# FY 2013

# LOCAL PUBLIC TRANSIT

# REVENUE AND EXPENSE MANUAL

**with Nonfinancial Operating Data Definitions**

**OFFICE OF PASSENGER TRANSPORTATION**


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## Acronyms/Definitions

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| Act 51 | Act 51 of the Public Acts of 1951, as amended |
| CTF | Comprehensive Transportation Fund |
| CAP | Cost Allocation Plan |
| DR | Demand-Response (acronym used on PTMS) |
| FTA | Federal Transit Administration |
| JARC | Job Access and Reverse Commute Program |
| LH | Line-Haul (acronym used on PTMS) |
| NF | New Freedom Program |
| OPT | Office of Passenger Transportation |
| OAR | Operating Assistance Report submitted on PTMS |
| PTMS | Public Transportation Management System |

Contract means any legally binding agreement between parties regardless of the terminology used at the different governmental levels (e.g., federal grant, state master agreement and project authorizations, local contract).

## Purpose of Manual & Reporting Requirements

This Manual is used to report revenues and expenses on an Operating Assistance Report (OAR) submitted on PTMS for the following operating programs:

- State Operating Assistance
- Job Access and Reverse Commute
- New Freedom

Budget, quarterly, and annual reconciled OARs are required to be submitted through PTMS. Budgets are due on February 1st of each year. Annual reconciled OARs are due 40 days after the end of the state's fiscal year and must be based on that year (e.g., October 1st through September 30th). Quarterly OARs are due 40 days after the end of each quarter.

The CTF Specialized Services Program has its own manual called the "Specialized Services Manual" (effective 10/1/11) and can be found at our website http://www.michigan.gov/mdotptd. Scroll down to the "Resources" box; click on the drop down arrow; select "Audit/Accounting Information;" then click "Go."

## Basic Guidelines

A: Expenses are eligible for reimbursement under the State Operating Assistance (Formula) Program if they are:

- Incurred[1] for public transportation purposes;
- Reasonable and necessary for proper and efficient operations;
- Categorized according to this Manual;
- Supported by adequate source documentation;
- Treated consistently year to year;
- In accordance with Generally Accepted Accounting Principles (GAAP) unless otherwise provided for in this Manual;
- Based on an approved OPT cost allocation plan, if required;
- Based on the accrual accounting method;
- Not pass-through funds or funds transferred back to a general or similar fund;
- Not funded under another CTF or capital program. Refer to Appendix B for the proper reporting on the OAR of capital funds used for operating expenses;

[1] Obligating expenses through the execution of a purchase order is not "incurred." An expense is not incurred, and should not be reported on an OAR until the service has been provided, or the goods have been delivered.

- Not funded with federal and/or state grant/money dedicated to pay for a particular expense.

B: **Ineligible expenses improperly reimbursed in previous years that have been closed out can be, based on the discretion of the OPT, subtracted out in the year discovered.** Proficiency in understanding when an operating expense is ineligible for State Operating Assistance reimbursement is mandatory in fairness to all transit agencies statewide. If there is any question as to whether or not an expense is eligible for State Operating Assistance, contact your OPT Project Manager to obtain a written response from OPT.

C: Generally, if 100% of an activity benefits general public transportation, 100% of the expenses associated with that activity may be considered eligible operating expenses. However, if the activity benefits both public transportation and some other entity and/or governmental unit and/or OPT program, then the expenses may require an approved cost allocation plan (refer to Appendix C). If you are not sure whether or not you need an OPT approved cost allocation plan, please contact your OPT Project Manager to obtain a written response from OPT.

D: When this Manual is silent, OMB Circular A-87 applies. This Manual is primarily intended to be consistent with the basic guidelines and cost principles of A-87. Any inconsistency should be brought to the attention of your OPT Project Manager.

## Revenues

Revenue is defined as all income generated as a result of providing public transportation service. Please note that:

- Retained earnings used to cover an operating deficit is not revenue in that year. Retained earnings is money earned and reported in prior years and should not be reported again when used.
- Monies received in the current year for prior year's expenses (e.g., the final Section 5311 payment and/or adjustments made to State Operating Assistance based on reconciled or audited distributions) are not revenue in the current year and should not be reported on the current year's OAR.
- Cash donations are considered local revenue. However, any expenses associated with earning the cash donations must be subtracted out as ineligible under 55008 Other Ineligible Expenses.

**40100 Passenger Fares.** Fees charged for passenger trips: (1) all monies put in the farebox including fares received from 50800 Purchased Transportation Services, (2) the cash equivalent of bus passes and transfers, (3) revenue earned from "Park and Ride" lots. If School Tripper Service is provided, it must be open to the general public.

40100 for JARC and NF:

40100 Passenger Fares earned for the Federal Section 5316 JARC and Federal Section 5317 NF cannot be used as local match, but must be subtracted out as ineligible under 55000 Ineligible JARC and NF Fares.

**40200 Contract Fares.** Contractual fees paid by an organization (rather than by the passenger). This also includes federal and state funds, other than FTA or OPT funds, which are used to purchase service for passengers. This service must be available to the general public ("open door").

40200 for JARC and NF Programs:

Income from contracts to provide human service transportation may be used as local match for JARC and NF operating assistance. If not used as local match, then income from contracts to provide human service transportation is used to reduce the net project cost and must be subtracted out as ineligible under 55000 Ineligible JARC and NF Fares.

For example: If an agency receives funding from their county's general fund and/or from a human service agency to provide the full amount of the local match, any contract fares they receive will NOT be considered local match and must be subtracted out as ineligible. If an agency gets local funding from their municipality or other organizations and it provides only a portion of the required local match, contract fares up to the amount needed for the local match will not need to be subtracted out as ineligible; any fares collected above the amount needed for the full local match would have to be subtracted out as ineligible.

Because MDOT does not provide match for NF operating assistance, in most cases contract fares will not have to be subtracted out as ineligible for NF programs. However, because MDOT provides the match for JARC operating assistance, contract fares are not used as local match and must be subtracted out as ineligible for JARC programs.

Please note: FTA program funds may not be used as a source of local match for other FTA programs, even when used to contract for service. For example, if a Section 5316 subrecipient has a service contract to buy service from a Section 5311 provider, the Section 5311 provider may not use the revenue from the Section 5316 service contract as local match for other FTA grants.

**40400 Package Delivery/Meal Delivery Programs** (e.g., Meals on Wheels) cannot conflict with public transit services, nor result in a reduction of service to transit passengers. Do NOT count packages/meals as passengers. Package delivery must be incidental to providing public transportation services. The comment field must state that the package delivery is "incidental service". An OPT approved cost allocation plan is required for both package and meal delivery. The comment field must state "CAP applied". Expenses associated with package and meal delivery are not eligible and must be subtracted out under 55008 Other Ineligible Expenses.

**40500 Charter Service**. The comment field must state that the charter service provided is being provided under an exception as defined in 49 CFR Part 604 – Charter Service. Charter hours and miles should be reported in the nonfinancial section under codes 630 Charter Service Hours and 631 Charter Service Miles.

Charter service cannot: (1) interfere with or detract from the provision of the public transportation service for which the equipment or facilities were FTA/MDOT funded; or (2) shorten the public transportation life of the equipment or facilities. For example, 1,000 miles of incidental charter shortens the life of the vehicle by 1,000 miles. Therefore, 1,000 miles must be added to the end of the useful life of that vehicle. Documentation must show that mileage and/or hours are recorded.

If charter is provided (under a 49 CFR Part 604 exception): (1) there must be an OPT approved cost allocation plan, (2) expenses associated with charter service must be subtracted out under 55015 Ineligible Charter Expense, and (3) 630 Charter Service Hours and 631 Charter Service Miles must be reported on the nonfinancial portion of the OAR. The comment field must state "CAP applied."

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generating this revenue, that must be stated in the comment field. If no expenses are reported under 55010 Other Ineligible Expenses Associated with Auxiliary and Nontransportation Revenue and no explanation is given in the comment field, then OPT will either: (1) subtract out the revenue reported in this code, or (2) determine a reasonable ineligible expense amount.

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**40760 Gains from the Sale of Capital Assets** are revenue if the proceeds from the disposal of a capital asset are contractually allowed to be retained by the transit agency and are used to provide public transportation.

A gain should *not* be reported under this code if the property is given in exchange as part of the purchase price of a similar item and the gain is taken into account in determining the depreciation basis of the new item.

**40799 Other Nontransportation Revenues** are earned from nontransportation activities other than those listed in 40710 through 40760 and must be explained in the comment field. An OPT approved cost allocation plan may be required. If a cost allocation plan is required, the comment field must state "CAP applied". Expenses associated with 40799 Other Nontransportation Revenue are not eligible and must be subtracted out under 55010 Other Ineligible Expenses Associated with Auxiliary and Nontransportation Revenue. If no expenses were incurred generating this revenue, that must be stated in the comment field. If no expenses are reported under 55010 Other Ineligible Expenses Associated with Auxiliary and Nontransportation Revenue and no explanation is given in the comment field, then OPT will either: (1) subtract out the revenue reported in this code, or (2) determine an ineligible expense amount using, if applicable, the OPT approved cost allocation plan.

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3. FTA federal and state grants that are directed towards paying for a particular expense (e.g., Department of Justice grant to pay for security) are ineligible and must be subtracted out under either 55004 Other Ineligible State Contracts or 57099 Other Ineligible Federal/State/Local.

**If there is any question as to whether or not the funds received from a federal or state grant need to be subtracted out as ineligible, contact your OPT Project Manager to obtain a written response from OPT.**

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under a capital contract are included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

**41112 Planning/Capital Cost of Contracting** is the state share revenue received (federal revenue is reported in 41312) under a capital contract to pay for planning and capital costs associated with providing transit service. Operating expenses paid by a capital contract are not eligible and must be subtracted out under 57602 Ineligible Planning/Capital Cost of Contracting. *For the annual reconciled OAR only*, the comment field must either: (1) list the revenue individually by state contract and authorization number, or (2) state that the annual audit will provide an assurance that no planning/capital cost of contracting expenses paid for under a capital contract are included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

**41113 Capital Contract Reimbursement for Administrative Expenses** is the state revenue received (federal revenue is reported in 41313) under a capital contract to pay for administrative expenses associated with that contract (including monitoring capital expenditures). The administrative expenses reimbursed under this code are not eligible and must be subtracted out under 57603 Ineligible Administrative Expense Paid by Capital Contract. *For the annual reconciled OAR only*, the comment field must either: (1) list the revenue individually by state contract and authorization number, or (2) state that the annual audit will provide an assurance that no administrative expenses paid for under a capital contract are included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

**41114 Other Capital Contract Reimbursement for Operating Expenses** is the state revenue received (federal revenue is reported in 41314) under a capital contract to pay for operating expenses (e.g., mobility management, lease expenses associated with office space or a building, shop/maintenance equipment**, and miscellaneous bus equipment**). The expenses reimbursed by the revenue reported in this code must be subtracted out as ineligible under 57604 Other Ineligible Operating Expense Paid by Capital Contract. *For the annual reconciled OAR only*, the comment field must either: (1) list the revenue individually by state contract and authorization number, or (2) state that the annual audit will provide an assurance that no operating expenses paid for under a capital contract are included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

**Shop/maintenance and miscellaneous bus equipment can only be expensed if the equipment cost less than $5,000 with a useful life of less than one year. Any purchases (or lease if applicable) that cost more than $5,000 with a useful life of more than one year should be capitalized and then depreciated under 51300 Depreciation. If a purchase or lease is capitalized, then the revenue (federal, state, and/or local) is not reported in this code or anywhere else on the Regular Service OAR.

**41199 Other MDOT/OPT Contracts and Reimbursements** are revenue earned other than those specified in 41101 through 41114 and must be explained in the comment field. This code includes:

- Money received from the Specialized Services Program. Please consult the Specialized Services Manual (effective 10/1/11) for further explanation.
- Contractual money received from MDOT to fund additional routes while a major section of a local highway was closed for construction. If the contract is silent as to the eligibility of expenses or if revenues must be subtracted out as ineligible, seek written clarification from OPT.

Report: (1) the federal revenue associated with this code under 41399 Other Federal Transit Contracts and Reimbursements, and (2) the local revenue, if any, under the appropriate local revenue code. For example, if the local match were funded with millage money or from the general fund, then that revenue would, most likely, already be included in the dollar amount reported in 40800 Taxes Levied Directly for/by Transit Agency or 40910 Local Operating Assistance. If the local match was funded by a local contract, then the contractual dollar amount should be reported in 40999 Other Local Contracts and Reimbursement.

Depending upon the contractual language, either the expenses incurred or the revenue received may not be eligible and should be subtracted out under 55004 Other Ineligible State Contracts unless the contract has a federal portion, then use 57099 Other Ineligible Federal/State/Local. If the contract requires a local match, then the local match should also be subtracted out under 57099 Other Ineligible Federal/State/Local. *For the annual reconciled OAR only*, the comment field must either: (1) list the federal grant, and state contract and authorization number, or (2) state that the annual audit will provide an assurance that any expenses paid for under the contract are not included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

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**41312 Planning/Capital Cost of Contracting** is the federal share to the 41112 and must be subtracted out under 57602 Ineligible Planning/Capital Cost of Contracting. If the state contract and authorization number(s) were not reported in 41112, then the comment field (*for the annual reconciled OAR only*) must either: (1) list the federal grant, and state contract and authorization number, or (2) state that the annual audit will provide an assurance that no planning/capital cost of contracting expenses paid for under a capital contract are included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

**41313 Capital Contract Reimbursement for Administrative Expenses** is the federal share to the 41113 and must be subtracted out under 57603 Other Ineligible Administrative Expense Paid by Capital Contract. If the state contract and authorization number(s) were not reported in 41113, then the comment field (*for the annual reconciled OAR only*) must either: (1) list the federal grant, and state contract and authorization number, or (2) state that the annual audit will provide an assurance that no administrative expenses paid for under a capital contract are included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

**41314 Other Capital Contract Reimbursement for Operating Expenses** is the federal share to the 41114 and must be subtracted out under 57604 Other Ineligible Operating Expense Paid by Capital Contract. If the state contract and authorization number(s) were not reported in 41114, then the comment field (*for the annual reconciled OAR only*) must either: (1) list the federal grant, and state contract and authorization number, or (2) state that the annual audit will provide an assurance that no operating expenses paid for under a capital contract are included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

**41398 RTAP.** Rural Transit Assistance Program provides funds to assist in training, technical assistance, research, and other support services for nonurbanized transit agencies. Expenses reimbursed by this program are not eligible and must be subtracted out under 57402 Ineligible RTAP.

**41399 Other Federal Transit Contracts and Reimbursements** are revenue earned other than those specified in 41301 through 41398 and must be explained in the comment field.

If state and/or local match is required, then report the dollar amount of the state match under 41199 Other MDOT/OPT Contracts and Reimbursements and the dollar amount of the local match under the appropriate local revenue code. For example, if the local match were funded with millage money or from the general fund, then that revenue would, most likely, already be included in the dollar amount reported in 40800 Taxes Levied Directly for/by Transit Agency or 40910 Local Operating Assistance. If the local match was funded by a local contract, then the contractual dollar amount should be reported in 40999 Other Local Contracts and Reimbursement.

Depending upon the contractual language, either the expenses incurred or the revenue received may not be eligible and should be subtracted out under 57099 Other Ineligible Federal/State/Local along with any contractually required state and/or local match. *For the annual reconciled OAR only*, the comment field must either: (1) list the federal grant, and state contract and authorization number, or (2) state that the annual audit will provide an assurance that any expenses paid for under the contract are not included in total eligible expenses to be reimbursed with 41101 State Operating Assistance.

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# Expenses

Be sure to classify expenses by function: Operations, Maintenance, or General Administration.

*Operation* expenses are incurred when transporting passengers, such as:

- Drivers' wages and benefits.
- Supervising dispatchers, drivers, schedulers.
- Dispatching, radio monitoring.
- Oil, gas, tires.
- Insurance for revenue vehicles.

*Maintenance* expenses are incurred when maintaining transit assets, such as:

- Mechanics' wages and benefits.
- Supervising mechanics.
- Maintenance and repair of transit assets.
- Shop tools and supplies.

*General Administration* expenses are incurred in office functions, such as:

- Bookkeepers' and data processors' wages and benefits.
- Supervising office personnel.
- Counting fares.
- Financial activities (e.g., auditing, purchasing, marketing).
- Insurance except for insurance on revenue vehicles.

It is not always possible to relate costs directly to one functional category. For example, an employee may work as both a dispatcher and a bus driver; also, equipment may be used for maintenance and for administration or operations. In such cases, distribute or allocate costs among the various functions for which they are incurred. Costs should be distributed when it is possible to identify the specific portions that relate to each function supported. For example, the total cost of an employee involved in several functions can be distributed if the time spent on each function is known. When the portion of total cost spent on each function cannot be specifically identified, allocate costs among functions based on measures that most closely match the way the employee spent his/her time. The method used to allocate costs between functional categories does not need to be approved by OPT. Some OAR codes, such as 50401 Fuel and Lubricants and 50500 Utilities, require that all the expenses be put in only one functional category.

Allocations and distributions need not and cannot be exact; therefore, very costly or time-consuming methods are not recommended.

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The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are eligible if:

- They are provided under established written leave policies;
- The costs are equitably allocated to all related activities; and
- The basis of accounting is accrual. Accrual of leave time is eligible based on the lesser of the amount accrued or funded.

The cost of fringe benefits in the form of employer contributions or expenses for employee life, health, and other similar benefits are eligible provided such benefits are granted under established written policies. Fringe benefits include:

- FICA (Social Security tax and Medicare).
- Dental, hospital, medical, and surgical plans.
- Life and disability insurance plans.
- Uniform and work clothing allowances.
- Merit based pay bonuses approved by the transit agency's board.
- Workers' compensation and unemployment insurance. The type, extent, and cost of coverage must be in accordance with laws, governmental policy, and sound business practices. Provisions for a reserve under a self-insurance program for unemployment compensation or workers' compensation are eligible to the extent that:
    - The provisions represent reasonable estimates of the liabilities for such compensation, and the types of coverage, extent of coverage, and rates and premiums would have been eligible had insurance been purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made shall not exceed the present value of the liability.
    - Earnings or investment income on reserves must be credited to those reserves.
    - Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, etc. Reserve levels related to employee-related coverage will normally be limited to the value of claims: (a) submitted and adjudicated but not paid, (b) submitted but not adjudicated, and (c) incurred but not submitted. Reserve levels in excess of the amounts based on the above must be identified and justified in the cost allocation plan or indirect cost rate proposal.
    - Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to types of insured risk and losses generated by the various insured activities or agencies of the governmental unit. If individual departments or agencies of the governmental unit experience significantly different levels of claims for a particular risk, those differences are to be recognized by the use of separate allocations or other techniques resulting in an equitable allocation.

- Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the state and federal government for its share of funds transferred, including earned or imputed interest from the date of transfer.

Actual claims paid to or on behalf of employees or former employees for workers' compensation, unemployment compensation, severance pay, and similar employee benefits are eligible in the year of payment provided.

- The governmental unit follows a consistent costing policy, and
- They are allocated as a general administrative expense to all activities of the transit agency or governmental unit.

**50201 Pensions.** Pension plan costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the transit agency or governmental unit.

The accounting for pension costs is complex with its methods of measurement and recognition. Complying with pronouncements issued by the Governmental Accounting Standards Board (GASB) and the accounting principles established by the American Institute of Certified Public Accountants should not undermine the intent of Act 51 which is to reimburse public transportation expenses. Below is guidance to determine when pension expense is eligible to be reimbursed with 41101 State Operating Assistance.

1: For pension plans financed on a pay-as-you-go method, eligible expenses are limited to those representing actual payments to retirees or their beneficiaries.

2: Pension costs calculated using an actuarial cost-based method are an eligible expense, provided:

- The established written policies of the transit agency or governmental unit meet the test of reasonableness;
- The methods of cost allocation are not discriminatory;
- The cost assigned to each fiscal year is determined in accordance with GAAP as prescribed in Accounting Principles Board Opinion No. 8 issued by the American Institute of Certified Public Accountants; and
- The costs assigned to a given fiscal year are funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are ineligible and must be subtracted out under 58007 Ineligible Fringe Benefits.
- The cost is actually expensed (in other words, not recorded as a prepaid assets); and
- The expense is actually "funded" (an actual out-of-pocket expense for the transit agency). Actuarial gains used to offset pension expense are not considered "paid." Costs paid more than six months after the end of the fiscal year are eligible in the year paid.

Note: The last two bullets on the previous page, in the aggregate, means that pension cost must be both expensed in accordance with GAAP, and actually paid in order to be eligible to be reimbursed with 41101 State Operating Assistance. Pension costs are not eligible for 41101 State Operating reimbursement if the cost is either: (1) expensed, but not paid, or (2) paid, but not expensed.

Pension plan termination insurance premiums paid pursuant to the Employee Retirement Income Security Act (ERISA) of 1974 (Pub. L. 93-406) are eligible. Late payment charges on such premiums are ineligible and must be subtracted out under 58007 Ineligible Fringe Benefits.

Excise taxes on accumulated funding deficiencies and other penalties imposed under ERISA are ineligible and must be subtracted out under 58007 Ineligible Fringe Benefits.

A lump sum payment necessary to buy into a pension plan (e.g., Municipal Employee Retirement System) for prior years of service and the annual installments are eligible expenses as long as the above criteria are met.

A voluntarily payment of an unfunded accrued liability amount is eligible if it is an actual out-of-pocket expense, and the transit agency has no authority to request/obtain the money back.

Costs should be classified as either *Operations*, *Maintenance*, or *General Administration* based upon the 501xx Salaries and Wages classification. Pension expense not meeting the above criteria is not eligible and must be subtracted out under 58007 Ineligible Fringe Benefits.

If the transit agency or local unit uses derivative instruments or products in their pension investment portfolio, report the cost of the derivative and the market value at the end of the fiscal year in the comment field.

**If there is any question as to whether or not a pension cost is an actual, out of pocket expense eligible for State Operating Assistance, contact your OPT Project Manager to obtain a written response from OPT.**

PENSION OBLIGATION BONDS: The interest on bonds issued to fund unfunded actuarial accrued pension liability is eligible if the following criterion is met:

1. Interest rate on the pension obligation bonds is fixed.
2. Debt financing of the Unfunded Actuarial Accrued Liability (UAAL) is not more costly than regular pension financing over the remaining unamortized life of the UAAL, considering bond principle, interest, issuance costs, and any other relevant factors, as determined at the time of financing.
3. All net bond proceeds are made part of pension fund assets.
4. Funding for bond principal and interest is: (a) included in each period's pension requirement (e.g., annual, biennial, or other), (b) computed in the same manner as the actuary's amortization of the UAAL at the time of the conversion to debt financing, and (c) calculated using the weighted average interest rate on the bonds for the period in place of the actuarially-assumed interest rate. The period's pension requirement consists of funding for bond principal and interest applicable to the period of the pension contribution requirement computed by the actuary for normal costs and any UAAL not funded by the bonds. Alternative to (b) and (c) may be used if they do not result in substantially different pension charges.

If this criterion is not met, interest on debt issued to finance the UAAL is eligible only to the extent of the regular pension financing.

**50202 Other Post-Employment Benefits** (OPEB) are benefits other than pension provided at or after separation from employment as part of the total compensation for services. Only report non-pension benefits in this code. If a benefit is included in a pension package, the expense associated with that benefit should be reported in 50201 Pensions.

OPEB including retiree health care insurance, life insurance benefits to retirees, disability insurance, etc. are eligible provided the expense meets the 50201 Pension criteria, and are recorded in accordance with GASB 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (Issued 6/04).

GASB 45 requires OPEB costs to be fully expensed even if the expense is not actually paid. Therefore, each year the total 50202 OPEB expense is reported in this code, and the amount of the expense not funded/paid is subtracted out as ineligible using 58007 Ineligible Fringe Benefits (with an explanation in the comment field). When this unfunded expense is actually paid in later years, then the amount paid is reported as a *negative* ineligible expense using 58007 Ineligible Fringe Benefits (with an explanation in the comment field).

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Note: Planning expenses paid for under a capital contract must be subtracted out as ineligible under 57602 Ineligible Planning/Capital Cost of Contracting.

- Attorney fees and related expenses incurred in pursuing a claim or legal dispute against the State of Michigan or any of its officers or agents, arising out of the administration of a CTF program, are not expenses eligible for purposes of reimbursement under Act 51. Attorney fees and costs that a public transit agency may be ordered to pay to another party in connection with a claim or legal dispute against the State of Michigan or any of its officers or agents are also ineligible for purposes of reimbursement under Act 51. Likewise, attorney fees and related expenses incurred in pursuing a claim or legal dispute against the federal government or any of its officers or agencies, arising out of the administration of a FTA program, are not expenses eligible for purposes of reimbursement under Act 51. Ineligible attorney fees and related expenses must be subtracted out as ineligible under 55008 Other Ineligible Expenses.

- Appraisal services procured for some purpose other than the purchase and/or sale of an asset. NOTE: The cost of an appraisal to purchase and/or sell an asset must be either: (1) capitalized, or (2) subtracted out as ineligible under 55008 Other Ineligible Expenses.

- Services provided on a temporary basis by persons who are not employees or board members of the transit agency. Depending upon the service, the function classification could be *Operations*, *Maintenance*, or *General Administration.*

- Professional contractual maintenance services provided by a qualified outside organization. *Maintenance*

- Media advertising for employee vacancies. *General Administration*

- Environmental Cleanup: The transit agency shall be in compliance with applicable federal, state, and local statutes, ordinances, regulations, policies, and executive orders pertaining to the environmental and resource protection. Willful failure to comply will render any environmental cleanup costs an ineligible expense for either capital or operating reimbursement.

- Millage expense. *General Administration*

- Extended warranty costs.

**50401 Fuel and Lubricants** include the cost and tax of gasoline, diesel fuel, propane, compressed natural gas, lubricating oil, transmission fluid, grease, etc., for use in vehicles and equipment. CNG fuel credits for using alternative fuels must be subtracted out as ineligible under 54000 Ineligible Prior Year Refunds and Credits and explained in the comment field.

Note: Federal and state taxes are included in the price of gasoline. Governmental public transit agencies are usually exempt from paying these taxes. In the event these taxes have been paid on gasoline purchases, it may be possible for the transit agency to receive a refund. OPT has an external procedure on tax refunds on gasoline purchases. This external procedure is at http://www.michigan.gov/mdotptd. Scroll down to the “Resources” box; click on the drop down arrow; select “Reference Manual for Transit Agencies;” then click “Go.” When the “Reference Manual for Transit Agencies” page is presented, scroll to the “Accounting – Financial” section, click on “Tax Refunds – Motor Fuel Purchases.”

**If a refund is received, do NOT net that refund against this expense code.** Any refunds that offset or reduce this expense code must be subtracted out as ineligible under 54000 Ineligible Prior Year Refunds and Credits and explained in the comment field.

**50402 Tires and Tubes.** Tires purchased and/or leased under a capital contract must be subtracted out as ineligible under 57604 Other ineligible Operating Expense Paid by Capital Contract. *Operations*

**50404 Major Purchases** include big ticket items that cost less than $5,000 (e.g., copiers, computer equipment, software, office furniture, *General Administration;* steam cleaner, storage shelving system, system/parts cleaning tanks, snow blower, *Maintenance*). All equipment purchased under a capital contract must be subtracted out as ineligible under 57604 Other ineligible Operating Expense Paid by Capital Contract. Depending upon the purchase, the function classification could be *Operations*, *Maintenance*, or *General Administration*. Please explain in the comment field.

Note: Any purchases (or lease if applicable) that cost more than $5,000 with a useful life of more than one year should be capitalized and then depreciated under 51300 Depreciation. Refer to both the 51300 Depreciation code and Appendix A for further explanation on depreciation and the subtraction of ineligible expenses associated with depreciation.

**50499 Other Materials and Supplies.**

- Bus parts, paint for buses. *Operations*
- Shop tools, shop supplies, miscellaneous hardware, paint for facilities. *Maintenance*
- Office and computer supplies. *General Administration*

Expenses paid for under a capital contract (e.g., preventive maintenance, miscellaneous bus equipment, and spare parts) must be subtracted out as ineligible under the appropriate code. Preventive maintenance expenses must be subtracted out as ineligible under 55011 Ineligible Preventive Maintenance. Miscellaneous bus equipment and the expense incurred for spare parts must be subtracted out as ineligible under 57604 Other ineligible Operating Expense Paid by Capital Contract.

**50500 Utilities.** Payments made to utility companies (e.g., telephone, electric, gas, water, sewer, etc.). *General Administration*

**50603 Liability Insurance.** The type, extent, and cost of coverage must be in accordance with laws, governmental policy, and sound business practices. These may include:

- Insurance premium payments provided the payments are necessary to maintain reasonable insurance protection. *Operations*

- Losses due to acts which the transit agency: (1) is liable for, (2) is not covered by insurance, but (3) has proper insurance coverage. Payments made in the current fiscal year are eligible even though the liability was incurred in a prior reporting period. If the transit agency is not properly insured, the losses are not eligible and must be subtracted out under 55008 Other Ineligible Expenses. *Operations*

- Losses not covered by insurance deductibles ( e.g., replacement of small hand tools).

- Provisions for a reserve under a self-insurance program are allowable to the extent that the types of coverage, extent of coverage, rates, and premiums would have been allowed had insurance been purchased to cover the risks. However, provisions for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, shall not exceed the present value of the liability. Whenever funds are transferred from a self-insurance reserve to another account (e.g., general fund), refunds shall be made to the state and federal government (if applicable) for its share of funds transferred, including earned or imputed interest from the date of transfer.

Costs of insurance to cover the risk of loss of, or damage to, MDOT/FTA property is eligible to the extent mandated by "Exhibit A - Insurance Requirements" of OPT's Master Contract. Michigan Transit Insurance Pool dues are eligible only to the extent paid and not in excess of the minimum amount required.

**50699 Other Insurance** includes all expenses except those reported under 50603 Liability Insurance (e.g., fidelity bonds, business records, errors and omissions, etc). *General Administration*

Note: Approximately ninety (90) percent of the transit agency's total insurance cost is reported under 50603 Liability Insurance *Operations* and ten (10) percent is reported under 50699 Other Insurance. *General Administration* If reported insurance expense varies from this standard, please explain in the comment field why less than 90% of insurance is reported under 50603 Liability Insurance and why more than 10% of insurance is reported under 50699 Other Insurance.

Expenses NOT included in 506xx Insurance are:

- In-house repair of damaged property (report this under 50102 Other Salaries and Wages, 50200 Other Fringe Benefits, and 504xx Materials & Supplies, or possibly 50399 Other Services).
- Property damaged beyond repair (report this under 51300 Depreciation or 50909 Loss on Disposal of asset.
- Wage and fringe expenses of employees who process insurance claims for and against the transit agency (report this under 50102 Other Salaries and Wages and 50200 Other Fringe Benefits).

Costs of insurance to cover a private contractor's defects in materials or workmanship are ineligible.

**Do NOT net insurance refunds against this expense code.** Any refunds that offset or reduce this expense code must be subtracted out as ineligible under 54000 Ineligible Prior Year Refunds and Credits and explained in the comment field.

**50700 Taxes and Fees.** Taxes levied against the transit agency by federal, state, or local governments (e.g., property tax). *General Administration* Fees include such things as commercial drivers' license, vehicle licensing, and registration fees. *Operations*

Taxes **not** included in this code are: (1) payroll withholding taxes, (2) sales and excise taxes on purchased materials and services (these are included in the base price of the material or service), and (3) fuel and lubricants taxes (which are included in 50401 Fuel and Lubricants).

**50800 Purchased Transportation Service** is where the buyer (prime contractor) is a 41101 State Operating Assistance recipient and the seller (third party operator) is a private or non-profit agency hired by the prime contractor to provide public transportation service.

This code should be used by the prime contractor to report the amount accrued for the transportation services purchased. The prime contractor does not report expenses incurred by the third party operator.

This code cannot be used if the prime contractor contracts with a third party operator to provide, for all practical purposes, the entire transportation services funded under Act 51. If a third party operator provides all the transportation services, the prime contractor must submit an OAR by each individual code as required by this Manual. If both the prime contractor and the third party operator are required to submit an OAR, then the same expense cannot be reported on the two different OARs.

Purchases over $25,000 which utilize FTA/MDOT funds require an MDOT approved subcontract between the prime contractor and the third party operator. Urban transit agencies certified through FTA are exempt from obtaining MDOT approval. Without certification or proper approval, the expenses associated with the third party contract are ineligible and must be subtracted out under 55008 Other Ineligible Expenses.

**50902 Travel, Meetings, and Training.** Expenses include attendance fees, food, lodging, and travel. Depending upon the training, the function classification could be *Operations*, *Maintenance*, or *General Administration*. For example:

- Financial Management for Transit: Accounting Training. *General Administration*
- Transit Vehicle and Equipment Seminar. The function classification depends upon who is attends the seminar. If a mechanic attends, the expense is classified as *Maintenance.* If a transit manager attends, the expense is classified as *General Administration.*
- Michigan Transit Conference. *General Administration*
- Transportation organization meetings (e.g., Michigan Public Transit Association, Community Transportation Association of America, MASSTrans, and American Public Transit Association). *General Administration*
- Small Bus Roadeo. The function classification depends upon who attends the Roadeo. If a driver attends, the expense is classified as *Operations*. If a transit manager attends, the expense is classified as *General Administration.*

**50903 Association Dues and Subscriptions.** Fees for membership in transportation organizations and subscriptions to transportation publications. *General Administration.* If the transportation organization incurs lobbying expenses, a percentage of dues paid will not be eligible and must be subtracted out under 55009 Ineligible Percent of Association Dues. The ineligible percentage is calculated annually based on the organization's total costs related to its lobbying costs. *General Administration*

**50907 Lobbying** expense incurred by the transit agency. All expenses associated with lobbying are not eligible and must be subtracted out under 58005 Ineligible Lobbying Expense. Lobbying is defined as any direct contact with a public official, whether face to face, by telephone, letter, electronic media, or any other means, the purpose of which is to influence the official's legislative or administrative actions. *General Administration*

Note: Expenses incurred conducting a millage election are eligible provided the information concerning the election is factual and neutral, and should be reported as 50399 Other Services

expense. *General Administration* Expenses are not eligible if they are influential in nature, and must be subtracted out under 58005 Ineligible Lobbying Expense.

**50909 Loss on Disposal of Assets.** Losses on the disposal of assets should be reported here and subtracted out as ineligible under 58009 Ineligible Loss on Disposal of Assets.

A loss should not be reported under this code, nor subtracted out as ineligible under 58009 Ineligible Loss on Disposal of Assets, if the property is given in exchange for part of the purchase price of a similar item and the loss is taken into account in determining the depreciation basis of the new item.

**50999 Other Miscellaneous Expenses** are expenses incurred other than those specified in 50902 through 50909 and must be explained in the comment field. If the miscellaneous expenses are not in accordance with the basic guidelines of this Manual, then those expenses must be subtracted out under 55008 Other Ineligible Expenses. Depending upon the expense, the function classification could be *Operations*, *Maintenance*, or *General Administration.*

**51101 Interest on Long-Term Debt.** When funding operating expenses, interest incurred on money borrowed for more than one year should be reported under this code. The interest expense is not eligible and must be subtracted out under 55006 Other Ineligible Interest Expense. *General Administration*

Note: Interest incurred on such things as capital assets or construction debt must be capitalized and is not reported on the OAR.

The State Infrastructure Bank (SIB) provides low-interest loans and credit enhancements to state and local, public and private agencies for transportation improvements critical to the economic and social well-being of Michigan's urban and rural communities. SIB interest expense is not eligible and must be subtracted out under 55006 Other Ineligible Interest Expense.

**51102 Interest on Short-Term Debt.** When funding operating expenses, interest incurred on money borrowed for less than one year should be reported under this code. This interest expense is not eligible:

(1) To the extent of interest earned under 41400 Interest Income and must be subtracted out under 55006 Other Ineligible Interest Expense. *General Administration*

(2) If the money is borrowed from a local unit of government of which the transit agency is a part, and the loaned funds belong to the local unit of government. *General Administration*

Note: Interest incurred on money borrowed for less than one year, but not paid back in one year is long-term interest and must be: (1) reported under 51101 Interest on Long-Term Debt, and (2) subtracted out as ineligible under 55006 Other Ineligible Interest Expense.

If a transit agency is operating in a deficit situation as defined by the State Share Revenue Act, interest on short-term debt is ineligible unless the transit agency has a Treasury approved Deficit Elimination Plan that authorizes the borrowing of that money.

**51103 Interest on State Advances.** Interest charged on advances of 41101 State Operating Assistance is not eligible and must be subtracted out under 58002 Ineligible Interest on State Advances. *General Administration*

**51104 Interest on Capital Lease**. A lease qualifies as a capital lease if one of the following criteria is met:

- The title to the asset passes to the lessee by the end of the lease term.
- The lease contains a bargain purchase option.
- The lease term is equal to or greater than 75% of the useful life of the asset.
- The present value of the minimum lease payments is greater than 90% of the fair market value of the leased asset.

The asset of the capital lease must be capitalized and depreciated under 51300 Depreciation. If the transaction does not meet any of the four criteria, the lease is an operating lease and should be reported under 51200 Operating Leases and Rentals.

**51200 Operating Leases and Rentals.** Lease and/or rental expenses are eligible to the extent that the rates are reasonable considering factors such as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased. Expenses not meeting this criteria are not eligible and must be subtracted out under 55008 Other Ineligible Expenses. Depending upon the type of lease or rental equipment, the function classification could be *Operations*, *Maintenance*, or *General Administration*.

Lease expense paid for under a capital contract must be subtracted out as ineligible under 57604 Other ineligible Operating Expense Paid by Capital Contract. Do not use 56004 Ineligible Expenses Associated with Rentals which is used when a transit agency incurs expenses renting out its own property. Expense incurred leasing tires should be reported in 50402 Tires and Tubes.

Note: With a lease-purchase agreement, the asset must be capitalized and then depreciated under 51300. Interest incurred on a capital lease must be expensed and reported under 51104 Interest on Capital Lease.

**51300 Depreciation** is a means of: (1) allocating the cost of assets to periods benefiting from asset use (the expense reflects an asset's loss in service value), and (2) determining fair market value when disposing of an asset prior to the end of its useful life.

Property which cost $5,000 or more and has a determinable useful life of greater than one year must be capitalized and depreciated over the useful life of the property.

If an asset is purchased with:

- One hundred percent (100%) local funds, all of the depreciation expense associated with the asset is eligible for reimbursement under the federal and state operating assistance programs if: (1) the asset is reasonable and necessary, and (2) OPT approves the useful life of the asset. Report the depreciation expense in 51300 Depreciation, and nothing is subtracted out as ineligible under 55007 Ineligible Depreciation.
- Contractual funds (whether federal, state, or both), and the contract requires a local match, all of the depreciation expense associated with the asset is ineligible (even the local match amount because it is contractually required). Report the depreciation expense in 51300 Depreciation, and subtracted the entire depreciation amount out as ineligible under 55007 Ineligible Depreciation.
- Contractual funds (whether federal, state, or both), and local funds contribute to the purchase price (although the contract does not require local match). Report the entire

depreciation expense of the asset in 51300 Depreciation, and subtract as ineligible the entire depreciation amount that was paid for with federal and/or state funds.

Depending upon the asset being depreciated, the function classification could be *Operations, Maintenance, or General Administration.*

See Appendix A for: (1) an explanation to request OPT's approval of the useful life of an asset purchased with local funds and (2) Useful Life Guidelines.

The Useful Life Guidelines offered in Appendix A are applicable to determine both the useful life of an asset for capital-needs planning purposes, and the yearly expense of an asset to be reimbursed by the State Operating Assistance Program. However, OPT only approves the useful life of an asset when the depreciation expense is eligible for reimbursement under the Federal and State Operating Assistance Programs.

If no "useful life" approvals are on file with OPT, then 100% of depreciation expense may be subtracted out as ineligible.

Costs capitalized under a capital contract are depreciated under this code and subtracted out as ineligible under 55007 Ineligible Depreciation.

# Ineligible Expenses

**Ineligible expenses must be subtracted out as ineligible regardless of how small the dollar amount.** Due to shared funding, and the vast differences in the sizes of transit agencies, "materiality" cannot be used as a justification not to subtract out an ineligible expense.

Ineligible expenses include expenses that are:

- Not reimbursable according to this Manual,
- Funded under another CTF or capital program (refer to Appendix B),
- Associated with certain revenues, and
- Contractually obligated to be reimbursed even though the transit agency did not receive the contract funds.

**55000 Ineligible JARC and NF Fares.** Ineligible JARC and NF farebox that must be subtracted out as ineligible as explained in the JARC and NF subsections under 40100 Passenger Fares and 40200 Contract Fares.

**55007 Ineligible Depreciation** include assets purchased with federal and/or state funds and/or local match. To determine when local match is eligible or ineligible, see the explanation under 51300 Depreciation.

Ineligible depreciation expense should be classified as either *Operations*, *Maintenance*, or *General Administration* based upon the 51300 Depreciation classification.

**58009 Ineligible Loss on Disposal of Assets.** Any loss reported in expense code 50909 Loss on Disposal of Assets must be subtracted out as ineligible under this code.

**55015 Ineligible Charter Expense.** Expenses associated with 40500 Charter Service. *Operations* An OPT approved cost allocation will be based on charter hours, not charter miles; and must use a transit agency's total operating cost, not total eligible expenses.

**56001 Ineligible Expenses Associated with the Sale of Maintenance Service.** Expenses associated with revenue 40710 Sale of Maintenance Services. *Maintenance*

**56002 Ineligible Expenses Associated with Advertising Revenue.** Expenses associated with revenue 40615 Advertising. *General Administration*

**56004 Ineligible Expenses Associated with Rentals.** Expenses associated with revenue 40715 Rental of Revenue Vehicles, 40720 Rental of Buildings or Other Property, and 40725 Parking Lot Revenue. Ineligible rental expenses could be classified as either *Operations*, *Maintenance*, or *General Administration* based upon the type of property rented.

**55010 Other Ineligible Expenses Associated with Auxiliary and Nontransportation Revenue.** Expenses associated with 40699 Other Auxiliary Transportation Revenues and 40799 Other Nontransportation Revenue. Depending upon the expense, the function classification could be *Operations*, *Maintenance*, or *General Administration.* Please explain in the comment field.

**55005 Ineligible Local Contracts.** Ineligibles associated with 40999 Other Local Contracts and Reimbursements. Additional explanation may be provided in the comment field. Depending upon the contract and/or the expense, the function classification could be *Operations*, *Maintenance*, or *General Administration.*

**55011 Ineligible Preventive Maintenance.** Expenses reimbursed under revenue 41111 Preventive Maintenance (the state portion) and 41311 Preventive Maintenance (the federal portion). *Maintenance*.

**57602 Ineligible Planning/Capital Cost of Contracting.** Expenses reimbursed under revenue 41112 Planning/Capital Cost of Contracting (the state portion) and 41312 Planning/Capital Cost of Contracting (the federal portion). Depending upon the contract and/or the expense, the function classification could be *Operations*, *Maintenance*, or *General Administration*.

**57603 Ineligible Administrative Expense Paid by Capital Contract** are expenses reimbursed under revenue 41113 Other Capital Contract Reimbursement for Administrative Expenses (the state portion) and 41313 Other Capital Contract Reimbursement for Administrative Expenses (the federal portion). *General Administration*.

**57604 Other Ineligible Operating Expense Paid by Capital Contract** are expenses reimbursed under revenue 41114 Capital Contract Reimbursement for Operating Expenses (the state portion) and 41314 Capital Contract Reimbursement for Operating Expenses (the federal portion). Depending upon the contract and/or the expense, the function classification could be *Operations*, *Maintenance*, or *General Administration*.

**57099 Other Ineligible Federal/State/Local.** Ineligibles (e.g., usually it is either the expenses incurred or the revenue received as determined by the language of the contract) associated with 41199 Other MDOT/OPT Contracts and Reimbursements and 41399 Other Federal Transit Contracts and Reimbursements. Depending upon the contract and/or the expense, the function classification could be *Operations*, *Maintenance*, or *General Administration*. Additional explanation may be provided in the comment field.

Note: Local match required by a FTA and/or MDOT contract is necessary for fulfillment of that contract, and therefore, is ineligible along with the FTA grant and MDOT match. However, for an FTA operating grant that is 80% federal and 20% local, the local share required by the contract is an eligible expense.

40100 Passenger Fares earned for the Federal Section 5316 Job Access/Reverse Commute (JARC) and Federal Section 5317 New Freedom (NF) must be subtracted out as ineligible under this code. For example, if a JARC and/or NF service incurred $100,000 in operating expenses and earned $10,000 in farebox, then the farebox would be subtracted out as ineligible and the reimbursement would be based on $90,000 of eligible expenses.

**55004 Other Ineligible State Contracts.** Expenses associated with 41199 Other MDOT/OPT Contracts and Reimbursements unless the contract has a federal portion, then use 57099 Other Ineligible Federal/State/Local. Depending upon the contract and/or the expense, the function classification could be *Operations*, *Maintenance*, or *General Administration*.
On a Regular Service OAR, do not report any expenses associated with CTF programs that have their own individual reporting requirements (e.g., JARC, NF, Specialized Services). Expenses associated with other CTF programs must be allocated based on an OPT approved cost allocation

plan. Costs in excess of the contract amount to provide the contractually required amount of service cannot be included in State Formula expenses. However, cost incurred to provide service in addition to the contractually required amount of service can be included in State Formula expenses if the service is open door.

If a Formula recipient is hired by a Specialized Services subrecipient to provide service, the revenue received from the Specialized Service recipient is ineligible and must be subtracted out as ineligible under this code. For further explanation, consult the Specialized Services Manual effective 10/1/11.

**57402 Ineligible RTAP.** Expenses reimbursed under revenue 41398 RTAP. Depending upon the type of expense reimbursed, the function classification could be *Operations*, *Maintenance*, or *General Administration.*

**58002 Ineligible Interest on State Advances.** Interest charged on advances of revenue 41101 State Operating Assistance. *General Administration*

**55006 Other Ineligible Interest Expense** includes: (1) interest paid under 51101 Interest on Long-Term Debt, and (2) interest expense defined under 51102 Interest on Short-Term Debt. *General Administration*

**55009 Ineligible Percent of Association Dues.** See 50903 Association Dues and Subscriptions. *General Administration*

**58005 Ineligible Lobbying Expense.** See 50907 Lobbying. *General Administration*

**58007 Ineligible Fringe Benefits.** See 50201 Pensions and 50202 Other Post-Employment Benefits. Ineligible expenses should be classified as either *Operations*, *Maintenance*, or *General Administration* based upon the 501xx Salaries and Wages classification.

This code may have a negative ineligible expense amount if a transit agency actually paid a 50202 OPEB cost that was previously expensed in accordance with GASB 45.

**55008 Other Ineligible Expenses** include:

- Appraisal costs incurred:

  1: To sell an asset purchased either locally and/or with a capital contract is not an eligible expense. Per 40760 Gains from the Sale of Capital Assets, the proceeds from the disposal of a capital asset can be retained by the transit agency if used to pay for public transportation expenses. Therefore, proceeds earned from the sale of an asset can be used to cover any expenses/costs associated with selling the asset.

  2: For some purpose other than the buying or selling property is an eligible operating expense, and should be reported under 50399 Other Services.

  NOTE: To buy an asset. Appraisal costs should be capitalized rather than expensed. The cost of an appraisal is an allowable cost to a capital grant.

- Expenses associated with package delivery and meal delivery programs.
- Losses for which the transit agency is not properly insured.

- Expenses that do not meet the criteria established in 51200 Operating Leases and Rentals.
- Contributed services.
- Attorney fees and related expenses as explained in 50399 Other Services.
- Entertainment expenses.
- Alcoholic beverages, lottery tickets, and other nonbusiness expenses.
- Expenses incurred earning and/or making cash/charitable donations. Note: A transit agency may participate in a charitable event provided the purpose of participating in the charitable event is to benefit public transportation.
- Fines, penalties, damages, and other settlements resulting from violations of, or failure of the transit agency to comply with federal, state, or local laws and regulations.
- Bad debt expense.
- Contributions to a contingency reserve. The term "contingency reserve" excludes self-insurance reserves, pension funds, and reserves for normal severance pay.
- Costs of organized fund-raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions.
- Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments. However, costs associated with investments covering pension, self-insurance, or other funds allowed by this Manual are eligible.
- Expenses that do not comply with this Manual.

Depending upon the expense, the function classification could be *Operations*, *Maintenance*, or *General Administration*. Please identify these expenses in the comment field.

**54000 Ineligible Prior Year Refunds and Credits**. See 44000 Prior Year Refunds and Credits.

# Nonfinancial Operating Data

**610 Vehicle Hours.** Total hours used to operate all revenue vehicles (e.g., bus drivers' time behind the wheel, bus drivers' time doing pre-trip inspection, bus drivers' time driving deadhead miles). Include vehicle hours associated with 50800 Purchased Transportation Service. For all practical purposes, 610 Vehicle Hours should equate to driver hours.

"Deadhead" Travel Time and Mileage: For demand-response, travel time and mileage before the first passenger pickup and after the last passenger drop-off. For fixed route, travel time and mileage to the first scheduled stop and after the last scheduled stop, whether or not passengers board or exit at those points.

**611 Vehicle Miles.** Total miles traveled by revenue vehicles including deadhead miles and 50800 Purchased Transportation Service miles.

**615 Unlinked Passenger Trips - Regular (formerly Passengers – Regular).** The number of passengers who board public transportation vehicles. Passengers are counted each time they board a vehicle no matter how many vehicles they use to travel from their origin to their destination. Include all passengers except those described in 616 - Elderly, 617 - Persons with Disabilities, and 618 - Elderly Persons with Disabilities.

**616 Unlinked Passenger Trips - Elderly (formerly Passengers – Elderly).** Number of passengers 65 years of age or older who board public transportation vehicles. Passengers are counted each time they board a vehicle no matter how many vehicles they use to travel from their origin to their destination. The age limit defining "elderly" may be lower under local option.

**617 Unlinked Passenger Trips - Persons with Disabilities (formerly Passengers - Persons with Disabilities).** Number of passengers not defined as 616 - Elderly and who have a physical or mental impairment that substantially limits one or more of the major life activities of the individual who board public transportation vehicles. Passengers are counted each time they board a vehicle no matter how many vehicles they use to travel from their origin to their destination.

**618 Unlinked Passenger Trips - Elderly Persons with Disabilities (formerly Passengers - Elderly Persons with Disabilities.** Number of passengers who meet the definition of both 616 - Elderly and 617 - Persons with Disabilities who board public transportation vehicles. Passengers are counted each time they board a vehicle no matter how many vehicles they use to travel from their origin to their destination. Passengers counted here should not be counted under 616 and 617.

Code 620 Total unlinked Passenger Trips is computer-generated by adding: Code 615 Unlinked Passenger Trips - Regular + code 616 Unlinked Passenger Trips - Elderly + 617 Unlinked Passenger Trips - Persons with Disabilities + 618 Unlinked Passenger Trips - Elderly Persons with Disabilities. PTMS will display a pop-up window if the sum of 621 Total Line-Haul Unlinked Passenger Trips and 622 Total Demand-Response Unlinked Passenger Trips does not equal the sum of codes 615 thru 618.

Please note: The total passenger count should include passengers associated with 50800 Purchased Transportation Service.

**621 Total Line-Haul Unlinked Passenger Trips (Passengers).** The total number of passengers picked up on a regular schedule at designated bus stops, who board public transportation vehicles . Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.

**622 Total Demand-Response Unlinked Passenger Trips (Passengers).** Total number of passengers that received door-to-door service who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.

**623 Total Unlinked Taxicab Trips -** If taxicabs are used for some or all of the service, report the number of those unlinked passenger trips. Unlinked means that passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination. Note: Report taxicab annual vehicle (revenue) miles and unlinked passenger trips as demand response.

**625 Days Operated.** Number of days revenue vehicles are available for service.

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For example, assume a transit agency has 10 line-haul buses of which 5 are equipped with lifts/ramps and 5 demand-response buses of which all are equipped with lifts/ramps. Code 658 will be computer generated and will equal 15.

| | with lifts/ramps | code | without lifts/ramps | Total | Code |
|---|---|---|---|---|---|
| LH Vehicles | 5 | **654 LH w/ LIfts** | 5 | 10 | **653 Total LH Vehicles** |
| DR Vehicles | 5 | **656 DR w/ LIfts** | 0 | 5 | **655 Total DR Vehicles** |
| Total | 10 | | 5 | 15 | **655 Total Vehicles** |

**601 Number of Routes (Line-Haul Only).** Total number of routes operated by a transit agency.

**602 Total Route Miles (Line-Haul Only).** Total round-trip miles of each of the routes in 601, excluding deadhead miles.

**630 Charter Service Hours.** Total vehicle hours used to provide charter service, including deadhead hours.

**631 Charter Service Miles.** Total vehicle miles used to provide charter service, including both the miles under contract and deadhead miles.

**634 Other Service Hours.** Total hours of service other than those described in 610 Vehicle Hours and 630 Charter Service Hours. Please explain the service provided in the comment field.

**635 Other Service Miles.** Total miles associated with 634 Other Service Hours and all miles other than those described in 611 Vehicle Miles and 631 Charter Service Miles.

**659 LPG (propane) or CNG (compressed natural gas) - Gallons Equivalent Consumed.**

**660 Diesel/Gasoline - Gallons Consumed.**

Code 659 plus 660 should equal the total amount of fuel consumed by the transit agency.

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Assume a transit agency has 30 employees of which 14 are drivers.

| | | |
|---|---|---|
| All employees except drivers | 16 | Code |
| Drivers | 14 | **662 Total Revenue Vehicle Operators** |
| | 30 | **661 Total Transit Agency Employees** |

**665 Number of Volunteer Drivers -** Individuals who drive vehicles in revenue service to transport passengers for the transit provider but are not employees of the transit provider and are not compensated for their labor.

SAFETY DATA
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~~664~~ 804 **Fatalities** ~~**Fatal Accidents.**~~ Report the number of death(s) or suicide(s) confirmed within 30 days of a reported accident ~~incident~~. Only report transit caused deaths. Do not include deaths in or on transit property that are a result of illness or other natural causes.

820 **Number of Evacuations for Life Safety Reasons** - A condition requiring all passengers/customers and employees to depart a transit vehicle or transit property due to the presence of imminent danger. This condition does not include transfer from one vehicle to another due to the mechanical failure of a vehicle.

Reporting Examples:

*Example 1*: (The tables indicate the required entries into the safety codes for each example.):

A bus collides with a stop sign. Two passengers on the bus are injured and transported by ambulance to the hospital. The bus sustains $1,500 in damage.

| 801 PDO Accidents w/damage equal to or greater then $1,000 to $24,999. | 802 PDO Accidents w/damage equal to or greater than $25,000 | 803 Injuries | 804 Fatalities | 820 Number of Evacuations for Life Safety Reasons |
|---|---|---|---|---|
| | | 2 | | |

*Example 2*:

A demand response vehicle hits a deer which results in the death of 1 transit employee, 2 transit passengers requiring immediate medical attention away from the scene, and $26,000 in estimated property damage.

| 801 PDO Accidents w/damage equal to or greater then $1,000 to $24,999. | 802 PDO Accidents w/damage equal to or greater than $25,000 | 803 Injuries | 804 Fatalities | 820 Number of Evacuations for Life Safety Reasons |
|---|---|---|---|---|
| | | 2 | 1 | |

*Example 3*:

A bus is crushed by a falling tree while parked at a doctor's office. No one is injured. The bus sustains $25,000 in estimated damage.

| 801 PDO Accidents w/damage equal to or greater then $1,000 to $24,999. | 802 PDO Accidents w/damage equal to or greater than $25,000 | 803 Injuries | 804 Fatalities | 820 Number of Evacuations for Life Safety Reasons |
|---|---|---|---|---|
| | 1 | | | |

*Example 4*:

A suspicious package is spotted at a transfer center, and 30 people are evacuated from the area while police investigate.

| 801 PDO Accidents w/damage equal to or greater then $1,000 to $24,999. | 802 PDO Accidents w/damage equal to or greater than $25,000 | 803 Injuries | 804 Fatalities | 820 Number of Evacuations for Life Safety Reasons |
|---|---|---|---|---|
| | | | | 1 |

*Most Important*

**Seek Assistance From OPT Whenever Necessary**

If you have any questions please contact your OPT Project Manager or visit our website at http://michigan.gov/mdotptd.

If you have any problems connecting to the PTMS, please contact Kathy Urda at (517) 335-2575 or at urdak@michigan.gov.

## APPENDIX A:
## DEPRECIABLE/USEFUL LIFE - DEPRECIATION/REPLACEMENT SCHEDULE

### I. Terms:

Asset: Property which cost $5,000 or more and has a determinable useful life of greater than one year.

Capitalize: To classify a cost as a long-term investment, rather than charging it to current year operations. However, the depreciation expense related to the capitalized cost will be a current year operations expense.

Depreciation Schedule, Depreciable Life, Replacement Schedule, Useful Life: the time of recovering the cost of using property. These four terms generally have the same meaning.

### II. To Obtain OPT Approval of Useful Life:

In order to obtain approval of the useful life of an asset purchased with any local funds, please submit a written request to your OPT Project Manager that includes the following information:

- Description of the asset (e.g., 2007 GMC Pick-up Truck with snow plow; nonrevenue vehicle).
- Identification number of the asset (e.g., VIN #1GTGK24K7SE502591).
- Date placed in service.
- Use and condition.
- The state contract and authorization number if the asset was partially purchased with federal or state funds. If the asset was purchased entirely with local funds, then there would not be a state contract or authorization number.
- The cost of the asset.
- Asset Class (See VI. Determining Useful Life: A. New Assets, page 38 e.g., Trucks - light duty).
- Explanation of how the useful life was determined.
- Warranty coverage (e.g., type of coverage and duration).
- Method of depreciation. The straight line method of depreciation must be used.
- Any other information OPT may deem necessary.

Depreciation records indicating the amount of depreciation taken each fiscal year must be maintained.

Approval of the depreciation of replacement engines, transmissions, differentials, and drive axles, that were originally purchased with federal and/or state funds, will be based, in part, on the review of the transit agency's compliance with its maintenance plan.
Please note: OPT requests transit agencies to input the useful life of equipment and facilities into the PTMS. This useful life information is used to determine: (1) the transit agency's capital needs, and (2) when, and how much, federal and/or state funds are

needed to meet the capital needs of the transit agency. Do not confuse the identification of useful life for capital need purposes with the requirement to obtain approval from OPT for the useful life of assets purchased with local money.

**III. When Does Depreciation Begin:**

Depreciation begins when the asset is placed in service or ready to be placed in service**.**

**IV. Improvement/Replacement, Changes to Existing Asset:**

If a new or used asset is purchased to improve, replace a part of, or modify (including attachments, accessories, or auxiliary and component parts) an existing asset, treat the improvement, replacement, or modification as a separate depreciable asset.

V. Multiple Units of the Same / Auxiliary and Component Parts:

Groups of equipment or furniture that consist of multiple units of the same or similar product with a total value of $5,000 or more and a useful life of greater than one year should be capitalized.

Example: Tools and cart purchased together as a unit and costs $5,000 would be capitalized and depreciated.

Groups of equipment not intended to be used in conjunction with each other and individually do not cost $5,000 or more do not have to be capitalized.

Example: The Transit agency purchases three laptop computers at a price of $2,500 each. These computers are for individual employee use, operate separately, and are not a part of the dispatch, GPS, or other system. These computers can be expensed and do not have to be capitalized.

Note: Regardless of the accounting policy of the property (expensed or capitalized), if property is purchased with a capital contract, it must be entered into PTMS.

**VI. Determining Useful Life:**

A. New Assets:

The following schedule should be used to determine the depreciable/useful life of a new asset. This schedule is not intended to be all inclusive. Depreciable/Use Life is obtained from Class Life (in years) from IRS Publication 946.

## THE SCHEDULE OF
## DEPRECIABLE/USEFUL LIFE - DEPRECIATION/REPLACEMENT

| Asset Class: | Description: | Depreciable/Useful Life: |
|---|---|---|
| Bus: Small Body on van cut-away | Light duty chassis - less than 30 feet | Delivered Prior to 1/1/08: 5 years or 150,000 miles. Delivered on or after 1/1/08: Altoona testing |
| Bus: Medium Body on truck chassis/Trolleys | Medium Duty chassis - less than 30 feet | Delivered Prior to 1/1/08: 7 years or 200,000 miles. Delivered on or after 1/1/08: Altoona testing |
| Bus: Medium Body on truck chassis/Trolleys | Heavy duty chassis - 30 feet to 34 feet | Delivered Prior to 1/1/08: 10 years or 350,000 miles. Delivered on or after 1/1/08: Altoona testing |
| Bus: Large | Heavy duty chassis - 35 feet to 60 feet | Delivered Prior to 1/1/08: 12 years or 500,000 miles. Delivered on or after 1/1/08: Altoona testing |
| Cars, Minivans, Standard van, Van Conversion: | under 13,000 lbs. g.v.w. | 4 years or 100,000 miles |
| Trucks | Light duty (under 13,000 lbs. g.v.w.), | 4 years |
| Trucks | Heavy Duty (over 13,000 lbs. g.v.w.) | 6 years |
| Office furniture and Fixtures | Desks, files, safes | 10 years |
| Office Equipment | Copiers, Radios (digital/analog, 911, Repeater, Voice antenna, Automatic vehicle locators), fax, phones | 5 years |
| Computers and peripheral equipment: | Computers, card readers, card punches, high speed printers, mass storage units, data entry devices | 6 years |

## USEFUL LIFE SCHEDULE CONTINUED

| | | |
|---|---|---|
| Software | Costs related to the purchase of the software should be capitalized. Costs of upgrades and enhancements that enable the software to perform tasks that it was previously incapable of performing should be capitalized. Fees paid for training, conversion costs and software maintenance are to be expensed. | 3 years |
| Maintenance Tools, Equipment | Power/hand tools, lawn mowers, snow blowers | 5 years |
| Maintenance Equipment and Fixtures | Vehicle Hoist/Lift (four/six post life, in-ground, drive-on, scissor lift-electric or hydraulic, Transmission flush and exchange unit, Floor Sweeper/Scrubber, Pressure washer/Steam Cleaner (Hot/Cold)/Parts Cleaner/Steamer - Upholstery Cleaner, Portable/Vehicle Installed Generator, Brake Lathes/Milling Machines/Drill press/Grinders, Lubrication and Fuel Dispensing Equipment, Carbon monoxide detectors/fuel leak detectors, Roller cabinets, portable tool stands, compressors, diagnostic equipment, Tractors - Utility, Lawn & Attachments (e.g. back blades, snow blowers, mower decks). | 12 years |
| Passenger Bus Shelter | | 10 - 15 years |
| Buildings | Administration, Maintenance Garages, Cold storage building/bus shelter | 40 years |
| Land | Cannot be depreciated | 0 years |

B. Used Assets:

If a used asset is purchased, the transit agency must determine a useful life based on such factors as: type of construction, nature of the equipment, past usage patterns, age, mileage, and technological developments. The asset class will remain the same as listed above under new assets. Acceptable methods to determine useful life include, but are not limited to:

i: Transit agency's independent auditor to recommend a useful life,

ii: Manufacturer's estimated useful life,

iii: Internal Revenue Service guidelines (IRS Publication 946),

iv: Industry standards.

## APPENDIX B: FEDERAL GRANT PROGRAMS

Section 5307 and Section 5311 are federal formula grant programs that provide assistance for operating, capital, and planning. For both of these federal formula grant programs, there are two different types of revenue: operating revenue and capital revenue.

### Federal Operating Revenue:

Section 5307 operating assistance reimburses up to 50 percent of a transit agency's net deficit while Section 5311 reimburses operating expenses based on a percentage calculated by OPT. These federal formula funds are reported in 41302 Section 5307 and 41301 Section 5311, respectively, and does not need to be subtracted out as ineligible.

### Federal Capital Revenue:

Both the Section 5307 and Section 5311 programs permit the use of capital funds to pay for operating expenses. **Operating expenses paid for under a capital contract cannot be reimbursed a second time under a formula program, whether federal or state.** Operating expenses include such things as:

1: Preventive maintenance, planning/capital cost of contracting, project administration, leased office space, bus rehab inspections, and contingencies.

2: The purchase of tires and other materials and supplies,

3: The purchase of assets with an initial, individual cost of less than $5,000 and/or an estimated useful life of less than one year.

NOTE: the purchase of assets with an initial, individual cost of more than $5,000 and/or an estimated useful life in excess of one year are capitalized. The revenue associated with these capitalized purchases are not reported on a Regular Service OAR. However, the annual depreciation associated with these capitalized purchases are reported in 51300 Depreciation and subtracted out as ineligible under 55007 Ineligible Depreciation

The following PTMS codes should be used when reporting operating revenues and expenses paid for under a capital contract:

### Preventive Maintenance:

| | |
|---|---|
| Revenue Codes: | 41111 (State) & 41311 (Fed): Preventive Maintenance |
| Expense Code(s): | Use appropriate expense code(s) |
| Ineligible Expense code: | 55011 Ineligible Preventive Maintenance |

**Planning and/or Capital Cost of Contracting**:

| | |
|---|---|
| Revenue Codes: | 41112 (State) & 41312 (Fed): Planning/Capital Cost of Contracting |
| Expense Code(s): | Use appropriate expense code(s) |
| Ineligible Expense code: | 57602 Ineligible Planning/Capital Cost of Contracting |

**Project Administration**:

| | |
|---|---|
| Revenue Codes: | 41113 (State) & 41313 (Fed): Capital Contract Reimbursement for Administrative Expense |
| Expense Code(s): | Use appropriate expense code(s) |
| Ineligible Expense code: | 57603 Other Ineligible Administrative Expense Paid by Capital Contract |

**All Other Operating Expenses**:

| | |
|---|---|
| Revenue Codes: | 41114 (State) & 41314 (Fed): Other Capital Contract Reimburse for Operating Expenses |
| Expense Code(s): | Use appropriate expense code(s) |
| Ineligible Expense code: | 57604 Other Ineligible Operating Expense Paid by Capital Contract |

## APPENDIX C: Cost Allocation Plans

Cost allocations are an essential part of doing business in terms of: planning, controlling costs, identifying funding sources (e.g., formula, contractual), and preparing financial statements. Examples as to when a cost allocation plan must be submitted to OPT for approval are given in an external procedure located at:

http://www.michigan.gov/documents/costallocation_51525_7.pdf.

A listing of OPT approved cost allocation plans can be obtained at:

http://www.michigan.gov/documents/costallocation_61937_7.pdf.

This listing is updated periodically. To determine if a plan was approved since the last update or to get a copy, contact the transit agency's Project Manager.

The total cost to provide public transportation service must be supported by formal accounting records and appropriately allocated. The allocated costs should not exceed the program or contract amount. Any additional costs are considered a part of your normal operating service. To the extent feasible, cost allocation plans should be presented in a single document. The cost allocation plan should be on file at the transit agency's office and should contain, but not necessarily be limited to, the following:

1. The method used to distribute costs, which must agree with the methodology approved by OPT. The method must be measurable (e.g., hours, miles, passengers, square footage, number of checks written, employee wages, etc.);

2. Identification of direct costs. Direct costs are those that can be identified specifically with a particular program. Examples of direct costs include 50101 Drivers' Salaries and Wages and 50800 Purchased Transportation Services.

3. Identification of indirect costs. Indirect costs are those that are: (1) incurred for a common or joint purpose benefiting more than one cost objective, and (2) not readily assignable to any one cost objective specifically benefited without effort disproportionate to the results achieved. Examples of indirect costs are operation and maintenance of buildings and the expenses of unit heads and their immediate staff.

4: Depending upon the program a methodology of how farebox will be allocated may be required in the cost allocation plan.

**Approval/Documentation:**

OMB Circular A-87 defines "Cost allocation plan" to mean a central service cost allocation plan, public assistance cost allocation plan, and indirect cost rate proposal. Each of these terms are further defined in the circular. Transit agencies who are direct grantees of FTA must submit cost allocation plans to the cognizant agency (which most likely will be FTA). **A copy of any cost allocation plan/methodology that: (1) was approved by FTA, and (2) used to allocate expenses reported on the PTMS must also be submitted to OPT for approval.** All approved cost allocation plans/methodologies must be retained for audit and other future review/oversight. For information and/or assistance in developing a cost allocation plan, consult the following federal guidelines/regulation:

- Cost Allocation Plan requirements per FTA Circular 5010.1C
  Web Address: http://www.fta.dot.gov/laws/circulars/leg_reg_4114.html

- PART 225 – Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87)
  Web Address: http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html

- Implementation Guide for Office of Management and Budget Circular A-87
  Web Address: http://rates.psc.gov/fms/dca/asmb%20c-10.pdf

## APPENDIX D: Cash and Investment Policies

A transit agency must comply with: (1) Sections 1 and 5 of "Investment of Surplus Funds of Political Subdivisions," Act No. 20 of the PA of 1943, being Sections 129.91 and 129.95 of the Michigan Complied Laws, and (2) Section 6 of "Surplus Funds in Treasury", Act No. 105 of PA of 1855, being Sections 21.146 of the Michigan Complied Laws

A transit agency should not keep a non-interest bearing cash balance that would exceed the amount required to sustain operations more than 30 days. Whenever the balance exceeds this limitation, the excess funds should be invested only in the following securities which have a maturity date on or before the date the funds are needed for disbursement:

- In bonds, securities, and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution (provided it offers no illegal discriminatory lending practices).
- In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- In repurchase agreements consisting of instruments listed above.
- In bankers' acceptances of banks in the United States.
- Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- In mutual funds registered under the Investment Company Act of 1940 with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
    - The purchase of securities on a when-issued or delayed delivery basis.
    - The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
    - The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- In obligations described above if purchased through an interlocal agreement under the Urban Cooperation Act of 1967.
- In investment pools organized under the Surplus Funds Investment Pool Act.
- In investment pools organized under the Local Government Investment Pool Act.

Excess funds shall not be invested in a financial institution found to have engaged in an illegal, discriminatory lending practice related to a mortgage loan or home improvement loan application. Public Funds may not be deposited in financial institutions located in states other than Michigan.

## Appendix E: Credit Card Policy

A transit agency must adopt a credit card policy in accordance with Public Act 266 of 1995 by resolution. The written credit card policy must:

- Name an officer or employee of the transit agency who is responsible for overseeing (e.g., issuance, accounting, monitoring, and retrieval) compliance with the credit card policy.
- State that the credit card can only be used by an officer or employee to purchase goods and services that relate to the official business of the transit agency.
- State that each time the credit card is used, documentation must be submitted that details the goods or services purchased, cost, date of purchase, and the official business.
- State that the officer or employee issued the card is responsible for its protection and custody.
- Require the officer or employee to notify the transit agency immediately if the credit card is lost or stolen.
- Require the officer or employee to surrender the credit card immediately upon termination from the transit agency.
- Require a system of internal controls to monitor the use of the credit card.
- Require approval of credit card invoices before payment.
- Require payment in full (including interest due) on an extension of credit under the credit card within 60 days of the initial statement date.
- State the disciplinary measures that will be taken for unauthorized use of the credit card.

# APPENDIX F:

## OPERATING ASSISTANCE REPORT (OAR)
## At - A - Glance Instructions for FY 2013

The OAR should only include information associated with financial and non-financial operating data for the Service Type specified.

Report all revenue earned and all expenses incurred from October 1, 2012 thru September 30, 2013.

REVENUES:

| Code | Description | | Amount Description | Notes |
|---|---|---|---|---|
| 40100 | **Passenger Fares** | | Farebox, Park&Ride, bus passes, transfers, school tripper | "farebox" MUST BE open to the general public |
| 40200 | **Contract Fares** | | Contract Fees, open door | "farebox" |
| 40400 | **Package Delivery/Meal Delivery Program** | * | Incidental, packages, Meals on Wheels | Exp. inelig. under 55008 |
| 40500 | **Charter Service** | * | closed door svc., non regular route, incidental **(SEE R&E MANUAL)** | Exp. inelig. under 55015, report hours, miles on non-fin (630, 631) |
| 40610 | **Concessions** | ** | candy $$, newstands, etc. | Exp. inelig. under 55010 |
| 40615 | **Advertising** | | signs on bus & property | Exp. inelig. under 56002, need comment |
| 40620 | **Intercity Ticket Sales** | | Greyhound, Indian trails ticket sales | |
| 40699 | **Other Auxiliary Transportation Rev** | | catch all! Explain in comment field | Exp. inelig. under 55010 or **comment** |
| 40710 | **Sale of Maintenance Services** | * | svc to non owned vehicles, equip. | Exp. inelig. under 56001 **or comment** |
| 40715 | **Rental of Revenue Vehicles** | * | $$ from renting revenue vehicles to others | Exp. inelig. under 56004 **or comment** |
| 40720 | **Rental of Bldgs or Other Property** | * | $$ from renting bldg/property to others | Exp. inelig. under 56004 **or comment** |
| 40725 | **Parking Lot Revenue** | * | $$ from parking fees other then park & ride | Exp. inelig. under 56004 **or comment** |
| 40760 | **Gains from the Sale of Capital Assets** | | $$ from sale of asset. Do Not use if property exchanged. | |
| 40799 | **Other NonTransportation Revenue** | ** | catch all! Explain in comment field | Exp. inelig. under 55010 **or comment** |
| 40800 | **Taxes Levied Directly for/by TA** | | e.g. millage (property tax) | |
| 40910 | **Local Operating Assistance** | ** | $$ recd from local govt. other then tax in 40800. | CAP needed if include value of goods/service recd from local unit. |
| 40999 | **Other Local Contracts & Reimburse** | | catch all! Explain in comment field | Rev. or exp. MAY be inelig. under 55005 |
| 41101 | **State Operating Assistance** | | FORMULA $$ from state, use % and multiply by elig. expenses. | DO NOT include State Operating Assist. from previous years. |
| 41110 | **Line-Item Municipal Credit** | | approp. pd to those under the Metro Transport Author. Act. | |
| 41111 | **Preventive Maintenance (20% state Share)** | *** | $$ recd under capital contract to pay for maintence. | Inelig. under 55011 |
| 41112 | **Planning/Capital Cost of Contracting** | *** | $$ recd under capital contract to pay for contractors deprect and interest costs | Inelig. under 57602 |
| 41113 | **Capital Contract Reimbursement for Administrative Expenses** | *** | $$ recd from capital K to pay for administrative expenses | Inelig. under 57603 |
| 41114 | **Other Capital Contract Reimburse for Operating Expenses** | *** | $$ recd from capital K to pay for operating expenses. | Inelig. under 57604 |
| 41199 | **Other MDOT/BPT Contracts & Reimburse** | *** | catch all! Explain in comment field | Either rev. or expense MAY be inelig. under 55004, or 57099, if local match use |
| 41301 | **Section 5311 (operating only)** | | NONURBAN federal operating assist. Use % & multiply by elig. Expenses | |
| 41302 | **Section 5307 Operating only** | | URBAN federal operating assistance | |
| 41311 | **Preventive Maintenance (80% fed Share)** | *** | $$ recd under capital contract to pay for maintence. | Inelig. under 55011 |
| 41312 | **Planning/Capital Cost of Contracting** | *** | $$ recd under capital contract to pay for contractors deprect and interest costs | Inelig. under 57602 |
| 41313 | **Capital Contract Reimbursement for Administrative Expenses** | *** | $$ recd from capital K to pay for administrative expenses | Inelig. under 57603 |
| 41314 | **Other Capital Contract Reimburse for Operating Expenses** | *** | $$ recd from capital K to pay for operating expenses | Inelig. under 57604 |
| 41398 | **RTAP** | | NONURBAN federal funds for training technical assist., research | Inelig. under 57402. The revenue and inelig. Should match. |
| 41399 | **Other Federal Transit Contracts & Reimburse** | *** | catch all! Explain in comment field | Inelig. under 55003, 57099, if local match use approp. inelig. |
| 41400 | **Interest Income** | | Interest earned except if earned from capital projects | |
| 43000 | **Contributed Services** | * | cash equiv. of donated svc. TA would have to purchase if serv wasn't donated | Inelig. Under 55008 |
| 44000 | **Prior Year Refunds and Credits** | | PRIOR YEAR ONLY net current year | inelig. Under 54000 |

*** Requires a cost allocation plan. **May require a cost allocation plan. Both need "cap applied" comment.**

*****list the state contract and authorization # or assurance in the comment field.**

EXPENSES:

| | | Function Description: | | |
|---|---|---|---|---|
| **Code** | **Description** | **Operations** | **Maint.** | **Gen. Admin** |
| **50101** | **Operators' Salaries & Wages** | Bus Drivers | | |
| **50102** | **Other Salaries & Wages** | dispatchers, drivers, schedulers & their supers | maintenance people, and their supervisors | office people, and their supervisors, TA mgr |
| **50103** | **Dispatchers' Salaries & Wages** | Dispatchers | | |
| **50201** | **Pensions** | Payments made or due by the TA on the employees' behalf. | | |
| **50200** | **Other Fringe Benefits** | Payments made or due by the TA on the employees' behalf. | | |
| **50202** | **Other Post-Employment Benefits** | Benefits other than pension at separation as part of total compensation | | |
| **50302** | **Advertising Fees (see manual may be ineligible)** | | | All advertising fees and marketing exp. |
| **50305** | **Audit Cost** | | | $$ paid for the annual CPA audit. Ineligible 5311 (usually). |
| **50399** | **Other Services (explain in comment field)** | Explain in comment field. | Contract maintenance svc., explain in comment field. | Professional, & Tech., Ads for employees, explain in comment field. |
| **50401** | **Fuel & Lubricants** | gas, diesel fuel, propane, lube oil, trans fluid, grease | | |
| **50402** | **Tires & Tubes** | tires, innertubes | | |
| **50404** | **Major Supplies (costs<$5,000)** | costly bus parts explain in comment field! | shop tools, hardware explain in comment field! | copier, computers, printers, refrigerator, explain! |
| **50499** | **Other Materials & Supplies** | bus parts | vehicle maintenance parts | Supplies; copier, cleaning, office forms |
| **50500** | **Utilities** | | | |
| **50603** | **Liability Insurance** | Premium payments. Usually operations 90% of exp. | | |
| **50699** | **Other Insurance** | | | fidelity bonds, business records, errors and omissions. |
| **50700** | **Taxes and fees** | Commcl drivers license, vehicle license, regstr. fee | | property tax |
| **50800** | **Purchased Transportation Service** | Pay for svc provided by others Usually operations | | |
| **50902** | **Travel & Mtgs, and Training** | | maint. seminar | acct. train, annual meet |
| **50903** | **Association Dues and Subscriptions** | | | fee for membership in tranport org., subscrip to transport publication. Lobbying is inelig. |
| **50907** | **Lobbying** | | | Expenses Inelig. under 58005 |
| **50909** | **Loss on Disposal of Assets** | Report loss here and back out as ineligible under 58009 | | |
| **50999** | **Other Miscellaneous Expenses** | explain | explain | explain |
| **51101** | **Interest on Long-Term Debt** | | | Interest exp. on $$ borrowed for > 1yr inelig. under 55006 |
| **51102** | **Interest on Short-Term Debt** | | | Interest exp. on $$ borrowed for < 1 yr. net of interest income. Interest Income inelig. under 55006 |
| **51103** | **Interest on State Advances** | | | All expense Inelig. under 58002 |
| **51104** | **Interest on Capital Lease** | Must meet criteria on pg 24 of R&E manual. | | |
| **51200** | **Operating Leases & Rentals** | See R&E manual for criteria page 24. | | |
| **51300** | **Depreciation** | Asset value > $5,000 w/usefule life > 1 yr., must be capitalized and depreciated over useful life. Aset purchased w/fed., state fund inelig. Under 55007. PTD must approve useful life. | | |

INELIGIBLE EXPENSES:

| | | Function Description: | | |
|---|---|---|---|---|
| **Code** | **Description** | **Operations** | **Maint.** | **Gen. Admin** |
| **55000** | **Ineligible JARC and NF Fares** | Only for JARC and NF Programs | | |
| **55007** | **Ineligible Depreciation** | Depreciation on assets purchased w/federal and/or state funds and/or local match. | | |
| **58009** | **Ineligible Loss on Disposal of Assets** | Expenses reported in 50909. | | |
| **55015** | **Ineligible Charter Expense** | Expenses associated w/40500 Charter Service. See page 26 | | |
| **56001** | **Inelig. Exp. Assoc. with the Sale of Maintenance Service** | | Exp. assoc. w/40710 Sale of Maint. Svc. | |
| **56002** | **Ineligible Expenses Associated w/Advertising revenue** | | | Expenses associated w/40615 Advertising. |
| **56004** | **Ineligible Expenses Associated w/Rentals.** | Exp. Assoc. w/rev. codes: 40715 Rental of Revenue Vehicles, 40720 Rental of Buildings or Other Pro., 40725 Parking Lot Revenue | | |
| **55010** | **Other Ineligible Expenses Associated w/Aux. & Nontrans Rev.** | Exp. Assoc. W/ revenue codes 40699, 40799 | | |
| **55005** | **Ineligible Local Contracts** | The local share match of state and fed. Contracts. Exp. Assoc. w/ 40999 | | |
| **55004** | **Other Ineligible State Grants** | Expenses associated w/revenue code 41199. | | |
| **57402** | **Ineligible RTAP** | Expenses reimbursed under revenue 41398 RTAP. | | |
| **55011** | **Ineligible Preventive Maintenance (FSL)** | | 100% of the $$ recd from capital contract to pay for maint. exp. | |
| **57602** | **Ineligible Capital Cost of Contracting (FSL)** | Expenses reimbur under revenue 41112 (State), and 41312 (Federal) Capital Cost of Contracting. | | |
| **57603** | **Ineligible Administrative Expense Paid by Capital Contract (FSL)** | | | Expenses reimburse under revenue 41113 (State), 41313 (Fed)Other Capital Cont. Reimburse. |
| **57604** | **Other Ineligible Operating Expense Paid by Capital Contract (FSL)** | Expenses reimburs under revenue 41114 (State), 41314 (Fed) Other Capital Contract Reimb for Operating Expenses. | | |
| **57099** | **Other Ineiligible FSL** | explain | explain | explain |
| **58002** | **Ineligible Interest on State Advances** | | | Interest charged on advances of 41101 State Operating Assistance |
| **55006** | **Other Ineligible Interest Expenses** | | | Interest paid under 51101 Int. on LT Debt, and 51102 interest exp. = to 41400 Interest income. |
| **55009** | **Ineligible Percent of Association Dues** | | | Lobbying exp. assoc. with memberships in transport organ. |
| **58005** | **Ineligible Lobbying Expense** | | | Expense reported in 50907 Lobbying |
| **58007** | **Ineligible Fringe Benefits** | See 50201 Pensions and 50205 Other Post Employement Benefits for ineligible portion. | | |
| **55008** | **Other Ineligible Expenses** | explain | explain | explain |
| **54000** | **Ineligible Prior Yr Refunds and Credits** | See 44000 Prior Yr Refunds and Credits | | |

NonFinancial Operating Data:

| Code | Description | Weekday | Saturday | Sunday |
|---|---|---|---|---|
| **Public Service** | | | | |
| **610** | **Vehicle Hours** | Total hours used to operate revenue vehicles for service type reported. Includes: Drive time, inspection, deadhead miles. | | |
| **611** | **Vehicle Miles** | Total miles traveled by revenue vehicles for service type reported including headhead | | |
| **615** | **Unlinked Passenger Trips - Regular** | All passengers except those reported in 616,617,618 for service type reported. | | |
| **616** | **Unlinked Passenger Trips - Elderly** | Passengers >65. Local option may lower age requirement. | | |
| **617** | **Unlinked Passenger Trips - Persons w/Disabilities** | Passengers <65 that have physical and/or mental impairments. | | |
| **618** | **Unlinked Passenger Trips - Elderly Persons w/Disabilities** | Passengers >65 that have physical and/or mental impairments. Local option may lower age requirement. | | |
| **621** | **Total Line-Haul Unlinked Passenger Trips** | Total # of passengers picked up at a regular schedule bus stops . | | |
| **622** | **Total Demand-Response Unlinked Passenger Trips** | Total # of passengers that recd door to door service. | | |
| **623** | **Total Unlinked Taxi cab Trips** | Total # of passengers using taxicab service. | | |
| **625** | **Days Operated** | # of days revenue vehicles available for service. | | |
| **Vehicle Information** | | | | |
| 652 | **Number of Personal vehicles in service** | Typically in use by employee or volunteer driver. | | |
| **653** | **Total Line-Haul Vehicles** | # of Revenue vehicles used for line-haul service type reported | | |
| **654** | **Line-Haul Vehicle w/Lifts** | # of Line-haul vehicles w/lifts or ramps for service type reported | | |
| **655** | **Total Demand-Response Vehicle** | # of Revenue vehicles used for DR service for service type reported | | |
| **656** | **Demand-Response Vehicle w/Lifts** | # of Demand-response vehicles w/lifts or ramps for servcie type reported | | |
| 658 | **Total Transit Vehicles** | Computer generated data, adds code 653 + code 655. | | |
| **Miscellaneous** | | | | |
| **601** | **Number of Routes (Line Haul Only)** | Total # of routes operated by TA | | |
| **602** | **Total Route Miles (Line Haul Only)** | Total round trip miles of each route in 601 excludes deadhead | | |
| **630** | **Charter Service Hours** | Total vehicle hrs to provide charter svc. include deadhead | | |
| **631** | **Charter Service Miles** | Total vehicle miles to provide charter svc include deadhead | | |
| **634** | **Other Service Hours (Explain)** | Total hrs of svc other than those in 601 & 630 | | |
| **635** | **Other Service Miles** | Total miles of svc other than those in 602 & 631 | | |
| **659** | **LPG (propane) or CNG (compressed natural gas) Consumed** | LPG or CNG consumed by the revenue vehicles reported which is NOT part of 660 | | |
| **660** | **Fuel - Gallons Consumed** | fuel consumed by the revenue vehicles for service type reported. | | |
| **661** | **Total Transit Agency Employees (Full-Time Equiv)** | Add all staff hours hours, including contract employees/2080 for service type reported. | | |
| **662** | **Total Revenue Vehicle Operators (Full-Time Equiv)** | Add all Drivers hrs/2080 for service type reported. | | |
| **665** | **Number of Volunteer Drivers** | No. of driver's that are not compensated. | | |
| **Safety Data** | | | | |
| **801** | **Property Damage Only (PDO) Accidents w/damage $1,000 to $24,999** | Number of accidents that cause damage to vehicle and property but **does not result in any injury.** | | |
| **802** | **PDO Accidents w/damage equal to or greater than $25,000** | Number of accidents that cause damage to vehicle and property but **does not result in any injury.** | | |
| **803** | **Injuries** | Number of injuries that require immediate medical attention away from the scene. | | |
| **804** | **Fatalities** | A death or suicide confirmed within 30 days of a reported incident. Does not include deaths in or on transit property that are a result of illness or natural causes. | | |
| **820** | **Evacs for Life Safety Reason** | Evacuations from transit vehicle or property due to imminent danger. | | |