



KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Accountants' Report on Applying Agreed-Upon Procedures

Audit and Reporting Committee of the Board of Directors
Central Puget Sound Regional Transit Authority:

We have performed the procedures enumerated in Exhibit A (attached), with respect to the data contained in Central Puget Sound Regional Transit Authority's (Sound Transit's) original submission, dated April 30, 2017, of the National Transit Database (NTD) Federal Funding Allocation Statistics Form (FFA-10) for the year ended December 31, 2016. Such procedures, which the Federal Transportation Administration (FTA) included in the Declarations section of the 2016 Policy Manual and were agreed to by the Audit and Reporting Committee of the Board of Directors of Sound Transit, related to Sound Transit's compliance with the procedures specified by the FTA and whether the information included in the NTD FFA-10 for the year ended December 31, 2016 is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993, as amended, and as presented in the 2016 Policy Manual. Sound Transit's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit A either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. 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.

The procedures described in Exhibit A were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles, fixed guideway directional route miles, passenger miles traveled and operating expenses of Sound Transit for the year ended December 31, 2016 for each of the following transportation modes:

- Street car rail directly operated
- Light rail directly operated
- Commuter rail purchased transportation
- Commuter bus directly operated
- Commuter bus purchased transportation

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

KPMG LLP

June 30, 2017

Central Puget Sound Regional Transit Authority:

We performed the following procedures on the schedules which support the information presented in the original submission of the Federal Funding Allocation Statistics Form (FFA-10) of Central Puget Sound Regional Transit Authority's (Sound Transit) National Transit Database (NTD) report for the year ended December 31, 2016:

1. We inquired of Sound Transit personnel assigned the responsibility of supervising the preparation and maintenance of NTD data related to Sound Transit's system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2016 Policy Manual to ascertain:

Sound Transit personnel believe they followed the procedures on a continuous basis; and

Sound Transit personnel believe procedures resulted in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2016 Policy Manual.

2. We confirmed the belief through inquiry of Sound Transit personnel responsible for supervising and maintaining NTD data that the retention policy is followed by Sound Transit with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form.
3. We confirmed with Sound Transit personnel responsible for supervising and maintaining the NTD data, their understanding of the source documents to be retained by Sound Transit for a minimum of three years. For each type of source document, we selected the past three years and verified that source documentation exists for each of the selected periods.
4. We inquired of Sound Transit personnel responsible for supervising and maintaining the NTD data regarding the system of internal controls over reporting of that data. Based on a review of Sound Transit's documented policies and procedures and as corroborated with individuals responsible for supervising and maintaining NTD data, we confirmed that individuals, independent of the individuals preparing the source documents and posting the data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness.
5. We selected a sample of source documents for each mode of transportation used by Sound Transit during the year ended December 31, 2016, and observed evidence that a supervisory review was performed, noting no exceptions.
6. We obtained the worksheets utilized by Sound Transit to prepare the final data which are transcribed onto the Federal Funding Allocation Statistics Form. We compared the periodic data included on the worksheets to the periodic summaries prepared by Sound Transit and tested the arithmetical accuracy of the summarizations. We noted the following exceptions:
 - For Sounder (commuter rail purchased transportation), we determined that vehicle revenue miles on guideways greater than or equal to seven years old were overstated by 15,820 miles.
 - For ST Express (commuter bus purchased transportation), we determined that vehicle revenue miles on guideways greater than or equal to seven years old were overstated by 14,332 miles.
 - For ST Express (commuter bus directly operated), we determined that revenue hours operated were understated by 738 hours.

7. We inquired whether it has been determined that Sound Transit's sampling procedures for accumulating and recording passenger miles traveled meet the FTA's statistical requirements. Sound Transit personnel indicated that the sampling procedures for all transportation modes met FTA's statistical requirements, except for Central Link (light rail directly operated), whose methodology was approved by a qualified statistician.
8. We made inquiries of Sound Transit personnel of Sound Transit's eligibility to conduct statistical sampling for passenger mile data every third year. Sound Transit personnel confirmed that Sound Transit does not meet federal requirements allowing it to sample passenger mile data every third year, as Sound Transit does not meet any one of the criteria which allow transit agencies to conduct statistical samples for accumulating passenger mile data every third year. Instead, Sound Transit uses an annual statistical sampling method.
9. We obtained a description of the sampling procedure used by Sound Transit for estimation of passenger mile data and obtained a copy of the methodology used to select the actual sample of runs for recording passenger mile data. We confirmed through inquiry of Sound Transit personnel responsible for maintaining NTD data that the universe of runs was used as the sampling frame and the methodology used to select specific runs from the universe resulted in a random selection of runs. We reviewed system printouts of the randomly generated samples, and determined the sampling was performed in accordance with the sampling methodology. In cases where we observed a selected sample run was not used, we ascertained that a replacement sample run was randomly selected.
10. We selected a sample of three months' source documents (February, July, October) for accumulating passenger mile data and ascertained for the samples selected that they were complete (all required data are recorded) and that the computations were mathematically accurate.

We selected a sample of one accumulation period per mode of transportation and recomputed the accumulations for each of the selected periods. We tested the arithmetical accuracy of the summarizations, noting that we agreed the total summarizations to the final data which were transcribed onto the Federal Funding Allocation Statistics Form.

11. We inquired of Sound Transit staff regarding the procedures for systematic exclusion of charter, school bus and other ineligible vehicle miles from the calculation of vehicle revenue miles who stated that there are no such services provided by Sound Transit that would be considered ineligible for the calculation of vehicle revenue miles.
12. For actual vehicle revenue mile data, we documented the collection and recording methodology used and noted that deadhead miles are excluded from the computation. Statistical information for the commuter bus and commuter rail services were collected directly from the third party purchased service providers that provide the services. This information is submitted by the third party purchased service providers for which Sound Transit relies for reporting purposes. We selected three accumulation periods for testing and tested the arithmetical accuracy of the summarization of this data.
13. For the railway, street car rail and light rail transportation modes, we inquired of Sound Transit personnel with regard to the methodology for recording and accumulating vehicle revenue miles to prevent locomotive miles from being included in the computation, who stated that locomotive miles are not included in the vehicle revenue miles computation.

14. For reported fixed guideway directional route miles, we inquired of, and received representation from, Sound Transit personnel responsible for maintaining and reporting the NTD data, that operations meet the FTA's definition of fixed guideway in that services are:
- Rail, trolley bus, ferry boat or aerial tramway; or
- Bus service operating over exclusive or controlled access rights-of-way and that:
- a) Access is restricted;
 - b) Legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway, and
 - c) Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) demonstrate safe operation.
15. We inquired of Sound Transit personnel responsible for reporting NTD data regarding measurement of fixed guideway directional route miles and read the Transit Agency Service Form fixed guideway worksheets. Sound Transit personnel represented that the mileage is computed in accordance with the FTA's definitions of fixed guideway and directional route miles. We inquired whether there were service changes during the year that resulted in an increase or decrease in directional route miles, noting that ST Express (commuter bus purchased transportation) had changes in directional route miles in 2015. We re-computed the average monthly directional route miles and reconciled the total to the directional route miles reported on the Federal Funding Allocation Statistics form without exception. For new directional route miles added during the current year, we measured such mileage utilizing maps provided by Sound Transit and agreed mileage to Sound Transit's records without exception.
16. We inquired of Sound Transit personnel responsible for reporting the NTD data whether other public transportation agencies operate service over the same fixed guideway as Sound Transit. Sound Transit personnel represented that there are other public transportation agencies that operate over the same fixed guideway as Sound Transit, but directional route miles for these segments of fixed guideway are reported only once to the NTD on the Federal Funding Allocation Statistics Form. Sound Transit reported the vehicle revenue miles, passenger miles and operating expense for the service operated over the same fixed guideway.
17. We obtained and reviewed Sound Transit's reconciliations of operating expenses by mode reported to the NTD to the audited financial statements and recalculated the reconciliations without exception. The difference between operating expenses by mode reported to the NTD and the audited financial statements is due to the fact that the not all operating expenses are allocated in the audited financial statements. A portion of these expenses are reported separately as general and administrative expenses in the audited financial statements. Under the FTA cost principles used for NTD reporting, these general and administrative costs need to be allocated. These allocations are calculated automatically from the EnterpriseOne system, which is used as Sound Transit's general ledger. We reviewed and discussed the reconciling items with management and agreed all reconciling items to the EnterpriseOne system without exception.

We reviewed the Fixed Guideway Segments Form and inquired of Sound Transit personnel responsible for reporting NTD data regarding the commencement date of revenue services for such fixed guideway segment and determined that the date reported was the date revenue service began.

18. Sound Transit personnel responsible for reporting NTD data confirmed through documentation that purchased transportation fare revenues are collected by contract service providers. We obtained documentation of collected fare revenue amounts as reported by the contract service providers and agreed the total to the collected fare revenues reported on Sound Transit's Contractual Relationship Identification Form without exception.
19. Sound Transit's report contains data for purchased transportation services from two different agencies. Sound Transit obtains the Independent Auditors' Statement for Federal Funding Allocation data of the purchased transportation services for one of these agencies and obtains source data from the other agency.
20. We obtained copies of the purchased transportation contracts and ensured that each contract specified the services to be provided, the monetary consideration, the period of the contract, and were signed by representatives of both parties to the contract.
21. We inquired of Sound Transit personnel responsible for maintaining NTD data regarding the policy for retention of executed purchased transportation contracts and ascertained that copies of the contracts were retained for three years.
22. We inquired of Sound Transit personnel responsible for maintaining NTD data regarding the procedures for allocation of statistics between urbanized areas and nonurbanized areas. Management confirmed that Sound Transit operates in a single urbanized area.
23. We compared the data reported on the Federal Funding Allocation Statistics Form to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. For all transportation modes, we inquired of Sound Transit management regarding the specifics of operations that led to the increases or decrease in the data relative to the prior reporting period. The following represents management's explanation for those data points which varied by more than 10% from the amounts reported in 2015:
 - For Sounder (commuter rail purchased transportation), passenger miles increased from 91,022,762 to 106,687,816, or 17.2%. Management explained that this increase was the result of more passengers boarding the south line at the three most southern stations and an additional mid-day round trip that was added in the fourth quarter of 2016.
 - For Central Link (light rail directly operated), passenger miles increased from 88,446,948 to 122,981,301, or 39.0%, vehicle revenue miles increased from 2,719,160 to 4,092,646, or 50.5%, and operating expenses increased from \$61,684,967 to \$84,450,474, or 36.9%. Management explained that these increases were due to two new extensions that went into service during the year, as well as the increased use of three-car trains during peak periods. Additionally, there was an increase in directional route miles from 38.5 miles to 48.1 miles. Management explained that this increase was due to two new extensions that went into service in 2016.
 - For ST Express (commuter bus directly operated), operating expenses increased from \$89,448,827 to \$98,647,348, or 10.3%. Management explained that this increase was the result of the additional service hours that were added to improve the reliability of service impacted by construction and congestion. In addition to the additional service hours the weekday trips increased by about 40 across 8 routes and 1 new route with 48 weekday trips. Most of the additional trips meet or feed Link (light rail directly operation) or Sounder (commuter rail purchased transportation). In addition to the service

Exhibit A

improvements one of the operating partners, Pierce Transit, entered into a new union agreement in January 2016 which increased the cost of service provided by Pierce Transit. Additionally, there was a decrease in directional route miles from 198.8 miles to 182.7 miles. Management explained that this decrease was due to 9 segments that were removed, which was partially offset by one segment addition.