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**BEST ACCOUNTING PRACTICES IN SUB-RECIPIENT RECORDING AND REPORTING OF  
PROGRAM INCOME**

**FINAL REPORT**

Prepared for  
National Cooperative Highway Research Program (NCHRP)  
Transportation Research Board  
of  
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The authors wish to thank the states' Departments of Transportation (DOT) representatives who responded to the survey and both regional and headquarters Federal Transit Administration representatives for providing guidance on the topic.

## **ABSTRACT**

This report documents and presents the challenges with reporting program income in the Federal Transit Administration's new Federal Financial Report (FSR-OMB Form SF-269) which replaces the old Financial Status Report (FFR-OMB Form SF-425) by states' Departments of Transportation. The report provides the definition of program income as defined by the Code of Federal Regulations and provides accounting practices in sub-recipient recording of program income when single and multiple grants are open. Since the requirement of reporting program income is relatively new, there is not a comprehensive, detailed guidance document on how sub-recipients should report program income. This report provides the current status of program income reporting requirements and presents several sources for basic guidance but detailed guidance would require a case by case analysis of each specific relationship between the grantee and the Federal Transit Administration (FTA).

## EXECUTIVE SUMMARY

The Office of Management and Budget (OMB) Circular A-134 provides authority for the Federal Accounting Standards Advisory Board (FASAB) to deliberate and make recommendations to the Principals on accounting principles and standards for the Federal Government and its agencies. The FASAB has issued several Statements of Federal Financial Accounting Concepts (SFFAC) which are the generally accepted accounting principles (GAAP) for Federal agencies. Agencies have to apply the SFFACs in preparing financial statements in accordance with the requirements of the Chief Financial Officer Act of 1990.

Federal financial reporting has four main objectives including (1) budgetary integrity, (2) operating performance, (3) stewardship, and (4) adequacy of systems and controls.

Federal accounting standards set by the FASAB are relatively new and have only been accepted by the American Institute of Certified Public Accountants in year 2000. Given its status, the Federal government is frequently changing reporting requirements to improve its financial reporting objectives.

One of its many changes is the replacement of the Financial Status Report (FSR-OMB Form SF-269) and the Federal Cash Transactions Report (SF272) with one comprehensive financial reporting form: the Federal Financial Report (FFR - OMB Form SF-425) effective with Federal Transit Administration (FTA) grant reporting for the quarter ending June 30, 2010. The purpose of the change is to consolidate grants' financial progress into a single form.

The objective of this research is to characterize the program income requirements and to develop best accounting practices for sub-recipient transit agencies to record program income within their own financial systems. The purpose of the research tasks were to gather industry best practices and develop accounting procedures that follow generally accepted accounting practices for the recording, tracking, and reporting of program income in the Federal Financial Report.

The Department of Transportation at 49 CFR 18.25 (b) defines Program Income as the gross income received by the grantee or sub-grantee directly generated by a grant supported activity, or earned only as a result of the Grant Agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final financial report. There are no federal requirements governing the disposition of program income earned after the end of the award period (i.e., after the ending date of the final financial report, see paragraph (a) of section 18.25), unless the terms of the agreement or the Federal agency regulations provide otherwise.

Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them. An example of possible program income is rental revenue from real property acquired under an open grant. A city or a municipality grantee may purchase land to build a transit facility but experience delay in completing acquisitions of permits for construction; the municipality may decide to rent out the land since it cannot complete construction or place the assets in service. The rental income should be tracked and reported as program income.

Results of the electronic survey and follow up interview revealed that there is no single guidance document available from FTA headquarters and regional FTA offices. The requirement is new to FTA grant recipients because they never had to report this before and there is no existing FTA guidance on how grant recipients should report program income. At least one respondent stated that reporting compliance becomes a question of risk management; the administrator must balance the cost and effort of trying to track the new requirement and the risk of incorrectly reporting against the risk of not tracking and reporting program income at all.

The Department of Transportation last revised 49 CFR 18.25 in 1988. The Department of Transportation's FTA grant recipients did not have to report program income in the former Financial Status report until 2010 when the new Federal Financial Report came out. According to the regulations, grant recipients have always been required to keep track of program income but in practice, when regulations do not result in mandatory reporting requirements, keeping track of program income is not a priority and often neglected.

According to the new requirements, the FTA grant recipient's accounting system must be capable of identifying program income and the purpose for which the recipient used it. The recipient must account for program income in its accounting system, which FTA subjects to audit. The new Federal Financial Report requires the reporting of program income. Our research showed that many grant recipients do not have the financial accounting infrastructure in place to track program income. Some are using off-the-system excel worksheets to track program income if they do track it at all.

Interviews with FTA headquarters representatives revealed that 49 CFR 18.25 on program income and the guidance provided in FTA Circular 5010.1D and 9030.1D contradict each other (please see excerpt in Appendix E and F) . As an example, 49 CFR 18.25 states "For grants awarded under section 9 of the UMT Act of 1964, as amended, any revenues received from the sale of advertising and concessions in excess of fiscal year 1985 levels shall be excluded from program income," whereas circular 5010.1D clearly states that program income should include fees for services performed which would include advertising and concessions.

FTA regional offices have provided varying guidance regarding program income. Requests for formal guidance on the reporting of program income have been made to FTA headquarters, particularly regarding scenarios involving multiple grants. These requests have led to FTA headquarters needing additional guidance from other divisions and potentially from OMB before additional detailed FTA guidance will be published. In the interim, the best policy for FTA grant recipients is to either ask for guidance from FTA regional offices and document the guidance individually or come up with a methodology and/or allocation system in reporting program income. When multiple grants are involved, one system would be to allocate program income to each grant in proportion to the amount of the grant. Keeping track of the method used despite lack of formal guidance from FTA headquarters is reasonably sufficient for audit purposes.

## CHAPTER 1: Background

### *Problem Statement and Research Objective*

The Office of Management and Budget (OMB) Circular A-134 provides authority for the Federal Accounting Standards Advisory Board (FASAB) to deliberate and make recommendations to the Principals on accounting principles and standards for the Federal Government and its agencies. The FASAB has issued several Statements of Federal Financial Accounting Concepts (SFFAC) which are the generally accepted accounting principles (GAAP) for Federal agencies. Agencies have to apply the SFFACs in preparing financial statements in accordance with the requirements of the Chief Financial Officer Act of 1990.

Federal financial reporting has four main objectives including (1) budgetary integrity, (2) operating performance, (3) stewardship, and (4) adequacy of systems and controls.

Federal accounting standards set by the FASAB are relatively new and have only been accepted by the American Institute of Certified Public Accountants in year 2000. Given its status, the Federal government is frequently changing reporting requirements to improve its financial reporting objectives.

One of its many changes is the replacement of the Financial Status Report (FSR-OMB Form SF-269) and the Federal Cash Transactions Report (SF272) with one comprehensive financial reporting form: the Federal Financial Report (FFR - OMB Form SF-425) effective with Federal Transit Administration (FTA) grant reporting for the quarter ending June 30, 2010. The purpose of the change is to consolidate grants' financial progress into a single form.

The Federal Transit Administration has replaced the Financial Status Report (FSR-OMB Form SF-269) with the Federal Financial Report (FFR-OMB Form SF-425) effective with grant reporting for the quarter ending June 30, 2010. See Appendix C to this report. Some of the changes between the forms include the following.

- The new reporting establishes government-wide standards for reporting periods and due dates as follows:
  - Annual, semi-annual, quarterly reporting requirements
  - Reporting period end dates must fall on the end of calendar quarters (3/31, 6/30, 9/30, 12/31) (exception for final report)
  - Reports due 30 days after reporting period end date (exception for final report which is due 90 days after end date)
- Total Recipient Share Required
  - The cumulative recipient share of the grant's funds based on the amounts entered in the approved budgets.
  - eGrants will automatically calculate this amount, using the overall match percentage approved on the grant's budget.
- Remaining Recipient Share to be Provided
  - This amount is the difference between Total Recipient Share Required and Recipient Share of Expenditures
  - If Recipient Share of Expenditures exceeds Total Recipient Share Required, the remaining recipient share will be zero.

- eGrants will automatically calculate this amount.
- Program Income
  - Data is to be reported in this section only if agency has earned program income in excess of what was reported in the Recipient Share of Expenditures.
- Remarks Field is expanded to allow more space for grant recipient to supply comments or other information.

The most significant change for FTA grant recipients is the cumulative reporting of “program income” during the life of each open federal transit grant. Accounting for program income by individual grant funded asset and/or project within each individual open federal transit grant administered by state DOTs presents accounting challenges.

The objective of this research is to solicit and develop best accounting practices for sub-recipient transit agencies to record within their own financial systems program income associated with projects in open federal transit grants administered by state Departments of transportations.

## CHAPTER 2: Research Approach

Four tasks were planned for the conduct of this research:

Task 1 - Develop a working definition of "program income" as it applies to federal transit grant sub-recipients for reporting by state DOTs in the Federal Financial Report.

Task 2 - Develop accounting procedures that follow generally accepted accounting practices for the recording, tracking, and reporting of program income for the purposes of state DOTs' submission of Federal Financial Reports to FTA.

Task 3 - Develop accounting procedures at the sub-recipient transit agency level for the accounting treatment of program income in cases of multiple open grants at the State DOT level involving the same sub-recipient.

Task 4 - Develop accounting procedures at the sub-recipient transit agency level for the accounting treatment of program income in cases of multiple open federal grants involving the same asset and/or program of the sub-recipient.

### Task 1

**Develop a working definition of "program income" as it applies to federal transit grant sub-recipients for reporting by state DOTs in the Federal Financial Report.**

"The Code of Federal Regulations Title 49: Transportation, Part 18- Uniform Administration Requirements for Grants and Cooperative Agreements to State and Local Governments-Subpart C-Post Award Requirements. Section 18.25 Program Income" provides the basis for the definition of program income. The code defines program income as gross income received by the grantee or sub grantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final financial report.

The DOT regulations stress that grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them. The regulation also states that Section 3(a)(1)(D) of the UMT Act of 1964 (now FTA) , as amended, provides that the Secretary shall establish requirements for the use of income derived from appreciated land values for certain FTA grants. Specific requirements shall be contained in grant agreements. FTA grantees may retain program income for allowable capital or operating expenses.

The research resulted in no additional detail, practical distinctions, or guidance regarding a working definition of program income.

There are no Federal requirements governing the disposition of program income earned after the end of the award period (i.e., until the ending date of the final financial report, see paragraph (a) of this section), unless the terms of the agreement or the Federal agency regulations provide otherwise.

## Task 2

**Develop accounting procedures that follow generally accepted accounting practices for the recording, tracking, and reporting of program income for the purposes of state DOTs' submission of Federal Financial Reports to FTA.**

According to the Governmental Accounting Standards Board (GASB) standards, expenditures should be classified by (1) **fund**-basic fiscal and accounting entity of a government, (2) **function**-group related activities that are aimed at accomplishing a major service or regulatory responsibility **or program**-group activities, operations, or organizational units that are directed to the attainment of specific purposes or objectives, (3) **organization unit**-essential to management control, (4) **activity**-specific and distinguishable line of work performed by an organization unit, (5) **character**-based on the fiscal period that benefits from a particular expenditure, and (6) **object**-the thing for which the expenditure was made<sup>1</sup>.

The research team wanted to solicit best accounting practices and understand the accounting challenges faced by state DOTs sub-recipients in accounting for expenses and deriving program income. To accomplish this task, the research team conducted a survey using the internet software SurveyMonkey™ and distributed it to the appropriate public transportation personnel at each of the 50 State DOTs and the District of Columbia. Table 1 in the reference section lists representatives requested to complete the survey. Appendix B contains results from survey respondents. The results from the internet survey did not provide sufficient information. The research team continued the research with extensive telephone interviews with survey respondents who provided their contact information and also representatives from regional FTA offices.

The research did not yield any example of a clearly compliant procedure for tracking program income. The one practice that was most common was not to report program income, as further explained below.

## Task 3

**Develop accounting procedures at the sub-recipient transit agency level for the accounting treatment of program income in cases of multiple open grants at the State DOT level involving the same sub-recipient.**

This task is a continuation of Task 2 where the research team had planned to use the best accounting procedure that resulted from the research to formulate a flow chart or diagram of a single grant and incorporate cases of multiple open grants into the flow diagram to derive program income.

Results of the electronic survey and follow up interviews revealed that there is no comprehensive guidance available from FTA headquarters and regional FTA offices. Regional offices have provided varying guidance. Requests for formal guidance in the reporting of program income have been made to FTA headquarters. The requests have led to FTA needing additional guidance from other divisions and potentially from OMB before additional detailed FTA guidance will be published. In the interim, the best policy for FTA grant recipients is to either ask for guidance from FTA regional offices and document the guidance individually or come up with a methodology and/or allocation system in reporting program income. When multiple grants are involved, one system would be to allocate program income to each grant in proportion to the amount of the grant. Keeping track of the method used and documenting the method is reasonably sufficient for audit purposes.

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<sup>1</sup> GASB, Codification, Sec. 1800.116.

#### Task 4

Develop accounting procedures at the sub-recipient transit agency level for the accounting treatment of program income in cases of multiple open federal grants involving the same asset and/or program of the sub-recipient.

This task has the same research method and result as Task 3 above.

## CHAPTER 3: Research Findings

The research team conducted a survey using the internet software SurveyMonkey™ and distributed it to the appropriate public transportation personnel at each of the 50 State DOTs and the District of Columbia. For those who identified themselves in the survey, follow up phone interviews were conducted to clarify current practice.

The internet survey was issued and opened for a two month period. There were 19 total respondents and only 11 respondents provided contact information. Two states declined filling out the survey but participated in phone interviews.

The survey revealed that less than 30% of survey respondents felt they had problems reporting program income while a large portion of survey respondents did not feel they have problems in reporting program income. Over 70% of respondents did not have problem reporting program income because they have not reported program income or have not encountered situations where they understood program income is generated. The former reason (have not reported) appeared to be more prevalent.

Sub-recipients of FTA grants have problems deriving program income for program 5311 (Formula Grants for Other than Urbanized Areas), 5309 (Fixed Guideway Modernization), 5316 (Job Access and Reverse Commute Program), and 5317 (New Freedom Program) when more than one grant is open at the same time.

When asked if states can give examples of situations when program income was difficult to derive during the grant period we did not get any suggestions. This is probably due to the newness of the reporting requirement.

When asked what guidance did the regional FTA office provide for accounting for program income, survey recipients listed varied sources including: Federal Register, Webinar, instructions in TEAM (see Appendix C), and individual verbal guidance from regional FTA offices. Several respondents noted that FTA regional offices said to put program income in the operating grant when there are multiple open federal grants involving the same asset and/or program of the sub-recipient.

When asked if FTA headquarters provided formal documented guidance for calculating program income during the grant period for a single grant and multiple grants, only one respondent said formal guidance was provided for a single grant; that respondent indicated no formal guidance was available to deal with multiple grants. Additional phone interviews with regional FTA offices also confirmed that there is no single detailed guidance document available.

One DOT representative indicated that his state does not collect or track program income at all because their financial system cannot accommodate the requirement and the research team believes there are other states in the same situation (he was from a state with relatively small transit programs). Several other state DOT representatives noted that they do not understand the reason/importance for FTA collecting such data. One representative confessed that his state is not taking the requirement seriously yet. The cost of collecting the data and the benefit of having the data is not clear so his state is not reporting program income.

Follow up interviews indicated that various sources from FTA which were not available on an official basis have told grant recipients to not worry about program income and for them to simply put "zero" on the program income line in the Federal Financial report. This informal guidance was reported from bi-weekly conference calls between FTA and grant recipients and from the State Public Transit Partnership

Conference of 2011. Interviews with Regional FTA offices resulted in varied guidance such as the following. (1) If there are multiple grants that are open, then report program income in the operating grant. (2) Another FTA regional office recommended that grant recipient should put program income in the grant that has the largest, most recent grant amount; and (3) yet another FTA regional office recommended that grant recipients can follow their own reporting method as long as the grant recipient is consistent in its method of reporting program income.

Not every state has grant recipients who generate program income. If capital grant facilities are generally acquired and placed into service rapidly, and if vehicle grants are generally closed out before vehicles are placed into service, there is little opportunity for program income.

Additional observations from the interviews revealed that some grantees that are tracking and reporting program income may be using program income as a local match improperly. Some grantees may have used program income as a local match for the grant that has generated that program income. Under FTA Circular 5010.1D and 9030.1D, FTA allows its grantees to keep program income and use it for transit capital and operating expenses. However, recipients may use program income generated by an earlier grant as the local share for a subsequent eligible public transportation project. Recipients may NOT use program income as the local share for the grant that generated the income<sup>2</sup>.

The discussions with local, state, and Federal officials who had dealt with the program income question suggested that there are certain circumstances that income may be excluded from Program Income while it may not in others. Program income should be particularly carefully tracked in situations where the income may be diverted toward usage other than for transit purposes. For example, routine transit revenue such as passenger revenue is excluded from program income as indicated in the FTA Federal Financial Report checklist-New SF 425 Form in Appendix C line item P through U. Farebox revenue generated from an asset (i.e. bus purchase that is put in revenue service before the grant is closed) acquired through an open grant will continue to generate farebox revenue even when the grant is closed. The revenue generated is generally used to offset the cost of providing the transit service.

In general, the discussions suggested that income generated after an asset has been placed in the service intended under the grant but where the overall grant is still open, where the income was expectable at the time of grant award but was not specifically addressed as program income, should be excluded from program income. If FTA issues a clarification of this sort, it may resolve most of the program income ambiguities.

For example, farebox revenue has an exemption and this exemption should also be applied to advertising income and permissible charter service income. For large bus replacement capital grants, grantees may put in a large order of bus replacements that may take several years to fulfill. The early bus deliveries are often put into revenue service right away. These buses may generate advertising revenue through bus wrap or interior advertisements. It is currently possible to interpret the Regulations and Circulars to say that this advertising revenue should be reported and tracked as program income since the vehicles are funded by an open grant. However, this situation should also receive exempt status as does farebox revenue because the advertising revenue was not generated during bus acquisition, was expectable and routine and will continue to be generated even after all the vehicles in the capital grant are received and the grant is closed out. The advertising revenue is generally used to offset transit costs. This same argument applies to vehicles funded by an open grant that are placed into the intended service and then generate income through the charter exemption clause. When the grant is closed, the vehicle will continue to

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<sup>2</sup> Please review excerpt Appendix E and F.

generate income from the charter exemption and that income is generally used to offset the cost of providing the transit service.

In contrast, an example of a situation where an exemption should not be granted is rental revenue from real property acquired under an open grant. A city or a municipality grantee may purchase land to build a transit facility but experience delay in completing acquisitions of permits for construction; the municipality may decide to rent out the land since it cannot complete construction or place the assets in service. The rental income should be reported as program income and tracked as such because otherwise the grantee would be more likely to commingle the income with funds used for non-transit purposes. The discussions suggest that the requirement should guard against diverting program income to other departments for projects other than for transit purposes.

Where circumstances clearly indicate that revenue generated while a grant is open will be directly used to offset transit related costs, such as farebox, advertising, and charter bus fees, exemption should be granted. In cases where program income might be diverted to other uses, a more stringent reporting requirement is justified as currently reflected in the Federal Financial Report.

An FTA headquarters representative noted that the requirement in reporting program income would significantly decrease if grant recipients would close the grant when it is complete. Once the grant is closed, reporting program income is no longer an issue. This may resolve some of the problems that exist today.

## **CHAPTER 4: Conclusions, Recommendations, and Suggested Research**

### **Conclusions**

The new mandatory reporting requirement of program income in the Federal Financial report effective in 2010 requires that a FTA grant recipient's accounting system must be capable of identifying program income and the purpose for which the recipient used it. The grant recipient must account for the program income in its accounting system, which is subject to FTA audit. Despite the varied guidance reported in the research as stated in the main body of the report, FTA headquarters does not have significant new guidance as of the date of this report and is working on resolving this new reporting requirement with other divisions and potentially with OMB.

This report provides the current status of program income reporting requirements and presents several sources for basic guidance but detailed guidance would require a case by case analysis of specific situations between grantees and the Federal Transit Administration (FTA).

### **Recommendations**

Currently there is no single FTA source that clearly states the purpose and significance for grant recipients and sub-recipients to track program income and reporting of program income. Program income appears to be insignificant or immaterial in terms of a percentage as compared to the overall grant amount and this may be the primary reason why it is often not tracked and reported properly. Given the current status, it is best if each grant recipient clearly documents any method used or guidance received from FTA regional office regarding the tracking of program income.

The Code of Federal Regulations section on program income and the two circulars 5310.1D and 9030.1D have inconsistent language and requirements. FTA, OMB, and other divisions need to work together to revise these documents to be consistent so they can effectively guide grant recipients in their reporting endeavors.

### **Suggested Research**

Further analysis of the cost and benefit of tracking and reporting program income is needed in order for states to invest in a financial reporting module integrating the financial reporting from the sub-recipient level into the state DOT level.

FTA headquarters and regional offices are aware of the problems and issues with reporting program income and are currently working on resolving the problem. Lack of clarity in the Federal Regulations and in Circulars 5310.1D and 9030.1D on the topic suggests that more detailed guidance is needed. An investigation of different situations where grantees would generate program income should be included in the revised circular as examples for grantees to follow.

## REFERENCES

Table 1: State DOT Representatives Asked to Complete Internet Survey

State	Name	Phone	Email
Alabama	Joe Nix	334-353-6421	<a href="mailto:nixj@dot.state.al.us">nixj@dot.state.al.us</a>
Alaska	Debbi Howard	907-465-2883	<a href="mailto:debbi.howard@alaska.gov">debbi.howard@alaska.gov</a>
Arizona	Sam Chavez	602-712-7465	<a href="mailto:Schavez@azdot.gov">Schavez@azdot.gov</a>
Arkansas	James Newcomb	501-569-2475	<a href="mailto:Mickey.newcomb@arkansashighways.com">Mickey.newcomb@arkansashighways.com</a>
California	Kimberly Gayle	916-654-8074	<a href="mailto:kimberly.gayle@dot.ca.gov">kimberly.gayle@dot.ca.gov</a>
Colorado	Tom Mauser	303-757-9771	<a href="mailto:Tom.mauser@dot.state.co.us">Tom.mauser@dot.state.co.us</a>
Connecticut	Michael Sanders		<a href="mailto:Michael.Sanders@ct.gov">Michael.Sanders@ct.gov</a>
Delaware	Stephanie Burris	302-760-2860	<a href="mailto:stephanie.burris@state.de.us">stephanie.burris@state.de.us</a>
District of Columbia	Lezlie Rupert	202-671-1595	<a href="mailto:lezlie.rupert@dc.gov">lezlie.rupert@dc.gov</a>
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Nevada	Michelle Gardner-Lilley	775-888-7312	<a href="mailto:Mgardner-lilley@dot.state.nv.us">Mgardner-lilley@dot.state.nv.us</a>
New Hampshire	Christopher Morgan	603-271-2468	<a href="mailto:cmorgan@dot.state.nh.us">cmorgan@dot.state.nh.us</a>
New Jersey	Linda Di Giovanni	973-491-8074	<a href="mailto:ldigiovanni@njtransit.com">ldigiovanni@njtransit.com</a>
New Mexico	David Harris	505-827-5420	<a href="mailto:DavidC.Harris@state.nm.us">DavidC.Harris@state.nm.us</a>
New York	Ron Epstein	518-457-8362	<a href="mailto:repstein@dot.state.ny.us">repstein@dot.state.ny.us</a>
North Carolina	Miriam Perry	919-733-4713	<a href="mailto:mperry@dot.state.nc.us">mperry@dot.state.nc.us</a>
North Dakota	Bruce Fuchs	701-328-2194	<a href="mailto:bfuchs@nd.gov">bfuchs@nd.gov</a>
Ohio	Jane Smelser	614- 644-8054	<a href="mailto:Jane.Smelser@dot.state.oh.us">Jane.Smelser@dot.state.oh.us</a>
Oklahoma	Roger Eaton	405- 521-2584	<a href="mailto:reaton@ODOT.ORG">reaton@ODOT.ORG</a>
Oregon	Dinah Van Der Hyde	503-986-3885	<a href="mailto:Dinah.VANDERHYDE@odot.state.or.us">Dinah.VANDERHYDE@odot.state.or.us</a>
Pennsylvania	Bob Smeltz	717-787-1219	<a href="mailto:robsmeltz@state.pa.us">robsmeltz@state.pa.us</a>
Rhode Island	Robert Shawver	401-222-2694	<a href="mailto:rshawver@dot.ri.gov">rshawver@dot.ri.gov</a>
South Carolina	Kayin Jones	803-737-7014	<a href="mailto:joneskc@scdot.org">joneskc@scdot.org</a>
South Dakota	Bruce Lindholm	605-773-3574	<a href="mailto:Bruce.lindholm@state.sd.us">Bruce.lindholm@state.sd.us</a>
Tennessee	Brenda Wilkins-Porter	615-741-2781	<a href="mailto:Brenda.wilkins-porter@tn.gov">Brenda.wilkins-porter@tn.gov</a>
Texas	Bobby Killebrew	512-374-5232	<a href="mailto:bkilleb@dot.state.tx.us">bkilleb@dot.state.tx.us</a>
Utah	Leone Harwood-Gibson	801-964-4508	<a href="mailto:lgibson@utah.gov">lgibson@utah.gov</a>
Vermont	Krista Chadwick	802-828-5750	<a href="mailto:Krista.chadwick@state.vt.us">Krista.chadwick@state.vt.us</a>
Virginia	Terry Brown	804.786.1722	<a href="mailto:terry.brown@drpt.virginia.gov">terry.brown@drpt.virginia.gov</a>
Washington	Cathy Silins	360-705-7919	<a href="mailto:silinsc@wsdot.wa.gov">silinsc@wsdot.wa.gov</a>
West Virginia	Toni Boyd	304-558-0428	<a href="mailto:toni.r.boyd@wv.gov">toni.r.boyd@wv.gov</a>
Wisconsin	John Alley	608-266-0189	<a href="mailto:john.alley@dot.wi.gov">john.alley@dot.wi.gov</a>
Wyoming	Taylor Rossetti	307-777-4181	<a href="mailto:taylor.rossetti@dot.state.wy.us">taylor.rossetti@dot.state.wy.us</a>

**Table 2: FTA Regional Offices Contacts**

FTA Regional Offices	Regional Representative	Phone Number
Region 1	Peter Butler	(617) 494-2729
Region 2	Larry Penner	(212) 668-2170
Region 3	Tony Tarone	(215) 656-7100
Region 4	David Schilling	(404) 865-5645
Region 5	Ronda Reed	(312) 353-1654
Region 6	Gail Lyssy	(817) 978-0564
Region 7	Mokhtee Ahmad	(816) 329-3920
Region 8	Jennifer Steward	(720) 963-3300
Region 9	Leslie Rogers	(415) 744-3133
Region 10	Ken Feldman	(206) 220-7954

**Table 3: FTA Headquarters Offices Contacts**

FTA Headquarters Representatives Contacts		
Sandra McCrea	<a href="mailto:Sandra.McCrea@dot.gov">Sandra.McCrea@dot.gov</a>	202-366-0803
James "Buck" Marks	<a href="mailto:Buck.Marks@dot.gov">Buck.Marks@dot.gov</a>	202-366-3099
Nancy Ellen Zusman	<a href="mailto:NancyEllen.Zusman@dot.gov">NancyEllen.Zusman@dot.gov</a>	312-353-2789
Linda Sorkin	<a href="mailto:Linda.Sorkin@dot.gov">Linda.Sorkin@dot.gov</a>	202-366-0959

## APPENDIX A: Program Income Survey

### Best Accounting Practices in Sub-Recipient Recording and Reporting of Program Income

Dear DOT representative: We are writing to request your participation in the Transportation Research Board (TRB) study titled "Best Accounting Practices in Sub-Recipient Recording and Reporting of Program Income" (HR 20-65(037)).

The Federal Transit Administration FTA has replaced the Financial Status Report (FSR-OMB Form SF-269) and the Federal Cash Transactions Report (SF272) (FTA did not previously require this report) with one comprehensive financial reporting form: the Federal Financial Report (FFR - OMB Form SF-425) effective with Federal Transit Administration (FTA) grant reporting for the quarter ending June 30, 2010. The purpose of the change is to consolidate grants' financial progress into a single government-wide form.

A new requirement within the Federal Financial Report is the cumulative reporting of "Program income" during the life of each open federal transit grant. The Code of Federal Regulations Title 49: Transportation, Part 18- Uniform Administration Requirements for Grants and Cooperative Agreements to State and Local Governments-Subpart C-Post Award Requirements. Section 18.25 Program Income provides the basis for the definition of program income.

Program income means gross income received by the grantee or sub-grantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period," is the time between the effective date of the award and the ending date of the award reflected in the final financial report. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Program income does not include transit passenger fares paid, interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them.

In order to understand the accounting challenges faced by state DOTs sub-recipients in accounting for expenses and deriving at program income, we ask that you participate in our short survey below. The results of the survey will help formulate best practices for reporting transit program income.

If you have any questions about this project or survey please contact Vi Truong at [vi.truong@aecom.com](mailto:vi.truong@aecom.com) or 571-393-0834

We greatly appreciate your cooperation in this effort.

1. Please fill in the following table:

	Single Grant?	Multiple grants at State DOT Level involving the same recipient?	Multiple open federal grants involving same asset and/or program of sub-recipient?
Have sub-recipients in your jurisdiction had challenges reporting program income during the grant period	Yes No	Yes No	Yes No

specifically for:			
For which FTA grant programs did the sub-recipients have problems deriving program income for during the grant period for:			
Can you give examples of situations when program income was difficult to derive during the grant period for:			
What guidance did your FTA headquarters provide for accounting for program income during the grant period for:			
Did your FTA headquarters provide formal documented guidance for calculating program income during the grant period for:			
What policy does the state DOT provide for sub-recipients in deriving program income during the grant period for:			
Are the state DOT policies clearly documented for:			

2. Have any sub-recipients in your jurisdiction provided charter bus services involving an open grant?  
If yes, which grant program was involved? How did they account for charter revenue (i.e. operating revenue, other revenue, or program income)?

Please tell us about yourself

Name

Title

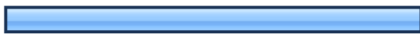


Agency

City	<input type="text"/>
State	<input type="text"/>
Email	<input type="text"/>
Phone	<input type="text"/>

## APPENDIX B: Survey Results



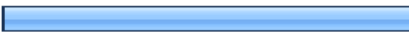
Have you or sub-recipients in your jurisdiction had challenges reporting program income during the grant period specifically for:				
	Single Grant?	Multiple grants at State DOT level involving the same recipient	Multiple open federal grants involving same asset and/or program of sub-recipient	Response Count
Yes	50.0% (2)	100.0% (4)	75.0% (3)	4
No	69.2% (9)	69.2% (9)	76.9% (10)	13
answered question				17
skipped question				2

For which FTA grant programs did the sub-recipients have problems deriving program income for during the grant period:			
		Response Percent	Response Count
Single grant		71.4%	5
Multiple grants at State DOT level involving the same recipient		85.7%	6
Multiple open federal grants involving same asset and/or program of sub-recipient		85.7%	6
answered question			7
skipped question			12

Single grant		
1	I am new to my position and working with TEAM. I do not have a clear understand in regards to reporting program income. I have printed out the 49CFR Part 18 and e-mailed FTA for guidance.	Aug 5, 2011 7:42 AM
2	N/A	Aug 2, 2011 9:17 AM
3	Section 5311	Jul 29, 2011 12:35 PM
6	N/A	Jul 13, 2011 2:56 PM
7	N/A	Jul 13, 2011 1:28 PM
Multiple grants at State DOT level involving the same recipient		
2	N/A	Aug 2, 2011 9:17 AM
3	Sections 5309 and 5311	Jul 29, 2011 12:35 PM
4	Section 5307, Section 5311, Section 5316 & Section 5317	Jul 21, 2011 8:03 AM
5	5311, 5309, 5316, 5317	Jul 15, 2011 8:24 AM
6	N/A	Jul 13, 2011 2:56 PM
7	N/A	Jul 13, 2011 1:28 PM
Multiple open federal grants involving same asset and/or program of sub-recipient		
1	I am new to my position and working with TEAM. I do not have a clear understand in regards to reporting program income. I have printed out the 49CFR Part 18 and e-mailed FTA for guidance.	Aug 5, 2011 7:42 AM
2	N/A	Aug 2, 2011 9:17 AM
3	Sections 5309 and 5311	Jul 29, 2011 12:35 PM
5	5311, 5309, 5316, 5317	Jul 15, 2011 8:24 AM
6	N/A	Jul 13, 2011 2:56 PM
7	N/A	Jul 13, 2011 1:28 PM

**What guidance did your FTA headquarter provide for accounting for program income during the grant period for:**

		Response Percent	Response Count
Single grant		60.0%	6
Multiple grants at State DOT level involving the same recipient		70.0%	7
Multiple open federal grants involving same asset and/or program of sub-recipient		70.0%	7
answered question			10
skipped question			9




Single grant		
2	The only guidance that I am aware of is the information outlined in the TEAM instructions.	Aug 5, 2011 7:42 AM
3	N/A	Aug 2, 2011 9:17 AM
4	Not discussed	Jul 29, 2011 12:35 PM
5	Region VII staff were very helpful in guiding me through the process, and followed up to ensure that I understood it.	Jul 27, 2011 6:04 AM
8	N/A	Jul 13, 2011 2:56 PM
9	n/a	Jul 13, 2011 1:28 PM
Multiple grants at State DOT level involving the same recipient		
3	N/A	Aug 2, 2011 9:17 AM

4	Regional office said to put all the advertising revenue in the Sec. 5311 operating grant	Jul 29, 2011 12:35 PM
6	None	Jul 21, 2011 8:03 AM
7	Program income webinar, federal register	Jul 15, 2011 8:24 AM
8	N/A	Jul 13, 2011 2:56 PM
9	na	Jul 13, 2011 1:28 PM
10	Had webinars, region 8 representative did a Q&A.	Jul 13, 2011 1:23 PM
Multiple open federal grants involving same asset and/or program of sub-recipient		
1	Webinar	Aug 18, 2011 7:52 AM
2	The only guidance that I am aware of is the information outlined in the TEAM instructions.	Aug 5, 2011 7:42 AM
3	N/A	Aug 2, 2011 9:17 AM
4	FTA Regional office said to put all the advertising revenue in the Sec. 5311 operating grant	Jul 29, 2011 12:35 PM
7	same as above	Jul 15, 2011 8:24 AM
8	N/A	Jul 13, 2011 2:56 PM
9	n/a	Jul 13, 2011 1:28 PM

Can you give examples of situations when program income was difficult to derive during the grant period for:

Answer Options	Response Percent	Response Count
Single grant	71.4%	5
Multiple grants at State DOT level involving the same recipient	85.7%	6
Multiple open federal grants involving same asset and/or program of sub-recipient	85.7%	6
<i>answered question</i>		7
<i>skipped question</i>		12



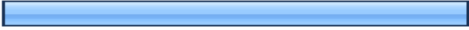
**Did your FTA headquarter provide formal documented guidance for calculating program income during the grant period for:**

		<b>Response Percent</b>	<b>Response Count</b>
Single grant (list provided guidance if applicable)		60.0%	6
Multiple grants at State DOT level involving the same recipient (list provided guidance if applicable)		80.0%	8
Multiple open federal grants involving same asset and/or program of sub-recipient (list provided guidance if applicable)		70.0%	7
<b>answered question</b>			<b>10</b>
<b>skipped question</b>			<b>9</b>

Single grant (list provided guidance if applicable)		
2	No, not that I am aware of.	Aug 5, 2011 7:42 AM
3	YES	Aug 2, 2011 9:17 AM
4	No	Jul 29, 2011 12:35 PM
5	No, not really needed.	Jul 27, 2011 6:04 AM
8	No	Jul 13, 2011 2:56 PM
9	n/a	Jul 13, 2011 1:28 PM
Multiple grants at State DOT level involving the same recipient (list provided guidance if applicable)		

2	No, not that I am aware of.	Aug 5, 2011 7:42 AM
3	NO	Aug 2, 2011 9:17 AM
4	No formal guidance, guidance was from a telephone conversation	Jul 29, 2011 12:35 PM
6	No	Jul 21, 2011 8:03 AM
7	Guidance has been minimal.	Jul 15, 2011 8:24 AM
8	No	Jul 13, 2011 2:56 PM
9	n/a	Jul 13, 2011 1:28 PM
10	Yes, had concerns on vehicle sales after lien expired.	Jul 13, 2011 1:23 PM
Multiple open federal grants involving same asset and/or program of sub-recipient (list provided guidance if applicable)		
1	no	Aug 18, 2011 7:52 AM
2	No, not that I am aware of.	Aug 5, 2011 7:42 AM
3	NO	Aug 2, 2011 9:17 AM
4	No formal guidance, guidance was from a telephone conversation	Jul 29, 2011 12:35 PM
7	same as above	Jul 15, 2011 8:24 AM
8	No	Jul 13, 2011 2:56 PM
9	n/a	Jul 13, 2011 1:28 PM

**What policy does the State DOT provide for sub-recipients in deriving program income during the grant period for:**

		Response Percent	Response Count
Single grant		70.0%	7
Multiple grants at State DOT level involving the same recipient		80.0%	8
Multiple open federal grants involving same asset and/or program of sub-recipient		80.0%	8
answered question			10
skipped question			9

Single grant		
1	State Management Plan	Aug 26, 2011 6:03 AM
2	income must be reported for any costs incurred during the appropriate fiscal year	Aug 26, 2011 4:06 AM
4	State DOT does not have a policy.	Aug 5, 2011 7:42 AM
5	Report all income, other than from grants and passenger fares	Jul 29, 2011 12:35 PM
7	Currently none in place.	Jul 15, 2011 8:24 AM
8	N/A	Jul 13, 2011 2:56 PM
9	n/a	Jul 13, 2011 1:28 PM
Multiple grants at State DOT level involving the same recipient		
1	State Management Plan	Aug 26, 2011 6:03 AM
2	income must be reported for any costs incurred during the appropriate fiscal year	Aug 26, 2011 4:06 AM
5	No formal policy	Jul 29, 2011 12:35 PM
6	Limited	Jul 21, 2011 8:03 AM
7	same as above	Jul 15, 2011 8:24 AM
8	N/A	Jul 13, 2011 2:56 PM
9	n/a	Jul 13, 2011 1:28 PM
10	We have forms the agencies fill out.	Jul 13, 2011 1:23 PM
Multiple open federal grants involving same asset and/or program of sub-recipient		
1	State Management Plan	Aug 26, 2011 6:03 AM
2	income must be reported for any costs incurred during the appropriate fiscal year	Aug 26, 2011 4:06 AM
3	NA	Aug 18, 2011 7:52 AM
4	State DOT does not have a policy.	Aug 5, 2011 7:42 AM
5	No formal policy	Jul 29, 2011 12:35 PM
7	same as above	Jul 15, 2011 8:24 AM
8	N/A	Jul 13, 2011 2:56 PM
9	n/a	Jul 13, 2011 1:28 PM

### Are the State DOT policies clearly documented for:



	Single grant	Multiple grants at State DOT level involving the same recipient	Multiple open federal grants involving same asset and/or program of sub-recipient	Response Count
Yes	62.5% (5)	75.0% (6)	62.5% (5)	8
No	71.4% (5)	85.7% (6)	85.7% (6)	7
answered question				15
skipped question				4

Have any sub-recipients in your jurisdiction provided charter bus services involving an open grant?

*Have any sub-recipients in your jurisdiction provided charter bus services involving an open grant?*

Answer Options		Response Percent	Response Count
Yes	Yes	17.6%	3
No	No	82.4%	14
answered question			17
skipped question			2

### Follow-up to Question 8

		Response Percent	Response Count
If yes, which grant program was involved?		75.0%	3
How did they account for charter revenue (i.e. operating revenue, other revenue, program income)?		100.0%	4
answered question			4
skipped question			15

If yes, which grant program was involved?		
2	Section 5311	Jul 29, 2011 12:37 PM
3	5311	Jul 15, 2011 8:26 AM
4	5311 non urbanized	Jul 13, 2011 2:15 PM
How did they account for charter revenue (i.e. operating revenue, other revenue, program income)?		
1	Iowa only allows federal funds to be used for open to the public service. Charter revenue and expenses are tracked, but not related to any federal grants.	Aug 26, 2011 4:07 AM
2	Most contended that it was segregated from their grant funded public transit operations, even when conducted as an exception or an exemption to the Charter Rule and operated with federally-funded equipment	Jul 29, 2011 12:37 PM
3	Profit is used as local match.	Jul 15, 2011 8:26 AM
4	operating revenue	Jul 13, 2011 2:15 PM

## APPENDIX C: FEDERAL FINANCIAL REPORT (FFR) CHECKLIST-NEW SF 425 FORM

**Annually** – All Grantees: All open Grants - **due by October 30<sup>th</sup>**

**Quarterly** – 1. Grantees > (200,000 population): All open Grants - **due 30 days after end of quarter**  
2. 5309 Grants: That includes construction of facilities - **due 30 days after end of quarter**

### **Due Dates for Reports in TEAM:**

Quarter 1 – October thru December: Due January 30<sup>th</sup>

Quarter 2 – January thru March: Due April 30<sup>th</sup>

Quarter 3 – April thru June: Due July 30<sup>th</sup>

Annual/Quarter 4 – July thru September: Due October 30<sup>th</sup> - **all open grants require reporting at this time**

### **TEAM INSTRUCTIONS**

Enter TEAM: at Main Menu go to “Program Management” (query for recipient id or project number)

Click on **Federal Financial Report** (first item under Project Management)

**Note:** Information can only be entered in boxes with **blue lines around them**. All other boxes are automatically calculated.

The screenshot shows the 'Federal Financial Report' form in a web browser. The form has tabs for 'Summary', 'Financial Status', and 'Remarks and Certification'. The 'Summary' tab is active. At the top right, there are buttons for 'Work In Progress' and 'Submit Report'. The form contains several input fields: 'Recipient' (1156, CITY OF FARGO), 'Project' (ND-04-0003-01, Purchase Vehicles), 'Amendment' (Purchase Vehicles), 'DUNS Number' (070265871), 'EIN Number' (empty), and 'Tax Id number' (empty). Below these is the 'Report Type' section with radio buttons for 'Quarterly', 'Monthly', 'Annual', and 'Other'. The 'Period' is set to '2010, 2nd Quarter'. The 'Final Report?' dropdown is set to 'No, Not Final Report'. The 'Indirect Expense' section includes a 'Type' dropdown (N/A), 'Rate' (0.00%), 'Base' (\$0.00), 'Period From', 'Period To', 'Amount Charged' (\$0.00), and 'Federal Share' (\$0.00). Other fields include 'Paper Award?' (Yes/No), 'Initial Submission' (4/26/2010), 'Last Update' (4/26/2010), 'Pre-Award Authority?' (Yes/No), 'Report Status' (MS/P Report Submitted, FFR Submitted), and 'Project Status' (Active). Numbered callouts 1 through 4 point to specific areas: 1 points to the 'Submit Report' button, 2 points to the 'Report Type' section, 3 points to the 'Indirect Expense' section, and 4 points to the 'Final Report?' dropdown.

### **Summary TAB:**

1. Click on **work in progress** so you don't lose your work in case you have to leave TEAM screen  
**(Remember you can only work in current quarter, but can view past quarters)**
2. Report Type: Select appropriate type of report- (quarterly or annual)
3. Final Report: No selection needs to be made unless closing the grant then select “Yes-Final Report”
4. Indirect Expenses: Required to be completed if charging indirect costs
  - Grantees seeking payment for indirect costs must have prepared and received an approved Cost Allocation Plan (CAP) or indirect Cost Rate Proposal by FTA.
  - The information to be reported will be found in the approved CAP/CRP.

## Financial Status TAB:

**Note:** Information can only be entered in boxes with blue lines around them (A-B-C-E-F-G-I-J-N-P-Q-R-S-T).  
All other boxes are automatically calculated.

TEAM-Web ( PRODUCTION Database ) ND-04-0003-01 - Windows Internet Explorer

### Federal Financial Report

Summary Financial Status Remarks and Certification

Line: Transactions:	Previous	This Period	Cumulative	
A. Federal Cash on Hand at Beginning of Period:			\$0.00	
B. Federal Cash Receipts :			\$0.00	Federal funds received (ECHO draws)
C. Federal Cash Disbursements:			\$0.00	Federal funds disbursed
D. Federal Cash on Hand at End of Period:			\$0.00	If not 0 explain why not disbursed
E. Total Federal Funds Authorized:			\$1,700,374.00	Federal funds authorized in grant + amendments
F. Federal Share of Expenditures:	\$1,634,180.00	\$20,563.00	\$1,654,743.00	Accrual basis - total Federal Funds Expended
G. Recipient Share of Expenditures:	\$353,214.00	\$8,246.00	\$361,460.00	Accrual basis - total Local Funds Expended
H. Total Expenditures:(F+G)	\$1,987,394.00	\$28,809.00	\$2,016,203.00	
I. Federal Share of Unliquidated Obligations:			\$1,606.00	Federal Funds under contract-not expended
J. Recipient Share of Unliquidated Obligations:			\$5,351.00	Local Funds under contract-not expended
K. Total Unliquidated Obligations:(I+J):			\$6,957.00	
L. Total Federal Share (F+I):			\$1,656,349.00	Federal funds expended + obligated
M. Unobligated Balance of Federal Funds(E-L):			\$44,025.00	Balance--Federal Funds not in use
N. Total Recipient Share Required:			\$0.00	
O. Remaining Recipient Share to be provided N.(G+J):			\$0.00	
P. Federal Program Income on Hand at Beginning of Period:			\$0.00	
Q. Total Federal Program income earned:			\$0.00	
R. Federal Program income expended in accordance with the deduction alternative:			\$0.00	
S. Federal Program income expended in accordance with the addition alternative:			\$0.00	
T. Federal Program income expended on allowable Transit Capital and Operating expenses:			\$0.00	
U. Federal Unexpended Program income (P+Q- R or S or T):			\$0.00	

**Lines A, B, C, D –cash basis –refers to FEDERAL MONIES only - cumulative**

**Line A –Cash on hand:** ECHO draws – not paid out (will need to add explanation under Remarks & Certification tab why funds are still in bank )

**ANY FEDERAL FUNDS HELD IN BANK MORE THAN 3 DAYS INCUR INTEREST THAT MAY BE REQUIRED TO BE PAID BACK TO FTA**

**Line B –Cash Receipts:** total Federal funds (ECHO draw downs) received since origination of grant

**Line C –Cash Disbursements:** Federal dollars actually paid out

**Line D – Federal Cash on hand (lines A +B –C):** (in bank) Amount is automatically calculated

- Should be "0" -If not "0" add explanation under Remarks & Certification tab why funds are still in bank

- Line E – Total Federal Funds authorized:** amount awarded in grant plus any amendments
- If Line E is -0-, and Pre-Award Authority is marked "NO":
    - Grant Award and Execution were completed in present quarter.
    - Authorized Federal funds will not appear in the FFR until the beginning of the next Quarter.
    - If the grant funds were also drawn down in the same quarter as the Award and Execution of the grant, the FFR will not be able to be updated/finalized until the next quarter begins.
  - If Line E is -0-, and Pre-Award Authority is marked "YES": An FFR must be submitted prior to grant execution

- Line F – Federal Share of Expenditures:** **accrual basis - Outlays = Expenditures**
- Sum of actual cash disbursement: (Examples)
    - Project construction costs or driver wages or fuel or operating expenses
    - If operating assistance, subtract: farebox revenues, rebates, refunds, other credits- see **FTA C 9030.1C Appendix D**
  - Indirect expense incurred – overhead costs
  - Value of in-kind contributions: (use of facilities, donated services, land, right-of-way)
  - Accounts Payable –goods and services received but not paid for
- LINE F (EXPENDITURES/INVOICES) SHOULD EQUAL OR BE GREATER THAN THE AMOUNT IN TEAM/PROJECT FUND STATUS DISTRIBUTION TOTAL. THIS IS A GOOD CHECK TO SEE IF FFR IS ACCURATE.**

- Line G – Recipient Share of Expenditures:**  
How much of the amount expended (line H) is locally funded. If grant was approved for deferred local share, the amount on line F should be "0" zero until the local share is paid.
- Line H – Total Expenditures:** It is automatically calculated. (lines F +G)  
This amount is Federal dollars plus Recipient dollars

**UNLIQUIDATED OBLIGATIONS:** COMMITMENTS/CONTRACTS THAT CANNOT BE CANCELLED WITHOUT SUBSTANTIAL PENALTIES; PURCHASE AGREEMENT OF GOODS/SERVICES NOT YET RECEIVED OR RENDERED

- Line I – Federal Share of Unliquidated Obligations –**  
**Line J – Recipient Share of Unliquidated Obligations:**  
**Line K – Total Unliquidated Obligations:** Federal and Recipient –automatically calculated (lines I + J)
- Line L – Total Federal share:** It is automatically calculated and **SHOULD NOT** be more than line E  
This amount is Federal dollars expended plus Federal dollars under contract (lines F +I)
- Line M – Unobligated Balance of Federal Funds.** This is automatically calculated  
Amount of Federal funds not paid out or obligated

**Negative amounts are NOT allowed except when pre-award authority is marked "YES" and the authorized Federal Funds are not shown in the FFR**

- Line N – Total Recipient Share Required:** to be automatically populated- taken from budget  
Includes ALL cost sharing & match amounts provided by recipients and sub-recipients even those amounts in excess of amount required (over match)
- Line O – Remaining recipient share to be provided (N- (G+J):** automatically calculated

**Lines P thru U – Program Income:** **Cumulative** --gross income received by grantee directly generated by this grant supported activity or earned as result of grant agreement-do not have to report if grant is closed.

**Program Income is NOT:** **REBATES, INTERESTS, CREDITS, FAREBOX REVENUES (FOR THIS PURPOSE), PROCEEDS FROM THE SELLING OF ASSETS**

FTA grantees may exercise the provisions of the Common Rule @ 49 CFR part 18.25(g)(5) where program income can be retained and used for transit purposes (capital and operating costs)Non-Profit grantees refer to 49CFR Part 19  
- Examples of program income can be found FTA 5010.1D, Chap. VI-9, 7b

- Line P – Program income on hand at beginning of period**  
**Line Q – Total Federal program income earned**  
**Line R – Program income expended in accordance with deduction alternative** –(should be "0"- FTA DOESN'T USE THIS METHOD)  
**Line S – Program income expended in accordance with addition alternative** –(should be "0"- FTA DOESN'T AUTHORIZE)  
**Line T – Program income expended on allowable capital and operating expenses for transit**  
**Line U – Unexpended program income (P+Q-R or T)"**-value will automatically populate in line P next report

## Remarks & Comments TAB - REQUIRED FIELD

TEAM-Web ( PRODUCTION Database ) ND-04-0003-01 - Windows Internet Explorer

**Federal Financial Report**

Summary | Financial Status | Remarks and Certification

**Recipient Remarks**

This quarter \$25,704 was spent on Route Match Peratransit Software. Of this amount \$20,564 was federal funds. Also \$3,105 was spent this quarter on AVL radios and equipment all of which were local funds.

☐ When this report is submitted to FTA, the submitter and the individuals providing the information submitted to FTA, if any, certify that it is true, complete, and accurate to the best of their knowledge. They are aware that any false, fictitious, or fraudulent information may subject them to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001).

Name:  Date: 4/26/2010 3:29:30 PM

**FTA Remarks**

☐ I reviewed the report and any associated review comments are documented in the FTA remarks field.

Name:  Date:

**Recipient Remarks - Explain**



- Why Federal funds were refunded?
- Why no activity occurred?
- Do you foresee a delay in expending funds and closing grant?

**Important – When ready to submit FFR: Go to Summary tab click on “submit” radial button.**

Summary | Financial Status | Remarks & Comments

☐ Work In Progress ☐ Submit Report

Then go back to remarks & Comments tab:

- Click on small certification box and Team will populate your name in appropriate box
- At tool bar --click on the save icon  and the green checkmark “OK” icon 
- You are done with your part for this period :)

**Do not close screen prior to clicking on green check ✓ mark, the ok button**

## APPENDIX D: CODE OF FEDERAL REGULATIONS 49 CFR 18.25 PROGRAM INCOME

Title 49: Transportation

Subtitle A: Office of the Secretary of Transportation

PART 18: UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS AND COOPERATIVE AGREEMENTS TO STATE AND LOCAL GOVERNMENTS

Subpart C: Post-Award Requirements

: Financial Administration

18.25 - Program income.

(a) General. Grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them.

(b) Definition of program income. Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final financial report.

(c) Cost of generating program income. If authorized by Federal regulations or the grant agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.

(d) Governmental revenues. Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income.

(e) Royalties. Income from royalties and license fees for copyrighted material, patents, and inventions developed by a grantee or subgrantee is program income only if the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. (See 18.34.)

(f) Property. Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of 18.31 and 18.32.

(g) Use of program income. Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs

(g) (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays.

(1) Deduction. Ordinarily program income shall be deducted from total allowable costs to determine the net allowable costs. Program income shall be used for current costs unless the Federal agency authorizes otherwise. Program income which the grantee did not anticipate at the time of the award shall be used to reduce the Federal agency and grantee contributions rather than to increase the funds committed to the project.

(2) Addition. When authorized, program income may be added to the funds committed to the grant agreement by the Federal agency and the grantee. The program income shall be used for the purposes and under the conditions of the grant agreement.

(3) Cost sharing or matching. When authorized, program income may be used to meet the cost sharing or matching requirement of the grant agreement. The amount of the Federal grant award remains the same.

(4) Section 3(a)(1)(D) of the UMT Act of 1964, as amended, provides that the Secretary shall establish requirements for the use of income derived from appreciated land values for certain UMTA grants. Specific requirements shall be contained in grant agreements.

(5) UMTA grantees may retain program income for allowable capital or operating expenses.

**(6) For grants awarded under section 9 of the UMT Act of 1964, as amended, any revenues received from the sale of advertising and concessions in excess of fiscal year 1985 levels shall be excluded from program income.**

(7) 23 U.S.C. 156 requires that States shall charge fair market value for the sale, lease, or use of right-of-way airspace for non-transportation purposes and that such income shall be used for projects eligible under 23 U.S.C.

(h) Income after the award period. There are no Federal requirements governing the disposition of program income earned after the end of the award period (i.e., until the ending date of the final financial report, see paragraph (a) of this section), unless the terms of the agreement or the Federal agency regulations provide otherwise.

[53 FR 8086 and 8087, Mar. 11, 1988, as amended at 53 FR 8087, Mar. 11, 1988]

## APPENDIX E: FTA CIRCULAR 5010.1D EXCERPT

### 7. PROGRAM INCOME.

a. General. FTA's program income policy for State, local governments, and Indian tribes are in the Common Rule at 49 CFR 18.25. Although similar, the program income requirements for non-profit organizations are in 49 CFR 19.24. Grantees are encouraged to earn income to defray program costs. Program income means:

(1) gross income received by the grantee or subgrantee directly generated by a grant supported activity, or

(2) earned only as a result of the Grant Agreement during the grant period (the time between the effective date of the grant and the ending date of the grant reflected in the final financial report.

b. Program income includes income:

(1) from fees for services performed,

(2) from the use or rental of real or personal property acquired with grant funds,

(3) from the sale of commodities or items fabricated under a Grant Agreement, and

(4) from payments of principal and interest on loans made with grant funds.

Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc., and interest earned on any of them.

c. Cost of generating program income. If authorized by Federal regulations or the Grant Agreement, costs incident to the generation of program income may be deducted from gross income to determine program income.

d. Governmental revenues. Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the Grant Agreement or Federal agency regulations as program income.

e. Property. Proceeds from the sale of real property or equipment will be handled in accordance with the requirements of Sections 18.31 and 18.32.

f. Use of program income. FTA allows its grantee to keep program income and use it for capital and operating expenses. Program income may not be used to reduce the local share of the grant from which it was earned, but may be used in future grants.

If grantees choose not to use program income for public transportation purposes, then it shall be deducted from total allowable costs to determine the net allowable costs.

g. Income after the grant period. There are no Federal requirements governing the disposition of program income earned after the end of the grant period (i.e., after the ending date of the final financial report), unless the terms of the agreement or the Federal agency regulations provide otherwise.

## APPENDIX F: FTA CIRCULAR 9030.1D EXCERPT “Use of Program Income as Local Share”

c. Use of Program Income as Local Share. Recipients may use program income generated by an earlier grant as the local share for a subsequent eligible public transportation project. Recipients may not use program income as the local share for the grant that generated the income. Program income means gross income received by the grantee or subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. In general, program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of advertising and concessions, from social service contract revenue, and from the sale of commodities or items fabricated under a grant agreement. Except as otherwise provided in regulations, program income does not include interest on grant funds; nor does program income include rebates, credits, discounts, refunds, and interest earned on any of them. FTA Circular 5010.1D.1D.1, “Grant Management Requirements,” discusses program income in some depth, as does 49 CFR 18.25. FTA Circular 5010.1D.1D.1 notes that recipients may retain program income so long as they use it for public transportation purposes, that is, for allowable capital, and operating expenses.

The recipient’s accounting system must be capable of identifying program income and the purpose for which the recipient used it. The recipient must account for program income in its accounting system, which FTA subjects to audit. The new Federal Financial Report requires the reporting of program income.

In a grant application requesting operating assistance, the applicant must deduct farebox and other revenues from operating costs to arrive at the net project cost of an operating assistance project. See Appendix C, “Operating Assistance Projects,” of this circular for assistance in calculating the net project cost of a grant requesting operating assistance. In no event may the applicant use farebox revenue as local share for the project that generated those revenues, although the applicant may use farebox revenue to support bonds issued to finance capital projects.