



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Report of Independent Accountants on Applying Agreed-Upon Procedures

Board of Directors
Washington Metropolitan Area Transit Authority:

We have performed the procedures enumerated below, which were agreed to by the Board of Directors and management of the Washington Metropolitan Area Transit Authority (the Authority) and specified in the Federal Transit Administration's (FTA) *National Transit Database 2005 Reporting Manual*, solely to assist the users in evaluating management's assertion about the Authority's compliance with the *Uniform System of Accounts and Records and Reporting System Final Rule*, as specified in 49 CFR Part 630, Federal Register, January 15, 1993, during the fiscal year ended June 30, 2005. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures are as follows:

- a. We read the procedures relating to the system for reporting and maintaining data in accordance with the National Transit Database (NTD) requirements and definitions set forth in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the *2005 Reporting Manual*.
- b. We discussed the procedures, set forth in step (a) above, with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data and were informed that the Authority followed the procedures on a continuous basis and that it believes such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 Part 630, *Federal Register*, January 15, 1993, and as presented in the *2005 Reporting Manual*.
- c. We inquired of the personnel assigned responsibility for supervising the preparation and maintenance of the NTD data concerning the retention policy that is followed by the Authority with respect to source documents supporting NTD data reported on the Federal Funding Allocation Statistics Form (FFA-10). The Authority follows a retention policy of three years.
- d. Based on the description of the Authority's procedures obtained in items (a) and (b) above, we identified all source documents which the FTA requires the Authority to retain for a minimum of three years.



The procedures e through y below 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 Authority for the fiscal year ended June 30, 2005, for each of the following modes:

- Rail Service (Heavy Rail) – Directly Operated
- Bus Service (Metrobus) – Directly Operated
- Demand Response – Purchased Transportation

We selected a sample of each type of source document and observed that each type of source document exists for the Heavy Rail, Metrobus and Demand Response modes, respectively.

- e. We discussed the system of internal controls with the person responsible for supervising and maintaining the NTD data. We inquired whether individuals, independent of the individuals preparing the source documents and posting data summaries, reviewed the source documents and data summaries for completeness, accuracy, and reasonableness. Additionally, we inquired about the frequency of such reviews. We noted no exceptions during these inquiries.
- f. We selected a judgmental sample of the source documents for each mode, and determined that formal documentation of the review exists as required by the system of internal controls, as discussed in step (e) above for all source documents sampled.
- g. We obtained the worksheets utilized by the Authority to prepare the final data that are transcribed onto the Federal Funding Allocation Statistics Form (FFA-10). We noted no exceptions when we compared the periodic data included on the worksheets to the periodic summaries prepared by the Authority and tested the arithmetical accuracy of the summaries.
- h. We discussed the Authority's procedure for accumulating and recording passenger mile data in accordance with NTD requirements with the Authority's staff. We were informed that passenger mile data accumulation is completed by a 100% count of actual passenger miles for Demand Response and Heavy Rail and an estimate based on statistical sampling for Metrobus. We were informed that the Authority uses a sampling method that is one of the two procedures suggested by the FTA, and described in FTA Circulars 2710.1A or 2710.2A.
- i. We discussed with the Authority's staff the Authority's eligibility to conduct statistical sampling for passenger mile data every third year. We determined that the Authority does not meet any of the three criteria which would allow it to conduct statistical sampling for accumulating passenger mile data every third year. Therefore, it must conduct statistical sampling annually. The criteria for this election are as follows:
 - According to Census reporting, the public transit agency serves an urbanized area of less than 500,000 population.
 - The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (in any-size urbanized area).
 - The service is purchased from a seller operating fewer than 100 revenue vehicles in annual maximum revenue service, and is included in the public transit agency's NTD report.



- j. We obtained a description of the sampling procedure for estimation of passenger mile data used by the Authority for its Metrobus mode and a copy of the Authority's working papers and methodology used to select the actual sample of runs for recording passenger mile data.
- k. We selected a judgmental sample of source documents for accumulating passenger mile data for each of the modes, ensured the sample items were properly documented, and tested the accuracy of the computations. Data was selected for following days:
 - Heavy Rail: September 14, 2004; September 16, 2004; September 18, 2004; December 13, 2004; December 15, 2004; February 1, 2005; February 3, 2005; July 26, 2005; July 28, 2005; and July 30, 2005
 - Metrobus: September 14, 2004; September 16, 2004; September 18, 2004; December 13, 2004; December 15, 2004; February 1, 2005; February 3, 2005; July 26, 2005; July 28, 2005; and July 30, 2005
 - Demand Response: Annual summary of accumulated miles

We noted no exceptions with the accuracy of the computations.

- l. We discussed the procedures for the systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of vehicle revenue miles with the Authority's staff, and determined that the stated procedures were followed. We selected a sample of the source documents used to record charter and school bus mileage, and tested the arithmetical accuracy of the computations. We noted no exceptions in these recalculations.
- m. For vehicle revenue mile data, we reviewed the collection and recording methodology. We inspected the monthly summaries of completed trips, noting that deadhead miles are systematically excluded from the computation. We also recomputed the missed trip factor without exception.
- n. For rail modes, we reviewed the recording and accumulation sheets for vehicle revenue miles and noted that locomotive miles were not included in the computation.
- o. For fixed guideway directional route miles that were reported, we inquired of the Authority's staff responsible for maintaining, and reporting the NTD data whether the operations meet the FTA's definition of fixed guideway, noting that operations do meet FTA's requirements.
- p. We discussed the measurement of fixed guideway directional route miles with the Authority's staff responsible for reporting the NTD data and were informed that the mileage was computed in accordance with FTA's definitions of fixed guideway and directional route miles, without exception.

We inquired whether there were service changes during the year that resulted in an increase or decrease in directional route miles. For a service change that resulted in a change in overall directional route miles, we recomputed the average monthly directional route miles and agreed the total to the fixed guideway directional route miles reported on the Federal Funding Allocation Statistics From (FFA-10), without exception.

- q. We measured fixed guideway directional route miles from maps by retracing routes. No exceptions were noted.
- r. We inquired of the Authority's staff responsible for reporting the NTD data whether other public transit agencies operate service over the same fixed guideway as the Authority and were informed that while other transit agencies operate on the same fixed guideway segments as the Authority, no other FTA-funding recipient claims the same miles that are claimed by the Authority.



- s. We observed the Fixed Guideway Segments Form (S-20) in Internet reporting, and determined that the information had been accurately entered. We discussed the commencement date of revenue service for each fixed guideway segment with the Authority's staff responsible for reporting the NTD data and determined that the date is reported as when revenue service began.
- t. We compared operating expenses on the Operating Summary Form (F-40) with audited financial data, after reconciling items were removed, noting agreement of the totals.
- u. For the Authority's purchase of transportation services from private providers in the Demand Response mode, we obtained supporting documentation for the amount of purchased transportation-generated fare revenues, and agreed the amount to the amount reported on the Contractual Relationship Identification Form (B-30), noting agreement of the totals.
- v. Since the Authority report noted in step (u) above contains data for purchased transportation services, we inquired of the Authority's staff responsible for reporting the NTD data as to whether the Authority received assurances of the data for those services. We were informed by the Authority's internal auditors that assurances over purchased transportation were received.
- w. For the Authority's purchase of transportation services in the Demand Response mode, we obtained a copy of the purchase transportation contract and noted that the contract (1) specifies the specific mass transportation services to be provided; (2) specifies the monetary consideration obligated by the Authority contracting for the service; (3) specifies the period covered by the contract and that this period is the same as, or a portion of the period covered by the Authority's NTD report; and (4) is signed by representatives of both parties to the contract. We inquired of the person responsible for maintaining the NTD data regarding the retention of the executed contract, and were informed that copies of the contracts are retained for three years.
- x. We inquired of the Authority's staff responsible for maintaining the NTD data regarding the procedures for allocating of statistics between urbanized areas and nonurbanized areas. We obtained worksheets, route maps and urbanized area boundaries used for allocating the statistics and noted that 100% of the Authority's operations fall within an urbanized area.
- y. We compared the data reported on the Federal Funding Allocations Statistics Form (FFA-10) to comparable data from the prior report year and calculated the percentage change from prior year to the current year. For vehicle revenue mile, passenger mile or operating expense data that increased or decreased by more than 10%, and for fixed guideway directional route mile data that increased or decreased by more than 1%, we inquired of the Authority's management regarding the specifics of operations that led to the variances in the data. The Authority was able to provide explanation for all variances noted. The following were components that increased or decreased by the stated levels above.

Demand Response:

- Actual Vehicle Revenue Miles
- Operating Expenses



Heavy Rail:

- Directional Route Miles
- Passenger Miles

Metro Bus:

- Directional Route Miles

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and 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.

KPMG LLP

October 28, 2005



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2001 M Street, NW
Washington, DC 20036

Report of Independent Accountants

Board of Directors
Washington Metropolitan Area Transit Authority:

We have examined management's assertion that the Washington Metropolitan Area Transit Authority's (the Authority) reporting forms listed in Exhibit A and included in the Authority's National Transit Database Report submission for the year ended June 30, 2005, required under Title 40 U.S.C. 5335(a), complied with the requirements of the Federal Transit Administration as set forth in its applicable National Transit Database *Uniform System of Accounts* for the year ended June 30, 2005. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion that the Authority complied with the aforementioned requirements for the year ended June 30, 2005, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Authority and the Federal Transit Administration and is not intended to be, and should not be, used by anyone other than those specified parties.

KPMG LLP

October 28, 2005

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Financial Reporting Forms Included in Management's Assertion

- Sources of Funds–Funds Expended and Fund Earned – (F-10)
- Uses of Capital – (F-20)
- Operating Expense Form – (F-30)
- Operating Expense Summary Form – (F-40)
- Operators' Wages Form – (F-50)