



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

The Board of Trustees
Utah Transit Authority:

The Federal Transit Authority (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics form (FFA-10) of the Utah Transit Authority's (UTA) annual National Transit Database (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 vehicle revenue miles (VRM) data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about transit agency operations.

We have applied the procedures to the data contained in the accompanying FFA-10 form for the year ending December 31, 2015. Such procedures, which were agreed to and specified by FTA in Exhibit 66 of the Declarations section of the *2015 NTD Policy Manual* and were agreed to by UTA, were applied to assist you in evaluating whether UTA complied with the standards described in the first paragraph of this part and that the information included in the NTD report Federal Funding Allocation Statistics form for the 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, dated January 15, 1993 and as presented in the *2015 NTD Policy Manual*. This report is intended solely for your information and for FTA and should not be used by those who did not participate in determining the procedures.

UTA's management is responsible for UTA's compliance with those requirements, including preparation of the NTD report FFA-10 form for the year ended December 31, 2015. This agreed-upon engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 above either for the purpose for which this report has been requested or for any other purpose.

The procedures were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles (VRM), fixed guideway directional route miles (FG DRM), passenger miles traveled (PMT), and operating expenses (OE) of UTA for the year ending December 31, 2015, for each of the following modes:

- Motor Bus—directly operated
- Motor Bus—purchased transportation
- Demand Response—directly operated
- Demand Response—purchased transportation
- Van Pool—directly operated
- Light Rail—directly operated
- Commuter Bus—directly operated
- Commuter Rail—directly operated

The following information and findings came to our attention as a result of performing the procedures described above as specified in the *2015 NTD Policy Manual*.

2015 NTD Policy Manual Exhibit 66 procedure 'e':

Procedure:

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.

Findings:

During our testing we were informed that the monthly spreadsheets (source documents) are not being reviewed on a monthly basis prior to being sent to the Accounting and Data Analyst responsible for FTA reporting as of July 2015. This finding applied to the following modes:

- Motor Bus—directly operated
- Motor Bus—purchased transportation
- Demand Response—directly operated
- Demand Response—purchased transportation
- Van Pool—directly operated

We were also informed that the PMT/UPT accumulation report source documents are not reviewed on a monthly basis prior to being sent to the Accounting and Data Analyst. This finding applied to the following modes:

- Motor Bus—directly operated
- Light Rail—directly operated
- Commuter Bus—directly operated
- Commuter Rail—directly operated

2015 NTD Policy Manual Exhibit 66 procedure ‘f’:

Procedure:

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.

Findings:

We selected three (3) months of the year to determine whether supervisors’ signatures or other indication of supervisors’ review were documented on the source documents. In each of the three (3) months tested, we noted no signatures or other documentation to support a supervisor’s review of the source documents. This finding applied to the following modes:

- Motor Bus—directly operated
- Motor Bus—purchased transportation
- Demand Response—directly operated
- Demand Response—purchased transportation
- Van Pool—directly operated
- Light Rail—directly operated
- Commuter Bus—directly operated
- Commuter Rail—directly operated

2015 NTD Policy Manual Exhibit 66 procedure ‘h’:

Procedure:

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 2015 Policy Manual.

Findings:

During our testing we noted that the PMT information accumulated from Van Pool riders is one month behind. Upon inquiry, it appears to be the result of those responsible for tracking and reporting Van Pool ridership information is not being reported in a timely manner. This results in the Authority accumulating the information one month behind. For example, the information accumulated for February is actually the January information. This discrepancy is not reconciled or adjusted prior to being reported in the 2015 FFA-10. The resulting difference is the report is understated by 7,475 PMT. This finding relates to the following mode:

- Van Pool—directly operated

2015 NTD Policy Manual Exhibit 66 procedure ‘i’:

Procedure:

Discuss with transit agency staff (the auditor may wish to list the titles of the persons interviewed) 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.

2015 NTD Policy Manual Exhibit 66 procedure ‘i’ (Continued):

Findings:

During our testing, it was noted that the statistical sampling did not meet the minimum 95 percent confidence level, and ± 10 percent precision requirements. This finding relates to the following modes:

- Motor Bus—purchased transportation

2015 NTD Policy Manual Exhibit 66 procedure ‘j’:

Procedure:

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.

Findings:

Upon inquiry of the Manager, Service Implementation and Analysis person, it was noted that the sample used for estimation of PMT data was not taken from the universe of runs, and did not result in a random selection of runs. This finding relates to the following mode:

- Motor Bus—directly operated

Upon inquiry of the Manager, Service Implementation and Analysis person, sampling for the Ogden routes for PMT was not performed and only information obtained from the sampling of Tooele routes was used. The sampling frame did not include the universe of runs and did not result in a random sample. This finding relates to the following mode:

- Motor Bus—purchased transportation

2015 NTD Policy Manual Exhibit 66 procedure ‘k’:

Procedure:

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 accumulations periods that were tested. Test the arithmetical accuracy of the summary.

Findings:

We obtained the March, September, and October 2015 accumulation documents and noted that the March amounts on the summary form did not agree to the Authority’s supporting documentation. The total March 2015 PMT amount on the Authority’s accumulation form was 8,828 PMT less than what was calculated on the supporting documentation. This finding relates to the following mode:

- Motor Bus—directly operated

2015 NTD Policy Manual Exhibit 66 procedure ‘k’ (Continued):

We obtained the March, September, and October 2015 accumulation documents and noted that the Authority used a previous period’s trip length estimate figure when calculating the PMT. As a result the PMT amounts for those three (3) months should have been 9,108 miles more than what was calculated on the Authority’s accumulation forms. This finding relates to the following mode:

- Motor Bus—purchased transportation

We compared the supporting documentation for the March, September, and October 2015 accumulation periods and noted each month tested was different from the amounts on the Authority’s summary form. Upon inquiry of Analyst, the difference was a result of the database changing since the original reports and summaries were prepared. The original reports could not be located by the Authority. The database reports run by the Authority in response to our testing show 13,807 PMT less than the Authority’s summary. This finding relates to the following mode:

- Demand Response—directly operated

2015 NTD Policy Manual Exhibit 66 procedure ‘u’:

Procedure:

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

Findings:

We compared the operating expenses reported on the Authority’s FFA-10 form to the Authority’s audited financial data after reconciling items are removed and noted the expenses reported on the FFA-10 forms for all modes were different. The difference is due to adjustments made to the Authority’s financial records after the FFA-10 Form was originally filed.

The differences are as follows for the respective modes:

<u>Mode</u>	<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Difference</u>
Motor Bus - directly operated	\$ 107,808,114	\$ 106,102,048	\$ (1,706,066)
Motor Bus - purchased transportation	696,438	696,438	-
Demand Response - directly operated	16,531,440	16,365,188	(166,252)
Demand Response - purchased transportation	4,525,979	4,525,979	-
Van Pool - directly operated	3,393,525	3,383,008	(10,517)
Light Rail - directly operated	54,377,988	54,068,855	(309,133)
Commuter Bus - directly operated	7,597,796	7,477,776	(120,020)
Commuter Rail - directly operated	39,332,755	38,285,490	(1,047,265)
Total	<u>\$ 234,264,035</u>	<u>\$ 230,904,782</u>	<u>\$ (3,359,253)</u>

2015 NTD Policy Manual Exhibit 66 procedure ‘y’:

Procedure:

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 review 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.

Findings:

The Authority could not provide FG segment worksheets, route maps, or urbanized area boundaries used for determining allocation methods. We were therefore unable to verify the allocation method between UZAs and non-UZAs. This finding relates to the following mode:

- Motor Bus—directly operated
- Motor Bus—purchased transportation
- Demand Response—directly operated
- Demand Response—purchased transportation
- Van Pool—directly operated
- Light Rail—directly operated
- Commuter Bus—directly operated
- Commuter Rail—directly operated

2015 NTD Policy Manual Exhibit 66 procedure ‘z’:

Procedure:

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 percent, 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.

Findings:

We compared the 2015 VRM, PMT, and OE, as well as FG DRM data to the information reporting in the prior year and determined there was a decrease in VRM of 14.6%. Upon inquiry of Reed Baron (Business Quality Analyst): most of the reduction is due to an effort to make the scheduling of trips more efficient. This included some process changes, additional tools, and parameter changes. This finding relates to the following mode:

- Demand Response—directly operated

We compared the 2015 VRM, PMT, and OE, as well as FG DRM data to the information reporting in the prior year and determined there was an increase in VRM of 12.99%. Upon inquiry of Eric Callison (Manager, Service Implementation & Analysis): the increase is due to the reclassification of route 811 from Motor Bus—directly operated to Commuter Bus—directly operated. This finding relates to the following mode:

- Commuter Bus—directly operated

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Also, we do not express an opinion on UTA's system of internal control taken as a whole. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the information described above, and does not extend to UTA's financial statements taken as a whole, or the forms in UTA's NTD report other than the Federal Funding Allocation Statistics Form (FFA-10) for any date or period.

This report is intended solely for your information and the use of the board of trustees and management of UTA and of FTA and is not intended to be and should not be used by anyone other than the specified parties.

Keddington & Christensen, LLC

Keddington & Christensen, LLC
Salt Lake City, Utah
July 27, 2016