Federal and State Monitoring

Common Transportation Errors Resulting in Citations

- LEA did not allocate expenditures based upon the required allocation method

Districts commonly have separate accounts for the different transportation categories (Regular, Vocational, Special Education and Non Reimbursable) and incorrectly transfer these account balance totals onto the claim. Instructions specifically state the LEA must not claim actual expenditures. If the vendor is transporting students in more than one transportation category, they must allocate the expenditures based on the ratio of miles traveled. The only exception to this rule is if they have separate contracts for the different categories of transportation. Few, if any districts employ this strategy.

Districts incorrectly account for its Regular, Vocational, Special Education and Non-Reimbursable program mileage upon which the ratio of miles for expenditure and revenue allocation among programs is derived. The route miles are often incorrect when traced to the district’s mileage report for all categories. They have either over stated or understated its reimbursable miles which adversely affect the ratio of miles among the programs.

- LEA claimed non-reimbursable expenditures in categories other than non-reimbursable

Districts will often claim such expenses as commercial driver’s licenses – CDLs; regular bus monitors, office equipment, retirement benefits for bus drivers - IMRF, FICA, Medicare; and many items that were not in conformity with the pupil transportation claim provisions.

Districts will claim as direct expense non-reimbursable bus lease payments or other lease payments that should have been depreciated for depreciation allowance cost recovery over the useful lives of the buses or other depreciable items.

- LEA overstated/understated Transportation Fund Revenues as reconciled with the Annual Financial Report

Districts will commonly fail to report revenue received from the orphanage claim. Districts must be sure to communicate with the persons in the Special Education Department in their district to be sure that they are able to recognize any revenue received from the orphanage claim.

Some districts fail to recognize the revenue for the special education orphanage pupils transported for whom the transportation reimbursement was claimed under the special education pupil orphanage claim.

Districts also fail to recognize the revenue received for prior year’s gasoline refunds, warranties on buses, insurance premium refunds or payments for bus damages. Districts also need to recognize the revenue from the sale of buses.

Districts often understate the non-deductible Pre-K At-Risks transportation revenue from the Early Childhood Block Grant.

- LEA did not report student transportation enrolled days correctly

Districts will erroneously take the total head count of students and multiply it by the number of days in session for each student. They have to be actual enrolled days per student. Students who enroll late or leave early will not have a full calendar of days. This data is being collected in the software that most districts use for GSA. Districts will incorrectly omit the regular pupil transportation days enrolled for pupils who live over 1 and ½ miles from their attendance centers. Or, districts have omitted the enrolled days transported for pupils who reside less than 1 and ½ miles from their attendance centers but with approved hazardous transportation.

We often find where districts did not report the non-claimable pupil transportation enrolled days for those pupil transported who live less than 1 and ½ miles from their attendance centers with no approved hazardous transportation. This error understated the non-claimable transportation enrolled days and also understated the costs of the in-eligible bus riders.
• LEA did not claim depreciation expense correctly

Districts often fail to deduct the trade-in values of the buses traded in from the purchased prices of the newly acquired vehicles thus overstating the depreciable costs basis and the depreciation allowances for the newly acquired buses. They can also fail to use the correct depreciation rate. This, and using incorrect costs basis, can result in subsequent year’s depreciation adjustments.

Districts incorrectly include the interest amount in arriving at the costs basis for the leased buses. The depreciation allowance for the leased bus, based on the annual lease payments, erroneously included the interest component. Then there are districts that claim full year depreciation allowance for buses that were acquired at the end of the school year or they claim depreciation allowance for a vehicle that has been fully depreciated. Some have also claimed depreciation allowances for vehicles before their acquisition date.

• LEA overstated/understated Transportation Fund Expenditures as reconciled with the Annual Financial Report

Districts often do not include claimable expenditures for the month of June in its transportation claim. They also include expenditures that were not paid from the transportation funds. Or, they deduct revenues received as direct credit to the expenditure accounts instead of showing the revenues received in the revenue accounts for proper treatment.

Districts will incorrectly claim supplies expenditures in the supply account category and under the purchased services category.

• LEA claimed expenditures that should have been capitalized

Districts commonly include bus repairs in excess of $2,500 in the purchased services account. The $2,500 must be depreciated as a whole according to the transportation instructions. Districts often capitalize the repairs and also claim them as a direct expense on line 14C because they failed to manually remove them from the purchased services account claim. They must be sure to exclude the capitalized repairs from the purchased services claimed on line 14C.

Districts incorrectly claim repair work for bus transmissions and engines totaling $8,000 in the supply account category as direct expense. The costs of the transmission and engine repair should have been claimed under capital outlay to be depreciated at 33.33%, since the repair work is equal to or greater than $2,500, and increased the useful life of the bus for one year or more.