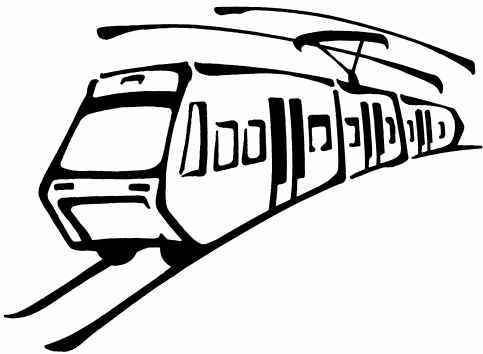
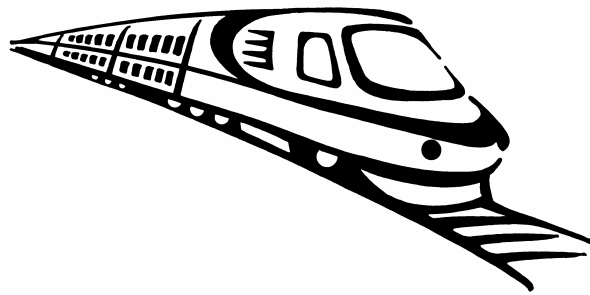
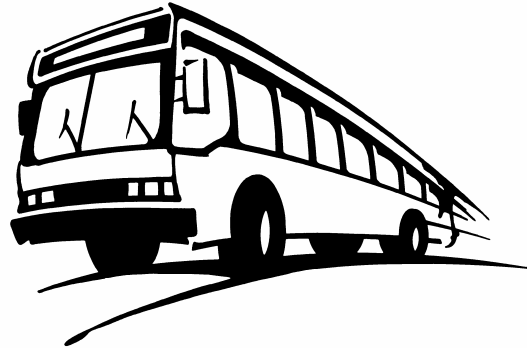




SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority



Quarterly Financial Report
Fourth Quarter 2005
December 31, 2005

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**Fourth Quarter 2005
Quarterly Financial Report**

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February 23, 2006

TO: Board of Directors
FROM: Joni Earl, *Chief Executive Officer*
Hugh Simpson, *Chief Financial Officer*
SUBJECT: Fourth Quarter 2005 Financial Report

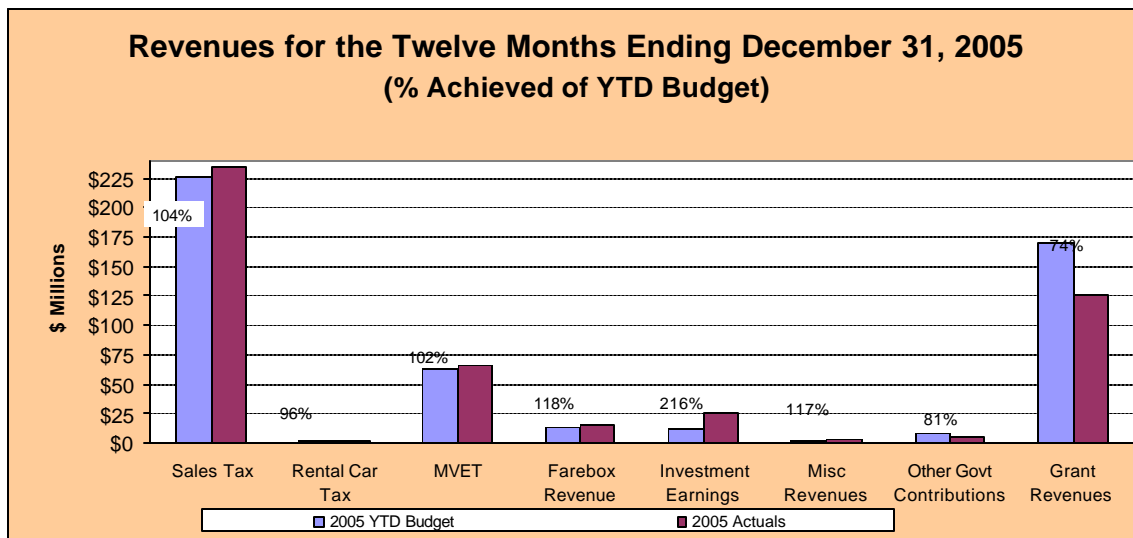
Executive Summary

This report summarizes Sound Transit's 2005 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 are based on preliminary year-end financial information not yet subject to audit. While not all year-end financial adjustments have been reflected in the preliminary results, we do not expect a material change in the final year-end numbers.

Revenues

The total agency revenues of \$482M were under budget for the year by \$17.9M or 4% due to a lag in federal grant contributions recognized to date. Tax revenues at \$303M were over budget by \$10.5M or 4%. Investment earnings of \$25.8M exceeded budget by \$14M or 116%. Federal grant revenues at \$126.7M were \$43.5M or 26% below budget at year end. Federal grant contributions for the Sound Move program are still anticipated to meet lifetime budget expectations. Farebox revenues, at \$16.3M, were \$2M or 18% over budget at the end of the year and 19% higher than year-end 2004. This increase is in line with ridership which at 11M is 8% over the 2004 level.

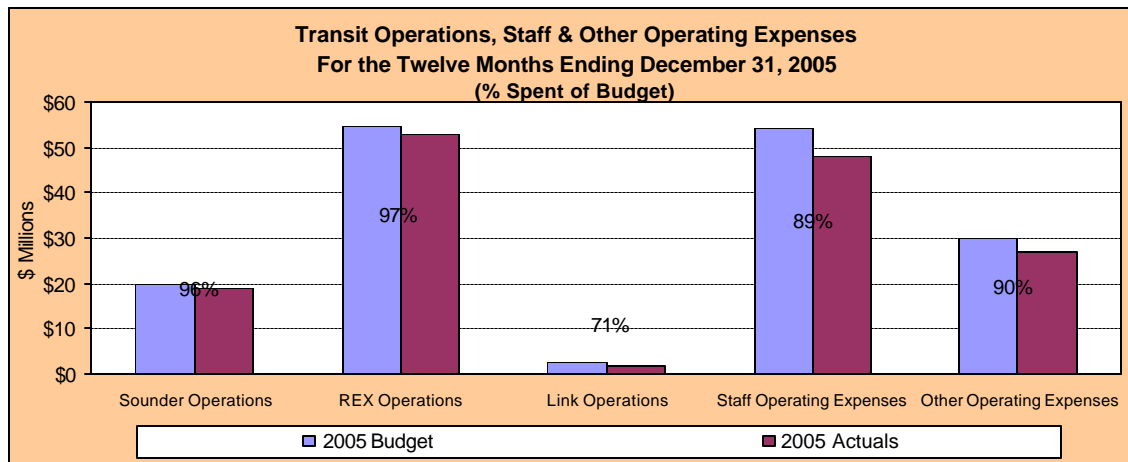


Expenses

Total agency expenses of \$155M were under budget for the year by \$9M or 5%. Transportation Services direct operating expenses, as a percent of budget, were: Sounder at 96%, Regional Express at 97%, and Tacoma Link at 71%. Most underspending occurred in the Services and Insurance categories.

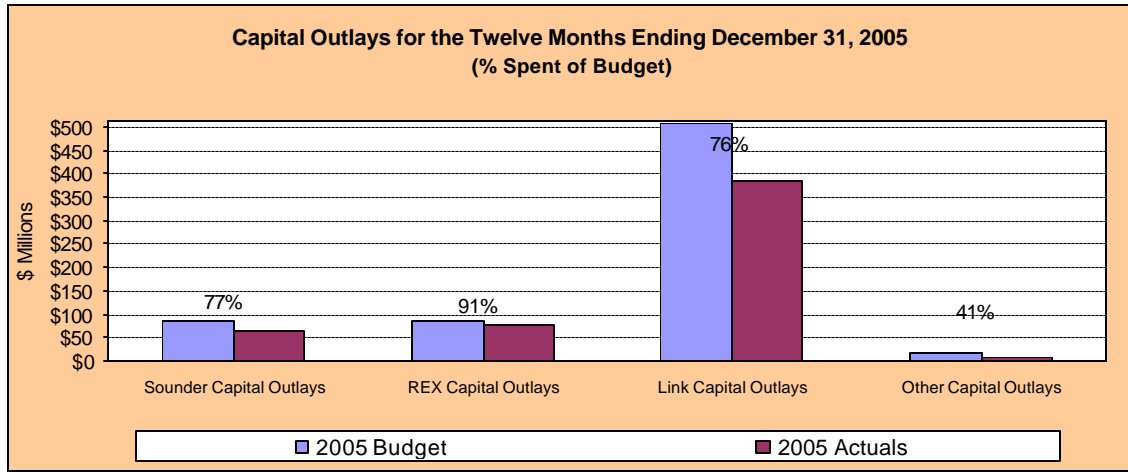
Staff operating expenses of \$48.3M were 89% of the annual budget. Headcount was also proportionally lower for year-end.

Other operating expenses of \$27M include Regional Fund projects, Community Development Fund expenditures, debt-service costs and non-capitalizable costs. These costs were under budget by \$3M primarily due to lower than expected current year phase two planning costs, CDF mitigation payments, and OCIP costs.



Capital Outlays

Total agency capital outlays of \$539M were 77% of the \$700M annual budget. Sounder project expenditures of \$68M were 77% of budget reflecting lower than anticipated construction spending. The largest factor was overly optimistic spending forecasts for the track and signal improvements in the Seattle to Tacoma corridor. In addition, the progress of Phase 2 track and signal improvements and the delays of the City of Tacoma's parallel projects at D Street have continued to impact Sound Transit's anticipated work effort on specific improvements in that corridor. Regional Express project spending at \$79.2M was 91% of budget. This was a combination of projects either coming in under budget (Bellevue HOV Access and Eastgate Transit Center) resulting in savings or other projects encountering delays (I-90 Two Way Transit and Bellevue Rider Services). Link project spending at \$396M was 76% of the year-end budget due primarily to lower right of way and administration phase expenditures. Other capital outlays included purchased buses and operating projects such as Art, Phase II Planning, Research and Technology, and the Fare Integration Project.



Summary Income Statement

The table below summarizes revenues and expenses for year-end 2005. Overall, agency net income ended the year \$8.9M over budget. This variance is made up of a \$17.9M shortfall in total revenues, offset by \$8.9M in lower expenditures. Significant revenue variances from budget include federal grants and investment income. Significant expense variances exist in transit operations and regional fund and other operations.

Income Statement								
For the Twelve Months Ending Dec 31, 2005								
Budget to Actuals								
	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget Favorable/ (Unfavorable)	YTD Actuals as % of YTD Budget
REVENUES								
Tax Revenues	\$68,020,830	\$74,761,916	\$79,044,612	81,188,567	\$303,015,925	292,538,155	\$10,477,770	104%
Farebox Revenues	3,482,704	3,393,374	3,557,445	5,897,740	\$16,331,263	13,890,708	2,440,555	118%
Investment Income	2,104,869	8,651,098	6,772,216	8,240,157	\$25,768,340	11,922,472	13,845,868	216%
Other Miscellaneous	815,031	1,151,112	615,006	801,622	\$3,382,771	2,889,767	493,004	117%
State & Local Contributions	613	2,885,059	179,899	3,683,234	\$6,748,806	8,379,000	(1,630,194)	81%
Federal Grants	9,399,606	54,282,287	35,633,466	27,424,138	\$126,739,497	170,223,000	(43,483,503)	74%
TOTAL REVENUES	\$83,823,653	\$145,124,846	\$125,802,644	\$127,235,458	\$481,986,601	\$499,843,102	(\$17,856,502)	96%
EXPENSES								
Net Staff Operating Divisions	\$4,428,026	\$4,425,957	\$3,870,749	\$5,999,777	\$18,724,510	\$19,488,005	\$763,495	96%
Transit Operations	23,260,966	27,027,368	27,073,582	31,902,531	\$109,264,447	114,404,975	5,140,528	96%
Regional Fund & Other Operations	1,269,501	1,301,438	2,645,506	6,472,163	\$11,688,607	17,173,126	5,484,519	68%
Community Development Fund	667,803	628,817	125,771	479,405	\$1,901,796	4,209,583	2,307,787	45%
Debt Service	302	1,197,967	(95,810)	187,689	\$1,290,148	2,501,701	1,211,552	52%
Non-Capitalizable LOB expenses	433,202	249,937	646,390	892,692	\$2,222,222	6,090,409	3,868,187	36%
Transfers to other Governments	0	-	7,337,012	2,528,148	\$9,865,160	-	(9,865,160)	-
TOTAL EXPENSES	\$30,059,799	\$34,831,485	\$41,603,200	\$48,462,406	\$154,956,890	\$163,867,799	\$8,910,909	95%
EXCESS REVENUE OVER EXP.	\$53,763,853	\$110,293,362	\$84,199,444	\$78,773,052	\$327,029,711	\$335,975,303	\$8,945,592	97%

Summary of Net Assets

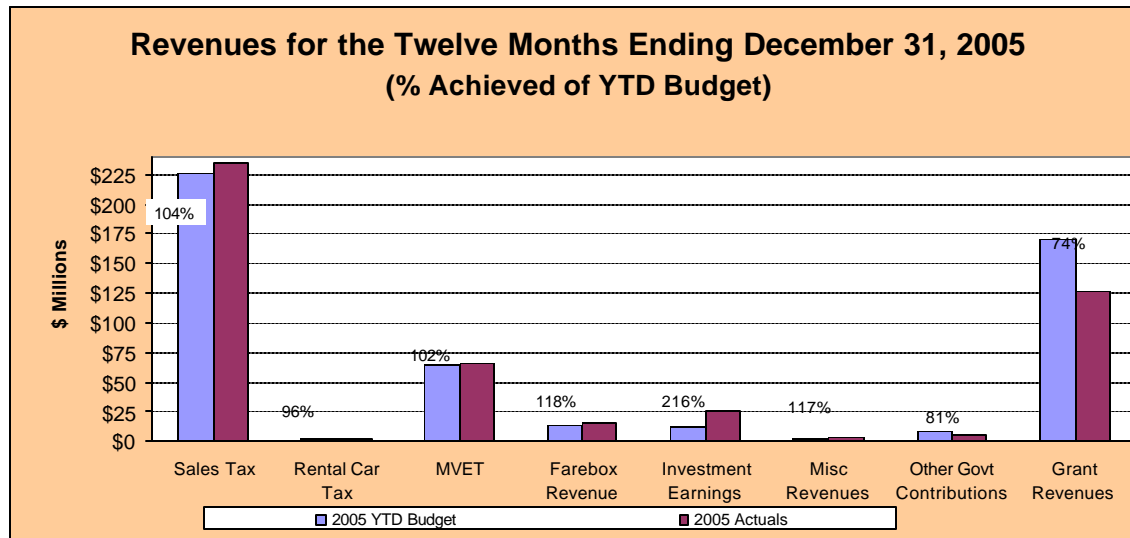
The following table summarizes assets and liabilities at year-end and provides comparative data for the same period last year. With the capitalization of the Sounder track and facilities improvement in the Seattle-Tacoma corridor, the commencement of construction on the Link project and Regional Express HOV projects, capital spending has increased resulting in an increase in current liabilities and an increase in Capital Projects in Progress. The bond issue in March resulted in increased current assets and long-term liabilities.

Summary of Net Assets			
<i>(in millions)</i>			
	As of Dec-05	As of Dec-04	% Change Dec-05 to Dec-04
Current Assets, excluding Restricted Assets	\$ 699.9	\$ 525.8	33%
Restricted Assets	304.7	194.9	56%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	1,029.8	1,003.5	3%
Capital Projects in Progress	1,149.8	690.3	67%
Capital Projects in Progress - non ST	134.4	79.7	69%
Other Non-Current Assets	68.6	67.4	2%
Total Assets	<u>\$ 3,387.2</u>	<u>\$ 2,561.8</u>	<u>32%</u>
Current Liabilities, excluding Interest Payable from Restricted Assets	131.0	82.6	59%
Interest Payable from Restricted Assets	14.5	7.2	103%
Long-Term Debt	786.0	347.3	126%
Other Long-Term Liabilities	67.7	65.7	3%
Total Liabilities	999.2	502.7	99%
Net Assets	2,388.1	2,059.0	16%
Total Liabilities and Net Assets	<u>\$ 3,387.2</u>	<u>\$ 2,561.8</u>	<u>32%</u>
Invested in Capital Assets, Net of Related Debt	1,637.5	1,422.5	15%
Restricted Net Assets	122.0	162.9	-25%
Unrestricted Net Assets	628.5	473.7	33%
Total Net Assets	<u>\$ 2,388.1</u>	<u>\$ 2,059.0</u>	<u>16%</u>

FINANCIAL DETAIL

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Revenue



Revenue Notes

Retail Sales and Use Tax is over budget by \$9M, or 4%, and \$17.6M or 8% over 2004, reflecting improved economic activity in the region.

Rental Car Tax is under budget by \$85K or 4% and \$109K, or 5% over 2004.

Motor Vehicle Excise Tax is over budget by \$1.6M, or 2%. Year-end MVET revenues are \$929K, or 1%, higher than equivalent period revenues in 2004.

Farebox Revenues are over budget by \$2.4M or 18%. In addition to increased ridership, this increase is attributable to an additional round trip Sounder Commuter Rail service for both the North and South routes and increased fares and service hours in Regional Express. Farebox Revenues are \$3.2M or 19% higher than 2004 year-end revenues.

Investment Earnings are over budget by \$13.8M or 16%. Interest earned exceeds budget due to the issuance of bonds in March 2005, as well as steadily increasing interest rates. The portfolio continues to experience a negative market adjustment as interest rates rise. The cumulative adjustment at the end of this quarter is \$4.4M. Investment Earnings are \$15.2M higher than 2004 year-end revenues.

Miscellaneous Revenues are above budget by \$493K or 17%. Included in this category is advertising on Regional Express buses, revenue vehicle rental income and rental property income. Miscellaneous Revenues are \$875K or 26% higher than 2004 year-end revenues.

Local, State and Federal Grants were under budget by \$43.5M, or 26%. Grant revenues are reimbursements based on expenditures for grant-funded projects and the timing of federal appropriations. In the Link Program, the current estimated final cost for the Initial Segment is approximately \$213 million less than the baseline budget, and lower expenditures result in lower grant revenues to date. (Grant funding is approximately 20% of the cost of the Initial Segment.) In the Sounder program, delays in the construction of the Everett-Seattle and Lakewood-Tacoma Sounder stations result in lower revenues to date. Grant Revenues are \$33M or 25% higher than 2004 year-end revenues.

Summary Expenses and Capital Outlays

Combined Transit Operations Summary

For the Twelve Months Ending Dec 31, 2005
ST Express, Sounder, & Link

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	Total Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues								
Passenger Fares	3,482,704	3,393,374	3,557,445	5,897,740	16,331,263	13,890,708	2,440,555	118%
Other Operating Revenues	813,924	836,199	472,116	656,936	2,779,175	2,889,767	(110,592)	96%
Total Operating Revenues	4,296,628	4,229,573	4,029,561	6,554,676	19,110,438	16,780,475	2,329,963	114%
Direct Operating Expenses								
Salaries & Benefits	383,138	405,646	454,415	437,036	1,680,235	1,712,669	32,434	98%
Services	2,135,259	2,867,197	2,884,196	4,886,488	12,773,140	14,982,090	2,208,950	85%
Materials & Supplies	354,527	313,653	393,403	562,403	1,623,986	1,707,000	83,014	95%
Insurance	388,411	394,486	394,145	369,455	1,546,497	2,367,000	820,503	65%
Purchased Transportation Svcs	13,289,773	13,141,032	14,176,484	14,377,629	54,984,918	55,222,987	238,069	100%
Miscellaneous Expenses	66,676	140,873	230,161	169,546	607,256	761,016	153,760	80%
Leases & Rentals	2,813	48,436	7,016	112,804	171,069	127,650	(43,419)	134%
Other Expenses	169,976	163,135	180,498	242,916	756,525	750,445	(6,080)	101%
Total Direct Operating Expenses	\$ 16,790,573	\$ 17,474,458	\$ 18,720,318	\$ 21,158,277	\$ 74,143,626	\$ 77,630,858	\$ 3,487,232	96%
Agency Admin Allocations	1,158,704	1,256,163	1,235,042	1,297,479	4,947,388	5,516,511	569,123	90%
Fully Allocated Operating Expenses	\$ 17,949,277	\$ 18,730,621	\$ 19,955,360	\$ 22,455,756	\$ 79,091,014	\$ 83,147,369	\$ 4,056,355	95%
Net Subsidy from Fully Allocated Operations	\$ (13,652,649)	\$ (14,501,048)	\$ (15,925,799)	\$ (14,603,601)	\$ (59,980,576)	\$ (66,366,894)	\$ 6,386,318	90%
Contingency	-	-	-	-	-	3,855,665	3,855,665	-
Depreciation & Amortization	5,311,689	8,296,747	7,118,222	7,446,775	28,173,433	27,401,941	(771,492)	103%
Net Subsidy from Operations after Depreciation and Amortization	\$ (18,964,338)	\$ (22,797,795)	\$ (23,044,021)	\$ (22,050,376)	\$ (88,154,009)	\$ (97,624,500)	\$ 9,470,491	90%
Ridership								
Boardings	2,611,333	2,694,664	2,794,974	2,868,010	10,968,981	10,334,136	634,845	106%
Average Weekday Boardings	36,600	37,673	38,110	39,191	37,838	35,922	1,916	105%

Sound Transit Capital Outlays by Line of Business

For the Twelve Months Ending Dec 31, 2005

Current Year 2005

	2005 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]
Sounder Commuter Rail	87,796,164	87,796,164	67,951,781	19,844,382	77%
Link Light Rail	505,762,319	505,762,319	383,857,990	121,904,329	76%
Regional Express	87,214,178	87,214,178	79,232,779	7,981,398	91%
Other Capital	19,349,166	19,349,166	7,966,969	11,382,197	41%
TOTAL	700,121,827	700,121,827	539,009,520	\$161,112,306	77%

Capital Plan 1997 - 2009

	Adopted Capital Plan	Life-to-date Outlays	Remaining Contract	Budget Remaining	% Spent and Committed
	d	e	f	[d-(e+f)]	[(e+f)/d]
Sounder Commuter Rail	1,190,095,563	783,263,242	86,941,760	319,890,561	73%
Link Light Rail	2,655,985,721	1,099,522,787	940,140,424	616,322,510	77%
Regional Express	818,935,343	389,307,188	99,864,948	329,763,207	60%
Other Capital	172,772,457	122,382,580	14,045,709	36,344,168	79%
TOTAL	4,837,789,084	2,394,475,797	1,140,992,841	1,302,320,446	73%

Transportation Services

Sounder Transportation Services

Sounder Commuter Rail Transit Operations For the Twelve Months Ending Dec 31, 2005

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as a % of YTD Budget
Revenues								
Passenger Fares	614,060	634,150	704,671	1,000,480	2,953,361	2,585,084	368,277	114%
Other Operating Revenues	704,277	731,539	369,755	537,892	2,343,463	2,510,568	(167,105)	93%
Total Operating Revenues	1,318,337	1,365,689	1,074,426	1,538,372	5,296,824	5,095,652	201,172	104%
Direct Operating Expenses								
Salaries & Benefits	45,946	46,470	52,138	45,960	190,514	281,589	91,075	68%
Services	1,739,112	1,916,882	2,293,337	4,459,217	10,408,548	9,955,267	(453,281)	105%
Materials & Supplies	266,737	288,900	378,324	467,046	1,401,007	1,242,902	(158,105)	113%
Insurance	323,275	327,350	343,003	300,778	1,294,406	1,922,000	627,594	67%
Purchased Transportation Svcs	933,569	1,060,201	1,443,377	1,550,491	4,987,638	5,542,354	554,716	90%
Miscellaneous Expenses	22,273	108,210	2,072	134,433	266,988	356,346	89,358	75%
Leases & Rentals	2,813	3,949	7,016	53,390	67,168	65,650	(1,518)	102%
Other Expenses	68,306	62,751	87,524	102,338	320,919	374,708	53,789	86%
Total Direct Operating Expenses	\$ 3,402,031	\$ 3,814,713	\$ 4,606,791	\$ 7,113,653	\$ 18,937,188	\$ 19,740,816	\$ 803,628	96%
Agency Admin Allocations	289,242	300,506	303,450	664,370	1,557,568	1,401,902	(155,666)	111%
Fully Allocated Operating Expenses	\$ 3,691,273	\$ 4,115,219	\$ 4,910,241	\$ 7,778,023	\$ 20,494,756	\$ 21,142,718	647,962	97%
Net Subsidy from Fully Allocated Operations	\$ (2,372,936)	\$ (2,749,530)	\$ (3,835,815)	\$ (6,239,651)	\$ (15,197,932)	\$ (16,047,066)	\$ 849,134	95%
Contingency	-	-	-	-	-	1,023,960	1,023,960	-
Depreciation & Amortization	1,684,731	4,573,675	3,391,009	3,710,730	13,360,145	12,743,191	(616,954)	105%
Net Subsidy from Operations after Depreciation and Amortization	\$ (4,057,667)	\$ (7,323,205)	\$ (7,226,824)	\$ 10,824,383	\$ (28,558,077)	\$ (29,814,218)	\$ 1,256,141	96%
Ridership								
Boardings	261,998	277,295	328,230	400,768	1,268,291	1,096,500	171,791	116%
Average Weekday Boardings	3,877	4,088	4,685	5,538	4,565	4,300	265	106%

Sounder Transportation Services Notes

Net subsidy for the quarter before depreciation and amortization was 95% of the 2005 budget. Revenues were higher than budget by \$201K and expenses were under budget by \$0.8M. The largest variances are in Services, Insurance, and Purchased Transportation and are discussed below.

Revenues and Ridership Passenger Fares were over 2005 budget by \$368K or 14%. Ridership is trending higher than forecasts due to the early addition of a second train in the North in June and a fourth train in the South in late September. Other Operating Revenues, the revenue associated with the leasing of Sounder vehicles to other properties, was under budget by \$167K, or 7%. With the early implementation of the additional service, Sound Transit had to recall some of the leased vehicle fleet, which has led to reduced revenues in this category.

Average weekday boardings for 2005 of 4,565 were 31% higher than during 2004. Aside from additional service, Sounder ridership has benefited from the effects of higher fuel costs on the public's choice of commuting options and efforts to increase parking capacity at stations in Puyallup and Sumner.

Salaries & Benefits were under the 2005 budget by \$91K, or 32%, due to a vacant position.

Services were over the 2005 budget by \$0.5M or 5%. The largest component of this variance was in Maintenance of Vehicles, which was over budget by \$0.9M. There was a one-time \$2M charge for a payment made to Amtrak to fund various operating projects that will benefit Sounder operations and improve performance and reliability. Additionally, vehicle maintenance costs were higher than budget due to the additional service supplies, which resulted in a higher base cost in the maintenance contract with Amtrak. Offsetting these factors, budgeted vehicle maintenance of about \$1.6M for the acquisition of spare parts and auxiliary power units for Sounder vehicles will now occur in 2006.

Maintenance of Stations is under budget by \$431K. Budgeted programs for technology and signage maintenance have not been necessary; budgeted water quality monitoring programs at several Sounder stations are now expected to begin in 2006; and some major initiatives at Kent and Auburn stations were delayed. Budgeted improvements at the Tukwila temporary station have been delayed as the scoping process continues.

Materials & Supplies were over 2005 budget by \$158K or 13%. Per-unit fuel costs have tracked over the budgeted levels due to general economic conditions. Additionally, costs associated with the early implementation of service have increased costs in this area.

Insurance was under 2005 budget by \$628K or 33%. Premium payments were less than budgeted for the year, and claims activity was below budgeted levels. This category includes railroad protective/liability and rolling stock coverage.

Purchased Transportation Services were under 2005 budget by \$555K or 10%. This account mainly consists of payments to BNSF for train operations, maintenance of right-of-way and related trackage fees.

Miscellaneous Expenses were under 2005 budget by \$89K or 25%. Ticket vending machine training was not necessary during the year.

Other Expenses were under the 2005 budget by \$54K or 14%. Utility costs trended under budgeted amounts due primarily to savings on electricity and telephones at stations.

Agency Administration Allocations are the staff operating costs allocated from the corporate departments as well as the Transportation Services department and were over budget by \$156K, or 11%. Allocation drivers were updated to reflect current administrative support that the mode receives.

ST Express Transportation Services

ST Express Transit Operations For the Twelve Months Ending Dec 31, 2005

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues								
Passenger Fares	2,868,644	2,759,224	2,852,774	4,897,260	13,377,902	11,305,624	2,072,278	118%
Other Operating Revenues	109,647	104,660	102,361	119,044	435,712	379,199	56,513	115%
Total Operating Revenues	\$ 2,978,291	\$ 2,863,884	\$ 2,955,135	\$ 5,016,304	\$ 13,813,614	\$ 11,684,823	\$ 2,128,791	118%
Direct Operating Expenses								
Salaries & Benefits	45,488	56,887	71,965	60,379	234,719	167,540	(67,179)	140%
Services	274,199	827,089	492,716	359,260	1,953,264	4,020,529	2,067,265	49%
Materials & Supplies	72,407	692	134	54,709	127,942	350,400	222,458	37%
Insurance	5,707	7,707	2,463	5,707	21,584	25,000	3,416	86%
Purchased Transportation Svcs	12,356,204	12,080,831	12,733,107	12,827,138	49,997,280	49,680,633	(316,647)	101%
Miscellaneous Expenses	33,730	22,638	223,077	34,318	313,763	328,625	14,862	95%
Leases & Rentals	-	44,487	-	59,316	103,803	62,000	(41,803)	167%
Other Expenses	77,359	72,706	69,368	116,323	335,756	282,497	(53,259)	119%
Total Direct Operating Expenses	\$ 12,865,094	\$ 13,113,037	\$ 13,592,830	\$ 13,517,150	\$ 53,088,111	\$ 54,917,224	\$ 1,829,114	97%
Agency Admin Allocations	824,066	905,522	882,437	408,022	3,020,047	3,905,510	885,463	77%
Fully Allocated Operating Expenses	\$ 13,689,160	\$ 14,018,559	\$ 14,475,267	\$ 13,925,172	\$ 56,108,158	\$ 58,822,734	\$ 2,714,577	95%
Net Subsidy from Fully Allocated Operations	\$ (10,710,869)	\$ (11,154,675)	\$ (11,520,132)	\$ (8,908,868)	\$ (42,294,544)	\$ (47,137,911)	\$ 4,843,368	90%
Contingency	-	-	-	-	-	2,657,021	2,657,021	-
Depreciation & Amortization	2,960,372	3,056,442	3,057,971	3,067,625	12,142,410	12,040,795	(101,615)	101%
Net Subsidy from Operations after Depreciation and Amortization	\$ (13,671,241)	\$ (14,211,117)	\$ (14,578,103)	\$ (11,976,493)	\$ (54,436,954)	\$ (61,835,727)	\$ 7,398,774	88%
Ridership								
Boardings	2,130,964	2,196,630	2,233,225	2,254,974	8,815,793	8,483,355	332,438	104%
Average Weekday Boardings	29,860	30,683	30,581	30,850	30,397	29,232	1,165	104%

ST Express Transportation Services Notes

Net subsidy before depreciation and amortization from fully allocated transit operations was 90% of the 2005 Budget. Revenues exceeded budget by \$2.1M or 18%, and expenses were under budget by \$2.7M or 5%. The key budget variances are discussed below.

Passenger Fares and Ridership: Passenger Fares were higher than the 2005 budget by \$2.1M or 18%. Ridership was up 5% for the year over 2004 despite just a 2.9% increase in service hours and a fare increase.

Salaries & Benefits were over the 2005 budget by \$67K, or 40%. Salaries for the MIP program are also being charged to this line though they were budgeted to be charged in the agency allocations line.

Services were under the 2005 budget by \$2.1M or 51%. Station maintenance costs are under budget by \$743K. The Federal Way Transit Center had been included in the 2005 budget during the fourth quarter, but did not open until February 2006. Costs at all other stations are also trending below budgeted levels. Signage maintenance and Spot Improvements are under the 2005 budget by approximately \$400K due to lower than anticipated activity. These budgets have been reduced for 2006.

Security is under budget by \$100K as there has not been a need for additional security beyond what is provided by Sound Transit contractors and by the transit partners. The Mobility Initiative Program (MIP) is under budget by approximately \$354K, or 43%. Letters of agreement for MIP program support of FTEs at partner agencies have been obtained, but began later than was anticipated in the budget. Marketing costs are under spent by \$187K for 2005, reflecting lower activity than what was budgeted.

Equipment maintenance costs are under the 2005 budget by \$260K, or 43%. Warranty costs associated with the new hybrid bus fleet have been below expectations, and the specific major maintenance campaigns, including fuel filter replacement, have been completed under budget.

Materials and Supplies were under 2005 budget by \$222K or 63%. Additional equipment purchases to support the entry into service of new buses in East King County and Pierce County are under spent as the acquisitions were mainly completed through capital transactions associated with the acquisition of the fleet.

Purchased Transportation Services were over 2005 budget by \$317K or less than 1%. This category includes costs paid to transit partners for operating and maintaining Sound Transit bus services. It comprises 85% of the 2005 transit operations budget before depreciation and contingency. An accrual of nearly \$1.4M for additional fuel costs is reflected in the year-end results. This is offset partially through additional changes related to the reconciliation of 2004 service costs with the transit partners.

Leases and Rentals were over 2005 budget by \$42K or 67%. The Bellevue Rider Services Building lease commenced early in 2005, and the second annual payment occurred in December, but only one was budgeted during 2005. The second payment was budgeted to occur in January 2006.

Other Expenses were over 2005 budget by \$53K or 19%. Utilities were over the 2005 budget by \$11K or 19%. There were charges for a number of telephone lines which had been budgeted in Information Technology. These charges properly reflect service to transit operations to support 24-hour surveillance and bus location information. Taxes were over the 2005 budget by \$42K or 19%. This difference is due to excise taxes on revenues and is proportional to the variance in revenues described above.

Agency Administration Allocations is the staff operating costs allocated from the corporate departments as well as the Transportation Services department. Allocations for 2005 were under budget by \$885K or 23% of YTD budget. This reflects favorable variances of the agency staff divisions. Additionally, the allocation drivers were updated for 2005 to reflect current administrative support levels, resulting in a decline in total costs allocated to ST Express.

Tacoma Link Transportation Services

Tacoma Link Transit Operations For the Twelve Months Ending Dec 31, 2005

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals to YTD Budget favorable/ (unfavorable)	YTD Actuals as % of YTD Budget
Revenues								
Passenger Fares	-	-	-	-	-	-	-	-
Other Operating Revenues	-	-	-	-	-	-	-	-
Total Operating Revenues	-	-	-	-	-	-	-	-
Direct Operating Expenses								
Salaries & Benefits	291,704	302,289	330,312	330,697	1,255,002	1,263,540	8,538	99%
Services	121,948	123,226	98,143	68,011	411,328	1,006,294	594,966	41%
Materials & Supplies	15,383	24,061	14,945	40,648	95,037	113,698	18,661	84%
Insurance	59,429	59,429	48,679	62,970	230,507	420,000	189,493	55%
Purchased Transportation Svcs	-	-	-	-	-	-	-	-
Miscellaneous Expenses	10,673	10,025	5,012	795	26,505	76,045	49,540	35%
Leases & Rentals	-	-	-	98	98	-	(98)	-
Other Expenses	24,311	27,678	23,606	24,255	99,850	93,240	(6,610)	107%
Total Direct Operating Expenses	\$ 523,448	\$ 546,708	\$ 520,697	\$ 527,474	\$ 2,118,327	\$ 2,972,817	\$ 854,490	71%
Agency Admin Allocations	45,396	50,135	49,155	225,087	369,773	209,099	(160,674)	177%
Fully Allocated Operating Expenses	\$ 568,844	\$ 596,843	\$ 569,852	\$ 752,561	\$ 2,488,100	\$ 3,181,916	\$ 693,816	78%
Net Subsidy from Fully Allocated Operations	\$ (568,844)	\$ (596,843)	\$ (569,852)	\$ (527,474)	\$ (2,488,100)	\$ (3,181,916)	\$ 693,816	78%
Contingency	-	-	-	-	-	174,684	174,684	-
Depreciation & Amortization	666,586	666,630	669,242	668,420	2,670,878	2,617,955	(52,923)	102%
Net Subsidy	\$ (1,235,430)	\$ (1,263,473)	\$ (1,239,094)	\$ (1,195,894)	\$ (5,158,978)	\$ (5,974,555)	\$ 815,577	86%
Ridership								
Boardings	218,371	220,739	233,517	212,268	884,895	754,281	130,614	117%
Average Weekday Boardings	2,863	2,902	2,854	2,803	2,876	2,390	486	120%

Tacoma Link Transportation Services Notes

The net subsidy before depreciation and amortization for Tacoma Link light rail operations was at 78% of the 2005 budget.

Ridership was higher than the 2005 budget by 40K or 17%, and increased by 91K, or 11%, compared to 2004.

Salaries & Benefits were under the 2005 budget by \$9K, or less than 1%.

Services were under the 2005 budget by \$595K, or 59%. Station maintenance and system facilities maintenance costs to date have been below budget by \$303K as work orders have been below budgeted levels. Cleaning costs are below budget by \$117K. 2006 budgets for station maintenance and cleaning have been lowered to reflect current trends. Marketing costs are below budget by \$133K, as activity has been below budgeted levels.

Materials and Supplies were under the 2005 budget by \$19K, or 16%. While budgeted purchases for spare parts have occurred as anticipated, spending on cleaning supplies and furniture acquisitions have not been necessary.

Insurance was under the 2005 budget by \$189K or 45%. The budgeted amount includes premiums and an estimate for potential claims. Premiums are lower than what was included in the 2005 budget, and there was little claims activity.

Miscellaneous Expenses were under 2005 budget by \$50K or 65%. Travel and training budgets have not been used, and marketing costs have been running below budget as well.

Other Expenses were over the 2005 budget by \$7K or 7%. The variance is due to internet service provider costs which were charged to the line of business but were not included in the 2005 Tacoma Link operations budget.

Agency Allocations were over 2005 budget by \$161K or 77%. These allocations are for staff operating costs associated with Corporate and Transportation Services Departments. Allocation drivers were updated for 2005 to reflect current administrative support.

Capital

Sounder Capital

Sounder Commuter Rail - Capital Outlays by Phase For the Twelve Months Ending December 31, 2005

Current Year 2005

Phase	2005 Adopted Capital Plan	YTD Budget	2005 Actuals	2005 actuals (over)/under 2005 Budget	2005 actuals as % of 2005 Budget
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c / b]</i>
Agency Administration	5,909,670	5,909,670	4,568,710	1,340,960	77%
Preliminary Engineering	1,666,463	1,666,463	2,383,877	(717,414)	143%
Final Design	5,492,513	5,492,513	4,331,921	1,160,592	79%
ROW Acq. & Permits	15,576,763	15,576,763	16,302,150	(725,387)	105%
Construction	59,150,755	59,150,755	40,369,267	18,781,488	68%
Vehicles	-	-	(4,143)	4,143	-
Contingency	-	-	-	-	-
TOTAL	\$ 87,796,164	\$ 87,796,164	\$ 67,951,781	\$ 19,844,382	77%

Capital Plan 1997 - 2009

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	57,264,077	34,070,651	-	23,193,426	59%
Preliminary Engineering	25,321,018	24,651,876	506,767	162,375	99%
Final Design	31,100,630	21,376,046	7,089,861	2,634,723	92%
ROW Acq. & Permits	359,213,766	237,492,965	1,061,103	120,659,698	66%
Construction	573,619,577	324,104,904	78,284,029	171,230,643	70%
Vehicles	143,576,495	134,504,945	-	9,071,550	94%
Contingency	36,876,801	-	-	36,876,801	0%
Unabsorbed Allocation	-	7,061,854	-	(7,061,854)	0%
TOTAL	\$ 1,226,972,363	\$ 783,263,242	\$ 86,941,760	\$ 356,767,362	71%

Sounder Capital Notes

Agency Administration spending was at 77% of the 2005 budget which is consistent with spending in the other phases. This category includes the total administrative overhead charged to capital projects.

Preliminary Engineering spending was at 143% of the 2005 budget.

- Preliminary engineering costs for the Environmental Mitigation project associated with the Everett-to-Seattle segment continued into 2005 as mitigation project alternatives were reviewed and the associated permitting applications were revised and prepared for re-submittal. This created a variance of \$536K. There was also additional work not originally anticipated.
- Lakewood Station was over spent by \$599K due to a scope change from surface parking to a structured three-story parking garage. This shortfall has been addressed in the 2006 Adopted Budget.

Final Design spending was at 79% of the 2005 budget.

- The Permitting/Environmental Mitigation Project is under spent by \$762K, due to delays encountered while a decision related to mitigation site and size are determined in the Everett-to-

Seattle segment, and delays were experienced in preliminary engineering as operational analysis were conducted in the Tacoma to Lakewood segment.

- Edmonds Station is under spent by \$300K as final design was delayed. That phase is now underway, and the first invoices are anticipated to be received in February 2006.

ROW spending was at 105% of the 2005 budget.

- The Lakewood Corridor and Station projects were under budget by \$3.8M due to the project delay created by locomotive performance issues and analysis of at-grade crossings.
- The Nisqually-Lakewood ROW project was \$1.9M over budget due to the Lakewood property acquisition in 2005 which had been budgeted to occur in 2004.
- The permitting and environmental mitigation activities in this phase were under spent by \$782K since they have been delayed until 2006.

Construction spending was at 68% of the 2005 budget.

- This was primarily the result of \$24.3M underspending on the Seattle -to-Tacoma track and signals project. The largest factor was overly optimistic spending forecasts for the track and signal improvements and the inclusion of anticipated contract savings in those forecasts. In addition, the slower progress of Phase 2 track and signal improvements and the delays of the City of Tacoma's parallel projects at D Street have continued to impact Sound Transit's anticipated work effort on specific improvements in that corridor.
- Spending lags in the Passenger Information System/CCTV by \$1M as Sound Transit granted a delivery extension requested by the contractor due to the impact of Hurricane Katrina on its software group.
- Ticket Vending Machines project is under spent by \$1.2M since the installation will not be done until the permanent stations are constructed at Everett, Mukilteo, Edmonds and Tukwila.
- Lakewood Station is under spent by \$1.2M due to delays associated with negotiations of the cost sharing agreement for the addition of a structured parking garage to the project.
- Layover was under spent by \$708K due to the delays experienced in the preliminary engineering and design phases of the track improvements. Lakewood will begin in late 2006 and Everett will start in 2007.
- Everett Station was under spent by \$545K due to better than expected bids for demolition and remediation and a subsequent work suspension late in the year needed for Board authorization of additional contingency for the removal of additional quantities of material.
- Offsetting this lower spending was the Reservation-Freighthouse project which had costs transferred from the Track and Signal projects to appropriately allocate prior year expenses.

Vehicles for Sounder have been completely purchased; budget responsibility associated with operations and warranties has been transferred to the Transportation Services Department in the 2006 budget process.

Regional Express Capital

Regional Express - Capital Outlays by Phase For the Twelve Months Ending December 31, 2005

Current Year 2005

Phase	2005 Adopted Capital Plan	YTD Budget	2005 Actuals	2005 actuals (over)/under 2005 Budget	2005 actuals as % of 2005 Budget
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[a - b]</i>	<i>[b/a]</i>
Agency Administration	5,128,748	5,128,748	4,749,494	379,254	93%
Prelim. Engineering	3,605,890	3,605,890	2,009,507	1,596,384	56%
Final Design	9,570,443	9,570,443	5,793,881	3,776,562	61%
ROW Acq. & Permits	3,914,281	3,914,281	1,949,513	1,964,767	50%
Construction	63,859,998	63,859,998	64,730,384	(870,386)	101%
Vehicles	-	-	-	-	N/A
Contingency	1,134,817	1,134,817	-	1,134,817	0%
TOTAL	\$ 87,214,178	\$ 87,214,178	\$ 79,232,779	\$ 7,981,398	91%

Capital Plan 1997 - 2009

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	41,526,378	20,350,600	84,719	21,091,059	49%
Prelim. Engineering	53,020,931	46,809,261	1,994,345	4,217,325	92%
Final Design	63,055,321	30,996,711	10,134,725	21,923,886	65%
ROW Acq. & Permits	64,358,461	43,491,088	2,039,877	18,827,496	71%
Construction	502,916,794	236,305,744	85,611,283	180,999,767	64%
Contingency	94,057,457	-	-	94,057,457	0%
Unabsorbed Allocation	-	11,353,783	-	(11,353,783)	0%
TOTAL	\$ 818,935,343	\$ 389,307,188	\$ 99,864,948	\$ 329,763,207	60%

Regional Express Capital Outlay Notes

Agency Administration spending was at 93% of the 2005 budget. This category includes the total administrative overhead charged to capital projects.

Preliminary Engineering spending was at 56% of the 2005 budget.

- I-90 Two-way Transit & HOV Operations was under spent by \$569K due to delays in PE related work activities.
- Rainier Ave./Hardie Ave. Arterial Improvements was under spent by \$690K, due to delays in finalizing related agreements with the City of Renton.
- South Hill P & R/94th Ave. E was under budget by \$660K and has been completed.

Final Design spending was at 61% of the 2005 budget reflecting delays in the following projects:

- Finalizing negotiated task order agreements with WSDOT resulted in under spending of \$1.08M for the I-90 Two-Way Transit and HOV Operations and \$257K for the Canyon Park Freeway Station.
- Finalizing negotiated agreement with project partner resulted in under spending of \$867K for 85th Corridor/Related Improvements.

- Bidding and anticipated costs trending below actual costs impacted the spending forecasts for Mercer Island Park and Ride by \$557K.
- Board authorization of the final design task order for the South Everett Freeway Station, while a budget amendment was prepared and approved, caused actual costs to lag against anticipated expenditures by \$394K.

ROW spending was at 50% of the 2005 budget.

- Budgeted costs were higher than actuals for two projects: Issaquah Transit Center/SR900 by \$513K and the Federal Way HOV Access by \$206K.
- Delays in obtaining related third party agreements resulted in delayed spending for the 85th Corridor/Related Improvements by \$457K, and SR522 HOV Enhancements/Kenmore by \$246K.
- ROW budget of \$105K for the Canyon Park Freeway Station will likely be realized as savings.

Construction spending was at 101% of the 2005 budget.

Spending on several projects was lower than budget due to delays or projects savings as follows:

- Bellevue HOV Access – \$1.7M will be realized as savings for this project.
- The Eastgate Transit Center - \$7.9M, due to the construction budget having a more aggressive schedule than was bid and the bid coming in lower than what was projected.
- Bellevue Rider Services Building - \$1.0M, construction began later than scheduled due to delays in real estate acquisitions.
- Sammamish Park and Ride - \$884K, construction began later than scheduled due to delays in real estate acquisitions.
- Bothell Branch Campus Access – \$519K, Campus Administration requested that construction be delayed until July of 2006 when student population is at its lowest.
- Lynnwood HOV Access – \$504K will be realized as savings for this project.

Offsetting this lower spending were two projects that have been constructed on a more accelerated basis than budgeted. This has resulted in spending exceeding budget in 2005 as follows:

- Totem Lake Freeway Station - \$9.9M.
- Federal Way Transit Center – \$688K.

Link Capital

Link Light Rail - Capital Outlays by Phase For the Twelve Months Ending Dec 31, 2005

Current Year 2005

Phase	2005 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	55,960,123	55,960,123	22,787,295	33,172,828	41%
Preliminary Engineering	14,065,067	14,065,067	6,501,220	7,563,847	46%
Final Design	14,843,814	14,843,814	12,149,693	2,694,121	82%
ROW Acq. & Permits	47,609,567	47,609,567	16,055,967	31,553,600	34%
Construction	344,777,505	344,777,505	305,708,103	39,069,402	89%
Vehicles	28,289,324	28,289,324	20,655,713	7,633,612	73%
Testing and Start-Up	216,919	216,919	-	216,919	0%
Contingency	-	-	-	-	-
TOTAL	\$ 505,762,319	\$ 505,762,319	\$ 383,857,990	\$ 121,904,329	76%

Capital Plan 1997 - 2009

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	244,475,544	92,122,999	937,547	151,414,999	38%
Preliminary Engineering	98,421,815	90,222,938	2,666,169	5,532,708	94%
Final Design	179,108,259	149,585,666	22,570,628	6,951,966	96%
ROW Acq. & Permits	305,471,410	218,314,864	1,248,118	85,908,428	72%
Construction	1,525,091,857	485,565,259	801,556,304	237,970,293	84%
Vehicles	157,850,470	35,371,099	111,161,658	11,317,713	93%
Testing and Start-Up	666,163	434,019	-	232,143	65%
Contingency	144,900,203	-	-	144,900,203	0%
Unabsorbed Overhead	-	27,905,943	-	(27,905,943)	-
TOTAL	\$ 2,655,985,721	\$ 1,099,522,787	\$ 940,140,424	\$ 616,322,510	77%

Link Capital Outlay Notes

Initial Segment construction is underway along the entire 13.9-mile corridor, from Downtown Seattle through Tukwila, including the major systems contracts and the procurement of the light rail vehicles. Construction is progressing on schedule for project completion in mid 2009. The Tunnel Boring Machine (TBM) was assembled and tested in preparation for launch in early January 2006. Work continued on North Link to complete the Final Supplemental EIS. The Sound Transit board is scheduled to adopt the preferred alignment and the project budget for University Link in the spring of 2006. In November, University Link received a "High" project rating from the FTA in their New Starts process. Airport Link project final design is advancing, including the completion of 90% plans for the first construction contract. Airport Link construction is projected to begin in the early summer of 2006 in support of the scheduled project completion by the end of 2009. Tacoma Link contracts are complete, and the project should be closed by early 2006.

Agency Administration outlays in 2005 were equal to 41% of the annual budget plan. Actual agency allocation (overhead) rates are lower than were planned when the 2005 budget was adopted for all Link projects. This budget category includes: Link staff support costs, agency costs allocated to projects and direct charges.

Preliminary Engineering outlays in 2005 were equal to 46% of annual budget plan. Expenditures in this phase are associated with the substantially completed preliminary engineering work for North Link, the preliminary engineering for Airport Link that was completed under budget in the summer of 2005, and some environmental monitoring during the Initial Segment construction. North Link outlays were 54% of budget plan, with work continuing to complete the Final Supplemental EIS.

Final Design outlays were equal to 82% of the annual budget plan at year-end. Expenditures are related to design support for major construction activities for the Initial Segment and the ongoing final design for the Airport Link.

ROW Acquisition & Permits outlays in 2005 were equal to 34% of annual budget plan. The lower than planned expenditures are the result of cost reductions projected for this phase. As of December 2005, Sound Transit has acquired 98% of required parcels, and is expected to complete acquisitions for the Initial Segment in 2006.

Construction outlays in 2005 were 89% of the annual budget plan. Initial Segment construction is generally progressing on schedule, and the project is projected to open on schedule in July 2009. Substantial construction progress was made, including construction of the Pine Street stub tunnel, demolition work within the DSTT, Beacon Hill excavations and portal construction, construction of the aerial structures in the McClellan segment, utility work and environmental remediation in the Rainier Valley, construction of the aerial alignment and station in Tukwila, and systems manufacturing. Some delays were encountered for the completion of the alignment through the SODO district and the operations and maintenance facility.

Vehicles outlays in 2005 were 73% of the annual budget plan. The current payment plan for this contract is tied to specific deliverables. Overall progress for the light rail vehicle procurement is generally on schedule through the fourth quarter of 2005, as final assembly of the first two light rail vehicles continues.

Testing and Start-Up is complete for Tacoma Link. At the end of the fourth quarter, most contracts are closed, and only a few invoices are still outstanding. The project is expected to close by early 2006.

Agency Administration Expenses

Agency Summary by Department

Staff Operating Departments - Before Expense Transfers & Transfers to Other Govts
For the Twelve Months Ending Dec 31, 2005
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Board Administration	112,441	131,591	109,432	155,327	508,791	632,343	123,552	80%
Capital Projects	1,034,142	999,559	1,153,459	988,166	4,175,326	4,986,970	811,644	84%
Executive Department	2,146,597	2,493,722	2,517,906	2,468,919	9,627,144	10,496,131	868,987	92%
Finance & Information Technology	2,004,140	2,516,602	2,131,208	2,516,325	9,168,276	10,301,170	1,132,894	89%
Legal Services	628,520	541,987	535,668	666,389	2,372,563	2,609,686	237,123	91%
Link	1,932,496	1,721,826	2,231,109	2,016,871	7,902,302	8,153,724	251,422	97%
Non-Dept	1,495,517	1,072,673	657,440	1,404,807	4,630,436	5,179,403	548,967	89%
Project Delivery Support Services	1,525,032	1,425,926	1,696,367	1,644,935	6,292,261	7,724,037	1,431,776	81%
Transportation Services	739,540	1,023,918	870,362	1,011,319	3,645,139	4,357,740	712,601	84%
TOTAL	\$ 11,618,424	\$ 11,927,805	\$ 11,902,951	\$ 12,873,057	\$ 48,322,238	\$ 54,441,204	\$ 6,118,966	89%

Staff & Other Expenses

For the Twelve Months Ending Dec 31, 2005
Budget to Actuals

	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	7,857,499	7,786,873	8,427,965	8,249,715	32,322,050	34,959,421	2,637,370	92%
Services	1,469,928	1,674,759	1,888,120	1,947,210	6,980,018	9,281,262	2,301,244	75%
Materials & Supplies	193,501	412,569	155,492	325,546	1,087,108	938,809	(148,299)	116%
Miscellaneous Expenses	295,902	695,682	496,569	643,229	2,131,382	2,403,122	271,740	89%
Leases & Rentals	534,399	556,695	430,561	452,695	1,974,351	2,553,830	579,479	77%
Other Expenses	445,647	191,573	(40,179)	652,596	1,249,636	1,643,695	394,059	76%
Depreciation	821,549	609,654	544,423	602,068	2,577,694	2,661,065	83,371	97%
Gross Staff Operating Expenses	\$ 11,618,424	\$ 11,927,805	\$ 11,902,951	\$ 12,873,057	\$ 48,322,238	\$ 54,441,204	\$ 6,118,966	89%
Expense Transfers	(7,190,399)	(7,501,847)	(8,032,202)	(6,873,280)	(29,597,728)	(34,953,199)	(5,355,471)	85%
Donation to Other Governments	-	-	-	-	-	-	-	-
Net Staff Operating Expenses	\$ 4,428,026	\$ 4,425,957	\$ 3,870,749	\$ 5,999,777	\$ 18,724,510	\$ 19,488,005	\$ 763,495	96%
Other Expenses								
Transit Vision	1,265,027	1,284,427	2,632,984	6,375,698	11,558,135	16,728,126	5,169,991	69%
Transit-Oriented Development	3,075	17,012	10,631	92,559	123,276	440,000	316,724	28%
STart	1,099	-	1,891	3,905	6,895	5,000	(1,895)	138%
Link Community Development	300	-	-	-	300	-	(300)	-
Community Development Fund	667,803	628,817	125,771	479,405	1,901,796	4,209,583	2,307,787	45%
Debt Service Costs	302	1,197,967	(95,810)	187,689	1,290,148	2,501,701	1,211,552	52%
Non-Capitalizable LOB expenses	433,202	249,937	646,390	892,692	2,222,222	6,090,409	3,868,187	36%
Transfers to other Governments	-	-	7,337,012	2,528,148	9,865,160	-	(9,865,160)	0%
Total Other Expenses	\$ 2,370,808	\$ 3,378,159	\$ 10,658,869	\$ 10,560,098	\$ 26,967,934	\$ 29,974,819	\$ 3,006,886	90%
Grand Total Operating Expenses	\$ 6,798,833	\$ 7,804,117	\$ 14,529,618	\$ 16,559,875	\$ 45,692,443	\$ 49,462,824	\$ 3,770,381	92%

Staff Operating Notes

Salaries and Benefits were below budget by \$2.6M, or 8%, at year-end. This is due to lower than budgeted headcount, which directly affects these expenditure levels. There were 332 filled corporate department positions at year-end compared to 356 budgeted corporate department positions.

Services were below budget by \$2.3M, or 25%, at year-end. Significant items that contributed to the variance include less than anticipated year-to-date consulting and management service fees.

Materials and Supplies were over budget by \$148K, or 16%, at year-end. The majority of this variance was due to computer equipment such as PCs and monitors being budgeted in administration capital yet expensed in Materials and Supplies.

Miscellaneous Expenses were under budget by \$272K, or 11%, at the end of the quarter. Contingency is part of this account category which remains largely unspent at year-end.

Leases & Rentals were below budget by \$579K, or 23%, at the end of the quarter. This category includes administrative facilities rent, parking garage lease and meeting space rentals. Most of the variance is due to the OPUS rent which was recently renegotiated at a lower rate.

Other Expenses include insurance, utilities, taxes and interest. This category was under budget by \$394K, or 24%, at year-end. The largest variance in this account category is Insurance, which was budgeted at close to \$1 million.

Expense Transfers were under budget by \$5.4M, or 15%, 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 \$6.1M in overall lower spending in the staff operating departments compared with the budget. There were also fewer overhead dollars being allocated to capital and operations due to the increased level of effort in Phase II Planning in 2005.

Other Operating Costs Notes

Transit Vision was below budget by \$5.2M, or 31%, at year-end. This category includes operational spending for Fare Integration, Research & Technology and Phase 2 Planning. Under spending for consulting costs related to the Phase 2 alternative analysis along with Puget Pass production and administration costs comprise the majority of the variance.

Transit-Oriented Development was below budget by \$317K, or 72%, at year-end. These funds are for transit-related studies and only spent as needed.

Community Development Fund was under budget by \$2.3M, or 55%, at year-end due to an amendment to the original agreement which reduced Sound Transit's share of the mitigation payments.

Debt Service Costs were under budget by \$1.2M, or 48%, at year end. There was an amendment to the 2005 debt service budget for the bond issue in May. As these costs are capitalized during construction, the amount expensed represents the uncapitalized portion, and the favorable variance reflects strong capital spending.

Non-Capitalizable LOB Expenses was under budget by \$3.9M, or 64%, due to less than expected insurance claims. This maybe adjusted upwards in the audited financial statements based on an actuarial review of the agencies claims experience.

Transfers to other Governments A \$7.3M arterial improvement on SR 900 was completed and relieved from capital projects in progress in September, and in November the Redondo Park and Ride was donated to King County. These transfers are not budgeted.

Subarea Fourth Quarter 2005 Summaries

Subarea Revenue Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2005 Tax Revenues							
Dec YTD Budget	36.9	74.7	53.9	78.2	48.9	0.0	292.5
Dec YTD Actual	37.6	77.0	54.7	78.5	55.2	0.0	303.0
\$ Variance	0.7	2.4	0.7	0.3	6.4	0.0	10.5
% Variance	1.8%	3.2%	1.4%	0.4%	13.1%	-	3.6%
2005 Farebox Revenues							
Dec YTD Budget	2.0	0.0	1.9	6.3	3.6	0.0	13.9
Dec YTD Actual	2.2	0.0	2.0	7.0	5.1	0.0	16.3
\$ Variance	0.2	0.0	0.0	0.7	1.5	0.0	2.4
% Variance	8.0%	-	2.6%	11.1%	42.8%	-	17.6%
2005 Grant Revenues							
Dec YTD Budget	41.7	68.9	49.3	12.4	6.3	0.0	178.6
Dec YTD Actual	24.9	56.8	31.4	8.5	11.6	0.3	133.5
\$ Variance	-16.8	-12.1	-18.0	-3.8	5.3	0.3	-45.1
% Variance	-40.2%	-17.6%	-36.4%	-31.0%	83.3%	-	-25.3%
2005 Other Revenues							
Dec YTD Budget	0.4	0.2	1.2	0.0	1.3	11.7	14.8
Dec YTD Actual	1.8	3.1	4.6	0.0	4.4	15.3	29.2
\$ Variance	1.3	2.8	3.4	0.0	3.2	3.6	14.3
% Variance	329.8%	1336.5%	283.4%	590.9%	247.6%	30.5%	96.8%

Subarea Operating Expense & Capital Outlay Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2005 Transit Operating Expenses							
Dec YTD Budget	16.3	-	24.2	36.0	38.0		114.4
Dec YTD Actual	15.6	0.0	22.9	33.6	35.2	-	107.3
Percent Spent	95.8%	-	94.7%	93.5%	92.6%	-	93.8%
Other Operating Expenses							
Dec YTD Budget	0.3	7.6	0.7	0.3	0.5	40.1	49.5
Dec YTD Actual	(0.2)	2.1	(0.1)	0.8	(0.1)	43.1	45.7
Percent Spent	NA	NA	NA	NA	NA	NA	NA
2005 Capital Outlays							
Dec YTD Budget	17.1	357.7	208.2	52.5	61.4	2.5	700.1
Dec YTD Actual	10.3	287.5	150.1	44.4	40.1	6.5	539.0
Percent Spent	60.6%	80.4%	72.1%	84.7%	65.2%	257.0%	77.0%
Lifetime Capital Outlays							
LTD Budget	561.5	1,708.7	1,358.2	607.6	620.8	17.9	4,874.7
LTD Actual	335.5	826.3	558.0	240.1	394.5	39.9	2,394.4
Outstanding Contracts	11.2	678.0	312.9	88.3	43.2	7.5	1,141.0
Percent Spent or Committed	61.7%	88.0%	64.1%	54.0%	70.5%	265.6%	72.5%

Subarea Net Asset Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Invested Capital Assets	234.3	563.7	376.5	159.1	274.0	29.9	1,637.5
Restricted	(0.0)	0.3	51.2	-	41.9	28.6	122.0
Unrestricted	13.0	223.7	82.4	235.8	24.2	49.5	628.5
Total Net Assets	247.2	787.8	510.1	394.9	340.1	108.0	2,388.1