



KPMG LLP
 811 Main Street
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Independent Accountants' Agreed-Upon Procedures Report

The Board of Directors
 Metropolitan Transit Authority of Harris County, Texas
 Houston, Texas:

We have performed the procedures included in the Federal Transit Administration (FTA) 2022 NTD Policy Manual, Exhibit 80 (2022 NTD Policy Manual) (included in Attachment II), and enumerated in Attachment I, related to Metropolitan Transit Authority of Harris County, Texas (METRO) compliance with the 2022 NTD Policy Manual associated with the forms submitted to the National Transit Database (NTD) for the year ended September 30, 2022. METRO is responsible for its compliance with those requirements.

METRO has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting METRO and FTA in determining whether METRO complied with the specific requirements. This report may not be suitable for any other purpose. Additionally, FTA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. No other parties have agreed to or acknowledged the appropriateness of these procedures for the intended purpose or any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose.

The procedures and the associated findings are enumerated in Attachment I.

The procedures were applied to each applicable mode and type of service (directly operated [DO] and purchased transportation [PT]) as listed below for the fiscal year ended September 30, 2022.

| <u>Mode and type of service</u> | <u>Name of provider</u> |
|---------------------------------|--|
| Directly operated: | |
| Motor bus (MB) | METRO (MB DO) |
| Commuter bus (CB) | METRO (CB DO) |
| Light rail (LR) | METRO (LR DO) |
| Vanpool (VP) | METRO (VP DO) |
| Rapid bus (RB) | METRO (RB DO) |
| Purchased transportation: | |
| Motor bus | MV Transportation, and First Transit (MB PT) |
| Commuter bus | First Transit, First Class Tours, and AFC Transportation (CB PT) |
| Demand response (DR) | First Transit, and MV Transportation (DR PT) |

We were engaged by METRO to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, which involves us performing the specific procedures agreed to and acknowledged above and



reporting on findings based on performing those procedures. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on METRO's compliance with the 2022 NTD Policy Manual. 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.

We are required to be independent of METRO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

KPMG LLP

Houston, Texas
May 16, 2023

Agreed-Upon Procedures Performed

Metropolitan Transit Authority of Harris County, Texas (METRO) has developed automated systems to process and accumulate certain information utilized in its National Transit Database (NTD) reporting. As a result, many source documents and procedures have been converted to electronic data, which is interfaced directly with other computer programs or macro-enhanced spreadsheets for calculation and processing. We have used the output from these automated systems when performing procedures enumerated below, unless otherwise noted. Differences of \$100 or less in tie-out of information are considered rounding and not identified as exceptions.

- a. We affirmed the 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 *2022 NTD Policy Manual, Exhibit 80 (2022 NTD Policy Manual)* with METRO personnel assigned the responsibility for supervising the NTD data preparation and maintenance through receipt of completed written questionnaires.
- b. We affirmed with METRO personnel who are responsible for supervising the preparation and maintenance of data in accordance with NTD requirements (Reporting Managers) the following:
 - The procedures are continually followed.
 - These procedures result in the 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 *2022 NTD Policy Manual*.
- c. We made inquiries with METRO Reporting Managers who indicated that METRO maintains source data in its automated systems and supporting hard copies, where available, supporting the NTD data, Annual Total Vehicle Revenue Miles (VRM), Passenger Miles Traveled (PMT), and Annual Total Operating Expense (OE) data for a minimum of three years.
- d. We inquired of METRO personnel regarding the source documents and were informed that METRO has automated most processes and integrated systems such that there were not paper source documents. METRO personnel informed us that the source data and system reports are maintained for three years. We obtained source documents showing information for the full year.
- e. We inquired with METRO personnel and were informed that individuals, independent of the individuals preparing the source data or documents and processing the data, review the source data input or documents and output reporting for completeness, accuracy, and reasonableness. We noted reviews are typically performed monthly, but there are a few instances where reports are reviewed yearly as opposed to monthly.
- f. As noted in step d, we were informed that METRO has automated most processes and integrated systems such that there are not paper source documents. Certain METRO personnel indicated that the supervisor review was documented by the information being included in reports that require management review and approval. However, given that most documents are electronic, hard copy source documents with supervisors' signatures are generally not maintained. Reviewer sign-offs were obtained and reviewed for each section of the NTD submission reviewed for this report.
- g. We obtained worksheets used to prepare the final data that METRO transcribes onto the Federal Funding Allocation Statistics Form (FFA-10) and compared the periodic data included on the worksheets to the periodic summaries prepared by METRO. We determined the computations were mathematically accurate within the summary.

- h. We inquired with METRO personnel regarding the procedures for accumulating and recording PMT data in accordance with NTD requirements and were informed that METRO estimates PMT for MB DO, MB PT, CB DO, CB PT, and RB DO based on an alternative sampling procedure that has been approved in writing by a qualified statistician to meet the required 95% confidence and 10% precision levels in the *2022 NTD Policy Manual*. METRO uses a computer application to select samples and MobileStatistics software to compile the data, including Automatic Passenger Counters (APC) data to develop average trip length calculations for PMT.
- i. We inquired with METRO personnel regarding the procedures for accumulating and recording PMT data in accordance with NTD requirements for LR DO, DR PT, and VP DO and were informed that METRO uses a procedure that is one of the methods specifically approved in the *2022 NTD Policy Manual* (100% count).
- j. We inquired with METRO personnel that the transit agency does not meet any of the three requirements in procedure i of the Data Review Suggested Procedures in the *2022 NTD Policy Manual*; thus, it is required to conduct statistical sampling for passenger mile data every year.
- k. We obtained a description of how annual PMT is estimated for the current reporting year.
- l. We obtained a description of the sampling procedures for the estimation of annual PMT and the methodology used to select the sample of runs used for MB DO, MB PT, CB DO, CB PT, and RB DO and noted that the average trip length was used. METRO's IT staff developed a computer application for selecting random samples and MobileStatistics software to compile the data including APC data to develop average trip length calculations. We inquired with METRO personnel that the universe of runs was the sampling frame. We inquired of METRO personnel and were informed that the methodology resulted in a random selection of runs. METRO stated it uses more samples than required to compensate for a sample that is discarded and does not need to replace a sample run. METRO's sampling procedures were being followed.
- m. With regard to LR DO, MB DO, CB DO, RB DO, MB PT, CB PT, and DR PT, we determined that the PMT calculations are being performed internally by several automated systems and spreadsheets. We have used the internal calculations being performed by these systems.

With regard to VP DO PMT, we selected the RidePro monthly reports. RidePro ridership logs are provided by the vanpool drivers. For VP DO, the data is assembled into workbooks by METRO personnel. The workbook documents the number of passengers, trips, mileage, VRM, and PMT, and is the source document for accumulating PMT. We selected December 2021, May 2022, and September 2022 and determined that the required data was recorded, and the computations were mathematically accurate within the workbook for each of the trips tested.

We affirmed with METRO personnel that METRO does not operate charter or school bus service.

We obtained the collection and recording methodology for VRM for all modes and types of service and affirmed with METRO personnel that deadhead miles are systematically excluded from its computation using the manner of calculation enumerated below.

With regard to LR DO, MB DO, CB DO, RB DO, MB PT, and CB PT, METRO calculates VRM from schedules using a macro-enabled Excel application using scheduled revenue miles data plus special events miles less lost miles. We reviewed METRO's documentation of the procedures used to subtract lost miles. We determined that the calculations are being performed internally by multiple systems and spreadsheets. We observed METRO personnel using the systems to calculate lost miles. We have used the internal calculations of lost miles being performed by these systems.

With regard to DR PT, VRM is calculated from vehicle log data provided to METRO by the contractors. We selected a daily summary of contractor vehicle log data for the month of May 2022

and determined that deadhead miles are excluded and that the calculations are being performed internally by multiple systems and spreadsheets. We have used the internal calculations of deadhead miles being performed by these systems in our recalculation for the month of May 2022.

With regard to VP DO, VRM is calculated from vehicle log data. RidePro ridership logs are provided by the vanpool drivers. For VP DO, the data is assembled into workbooks by METRO personnel. Vanpool service starts and ends at the home or nearby parking lot, which is the first passenger pickup point and last passenger drop-off point, so there are no deadhead miles.

- n. Not applicable as METRO does not have any locomotives.
- o. We affirmed with METRO personnel who report fixed guideway and high-intensity busway direction route miles (FG/HIB DRM) that the operations meet FTA's definitions of fixed guideway or high intensity busway in that the service is rail, and the MB and CB service operate over exclusive or controlled access rights-of-way (ROW) which have restricted access, a legitimate need for restricted access is demonstrated during peak period level of service of D or worse on a parallel adjacent freeway, and restricted access is enforced for freeways and priority lanes used by high-occupancy vehicles, including VP, demonstrate safe operation.
- p. We inquired with METRO personnel regarding procedures over the measurement of FG and HIB DRM and were informed that the FG and HIB DRM are computed in accordance with FTA's definition of FG/HIB DRM. METRO had service changes for CB DO, CB PT, MB DO, and MB PT in 2022 that resulted in an increase or decrease of DRM.

We did not recompute average monthly DRMs or reconcile total DRM reported on the Federal Funding Allocation Statistics Form.

- q. We inquired if METRO incurred any temporary interruptions in service and were informed there were no temporary interruptions during 2022.
- r. Per inquiry of METRO personnel, measurements of FG DRM for all rail segments and bus FG DRM segments originated from engineering drawings and were approved or adjusted by FTA. We did not measure FG DRM.
- s. We inquired with METRO personnel whether other public transit agencies operate service over the same FG as METRO and were informed that the DRMs for the segments are only reported once. All segments are only reported by METRO with the exception of segment 71966, which is being claimed by Fort Bend County and not METRO.
- t. We compared the segments in the 2021 Form P-40s to the 2022 Form P-40s. No new segments were added during METRO's 2022 fiscal year.
- u. We compared total OE reported on Form F-40 to financial data included in METRO's September 30, 2022 audited financial statements and found them to agree after reconciling items were considered.
- v. We affirmed with the reporting managers the amount of PT generated fare revenue. We agreed the PT fare revenue data provided by the Reporting Managers and Accounting to the amounts on the Contractual Relationship Form (B-30) for MB PT, CB PT and DR PT.
- w. Not applicable.
- x. We obtained copies of all contracts for PT and determined that the contracts specified the public transportation services to be provided; the monetary consideration obligated by METRO; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by METRO's NTD report); and is signed by representatives of both parties to the contract.

We inquired with METRO personnel whether executed contracts are retained for at least three years and were informed that such contracts are retained for three years.

- y. METRO provides VP DO between one UZA and a non-UZA. We affirmed with METRO personnel the procedures for allocation of statistics between UZAs and non-UZAs. METRO's Vanpool mode does not have FG segment worksheets, or available route maps, but uses an automated GIS system. We reviewed the allocation worksheet used for allocating the statistics and determined that the stated procedure was followed and that the computations were mathematically accurate for the months of December 2021, May 2022 and September 2022.
- z. We compared the data reported on the FFA-10 form for, Annual Total VRM, Annual Total PMT, and Annual Total OE data to comparable data from the prior report year and calculated the percentage change from the prior year to the current year. We affirmed with METRO management the specifics of operations that led to the increases or decreases of VRM, PMT, or OE data by more than 10%, relative to the prior reporting period, and FG DRM data changes.
- aa. We documented the specific procedures followed, documents reviewed, and tests performed in the workpapers. No procedures, in addition to the suggested procedures in *2022 NTD Policy Manual, Exhibit 80*, were performed.

ATTACHMENT II

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. Several of the procedures below require the auditor to select a random sample of documents or data. The procedures do not specify the selected number (i.e., the percentage of the total documents/data). The auditor should use professional judgment to determine the percentage that will enable the auditor to make the required assurances.

The source documents and other records (such as data summaries) may be in the form of digital data files. The auditor should ensure that these files are securely stored and that a contingency plan is in place to ensure that the transit agency retains source documents for a minimum of three years.

- a. The procedures to be applied to each applicable mode and type of service (TOS) (Directly Operated, Purchased Transportation, Transportation Network, and Taxi) are: Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630 and as presented in the *2022 NTD 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:
 - The extent to which the transit agency followed the procedures on a continuous basis, and
 - Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630 and as presented in the *2022 NTD Policy Manual*.
- 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.
- d. Based on a description of the transit agency's procedures from 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.
- 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 supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.
- 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.
- h. Discuss the procedure for accumulating and recording PMT data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the *2022 NTD Policy Manual*.

- i. 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. Specifically:
 - The public transit agency serves a UZA with a population less than 500,000 according to the most recent census.
 - The public transit agency directly operates fewer than 100 revenue VOMS (in any size UZA).
 - Service purchased from a seller is included in the transit agency'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 percent confidence and ± 10 percent precision requirements.
 - Determine how the transit agency estimated annual PMT for the current report year.
- 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.
- 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 accumulations periods that were tested. Test the arithmetical accuracy of the summary.
- l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual VRM with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.
- m. For actual 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 random 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 hub odometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hub odometer readings and determine that the stated procedures for hub odometer 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 random 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 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 FG or HIB in that the service is:
- Rail, Trolleybus (TB), Ferryboat (FB), or Aerial Tramway (TR); or
 - Bus (Motorbus (MB), Commuter Bus (CB), or Bus Rapid Transit (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 LOS D or worse on a parallel adjacent highway; and
 - Restricted access is enforced for freeways; priority lanes used by other HOV (i.e., Vanpools, carpools) must demonstrate safe operation.
- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that they 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, recompute 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 an 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/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. 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 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 Operating Expense (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 2022 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 2022 report year, the Agency Revenue Service Date must occur within the transit agency's 2022 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 FG/HIB 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.

- u. Compare Operating Expenses with audited financial data after reconciling items are removed.
- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation-generated fare revenues. The purchased transportation fare revenues should equal the amount reported on the Contractual Relationship form.
- w. If the transit agency's report contains data for purchased transportation services and the procedures in this auditor's review were not applied to the purchased transportation services, obtain a copy of the IAS-FFA regarding data for the purchased transportation service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in this auditor's review, and the transit agency also does not have a separate Independent Auditor's Statement for the purchased transportation data.
- x. If the transit agency purchases transportation services, obtain a copy of the purchased transportation 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 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.
- 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 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.
- 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 FTA.