

October 9, 2002

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

SUBJECT: FY 2002 Audit Information for September 30th Year-Ends

I. INFORMATION NECESSARY TO CALCULATE STATE OPERATING ASSISTANCE

A. Reimbursement Amount:

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

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

FY 2002: 38.326038728 percent based on budget

There is a fixed amount of state funds available statewide and the percentages change based on the statewide eligible expenses. The FY 2002 percentages are calculated based on budgeted eligible operating expenses. FY 2002 percentages will be recalculated after total eligible operating expenses are determined based on the preliminary reconciliation and the audited close out.

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, as 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. Nonurban eligible expense percentage for Section 5311 operating assistance is 10.95 percent for fiscal year ending September 30, 2002.
- C. The Catalog of Federal Domestic Assistance (CFDA) website is www.cfda.gov. CFDA numbers for FY 2002 are:

- 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. PERCENTAGE OF ASSOCIATIONS DUES INELIGIBLE FOR REIMBURSEMENT under State Operating Assistance and Section 5311 Operating Assistance for fiscal year ending September 30, 2002:

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

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 meaningful title. Grants should be clearly identified on such things as the revenue schedules, the Schedule of Expenses by Contract and General Operations, and the Ineligible Expense Schedule if a grant amount is included in total eligible expenses and then must be backed out as ineligible. PTD will not accept any audit that fails to clearly identify all grants on all of the applicable schedules.
- 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. The Local Public Transit Revenue and Expense Manual dated October 1, 2001 through September 30, 2002, as well as this letter, can be found at our website, <http://www.michigan.gov/mdotptd>. In the “Resources” box, 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. On the left-hand side of the computer screen, click on "Local Government." Under the "Forms/Instructions" box, 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.

Please contact Trish D'Itri, Auditing Specialist, by phone at (517) 335-2535 or by email at ditrit@michigan.gov with questions or if you need website information mailed to you.

Sincerely,

Kip Grimes, Administrator
Passenger Transportation Division
Urban and Public Transportation

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