

Reconciliation of FY 2022 State Operating Assistance

This message is to provide guidance for submitting the FY 2022 regular service fourth quarter and reconciled Operating Assistance Reports (OAR) which are due Wednesday, **November 9, 2022**. All OARs require submission via the Public Transportation Management System (PTMS). Please submit the OAR's with only regular service revenues, expenses, and non-financial data. The reconciled OAR should be for the period beginning October 1, 2021 and ending September 30, 2022.

Please review all data carefully. It is imperative that both reports are submitted on time. The Office of Passenger Transportation will withhold state formula funds for noncompliance with these reporting requirements.

Reconciled OAR Background: There was a total of \$196,750,000 appropriated from the Comprehensive Transportation Fund (CTF) for the Local Bus Operating (LBO) line item in FY 2022. The preliminary reconciliation of State Operating Assistance/LBO is computed from the eligible expenses reported on the reconciled OAR. This reconciliation process will adjust the dollar amounts already paid to each transit agency.

The Floor: A transit agency must receive, as a minimum, the amount of state formula funds received in FY 1997, but not more than the statutory cap of 50/60 percent. Per Act 51 as amended: The ratio between CTF and local funds in the fiscal year ending September 30, 1989, shall be maintained for all fiscal years by the eligible authority and eligible governmental agency. Reductions in this ratio shall require a proportionate reduction in the CTF provided for any fiscal year.

Completing the OAR: The Local Public Transit Revenue and Expense Manual (R & E Manual) effective for FY 2022 (October 1, 2021 through September 30, 2022) must be used to properly classify revenues, expenses and nonfinancial data.

The web address for a copy of the manual is:

[FY 2022 Local Public Transit Revenue and Expense Manual \(michigan.gov\)](https://www.michigan.gov/ptm)

State Operating Assistance (Code 41101): Report the State Operating Assistance revenue earned by multiplying the budget percentages of 29.5143 percent for urbanized areas over 100,000 population, and 34.9854 percent for the nonurbanized areas and urbanized areas under 100,000 population times Total Eligible Expenses reported on the reconciled OAR.

Federal Operating Assistance for TAs that normally receive Section 5311 (Code 41301). There is no Section 5311 funding in FY 2022. Report CRRSA Act (Code 41362) funds at 40% of eligible operating expenses capped at the authorization amount.

Lease Reporting: The following new codes have been added 41450 Lease Interest Income, 51250 Lease Amortization, and 55050 Ineligible Lease Amortization.

SBITA Reporting: The following new codes have been added for Subscription Based Information Technology Arrangements (SBITA) 50960 SBITA Amortization, and 55060 Ineligible SBITA Expense.

Note: Definitions for these codes can be found in the DRAFT 2024 R&E manual [DRAFT 2024 RE Manual updated for GASB 87 w At A Glance \(michigan.gov\)](https://www.michigan.gov/ptm)

Capital Contracts: Operating expenses paid with a capital contract cannot be reimbursed a second time with state formula funds. Operating expenses paid by a capital contract must be reported in the appropriate revenue and expense codes and backed out as ineligible. Please note the corresponding capital contract number in the comment field next to the revenue code.

Membership in Transportation Organizations: Record the fees for membership in transportation organizations under 50903 Association Dues and Subscriptions. If the transportation organization incurs lobbying expenses, a percentage of the dues paid to the organization is not eligible and should be backed out under 55009 Ineligible Percent of Association Dues. The percentage of association dues ineligible for reimbursement under the state formula program and the Section 5311 Operating Assistance program is as follows:

| | |
|-----------|--------|
| APTA | 11.00% |
| MassTrans | 22.56% |
| MPTA | 14.70% |

Non-financial Data: All of the non-financial data fields are equally important and must be filled in for the OAR to be considered complete. Do not include any nonfinancial data that relates to other operating programs. Only report regular service data, applying the cost allocation plan (CAP) if necessary.

If you have any questions, please contact your project manager or Sandy Lovell at LovellS@Michigan.gov.