

NOTICE OF PUBLIC MEETING – SAO AUDIT EXIT CONFERENCE

Notice is hereby given that a special meeting with the Board of Directors will take place on August 30, 2023. at 12:15 PM via Teams with an in-person option for the public to view.

The Washington State Auditor’s Office (SAO) has completed its audit of STA and will have an audit exit conference. Board member participation in the exit conference is optional, but all are welcome to attend using the link provided. For more information about the meeting please Dana Infalt, Clerk of the Board, Spokane Transit Authority, 509-325-6096, or email at dinfalt@spokanetransit.com.

The meeting is open to the public. The meeting agenda and materials (if any) to the Spokane Transit Authority website

The meeting can also be viewed online via Microsoft Teams at the link below. There will be an option for in-person attendance at Spokane Transit Authority, 1230 W Boone Avenue, Spokane, WA 99201

PLEASE NOTE: This same information, along with the results of the NTD engagement, will be presented during the Performance Monitoring & External Relations Committee (PMER) meeting on September 6th at 1:30 pm.

Microsoft Teams meeting

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Meeting ID: 270 521 604 439

Passcode: wjTBew

[Download Teams](#) | [Join on the web](#)

Or call in (audio only)

[+1 253-372-2181,,582949046#](#) United States, Tacoma

Phone Conference ID: 582 949 046#

Spokane Transit assures nondiscrimination in accordance with Title VI of the Civil Rights Act of 1964 and the Americans with Disabilities Act. For more information, see www.spokanetransit.com.

Upon request, alternative formats of this information will be produced for people with disabilities. For accommodations, please call 325-6094 or (TTY Relay 711) at least forty-eight (48) hours in advance.



Exit Conference: Spokane Transit Authority

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Financial statement and federal grant compliance audits for January 1, 2022 through December 31, 2022 – see draft report.
- National Transit Database (NTD) Agreed Upon Procedures for January 1, 2022 through December 31, 2022 – see draft report.

Audit Highlights

- We appreciate the communication to with our staff to provide documents timely to enable us to complete the NTD Agreed Upon Procedures engagement almost entirely remotely.
- We appreciate the efforts of Tammy Johnston, Senior Financial Services Manager, Matt Kenney, Senior Transit Planner (until July 2023), and Monique Liard, Chief Financial Officer to provide appropriate documentation and continue to maintain a quality working relationship with the Authority.

Financial Statement Audit Communication

We would like to bring the following to your attention:

- We didn't identify any material misstatements during the audit.
- There were no uncorrected misstatements in the audited financial statements.
- The audit addressed the following risks, which required special consideration:
 - Due to the possibility that management may be able to circumvent certain controls, standards require the auditor to assess the risk of management override.

INDEPENDENT ACCOUNTANT'S REPORT

E. Susan Meyer, Chief Executive Office
Spokane Transit Authority
W 1230 Boone
Spokane, WA 99201

To the Board of Directors and Management of the Spokane Transit Authority:

We have performed the procedures specified by the Federal Transportation Authority (FTA) in the Declaration section of the 2022 National Transit Database (NTD) Policy Manual and enumerated in the attachment to this report. Such procedures are related to the Authority's compliance with the standards described in the FTA Standards section of this report during the fiscal year ending December 31, 2022, and the conformity of the information included in the preliminary NTD report Federal Funding Allocation Statistics (FFA-10) form for the fiscal year ending December 31, 2022 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 and as presented in the 2022 NTD Policy Manual (collectively, the specified requirements). The Authority's management is responsible for its compliance with those requirements and for the records supporting its federal funding allocation data.

The Authority's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Authority and the FTA in determining whether the Authority complied with the specified requirements. 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.

We have applied the procedures to the data contained in the Authority's preliminary FFA-10 form for the fiscal year ending December 31, 2022. The procedures were applied separately to each of the information systems used to develop the reported vehicle revenue miles (VRM), fixed guideway directional miles, passenger miles traveled, and operating expenses of the Authority for the fiscal year ending December 31, 2022 for each of the following modes:

- Demand Response – Directly Operated
- Demand Response – Purchased Transportation
- Motorbus – Directly Operated
- Vanpool – Directly Operated

FTA Standards

FTA has established the following standards with regard to the data reported in the preliminary FFA-10 form of the Authority's annual NTD report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual VRM data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about transit agency operations.

Procedure Results

The following exceptions were found in performing the procedures described in Attachment 1 to this report:

- A 933-mile variance between the reported amount and supporting documentation for vanpool passenger miles traveled (PMT). The variance was the result of an adjustment to correct errors in the data after the Authority submitted its monthly PMT reporting for August 2022.
- Variances between reported amounts and auditor calculations for 2022 fixed routes of 89 out of 6,581,876 total unlinked passenger trips and 387 miles out of 28,155,245 in passenger miles traveled (PMT). These variances were due to the Authority using unlinked passenger trips from the rider usage reports rather than the system.
- Variances totaling 1,839 miles, or 0.03% of total vehicle revenue miles (VRM) reported on the NTD forms for fixed route. Variances were due to lost services caused by accidents, equipment failure, and employee absences, as well as minor variances system calculations between modules.

- The Authority notified us of an issue related to the verification of data for fixed route passenger miles traveled. It did not verify approximately 75 survey trips, which were excluded from our testing as missed trips per NTD Procedures.

For purposes of performing these agreed-upon procedures, no threshold for reporting exceptions has been established. Therefore, all exceptions from application of the agreed-upon procedures are reported. The results of applying the agreed-upon procedures are also described in Attachment 1 to this report.

About the Engagement

We were engaged by the Authority's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 or on internal control over compliance with those requirements. Additionally, the agreed-upon procedures do not constitute an audit or review of the financial statements or any part thereof, the objective of which is the expression of an opinion or conclusion, respectively, on the financial statements or part thereof. Accordingly, we do not express such opinions or conclusions. 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 the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Sincerely,



Pat McCarthy, State Auditor

Olympia, WA

April 27, 2023

Attachment 1: Federal Funding Allocation Data Agreed-Upon Procedures and Results

Attachment 1: Federal Funding Allocation Data Agreed Upon Procedures and Results

Information and findings that were found as a result of performing the agreed-upon procedures to each applicable mode and type of service (directly operated and purchased transportation) are as follows:

- a. Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630 and as presented in the 2022 NTD 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: We obtained and read a copy of the Authority's written procedures for reporting and maintaining data in accordance with applicable NTD requirements and definitions.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:
 - 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 the NTD definitions and requirements set forth in 49 CFR Part 630 and as presented in the 2022 NTD Policy Manual.

Results: We discussed the procedures with the Principal Transit Planner and Senior Financial Services Manager and determined that:

- The Authority followed the procedures on a continuous basis, and
 - The Authority believes such procedures result in accumulation and reporting of data consistent with applicable NTD definitions and requirements.
- c. Ask 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.

Results: We inquired of the same personnel and determined the Authority retains source documents supporting NTD data reported on the preliminary Federal Funding Allocation Statistics form for a period of three years.

- 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, select three months out of the year and determine whether the document exists for each of these periods.

Results: We identified all the source documents that are to be retained by the Authority for a minimum of three years. For motor bus, demand response, and vanpool, we selected three months (January, April and November for motor bus; January March, and November for demand response; and March, April, and July for vanpool) for 2022, 2021 and 2020 and determined the documents exist for each of these periods.

- e. Discuss the system of internal controls. 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: We discussed the system of internal controls with the Principal Transit Planner, Senior Financial Services Manager, Vanpool Manager, and Vanpool and Paratransit Services Senior Transportation Manager. Individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness monthly.

- f. Select a random sample of the source documents and determine 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: We selected a sample of five source documents and determined supervisors' signatures or other evidence of the supervisor's review are present as required by the system of internal controls.

- 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. Confirm the arithmetical accuracy of the summaries.

Results: We obtained the worksheets utilized by the Authority to prepare the final data that are transcribed onto the preliminary Federal Funding Allocation Statistics form. We compared the periodic data included on the worksheets to the periodic summaries prepared by the Authority. We confirmed the arithmetical accuracy of the summarizations. We compared the reported amount of passenger miles traveled on the Form S-10 to our recalculation and identified a variance of 933 miles. The Authority made an adjustment to the August 2022 data after the monthly reporting of PMT was submitted. The adjustment was made to correct the data for underreported miles for a route, a spare vehicle with too many miles reported, and a vehicle trade that had not been entered into the system. No other exceptions were found as a result of applying the procedure.

- h. Discuss 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 2022 NTD Policy Manual.

Results: We discussed the Authority's procedure for accumulating and recording passenger miles traveled (PMT) data with Authority staff and determined the Authority:

- Conducts a 100% measurement of actual PMT and no sampling procedures are used for the vanpool and directly operated demand response (paratransit).
 - Conducts a statistical sample for estimating PMT for fixed route (motor bus) using one of the two procedures suggested by FTA and described in FTA Circulars 2710.1A or 2710.2A; or an alternative sampling procedure.
- i. Discuss with transit agency staff the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:
- The public transit agency serves an UZA with a population less than 500,000 according to the most recent census.
 - The public transit agency directly operates fewer than 100 revenue vehicles operating in maximum service (VOMS) (in any size UZA).
 - Service purchased from a seller is included in the transit agency's NTD report.
 - For transit agencies that meet one of the above criteria, inspect the NTD documentation for the most recent mandatory sampling year and determine that statistical sampling was conducted and meets the 95% confidence and $\pm 10\%$ precision requirements.
 - Determine how the transit agency estimated annual PMT for the current report year.

Results: We discussed with the Principal Transit Planner the Authority's eligibility to conduct statistical sampling for PMT data every third year. We determined the Authority meets one of the three criteria that allow transit agencies to conduct statistical samples for accumulating PMT 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.

We inspected the NTD documentation for the most recent mandatory sampling year (2022) and determined that statistical sampling was conducted and meets the 95% confidence and $\pm 10\%$ precision requirements. We also determined how the transit agency estimated annual PMT for the current report year. No exceptions were found as a result of applying the procedure.

- j. Obtain a description of the sampling procedure for estimation of PMT 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 PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

Results: We obtained a description of the sampling procedure for estimation of PMT data used by the Authority for motor bus. We obtained a copy of the Authority's methodology used to select the actual sample of runs for recording PMT data. As the average trip length was used, we determined that the universe of runs was used as the sampling frame. We determined that the methodology to select specific runs from the universe resulted in a random selection of runs. As a selected sample run was missed, we determined that a replacement sample run was not randomly selected. We also determined that the Authority followed the stated sampling procedure.

As the Authority completes a 100% measurement of PMT data for demand response and vanpool, we did not obtain a description of or determine its methodology over its PMT data, and we did not determine that it followed the stated sampling procedure.

- k. Select a random sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulation periods that were selected. Confirm the arithmetical accuracy of the summary.

Results: We selected a random sample of 29 of 19,692 route reports for directly operated demand response, 28 of 825 vanpool logs, and 28 out of 673 sample detail reports for accumulating PMT data and determined that they are complete (all required data is recorded) and that the computations are accurate. Using the random samples, we re-computed the accumulations for each of the selected periods as follows:

- For demand response, we recalculated the passenger miles traveled amounts to route reports for the period January 1, 2022 through December 31, 2022. We agreed the Data Clerk's passenger miles traveled amounts to the amounts from the monthly totals in the Authority's system.
- For vanpool, we recalculated the passenger miles traveled amounts for the selected months of February, April, September, October, and November. We agreed the Vanpool Manager's passenger miles traveled to the monthly totals in the Authority's system.
- For motorbus, we recalculated the surveys taken and agreed the daily totals and sample detail reports for each randomly selected day for the period January 1, 2022 through December 31, 2022.

We confirmed the arithmetical accuracy of the summarization. We identified a variance of 933 miles in passenger miles traveled for vanpool between the reported NTD S-10 and our recalculated amount based on support for 2022, which the Authority corrected. We also identified variances of 89 out of 6,581,876 total unlinked passenger trips and 387 miles out of 28,155,245 in passenger miles traveled (PMT) for fixed route between the reported amount and the auditor calculation for 2022. This was due to the Authority using unlinked passenger trips from the rider usage reports rather than the system.

1. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles (VRM) with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and confirm the arithmetical accuracy of the computations.

Results: The Authority does not operate any charter, school bus, or other ineligible transportation and therefore no additional procedures were necessary to ensure systematic exclusion of these ineligible vehicle miles.

- m. For actual VRM data, document the collection and recording methodology and determine 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 random sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Confirm the arithmetical accuracy of the summary.
- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Confirm the arithmetical accuracy of the summary of intermediate accumulations.
- If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

Results: For actual vehicle revenue mile (VRM) data, we documented the collection and recording methodology and determined that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- As actual VRMs are calculated from schedules for motor bus, we documented the procedures used to subtract missed trips. We selected a random sample of the days that

service is operated and re-computed the daily total of missed trips and missed VRMs. We confirmed the arithmetical accuracy of the summarization. We identified variances in total of 1,839 miles out of the total vehicle revenue miles (VRM) of 6,779,098 miles reported on the NTD forms for fixed route. This was due to lost services due to accidents, equipment failure, and employee absences, in addition to minor variances in the system calculation between modules. We specifically noted that one day in our tested selection accounted for approximately 1,068 miles of the variance due to COVID-19 related staffing issues during January.

- As actual VRMs are calculated from vehicle logs for demand response and vanpool, we selected a random sample of the vehicle logs and determined that the deadhead mileage has been correctly computed in accordance with FTA's definitions. No exceptions were found as a result of applying the procedure.
- n. For rail modes, inspect the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

Results: The Authority does not provide rail service. Therefore, we did not inspect recording or accumulation sheets for actual VRMs to ensure locomotive miles were not included in the computation.

- o. If fixed guideway (FG) or High Intensity Bus directional route miles (HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data and inquire whether the operations meet the FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:
- p.
- 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 (LOS) D or worse on a parallel adjacent highway;
 - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpool, carpools) must demonstrate safe operation; and

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- q. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that they computed mileage in accordance with the 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 reconcile the total to the FG/HIB DRM reported on the preliminary Federal Funding Allocation Statistics form.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- r. 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. The FTA will make a determination on how to report the DRMs.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- s. Measure FG/HIB DRM from maps or by retracing route.

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

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

Results: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- u. Inspect the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2022 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. 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 2022 report year, the Agency Revenue Service Date must occur within the transit agency's 2022 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 FG/HIB 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: As the Authority does not operate FG or HIB modes, this procedure was not applicable.

- v. Compare operating expenses with audited financial data after reconciling items are removed.

Results: Operating expenses reported on the preliminary Federal Funding Allocation Statistics form are \$93,981,860. Audited financial data was not available at the time of our engagement. We compared total operating expenses reported in the Authority's general ledger of \$93,981,860, after removing reconciling items. No exceptions were found as a result of applying this procedure.

- w. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation generated fare revenues. The purchased transportation fare revenues should equal the amount reported on the Contractual Relationship form.

Results: We interviewed the Senior Financial Services Manager reporting the NTD data regarding the amount of purchased transportation generated fare revenues. Reported purchased transportation fare revenues are \$73,585 and the amount reported on the Contractual Relationship form is \$73,585.

- x. If the transit agency's report contains data for purchased transportation services and the procedures in this agreed-upon procedures engagement were not applied to the purchased transportation services, obtain a copy of the IAS-FFA regarding data for the PT service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in this agreed-upon procedures engagement, and the transit agency

also does not have a separate Independent Auditor's Statement for the purchased transportation data.

Results: The Authority's report contains data for purchased transportation services, and assurances of the data for those services are included, so no additional Independent Auditor Statement for Federal Funding Allocation Data (IAS-FFA) is required.

- y. If the transit agency purchases transportation services, obtain a copy of the purchased transportation contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract, and determine that copies of the contracts are retained for three years.

Results: We interviewed the Vanpool and Paratransit Services Transportation Manager and determined that copies of the contracts are retained for three years. We obtained a copy of each purchased transportation contract and determined that the contract:

- specifies the specific public transportation services to be provided;
 - specifies the monetary consideration obligated by the Authority contracting for the service;
 - specifies the period covered by the contract and that this period overlap is the entire, or a portion of, the period covered by the Authority's NTD report; and
 - is signed by representatives of both parties to the contract.
- z. 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 inspect the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

Results: We inquired of the Principal Transit Planner regarding the procedures for allocation of statistics between UZAs and non-UZAs. We obtained and inspected the FG segment worksheets, route maps and urbanized area boundaries used for allocating the statistics, and determined the stated procedure is followed and that the computations are correct.

- aa. 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%, or FG DRM data that have increased or decreased, interview 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: We compared the data reported on the preliminary 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 actual VRM, PMT or OE data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased, we interviewed Authority management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period. No exceptions were found as a result of applying the procedure.

We found the following VRM, PMT or OE data increased or decreased by more than 10% and interviewed Authority management regarding the specifics of operations that led to the change in the data relative to the prior reporting period:

Transportation Mode Type	VRM change Increase (decrease)	PMT change Increase (decrease)	OE change Increase (decrease)
Vanpool	42%	45%	35%
Demand Response – Directly Operated	30%	n/a	37%
Demand Response – Purchased Transportation	23%	46%	35%
Motor Bus	27%	n/a	37%

The increases for Vanpool are due to:

- The addition of vanpool routes added for longer commutes traveling on faster routes as COVID-19 pandemic restrictions ease and commuters return to the workplace.
- The increased price of fuel and increased consumption due to higher service demand.
- Increased repair materials and labor as a result of higher service demand.
- Retention and hiring incentives as well as the OPEB/Pension adjustments.

The increases for Demand Response - Directly Operated are due to:

- An increase in riders as restrictions from the COVID-19 pandemic continue to ease.

- Increases in fuel costs due to the increase in price per gallon of diesel and gas and increase in demand for services.
- Retention and recruitment incentives implemented for 2022 which totaled \$3.2 million for the agency.
- OPEB/Pension year-end adjustments included in operating expenses of 2021 but not in 2022. As required by NTD these adjustments are being reported as other reconciling items similar to depreciation in 2022. These adjustments were credits of \$11.7 million in 2021 and \$5.4 million in 2022.

The increases for Demand Response - Purchased Transportation are due to:

- An increase in riders as restrictions from the COVID-19 pandemic eased.
- Increased Paratransit contracted transportation due to increased passenger demand.
- Increases in fuel costs due to additional demand for service, as well as the price per gallon.

The increases for Motor Bus are due to:

- Increases in ridership as restrictions from the COVID-19 pandemic ease and there are more governments, businesses, and services returning to in-person operations.
- Additional service added during 2022.
- Increases in salaries and fringe benefit costs to support greater activity levels in response to increased demand for services.
- Retention and recruitment incentives implemented for 2022 which totaled \$3.2 million for the agency.
- Higher fuel costs in 2022.
- Increased cost of vehicle parts used for repair and maintenance of STA vehicles, largely due to inflation.
- OPEB/Pension year-end adjustments were included in the operating expenses of 2021 but not in 2022. As required by NTD, these adjustments are being reported as other reconciling items similar to depreciation in 2022. These adjustments were credits of \$11.7 million in 2021 and \$5.4 million in 2022.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Spokane Transit Authority January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Spokane Transit Authority are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Authority.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Authority’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Preliminary Draft - Please do not duplicate, distribute, or disclose.

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
20.500	Federal Transit Cluster – COVID-19 – Federal Transit Capital Investment Grant (ARPA)
20.500	Federal Transit Cluster – Federal Transit Capital Investment Grant
20.507	Federal Transit Cluster – COVID-19 – Federal Transit Formula Grant (CRRSAA)
20.507	Federal Transit Cluster – COVID-19 – Federal Transit Formula Grant (ARPA)
20.507	Federal Transit Cluster – Federal Transit Formula Grant

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,312,191.

The Authority qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

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*

Spokane Transit Authority January 1, 2022 through December 31, 2022

Board of Directors
Spokane Transit Authority
Spokane, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Spokane Transit Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 30, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or

significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

August 30, 2023

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Spokane Transit Authority January 1, 2022 through December 31, 2022

Board of Directors
Spokane Transit Authority
Spokane, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Spokane Transit Authority, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2022. The Authority's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on

compliance for each major federal program. Our audit does not provide a legal determination on the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

August 30, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Spokane Transit Authority January 1, 2022 through December 31, 2022

Board of Directors
Spokane Transit Authority
Spokane, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Spokane Transit Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Spokane Transit Authority, as of December 31, 2022, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended

December 31, 2021, from which such partial information was derived. We have previously audited the Authority's 2021 financial statements and we expressed an unmodified opinion on the respective financial statements of the Authority in our report dated June 14, 2022. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority’s ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority’s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Pat McCarthy, State Auditor

Olympia, WA

August 30, 2023

FINANCIAL SECTION

Spokane Transit Authority January 1, 2022 through December 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2022

Statement of Revenues, Expenses and Changes in Net Position – 2022

Statement of Cash Flows – 2022

Notes to the Financial Statements – 2022

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2022

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2022

Schedule of Changes in Total OPEB Liability and Related Ratios – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2022

Notes to the Schedule of Expenditures of Federal Awards – 2022

Preliminary Draft - Please do not duplicate, distribute, or disclose.

LETTER OF REPRESENTATION TO BE TYPED ON CLIENT LETTERHEAD

August 30, 2023

Office of the Washington State Auditor
3200 Capitol Blvd
P.O. Box 40031
Olympia, WA 98504-0031

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audits of Spokane Transit Authority for the period from January 1, 2022 through December 31, 2022 and for the comparative information for the period ended December 31, 2021. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all requested and relevant information of which we are aware, including:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
 - d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
 - e. Related party relationships and transactions.
 - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.

2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.
3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.
6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.
7. We have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.
8. Except as reported to you in accordance with RCW 43.09.185, we have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.

Additional representations related to the financial statements:

10. We acknowledge our responsibility for fair presentation of financial statements and believe financial statements are fairly presented in conformity with generally accepted accounting principles in the United States of America.
11. We acknowledge our responsibility for establishing and maintaining effective internal control over financial reporting.
12. The financial statements include financial information of the primary government and all component units, fiduciary and other activity required by generally accepted accounting principles to be included in the financial reporting entity.
13. The financial statements properly classify all funds and activities.
14. All funds that meet the quantitative criteria in GASB requirements or are otherwise particularly important to financial statement users, are presented as major funds.
15. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported and depreciated as applicable.

16. We have no plans or intentions that may materially affect the reported value or classification of assets, liabilities or net position.
17. Revenues are appropriately classified by fund and account.
18. Expenses have been appropriately classified by fund and account, and allocations have been made on a reasonable basis.
19. Net position components (net investment in capital assets, restricted and unrestricted) are properly classified and, as applicable, approved.
20. Significant assumptions we used in making accounting estimates are reasonable.
21. The following have been properly classified, reported and disclosed in the financial statements, as applicable:
 - a. Interfund, internal, and intra-entity activity and balances.
 - b. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - c. Joint ventures and other related organizations.
 - d. Guarantees under which the government is contingently liable.
 - e. All events occurring subsequent to the fiscal year end through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
 - f. Effects of all known actual or possible litigation, claims, assessments, violations of laws, regulations, contracts or grant agreements, and other loss contingencies.
22. We have accurately disclosed to you all known actual or possible pending or threatened litigation, claims or assessments whose effects should be considered when preparing the financial statements. We have also accurately disclosed to you the nature and extent of our consultation with outside attorneys concerning litigation, claims and assessments.
23. We acknowledge our responsibility for reporting supplementary information (the Schedule of Expenditures of Federal Awards) in accordance with applicable requirements and believe supplementary information is fairly presented, in both form and content in accordance with those requirements.
24. We have disclosed to you all significant changes to the methods of measurement and presentation of supplementary information, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation.
25. We acknowledge our responsibility for the supplementary information required by generally accepted accounting principles in the United States (RSI) and believe RSI is measured and presented within prescribed guidelines.

26. We have disclosed to you all significant changes in the methods of measurement and presentation of RSI, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation of the RSI.
27. We believe there are no uncorrected misstatements that would be material individually and in the aggregate to each applicable opinion unit.
28. We acknowledge our responsibility not to publish any document containing the audit report with any change in the financial statements, supplementary and other information referenced in the auditor's report. We will contact the auditor if we have any needs for publishing the audit report with different content included.
29. We adequately considered the qualifications of Lewis & Ellis Actuaries and Consultants and agree with conclusions regarding our other post-employment benefits liability, which are reflected in financial statement amounts and disclosures. We provided Lewis & Ellis Actuaries and Consultants with accurate and complete information and did not give or cause any instructions to be given to Lewis & Ellis Actuaries and Consultants with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of Lewis & Ellis Actuaries and Consultants.

Additional representations related to expenditures under federal grant programs:

30. We acknowledge our responsibility for complying, and have complied, with the requirements of 2 CFR § 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.
31. With regards to your audit of federal grant programs, we have made available all relevant and requested information of which we are aware, including:
 - a. All federal awards and related grant agreements (including amendments, if any), contracts with pass-through entities, service organizations and vendors, and correspondence.
 - b. All communications from federal awarding agencies, vendors, service organizations or pass-through entities concerning possible noncompliance.
 - c. All information regarding corrective actions taken and management decisions or follow-up work performed by federal or pass-through agencies on any findings reported in the past.
 - d. All documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - e. Interpretations or other support for any situations where compliance with requirements might be questionable or unclear.
32. We have identified and complied with all direct and material compliance requirements of federal awards.

33. Management is responsible for establishing effective internal control and has maintained sufficient control over federal programs to provide reasonable assurance that awards are managed in compliance with laws, regulations, contracts or grant agreements that could have a material effect on each of our federal awards.
34. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the Schedule of Expenditures of Federal Awards.
35. Copies of federal program reports provided to you are true copies of the reports submitted, or electronically transmitted, to federal agencies or pass-through agencies, as applicable.
36. We are responsible for, and will accurately prepare, the auditee section of the Data Collection Form as required by the Uniform Guidance.

Additional representations related to federal grants passed through to subrecipients:

37. We have advised our subrecipients of requirements imposed on them by Federal laws, regulations, contracts or grant agreements as well as any supplemental requirements we impose as a condition of receiving Federal awards.
38. We have monitored the activities of our subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, contracts or grant agreements.

E. Susan Meyer
Chief Executive Officer
Spokane Transit Authority

Monique Liard
Chief Finance Officer
Spokane Transit Authority



Office of the Washington State Auditor

Pat McCarthy

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at <https://portal.sao.wa.gov/SAOPortal>.

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

At the entrance conference, we estimated the cost of the financial and federal audits to be \$29,100, in addition to the NTD Agreed Upon procedures engagement cost of \$17,000 for a total of \$46,100. Actual audit costs for these audits and engagement will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in 2024 and will cover the following general areas:

- Financial statement
- Federal programs
- National Transit Database (NTD) Agreed Upon Procedure

The estimated cost for the next financial and single audits and NTD engagement based on current rates is \$50,500, plus travel expenses, if any. This includes the \$32,000 for the financial statement and federal grant compliance audits, as well as \$18,500 for the NTD Agreed Upon Procedures engagement. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

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