

SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

FEDERAL TRANSIT ADMINISTRATION SECTION 9 REPORT

For The Year Ended June 30, 1992

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SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

FEDERAL TRANSIT ADMINISTRATION SECTION 9 REPORT

For The Year Ended June 30, 1992

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
Southern California Rapid
Transit District

We understand that the Southern California Rapid Transit District (the "District") is eligible to receive grants under Section 9 of the Urban Mass Transportation Act of 1964, as amended, and in connection therewith the District is required to report certain information to the Federal Transit Administration ("FTA").

FTA has established the following standards with regard to the data reported to it in the Section 9 Statistics Summary, Form 901, of the District's annual Section 15 Report:

- A system is in place and maintained for recording data in accordance with Section 15 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 3 years following FTA's receipt of the Section 15 Report. The data are fully documented and securely stored.
- A system of internal controls is in place to assure the accuracy of the data collection process and recording system and reported documents are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or have been approved by FTA and/or a statistical expert as being equivalent in assuring quality and precision. The collection methods documented are being followed.
- 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.
- Data are consistent with prior reporting periods and other facts known about District operations.

We have applied certain agreed-upon procedures as documented below to the data contained in the accompanying Section 9 Statistics Summary, Form 901, for the fiscal year ended June 30, 1992. These procedures, which were agreed to and specified by FTA in the 1992 Reporting Manual and Sample Forms and were agreed to by the District, were performed solely to assist you in evaluating whether the District complied with the standards described in the second paragraph of this report and that the information included in the Section 15 Report Form 901 (Section 9 Statistics Summary) for the fiscal year ended June 30, 1992 is presented in conformity with the requirements of the Reporting Manual as specified in 49 CFR Part 630, Federal Register, September 25, 1987. This report is intended solely for your information and FTA, and is not to be referred to or distributed for any purpose to anyone who is not a member of management, the Board of Directors of the District, or FTA.

The procedures described below, which are referenced in order to correspond to the Reporting Manual procedures, were applied separately to each of the information systems used to develop the reported vehicle revenue miles, fixed guideway directional route miles, passenger miles, and operating expenses of the District for the fiscal year ended June 30, 1992, for each of the following modes:

Motorbus (directly operated)
Rail (directly operated)

The following information and findings came to our attention as a result of performing the procedures described in the attachments to this report.

- a. We obtained from Mr. Keith Killough, Planning Manager, and read a copy of, the District's written procedures related to the system for reporting and maintaining data in accordance with the Section 15 requirements and definitions set forth in Title 49 CFR Part 630 (Reporting Manual Section 9 Test "a").
- b. We discussed the procedures referenced in paragraph a., above, with Mr. Killough. We inquired of Mr. Killough whether the District followed such procedures on a continuous basis and whether he believed such procedures result in accumulation and reporting of data consistent with the Section 15 definitions and requirements set forth in Title 49 CFR Part 630. We were informed by Mr. Killough that, to the best of his knowledge, the District has followed such procedures on a continuous basis and that they result in the accumulation and reporting of data consistent with the Section 15 definitions and requirements set forth in Title 49 CFR Part 630 (Reporting Manual Section 9 Test "b").
- c. We inquired of Mr. Killough concerning the retention policy that is followed by the District with respect to source documents supporting the Section 15 data reported on Form

901. Mr. Killough informed us that source documents would be retained for at least three years following FTA's acknowledged receipt of the Section 15 Report.

We located and observed the source documents supporting the Section 15 data reported on Form 901 for the years ended June 30, 1992, June 30, 1991, and June 30, 1990, and found them properly retained (Reporting Manual Section 9 Test "c").

- d. Based on the description of the District's procedures obtained as described in procedure c., above, we identified the following source documents for retention by the District for a minimum of three years:

Statistical data files maintained on the District's on-line IBM system. With respect to passenger miles, the source documents are files containing data from Ride Checks and Fare Surveys for the motorbus and on/off surveys for the rail mode. For vehicle revenue miles, the source document is the file containing Basic Operating Schedules for both motorbus and rail mode.

For the motorbus, we selected the months of September 1991, January 1992 and May 1992, and observed that each type of source document exists for each of these periods. For the rail mode, we selected the months of December 1991, January 1992 and June 1992, and observed that each type of source document exists for each of these periods (Reporting Manual Section 9 Test "d").

- e. We discussed the District's system of internal controls with Mr. Killough. We inquired whether individuals, independent of the individuals preparing the source documents and posting the data summaries, reviewed the source documents and data summaries for completeness, accuracy, and reasonableness and how often such reviews are performed. We were informed by Mr. Killough that all source documents and data summaries are reviewed for completeness and reasonableness by personnel either in the Planning Department or Scheduling Department (Reporting Manual Section 9 Test "e").
- f. We reviewed source documents and data summaries and noted that such reviews as indicated in step e are documented as being completed (Reporting Manual Section 9 Test "f").
- g. We obtained the worksheets utilized by the District to prepare the final data which are transcribed onto Form 901, Section 9 Statistics Summary. We compared the periodic data included on the worksheets to the periodic summaries prepared by the District and proved the arithmetic accuracy

of the summarizations. We noted no deviations (Reporting Manual Section 9 Test "g").

- h. We discussed the District's procedures for accumulating and recording passenger mile data in accordance with Section 15 requirements with Mr. Killough. We were informed that passenger mile data was accumulated as follows: For the motorbus, "The District utilizes sampling and estimation procedures that are an alternative to the three sampling procedures suggested by FTA. The District has received correspondence from FTA which allows for self-certification of passenger mile data based on certification that required statistical levels are met." We were informed by Mr. Killough that the sampling methodology and estimation procedures were reviewed by Multisystems, Inc., together with Northeastern University, and were found to yield unbiased estimates whose accuracy exceeds FTA's accuracy standard of $\pm 10\%$ precision at a 95% confidence level; in fact, the sample size is so large that, combined with the revenue-based estimation used, the precision at the 95% confidence level is below 2%. The rail uses a sampling methodology and estimation procedures that have been reviewed by a qualified statistician (Mr. Ashok Kumar, SCRTD Scheduling and Operations Planning Department) and were found to yield unbiased estimates whose accuracy meets the 10% precision and 95% confidence level accuracy standard (Reporting Manual Section 9 Test "h").
- i. We discussed with Mr. Killough the eligibility of the District to conduct statistical sampling for passenger mile data every third year under the guidelines promulgated by FTA in Title 49 CFR Part 630, and he informed us that the District is not eligible to conduct statistical sampling for passenger mile data every third year because it meets none of the criteria necessary for it to qualify for such treatment (Reporting Manual Section 9 Test "i").
- j. We obtained a copy of the sampling procedures for the estimation of passenger mile data used by the District and a copy of the District's methodology for calculating passenger mile data from Mr. Killough. We reviewed the procedures used to select the actual sample of runs for recording passenger boardings used to prepare the sample of runs from the total population of runs. We reviewed the methodology used to randomly select specific runs from the universe. We reviewed the procedure used to replace a missed sample run with a randomly selected replacement sample run. We noted no exceptions to the stated sampling procedure (Reporting Manual Section 9 Test "j").
- k. We selected a random sample of the source documents used for accumulating passenger mile data and reviewed the selected documents to determine if all required data were recorded and if computations were accurately performed. Our sample consisted of seven percent of the fare surveys conducted and

eleven percent of the ride checks conducted. For the rail mode, our sample consisted of 25% of on/off surveys conducted.

The District accumulates passenger mile data on an annual basis, rather than by periods. We tested the accumulation of such data on an annual basis. We noted no exceptions in performing the above (Reporting Manual Section 9 Test "k").

1. We discussed the procedures for systematic exclusions of charter and school bus vehicle miles from the calculation of vehicle revenue miles with Mr. Killough.

We were informed by Mr. Killough that the District does not operate charter bus and/or school bus service. In connection with performing the procedures referred to in this report, nothing came to our attention that caused us to believe that the District operated charter bus and/or school bus service during the year ended June 30, 1992 (Reporting Manual Section 9 Test "l").

- m. We obtained a copy of the District's procedures for accumulating and reporting vehicle revenue mile data and discussed them with Mr. Killough. We were informed by Mr. Killough that the District calculates vehicle revenue miles by aggregating the revenue service distances traveled by the District's bus lines as documented in each line's Basic Operating Schedule. The aggregate amount is reduced by non-revenue service miles such as missed trips and maintenance runs. We selected a random sample of five of the days that service was operated during the year and recomputed the arithmetical accuracy of the summarization of vehicle revenue miles (Reporting Manual Section 9 Test "m"); no exceptions were noted.

- n. We discussed the procedures for the recording and accumulation of vehicle revenue mile data for rail modes with Mr. Killough.

We were informed by Mr. Killough that the rail mode vehicle revenue miles are calculated in the same manner as the motorbus, in that, revenue service distances are aggregated for the rail line as documented in the Basic Operating Schedule. This aggregate amount is then reduced by non-revenue service miles such as missed trips and maintenance runs. We recomputed the total actual vehicle revenue miles by multiplying the total revenue trips, made by the rail cars, by the miles per trip.

We reviewed the District's vehicle revenue miles calculation noting that extra service is documented on pink letters which are summarized and added to the Basic Operating Schedule. However, service cancellations are not recorded on pink letters and deducted from the data. In addition, maintenance runs, which are part of non-revenue service

mileage, were not calculated in 1992. (See finding at page 10.)

We also discussed the exclusion of the locomotive miles from the rail mode. We were informed by Mr. Killough that there are no locomotive miles included with the rail mode. In connection with performing the procedures referred to in this report, nothing came to our attention that caused us to believe that there were any locomotive miles included with the rail mode.

- o. We discussed the District's procedures for accumulating and reporting fixed guideway directional route miles with Mr. Killough. He informed us that the District's motorbus service meets the FTA's definition of fixed guideway service contained in FTA Circular C 9030.1A, "Section 9 Formula Grant Application Instructions," Appendix C, pages 11-13, in that the service is motorbus service operating over exclusive and controlled access rights of way and access is restricted, there is a legitimate need for restricted access, as demonstrated by peak periods level of service traffic condition F on parallel adjacent highway, and restricted access is enforced. He also informed us that the rail mode meets FTA's definition of fixed guideway service as the cars operate over a rail, which is a fixed guideway (Reporting Manual Section 9 Test "o").
- p. We discussed the measurement of fixed guideway directional route miles with Mr. Killough. We were informed that fixed guideway directional route mileage is computed in accordance with FTA's definitions of fixed guideway and directional route miles contained in FTA Circular C 9030.1A, "Section 9 Formula Grant Application Instructions," Appendix C, pages 11-13.

We inquired whether there were any service changes during the year that resulted in an increase or decrease in vehicle revenue miles operated on a fixed guideway. We were informed that the motorbus had service changes that resulted in a decrease in vehicle revenue miles operated on the fixed guideway due to the transfer of service to the Foothill Transit Zone and civil disturbances in the Los Angeles area (see item "w"). The motorbus-decreased vehicle revenue miles was due to the transfer of service to Foothill Transit Zone and civil disturbances (see test "w"). The rail mode, which was put in service in July 1990, increased total vehicle revenue miles during the year ended June 30, 1992 due to the opening of the full length of the fixed guideway and expanded service hours.

- q. We measured fixed guideway directional route miles by tracing maps of fixed guideway service. We agreed the fixed guideway directional route miles we obtained above to that reported on the District's Section 15 Form 901, Section 9 Statistics Summary (Reporting Manual Section 9 Test "q").

- r. We inquired of Mr. Killough whether other public transit agencies operate service over the same fixed guideways as the District. We were informed that Embree-Mark IV, under a contract from the County of Los Angeles, operated service over the same fixed guideways under the name Foothill Transit; and that the City of Los Angeles Department of Transportation ("LADOT") operated service over the same fixed guideways. In connection with performing the procedures referred to in this report, nothing came to our attention that caused us to believe that any other public transit agency operated service over the same fixed guideways as the District (Reporting Manual Section 9 Test "r").
- s. We agreed Operating Expenses as reported on Section 15 Form 901, "Section 9 Statistics Summary," to operating expenses reported on the District's financial statements, on which we rendered our report dated October 6, 1992, after reconciling for adjusting items in accordance with the procedures discussed in the Reporting Manual, Section V., "Expense Reporting Forms" (Reporting Manual Section 9 Test "s").
- t. We inquired of Mr. Killough whether the District contracts for transportation service. We were informed that the District does not contract for transportation service. In connection with performing the procedures referred to in this report, nothing came to our attention that caused us to believe that the District contracts for transportation service (Reporting Manual Section 9 Test "t").
- u. As noted in step "t," the District does not contract for transportation service, and therefore, certification of data for contracted services is not included with this report (Reporting Manual Section 9 Test "u").
- v. As noted in step "t," the District does not contract for transportation service, and therefore, no contracts for service were reviewed (Reporting Manual Section 9 Test "v").
- w. We inquired of Mr. Killough if the District provides service in more than one urbanized area, or an urbanized area and a non-urbanized area. We were informed that the District serves the Los Angeles-Long Beach (for motorbus and rail modes) and Oxnard-Ventura-Thousand Oaks (for motorbus only) urbanized areas. We obtained the procedures for allocation of statistics between urbanized areas. We obtained and reviewed the worksheets and route maps and urbanized area boundaries used for allocating the statistics. The procedures utilized by the District for allocation of statistics between urbanized areas appears proper, and we noted no exceptions to procedures. We noted that three motorbus lines that serve the Los Angeles-Long Beach urbanized areas were lost in fiscal year 1992 and assumed by the Foothill Transit Zone (Reporting Manual Section 9 Test "w").

- x. We compared the data reported on Form 901, Section 9 Statistics Summary, for the year ended June 30, 1992 to comparable data reported for the year ended June 30, 1991, and calculated the percentage change from the prior year to the current year.

Vehicle revenue miles, passenger miles and operating expense data have not increased or decreased by more than 10 percent for the motorbus.

Fixed guideway passenger miles have decreased 47.16% for motorbus and increased 64.5% for rail. Fixed guideway operating expenses for motorbus and rail have increased by 1.9% and 8.8%, respectively. We inquired of Mr. Killough regarding the specifics of operations that led to the changes in the data relative to the prior reporting period. He indicated that, in the case of fixed guideway passenger miles, the decrease for motorbus was the result of lost motorbus lines, as described in "w," and the increase for rail was the result of increased service hours and increase in ridership as the rail became a more popular mode of transportation. He also indicated that the increase in fixed guideway operating expenses did not correspond with the fluctuation in fixed guideway passenger miles because a new methodology was specified for calculating operating expense under the FY92 FTA requirements for Section 15 Requirements. His explanation appeared reasonable and consistent with other information we obtained in performing the procedures referred to in this report (Reporting Manual Section 9 Test "x").

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on Form 901, Section 9 Statistics Summary.

In connection with the procedures referred to above, except for the information and findings described above, no matters came to our attention that caused us to believe that the information included in the Section 15 Report on Form 901 (Section 9 Statistics Summary) for the year ended June 30, 1992 is not presented in conformity with the requirements of the Federal Transit Administration Uniform System of Accounts and Records and Reporting System as specified in 49 CFR Part 630, Federal Register, September 25, 1987. Had we performed additional procedures, or had we conducted an audit in accordance with generally accepted auditing standards, 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 District's financial statements or its internal control structure taken as a whole, or the forms in the District's Section 15 Report other than Form 901, Section 9 Statistics Summary, for any date or period.

Coopers & Lybrand

Los Angeles, California
October 6, 1992

Our comments and findings based upon the above procedures are as follows:

Finding

Description

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There is no evidence that the rail mode lost service mileage is calculated for unforeseen occurrences other than the civil disturbances.