



Communications with Those Charged  
with Governance

**Central Puget Sound Regional Transit Authority**

December 31, 2022

## **Communications with Those Charged with Governance**

Finance and Audit Committee  
Board of Directors  
Central Puget Sound Regional Transit Authority

We have audited the financial statements of the Central Puget Sound Regional Transit Authority (“Sound Transit”) as of and for the year ended December 31, 2022, and have issued our report thereon dated May 5, 2023. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter dated September 20, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements do not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sound Transit’s internal control over financial reporting. Accordingly, we considered Sound Transit’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Other Information Included in the Annual Report**

Management is responsible for the other information included in the 2022 Sound Transit Annual Report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. We have read the information, and nothing came to our attention that caused us to believe that such information is materially inconsistent with the financial statements.

## **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope previously communicated to you in the engagement letter dated September 20, 2022, and the Services Contract No. RP 0123-18 dated January 6, 2019.

## **Significant Audit Findings and Issues**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sound Transit are described in Note 2 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during the year ended December 31, 2022.

We noted no transactions entered into by Sound Transit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are:

- **Useful Lives and Recovery Periods for the Cost of Capital Assets** – This represents the useful lives and the related depreciation of capital assets. Management's estimate of the useful lives and recovery periods for the cost of capital assets is based on industry prescribed depreciation recovery periods.
- **Assessment of Impairment of Capital Assets** – This represents the impact of potential impairment following an event or circumstance that indicates there is a large permanent decline in the underlying asset's service utility, and the event or circumstance is outside the normal life cycle of the asset.
- **Taxes Receivable** – This represents the portion of non-operating revenues derived from various taxes that have been allocated to Sound Transit during the year ended December 31, 2022 but for which proceeds haven't been received and are payable to Sound Transit as of December 31, 2022.

- **Environmental Remediation Liabilities** – This represents costs related to environmental remediation sites for which Sound Transit is at least partially responsible.
- **Potential Losses Related to Claims and Litigation** – This represents costs related to settling and otherwise resolving ongoing litigation.
- **Asset Retirement Obligations** – This represents the costs that will be incurred to fulfill any legal obligations that require the removal of all or part of such constructed assets upon retirement.
- **Cost Allocations Including Amounts Capitalized to Construction** – This represents the allocation of costs, including direct and indirect costs, to capital projects, operating activities, agency administration and fare and regional planning.

We evaluated the key factors and assumptions used to develop the estimates to determine that they are reasonable in relation to the financial statements as a whole.

***Financial Statement Disclosures***

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are:

- The disclosure of Significant Accounting Policies in Note 2 to the financial statements
- The disclosure of Taxes and Other Receivables in Note 4 to the financial statements
- The disclosure of Leases in Note 5 to the financial statements
- The disclosure of Capital Assets in Note 6 to the financial statements
- The disclosure of Long-Term Debt in Note 8 to the financial statements
- The disclosure of Other Long-Term Obligations in Note 9 to the financial statements
- The disclosure of Commitments and Contingencies in Note 12 to the financial statements

***Significant Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in performing and completing our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not identify any corrected misstatements or uncorrected misstatements as a result of audit procedures performed within Sound Transit.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor reports. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We requested and have received certain representations from management that are included in Sound Transit's management representation letters dated as of our audit report dates.

### ***Management Consultation with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Sound Transit's financial statements, or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Information in Documents Containing Audited Financial Statements***

We are aware that from time to time the financial statements and our audit report may be included in future bond offerings. The inclusion of our audit report and the financial statements in a bond offering requires you to notify us of the pending bond offering as noted in our professional service agreement and contract with you.

By including our audit report and financial statements in an offering document we have certain professional obligations under generally accepted auditing standards, which we need to consider related to the offering document. Our responsibility for other information in these bond offering documents does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we do have a professional responsibility to read the information or manner of its presentation appearing in the bond offering document.

### ***Other Significant Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Sound Transit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### ***Independence***

Moss Adams is independent with respect to Sound Transit.

This communication is intended solely for the information and use of management of Sound Transit and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



Seattle, Washington  
May 5, 2023

