**Section 653.111 Eligible Operating Expenses**

a) Operating assistance grants will be made only for the reimbursement of eligible operating expenses. In all instances, operating expenses shall be deemed eligible to the degree that they are required for public transportation, are subject to independent documentation and audit verification, are consistent with State or federal program eligibility requirements, and are the net of all applicable credits, as determined by the Department to be in accordance with standard accounting practices. Eligible operating expenses include, but are not limited to:

1) employee wages;

2) employee benefits;

3) materials, fuels and supplies;

4) rental of facilities;

5) taxes other than income taxes;

6) payment made for debt service (including principal and interest) on equipment or facilities owned by the applicant, to the degree that the participant's governing board, through resolution, certifies that the public transportation portion of the equipment or facilities is required for the day-to-day provision of public transportation within the next 24 months, provided that, in undertaking and administering the acquisition and ownership of the equipment and facilities, the participant complies with the Department's "Public Transportation Capital Improvement Grants Manual" and "Supplemental Operating Assistance Guidelines";

7) non-rolling-stock equipment purchases that are less than $10,000;

8) administrative costs, i.e., costs incurred in capital grant record keeping, grant management, and the preparation of status reports required by the Department under its capital grant program, associated with capital projects that are not reimbursed elsewhere;

9) routine maintenance and repairs to buildings, equipment or vehicles that do not extend their useful life for replacement eligibility purposes;

10) reasonable expenses and compensation for applicant's board members or trustees as provided for under the Local Mass Transit District Act [70 ILCS 3610/4];

11) established reserves for self-insurance programs; and

12) any other expenditure that an independent auditor retained by the participant's governing board determines is required for the provision of public transportation according to the most current version of AICPA's generally accepted accounting principles for public transportation operations.

b) Eligible operating expenses also include the costs associated with the audit requirements set forth in Section 653.410.

c) Eighty percent of the dues paid by the applicant to the Illinois Public Transportation Association and 90% of the dues paid by the applicant to the American Public Transportation Association or the Community Transportation Association of America are also eligible operating expenses. (See Section 2-2.04 of the Act.)

(Source: Added at 34 Ill. Reg. 13142, effective August 24, 2010)