

Milwaukee County Transit System

**Independent Public Accountants' Report
On Applying Agreed-Upon Procedures
Specified by Federal Transit Administration**

Year ended December 31, 2019

**Independent Public Accountants' Report
On Applying Agreed-Upon Procedures**

To the Board of Supervisors
of the County of Milwaukee
and the Federal Transit Administration:

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 (Total Operating Expense data on F-30, line 15, column e, Form S-10, lines 12, 15, 18, 20, column d, Total Actual Vehicle Revenue Mile, Total Actual Vehicle Revenue Hour, Total Unlinked Passenger Trip data and Passenger Mile Traveled data and Fixed Guideway when applicable) of the transit agency's annual National Transit Database (NTD) report:

1. 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.
2. A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
3. Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of 3 years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
4. 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.
5. The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
6. The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.
7. 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 fiscal year ending December 31, 2019. Such procedures, which were agreed to and specified by the FTA in the Declarations section of the 2019 Policy Manual and were agreed

to by the Milwaukee County Transit System (the Agency), were applied to assist you in evaluating whether the Agency 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 fiscal year ended December 31, 2019 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 2019 Policy Manual.

The sufficiency of these procedures is solely the responsibility of FTA. 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 were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles, fixed guideway directional route miles, passenger miles, and operating expenses of Milwaukee County Transit System (the Agency) for the fiscal year-ending December 31, 2019, for each of the following modes:

- Motor Bus - directly operated
- Vans, private carrier providing transit service under contract, and

The procedures that we performed are summarized as follows:

- A. We read the Federal Transit Administration Reporting Manual (Reporting Manual) for the 2019 National Transit Database (NTD) Report Year, in particular, "Federal Funding Allocation Data Review Procedures "a" through "aa" discussed in that publication (Federal Funding Allocation Test).
- B. We developed specified procedures tailored to the Agency, as enumerated below, based on FTA's Federal Funding Allocation Data review requirements as set forth in the Reporting Manual.
- C. We reviewed with Mr. Dan Pryba, Accounting Supervisor, the Agency's 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. According Mr. Frances Musci, Director of Paratransit Services, the Agency has its own written procedures related to the system for reporting and maintaining Transit Plus data as documented in the 2019 Policy Manual. (Reporting Manual Federal Funding Allocation Data review procedure "a").
- D. We discussed with Mr. Dan Pryba procedures referenced in procedure (C), above. We inquired whether the Agency followed such procedures on a continuous basis and

whether the procedures resulted in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630. We were informed by Mr. Pryba that, to the best of his knowledge, the Agency has followed such procedures on a continuous basis and that the Agency's accumulation and reporting of data is consistent with the NTD definitions and requirements as set forth in 49 CFR Part 630. (Reporting Manual Federal Funding Allocation Data review procedure "b").

- E. We inquired of Mr. Pryba concerning the retention policy that is followed by the Agency with respect to source documents supporting the NTD data, Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, Line 12 and 20, column d). Per Mr. Pryba, the documentation and source documents are retained by the Agency for the three years following the year in which the report is due to the FTA. (Reporting Manual Federal Funding Allocation Data review procedure "c").
- F. For the purposes of motorbus testing, we identified the source documents that are to be retained by the Agency for a minimum of three years. For each of the required documents listed below, we reviewed the source documents for the weeks identified. We located and observed the following source documents supporting NTD data reported on Forms F-30 and S-10 for the year ended December 31, 2019, and noted the documents had been properly retained:
- Schedule Miles Report (weeks 7, 37, and 47)
 - Deviation sheets (weeks 7, 37, and 47)
 - FTA on-off count sheets (weeks 7, 37, and 47)
- (Reporting Manual Federal Funding Allocation Data review procedure "d").
- G. Per inquiry with Mr. Pryba, van testing was not conducted, because Van Pool Program remains discontinued for current year audit.
- H. We inquired of Mr. Pryba whether individuals, 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. We were informed that the source documents are independently reviewed on a weekly and monthly basis for motorbus data. According to Mr. Frances Musci, the Director of Paratransit Services, the source documents for Transit Plus are reviewed monthly. (Reporting Manual Federal Funding Allocation Data review procedure "e").

- I. We selected a random sample of source documents for procedure “d”. We used the same documents to verify that supervisors’ signatures were present as required by the Agency’s internal control structure. There were no instances of noncompliance noted (Reporting Manual Federal Funding Allocation Data review procedure “f”).

- J. We obtained the worksheets utilized by the Agency to prepare the final data, which are transcribed onto the Federal Funding Allocation Statistics form. We compared the periodic data included on the worksheets to the Form F-10 and tested the arithmetical accuracy of the summarization. (Reporting Manual Federal Funding Allocation Data review procedure “g”).

- K. Per Mr. Pryba, for the purposes of motor bus passenger reporting, the Agency uses an estimate of passenger miles based on statistical sampling. Per Mr. Musci, Transit Plus uses actual passenger miles based on data received from the contractors. All methods used in 2019 are outlined and approved by the FTA as meeting the Section 15 reporting requirements in Circular UMTA C2710.1A (Reporting Manual Federal Funding Allocation Data review procedure “h”).

- L. We discussed with Mr. Pryba the eligibility of the Agency to conduct statistical sampling for passenger mile data every third year under the guidelines promulgated in 49 CFR Part 630. Mr. Pryba informed us that the Agency is not eligible and statistical sampling must be done annually. (Reporting Manual Federal Funding Allocation Data review procedure “i”).

- M. Per discussion with Tom Winter, Director of Schedule and Planning, the HASTUS sampling system by GIRO is used to generate the random sample selections of the trip data to be tested. These random selections are generated quarterly, listed by week, and the trip selections are assigned to the automatic passenger counter system (APC) for a specific day. The APC will record the run number, bus number, time of trip, number of passengers both boarding at stops and remaining on the bus in-between stops. This information is then processed in the Traffic Department. (Reporting Manual Federal Funding Allocation Data review procedure “j”).

- N. We selected a random sample of the source documents for accumulating Motor Bus passenger mile data and determined that they were complete, (all required data was recorded) and that the computations were accurate. We reviewed the source documents for weeks 6, 12, 17, 24, 33, 36, 38, 40, 44, 45, 50, and 52 for 2019. We noted that the passenger mile data was complete and no mathematical errors existed. (Reporting Manual Federal Funding Allocation Data review procedure “k”).

- O. For the purposes of Transit Plus reporting, we selected a random sample of the source documents for accumulating passenger mile data and determined they were complete (all the required data was recorded) and that the computations were accurate. We reviewed the source documents for the months of January, August, and December in 2019. We noted the passenger and actual revenue mile data was complete and no mathematical errors existed. (Reporting Manual Federal Funding Allocation Data review procedure “k”).
- P. We discussed with Mr. Pryba, procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of motorbus vehicle revenue. In order to determine if the stated procedures were followed, we selected a random sample of the source documents used to record charter and school bus mileage and proved the arithmetical accuracy of the computations. We selected three weeks (weeks #26, 28, and 46) and reviewed the scheduled miles reports and the deviation sheets used to arrive at the actual vehicle miles for those weeks. We noted that all school bus and charter mileage was properly excluded and amounts were computed correctly. These deviation sheets also included trips that were scheduled but missed and as such were properly deducted as well from the actual vehicle miles. (Reporting Manual Federal Funding Allocation Data review procedure “l”).
- Q. Per Mr. Pryba, the vehicle revenue miles data for motor bus is calculated using schedules. The missed trips and school trips are deducted via the deviation sheets. Deadhead miles are systematically excluded from the summarization. For the purposes of Transit Plus reporting, vehicle logs are used to compute the vehicle revenue mile data. We selected a random sample of documents and verified that deadhead miles were not included in the calculation. (Reporting Manual Federal Funding Allocation Data review procedure “m”).
- R. Operating Expense Reconciliation for Motor Bus:

Operating expense per ledger	\$ 131,422,343
Leases and Rentals	(6,080)
Recoveries	356,709
Operating Cross-charges per DPW Ledger	1,999,323
Less: Contracted services	(1,385,504)
Operating Expense per Form F-30	\$ 132,386,791

Operating Expense Reconciliation for Transit Plus:

Operating expense per ledger	\$ 16,510,434
Operating Cross-charges per DPW ledger	258,408
Less: Depreciation	(852,603)
Contracted Services	(1,097,422)
Capital Leasing	(3167)
Operating Expense per Form F-30	<u>\$ 14,815,650</u>

(Reporting Manual Federal Funding Allocation Data review procedure "u").

- S. We inquired of Mr. Pryba, the Agency contracts for transportation service. We were informed that the Agency contracts for transportation service and that purchased transportation fare revenues are retained by the contract service providers. We obtained documentation of the retained fare revenue amount as reported by the contract service provider and agreed this amount to retained fare revenues reported on Form B-30 by the Agency. The F-30 report shows Transit Plus reported about \$38,002 of filing separate report expenses, which is the amount for Waukesha Metro (5096).
- T. We were informed, by Mr. Pryba, that the Agency contracts for transportation service with contractors that operated fewer than 100 vehicles for the Agency's contracted service at peak. MCTS purchases transportation from two (2) different contractors. We were provided with two (2) out of the two (2) assurance statements from the contractors which confirmed that that they have maintained internal information systems needed to comply with contractual requirements of collecting and maintaining passenger data. Copies of the assurance statements are attached to this report. (Reporting Manual Federal Funding Allocation Data review procedure "v" & "w").
- U. We obtained a copy of the contracts for the purchase of transportation service and read them to determine that the contracts specify the specific mass transportation services to be provided by the contractors, specify the monetary consideration obligated by the Agency for the service, specify the period covered by the contracts, and that this period is the same as the period covered by the Agency's NTD Report, and is signed by the representatives of both parties to the contract. We noted no exceptions. We also inquired of Mr. Pryba regarding the retention of the executed contracts, and were told that copies of the contracts are retained for a minimum of three years. (Reporting Manual Federal Funding Allocation Data review procedure "x").

- V. We compared the motorbus data reported on the Total Modal Operating expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. We also compared Transit Plus data reported on the Form F-30, S-10 to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. We noted motorbus vehicle passenger miles did decrease by more than 10% from last year. We interviewed Dan Pryba who noted that this was attributed to low ridership as compared to prior year.

Percentage change in the following for motorbus data:

	<u>2019</u>	<u>2018</u>	<u>Change %</u>
Vehicle revenue miles	16,107,551	16,381,053	-2%
Passenger miles	91,779,458	106,718,086	-14%
Operating expense data	\$ 132,386,791	\$ 134,019,482	-1%

Percentage change in the following for Transit Plus data:

	<u>2019</u>	<u>2018</u>	<u>Change %</u>
Vehicle revenue miles	2,723,383	2,701,099	1%
Passenger miles	3,023,595	3,099,217	-2%
Operating expense data	\$ 14,815,650	\$ 14,624,952	1%

(Reporting Manual Federal Funding Allocation Data review procedure "z").

As a result of performing the procedures described above we did not identify any noncompliance with FTA mandated standards.

The following Reporting Manual Federal Funding Allocation Data review procedures were not applicable to the Agency and therefore, were not performed:

Reporting Manual Federal Funding Allocation Data review procedure n, o, p, q, r, s, t, and y.

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 audit, the objective of which would be the expression of an opinion on the Federal Funding Allocation Statistics Form. 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. Also, we do not express an opinion on the transit Agency's system of internal control taken as a whole.

This report relates only to the information described above, and does not extend to the transit Agency's financial statements taken as a whole or the forms in the transit agency's NTD report other than the Federal Funding Allocation Statistics Form, for any date or period.

This report is intended solely for the information and use of the Board of Supervisors of the County of Milwaukee, the FTA, and the Agency, and is not intended to be and should not be used by anyone other than those specified parties.

Kolman & Wilhois, Ltd.

Milwaukee, Wisconsin
July 17th, 2020