



**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, 2016. Such procedures, which were agreed to and specified by FTA in Exhibit 65 of the Declarations section of the *2016 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, 2016 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 *2016 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, 2016. 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, 2016, 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 *2016 NTD Policy Manual*.

**2016 NTD Policy Manual Exhibit 65 procedure 'g':**

Procedure:

Obtain the worksheets used to prepare the final data that the transit agency 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.

Findings:

During our testing, we noted that the VRM on the supporting documentation did not match the VRM reported on the FFA-10 form. The resulting difference in the report is understated by 200,000 VRM. This finding relates to the following mode:

- Demand Response—directly operated

**2016 NTD Policy Manual Exhibit 65 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.

**2016 NTD Policy Manual Exhibit 65 procedure ‘i’ (Continued):**

Findings:

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

- Motor Bus—purchased transportation

**2016 NTD Policy Manual Exhibit 65 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:

During our testing, 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 modes:

- Motor Bus—directly operated
- Motor Bus—purchased transportation

**2016 NTD Policy Manual Exhibit 65 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 accumulation periods that were tested. Test the arithmetical accuracy of the summary.

Findings:

We obtained the January, March, and December 2016 accumulation documents and noted that the December amounts on the summary form did not agree to the Authority’s supporting documentation. The total December 2016 PMT amount on the Authority’s accumulation form was 525,519 PMT less than what was calculated on the supporting documentation. This finding relates to the following mode:

- Motor Bus—directly operated

We obtained the August, September, and December 2016 accumulation documents and noted that the Authority used a different estimated trip length when calculating the PMT for September and December. As a result, the PMT amounts for those two (2) months should have been 2,401 miles less than what was calculated on the Authority’s accumulation forms. This finding relates to the following mode:

- Motor Bus—purchased transportation

**2016 NTD Policy Manual Exhibit 65 procedure ‘k’ (Continued):**

Findings (Continued):

We obtained the August, September, and December 2016 accumulation documents and noted that the December amounts on the summary form did not agree to the Authority’s supporting documentation. The total December 2016 PMT amount on the Authority’s accumulation form was 85,186 PMT less than what was calculated on the supporting documentation. This finding relates to the following mode:

- Commuter Rail—directly operated

**2016 NTD Policy Manual Exhibit 65 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 documentation used for determining the allocation method. We were therefore unable to verify the allocation method between UZAs and non-UZAs. This finding relates to the following modes:

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

Findings:

The Authority did not follow its stated policy of allocating statistics across UZAs using VRM. 697,151 VRM was not included in the computation of the UZA allocation percentages. This finding relates to the following mode:

- Van Pool—directly operated

**2016 NTD Policy Manual Exhibit 65 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.

**2016 NTD Policy Manual Exhibit 65 procedure ‘z’ (Continued):**

Findings:

We compared the 2016 VRM, PMT, and OE, as well as FG DRM data to the information reporting in the prior year and determined there were changes in several modes’ OE of greater than 10 percent. Upon inquiry of Stephanie Martin (Accounting and Data Analyst): the changes in the operating expenses are due to Danyce Steck’s (Comptroller) restructuring of accounting codes. This forced UTA to reevaluate all lines as to actual NTD recording procedures. This explanation relates to the following modes:

- Motor Bus—directly operated: 20.49% increase
- Motor Bus—purchased transportation: 18.08% increase
- Demand Response—directly operated: 20.90% decrease
- Demand Response—purchased transportation: 18.78% decrease
- Light Rail—directly operated: 24.29% increase
- Commuter Rail—directly operated: 18.14% increase

We compared the 2016 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 10.29%. Upon inquiry of Eric Callison (Manager, Service Implementation & Analysis): the increase is due to money gained from operating and fuel efficiencies and a sales tax increase from passing Proposition One in Weber and Davis counties allowed UTA to improve 36 routes in late 2015 and 2016. This increase in VRM did not produce a corresponding increase in UPT because ridership is down slightly due to fuel prices, and UTA added VRM on weekends and at off-peak times, when ridership is lower.

- Motor Bus—directly operated

We compared the 2016 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 36.83%. Upon inquiry of Eric Callison (Manager, Service Implementation & Analysis): the increase is due to UPT increasing requiring increased VRM. There were also changes in the parameters used to schedule trips in the scheduling that required increased VRM. Lastly, when UTA upgraded to version 14 of Trapeze there was an issue with the reports used to run to get information for the NTD reports. This caused 2015 numbers to be understated compared with 2013, 2014, and 2016.

- Demand Response—directly operated

We compared the 2016 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 13.37%. Upon inquiry of Eric Callison (Manager, Service Implementation & Analysis): the decrease is due to the reclassification of route 811 from Commuter Bus—directly operated (CB) to Motor Bus—directly operated (MB). Because CB runs fewer VRM per year than MB, this change had a significant impact on CB but was not noticeable in MB compared to the increase noted above.

- 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  
June 30, 2017