

**Independent Accountant's Report
Agreed-Upon Procedures Report on
Federal Funding Allocation Data**

Board of Commissioners
Kansas City Area Transportation Authority
Kansas City, Missouri

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics form (FFA-10) of a transit agency's 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.
- 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 the FTA or a qualified statistician approved the methods as being equivalent in quality and precision.
- 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 has undergone analytic review to ensure that they are consistent with prior reporting periods and other facts known about transit agency operations.

We have performed the procedures enumerated below, which were agreed to by the Kansas City Area Transportation Authority (the Authority) and specified in the FTA's *National Transit Database 2015 Policy Manual*, on the form FFA-10, for the fiscal year ending December 31, 2015. Such procedures, which were agreed to and specified by the FTA in the Declarations section of the *2015 Policy Manual* and were agreed to by the Authority, were applied solely to assist you in evaluating whether the Authority 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 for the fiscal year ending December 31, 2015 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 *2015 Policy Manual*. The Kansas City Area Transportation Authority is responsible for compliance with the FTA standards. 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 below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated observations are as follows:

- A. We obtained 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 *2015 Policy Manual*. The Authority does not have formal written procedures or policies that include all NTD procedures. Therefore, an understanding of procedures for how information is accumulated, summarized, reviewed and entered into the NTD system was obtained through inquiry of the Authority's personnel.
- B. We discussed 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 Authority 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 *2015 Policy Manual*.

No findings or observations were noted.

- C. We inquired of the same personnel interviewed in Step A concerning the retention policy that is followed by the Authority with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics form (FFA-10). Based upon inquiry of Authority personnel, records are maintained for a minimum of three years. See further testing under Step D.
- D. Based on a description of the Authority's procedures obtained in items A and B above, we identified all the source documents which are to be retained by the Authority for a minimum of three years. For each type of source document, we selected three months out of the year and observed that each type of source document exists for each of these periods.

Observation: The Authority has not maintained DRPT source documents for the time period June 1, 2015 through June 3, 2015. No other findings or observations were noted.

- E. We discussed the system of internal controls with the person responsible for supervising and maintaining the NTD data. We inquired whether separate individuals who are 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. No findings or observations were noted.
- F. We selected a random sample of the source documents and ascertained whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, we inquired how the supervisors' reviews are documented. No findings or observations were noted.
- G. We obtained the worksheets utilized by the Authority to prepare the final data, which are transcribed onto the Federal Funding Allocation Statistics form (FFA-10). We compared the periodic data included on the worksheets to the periodic summaries prepared by the Authority. We tested the arithmetical accuracy of the summarization. No findings or observations were noted.
- H. We discussed with Authority staff the Authority's procedures for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements. We inquired whether the procedure used is one of the methods specifically approved in the 2015 Policy Manual.

Observation: The Authority uses an alternative sampling procedure for the Motor Bus—DO. PMT data is collected using automatic passenger counters. The Authority obtained a written opinion from a statistician dated April 24, 2004 to approve the sampling method and the statistician determined that the sampling method meets the FTA requirements. The Authority submitted the required documentation of this alternative method to the FTA prior to the fiscal year ending December 31, 2005. Written approval of this method has not been provided by the FTA as of the date of this report.

During 2013, the Authority obtained permission from the FTA to report the Main MAX as Rapid Bus—DO (RBDO). The Authority uses the same alternative sampling procedure as the MBDO, with PMT data collected using automatic passenger counters. During 2014, the Authority obtained a written opinion from a statistician dated September 16, 2014 to approve the sampling method and the statistician determined the sampling method meets the FTA requirements. The Authority submitted the required documentation of this alternative method to the FTA in April 2015. Written approval of this method has not been provided by the FTA as of the date of this report.

- I. We discussed with Authority staff the Authority's eligibility to conduct statistical sampling for PMT data every third year. We verified whether the Authority meets one of the three criteria which allow the Authority to conduct statistical samples for accumulating passenger miles data every third year rather than annually. Specifically:
 - According to the 2010 census, the Authority serves an urbanized area (UZA) of less than 500,000 population;
 - The Authority directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size urbanized area (UZA)).
 - The service purchased from a seller is included in the Authority's NTD Report.

We noted that the Authority does not meet one of these three criteria; therefore, this procedure is performed annually.

We determined how the Authority estimated annual passenger miles for the current report year. No findings or observations were noted.

- J. We obtained a description of the sampling procedure for estimation of PMT data used by the Authority. We obtained a copy of the Authority's working papers or methodology used to select the actual sample of runs for recording PMT data. For types of service in which the average trip length was used, we verified that the universe of runs was used as the sampling frame. We verified that the methodology used to select specific runs from the universe resulted in a random selection of runs. We noted that for both MBDO and RBDO the Authority made adequate samples in order to meet the minimum required from the statistician's report, after factoring in missed trips.
- K. We selected a random sample of the source documents for accumulating PMT data and verified that they are complete (all required data are recorded) and that the computations were accurate. We selected a random sample of the accumulation periods and re-computed the accumulations for each of the selected periods. We tested the arithmetical accuracy of the summarization. No findings or observations were noted.
- L. We discussed the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with the Authority staff and verified that they follow the stated procedures. Charter service miles comprised of less than .01% of total vehicle revenue miles and there were no school bus or other ineligible vehicle miles.
- M. For actual vehicle revenue miles (VRM) data, we documented the collection and recording methodology and verified that deadhead miles are systematically excluded from the computation. This was accomplished as follows:
 - For motor bus and rapid bus, in which VRM are calculated from schedules, we documented the procedures used to subtract missed trips. We selected a random sample of the days that service was operated and recomputed the daily total of missed trips and missed vehicle revenue miles. We tested the arithmetical accuracy of the summarization. No findings or observations were noted.
 - For demand responsive, demand taxi and vanpool, in which VRM are calculated from vehicle logs, we selected a random sample of the vehicle logs and verified that the deadhead mileage has been correctly computed in accordance with FTA's definitions. No findings or observations were noted.
- N. We discussed with personnel that the Authority does not operate any rail modes.
- O. We inquired of the person responsible for maintaining and reporting the NTD data whether the operations meet FTA's definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:
 - Rail, trolleybus (TB), or ferry boat (FB) or aerial tramway (TR); or
 - 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
- High Occupancy / Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues. The Authority 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.

No findings or observations were noted.

- P. We discussed the measurement of fixed guideway (FG) and HIB directional route miles (DRM) with the person reporting the NTD data and verified that the mileage is computed in accordance with the FTA definitions of FG/HIB and DRM. We noted that there were service changes during the year that resulted in an increase in overall DRMs. We recomputed the average monthly directional route miles and agreed to the amount reported on the FFA-10 form.
- Q. We inquired of Authority personnel if any temporary interruptions in transit services occurred during the report year and noted that there were none. No findings or observations were noted.
- R. We measured fixed guideway directional route miles (FG DRM) from maps or by retracing the route. No findings or observations were noted.
- S. We discussed with the person reporting the NTD data whether other public transit agencies operate service over the same FG/HIB as the Authority. Per our inquiry, there are no other agencies that operate over the same fixed guideway.
- T. We obtained and reviewed the FG/HIB Segments form. We discussed with the persons reporting NTD data if any segments were added in the 2015 report year, noting there were none. No findings or observations were noted.
- U. We compared operating expenses with audited financial data after reconciling items were removed. No findings or observations were noted.
- V. For purchased transportation services, we interviewed the personnel reporting the NTD data regarding the amount of purchased transportation (PT) generated fare revenues and reviewed the amount reported on the Contractual Relationship form (B-30). No findings or observations were noted. The Authority confirmed with NTD personnel the contractual relationship data for the City of Independence, Missouri will not be included in the Authority's Contractual Relationship form.
- W. For purchased transportation services, we discussed with personnel the Authority's procedures for obtaining required data of the purchased transportation service. We noted that there were no PT services not included in the Authority's NTD Report; therefore, a copy of the Auditor Statement for Federal Funding Allocation Statistics data (AS-FFA) of the PT service is not required to be attached. No findings or observations were noted.
- X. For purchased transportation services, we obtained a copy of the purchased transportation contract and verified that the contract (1) specified the specific mass transportation services to be provided; (2) specified the monetary consideration obligated by the Authority contracting for the service; (3) specified the period covered by the contract and that this period is the same as, or a portion of, the period covered by the Authority's NTD Report; (4) was signed by representatives of both parties to the contract. We interviewed the person responsible for maintaining the NTD data regarding the retention of the executed contract and ascertained that copies of the contracts are retained for three years. No findings or observations were noted.

- Y. For services that the Authority provides in more than one urbanized area (UZA), or between an urbanized area and a non-urbanized area, we inquired of the person responsible for maintaining the NTD data regarding the procedures for allocation of statistics between urbanized areas and non-urbanized area. We obtained and read the worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and verified that the stated procedure is followed and that the computations are correct. No findings or observations were noted.
- Z. We compared the data reported on the Federal Funding Allocation Statistics form (FFA-10) to data for the prior report year and calculated the percentage change from the prior year to the current year. For vehicle revenue miles, passenger miles traveled, or operating expense data that have increased or decreased by more than 10%, or fixed guideway directional route miles data that have increased or decreased by more than 1%, we interviewed Authority management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period. No findings or observations were noted.

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 the Kansas City Area Transportation Authority for the fiscal year ended December 31, 2015 of each of the following modes:

A. Directly operated:

- Motor bus
- Rapid bus
- Demand response
- Vanpool

B. Purchased transportation:

- Demand response
- Demand taxi

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. 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 Board of Commissioners, management and the FTA and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Kansas City, Missouri
May 13, 2016