U.S. Department of Transportation

Federal Transit Administration

Uniform System of Accounts

Table of Contents

Section **Page**

Summary of Changes i

1.0 Introduction 2
1.1 General Instructions 2
1.2 Accounting Records 3
1.3 Full Cost of the Service 4
1.4 Accrual Accounting 4
1.4.1 Revenue Recognition 5
1.4.2 Matching Principle 6
1.5 Overview of the USOA 6

2.0 Sources of Funds (4000) 9
2.1 Directly Generated Funds (4100) 11
2.1.1 Passenger Fares (4110) 11
2.1.1.1 Passenger-Paid Fares (4111) 12
2.1.1.2 Organization-Paid Fares (4112) 13
2.1.2 Park-and-Ride Parking Revenue (4120) 14
2.1.3 Non-Public Transportation Revenues (4130) 14
2.1.4 Auxiliary Transportation Funds (4140) 14
2.1.4.1 Advertising Revenues (4141) 15
2.1.4.2 Concessions (4142) 15
2.1.4.3 Other Auxiliary Transportation Revenues (4149) 15
2.1.5 Other Agency Revenues (4150) 15
2.1.6 Revenues Accrued through a Purchased Transportation Agreement (4160) 16
2.1.7 Subsidy from Other Sectors of Operations (4170) 16
2.1.8 Extraordinary and Special Items (4180) 17
2.1.9 Total Recoveries (4190) 17
2.2 Directly Generated Dedicated Funds (4200) 17
2.2.1 Income Taxes (4210) 18
2.2.2 Sales Taxes (4220) 18
2.2.3 Property Taxes (4230) 18
2.2.4 Fuel Taxes (4240) 18
2.2.5 Other Taxes (4250) 18
2.2.6 Bridge, Tunnel, and Highway Tolls (4260) 18
2.2.7 High Occupancy Tolls (4270) 18
2.2.8 Other Dedicated Funds (4290) 18
2.3 Local Government Funds (4300) 18
2.3.1 General Revenues of the Local Government (4310) 19
2.3.2 Local Funds Dedicated to Transit at Their Source 19
2.3.2.1 Income Taxes (4321) 19
2.3.2.2 Sales Taxes (4322) 19
2.3.2.3 Property Taxes (4323) 19
2.3.2.4 Fuel Taxes (4324) 19

2.3.2.5 Other Taxes (4325) ... 19
2.3.2.6 Bridge, Tunnel, and Highway Tolls (4326) ... 19
2.3.2.7 High Occupancy Tolls (4327) ... 19
2.3.2.8 Other Dedicated Funds (4329) ... 20
2.3.3 Extraordinary and Special Items (4330) ... 20
2.3.4 Other Local Funds (4390) ... 20
2.4 State Government Funds (4400) ... 20
2.4.1 General Revenues of the State Government (4410) ... 20
2.4.2 State Transportation Fund (4420) ... 20
2.4.3 Extraordinary and Special Items (4430) ... 20
2.5 Federal Funds (4500) ... 21
2.6 Non-Added Revenues (4600) ... 22
2.6.1 Contributed Services (4610) ... 22
2.6.2 Voluntary Non-Exchange Transactions (4620) ... 22
2.6.3 Sales and Disposals of Assets (4630) ... 23
2.6.4 Transportation Development Credits (4640) ... 23

3.0 Capital Expenses (6000) ... 25
3.1 Guideway (6100) ... 30
3.2 Passenger Stations (6200) ... 30
3.3 Administrative Buildings (6300) ... 30
3.4 Maintenance Buildings (6400) ... 30
3.5 Revenue Vehicles (6500) ... 31
3.6 Service Vehicles (6600) ... 31
3.7 Fare Collection Equipment (6700) ... 31
3.8 Communication / Information Systems (6800) ... 32
3.9 Other Capital Expenses (6900) ... 32

4.0 Operating Expenses (5000): Object Classes ... 34
4.1 Labor (5010) ... 36
4.1.1 Operators' Salaries and Wages (5011) ... 36
4.1.2 Operators' Paid Absences (5012) ... 37
4.1.3 Other Salaries and Wages (5013) ... 38
4.1.4 Other Paid Absences (5014) ... 38
4.1.5 Fringe Benefits (5015) ... 38
4.2 Services (5020) ... 39
4.3 Materials and Supplies (5030) ... 40
4.3.1 Fuel and Lubricants (5031) ... 40
4.3.2 Tires and Tubes (3032) ... 41
4.3.3 Other Materials and Supplies (5039) ... 41
4.4 Utilities (5040) ... 42
4.5 Casualty and Liability Costs (5050) ... 42
4.6 Taxes (5060) ... 43
4.7 Purchased Transportation Expenses (5100) ... 44
4.7.1 Purchased Transportation in Report (5101) ... 44
4.7.2 Purchased Transportation Filing Separate Report (5102) ... 44
4.8 Miscellaneous Expenses (5090) ... 45
4.9 ADA Expenses (5910) ... 46

4.10 Reconciling Items (5200) ... 46
4.10.1 Interest Expenses (5210) ... 46
4.10.2 Operating Lease Expenses (5220) ... 47
4.10.3 Capital Leases (5230) ... 47
4.10.4 Related Parties Lease Agreements (5240) ... 48
4.10.5 Voluntary Non-Exchange Transactions (5250) ... 48
4.10.6 Depreciation (5260) ... 48
4.10.7 Amortization of Intangibles (5270) ... 49
4.10.8 Extraordinary and Special Items (5280) ... 49
4.10.9 Other Reconciling Items (5290) ... 49
4.10.10 ADA Related Reconciling Items (5920) ... 49

5.0 Operating Expenses: Functions ... 52
5.1 Vehicle Operations ... 52
5.1.1 Vehicle Operations Operators' Salaries and Wages ... 52
5.1.2 Vehicle Operations Operators' Paid Absences ... 52
5.1.3 Vehicle Operations Other Salaries and Wages ... 53
5.1.4 Vehicle Operations Other Paid Absences ... 53
5.1.5 Vehicle Operations Fringe Benefits ... 53
5.1.6 Vehicle Operations Sub-Functions ... 53
5.1.6.1 Revenue Vehicle Operation ... 54
5.1.6.1.1 Revenue Vehicle Operation Fuel and Lubricants ... 54
5.1.6.1.2 Revenue Vehicle Operation Tires and Tubes ... 54
5.1.6.1.3 Revenue Vehicle Operation Utilities ... 54
5.1.6.1.4 Revenue Vehicle Operation Taxes ... 54
5.1.6.2 Scheduling ... 55
5.1.6.2.1 Scheduling Services ... 56
5.1.6.3 Dispatching and Supervising ... 56
5.1.6.3.1 Dispatching and Supervising Services ... 56
5.1.6.3.2 Dispatching and Supervising Other Materials and Supplies ... 56
5.1.6.4 Ticketing and Fare Collection ... 56
5.1.6.4.1 Ticketing and Fare Collection Services ... 57
5.1.6.4.2 Ticketing and Fare Collection Other Materials and Supplies ... 57
5.1.6.5 Security ... 57
5.1.6.5.1 Security Services ... 57
5.1.6.5.2 Security Other Materials and Supplies ... 57
5.1.6.6 Transportation Administration ... 57
5.1.6.6.1 Transportation Administration Services ... 58
5.1.6.6.2 Transportation Administration Other Materials and Supplies ... 58
5.2 Vehicle Maintenance ... 58
5.2.1 Vehicle Maintenance Operators' Salaries and Wages ... 58
5.2.2 Vehicle Maintenance Operators' Paid Absences ... 58
5.2.3 Vehicle Maintenance Other Salaries and Wages ... 58
5.2.4 Vehicle Maintenance Other Paid Absences ... 59

5.2.5 Vehicle Maintenance Fringe Benefits 59
5.2.6 Vehicle Maintenance Sub-Functions 59
5.2.6.1 Servicing and Fueling Vehicles..... 59
5.2.6.1.1 Servicing and Fueling Vehicles Services 59
5.2.6.1.2 Servicing and Fueling Vehicles Fuel and Lubricants..... 59
5.2.6.1.3 Servicing and Fueling Vehicles Tires and Tubes 59
5.2.6.1.4 Servicing and Fueling Vehicles Other Materials and Supplies 60
5.2.6.1.5 Servicing and Fueling Vehicles Taxes 60
5.2.6.2 Inspection, Maintenance, and Repair of Vehicles 60
5.2.6.2.1 Inspection, Maintenance, and Repair of Vehicles Services 60
5.2.6.2.2 Inspection, Maintenance, and Repair of Vehicles Other Materials and Supplies..... 61
5.2.6.3 Administration of Vehicle Maintenance..... 61
5.2.6.3.1 Administration of Vehicle Maintenance Services 61
5.3 Facility Maintenance..... 61
5.3.1 Facility Maintenance Operators' Salaries and Wages) 62
5.3.2 Facility Maintenance Operators' Paid Absences 62
5.3.3 Facility Maintenance Other Salaries and Wages 62
5.3.4 Facility Maintenance Other Paid Absences 62
5.3.5 Facility Maintenance Fringe Benefits..... 62
5.3.6 Facility Maintenance Sub-Functions..... 62
5.3.6.1 Maintenance of Vehicle Operations Equipment..... 63
5.3.6.1.1 Maintenance of Vehicle Operations Equipment Services 63
5.3.6.1.2 Maintenance of Vehicle Operations Equipment Other Materials and Supplies..... 63
5.3.6.2 Maintenance of Roadway and Track 63
5.3.6.2.1 Maintenance of Roadway and Track Services 63
5.3.6.2.2 Maintenance of Roadway and Track Other Materials and Supplies 63
5.3.6.3 Maintenance of Tunnels, Bridges, and Subways 63
5.3.6.3.1 Maintenance of Tunnels, Bridges, and Subways Services 63
5.3.6.3.2 Maintenance of Tunnels, Bridges, and Subways Other Materials and Supplies..... 63
5.3.6.4 Maintenance of Passenger Stations and Stops 64
5.3.6.4.1 Maintenance of Passenger Stations and Stops Services 64
5.3.6.4.2 Maintenance of Passenger Stations and Stops Other Materials and Supplies..... 64
5.3.6.5 Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment..... 64
5.3.6.5.1 Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment Services 64

5.3.6.5.2 Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment Other Materials and Supplies 65
5.3.6.6 Maintenance of Administrative Buildings, Grounds, and Equipment 65
5.3.6.6.1 Maintenance of Administrative Buildings, Grounds, and Equipment Services 65
5.3.6.6.2 Maintenance of Administrative Buildings, Grounds, and Equipment Other Materials and Supplies 65
5.3.6.7 Operation and Maintenance of Electric Power Facilities 65
5.3.6.7.1 Operation and Maintenance of Electric Power Facilities Services 65
5.3.6.7.2 Operation and Maintenance of Electric Power Facilities Other Materials and Supplies 66
5.3.6.8 Administration of Facility Maintenance 66
5.3.6.8.1 Administration of Facility Maintenance Services 66
5.3.6.8.2 Administration of Facility Maintenance Taxes 66
5.4 General Administration 66
5.4.1 General Administration Operators' Salaries and Wages 66
5.4.2 General Administration Operators' Paid Absences 66
5.4.3 General Administration Other Salaries and Wages 66
5.4.4 General Administration Other Paid Absences 67
5.4.5 General Administration Fringe Benefits 67
5.4.6 General Administration Other Materials and Supplies 67
5.4.7 General Administration Sub-Functions 67
5.4.7.1 Finance and Accounting 68
5.4.7.1.1 Finance and Accounting Services 69
5.4.7.2 Purchasing and Stores 69
5.4.7.2.1 Purchasing and Stores Services 69
5.4.7.3 Real Estate Management 69
5.4.7.3.1 Real Estate Management Services 70
5.4.7.4 Customer Relations 70
5.4.7.4.1 Customer Relations Services 70
5.4.7.4.2 Customer Relations Other Materials and Supplies 70
5.4.7.5 Promotion 70
5.4.7.5.1 Promotion Services 71
5.4.7.5.2 Promotion Other Materials and Supplies 71
5.4.7.6 Market Research 71
5.4.7.6.1 Market Research Services 71
5.4.7.7 Planning and General Engineering 71
5.4.7.7.1 Planning and General Engineering Services 71
5.4.7.8 Preliminary Capital Project Planning 71
5.4.7.8.1 Preliminary Capital Project Planning Other Materials and Supplies 72
5.4.7.9 Risk Management 72
5.4.7.9.1 Risk Management Services 72

5.4.7.9.2 Risk Management Casualty and Liability 73
5.4.7.10 Safety 73
5.4.7.10.1 Safety Services 74
5.4.7.10.2 Safety Other Materials and Supplies 74
5.4.7.11 Human Resources 74
5.4.7.11.1 Human Resources Services 74
5.4.7.12 Legal 75
5.4.7.12.1 Legal Services 75
5.4.7.13 Information Technology 75
5.4.7.13.1 Information Technology Services 75
5.4.7.13.2 Information Technology Other Materials and Supplies 75
5.4.7.14 Office Management 75
5.4.7.14.1 Office Management Services 76
5.4.7.14.2 Office Management and Services Other Materials and Supplies 76
5.4.7.15 General Management 76
5.4.7.15.1 General Management Services 76
5.4.7.16 General 76
5.4.7.16.1 General Services 76
5.4.7.16.2 General Other Materials and Supplies 76
5.4.7.16.3 General Utilities 77
5.4.7.16.4 General Taxes 77
5.4.7.16.5 General Miscellaneous 77

6.0 Operating Expenses: Contractual Relationships 79
6.1 Purchased Transportation Fare Revenue (5111) 79
6.2 Capital Leasing Expenses (5120) 79
6.3 Direct Payment (5112) 79
6.4 Contract Cost (5110) 79
6.5 Other Costs Incurred by the Buyer (5130) 80
6.5.1 Other Operating Expenses Incurred by the Buyer (5131) 80
6.5.2 Other Reconciling Item Expenses Incurred by the Buyer (5132) 80
6.6 Vanpool 80
6.6.1 Passenger Fees (5113) 81
6.6.2 Passenger Out-of-Pocket Expenses (5114) 81
6.6.3 Agency Subsidy (5115) 81
6.6.4 Capital Leasing Expenses (5120) 81
6.6.5 Other Costs Incurred by the Buyer (5130) 81
6.6.5.1 Other Operating Expenses Incurred by the Buyer (5131) 82
6.6.5.2 Other Reconciling Item Expenses Incurred by the Buyer (5132) 82

7.0 Financial Statement 84
7.1 Assets (1000) 84
7.1.1 Current Assets (1100) 84
7.1.1.1 Cash and Cash Equivalents (1110) 84
7.1.1.1.1 Cash 84

7.1.1.1.2 Working (Imprest) Funds 85
7.1.1.1.3 Special Deposits 85
7.1.1.2 Accounts Receivable (1120) 85
7.1.1.2.1 Receivables for Capital Grants 85
7.1.1.2.2 Receivables for Operating Assistance 85
7.1.1.2.3 Trade Receivables 85
7.1.1.2.4 Notes Receivable 85
7.1.1.2.5 Interest and Dividends Receivable 85
7.1.1.2.6 Receivable Subscriptions to Capital Stock 86
7.1.1.2.7 Allowance for Doubtful Accounts 86
7.1.1.3 Inventory (1130) 86
7.1.1.4 Prepaid Expenses (1140) 87
7.1.1.5 Current investments and Current Portions of Long-term Investments (1150) 87
7.1.1.6 Other Current Assets (1190) 87
7.1.2 Noncurrent Assets (1200) 87
7.1.2.1 Capital Assets (1210) 88
7.1.2.1.1 Depreciation 88
7.1.2.1.2 Capital Asset Impairment 88
7.1.2.2 Intangible Assets (1220) 89
7.1.2.2.1 Intangible Asset Cost 89
7.1.2.2.2 Amortization 89
7.1.2.2.3 Intangible Asset Impairment 89
7.1.2.2.4 Software 89
7.1.2.2.5 Goodwill 90
7.1.2.2.6 Franchises 90
7.1.2.2.7 Other Intangible Assets 90
7.1.2.3 Capital Lease Receivable (1230) 90
7.1.2.4 Special Funds (1240) 91
7.1.2.4.1 Capital Asset Funds 91
7.1.2.4.2 Insurance Reserve Funds 91
7.1.2.4.3 Sinking Funds 91
7.1.2.4.4 Other Special Funds 91
7.1.2.5 Work in Progress (1250) 91
7.1.2.6 Investments (1260) 92
7.1.2.7 Other Noncurrent Assets (1290) 92
7.2 Deferred Outflows of Resources (3100) 92
7.3 Liabilities (2000) 92
7.3.1 Current Liabilities (2100) 92
7.3.1.1 Current Accounts Payable (2110) 92
7.3.1.1.1 Notes Payable 93
7.3.1.1.2 Matured Equipment and Long-Term Obligations 93
7.3.1.1.3 Current Portion of Unmatured Equipment and Long-Term Obligations 93
7.3.1.1.4 Matured Interest Payable 93

7.3.1.2 Short-Term Debt and Current Portions of Long-Term Debt (2120) ... 93
7.3.1.3 Accrued Liabilities (2130) ... 93
7.3.1.3.1 Accrued Interest ... 93
7.3.1.3.2 Accrued Wages ... 94
7.3.1.3.3 Accrued Taxes ... 94
7.3.1.3.4 Accrued Pension Liabilities ... 94
7.3.1.4 Other Current Liabilities (2190) ... 94
7.3.1.4.1 Unredeemed Fares ... 94
7.3.1.4.2 CODs Unremitted ... 94
7.3.1.4.3 Dividends Declared and Payable ... 94
7.3.1.4.4 Short-Term Construction Liabilities ... 94
7.3.2 Noncurrent Liabilities (2200) ... 94
7.3.2.1 Long-Term Debt (2210) ... 95
7.3.2.1.1 Equipment Obligations ... 95
7.3.2.1.2 Bonds ... 95
7.3.2.1.3 Receivers' and Trustees' Securities ... 95
7.3.2.1.4 Long-Term Construction Liabilities ... 95
7.3.2.1.5 Unamortized Debt Discount and Expense ... 96
7.3.2.1.6 Unamortized Premium on Debt ... 96
7.3.2.1.7 Reacquired and Nominally Issued Long- Term Obligations ... 96
7.3.2.2 Noncurrent Accounts Payable (2220) ... 96
7.3.2.3 Capital Lease Obligations (2230) ... 96
7.3.2.4 Long-Term Pension Liabilities (2240) ... 97
7.3.2.5 Estimated Liabilities (2250) ... 97
7.3.2.6 Other Noncurrent Liabilities (2290) ... 97
7.4 Deferred Inflows of Resources (3200) ... 97
7.5 Net position (3000) ... 97

Appendix A. Cost Allocation Handbook ... A-1
Introduction ... A-1
A.1 Cost Allocation 101 ... A-2
A.1.1 Why Cost Allocation? ... A-2
A.1.2 Direct vs. Shared Costs ... A-3
A.1.3 Example: Tracing vs Allocating Shared Costs ... A-4
A.1.4 Example: Differentiating Between Direct and Shared Costs ... A-5
A.1.5 Example: Tracing Shared Costs ... A-6
A.2 Guidance for Allocating Shared Expenses by Mode ... A-9
A.2.1 How to Allocate Shared Costs ... A-14
A.2.1.1 **Example: Allocating Shared Costs of Transit Agency D** ... A-15
A.2.1.2 **Alternative: Single Cost Allocation Variable Approach** ... A-20
A.3 Guidance for Reporting Expenses by Function ... A-22
A.4 Evaluating and Updating the Cost Allocation Model ... A-26
A.5 Appendix: Common Expenses Allocation Guidance ... A-1

Appendix B. Federal Funds ... B-1

Appendix C. Government Accounting Standards Board (GASB) Guidance C-1

Appendix D. Glossary D-1

Appendix E. SCC TRAMS Crosswalks E-1

List of Figures

Figure **Page**

Figure 1. Reporting Capital Expenses 29
Figure 2. Functions and Sub-functions 52
Figure 3. Transit Agency A's Organization Chart A-5
Figure 4. Transit Agency B's Procurement Department Organization Chart A-6
Figure 5. Transit Agency C's Procurement Department Organization Chart A-7
Figure 6. Transit Agency E's Costs and Rider Breakdown A-21

List of Tables

Table **Page**

Table 1. USOA Changes and Clarifications i
Table 2. Example of Bond Reporting 9
Table 3. Summary of Sources of Funds 10
Table 4. Common Example of Operating Expenses Reported by Function 35
Table 5. Example of Reporting Contractor's Cost Across Functions 45
Table 6. Tracing Shared Costs Example A-4
Table 7. Allocating Shared Costs Example A-5
Table 8. Tracing Shared Costs Procurement Example A-7
Table 9. Allocation Variables A-10
Table 10. Cost Pool Example A-14
Table 11. Cost Pool and Variables A-15
Table 12. Transit Agency D's Expenses Aligned to Allocation Variables A-16
Table 13. Transit Agency D's Expenses Aligned to Allocation Variables ($) A-17
Table 14. Transit Agency D's Allocation Variables Breakdown A-17
Table 15. Transit Agency D's Allocation Variables % of Total A-18
Table 16. Transit Agency D's Light Rail Expense Allocation A-18
Table 17. Transit Agency D's Motor Bus Expense Allocation A-19
Table 18. Transit Agency D's Demand Response Expense Allocation A-19
Table 19. Allocation Guidance by Function A-22
Table 20. Operating Expense Reporting Guidance by Function A-24
Table 21. Operating Expense Reporting Guidance by Mode and Function A-1
Table 22. TRAMS ALI E-1
Table 23. New Starts SCC E-4

Summary of Changes

In efforts to improve upon the Uniform Systems of Accounts (USOA), better align the reporting guidance with the NTD Internet Reporting system, and be responsive to the accounting guidance and changes thereof, FTA has refined and clarified the NTD reporting guidance provided to agencies in this document. Changes from the 1995 version of the USOA are highlighted in the following table.

Table 1. USOA Changes and Clarifications

Section	Change Type	Description
Sources of Funds	Add	Extraordinary and Special Items has been added.
	Add	Total Recoveries has been added.
	Add	Non-Added Revenues has been added.
	Add	Voluntary Non-Exchange Transactions has been added.
	Add	Sales and Disposals of Assets has been added.
	Add	Transportation Development Credits has been added.
	Divide	401.06 Park and Ride Parking Revenue has been removed from 401 Passenger Fares and made its own object class.
	Merge	403 School Bus Service Revenues, 404 Freight Tariffs, and 405 Charter Service Revenues have been combined to form Non-Public Transportation Revenues.
	Redefine	408 Taxes Levied Directly by the Transit Agency – Taxes Dedicated to Transit at their Source has been renamed Directly Generated Dedicated Funds and expanded to include revenues that are not taxes.
	Redefine	Contributed Services has been redefined to include only services where no payment takes place. When there is payment for the service, but the transit agency does not pay directly, the revenue used to pay for the service is recorded according to the source of funds used by the entity that paid, and the expense is recorded as Services.
	Rename	407 Non-Transportation Revenues has been renamed Other Agency Revenues.
	Reorganize	401 Passenger Fares for Directly Operated Transit Service, 402 Special Transit Fares, 415 Fare Revenue Returned by Seller (Contractor), and 416 Fare Revenue Retained by Seller (Contractor) have been condensed and reorganized into Passenger-Paid Fares and Organization-Paid Fares.
	Reorganize	406 Auxiliary Transportation Revenues have been reorganized: 406.01 Station Concessions and 406.02 Vehicle Concessions have been combined and renamed Concessions, and 406.04 Automotive Vehicle Ferriage has been moved to Non-Public Transportation Revenues.
	Reorganize	409 Local Cash Grants and Reimbursements and 410 Local Special Fare Assistance have been combined into Local Funds, and the subcategories have been overhauled.
	Reorganize	411 State Cash Grants and Reimbursements and 412 State Special Fare Assistance have been combined into State Funds, and the subcategories have been condensed and overhauled.
	Reorganize	413 Federal Cash Grants and Reimbursements has been renamed Federal Funds and the subcategories have been reorganized.
Capital Expenses	Clarify	Reporting object classes for capital costs have been added and defined.

Section	Change Type	Description
	Clarify	Discussions of capitalization level, capital assistance spent on operations, reporting capital expenses, tangible and intangible assets, and improvement for existing service vs. expansion of service have been added.
Operating Expenses: Object Classes	Add	ADA Expenses have been added.
	Add	Voluntary Non-Exchange Transactions has been added.
	Add	Extraordinary and Special Items has been added.
	Add	ADA Related Reconciling Items has been added.
	Divide	Operators' Paid Absences and Other Paid Absences have been separated from Fringe Benefits.
	Divide	Capital Leasing Costs have been removed from Purchased Transportation Expenses.
	Divide	513.13 Amortization of Intangibles has been separated from 513 Depreciation.
	Eliminate	510 Expense Transfers have been eliminated.
	Redefine	Advertising fees have been moved from 509 Miscellaneous Expenses to Services.
	Rename	514 Purchase Lease Payments has been renamed Capital Lease.
Operating Expenses: Functions	Merge	041 Vehicle Maintenance Casualty and Liability and 042 Non-Vehicle Maintenance Casualty and Liability have been consolidated into 160 General Administration Casualty and Liability.
	Merge	010 Vehicle Operations, 011 Transportation Administration and Support, 151 Ticketing and Fare Collection, 161 System Security, 030 Revenue Vehicle Operation, 012 Revenue Vehicle Movement Control, and 021 Scheduling of Transportation Operations have been consolidated into Vehicle Operations.
	Merge	041 Maintenance Administration - Vehicles, 051 Servicing Revenue Vehicles, 061 Inspection and Maintenance of Revenue Vehicles, 062 Accident Repairs of Revenue Vehicles, 071 Vandalism Repairs of Revenue Vehicles, 081 Servicing and Fuel of Service Vehicles, and 091 Inspection and Maintenance of Service Vehicles have been consolidated into Vehicle Maintenance.
	Merge	042 Maintenance Administration - Facilities, 101 Maintenance of Vehicle Movement Control Systems, 111 Maintenance of Fare Collection and Counting Systems, 121 Maintenance of Roadway and Track, 122 Maintenance of Structures, Tunnels, Bridges, and Subways, 123 Maintenance of Passenger Stations, 124 Maintenance of Operating Station Buildings, Grounds, and Equipment, 125 Maintenance of Garages and Shop Buildings, Grounds, and Equipment, 126 Maintenance of Communications Systems, 127 Maintenance of General Administration Buildings, Grounds, and Equipment, 128 Accident Repairs of Buildings, Grounds, and Equipment, 131 Vandalism Repairs of Buildings, Grounds, and Equipment, and 141 Operation and Maintenance of Electric Power Facilities have been consolidated into Facility Maintenance.
	Merge	160 General Administration, 165 Injuries and Damages, 166 Safety, 167 Personnel Administration, 168 General Legal Services, 169 General Insurance, 170 Data Processing, 171 Finance and Accounting, 172 Purchasing and Stores, 173 General Engineering, 174 Real Estate Management, 175 Office Management and Services, 176 General Management, 145 Preliminary Transit Agency Development, 181 General Function, 162 Customer Services, 163 Promotion, 164 Market Research, and 177 Planning have been consolidated into General Administration.
	Merge	The functions under Facility Maintenance have been consolidated into

Section	Change Type	Description
		eight sub-functions: Maintenance of Vehicle Operations Equipment, Maintenance of Roadway and Track, Maintenance of Tunnels, Bridges, and Subways, Maintenance of Passenger Stations and Stops, Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment, Maintenance of Administrative Buildings, Grounds, and Equipment, Operation and Maintenance of Electric Power Facilities, and Administration of Facility Maintenance.
	Merge	165 Injuries and Damages and 169 General Insurance have been combined and renamed Risk Management.
	Merge	173 General Engineering and 177 Planning have been combined and renamed Planning and General Engineering.
	Merge	The functions under Vehicle Maintenance have been consolidated into three sub-functions: Servicing and Fueling Vehicles, Inspection, Maintenance, and Repair of Vehicles, and Administration of Vehicle Maintenance.
	Redefine	Vehicle Licensing and Registration Fees for service vehicles have been moved from 181 General Function to Servicing and Fueling Vehicles.
	Rename	021 Scheduling of Transportation Operations has been renamed Scheduling.
	Rename	012 Revenue Vehicle Movement Control has been renamed Dispatching and Supervising.
	Rename	161 System Security has been renamed Security.
	Rename	011 Transportation Administration and Support has been renamed Transportation Administration.
	Redefine	Taxes on electric power used to propel revenue vehicles have been added to 030 Revenue Vehicle Operation.
	Rename	167 Personnel Administration has been renamed Human Resources.
	Rename	168 General Legal Services has been renamed Legal.
	Rename	170 Data Processing has been renamed Information Technology.
	Rename	175 Office Management and Services has been renamed Office Management.
	Rename	145 Preliminary Transit Agency Development has been renamed Preliminary Capital Project Planning.
Operating Expenses: Contractual Relationships	Add	This section is completely new to USOA.
Assets and Liabilities	Add	Net Position has been added.
	Add	Capital Leases have been added.
	Divide	231.01 Long-Term Pension Liabilities has been separated from 231 Estimated Liabilities.
	Add	Deferred Outflows of Resources and Deferred Inflows of Resources have been added.
	Divide	131 Investments has been separated into Current Investments and Noncurrent Investments.
	Merge	201 Trade Payables and 211 Advances Payable have been combined and renamed Accounts Payable.
	Merge	202 Accrued Payroll Liabilities and 203 Accrued Tax Liabilities have been combined and renamed Accrued Liabilities.
	Merge	111 Tangible Transit Operating Property and 112 Tangible Property Other Than for Transit Operations have been combined and renamed Capital Assets.
	Reorganize	Assets have been grouped into Current and Noncurrent Assets.
	Rename	101 Cash and Cash Items have been renamed Cash and Cash

Section	Change Type	Description
		Equivalents.
	Rename	102 Receivables has been renamed Accounts Receivable.
	Rename	103 Materials and Supplies Inventory has been renamed Inventory.
	Rename	151.01 Prepayments has been renamed Prepaid Expenses.
	Rename	204 Short-Term Debt has been renamed Short-Term Debt and Current Portions of Long-Term Debt.
Cost Allocation Handbook	Add	This section is completely new to USOA.
Federal Funds	Add	This section is completely new to USOA.
Government Accounting Standards Boards (GASB) Guidance	Add	This section is completely new to USOA.
SCC TRAMS Crosswalks	Add	This section is completely new to USOA.

The new USOA uses a four-digit numbering scheme for all object classes. The new USOA numbering scheme is consistent with the general logic of sequencing followed in the previous version of the USOA. The NTD asks that an independent auditor review a reporter's chart of accounts to determine that they either 1) match the USOA chart of accounts or 2) can map to the USOA accounts. This is a self-certification process. The transit agencies are not required to restructure their chart of accounts / core accounting systems. Any proposed changes to the numbering conventions would still allow transit agencies to map their current chart of accounts to the USOA object classes. This mapping is considered sufficient for self-certification.

Section 1 - Introduction

1.0 Introduction

In accordance with United States Code (USC), Title 49, Section 5335, the Secretary of Transportation maintains a reporting system, called the National Transit Database (NTD). The NTD uses uniform categories to collect public transportation financial and operating information and defines these in the Uniform System of Accounts (USOA). The data collected through the NTD helps support public transportation planning decisions at the federal, state and local levels. The USOA helps to ensure that the NTD contains appropriate information to help any level of government make public sector investment decisions.

The USOA is the basic reference document for the NTD. It contains the accounting structure required by Federal Transit laws (previously Section 15 of the Federal Transit Act). This document was prepared for transit agency reporters, transit agencies and/or reporters into the NTD. This section covers the general instructions and high-level accounting practices that NTD reporting agencies should follow.

Federal Transit Administration (FTA) published its most recent changes to the accounting requirements and reporting system in a Final Rule on January 12, 2012. This revised USOA reflects all associated changes to the system of accounts. This version of the USOA replaces all prior publications.

NTD also refers reporting agencies to the Reporting Manual (http://www.ntdprogram.gov/ntdprogram/) and other FTA publications, including annual summaries and reports of data and national trends published by the FTA. In addition, the Data Users Guide (http://www.ntdprogram.gov/ntdprogram/announcements.htm) to the FTA National Transit Database provides a reference guide for using the database. The Data Users Guide also documents changes to the structure and definitions of the system of accounts and records since the first annual data base was produced. NTD encourages reporters to reach out to their assigned NTD Data Analyst for questions related to this document or other NTD reporting concerns.

1.1 General Instructions

The transit industry comprises many individual mass transit agencies of varying sizes, organizational structures, and modes of operation. In order to achieve the desired consistency, all transit agencies must adhere to the same accounting and reporting requirements. NTD segregates sources of funds and expenses, commonly referred to throughout this document as object classes, by mode and type of service. Transit operations in the United States include a variety of transit modes. Some multi-mode transit agencies provide two or more modes of transit service. NTD categorizes public transit service into the following modes:

- Alaska Railroad (AR)
- Cable car (CC)
- Commuter rail (CR)
- Heavy rail (HR)
- Bus (MB)
- Bus Rapid Transit (RB)
- Demand response (DR)
- Demand response-taxi (DT)

- Hybrid Rail (YR)
- Inclined plane (IP)
- Light rail (LR)
- Monorail/Automated Guide way (MG)
- Street Car Rail (SR)
- Aerial tramway (TR)
- Commuter Bus (CB)
- Ferryboat (FB)
- Jitney (JT)
- Público (PB)
- Trolleybus (TB)
- Vanpool (VP)
- Other (OR)

NTD further divides sources of funds and expenses into two types of service: Directly Operated (DO) and Purchased Transportation (PT). In directly operated (DO) service, the reporting agency (usually the public transit agency) uses its own employees to operate the transit vehicles and provide the transit service. In purchased transportation (PT) service, the reporting agency (usually the public transit agency) contracts with a public or private provider to operate the transit vehicles, employ the operators, and provide the transit service.

This document provides hyperlinks throughout in order to cross-reference other topics, provide further detail, or direct the reader to examples or other reference materials that might be useful.

1.2 Accounting Records

The main purpose of the USOA is to ensure that data definitions are uniform for all transit agencies. Each transit agency must maintain the accounts and records necessary to meet its own internal information requirements as well as those specified in the USOA. In some cases, the USOA will not require all information that may be needed for an agency's internal management purposes. Accordingly, a transit agency is not required to maintain its internal accounting records solely as described in the USOA. Instead, each transit agency should customize its internal system of accounts to meet its own management requirements and also ensure that it is able to translate accounts to the prescribed USOA.

FTA recommends that reporting agencies maintain records in a manner that supports ready analysis by the prescribed accounts and permits preparation of financial and operating data directly from such records at the end of the fiscal year. Any summary and/or translation to the prescribed accounts must be consistent with the following:

- The reporting agency has developed reported data using Accrual Accounting.
- The reporting agency has followed the accounting guidance specified throughout this document.
- The reporting agency has cross-walked its chart of accounts to the object classes (sources of funds, expenses, liabilities and assets) employed in the USOA and has adequately documented this cross-walk.

1.3 Full Cost of the Service

FTA requires agencies to report the full cost of providing transit service. In some cases this is fairly straightforward: an agency that paid for the full cost itself and did not perform any non-transit-related activities simply reports all the costs that it incurred during the fiscal year. However, many transit agencies are part of larger entities that perform many non-transit functions. For example, many transit agencies are departments of city or county governments. In such a case, it is important to determine what the reporting entity is. Usually for departments of local government, the reporting entity is the local government itself. For example, Anytown Transit is the transit department of the City of Anytown and the reporting entity is the City of Anytown. In this case, all the costs incurred by the City of Anytown to support transit service must be reported to NTD.

This principle means that some costs incurred by the City of Anytown, but not by Anytown Transit, will appear in the NTD report. This is because other departments of the city government support the transit department. For example, the city Human Resources department may spend part of its time handling personnel matters for Anytown Transit. In this case, Anytown Transit's cost of operation includes the indirect cost of providing this service and the City of Anytown will have to include it in its NTD report.

Example: Common Indirect Costs

- Use of office space
  - Building maintenance
  - Utilities
- Human resources
- Legal
- Payroll
- Management

Costs incurred by the city government in the normal course of business not specific to the transit department are not included in NTD. For example, Anytown transit may benefit from the presence of the local police force. But unless the City of Anytown specifically charges Anytown Transit for the use of the police, the reporter do not report this cost. Likewise, when the city plows snowy roads they may plow bus stops and transit properties, but not charge Anytown Transit for this service; the reporter would not report this cost either.

1.4 Accrual Accounting

The USOA uses the accrual basis of accounting, which uses the Revenue Recognition and expense Matching Principles to recognize revenues and expenses. Revenues are recognized when earned; and expenses are matched with revenues in the same period, not necessarily in the period in which the cash is received or expended.

Revenues are increases of Assets (e.g., inflows of cash) or reductions of Liabilities (e.g., expired Unredeemed Fares), or possibly both, during a period of time. Revenues occur from the rendering of services and other activities that may constitute major ongoing or central operations of a transit agency. Gains are increases in value of an asset or property. They also occur from sale or disposition of assets.

Gains generally result from the conversion of nonmonetary assets (e.g., land, building, or automobile) into monetary assets (e.g., cash or cash equivalent). The difference between the cost of a nonmonetary asset and the amount of monetary assets received results in a gain or a loss. For example, if an asset is sold for an amount higher than its book value (cost less accumulated depreciation), the difference between the book value

and the sale price results in a gain. If a vehicle has a book value of $25,000, but is sold for $30,000, the seller would report a gain of $5,000.

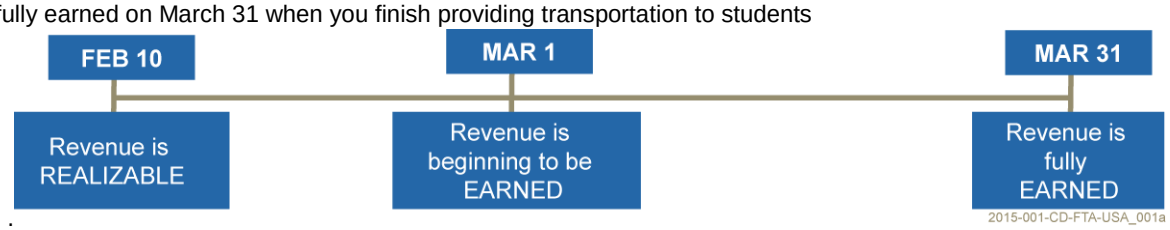
1.4.1 Revenue Recognition

Revenue recognition is the actual recording of transactions and events in the reporter's financial statements. Revenue is recognized when it is realized or realizable and when it is earned.

- **Realized or Realizable:** Realization occurs when the transit agency obtains cash or the right to receive cash (e.g., provision of transit rides) or has converted a noncash resource into known amounts of cash or claims to cash (e.g., sale of property).
- **Earned:** Revenues are considered earned when the transit agency has substantially completed a sale or when it has performed services that are billable (e.g., transporting passengers).

Example: Revenue Recognition

You are a transit agency and you entered into a contract with a local university on February 10 to provide transportation service to the university students in the month of March. Revenue is realizable on February 10 when you enter into the contract. Your start earning revenue once you begin transporting students on March 1. Revenue is fully earned on March 31 when you finish providing transportation to students



Agencies realize revenue and gains when they exchange goods, services, or other assets for cash or claims to cash. Revenue and gains are realizable when related assets received or held are readily convertible to known amounts of cash or claims to cash. Agencies consider revenues to have been earned when they have substantially accomplished the necessary tasks to be entitled to the benefits represented by the revenues.

An event or transaction must meet all four of the following criteria before the agency can recognize any revenue:

1. Evidence of an arrangement exists
2. The agency has rendered services or delivered goods
3. The price is fixed and determinable
4. The agency expects collection

The agency recognizes revenue from the performance of services in the period in which it rendered the services and can consequently bill for them. When an agency sells fare media before use (e.g., monthly passes, 10-trip books, smart cards), it reports the fare as revenue when the customer redeems the ride, not when the medium is sold. Revenue for fare media that are not redeemed within a reasonable period of time (i.e.,

its expiration date has passed or fare medium is no longer accepted) should be recognized in the period that it expires.

Example: Revenue Recognition

A passenger purchases a book of 20 tickets, each of which is worth $1, in the fiscal year 2013. The ticket book expires in fiscal year 2015. The passenger uses 13 tickets in fiscal year 2013 and 5 tickets in fiscal year 2014. The passenger does not redeem the remaining 2 tickets. As the transit agency, you recognize revenue from that passenger as follows:

Fiscal Year	Revenue Recognized
2013	$13 (13 tickets redeemed)
2014	$5 (5 tickets redeemed)
2015	$2 (2 tickets expired)
Total	**$20**

The agency recognizes revenue from the sales or disposals of assets on the date of sale (i.e., the delivery date). Generally, the following criteria apply for a sale to take place:

1. Delivery of goods or setting aside goods ordered
2. Transfer of legal title

The agency recognizes revenue that stems from allowing others the use of the agency's assets (e.g., interest revenue, royalty revenue, and rental revenue) when the assets are used (i.e., as time passes).

1.4.2 Matching Principle

The matching principle requires that agencies record expenses incurred in the same period in which they recognized the related revenue. The matching of revenues and expenses is based on the same transactions or events.

The agency must recognize expenses that do not have a cause-and-effect relationship to revenue by another systematic and rational expense recognition approach. Examples include the Amortization and Depreciation of long-lived assets.

Deferral of revenues or expenses occurs when cash is received or expended, but is not yet recognizable on financial statements. Deferral generally results in the recognition of a liability (e.g., advanced payment received) or an asset (e.g., prepaid insurance).

Example: Deferral of Revenues

- You are a transit agency that entered into an agreement with a local university to provide transit service to its students. The university pays you in advance for the transit service. You have not provided transit service to the students yet. You record a liability for the advanced payment received.

1.5 Overview of the USOA

The USOA is organized into the following sections:

- **Section 1:** Introduction provides the purpose of the USOA as a basic reference document for the NTD.

- **Section 2:** Sources of Funds introduces the various types of sources of funds, the definitions thereof and examples to help reporting agencies determine how and where to report these funds.
- **Section 3:** Capital Expenses provides guidance to reporting agencies on how to report capital asset costs.
- **Section 4:** Operating Expenses: Object Classes introduces the various operating expense object classes that the reporting agencies must report in NTD.
- **Section 5:** Operating Expenses: Functions introduces the four operating expense functions and provides guidance to reporting agencies to assign operating costs to the appropriate functions when reporting in NTD.
- **Section 6:** Operating Expenses: Contractual Relationships introduces contractual relationships terms and provides guidance to reporting agencies on how to report their contractual relationships in NTD.
- **Section 7:** Financial Statement covers common assets and liabilities (current and noncurrent) that transit agencies report on their financial statements.
- **Appendix A:** Cost Allocation Handbook helps transit agencies allocate shared operating expenses by mode, type of service, and function.
- **Appendix B:** Federal Funds provides a list of federal funds that the transit agencies may receive and where to find more information.
- **Appendix C:** Government Accounting Standards Board (GASB) Guidance provides a list of GASB statements that were used to develop the guidance provided in the USOA.
- **Appendix D:** Glossary provides an alphabetized list of terms found in the USOA, with definitions.
- **Appendix E:** SCC TRAMS Crosswalks matches expense categories in TRAMS and in New Starts to their counterparts in the USOA**.**

Section 2 - Sources of Funds

2.0 Sources of Funds (4000)

Transit agencies receive revenue, funds, subsidies, or other monies from a variety of sources. This section covers the various types of sources of funds, the definitions thereof and examples to help reporting agencies determine how and where to report these funds. The primary sources of agency funds are fares, other operating revenues (e.g., park-and-ride parking, advertising, concessions), subsidies, and other funds from the local, state and Federal Government. This section details these revenue object classes. Note that transit agencies must report all sources of funds, including local matches.

Agencies report revenues according to the original source of funds. For example, a federal grant that is passed through from a local agency is considered federal funds, not local funds.

This principle also has implications for bond and loan reporting. Agencies report bonds according to the revenue source used to back the bond. In cases where the agency does not know which sources of funds it will use to pay back a loan, the agency must report the likely funding sources that will be used for making loan payments based on past experience and reasonable judgment.

Example: Bond Reporting

Your transit agency purchases 20 buses and issues a bond with: 1) a face value of $10,000,000; 2) an annual coupon rate of 5%, 3) annual coupon payments, and 4) a term of 10 years. Based on a market rate of 5%, the sale of the bonds yielded $10,000,000. You make the bond payments over the 10 years using funding provided by local governments who agree to make a fixed annual payment from their general revenues. You would record the transactions in the NTD as described in Table 2.

Table 2. Example of Bond Reporting

Year	Funds Earned – General Revenues of the Local Government (4310)	Funds Expended on Capital	Funds Expended on Operations (Coupon Interest)
1	$1,500,000	$10,000,000	$500,000
2	$1,500,000		$500,000
3	$1,500,000		$500,000
4	$1,500,000		$500,000
5	$1,500,000		$500,000
6	$1,500,000		$500,000
7	$1,500,000		$500,000
8	$1,500,000		$500,000
9	$1,500,000		$500,000
10	$1,500,000		$500,000
Total	**$15,000,000**	**$10,000,000**	**$5,000,000**

Example assumes that any interest earned on the accumulated general revenue is not applied to the bond principal.

The following table illustrates the different sources of funds covered in this section, along with brief descriptions and examples. Note that the examples in the following table are not exhaustive; for further details, please refer to the appropriate subsections in this section, Sources of Funds.

Table 3. Summary of Sources of Funds

Sources of Funds	Description	Example
Passenger Fares (4110)	Amounts paid by the rider to use transit services. Includes Passenger-paid fees and organization-paid fares	• Fares paid by riders on the bus (4111) • Local university paying transit agency to provide rides free of charge to its students (4112)
Park-and-Ride Parking Revenue (4120)	Parking fees paid by passenger who drive to park-and-ride facilities operated by the agency to use transit service	• Parking fee at a park-and-ride facility located at a passenger station for a light rail system
Non-Public Transportation Revenues (4130)	Revenues for providing transportation services to private groups or entities or for carrying freight	• Charter service • School bus service
Auxiliary Transportation Funds (4140)	Revenues earned from activities related to the provision of transit service, but are not payment for transit service	• Advertising revenue (4141) • Snack bars and newsstands (4142)
Other Agency Revenues (4150)	Revenues earned from activities not associated with the provision of the transit service	• Sale of fuel • Sale of assets • Parking facilities revenue (not park and ride)
Revenues Accrued through a Purchased Transportation Agreement (4160)	Revenues accrued by the transit agency as a seller of transportation service through purchased transportation agreements	• Revenues earned from a transit agency selling its vanpool service to another transit agency
Subsidy from Other Sectors of Operations (4170)	Funds received from other sectors of operations within the larger transportation entity to help cover the cost of transit	• Subsidies from utility rates where the transit agency is a utility company
Extraordinary and Special Items (4180)	Directly generated funds received for events or transactions that are distinguished by their unusual nature and/or by the infrequency of their occurrence(funds received from state, local, or federal government are reported separately within each respective fund category)	• Recoveries received for damages from a hurricane from an insurance company
Total Recoveries (4190)	Funds recovered from insurance companies to indemnify the transit agency for insured acts that resulted in a liability for damage	• Funds received from an insurance company for physical damage claims resulting from an insured accident
Directly Generated Dedicated Funds (4200)	Taxes and fees levied by a transit agency that is organized as an independent political entity with its own taxation authority	• Sales tax (4220) • Highway tolls (4260) • Vehicle licensing fees (4290)
Local Government Funds (4300)	Funds provided by a local government	• Property tax (4323) • Bridge tolls (4326) • Vehicle registration fees (4329)
State Government Funds (4400)	Funds provided by a state government	• State Transportation Funds (4420)
Federal Funds (4500)	Funds provided by the Federal Government	• Urbanized Area Program (§5307) Funds • Homeland Security Funds
Non-Added Revenues (4600)	Funds received by the transit agency that are not included in the total funds earned during the operating period	• Contributed Services (4610) • Voluntary Non-Exchange Transactions (4620)

2.1 Directly Generated Funds (4100)

Directly Generated Funds are funds that a transit agency earns from non-governmental sources. These revenues are generated by the transit agency.

2.1.1 Passenger Fares (4110)

This revenue object class includes revenues earned from carrying passengers. This object class applies equally to directly operated (DO) and purchased transportation (PT) services. Generally, fares are the amounts paid by the rider to use transit services, to include the base fare, zone premiums, express service premiums, extra cost transfers, and quantity purchase discounts applicable to the passenger's ride.

Agencies report the full amount of PT fare revenues regardless of whether the buyer or seller retains the revenue.

Example: Purchased Transportation Fares
You are Anytown Transit and a buyer of bus service from XYZ, Inc. Scenario 1: Seller retains fares XYZ collects $1,000 in fare revenue, which they keep. You pay XYZ an additional $3,000 for the transit service. You report $1,000 in PT fare revenue and $4,000 in purchased transportation expenses. Scenario 2: Buyer retains fares XYZ collects $1,000 in fare revenue and passes it to you. You pay XYZ $4,000 for the transit service. You report $1,000 in PT fare revenue and $4,000 in purchased transportation expenses.

Agencies may collect passenger fares in any of the following ways:

1. Before service is provided (e.g., through the sale of media such as passes, tickets and tokens sold to passengers)
2. Directly at the point of service (e.g., fare box, turnstile)
3. After the service is provided (e.g., through weekly or monthly billing)

In some circumstances, several agencies share a fare card program and will periodically divide funds among themselves so that each agency within the program receives the appropriate amount of fare revenue. In such cases, each agency reports its share of the revenues.

Passenger fares include Passenger-Paid Fares (4111) and Organization-Paid Fares (4112). Passenger fares do not include subsidies (e.g., subsidies from private organizations or subsidies from other sectors of operations), which are provided to support the general provision of transit service. Passenger fares also do not include fare assistance from other entities, such as governments, to provide a reduced fare or free fare for a general class of users (e.g., senior citizens, students). The agency reports subsidies and fare assistance in the appropriate private, state, local, or Federal Government sources of funds.

Example: Passenger Fares vs Other Revenues

Your agency receives funds from a variety of sources and reports each of the funds as follows:

Funds Received	Classification
1) When students pay a reduced rate	Passenger Fare
2) When local government pay to provide transit service to its police officers free of charge	Passenger Fare
3) When a human services non-profit donates funding to your transit agency	Other Agency Revenues
4) When local government pays you to provide transit service to anyone with a student ID after school hours free of charge	Local Funds
5) When university pays you to provide transit service to its own students and faculty free of charge	Passenger Fare

2.1.1.1 Passenger-Paid Fares (4111)

Passenger-paid fares reflect the amount of the fare that the passengers pay on their own behalf. Passenger-paid fares may include the following examples:

1. **Full Adult Fares:** revenues earned by transporting passengers for the full adult fare.
2. **Senior Citizen Fares:** revenues earned by transporting passengers who pay a special, reduced fare because they are older than a prescribed age limit.
3. **Student Fares:** revenues earned by transporting passengers who pay a special, reduced fare because they are enrolled in an educational institution.
4. **Child Fares:** revenues earned from carrying passengers who pay a special, reduced fare because they are younger than a prescribed age limit.
5. **Fares for Individuals with Disabilities:** revenues earned from carrying passengers who pay a special, reduced fare because they are persons with disabilities.
6. **Ferryboat Services:** revenues earned from walk-on pedestrians, bicyclists, and public transportation vehicles passenger fares. For vehicles, the agency reports passenger fares for each occupant of the vehicle, including the driver. However, vehicle and bicycle ferriage fees are not included in passenger-paid fares, but are reported in Non-public Transportation Revenues (4130).

Example: Ferryboat Services

Your transit agency operates a ferryboat service. The ferryboat fares are $25 per vehicle and $5 per pedestrian passenger. One particular vehicle contains a driver and two passengers. You report the revenues earned as follows:

Ferryboat Service	
Total amount collected	$25
Passenger fares	$15 (1 driver and 2 passengers)
Non-public transportation revenue	$10 ($25 for the vehicle - $15 for the driver and passengers)

If the two passengers in the vehicle got out of the vehicle and each paid a fare of $5, you report the revenues as follows:

Ferryboat Services	
Total amount collected	$35 ($25 for vehicle and $5 each from pedestrian passengers)
Passenger fares	$15 (1 driver and 2 pedestrian passengers)
Non-public transportation revenue	$20 ($25 for the vehicle - $5 for driver)

7. **Vanpool Services:** For publicly sponsored vanpool (VP) services, passenger fares have unique provisions. For VP services, passenger fares include all fees and costs paid by the passengers. These costs often include fuel costs, maintenance expenses, lease payments, tolls and other out-of-pocket costs.

Example: Vanpool

Your transit agency operates a vanpool service. Each passenger in the vehicle pays $20 in addition to the fuel costs. The driver pays $10 as a reduced fare. In fiscal year 2013, you serviced 500 passengers and 125 drivers and the passengers reported that they paid a total of $7,000 for fuel. You report vanpool fare revenue as follows:

Vanpool Fare Revenue	
Fare From Passengers	500 passengers x $20 per passenger = $10,000
Fare From Drivers	125 drivers x $10 per driver = $1,250
Out-of-pocket Fuel Costs	$7,000
Total VP Fare Revenue	**$18,250**

8. **Special Ride Fares:** revenues earned from carrying passengers who pay a special, reduced fare for a reason other than those specified above.
9. **Handling Fees**: revenues earned from charges for processing payment and issuing fare cards (e.g., an agency charges an initial start-up fee when issuing new cards, or charges extra fees for using one-time paper cards).
10. **No-show Fines:** revenues earned from fines for demand response passengers who do not show up for a scheduled pickup.

2.1.1.2 Organization-Paid Fares (4112)

Organization-paid fares are paid for by an organization rather than by the passenger. Organization-paid fares also include funds for rides given along special routes for which a beneficiary of the service may guarantee funds. Organization-paid fares may result from agreements between the reporter and an agency or organization that pays a set amount in return for unlimited and/or reduced fare transit service for the persons

covered by the agreement. Examples of organization-paid fares may include the following:

1. **State and Local Government:** revenues earned by providing rides for employees of state and local government (e.g., fares for postal workers or police officers).
2. **Reduced Fare Reimbursements:** revenues earned by providing rides for its members or beneficiaries. A common example is a university paying a transit agency to permit students to ride free after showing their valid student identification cards.
3. **Special Route Guarantees:** amounts paid for by organizations other than governments (e.g., industrial firms, shopping centers, public and private universities) to guarantee a minimum amount of funds on a line operated and/or to provide or maintain services to a specific area, especially for the benefit of the paying organization.
4. **Other Special Contract Transit Fares:** revenues earned under contractual arrangements with non-government entities for transit fares other than those arrangements specified in the above categories. A common example is a senior center that pays part of the cost of a route serving the center.

2.1.2 Park-and-Ride Parking Revenue (4120)

The agency earns park-and-ride parking revenue from parking fees paid by passengers who drive to park-and-ride facilities operated by the agency to use transit service. The agency reports revenues earned from the operation of parking lots that are not park-and-ride locations in Other Agency Revenues (4150).

2.1.3 Non-Public Transportation Revenues (4130)

This object class includes revenue for providing transportation services to private groups or entities or for carrying freight. The most common examples are the following:

1. **Charter Service Revenues:** revenues earned from operating vehicles under charter service contracts. See the Glossary for more information about charter service.
2. **Freight Tariffs:** revenues earned from carrying freight on routes whose primary purpose is passenger operations. These are the revenues earned from carrying all types of freight on passenger routes. It includes fees for carrying vehicles and bicycles on ferries. See ferryboat services example in Passenger-Paid Fares (4111).
3. **School Bus Service Revenues:** revenues earned from operating vehicles under school bus contracts. It is the amount paid by schools for the operation of buses exclusively to carry children to and from school.
4. **Sight-seeing Fares:** revenues earned from operating vehicles in sight-seeing service. See the Glossary for more information about sight-seeing service.

2.1.4 Auxiliary Transportation Funds (4140)

Auxiliary transportation funds are earned from activities related to the provision of transit service, but are not payment for transit service. Auxiliary funds result from business-type activities in which an agency earns supplemental revenues. For example, a transit

agency is not in the advertising or concessions business, but it is able to earn additional funds by providing or leasing out these additional services to the public. Auxiliary funds include the following:

1. Advertising revenues
2. Concessions
3. Other auxiliary transportation revenues

2.1.4.1 Advertising Revenues (4141)

Advertising revenues include funds earned from displaying advertising materials on transit system vehicles and property and includes agency media.

2.1.4.2 Concessions (4142)

Concessions are revenues earned from granting operating rights to businesses (e.g., newsstands, candy counters) on property and equipment maintained by the transit agency (e.g., stations, vehicles). This also includes revenues from vending machines available on property maintained by the transit agency for public use.

2.1.4.3 Other Auxiliary Transportation Revenues (4149)

The agency earns other auxiliary transportation revenues from auxiliary operations other than those specified above. This might include, but is not limited to: merchandising, photo identification (ID) fees, locker rentals, movie licensing fees, naming rights, and fines for fare evasion or illegal parking.

2.1.5 Other Agency Revenues (4150)

This object class includes revenues earned from activities not associated with the provision of the transit agency's transit service. Other agency revenues do not include funds received from local, state, or federal governments. Examples of other agency revenues include:

1. **Sales of Maintenance Services**: revenues earned from sales or performing maintenance services on property not owned or used by the transit agency.
2. **Sales of Fuel**: revenues earned from sales of fuel.
3. **Sales of Assets**: revenue received in the sale of an asset that is in excess of the asset's book value. See Sales and Disposals of Assets (4630) for a detailed example.
4. **Rental of Revenue Vehicles**: revenues earned from leasing transit agency revenue vehicles to other operators.
5. **Rental of Buildings and Other Property**: revenues earned from leasing transit system buildings (other than station concessions) and property to other organizations.
6. **Rental of Real Estate**: revenues earned from leasing real estate owned by the transit agency to other organizations. This includes revenues from joint development projects.

7. **Rental Car Fees**: revenues earned from rental car services.
8. **Investment Income**: revenues earned from investing in marketable securities and dividends received from state insurance pools. Investment income does not include earnings on capital grant funds advanced by the grantor; such earnings are to be credited to the same account as the capital grant itself.
9. **Interest Income**: revenues earned by placing funds in an interest-bearing account.
10. **Student Fees**: revenues generated by an educational institution from student fees to operate its own transit service. Student fees are different from student fares, which are amounts paid by the students for transit service.
11. **Parking Facilities Revenue**: revenues earned from parking fees generated from parking facilities not normally used as park-and-ride locations. Revenues earned from operating park-and-ride facilities are reported in Park-and-Ride Parking Revenue (4120).
12. **Donations**: funds from donations and grants from private foundations.
13. **Other Agency Revenues**: revenues that might include, but are not limited to: warranty claims, funds from lawsuits, Freedom of Information Act (FOIA) requests, revenue from vending machines available exclusively for employee use, administrative fees charged to other organizations, easement fees, air rights, and vandalism restitutions.

2.1.6 Revenues Accrued through a Purchased Transportation Agreement (4160)

This object class includes revenue accrued by the transit agency as a seller of transportation services through purchased transportation agreements. This includes the contract funds earned (payments and accruals) by a reporter under contract to another reporter or public agency. The purchased transportation agreement must meet the requirements for a true Contractual Relationship. Revenue accrued through an agreement that does not meet these requirements is reported as Organization-Paid Fares (4112), Other Agency Revenues (4150), Local Government Funds (4300), or State Government Funds (4400), as appropriate.

2.1.7 Subsidy from Other Sectors of Operations (4170)

Occasionally, the transit operation is only one part of a larger transportation entity. Such transit agencies may receive subsidies from other sectors of operations within the larger transportation entity to help cover the cost of transit. For example, a transportation authority that is responsible for airports, ports, or bridges, as well as for public transit, may apply excess funds from airport operations to transit operations. Subsidies from other sectors of operations may include:

- Subsidies from utility rates where the transit agency is a utility company
- Subsidies from bridge and tunnel tolls owned and operated by the transit agency
- Subsidies from other sources provided by the same entity that operates the transit service

2.1.8 Extraordinary and Special Items (4180)

Extraordinary items are events or transactions that are distinguished by their unusual nature and by the infrequency of their occurrence.

1. Unusual nature means that the underlying event or transaction has a high degree of abnormality and is clearly unrelated to, or only incidentally related to, the ordinary and typical activities of the transit agency.
2. Infrequency of occurrence means that the underlying event or transaction would not reasonably be expected to recur in the foreseeable future, taking into account the environment in which the transit agency operates.

Special items are events or transactions that are either unusual in nature or infrequent, but not both.

The agency determines an extraordinary event or transaction to be material if it is material in relation to the agency's income before extraordinary items, to the trend of annual earnings before extraordinary items, or is material by other appropriate criteria.

Examples of material extraordinary items include recoveries received for damages from a natural disaster, such as a hurricane or earthquake. Assets impaired by and recoveries received from these events are considered extraordinary because they are abnormal in occurrence and are not reasonably expected to recur in the foreseeable future.

Extraordinary and special items are distinguishable from normal operating items and are thus reported separately. The nature and financial effects of each event or transaction is disclosed on the face of the statement of activities or in the notes to the financial statements.

There are four object classes for Extraordinary and Special sources of funds. This one is for such funds that are directly generated. For example, agencies report insurance recoveries for property damaged in a natural disaster in this object class.

2.1.9 Total Recoveries (4190)

Total recoveries include proceeds recovered from insurance companies to indemnify the transit agency for insured acts that resulted in a liability for damage to transit personnel or property or damage to the person or property of others. Total recoveries include monies received for items or events that are not classified as Extraordinary or Special (4180). For example, the agency reports proceeds received from insurance companies for physical damage claims resulting from an accident as insurance recoveries. Total recoveries also include amounts recovered from others held liable to damage to the transit agency's property. For example, the agency reports proceeds received from third parties involved in an accident as insurance recoveries. The agency reports full proceeds received from the insurance company as insurance recoveries; the agency does not net monies from the related asset replacement cost.

2.2 Directly Generated Dedicated Funds (4200)

This object class includes taxes and fees levied by a transit agency that is organized as an independent political entity with its own taxation authority. The revenues to the transit

agency originating from local, state, or federal governments, which have been raised through the taxing authority of the grantor governmental unit, are considered Local Government Funds (4300), State Government Funds (4400), or Federal Funds (4500).

2.2.1 Income Taxes (4210)

Revenues earned by taxing the income of individuals and/or organizations subject to the taxing authority of the transit agency.

2.2.2 Sales Taxes (4220)

Revenues earned by taxing sales of goods and/or services subject to the taxing authority of the transit agency.

2.2.3 Property Taxes (4230)

Revenues earned by taxing property subject to the taxing authority of the transit agency.

2.2.4 Fuel Taxes (4240)

Revenues earned by taxing fuel subject to the taxing authority of the transit authority. This object class was previously known as gasoline taxes, but includes all fuel taxes.

2.2.5 Other Taxes (4250)

Revenues earned by levying other taxes by the authority of the transit agency. Examples include cigarette/tobacco, payroll, excise, and vehicle rental taxes.

2.2.6 Bridge, Tunnel, and Highway Tolls (4260)

Tolls enacted by the authority of the transit agency on bridges, tunnels, highways, or other roadways, except High Occupancy Vehicle (HOV) toll revenues.

2.2.7 High Occupancy Tolls (4270)

HOV lanes allow vehicles with a certain minimum number of passengers (e.g., at least 2), as well as motorcycles and alternative fuel vehicles in some cases, to use lanes that are closed to other traffic. Some HOV lanes allow vehicles that would normally be prohibited to use the lane by paying a toll. Revenue from these tolls, when enacted by the authority of the transit agency, belongs to this object class.

2.2.8 Other Dedicated Funds (4290)

Revenues dedicated to transit other than taxes or tolls. These are often fees imposed on the public by the transit agency. Examples include the following:

1. Vehicle licensing and registration fees
2. Driver's license fees
3. Communications access fees and surcharges
4. Lottery and casino proceeds

2.3 Local Government Funds (4300)

These are funds received from municipal and county governments.

2.3.1 General Revenues of the Local Government (4310)

There are essentially two common ways a local government can provide funds to a transit agency.

1. The government may appropriate a portion of its general budget to transit without a dedicated source of funding. In this case, the transit agency annually competes for funding with other entities such as schools and police forces. The agency reports this non-dedicated funding as **General Revenues of the Local Government**.
2. The government may also levy a tax or fee, the proceeds of which only go to transportation. This is a dedicated fund and the agency reports it under Local Funds Dedicated to Transit at Their Source.

2.3.2 Local Funds Dedicated to Transit at Their Source

Local Funds Dedicated to Transit at Their Source include taxes and fees levied by entities of local government such as cities and counties, and explicitly dedicated to transit.

2.3.2.1 Income Taxes (4321)

Revenues earned by taxing the income of individuals and/or organizations subject to the taxing authority of the local government.

2.3.2.2 Sales Taxes (4322)

Revenues earned by taxing sales of goods and/or services subject to the taxing authority of the local government.

2.3.2.3 Property Taxes (4323)

Revenues earned by taxing property subject to the taxing authority of the local government.

2.3.2.4 Fuel Taxes (4324)

Revenues earned by taxing fuel subject to the taxing authority of the local government. This object class was previously known as gasoline taxes, but includes all fuel taxes.

2.3.2.5 Other Taxes (4325)

Revenues earned by levying other taxes by the authority of the local government. Examples include cigarette/tobacco, payroll, excise, and vehicle rental taxes.

2.3.2.6 Bridge, Tunnel, and Highway Tolls (4326)

Tolls enacted by the authority of the local government on bridges, tunnels, highways, or other roadways, except High Occupancy Vehicle (HOV) toll revenues.

2.3.2.7 High Occupancy Tolls (4327)

HOV lanes allow vehicles with a certain minimum number of passengers (e.g., at least 2), as well as motorcycles and alternative fuel vehicles in some cases, to use lanes that are closed to other traffic. Some HOV lanes allow vehicles that would normally be prohibited to use the lane by paying a toll. Revenue from these tolls, when enacted by the authority of the local government, belongs to this object class.

2.3.2.8 Other Dedicated Funds (4329)

Revenues dedicated to transit other than taxes or tolls. These are often fees imposed on the public by the local government. Examples include the following:

1. Vehicle licensing and registration fees
2. Driver's license fees
3. Communications access fees and surcharges
4. Lottery and casino proceeds

2.3.3 Extraordinary and Special Items (4330)

Extraordinary and Special Items is defined in Directly Generated Funds. There are four object classes for Extraordinary and Special sources of funds. This one is for such funds that come from local sources. For example, agencies report county disaster relief funds in this object class.

2.3.4 Other Local Funds (4390)

These are funds from local government that cannot be considered either an allocation from the general revenues, or a dedicated fund. Other local funds typically include local grants or other miscellaneous local funds.

2.4 State Government Funds (4400)

These are funds received from state, commonwealth, or territory governments.

2.4.1 General Revenues of the State Government (4410)

There are essentially two common ways a state government can provide funds to a transit agency.

1. The government may allocate a portion of its general budget to transit without a dedicated source of funding. In this case, the transit agency annually competes for funding with other programs. The agency reports this non-dedicated funding as **General Revenues of the State Government.**
2. The agency reports dedicated sources of revenue under State Transportation Funds (4420).

2.4.2 State Transportation Fund (4420)

Many states set up a State Transportation Fund that is separate from the General Fund. It usually has several dedicated sources of funding, often including funding sources such as fuel taxes, vehicle registration fees, or bonds backed by such sources. The Transportation Fund typically funds both transit agencies and other transportation needs such as the highway department. Agencies are not required to report the individual sources of funding that support the State Transportation Fund.

2.4.3 Extraordinary and Special Items (4430)

Extraordinary and Special Items is defined in Directly Generated Funds. There are four object classes for Extraordinary and Special sources of funds. This one is for such

funds that come from state sources. For example, agencies report state relief funds in this object class.

2.5 Federal Funds (4500)

Federal funds generally fall into three categories:

1. **Funds for operating assistance**: Operating assistance funding is explicitly intended to be spent on operations, and in most cases requires 50% local match.
2. **Funds for capital assistance**: Capital assistance funding is required to be spent on capital, and in most cases requires 20% local match.
3. **Funds for capital assistance spent on operations**: In some cases capital assistance may be spent on activities that are normally considered operating, such as preventive maintenance and Americans with Disabilities Act (ADA) service. This typically requires 20% local match. Although these funds are capital grants, the agency reports it as an operating expense because it spent the funds on operations.

The local match portion of a grant is not part of the Federal Funds. It is part of Directly Generated Funds (4100), Directly Generated Dedicated Funds (4200), Local Government Funds (4300), or State Government Funds (4400). This includes in-kind matches such as land and services.

Please refer to Appendix B: Federal Funds for more detailed descriptions of the following Federal Funds:

- FTA Capital Program Funds (§5309)
- ARRA Fixed Guideway Modernization Funds (§5309)
- ARRA Major Capital Investments (New Starts) Funds (§5309)
- MAP-21 Bus and Bus Facilities Funds (§5339)
- MAP-21 State of Good Repair Funds (§5337)
- FTA Urbanized Area Formula (UAFP) Program (including Ferry Discretionary Program) (§5307)
- ARRA Urbanized Area Formula (UAFP) Program (§5307)
- FTA Metropolitan Planning (§5303)
- FTA Clean Fuels Program (§5308)
- FTA Enhanced Mobility of Seniors and Individuals with Disabilities Formula Program (§5310)
- FTA ARRA Other Than Urbanized Area (§5311)
- FTA Job Access and Commute Formula Program (§5316)
- FTA New Freedom Program (§5317)
- FTA Alternative Transportation in Parks and Public Lands (5320)
- ARRA TIGGER (Greenhouse Gas and Energy Reduction) Funds
- Other FTA Funds (e.g. FTA Research, Development, Demonstration and Training Projects Program (§5312) or Interstate Transfer Program)
- Funds Received from other USDOT Grant Programs
- ARRA TIGER (Transportation Investment Generating Economic Recovery) Multimodal Discretionary Funds

- FTA Rural Area (§5311)
- FTA Tribal Formula/ Discretionary Program (§5311)
- Extraordinary and Special Items
- Other Federal Funds

2.6 Non-Added Revenues (4600)

Non-added revenues are funds received by the transit agency that are not included in the total funds earned during the operating period.

2.6.1 Contributed Services (4610)

Contributed services are in-kind services received by the reporting agency from another entity or person where there is no payment for the services. Since there is no actual cost for the contributed service, the NTD includes the value of the service as non-added revenue. An example of a contributed service is when a retired lawyer provides pro-bono legal services to the local transit agency. On the other hand, when the transit agency is a part of a larger entity (like a department of city government) and the larger entity pays for the service, the reporter must report the cost of the service, as described in Full Cost of the Service.

Example: Contributed Services

You are a transit division within a city government. You received the following services free of charge: tax services from a retired accountant, legal advice from a lawyer doing pro-bono work, internal audit support from the city government accounting department, local radio advertisement paid for by the city government, and contract legal support from a city-employed lawyer, You also occupy a floor in the city government building free of charge. You would classify the services as follows:

Contributed Services	Not Contributed Services
• Tax services received free of charge • Pro-bono legal advice	• Internal audit support • Radio advertisement • Contract legal support • Office floor usage

2.6.2 Voluntary Non-Exchange Transactions (4620)

This object class is for the *receiver* to record the non-exchange value when all applicable eligibility requirements have been met. In a voluntary non-exchange transaction, an agency gives or receives value (e.g., revenue vehicle) without directly receiving or giving equal value (e.g., cash) in return. This is different from an exchange transaction, in which each party receives and gives up essentially equal values. An example of a voluntary non-exchange transaction is when one government agency builds capital assets and transfers the assets to another transit agency that operates them.

Example: Voluntary Non-Exchange Transaction

- An example of voluntary non-exchange transaction includes when an airport authority agency expands a local transit agency's existing rail system and transfers it over to the transit agency for operations. The airport authority agency constructs an expansion to the rail system and transfers it to the transit agency for management and operation. The transit agency does not provide payment in return.

The recipient of a non-exchange transaction recognizes non-exchange receivables or funds when all applicable eligibility requirements have been met. Examples of eligibility

requirements might include situations where the receiving agency is required to wait for a period of time before it has access to the transferred asset, or where the provider's transfer of asset is contingent upon an agreed upon action taken by the recipient.

The agency records non-exchange receivables as current or noncurrent assets. The recipient reports resources transmitted before eligibility requirements are met as deferred revenues (liability).

Providing agencies can find guidance for reporting the non-exchange transaction under the Reconciling Items: Voluntary Non-Exchange Transaction (5250).

2.6.3 Sales and Disposals of Assets (4630)

Sales and disposals of assets include, but are not limited to: sales of equipment, buildings, real estate and other property. Funds from sales and disposals of capital assets are not considered revenues earned because these transactions involve the conversion of existing assets into cash and not an increase in asset value. Consequently, NTD does not include this amount in the total funds earned during the reporting period. If an asset is sold for an amount higher than its book value (cost less accumulated depreciation), the agency records the difference between the sale price and book value as a gain in Other Agency Revenues (4150).

Example: Sales and Disposals of Assets

- You are a transit agency and you sell a vehicle for $110,000. The vehicle has a book value of $100,000. You would report $100,000 within Sales and Disposals of Assets (4630) and $10,000 in Other Agency Revenues (4150).
- However, if you sell the vehicle for $80,000, you should report $80,000 in Sales and Disposals of Assets. You do not report the loss of $20,000 under Other Agency Revenues (4150).

2.6.4 Transportation Development Credits (4640)

In some states, funds spent on transportation at the state level can be used as a non-federal match for federal grants to transit agencies. These are known as Transportation Development Credits (TDCs) or toll credits. Since these credits are not actually used to cover expenses, NTD does not include these credits in the total funds earned.

Example: Transportation Development Credits

You are a transit agency that uses TDCs to fund the construction of a station costing $20 million. You match the $20 million of federal funding with TDC credit of $5 million. This provides a 20% match to the $20 million of federal funding. Clearly, the TDC credit of $5 million did not involve you earning $5 million in revenues. Instead, it was meeting a grant condition that enabled you to earn $20 million of federal funding.

Section 3 - Capital Expenses

3.0 Capital Expenses (6000)

Capital expenses are those expenses that are related to purchasing a capital asset or making an improvement to a capital asset that materially increases its value or useful life. These expenses are not used for ordinary day-to-day operating expenses of a business, like salaries, utilities and insurance. Capital assets include vehicles, infrastructure, land, improvements to land, easements, buildings, building improvements, machinery, equipment, works of art and historical treasures, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single year.

Infrastructure assets are long-lived capital assets that typically are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets are roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Intangible Assets are identifiable (separable or arising from contractual or other legal rights), lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond one year. The guidance in this section has been developed in order to give agencies a better understanding of reporting capital asset costs.

Capital Asset Acquisition Costs

Capital expenses include the acquisition cost of capital assets. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the agency's regular accounting practices.

Capital Improvement Costs

Capital expenses also include expenditures used to make improvements to a capital asset that materially increase its value or useful life. Examples include bus rehabilitation expenses that increase the useful life of a bus from 12 to 17 years, renovation of a maintenance facility to like-new condition, and replacement and upgrading of a heavy rail signal system.

Example: Capital Costs That Cross Fiscal Years (FY)

- Your agency purchases a new vehicle that costs $300,000. Before purchasing the new vehicle, your procurement office provides specifications and negotiates price during fiscal year 2014, which costs you $4,000. You report this $4,000 cost as a capital expense during 2014. During fiscal year 2015, you actually purchase and receive the vehicle and pay the dealer $300,000. You report $300,000 as a capital expense during 2015.

The cost of a capital project includes all direct costs and indirect costs associated with the project from the time of project commitment through project implementation. Administrative activities pertaining to the immediate accomplishment or oversight of a project are part of the capital cost. This includes administrative and technical activities before construction or acquisition such as development of plans, process of obtaining permits, development of specifications, and procurement. Acquisition costs also include the physical construction of the asset; acquisition cost of the asset or any associated

materials; post-construction activities such as technical repairs, labor disputes, and litigation; acceptance testing; and any other costs incurred between project committal and the beginning of use. Interest costs incurred from expenditures for the asset are also included in the cost of the capital asset.

In instances when an acquisition of a capital asset crosses fiscal years, report the acquisition costs incurred during the prior fiscal year as a capital expense. Once the asset is received, report the purchase of the asset in the following fiscal year as the remaining portion of the capital expenditure.

Preliminary Capital Project Planning

Preliminary capital project planning costs incurred before project commitment are not capital costs. For example, a transit agency wants to determine the best approach for providing a high-capacity service line in a specific corridor. The alternatives are light rail, bus rapid transit, and the no-build option. At this stage, the agency has not committed to a specific project, so the project and planning costs are considered operating expenses. Once the transit agency chooses an option, the planning costs that are associated with the project from that point forward are considered a capital expense.

Report the operating expenses associated with preliminary capital project planning by mode and type of service. Agencies may use the following guidelines:

- If possible, allocate the operating expenses among the existing modes and types of services serving the project planning area. Allocate the expenses according to the existing passengers in the project planning area.
- If there is no service in the planning area, then allocate the operating expenses among all modes and types of services based on the number of existing passengers served.

Capitalization Level

Capitalization is the recording of an asset acquisition cost as a capital expense instead of an operating expense. The general guideline is that the acquisition cost is a capital expense when the article of property being purchased has a useful life of more than one year.

However, the costs and time involved in managing and recording low-value assets can be high. Therefore, each agency is permitted to set capitalization level policies that it uses to identify the capital assets to report in its financial statements.

The capitalization level is the unit cost value at which asset acquisition costs are considered capital expenses as opposed to charging them directly to operating expense. For example, if an agency sets its capitalization level at $3,000, it would record the purchase of a $2,000 desktop computer as an operating expense even though the useful life of the computer might be set at three years.

OMB's Uniform Grant Guidance permits agencies receiving federal funding to set their capitalization levels at unit cost values up to $5,000. This capitalization level threshold applies to all transit agencies receiving FTA funding.

Tangible Assets

Tangible assets are those that have a physical form. Tangible assets include but are not limited to guideway, revenue and service vehicles, land, buildings, and fare collection equipment. Costs included in the capitalization of tangible assets include acquisition cost, transportation, installation, tariffs and duties, in-transit insurance, and costs associated with modifications/attachments/accessories necessary to make the property useful for its intended purposes.

The costs included in the capitalization amount of land include the following:

- Purchase price or , if gifted, fair market value at time of gift
- Professional services (e.g., title searches, architectural, legal engineering, appraisal, brokerage, inspection, surveying, environmental assessments)
- Insurance (e.g., title, transportation)
- Closing costs
- Razing, removal, and reconstruction
- Demolition of existing buildings and improvements (less salvage)
- Direct materials
- Direct labor
- Overhead
- Transportation
- Installation
- Tariffs and duties
- Taxes
- Interest accrued on mortgages accrued at date of purchase
- Rights-of-way
- Land and site improvements (e.g., land excavation, filling, grading, drainage)
- Landscaping associated with new construction

Buildings include passenger stations, administrative buildings and maintenance buildings. Costs included in the capitalization of buildings include the following:

- Design costs
- Purchase price
- Appraisals
- Professional services
- Title insurance and searches
- Broker's fees
- Closing cost
- Site preparation
- Direct materials
- Direct labor
- Overhead
- Significant alterations, renovations, or structural changes that increase the usefulness of the asset, enhance its efficiency, or prolong its useful life by greater than one year

Intangible Assets

Intangible assets are not physical in nature. Examples of intangible assets include software, air rights, easements, water rights, timber rights, patents, and trademarks. In some cases, pollution remediation outlays may be capitalized in the financial

statements, subject to certain limitations. Intangible assets can be purchased or licensed (which includes acquisition through an installment contract), acquired through non-exchange transactions, or internally generated (e.g., development of a new software system by in-house employees). Costs included in the capitalization of intangible assets typically include acquisition costs, legal fees, filing costs and other costs related to establishing the intangible asset.

The most common type of an intangible asset is software. If the transit agency internally develops computer software for its own use and not for external sale, the costs included in the capitalization amount include direct materials, direct labor (e.g., coding and testing during development), interest costs incurred during development, and costs associates with upgrades and enhancements that result in additional functionality. Software purchased to be used on its own or to be integrated with another product or process is capitalized if it has a useful life of greater than one year. Software licenses are capitalized if they have a minimum useful life of two years and meet the $5,000 capitalization level, or the transit agency's own capitalization level if lower.

Capital Assistance Spent on Operations

In certain cases, FTA allows agencies to spend capital grants on operating expenses. For example, in the Urbanized Area Formula Program (§5307), capital assistance can be spent on preventive maintenance, which is an operating expense. For NTD reporting, the use of the funds should be the factor to determine whether the cost is operating or capital.

Reporting Capital Expenses

Expenditures that meet the transit agency's capitalization level are reported as capital assets. When the cost of an asset is unknown, these assets are recorded at the estimated fair value at time of acquisition or at the historical cost. The historical cost of acquiring a capital asset includes the costs necessary to bring the asset to the condition and location necessary for its intended use. The agency does not report assets that are donated or transferred to an agency at no cost to the agency as a capital expense. The agency records the value of the asset under Non-Added Revenues: Voluntary Non-Exchange Transaction (4620) for receiving agencies and under Reconciling Items: Voluntary Non-Exchange Transaction (5250) for providing agencies. The agency also includes the asset value in the enumeration of Capital Assets (1210) under Assets and Liabilities.

For NTD reporting, capital costs are split between Rehabilitation / Reconstruction / Replacement / Improvement for Existing Service and Expansion of Service. Once the agency has separated these costs, they then split the costs based on the type of asset: Guideway (6100); Passenger Stations (6200); Administrative Buildings (6300); Maintenance Buildings (6400); Revenue Vehicles (6500); Service Vehicles (6600); Fare Collection Equipment (6700); Communication / Information Systems (6800); or Other Capital Expenses (6900).

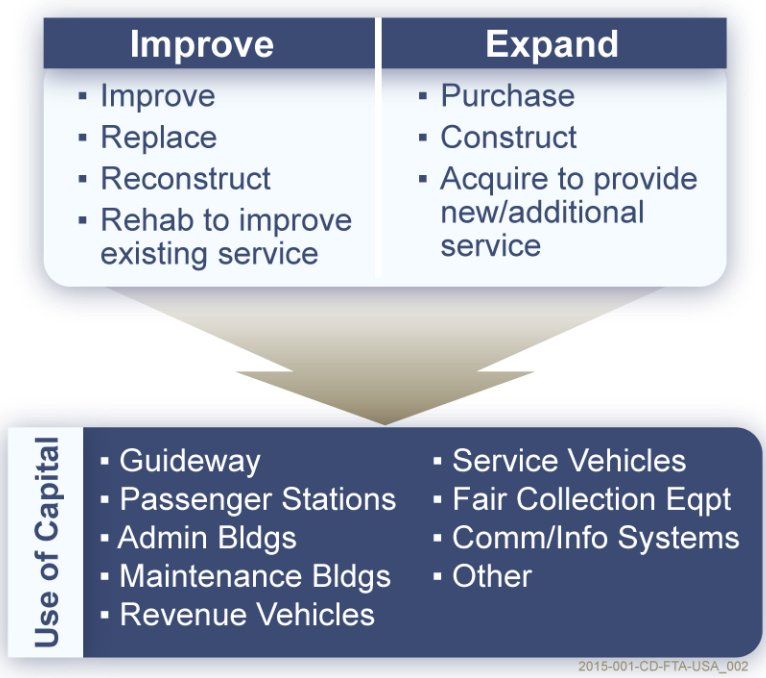


Figure 1. Reporting Capital Expenses

Improvement for Existing Service vs. Expansion of Service

Transit agencies are required to separate their capital expenses into two types of use: 1) Rehabilitation / Reconstruction / Replacement / Improvement for Existing Service; and 2) Expansion of Service.

Capital expenses related to improving an existing service include expenses incurred to improve, rehabilitate, reconstruct or replace an existing asset, and do not include expenses related to supporting a new service. For example, the purchase of a new vehicle to replace an older vehicle, or the construction of a new downtown station to better serve existing routes, would be considered improvement for existing service.

Capital expenses related to expansion of service include expenditures on assets acquired to provide a new service. For example, the construction of a station to serve a new route, or the purchase of a bus to decrease headways on an existing route, would be considered expansion of service.

Some capital projects support both new and existing services. In these cases, the reporter should use professional judgment and other appropriate measurements to prorate the cost between the two types of use based on the portions of the cost related to each.

Example: Splitting Costs Between Improvement and Expansion

- You are an agency that decided to rehabilitate and expand an existing garage. The garage is currently designed for 200 vehicles, but you recently increased your transit services and expanded the fleet from 200 to 275 vehicles. In this example, 73% (200/275) of the cost is an improvement of existing service, and 27% (75/275) is an expansion of service.

The Rehabilitation / Reconstruction / Replacement / Improvement costs are considered capital costs if they 1) extend the useful life of the asset beyond one year; and/or 2) the costs of the rebuild materially increase the value of the asset beyond the book value. This applies to all assets.

Uses of Capital

Agencies also report their uses of capital in the following asset classifications, which are defined below.

1. Guideway (6100)
2. Passenger Stations (6200)
3. Administrative Buildings (6300)
4. Maintenance Buildings (6400)
5. Revenue Vehicles (6500)
6. Service Vehicles (6600)
7. Fare Collection Equipment (6700)
8. Communication / Information Systems (6800)
9. Other Capital Expenses (6900)

3.1 Guideway (6100)

Guideway comprises the structures and facilities on which transit service operates. It includes roadway dedicated specifically to transit use, track, subway structures, tunnels, bridges, and propulsion power systems. It does not include passenger stations, transfer facilities, or bus pull-ins. Costs included in capitalization amounts are described under Tangible Assets.

3.2 Passenger Stations (6200)

Passenger stations are buildings and/or facilities where passengers board transit vehicles. This asset classification includes park-and-ride facilities. See Glossary for more information on passenger stations.

The cost of passenger stations includes the cost of platforms, shelters, parking, and security equipment at stations. Additional costs included in capitalization amounts are described under Tangible Assets.

3.3 Administrative Buildings (6300)

This asset classification includes buildings in which administrative work takes place. A common example of this is an office building. Costs included in capitalization amounts are described under Tangible Assets.

3.4 Maintenance Buildings (6400)

This asset classification includes facilities in which vehicles are maintained. This asset classification should also include equipment that is solely used for vehicle maintenance, such as bus diagnostic equipment or vehicle lifts. Additional costs included in capitalization amounts are described under Tangible Assets.

3.5 Revenue Vehicles (6500)

This asset classification comprises vehicles that provide transit service. The cost of the vehicle includes both the vehicle and all fixtures and appliances inside or attached to the vehicle. When equipment such as a farebox, radio, Automatic Vehicle Locator (AVL), or spare engine is included as part of the vehicle purchase, these items are part of the vehicle cost. However, when purchased separately these items belong to other asset classifications such as Fare Collection Equipment (6700), Communications / Information Systems (6800), or in the case of spare parts, Operating Expenses. For rubber-tired vehicles, the vehicle cost includes the cost of one set of tires and tubes to make the vehicle operational. Additional costs included in capitalization amounts are described under Tangible Assets.

Example: Revenue Vehicles

You are a transit agency that purchased a new revenue vehicle for $100,000. The vehicle has a farebox and an automated dispatching system already attached inside the vehicle. You also purchased an Automatic Vehicle Locator (AVL) separately for $5,000. You report the cost of its purchases as follows:

Purchases	Asset Classification	Cost
New revenue vehicle	Revenue Vehicles (6500)	$100,000
AVL	Communications/Information Systems (6800)	$5,000
Total		**$105,000**

If you purchased the same revenue vehicle but without the farebox and the automated dispatching system already attached to the vehicle at a price of $93,000 and separately purchased the farebox, automated dispatching system, and the AVL at a price of $3,000, $4,000, and $5,000 respectively, you report the cost of its purchases as follows:

Purchases	Asset Classification	Cost
New revenue vehicle	Revenue Vehicles (6500)	$93,000
Farebox	Fare Collection Equipment (6700)	$3,000
Automated dispatching system	Communication/Information Systems (6800)	$4,000
AVL	Communication/Information Systems (6800)	$5,000
Total		**$105,000**

Note that in both scenarios, you expended $105,000 in total and received the same property. However, the two scenarios result in reporting costs to different asset classifications.

3.6 Service Vehicles (6600)

This asset classification comprises vehicles that do not provide transit service, such as tow trucks or supervisor cars. The cost of the vehicle includes both the vehicle and all fixtures and appliances inside or attached to the vehicle. It includes the cost of one set of tires and tubes to make the vehicle operational. Additional costs included in capitalization amounts are described under Tangible Assets.

3.7 Fare Collection Equipment (6700)

This asset classification includes equipment used in the collection of fares. It includes, but is not limited to the following types of equipment:

- Turnstiles
- Fare boxes
- Software related to fare collection
- Money changers
- Fare media dispensing machines
- Software used to operate mobile ticketing applications

Costs included in capitalization amounts are described under Tangible Assets. Software costs included in capitalization amounts are described under Intangible Assets.

3.8 Communication / Information Systems (6800)

This asset classification includes both communication and information systems that are used in transit agencies. These systems are listed below, but this list is not comprehensive.

Communication Systems:	Hardware and Information Systems:
• Radios • Cab signaling and train control equipment • Automatic Vehicle Locator (AVL) systems • Automated dispatching systems • Vehicle guidance systems • Public address systems • Automated Passenger Counter (APC) systems and associated software	• Global Positioning Systems (GPS) • Computers • Monitors • Printers • Data storage • Software that supports accounting, scheduling, planning, maintenance, customer service, and other functions

As the transit industry continues to develop new technologies, it is likely that there will be capital expenses related to communication and software systems that could not be anticipated at the time this document was published. The definition and examples of communication / information systems provided should be interpreted flexibly enough to include new technologies.

Costs included in capitalization amounts are described under Tangible Assets. Software costs included in capitalization amounts are described under Intangible Assets.

3.9 Other Capital Expenses (6900)

This asset classification includes capital expenses that could not be included in the asset classifications described above, and include, but are not limited to, the following capital expenses:

- Furniture and equipment that is not an integral part of buildings and structures
- Passenger stops and shelters that do not meet the definition of a passenger station
- Intangible assets such as air rights, easements, water rights, timber rights, patents, and trademarks

Costs included in capitalization amounts are described under Tangible Assets and Intangible Assets.

Section 4 - Operating Expenses: Object Classes

4.0 Operating Expenses (5000): Object Classes

Operating expenses are expenditures incurred by a transit agency in providing public transportation service. Operating expenses for transit agencies generally include, but are not limited to, salaries and wages, fringe benefits, services, fuel and lubricants, vehicle maintenance, materials and supplies, utilities, insurance, taxes, interest, and leases. NTD has developed the guidance in this section in order to give agencies a better understanding of which object class expenses they should report. The agency reports costs within each object class under four different functions: Vehicle Operations, Vehicle Maintenance, Facility Maintenance, or General Administration. These functions and associated sub-functions are described in the section titled Operating Expenses: Functions. The following table illustrates the relationship between Operating Expenses Object Classes (addressed in this section) and Functions (addressed in the following section) by providing high-level examples. Note that examples in the following table are not exhaustive; for further details, please refer to this section, Operating Expenses: Object Classes and the following section, Operating Expenses: Functions.

Table 4. Common Example of Operating Expenses Reported by Function

Operating Expenses Object Classes	Operating Expenses Functions			
	Vehicle Operations	Vehicle Maintenance	Facility Maintenance	General Administration
Operators' Salaries and Wages (5011)	Operators' driving time	Operators fueling vehicles	Operators cleaning a garage	Operators taking customer service calls
Operators' Paid Absences (5012)	Operators' vacation and sick leave (allocated among four functions)	Operators' vacation and sick leave (allocated among four functions)	Operators' vacation and sick leave (allocated among four functions)	Operators' vacation and sick leave (allocated among four functions)
Other Salaries and Wages (5013)	Dispatching revenue vehicles	Mechanics repairing vehicles	Custodians cleaning offices	Accountants writing a budget
Other Paid Absences (5014)	Police officers' vacation	Tow truck drivers' sick leave	Plumbers' holiday leave	General manager's maternity leave
Fringe Benefits (5015)	Schedulers' health insurance	Shop supervisor's pension	Track workers' Social Security taxes	Customer service representative's unemployment plan
Services (5020)	Security guard service	Vehicle body work at an independent garage	Independent electrician service of maintenance garage	Independent auditor
Fuel and Lubricants (5031)	Fuel for revenue vehicles	Fuel for service vehicles	*Not applicable*	*Not applicable*
Tires and Tubes (5032)	Tires for revenue vehicles	Tires for service vehicles	*Not applicable*	*Not applicable*
Other Materials and Supplies (5039)	Fare cards	Vehicle parts	Cleaning supplies	Office supplies
Utilities (5040)	Electricity used to propel a streetcar	*Not applicable*	*Not applicable*	Natural gas to heat buildings
Casualty and Liability Costs (5050)	*Consolidated under General Administration function*	*Consolidated under General Administration function*	*Consolidated under General Administration function*	Vehicle liability insurance
Taxes (5060)	Revenue vehicle licensing	Fuel tax on fuel for service vehicles	Building permits	Property taxes
Purchased Transportation – In Report (5101)	PT contractor's employees driving vehicles	PT contractor's employees repairing vehicles	PT contractor's employees maintaining a garage	PT contractor's employees doing human resources work
Purchased Transportation – Filing Separate Report (5102)	PT contractor's employees preparing schedules	PT contractor's employees refueling vehicles	PT contractor's employees maintaining office space	PT contractor's employees negotiating contracts
Miscellaneous Expenses (5090)	Highway tolls paid by revenue vehicles	Mechanics' travel expenses going to training	Office building air conditioner repair staff's travel expenses going to training	Dues for membership in professional organizations
ADA Expenses (5910)	Providing service to disabled passengers as required by ADA			

4.1 Labor (5010)

Labor expenses arise from the performance of work by employees. Labor expenses include pay and allowances owed to employees in exchange for the services provided to the transit agency. It also includes bonuses, shift differentials, overtime premiums, minimum guarantees, paid absences, and fringe benefits.

4.1.1 Operators' Salaries and Wages (5011)

Operators' salaries and wages include the cost of labor, excluding paid absences and fringe benefits, for the transit agency's employees who are classified as revenue vehicle operators or crewmembers. These expenses include wages for performing activities related to vehicle operations such as:

- report time
- platform time
- turn-in time
- accident reporting time

These expenses also cover wages paid to back-up (extra board drivers) such as stand-by time.

In small transit systems, operators also may be scheduled to perform vehicle maintenance duties that are typically performed by vehicle maintenance employees. These duties may include servicing revenue vehicles (e.g., fueling, interior cleaning, and exterior washing) and limited inspection and maintenance of revenue vehicles.

Operators sometimes are temporarily assigned duties other than driving their vehicles in revenue service such as:

- training time either as a student or instructor
- revenue vehicle movement control as dispatchers or road supervisors
- movement of revenue vehicles among maintenance and operating facilities
- maintenance of bus stops and shelters
- general administration assignment such as customer service and marketing

The agency reports expenses for operators' salaries and wages under the following four functions, depending on the type of work the operator is performing:

1. Vehicle Operations Operators' Salaries and Wages
2. Vehicle Maintenance Operators' Salaries and Wages
3. Facility Maintenance Operators' Salaries and Wages
4. General Administration Operators' Salaries and Wages

Example: Operators' Salaries and Wages

You are a small transit agency that has an operator who also performs duties other than vehicle operations. The operator follows a schedule that includes his duties and tasks. The operator worked 200 hours this month and his schedule shows that the he spent his time doing the following:

Task	Hours
Inspecting the tires and replacing and/or pumping air into the revenue vehicle tires	5 hours
Cleaning the revenue vehicles	10 hours
Filming a marketing video	5 hours
Operating a revenue vehicle	160 hours
Fueling the revenue vehicles	1 hour
Replacing all the lights in the administrative building	2 hours
Replacing all the lights in the garage	4 hours
Answering customer service calls	3 hours
Moving vehicles between the garage and maintenance facilities	5 hours
Cleaning garage	5 hours
Total Hours	**200 hours**

Classify each of the tasks in the operator's schedule into the four functions as follows:

Vehicle Operations	Vehicle Maintenance	Facility Maintenance	General Administration
• Operating a revenue vehicle	• Inspecting the tires and replacing and/or pumping air into the revenue vehicle tires • Cleaning the revenue vehicles • Fueling the revenue vehicles • Moving vehicles between the garage and maintenance facilities	• Replacing all the lights in the administrative building • Replacing all the lights in the garage • Cleaning garage	• Filming a marketing video • Answering customer service calls
160 hours / 200 hours = 80%	*21 hours / 200 hours = 10.5%*	*11 hours / 200 hours = 5.5%*	*8 hours / 200 hours = 4%*

You must report 80% of the operator's salaries and wages in Vehicle Operations, 10.5% in Vehicle Maintenance, 5.5% in Facility Maintenance, and 4% in General Administration functions.

In most transit systems, the overwhelming majority of operators' salaries and wages expenses belong to the Vehicle Operations function.

4.1.2 Operators' Paid Absences (5012)

This includes vacation leave, sick time, and other paid time off not contingent on a specific event outside the control of the transit agency for revenue vehicle operators or crewmembers.

Example: Paid Absences

Your transit agency's employee receives 96 hours of vacation time each year and her hourly pay is $12 per hour. Using accrual accounting, account for the employee's paid absences as follows:

1. Vacation pay per year = 96 hours x $12 per hour = $1,152 per year
2. $1152 per year / 52 weeks in a year = $22.15 per week
3. Accrue a liability of $22.15 per week for the employee's vacation pay
4. Report the total paid absences expenses of $1,152 in NTD for the reporting year

4.1.3 Other Salaries and Wages (5013)

This object class includes the cost of labor, excluding paid absences and fringe benefits, of employees of the transit agency who are not classified as revenue vehicle operators or crewmembers (e.g., maintenance workers, administrative staff, and transit managers).

Example: Salaries and Wages vs Paid Absences vs Fringe Benefits

As a transit agency, you classify these payroll related expenses as follows:

Expense	Salaries and Wages	Paid Absences	Fringe Benefits
Salaries	X		
Vacation time		X	
Sick time		X	
Other paid time off		X	
Bonuses	X		
Overtime	X		
Social security taxes			X
Medical insurance			X
Pension plan			X
Childcare assistance			X

The agency reports other salaries and wages in the following four functions, depending on the type of work the employee is doing:

1. Vehicle Operations Other Salaries and Wages
2. Vehicle Maintenance Other Salaries and Wages
3. Facility Maintenance Other Salaries and Wages
4. General Administration Other Salaries and Wages

4.1.4 Other Paid Absences (5014)

This includes vacation leave, sick time, and other paid time off not contingent on a specific event outside the control of the transit agency for its employees that are not classified as revenue vehicle operators or crewmembers.

4.1.5 Fringe Benefits (5015)

Fringe benefits are the expenses for employment benefits that an employee receives in addition to his or her base salaries and wages. Fringe benefits include payments associated with the employee's labor that do not arise from the performance of work, but still arise from the employment relationship. Fringe benefits can be divided into the following four categories:

1. **Employment Taxes**: federal, Medicare, and Social Security taxes.
2. **Health and Welfare Expenses**: medical and dental insurance plans (to include hospital, surgical, and pharmaceutical plans); short-term disability and life insurance

plans; workers' compensation or Federal Employees Liability Act Contribution; and unemployment plans.

3. **Retirement Costs/Pension Plans**: pension plans, long-term disability plans, and other postemployment benefits (OPEB).
4. **Other Fringe Benefits**: uniform and work clothing; tool allowances; employee and family transit passes; reimbursements for moving and education; assistance for dependent care, childcare, and adoption; employee discounts; and other fringe benefits not described in the categories listed above.

Similar to operators' and other salaries and wages, the agency reports fringe benefits in four functions based on the type of work the employee who receives the benefits is doing.

1. Vehicle Operations Fringe Benefits
2. Vehicle Maintenance Fringe Benefits
3. Facility Maintenance Fringe Benefits
4. General Administration Fringe Benefits

Other Postemployment Benefits (OPEB)

In addition to pensions, some transit agencies provide other postemployment benefits (OPEB). OPEB includes postemployment healthcare and life insurance that are provided separately from a pension plan**.**

4.2 Services (5020)

Services are the labor and other work provided by outside organizations for fees and related expenses. Outside organizations may be private companies or public entities. The agency reports work done by personnel within the reporting unit as salaries and wages and fringe benefits. For example, if the reporting unit is a city, then transit-related work done by city employees, even those outside the transit division, is reported as salaries and wages and fringe benefits, not services. Services provided by an outside organization are usually procured as a substitute for in-house employee labor, except in the case of independent audits, which could not be performed by employees. Agencies usually substitute services

Examples: Services Provided to Transit Agencies

- Common examples of services include outside vehicle maintenance services such as painting and body work, maintenance of shelters, building maintenance including custodial services, consultant studies, temporary help for surveys, outside marketing studies, and contracted management. Contracted management includes when an agency contracts with a private company to provide a general manager. This person manages transit agency employees, but is an employee of the private company, not the transit agency.

for in-house labor because the skills offered by the outside organization are needed for only a short period of time or internal staff does not have the requisite skills. This object class includes all costs that are part of the service agreement. For example, if in a contract for custodial service the custodial company provides the cleaning supplies, the cost of these supplies belongs to Services, not Other Materials and Supplies. Services expenses may apply to any sub-function.

The services object class does not include purchased transportation service. A contractor that provides vehicle operators is considered a purchased transportation provider, and any other labor or materials provided by that contractor, including fuel, parts, and maintenance, belong to the purchased transportation object class.

4.3 Materials and Supplies (5030)

The expenses in the following three object classes include products obtained from outside suppliers or those manufactured internally. The cost of the material or supply includes freight-in, purchase discounts, cash discounts, sales taxes, and excise taxes (except on fuel and lubricants). Charges to this object class include both materials and supplies issued from inventory for use, and materials and supplies purchased for immediate use (i.e., items used without going through inventory).

4.3.1 Fuel and Lubricants (5031)

This object class includes fuel used to propel revenue and non-revenue vehicles and lubricants such as motor oil, transmission fluid, and grease. Purchase and cash discounts are included in the cost of the fuel or lubricant.

Fuel and Lubricants expenses may belong to the following functions and sub-function(s):

1. Vehicle Operations
   a. Revenue Vehicle Operation Fuel and Lubricants
2. Vehicle Maintenance
   a. Servicing and Fueling Vehicles Fuel and Lubricants

Sales or excise taxes are not included in the cost; the agency reports them separately under Taxes (5060). The agency reports fuel costs net of fuel taxes, even if the agency paid the taxes initially and was later reimbursed.

Example: Fuel taxes

You are a transit agency in Virginia and you spent $3,000 on 1,000 gallons of diesel fuel, which includes the cost of following fuel excise taxes:

- Federal tax on a gallon of diesel: $0.244
- Virginia state tax on a gallon of diesel: $0.261

You report fuel and lubricants costs and fuel taxes separately in the NTD as follows:

1. Calculate the total taxes on each gallon of diesel ($0.244 federal tax + $0.261 state tax = $0.505 per gallon)
2. Calculate the total taxes on 1,000 gallons (1,000 gallons x $0.505 per gallon = $505)
3. Calculate the fuel and lubricant costs ($3,000 paid in total - $505 taxes = $2,495 in fuel and lubricants cost)

You report $2,495 as fuel and lubricants costs and $505 as taxes.

Note that modes powered by electricity report propulsion power under Revenue Vehicle Operation Utilities.

4.3.2 Tires and Tubes (3032)

This object class includes the cost of tires and tubes, whether they are rented, leased or purchased. The agency does not report rented and leased tires and tubes under Operating Lease Expenses (5220). Purchase discounts, cash discounts, sales taxes, and excise taxes are included in the cost of the tires and tubes. Tires and tubes expenses may belong to the following functions and sub-functions:

1. Vehicle Operations
   a. Revenue Vehicle Operation Tires and Tubes
2. Vehicle Maintenance
   a. Servicing and Fueling Vehicles Tires and Tubes

4.3.3 Other Materials and Supplies (5039)

The expenses in this object class include products obtained from outside suppliers or those manufactured internally that are not covered in the two preceding object classes. The cost of the material or supply includes shipping costs, purchase discounts, cash discounts, sales taxes, and excise taxes. Costs associated with this object class include materials and supplies issued from inventory or purchased for immediate use (i.e., items used without going through inventory). Other Materials and Supplies expenses may belong to the following functions and sub-functions:

1. Vehicle Operations
   a. Dispatching and Supervising Other Materials and Supplies
   b. Ticketing and Fare Collection Other Materials and Supplies
   c. Security Other Materials and Supplies
   d. Transportation Administration Other Materials and Supplies
2. Vehicle Maintenance
   a. Servicing and Fueling Vehicles Other Materials and Supplies
   b. Inspection, Maintenance, and Repair of Vehicles Other Materials and Supplies
3. Facility Maintenance
   a. Maintenance of Vehicle Operations Equipment Other Materials and Supplies
   b. Maintenance of Roadway and Track Other Materials and Supplies
   c. Maintenance of Tunnels, Bridges, and Subways Other Materials and Supplies
   d. Maintenance of Passenger Stations Other Materials and Supplies
   e. Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment Other Materials and Supplies
   f. Maintenance of Administrative Buildings, Grounds, and Equipment Other Materials and Supplies

   g. Operation and Maintenance of Electric Power Facilities Other Materials and Supplies

4. General Administration Other Materials and Supplies
   a. Customer Relations Other Materials and Supplies
   b. Promotion Other Materials and Supplies
   c. Preliminary Capital Project Planning Other Materials and Supplies
   d. Safety Other Materials and Supplies
   e. Information Technology Other Materials and Supplies
   f. Office Management and Services Other Materials and Supplies
   g. General Other Materials and Supplies

4.4 Utilities (5040)

This object class includes expenses for electricity, gas, water, telephone, heating oil, fuel for backup generators, and internet. Utilities expenses may belong to the following functions and sub-functions:

1. Vehicle Operations
   a. Revenue Vehicle Operation Utilities
2. General Administration
   a. General Utilities

4.5 Casualty and Liability Costs (5050)

Casualty and liability costs are expenses related to loss protection and losses incurred by the transit agency. These expenses include:

- Compensation of others for their losses due to acts for which the transit agency is liable.
- The costs of protecting the transit agency from losses through conventional insurance and other risk financing programs (e.g., self-insurance and insurance pools).
- Agency losses due to the liable actions of others that are covered by other corporate insurance.

Note that refunds and paybacks received from state insurance pools are netted from Casualty and Liability Costs.

Transit agencies often incur self-insurance costs. Note that premiums also include self-insurance costs.

Casualty and Liability Costs include the following:

1. **Premiums for Physical Damage Insurance**: premiums applicable to the reporting period to insure the transit agency from loss through damage to its own property caused by collision, fire, theft, flood, earthquakes and other types of losses.

2. **Premiums for Public Liability and Property Damage Insurance**: premiums applicable to the reporting period to insure the transit agency against loss from liability for incidents by the transit agency which cause damage to the person or property of others.
3. **Payouts for Insured Public Liability and Property Damage Settlements**: payments (or accruals) of actual liability to others arising from culpable acts of the transit agency that are covered by public liability insurance.
4. **Payouts for Uninsured Public Liability and Property Damage Settlements**: payments (or accruals) of actual liability to others arising from culpable acts of the transit agency that are not covered by public liability insurance.
5. **Provision for Uninsured Public Liability and Property Damage Settlements**: periodic estimates of liability to others arising from culpable acts of the transit agency that relate to the current period that are not covered by public liability insurance.
6. **Premiums for Other Corporate Insurance:** premiums applicable to the reporting period to insure the transit agency from losses other than damage to its property or liability for its culpable acts (e.g., fidelity bonds, business records insurance).
7. **Other Corporate Losses**: charges for actual losses resulting from events covered by the other corporate insurance.

Record all casualty and liability expenses in the General Administration function.

1. General Administration
   a. Risk Management Casualty and Liability

The agency reports costs of employees engaged in insuring and processing claims for and against the reporting agency in Labor, as appropriate. The agency reports the costs of repairing damaged property in Labor and Other Material and Supplies (5039), as appropriate. The costs of writing off property damaged beyond repair are reported as Extraordinary or Special Items (5280), depending on the circumstances of the impairment.

4.6 Taxes (5060)

Tax expenses are the charges and assessments levied against the transit agency by federal, state and local governments. Sales taxes, excise taxes, freight-in and other acquisition costs are not included in this object class. Instead, they are accounted for as part of the cost of the material or service purchased. The agency reports taxes in the following functions and sub-functions:

1. Vehicle Operations
   a. Revenue Vehicle Operation Taxes
2. Vehicle Maintenance
   a. Servicing and Fueling Vehicles Taxes
3. Facility Maintenance

a. Administration of Facility Maintenance Taxes

4. General Administration

a. General Taxes

Reimbursement of Taxes Paid

Reimbursement, or refunds, of taxes paid include the receipt or accrual of state government payments to help cover the cost of taxes incurred by the transit agency. Reimbursement of taxes is netted from the associated expense on which the tax was originally levied. The agency does not report reimbursements of taxes as revenue. For example, some states reimburse transit agencies for taxes paid on fuel. Agencies net refunds of fuel taxes from fuel tax expense, rather than reporting them as revenue.

4.7 Purchased Transportation Expenses (5100)

Purchased Transportation (PT) expenses include the payments or accruals to sellers or providers of service, including fare revenues retained by the seller. It does not include the capital leasing portion of the contract.

Purchased vanpool service has its own unique issues. Please refer to Vanpool for more detail.

4.7.1 Purchased Transportation in Report (5101)

This object class includes the payments or accruals to sellers or providers of service, including fare revenues retained by the seller. The agency reports Purchased Transportation (PT) expenses in this object class when they report the associated service in their own NTD report. If the other party reports the service, the expenses belong to the object class Purchased Transportation Filing Separate Report (5102). The PT seller must provide a breakdown of the expense object classes, separated out by the four NTD functions (i.e., Vehicle Operations, Vehicle Maintenance, Facility Maintenance, and General Administration) according to the classifications defined throughout this document.

Please refer to Reporting Contractor Expenses for more information.

4.7.2 Purchased Transportation Filing Separate Report (5102)

The agency reports Purchased Transportation (PT) expenses in this object class when the other party reports the associated service data (e.g., miles, ridership) in their own NTD report. The agency that reports the service data then reports Purchased Transportation (PT) expenses in the object class Purchased Transportation in Report (5101). The Purchased Transportation (PT) seller must provide a breakdown of the expense object classes, separated out by the four NTD functions (i.e., Vehicle Operations, Vehicle Maintenance, Facility Maintenance, and General Administration) according to the classifications defined throughout this document.

Please refer to Reporting Contractor Expenses for more discussion.

Reporting Contractor Expenses

The expenses in this object class must include the total amount paid by the buyer to the seller. The seller's actual expenses are often less than this amount, since the seller

receives a profit included in the expenses paid by the buyer; the actual expenses will be greater than the amount paid if the seller suffers a loss. Since buying agencies are reporting, the expenses recorded are the buyer's expenses, and the buyer reports the total amount paid to the seller.

Example: Reporting Purchased Transportation

You are a transit agency and you have a $1.1 million contract to purchase service. The provider's expenses are $1 million and its profit is $100,000. Of the expenses, $400,000 belongs to Vehicle Operations, $250,000 to Vehicle Maintenance, $50,000 to Facility Maintenance, $100,000 to General Administration, and $200,000 to Capital Leasing. Thus these functions constitute 40%, 25%, 5%, 10%, and 20% of the total, respectively. The $100,000 profit is divided according to these percentages: $40,000, $25,000, $5,000, $10,000, and $20,000. You would record the transactions in the NTD as described in **Table 5.**

Table 5. Example of Reporting Contractor's Cost Across Functions

	Vehicle Operations	Vehicle Maintenance	Facility Maintenance	General Administration	Capital Leasing	Total
Contractor Cost	$400,000	$250,000	$50,000	$100,000	$200,000	**$1,000,000**
Contractor Profit	$40,000	$25,000	$5,000	$10,000	$20,000	**$100,000**
Total	**$440,000**	**$275,000**	**$55,000**	**$110,000**	**$220,000**	**$1,100,000**

Within the Purchased Transportation In Report / Filing Separate Report object classes, you report $440,000 under Vehicle Operations, $275,000 under Vehicle Maintenance, $55,000 under Facility Maintenance, and $110,000 under General Administration. You report $220,000 under Capital Leasing for the contractual relationship.

4.8 Miscellaneous Expenses (5090)

This object class includes expenses that cannot be attributed to any of the other expense object classes. Agencies must check to be sure an expense does not belong in a different object class before reporting it as miscellaneous. Direct miscellaneous expenses are reported in the appropriate function. Shared miscellaneous expenses are allocated among the functions according to the reporter's best professional judgment. Miscellaneous expenses may belong to the following functions:

1. Vehicle Operations
2. Vehicle Maintenance
3. Facility Maintenance
4. General Administration

Some common miscellaneous expenses and their associated functions are listed below.

1. **Dues and Subscriptions**: Fees for membership in industry organizations and subscriptions to periodicals. The agency reports this expense under the General Administration function.
2. **Travel and Meetings**: Air, train or bus fares and allowances for transportation of traveling transit agency employees and related officials. In addition, this expense includes food and lodging, charges for participation in industry conferences, and other related business meeting expenses. The agency may report this expense under any of the four functions. For example, if employees are sent to receive

training for Vehicle Maintenance activities, the expense would belong to Vehicle Maintenance.

3. **Bridge, Tunnel, and Highway Tolls**: Payments made to authorities and other organizations for the use of bridges, tunnels, highways, and other facilities. The agency reports this expense under the Vehicle Operations function.
4. **Entertainment Expense**: Costs of social activities and other incidental costs relating to meals, beverages, lodgings, transportation, and gratuities. The agency reports this expense under the General Administration function.
5. **Charitable Donations**: Contributions to charitable organizations made by the transit agency. The agency reports this expense under the General Administration function.
6. **Fines and Penalties**: Costs of fines and penalties incurred by the transit agency. The agency reports this expense under the General Administration function.
7. **Bad Debt Expense**: Amounts owed to the transit agency that the agency has determined to be uncollectable. The agency reports this expense under the General Administration function.

4.9 ADA Expenses (5910)

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state and local government services, public accommodations, commercial facilities, and transportation. Agencies must report the total expenses that result from ADA requirements for complementary paratransit in demand response (DR) and demand response-taxi (DT) modes. In this object class, agencies report the portion of their operating expenses that is attributable to ADA-required service. This object class is not exclusive of other operating expense object classes. For example, if you spent $10,000 on vehicle fuel, and $1,000 of this was to fuel a vehicle used for ADA service, then you would report $10,000 under Fuel and Lubricants (5031) and $1,000 under ADA Expenses (5910).

4.10 Reconciling Items (5200)

Reconciling items are expenses that are not included as capital expenses or as mode-specific operating expenses. If reconciling items represent cash expenditures such as operating lease expenses, the agency reports them as Funds Applied. The agency reports non-cash expenditures such as depreciation as Funds Not Applied.

4.10.1 Interest Expenses (5210)

Interest expenses are charges for the use of capital borrowed by the transit agency. Interest expenses may accrue on both short-term debt and Long-Term Debt obligations.

1. **Interest on Long-Term Debt Obligations**: charges for the use of capital borrowed on a long-term basis (the liability for which is usually represented by bonds or loans) employed in the operation of the transit system. Interest charges pertaining to construction debt that are capitalized will not be reflected as interest expense.
2. **Interest on Short-Term Debt Obligations**: charges for the use of capital borrowed on a short-term basis employed in the operation of the transit agency.

4.10.2 Operating Lease Expenses (5220)

Operating lease expenses include payments for the use of Capital Assets not owned by the transit agency. Operating leases allow the transit agency to use assets, but do not allow them the rights of asset ownership (e.g., transfer of title). As such, operating leases are not capitalized as assets, but are recorded as operating expenses during the reporting period.

Example: Reporting Operating Lease Expenses

- If you are an agency that leases office space, and the lessor provides custodial or maintenance service as part of the lease agreement, then you report the custodial/maintenance portion of the lease under Services.

Some operating leases include costs that the agency must separate out and report under Services (5020). If part of the lease cost covers a service, rather than just the cost of the use of the asset, the agency reports this under Services (5020) rather than operating lease expenses. This also applies to Capital Leases (5230) and Related Parties Lease Agreements (5240).

4.10.3 Capital Leases (5230)

Other than an operating lease, a transit agency may also have a capital lease. A lease is considered a capital lease if it meets any of the following four criteria at its inception (the earlier of the date of the lease agreement or commitment):

1. **Transfer of ownership**: the lease transfers ownership (e.g., transfer of title) of the property to the transit agency by the end of the agreed-upon lease term.
2. **Bargain purchase option**: the lease contains a provision that allows the transit agency to purchase the leased property for a reduced price (reduced compared to expected fair value of the property at the date that the purchase option becomes exercisable).
3. **Lease term**: lease term is equal to or greater than 75% of the estimated useful life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated useful life of the leased property, this criterion cannot be used for classifying the lease as a capital lease.
4. **Minimum lease payments**: the present value at the beginning of the lease term of the minimum lease payments to be paid by the transit agency, excluding executory costs such as insurance, maintenance, and taxes, is equal to or greater than 90% of the fair value of the property at lease inception.

The agency reports the current portion of capital leases in operating expenses for the reporting period. The current portion of capital leases includes lease payments made for capital leases during the reporting period. The noncurrent portion of capital leases is capitalized and reported as Capital Lease Obligations (2230).

Example: Capital Lease

You are a transit agency that agreed to lease a train from the manufacturer for 10 years or 120 months. At the end of the 10 years, you have the option to purchase that revenue vehicle at below market value. You agree to pay the manufacturer $5,000 per payment during the lease period and make 4 lease payments this reporting year. You report the expenses as follows:

- Report $20,000 ($5,000 per payment x 4 payments) lease expense as reconciling item in operating expenses.
- Report the remaining noncurrent portion of the capital lease as capital lease obligation.

4.10.4 Related Parties Lease Agreements (5240)

Other than operating and capital leases, transit agencies may also have related parties lease agreements. Related parties leases are leases with terms and payment amounts that are substantially less than they would be in usual circumstances because the transit agency is related to the lessor. Common examples include:

- A state government's department of transportation purchases buses and leases them to transit agencies in the state at half the market rate.
- A county government leases land to a local transit agency for use as a parking lot for a dollar a year.

4.10.5 Voluntary Non-Exchange Transactions (5250)

This object class is for the *provider* to record the non-exchange expenses when all applicable eligibility requirements have been met. In a voluntary non-exchange transaction, an agency gives or receives value (e.g., revenue vehicle) without directly receiving or giving equal value (e.g., cash) in return. This is different from an exchange transaction, in which each party receives and gives up essentially equal values. Voluntary non-exchange transactions result from legislative or contractual agreements, other than exchanges, entered into willingly by the parties to the agreement. An example of a voluntary non-exchange transaction is when one transit agency builds capital assets, such as railways and train stations, and transfers the assets to another transit agency that operates them. Other examples of voluntary non-exchange transactions include certain grants and private donations.

Example: Voluntary Non-Exchange Transaction

- An example of voluntary non-exchange transaction is when an airport authority agency expands a local transit agency's existing rail system and transfers it over to the transit agency for operations. The airport authority agency constructs an expansion to the rail system and transfers it to the transit agency for management and operation. The transit agency does not provide payment in return.

The provider in a non-exchange transaction recognizes a decrease in assets when all applicable eligibility requirements of the non-exchange transaction have been met. The provider reports resources transmitted before eligibility requirements are met as Assets (e.g., an advance).

Receiving agencies can find guidance for reporting the non-exchange transaction under the Non-Added Revenue: Voluntary Non-Exchange Transaction (4620).

4.10.6 Depreciation (5260)

Depreciation is the depletion of the cost of Capital Assets; it reflects the loss in value of capital assets over the years. In order to account for the reduction in value and usefulness of tangible property, the agency expenses a portion of the cost as depreciation each year of the asset's life. The agency reports the amount depreciated during the reporting period as an operating expense/reconciling item. Typically, as a non-cash expenditure, the agency reports depreciation as Funds Not Applied. Agencies choose their own depreciation method provided that the depreciation value is measured in a systematic and rational manner.

Agencies also report the cost of writing off property damaged beyond repair that do not qualify as extraordinary and special items in this object class.

4.10.7 Amortization of Intangibles (5270)

Amortization is the systematic spreading of the value of Intangible Assets other than Goodwill over the asset's estimated useful life. Generally, agencies use the straight-line method to amortize intangible assets. The agency reports the amount amortized during the reporting period as an operating expense/reconciling item. Typically, the agency reports amortization as Funds Not Applied since it is not a cash expenditure.

4.10.8 Extraordinary and Special Items (5280)

Extraordinary items are material events or transactions that are distinguished by their unusual nature and by the infrequency of their occurrence.

Examples of material extraordinary items include capital assets that were impaired by extraordinary events such as Hurricane Sandy or Hurricane Katrina. The agency reports these impaired values as extraordinary items rather than regular operating expenses to highlight their unusual and infrequent nature.

If a material event or transaction is unusual in nature or occurs infrequently but not both, it does not meet criteria for classification as an extraordinary item; instead, the agency classifies it as a special item. Both extraordinary and special items are distinguishable from normal operating items and the agency thus reports them separately.

Example: Extraordinary and Special Items

Agencies classify each of the events or transactions as follows:

Event	Classification
Hurricane Sandy/ Hurricane Katrina	Extraordinary and Special
Blizzard in a state where the last blizzard storm occurred 100 years ago	Extraordinary and Special
Blizzard in a state where blizzard storms occur multiple times each winter	Not Extraordinary and Special
Flood in a town surrounded by rivers and lakes	Not Extraordinary and Special
Earthquake in a state like California where earthquakes are reported frequently throughout the year	Not Extraordinary and Special

Note that it is possible for natural disasters (e.g., earthquakes, blizzards, and hurricanes) to be classified as extraordinary and special items in some regions, but not in others. Agencies report the expenses associated with the events classified as extraordinary and special as a reconciling item in this object class in the NTD.

4.10.9 Other Reconciling Items (5290)

Other Reconciling Items are any other costs that cannot be captured in the above reconciling items object classes, such as funds to another agency through a cooperative agreement and expenses for purchased transportation services not meeting NTD requirements for a contractual agreement.

4.10.10 ADA Related Reconciling Items (5920)

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, state and local government services, public accommodations, commercial facilities, and transportation. Agencies must report the total expenses that result from ADA requirements for complementary paratransit in demand response (DR) and demand response-taxi (DT) modes. In this object class, agencies report the portion of their reconciling item

expenses that are attributable to ADA-required service. This object class is not exclusive of other reconciling item object classes. For example, if you spent $10,000 to lease vehicles, and $1,000 of this was to lease a vehicle used for ADA service, then you would report $10,000 under Operating Lease Expenses (5220) and $1,000 under ADA Related Reconciling Items (5920).

Section 5 - Operating Expenses: Functions

5.0 Operating Expenses: Functions

Transit agencies are required to report operating expenses within four functions: 1) Vehicle Operations; 2) Vehicle Maintenance; 3) Facilities Maintenance; and 4) General Administration. NTD has developed the guidance in this section in order to help agencies assign costs to the current functions. Within each function, there are a variety of sub-functions as depicted in the following figure.

Functions			
Vehicle Operations	Vehicle Maintenance	Facility Maintenance	General Administration
▪ Revenue Vehicle Operation ▪ Scheduling ▪ Dispatching and Supervising ▪ Ticketing and Fare Collection ▪ Security ▪ Transportation Administration	▪ Servicing and Fueling Vehicles ▪ Inspection, Maintenance, and Repair of Vehicles ▪ Administration of Vehicle Maintenance	▪ Maintenance of Vehicle Operations Equipment ▪ Maintenance of Roadway and Track ▪ Maintenance of Tunnels, Bridges, and Subways ▪ Maintenance of Passenger Stations and Stops ▪ Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment ▪ Maintenance of Administrative Buildings, Grounds, and Equipment ▪ Operation and Maintenance of Electric Power Facilities ▪ Administration of Facility Maintenance	▪ Finance and Accounting ▪ Purchasing and Stores ▪ Real Estate Management ▪ Customer Service ▪ Promotion ▪ Market Research ▪ Planning and General Engineering ▪ Preliminary Capital Project Planning ▪ Risk Management ▪ Safety ▪ Human Resources ▪ Legal ▪ Information Technology ▪ Office Management ▪ General Management ▪ General

Subfunctions

2015-001-CD-FTA-USA_003

Figure 2. Functions and Sub-functions

Although agencies do not report expenses by sub-function, the sub-functions describe more detail that may help reporters determine where a particular expense should be recorded. Examples are provided throughout.

5.1 Vehicle Operations

The Vehicle Operations function includes wages, salaries and expenses related to all activities associated with dispatching and running vehicles to carry passengers, including management, administrative and clerical support.

5.1.1 Vehicle Operations Operators' Salaries and Wages

Vehicle operations Operators' Salaries and Wages (5011) include labor costs for time spent performing vehicle operation activities. Operators include conductors, ferryboat deck crews, and other operating crew members.

5.1.2 Vehicle Operations Operators' Paid Absences

This includes total Operators' Paid Absences (5012) attributable to labor within this function.

5.1.3 Vehicle Operations Other Salaries and Wages

Vehicle operations Other Salaries and Wages (5013) include non-operators' labor costs for time spent conducting vehicle operation activities. Personnel in the following positions may perform work in Vehicle Operations:

- Fare collection personnel such as agents distributing, selling, and collecting fares; printers and other machine operators producing tickets, tokens, and other fare media; and individuals controlling and servicing sales outlets.
- Scheduler personnel such as schedule analysts/preparers, statistical clerks and individuals producing the design, layout, and reproduction of finished schedules.
- Security personnel such as security guards and managers for vehicles and at collection and counting area and vehicle drivers transporting money to counting facilities and banks.
- Police officers, special agents, and patrol staff providing system security.
- Management / administrative staff such as department heads, dispatchers, supervisors, and administrative assistants.
- Accounting / finance personnel such as accounting and control clerks engaged in fare-related activities such as auditing and monitoring fare sales, collection, and counting activities.
- Other personnel such as inspectors, stop-and-zone representatives, driver training instructors, students/apprentices, starters, timekeepers and communications operators.

5.1.4 Vehicle Operations Other Paid Absences

This includes total Other Paid Absences (5014) attributable to labor within this function.

5.1.5 Vehicle Operations Fringe Benefits

This includes total Fringe Benefits (5015) attributable to labor within this function.

5.1.6 *Vehicle Operations Sub-Functions*

There are six sub-functions within Vehicle Operations that are described in more detail in the following sections:

1. Revenue Vehicle Operation
2. Scheduling
3. Dispatching and Supervising
4. Ticketing and Fare Collection
5. Security
6. Transportation Administration

Labor expenses are applicable to each of the sub-functions. All operating expense object classes except Casualty and Liability Costs (5050) may apply to this function.

5.1.6.1 Revenue Vehicle Operation

This sub-function includes salaries, wages and expenses related to conducting work onboard the transit vehicles, to include the following activities:

- Driving revenue vehicles while boarding and discharging passengers
- Deadheading
- Taking layovers
- Report time
- Standby time
- Extra-board time
- Breaks other than layovers
- Turn-in time
- Transporting operators to and from relief points
- Providing non-driving assistance in passenger loading
- Selecting runs during sign-ups
- Representing the union

The following object classes are often used for this sub-function:

5.1.6.1.1 Revenue Vehicle Operation Fuel and Lubricants

This includes fuel, oil, transmission fluid, grease, and other lubricants used to operate revenue vehicles. The agency reports fuel and lubricants used to operate non-revenue vehicles under Vehicle Maintenance: Servicing and Fueling of Vehicles.

5.1.6.1.2 Revenue Vehicle Operation Tires and Tubes

This includes lease payments or replacement costs for tires and tubes used on revenue vehicles. The agency reports tire leases in this object class rather than as Operating Lease Expenses (5220). Also, the agency reports tires and tubes used on non-revenue vehicles under Vehicle Maintenance: Servicing and Fueling of Vehicles.

5.1.6.1.3 Revenue Vehicle Operation Utilities

This includes the cost of electric power used to propel vehicles.

5.1.6.1.4 Revenue Vehicle Operation Taxes

Taxes for revenue vehicle operation have three major components:

1. **Vehicle Licensing and Registration Fees**: fees assessed by federal, state, or local governments granting the authority to operate revenue vehicles. The agency reports similar fees for non-revenue vehicles under Vehicle Maintenance: Servicing and Fueling Vehicles Taxes.

2. **Fuel and Lubricant Taxes**: sales and excise taxes on fuel and lubricants belong to this object class and not to the Fuel and Lubricants (5031) object class. If the agency paid fuel taxes initially, but was later reimbursed for these taxes, the agency does not report the taxes in this object class, nor report the reimbursement as revenue. The agency reports fuel taxes net of any tax reimbursements received related to the purchase of fuel.
3. **Electric Power Taxes**: When electric power propels the vehicles, the agency reports the taxes paid for the electricity in this object class.

5.1.6.2 Scheduling

This sub-function includes salaries, wages, and expenses related to activities involved with assigning operators and vehicles to runs. Scheduling applies only to routes that are already being operated; planning and designing new routes or major changes to existing routes are General Administration: Market Research and General Administration: Planning and General Engineering activities. Scheduling includes the following activities:

Example: Scheduling vs. Planning and General Engineering

- **Scheduling (Vehicle Operations)** involves preparing a detailed operations plan for implementing the service design. This plan includes the passenger timetable, vehicle assignments, and manpower planning
- **Planning and General Engineering (General Administration)** involves defining the basic characteristics of a route such as route (street) alignment, designated stops, service frequencies, and span of service.

- Collecting data for schedule making including passenger usage and vehicle running times
- Using Automated Passenger Counters (APCs) to collect data on customer usage of existing service by time-of-day and boarding and alighting locations
- Preparing service schedules including determining the number and timing of trips
- Creating vehicle assignments (commonly termed blocks) to operate the service schedules
- Creating driver assignments (commonly known as runs) by cutting vehicle assignments into daily work assignments
- Developing total weekly driver requirements in terms of regular drivers assigned specific runs and extra-board drivers to cover driver absences
- Furnishing schedule information to operators (e.g., routes, miles, time, route definitions)
- Supervising scheduling activities
- Providing clerical support for scheduling activities

The following object class is often used for this sub-function:

5.1.6.2.1 Scheduling Services

Expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from scheduling efficiency consultants, finished schedule producers, data collectors, or other temporary agents.

5.1.6.3 Dispatching and Supervising

This sub-function includes salaries, wages, and expenses related to activities for monitoring and directing the location and movement of passenger-carrying vehicles, and directly supporting such activities, such as the following:

- Dispatching operators and vehicles from the operating station
- Monitoring transit operations in communication and control centers
- Supervising transit operations along transit routes
- Controlling the return of operators and vehicles to the operating station
- Using Automatic Vehicle Locators (AVLs) to monitor vehicle location
- Supervising dispatching and scheduling activities
- Providing clerical support for dispatching and scheduling activities

The following object classes are often used for this sub-function:

5.1.6.3.1 Dispatching and Supervising Services

Expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from communication consultants, control technicians, or other temporary agents.

5.1.6.3.2 Dispatching and Supervising Other Materials and Supplies

This includes scheduling and run cutting software.

5.1.6.4 Ticketing and Fare Collection

This sub-function includes salaries, wages, and expenses related to activities related to the collection of revenue from passengers, such as the following:

- Producing fare media
- Distributing fare media
- Operating online ticketing apps and websites
- Controlling tickets and tokens in the custody of sales agents
- Pulling vaults and downloading credit and debit card data from fare collection devices
- Transporting cash and credit and debit card data to accounting facilities
- Counting cash, transfers, tokens
- Performing the accounting for credit and debit card sales

- Destroying used fare media
- Providing security for the fare collection process
- Auditing and controlling fare collection, including reconciling readings to cash, credit card, and debit card collections
- Providing supervision and clerical support for fare collection and counting activities

The following object classes are often used for this sub-function:

5.1.6.4.1 Ticketing and Fare Collection Services

Expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from Information Technology (IT) contractors; fare collection security guards, truck drivers transporting cash, fare counters and depositors; fare sales outlets and agents; collection and counting efficiency consultants; or other temporary agents.

5.1.6.4.2 Ticketing and Fare Collection Other Materials and Supplies

This includes fees and expenses for software that reads and processes fare card payments, tickets, smart cards, tokens, passes, transfers, and refund chits.

5.1.6.5 Security

This sub-function includes salaries, wages, and expenses related to activities related to prevention and reporting of crime and other undesirable activities, such as the following:

- Patrolling revenue vehicles and passenger stations during revenue operation
- Patrolling and controlling access to yards, buildings, and structures
- Monitoring security devices such as closed circuit television and alarm systems
- Reporting breaches of security
- Prosecuting crimes
- Providing supervision and clerical support for security activities

The following object classes are often used for this sub-function:

5.1.6.5.1 Security Services

Expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from for watch staff, patrol staff, special agents or other temporary agents.

5.1.6.5.2 Security Other Materials and Supplies

This includes fees and expenses for materials and supplies such as uniforms, badges, ammunition, and forms.

5.1.6.6 Transportation Administration

This sub-function includes salaries, wages, and expenses related to administrative and support activities that are specific to Vehicle Operations, such as the following:

- Instructing operators
- Inspecting operator performance by a service inspector
- Reporting accidents and appearing as a witness to provide information on vehicle operation
- Administering driver sign-ups
- Supervising station and terminal transportation activities
- Providing clerical support for transportation administration activities

The following object classes are often used for this sub-function:

5.1.6.6.1 Transportation Administration Services

Expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from transit supervisors or administrative assistants, service inspectors, vehicle driving instructors, efficiency consultants, or other temporary agents.

5.1.6.6.2 Transportation Administration Other Materials and Supplies

This includes operators' supplies and other materials used in administering transportation activities, such as pouches, forms, tool punches and route directions.

5.2 Vehicle Maintenance

The Vehicle Maintenance function includes wages, salaries and expenses incurred during all activities related to keeping vehicles operational and in good repair, including administrative and clerical support.

5.2.1 Vehicle Maintenance Operators' Salaries and Wages

Vehicle maintenance Operators' Salaries and Wages (5011) include operators' labor costs for time spent conducting vehicle maintenance activities such as morning vehicle inspections and vehicle cleaning. Operators include conductors, ferryboat deck crews, and other operating crew members.

5.2.2 Vehicle Maintenance Operators' Paid Absences

This includes total Operators' Paid Absences (5012) attributable to labor within this function.

5.2.3 Vehicle Maintenance Other Salaries and Wages

Vehicle maintenance Other Salaries and Wages (5013) include non-operators' labor costs for time spent conducting vehicle maintenance activities. Personnel in the following positions may perform work in Vehicle Maintenance:

- Service personnel such as cleaners, washers, fuelers, and drivers.
- Maintenance personnel such as mechanics, tire workers, welders, machinists, glass installers, technicians, engineers, and body shop workers.

- Management / administrative staff such as managers, supervisors, and administrative assistants.
- Other personnel such as inspectors, vehicle maintenance training instructors, students / apprentices, and clerks.

5.2.4 Vehicle Maintenance Other Paid Absences

This includes total Other Paid Absences (5014) attributable to labor within this function.

5.2.5 Vehicle Maintenance Fringe Benefits

This includes total Fringe Benefits (5015) attributable to labor within this function.

5.2.6 *Vehicle Maintenance Sub-Functions*

There are three sub-functions within Vehicle Maintenance:

1. Servicing and Fueling Vehicles
2. Inspection, Maintenance, and Repair of Vehicles
3. Administration of Vehicle Maintenance

Labor expenses are applicable to each of the sub-functions. All operating expense object classes except Utilities (5040) and Casualty and Liability Costs (5050) may apply to this function.

5.2.6.1 Servicing and Fueling Vehicles

This sub-function includes salaries, wages, and expenses related to the daily maintenance of vehicles, such as the following activities:

- Washing and cleaning vehicles
- Moving vehicles around the yard, garage, and between maintenance facilities
- Refueling and adding oil and water to vehicles
- Providing supervision and clerical support for servicing vehicles

The following object classes are often used for this sub-function:

5.2.6.1.1 Servicing and Fueling Vehicles Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task, such as contract maintenance services or other temporary agents.

5.2.6.1.2 Servicing and Fueling Vehicles Fuel and Lubricants

This includes fuel, oil, and other lubricants used to operate service vehicles. Note that the agency reports fuel and lubricants used in revenue vehicles under Vehicle Operations: Revenue Vehicle Operation.

5.2.6.1.3 Servicing and Fueling Vehicles Tires and Tubes

This includes lease payments or replacement costs for tires and tubes used on service vehicles. The agency reports tire leases in this object class rather than as Operating

Lease Expenses (5220). Also, the agency reports tires and tubes used on revenue vehicles under Vehicle Operations: Revenue Vehicle Operation.

5.2.6.1.4 Servicing and Fueling Vehicles Other Materials and Supplies

This includes cleaning supplies (e.g., soap, sponges, brooms, brushes, cloths, rubber clothing) and other materials used in servicing vehicles.

5.2.6.1.5 Servicing and Fueling Vehicles Taxes

Taxes on fuel and lubricants used for service vehicles are included in this object cost and are not included as part of Fuel and Lubricants (5031) object class. If the agency paid fuel taxes initially, but was later reimbursed for these taxes, the agency does not report the taxes in this object class, nor report the reimbursement as revenue. The agency reports fuel taxes net of any tax reimbursements received related to the purchase of fuel.

Vehicle licensing and registration fees are the fees assessed by federal, state and local governments for granting authority to operate a vehicle. The agency reports these fees for service (non-revenue) vehicles here. The agency records such fees for revenue vehicles under Revenue Vehicle Operation.

5.2.6.2 Inspection, Maintenance, and Repair of Vehicles

This sub-function includes salaries, wages, and expenses related to the periodic or as-needed maintenance of vehicles or maintenance activities that do not take place every day, such as the following activities:

- Inspecting vehicle components on a scheduled preventive maintenance basis
- Performing minor repairs to regularly inspected components
- Changing lubrication fluids
- Replacing minor repairable components
- Making road calls to service vehicle breakdowns
- Towing and shifting vehicles to maintenance facilities
- Rebuilding and overhauling repairable components
- Performing major repairs on vehicles on a scheduled or unscheduled basis
- Replacing major repairable units of vehicles
- Repairing damage to vehicles resulting from collisions, floods, fires, or other incidents
- Repairing damage to vehicles resulting from vandalism

The following object classes are often used for this sub-function:

5.2.6.2.1 Inspection, Maintenance, and Repair of Vehicles Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service, such as contract maintenance services or other temporary agents.

5.2.6.2.2 Inspection, Maintenance, and Repair of Vehicles Other Materials and Supplies

This object class includes the cost of other materials and supplies, whether they are rented, leased, or purchased. This includes all vehicle repair parts, materials, supplies, and equipment such as the following items:

- Hoses
- Controls
- Fittings
- Clutches
- Gauges
- Glass
- Diagnostic Equipment
- Gaskets
- Belts
- Engines
- Grease
- Rags
- Welding Stock
- Repair Equipment
- Sheet metal
- Springs
- Transmissions
- Cleaning fluids
- Paint
- Body components
- Lights
- Seals
- Brakes
- Tools
- Wood
- Upholstery

5.2.6.3 Administration of Vehicle Maintenance

This sub-function includes salaries, wages, and expenses related to administrative and support activities that are specific to Vehicle Maintenance, such as the following activities:

- Providing supervision and clerical support for the administration of vehicle maintenance
- Preparing and updating vehicle maintenance records
- Accumulating and computing vehicle performance data (e.g., mileage, fuel, and oil consumption)
- Providing technical training to vehicle maintenance personnel
- Appearing as a witness to provide information on vehicle maintenance

The following object class is often used for this sub-function:

5.2.6.3.1 Administration of Vehicle Maintenance Services

Expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from mechanical and electrical engineers, vehicle maintenance training instructors, or other temporary agents.

5.3 Facility Maintenance

The Facility Maintenance function includes all activities related to keeping buildings, structures, roadways, track, and other non-vehicle assets operational and in good repair, including administrative and clerical support.

5.3.1 Facility Maintenance Operators' Salaries and Wages)

Facility maintenance Operators' Salaries and Wages (5011) include operators' labor costs for time spent conducting facility maintenance activities. Operators include conductors and ticket takers, ferryboat deck crews, and other operating crew members.

5.3.2 Facility Maintenance Operators' Paid Absences

This includes total Operators' Paid Absences (5012) attributable to labor within this function.

5.3.3 Facility Maintenance Other Salaries and Wages

Facility maintenance Other Salaries and Wages (5013) include non-operators' labor costs for time spent conducting facility maintenance activities. Personnel in the following positions may perform work in Facility Maintenance:

- Service personnel such as mechanics, painters, repairmen, plumbers, utility workers, electricians, and carpenters.
- Janitorial personnel such as cleaners, janitors and groundskeepers.
- Management / administrative staff such as managers, superintendents, custodians and administrative assistants.
- Other personnel such as inspectors, maintenance training instructors, students / apprentices, clerks, engineers, and personnel involved in sanding, snowplowing, sweeping, and scraping roadway and track.

5.3.4 Facility Maintenance Other Paid Absences

This includes total Other Paid Absences (5014) attributable to labor within this function.

5.3.5 Facility Maintenance Fringe Benefits

This includes total Fringe Benefits (5015) attributable to labor within this function.

5.3.6 Facility Maintenance Sub-Functions

There are eight sub-functions composing Facility Maintenance:

1. Maintenance of Vehicle Operations Equipment
2. Maintenance of Roadway and Track
3. Maintenance of Tunnels, Bridges, and Subways
4. Maintenance of Passenger Stations and Stops
5. Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment
6. Maintenance of Administrative Buildings, Grounds, and Equipment
7. Operation and Maintenance of Electric Power Facilities
8. Administration of Facility Maintenance

Labor expenses are applicable to each of the sub-functions. All object classes except Fuel and Lubricants (5031), Tires and Tubes (5032), Utilities (5040), and Casualty and Liability Costs (5050) may apply to this function.

5.3.6.1 Maintenance of Vehicle Operations Equipment

This sub-function includes salaries, wages, and expenses related to activities related to maintaining systems such as radios, automatic vehicle locators (AVLs), automated passenger counters (APCs), fareboxes, vaults, counters, changers, and sorters that are used in the operation of revenue vehicles. It includes inspecting, cleaning, repairing and replacing vehicle operations equipment. This sub-function includes the object classes described below.

5.3.6.1.1 Maintenance of Vehicle Operations Equipment Services

Expenses incurred by an outside organization hired by the transit agency to perform a task or service, such as radio repair services.

5.3.6.1.2 Maintenance of Vehicle Operations Equipment Other Materials and Supplies

This includes repair parts, maintenance materials and supplies, and other related materials and supplies used to maintain vehicle operations equipment.

5.3.6.2 *Maintenance of Roadway and Track*

This sub-function includes salaries, wages, and expenses related to inspecting, cleaning, repairing, replacing and clearing (to include snowplowing) roadway and track. It includes the object classes described below.

5.3.6.2.1 Maintenance of Roadway and Track Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service, such as bus lane repaving services.

5.3.6.2.2 Maintenance of Roadway and Track Other Materials and Supplies

This includes repair parts such as rails, ties, and ballast, maintenance material such as sand, oil, and salt, and other related materials and supplies used to clean, maintain, and repair roadway and track.

5.3.6.3 Maintenance of Tunnels, Bridges, and Subways

This sub-function includes salaries, wages, and expenses related to inspecting, cleaning, repairing and replacing all components of tunnels, bridges, and subways. It includes the object classes described below.

5.3.6.3.1 Maintenance of Tunnels, Bridges, and Subways Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service.

5.3.6.3.2 Maintenance of Tunnels, Bridges, and Subways Other Materials and Supplies

This includes repair and maintenance materials such as wood, steel, and paint, and other related materials and supplies used to clean, maintain, and repair components of tunnels, bridges, and subways.

5.3.6.4 Maintenance of Passenger Stations and Stops

This sub-function includes salaries, wages, and expenses related to maintaining all passenger stations and stops, including enclosed buildings serving rail and bus modes, grounds belonging to such buildings, street-side shelters, benches, and other stops. Maintenance of passenger stations and stops includes the following activities:

- Inspecting passenger station buildings
- Repairing and replacing components of passenger stations and stops
- Providing custodial services for passenger station buildings and grounds

This sub-function includes the object classes described below.

5.3.6.4.1 Maintenance of Passenger Stations and Stops Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service such as contract maintenance or custodial services.

5.3.6.4.2 Maintenance of Passenger Stations and Stops Other Materials and Supplies

This includes repair parts, maintenance materials, janitorial supplies, and other related materials and supplies used to clean, maintain, and repair components of passenger stations and stops.

5.3.6.5 Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment

This sub-function includes salaries, wages, and expenses related to maintaining buildings and grounds other than passenger stations and administrative buildings, and equipment other than that covered in the Maintenance of Vehicle Operations Equipment sub-function. It includes the following activities:

- Inspecting operating and maintenance buildings, grounds, and equipment
- Repairing and replacing components of operating and maintenance buildings, grounds, and equipment
- Providing custodial services for operating and maintenance buildings, grounds, and equipment
- Repairing damage to operating and maintenance buildings, grounds, and equipment resulting from accidents, floods, fires, or vandalism

This sub-function includes the object classes described below.

5.3.6.5.1 Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service, such as contract maintenance services, custodial services and operating portions of a lease for buildings (see Operating Lease Expenses (5220) for more detail).

5.3.6.5.2 Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment Other Materials and Supplies

This includes repair parts, maintenance materials, janitorial supplies, and other related materials and supplies used to clean, maintain, and repair components of operating and maintenance buildings, grounds, and equipment.

5.3.6.6 Maintenance of Administrative Buildings, Grounds, and Equipment

This sub-function includes salaries, wages, and expenses related to performing the following activities for administrative buildings, grounds, and equipment:

- Inspecting administrative buildings, grounds, and equipment
- Repairing and replacing components of administrative buildings, grounds, and equipment
- Providing custodial services for administrative buildings, grounds, and equipment
- Repairing damage to administrative buildings, grounds, and equipment resulting from collisions, floods, fires, or vandalism

This sub-function includes the object classes described below.

5.3.6.6.1 Maintenance of Administrative Buildings, Grounds, and Equipment Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service, such as contract maintenance services, custodial services and operating portions of a lease for buildings (see Operating Lease Expenses (5220) for more detail).

5.3.6.6.2 Maintenance of Administrative Buildings, Grounds, and Equipment Other Materials and Supplies

This includes repair parts, maintenance materials, janitorial supplies, and other related materials and supplies used to clean, maintain, and repair components of administrative buildings, grounds, and equipment.

5.3.6.7 Operation and Maintenance of Electric Power Facilities

This sub-function includes salaries, wages, and expenses related to facilities that generate or distribute electric power, to include the equipment that transmits it (i.e., overhead lines and third rails). It includes monitoring, operating, inspecting, cleaning, repairing/replacing and supervising power generation and distribution facilities. This sub-function includes the object classes described below.

5.3.6.7.1 Operation and Maintenance of Electric Power Facilities Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service, such as contract maintenance services, or providing electrical or mechanical engineers.

5.3.6.7.2 Operation and Maintenance of Electric Power Facilities Other Materials and Supplies

This includes repair parts, maintenance materials and supplies, and other related materials and supplies used to clean, maintain, and repair components of electric power generation and distribution equipment.

5.3.6.8 Administration of Facility Maintenance

This sub-function includes salaries, wages, and expenses related to administrative and support activities that are specific to Facility Maintenance. It includes the following activities:

- Providing supervision and clerical support for the administration of facility maintenance
- Preparing and updating facility maintenance records
- Providing technical training to facility maintenance personnel
- Performing engineering facility maintenance

This sub-function includes the object class described below.

5.3.6.8.1 Administration of Facility Maintenance Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service, such as management services, providing industrial and civil engineers or maintenance training instructors or performing other temporary assistance.

5.3.6.8.2 Administration of Facility Maintenance Taxes

This includes taxes and governmental fees incurred to maintain facilities. It includes expenses such as building permits.

5.4 General Administration

The General Administration function includes wages, salaries, and expenses incurred to perform support and administrative activities.

5.4.1 General Administration Operators' Salaries and Wages

General administration Operators' Salaries and Wages (5011) include operators' labor costs for time spent conducting general administration activities. Operators include conductors and ticket takers, ferryboat deck crews, and other operating crew members.

5.4.2 General Administration Operators' Paid Absences

This includes total Operators' Paid Absences (5012) attributable to labor within this function.

5.4.3 General Administration Other Salaries and Wages

General administration Other Salaries and Wages (5013) include non-operators' labor costs for time spent conducting administrative activities. The following positions may perform work in General Administration:

- Human resources / recruiting personnel such as recruiters, labor relations representatives, and job performance evaluation analysts.
- Accounting / finance personnel such as comptrollers, treasurers, and bookkeepers.
- Legal personnel such as attorneys, regulatory specialists, and special agents.
- Marketing personnel such as in-house newspaper writers and publishers, media and public relations representatives, and editors.
- IT personnel such as programmers, network administrators, network security personnel, and computer repair staff.
- Medical personnel such as medical directors, nurses, and first aid assistants.
- Insurance personnel such as claims adjusters, investigators, and negotiators.
- Administrative staff such as administrative assistants, office managers, and mailroom staff.
- Janitorial staff such as janitors, custodians, and caretakers.
- Store / cafeteria personnel such as storekeepers, clerks, and cafeteria staff.
- Safety instructors
- Real estate managers
- Information booth operators
- Charter service personnel
- Transit analysts/planners
- Engineers

5.4.4 General Administration Other Paid Absences

This includes total Other Paid Absences (5014) attributable to labor within this function.

5.4.5 General Administration Fringe Benefits

This includes total Fringe Benefits (5015) attributable to labor within this function.

5.4.6 General Administration Other Materials and Supplies

Other Materials and Supplies (5039) peculiar to specific sub-functions are described under those sub-functions. However, any sub-function within General Administration may use general materials and supplies such as office supplies.

5.4.7 General Administration Sub-Functions

There are sixteen sub-functions composing this function.

1. Finance and Accounting
2. Purchasing and Stores
3. Real Estate Management

4. Customer Relations
5. Promotion
6. Market Research
7. Planning and General Engineering
8. Preliminary Capital Project Planning
9. Risk Management
10. Safety
11. Human Resources
12. Legal
13. Information Technology
14. Office Management
15. General Management
16. General Function

Labor expenses are applicable to each of the sub-functions. All object classes except Fuel and Lubricants (5031) and Tires and Tubes (5032) may apply to this function.

5.4.7.1 Finance and Accounting

This sub-function includes salaries, wages, and expenses related to all financial, accounting and budgeting activities, such as the following:

- Budgeting
- Maintaining general accounting records (general ledger)
- Publishing financial statements
- Processing payrolls and labor cost distribution
- Paying vendors for material and service purchases
- Accounting for investments in fixed assets and receivables
- Preparing and submitting financial reports to public and regulatory agencies, including the National Transit Database
- Investing available cash in short-term securities
- Obtaining funds through debt, equity, and subsidy financing transactions
- Billing charter sales
- Performing internal audits of accounting system performance
- Supervising, training, and supporting finance and accounting activities

This sub-function includes the object class described below.

5.4.7.1.1 Finance and Accounting Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from auditors, brokers, payroll processing services, accounting consultants, investment consultants or other temporary agents.

5.4.7.2 Purchasing and Stores

This sub-function includes salaries, wages, and expenses related to purchasing materials and supplies and maintaining inventory. The cost of the Materials and Supplies (5030) are recorded within the functions. It includes the following activities:

- Preparing specifications for materials and supplies
- Procuring materials and supplies from vendors
- Issuing and receiving materials and supplies at storage facilities
- Delivering materials and supplies to and from requisition points
- Maintaining physical control of materials and supplies, including storing, picking, and packing
- Maintaining inventory control records of materials and supplies, including determining reorder points and order quantities
- Providing supervision and clerical support for purchasing and stores activities

This sub-function includes the object class described below.

5.4.7.2.1 Purchasing and Stores Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services for inventory or other temporary agents.

5.4.7.3 Real Estate Management

This sub-function includes salaries, wages, and expenses related to the support activities related to real estate. Purchasing real estate, including negotiating purchases and sales of real estate, is a capital expense. Real estate management includes the following activities:

- Researching transit real estate opportunities
- Arranging and managing concessionaire contracts
- Negotiating leases
- Providing supervision and clerical support for real estate management activities

This sub-function includes the object class described below.

5.4.7.3.1 Real Estate Management Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from agents, brokers, appraisers, engineers or other temporary agents.

5.4.7.4 Customer Relations

This sub-function includes salaries, wages, and expenses related to the following activities:

- Providing route information in passenger stations and at other points along the transit way
- Providing telephone and email information service
- Handling customer complaints
- Administering a lost and found operation
- Developing, maintaining, and hosting a website that provides information to the public
- Providing supervision and clerical support for public information and customer relations activities

This sub-function includes the object classes described below.

5.4.7.4.1 Customer Relations Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from telephone information consultants; services related to printing for charter materials, timetables and system maps; website designers, updaters, and administrators; website hosting services; or other temporary agents.

5.4.7.4.2 Customer Relations Other Materials and Supplies

This includes the cost of materials and supplies such as timetables and system maps.

5.4.7.5 Promotion

This sub-function includes salaries, wages, and expenses related to advertising and promoting the use of transit service, such as the following activities:

- Preparing and distributing press releases
- Designing, producing, and distributing promotional material such as posters, decals, photographs, leaflets, and newspaper mats
- Designing and implementing programs for advertising and promoting the use of transit service
- Providing supervision and clerical support for promotion activities

This sub-function includes the object classes described below.

5.4.7.5.1 Promotion Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from advertising firms, professionals, technical experts, other temporary agents or for media fees and expenses for advertising space (e.g., newspapers, periodicals, billboards, radio, television, and websites).

5.4.7.5.2 Promotion Other Materials and Supplies

This includes materials and supplies used in promotion activities, such as brochures, leaflets, posters, mats, decals, display items, and photographs.

5.4.7.6 Market Research

This sub-function includes salaries, wages, and expenses related to determining how the transit agency can best serve the public. It includes conducting consumer behavior research and transit service demand surveys to help define new routes and revisions to existing routes. It also includes providing supervision and clerical support for market research activities. This sub-function includes the object class described below.

5.4.7.6.1 Market Research Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from advertising firms, market research firms, consultants, or other temporary assistance.

5.4.7.7 Planning and General Engineering

This sub-function includes salaries, wages, and expenses related to planning future changes to transit service or identifying new routes, such as the following activities:

- Conducting long-range and regional transit planning and analysis
- Researching available technology for performing transit activities
- Specifying alignment and headways for new transit routes
- Providing supervision and clerical support for planning activities

This sub-function includes the object class described below.

5.4.7.7.1 Planning and General Engineering Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from planning consultants or other temporary assistance.

5.4.7.8 Preliminary Capital Project Planning

This sub-function includes the planning costs associated with a capital project, before the project has received a firm commitment. After the agency is committed to the project, all costs related to it are considered capital expenses. It includes the following activities:

- Researching transit technology

- Researching service area to determine the best technology to use
- Researching route configurations
- Researching service level requirements
- Conducting hearings and meetings with various interest groups to identify their needs and to expose planning concepts to discussion
- Developing construction project management capability

Besides labor expenses, the following object class is often used for this sub-function:

5.4.7.8.1 Preliminary Capital Project Planning Other Materials and Supplies

This includes all parts and materials used in the planning of an uncommitted capital project.

5.4.7.9 Risk Management

This sub-function includes salaries, wages, and expenses related to insuring the transit agency's vehicles and buildings. Additionally, this sub-function includes expenses related to insuring the agency against liability for acts that cause damage to other persons or property, as well as corporate insurance such as fidelity bond insurance and business records insurance. It includes insuring the transit agency against losses; preparing, submitting, and pursuing insurance claims for losses; and providing supervision and clerical support for insurance activities. It covers the following activities:

- Insuring the transit agency against liability losses
- Receiving injury and damage claims filed against the transit agency
- Investigating accidents to determine liability
- Negotiating settlements of public liability cases
- Making payments in settlement of liability cases
- Defending public liability cases in court
- Accumulating accident and liability claim statistics
- Providing supervision and clerical support for injury and damage activities

This sub-function includes the object classes described below.

5.4.7.9.1 Risk Management Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services for any of the following:

- Witnesses
- Attorneys
- Claims agents
- Doctors
- Hospitals
- Ambulances

- Claims adjusters
- Appraisers
- Investigators
- Photographers
- Nurses
- Courts
- Other temporary assistance

5.4.7.9.2 Risk Management Casualty and Liability

This includes insurance premiums, self-insurance costs, payouts, and recoveries, such as the following:

- Premiums for insurance related to vehicles, such as insurance for physical damage to the agency's revenue-generating property.
- Premiums for physical damage insurance (i.e., insurance premiums to insure the transit agency against loss from collision, fire, theft, flood, and similar damage to its vehicles, buildings, grounds, and equipment).
- Premiums for public liability and property damage insurance: insurance premiums to insure the transit agency against loss from liability for acts that cause damage to other persons or property.
- Payouts for uninsured public liability settlements: payments or accruals of actual liability to others arising from culpable acts of the transit agency that are not covered by public liability and property damage insurance, including payouts in the case of self-insured agencies.
- Provision for uninsured public liability and property damage: periodic estimates of liability to others arising from culpable acts of the transit agency that are not covered by public liability and property damage insurance. This includes such provisions made by self-insured agencies. When the agency finds estimates from a previous year to be in need of correction, they make this correction as a reconciling item under Other Reconciling Items, not an operating expense.
- Payouts for insured public liability and property damage settlements: Payments or accruals of actual liability to others arising from culpable acts of the transit agency that are covered by public liability and property damage insurance.
- Premiums for other corporate insurance, such as insurance premiums to insure the transit agency from losses other than damage to its property (e.g., vehicles, facilities) or liability for its culpable acts. This includes insurance such as fidelity bond insurance and business records insurance.

5.4.7.10 Safety

This sub-function includes salaries, wages, and expenses related to safety management and safety culture in the transit agency. Safety equipment such as hard hats should be included under the appropriate function (e.g., Facility Maintenance). Safety includes the following activities:

- Running a system safety program providing safety-first and other campaigns among employees or the public for the purpose of preventing accidents and damages

- Compiling and maintaining safety statistics
- Providing supervision and clerical support for safety activities

This sub-function includes the object classes described below.

5.4.7.10.1 Safety Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from safety consultants, inspectors, or other temporary agents.

5.4.7.10.2 Safety Other Materials and Supplies

This includes general safety materials and supplies such as training aids, posters, and forms used in the administration of a safety program.

5.4.7.11 Human Resources

This sub-function includes salaries, wages, and expenses related to managing the overall workforce, to include the following activities:

- Maintaining employment history records
- Recruiting, interviewing, testing, screening, and giving medical examinations to prospective employees
- Administering fringe benefits, medical benefits, employee welfare programs, and pensions
- Job evaluation, performance evaluation, promotion, and other related programs
- Conducting orientation programs
- Providing supervisory and management training
- Researching labor relations issues
- Negotiating labor contracts
- Administering grievances
- Administering a workers' compensation program
- Providing supervision and clerical support for personnel activities

This sub-function includes the object class described below.

5.4.7.11.1 Human Resources Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from hiring employment agencies, personnel consultants, testing services, training instructors, labor relations firms or other temporary agents.

5.4.7.12 Legal

This sub-function includes salaries, wages, and expenses related to legal services. It includes performing legal services and supervising and providing clerical support for legal service activities. This sub-function includes the object class described below.

5.4.7.12.1 Legal Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring services of attorneys, witnesses, or other temporary agents.

5.4.7.13 Information Technology

This sub-function includes salaries, wages, and expenses related to the operation and maintenance of computers, networks, and other information technologies. The agency records software or electronic equipment that is used to perform a function-specific task (e.g., APCs in Scheduling) under that function. The agency records software or equipment that is used for general purposes (e.g., Microsoft Office) under this sub-function. It includes the following activities:

- Data entry
- Designing software
- Programming
- Testing software
- Data retrieval
- Maintaining information technology equipment
- Maintaining general-purpose software
- Network administration
- Database administration
- Providing supervision, training, and clerical support for information technology activities
- Network security

This sub-function includes the object classes described below.

5.4.7.13.1 Information Technology Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from information technology consultants, training and instruction firms, service bureaus, programmers, system analysts, IT contractors, or other temporary agents.

5.4.7.13.2 Information Technology Other Materials and Supplies

This includes materials and supplies associated with information technology, including computers and computing equipment (when it is not capitalized), software, data storage hardware, peripheral hardware, cables, and cords.

5.4.7.14 Office Management

This sub-function includes salaries, wages, and expenses related to office support activities, such as the following:

- Performing general office activities such as reception or administrative services
- Printing and distributing office supplies and forms

- Processing incoming and outgoing mail
- Operating library and central file facilities
- Operating a cafeteria
- Providing supervision and clerical support for office management

This sub-function includes the object classes described below.

5.4.7.14.1 Office Management Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from cafeteria services, interior decorators, messenger services, overnight delivery, efficiency consultants, forms design services, or other temporary agents.

5.4.7.14.2 Office Management and Services Other Materials and Supplies

This includes office supplies such as postage, stationery, office forms, pencils and pens, envelopes, paper, and other general office materials.

5.4.7.15 General Management

This sub-function includes salaries, wages, and expenses related to management that oversees the entire agency. It includes the following activities:

- Establishing policies for the development and operation of the transit agency
- Providing top level management for the transit agency to implement the development and operation policies
- Providing executive assistance and clerical support for general management activities and special projects

This sub-function includes the object class described below.

5.4.7.15.1 General Management Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task or service. This may include procuring outside services from transit industry consultants, management consultants, or other temporary agents.

5.4.7.16 General

This sub-function includes wages, salaries and expenses that cannot be included in another sub-function. The agency should only use it after carefully considering whether they can assign the costs to another sub-function or function. This sub-function includes the object classes described below.

5.4.7.16.1 General Services

This includes expenses incurred by an outside organization hired by the transit agency to perform a task that cannot be assigned to any other function.

5.4.7.16.2 General Other Materials and Supplies

This includes materials and supplies not assignable to any other function.

5.4.7.16.3 General Utilities

This includes heat, air conditioning, light, electricity, water, telephone, internet, fuel for backup generators, and other utilities purchased from an outside utility company for purposes other than the propulsion of revenue vehicles or for customer usage.

5.4.7.16.4 General Taxes

General taxes include the following:

1. **Federal Income Tax**: the tax levied by the Federal Government against the transit agency based on the net income of the transit agency.
2. **State Income Tax**: the tax levied by the state government(s) against the transit agency based on the net income of the transit agency.
3. **Property Tax:** the tax levied by the State or local government(s) against the transit system based on a valuation of the property owned by the transit agency.
4. **Other Taxes**: other payments or accruals of taxes levied by federal, state and local governments against the transit agency, such as capital stock taxes and city licenses and permits

5.4.7.16.5 General Miscellaneous

This object class includes the following:

- Dues and subscriptions: membership fees and dues in trade, technical, professional, and other industry associations; subscriptions for newspapers, trade journals, technical manuals, and other periodicals.
- Entertainment expense: Costs of social activities and other incidental costs relating to meals, beverages, lodgings, transportation, and gratuities.
- Charitable donations: Contributions to charitable organizations made by the transit agency.
- Fines and penalties: Costs of fines and penalties incurred by the transit agency.
- Bad debt expense: Amounts owed to the transit agency that the agency has determined to be uncollectable.
- Any other expense that the agency cannot classify anywhere else.

Section 6 - Operating Expenses: Contractual Relationships

6.0 Operating Expenses: Contractual Relationships

Many agencies have contractual relationships for transit service. For each contractual relationship, the reporting agency reports basic information about the financial terms of the contract. The information recorded typically includes: 1) Purchased Transportation Fare Revenue; 2) Capital Leasing Expenses; 3) Direct Payment; 4) Contract Cost; and 5) Other Costs Incurred by the Buyer. For Vanpool providers, they report: 1) Passenger Fees; 2) Passenger Out-of-Pocket Expenses; 3) Agency Subsidies; 4) Capital Leasing Expenses; and 5) Other Costs Incurred by the Buyer. Transit agencies may be the buyer or seller of the purchased transportation. NTD has developed the guidance provided in this section in order to give reporters a better understanding of what these terms mean so they know how to report the appropriate financial information.

6.1 Purchased Transportation Fare Revenue (5111)

For the definition of fare revenue please refer to Passenger Fares (4110) in the Sources of Funds section. For each contractual relationship, buyers report the total fare revenues associated with the contract being reported.

6.2 Capital Leasing Expenses (5120)

Capital leasing expenses include the portion of the contract cost that the seller included to cover the capital cost of assets it provided for use, whether they are owned or leased by the seller. Buyers may consider this a “use fee” for the assets. It can also be understood by answering this question: If the buyer were providing all the assets, how much less would the seller charge?

Separating capital leasing expenses enables fair comparisons between the two types of Purchased Transportation (PT) contracts. One contract type is when the buyer provides vehicles, facilities, or other assets to the seller for use in the PT service. The buyer reports the cost of purchasing these assets as a capital expense, and reports their depreciation as a reconciling item. The other contract type is when the seller provides some or all of the assets to be used in the PT service. In this instance, the cost of purchasing the assets is borne by the seller. The seller typically does not charge the buyer directly for these purchases; rather, the cost is included in the cost of the contract. Typically, the seller includes the cost of eventual asset replacement and increases the rates it charges the buyer.

6.3 Direct Payment (5112)

Direct payment is the amount paid by the buyer directly to the seller during the reporting period. If the seller retains some or all fare revenues, the buyer does not include fare revenues in the direct payment.

6.4 Contract Cost (5110)

Contract cost is the sum of the revenues received by the seller. The contract specifies the terms of payment which may include: 1) payments made by the buyer directly to the seller; and 2) fare revenues retained by seller, if the seller retained these revenues. The contract cost is the inflow of revenues received by the seller in exchange for the transit services provided.

6.5 Other Costs Incurred by the Buyer (5130)

In most contracts, the sellers will incur the bulk of the expenses because they are responsible for vehicle operations and maintenance. However, the buyer also incurs costs that vary depending on the terms of the contract. All contracts require some oversight by the buyer to ensure that the terms of the contract are being met and to support payments to the seller. Therefore, the buyer's expenses include the labor costs of its employees' time spent on the contract. They also include expenses related to the provision of office space for these employees. Depending on the terms of the contract, the buyer may also incur other expenses. Examples of these other expenses have been provided below, based on the functions and sub-functions (as described in Operating Expenses: Functions):

1. **Vehicle Operations:** fuel, dispatching, intake of trip reservations, and/or service scheduling.
2. **Vehicle Maintenance:** major or complete maintenance of buyer-provided vehicles; oversight of maintenance of buyer-provided vehicles; vehicle washing.
3. **Facility Maintenance:** repairs to buyer-provided garages; repairs to buyer-provided fueling stations; maintenance of administrative offices.
4. **General Administration:** public information (e.g., paper media, telephone information, web sites); service promotion and advertising; service planning; NTD and other governmental reporting.

Some of the costs incurred by the agency may be joint costs and not attributable to any particular mode and type of service. The buyer, therefore, must allocate these costs across relevant modes and types of service. For more guidance on allocating such costs please refer to Appendix A: Cost Allocation Handbook.

In NTD, transit agencies will divide Other Costs Incurred by the Buyer into two categories: Other Operating Expenses Incurred by the Buyer, and Other Reconciling Item Expenses Incurred by the Buyer.

6.5.1 Other Operating Expenses Incurred by the Buyer (5131)

Most of the Other Costs Incurred by the Buyer will fall into this category. This includes expenses such as salaries and utility costs that agencies will report as operating expenses.

6.5.2 Other Reconciling Item Expenses Incurred by the Buyer (5132)

Some agencies have Other Costs Incurred by the Buyer in this category. Agencies must report costs that are classified as Reconciling Items (5200) (e.g., leasing costs or interest costs) in this category.

6.6 Vanpool

Vanpools incur and track costs differently from other service providers. For vanpool-provided service, the passengers typically incur some of the costs directly. For example, passengers may purchase fuel from commercial fueling stations, pay tolls, or pay mechanics to maintain the vehicles. Since the objective of the USOA is to capture the

full cost of transit service, the passenger's out-of pocket expenses must be included even though these costs may never enter the agency's financial system. Some vanpools provide passengers with a gas card to facilitate tracking of these costs. Vanpool providers must determine the appropriate method for capturing these costs and report it accordingly. Due to the unique nature of vanpools, financial information reported for other contractual relationships also includes the following items, described in detail below.

6.6.1 Passenger Fees (5113)

Passenger fees are the payments from all passengers, including the drivers, to the vanpool provider. This also includes the fees collected from the passengers' employers to provide the vanpool service.

6.6.2 Passenger Out-of-Pocket Expenses (5114)

These expenses include all costs paid for by the passengers directly, such as fuel, tolls, and maintenance.

6.6.3 Agency Subsidy (5115)

Agency subsidy is the payment by the transit agency to the vanpool contractor. This often takes the form of a per-van per-month subsidy.

6.6.4 Capital Leasing Expenses (5120)

Vanpools also report Capital Leasing Expenses as described in 6.2 Capital Leasing Expenses.

6.6.5 Other Costs Incurred by the Buyer (5130)

In most contracts, the vanpool provider will incur the bulk of the expenses because they are responsible for vehicle operations and maintenance. However, the buyer also incurs costs that vary depending on the terms of the contract. All contracts require some oversight by the buyer to ensure that the terms of the contract are being met and to support payments to the seller. Therefore, the buyer's expenses include the costs of its employees' time spent on the contract (labor and fringe benefits). They also include expenses related to the provision of office space for these employees. Depending on the terms of the contract, the buyer may also incur other expenses. Examples of these other expenses have been provided below, based on the functions and sub-functions (as described in Operating Expenses: Functions):

1. **Vehicle Operations:** ride matching.
2. **Vehicle Maintenance:** major or complete maintenance of buyer-provided vans; oversight of maintenance of buyer-provided vans; vehicle washing.
3. **Facility Maintenance:** repairs to buyer-provided garages; maintenance of administrative offices.
4. **General Administration:** public information (e.g., paper media, telephone information, web sites); service promotion and advertising; service planning; NTD and other governmental reporting.

In NTD, transit agencies will divide Other Costs Incurred by the Buyer into two categories: Other Operating Expenses Incurred by the Buyer, and Other Reconciling Item Expenses Incurred by the Buyer.

6.6.5.1 Other Operating Expenses Incurred by the Buyer (5131)

Most of the Other Costs Incurred by the Buyer will fall into this category. This includes expenses such as salaries and utility costs that the agencies will report as operating expenses.

6.6.5.2 Other Reconciling Item Expenses Incurred by the Buyer (5132)

Some agencies have Other Costs Incurred by the Buyer in this category. Agencies must report costs that are classified as Reconciling Items (5200) (e.g., leasing costs or interest costs) in this category.

Section 7 - Financial Statement

7.0 Financial Statement

Many agencies prepare a statement of net position, which includes their assets, liabilities and net position. This section covers common assets (current and noncurrent) and liabilities (current and noncurrent) that transit agencies report on their financial statements. NTD has split assets and liabilities into current and noncurrent object classes in order to determine agencies' short- and long-term liquidity. NTD has further broken down current and noncurrent assets and liabilities into different asset or liability object classes. NTD has included net position to present the overall balance sheet, or statement of net position. NTD has developed the guidance provided in this section in order to give reporters a better understanding of how to report their current and noncurrent assets and liabilities.

7.1 Assets (1000)

Assets are resources with economic value owned by the transit agency. Assets are intended to provide future economic benefit such as generating revenue for the transit agency. They can be monetary or nonmonetary. Monetary assets include Cash, Special Deposits, and Accounts Receivable and Notes Receivable that can be converted into a fixed or determinable amount of money. Nonmonetary assets cannot be settled or converted into monetary terms in a short period of time. Such assets include Intangible Assets, Inventory, and Capital Assets. Assets are either current or noncurrent.

7.1.1 Current Assets (1100)

Current assets (also known as short-term assets) are cash and other resources that the agency can readily convert to cash, sell, or consume within one year. Current assets generally include:

1. Cash and Cash Equivalents (1110)
2. Accounts Receivable (1120)
3. Inventory (1130)
4. Prepaid Expenses (1140)
5. Current Investments and Current Portions of Long-Term Investments (1150)
6. Other Current Assets (1190)

7.1.1.1 Cash and Cash Equivalents (1110)

Cash and cash equivalents include short-term, highly liquid investments that the agency can readily convert to known amounts of cash for the liquidation of transit agency liabilities, including special deposits for which a current liability exists. Cash and cash equivalents include the cash, working funds, special deposits, and temporary cash investments, which are described below.

7.1.1.1.1 Cash

Cash is the amount of current funds available for use on demand. Cash may be in the hands of financial officers or deposited at banks and trust companies.

7.1.1.1.2 Working (Imprest) Funds

Working, or imprest, funds are amounts advanced to officers, employees and others as petty cash or working funds from which certain expenditures are to be made and accounted for.

7.1.1.1.3 Special Deposits

Special deposits include bank credits that the agency has deposited in the hands of fiscal agents or others for the payment of interest, dividends or other special purposes on behalf of the transit agency. For example, cash or securities deposited with federal, state, or municipal authorities or public utilities as a guarantee for the fulfillment of obligations are considered special deposits. When interest, dividends, or the purposes for which the deposit exists have been satisfied, the agency credits this account and debits the appropriate accrued or matured interest liability account.

7.1.1.2 Accounts Receivable (1120)

Accounts receivable are amounts owed to the transit agency by other parties. It includes trade receivables, notes, acceptances receivable, and receivables from officers, employees, affiliates, and others, which are described below.

7.1.1.2.1 Receivables for Capital Grants

This includes grant amounts receivable from federal, state and local governments or other parties, for capital projects and acquisitions.

7.1.1.2.2 Receivables for Operating Assistance

This includes amounts receivable from federal, state and local governments or other parties, for general operating assistance, special fare subsidies, demonstration project assistance, and payments for services (e.g., when an agency sells a service such as maintenance).

7.1.1.2.3 Trade Receivables

Trade receivables are amounts due from others for material and supplies furnished and services rendered, including transportation and storage charges, property use charges, current portions of capital lease receivables, amounts owed by public authorities, amounts of collectible judgments, current accounts with officers and employees, and other solvent accounts and claims. Examples of trade receivables for transit agencies include fares owed to the agency for rides already taken by the customer or charter service receivables.

7.1.1.2.4 Notes Receivable

Notes receivable are the book cost of all collectible obligations in the form of notes receivable, contracts receivable and similar evidences of money receivable on demand or within a time not exceeding one year from date of issue.

7.1.1.2.5 Interest and Dividends Receivable

This includes the amount of current interest accrued to fiscal year end on bonds, mortgages, notes and other commercial paper owned, loans made, open accounts, and bank deposits. This also includes the amount of dividends receivable on stocks owned.

7.1.1.2.6 Receivable Subscriptions to Capital Stock

Stock is often issued through subscriptions. A subscription is a contract to acquire a certain number of shares of stock at a specified price, with payment to be made at a specified date or dates. A subscriber is a person contracting to acquire the shares.

When an agency receives subscriptions, it debits an asset account – Receivable Subscriptions. Since the agency does not issue stock certificates until a subscriber has paid in full, the agency uses the stock subscribed account to show the amount of stock subscribed but not yet issued. After the agency has collected subscriptions in full, it issues the stock certificates, debits the Common Stock Subscribed account, and credits the Common Stock account. This asset object class includes the balance due from subscribers upon legally enforceable subscriptions to capital stock.

7.1.1.2.7 Allowance for Doubtful Accounts

Some transit agencies may have allowances for doubtful accounts, which are amounts reserved for receivables that may become uncollectible. The allowance for doubtful accounts offsets the accounts receivable amount for a net receivable outstanding amount. The agency estimates the allowance is estimated based on historical experience or industry standards.

7.1.1.3 Inventory (1130)

Inventory includes the cost of unapplied materials and supplies such as tools, repair parts, and fuel. The primary basis of accounting for inventory is cost, or price paid to acquire the inventory. Cost includes the sum of applicable expenditures incurred in bringing the inventory to its existing condition and location. This generally includes the cost of all raw materials and operating supplies including tools, maintenance and repair parts, fuel, etc. The cost includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the carrier, including loading and unloading. The cost also includes sales and excise taxes, but does not include taxes on fuel and lubricants.

The agency generally values inventory using one of the following three methods:

1. **First-In, First-Out Method (FIFO)**: items bought first are used or sold first, meaning that items in stock are the newest ones.
2. **Last-In, First-Out Method (LIFO)**: items bought last are used or sold first, meaning that items still in stock are the oldest ones.
3. **Weighted Average Method**: the agency rolls cost of new inventory into cost of existing inventory to determine a new weighted average inventory cost. The weighted average method adjusts inventory cost as new inventory is purchased.

The reporting agency should consistently apply its inventory valuation method, regardless of method used. The agency reports the value of inventory that remains at the end of the fiscal year.

As the agency withdraws items from inventory for use, it reduces the value of inventory, and expenses Materials and Supplies. However, if the inventory 1) is used to rehabilitate or rebuild a capital asset; 2) materially increases the asset value; and 3)

extends the asset's useful life beyond one year, then the agency reduces the value of the inventory and increases the capital asset value.

7.1.1.4 Prepaid Expenses (1140)

Prepaid expenses arise when the transit agency makes a payment for goods or services to be received in the future. Prepaid expenses for goods or services to be received within one year of payment are current assets. However, they are not current in the sense that they will be converted into cash but in the sense that, if not paid in advance, they would require the use of current assets. Prepaid expenses for goods or services to be received later than one year after payment are considered and reported as Noncurrent Assets. Prepaid expenses typically include the following:

1. Insurance
2. Interest
3. Rents
4. Taxes
5. Unused royalties
6. Current paid advertising service not yet received
7. Operating supplies

7.1.1.5 Current investments and Current Portions of Long-term Investments (1150)

Current, or short-term, investments are investments made by the transit agency that can be converted into cash within one year. Current investments include time drafts receivable and time loans, bankers' acceptances, United States Treasury certificates, marketable securities and other similar investments acquired for the purpose of temporarily investing cash. Current investments also include stocks and bonds that are readily convertible into cash. The agency also recognizes current portions of noncurrent investments as current assets. For example, interest receivable during the reporting year on a long-term bond is the current portion of a noncurrent investment.

7.1.1.6 Other Current Assets (1190)

Other current assets include other resources that are readily converted to cash, such as installment or deferred accounts, the value of the current portion of a prefunded lease, and federal grants and taxes receivable within the year.

7.1.2 Noncurrent Assets (1200)

Noncurrent assets (also known as long-term or fixed assets) are resources that the agency expects to provide benefit for longer than one year. Noncurrent assets generally include the following, which are described in further detail below:

1. Capital Assets (1210)
2. Intangible Assets (1220)
3. Capital Lease Receivable (1230)
4. Special Funds (1240)

5. Work in Progress (1250)
6. Investments (1260)
7. Other Noncurrent Assets (1290)

7.1.2.1 Capital Assets (1210)

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible assets that have useful lives over one year. Value of the capital assets includes the capitalized expenses associated with that asset which typically include acquisition costs and improvement costs and are adjusted for depreciation and asset impairment. Intangible Assets are separately discussed due to their complexity.

7.1.2.1.1 Depreciation

Depreciation is the depletion of the cost of capital assets. A capital asset other than land is depreciated if it has an initial cost over the agency's capitalization level and an estimated useful life of more than one year. An asset's estimated useful life is the period of time over which the agency will depreciate the property's cost. In order to account for the reduction in value and usefulness of tangible property, the agency expenses a portion of the cost as depreciation each year of the asset's life. Accumulated depreciation includes expenses charged since the time of acquisition for all of the tangible transit operating property owned by the transit agency.

There are several basic depreciation methods, including straight-line depreciation and accelerated depreciation.

Straight-line depreciation is the most commonly used depreciation method. Straight-line depreciation is determined by the formula:

$$\textbf{Straight-line depreciation} = \frac{\textbf{Cost – Salvage Value}}{\text{Estimated Useful Life}}$$

- Salvage value (residual value) is the estimated amount that will be realized at the end of the useful life of the property.
- Estimated useful life is generally stated in years, months, or other periods of time.

Accelerated depreciation methods allow for greater depletion amounts in the earlier years of the life of an asset. Examples of accelerated depreciation include the double declining balance method and the sum-of-the-years' digits method. Agencies report the sum of their depreciation values, regardless of how they calculate depreciation.

7.1.2.1.2 Capital Asset Impairment

Example: Reporting Capital Asset Impairment

Asset impairment is a significant, unexpected decline in the service utility of a capital asset due to events or changes in circumstances. If the fair value is less than the carrying amount (book value) of the asset, the agency recognizes an impairment loss. Fair value is the market value, or price that a buyer is willing to pay for the asset. Book value is the cost of the asset minus depreciation and asset impairment, if applicable. The amount of the impairment loss is the difference between the carrying amount and the fair value, if the fair value is lower than the carrying amount. The carrying amount of the capital asset will be reduced to equal the fair value. If the agency recognizes an impairment loss, the capital asset is permanently impaired and the impairment may not be reversed in future years even if changes to the asset (e.g., restoration) have occurred.

> You are a transit agency and you buy a vehicle for $1,000,000. The estimated useful life of the asset is 10 years with no residual value. Using the straight-line depreciation method, you depreciate the vehicle by $100,000 each year. At the end of year one, the book value of the vehicle is $900,000. However, you suffered from hurricane damages during year one, and the fair value of the vehicle at the end of year one is $800,000. The fair value is lower than the book value by $100,000 and thus, you record an impairment loss of $100,000 for that year.

7.1.2.2 Intangible Assets (1220)

Intangible assets are not physical in nature. Examples of intangible assets include software, air rights, easements, water rights, timber rights, patents, and trademarks. In some cases, the agency may capitalize pollution remediation outlays in the financial statements, subject to certain limitations.

7.1.2.2.1 Intangible Asset Cost

The agency can purchase or license intangible assets (which includes acquisition through an installment contract), acquire them through non-exchange transactions, or generate them internally (e.g., development of a new software system by in-house employees). Costs included in the capitalization of intangible assets typically include acquisition costs, legal fees, filing costs and other costs related to establishing the intangible asset.

7.1.2.2.2 Amortization

Amortization is the systematic spreading of the value of intangible assets over the asset's estimated useful life. Generally, agencies use the straight-line method to amortize intangible assets. However, some intangible assets have indefinite useful lives, such as Goodwill, and agencies do not amortize them.

7.1.2.2.3 Intangible Asset Impairment

Intangible assets are tested for impairment at least annually. An intangible asset with a finite life is impaired if its book value exceeds its fair value. Book value is the cost of the asset minus amortization and asset impairment, if applicable. Fair value is the market value, or price that a buyer is willing to pay for the intangible asset. Transit agencies treat intangible asset impairment similarly to Capital Asset Impairment.

7.1.2.2.4 Software

The most common type of an intangible asset is software. If the transit agency internally develops computer software for its own use and not for external sale, the costs included in the capitalization amount include direct materials, direct labor (e.g., coding and

testing during development), interest costs incurred during development, and costs associated with upgrades and enhancements that result in additional functionality. The agency capitalizes software purchased to be used on its own or to be integrated with another product or process if it has a useful life of greater than one year. The agency capitalizes software licenses if they have a minimum useful life of two years and meet the Capitalization Level.

7.1.2.2.5 Goodwill

Goodwill is the difference between the book value of an organization and the price paid to acquire it. The acquiring transit agency reports goodwill as an indefinite asset. The value of goodwill may increase over time as the transit agency grows through acquisition of other agencies or organizations, builds customer loyalty, or increases ridership. The value of goodwill may also decrease over time due to decline in ridership or other events that negatively impact the transit agency. Although agencies do not amortize goodwill, they are required to test it for asset impairment at least annually. Goodwill impairment exists when the carrying amount of goodwill exceeds its fair value.

7.1.2.2.6 Franchises

This includes the amounts paid to a state, a political subdivision thereof or to some other governmental authority in consideration of franchises, permits, consents or certificates running in perpetuity or for a specified term of more than one year, together with the necessary reasonable expenses incurred to procure such franchises, consents or certificates of convenience and necessity. Franchises include when a government grants a transit agency rights to operate on public roads.

7.1.2.2.7 Other Intangible Assets

This includes the cost of patents, trademarks, rights, licenses and privileges necessary or valuable to the economical conduct of transit operations.

7.1.2.3 Capital Lease Receivable (1230)

A lease is considered a capital lease if it meets any of the following four criteria at its inception (the earlier of the date of the lease agreement or commitment):

1. **Transfer of ownership**: the lease transfers ownership (e.g., transfer of title) of the property to the transit agency by the end of the agreed-upon lease term.
2. **Bargain purchase option**: the lease contains a provision that allows the transit agency to purchase the leased property for a reduced price (reduced compared to expected fair value of the property at the date that the purchase option becomes exercisable).
3. **Lease term**: lease term is equal to or greater than 75% of the estimated useful life of the leased property. However, if the beginning of the lease term falls within the last 25% of the total estimated useful life of the leased property, the agency cannot use this criterion for classifying the lease as a capital lease.
4. **Minimum lease payments**: the present value at the beginning of the lease term of the minimum lease payments to be paid by the transit agency, excluding executory

costs such as insurance, maintenance, and taxes, is equal to or greater than 90% of the fair value of the property at lease inception.

The lessor (the transit agency that owns the asset being leased) reports the capital lease as a noncurrent receivable in the amount of the sum of the minimum lease payments, net of executory costs (e.g., maintenance, taxes, and insurance) and the residual value. However, the agency reports capital lease payments that it expects to receive within one year under Accounts Receivable (current asset). Lease payments received by the lessor agency reduce the capital lease receivable and the agency reports them as Other Agency Revenues (4150) for the reporting period.

The lessee (the transit agency that is leasing the asset) will initially measure the capital lease asset and Capital Lease Obligations. Lessees do not report capital lease receivables.

7.1.2.4 Special Funds (1240)

Special funds include cash and near cash items whose use is restricted to satisfying a specific class of transit agency's long-term obligations. It includes capital asset, insurance reserve, sinking and other special funds, described below.

7.1.2.4.1 Capital Asset Funds

Capital asset funds cover the cash, cost of securities of other companies, and cost of other assets which have been specifically set aside for the purpose of providing a fund for the acquisition of capital assets.

7.1.2.4.2 Insurance Reserve Funds

The cash, cost of securities of other companies, and cost of other assets placed on deposit or in the hands of trustees to guarantee the satisfaction of obligations for losses that relate to the prior, current or a future accounting period in instances where the transit agency is a "self-insurer" in whole or in part.

7.1.2.4.3 Sinking Funds

Sinking funds cover the cash, cost of securities of other companies, and cost of other assets placed on deposit or in the hands of trustees or segregated from the transit agency's other assets to meet obligations maturing in the future or to carry out such operations as the retirement of preferred stock or the procurement of serial bonds.

7.1.2.4.4 Other Special Funds

The cash, cost of securities of other companies and cost of other assets that have been specifically set aside for special purposes not provided for in the above object classes.

7.1.2.5 Work in Progress (1250)

Work in progress (or process) (WIP) covers labor, material and overhead amounts applied to projects not yet completed or placed in service. Projects may be capital projects for use by the transit agency or work for others for which the transit agency will be reimbursed.

7.1.2.6 Investments (1260)

This covers investments of transit agency funds in the operation of other entities for purposes other than the temporary investment of surplus cash. It also includes investments and advances and reserve for revaluation of investments. Investment and advance includes the transit agency's investments in securities issued or assumed by companies and the notes of companies and persons maturing more than one year from date of issue. This also includes the cash surrender values of insurance policies carried on the lives of officers and employees when the transit agency is beneficiary of such policies. The amount of advances to companies and individuals not subject to current settlement, including accrued interest on such advances when not subject to current settlement, is also considered an investment.

7.1.2.7 Other Noncurrent Assets (1290)

Other noncurrent assets are resources that the agency expects to provide benefit for longer than one year that are not provided for in the above object classes.

7.2 Deferred Outflows of Resources (3100)

Deferred outflows of resources represent a consumption of a transit agency's net assets that is applicable to a future period. Deferred outflows of resources are reported separately from assets.

7.3 Liabilities (2000)

Liabilities are a transit agency's legal debts and obligations that arise during normal business operations. Liabilities are either current or noncurrent.

7.3.1 Current Liabilities (2100)

Current liabilities (also known as short-term liabilities) are estimated or accrued debts or obligations that are due within one year. The agency reasonably expects their liquidation to require the use of Current Assets (e.g., cash and cash equivalents) or the creation of other current liabilities (e.g., short-term bank loans). Current liabilities may arise from regular business operations (e.g., accounts payable) or to meet cash needs through borrowings (e.g., short term notes payable). Current liabilities for transit agencies generally include the following, which are described in further detail below:

1. Current Accounts Payable (2110)
2. Short-term Debt and Current Portions of Long-Term Debt (2120)
3. Accrued Liabilities (2130)
4. Other Current Liabilities (2190)

7.3.1.1 Current Accounts Payable (2110)

Current accounts payable are the amounts payable to others within one year for materials and services received, including use of property, matured rents, amounts due to public authorities, amounts of payable judgments, current accounts with officers and employees, and personal injury and property damage claims. They also include the following, which are addressed in detail below:

1. Notes Payable
2. Matured Equipment and Long-Term Obligations
3. Current Portion of Unmatured Equipment and Long-Term Obligations
4. Matured Interest Payable

7.3.1.1.1 Notes Payable

Notes payable are contractual obligations to pay money at a fixed or determinable rate. They may be in the form of notes, drafts, acceptances, and other similar evidences of indebtedness, which do not run for a period over one year. The agency must record notes payable at present value at the date of issuance.

7.3.1.1.2 Matured Equipment and Long-Term Obligations

This is the matured (i.e., past due) amount (including obligations for premiums) of equipment obligations and long-term obligations. This object class includes un-presented bonds called for redemption. An example of an un-presented bond is the deposit of monies by transit companies for the construction of a transit system, where the amount has remained unclaimed for a significant period. The transit agency defines a significant period; however, the transit agency records it as a current liability if it reasonably expects to have to pay the deposit back within the next year.

7.3.1.1.3 Current Portion of Unmatured Equipment and Long-Term Obligations

This is the amount of bonds, equipment obligations and other long-term debt obligations, including obligations maturing serially or payable in installments, which are due and payable within one year from the current period ending date.

7.3.1.1.4 Matured Interest Payable

The amount of matured (i.e., past due) and unpaid interest on obligations of the transit agency, whether the cause of the failure to pay the interest is on the part of the creditor or for other reasons, except where such interest is added to the principal of the obligation.

7.3.1.2 Short-Term Debt and Current Portions of Long-Term Debt (2120)

Short-term debt covers obligations to repay borrowings for periods of less than one year and current maturities of long-term debt. Monies received to cover debt expenses are considered a financing mechanism and the agency does not report them as a source of revenue.

7.3.1.3 Accrued Liabilities (2130)

An accrued liability (also known as accrued expense) represents an expense recognized or incurred but not yet paid. Accrued liabilities include interest, wages, taxes and pension liabilities.

7.3.1.3.1 Accrued Interest

This is the amount of interest accrued to the date of the balance sheet, but not payable until after that date, on all indebtedness of the transit agency, except interest which is added to the principal.

7.3.1.3.2 Accrued Wages

This object class covers obligations to pay for the labor services rendered by employees of the transit agency, including deductions from employees' wages for Social Security, income taxes and other similar items.

7.3.1.3.3 Accrued Taxes

This object class covers obligations to pay taxes (e.g., income, property, unemployment, and accrued employer's portion of FICA taxes) which have accrued during the reporting period.

7.3.1.3.4 Accrued Pension Liabilities

This is the amount to be paid within one year of the current period ending date to retired employees, their beneficiaries or a trustee or manager of a pension fund for the pension, savings, relief, hospital benefits, or other postemployment benefits (OPEB) accruing to employees for their labor services.

7.3.1.4 Other Current Liabilities (2190)

Other current liabilities cover miscellaneous obligations of the transit agency due within one year of the current period ending date and not included in the above object classes.

7.3.1.4.1 Unredeemed Fares

Unredeemed fares include the amount of the obligation to provide transit service upon the redemption of tickets or tokens in the possession of patrons.

7.3.1.4.2 CODs Unremitted

Cash on delivery (COD) is a type of transaction in which payment for a good is made at the time of delivery. Unremitted CODs represent the amount of CODs collected from consignees, but not remitted to shippers.

7.3.1.4.3 Dividends Declared and Payable

This object class covers the amount of dividends declared, but not paid, on any issue of capital stock of the transit agency.

7.3.1.4.4 Short-Term Construction Liabilities

This includes the amount of construction retentions scheduled to be due within one year of the current period ending date.

7.3.2 Noncurrent Liabilities (2200)

Noncurrent liabilities (also known as long-term liabilities) represent future expenditures associated with current obligations that are not payable within the current reporting year. Noncurrent liabilities for transit agencies generally include the following, which are described in further detail below:

1. Long-Term Debt (2210)
2. Noncurrent Accounts Payable (2220)
3. Capital Lease Obligations (2230)

4. Long-term Pension Liabilities (2240)
5. Estimated Liabilities (2250)
6. Other Noncurrent Liabilities (2290)

7.3.2.1 Long-Term Debt (2210)

Long-term debt includes obligations of the transit agency due after one year from the current fiscal year ending date and evidenced by formal long-term debt instruments (e.g., equipment obligations, bonds). Monies received to cover debt expenses are considered a financing mechanism and agencies do not report them as a source of revenue. Long-term debt includes equipment obligations, bonds, receivers and trustees' securities and long-term construction liabilities.

7.3.2.1.1 Equipment Obligations

This object class covers the face value of equipment obligations issued by the transit agency which will mature more than one year from the current fiscal year ending date or, if payable in installments, the face amount of such installments not due within one year from that date. This includes equipment bonds, equipment notes, chattel mortgages and other obligations for which equipment is pledged as security or held under a conditional sales agreement. It also includes the face value of equipment obligations issued by others, the payment of which has been assumed by the transit agency, and equipment obligations so issued or assumed, the majority of which has been extended by specific agreement.

7.3.2.1.2 Bonds

This object class covers the face value of bonds, other than equipment obligations, issued by the transit agency that will mature more than one year from the fiscal year end date. This object class includes unsecured debentures and general revenue bonds. It also includes the face value of such bonds issued by others, the payment of which has been assumed by the transit agency.

If a bond sells at a premium (above face value), the agency records the difference between the bond's sale price and its face value as a noncurrent liability and amortizes it over the life of the bond. If a bond sells at a discount (below face value), the agency records the difference between the bond's sale price and its face value as a contra-liability account.

The agency records the interest accumulating against the bond's face value as an interest expense in the period in which it is incurred.

7.3.2.1.3 Receivers' and Trustees' Securities

This amount covers the par value of evidences of indebtedness issued or assumed by receivers or trustees acting under the orders of a court.

7.3.2.1.4 Long-Term Construction Liabilities

This includes the amount of construction retentions scheduled as due after one year from the current fiscal year ending date.

7.3.2.1.5 Unamortized Debt Discount and Expense

This object class covers the amount of unamortized discount and expense incurred in connection with the issuance of the transit agency's outstanding long-term debt instruments.

7.3.2.1.6 Unamortized Premium on Debt

This object class includes the amount of unamortized premium incurred in connection with the issuance of the transit agency's outstanding long-term debt instruments.

7.3.2.1.7 Reacquired and Nominally Issued Long- Term Obligations

This object class covers the par value of long-term debt of the transit agency nominally issued or reacquired and held by the transit agency. This does not include debt held in sinking or other special funds.

7.3.2.2 Noncurrent Accounts Payable (2220)

This object class includes long-term obligations of the transit agency evidenced by open accounts and notes rather than by more conventional long-term debt instruments (e.g., equipment obligations, bonds). This includes the amount received from individuals and companies, whether evidenced by notes or open accounts, including interest accrued when such expenses are not subject to current settlement.

7.3.2.3 Capital Lease Obligations (2230)

The lessee (i.e., the transit agency that is leasing the asset) will initially measure the capital lease asset and capital lease obligation at an amount equal to the present value at the beginning of the lease term of minimum lease payments during the lease term, excluding executory costs (e.g., insurance, maintenance, and taxes). For example, an agency that leases a bus for a lease term of ten years will calculate the present value of the ten annual lease payments and record this value as a noncurrent asset. If the agency cannot determine the minimum lease payments, the agency will make an educated estimate of the amount. If the present value of the minimum lease payments is greater than the fair value of the leased property at the beginning of the lease term, the agency will record the fair value as the capital lease asset and capital lease obligation. The agency amortizes capital leases not involving land in a manner consistent with the lessee's normal Depreciation method.

Example: Capital Lease Obligations
You are a transit agency and you have a capital lease agreement for the use of a train. The present value of the capital lease obligation is $500,000, the lease term is ten years, and the interest rate is 10%. You make ten lease payments of $80,000 each year (this number is only used for illustration purposes and is not an accurate value using a 10% interest rate). The lease payments include both interest and principal. The interest expense amount is 10% of the balance of the capital lease obligation at the beginning of the reporting period. The principal amount is the remainder of the annual payment ($80,000 less 10% interest) and reduces your capital lease obligation. You use the straight-line depreciation method to depreciate your capital assets and to amortize your capital leases. With a present value of $500,000 and a lease term of ten years, the annual amortized amount will be $50,000. The total capital lease expense for the reporting period is the sum of the interest expense and amortization amount. You will report the total capital lease expense in Capital Leases.

7.3.2.4 Long-Term Pension Liabilities (2240)

Long-term pension liabilities represent pension / OPEB liabilities that are recognized in the transit agency's financial statements.

7.3.2.5 Estimated Liabilities (2250)

An estimated liability represents recognition of a probable future charge that results from a prior act. An example of an estimated liability is uninsured public liability and property damage losses. Uninsured public liability and property damage losses are the estimated amounts required to pay settlements for injuries and damages to the person or property of others which are not covered by outside insurance.

7.3.2.6 Other Noncurrent Liabilities (2290)

Other noncurrent liabilities cover the amount of long-term obligations not provided for in the above object classes and maturing more than one year from the current period ending date. This includes executed or assumed items, such as real estate mortgages, assessments for public improvements, receipts outstanding for long-term obligations and other obligations maturing more than one year from the reporting date. Other noncurrent liabilities include deferred credits, which include credit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received, and other items of a deferred nature.

7.4 Deferred Inflows of Resources (3200)

Deferred inflows of resources represent an acquisition of a transit agency's net assets that is applicable to a future period. Deferred inflows of resources are reported separately from liabilities.

7.5 Net position (3000)

Net position is typically known as the difference between assets, deferred outflows or inflows of resources and liabilities and is an indicator of an agency's financial position at a point in time. The net position of a transit agency typically includes the net investment on capital assets, restricted funds for capital projects, reserves or contingencies, unrestricted funds and accumulated earnings or losses.

Appendix A. Cost Allocation Handbook

Introduction

The purpose of this document is to help transit agencies allocate shared operating expenses by mode, type of service, and function. The information in this document will assist transit agencies in establishing a reasonable basis for allocating shared costs and will promote consistent and informed peer comparisons. It contains five sections:

- **Section A.1:** Cost Allocation 101 introduces shared costs and cost allocation principles and provides high-level guidance to assign costs.
- **Section A.2:** Guidance for Allocating Shared Expenses by Mode applies the principles in Cost Allocation 101 by providing cost allocation variables for the transit industry, with discussion on the benefits and considerations of each variable and alternatives.
- **Section A.3:** Guidance for Reporting Expenses by Function compares each function required by the National Transit Database (NTD) and provides guidance for classifying expenses into each function, with common examples and potential outliers.
- **Section A.4:** Evaluating and Updating the Cost Allocation Model describes the situations in which a transit agency would consider changing its cost allocation model.
- **Appendix:** Common Expenses Allocation Guidance lists common transit agency expenses alphabetically and directs readers to relevant guidance for allocating expenses by mode and classifying expenses by function.

Many transit agencies produce monthly or quarterly reports on the performance of the agencies' individual modes for its boards and the public. The objective of this cost allocation handbook is not only to provide guidance for NTD reporting, but to improve local reporting as well.

A.1 Cost Allocation 101

This section describes general cost allocation principles and serves as the foundation for the guidance in the remainder of this document. This section is intended for NTD reporters, and accounting and finance staff who would like to review basic cost allocation concepts.

Transit agencies must perform the following steps for proper cost allocation:

1. **Assess each cost item and determine if it is a direct cost or a shared cost.** See Direct vs. Shared Costs for definitions and examples of direct costs (e.g., operators' salaries and wages) and shared costs (e.g., executive management's salaries and wages). Direct costs must be assigned to the appropriate functions for NTD reporting using the guidance provided in Guidance for Reporting Expenses by Function.
2. **Determine the modes and types of service (TOS) for which shared costs are incurred.** Some shared costs are incurred for specific modes or TOS and not others. A transit agency makes this determination for each line item in its chart of accounts.
3. **Identify the approach or cost driver that is best related to how costs are incurred.** Transit agencies consider the modes that drive the shared costs and their cost structures in order to select the appropriate cost drivers. This analysis includes but is not limited to: 1) the drivers cited in this document; 2) data reported to the NTD; 3) reports available from the accounting system; and 4) accuracy and availability of data (e.g., square footage, mileage, personnel). Table 4: Allocation Variables presents a sample list of potential cost drivers.
4. **Perform the mathematical steps to allocate shared costs and combine with direct costs.** See How to Allocate Shared Costs How to Allocate Shared Costsfor step-by-step illustrations on how to allocate shared costs by mode. Guidance for Allocating Shared Expenses by Mode and Guidance for Reporting Expenses by Function explain how transit agencies allocate costs by mode and/or by function. Some shared costs will require allocation by both mode and function and are allocated based on both steps.

Directly Operated vs Purchased Transportation

- Agencies must recognize and consider the different nature of each type of service, directly operated (DO) and purchased transportation (PT), when allocating shared costs. Agencies do not have to provide the same level of effort in support and administrative tasks for the PT modes as they do for the DO modes because many of the support and administrative services are included and provided in the PT contracts. For example, an agency does not allocate its shared costs related to fare collection and ticketing to the PT mode because these tasks are provided as part of the PT contract.

A.1.1 Why Cost Allocation?

The purpose of cost allocation is to determine the total costs incurred to produce a specific product or deliver a specific service. In the NTD, transit agencies report the total cost incurred to operate each mode of transit service. This information helps facilitate comparisons of the operating characteristics of modes at different agencies and of a single mode over time. Cost allocation helps provide a complete accounting of the resources used to operate a segment of transit services.

Federal Transit Administration (FTA) strongly recommends that transit agencies adhere to the guidance provided in this document because it assists with increasing the accuracy of cost comparisons across different modes and agencies. Additionally, modal costs are used in the apportionment formula; therefore, it is important to establish a consistent method of cost accounting. Sound cost allocation procedures will also improve the accuracy of financial data reported to transit agency governing boards and the public.

A.1.2 Direct vs. Shared Costs

In order to report the total cost of delivering each mode of transit service, transit agencies must calculate both the direct and shared costs of providing service. ***Please note: it is strongly encouraged that agencies assign costs as direct costs whenever possible. Additionally, it is preferred that the remaining shared costs are first traced to the relevant modes and types of service before they are allocated to the modes.***

- Direct Costs are costs that are directly identifiable to one or more mode and type of service (TOS) (directly operated or purchased transportation) of transit service.
  - Direct costs that are directly identifiable to one mode or TOS include operator salaries and wages (and associated fringe benefits for operators that directly support one mode), other salaries and wages (for staff that directly support one mode), materials and supplies (that are unique to a specific mode), and propulsion power (that is traced to a specific rail mode).
  - Direct costs that are directly identifiable to one or more modes must be attributed and charged to the specific mode within a transit agency's accounting system at the time work was performed. For instance, a transit agency may employ vehicle maintenance staff to repair light rail (LR) and heavy rail (HR) systems. The agency has an accounting system that allows its employees to assign their hours directly to a specific mode (e.g., LR, HR). The accounting system enables the maintenance staff employees to directly attribute and charge to each mode; therefore the salary and wages for the maintenance staff are direct costs that are identifiable to the two modes.
- Shared Costs are costs that are commonly or jointly used to provide two or more modes of transit service. The table to the right includes examples of common shared costs. Transit agencies perform cost assignment using the following methods, listed in the order of preference to improve the accuracy of cost allocation:

  1. **Tracing shared costs wherever feasible and economically practicable**. The method of cost tracing relies on the observation, counting, and/or recording of the consumption of resource units, such as staff hours or

Example: Common Shared Costs
• Salaries and associated fringe benefits for agency-level management (e.g., general manager or executive director and board of directors) • Costs associated with departments that support all modes (e.g., Accounting and Finance, Human Resources/Personnel, and Marketing/Outreach) • Consulting/Legal Services • Costs related to administrative buildings, such as maintenance, utilities, or janitorial services and supplies • Office supplies used by individuals that support multiple modes

days that are spent on a project or assignment. Tracing also applies to specific resources that are dedicated to particular outputs. Cost tracing minimizes distortion and helps promote accuracy in cost assignments. However, cost tracing can be a relatively costly process; it should be applied to items that account for a substantial portion of the cost of an output and when it is economically feasible. For example, it is usually unnecessary to trace the cost of office supplies (e.g., pens, papers, computer peripherals) to various activities or outputs.[1]

2. **Allocating shared costs on a reasonable and consistent basis.** Sometimes, it is not economically feasible to trace costs. For example, general management and administration support costs, utilities, and other costs benefit multiple modes and cannot be traced to specific modes. In these situations, transit agencies allocate shared costs to the functions, modes and TOS following the Guidance or Allocating Shared Expenses by Mode and Guidance for Reporting Expenses by Function.

A.1.3 Example: Tracing vs Allocating Shared Costs

A transit agency is looking to expand its existing services (e.g., add new commuter bus routes). The agency has hired five temporary employees in the Planning and General Engineering Department to support this project. The employees in this department charge their time to a planning code and do not split their time by mode. The five employees each get paid $50,000, for a total of $250,000. The Planning and Engineering Department's total shared costs, including the $250,000 in wages to the five employees above, are $650,000. In addition to commuter bus (CB), the agency also operates motor bus (MB), and demand response (DR) modes of service. The two tables below depict two ways that the agency could calculate shared costs.

The first table illustrates how the transit agency could first trace the costs associated with the five temporary employees who were hired to plan new commuter bus (CB) routes to CB mode. The agency decides to allocate the remaining planning costs based on Vehicle Revenue Miles (VRM).

Table 6. Tracing Shared Costs Example

Tracing Shared Costs	Total	Commuter Bus	Motor Bus	Demand Response
Tracing Shared Cost	*$250,000*	*$250,000*	*$0*	*$0*
Remaining Costs	$400,000			
VRM	10,000,000	2,000,000	7,000,000	1,000,000
% of Total	100%	20%	70%	10%
Allocated Costs	*$400,000*	*$80,000*	*$280,000*	*$40,000*
Total Costs	**$650,000**	**$330,000**	**$280,000**	**$40,000**

[1] Executive Office of the president Office of Management and Budget. "Statement #4/ Managerial Cost Accounting Concepts and Standards for the Federal Government." 1995, 448.

The second table illustrates a situation in which the transit agency does not know that the five temporary employees are just supporting commuter bus or has determined that tracing shared costs is not economically feasible. As a result, the transit agency has determined to allocate total shared costs based on VRM.

Table 7. Allocating Shared Costs Example

Allocating Shared Costs	Total	Commuter Bus	Motor Bus	Demand Response
Total Costs	**$650,000**			
VRM	10,000,000	2,000,000	7,000,000	1,000,000
% of Total	100%	20%	70%	10%
Total Costs	**$650,000**	**$130,000**	**$455,000**	**$65,000**

A.1.4 Example: Differentiating Between Direct and Shared Costs

One approach to understand shared versus direct costs is to examine the expense within the context of a transit agency's organization chart. **Figure 3** shows a simple high-level organization structure for a hypothetical public transit system: Transit Agency A. Transit Agency A directly operates three modes: motor bus (MB), heavy rail (HR), and light rail (LR).

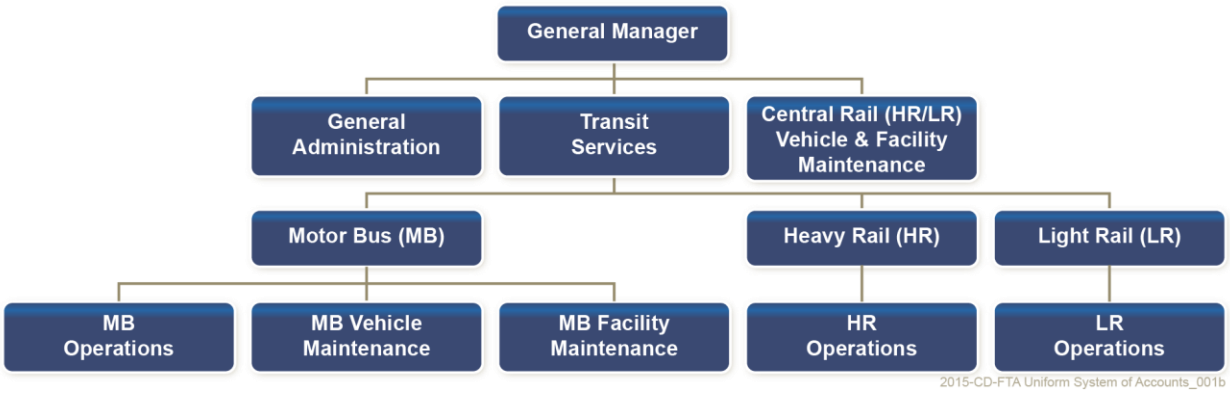


Figure 3. Transit Agency A's Organization Chart

Motor bus has its own Operations, Vehicle Maintenance, and Facility Maintenance Departments. The heavy rail and light rail modes share a Central Vehicle and Facility Maintenance Department between the two modes, and employees use job order records to track their hours spent supporting each mode. The General Administration Division does not support a specific mode. However, two marketing employees directly support HR and LR. The guidance below illustrates costs that are direct, shared costs that are traceable and shared costs that need to be allocated:

- **Direct Costs:** The Vehicle Maintenance and Facility Maintenance Departments, which exclusively support MB, are direct costs assigned to MB. Salaries and wages for operators and other employees who directly support the operation of each mode are direct costs that are assigned to each mode because the employees record their time to the respective mode.

- **Tracing Shared Costs:** The salaries and wages of the Central Rail Maintenance staff are traced to the HR and LR modes because the staff can track their hours spent supporting each mode using job order records and report them to Transit Agency A's cost accountant.
- **Allocating Shared Costs:** Transit Agency A will allocate any costs that cannot be traced. In this scenario, the agency allocates its general administration costs among all three modes since the personnel in this department do not track their time across the modes.

A.1.5 Example: Tracing Shared Costs

As stated above, transit agencies must trace or allocate shared operating costs to a mode of transit. First, agencies must identify and separate shared costs from direct costs. It is important that the agencies first separate and assign direct cost. Then, agencies must trace shared costs to the specific mode and TOS. Whenever possible, agencies should assign shared costs by tracing the costs to the modes. Agencies should allocate shared costs using allocation variables only after the direct costs have been identified and the traceable shared costs have been shared.

Presuming an agency is not able to track its employees' time by modes and types of service, it may trace costs by following one of these two principles:

- **Identify shared staff that dedicates a majority of their time to one mode.** The agency traces these costs to the mode the employee primarily supports. For example, if the Vehicle Maintenance Department has specialists dedicated to maintaining motor bus (MB) vehicles, the agency traces those costs to the MB mode.
- **Estimate time spent supporting a particular mode based on transaction records.** The agency traces the time spent supporting a particular mode by analyzing the transaction records. For example, an agency estimates the time that its Vehicle Maintenance Department spends supporting each mode and TOS by analyzing its job order record for record of time spent completing each job order.

To illustrate this concept, **Figure 2** shows a simple high-level organizational structure for a hypothetical public transit system (Transit Agency B). Transit Agency B operates three modes of transit: light rail (LR), motor bus (MB), and demand response (DR). A centralized procurement department supports the three modes.

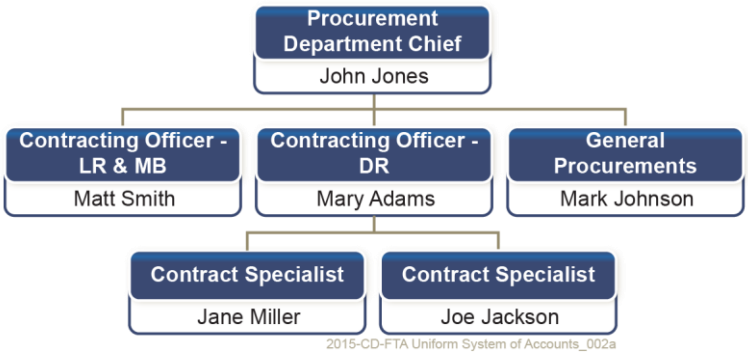


Figure 4. Transit Agency B's Procurement Department Organization Chart

Mary Adams, Jane Miller, and Joe Jackson dedicate 100% of their time to demand response (DR) mode. The agency can estimate Matt Smith's time spent on LR and MB using purchase order records. As a result, the costs associated with his work can be traced to each mode. Similarly, the agency estimates that John Jones and Mark Johnson spent their time on all three of the modes using purchase order records and can trace that time spent to each mode. For example, based on purchase order records for each mode if John Jones and Mark Johnson both spent 40% of their time supporting DR, 30% of their time supporting LR, and 30% of their time supporting MB, and if Matt Smith spent 40% of his time supporting LR and 60% of his time spent supporting MB Transit Agency B reports the associated salaries and wages expense as follows:

Table 8. Tracing Shared Costs Procurement Example

	Salary	Demand Response (DR)		Light Rail (LR)		Motor Bus (MB)	
		% time	$	% time	$	% time	$
Benefit Multiple Modes							
John Jones	$ 90,000	40%	$ 36,000	30%	$ 27,000	30%	$ 27,000
Mark Johnson	$ 60,000	40%	$ 24,000	30%	$ 18,000	30%	$ 18,000
Matt Smith	$ 50,000			40%	$ 20,000	60%	$ 30,000
Benefit Single Mode							
Mary Adams	$ 50,000		$ 50,000				
Jane Miller	$ 45,000		$ 45,000				
Joe Jackson	$ 45,000		$ 45,000				
TOTAL	**$340,000**		**$ 200,000**		**$65,000**		**$75,000**

In a similar scenario, Transit Agency C has a centralized Procurement Department with three specialists.

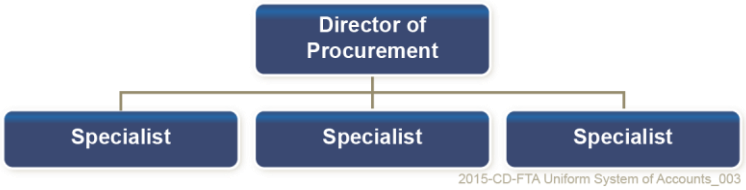


Figure 5. Transit Agency C's Procurement Department Organization Chart

The Procurement Department does not keep an accurate record of the time that each specialist spends supporting each mode. The associated expenses are shared expenses and are not traceable. In this case where Transit Agency C cannot trace expenses to a mode, it allocates these expenses using the guidance in Guidance for Allocating Shared Expenses by Mode.

Agencies also incur shared costs not related to salaries and wages. For example, an agency offers healthcare insurance to its employees. The healthcare provider provides the agency with a bill, which is not broken down by employee, the mode he/she supports or the type of service he/she supports. Ideally, the agency would separate the costs on this bill in their accounting system based on each mode's headcount, payroll, or other factors on which total payment is based. For the expenses related to the employees who support the general administration of the agency, the cost accountant

separately distributes the costs across the modes, based on whichever variable he/she uses to distribute salaries (e.g., ridership, VRM or VRH). Some transit agencies' accounting systems are not set up to record this level of information, and the cost to do so may be prohibitive. In this case, the agency allocates shared costs to the functions and modes by following the Guidance for Allocating Shared Expenses by Mode Guidance for Allocating Shared Expenses by Mode and Guidance for Reporting Expenses by Function.

A.2 Guidance for Allocating Shared Expenses by Mode

This section provides allocation variables that transit agencies can use to group and allocate shared expenses and illustrates the cost allocation process through an example. Since each transit agency is unique, it chooses a cost allocation methodology that reflects its cost structure, provided the method is reasonable, consistent, and defensible. See Evaluating and Updating the Cost Allocation Model for guidance on a Transit Agency's Cost Allocation Methodology. An agency considers the following factors to determine the appropriate cost assignment strategy:

1. Nature of the transit agency's operations
2. Precision desired and needed in cost information
3. Practicality of data collection and processing
4. Availability of electronic data handling facilities
5. Cost of installing, operating, and maintaining the cost accounting processes
6. Specific information needs of management

The following table provides a list of sample allocation variables that transit agencies could use. Each agency considers the nature of its modes and adjusts as necessary. As mentioned previously, transit agencies consider the modes that benefit from costs and cost structure in order to select the appropriate cost drivers. This analysis includes but is not limited to: 1) the drivers cited in this document; 2) data reported to the NTD; 3) reports available from the accounting system; and 4) accuracy and availability of data (e.g., square footage, mileage, personnel). For example, if a group of shared costs are driven by ridership, but are only incurred for directly operated (DO) modes; the agency uses DO modes' ridership as the allocation variable. For another example, if the fare collection employees perform fare collection duties for the agency's DO modes, the agency allocates that shared cost to the modes based on the DO modes' share of the chosen allocation variable.

Table 9. Allocation Variables

Allocation Variable	When to Use?	Benefits	Considerations
Contract Value Provides a measurement for costs related to procurement	• If large percentage of costs is procurement costs. • If there are clear differences between how modes consume procurement resources. • If contract data can be separated and analyzed by mode.	• This is a useful variable if an agency's Procurement Department spends a relative amount of time based on procurement costs.	• Contract value does not necessarily align with the amount of work performed by procurement staff (e.g., a directly operated mode with multiple small-value contracts that the procurement staff has to manage throughout the year would have higher procurement costs than a purchased transportation (PT) mode with one high-value contract that requires minimal procurement activity).
Direct Cost Provides a measurement of the financial and operational complexity of each mode	• The cost is inherently financial (e.g., accounting and finance). The underlying assumption is that the modes which consume the most direct cost also consume the most shared cost. • The cost is driven by the financial size of the operations (e.g., grant management, compliance, corporate risk management, and insurance).	• Useful in allocating costs that are not dependent on service level. • The ratio of direct expense across different modes may be representative of the ratio of total expense across modes.	• May over-apply costs to purchased transportation, where traditional shared costs (e.g., general and administrative and finance and accounting) are purchased as part of the contract (and recorded as a direct cost). • If an agency has a large portion of shared versus direct expenses, using direct cost is not appropriate.
Employee Head Count[2] Provides a measurement of the managerial complexity and personnel support provided to each mode	• If the cost is inherently related to the size of a modes' staff (e.g., human resources and training). • If the cost is related to managerial or supervisory activities (e.g., executive management).	• Assumes that more employees most likely translate to a bigger and more complex structure. • Closely related to costs such as payroll. • Measured in a uniform manner for different types of services.	• Does not distinguish between full-time and part-time employees. • Numbers reported in the NTD include the allocation of the employees who support more than one mode – the agencies must use only the direct employee headcount.
Employee Hours Worked[3]	• If the cost is inherently related to the size of a modes' staff (e.g.,	• Measured in uniform manner for different types of services.	• Does not accurately reflect the different costs incurred for full-time and part-time employees (e.g., part-time

[2] Employee Head Count includes the number of the employees assigned to a particular mode. This variable does not include shared employee head count (e.g., procurement personnel). Transit agencies do not typically report employee counts for PT modes to NTD. However, these hours should be recoverable from the payroll system.

[3] Employee Hours Worked include the number of hours worked by the employees assigned to a particular mode. This variable does not include shared employee hours (e.g., procurement personnel). Transit agencies do not typically report employee hours for PT modes to NTD. However, these hours should be recoverable from the payroll system.

Allocation Variable	When to Use?	Benefits	Considerations
Provides a measurement of the managerial complexity and personnel support provided to each mode	human resources, training). • If the cost is related to managerial or supervisory activities (e.g., executive management).	• Assumes that more employees most likely translate to a bigger and more complex structure. • Closely related to costs such as payroll.	employees do not typically receive the same benefits as full-time employees). • May under-apply shared costs to smaller modes with fewer employees that leverage more shared services. • May over-apply shared costs to larger modes with more employees to support functions that are handled by shared service centers for other modes. • May over-apply shared costs to modes that are inherently more labor intensive, but do not require additional overhead or shared services (e.g., demand response employees may incur more hours relative to head count due to the nature of the work). • Numbers reported in the NTD include the allocation of the employees who support more than one mode – the agencies must use only the direct employee hours.
Number of Vehicles Provides a measurement of vehicle utilization by each mode	• The cost depends on fleet size but not on fleet usage. • For per-vehicle costs, like vehicle licensing and insurance.	• Represents the complexity of the mode's operation. • Is a good measure for allocating vehicle servicing expense (e.g., daily fueling, washing).	• Not appropriate to compare rail to non-rail modes using number of vehicles. • Vehicles across modes are different sizes (e.g., vehicles carry different number of passengers), so it may not be comparable. • Possible that service area is concentrated in a small area for one mode and spread across a large area for another mode. Covering a large area may require more of management and administrative personnel's time and support, but that will not be reflected when using number of vehicles for allocation.
Payroll Expense Provides a measurement of costs related to salaries	• For allocating costs directly related to employees' salaries.	• Provides a measure of each mode's consumption of indirect costs related to employee salaries (e.g., fringe benefits, such as insurance, taxes, and pension plans).	• When allocating taxes, agencies consider the mode's proportionate share of the tax imposed by the jurisdiction in which the mode does business, as measured by the same factors used to determine taxable income for that jurisdiction. This would only apply if the employees work in different areas with vastly different tax laws.
Ridership Provides a measurement of the level of service consumed by each mode	• The cost is related to fare collection or ticketing. • The cost is related to public outreach or communication (e.g., marketing, community relations, and communications). • The cost is related to ridership safety and security (e.g., compliance, legal, insurance	• Measures complexity of the mode's structure – more riders usually translates to a bigger and more complex structure. • Modes with more ridership are likely to require more of management and general administrative personnel's time and support. • Measured in uniform manner	• Some modes are able to carry more passengers than other modes, regardless of the size of the mode's structure. • Not as useful when a system has modes with widely varying rider capacity. For example, vanpool inherently has fewer riders than other modes but may have similar fixed costs to operate. Thus ridership is not a fair variable. • Not as useful when geography is more dominant in driving costs than ridership (i.e., when ridership is

Allocation Variable	When to Use?	Benefits	Considerations
		across modes and is reported in the NTD.	concentrated in one small area for one mode and spread across a large area for another mode). Covering a large area may require more of management and administrative personnel's time and support, but that will not be reflected when ridership is used as a measure for allocation. • Allocates a higher proportion of shared costs to modes with high ridership, which may have its own internal support functions (i.e., have less demand for shared costs) or more efficient usage of shared costs than smaller modes.
Square Footage Provides a measurement for facility usage	• For allocating facility maintenance and upkeep costs.	• Provides a measure of each mode's facilities; therefore, the costs required to maintain and upkeep those facilities (e.g., real estate management, utilities, and maintenance of administrative buildings).	• Not reliable if the space used does not translate to the effort and resources consumed in different uses of the space (i.e., if large amounts of space are used for less labor- and cost-intensive activities).
Vehicle Hours Provides a measurement of service level	• For allocating costs that are incurred based on time spent operating the vehicle.	• Measures the amount of time that a vehicle is in operation (including non-revenue hours). • Vehicle operation has associated costs regardless of whether or not these costs are earning revenue (e.g., wages, fuel). • The largest operational cost is often the labor cost of vehicle operators. Since operators are paid by the hour, vehicle hours correlate to this labor cost.	• For rail modes, one must consider carefully whether train hours or passenger car hours is more appropriate.
Vehicle Miles Provides a measurement of service level	• For allocating fleet maintenance and upkeep costs.	• Measures the actual distance traveled by revenue vehicles (revenue miles and deadhead), for an accurate measure of wear and tear on a vehicle.	• This measurement is limited to fleet maintenance and upkeep costs. • For rail modes, one must consider carefully whether train miles or passenger car miles is more appropriate.
Vehicle Revenue Hours (VRH) Provides a measurement of service level	• For allocating costs that are incurred based on time spent operating the vehicle.	• Good measure of service level – represents the service level in terms of revenue hours. • The largest operational cost is often the labor cost of vehicle operators. Since operators are paid by the hour, VRH correlate to	• Not necessarily representative of the amount of work that must be done to support that mode as it only includes revenue hours and not the other hours. • For rail modes, one must consider carefully whether train revenue hours or passenger car revenue hours is more appropriate.

Allocation Variable	When to Use?	Benefits	Considerations
		this labor cost.	
Vehicle Revenue Miles (VRM) Provides a measurement of service level	• For allocating fleet maintenance and upkeep costs.	• Vehicle maintenance costs are incurred roughly on a per-mile basis. • Provides an estimate of the size and complexity of a mode.	• Not necessarily representative of the amount of work that must be done to support that mode as it only includes revenue miles and not the other miles (e.g., deadhead miles). • For rail modes, one must consider carefully whether train revenue miles or passenger car revenue miles is more appropriate.

For guidance on allocating a specific type of expense, refer to Common Expenses Allocation Guidance.

Agencies must use knowledge of their own organization structure to select allocation variables. It is possible for agencies to use various allocation variables depending on their mode of services. For example, cost of salaries for executive management is a shared cost that needs to get allocated to all modes. One agency operates motor bus and commuter bus modes and uses vehicle revenue miles (VRM) to allocate this cost because it provides a measure of service level related to the level of executive management oversight required. Another agency operates motor bus and heavy rail modes. Due to the nature of the modes, heavy rail has higher VRM than motor bus which does not necessarily mean that heavy rail requires more oversight from the executive management; therefore the agency uses vehicle revenue hours (VRH) to measure the level of service.

A.2.1 How to Allocate Shared Costs

This section provides general guidance on how to allocate shared costs on a reasonable and consistent basis. This is applicable only to shared costs that cannot be directly traced to a specific mode.

Cost allocation involves grouping shared costs into cost pools based on how costs are consumed. Cost pools are groups of costs that are consumed in a similar manner. The following table provides an example of a sample cost pool that transit agencies may group costs into, possible allocation variables to use, and examples of when to use the variables.

Table 10. Cost Pool Example

Cost Pool	Possible Allocation Variables	Examples
Costs that are related to **service level** Example of types of costs included in this cost pool: • Payroll Department • Vehicle Liability Insurance • Safety Department	• Vehicle Revenue Hours • Employee Hours Worked • Vehicle Revenue Miles	• When an agency allocates costs using vehicle revenue hours, the underlying assumption is that length of time the vehicles are earning revenue is the driver for costs of the level of service provided. • When an agency allocates costs using employee hours worked, the underlying assumption is that the number of total employee hours is the driver for costs of the level of service provided. • When agency allocates cost using vehicle revenue miles, the underlying assumption is that the distance the vehicles has traveled while earning revenue is the driver for the costs of the level of service provided.
Costs that are related to **fleet maintenance** Example of types of costs included in this cost pool: • Fuel for service vehicles • Salaries for maintenance workers • Maintenance tools (e.g. wrenches, drills)	• Vehicle Miles • Vehicle Hours	• When an agency allocates costs using vehicle miles, the underlying assumption is that the distance the vehicle has traveled is the driver for fleet maintenance • When an agency allocates costs using vehicle hours, the underlying assumption is that the length of time the vehicle is in operation is the driver for fleet maintenance
Costs that are related to **oversight activities** Example of types of costs included in this cost pool: • Human Resources • Executive leadership salaries • Risk & Quality	• Employee Headcount • Employee Hours Worked	• When an agency allocates costs using employee headcount, the underlying assumption is that the number of employees that require supervision is the driver for oversight • When an agency allocates costs using employee hours worked, the underlying assumption is that the amount of time an employee works is the driver for oversight

After grouping the costs into cost pools, agencies use allocation variables that best represent the driver of costs in each pool to allocate the costs to the modes. For example, a transit agency may group shared Finance and Accounting Department's salaries and fringe benefits together and allocate those costs to each mode on the basis of total direct costs because finance and accounting are related to the financial

complexity of each mode. FTA recommends that agencies use multiple allocation variables to increase the precision and accuracy of cost allocations.

When developing a cost allocation model, transit agencies must focus on developing a logical method that accurately and consistently allocates shared costs. The following section provides step by step guidance demonstrating the process to develop a cost allocation model using an example of Transit Agency D.

Before creating a cost allocation model, agencies must first identify shared costs that need to be allocated by assigning direct costs and shared costs that are traceable to the appropriate mode(s).

A.2.1.1 Example: Allocating Shared Costs of Transit Agency D

Step 1: Determine Cost Allocation Variables

This example illustrates how Transit Agency D determines its cost allocation variables. First, the agency groups common expenses. It reviews its list of shared expenses and groups the costs into the following three cost pools:

- **Service Consumed** includes costs associated with the level of consumption of service by each mode (e.g., public liability insurance and ticketing).
- **Financial Size** includes costs associated with the size and complexity of each mode's financial operations (e.g., procurement costs, finance and accounting salaries, and wages).
- **Organization Size** includes costs associated with the size and resources consumed by each mode's employees (e.g., human resources and training).

Please note: most transit agencies will likely require more than three cost pools in order to properly allocate their costs. It is important for an agency to analyze each type of cost and determine how that cost is consumed by mode and type of service. Then, the agency assigns a driver for each cost. While this may be a large task initially, once the agency has set up the allocation model, the allocation procedures will be simpler in the following years. The example presented is for demonstration purposes only.

Transit Agency D uses the guidance in Guidance for Allocating Shared Expenses by Mode to assign an allocation variable to each cost pool:

Table 11. Cost Pool and Variables

Cost Pool	Allocation Variables
Service Consumed	Ridership
Financial Size	Direct Cost
Organization Size	Employee Hours Worked

Finally, Transit Agency D aligns each expense object class in its chart of accounts to the allocation variables determined above. The following table provides some sample expenses from Transit Agency D:

Table 12. Transit Agency D's Expenses Aligned to Allocation Variables

	Service Consumed (Transit Service Driven)	Financial Size ($ Driven)	Organization Size (Employee Driven)
Other Salaries and Wages (5013):			
Executive Management		●	
Accounting Department		●	
Procurement Department		●	
Human Resources Department			●
Casualty and Liability (5050):			
Public Liability Insurance	●		
Services (5020):			
Ticketing	●		
Financial Statement Audit		●	
Other Services		●	
Miscellaneous Expenses (5090):			
Dues and Subscriptions			●
Travel and Meetings			●

Step 2: Calculate Total Costs Assigned to Each Allocation Variable

Once Transit Agency D has assigned an allocation variable to each shared expense object class, it determines the total expenses associated with each allocation variable. Some important considerations include:

- Transit Agency D compiles data at the end of a reporting period (e.g., annually or quarterly). The agency uses the same period to determine the allocation variable and the total shared costs to be allocated.
- The sum of the costs allocated to each variable must equal the total shared costs for the system (i.e., all shared costs must be allocated).
- Transit Agency D includes all costs, regardless of whether or not the agency is required to pay out the expenses and regardless of the source of the funds that were used to pay the expenses. For example, a transit system that operates as a division of a local government includes the value of the buildings it uses (even if it does not pay rent) or resources provided by the local government (e.g., legal services and personnel administration). Additionally, a transit agency that operates the vanpool mode of transit includes the associated costs, even if the drivers and riders are paying out-of-pocket and the transit agency does not pay for the expense.

Transit Agency D returns to the worksheet developed in Step 1 and replaces each "●" with the cost associated with each expense object class. Then, these costs are summed within each cost allocation variable (column) to determine the total shared costs associated with each allocation variable.

Table 13. Transit Agency D's Expenses Aligned to Allocation Variables ($)

	Service Level (Transit Service Driven)	Financial Size ($ driven)	Organization Size (Employee Driven)
Other Salaries and Wages (5013):			
Executive Management		$1,000,000	
Accounting Department		$1,500,000	
Procurement Department		$1,500,000	
Human Resources Department			$1,000,000
Casualty and Liability (5050):			
Public Liability Insurance	$500,000		
Services (5020):			
Ticketing	$250,000		
Financial Statement Audit		$100,000	
Other Services		$500,000	
Miscellaneous Expenses (5090):			
Dues and Subscriptions			$10,000
Travel and Meetings			$50,000
Total Shared Costs	**$750,000**	**$4,600,000**	**$1,060,000**

Step 3: Calculate Percentage of Allocation Variable Value for Each Mode

During this step, Transit Agency D calculates the percentage of the total allocation variable value belonging to each mode. First, the agency gathers the value of the allocation variables for each mode. For example, if the allocation variable is employee hours worked, the agency uses personnel information to determine the total employee hours worked for each mode. Next, Transit Agency D calculates the sum of the variable value for each cost pool and determines the percentage of the total variable value attributable to each mode. Finally, the agency calculates the percentage of the total so that it can allocate costs based on this percentage in the next step.

Please note: the agency must measure the allocation variable for the same period as the costs. For example, if the agency allocates annual costs based on fiscal year, the value of the allocation variable must reflect operating and financial statistics from that same fiscal year.

First, Transit Agency D collects the total ridership, direct costs, and employee hours worked for each of the modes (i.e., light rail, motor bus, and demand response):

Table 14. Transit Agency D's Allocation Variables Breakdown

Allocation Variable	Agency Total	Light Rail	Motor Bus	Demand Response
Ridership	10,000,000 riders	6,000,000 riders	3,800,000 riders	200,000 riders
Direct Cost	$20,000,000	$10,000,000	$9,900,000	$100,000
Employee Hours Worked	2,000,000 hrs.	1,000,000 hrs.	900,000 hrs.	100,000 hrs.

Then, the agency divides each mode's allocation variable value by the total allocation variable in the respective cost pool to get the percentage:

Table 15. Transit Agency D's Allocation Variables % of Total

Allocation Variable	Agency Total	Light Rail	Motor Bus	Demand Response
Ridership	10,000,000 riders	6,000,000 riders	3,800,000 riders	200,000 riders
% of Total	**100%**	**60.0%**	**38.0%**	**2.0%**
Direct Cost	$20,000,000	$10,000,000	$9,900,000	$100,000
% of Total	**100%**	**50%**	**49.5%**	**0.5%**
Employee Hours Worked	2,000,000 hrs.	1,000,000 hrs.	900,000 hrs.	100,000 hrs.
% of Total	**100%**	**50.0%**	**45.0%**	**5.0%**

Transit Agency D uses the table above to calculate the percentage of shared costs in each pool that is allocated to the respective modes. For instance, the agency allocates to the LR mode: 60% of its shared costs in the ridership pool, 50% of its shared costs in the direct cost pool, and 50% of its shared costs in the employee hours worked pool.

Step 4: Apply Costs to Each Mode

In this step, Transit Agency D multiplies each of the shared costs by the percentages found in Step 3 to allocate shared costs to each mode. The agency allocates shared costs separately, by multiplying each shared cost by the percentages in Step 3.

First, Transit Agency D allocates the shared costs to LR mode: 60% of the costs that are in the ridership pool, 50% of the costs that are in the direct cost pool, and 50% of the costs that are in the employee hours worked pool.

For example, the Public Liability Insurance cost for the agency is $500,000 and is a shared cost that Transit Agency D allocates by ridership. Since LR mode gets 60% of the ridership pool costs, LR gets 60% of $500,000, or $300,000.

Table 16. Transit Agency D's Light Rail Expense Allocation

Light Rail Costs	Service Level	Financial Size	Organization Size
Cost Driver:	Ridership	Direct Cost	Employee Hours Worked
% of Total:	60.0%	50.0%	50.0%
Other Salaries and Wages (5013):			
Executive Management		$500,000	
Accounting Department		$750,000	
Procurement Department		$750,000	
Human Resources Department			$500,000
Casualty and Liability (5050):			
Public Liability Insurance	$300,000		
Services (5020):			
Ticketing	$150,000		
Financial Statement Audit		$50,000	
Other Services		$250,000	
Miscellaneous Expenses (5090):			
Dues and Subscriptions			$5,000
Travel and Meetings			$25,000
Total Shared Costs	**$450,000**	**$2,300,000**	**$530,000**

Transit Agency D repeats the above process for MB.

Table 17. Transit Agency D's Motor Bus Expense Allocation

Motor Bus Costs	Service Level	Financial Size	Organization Size
Cost Driver:	Ridership	% of Direct Cost	Employee Hours Worked
% of Total:	38.0%	49.5%	45.0%
Other Salaries and Wages (5013):			
Executive Management		$495,000	
Accounting Department		$742,500	
Procurement Department		$742,500	
Human Resources Department			$450,000
Casualty and Liability (5050):			
Public Liability Insurance	$190,000		
Services (5020):			
Ticketing	$95,000		
Financial Statement Audit		$49,500	
Other Services		$247,500	
Miscellaneous Expenses (5090):			
Dues and Subscriptions			$4,500
Travel and Meetings			$22,500
Total Shared Costs	**$285,000**	**$2,277,000**	**$477,000**

Transit Agency D repeats the above process for DR.

Table 18. Transit Agency D's Demand Response Expense Allocation

Demand Response Costs	Service Level	Financial Size	Organization Size
Cost Driver:	Ridership	% of Direct Cost	Employee Hours Worked
% of Total:	2.0%	0.5%	5.0%
Other Salaries and Wages (5013):			
Executive Management		$5,000	
Accounting Department		$7,500	
Procurement Department		$7,500	
Human Resources Department			$50,000
Casualty and Liability (5050):			
Public Liability Insurance	$10,000		
Services (5020):			
Ticketing	$5,000		
Financial Statement Audit		$500	
Other Services		$2,500	
Miscellaneous Expenses (5090):			
Dues and Subscriptions			$500
Travel and Meetings			$2,500
Total Shared Costs	**$15,000**	**$23,000**	**$53,000**

Step 5: Add the Allocated Costs

Transit Agency D adds the allocated costs in the appropriate expense object class and function column so that the total cost reported in the NTD is equal to the direct costs plus allocated shared costs.

The steps above provide guidance; however, each agency determines an appropriate way to group shared costs and select allocation variables that reflect the way costs are consumed in their organization. Some agencies may have more refined cost allocation variables than others, depending on how financially sophisticated the agency is and how costs are consumed within the organization.

A.2.1.2 Alternative: Single Cost Allocation Variable Approach

Transit agencies that complete Reduced Reports, formerly known as Small Systems Waivers, may choose to allocate cost using the single cost allocation variable approach instead of the recommended multi-cost pool approach illustrated above. The single allocation variable method is a simple approach; however, it is not adaptable to the different ways an agency consumes costs and can potentially result in an inaccurate cost allocation. This approach is inconsistent with common cost allocation guidance and may not be defensible to independent auditors for financial statement preparation. As such, single cost allocation variable approach is not considered a best practice, and it is important for transit agencies to work toward implementing a multi-cost pool approach. Reduced Reporters who anticipate filing full reports in the near future should begin to develop multi-variable allocation models for use in the full NTD report.

Example: Single Cost Allocation Variable Approach
• Single cost allocation variable approach is not considered best practice. For example, an agency operates motor bus and vanpool modes of transit service and allocates all of its shared costs using square footage. Although square footage is an effective allocation variable for general administrative building maintenance, it can potentially inaccurately allocate general administrative costs incurred by the agency such as finance or accounting.

Transit agencies assign direct costs to the modes whenever possible. The steps to do this are as follows:

1. Calculate total shared costs across the organization.
2. Determine an allocation variable and measure the value of that variable. Common allocation variables are provided in Table 4: Allocation Variables.
3. Divide each mode's allocation variable value by the total allocation variables to get the percentage.
4. Apply shared costs to each mode by multiplying the unit cost by the value of the allocation variable per mode.

For example, Transit Agency E operates three modes of transit: motor bus (MB), demand response (DR), and vanpool (VP), depicted in **Figure 6**.

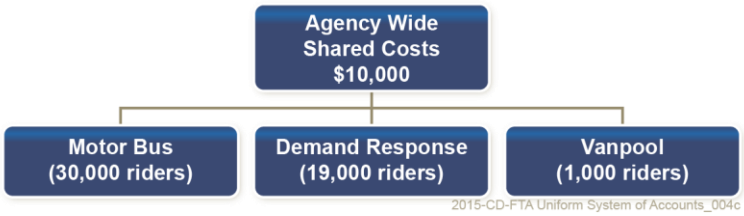


Figure 6. Transit Agency E's Costs and Rider Breakdown

The total shared cost for the agency is $10,000, and the agency uses ridership (50,000 riders) as its allocation variable. The illustration below shows how the $10,000 shared costs are allocated to each mode.

1. The agency has calculated total shared expenses to be $10,000.
2. The agency has determined that ridership is the most appropriate variable for its cost allocation model.
3. The agency calculates the allocation variable's percentage:
   - MB: 30,000/50,000 riders = 60%
   - DR: 19,000 /50,000 riders = 38%
   - VP: 1,000/50,000 riders = 2%
4. The agency allocates shared expenses to modes:
   - MB: 60% * $10,000 = $6,000
   - DR: 38% * $10,000 = $3,800
   - VP: 2% * $10,000 = $200

A.3 Guidance for Reporting Expenses by Function

This section provides general guidance on how transit systems allocate shared costs on a reasonable and consistent basis. This is applicable only to shared costs that cannot be traced to one of the four functions (e.g., Vehicle Operations, Vehicle Maintenance, Facility Maintenance, and General Administration). The following table details general guidance to classify expense objects by function, including common examples and exceptions to the rule.

Table 19. Allocation Guidance by Function

	Vehicle Operations	Vehicle Maintenance	Facility Maintenance	General Administration
Guiding Principle:	**Expenses related to activities associated with *dispatching or running revenue vehicles.*** • Can the activity be tied directly to operating a mode? • Functions that directly support operation of one or more modes are part of Vehicle Operations.	**Expenses related to activities associated with keeping *vehicles operational and in good repair.*** • Is the activity related to keeping vehicles operational?	**Expenses related to activities associated with keeping *buildings, structures, roadways, tracks, and other non-vehicle assets operating and in good repair.*** • Is the activity related to maintenance? • Maintaining anything other than vehicles belongs in Facility Maintenance.	**Expenses related to *overhead and administrative activities.* Includes joint costs that do not belong to any particular mode or function in General Administration.** • Is the activity a function-specific task or general purpose task? • Expenses related to a specific function are reported under that function.
Common Expense Types:	• Operators' salaries • Fuel and propulsion power • Tires, tubes, and other supplies • Dispatchers and supervisors • Scheduling personnel and activities • Security personnel • Inspectors, trainers, and instructors	• Maintenance salaries, supplies, and services • Inspections • Cleaning • Repair parts, materials, and supplies	• Facility maintenance salaries, supplies, and services • Maintenance of Vehicle Operations equipment, tunnels, bridges, roadways, passenger stations, and stops • Maintenance of administrative buildings	• General Management • Human resources • Marketing • Legal • Customer Relations • Information Technology • Preliminary Capital Project Planning • Office Supplies • Accounting and Finance

	Vehicle Operations	Vehicle Maintenance	Facility Maintenance	General Administration
Items for Consideration	• Operators that perform other duties (e.g., cleaning the vehicle) classify time to the appropriate function. • Scheduling applies only to defined routes; developing new routes is classified to General Administration. • Does the activity support existing operations? Activities to develop new services or expand existing services may be more appropriate for General Administration.	• Fuel, lubricants, tires, and tubes for revenue vehicles are essential for Vehicle Operations. Therefore, the associated expenses (fuel, lubricants, tires and tubes expenses) are assigned to the Vehicle Operations function. • Includes all vehicle maintenance (preventive and repair)	• Maintaining activities other than vehicles is facility maintenance.	• Costs related to purchasing and storing materials and supplies belong to General Administration function. • IT costs incurred to perform function-specific tasks are reported under that function. General purpose IT costs are included in General Administration function. • Fare collection activities (includes: security to transport fare money; accounting and finance roles related to fare collection). • Maintenance of administrative buildings is facility maintenance, not General Administration.

The following table lists the Operating Expense Object Classes listed in the same order as found in the NTD and the guidance for classifying each object class by function.

Table 20. Operating Expense Reporting Guidance by Function

Expense Object Class	Allocation Guidance – Function
Operators' Salaries and Wages (5011)	In most transit systems, the majority of the Operators' Salaries and Wages are reported under the Vehicle Operations function. Exception: In some transit systems, operators may be temporarily assigned duties other than driving their vehicles. In this case, the agency classifies Operators' Salaries and Wages based on the type of work the operator is performs. For example, if an operator performs marketing- or customer service-related activities, the agency reports associated Operators' Salaries and Wages expenses under General Administration function.
Operators' Paid Absences (5012)	Agencies classify Operators' Paid Absences based on the function the operator supports; this is in line with the guidance for Operators' Salaries and Wages.
Other Salaries and Wages (5013)	Agencies classify Other Salaries and Wages based on the type of work an employee performs. In most cases, Other Salaries and Wages support one function, and so those costs are classified under that function. For example, an agency reports salaries and wages for schedulers and security under the Vehicle Operations function and salaries and wages for the Marketing Department under the General Administration function. However, there may be cases where one employee supports more than one function. For example, a manager might manage both Vehicle Operations and Vehicle Maintenance. In this case, the agency classifies the salaries and wages on a pro rata basis.
Other Paid Absences (5014)	Agencies classify Other Paid Absences based on the function an employee performs, in line with the guidance for Other Salaries and Wages.
Fringe Benefits (5015)	Agencies classify Fringe Benefits based on the type of work an employee (who receives the benefits) performs, in line with the guidance for operators' salaries and wages and other salaries and wages.
Services (5020)	Agencies classify services based on the function provided. For example, if an agency hires independent auditors to perform an audit, the agency assigns the associated cost to the General Administration function. If an agency outsources its Vehicle Maintenance, the agency classifies the value of the outsourcing contract under Vehicle Maintenance. Most service contracts apply to only one function; however, if an agency procures services that cover more than one function, it makes a reasonable effort to separate the functional services provided within the contract and classify the costs accordingly in the NTD. For example, if an agency hires a vendor to perform Vehicle Maintenance and Facility Maintenance services, it asks the contractor to separate costs associated with each function.
Fuel and Lubricants (5031)	If fuel, oil, transmission fluid, grease, and other lubricants are used on: • Revenue vehicles, classify the expense as Vehicle Operations. • Non-revenue vehicles, classify the expense to Vehicle Maintenance. For example, fuel used to power a motor bus is classified under Vehicle Operations; however, fuel used to operate a truck used for vehicle maintenance, transporting equipment and inspecting rail would be classified as Vehicle Maintenance.
Tires and Tubes (5032)	If tires and tubes are used on: • Revenue vehicles, classify the expense as Vehicle Operations. • Non-revenue vehicles, classify the expense as Vehicle Maintenance. For example, the replacement tires for a commuter bus are classified as a Vehicle Operations expense. Replacement tires for a pick-up truck used for vehicle maintenance and transporting equipment are classified as Vehicle Maintenance.
Other Materials and Supplies (5039)	Agencies use reasonable judgment and the classifications established in the USOA to report Other Materials and Supplies. If an agency is not able to trace materials and supplies to one function, it reports them as General Administration. For example, an agency reports spare and replacement parts and power tools under Vehicle Maintenance, whereas it classifies leaflets and posters under the General Administration function.

Expense Object Class	Allocation Guidance – Function
Utilities (5040)	If utilities expenses are incurred for: • Vehicle propulsion, classify the expense as Vehicle Operations. • Purposes other than the propulsion of revenue vehicles, classify the expense as General Administration. Agencies make a reasonable effort to classify utility expenses separately. In some cases, an agency might receive separate utility bills or a single utility bill that separates vehicle propulsion from power used for administrative buildings. In other cases, the agency may be able to separate the two functions based on the location of the service indicated on the utility bill.
Casualty and Liability Costs (5050)	Report all Casualty and Liability expenses under General Administration.
Taxes (5060)	Agencies report general taxes, such as income and property taxes, under General Administration function. Exceptions apply: if tax expense is related to vehicle licensing and registration, fuel and lubricant taxes, and electric power taxes as it relates to the following items: • Revenue vehicles: classify the expense as Vehicle Operations • Non-revenue vehicles: classify the expense as Vehicle Maintenance.
Purchased Transportation (PT) (5100)	The PT seller provides a breakout of the expense object classes, separated out by the four NTD functions to the PT buyer. The PT buyer uses the breakout by function to report in the NTD.
Miscellaneous Expenses (5090)	Agencies use reasonable judgment and the classifications established in the USOA to report miscellaneous expenses based on the function the expense supports. For example, travel and meeting expenses are classified based on the purpose of the meeting. Costs associated to register, travel to, and attend track inspection training are classified as Facility Maintenance because the purpose of the training is to improve the agency's capabilities to maintain a guideway. If the training is for marketing professionals to forecast transit demand, the cost is classified as General Administration because the purpose is to support general planning. Agencies report costs of incidental transit service (e.g., a bus used to shuttle passengers when a station is out of service) under Vehicle Operations.
Americans with Disabilities Act (ADA) Expenses (5910)	Agencies do not report ADA Expenses by function. They report ADA Expenses at the total sum level for each Demand Response mode.

To find allocation guidance on a specific expense or to find out which cost pool the expense belongs to, see Common Expenses Allocation Guidance.

A.4 Evaluating and Updating the Cost Allocation Model

FTA acknowledges that each transit agency is unique and therefore chooses a cost allocation model that reflects its cost structure, provided the method is reasonable, consistent and defensible. Once an agency chooses a cost allocation model, the agency should review it annually to confirm that the model is still valid, and to check for reasons to change the model, such as the following:

- Addition/reduction of modes of service
- Merger with another agency
- Adoption of a new chart of accounts
- Restructure of the agency's organization
- Change in the nature of the transit agency's operations
- Major initiatives that would affect mode or function's usage of costs
- Transition from directly operated to purchased transportation or vice versa

Unless an agency experiences one of the major changes listed above, it should apply its cost allocation model consistently each year. FTA recommends that each reporting agency document its cost allocation model to facilitate consistent application.

A.5 Appendix: Common Expenses Allocation Guidance

This appendix provides a list of common transit agency costs (based on organizational charts and financial reports). Transit agencies can use this as an index to review costs and as guidance on how to allocate costs by mode and function. Some expense items are higher-level, with detailed allocation guidance; others are detailed expense items that refer back to the higher-level groupings. For these examples, NTD reporters first directly assign or trace costs to a particular mode. In many cases, this guide reflects the guidance in the sections above.

Please note: the Allocation Guidance – Modes list does not include all acceptable scenarios of allocating shared costs by mode.

Table 21. Operating Expense Reporting Guidance by Mode and Function

Common Expenses	Allocation Guidance – Modes	Reporting Guidance – Functions
Accounting and Finance	• Sample Scenario #1: If accounting and finance personnel are spending a nominal amount of time dealing with purchased transportation (PT) (e.g., paying invoices), agencies use direct costs of directly operated (DO) modes only because accounting and finance activities are related to the overall cost structure of each DO mode. • Sample Scenario #2: If accounting and finance personnel are spending a significant amount of time dealing with PT, agencies use direct costs of all modes.	• Accounting and finance activities are classified as General Administration. • Fare collection accounting and finance activities are classified as Vehicle Operations, including auditing and monitoring fare sales, collection, and counting activities.
Administrative Personnel	• *See Management-, Executive-, or Agency-Level* if the administrative personnel provide agency-wide support. • *See Management-, Department-, or Modal-Level* if the administrative personnel support a particular functional department or mode.	• Administrative activities are classified as General Administration.
ADA Compliance	• See Compliance (with Federal and State Laws).	• See Compliance (with Federal and State Laws).
Audits	• See Accounting and Finance.	• See Accounting and Finance.
Breaks	• Normal breaks do not need to be accounted for separately and should be classified according to the guidance for employees' salary or wages.	• Normal breaks do not need to be accounted for separately and should be classified according to the guidance for employees' salary or wages.
Civil Rights Compliance	• See Compliance (with Federal and State Laws).	• See Compliance (with Federal and State Laws).

Common Expenses	Allocation Guidance – Modes	Reporting Guidance – Functions
Compliance (with Federal and State Laws)	• Sample Scenario #1: If compliance activities are handled by the purchased transportation (PT) provider, agencies use direct costs of directly operated (DO) modes because compliance activities are related to the amount of funding provided by other entities, and direct costs provide a measurement of the financial resources of an agency. • Sample Scenario #2: The number of employee hours worked (e.g., compliance costs related to employee safety/OSHA) or ridership (e.g., compliance costs related to rider safety) provides a measurement of general complexity.	• Compliance activities are classified as General Administration.
Facility Maintenance	• Sample Scenario #1: Agencies use square footage to allocate building facility maintenance costs because it measures size and that may be an indicator of level of effort required for maintenance. • Sample Scenario #2: Agencies use Vehicle Miles for rail facility maintenance cost as it provides a measure of wear and tear on the rail tracks.	• Facility maintenance costs are classified as Facility Maintenance.
Fare Collection Personnel	• Sample Scenario #1: Agencies use ridership to allocate fare collection because ridership drives the level of effort for fare collection personnel. • Sample Scenario #2: Agencies use direct costs of directly operated modes only since fare collection are related to the amount of fare revenue and direct costs provide a measurement of the financial resources of an agency.	• Fare collection personnel expenses are classified as Vehicle Operations.
Fare Tickets, Tokens, Media, etc.	• See Fare collection personnel.	• See Fare Collection Personnel.
Finance	• See Accounting and Finance.	• See Accounting and Finance.
Fleet Maintenance	• Sample Scenario: Agencies allocate shared maintenance costs by vehicle miles because vehicle miles provide a measurement of wear and tear of the fleet.	• Fleet Maintenance costs are classified and Vehicle Maintenance.
Fringe Benefits	• Sample Scenario: Agencies use payroll expense to allocate fringe benefit costs to the modes because payroll expenses are a good measure of each mode's consumption of indirect costs related to employee salaries.	• Fringe benefits costs are classified by the functions based on the type of work an employee (i.e. who receives the benefits) performs in line with the guidance for employee salaries and wages.
Insurance	• Sample Scenario #1: Agencies use ridership for insurance costs related to its vehicles or passengers. • Sample Scenario #2: Agencies use direct costs for general insurance costs.	• All insurance costs are classified as General Administration.

Common Expenses	Allocation Guidance – Modes	Reporting Guidance – Functions
Inspectors	• Sample Scenario #1: Agencies use Vehicle Revenue Miles (VRM) because inspection activities are related to the physical size of the mode, and VRM provides a measurement of the physical size. • Sample Scenario #2: The number of employee hours worked or ridership provides a measurement of general complexity. If related to safety, ridership provides a measurement of safety inspection levels.	• If inspecting general operations (e.g., track signal usage, roadway worker protection program implementation, and operating procedures), the expenses are classified as Vehicle Operations. • If inspecting a vehicle (e.g., vehicle maintenance records inspection and annual vehicle inspection and registration), the expenses are classified as Vehicle Maintenance. • If inspecting a facility, railway, bridge, or other non-vehicle asset, the expenses are classified as Facility Maintenance.
Legal	• *See Compliance for legal costs associated with compliance.* • Sample Scenario #1: For general legal activities that are not related to purchased transportation, agencies use direct costs for directly operated modes only because the financial cost of each mode provides a measurement of the legal risk of each mode. • Sample Scenario #2: The employee hours worked (e.g., legal costs related to union disputes, workers compensation cases) or ridership (e.g., legal costs related to passengers or public) provides a measurement of general legal complexity.	• Legal activities are classified as General Administration.
Management, Executive- or Agency-Level	• Sample Scenario #1: Agencies use employee hours worked because the amount of employee hours in each mode provides a measurement of management time dedicated to each mode. • Sample Scenario #2: The ridership or direct costs provides a measurement of general management complexity.	• Executive management activities are classified as General Administration.
Management-, Department- or Modal-Level Management	• Sample Scenario #1: Agencies use employee hours worked because the level of employee hours in each mode provides a measurement of management time dedicated to each mode. • Sample Scenario #2: The ridership or direct costs provides a measurement of general management complexity. Alternatively, VRM or hours provides a measurement of management's time.	• If managing or supervising a specific mode or general operational department (e.g., Scheduling Department Manager, Vice President of Operations), the cost is classified as Vehicle Operations. • If managing or overseeing vehicle maintenance activities, the cost is classified as Vehicle Maintenance. • If managing or overseeing facility maintenance activities, the cost is classified as Facility Maintenance. • If managing or overseeing a general administrative department, the cost is classified as General Administration.
Network Security	• Sample Scenario #1: Agencies use ridership if the security is related to security over networks that are public-facing or contain rider information. • Sample Scenario #2: Agencies use employee headcount or employee hours worked if the security is related to employee information.	• Network security expenses are classified as General Administration.

Common Expenses	Allocation Guidance – Modes	Reporting Guidance – Functions
Operators	• Operator costs are directly assigned or traced to a mode. • Sample Scenario #1: Agencies use Vehicle Revenue Hours (VRH) because the hours traveled provides a measurement of the operator time dedicated to each mode. • Sample Scenario #2: Ridership or employee hours worked provides a measurement of general complexity.	• Operation expenses are classified as Vehicle Operations. • If the operator dedicates time to activities other than Vehicle Operations − for example, if an operator spends time performing Vehicle Maintenance − the costs would be classified as Vehicle Maintenance.
Police Force	• See Security.	• See Security.
Procurement Personnel	• Sample Scenario #1: If procurement personnel are spending a nominal amount of time dealing with purchased transportation (PT) (e.g., paying invoices), agencies use direct costs of directly operated (DO) modes only because procurement activities are related to the overall cost structure of each DO mode. • Sample Scenario #2: If procurement personnel are spending a significant amount of time dealing PT, agencies use direct costs of all modes.	• Procurement Personnel costs are classified as General Administration.
Security Personnel	• Sample Scenario #1: Agencies use Vehicle Revenue Miles (VRM) because security activities are related to the physical size of the mode, and VRM provides a measurement of the physical size. Agencies can also use ridership as a measure if it is more applicable. • Sample Scenario #2: The employee hours worked provides a measurement of general complexity and costs to secure the modes' employees and riders.	• Security personnel costs are classified as Vehicle Operations.
Training	• Sample Scenario #1: Agencies use the employee head count or employee hours worked because training costs are driven by the employees that require training in each mode. • Sample Scenario #2: Ridership or direct costs provides a measurement of general complexity.	• Technical or subject matter-specific training is reported by the appropriate function. For example, vehicle maintenance training for mechanics is classified as Vehicle Maintenance. • General training is classified as General Administration.
Vehicle Licensing and Registration	• Agencies use the number of vehicles in each mode to allocate vehicle licensing and registration.	• Vehicle licensing and registration costs related to revenue vehicles are classified as Vehicle Operations. • Vehicle licensing and registration costs related to nonrevenue vehicles are classified as Vehicle Maintenance.

Appendix B. Federal Funds

Additional information about the following Federal Funds can be found on the DOT website: http://www.fta.dot.gov.

FTA Capital Program (Section 5309)

Provides grants for new and expanded rail, bus rapid transit, and ferry systems that reflect local priorities to improve transportation options in key corridors. Under MAP-21 the §5309 Bus and Bus Facilities program has been replaced by §5339, and §5309 Fixed Guideway Modernization has been replaced by §5337. The agency reports §5309 grants awarded under the American Recovery and Reinvestment Act of 2009 separately.

FTA MAP-21 Bus and Bus Facilities (Section 5339)

The FTA Bus and Bus Facilities Program (§5339) is a formula program that finances capital projects to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. The agency reports grants received under the old §5309 Bus and Bus Facilities program under §5309; the agency uses this grant category only for new grants made under MAP-21.

FTA MAP-21 State of Good Repair Program (Section 5337)

The FTA State of Good Repair Program (SGR) (§5337) is a formula program that replaced the Fixed Guideway Modernization program. It provides capital assistance to maintain fixed guideway and high intensity bus systems in a state of good repair. The agency reports grants received under the old §5309 Fixed Guideway Modernization program under §5309; the agency uses this grant category only for new grants made under MAP-21.

FTA Urbanized Area Formula Program (Section 5307)

The FTA Urbanized Area Formula Program (UAF) (§5307) is a formula program that provides grants to urbanized areas (UZAs) for public transportation:

- Capital projects
- Planning
- Operating assistance in UZAs with population less than 200,000
- Capitalized operating assistance (e.g., preventive maintenance using FTA UAF (capital) funds

FTA UAF funds include the Ferry Discretionary Program.

FTA UAF funds include flexible funding programs. Several programs of the federal Highway Administration (FHWA) of the USDOT allow transfer of funds to the FTA UAF, under the flexible funding provision, for transit projects:

- Surface Transportation Program (STP)
- Congestion Mitigation and Air Quality Improvement Program (CMAQ)

- National Highway System (NHS)
- Construction of Ferry Boats & Ferry Terminal Facilities
- Federal Lands Highways Program (FLHP)
- Transportation, Community, and System Preservation Program (TCSP)
- Coordinated Border Infrastructure Program (CBIP)
- Nonmotorized Transportation Pilot Program

The agency reports §5307 grants awarded under the American Recovery and Reinvestment Act of 2009 separately.

FTA Metropolitan Planning (Section 5303)

The FTA Metropolitan Planning Program (§5303) supports the cooperative, continuous and comprehensive planning program for making transportation investment decisions in urbanized areas (UZA). FTA allocates these funds to the Metropolitan Planning Organizations (MPO) designated by local elected officials as being responsible for carrying out the urban transportation and other planning process, including short and long-range transportation plans that prioritized projects for implementation.

FTA Clean Fuels Program (Section 5308)

The FTA Clean Fuels Program (§5308) is a formula program that supports the use of alternative fuels. Projects are eligible in air quality maintenance or nonattainment areas for ozone or carbon monoxide, both for UZA and non-urbanized areas (non-UZA). The program assists transit systems in purchasing low emission buses and related equipment, constructing alternative fuel fueling facilities, modifying existing garage facilities to accommodate clean fuel vehicles and assisting in the utilization of biodiesel fuel. Agencies may use the funds for the purchase or lease of clean fuel buses, the construction of clean fuel electrical recharging facilities, improvement to existing facilities to accommodate clean fuel buses, and the re-powering and retrofit or rebuild of pre-1993 engines if before a mid-life rebuild. FTA has discontinued this program in MAP-21 grant programs.

FTA Enhanced Mobility of Seniors and Individuals with Disabilities Formula Program (Section 5310)

The FTA Enhanced Mobility of Seniors and Individuals with Disabilities Formula Program (§5310) is a formula program that provides capital assistance to state and local governments and private non-profit groups in meeting the transportation needs of elderly individuals and individuals with disabilities. The state (or state-designated agency) administers the §5310 program.

States may allocate funds to private non-profit organizations and to public agencies if they are designated to provide coordinated service. MAP-21 increases coordination requirements by requiring that projects be part of a locally-developed human service transportation coordination plan. That planning process includes representatives of public, private, and non-profit transportation and human services providers and the

public. §5310 funds may be transferred to and administered through the §5311 program. Under MAP-21 FTA has combined the §5317 program with §5310.

FTA Rural Area (Section 5311)

The FTA Rural Area Formula Program (§5311) is a formula program for rural transportation for:

- Capital projects
- Planning
- Operating assistance in non-UZAs with population less than 50,000

Federal operating and capital assistance under §5311 includes any §5310, §5307, §5316 or §5317 funds transferred to the program or flexible highway funds transferred to the program and administered through the §5311 program. The agency reports §5311 grants awarded under the American Recovery and Reinvestment Act of 2009 separately.

FTA Tribal Formula/Discretionary Program (Section 5311)

The FTA Tribal Formula/Discretionary Program provides funding for public transportation to Indian Tribes.

FTA Job Access and Reverse Commute Formula Program (JARC) (Section 5316)

The Job Access and Reverse Commute (JARC) Formula Program (§5316) is a formula program to states and designated recipients to support the development and maintenance of job access projects designed to transport welfare recipients and eligible low-income individuals to and from jobs and activities related to their employment, and for reverse commute projects designed to transport residents of UZAs and non-UZAs to suburban employment opportunities. Section 5316 funds may be transferred to and administered through the §5311 program. FTA has subsumed this program into §5307 in MAP-21 grant programs.

FTA New Freedom Program (Section 5317)

The FTA New Freedom Program (§5317) is a formula program for new public transportation services and public transportation alternatives beyond those required by the Americans with Disabilities Act (ADA) that assist individuals with disabilities with transportation, including transportation to and from jobs and employment support services. Projects must be included in locally-developed human service transportation coordinated plan beginning in FY 2007. Funds may be used for:

- Capital projects
- Operating assistance
- Planning

Section 5317 funds may be transferred to and administered through the §5311 program. FTA has subsumed this program into §5310 in MAP-21 grant programs.

FTA Alternative Transportation in Parks and Public Lands (Section 5320)

The FTA Alternative Transportation in Parks and Public Lands Program (§5320) is a program for preserving our parklands and enhancing visitor enjoyment. The program is administered jointly by FTA, US Department of Interior (DOI) and the US Department of Agriculture Forest Service (USFS). Projects include capital and planning. FTA has discontinued this program in MAP-21 grant programs.

FTA ARRA TIGGER (Greenhouse Gas and Energy Reduction) Funds

FTA's TIGGER Program works directly with public transportation agencies to implement new strategies for reducing greenhouse gas emissions and/or reduce energy use within transit operations.

Other FTA Funds

FTA funding programs not listed separately include, but are not limited to:

- Over-the-Road Bus Program
- Statewide Planning
- Alternatives Analysis
- Research and Technology

Other US Department of Transportation (USDOT) Grant Programs

Financial assistance from non-FTA programs of the US Department of Transportation (USDOT), such as Federal Highway Administration or Federal Railroad Administration (including Amtrak).

ARRA TIGER (Transportation Investment Generating Economic Recovery) Funds

DOT's TIGER Discretionary Grant program invests in road, rail, transit, and port projects to achieve critical national objectives.

Other Federal Funds

Any federal funding sources that are from departments other than the Department of Transportation. These funds include:

- Medicaid
- Alternative fuel tax credit
- Community development block grants
- DOI funds
- DHS funds
- HUD funds

American Recovery and Reinvestment Act (ARRA)

Informally known as the stimulus, ARRA was a 2009 act that provided funding to several transit agencies through the §5307, §5309, §5311, TIGGER, and TIGER

programs. Grants awarded through ARRA are reported separately from the regular annual formula programs.

Appendix C. Government Accounting Standards Board (GASB) Guidance

The following GASB statement descriptions are found in the Governmental Accounting Standards Series.

GASB Statement No. 13 – Accounting for Operating Leases with Scheduled Rent Increases

This Statement requires governmental entities to account for operating leases with scheduled rent increases by using the terms of the lease contract when the pattern of the payment requirements is systematic and rational. This Statement is related to topics covered in: Operating Expenses: Object Classes.

GASB Statement No. 16 – Accounting for Compensated Absences

This Statement provides guidance for the measurement of accrued compensated absences liabilities such as vacation, sick leave, and other paid time off. This Statement is related to topics covered in: Operating Expenses: Object Classes.

GASB Statement No. 33 – Accounting and Financial Reporting for Nonexchange Transactions

This Statement establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives or receives value without directly receiving or giving equal value in return. This Statement is related to topics covered in: Sources of Funds and Operating Expenses: Object Classes.

GASB Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local, Governments

This Statement establishes financial reporting standards for state and local governments, including states, cities, towns, villages, and special-purpose governments such as school districts and public utilities. This Statement is related to topics covered in: Sources of Funds and Operating Expenses: Object Classes.

GASB Statement No. 42 – Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries

This Statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries. This Statement is related to topics covered in: Sources of Funds, Operating Expenses: Object Classes, and Financial Statement.

GASB Statement No. 44 – Economic Condition Reporting: The Statistical Section

This Statement amends the portions of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial

statements, and required supplementary information to assess the economic condition of a government. This Statement is related to topics covered in: Operating Expenses: Object Classes and Financial Statement.

GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements

This Statement establishes accounting and financial reporting standards for the financial statements of state and local governments. This Statement is related to topics covered in: Operating Expenses: Object Classes and Financial Statement.

GASB Statement No. 67 – Financial Reporting for Pension Plans

This Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is related to topics covered in: Operating Expenses: Object Classes and Financial Statement.

GASB Statement No. 68 – Accounting and Financial Reporting for Pensions

This Statement improves accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No.27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures.* The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is related to topics covered in: Operating Expenses: Object Classes and Financial Statement.

GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*¸ for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement is related to topics covered in: Operating Expenses: Object Classes and Financial Statement.

Appendix D. Glossary

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

A

Accounting System
An accounting system consists of the business papers, records, and reports plus the procedures that are used in recording transactions and reporting their effects. An example of an accounting system is the Uniform System of Accounts (USOA). Can be found in: Introduction.

Accrual Accounting
A method of financial accounting where revenues are recorded when earned instead of when received, and expenses are recorded when incurred instead of when paid. Can be found in: Introduction.

Accumulated Depreciation
Accumulated depreciation is the cumulative depreciation of an asset up to a single point in its useful life. An asset's book value is the difference between its purchase price and accumulated depreciation. Can be found in: Financial Statement.

Actual
An adjective to describe something existing or current, not something expected or estimated. Examples include actual liability and actual losses, which represent the real (not estimated) amounts of losses and liabilities incurred by the transit agency. Can be found in: Introduction, Operating Expenses: Object Classes and Operating Expenses: Functions.

Americans with Disabilities Act of 1990 (ADA)
The legislation that requires transportation providers to make transportation accessible to individuals with disabilities and specifies agencies' responsibilities in this effort. Can be found in: Operating Expenses: Object Classes.

Administrative Buildings
Facilities and offices which house the executive management and supporting activities for overall transit operations such as accounting, finance, engineering, legal, safety, security, customer services, scheduling and planning. They include separate buildings for customer information or ticket sales, which are owned by the transit agency and which are not part of passenger stations. Can be found in: Capital Expenses and Operating Expenses: Functions.

Aerial Tramway (TR)
A transit mode that is an electric system of aerial cables with suspended powerless passenger vehicles. The vehicles are propelled by separate cables attached to the vehicle suspension system and powered by engines or motors at a central location not on-board the vehicle. Can be found in: Capital Expenses and Operating Expenses: Functions.

Air Rights
The space located above, at, or below (subterranean) the surface of the ground, lying

within a project's property limits. Can be found in: Sources of Funds and Capital Expenses.

Alaska Railroad (AR)

In recognition of the special federal relationship with the Alaska Railroad (AR), the passenger service portion of AR is considered eligible for certain FTA funding. The service encompasses only car miles for passenger cars. Car miles for freight cars are specifically excluded. Can be found in: Introduction and Capital Expenses.

Allocation Variables

Allocation variables represent the cost drivers of cost pools. These variables are used to allocate costs from cost pools to the appropriate modes. Can be found in: Appendix A: Cost Allocation Handbook.

Amortization

Amortization is the systematic spreading of the value of intangible assets over the asset's estimated useful life. Can be found in: Financial Statement.

ARRA

The American Recovery and Reinvestment Act of 2009 is an economic stimulus package to save and create jobs in response to the recession of the late 2000s. Can be found in: Sources of Funds.

Asset Impairment

Asset impairment is a significant, unexpected decline in the service utility of a capital asset due to events or changes in circumstances. An asset is impaired if its fair value is less than its book value. Can be found in: Financial Statement.

Automatic Passenger Counter (APC)

An automated means of counting boarding and alighting passengers (e.g., treadle mats or infrared beams placed by the door). Can be found in: Capital Expenses and Operating Expenses: Functions.

Automatic Vehicle Location (AVL)

Position determination via an automatic technology or combination of technologies, such as Global Positioning System (triangulation of satellite signals), Signposts (beacons at known locations transmit signals picked up by vehicle), Ground-Based Radio (triangulation of radio tower signals), or Dead-Reckoning (vehicle's odometer and compass used to measure new position from previous known position), typically including real-time reporting of that location to a dispatcher. Can be found in: Capital Expenses and Operating Expenses: Functions.

Auxiliary Transportation Funds

Auxiliary transportation funds are earned from activities related to the provision of transit service, but are not payment for transit service. Auxiliary funds result from business-type activities in which an agency earns supplemental revenues, including advertising and concessions. Can be found in: Sources of Funds.

B

Bonds

A financing mechanism used to raise funds. A bond is secured debt offered through a legal entity (usually a state or local government) that guarantees the purchaser's right to receive a fixed interest payment and the right to be paid the par value of the bond at a definite future date when the bond matures. Can be found in: Sources of Funds, Operating Expenses: Object Classes, and Financial Statement.

Book Value

Book value, or carrying value, is the cost of an asset minus its accumulated depreciation (or amortization) and impairment, if applicable. Can be found in: Introduction, Sources of Funds, and Financial Statement.

Bridge, Tunnel and Highway Toll

A tax or fee paid for the liberty or privilege of using a bridge, tunnel or highway. Can be found in: Sources of Funds.

Bus (MB)

A transit mode comprised of rubber-tired passenger vehicles operating on fixed routes and schedules over roadways. Vehicles are powered by diesel, gasoline, battery, or alternative fuel engines contained within the vehicle. Can be found in: Introduction and Capital Expenses.

Bus Rapid Transit (RB)

Fixed-route bus mode:

1. In which the majority of each line operates in a separated right-of-way (ROW) dedicated for public transportation use during peak periods; and
2. That includes features that emulate the services provided by rail fixed guideway public transportation systems, including:
    a. Defined stations;
    b. Traffic signal priority for public transportation vehicles;
    c. Short headway bidirectional services for a substantial part of weekdays and weekend days; and
    d. Any other features the Secretary of Transportation may determine are necessary to produce high-quality public transportation services that emulate the services provided by rail fixed guideway public transportation systems.

This mode may include portions of service that are fixed-guideway and non-fixed-guideway. Can be found in: Introduction and Capital Expenses.

C

Capital Asset
Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that have useful lives over one year. Can be found in: Capital Expenses and Financial Statement.

Capital Assistance
Financial funding to help cover the costs of equipment necessary to support transit services. Equipment is tangible property having a useful life of more than one year, e.g., vehicles, buildings, passenger stations and fixed guideway (FG) facilities. See capital expenses for requirements. Can be found in: Sources of Funds, Capital Expenses, and Appendix B: Federal Funds.

Capital Lease
A transaction whereby the lessee acquires the right to use a capital asset without obtaining ownership. Can be found in: Operating Expenses: Object Classes and Financial Statement.

Capital Leasing Expenditures
The portion of a purchased transportation payment that covers depreciation costs. This applies only when the contractor (seller of service) uses his own capital assets (such as vehicles and maintenance facilities) for the contract; if the buyer of service provides all the capital assets, there is no capital leasing expenditure. Can be found in: Operating Expenses: Contractual Relationships.

Capital Maintenance Expenses
Expenses classified as operating expenses under the Uniform System of Accounts (USOA) that are eligible for capital funds under FTA formula programs, e.g., preventive maintenance costs. Can be found in: Operating Expenses: Object Classes.

Casualty and Liability Costs
The cost elements covering protection of the transit agency from loss through insurance programs, compensation of others for their losses due to acts for which the transit agency is liable, and recognition of the cost of corporate losses. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Charter Service
A vehicle hired for exclusive use that does not operate over a regular route, on a regular schedule and is not available to the general public. Can be found in: Sources of Funds.

Communication Systems
Systems for exchanging information including two-way radio systems for communications between dispatchers and vehicle operators, cab signaling and train control equipment in rail systems, automatic vehicle locator systems, automated dispatching systems, vehicle guidance systems, telephones, facsimile machines and public address systems. Can be found in: Capital Expenses.

Commuter Bus (CB)
Fixed-route bus systems that are primarily connecting outlying areas with a central city through bus service that operates with at least five miles of continuous closed-door

service. This service typically operates using motorcoaches (also known as over-the-road buses), and usually features peak scheduling, multiple-trip tickets, and multiple stops in outlying areas with limited stops in the central city. Can be found in: Introduction and Capital Expenses.

Commuter Rail (CR)
A transit mode that is an electric or diesel propelled railway for urban passenger train service consisting of local short distance travel operating between a central city and adjacent suburbs. Service must be operated on a regular basis by or under contract with a transit operator for the purpose of transporting passengers within urbanized areas (UZAs), or between urbanized areas and outlying areas. Can be found in: Introduction and Capital Expenses.

Contra-Liability
A contra-liability account is a liability account that is debited to offset its associated liability account. The agency uses the contra-liability account to adjust the book value of the associated liability account. An example of the use of a contra-liability account is when an agency sells bond at a discount. The agency records the face value of the bond as a liability, but records the difference between the bond's sale price and its face value as a contra-liability. Can be found in: Financial Statement.

Contract Revenues
Reimbursement by any organization, government, agency, or company, as a result of a formal contractual agreement with the transit service operator, for trips provided to a specific passenger or group of passengers. Can be found in: Operating Expenses: Contractual Relationships.

Contractor
Contractors are sellers of services outside of the transit agency. The transit agency compensates a contractor to provide his or her services. Examples include IT contractors and vanpool contractors. Can be found in: Operating Expenses: Contractual Relationships.

Contributed Services
The receipt of services (not cash) from another entity where such services benefit transit operations and the transit agency is under no obligation to pay for the services. Can be found in: Sources of Funds.

Cost Allocation Model
Cost allocation model is a model chosen and developed by the transit agencies to be used in allocating shared operating costs to the appropriate modes. Cost allocation model consists of the method, cost pools, and variables that the transit agencies would use to allocate their shared costs. Can be found in: Appendix A: Cost Allocation Handbook.

Cost Pool
A cost pool consists of costs that are grouped together based on the similar manner they are consumed. Can be found in: Appendix A: Cost Allocation Handbook.

Current Assets
Current assets (also known as short-term assets) are cash and other resources that the agency reasonably expects to convert readily to cash, sell, or consume within one year. Can be found in: Financial Statement.

Current Liabilities
Current liabilities are debts or obligations that are due within one year. Can be found in: Financial Statement.

Customer
A customer is an individual on board a revenue transit vehicle or an intending/deboarded passenger in a transit facility. Customers do not include operators, transit employees, and contractors. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

D

Deadhead
The miles and hours that a vehicle travels when out of revenue service. Deadhead includes: leaving or returning to the garage or yard facility; changing routes; and times when there is no expectation of carrying revenue passengers. However, deadhead does not include charter service, school bus service, operator training, and maintenance training. Can be found in: Operating Expenses: Functions.

Demand Response (DR)
A transit mode comprising passenger cars, vans, or small buses operating in response to calls from passengers or their agents to the transit operator, who then dispatches a vehicle to pick up the passengers and transport them to their destinations. A demand response (DR) operation is characterized by the following: The vehicles do not operate over a fixed route or on a fixed schedule except, perhaps, on a temporary basis to satisfy a special need, and

Typically, the vehicle may be dispatched to pick up several passengers at different pick-up points before taking them to their respective destinations and may even be interrupted enroute to these destinations to pick up other passengers. The following types of operations fall under the above definitions provided they are not on a scheduled fixed route basis:

1. Many origins - many destinations
2. Many origins - one destination
3. One origin - many destinations, and
4. One origin - one destination.

Can be found in: Introduction, Sources of Funds, and Capital Expenses.

Demand Response-Taxi (DT)
A special form of the demand response mode operated through taxicab providers. The mode is always purchased transportation type of service. Can be found in: Introduction, Sources of Funds, and Capital Expenses.

Depreciation
The method used to calculate the reduction in value of an item of personal or real property over time. It is also a method of determining fair market value when disposing of an asset prior to the end of its useful life. Can be found in: Introduction, Operating Expenses: Object Classes, and Financial Statement.

Direct Cost
A cost that is incurred exclusively for a particular function, mode and type of service (TOS). For example, an operator driving a bus (MB) (vehicle operations - MB/DO) or a mechanic working on directly operated (DO) streetcars (SR) (vehicle maintenance - SR/DO). Can be found in: Capital Expenses.

Directly Operated (DO)
Transportation service provided directly by a transit agency, using their employees to supply the necessary labor to operate the revenue vehicles. Can be found in: Introduction and Sources of Funds.

Discount Bond
In bond accounting, a discount bond is one that is issued for less than its face value. A bond is sold at a discount when it offers a coupon rate that is lower than market interest rates. Can be found in: Financial Statement.

Discretionary Funds
Grant funds distributed at the discretion of the awarding agency as distinct from formula funding. Can be found in: Sources of Funds.

E

Employee
An employee is an individual who is compensated by the transit agency for labor. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Equipment
An article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes or $5,000. Equipment includes rolling stock and other such property used in the provision of public transit service. Can be found in: Capital Expenses, Operating Expenses: Object Classes, Operating Expenses: Functions and Financial Statement.

Extraordinary Item
Extraordinary items are events or transactions that are distinguished by their unusual nature and by the infrequency of their occurrence. Can be found in: Sources of Funds and Operating Expenses: Object Classes.

F

Face Value
In bond accounting, face value, or par value, is the amount paid to the bondholder at maturity. Can be found in: Financial Statement.

Facilities
Facilities include all or any portion of a building or structure including roads, walks, and parking lots. Can be found in: Capital Expenses, Operating Expenses: Object Classes and Operating Expenses: Functions.

Facility Maintenance
An Operating Expense Function that captures activities related to keeping buildings, structures, roadways, track, and other non-vehicle assets operational and in good repair, including administrative and clerical support. Sub-functions under Facility Maintenance are:

1. Maintenance of Vehicle Operations Equipment
2. Maintenance of Roadway and Track
3. Maintenance of Tunnels, Bridges, and Subways
4. Maintenance of Passenger Stations and Stops
5. Maintenance of Operating and Maintenance Buildings, Grounds, and Equipment
6. Maintenance of Administrative Buildings, Grounds, and Equipment
7. Operation and Maintenance of Electric Power Facilities
8. Administration of Facility Maintenance

Can be found in: Operating Expenses: Operating Functions.

Fair Value
Fair value is the most probable price that an asset or property would bring in a competitive and open market. Can be found in: Capital Expenses and Financial Statement.

Fare Assistance
The subsidy given to the transit agency, usually by state and local governments, on behalf of specific classes of passengers, such as students, the elderly, and persons with disabilities. The subsidy may also come from the private sector, such as employers giving assistance to offer employees programs to use public transit services at reduced rates or free. The fare assistance helps to offset the reduced or free services provided to these passengers. It is usually based on the amount of service provided; i.e., the subsidy is calculated based on the number of rides taken, but may be a lump sum payment. Can be found in: Sources of Funds.

Fare Collection Equipment
Equipment used in collecting passenger fares including turnstiles, fare boxes (drop), automated fare boxes and related software, money changers and fare dispensing machines (tickets, tokens, passes). Can be found in: Capital Expenses and Financial Statement.

Fare Evasion
The unlawful use of transit facilities by riding without paying the applicable fare. Can be found in: Sources of Funds.

Fare Revenues
Income received directly from passengers or from organizations in exchange for service, paid either in cash or through pre-paid tickets, passes, etc. It includes donations from those passengers who donate money on the vehicle. It includes the reduced fares paid by passengers in a user-side subsidy arrangement. Can be found in: Sources of Funds, Operating Expenses: Object Classes, and Operating Expenses: Contractual Relationships.

Federal Funds
Financial assistance obtained from the federal government to assist with paying the costs of providing transit services. Can be found in: Sources of Funds.

Ferryboat (FB)
Ferryboat is a mode comprising vessels carrying passengers and / or vehicles over a body of water that are generally diesel powered. Ferryboat may also include hovercraft, hydrofoil, and other high-speed vessels. Intercity ferryboat (FB) service is excluded, except for that portion of such service that is operated by or under contract with a public transit agency for predominantly commuter services. Predominantly commuter service means that for any given trip segment (i.e., distance between any two piers), more than 50 percent of the average daily ridership makes a return trip on the ferryboat on the same day. Only the predominantly commuter service portion of an intercity route is eligible for inclusion when determining ferryboat (FB) route miles. Can be found in: Introduction and Sources of Funds.

Financial Accounting Standards Board (FASB)
Entity responsible for generally accepted accounting principles affecting all types of entities.

Fixed Guideway (FG)
A public transportation facility using and occupying a separate right-of-way (ROW) or rail for the exclusive use of public transportation; or a fixed catenary system over roadway useable by other forms of transportation. Can be found in: Introduction, Sources of Funds, and Capital Expenses.

Freight Tariffs
The revenue earned from carrying all types of freight on runs whose primary purpose is passenger operations. Can be found in: Sources of Funds.

Fringe Benefits
The payments or accruals to others (insurance companies, governments, etc.) on behalf of an employee and payments and accruals direct to an employee arising from something other than a piece of work. These payments are transit agency costs over and above labor costs, but still arising from the employment relationship. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Fuel and Lubricants
The costs of gasoline, diesel fuel, propane, lubricating oil, transmission fluid, grease, etc., for use in vehicles. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Function
Functions are activities performed or cost centers of a transit agency. There are four basic functions for reporting:

1. Vehicle operations
2. Vehicle maintenance
3. Facility maintenance
4. General administration

Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Funds Allocated to Transit out of General Revenues of the Government Entity
Any funds allocated to transit out of the general revenues of the governmental entity. General revenue funds are usually determined through a state or local government's annual budgeting process. Can be found in: Sources of Funds.

Funds Dedicated to Transit at their Source
Any funds raised specifically for transit purposes and which are dedicated at their source, rather than an appropriation of general funds. These funds include: dedicated taxes, bridges, tunnels and highway tolls, bonds and loans and other dedicated funds. Can be found in: Sources of Funds.

Funds Expended (Applied)
Any expenditure that involves a transfer of money between the transit agency and another party, such as a contractor or another government agency. Can be found in: Sources of Funds.

Funds not Applied
Any expenditure that does not involve a transfer of money between the transit agency and another party and that is typically valued using accounting principles. Examples include depreciation and amortization. Can be found in: Operating Expenses: Object Classes.

G

GAAP
Generally Accepted Accounting Principles

General Administration
An Operating Expense Function that captures activities associated with the general administration of the transit agency. Sub-functions under General Administration are:

1. Finance and Accounting
2. Purchasing and Stores
3. Real Estate Management
4. Customer Relations
5. Promotion

6. Market Research
7. Planning and General Engineering
8. Preliminary Capital Project Planning
9. Risk Management
10. Safety
11. Human Resources
12. Legal
13. Information Technology
14. Office Management
15. General Management
16. General Function

Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Governmental Accounting Standards Board (GASB)
Affiliated with the FASB, it specializes in accounting principles within government agencies in the United States. Can be found in: Appendix C: GASB Statements.

Grant
An award of financial assistance, including Cooperative Agreements, in the form of money, or property in lieu of money, by the federal government to an eligible grantee or recipient. Can be found in: Sources of Funds and Financial Statement.

Guideway
A public transportation facility using and occupying a separate right-of-way (ROW) or rail for the exclusive use of public transportation including the buildings and structures dedicated for the operation of transit vehicles such as: at grade; elevated and subway structures; tunnels; bridges; track and power systems for rail modes; and paved highway lanes dedicated to bus (MB) mode. Guideway does not include passenger stations and transfer facilities, bus (MB) pull-ins or communication systems (e.g., cab signaling and train control). Can be found in: Capital Expenses and Financial Statement.

H

Headway
Headway is the time interval between vehicles moving in the same direction on a particular route. Can be found in: Capital Expenses.

Heavy Rail (HR)
A transit mode that is an electric railway with the capacity for a heavy volume of traffic. It is characterized by: high speed and rapid acceleration passenger rail cars operating singly or in multi-car trains on fixed rails; separate rights-of-way (ROW) from which all

other vehicular and foot traffic are excluded; sophisticated signaling; and high platform loading. Can be found in: Introduction and Capital Expenses.

High Occupancy/Toll (HO/T) Lanes

A concept that allows single occupancy vehicles (SOVs) to gain access to high occupancy vehicle (HOV) lanes by paying a toll. For formula purposes, FTA recognizes HO/T lanes as high intensity bus if the following conditions are met:

- A State agency with jurisdiction over the HOV facility certifies to the US Secretary of Transportation that they have established a program to monitor, assess, and report on the operation of the facility and the impact of high occupancy / toll vehicles and other low emission and energy efficient vehicles.
- That there is an adequate enforcement program and provision made for limiting or discontinuing the exemptions if the facility becomes seriously degraded.
- The State agency's certification is submitted to the NTD.

If a transit agency has stricter requirements for high occupancy vehicle (HOV) facilities than the prohibition of SOVs, for example, 3 or more persons per vehicle, then those requirements apply to the HO/T lane, i.e., one and two-person vehicles would pay tolls. Can be found in: Sources of Funds.

High Occupancy Vehicle (HOV)

Vehicles that carry two or more persons. Examples of high occupancy vehicles (HOV) are a bus, vanpool, and carpool. Can be found in: Sources of Funds.

Hybrid Rail (YR)

Rail system primarily operating routes on the national system of railroads, but not operating with the characteristics of commuter rail. This service typically operates light rail-type vehicles as diesel multiple-unit trains (DMUs). These trains do not meet Federal Railroad Administration standards, and so must operate with temporal separation from freight rail traffic. Can be found in: Introduction and Capital Expenses.

I

In-Kind Services

A type of contributed service reported only if there is no obligation to pay for the service. Can be found in: Sources of Funds.

Inclined Plane (IP)

A transit mode that is a railway operating over exclusive right-of-way (ROW) on steep grades (slopes) with powerless vehicles propelled by moving cables attached to the vehicles and powered by engines or motors at a central location not onboard the vehicle. The special tramway types of vehicles have passenger seats that remain horizontal while the undercarriage (truck) is angled parallel to the slope. Can be found in: Introduction and Capital Expenses.

Information Systems

Systems for processing data including computers, monitors, printers, scanners, data storage devices and associated software that support transit operations such as general

office, accounting, scheduling, planning, vehicle maintenance, facility maintenance and customer service functions. Can be found in: Capital Expenses and Financial Statement.

Injury
Any physical damage or harm to persons as a result of an incident that requires immediate medical attention away from the scene. Can be found in: Operating Expenses: Functions and Financial Statement.

Interest Expenses
The charges for the use of borrowed capital incurred by the transit agency, including interest on long- and short-term debt. Interest charges pertaining to construction debt that are capitalized will not be reflected as interest expense. Can be found in: Operating Expenses: Object Classes.

J

Jitney (JT)
A transit mode comprised of passenger cars or vans operating on fixed routes (sometimes with minor deviations) as demand warrants without fixed schedules or fixed stops. Can be found in: Introduction and Capital Expenses.

Joint Expenses
Costs that are shared by one or more functions, modes or types of service. For example, bus (MB) and demand response (DR) revenue vehicles may fuel at the same location so that fuel expenses and their taxes are shared between the two modes. Can be found in: Operating Expenses: Contractual Relationships.

K

L

Labor
The pay and allowances due employees in exchange for the labor services they render in behalf of the transit agency. The labor allowances include payments direct to the employee arising from the performance of a piece of work. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Layover
Layover, or recovery time, is the time scheduled at the end of the route before the departure time of the next trip. This time is scheduled to provide time for the vehicle operator to take a break (layover) or to provide time to get back on schedule before the next trip departs if the trip arrives late at the end of the route (recovery). Can be found in: Operating Expenses: Functions.

Light Rail (LR)
A transit mode that typically is an electric railway with a light volume traffic capacity compared to heavy rail (HR). It is characterized by: passenger rail cars operating singly (or in short, usually two car, trains) on fixed rails in shared or exclusive right-of-way

(ROW); low or high platform loading; and vehicle power drawn from an overhead electric line via a trolley or a pantograph. Can be found in: Introduction and Capital Expenses.

Loans
Loans are financing mechanism used to raise funds. Loans can be either secured or non-secured debt. They typically are offered to transit agencies by commercial entities (e.g., banks) or other government entities (e.g., states, counties, cities). The terms of the loan specify the term of the loan (e.g., 10 years), the interest rate (e.g., 5%), and frequency of payments (e.g., monthly, quarterly, annually). Generally, the payments are constant (or level) for the term of a loan. Each payment consists of interest and principal (repayment of a portion of the loan amount). When the last payment is made, the entire principal will have been repaid. Can be found in: Financial Statement.

Local Government
Includes a political subdivision of a state; an authority of at least one state or political subdivision of a state; an Indian tribe; or a public corporation, board, or commission established under the laws of a state. Can be found in: Sources of Funds.

Local Government Funds
This includes financial assistance from local governments (below the state level) to help cover the costs of providing transit services. Can be found in: Sources of Funds.

M

Mass Transit
Synonymous term with public transportation. Can be found in: Introduction.

Materiality

Materiality is an accounting concept that relates to the significance or importance of an item. Can be found in: Sources of Funds and Operating Expenses: Object Classes.

Materials and Supplies
The tangible products obtained from outside suppliers or manufactured internally. Shipping, purchase discounts, cash discounts, sales taxes, and excise taxes (except on fuel and lubricants) are included in the cost of the material or supply. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Miscellaneous Expenses
The expenses that cannot be attributed to any of the other major expense object classes such as labor, fringe benefits, services, materials and supplies, utilities, casualty and liability costs, taxes, and purchased transportation. Can be found in: Operating Expenses: Object Classes.

Mode
A mode is a system for carrying transit passengers described by specific right-of-way (ROW), technology and operational features. Can be found in: Introduction and Capital Expenses.

Monetary Assets
Monetary assets have fixed dollar value, including cash or cash equivalent. Can be found in: Introduction and Financial Statement.

Monorail/Automated Guideway (MG)
Monorail and Automated Guideway modes operate on exclusive guideway without using steel wheels on rails. Can be found in: Introduction and Capital Expenses.

N

National Transit Database (NTD)
A reporting system that collects public transportation financial and operating information. Can be found in: Introduction.

Net Income
Net income is the transit agency's total earnings or profit. Net income is calculated by subtracting operating expenses, depreciation, interest, taxes and other expenses from the agency's revenues for the reporting period. Can be found in: Operating Expenses: Functions.

Noncurrent Assets
Noncurrent assets are resources that are expected to provide benefit for longer than one year. Can be found in: Financial Statement.

Noncurrent Liabilities
Noncurrent liabilities represent future expenditures associated with current obligations that are not payable within the current reporting year. Can be found in: Financial Statement.

Non-Fixed Guideway (NFG)
Mixed traffic right-of-way (ROW). For federal funding purposes, excludes trolleybus (TB) and ferryboat (FB) modes, which are considered fixed guideway (FG). Can be found in: Introduction and Capital Expenses.

Nonmonetary Assets
Nonmonetary assets do not have fixed exchange cash value, but rather, have values that depend on economic conditions. They include equipment, inventory, land, and intangibles. Can be found in: Introduction and Financial Statement.

Non-Public Transportation Revenues
The revenue earned from transportation which is not public passenger transportation. The most common examples are revenue from charter service and carrying freight. Can be found in: Sources of Funds.

Non-Public Transportation Services
Non-public transportation services, or non-transit services, include intercity bus and rail operations that do not meet the requirements of the Federal Transit Act for public transportation. See public transportation. Can be found in: Sources of Funds.

Non-Rail Modes
Transit modes whose vehicles typically operate on roadways - streets, highways or expressways - but may also operate on waterways (ferryboat (FB)) or via aerial cable

(aerial tramways (TR)). Vehicles are typically powered by motors onboard the vehicle, with one exception, aerial tramway (TR) vehicles which are electrically powered by a motor not onboard the vehicle in order to pull the vehicle via an overhead cable. NTD recognizes eight non-rail modes:

- Aerial tramway (TR)
- Bus (MB)
- Bus rapid transit (RB)
- Commuter bus (CB)
- Demand response (DR)
- Demand response taxi (DT)
- Ferryboat (FB)
- Jitney (JT)
- Público (PB)
- Trolleybus (TB)
- Vanpool (VP)

Can be found in: Introduction and Capital Expenses.

Non-Revenue Vehicles

Non-revenue vehicles are vehicles that are not used to transport passengers. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Non-Scheduled Services

Services provided on demand, rather than with predetermined fixed time points, i.e., a schedule. Non-scheduled services are: Demand Response (DR); Demand Response Taxi (DT); Vanpool (VP); Jitney (JT); and Público (PB) services. Can be found in: Introduction, Capital Expenses, and Operating Expenses: Object Classes.

O

Object
For operating expense reporting, an article or service obtained. Can be found in: Operating Expenses: Object Classes.

Object Class
An object class is a grouping of sources of funds, expenses, and assets and liabilities. Can be found in: Introduction, Sources of Funds, Operating Expenses: Object Classes, Operating Expenses: Functions, and Financial Statement.

Operating Assistance
Financial funding to help cover the operating costs of providing transit services. The agency classifies operating costs by function or activity and the goods and services purchased. Can be found in: Sources of Funds and Financial Statement.

Operating Expenses
The expenses associated with the operation of the transit agency, and classified by function or activity, and the goods and services purchased. These are consumable items with a useful life of less than one year or an acquisition cost which is less than the capitalization level established by the governmental unit for financial statement purposes. Can be found in: Operating Expenses: Object Classes, Operating Expenses: Functions, and Operating Expenses: Contractual Relationships.

Operating Lease Expenses
The payments for the use of capital assets not owned by the transit agency. Can be found in: Can be found in: Operating Expenses: Object Classes.

Operators
The personnel (other than security agents) scheduled to be aboard vehicles in revenue operations, including vehicle operators, conductors, and ticket collectors. Operators may also include attendants who are transit agency employees that are aboard vehicles to assist riders in boarding and alighting and securing wheelchairs for the elderly and persons with disabilities. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Operators' Salaries and Wages
The employees engaged in the operation of the transit system, categorized by their functions. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Organization-Paid Fares
The revenues earned for rides given in regular transit revenue service, but paid for by some organization rather than by the rider; and for rides given along special routes for which revenue may be guaranteed by a beneficiary of the service. Can be found in: Sources of Funds.

Other Postemployment Benefits (OPEB)
In addition to pensions, some transit agencies provide other postemployment benefits (OPEB). OPEB includes postemployment healthcare and life insurance that are provided separately from a pension plan**.** Can be found in: Operating Expenses: Object Classes.

Other Than Urbanized Area (Non-UZA)
An area with a population of fewer than 50,000 so designated by the U.S. Bureau of the Census. Can be found in: Appendix B: Federal Funds.

Overhaul
Overhaul, or refurbishment, is systematic replacement or upgrade of systems whose useful life is less than the useful life of the entire vehicle in a programmed manner. The agency performs overhaul as a planned or concentrated preventive maintenance activity and intends to enable the rolling stock to perform to the end of the original useful life. Can be found in: Operating Expenses: Functions.

P

Paratransit
Types of passenger transportation which are more flexible than conventional fixed-route transit but more structured than the use of private automobiles. Paratransit includes demand response (DR) transportation services, shared-ride taxis, car-pooling and vanpooling (VP), and jitney (JT) services. Most often refers to wheelchair-accessible, demand response (DR) service. Can be found in: Operating Expenses: Object Classes.

Park-and-Ride Parking Revenue
Revenues earned from parking fees paid by passengers who drive to park-and-ride lots operated by the transit agency to utilize transit service. Can be found in: Sources of Funds and Capital Expenses.

Passenger
A passenger is an individual on board, boarding, or alighting from a revenue transit vehicle. Passengers do not include operators, transit employees and contractors. Can be found in: Sources of Funds and Operating Expenses: Functions.

Passenger Fares
The revenue earned from carrying passengers in transit service. Passenger fares include: base fare; zone or distance premiums; express service premiums; extra cost transfers; quantity purchase discounts applicable to the passenger's ride; and organization-paid fares. Can be found in: Sources of Funds.

Passenger Stations
Passenger stations, or transit stations, are passenger boarding/deboarding facilities with a platform that may include: stairs; elevators; escalators; passenger controls (e.g., fare gates or turnstiles); canopies; wind shelters; lighting; signs; buildings with a waiting room, ticket office or machines, restrooms, or concessions. Passenger stations include fixed guideway (FG) passenger facilities (except for on-street cable car (CC), light rail (LR), and streetcar rail (SR) stops), including busway passenger facilities; underground, at grade, and elevated rail stations; ferryboat (FB) terminals; transportation/transit/transfer centers; park-and-ride facilities; and transit malls with the above components, including those only utilized by buses (MB). Passenger stations do not include stops (which are typically on-street locations at the curb or in a median, sometimes with a shelter, signs, or lighting) for: bus (MB), light rail (LR), streetcar rail

(SR), and cable car (CC). Can be found in: Capital Expenses and Operating Expenses: Functions.

Platform
A horizontal surface raised above the level of the adjacent area, such as a boarding and alighting area alongside rail tracks. Can be found in: Capital Expenses.

Platform Time
Platform time is the time during which an operator operates the revenue vehicle in a) line service or in deadheading (including layover periods in the vehicle at a rest point) or b) for charter, contract, and special non-contract service, or is deadheading or laying over as a result of such service. Can be found in: Operating Expenses: Object Classes.

Premium Bond
In bond accounting, a premium bond is one that is sold above its face value. A bond is sold at a premium when it offers a coupon rate that is higher than market interest rates. Bondholders who want a higher yield will pay a higher price for the bond. Can be found in: Financial Statement.

Preventive Maintenance Costs
This includes costs of the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner, up to and including the current state of the art for maintaining such asset. Can be found in: Capital Expenses.

Public Agency or Transit System
A public entity that provides public transportation services. It may be a state or local government, or any department, special purpose district (e.g. transit or transportation district), authority or other instrumentality of one or more state or local governments (e.g., joint powers agency).

Public Entity
A public entity includes state or local government; department, agency, special purpose district, or other instrumentality of one or more state or local governments; and the National Railroad Passenger Corporation (Amtrak) and any commuter authority.

Public Transportation
As defined in the Federal Transit Act, "transportation by a conveyance that provides regular and continuing general or special transportation to the public, but does not include school bus, charter, or intercity bus transportation or intercity passenger rail transportation provided by the entity described in chapter 243 (or a successor to such entity)." Notes: (1) Passenger rail transportation refers to Amtrak. (2) This definition does not affect the eligibility of intercity bus service under the Section 5311 Other Than Urbanized Area (Rural) Formula Program. (3) The intercity bus and intercity rail (Amtrak) portion of intermodal terminals is however an eligible capital cost. Can be found in: Introduction and Sources of Funds.

Público (PB)
A transit mode comprising passenger vans or small buses operating with fixed routes but no fixed schedules in Puerto Rico. Públicos (PB) are a privately owned and operated public transit service which is market oriented and unsubsidized, but regulated

through a public service commission, state or local government. Públicos (PB) are operated under franchise agreements, fares are regulated by route and there are special insurance requirements. Vehicle capacity varies from eight to 24, and the vehicles may be owned or leased by the operator. Can be found in: Introduction and Capital Expenses.

Purchased Transportation (PT)

Transportation service provided to a public transit agency or governmental unit from a public or private transportation provider based on a written contract. The provider is obligated in advance to operate public transportation services for a public transit agency or governmental unit for a specific monetary consideration, using its own employees to operate revenue vehicles. Purchased transportation (PT) does not include: franchising; licensing operations; management services; cooperative agreements; or private conventional bus service. Can be found in: Introduction, Sources of Funds, Operating Expenses: Object Classes, and Operating Expenses: Contractual Relationships.

Purchased Transportation (PT) Fare Revenues

The fare revenues derived from the transit services provided under the purchased transportation (PT) agreement, regardless of whether fares are retained by the seller or returned to the buyer. They are usually collected by the seller. However, they also include fares collected or sold by the buyer for users of the purchased service. For example, if the buyer of the purchased transportation (PT) service sells tickets, tokens or passes for these users, this revenue is part of purchased transportation (PT) fare revenues. Can be found in: Sources of Funds and Operating Expenses: Contractual Relationships.

Purchased Transportation (PT) Expenses

The payment or accrual (net of fare revenues) to other transit agencies and companies, public or private, for providing transportation service and purchased transportation (PT) fare revenues. This object class is divided into 2 parts: 1) filing in report and 2) filing separate report. Can be found in: Operating Expenses: Object Classes.

Q

R

Rail Modes

Transit modes whose vehicles travel along fixed rails - bars of rolled steel - forming a track. The vehicles may be electrically propelled by motors onboard the vehicles, by motors at a central location not onboard the vehicles to pull the vehicles by cables (cable car (CC), inclined plane (IP)), or may be propelled by combustion fuels such as diesel. For commuter rail (CR), vehicles may be self-propelled or may be drawn by a locomotive. NTD recognizes nine rail modes:

- Alaska Railroad (AR)
- Cable car (CC)
- Commuter rail (CR)

- Heavy rail (HR)
- Hybrid rail (YR)
- Inclined plane (IP)
- Light rail (LR)
- Monorail/Automated guideway transit (MG)
- Street Car Rail(SR)

Can be found in: Capital Expenses.

Reconciling Items
Items where accounting practices vary for handling these expenses as a result of local ordinances and conditions. Reconciling items include: depreciation and amortization; interest payments; and operating lease expenses. They are called reconciling items because they are needed to provide an overall total that is consistent with local published reports. Can be found in: Operating Expenses: Object Classes.

Rehabilitation
The rebuilding of revenue vehicles to original specifications of the manufacturer. Rebuilding may include some new components but has less emphasis on structural restoration than would be the case in a remanufacturing operation, focusing on mechanical systems and vehicle interiors. Can be found in: Capital Expenses and Financial Statement.

Related Parties Lease Agreement
Leases for which the lease payments required of the lessee differ substantially from those in a true lease arrangement because the lessor and lessee are related organizations. Can be found in: Operating Expenses: Object Classes.

Remanufacture
The structural restoration of revenue vehicles in addition to installation of new or rebuilt major components (e.g., as engines, transmissions, body parts) to extend service life. Can be found in: Capital Expenses.

Replacement (fleet)
The replacement of revenue vehicles having reached the end of a minimum normal service life. Can be found in: Sources of Funds, Capital Expenses, Operating Expenses: Functions and Operating Functions: Contractual Relationships.

Revenue Vehicle
The floating and rolling stock used to provide revenue service for passengers. Vehicles used in fare-free service are still revenue vehicles. Can be found in: Capital Expenses and Financial Statement.

Right-of-Way
The area through which a vehicle travels; a vehicle's dynamic envelope, to include the track or roadway and the area around the track or roadway. Can be found in: Capital Expenses.

Running Time
The time the vehicle travels on the route in passenger service, typically from the beginning to the end of a route. It includes all travel and time from the point of the first passenger pickup to the last passenger drop-off, as long as the vehicle does not return to the dispatching point. Can be found in: Operating Expenses: Functions.

S

Salvage Value
The estimated amount that will be realized at the end of the useful life of the property. Can be found in: Financial Statement.

School Bus Service Revenues
The revenue earned operating vehicles under school bus contracts. This is the exclusive use of buses to carry children to and from their schools. Can be found in: Sources of Funds.

Seller
The public agency or private company providing transit services under a purchase transportation (PT) agreement with the NTD reporter buying the transit services. The seller uses its employees to operate the service (vehicle operators). Can be found in: Sources of Funds, Operating Expenses: Object Classes, and Operating Expenses: Contractual Relationships.

Service Area
A measure of access to transit service in terms of population served and area coverage (square miles). The reporting transit agency determines the service area boundaries and population for most transit services using the definitions contained in the Americans with Disabilities Act of 1990 (ADA), i.e. a corridor surrounding the routes ¾ of a mile on either side, or for rail, a series of circles of radius ¾ mile centered on each station. NTD requires transit agency reporters to submit service area information on the Identification form (B-10). Can be found in: Operating Expenses: Functions.

Service Vehicles
Service vehicles, or non-revenue vehicles, support revenue vehicle operations and do not carry transit passengers. Types of service vehicles include: tow trucks; supervisor vans; transit police cars; staff cars; and maintenance vehicles for maintaining passenger facilities and rights-of-way (ROW). Can be found in: Capital Expenses, Operating Expenses: Functions, and Financial Statement.

Services
Services include the labor and other work provided by outside organizations for fees and related expenses. In most instances, the agency procures services from an outside organization as a substitute for in-house employee labor, except in the case of independent audits, which could not be performed by employees in the first place. The agency usually substitutes services for in-house labor because the skills offered by the outside organization are needed for only a short period of time or are better than internally available skills. The charge for these services is usually based on the labor hours invested in performing the service. Services include: office management service fees; advertising fees; professional and technical services; temporary help; contract

maintenance services; and custodial services and security services. Can be found in: Operating Expenses: Functions.

Shared Costs

Shared costs are costs that are commonly or jointly used to provide two or more modes of transit service. Can be found in: Appendix A: Cost Allocation Handbook.

Sightseeing Service

A service whose purpose is to carry passengers on tours and excursions, or to visit and see objects and places of interest. Sightseeing service includes services that have narration and services where passengers primarily make round-trips without disembarking the vehicle.

SOV

Single Occupancy Vehicle

Special Item

Special items are events or transactions that are unusual in nature or occur infrequently. Can be found in: Sources of Funds and Operating Expenses: Object Classes.

Sponsored Service

Sponsored service is public transportation service that is paid, in whole or in part, directly to the transit provider by a third party. Transit providers may offer these services as part of a Coordinated Human Services Transportation Plan. Common sponsors include the Veterans Administration, Medicare, sheltered workshops, the Association for Retarded Citizens-ARC, Assisted Living Centers, and Head Start programs. Can be found in: Sources of Funds.

State Transportation Funds

Many states set up a State Transportation Fund that is separate from the General Fund. It usually has several dedicated sources of funding, often including funding sources such as fuel taxes and vehicle registration fees. Can be found in: Sources of Funds.

Station Concessions

The revenue earned from granting operating rights to businesses (e.g., concessionaires, newsstands, candy counters) on property maintained by the transit agency. Can be found in: Sources of Funds.

Straight-line Depreciation

In absence of fair market value, the agency uses straight-line depreciation method to determine the remaining useful life of property. This method assumes the asset's economic usefulness is the same each year. Can be found in: Financial Statement.

Street Car Rail (SR)

This mode is for rail transit systems operating entire routes predominantly on streets in mixed-traffic. This service typically operates with single-car trains powered by overhead catenaries and with frequent stops. Can be found in: Capital Expenses.

Subsidies from other Sectors of Operations

The funds obtained from other sectors of a transit agency's operations to help cover the cost of providing transit service. Can be found in: Sources of Funds.

Subway Tunnel/Tube
Rail transit way below surface with a cover over the tunnel. Cut and cover, bored tunnel, underwater tubes, etc., are included. Can be found in: Capital Expenses and Operating Expenses: Functions.

System
A system is a group of devices or objects forming a network especially for distributing something or serving a common purpose (e.g. telephone, data processing systems). Can be found in: Capital Expenses.

T

Taxes
The taxes levied against the transit agency by federal, state and local governments. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Theft
Theft or larceny is the unlawful taking, carrying, leading, or riding away of property from the possession or constructive possession of another person. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Tires and Tubes
The lease payments for tires and tubes rented on a time period or mileage basis, or the cost of replacement tires and tubes. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Train
One or more passenger cars (including locomotives) coupled together and propelled by self-contained motor equipment. Also known as a consist which may be any one of the following:

- A locomotive and one or more passenger cars as in the commuter rail (CR) mode
- One or more heavy rail (HR) or light rail (LR) vehicles
- One vehicle only, if appropriate to that mode (e.g. cable car (CC))

Can be found in: Capital Expenses.

Transit
Synonymous term with public transportation.

Trolleybus (TB)
A transit mode comprising electric rubber-tired passenger vehicles, manually steered and operating singly on city streets. Vehicles are propelled by a motor drawing current through overhead wires via trolleys, from a central power source not onboard the vehicle. Can be found in: Introduction and Capital Expenses.

Type of Service (TOS)
Describes how public transportation services are provided by the transit agency: directly operated (DO) or purchased transportation (PT) services. Can be found in: Introduction.

U

Uniform System of Accounts (USOA)

A structure of categories and definitions used for NTD reporting to ensure uniform data. The USOA contains various categories of accounts and records for classifying financial (Chart of Accounts) and operating data. It also includes definitions of the data elements included in each section and definitions of practices for the orderly and regular collection and recording of the data. Can be found in: Introduction.

Urbanized Area (UZA)

An area defined by the U. S. Census Bureau that includes:

- One or more incorporated cities, villages, and towns (central place); and
- The adjacent densely settled surrounding territory (urban fringe) that together has a minimum of 50,000 persons.

The urban fringe generally consists of contiguous territory having a density of at least 1,000 persons per square mile. Urbanized areas do not conform to congressional districts or any other political boundaries. Can be found in: Sources of Funds.

Urbanized Area Formula Program (UA) (funded vehicles)

Vehicles purchased with funds administered under the Urbanized Area Formula Program. Can be found in: Sources of Funds and Capital Expenses.

Useful Life

The expected lifetime of property, or the acceptable period of use in service. Useful life of revenue rolling stock begins on the date the vehicle is placed in revenue service and continues until it is removed from service. Can be found in: Capital Expenses and Financial Statement.

Utilities

The payments made to various utilities for use of their resources (e.g., electric, gas, water, telephone, etc.). Utilities include: Propulsion power purchased from an outside utility company and used for propelling electrically driven vehicles, other utilities such as electrical power for purposes other than for electrically driven vehicles, water and sewer, gas, garbage collection, internet, and telephone. Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

V

Vandalism

The willful or malicious destruction or defacement of transit property or vehicles. Can be found in: Sources of Funds and Operating Expenses: Functions.

Vanpool (VP)

A transit mode comprising vans, small buses and other vehicles operating as a ride sharing arrangement, providing transportation to a group of individuals traveling directly between their homes and a regular destination within the same geographical area. The vehicles shall have a minimum seating capacity of seven persons, including the driver. For inclusion in the NTD, it is considered mass transit service if it meets the

requirements for public mass transportation and is publicly sponsored. Public mass transportation for vanpool programs must be one of the following:

- Be open to the public; any vans that are restricted a priori to particular employers in the public ride-matching service of the vanpool are excluded from the NTD report.
- Be actively engaged in advertising the vanpool service to the public and in matching interested members of the public to vans with available seats.
- Be operated in compliance with the Americans with Disabilities Act of 1990 and implementing regulations at 49 CFR 37.31.
- Have a record-keeping system in place to meet all NTD Reporting Requirements, consistent with other modes, including collecting and reporting fully-allocated operating and capital costs for the service.
- Publicly sponsored service is.
- Directly-operated by a public entity.
- Operated by a public entity via a contract for purchased transportation service with a private provider.
- Operated by a private entity as a grant recipient or sub-recipient from a public entity.
- Operated by an independent private entity with approval from a public entity that certifies that the vanpool program is helping meet the overall transportation needs of the local urbanized area.

Can be found in: Sources of Funds.

Vehicle Maintenance

An Operating Expense Function that captures activities associated with revenue and non-revenue (service) vehicle maintenance, comprising:

1. Servicing and Fueling Vehicles
2. Inspection, Maintenance, and Repair of Vehicles
3. Administration of Vehicle maintenance

Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

Vehicle Operations

An Operating Expense Function that captures activities associated with vehicle operations, comprising:

1. Revenue Vehicle Operation
2. Scheduling
3. Dispatching and Supervising
4. Ticketing and Fare Collection
5. Security

6. Transportation Administration

Can be found in: Operating Expenses: Object Classes and Operating Expenses: Functions.

W

X

Y

Z

Appendix E. SCC TRAMS Crosswalks

Most transit agencies that report to NTD also report their use of Federal grants in the Transit Award Management System (TrAMS). TrAMS has its own set of cost categories called Activity Line Item (ALI) Codes. In order to facilitate consistency between TrAMS and NTD, FTA is providing this crosswalk, which shows how to translate between USOA object classes and TrAMS ALI Codes.

Transit agencies seeking New Starts grants may also use FTA's Standard Cost Categories (SCC) to classify costs. Thus FTA is providing this crosswalk that shows how to translate between USOA object classes and New Starts SCC.

Table 22. TRAMS ALI

ALI Code	Activity Line Item	USOA Code	Object Class
1X.1X.XX	Revenue Rolling Stock	2500	Revenue Vehicles
1X.2X.XX	Transit-way Lines	2100	Guideway
1X.3X.01	Terminal, Bus	2200	Passenger Stations
1X.3X.02	Station	2200	Passenger Stations
1X.3X.03	Terminal, Intermodal	2200	Passenger Stations
1X.3X.04	Park and Ride Lot	2200	Passenger Stations
1X.3X.05	Ferry Terminal	2200	Passenger Stations
1X.3X.06	Fare Collection Equipment (Stationary)	2700	Fare Collection Equipment
1X.3X.07	Surveillance/Security Systems	2200	Passenger Stations
		2900	Other
1X.3X.08	Furniture & Graphics	2200	Passenger Stations
		2900	Other
1X.3X.09	Route Signing	2900	Other
1X.3X.10	Passenger Shelters	2200	Passenger Stations
		2900	Other
1X.3X.11	Terminal, Intermodal (Intercity Bus)	2200	Passenger Stations
1X.3X.12	Terminal, Intermodal (Intercity Rail)	2200	Passenger Stations
1X.3X.20	Miscellaneous		
1X.4X.01	Admin Building	2300	Administrative Buildings
1X.4X.02	Maintenance Facility	2400	Maintenance Buildings
1X.4X.03	Admin/Maint Facility	2300	Administrative Buildings
		2400	Maintenance Buildings
1X.4X.04	Storage Facility	2400	Maintenance Buildings
1X.4X.05	Yards & Shops	2400	Maintenance Buildings
1X.4X.06	Shop Equipment	2400	Maintenance Buildings
1X.4X.07	ADP Hardware	2400	Maintenance Buildings
1X.4X.08	ADP Software	2400	Maintenance Buildings
1X.4X.09	Surveillance/Security	2300	Administrative Buildings

ALI Code	Activity Line Item	USOA Code	Object Class
		2400	Maintenance Buildings
1X.4X.10	Fare Collection (Mobile)	2700	Fare Collection Equipment
1X.4X.11	Support Vehicles	2600	Service Vehicles
1X.4X.12	Work Trains	2600	Service Vehicles
1X.4X.20	Miscellaneous Equipment		
1X.4X.40	Excl Bicycles Vehicle	2200	Passenger Stations
		2300	Administrative Buildings
		2400	Maintenance Buildings
		2900	Other
1X.4X.41	Excl Bicycles Equipment	2200	Passenger Stations
		2300	Administrative Buildings
		2400	Maintenance Buildings
		2900	Other
1X.4X.42	Excl Bicycles Facility	2200	Passenger Stations
		2300	Administrative Buildings
		2400	Maintenance Buildings
		2900	Other
1X.4X.43	ADA Vehicle Equipment	2500	Revenue Vehicles
1X.4X.44	CAA Vehicle Equipment	2500	Revenue Vehicles
1X.5X.XX	Electrification Power Dist.	2100	Guideway
1X.6X.XX	Signal & Communication	2800	Communication/Information Systems
1X.7X.XX	Other Capital Program Items		
1X.9X.01	Historic Mass Transp. Bldgs., including Operations	2200	Passenger Stations
1X.9X.02	Bus Shelters	2900	Other
1X.9X.03	Landscaping/Scenic Beautification	2200	Passenger Stations
		2300	Administrative Buildings
		2400	Maintenance Buildings
		2900	Other
1X.9X.04	Public Art	2200	Passenger Stations
		2300	Administrative Buildings
		2400	Maintenance Buildings
		2900	Other
1X.9X.05	Ped. Access/Walkways	2200	Passenger Stations
		2300	Administrative Buildings
		2400	Maintenance Buildings
		2900	Other
1X.9X.06	Bicycle Access, Facilities, & Equipment on Buses	2200	Passenger Stations
		2300	Administrative Buildings
		2400	Maintenance Buildings

ALI Code	Activity Line Item	USOA Code	Object Class
		2900	Other
		2500	Revenue Vehicles
1X.9X.07	Transit Connections to Parks		
1X.9X.08	Signage	2100	Guideway
		2200	Passenger Stations
		2300	Administrative Buildings
		2400	Maintenance Buildings
		2900	Other
1X.9X.09	Enhanced ADA Access		
30.XX.XX	Operating		NTD considers these to be operating expenses, not capital.
44.XX.XX	Planning		
43.5X.XX	Rural Transit Assistance Program		
50.XX.00	Management Training		
55.XX.XX	Research Projects		
57.XX.XX	Safety & Security - Security Supplemental Funding		
70.XX.XX	University Research		

Table 23. New Starts SCC

SCC Code	Standard Cost Category	USOA Code	Object Class
10	Guideway & Track Elements	2100	Guideway
20	Stations, Stops, Terminals, Intermodal	2200	Passenger Stations
		2900	Other
30.01	Administration Building: Office, sales, storage, revenue counting	2300	Administrative Buildings
30.02	Light Maintenance Facility	2400	Maintenance Buildings
30.03	Heavy Maintenance Facility	2400	Maintenance Buildings
30.04	Storage or Maintenance of Way Building	2400	Maintenance Buildings
30.05	Yard and Yard Track	2400	Maintenance Buildings
40	Sitework & Special Conditions		
50.01	Train control and signals	2800	Communication/Information Systems
50.02	Traffic signals and crossing protection	2100	Guideway
		2900	Other
50.03	Traction power supply: substations	2100	Guideway
50.04	Traction power distribution: catenary and third rail	2100	Guideway
50.05	Communications	2800	Communication/Information Systems
50.06	Fare collection system and equipment	2700	Fare Collection Equipment
50.07	Central Control	2800	Communication/Information Systems
60	RoW, Land, Existing Improvements		
70.01	Light Rail	2500	Revenue Vehicles
70.02	Heavy Rail	2500	Revenue Vehicles
70.03	Commuter Rail	2500	Revenue Vehicles
70.04	Bus	2500	Revenue Vehicles
70.05	Other	2500	Revenue Vehicles
70.06	Non-revenue vehicles	2600	Service Vehicles
70.07	Spare parts		Not Capital
80	Professional Services		
90	Unallocated Contingency		
100	Finance Charges		