

DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
OPERATING APPLICATION - GRANT RECIPIENTS TRAINING
FALL 2018

GENERAL

The primary objective of completing the Operating Assistance Application is to determine the amount of operating funding that will be available to the grant recipient in the upcoming fiscal year. The application is used to:

- Compare budgeted expenses for the upcoming year to the actual expenses of the prior year and explain any variances of ten percent or more.
- Classify all actual operating expenses as reimbursable, non-reimbursable, other public transit expenses not DRPT funded, or reconciling expenses to get to the total full accrual expense amount per the Grant Recipient's Comprehensive Annual Financial Report (CAFR) or Audited Annual Financial Statements. The total reimbursable expenses amount is the only category used to determine each grant recipient's state operating funding.
- Identify operating revenues related to transit. This includes non-taxpayer based revenues that can be used as credits on the Net Cost for Performance Measures calculation.
- Calculate Net Cost for Performance Measures related to the Net Cost per Passenger performance metric.

The Operating Application is divided into four different tabs: Budget, Actual, Net Cost for Performance Measures, and Attachments.

The Transit and Finance Divisions will both be working with the grant recipients on the Operating Assistance Applications. The Transit Division will handle the Budget tab and the Finance Division will handle the Actual and Net Cost for Performance Measures tabs. Of course, anyone can add attachments to the Attachments tab.

SUMMARY OF MAJOR CHANGES TO OPERATING APPLICATIONS

- You can view your “Final” application including all changes from the prior year.
- You can retrieve DRPT attachments & reviewer notes from the prior year.
- For reimbursable expenses, you can use your own General Ledger account codes.
- Self-defined General Ledger account codes can be keyed in OLGA now.
- Help boxes (boxes with question marks) have been added to the application.
- The non-reimbursable section must be completed (if applicable).
- A new section called reconciling expenses has been added.
- Total expenses on the application must equal total expenses on the CAFR.
- A new section called other non-taxpayer revenue sources has been added.
- Data entry is no longer required on the net cost for performance measures tab.

ITEMS REQUIRED TO BE SUBMITTED WITH APPLICATIONS

- Audited Financial Statements (CAFR) – when available
- Reconciliation of total General Ledger expenses to total CAFR expenses
- Summary or Detail General Ledger for transit related expenses and revenues
- Detail General Ledger for non-reimbursable expenses
- For contract service revenue & other revenue – notation of the non-taxpayer source of funding (university/individual/company not used as local match)

VIEWING FINAL OPERATING APPLICATION

Grant recipients can now view the final operating application from the previous year that includes all revisions made by DRPT. In addition, all review documents prepared by DRPT outlining the financial statements and documentation needed to review the grant application can be viewed on the Attachments Tab of the final application from the prior year. The attachment file is generally named, “Operating Assistance Reviewer Notes.” **All grant recipients should review the final application from the prior year and the Reviewer’s Notes file and use them as a guide for preparing the current year application.**

ADJUSTING ENTRIES TO GET TO FULL ACCRUAL FINANCIAL STATEMENTS

Adjusting entries are often needed to get from expenses reported on the modified accrual basis of accounting used at the operating level to the expenses reported on the full accrual basis of accounting reported on the grant recipient’s Statement of Activities in the Audited Financial Report or CAFR. These adjusting entries must be analyzed to ensure they are properly included in either the reimbursable expenses, non-reimbursable expenses, or reconciling expenses portion of the Actual Expenses Tab on the operating application. NOTE: The total expenses on the grant application must tie to the Statement of Activities in the Audited Financial Report or CAFR.

Adjusting Entries, continued

For some grant recipients, the adjusting entries are included in the General Ledger as “Period 13”, “Period 14”, “Closing”, or “Final” (the appropriate general ledger should be used to complete the grant application so that the total expenses agree to the Statement of Activities). For some grant recipients adjusting entries are processed at a central accounting office and are not visible on reports received at the operating level (help will be needed from the central accounting office to identify the transit portion of the entries). Likewise, other grant recipients may have the auditors make these adjusting entries (help will be needed from the auditors to identify the transit portion of these entries). For the transit entities that must consult their central office or auditors for these entries, a spreadsheet, memo, email or other written documentation from the auditor or central accounting office detailing the portion of these entries that relate to the transit function is acceptable documentation of these items.

The most common examples of adjusting entries include:

- Capital asset reclassification
- Depreciation
- Pension expense
- OPEB expense
- Compensating absence expenses (leave accruals)

Capital outlays originally recorded as expenses that are reclassified to Capital assets do not show up on the Statement of Activities as expenses and are therefore excluded from the operating application. No state operating funds are received for Capital assets since a capital grant was received from DRPT.

Capital outlays originally recorded as expenses that are not reclassified to Capital assets because they do not meet the grant recipient’s capitalization threshold show up on the Statement of Activities and are reported in one of two ways:

- If they were funded by DRPT grants they are reported as non-reimbursable expensed capital items on the grant application and no state operating funding is received
- If they were not funded by a DRPT grant they are reported as reimbursable expenses.

Pension expense, OPEB expense, and compensated absence expense (leave accruals) show up on the Statement of Activities and are reported as reimbursable expenses. Some transit systems are a component of a larger organization and the overall pension, OPEB or leave accrual is done for the larger organization as a whole. Only the portion of the adjusting entry relating to the transit system is reported as reimbursable expenses. Sometimes this needs to be estimated by the central accounting office or auditor. State operating funds are received for these expenses.

OLGA OPERATING APPLICATION

WHENEVER IN OLGA YOU MUST PRESS SAVE BEFORE MOVING BETWEEN TABS AND PRESS SAVE EVERY 30 MINUTES OR YOU WILL BE TIMED OUT

NEW SERVICE

Check the new service box if this is a new service. After a few seconds the “Actual” tab will change to a “New Service” tab. The instructions for completing the “New Service” tab are in a separate section near the end of this instruction package under the caption “New Service Tab”.

FTA SECTION 5311 FUNDS

Check the FTA 5311 Funds box if applying for rural operating funds. Note that some grant recipients run both 5307 and 5311 programs. These entities will be required to complete two operating grant applications (one with the FTA 5311 funds box checked and one without). These entities using both applications will have the added step of filling in the reconciling items section in the Actual Expenses Tab on both applications. For example, if the total expenses of an entity are \$100,000 on the Audited Financial Statements and \$40,000 are related to 5311 service and \$60,000 are related to 5307 service, the 5311 application must report \$40,000 of reimbursable expenses and \$60,000 of reconciling items (5307 service). Likewise, the 5307 application must report \$60,000 of reimbursable expenses and \$40,000 of reconciling items (5311 services). Therefore, both applications report \$100,000 of total expenses which tie to the Audited Financial Report.

Entities that apply for FTA 5311 funds are actually applying for both Federal operating funds and State operating funds on one application. The Federal operating funds are calculated based on Budgeted figures for the application year. The Federal calculation is done by the system and is (reimbursable expenses minus fares) / 2. The State operating funds are calculated using the Actual tab in the same manner as non 5311 funds.

BUDGET TAB

Reimbursable Expenses

- You may select general ledger accounts using the pre-established list of commonly used account names as you have in the past OR AS A NEW OPTION BEGINNING IN THE FY 2019 APPLICATION, you may create your own general ledger account numbers and names that agree to your Budgeting and General Ledger reporting system. **If you are a 5311 entity, you must first get approval from your grant manager to use your own accounts: accounts used for Budget purposes must tie to accounts in your monthly and year end Actual reports.**

Budget Tab, Reimbursable Expenses, continued

- The Budget and Actual tabs must report using the same account numbers and names for comparison purposes.
- All differences greater than 10% from actual to budget must be explained.
- Actual amounts reported should use the same summary accounts that appear on your general ledger. If the actual amounts reported do not use the same summary accounts that appear in the general ledger, a cross walk from the general ledger to the application must be provided.
- The number of line items submitted must be sufficient to detail the material expenses on your financial statements and be detailed enough to display all differences between actual and budget variances greater than 10%. The line items will be ordered by account number in the application.

Non-reimbursable Expense

- You are no longer required to enter non-reimbursable expenses. You can use this section for material non-reimbursable budget items for reference purposes.

Operating Revenues

Fare Revenue:

- Fares are proceeds from the fare box for 5307 and 5311 service. Fares include revenues received for providing open door service to the public under a contract that is paid based on ridership and is trued up based on ridership and paid using non-tax payer funds. Transit for State supported colleges or universities fits this definition if the contract value is based on a per rider rate and is trued up based on ridership since the funding comes from student paid fees – not tax payer funds.
- Contracts to provide transit for state supported colleges or universities that are not trued up based on ridership would be reported as Contract Revenue.
- Service provided to a municipality on a contract basis is NOT Fare Revenue because it is tax payer funded. Fare Revenue is a credit to Net Operating Cost for Performance.

Contract Service Revenue:

- Contract Service Revenue is service revenue that is not based on ridership, has no true up, and is not tax payer funded.
- Transit for State supported colleges or universities fits this definition if the contract value is set and not trued up based on ridership since the funding comes from student paid fees – not tax payer funds.

Budget Tab, Contract Service Revenue, continued

- Service provided to a municipality on a contract basis is NOT Contract Service Revenue because it is tax payer funded.

Advertising Revenue: Revenue from the sale of advertisements and bus wraps.

CMAQ – Federal Revenue: CMAQ funds collected for operations from the MPO.

CMAQ – State Revenue: State matching funds collected for the CMAQ – Federal.

FTA 5303 Pass-through: Funding given from MPO 5303 planning funds.

FTA 5307: Funding from FTA 5307 used as operating funds.

FTA 5311: This is a calculated field:
$$\frac{\text{(Budgeted reimbursable expenses – Fares)}}{2}$$

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Other Non-taxpayer Revenue Sources

- Other Non-taxpayer Revenue Sources is a new section and is optional.
- Amounts put in this field are not used for the calculation of funding.
- Amounts put in this field are displayed as Other Income for Operating Assistance in the Six Year Program. Only include material items (if any).
- Examples: A large donation from a private citizen for public transit; Rent of excess space that is not taxpayer funded. NOTE: This cannot be local match.
- DO NOT include: Revenues for non-public transit; local match from governmental entities such as cities, states, counties and federal governments; charter service revenues.

ACTUAL TAB

Reimbursable Expenses

- You may select general ledger accounts using the pre-established list of commonly used account names as you have in the past OR AS A NEW OPTION BEGINNING IN THE FY 2019 APPLICATION, you may create your own general ledger account numbers and names that agree to your Budgeting and General Ledger reporting system. **If you are a 5311 entity, you must first get approval from your grant manager to use your own accounts: accounts used for Budget purposes must tie to accounts in your monthly and year end Actual reports.**
- The Budget and Actual tabs must report using the same account numbers and names for comparison purposes.
- All differences greater than 10% from actual to budget must be explained.

Actual Tab, Reimbursable Expenses, continued

- Actual amounts reported should use the same summary accounts that appear on your general ledger. If the actual amounts reported do not use the same summary accounts that appear in the general ledger, a cross walk from the general ledger to the application must be provided.
- The number of line items submitted must be sufficient to detail the material expenses on your financial statements and be detailed enough to display all differences between actual and budget variances greater than 10%. The line items will be ordered by account number in the application.

Non-Reimbursable Expenses

- You are now required to enter non-reimbursable expenses - if you have any.
- You must enter the total expense (Federal + state + local share).
- You will receive a list of reimbursement requests you made to DRPT. The amount is the total expense – not just the State reimbursement. The information you need to return to DRPT is shown below. This information will determine the non-reimbursable expenses needed on your application.

FOR CAPITAL OUTLAYS		NON-CAPITAL			
Amount of Assets (excluded from application)	Amount of Expensed Capital Items (Non Reimbursable)	Amount of Non Reimbursable Expenses	Fiscal Year of Grantee Expenditure	Grantee G/L Code	Grantee G/L Code Description

Only amounts that are included in your operating expenses on your financial statements should be reported as non-reimbursable expenses. Amounts coded as assets on your financial statements are excluded from the application.

Example 1: A payment for a vehicle is recorded in an asset account (not in the expense ledger) on your books. The total amount of the expenditure would be reported in the “Amount of Assets” column above. This expenditure would be excluded from your grant application entirely because it did not get reported as expenses on the Financial Statements.

Example 2: A payment for a vehicle is initially recorded as an expense (capital outlays) on your books. A journal entry is done later to reclassify the capital outlays expense as an asset. The total amount of the expenditure would be reported in the “Amount of Assets” column above. A note in the DRPT notes such as, “Reclassified to assets at year end” would be helpful. This expenditure would be excluded from your grant application entirely because it did not get reported as expenses on the Financial Statements due to the reclassification entry.

Actual Tab, Non-reimbursable Expenses, continued

Example 3: A payment for \$250 for a computer screen funded through a DRPT capital grant coded to computer supplies expense. Because it was less than the \$500 capitalization threshold established by the agency, it was not reclassified to an asset account. The \$250 would be included in the “Amount of Expensed Capital Items” column. The expenditure would be reported as “Amount of Expensed Capital Items” on grant application.

Example 4: Training expenses are recorded in the General Ledger. DRPT reimburses 100% of these training costs. Your agency books the reimbursement for these expenses as a credit to the same general ledger account originally charged rather than record a revenue. The training expenses are now zero because of the offsetting entries. Put \$0 in the “Amount of Non-Reimbursable Expenses” column under the Non-Capital header. Include a note in the DRPT Notes such as, “Reduced expenses rather than recording revenue.” This expenditure would be excluded from your grant application entirely because it did not get reported as expenses on the Financial Statements.

Example 5: Expenditures are made for a Demonstration project and booked to an expense account. Reimbursement for the state share of that project are received and booked as revenue from DRPT’s Demonstration grant program. Report the total gross expense amount (not just the state reimbursement) in the “Amount of Non-Reimbursable Expenses” column under the Non-Capital header. Report the total gross expenditure (not just the state reimbursement) on the grant application as “Demonstration Projects.”

- Expensed Capital Items - Input the value of capital items that were purchased with DRPT capital grants that did not meet the organization’s capitalization threshold and were included in the expenses of the organization rather than capitalized on the balance sheet. For example: \$250 computer screen.
- Depreciation – This is a noncash expense that often is not reported in the operations General Ledger, but is reported on the Financial Statements on a full accrual basis. This amount is needed to tie the application to the Financial Statements.
- Other DRPT Grant Programs include: JARC/CMAQ Operating, New Freedom, TDM, Senior, Demonstration, Internship, TMP. The gross total program costs (not just the state share of the costs) need to be reported in the applicable non-reimbursable section.

Actual Tab, Non-reimbursable Expenses, continued

- RTAP/Small Urban Training – If the expenditure recorded in your General Ledger is netted to \$0 when reimbursement is received from DRPT, there is no reporting on the grant application. If revenue is recorded when funds are received from DRPT, then the gross amount of expenses must be reported.

Other Public Transit Expenses Not DRPT Funded

- Other public transit expenses are expenses that are related to the public transit program but are not reimbursed under DRPT programs or are ineligible expenses for DRPT reimbursement.
- Other public transit expenses can include such items as certain beverages, lobbying costs, the portion of APTA membership that pertains to lobbying, wages or expenses reimbursed through another program such as employer outreach, commuter services, and Title V not specifically listed above, capital reserves, refunds to DRPT, etc.
- The items are not included in any funding calculations such as the Net Cost for Performance Measures.
- Do not include expenses related to Charter Service, School Bus Service or other non-public (closed door) transit items in this section. Those items should be included in the Reconciling Expenses section.

Reconciling Expenses

- The reconciling expenses boxes are used by very few grantees.
- The following are some examples of reconciling expenses: Non-public transit related expenses included in the Financial Statements or CAFR such as School Bus expenses or Charter expenses that are not part of the public transit (open door) nature of the operation.
- Entities that submit two operating grant applications (one for 5311 service and one for non-5311 service) must use the reconciling items box for the expenses not related to that particular application (i.e.: 5311 expenses if completing a non-5311 operating application and vice versa) to tie back to the total expenses on the Financial Statements or CAFR.
- Grantees whose financial information is a non-distinguishable component of a larger department in the CAFR (such as public works which could include street maintenance expenses etc.) need to use the reconciling items box to tie to the total expenses to the CAFR.
- Grantees that run multiple services with expenses mixed together in the CAFR that can only be split through sub-ledgers or other work papers will use the reconciling items boxes for the non-transit components to tie the total expenses to the CAFR.

Actual Tab, Reconciling Expenses, continued

- Reconciling amounts do not affect any funding calculations. They are used only to tie the total application expenses to the total Financial Statements or CAFR expenses.

Operating Revenues

Fares

- Fares are proceeds from the fare box for 5307 and 5311 service. Fares for New Freedom and JARC funds received from DRPT should be reported under Other Non-taxpayer revenue sources.
- Fares include revenues received for providing open door service to the public under a contract that is paid based on ridership and is trued up based on ridership and paid using non-tax payer funds. Transit for State supported colleges or universities fits this definition if the contract value is based on a per rider rate and is trued up based on ridership since the funding comes from student paid fees – not tax payer funds.

Contract Service

- Contract Service Revenue is not based on ridership, has no true up, and is not tax payer funded.
- Transit for State supported colleges or universities fits this definition if the contract value is set and not trued up based on ridership since the funding comes from student paid fees – not tax payer funds.
- Service provided to a municipality on a contract basis is NOT Contract Service Revenue because it is tax payer funded.

Advertising Revenue: Revenue from the sale of advertisements and bus wraps.

CMAQ – Federal Revenue: CMAQ funds collected for operations from the MPO.

CMAQ – State Revenue: State matching funds collected for the CMAQ – Federal.

FTA 5303 Pass-through: Funding given from MPO 5303 planning funds.

FTA 5307: Funding from FTA 5307 used as operating funds.

FTA 5311: Actual FTA 5311 funds received during the year.

Actual Tab, continued

Other Non-taxpayer Revenue Sources

- Amounts put in this field are used as credits in the Net Cost for Performance Measures Tab.
- Examples: A donation from a private citizen for public transit; Rent of excess space that is not taxpayer funded. NOTE: This cannot be local match.
- DO NOT include: Revenues for non-public transit; local match from governmental entities such as cities, states, counties and federal governments; charter service revenues.

NET COST FOR PERFORMANCE MEASURES TAB

No data entry is required. All amounts are linked from the Actual tab. This is the amount used as the numerator in the Net Cost per Passenger calculation. This tab is designed to show the user how the net cost for performance measures is calculated.

ATTACHMENTS TAB

This page is included to allow grant recipients to upload files as attachments that support the request for operating assistance. Multiple files may be saved under each section. Directions for upload are listed on the tab. The “UPLOAD” button must be selected for each item before moving forward. Some examples of attachments are:

- Audited Financial Statements (CAFR)
- Reconciliation of total General Ledger expenses to total CAFR expenses
- Summary or Detail General Ledger for transit related expenses and revenues
- Detail General Ledger for non-reimbursable expenses
- For contract service revenue & other revenue – notation of the non-taxpayer source of funding (university/individual/company not used as local match)
- Central Accounting or Auditor spreadsheets or memos documenting transit portions of year-end journal entries for Capital asset reclassifications, depreciation, pension, OPEB, leave accruals
- Any crosswalk documentation

Submission Certification

Grant recipients must read and understand the certification and certify the application. When the application is completed it can be submitted. Changes can only be made by DRPT staff after the application is submitted.

NEW SERVICES TAB

Project Name

This is where to enter the name for the new service.

Project Description

This is where to enter a detailed description of the new service which includes where the new service will be provided and the expected ridership.

Total Revenue Miles

This is used for fixed route service. Enter miles for the year service began. If service has not yet begun, or if service started in the current year, zero would be reported here.

Proposed Revenue Miles

This is used for fixed route service. This section is intended to determine whether this service qualifies as new service by comparing revenue mileage estimates in the prior section to estimated mileage in the upcoming fiscal year.

Total Revenue Hours

This is for demand response service. Enter hours of service in the year service began. If service has not yet begun, or if service started in the current year, zero would be reported here.

Proposed Revenue Hours

This is for demand response service. This section is intended to determine whether this service qualifies as New Service by comparing revenue hours estimated in the prior section to estimated hours in the upcoming fiscal year.