

**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, 2018



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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 the 2018 NTD Policy 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, 2018. MTA's management is responsible for the data reported to the FTA. 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 enumerated below, 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 to it in the Federal Funding Allocation Statistics Form in Maryland Transit Administration's annual National Transit Database (NTD) report for the fiscal year ended June 30, 2018:

- A system is in place and is maintained for reporting and maintaining data in accordance with NTD requirements and 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 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 fiscal year ending June 30, 2018. Such procedures, which were agreed to and specified by FTA in the Declarations section of the 2018 NTD Policy Manual and were agreed to by the transit agency, were applied to assist you in evaluating whether the transit agency 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 fiscal year ending June 30, 2018 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 2018 Policy Manual. Additional procedures performed (if any), which are agreed to by the transit agency but not by FTA, are described in a separate attachment to this report. 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 procedures were applied separately to each of the information systems used to develop the reported actual VRM, FG DRM, PMT, and OE of the Maryland Transit Administration for the fiscal year ending June 30, 2018 for each of the following modes:

Mode and Type of Service

Directly Operated:

- Light rail
- Heavy rail
- Motor bus
- Demand response

Purchased Transportation:

- Commuter rail
- Commuter bus
- Demand response
- Demand transport

The following procedures were performed for each applicable mode and type of service of the MTA for the year ended June 30, 2018:

- 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, dated January 15, 1993, and as presented in the 2018 Policy Manual, with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.



- b. Through discussions with MTA personnel assigned the responsibility of supervising the preparation and maintenance of the NTD data, we noted:
 - MTA represented to us that it followed the procedures on a continuous basis, and
 - MTA believes that such procedures result in the accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2018 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, on the Federal Funding Allocation Statistics Form. The personnel indicated that all source documents are retained for a minimum of three years, except for the commuter bus for 2016, demand transport for 2016, and demand response purchased transportation for 2016.
- d. Based on a description of the MTA's procedures obtained from items a. and b. above, we identified all of 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 2018 and observed that each type of source document existed for each of those periods. We were unable to obtain source documents for motorbus directly operated for the three months selected.
- 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 108 source documents and noted the supervisors' signatures were present as required by the system of internal controls.
- g. We obtained the worksheets used by MTA to prepare the final data that is used to complete the FFA-10. We compared the periodic data included on the worksheets to the periodic summaries prepared by MTA. We tested the arithmetical accuracy of the summaries, noting no exceptions.



- h. We discussed the procedure 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.
 - 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 (2017) 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 miles traveled 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 also tested the arithmetical accuracy of the summarization. We noted for one selection for commuter bus, the passenger count and miles reported did not agree to the source documentation.



- 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 also observed the arithmetical accuracy of the summarization. However, we noted exceptions for commuter bus, light rail and heavy rail directly operated as the information for the calculation of vehicle revenue miles was not available.
- 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 discussed the measurement of FG and HIB DRM with the person reporting NTD data and determined that the he or she computed mileage in accordance with the FTA definitions of FG/HIB and DRM. We inquired 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, we re-computed the average monthly DRMs, and reconciled the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form. No exceptions noted.
- q. 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 2018 report year.
- r. We measured fixed guideway directional route miles from maps and noted no exceptions.
- s. 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.
- t. We obtained the Fixed Guideway Segment Form (S-20) in order to perform the applicable procedures. We were informed by MTA personnel that there was no change to Fixed Guideway Segment.



- 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 2018 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 selected 12 contracts in order to verify the following: 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. We noted one contract for demand transport and one contract for demand response purchased transportation did not cover the entire fiscal year under audit.
- 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 that 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.



- 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.

In performing the procedures, except for the information and findings described above, the information included in the NTD report on the Federal Funding Allocation Statistics form for the fiscal year ending June 30, 2018, is presented fairly, in all material respects, with the requirements of the 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 2018 Policy Manual.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 FTA and is not intended to be and should not be used by anyone other than these specified parties.

Hunt Valley, MD
June 28, 2019

S B & Company, LLC