Office of the Washington State Auditor
Pat McCarthy

# Exit Conference: Central Puget Sound Regional Transit Authority (dba Sound Transit)

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

## Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2025 through December 31, 2025 – see draft report.

## Audit Highlights

- We are pleased to report no finding or management letters issued for the FY25 audit.
- We would like to thank Lori Bevier, Program Manager – Financial Compliance, and Patrick Johnson, Deputy Executive Director – Internal Audit, for their cooperation and assistance throughout the audit.
- We would also like to thank the following staff for their timely responses to our questions and audit requests:
  - Michael Ballard, Accounting Manager – Financial Operations
  - Long Nguyen, Travel & Expense Analyst
  - Alex March, Procurement & Contracts Manager
  - Shannon Nelson, Senior Program Manager – P-Card Program

## Recommendations not included in the Audit Reports

**Exit Items**

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or noncompliance with laws or regulations that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

## Work of Other Auditors

A financial statement audit was performed by Crowe LLP of Sound Transit. Professional audit standards require us to evaluate relevant work done by other auditors and communicate certain matters to the governing body.

- We performed procedures to ensure we could rely on the work of the external auditors and reference their audit in our audit report. These procedures included consideration of attendance at key meetings,

evaluation of the firm's last peer review report, review of the other auditor's work, review of the other auditor's results and communications with the other auditor.

- We did not become aware of any instance in which the work of the other auditors gave rise to concern about the quality of their work.
- There were no limitations that restricted our analysis of the other audits.
- We did not become aware of any instance in which a material misstatement of the financial statements has or may have resulted from fraud or suspected fraud.

## Finalizing Your Audit

### Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at https://portal.sao.wa.gov/SAOPortal.

### Management Representation Letter

We have included a copy of representations requested of management.

### Audit Cost

At the entrance conference, we estimated the cost of the audit to be $77,700 and actual audit costs will approximate that amount.

### Your Next Scheduled Audit

Your next audit is scheduled to be conducted in the fall of 2027 and will cover the following general areas:

- Accountability for public resources for the period January 1, 2026 through December 31, 2026
- CPA workpaper review

The estimated cost for the next audit based on current rates is $77,700 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

## Working Together to Improve Government

### Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

### Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

### The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We

provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

## Questions?

Please contact us with any questions about information in this document or related audit reports.

**Tina Watkins, CPA, Director of Local Audit, (360) 260-6411, Tina.Watkins@sao.wa.gov**

**Wendy Choy, CFE, Assistant Director of Local Audit, (425) 502-7067, Wendy.Choy@sao.wa.gov**

**Joe Simmons, Audit Manager, (206) 613-7628, Joseph.Simmons@sao.wa.gov**

**Sherry Chang, Assistant Audit Manager, (206) 613-7625, Sherry.Chang@sao.wa.gov**

**Anson Hwang, Audit Lead, (206) 613- 7612, Anson.Hwang@sao.wa.gov**

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Office of the Washington State Auditor
Pat McCarthy

## Accountability Audit Report

# Central Puget Sound Regional Transit Authority

## (Sound Transit)

**For the period January 1, 2025 through December 31, 2025**

*Published (Inserted by OS)*

Report No. (Inserted by OS)

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# Office of the Washington State Auditor
# Pat McCarthy

Issue Date – (Inserted by OS)

Board of Directors
Sound Transit
Seattle, Washington

## Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Authority operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Authority's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Signature Here (Please do not remove this line)

Pat McCarthy, State Auditor

Olympia, WA

### *Americans with Disabilities*

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.*

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# AUDIT RESULTS

## Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Authority operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

## About the audit

This report contains the results of our independent accountability audit of Sound Transit from January 1, 2025 through December 31, 2025.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Authority's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2025, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Compliance with contracts and interlocal agreements terms
- Accounts payable - credit cards
- Procurement – public works
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

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# RELATED REPORTS

## Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, https://portal.sao.wa.gov//ReportSearch.

## Federal grant programs

A firm of certified public accountants evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the Authority's major federal programs. That firm's report is available on our website, https://portal.sao.wa.gov//ReportSearch.

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## INFORMATION ABOUT THE AUTHORITY

In 1992, the Washington State Legislature authorized King, Pierce, and Snohomish counties to create a regional transit authority to plan, build and operate a high-capacity transit system within the Puget Sound region's most heavily traveled corridors. The Central Puget Sound Regional Transit Authority, doing business as Sound Transit, was established September 17, 1993. The Authority comprises five subareas within the contiguous urbanized areas of Snohomish, King, and Pierce counties. The service area is home to over 3.4 million people, or 80.6 percent of the three-county population.

Sound Transit is governed by an 18-member Board made up of local elected officials proportional to the population included in the Sound Transit district. Three members are from Snohomish County, 10 from King County, and four from Pierce County. The last seat is held by the Washington State Secretary of Transportation.

To date, Sound Transit has three phases of its System Plan: Sound Move, Sound Transit 2 (ST2), and Sound Transit 3 (ST3). "Sound Move" was a 10-year plan approved by voters in 1996 to implement commuter rail (Sounder), regional express bus service (ST Express) and light rail (Link) operations. Sound Move was completed in 2016. "ST2" is a 15-year plan approved by voters in 2008 to provide further expansion of facilities and service to the region with anticipated completion by 2023. "ST3" is a 25-year plan approved by voters in 2016 to expand light rail, connecting 16 cities and adding 62 new miles, and adding Bus Rapid Transit and extending Sounder train platforms.

Sound Transit has implemented, and is operating, the following services as of 12/31/2025: Sounder Commuter Rail operates on two commuter rail corridors: the N Line between Everett and Seattle and the S Line between Lakewood and Seattle; 24 ST Express Bus Routes; Link Light Rail service currently consists of two routes.

The 1 Line runs north-south between Lynnwood and Angle Lake. The 2 Line runs east-west between South Bellevue and Downtown Redmond Station. In 2025, Sound Transit expanded Link light rail to Federal Way and Downtown Redmond, adding about 11 miles and five stations. T Line (former Tacoma Link) connects Tacoma Dome and the Hilltop neighborhood in Tacoma with 4 miles track length and 12 stations.

In 2025, the Authority had almost 50.9 million boardings on its trains and buses, an 21.4 percent increase from 2024. The Authority had 1,482 regular full-time employees and 12 full-time temporary employees at the end of 2025.

The Authority receives revenue through taxes (sales tax, motor vehicle excise tax, property tax, and rental car tax), passenger fares, other local contributions, federal and state grants.

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## Contact information related to this report

| | |
|---|---|
| Contact: | Program Manager – Financial Compliance |
| Telephone: | (206) 398-5000 |
| Website: | www.soundtransit.org |

*Information current as of report publish date.*

## Audit history

You can find current and past audit reports for the Sound Transit at https://portal.sao.wa.gov//ReportSearch.

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## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

### Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

### Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov

SOUNDTRANSIT

November 19, 2026

Office of the Washington State Auditor
3200 Capitol Blvd
P.O. Box 40031
Olympia, WA 98504-0031

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of Central Puget Sound Regional Transit Authority (Sound Transit) for the period from January 1, 2025 through December 31, 2025. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

## General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all requested and relevant information of which we are aware, including:
   a. Financial records and related data.
   b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
   c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.

**CHAIR**
**Dave Somers**
*Snohomish County Executive*

**VICE CHAIRS**
**Claudia Balducci**
*King County Councilmember*

**Ryan Mello**
*Pierce County Executive*

**BOARD MEMBERS**
**Angela Birney**
*Redmond Mayor*

**Steffanie Fain**
*King County Councilmember*

**Cassie Franklin**
*Everett Mayor*

**Hunter George**
*Fircrest Councilmember*

**Thomas McLeod**
*Tukwila Mayor*

**Julie Meredith**
*Washington State Secretary of Transportation*

**Teresa Mosqueda**
*King County Councilmember*

**David Parshall**
*Lynnwood Councilmember*

**Ed Prince**
*Renton Councilmember*

**Kim Roscoe**
*Fife Mayor*

**Dan Strauss**
*Seattle Councilmember*

**Peter von Reichbauer**
*King County Councilmember*

**Kristina Walker**
*Tacoma Councilmember*

**Katie Wilson**
*Seattle Mayor*

**Girmay Zahilay**
*King County Executive*

**CHIEF EXECUTIVE OFFICER**
**Dow Constantine**

d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.

e. Related party relationships and transactions.

f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.

2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.

3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.

4. When requested, we have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities.

5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.

6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.

7. We have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.

8. Except as reported to you in accordance with RCW 43.09.185, we have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.

9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.

Hughey Newsome
Chief Finance Officer