

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

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

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

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

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

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

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


Crowe LLP

Attachment A

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

Schedule of Sources and Uses (the “Schedule”)

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

Subarea Drivers and Rules

3. We obtained the 2023 authorized and approved subarea rule list and recalculated the mathematical accuracy of changes in each rule type as compiled from supporting documentation provided by management for:
 - a. Each new rule
 - b. Each change in existing rules

No exceptions were noted.
4. We traced and agreed the rule detail in the E1 Allocation Module, used to allocate general ledger amounts between subareas, to the 2023 authorized and approved subarea rule list:
 - a. For all new and changed rules allocated to more than one subarea and selected in procedure 3 above. *No exceptions were noted.*
 - b. For a haphazard sample of 25 existing rules from 2023 authorized and approved subarea rule list. *No exceptions were noted.*
5. We observed the subarea rule drivers as presented in Appendix B by comparing it to the 2023 authorized and approved subarea rule list. *No exceptions were noted.*

Subarea Rule Allocation

6. For each new or modified rule (a total of 32), we recalculated the mathematical accuracy of the allocation of each source or use balance to each subarea in accordance with the rules. *No exceptions were noted.*
7. We selected a haphazard sample of 25 existing rules, including location based rules. We selected our sample based on geographic location of project, facility, or designation from voter approved plan and observed each is recorded in the appropriate subarea. *No exceptions were noted.*

Sound Transit Tax Revenue

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

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

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

- a. We recalculated the 2023 King County subarea rental car tax allocation percentage based on the proportion of rental car tax allocation received from the nine largest rental car tax payors in the accumulation months of July and August using the King County Rental Car Analysis Report provided by the Washington Department of Revenue. *No exceptions were noted.*
- b. We haphazardly selected three months from throughout the year (May, September, November) and performed the following:
 - i. We traced and agreed the amount of rental car tax payment received as recorded in the general ledger to the King County Rental Car Analysis Report received from the Washington Department of Revenue for:
 - (1) Total rental car tax payment
 - (2) Allocation to Snohomish County
 - (3) Allocation to Pierce County
 - (4) Allocation to King County

No exceptions were noted.
 - ii. For the allocation of rental car tax payment received to each King County subarea we recalculated the amount of rental car tax payment allocated to each King County subarea using the rule computed in step 9.a multiplied by the amount of rental car tax payment received from King County as reported in the RTA Rental Car Detail received from the Washington Department of Revenue. *No exceptions were noted.*
- c. For each subarea, we traced and agreed the amount of Rental Car Tax Revenue reported in the Schedule to the Tax Revenue Cash Basis Schedule prepared by Sound Transit personnel. *No exceptions were noted.*

10. **Motor vehicle excise tax cash revenues:** We performed the following procedures:
- a. We haphazardly selected three months of revenues from throughout the year (March, May, September) and performed the following:
 - i. We traced and agreed the location amount reported on Department of Licensing (DOL) RTA Excise Tax Collected Report to the MVET Revenue Report. *No exceptions were noted.*
 - ii. We re-computed the monthly subarea percentage derived from DOL's RTA Excise Tax Collected Report. We applied the subarea percentage to the Washington Department of Revenue Treasury Remittance Advice amount and agreed amounts to the MVET Revenue Report. *No exceptions were noted.*
 - iii. For any new locations, we traced and agreed the subarea assignment to the boundary map. *There were no new locations added in 2023. As such, we did not perform the procedure of tracing and agreeing the subarea assignment for new locations to the boundary map.*
 - b. For each subarea, we traced and agreed the amount of motor vehicle excise tax revenue reported for the year in the Schedule to the MVET Revenue Report. *No exceptions were noted.*

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

Grant Revenues

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

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

- a. We traced the draw down request amount to the Grant Outlay Detail Report to identify each capital project the draw down is associated with. *No exceptions were noted.*
- b. We observed each capital project associated with the draw down on the authorized and approved subarea rule list and the related subarea rule. *No exceptions were noted. We noted that drawdown #5 was related to a project which ended in 2022. As such, we observed the project was listed on the 2022 authorized and approved rule list.*
- c. We observed the grant draw down was recorded to the subarea(s) in which the related capital project disbursements were recorded in accordance with the authorized and approved subarea rules list by:
 - i. Tracing and agreeing the total on the Grant Outlay Detail Report to the Actual Grant Reimbursements Revenues report. *No exceptions were noted.*
 - ii. Tracing the total to the posted journal entry associated with the recognition of the grant draw down in the general ledger for location-based rules or tracing to the subarea allocation detail report for non-location based rules. *No exceptions were noted.*

Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan

13. We haphazardly select a sample of TIFIA Loan draw down items requested from Sound Transit's requisition letter to TIFIA. *There was only one TIFIA loan draw down requested in 2023. The following was performed for the loan draw down:*
- a. We traced the draw down request amount to the Federal Drawdown report to identify the capital project the draw down is associated with. *The draw down related to the Eastlink project and no exceptions were noted.*
 - b. We observed the capital project associated with the draw down on the authorized and approved subarea rule list and the related subarea rule. *No exceptions were noted.*
 - c. We observed that the TIFIA Loan draw down was recorded to the subarea in which the related capital project disbursements were recorded in accordance with the authorized and approved subarea rules list by:
 - i. Tracing and agreeing the total on the Federal Drawdown to the FTA approval document. *No exceptions were noted.*
 - ii. Tracing the total to the posted journal entry associated with the recognition of the TIFIA draw down in the general ledger for location-based rules or by tracing to the subarea allocation detail report for non-location based rules. *No exceptions were noted.*

Bond Interest

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

Bond Proceeds

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

Net Position

16. We observed the Opening and Closing Net Position as reported in the Schedule for 2023 by performing the following:
- a. We traced and agreed the 2022 Closing Net Position to the 2023 Opening Net Position. *No exceptions were noted.*
 - b. We recalculated the Closing Net Position by subarea and confirmed the amount is the Opening Net Position plus or minus the Excess Sources / (Uses). *No exceptions were noted.*
 - c. We traced and agreed the 2023 Closing Net Position by subarea to the financial plan general fund balance by subarea. *No exceptions were noted.*

Prior Year Adjustments

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

2023 Reserve Contributions

18. **Operating and maintenance reserve contribution:** We recalculated the contribution to the reserve made during 2023 and observed the amount has been recorded and the funds segregated within the general ledger are equal to two months of operating and maintenance expenses. We traced and agreed the change in the reserve recorded in the general ledger to the change in the reserve recorded in the Schedule. *No exceptions were noted.*
19. **Capital reserve contribution:** We observed that a minimum balance of \$300 million was maintained in the capital replacement reserve in accordance with Resolution No. R2015-32. We traced and agreed the change in the reserve recorded in the general ledger, including investment income earned, to the change in the reserve recorded in the Schedule. *No exceptions were noted.*