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of Transportation

**Urban Mass
Transportation
Administration**

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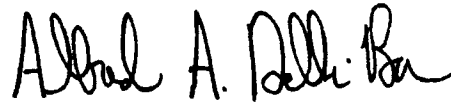
Subject: SECTION 15 ACCOUNTING AND REPORTING RELEASE
NUMBER 1

1. PURPOSE. Section 15 Accounting and Reporting Releases are interpretations of the uniform system of accounts and records and reporting system prescribed by UMTA under Section 15 of the Urban Mass Transportation Act of 1964, as amended. The primary purpose for these releases is to address questions that are raised by transit systems subject to the Section 15 accounting and reporting requirements that are not specifically addressed in the prescribed regulations or supplemental authoritative documentation. Where inconsistencies arise between information presented in this document, Federal Register, "Uniform System of Accounts and Records," (49 CFR Part 630) takes precedence.
2. CANCELLATION. This circular cancels UMTA Circular 2710.5, "Section 15 Accounting and Reporting Release #1," dated 2-22-78.
3. REFERENCES.
 - a. Urban Mass Transportation Act of 1964, as amended.
 - b. 49 CFR Part 630, "Uniform System of Accounts and Records and Reporting System."
 - c. Urban Mass Transportation Industry Uniform System of Accounts and Records and Reporting System, Volumes I and II, dated 1-10-77.
 - d. Reporting Manual and Sample Forms (All Reporting Levels) Issued annually.
 - e. UMTA Circular 2710.1A, "Sampling Procedures for Obtaining Fixed Route Bus Operating Data Required Under the Section 15 Reporting System," dated 7-18-88.
 - f. UMTA Circular 2710.2A, "Sampling Procedures for Obtaining Demand Responsive Bus System Operating Data Required Under the Section 15 Reporting System," dated 7-22-88.
 - g. UMTA Circular 2710.4, "Revenue Based Procedures for Obtaining Fixed Route Bus Operating Data Required Under the Section 15 Reporting System," dated 7-22-88.
 - h. UMTA Circular 9030.1A "Section 9 Formula Grant Application Instructions," dated 9-18-87.

7-1-88

- i. UMTA Circular 2710.7, "Section 15 Accounting and Reporting Release #2, dated
4. GENERAL. Section 15 Accounting and Reporting Releases are interpretations of the uniform system of accounts and records and reporting system prescribed by UMTA under Section 15 of the Urban Mass Transportation Act of 1964, as amended. The primary purpose for these releases is to address questions that are raised by transit systems subject to the Section 15 accounting and reporting requirements that are not specifically addressed in the prescribed regulations or supplemental authoritative documentation. These releases will also be used to provide more detailed guidelines for certain key accounting and reporting issues.

This is the first in the series of Section 15 Accounting and Reporting Releases. Subsequent releases will be published as the need arises.



Alfred A. DelliBovi
Administrator

ATTACHMENT 1

This attachment contains answers to questions related to the financial reporting requirements of Section 15. This section is divided into the following subsections:

1.0 GENERAL REPORTING GUIDELINES answer questions related to level of reporting, reporting requirements by mode, and reporting requirements for transit systems that provide service to several urbanized areas.

2.0 FINANCIAL REPORTING answers questions related to the financial requirements of Section 15.

3.0 NONFINANCIAL REPORTING answers questions related to the nonfinancial requirements of Section 15.

4.0 GUIDELINES FOR REPORTING PURCHASE OF SERVICE AGREEMENTS explain the requirements for reporting purchase of service agreements under Section 15.

5.0 CERTIFICATION REQUIREMENTS answer questions related to the certification requirements of Section 15.

1.0 GENERAL REPORTING GUIDELINES

No. 1

Question: What is the difference between the "C" and "Required" Levels of Reporting?

Answer: The detailed reporting differences between the "C" and "Required" levels are in the revenue and expense object classes. Revenue amounts at the "Required" level are to be reported by summary object class on Form 201 and at the "C" level by detailed object class on Form 202. Similarly, expense amounts at the "Required" level are to be reported by summary object class (except for 501 - Labor and 504 - Materials and Supplies) on Form 301 or 310 and at the "C" level by detailed object class on Form 305 or 313.

The "Required" level of reporting represents the minimum and mandatory level of reporting required for all transit systems that do not elect to report at the voluntary level (A, B or C, depending on the number of revenue vehicles operated by the transit system). Level "C" is the least detailed of the voluntary levels and applies to systems which operate with 100 or fewer vehicles.

No. 2

Question: In selecting the applicable voluntary reporting level, what should be used to determine the number of revenue vehicles in operation?

Answer: The applicable voluntary reporting level is to be based upon the number of vehicles in operation to meet the annual maximum service requirements. This revenue vehicle count should be taken during the reporter's maximum season of the year, on the week and day that this maximum occurs. Do not take the count on a day when a special event or extreme set of circumstances would cause the resulting tally to represent a "one time" event rather than a recurring maximum service requirement. Do not include any standby or spare vehicles, out-of-service vehicles, and vehicles in or awaiting maintenance. Only the vehicles needed to operate the maximum service should be counted. If the maximum service fleet varies during the year, i.e., if different schedules are in effect that require different numbers of maximum service vehicles, the highest figure should be reported.

No. 3

Question: If a transit system operates (as distinguished from "provides through purchased service") more than one mode of service, how are the number of revenue vehicles in operation to be counted for determining the applicable voluntary level of reporting?

Answer: The city would report two modes of service as follows:

Mode MB - Motor bus (for its fixed route service)
Mode DR - Demand responsive

No. 4

Question: If a transit system operates one or more modes of service and provides additional service of the same or other modes through a purchase of service arrangement, how are the number of revenue vehicles in operation to be counted for determining the applicable voluntary level of reporting?

Answer: The number of revenue vehicles for determining the applicable voluntary reporting level is the total number of revenue vehicles operated by the transit system in its principal mode of operation. The number of revenue vehicles used to provide service through a purchase of service arrangement is not to be counted in determining the transit system's applicable voluntary reporting level. This guideline applies even though the vehicles in use under the purchase of service arrangement may be owned by the transit system.

Example 1: Transit system W owns and operates 50 motor bus and trolley bus vehicles. In addition, it contracts with an outside organization to provide demand responsive service using 40 contractor-owned vehicles. For determining the applicable level of voluntary reporting, the transit system operates 50 vehicles in its principal mode of service and would file a multi-mode, Level C report.

Example 2: Transit system Z owns 525 motor bus vehicles. Of this total, 475 are operated by the transit system and 50 are furnished to an outside organization to provide service for the transit system under a purchase of service arrangement. For determining the applicable level of voluntary reporting, the transit system has 475 vehicles and would file a single mode, Level B report.

Instructions for the reporting of financial and operating data for purchase of service arrangement are contained in Section 4.0 of this document.

No. 5

Question: Can a transit system change reporting levels from one fiscal year to another - i.e., Required level in year 1 and Level A, B or C in year 2 and subsequent years; or Required level in year 1, and Level A in year 2 and Level B in year 4 and subsequent years?

Answer: Yes. A transit system can change reporting levels from one fiscal year to another except where special UMTA funding has been provided to implement voluntary reporting. If a transit system receives UMTA funding assistance for the specific purpose of implementing voluntary reporting, the transit system will be expected to report at the voluntary level appropriate for the size of the system as soon as possible. The transit property may, however, report at any lower level during the interim year(s) while it is developing the capability to report at the appropriate level of voluntary reporting.

No. 6

Question: Can a multi-mode transit system report at different voluntary levels within a given fiscal year (e.g., report at Level A for motor bus and Level C for demand responsive)?

Answer: No. The Section 15 reporting forms are designed to permit only one level of reporting for a multi-mode system.

No. 7

Question: What specific Section 15 reporting requirements do not apply to transit systems operating 25 or fewer revenue vehicles?

Answer: Transit systems operating 25 or fewer revenue vehicles are not required to report the following:

- Form 321 - Operators Wages Subsidiary Schedule
- Form 331 - Fringe Benefits Subsidiary Schedule
- Form 332 - Pension Plan Questionnaire

No. 8

Question: If a transit system operates the same revenue vehicle in two modes of service (e.g., motor bus providing both fixed route and demand responsive service), how should this be reported?

Answer: Expenses and nonfinancial data should be segregated and reported by individual mode of service. Where the two modes of service provided by the same vehicle can be identified (e.g., fixed route service during one defined period(s) and demand responsive during another defined period(s)), operating data should be reported separately by mode and expenses (e.g., operators' wages) where appropriate, should be reported as "direct" expenses by mode. Where a segregation of certain expenses by mode is not feasible (e.g., maintenance costs), the costs should be reported as "joint mode" expenses.

No. 9

Question: A city, through its Department of Transportation, provides fixed route motor bus service through a contract management firm and demand responsive service through a second private operator. In addition to a staff which monitors these services, the city also has a staff section responsible for planning for the development of a future fixed guideway system. How many modes of service does this city have and how should they be reported?

Answer: The city would report two modes of service as follows:

Mode MB - Motor Bus (for its fixed route service)
Mode DR - Demand responsive

No. 10

Question: A transit system has been eligible for Section 5/9 operating assistance since its inception three years ago. It did not apply for Section 5/9 funds during its first and second years of operation. In its third and current year, however, it has filed a three-year claim for Section 5/9 funds (covering its two previous and current fiscal years). The transit system is now half through its current (third) fiscal year and has not received final approval of the claim or the actual Section 5/9 funds. It does, however, expect approval and receipt of the funds before the year end. What are the conditions and timing for filing a Section 15 report?

Answer: A transit system eligible for Section 5/9 operating assistance is required to file its initial Section 15 report for the year immediately following the year the application for Section 5/9 funds is submitted to UMTA. In the above example, the transit system had not applied for Section 5/9 funds during its first and second years of operation so it would not have had to file Section 15 reports for those periods. Since it has filed its application for Section 5/9 funds in its current (third) year, the transit system should plan to file its initial Section 15 report for the next (fourth) year.

No. 11

Question: Should buses used exclusively in charter service be counted as revenue vehicles in the motor bus mode for purposes of determining the number of vehicles operated by a transit system?

Answer: No. Buses used exclusively in charter service should not be counted for purposes of determining the number of motor buses operated by a transit system for determining the appropriate level of reporting. However, the costs of charter services should be included in the total cost of the motor bus mode reported by the transit system under Section 15. Similarly, the revenue derived from such service should be reported in Revenue Object Class 405,

Charter Service Revenue. Also, the number of charter buses should be included on Form 408 - Revenue Vehicle Inventory Schedule.

No. 12

Question: If a transit system owns, but never operates more than 25 revenue vehicles, is it considered having fewer than 25 vehicles for determining reporting requirements?

Answer: Yes. The determining factor is whether 25 vehicles or fewer are used for revenue services. In the case presented, the buses owned but never operated in revenue services should not be counted.

No. 13

Question: Is a transit system subject to the ICC's Uniform System of Accounts for Class I Common and Contract Carriers also subject to the Section 15 requirements?

Answer: Transit systems subject to the ICC accounting and reporting requirements for Class I carriers are not subject to the uniform system of accounts and records prescribed under Section 15. Such transit systems, however, are subject to both the financial and nonfinancial reporting requirements of Section 15. (See Section 630.11 of the UMTA regulations prescribing the Section 15 requirements.) To comply with these requirements, the transit systems must be able to translate their ICC-based accounting information into the required level of reporting mandated under Section 15.

No. 14

Question: What are the Section 15 requirements for commuter rail systems?

Answer: Among public transportation modes, commuter rail is unique because it is provided under a variety of operational arrangements and many of the participants maintain financial and operating records in a manner attuned to the railroad industry. The Urban Mass Transportation Administration has experienced difficulties in the past in attempting to receive complete and correct data on commuter rail operations to meet the reporting requirements imposed by Section 15 of the Urban Mass Transportation Act of 1964, as amended. Given these facts, UMTA presently requires that Section 15 reporters that operate other modes in addition to commuter rail should include commuter rail as part of their overall report, at whatever level they report. Section 15 reporters only operating commuter rail services can submit a reduced set of "R" or "Required" level data for commuter rail services described in the Section 15 Reporting Manual and Sample Forms.

No. 15

Question: May a transit system not receiving UMTA funds for Section 15 implementation submit some data at the required level (summary) and other data at the voluntary level (detail)?

Answer: No. All data submitted by a transit system in its Section 15 report must be consistent. The minimum that is required is, of course, the required level of reporting. If a transit system not receiving Section 15 implementation funding chooses to report at one of the voluntary levels, it may do so, providing it reports all of its data at that level. This rule also applies to transit systems that receive Section 15 implementation funding that choose to report at a more detailed level than is required for their size of operation. Thus, a 300-vehicle system that obtains Section 15 implementation funding choosing to report at the "A" rather than "B" level is allowed to do so.

No. 16

Question: A transit system operates in several urbanized areas. Is it required to segregate its revenues and expenses by urbanized area for Section 15 reporting?

Answer: No. At this time, the Section 15 requirements are based on collecting information from a transit system in its entirety. Thus, if a transit system serves several urbanized areas, it should not segregate its revenues and expenses by urbanized area for Section 15 reporting. Similarly, if a transit system provides service to non-urbanized areas surrounding the urbanized area that is its primary service area, for Section 15 reporting, the transit system should include the revenues and expenses associated with providing service to the non-urbanized area in its Section 15 reports.

No. 17

Question: A transit system uses feeder buses to collect passengers and transport them to ferry terminals (no extra charge to ferry passengers). How should the revenues and expenses associated with this feeder bus service be reported?

Answer: Revenues associated with this service should be included in Object Class 401, Passenger Fares for Transit Service. Expenses associated directly with providing the feeder bus service should be included in the motor bus mode. Expenses associated directly with providing ferry service should be included in the ferry boat mode. Expenses that cannot be directly associated with one or the other should be included in joint mode cost.

No. 18

Question: In which mode should the data associated with operating "vanpools" and "club buses" be reported?

Answer: Vanpools have characteristics that are unique to that type of service; therefore, data associated with operating "vanpools" should be included in the "Vanpool" mode category. Because service afforded by club buses shares some characteristics in common with charter service, the data associated with operating club buses should be included in the motor bus mode.

No. 19

Question: A transit system operates a route where buses that traverse the route may occasionally deviate from the route to pick up passengers that have requested this service. Under what mode should the Section 15 information for this type of "route deviation" service be recorded?

Answer: Route deviation service should be classified under the demand responsive mode for Section 15 reporting.

ATTACHMENT 2

2.0 FINANCIAL REPORTING

This attachment contains answers to questions related to the financial reporting requirements of Section 15. This attachment is divided into the following subsections:

- 2.1 Questions Related to Accounting Principles
- 2.2 Questions Related to the Balance Sheet and Capital
Subsidiary Schedules
- 2.3 Questions Related to Revenue Reporting
- 2.5 Questions Related to Form 321 - Operators' Wages
Subsidiary Schedule
- 2.6 Questions Related to Form 331 - Fringe Benefits
Subsidiary Schedule
- 2.7 Questions Related to Form 332 - Pension Plan
Questionnaire

2.1 QUESTIONS RELATED TO ACCOUNTING PRINCIPLES

No. 1

Question: Does Section 15 require the accrual of sick leave and vacation?

Answer: Yes. The accrual basis of accounting is to be used in the Section 15 uniform system of accounts and records. Using the accrual basis, expenses will be recorded when they result in liabilities for goods or services received or fringe benefits owed, regardless of whether or not payment of the expense is made in the same accounting period. Therefore, if the amounts of sick leave and vacation are significant, such amounts should be accrued for Section 15 reporting.

Those transit systems that use cash-basis or encumbrance-basis accounting, in whole or in part, in their books of account will need to make work sheet adjustments to record the data on the accrual basis in their Section 15 reports.

No. 2

Question: Section 15 requires that sales taxes, excise taxes, freight-in, and other acquisition costs be accounted for as part of the cost of the material or service purchased, except for fuel and lubricant taxes and electrical power taxes. From a practical standpoint, it is often difficult to distribute these costs to the material purchased. Is there an acceptable allocation method available?

Answer: Yes. During the year, debit tax, freight, and other acquisition costs to an expense transfer account, using the procedure described for Object Class 510.02, Expense Reclassifications in Section 2.7 of Volume II. At year-end, based on the proportion of annual costs expensed to Object Class 504, Materials and Supplies Consumed by function (other than Object Class 504.01, Fuel and Lubricants), distribute the total costs in this expense transfer account back to Object Classes 504.02 and 504.99 by function.

No. 3

Question: What is the proper accounting treatment for repairable items?

Answer: One of the following methods may be used. Alternatives (1) and (2) are documented in Section 2.4 of Volume II.

Alternative (1) (Inventory Method): When such parts are removed from a vehicle or other property unit, they will be returned to inventory at a preestablished value. When the item is repaired, the repair costs will be treated as current period expense. The repaired item will then be issued for use at the value at which it was carried in inventory.

Alternative (2): Such parts may be considered items of tangible operating property to be expensed through depreciation charges. They will move from storeroom to vehicle (or other property unit) to repair costs shop to storeroom on a "free issue" basis. That is, there will be no accounting entry made to reduce the value of the inventory or increase the value of the vehicle to reflect the movement of the item from storeroom to vehicle. The repair costs will be treated as current period expense.

Alternative (3): When such parts are removed from a vehicle or other property unit and repaired, return them to inventory at the repaired (rebuilt) cost. The repaired item will then be issued for use at the repaired (rebuilt) cost at which it was carried in inventory.

No. 4

Question: For Section 15 reporting, must a transit system depreciate property assets?

Answer: No. At present, the urban transit industry practices a wide variety of depreciation treatments. The treatment practiced by any one transit system is dependent on such factors as public/private ownership of the transit system, bond indenture covenants and the expected means of financing the replacement of fixed assets. Many transit systems do not account for depreciation.

For this reason, Section 15 does not require a transit system to account for depreciation if it does not do so for its own financial reporting purposes. However, those transit systems that do account for depreciation should include depreciation expense in their Section 15 reports.

No. 5

Question: What is the proper accounting treatment for a gain or loss on the disposition of property?

Answer: If the transit system maintains individual property and depreciation records or does not depreciate property assets, the gain or loss should be reported as a reconciling item in Object Class 516, Other Reconciling Items, on the appropriate Section 15 expense reporting forms.

If the transit system employs the composite method of depreciation, it cannot identify gains or losses on the disposition of individual assets. Any gain or loss is reflected in the depreciation reserve accounts. Therefore, the proceeds from the disposition of individual assets should be credited to either Object Class 111.03, Tangible Transit Operating Property - Accumulated Depreciations, or Object Class 112.02, Tangible Property Other Than for Transit Operations - Accumulated Depreciation.

No. 6

Question: What is the proper accounting treatment of capital grants for Section 15 reporting?

Answer: The reporting of capital grants for Section 15 may differ from a transit system's internal project accounting records. For Section 15 purposes, accounting entries recording changes to assets, liabilities and capital amounts will be made when costs are incurred (i.e., goods and services received). The following example illustrates the specific accounting requirements.

Step 1: A capital grant application is approved by UMTA to provide 75 percent funding. The remaining 25 percent funding will be provided through the transit system's operations. Total costs of the capital asset are \$100,000.

No accounting entry is made at this time for Section 15 reporting.

Step 2: Costs of \$10,000 are incurred and paid.

The following accounting entries are made:

DR Object Class		
105. Work In Process	\$10,000	
CR Object Class		
101. Cash		\$10,000
DR Object Class		
102. Receivables	\$ 7,500	
CR Object Class		
304. Grants, Donations and Other Paid-In Capital		\$ 7,500

Step 3: The project is completed and the asset placed in service. Total project cost was \$100,000.

The following accounting entries are made.

DR Object Class		
111. Tangible Transit Operating Property	\$100,000	
CR Object Class		
105. Work In Process		\$100,000

No. 7

Question: Should Object Class 304, Grants, Donations and Other Paid-In Capital be reported in gross or net of amortization recognizing the depreciation of the capital asset?

Answer: If a transit system depreciates its capital assets, Object Class 304, Grants Donations, and Other Paid-In Capital may be reported as either gross or net of amortization.

Based on the same example illustrated above, assume the annual depreciation of the capital asset is \$10,000. Also assume that total revenues in excess of expenses (including depreciation) are \$1,000.

Gross Method: Under this method, the total of revenues over expenses of \$1,000, is credited directly to Object Class 305, Accumulated Earnings as follows.

DR		
	Income	\$1,000
CR		
	Accumulated Earnings	\$1,000

Net Method: Under this method, that portion of the total revenues in excess of expenses applicable to 75 percent of the asset depreciation would be reflected as an amortization of the grant capital. The appropriate entries to the capital object classes would be

DR Object Class		
	304 Grants, Donations	\$7,500
	and Other Paid-In	
	Capital (for	
	amortization of	
	75 percent depreciation)	
DR Income		\$1,000
CR Object Class		
	305 Accumulated Earnings	\$8,500
	(Losses)	

As with the gross method, the net effect on the capital section of the Balance Sheet is a credit of \$1,000.

No. 8

Question: If the transit system receives capital or operating assistance through a Federal, State, or local grant other than Section 5/9, in addition to a Section 5/9 grant, should the non-Section 5/9 grant proceeds be reported under Section 15?

Answer: Yes. If the transit system receives any Section 5/9 assistance, Section 15 requires reporting of the entire transit system's financial and operating condition. That would include any demonstration grants, other operating assistance grants, and capital grants.

No. 9

Question: Which types of development-related costs should be capitalized? Which types should be expensed?

Answer: Section 15 does not specify which types of development-related costs should be capitalized or expensed. The objective of the Section 15 system in this area is to insure that costs that have been capitalized by the transit system are excluded from the expense categories. From an accounting system standpoint, development costs are normally capitalized in one of the following ways:

- (1) All development costs to be capitalized are charged directly to capital asset or other asset accounts when incurred. For example, construction labor would be charged directly to work-in-process property account rather than to labor expense for the period.
- (2) All development costs to be capitalized are charged initially to expense accounts (labor, fringes, supplies, etc.) and then, through a later accounting adjustment, transferred to capital or other asset accounts.
- (3) Direct development costs to be capitalized (labor), are charged directly to asset accounts and indirect costs (i.e., percentage of labor dollars to cover overhead) are subsequently transferred from period expenses.

See Volume II, Section 2.12 for an explanation of the impact of each of these approaches on a transit system's Section 15 report.

No. 10

Question: Does the source of funding, for either a capital or operating grant, affect the accounting treatment of development-related costs?

Answer: If a capital grant has been awarded to the transit system for development and the grant specifies the direct and indirect costs to be capitalized, then the specified development costs should be capitalized.

If an operating grant has been awarded to the transit system for a demonstration project which involves the development (or acquisition) of property, all costs should be expended. At the completion of the demonstration project if the property continues to be used by the transit system in support of transit services, an adjustment should be made capitalizing the property and adjusting the expense object class and function totals. Object Class 510.03, Capitalization of Non-operating Costs, is to be used for this adjustment.

2.2 QUESTIONS RELATED TO THE BALANCE SHEET
AND CAPITAL SUBSIDIARY SCHEDULES

No. 1

Question: Is the cost of tangible operating property used but not owned by the transit system required to be included as an asset in Object Class III, Tangible Transit Operating Property?

Answer: No. Only the cost of tangible transit operating property owned by the transit system is required to be reported as Tangible Transit Operating Property. However, if the costs of property not owned by the transit system are known and the transit system prefers to include the costs (as well as the associated capital) in its Balance Sheet, it will be acceptable for Section 15.

A common example of the latter occurs when a city or county owns the revenue vehicles and a separate autonomous transit district operates the vehicles. The transit system is not required (but is encouraged) to report the property cost of the revenue vehicles as Tangible Transit Operating Property. The city or county's ownership of the vehicle should be documented in a footnote to the transit system's Section 15 report.

No. 2

Question: Form 103, Capital Subsidiary Schedule - Sources of Public Assistance, if the ownership of the capital asset funded through Federal, State, or local sources is other than the transit system, what should be reported?

Answer: If the transit system does not own the property nor report the property as Tangible Transit Operating Property on the Balance Sheet, it is not required to report the source of public capital assistance to procure the property on this schedule.

However, if the transit system has included the cost of such property on Form 101 - Balance Sheet Schedule, then it is required to report the source of funding on Form 103.

No. 3

Question: Should capital grant monies received from governmental or nongovernmental agencies be reported as revenue?

Answer: Capital grants should never be reported as revenue. The rights to capital grant funds are earned when goods and services

ordered in accordance with the provisions of the capital grants are received. The amount of the grant funds earned should be recorded in Object Class 304, Grants, Donations and Other Paid-In Capital.

2.3 QUESTIONS RELATED TO REVENUE REPORTING

No. 1

Question: When are UMTA Section 5/9 operating assistance funds recognized as revenue?

Answer: Operating grants are recognized as revenue when rights to the monies become irrevocable and when earned. At year end, the amount of Section 5/9 operating assistance recognized by a transit system as revenue should be equal to the Federal share of the systems' deficit, assuming local matching funds will be obtained and the Federal share is within the system's Section 5/9 allocation.

No. 2

Question: How should grants or operating assistance funds originating from Federal or State sources be reported if the transit system is not the direct recipient of the funds?

Answer: This situation commonly occurs when the MPO is the designated recipient of Section 5/9 funds for the area. With the exception of Federal revenue sharing funds, the original source of the funds determines the proper reporting of grants and operating assistance as either Federal, State, local.

Federal revenue sharing funds are reported collectively with their State or local counterparts in one of the following object class:

- 409 - Local Cash Grants and Reimbursements
- 410 - Local Special Fare Assistance
- 411 - State Cash Grants and Reimbursement.
- 412 - State Special Fare Assistance

No. 3

Question: If the city, State, or other government entity other than the transit system contributes services in the form of providing personnel or other services, payment of fringe benefits, payment of contract services or payment of any other service, how should those items be reported for Section 15?

Answer: The cost of services received from another government entity, where such services benefit transit operations and the transit system does not pay, is reported as Object Class 430, Contributed Services. The cost of the service is reported under 430.01, Contributed Services - State and Local Government. An equal amount should be debited to Object Class 430.02 Contributed Services - Contra Account for Expense. The net of Object Class 430 should always be zero.

No. 4

Question: How should interest obtained from the use of capital grant funds be reported?

Answer: Interest earned on capital grant monies should be credited to the capital project unless the recipient of the fund is an instrumentality of a State and as such is entitled to retain the interest income. In that case, the interest income should be reported in Object Class 407.04, Investment Income.

No. 5

Question: How should assistance from a local private agency be reported?

Answer: Typically, assistance provided to a transit system from a private agency is for the provision of transit services that benefit the agency. In this case, the assistance should be recorded in Object Class 402.05, Special Transit Fares - Other Special Current Fares - Other Services.

If, however, assistance is provided by a private agency with no requirement placed on the transit system to provide services that would benefit the agency, then the following rules would apply:

- (1) If the assistance is a capital contribution (i.e., donations of vehicles, equipment or other tangible property), the value of the contribution should be reported in Object Class 304.04 Nongovernmental Donations and Other Paid-In Capital.
- (2) If the assistance is a cash contribution specifically to be used for the purchase of capital items, then, again, the amount of the contribution should be recorded in Object Class 304.04.
- (3) If the assistance is a cash contribution for no specific purpose, then the amount should be recorded in Object Class 409.99, Local Cash Grants and Reimbursements - Other Financial Assistance. If, in addition, the amount of such contributions is material with respect to the total amount reported in Object Class 409.99, then the transit system should identify the amount of private contributions in a footnote to its Revenue Summary or Detail Schedule.
- (4) Assistance in the form of contributed services (i.e., volunteer services) should not be recorded as revenue for Section 15 reporting).

No. 6

Question: What are the differences among the following three revenue accounts?

- Object Class 401, Passenger Fares for Transit Service
- Object Class 402, Special Transit Fares (Contract sub-objects)
- Object Class 410, Local Special Fare Assistance

Answer: Object Class 401, Passenger Fares for Transit Service, was established to reflect revenue amounts collected from passengers. The revenue could be collected directly at the point of service (the farebox or parking lot cashier), or through special passes sold to passengers. (As an example of a special pass operation, in the case where the transit property offers special reduced fares to students, handicapped persons or others, Object Class 401 should reflect the fares which the passengers pay on their own behalf.)

The intent of Object Class 402, Special Transit Fares (contract sub-objects) is to record revenue earned from contracts to the transit system in which an agency or organization pays a set amount in return for unlimited transit service for the persons covered by the contract. The contract amount is established at the beginning of the contract period, and does not vary with the quantity of service actually provided.

The intent of Object Class 410, Local Special Fare Assistance is to record subsidies which various governmental agencies give the transit property on behalf of specific classes of passengers. This object class is used when the amount of service provided is known; i.e., when the subsidy amount is calculated based on the number of rides taken.

Example 1: The local Board of Education and the transit property negotiated a contract which called for the transit property to supply unlimited transit service to the teachers working for the Board in return for an annual fee.

In this example, the fee paid to the transit property should be recorded in Object Class 402.04, Special Transit Fares - Other Special Contract Fares - State and local government.

Example 2: The Board of Education sells reduced fare passes to the students in the school. The Board reimburses the transit property for the difference between the normal adult fare and the fare paid by the student.

In this example, the fare amount paid by the students should be recorded in Object Class 401.03, Passenger Fares for Transit Service - Student Fares. The amount paid by the Board of Education should be recorded in Object Class 410.03, Local Special Fare Assistance - Student Fare Assistance.

2.4 QUESTIONS RELATED TO EXPENSE OBJECT CLASS
AND FUNCTION REPORTING

No. 1

Question: Why are depreciation expense and lease and rental expense reconciling items? Why are they not distributed to each function and included in total system expenses?

Answer: One of the primary objectives of the Section 15 reporting system is to collect information from transit systems on an industry-wide basis that is uniform. Historically, depreciation is an area in which there has been and continues to be very little uniformity. As noted in a prior section, depreciation practices in the transit industry vary widely.

In the original design of the Section 15 reporting system, UMTA intended that each transit system would include as part of its Section 15 report a detailed inventory of property used in transit operations. The Section 15 central system would then have calculated a depreciation charge for each transit system based on a standard methodology. In that way, UMTA would have obtained uniformity without prescribing a standard treatment in the industry.

The final version of the Section 15 reporting system, of course, does not require each transit system to submit a detailed inventory of its property. This requirement was deleted as one of several modifications to the reporting system to lessen the reporting burden on the transit industry. There still exists, however, the problem of a lack of uniformity in the industry with respect to the treatment of depreciation. Therefore, to minimize the impact of this lack of uniformity on the otherwise uniform Section 15 system, UMTA decided not to require depreciation expense reporting in the system. It is a reconciling item only to facilitate the cross-reference of a transit system's Section 15 report to its published financial statements.

Leasing or renting is a method of obtaining property or equipment in lieu of the outright purchase of the property or equipment. Lease and rental expense, thus, is a measure of the cost of using tangible assets similar to depreciation. Lease and rental expense, therefore, is a reconciling item in the Section 15 reporting system in order for UMTA to obtain consistency between the information reported under Section 15 from those transit systems that lease rather than purchase.

No. 2

Question: The cost of fuel and oil used to operate motor buses is charged directly to Function 031, Revenue Vehicle Operations.

Why, then, is propulsion power (which is used to power streetcar, trolleybuses and rail rapid cars) charged to Function 141, Operation and Maintenance of Electric Power Facilities and not to Function 031?

Answer: Typically, a transit system that operates modes of service that require electric propulsion power also operates its own power generation, transmission and distribution facilities. In some cases, the facilities are used to generate general utility power as well as propulsion power for revenue vehicles. Also, in most cases, it is difficult to determine when the work force responsible for the facilities is actually operating rather than maintaining the facilities. For these reasons, the Section 15 system is designed to accumulate all of the costs (labor, materials and other) associated with the provision of propulsion power in a single function, namely, Function 141. This total cost is then allocated to Function 031, Revenue Vehicle Operations for that portion of the cost attributable to the propulsion of vehicles and Function 181, General Function, for the remainder. The allocation is accomplished using Object Class 510.01, Function Reclassifications. For further details, refer to Section 2.7 of Volume II.

No. 3

Question: How should the cost of training be reported?

Answer: Like all other expenses training costs consist of two components: object classes and functions. In terms of object classes, training costs should be reported according to the type of expense incurred (i.e., labor, materials, service, travel, etc.). In terms of the functional distribution of those costs, the following guidelines apply:

1. The cost of training that is directly related to the transportation function should be reported in Function 011, Transportation Administration.
2. The cost of training that is directly related to the maintenance function should be reported in either Function 041, Maintenance Administration - Vehicles, or Function 042 - Maintenance Administration - Facilities.
3. The cost of training that is directly related to other functional areas should be reported in the corresponding function.
4. The cost of training that is not directly related to a functional area (e.g., effective speaking, interpersonal communications), should be reported as follows:
 - a. Student-related cost (i.e., the salary paid to an in-house instructor or the fee paid to an outside consultant) should be reported in Function 167, Personnel Administration.

Example 1: A newly hired bus driver attends a 3-day course in the basic skills of driving a bus. The course is taught by an employee of the transit system who is also a driver.

The wages paid to both the driver and instructor should be reported in Object Class 501.01, Operators' Salaries and Wages, and charged to Function 011, Transportation Administration.

Example 2: A mechanic attends a 3-day course on engine overhauls. The course is given by an outside organization that charges a fee for the course. The mechanic incurs travel cost in going to and from the course site for which he is reimbursed by the transit system.

The wages paid to the mechanic while he is attending the course should be reported in Object Class 501.02, Other Salaries and Wages, and charged to Function 041, Maintenance Administration - Vehicles. The fee paid to the outside organization should be reported in Object Class 503.03, Services - Professional and Technical Services, and charged to Function 041. The travel cost should be reported in Object Class 509.02, Miscellaneous Expense - Travel and Meetings, and charged to Function 181.

General Function. (Note: Travel cost is not charged to Function 011 because the amount of expense in Object Class 509.02 can only be charged to Function 181.)

Example 3: A programmer attends a 5-day course on structured programming techniques. The course is given by an outside consulting firm which charges a fee. The programmer incurs travel costs going to and from the course.

The wages paid to the programmer should be reported in Object Class 501.02, Other Salaries and Wages, and charged to Function 170 - Data Processing. The fee paid for the course should be reported in Object

Class 503.03, Services - Professional and Technical Services, and charged to Function 170. Travel cost should be reported to Object Class 509.02 and charged to Function 181.

Example 4:

The same programmer attends a 2-day course on interpersonal communications. The course is given by an outside consulting firm which charges a fee.

The wages paid to the programmer would be reported in Object Class 501.02 and charged to Function 170. The fee paid to the outside consulting firm should be reported in Object Class 503.03 and charged to Function 167, Personnel Administration.

No. 4

Question: In which function(s) should contract management service fees be classified?

Answer: Contract management service fees should be functionally classified based on the services that the individuals perform. If the management service contractor provides services in more than one functional area and the direct costs specific to each function cannot be easily determined, the costs should be allocated based on a count of individuals in each functional area.

No. 5

Question: In which function should fees paid to directors be classified?

Answer: Function 176, General Management.

No. 6

Question: In which function should costs associated with the administration of an EEOC program be classified?

Answer: Function 167, Personnel Administration.

No. 7

Question: In which function should costs associated with administering and monitoring Minority Business Enterprise (MBE) practices be classified?

Answer: Function 172, Purchasing and Stores.

No. 8

Question: In which function should fuel, lubricants and tires be classified for service vehicles?

Answer: Function 081, Servicing and Fuel for Service Vehicles.

No. 9

Question: In which function should fuel, lubricants and tires be classified for administrative vehicles?

Answer: Function 081, Servicing and Fuel for Service Vehicles.

No. 10

Question: In which function should accident repairs for service vehicles be classified?

Answer: Function 128, Accident Repairs of Buildings, Grounds and Equipment.

No. 11

Question: What is the proper treatment of charter costs?

Answer: Other than for operators' wages, no distinction is made in Section 15 between charter and noncharter costs.

In the Operators' Wages Subsidiary Schedule (Form 321), platform time for charter and special service is segregated from line service platform time.

During the development of the Section 15 Reporting System, the issue of making charter service a separate mode and thereby requiring transit systems to segregate their charter costs from their regular route service costs was discussed. The decision was made not to make charter service a separate mode because of the difficulty that most transit systems would experience in segregating charter costs. This is especially so in the case where the same buses are used in charter and regular route service. Also, in most public transit systems, charter service is a very small percentage of total service; therefore, it was not worth the effort to try to capture charter cost separately.

No. 12

Question: How should the labor costs of driving a revenue vehicle to and from a central maintenance facility be recorded?

Answer: The labor cost should be charged to Function 061, Inspection and Maintenance of Revenue Vehicles. If an operator did the driving, the labor cost should be recorded in Object Class 501.01, Operators' Salaries and Wages. Otherwise, the labor cost should be recorded in Object Class 501.02, Other Salaries and Wages.

2.5 QUESTIONS RELATED TO FORM 321 - OPERATORS'
WAGES SUBSIDIARY SCHEDULE

No. 1

Question: Should transit systems with no labor contract for operators or a labor contract which does not specifically address all the wage time categories on Form 321 allocate the time estimated to be spent in each time category?

Answer: No. The Operators' Wages Subsidiary Schedule focuses on the components of pay time and allowances as specified in labor contracts. If the labor contract does not specify a given pay category or no labor contract exists, the time should be reported as platform time.

For example, if the transit system's contract does not specifically address that report time will be paid, then report time (line 01) should be zero on Form 321.

No. 2

Question: What is the relationship of the wage time categories on Form 321 to the expense functions?

Answer: The individual time categories are related to the specific expense function as follows:

Expense Functions to Which Operators' Wages are Distributed

<u>Level A Functions</u>	<u>Level B Functions</u>	<u>Level C Functions</u>	<u>Subsidiary Schedule Categories Composing Each Function</u>
Revenue Vehicle Operations	Revenue Vehicle Operations	Operations	1.03 through 1.06 1.11 through 1.15
Transportation Administration	Administration of Transportation Operations	Operations	1.01, 1.02 1.07 through 1.10 2.01 through 2.08 2.12
Revenue Vehicle Movement Control	Administration of Transportation Operations	Operations	2.09
Inspection and Maintenance of Revenue Vehicles	Inspection and Maintenance of Revenue Vehicles	Vehicle Maintenance	2.12
Servicing Revenue Vehicles	Servicing Revenue Vehicles	Vehicle Maintenance	2.12
Ticketing and Fare Collection	Ticketing and Fare Collection	General Administration	2.10
Customer Services	Marketing	General Administration	2.11

No. 3

Question: Is it acceptable to cost the time in each operators' wage time category using an average of all operators' hourly rates?

Answer: For transit systems operating 100 or fewer revenue vehicles it is acceptable to cost each time category using a weighted average of the transit systems hourly rate for operators. Eligible transit systems adopting this practice must provide UMTA support that this approach does not materially distort what the dollars in each wage category would have been.

Transit systems operating more than 100 revenue vehicles are required to cost each wage category using the actual wage rate paid to the operator.

All sized transit systems must record actual hours in each time category. It is not acceptable to use scheduled hours.

No. 4

Question: What is the relationship between the total hours reported by a transit system on lines 16, 29 and 30 of Form 321 and the total hours actually worked by revenue vehicle operators of that system?

Answer: There is no predetermined relationship between the total hours reported on line 30 and the actual hours worked by operators. The objective of Form 321 is to account for operators' time and cost according to the components of pay time and allowances specified in most labor contracts. On Form 321, hours that apply to more than one pay category are included in each category to which they apply. For example, if an operator works a ten-hour day for which he receives two hours of overtime premium, the total number of hours reflected in Form 321 would equal twelve, ten hours recorded under platform time and two hours reported in one of the overtime premium categories.

Because of this double counting of hours for premium pay time, total hours reported on Form 321 will usually be greater than hours actually worked. Representatives from several transit systems have questioned the rationale for reporting the total hours numbers called for in Form 321. Transit systems that so desire are permitted to leave blank the hours column in Form 321 for Total Operating Time (line 16), Total Nonoperating Paid Work Time (line 29), and Total Operating and Nonoperating Time (line 30).

The exception is permitted only for hours. Total dollars must be entered and, in fact, must balance to Object Class 501.01, Operators' Salaries and Wages on the appropriate Section 15 expense reporting forms.

No. 5

Question: When should an operators' time be charged to Function 151, Ticketing and Fare Collection?

Answer: An operator's time should be charged to Function 151 only if the time spent in the fare collection activity is not incidental to operating a revenue vehicle.

2.6 QUESTIONS RELATED TO FORM 331 - FRINGE
BENEFITS SUBSIDIARY SCHEDULE

No. 1

Question: If the transit system does not participate in the Federal social security program (FICA) or Railroad Retirement System, but does participate in a State public employee retirement system, how should that fringe benefit be classified?

Answer: Transit systems participating in a State public employee retirement system in lieu of FICA or the Railroad Retirement System should report payments or accruals to that retirement system as Object Class 502.01, Fringe Benefits -FICA or Railroad Retirement. Unless the transit system participates in an additional pension plan, expenses reported in Object Class 502.02, Fringe Benefits - Pension Plan, will be zero.

No. 2

Question: If the transit system is self-insured for Workmen's Compensation, where should payments and administrative costs be reported?

Answer: Actual payments to or for employees for Workmen's Compensation injuries or death should be reported as Object Class 502.08, Fringe Benefits - Workmen's Compensation Insurance or Federal Employees' Liability Act Contribution. Total fringe benefit costs are allocated to functions on a pro-rata share based on labor amounts in each function.

Administrative costs should be reported in the appropriate object classes, i.e., labor, professional and technical services, etc., and classified in Function 169, General Insurance.

No. 3

Question: If the transit system's group health plan does not specify what portion of the premium is attributed to medical, dental, life insurance, etc., is it acceptable to report employers' total group health expenses in one single object class, e.g., Object Class 502.03, Hospital, Medical and Surgical Plans?

Answer: No. The insurance carrier, at a minimum, should be able to supply percentage or dollar factors to segregate group health fringe benefit costs from life insurance costs.

No. 4

Question: Section 2.2, Fringe Benefit Accounting, of Volume II indicates that total employer fringe benefit amounts should be allocated to modes and functions. Is it acceptable for fringe benefit costs to be charged directly to modes and functions?

Answer: Yes. The allocation methodology prescribed in Volume II recognizes the difficulty that many transit systems (especially those reporting at the "A" level) would have if they were forced to charge fringe benefits directly to each of the over forty level A functions. Thus, the allocation methodology was prescribed to ease the reporting burden on the transit community. If, however, individual transit systems prefer to charge fringe benefit costs directly to functions, they may do so.

2.7 QUESTIONS RELATED TO FORM 332 - PENSION
PLAN QUESTIONNAIRE

No. 1

Question: What amounts (if any) reported on Form 332 should agree with amounts reported on other expense reporting forms?

Answer: Line 06 on Form 332 should agree with line 02 on Form 331 Fringe Benefits Subsidiary Schedule?

No. 2

Question: Does unfunded pension liability need to be stated on Form 101 - Balance Sheet Summary Schedule?

Answer: Unfunded pension liability must be reported on Form 101 only if the transit system is the actual trustee of the plan. Otherwise, the unfunded pension liability should be reported in answering question 3 on Form 332.

3.0 NONFINANCIAL REPORTING

This attachment contains answers to questions related to the nonfinancial data reporting requirements of Section 15. This attachment is divided into the following subsections:

- 3.1 Questions Related to Form 401 - Transit System Service Period Schedule
- 3.2 Questions Related to Form 402 - Revenue Vehicle Maintenance Performance and Energy Consumption Schedule
- 3.3 Questions Related to Form 403 - Transit Way Mileage Schedule
- 3.4 Questions Related to Form 404 - Transit System Employee Count Schedule
- 3.5 Questions Related to Form 405 - Transit System Accidents Schedule
- 3.6 Questions Related to Forms 406 and 407 - Transit Systems Service Supplied, Service Consumed and Service Personnel Schedules
- 3.7 Questions Related to Form 408 - Revenue Vehicle Inventory Schedule

3.1 QUESTIONS RELATED TO FORM 401 - TRANSIT
SYSTEM SERVICE PERIOD SCHEDULE

No. 1

Question: How are service periods calculated, given the following problems:

- Schedules normally change several times a year.
- Not all routes within a mode begin or end a service period at exactly the same time.

Answer: On a system-wide (as opposed to route) basis there is virtually no way of defining service periods to the last minute. However, most transit properties can report the data within a range of five to ten minutes which UMTA considers an acceptable accuracy level.

Peak periods are defined in Volume II (page 8.2-1) in terms of headway reduction. An acceptable alternative means of identifying peak and off-peak periods is to graph the number of vehicles in revenue service by time period. On a 24-hour basis, that graph would probably resemble the one on the next page. Using the graph, the transit property can visually determine its service periods, using the following rules:

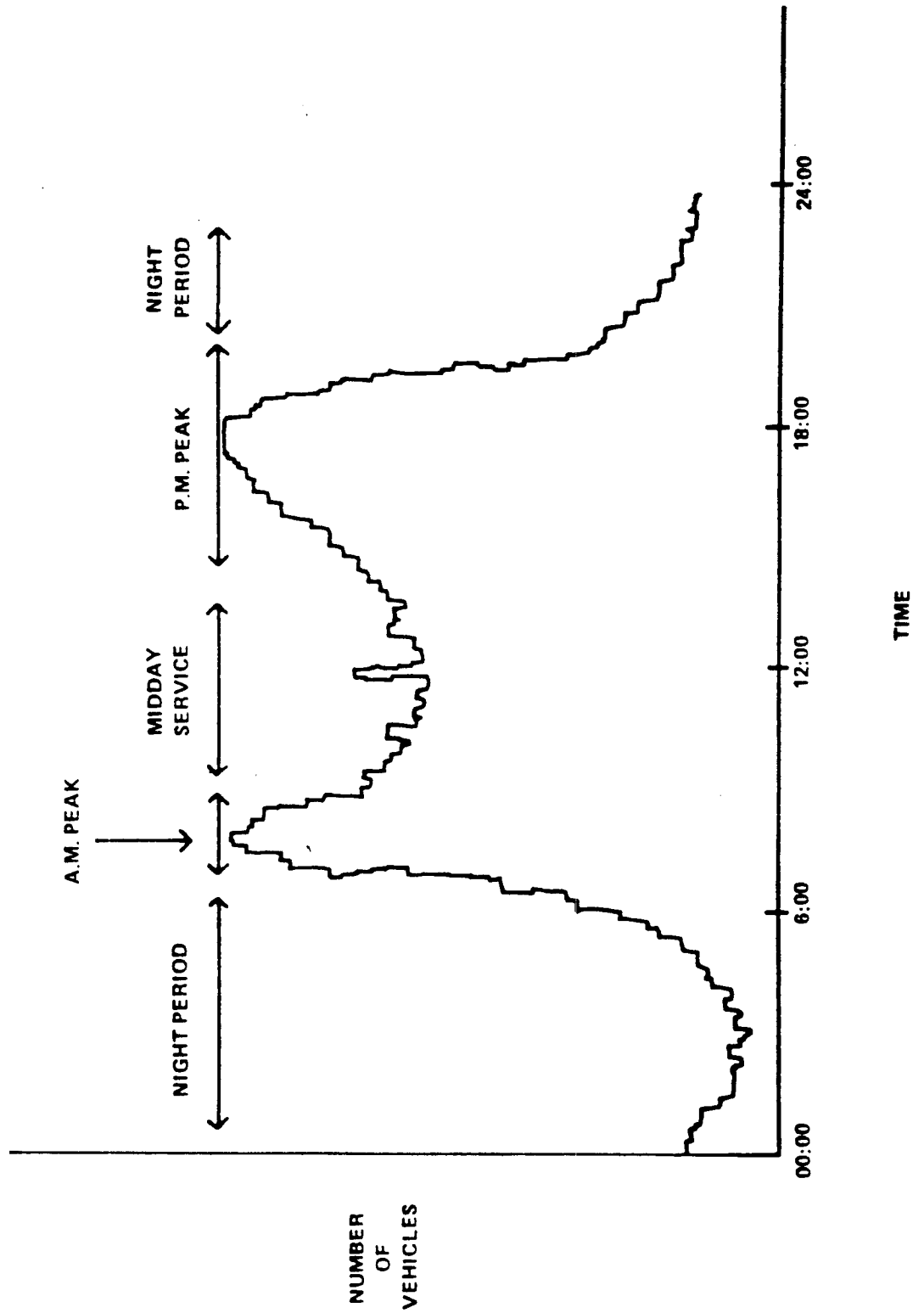
- AM peak service begins when the number of vehicles in operation exceeds the number in service during the midday period.
- PM peak service ends when the number of vehicles in operation falls below the number in service during the midday period.

If, during the year, schedules change to the point of affecting the definitions of service periods, the transit property should average the data for each schedule, and report the composite numbers.

No. 2

Question: Twice a week, the transit property provides weekday service until 10 PM. Usually service ends at 7 PM. How is the ending hour of night service computed?

Answer: The Transit System Service Period is included in the reporting package to provide a picture of each transit property's service patterns. Since the transit property in question usually does not provide night service, the Time Night Service Ends would be 7 PM. (19:00 on the 24-hour clock basis required on the forms).



No. 3

Question: The transit property only provides Sunday service during the summer. How should this information be reported on the Transit System Service Period Schedule?

Answer: Since the transit property in question usually does not provide Sunday service, no data should be filled in under Sunday.

No. 4

Question: The transit property does not have any peak service periods. It begins operation at 6:30 AM and runs the same schedule until 6:30 PM, when service is stopped for the day. How should these service periods be reported on the Transit System Service Period Schedule?

Answer: The transit property would fill in the form with the following data:

01 - Time AM service begins	6:30
02 - Time AM peak service begins	
03 - Time midday service begins	
04 - Time PM peak service begins	
05 - Time night service begins	
06 - Time night service ends	18:30

3.2 QUESTIONS RELATED TO FORM 402 - REVENUE
VEHICLE MAINTENANCE PERFORMANCE
AND ENERGY CONSUMPTION SCHEDULE

No. 1

Question: Many transit properties have their own definition of what constitutes a road call. What exactly is required under Section 15?

Answer: A road call is defined as any interruption of revenue service caused by a maintenance-related vehicle failure - either a mechanical failure or an "other" failure as defined in Volume II, "Uniform System of Accounts and Records," (page 8.5-1). Road calls also require assistance from someone other than the revenue vehicle operator or crew to put the vehicle back in service.

Example 1: A bus breaks down or is otherwise disabled in mid-run. The passengers are transferred with minimal delay to a bus traveling directly behind the broken one.

Count the breakdown as a road call for Section 15 reporting.

Example 2: A bus breaks down or is otherwise disabled at the end of a trip, or at a layover point. Another bus takes its place without any delay in revenue service.

Do not count the break down as a roadcall for Section 15 reporting.

Example 3: A bus breaks down or is otherwise disabled leaving the garage to begin revenue service, and is not replaced.

Count the breakdown as a road call for Section 15 reporting.

Example 4: A run or a trip is cancelled for policy or other reasons not related to mechanical or other vehicle failures.

- A driver is not available.
- A vehicle is scheduled for preventive maintenance.
- A substitute vehicle is not available.

Do not count run or trip cancellations for policy reasons as road calls.

Example 5: One car of a four-car train is disabled. The transit property does not pull the car out of the train, but does get all the passengers off the car and ask them to move to other cars on the same train.

Do not count this as a road call.

Example 6: The vehicle operator claims there is something wrong with his vehicle and brings it back to the garage, causing an interruption of revenue service. A mechanic assigned to the vehicle cannot find the source of the problem and reports "no trouble found."

Count the service interruption as a road call, even though the mechanic did not discover the cause of the problem. The road call would be classified as either a "mechanical" or "other" road call depending on what the driver claimed the problem was.

Example 7: The farebox on the bus jams. The bus driver continues revenue service, and calls the maintenance depot for a mechanic to meet him enroute. The mechanic boards the bus at a regular stop, and unjams the farebox while the bus stays in revenue service.

Do not count this farebox failure as a road call, as it did not interrupt revenue service.

Example 8: Because of severe weather conditions, such as snow or storms or floods, revenue vehicles are forced to discontinue service. To get vehicles back to the garage or car barn, the transit property may have to send out crews of mechanics.

Do not count these interruptions of service as road calls as they were not caused by maintenance-related problems.

Example 9: A subway train is stalled. A road call inspector, who is in effect a roving mechanic, puts the train in working order. The train is not taken out of service.

Count the incident as a road call if there was any interruption of revenue service. Roving inspectors or mechanics cannot be considered as operators or crewmen.

Example 10: A revenue vehicle is involved in an accident requiring the passengers to be discharged from the vehicle and/or maintenance work performed on the vehicle before it can be put back in service.

Do not count this incident as a road call. Accidents should only be considered as road calls if they are caused by a failure of the vehicle's mechanical or other systems. If a bus is involved in an accident because of brake failure, it should be counted as a road call. If a bus is involved in an accident because the operator ran a red light, it should not be counted as a road call.

Example 11: A taxi has a flat tire while it is providing contract demand responsive service for the transit property.

Count this incident as a road call in the demand response mode of service.

3.3 QUESTIONS RELATED TO FORM 403 - TRANSIT
WAY MILEAGE SCHEDULE

No. 1

Question: During rush hours, the transit property's buses are allowed to use a separate highway lane which general traffic does not have access to. Is this considered Controlled Access Right-of-Way for purpose of reporting on Form 403 - Transit Way Mileage Schedule?

Answer: Yes. In Volume II (page 8.3-2), Controlled Access Right of Way is defined as "roadway used for a portion of the day exclusively for transit operations." In certain transit districts, roadway that originally was intended to be used exclusively for transit operations is now being opened up to carpools, vanpools, taxis and other special purpose vehicles. In these instances, the roadway still satisfies the basic intent of the definitions which is to account for that roadway which separates transit from the majority of normal rush hour traffic.

No. 2

Question: A particular route stops at point "A," except for one trip a day which takes it to point "B," which is beyond point "A," are the miles between "A" and "B" included on the Transit Way Mileage Schedule?

Answer: Yes. Even though service is infrequent, the miles between "A" and "B" should be included as part of the schedule.

3.4 QUESTIONS RELATED TO FORM 404 - TRANSIT
SYSTEM EMPLOYEE COUNTY SCHEDULE

No. 1

Question: A transit property hires a transit management firm to operate the transit system. Are these people considered employees for purpose of reporting under Form 404 - Transit System Employee Count Schedules?

Answer: No. To provide the data required for the Transit System Employee Count Schedule, transit properties should employ the following rule: if the labor expense is reported under object class 501 - Labor, include the person on Form 404. If the labor expense is reported under a different financial classification (i.e., 503 - Services, or 508 - Purchased Transportation), do not include the people on Form 404.

Transit management expenses are accounted for under object class 503.01 - Management Service Fees; therefore, the people working for the transit management firm on behalf of the transit property should not be counted as employees on Form 404.

No. 2

Question: The transit property employs CETA personnel for whom it subsequently receives a reimbursement. Should these people be counted as employees?

Answer: Under the conditions set forth in the question, the cost of the CETA people should be recognized in financial terms in object class 501 - Labor. Therefore, their number should be included on the Transit System Employee Count Schedule.

No. 3

Question: The political entity (i.e., the city, county, etc.,) employs CETA personnel. These people are made available to the transit property at no cost. Are the CETA people counted as employees?

Answer: No.

No. 4

Question: How is capital labor defined?

Answer: Capital labor is defined as any labor cost which is reimbursed under a capital grant, or is otherwise capitalized. Normally, most transit properties will keep track of capital work-hours in force accounts.

No. 5

Question: The transit property operates several modes. Some employees, particularly general administration personnel, work in more than one. How should these people be allocated among modes?

Answer: The transit property should allocate full-time equivalents on the same basis on which it allocates costs. In the absence of a more precise allocation method, the transit property should allocate on the basis of capacity miles.

3.5 QUESTIONS RELATED TO FORM 405 - TRANSIT
SYSTEM ACCIDENTS SCHEDULE

No. 1

Question: A rapid transit car derails. Is this considered a collision or a noncollision accident?

Answer: A derailment from no apparent cause (i.e., the train did not collide with another train, car, bus or other object) should be counted as a noncollision accident.

No. 2

Question: A person is pushed in front of a transit vehicle. Is this classified as an accident?

Answer: Crimes are not classified as accidents. If the person was pushed, it is not an accident (but a crime). If the person fell (because the station was too crowded or for some other noncriminal reason), it is an accident.

No. 3

Question: A person is trespassing along rail rapid tracks. He is hit by a train. Is this an accident?

Answer: Yes. Even though the person put himself in danger, this accident should be reported as a collision accident on Form 405.

No. 4

Question: The transit property provides bus and trolley shelters for its customers. How are accidents classified which are related to these shelters?

Answer: Shelters which are provided by the transit property are considered stations.

No. 5

Question: The transit property maintains benches for passengers to sit on while waiting for the bus. The bench breaks, causing the person sitting on it to suffer a broken back. How is this classified?

Answer: The bench is classified as a station improvement. Thus, the example described above would be classified as a station accident, personal injury only and would be included in the total on line 06, column d on Form 405. The injury that resulted from the accident would be included on the total on line 20, column d on the form.

No. 6

Question: A subway car runs over a person, killing him. No determination has been made as to whether the death was a suicide, or an accidental death, or a wrongful death. How should the fatality be classified?

Answer: In the absence of information to the contrary, assume the death was an accident?

No. 7

Question: A person files a claim with the transit property concerning an accident. The transit property has no record of the accident. Should this claim be reported as an accident?

Answer: If the claim results in an award to the person filing the claim, the incident should be reported as an accident.

3.6 QUESTIONS RELATED TO FORM 406 AND 407 - TRANSIT
SYSTEM SERVICE SUPPLIED, SERVICE CONSUMED
AND SERVICE PERSONNEL SCHEDULES

No. 1

Question: How should the total number of vehicles in operation by time period (line 01) be calculated?

Answer: The number of vehicles in operation should be the average of the maximum number of vehicles in operation for each time period. The average can be based on monthly figures, or on figures derived each time the schedule is changed.

No. 2

Question: Should the total number of revenue hours (line 05) include layover time?

Answer: Yes. However, excluded from revenue vehicle hours are those hours consumed while traveling to and from storage facilities or during other deadhead travel.

No. 3

Question: The transit property does not have peak periods. It runs the same schedule, with the same number of vehicles every weekday. What should be reported?

Answer: Only the Average Weekday, Saturday and Sunday columns on Form 406 are completed.

No. 4

Question: A transit property as a matter of policy does not permit standees. Does it include a factor for potential standees in calculating revenue capacity miles (line 07)?

Answer: No. If the transit property does not permit standees, its revenue capacity is limited to the number of seats.

3.7 QUESTIONS RELATED TO FORM 408 - REVENUE
VEHICLE INVENTORY SCHEDULE

No. 1

Question: A transit property's Fiscal Year ends June 30. It received several new vehicles on June 29. Are these included on the Revenue Vehicle Inventory Schedule?

Answer: Yes. Any vehicles that were in the transit agency's fleet at the end of the Fiscal Year should be included on this form.

4.0 GUIDELINES FOR REPORTING PURCHASE OF SERVICE AGREEMENTS

All recipients and beneficiaries of Section 5 or Section 9 funds are subject to the Section 15 reporting system and the uniform system of accounts and records. This includes purchased transportation providers. A contractual relationship exists only if all of the following criteria are met.

- o The private/public transportation provider is obligated in advance of the time the service is furnished to provide the operations for which the operating statistics are being reported, for a specific monetary consideration.
- o A written agreement exists which specifies the contractual relationship for the time period and the specific service generating the operating statistics included in the Section 15 Report.
- o The written agreement should be signed by authorized representatives of both the public body and the private/public transportation provider, and should detail: (1) the services which the private/public transportation provider must provide; and (2) the nature and amount of consideration to be provided by the public body.

Services provided by a private/public transportation provider can be reported for Section 9 apportionment purposes only for period and services covered by the written agreement. If the written agreement covers only a portion of the Section 15 report year or only a portion of the services provided by the private/public operator, reported statistics should reflect only that amount of service specified in the agreement.

Nature of the Monetary Consideration Paid

The consideration paid by the public body to the private/public transportation provider (private/public carrier) may include such things as:

- o cash reimbursement of a private/public carrier's operating deficits;
- o predetermined cash payments to the private/public carrier for specific mass transportation services provided;
- o cash reimbursement to the private/public carrier for reduced fare programs specified by the public body (e.g., for students and/or for elderly and handicapped citizens); and
- o vehicles given, sold, loaned, or leased by the public body to the private/public carrier.

The garaging or storing by a public body of vehicles operated by a private/public carrier shall not by itself constitute sufficient consideration to establish a contractual relationship for Section 9 apportionment purposes. Nor is the maintenance of these vehicles or advertising of the services being offered considered sufficient consideration for an agreement. Simply giving the private/public operator permission to operate certain services such as through a franchise or license does not represent purchased service for Section 9 apportionment purposes.

Meeting any one of these listed conditions will satisfy the "for consideration" portion of the criteria for being under contract. However, there also must exist the appropriate written agreement which: (1) specifies this consideration; (2) specifies the corresponding obligations of the private/public carrier for providing mass transportation services; and (3) covers the full Section 15 reporting year or portion thereof. A copy of this agreement must be available for UMTA review for three years following UMTA's receipt of the Section 15 report.

For example, if a public body gives a vehicle to a private/public carrier, the eligible mass transportation services provided by this carrier can be reported for Section 9 apportionment purposes only if a written agreement specifies there is an obligation by the private/public carrier to operate the specific service generating the operating statistics being reported.

Transportation Services Covered by the Contractual Relationship

Except for the private conventional and subscription bus services described above, the Section 9 apportionment process can incorporate transportation operating and financial statistics only for those mass transportation services for which a public body contracts; i.e., which are specified in the written agreement between the public body and the private/public transportation provider, and for which the public body provides consideration.

For example, if a public body contracts with a private bus company to operate specific fixed route services, the other (unsubsidized) routes and services operated by that company cannot be reported for Section 9 apportionment purposes. Similarly, if a public body contracts with a taxicab company to provide certain shared-taxi services for certain markets (e.g., elderly and handicapped persons) and/or during certain hours, mass transportation services provided during other hours or to other markets cannot be reported for Section 9 apportionment purposes. In some of these situations, the separation of Section 9 eligible and non-eligible mass transportation services and corresponding operating statistics may be difficult. Procedures used to

identify, segregate, and report the eligible services should reflect accuracy standards for enumerating Section 9 apportionment statistics. These procedures should be described briefly on Form 005 of the Section 15 Report, and the reporting agency should provide supporting information and data as may be requested by UMTA.

Public Bodies, Private/Public Carriers Under Contract (Contractors), and Corresponding Operating Statistics

Public bodies must identify on Form 002 of the Section 15 Report all contractual relationships for acquiring purchased transportation services. A separate Form 002 is used for each contractual relationship and includes data on: name, address, and phone number of the contractor; type of agency under contract; nature of contractual relationship; number of vehicles in maximum service used for the contracted service; contract amount; and amount of retained revenues, if any. The public body must retain a copy of the written agreement for each contractor for UMTA's review up to three years after UMTA receives the Section 15 Report.

A separate Section 15 Report must be submitted by or for each contractor using 50 or more vehicles to provide maximum purchased transportation service. These reports must identify each contractual relationship with a public body in a separate Form 002.

Except for those cases described below, data for contractors operating less than 50 vehicles in maximum purchased transportation service should be included in the public body's Section 15 Report. A subset of operating data forms are required for each mode of these purchased transportation services. Also, the statistics used in computing the Section 9 apportionments must be separately reported for these purchased transportation services on Form 006.

There are a few exceptions when a separate report may be submitted by or for a purchased transportation contractor operating less than 50 vehicles in maximum service. One such case occurs when the public body contracting for service does not directly operate any transit services. All exceptions where separate reporting are desired must be reviewed and approved by UMTA on a case-by-case basis prior to separate reporting.

Reporting Nonfinancial Data

With respect to nonfinancial reporting, Section 15 requires nonfinancial data for all services offered by the reporting entity, regardless of whether that service was provided by the entity itself or through purchased services. The following guidelines prescribe how individual data elements on each of the nonfinancial data reporting forms are to be completed.

Form 401 - Transit System Service Period Schedule

This form must reflect the time periods for all services directly operated by the transit property. Information is required on both the time limits of transit service periods and on the total hours involved in the provision of that service.

Form 402 - Revenue Vehicle Maintenance
Performance and Energy Consumption Schedule

Form 402 has several purposes related to certain performance and efficiency characteristics of transit vehicles. Multi-mode reporters should submit a separate Form 402 for each directly operated mode.

Form 403 - Transit Way Mileage Schedule

The purpose of Form 403 is to collect data on all fixed route modes. Reporters should submit a separate Form 403 for directly operated service and service provided under a purchased transportation arrangement.

Form 404 - Transit System Employee Count Schedule

This schedule should reflect the people who work for the transit property. It does not include personnel who work for organizations which provide purchased services to the transit property. Form 404 should reflect the headcount of the people whose costs are included in Object Class 501, Labor.

Form 405 - Transit System Accident Schedule

The purpose of Form 405 is to collect information about the nature and frequency of accidents involving revenue vehicles. This information should be based on the transit system's accident/incident reports, not on claims filed.

Form 406 and Form 407 - Transit System
Service Supplied, Service Consumed
and Service Personnel Schedule

Form 406 is used to report several types of data to the provision of service for non-rail modes. Multi-mode systems should submit a separate Form 406 for each non-rail mode operated. Reporters should also submit a separate Form 406 if reporting a mode that is both directly operated and provided under a purchased service arrangement involving fewer than 50 revenue vehicles to provide annual maximum service.

Form 407 is used to report several types of data relating to the provision of service for rail modes. Multi-mode systems should submit a separate Form 407 for each rail mode operated. Reporters should also submit a separate Form 407 in reporting a mode that is both directly operated and provided under a purchased service arrangement involving fewer than 50 revenue vehicles to provide annual maximum service.

Form 408 - Revenue Vehicle Inventory Schedule

This form is used to report revenue vehicle inventory at the end of the fiscal year and to identify the characteristics of these vehicles. Form 408 schedules should be completed for: (1) all revenue vehicles directly operated by the transit agency, regardless of funding; and (2) vehicles used as a result of purchased transportation service with contracts each operating less than 50 vehicles in maximum service, only if those purchased transportation vehicles were purchased with Federal funds.

5.0 CERTIFICATION REQUIREMENTS

No. 1

Question: Can the city or State audit individual transit systems?

Answer: Yes. Sections 630.22(a) and (d) of the regulation indicate that Section 15 reports may be certified by "...independent public accountants or other responsible independent entities such as a State audit agency...." An independent city or State audit agency would therefore be acceptable.

No. 2

Question: If a State permits only the State audit agency to audit the transit system, what is to be done if the state auditor cannot meet the time constraints required for submission of Section 15 reports?

Answer: There is no waiver of Section 15 reporting requirements where State law requires audits to be performed by State audit agencies. Transit systems subject to such requirements should implement local action to ensure that Section 15 audit requirements are met in a timely manner.

No. 3

Question: A transit system is owned and operated by a city and is, in fact, a department of the city government. The city's books are audited and financial statements attested to by an independent audit agency. Must the transit system's Section 15 report also be audited?

Answer: Yes. An audit of the transit system is still required to certify that the transit system's Section 15 reports are in conformity with the uniform system of accounts and records prescribed under Section 15.

No. 4

Question: The Section 15 instructions do not contain information as to what revenues are subject to maintenance of effort requirements and what expenses are not allowable for Federal operating assistance. Where can such information be found?

Answer: Guidance on what revenue is subject to maintenance of effort and what expenses are allowable for Section 5 operating assistance is provided in UMTA C 9050.1A, "Section 5 Operating Assistance Application Instructions," dated December 21, 1981. Reporting agencies should provide this information to their auditors.

No. 5

Question: Is there an audit guide available for conducting Section 15 related audits?

Answer: No. The basic documentation is contained in the reports referenced at the beginning of this document.

No. 6

Question: Which Section 15 reporting forms must be certified?

Answer: All financial reporting forms must be certified. These include all forms numbered in the 100, 200 and 300 series.

No. 7

Question: Form 321 - Operators' Wages Subsidiary Schedule contains hours as well as cost data. Must the hours information be certified?

Answer: Yes.

No. 8

Question: Does a negative assurance opinion satisfy the Section 15 audit requirement?

Answer: No.

