



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

***Schedule of Sources and Uses of Funds by Subarea
Year Ending December 31, 2021***

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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, 2021, Sound Transit operates the following services:

- 82 miles of commuter rail service providing 14 round-trip trains daily between downtown Seattle and Lakewood, and 4 round-trip trains daily between Seattle and Everett serving 734 thousand annual passengers;
- 17 regional express bus routes with a fleet of 319 buses serving 5.2 million annual passengers;
- 24.5 miles of Link light rail serving 11.5 million annual passengers between Northgate and Angle Lake. Northgate Link Extension went into service on October 2, 2021;
- A 1.8 mile light rail line in Tacoma serving 372 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 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 6) and Note 4 - Summary of Significant Sources and Uses of Funds by Subarea (page 7).

Maintaining Subarea Equity

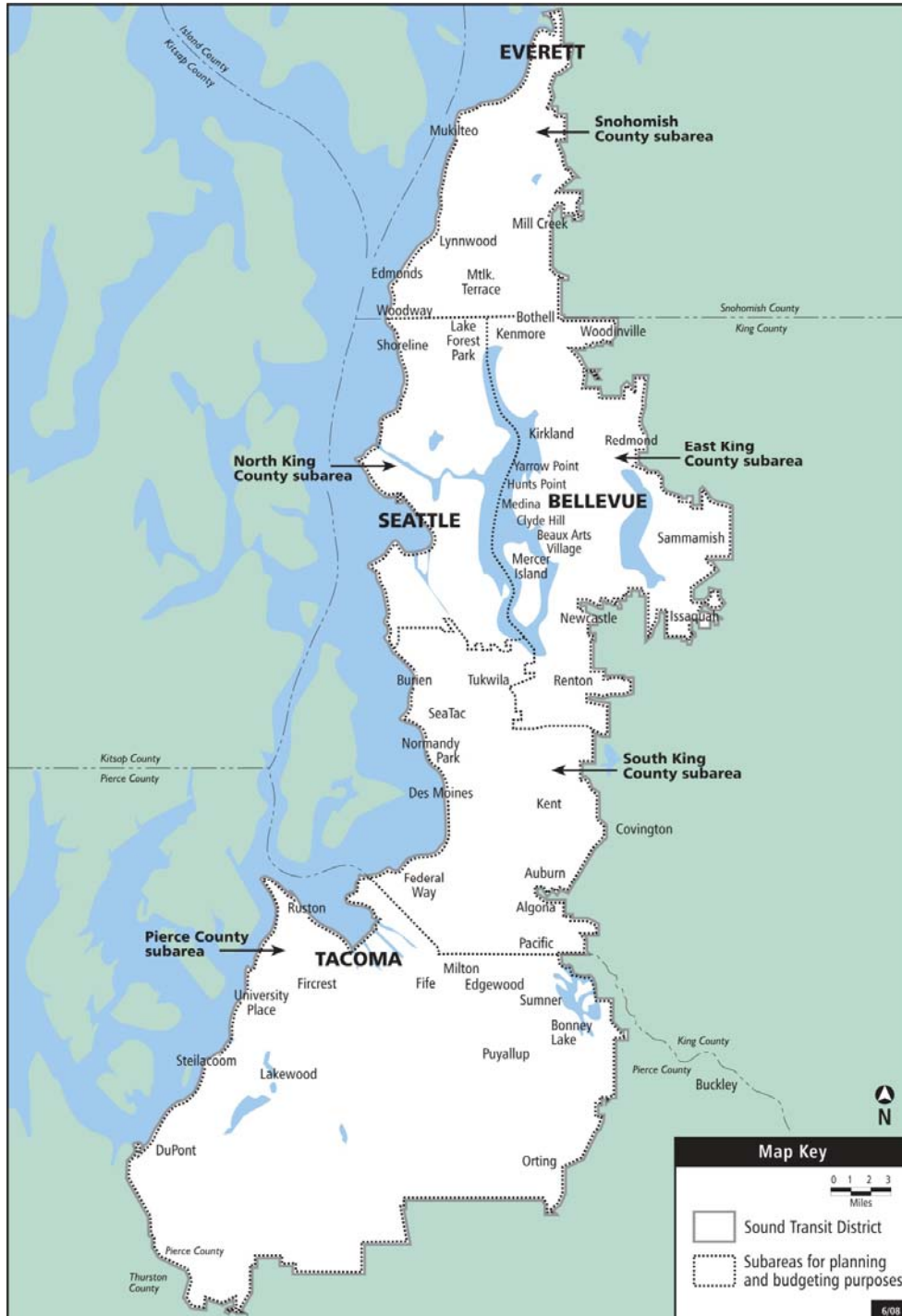
Sound Transit is governed by an eighteen member board, seventeen of whom are local city and county elected officials appointed by the respective member county executives and confirmed by the council of each member county. Membership is based on the population from the portion of each county that lies 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. 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 3.2 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 2021 the Snohomish County subarea had an estimated population of 482,200 residents, accounting for 57.6% of the Snohomish County population.

North King County

The North King County subarea includes the cities of Seattle, Shoreline and Lake Forest Park. In 2021 the North King County subarea had an estimated population of 810,120 residents, accounting for 35.4% 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 2021 the South King County subarea had an estimated population of 543,730 residents, accounting for 23.8% 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 2021 the East King County subarea had an estimated population of 629,620 residents, accounting for 27.5% of King County's population.

The combined three King County subareas account for 86.7% 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 2021 the Pierce County subarea had an estimated population of 775,340 residents, accounting for 83.5% 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 is included at the end of this report.



Peter M. Rogoff
Chief Executive Officer



Mary Cummings
Interim 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, 2021

Schedule of Sources and Uses of Funds by Subarea For the year ending December 31, 2021 (in thousands)

	Snohomish	North King	South King	East King	Pierce	System-wide	Total
Sources							
Tax revenues	\$ 256,159	\$ 598,873	\$ 261,857	\$ 570,225	\$ 392,562	\$ -	\$ 2,079,676
Grant revenue	96,939	152,023	292,152	80,069	93,656	320	715,159
Fares and other operating revenues	1,931	14,282	5,799	5,291	4,793	4,409	36,565
Interest earnings	-	-	-	-	-	15,572	15,572
Bond proceeds	43,700	615,600	235,600	-	55,100	-	950,000
TIFIA loan proceeds	18,409	14,640	16,831	37,783	-	-	87,663
Total Sources	417,198	1,395,418	812,239	693,368	546,111	20,301	3,884,635
Uses							
Capital							
Link light rail	341,425	391,000	358,552	530,856	5,814	26,377	1,654,024
Tacoma link	-	-	-	-	56,899	-	56,899
Sounder commuter rail	407	-	6,024	-	45,617	-	52,048
ST express bus	59	733	299	383	3,956	-	5,430
Bus rapid transit	567	8,390	3,537	19,447	-	-	31,941
Systemwide/other	1,552	6,021	2,461	2,933	1,348	35,080	49,395
Total Capital	344,010	406,144	370,873	553,619	113,634	61,457	1,849,737
Operating and Maintenance							
Link light rail	-	112,090	42,730	-	-	-	154,820
Tacoma link	-	-	-	-	6,318	-	6,318
Sounder commuter rail	4,822	-	30,706	-	26,026	-	61,554
ST express bus	22,158	-	12,447	62,643	39,529	-	136,777
Bus rapid transit	-	-	-	-	-	-	-
Systemwide/other	-	-	-	-	-	57,827	57,827
Total Operating and Maintenance	26,980	112,090	85,883	62,643	71,873	57,827	417,296
Debt Service, Other Interest and Changes in Reserve							
Debt service payments (note 5)	4,968	44,948	18,998	79,882	5,994	-	154,790
Debt restructuring (note 5)	52,819	712,584	252,892	40,775	55,566	-	1,114,636
Lease interest expense	-	-	-	-	-	3,885	3,885
Capital reserve contribution	(407)	(319)	(350)	(546)	(709)	(33)	(2,364)
Bond reserve contribution	(534)	(7,516)	(2,877)	-	(673)	-	(11,600)
Emergency loss reserve contribution	-	-	-	-	-	5,542	5,542
Operating and maintenance reserve contribution	194	606	471	414	355	-	2,040
Affordable housing fund contribution	-	-	-	-	-	4,000	4,000
Total Debt Service and Changes in Reserve	57,040	750,303	269,134	120,525	60,533	13,394	1,270,929
Systemwide Cost Allocation	13,822	32,365	14,160	30,791	21,239	(112,377)	-
Total Uses	441,852	1,300,902	740,050	767,578	267,279	20,301	3,537,962
Excess Sources / (Uses)	(24,654)	94,516	72,189	(74,210)	278,832	-	346,673
Opening Net Position	517,721	416,557	39,993	(639,389)	1,000,065	-	1,334,947
Closing Net Position	\$ 493,067	\$ 511,073	\$ 112,182	\$ (713,599)	\$ 1,278,897	\$ -	\$ 1,681,620

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

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NOTES SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA For the Year Ending December 31, 2021

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, 2021

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, 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 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.

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. TIFIA agreements were restructured in 2021; see note 5 below for additional information. There was one TIFIA drawdown in 2021 for the Operations and Maintenance Facility East (OMFE) in the amount of \$87.7 million .

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.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

NOTES TO SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA, Continued For the Year Ending December 31, 2021

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.

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.

Lease interest expense: Leases entered into by Sound Transit as lessee represent long-term obligations which incur interest expense.

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 contribution: 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.

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

NOTES TO SCHEDULE OF SOURCES AND USES OF FUNDS BY SUBAREA, Continued For the Year Ending December 31, 2021

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	\$	107,468
Build America Bond rebate		(6,979)
Principal payments		54,300
Debt restructuring-bond		958,030
Debt restructuring-TIFIA		156,606
Total Debt Service and Debt Restructuring Payments	\$	1,269,425

In 2021, the Agency executed the following transactions to leverage market conditions and decrease overall cost of debt:

- On October 1, 2021, the Agency defeased \$55.8 million in par value of the 2012S-1 series bonds and \$767.8 million in par value of the 2015S-1 series bonds with cash on hand.
- On November 4, 2021, the Agency refunded \$111.1 million in par value of the 2012P-1 series bonds.
- On November 4, 2021, the Agency issued a total of \$869.4 million in par value as the 2021S-1 series of bonds. \$84.7 million of this par amount facilitated the refunding of the 2012P-1 series and the remaining \$784.7 million of the 2021S-1 series were new improvement bonds.
- In September 2021, Sound Transit dissolved the existing TIFIA Master Credit Agreement and East Link Loan Agreement, which required paying off the outstanding borrowings of \$156.6 million related to East Link, Northgate Link and the Operations and Maintenance Facility East (OMFE) loans, and related accrued interest. The Agency established new TIFIA agreements for each of the following projects: Operations & Maintenance Facility East, East Link Extension, Northgate Link Extension, Lynnwood Link Extension and Federal Way Link Extension. Subsequent to execution of the new agreements, \$87.7 million was borrowed under the OMFE agreement.

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, 2021

(in thousands)

Change in Net Position per Statement of Revenue, Expenses and Changes in Net Position	\$ 2,025,300
Adjustments related to Statement of Net Position	
Additions to capital assets	(1,849,737)
Reclass operations and maintenance expenses to construction in progress	13,109
Proceeds from sales of assets	987
Contribution to emergency loss reserve	(5,542)
Contribution to capital reserve	2,364
Contribution to operations and maintenance reserve	(2,040)
Contribution to affordable housing	(4,000)
Reduction to bond reserve	11,600
Bond proceeds (excludes bond issuance costs)	950,000
Bond defeasance	(946,446)
Bond refunding	(11,584)
TIFIA repayment	(156,606)
Principal repayment of outstanding bonds	(54,300)
TIFIA loan proceeds	87,664
	<u>(1,964,532)</u>
Adjustments related to difference in reporting basis	
Interest expense	(37,007)
Tax revenues	(12,408)
	<u>(49,414)</u>
Adjustments related to non-cash items	
Depreciation and amortization	194,856
Discontinued projects	61
Bond premium amortization, net	(10,307)
Change in fair market value of investments	17,641
Expense and landbank transfers from construction in progress	1,273
Capital contributions to other governments	50,251
Contributions to affordable housing from disposal	6,837
Debt restructuring loss/fees	75,194
Rapid fund	(210)
Gain/loss on lease termination	(758)
Gain/loss on disposal of assets	483
	<u>335,320</u>
Excess Sources/(Uses)	\$ 346,673

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

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 Station	Location
Tacoma Link Expansion	Location
130th Infill Station	Location
Link O&M Facility East	ST2 Appendix A
Light Rail Fleet Expansion	Fleet Requirements
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	ST3 Appendix A
Downtown Tunnel	ST3 Appendix A
West Seattle to Ballard Link Extension	Track Miles
Tacoma Link Expansion	Location
North Corridor Maintenance of Way	Financial Plan
130th Infill Station	Location
Everett Link Extension (OMF - North)	ST2 Appendix A
Link O&M Facility East	ST2 Appendix A
Light Rail Fleet Expansion-NLE	Fleet Requirements
Light Rail Fleet Expansion-LLE	Fleet Requirements
Light Rail Fleet Expansion-FWLE	ST3 Appendix A
Light Rail Fleet Expansion- East Link	Fleet Requirements
Northgate Link Extension – UW – Northgate	Location
Lynnwood Link Extension Northgate - Lynnwood	Financial Plan
East Link	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
Federal Way Extension – S. 200th to Federal Way TC	Location
South Link – Airport to S. 200th	Location
Link OMFE-IT Equip	ST2 Appendix A
Downtown Redmond Link Extension	Location

System Expansion – Sounder Commuter Rail Projects	Driver
Mukilteo Station South Platform	Location
Tukwila Station	Location
D Street-M Street Track & Signal	Location
Sounder ST2 Fleet Expansion	ST2 Appendix A
North Sounder Parking & Access Improvements	Location
Sounder South Expanded Service	Financial Plan
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
Tacoma Trestle Track & Signal	Location
Auburn Station Improvements	Location
South Sounder Capital Improvements	Station Count & Track Miles
South Tacoma Access Station Improvements	Location
Taoma Done 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
I-90 Two-Way Transit & HOV Opr, stage 3	Location
ST Express Bus Base	Financial Plan
I-405 Bus Rapid Transit	Service Miles
SR 522 Bus Rapid Transit	Service Miles
I-405 BRT TIBS-WSDOT	Location
Bus on Shoulder	ST3 Appendix A, Location
Rapid Ride C & D Improvements	Location
Pacific Ave SR7 Bus Corridor	Location
North Sammamish Park & Ride	Location

System Expansion – Other	Driver
Research & Technology	Financial Plan
Fare Administration	Financial Plan
ORCA Next Generation	Financial Plan
Research and Business Development Program	Financial Plan
Transit System Access Program	Financial Plan
Innovation & Technology Program	Financial Plan
Ambassador Fare Pilot Program	Financial Plan
Efficiency & Sustainability Program	Location
Environmental Mitigation	Location
TOD Planning Program	ST3 Appendix A
Innovation & Technology Program	Financial Plan
TOD Property Disposition	Location

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

Enhancement Projects	Driver
Administrative Support Vehicles	Track Miles
Bike Parking Program	Location
Capitol Hill Fall Protection	Location
CT Onboard Comm Upgrade	Platform Hours
Design Criteria Manual Update	System-Wide Benefit
Design& Engineering Stnds Update	System-Wide Benefit
DSTT Mitigation	Vehicle Miles
Escalator Modernization Program	Location
Fare Paid Zone	Financial Plan
HVAC Corrections	Track Miles
Kent Station Garage LED	Location
Link At Grade	Financial Plan
Link at Grade-Exp Project	Financial Plan
Link OMF Generator	Track Miles
Link Station Renaming	Track Miles
Montlake Terrace LED	Location
Noise Abatement	Location
Non-Revenue Support Vehicles	Track Miles
OMF Electrical Capacity	Track Miles
OMF Enhancements-Expanded Parking	Financial Plan
OMF Enhancements-LRV Wash Bay Modifications	Track Miles
OMF Enhancements-LRV Wash Drainage	Track Miles
OMF LCC Upgrades	Track Miles
OMF LRV Lift	LRV Fleet
OMF Pit Fall Protection	Track Miles
OMF Rennovations	Track Miles
OMF Security Enhancement	Track Miles
Parking Management Program	System-Wide Benefit
Passanger Information Management System	System-Wide Benefit
PH6 Airport & TBIS LED	Location
Positive Train Control	Location / Track Miles

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

Enhancement Projects (Cont'd)	Driver
Rider Alert Work	Financial Plan
S. Everett LED	Location
Seatac Airport Second Elevator	Location
Seatac Airport Wrong Door	Location
Security Radio System	System-Wide Benefit
Signage Improvement	Location
SODO/MLK Hazard Mitigation	Location
Sounder At-Grade Study	Track Miles
Sounder Civil Work	Financial Plan
Station Codes	Track Miles
Tacoma Link Civil Work	Financial Plan
Tacoma Link Fare Collection	Location
Tacoma Link Radio Upgrade	System-Wide Benefit
Tacome Link LED	Location

State of Good Repair	Driver
Ticket Vending Machines- Full System	Location
Convention Place System Retrofit	Location
DSTT Capital Improvements	System-Wide Benefit
DSTT Bond Box and CAD Wekd	System-Wide Benefit
DSTT OCS Sectioning	System-Wide Benefit
Link CCTV System Upgrade	Boarding / Track Miles
Issaquah-Lakewood CCTV Upgrade	Location
Station Midlife Maintenance	Location
Kinkisharyo LRV Sysys Upgrade	System-Wide Benefit
Small Works-OMF Plumbed Eyewashes	Track Miles
Small Works Tacoma LRV CCTV	Location
Small Works Issaquah LED Upgrade	Location
Small Works Mercer Island LED Upgrade	Location
Access Control Card Upgrade	Location

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

CAPITAL USES (Cont'd)

State of Good Repair (cont'd)	Driver
Small Works - Warehouse Security Funding	Location/Track Miles
Tacoma Link LRV Overhaul	Location
Small Works-Kent Warehouse	Track Miles
Link Station Tile Replacement	Location
Link Radio Backup Repeater	Track Miles
Puget Sound Emergency Radio Network	System-Wide Benefit
Sm Wrks-SeaTac Stn UPS Replm	Location
OMF trash Compactor Infrastructure	Track Miles
Link STN CTR OCS Wire Design	Location
Kent-Auburn Bridge Stair Replm	Location
Sounder Vehicle Overhaul Program	Vehicle Miles
Station Midlife Maintenance	Location
Small Works -OMF Cooling Tower	Track Miles
Link OMF-Vehicle Gate Replacement	Track Miles
Upgrade CCTV Gentec	Track Miles
Link Fireworks Upgrade	Track Miles
Link TPSS Upgrade	Track Miles
Vertical Conveyance Program	Location
Replacement Link Specialty Vehicles	Track Miles
IT Infrastructure	Financial Plan
Hub Intranet Replacement	Financial Plan
Link Radio Upgrade	Track Miles

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

APPENDIX B: SUBAREA DRIVERS

OTHER PROJECTS

Administrative Projects	Driver
Administrative Capital	System-Wide Benefit
Replacement Admin Pool Vehicle	System-Wide Benefit
Administrative Capital	System-Wide Benefit
Administrative Capital	System-Wide Benefit
Information Technology Program	System-Wide Benefit
Admin Services	System-Wide Benefit
ST3 Planning- S. Tacoma Acc Station	Location
US Fire Detec Systeem	System-Wide Benefit
Asmin Cap-US GH Sotorage	System-Wide Benefit
US Emerg Lighting	System-Wide Benefit
E1 Tech Upgrade	System-Wide Benefit
CCMS Enhancements	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
ST3 Planning	ST3 Appendix A

DEBT SERVICE AND OTHER INTEREST EXPENSE

Description	Driver
Debt Service	Financial Plan
Lease Interest Expense	Financial Plan
Debt Restructuring (Proceeds/Defesance/Refunding)	Financial Plan

Reserve Contributions / Draws

Description	Driver
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, 2021. Management of Sound Transit is responsible for the Schedule for the year ended December 31, 2021.

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, 2021. 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
May 19, 2022

Agreed-Upon Procedures

Central Puget Sound Regional Transit Authority (Sound Transit) December 31, 2021

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.

Schedule of Sources and Uses (the “Schedule”)

1. We confirmed the 2021 information as reported in the Subarea Sources and Uses – Version Mode/Project Detail report was derived from the underlying general ledger balances for 2021 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 2021 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 2021 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 2021 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 2021 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 96 rules for procedures 6 and 7. We selected our sample based on geographic location of project, facility, or designation from voter approved plan and confirmed each is recorded in the appropriate subarea. No exceptions were noted.

Sound Transit Tax Revenue

8. **Sales tax cash revenues:** We performed the following procedures:

- a. For sales tax revenue, we obtained the Tax Revenue Workbook (Workbook) prepared by Sound Transit personnel and haphazardly selected three months from throughout the year (February, June, October) and performed the following:
 - i. We traced and agreed the gross tax amount collected by subarea in the Workbook to the RTA Distribution Analysis report received from the Department of Revenue with no exceptions noted.
 - ii. We re-computed the amount of miscellaneous pool revenue based upon an allocation on a pro-rata basis of taxes received by subarea with no exceptions noted.
 - iii. We re-computed the gross amount by subarea reported within the Workbook (gross taxes from step (i) above plus the allocated share of miscellaneous pool revenue from step (ii) above) with no exceptions noted.
- b. For each subarea, we traced and agreed the amount of Sales Tax Revenue reported in the Schedule to the Tax Revenue Cash Basis Schedule prepared by Sound Transit personnel with no exceptions noted.

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

- a. We recalculated the 2021 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 (February, June, October) and performed the following:
 - i. We traced and agreed the amount of rental car tax payment received as recorded in the general ledger to the King County Rental Car Analysis Report received from the Washington Department of Revenue for:
 - (1) Total rental car tax payment
 - (2) Allocation to Snohomish County
 - (3) Allocation to Pierce County
 - (4) Allocation to King CountyNo exceptions were noted.
 - ii. For the allocation of rental car tax payment received to each King County subarea 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 (February, June, October) and performed the following:
 - i. We traced and agreed the location amount reported on Department of Licensing (DOL) RTA Excise Tax Collected Report to the MVET Revenue Report with no exceptions noted.
 - ii. We re-computed the monthly subarea percentage derived from DOL's RTA Excise Tax Collected Report. We applied the subarea percentage to the Washington Department of Revenue Treasury Remittance Advice amount and agreed amounts to the MVET Revenue Report with no exceptions noted.
 - iii. There were no new locations added in 2021. 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 3 monthly (February, June, October) cash receipts for King County. We traced and agreed North, East, and South King County subarea amounts to the general ledger cash receipts entry and to King County's Property Tax Deposits report with no exceptions noted.
 - ii. We haphazardly selected 3 monthly (February, June, October) cash receipts for Pierce County and traced and agreed the amounts to the general ledger cash receipts entry and to the Sound Transit Wells Fargo bank statement with no exceptions noted.
 - iii. We haphazardly selected 3 monthly (February, June, October) cash receipts for Snohomish County and traced and agreed the amounts to the general ledger cash receipts entry and to the Sound Transit Wells Fargo bank statement with no exceptions noted.
 - iv. For each subarea, we traced and agreed the amount of property tax revenue reported for the year in the Schedule to the Property Tax Revenue by Subarea Report with no exceptions noted.

Grant Revenues

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

Grant ID Number	Project Description
WA-2021-002-01-01	Downtown Redmond Link Extension
WA-2020-001-03-02	Federal Way Link Extension
WA-2019-001-05-03	Lynnwood Link Extension
WA-2020-001-01-00	Federal Way Link Extension
WA-2019-001-01-00	Federal Way 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 was only one TIFIA loan draw down requested in 2021. 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 following project:
Operations and Maintenance Facility East Project
 - b. We identified 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 verified that the TIFIA Loan draw down was recorded to the subarea in which the related capital project disbursements were recorded in accordance with the authorized and approved subarea rules list by:
 - i. Tracing and agreeing the total on the Federal Drawdown to the FTA approval document with no exceptions noted.
 - ii. Tracing the total to the posted journal entry associated with the recognition of the TIFIA draw down in the general ledger for location based rules or by tracing to the subarea allocation detail report for non-location based rules with no exceptions noted.

Bond Interest

14. For the change in basis of reporting interest on Sound Transit's outstanding bonds from accrual to cash basis within the Schedule we confirmed the interest reported in the Schedule by:
- a. 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 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 was one new bond issued in 2021. The following steps were performed for the bond issuance:
 - a. Obtained a summary of borrowing as recorded in the financial plan from the Senior Manager, Financial Planning and performed the following:
 - i. We confirmed 2021 amounts by subarea have been recorded in the financial plan, excluding debt service, bond proceeds, and bond retirements with no exceptions noted.
 - ii. We traced and agreed to the bond proceeds amount reported on the Statement of Cash Flows with no exceptions noted.
 - iii. We traced and agreed to the bond proceeds reported in the Schedule of Use of Funds by Subarea with no exceptions noted.

Net Position

16. We verified the Opening and Closing Net Position as reported in the Schedule for 2021 by performing the following:
 - a. We traced and agreed the 2020 Closing Net Position to the 2021 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 2021 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.

2021 Reserve Contributions

18. **Operating and maintenance reserve contribution:** We recalculated the contribution to the reserve made during 2021 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.