



Washington State Auditor's Office

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

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To the Board of Directors and Management of Clark County Public Transportation Benefit Area:

We have performed the procedures specified in the Declaration section of the 2015 National Transit Database (NTD) Policy Manual and described in the attachment to this report, which were agreed to and specified by the Federal Transportation Authority (FTA) and were agreed to by the management of Clark County Public Transportation Benefit Area. Such procedures were applied solely to assist the specified parties in evaluating the Authority's compliance with the standards described in the FTA Standards section of this report for the fiscal year ending December 31, 2015, and that the information included in the NTD report Federal Funding Allocation Statistics (FFA-10) form for the fiscal year ending December 31, 2015 is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993, and as presented in the 2015 Policy Manual. The Authority's management is responsible for compliance with these standards and for the records supporting its federal funding allocation data. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attachment to this report either for the purpose for which this report has been requested or for any other purpose.

We have applied the procedures to the data contained in the FFA-10 form for the fiscal year ending December 31, 2015. The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles (VRM), fixed guideway directional miles (FG DRM), passenger miles traveled (PMT), and operating expenses (OE) of the Authority for the fiscal year ending December 31, 2015 for each of the following modes:

- Motor Bus – Directly Operated
- Commuter Bus – Directly Operated
- Demand Response – Directly Operated
- Vanpool – Directly Operated

FTA Standards

FTA has established the following standards with regard to the data reported in the FFA-10 form of the Authority's annual NTD report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual VRM data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about transit agency operations.

Procedure Results

There were no exceptions or findings that came to our attention in performing the procedures described in Attachment 1 to this report. The results of applying the agreed upon procedures are also described in Attachment 1 to this report.

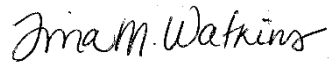
We were not engaged to and did not conduct an examination, the objectives of which would be the expression of an opinion on compliance or on the effectiveness of the Authority's internal

control over compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and Management of the Clark County Public Transportation Benefit Area and the FTA, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in black ink that reads "Tina M. Watkins". The signature is written in a cursive, flowing style.

Tina Watkins, Audit Manager

Washington State Auditor's Office

Vancouver, Washington

June 24, 2016

Attachment 1: Federal Funding Allocation Data Review Procedures and Results

Attachment 1: Federal Funding Allocation Data Review Procedures and Results

Information and findings which came to our attention as a result of performing the agreed-upon procedures to each applicable mode and type of service (directly operated and purchased transportation) are as follows:

- a. We obtained and read a copy of written procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, and January 15, 1993 and as presented in the 2015 Policy Manual.
- b. We discussed the procedures with the Financial Manager assigned responsibility of supervising the preparation and maintenance of NTD data and determined that:
 - The Authority followed the procedures on a continuous basis, and
 - The Authority believes such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, and January 15, 1993 and as presented in the 2015 Policy Manual.
- c. We inquired of the same personnel concerning the retention policy that is followed by the Transit with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics (FFA-10) form.
- d. Based on a description of the Transit's procedures obtained in items a and b above, we identified all the source documents which are to be retained by the Authority for a minimum of three years. For each type of source document related to motor bus/commuter bus, demand response, and vanpool; we selected three months out of the years for 2012, 2013, and 2014 and determined the source documents exist for each of these periods.
- e. We discussed the system of internal controls with the Finance Manager who is responsible for supervising and maintaining the NTD data. We inquired whether individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews are performed. No exceptions were found as a result of applying this procedure.
- f. We judgmentally selected a sample of the source documents and determined that supervisors' signatures or other evidence of the supervisor's review are present as required by the system of internal controls.
- g. We obtained the worksheets utilized by the Transit to prepare the final data that are transcribed onto the FFA-10 form. We compared the periodic data included on the worksheets to the periodic summaries prepared by the Transit. We tested the arithmetical

accuracy of the summarizations. No exceptions were found as a result of applying the procedure.

- h. We discussed the Transit's procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with the Transit's staff. We inquired whether the procedure used is one of the methods specifically approved in the 2015 Policy Manual.
 - We found the Transit conducts a 100% selection of actual PMT and no sampling procedures are used.

No exceptions were found as a result of applying the procedure.

- i. We discussed with the Transit's staff Finance Manager the Transit's eligibility to conduct statistical sampling for PMT data every third year. We determined the Transit does not meet one of the three criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year, thus the Transit must conduct a statistical sample annually. However, the Transit uses an automated system that performs a 100% count of actual PMT so no sampling is needed.
- j. As the Transit completes a 100% measurement of PMT data, we did not obtain a description of, review its methodology over, or perform sampling of, its PMT data.
- k. For vanpool, we judgmentally selected a random sample of the source documents for accumulating PMT data (one vehicle per month) and determined that they are complete (all required data is recorded) and that the computations are accurate. For all other modes, we did not list accumulation periods because the system was automated and posted data on a daily basis by bus/route. In these cases, we tested individual routes on different days to ensure they were posting accurately to the system. We tested nine and six routes for motor bus/commuter bus and demand response, respectively, with no exceptions.
- l. The Transit does not operate any charter, school bus, or other ineligible transportation and therefore no additional procedures were necessary to ensure systematic exclusion of these ineligible vehicle miles.
- m. For actual vehicle revenue mile (VRM) data, we documented the collection and recording methodology and determined that deadhead miles are systematically excluded from the computation. This was accomplished as follows:
 - For Bus and Commuter Bus, as actual VRMs are calculated from schedules, we documented the procedures used to subtract missed trips. We judgmentally selected a random sample of the days that service is operated and re-computed the daily total of missed trips and missed VRMs. We tested the arithmetical accuracy of the summarization. No exceptions were found as a result of applying the procedure.

- For Vanpool and Demand Response, actual VRMs are calculated from vehicle logs. We judgmentally selected random samples of the vehicle logs and determined that deadhead mileage has been correctly identified and excluded from the reported mileage in accordance with FTA's definitions. No exceptions were found as a result of applying the procedure.
- n. The transit does not provide rail service therefore we did not review recording or accumulation sheets for actual VRMs to ensure locomotive miles were not included in the computation.
- o. For fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM), we interviewed the Finance Manager responsible for maintaining and reporting the NTD data and determined the operations meet FTA's definition of a FG/ HIB DRM in that the service is:
- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR) or
 - Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of-way (ROW), and
 - Access is restricted
 - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway, and
 - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation
 - High Occupancy / Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues, and that the transit agency has provided to NTD a copy of the State's certification to the US Secretary of Transportation that it has established a program for monitoring, assessing and reporting on the operation of the HOV facility with HO/T lanes.
- p. We discussed the measurement of fixed guideway FG/HIB DRM with the Finance Manager and Operations Planning Supervisor reporting the NTD data and determined that the mileage is computed in accordance with FTA's definitions of FG/HIB DRM. We inquired whether there were service changes during the year that resulted in an increase or decrease in DRMs. As no service change resulted in a change in overall DRMs, we did not re-compute the average monthly DRMs or reconcile the total to the FG/HIB DRM reported on the FFA-10 form.
- q. We inquired the Operations Planning Supervisor whether there were any service interruptions during the year. There were no service interruptions during the year.

- r. We measured FG/HIB DRM from maps *and* by retracing routes. No exceptions were found as a result of applying the procedure.
- s. We discussed with the Finance Manager reporting the NTD data whether other public transit agencies operate service over the same FG/HIB as the Transit. There were no FG/HIB segments used by other transit agencies.
- t. We reviewed the FG/HIB segments form. We discussed the Finance Manager reporting NTD data the Agency Revenue Service Start Date for any segments added in the Transit's report year. There were no new segments added in the report year.
- u. We compared the total operating expenses as reported on Form FFA-10, to total operating expense reported on the Transit's audited financial statements after removing reconciling items. No exceptions were found as a result of applying the procedure.
- v. As the Transit has no PT services, PT fare revenues and the Contractual Relationship form reported \$0.
- w. As the Transit has no PT services, an Independent Auditor Statement for Federal Funding Allocation Data (IAS-FFA) of the PT service is not required.
- x. As the Transit has no PT services, there are no PT contracts to which procedures were applied.
- y. We inquired of the Finance Manager responsible for maintaining the NTD data regarding the procedures for allocation of statistics between UZAs and non-UZA. The Authority allocated all data statistics to its UZA because it does not receive section 5311 funding.
- z. We compared the data reported on the FFA-10 from to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased, we interviewed Transit management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period. No exceptions were found as a result of applying the procedure.