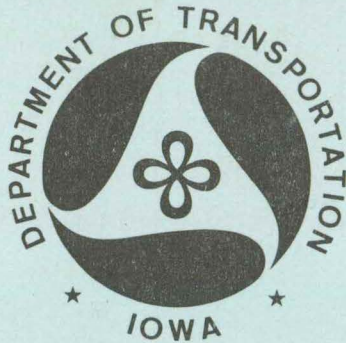


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IOWA UNIFORM DATA MANAGEMENT SYSTEM

Accounting and Reporting Release #1

October 1, 1980

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Uniform Data Management System:

ACCOUNTING AND REPORTING RELEASE #1

Prepared for the:
Iowa Department of Transportation

by: East Central Iowa Council
of Governments,
Greenwood and Crim, P.C., and
Kirkwood Community College

on: September 1, 1980

This report was prepared through a grant provided by the United States Department of Transportation, Federal Highway Administration, pursuant to the provisions of Section 18, Title III of the Surface Transportation Assistance Act of Transportation.

UDMS ACCOUNTING AND REPORTING

RELEASE #1

UDMS Accounting and Reporting Releases are interpretations of the Uniform Data Management System being implemented in the State of Iowa. The Iowa UDMS is structured using the UMTA, Section 15 reporting requirements and format as a base with appropriate modifications to satisfy reporting needs within the State of Iowa. Specific accommodations have been made for Iowa's regional systems. This is the first in a series of UDMS Accounting and Reporting Releases.* It contains answers to questions raised during the development and implementation of Phase I of the Iowa UDMS project. Subsequent Releases will be published as the need arises. These Releases will be used to provide more detailed guidelines for accounting and reporting issues than is available in Volume II of Uniform System of Accounts and Records and Reporting System, dated January 10, 1977, and to identify Iowa UDMS modifications and interpretations of Section 15 reporting requirements. Where inconsistencies arise between Volume II and these Releases, the Releases take precedence. This Release is composed of the following attachments:

Attachment 1: General Reporting Guidelines answers questions related to frequency of processing, level of reporting and reporting requirements by mode.

Attachment 2: Financial Reporting answers questions related to the financial requirements of UDMS.

Attachment 3: Non-Financial Reporting answers questions related to the non-financial requirements of UDMS.

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

Question 4:

What method of accounting will the transit systems maintain?

Answer:

The transit systems will use the cash basis of accounting during their fiscal year and convert the information to an accrual basis at their fiscal year end.

Question 5:

What is the reporting period?

Answer:

The reporting fiscal period will run from July 1 to June 30. This period coincides with the quarterly reporting requirements of the Iowa Department of Transportation. Reports to other funding sources will be with the frequency desired by the individual funding sources.

Question 6:

Will the reporting period change if the transit system has a fiscal year end other than June 30?

Answer:

No. The transit system will continue to report on a quarterly basis, beginning July 1, to the Iowa Department of Transportation. The transit systems with fiscal year ends other than June 30 will then need to convert

from a cash basis to an accrual basis two times a year; once to satisfy Iowa Department of Transportation reporting periods, and again to satisfy its own fiscal year end reporting requirements.

Question 7:

What will be the method and frequency of processing information?

Answer:

For non-urban properties, the coded financial information will be forwarded to a designated processing center for review and processing on a monthly basis.

Urban properties, having their transit accounts included within their City's chart of accounts, will code input for processing on a quarterly basis. The City's chart of accounts will be thoroughly interfaced with the UDMS chart of accounts and the coding procedure for UDMS will then originate with the City's quarterly financial information.

Question 8:

How should the costs incurred by a lead agency for the benefit of the transit system be reflected on the books of the transit system?

Answer:

COG's and other lead agencies should reflect these costs using the proper function and object classes. Function would be 160 in most instances. The costs of the lead agency should be accumulated in a separate department classification.

Attachment 2

Financial Reporting

Question 1:

Is the UDMS chart of accounts uniform for all transit properties in the State of Iowa?

Answer:

Yes. The UDMS chart of accounts has been developed to provide for a wide variety of financial transactions and each transit system will use identical function and object class codings for comparable transactions.

Question 2:

For coding purposes, are there any differences in the UDMS chart of accounts and the object class accounts set forth in Volume II?

Answer:

Yes. For financial information that must be reflected on subsidiary schedules, the account numbers for coding purposes are different than the object class codes reflected in Volume II. Each transit system will have a detailed chart of accounts reflecting the account numbers to be used in coding financial information that must appear in the subsidiary schedules.

Question 3:

Which of the Level C report forms are considered to be subsidiary schedules?

Answer:

- Form 103 - Sources of Public Capital Assistance
- Form 203 - Sources of Public Assistance
- Form 321 - Operators' Wages Subsidiary Schedule
- Form 331 - Fringe Benefits Subsidiary Schedule

Question 4:

What factors determine whether the cost of acquiring an asset is expensed or capitalized?

Answer:

For the acquisition cost to be capitalized, the asset should have an expected useful life of more than one (1) year and cost more than \$500. In addition, assets purchased with proceeds from Capital Grants should be capitalized. Asset acquisition not meeting these guidelines should be expensed in the period purchased.

Question 5:

For UDMS reporting, should a transit system depreciate its capital assets?

Answer:

Yes. The cost of applying a capital asset should be expensed through depreciation charges in the accounting period which the capital asset supplied a corresponding value of service. All depreciation charges should be computed using the straight-line method.

Question 6:

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

Answer:

One of the primary objectives of the Section 15 reporting systems is to collect information from transit systems on an industry-wide basis that is uniform. Historically, depreciation is an area in which there has been and continues to be very little industry-wide uniformity. UDMS reporting format is based upon the Section 15 format and will recognize depreciation, lease, and rental expenses as reconciling items.

Leasing or renting is a method of obtaining property or equipment in lieu of the outright purchase of the property or equipment. Lease and rental

expense, thus, is a measure of the cost of using tangible assets similar to depreciation. Lease and rental expense, therefore, is a reconciling item in the UDMS reporting system.

Question 7:

How should the transit system report on revenue vehicles used but not owned by the transit system?

Answer:

The cost of the vehicles and the capital source used to purchase the vehicles should be reported in memo form on the transit system's balance sheet. In addition, the vehicles should be listed on Form 408 - Revenue Vehicle Inventory Schedule.

Question 8:

Should sick leave and vacation benefits be accounted for on the accrual basis of accounting?

Answer:

Yes. Fiscal year end accruals will be recorded when liabilities exist for fringe benefits owed, regardless of when payment of the expense occurs. This is only true if the system has formal sick leave and vacation policies in force; e.g., documentation providing a means of determining there is an actual liability and the amount of the liability.

Question 9:

What is the proper accounting treatment of capital grants for UDMS reporting?

Answer:

For UDMS purposes, accounting entries recording changes to assets, liabilities and capital amounts will be made when costs are incurred (i.e., goods and

services received). The following example illustrates the specific accounting requirements.

Step 1: A capital grant application is approved by UMTA to provide 80% funding. The remaining 20% funding will be provided through the transit system's operations. Total cost of the capital asset is \$100,000. No accounting entry is made at this time for Section 15 reporting.

Step 2: Costs of \$10,000 are incurred and paid.
The following accounting entries are made.

DR Object Class		
105. Work In Process	\$10,000	
CR Object Class		
101. Cash		\$10,000
DR Object Class		
102. Receivables	\$ 8,000	
CR Object Class		
304. Grants, Donations and Other Paid-In Capital		\$8,000

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

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

Question 10:

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

Answer:

Capital grants should never be reported as revenue. The rights to capital

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

Question 11:

When are operating assistance funds recognized as revenue?

Answer:

Operating grants are recognized as revenue when rights to the monies become irrevocable and when earned.

Question 12:

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

Answer:

No. The Operators' Wages Subsidiary Schedule focuses on the components of pay time and allowances as specified in labor contracts. In the absence of a labor contract, wages for operators should be maintained for the following categories:

<u>Category</u>	<u>Function</u>
Platform time, line service	010
Platform time, charter service	010
Dispatching	010
Overtime	010
Accident/witness time	010
Vehicle inspection/maintenance	041
Non-vehicle maintenance	042
Non-operating administration	160

To avoid time-consuming allocation procedures for every pay period, operators' wages should be charged to platform time, line services when wages are paid during a quarter. At the end of the quarter, computations can be made to properly allocate the wages for the quarter.

Remember that compensation for sick leave, holidays, vacations, and other paid absences are coded to reflect those costs as fringe benefits expenses, rather than wage expense.

Question 13:

What is the proper treatment of charter costs?

Answer:

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

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

Question 14:

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

Answer:

Yes. The allocation methodology prescribed in Volume II recognizes the difficulty that many transit systems would have if they were forced to charge fringe benefits directly to each of the over forty level A functions. If, however, individual transit systems prefer to charge fringe benefit costs directly to functions, they may do so.

Question 15:

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

Answer:

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

QUESTIONS RELATED TO REVENUE REPORTING

Question 1:

How should regional systems report their on-board revenues?

Answer:

As affects regional systems, UDMS diverges from Section 15 in its interpretation of object class 401 Passenger Fares for Transit Service. Volume II says: "...revenue object classes...are determined by the nature of the fare structure. For example, if the fare structure allows a special fare for senior citizens, ... this special fare is to be reported in account 401.02." This approach will apply to urban fixed route systems. However, most regional systems in the state do not have differentiated fares for special client groups. Nevertheless, Regional systems will also be expected to report fares by client groups e.g.,

- 401.02 - elderly
- 401.03 - student
- 401.04 - child
- 401.05 - handicapped

Question 2:

How should grants or operating assistance funds originating from Federal or state sources be reported if the transit system is not the direct recipient of the funds as in the case of a council of government?

Answer:

This situation commonly occurs when the regional planning agency is designated as the operating service. With the exception of Federal revenue sharing funds, the original source of the funds determines the proper reporting of grants and operating assistance as either Federal, state, or local.

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

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

Question 3:

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

Answer:

The cost of services received from another government entity, where such services benefit transit operations and the transit system does not pay, is reported as Object Class 430, Contributed Services. The cost of the service is reported under 430.01, Contributed Services - State and Local Government. An equal amount should be debited to Object Class 430.02, Contributed Services - Contra Account for Expense. The net of Object Class 430 should always be zero. However, these contributed services can only be claimed if there is an approved cost allocation plan based on federal Circular OASC-10

Question 4:

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

Answer:

Interest earned on capital grant monies should be credited to the capital project. However, where a transit property is entitled to retain the interest income, the interest income should be reported in Object Class 407.04, Investment Income.

Question 5:

How should assistance from a local private agency be reported?

Answer:

It is important to understand the intent of the assistance in order to properly report it.

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

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

(1) If the assistance is a capital contribution (i.e., donations of vehicles, equipment or other tangible property), the value of the contribution should be reported in Object Class 304.04, Nongovernmental Donations and Other Paid-In Capital.

(2) If the assistance is a cash contribution specifically to be used for the purchase of capital items, then, again, the amount of the contribution should be recorded in Object Class 304.04.

(3) If the assistance is a cash contribution for no specific purpose, then the amount should be recorded in Object Class 409.99, Local Cash Grants and Reimbursements - Other Financial Assistance. If, in addition, the amount of such contributions is material with respect to the total amount reported in Object Class 409.99, then the transit system should identify the amount of private contributions in a footnote to its Revenue Summary or Detail Schedule.

(4) Assistance in the form of contributed services (i.e., volunteer services) should not be recorded as revenue for UDMS reporting.

Question 6:

What are the differences among the following three revenue accounts?

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

Answer:

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

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

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

Example 1: The Agency on Aging and the transit property negotiated a contract which called for the transit property to supply transit service to the elderly in return for an annual fee.

In this example, the fee paid to the transit property should be recorded in Object Class 402. A specific numbering system has been devised to identify common social service funders:

402.20 - Elderly
 402.30 - CSA
 402.40 - Title XX
 402.50 - Title IXX
 402.60 - D.P.I.

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

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

Attachment 3

Non-Financial Reporting

Question 1:

Do small regional systems without fixed route service report peak and off peak service?

Answer:

No. In small regional systems it is not particularly useful to attempt to distinguish peak periods. Starting time and total hours of service are all that are required here. Only if a substantial fixed route service exists or you have well defined peak periods that are consistent throughout the year should the additional calculations be made.

Question 2:

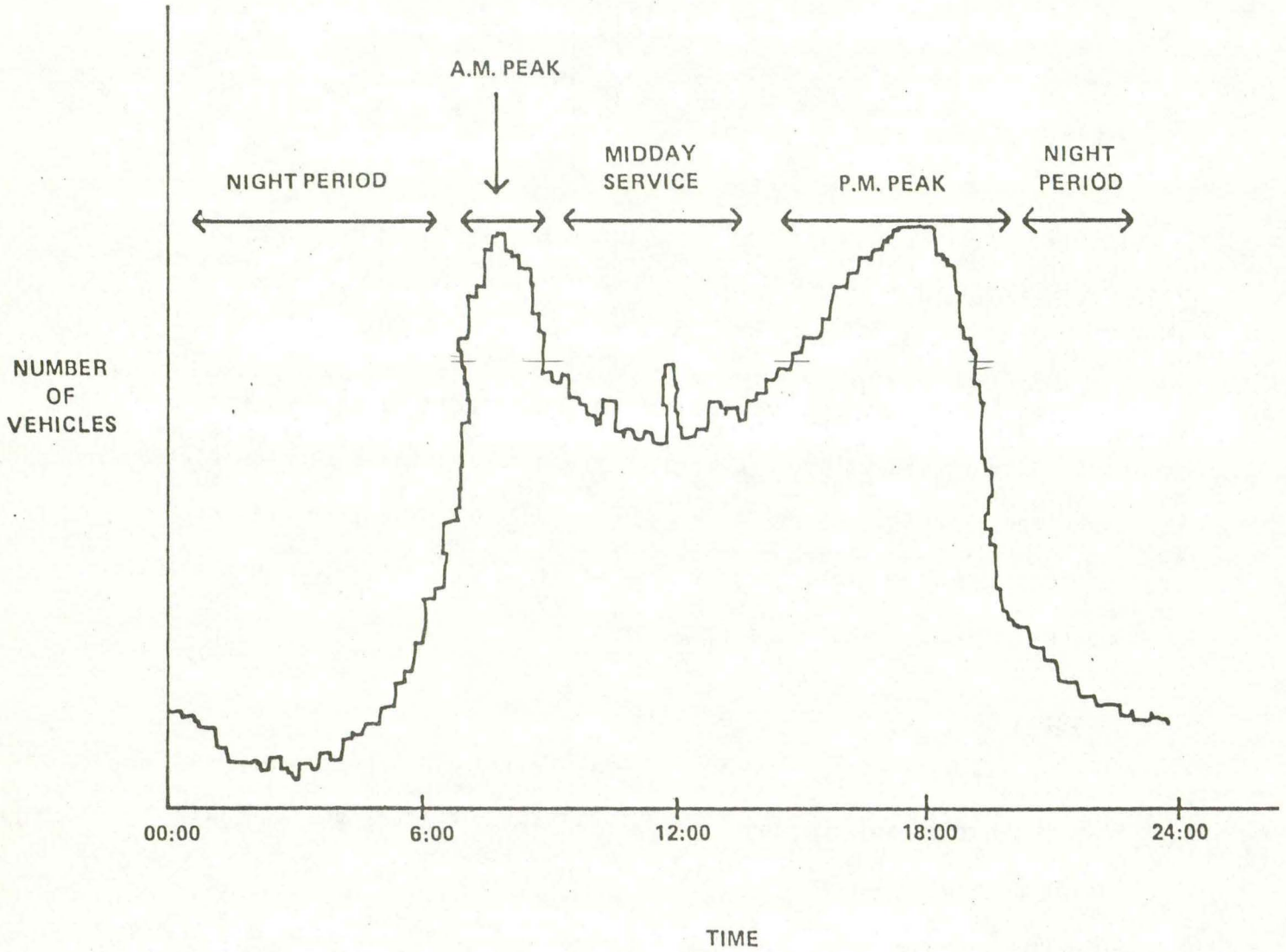
For a fixed route system how are service periods calculated, given the following problems:

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

Answer:

On a system-wide (as opposed to route) basis there is no way of defining service periods to the last minute. However, most transit properties can report the data within a range of five to ten minutes.

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



(Refer to Question 2)

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

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

Question 3:

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

Answer:

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

Question 4:

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

Answer:

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

Question 5:

Many transit properties have their own definition of what constitutes a road call. How is it defined under UDMS?

Answer:

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

Example 1: A bus breaks down or is otherwise disabled in mid-run. The passengers are transferred with minimal delay to a bus traveling directly behind the broken one.
Count the breakdown as a road call for Section 15 reporting.

Example 2: A bus breaks down or is otherwise disabled at the end of a trip, or at a layover point. Another bus takes its place without any delay in revenue service.
Do not count the break down as a roadcall for Section 15 reporting.

Example 3: A bus breaks down or is otherwise disabled leaving the garage to begin revenue service, and is not replaced.
Count the breakdown as a road call for Section 15 reporting.

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

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

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

Example 5: The vehicle operator claims there is something wrong with his vehicle and brings it back to the garage, causing an interruption of revenue service. A mechanic assigned to the vehicle cannot find the source of the problem and reports "no trouble found."

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

Example 6: The farebox on the bus jams. The bus driver continues revenue service, and calls the maintenance depot for a mechanic to meet him enroute. The mechanic boards the bus at a regular stop, and unjams the farebox while the bus stays in revenue service.

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

Example 7: Because of severe weather conditions, such as snow storms or floods, revenue vehicles are forced to discontinue service. To get vehicles back to the garage or car barn, the transit property may have to send out crews of mechanics.

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

Example 8: A revenue vehicle is involved in an accident requiring the passengers to be discharged from the vehicle and/or maintenance work performed on the vehicle before it can be put back in service.

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

Example 9: A taxi has a flat tire while it is providing contract demand responsive services for the transit property. Count this incident as a road call in the demand response mode of service.

Question 6:

Do regional systems have to fill out the transit way mileage schedule?

Answer:

Only fixed route systems have to fill out this form. If your regional system is a single mode D.R.S. system it will not fill this form out.

Question 7:

Do transit systems who contract out all maintenance work, record maintenance personnel in the transit system employee count schedule?

Answer:

No. Only in-house maintenance personnel are reported on this schedule.

Question 8:

Should work on a grant for a capital equipment be reported under capital labor in the transit system employee schedule?

Answer:

No.

Question 9:

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

Answer:

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

Question 10:

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

Answer:

No.

Question 11:

How is capital labor defined?

Answer:

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

Question 12:

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

Answer:

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

Question 13:

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

Answer:

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

Question 14:

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

Answer:

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

Question 15:

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

Answer:

Yes. However, excluded from revenue vehicle hours are those hours

consumed while traveling to and from storage facilities or during other deadhead travel.

Question 16:

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

Answer:

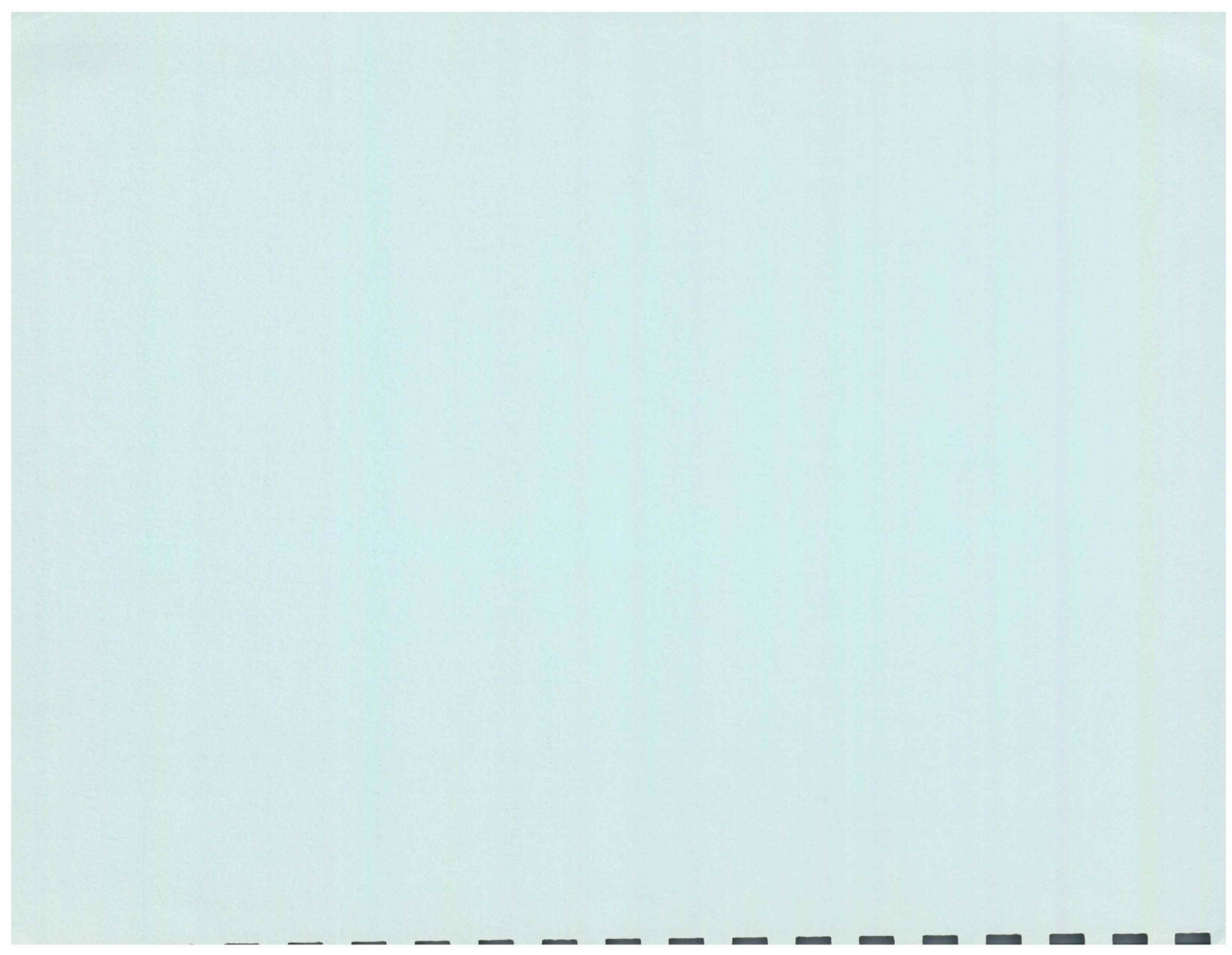
Only the Average Weekday, Saturday and Sunday columns on Form 406 are completed.

Question 17:

A transit property as a matter of policy does not permit standees. Does it include a factor for potential standees in calculating revenue capacity miles (line 06)?

Answer:

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



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