

**MARYLAND DEPARTMENT OF TRANSPORTATION
MARYLAND TRANSIT ADMINISTRATION**

**Report of Independent Public Accountants on Applying
Agreed-Upon Procedures for Federal Funding Allocation Data (IAS-FFA)**

For the Year Ended June 30, 2013



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

To the Management of the Maryland Department of Transportation
Maryland Transit Administration

We have performed the procedures enumerated below, which were agreed to by the Maryland Transit Administration (MTA) and specified by the Federal Transit Administration (FTA) in Exhibit 24 of the 2013 Urban Reporting Manual, solely to assist you in evaluating whether MTA has complied with the standards established by the FTA with regard to the data reported to the FTA for the year ended June 30, 2013. MTA's management is responsible for the data reported to the FTA. 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, either for the purpose for which this report has been requested, or for any other purpose.

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, Passenger Mile Traveled data and Fixed Guideway, when applicable) in the transit agency's annual National Transit Database (NTD) report:

- A system is in place and is 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 that 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.
- Documentation that reported data have undergone analytic review to ensure that they are consistent with prior reporting periods and other facts known about transit agency operations.
- Documentation of the specific documents reviewed and tests performed is maintained.



- Documentation is available for supporting how purchased transportation fare revenues and contract expenditures are reported.

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, when applicable, for the fiscal year ending June 30, 2013. Such procedures, which were agreed to and specified by FTA in the Declarations section of the 2013 Urban Reporting Manual and were agreed to by MTA, were applied to assist you in evaluating whether MTA complied with the standards described in the first paragraph of this part and that the information included in the NTD report FFA-10 form for the fiscal year ending June 30, 2013, 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 2013 Urban Reporting 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.

The following procedures were performed for each applicable mode and type of service (directly operated and purchased transportation) of the MTA for the year ended June 30, 2013.

- a. We discussed 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 2013 Urban Reporting Manual, with MTA personnel assigned responsibility of supervising the NTD data preparation and maintenance.
- b. Through discussions with MTA personnel assigned the responsibility of supervising the preparation and maintenance of NTD data, we noted:
 - 1) MTA represented to us that it followed the procedures on a continuous basis, and
 - 2) MTA believes that such procedures result in the 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 2013 Urban Reporting Manual.
- c. We inquired of the personnel referred to in procedure b., above, concerning the retention policy that is followed by MTA with respect to source documents supporting the Annual 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), which will be used to report on the Federal Funding Allocation Statistics Form (FFA-10). The personnel indicated that all source documents are retained for a minimum of three years.



- d. Based on the description of MTA's procedures obtained in procedures a. and b. above, we identified all the source documents, which are to be retained by MTA for a minimum of three years. For each type of source document, we selected three months during fiscal year 2013 and observed that each type of source document existed for each of those periods.
- e. We discussed the system of internal controls with MTA personnel responsible for supervising and maintaining the NTD data. We inquired whether individuals, independent of the individuals preparing the source documents and posting the data summaries, reviewed the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews were performed. We noted the controls appear to be reasonable. We obtained representation from management that documents are reviewed and signed by a supervisor, as required.
- f. We selected a random sample of 103 source documents and noted that the supervisor's signatures were present as required by the system of internal controls.
- g. We obtained the worksheets utilized by MTA to prepare the final data, which will be used to complete the FFA-10. We compared the periodic data included on the worksheets to the periodic summaries prepared by MTA. We observed the arithmetical accuracy of the summarizations, noting no exceptions.
- h. We discussed MTA's procedures for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with MTA personnel. We were informed that the statistical sampling procedure used is an estimate of passenger miles based on a statistical sampling method meeting FTA's 95 percent confidence and 10 percent precision requirements. For all modes of transportation that use an alternative sampling procedure, we reviewed the qualified statistician's written approval.
- i. We discussed MTA's eligibility to conduct statistical sampling for PMT data every third year with MTA personnel. We determined that for all modes and types of service, with the exception of commuter rail purchased transportation, MTA conducts statistical sampling procedures every year. MTA meets one of the three criteria for commuter rail purchased transportation, which allows them to conduct statistical sampling only once every third year rather than annually. Specifically:
 - 1) The service is purchased from a provider (contractor) operating fewer than 100 revenue vehicles in annual maximum service and is included in MTA's Annual NTD Report.

We met with MTA personnel to gain an understanding of how MTA estimated annual PMT for the current report period. We reviewed the NTD documentation for the most recent mandatory sampling year (2013) and determined that statistical sampling was conducted to accumulate passenger mile data meeting the 95 percent confidence and 10 percent precision requirements.



- j. We obtained a description of the sampling procedures used by the MTA for the estimation of passenger mile data. We obtained a description of the methodology used by MTA to select the actual sample of runs for recording PMT data. We noted that the methodology to select specific runs from the universe resulted in a random selection of runs. We noted that if a selected sample run was missed, a replacement sample run was randomly selected. We noted that MTA did not follow the sampling method for light rail directly operated as suggested by the qualified statistician. However, we noted that the MTA used a method that resulted in more sampling data and resulted in confidence levels in excess of FTA requirements.
- k. We selected a random sample of source documents used for accumulating PMT data and noted that they were complete (all required data was recorded) and that the computations were arithmetically accurate. We noted our sample of PMT data was properly included in MTA's summarization of all samples taken of passenger mile data for the year. We observed the arithmetical accuracy of the summarization and noted no exceptions.
- l. We noted through discussion with MTA personnel that they do not operate charter or school bus services and therefore, MTA is not required to record charter and school bus mileage.
- m. For actual vehicle revenue mile (VRM) data, we documented the collection and recording methodology and were informed that deadhead miles are systematically excluded from the computation. We documented the procedures used to subtract missed trips. We selected a random sample and recomputed the daily total of missed trips and missed VRMs without exception. We observed the arithmetical accuracy of the summarization noting no exceptions.
- n. For commuter rail purchased, we reviewed the recording and accumulation sheets for actual VRMs and observed that locomotive miles were not included in the computation. No exceptions noted.
- o. We inquired of MTA personnel responsible for maintaining and reporting the NTD data to determine whether the operations meet FTA's definition of fixed guideway. We noted the operations do meet FTA's definition of fixed guideway, as the services are rail and motorbus. Motorbus service is operated over controlled access right-of-way and (1) access is restricted; (2) legitimate need for restricted access is demonstrated by peak period level of service or worse on parallel adjacent highway; and (3) restricted access is enforced.
- p. We inquired of MTA personnel responsible for temporary interruptions in transit service. We were informed that no temporary interruptions in transit service occurred during the 2013 report year.



- q. We discussed the measurement of fixed guideway directional route miles with MTA personnel responsible for reporting the NTD data and were informed that the mileage is computed in accordance with FTA's definitions of fixed guideway and directional route miles. We inquired whether there were service changes during the year that resulted in an increase or decrease in directional route miles. We were informed by MTA personnel that there were no service changes during the year that resulted in an increase or decrease in directional route miles and we confirmed by comparison of current year Fixed Guideway Segment Form (S-20) to prior year. There were no improvements that caused a service interruption of more than twelve months.
- r. We inquired of MTA personnel responsible for reporting the NTD data whether other public transit agencies operate service over the same fixed guideway as MTA. We were informed that no other public transit agency, which also reports data through the NTD, operates service over the same fixed guideway as MTA.
- s. We measured fixed guideway directional route miles from maps, and noted no exceptions.
- t. We obtained the Fixed Guideway Segment Form (S-20). We discussed the commencement date of revenue service for each fixed guideway segment with the person responsible for reporting the NTD data and were informed that the date is reported when revenue service began.
- u. For the State of Maryland's financial reporting purposes, MTA is included within the Maryland Department of Transportation (MDOT), which is reported upon as a special revenue fund. MTA is not considered, by the State of Maryland, to be a separate financial reporting entity. As a result, separate fiscal year 2013 special revenue fund financial statements were not prepared for MTA. Accordingly, audited financial data is not available for comparison with operating expenses as reported to the FTA.
- v. We inquired of MTA personnel responsible for maintaining the NTD data regarding the purchased transportation generated fare revenues. We were informed that purchased transportation generated fare revenues are retained by the contract service provider and obtained the amount of such fares. We obtained documentation of the retained fare revenue amounts as reported by the contract services providers and agreed it to the Contractual Relationship Form (B-30) without exception.
- w. Purchased transportation services data were included in the scope of our testing. Thus, certification of the data for purchased transportation services is included in this engagement.



- x. We inquired of MTA personnel responsible for purchased transportation contracts about new purchased transportation contracts. We also inquired of MTA personnel responsible for maintaining the NTD data regarding the retention of the executed contract, and were informed that a copy was retained for three years. We noted 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, period covered by the transit agency's NTD report, and (4) is signed by representatives of both parties to the contract.
- y. We inquired of MTA personnel responsible for maintaining the NTD data as to whether MTA provides service in more than one urbanized area, or an urbanized area and non-urbanized area. We were informed that MTA provides service in two urbanized areas, and that an allocation of statistics between urbanized areas is performed. We noted the allocation percentages were the same as prior year and that the statistics on the Federal Funding Allocation Statistics Form (FFA-10) were allocated accurately among the Urbanized Areas. However, we could not obtain and review the worksheets, route maps and urbanized area boundaries used for allocating the statistics and determine that the stated procedure was followed and that the computation was mathematically accurate.
- z. 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. For vehicle revenue mile, passenger mile, or operating expense data that had increased or decreased by more than 10 percent, or fixed guideway directional route mile data that had increased or decreased by more than one percent, we inquired of MTA management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the data submitted to the FTA. 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 is intended solely for the information and use of MTA and the FTA, and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, MD
May 16, 2014

SB & Company, LLC