

City of El Paso, Texas

Accountant's Report on Applying
Agreed-upon Procedures – FTA

March 19, 2018



City of El Paso, Texas
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Independent Accountant's Report on Applying Agreed-upon Procedures

The Honorable Mayor, City Council
and City Manager
City of El Paso, Texas
El Paso, Texas

We have performed the procedures enumerated in Exhibit 2 attached to this report, which were agreed to by Sun Metro to assist you in evaluating whether the transit agency complied with the standards and that the information included in the NTD report FFA-10 form for the fiscal year ended August 31, 2017, 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 2017 Policy Manual. The management of Sun Metro is responsible for its compliance with these standards and that the information included in the NTD report FFA-10 is presented in conformity with applicable requirements. The sufficiency of these procedures is solely the responsibility of Sun Metro. Consequently, we make no representation regarding the sufficiency of the procedures described in the attachment to this report for the purpose for which this report has been requested or for any other purpose.

The findings obtained, if any, are described in the attachment to this report.

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 or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on Sun Metro's compliance with the standards described in the first paragraph. Accordingly, we do not express such an opinion or conclusion. 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 the City, Sun Metro and management, and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Dallas, Texas
March 19, 2018

City of El Paso, Texas
Engagement Findings
March 19, 2018

Presented in this section are all our findings from performing the procedures described in the *Engagement Scope and Procedures* section of this report. No exceptions resulted from performance of the procedures.

City of El Paso, Texas
Engagement Scope and Procedures
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The FTA has specified and agreed to a set of procedures for the independent auditor to perform to satisfy the requirements of the Federal Funding Allocation data review. The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles, passenger miles and operating expenses of Sun Metro for the fiscal year ended August 31, 2017, for Bus (MB), Directly Operated (DO), non-fixed guideway modes and services.

The specific procedures performed as obtained from the Declarations section of the 2017 NTD Policy Manual were as follows:

- (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 2017 Policy Manual. If there are no procedures available, discuss 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:
 - 1. The extent to which Sun Metro followed the procedures on a continuous basis, and
 - 2. 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 2017 Policy Manual.
- (C) Ask the same personnel (procedure “B”) about the retention policy that Sun Metro follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics Form.
- (D) Based on a description of Sun Metro’s procedures obtained in items (A) and (B) above, identify all the source documents that Sun Metro 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.
- (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.
- (F) Select a random sample of the source documents and determine whether supervisor’s signatures are present as required by the system of internal controls. If supervisors’ signatures are not required, inquire how personnel document supervisors’ reviews.

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- (G) Obtain the worksheets used to prepare the final data that Sun Metro 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. Test the arithmetical accuracy of the summaries.
- (H) Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with Sun Metro staff. Inquire whether the procedure is one of the methods specifically approved in the 2017 Policy Manual.
- (I) Discuss with Sun Metro staff Sun Metro's eligibility to conduct statistical sampling for PMT data every third year. Determine whether Sun Metro meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:
- According to the 2010 Census, the public transit agency serves an UZA of a population less than 500,000.
 - The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
 - Service purchased from a seller is included in Sun Metro's NTD report.
 - For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95% confidence and $\pm 10\%$ precision requirements.*
 - Determine how Sun Metro estimated annual PMT for the current report year.
- (J) Obtain a description of the sampling procedure for estimation of PMT data used by Sun Metro. Obtain a copy of Sun Metro's working papers or methodology used to select the actual sample of runs for recording PMT data. If Sun Metro used average trip length, 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 Sun Metro missed a selected sample run, determine that a replacement sample run was random. Determine that Sun Metro 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 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.

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- (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 Sun Metro staff and determine that they followed the stated procedures. Select a 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 (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 sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test 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. Test the arithmetical accuracy of the summary of intermediate accumulations.*
 - If actual VRMs are calculated from vehicle logs, select samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions. *
- (N) For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.*
- (O) If fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet the FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:
1. Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR) or*
 2. Bus (MB, CB, or 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 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; and *

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- High Occupancy/Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues. Sun Metro has provided the NTD a copy of the state's certification to the U.S. Secretary of Transportation stating that it has established a program for monitoring, assessing and reporting on the operation of the HOV facility with HO/T lanes.*
- (P) Discuss the measurement of FG and HIB DRM with the person reporting the NTD data and determine that the he or she computed mileage in accordance with 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.*
- (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:
 1. 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. Sun Metro should document the interruption.*
 2. If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, Sun Metro should contact their NTD validation analyst to discuss. The FTA will make a determination on how to report the DRMs.*
- (R) Measure FG/HIB DRM from maps or by retracing route.*
- (S) Discuss whether other public transit agencies operate service over the same FG/HIB as Sun Metro. If yes, determine that Sun Metro 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 Form. Each transit agency should report the actual VRM, PMT, and OE for the service operated over the same FG/HIB.*
- (T) Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2017 report year with the persons reporting the 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 2017 report year, the Agency Revenue Service Date must occur within the transit agency's 2017 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 seven-year age requirement for fixed guideway/High Intensity Bus 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 Sun Metro can document an Agency Revenue Service Start Date prior to the current NTD report year, the FTA will only consider segments continuously reported to NTD.*

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- (U) Compare operating expenses with audited financial data after reconciling items are removed.
- (V) If Sun Metro purchases transportation services, interview the personnel reporting the NTD data on the amount of PT-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.
- (W) If Sun Metro's report contains data for PT services and assurances of the data for those services are not included, obtain a copy of the IAS-FFA regarding data for the PT service. Attach a copy of the statement to the report. Note as an exception if Sun Metro does not have an Independent Auditor Statement for the PT data.
- (X) If Sun Metro purchases transportation services, obtain a copy of the PT 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.
- (Y) If Sun Metro provides service in more than one UZA, or between a 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.*
- (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 Sun Metro management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

* BKD did not perform these procedures as they are not applicable to Sun Metro