

December 18, 2002

**TO: TRANSIT AGENCIES AND CERTIFIED PUBLIC ACCOUNTANTS
PERFORMING PUBLIC TRANSPORTATION AUDITS**

SUBJECT: FY 2002 and FY 2003 Audit Information for December 31 Year-Ends

FY 2002 and FY 2003 AUDIT INFORMATION FOR DECEMBER 31st YEAR-ENDS

I. Information Necessary to Calculate State Operating Assistance

A. Reimbursement Amount:

There is a fixed amount of state operating funds available and the distribution percentage changes based on the statewide eligible expenses. The reimbursements are calculated based on budgeted eligible operating expenses and will be recalculated after total eligible operating expenses are determined based on the preliminary reconciliation and the audited close out.

Based on the budgeted distribution, nonurbanized areas and urbanized areas under 100,000 population received the following percentage of their eligible operating expenses:

FY 2002:	45.852287799 percent based on budget
FY 2003:	43.800078503 percent based on budget

Urbanized areas over 100,000 population received the following percentage of their eligible operating expenses:

FY 2002:	38.326038728 percent based on budget
FY 2003:	36.699468862 percent based on budget

B. Statutory Cap:

Nonurbanized areas and urbanized areas under 100,000 population can receive up to 60 percent of eligible operating expenses. Urbanized areas over 100,000 population can receive up to 50 percent of eligible operating expenses.

C. Mandatory Floor:

An agency must receive, at a minimum, the amount received for eligible operating expenses in FY 1997, contingent upon the local share requirements set forth in Act 51, as amended.

II. Information Relating to Federal Funding and Reimbursement

- A. Each funding source (Section 5307 and Section 5311) needs to be shown separately in the audit.
- B. For Section 5311 operating assistance, the nonurban eligible expense percentage is 10.95 for both fiscal years ending September 30, 2002, and September 30, 2003.
- C. The Catalog of Federal Domestic Assistance (CFDA) website is www.cfda.gov. CFDA numbers for federal programs are as follows:

- 20.505 for Section 5303
- 20.507 for Section 5307
- 20.500 for Section 5309
- 20.513 for Section 5310
- 20.509 for Section 5311
- 20.515 for Section 5313
- 20.516 for Section 3037

III. Information Relating to Association Dues

- A. The percentage of association dues ineligible for reimbursement under the State Operating Assistance program and the Section 5311 Operating Assistance program for fiscal year ending September 30, 2002, are as follows:

<u>Association</u>	<u>FY 2002</u>
MASSTrans	0 Percent
MPTA	8.0 percent
APTA	13.0 percent

- B. Percentages for FY 2003 are unavailable at this time.
- C. All expenses associated with lobbying are not eligible and should be backed out under 58005 Ineligible Lobbying Expense.

IV. Special Points

- A. Clearly identify all grants in the financial statements and supplemental information. All grants should have the contract number as well as a descriptive title. If a grant amount is included in total eligible expenses and then must be backed out as ineligible, the grant should be identified on items such as the revenue schedules, the Schedule of Expenses by Contract and General Operations, and the Ineligible Expense Schedule. Please note that any audit that fails to identify all grants on all of the applicable schedules will not be accepted.

- B. For October 1, 2001, through September 30, 2002, the Local Public Transit Revenue and Expense Manual dated October 1, 2001, through September 30, 2002, is in effect. For October 1, 2002, through September 30, 2003, the Local Public Transit Revenue and Expense Manual dated October 1, 2002, through September 30, 2003, is in effect. These manuals can be found at our website at <http://www.michigan.gov/mdotptd>. To access this information, find the “Resources” box and click on “Audit/Accounting Information.”

- C. The audit guide can be purchased from the Michigan Department of Treasury. The order form is located at www.michigan.gov/treasury. To access this information, look on the left-hand side of the computer screen and click on “Local Government.” Find the “Forms/Instructions” box and click on “[click here for: Local Government Forms and Instructions.](#)” In the “Account Manual Form” box, click on “2687, Publications Invoice.” The audit guide is item number 14 “Transportation Authorities and Agencies” on the order form.

Trish D'Itri, Auditing Specialist, is currently on a leave of absence. She is expected to return to work in February 2003. During her absence, please contact Lisa Funk at (517) 373-8746 or by email at funkl@michigan.gov with questions regarding the above information or if you need website information mailed to you.

Sincerely,

Original signed by Sharon L. Edgar

Sharon L Edgar, Administrator
Passenger Transportation Division