



# 2025 Financial Audit Results

Sound Transit  
Finance and Audit Committee  
May 14, 2026




# Introduction – Crowe

**5,700+** 

U.S. Professionals

**36**   
U.S. Locations

**80+**   
Years

**36,500** 

Crowe Global Professionals

**146**   
Countries

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

# 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



# Audit Deliverables

## Financial Statement Audits

- Independent Auditor's Report (Sound Transit Financial Statements) – **Unmodified Opinion**
- 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 – **Unmodified Opinion**
- Independent Auditor's Report on Compliance for Major Federal Program; Report on Internal Control over Compliance – **Unmodified Opinion**
- "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 June)
- 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 tax services related to the Inflation Reduction Act tax credits, 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 adjustment – In December 2025, Sound Transit recorded as entry to book the balance of a land bank receivable asset, held with WSDOT. The land bank receivable asset had a balance as of December 31, 2024 and management elected to waive the prior period impact of the entry. The ending 2024 net position is understated by approximately \$103 million and the 2025 non-operating revenue is overstated by the same amount.</p>
Significant Deficiencies and Material Weaknesses	None noted



# Required Communications to Those Charged with Governance (Continued)

Topic	Comment
<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>	<p>Two deficiencies in internal control we wish to communicate to you:</p> <ul style="list-style-type: none"> <li>• IT General Controls – Physical Security and Business Continuity               <ul style="list-style-type: none"> <li>• Physical access to the data center is not adequately restricted, with broad access and limited monitoring controls in place. Additionally, a comprehensive and tested business continuity plan has not yet been completed, increasing the risk of disruption and inability to recover effectively from incidents.</li> </ul> </li> <li>• Internal Audit Governance and Organizational Independence               <ul style="list-style-type: none"> <li>• The internal audit function does not currently maintain sufficient organizational independence, as it primarily reports through management rather than directly to the governing body. Limited direct interaction with the board and executive leadership, along with the lack of formal approval of the audit charter, further constrains its objectivity and oversight effectiveness.</li> </ul> </li> </ul>



# New Accounting Standards

- Calendar 2025
  - None required
- Calendar 2026
  - GASB 103 – *Financial Reporting Model Improvements*
  - GASB 104 – *Disclosure of Certain Capital Assets*
- Calendar 2027
  - GASB 105 – *Subsequent Events*





# THANK YOU

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