



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

April 30, 2024

Board of Directors  
Snohomish County Public Transportation Benefit Area (Community Transit)  
Everett, Washington

**Report on Agreed-Upon Procedures**

Please find attached our report on the results of performing certain agreed-upon procedures as specified in our report.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT ACCOUNTANT'S REPORT

Ric Ilgenfritz, Chief Executive Director  
Community Transit  
2312 W. Casino Road  
Everett, WA 98204

To the Board of Directors and Management of Community Transit:

We have performed the procedures specified by the Federal Transportation Authority (FTA) in the Declaration section of the 2023 National Transit Database (NTD) Policy Manual and enumerated in the attachment to this report. Such procedures are related to the Transit's compliance with the standards described in the FTA Standards section of this report during the fiscal year ending December 31, 2023, and the conformity of the information included in the NTD report Federal Funding Allocation Statistics (FFA-10) form for the fiscal year ending December 31, 2023 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 2023 NTD Policy Manual (collectively, the specified requirements). The Transit's management is responsible for its compliance with those requirements and for the records supporting its federal funding allocation data.

The Transit's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Transit and the FTA in determining whether the Transit complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We have applied the procedures to the data contained in the Transit's FFA-10 form for the fiscal year ending December 31, 2023. The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles (VRM), fixed guideway directional miles, passenger miles traveled, and operating expenses of the Transit for the fiscal year ending December 31, 2023 for each of the following modes:

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

## FTA Standards

FTA has established the following standards with regard to the data reported in the FFA-10 form of the Transit'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

Information and findings found as a result of performing the procedures are described in Attachment 1 to this report.

## About the Engagement

We were engaged by the Transit's management to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective 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 those 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.

We are required to be independent of the Transit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 30, 2024

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

*Attachment 2: Independent Accountants' Reports for Federal Funding Allocation Data (IAS FFA) of the PT service*

### *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 and as presented in the 2023 NTD 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:** The Transit does not maintain written system procedures for reporting and maintaining data in accordance with applicable NTD requirements and definitions. As there are no written procedures available, we discussed the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility for 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 these transit personnel believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630 and as presented in the 2023 NTD Policy Manual.

**Results:** We discussed the procedures with the Senior Analyst, NTD and Budget and the Senior Manager of Research and Analytics and determined that:

- The Transit followed the procedures on a continuous basis, and
  - The Transit 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 form.

**Results:** We inquired of the same personnel and determined the Transit retains source documents supporting NTD data reported on the Federal Funding Allocation Statistics 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 Transit for a minimum of three years. For each type of source document, we selected January, June, and September for 2023, 2022, and 2021 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 Transit's personnel responsible for supervising and maintaining NTD data. Individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness annually.

- 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 discussed with the Senior Analyst, NTD and Budget and found supervisor's signatures are not required on source documents, but rather on the end of the year NTD forms. We selected a sample of seven end of the year NTD forms and the source documents that support the forms. We found evidence of review for all source documents and supervisors' signatures on all end of the year NTD forms as required by the system of internal controls.

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics 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 the Transit uses to prepare the final data transcribed onto the Federal Funding Allocation Statistics form. We compared the periodic data included on the worksheets to the periodic summaries prepared by the Transit. 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 2023 NTD Policy Manual.

**Results:** We discussed the Transit's procedure for accumulating and recording PMT data with Transit staff and determined the Transit:

- Conducts a 100% measurement of actual PMT and no sampling procedures are used for all modes/types of service except Vanpool – Directly Operated.
  - For Vanpool – Directly Operated, the Transit conducts a statistical sample for estimating PMT using an alternative sampling procedure. A qualified statistician has determined that the procedure meets FTA’s statistical requirements.
- 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:
- The public transit agency serves an UZA with a population less than 500,000 according to the most recent census.
  - The public transit agency directly operates fewer than 100 revenue vehicles operating in maximum 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 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 Senior Analyst, NTD and Budget 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, and must conduct a statistical sample annually. However, the Transit elected and was authorized by the FTA, to perform 100 percent counts with the exception of Vanpool – Directly Operated. We confirmed this is authorized by observing the email from the Transit’s NTD Senior Advisor granting approval of 100 percent counts effective beginning fiscal year 2014.

For Vanpool – Directly Operated, the Transit performed an annual statistical sampling method. We confirmed this is authorized by observing the email from the Transit’s NTD Senior Advisor granting approval of an annual statistical method, effective beginning fiscal year 2018.

- 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:** For Vanpool – Directly Operated, we obtained a description of the sampling procedure for estimation of PMT data used by the Transit. We obtained a copy of the Transit’s methodology used to select the actual sample of runs for recording PMT data. We determined that the methodology used to select runs from the universe resulted in a random selection of runs. We also determined that the Transit followed the stated sampling procedure.

For all modes other than Vanpool – Directly Operated, the Transit completes a 100 percent measurement of PMT data. Therefore, for modes other than Vanpool – Directly Operated, we did not obtain a description of, or determine its methodology over, its PMT data, and we did not determine that it followed the stated sampling procedure.

- 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 a random sample of 16 source documents for accumulating PMT data and determined that they are complete (all required data is recorded) and that the computations are accurate. We selected all twelve accumulation periods and re-computed the accumulations for each month.

We confirmed the arithmetical accuracy of the summarization. No exceptions were found as a result of applying the procedure.

- l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles (VRM) 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 Transit does not operate any charter or school buses. We discussed the procedures for systematic exclusion of other ineligible vehicle miles from the calculation of actual vehicle revenue miles with Transit staff and determined that the stated procedures are followed.

- m. For actual 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:** Community Transit used a combination of a scheduling software program and a vehicle monitoring system to calculate the VRMs. The vehicle monitoring system captures the actual vehicle miles and actual VRMs depending on the trips that each vehicle is logged into as either revenue or deadhead. The deadhead mileage is calculated as the difference between the total actual vehicle miles and the actual VRMs. We selected a random sample of vehicle logs and determined that the deadhead mileage has been computed in accordance with FTA definition and systemically excluded from the computation. 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 Transit 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 (FG) or High Intensity Bus directional route miles (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 (Motorbus (MB), Commuter Bus (CB), or Bus Rapid Transit (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 (LOS) 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., vanpool, carpools) must demonstrate safe operation; and

**Results:** The Transit does not operate fixed guideways. For HIB DRM, we interviewed the Analyst II and Senior Manager of Research and Analytics who are responsible for maintaining and reporting the NTD data and found the operations meet FTA's definition of High Intensity Bus.

- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that they 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 Federal Funding Allocation Statistics form.

**Results:** The Transit does not operate fixed guideways. We discussed the measurement of HIB DRM with the Senior Manager of Research and Analytics and determined the mileage is computed in accordance with FTA's definitions of HIB and 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 HIB DRM reported on the FFA-10 form.

- 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:** We inquired with the Senior Manager of Research and Analytics about whether there were any service interruptions during the year. There were no service interruptions during the year.

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

**Results:** The Transit does not operate fixed guideway modes. We measured HIB DRM from maps of nine routes. No exceptions were found as a result of applying the procedure.

- 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 Federal Funding Allocation Statistics form. Each transit agency should report the actual VRM, PMT, and Operating Expense (OE) for the service operated over the same FG/HIB.

**Results:** The Transit does not operate fixed guideway modes. We discussed with the Analyst II and Senior Manager of Research and Analytics and determined the Transit coordinated with the other transit agencies such that the DRMs for the segment of HIB are reported only once to the NTD on the preliminary FFA-10 forms.

- t. Inspect the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2023 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 2023 report year, the Agency Revenue Service Date must occur within the transit

agency's 2023 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 FG/HIB 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:** We inspected the FG/HIB segments form and discussed the Agency Revenue Service Start Date for any segments added in the 2023 report year with the Analyst II and Senior Manager of Research and Analytics. There were no new segments added in the report year.

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

**Results:** Operating expenses reported on the Federal Funding Allocation Statistics form are \$152,943,301. Audited financial data was not available at the time of our engagement. We compared the total operating expenses as reported on the preliminary FFA-10 forms to the total operating expenses reported in the Transit's general ledger after removing reconciling items and confirmed they agree.

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

**Results:** We interviewed the Senior Analyst, NTD and Budget, regarding the amount of purchased transportation generated fare revenues. Reported purchased transportation fare revenues are \$4,723,025 and the amount reported on the Contractual Relationship form is \$4,723,025.

- w. If the transit agency's report contains data for purchased transportation services and the procedures in this agreed-upon procedures engagement were not applied to the purchased transportation services, obtain a copy of the IAS-FFA regarding data for the PT service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in this agreed-upon procedures engagement, and the transit agency also does not have a separate Independent Auditor's Statement for the purchased transportation data.

**Results:** The Independent Auditor Statement for Federal Funding Allocation Data (IAS-FFA) for purchased transportation services, for which data is not included in the scope of this engagement, is included as an attachment to this report.

- x. If the transit agency purchases transportation services, obtain a copy of the purchased transportation 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 Senior Analyst, NTD and Budget and the Senior Records Specialist and determined that copies of the contracts are retained for three years. We obtained a copy of each purchased transportation contract and determined that the contract:

- specifies the specific public transportation services to be provided;
  - specifies the monetary consideration obligated by the Transit 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 Transit'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 personnel assigned responsibility for maintaining NTD data 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 Federal Funding Allocation Statistics 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 Federal Funding Allocation Statistics 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 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.

We found the following VRM, PMT, or OE data increased or decreased by more than 10% and interviewed Transit management regarding the specifics of operations that led to the change in the data relative to the prior reporting period:

<b>Transportation Mode Type</b>	<b>VRM change Increase (decrease)</b>	<b>PMT change Increase (decrease)</b>	<b>OE Change Increase (decrease)</b>
Commuter Bus – Directly Operated	(11%)	31%	N/A
Motor Bus – Directly Operated	N/A	18%	12%
Commuter Bus – Purchased Transportation	N/A	36%	N/A
Vanpool – Directly Operated	33%	30%	33%
Demand Response – Purchased Transportation	15%	18%	12%

The changes in VRM are due to:

- Commuter Bus – Directly Operated services decreased due to coach operator staffing challenges. To provide more reliable services to its customers, the Transit provided less service which equates to fewer VRMs and fewer vehicle revenue hours compared to the prior year.
- Vanpool – Directly Operated services and Demand Response – Purchased Transportation service increased as riders who were working remotely began to return to work and travel began to return to pre-pandemic levels.

The increase in PMT were due to ridership recovery as more customers who worked remotely during the pandemic began returning to work, bringing travel closer to pre-pandemic levels.

The increases in OE were due to:

- Motor Bus – Directly Operated service was affected by wage increases to the majority of the agency's employees.
- Vanpool – Directly Operated service increased due to more customers transitioning back to working on site.
- Demand Response – Purchased Transportation increased due to adding Microtransit and the increases in Dart services.

FG DRM data is not applicable to the Transit as it does not run service on fixed guideway.