



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

***Schedule of Sources and Uses of Funds by Subarea
Year Ending December 31, 2020***

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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 continues to progress.

Sound Transit Service Program

As of December 31, 2020, 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 1.3 million annual passengers;
- 32 regional express bus routes with a fleet of 317 buses serving 6.3 million annual passengers;
- 20 miles of light rail line from University of Washington to Angle Lake serving 7.9 million annual passengers;
- A 1.8 mile light rail line in Tacoma serving 439 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 6) and Note 4 - *Summary of Significant Sources and Uses of Funds by Subarea* (page 9).

Maintaining Subarea Equity

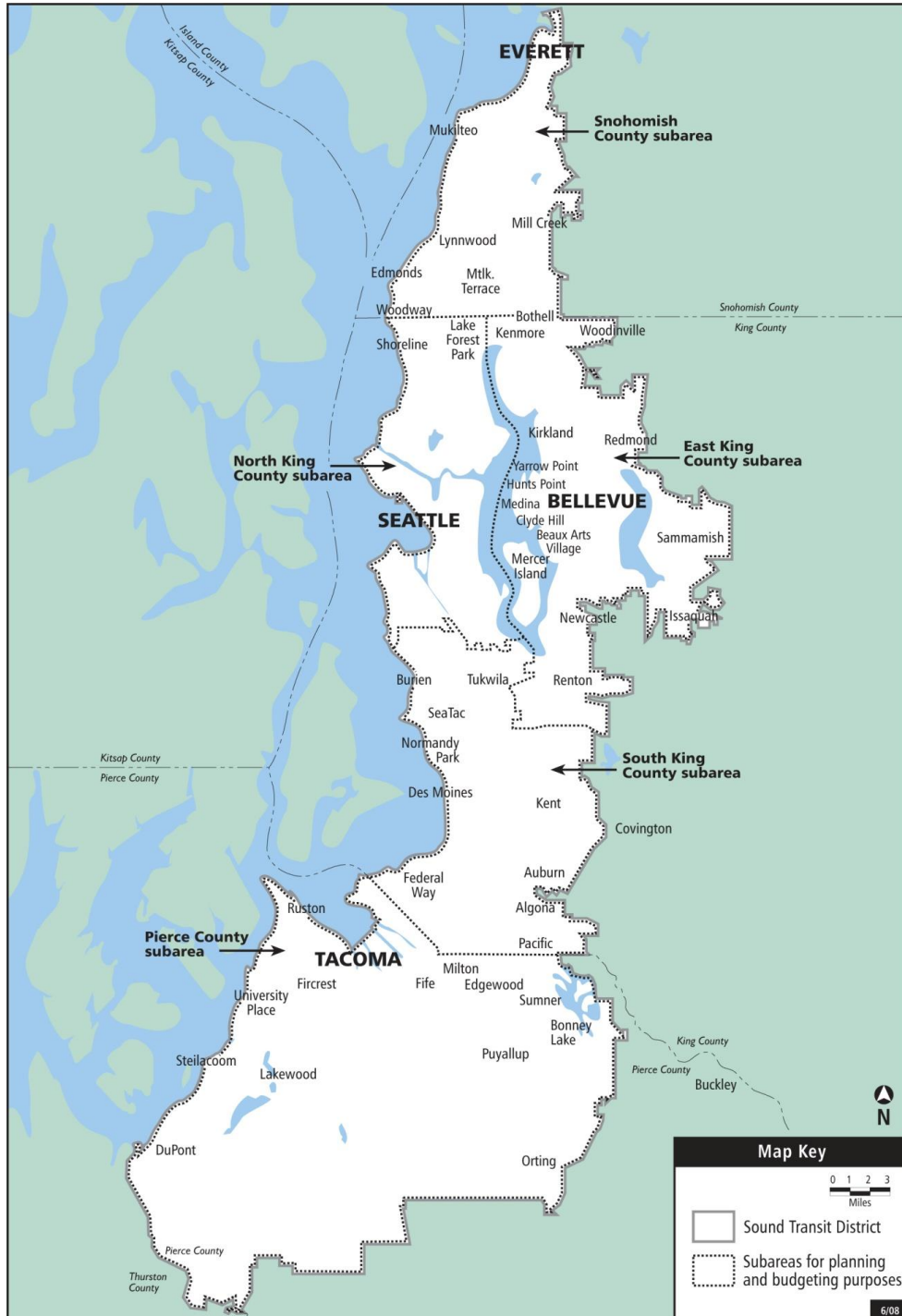
Sound Transit is governed by an eighteen member board, seventeen of whom are local city and county elected officials appointed by the respective member county executives and confirmed by the council of each member county. Membership is based on the population from the portion of each county that lies 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 80.3% 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 2020 the Snohomish County subarea had an estimated population of 484,400 residents, accounting for 58.3% of the Snohomish County population.

North King County

The North King County subarea includes the cities of Seattle, Shoreline and Lake Forest Park. In 2020 the North King County subarea had an estimated population of 832,400 residents, accounting for 36.8% 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 2020 the South King County subarea had an estimated population of 526,000 residents, accounting for 23.3% 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 2020 the East King County subarea had an estimated population of 611,600 residents, accounting for 27.1% 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 2020 the Pierce County subarea had an estimated population of 751,300 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 year subarea allocations are included at the end of this report.



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, 2020 (in thousands)

	Snohomish	North King	South King	East King	Pierce	System-wide
Sources						
Tax revenues	\$ 223,893	\$ 544,587	\$ 236,655	\$ 502,613	\$ 342,053	\$ -
Grant revenue	\$ 111,776	\$ 167,817	\$ 212,597	\$ 62,449	\$ 65,404	\$ 158
Fares and other operating revenues	\$ 3,274	\$ 15,233	\$ 9,265	\$ 7,562	\$ 7,268	\$ 3,150
Interest earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,090
Total Sources	\$ 338,943	\$ 727,637	\$ 458,517	\$ 572,624	\$ 414,725	\$ 39,398
Uses						
Capital						
System expansion	297,903	439,230	381,523	822,311	102,493	29,047
Enhancement	468	3,697	1,370	903	635	8,974
State of good repair	7,502	2,490	5,790	19,510	11,189	2,517
Administrative	-	(4)	(2)	-	-	10,444
Total Capital	305,873	445,413	388,681	842,724	114,317	50,982
Operating and Maintenance						
Link light rail	-	98,375	40,967	-	5,275	-
Sounder commuter rail	5,212	-	25,940	-	22,332	-
ST Express bus	25,463	-	11,648	61,761	36,569	-
System-wide activities	-	-	-	-	-	44,830
Total Operating and Maintenance	30,675	98,375	78,555	61,761	64,176	44,830
Debt Service, Other Interest and Changes in Reserves						
Debt service payments (note 5)	10,854	44,408	18,216	47,912	15,420	-
Non-debt related interest expense	-	-	-	-	-	4,284
Capital reserve contribution	2,867	2,250	2,467	3,850	5,000	233
Emergency loss reserve contribution	-	-	-	-	-	5,712
Operating and maintenance reserve contribution	485	1,350	1,070	1,051	800	-
Affordable housing fund contribution	-	-	-	-	-	4,000
Total Debt Service and Changes in Reserves	14,206	48,008	21,753	52,813	21,220	14,229
Systemwide Cost Allocation	8,548	20,769	9,042	19,215	13,069	(70,643)
Total Uses	359,302	612,565	498,031	976,513	212,782	39,398
Excess Sources / (Uses)	(20,359)	115,072	(39,514)	(403,889)	201,943	-
Opening Net Position	538,080	301,485	79,507	(235,500)	798,122	-
Closing Net Position	\$ 517,721	\$ 416,557	\$ 39,993	\$ (639,389)	\$ 1,000,065	\$ -

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, 2020

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 a 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, 2020**

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	\$0.20 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. There were no TIFIA drawdowns in 2020.

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, 2020**

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	\$ 100,583
Build America Bond rebate	(6,688)
Principal payments	42,915
Total Debt Service Payments	\$ 136,810

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, 2020

(in thousands)

Change in Net Position per Statement of Revenue, Expenses and Changes in Net Position	<u>\$ 1,846,785</u>
Adjustments related to Statement of Net Position	
Additions to capital assets	(2,147,990)
Reclass operations and maintenance expenses to construction in progress	9,679
Proceeds from sales of assets	6,851
Contribution to emergency loss reserve	(5,712)
Contribution to capital reserve	(16,667)
Contribution to operations and maintenance reserve	(4,755)
Contribution to affordable housing	(4,000)
Principal repayment of outstanding bonds	(42,915)
	<u>(2,205,509)</u>
Adjustments related to difference in reporting basis	
Interest expense	6,400
Tax revenues	3,511
	<u>9,911</u>
Adjustments related to non-cash items	
Depreciation and amortization	189,598
Discontinued projects	3,976
Bond premium amortization, net	(8,231)
Change in fair market value of investments	(9,203)
Expense and landbank transfers from construction in progress	(2,489)
Capital contributions to other governments	16,655
Contributions to Affordable Housing from Disposal	10,992
Affordable housing interest	12
Rapid Fund	(178)
Gain on disposal of assets	934
	<u>202,066</u>
Excess Sources/(Uses)	<u>\$ (146,747)</u>

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
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	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
DSTT Operations	DSTT 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	Financial Plan
Art Maintenance	Location
Other Expenses	Location or Board Designation on Project Rule
Pre-Project Cost Expensed	Project Rule

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	Location
Tacoma Link Expansion	Location
130th Infill Station	Location
Link O&M Facility East	Financial Plan
Light Rail Fleet Expansion	Fleet Requirements
West Seattle to Ballard Link Extension	ST3 Appendix A, Track Miles
Everett Link Extension	Location
Everett Link Extension (OMF - North)	Financial Plan
Tacoma Dome Link Extension	Track Miles
North Corridor Maintenance of Way	Financial Plan
DSTT-Single Tracking	Financial Plan
Northgate Link Extension – UW – Northgate	Location
Lynnwood Link Extension Northgate - Lynnwood	Financial Plan
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 Projects	Driver
Mukilteo Station South Platform	Location
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
South Tacoma Access Station Improvements	Location
North Sounder Parking & Access Improvements	Location
D Street-M Street Track & Signal	Location
Tukwila Station	Location
Sounder South Expanded Service	Financial Plan
Sounder ST2 Fleet Expansion	ST2 Appendix A

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

System Expansion – ST Express Projects	Driver
ST Express Bus Base	Financial Plan
I-405 Bus Rapid Transit	Service Miles
Bothell Transit Related Improvements	Location
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
ST Express Fleet Expansion	Service Hours
I-90 Two-Way Transit & HOV Opr, stage 3	Location

System Expansion – Other Projects	Driver
First Hill Streetcar	Location
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
Efficiency & Sustainability Program-Exp	Location
Environmental Mitigation	Location
TOD Property Disposition	Location
TOD Planning Program	ST3 Appendix A
Surplus Property Disposition	Location
ST3 Planning- Edmonds Stn West Platform	Location
Research & Technology	Financial Plan

Enhancement Projects	Driver
Positive Train Control	Location / Track Miles
Escalator Modernization Program	Location
Bus Maintenance Facility	Platform Hours
Tacoma Link Fare Collection	Location
Bike Parking Program	Location
Passanger Information Management System	Financial Plan
SODO/MLK Hazard Mitigation	Location
Parking Management Program	Financial Plan
Design Criteria Manual Update	Location
OMF Electrical Capacity	Financial Plan
HVAC Corrections	Financial Plan

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

Enhancement Projects Continued	Driver
Seatac Airport Wrong Door	Location
Seatac Airport Second Elevator	Location
Video Management System Upgrade	Location
Tacoma Link Radio Upgrade	Location
LRV Wireless Comm Upgrade	Track Miles
Everett Station Security Improvement	Location
Security Radio System	Financial Plan
Kent Station Platform Lighting	Location
CT Onboard Comm Upgrade	Platform Hours
OMF LCC Upgrades	Track Miles
OMF Enhancements-Expanded Parking	Financial Plan
OMF Rennovations	Financial Plan
King Street Station Platform Improvement	Track Miles
LRV Between Car Barriers	Track Miles
OMF Enhancements-LRV Wash Drainage	Track Miles
DSTT Mitigation	Vehicle Miles
OMF LRV Lift	LRV Fleet
Union Station Garden Level Remodel	Location
Link Vehicles	Track Miles
Signage Improvement	Location
Ticket Vending Machines- Full System	Location
Noise Abatement	Location

State of Good Repair	Driver
Convention Place System Retrofit	Location
DSTT Capital Improvements	Agency Asset
Link CCTV System Upgrade	Boarding / Track Miles
Issaquah-Lakewood CCTV Upgrade	Location
OT Hardware Upgrade	Track Miles
Kinkisharyo LRV Sysys Upgrade	Financial Plan
Wheel Truing Machine	Track Miles
Small Works-OMF Plumbed Eyewashes	Track Miles
Access Control Card Upgrade	Location
Link Radio Upgrade	Track Miles
Tacoma Link LRV Overhaul	Location
Link Station Tile Replacement	Location
Puget Sound Emergency Radio Network	Track Miles
Souder Vehicle Overhaul Program	Vehicle Miles

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

State of Good Repair Continued	Driver
Station Midlife Maintenance	Location
IT Infrastructure	Financial Plan
ST Express Fleet Replacement	Platform Hours
Small Works- Link Radio/Recorder	Track Miles
Small Works Program- Link Radio Audio Recorder	Track Miles
Small Works- Airport Fall Protection	Location
Small Works Taxoma LRV CCTV	Location
Small Works Issaquah LED Upgrade	Location
Small Works Mercer Island LED Upgrade	Location
Small Works Program – Airport Station Traffic Gates	Location
Small Works Program – OMF LRV Wash Drainage	Boarding / Track Miles
Small Works-Kent Warehouse	Track Miles
Small Works Program – DSTT/Surface Street Signal Improvements	Location
Small Works Program – Seatac Airport Station Leak Repairs	Location

Administrative Projects	Driver
Environmental Monitoring / Mitigation	Modal Operating Expense Rules
Administrative Support Vehicles	Track Miles
Administrative Capital	Financial Plan
Administrative Capital	Financial Plan
Replacement Admin Pool Vehicle	Financial Plan
Information Technology Program	Financial Plan
Administrative Capital	Financial Plan

Debt Service Use

Debt Service	Driver
Debt Service	Financial Plan
Lease Interest Expense	Financial Plan

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

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

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

We have performed the procedures enumerated below 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 its voters presented on the Schedule of Sources and Uses of Funds by Subarea (the Schedule) for the year ended December 31, 2020. Management of Sound Transit is responsible for the Schedule for the year ended December 31, 2020.

The Sound Transit Finance and Audit Committee of the Board of Directors and the Citizens Oversight Panel have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the information within the Schedule, prepared by Sound Transit, is prepared in accordance with the Financial Policies appendices of Sound Move, Sound Transit 2 (ST2) and Sound Transit 3 (ST3) voter approved plans. 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.

The procedures and the associated findings are enumerated below.

We were engaged by the Sound Transit Finance and Audit Committee of the Board of Directors and the Citizens Oversight Panel 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. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. 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, 2020. 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 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
June 25, 2021

Agreed-Upon Procedures

Central Puget Sound Regional Transit Authority (Sound Transit) December 31, 2020

Any procedures noted below resulting in a single variance greater than \$250,000 or a combined variance greater than \$1,000,000 per subarea are included as an exception.

Schedule of Sources and Uses (the “Schedule”)

1. We confirmed the 2020 information as reported in the Subarea Sources and Uses – Version Mode/Project Detail report was derived from the underlying general ledger balances for 2020 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 2020 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 2020 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 2020 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 2020 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 61 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 (July, August, November) 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 recalculated the 2020 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, with no exceptions noted.
- b. We haphazardly selected three months from throughout the year (July, August, 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 CountyNo 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 with no exceptions 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 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 (July, August, November) 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 2020. 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 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 January and February 2020 and one monthly cash receipt each from March to December 2020 for a total of 14 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 (July, August, November) 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 (July, August, November) 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:

Grant ID Number	Project Description
WA-2020-045-01-00	CARES Act Section 5307 for Purchase of Services, Operating, Security, Preventive Maintenance, and Project Administration Costs
WA-2020-001-02-01	Federal Way Link Extension
WA-2019-001-03-01	Lynnwood Link Extension
WA-2020-001-01-00	Federal Way Link Extension
WA-2019-001-03-01	Lynnwood Link Extension

- 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 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 no TIFIA loan draw down items requested in 2020. As such, no procedures were performed over the TIFIA loan draw down items.

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 by Subarea with no exceptions noted.

Bond Proceeds

15. There were no new bonds issued in 2020. As such, no procedures were performed over the net bond proceed amounts for each new bond issuance.

Net Position

16. We verified the Opening and Closing Net Position as reported in the Schedule for 2020 by performing the following:
 - a. We traced and agreed the 2019 Closing Net Position to the 2020 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 2020 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, no procedures were performed.

2020 Reserve Contributions

18. **Operating and maintenance reserve contribution:** We recalculated the contribution to the reserve made during 2020 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.