



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

***Schedule of Sources and Uses of Funds by Subarea
Year Ending December 31, 2023***

TABLE OF CONTENTS

Sound Transit – Service and Capital Program Overview	1
Subarea Equity	4
Sound Transit District Map	5
Sound Transit District Subareas	6
Statement of Management’s Responsibility	7
Schedule of Sources and Uses of Funds by Subarea	8
Notes to Schedule of Sources and Uses of Funds by Subarea	9
Appendix A: Financial Statement Reconciliation to Schedule of Sources and Uses of Funds by Subarea	13
Appendix B: Subarea Drivers	14
Report of Independent Accountants	23

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 and Tacoma 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; in 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; in progress.

Sound Transit Service Program

As of December 31, 2023, Sound Transit operates the following services:

- 82 miles of commuter rail service providing 13 round-trip trains daily between downtown Seattle and Lakewood, and 2 round-trip trains daily between Seattle and Everett serving 1.6 million annual passengers;
- 24 regional express bus routes with a fleet of 326 buses serving 8.5 million annual passengers;
- 24.5 miles of Link light rail serving 26.9 million annual passengers between Northgate and Angle Lake;
- 4 miles of light rail line in Tacoma serving 445 thousand annual passengers; and
- Associated stations, park-and-ride lots and transit access ramps.

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.
- New Operations and Maintenance Facility in South King County to support future light rail extension to Tacoma, West Seattle and throughout the region.

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.
- North Sammamish Park-and-Ride in the north end of Sammamish to provide up to 200 parking spaces.

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.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

- Station access improvements projects at South Tacoma, Lakewood, and Sumner station to improve access to Sounder trains and regional buses.
- New Sounder Maintenance Base at Lakewood to service trains with Sounder extension.

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 (an internal forecast of agency sources and uses of funds), 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 agreed upon 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 10).

Maintaining Subarea Equity

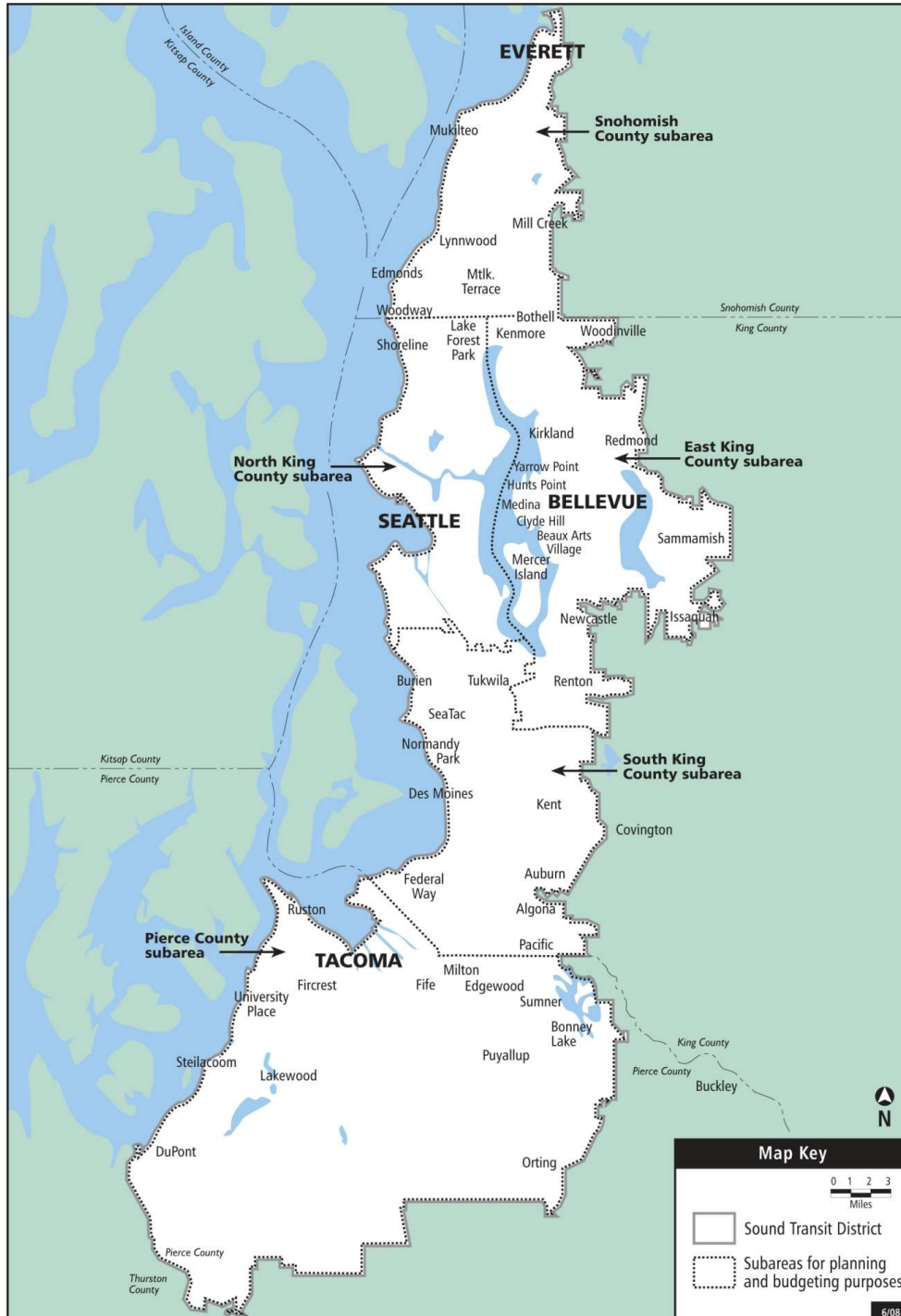
Sound Transit is governed by an eighteen member board, seventeen of whom are local city and county elected officials appointed by the respective member county executives and confirmed by the council of each member county. Membership is based on the population from the portion of each county that lies within Sound Transit's service area. 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 Community Oversight Panel. An independent accountant has also been engaged 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 3.4 million people or 81.7% 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 2023 the Snohomish County subarea had an estimated population of 506,043 residents, accounting for 58.9% of the Snohomish County population.

North King County

The North King County subarea includes the cities of Seattle, Shoreline and Lake Forest Park. In 2023 the North King County subarea had an estimated population of 853,980 residents, accounting for 36.4% 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 2023 the South King County subarea had an estimated population of 487,685 residents, accounting for 20.8% 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 2023 the East King County subarea had an estimated population of 681,450 residents, accounting for 29.03% of King County's population.

The combined three King County subareas account for 88.87% 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 2023 the Pierce County subarea had an estimated population of 801,645 residents, accounting for 84.7% of the Pierce County population.

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 Community 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 Community 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 year subarea allocations is included at the end of this report.



Goran Sparrman
Interim Chief Executive Officer



John Henry
Chief Financial Officer



Jeff Clark
*Deputy Executive Director
Financial Operations*

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA For the Year Ending December 31, 2023

Schedule of Sources and Uses of Funds by Subarea
For the year ending December 31, 2023 (in thousands)

	Snohomish	North King	South King	East King	Pierce	System-wide	Total
Sources							
Tax revenues	\$ 280,388	\$ 670,253	\$ 299,643	\$ 634,732	\$ 405,423	\$ -	\$ 2,290,439
Grant revenue	158,516	156,229	196,659	19,208	7,086	4,004	541,702
Fares and other operating revenues	2,669	30,163	10,847	8,553	5,083	7,144	64,459
Interest earnings	-	-	-	-	-	169,365	169,365
TIFIA loan proceeds	69,625	119,358	208,876	596,788	-	-	994,647
Total Sources	511,198	976,003	716,025	1,259,281	417,592	180,513	4,060,612
Uses							
Capital							
Link light rail	238,818	291,750	536,565	431,837	19,032	27,968	1,545,970
Tacoma link	-	-	-	-	45,038	-	45,038
Sounder commuter rail	67	-	6,445	-	33,250	-	39,762
ST express bus	14	23,713	9	3,015	144	-	26,895
Bus rapid transit	3,892	18,853	24,296	104,127	-	-	151,168
Systemwide/other	3,467	7,061	6,152	4,551	3,888	39,737	64,856
Total Capital	246,258	341,377	573,467	543,530	101,352	67,705	1,873,689
Operating and Maintenance							
Link light rail	-	175,953	55,869	-	-	-	231,822
Tacoma link	-	-	-	-	12,706	-	12,706
Sounder commuter rail	6,749	-	36,525	-	29,960	-	73,234
ST express bus	22,437	-	14,408	80,083	31,760	-	148,688
Systemwide/other	-	-	-	-	-	57,953	57,953
Total Operating and Maintenance	29,186	175,953	106,802	80,083	74,426	57,953	524,403
Debt Service, Other Interest and Changes in Reserve							
Debt service payments (note 5)	17,310	115,765	41,947	36,401	22,244	3,944	237,611
Capital reserve contribution	3,091	2,409	2,660	4,152	5,410	252	17,974
Emergency loss reserve contribution	-	-	-	-	-	8,256	8,256
Operating and maintenance reserve contribution	2,504	4,127	6,005	5,594	1,330	-	19,560
Affordable housing fund contribution	-	-	-	-	-	3,764	3,764
Total Debt Service and Changes in Reserve	22,905	122,301	50,612	46,147	28,984	16,216	287,165
Systemwide Source / Cost Allocation	(4,714)	(11,321)	(5,062)	(10,703)	(6,839)	38,639	-
Total Uses	293,635	628,310	725,819	659,057	197,923	180,513	2,685,257
Excess Sources / (Uses)	217,563	347,693	(9,794)	600,224	219,669	-	1,375,355
Opening Net Position	527,907	1,431,363	39,885	(715,137)	1,525,135	-	2,809,153
Closing Net Position	\$ 745,470	\$ 1,779,056	\$ 30,091	\$ (114,913)	\$ 1,744,804	\$ -	\$ 4,184,508

Unaudited-see Independent Accountants' Report on Applying Agreed-Upon Procedures. See accompanying notes to schedule.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

NOTES SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA For the Year Ending December 31, 2023

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 Tacoma Link), a regional express bus system (ST Express), and bus rapid transit system (Stride).

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, 2023

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	\$0.25 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. And 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 and debt restructuring: Sound Transit issues debt and restructures existing 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.

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.

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

Total sources: Total sources is the sum of tax revenues, grants, 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, 2023

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.

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.

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.

Systemwide Cost Allocation: Sources and uses, net, that benefit the entire transit system in accordance with voter-approved plans.

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

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

NOTES TO SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA, Continued For the Year Ending December 31, 2023

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 and Debt Restructuring Payments (in thousands)

Interest expense	\$	107,284
Build America Bond rebate		(6,678)
Principal payments		<hr/> 137,005
Total Debt Service Payments	\$	<hr/>237,611<hr/>

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, 2023

(in thousands)

Change in Net Position per Statement of Revenue, Expenses and Changes in Net Position	\$ 2,769,634
Adjustments related to Statement of Net Position	
Additions to capital assets	(1,855,046)
Proceeds from sales of assets	923
Contribution to emergency loss reserve	(8,256)
Contribution to capital reserve	(17,974)
Contribution to operations and maintenance reserve	(19,560)
Contribution to affordable housing reserve	(3,764)
Principal repayment of outstanding bonds	(137,005)
TIFIA loan proceeds	994,647
	(1,046,035)
Adjustments related to difference in reporting basis	
Interest expense	(3,783)
Tax revenues	6,128
	2,346
Adjustments related to non-cash items	
Depreciation and amortization	365,857
Discontinued projects	710
Bond premium amortization, net	(21,752)
Change in fair market value of investments	(41,638)
Adjustment for adoption of GASB 101	(2,351)
Expense and landbank transfers from construction in progress	1,957
Capital contributions to other governments	271,044
Contributions to affordable housing from disposal	3,676
Rapid fund	(183)
Gain/loss on lease termination	(35)
Gain/loss on disposal of assets	2,534
Other Capital Contribution	(930,410)
	(350,590)
Excess Sources/(Uses)	\$ 1,375,355

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	System-Wide Benefit
Other Revenue	Location / Modal Operating Use Drivers (see Operating Uses section below)
Bond Proceeds	Subarea Balance
TIFIA - All Others	Project Rules

Passenger Fares

Description	Driver
Sounder Fares	CEFFV
ST Express Bus Fares	Route Boardings / Platform Hours
Central Link Light Rail Fares	Station Boardings

Other Operating Grants

Description	Driver
Other Operating Grants (Multi Modal Grants)	Operations & Maintenance Uses per Subarea

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

OPERATING USES

Sounder Commuter Rail Services Operating Uses

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

ST Express Bus Services Operating Uses

Description	Driver
Bus Operations	Platform Hours

Link Light Rail Service Operating Uses

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

Other Uses

Description	Driver
Agency Administration	System-Wide Benefit
Art Maintenance	Location
Other Expenses	Location or Board Designation on Project Rule
Pre-Project Cost Expensed	Project Rules

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES

System Expansion-Link Light Rail Projects	Driver
University Link – Pine St. Stub Tunnel – UW Station	Location
Tacoma Link Expansion	Location
Link O&M Facility East	ST2 Appendix A
Light Rail Fleet Expansion	Fleet Requirements
Series 3 LRV	System-Wide Benefit
West Seattle to Ballard Link Extension	Track Miles
Everett Link Extension	Location
Tacoma Dome Link Extension	Track Miles
Operations and Maintenance Facility South (OMFS)	Track Miles
Light Rail Fleet Expansion-DRLE	Fleet Requirements
Downtown Tunnel	Ridership
North Corridor Maintenance of Way	System-Wide Benefit
130th Infill Station	Location
Everett Link Extension (OMF - North)	System-Wide Benefit
Graham St Infill Station	Location
S Boeing Access Infill Station	Location
Link OMFE-IT Equip	ST2 Appendix A
Light Rail Fleet Expansion-NLE	Fleet Requirements
Light Rail Fleet Expansion-LLE	Fleet Requirements
Light Rail Fleet Expansion-FWLE	Fleet Requirements
Light Rail Fleet Expansion- East Link	Fleet Requirements
Northgate Link Extension – UW – Northgate	Location
Lynnwood Link Extension Northgate - Lynnwood	ST2 Appendix A

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

System Expansion-Link Light Rail Projects (cont'd)	Driver
South Link – Airport to S. 200th	Location
Federal Way Extension – S. 200th to Federal Way TC	Location
East Link	ST2 Appendix A
East Link Start Line	Location
Downtown Redmond Link Extension	Location

System Expansion – Sounder Commuter Rail Projects	Driver
Mukilteo Station South Platform	Location
D Street-M Street Track & Signal	Location
Sounder ST2 Fleet Expansion	Service Miles
Sounder Maintenance Base	ST2 Appendix A
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
Sumner, Kent & Auburn SPAI	Location
Sumner Station Design Build	Location
South Sounder Capital Improvements	Station Count & Track Miles
South Tacoma Access Station Improvements	Location
North Sounder Parking & Access Improvements	Location
Tacoma Dome Station Parking and Access Improvements	Location

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

System Expansion – ST Express Bus Projects	Driver
DuPont Extension	Location
Sounder South Expanded Service	ST2 Appendix A
I-90 Two-Way Transit & HOV Opr, stage 3	Location
ST Express Bus Base	ST2 Appendix A
Bothell Transit Related Improvements	Location
I-405 Bus Rapid Transit	Service Miles
SR 522 Bus Rapid Transit	Service Miles
I-405 BRT TIBS-WSDOT	Service Miles
BT014 – Station Fip Up I405 PO	Service Miles
BT014 - Station Fip Up SR522 P	Service Miles
BT014 - Station Fip Up BBN	Service Miles
Rapid Ride C & D Improvements	Location
Pacific Ave SR7 Bus Corridor	Location
North Sammamish Park & Ride	Location

System Expansion – Other	Driver
Fare Administration	System-Wide Benefit
ORCA Next Generation	System-Wide Benefit
Research and Business Development Program	System-Wide Benefit
Transit System Access Program	System-Wide Benefit
Innovation & Technology Program	System-Wide Benefit
Ambassador Fare Pilot Program	System-Wide Benefit
Passenger Facing Technology	System-Wide Benefit
Efficiency & Sustainability Program	Location
Environmental Mitigation	Location
Efficiency & Sustainability Program-Exp	Location
Unified Control Center	System-Wide Benefit
TOD Planning Program	System-Wide Benefit
Research & Technology	System-Wide Benefit
STart Program	Location

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

Enhancement Projects	Driver
Sounder At-Grade Study	Track Miles
Escalator Modernization Program	Location
Link At Grade	System-Wide Benefit
Noise Abatement	Location
Tacoma Link Fare Collection	Location
Pine Street Stub Security	Location
Passenger Information Management System	System-Wide Benefit
SODO/MLK Hazard Mitigation	Location
Tacoma Link Civil Work	System-Wide Benefit
Sounder Civil Work	System-Wide Benefit
Rider Alert Work	System-Wide Benefit
Parking Management Program	System-Wide Benefit
Parking Management Program-Exp	System-Wide Benefit
PSO Dir Office-Prog Work	System-Wide Benefit
Link Noise Abatement Expense	Location
OPS OPEX ENH Program	System-Wide Benefit
OMF Electrical Capacity	Track Miles
HVAC Corrections	Track Miles
Seatac Airport Second Elevator	Location
Backup SCADA System Hardware	Track Miles
Video Management System Upgrade	Location
Security Radio System	System-Wide Benefit
OMF Rennovations	Track Miles
DSTT Mitigation	Vehicle Miles
OMF LRV Lift	LRV Fleet
Non-Revenue Support Vehicles	Track Miles
Signage Improvement	Location
Link OMF Generator	Track Miles
OMF Pit Fall Protection	Track Miles
OMF Shop Crane Modification	Track Miles
OMF Security Enhancement	Track Miles
Capitol Hill Fall Protection	Location

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

Enhancement Projects (Cont'd)	Driver
BHS Emergency Fan Redundancy	Location
Montlake Terrace LED	Location
Tacoma Link LED	Location
Kent Station Garage LED	Location
S. Everett LED	Location
Lynnwood Transit Center LED	Location
PH6 Airport & TBIS LED	Location
LINK Radio DAS SCADA Monitoring Update	Track Miles
Central Link Fiber Upgrade	Track Miles
Tlink Onboard PIMS Upgrade	Location
Central Link Tie Switch Install	Track Miles
BHS Electrical Maintenance Bypass - UPS Systems	Location
Northgate Garage Generator	Location
At Grade Dynamic Warning Signs	Location
Crossings Preprjct & Outreach	Track Miles
CCTV ACS Additions	Location
Fare Paid Zone	System-Wide Benefit
Link Station Renaming	Track Miles
Data Management Program	System-Wide Benefit
Data Management Program-Expense	System-Wide Benefit
Station Codes	Track Miles

State of Good Repair	Driver
Trans Services Tacoma Dome Station	Location
Convention Place System Retrofit	Location
Bellevue Rider Service Center	Location
DSTT Capital Improvements	System-Wide Benefit
DSTT OCS Sectioning	System-Wide Benefit
Safety OPEX SOGR Program	System-Wide Benefit
Fire Alarm-Kent Station	Location
OPS Pre-Project Program	System-Wide Benefit
Kinkisharyo LRV Sysys Upgrade	System-Wide Benefit
Wheel Truing Machine	Track Miles
Small Works-FIRE HYDRANT	Location

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

State of Good Repair (cont'd)	Driver
Small Works-OMF Plumbed Eyewashes	Track Miles
Station Midlife-TIBS Bus Loop	Location
Small Works Taxoma LRV CCTV	Location
Small Works Warehouse Security Upgrade	Location
Link Radio Upgrade	Track Miles
Tacoma Link LRV Overhaul	Location
Link Station Tile Replacement	Location
Link Radio Backup Repeater	Track Miles
Seatac Stn UPS Replm	Location
OET ECitation HW Refresh	Location
OMF trash Compactor Infrastructure	Location
Link OMF-Vehicle Gate Replacement	Track Miles
Clink Signal Hse Com Upgrade	Track Miles
Upgrade CCTV Gentec	Track Miles
Link Fireworks Upgrade	Track Miles
Link TPSS Upgrade	Track Miles
Vertical Conveyance Program	Location
TIBS Main Entry Coiling Gate Replacement	Location
Central Link OMF FACP System Replacement	Track Miles
Everett Station Pedestrian Bridge Repairs	Location
Seatac/Airport Station Restroom Renovation	Location
Auburn Garage Concrete-expense	Location
Issaquah Transit Center Imprv	Location
ST1 LRV Propulsion upgrade	System-Wide Benefit
Auburn Garage Fire Sys Repl	Location
International Dist Stn	Location
King St Stn	Location
IT Prog-Tech Infrastructure	System-Wide Benefit
IT Network Redesign	System-Wide Benefit
IT InfoSec Risk Mitigation Program	System-Wide Benefit
ERP Redesign - EXP	System-Wide Benefit

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

State of Good Repair (cont'd)	Driver
Data Center Relocation	System-Wide Benefit
Network Redesign Implementation	System-Wide Benefit
Network Operations Center	System-Wide Benefit
Project Scoping and Development	System-Wide Benefit
Brocade Replacement	System-Wide Benefit
Moxa Replacement	System-Wide Benefit
ERP/EAMS Redesign	System-Wide Benefit
IT Infrastructure	System-Wide Benefit
Hub Intranet Replacement	System-Wide Benefit

OTHER PROJECTS

Administrative Projects	Driver
Administrative Support Vehicles	System-Wide Benefit
Administrative Capital	System-Wide Benefit
Replacement Admin Pool Vehicle	System-Wide Benefit
US Fire Detec System	System-Wide Benefit
Asmin Cap-US GH Sotorage	System-Wide Benefit
Information Technology Program	System-Wide Benefit
E1 Tech Upgrade	System-Wide Benefit
CCMS Enhancements	System-Wide Benefit
Architecture Tool	System-Wide Benefit
Integrated Talent Management SW	System-Wide Benefit
HR Service Delivery	System-Wide Benefit
Fin Automated Workflow	System-Wide Benefit
Project Scoping	System-Wide Benefit
EDMS for BIM Data	System-Wide Benefit
EAMS Update	System-Wide Benefit
Safety Database	System-Wide Benefit
B2GNow Outreach Module	System-Wide Benefit
Safety Mass Communication	System-Wide Benefit
Legal Info Mgmt Sys	System-Wide Benefit
NTD Reporting - EXP	System-Wide Benefit
IT LiveLink Migration-EXP	System-Wide Benefit
Office Decommissioning	System-Wide Benefit
ST3 Planning	System-Wide Benefit

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

DEBT SERVICE AND OTHER INTEREST EXPENSE

Description	Driver
Debt Service	Subarea Balance
Lease Interest Expense	System-Wide Benefit

RESERVE CONTRIBUTIONS/DRAWS

Description	Driver
Amtrak Reserve	System-Wide Benefit
Bond Reserve	Related Debt
Capital Replacement	Exist Balances
Emergency Loss	System-Wide Benefit
Operation & Maintenance Reserve	Operating Costs
System Wide	Tax Revenue

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Attachment A on the allocation of sources and uses of funds as they relate to the progress against Central Puget Sound Regional Transit Authority's (Sound Transit) subarea commitments to comply with the Financial Policies appendices of Sound Move, Sound Transit 2 (ST2) and Sound Transit 3 (ST3) voter approved plans presented on the Schedule of Sources and Uses of Funds by Subarea (the Schedule) for the year ended December 31, 2023. Management of Sound Transit is responsible for the Schedule for the year ended December 31, 2023.

The Sound Transit Finance and Audit Committee of the Board of Directors has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the allocation of sources and uses of funds as they relate to the progress against Sound Transit's subarea commitments to comply with the Financial Policies appendices of Sound Move, Sound Transit 2 (ST2) and Sound Transit 3 (ST3) voter approved plans presented on the Schedule for the year ended December 31, 2023. Additionally, the Community Oversight Panel has agreed to and acknowledged that the procedures are appropriate to meet their purposes. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures and reporting on findings based on the procedures performed.

The procedures and the associated findings are contained in Attachment A.

We were engaged by Sound Transit Finance and Audit Committee of the Board of Directors to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, 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 for the year ended December 31, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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


Crowe LLP

Attachment A

Any procedures noted below resulting in a single variance greater than \$2,000,000 or a combined variance greater than \$10,000,000 per subarea are included as an exception. Procedures and findings are as follows:

Schedule of Sources and Uses (the “Schedule”)

1. We observed the 2023 information as reported in the Subarea Sources and Uses – Version Mode/Project Detail report was derived from the underlying general ledger balances for 2023 by performing the following:
 - a. We traced and agreed the Subarea Sources and Uses – Version Mode/Project Detail report to the subarea ledger reconciliation. *No exceptions were 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. *No exceptions were noted.*
2. We recalculated the mathematical accuracy of the totals and subtotals shown on the Schedule. *No exceptions were noted.*

Subarea Drivers and Rules

3. We obtained the 2023 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 rules*No 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 2023 authorized and approved subarea rule list:
 - a. For all new and changed rules allocated to more than one subarea and selected in procedure 3 above. *No exceptions were noted.*
 - b. For a haphazard sample of 25 existing rules from 2023 authorized and approved subarea rule list. *No exceptions were noted.*
5. We observed the subarea rule drivers as presented in Appendix B by comparing it to the 2023 authorized and approved subarea rule list. *No exceptions were noted.*

Subarea Rule Allocation

6. For each new or modified rule (a total of 32), 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 25 existing rules, including location based rules. We selected our sample based on geographic location of project, facility, or designation from voter approved plan and observed 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 (March, May, September) 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. *No exceptions were noted.*
 - ii. We re-computed that the miscellaneous pool revenue has been allocated on a pro-rata basis of taxes received by subarea. *No exceptions were 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). *No exceptions were 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. *No exceptions were noted.*

9. Rental car tax cash revenues: We performed the following procedures:

- a. We recalculated the 2023 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 payors in the accumulation months of July and August using the King County Rental Car Analysis Report provided by the Washington Department of Revenue. *No exceptions were noted.*
- b. We haphazardly selected three months from throughout the year (May, September, November) 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 County*No exceptions were noted.*
 - ii. For the allocation of rental car tax payment received to each King County subarea we recalculated the amount of rental car tax payment allocated to each King County subarea using the rule computed in step 9.a 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. *No exceptions were noted.*
- c. 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. *No exceptions were 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 (March, May, September) 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. *No exceptions were 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. *No exceptions were noted.*
 - iii. For any new locations, we traced and agreed the subarea assignment to the boundary map. *There were no new locations added in 2023. As such, we did not perform the procedure of tracing and agreeing the subarea assignment for new locations to the boundary map.*
- 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. *No exceptions were 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 3 monthly cash receipts (May, September, November) 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. *No exceptions were noted.*
 - ii. We haphazardly selected 3 monthly cash receipts (May, September, November) 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. *No exceptions were noted.*
 - iii. We haphazardly selected 3 monthly cash receipts (May, September, November) 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. *No exceptions were 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. *No exceptions were 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:

Grant ID Number	Project Description
WA-2019-001-07-06	Lynnwood Link Extension
WA-2019-001-07-06	Lynnwood Link Extension
WA-2020-001-04-04	Federal Way Link Extension
WA-2022-065-01-00	FY2022 Sec 5307 Replacement/Upgrades to the PIMS
WA-2021-141-01-00	ARP Act – FY2021 Section 5307 for Operating

- 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 observed 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. We noted that drawdown #5 was related to a project which ended in 2022. As such, we observed the project was listed on the 2022 authorized and approved rule list.*
- c. We observed 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. *No exceptions were 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 tracing to the subarea allocation detail report for non-location based rules. *No exceptions were noted.*

Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan

13. We haphazardly select a sample of TIFIA Loan draw down items requested from Sound Transit's requisition letter to TIFIA. *There was only one TIFIA loan draw down requested in 2023. The following was performed for the loan draw down:*
- 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 down related to the Eastlink project and no exceptions were noted.*
 - b. We observed the 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 observed 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. *No exceptions were 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. *No exceptions were 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 agreed the interest reported in the Schedule by performing the following:
- a. We obtained bond interest payment schedules prepared by Sound Transit personnel for each bond series outstanding during the year and performed the following:
 - i. We traced the payments to the general ledger distribution entry. *No exceptions were noted.*
 - ii. We traced and agreed the bond interest payment schedule gross amount to the amount reported on the Statement of Cash Flows. *No exceptions were noted.*
 - iii. We traced and agreed the interest amounts from the bond interest payment schedule to the interest expense reported in the Schedule by Subarea. *No exceptions were noted.*

Bond Proceeds

15. For each new bond issuance, we compared the net bond proceeds amount reported. *There were no new bonds issued in 2023. As such, no procedures were performed over the net bond proceed amounts for each new bond issuance.*

Net Position

16. We observed the Opening and Closing Net Position as reported in the Schedule for 2023 by performing the following:
- a. We traced and agreed the 2022 Closing Net Position to the 2023 Opening Net Position. *No exceptions were 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). *No exceptions were noted.*
 - c. We traced and agreed the 2023 Closing Net Position by subarea to the financial plan general fund balance by subarea. *No exceptions were noted.*

Prior Year Adjustments

17. For any changes or corrections in rules or methodology for recording by subarea impacting prior years, we performed the following procedures. *There were no changes or corrections in rules or methodology for recording by subarea impacting prior years. As such, no procedures were performed.*

2023 Reserve Contributions

18. **Operating and maintenance reserve contribution:** We recalculated the contribution to the reserve made during 2023 and observed 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.*
19. **Capital reserve contribution:** We observed 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.*