



***Central Puget Sound
Regional Transit Authority***

***Schedule of Sources and Uses of Funds by Subarea
Year Ending December 31, 2019***

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SOUND TRANSIT - SERVICE AND CAPITAL PROGRAM OVERVIEW

Sound Transit is a regional transit authority implementing and operating a high-capacity transportation system throughout parts of King, Pierce and Snohomish counties including commuter rail (Sounder), light rail (Link), a regional express bus system (ST Express) and a bus rapid transit system (Stride). Sound Transit was established by the legislature in 1993, and authorized to collect taxes to fund, build and operate a comprehensive transit system by voter approved plans in 1996 (Sound Move), 2008 (ST2) and 2016 (ST3).

Sound Move – a 10-year regional transit system plan, which authorized tax collections to fund operations and the first set of regional transit projects was completed in 2016. ST2 – a 15-year program authorizing additional tax collections to fund additional bus and commuter rail service, as well as 36 miles of new Link light rail service continues to progress. ST3 – a 25-year program authorizing additional tax collections, and a new property tax to fund 62 new miles of light rail, bus rapid transit, expanded capacity and service on Sounder south line, ST Express bus service and improved access to stations is now underway.

Sound Transit Service Program

As of December 31, 2019, Sound Transit operates the following services:

- 82 miles of commuter rail service providing 13 round-trip trains daily between downtown Seattle and Tacoma, of which 8 trips continue to Lakewood, and 4 round-trip trains daily between Seattle and Everett serving 4.6 million annual passengers;
- 32 regional express bus routes with a fleet of 317 buses serving 17.5 million annual passengers;
- 20 miles of light rail line from University of Washington to Angle Lake serving 24.7 million annual passengers;
- A 1.8 mile light rail line in Tacoma serving 900 thousand annual passengers; and
- Associated stations, park-and-ride lots and transit access ramps.

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Sound Transit Capital Program

Sound Transit's capital program consists of new construction, capital replacement and other projects included in the voter approved plans. Significant elements of the current program, by subarea, consist of:

Snohomish County subarea –

- Extension of light rail north from the Lynnwood Transit Center to downtown Everett via the Southwest Everett Industrial Center. Additional parking will be provided at Mariner and Everett stations.
- Bus Rapid Transit (BRT) service on the I-405 corridor from the Lynnwood Transit Center to the Snohomish / King County line.
- New parking and access improvements at Sounder north line's Edmonds and Mukilteo stations.

North King County subarea –

- Extension of light rail from Ballard to downtown Seattle and downtown Seattle to West Seattle, including service from West Seattle to the sports stadiums, SODO, Delridge, Avalon, and Alaska Junction, while the segment from Ballard will connect through International District/Chinatown, Midtown, Westlake, Denny, South Lake Union, Seattle Center, Smith Cove, Interbay and Ballard. Additional infill stations will be added serving Northeast 130th Street, South Graham Street and South Boeing Access Road near I-5, with parking provided.
- BRT service on SR 522 and Northeast 145th Street connecting to the 145th Street Link light rail station.

South King County subarea –

- Extension of light rail from Kent / Des Moines to Federal Way Transit Center with an infill station at South Boeing Access Road. From there, light rail will continue south to connect Federal Way to the Pierce County line. Parking will be added at the South 272nd, Federal Way Transit Center, and South Federal Way stations.
- Sounder commuter rail improvement projects, including platform expansion to accommodate longer trains and carry more riders, and parking expansion at existing stations.
- BRT service on I-405 / SR 518 connecting Renton to the Burien Transit Center.

East King County subarea –

- Extension of light rail connecting Redmond, Bellevue, south Kirkland and Issaquah, with two stations serving Redmond, as well as a new line from south Kirkland to Issaquah serving the Richards Road area, Eastgate near Bellevue College and central Issaquah.
- BRT service on I-405 / SR 522 connecting to the NE 145th Street BRT.

Pierce County subarea –

- Expansion of Tacoma light rail service from Tacoma Dome to Tacoma General Hospital. Extension of light rail from Pierce County line with stations in Fife, east Tacoma and at the Tacoma Dome. This segment includes expansion of Tacoma Link to Tacoma Community College and added parking at the Fife station.
- Sounder commuter rail extension with a station at Tillicum to serve Joint Base Lewis-McChord and a second at DuPont.

SUBAREA EQUITY

In 1993 when the state legislature created the regional transit authority for the Puget Sound area, it embedded within the enabling legislation, RCW 81.112, an equity element whereby the agency system plan presented to the voters identifies revenues anticipated by corridor and county within Sound Transit's district boundary, the phasing of construction and operation of high capacity system facilities, services and benefits in each corridor and how revenues generated within each county shall benefit the residents of that county and when such benefits will accrue.

This equity principle is further embedded within *Sound Move, ST2, and ST3* together with accountability principles as described in Appendix B of those voter approved plans. Corridors have been defined within the plans as subareas, which includes three in King County (North, East and South), Pierce County and Snohomish County. Subarea accountability principles require subarea reporting within the Financial Plan, annual forecast updates to the Financial Plan based on actual receipts and expenditures as the plan progresses and monitoring requirements. This report of the annual results by subarea, presented in the Schedule of Sources and Uses of Funds by Subarea (the Schedule) has been prepared to satisfy those requirements. Certain procedures were performed on the Schedule by independent accountants.

Benefits may directly accrue within a subarea, however other subareas may benefit from projects outside their subarea. For example, the Snohomish County subarea is responsible for a portion of Sounder commuter trains and track improvements in King County because Snohomish County residents directly benefit from the north corridor service into Seattle and back.

System-wide elements that improve mobility throughout the region are funded through a percent of local tax revenues contributed by each of the five subareas and interest earnings. For example, system-wide elements include regional fare programs (the *ORCA* smart card), research and development of new transit-related technology and planning and environmental analysis for future capital programs.

Additional information on the system established to report on subarea performance is described in the *Statement of Management's Responsibility* (page 7) and Note 4 - *Summary of Significant Sources and Uses of Funds by Subarea* (page 18).

Maintaining Subarea Equity

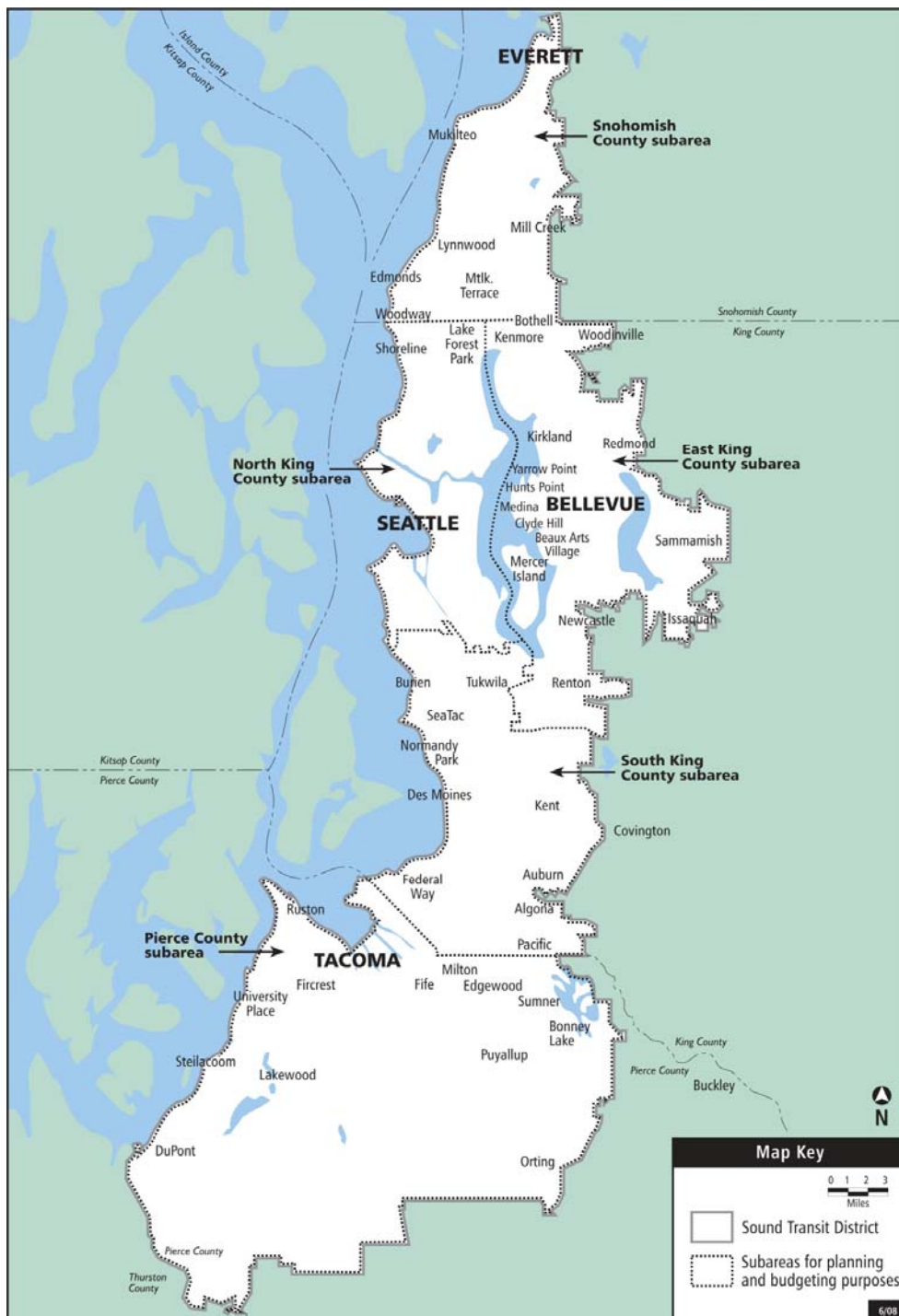
Sound Transit is governed by an eighteen member board, seventeen of whom are local city and county elected officials appointed by the respective member county executives and confirmed by the council of each member county. Membership is based on the population from the portion of each county that lies within Sound Transit's service area, one representative per 164,000. Representation on the board includes an elected official representing the largest city in each county and ensures proportional representation from other cities and from unincorporated areas of each county. The final board position is held by the Secretary of Transportation, Washington State Department of Transportation. Currently, there are 10 representatives from King County, 4 from Pierce County and 3 from Snohomish County.

Changing the subarea equity principle would take two-thirds, or 12 votes, of the 18-member Sound Transit board. In addition, there is strong financial oversight federally, as well as accountability measures over subarea, that include an independent Citizen Oversight Panel. To assist in their monitoring of the subarea results, the Citizen Oversight Panel has engaged an independent accountant to perform agreed-upon procedures on the Schedule.

SOUND TRANSIT DISTRICT MAP

Sound Transit's transportation district comprises five subareas within the contiguous urbanized areas of King, Pierce and Snohomish counties (see Figure 1 below). The district is home to approximately 3.2 million people or 82.2% of the three-county population.

Figure 1: Sound Transit District and Subareas



SOUND TRANSIT DISTRICT SUBAREAS

Snohomish County

The Snohomish County subarea includes the cities of Brier, Edmonds, Everett, Lynnwood, Mill Creek, Mountlake Terrace, Mukilteo and Woodway. In 2019 the Snohomish County subarea had an estimated population of 478,400 residents, accounting for 58.4% of the Snohomish County population.

North King County

The North King County subarea includes the cities of Seattle, Shoreline and Lake Forest Park. In 2019 the North King County subarea had an estimated population of 817,900 residents, accounting for 36.7% of King County's population.

South King County

The South King County subarea includes the cities of Algona, Auburn, Burien, Des Moines, Federal Way, Kent, Normandy Park, Pacific, SeaTac and Tukwila. In 2019 the South King County subarea had an estimated population of 522,800 residents, accounting for 23.5% of King County's population.

East King County

The East King County subarea includes the cities of Beaux Arts, Bellevue, Bothell, Clyde Hill, Hunts Point, Issaquah, Kenmore, Kirkland, Medina, Mercer Island, Newcastle, Redmond, Renton, Sammamish, Woodinville and Yarrow Point. In 2019 the East King County subarea had an estimated population of 598,700 residents, accounting for 26.9% of King County's population.

The combined three King County subareas account for 87.1% of the total King County population.

Pierce County

The Pierce County subarea includes the cities of Bonney Lake, DuPont, Edgewood, Fife, Fircrest, Lakewood, Milton, Orting, Puyallup, Ruston, Steilacoom, Sumner, Tacoma and University Place. In 2019 the Pierce County subarea had an estimated population of 741,000 residents, accounting for 83.4% of the Pierce County population.

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STATEMENT OF MANAGEMENT’S RESPONSIBILITY

The Central Puget Sound Regional Transit Authority (Sound Transit) has implemented an accounting and reporting system consistent with the financial policies approved in the *Sound Move, ST2 and ST3* voter approved plans. Annually, Sound Transit (the Agency) prepares a Schedule of Sources and Uses of Funds by Subarea (the Schedule), that is based on the Agency’s audited financial statements and long-term Financial Plan. The Schedule reports actual tax revenues received by subarea and an allocation to each subarea of other sources and uses. The results presented in the Schedule are incorporated into the Agency’s Financial Plan.

Subarea reporting is presented on a modified cash basis using the Agency’s system of financial reporting, which provides management, the Board of Directors (the Board) and the Citizen Oversight Panel, required information to monitor progress against the Agency’s subarea commitments to its voters. The integrity and objectivity of information prepared herein, including the establishment of equity drivers and rules consistent with the voter approved plans and direction from the Board, are the responsibility of management.

Annually, independent accountants perform agreed-upon procedures which look at the allocation of sources and uses of funds presented. These procedures were developed by management and are agreed to by the Citizens Oversight Panel and have been approved by the Finance and Audit Committee of the Board. All results are presented to the Board.

Based on the methodology developed, the use of information from the Agency’s financial reporting system and the results of the agreed upon procedures performed to date, management believes the Schedule is fairly presented. The Independent Accountants’ Report on Applying Agreed-Upon Procedures for the current and prior year subarea allocations may be obtained upon request to the Agency.



Peter M. Rogoff
Chief Executive Officer



Tracy Butler
Chief Financial Officer



Jeff Clark
*Deputy Executive Director
Financial Operations
Controller*

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

Schedule of Sources and Uses of Funds by Subarea
For the year ending December 31, 2019 (in thousands)

	Snohomish	North King	South King	East King	Pierce	System-wide	Total
Sources							
Tax revenues	\$ 223,969	\$ 581,964	\$ 255,914	\$ 504,260	\$ 334,030	\$ -	\$ 1,900,137
Grant revenue	\$ 70,580	\$ 113,922	\$ 23,331	\$ 28,660	\$ 49,412	\$ 217	\$ 286,122
Fares and other operating revenues	\$ 8,573	\$ 35,390	\$ 20,335	\$ 21,829	\$ 16,802	\$ 2,370	\$ 105,299
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,224	\$ 54,224
Unallocated bond proceeds / draws (note 6)	\$ -	\$ -	\$ -	\$ 170,431	\$ -		\$ 170,431
TIFIA loan proceeds	\$ 8,750	\$ 35,175	\$ 15,300	\$ 40,775			\$ 100,000
Total Sources	\$ 311,872	\$ 766,451	\$ 314,880	\$ 765,955	\$ 400,244	\$ 56,811	\$ 2,616,213
Uses							
Capital							
System expansion	192,576	460,884	313,065	880,666	83,686	39,005	1,969,882
Enhancement	1,275	10,343	1,588	195	1,628	4,763	19,792
State of good repair	(59)	3,885	1,460	147	2,166	1,032	8,631
Administrative	-	4	2	-	-	6,046	6,052
Total Capital	193,792	475,116	316,115	881,008	87,480	50,846	2,004,357
Operating and Maintenance							
Link light rail	-	98,698	37,625	-	5,459	-	141,782
Sounder commuter rail	6,722	-	26,916	-	22,378	-	56,016
ST Express bus	23,713	-	10,831	70,974	41,276	-	146,794
System-wide activities	-	-	-	-	-	33,443	33,443
Total Operating and Maintenance	30,435	98,698	75,372	70,974	69,113	33,443	378,035
Debt Service and Changes in Reserve							
Debt service payments (note 5)	12,423	51,192	21,159	34,128	17,610	-	136,512
Unallocated bond proceeds / draws (note 6)	-	-	-	-	-	170,431	170,431
Bond Reserve Deposits	-	-	-	-	-	100	100
Capital reserve contribution	2,460	1,931	2,117	3,304	4,291	201	14,304
Emergency loss reserve contribution	-	-	-	-	-	6,180	6,180
Operating and maintenance reserve contribution	722	2,279	1,645	1,982	1,397	-	8,025
Affordable Housing Fund Contribution	-	-	-	-	-	4,000	4,000
Total Debt Service and Changes in Reserve	15,605	55,402	24,921	39,414	23,298	180,912	339,552
Systemwide Cost Allocation							
	4,479	11,616	5,124	10,059	6,681	(37,959)	-
Total Uses	244,311	640,832	421,532	1,001,455	186,572	227,242	2,721,944
Excess Sources / (Uses)	67,561	125,619	(106,652)	(235,500)	213,672	(170,431)	(105,731)
Opening Net Position	470,519	175,866	186,159	-	584,450	170,431	1,587,425
Closing Net Position	\$ 538,080	\$ 301,485	\$ 79,507	\$(235,500)	\$ 798,122	\$ -	\$ 1,481,694

See accompanying notes to schedule.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

NOTES TO SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA For the Year Ending December 31, 2019

NOTE 1: ORGANIZATION AND REPORTING ENTITY

As provided under the Revised Code of Washington (RCW) Chapter 81.112 applicable to a regional transit authority, the Central Puget Sound Regional Transit Authority, a public corporation acting under the service name of Sound Transit, was established in 1993. Sound Transit was formed to implement a high-capacity transportation system throughout parts of King, Pierce, and Snohomish counties in the State of Washington through the design, construction, and implementation of a commuter rail (Sounder), light rail (Link) and regional express bus system (ST Express).

Reporting Entity – Sound Transit is a special purpose government supported primarily through sales and use, motor vehicle excise, property and rental car taxes assessed in Sound Transit’s operating jurisdiction (the District). In addition, Sound Transit receives capital and operating funding from federal, state and local agencies.

Sound Transit is governed by an eighteen-member Board, seventeen of whom are appointed by the respective member county executives and confirmed by the council of each member county. Membership is based on the population from the portion of each county that lies within Sound Transit’s service area. Representation on the board includes an elected official representing the largest city in each county and ensures proportional representation from other cities and from unincorporated areas of each county. The final board position is held by the Secretary of Transportation, Washington State Department of Transportation.

NOTE 2: SUBAREA REPORTING BASIS

Sound Transit has implemented an accounting and reporting system consistent with the financial policies approved in the *Sound Move*, *ST2*, and *ST3* voter approved plans. The Schedule of Sources and Uses of Funds by Subarea (the Schedule) is prepared from this system on a modified cash basis and does not incorporate non-cash items such as gain on sale of fixed assets and depreciation and amortization expense. See Appendix A for a reconciliation of the changes from the financial statements to the modified cash basis used in the Schedule.

NOTE 3: SUBAREA DRIVERS AND RULES

For purposes of subarea reporting, sources and uses directly associated with a particular location are directly credited or charged to the corresponding subarea. Sources and uses benefiting more than one subarea are classified according to pre-established drivers and allocation rules that reflect the Agency’s assumptions regarding multiple subarea and project benefit, expressed as percentages, except proceeds from debt issuance which are allocated based on actual dollars as determined in the Financial Plan. See Appendix B for the drivers that are used to allocate sources and uses to subareas.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

**NOTES TO SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA, Continued
For the Year Ending December 31, 2019**

NOTE 4: SUMMARY OF SIGNIFICANT SOURCES AND USES OF FUNDS

Tax revenues: Sound Transit is primarily funded by four types of taxes. These taxes are levied within the district at the following voter approved rates:

Tax	Rate
Sales and Use	1.4%
Motor Vehicle Excise	1.1%
Property	\$0.21 per \$1,000 of assessed value
Rental Car	0.8%

Grant revenue: Sound Transit is the recipient of multiple competitively awarded grants from federal agencies. The primary source of federal grants is the Federal Transit Authority, including New Starts program full funding grant agreements (FFGA) and formula funds. State and local sources are generated through direct grants to Sound Transit and through agreements with other jurisdictions for funding various capital projects in their areas.

Fares and other operating revenues: Sound Transit collects fares for its services, with the exception of Tacoma Link. Transit riders pay distance-based fares that vary by mode. The agency also collects other miscellaneous revenues such as advertising and rental income.

Interest earnings: Interest earnings are generated from cash and investments that are invested in accordance with Sound Transit’s asset and liability management policy.

Bond proceeds: Sound Transit issues debt from time to time as authorized and necessary to implement its program. Under state law, issuance of bonds payable from any type of taxes is subject to statutory debt limitations. Sound Transit is currently authorized to incur debt in an amount equal to 1.5% of the value of taxable property within the service area, without securing voter approval for bonds. With the approval of 60% of the region’s voters, Sound Transit may incur aggregate indebtedness of up to 5.0% of the value of taxable property within the service area.

Other: Other non-operating sources includes proceeds from sales of retired vehicles and surplus land, net of selling expenses.

TIFIA Loans: TIFIA (Transportation Infrastructure Finance and Innovation Act), is a federal government sponsored loan between Sound Transit and the United States Department of Transportation, in conjunction with the Federal Highway Administrator. The 2019 drawdowns were used for East Link Extension, Operations and Maintenance Facility – East and Northgate Link Extension.

Total sources: Total sources is the sum of tax revenues, grants, bonds, fares, other operating revenues, interest earnings, bond proceeds, TIFIA Loans and other sources.

Capital: Sound Transit incurs capital costs to build the voter-approved regional transit system. These costs include the administration expenditures, design and engineering, right of way, vehicle, systems and construction costs for system expansion, enhancement, rehabilitation and replacement, and administrative capital projects.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

NOTES TO SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA, Continued For the Year Ending December 31, 2019

Operating and maintenance: Operating and maintenance costs consist of expenditures related to providing service, maintaining revenue vehicles and operating and maintaining transit facilities within Sound Transit's transportation district. System-wide activities consists of costs incurred to support fare administration programs, general and administrative, and other expenses essential for the planning and maintenance of a regional transit system.

Debt service payments: Debt service payments include all amounts associated with the payment of interest and principal on outstanding bonds and loans

Unallocated bond proceeds: Bond proceeds are allocated to subareas based on subarea borrowing needs. Should bond proceeds on issuance exceed subarea borrowing needs in that year, the excess amount is set aside in unallocated bond proceeds in System-wide to be allocated in future years based on subarea borrowing needs.

Capital reserve contribution: Sound Transit is required to maintain a minimum balance of \$300 million in an internally restricted cash and investment fund to provide for future capital replacement.

Emergency loss reserve contribution: Annually, an amount is contributed to an internally restricted cash fund to cover retention, deductible or excess loss due to uninsured loss or portion of loss.

Operating and maintenance reserve contribution: Sound Transit's financial policies require the Agency to maintain an operating expense reserve in the amount of two months average monthly expenditures for the last annual period.

Bond Reserve Deposits: Bond reserves are amounts set aside to repay future financial obligations.

Affordable Housing: In accordance with the approval of ST3, Sound Transit is required to contribute \$4 million a year, for five years starting in 2019, to be used to provide funding for affordable housing projects.

Total uses: Total uses is the sum of expenses and outlays related to capital, operations and maintenance, debt service and changes in reserves.

NOTE 5: DEBT SERVICE PAYMENTS

Debt service payments include all amounts associated with the payment of interest and principal on outstanding bonds and loans. The following table summarizes the components included as debt service in the Schedule:

Schedule of Debt Service Payments (in thousands)	
Interest expense	\$ 103,668
Build America Bond rebate	(6,676)
Principal payments	39,520
Total Debt Service Payments	\$ 136,512

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

NOTES TO SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA, Continued For the Year Ending December 31, 2019

NOTE 6: LONG TERM DEBT – UNALLOCATED BOND PROCEEDS

There were no additional bonds issued in 2019. \$170.4 million of previously unallocated bond proceeds were allocated the East King County subarea in 2019.

The following table summarizes the components included as unallocated bond proceeds in the Schedule and related activity during the year:

Schedule of Unallocated Bond Proceeds (in thousands)	
2018 Unallocated Proceeds Ending Balance	\$ 170,431
2019 Excess Sources / (Uses)	<u>(170,431)</u>
Remaining Unallocated Proceeds	<u>\$ -</u>

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX A

Financial Statement Reconciliation to Schedule of Sources & Uses of Funds by Subarea For the Year Ending December 31, 2019

(in thousands)

Change in Net Position per Statement of Revenue, Expenses and Changes in Net Position	\$ 1,717,037
 Adjustments related to Statement of Net Position	
Additions to capital assets	(2,004,357)
Reclass operations and maintenance expenses to construction in progress	6,022
Proceeds from sales of assets	77
Contribution to emergency loss reserve	(6,180)
Contribution to capital reserve	(14,305)
Contribution to operations and maintenance reserve	(8,024)
Contribution to affordable housing	(4,000)
Contribution to bond reserve	(100)
Principal repayment of outstanding bonds	(39,520)
TIFIA loan proceeds	100,000
	<hr/> (1,970,387) <hr/>
 Adjustments related to difference in reporting basis	
Interest expense	(15,425)
Tax revenues	2,086
	<hr/> (13,339) <hr/>
 Adjustments related to non cash items	
Depreciation and amortization	176,377
Bond premium amortization, net	(8,267)
Change in fair market value of investments	(14,896)
Expense and landbank transfers from construction in progress	(27,344)
Capital contributions to other governments	28,689
Affordable housing interest	(12)
Rapid Fund	(174)
Gain on disposal of assets	6,584
	<hr/> 160,957 <hr/>
 Excess Sources/(Uses)	 \$ (105,731)

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: Subarea Drivers

SOURCES

Description	Driver
Sales Tax	Department of Revenue Location Code
Motor Vehicle Excise Tax	Location Code
Rental Car Tax	County Level
Property Tax	Location
Capital Grants	Project Rules or Board Designation
Operating Grants	Modal Operating Use Drivers
Regional Mobility Grant for routes 522 and 577	Boardings for Routes 522 and 577
Interest Earnings	Financial Plan
Other Revenue	Location / Modal Operating Use Drivers (see Operating Uses section below)
Bond Proceeds	Financial Plan *Applicable to net new bond issues
TIFIA - East Link Extension	Financial Plan
TIFIA - All Others	Project Rules

Passenger Fares

Description	Driver
Central Link Light Rail Fares	Station Boardings
Sounder Fares	Cash Equivalent Full Fare Value
ST Express Bus Fares	Route Boardings / Platform Hours

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: Subarea Drivers, Continued

OPERATING AND MAINTENANCE USES

Sounder Commuter Rail Operating and Maintenance Uses

Description	Driver
BNSF North Line	Track Miles
BNSF South Line	Track Miles
All Other Sounder Operations	Vehicle Miles

ST Express Bus Services Operating and Maintenance Uses

Description	Driver
Bus Operations	Platform Hours
DSTT Operations	DSTT Platform Hours

Link Light Rail Operating and Maintenance Uses

Description	Driver
Central Link Operations	Boardings / Track Miles
Tacoma Link Operations	Location

Other Uses

Description	Driver
Agency Administration	Financial Policies
Art Maintenance	Location
All Other Expenses	Location or Board Designation or Project rule
Pre-project cost expensed	Project Rule

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: Subarea Drivers, Continued

CAPITAL USES

System Expansion-Link Light Rail Projects	Driver
First Hill Streetcar	Location
Tacoma Link Expansion	Location
Link O&M Facility East	Financial Plan
130th Infill Station	Location
DSTT-Single Tracking	Financial Plan
Light Rail Fleet Expansion	Fleet Requirements
Enhancement to Tacoma Link Extension	Location
Everett Link Extension (OMF - North)	Financial Plan
Everett Link Extension	Location
Tacoma Dome Link Extension	Track Miles
West Seattle to Ballard Link Extension	ST3 Appendix A, Track Miles
Northgate Link Extension – UW – Northgate	Location
Lynnwood Link Extension Northgate - Lynnwood	Financial Plan
University Link – Pine St. Stub Tunnel – UW Station	Location
South Link – Airport to S. 200th	Location
Federal Way Extension – S. 200th to Federal Way TC	Location
East Link	Financial Plan
Downtown Redmond Link Extension	Location

System Expansion – Sounder Commuter Rail Projects	Driver
Sounder Maintenance Base	Financial Plan
Puyallup Station Improvement	Location
Sumner Station Improvement	Location
Lakewood Station Improvement	Location
Tacoma Trestle Track & Signal	Location
Sounder Yard Expansion	Track Miles
Pt. Defiance Bypass	Location
Kent Station Improvements	Location
Auburn Station Improvements	Location
South Sounder Capital Improvements	Station Count & Track Miles
North Sounder Parking & Access Improvements	Location
Mukilteo Station South Platform	Location
Tukwila Station	Location
D Street-M Street Track & Signal	Location
Sounder South Expanded Service	Financial Plan
North Sounder Parking & Access Improvements	Location

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: Subarea Drivers, Continued

System Expansion – Sounder Commuter Rail Projects, Continued	Driver
Mukilteo Station South Platform	Location
Tukwila Station	Location
D Street-M Street Track & Signal	Location
Sounder South Expanded Service	Financial Plan
Sounder ST2 Fleet Expansion	ST2 Appendix A

System Expansion – ST Express Bus Projects	Driver
ST Express Bus Base	Financial Plan
I-405 Bus Rapid Transit	Service Miles
SR 522 Bus Rapid Transit	Service Miles
Bus on Shoulder	ST3 Appendix A, Location
Rapid Ride C & D Improvements	Location
North Sammamish Park & Ride	Location
Pacific Ave SR7 Bus Corridor	Location
I-90 Two-Way Transit & HOV Opr, stage 3	Location

System Expansion – Other	Driver
STart Program	Location
Ticket Vending Machines- Sounder TVM	Location
Ticket Vending Machines- Full System	Location
North Corridor Maintenance of Way	Financial Plan
Fare Administration	Financial Plan
ORCA Next Generation	Financial Plan
Research and Business Development Program	Financial Plan
Transit System Access Program	Financial Plan
Innovation & Technology Program	Financial Plan
Research & Technology	Financial Plan
TOD Planning Program Capital	ST3 Appendix A

Enhancement Projects	Driver
Positive Train Control	Location / Track Miles
Link Ops System Enhancement/Upgrade	Track Miles
Escalator Modernization Program	Location
Noise Abatement	Location
Bus Maintenance Facility	Platform Hours
Tacoma Link Fare Collection	Location
Video Management System Upgrade	Location

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: Subarea Drivers, Continued

Enhancement Projects, Continued	Driver
Tacoma Link Radio Upgrade	Location
Bike Parking Program	Location
Passenger Information Management System	Financial Plan
Everett Station Security Improvement	Location
SODO/MLK Hazard Mitigation	Location
LRV Wireless Comm Upgrade	Track Miles
Security Radio System	Financial Plan
SOC Video Monitoring Improvement	Financial Plan
CT Onboard Comm Upgrade	Platform Hours
OMF LCC Upgrades	Track Miles
OMF Enhancements-Expanded Parking	Financial Plan
OMF Enhancements-Energy Efficiency	Financial Plan
OMF Enhancements-SW TrackM7 Door Guard	Financial Plan
OMF Enhancements-LRV Wash Bay Modifications	Financial Plan
King Street Station Platform Improvement	Track Miles
LRV Between Car Barriers	Track Miles
Link Remote Switch Heaters	Financial Plan
SCR Customer Emergency Units	Location
DSTT Mitigation	Vehicle Miles
Puyallup Station LED Lighting	Location
Sumner Station LED Lighting	Location
Kent Station Platform Lighting	Location
Kent Station Parking Lot Paving	Location
OMF LRV Lift	LRV Fleet
Union Station Garden Level Remodel	Location
OMF Renovations	Financial Plan
Non-Revenue Support Vehicles	Track Miles
Signage Improvement	Location
Bike Locker Program	Location
TOD Property Disposition	Location

State of Good Repair	Driver
Convention Place System Retrofit	Location
DSTT Capital Improvements	Agency Asset
Link CCTV System Upgrade	Boarding / Track Miles
Small Works- Link Radio/Recorder	Track Miles
Small Works-OMF Plumbed Eyewashes	Track Miles
Small Works- Hill P&R Concrete	Location
Link LRV Overhaul	Boarding / Track Miles

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: Subarea Drivers, Continued

State of Good Repair, Continued	Driver
Small Works Issaquah LED Upgrade	Location
Small Works Mercer Island LED Upgrade	Location
Access Control Card Upgrade	Location
Small Works Tacoma LRV CCTV	Location
Small Works Safety Fence	Location
Small Works Program – OMF LRV Wash Drainage	Boarding / Track Miles
Tacoma Link LRV Overhaul	Location
Link Station Tile Replacement	Location
Trans Services Tacoma Dome Station	Location
Small Works Program – SeaTac Airport Station Leak Repairs	Location
Small Works Program- Link Radio Audio Recorder	Track Miles
Small Works- Airport Fall Protection	Location
LRV Overhaul	Boarding / Track Miles
Sounder Vehicle Overhaul Program	Vehicle Miles
Station Midlife Maintenance	Location
ST Express Fleet Replacement	Platform Hours
IT Infrastructure	Financial Plan

Administrative Projects	Driver
Environmental Monitoring / Mitigation	Modal Operating Expense Rules
Administrative Capital	Financial Plan
Information Technology Program	Financial Plan
Surplus Property Disposition	Location
ST3 Planning- S. Tacoma Acc Station	Location
ST3 Planning- Edmonds Stn West Platform	Location
ST3 Planning	ST3 Appendix A

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

DEBT SERVICE USE

Debt Service	Driver
Debt Service	Financial Plan

RESERVE CONTRIBUTIONS / DRAWS

Reserve Contributions/Draws	Driver
Amtrak Reserve	Financial Plan
Bond Reserve	Related Debt
Capital Replacement	Financial Plan
Emergency Loss	Financial Plan
Operation & Maintenance Reserve	Financial Plan
System Wide	Tax Revenue

Report of Independent Accountants on Applying Agreed-Upon Procedures

Finance and Audit Committee
Citizens Oversight Panel
Central Puget Sound Regional Transit Authority

We have performed the procedures enumerated below, which were agreed to by the Central Puget Sound Regional Transit Authority Finance and Audit Committee (“Sound Transit”) and the Citizens Oversight Panel, on the allocation of sources and uses of funds as they relate to the progress against Sound Transit’s subarea commitments to its voters presented on the Schedule of Sources and Uses of Funds by Subarea (the Schedule) for the year ended December 31, 2019. Management of Sound Transit is responsible for the Schedule for the year ended December 31, 2019. 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

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 examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Schedule for the year ended December 31, 2019. 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.

This report is intended solely for the information and use of the Central Puget Sound Regional Transit Authority Finance and Audit Committee and the Citizens Oversight Panel, and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

Seattle, Washington
July 28, 2020

Agreed-Upon Procedures

Central Puget Sound Regional Transit Authority (Sound Transit)

December 31, 2019

Any procedures noted below resulting in a single variance greater than \$100,000 or a combined variance greater than \$250,000 per subarea are included as an exception.

Schedule of Sources and Uses (the “Schedule”)

1. We confirmed the 2019 information as reported in the Subarea Sources and Uses – Version Mode/Project Detail report was derived from the underlying general ledger balances for 2019 by performing the following:
 - a. We traced and agreed the Subarea Sources and Uses – Version Mode/Project Detail report to the subarea ledger reconciliation with no exceptions noted.
 - b. We traced and agreed the subarea ledger reconciliation to the general ledger upon which the Sound Transit audited financial statements have been prepared with no exceptions noted.
2. We recalculated the mathematical accuracy of the totals and subtotals shown on the Schedule with no exceptions noted.

Subarea Drivers and Rules

3. We obtained the 2019 authorized and approved subarea rule list and recalculated the mathematical accuracy of changes in each rule type as compiled from supporting documentation provided by management for:
 - a. Each new rule
 - b. Each change in existing rulesNo exceptions were noted.
4. We traced and agreed the rule detail in the E1 Allocation Module, used to allocate general ledger amounts between subareas, to the 2019 authorized and approved subarea rule list:
 - a. For all new and changed rules allocated to more than one subarea and tested in procedure 3 above. No exceptions were noted.
 - b. For a haphazard sample of 25 existing rules from 2019 authorized and approved subarea rule list. No exceptions were noted.
5. We confirmed the subarea rule drivers as presented in Appendix B by comparing it to the 2019 authorized and approved subarea rule list with no exceptions noted.

Subarea Rule Allocation

6. For each new or modified rule, we recalculated the mathematical accuracy of the allocation of each source or use balance to each subarea in accordance with the rules. No exceptions were noted.
7. We selected a haphazard sample of existing rules, including location based rules, for a combined total of 60 rules for procedures 6 and 7. We selected our sample based on geographic location of project, facility, or designation from voter approved plan and confirmed each is recorded in the appropriate subarea. No exceptions were noted.

Sound Transit Tax Revenue

8. **Sales tax cash revenues:** We performed the following procedures:
- a. For sales tax revenue, we obtained the Tax Revenue Workbook (“Workbook”) prepared by Sound Transit personnel and haphazardly selected three months from throughout the year (February, April, October) and performed the following:
 - i. We traced and agreed the gross tax amount collected by subarea in the Workbook to the RTA Distribution Analysis report received from the Department of Revenue with no exceptions noted.
 - ii. We re-computed the amount of miscellaneous pool revenue based upon an allocation on a pro-rata basis of taxes received by subarea with no exceptions noted.
 - iii. We re-computed the gross amount by subarea reported within the Workbook (gross taxes from step (i) above plus the allocated share of miscellaneous pool revenue from step (ii) above) with no exceptions noted.
 - b. For each subarea, we traced and agreed the amount of Sales Tax Revenue reported in the Schedule to the Tax Revenue Cash Basis Schedule prepared by Sound Transit personnel with no exceptions noted.
9. **Rental car tax cash revenues:** We performed the following procedures:
- a. We haphazardly selected three months from throughout the year (February, April, October) and performed the following:
 - i. We traced and agreed the amount of rental car tax payment received as recorded in the general ledger to the King County Rental Car Analysis Report received from the Washington Department of Revenue for:
 1. Total rental car tax payment
 2. Allocation to Snohomish County
 3. Allocation to Pierce County
 4. Allocation to King CountyNo exceptions were noted.
 - ii. For the allocation of rental car tax payment received to each King County subarea:
 1. We recalculated the 2019 King County subarea rental car tax allocation percentage based on the proportion of rental car tax allocation received from the nine largest rental car tax payers in the accumulation months of July and August using the King County Rental Car Analysis Report provided by the Washington Department of Revenue with no exceptions noted.
 2. We recalculated the amount of rental car tax payment allocated to each King County subarea using the rule computed in step 9.a.ii.1 multiplied by the amount of rental car tax payment received from King County as reported in the RTA Rental Car Detail received from the Washington Department of Revenue with no exceptions noted.
 - b. For each subarea, we traced and agreed the amount of Rental Car Tax Revenue reported in the Schedule to the Tax Revenue Cash Basis Schedule prepared by Sound Transit personnel with no exceptions noted.

10. **Motor vehicle excise tax cash revenues:** We performed the following procedures:
- a. We haphazardly selected three months of revenues from throughout the year (February, April, October) and performed the following:
 - i. We traced and agreed the location amount reported on Department of Licensing (DOL) RTA Excise Tax Collected Report to the MVET Revenue Report with no exceptions noted.
 - ii. We re-computed the monthly subarea percentage derived from DOL’s RTA Excise Tax Collected Report. We applied the subarea percentage to the Washington Department of Revenue Treasury Remittance Advice amount and agreed amounts to the MVET Revenue Report with no exceptions noted.
 - iii. There were no new locations added in 2019. As such, this procedure was not performed.
 - b. For each subarea, we traced and agreed the amount of motor vehicle excise tax revenue reported for the year in the Schedule to the MVET Revenue Report with no exceptions noted.

11. **Property tax cash revenues:** We performed the following procedures:
- a. We obtained the Property Tax Revenue by Subarea Report and performed the following:
 - i. We haphazardly selected 2 daily cash receipts from each month for a total of 24 receipts for King County. We traced and agreed North, East and South King County subarea amounts to the general ledger cash receipts entry and to King County’s Property Tax Deposits report with no exceptions noted.
 - ii. We haphazardly selected 3 monthly (February, April, October) cash receipts for Pierce County and traced and agreed the amounts to the general ledger cash receipts entry and to the Sound Transit Wells Fargo bank statement with no exceptions noted.
 - iii. We haphazardly selected 3 monthly (February, April, October) cash receipts for Snohomish County and traced and agreed the amounts to the general ledger cash receipts entry and to the Sound Transit Wells Fargo bank statement with no exceptions noted.
 - iv. For each subarea, we traced and agreed the amount of property tax revenue reported for the year in the Schedule to the Property Tax Revenue by Subarea Report with no exceptions noted.

Grant Revenues

12. We haphazardly selected a sample of 5 individual grant draw down requests from the monthly U.S. Department of Transportation Federal Transit Administration Echo-Web Payment Reports. The five draw down requests selected related to the following projects:

<u>Grant ID Number</u>	<u>Project Description</u>
WA-2018-013	ST Tacoma Link Extension - Small Starts
WA-2016-007	Enhancements to Tacoma Link Extension
WA-2019-025	HIFG Rail Prev Maintenance
WA-2019-001	Lynnwood Link Extension
WA-2018-013	ST Tacoma Link Extension - Small Starts

- a. We traced the draw down request amount to the Grant Outlay Detail Report to identify each capital project the draw down is associated with. No exceptions were noted.
- b. We identified each capital project associated with the draw down on the authorized and approved subarea rule list and the related subarea rule with no exceptions noted.
- c. We verified the grant draw down was recorded to the subarea(s) in which the related capital project disbursements were recorded in accordance with the authorized and approved subarea rules list by:
 - i. Tracing and agreeing the total on the Grant Outlay Detail Report to the Actual Grant Reimbursements Revenues report with no exceptions noted.
 - ii. Tracing the total to the posted journal entry associated with the recognition of the grant draw down in the general ledger for location based rules or by tracing to the subarea allocation detail report for non-location based rules with no exceptions noted.

Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan

13. There were only three TIFIA loan draw down items requested in 2019. The following was performed for each of the loan draw downs:
- a. We traced the draw down request amount to the Federal Drawdown report to identify the capital project the draw down is associated with. The draw downs related to the following projects:
 - East Link Project
 - Northgate Link Project
 - Operations and Maintenance Facility East Project
 - b. We identified each capital project associated with the draw down on the authorized and approved subarea rule list and the related subarea rule. No exceptions were noted.
 - c. We verified that the TIFIA Loan draw down was recorded to the subarea in which the related capital project disbursements were recorded in accordance with the authorized and approved subarea rules list by:
 - i. Tracing and agreeing the total on the Federal Drawdown to the FTA approval document with no exceptions noted.
 - ii. Tracing the total to the posted journal entry associated with the recognition of the TIFIA draw down in the general ledger for location based rules or by tracing to the subarea allocation detail report for non-location based rules with no exceptions noted.

Bond Interest

14. For the change in basis of reporting interest on Sound Transit's outstanding bonds from accrual to cash basis within the Schedule we confirmed the interest reported in the Schedule by:
- a. Obtaining bond interest payment schedules prepared by Sound Transit personnel for each bond series outstanding during the year and performing the following:
 - i. We traced the payments to the general ledger distribution entry with no exceptions noted.
 - ii. We traced and agreed the bond interest payment schedule gross amount to the amount reported on the Statement of Cash Flows with no exceptions noted.
 - iii. We traced and agreed the interest amounts from the bond interest payment schedule to the interest expense reported in the Schedule with no exceptions noted.

Bond Proceeds

15. There were no new bonds issued in 2019. As such, this procedure was not performed.

Net Position

16. We verified the Opening and Closing Net Position as reported in the Schedule for 2019 by performing the following:

- a. We traced and agreed the 2018 Closing Net Position to the 2019 Opening Net Position with no exceptions noted.
- b. We recalculated the Closing Net Position by subarea and confirmed the amount is the Opening Net Position plus or minus the Excess Sources / (Uses) with no exceptions noted.
- c. We traced and agreed the 2019 Closing Net Position by subarea to the financial plan general fund balance by subarea with no exceptions noted.

Prior Year Adjustments

17. There were no changes or corrections in rules or methodology for recording by subarea impacting prior years. As such, this procedure was not performed.

2019 Reserve Contributions

18. **Operating and maintenance reserve contribution:** We recalculated the contribution to the reserve made during 2019 and confirmed the amount has been recorded and the funds segregated within the general ledger are equal to two months of operating and maintenance expenses. We traced and agreed the change in the reserve recorded in the general ledger to the change in the reserve recorded in the Schedule. No exceptions were noted as a result of these procedures.

19. **Capital reserve contribution:** We verified that a minimum balance of \$300 million was maintained in the capital replacement reserve in accordance with Resolution No. R2015-32. We traced and agreed the change in the reserve recorded in the general ledger, including investment income earned, to the change in the reserve recorded in the Schedule. No exceptions were noted as a result of these procedures.