

# 2023 Audit Results

Sound Transit

July 11, 2024





# Introduction – Crowe

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



**38**  
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 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – No significant impact

*GASB 96 – Subscription-Based Information Technology Arrangements* – Sound Transit implemented in 2023, retrospectively applied to the 2022 financial statements. As a result, Sound Transit recorded an increase of \$19.1 million in subscription assets and increases of \$3.5 million and \$16.3 million in current and non-current subscription liabilities, respectively. This also resulted in a decrease in net investment in capital assets net position of \$700 thousand.

*GASB 100 – Accounting Changes and Error Corrections* – No significant impact

*GASB 101 – Compensated Absences* – Sound Transit implemented in 2023, retrospectively applied to the 2022 financial statements. As a result, Sound Transit recorded an increase in current liabilities of \$2.4 million and a decrease in unrestricted net position of the same amount.

# Audit Deliverables

## Financial Statement Audits

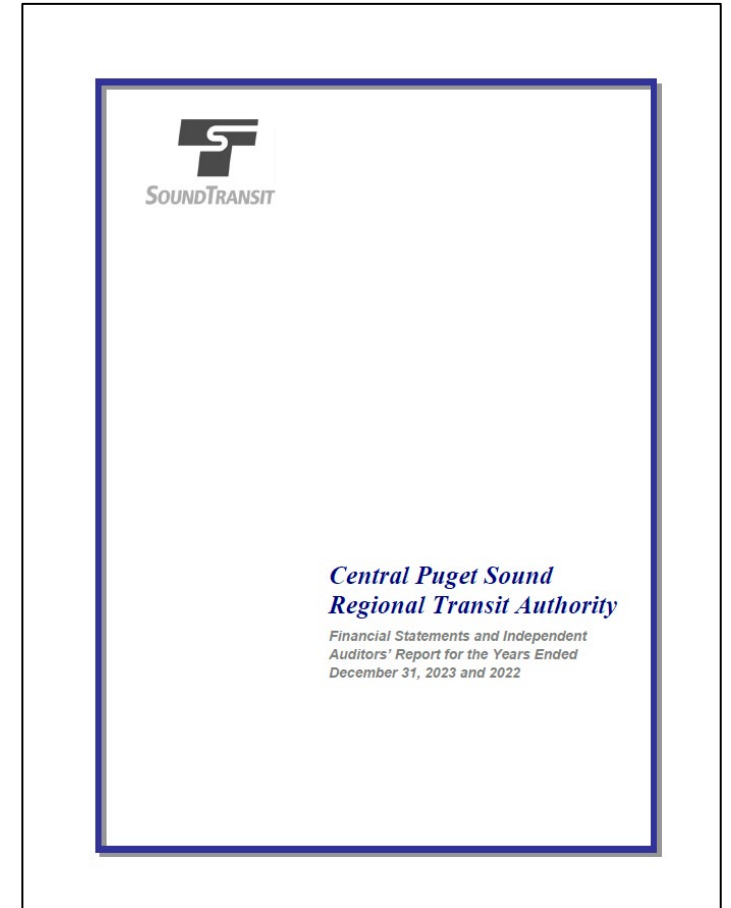
- Independent Auditor's Report (Sound Transit Financial Statements)
- Management Letter (Communication of internal control deficiencies under SAS 115)
- SAS 114 Letter (Required communications with Those Charged With Governance)

## 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
- Schedule of Sources and Uses of Funds by Subarea





# 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</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</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	None identified
Significant Deficiencies and Material Weaknesses	None noted
Other Communications: <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
    - GASB 102 – *Certain Risk Disclosures*
  - Calendar 2026
    - GASB 103 – *Financial Reporting Model*





# Thank you

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