



**METROPOLITAN TRANSIT AUTHORITY
OF HARRIS COUNTY, TEXAS**

Independent Accountants' Report on
Applying Agreed-Upon Procedures

Year ended September 30, 2012



KPMG LLP
811 Main Street
Houston, TX 77002

Independent Accountants' Report on Applying Agreed-Upon Procedures

Board of Directors
Metropolitan Transit Authority of Harris County, Texas
Houston, Texas:

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported for the Federal Funding Allocation Data (Total Operating Expense data on F-30, line 15, column e, Form S-10, lines 12, 15, 18, 20, column d, Total Actual Vehicle Revenue Mile, Total Actual Vehicle Revenue Hour, Total Unlinked Passenger Trip data and Passenger Mile Traveled data and Fixed Guideway) in the Metropolitan Transit Authority of Harris County, Texas (METRO) annual National Transit Database (NTD) report for the year ended September 30, 2012:

- 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 the 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 the 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 METRO's operations.

We have applied the procedures to the Total Operating Expense data on F-30, line 15, column e, Form S-10, lines 12, 15, 18, 20, column d, Total Actual Vehicle Revenue Mile, Total Actual Vehicle Revenue Hour, Total Unlinked Passenger Trip data and Passenger Mile Traveled data and Fixed Guideway in Attachment I where applicable for the fiscal year ended September 30, 2012. Such procedures, which were agreed to and specified by FTA in the *Declarations Section of the 2012 Reporting Manual (Exhibit 24)*, and were agreed to by METRO, were applied solely to assist you in evaluating whether METRO complied with the standards described in the first paragraph of this report and that the information included in the NTD report Federal Funding Allocation Statistics Form (FFA-10) for the fiscal year ended September 30, 2012 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 *2012 Reporting Manual*. Attachment II includes *Exhibit 24 of the Declarations Section of the 2012 Reporting Manual*.



METRO’s management is responsible for the federal funding allocation data described in the first paragraph, which is contained on the Federal Funding Allocation Statistics Form (FFA-10) for the fiscal year ended September 30, 2012. This agreed-upon procedures 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 in Attachments I or II either for the purpose for which this report has been requested or for any other purpose.

The procedures were applied separately to each of 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 METRO for the fiscal year ended September 30, 2012 for each of the following modes:

<u>Mode and type of service</u>	<u>Name of provider</u>
Directly operated:	
Motor bus	METRO and Harris County (MB DO)
Commuter bus	METRO (CB DO)
Light rail	METRO (LR DO)
Purchased transportation:	
Motor bus	First Transit and MV Transportation (MB PT)
Commuter bus	First Transit (CB PT)
Demand response	G.H.T.C. and MV Transportation (DR PT)
Demand response Taxicabs	G.H.T.C and various taxi operators (DT PT)
Vanpool	2Plus (VP PT)

The following information and findings came to our attention as a result of performing the procedures enumerated in Attachment I:

INFORMATION ITEM – 1

METRO reported VRM, PMT, FG DRM, and OE for CB DO and CB PT for the first time after receiving a waiver for the fiscal year ended September 30, 2011. During the fiscal year ended September 30, 2012, METRO converted a portion of its fixed guideway segments from MB to CB. However, no segments have been identified as CB DO or CB PT in Column r – Type of Mode Claimed under Proposed New Segments on the S-20 forms for either CB DO or CB PT because the fields are restricted and unable to be modified by METRO.

On the S-20 forms for MB DO, METRO has given segments 71971, 71972, 71980, 71994, 77828, 77833, 77834, and 77836 an Out of Revenue Service Date of October 1, 2011 and indicated that it is claiming those segments as CB DO. The length of segment (LOS) data will not populate the CB DO S-20 forms or the FFA-10 forms until the Proposed New Segments for CB DO have been accepted by the FTA.

On the S-20 forms for MB PT, METRO has given segments 71983.1, 72004, 77823, 77828, 77835, and 79118 an Out of Revenue Service Date of October 1, 2011 and indicated that segment 77828 will be claimed by CB DO, 71983.1 and 77835 will no longer be operated as MB PT but will continue to be claimed as MB DO, and segments 72004 and 79118 will be claimed as CB PT. The LOS data will not populate the CB DO and CB PT S-20 forms or the FFA-10 forms until the Proposed New Segments for CB PT have been accepted by the FTA.



As a result of the matters discussed in the preceding three paragraphs, we have been unable to reconcile the total FG DRM as required by Procedure Q in Attachment II to this report.

INFORMATION ITEM – 2

METRO's CBDO S-10 and FFA-10 forms do not include certain information relating to Harris County's funding for an extension of a Park & Ride Route from Maxey Road to Baytown that was previously included in NTD reporting by METRO. Harris County petitioned the FTA to report this information separately from METRO's information and on January 24, 2013, the FTA directed METRO to discontinue reporting that information. Harris County is filing its own NTD report.

* * * * *

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on management's compliance with Exhibit 24 or on the federal funding allocation data described in the first paragraph, which is used in METRO's Federal Funding Allocation Statistics Form (FFA-10) for the fiscal year ended September 30, 2012. 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.

This report relates only to the information described above and does not extend to METRO's financial statements taken as a whole or the other forms in METRO's NTD report for the year ended September 30, 2012.

This report is intended solely for the information and use of the Board of Directors of METRO, management of METRO, and the FTA, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 29, 2013

Agreed-Upon Procedures Performed

- A. We discussed the 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*, January 15, 1993 and as presented in the *2012 Reporting Manual* with the personnel who are assigned the responsibility of supervising the NTD data preparation and maintenance.
- B. We made inquiries regarding the informal procedures with METRO personnel who are responsible for supervising the preparation and maintenance of data in accordance with NTD requirements (Reporting Managers) and confirmed with METRO personnel the following:
- The procedures are continually followed.
 - These procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, *Federal Register*, January 15, 1993 and as presented in the *2012 Reporting Manual*.
- C. We made inquiries with METRO Reporting Managers and confirmed that METRO maintains source documents for supporting the NTD data, Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d) for a minimum of three years.
- D. We inspected the following source documents for the months of December 2011, May 2012, and September 2012 to confirm that the document exists:
- For LR DO; MB DO; MB PT; CB DO; and CB PT – Mobile Statistics Report of unlinked passenger trips data generated from the automatic passenger counters and adjustments, electronic and hard copy.
 - For LR DO; MB DO; MB PT; CB DO; and CB PT – Trapeze scheduling system’s Summary of Schedules (scheduled service levels prepared by the Scheduling Division).
 - For LR DO; MB DO; MB PT; CB DO; and CB PT – Lost Hours and Miles Reports, SAP Incident Reports, and Revenue miles lost reports.
 - For MB DO; MB PT; CB DO; and CB PT – Mobile Statistics ridership data and Random Ride checks, which include survey trip sheets that have boardings data generated from bus trip samples.
 - For DR PT and DT PT – Trapeze scheduling system Productivity Reports and Tie-Back Reports (Excel download), Section 15 Breakdown Reports, Provider Productivity Reports, and PDF versions of files sent to METRO by Contractors.
 - For VP PT – Star Regional Vanpool Invoices and Logs prepared with data extracted from RidePro (in Excel format) used to compile route, mileage, and ridership information.
 - Financial reports, reconciliations, and general ledger reports.
- E. We inquired and confirmed with METRO personnel that individuals, independent of the individuals preparing the source documents and posting the data summaries, review the source documents and data summaries for completeness, accuracy, and reasonableness, and how often such reviews are performed, which is monthly in most instances.
- F. We selected a random sample of the source documents in Item D for the fiscal year ended September 30, 2012, to determine whether appropriate supervisors’ signatures were present or if they were not present.

We inquired how the supervisor's reviews are documented. Supervisors' signatures exist on the survey trip sheets and random ride checks for MB DO, MB PT, CB DO, CB PT, and LR DO (simultaneous verification process). Additionally, the monthly productivity reports for DR PT and DT PT contain supervisor signatures. The other documents do not have supervisors' signatures. The Reporting Managers affirm that they are responsible for performing this procedure.

- G. We obtained worksheets used to prepare the final data for the Federal Funding Allocation Statistics Form and compared the summaries to periodic data prepared by METRO and tested the arithmetical summaries for accuracy, noting no exceptions.
- H. We inquired of METRO personnel regarding the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements and were informed that METRO estimates passenger miles for MB DO, CB DO, MB PT, and CB PT based on an alternative sampling procedure developed in house by METRO personnel. We affirmed with METRO personnel that the alternative sampling procedure meets the required 95% confidence and 10% precision levels and that the alternative sampling procedure has been approved in writing by a qualified statistician.

We inquired and confirmed with METRO personnel that LR DO service, DR PT, DT PT, and VP PT use a 100% count to accumulate and record passenger mile data.

- I. We inquired and confirmed with METRO personnel that the transit agency does not meet any of the three requirements in Section I of the Urbanized Area (UZA) Formula Data Review Suggested Procedures; thus, they are required to conduct statistical sampling for passenger mile data every year.
- J. We obtained a description of the sampling procedures for the estimation of annual PMT and the methodology used to select the sample of runs used for MB DO, CB DO, MB PT and CB PT and noted that the average trip length was used. We affirmed with METRO personnel that 100% of the population was utilized as the sampling frame. We affirmed that the methodology resulted in a random selection of runs.

We inspected the sampling documentation and traced the selected sampled trips for the months of December 2011, May 2012, and September 2012 to source documents identified in Item K to affirm that METRO's sampling procedures were being followed.

- K. With regard to MB DO, CB DO, MB PT, and CB PT, we selected Mobile Statistics reports for route detail, survey trip sheets, and random trip selection printouts, the source documents for accumulating PMT, for five days each in the months of December 2011, May 2012, and September 2012. We determined that the required data were recorded; the computations were mathematically accurate, and agreed to the respective service category trip summary. We determined computations were mathematically accurate for each of the selected months.

With regard to LR DO PMT, we selected Mobile Statistics reports and the Summary of Schedules, the source documents for accumulating PMT, for five days each in the months of December 2011, May 2012, and September 2012. We determined that the required data were recorded and the computations were mathematically accurate for each of the selected months.

With regard to DR PT and DT PT PMT, we selected productivity reports and contractor reports, which include passenger boardings, miles traveled, deadhead, and lost miles, and are the source documents for accumulating PMT, for the months of December 2011, May 2012, and September 2012. We determined that the required data were recorded and the computations were mathematically accurate for the selected months.

With regard to VP PT, we selected the RidePro monthly reports (which documents the number of passengers and number of trips) and is the source document for accumulating PMT for the months December 2011, May 2012, and September 2012. We determined that the required data were recorded and the computations were mathematically accurate for each of the selected months.

- L. We discussed with METRO personnel the procedures for excluding charter, school bus, and other ineligible miles from the calculation of revenue miles and determined that this mileage is systematically excluded and the procedures are followed. METRO does not operate any charter or school bus service; therefore, no source documents were available.
- M. We documented the collection and recording methodology for VRM for all modes and types of service and verified that deadhead miles are systematically excluded from its computation using the steps enumerated below.
- N. With regard to LR DO, MB DO, CB DO, MB PT, and CB PT, METRO calculates VRM using scheduled revenue miles (Summary of Schedules) plus special events miles less lost miles. We documented the procedures used to subtract lost miles. We selected a random sample of five days from December 2011, May 2012, and September 2012 (total of 15 days) and recomputed the daily total of missed trips and missed VRMs and tested the arithmetical accuracy of the summarization, noting no exception.

With regard to DR PT, VRM is calculated from vehicle data provided by the contractor vehicle logs. Contractors report deadhead miles to METRO. We selected the months of December 2011, May 2012, and September 2012 and verified that deadhead miles are systematically excluded from the computation in accordance with FTA's definitions. For DT PT, taxicab service is paid for passenger trips from origin to destination, which excludes deadhead miles.

With regard to VP PT, VRM is calculated from vehicle data provided by the contractor vehicle logs. We confirmed the methodology utilized by METRO to accumulate its actual VRM data. In general, vanpool services starts and ends at the home or nearby parking lot, which is the first passenger pick-up point and last passenger drop-off point. We selected the months of December 2011, May 2012, and September 2012 and verified that deadhead miles are systematically excluded from the computation in accordance with FTA's definitions.

- O. Not applicable.
- P. We inquired and confirmed with METRO personnel that the reported FG DRM meet FTA's definition in that the rail and MB service operate over exclusive or controlled access rights-of-way (ROW), have restricted access, a need is demonstrated for restricted access is demonstrated during peak period level of service, restricted access is enforced for freeways, and priority lanes used by high occupancy vehicles demonstrate safe operation. METRO affirms High Occupancy/Toll (HO/T) lanes meet Federal Highway Administration (FHWA) requirements.
- Q. We confirmed with METRO personnel their procedures concerning the measurement of FG DRM and were informed that the FG DRM is computed in accordance with FTA's definition of FG DRM. We inquired of the METRO personnel as to whether there were any service changes during the year that resulted in an increase or decrease in directional route miles and were informed that Segments 71979 and 71996 are no longer in operation and the Out of Revenue Service Date has been listed as October 1, 2011 as requested by the NTD Analyst. As discussed in Information Item – 1, we were unable to reconcile total FG DRM to the amounts reported on the FFA-10 form as required by this procedure.

- R. We inquired if METRO incurred any temporary interruptions in service and were informed that there were some temporary service interruptions to its fixed guideway service. The interruptions were less than 12 months and service was reported as 12 months in accordance with NTD requirements.
- S. We measured all FG DRM from maps without exception.
- T. We discussed with METRO personnel whether other public transit agencies operate service over the same FG as METRO and were informed that the Brazos Transit District, Fort Bend County Transit, and Harris County operate some service over the same FG. METRO affirms that the DRMs for the segments are only reported once by METRO.
- U. We reviewed the Form S-20 fixed guideway worksheets and confirmed with METRO personnel that there were no segments added in 2012, except for segments being transferred from MB to CB as discussed in Information Item – 1, and the operational commencement date reported on the worksheets was the date when service began. We verified that segments on the fixed guideway worksheets were summarized by like characteristics.
- V. We compared total operating expenses reported on Forms F-30 to financial data included in METRO's September 30, 2012 unaudited financial statements and found them to be in agreement after considering reconciling items. Reconciling items include interest expense, lease and rental, depreciation, and adjustments to pension expense.
- W. We inquired of the reporting managers regarding the amount of PT generated fare revenue. We agreed the PT fare revenue data provided by the Reporting Managers to the amount on the Contractual Relationship Form (B-30) with no exception.
- X. Not applicable.
- Y. We obtained copies of all contracts for PT and ascertained that the contracts:
- Specified the specific mass transportation services to be provided by the contractor.
 - Specified the monetary consideration obligated by METRO.
 - Specified the period of the contract and that the contract was in existence during the year ended September 30, 2012.
 - Were signed by representatives of both parties to the contract.
- We inquired of METRO personnel whether executed contracts are retained for at least three years and were informed that such contracts are retained for three years.
- Z. METRO provides VP PT in more than one UZA. We inquired of METRO personnel regarding the procedures for allocation of statistics between UZAs and outside of a UZA and confirmed that the stated procedures were followed.
- AA. We compared the data reported on the Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. We inquired of METRO management regarding the specifics of operations that led to the increases or decreases for actual VRM, PMT, or operating expense data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased relative to the prior reporting period.

Exhibit 24 Federal Funding Allocation Data Review – Suggested Procedures

FTA has specified and agreed to a set of procedures for the independent accountants to perform in order to satisfy the requirements of the Federal Funding Allocation Data Review. The procedures, to be applied to each applicable mode and type of service (TOS) (directly operated (DO) and purchased transportation (PT)), are:

- A. Obtain 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*, January 15, 1993 and as presented in the *2012 Reporting Manual*. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.
- 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*, January 15, 1993 and as presented in the *2012 Reporting Manual*.
- C. Inquire of the same personnel concerning the retention policy that is followed by the transit agency with respect to source documents supporting the NTD data, Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d).
- D. Based on a description of the transit agency's procedures obtained in Items A and B above, identify all the source documents, which are to be retained by the transit agency 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.
- E. Discuss the system of internal controls with the person responsible for supervising and maintaining the NTD data. Inquire whether individuals, independent of the individuals preparing the 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.
- 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 the supervisors' reviews are documented.
- G. Obtain the worksheets utilized by the transit agency to prepare the final data that are transcribed onto the Federal Funding Allocation Statistics Form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summarizations.
- H. Discuss the transit agency's procedure for accumulating and recording passenger mile data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure used is (1) a 100% count of actual passenger miles or (2) an estimate of passenger miles based on statistical sampling meeting FTA's 95% confidence and 10% precision requirements. If the transit agency conducts a statistical sample for estimating passenger miles, inquire whether the sampling procedure is (1) one of the two procedures suggested by the FTA and described in FTA Circulars 2710.1A or 2710.2A; or (2) an alternative sampling procedure.

If the transit agency uses an alternative sampling procedure, inquire whether the procedure has been approved by FTA, or whether a qualified statistician has determined that the procedure meets FTA's statistical requirements. Note as a negative finding in the report use of an alternative sampling procedure that has not been approved in writing by a qualified statistician.

- I. Discuss with transit agency staff (the accountant may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for passenger mile data every third year. Determine whether the transit agency meets one of the three criteria that allow transit agencies to conduct statistical samples for accumulating passenger mile data every third year rather than annually. Specifically:
- According to the 2000 Census, the public transit agency serves a UZA of less than 500,000 population.
 - The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (in any size UZA).
 - The service is purchased from a seller operating fewer than 100 revenue vehicles in annual maximum revenue service and is included in the transit agency's NTD Report.

For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2012), and determine that statistical sampling was conducted and meets the 95% confidence and 10% precision requirements.

Determine how the transit agency estimated annual passenger miles for the current report year.

- J. Obtain a description of the sampling procedure for estimation of passenger mile 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 passenger mile data. If the average trip length was used, determine that the universe of runs was used as the sampling frame. Determine that the methodology to select specific runs from the universe resulted in a random selection of runs. If a selected sample run was missed, determine that a replacement sample run was randomly selected. Determine that the transit agency followed the stated sampling procedure.
- K. Select a random sample of the source documents for passenger mile data and determine that they are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and recompute the accumulations for each of the selected periods. List the accumulation periods that were tested. Test the arithmetical accuracy of the summarization.
- 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 stated procedures are followed. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.
- M. For actual vehicle revenue mile data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:
- N. If actual vehicle revenue miles are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated and recompute the daily total of missed trips and missed vehicle revenue miles. Test the arithmetical accuracy of the summarization.
- If actual vehicle revenue miles 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. Test the arithmetical accuracy of the summarization of intermediate accumulations.

- If actual vehicle revenue miles are calculated from vehicle logs, select a random sample of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA's definitions.
- O. For rail modes, review the recording and accumulation sheets for actual vehicle revenue miles and determine that locomotive miles are not included in the computation.
- P. If fixed guideway directional route miles are reported, interview the person responsible for maintaining and reporting the NTD data and determine whether the operations meet FTA's definition of fixed guideway in that the service is:
- Rail, trolleybus, ferryboat, or aerial tramway or
 - Bus service operating over exclusive or controlled access rights-of-way; and
 - Access is restricted;
 - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on 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 (see Fixed Guideway Segments Form (S-20)); and
 - 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.
- Q. Discuss the measurement of fixed guideway directional route miles with the person responsible for reporting the NTD data and determine that the mileage is computed in accordance with FTA's definitions of fixed guideway and directional route miles.
- Inquire whether there were service changes during the year that resulted in an increase or decrease in directional route miles. If a service change resulted in a change in overall directional route miles, recompute the average monthly directional route miles and reconcile the total to the fixed guideway directional route miles reported on the Federal Funding Allocation Statistics Form (FFA-10).
- R. The auditor should inquire if directional route miles for the segment(s) should be reported for the entire report year if the interruption is less than 12 months in duration. The months of operation on the S-20 forms should be reported as 12. The transit agency should have completed a Form Note describing the interruption.
- If the improvements cause a service interruption on the fixed guideway segment(s) directional route miles lasting more than 12 months, the transit agency should contact their validation analyst to discuss. FTA will make a determination on how the directional route miles should be reported.
- S. Measure fixed guideway directional route miles from maps or by retracing the route(s).

- T. Discuss with the person reporting the NTD data whether other public transit agencies operate service over the same fixed guideway as the transit agency. If yes, determine that the transit agency coordinated with the other agency (ies) such that the directional route miles for the segment of fixed guideway are reported only once to the NTD on the FFA-10 form. Each transit agency should report the actual vehicle revenue miles, passenger miles, and operating expense for the service operated over the same fixed guideway.
- U. Review the Fixed Guideway Segments Form (S-20). Discuss with the person(s) reporting the NTD data the revenue service start date for any fixed guideway segment added in the 2012 report year and determine that the date is reported as when revenue service began. 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 2012 report year, the revenue service date must occur within the transit agency's 2012 fiscal year. Segments are summarized by like characteristics. Note that for apportionment purposes under the Capital Program for Fixed Guideway Modernization, the seven-year age requirement for fixed guideway 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 a revenue service start date prior to the current NTD report year, FTA will only consider segments continuously reported to NTD.
- V. Compare operating expenses with audited financial data, after reconciling items are removed.
- W. If the agency purchases transportation services, interview the personnel responsible for reporting the NTD data regarding the amount of purchased transportation generated fare revenues. The purchased transportation fare revenues should equal the amount reported on the Contractual Relationship Form (B-30).
- X. If the transit agency's report contains data for purchased transportation services and assurances of the data for those services is not included, obtain a copy of the Independent Auditor Statement for Federal Funding Allocation data of the purchased transportation 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 purchased transportation data.
- Y. If the transit agency purchases transportation services, obtain a copy of the purchased transportation contract and determine that the contract (1) specifies the specific public transportation services to be provided; (2) specifies the monetary consideration obligated by the transit agency or governmental unit contracting for the service; (3) specifies 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 (4) is signed by representatives of both parties to the contract. Interview the person responsible for maintaining the NTD data regarding the retention of the executed contract and determine that copies of the contracts are retained for three years.
- Z. If the transit agency provides service in more than one urbanized area (UZA), or between an urbanized area and nonurbanized area (non-UZA), inquire of the person responsible for maintaining the NTD data regarding the procedures for allocation of statistics between UZAs and non-UZAs. Agencies that operate service in both within a UZA and outside of a UZA (non-UZA) will report to the 2012 Annual NTD database. Agencies who operate service only in a non-UZA should report the 2012 NTD Rural Report. Obtain and review the fixed guideway 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.

Attachment II

- AA. Compare the data reported on the Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d) to comparable data for the prior report year and calculate the percentage change from the prior year to the current year. For actual vehicle revenue miles, passenger miles traveled, or operating expense data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased, inquire of transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.