

FTA C. 9030.1E – Appendix C
OPERATING ASSISTANCE PROJECTS

1. APPENDIX CONTENTS. For applicants eligible to receive Section 5307 operating assistance, the following paragraphs present budget information to determine which operating expenses are eligible for federal funding. The discussion provides information on certain revenue and expense items of particular relevance to operating assistance projects. For further assistance, the applicant should review the cost principles and standards discussed in Office of Management and Budget (OMB) Circular A-87, “Cost Principles for State, Local, and Indian Tribal Governments,” 2 CFR part 225.

The Federal Transit Administration (FTA) reserves the authority to request any applicant to provide documentation in support of expense and other financial information indicated in an operating assistance application on a case-by-case basis. In the event that an audit reveals an overpayment or an inappropriate payment of operating assistance funds, the recipient will be required to reimburse FTA.

2. OPERATING EXPENSE WORKSHEET. FTA provides an operating expense worksheet for applicants to determine the amounts of available Urbanized Area Formula Program funds that the applicant may actually request. The use of this worksheet ensures consistency in the manner FTA calculates operating expenses and provides an audit trail, which may have long-term benefits to the recipient. FTA does not require the applicant to submit this worksheet as part of its application; however, the applicant must maintain records to support charges to a project.

The operating expense worksheet developed in support of the funding request should contain several basic line items, as follows:

- a. Eligible Operating Expenses. Eligible operating expenses are limited to direct labor, material, and overhead expenses incurred on an accrual basis by an operator to provide public transportation service in the UZA, usually during the specified project time period. Expenses for contracted services directly incidental to the management and operation of transportation services and not otherwise reimbursed are also included. Include expenses incurred to provide human services transportation under contract.
- b. Less Eliminations. These lines represent the ineligible expenses, nonpublic transportation expenses, revenue/offset items (contra-expenses), and other exclusions. Ineligible expenses include such items as entertainment, fines and penalties, and charitable donations. Additionally nonpublic transportation expenses such as charter, school bus, sightseeing, and maintenance of nontransit vehicles are ineligible expenses. Contra- expenses are revenue items that directly offset transit expenses and are therefore eliminated from total expenses. Common types of contra-expenses are earned interest, proceeds from the sale of equipment in excess of the depreciated value, cash discounts and refunds, insurance claims, and reimbursements which directly offset accrued liabilities.

- c. Eligible Operating Expenses. Eligible operating expenses form the remainder when various categories of noneligible expenses are subtracted from total expenses. (Line 1 – Line 2 = Line 3)
- d. Farebox Revenues and Revenues Applied to Eligible Expenses Not Includable as Local Share. Recipients must represent all funds used to cover eligible operating expenses in the worksheet. This line represents those revenues used to cover eligible expenses that recipients cannot include in “local share”—in other words, “nonmatchable” revenue. This category includes public transportation farebox revenues. (Line 4)
- e. Net Project Cost. This line represents the difference between lines (3) and (4)—that is, the amount of eligible operating expenses to be covered by the local and FTA shares. (Line 5)
- f. Local Share. Local share (that is, the share of project costs not financed by FTA) includes all local and state funds contributed to meeting net project cost. This includes cash from nongovernment sources other than revenue from providing public transportation services; revenues from the sale of advertising and concessions; and amounts received under a service agreement with a state or local social service agency or private social service agency. Only those funds actually applied to eligible operating expenses incurred on an accrual basis in providing public transportation services during the project period may be considered local match. (Line 6)
- g. Net Expenses Before Applying FTA Funds. This amount represents the difference between “net project cost” and “local share,” and it should represent the amount of eligible operating expenses not otherwise covered by public transportation revenues or local share funds. (Line 7)
- h. Maximum FTA Share. This is the amount determined to be the maximum FTA share, based on the worksheet. FTA share can be up to 50 percent of the net project cost. If local share is less than or equal to 50 percent of net project cost, FTA can match it dollar-for-dollar with FTA operating assistance, subject to the availability of Urbanized Area Formula Program funds, the local programming of projects, and the eligibility of operating expenses. If the local share is greater than 50 percent of net project cost, FTA operating assistance will cover only the amount in line 7, “net expenses before applying FTA funds.” (Line 8)

The worksheet should describe as fully and accurately as possible the actual or projected accrual of public transportation operating expenses, the identification of expenses eligible for FTA assistance, the application of public transportation revenues to cover such expenses, the application of state and local government funds, other sources of local share, and the resulting eligibility for FTA operating assistance.

Where an applicant applies on behalf of two or more individual public transportation operators under one operating assistance project, the worksheet should represent aggregated statements of project time period revenues and expenses.

The applicant should also retain appropriate documentation in support of the worksheet to demonstrate the proper allocation of revenues to nonoperating expenses, the availability of local share funds, and such other reconciliations as may be necessary to clarify estimates or projections of financial conditions during the project time period. FTA does not require certifications of worksheets based on estimates or projections.

In preparing the worksheets, applicants should itemize entries under each revenue and expense category. Applicants may, of course, expand the number of lines provided in the attached format whenever necessary to accommodate additional entries. It is particularly important that the itemization of revenues and expenses be sufficient to permit verification of calculations of eligible operating expenses, net project cost, local share and eligible FTA assistance during any subsequent audit pursuant to 49 U.S.C. 5307 and to OMB Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations."

(C)	Eligible Operating Expenses (Line 1 – Line 2)	\$ <u>75,000</u>	(3)
(D)	Less Farebox Revenues	\$ <u>5,000</u>	(4)
(E)	NET PROJECT COST (Line 3 – Line 4)	\$ <u>70,000</u>	(5)
(F)	Local Share (Itemize)		
	<u>NA – CARES Act Award</u>	\$ _____	
	_____	\$ _____	
	_____	\$ _____	
	_____	\$ _____	
		\$ _____	(6)
(G)	Net Expenses Before Applying FTA Funds (Line 5 – Line 6)	\$ <u>70,000</u>	(7)
(H)	Maximum FTA Share	\$ <u>70,000</u>	(8)
(I)	FTA Funds Requested (This amount must not exceed line 6)	\$ <u>70,000</u>	(9)