

# 2024 Financial Audit Results

Sound Transit

May 8, 2025



# Introduction – Crowe

**6,500+**  
U.S. Professionals



**37**  
U.S. Locations



**80+**  
Years



Auditing  
**10**  
of top 25 public transit agencies



**36,500**  
Crowe Global Professionals



**146**  
Countries



# Objective and Scope of Work



## Objective

- Express an opinion on the presentation of the financial statements that comprise the Authority's basic financial statements

## Scope of Work

- Obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

# Timeline





# New Accounting Standards

GASB 102 – *Certain Risk Disclosures* – No significant impact

# Audit Deliverables

## Financial Statement Audits

- Independent Auditor's Report (Sound Transit Financial Statements)
- Management Letter (Communication of internal control deficiencies under SAS 115)
- SAS 114 Letter (Required communications with Those Charged With Governance)

## Federal Compliance Audit

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditor's Report on Compliance for Major Federal Program; Report on Internal Control over Compliance
- "In relation to" opinion on the Schedule of Expenditures of Federal Awards
- Crowe's electronic certification of the Data Collection Form through Federal Audit Clearinghouse

## Agreed-Upon Procedures Reports

- National Transit Database Federal Funding Allocation Statistics Form (will be completed in May)
- Schedule of Sources and Uses of Funds by Subarea (will be completed in May)





# Fraud Considerations

## General:

- Inquiry of management, employees, and Board about risks of fraud - none noted
- Consideration of unusual or unexpected relationships that have been identified in performing analytical procedures in planning the audit - none noted
- Consideration of whether fraud risk factors exist - none noted
- Consideration of other information gathered throughout the audit - none noted

## Fraudulent Financial Reporting Procedures:

- Examination of journal entries and other adjustments for evidence of possible material misstatement due to fraud – no issues noted
- Review of accounting estimates for biases that could result in material misstatement due to fraud, including a retrospective review of significant prior year estimates – no issues noted
- Evaluation of the business rationale of significant unusual transactions – no issues noted
- Testing of revenue for proper cut-off – no issues noted

# Required Communications to Those Charged with Governance

| Topic   | Comment   |
|---|---|
| Independence Communication  | <ul style="list-style-type: none"> <li>• We are not aware of any relationship between Crowe LLP and Sound Transit that, in our professional judgment, may reasonably be thought to impair our independence               <ul style="list-style-type: none"> <li>• We are performing consulting services related to the benchmarking of peer capital cost allocation methodologies, but this does not impair independence</li> </ul> </li> </ul> |
| Significant Accounting Policies   | <ul style="list-style-type: none"> <li>• No new accounting policies</li> </ul>  |
| Management's Judgments and Accounting Estimates                                   | <ul style="list-style-type: none"> <li>• Fair value of investments</li> <li>• Estimated useful lives of capital assets and lease assets</li> <li>• Discount rate of lease and subscription agreements</li> </ul>  |
| Auditor's Judgments About Qualitative Aspects of Significant Accounting Practices | <ul style="list-style-type: none"> <li>• Appropriateness of accounting policies</li> <li>• Adequacy of financial statement disclosures</li> <li>• Timing of transactions</li> <li>• Significant risks, exposures and unusual transactions - None</li> <li>• Selective correction of misstatements – None</li> </ul>   |

# Required Communications to Those Charged with Governance (Continued)

| Topic   | Comment   |
|---|---|
| Corrected and Uncorrected Misstatements   | <p>No corrected misstatements</p> <p>One uncorrected reclassifying adjustment – An adjustment to reclassify current investments to noncurrent was waived by management. The impact of the entry would have reduced current assets and increased noncurrent assets by approximately \$162 million.</p> |
| Significant Deficiencies and Material Weaknesses  | None noted  |
| <p>Other Communications:</p> <ul style="list-style-type: none"> <li>• Other Information in Documents Containing Audited Financial Statements</li> <li>• Significant Difficulties Encountered During The Audit</li> <li>• Disagreements With Management</li> <li>• Consultations With Other Accountants</li> <li>• Representations The Auditor Is Requesting From Management</li> <li>• Significant Issues Discussed, Or Subject To Correspondence, With Management</li> <li>• Significant Related Party Findings and Issues</li> <li>• Other Finding or Issues We Find Relevant or Significant</li> </ul> | No matters noted  |

# Emerging Issues

- Implementations on the horizon
  - Calendar 2025
    - None required
  - Calendar 2026
    - GASB 103 – *Financial Reporting Model*





# Thank you

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