

**LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY**

**FEDERAL FUNDING ALLOCATION DATA**

**LA County Small Operators (ID# 90166)**

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**

Fiscal year ended June 30, 2015

Independent Accountant's Report  
on Applying Agreed Upon Procedures

Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles, California

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 the Los Angeles County Metropolitan Transportation Authority – LA County Small Operators' (ID# 90166) (the Authority'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, 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 is consistent with prior reporting periods and other facts known about the Authority's operations.

We have applied the procedures, as described in Attachment A, to the data contained in the accompanying FFA-10 for the fiscal year ending June 30, 2015. Such procedures, which were agreed to and specified by FTA in the Declarations section of the *2014 Policy Manual* and were agreed to by the Authority, were applied to assist the Authority in evaluating whether the Authority complied with the standards described in the first paragraph of this part and that the information included in the NTD report FFA-10 for the fiscal year ending June 30, 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 *2014 Policy Manual*. The Authority's management is responsible for the FFA-10 and compliance with NTD requirements.

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 in Attachment A either for the purpose for which this report has been requested or for any other purpose. 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 in Attachment A were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles (VRM), fixed guideway (FG), directional route miles (DRM), passenger miles traveled (PMT), and operating expenses (OE) of the Authority for the fiscal year ending June 30, 2015 for each of the following modes and jurisdictions (collectively referred to as the Authority):

- Modes
  - Motor Bus – purchased transportation (MB)
  - Demand Response – purchased transportation (DR)
  - Demand Response Taxi – purchased transportation (DT)
  
- Jurisdictions:
  - Agoura Hills
  - Alhambra
  - Artesia
  - Avalon
  - Azusa
  - Baldwin Park
  - Bell
  - Bell Gardens
  - Bellflower
  - Beverly Hills
  - Burbank
  - Calabasas
  - Carson
  - Cerritos
  - Compton
  - Covina
  - Cudahy
  - Downey
  - Duarte
  - El Monte
  - Glendale
  - Glendora
  - Huntington Park
  - Inglewood
  - LACDPW – Avocado Heights
  - LACDPW – East LA
  - LACDPW – East Valinda
  - LACDPW – King Medical Center
  - LACDPW – South Whittier
  - LACDPW – Whittier
  - LACDPW – Willowbrook
  - LACDPW – Willowbrook Shuttle
  - Lawndale
  - Lynwood
  - Malibu
  - Manhattan Beach
  - Maywood
  - Monrovia
  - Monterey Park
  - Palos Verdes Peninsula Transit Authority
  - Pasadena
  - Pico Rivera
  - Pomona Valley Transportation Authority
  - Rosemead
  - Santa Fe Springs
  - South Gate
  - South Pasadena
  - West Covina
  - West Hollywood
  - Whittier

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(Continued)

The agreed upon procedures are substantially less in scope than an examination, the objective of which is an expression of an opinion on the FFA-10 form. Accordingly, we do not express such an opinion. Also, we do not express an opinion on the Authority's system of internal control taken as a whole.

In performing the procedures, except for the information and findings identified in Attachment A to this report, no matters came to our attention that would be required to be reported to you regarding the information included in the NTD report on the FFA-10 Form for the fiscal year ending June 30, 2015. 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 the Authority's financial statements taken as a whole, or the forms in the Authority's NTD report other than the FFA-10 form, for any date or period.

This report is intended solely for the information and use of the Board of Directors, the management of the Authority, and the FTA and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath* LLP  
Crowe Horwath LLP

Sherman Oaks, California  
October 14, 2015

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**FTA Suggested Procedures:**

- 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, dated January 15, 1993 and as presented in the 2014 Policy Manual. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.

**Step performed with each jurisdiction without exception.**

- b. Discuss 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 transit agency 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, dated January 15, 1993 and as presented in the 2014 Policy Manual.

**Step performed with each jurisdiction without exception.**

- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form (FFA-10).

**Step performed with each jurisdiction without exception.**

- d. Based on a description of the transit agency's procedures obtained in items a and b above, identify all the source documents that the transit agency 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.

**Selected source documents from three different months in fiscal years 2014, 2013, and 2012 (8/18/2011, 12/10/2011, 3/15/2012, 7/19/2012, 2/11/2013, 6/20/2013, 11/26/2013, 1/8/2014, 3/7/2014) to ensure they were retained for a minimum of three years. We observed that the source documents were maintained for each fiscal year, for each jurisdiction, with the exception of the following:**

- **City of Bell (MB) – The city was unable to provide the motor bus daily trip sheets and daily summaries for the following dates: 8/18/2011, 12/10/2011, 3/15/2012, 7/19/2012, 2/11/2013, and 6/20/2013; however, since they did not begin reporting to the NTD until July 2013, they were not required to maintain information prior to that date.**
  - **City of Bell (DR) – The city was unable to provide the motor bus daily trip sheets and daily summaries for the following dates: 8/18/2011, 12/10/2011, 3/15/2012, and 7/19/2012. In addition, the monthly summaries, monthly invoices, and annual summaries could not be provided for those corresponding months/years.**
  - **City of Bell (DT) – They city was unable to provide the motor bus daily trip sheets and daily summaries for the following dates: 8/18/2011, 12/10/2011, 3/15/2012, 7/19/2012, and 2/11/2013; however, since they did not begin reporting to the NTD until March 2013, they were not required to maintain information prior to that date.**
  - **City of Calabasas (DR) – The city was unable to provide the demand response daily summaries for 8/18/2011, 12/10/2011, and 3/15/2012, and the demand response trip sheets**
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for 12/10/2011 and 3/15/2012. In addition, the monthly summaries, monthly invoices, and annual summaries could not be provided for those corresponding months/years.

- **City of Carson (MB)** - The city was unable to provide motor bus daily trip sheets, daily summaries, monthly summaries, annual summaries, monthly invoices and/or NTD report for the following dates: 8/18/2011, 12/10/2011, and 3/15/2012.
  - **City of Maywood (DR)** – The city was unable to provide the motor bus daily trip sheets and daily summaries for the following dates: 8/18/2011, 12/10/2011, 3/15/2012, 7/19/2012, 2/11/2013, and 6/20/2013. In addition, the monthly summaries, monthly invoices, and annual summaries could not be provided for those corresponding months/years.
  - **City of Maywood (MB)** - The city was unable to provide the motor bus daily trip sheets and daily summaries for the following dates: 8/18/2011, 12/10/2011, 3/15/2012, 7/19/2012, 2/11/2013, and 6/20/2013; however, since they did not begin reporting to the NTD until the current year, they were not required to maintain information from the prior years.
- 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.

**Per inquiry with the various jurisdiction management, the individuals reviewing source documents are independent of individuals preparing the information and the review is done on a periodic basis depending on the data being reviewed.**

- f. Select a random sample of source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' review.

**Selected a random sample of 382 source documents across all of the jurisdictions, noting the required approval on all source documents, with the exception of two out of ten selected from the City of Artesia.**

- g. 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.

**We obtained the worksheets and agreed the data on the worksheets to the summaries provided, with the exception of the following:**

- **City of Alhambra (DR)** – We noted an exception in the processing of NTD data to the MR-20 and S-10 forms. Specifically, the September 2014 Monthly Report contained incorrect data due to a transposition error as the mileage shown under 'Vehicle Mileage at First Pick Up' on trip sheet (source document) was incorrectly inputted into September 2014 monthly report. When recomputed, Vehicle Revenue Miles (VRM) should have been stated at 55.5 instead of the reported 11.7, creating a misstatement of 43.8 Vehicle Revenue Miles (VRM). The City subsequently corrected the transposition error on the final S-10 NTD reporting form.
  - **City of Burbank (MB)** - Per our review of the May 28, 2015 source documents, we noted an exception regarding the reporting of vehicle revenue miles (VRM) data. While the data for VRM was added up correctly per the supporting trip sheets for the day, we noted the total
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amount did not agree to the monthly summary report for May 2015. The monthly summary reported VRM for this particular date at 1,035 VRM; however, our recalculation of VRM for this date yielded 1,002 VRM. The City subsequently corrected the errors on the final S-10 NTD reporting form.

- **City of Carson (DT) - We noted an exception in the processing of NTD data to the MR-20 and S-10 forms. Specifically, the July 2014 Monthly Report contained incorrect data due to a transposition error. Further inquiry with the City's Transit Operator, yielded the reason to be due to the erroneous input of June 2014's data instead of July 2014's data. When considered, the transposition error differences amounted to 120 for Unlinked Passenger Trips (UPT); 4 for Vehicle Revenue Hours (VRH); and 140 for Vehicle Revenue Miles (VRM). We also observed a discrepancy on the MR-20 form for the month of August – a 3 hour difference for Vehicle Revenue Hours (VRH) was noted between the Monthly Report and MR-20 form, having an effect on S-10 form. City subsequently corrected the errors on the final S-10 NTD reporting form.**
  - **Palos Verdes Peninsula Transit Authority (MB) – We noted that for the month of September 2014 vehicle revenue miles reported at 28,166 and total miles reported at 39,359 did not agree to vehicle revenue miles and total miles on the Yearly Report reported at 27,764 and 39,333, respectively. Upon discussion with the City, the under reporting resulted from a data entry error that was not identified due to insufficient review controls implemented. The City subsequently corrected the errors on the final S-10 NTD reporting form.**
- h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2014 Policy Manual.

**For MB mode, the Authority utilized a statistical sampling method as described in FTA Circulars 2710.1A. For DR and DT modes, the Authority utilized a 100% count verification at some jurisdictions and a statistical sampling method as described in FTA Circulars 2710.2A at other jurisdictions.**

- i. Discuss with transit agency staff (the accountant 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. Specifically:
- a. According to the 2010 Census, the public transit agency serves an urbanized area (UZA) of less than 500,000 population.
  - b. The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
  - c. Service purchased from a seller is included in the transit agency's NTD report.
  - d. For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2014) and determine that statistical sampling was conducted and meets the 95% confidence and +10% precision requirements.
  - e. Determine how the transit agency estimated annual PMT for the current report year.
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**Per inquiry with the Authority management, the Authority does not meet any of the three criteria that allows transit agencies to conduct statistical samples for accumulating passenger mile data every third year. Therefore, the Authority conducts statistical sampling annually as described in procedure h.**

- j. 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.

**Step performed with each jurisdiction without exception.**

- 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 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 summarization.

**Selected a haphazard sample of 181 source documents across all of the jurisdictions from September 2014, March 2015, and May 2015, used for accumulating passenger miles traveled (PMT) data and determined they were complete and mathematically accurate. We tested the average trip length and the total trips for each of the samples and recomputed the accumulations for each period. Step performed without exception.**

- 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 transit agency staff and identify that stated procedures are followed. Select a random sample of source documents used to record charter bus service and test the arithmetical accuracy of the computations.

**This procedure was not applicable to the Authority. As such, procedure was not performed.**

- m. For actual vehicle revenue miles (VRM) data, document the collection and recording methodology and identify that deadhead miles are systematically excluded from the computation. This is accomplished as follows:
- If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

**Selected a haphazard sample of 181 source documents across all of the jurisdictions and recalculated the VRMs for the sample of trips, excluding deadhead miles. All of the data agreed and was computed correctly, with the exception of the City of Agoura Hills which was unable to provide the trip sheets for two of the days selected and there was no other supporting documentation for the daily totals.**



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- n. For rail modes, obtain and read the recording and accumulation sheets for actual VRM's and identify that locomotive miles are not included in the computation.

**This procedure was not applicable to the Authority. As such, procedure was not performed.**

- 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 the NTD data whether the operations meet the FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:
- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR) or
  - Bus (MB) 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, and
    - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation (see Fixed Guideway Segments form (P-40))
    - High Occupancy / Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues, and that the transit agency 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.

**This procedure was not applicable to the Authority. As such, procedure was not performed.**

- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that the he or she computed mileage in accordance with the 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.

**This procedure was not applicable to the Authority. As such, procedure was not performed.**

- 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:
- 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. The transit agency should document the interruption.
  - If the improvements cause a service interruption on the FG-DRMs lasting more than 12 months, the transit agency should contact their validation analyst to discuss. FTA will make a determination on how the DRMs should be reported.

**This procedure was not applicable to the Authority. As such, procedure was not performed.**

- r. Measure FG/HIB DRM from maps or by retracing route.

**This procedure was not applicable to the Authority. As such, procedure was not performed.**

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- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency 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.

**This procedure was not applicable to the Authority. As such, procedure was not performed.**

- t. Review the FG/HIB segments form (P-40 form). Discuss the Agency Revenue Service Start Date for any segments added in the 2014 report year with the persons reporting 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 2014 report year, the Agency Revenue Service Date must occur within the transit agency's 2014 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 7-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 a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, the FTA will only consider segments continuously reported to the NTD.

**This procedure was not applicable to the Authority. As such, procedure was not performed.**

- u. Compare operating expenses with audited financial data after reconciling items are removed.

**Where audited financial data was available, we compared the operating expenses per the F-30 and F-40 to the audited data. Where audited financial data was not available, we did not perform this step.**

- v. If the transit agency purchases transportation (PT) 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 (B-30).

**We agreed the fare revenue to the B-30 for all jurisdictions, with the following exception.**

- **City of Glendora (DR) - We obtained the City's monthly invoices for FY 2015 and agreed the total fare revenue per the invoices to the general ledger and to the total PT fare revenue reported on the Contractual Relationship form (B-30). The City reported \$18,153; however, our re-computations showed \$18,287. Upon discussions with the City, we noted that the \$134 understatement of fare revenue was due to additional entries to the general ledger that were not credited in the monthly invoices to the City. The City subsequently corrected the B-30.**

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- w. If the transit agency's report contains data for PT services and assurances of the data for those services is not included, obtain a copy of the Independent Auditor Statement for Federal Funding Allocation (IAS-FFA) data of the PT service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an Independent Auditor Statement for the PT data.

**We inquired to all jurisdictions and noted that the report does include PT from private operators, but that an Independent Auditor Statement is not applicable since all of the Jurisdictions are public transportation providers.**

- x. If the transit agency 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.

**We obtained a copy of the PT contract for each provider and noted that the contract included a description of the services to be provided, the monetary consideration obligated by the jurisdiction for the service and the period covered by the contract and that this period is the same as, 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. Management stated that copies of the executed contracts are retained for the last three years, as applicable.**

- y. 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.

**This procedure was not applicable to the Authority since all service is provided in an urbanized area. As such, the procedure was not performed.**

- 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 transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

**We compared and agreed the data reported on the Federal Funding Allocation Statistics form (Form FFA-10) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. For any current year data that increased or decreased by more than 10%, we inquired to the Jurisdictions and documented the explanations for the variances.**

- aa. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by the FTA.

**Step performed without exception.**

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