# STATE CONTROLLER'S
# UNIFORM SYSTEM OF ACCOUNTS FOR
# PUBLIC TRANSIT OPERATORS

5000

STATE CONTROLLER

DIVISION OF ACCOUNTING AND REPORTING

# CHAPTER "A"

# ENTERPRISE ACCOUNTING

STATE CONTROLLER

DIVISION OF ACCOUNTING AND REPORTING

# ENTERPRISE ACCOUNTING

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# ENTERPRISE ACCOUNTING

## Introduction

This chapter provides the general accounting and reporting guidelines to be used by all special districts performing enterprise activities. The State Controller's Office requires the following activities to be accounted for and reported on an enterprise basis.

| | | |
|---|---|---|
| Airport | Hospital | Water Utility |
| Electric Utility | Transit | |
| Harbor and Port | Waste Management | |

In addition to the accounting and reporting guidelines provided in this chapter, a separate chapter for each activity is provided which contains a chart of accounts and explanation of accounts. Moreover, items unique to any activity will be included in the chapter containing that activities chart of accounts.

Enterprise districts engaged in nonenterprise activities should refer to the 9000 System for guidance on nonenterprise accounting.

In addition, this chapter does not apply to redevelopment agencies. They are addressed separately in the 10000 Uniform Accounting System for Redevelopment Agencies.

## Type of Fund

The type of proprietary fund which is required to be used for the above enterprise activities is referred to as an enterprise fund. Enterprise funds are established by governmental agencies to account for goods and services provided to the general public and are financed primarily through user charges.

The proprietary fund measurement focus is on determination of net income, financial position, and changes in financial position for activities that are similar to private business enterprises. In addition, the generally accepted accounting principles for proprietary type funds are those similar to private businesses and, therefore, the pronouncements of the Financial Accounting Standards Board are to be followed where applicable. However, in areas where the Governmental Accounting Standards Board (GASB) has also issued pronouncements, the governmental agency should be guided by the GASB pronouncements.

## Accounting Basis

As discussed in the previous section, enterprise funds are established by governmental agencies to account for goods and services provided to the general public and are financed primarily through user charges. To allow a governmental agency to accurately determine the periodic net income or loss and to provide consistent and comparable information from period to period, the accrual basis of accounting should be used to report financial information on the financial statements. Revenues should be recognized in the accounting period in which they are earned and become measurable; expenses should be recognized in the period incurred, if measurable.

## Revenues

Revenues should be recognized in the accounting period in which they are earned and become measurable. Revenues in proprietary funds represent increases in net total assets from other than expense refunds, capital contributions, and residual equity transfers.

## Expenses

Expenses should be recognized in the period when the costs of goods or services have been consumed or incurred. Expenses are decreases in net total assets and represents the total cost of operations during a period regardless of the timing of related expenditures.

## Encumbrances

Since there are no budgetary restrictions, encumbrances are not required.

## Restricted Assets

Cash, investments, and interest receivable balances which may not be expended for normal operations because of contractual or legal restrictions should be reported in a separate Restricted Assets Section of the balance sheet. The physical segregation of these amounts are not necessary unless legally required.

The types of situations requiring restricted assets vary from customer deposits to bonds. For instance, customer deposits held by a public utility are used to insure payment of billings. Upon termination of service the deposit, less any outstanding charges, is returned to the customer. Therefore, the deposits belong to the customers and should be reported separately as a restricted asset.

Provisions of revenue bond indentures normally require bonds be accounted for in the following types of restricted asset accounts:

Revenue Bond Construction Account
Revenue Bond Operations and Maintenance Account
Revenue Bond Current Debt Service Account
Revenue Bond Future Debt Service Account
Revenue Bond Renewal and Replacement Account

Proceeds from revenue bonds which are to be used for fixed asset construction must be accounted for in a Revenue Bond Construction Account. Disbursements from this account are made for all authorized construction purposes.

A revenue bond operations and maintenance account often is established pursuant to a bond indenture. Resources for this account are provided through bond proceeds and/or operating income or net income. This account generally accumulates assets equal to operating costs for one month.

Bond indentures also may require that bond proceeds and/or net operating revenues be accumulated in a Revenue Bond Debt Service Account. This account is normally required to insure payment of revenue bond principal and interest. The current liabilities for principal and interest are reported on the balance sheet as "liabilities payable from restricted assets".

Funds are accumulated in a Revenue Bond Future Debt Service Account to pay matured bond principal and interest if the Revenue Bond Debt Service Account proves deficient. The amount accumulated in this account is usually related to the annual debt service requirement. Funds in this account which are not used to cover deficiencies will be used for final retirement of the bond issue.

Funds are also accumulated in a Revenue Bond Renewal and Replacement Account for emergency operating expenditures or renewals or replacements of assets.

Many governments display reservation of retained earnings related to assets and liabilities restricted by bond indentures to demonstrate legal compliance. As a general rule, reservation of retained earnings related to restricted asset accounts should only be reserved for the amounts of restricted assets in excess of related liabilities, unless otherwise required by bond indenture. If the amounts accumulated in these accounts do not meet the necessary legal or contractual requirements, details of the shortages should be disclosed in the notes to the financial statements. A reservation of retained earnings is not required for the Revenue Bond Construction Account.

Valuation of Fixed Assets

Fixed assets utilized in enterprise activities are accounted for in the enterprise fund accounts and they should be accounted for at cost or if the cost is not practically determinable, at estimated cost. Donated fixed assets should be recorded at their estimated fair value at the time received. The cost of a fixed asset include not only its purchase price or construction cost, but also the costs necessary to place the asset in its intended location and condition for use. These costs include freight and transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition. In addition, interest incurred during construction of an asset should be capitalized as part of the asset cost (SFAS#34).

Depreciation is an important element of the income determination process and is required to be recorded in the enterprise fund accounts. The straight line method should be used.

Upon disposition, the gain or loss on sale should be reported as nonoperating revenue or nonoperating expense, respectively. A gain or loss is measured by the difference between book value (i.e. cost less accumulated depreciation) and the proceeds received from the sale, salvage, or insurance claims.

## Leases

Lease accounting for proprietary funds should follow FASB Statement 13, as amended and interpreted, without modification. Transactions for capital leases are accounted for and reported entirely within the accounts of the enterprise fund.

## Long-Term Liabilities

The long-term liabilities of an enterprise activity are reported in the accounts of the enterprise fund. Long-term liabilities include bonds, notes, capital leases, pensions, judgments, compensated absences, and similar commitments directly related to and expected to be paid from the enterprise fund. In regards to multi-activity districts, long-term liabilities backed by the full faith and credit of the governmental unit but expected to be paid from the enterprise fund should also be reported as an enterprise fund liability.

## Bond Issuance Costs

Significant costs of a bond issue (e.g., fees, insurance, underwriting spreads) should be reported as a deferred charge and amortized over the life of the bonds. Authoritative guidance for amortizing the deferred charge is contained in APB Opinion No. 12 & 21.

## Bond Premiums and Discounts

Bond premiums and discounts are subject to the same guidance (i.e., APB Opinion No. 12) as bond issuance costs. In addition, the amortization basis should be consistent with the basis applied to any related bond issuance costs, if both are considered material.

## In-Substance Defeasance of Debt

To achieve an in-substance defeasance of debt, the governmental agency must deposit into an irrevocable trust cash or qualifying assets. This deposit must provide sufficient cash flows in order to virtually guarantee the payment of the defeased debt's principal and interest as scheduled.

An early extinguishment of debt, primarily due to refunding issues, often will result in a reporting of a gain or loss in the financial statements. APB Opinion No. 26 includes guidance on the calculation of the gain or loss and provides that the difference between the reacquisition price (i.e., amount paid to trustee) and the net carrying amount of the extinguished debt should be recognized as a gain or loss. If material, gain or losses from the defeasance of debt should be classified as an extraordinary item.

## Budgets and Budgetary Accounts

It is recommended that flexible budgets be prepared by agencies providing enterprise activities. Flexible budgets show expected revenues and expenses for various levels of activity.

Fixed dollar budgets and budgetary accounts are generally not used for enterprise activities. This is because enterprise agencies must be able to react to user demands as revenues and expenses fluctuate with the amount of service provided.

## Grants, Entitlements, and Shared Revenues

If the revenues are received for operating purposes, or which may be utilized for either operations or capital expenditures at the discretion of the recipient government, they shall be recognized as nonoperating revenues. Such resources restricted for the acquisition or construction of capital assets are required to be recorded as contributed capital in the fund equity section of the balance sheet. A depreciation/amortization account (optional) may be set up as an offset to the Contributed Capital - Capital Grant account in the fund equity section of the balance sheet. (See Illustration 1).

Illustration 1
Name of Governmental Unit
Proprietary Fund Balance Sheet
Equity Section

| | | | |
|---|---|---|---|
| Fund Equity | | | |
| Contributed capital: | | | |
| Capital grants | $XX | | |
| Less depreciation/amortization (optional) | XX | $XX | |
| Government's contributions | | XX | $XX |
| Retained earnings | | | XX |
| Total Fund Equity | | | $XX |

Depreciation on fixed assets acquired or constructed through such resources shall be reported as an operating expense on the Statement of Operations. (See Illustration 2).

Illustration 2
Name of Governmental Unit
A Proprietary Fund

Statement of Revenues, Expenses, and Changes in Retained Earnings

For the Fiscal Year Ended (Date)

| | |
|---|---|
| Operating Revenues: (Detailed) | $XX |
| Operating Expenses: (Detailed - Includes depreciation on all depreciable fixed assets) | (XX) |
| Operating Income (Loss) | XX |
| Nonoperating Revenues (Expenses): Detailed - nonoperating revenues include grants, entitlements, and shared revenues received for operations and/or such resources that may be used for either operations or capital outlay at the discretion of the recipient) | XX |
| Income (Loss) before Operating Transfers | XX |
| Operating Transfers: (Detailed) | XX |
| Net Income (Loss) | XX |
| Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital (Optional) | XX |
| Increase (Decrease) in Retained Earnings | XX |
| Retained Earnings - Beginning of Period | XX |
| Retained Earnings - End of Period | $XX |

## Deferred Compensation Plans (IRC Section 457)

GASB Statement #2 provides that under proprietary fund accounting, Internal Revenue Code (IRC) Section 457 deferred compensation plan balances should be displayed as a liability in the balance sheet with a corresponding asset identified as designated for deferred compensation benefits. Such display is required whether the assets are held by the employer, a PERS, a nongovernmental third party, or another governmental entity under a multiple-jurisdiction plan.

The employer's liability to each participant, at any point in time, is measured by the participants share of the market value of the plan assets; therefore, plan assets should be valued at market. If the obligation to plan participants is determined by a measurement other than market value, the same method used to calculate the obligation by the administrator should be used to value the assets.

## Compensated Absences

Accounting for compensated absences using proprietary funds should follow the 1987 GASB Codification, Section C60 and FASB Statement 43. Statement 43 requires employers to accrue a liability for future vacation, sick and other benefits that meet all of the following conditions:

a. The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.

b. The obligation relates to rights that vest or accumulate.

c. Payment of the compensation is probable.

d. The amount can be reasonably estimated.

Compensated absence liabiities are computed at year-end and adjusted to current salary costs. The liability is generally calculated by multiplying the number of days and/or hours of eligible compensation time, based on the FASB Statement 43 criteria, by the employees compensation rate at year end.

## Prior Period Adjustments

Corrections of material accounting errors which affect previous accounting periods should be reported as a prior period adjustment. Prior period adjustments should be recorded as changes in fund equity rather than as part of net income of the current period.

## Interfund Transactions

Transactions between funds can be classified within three broad categories. The first category includes "quasi-external" transactions that are reported as revenues or expenses for both the fund and the district as a whole. Quasi-external interfund transactions are transactions that would be treated as revenues or expenses if they involved organizations external to the district.

The second category includes transactions that should be reflected only once for the district as a whole. These transactions are referred to as reimbursements. They include transactions that constitute reimbursements of a fund for expenses initially made from it that are properly applicable to another fund. A reimbursement should result only from improper classification or clearing account payments made for expediency in a controlled environment.

The final category is referred to as interfund transfers and is divided into two major categories: residual equity transfers and operating transfers. Residual equity transfers are defined as nonrecurring or nonroutine transfers of equity between funds. Enterprise funds should present residual equity transfers in as additions to contributed capital. Similar transfers from an enterprise fund should be reported as reductions of the enterprise fund contributed capital or of retained earnings, as appropriate in the circumstances. Operating transfers are defined as all other interfund transfers - for example, operating subsidy transfers from the general or a special revenue fund to an enterprise fund and transfers from an enterprise fund other than payments in lieu of taxes to finance general fund expenditures. They are reported separately in the "operating transfers" section in the operating statement.

## Office of Management and Budget (OMB) Circular A-128

The Federal OMB Circular A-128 is issued pursuant to the Single Audit Act of 1984, P. L. 98-502. It establishes audit requirements for state and local governments that receive federal aid and defines federal responsibilities for implementing and monitoring those requirements. For further guidance relating to this Act, please refer to the Single Audit Procedure Guide for Special Districts published by the State Controller's Office, Division of Audits, Single Audit Oversight - Special Districts.

## Financial Statements

Following is an illustration of financial statements for an enterprise fund. These examples are for illustrative purposes only. The reporting entity must determine the financial statement format which most fairly presents its operations.

Enterprise District
Comparative Balance Sheet
June 30, 19X2 and 19X1.

| | 19 x 2 | 19 x 1 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $XX | $XX |
| Accounts receivable | XX | XX |
| Inventory of materials and supplies | XX | XX |
| Total current assets | XX | XX |
| Restricted assets: | | |
| Cash with fiscal agent | XX | XX |
| Customer deposits | XX | XX |
| Revenue bond construction account | XX | XX |
| Revenue bond current debt service account | XX | XX |
| Revenue bond future debt service account | XX | XX |
| Total restricted assets | XX | XX |
| Property, plant and equipment: | | |
| Land | XX | XX |
| Buildings | XX | XX |
| Equipment | XX | XX |
| Less: Allowance for accumulated depreciation | XX | XX |
| Net property, plant and equipment | XX | XX |
| Total Assets | $XX | $XX |

| | 19 x 2 | 19 x 1 |
|---|---|---|
| **Liabilities and Fund Equity** | | |
| Current liabilities: | | |
| Accounts payable | $XX | $XX |
| Accrued payroll payable | XX | XX |
| Interest payable | XX | XX |
| Total current liabilities | XX | XX |
| Current liabilities payable from restricted assets: | | |
| Revenue bonds payable | XX | XX |
| Accrued interest payable | XX | XX |
| Deposits | XX | XX |
| Total current liabilities payable from restricted assets | XX | XX |
| Long-term liabilities: | | |
| Bond payables | XX | XX |
| Total long-term liabilities | XX | XX |
| Total liabilities | XX | XX |
| Fund equity: | | |
| Contributed capital: | | |
| Contributions from government | XX | XX |
| Total contributed capital | XX | XX |
| Retained earnings: | | |
| Reserved for revenue bond indentures | XX | XX |
| Unreserved | XX | XX |
| Total retained earnings | XX | XX |
| Total fund equity | XX | XX |
| Total liabilities and fund equity | $XX | $XX |

Enterprise District
Comparative Statement of Revenues, Expenses and Changes
In Retained Earnings
For the Fiscal Years Ended June 30, 19 x 2 and 19 x 1

| | 19 x 2 | 19 x 1 |
|---|---|---|
| Operating revenues: | | |
| Charges for services | $XX | $XX |
| Sales | XX | XX |
| Total operating revenues | XX | XX |
| Operating expenses: | | |
| Costs of services | XX | XX |
| Costs of sales | XX | XX |
| Administration and general | XX | XX |
| Depreciation | XX | XX |
| Total operating expenses | XX | XX |
| Non-operating revenues (expenses) | | |
| Interest | XX | XX |
| Taxes | XX | XX |
| Interest expense | (XX) | (XX) |
| Total non-operating revenues (expenses) | XX | XX |
| Net income | XX | XX |
| Retained earnings at beginning of year | XX | XX |
| Retained earnings at end of year | $XX | $XX |

Enterprise District
Comparative Statement of Cash Flows
For the Year Ended June 30, 19X2 and 19X1
Increase (Decrease) in Cash

| | 19 x 2 | | 19 x 1 | |
|---|---|---|---|---|
| Cash flows from operating activities: | | | | |
| Cash received from customers | $XX | | $XX | |
| Cash payments to suppliers for goods and services | (XX) | | (XX) | |
| Cash payments to employees for services | (XX) | | (XX) | |
| Net cash provided by operating activities | | $XX | | $XX |
| Cash flows from noncapital financing activities: | | | | |
| Operating grants received | XX | | XX | |
| Operating transfers-out to other funds | (XX) | | (XX) | |
| Net cash provided by noncapital financing activities | | XX | | XX |
| Cash flows from capital and related financing activities: | | | | |
| Proceeds from sale of revenue bonds | $XX | | $XX | |
| Acquisition and construction of capital assets | (XX) | | (XX) | |
| Principal paid on revenue bond maturities | (XX) | | (XX) | |
| Interest paid on revenue bonds | (XX) | | (XX) | |
| Net cash used for capital and related financing activities | | (XX) | | (XX) |
| Cash flows from investing activities: | | | | |
| Purchase of investment securities | $(XX) | | $(XX) | |
| Interest and dividends on investments | XX | | XX | |
| Net cash used in investing activities | | (XX) | | (XX) |
| Net decrease in cash | | (XX) | | (XX) |
| Cash at beginning of year | | XX | | XX |
| Cash at end of year | | $XX | | $XX |
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income (loss) | | $XX | | $XX |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | $XX | | $XX | |
| Change in assets and liabilities: | | | | |
| Increase in accounts receivable | (XX) | | (XX) | |
| Decrease in inventory | XX | | XX | |
| Increase in accounts payable | XX | | XX | |
| Total adjustments | | XX | | XX |
| Net cash provided by operating activities | | $XX | | $XX |

## Notes to the Financial Statements

The National Council on Governmental Accounting's Interpretation #6 (referenced in the 1987 GASB Codification) states "the notes to the financial statements are intended to communicate information that is necessary for a fair presentation at the General Purpose Financial Statements (GPFS) level that is not readily apparent from, or cannot be included in, the GPFS themselves. The notes to the financial statements are an integral part of the GPFS and are intended to be read with the GPFS.

The notes to the financial statements essential to fair presentation at the GPFS level include, as appropriate:

A. Summary of significant accounting policies

1. Criteria used in determining the scope of the reporting entity and the component units combined to form the reporting entity (see NCGA Statement 3 referenced in the 1987 GASB Codification.)

2. Basis of presentation - fund accounting

   a. Fund categories

3. Basis of accounting

   a. Enterprise approach - accrual basis

4. Budgetary data

   a. General budget policies

   b. Budget basis of accounting

5. Assets, liabilities and fund equity

   Disclosure of valuation bases, policy for reporting infrastructure assets and significant or unusual accounting treatment for material account balances or transactions. These should be described in order of appearance on the balance sheet.

6. Revenues and expenses

   a. Significant accounting policies for material revenue and expenses

   b. Property tax revenue recognition

   c. Vacation, sick leave and other compensated absences (see NCGA Statement 4 referenced in the 1987 GASB Codification.)

B. Cash deposits with financial institutions

C. Investments

D. Significant contingent liabilities

E. Significant effects of subsequent events

F. Pension plan obligations

G. Material violations of finance-related legal and contractual provisions

H. Debt service requirements to maturity

I. Commitments under noncapitalized leases

J. Construction and other significant commitments

K. Deficit retained earnings

L. Interfund receivables and payables

The above notes to the financial statements disclosures are not all-inclusive, and additional disclosures should be made if applicable. For example, such additional disclosures may include the following:

A. Claims and judgments

B. Property taxes

C. Segment information for enterprise funds

D. Short-term debt instruments and liquidity

E. Related party transactions

F. Capital leases

G. Contingencies

H. Joint ventures

I. Special termination benefits

J. Extinguishments of debt

K. Grants, entitlements, and shared revenues

L. Nature of total column use in combined financial statements

M. Methods of estimation of fixed asset costs

The suggested areas to be considered for notes to the financial statements disclosures, as listed above, are neither all-inclusive nor intended to replace professional judgment in determining disclosure necessary for fair presentation in the circumstances."

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# CHAPTER "B"

# UNIFORM SYSTEM OF ACCOUNTS

# FOR PUBLIC TRANSIT OPERATORS

STATE CONTROLLER

DIVISION OF ACCOUNTING AND REPORTING

# UNIFORM SYSTEM OF ACCOUNTS FOR PUBLIC TRANSIT OPERATORS

## 5100 General


5101 Application
5102 Legal Reference
5103 Purpose
5104 Governmental Grants
5105 Account Numbers
5106 Subaccounts
5107 Purchased or Contracted Service
5108 Specialized Service
5109 Farebox Recovery Ratio
5110 Classification of Transit Systems
5111 Relation to Urban Mass Transportation Agency Accounts
5112 Disposal of Fixed Assets


## 5200 Accounts


5201 Chart of Accounts
5202 Description of Accounts

# UNIFORM SYSTEM OF ACCOUNTS FOR PUBLIC TRANSIT OPERATORS

## 5100 GENERAL

### 5101 Application

The system of accounting herein described shall be used by all public agencies engaged in the operation of a public transit system in the State of California, hereinafter referred to as an operator. This includes a California City, a California County, a California Special District, and a public entity, agency, board, etc. as defined in Government Code Section 12463.1.

The system is prescribed to comply with Government Code Section 53891 and Public Utilities Code Section 99243.

### 5102 Legal Reference

An outline of the requirements detailed in this Division is located in section 1071.1 - 1073.8 of the California Administrative Code.

### 5103 Purpose

The purpose of this system of accounts and procedures is to furnish a common accounting and reporting framework which is flexible enough to prepare financial statements in accordance with generally accepted accounting principles and prepare the Annual Report of Financial Transactions of Transit Operators as required by the State Controller's Office.

### 5104 Governmental Grants

Grants, subventions, and provisions from the Federal, State, or Local Government utilized for either operations, acquisition of equipment, or other capital outlay at the discretion of the recipient transit operator should be recognized as revenues when the grantor has accepted and approved the grant application and all the terms and conditions of the grant requirements have been complied with.

Memo records should be started for each grant not later than the date of the grant application. These records should be maintained on a current basis and reviewed before the books are closed at the end of the fiscal year to ascertain that the applicable revenue and receivable accounts have been recorded and the requisition for the funds have been mailed.

### 5105 Account Numbers

Code numbers are shown for each account primarily for reference purposes. While the numbers are considered appropriate and may be used, each operator is free to devise a coding system suitable to its individual needs. Account titles, however, are required.

GENERAL

5106 Subaccounts

Basic accounts listed in Section 5201 represent minimum accounting and reporting classifications. Within these classifications, operators may account in as much detail as desired through subaccounts. Each subaccount must be keyed to a prescribed account either by title or code number.

5107 Purchased or Contracted Service

Transit service claimants contracting for transportation service and receiving Transportation Development Act Funds for such services, shall include in "operating costs" and "fare revenues" the amount of fare revenues that are received by the entity providing the service (service provider) and not transferred to the claimant. This will ensure the claimant has included all costs and revenues when determining operating ratios for state subvention purposes.

5108 Specialized Services

Operators providing specialized services exclusively for the elderly, handicapped, charter, or ridesharing services must maintain separate revenues and expenses for each of these services. This will facilitate computing the operating ratio requirements of the Transportation Development Act.

5109 Farebox Recovery Ratio

Under the Transportation Development Act, in order to be eligible for funds, an operator is required to maintain a specified ratio of fare revenues to operating costs. The fare revenues used in this ratio are those in account object classes 401.000 through 403.000. The operating cost used for computing this ratio are defined in Public Utilities Code Sections 99247, 99268.16 and 99268.17 as all costs in the operating expense object classes of this accounting system less the costs in the depreciation and amortization expense object classes and excluding all subsidies for commuter rail services, direct costs for providing charter services, all vehicle lease costs, the costs of providing ridesharing services as defined in Public Utilities Code Section 99211.5, liability and casualty insurance premiums, and settlement of claims arising out of the operator's liability.

Per Public Utilities Code Section 99268.19, if fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost, an operator may satisfy that requirement by supplementing its fare revenues with local funds. "Local funds" means revenues derived from taxes imposed by the operator or a county transportation commission created pursuant to Division 12 (commencng with Secton 13000) of the Public Utilities Code.

## GENERAL

### 5110 Classification of Transit Systems

Public transit consists of many individual transit systems offering varying services and modes of operations. In order to achieve the desired uniformity in the system of accounts and records and in the reporting system, it is necessary that all systems having similar services and mode(s) of operation meet the same accounting and reporting requirements. Therefore, separate accounts and records must be maintained for each type of service (e.g., general public or specialized service: elderly and handicapped, charter, or ridesharing) and for each mode of operation. The modes recognized in the system described herein are defined below. A multi-mode transit system is one operating two or more of the following modes:

Rail Rapid Transit: High-speed, passenger rail cars operating singly or in trains of two or more cars on fixed rails in separate rights-of-way from which all other vehicular and foot traffic is excluded. The tracks may be located in underground tunnels, on elevated structures, in open cut or at surface level. There are very few, if any, crossings of streets and roads at track level, and rail traffic has the right-of-way at such intersections. The cars are driven electrically with the power being drawn from an overhead electric line or from an electrified third rail.

Light Rail - Streetcar: Passenger rail cars operating singly (or in short, usually two-car, trains) on fixed rails in right-of-way that is not separated from other traffic for much of the way. Streetcars do not necessarily have the right-of-way at at-grade crossings with other traffic. Streetcars are driven electrically with the power being drawn from an overhead electric line via a trolley or a pantograph.

Trolleybus: Rubber-tired passenger vehicles operating singly on city streets. These buses are driven electrically with the power being drawn from an overhead electric line via trolleys.

Motor Bus: Rubber-tired passenger vehicles operating singly on city streets. These buses are powered by fuel contained within the bus; they are, therefore, not restricted to operating on a fixed route.

Demand Response: Rubber-tire passenger vehicles operated on city streets, propelled by gas, gasoline or diesel engines, equipped to provide personal demand transit service, normally upon dispatch, and used exclusively for this service.

Ferryboat: A vessel for carrying passengers and/or vehicles over a body of water. The vessels are generally steam or diesel-powered conventional ferry vessels. There may also be hovercraft, hydrofoil and other high-speed vessels.

## GENERAL

5110 Classification of Transit Systems (Continued)

Other: Other modes of transit service such as cable cars, personal rapid transit systems of varying designs, monorails, incline railways, etc., not covered in the above categories.

5111 Relation to Urban Mass Transportation Agency Accounts

The Uniform System of Accounts of the Urban Mass Transportation Agency is the guide for this system. Accounts have been added or deleted and policies have been modified as deemed necessary to recognize generally accepted accounting principles and state reporting requirements.

5112 Disposal of Fixed Assets

Accounting for the sale, retirement or casualty loss of a fixed asset should be made by removing the cost or recorded value of the loss of the fixed asset and the related accumulated depreciation from the property and valuation accounts. A gain or loss should then be recognized by measuring the difference between the book value removed and the proceeds received from the sale, salvage or insurance. The gain or loss is posted to account 516.000 - Gain/Loss on Disposal of Fixed Assets.

## 5200 ACCOUNTS

### 5201 Chart of Accounts

### BALANCE SHEET ACCOUNTS

### ASSETS & OTHER DEBITS

#### Current Assets

101.000 Cash and Cash Items
102.000 Receivables
103.000 Materials and Supplies Inventory
104.000 Other Current Assets

#### Fixed Assets

105.000 Work In Process
111.000 Tangible Transit Operating Property
.001 - Tangible Transit Operating Property Acquired with Operator Funds
.002 - Tangible Transit Operating Property Acquired by Capital Grants from Federal, State, or Transportation Development Act Sources

111.030 Accumulated Depreciation
.031 - Accumulated Depreciation of Tangible Transit Operating Property Acquired with Operator Funds
.032 - Accumulated Depreciation of Tangible Transit Operating Property Acquired by Capital Grants from Federal, State, or Transportation Development Act Sources

112.000 Tangible Property Other than for Transit Operations
.020 - Accumulated Depreciation of Tangible Property Other than for Transit Operations
121.000 Intangible Assets
.060 - Accumulated Amortization

#### Long-Term, Restricted, & Other Assets

131.000 Investments
141.000 Special Funds
151.000 Other Assets

## LIABILITIES

### Current Liabilities

201.000 Trade Payables
202.000 Accrued Payroll Liabilities
203.000 Accrued Tax Liabilities
204.000 Short-Term Debt
205.000 Other Current Liabilities

### Long-Term Liabilities & Other Credits

211.000 Advances Payable
221.000 Long-Term Debt
231.000 Estimated Liabilities
241.000 Deferred Credits

## CAPITAL

### Contributed Capital

301.000 Public (Governmental) Entity Ownership
304.000 Grants, Donations and Other Paid-In Capital
.010 - Federal Government Capital Grants
.019 - Depreciation Expense Accumulated
.020 - State Government Capital Grants
.029 - Depreciation Expense Accumulated
.030 - Local Government Capital Grants
.039 - Depreciation Expense Accumulated
.040 - Non-Governmental Donations and Other Paid-In-Capital
.049 - Depreciation Expense Accumulated

### Retained Earnings

305.000 Accumulated Earnings (Losses)
.010 - Accumulated Earnings (Losses) - Unrestricted
.030 - Accumulated Earnings (Losses) - Restricted

# PUBLIC TRANSIT OPERATORS
## NOMINAL ACCOUNTS

## REVENUES

### Operating Revenues

401.000 Passenger Fares for Transit Service
402.000 Special Transit Fares
403.000 School Bus Service Revenues
404.000 Freight Tariffs
405.000 Charter Service Revenues

### Non-Operating Revenues

406.000 Auxiliary Transportation Revenues
407.000 Nontransportation Revenues
408.000 Taxes Levied Directly by Transit System
.010 - Property Tax Revenue
.020 - Sales Tax Revenue
.990 - Other Tax Revenue
409.000 Local Cash Grants and Reimbursements
.010 - General Operating Assistance
.991 - Other Financial Assistance - Local Transportation Fund
.992 - Motor Vehicle Fuel Tax
.993 - Local Article XIX Guideway Funds
.994 - Special District Augmentation Fund
.995 - Other Financial Assistance - Transaction and Use Tax
410.000 Local Special Fare Assistance
411.000 State Cash Grants and Reimbursements
.991 - Homeowners Property Tax Relief
.993 - Article XIX Guideway Funds
.994 - State Transit Assistance Fund
.995 - Transportation Planning & Development (TP & D) Guideway Fund (P.U.C. 99317)
.996 - Other State Provisions and Grants
412.000 State Special Fare Assistance
413.000 Federal Cash Grants and Reimbursements
.010 - General Operating Assistance - UMTA Section 9
.012 - UMTA Section 18
.040 - Special Demonstration Project Assistance
.990 - Other Financial Assistance
430.000 Contributed Services
.010 - State and Local Government
.020 - Contra Account for Expense
440.000 Subsidy from Other Sectors of Operations

### Capital

464.000 Capital Grants, Subventions and Provisions
.010 - Federal Capital Grants
.020 - State Capital Grants and Subventions
.030 - Local Capital Provisions
.040 - Non-Governmental Donations

## EXPENSES

### Expense - Operating Functions

010.000.000 Operations
041.000.000 Vehicle Maintenance
042.000.000 Non-Vehicle Maintenance
160.000.000 General Administration

### Operating Expenses

501.000 Labor
.010 - Operators Salaries and Wages
.020 - Other Salaries and Wages
502.000 Fringe Benefits
503.000 Services
504.000 Materials and Supplies Consumed
.010 - Fuels and Lubricants
.020 - Tires and Tubes
.990 - Other Materials and Supplies
505.000 Utilities
506.000 Casualty and Liability Costs
507.000 Taxes
508.000 Purchased Transportation Service
509.000 Miscellaneous Expense
510.000 Expense Transfers
511.000 Interest Expense
512.000 Leases and Rentals
.040 - Leases and Rentals - Vehicles
.990 - Leases and Rentals - Other Capital Assets
513.000 Depreciation and Amortization
.001 - Depreciation and Amortization - Property Acquired with District (Operator) Funds
.002 - Depreciation and Amortization - Property Acquired with Capital Grant Funds

## OTHER RECONCILING ITEMS

516.010 Gain on Disposal of Fixed Assets
516.020 Loss on Disposal of Fixed Assets

## 5202 Description of Accounts

### ASSETS & OTHER DEBITS

| Account | Description |
|---|---|
| **Current Assets:** | |
| 101.000 Cash and Cash Items | This category covers cash on hand and in banks available for the liquidation of operator liabilities, including special deposits for which a current liability exists. Optional subaccounts may include:<br><br>Cash<br>Imprest Cash<br>Special Deposits<br>Temporary Investments |
| 102.000 Receivables | This category covers amounts owed to the operator by other parties, including grants receivable. Optional subaccounts may include:<br><br>Accounts Receivable<br>Notes Receivable<br>Interest and Dividends Receivable<br>Receivables for Capital Grants<br>Receivables for Operating Assistance<br>Other Receivables<br>Reserve for Uncollectible Accounts |
| 103.000 Materials & Supplies Inventory | This category covers the cost of all unapplied materials and supplies including tools, repair parts, fuel, etc. The cost shall include 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 shall also include sales and excise taxes, except for such taxes on fuel and lubricants, on the material and supplies included in the account. If the "inventory method" of accounting for repairable items is used, this category will also include the value at which the repaired items are to be held and eventually reissued for use. |

## ASSETS & OTHER DEBITS

| Account | | Description |
|---|---|---|
| **Current Assets (continued):** | | |
| 104.000 | Other Current Assets | This category covers the amount of all assets of a current nature not includable in any of the foregoing current asset accounts, 101.000 through 103.000. The nature of current assets is such that they are convertible to cash within one year of the balance sheet date. |
| **Fixed Assets:** | | |
| 105.000 | Work In Process | This category covers labor, materials, interest and overhead amounts applied to projects not yet completed or placed in service. |
| 111.001 | Tangible Transit Operating Property Acquired with Operator Funds | This category covers transit operating property purchased from the operating funds and having an expected life in service of more than one year at the time of its installation and a unit cost greater than the operator's capitalization cutoff. See Appendix B. Transit operating property is that property used in providing urban mass transit services. It includes the rolling stock, maintenance facilities, general administration buildings and equipment, etc., that are used to support the provision of transit services. |
| 111.002 | Tangible Transit Operating Property Acquired by Capital Grants from Federal, State, or Transportation Development Act Sources | This category covers transit operating property purchased with capital grant funds and having an expected life in service of more than one year at the time of its installation and a unit cost greater than the operator's capitalization cutoff. See Appendix B. Transit operating property is that property used in providing urban mass transit services. It includes the rolling stock, maintenance facilities, general administration buildings and equipment, etc., that are used to support the provision of transit services. |

## ASSETS & OTHER DEBITS

| Account | | Description |
|---|---|---|
| **Fixed Assets (continued):** | | |
| 111.031 | Accumulated Depreciation of Tangible Transit Operating Property Acquired with Operator Funds | The cumulative depreciation charges since time of acquisition for all of the tangible transit operating property items purchased by the transit system from operating funds. |
| 111.032 | Accumulated Depreciation of Tangible Transit Operating Property Acquired by Capital Grants from Federal, State, or Transportation Development Act Sources | The cumulative depreciation charges since time of acquisition for all of the tangible transit operating property items purchased by the operator from grant funds. |
| 112.000 | Tangible Property Other than for Transit Operations | This category covers tangible property owned by the operator but not used in transit operations. This property has an expected life in service of more than one year at the time of installation and a unit cost greater than the operator's capitalization cutoff. It includes property being used in some operations other than transit service and property not being used in any operations. |
| 112.020 | Accumulated Depreciation of Tangible Property Other Than For Transit Operations | The cumulative depreciation charges since the time of acquisition for all of the tangible property items covered in category category 112.000. |
| 121.000 | Intangible Assets | This category covers the intangible rights and benefits accruing to the operator with a value enduring through a period of time longer than one year. |
| 121.060 | Accumulated Amortization | The cumulative amortization charges since the time of acquisition for all of the intangible assets recorded in category 121.000. |

## ASSETS & OTHER DEBITS

| Account | | Description |
|---|---|---|
| **Long-Term, Restricted, & Other Assets:** | | |
| 131.000 | Investments | This category covers investments of transit system funds in the operation of other entities for purposes other than the temporary investment of surplus cash. |
| 141.000 | Special Funds | This category covers cash, near cash items and other assets whose use is restricted to satisfying a specific class of transit system long-term obligations. This restricted asset account may include such funds as "Sinking Funds" for the procurement of serial bonds, "Captial Asset Funds" for the acquisition of depreciable property, or "Pension Funds" to provide for employees' pensions, relief, savings, and hospital benefits accruing to employees for performance of their labor services. |
| 151.000 | Other Assets | This category covers the assets not properly included in major categories 101.000 through 141.000. |

## LIABILITIES

| Account | | Description |
|---|---|---|
| **Current Liabilities:** | | |
| 201.000 | Trade Payables | This category covers obligations to pay for purchases of goods and services, which will be liquidated within one year. This account includes payables for use of property, amounts due to other governments, personal injury and property damage claims and other similar items. |
| 202.000 | Accrued Payroll Liabilities | This category covers obligations to pay for the labor services rendered by employees of the transit system, including deductions from employees' wages for Social Security, income taxes and other similar items. |
| 203.000 | Accrued Tax Liabilities | This category covers obligations to pay taxes (income, property, payroll, etc.) which have accrued during the accounting period. |
| 204.000 | Short-Term Debt | This category covers obligations to repay borrowings for periods of less than one year and current maturities of longer term transactions. Optional subaccounts may include:<br><br>Notes Payable - the face value of outstanding obligations in the form of notes, drafts, acceptances and other similar items of indebtedness payable within one year;<br><br>Matured Long-Term Obligations - the amount of bonds, equipment obligations, including obligations maturing serially or payable in installments within one year;<br><br>Matured Interest Payable - the amount of matured and unpaid interest on obligations;<br><br>Accrued Interest Payable - the amount of interest accrued to the date of the balance sheet; |

## LIABILITIES

| Account | | Description |
|---|---|---|
| **Current Liabilities (Continued):** | | |
| 204.000 | Short-Term Debt (Continued) | Current Pension Liabilities - the amount to paid within one year to retired employees, their beneficiaries or a trustee of a pension fund for pension benefits accruing to employees for their labor services. |
| 205.000 | Other Current Liabilities | This category covers miscellaneous obligations of the transit system due within one year and not properly includable in categories 201 through 204. This account also includes the amount of obligation to provide transit service upon the redemption of tickets or tokens in the possession of patrons; or the amount of construction retentions scheduled as due within one year. |
| **Long-Term Liabilities:** | | |
| 211.000 | Advances Payable | This category covers longer term obligations of the operator evidenced by open accounts and notes rather than by more conventional long-term debt instruments, such as equipment obligations, bonds, etc. |
| 221.000 | Long-Term Debt | This category covers obligations of the operator due after one year from the current period ending date and evidenced by formal long-term debt instruments such as equipment obligations, bonds, etc. Subaccounts may include:<br><br>Equipment Obligations - the face value of equipment obligations issued by the transit system which will mature more than one year from the current period. 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; |

## LIABILITIES

| Account | Description |
|---|---|
| Long-Term Liabilities (Continued): | |
| 221.000 Long-Term Debt (Continued) | Bonds - the face value of bonds issued by the transit system which will mature more than one year. Unsecured debentures and general revenue bonds are to be included in this category;<br><br>Receivers' and Trustees' Securities - the par value of evidences of indebtedness issued or assumed by receivers or trustees acting under the orders of a court;<br><br>Long-Term Construction Liabilities - the amount of construction retentions scheduled as due more than one year;<br><br>Unamortized Debt Discount and Expense - the unamortized discount and expense incurred in connection with the issuance of long-term debt instruments;<br><br>Unamortized Premium on Debt - The amount of unamortized premium incurred in connection with the issuance of long-term debt instruments. |
| 231.000 Estimated Liabilities | This category covers amount which have been established and segregated as estimates of future liabilities. This includes:<br><br>Long-Term Pension Liabilities - the estimated liabilities, due more than one year, to make payments to employees, their beneficiaries, or a trustee of a pension fund for pension benefits accruing to employees for their labor services;<br><br>Uninsured Public Liability and Property Damage Losses - the estimated amounts required from which to pay settlements for injuries and damages to the person or property of others which are not covered by outside insurance. |
| 241.000 Deferred Credits | This category covers credit balances in suspense accounts that cannot be entirely cleared and disposed of until additional information is received, and other items of deferred nature. |

CAPITAL

| Account | | Description |
|---|---|---|
| Contributed Capital: | | |
| 301.000 | Public (Governmental) Entity Ownership | This category represents the capital invested to acquire the ownership of the transit system if it is organized as a public entity, such as a transit department of a municipal government, an independent regional transit authority or district, a transit operating entity of a state government, etc. |
| 304.010 | Grants, Donations and Other Paid-In Capital-Federal Government Capital Grants | This account includes the amount received from agencies of the Federal government to assist the procurement of capital assets, i.e., generally the items includable in in category 111.002 - Tangible Transit Operating Property Acquired by Capital Grants. |
| 304.019 | Federal Government Capital Grants - Depreciation Expense Accumulated | This category covers the depreciation expenses accumulated for all of the tangible transit operating property items purchased by the operator from federal capital grants. |
| 304.020 | Grants, Donations and Other Paid-In Capital-State Government Capital Grants | The amount received from agencies of state governments that are independent of the transit system to assist the procurement of capital assets, i.e., generally the items includable in category 111.002 - Tangible Transit Operating Property Acquired by Capital Grants. Subaccounts Include:<br><br>Article XIX Guideway Funds - Include the amount received from the State portion of Article XIX Guideway Funds;<br><br>State Transit Assistance Funds - Include the amount received from the State Transit Assistance Fund that is restricted for capital purchases or construction;<br><br>Transportation Planning and Development Account (TP&D) - Include the amount received from the TP&D account that is restricted for capital improvement projects pursuant to P.U.C. 99317; |

CAPITAL

| Account | | Description |
|---|---|---|
| Contributed Capital (Continued): | | |
| 304.020 | Grants, Donations and other Paid-In Capital-State Government Capital Grants (Continued) | Other State Provisions and Grants - The amounts received from any state source that is restricted for capital acquisition purposes and not includable in any of the above categories. |
| 304.029 | State Government Capital Grants - Depreciation Expense Accumulated | This category covers the depreciation expenses accumulated for all of the tangible transit operating property items purchased by the operator from state grant funds. |
| 304.030 | Grants, Donations and Other Paid-In Capital-Local Government Capital Grants | The amount received from agencies of county, municipal or other political subdivision governments that are independent of the transit system to assist the procurement of capital assets, i.e., the items includable in category 111.002 - Tangible Transit Operating Property Acquired by Capital Grants. Subaccounts include:<br><br>Local Transportation Fund - Include the amount received from the Local Transportation Fund that is restricted for capital purchases or construction;<br><br>Local Article XIX Guideway Funds - Include the amount from the local portion of Article XIX Guideway Funds;<br><br>Motor Vehicle Fuel Tax - Include the amount received from a locally imposed 1¢ tax on motor vehicle fuels pursuant to Public Utilities Code 99500 for the procurement of capital assets.<br><br>Other Local Provisions - The amounts received from any local source that is restricted for capital acquisition purposes and not includable in any of the above categories. |

CAPITAL

| Account | | Description |
|---|---|---|
| Contributed Capital (Continued): | | |
| 304.039 | Local Government Capital Grants - Depreciation Expense Accumulated | This category covers the depreciation expenses accumulated for all of the tangible transit operating property items purchased by the operator from local capital provisions. |
| 304.040 | Grants, Donations and Other Paid-In-Capital-Non-Governmental Donations and Other Paid-In Capital | The amount received as gifts, bequests, donations, etc., from nongovernmental parties to assist the procurement of capital assets, i.e., generally the items includable in category 111.002 - Tangible Transit Operating Property Acquired by Capital Grants. |
| 304.049 | Non-Governmental Donations and Other Paid-In Capital - Depreciation Expense Accumulated | This category covers the depreciation expenses accumulated for all of the tangible transit operating property items purchased by the operator from non-governmental donations and other paid-in capital. |
| Retained Earnings: | | |
| 305.010 | Accumulated Earnings/ (Losses) - Unrestricted | The cumulative income or deficit transferred from the income statement to the balance sheet at the close of each accounting period. This category reflects the net cumulative results of operations accruing to the transit system. |
| 305.030 | Accumulated Earnings/ (Losses) - Restricted | The amount of accumulated earnings that has been restricted for specific purposes such as various contingency reserves, etc. |

REVENUES

| Account | Description |
|---|---|
| Operating Revenues: | |
| 401.000 Passenger Fares for Transit Service | This category covers revenue earned from carrying passengers along regularly scheduled routes. Each revenue object class is to include the base fare, zone premiums, express service premiums, extra cost transfers and quantity purchase discounts applicable to the passenger's ride. Passenger fares include:<br><br>Full Adult Fares - revenues earned from carrying passengers who pay the full adult fare;<br><br>Senior Citizens Fares - revenues earned from carrying passengers who pay a special, reduced fare because they are older than a prescribed limit;<br><br>Student Fares - revenues earned from carrying passengers who pay a special, reduced fare because they are enrolled in an educational institution;<br><br>Child Fares - revenues earned from carrying passengers who pay a special, reduced fare because they are younger than a prescribed age limit;<br><br>Handicapped Fares - revenues earned from carrying passengers who pay a special, reduced fare because they are physically handicapped;<br><br>Parking Lot Revenues - revenues earned from parking fees paid by passengers who drive to "park and ride" parking lots operated by the transit operator in order to utilize transit service. Revenues earned from parking lots which are not "park and ride" should be posted to account 407.000 - Nontransportation Revenues; |

REVENUES

| Account | | Description |
|---|---|---|
| Operating Revenues (Continued): | | |
| 401.000 | Passenger Fares for Transit Service (Continued) | Other Primary Rides Fares - revenues earned from carrying passengers who pay a special, reduced fare for some reason other than those specified above. |
| 402.000 | Special Transit Fares | This category covers revenues earned for rides given in regular transit service, but paid for by some organization rather than by the rider; and for rides given along special routes for which revenues may be guaranteed by a beneficiary of the service. This includes:<br><br>Special Route Guarantees - the amounts paid by industrial firms, shopping centers, public and private universities, etc., to guarantee a minimum revenue on a line operated especially for the benefit of the payer. To qualify as a special route guarantee the following conditions must be met:<br><br>(A) Payments must be made to the operator (or to a service provider for entities purchasing service) by an entity other than the operator or the service provider. The payment must be made under a contractual arrangement between the operator or the service provider and the paying entity.<br><br>(B) The payment must be made to guarantee a minimum revenue on a specific route. Payments on a per-rider basis would not constitute a route guarantee. |

REVENUES

| Account | Description |
|---|---|
| Operating Revenues (Continued): | |
| 402.000 Special Transit Fares (Continued) | (C) The route for which revenue is guaranteed must be operated especially for the benefit of the paying entity. The paying entity may either be a public or private entity (e.g. an industrial firm, shopping center, university, etc.). However, this category does not include general operating assistance or "purchase of service" payments from units of local governments. Such payments would be included in revenue object class 409.010 - Local Cash Grants and Reimbursements - General Operating Assistance. |

Special Contract Fares - revenues earned under contractual arrangements with state or local governments or nongovernmental entities for transit fares other than those arrangements specified in "Special Route Guarantees". To qualify as a special contract fare the following conditions must be met:

(A) Payments must be made to the operator (or to a service provider for entities purchasing service) by an entity other than the operator or the service provider. The payment must be made under a contractual arrangement between the operator or the service provider and the paying entity.

(B) The payment must be made to pay the full fare for a specified class of passengers for whom the paying entity is acting as an agent. This means there must be no charge to passengers in the specified class and no limit to the number of rides that may be taken by them. The specified class of passengers may be narrowly defined or, for example, so broadly defined as to include all residents of a given area.

REVENUES

| Account | | Description |
|---|---|---|
| Operating Revenues (Continued): | | |
| 402.000 | Special Transit Fares (Continued) | (C) The payment must be for a fixed amount (lump sum) established at the beginning of the contract period. The amount may not vary with the quantity of service actually provided. The payment may not, for example, be on a per-rider basis.<br><br>(D) The payment may not be made to reserve the vehicle(s) exclusively for members of the specified class of passengers. That would constitute a charter service which should be posted to revenue object class 405.000 - Charter Service Revenues.<br><br>Non-Contract Special Service Fares - revenues earned by providing rides on services other than regularly scheduled routes (e. g. sporting events, sight-seeing, etc.), where revenues are not guaranteed on a contractual basis, including the fares paid directly by passengers on such services. |
| 403.000 | School Bus Service | This category covers amounts paid by schools under school bus contracts for the operation of buses exclusively to carry children to and from their schools. |
| 404.000 | Freight Tariffs | This category covers revenues earned from carrying freight on runs whose primary purpose is passenger operations. |
| 405.000 | Charter Service Revenues | This category covers revenue earned from operating vehicles under charter contracts. |

REVENUES

| Account | | Description |
|---|---|---|
| Non-Operating Revenues: | | |
| 406.000 | Auxiliary Transportation Revenues | This category covers revenues earned from operations closely associated with transportation operations. This includes advertising revenues from displaying advertising materials on transit system vehicles and property. |
| 407.000 | Nontransportation Revenues | This category covers revenues earned from activities not associated with the provisions of the operator's transit services. This includes:<br><br>Rental of Revenue Vehicles - revenues earned from leasing transit system revenue vehicles to some other operator;<br><br>Rental of Buildings and Other Property - revenues earned from leasing transit system buildings and property to other organtions;<br><br>Investment Income - revenues earned from investing available funds in marketable securities. (This 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);<br><br>Parking Lot Revenues - revenues earned from parking fees generated from parking lots not normally used as "park and ride" locations. |
| 408.000 | Taxes Levied Directly by the Transit System | These categories cover tax revenues to transit systems that are organized as independent political subdivisions with their own taxation authority. Revenues to transit systems that come from local, state, or federal governments and have been raised through the taxing authority of the grantor governmental unit (which is not synonymous with the transit system) are covered in categories 409 through 412. |

REVENUES

| Account | | Description |
|---|---|---|
| Non-Operating Revenues (Continued): | | |
| 408.010 | Taxes Levied Directly by the Transit System - Property Tax Revenue | The revenue earned by taxing the property within the political subdivision constituting the transit system. |
| 408.020 | Taxes Levied Directly by the Transit System - Sales Tax Revenue | The revenue earned by taxing sales of goods and/or services that occur within the political subdivision constituting the transit system. This account should not include any of the Transportation Development Act 1/4¢ sales tax (Local Transportation Fund) which must be recorded in account 409.991; this account also should not include transactions and use tax revenues raised through the taxing authority of another local government which must be recorded in account 409.995. |
| 408.990 | Taxes Levied Directly by the Transit System - Other Tax Revenue | The revenue earned by taxation on some basis other than those specified in categories 408.010 through 408.020 when the taxing authority is the transit system. |
| 409.000 | Local Cash Grants and Reimbursements | This category covers funds obtained from local government units to assist in paying the cost of operating transit services. (The local government units are those not synonymous with the transit system; revenues for these units are covered in Category 408.) The breakdown of local government grants and reimbursements to the sub-categories is to be based on the factor that determines the amount of the grant or reimbursement. |
| 409.010 | Local Cash Grants and Reimbursements - General Operating Assistance | The receipt or accrual of local government payments to help cover the operating costs of providing transit services. This category covers general operating assistance, not that based on special fares or certain expense items as described in the following categories. It includes "purchase of service" payments from local government units. |

REVENUES

| Account | | Description |
|---|---|---|
| Non-Operating Revenues (Continued): | | |
| 409.991 | Local Cash Grants and Reimbursements - Other Financial Assistance - Local Transportation Fund | This category covers revenues earned from the Local Transportation Fund for general operating assistance in accordance with the Transportation Development Act as amended to date. Local Transportation Funds which are restricted solely for capital purposes should be posted to account 464.000 - Capital Grants. |
| 409.992 | Local Cash Grants and Reimbursements - Motor Vehicle Fuel Tax | This category applies to agencies that receive funds from a locally imposed 1¢ tax on motor vehicle fuels pursuant to Public Utilities Code 99500. |
| 409.993 | Local Cash Grants and Reimbursements - Local Article XIX Guideway Funds | This category applies to agencies that receive funds from the local portion of Article XIX guideway funds as authorized by Proposition 5 (1974). |
| 409.994 | Local Cash Grants and Reimbursements - Special District Augmentation Fund | This category covers revenues allocated to the operator from the Special District Augmentation Fund as determined pursuant to Revenue and Taxation Code 98.6(b). |
| 409.995 | Local Cash Grants and Reimbursements - Other Financial Assistance-Transaction and Use Tax | This category applies to agencies which receive Transactions and Use Tax monies from another local agency that is authorized to impose such a tax pursuant to Part 1.6 (commencing with Section 7251), Division 2 of the Revenue and Taxation Code. |
| 410.000 | Local Special Fare Assistance | This category covers funds obtained from local government units to help cover the difference between full adult fares and special reduced fares. Subaccounts include:<br><br>Handicapped Citizen Fare Assistance - the receipt or accrual of local government payments to help cover the difference between full adult fares and handicapped rider fares; |

REVENUES

| Account | | Description |
|---|---|---|
| Non-Operating Revenues (Continued): | | |
| 410.000 | Local Special Fare Assistance (Continued) | Senior Citizen Fare Assistance - the receipt or accrual of local government payments to help cover the difference between full adult fares and special senior citizen fares;<br><br>Student Fare Assistance - the receipt or accrual of local government payments to help cover the difference between full adult fares and special student fares;<br><br>Other Special Fare Assistance - the receipt or accrual of local government payments to help cover the difference between full adult fares and special reduced fares other than those described above. |
| 411.000 | State Cash Grants and Reimbursements | This category covers funds obtained from state governments to assist in paying the cost of operating transit services. |
| 411.991 | State Cash Grants and Reimbursements - Homeowners Property Tax Relief | This category covers revenues earned from the Homeowners Property Tax Relief apportioned by the County Auditor. |
| 411.993 | State Cash Grants and Reimbursements - Article XIX Guideway Funds | This category applies to agencies that receive funds from the State portion of Article XIX guideway funds as authorized by Proposition 5 (1974). |
| 411.994 | State Cash Grants and Reimbursements - State Transit Assistance Funds | This category covers revenues earned from the State Transit Assistance Fund for general operating assistance in accordance with the Transportation Development Act as amended to date. State Transit Assistance Funds which are restricted solely for capital purposes should be posted to account 464.000 - Capital Grants. |

REVENUES

| Account | | Description |
|---|---|---|
| Non-Operating Revenues (Continued): | | |
| 411.995 | State Cash Grants and Reimbursements - Transportation, Planning and Development (TP & D) | This category includes revenues received pursuant to Public Utilities Code Section 99317 and used for operating purposes rather than capital acquisition or construction. |
| 411.996 | State Cash Grants and Reimbursements - Other State Provisions and Grants | This category covers revenues received from the state for purposes not covered in any specific category in 411.991 through 411.995. |
| 412.000 | State Special Fare Assistance | This category covers funds obtained from the state government to help cover the difference between full adult fares and special reduced fares. Subaccounts include:<br><br>Handicapped Citizen Fare Assistance - the receipt or accrual of state government payments to help cover the difference between full adult fares and handicapped rider fares;<br><br>Senior Citizen Fare Assistance - the receipt or accrual of state government payments to help cover the difference between full adult fares and special senior citizen fares;<br><br>Student Fare Assistance - the receipt or accrual of state government payments to help cover the difference between full adult fares and special student fares;<br><br>Other Special Fare Assistance - the receipt or accrual of state government payments to help cover the difference between full adult fares and special reduced fares other than those above. |
| 413.000 | Federal Cash Grants and Reimbursements | This category covers funds obtained from the federal government to assist in paying the cost of operating transit services. |

REVENUES

| Account | | Description |
|---|---|---|
| Non-Operating Revenues (Continued): | | |
| 413.010 | Federal Cash Grants and Reimbursements - General Operating Assistance - UMTA Section 9 | The receipt or accrual of Federal government payments to help cover the operating costs of providing transit services, including Section 9 funds. This category covers general operating assistance, not that based on special fares or specific expense items as described in the following categories. It includes "purchase of service" payments from federal government units. |
| 413.012 | Federal Cash Grants and Reimbursements - UMTA Section 18 | This category applies to revenue received pursuant to Section 18 of the Urban Mass Transportation Act, and used for operating purposes rather than capital acquisition or construction. |
| 413.040 | Federal Cash Grants and Reimbursements - Special Demonstration Project Assistance | The receipt or accrual of Federal government payments to help cover the operating costs for special demonstration projects. |
| 413.990 | Federal Cash Grants and Reimbursements - Other Financial Assistance | The receipt or accrual of Federal operating assistance not included in categories 413.010 through 413.040. |
| 430.000 | Contributed Services | This category covers the receipt of services (not cash) from another entity where such services benefit transit operations and the transit operator is under no obligation to pay for the services. |
| 430.010 | Contributed Services - State and Local Government | The value of services provided by state and/or local government units at no cost to the transit operator. |

REVENUES

| Account | | Description |
|---|---|---|
| Non-Operating Revenues (Continued): | | |
| 430.020 | Contributed Services - Contra Account for Expense | The value of services provided to the transit operator by another entity where such services benefit transit operations and the transit operator is under no obligation to pay for the services. The amount debited to this account should be equal to the amount of contributed services received by the transit operator and credited to object class 430.010. |
| 440.000 | Subsidy from Other Sectors of Operations | This category covers funds obtained from other non-transit sectors of an operator's operations to help cover the cost of providing transit service. This includes revenues from tolls collected on bridges or tunnels operated by the transit system. |

## CAPITAL

| Account | | Description |
|---|---|---|
| 464.000 | Capital Grants, Subventions and Provisions | This category covers receipts or accruals of funds that are restricted to the purchase of or payment for capital assets.<br><br>These accounts are used for summarizing the current fiscal years earnings of capital. The amounts recorded in these accounts are to be closed into the appropriate Contributed Capital account 304.000. |
| 464.010 | Capital Grants, Subventions and Provisions - Federal | This category covers funds from the Federal government and restricted for capital asset acquisitions. This includes:<br><br>UMTA Section 3 Grants<br>UMTA Section 9 Grants<br>UMTA Section 16(b) 2 Grants<br>UMTA Section 18 Grants<br>Federal Aid Urban Grants<br>Federal Interstate Grants<br>Other Federal Grants |
| 464.020 | Capital Grants, Subventions and Provisions - State | This category covers funds from the state government and restricted for capital asset acquisitions. This includes:<br><br>Article XIX Guideway Funds<br>State Transit Assistance Funds<br>Transportation Planning & Development Guideway (TP & D) Funds (P.U.C. 99317)<br>Other State Provisions and Grants |
| 464.030 | Capital Grants, Subventions and Provisions - Local | This category covers funds from local governments and restricted for capital asset acquisitions. This includes:<br><br>Motor Vehicle Fuel Tax<br>Local Transportation Fund<br>Local Article XIX Guideway Funds<br>Other Local Provisions |
| 464.040 | Capital Grants, Subventions and Provisions - Non-Governmental Donations | This category covers gifts, bequests, donations, etc. that are received from non-governmental parties for capital asset acquisitions. |

## EXPENSES

Expense - Operating Functions:

The expense functions shown are required for each operating mode. Operating expenses should be classified into the following functions as illustrated in the worksheet.

010 Operations - This function pertains to all activities relating to carrying of passengers including dispatching of buses or trains; passenger census for scheduling purposes, supervision of drivers, scheduling of drivers and vehicles and the direct supervision of operations activities.

041 Vehicle Maintenance - This function pertains to the maintenance and repair of vehicles, including revenue, service, maintenance, and administration vehicles.

042 Non-Vehicle Maintenance - This function pertains to maintenance and repair of equipment, buildings and facilities related to the transit system including tracks, tunnels, bridges, subways, maintenance and administration buildings, etc.

160 Administration - This function pertains to costs for policy determination, general management, accounting services, sale of tokens and passes, printing and distributing route information, management transportation and travel expense, etc.

# WORKSHEET FOR FUNCTIONAL DISTRIBUTION OF EXPENSE OBJECT CLASSES

| EXPENSE OBJECT CLASSES | FUNCTIONS FOR DISTRIBUTING EXPENSE OBJECT CLASSES | | | |
|---|---|---|---|---|
| | 010 OPERATIONS | 041 VEHICLE MAINTENANCE | 042 NON-VEHICLE MAINTENANCE | 160 GENERAL ADMINISTRATION |
| 501. LABOR: | | | | |
| 01. Operators' Salaries & Wages..... | X | X | X | X |
| 02. Other Salaries & Wages ..... | X | X | X | X |
| 502. FRINGE BENEFITS: | X | X | X | X |
| 503. SERVICES: | X | X | X | X |
| 504. MATERIALS AND SUPPLIES CONSUMED: | | | | |
| 01. Fuel and Lubricants ..... | X | X | | |
| 02. Tires and Tubes ..... | X | X | | |
| 99. Other Materials and Supplies ..... | X | X | X | X |
| 505. UTILITIES: | | X | X | X |
| 506. CASUALTY AND LIABILITY COSTS: | X | X | X | X |
| 507. TAXES: | X | X | X | X |
| 508. PURCHASED TRANSPORTATION SERVICE: | | | | X |
| 509. MISCELLANEOUS EXPENSE: | | | X | X |
| 510. EXPENSE TRANSFERS: | X | X | X | X |
| 511. INTEREST EXPENSE: | | | | X |
| 512. LEASES AND RENTALS: | X | X | X | X |
| 513. DEPRECIATION AND AMORTIZATION: | X | X | X | X |

EXPENSES

| Account | | Description |
|---|---|---|
| Operating Expenses: | | |
| 501.000 | Labor | "Labor" is the pay and allowances due employees in exchange for the labor services they render in behalf of the transit system. It is necessary to distinguish the allowances to be included in "Fringe Benefits". The "Labor" allowances include payments direct to the employee arising from the performance of a piece of work, such as shift differentials, overtime premiums, minimum guarantees, etc. The "Fringe Benefit" allowances include payments direct to the employee, but not arising from the performance of a piece of work. The latter allowances include paid absence for illness, holidays, vacations, jury duty, etc. |
| 501.010 | Labor - Operators' Salaries and Wages | The labor of employees of the operator who are classified as revenue vehicle operators or crewmen. |
| 501.020 | Labor - Other Salaries and Wages | The labor of employees of the transit system who are not classified as revenue vehicle operators or crewmen. |
| 502.000 | Fringe Benefits | "Fringe Benefits" are payments or accruals to others (insurance companies, governments, etc.) on behalf of an employee and payments or accruals direct to an employee arising from something other than his performance of a piece of work. These payments are operator costs over and above "Labor" costs, but still arising from the employment relationship. This includes: |

| | |
|---|---|
| FICA | Unemployment Insurance |
| Pension Plans | Workmen's Compensation Insurance |
| Health Plans | Sick Leave |
| Dental Plans | Holiday |
| Life Insurance Plans | Vacation |
| | Other |

EXPENSES

| Account | Description |
|---|---|
| Operating Expenses (Continued): | |
| 503.000 Services | "Service" is labor and other work provided by outside organizations for fees and related expenses. In most instances, service from an outside organization is procured 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 substitution is usually made 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. This includes:<br><br>Management Service Fees - the labor and services provided by a management service company engaged to provide operating management to the transit system;<br><br>Professional and Technical Services - the labor and services provided by attorneys, accountants and auditors, computer service companies, management consultants, etc.;<br><br>Temporary Help - the labor of persons who are not employees of the transit system, but who work for a temporary period under the supervision of the transit system personnel;<br><br>Contract Maintenance Services - the maintenance of plant and equipment, under contract or on a single job basis with an outside organization. |

EXPENSES

| Account | | Description |
|---|---|---|
| Operating Expenses (Continued): | | |
| 504.000 | Materials and Supplies Consumed | "Materials and Supplies" are tangible products obtained from outside suppliers or manufactured internally. Freight-in, purchase discounts, cash discounts, sales taxes and excise taxes (except on fuel and lubricants) are to be included in the cost of the material or supply. Charges to these expense accounts will be for the materials and supplies issued from inventory for use and for the materials and supplies purchased for immediate use, i.e., without going through inventory. |
| 504.010 | Materials and Supplies Consumed - Fuel and Lubricants | Costs of gasoline, diesel fuel, propane, lubricating oil, transmission fluid, grease, etc., for use in vehicles. |
| 504.020 | Materials and Supplies Consumed - Tires and Tubes | This category includes lease payments for tires and tubes rented on a time period or mileage basis or the replacement costs of tires and tubes on vehicles. |
| 504.990 | Materials and Supplies Consumed - Other Materials and Supplies | The cost of materials and supplies not specifically identified in object classes 504.010 and 504.020 issued from inventory or purchased for immediate consumption, e.g., vehicle maintenance parts, track materials, cleaning supplies, office forms, etc. |
| 505.000 | Utilities | Payments made to various utilities for utilization of their resources (e.g., electric, gas, water, telephone, etc.) |
| 506.000 | Casualty and Liability Costs | "Casualty and Liability Costs" include cost elements covering:<br><br>Protection of the operator from loss through insurance programs,<br><br>Compensation of others for their losses due to acts for which the transit system is liable, and,<br><br>Recognition of the cost of a miscellaneous category of corporate losses. |

EXPENSES

| Account | | Description |
|---|---|---|
| Operating Expenses (Continued): | | |
| 506.000 | Casualty and Liability Costs (Continued) | The costs of repairing damaged property are recorded in labor, fringe benefit, material and services object classes. The costs of operator employees engaged in insuring and processing claims for and against the operator are recorded in labor and fringe benefit object classes.<br><br>This includes payments or accruals for insurance premiums for property and liability insurance. |
| 507.000 | Taxes | "Taxes" are those taxes levied against the operator by Federal, State, and Local Governments. Sales and excise taxes on materials and services purchased other than fuel and lubricants are not included in this category, but are accounted for as part of the base price of the material or service. |
| 508.000 | Purchased Transportation Service | "Purchased Transportation Service" is the payment or accrual to other transit systems for providing transportation service. (Note: include fare revenues that are retained by the service provider.) |
| 509.000 | Miscellaneous Expense | "Miscellaneous Expenses" are those expenses which cannot be attributed to any of the other major expense categories (i.e., 501.000 - 508.000 and 510.000 - 513.000). This includes payments for dues or subscriptions, travel and meeting expenses, fines and penalties, bridge, tunnel and highway tolls, bad debt expenses, advertising fees, etc. |

EXPENSES

| Account | | Description |
|---|---|---|
| Operating Expenses (Continued): | | |
| 510.000 | Expense Transfers | Certain situations in the accounting structure and the internal accounting practice of some transit systems require a means of recording expense transfers. These occur when some functions or expense accounts serve as "intermediate depositories" of costs to be ultimately distributed to other functions or accounts. These could be made by debiting and crediting within the specific object classes in which the expenses were originally recorded, but this would become too cumbersome. Therefore, "expense transfers" are accounts to be used for reporting adjustments or reclassifications of expenses into other functions or accounts. The following types of expense transfers are recognized in this account:<br><br>Function Reclassifications - are reclassifications of expenses from one function to another;<br><br>Expense Reclassifications - are a composite category of expenses encompassing labor, fringe benefits, materials and services used in the transit system's internal information system to reclassify costs between cost centers and work orders;<br><br>Capitalization of Nonoperating Costs - a credit amount composed of a combined group of object class expenses (labor, materials, services, etc.) in this function which have been capitalized as property or transferred to other asset accounts (receivables, inventory, etc.). |
| 511.000 | Interest Expense | "Interest Expense" are charges for the use of borrowed capital incurred by the operator. Interest charges pertaining to construction debt which are capitalized will not be reflected as interest expense. |

EXPENSES

| Account | | Description |
|---|---|---|
| Operating Expenses (Continued): | | |
| 512.040 | Leases and Rentals - Vehicles | "Leases and Rentals" are payments for the use of capital assets not owned by the operator. This object class includes leases and rentals of passenger revenue vehicles (buses, vans, etc.) or service vehicles. |
| 512.990 | Leases and Rentals - Other | "Leases and Rentals" are payments for the use of capital assets not owned by the operator. This object class includes all other leases and rentals other than vehicles such as parking facilities, buildings, data processing facilities, revenue collection and processing facilities, general administrative facilities, etc. |
| 513.000 | Depreciation and Amortization | "Depreciation and Amortization" are charges that reflect the loss in service value of the operator's assets and these charges are related below to the assets in the following accounts. |
| 513.001 | Depreciation and Amortization - Property Acquired With Operator Funds | This category includes all depreciation and amortization of tangible and intangible assets acquired with operator funds. The credit would be apportioned to accounts 111.031, 112.020 and 121.060. For larger districts it would be appropriate to set up the property sub-accounts to avoid the necessity of making this apportionment. |
| 513.002 | Depreciation and Amortization - Property Acquired with Grant Funds | This category includes all depreciation and amortization of tangible and intangible assets acquired with grant funds. The credit would be apportioned to accounts 111.032. |

## OTHER RECONCILING ITEMS

| Account | | Description |
|---|---|---|
| 516.010 | Gain On Disposal of Fixed Assets | This nonoperating revenue account includes a gain on the sale, retirement, or casualty of fixed assets measured by the difference in book value less the proceeds received from the sale, salvage, or insurance claims. (See also Section 5112 Disposal of Fixed Assets.) |
| 516.020 | Loss On Disposal of Fixed Assets | This nonoperating expense account includes a loss on the sale, retirement, or casualty of fixed assets measured by the difference in book value less the proceeds received from the sale, salvage, or insurance claims. (See also Section 5112 Disposal of Fixed Assets.) |