

**CENTRAL PUGET SOUND
REGIONAL TRANSIT AUTHORITY**

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Fiscal year ended December 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES

To the Management of
Central Puget Sound Regional Transit Authority
Seattle, Washington

We have performed the procedures enumerated in Attachment A on the Federal Funding Allocation Statistics Form FFA-10 (FFA-10), related to Central Puget Sound Regional Transit Authority's (Sound Transit's) compliance with the Federal Transit Administration's (FTA) Declarations section of the *2023 Policy Manual* and 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 of December 31, 2023. Sound Transit is responsible for its compliance with those requirements.

Sound Transit has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in understanding compliance with the above specified requirements. Additionally, FTA has agreed to and acknowledged that the procedures are appropriate to meet their purposes. We make no representation regarding the appropriateness of the procedures either for the purpose for which this report has been requested or for any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

The procedures and the associated findings are in Attachment A.

We were engaged by Sound Transit to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the 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.

We are required to be independent of Sound Transit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Crowe LLP

Indianapolis, Indiana
June 27, 2024

The procedures below were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles (VRM), fixed guideway directional route miles (FG DRM), passenger miles traveled (PMT), and operating expenses (OE) of Sound Transit as of and for the year ended December 31, 2023, for each of the following modes:

- Directly Operated – Streetcar Rail
- Directly Operated – Light Rail
- Directly Operated – Commuter Bus
- Purchased Transportation – Commuter Rail
- Purchased Transportation – Commuter Bus

- a. Obtain and read a copy of written procedures related to the system for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2023 Policy Manual. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

Results: Procedure performed without exception.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to understand:
- The extent to which the transit agency followed the procedures on a continuous basis, and
 - Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2023 Policy Manual.

Results: Procedure performed without exception.

- c. Inquire of these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form (FFA-10).

Results: Per inquiry, source documents supporting the NTD data are maintained for at least three fiscal years. Procedure performed without exception.

- d. Based on a description of the transit agency's procedures from items (A) and (B) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, haphazardly select three months out of the year and observe whether the document exists for each of these periods.

Results: We selected source documents from all modes for September, February and April to observe they were retained for a minimum of three years. We observed that the source documents were maintained for each fiscal year as required.

- e. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

Results: Procedure performed without exception.

- f. Select a haphazard sample of three source documents and observe whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

Results: While physical signatures from supervisors are not required on the source documents by policy, we obtained and reviewed the annual NTD review checklist that is maintained to track responsibility for the preparation and review of each NTD form and related support, noting initials and dates were formally documented digitally in a spreadsheet as evidence of review of the documents and forms. No exception noted.

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Recalculate the computations of the summaries.

Results: We obtained the worksheets and agreed the data on the worksheets to the summaries provided and recalculated the computations of the summaries. Procedure performed without exception.

- h. Inquire regarding the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the *2023 Policy Manual*.

Results: The Purchased Transportation Commuter Bus service utilizes Automatic Passenger Counters (APC) for a 100% count verification. For Light Rail, Commuter Rail, Streetcar Rail, and Directly Operated Commuter Bus services, Sound Transit collects passenger data using available APC on rail cars and scales up using a statistically valid method. Each method used is an approved method in the *2023 Policy Manual*. Procedure performed without exception.

- i. Inquire of transit agency staff (the accountant may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for passenger mile data every third year. Observe whether the transit agency meets one of three criteria that allow transit agencies to conduct statistical samples for accumulating passenger mile data every third year rather than annually. Specifically:

- According to the 2010 Census, the public transit agency serves an urbanized area (UZA) of less than 500,000 population.
- The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size urbanized area).
- The service is purchased from a seller operating fewer than 100 revenue vehicles in annual maximum revenue service, and is included in the transit agency's NTD report.

For transit agencies that meet one of the above criteria, obtain the NTD documentation for the most recent mandatory sampling year (2023) and determine that statistical sampling was conducted and meets the 95 percent confidence and ± 10 percent precision requirements. Inquire how the transit agency estimated annual PMT for the current report year.

Results: This procedure is not applicable to Sound Transit.

- j. Obtain a description of the sampling procedure for estimation of passenger mile data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording passenger mile data. If the average trip length was used, observe that the universe of runs was used as the sampling frame. Observe that the methodology to select specific runs from the universe resulted in a random selection of runs. If a selected sample run was missed, observe that a replacement sample run was randomly selected. Observe that the transit agency followed the stated sampling procedure.

Results: Procedure performed without exception. Sound Transit uses an approved APC procedure with an alternative sampling methodology determined to meet 95% confidence and $\pm 10\%$ precision levels by a qualified statistician.

- k. Select a haphazard sample of the source documents for accumulating PMT data and observe that all required data are recorded and recalculate the computations. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulations periods that were selected. Recalculate the computations of the summary.

Results: We haphazardly selected three accumulation periods (March, June and October) and recalculated computations of the summarization for all modes noting no exception. We selected the two source documents for each accumulating PMT period selected and observed that documents were complete and mathematically accurate.

- l. Inquire regarding the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and observe that stated procedures are followed by selecting a haphazard sample of source documents used to record charter bus service and recalculate all of the summarizations.

Results: This procedure is not applicable. Sound Transit did not provide charter or school bus services.

- m. For actual vehicle revenue miles (VRM) data, document the collection and recording methodology and observe that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a haphazard sample of 2 days from 3 months that service is operated, and re-compute the daily total of missed trips and missed VRMs. Recalculate all of the summarizations for accuracy.
- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a haphazard sample of 5 of the hubodometer readings per mode and observe that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Recalculate all of the summarizations.
- If actual VRMs are calculated from vehicle logs, select a haphazard sample of 5 of the vehicle logs per mode and observe that the deadhead mileage has been computed in accordance with FTA definitions.

Results: Commuter bus VRMs are provided by partner agencies (King County Metro, Pierce Transit and Community Transit). Sound Transit reports the directly operated VRMs using the numbers provided in these agencies' monthly report. For all other modes VRMs are calculated from schedules and a trip report is used to track deadhead miles. We haphazardly selected six days (2 days from 3 months) to obtain the worksheets and schedules used to calculate VRM. The days selected and tested were March 1, March 15, June 1, June 15, October 1 and October 15. Procedure performed without exception.

- n. For rail modes, obtain and read the recording and accumulation sheets for actual VRMs and observe that locomotive miles are not included in the computation.

Results: This procedure only applies to the Commuter Rail mode as no locomotives are utilized in the other modes. We obtained the recording and accumulation sheets for the Commuter Rail mode and observed that locomotive miles are not included in the computation.

- o. If fixed guideway directional route miles (FG DRM) or high intensity motorbus directional route miles (HIB DRM) are reported, inquire of the person responsible for maintaining and reporting the NTD data whether the operations meet FTA's definition of fixed guideway (FG) or high intensity motorbus (HIB) in that the service is:
- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR) or
 - Bus (Motorbus (MB), Commuter Bus (CB), or Bus Rapid Transit (RB))) service operating over exclusive or controlled access rights-of-way (ROW), and
 - Access is restricted
 - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway, and
 - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation (see Fixed Guideway Segments form (S-20))

Results: Procedure performed without exception.

- p. Inquire regarding the measurement of FG and HIB DRM with the person reporting NTD data and observe that they computed mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and compare the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

Results: Per inquiry, the mileage was computed in accordance with FTA definitions of FG/HIB DRM. The Streetcar Rail mode service was expanded (Hilltop Extension) with service commencing September 2023, which resulted in increased DRM's. The total FG/HIB DRM reported were recomputed without exception. Procedure performed without exception.

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:
- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
 - If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.

Results: We inquired with Sound Transit personnel, who noted that there were no temporary interruption in transit service due to maintenance or rehabilitation improvements. Procedure performed without exception.

- r. Recalculate FG/HIB DRM from maps or by retracing route.

Results: Procedure performed without exception.

- s. Inquire whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, observe that the transit agency coordinated with the other transit agency (or agencies) by observing that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and Operating Expense (OE) for the service operated over the same FG/HIB.

Results: We inquired with Sound Transit personnel, who noted each segment has only one claiming agency, but multiple agencies can operate on the same FG/HIB. Upon inquiry, we noted that Sound Transit reports the actual VRM, PMT and OE for the service operated over the same FG/HIB. Procedure performed without exception.

- t. Obtain and read the FG/HIB segments form. Inquire regarding the Agency Revenue Service Start Date for any segments added in the 2023 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Observe that the date is reported as when the agency began revenue service through inquiry of management. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2023 report year, the Agency Revenue Service Date must occur within the transit agency's 2023 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Bus segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, the FTA will only consider segments continuously reported to the NTD.

Results: Based on discussion with Sound Transit personnel, the Streetcar Rail mode service was expanded (Hilltop Extension) with revenue service commencing September 2023.

- u. Compare and agree operating expenses with audited financial data after reconciling items, if applicable, are removed.

Results: Procedure performed without exception.

- v. If the transit agency purchases transportation services, inquire of the personnel reporting the NTD data regarding the amount of purchased transportation (PT) generated fare revenues. The purchased transportation (PT) fare revenues should equal the amount reported on the Contractual Relationship form (B-30). Compare the fare revenue from the trial balance to the B-30 form.

Results: Procedure performed without exception.

- w. If the transit agency's report contains data for purchased transportation (PT) services and assurances of the data for those services is not included, obtain a copy of the Independent Auditor Statement for Federal Funding Allocation data of the purchased transportation (PT) service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an Independent Auditor Statement (IAS) for the purchased transportation (PT) data.

Results: Sound Transit's report contains data for purchased transportation services from two different agencies (Community Transit and BNSF Railway). We obtained the IAS for Community Transit for the Commuter Bus mode and noted no exceptions. For the Commuter Rail mode services provided by BNSF Railway, the data is collected and processed directly by Sound Transit, so no IAS is necessary from BNSF Railway. Procedure performed without exception.

- x. If the transit agency purchases transportation (PT) services, obtain a copy of the purchased transportation (PT) contract and observe that the contract (1) specifies the specific public transportation services to be provided; (2) specifies the monetary consideration obligated by the transit agency or governmental unit contracting for the service; (3) specifies the period covered by the contract and that this period is the same as, or a portion of, the period covered by the transit agency's NTD report; and (4) is signed by representatives of both parties to the contract. Inquire of the person responsible for maintaining the NTD data regarding the retention of the executed contract, and observe that copies of the contracts are retained for three years.

Results: We inspected the service contracts for Community Transit and BNSF Railway and observed that they contained the items noted above without exception. Per inquiry, the current retention practice meets the NTD requirements of a minimum of three years. Procedure performed without exception.

- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and compare the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and observe that the stated procedure is followed and recalculate the computations.

Results: Sound Transit does not provide service to more than one UZA. As such, this procedure is not applicable.

- z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10 percent, or FG DRM data that have increased or decreased, inquire of transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

Results: The following fluctuations were noted on the FFA-10 Form:

- CR-PT PMT and OE increased greater than 10%
- LR-DO PMT and OE increased greater than 10%
- SR-DO VRM, PMT and OE increased greater than 10%
- CB-DO PMT increased greater than 10%
- CB-PT PMT increased greater than 10%

Per inquiry, management provided explanations for each of the fluctuations.