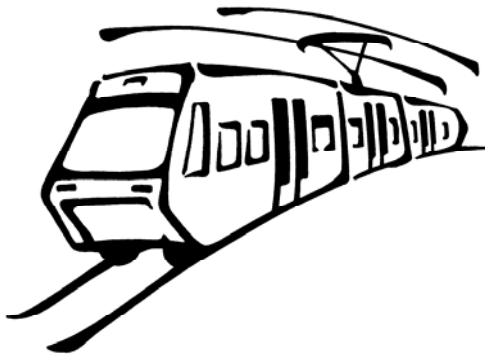
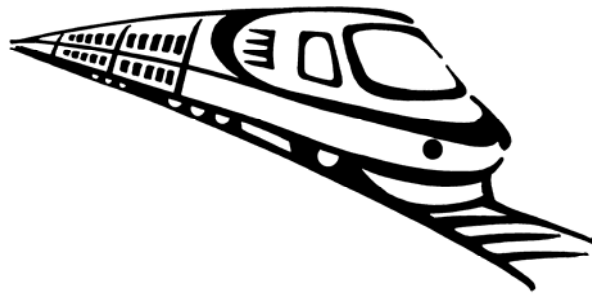
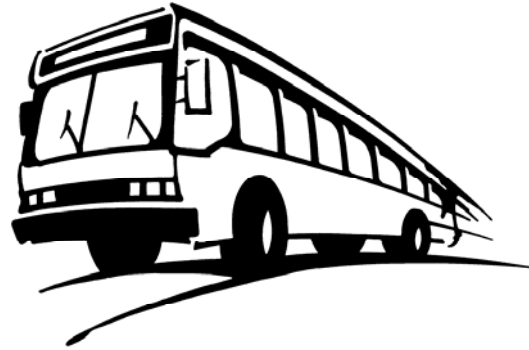




SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority



Quarterly Financial Report
Fourth Quarter 2006
December 31, 2006

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Fourth Quarter 2006
Quarterly Financial Report

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TO: Board of Directors

FROM: Joni Earl, *Chief Executive Officer*
 Brian McCartan, *Chief Financial Officer*

SUBJECT: Fourth Quarter 2006 Financial Report

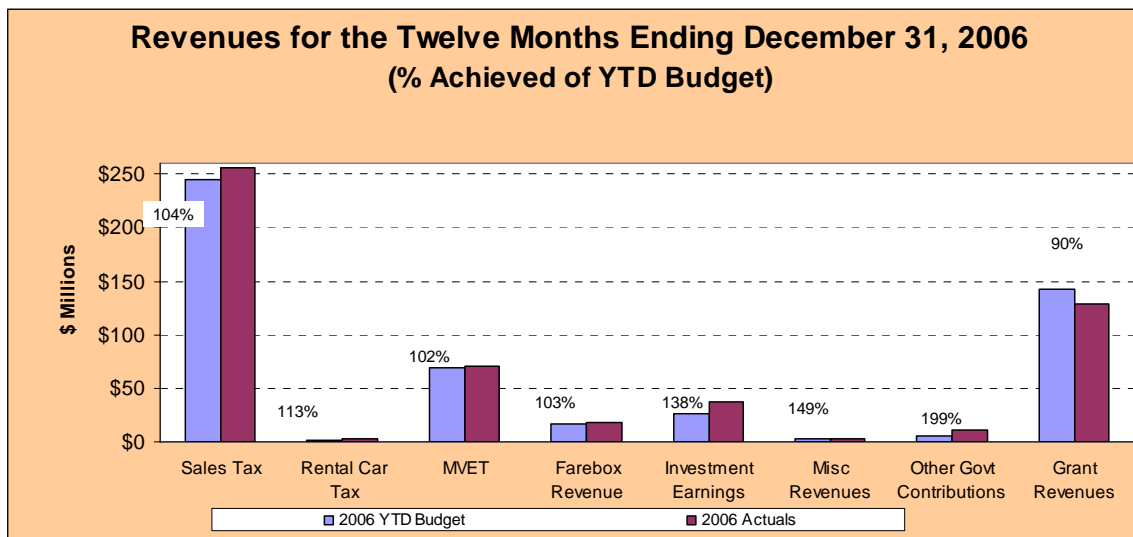
Executive Summary

This report summarizes Sound Transit’s 2006 financial performance for revenues, transit operations, capital outlays and staff operating expenses. The discussion and graphs below summarize the budget and financial results, followed by detailed financial data, notes assessing the agency’s performance to budget and summarized subarea information.

These results, while substantially finalized, are based on preliminary year-end financial information not yet subject to audit, and not all year-end financial adjustments have been reflected in these results.

Revenues

The total agency revenues of \$525.9M exceeded budget for the year by \$15.7M or 3% primarily due to higher than anticipated tax revenue and investment earnings. Total agency revenues are 5% higher than 2005 total agency revenues of \$489.5M. Tax revenues at \$328.5M were over budget by \$12.7M or 4%, and investment earnings of \$37M exceeded budget by \$10.1M or 38%. The higher revenues reflect strong economic conditions, continued rising interest rates, and greater available cash balances than expected. Federal grant revenues were \$14.4M or 10% below budget at year-end. Federal grant contributions for the Sound Move program are still anticipated to meet lifetime budget expectations. Farebox revenues, at \$17.7M, were \$542.3K or 3% over budget and 8% higher than year-end 2005. Annual ridership is nearly 9% higher than the same period in 2005.



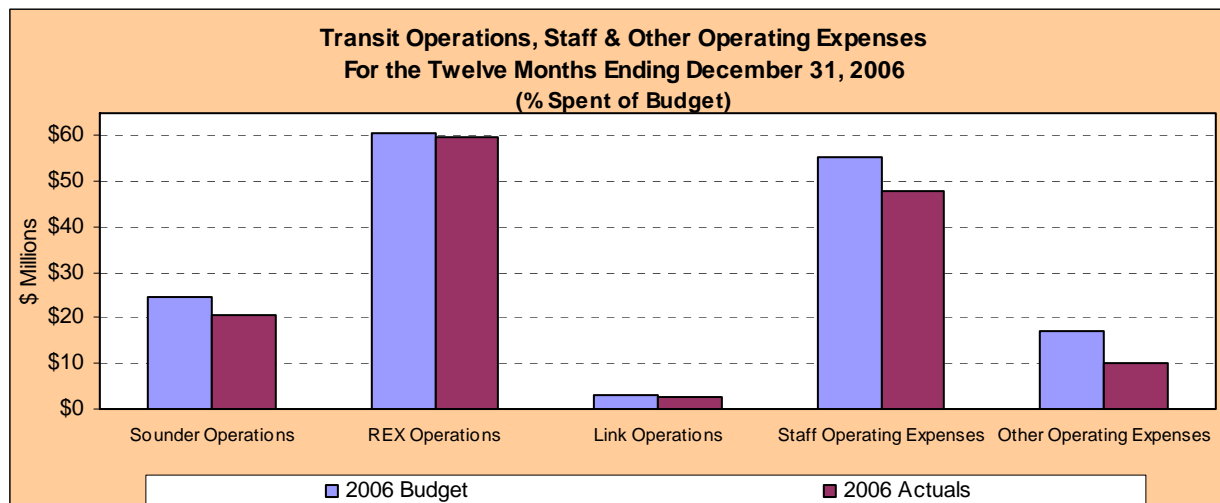
Expenses

Total agency expenses of \$150.8M were under the 2006 budget by \$19.9M or 12%. Transfers to other governments were \$63.9M; this is not a budgeted item. The completion of the Federal Way HOV Access

Project (\$29.5M), Eastgate HOV Access (\$28.4M), and Sammamish Park and Ride (\$6.2M) were the major transfers to other governments. Transportation Services direct operating expenses as a percent of budget were: Sounder, 84%; Regional Express, 99%; and Tacoma Link, 79%. Most of the underspending occurred in the services and Sounder program's purchased transportation categories.

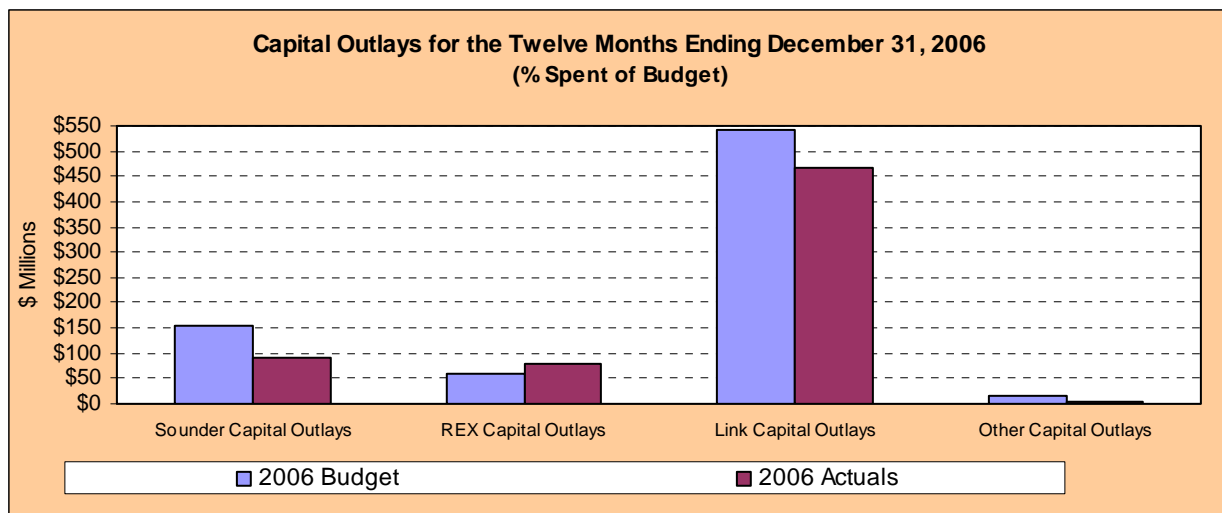
Staff operating expenses, before transfers of \$47.9M, were \$7.3M or 13% under budget for the year. Headcount was also proportionally lower throughout the year.

Other operating expenses of \$10.2M include Regional Fund projects, Community Development Fund expenditures, debt-service costs and non-capitalizable costs. These costs were under budget by \$6.8M primarily due to lower than expected year-end Phase Two planning costs.



Capital Outlays

Total agency capital outlays of \$640.5M were 83% of the annual budget. Sounder project expenditures of \$92.6M were 61% of budget reflecting lower than anticipated construction spending. The largest delays in spending were on Reservation Freighthouse Square, Tacoma-Lakewood Track & Signal, and Everett Station. Regional Express project spending at \$78.3M was 130% of budget primarily due to payment timing, as several construction phase outlays budgeted in 2005 occurred in 2006. Link project spending at \$466.9M was 86% of the annual budget, due primarily to lower than budgeted administration, construction and vehicle phase outlays. Other Capital of \$2.7M was 18% of the annual budget reflecting delays in art projects at Link stations, delays in Smart Card project costs, and there were no bus purchases this year though \$5.8M was budgeted.



Summary Income Statement

The table below summarizes the annual revenues and expenses through December 31, 2006. Overall, agency net income before contributions to other governments ended the year \$35.6M above budget. This variance is made up of a \$15.7M surplus in total revenues and \$19.9M in lower expenses. The two main variances are delayed receipt of Federal Grants and lower than budgeted transit operations expenses. While spending on projects is budgeted as part of capital outlays, they are expensed or capitalized upon completion.

Income Statement								
For the Twelve Months Ending December 31, 2006								
Budget to Actuals								
	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget Favorable/ (Unfavorable)	YTD Actuals as % of YTD Budget
REVENUES								
Tax Revenues	\$72,892,701	\$81,571,919	\$88,670,599	\$85,325,447	\$328,460,667	315,812,105	\$12,648,562	104%
Farebox Revenues	3,921,060	4,263,359	4,411,727	5,114,296	17,710,441	17,168,138	542,303	103%
Investment Income	8,261,907	8,887,982	10,690,315	9,184,041	37,024,244	26,878,713	10,145,531	138%
Other Miscellaneous	723,794	868,364	889,662	812,220	3,294,040	2,210,950	1,083,090	149%
State & Local Contributions	5,552,785	4,173,913	1,215,755	397,626	11,340,078	5,710,914	5,629,164	199%
Federal Grants	8,273,111	23,660,558	62,307,148	33,790,761	128,031,578	142,392,412	(14,360,834)	90%
TOTAL REVENUES	\$99,625,357	\$123,426,094	\$168,185,207	\$134,624,390	\$525,861,049	\$510,173,232	\$15,687,817	103%
EXPENSES								
Net Staff Operating Divisions	\$ 4,374,411	\$ 4,809,183	\$ 4,667,367	\$ 4,392,263	\$18,243,223	\$19,767,459	\$1,524,235	92%
Transit Operations	29,424,810	30,116,567	31,680,397	31,115,741	\$122,337,515	133,915,925	11,578,410	91%
Regional Fund & Other Operations	1,162,522	1,139,370	2,388,133	1,869,379	\$6,559,404	12,961,577	6,402,173	51%
Community Development Fund	307,214	322,941	169,540	69,276	\$868,971	2,143,473	1,274,502	41%
Debt Service	112,605	113,457	115,259	65,446	\$406,767	426,525	19,758	95%
Non-Capitalizable LOB expenses	279,181	1,141,154	430,980	500,508	\$2,351,823	1,483,421	(868,402)	159%
TOTAL EXPENSES	\$ 35,660,743	\$37,642,672	\$39,451,676	\$38,012,613	\$150,767,704	\$170,698,380	\$19,930,676	88%
EXCESS REVENUE OVER EXP.	\$63,964,615	\$85,783,423	\$128,733,531	\$96,611,777	\$375,093,345	\$339,474,852	\$35,618,493	110%
Transfers to Other Governments	28,534,025	-	8,815,595	26,589,020	63,938,640		(63,938,640)	
NET REVENUE OVER EXP.	\$35,430,590	\$85,783,423	\$119,917,936	\$70,022,757	\$311,154,705	\$339,474,852	(\$28,320,147)	92%

Summary of Net Assets

The following table summarizes assets and liabilities at the end of the year and provides comparative data for year-end 2005. Total assets increased by \$273.1M from the same period in 2005 while liabilities were down by \$38.1M. Current assets, excluding restricted assets, decreased by \$106.4M and reflect lower cash and investment balances as payments with respect to the agency's capital program exceed incoming cash flows as anticipated. Capital assets increased by \$584.3M reflecting the activity on capital programs, particularly the Link Light Rail Program.

Summary of Net Assets <i>(in millions)</i>			
	As of Dec-06	As of Dec-05	% Change Dec-06 to Dec-05
Current Assets, excluding Restricted Assets	\$ 545.0	\$ 651.4	-16%
Restricted Assets	170.5	363.4	-53%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	1,185.3	1,086.6	9%
Capital Projects in Progress	1,556.7	1,071.1	45%
Capital Projects in Progress - non ST	115.1	119.9	-4%
Other Non-Current Assets	67.7	74.9	-10%
Total Assets	\$ 3,640.3	\$ 3,367.2	8%
Current Liabilities, excluding Interest Payable from			
Restricted Assets	125.2	152.8	-18%
Interest Payable from Restricted Assets	15.0	14.9	1%
Long-Term Debt	779.8	785.6	-1%
Other Long-Term Liabilities	64.5	69.2	-7%
Total Liabilities	984.4	1,022.5	-4%
Net Assets	2,655.9	2,344.7	13%
Total Liabilities and Net Assets	\$ 3,640.3	\$ 3,367.2	8%
Invested in Capital Assets, Net of Related Debt	2,072.6	1,674.9	24%
Restricted Net Assets	92.2	131.8	-30%
Unrestricted Net Assets	491.1	538.0	-9%
Total Net Assets	\$ 2,655.9	\$ 2,344.7	13%

FINANCIAL DETAIL

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Revenue

Agencywide Revenues

For the Twelve Months Ending December 31, 2006

Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
REVENUE SOURCES								
Retail Sales and Use Tax	56,194,854	63,155,107	68,067,301	68,625,885	256,043,148	245,151,912	10,891,236	104%
Rental Car Tax	402,018	569,456	866,787	493,447	2,331,709	2,060,483	271,226	113%
Motor Vehicle Excise Tax	16,295,829	17,847,356	19,736,511	16,206,114	70,085,811	68,599,710	1,486,101	102%
Farebox Revenue	3,921,060	4,263,359	4,411,727	5,114,296	17,710,441	17,168,138	542,303	103%
Investment Income	8,261,907	8,887,982	10,690,315	9,184,041	37,024,244	26,878,713	10,145,531	138%
Miscellaneous Revenues	723,794	868,364	889,662	812,220	3,294,040	2,210,950	1,083,090	149%
OTHER FINANCING								
Local & State Contributions	5,552,785	4,173,913	1,215,755	397,626	11,340,078	5,710,914	5,629,164	199%
Federal Grants	8,273,111	23,660,558	62,307,148	33,790,761	128,031,578	142,392,412	(14,360,834)	90%
TOTAL SOURCES	\$ 99,625,357	\$ 123,426,094	\$ 168,185,207	\$ 134,624,390	\$ 525,861,049	\$ 510,173,232	\$ 15,687,817	103%

Revenue Notes

Retail Sales and Use Tax exceeds the 2006 budget by \$10.9M or 4% and \$20.8M or 8% over 2005, reflecting strong economic activity in the region.

Rental Car Tax exceeds budget by \$271K or 13% and \$128K or 5% over 2005.

Motor Vehicle Excise Tax exceeds the 2006 budget by \$1.4M, or 2%. The 2006 MVET revenues are \$4.4M, or 7%, higher than the year-end MVET revenues in 2005.

Farebox Revenues exceed the 2006 budget by \$542K or 3% and are \$837K or 4% higher than 2005. Boardings are also 943K or 9% higher than 2005. The final reconciliations under the regional agreement were not due at the time these preliminary results were prepared, and upward revisions are anticipated that are in line with the growth in boardings.

Investment Income exceeds the 2006 budget by \$10.1M or 38% and is \$11.3M or 30%, higher than 2005 investment income. Short-term interest rates have continued to increase, although at a slower pace than last year. This combined with higher than expected cash balances and a significant favorable fair market value adjustment has resulted in higher than expected interest earnings. This budget was amended in the fourth quarter.

Miscellaneous Revenues exceeds the 2006 budget by \$1.1M or 49%, primarily from rental property income. Included in this category is advertising on ST Express buses, Sounder revenue vehicle rental income, and rental property income. Miscellaneous Revenues are \$89K or 3% less than 2005 miscellaneous revenues.

Local, State and Federal Grants State and local contributions exceed the 2006 budget by \$5.6M due to contributions related to the Port of Tacoma and City of Tacoma for the D-Street project. Federal grants are below budget by \$14.4M or 10% pending execution of FTA grants for the Initial Segment, Airport Link, and Federal Way Direct Access projects. Federal Grants are \$1.3M or 1% less than 2005 revenues.

Summary Operations and Capital Outlays

Specific discussion of variances by account group are included on the following pages, organized by service mode. In addition to the transit modes discussed below, the Mobility Initiative Program (MIP) is included in the total transit operations expenses summary. The MIP had 2006 expenditures of \$583K against a budget of \$990k, or 59% of the budget. The underspending was due primarily to getting the regional special needs transportation coordination plan adopted by the Board at the end of the third quarter, rather than sooner, as budgeted..

Combined Transit Operations Summary								
For the Twelve Months Ending December 31, 2006								
ST Express, Sounder, Link, & MIP								
	Q1	Q2	Q3	Q4	YTD	YTD	YTD Actuals	YTD Actuals
	Actuals	Actuals	Actuals	Actuals	Total	2006	to YTD Budget	as a % of
					Actuals	Budget	(unfavorable/	YTD Budget
							favorable/	
							(unfavorable/	
Revenues								
Passenger Fares	3,921,059	4,263,359	4,411,727	5,114,296	17,710,441	17,168,138	542,303	103%
Other Operating Revenues	643,513	621,835	616,707	525,357	2,407,412	2,110,703	296,709	114%
Total Operating Revenues	4,564,572	4,885,194	5,028,434	5,639,653	20,117,853	19,278,841	839,012	104%
Direct Operating Expenses								
Salaries & Benefits	463,175	446,838	438,084	471,737	1,819,834	1,960,207	140,373	93%
Services	2,563,821	3,101,093	3,330,560	3,329,904	12,325,378	16,546,071	4,220,693	74%
Materials & Supplies	449,044	772,668	957,655	520,530	2,699,897	2,897,845	197,948	93%
Insurance	359,151	514,857	475,432	529,099	1,878,539	2,235,200	356,661	84%
Purchased Transportation Svcs	15,380,087	15,699,008	15,655,375	15,393,577	62,128,047	63,845,359	1,717,312	97%
Miscellaneous Expenses	51,754	111,216	82,759	288,050	533,779	635,707	101,928	84%
Leases & Rentals	115,570	25,673	29,384	91,065	261,692	214,221	(47,471)	122%
Other Expenses	183,769	284,619	880,987	262,724	1,612,099	753,790	(858,309)	214%
Total Direct Operating Expenses	\$ 19,566,371	\$ 20,955,972	\$ 21,850,236	\$ 20,886,686	\$ 83,259,265	\$ 89,088,400	\$ 5,829,135	93%
Agency Admin Allocations	1,377,027	1,574,225	1,376,951	1,684,034	6,012,237	6,154,966	142,729	98%
Fully Allocated Operating Expenses	\$ 20,943,398	\$ 22,530,197	\$ 23,227,187	\$ 22,570,720	\$ 89,271,502	\$ 95,243,366	\$ 5,971,864	94%
Net Subsidy from Fully Allocated Operations	\$ (16,378,826)	\$ (17,645,003)	\$ (18,198,753)	\$ (16,931,067)	\$ (69,153,649)	\$ (75,964,525)	\$ 6,810,876	91%
Contingency	-	-	-	-	-	3,445,986	3,407,984	-
Depreciation & Amortization	8,481,412	7,586,370	8,453,210	8,545,021	33,066,013	35,226,573	2,160,560	94%
Net Subsidy from Operations after Depreciation and Amortization	\$ (24,860,238)	\$ (25,231,373)	\$ (26,651,963)	\$ (25,476,088)	\$ (102,219,662)	\$ (114,637,084)	\$ 12,417,422	89%
Ridership								
Boardings	2,909,948	3,113,152	3,153,845	2,838,920	12,015,865	11,072,591	943,274	109%
Average Weekday Boardings	40,570	43,564	48,935	40,138	43,844	38,358	5,486	114%

Capital Outlays by Line of Business

For the Twelve Months Ending December 31, 2006

ST Express, Sounder, Link, & Other

Current Year 2006

	2006 Adopted	YTD	YTD	YTD actuals	YTD actuals
	Capital Plan	Capital Plan	Actuals	(over)/under	as % of
				YTD Budget	YTD Budget
	a	b	c	[b - c]	[c/b]
Sounder Commuter Rail	152,461,765	152,461,765	92,557,367	59,904,398	61%
Link Light Rail	542,485,803	542,485,803	466,879,052	75,606,751	86%
ST Express	60,460,820	60,460,820	78,335,117	(17,874,297)	130%
Other Capital	14,952,239	14,952,240	2,709,634	12,242,606	18%
TOTAL	770,360,626	770,360,627	640,481,170	\$129,879,457	83%

Lifetime Capital Plan

	Adopted	Life-to-date	Remaining	Budget	% Spent and
	Capital Plan	Outlays	Contract	Remaining	Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Sounder Commuter Rail	1,226,976,328	878,772,857	52,310,684	295,892,787	76%
Link Light Rail	4,105,986,000	1,573,378,225	584,096,419	1,948,511,356	53%
ST Express	803,465,995	466,076,900	79,622,083	257,767,013	68%
Other Capital	200,843,015	124,729,019	8,603,077	67,510,920	66%
TOTAL	6,337,271,338	3,042,957,000	724,632,262	2,569,682,076	59%

Sounder Commuter Rail

Sounder Commuter Rail Transit Operations For the Twelve Months Ending December 31, 2006

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues								
Passenger Fares	702,970	1,555,660	1,148,608	1,510,707	4,917,945	2,959,265	1,958,680	166%
Other Operating Revenues	542,259	522,567	520,875	524,412	2,110,113	1,731,503	378,610	122%
Total Operating Revenues	1,245,229	2,078,227	1,669,483	2,035,119	7,028,058	4,690,768	2,337,290	150%
Direct Operating Expenses								
Salaries & Benefits	76,988	76,420	74,662	67,209	295,279	304,763	9,484	97%
Services	2,220,119	2,281,572	2,525,722	2,411,707	9,439,120	12,196,000	2,756,880	77%
Materials & Supplies	425,836	520,954	587,825	372,268	1,906,883	1,820,148	(86,735)	105%
Insurance	291,367	402,040	446,276	381,514	1,521,197	1,903,612	382,415	80%
Purchased Transportation Svcs	1,473,011	1,543,302	1,648,244	1,467,593	6,132,150	7,706,275	1,574,125	80%
Miscellaneous Expenses	36,109	67,522	19,085	65,258	187,974	231,792	43,818	81%
Leases & Rentals	46,390	10,235	12,176	18,820	87,621	145,775	58,154	60%
Other Expenses	80,400	105,445	778,139	111,394	1,075,378	334,141	(741,237)	322%
Total Direct Operating Expenses	\$ 4,650,220	\$ 5,007,490	\$ 6,092,129	\$ 4,895,763	\$ 20,645,602	\$ 24,642,506	\$ 3,996,904	84%
Agency Admin Allocations	435,026	545,185	457,323	559,280	1,996,811	1,900,295	(96,516)	105%
Fully Allocated Operating Expenses	\$ 5,085,246	\$ 5,552,675	\$ 6,549,452	\$ 5,455,043	\$ 22,642,413	\$ 26,542,801	3,900,388	85%
Net Subsidy from Fully Allocated Operations	\$ (3,840,017)	\$ (3,474,448)	\$ (4,879,969)	\$ (3,419,924)	\$ (15,614,355)	\$ (21,852,033)	\$ 6,237,678	71%
Contingency	-	-	-	-	-	1,309,375	1,309,375	-
Depreciation & Amortization	4,428,889	3,482,476	4,451,809	4,609,118	16,972,292	18,680,634	1,708,342	91%
Net Subsidy from Operations after Depreciation and Amortization	\$ (8,268,906)	\$ (6,956,924)	\$ (9,331,778)	\$ (8,029,042)	\$ (32,586,647)	\$ (41,842,042)	\$ 9,255,395	78%
Ridership								
Boardings	382,123	418,161	434,752	437,935	1,672,971	1,310,687	362,284	128%
Average Weekday Boardings	5,750	6,298	6,355	6,845	6,511	4,835	1,676	135%

Revenues and Ridership: Passenger Fares exceed budget by \$1.0M or 66%. Ridership was higher than the 2006 budget by 29%, and adjustments in the regional fare program methodology have had a favorable impact on this mode. Non-transportation revenue, primarily the revenue associated with the leasing of Sounder vehicles to other jurisdictions, exceeds the budget by \$855K, or 49%.

Services are under budget by \$2.8M or 23%. The largest variance is maintenance of vehicles, which was under budget by \$2M, as major maintenance for vehicles has been unnecessary for 2006. As service has been ramping up, the mileage on Sounder vehicles is below industry standards, so the major maintenance cycles have been able to be deferred. Maintenance of stations is also under budget, a variance of \$630K. Some budgeted maintenance projects for stations were determined to be unnecessary and major fire alarm work done at the Auburn garage that had been budgeted in 2006 was completed at the end of 2005, resulting in savings against the 2006 budget.

Materials & Supplies exceed the budget by \$86K or 5%, a favorable variance reduction of \$82K from the previous quarter. Fuel costs were over budget by \$130K for the year but were lower than budget in the fourth quarter. Fuel price spikes appear to have at least temporarily halted.

Insurance was under 2006 budget by \$382K or 20%. Premium payments were less than budgeted, and there was no claim activity beyond that covered by allowances for reserves.

Purchased Transportation Services are under budget by \$1.5M or 20%. Maintenance of way costs came in under budget and the expected increase in cost of per-train-mile was less than budgeted. In addition, annulled trips due to mudslides during the year resulted in savings against the operating plan.

Other Expenses, including taxes, were over budget by 222% or \$714K. The overspending is the result of reimbursement provisions to BNSF for ad valorem taxes. By agreement, Sound Transit is liable to BNSF for increases as a direct result of Sound Transit investments in the South Line corridor. This was an unbudgeted item for 2006. Excise taxes were over the budget throughout the year, reflecting the stronger ridership in 2006.

ST Express Transit Operations
For the Twelve Months Ending December 31, 2006

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues								
Passenger Fares	3,218,089	2,705,769	3,263,119	3,603,589	12,790,566	14,208,873	(1,418,307)	90%
Other Operating Revenues	101,254	99,268	95,832	945	297,299	379,200	(81,901)	78%
Total Operating Revenues	\$ 3,319,343	\$ 2,805,037	\$ 3,358,951	\$ 3,604,534	\$ 13,087,865	\$ 14,588,073	\$ (1,500,208)	90%
Direct Operating Expenses								
Salaries & Benefits	51,562	26,865	43,897	47,953	170,277	185,891	15,614	92%
Services	180,413	479,242	466,701	677,916	1,804,272	2,426,060	621,788	74%
Materials & Supplies	8,880	227,740	358,504	129,406	724,530	933,214	208,684	78%
Insurance	3,805	5,650	4,727	4,727	18,909	23,762	4,853	80%
Purchased Transportation Svcs	13,907,076	14,155,706	14,007,131	13,925,984	55,995,897	56,139,084	143,187	100%
Miscellaneous Expenses	10,534	37,092	60,948	191,861	300,435	316,985	16,550	95%
Leases & Rentals	69,180	15,033	17,208	72,245	173,666	64,446	(109,220)	269%
Other Expenses	79,822	149,106	77,746	124,177	430,851	309,715	(121,136)	139%
Total Direct Operating Expenses	\$ 14,311,272	\$ 15,096,434	\$ 15,036,862	\$ 15,174,269	\$ 59,618,837	\$ 60,399,157	\$ 780,320	99%
Agency Admin Allocations	838,724	888,253	805,736	985,386	3,518,099	3,770,918	252,819	93%
Fully Allocated Operating Expenses	\$ 15,149,996	\$ 15,984,687	\$ 15,842,598	\$ 16,159,655	\$ 63,136,936	\$ 64,170,075	\$ 1,033,139	98%
Net Subsidy from Fully Allocated Operations	\$ (11,830,653)	\$ (13,179,650)	\$ (12,483,647)	\$ (12,555,121)	\$ (50,049,071)	\$ (49,582,002)	\$ (467,069)	101%
Contingency	-	-	-	-	-	1,941,483	1,941,483	-
Depreciation & Amortization	3,365,155	3,402,757	3,262,430	3,226,745	13,257,087	13,881,763	624,676	96%
Net Subsidy from Operations after Depreciation and Amortization	\$ (15,195,808)	\$ (16,582,407)	\$ (15,746,077)	\$ (15,781,866)	\$ (63,306,158)	\$ (65,405,248)	\$ 2,099,090	97%
Ridership								
Boardings	2,308,866	2,468,859	2,498,944	2,400,985	9,677,654	8,861,904	815,750	109%
Average Weekday Boardings	31,940	34,262	39,666	33,293	34,393	30,750	3,643	112%

Passenger Fares and Ridership: Passenger Fares were under the 2006 Budget by \$1.4M or 10% although the ridership increased by 9% over 2005. Average fare per boarding was lower than budget in 2006 since the depletion of the Fare Integration Fund at the end of 2005 and other adjustments to the regional fare program.

Services were at 74% of 2006 budget. Maintenance of Vehicle costs were under budget by approximately \$183K as completion of the engine retrofit project has slipped into the first quarter of 2007. Maintenance of stations costs were at 76% of budget. Station maintenance costs were under budget at just about every site except for unplanned plumbing repair for Bellevue Transit Center. In October, a construction crew inadvertently damaged major sewer lines at the Bellevue Transit Center while working in the same vicinity. At other sites underspending was due to a series of budgeted electrical upgrades that were determined to be unnecessary.

Materials and Supplies were under 2006 budget by \$208K, or 22%. Tools and equipment were under budget by 14%. Budgeted funds for uniforms and marketing materials were not used during 2006, resulting in overall spending under budget for this account category. Materials and supplies for facilities were over the budget by 23%.

Purchased Transportation Services were on budget for 2006. Despite significant fluctuations during the year, average fuel costs came in at budget. The cost for extra service for schedule maintenance was offset by other cost savings realized during the year.

Lease and Rentals were \$109K over the budget. This is due to the lease of two buses for South King County in the second, third and fourth quarter. This lease was necessary to maintain schedules through Seattle due to the closure of the Downtown Seattle Transit Tunnel.

Other Expenses exceed budget by \$121K or 39%. The largest item is the State Excise Tax, reflecting strong ridership trends. Additionally, utilities costs for the new Federal Way Transit Center were underestimated in the 2006 budget.

Tacoma Link Transit Operations
For the Twelve Months Ending December 31, 2006

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues								
Passenger Fares	-	1,930	-	-	1,930	-	1,930	-
Other Operating Revenues	-	-	-	-	-	-	-	-
Total Operating Revenues	-	1,930	-	-	1,930	-	1,930	-
Direct Operating Expenses								
Salaries & Benefits	312,360	285,942	279,418	310,430	1,188,150	1,299,938	111,788	91%
Services	132,468	269,183	222,850	140,012	764,513	1,182,018	417,505	65%
Materials & Supplies	14,328	23,532	11,313	18,841	68,014	140,070	72,056	49%
Insurance	63,979	107,167	24,429	142,858	338,433	307,826	(30,607)	110%
Purchased Transportation Svcs	-	-	-	-	-	-	-	-
Miscellaneous Expenses	286	1,333	559	969	3,147	73,300	70,153	4%
Leases & Rentals	-	405	-	-	405	4,000	3,595	10%
Other Expenses	23,547	30,071	24,859	26,830	105,307	109,934	4,627	96%
Total Direct Operating Expenses	\$ 546,968	\$ 717,633	\$ 563,428	\$ 639,940	\$ 2,467,969	\$ 3,117,086	\$ 649,117	79%
Agency Admin Allocations	103,277	112,263	100,561	122,980	439,085	423,753	(15,332)	104%
Fully Allocated Operating Expenses	\$ 650,245	\$ 829,896	\$ 663,989	\$ 762,920	\$ 2,907,054	\$ 3,540,839	\$ 633,785	82%
Net Subsidy from Fully Allocated Operations	\$ (650,245)	\$ (827,966)	\$ (663,989)	\$ (762,920)	\$ (2,905,124)	\$ (3,540,839)	\$ 635,715	82%
Contingency	-	-	-	-	-	157,126	157,126	-
Depreciation & Amortization	687,368	701,137	738,971	709,158	2,836,634	2,664,176	(172,458)	106%
Net Subsidy	\$ (1,337,613)	\$ (1,529,103)	\$ (1,402,960)	\$ (1,472,078)	\$ (5,741,758)	\$ (6,362,141)	\$ 620,383	90%
Ridership								
Boardings	218,959	226,132	220,149	885,397	1,550,637	900,000	650,637	172%
Average Weekday Boardings	2,880	3,004	2,914	2,937	2,940	2,773	167	106%

Ridership: Ridership was slightly higher compared to the same period of 2005, but was under 2006 expectations by just under 2%. Demand for Tacoma Link service continues to exceed 2010 forecasts.

Salaries & Benefits were under budget by \$112K, or 9%. A supervisor position, plus two part-time positions were vacant for much of the year. They were filled in January, 2007.

Services were under budget by \$417K or 65%. Maintenance of stations was under budget as some funding for repairs was unnecessary in 2006. Work on the overhead catenary system was postponed in 2006 while the scope of the project is further defined. Maintenance of vehicles was also under budget. The project for seat re-upholstery was completed in the fourth quarter but the spending came in lower than budget, resulting savings of \$19K. Marketing services are under budget by \$45K. Security costs exceeded budget by 24%, or \$77K.

Material and Supplies were under budget by \$72K or 49%. Spare parts usage was lower than expected, and the need for purchasing specialized tools was avoided in 2006.

Miscellaneous Expenses are under budget by \$70K. Budgeted training funds were not used, and there were no specific Tacoma Link marketing campaigns this year.

Souder Capital

Souder Commuter Rail - Capital Outlays by Phase
For the Twelve Months Ending December 31, 2006

Current Year 2006

<u>Phase</u>	<u>2006 Adopted Capital Plan</u>	<u>YTD Capital Plan</u>	<u>YTD Actuals</u>	<u>YTD actuals (over)/under YTD Budget</u>	<u>YTD actuals as % of YTD Budget</u>
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c / b]</i>
Agency Administration	8,115,042	8,115,042	4,554,952	3,560,090	56%
Preliminary Engineering	40,574	40,574	661,726	(621,152)	1631%
Final Design	6,334,994	6,334,994	4,705,563	1,629,431	74%
ROW Acq. & Permits	56,238,910	56,238,910	54,256,743	1,982,167	96%
Construction	79,906,793	79,906,793	28,378,382	51,528,412	36%
Vehicles	-	-	-	-	-
Contingency	1,825,451	1,825,451	-	1,825,451	0%
TOTAL	\$ 152,461,765	\$ 152,461,765	\$ 92,557,367	\$ 59,904,398	61%

Lifetime Capital Plan

<u>Phase</u>	<u>Adopted Capital Plan</u>	<u>Life-to-date Outlays</u>	<u>Contract Remaining</u>	<u>Budget Remaining</u>	<u>% Spent & Committed</u>
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	55,141,032	37,114,689	18,216	18,008,127	67%
Preliminary Engineering	26,904,122	25,301,496	390,893	1,211,733	95%
Final Design	33,053,521	26,187,264	2,227,641	4,638,615	86%
ROW Acq. & Permits	354,918,344	291,902,933	291,196	62,724,216	82%
Construction	586,061,854	355,380,724	49,382,739	181,298,391	69%
Vehicles	142,280,399	134,504,945	0	7,775,454	95%
Contingency	28,617,056	-	-	28,617,056	0%
Unabsorbed Overhead		8,380,805		(8,380,805)	
TOTAL	\$ 1,226,976,328	\$ 878,772,857	\$ 52,310,684	\$ 295,892,787	76%

Souder Capital Notes

Agency Administration spending was at 56% of the 2006 annual budget. This category includes the total administrative overhead charged to capital projects and was below budget due to delays in program spending, which was at 61% of the 2006 budget and vacant FTE's positions within the department.

Preliminary Engineering spending was at 1631% of the 2006 annual budget, \$621K above the \$41K budgeted.

- Permitting/Environmental Mitigation was \$313K over the 2006 budget of \$20K due to spending that was not anticipated in the 2006 cash flow. Findings at Mukilteo Station and the Meadowdale Marina necessitated additional environmental work in order to obtain permits.
- Tukwila Station was \$194K over budget; no expense for Alternatives Analysis and Sequencing was forecast for 2006.

Final Design spending was at 74% of the 2006 annual budget, \$1.6M below the \$6.3M budgeted.

- Final design for Permitting/Environmental Mitigation was \$218K under spent due to a right-of-way acquisition taking longer than expected. Delays in finalizing appraisals and higher than

expected land acquisition costs for the Meadowdale Marina required alternative mitigation properties be evaluated.

- Reservation-Freighthouse was \$323K underspent due to a delay that resulted from making design revisions in response to comments received from the City of Tacoma. The design work is now complete, and final billings will be processed when they are received.
- Tacoma to Lakewood Track and Signal was \$427K underspent due to the decision made to undertake a feasibility study to analyze an overpass option for the Pacific Avenue crossing. Final design of the connection between D Street and M Street is on hold pending the results of the study and Board direction.
- Lakewood Station was \$465K underspent as spending has not occurred as quickly as was anticipated in the 2006 annual budget.
- Tukwila Station was \$290K underspent due to extended scope and fee negotiations which delayed project start.

ROW spending was at 96% of the 2006 annual budget, \$2 million under the \$56.2 million budgeted.

- Permitting/Environmental Mitigation was \$1.6 million under spent due to the ROW acquisition taking longer than expected. The revised appraisal for the Meadowdale Marina was for an excessive amount; alternative mitigation is being evaluated.
- Lakewood Station was \$444K underspent due to savings on property acquisition; this will be a phase level savings that will be moved to contingency in the 2007 budget.

Construction spending was at 36% of the 2006 annual budget, \$51.5M under the \$80M budgeted.

- Layover was \$2.2M underspent. Acquisition of property in Everett is necessary before construction can begin in the north and the Lakewood portion of the project is behind due to delays in the track and signal project in the corridor, which must be completed prior to constructing the layover facility.
- Everett Station was \$7.7M underspent due to delays in execution of ROW agreements, which were expected to be signed in November. Construction start has been delayed until April 2007.
- Edmonds Station was \$5M underspent due to delay in reaching agreement with stakeholders (primarily Amtrak) in order to move into final design.
- Seattle-to-Tacoma Track and Signal was \$3M underspent due to delays in progress of the Phase II improvements during the 4th quarter. Progress on these improvements is dependent on resolution of issues at King Street Station and D Street in Tacoma.
- Reservation to Freighthouse was \$6.7M under budget due to a credit received for \$5.55M from the deferred revenue account which offset actual expenditures. The construction start has been delayed until January 2007.
- Tacoma-to-Lakewood Track and Signal was \$20.9M underspent due to delays created by the feasibility study analyzing the overpass option at the Pacific Avenue crossing. Final design has proceeded on the upgrade of the existing track to Lakewood, but final design of the connection between D Street and M Street is on hold pending the results of the study. The study is addressing whether the project will stay at an at-grade crossing or change to an overpass.
- South Tacoma Station was \$2.2M underspent due to delay caused by an appeal of the ROW acquisition and coordination with Track and Signal project.
- Lakewood Station was \$4.2M under spent because the property acquisition expected to take place in 2005 did not occur until March 2006, delaying completion of design and execution of construction contract.

ST Express Capital

ST Express - Capital Outlays by Phase For the Twelve Months Ending December 31, 2006

Current Year 2006

Phase	2006 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c/b]</i>
Agency Administration	3,590,777	3,590,777	3,145,356	445,421	88%
Prelim. Engineering	2,518,562	2,518,562	1,049,996	1,468,566	42%
Final Design	9,923,397	9,923,397	6,458,073	3,465,324	65%
ROW Acq. & Permits	2,556,451	2,556,451	1,280,914	1,275,538	50%
Construction	40,886,579	40,886,579	66,400,779	(25,514,200)	162%
Contingency	985,053	985,053	-	985,053	0%
TOTAL	\$ 60,460,820	\$ 60,460,820	\$ 78,335,117	\$ (17,874,297)	130%

Lifetime Capital Plan

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	<i>d</i>	<i>e</i>	<i>f</i>	<i>[d-(e+f)]</i>	<i>[(e+f)/d]</i>
Agency Administration	41,515,058	33,818,509	121,152	7,575,397	82%
Prelim. Engineering	52,827,558	47,678,543	3,332,460	1,816,555	97%
Final Design	53,736,798	37,573,353	4,086,336	12,077,109	78%
ROW Acq. & Permits	62,074,696	44,496,503	3,566,406	14,011,787	77%
Construction	504,107,558	302,509,992	68,515,729	133,081,837	74%
Contingency	89,204,328	-	-	89,204,328	0%
TOTAL	\$ 803,465,995	\$ 466,076,900	\$ 79,622,083	\$ 257,767,013	68%

Regional Express Capital Outlay Notes

Agency Administration spending was at 88% of the 2006 annual budget. This category includes the total administrative overhead charged to capital projects.

Preliminary Engineering spending was at 42% of the 2006 annual budget, \$1.5M under the \$2.5M budgeted.

- Rainier Avenue/Hardie Avenue Arterial Improvements was \$1.6 million under spent. The City of Renton is the project lead, and Sound Transit's contribution is capped. Payments will be made as milestones are met and invoices received.

Final Design spending was at 65% of the 2006 annual budget, \$3.5M under the \$9.9M budgeted.

- Mountlake Terrace Freeway Station was \$1.8M underspent due to protracted design negotiations with WSDOT. Final design began this quarter.
- 85th Corridor/Related Improvements was \$325K underspent due to a delay in reaching agreement with the City of Kirkland on the scope and budget for final design of the project which will push payments forecasted for 2006 into 2007.
- Rainier Avenue/Hardie Avenue Arterial Improvements was \$470K underspent. The City of Renton is the project lead, and Sound Transit's contribution is capped. Payments will be made as milestones are met and invoices received.

- Woodinville TOD was \$853K underspent; the project was closed in the 2007 budget. \$4.8M has been transferred to the East King County Program Reserve and \$207K transferred to TOD to cover costs incurred.

ROW spending was at 50% of the 2006 annual budget, \$1.3M under the \$2.6M budgeted.

- Rainier Avenue/Hardie Avenue Arterial Improvements was \$1.1M underspent. The City of Renton is the project lead, and Sound Transit's contribution is capped. Payments will be made as milestones are met and invoices received.
- Strander Boulevard Extension was \$265K underspent. The City of Renton is the project lead, and Sound Transit's contribution is capped. Payments will be made as milestones are met and invoices received.

Construction spending was at 162% of the 2006 annual budget, \$25.5M over the \$40.9M cash flowed to be spent in 2006, all projects are within their lifetime budgets. The following projects spending budget were exceeded for the year:

- Federal Way HOV Access was \$3.5M over budget as the 2006 budget assumed that construction would be completed in 2005 but extended into 2006.
- Federal Way Transit Center was \$1.1M over budget. The budget assumed construction would end by the fall of 2005 with only a \$1M lump sum payment owing to the city to be paid in 2006. Actual construction continued through the first quarter of 2006; however, the facility was opened for revenue operations on schedule (February 2006 service change).
- Totem Lake Freeway Station was \$13M over budget because construction spending is progressing ahead of the anticipated 2006 cash flow budget.
- Eastgate HOV Access was \$8.6M over budget because spending in 2005 was less than forecast pushing it into 2006. Cost and time were added near the end of the project in order to open the facility to HOV in addition to transit. The project is now in operation.
- Mercer Island Park & Ride was \$3.9M over budget due to a conservative 2006 cash flow budget.
- Issaquah Transit Center was \$2.1M over budget. Construction payments are exceeding cash flow assumptions established in the annual 2006 budget. Project currently estimated to be completed within budget.

The following projects were underspent for the year:

- Issaquah Highlands Park & Ride was \$2.6M underspent. King County Metro (KCM) reports the contract will be closed and project savings identified. Staff expects to reach agreement first quarter 2007 on the proportional share of the savings between KCM and Sound Transit.
- Bellevue HOV Access was \$1.6M underspent due to a credit received in the amount of \$1.56M for overpayment to WSDOT resulting from changes in allocation and actual expenses.
- Bothell Branch Campus was \$1M underspent due to a redesign of the transit loop from two directional bus traffic to one directional which has delayed the construction start.
- Totem Lake Transit Center was \$747K underspent; the project had to be re-advertised, delaying the start of construction.
- Bellevue Rider Services Building was \$585K underspent; the project is in service and is going through the close out process.

Link Light Rail

Link Light Rail - Capital Outlays by Phase For the Twelve Months Ending December 31, 2006

Current Year 2006

Phase	2006 Adopted Capital Plan	YTD Capital Plan	YTD Actuals	YTD actuals (over)/under YTD Budget	YTD actuals as % of YTD Budget
	a	b	c	[b - c]	[c/b]
Agency Administration	44,586,501	44,586,501	26,553,406	18,033,096	60%
Preliminary Engineering	1,831,556	1,831,556	1,043,926	787,631	57%
Final Design	23,133,488	23,133,488	18,539,733	4,593,755	80%
ROW Acq. & Permits	48,345,711	48,345,711	30,705,646	17,640,065	64%
Construction	390,241,661	390,241,661	365,250,908	24,990,753	94%
Vehicles	33,169,884	33,169,884	24,785,433	8,384,451	75%
Testing and Start-Up	-	-	-	-	-
Contingency	1,177,001	1,177,001	-	1,177,001	0%
TOTAL	\$ 542,485,803	\$ 542,485,803	\$ 466,879,052	\$ 75,606,751	86%

Lifetime Capital Plan

Phase	Adopted Capital Plan	Life-to-date Outlays	Contract Remaining	Budget Remaining	% Spent & Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Agency Administration	317,754,798	131,502,432	2,713,841	183,538,525	42%
Preliminary Engineering	98,587,767	91,424,172	574,434	6,589,161	93%
Final Design	272,922,450	168,856,137	12,752,261	91,314,051	67%
ROW Acq. & Permits	410,211,088	249,416,214	15,126,261	145,668,612	64%
Construction	2,554,551,263	850,920,166	467,078,862	1,236,552,235	52%
Vehicles	297,109,553	64,943,330	85,850,759	146,315,465	51%
Testing and Start-Up	434,019	434,019	-	-	100%
Contingency	154,415,062	-	-	154,415,062	0%
Overhead Reserve	-	15,881,755	-	(15,881,755)	-
TOTAL	\$ 4,105,986,000	\$ 1,573,378,225	\$ 584,096,419	\$ 1,948,511,356	53%

Link Capital Outlay Notes

Initial Segment construction continues along the entire 14-mile corridor between Downtown Seattle and 154th Street in Tukwila, including the major systems contracts and the procurement of the light rail vehicles. Work reached 60% completion as of December 2006 and is on schedule for completion in mid-2009. "Conditional Substantial Completion" of the Operations & Maintenance Facility was achieved in December 2006, with construction 99% complete overall. The Tunnel Boring Machine (TBM) was re-launched at Beacon Hill for southbound tunneling in December 2006. Roadway paving in Rainier Valley progressed at increased production levels throughout the fourth quarter despite adverse weather, and the first rail was installed along MLK, Jr. Way in December 2006. The second light rail vehicle was delivered in early November 2006, and both cars are on site and undergoing inspection and testing, with traction power available.

In December 2006, the University Link project received the Consent for Final Design letter from the FTA. Sound Transit is working with the FTA staff to finalize the schedule and requirements for submitting application for the Federal Full Funding Grant Agreement (FFGA). In December, the contract with the civil/architectural design consultant team (NTP) was signed, and Full Notice to Proceed with

final design was issued. Proposals for systems final design contract are due by the end of January. Revenue service for University Link is projected to begin in 2016.

Airport Link construction is underway along the C410 and C420 construction segments. The C430 contract for construction of the SeaTac Airport Light Rail Station was advertised for bid in December 2006, with construction projected to start in March 2007. Completion of Airport Link construction is expected by the end of 2009.

Tacoma Link contracts are complete, and project closure is in process.

Agency Administration outlays at year-end 2006 are equal to 60% of the annual 2006 budget plan. This budget category includes: Link staff support costs, agency costs allocated to projects and direct charges.

Preliminary Engineering outlays through the fourth quarter of 2006 are equal to 57% of the annual budget plan. Preliminary engineering work for the Initial Segment completed under budget. Work for Airport Link is complete, except for ongoing environmental monitoring, with expenditures well below the annual budget plan. University Link expenditures for preliminary engineering exceed the annual budget plan, because this phase of work was originally projected to be complete in April 2006. Continuing work for University Link includes preparation of the project risk assessment, which involved design consultants and tunnel experts, and coordination with the University of Washington and other third parties.

Final Design outlays are equal to 80% of the annual budget plan at year-end 2006. Final design for University Link was delayed by several months until Consent for Final Design was received from the FTA in mid-December 2006. Notice to Proceed with final design was issued to the civil/architectural design consultant team on December 29, 2006. Expenditures for the Initial Segment are related to design support for major construction activities: current year outlays exceed the annual plan due to design changes for the Beacon Hill Tunnel and relocation of the station platform. Airport Link final design for all segments completed in August 2006: current year outlays exceed the annual plan, but are within the lifetime budget for final civil design.

ROW Acquisition & Permits outlays through the fourth quarter of 2006 are 64% of the annual budget plan. Initial Segment acquisitions are 44% of the annual plan, because several high-value mediations did not occur, and a payment to the City of Seattle is still pending. Payments to King County Metro in 2006 for use of the DSTT exceed the annual budget plan. Acquisitions for University Link are only 1% of the project's annual plan. Acquisition of property needed for the construction staging area of Capitol Hill Station is well underway, but no parcels have closed as of year-end 2006. Payment to the University of Washington (UW) for properties UW is acquiring in the University District is delayed pending Sound Transit Board approval of the agreement with UW, expected Spring 2007. Airport Link ROW outlays exceed the annual plan: Sound Transit acquired nine parcels by settlement and use agreements to accommodate construction that started in October 2006.

Construction outlays are 94% of the annual budget plan at year-end 2006. Initial Segment construction generally progressed towards projected completion in July 2009. There were delays caused by adverse weather during the second half of 2006, and measures were taken to mitigate impact to the overall project schedule. In Beacon Hill, there was great improvement in the sequential excavation (SEM) productivity rate, compared to plan, but work at the East Portal of the Beacon Hill Tunnel slowed at the last quarter of 2006 when the soil slid due to heavy rains. The soil has been stabilized through reinforcing measures. Roadway construction in Rainier Valley, which had been impacted earlier this year by a shortage of construction labor, the concrete strike, and weather conditions, markedly improved in the fourth quarter of 2006. In Tukwila, span erection productivity slowed again due to excessive rain, but is projected to complete as originally planned. The contractor for the E-3 Busway and Operations & Maintenance Facility has filed a lawsuit against Sound Transit to claim compensation for delays associated with unavailability of structural steel. Overall construction of Operations & Maintenance (O&M) Facility reached 99% complete in December 2006. Systems contract installation continued in the DSTT and at the O&M Facility, and traction power is available for testing of the light rail vehicles. Airport Link construction expenditures exceed the annual 2006 plan, because the terms of the MOA with the Port of Seattle required earlier payments for Sound Transit's share of costs for the Port roadway and LRT facilities construction contract than were projected when the 2006 budget was adopted.

Vehicles outlays through the fourth quarter of 2006 are 75% of the annual budget plan. The current payment plan for this contract is tied to specific deliverables, and is apportioned between the Initial Segment and Airport Link. Progress for the light rail vehicle procurement is on schedule, with the second light rail vehicle delivered for testing in November 2006. Preparations are underway in Everett to start final assembly of the remaining cars in the first quarter of 2007.

Testing and Start-Up outlays are for Tacoma Link in prior years.

Agency Administration Expenses

Agency Summary by Department

Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts
For the Twelve Months Ending December 31, 2006
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Board Administration	129,001	138,710	125,794	149,885	543,390	684,231	140,841	79%
Communications	1,138,390	1,497,741	1,484,418	1,482,015	5,602,564	6,119,661	517,097	92%
Capital Projects	1,076,272	937,133	832,722	897,368	3,743,495	4,653,226	909,731	80%
Executive Department	1,009,562	1,266,979	991,146	1,156,398	4,424,085	5,172,507	748,422	86%
Finance & Information Technology	2,311,128	2,555,140	2,292,032	2,350,751	9,509,051	11,203,885	1,694,833	85%
Legal Services	647,035	525,204	461,253	547,371	2,180,863	2,516,643	335,780	87%
Link	2,076,388	2,129,469	2,026,115	2,135,691	8,367,663	8,896,443	528,780	94%
Non-Departmental	1,072,651	1,020,865	1,102,039	1,086,989	4,282,543	4,153,815	(128,728)	103%
Project Delivery Support Services	1,587,905	1,356,876	1,234,021	1,195,956	5,374,757	7,090,426	1,715,669	76%
Transportation Services	872,330	926,912	864,621	1,186,474	3,850,337	4,697,447	847,110	82%
TOTAL	\$ 11,920,662	\$ 12,355,029	\$ 11,414,160	\$ 12,188,898	\$ 47,878,748	\$ 55,188,283	\$ 7,309,535	87%

Staff & Other Expenses

For the Twelve Months Ending December 31, 2006
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2006 Actuals	YTD 2006 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	8,511,783	8,191,325	7,678,702	8,063,165	32,444,975	35,437,745	2,992,770	92%
Services	1,663,439	1,927,490	1,509,367	1,796,796	6,897,092	10,219,657	3,322,565	67%
Materials & Supplies	98,042	326,270	183,247	260,033	867,592	1,412,144	544,552	61%
Miscellaneous Expenses	307,231	619,246	573,330	649,227	2,149,034	2,421,931	272,897	89%
Leases & Rentals	449,715	473,191	461,280	466,078	1,850,264	1,952,275	102,011	95%
Other Expenses	303,126	280,946	381,212	351,240	1,316,524	1,519,216	202,692	87%
Depreciation	587,326	536,561	627,022	602,359	2,353,268	2,225,315	(127,953)	106%
Gross Staff Operating Expenses	\$ 11,920,662	\$ 12,355,029	\$ 11,414,160	\$ 12,188,898	\$ 47,878,748	\$ 55,188,283	\$ 7,309,535	87%
Expense Transfers	(7,546,251)	(7,545,846)	(6,746,793)	(7,796,635)	(29,635,525)	(35,420,824)	(5,785,299)	84%
Transfers to Other Governments	28,534,025	-	8,815,595	26,589,020	63,938,640	-	(63,938,640)	-
Net Staff Operating Expenses	\$ 32,908,436	\$ 4,809,183	\$ 13,482,962	\$ 30,981,283	\$ 82,181,863	\$ 19,767,459	\$ (62,414,405)	416%
Other Expenses								
Transit Vision	1,144,871	1,092,063	2,356,152	1,822,341	6,415,427	12,431,577	6,016,150	52%
Transit-Oriented Development	13,951	36,165	20,403	32,894	103,413	400,000	296,587	26%
STart	3,700	11,142	6,752	14,144	35,738	130,000	94,262	27%
Link Community Development	-	-	4,826	-	4,826	-	(4,826)	-
Community Development Fund	307,214	322,941	169,540	69,276	868,971	2,143,473	1,274,502	41%
Debt Service Costs	112,605	113,457	115,259	65,446	406,767	426,525	19,758	95%
Non-Capitalizable LOB expenses	279,181	1,141,154	430,980	500,508	2,351,823	1,483,421	(868,402)	159%
Total Other Expenses	\$ 1,861,522	\$ 2,716,922	\$ 3,103,912	\$ 2,504,609	\$ 10,186,965	\$ 17,014,996	\$ 6,828,031	60%
Grand Total Operating Expenses	\$ 34,769,958	\$ 7,526,105	\$ 16,586,874	\$ 33,485,892	\$ 92,368,829	\$ 36,782,455	\$ (55,586,374)	251%

Staff Operating Notes

Salaries and Benefits were below budget by \$2.9M, or 8%, at the end of the year. This is due to lower than budgeted headcount, which directly affects these expenditure levels. There were 324 filled corporate department positions on December 31 compared to 374 budgeted corporate department positions.

Services were below budget by \$3.3K, or 33%, at the end of the third quarter. When the budget was developed, the agency was planning to present a ballot measure for the ST2 Plan in the calendar year 2006. However, in March the State Legislature passed a bill requiring the agency to hold the vote in November of 2007. Accordingly, there are some related communications services and mailing budgets that were not spent.

Materials and Supplies were below budget by \$545K, or 39%, at year-end. The largest variances were for less than anticipated materials and supply spending in the communications and information technology divisions.

Miscellaneous Expenses were below budget by \$273K, or 11%, at year-end. Contingency is part of this account category which remained unspent.

Leases & Rentals were below budget by \$102K, or 5%, at year-end. This category includes administrative facilities rent, parking garage lease and meeting space rentals.

Other Expenses were below budget by \$202K, or 13%, at year-end. This category includes insurance, utilities, taxes and interest.

Depreciation was over budget by \$128K, or 6%, at year-end. Included in the category is depreciation on assets such as fleet vehicles, Union Station building, Furniture and Fixtures, Computer Equipment, Office Equipment, Software and Capital Leases. The biggest variance was in greater than budgeted computer software depreciation.

Expense Transfers were under budget by \$5.8M, or 16%, at year-end. This category represents the allocated overhead dollars that are transferred to capital and operating projects. This category was under budget due to \$7.3M in overall lower spending in the staff operating departments compared with the budget.

Transfers to other Governments: \$63.9M was donated to other governments in 2006, the major contributions included the completion of the Federal Way HOV Access Project (\$29.5M), Eastgate HOV Access (\$28.4M), and Sammamish Park and Ride (\$6.2M).

Other Non-Operating Costs Notes

Transit Vision was below budget by \$6M, or 48%, at year-end. This category includes operational spending for Fare Integration, Research & Technology and Phase 2 Planning. The Legislature's recent requirement to postpone the ST2 vote until 2007 resulted in under spending of the 2006 budget since this budget was produced assuming a vote in 2006.

Transit-Oriented Development was below budget by \$297K, or 74%, at year-end. These funds are for transit-related studies and are only spent as needed.

Community Development Fund was under budget by \$1.3M, or 59%, at year-end.

Debt Service Costs were under budget by \$19K, or 5%, at year-end reflecting a slight variance to our projected allocations to capital projects.

Non-Capitalizable LOB Expenses was over budget by \$868K, or 59%, primarily due to accrued OCIP insurance claims that were budgeted in the Finance Department Staff budget but accrued here in Non-Capitalizable LOB Expenses.

Subarea Fourth Quarter 2006 Summaries

Subarea -4th Quarter Summaries

Subarea Revenue Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2006 Tax Revenues							
Dec YTD Budget	38.5	79.9	57.9	82.8	56.7	0.0	315.8
Dec YTD Actual	41.6	82.3	59.5	85.2	59.9	0.0	328.5
\$ Variance	3.2	2.4	1.6	2.3	3.1	0.0	12.6
% Variance	8.3%	3.0%	2.8%	2.8%	5.5%	-	4.0%
2006 Farebox Revenues							
Dec YTD Budget	2.6	0.0	2.8	7.6	4.1	0.0	17.2
Dec YTD Actual	2.5	0.0	2.5	6.9	5.8	0.0	17.7
\$ Variance	0.0	0.0	-0.4	-0.7	1.7	0.0	0.5
% Variance	-1.7%	-	-12.7%	-9.7%	41.3%	-	3.2%
2006 Grant Revenues							
Dec YTD Budget	14.8	49.7	51.1	4.3	27.9	0.3	148.1
Dec YTD Actual	1.0	51.8	53.2	12.9	19.7	0.8	139.4
\$ Variance	-13.8	2.1	2.0	8.6	-8.2	0.5	-8.7
% Variance	-93.1%	4.2%	4.0%	199.3%	-29.5%	174.8%	-5.9%
2006 Other Revenues							
Dec YTD Budget	0.8	0.1	0.7	0.0	0.6	26.8	29.0
Dec YTD Actual	1.0	2.1	3.8	0.1	3.1	30.1	40.3
\$ Variance	0.2	2.0	3.1	0.1	2.5	3.3	11.3
% Variance	NA	NA	NA	NA	NA	NA	NA

Subarea Operating Expense & Capital Outlay Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2006 Transit Operating Expenses							
Dec YTD Budget	17.6	-	32.4	39.5	44.4	-	133.9
Dec YTD Actual	18.0	0.1	27.3	39.0	38.2	-	122.4
Percent Spent	102.2%	-	84.0%	98.7%	86.0%	-	91.4%
2006 Other Operating Expenses							
Dec YTD Budget	(0.0)	0.0	(0.1)	0.0	(0.1)	37.3	37.2
Dec YTD Actual	0.0	0.2	0.0	0.0	(0.4)	92.6	92.4
Percent Spent	NA	NA	NA	NA	NA	NA	NA
2006 Capital Outlays							
Dec YTD Budget	78.8	359.9	212.5	55.7	58.4	5.1	770.4
Dec YTD Actual	58.1	282.6	207.5	69.4	22.2	(2.3)	637.4
Percent Spent	73.8%	78.5%	97.6%	124.5%	38.0%	-46.1%	82.7%
2006 Lifetime Capital Outlays							
LTD Budget	563.6	3,168.7	1,327.3	609.4	635.2	33.0	6,337.3
LTD Actual	394.4	1,112.0	768.6	309.2	418.7	40.1	3,043.0
Outstanding Contracts	27.8	360.0	250.4	53.7	27.9	4.8	724.6
Percent Spent or Committed	74.9%	46.5%	76.8%	59.5%	70.3%	136.2%	59.5%

Subarea Net Asset Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2006 Net Asset Summary							
Invested Capital Assets	225.9	859.1	515.2	181.6	266.6	24.3	2,072.6
Restricted	1.2	2.5	33.3	-	27.0	28.1	92.2
Unrestricted	24.2	59.0	18.4	240.1	89.3	60.1	491.1
Total Net Assets	251.3	920.5	566.9	421.7	382.9	112.6	2,655.9