



**Office of the Washington State Auditor
Pat McCarthy**

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED UPON PROCEDURES**

E. Susan Meyer
Spokane Transit Authority
W. 1230 Boone
Spokane, WA 99201

To the Board of Directors and Management of the Spokane Transit Authority:

We have performed the procedures specified in the Declaration section of the 2019 National Transit Database (NTD) Policy Manual and enumerated 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 the Spokane Transit Authority. Such procedures are related to the Authority's compliance with the standards described in the FTA Standards section of this report for the fiscal year ending December 31, 2019, and that the information included in the NTD report Federal Funding Allocation Statistics (FFA-10) form for the fiscal year ending December 31, 2019 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 2019 Policy Manual.

The Authority's management is responsible for compliance with these standards and for the records supporting its federal funding allocation data. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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, 2019. 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, 2019 for each of the following modes:

- Demand Response – Directly Operated
- Demand Response – Purchased Transportation

- Motorbus – 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

The following exceptions were found in performing the procedures described in Attachment 1 to this report:

- Source documents supporting motorbus random sampling data from mid-October to mid-December did not have evidence of supervisor review due to employee transferring to another department within the agency.
- Electronic logs for vanpool had a variance of 4.87 passenger miles traveled out of the total of 4,115,706 reported passenger miles due to updates in the Authority's software during the period.
- A variance of 22,996 miles in the calculation of 40,305,783 total passenger miles traveled for fixed route due to an input error for the average Sunday/Holiday passenger distance. The Authority has corrected this error on the NTD forms.
- An input error of 17.09 vehicle revenue miles out of the total of 6,118,526 reported vehicle revenue miles due to additional service miles, which was noted as extra revenue hours, but

did not indicate the additional miles. We noted other variances in nine days totaling 1.39 miles due to addition inconsistencies in the software calculation between modules.

For purposes of performing these agreed-upon procedures, no materiality limits have been established by the specified parties and all exceptions from application of the agreed-upon procedures are reported. The results of applying the agreed-upon procedures are also described in Attachment 1 to this report.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objectives of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements or on internal control over compliance with specified requirements. Additionally, the agreed-upon procedures do not constitute an audit or review of the financial statements or any part thereof, the objective of which is the expression of an opinion or conclusion, respectively, on the financial statements or part thereof. Accordingly, we do not express such opinions or conclusions. 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 for the information and use of the Board of Directors and management of the Spokane Transit Authority and the FTA, and is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

A handwritten signature in cursive script, reading "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

March 31, 2020

Attachment 1: Federal Funding Allocation Data Agreed-Upon Procedures and Results

Attachment 1: Federal Funding Allocation Data Agreed Upon Procedures and Results

Information and findings that were found 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. Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, and January 15, 1993 and as presented in the 2019 Policy Manual. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

Results: We obtained and read a copy of the Authority's written procedures for reporting and maintaining data in accordance with NTD requirements and definitions.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:
 - The extent to which the transit agency followed the procedures on a continuous basis, and
 - Whether they believe 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 2019 Policy Manual.

Results: We discussed the procedures with the Principal Transit Planner and Senior Financial Services Manager 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 applicable NTD definitions and requirements.
- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics (FFA-10) form.

Results: We inquired of the same personnel and determined the Authority retains source documents supporting NTD data reported on the FFA-10 form for a period of three years.

- d. Based on a description of the transit agency's procedures from items (A) and (B) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

Results: We identified all the source documents that are to be retained by the Authority for a minimum of three years. For motorbus, demand response, and vanpool, we selected February,

April, and August for 2019, 2018 and 2017 and determined the documents exist for each of these periods.

- e. Discuss the system of internal controls. Inquire whether separate 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 these individuals perform such reviews.

Results: We discussed the system of internal controls with the Principal Transit Planner and Senior Financial Services Manager. Individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness monthly.

- f. Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

Results: We selected a sample of five source documents. We determined supervisors' signatures or other evidence of the supervisor's review are present as required by the system of internal controls for demand response and vanpool. For motorbus random sampling data, we found that supervisors' signatures were present from January until mid-October and mid-December to the end of the period, but were absent from mid-October to mid-December due to employee transferring to another department within the agency in the position of the supervisor.

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the FFA-10 form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Confirm the arithmetical accuracy of the summaries.

Results: We obtained the worksheets utilized by the Authority 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 Authority. We confirmed the arithmetical accuracy of the summarizations. No exceptions were found as a result of applying the procedure.

- h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2019 Policy Manual.

Results: We discussed the Authority's procedure for accumulating and recording passenger miles traveled (PMT) data with Authority staff and determined the Authority:

- Conducts a 100% measurement of actual PMT and no sampling procedures are used for demand response and vanpool.

- Conducts a statistical sample for estimating PMT for motorbus using one of the two procedures suggested by FTA and described in FTA Circulars 2710.1A or 2710.2A; or an alternative sampling procedure.
- i. Discuss with transit agency staff the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:
- According to the 2010 Census, the public transit agency serves an UZA with a population less than 500,000.
 - The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
 - Service purchased from a seller is included in the transit agency's NTD report.
 - For transit agencies that meet one of the above criteria, inspect the NTD documentation for the most recent mandatory sampling year (2014) and determine that statistical sampling was conducted and meets the 95% confidence and $\pm 10\%$ precision requirements.
 - Determine how the transit agency estimated annual PMT for the current report year.

Results: We discussed with the Principal Transit Planner the Authority's eligibility to conduct statistical sampling for PMT data every third year. We determined the Authority meets one of the three criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually; however the Authority elects to conduct statistical sampling annually. Specifically:

- According to the 2010 Census, the public transit agency serves an urbanized area (UZA) of less than 500,000 population.
 - We inspected the NTD documentation for the most recent mandatory sampling year 2019 and determined that statistical sampling was conducted and meets the 95% confidence and +10% precision requirements.
 - We also determined how the transit agency estimated annual PMT for the current report year. No exceptions were found as a result of applying the procedure.
- j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

Results: We obtained a description of the sampling procedure for estimation of PMT data used by the Authority for motorbus. We obtained a copy of the Authority's methodology used to select the actual sample of runs for recording PMT data. As the average trip length was used, we determined that the universe of runs was used as the sampling frame. We determined that the methodology to select specific runs from the universe resulted in a random selection of runs. We also determined that the Authority followed the stated sampling procedure.

As the Authority completes a 100% measurement of PMT data for demand response and vanpool, we did not perform this procedure for these modes.

- k. Select a random sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulation periods that were selected. Confirm the arithmetical accuracy of the summary.

Results: We selected random samples of 29 of 25,791 route reports for directly operated demand response, 29 of 2,158 vehicle logs for special use demand response, 29 of 896 electronic vanpool logs, and 28 of 708 sample detail reports for motorbus for accumulating PMT data. We determined the data are complete (all required data is recorded) and that the computations are accurate for demand response and motorbus. We noted vanpool computations did not match for one of the selected periods. Using the same random samples, we re-computed the accumulations for each of the selected periods as follows:

- For demand response, we recalculated the passenger miles traveled amounts to route reports and vehicle logs. We agreed the Data Clerk's passenger miles traveled amounts to the amounts from the monthly totals in the Authority's system.
- For vanpool, we recalculated the passenger miles traveled amounts for selected months of January, March, June, October and December. We agreed the Vanpool Coordinator's passenger miles traveled to the monthly totals in the Authority's system. We found a difference in February's tested electronic vanpool logs of 4.87 miles out of 4,115,706 reported passenger miles due to an update to the Authority's software system for this calculation. We also tested individual vanpool logs over all months.
- For motorbus, we recalculated the surveys taken and agreed the daily totals and sample detail reports for each randomly selected day and confirmed each was computed correctly and summarized into the survey reports accurately.

We confirmed the arithmetical accuracy of the summarization. The exceptions found were as noted above.

- l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source

documents used to record charter and school bus mileage and confirm the arithmetical accuracy of the computations.

Results: The Authority 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, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:
- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Confirm the arithmetical accuracy of the summary.
 - If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Confirm the arithmetical accuracy of the summary of intermediate accumulations.
 - If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

Results: 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 is accomplished as follows:

- As actual VRMs are calculated from schedules for motorbus, we documented the procedures used to subtract missed trips. We selected a random sample of the days that service is operated and re-computed the daily total of missed trips and missed VRMs. We noted an input error of 17.09 miles out of the 6,118,526 reported vehicle revenue miles. This was due to additional revenue service miles not recorded during route changes. We noted other variances in nine days totaling 1.39 miles due to addition inconsistencies in the software calculation between modules.
 - As actual VRMs are calculated from vehicle logs for demand response and vanpool, we selected a random sample of the vehicle logs and determined that the deadhead mileage has been correctly computed in accordance with FTA's definitions. No exceptions were found as a result of applying the procedure.
- n. For rail modes, inspect the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

Results: The Authority does not provide rail service. Therefore, we did not inspect recording or accumulation sheets for actual VRMs to ensure locomotive miles were not included in the computation.

- o. If fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data and inquire whether the operations meet the FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) 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 a parallel adjacent highway;
 - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation; and
 - High Occupancy/Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues. The transit agency has provided the NTD a copy of the State's certification to the U.S. Secretary of Transportation stating that it has established a program for monitoring, assessing, and reporting on the operation of the HOV facility with HO/T lanes.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that he or she computed mileage in accordance with the FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the FFA-10 form.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:

- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
- If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. The FTA will make a determination on how to report the DRMs.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- r. Measure FG/HIB DRM from maps or by retracing route.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the FFA-10 form. Each transit agency should report the actual VRM, PMT, and OE for the service operated over the same FG/HIB.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- t. Inspect the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2019 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2019 report year, the Agency Revenue Service Date must occur within the transit agency's 2019 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Bus segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, the FTA will only consider segments continuously reported to the NTD.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- u. Compare operating expenses with audited financial data after reconciling items are removed.

Results: Audited financial data was not available at the time of our engagement. We compared the total operating expenses as reported on the Form FFA-10 of \$70,389,246 to total operating expense reported on the Authority's general ledger of \$70,389,246, after removing reconciling items. No exceptions were found as a result of applying this procedure.

- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of PT-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.

Results: We interviewed the Senior Financial Services Manager reporting the NTD data regarding the amount of PT generated fare revenues. Reported PT fare revenues are \$190,663 and the amount reported on the Contractual Relationship form is \$190,663.

- w. If the transit agency's report contains data for PT services and assurances of the data for those services are not included, obtain a copy of the IAS-FFA regarding data for the PT service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an Independent Auditor Statement for the PT data.

Results: This report covers the PT services. Therefore, no additional Independent Auditor Statement for Federal Funding Allocation Data (IAS-FFA) for PT services is required.

- x. If the transit agency purchases transportation services, obtain a copy of the PT contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract, and determine that copies of the contracts are retained for three years.

Results: We interviewed the Paratransit Services Transportation Manager and determined that copies of the contracts are retained for three years. We obtained a copy of each PT contract and determined that the contract:

- specifies the specific public transportation services to be provided;
 - specifies the monetary consideration obligated by the Authority contracting for the service;
 - specifies the period covered by the contract and that this period overlap is the entire, or a portion of, the period covered by the Authority's NTD report; and
 - is signed by representatives of both parties to the contract.
- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and inspect the FG segment worksheets, route maps, and urbanized area boundaries

used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

Results: We inquired of the Principal Transit Planner regarding the procedures for allocation of statistics between UZAs and non-UZAs. We obtained and inspected the FG segment worksheets, route maps and urbanized area boundaries used for allocating the statistics, and determined the stated procedure is followed and that the computations are correct.

- z. Compare the data reported on the FFA-10 form to data from the prior report year and calculate 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, interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

Results: We compared the data reported on the FFA-10 form 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 Authority 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.

We found that actual VRM, PMT or OE data did not increase or decrease by more than 10% relative to the prior year.