5 CREDITED - with the receipt of fines and forfeitures.  
6

7 664 Interest and Rents Control

8 This is a mandatory control account used to record interest, dividends, rents, and royalties  
9 earned or received on investments, certificates of deposits, or rents. It does not include  
10 interest on delinquent taxes (see account 445). This account is a revenue by source control  
11 used for financial statement reporting purposes.  
12

13 665 Interest

14  
15 666 Dividends

16  
17 This account is:

18 DEBITED - with any adjustments and when closing this account to fund balance.

19 CREDITED - with interest, dividends, rent, and royalties earned.  
20

21 667 Lease Revenue / Short Term Rent

22 A lessor should recognize a lease receivable and a deferred inflow of resources at the  
23 commencement of the lease term, with certain exceptions for leases of assets held as  
24 investments, certain regulated leases, short-term leases, and leases that transfer ownership  
25 of the underlying asset. A lessor should not derecognize the asset underlying the lease. The  
26 lease receivable should be measured at the present value of lease payments expected to be  
27 received during the lease term. The deferred inflow of resources should be measured at the  
28 value of the lease receivable plus any payments received at or before the commencement  
29 of the lease term that relate to future periods.  
30

31 A lessor should recognize interest revenue (Account 665) on the lease receivable and an  
32 inflow of resources (for example, revenue) from the deferred inflows of resources in a  
33 systematic and rational manner over the term of the lease. The notes to financial statements  
34 should include a description of leasing arrangements and the total amount of inflows of  
35 resources recognized from leases.  
36

37 This account is:

38 DEBITED - with any adjustments and when closing this account to fund balance.

39 CREDITED - with lease or rental revenue earned.  
40

41 668 Royalties

42 This account is used to record royalties earned. A royalty is recognition of revenue earned  
43 on natural depletable assets. Examples include oil, aggregate and minerals.  
44

45 This account is:

46 DEBITED - with any adjustments and when closing this account to fund balance.

47 CREDITED - when revenue is recognized for royalties.  
48

49 670 Equipment Rental Credits

## Uniform Accounting Procedures Manual for County Road Commissions

1 This is a mandatory account used to record the offsetting credit for expenditure charges for  
2 Road Commission equipment. Refer to State Schedule C for rental rates.

3  
4 This account is:

5 DEBITED - with any adjustments and in year-end closing.

6 CREDITED - with amount equal to rental charges for all owned equipment.

7  
8 **671 Other Revenue Control**

9 This is a mandatory control account used to record other Road Commission revenue that  
10 cannot be classified in any other account. The Road Commission may record all other  
11 revenue in the control account or may record them separately in detail accounts. This  
12 account is a revenue by source control used for financial statement reporting purposes.

13  
14 **14672 – 687 Other Revenue Control**

15 Refer to the chart of accounts when assigning detail accounts.

16  
17 This account is:

18 DEBITED - with any adjustments and when closing this account to fund balance.

19 CREDITED - with all other revenue received or accrued.

20  
21 **688 Trade-In Allowance**

22 This is a mandatory account used to record the amount received for trade-in on the asset  
23 being disposed of at the time of purchasing a replacement asset.

24  
25 This account is:

26 DEBITED - with the amount representing the net value of the asset.

27 CREDITED - with the amount received for trade-in.

28  
29 **689 Capital Asset Retirements**

30 This is a mandatory account used to record the net book value of capital assets at the time  
31 of sale or disposal (see Infrastructure section for additional information).

32  
33 This account is:

34 DEBITED - with any adjustments and when closing this account to fund balance.

35 CREDITED - with the remaining value of the asset being removed.

36  
37 **690 Depreciation and Depletion Credits**

38 This is a mandatory account used to record offsetting credits in the general operating fund,  
39 at the same time Account 968 - Depreciation and Depletion Expenses are charged to  
40 general operating fund activities.

41  
42 This account is:

43 DEBITED - with any adjustments and when closing this account to fund balance.

44 CREDITED - with amounts of depreciation and depletion expense as explained above.

45  
46  
47  
48  
49 **691 Purchase Discounts**

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 This is used to record a deduction taken from the amount owed on an invoice if paid within  
 2 a prescribed time. The purchase discount is also referred to as an early-payment discount.  
 3
- 4 This account is:  
 5 DEBITED – with an adjustment to the discount not taken.  
 6 CREDITED – with amounts of discount received for early payment.  
 7
- 8 692 Open
- 9
- 10 693 Gain or Loss on Disposal of Capital Assets  
 11 This is a mandatory account used to record gains or losses on disposal of capital assets.  
 12 The entry to this account reflects the difference between cash received in disposal and the  
 13 remaining value of the capital asset.  
 14
- 15 This account is:  
 16 DEBITED - with the amount calculated to reflect a net loss on the disposal.  
 17 CREDITED - with the amount calculated to reflect a net gain on the disposal.  
 18
- 19 694 Cash Over and Short  
 20 This account is used to record cash discrepancies.  
 21
- 22 This account is:  
 23 DEBITED - with cash shortages.  
 24 CREDITED - with cash overages.  
 25
- 26 695 Other Financing Sources Control  
 27 This is a mandatory control account used to record nonrevenue items such as proceeds from  
 28 loans, leases, sales of bonds, insurance recoveries, etc. The Road Commission may record  
 29 all other financing sources in the control account or may record them separately in detail  
 30 accounts.  
 31
- 32 696 – 698 Other Financing Sources Detail  
 33 Refer to the chart of accounts when assigning detail accounts.  
 34
- 35 This account is:  
 36 DEBITED - with any adjustments and when closing this account to fund balance.  
 37 CREDITED - with any amounts received or accrued that are nonrevenue items.  
 38
- 39 699 Operating Transfers In  
 40 This activity is found in the County Road Fund and Debt Service Fund. Its use is  
 41 mandatory. Its purpose is to reflect transfers into (appropriation to) a fund. If individual  
 42 detail is desired, the Road Commission may use activity numbers subaccounts as desired  
 43 or revenue detail as needed or desired.  
 44

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Expenditure and Other Financing Use

2  
3 Expenditures represent a net decrease in financial resources and are recorded when a related  
4 liability is incurred. The mandatory accounts for expenditure classification are by object class, that  
5 is, according to the types of items purchased or services obtained. These accounts are personnel  
6 services, supplies, other services and charges, capital outlay and debt service.

7  
8 It is strongly recommended that the Road Commission assign subaccount numbers to each type of  
9 expenditure they have.

10  
11 Subaccount numbers will be assigned in groups as follows:

<u>Account</u>	<u>Detailed Object Class</u>
14 <u>Numbers</u>	
15 701-725	Personnel Services
16 726-799	Supplies
17 800-968	Other Services and Charges
18 969	Amortization Expense
19 971-989	Capital Outlay
20 990-994	Debt Service
21 995	Operating Transfers (Out)
22 996	Discounts on Bonds or Notes
23 997	Open
24 998	Special Item
25 999-	Extraordinary Item

26  
27 For budgetary control and preparation, these expenditure accounts will be summarized by activity  
28 or department as pointed out previously in the activity section of this manual.

29  
30 700 Expenditure Control  
31 This is a mandatory control account for the total of expenditure Accounts 701-799.

32  
33 This account is:  
34 DEBITED - with all expenditures disbursed or accrued by a fund.  
35 CREDITED - with any adjustments and when closing the account to fund balance.

36  
37 701 Personnel Services Control  
38 This is a control account used to record expenditures for salaries and wages, the Road  
39 Commission's portion of social security, the Road Commission's retirement contribution,  
40 and other employee fringe benefits. The Road Commission may record personnel services  
41 separately in detail accounts.

42  
43 702 – 725 Personnel Services Control  
44 Refer to the chart of accounts when assigning detail accounts.  
45  
46 This account is:  
47 DEBITED - with all charges for personnel services paid or accrued.  
48 CREDITED - with any adjustments and when closing this account to fund balance.

## Uniform Accounting Procedures Manual for County Road Commissions

1 726 Supplies Control  
2 This is a control account used to record expenditures for office supplies, operating supplies,  
3 medical supplies, repair and maintenance supplies, etc. The Road Commission may record  
4 supplies separately in detail accounts.

5  
6 727 – 799 Supplies Detail  
7 Refer to the chart of accounts when assigning detail accounts.

8  
9 This account is:  
10 DEBITED - with all expenditures for supplies.  
11 CREDITED - with any adjustments and when closing this account to fund balance.

12  
13 800 Other Services and Charges Control  
14 This is a control account used to record expenditures for professional and contractual  
15 services, communications, transportation, printing and publishing, insurance and bonds,  
16 public utilities, repairs and maintenance, rentals and other miscellaneous charges. The  
17 Road Commission may record other services and charges separately in detail accounts.

18  
19 19801 – 968 Other Services and Charges Detail  
20 Refer to the chart of accounts when assigning detail accounts.

21  
22 This account is:  
23 DEBITED - with all expenditures described in the column headed "subaccounts" in the  
24 chart of accounts.  
25 CREDITED - with any adjustment and when closing this account to fund balance.

26  
27 970 Capital Outlay Control  
28 This is a control account used to record expenditures for the acquisition of capital assets.  
29 Such purchases are also recorded, at cost, in the "Capital Assets Control" either monthly  
30 or at the end of the year. The Road Commission may record capital outlay separately in  
31 detail accounts.

32  
33 33971 – 989 Capital Outlay Detail  
34 Refer to the chart of accounts when assigning detail accounts.

35  
36 This account is:  
37 DEBITED - with all fund expenditures for capital outlay.  
38 CREDITED - with any adjustments and when closing this account to fund balance.

39  
40 990 Debt Service Control  
41 This is a control account found in the County Road Fund and Act 51 Bond Debt Fund, used  
42 to record various types of debt service such as principal, interest, paying agent fees, etc.  
43 The Road Commission may record debt service separately in detail accounts.

44  
45  
46  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

### 1991 – 994 Debt Service Detail

2 Refer to the chart of accounts when assigning detail accounts.

3

4 This account is:

5 DEBITED - with all debt payments of the particular fund.

6 CREDITED - with any adjustments and when closing this account to fund balance.

7

### 8 995 Operating Transfers (Out)

9 This account is used to record non-expenditure items such as the return of an appropriation  
10 to the county general fund when there is a road department within a County or to transfer  
11 funds from Debt Service Fund to the County Road Fund.

12

13 This account is:

14 DEBITED - with any amounts transferred to other county funds.

15 CREDITED - when closing the account to fund balance.

16

### 17 996 - Discount on Bonds or Notes

18 This Account Number is used to record discounts on bonds or notes.

19

### 20 998 Special Item

21 Significant transactions or other events within the control of management that are either  
22 unusual in nature or [emphasis added] infrequent in occurrence are special items. [GASBS 34,  
23 ¶56]

24 Unusual nature—the underlying event or transaction should possess a high degree of abnormality  
25 and be of a type clearly unrelated to, or only incidentally related to, the ordinary and typical  
26 activities of the government, taking into account the environment in which the government  
27 operates. [GASBS 62, ¶46]

28 Infrequency of occurrence—the underlying event or transaction should be of a type that would  
29 not reasonably be expected to recur in the foreseeable future, taking into account the  
30 environment in which the government operates. [GASBS 62, ¶46]

31

### 32 999 Extraordinary Item

33 Extraordinary items are transactions or other events that are both unusual in nature and  
34 [emphasis added] infrequent in occurrence. [GASBS 34, ¶55, as amended by GASBS 62, ¶45–  
35 ¶49]

36

37

## Uniform Accounting Procedures Manual for County Road Commissions

### CAPITAL ASSETS AND LONG-TERM DEBT ACCOUNT GROUPS

[GASB No. 34](#) does not refer to the "General Fixed Assets Account Group" or the "General Long-Term Debt Account Group" and does not require separately reporting such information. However, the information must continue to be accumulated for reporting in the government-wide financial statements. The following "Controls" are provided for the purpose of facilitating record keeping for capital assets and long-term debt for the government-wide financial statements.

#### Capital Asset Control

Purpose--Control is used to provide accounting controls over the acquisition, depreciation and maintenance of Road Commission capital assets and to facilitate the record keeping for capital assets which is required to be included in the government-wide financial statements.

Character--Capital assets of a Road Commission are those purchased from the County Road Fund (Trust Special Revenue Fund) and are not accounted for in an Enterprise Fund, Internal Service Fund, or Fiduciary Fund.

Distinguishing Features--To be classified as a capital asset in this category, an asset must benefit more than a single fiscal period. Typical examples are land, improvements to land, easements, buildings, building improvements, equipment, infrastructure, and various intangible assets.

The Michigan Department of Treasury suggests that the Board of County Road Commissioners establish, by resolution or policy, a capitalization policy that specifies a dollar value or capitalization threshold that assets must exceed if they are to be capitalized. Equipment with a Schedule C equipment rental rate must be classed in the capital assets control regardless of value. The Road Commission must, maintain adequate control over lower cost assets that have not been capitalized.

Establishment and Authorization--This control is recommended by the Michigan Department of Treasury for the purpose of facilitating record keeping for capital assets. The capital assets are required to be reported in the Statement of Net Position in the government-wide financial statements in accordance with [GASB No. 34](#).

Operation and Present Use--Capital assets of governmental units may be acquired by several methods: purchase, construction, eminent domain, tax foreclosures and gifts. Money for the procurement of capital assets may come from: (1) the proceeds of bond issues; (2) proceeds of notes and other short-term debt; (3) current revenues; (4) special assessments; (5) grants from other governmental units; and (6) gifts and contributions from private individuals or organizations.

The Capital Assets Control is used to account for the Road Commission's capital assets, accumulated depreciation on capital assets, and equity in the capital assets. The purpose of this control is to provide: (1) capital assets control accounts, that must be reconciled to a listing of the Road Commission's capital assets; and (2) the safeguarding of the Road Commission's investment in capital assets.



## Uniform Accounting Procedures Manual for County Road Commissions

1 Although the Michigan Department of Treasury recommends using Fund Number 901 to designate  
2 the Road Commission's capital assets control, Road Commissions have the option to assign any  
3 number within the 900-949.

5 The total debits to capital asset accounts in the CAC to record capital asset additions for the year  
6 must agree with total capital outlay per County Road Fund Activity 900 - Capital Outlay Control.

8 In the CAC, the total credits to accumulated depreciation and depletion accounts for the year, (less  
9 depreciation on salt sheds paid for by MDOT) should agree with the balance recorded in County  
10 Road Fund Account 690 - Depreciation and Depletion Credits.

### Sample Journal Entries

13 The following journal entries illustrate the accounting for capital assets in the CAC:

15 Account			
16 <u>Number</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
17 130	Land and Right of Way Purchases	\$ 12,000	
18 134	Depletable Assets	\$ 6,000	
19 138	Road Equipment	\$252,000	
20 146	Office Equipment and Furniture	\$ 9,600	
21 398	Investment in Capital Assets		\$279,600

23 (Record capital outlay expenditures for the year as recorded in County Road Fund Activity 900)

25 398	Investment in Capital Assets	\$125,100	
26 135	Accumulated Depletion - Depletable Assets		\$ 500
27 137	Accumulated Depreciation - Buildings, Additions, 28 and Improvements		\$ 9,600
29 139	Accumulated Depreciation - Road Equipment		\$109,300
30 141	Accumulated Depreciation - Shop Equipment		\$ 2,400
31 143	Accumulated Depreciation - Engineering 32 Equipment		\$ 700
33 147	Accumulated Depreciation - Office 34 Equipment and Furniture		\$ 2,600

36 (To record depreciation and depletion expense for the year as recorded in the County Road Fund  
37 Account 690, plus salt shed depreciation, if applicable.)

## Uniform Accounting Procedures Manual for County Road Commissions

1	Account			
2	<u>Number</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
3	139	Accumulated Depreciation - Road Equipment	\$59,000	
4	141	Accumulated Depreciation - Shop Equipment	\$ 2,000	
5	143	Accumulated Depreciation - Engineering		
6		Equipment	\$ 200	
7	398	Investment in Capital Assets	\$ 1,000	
8	138	Road Equipment		\$60,000
9	140	Shop Equipment		\$ 2,000
10	142	Engineering Equipment		\$ 200

11

12 (To remove equipment traded in, retired or otherwise disposed of during the year.)

13

14 Accounting Records

15 The total costs and accumulated depreciation and depletion per subsidiary records must be  
 16 reconciled to the capital assets and accumulated depreciation and depletion control account  
 17 balances in the CAC at least annually.

18

19 Data reported to MDOT on the annual County Equipment Questionnaire must agree with the  
 20 Equipment Accounting Records.

21

22 Account 398 - Investment in Capital Assets

23 This account should reflect the total cost of capital assets less accumulated depreciation and  
 24 depletion at the end of a year's operations.

25

26

## Uniform Accounting Procedures Manual for County Road Commissions

### Long-Term Debt Control -LTDC

Purpose--The long-term debt control account is used to record unpaid principal of long-term obligations and to facilitate the record keeping for long-term debt. LTDC is required to be included in the government-wide financial statements.

Definition--Long-term is defined as any period of time equal to or exceeding one year and one day.

Character--This control includes general obligation bonds and other forms of long-term debt supported by general revenues and obligations of a governmental unit as a whole (and not its individual constituent funds).

Establishment and Authorization--This control is recommended by the Michigan Department of Treasury for the purpose of facilitating record keeping for long-term debt. The long-term debt is required to be reported in the Statement of Net Position in the government-wide financial statements in accordance with GASB No. 34.

Operation and Present Use--After the initial liability of general obligation bonds has been recorded (a debit to "Amount to be Provided for Payment of Bonds" and a credit to "Bonds Payable"), transactions in the long-term debt control record the periodic reduction of long-term debt. The "Amount to be Provided for ....." is not included in the statement of net position, however equity is reduced.

The long-term debt control is used to record the remaining unpaid principal of long-term general obligations of a Road Commission such as bonds payable, notes payable, lease purchase agreements, and vested employee vacation and sick leave benefits.

A county may borrow money and issue bonds to pay all or any portion of the cost of the construction or reconstruction of highways with approval by the County Road Commission and is subject to the Revised Municipal Finance Act ([PA 34 of 2001](#)) and pursuant to [PA 51 of 1951](#) and [PA 143 of 1943](#).

Public Act 34, as amended, requires all municipalities, including Road Commissions, to be "Qualified" annually to issue municipal securities without further approval by the Department of Treasury or if "Not Qualified" each municipal security shall be approved by the Department prior to issuance. Applications for prior approval or qualification can be obtained from Department of Treasury's website at: [https://www.michigan.gov/treasury/0,4679,7-121-1751\\_8013---,00.html](https://www.michigan.gov/treasury/0,4679,7-121-1751_8013---,00.html).

The "Qualifying Statement" is to be prepared annually by the Chief Administrative Officer and must be submitted electronically with the audit no later than 6 months after the fiscal year-end. It is recommended to complete the Qualifying Statement Worksheet prior to entering the *information on-line*. *This form can be obtained from the Department of Treasury's website at:* [http://www.michigan.gov/documents/3883\\_8840\\_7.pdf](http://www.michigan.gov/documents/3883_8840_7.pdf)

## Uniform Accounting Procedures Manual for County Road Commissions

1 The Road Commission may enter into a contract or agreement for the purchase of machines, tools,  
 2 appliances, or materials to be used for public purposes and to be paid for in installments over a  
 3 period not to exceed five years or the useful life of the property acquired, whichever is less pursuant  
 4 to [PA 283 of 1909, as amended](#). These contracts or agreements are **not** borrowing of money; hence,  
 5 State Treasurer approval is not required.

6  
 7 The following accounts may be found in the long-term debt control:

Account Number	Account Name
<u>Asset Accounts</u>	
186	Amount to be Provided for Payment of Debt Principal
195	Amount to be Provided for Accumulated Vacation and Sick Leave
<u>Liability Accounts</u>	
300	Bonds Payable
304	Lease Payable (Non-current)
307	Notes Payable
310	Contracts Payable (Long-Term)
343	Accrued Vacation and Sick Leave Payable

20  
 21 This control is to be used to record debt with a maturity of more than one year after the date of  
 22 issuance. At the time the liability is incurred, the entire amount payable is recorded as a liability  
 23 in the LTDC with an offsetting debit to the appropriate "Amount to be Provided" account.

24  
 25 To record decreases in long-term debt, entries are made in the LTDC when the related debt service  
 26 expenditures are recorded in the County Road Fund. All decreases in long-term debt to the  
 27 appropriate liability account is debited and the appropriate "Amount to be Provided" account is  
 28 credited.

29  
 30 The following entries are provided to illustrate the accounting for long-term debt in the LTDC:

### Transactions in the County Road Fund

<u>Account</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
(Record receipt of bond proceeds)			
001	Cash	\$400,000	
696	Proceeds from Sale of Bonds\Notes		\$400,000
(Record payment of bond principal and interest)			
991	Principal	\$ 25,000	
992	Interest	\$ 20,000	
001	Cash		\$ 45,000

## Uniform Accounting Procedures Manual for County Road Commissions

1 Transactions recorded in the LTDC

<u>Account</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
2 (Record issuance of Act 51 bonds)			
3 186	Amount to be Provided for Payment of		
4	Debt Principal	\$400,000	
5 300	Bond Payable		\$400,000
6 (Record Act 51 bonds retired during the year)			
7 300	Bonds Payable	\$ 25,000	
8 186	Amount to be Provided for Payment of		
9	Debt Principal		\$ 25,000
10 (Record increase in accrued leave during the year)			
11 195	Amount to be Provided for Accumulated		
12	Vacation and Sick Leave	\$ 20,760	
13 343	Accrued Vacation and Sick Leave Payable		\$ 20,760

### 19 INTEREST

20 Interest payable in future years is not recorded in the LTDC. However, the Road Commission's  
 21 Notes to Financial Statements must include summary disclosures of principal and interest debt  
 22 service requirements to maturity for all types of debt.

23  
 24 Interest Expense is a current operating expenditure and should be recorded in the County Road  
 25 Fund only as a debit to mandatory Account 990 - Debt Service and/or Subaccount 992 - Interest.

### 27 BUILDING PURCHASE USING BONDS

28 The Road Commission financed the construction of a new building through the issuance of  
 29 Michigan Transportation Fund Bonds through Bank One Trust Company. The closing for the bond  
 30 issue contains the following breakdown of the proceeds due to the Road Commission:

32 Par Value of the Bonds	\$2,000,000
33 Plus: Accrued Interest	\$ 8,683
34 (Less) Discount	\$ (30,000)
35 (Less) Good Faith Check	\$ (40,000)
36	
37 Total Due at Closing	\$1,938,683

38  
 39 Once the total bond proceeds are received, the county must transfer \$8,683 of accrued interest to  
 40 the MTF Bonds, Series 2XXX Debt Retirement Fund pursuant to the Bond Authorizing  
 41 Resolution. The balance of the proceeds remains in the Construction Fund to pay the costs of the  
 42 project.

43  
 44 Terms: Date of Issue was July 1, 2XXX in the Amount of \$2,000,000  
 45 Unamortized Bond Discount of \$30,000  
 46 Period: 25 Year  
 47 Interest is Due August 1<sup>st</sup> and February 1<sup>st</sup>  
 48 Principal is Due February 1<sup>st</sup>

## Uniform Accounting Procedures Manual for County Road Commissions

1	<u>Account</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
2	(Record the bond proceeds (including the good faith check). Note: the total bond proceeds must			
3	add up to the bond issue amount.)			
4	005	Cash—Construction	\$1,970,000	
5	128	Unamortized Discount on Bonds Sold		
6		by the Road Commission	\$ 30,000	
7	696	Proceeds from Sale of Bonds/Notes		\$2,000,000
8				
9	(Record the accrued interest in accordance with the bond resolution.)			
10	006	Cash--Debt Principal and Interest Payments	\$ 8,683	
11	665	Interest		\$ 8,683
12				
13	To pay invoices as they came in, the road commission authorized the county treasurer to pay the			
14	bills until the construction cash was zeroed out.			
15	975	Building	\$ 504,615	
16	005	Cash--Construction		\$ 504,615
17				
18	The LTDC account would have the following entry:			
19				
20	Annually, the following entries would be made until the debt is paid off:			
21	186	Amount to be Provided for Payment		
22		of Debt Principal	\$2,000,000	
23	300	Bonds Payable		\$2,000,000
24				
25	<u>Payment on February 1st</u>			
26				
27	991.1	Principal Payment	\$ 50,000*	
28	992.1	Interest Payment	\$ 42,243*	
29	006	Cash--Debt Principal and Interest Payments		\$ 92,243*
30				
31	<u>Payment on August 1st</u>			
32				
33	992.1	Interest Payment	\$ 49,283*	
34	006	Cash--Debt Principal and Interest		\$ 49,283*
35				
36	*Amounts determined based on bond debt schedule.			
37				
38	(\$30,000 amortized over 25 years) as part of year end closing entries or when debt payment is			
39	made.			
40				
41	996.0	Discounts on Bonds or Notes	\$ 1,200	
42	128	Unamortized Discount on Bonds Sold		
43		by the Road Commission		\$ 1,200
44				
45				
46				
47				
48				

## Uniform Accounting Procedures Manual for County Road Commissions

1 The long-term debt control account would have the following entry each year the principal  
2 payment is made (based on the dollar amount recorded above):

<u>Account</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
300.1	Bonds Payable	\$50,000	
186.1	Amount to be Provided for Payment of Debt Principal		\$50,000

### Accounting Methods and Procedures

10

#### Inventory

12

##### Inventory - Road Materials (Account 109)

14 This account should be charged with the purchase price and costs of preparation of gravel, stone,  
15 aggregate, tar, sand, and other road materials stockpiled in warehouses or yards. The cost of  
16 preparation should include labor, equipment rental, and such distributive expenses as are  
17 applicable. The cost should also include the depletion expense on pits which is set up by debiting  
18 the stockpile item affected and crediting Account 690 - Depreciation and Depletion Credits. The  
19 original purchase price of pits should not be charged to this account since it should have been  
20 charged to a depletable asset expenditure account (e.g., Activity 900 - Capital Outlay, Account  
21 987 - Depletable Assets) at the time of purchase.

22

23 Materials taken from these stockpiles should be credited to this account in the amount of the actual  
24 cost per unit as determined from the purchase price and additional charges as noted above and  
25 debited to the road on which they are used or to a receivable account. To determine the unit cost,  
26 it will also be necessary to maintain a record of the number of units of any and all additions to the  
27 stock piles.

28

29 Gravel, stone, aggregate, tar, sand, and other road materials purchased for immediate use and used  
30 directly on the roads without processing shall be charged to the road on which they are used from  
31 the accounts payable.

32

33 We recommend that all purchases of materials which must be processed before being used be  
34 charged to Account 109 along with all processing costs. Unit costs for processed materials should  
35 be determined by dividing the total processing or production cost of each type of material by the  
36 quantity of that material processed or produced.

37

##### Procedure for Sign Accounting

39 We recommend the cost of all new signs purchased and materials for fabricating new signs (blanks,  
40 decals, etc.) be charged to Account 109 - Inventory - Road Materials. A unit price must be  
41 established for new signs fabricated or signs refinished with new materials. The unit price for  
42 fabricated or refinished signs can be established by a work order charged to Account 109 or by  
43 some other suitable method within Account 109.

44

## Uniform Accounting Procedures Manual for County Road Commissions

1 Cost of erecting including labor, equipment rental, signs and material used from Account 109 shall  
2 be charged to the project or road. Signs Account 768 shall be opened in the Distributive Expense  
3 - Other, Activity 514. The following may be charged to this account:

4  
5 Labor and materials for minor repair and refinishing.

6  
7 Cost of barricades, construction signs, etc., that are moved from job to job.

8  
9 Sign shop equipment cost and depreciation expense.

10 The distribution of expenses accumulated within this sign account shall be made in the same  
11 manner as other distributive road costs.

### 12 13 Procedures for Production or Fabrication of Road Materials and Other Items

14 We recommend that all costs for processing or producing road materials and fabricating new signs,  
15 traffic control devices, etc., be charged to Account 109.

16  
17 Any year-end work in process should be recorded on the balance sheet as a part of the Account  
18 109.

### 19 20 Inventory - Equipment Materials and Parts (Account 110)

21 Purchase of equipment materials, supplies and parts, purchased for future use, shall be charged to  
22 this account.

23  
24 This account represents the equipment materials and parts inventory of the Road Commission and  
25 extreme care should be taken in the handling of transactions, which affect it. For successful  
26 operation, it is essential that all repair parts and equipment materials be stored in enclosed rooms  
27 with one employee in charge. Each individual withdrawal made for equipment materials, parts or  
28 supplies, should be accomplished by a stores requisition voucher signed and approved by proper  
29 personnel and the amount credited to this account and debited to the proper expenditure.

### 30 31 Fuel

32 Each delivery of fuel should be accompanied by a metered delivery ticket. Prior to and after  
33 delivery, tank measurements of the fuel in the tank should be made. Employees should sign the  
34 delivery ticket at the time of delivery certifying the amount of fuel received. Pump readings should  
35 be taken periodically. Quantities, indicated as having been used, should be checked against  
36 consumption reports.

### 37 38 Inventory Accounting and Control

39 It is recommended that one person be designated with the responsibility supervising the servicing  
40 of all the road equipment and for keeping fuel, anti-freeze, and oil consumption reports for each  
41 piece of equipment. If you choose to purchase fuel from a commercial vendor, someone should be  
42 designated to handle card disbursement and use.

### 43 44 Withdrawals of Parts and Supplies

45 All withdrawal of materials and parts should be made by signed requisitions only. Requisitions  
46 should be prenumbered and contain the quantity and description of the item or items being  
47 withdrawn, the date of withdrawal, and the equipment number for which the parts or materials are  
48 being withdrawn. The requisition should be signed by the person receiving the parts or materials.



## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Inventory Control

2 All materials and parts at the storage facilities should be kept under lock and key. Only the stock  
3 clerk or authorized persons should be allowed to enter the stockroom. One person should be  
4 designated as supervisor of all inventory operations.

5  
6 A perpetual inventory system is essential with proper control and accounting records maintained.

7  
8 To control the volume of equipment parts on hand, it is recommended that the balance in Account  
9 110 be no more than 50% of the total parts charged to the equipment accounts during the year.

10  
11 To assist in eliminating the number of obsolete parts in the inventory, excess parts for a particular  
12 piece of equipment could be included with the trade-in when advertising for bids for new  
13 equipment. Trade-in allowance and excess parts should be separate items on the bid form.

14  
15 The inventory control should be reconciled to the subsidiary inventory listing (inventory status  
16 reports or other detail) on a monthly basis.

### 17 18 Purchase of Materials, Parts and Equipment

19 Purchase of materials, parts and equipment should be made only after a purchase order has been  
20 issued by the person authorized with this responsibility by the Road Commission.

21  
22 In all cases involving the expenditure of a sum greater than \$15,000 (\$50,000 under emergency  
23 conditions) for materials, parts, or equipment, purchase orders can be issued only after the Road  
24 Commission has accepted a bid pursuant to advertising for sealed proposals to furnish such  
25 materials, parts, or equipment. This is in accordance with [MCL 224.10](#) statutory requirements. The  
26 date of formal Road Commission action on such bid purchases should be indicated on the purchase  
27 order. Bids shall also be secured for the purchase of all passenger vehicles and trucks weighing  
28 more than 5,000 lbs.

29  
30 See definition for [emergency](#) under the purchasing section.

31  
32 A requisition to purchase is issued by the stock clerk in duplicate. The original is forwarded to the  
33 person authorized to issue the purchase order. The copy will be retained by the stock clerk.

34  
35 The purchase orders should be as complete as possible, including purchase order number, date of  
36 purchase order, name and address of vendor, delivery information, discount terms, and an accurate  
37 description of the materials, parts, or equipment ordered, the quantity, and price. These purchase  
38 orders must be signed by the authorized individual.

39 The purchase orders should be prepared in triplicate. The original is to be forwarded to the vendor,  
40 the triplicate is to be retained by the stock clerk for future reference and for checking the material,  
41 parts, or equipment when delivered, and the duplicate copy is to be forwarded to the accounting  
42 office.

43  
44  
45

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Receiving Inventory

2 All incoming parts, materials and equipment should be checked against the purchase orders and  
3 shipping or load tickets by the stock clerk. The accounting office should be advised immediately  
4 of the parts, materials or equipment delivered by means of a numbered receiving report issued by  
5 the stock clerk or by proper notation on the copies of the shipping or load tickets.

6  
7 We cannot over-emphasize the importance of maintaining proper inventory accounting and  
8 control. There are counties that employ a full-time stock clerk and maintain a computer generated  
9 inventory system. All purchases should be posted to the system when received. The physical  
10 inventory should be priced from the perpetual inventory system, extended, totaled and checked  
11 against the total inventory value as carried in the general ledger.

12  
13 Regardless of the method used, it can only be as effective as the physical control maintained over  
14 the stock room.

### 15 16 Recommended Physical Inventory Procedures

17 All inventoried items should be physically counted and the perpetual inventory records adjusted  
18 at least once each year. Any adjustments between the physical inventory count and the general  
19 ledger inventory control account shall be offset through either Activity 511, Account 791 for items  
20 in Account 110, or Activity 514, Account 791 for items in Account 109. Individual inventory items  
21 need to be adjusted to reflect the actual count on physical or cycle inventories.

22  
23 The following information is intended to provide an outline of the basic procedures necessary to  
24 properly conduct a physical inventory and to adjust the accounting records to agree with the  
25 adjusted perpetual inventory record totals.

#### 26 27 A. Timing the physical inventory procedures:

28  
29 Seasonal road materials should be cross-sectioned prior to snowfall and at the end of the  
30 appropriate season.

31  
32 Other stock items should be physically inventoried one or more times a year.

#### 33 34 B. Documentation that a physical inventory was performed should be kept on file. This 35 documentation consists of:

36  
37 A posting of each individual perpetual inventory record of the date on which the stock item  
38 was physically inventoried, and the actual count initialed by the designated clerk.

39  
40 Copies of cross-section diagrams and computation, which were used to determine the  
41 quantities of stockpiled gravel and other road materials.

42  
43 A separate listing of inventory overages and shortages, by stock item, should be maintained  
44 during the taking of the physical inventory and all significant variances should be thoroughly  
45 investigated by both the accounting and stockroom personnel.

46  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

1 C. Summarizing year-end perpetual inventory record balances.

2  
3 A worksheet summary should be prepared of all perpetual inventory balances as of year-end  
4 with separate totals for each subaccount.

5  
6 D. Accounting department's responsibilities:

7  
8 Verify the extensions and footings on all inventory worksheet summaries.

9  
10 Determine that all invoices for materials stocked prior to year-end, but not paid until the  
11 subsequent year, are properly recorded as year-end accounts payable.

12  
13 Adjust the year-end general ledger inventory account balances to the grand total of the  
14 worksheet summary of inventory balances in accordance with the procedures outlined in  
15 this accounting manual.

16  
17 E. Stockroom personnel should also be required to report on obsolete, unusable or  
18 overstocked items at least once each year.

### 19 Disposal of Obsolete Inventory

20 Obsolete inventory can be disposed of in various ways. Every effort should be made to sell the  
21 items at an amount equal to the cost recorded in the inventory records. Some vendors may buy it  
22 back or trade for parts that can be used on newer equipment. Another way of disposing of obsolete  
23 inventory is to sell it to whomever buys the related equipment at the time of disposal.

24  
25  
26 If the book value cannot be recovered, the obsolete inventory can be written off to inventory  
27 adjustment Account 791 in Activity 511 - Equipment Expense - Indirect.

28	29	30	31	32
	<u>Activity/</u>	<u>Account #</u>	<u>Account Name/Explanation</u>	<u>Debit</u>
				<u>Credit</u>
		511-791	Inventory Adjustments	\$ 5,000
		110-001	Parts Inventory	\$ 5,000

33  
34  
35 If the book value is partially recovered, the entry would include a debit to the cash account for the  
36 amount received and a debit to the revenue Account 693.03 - Gain or Loss on Disposal of  
37 Inventory.

38	39	40	41	42
	<u>Activity/</u>	<u>Account #</u>	<u>Account Description</u>	<u>Debit</u>
				<u>Credit</u>
		001	Cash	\$ 3,000
		693.03	Gain/Loss on Disposal of Inventory	\$ 2,000
		110-001	Parts Inventory	\$ 5,000

## Uniform Accounting Procedures Manual for County Road Commissions

1 In certain situations, the cash received may be more than the book value recorded in the inventory  
2 records. In this instance, the entry would be as follows:

	<u>Activity/ Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
7	001	Cash	\$ 6,000	
8	693.03	Gain/Loss on Disposal of Inventory		\$ 1,000
9	110-001	Parts Inventory		\$ 5,000

10  
11 If obsolete inventory is traded for current parts, record these new parts at the same book value as  
12 the item(s) traded in.

13  
14 If the related equipment is sold and the inventory is included as part of the sales price, the inventory  
15 account should be credited for the full amount of the book value on record for these items before  
16 the gain or loss is figured on the sale of the equipment.

	<u>Activity/ Account #</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
21	001	Cash	\$50,000	
22	110-001	Parts Inventory		\$ 5,000
23	693.01	Gain/Loss on Disposal of Road Equipment		\$39,000
24	689	Capital Asset Retirement (if applicable)		\$ 6,000

25

26

## Uniform Accounting Procedures Manual for County Road Commissions

### Equipment Accounting Records

The equipment expense account procedures for County Road Commissions, explained in the following pages of this manual, are established under the provisions of [PA 71 of 1919](#) beginning with [MCL 21.41](#). These procedures represent minimum accounting requirements and are to be used in maintaining the general ledger for expenditures to Activities 510 - Equipment Expense - Direct, 511 - Equipment Expense - Indirect, and 512 - Equipment Expense - Operating and equipment summary records for each piece of equipment.

### Equipment Master File

An Equipment Master File shall be maintained to provide an accurate record of information for each unit of equipment from date of acquisition to date of disposal. This information, along with expense and earnings records, will allow the preparation of the equipment questionnaire report. The record should include the following information:

- Date of acquisition.
- Total cost, less trade-in allowance received, if any.
- Equipment number assigned by the Road Commission.
- Make or brand name.
- Equipment manufacturer.
- Vendor.
- Model number, year, weight.
- Engine serial number, equipment VIN number.
- Tire sizes and number of tires (optional).
- Type and size of body (trucks).
- Dealer installed special equipment or accessories.
- Capitalized costs of rebuilds.
- MDOT Schedule C equipment codes.
- Expected life and annual depreciation rates.
- Purchase order and/or disbursement voucher number.
- Disposal date, selling price or trade-in received for the equipment.
- All other information deemed necessary.

### Equipment Expense - Direct

Charges to Activity 510 - Equipment Expense - Direct includes costs that are attributable to a specific unit of equipment such as parts and labor for repairs. Depreciation is also a direct cost.

### Equipment Expense - Indirect

Charges to Activity 511 - Equipment Expense - Indirect includes those costs associated with equipment that cannot be directly attributed to a specific unit of equipment. Examples include costs for operating the garage, fleet insurance, indirect shop labor and shop equipment expenses. Indirect costs are prorated on the Equipment Questionnaire report on a percentage basis of total indirect costs of all equipment to total direct repair costs of all equipment.

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Equipment Expense - Operating

2 Charges to Activity 512 - Equipment Expense - Operating includes operating costs for fuel,  
3 lubricants, anti-freeze and associated labor.

### 5 Equipment Questionnaire Report

6 A standard report prepared from the equipment master file and general ledger that includes cost,  
7 expense, hours and rental earned utilizing schedule C rates. Its primary purpose is for reporting to  
8 MDOT by contract counties and may be used internally.

### 10 Underbody and Grader Blades

11 Blades, bolts and labor for replacing worn-out blades is a direct charge to the unit of equipment.

12  
13 Blades are charged to Account 110 - Inventory - Equipment Materials and Parts at the time of  
14 purchase. When blades are installed on the equipment, an entry will be made debiting activity 510  
15 and the equipment unit number and crediting account 110 for the cost of inventory.

### 17 Tires and Tubes

18 At the time of purchase, tires and tubes may be charged directly to a specific unit of equipment or  
19 to inventory account 110 – Inventory – Equipment Materials and Parts. If the purchase is recorded  
20 as inventory, an entry is made debiting activity 510 and the equipment unit number and crediting  
21 account 110 – Inventory – Equipment Materials and Parts for the cost of the tires and tubes  
22 installed on equipment.

### 24 Fuel

25 Fuel used from inventory is debited to activity 512 and the equipment unit number and credited to  
26 inventory account 110. Fuel purchased at commercial pumps is charged to activity 512 and the  
27 equipment unit number at the time of purchase or invoice data entry.

### 29 Identification of Equipment

30 Each unit of equipment should be clearly labeled with the name of the Road Commission and its  
31 assigned number.

32  
33

## Uniform Accounting Procedures Manual for County Road Commissions

### Capital Outlay

#### Equipment Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in [GASB Statement 87](#).

#### Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

- a. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option
- b. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option
- c. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option
- d. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

- a. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
- b. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
- c. An event specified in the lease contract that requires an extension or termination of the lease takes place.

#### Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

#### Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

## Uniform Accounting Procedures Manual for County Road Commissions

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

### Equipment Purchases, and Disposals

Accounting examples for recording Road Equipment Purchases (Account 976), Trade-In Allowances (Account 688), Equipment Retirements (Account 689.01), and Gain or Loss on Disposal of Equipment (Account 693.01) in the County Road Fund follow:

Assume that a Road Commission purchases a new truck at a total cost of \$100,000. This purchase is paid for by a trade-in allowance of \$30,000 and by a cash disbursement of \$70,000. The original cost of the truck traded in was \$80,000 of which \$60,000 had been depreciated, leaving a net book value of the traded in equipment of \$20,000.

The following entries would be made:

#### Cash Disbursements Journal

	<u>Debit</u>	<u>Credit</u>
976 Capital Outlay-Road Equipment	\$100,000	
688 Trade-In Allowances		\$ 30,000
001 Cash-Checking		\$ 70,000

(To record the purchase of equipment # \_\_\_ and trade-in of equipment # \_\_\_.)

#### Transfer Voucher

	<u>Debit</u>	<u>Credit</u>
688 Trade-In Allowances	\$ 30,000	
693.01 Gain or Loss on Disposal of Road Equipment		\$ 10,000
689.01 Road Equipment Retirements		\$ 20,000

(To divide trade-in allowance between net book value of equipment traded in and gain on disposal of equipment.)

In the previous example, assume the trade-in allowance received was \$10,000 instead of \$30,000. The entries would be as follows:

#### Cash Disbursements Journal

	<u>Debit</u>	<u>Credit</u>
976 Capital Outlay-Road Equipment	\$100,000	
688 Trade-In Allowances		\$ 10,000
001 Cash-Checking		\$ 90,000



## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Transfer Voucher

	<u>Debit</u>	<u>Credit</u>
3       688 Trade-In Allowances	\$ 10,000	
4       693.01 Gain or Loss on Disposal of		
5             Road Equipment	\$ 10,000	
6       689.01 Road Equipment Retirements		\$ 20,000

7  
8 Assume that a Road Commission purchases a new truck chassis during the last month of the current  
9 fiscal year at a cost of \$80,000 and the remaining outfitting items (dump box, hydraulics, etc.) are  
10 purchased and installed in the next fiscal year at a cost of \$20,000.

11  
12 The following entries would be made:

#### 13 Cash Disbursements Journal

	<u>Debit</u>	<u>Credit</u>
15       976 Capital Outlay-Road Equipment	\$ 80,000	
17       001 Cash-Checking		\$ 80,000

18  
19 (To record the purchase of equipment #\_\_\_\_.)

20  
21 NOTE: No depreciation should be recorded for the truck chassis until the outfitting is completed  
22 in the next fiscal year.

23  
24 In the next fiscal year, once all outfitting has been completed, the following entries should be  
25 made:

#### 26 Cash Disbursements Journal

	<u>Debit</u>	<u>Credit</u>
28       976 Capital Outlay-Road Equipment	\$ 20,000	
30       001 Cash-Checking		\$ 20,000

31  
32 (To record the purchase of completing outfitting of equipment #\_\_\_\_.)

33  
34 Assume that a fully depreciated unit of equipment was sold for \$10,000.

35  
36 The following entry would be made:

#### 37 Cash Receipts Journal

	<u>Debit</u>	<u>Credit</u>
39       001 Cash-Checking	\$10,000	
41       693.01 Gain or Loss on Disposal of Road Equipment		\$10,000

42  
43 (To record the disposal and gain on sale of equipment #\_\_\_\_.)

44  
45  
46  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

1 Assume that a unit of equipment with a net book value of \$5,000 was sold for \$10,000.

2

3 The following entry would be made:

4

### Cash Receipts Journal

	<u>Debit</u>	<u>Credit</u>
001 Cash-Checking	\$10,000	
693.01 Gain or Loss on Disposal of Road Equipment		\$ 5,000
689.01 Equipment Retirements		\$ 5,000

10

11 (To record the disposal and gain on sale of equipment # \_\_\_\_.)

12

13 Note: Entries to be made in the Capital Assets Control to record equipment purchases, trade-ins,  
14 and retirements are explained in the Uniform Accounting Procedures - Capital Assets Control  
15 section of this manual.

16

### Installment Purchases

17 The following examples illustrate installment purchases are made pursuant to the provisions of  
18 [MCL 224.10\(5\)](#).

19

### Lease Payable Recorded in Long-Term Debt Control Only

22 For illustration purposes, the following are rounded to the nearest dollar.

23

24 A loader is purchased in accordance with the following terms:

- 25 - Commencement 5/1/18
- 26 - Term of lease – five years
- 27 - Option – additional five years (not certain)
- 28 - Base lease \$24,000 annually - \$2,000 per month
- 29 - Interest rate – 3% (if not stated, use the lessee’s estimate borrowing rate)
  - 30 o Interest 3%
  - 31 o Number of payments 60
  - 32 o Payment amount \$2,000.00
  - 33 o Calculate present value \$111,305
    - 34 ■ =PV((.03/12),60,2000)

35

36 The entry to record the purchase and installment debt is:

	<u>Debit</u>	<u>Credit</u>
A. County Road Fund		
Account 976 - Capital Outlay – Road Equipment	\$111,305	
Account 697 – Installment Purchase and Lease Proceeds		\$111,305
B. Capital Assets Control		
Account 138 - Equipment - Road	\$111,305	
Account 398 – Net Position Investment in Capital Assets-Unrestricted		\$111,305
C. Long-Term Debt Control		
Account 186 - Amount to be Provided for		

48

## Uniform Accounting Procedures Manual for County Road Commissions

1	Payment of Debt Principal	\$111,305	
2	Account 304 - Lease Payable (Non-Current)		\$111,305

3

4 The entries to record the monthly payment of \$2,000 must be allocated to the debt (principal) and  
 5 finance (interest) charges. The allocation amount can be determined from an amortization schedule  
 6 or can be computed each month by multiplying the current unpaid balance times the 6% rate and  
 7 dividing the product by 12. This results in the amount to be recorded as the monthly interest  
 8 expense. The amount of the computed interest is deducted from the monthly payment of \$2,000,  
 9 giving the amount of principal repayment.

10  
 11 To illustrate:  
 12

	<u>1st Payment</u>	<u>2nd Payment</u>	<u>3rd Payment</u>
Debt Balance	\$111,305	\$109,583	\$107,857
Interest (Debt Balance x6% Divided by 12)	278	274	270
Principal Payment (\$2,000 Less Interest)	1,722	1,726	1,730
 Next Month's Debt Balance (This Debt Balance Less Principal Payment)	 \$109,583	 \$107,857	 \$106,127

13  
 14 D. The monthly entry to record the payment in the County Road Fund is:

	<u>Debit</u>	<u>Credit</u>
Account 991 – Principal	\$ 1,722	
Account 992 – Interest	\$ 278	
Account 001 – Cash-Checking		\$ 2,000

15  
 16  
 17  
 18  
 19  
 20 E. The “Lease Payable” and “Amount to be Provided” accounts in the Long-Term Debt Control  
 21 will be adjusted by the amount of the principal payment. This can be recorded monthly or at  
 22 year-end. If recorded at year-end, the journal entry (transfer voucher) should list in the  
 23 explanation the twelve-monthly amounts that comprise the total. (1<sup>st</sup> monthly payment JE  
 24 noted below)

	<u>Debit</u>	<u>Credit</u>
Account 186 - Amount to be Provided for Payment of Debt Principal	\$ 1,722	
Account 304 - Lease Payable (Non-Current)		\$ 1,722

25  
 26  
 27  
 28  
 29  
 30  
 31 F. The leased asset would be amortized over the shorter of lease term or useful life of the  
 32 underlying asset. (111,305/60=\$1,855/month)

Account 139 – Accum. Depreciation-Road Equipment	\$ 1,855	
Account 398 – Net Position Investment in Capital Assets- Unrestricted		\$ 1,855

33  
 34  
 35  
 36  
 37  
 38  
 39  
 40

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Rented Equipment (short-term)

2 When a unit of equipment is rented for use on a specific maintenance or construction project or  
3 for a period of time less than one year for general use, the size of the equipment and the duration  
4 of the rental agreement should determine the accounting procedure most appropriate. Small items  
5 such as chain saws may be expensed directly from the invoice to the job. The invoice for rental  
6 would be charged to Activity 510 - Equipment Expense - Direct, Account 950.000 - Rent Payments  
7 or may be charged directly to the project.

8

### 9 Renting Equipment to Other Public Entities

10 When a unit of equipment is rented to another public entity (i.e., another Road Commission), credit  
11 activity 510 - Equipment Expense - Direct, to the equipment unit rented with the debit charged to  
12 Account 001 – Cash-Checking.

13

### 14 New Buildings

15 Preliminary new building costs such as architectural plans, site preparation, financing cost, etc.,  
16 should be included in the cost of the new building. If these costs occur during one fiscal year and  
17 construction of the new building occurs over the course of two fiscal years, you can record these  
18 costs in the following manner:

19

20 Assume a Road Commission decides to build a new truck garage. Architectural costs are \$10,000  
21 and the Road Commission crew will prepare the site by removing trees and other obstacles in the  
22 way at a cost of \$10,000. Construction of the new truck garage has started and the fiscal year-ends.  
23 The building contractor invoices the Road Commission for \$40,000. In the next fiscal year, after  
24 the building is complete, the contractor invoices the Road Commission \$70,000. The new truck  
25 garage is put into service three months into the new fiscal year.

26

27 In the first fiscal year, the following entries should be made:

28

#### 29 Cash Disbursements Journal

30

	<u>Debit</u>	<u>Credit</u>
31                   975 Capital Outlay - Buildings	\$60,000	
32                   001 Cash-Checking		\$60,000

33

(To record current year new truck garage building costs.)

34

35 At year-end, the normal entries described in the Capital Assets Control section are made.

36

37 No depreciation should be calculated on this new building until it has been completed and placed  
38 in use.

39

40 In the next fiscal year, once you have paid for the final contractors' invoice, the following entries  
41 should be made:

42

43

44

45

46

47

48

## Uniform Accounting Procedures Manual for County Road Commissions

### Cash Disbursement Journal

	<u>Debit</u>	<u>Credit</u>
975 Capital Outlay - Buildings	\$70,000	
001 Cash-Checking		\$70,000

(To record current year new truck garage building costs, use the same building number used in the previous year.)

At year-end, the normal entries described in the Capital Assets Control section are made.

### Salt Shed Construction Costs Shared by the Road Commission and the State

Where costs of constructing salt sheds are shared by the State, example 80% MDOT, 20% Road Commission, the following accounting procedures apply.

Expenditures are debited to Activity 900 - Capital Outlay. The State reimbursement is credited to Account 555.01 - State Grants - Capital Assets - Chemical Storage Facility.

In the Capital Assets Control, at year-end, a journal entry is prepared by debiting Account #136 - Buildings and crediting Account #398 - Investment in Capital Assets Net Position-Unrestricted in the amount charged to Activity #900. Such a building is subject to depreciation. Refer to the salt shed construction contract between MDOT and your Road Commission for the correct percentages to use.

The Road Commission should develop a spreadsheet that shows all salt held in the shed and the respective percentage used on the State trunklines and the county roads. You need to record this for five years. At the end of this period of time, MDOT will review your records to see if the original contract percentages were correct.

At the end of the five years, using the above percentages, if 90% of the salt stored in the salt shed was MDOTs, they will reimburse you the additional 10% of the cost. If the county percentage has increased, then the Road Commission would pay the State the difference.

### Salt Shed Construction Costs Reimbursed by the State

Where costs of constructing salt sheds are reimbursed 100% by MDOT, the following accounting procedures apply.

Expenditures are debited to Activity 900 - Capital Outlay. The State reimbursement is credited to Account 555.01 - State Grants - Capital Assets - Chemical Storage Facility.

In the Capital Assets Control, at year-end, a journal entry is prepared debiting Account 136 - Buildings and crediting Account 398 - Investment in Capital Assets Net Position-Unrestricted in the amount charged to Activity 900.

Such a building is subject to depreciation. However, no depreciation is recorded in the County Road Fund. Depreciation is recorded in the Capital Assets Control only, as follows:

Debit - Account 398 - Investment in Capital Assets Net Position-Unrestricted
Credit - Account 137 - Accumulated Depreciation - Buildings

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 New Equipment

2 The cost of new equipment, which is recorded in the Equipment Questionnaire, must include all  
3 costs as explained under Activity 900 - Capital Outlay.

4  
5 The disbursement of funds for any complete rebuilding of a unit of equipment should be considered  
6 as a capital expenditure ONLY if it substantially increases the expected life of the equipment;  
7 otherwise, it will be considered as a direct repair. When the useful life is substantially increased,  
8 it will be necessary to add the total rebuilding cost to the undepreciated balance. It is then  
9 permissible to start the depreciation the same as new equipment on the [Schedule C](#) present five (5)  
10 year or eight (8) year depreciation schedule, whichever applies to the code number of the  
11 equipment rebuilt. However, it is preferable to estimate the actual remaining life and to depreciate  
12 the equipment accordingly using the sum-of-the-years' digits method.

13  
14 The restoration of equipment damaged by accident will be considered as a direct repair charge.

15  
16 Insurance payments, or other reimbursements for accidental damage to equipment will be treated  
17 as expenditure credits as an offset to the direct repair charges.

### 18 19 Used Equipment

20 The purchase price and reconditioning costs of used equipment will be considered as a capital  
21 expenditure. Depreciation will be computed in the same manner as for any other unit of new  
22 equipment at the established depreciation rate (Refer to Equipment Rental Rates - [Schedule C](#)).

### 23 24 Minimum Cost for Capitalization

25 Assets shall be capitalized based on your capitalization policy. If an equipment item is assigned  
26 an equipment rental rate by MDOT ([Schedule 'C'](#)), the equipment costs will be classified as capital  
27 outlay regardless of the cost.

### 28 29 Fire Loss and Insurance Recovery--Building

30 Assume a Road Commission garage with an original cost of \$100,000 and a present book value of  
31 \$64,000 is destroyed by fire; the Road Commission receives an insurance payment of \$113,000  
32 and replaces the garage at a cost of \$267,000.

33  
34 The following entries are necessary for buildings only:

<u>Account</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
<u>County Road Fund</u>			
001	Cash-Checking	\$113,000	
689.02	Capital Asset Retirement-Other Capital Assets		\$ 64,000
693.02	Gain/Loss on Disposal of Capital Assets		\$ 49,000
(To record receipt of insurance payment for garage.)			
900/75	Capital Outlay-Buildings	\$267,000	
001	Cash-Checking		\$267,000
(To record the cost of rebuilding garage.)			

## Uniform Accounting Procedures Manual for County Road Commissions

1	<u>Capital Assets Control</u>			
2	137	Accumulated Depreciation - Buildings,		
3		Additions, and Improvements	\$ 36,000	
4	398	Investment in Capital Assets Net Position		
5		Unrestricted	\$ 64,000	
6	136	Buildings, Building Additions, and Improvements		\$100,000
7		(To write off garage destroyed by fire.)		
8				
9	136	Buildings, Building Additions, and Improvements	\$267,000	
10	398	Investment in Capital Assets Net Position Unrestricted		\$267,000
11		(To record capital outlay expenditure for new garage.)		

12

13 Fire Loss and Insurance Recovery-Equipment

14 Assume a Road Commission has a motor grader with an original cost of \$124,000 with a present

15 book value of \$50,000 is destroyed by fire or accident; the Road Commission receives an insurance

16 payment of \$126,000 (based on appreciated value) and replaces the motor grader at a cost of

17 \$130,000.

18

19 The following entries are necessary for road equipment (this would also be similar to the treatment

20 of other equipment):

21	<u>Account</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
22				
23				
24		<u>County Road Fund</u>		
25	001	Cash-Checking	\$126,000	
26	689.01	Road Equipment Retirement		\$ 50,000
27	693.01	Gain/Loss on Disposal of Road Equipment		\$ 76,000
28		(To record receipt of insurance payment for motor grader.)		
29				
30	976	Capital Outlay-Road Equipment	\$130,000	
31	001	Cash-Checking		\$130,000
32		(To record the cost of replacing the motor grader.)		

33				
34		<u>Capital Assets Control</u>		
35	137	Accumulated Depreciation – Road		
36		Equipment	\$ 74,000	
37	398	Investment in Capital Assets Net Position		
38		Unrestricted	\$ 50,000	
39	138	Road Equipment		\$124,000
40		(To write off road equipment destroyed by fire/accident.)		
41	136	Equipment - Road	\$130,000	
42	398	Investment in Capital Assets Net Position		
43		Unrestricted		\$130,000
44		(To record capital outlay expenditures for new equipment.)		

45

46

47

48

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Insurance Reimbursement on an Incident--Road Equipment

2 Assume a Road Commission has the same unit of equipment as described above, that was involved  
3 in an incident where it was damaged but not destroyed; the total cost for repair is \$15,000 and the  
4 Road Commission receives an insurance payment of \$14,500.

5  
6 The following entry is necessary for road equipment (this would also be similar to the treatment  
7 of other equipment):

<u>Account</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
8			
9 <u>County Road Fund</u>			
10 001	Cash-Checking	\$ 14,500	
11 510.XXX	Equipment Expense – Direct		\$ 14,500
12 (To record receipt of insurance payment for motor grader.)			

13  
14  
15  
16 NOTE: All expenditures relating to the repair of the equipment will be debited to the related  
17 510.XXX activity as well as any applicable deductions.

### 18 Depreciation

19 Depreciation is computed by the sum-of-the-years-digit method for road equipment and vehicles  
20 using the MDOT [Schedule C](#) depreciation tables. Depreciation begins on the date the equipment  
21 is placed in service. Depreciation for all other capital assets is computed by the straight-line  
22 method.

23  
24  
25 Depreciation of capital assets is determined from the individual equipment and building records.  
26 A journal entry is made debiting Account 968 - Depreciation and Depletion Expense and crediting  
27 Account 690 - Depreciation and Depletion Credits.

28  
29 Depreciation expenses should be debited to the various activities as follows:

#### 30 Activity 510 Equipment Expense - Direct

- 31 1. Road equipment items with a unit number.

#### 32 Activity 511 Equipment Expense - Indirect

- 33  
34 1. Shop and storage expense, including all buildings or partial buildings used to store  
35 equipment (excluding administrative portion if the administrative office is connected to the  
36 garage or shop).  
37 2. Furniture purchased for equipment related offices.  
38 3. Shop tools, forklift, and equipment not assigned a unit number

#### 39 Activity 514 Other Distributive Expense

- 40  
41 1. Buildings or partial buildings used to store road materials.  
42 2. Furniture purchased for road maintenance offices.  
43 3. Storage silos and holding tanks for road materials.  
44  
45  
46  
47  
48



## Uniform Accounting Procedures Manual for County Road Commissions

- 1 Activity 515 Administrative Expense  
 2 1. Charge all buildings or partial buildings used for administrative purposes.  
 3 2. Furniture purchased for administrative offices.  
 4

### 5 Activity 516 Engineering Equipment

- 6 1. Engineering equipment which does not have a unit number, such as traffic counters,  
 7 surveying equipment, laser levels, etc. (unless Activity 514 is utilized).  
 8

9 It is recommended that the necessary entries in the County Road Fund and the Capital Assets  
 10 Control for equipment which is disposed of during the year be made at the time of disposition.  
 11 Other depreciation expense entries must be made at least annually.  
 12

### 13 Depreciation Rates

14 The following depreciation percentage rates are recommended for capital asset items other than  
 15 road equipment (MDOT [Schedule C](#)) and infrastructure (see Infrastructure Reporting).  
 16

17 Shop Equipment	10% per year or 10 years
18 Stockroom Fixtures	10% per year or 10 years
19 Land Improvements	10% per year or 10 years
20	
21 All Buildings	
22 Masonry Construction	2% per year or 50 years
23 Sheet Metal Construction	3% per year or 33.3 years
24 Wood Frame Construction	4% per year or 25 years
25	
26 Yard and Storage Equipment	
27 Chemicals Storage Silo (Masonry)	5% per year or 20 years
28 Liquid Chemicals Storage Tank (Metal)	10% per year or 10 years
29 Asphalt Storage Tank (Metal)	5% per year or 20 years
30 Chemical Hopper Bin (Metal)	10% per year or 10 years
31 Chemical Storage Bin (Masonry)	5% per year or 20 years
32	
33 Office, Engineering, Computer Equipment	
34 Office Equipment and Furniture	10% per year or 10 years
35 Engineering Equipment	10% per year or 10 years
36 Computers, Data Processing Equipment	25% per year or 4 years
37	

### 38 Depletion

39 Depletable (Wasting) Assets are assets which diminish in value by the removal of their contents  
 40 such as the purchase cost of gravel pits, sand pits, clay pits, brine wells, quarries, etc.  
 41

42 When depletable assets are acquired, the cost or appraised value of the assets acquired should be  
 43 debited to Activity 900 - Capital Outlay, Account 987 - Depletable Assets in the County Road  
 44 Fund. Monthly or annually the amount charged to Account #987 should be recorded in the Capital  
 45 Assets Control by debiting Account 134 - Depletable Assets and crediting Account 398 -  
 46 Investment in Capital Assets Net Position-Unrestricted. To effectively control depletable assets,  
 47 the unit cost (yard, ton, gallon, etc.) must be determined by dividing the purchase cost by the actual  
 48 or estimated quantity acquired.

## Uniform Accounting Procedures Manual for County Road Commissions

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
1 987	Depletable Assets	\$100,000	
3 001	Cash-Checking		\$100,000

(To record acquisition in County Road Fund.)

7 134	Depletable Assets	\$100,000	
8 398	Investment in Capital Assets Net Pos. - Unrestricted		\$100,000

(To record acquisition in Capital Assets Control.)

When depletable assets are removed and placed in inventory (stockpiled):

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
15 109	Inventory - Road Materials	\$40,000	
16 690	Depreciation and Depletion Credits		\$40,000

(To record stockpile of inventory.)

When depletable assets are used for Construction, Preservation, or Routine and Preventive Maintenance on the County Road System:

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
24 968	Depreciation and Depletion	\$ 20,000	
25 690	Depreciation and Depletion Credits		\$ 20,000

(To record assets used on system.)

When depletable assets are sold:

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
32 001	Cash - Checking	\$ 30,000	
33 690	Depreciation and Depletion Credits		\$ 30,000

(To record sale of assets.)

To record depletion monthly or annually:

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
40 398	Investment in Cap. Assets Net Pos. – Unrestricted	\$ 5,000	
42 135	Accumulated Depletion - Depletable Assets		\$ 5,000

(To record monthly or annual depletion.)

To close fully depleted asset:

## Uniform Accounting Procedures Manual for County Road Commissions

<u>Account</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
135	Accumulated Depletion - Depletable Assets		
134	Depletable Assets	\$100,000	\$100,000
	(To record full depletion of asset.)		

### **Federal and State Aid Projects**

Note: The following procedures pertain to Federal Grants, however, the accounting requirements also apply to State Aid Projects.

#### Federal Grants - Accounting Requirements

Because of Federal Single Audit requirements, Federal highway grant revenue must be classified in either of the following accounts:

Revenue Account 510 - Federal Grants - Highways (MDOT-Private Contractors) and applicable subaccounts are to be used to account for Federal Grant revenue where the work is performed by private contractors paid by the Michigan Department of Transportation (MDOT).

Revenue Account 511 - Federal Grants - Highways (Negotiated Contracts) and applicable subaccounts are to be used to record Federal Grant revenue where the work is performed by the Road Commission work force or by private contractors paid by the Road Commission.

As MDOT comes up with new procedures and as accounting changes arise, the Michigan Department of Treasury will update to this manual as necessary. Please refer to your state contract document for the specific details of your agreement.

#### Projects Performed by Private Contractors

Subsidiary records must be maintained by project for each Federal aid job including the MDOT job number, Federal item number and type of project. Types of projects may include Federal Surface Transportation Programs (STP), Federal Highway Safety, Federal Highway Critical Bridge, Federal Category C-Urban Congestion, or Federal Category D-Rural Primary funding. Applicable subsidiary records must be reconciled to the revenue control account(s) balance, at a minimum, at the fiscal year end.

The Road Commission's project engineer periodically submits pay estimates to MDOT for payment to the contractor. These pay estimates appear on MDOT's website under the [Contractor's Construction Inquiry](#).

## Uniform Accounting Procedures Manual for County Road Commissions

1 MDOT submits Progress Billings to the Road Commission from the pay estimates submitted by  
 2 the engineer during construction for actual costs incurred to date. Payments of progress billings  
 3 are also to be debited to Account 228.XXX Due to State. Reconciliation of this account should be  
 4 performed at a minimum at fiscal year-end.

5  
 6 The current amount earned by the contractor should be debited to applicable activity/expenditure  
 7 accounts. Offsetting credits should be made to Account 228 – Due to State of Michigan for the  
 8 Road Commission proportionate share of project costs and to applicable Federal and State Grant  
 9 revenue account(s) as follow:

	<u>Federal</u>	<u>State</u>
11		
12	510.03 Hazard Elimination Safety	547.01 Critical Bridge - Primary
13	510.04 Railroad Safety	547.02 Critical Bridge - Local
14	510.05 Critical Bridge - Primary	548.02 Category "E" - Primary
15	510.06 Discretionary	548.03 Category "E" - Local
16	510.07 ISTE A "D" Enhancement	549.02 Category "A" - Primary
17	510.071 Surface Transportation Program	549.03 Category "A" – Local
18	Primary	
19	510.072 Surface Transportation Program	550.02 Category "C" – Primary
20	Local	
21	510.073 STP - Other	550.03 Category "C" - Local
22	510.081 Category "C" - Urban Congestion	551 TED - "D" - Rural Primary
23	510.082 Category "C" - Urban Congestion	552 TED - "F" - Urban Area
24	Local	
25	510.091 Category "D" - Rural Primary	
26	510.092 Category "D" - Rural Local	
27	510.10 Demonstration Funds - Primary	
28	510.11 Demonstration Funds - Local	
29	510.13 Congestion Mitigation Grants	
30	510.14 High Priority Grants	
31	510.051 Critical Bridge - Local	

32  
 33 Project expenditures and revenues must be recorded at least annually at fiscal year-end. However,  
 34 it is suggested that they be recorded as each construction estimate is received, or on a monthly  
 35 basis.

36  
 37 When the project is completed, MDOT sends the Road Commission a final accounting statement  
 38 which itemizes the total cost of the project, total Federal aid earned, total State aid earned, and the  
 39 total local share (Road Commission).

40  
 41 If the final accounting includes any expenditures that have not been previously recorded by the  
 42 Road Commission, such as expenditures for advertising, MDOT engineering, etc., these must be  
 43 recorded by an entry similar to that described above.

44  
 45  
 46  
 47  
 48

## **Uniform Accounting Procedures Manual for County Road Commissions**

- 1 If the final accounting indicates the total amount paid by the Road Commission (through progress  
2 billings) exceeds the local share of the project or involves cost overruns, MDOT will refund or  
3 invoice the difference to the Road Commission when final accounting is received, a reconciliation  
4 should be completed, ensuring the Account 228.XXX balance for this project is zero. The  
5 respective deferred revenue, revenue, and/or expenditure accounts may need to be adjusted to  
6 match the final accounting.  
7
- 8 Following is an example of accounting for a Federal aid project performed by a private contractor  
9 on a primary road: (Assume that the MDOT Job Number for this project is 44841A)  
10

Uniform Accounting Procedures Manual for County Road Commissions

EXAMPLE 1

Facts per Exhibit I of the Contract

COST PARTICIPATION

Grand Total Estimated Cost	\$500,000
Less Federal Funds	<u>\$400,000</u>
Balance (Requesting Party’s Share) (Local Share)	<u>\$100,000</u>

The contract states that the Federal funds are under the Surface Transportation Program (STP).

(Note: There may be more than one funding source, so you may have to refer to the contract for the specific type of Federal and State aid).

Based on the provisions in Exhibit I of the contract, we can express the Federal and local shares in percentages as follows:

Federal Share	$\frac{400,000}{500,000} = 80\%$
Local Share	$\frac{100,000}{500,000} = 20\%$

Project voucher summary information is as follows:  
For illustration purposes, the following are rounded to the nearest dollar.

	<u>Project Estimate #1</u>	<u>Project Estimate #2</u>
Total Amount Earned or Gross Earnings	\$264,345	\$150,341
Less Reserve or Retainage	7,300	7,211
Total Amount Allowed or Net Earnings	257,045	143,130
Payment Due Contractor or Amount Due	52,869	30,068

Based on the information provided in Project Estimate #1 the entry would be made:

<u>Account Number</u>	<u>Sub-Account</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
459.XXX	XXXXX	Applicable Expenditure Activity/Account	\$264,345	
510.071	XXXXX	STP-Primary Revenue Account (264,345 X 80%)		\$211,476
228.XXX	XXXXX	Due to State of Michigan (264,345 X 20%)		\$ 52,869

## Uniform Accounting Procedures Manual for County Road Commissions

(To record project expenditures on a primary road and Federal aid earned on project 44841A, based on the contractor's total amount earned or gross earnings for work performed through 8/30/XX per MDOT Project Estimate #1 dated 9/19/XX.)

Contract Provisions per Local Progress Billings from MDOT are as follows:

	<u>Billing #1</u>	<u>Billing #2</u>
Contract Award	\$445,375	\$445,375
Total Estimated Project Cost	\$445,375	\$445,375
Estimated Federal Participation	\$356,300	\$356,300
Estimated Local Participation	\$ 89,075	\$ 89,075
Local Contract Cost to Date	\$ 52,869	\$ 82,937
Local Other Cost to Date	\$ 132	\$ 439
Total Local Cost to Date	\$ 53,001	\$ 83,376
Previously Billed		
Local Current Month Contractor Costs	\$ 52,869	\$ 30,068
Local Current Month Other Costs	\$ 132	\$ 307
Total Local Bill Amount	\$ 53,001	\$ 30,375

Based on the information provided on the MDOT Progress Billing #1, the following entries would be made:

<u>Account Number</u>	<u>Sub-Accounts</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
459.XXX	XXXXX	Applicable Expenditure	\$ 132	
228.XXX	XXXXX	Due to State of Michigan	\$ 52,869	
001	XXXXX	Cash		\$ 53,001

(To record the payment to MDOT of local progress billing #1.)

(Note: Local progress billings to the Road Commission should not exceed estimated local participation for each project as specified in the contract.)

Based on the information provided in project estimate #2, the following entries would be made:

<u>Account Number</u>	<u>Sub-Accounts</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
459.XXX	XXXXX	Applicable Expenditure		
		Activity/Account	\$150,341	
510.071	XXXXX	STP-Primary Revenue		
		Account (\$150,341 x 80%, but limited to the maximum of \$100,000)		\$120,273
228.XXX	XXXXX	Due to State of Michigan		
		(\$150,341 x 20%, plus the difference in Federal aid above)		\$ 30,068

## Uniform Accounting Procedures Manual for County Road Commissions

(To record project expenditures and Federal aid earned on project 44841A, based on the difference between the prior contractor's total amount earned or gross earnings and current total for work performed through 10/30/XX per MDOT project estimate #2 dated 11/12/XX.)

Based on the information provided on the MDOT Progress Billing #2, the following entries would be made:

<u>Account Number</u>	<u>Sub-Accounts</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
459.XXX	XXXXX	Applicable Expenditure Activity/Acct	\$ 307	
228.XXX	XXXXX	Due to State	\$30,068	
001	XXXXX	Cash		\$30,375

(To record the payment to MDOT of local progress billing #2.)

### Projects Performed by Road Commission Personnel (Negotiated Contracts)

When Federal Aid project work is performed by the Road Commission's work force, in accordance with a contract negotiated between the Road Commission and MDOT, all project costs must be charged to the applicable activity/expenditure accounts.

The amount billed to MDOT for the Federal share should be debited to Account 078.04 - Due from State - Department of Transportation - Other. The offsetting credit should be to the applicable Federal grant revenue account or accounts.

Payments received from MDOT should be credited to Account 078.04.

Federal and State aid projects need to be accounted for separately. Suggested illustrations are included at the end of this section representing the accounting for two different Federal or State aid projects showing how project pay estimates, progress billings, and deposits are recorded.

Following the project subsidiary record are suggested spreadsheets showing the balancing of Account 288.XXX – Due to State of Michigan. The auditor will find the spreadsheets helpful in reconciling balances shown in these accounts.

Open projects are listed across the top of each illustration. Last year's ending balances are shown along with transfers made for project pay estimates received, reductions for progress billings, and any final accounting to close various projects. Finally, this year's ending balances for all projects should equal the Account 228.XXX – Due to State of Michigan total balances.

If a project has been finalized during the year, the project balance should agree with the final billing and the amount due to the State (Account 228.XXX) equals zero. When projects remain on the books after construction is completed, it is suggested that the Road Commission contact the Federal aid section at the Michigan Department of Transportation for an explanation or status of those projects with a recommendation that every attempt be made by MDOT to seek closure as soon as possible.

Federal aid revenue should never exceed project costs.



## Uniform Accounting Procedures Manual for County Road Commissions

1 For illustration purposes, the following are rounded to the nearest dollar.

2

MICHIGAN AVE. AT SNOW ROAD 20XX STP 9723(003) FEDERAL ITEM #YY0089 CONTROL SECTION STH 23609 JOB# 44841 ESTIMATE \$279,600						FEDERAL AID STP PROJECT	
		<b>PRIMARY HEAVY MAINTENANCE 459 XXXXX</b>		<b>DUE TO STATE OF MI 228.XXX      20%</b>		<b>FEDERAL AID 510.071      80%</b>	
<u>Date</u>	<u>Desc</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
09/19/X9	ESTIMATE #1	264,345			52,869		211,476
10/01/X9	PROG#1	132		52,869			
11/12/X9	ESTIMATE #2	150,341			30,068		120,273
11/15/X9	PROG#2	307		30,068			
<b>Balance 20X9</b>		<b>415,125</b>			<b>0.00</b>		<b>331,749</b>
<b>EXAMPLE 1</b>							

3

BASELINE ROAD BRIDGE MSC23015 B1 OF 23-15-10 JOB# 39929 ESTIMATE 226,700						STATE AID CRITICAL BRIDGE PROJECT	
		<b>LOC PRE ST IMP. 490-320</b>		<b>DUE TO STATE OF MI 228.19      5%</b>		<b>STATE CRITICAL BRIDGE      95%</b>	
<u>Date</u>	<u>Desc</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>	<u>Debit</u>	<u>Credit</u>
7/X8	Voucher#1	46,688			2,334		44,354
8/X8	Voucher#2	106,404			5,320		101,084
9/X8	Prog#1			2,334			
9/X8	Prog#2			5,230			
9/X8	Prog#3			2,399			
<b>BALANCE 1998</b>		<b>153,092</b>		<b>9,963</b>	<b>7,654</b>		<b>145,438</b>
9/X8	Voucher#3	47,977			2,399		45,578
11/X9	Voucher#4	2,561			128		2,433
<b>BALANCE 20X9</b>		<b>50,538</b>			<b>2,527</b>		<b>48,011</b>
<b>EXAMPLE 2</b>							

4

5

6

7

8

9

**Uniform Accounting Procedures Manual for County Road Commissions**

1 Federal Aid Projects – Advance Construction

2 In some instances, the Road Commission may enter into a contract with MDOT for a road project  
 3 that is funded by federal and/or state funds before the federal and/or state funds are available. This  
 4 means that if federal/state aid eligible costs are incurred before the funding is available, MDOT  
 5 bills the Road Commission the amount of the Advance Construction. As the contractor is paid by  
 6 MDOT, MDOT reduces the amount of the Advance Construction by the amount of the Road  
 7 Commission local share for that billing.

8  
 9 The example below depicts an awarded contract in the amount \$2,000,000. The amount of  
 10 Advance Construction is \$200,000. The first contractor payment is due and the funding is not  
 11 available. By the time Estimate #2 is submitted, the funding becomes available.

12

	Estimate #1 Funding Not Available	Estimate #2 Funding Available	Estimate #3
Contract Awarded	2,000,000		
Advance	200,000		
Estimate Amount	300,000	1,000,000	700,000
Federal STP (80%)	240,000	800,000	560,000
Local Share (20%)	60,000	200,000	140,000
Reduction to Advance	60,000	140,000	-
Local Share Due to State	-	60,000	140,000

13

14 Account	Sub-			
15 Number	Account	Account Name	Debit	Credit
17	<u>Pay MDOT Advance</u>			
18	125.XXX	Due from State of Michigan-		
19		Advance Construction	\$200,000	
20	001.XXX	Cash		\$200,000

21  
 22 (To record MDOT billing of Advance Construction.)  
 23

24 Estimate #1/Billing #1

25	459.XXX	XXXXXX	Applicable Expenditure	
26			Activity/Account	\$300,000
27	510.071	XXXXXX	STP-Primary	
28			Revenue Account	
29			(300,000 X 80%)	\$240,000
30	125.XXX	XXXXXX	Due from State of Michigan	
31			Advance Construction	\$ 60,000

32  
 33 (To record project expenditures on a primary road and Federal aid earned on project for Estimate  
 34 #1.)  
 35  
 36  
 37

## Uniform Accounting Procedures Manual for County Road Commissions

1	<u>Estimate #2</u>				
2	459.XXX	XXXXX	Applicable Expenditure		
3			Activity/Account	\$1,000,000	
4	510.071	XXXXX	STP-Primary		
5			Revenue Account		
6			(1,000,000 X 80%)		\$800,000
7	125.XXX		Due from State of Michigan		
8			Advance Construction		\$140,000
9					
10	<u>Account</u>	<u>Sub-</u>			
11	<u>Number</u>	<u>Account</u>	<u>Account Name</u>	<u>Debit</u>	<u>Credit</u>
12	228.XXX	XXXXX	Due to State of Michigan		
13			(1,000,000 X 20%-advance)		\$ 60,000
14					
15	(To record project expenditures on a primary road and Federal aid earned on project for Estimate				
16	#2.)				
17					
18	<u>MDOT Billing #2</u>				
19	228.XXX	XXXXX	Due to State of Michigan	\$ 60,000	
20	001.XXX		Cash		\$ 60,000
21					
22	(To record project payment for MDOT Billing #2.)				
23					
24	<u>Estimate #3</u>				
25	459.XXX	XXXXX	Applicable Expenditure		
26			Activity/Account	\$700,000	
27	510.071	XXXXX	STP-Primary		
28			Revenue Account		
29			(700,000 X 80%)		\$560,000
30					
31	228.XXX	XXXXX	Due to State of Michigan		
32			(1,000,000 X 20%)		\$140,000
33					
34	(To record project expenditures on a primary road and Federal aid earned on project for Estimate				
35	#3.)				
36					
37	<u>MDOT Billing #3</u>				
38	228.XXX	XXXXX	Due to State of Michigan	\$140,000	
39	001.XXX	XXXXX	Cash		\$140,000
40					
41	(To record project payment for MDOT Billing #3.)				
42					
43					
44					
45					
46					
47					
48					

## Uniform Accounting Procedures Manual for County Road Commissions

1 Sale of Federal/State Aid from Another Governmental Entity  
 2 Sample County Road Commission purchased \$1,300,000 of Federal and State Aid from Brown  
 3 County Road Commission for \$1,040,000. The accounting entries related to the sale are as follows:  
 4

5 In Brown County Road Commission's General Ledger

6 Recording Brown County Road Commission's sale of Federal and State Aid funds to Sample  
 7 County Road Commission.  
 8

- 9 1. Recording receivable and revenue for sale of Federal and State Aid.

<u>Description</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Due from Road Commissions	074	\$1,040,000	
Contributions from Local Units Revenue			
Sale of Federal Aid - Other Counties	583.07		\$656,000
Sale of State Aid - Other Counties	583.08		\$384,000

- 17 2. Recording payment received by Brown County Road Commission from Sample County Road  
 18 Commission.  
 19

<u>Description</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Cash	001	\$1,040,000	
Due from Road Commissions	074		\$1,040,000

24 In Sample County Road Commission's General Ledger

25 Recording Sample County Road Commission purchase of Federal and State Aid from Brown  
 26 County Road Commission.  
 27

- 28 1. Recording payable for payment due to Brown County Road Commission.  
 29

<u>Description</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Due to Road Commissions	224		\$1,040,000
Non-roads Project Expense			
Purchase of Federal and State Aid			
From other Counties	Activity 519	\$1,040,000	

- 36 2. Recording payments made by Sample County Road Commission to Brown County Road  
 37 Commission.  
 38

<u>Description</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Due to Road Commissions	224	\$1,040,000	
Cash	001		\$1,040,000

- 43 3. Recording State receivable and deferred revenue.  
 44

<u>Description</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
Due from State	078.04	\$1,300,000	
Deferred Revenue	339		\$1,300,000

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 4. Recording progress billing expenditures and revenues earned, and reverse entry #3 by the  
 2 amount of revenue earned.  
 3

<u>Description</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
4 Project Expense	459	\$1,300,000	
5 Federal Revenue (STP)	511.071		\$ 500,000
6 Federal Revenue (TEDF-D)	511.091		\$ 320,000
7 State Revenue (TEDF-D) 551			\$ 480,000
8			
9			
10 Deferred Revenue	339	\$1,300,000	
11 Due from State	078.04		\$1,300,000
12			
13			

## Uniform Accounting Procedures Manual for County Road Commissions

### State Trunkline Maintenance Contract

A State trunkline maintenance contract with the Michigan Department of Transportation is a detailed and complex contract which should be read carefully and understood thoroughly. The expenditures charged are audited annually by MDOT and the Road Commission will be billed or reimbursed for any amounts incurred by the Road Commission that are different from actual costs. Equipment rental and fringe benefit rates routinely have an impact on audit adjustments. Costs may be disallowed if not expressly approved by the contract, or if prescribed bidding procedures are not followed. If questions arise, members of the CRA Negotiating Committee or another agency with a State trunkline maintenance contract are good source of information. The MDOT website contains a link to maintenance forms and instructions at [https://www.michigan.gov/mdot/0,4616,7-151-9625\\_23109---,00.html](https://www.michigan.gov/mdot/0,4616,7-151-9625_23109---,00.html)

Because this is a contract between the individual Road Commissions and MDOT, whenever questions arise regarding administration of the Trunkline Contract, the contract language should be used, not the language contained within the Accounting Manual.

### Current Year Contract

When an expense is incurred for salaries and wages, supplies, materials, equipment rental and other expenses directly related to the maintenance of a State trunkline, the expenses are to be charged to Activity 517 - State Trunkline Maintenance. MDOT's Function codes (with a brief description) are to be used for each highway maintained under a trunkline maintenance contract.

MDOT shall be billed, at least monthly, for the total charged to Activity 517. A journal entry should be made debiting Account 078.01 - Due from State - State Trunkline Maintenance, and crediting Account 627 - State Trunkline Maintenance Revenue for the amount billed. When payment is received from MDOT, Account 078.01 is credited.

Transportation Work Authorizations (TWA's) may be issued by the Region Engineer for special maintenance work (work not covered by the Field Activity Budget) and non-maintenance work. This work may be performed by the Board or a subcontractor, as set forth in the contract. Expenses for TWA's are to be charged to Activity 518 – State Trunkline Non-Maintenance.

MDOT shall be billed, at least monthly, for the total charged to Activity 518. A journal entry should be made debiting Account 078.02 - Due from State - State Trunkline Non-Maintenance, and crediting Account 627 - State Trunkline Maintenance Revenue for the amount billed. When payment is received from MDOT, Account 078.02 is credited.

### Prior Year State Maintenance Contract Adjustments

Results of prior years' audit adjustments should be recorded in Account 627 - State Trunkline Maintenance Revenue. If an amount is due the county, Account 627 is credited. If an amount is due MDOT, Account 627 is debited. Account 078.01 is the offset account.

## Uniform Accounting Procedures Manual for County Road Commissions

### Determination of Equipment Rental Rates

In order to bill MDOT for equipment used on State trunklines, an hourly equipment rental rate must be determined by each county after evaluating the various options provided for in the contract. Annually, MDOT calculates a State-wide average "[Schedule C](#)" equipment rental rate which may be used for billing MDOT. Each contract county is required to submit a complete equipment profit and loss statement to the Department no later than six months following the Road Commission's fiscal year end. The equipment expense data is to be submitted to the region engineer on the Equipment Questionnaire ([Form 461](#)) or an approved alternate format. Each county will have different costs and may modify the rates charged subject to the approval of MDOT.

### Fringe Benefit Rates

Each county calculates its own fringe benefit rate for the next year, prior to beginning the new year and subject to approval by MDOT. Only expenses applicable to fringe benefits should be charged to Activity 513. All fringe benefit costs properly charged to Activity 513 should be included on [Form 455C, Report of Employee Benefit Cost](#).

### Determination of Fringe Benefit Costs for Trunkline Maintenance Contract

When calculating fringe benefit rates for State trunkline use on [Form 455C](#), compute the total payroll first. Line A--total payroll should represent the applicable year's cash payroll less the prior year accrual and including the current year accrual. Adjustments to the total payroll expenditure for any non-leave labor costs, that are also included in the eligible benefit costs, are to be included on Lines A-1 and A-2.

Line A-1--Insurance opt-out payments made to employees included in total payroll on Line A, and in the eligible benefit costs.

Line A-2--Other non-leave labor costs in total payroll on Line A that are also included in the eligible benefit costs but are not included in the leave and longevity on Line C (for example, labor applicable to retro pay, jury duty or on-the-job injury).

Line B--Administrative payroll costs should represent the gross payroll for the commissioners, manager, clerk, engineer, office staff, and part-time office help as charged to the administrative accounts. These gross payroll amounts should include leave (all paid time off, e.g., vacation, sick leave, holiday, personal, birthday) and longevity for each administrative employee.

Line C--Leave and Longevity for Non-Administrative Personnel - The total amount of leave (all paid time off, e.g., vacation, sick leave, holiday, personal, birthday) and longevity recorded for each non-administrative employee.

Line D--Leave and Longevity for Administrative Personnel - Total amount of leave (all paid time off, e.g., vacation, sick leave, holiday, personal, birthday) and longevity for the administrative personnel that is included in the Administrative Payroll on Line B.

Total costs for vacation, sick leave, holiday, and longevity (on the bottom half of the form) should be the same amount shown on Line C above, less any nonwage payments to employees (e.g., hospitalization opt-out payments).

## Uniform Accounting Procedures Manual for County Road Commissions

1 Total costs for all other fringe benefit accounts should be listed on the remaining lines on the  
2 bottom half of the page (these should represent the total expense less any receipts for refunds or  
3 reimbursements). Any nonwage payments to employees should be included with the costs for the  
4 applicable fringe benefit account.

5  
6 Use the formula listed on [Form 455C](#), column 3, on the bottom half of the form to calculate the  
7 percentages to be used in column 4.

8  
9 Code 187--Total leave and benefit rates represent the total of column 4 and can be used as the  
10 fringe benefit rate for trunkline maintenance billings for the next fiscal year.

### 11 Non-Labor Distributive Costs

12 Generally speaking, nonlabor distributive costs recorded in Activity 514 - Distributive Expense -  
13 Other, are not fringe benefits and, therefore, should not be in the fringe benefit rate.

### 14 Supervision

15  
16 Foremen, superintendents, engineers and any other supervisory employees, other than those  
17 included in administrative overhead, should fill out daily time cards charging State trunklines for  
18 all actual time worked for the benefit of MDOT.

### 19 Materials Acquired and Specifications

20  
21 Whenever materials or services are acquired for a State trunkline in excess of \$10,000,  
22 advertisement and bidding procedures must be followed. All material bids must meet minimum  
23 MDOT standards. Failure to follow and retain documentation of proper bid procedures may result  
24 in costs questioned by MDOT and possible denial of reimbursement.

### 25 Firm Unit Prices

26  
27 Material supplied by the Road Commission, including aggregates and bituminous materials, may  
28 be furnished at a "firm unit price" which is not subject to audit by MDOT. The firm unit price is  
29 subject to approval by MDOT.

30  
31 As a general rule, costs of processing materials plus a "pit charge," consisting of costs not  
32 specifically identifiable, should be included. The pit charge would include the cost to replace the  
33 current pit, liability associated with owning the pit, costs of maintenance of the pit, etc.  
34 Comparison of pit charges with private vendors may give an indication of a reasonable fee.

35  
36 The firm unit price(s) included in the contract should be billed to MDOT. If your accounting  
37 system or software package does not accommodate this, then monthly or year-end transfer  
38 vouchers could be made to ascertain that the firm unit price(s) and total costs are being recorded  
39 into Activity 517 and billed to MDOT.

### 40 Sub-Contracts

41  
42 All subcontracts, in excess of \$20,000, must have the approval of the State Administrative Board  
43 and shall be advertised and awarded by competitive bid. All subcontracted work, regardless of the  
44 cost, will require the submission of a Quotation Request for Services or Equipment (Form 426).



## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Handling Charges

2 The direct expenses of handling, unloading, processing, stockpiling, heating, loading of materials  
3 such as aggregates, bituminous materials and chemicals may be charged to MDOT. In addition, a  
4 flat percentage charge (currently 5%) for handling and storage may be added to the purchase of all  
5 materials other than those previously listed, provided they require inside storage, heated storage,  
6 security, or other special care.

### 7 8 Winter Maintenance Patrol

9 The charges for winter maintenance patrol will be laid out in a letter of understanding prior to the  
10 beginning of each winter.

11  
12 A detailed patrol log should be maintained and saved for audit purposes. Any extension of night  
13 patrol activities should be authorized in writing.

### 14 15 Overhead

16 Administrative overhead costs can be charged at a percentage (currently 8.5%) of expenditures or  
17 the audit to cost formula contained in the State maintenance contract may be followed. If audit to  
18 cost is followed, each county is again subject to possible payback to MDOT.

### 19 20 Budget Guarantee and Contingency Fund

21 MDOT will establish a summer and winter maintenance budget and will guarantee that, once  
22 established, the budgets for trunkline maintenance will not be reduced except as identified in the  
23 contract. A contingency fund is established by MDOT for the winter maintenance budget which  
24 can only be used with authorization from MDOT. MDOT will also meet with the Road  
25 Commission between March 1 and May 15 of each budget year to discuss a supplemental summer  
26 program allowing time to plan and execute the work needed.

### 27 28 Partial Payment for Routine Maintenance

29 MDOT will pay the Road Commission a percentage of the annual budget for the fiscal year  
30 (adjusted each year) for maintenance to be performed. This is an advance and should be recorded  
31 as a liability in Account 328.02. This payment represents the cost associated with mobilizing or  
32 preparing for maintenance on State trunklines and should be accepted by each Road Commission  
33 with a State maintenance contract.

### 34 35 Capital Equipment Advance

36 Each Road Commission may elect to receive a Capital Equipment Advance. This is an advance  
37 and should be recorded as a liability in Account #328.01. This payment represents the cost  
38 associated with additional purchases of equipment to significantly increase the productivity and  
39 efficiency of the agency and should be accepted by each Road Commission with a State  
40 maintenance contract.

### 41 42 State Stores

43 State materials may be acquired through Department of Management and Budget's State stores  
44 program. State stores are materials purchased and owned by MDOT that may be utilized by the  
45 Road Commission with the Road Commission charging overhead.

46  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Unemployment Insurance

2 A Road Commission needing to hire additional seasonal help to maintain State trunklines may be  
3 reimbursed for actual unemployment claim payments. Unemployment reimbursement for seasonal  
4 employees is paid on the ratio of that employee's work time on the trunkline to his/her total wages  
5 during the employee's most recent employment period. A Road Commission that pays  
6 unemployment on a premium basis will not be reimbursed based upon the above.

7

### 8 Chemical Storage Facility Operating and Maintenance Costs

9 Chemical Storage Facility contracts include a section whereby MDOT can be billed under the  
10 current maintenance contract for a pro rata share of operating and maintenance costs of such  
11 storage facility based on chemical usage. The maintenance contract also includes language which  
12 allows for reimbursement of these costs. Therefore, any such costs (typically insurance, building  
13 repairs, etc.) should be recorded to Activity 517 and billed to MDOT.

14

### 15 Miscellaneous

16 From time to time, conduct a review with your employees to ensure that all hours are being  
17 properly charged to MDOT. When employees change positions within the organization, they do  
18 not necessarily realize the ramifications of why they report hours the way they do. Also, review  
19 how down time is being measured and accounted for. A consistent method must be followed.

20

21 Read the contract and understand how the Road Commission will be affected. Utilize firm unit  
22 prices for materials made from county owned gravel pits. Ensure that you are receiving the State  
23 Equipment Advance and the State Maintenance Contract Advance. Utilize State stores for big  
24 ticket items such as salt. Review the overhead audit to cost formula to determine if the contract  
25 percentage is satisfactory. Don't guess when applying the provisions of the State maintenance  
26 contract. If questions, seek assistance from CRA Negotiating Committee or other contract  
27 counties.

28

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Refunding Bonds

2  
3 Per GASB Codification, Section D20.102: Refunding involves the issuance of new debt to repay  
4 previously issued (“old”) debt. The new debt proceeds may be used to repay the old debt  
5 immediately (a current refunding); or the new debt proceeds may be placed with an escrow agent  
6 and invested until they are used to pay principal and interest on the old debt at a future time (an  
7 advance refunding). When debt is defeased, it is no longer reported as a liability on the face of the  
8 balance sheet.

9  
10 GASB Codification Section D20.103 states, in part, that debt is considered defeased in substance  
11 for accounting and financial reporting purposes if the debtor irrevocably places cash or other  
12 monetary assets with an escrow agent in a trust to be used solely for satisfying scheduled payments  
13 of both interest and principal of the defeased debt and the possibility that the debtor will be required  
14 to make future payments on that debt is remote.

### 15 16 Reasons for Refunds

17 GASB Codification Section D20.104 gives a variety of reasons for refunding debt as follows: to  
18 take advantage of lower interest rates, to extend maturity dates, revise payment schedules or  
19 remove or modify restrictions contained in the old debt agreements.

20  
21 When considering refunding debt, the difference in total cash flows between the old and new debt  
22 service payments should be examined from a time value of money perspective. The economic gain  
23 or loss resulting from a refunding transaction compares the present value of the new debt service  
24 requirements with that of the old. Present value is the worth today of a future payment or services  
25 of payment discounted at a specified interest rate. (Section D20.105).

### 26 27 Accounting and Reporting for Debt Refunding

28 GASB Codification Section D20.106: For an advance refunding resulting in defeasance of debt  
29 reported in the LTDC, the proceeds of the new debt should be reported as an “Other Financing  
30 Sources - Proceeds of Refunding Bonds” in the fund receiving the proceeds. Payments to the  
31 escrow agent from resources provided by the new debt should be reported as an “Other Financing  
32 Use - Payment to Refunded Bond Escrow Agent.” Payments to the escrow agent made from other  
33 resources of the entity should be reported as debt service expenditures. The LTDC should be  
34 adjusted for the increase or decrease in the amount of long-term debt.

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## Uniform Accounting Procedures Manual for County Road Commissions

1 Example:

2 There is a balance of \$3,360,000 remaining from the original bond issuance (after the current  
3 year's principal payment of \$300,000 is made).

4  
5 The Net Sources and Uses relating to the Refunding Bonds:

6 Sources

7 Bond Proceeds \$3,575,000

8  
9 Total Sources \$3,575,000

10  
11 Uses

12 Escrow Fund \$3,484,499

13 Costs of Issuance 50,000

14 Underwriters Discount (1.0%) 35,750

15 Available Amount 4,751

16  
17 Total Uses \$3,575,000

18  
19 Net Savings \$ 265,695

20 Present Value Savings \$ 235,726

21 Percent of Refunded Par 7.01%

22  
23 The accounting entry should be:

<u>Account</u>	<u>Account Name/Explanation</u>	<u>Debit</u>	<u>Credit</u>
26 995.1	Other Financing Uses - Payment to Refunding Bond Escrow Agent	\$3,484,499	
28 993	Debt Service - Expenditures (You can provide more detail if desired)	\$ 90,501	
30 696.1	Other Financial Sources - Proceeds of Refunding Bonds		\$3,575,000

32  
33 Disclosures About Advance Refunding

34 GASB Section D20.111 requires all debt defeasance through an advance refunding to include a  
35 general description of the transactions in the notes to the financial statements in the year of the  
36 refunding. At a minimum, the disclosures should include:

- 37
- 38 a. The difference between the cash flows required to service the old debt and the cash flows  
39 required to service the new debt and complete the refunding. (When measuring the  
40 difference between the two cash flows, additional cash used to complete the refunding paid  
41 from resources other than proceeds of the new debt should be added to the new debt cash  
42 flows. Accrued interest received at the bond issuance date should be excluded from the  
43 new debt cash flows.)
  - 44 b. The economic gain or loss resulting from the transaction. (Economic gain or loss is the  
45 difference between the present value of the old debt service requirements and the present  
46 value of the new debt service requirements discounted at the effective interest rate and  
47 adjusted for additional cash paid.)

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Wetland Mitigation Banking Fund Program

2  
3 The Michigan Wetland Board (MiWB) was created to assist Act 51 Local Transportation Agencies  
4 (LTA) to find and develop wetland mitigation sites. The primary purpose of the program is to  
5 promote the development of bank sites in areas that do not currently have existing markets and  
6 available credits. Grant and Loan applications under the WMBF Program began in 2014.

7 Mitigation is creating or protecting wetlands to offset impacts (usually wetland fill) from road  
8 projects. All mitigation sites must be approved by the MDEQ before an LTA can begin to use them  
9 for mitigation credits. The MDEQ requires annual monitoring and maintenance of the sites.

10 The MiWB is currently funded at \$2M annually from the Michigan Transportation Fund. These  
11 funds can be used to reimburse LTA for costs associated with creating mitigation sites for future  
12 wetland impacts. Funds can be used for: design; land acquisition; construction; monitoring;  
13 conservation easements; endowments; and purchasing credits from other mitigation sites. The  
14 MDEQ requires endowments for most sites to insure there is long term funding to manage the  
15 sites. The endowment is non-wasting and must be held by a third party. While an LTA can be the  
16 long-term owner of the site, a land conservancy or similar organization is often more qualified,  
17 and so is the preferred option.

18 After approval by the MiWB or Manager, costs are reimbursed through the State of Michigan  
19 (SIGMA).

20 Because not all mitigation sites are the same, the specifics of each project will determine the  
21 specific accounting needed. All LTA must follow their normal accounting procedures when  
22 spending, tracking, and requesting reimbursements. These transactions range vastly, and some  
23 examples include, but are not limited to, expenses associated with a property search for land to be  
24 purchased and utilized for wetland banking, the purchasing land specifically for this purpose,  
25 purchasing sites from other agencies for project mitigation requirements, selling sites to other  
26 agencies for project mitigation requirements, etc. The key factor in determining the accounting  
27 requirements will be ownership of the land involved in the mitigation site. Should state grant funds  
28 be obtained, recognition of these funds will be needed. Because this is a relatively new program,  
29 additional accounting instructions will be developed in future versions of the accounting manual.

30 Additional information on wetland banking can be found at the [DEQ Wetland Mitigation Banking](#)  
31 [Website](#).

32

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## Uniform Accounting Procedures Manual for County Road Commissions

### YEAR END

#### Year End Closing

The closing procedures of each Road Commission may vary depending upon the processes of the financial software used. Situations unique to Road Commissions may create the need for additional accounting entries, however those closing entries discussed later in the section will be necessary to properly close the year.

Differences may also be noted between Road Commissions based upon whether or not items are recorded on a monthly or yearly basis such as Federal and State aid accounting, depreciation of equipment, prorating of utility expenses for garage and administrative use, etc. It is suggested that recording of these items on a monthly basis will more accurately reflect the financial status of the Road Commission throughout the year.

Establishing a routine for month end checks and balances that pattern the closing at year-end will aid in spotting errors. Preparing a check list for the month-end and year-end will assist in an efficient and effective method for accomplishing the task of closing. Sample checklists are attached.

#### Beginning of New Fiscal Year

- Reverse necessary year end entries.
- Make sure that all outstanding Accounts Payable and Accounts Receivable from the prior year are resolved

#### Monthly

- Make a list of items that will need to be accrued at year-end and review it each month. These entries can be made monthly or at year-end and include pre-paid expenses and insurance. Following are items to consider but are not limited to just these:
  - Property and Liability Insurance (MCRCSIP, others)
  - Pension Payments (MERS, Mass Mutual, others) these, if paid before year-end can be spread.
  - Health Insurance Payments, including retiree payments
  - Workman's Compensation (CRASIF, others)
  - Dues and subscriptions (CRA, others)
  - Interest
  - Unemployment expenses
  - Paid Time Off (Vacation, Sick, Personal time)
  - Any other standard or reoccurring journal entries. Review expenditure accounts
  - Take time to review entries in 510 - 515
  - Prorated Utilities -- To record credit to Activity 511 - Equipment Expense - Indirect with a predetermined percentage of the balances in Account 921 - Electricity, Account 922 - Heat, and Account 923 - Water and Sewage (or any other such utility) where applicable when Road Commission offices reside within the same structure as the garage, with a debit to Activity 515 - Administrative Expense, assuming those expenses have not been prorated to the administrative expense at the time the utility invoices were paid.

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 • Reconcile bank statements for all bank accounts.
  - 2 ○ Make sure all deposits are made and receipts posted for the month.
  - 3 ○ Each month review outstanding checks and if over 30 days consider re-issuing
  - 4 ○ Reconcile Petty Cash
  - 5 ○ Reconcile Investments
- 6 • Bill all outstanding amounts due to the Road Commission including Trunkline. Review  
7 outstanding receivables for any potential adjustments or collections and ensure it balances to  
8 Accounts Receivable aging reports.
- 9 • Balance inventory accounts.
  - 10 ○ Inventory Adjustments -- Adjustments to Activity 514 - Distributive Expense - Other and  
11 Account 791 - Inventory Adjustments must be made to balance general ledger Account  
12 109 - Road Materials and to reflect the year-end physical inventory of road materials.  
13 Adjustments to Activity 511 - Equipment Expense - Indirect and Account 110 - Equipment  
14 Materials and Parts must be made to balance general ledger Account 110 - Equipment  
15 Materials and Parts and to reflect the year-end physical inventory of parts. If cycle  
16 inventories are being performed on a monthly basis, the same adjustments would be  
17 applicable at the end of each month.
- 18 • Review Prepaid Expenditures
- 19 • Review Accounts Payable to ensure it balances to open invoice reports.
  - 20 ○ Ensure monthly benefit payments are made (i.e., taxes, retirement, etc.)
- 21 • Review Accrued Expenditures
- 22 • Review Accrued Payroll
- 23 • Review leases and bonds
- 24 • Review Revenue Accounts and that all entries are in the correct account
- 25 • Review expenditure accounts
  - 26 ○ Review entries in activities 510 – 515
  - 27 ○ Review expenditures by activity and account number to look for any incorrect entries.
    - 28 ■ Account numbers of 700.000 or higher must have activity attached to the account  
29 numbers.
    - 30 ■ Account numbers of 699.999 or lower must not have activity attached to the account  
31 numbers.
- 32 • Make sure that all capital assets are recorded and up to date with disposal records and  
33 depreciation run.
  - 34 ○ Keeping copies of all new capital outlay purchases is helpful for year-end.
- 35 • Review all road projects so that you have all necessary information such as length of the  
36 project, what work was being done, and all applicable project numbers and contracts.
- 37 • Prepare a spreadsheet for all Federal/State aid projects for the year tied to the General Ledger  
38 account totals.
  - 39 ○ This includes Account 228.XXX Due to State liability.
- 40 • Run month end reports and balance.
- 41 • Compare revenues/expenditures to budget. Consider if budget adjustments need to be made  
42 (Board approval needed).

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# Uniform Accounting Procedures Manual for County Road Commissions

## 1 MONTHLY CHECKLIST

	<u>By</u>	<u>Date</u>	
<b>MONTHLY</b>			
Monthly journal entries	_____	_____	Post standard and/or recurring journal entries
Cash accounts			Reconcile balances to bank statements Record earnings and fees
Checking	_____	_____	
Savings	_____	_____	
Certificates of deposit	_____	_____	
Investments	_____	_____	Reconcile balances to bank or broker statements
Accounts receivable			Reconcile balances to subsidiary reports or other supporting documents
State MTF	_____	_____	Reconcile receivable and revenue to State reports
Federal & State grants	_____	_____	Reconcile with road project costs and agreements
Permits	_____	_____	Reconcile to aging
Townships	_____	_____	Reconcile to aging or prepare schedule of amounts due
Contributions	_____	_____	Prepare or update schedules of other contributions
Property taxes	_____	_____	Reconcile receivable and revenue to tax levy records
Other	_____	_____	Prepare or update schedules of other receivables
Inventory			Reconcile balances to subsidiary reports
Equipment parts	_____	_____	Periodic - adjust to physical counts, consider valuation
Materials	_____	_____	Periodic - adjust to physical counts, review costing\valuation
Prepaid expense			Review policies and compare to premium invoices, consider refunds
Property & liability insurance	_____	_____	Prepare/update schedule of prepaid amounts and related expense
Health insurance	_____	_____	Review invoice dates for prepaid amounts
Workers comp insurance	_____	_____	Prepare/update schedule of prepaid amounts and related expense
Other	_____	_____	Prepare/update schedule of prepaid amounts and related expense
Accounts payable			Reconcile balances to subsidiary reports or other supporting documents
Trade	_____	_____	Reconcile open invoice report to vendor invoices or statements
Federal & State grants	_____	_____	Reconcile to road project costs incurred and contract terms
Townships	_____	_____	Prepare or update schedule of amounts due to Townships
Other	_____	_____	Prepare or update schedules of other payables
Sales tax reporting	_____	_____	File sales/use tax report, if necessary
Accrued expenses			Prepare schedules and reconcile to supporting documents
Payroll	_____	_____	Review for complete and reasonable amounts



## Uniform Accounting Procedures Manual for County Road Commissions

Unemployment	_____	_____	Review for reasonable amounts
Interest	_____	_____	Prepare or update schedule, reconcile to loan documents
Paid time off	_____	_____	Prepare or update schedule, review PTO policies
 Long-term obligations			 Review agreements Review proceeds, principal and interest payments for proper classification
 Leases	 _____	 _____	 Review accounting standards for proper classification
Bonds	_____	_____	Reconcile to amortization schedules
 Revenue accounts			 Review account balances for reasonableness
Property tax	_____	_____	See accounts receivable
Permits	_____	_____	See accounts receivable
MTF	_____	_____	See accounts receivable
Federal & State grants	_____	_____	See accounts receivable
Contributions - Townships	_____	_____	See accounts receivable
Contributions - other	_____	_____	See accounts receivable
Other revenue	_____	_____	See accounts receivable
Insurance refunds	_____	_____	See prepaid expense
 Disposal of assets	 _____	 _____	 See capital outlay
Debt proceeds	_____	_____	See long-term obligations
Equipment rental	_____	_____	Reconcile to associated expense accounts
 Expenditure accounts			 Review account balances for reasonableness, analyze as necessary
Heavy maintenance	_____	_____	See road project procedures
Routine maintenance	_____	_____	
Equipment expense	_____	_____	
Shop expense	_____	_____	
Fuel expense	_____	_____	
Benefits	_____	_____	Review/record allocations
Operations overhead	_____	_____	Review/record allocations
Administrative expense	_____	_____	
 Capital outlay	 _____	 _____	 Compare amounts to capital outlay policy Copy invoices for fixed asset file Update depreciation program Adjust for disposal of assets
 Debt service	 _____	 _____	 See long-term obligations
 Road projects (job cost)	 _____	 _____	 Review or update project documents (contracts, estimates, bids) Review and analyze project costs Record Federal/State contract costs, revenue Record other project costs, revenue Reconcile related receivables or payables

## Uniform Accounting Procedures Manual for County Road Commissions

Internal reporting \_\_\_\_\_ *List specific requirements*

External reporting \_\_\_\_\_ *List specific requirements*

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### Quarterly Reporting

File Quarterly 941

File Quarterly Unemployment reports

State Contract counties only - review Equipment Questionnaire actual costs vs. Schedule C costs

### Calendar Year End Reporting

- Balance and file quarterly and year-end reports for payroll.
- Prepare and file W-2's & W-3.
- Prepare and file 1099's & 1096.
  - Review vendor listing for 1099 qualification
- Prepare and file 1094/1095
- Update Schedule C rates before processing the first payroll in January.
- Actuarial reporting
  - Obtain annual required contribution (ADC) from OPEB and pension actuarial.

### Fiscal Year End

The following should be completed in addition to the month end list above:

- Make sure that the cash and investment accounts reconcile with the county treasurer's office (if applicable).
  - Make sure interest for the year is accrued.
- Reconcile inventory accounts between inventory and General Ledger as of the last day of the year.
  - Make sure that all inventory adjustments have been completed for the year, including physical count inventory adjustments.
- Accrue MTF payments received in the first two months of the new year.
  - Michigan Transportation Fund Receivable -- For fiscal years ending on December 31, a receivable should be recorded for the MTF check received the following January and February representing the November and December collections. For fiscal years ending on September 30, a receivable should be recorded for the MTF check received the following October and November representing the August and September collections. The total revenue recorded for MTF for the year should reflect twelve months including the receivable.
- Make a list of all known payables that will need to be accrued.
- Review open purchase orders.
- Make sure that any needed closings are done such as payroll accruals.
- Balance all employee fringe benefit accounts (i.e., vacation, sick leave, longevity).
  - Complete compensated absences spreadsheet in Excel that shows beginning balances, earned, used and ending balances.

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 • Prepare and update schedules of outstanding debts
- 2 ○ Debt Service to Long-Term Debt Control -- To record debt service payments for the fiscal
- 3 year to Control 950 - Long-Term Debt Control, debit Account 300 - Bonds Payable or
- 4 Account 304 - Notes Payable and credit Account 186 - Amount to be Provided for Payment
- 5 of Debt Principal. Be sure to transfer only principal amounts to the Long-Term Debt
- 6 Control. Interest will need to be accounted for separately in the Road Fund Debt Service
- 7 Accounts to simplify recording of the principal in these accounts at year-end.
- 8
- 9 • Identify amounts to be reported as deferred inflows and outflows
- 10 ○ Modified accrual revenue
- 11 ○ Property Taxes
- 12 ○ Sale of future federal aid
- 13 ○ Pensions & OPEB
- 14 • Review vendor listing, general ledger accounts, etc., for any items that need to be deleted.
- 15 • Review revenues for any that should be booked as unearned/unavailable or removed from
- 16 unearned/unavailable.
- 17 • If depreciation is not recorded monthly it must be recorded at year end.
- 18 ○ Depreciation -- To record yearly depreciation amounts, debit Account 968.01 -
- 19 Depreciation - Land Improvements, Account 968.02 - Depreciation - Buildings, Account
- 20 968.03 - Depreciation - Road Equipment, Account 968.04 - Depreciation - Shop
- 21 Equipment, Account 968.05 - Depreciation - Engineering Equipment, Account 968.06 -
- 22 Depreciation - Yard and Storage, Account 968.07 - Depreciation - Office Equipment and
- 23 Furniture, or Account 968.08 - Depreciation - Vehicles, and credit Account 690 -
- 24 Depreciation and Depletion Credits with the total, assuming monthly transfers have not
- 25 been recorded for the various depreciation amounts.
- 26 • Reconcile Capital Assets
- 27 ○ Periodic physical inventory of capital assets and reconciliation to capital asset records.
- 28 ○ Disposal of Assets to Capital Assets Control -- To record changes in Control 900 - Capital
- 29 Asset Control for asset disposal, debit Accounts 137, 139, 141, 143, 145, 147, or 149 -
- 30 Accumulated Depreciation as needed for removal of the depreciation accumulated to date.
- 31 Credit Accounts 136 - Buildings and Improvements, 138 - Equipment Road, 140 -
- 32 Equipment Shop, 142 - Equipment Engineering, 144 - Equipment Yard and Storage, 146 -
- 33 Office Equipment and Furniture, or 148 - Vehicles, as needed to remove the purchase price.
- 34 Debit Account 398 - Investment in Capital Assets to offset the difference between
- 35 accumulated depreciation and the purchase price recorded in the Capital Assets Control.
- 36 ○ Depreciation to Capital Assets Control -- To record changes in Control 900 - Capital Asset
- 37 Control for the current year's depreciation, debit Account 398 - Investment in Capital
- 38 Assets and Credit Accounts 137, 139, 141, 143, 145, 147, and 149 - Accumulated
- 39 Depreciation, as needed.
- 40 ○ Capital Outlay to Capital Asset Control -- To record capital outlay expenditures for the
- 41 fiscal year to Control 900 - Capital Assets Control, debit Accounts 136 - Buildings and
- 42 Improvements, 138 - Equipment Road, 140 - Equipment Shop, 142 - Equipment
- 43 Engineering, 144 - Equipment Yard and Storage, 146 - Office Equipment and Furniture, or
- 44 148 - Vehicles, as needed, and credit Account 398 - Investment in Capital Assets.
- 45 • Prepare summary of proceeds, principal and interest payments for leases and long-term debt.
- 46

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 • Close Trade-In Allowances -- To close Account 688 - Trade-In Allowance, debit the balance  
2 of that account and credit Account 693.01 - Gain or Loss on Disposal of Equipment. If,  
3 however, the equipment which was disposed of was not fully depreciated, that portion of the  
4 trade-in must be credited to Account 689 - Capital Asset Retirements.
- 5 • After all closing entries are made, fringe and overhead must be spread. This adjustment will  
6 distribute the 513 fringe and 514 distributive overhead to all applicable activities.
  - 7 ○ Spread Fringe Benefits -- To close out or credit Activity 513 - Distributive Expense - Fringe  
8 Benefits, Account 724 - Fringe Benefits and distribute charges back to various activity  
9 centers where labor occurred. The computer software may spread the amounts  
10 automatically by the month based on an estimated fringe benefit rate or prior year's rate  
11 and only an automatic respread to adjust for the actual current year's rate will be necessary  
12 at year-end.
  - 13 ○ Spread Overhead -- To close out Activity 514 - Distributive Expense - Other and distribute  
14 back to various maintenance activity centers. It is recommended that overhead (cost of  
15 roads) be distributed to all maintenance and construction projects. Use the Act 51 Annual  
16 Financial Report "Distributive Expense - Overhead" schedule to arrive at a percentage  
17 based upon cost of operations. This percentage should be used in your computer software  
18 spread program at year-end which will automatically spread overhead to all maintenance  
19 and construction projects. It is recommended that all State and Federal aid projects also  
20 share in this cost. The computer software may spread these amounts automatically by the  
21 month based on an estimated distributive overhead rate or prior year's rate and only an  
22 automatic respread to adjust for the actual current year's rate will be necessary at year-end.
- 23 • Contractual counties only – prepare and file [Form 455c](#).
- 24 • Update information for [GASB No. 34](#) infrastructure requirements:
  - 25 ○ Separate out non-depreciable infrastructure costs.
    - 26 ■ Record infrastructure assets into capital asset accounts making sure that they equal the  
27 Construction/Capacity Improvement and Preservation/Structural Improvement totals  
28 on the Act 51 expenditure page.
- 29 • Prepare and balance Act 51 note: Do not submit until after audit in case there are audit  
30 adjustments.
- 31 • Prepare the Municipal Finance Qualifying Statement according to [Form 5047](#) (cannot be  
32 completed until your auditors have forwarded your audit results to the Michigan Department  
33 of Treasury).
- 34 • Update [MiRAD](#) information.

### Preparing for the Audit

37 Your auditor may provide a checklist for audit. Following are some of the items that may appear:  
38

- 39 • Review records for all balance sheet accounts and have backup documentation for the auditors.
- 40 • Review accounts which will have [GASB No. 34](#) data for accuracy.
- 41 • Prepare Investment schedule.
- 42 • Prepare audit letters for banks, townships and attorneys to verify account balances.
- 43 • Reconcile [MTF receipts with MDOT website](#).
- 44 • Make copies of accruals for Accounts Payable and Payroll for the auditors.
- 45 • Provide a spreadsheet for all Federal/State aid projects for the year and may be required to  
46 provide copies or files for the auditor.

### Uniform Accounting Procedures Manual for County Road Commissions

- 1 • Make a copy of the original budget, budget changes and final budget for the year for the
- 2 auditor.
- 3 • Compare expenditures and revenues for major changes from the preceding year to explain to
- 4 the auditor.
- 5 • Make copies of all bank statements.
- 6 • Copy of the finalized trial balance as of the last day of your fiscal year. (September 30 or
- 7 December 31)
- 8 • Commission minutes
- 9 • Financial policies and procedures in place.
- 10 • Copies of Insurance Policies
- 11 • Schedule of accounts receivable (all receipts received after year-end)
- 12 • Schedule of account payable (all invoices paid after year-end)
- 13 • Schedule of accrued wages.
- 14 • Schedules to support all significant accrued liabilities.
- 15 • Schedule of inventory on hand.
- 16 • Schedule of Capital Assets.
- 17 • Schedule of debts/loan payable at year-end.
- 18 • Schedule of compensated absences.
- 19 • Retirement System actuarial reports.
- 20 • Statement of Fiduciary Net Position.
- 21 • OPEB actuarial report or total OPEB liability projected forward to the measurement date using
- 22 standard actuarial roll-forward techniques.
- 23 • Schedule of all retiree premiums paid and any contributions.
- 24 • Copies of state-aid check stubs

25  
 26 In the final calculation of year-end balances, the sum of assets less liabilities must equal the sum  
 27 of beginning of year fund balance plus revenues less expenditures, and that amount represents the  
 28 total end of year Account 390 - Fund Balance. The 201 Fund Balance will be allocated to  
 29 subsidiary fund balance Accounts 390.01 - Primary Road Funds, 390.02 - Local Road Funds, or  
 30 390.03 - County Road Funds through processes as designated in the instructions for Act 51  
 31 reporting.

**ANNUAL**

	<u>By</u>	<u>Date</u>	
W-2s	_____	_____	
Forms 1099/1096	_____	_____	
Forms 1094/1095	_____	_____	
Actuarial reports			Have completed if necessary
Pension	_____	_____	
OPEB	_____	_____	
Copy/scan documents	_____	_____	Invoices or supporting documents for all significant balance sheet amounts
	_____	_____	New contracts, leases, professional service agreements
	_____	_____	New employee benefit, retirement plan documents
	_____	_____	Actuarial reports

## Uniform Accounting Procedures Manual for County Road Commissions

Cash and investment accounts Accounts receivable	_____ _____	_____ _____	Prepare a list of accounts and statement balances Consider collectability
Inventory	_____ _____	_____ _____	Physical counts Consider valuation in accordance with policy Review subsequent period disbursements for proper cut-off
Accounts payable	_____ _____	_____ _____	Summarize current year proceeds, principal and interest Scan/copy new agreements Summarize future principal and interest obligations
Long-term obligations	_____ _____ _____	_____ _____ _____	Summarize current year proceeds, principal and interest Scan/copy new agreements Summarize future principal and interest obligations
Expenditure accounts			
In general	_____ _____	_____ _____	Analyze accounts with significant balances or variances from budget or prior year Review significant amounts for proper classification in accordance with policy
Equipment - direct	_____ _____	_____ _____	Review and summarize significant account balances
Contract services	_____ _____	_____ _____	Review and summarize significant account balances
Lease or rent	_____ _____	_____ _____	Review and summarize significant account balances
Professional services	_____ _____	_____ _____	Review and summarize significant account balances
Retirement plans	_____ _____	_____ _____	Summarize contributions by plan
Road projects (job cost)	_____ _____	_____ _____	Prepare annual summary of project costs and revenue by source See Act 51 reporting section for non-financial information requirements
Deferred Inflows and Outflows	_____ _____	_____ _____	Identify amounts to be reported as deferred inflows and outflows
Modified accrual revenue			
Property taxes			
Sale of future revenues			
Pensions			
OPEB			
Fund balance	_____ _____	_____ _____	Review for proper classification in accordance with policy
Financial commitments	_____ _____	_____ _____	Prepare a summary of future contractual commitments
Government-Wide Reporting (GASB 34)			
Fixed assets and infrastructure	_____ _____	_____ _____	Prepare summary of fixed assets & infrastructure (cost & accum depr)

## Uniform Accounting Procedures Manual for County Road Commissions

Long-term obligations			
Leases, long-term debt	_____	_____	Prepare summary of proceeds, principal & interest payments
Compensated absences	_____	_____	Prepare a schedule of compensated absences due employees
Pension liabilities	_____	_____	Prepare calculations and disclosures, refer to actuarial reports
OPEB liabilities	_____	_____	Prepare calculations and disclosures, refer to actuarial reports

**Financial audit**

- Discuss audit plan with auditor
- Communicate with auditor: schedule, engagement letter, inventory observation, confirmations, worksheet and document requests
- Consider new accounting and reporting standards
- Coordinate inventory observation dates
- Consider requirements for MD&A
  - Financial highlights
  - Budget highlights
  - Economic factors and next year's budget
- Summarize budget as originally adopted, amendments and comparison to actual amounts

**Act 51 report**

- Review prior year report and assemble necessary financial information
- Non-financial information requirements:
  - Qualified Expenditures for Non-Motorized Improvements
  - Construction/Capacity Improvements/Structural Improvements (Length, Classification-Roads/Bridges/Safety/Misc)
  - Township Mileage
  - Township Expenditures and Contributions
  - Asset management information

**Other mandated reports**

- |           |   |
|-----------|---|
| Form 5572 | Pension and OPEB reports (PA 202 of 2017) |
| Form 5047 | Michigan Finance Qualifying Statement     |

**DUE DATES**

- |                                 |              |
|---------------------------------|--------------|
| Payroll tax returns             | Quarterly    |
| Sales tax reporting             | Monthly      |
| W-2s                            | January 31   |
| Forms 1099/1096                 | January 31   |
| Forms 1094/1095                 | January 31   |
| Act 51 report                   | May 1        |
| Engineering - MTF reimbursement | June 30      |
| Section 18j report              | September 30 |
| Title VI                        |              |

## Uniform Accounting Procedures Manual for County Road Commissions

Transparency reporting

OPEB valuation

Actuarial reports

Budget adoption

MiRAD

Annual

Form 455C (Contract Counties)

October 31 or January 31

Equipment Questionnaire (State Contract)

Form 5572

Form 5047

Unclaimed property

1

### 2 Auditing Procedures

3

4 The audit must be performed by an independent CPA licensed with the Michigan State Board of  
5 Accountancy to practice in Michigan or by an employee of the Department of Treasury.

6

7 The audit of the financial records, accounts and procedures of all County Road Commissions shall  
8 be made in accordance with auditing standards generally accepted in the United States of America  
9 as approved and adopted by the membership of the American Institute of CPA's in its [Statements  
10 on Auditing Standards](#). However, if the County Road Commission requires a single audit, the  
11 financial records must be audited in accordance with auditing standards generally accepted in the  
12 United States of America and the standards applicable to financial audits contained in [Government  
13 Auditing Standards](#), issued by the Comptroller General of the United States.

14

15 Separately issued Road Commission audit reports are to follow the guidelines for special purpose  
16 governments set forth in [GASB No. 34, paragraphs 134-141](#). The County Road Commission  
17 should include the following information in their annual audited financial statements:

18

19 A. The report of comments and recommendations shall include a description of any improper,  
20 illegal or other actions disclosed by the independent CPA in the course of their tests and  
21 reviews in connection with their report on the financial statements.

22

23 Examples of the types of actions, which should be considered in the preparation of this  
24 report, are:

25 a. Lack of action of the local unit on previous report of comments and  
26 recommendations by the independent CPA;

27 b. Unaudited funds and/or operations;

28 c. Expenditures not made in accordance with legislative appropriations and other  
29 State fiscal requirements and restrictions. The independent CPA should be guided  
30 by [PA 2 of 1968](#), as amended, and appropriate reporting guidelines issued by the  
31 State Treasurer;

32 d. Improper accounting for revenues;

33 e. Inadequate or ineffective internal controls or procedures;

34 f. Records and reports which could not be reconciled to those of the various State  
35 fiscal offices;



## Uniform Accounting Procedures Manual for County Road Commissions

- 1 g. Noncompliance with statutes, laws, rules and regulations as outlined in the  
2 “Auditing Procedures” section of this bulletin (or any others known to the  
3 independent CPA) under which the funds, and/or operations of the County Road  
4 Commission were created and are functioning.
- 5 h. Indication of possible fraud or dishonesty; (see number 5)
- 6 i. Indication of a need for review of financial operations and/or financial  
7 management;
- 8 j. Indication of a lack of current review by government officials of insurance coverage  
9 and bonding requirements;
- 10 k. Noncompliance with Federal financial assistance requirements;
- 11 l. Noncompliance with the State Uniform Chart of Accounts; and
- 12 m. Departures from accounting principles generally accepted in the United States of  
13 America.
- 14 B. Report on Auditing Procedures – A report shall be made to the State Treasurer pertaining  
15 to the adherence to the minimum requirements outlined in this bulletin and shall include  
16 such other information as the State Treasurer shall require. The prescribed form is located  
17 at the Treasury website: [www.michigan.gov/localonlinefiling](http://www.michigan.gov/localonlinefiling) This online form must be  
18 completed when uploading an audit report.
- 19 C. Report on Findings of Suspected Fraud and/or Embezzlement – During the course of an  
20 audit, the independent CPA should be constantly aware of the possibility of fraud and/or  
21 embezzlement. If the possibility of any fiscal irregularities, defalcation, misfeasance,  
22 nonfeasance or malfeasance comes to the auditor’s attention, an “oral report” should be  
23 immediately made to the Community Engagement and Finance Division of the Michigan  
24 Department of Treasury. Materiality should not be considered when notifying and the  
25 Community Engagement and Finance Division about a potential problem. This oral report  
26 should be promptly followed up by a written report to the Community Engagement and  
27 Finance Division of the Michigan Department of Treasury, disclosing the independent  
28 CPAs findings.

### 29 Additional Reporting Requirements

30 Starting in 2015, the threshold that requires a Road Commission to have a Single Audit, under  
31 [Title 2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements](#)  
32 [for Federal Grants](#), is \$750,000 in Federal funds expended on negotiated projects. Title 2 CFR Part  
33 200 may be referred to as the new super circular or Uniform Grant Guidance.

34  
35 The Single Audit Act requires a Schedule of Expenditures of Federal Awards (SEFA) to be  
36 included in the auditor's report showing the total expenditures for each Federal assistance program.  
37 For the highway programs, this schedule must be expanded, or a supplemental schedule prepared  
38 showing the required information by individual grant (agreement) with columns added for grant  
39 number and period. The schedule must also identify those grant moneys administered by the State  
40 and those administered by the local public agencies.

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## Uniform Accounting Procedures Manual for County Road Commissions

1 Statutory compliance procedures are a required part of the audit of County Road Commissions in  
2 Michigan. A copy of the statutory compliance checklist may be found in [Appendix D of the](#)  
3 [Bulletin for Audits of County Road Commissions](#). A legal compliance section is also included in  
4 this manual.

5 Local unit compliance with Department of Treasury manuals and the requirements in the manuals  
6 is to be included in the procedures of the auditor.

7  
8 A copy of this financial report format should be provided to the Road Commission's auditors when  
9 requesting bids for the statutory audit.

10 Local units of government in Michigan should prepare and issue an annual financial report in a  
11 format that can be easily read and understood. The Michigan Department of Treasury (Treasury)  
12 establishes uniform reporting that is as nearly as practicable to the uniform standards as set forth  
13 by the Governmental Accounting Standards Board (GASB). The official who by law or charter is  
14 charged with the responsibility for the financial affairs of the local unit shall insure that local unit  
15 accounts are maintained and kept in accordance with these standards. The Michigan Department  
16 of Treasury requires all financial statements of local units of government to comply with generally  
17 accepted accounting principles (GAAP) and standards promulgated by this Department.

18  
19 This document imposes additional reporting requirements that road commissions must comply  
20 with in addition to those required by GAAP. Current GASB requirements call for a range of  
21 options in preparing local unit financial statements, from a “basic financial statement” to a  
22 “comprehensive annual financial report,” as well as options for many disclosures and presentations  
23 such as reporting individual component units. The purpose of this document is to set forth  
24 additional items that are required to be reported in local unit financial statements.

25

## Uniform Accounting Procedures Manual for County Road Commissions

SAMPLE COUNTY ROAD COMMISSION  
 ADJUSTING ENTRIES (AE) IN ACCORDANCE WITH GASB NO. 34  
 FYE 12/31/20XX

**The following entries are to be made on a worksheet only. They are not meant to be booked into your accounting system.**

AE #	ACCT	DESCRIPTION	DEBIT	CREDIT
------	------	-------------	-------	--------

**1. To Record Capital Assets**

		Capital Assets (Beginning of Year Balance)	\$11,837,684	
		Accumulated Depreciation (Beginning Balance)		\$7,678,596
		Net Assets (Beginning of Year)		\$4,159,088
		Capital Assets (Beginning of Year Balance – Infrastructure)	\$28,360,348	
		Accumulated Depreciation (Beginning Balance)		\$841,256
		Net Assets (Beginning of Year)		\$27,519,092

PUT BEGINNING BALANCES INTO OPERATING “FUND”

<b>1a</b>		Capital Assets (Current Year Additions) – Various Accounts	\$1,091,016	
	970	Capital Outlay Expenditures		\$1,091,016

TO REVERSE OUT CAPITAL OUTLAY EXPENDITURES;  
 TO ELIMINATE “INVESTMENT IN FIXED ASSETS” ACCOUNT(S)

**2. To Record Depreciation Expense**

	690	Depreciation Expense – Assets Other Than Infrastructure	\$989,275	
		Accumulated Depreciation		\$989,275
	690.01	Depreciation Expense – Infrastructure	\$945,340	
		Accumulated Depreciation		\$945,340

TO REMOVE THE CREDIT TO A DEPRECIATION AND TO LEAVE  
 THE ALREADY BOOKED DEPRECIATION BOOKED IN THE  
 “500” ACCOUNTS AND TO BOOK DEPRECIATION FOR THE INFRASTRUCTURE

**3. To Record Sale of Capital Assets**

		Accumulated Depreciation of Disposed Assets	\$230,000	
		Capital Assets (of Disposed Assets)		\$235,428
	689	Capital Asset Retirements	\$5,428	

TO BOOK DEPRECIATION AND REMOVE  
 EQUIPMENT RETIREMENTS

**4. Bond or Other Indebtedness**

		Net Assets (Beginning of Year)	\$292,145	
	300	Bonds Payable (Beginning of Year)		\$35,000
	304	Installment Purchase Agreements Payable		\$257,145

PUT BEGINNING BALANCES INTO OPERATING “FUND”

<b>4a.</b>	300	Bonds Payable (Current Year Activity)	\$35,000	
	304	Installment Purchase Agreements Payable	\$35,924	
	991	Debt Service – Principal (Current Year Activity)		\$70,924

RECORD CURRENT YEAR PRINCIPAL PAYMENT AS A  
 REDUCTION TO RELATED PAYABLE

<b>4b.</b>	304	Lease Purchase Payable		\$300,000
	697	Installment Lease Proceeds	\$300,000	

REVERSE CURRENT YEAR PROCEEDS AND RECORD PAYABLE (New Debt)

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# Uniform Accounting Procedures Manual for County Road Commissions

1

SAMPLE COUNTY ROAD COMMISSION  
 ADJUSTING ENTRIES (AE) IN ACCORDANCE WITH GASB NO. 34  
 FYE 12/31/20XX

<b>The following entries are to be made on a worksheet only. They are not meant to be booked into your accounting system.</b>				
AE #	ACCT	DESCRIPTION	DEBIT	CREDIT

<b>4c.</b>		Net Assets (Beginning of Year)	-	
	992	Interest Expense		-
	251	Interest Payable		-

RECORD CURRENT INTEREST PAYABLE ON DEBT PAYMENT THAT ARE PAID PRIOR TO THE YEAR END THAT HAVE ACCRUED INTEREST

**5. Employee Compensated Absences**

		Net Assets (Beginning of Year)	\$400,187	
	343	Compensated Absences Liability (Beginning of Year)		\$400,187
		Compensated Absences Expense – GASB No. 34 (Line Item Only)	\$18,572	-
	342	Compensated Absences Liability (Current Year Increase/Decrease in Liability)	-	\$18,572

**6. Construction and Heavy Maintenance**

		Capital Assets – Infrastructure (Current Year Activity)	\$12,897,357	
	451	Primary Construction/Capacity Improvements		-
	458	Primary Preservation/Structural Improvements		\$5,524,799
	481	Local Construction/Capacity Improvements		\$1,000,000
	488	Local Preservation/Structural Improvements		\$5,111,178
	460	Primary Structure – Preservation/Structural Improvements		\$1,223
	490	Local Structure – Preservation/Structural Improvements		\$1,260,157

TO BOOK INFRASTRUCTURE ADDITIONS

**7. Special Assessment**

For Special Assessments, Assessed in Prior Years				
		339 Deferred Revenue – Special Assessments	-	
	672	Special Assessment Revenue		-
	665.01	Interest on Special Assessments		-
		Net Assets		-

TO REMOVE SPECIAL ASSESSMENTS EARNED IN A PRIOR YEAR AND COLLECTED IN THE CURRENT YEAR

<b>7a.</b>		339 Deferred Revenue – Special Assessment	-	
		Special Assessment Revenue		-

TO RECORD SPECIAL ASSESSMENTS ASSESSED IN THE CURRENT YEAR

**8. To Eliminate Fund Balance to Net Assets**

		390.01 Fund Balance – Primary	\$3,335,536	
	309.02	Fund Balance – Local	-	
	309.03	Fund Balance – County Road	-	
		Net Assets		\$3,335,536
			<b>\$60,773,812</b>	<b>\$60,773,812</b>

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Uniform Accounting Procedures Manual for County Road Commissions

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SAMPLE COUNTY ROAD COMMISSION  
 WORKING TRIAL BALANCE (WP201-TB)  
 FYE 12/31/20XX

Acct. No.	Account Name	Balance Sheet 12/31/20XX	AE #1 Record Beginning Fixed Assets	AE #1a Current Capital Outlay Conversion To Full Accrual Method	AE #2 Modify Depreciation Expense To Full Accrual Method
	<b>Assets</b>				
001	Cash	514,482			
003	Investments	778,282			
004	Imprest – Checking	100			
020	Taxes Receivable	2,318,885			
	Accounts Receivable				
040	Sundry	11,638			
078.1	State Trunkline Maintenance	220,000			
078.2	State – Other	52			
078.3	Michigan Transportation Fund	1,341,850			
080	Due on County Road Agreements	1,099,605			
084	Due from County	170,347			
109	Inventory – Road Materials	309,806			
110	Inventory – Equipment Parts & Materials	309,155			
123	Prepaid Expense	126,625			
	<b>Property, Plant &amp; Equipment</b>				
	Capital Assets – Non-Infrastructure		11,837,684	1,091,016	
	Accumulated Depreciation – Non-Infrastructure		(7,678,596)		(989,275)
	Infrastructure		28,360,348		
	Accumulated Depreciation – Infrastructure		(841,256)		(945,340)
	<b>Liabilities</b>				
202	Accounts Payable	(971,346)			
228	Due to State	(7,836)			
257	Accrued Wages Payable	(145,902)			
283	Performance Bonds Payable	(35,115)			
	<b>Non-Current Liabilities</b>				
304	Installment Purchase Agreement				
307	Bonds Payable				
328.1	State Trunkline Equipment Advance	(275,541)			
328.2	State Trunkline Maintenance Advance	(110,676)			
339	Deferred Revenue – Property Taxes	(2,318,885)			
343	Vested Employee Benefits				
	<b>Equity</b>				
	Fund Balance				
390.01	Primary Road Fund	(3,335,536)			
390.02	Local Road Fund				
390.03	County Road Fund				
	<b>Net Assets</b>				
	Investment in Capital Assets – Net of Related Debt		(31,678,180)	(1,091,016)	1,934,615
	Restricted				
	<b>TOTAL</b>	-	-	-	-

EFFECT TO REVENUES AND EXPENDITURES

400	REVENUE CONTROL	(22,177,399)			
700	EXPENDITURE CONTROL	22,443,765		(1,091,016)	1,934,615
	<b>TOTALS</b>	266,366	-	(1,091,016)	1,934,615

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Uniform Accounting Procedures Manual for County Road Commissions

SAMPLE COUNTY ROAD COMMISSION  
 WORKING TRIAL BALANCE (WP 201-TB)  
 FYW 12/31/20XX (CONTINUED)

Acct No.	Account Name	AE #3	AE #4	AE #4a	AE #4b	AE #5
		Recognize Equipment Disposals to Full Accrual Method	Record Beginning Long-Term Debt	Recognize Debt Payment in Full Accrual Method	Record Current Year's Debt	Record Beginning Compensation Absence Payable
	<b>Assets</b>					
001	Cash					
003	Investments					
004	Imprest – Checking					
020	Taxes Receivable					
	Accounts Receivable					
040	Sundry					
078.1	State Trunkline Maintenance					
078.2	State – Other					
078.3	Michigan Transportation Fund					
080	Due on County Road Agreement					
084	Due from County					
103	Inventory – Road Materials					
110	Inventory – Equipment & Materials					
123	Prepaid Expenses					
	<b>Property, Plant, &amp; Equipment</b>					
	Capital Assets – Non-Infrastructure	(235,428)				
	Accumulated Depreciation – Non-Infrastructure	230,000				
	Infrastructure					
	Accumulated Depreciation - Infrastructure					
	<b>Liabilities</b>					
202	Accounts Payable					
228	Due to State					
257	Accrued Wages Payable					
283	Performance Bonds Payable					
	<b>Non-Current Liabilities</b>					
304	Installment Purchase Agreement		(257,145)	35,924	(300,000)	
307	Bonds Payable		(35,000)	35,000		
328.1	State Trunkline Equipment Advance					
328.2	State Trunkline Maintenance Advance					
339	Deferred Revenue – Property Taxes					
343	Vested Employee Benefits					400
	<b>Equity</b>					
	Fund Balance					
390.01	Primary Road Fund					
390.02	Local Road Fund					
390.03	County Road Fund					
	<b>Net Assets</b>					
	Investment in Capital Assets – Net of Related Debt	5,428	292,145	(70,924)	300,000	
	Restricted					400
	<b>TOTAL</b>	-	-	-	-	-

EFFECT TO REVENUES AND EXPENDITURES

400	REVENUE CONTROL				300,000	
700	EXPENDITURE CONROL	5,428		(70,924)	300,000	
	<b>TOTALS</b>	5,428	-	(70,924)	600,000	-

SAMPLE COUNTY ROAD COMMISSION  
 Uniform Accounting Procedures Manual  
 County Road Commissions

Uniform Accounting Procedures Manual for County Road Commissions

WORKING TRIAL BALANCE (WP201-TB)  
 FYE 12/31/20XX

Acct. No.	Account Name	AE #5a	AE #6	AE #8	ENDING BALANCE GASB NO. 34
		Record Change in Compensated Absence Payable	Record Current Year Infrastructure (Const/Cap Imp. & Pres. Struct. Imp.)	Reclassify Ending Fund Balance to Net Assets Restricted	
	<b>Assets</b>				
001	Cash				514,482
003	Investments				778,282
004	Imprest – Checking				100
020	Taxes Receivable				2,318,885
	Accounts Receivable				
040	Sundry				11,638
078.1	State Trunkline Maintenance				220,000
078.2	State – Other				52
078.3	Michigan Transportation Fund				1,341,850
080	Due on County Road Agreements				1,099,605
084	Due from County				170,347
109	Inventory – Road Materials				309,816
110	Inventory – Equipment Parts & Materials				309,155
123	Prepaid Expense				126,625
	<b>Property, Plant &amp; Equipment</b>				
	Capital Assets – Non-Infrastructure				12,693,272
	Accumulated Depreciation – Non-Infrastructure				(8,437,871)
	Infrastructure		12,897,357		41,257,705
	Accumulated Depreciation – Infrastructure				(1,786,596)
	<b>Liabilities</b>				
202	Accounts Payable				(971,346)
228	Due to State				(7,836)
257	Accrued Wages Payable				(145,902)
283	Performance Bonds Payable				(35,115)
	<b>Non-Current Liabilities</b>				
304	Installment Purchase Agreement				(521,221)
307	Bonds Payable				
328.1	State Trunkline Equipment Advance				(275,541)
328.2	State Trunkline Maintenance Advance				(110,676)
339	Deferred Revenue – Property Taxes				(2,318,885)
343	Vested Employee Benefits	(18,572)			(418,759)
	<b>Equity</b>				
	Fund Balance				
390.01	Primary Road Fund			3,335,536	
390.02	Local Road Fund				
390.03	County Road Fund				
	<b>Net Assets</b>				
	Investment in Capital Assets – Net of Related Debt Restricted	18,572	(12,897,357)	(3,335,536)	(43,205,289)
	<b>TOTAL</b>	-	-	-	-

EFFECT TO REVENUES AND EXPENDITURES

400	REVENUE CONTROL			21,877,399	
700	EXPENDITURE CONTROL	18,572	(12,897,357)	(10,343,083)	
	<b>TOTALS</b>	18,572	(12,897,357)	11,534,316	-

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## Uniform Accounting Procedures Manual for County Road Commissions

### Infrastructure Reporting

#### Introduction

Standards for infrastructure reporting are contained in Governmental Accounting Standards Board (GASB) Statement No. 34, as modified by subsequent GASB pronouncements. The requirements of GASB 34 were first effective for periods beginning after June 15, 2001.

#### Capital Assets

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Buildings, except those that are an ancillary part of a network of infrastructure assets, should not be considered infrastructure assets.

#### Reporting

Capital assets should be reported at historical cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition—such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets should be reported at their estimated fair value at the time of acquisition plus ancillary charges, if any.

Capital assets that are being or have been depreciated should be reported net of accumulated depreciation in the statement of net assets. Capital assets that are not being depreciated, such as land or infrastructure assets reported using the modified approach, should be reported separately if the government has a significant amount of these assets. Capital assets also may be reported in greater detail, such as by major class of asset (for example, infrastructure, buildings and improvements, vehicles, machinery and equipment).

#### Infrastructure Asset Reporting

GASB No. 34 allows two methods for infrastructure asset reporting, the depreciation method and the modified approach. GASB No. 34 requires the use of depreciation reporting for infrastructure assets where the modified approach cannot be used in reporting infrastructure assets.



## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Depreciation Method

2 Capital assets should be depreciated over their estimated useful lives unless they are either  
3 inexhaustible, such as land, or are infrastructure assets reported using the modified approach.

4  
5 Depreciation expense should be reported in the statement of activities. Depreciation expense  
6 should be measured by allocating the net cost of depreciable assets (historical cost less estimated  
7 salvage value) over their estimated useful lives in a systematic and rational manner. It may be  
8 calculated for (a) a class of assets, (b) a network of assets, (c) a subsystem of a network, or (d)  
9 individual assets. Composite methods may also be used to calculate depreciation expense.

10  
11 Infrastructure assets are depreciated using the straight-line method. The following guidelines may  
12 be adjusted depending on the region of the State, weather or other factors.

	Years	Annual
14		
15	Roads	
16	Gravel Surface	8            12.50%
17	Asphalt Surface	20          5.00%
18	Concrete Surface	30          3.33%
19		
20	Traffic Signals	15          6.67%
21		
22	Bridges	
23	Timber Bridge	25          4.00%
24	Timber Re-decking	12          8.33%
25	Metal Structure Bridge	30          3.33%
26	Metal Re-decking	15          6.67%
27	Concrete Bridge	50          2.00%
28	Concrete Re-decking	25          4.00%
29	Movable Bridge	50          2.00%

### 30 31 Modified Approach

32 Infrastructure assets that are part of a network or subsystem of a network (eligible infrastructure  
33 assets) are not required to be depreciated, as long as the following requirements are met:

- 34 1. The government must manage the eligible infrastructure assets using an asset  
35 management system that has specific characteristics:
- 36 a) Have an up-to-date inventory of eligible infrastructure assets;
  - 37 b) Perform condition assessments of eligible infrastructure assets and summarize  
38 the results using a measurement scale (condition assessments are required once  
39 every three years on subsystems); and
  - 40 c) Estimate each year the annual amount to maintain and preserve the eligible  
41 infrastructure assets at the condition level established and disclosed by the  
42 government.
- 43 2. The unit of government documents that the eligible infrastructure assets are being  
44 preserved at or above a condition level established and disclosed by the government.

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## Uniform Accounting Procedures Manual for County Road Commissions

1 Most Road Commissions in the State of Michigan will not be able to meet the requirements for  
2 use of the modified approach. Accordingly, Road Commissions will use the depreciation method  
3 for infrastructure assets.

4  
5 Roads constructed and/or improved by others or transferred to the Road Commission, that are part  
6 of your Act 51 Certification miles, must be recorded as an infrastructure asset. The cost of the  
7 road is recorded the same as if the Road Commission constructed the road, separating land or right-  
8 of-way purchases, land improvements and depreciable road costs.

9  
10 For example, a local road constructed and/or improved by others or transferred to the Road  
11 Commission, would be recorded as follows:

12 DEBIT - Expense using Activity 481 - Local Roads Construction/Capacity Improvements

13 CREDIT - Revenue using Account 674 - Contributions and Donations from Private Sources.

14

### 15 Definitions and Accounting Guidelines

- 16 1. Land or Right-of-Way (Capitalized)
- 17 a. Expenditure for acquisition of land or right-of-way for road purposes.
- 18 b. Cost of work-in-kind exchanged for acquisition of land or right-of-way for road
- 19 purposes.
- 20 c. Value of land or right-of-way acquired by the Road Commission through jurisdictional
- 21 transfer or donation.
- 22 2. Land Improvements (construction and/or reconstruction projects) (Capitalized)
- 23 a. Excavation, ditching, grading (lane widened portion and/or elevation change), tree
- 24 removal, subgrade preparation of land in preparation for new roadway.
- 25 3. Construction/Capacity Improvements (Capitalized)
- 26 a. New road where no road previously existed.
- 27 b. Addition of lanes to existing roadway. All other project work is classified as
- 28 preservation/reconstruction or preservation/structural improvements.
- 29 4. Preservation/Reconstruction (Capitalized)
- 30 a. Change to vertical or horizontal curve of roadway including new surface of the changed
- 31 roadway.
- 32 5. Preservation/Structural Improvements (Capitalized)
- 33 a. Improvement to existing roadway including drainage structures, surface, hard surface
- 34 of gravel roadway and resurfacing of roadway.
- 35 6. Routine and Preventative Maintenance (Expensed, not capitalized)
- 36 a. All roadwork which does not fit the category of construction/capacity improvements,
- 37 preservation/reconstruction, or preservation/structural improvements.
- 38 7. Timber Bridge (Capitalized)
- 39 a. Bridges constructed from timber with a 20 foot or more, clear span length crossing
- 40 a drain, stream, or dry gully.
- 41 8. Metal Structure Bridge (Capitalized)
- 42 a. Metal culvert or multi-plate arch structure with a 20 foot or more, clear span length
- 43 crossing a drain, stream or dry gully.

44

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## Uniform Accounting Procedures Manual for County Road Commissions

- 1 9. Concrete Bridge (Capitalized)  
2 a. Concrete structure with a 20 foot or more, clear span length crossing a drain, stream or  
3 dry gully. This includes concrete I-beam with concrete deck, steel I-beam with concrete  
4 deck, Jack arch (steel I-beam with metal arches and concrete deck), concrete slab on  
5 metal sheeting, precast concrete arch, concrete box beam with concrete deck, and  
6 concrete box beam with bituminous deck.  
7 10. Movable Bridge (Capitalized)  
8 a. Bascule, lift, or rotating structure with a 20 foot or more, clear span length crossing a  
9 drain, stream, or dry gully.  
10 11. Guardrail and Traffic Signs  
11 a. Initial costs for installation of guardrail and traffic signs are included with project costs.  
12 All other guardrail and traffic sign costs should be recorded as routine maintenance.  
13 12. Fully depreciated capital assets, with the exception of bridges and traffic signals, should be  
14 removed from the Road Commission accounts. Fully depreciated bridges and traffic signals  
15 should not be removed from the accounts until they are replaced or removed from the road  
16 system.

### 17 Infrastructure Asset Accounts

18 Refer to the Balance Sheet for guidelines on the appropriate account numbers for infrastructure.  
19 Account numbers 130-162  
20  
21  
22

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 GASB Statement No. 68 – Pension Plans

2 [GASB Statement No. 68](#) – establishes new financial reporting requirements for most state and  
3 local governments that provide their employees with pension benefits. It replaces the requirements  
4 of [GASB Statement No. 27](#) as they relate to governments that provide pensions through pension  
5 plans administered as trusts or similar arrangements that meet the criteria above.

### 7 The Need for GASB Statements No. No. 68

8 Pensions are part of the compensation employees earn each year and are paid out after employment  
9 ends. [GASB Statement No. 68](#) recognizes the cost of these future benefits as part of the cost of  
10 providing public services today.

11  
12 Accrual Accounting Prospective – Prior to [GASB Statement No. 68](#), most governmental entities  
13 recognized their pension expenditures on a pay-as-you-go basis with the financial statements  
14 reflecting the annual required contribution to the pension system as an expenditure. A liability  
15 was recorded on the books for the cumulative difference between the annual required contribution  
16 (ARC) and the amount actually contributed. Now pension expenditures will be associated with  
17 the periods in which the exchange occurs rather than with the periods when contributions are  
18 actually paid.

### 20 Implementation Date

21 [GASB Statement No. 68](#) is effective for employer fiscal years beginning after June 15, 2014.

### 23 Financial Statement Recognition

24 Modified Accrual – Record actual expenditures paid for pension benefits (such as contributions to  
25 the pension plan, as you have always done it). If you make additional payments (to fund the  
26 liability) they would be recorded as expenditures in the current year.

27  
28 Full Accrual ([GASB Statement No. 34](#)) – The net pension liability, deferred outflows, and deferred  
29 inflows are recorded with an offset to expenses.

### 31 How to Determine the Net Pension Liability

32 The Road Commission is required to obtain an actuarial valuation, which is the product of many  
33 assumptions based on historical experience regarding the factors that determine the level of  
34 resources that will be needed in the future to finance pension benefits. The actuary calculates how  
35 much should be contributed now to ensure that an adequate level of resources is available in the  
36 future. The future cash outlays for pension benefits should be projected based on economic and  
37 demographic assumptions and are then discounted to their actuarial present value.

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39 The portion of the actuarial present value allocated to a particular year is called the service cost.

### 41 Frequency of Actuarial Valuations

42 Biennial actuarial valuations are required for all plans. More frequent valuations are encouraged.

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## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Net Pension Liability

2 The Net Pension Liability (NPL) is the cumulative difference between the Total Pension Liability  
3 (TPL) and the Fiduciary Net Position (FNP). For unfunded plans, the NPL will equal the TPL.  
4

### 5 Deferred Outflows/Inflows of Resources

6 Changes to the NPL that are not fully recognized in a given year's pension expense are tracked as  
7 deferred inflows and outflows and are recognized incrementally in the pension expense over time.  
8 Differences between actual and assumed investment return are recognized over a closed five-year  
9 period. Differences between actual and assumed experience, and the impact of any changes in  
10 assumptions or inputs, are recognized over a closed period equal to the average remaining service  
11 life of all active and inactive members. Contributions made subsequent to the measurement date  
12 are recognized in the period in which they are recognized as a component of Fiduciary Net  
13 Position.  
14

### 15 Pension Expense

16 Pension expense is comprised of the current year service cost, plus interest on the total pension  
17 liability, current period benefit changes (if any), minus member contributions, minus assumed  
18 earnings on plan investments, plus administrative charges, plus recognition of deferred outflows,  
19 minus recognition of deferred inflows.  
20

### 21 [Public Act 202 of 2017](#)

22 The Michigan Department of Treasury has released reporting requirements under [Public Act 202](#)  
23 [of 2017](#), the Protecting Local Government Retirement and Benefits Act ("the Act"). These  
24 reporting requirements apply to all local units of government that offer or provide defined benefit  
25 pension and/or defined benefit OPEB retirement benefits.  
26

27 The releases by the Department of Treasury included [Numbered Letter 2018-1](#), [Form 5572](#),  
28 detailed instructions for completion of [Form 5572](#) and a listing of frequently asked questions. All  
29 documents can be found on the Michigan Department of Treasury website at  
30 [michigan.gov/localretirementreporting](http://michigan.gov/localretirementreporting).  
31

### 32 Example 1 – Year of Implementation:

33 In the year of implementation, the Road Commission has beginning total pension liability of  
34 \$15,000,000 and fiduciary net position of \$13,000,000.  
35

36 The ending total pension liability is \$16,000,000 with ending fiduciary net position of  
37 \$13,500,000.

38 The actuarial valuation reported a difference between actual and assumed experience of \$50,000  
39 with a service life of 5 years.  
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## Uniform Accounting Procedures Manual for County Road Commissions

- 1 The difference between actual and assumed return on plan assets was \$100,000.  
 2 You would record the following entries for the GASB Statement No. 34 conversion to the  
 3 government-wide statements:  
 4

Account Description	Debit	Credit
Net position	\$2,000,000	
Net pension liability		\$2,000,000
To record the beginning net pension liability (\$15,000,000 - \$13,000,000) and restatement of net position		
Pension expense	\$ 500,000	
Net pension liability		\$ 500,000
To record the increase in net pension liability (\$2,500,000 - \$2,000,000) during the year.		
Deferred outflows of resources for experience	\$ 40,000	
Pension expense		\$ 40,000
To record deferred outflows of resources for experience recognized over 5 years. (\$50,000 -\$10,000) Remaining \$40,000 to be recognized over the next 4 years		
Deferred outflows of resources for investment returns	\$ 80,000	
Pension expense		\$ 80,000
To record deferred outflows of resources for investment returns recognized over 5 years (\$100,000 -\$20,000) Remaining \$80,000 to be recognized over the next 4 years		

- 5  
 6 Example 2 – In the year after implementation and going forward:  
 7  
 8 The ending total pension liability is \$15,500,000 with ending fiduciary net position of  
 9 \$14,000,000.  
 10  
 11 The actuarial valuation reported a difference between actual and assumed experience of \$20,000  
 12 with a service life of 5 years.  
 13  
 14 The difference between actual and assumed return on plan assets was \$80,000.  
 15  
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## Uniform Accounting Procedures Manual for County Road Commissions

- 1 You would record the following entries for the GASB Statement No. 34 conversion to the  
 2 government-wide statements:  
 3

Account Description	Debit	Credit
Net pension liability	\$1,000,000	
Pension expense		\$1,000,000
To record the decrease in net pension liability (\$2,500,000 - \$1,500,000) during the year.		
Pension expense	\$ 10,000	
Deferred outflows of resources for experience		\$ 10,000
To record the amortization of the prior year deferred outflows of resources for experience. Remaining \$30,000 to be recognized over the next 3 years		
Pension expense	\$ 20,000	
Deferred outflows of resources for investment returns		\$ 20,000
To record the amortization of the prior year deferred outflows of resources for investment returns. \$60,000 to be recognized over the next 3 years		
Deferred outflows of resources for experience	\$ 16,000	
Pension expense		\$ 16,000
To record current year deferred outflows of resources for experience recognized over 5 years. (\$20,000 -\$4,000) Remaining \$16,000 to be recognized over the next 4 years		
Deferred outflows of resources for investment returns	\$ 64,000	
Pension expense		\$ 64,000
To record current year deferred outflows of resources for investment returns recognized over 5 years. (\$80,000 -\$16,000) Remaining \$64,000 to be recognized over the next 4 years		

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## Uniform Accounting Procedures Manual for County Road Commissions

### GASB Statement No. 75 – Other Post-Employment Benefits (OPEB)

#### What is OPEB?

Other post-employment benefits other than pensions could include: health insurance, dental, vision, prescription or other healthcare related benefits, life insurance, legal services and any other benefits provided to retirees and in some cases to their beneficiaries. Post-employment benefits (OPEB as well as pensions) are part of an exchange of salaries and benefits for employee services rendered and continue after the employee's services have ended.

[GASB Statement No. 75](#) – establishes the measurement and recognition requirements for an employer's obligations and expenses arising from OPEB.

#### The Need for GASB Statement No. 75

OPEB is part of the compensation employees earn each year and are paid out after employment ends. [GASB Statement No. 75](#) recognizes the OPEB cost of these future benefits as part of the cost of providing public services today.

Accrual Accounting Prospective – Prior to [GASB Statement No. 75](#), most governmental entities recognized their net OPEB obligation, the cumulative difference between the annual OPEB cost and the employers' contributions to the plan. OPEB expenditures will be recognized like pension benefits, which are associated with the periods in which the exchange occurs rather than with the periods when benefits are actually paid.

#### Implementation Date

[GASB Statement No. 75](#) is effective for employer fiscal years beginning after June 15, 2017.

#### Financial Statement Recognition

Modified Accrual – Record actual expenditures paid for post-employment benefits (such as retirees' insurance premiums, as you have always done it). If you make additional payments (to fund the liability) they would be recorded as expenditures in the current year.

Full Accrual ([GASB Statement No. 34](#)) – The net OPEB liability, deferred outflows, and deferred inflows are recorded with an offset to expenses.

#### How to Determine the Net OPEB Liability

If a road commission has 100 or more employees within an OPEB plan, an actuarial valuation is required to be performed. This valuation is the product of many assumptions based on historical experience regarding the factors that determine the level of resources that will be needed in the future to finance benefits. The actuary calculates how much should be contributed now to ensure that an adequate level of resources is available in the future. The future cash outlays for OPEB should be projected based on economic and demographic assumptions and are then discounted to their actuarial present value.

The portion of the actuarial present value allocated to a particular year is called the service cost.



## Uniform Accounting Procedures Manual for County Road Commissions

1 If a road commission has fewer than 100 employees, then OPEB liability may be calculated using  
2 the alternative measurement method. The Michigan Department of Treasury encourages all road  
3 commissions to have an actuarial valuation performed for OPEB.

### 4 Frequency of Actuarial Valuations

5 Biennial actuarial valuations are required for all plans. More frequent valuations are encouraged.  
6  
7

### 8 Net OPEB Liability

9 The Net OPEB Liability (NOL) is the cumulative difference between the Total OPEB Liability  
10 (TOL) and the Fiduciary Net Position (FNP). For unfunded plans, the NOL will equal the TOL.  
11

### 12 Deferred Outflows/Inflows of Resources

13 Changes to the NOL that are not fully recognized in a given year's OPEB expense are tracked as  
14 deferred inflows and outflows and are recognized incrementally in the OPEB expense over time.  
15 Differences between actual and assumed investment return are recognized over a closed five-year  
16 period. Differences between actual and assumed experience, and the impact of any changes in  
17 assumptions or inputs, are recognized over a closed period equal to the average remaining service  
18 life of all active and inactive members.  
19

### 20 OPEB Expense

21 OPEB expense is comprised of the current year service cost, plus interest on the total OPEB  
22 liability, current period benefit changes (if any), minus member contributions, minus assumed  
23 earnings on plan investments, plus administrative charges, plus recognition of deferred outflows,  
24 minus recognition of deferred inflows.  
25

### 26 Public Act 202 of 2017

27 The Michigan Department of Treasury has released reporting requirements under [Public Act 202](#)  
28 [of 2017](#), the Protecting Local Government Retirement and Benefits Act ("the Act"). These  
29 reporting requirements apply to all local units of government that offer or provide defined benefit  
30 pension and/or defined benefit OPEB retirement benefits.

31 The releases by the Department of Treasury included [Numbered Letter 2018-1](#), [Form 5572](#),  
32 detailed instructions for completion of [Form 5572](#) and a listing of frequently asked questions. All  
33 documents can be found on the Michigan Department of Treasury website at  
34 [michigan.gov/localretirementreporting](http://michigan.gov/localretirementreporting).  
35

### 36 Example 1 – Year of Implementation:

37  
38 In the year of implementation, the Road Commission has beginning total pension liability of  
39 \$800,000 and fiduciary net position of \$300,000. The Road Commission had previously reported  
40 a net OPEB obligation of \$250,000.  
41

42 The ending total pension liability is \$900,000 with ending fiduciary net position of \$450,000.  
43 The actuarial valuation reported a difference between actual and assumed experience of \$20,000  
44 with a service life of 4 years.  
45

46 The difference between actual and assumed return on plan assets was \$25,000.  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 You would record the following entries for the GASB Statement No. 34 conversion to the  
 2 government-wide statements:  
 3

Account Description	Debit	Credit
Net position	\$250,000	
Net OPEB obligation	\$250,000	
Net OPEB liability		\$500,000
To record the beginning net OPEB liability (\$800,000 - \$300,000), elimination of previously recorded Net OPEB obligation, and restatement of beginning net position		
Net OPEB liability	\$ 50,000	
OPEB expense		\$ 50,000
To record the decrease in net pension liability (\$500,000 - \$450,000) during the year.		
Deferred outflows of resources for experience	\$ 15,000	
OPEB Expense		\$ 15,000
To record deferred outflows of resources for experience recognized over 4 years. (\$20,000 -\$5,000) Remaining \$15,000 to be recognized over the next 3 years		
Deferred outflows of resources for investment returns	\$ 20,000	
OPEB Expense		\$ 20,000
To record deferred outflows of resources for investment returns recognized over 5 years (\$25,000 -\$5,000) Remaining \$20,000 to be recognized over the next 4 years		

4  
 5 Example 2 – In the year after implementation and going forward:

6  
 7 The Road Commission has total OPEB liability of \$1,200,000 and fiduciary net position of  
 8 \$500,000.

9  
 10 The actuarial valuation reported a difference between actual and assumed experience of \$10,000  
 11 with a service life of 4 years.

12  
 13 The difference between actual and assumed return on plan assets was \$5,000.  
 14  
 15  
 16  
 17  
 18  
 19  
 20

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 You would record the following entries for the GASB Statement No. 34 conversion to the  
 2 government-wide statements:  
 3

Account Description	Debit	Credit
OPEB expense	\$250,000	
Net OPEB liability		\$250,000
To record the increase in net OPEB liability (\$700,000 - \$450,000) during the year.		
OPEB expense	\$ 5,000	
Deferred outflows of resources for experience		\$ 5,000
To record the amortization of the prior year deferred outflows of resources for experience. Remaining \$10,000 to be recognized over the next 2 years		
OPEB expense	\$ 5,000	
Deferred outflows of resources for investment returns		\$ 5,000
To record the amortization of the prior year deferred outflows of resources for investment returns. \$15,000 to be recognized over the next 3 years		
Deferred outflows of resources for experience	\$ 2,500	
OPEB expense		\$ 2,500
To record current year deferred outflows of resources for experience recognized over 5 years. (\$10,000 -\$2,500) Remaining \$7,500 to be recognized over the next 3 years		
Deferred outflows of resources for investment returns	\$ 4,000	
OPEB expense		\$ 4,000
To record current year deferred outflows of resources for investment returns recognized over 5 years. (\$5,000 -\$1,000) Remaining \$4,000 to be recognized over the next 4 years		

4

## Uniform Accounting Procedures Manual for County Road Commissions

### Act 51 Reporting

[Public Act 51 of 1951](#), as amended, provides for the establishment of the Michigan Transportation Funds (MTF) and governs the distribution of this revenue. The act provides for classification of all public roads, streets, and highways in Michigan. The Act also provides for allocation of funds from the MTF and the use and administration of the funds for transportation purposes; to promote safe and efficient travel for motor vehicle drivers, bicyclists, pedestrians, and other legal users of roads, streets, and highways. This act provides a formula that dictates the distribution of revenues to the Michigan Department of Transportation (MDOT), County Road Commissions and Agencies, Cities and Villages. In addition, the Act restricts how these revenues may be spent, and imposes administrative requirements. Refer to [Public Act 51 of 1951](#), as amended (**Act 51**) for the complete details.

County Road Commissions and Agencies, as recipients of Michigan Transportation Funds (MTF) are required to report their annual earnings and expenditures to MDOT by May 1<sup>st</sup> of each year. The current Act 51 Distribution and Reporting System (ADARS) is a web-based computer application designed to facilitate this reporting. Please refer to the following [website](#) for instructions. A sample Act 51 report can be found [here](#).

#### ACT 51 Report Tips:

The following are in the order of the Act 51 Report. Those preparing the report may find a different order of completion and verification more efficient. Suggestions for presenting the Act 51 are also being provided for your use.

#### Balance Sheet

The total Assets must be equal to the total Liabilities and Fund Balance. Note: Excludes Capital Assets, Long Term Debt and Deferred Comp plans.

The section for Fund Balance is automatically updated from the section 'Ending Fund Balance' of the Statement of Changes in Fund Balance.

Note: The Fund Balance may change if the 'Optional Transfer' is taken on the Statement of Changes in Fund Balance.

When presenting, comment on cash, receivables, inventory, and Total Assets as well as the accounts payable and Total Liabilities if anything remarkable is being reported, compared to prior year.

#### Capital Assets

Balancing for Capital Assets will depend on how each individual road commission tracks the LTD information of assets. This may be completed by journal entries posted at year end to a Fund outside of 201 (i.e. 901) or spreadsheets with the detailed calculations. Infrastructure may also be calculated in spreadsheets and manually entered by journal entries at year end.

Total Assets must equal Total Equities. Total Long-Term Debt must equal Total Liabilities.

## Uniform Accounting Procedures Manual for County Road Commissions

1 When presenting, comment on the Net Book value of the equipment, stating the reason if there are  
2 large increases or decreases for the year.

3

### 4 Statement of Revenue

5 This report must balance to the Balance Sheet, Detail Trial Balance Zero Activity report or GL  
6 Activity Transaction Summary/Trial Balance. Note: The Grand Total of the Statement of  
7 Revenue page excludes: Handling (643.000); Rental Equipment (669.000); Depreciation  
8 (690.000); Purchase Discount (691.000)

9

- 10 • Licenses and Permits: If a split cannot be determined between Primary and Local, use the  
11 Beginning Fund Balance on the Statement of Fund Balance. To determine the percentage,  
12 use line item Beginning Fund Balance and divide the total Primary by total Beginning Fund  
13 and do the same for Local and County.
- 14 • State Sources: The line item for Engineering is split between Primary and Local based on  
15 the percentage of the Allocation. To determine the percentage use line item 'Allocation'  
16 and divide the total Primary by total Allocation and do the same for Local.
- 17 • Interest and Rents: The line item for Interest Earned is split between Primary, Local and  
18 County based on the percentage of your Beginning Fund Balance on the Statement of Fund  
19 Balance. To determine the percentage use line item Beginning Fund Balance and divide  
20 the total Primary by total Beginning Fund and do the same for Local and County.
- 21 • Other: The line item Gain (Loss) Equip. Disposal is automatically updated from the  
22 Schedule of Capital Outlay section \*Gain or (loss) on disposal 693.

23

24 When presenting, compute the MTF revenue per mile of roads within the County, both Local and  
25 Primary, and identify all "Other Contributions and Sources".

26

### 27 Statement of Expenditures

28 This report must balance to the Activity report or GL Activity Transaction Summary/Trial  
29 Balance. Note: The Grand Total of the Statement of Expenditures page includes: Handling  
30 (643.000); Rental Equipment (669.000); Depreciation (690.000); Purchase Discount (691.000)

31

- 32 • The 'Total' sections for "Construction/Capacity Improvements and Preservation/  
33 Structural Improvements" for local roads must reconcile with Schedule of Township  
34 Expenditures and Contributions.
- 35 • "Other: Administrative Expense" is split between Primary and Local based on the  
36 percentage of Total Road Expense. To determine the percentage, use line item Total Road  
37 Expense and divide the total Primary by Total Road Expense and do the same for  
38 Local. This amount must reconcile with Administrative Expense
- 39 • "Other: Equipment Expense" – Net is automatically updated from Equipment Expense line  
40 item (Gain) or Loss on Usage of Equipment.
- 41 • "Other: Capital Outlay – Net" is automatically updated from Schedule of Capital Outlay  
42 line item Net Capital Outlay Expenditures.

43

44 When presenting, compute routine maintenance expense per mile and compare the amount to the  
45 MTF revenue received, for both Local and Primary Roads, calculate the Administrative Expense  
46 as a percentage of Total Expenses and identify any significant changes, as well as any significant  
47 changes in the Total Expenses.

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Statement of Changes in Fund Balance

2 The 'Total Revenue' and 'Total Expenditure' sections are automatically filled from the Statement  
3 of Revenues and State of Expenditures reports. The Optional Transfers may be added to modify  
4 the ending fund balance. The amount is based on a percent of MTF revenue.

- 5
- 6 • Primary to Local cannot exceed 50% of Total Primary MTF Revenue from the Statement  
7 of Revenues
- 8 • Local to Primary cannot exceed 15% of Total Primary MTF Revenue from the Statement  
9 of Revenues, however an additional percentage may be transferred with approval from  
10 MDOT.

11

12 The Beginning Fund Balance has selection criteria defaulted to only retrieve the 'balance forward'  
13 amount from general ledger for account 390 (P, L, C).

14

15 Inter-fund Adjustment is used only to eliminate a negative fund balance in Primary or Local  
16 funds. There is no limit on County fund transfers to either Primary or Local Funds.

17

18 Note: All ending fund balances must be positive amounts.

19

20 When presenting, provide reasons for Excess of Revenue Over (Under) Expenditures, and discuss  
21 the Transfer Primary to Local, what the significance is and why it's necessary.

### 22 Equipment Expense

23

24 The Equipment Expense section must reconcile with Activity 510, 511 and 512 on the Activity  
25 report or GL Activity Transaction Summary/Trial Balance. The Equipment Rental Credits section  
26 must reconcile with Account 669.xxx and/or the Equipment column total on the Activity report or  
27 GL Activity Transaction Summary/Trial Balance. The Proration of Equipment or Net Equipment  
28 Section is automatically calculated. These amounts are updated to the Statement of Expenditures  
29 line item Equipment Expense – Net. The total for (Gain) or Loss on Usage of Equipment and  
30 Prorated Gain/Loss on Usage must agree.

31

32 When presenting, provide reasons for variances from the previous year, i.e., overtime, fuel prices,  
33 significant winter maintenance, etc., as well as identifying what percentage of Equipment Rental  
34 Credits is MDOT percentage of the total.

### 35 Distributive Expenses – Fringe

- 36
- 37 • Total Labor Charge column must reconcile with the 'Labor' column of the Activity report  
38 or GL Activity Transaction Summary/Trial Balance for labor used in the fringe benefit  
39 spread calculation.
- 40 • Total Fringe Benefits must reconcile with Activity 513 of the Activity report or GL  
41 Activity Transaction Summary/Trial Balance.
- 42 • Less: Benefits Recovered are reimbursements from the employees.
- 43 • Less: Refunds are any refunds received from companies providing the benefit.
- 44 • The total of column Applicable Labor Charge less specific labor charges. i.e. State,  
45 Sundry, Capital Outlay or misc. labor per road commission, which are manually entered.
- 46 • Distributive Calc column will recalculate the fringes for each labor charge using the ending percent  
47 from Line G. This column must equal the total for Line E Benefits to be Distributed. Note: You

## Uniform Accounting Procedures Manual for County Road Commissions

1 will need to manually edit the file for any labor line items that have been excluded out of the  
2 Applicable Labor Cost, i.e. State.

3 For presenting, compare costs of specific fringes to previous year or impact of additional  
4 contributions to UAL's for pension or OPEB, if applicable.

5  
6 Distributive Expenses – Overhead

- 7 • Cost of Operations column must reconcile with the Total column less the Overhead column  
8 for each Activity on the Activity report or GL Activity Transaction Summary/Trial  
9 Balance.
- 10 • Expenses Distributed total amount must reconcile with activity 514.
- 11 • Applicable Operation Cost is the total from Cost of Operations Total. This amount is  
12 manually entered to each field.
- 13 • Distributed Total column amounts will recalculate the overhead for each operation cost  
14 using the ending percent and must equal the total for the Expenses Distributed row.

15  
16 When presenting, comment on why the amount is either higher or lower for the year.

17  
18 Analysis of Construction and Maintenance

19 This report is a breakdown of work performed by the County vs. Contractor. The Totals of this  
20 report must reconcile with the Activity report. Reports provided for or created by the accounting  
21 software will be useful in preparing this schedule, The Totals from this report must also reconcile  
22 with the Statement of Expenditure report line item for Total Road Expense.

23  
24 When presenting, calculate the percentage of work that is contracted vs. completed with Road  
25 Commission staff and provide explanations for contracted work.

26  
27 Analysis of Accounts Receivable

28 The line item for Total Charges for Current Year must balance to Activity 517 and 518 on the  
29 Activity report.

30  
31 The line item for Beginning Balance columns must balance to Account 078 for Balance Forwards.  
32 The Less Credits are Receipts received for Account 078. The YTD Detail Trial Balance may be  
33 used to balance.

- 34  
35 • Total Charges for Current Year for both Trunkline Maintenance and MDOT Other must  
36 reconcile with the Act 51 Statement of Expenditure, line item Other Expense – Trunkline  
37 Maintenance and Trunkline Non-Maintenance.
- 38 • Ending Balance for both Trunkline Maintenance and MDOT Other must reconcile with  
39 the Act 51 Balance Sheet under line item for State Trunkline Maintenance and State  
40 Transportation Department – Other and what is listed for AR Open.

41  
42 When presenting, use the labor amount to estimate the number of employees being paid by the  
43 State Trunkline contract.

44  
45  
46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Schedule of Capital Outlay

2 This report must balance to your Capital Outlay Activity/Activities on the Activity report or GL  
3 Activity Transaction Summary/Trial Balance.

- 4 • The Total Capital Outlay must reconcile with Capital Outlay Activity, i.e. 900.
- 5 • The Net Capital Outlay Expenditure automatically updates to the Statement of Expenditure  
6 line item Capital Outlay – Net in the current version of ADARS.
- 7 • The Beginning Capital Asset Balance is manually entered based on the Prior Years Equities  
8 found on Page 2 of the Capital Assets report.
- 9 • The Gain or (Loss) on Disposal is automatically updated to the Statement of Expenditures  
10 on line item Gain (Loss) Equip Disp.

11  
12 When presenting, identify specific capital purchases during the year.

13  
14 Maintenance Expenditures 90 % of MTF Returns  
15 The information for the Maintenance Expenditures is automatically updated from the Statement of  
16 Revenues, Statement of Expenditures and Capital Outlay reports.

17 The line item Less Federal Aid for Preservation – Structural Improvements is automatically  
18 estimated by subtracting Total Construction Expenditures from Federal Aid Revenue. You may  
19 override the updated amounts and manually enter the amount.

20 Note: For compliance with [Section 12\(16\) of Act 51](#), the County must spend 90% of MTF  
21 Revenue, less Administration Expenses, Total Capital Outlay, Debt Principal Payment, and  
22 Interest Expense, as shown on the schedule, for maintenance activities.

23  
24 This page simply meets the Act 51 reporting compliance.

25  
26 Ten Years of Qualified Expenditures for Non-Motorized Improvements  
27 WORK CREDITABLE AGAINST THE SECTION 10K 1% EXPENDITURE REQUIREMENT  
28 [PA 51 of 1951 as amended by PA 82 of 2006](#)

29  
30 The following table represents work items creditable against the Section 10k one-percent  
31 expenditures. If your road commission identifies potential work items that do not appear on the  
32 list below, please contact the MDOT Bicycle and Pedestrian Coordinator for eligibility  
33 verification.

34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47



## Uniform Accounting Procedures Manual for County Road Commissions

DESCRIPTION OF WORK	WORK CREDITABLE AGAINST SECTION 10K 1% REQUIREMENT	ELIGIBLE COST	
		Engineering	Construction
<b>NON – ROAD FACILITIES</b>			
<b>Shared Use Path</b> as a project	All Engineering/construction	100%	100%
<b>Shared Use Path</b> as part of a road project	1) All path related construction 2) Non-path work in the road project, necessitated by the path component (e.g. extra fill, culvert extension, etc.) 3) Prorated engineering costs	Prorated*	100% of 1 and 2
<b>Shared Use Structures</b>	All engineering/construction	100%	100%
<b>Bicycle Parking</b>	Acquisition and Installation	100%	100%
<b>Sidewalks, ramps and curb cuts</b>	All engineering/construction	100%	100%
<b>Curb Extensions and Median Refuge Islands</b>	All engineering/construction	100%	100%
<b>Signs, Pavement Markings, Pedestrian Signals</b>	All work specifically associated with the non-motorized facility and its pedestrian/non-motorized users	100%	100%
<b>SERVICES</b>			
<b>Non-motorized Planning and Education</b>	Costs associated with the development of non-motorized planning documents or educational materials intended to promote the development, benefits and use of non-motorized transportation.	NA	NA
<b>ROAD FACILITIES</b>			
<b>New Bike Lanes and associated, pavement, pavement markings, and signage</b>	That portion of the engineering and construction that can be attributed to the bike lane	Prorated	Prorated**
<b>Shoulder Paving</b> as a project	All Engineering/construction	100%	100%
<b>Shoulder Paving</b> as a part other road or bridge construction, reconstruction, resurfacing, or widening work	That portion of the engineering and construction that can be attributed to the paving shoulder portion of the work	Prorated	Prorated**
<b>Road or bridge Construction, Reconstruction, Resurfacing, or Widening</b>	That portion of the outside lane width in excess of the minimum design width for motor vehicles	Prorated	Prorated
* Proration: $E_{nm} = (C_{nm} / C_{tot}) \times E_{tot}$ , where E=Engineering \$s, and C=Construction \$s			
** Proration: $C_{nm} = (W_{nm} / W_{tot}) \times C_{tot}$ where W=Width of roadway, and C=Construction \$s. Note only road/bridge project pay items which include the non-motorized width in the width proration.			
All work needs to be done to AASHTO and ADA standards.			

1  
2 Non-road facilities are accommodations which occur off the edge of the road and may or may not  
3 be within the road right of way. The shared use path (the appropriate name for what are often called  
4 bike paths or trails) and shared use structures on those paths are off-roadway facilities intended for  
5 non-motorized travel. Ramps and curb cuts where paths or sidewalks cross roadways are eligible  
6 facilities; bicycle parking facilities also qualify. Signs, pavement markings and signals associated  
7 with road or non-road facilities for bicycle or pedestrian users are also eligible expenditures.  
8  
9  
10  
11  
12  
13  
14

## Uniform Accounting Procedures Manual for County Road Commissions

1 Accommodations which occur off the edge of the road:

- 2 • Shared use path
- 3 • Shared use structures on those paths
- 4 • Ramps and curb cuts where paths or sidewalks cross roadways
- 5 • Bicycle parking facilities
- 6 • Signs, pavement markings and signals associated with road or non-road facilities.
- 7 • Sidewalks - [MCL Section 247.660\(k\)](#), also known as [Section 10k \(3\) of P.A. 51 of 1951](#),
- 8 as amended, states: “. . . addition or improvement of a sidewalk in a city or village. . . shall
- 9 be considered to be a qualified non-motorized facility . . . “

10  
11 Road facilities are non-motorized accommodations built in a roadway. They include paving wide  
12 shoulders 4’ or greater, and portions of road or bridge construction, reconstruction, resurfacing or  
13 widening suitable for non-motorized users. In general, any work that adds width to the roadway  
14 beyond the minimum design width provided for motor vehicles use is considered as an  
15 accommodation for bicyclists. Widened curb lanes, striped bicycle lanes and paved shoulders are  
16 facilities that may add sufficient width to a roadway to qualify as a bicycle accommodation. “Road  
17 Diets” or the restriping costs associated with converting a roadway from four lanes to three lanes  
18 (two travel lanes, a turn lane and two bicycle lanes) within the existing curb alignment can also be  
19 considered an eligible expenditure.

20  
21 Non-motorized accommodations built in a roadway:

- 22 • Wide shoulders 4’ or greater
- 23 • Widened curb lanes
- 24 • Portions of road or bridge construction, reconstruction, resurfacing or widening
- 25 • Striped bicycle lanes
- 26 • “Road Diets” with the creation of bicycle lanes
- 27 • In general, work that adds width beyond the minimum design width for a motor vehicle

28  
29 This page also meets the reporting requirements for Act 51.

30  
31 **As of March 29, 2006, changing from gravel to hard surface roads, including paving of gravel**  
32 **roads, no longer qualifies as an eligible expenditure towards Section 10(k). See [Public Act 82](#)**  
33 **[of 2006](#).**

34  
35 Sidewalk “Addition or improvements of a sidewalk in a city or village” are eligible non-motorized  
36 expenditures per [Public Act 82 of 2006](#), effective March 29, 2006.

37  
38 Proration of costs is necessary for non-motorized accommodations constructed as part of roadway  
39 construction work. The formulas for proration are provided in the table.

## Uniform Accounting Procedures Manual for County Road Commissions

1 Questions regarding cost eligibility for items not discussed in this guidance, or for assistance in  
2 calculation of expenditures, may be directed to:

3 MDOT's Bicycle and Pedestrian Coordinator,

4 Phone: (517) 335-2918

5 Michigan Department of Transportation

6 Bureau of Transportation Planning

7 Intermodal Services Unit

8 PO Box 30050

9 Lansing, Michigan 48909

### 10 Indirect Equipment and Storage Expense

11 This report must balance with Activity 511 on the Activity report and/or to the GL Activity  
12 Transaction Summary/Trial Balance (by Account).

13  
14 When presenting on Indirect Equipment and Storage Expense, comment on any changes to utility  
15 costs, using an alternate supplier, repairs to shop facilities, etc.

### 16 Administrative Expense

17  
18 This report must balance to Activity 515 on the Activity report and/or to the GL Activity  
19 Transaction Summary/Trial Balance (by Account 'Net Administrative Expense' must reconcile  
20 with the Act 51 Statement of Expenditure under the line item Administrative Expense.

21  
22 When presenting, comment on any Administrative Expenses that are higher or lower than the  
23 previous year. Examples might include additional legal fees during contract negotiations, etc.

### 24 Forest Road Report

25  
26 This schedule is used to report the expenditures of Economic Development Fund, Category E  
27 funds, on Forest Road Projects. Some counties have forest road projects, and some do not. If your  
28 county has no forest road projects, do not use this schedule.

29  
30 When presenting, identify the projects that are funded by these additional funds.

### 31 Construction/Capacity Improvements/Structural Improvements Summary

32  
33 This schedule shows the Unit (miles/each) and Expenditures for projects expensed under the  
34 Construction/Capacity Improvement and Preservation/Structural Improvements accounts for the  
35 fiscal year.

36  
37 The totals for Construction/Capacity Improvements and Preservation/Structural Improvements  
38 must reconcile with the Statement of Expenditures and with the Schedule of Township  
39 Expenditures and Contributions for local system expenses.

40  
41 All money expensed in the current fiscal year is reported annually, while units/each are only  
42 reported in the fiscal year in which the projects are completed and opened to traffic.

43  
44 When presenting, identify that while the costs of projects often occur over more than one fiscal  
45 year, the numbers shown are only the current years expense, and are identified as completed during  
46 the year they are open to traffic upon completion.

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Schedule of Township Mileage and Population

2 This schedule is used to comply with reporting requirements in [Section 15 of Act 51](#) and the  
3 requirements of [Public Act 50 of 1999](#). List each township on a separate tow. For each township,  
4 report the number of miles of Local and Primary Roads, population and the amount of funds  
5 received for each of these factors will calculate and populate the funds received fields  
6 automatically. Population figures can be obtained from the Department of Management & Budget  
7 website: <https://www.michigan.gov/dtmb/>

8  
9 This report meets the Legislative requirement for reporting.

### 10 11 Schedule of Township Expenditures and Contributions

- 12 • Construction/Capacity Improvements and Preservation/Structural Improvements must  
13 reconcile to the Statement of Expenditures, Preservation-Structural Improvements.
- 14 • Township Contributions column may or may not reconcile to the Statement of Revenues  
15 which may include charges for Routine and Preventive Maintenance or Non-Maintenance  
16 expenditures.

17  
18 When reporting on the Township Expenditures and Contributions, compare the revenue to the  
19 expenditures for local roads as shown on the Statement of Expenditures.

### 20 21 Asset Management

22 The Asset Management page is included with the annual financial report by cooperative  
23 arrangement between the MDOT Financial Operations Division and the Transportation Asset  
24 Management Council.

25  
26 Although the county Act 51 report preparer may be responsible for completing the Asset  
27 Management page, the county engineering staff is responsible for providing the data to the report  
28 preparer, and the Transportation Asset Management Council is responsible for reviewing the data  
29 for compliance.

30  
31 When presenting, this information is simply the engineering specifics for work completed during  
32 the year, and not relevant to the fiscal year accounting.

33  
34 The Act 51 Report is to be entered via internet into MDOT's computer system.

35  
36 **YOU MUST CERTIFY THE ANNUAL REPORT BEFORE MDOT WILL BE NOTIFIED**  
37 **THAT YOUR ACT 51 FINANCIAL REPORT IS COMPLETE AND READY FOR THEIR**  
38 **REVIEW. ONCE THE REPORT HAS BEEN CERTIFIED, YOU CANNOT MAKE ANY**  
39 **CHANGES TO THE REPORT; HOWEVER, YOU CAN STILL PRINT THE REPORT.**

40  
41

## Uniform Accounting Procedures Manual for County Road Commissions

### Budgets

[Public Act 2 of 1968](#), as amended, establishes budgeting requirements and prohibits budgeting for a deficit in fund balance by local units of government. The legislative body (Board of County Road Commissioners) must pass a General Appropriations Act for the County Road Operating Fund (a special revenue fund type).

Michigan law provides that no money shall be disbursed from a local unit except pursuant to the General Appropriations Act adopted by the legislative body. The purpose of the General Appropriations Act is to present the expenditure side of the budget in a form necessary to allow the expenditure of funds and to prevent deficits by limiting expenditures to available resources. The appropriations act must include estimated revenues by source, in each fund, to finance the expenditures. The General Appropriations Act, when approved by the legislative body after a public hearing, becomes the plan that must be followed by the administrative officer in the conduct of the Road Commission's operations.

The recommended budget and subsequent appropriations act may be two separate and distinct documents. The Michigan Committee on Governmental Accounting and Auditing recommends that the budget estimates be prepared and submitted to the chief administrative officer in detail. The recommended budget document prepared for presentation to the legislative body should be in summary form according to mandatory activities set forth in the "Uniform Chart of Accounts" and financial reporting requirements. The budget document shall be accompanied by such supporting schedules as may be requested by the legislative body. The chief administrative officer shall submit a recommended budget and a suggested appropriation act for the operating fund of the Road Commission. The legislative body may authorize the chief administrative officer to make transfers, within limits, stated in the general appropriations act without prior approval of the legislative body. Michigan law provides that no money shall be disbursed from the treasury except pursuant to an appropriations act adopted by the legislative body.

The General Appropriations Act must also include the estimated beginning fund balance plus the estimated revenues, by source in each fund, to finance expenditures. Both revenues and expenditures must be monitored during the fiscal year to prevent incurring a deficit. The General Appropriations Act must be amended as soon as it becomes apparent that a significant change in revenues or expenditures is known. The budget must also include an estimated ending fund balance, which cannot be less than zero.

The budget for the County Road Fund shall be prepared, adopted, and amended when necessary in accordance with the provisions of [Public Act 2 of 1968](#), as amended, the Uniform Budgeting and Accounting Act, being [MCL 141.421 - 141.440](#).

We recommend the budget be prepared in accordance with the [Uniform Budgeting Manual for Local Units of Government in Michigan](#) issued by the Michigan Department of Treasury.

Following are examples of completed budget forms and formal budget actions by a board of county Road Commissioners.

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 1. Recommended budget submitted by the chief administrative officer to the board of county
- 2 Road Commissioners, which consists of:
- 3 a. Budget Summary (Prior Year, Current Year and Budget Year)
- 4 b. Supporting Schedule - Revenues and Other Sources
- 5 c. Supporting Schedule - Expenditures and Other Uses
- 6
- 7 2. General Appropriations Act
- 8
- 9 3. Budget Amendments
- 10 a. Budget Amendment No. 1
- 11 1) Supporting Schedule of Increases/(Decreases)
- 12 b. Budget Amendment No. 2
- 13 1) Supporting Schedule of Increases/(Decreases)
- 14

Recommended Budget

Budget Summary

**REVENUES (AND OTHER SOURCES)**

<u>Name of Local Government Unit</u>	<u>Name of Fund</u>	<u>Fund No.</u>	<u>Budget Year Ending Date</u>
Brown County Road Commission	County Road	201	12/31/X6

**Department or Classification**

<u>Account Description</u>	Amount		
	<u>Year 20X4 Actual Prior</u>	<u>Year 20X5 Est. Current</u>	<u>Budget 20X6 Recommended</u>
Taxes	\$440,812	\$225,431	\$235,000
Federal Grants	602,434	981,542	964,000
State Grants	1,777,234	1,475,850	1,515,000
Contributions from Local Units	104,000	160,000	92,000
Charges for Services	744,671	770,000	771,800
Interest and Rents	52,825	42,000	33,000
Other Revenue	2,100	9,000	10,200
<b>Total Revenues</b>	<b>3,724,076</b>	<b>3,663,823</b>	<b>3,621,000</b>
Other Sources	-	200,000	85,000
<b>Total Revenues and Other Sources</b>	<b>\$3,724,076</b>	<b>\$3,863,823</b>	<b>\$3,706,000</b>

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## Uniform Accounting Procedures Manual for County Road Commissions

### EXPENDITURES (AND OTHER USES)

<u>Name of Local Government Unit</u>	<u>Name of Fund</u>	<u>Fund No.</u>	<u>Budget Year Ending Date</u>
Brown County Road Commission	County Road	201	12/31/X6
<b>Department or Classification</b>			
<b>Amount</b>			
<b><u>Account Description</u></b>	Year 20X4 Actual Prior	Year 20X5 Est. Current	Budget 20X6 Recommended
Primary Road			
Construction/Capacity Improvement	\$35,487		
Preservation/Structural Improvement	774,712	\$1,308,722	\$1,273,000
Routine and Preventative Maintenance	691,852	460,000	561,000
Local Road			
Construction/Capacity Improvement	7,711		
Preservation/Structural Improvement	76,203	106,257	84,000
Routine and Preventative Maintenance	650,076	629,000	545,250
Equipment Expense (Net)	(127,124)	(175,000)	(117,000)
Distributive Expense	401,925	410,000	430,000
Administrative (Net)	125,643	131,000	133,500
State Trunkline Maintenance	742,422	768,000	770,000
Capital Outlay (Net)	112,668	53,892	(216,500)
Debt Service	174,920	171,648	169,010
Total Expenditures and Other Uses	3,666,495	3,863,519	3,632,260
Amounts Needed for Contingencies	-		125,000
Total Expenditures and Other Uses	\$3,666,495	\$3,863,519	\$3,757,260
Budgeted Net Revenues (Expenditures)	Year End 12/31/X6		\$(51,260)
Current Estimated Operating Surplus (Deficit)	Year End 12/31/X5	\$304	
Accumulated Available Unappropriated Surplus (Deficit) from Prior Years	12/31/X4 12/31/X5	\$355,503	\$355,804
Projected Surplus at End of Budget Year			\$304,547

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2 **NOTE:** Data for each year shown on the budget summary should be comparable. For example,  
3 because Equipment Expense (Net) and Distributive Expense are included as line-items in the  
4 Recommended Budget, account and activity balances presented for Actual Prior Years and  
5 Estimate Current Year should be the balances prior to the year-end closing of Activity 513 -  
6 Distributive Expense - Fringe Benefits, Account 670 - Gain or Loss on Equipment Usage and  
7 Activity 514 - Distributive Expense - Other.

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## Uniform Accounting Procedures Manual for County Road Commissions

### SUPPORTING SCHEDULE – REVENUES (AND OTHER SOURCES)

Name of Local Governmental Unit	Name of Fund	Fund No.	Budget Year Ending Date
Brown County Road Commission	County Road	201	12/31/X6

  

<u>Department or Classification</u>		Amount			
<u>Account Number</u>	<u>Account Description</u>	<u>Year 20X4 Actual Prior</u>	<u>Year 20X5 Est. Current</u>	<u>Budget 20X6 Recommended</u>	<u>Adopted</u>
401	<b>Taxes</b>	440,812	225,431	235,000	
403	Property Taxes	425,812	210,431	220,000	
430	National Forest Reserve Taxes	15,000	15,000	15,000	
501	<b>Federal Grants</b>	602,434	981,542	964,000	
510	MDOT – Private Contractors				
.02	Urban Highway	116,888	262,341	200,000	
.071	Surface Transportation Program	306,201	427,201	500,000	
511	Negotiated Contracts				
.03	Hazard Elimination Safety		140,000	125,000	
.071	Surface Transportation Program	179,345	152,000	139,000	
539	<b>State Grants</b>	1,777,234	1,475,850	1,515,000	
546	Michigan Transportation Fund				
.01	Engineering	10,000	10,000	10,000	
.02	Primary Road	886,375	840,161	869,500	
.03	Local Road	500,373	474,285	492,500	
.04	Primary Urban Road	21,445	20,326	21,500	
.05	Local Urban Road	21,445	20,326	21,500	
.06	Snow Removal	220,363	110,752	100,000	
547	Critical Bridge	117,233			
580	<b>Contributions from Local Units</b>	104,000	160,000	92,000	
.04	Township Contributions	104,000	160,000	92,000	
600	<b>Charges for Services</b>	744,671	770,000	771,800	
627	State Trunkline Maintenance	742,422	768,000	770,000	
643	Scrap and Salvage Sales	2,249	2,000	1,800	
664	<b>Interest and Rents</b>	52,825	42,000	33,000	
665	Interest	49,825	39,000	30,000	
667	Property Rent	3,000	3,000	3,000	
671	<b>Other Revenues</b>	2,100	9,000	10,200	
687	Refunds – Rebates	3,150	300	200	
693 .01	Gain or (Loss) on Disposal of Road Equipment	(1,050)	8,700	10,000	
Total Revenues		3,724,076	3,663,823	3,621,000	
<b>Other Sources</b>					
699	Appropriation Transfers In	-	200,000	85,000	
Total Revenues and Other Sources		3,724,076	3,863,823	3,706,000	

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2 **NOTE:** The Budget Year Final Adopted column on the supporting schedules of revenues and  
3 expenditures is to be used only if the board of county Road Commissioners makes or approves  
4 changes to the recommended budget submitted by the chief administrative officer. The Budget  
5 Year Final Adopted column contains no amounts in this example because this example provides  
6 that the board adopted the recommended budget as submitted.

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# Uniform Accounting Procedures Manual for County Road Commissions

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## SUPPORTING SCHEDULE – EXPENDITURES (AND OTHER SOURCES)

Name of Local Governmental Unit	<u>Name of Fund</u>	<u>Fund No.</u>	<u>Budget Year</u>	
Brown County Road Commission	County Road	201	12/31/X6	
<b><u>Department or Classification</u></b>		<u>Amount</u>		
<b>Activity*</b>				
<b>or</b>				
<b>Account</b>		<b>Year 20X4</b>	<b>Year 20X5</b>	<b>Budget 20X6</b>
<b>Number</b>	<b><u>Account Description</u></b>	<b>Actual Prior</b>	<b>Est. Current</b>	<b>Recommended</b>
				<b>Adopted</b>
	<b>Primary Road</b>			
450*	<b>Construction/Capacity Improv.</b>	35,487	-	-
451*	Roads	35,487		
	<b>Primary Road</b>			
458*	<b>Preservation/Structural Improv.</b>	774,712	1,308,722	1,273,000
459*	Roads	609,385	1,308,722	1,273,000
460*	Bridges and Structures	165,327		
	<b>Primary Road</b>			
466*	<b>Routine &amp; Preventive Maint.</b>	691,852	460,000	561,000
467*	Roads	477,545	249,500	353,000
472*	Winter	214,307	210,500	208,000
	<b>Local Road</b>			
480*	<b>Construction/Capacity Improv.</b>	7,711	-	-
481*	Roads	7,711		
	<b>Local Road</b>			
488*	<b>Preservation/Structural Improv.</b>	76,203	106,257	84,000
489*	Roads	76,203	106,257	84,000
	<b>Local Road</b>			
496*	<b>Routine &amp; Preventive Maint.</b>	648,076	629,000	545,250
497*	Roads	414,401	346,194	314,500
498*	Bridges and Structures	802		705
502*	Winter	232,873	282,806	230,000
670	<b>Equipment Expense (Net)</b>	(127,186)	(175,000)	(117,000)
510*	Direct	741,124	811,000	760,000
511*	Indirect	432,167	401,000	403,000
512*	Operating	207,087	211,000	220,000
670	Equipment Rental Credits	(1,507,564)	(1,598,000)	(1,500,000)

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## Uniform Accounting Procedures Manual for County Road Commissions

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### SUPPORTING SCHEDULE – EXPENDITURES (AND OTHER SOURCES)

Name of Local Governmental Unit	<u>Name of Fund</u>	<u>Fund No.</u>	<u>Budget Year</u>	
Brown County Road Commission	County Road	201	Ending Date 12/31/X6	
<b><u>Department or Classification</u></b>		<u>Amount</u>		
<b>Activity*</b>				
<b>or</b>				
<b>Account</b>		<b>Year 20X4</b>	<b>Year 20X5</b>	<b>Budget 20X6</b>
<b>Number</b>	<b><u>Account Description</u></b>	<b>Actual Prior</b>	<b>Est. Current</b>	<b>Recommended</b>
				<b>Adopted</b>
	<b>Distributive Expense</b>	401,925	410,000	430,000
513*	Fringe Benefits	363,282	375,000	390,000
514*	Other	38,643	35,000	40,000
	<b>Administrative (Net)</b>	125,643	131,000	133,500
515*	Administration	193,931	201,600	205,000
629	Overhead – State	(60,181)	(61,500)	(63,900)
646	Handling Charges	(6,708)	(6,300)	(6,000)
691	Purchase Discounts	(1,399)	(2,800)	(1,600)
517*	<b>State Trunkline Maintenance</b>	742,422	768,000	770,000
	<b>Capital Outlay (Net)</b>	112,668	53,892	(216,500)
900*	Capital Outlay	462,737	412,806	165,500
689	Capital Asset Retirements	(1,085)	(3,194)	(2,000)
690	Depreciation and Depletion	(345,984)	(355,720)	(380,000)
905*	<b>Debt Service</b>	174,920	171,648	169,010
991	Principal	127,922	133,816	139,946
955	Interest	46,998	37,832	29,064
	Total Expenditures	3,664,495	3,863,519	3,632,260
	Amounts Needed for Contingencies	-	-	125,000
	Total Expenditures and Other Uses	3,664,495	3,863,519	3,757,260

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3 **NOTE:** Supporting budget documents may be prepared to include additional activities and greater  
 4 detail. For example, expenditure budget documents could include budget amounts for all accounts  
 5 within each activity.

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## Uniform Accounting Procedures Manual for County Road Commissions

1 General Appropriations Act  
 2 Moved by Commissioner Smith, supported by Commissioner Jones, that the 20X8 Brown County  
 3 Road Fund General Appropriations Act be approved unanimously as follows:  
 4

Revenues (and Other Sources)	
Taxes	\$235,000
Federal Grants	964,000
State Grants	1,515,000
Contributions from Local Units	92,000
Charges for Services	771,800
Interest and Rents	33,000
Other Revenue	<u>10,200</u>
Total Revenues	3,621,000
Other Sources	<u>85,000</u>
Total Revenues and Other Sources	<u><u>\$3,706,000</u></u>
Expenditures (and Other Uses)	
Primary Road Construction/Capacity Improvement	
Primary Road Preservation/Structural Improvement	\$1,273,000
Primary Road Routine and Preventive Maintenance	561,000
Local Road Construction/Capacity Improvement	
Local Road Preservation/Structural Improvement	84,000
Local Road Routine and Preventive Maintenance	545,250
Equipment Expense (Net)	(117,000)
Distributive Expense	430,000
Administration (Net)	133,500
State Trunkline Maintenance	770,000
Capital Outlay (Net)	(216,500)
Debt Service	<u>169,010</u>
Total Expenditures	3,632,260
Other Uses	
Amounts Needed for Contingencies	<u>125,000</u>
Total Expenditures and Other Uses	<u><u>\$3,757,260</u></u>
Budgeted Net Revenues (Expenditures)	\$(51,260)
Accumulated Available Unappropriated Fund Balance (Deficit) from Prior Year	<u>355,807</u>
Projected Fund Balance at End of Budget Year	<u><u>\$304,547</u></u>

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### Uniform Accounting Procedures Manual for County Road Commissions

1 For the purpose of administering the general appropriations act in accordance with the provisions  
2 of [Public Act 2 of 1968](#), as amended, the following provisions are included:

- 3
- 4 1. Joseph A. Doe, Manager, is designated Chief Administrative Officer, and May D. Adams,  
5 Office Manager, is designated as Fiscal Officer.  
6
- 7 2. The chief administrative officer is authorized to transfer up to 25% of a line-item amount  
8 approved in the General Appropriations Act to another line-item without prior approval, but  
9 subject to approval of the Board of County Road Commissioners at their next regular Board  
10 Meeting.  
11
- 12 3. The expenditure amount approved in this General Appropriations Act for Distributive Expense  
13 shall be allocated to the various other expenditure line-items in the proportion as the allocation  
14 of actual Distributive Expense at year end.  
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16 MOTION APPROVED by roll call vote, 3 yeas, 0 nays.

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18 Notes: The budget summary page of the recommended budget, or a copy thereof may be included  
19 in the General Appropriations Act in-lieu-of the above figures.  
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## Uniform Accounting Procedures Manual for County Road Commissions

1 Budget Amendment #1  
 2 Moved by Commissioner Jones, supported by Commissioner Smith, that the 20X8 Brown  
 3 County Road Fund General Appropriations Act be amended per Budget Amendment #1 as  
 4 follows:  
 5

	Original Budget	Increase (Decrease)	Amended Budget
Revenues (and Other Sources)			
Taxes	\$ 235,000	\$ 4,485	\$ 239,485
Federal Grants	964,000	21,000	985,000
State Grants	1,515,000	256,000	1,771,000
Contributions from Local Units	92,000	23,000	115,000
Charges for Services	771,800	10,000	781,800
Interest and Rents	33,000	4,000	37,000
Other Revenue	10,200		10,200
Total Revenues	3,621,000	318,485	3,939,485
Other Sources	85,000	160,240	245,240
Total Revenues and Other Sources	\$ 3,706,000	\$ 478,725	\$ 4,184,725
Expenditures (and Other Uses)			
Primary Road Construction/Capacity Improvement	\$ 1,273,000	\$ (83,000)	\$ 1,190,000
Primary Road Preservation/Structural Improvement	561,000	177,000	738,000
Primary Road Routine and Preventative Maintenance	84,000	16,000	100,000
Local Road Construction/Capacity Improvement	84,000	16,000	100,000
Local Road Preservation/Structural Improvement	545,250	206,750	752,000
Local Road Routine and Preventative Maintenance	545,250	206,750	752,000
Equipment Expense (Net)	( 117,000)		( 117,000)
Distributive Expense	430,000	36,000	466,000
Administration (Net)	133,500	6,470	139,970
State Trunkline Maintenance	770,000	10,000	780,000
Capital Outlay (Net)	( 216,500)	131,482	( 85,018)
Debt Service	169,010	15,450	184,460
Total Expenditures (and Other Uses)	3,632,260	516,156	4,148,412
Other Uses			
Amounts Needed for Contingencies	125,000	( 125,000)	-
Total Expenditures and Other Uses	\$ 3,757,260	\$ 391,152	\$ 4,148,412
Budgeted Net Revenues (Expenditures)	\$ (51,260)	\$ 87,573	\$ 36,313
Accumulated Available Unappropriated Fund Balance (Deficit) from Prior Years	355,807	( 31,468)	324,339
Projected Fund Balance at End of Budget Year	\$ 304,547	\$ 56,105	\$ 360,652

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 7 MOTION APPROVED BY roll call vote, 3 yeas, 0 nays.  
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## Uniform Accounting Procedures Manual for County Road Commissions

Brown County Road Fund  
Supporting Schedule of Increases (Decreases)  
Budget Amendment No. 1, FYE 12/31/X6

Activity* or Account Number	Activity of Account Descriptions	Original Budget	Authorized Increases (Decrease)	Amended Budget
	<u>Revenues and Other Sources</u>			
401	<b>Taxes</b>	\$235,000	\$4,485	\$239,485
103	Property Taxes	220,000	3,459	223,459
430	National Forest Reserve Taxes	15,000	1,026	16,026
501	<b>Federal Grants</b>	964,000	21,000	985,000
510	MDOT – Private Contractors			
.02	Urban Highway	200,000		200,000
.071	Surface Transportation Program	500,000		500,000
511	Negotiated Contracts			
.03	Hazard Elimination Safety	125,000		125,000
.071	Surface Transportation Program	139,000	21,000	160,000
539	<b>State Grants</b>	1,515,000	256,000	1,771,000
546	Michigan Transportation Fund			
.01	Engineering	10,000		10,000
.02	Primary Road	869,500	139,244	1,008,744
.03	Local Road	492,500	78,870	571,370
.04	Primary Urban Road	21,500	3,443	24,943
.05	Local Urban Road	21,500	3,443	24,943
.06	Snow Removal	100,000	31,000	131,000
580	<b>Contributions from Local Units</b>	92,000	23,000	115,000
.04	Township Contributions	92,000	23,000	115,000
600	<b>Charges for Services</b>	771,800	10,000	781,800
627	State Trunkline Maintenance	770,000	10,000	780,000
643	Scrap and Salvage Sales	1,800		1,800
664	<b>Interest and Rents</b>	33,000	4,000	37,000
665	Interest	30,000	4,000	34,000
667	Property Rent	3,000		3,000
671	<b>Other Revenue</b>	10,200	-	10,200
687	Refunds – Rebates	200		200
693	.01 Gain or (Loss) on Disposal of Road Equipment	10,000		10,000
	Total Revenues	3,621,000	318,485	3,939,485
	<b>Other Sources</b>	85,000	160,240	245,240
697	Installment Purchase and Lease Proceeds		145,240	145,240
699	Appropriation Transfers In	85,000	15,000	100,000
	Total Revenue and Other Sources	\$3,706,000	\$478,725	\$4,184,725

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## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Purchasing Procedures

2 In consideration of the Road Commission's fiduciary responsibilities, the purchasing activities  
3 must assure promotion of full and open competition, as well as, prevent fraud, waste and  
4 corruption. In doing so, they must balance economy, efficiency, and expediency when consider  
5 the purchasing sustainable goods and services, receive the appropriate quality and quantities of  
6 goods and services, delivered at the correct time, and purchased at the lowest practical cost.  
7 Purchasing activities include obligations for proper transaction documentation, fiscal  
8 responsibility, ethical behavior, adherence to federal, state and local government regulations.  
9

### 10 Purchasing Ethical Standards

11 From the County Road Law, the following ethical standards for all Road Commission purchases  
12 must be adhered to: A purchaser for a Road Commission shall not be financially interested, or  
13 have any personal beneficial interest, directly or indirectly in any contract or purchase order for  
14 supplies, materials, equipment used by or furnished to the Road Commission; nor shall any  
15 employee accept or receive directly or indirectly from any person, firm or corporation to whom  
16 any contract or purchase order may be awarded, by rebate, gift or otherwise, any money or  
17 anything of value, or any promise, obligation or contract for future reward or compensation.  
18 Advertising items bearing the name of the firm such as pens, pencils, calendars, etc., are not  
19 considered articles of value or gifts in relation to this policy. In addition, the following practices  
20 are specifically forbidden:  
21

- 22 1. Using information available to an employee solely because of his position for personal profit,  
23 gain or advantage.
- 24 2. Directly or indirectly furnishing information not available to all prospective bidders, to any  
25 person bidding on, or who may reasonably be expected to bid on a contract.
- 26 3. Providing confidential information to persons to whom issuance of such information has not  
27 been authorized.
- 28 4. Accepting, taking or converting to one's own use products of any kind in the course of or as  
29 the result of inspections of such projects.
- 30 5. Using your position to solicit, directly or indirectly, business of any kind or to purchase  
31 supplies or equipment at special discounts for private use from any person who sells or solicits  
32 sales to Road Commissions.  
33

34 It is of critical importance that the purchasing function of Road Commissions be of the highest  
35 integrity and honesty.  
36

### 37 Purchasing Types

38 Purchasing procedures may vary with each Road Commission. There are aspects of purchasing  
39 that are legally required to ensure efficient, effective and transparent operations. In the best interest  
40 of the Road Commission, use these guidelines in conjunction with your Road Commission's  
41 current purchasing policy, within the legal requirements. The following are explanations of  
42 common types of purchases.  
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## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Petty Cash

2 Petty cash is a small amount of discretionary funds used for expenditures where it is not sensible  
3 to make a disbursement by check. It is used for expenses that, for practical reasons, cannot be paid  
4 in the regular manner. At certain intervals, the petty cash is replenished by a check drawn on the  
5 fund from which the petty cash expenses are payable. An itemized voucher for the amount of  
6 disbursements made from petty cash must support the replenishment check. The total of petty cash  
7 on hand and/or on deposit, plus the unreplenished disbursements, must always equal the imprest  
8 cash account balance.

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10 The process for setting up a petty cash account is very straightforward. The board of County Road  
11 Commissioners legally determines the amount of petty cash. Once the board authorizes the  
12 account, simply write a check on the vendor account to petty cash and cash the check. The cash is  
13 then entrusted to the employee responsible for keeping it. As cash is used, the slips are kept with  
14 the balance available of the remaining cash. When the supply of cash gets low, use the slips to  
15 generate an expense voucher to replenish the cash. Make sure a system is in place to account for  
16 the cash and properly record any overages or shortages. Always make sure the person receiving  
17 petty cash has a valid receipt for the item. Without a receipt, don't reimburse petty cash, no  
18 exceptions. The audit trail needs to be firmly established and control maintained at all times. If it  
19 develops that there is a site that does not document use or provide the proper receipts and vouchers,  
20 or cash slips as required, remove the cash fund from that location. Personal checks and/or personal  
21 expense items should not be paid from petty cash.

22  
23 A policy statement regarding petty cash should be adopted by the board. The statement should  
24 include the maximum amount of cash to be disbursed for any single item as well as discipline for  
25 not keeping proper accounting records such as a receipt.

### 26 27 Expense Reimbursement

28 Items allowed by your expense reimbursement policy should be detailed on a signed expense  
29 voucher and itemized with receipts. Commissioners should review each expense voucher for the  
30 other commissioners. Department heads should approve their employees' expense vouchers prior  
31 to having the expense reimbursed. The policy for travel/expense reimbursement should state the  
32 guidelines for reimbursement, such as, value limits for meals or non-reimbursable items.

### 33 34 Credit Card Purchasing

35 One simple way to purchase is using a credit card. It is important to have a credit card policy in  
36 place and to strictly enforce the policy. There are specific items a credit card policy must include,  
37 see the legal section. The board must have a policy in place that names the officer responsible for  
38 implementation of the policy. An agreement must be reached with a financial institution to  
39 determine the limits of the credit cards, who is authorized to have a card, what type purchases can  
40 be made, how often the card can be used and the payment terms. When using a credit card, the  
41 employee needs to have proper documentation to present to accounts payable for payment of the  
42 invoice. Any employee issued a credit card should also be required to sign a statement agreeing to  
43 the terms and conditions of the policy developed for the use of the card. The employee should also  
44 be aware of the responsibilities and repercussions in the event the policy is not. All credit card use  
45 needs to be documented and authorized. Credit card limits should be high enough to allow the card  
46 to be used for the intended purchases.

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## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Requisitions and Purchase Orders

2 Most daily purchases can be made through a requisition and purchase order system. The employee  
3 needing the item fills out the requisition with all of the information detailing the items to be  
4 purchased, has it initialed or signed by the authorizing department head, orders the items and  
5 submits the requisition for processing onto a purchase order. The purchase order is created and  
6 processed through accounts payable. When the receiving report or packing slip is signed and  
7 submitted to accounts payable, the invoice for the material can then be processed for payment.  
8 There are many variations to this system. All purchase orders must be approved by a department  
9 head. Each Road Commission should maintain appropriate internal controls based on their  
10 purchasing policy. It is important to separate the responsibilities for ordering and paying for items  
11 between employees. Audit trails are an important part of the integrity of the system. Be sure there  
12 is a system in place for more than one person to at least review invoices and payments.  
13

14 Some items that are bid can have blanket purchase orders issued for the "specifications, terms and  
15 conditions of the bid opening" and used in-lieu-of contracts. The bid document properly signed  
16 and awarded then becomes the contract with the purchase order formally acknowledging the award  
17 of the bid. Seasonal requirements for gravel or dust control are good examples of the type of bid  
18 that can be formally awarded by purchase order.  
19

### 20 Price Quotations

21 In this section, the money amounts listed are for reference and example only. It is up to each Road  
22 Commission to determine the specific dollar values for their system and use what makes sense to  
23 them. It is suggested for orders ranging in value from \$300 to \$1,500, at least three telephone  
24 requests for a quotation from responsible vendors should be undertaken. Notes from the calls  
25 should be attached to the requisition and filed. For purchases ranging from \$1,500 to less than  
26 \$15,000, at least three written quotation proposals from responsible vendors should be received,  
27 kept with the purchase order and filed. These quotations need to be in writing and when requested,  
28 should have a time stated to be received. If an alternate is suggested, all vendors that were offered  
29 to quote must also be allowed to quote on the alternate. Quotations, once received, should be filed  
30 and treated much like bid documents. Though less formal, they are still the basis for the binding  
31 agreement. For purchases of items which exceed \$15,000, written sealed bids must be received  
32 and the award made by the Board of County Road Commissioners.  
33

### 34 Bids

35 Formal bids, which are legally required for purchases in excess of \$15,000, include public  
36 advertising, sealed proposals, a public opening and award by the Board. Every bid document  
37 should include some statements that are normally called boilerplate. The boilerplate should include  
38 the right to award in the best interest of the Road Commission; the right to waive irregularities in  
39 any bid, and the right to reject bids. Boilerplate can also include statements of compliance. For  
40 example: payment terms and conditions, compliance with the Elliot Larsen Civil Rights Act, and  
41 a statement declaring noncollusion. (Example: By my signature on this document, I hereby state  
42 that all of the information I have provided is true, accurate and complete. I hereby state that I have  
43 not communicated with, nor otherwise colluded with any other bidder, nor have I made any  
44 agreement with, nor offered or accepted anything of value from any official or employee of the  
45 (name) County Road Commission that would tend to destroy or hinder free competition, or  
46 otherwise compromise the bid process.)  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

1 After Board award of a formal bid a purchase order is issued. The purchase order can also represent  
2 the confirmation of a contract. A bid document can be used as a contract by adding an acceptance  
3 clause as follows:

4  
5 “The undersigned bidder acknowledges the bidding proposal is an offer of contract extended to  
6 the (name) County Road Commission, and, upon acceptance by the (name) County Road  
7 Commission as duly reflected in its minutes and executed by signature in the acceptance section  
8 of this bidding proposal in the space provided, constitutes a binding contract between the  
9 undersigned bidder and the (name) County Road Commission effective immediately upon the date  
10 of the board’s meeting which reflects acceptance or the date as stated on the specifications,  
11 whichever is later.”

12  
13 Once the bid is awarded and countersigned it becomes the executed contract. A copy of the  
14 executed contract should accompany the purchase order.

15  
16 There may be circumstances where it is not required to bid an item, but it is in the best interest of  
17 the Road Commission to do so. For example, office supplies, janitorial supplies and similar items  
18 can be bid, and the purchase order issued for an annual supply or a specific quantity of the item.  
19 Fuel or bituminous products can be bid and increases built into the bid document so that additional  
20 charges for freight, barrel rates, rail rates, cartage or other items that cannot be controlled by the  
21 supplier, can be added to the unit price, at actual cost, with documentation verifying the additional  
22 increase to the supplier. Awards can be made based upon unit pricing, overall pricing, average  
23 pricing or any reasonable category of price and delivery. Make sure the bidders know the criteria  
24 for award.

25  
26 Bids may be issued for more than one season or extended if it is the policy to use that option. Bids  
27 that will require large start-up costs, such as roadside mowing, winter maintenance or signal  
28 service, could be issued initially for two seasons with language that states that the bid might be  
29 extended if both parties agree to the extension. The request for extension should be in writing, by  
30 some date that is set forth in the bid document. A sample statement could be: "This contract may  
31 be extended for one year by the mutual agreement of both parties. Requests for extension must be  
32 made in writing to the business manager by February 15, 20XX.”

33  
34 Bids should also include information that explains what will happen if the terms and conditions of  
35 the specification are not met. If there is a time limit for the delivery or service, and it is not  
36 accomplished, what will happen? Is the bidder going to be notified, does the bidder have to notify  
37 the Road Commission, will there be an opportunity to correct the situation or will the bid be  
38 canceled? Will damages be charged? The bidder needs to know who will administer the contract,  
39 who their contact person is and the circumstances that are a priority for canceling the contract.  
40 Make sure there is a clear understanding of consequences and priorities.

### 41 Cooperative Purchasing

42 Cooperative purchasing has many advantages and can serve to foster intergovernmental  
43 cooperation. It is the joining together of two or more public entities for the purpose of preparing  
44 specifications and proposals, collectively receiving bids, and making an award to the lowest  
45 responsible bidder. It can greatly assist in reducing the duplication of work done in such areas as  
46 preparing specifications, soliciting bids and testing products.

## Uniform Accounting Procedures Manual for County Road Commissions

1 There are two avenues for cooperatively buying. One is at the local level, which involves two or  
2 more local political subdivisions; i.e., the Road Commission cooperatively purchasing with the  
3 county, a city within the county or with another Road Commission.

4  
5 The other involves buying through the State of Michigan (under the State's contracts) through the  
6 MiDeal Purchasing Program. Some of the more commonly used contracts are for: vehicles, tubes  
7 and tires, salt, office furniture and office supplies. There are many other contracts available for  
8 your use. Should you want more information, contact the MiDeal Purchasing Program at  
9 [https://www.michigan.gov/dtmb/0,5552,7-358-82550\\_85753\\_26848---,00.html](https://www.michigan.gov/dtmb/0,5552,7-358-82550_85753_26848---,00.html).

10  
11 After the award, each agency issues its own contract and is responsible for administering the  
12 remainder of the procurement function, namely, expediting, receiving, inspecting, storing and  
13 verifying invoices and payment.

14  
15 It is recommended that each public entity, involved in a cooperative purchase, have an internal  
16 written policy and procedure for these types of purchases; and that each cooperative purchasing  
17 arrangement be formalized by an intergovernmental agreement.

### 18 Advertising

19  
20 In an opinion by the Michigan Attorney General dated August 30, 1937, "...the term advertise as  
21 used in this section (MSA 9.110) requiring advertising for sealed bids should be interpreted to  
22 mean to give public notice of or to announce publicly by printed notice and it should be effected  
23 in a reasonable manner and within a reasonable time prior to the letting of the contracts or the  
24 expenditure of funds."

25  
26 Advertising for sealed bids in a local newspaper is the minimum requirement. It is highly  
27 recommended that the advertising appears in at least two different sources. Posting the  
28 advertisement on public bulletin boards or including bid updates on a website are additional  
29 devices for advertising.

30  
31 Advertisements should contain the following information:

- 32 1. The name of the purchasing entity;
- 33 2. Brief description of the goods or services to be purchased;
- 34 3. Date and time for the receipt of sealed proposals;
- 35 4. Date and time of the bid opening;
- 36 5. Qualification provisions for bidders, if applicable;
- 37 6. Deposit required for plans and specifications, if applicable;
- 38 7. Name of contracting officer;
- 39 8. Where bid documents can be obtained;
- 40 9. Any other special provisions.

41  
42 A bidders list should be established and maintained as sources for the various types of purchases  
43 from whom bids may be solicited. In order to foster competition, a broad listing of suppliers should  
44 be developed.

45  
46 Many Road Commissions simply refer to a previous year's bid file for the current bid invitation.  
47 Additions to this list can be found via internet, sales person's visits, or other road commissions.

## Uniform Accounting Procedures Manual for County Road Commissions

1 Once the bid is advertised provide notice to your bidders list. Upon the request of a prospective  
2 bidder, supply the bidder access to the materials, unless a prequalification is a requirement of the  
3 bid.

### 4 5 Sealed Proposals

6 The bid document should include the instructions to bidders, the specifications for the item to be  
7 proposed, the manner in which the proposal will be compared to other proposals, an opportunity  
8 for the bidder to express terms and conditions of sale, and an area where the signature of the agent  
9 for the bidder is to sign.

10  
11 Instructions to bidders should include any specific rules or regulations that your policy for bidding  
12 requires. You can standardize a page of rules that incorporate the statement of waiver, right to  
13 award in the best interest of the Road Commission, requirements for Safety Data Sheets, insurance  
14 requirements, cash terms, how to make a correction on the bid document, acknowledgment of the  
15 legal requirements of the [Elliot-Larsen Civil Rights Act](#), and other items that you would  
16 incorporate into every bid. This page of instructions to bidders can then be placed in every bid  
17 document to be sure all of the legal requirements have been met.

18  
19 A bid specification is a concise statement of a set of requirements. A good specification should do  
20 four things:

- 21  
22 1. Identify minimum requirements;  
23 2. Allow for a competitive bid;  
24 3. List reproducible test methods to be used in testing for compliance with specifications;  
25 4. Provide for an equitable award at the lowest possible cost.

26  
27 There are valuable sources for developing specifications, such as: other public agencies, Road  
28 Commissions, the State of Michigan, the General Services Administration, the National Institute  
29 of Governmental Purchasing, and specifications prepared by responsible associations of users,  
30 manufacturers, technical societies and associations.

31  
32 The use of a particular brand name in the bid specification, even with the words "or equal," should  
33 be avoided as it hinders competition.

34  
35 The bid document itself should include all of the items to be compared. Pricing may be a major  
36 consideration, but if a delivery time is critical, that also needs to be addressed. Incorporate into  
37 the bid the issues that will carry the most weight in the recommendation to award. If there is a  
38 multiple item bid, where many prices will be included, determine in advance which items will  
39 carry the most significance when determining the value of the bid.

40  
41 The document should give the bidder an opportunity to express their terms and conditions. If the  
42 terms and conditions are different than those listed in the notice or instructions to bidders,  
43 determine which are in the best interest of the Road Commission or if the Road Commission can  
44 comply with the terms offered. It is not beneficial to award a contract to a bidder offering a 25%  
45 cash discount on receipt of the invoice, if there is not a way to pay the invoice when it is received.

46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 Bids need to be signed by an agent of the bidder. The signatory must be able to act in the name of  
2 the bidder and to have the authority to sign for the company represented. It is helpful to have a line  
3 for the bidder to print their name, and sign their name as well as the business name, address,  
4 telephone, fax, email and tax identification number.

5  
6 Bids should be submitted in sealed envelopes with notations indicating what the bid is for, when  
7 it will be opened and who it is from. It is not recommended to allow faxed bid as they are not  
8 secure and could allow the bid to be challenged.

9  
10 If a bid is inadvertently opened in advance of the prescribed bid opening. If this should occur the  
11 envelope should be resealed, and an explanation written on the envelope and deposited with the  
12 other bids.

13  
14 Occasionally a bidder will make a mistake of serious enough consequence to require a  
15 modification to or a withdrawal of their bid. Should the bidder find their mistake prior to the  
16 opening, the bidder should be permitted to withdraw the bid and submit a corrected sealed bid.  
17 The bidder must not be permitted additional time or other consideration.

### 18 Public Opening

19 All bids should be date stamped upon their receipt and kept in a secure location prior to the time  
20 of opening. The identity and the number of bids received are to be kept confidential.

21  
22  
23 At the time and date for the bid opening arrives, the bids are publicly opened and read in the  
24 presence of the interested bidders and of the general public. A member of the board or his/her  
25 designee shall open the bids in the presence of at least one witness.

26  
27 The following information is to be read at the bid opening:

- 28  
29 1. Name of bidder  
30 2. Price  
31 3. The items offered and exceptions, if possible  
32 4. Other pertinent factors.

33  
34 The bid opening is not the time for the bid evaluation. Examination of the bids by interested  
35 attendees may be permitted, provided that the process does not interfere with the conduct of  
36 business. Road Commission employee or officer should be designated to supervise the  
37 examination to ensure that the bids will not be altered in any manner.

38  
39 Following the bid opening, prepare a tabulation of all bids to be used in the evaluation process for  
40 making a recommendation for award. Once bids are open the information is public knowledge.  
41 The tabulation contains the same information as read aloud at the bid opening and may be made  
42 available to interested parties.

43  
44 It is the policy that the bid item be awarded to the bidder who's bid is the most advantageous to  
45 the public. A responsive bid is one, which is in substantial conformance with the specifications  
46 and requirements of the invitation for bid.

## Uniform Accounting Procedures Manual for County Road Commissions

1 The County Road Commission must consider in the evaluation not only the net cost to the Road  
2 Commission but evaluate the anticipated cost for operating the bid item, including the expenses  
3 associated with the administration.

4  
5 The bidder's responsiveness and whether or not the bidder is a responsible bidder needs to be  
6 considered. Examples of nonresponsive bidders are as follows:

- 7
- 8
- 9 1. Do not conform with required delivery schedules;
- 10 2. A qualification of their price;
- 11 3. A qualification of the Road Commission's standard terms and conditions;
- 12 4. Failure to furnish bond surety;
- 13 5. Failure to follow the instructions to bidders.

14  
15 At the time of the tabulation, the bids are to be checked for the following:

- 16
- 17 1. All bidding requirements have been met;
- 18 2. All unit prices have been correctly extended;
- 19 3. The extensions have been correctly totaled;
- 20 4. The bid form is properly signed;
- 21 5. Each item on the bid has been bid unless the instructions to bidders provide otherwise;
- 22 6. The bid is free of restrictions and/or alterations;

23  
24 Occasionally an invitation for bid will yield no responses or only one responsive bid. Proceed  
25 with either of the following steps:

- 26
- 27 1. Question those who failed to respond and if your investigation reveals that the specifications  
28 were at fault, rewrite them and renew the bid process.
- 29 2. If the cause of the single bid was a poor selection of potential bidders, renew your search for  
30 possible qualified bidders and send out invitations for bids a second time.
- 31 3. If one responsive bid is received that meets all specifications, award may be made.

32  
33 After tabulating the bids, check references, determine if the bids are responsive and from  
34 responsible bidders. Begin with the low bid. If the low bid meets the specifications and the  
35 reference checks, recommend award to the low bidder. If the specifications have not been met by  
36 the low bidder, document the area detailing the item, items or terms that are deficient, and move  
37 to the next low bid and see if the specifications are met.

38  
39 Road Commission must be alert to signs of collusion between bidders to protect the integrity of  
40 the competitive bidding system. Identical bids are not always fraudulent. However, a pattern of  
41 identical bidding among the same group of bidders is cause for suspicion.

42  
43 Another common form of collusive bidding is one in which competing firms collaborate to  
44 preselect the low bidder each time the bidding occurs. This collusion can often be detected by  
45 analyzing the patterns of awards over a long period of time.

46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 The following are some of the actions which can be taken by County Road Commissions to combat  
2 the collusive actions of bidders:

- 3
- 4 1. Contact the US Department of Justice and report your suspicions;
- 5 2. Use trade-ins of old or of obsolete equipment;
- 6 3. Award the bid to the bidder located furthest from the point of delivery when identical bids  
7 include delivery costs;
- 8 4. Award the contract to the bidder who had received the award the last time, provided all of the  
9 requirements and the specifications were met.

10  
11 Sometimes a bidder who does not have a product that meets the specifications of the invitation,  
12 but who has a product that the bidder thinks is reasonably close, will offer that product as an  
13 alternate. The decision to accept or to reject alternate item bids must be made in a manner that is  
14 equitable and that assures impartiality toward all bidders. If the other bidders could offer the same  
15 alternate, the item needs to be reconsidered. Everyone would then have the same opportunity to  
16 bid on the alternate.

17  
18 The same philosophy would hold true on bid addendums. If everyone cannot meet the criteria of  
19 the addendum, consider if the entire item should be canceled or rejected, the specifications  
20 reworked, and the item rebid.

21  
22 Occasionally it becomes necessary to revise, delete, substitute or add to bidding material for a bid  
23 under call. When it is necessary to make such a change, a copy of each addendum needs to be  
24 forwarded to each vendor who obtained a bid. The addendum notice should also be included with  
25 each bid not yet distributed. If time does not permit each vendor a reasonable amount of time to  
26 work with the addendum, the bid may be canceled, cancel and rebid or extended. Bids received  
27 must be returned unopened with the notice of cancellation and the item rebid with new  
28 specifications that incorporate the addendum. If this should occur, immediately prepare the new  
29 specifications and instructions to bidders and go through the bid process again.

30  
31 If a mistake or an error is discovered by the bidder or by the Road Commission after the bid  
32 opening, the reservation is somewhat more complex. If the mistake is an obvious one, the Road  
33 Commission has the obligation to call it to the attention of the bidder and to request a verification  
34 of their bid. If the bidder acknowledges the mistake and requests release, the Road Commission  
35 should proceed in the following manner:

- 36
- 37 a. Clerical Mistakes—An obvious clerical mistake, such as an error in the price extension or in  
38 the placement of the decimal point, reversal of prices, FOB destination, etc., may be corrected  
39 by the Road Commission after verification is made by the bidder.
- 40
- 41 b. Withdrawal--Permission to allow a bidder to withdraw the bid without prejudice may be given  
42 when clear and convincing evidence supports the existence of an error. For example, if there  
43 is a significant and obvious disparity between the prices of the lowest bidder and of the other  
44 bidders, a bidder may be permitted to withdraw without prejudice upon submission of evidence  
45 that a nonintentional error occurred.
- 46
- 47

## Uniform Accounting Procedures Manual for County Road Commissions

1 Where clear and convincing evidence is not present, the bidder should not be permitted to withdraw  
2 without prejudice or to correct their error. If the bidder fails to enter into contract, the bidder's  
3 bond or bid deposit should be forfeited. Every bidder deserves the same rights. Bidders that do not  
4 follow the clearly defined rules and specifications should not be awarded the bid. If there is a  
5 circumstance that is insignificant enough to allow award, the reason should be clearly stated in the  
6 board meeting.

7  
8 Bids which are received after the prescribed date and time should not be considered. Suggested  
9 procedure for handling late bids would be to stamp the bid envelope with the date and time, place  
10 a note in the bid file, and then return the late bid in its original unopened envelope to the bidder.  
11 A note stating the time of receipt of the bid could accompany the returned bid.

12  
13 The bid surety for bid guarantee or performance bond is a form of security, which accompanies a  
14 bid or a proposal. Generally, they are included in the specifications when the bid requires a  
15 substantial outlay, or as required by law to protect the interest of the Road Commission. Normally,  
16 the amount should be sufficient enough to cover anticipated differential costs between the lowest  
17 and the next lowest bidder as well as the administrative costs associated with the possible re-  
18 advertisement of the bid or proposal.

19  
20 Bid sureties generally increase the cost of bidding and tend to reduce competition. Each Road  
21 Commission should use their discretion as to whether or not the bid sureties should be required.  
22 The following forms of bid surety are generally acceptable:

- 23
- 24 1. Bid bond signed by a surety company authorized to do business in the State in which the
- 25 bids are solicited;
- 26 2. Cashier's check;
- 27 3. Certified check;
- 28 4. Letter of Credit drawn on a responsible financial institution;
- 29 5. U.S. postal money order.
- 30

### 31 Award

32 There is no obligation to award to a bidder that does not meet the specification. Make the  
33 recommendation to the board for the award and notify the successful bidder. At this point, a  
34 purchase order can be issued for the awarded item or for a more expansive need, such as a service.  
35 A contract can then be forwarded to the successful bidder for execution at the next board meeting  
36 or by a person authorized by the board.

37  
38 If a bid is disqualified, based upon a bidder's lack of responsibility, the facts must be completely  
39 documented and made part of the bid file. These facts must be totally objective and supported by  
40 evidence. If the bidder is disqualified due to previous poor performance, your records should  
41 indicate the actual number of late or of rejected deliveries. If you disqualify the bidder for having  
42 a poor service record, your records should contain equipment downtime logs, which show when  
43 service calls are made and when response occurred.

44  
45 In addition to disqualifying bids based upon the bidder's lack of responsibility, bids may also be  
46 disqualified for failure of the offered products to meet the specifications set out in the invitation  
47 for bid. Other legitimate reasons for bid disqualification may include:



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- 1 1. Prices excessively high and/or exceed funds available for the intended purchase;
- 2 2. Failure to submit bond deposits or surety;
- 3 3. Failure to offer to meet specified delivery or performance schedule;
- 4 4. Failure to price out the bid in the required format, to protect the bidder from unknown future
- 5 market conditions;
- 6 5. Rights of the purchasing agency limited under any contract clause;
- 7 6. Bidder currently listed among barred bidders;
- 8 7. Reasonable basis to suspect either conflict of interest or collusion among bidders;
- 9 8. Bidder fails to submit required information, literature, samples or affidavits with bid;
- 10 9. Late bids;
- 11 10. Failure of an authorized person to sign the bid.

12  
13 The waiving of any irregularities, however minor, must be done in such a manner as to assure that  
14 no bidder is given an unfair advantage over his competitors and that it is in the Road Commission's  
15 best interest. The waiver of irregularity must be justified and documented.

16  
17 Generally, irregularities may be waived if:

- 18  
19 1. The item being waived is only a matter of form or is an immaterial variation from the exact
- 20 requirement of the invitation to bid;
- 21 2. The item being waived has trivial or no effect on the price, quality, quantity, delivery or
- 22 performance;
- 23 3. Such a waiver would not affect the relative standing of bidders or be otherwise prejudicial to
- 24 them.

25  
26 Contracts  
27 There are also areas of law dealing with the specifics of a contract. The buyer and seller must both  
28 be represented. The representative must have the authority to act for the buyer or the seller. These  
29 agents can only act within the limits of their authority. If the agent exceeds the authorized amounts  
30 specified, the agent is liable.

31  
32 Agreements between a buyer and a seller can be considered contracts if some elements are met.  
33 The binding contract, whether verbal or written, includes: 1) capacity of parties; 2) legality of  
34 object; 3) consideration; 4) mutuality of agreement; and 5) mutuality of consent.

35  
36 Not all persons have the ability or capacity to make a valid contract. Some examples of those  
37 having some limitations include, but are not limited to: minors, mentally incompetent persons,  
38 intoxicated persons and private corporations. Both parties of a contract must have the legal right  
39 to enter into the agreement.

40  
41 A contract must have a lawful objective. The contract is not legal if its purpose is criminal, immoral  
42 or against public policy.

43  
44 Consideration is basically whatever is given in exchange for something. Both parties must have  
45 consideration.

46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 Mutuality of agreement is necessary so that both parties have legal escape if a substantial  
2 disagreement occurs.

3  
4 Mutuality of consent or obligation is the result of consideration. It means that both parties have an  
5 obligation or responsibility to do or to permit something to be done in consideration for the act of  
6 the other.

7  
8 Generally, all of the above elements must be present to have a binding agreement.

9  
10 All contracts should be written. The contract should clearly indicate the terms of the contract,  
11 including the quantity, quality, price, time of delivery and payment terms, or any other special  
12 terms or conditions.

13  
14 Frequently, the signed bid document can be used as the contract and a purchase order issued to  
15 confirm the award, per the terms, conditions and specifications of the bid opening. There are some  
16 types of bidding or proposals that in addition to the bid, or request for proposal, the Road  
17 Commission might require a contract. If the item is for a service, such as auditing, engineering,  
18 consulting, architectural service, multi-year items of maintenance, a contract could be signed in  
19 addition to having the bid document or proposal list the terms and conditions.

20  
21 There are several factors which would affect a selection of which type of contract would be  
22 appropriate for the situation, such as:

- 23 1. Competition;
- 24 2. Vendor's history;
- 25 3. Whether a firm price can be obtained;
- 26 4. Extent of business risk.

27  
28 There are a wide variety of contract types, and the specific needs of the item or service required  
29 would determine the type of contract issued. Following are examples of types of contracts:

### 30 A. Fixed Price Contracts

31  
32  
33 1. Firm fixed price--As the title indicates the exact price is indicated in the contract. This is  
34 the most often used type of contract for Road Commissions. It is easier to administer, and  
35 it places the responsibility of efficient production on the vendor. This variation should be  
36 used when you are reasonably sure that fair and competitive prices are available.

37  
38 2. Fixed price with escalation--This variation may be the best solution for a long-term contract  
39 when future labor or material costs are uncertain. The escalator clause, which should  
40 provide for both upward and downward adjustments to the price, is based on an appropriate  
41 index factor. The factor must be both equitable and representative. In this type of contract,  
42 the quantities of labor and/or materials are known.

43  
44 3. Fixed price with redetermination--In this type of contract, the rates and/or costs for the  
45 labor or the materials are known; however, the quantities are unknown.

46  
47

## Uniform Accounting Procedures Manual for County Road Commissions

1 This variation provides for a maximum cost and provides a base to negotiate a more  
2 accurate price after a certain time. Redetermination involves a review and analysis of the  
3 costs at a specific time during the term of the contract to provide a base to negotiate a more  
4 accurate price after a certain time. Redetermination involves a review and analysis of the  
5 costs at a specific time during the term of the contract to provide the purchaser information  
6 as to the costs already encumbered and what to expect at the contract end.  
7

- 8 3. Fixed price incentive--This is a form of the redetermination type of pricing. A maximum  
9 price is agreed upon. This price includes the cost and a certain percentage of profit. This  
10 provides the vendor with an incentive to produce the product as efficiently as possible. Any  
11 savings in the cost of making the product will be shared on an agreed ratio between the  
12 purchaser and the vendor. If the actual cost exceeds the cost as set in the contract, the  
13 vendor's percentage of profit would be reduced and possibly eliminated.  
14

### 15 B. Cost Contracts

16  
17 Cost contracts should be used only when a fixed price contract cannot be used. In this variation  
18 of contracts, the vendor is guaranteed all of his costs up to a predetermined figure, therefore,  
19 the vendor has little or no financial incentive to keep his costs down. Some of the common  
20 cost contracts are as follows:  
21

- 22 1. Cost plus a percentage of cost--The problem with this type of contract is that the greater  
23 the cost, the greater the profit. There is absolutely no incentive for the vendor to be cost  
24 conscious.  
25
- 26 2. Cost plus a fixed fee--This type of cost contract permits a vendor to be paid for all agreed  
27 upon costs plus receiving a predetermined fee. The fee would provide the vendor with a  
28 higher percentage rate of profit if the vendor is cost conscious.  
29
- 30 3. Cost plus incentive fee--The purchaser and the vendor agree upon a target price and the fee  
31 is based upon this price. If the price is less than the target price, both share in the savings.  
32 If the price is higher the vendor could lose some or all fees but would be entitled to all costs  
33 incurred.  
34
- 35 4. Cost without fee--This type of contract would generally be used when dealing with a  
36 nonprofit institution.  
37
- 38 5. Cost sharing--If it is possible that the vendor would gain by performing the contract, for  
39 example, research in a specific area which would create a marketable product for the  
40 vendor, the costs would be shared on an agreed upon basis.  
41
- 42 6. Time and material--Contracts where the precise work to be done cannot be determined in  
43 advance, would be performed on a time and materials basis.  
44  
45  
46  
47  
48

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 C. Open End Pricing Contracts

2  
3 This contract is issued to assure a supply of material for some time in the future. The price is  
4 the price in effect at the time of delivery. Obviously, this type of contract is very undesirable  
5 as it does not permit the purchaser to control a decision to purchase based on price. It in effect  
6 gives the vendor a blank check.

### 7 8 D. Special Incentive Contracts

9  
10 In this variation of contracts, the provisions issued to the vendors who receive a contract to  
11 submit a value change proposal (VCP), recommending an approach or a product other than the  
12 one called for by the purchaser that would better satisfy the requirements.

### 13 14 Contract Administration

15 Once the contractual document is awarded, the purchaser's responsibility does not end. The  
16 following areas of post award responsibility must be viewed as part of efficient administration of  
17 purchase orders and contracts:

- 18 1. Ensure compliance by the supplier with contract provisions;
- 19 2. Monitor deliveries, product quality and schedules;
- 20 3. Follow up with suppliers and document problems during the period of performance;
- 21 4. Receive and obtain approval of invoices and bills for payment;
- 22 5. Negotiate contract modifications and administer termination where necessary and  
23 permissible;
- 24 6. Administer contract close-out and final payment.

### 25 26 A. Delivery and Performance.

27  
28 The terms and conditions of the contract or purchase order must clearly define the delivery and  
29 performance requirements of the service, supplies or equipment. The delivery schedule will  
30 normally be shown in calendar days from specific date or transaction, such as receipt of order by  
31 the vendor. It is also important that you clearly show the place for delivery and the receiving time  
32 schedule at the delivery point.

33  
34 Communication between the Road Commission and the vendor and within the Road Commission  
35 is extremely important. Coordination is a vital factor in purchasing. Follow-up and expedition have  
36 different meanings. Follow-up normally applies to the monitoring of delivery schedules to assure  
37 compliance. Expedition involves an attempt to improve or to reduce the contractually stipulated  
38 delivery time for various reasons, and the vendor is not legally obligated to comply.

39 A good system includes identifying those contracts you need to monitor at or before the date of  
40 the award. Your initial action would be to reaffirm the delivery schedule and to establish proper  
41 liaison with the seller's representative. If delivery problems develop:

- 42  
43 1. Contact the sales representative
- 44 2. Authorize additional time for delivery;
- 45 3. Cancel the contract for nonconformance and apply the liquidated damage clause, if this  
46 becomes necessary and order from another source.

47

## Uniform Accounting Procedures Manual for County Road Commissions

1 In the case of a partial delivery, partial payments can and should be authorized if the delivered  
2 items can be used separately. However, if the separate items are part of a system and the items  
3 delivered are of little or no value, partial payment should not be authorized.

4  
5 Whenever substitutions are necessary due to shortcomings of the vendor, it is the Road  
6 Commission's responsibility as the purchaser to seek and obtain an adjustment for lower prices on  
7 the substituted items. This action will serve to meet the legal requirements of the contract and to  
8 discourage future substitutions by the same vendor.

9  
10 Should the vendor fail to meet any requirement of the specification, the vendor can be cited for  
11 nonperformance. The seriousness of nonperformance must be evaluated on the circumstances  
12 surrounding the violation.

### 13 14 B. Inspection and Testing

15  
16 Upon receipt of items an inspection must take place. The inspection assures that the material is in  
17 compliance with the descriptive specifications to detect any damage and to verify quantities  
18 received. If a discrepancy occurs, immediately notify the vendor and the purchasing official.

19  
20 The packing slip must be signed by the person receiving the goods and forwarded to the business  
21 office to assist in the authorization of payment for the purchase.

22  
23 Testing is an expansion of the inspection procedure. One technique for testing is to obtain  
24 certificates of compliance or certified test results from suppliers. Another is to do the actual test  
25 in-house and/or send it out to a laboratory. These tests are based on sampling chemical, functional  
26 and endurance tests.

27  
28 All requirements for inspection and testing must be clearly stated in the specifications. Inspection  
29 and testing are costly, but the benefits outweigh the expense when the defects can be detected  
30 before they cause loss of life, injury or equipment failure. The reasons for rejection of the bid item  
31 must be listed and these reasons should reference specific requirements of the contract and be  
32 placed in the bid file.

33  
34 One of the major reasons for inspection at the time of receipt is to detect any visible damage. It is  
35 important that all damage be completely described on the copy of the purchase order and the  
36 purchasing authority promptly notified. Any evidence of concealed damage should also be noted  
37 at this time. This notation is necessary to support the filing of a damage claim against the carrier.  
38 The carrier should be notified immediately, and a joint inspection should be scheduled with the  
39 carrier's representative. When it is apparent that the extent of the damage causes the goods to be  
40 worthless, they should not be accepted.

41  
42 Latent defects, defects which may not show up until sometime after the items have been placed  
43 into service, may be the result of damage in transit or a failure of the manufacturer to conform to  
44 the specifications. The importance of FOB destination shipments is obvious. The vendor is  
45 responsible for rectifying the problem.

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### 1 C. Payment

2  
3 Full payment is self-explanatory in that when the material is received complete and in satisfactory  
4 condition, the invoice is paid in full.

5  
6 Advance payments should be kept at a minimum. However, advance payments could be made for  
7 the purpose of facilitating the agreement or contractual operation. Partial payments are similar to  
8 advance payment except that they are related to direct accomplishment or to a completed portion  
9 of a specific contract.

10  
11 It is in the Road Commission's best interest to maintain and provide timely payment of completed  
12 purchase orders or contracts. This will tend to reduce your cost since the vendor will not have to  
13 add in a carrying charge to cover this cost while awaiting the payment.

14  
15 The preceding information on contract law is by no means intended to provide a complete  
16 discussion on the legal ramifications of Road Commission purchasing. If question arise as to the  
17 legal aspects of a purchasing situation or contract, contact your legal advisor.

#### 18 Request for Proposal

19 The request for proposal (RFP) method is usually the most appropriate for service contracts for  
20 certified professionals. This area includes audits by certified public accounts and professional  
21 consulting services of architects, doctors, engineers and lawyers. Remember that professional  
22 services should not be awarded on price alone and should be evaluated on the capability of the  
23 interested firms to perform the required professional service. See link for [MDOT RFP & RFQ](#)  
24 [criteria](#).

25  
26 The RFP should include the following:

- 27
- 28 1. A work statement or the requirements of the job;
  - 29 2. Time frame in which the work is to be completed;
  - 30 3. Specific criteria to use in evaluating the proposal. This includes the proposed approach to  
31 accomplish the work, the management capability and price.

32  
33 The RFP should request the proposed provider of the service to include the following information:  
34 Facility and capability data, including related experiences and resumes of key personnel, verifiable  
35 milestone list and pricing including a price breakdown and a cost schedule.

36  
37 When evaluating a proposal, look for the following:

- 38
- 39 1. General quality and responsiveness of offer
    - 40 a. Responsiveness to terms, conditions and time of performance;
    - 41 b. Completeness and thoroughness;
    - 42 c. Grasp of problem or work to be performed and of the approach to be used.
  - 43  
44 2. Organization and personnel
    - 45 a. Evidence of good organizational and management practices;
    - 46 b. Qualification of personnel;
    - 47 c. Experience and past performance;
    - 48 d. Financial condition.

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3. Price and bid-price breakdown or price range and cost schedule. For other than professional services, the award may be based on a competitive bid basis.

Contracting with a construction firm is similar to contracting for professional services. Firms are invited to attend a session on contract requirements and to submit proposals as discussed in the services contracting section earlier.

Construction contracting involves the following matters:

1. Construction timing, i.e., sequential construction or phase construction;
2. Methods for control and coordination of construction projects;
3. Specifications, including terms and conditions;
4. Lump sum price or unit price bidding, or a combination thereof;
5. Open competitive bidding through public advertising;
6. Competitive bidding by prequalified bidders;
7. Selection of lowest price bid or lowest and best responsible bid.

Bid invitations for construction work basically cover three areas: Bidding instruction, general contract conditions and building specifications and drawings.

### Emergency Purchasing

Road Commissions can make purchases up to \$50,000, without advertising for sealed bids, providing the purchase is due to an emergency. An emergency purchase is deemed such if the purchase is necessary to protect the public health of citizens or when immediate repair is necessary to prevent further damage to public property, machinery or equipment. The need for expedited purchases because of poor planning, overlooked requirements, inaccurate usage history and inadequate forecasting may result in an emergency, but they are inexcusable. Emergency purchasing is not intended to serve as a crutch for poor management.

Emergency purchases will usually result in higher prices because one or more of the following will occur:

1. Insufficient time for a supplier to carefully prepare a quotation or bid to provide the lowest possible price;
2. Higher transportation costs to expedite shipment;
3. Suppliers overtime costs;
4. Special attention required of our personnel;
5. Use of improper material for a "quick fix" that will have to be corrected in the future.

All emergency purchases should be documented as an emergency. From the initial request or requisition, through the purchase order or contract, the statement that it is an emergency, or the nature of the emergency should be included on the paperwork. Some emergency conditions, such as a storm, may be eligible for reimbursement, however, adequate documentation is required. Insurance forms and Federal or State reimbursement forms will require the documentation for payment or audit.

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### 1 Other Procurement Items

2 Remember every non-federal entity receiving federal awards must have documented procurement  
3 procedures that reflect federal law, Uniform Guidance standards, and any state regulations.  
4 [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal](#)  
5 [Awards](#) .

6  
7 Five procurement methods are outlined in the Guidance (section 200.320):  
8

- 9 1. Procurement by micro-purchases – Procurement by micro-purchase is the acquisition of  
10 supplies or services, the aggregate dollar amount of which does not exceed \$3,000 (or  
11 \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act). Micro-  
12 purchases may be awarded without soliciting competitive quotations if the non-Federal  
13 entity considers the price to be reasonable.  
14
- 15 2. Procurement by small purchase procedures – Small purchase procedures are those  
16 relatively simple and informal procurement methods for securing services, supplies, or  
17 other property that do not cost more than the Simplified Acquisition Threshold (follow Act  
18 51 required levels). If small purchase procedures are used, price or rate quotations must be  
19 obtained from an adequate number of qualified sources. The standards do not define how  
20 many quotations constitute an "adequate number"; this will be a matter of judgment.  
21
- 22 3. Procurement by sealed bids (formal advertising) – Bids are publicly solicited and a firm-  
23 fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose  
24 bid, conforming with all the material terms and conditions of the invitation for bids, is the  
25 lowest in price.  
26
- 27 4. Procurement by competitive proposals – The technique of competitive proposals is  
28 normally conducted with more than one source submitting an offer, and either a fixed-price  
29 or cost-reimbursement type contract is awarded. It is generally used when conditions are  
30 not appropriate for the use of sealed bids. A new requirement under this method is that the  
31 non-Federal entity must have a written method for conducting technical evaluations of the  
32 proposals received and for selecting recipients.  
33
- 34 5. Procurement by noncompetitive proposals – Procurement by noncompetitive proposals is  
35 procurement through solicitation of a proposal from only one source. The grants reform  
36 clarified that this may be used only when one or more of the following circumstances apply:
  - 37 a. The item is available only from a single source;
  - 38 b. The public exigency or emergency for the requirement will not permit a delay  
39 resulting from competitive solicitation;
  - 40
  - 41 c. The federal awarding agency or pass-through entity expressly authorizes  
42 noncompetitive proposals in response to a written request from the non-Federal  
43 entity; or
  - 44 d. After solicitation of several sources, competition is determined inadequate.  
45  
46  
47  
48



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1 Entities should focus on the most economical solution during the procurement process and must  
2 avoid using federal funds for the acquisition of unnecessary items. Organizations are encouraged  
3 to consider the use of shared services and intergovernmental agreements to foster greater economy  
4 and efficiency.

5  
6 Written conflict-of-interest policies are required. No employee or agent of the entity may  
7 participate in the selection, award, or administration of a contract funded by federal grant dollars  
8 if he or she has an actual or apparent conflict of interest.

9  
10 The organization must document the procurement steps and activities required to be completed.  
11 This includes the basis for the type of procurement, contract type, and the basis for the contractor  
12 selection and price.

13  
14 Ultimately, the recipient of federal awards must maintain an appropriate level of oversight to  
15 ensure that contractors perform in accordance with the terms of their contract.

### 16 Local Supplier Preference

17 This is a matter of policy to be determined by each individual Road Commission.

18  
19 Policy developed supporting a local preference should state the nature of the preference, establish  
20 who local bidders are, and what the acceptable amount of the preference will be.

21 The major disadvantage is that the cost of goods or services are increased because this practice  
22 discourages outside firms that would normally compete with the local vendors. In addition to the  
23 increased costs of goods and services, it is often difficult to determine which vendors constitute  
24 local bidders. The policy must be clear on criteria for definition of a local bidder.

25 Local preference policies generally limit competition, increasing costs, narrow bidder lists,  
26 discourage competition and are not usually in the best interest of the Road Commission.

### 27 28 29 SAMPLE GOVERNMENTAL PURCHASING COOPERATIVE AGREEMENT

30  
31 This agreement made this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_, among the City of \_\_\_\_\_,  
32 City of \_\_\_\_\_, County of \_\_\_\_\_, designated "charter members," and such other public  
33 bodies located within the \_\_\_\_\_ area who elect to be governed by the provisions of this  
34 Cooperative Purchasing Agreement as hereinafter set forth, witnesseth:

35  
36 In consideration of the premises and the mutual covenants and agreements hereinafter contained,  
37 the parties hereto do hereby agree as follows:

38  
39 1. The items and classes of items which may be designed by the parties to this Agreement may  
40 be competitively bid jointly for the period commencing with the execution of said Agreement  
41 and continuing until terminated as hereinafter provided. Each of the parties shall designate,  
42 in writing, the items to be re-bid and indicate therein the quantities desired, the location for  
43 delivery, and other requirements, to permit the preparation and filing of plans and  
44 specifications.

45  
46 2. There is hereby established the \_\_\_\_\_ Purchasing Cooperative  
47 hereinafter called Purchasing Council which shall consist of one representative from each  
48 public body participating in this agreement. The first Board of Directors shall consist of the

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 charter members who shall elect a President of the Board and Recording Secretary for a one-  
2 year term and shall adopt such rules for organization and procedure as it may deem suitable  
3 for the conduct of its business.  
4
- 5 3. The specifications for items to be purchased shall be prepared by the Purchasing Council. In  
6 all cases where possible, the Purchasing Council shall develop specifications for each  
7 commodity acceptable to all interested parties.  
8
- 9 4. The Purchasing Council shall designate a party which shall assume the responsibility for  
10 preparing the bids. Such party shall also be designated to receive and open the bids at the  
11 time and in the manner provided. Each party shall be responsible for their own advertising.  
12
- 13 5. All bids shall be on a requirement basis, unless otherwise specifically provided by joint  
14 action of the appropriate authority of each of the parties to this agreement.  
15
- 16 6. Any costs incidental to the bidding, to the award of any contract or to the rejection of any  
17 bid or bids shall be divided equally between the parties participating.  
18
- 19 7. Upon receipt and opening of the bids by the designated party, the same will be submitted to  
20 the Purchasing Council. Not later than fifteen (15) days following the receipt of bids, the  
21 Purchasing Council shall submit to the appropriate authority of each party a complete  
22 tabulation of all bids received and shall certify as to the lowest responsible bidder. The  
23 Purchasing Council shall have the right to reject any or all bids and to waive any irregularities  
24 therein in the best interest of the parties concerned. The Purchasing Council shall include an  
25 explanation and report on its findings when it transmits its tabulation and certification.  
26
- 27 8. Contracts of purchase shall be awarded to the lowest responsible bidder as certified by the  
28 Purchasing Council. Separate contracts shall be prepared by each party to this Agreement.  
29
- 30 9. Nothing in this Agreement shall prevent any party from awarding contracts of purchase, with  
31 or without advertisement, individually and on its own behalf; provided, however, that  
32 invitations for such individual bids shall not be advertised nor shall bids be received  
33 individually during the period in which the Purchasing Council is advertising for and  
34 receiving bids for the same commodities, except in the case of emergency or hardship.  
35
- 36 10. The ordering of materials purchased through this Agreement shall be the individual  
37 responsibility of each of the parties hereto and the successful bidder or bidders shall bill each  
38 of the parties directly for the material ordered by it.  
39
- 40 11. Each of the parties to this Agreement shall be liable only for materials ordered by and  
41 received by it, and none, by virtue of this Agreement, assumes any additional liability.  
42
- 43 12. Specifications may not be changed without the approval of the Purchasing Council except in  
44 the case of an obvious error or omission. Nothing herein shall be deemed to prevent changes  
45 in specifications for subsequent purchases.  
46
- 47 13. Any dispute arising between any of the parties hereto and a successful bidder not relating to:  
48 a) the validity of the award of contract or purchase; or b) the rejection of any bid or bids shall  
49 be settled by and at the cost of that party involved in the dispute.

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1 14. This Agreement shall take effect upon execution by the signatories. Thereafter, additional  
 2 PUBLIC BODIES may, from time to time, execute this Agreement in the form prescribed  
 3 by the Purchasing Council, and such execution subsequent to the date of this Agreement shall  
 4 not be deemed to require its re-execution by the original signatories.

5  
 6 15. This Agreement shall continue in effect from the date of execution, unless any party shall  
 7 give ten (10) days written notice to the other parties indicating its desire to terminate same,  
 8 in which case said Agreement shall terminate as to said party who has given such notice.

9  
 10 IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their  
 11 authorized officers the day and year first above written.

12  
 13 In the presence of:

14  
 15 \_\_\_\_\_  
 16 (witness) (authorized signature)

17  
 18 (Documents to be signed by authorized personnel from all departments/entities involved and each  
 19 signature witnessed.)

20 Disposal of Material

21 This area of the purchasing process is often times overlooked but is an important area for those  
 22 involved in purchasing. Revenue secured through salvage sales is becoming increasingly  
 23 important.

24  
 25 Generally, salvageable materials are divided into the following classifications:

- 26  
 27 1. Scrap--any ferrous materials that can be used for remelting to produce iron, steel or its alloys;  
 28 2. Waste--all nonmetallic refuse, which has market value;  
 29 3. Worn or damaged--either scrap or waste material that may be sold or used as trade-in;  
 30 4. Obsolete and surplus--any material that is of no use to the Road Commission;  
 31 5. Excess--any item that does not have a useful purpose for a particular department. The item  
 32 may have value, however, and may be utilized by another department within the Road  
 33 Commission.

34  
 35 The sale of salvageable materials is usually accomplished by one of four methods:

- 36  
 37 1. Sealed bids--This method follows the same procedures as used when using a sealed bid to  
 38 purchase an item;  
 39 2. Spot bids--If the items are few in number and become available on an irregular schedule,  
 40 simply contact buyers on an informal basis to determine the appropriate and best price for the  
 41 items under the current market conditions.  
 42 3. Public auction--To conduct an effective public auction there must be a sufficient quantity and  
 43 variety of material.  
 44 4. Web based auction—

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5. Consignment--This approach which is designed for equipment, may be used when the bids received by the above procedures were not at the minimum price set on the unit or the above procedures are not practical to use. The item is consigned for sale to the consignee at an agreed price to be paid by the consignor at the time of actual sale.

The contract between the Road Commission and the vendor should contain the following:

1. A description of the unit including the year, manufacturer, model and the serial number;
2. Your price. This amount should reflect the least amount that you would accept for this unit.
3. The duration of the consignment;
4. That the Road Commission retains title of the unit until the sale;
5. Designation of insurance responsibility;
6. Termination provisions;
7. Responsibility for transportation costs from the Road Commission to the vendor. Disposing of items no longer useful to the Road Commission completes the purchasing cycle.

### Conclusion

These are guidelines and examples of different purchasing functions and procedures. They are not all inclusive. Keep in mind policies and procedures need to be in place. There are many avenues for help available, from other Road Commissions, Finance and Human Resource Committee, your auditor, as well as, agencies like the Michigan Department of Treasury. Documentation is generally the best defense for any question. A clear audit trail is essential to good purchasing.

### Legal Compliance

The following sections of the Michigan Compiled Laws (MCL) are applicable to County Road Commissions. The "MCL Reference" column refers to legal sections as presented in the Michigan Compiled Laws. Michigan Compiled Laws website: <https://www.legislature.mi.gov/>

The "Impact" column is for the purpose of classifying statutes that relate to the day to day operations into two categories: Compliance Legislation (coded C); and Permissive Legislation (coded P). Compliance legislation imposes a requirement or restriction. Permissive legislation grants a power.

Other statutes that do not pertain to daily operations are presented for informational purposes. These statutes are coded I in the impact column and include only a brief description of statutory provisions.

In addition to the statutory provisions, we have included brief descriptions of opinions of the Michigan Attorney General (OAG) and court decisions (CD) which are relevant to Road Commissions.

This summary is NOT a legal interpretation. Please contact your attorney for any legal opinions.

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1	MCL	
2	<u>Reference</u>	<u>Statutory Provisions, Attorney General Opinions and Court Cases</u>
3	Public Act (PA)	
4		
5	<u>PA 71 of 1919</u>	<b>UNIFORM SYSTEM OF ACCOUNTING - AN ACT</b> to provide for
6		the formulation and establishment of a uniform system of accounting
7		and reporting in the several departments, offices, and institutions of the
8		state government, and in all county offices; to provide for the
9		examination of the books and accounts of each state department, office,
10		and institution, and of each county office; to provide for financial
11		reports from all those departments, institutions, and offices, and for the
12		tabulation and publication of comparative financial statistics relating to
13		the departments, institutions, and offices; to provide for the
14		administration of this act; to provide for the powers and duties of the
15		department of treasury, the state treasurer, the library of Michigan and
16		depository libraries, and other officers and entities; to provide penalties;
17		and to provide for meeting the expense authorized by this act.
18		
19	<u>PA 2 of 1968</u>	<b>UNIFORM BUDGETING AND ACCOUNTING ACT AN ACT</b> to
20		provide for the formulation and establishment of uniform charts of
21		accounts and reports in local units of government; to define local units
22		of government; to provide for the examination of the books and accounts
23		of local units of government; to provide for annual financial reports
24		from local units of government; to provide for the administration of this
25		act; to prescribe the powers and duties of the state treasurer, the attorney
26		general, the library of Michigan and depository libraries, and other
27		officers and entities; to provide penalties for violation of certain
28		requirements of this act; to provide for meeting the expenses authorized
29		by this act; to provide a uniform budgeting system for local units; and
30		to prohibit deficit spending by a local unit of government.
31		
32	<u>PA 174 of 1943</u>	<b>FISCAL YEAR FOR COUNTIES - AN ACT</b> to establish a fiscal year
33		for and the time of filing annual reports based thereon of counties,
34		county Road Commissions and other county agencies; and to declare
35		the effect of this act.
36		
37	<u>PA 106 of 2007</u>	<b>PUBLIC EMPLOYEES HEALTH BENEFIT ACT - AN ACT</b> to
38		prescribe the conditions upon which public employers may provide
39		certain benefits; to require the compilation and release of certain
40		information and data; to provide certain powers and duties to certain
41		state officials, departments, agencies, and authorities; and to provide for
42		appropriations.
43	<u>PA 280 of 1995</u>	<b>FINANCIAL TRANSACTION DEVICE PAYMENTS - AN ACT</b> to
44		authorize local units of government to accept financial transaction
45		device payments (credit card payments).
46		
47		

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1 [PA 317 of 1968](#)

2 **CONTRACTS OF PUBLIC SERVANTS WITH PUBLIC**  
3 **ENTITIES** – AN ACT relating to the conduct of public servants in  
4 respect to governmental decisions and contracts with public entities; to  
5 provide penalties for the violation of this act; to repeal certain acts and  
6 parts of acts; and to validate certain contracts.

7 [PA 283 of 1909](#)

8 **PUBLIC HIGHWAYS AND PRIVATE ROADS** - AN ACT to  
9 revise, consolidate, and add to the laws relating to the establishment,  
10 opening, discontinuing, vacating, closing, altering, improvement,  
11 maintenance, and use of the public highways and private roads; the  
12 condemnation of property and gravel therefor; the building, repairing  
13 and preservation of bridges; maintaining public access to waterways  
14 under certain conditions; setting and protecting shade trees, drainage,  
15 and cutting weeds and brush within this state; providing for the election  
16 or appointment and defining the powers, duties, and compensation of  
17 state, county, township, and district highway officials; and to prescribe  
18 penalties and provide remedies.

19 [Act 139 of 1972](#)

20 **MAINTENANCE OF PRIVATE ROADS** - AN ACT authorizing  
21 township boards to provide for the maintenance and improvement of  
22 private roads by contract and to provide payments by special assessment  
23 districts; and to repeal certain acts and parts of acts.

24 [PA 51 of 1951](#)

25 **STATE TRUNK LINE HIGHWAY SYSTEM** - AN ACT to provide  
26 for the classification of all public roads, streets, and highways in this  
27 state, and for the revision of that classification and for additions to and  
28 deletions from each classification; to set up and establish the Michigan  
29 transportation fund; to provide for the deposits in the Michigan  
30 transportation fund of specific taxes on motor vehicles and motor  
31 vehicle fuels; to provide for the allocation of funds from the Michigan  
32 transportation fund and the use and administration of the fund for  
33 transportation purposes; to promote safe and efficient travel for motor  
34 vehicle drivers, bicyclists, pedestrians, and other legal users of roads,  
35 streets, and highways; to set up and establish the truck safety fund; to  
36 provide for the allocation of funds from the truck safety fund and  
37 administration of the fund for truck safety purposes; to set up and  
38 establish the Michigan truck safety commission; to establish certain  
39 standards for road contracts for certain businesses; to provide for the  
40 continuing review of transportation needs within the state; to authorize  
41 the state transportation commission, counties, cities, and villages to  
42 borrow money, issue bonds, and make pledges of funds for  
43 transportation purposes; to authorize counties to advance funds for the  
44 payment of deficiencies necessary for the payment of bonds issued  
45 under this act; to provide for the limitations, payment, retirement, and  
46 security of the bonds and pledges; to provide for appropriations and tax  
47 levies by counties and townships for county roads; to authorize  
48 contributions by townships for county roads; to provide for the  
establishment and administration of the state trunk line fund, local

# Uniform Accounting Procedures Manual for County Road Commissions

1 bridge fund, comprehensive transportation fund, and certain other  
 2 funds; to provide for the deposits in the state trunk line fund, critical  
 3 bridge fund, comprehensive transportation fund, and certain other funds  
 4 of money raised by specific taxes and fees; to provide for definitions of  
 5 public transportation functions and criteria; to define the purposes for  
 6 which Michigan transportation funds may be allocated; to provide for  
 7 Michigan transportation fund grants; to provide for review and approval  
 8 of transportation programs; to provide for submission of annual  
 9 legislative requests and reports; to provide for the establishment and  
 10 functions of certain advisory entities; to provide for conditions for  
 11 grants; to provide for the issuance of bonds and notes for transportation  
 12 purposes; to provide for the powers and duties of certain state and local  
 13 agencies and officials; to provide for the making of loans for  
 14 transportation purposes by the state transportation department and for  
 15 the receipt and repayment by local units and agencies of those loans  
 16 from certain specified sources; and to repeal acts and parts of acts.

17  
 18 [PA 34 of 2001](#) **REVISED MUNICIPAL FINANCE ACT** - AN ACT relative to the  
 19 borrowing of money and the issuance of certain debt and securities; to  
 20 provide for tax levies and sinking funds; to prescribe powers and duties  
 21 of certain departments, state agencies, officials, and employees; to  
 22 impose certain duties, requirements, and filing fees upon political  
 23 subdivisions of this state; to authorize the issuance of certain debt and  
 24 securities; to prescribe penalties; and to repeal acts and parts of acts.

25  
 26 [PA 143 of 1943](#) **BORROWING FOR ROAD PURPOSES** - AN ACT to empower  
 27 boards of county Road Commissioners to borrow money in anticipation  
 28 and upon the faith and credit of future receipts of revenues, derived from  
 29 certain state collected taxes, for the purpose of purchasing road  
 30 machinery or equipment or for improvement of county highways or for  
 31 general county road purposes.

32  
 33 [PA 267 of 1976](#) **OPEN MEETINGS ACT** - AN ACT to require certain meetings of  
 34 certain public bodies to be open to the public; to require notice and the  
 35 keeping of minutes of meetings; to provide for enforcement; to provide  
 36 for invalidation of governmental decisions under certain circumstances;  
 37 to provide penalties; and to repeal certain acts and parts of acts.

38  
 39 [PA 442 of 1976](#) **FREEDOM OF INFORMATION ACT** - AN ACT to provide for  
 40 public access to certain public records of public bodies; to permit certain  
 41 fees; to prescribe the powers and duties of certain public officers and  
 42 public bodies; to provide remedies and penalties; and to repeal certain  
 43 acts and parts of acts.

44  
 45  
 46  
 47

## Uniform Accounting Procedures Manual for County Road Commissions

- 1 [PA 738 of 2002](#)      **ELECTRONIC TRANSACTIONS OF PUBLIC FUNDS - AN ACT**  
 2 to authorize and regulate electronic transactions of public funds  
 3 involving local units of government; and to provide for powers and  
 4 duties of certain governmental agencies and officials.  
 5
- 6 [PA 20 of 1943](#)      **INVESTMENT OF SURPLUS FUNDS OF POLITICAL**  
 7 **SUBDIVISIONS - AN ACT** relative to the investment of funds of  
 8 public corporations of the state; and to validate certain investments.  
 9
- 10 [PA 266 of 1995](#)      **CREDIT CARD TRANSACTIONS - AN ACT** to authorize and  
 11 regulate credit card transactions involving local units of government,  
 12 including the use of credit cards by officers and employees of local units  
 13 of government; and to provide for powers and duties of certain state and  
 14 local agencies, officers, and employees.  
 15
- 16 [PA 2 of 1968](#)      **UNIFORM BUDGETING AND ACCOUNTING ACT - AN ACT** to  
 17 provide for the formulation and establishment of uniform charts of  
 18 accounts and reports in local units of government; to define local units  
 19 of government; to provide for the examination of the books and accounts  
 20 of local units of government; to provide for annual financial reports  
 21 from local units of government; to provide for the administration of this  
 22 act; to prescribe the powers and duties of the state treasurer, the attorney  
 23 general, the library of Michigan and depository libraries, and other  
 24 officers and entities; to provide penalties for violation of certain  
 25 requirements of this act; to provide for meeting the expenses authorized  
 26 by this act; to provide a uniform budgeting system for local units; and  
 27 to prohibit deficit spending by a local unit of government.  
 28
- 29 [PA 29 of 1995](#)      **UNIFORM UNCLAIMED PROPERTY ACT - AN ACT** concerning  
 30 unclaimed property; to provide for the reporting and disposition of  
 31 unclaimed property; to make uniform the law concerning unclaimed  
 32 property; to prescribe the powers and duties of certain state agencies and  
 33 officials; to prescribe penalties and provide remedies; and to repeal acts  
 34 and parts of acts. See [Manual for Reporting Unclaimed Property](#)  
 35
- 36 [PA 140 of 1971](#)      **GLENN STEIL STATE REVENUE SHARING ACT OF 1971 - AN**  
 37 **ACT** to provide for the distribution of certain state revenues to cities,  
 38 villages, townships, and counties; to impose certain duties and confer  
 39 certain powers on this state, political subdivisions of this state, and the  
 40 officers of both; to create reserve funds; and to establish a revenue  
 41 sharing task force and provide for its powers and duties.  
 42 **Sec. 141.921** Withholding payments until submission of financial  
 43 report or audit; filing, evaluation, certification, and institution of  
 44 financial plan to correct deficit condition; noncompliance; notification  
 45 of legislature; “deficit condition” defined.  
 46  
 47



## Uniform Accounting Procedures Manual for County Road Commissions

- 1 [PA 390 of 1976](#)      **EMERGENCY MANAGEMENT ACT** - AN ACT to provide for  
 2 planning, mitigation, response, and recovery from natural and human-  
 3 made disaster within and outside this state; to create the Michigan  
 4 emergency management advisory council and prescribe its powers and  
 5 duties; to prescribe the powers and duties of certain state and local  
 6 agencies and officials; to prescribe immunities and liabilities; to provide  
 7 for the acceptance of gifts; and to repeal acts and parts of acts.  
 8
- 9 [PA 258 of 2011](#)      **MUNICIPAL PARTNERSHIP ACT** - AN ACT to provide for certain  
 10 municipal joint endeavors; to provide standards for those municipal  
 11 joint endeavors; to provide powers and duties of a municipal joint  
 12 endeavor; to authorize the levy of a property tax by a municipal joint  
 13 endeavor; and to provide for the powers and duties of certain  
 14 government officials.  
 15
- 16 [PA 7 of 1967](#)      **URBAN COOPERATION ACT OF 1967** – AN ACT to provide for  
 17 inter-local public agency agreements; to provide standards for those  
 18 agreements and for the filing and status of those agreements; to permit  
 19 the allocation of certain taxes or money received from tax increment  
 20 financing plans as revenues; to permit tax sharing; to provide for the  
 21 imposition of certain surcharges; to provide for additional approval for  
 22 those agreements; and to prescribe penalties and provide remedies.  
 23
- 24 [PA 202 of 2017](#)      **PROTECTING LOCAL GOVERNMENT RETIREMENT AND**  
 25 **BENEFITS ACT** - AN ACT to create the protecting local government  
 26 retirement and benefits act; to provide the powers and duties of certain  
 27 state and local agencies and officials; and to create a municipal stability  
 28 board. Report Document:  
 29 [Local Retirement System Summary with Data Report Excel](#)  
 30
- 31 [PA 152 of 2011](#)      **PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION**  
 32 **ACT** - AN ACT to limit a public employer's expenditures for employee  
 33 medical benefit plans; to provide the power and duties of certain state  
 34 agencies and officials; to provide for exceptions; and to provide for  
 35 sanctions.  
 36
- 37 [PA 314 of 1965](#)      **PUBLIC EMPLOYEE RETIREMENT SYSTEM INVESTMENT**  
 38 **ACT** - AN ACT to authorize the investment of assets of public  
 39 employee retirement systems or plans and the contributions made by  
 40 employees to retirement systems or plans created and established by the  
 41 state or any political subdivision; to provide for the payment of certain  
 42 costs and investment expenses; to authorize investment in variable rate  
 43 interest loans; to limit employer and plan official liability for certain  
 44 investment decisions; to define and limit the investments which may be  
 45 made by an investment fiduciary with the assets of a public employee  
 46 retirement system; and to prescribe the powers and duties of investment  
 47 fiduciaries and certain state departments and officers. See:  
 48 [Retirement System Summary Annual Reports](#)

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Attorney General Opinions

2 These opinions may be accessed by entering the opinion number at:

3 <https://www.ag.state.mi.us/opinion/opinions.aspx>

4  
5 Following is a summary of other Michigan Attorney General Opinions pertaining to County Road  
6 Commissions:

### 8 OPINION

9 <u>No.</u>	10 <u>Date</u>	11 <u>BRIEF DESCRIPTION</u>
12 3536	13 2/1/62	14 <u>Public Offices and Officers--Reimbursement for Expenses--</u> Except 15 where a gross amount is fixed to cover both compensation and expenses, 16 reimbursement for expenses is limited to the exact amount of 17 expenditure established by an itemized and supported claim.
18 599	19 9/22/47	20 The expenditure of county road funds to provide dinner or other 21 entertainment for members of the County Road Commission and guests 22 is illegal.
	23 9/25/33	24 <u>Sale of Road Materials--</u> The power to purchase implies the power to sell 25 surplus supplies and materials a county may have on hand for which 26 they have no use. However, a county may not purchase in such 27 quantities with the object in view of creating a surplus for the purpose 28 of sale. This would amount to making a business of the sale of supplies 29 and materials, and a county may not engage in a business unless 30 expressly authorized by statute.
31 4992	32 12/8/76	33 A county may not use county funds to assist a city to make payments on 34 a bond issued to finance the reconstruction of a bridge within the city.
35 5305	36 5/3/78	37 A board of County Road Commissioners is authorized to purchase 38 liability insurance for the protection of their employees against loss on 39 account of any judgment which may be rendered for personal injury or 40 property damage to a third party caused by the employee. 41 42 A board of County Road Commissioners is authorized, but not required, 43 to indemnify an officer or employee of the board or to pay, settle or 44 compromise a judgment entered against an officer or employee for 45 personal injury of property damage to a third party caused by the officer 46 or employee while in the course of employment and while acting within 47 the scope of authority; the determination of whether to make such 48 indemnification, however, may not be made before the alleged negligent act occurs.
49 5305	50 5/3/78	51 A board of County Road Commissioners may not agree to hold a 52 highway engineer harmless from any monetary recovery assessed by a 53 court, which results from his or her negligence in the performance of 54 public duties.

## Uniform Accounting Procedures Manual for County Road Commissions

1	5675	4/4/80	A board of County Road Commissioners is without authority to impose
2			a fee to consider and act upon a petition to declare a county local road a
3			natural beauty road.
4			
5	5795	10/8/80	A County Road Commission is not entitled to receive interest on snow
6			removal distributions due them on November 2 of each year from that
7			date until the date they receive payment from the State.
8			
9	5849	1/30/81	A vacancy in the office of member of an elected County Road
10			Commission may be filled (by appointment by the county board of
11			commissioners) for the unexpired term unless the vacancy occurs more
12			than 150 days before a general election, in which case the vacancy is
13			filled only until a successor is elected at the next general election.
14			
15	2684A	9/18/56	The legal responsibility for auditing the County Road Commissioners'
16			claims for expenses and approving them for payment should be that of
17			the board of supervisors* (or board of county auditors).
18			
19	2555	5/7/56	A lump sum provided for expenses by the board of commissioners must
20			be regarded as a ceiling on expenses within which actual expenses must
21			be audited and allowed by the board of commissioners.
22			
23	2943	2/19/59	The statute authorizes the board of County Road Commissioners to hire
24			its employees. The board has the implied power to fix the employee's
25			compensation and may as a part of such compensation, purchase a
26			turkey for each employee.
27			
28	6659	8/29/90	County Road Commissioners may participate in insurance and
29			retirement plans established by the Road Commission for its employees,
30			provided that such participation is pursuant to a compensation plan
31			established by the county board of commissioners for the Road
32			Commissioners and, further, provided that the county board of
33			commissioners appropriates the necessary funds for such benefits.
34			
35			NOTE: *The reference to board of supervisors was changed to county
36			board of commissioners by <a href="#">PA 87 of 1974, which amended MCL 46.1.</a>
37			
38	4985	6/15/76	The board of county road the board of county Road Commissioners acts
39			as an administrative board with the limited function of formulating
40			policy and performing official duties imposed by law and delegated by
41			the county board of commissioners.
42			
43	7134	5/21/03	A county Road Commission has the authority to enter into an agreement
44			with an Indian Tribe under the <a href="#">Urban Cooperation Act of 1967</a> to
45			maintain roads.
46			
47	6937	4/7/97	The removal of clay, gravel, peat, sand and topsoil under Part 91 of the
48			<a href="#">Natural Resources and Environmental Protection Act</a> . The extent of the

## Uniform Accounting Procedures Manual for County Road Commissions

1			exceptions for logging and mining in section <a href="#">9115 of Part 91</a> of the
2			Natural Resources and Environmental Protection Act.
3	6975	3/25/98	A county Road Commission is authorized to use its resources to provide
4			emergency assistance to township ambulance personnel on private
5			roads.
6			
7	2945	5/23/57	County Road Commission is not responsible to county supervisors, nor
8			has board any authority or control over commission except as to
9			appointment, removal, and audit of accounts as provided by statute.
10			6265
11			
12	6265	12/19/84	The chairperson of a county board of commissioners has no authority to
13			determine or change the compensation to be paid county Road
14			Commissioners.
15			
16	2297	5/23/44	A county Road Commissioner has authority to subscribe a contract for
17			services offered by Michigan County Road Association, including
18			expert counsel and advise in all phases of Road Commission operations,
19			and to pay for same from county Road Commission funds
20			
21	3112	1/4/58	Authority to employ private attorney did not deprive commission of its
22			right to request services of prosecuting attorney, and prosecuting
23			attorney could not receive from county Road Commission additional
24			compensation for performing legal duties in connection with loan or real
25			estate transactions of commission.
26			
27	1666	11/2/53	Expense of employment of private counsel to defend removal
28			proceedings against a member of the county Road Commission may not
29			be paid from county funds.
30			
31	6570	2/21/89	In the absence of a contract, a township may, but is not required to, pay
32			for the cost of road repairs of county roads within the township.
33			

### GASB Pronouncements

35 You can find GASB Statements at <https://www.gasb.org/home>

36 There is no cost to using this website, however a user ID is required. We encourage you do use  
37 this tool for the most recent and up-to-date information on GASB.

## Uniform Accounting Procedures Manual for County Road Commissions

### 1 Record Retention

2

3 Note: Record retention schedule will be updated in a future edition of the manual following  
4 Records Management Services (State of Michigan) procedures.

5

6 Michigan Road Commission Record Retention General Schedule #9

7 Revised August 1998

8

9 **ITEM**

10 <u>NUMBER</u>	<u>RECORD TITLE</u>	<u>RETENTION PERIOD</u>
11 1	Accounts Receivable (Paid Invoices)	3 years after audits
12		
13 2	Adoption & Abandonments (County Roads)	Permanent
14		
15		
16 3	Annual Reports to:	
17	a. County Road Association	Permanent
18	b. MDOT	Permanent
19	c. County Board of Commissioners	Permanent
20		
21 4	Audit Reports	
22	a. Auditor General	Permanent
23	b. MDOT	10 years
24	c. Private CPA or Treasury Audits	10 years
25		
26 5	Agreements/Contracts	
27	a. Road Contracts (all inclusive)	7 years after final accounting
28	b. Township, Cities & Villages	7 years after final accounting
29	c. Individuals & Corporations	7 years after final accounting
30	d. MDOT	7 years after MDOT audit
31	e. Utilities	7 years after final accounting
32	f. Railroads	7 years after final accounting
33	g. Employees Retirement Income Trust, Pensions, Deferred Comp	7 years after termination of plan
34		
35	h. Union/Employee Contracts	50 years or 3 years after death or termination
36		
37 6	Bank	
38	a. Deposit Slips	3 years after audits
39	b. Reconciliations	3 years after audits
40	c. Statements	7 years after audits
41		
42 7	Bids	
43	a. Roads & Bridges	7 years after final accounting
44	b. Equipment	1 year after audits
45	c. Buildings	7 years after acceptance
46	d. Insurances	After policy expiration and audits
47	e. Materials	1 year after audits
48		

## Uniform Accounting Procedures Manual for County Road Commissions

ITEM NUMBER	<u>RECORD TITLE</u>	<u>RETENTION PERIOD</u>
8	Bridges - Data Cards/Inspection Reports	Permanent or disposal of bridge
9	Budgets - Revenues/Expense	3 years
10	Condemnation Proceedings	Permanent
11	Checks	
	a. Payroll (Cancelled)	7 years after audits
	b. Accounts Payable (Cancelled)	7 years after audits
	c. Register	7 years after audits
12	Climatological Observation Records	7 years
13	Centerline Striping Data	7 years
14	Construction/Heavy Maintenance Projects	
	a. Cross Sections	7 years after final accounting
	b. Diary	Permanent
	c. Estimates	7 years after final accounting
	d. Field Notes	Permanent
	e. Plans & Tracings	Permanent
	f. Progress Reports	7 years after final accounting
	g. Road & Bridge Const. Program	10 years
	h. Testing Reports	7 years after final accounting
	i. Inspection Reports	7 years after final accounting
	j. Hard Surface Mileage Log	Permanent
	k. Road Traffic Survey (all)	20 years
	l. Photos & Aerial Maps	Permanent or Transfer*
	m. Assessment District Rolls	20 years
15	Correspondence	
	a. Foremen & Employees	3 years
	b. General	3 years
	c. Health & Accident	3 years
	d. Hospitalization	3 years
	e. Life Insurance	3 years
	f. Retirement	3 years
	g. MDOT	10 years
	h. County Board of Commissioners	10 years
	i. Townships	10 years
	j. Unions	3 years
	k. Policy Matters	10 years
16	Departmental Receipts	
	a. County Roads	7 years after audits
	b. Treasurer	7 years after audits

## Uniform Accounting Procedures Manual for County Road Commissions

1 \* Notify RECORDS MANAGEMENT SERVICES, DEPARTMENT OF TECHNOLOGY,  
2 MANAGEMENT AND BUDGET for an evaluation to determine whether these records will be  
3 placed with Records Management Services.

4	5 ITEM		
6	<u>NUMBER</u>	<u>RECORD TITLE</u>	<u>RETENTION PERIOD</u>
7	17	Disbursements/Expenditures	
8		a. Ledger	20 years
9		b. Vouchers	7 years after audits
10		c. Inventory (County Materials)	1 year after audit by State
11	18	Easements	
12		a. Channel Change	After recorded in Register of Deeds
13		b. Ditches	After recorded in Register of Deeds
14		c. General - Road Materials,	After recorded in Register of Deeds
15		Stockpiling, etc.	
16		d. Right-of-Way	After recorded in Register of Deeds
17			
18	19	Employees	
19		a. Application for Employment (Hired)	7 years after termination of
20			employment
21		b. Application for Employment	30 days
22		(Not Hired)	
23		c. Authorization for Payroll Deductions	Current authorization
24		d. Daily Time Card Report/Time Sheets	1 year after audits
25		e. Record of Employee Earnings &	50 years or 3 years after death
26		Deductions/Journal (Year End Payroll	
27		Journal)	
28		f. Personnel Data Cards	7 years after termination of
29			employment
30		g. Retirement/Deferred Comp Records	50 years after retirement or
31			termination
32		h. Sick Leave/Vacation/Holiday	4 years
33		i. Social Security (FICA)/Federal and	
34		State Quarterly & Yearly Reports	
35		(IRS 941, UIA 1020 & 1017, Michigan	
36		Annual Report 5081)	7 years
37		j. Wage Rates	Current listing
38			
39	20	Equipment	
40		a. Certificates of Title	Disposal of equipment
41		b. Depreciation - Listing of Fixed	1 year after audits
42		Assets	
43		c. Expense Data Repair Orders (G/L Detail)	3 years after audits
44		d. MDOT Form # 471 Equipment	
45		Specification and Rentals (Optional for	
46		Non-Contract Counties)	1 year after audits
47		e. Equipment Questionnaire (MDOT	
48		Contract counties)	3 years

## Uniform Accounting Procedures Manual for County Road Commissions

1	ITEM		
2	<u>NUMBER</u>	<u>RECORD TITLE</u>	<u>RETENTION PERIOD</u>
3		f. Service Policies/Warranties	Expiration
4		g. Specifications	Disposals of equipment
5		h. Operative Equipment Sheet	1 year after audits
6		i. Equipment Time Sheets	1 year after audits
7			
8			
9		j. Daily Equipment Safety Reports	
10		(Pre-trip & Post-trip)	1 year after disposal of equipment
11		k. Equipment Expense Summary	
12		(G/L Detail)	2 years after disposal of equipment
13			
14	21	General Ledger	20 years
15			
16	22	General Ledger - Subsidiary Accounts	20 years
17			
18	23	Insurance and Non-Revenue Bonds	
19		a. Policies	
20		1. Fleet	1 year after expiration and audits
21		2. Compensation	1 year after expiration and audits
22		3. Buildings and Contents	1 year after expiration and audits
23		4. Boilers and Sprinklers	1 year after expiration and audits
24		5. Burglary	1 year after expiration and audits
25		6. General Comprehensive (PL&PD)	Permanent
26		7. Health and Accident	1 year after expiration and audits
27		8. Life	1 year after expiration and audits
28		9. Hospitalization and Medical	1 year after expiration and audits
29		10. Liability	Permanent
30			
31		b. Reports	
32		1. Workers' Compensation	
33		a. Personal Injury	10 years
34		b. Compensation Payroll Reports	10 years
35		c. Audits	10 years
36		2. General Comprehensive Liability	20 years
37		and Property Damage	
38			
39		c. Bonds - Non-Revenue	
40		1. Surety	6 years after expiration of bond term
41		2. Fidelity	6 years after expiration of bond term
42			
43	24	Inventory, Parts and Materials	
44		a. Receipt Report	1 year after audits
45		b. Requisition Report	1 year after audits
46		c. Physical Inventory Reports	1 year after audits
47		d. Card Register/Computer Journal	1 year after audits
48			



## Uniform Accounting Procedures Manual for County Road Commissions

ITEM NUMBER	<u>RECORD TITLE</u>	<u>RETENTION PERIOD</u>
25	Municipal Finance Division (Revenue Bonds)	
	a. Correspondence	1 year after final payment of loan
	b. Application	1 year after final payment of loan
	c. Coupons/Revenue Bonds/Notes	See PA 56 (1962), as amended by PA 130 (1963), and amendments thereto 3 years after final payment
26	Legal Opinions	Permanent
27	Court Cases	Permanent
28	Labor Statistics/EEO	1 year
29	Official Proceedings/Minutes of Meetings	Permanent
30	Petitions	7 years
31	Plats	Permanent
32	Permits	
	a. Construction Within Right-of-Way	Permanent
	b. Oversize/Overweight Loads	1 year
	c. Michigan Public Utilities	Permanent
	d. Building Moving	1 year
	e. Tree Cutting	1 year
	f. Encroachment	Permanent or until removed
	g. Driveway	Permanent
33	Property	
	a. Deeds and Easements	Permanent or disposition of property
	b. Abstracts	Permanent or disposition of property
	c. Title Insurance	Permanent or disposition of property
34	Purchase Orders - County Road Commission	2 years after audits
35	Receipts Ledger/Journal	20 years
36	Revenue Vouchers/Transmittal Advice	3 years after audits
37	Michigan Department of Transportation	
	a. Budgets	1 year after audits
	b. Delivery Reports	1 year after audits
	c. Inventory Disbursements	1 year after audits

## Uniform Accounting Procedures Manual for County Road Commissions

ITEM NUMBER	RECORD TITLE	RETENTION PERIOD
	d. Monthly Maintenance Reports (Including Non-Maintenance)	1 year after audits
	e. Payment Vouchers	1 year after audits
	f. Purchase Orders	1 year after audits
	g. Stores Card Register/Journal	1 year after audits
	h. Receiving Slips	1 year after audits
	i. Trunkline Maintenance Atlas	1 year after audits
	j. Receipts for Disbursement MDOT	1 year after audits
38	Transfer Vouchers	20 years
39	Transfer Voucher Journal	20 years - in General Ledger
40	Trial Balance Sheets (Monthly General Ledger)	1 year after audits
41	Weighmaster Reports	1 year
42	Local Option Materials	All documents used for internal purposes only and not required by any statute or agency regulation may be discarded at the option of the local official concerned.
43	Any records concerning construction, maintenance and administration by county Road Commissions, of airports, ferries, county parks, sewer and water systems, etc. not covered somewhere above may be added to this schedule by application of the County Road Commission concerned.	
44	Microfilm records in accordance with 1979 A.C., R 18.101, ET.SEQ.	

If you have any questions about records retention, contact Records Management Services,  
Department of Technology, Management & Budget, 3400 North Grand River Avenue, Lansing,  
Michigan 48909, phone #517-335-9132 or visit their website:  
[www.michigan.gov/recordsmanagement/](http://www.michigan.gov/recordsmanagement/).

# Uniform Accounting Procedures Manual for County Road Commissions

1 **Policies**

2  
3 Road Commissions should establish policies to aid in the administration of the organization.  
4 Policies lay out guidelines and provide clarity to employees and commissioners when dealing  
5 with accountability issues or activities that are of critical importance to the Road Commission,  
6 such as, health and safety, legal liabilities, regulatory requirements or issues that have serious  
7 consequences. Standard operating procedures can insure uniform and consistent answers and  
8 treatment of practices.

9  
10 Policies need to be adopted by the board at a board meeting. It is recommended that a formal  
11 policy book be developed and maintained by the clerk of the board. For easy reference policies  
12 should be indexed, categorized, and numbered in a logical manner to allow easy retrieval. The  
13 manual should be accessible to all employees and commissioners. An annual review of policies  
14 should be performed by the staff and updated in the form of amendments.

15  
16 Following is a sample of how a board policy may be structured. For specific policy samples visit  
17 the [County Road Association](#) site.

18  
19  
20 **POLICY OF THE**  
21 **BOARD OF COUNTY ROAD COMMISSIONERS**  
22 **OF THE COUNTY OF SAMPLE**

23  
24 **CATEGORY:** Engineering

25  
26 **POLICY NUMBER:** 5

27  
28 **AMENDMENT NUMBER:** \_\_\_\_\_

29  
30 **SUBJECT:** Consultant Evaluation Record Keeping

31  
32 **ADOPTED ON:** February 12, 1998

33  
34 A motion was made by Commissioner March, and supported by Commissioner Stone, that it shall  
35 be the policy of the Sample County Road Commission to keep a short synopsis on the performance  
36 for each consultant retained for any design, inspection, testing, environmental studies, etc. The  
37 attached form shall be used. When completed, the original shall be placed in a "Consultant  
38 Evaluation File" and a copy placed in the project file. Roll Call Vote: March - aye, Stone - aye,  
39 and LeBlanc - aye.

40  
41 \_\_\_\_\_  
Al LeBlanc, Chairman

42  
43 \_\_\_\_\_  
Kim Cost, Clerk to the Board

## Uniform Accounting Procedures Manual for County Road Commissions

1 Below is a listing of subjects that some County Road Commissions have incorporated into  
2 formal board policies. Required policies are noted with an asterisk. All other policies are optional  
3 and should be reviewed to determine whether a policy should be adopted by the board. This  
4 listing is not meant to be all inclusive.

5 Samples of all required policies are linked below and can be found on the CRA website. Keep in  
6 mind these are samples only. **It is recommended that you review and modify these policies to**  
7 **meet the requirements of your road commission and have them reviewed by an attorney**  
8 **prior to approval from your Board or acceptance of any policy.**

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- 10 Abandonments
  - 11 \* [Acceptance of Credit and Debit Cards for Payment](#)
  - 12 \* [Affirmative Action](#)
  - 13 All Season Road Specifications
  - 14 Audits
  - 15 Bridge and Culvert Replacement
  - 16 Brush Cutting/Vegetation Guidelines
  - 17 \* [Budget/General Appropriation Act/Budget Policy](#)
  - 18 Business Revolving Credit Accounts
  - 19 Educational
  - 20 \* [Capital Asset](#)
  - 21 \* [Cash Management](#)
  - 22 Leave policy
  - 23 Citizens Wishing to Address the Board
  - 24 Clerk of the Board Designation
  - 25 COBRA Premiums
  - 26 Commercial Driver's License
  - 27 Computers and Electronic Communications
  - 28 Cost Sharing--Reconstruction, Recaps, Replacement of Curbs, Bridges, etc.
  - 29 Construction Guidelines
  - 30 County Drain Improvements
  - 31 \* [Credit Cards](#)
  - 32 \* [Debt Management](#)
  - 33 Deferred Compensation Program- Fiduciary guidelines
  - 34 [Drug Free Workplace/Substance Abuse](#)
  - 35 \* [Drug Testing Policy \(Federal CDL requirement\)](#)
  - 36 \* [Electronic Transactions ACH/EFT](#)
  - 37 Employee Assistance Program
  - 38 Errors and Omissions / Surety Bonds
  - 39 \* [Equal Employment Opportunity](#)
  - 40 \* [Ethics/Conflict of Interest](#)
  - 41 \* [Family and Medical Leave Act](#)
  - 42 \* [Financial Reporting](#)
  - 43 FLSA Salary Basis
  - 44 \* [Fraud](#)
  - 45 \* [Freedom of Information Act](#)
  - 46

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- 1 \* [Fund Balance \(GASB 54\)](#)
- 2 \* [Grants Management](#)
- 3 \* [HIPPA Privacy](#)
- 4 \* [Investments \(GASB No. 40\)](#)
- 5 Mailbox Standards and Mailbox Damage Reimbursement
- 6 Mutual Aid Agreement
- 7 Open Meetings Act
- 8 Overtime
- 9 \* [Paid Medical Leave Act](#)
- 10 \* [Payroll](#)
- 11 \* [Permit Fee Schedule](#)
- 12 Personal Use of Road Commission Vehicles
- 13 Petty Cash
- 14 \* [Purchasing](#)
- 15 \* [Safety](#)
- 16 Reference Checks
- 17 Seasonal Road Designation
- 18 \* [Smoke Free Workplace](#)
- 19 \* [Social Security Number Privacy](#)
- 20 \* [Title VI](#)
- 21 Township Cost Share
- 22 [Travel Policy](#)
- 23 \* [Unlawful Harassment](#)
- 24 \* [Unlawful Retaliation](#)
- 25 Violence in the Workplace
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- 28
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