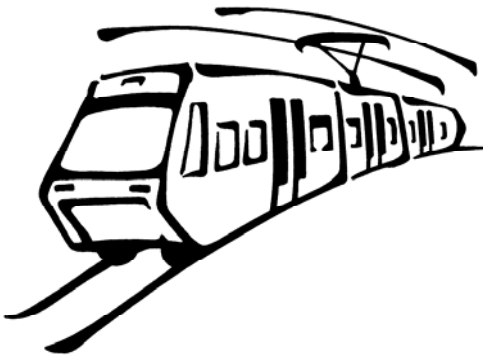
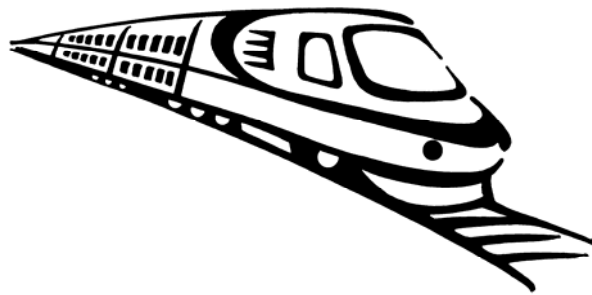




SOUNDTRANSIT

Central Puget Sound
Regional Transit Authority



Quarterly Financial Report
1st Quarter 2005
June 9, 2005

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1st Quarter 2005
Quarterly Financial Report

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
REVENUES	1
EXPENSES	1
CAPITAL OUTLAYS.....	2
SUMMARY INCOME STATEMENT.....	3
SUMMARY OF NET ASSETS	4
REVENUE.....	7
REVENUE NOTES	7
SUMMARY OUTLAYS	8
TRANSPORTATION SERVICES.....	9
SOUNDER TRANSPORTATION SERVICES	9
SOUNDER TRANSPORTATION SERVICES NOTES	9
REGIONAL EXPRESS TRANSPORTATION SERVICES.....	11
REGIONAL EXPRESS TRANSPORTATION SERVICES NOTES	11
TACOMA LINK TRANSPORTATION SERVICES	13
TACOMA LINK TRANSPORTATION SERVICES NOTES.....	13
CAPITAL	15
SOUNDER CAPITAL	15
SOUNDER CAPITAL NOTES	15
REGIONAL EXPRESS CAPITAL.....	17
REGIONAL EXPRESS CAPITAL OUTLAY NOTES.....	17
LINK CAPITAL	19
LINK CAPITAL OUTLAY NOTES	19
AGENCY ADMINISTRATION EXPENSES	21
STAFF OPERATING NOTES	22
OTHER OPERATING COSTS NOTES.....	22
SUBAREA 1ST QUARTER 2005 SUMMARIES.....	23

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June 9, 2005

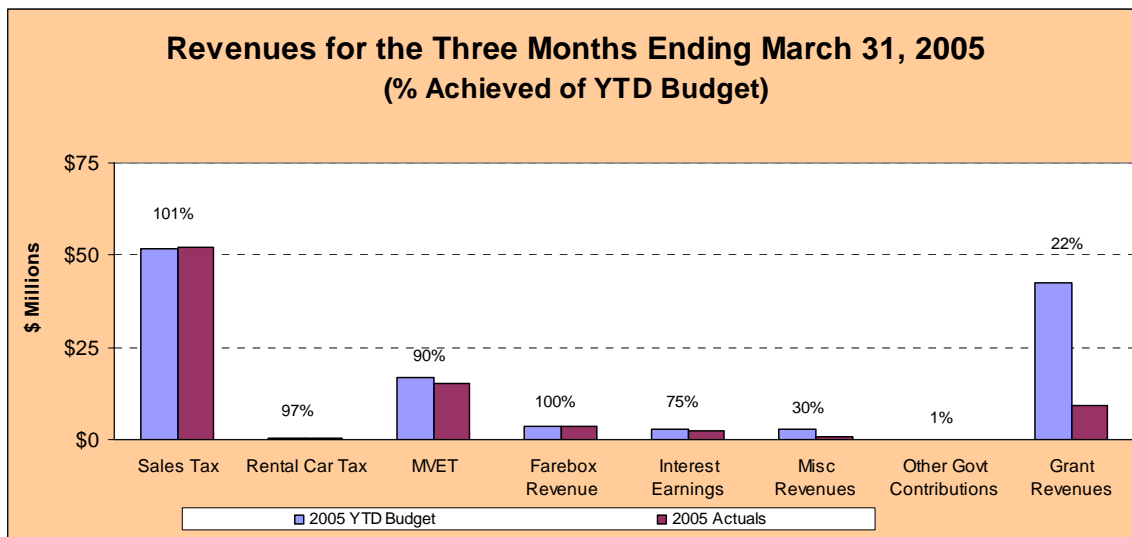
TO: Board of Directors
FROM: Joni Earl, *Chief Executive Officer*
Hugh Simpson, *Chief Financial Officer*
SUBJECT: 1st Quarter 2005 Financial Report

Executive Summary

This report summarizes Sound Transit's First Quarter 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.

Revenues

The total agency revenues of \$84.0M was under budget by \$37.1M, or 31%, primarily due to lower than anticipated federal grant contributions recognized to date. Tax revenues at \$68.0M were under budget by \$1.2M, or 1.7%, due to lower vehicle registrations in the Sound Transit district and changes in the seasonal pattern of retail sales. Federal grant revenues, at \$9.4M are \$33.2M, or 77.9%, below forecast because of drawdown delays. Overall, federal grant contributions are in line with lifetime budget expectations. Farebox revenues, at \$3.5M, were 100% of budget at the end of the first quarter. First quarter boardings were down by 68K, or 3% below the fourth quarter of 2004.



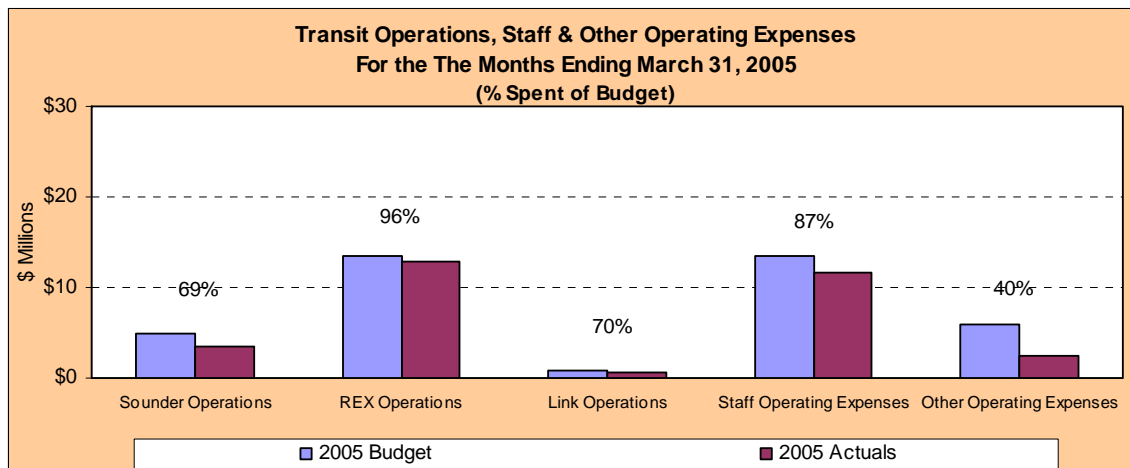
Expenses

Combined transit-operation expenses were under budget by \$3.9M or 17%. Modal direct operating expenses as a percent of budget were: Sounder at 69% of budget, Regional Express at 96%, and Link at

70%. The largest under spending occurred in the Services, Insurance and Purchased Transportation Services categories.

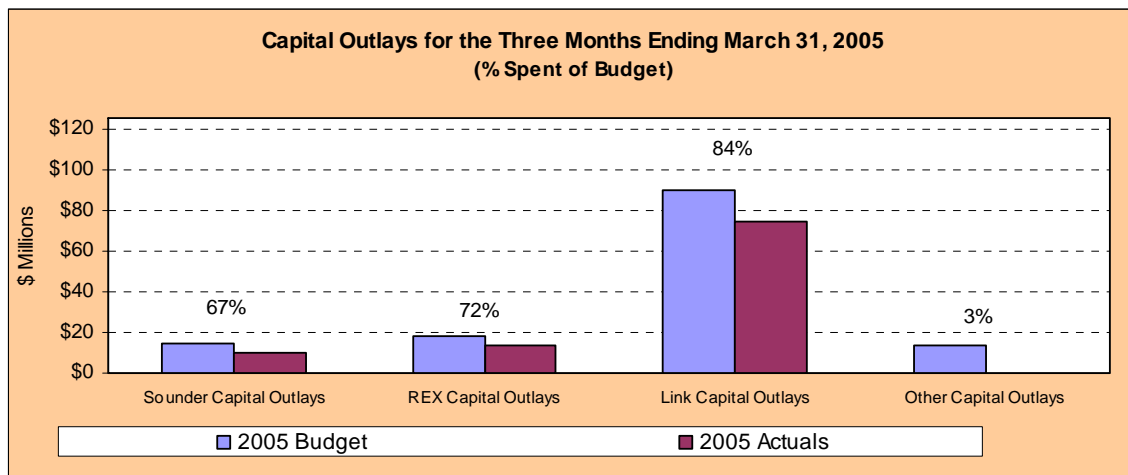
Staff operating expenses of \$11.6M were 87% of the \$13.3M first quarter budget. With capital and transit operations expenses trending below budget, staff expenses and headcount are proportionally lower as well for the first quarter.

Other operating expenses include Regional Fund projects, Community Development Fund expenditures, debt-service costs and non-capitalizable costs. Within other operating expenses, the most significant variances are within the Regional Fund projects which are below budget by \$1.5M or 54%.



Capital Outlays

Total agency capital outlays of \$98.3M were 72.4% of the \$135.7M first quarter budget. Sounder spent 67% of the first quarter budget due in part to lower than anticipated construction spending in the Seattle-to-Tacoma segment. Spending on this segment is contingent on the progress made by BNSF and is outside the control of the agency. Regional Express project spending finished the quarter at 72% of budget, primarily due to projects either coming in under budget resulting in savings, or projects encountering delays. Link spending was at 84% of budget due primarily to lower ROW and administration phase expenditures.



Summary Income Statement

The table below summarizes revenues and expenses for the first quarter of 2005. Overall, agency net income ended the first quarter \$29.4M below budget. This variance is made up of a \$37.1M shortfall in total revenues, offset by \$7.6M in lower expenditures. Significant revenue variances from budget include federal grants, tax revenues, and miscellaneous revenues. Significant expense variances exist in transit operations and other operations projects.

Income Statement

For the Three Months Ending March 31, 2005

Budget to Actuals

	Q1 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	\$68,020,830	69,198,115	(\$1,177,285)	98%
Farebox Revenues	3,482,704	3,482,704	3,471,999	10,705	100%
Investment Income	2,235,523	2,235,523	2,980,617	(745,094)	75%
Other Miscellaneous	815,031	815,031	2,740,038	(1,925,007)	30%
State & Local Contributions	613	613	77,250	(76,637)	1%
Federal Grants	9,399,606	9,399,606	42,555,501	(33,155,895)	22%
TOTAL REVENUES	\$83,954,307	\$83,954,307	\$121,023,520	(\$37,069,213)	69%
EXPENSES					
Net Staff Operating Divisions	\$4,428,026	\$4,428,026	\$4,640,472	\$212,446	95%
Transit Operations	23,260,966	23,260,966	27,108,794	3,847,828	86%
Regional Fund & Other Operations	1,269,501	1,269,501	2,722,038	1,452,537	47%
Community Development Fund	667,803	667,803	1,647,699	979,896	41%
Debt Service	302	302	46,710	46,408	1%
Non-Capitalizable LOB expenses	433,202	433,202	1,522,602	1,089,400	28%
TOTAL EXPENSES	\$30,059,799	\$30,059,799	\$37,688,315	\$7,628,516	80%
EXCESS REVENUE OVER EXP.	\$53,894,508	\$53,894,508	\$83,335,204	(\$29,440,697)	65%

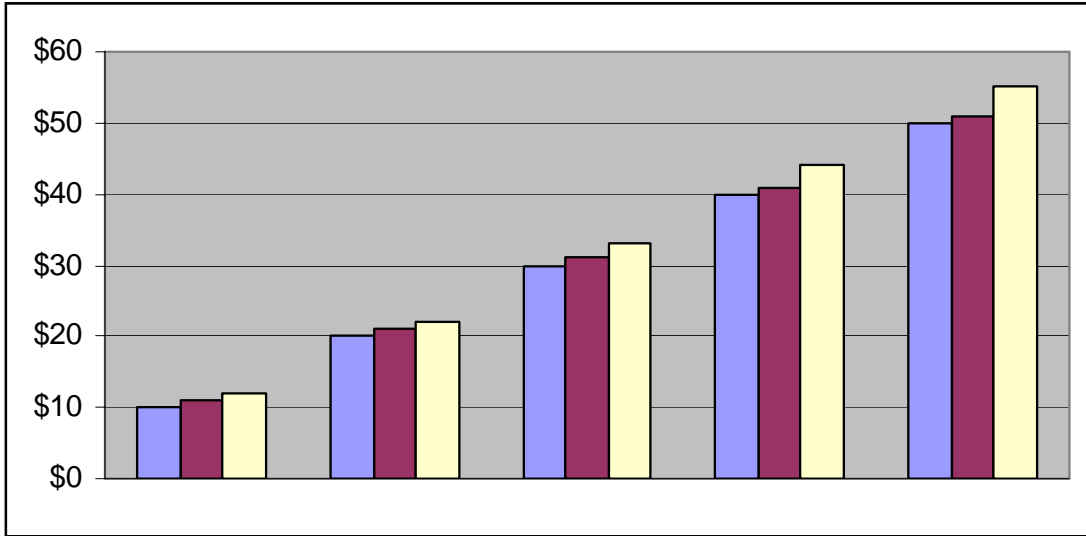
Summary of Net Assets

The following table summarizes assets and liabilities at the end of the first quarter of 2005 and provides comparative data for the same period last year. As project expenditures increase, Current Assets, specifically cash and restricted assets, decrease while long-term assets, such as Property, Vehicles and Equipment and Capital Projects in Progress, increase. With the commencement of construction on the Link project and Regional Express HOV projects, capital assets have increased significantly. On March 31, 2005 Sound Transit completed its second bond offering for \$422.8M. These funds are reflected in Restricted Assets and Restricted Net Assets. As the bond proceeds are spent, they will be relieved from the restricted classifications.

Summary of Net Assets

(in millions)

	As of Mar-05	As of Mar-04	% Change Mar-05 to Mar-04
Current Assets, excluding Restricted Assets	\$ 471.2	\$ 649.7	-27%
Restricted Assets	625.4	223.4	180%
Property, Vehicles and Equipment, Net of Accumulated Depreciation	942.2	644.9	46%
Capital Projects in Progress	859.4	680.9	26%
Capital Projects in Progress - non ST	79.5	119.2	-33%
Other Non-Current Assets	71.6	68.8	4%
Total Assets	\$ 3,049.2	\$ 2,386.8	28%
Current Liabilities, excluding Interest Payable from Restricted Assets	69.8	51.3	36%
Interest Payable from Restricted Assets	3.6	2.9	25%
Long-Term Debt	790.2	347.4	127%
Other Long-Term Liabilities	66.3	58.7	13%
Total Liabilities	929.9	460.2	102%
Net Assets	2,119.3	1,926.6	10%
Total Liabilities and Net Assets	\$ 3,049.2	\$ 2,386.8	28%
Invested in Capital Assets, Net of Related Debt	1,530.4	1,097.9	39%
Restricted Net Assets	157.2	201.6	-22%
Unrestricted Net Assets	431.7	627.1	-31%
Total Net Assets	\$ 2,119.3	\$ 1,926.6	10%



FINANCIAL DETAIL

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Revenue

Agencywide Revenues

For the Three Months Ending March 31, 2005

Budget to Actuals

	Q1 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals over/(under) YTD Budget	YTD Actuals as % of YTD Budget
REVENUE SOURCES					
Retail Sales and Use Tax	52,339,230	52,339,230	51,885,729	453,501	101%
Rental Car Tax	445,112	445,112	458,681	(13,569)	97%
Motor Vehicle Excise Tax	15,236,487	15,236,487	16,853,704	(1,617,217)	90%
Farebox Revenue	3,482,704	3,482,704	3,471,999	10,705	100%
Investment Income	2,235,523	2,235,523	2,980,617	(745,094)	75%
Miscellaneous Revenues	815,031	815,031	2,740,038	(1,925,007)	30%
OTHER FINANCING					
Local & State Contributions	613	613	77,250	(76,637)	1%
Federal Grants	9,399,606	9,399,606	42,555,501	(33,155,895)	22%
TOTAL SOURCES	\$ 83,954,307	\$ 83,954,307	\$ 121,023,520	\$ (37,069,213)	69%

Revenue Notes

Retail Sales and Use Tax is over budget by \$454K, or 1%. Sales tax collections increased by \$2.7M or 5.4% compared to the same period in 2004.

Rental Car Tax is under budget by \$14K, or 3%. Compared to the first quarter of 2004, rental car tax revenues are \$26K or 6.1% lower.

Motor Vehicle Excise Tax is under budget by \$1.6M, or 9.6%, due to lower vehicle registrations in the Sound Transit district. MVET revenues decreased by \$849K or 5.3% compared to the same period in 2004.

Farebox Revenues are 100% of budget at \$3.5M. Farebox revenues are \$149K, or 4.5%, higher than the same period in 2004.

Investment Earnings are under budget by \$745K or 25%. Actual cash interest accrued or received was on budget, however the portfolio continues to experience a negative adjustment as interest rates rise. As lower rate investments mature, they will be reinvested at higher rates reducing the negative impact. Actual interest income is \$200K more than budget. However, the first quarter mark-to-market reduced reported interest income considerably.

Miscellaneous Revenues are under budget by \$1.9M or 70%. Included in this category are advertising on Regional Express buses, revenue vehicle rental income, the CDF and rental property income. The variance is related to the CDF. In February, the CDF Substitute Funding Agreement (M2005-14) was approved by the Board. Under the new agreement, no CDF related revenues will be recognized in 2005.

Local, State and Federal Grants were under budget by \$33.2M, or 78%. Grant revenues are reimbursements based on expenditures for grant-funded projects. Lower grant revenues are mainly related to the "hold" FTA has put on processing Sounder grants due to an ADA issue that is affecting commuter rail expansion nationwide. Sound Transit is working with FTA to resolve the issue. Also, Congress and FTA did not release the FFY 2005 Link Initial Segment appropriation and execute the grant until May 6. Sound Transit was unable to drawdown any of the 2005 Link appropriation until Congress released the funding and executed the grant. Since the 2005 Initial Segment appropriation grant was executed on May 6, Sound Transit will have substantially higher drawdowns in the next quarter.

Summary Outlays

Combined Transit Operations Summary

For the Three Months Ending March 31, 2005

Regional Express, Sounder, & Link

	Q1 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	3,482,704	3,471,999	10,705	100%
Other Operating Revenues	813,924	813,924	722,538	91,386	113%
Total Operating Revenues	4,296,628	4,296,628	4,194,537	102,091	102%
Direct Operating Expenses					
Salaries & Benefits	383,138	383,138	428,177	45,039	89%
Services	2,135,259	2,135,259	3,820,647	1,685,388	56%
Materials & Supplies	354,527	354,527	424,659	70,132	83%
Insurance	388,411	388,411	591,747	203,336	66%
Purchased Transportation Svcs	13,289,773	13,289,773	13,499,832	210,059	98%
Miscellaneous Expenses	66,676	66,676	174,195	107,519	38%
Leases & Rentals	2,813	2,813	18,162	15,349	15%
Other Expenses	169,976	169,976	175,113	5,137	97%
Total Direct Operating Expenses	\$ 16,790,573	\$ 16,790,573	\$ 19,132,532	\$ 2,341,959	88%
Agency Admin Allocations	1,158,704	1,158,704	1,379,130	220,426	84%
Fully Allocated Operating Expenses	\$ 17,949,277	\$ 17,949,277	\$ 20,511,662	\$ 2,562,385	88%
Net Income (Loss) from Fully Allocated Operations	\$ (13,652,649)	\$ (13,652,649)	\$ (16,317,125)	\$ (2,664,476)	84%
Contingency	-	-	1,246,653	1,246,653	-
Depreciation & Amortization	5,311,689	5,311,689	5,350,479	38,790	99%
Net Income (Loss) from Operations after Depreciation and Amortization	\$ (18,964,338)	\$ (18,964,338)	\$ (22,914,257)	\$ (3,949,919)	83%
Ridership					
Boardings	2,582,358	2,582,358	2,612,856	30,498	99%
Average Weekday Boardings	36,019	36,019	N/A	N/A	N/A

Sound Transit Capital Outlays by Line of Business

For the Three Months Ending March 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	87,545,976	14,925,419	9,968,127	4,957,292	67%
Link Light Rail	492,312,954	89,298,141	74,693,054	14,605,086	84%
Regional Express	85,935,496	18,235,350	13,170,639	5,064,711	72%
TOTAL	\$665,794,426	\$122,458,909	\$97,831,820	\$24,627,090	80%

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	1,227,354,171	724,078,553	106,562,066	396,713,552	68%
Link Light Rail	2,407,316,000	789,746,622	808,144,313	809,425,065	66%
Regional Express	816,713,536	323,245,047	46,912,928	446,555,561	45%
TOTAL	\$4,451,383,707	\$1,837,070,222	\$961,619,307	\$1,652,694,178	63%

Transportation Services

Sounder Transportation Services

Sounder Commuter Rail Transit Operations

For the Three Months Ending March 31, 2005

	Q1 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	614,060	645,999	(31,939)	95%
Other Operating Revenues	704,277	704,277	627,750	76,527	112%
Total Operating Revenues	1,318,337	1,318,337	1,273,749	44,588	104%
Direct Operating Expenses					
Salaries & Benefits	45,946	45,946	70,400	24,454	65%
Services	1,739,112	1,739,112	2,496,324	757,212	70%
Materials & Supplies	266,737	266,737	310,722	43,985	86%
Insurance	323,275	323,275	480,498	157,223	67%
Purchased Transportation Svcs	933,569	933,569	1,398,087	464,518	67%
Miscellaneous Expenses	22,273	22,273	89,085	66,812	25%
Leases & Rentals	2,813	2,813	16,413	13,600	17%
Other Expenses	68,306	68,306	81,177	12,871	84%
Total Direct Operating Expenses	\$ 3,402,031	\$ 3,402,031	\$ 4,942,706	\$ 1,540,675	69%
Agency Admin Allocations	289,242	289,242	350,478	61,236	83%
Fully Allocated Operating Expenses	\$ 3,691,273	\$ 3,691,273	\$ 5,293,184	1,601,911	70%
Net Income (Loss) from Fully Allocated Operations	\$ (2,372,936)	\$ (2,372,936)	\$ (4,019,435)	\$ (1,646,499)	59%
Contingency	-	-	255,990	255,990	-
Depreciation & Amortization	1,684,731	1,684,731	1,685,796	1,065	100%
Net Income (Loss) from Operations after Depreciation and Amortization	\$ (4,057,667)	\$ (4,057,667)	\$ (5,961,221)	\$ (1,903,554)	68%
Ridership					
Boardings	261,998	261,998	262,470	(472)	100%
Average Weekday Boardings	3,296	3,296	N/A	N/A	N/A

Sounder Transportation Services Notes

Net loss for the quarter before depreciation and amortization was 59% of the 2005 YTD budget. Revenues exceeded budget by \$45K and expenses were under budget by \$1.6M. The largest variances are in Services, Insurance, and Purchased Transportation and are discussed below.

Revenues and Ridership: Passenger Fares were under YTD budget by \$32K or 5%. Ridership is trending in line with forecasts. Non-transportation revenue, the revenue associated with the leasing of Sounder vehicles to other jurisdictions, exceeded the budget by \$77K, or 12%.

Salaries & Benefits were under the 2005 YTD budget by \$24K, or 35%, due to a vacant position.

Services were under the 2005 YTD budget by \$757K or 30%. The largest component of this variance was in Maintenance of Vehicles, which was under budget by \$480K. The under spending is due to a seasonal lack of special service, which occurs during football and baseball seasons. This is expected to catch up by year end as Mariner Home Run service returns in the second quarter. Maintenance of

Stations is under budget by \$143K. Budgeted programs for technology and signage maintenance have not been necessary, and water quality monitoring programs at several Sounder stations are expected to begin later this year. Security services are under budget by \$57K.

Materials & Supplies were under 2005 YTD budget by \$44K or 14%. Fuel costs have tracked slightly under the budgeted levels. Additionally, supplies for marketing materials have been under budget as the level of activity is expected to pick up in the third quarter.

Insurance was under 2005 YTD budget by \$157K or 33%. Premium payments were less than budgeted so far 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 YTD budget by \$465K or 33%. This account mainly consists of payments to BNSF for train operations, maintenance of right-of-way and related trackage fees. Similar to the variances in maintenance of Sounder vehicles, the variance reflects the seasonal variation in special service. This variance should reduce in the second quarter with the return of Mariner Home Run service.

Miscellaneous Expenses were under 2005 YTD budget by \$67K or 75%. Staff training and training on ticket vending machines did not occur at budgeted levels in the first quarter. Also, media buys for Sounder marketing are under the YTD budget by \$35K but activity will pick up in the 2nd and 3rd quarters.

Leases and Rentals were under 2005 YTD budget by \$14K or 83%. This reflects low usage of the crew quiet rooms.

Other Expenses were under the YTD budget by \$13K or 16%. Utilities were under 2005 YTD Budget by \$25K or 31%. Utility costs trended under budgeted amounts due primarily to savings on electricity, telephone and internet service at stations. Taxes are over the 2005 YTD Budget by \$12K or 100%. State excise taxes were an unbudgeted item in 2005 and are projected to experience a budget shortfall of approximately \$50K for the full year.

Agency Administration Allocations are the staff operating costs allocated from the corporate departments as well as the Transportation Service department and were under budget by \$61K, or 17%. This reflects favorable budget variances in the agency staff divisions.

Regional Express Transportation Services

Regional Express Transit Operations

For the Three Months Ending March 31, 2005

	Q1 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	2,868,644	2,826,000	42,644	102%
Other Operating Revenues	109,647	109,647	94,788	14,859	116%
Total Operating Revenues	\$ 2,978,291	\$ 2,978,291	\$ 2,920,788	\$ 57,503	102%
Direct Operating Expenses					
Salaries & Benefits	45,488	45,488	41,889	(3,599)	109%
Services	274,199	274,199	1,059,030	784,831	26%
Materials & Supplies	72,407	72,407	86,508	14,101	84%
Insurance	5,707	5,707	6,249	542	91%
Purchased Transportation Svcs	12,356,204	12,356,204	12,101,745	(254,459)	102%
Miscellaneous Expenses	33,730	33,730	78,813	45,083	43%
Leases & Rentals	-	-	1,749	1,749	0%
Other Expenses	77,359	77,359	70,626	(6,733)	110%
Total Direct Operating Expenses	\$ 12,865,094	\$ 12,865,094	\$ 13,446,609	\$ 581,515	96%
Agency Admin Allocations	824,066	824,066	976,377	152,311	84%
Fully Allocated Operating Expenses	\$ 13,689,160	\$ 13,689,160	\$ 14,422,986	\$ 733,826	95%
Net Income (Loss) from Fully Allocated Operations	\$ (10,710,869)	\$ (10,710,869)	\$ (11,502,198)	\$ (791,329)	93%
Contingency	-	-	946,992	946,992	-
Depreciation & Amortization	2,960,372	2,960,372	3,010,194	49,822	98%
Net Income (Loss) from Operations after Depreciation and Amortization	\$ (13,671,241)	\$ (13,671,241)	\$ (15,459,384)	\$ (1,788,143)	88%
Ridership					
Boardings	2,130,964	2,130,964	2,161,816	30,852	99%
Average Weekday Boardings	29,860	29,860	N/A	N/A	N/A

Regional Express Transportation Services Notes

Net loss before depreciation and amortization from fully allocated transit operations was 93% of the 2005 YTD Budget. Revenues exceeded budget by \$58K and expenses were under budget by \$734K. The key budget variances are discussed below.

Passenger Fares and Ridership: Passenger Fares were over the 2005 YTD budget by \$43K or 2%. Compared to Q1 2004, farebox revenues are up by \$45K or 2%. Boardings for the first quarter are up by \$180K, or 9%, from the same quarter last year. Boardings were under the YTD 2005 forecast by \$31K or 1%.

Salaries & Benefits were over the 2005 YTD budget by \$3.6K, or 9%, due to a promotion that occurred after the budget was finalized.

Services were under the 2005 YTD budget by \$785K or 74%. Equipment maintenance costs are under budget by approximately \$147K. Scheduled major maintenance programs will commence in the second quarter. Facilities maintenance costs are under budget by \$258K. Of this amount, \$38K represents savings to the Agency related to the Eastmont P&R. Approximately \$50K is related to the leasehold for

the Bellevue Rider Services Building site, which was charged to the capital project while the building is under construction. Signage maintenance and Spot Improvements are under the YTD budget by approximately \$100K due to lower than anticipated activity. Transit planning is \$70K under budget as the Comprehensive Operational Analysis will not begin until the second quarter. The Mobility Initiative Program is under budget by approximately \$133K. Letters of agreement for MIP program support of FTEs at partner agencies have been obtained and billing is expected to commence in the second quarter. This program is expected to be approximately \$200K under budget by year end.

Materials and Supplies were under 2005 YTD budget by \$14K or 16%. Supplies for marketing and MIP were underspent through the first quarter, but they were offset by additional parts purchases to support the entry into service of new buses in East King County and Pierce County.

Purchased Transportation Services were over 2005 YTD Budget by \$254K or 2%. 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. Under the new operating agreements, the transit partners will be billing Sound Transit at a flat rate through the year for base service. Additional service for schedule maintenance and overload service will be funded out of the contingency budget.

Miscellaneous Expenses were under 2005 YTD Budget by \$45K or 57%. The variance is due to marketing promotions slightly exceeding their quarterly activity. Travel and training related to the MIP program accounted for \$4K of the variance.

Other Expenses were over YTD budget by \$7K or 10%. Utilities were over the 2005 YTD budget by \$4K or 29%. There were unbudgeted 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 YTD budget by \$2K or 4%. State excise taxes are running slightly ahead of the budgeted amounts, reflecting increases in revenues.

Agency Administration Allocations is the staff operating costs allocated from the corporate departments as well as the Transportation Service department. YTD 2005 allocations were under budget by \$152K or 16% of YTD budget. This reflects favorable variances of the agency staff divisions.

Tacoma Link Transportation Services

Tacoma Link Transit Operations For the Three Months Ending March 31, 2005

	Q1 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	291,704	315,888	24,184	92%
Services	121,948	121,948	265,293	143,345	46%
Materials & Supplies	15,383	15,383	27,429	12,046	56%
Insurance	59,429	59,429	105,000	45,571	57%
Miscellaneous Expenses	10,673	10,673	6,297	(4,376)	169%
Other Expenses	24,311	24,311	23,310	(1,001)	104%
Total Direct Operating Expenses	\$ 523,448	\$ 523,448	\$ 743,217	\$ 219,769	70%
Agency Admin Allocations	45,396	45,396	52,275	6,879	87%
Fully Allocated Operating Expenses	\$ 568,844	\$ 568,844	\$ 795,492	\$ 226,648	72%
Income (Loss) from Operations	\$ (568,844)	\$ (568,844)	\$ (795,492)	\$ (226,648)	72%
Contingency	-	-	43,671	43,671	-
Depreciation & Amortization	666,586	666,586	654,489	(12,097)	102%
Net Income (Loss) from Operations	\$ (1,235,430)	\$ (1,235,430)	\$ (1,493,652)	\$ (258,222)	83%
Ridership					
Boardings	189,396	189,396	188,570	826	100%
Average Weekday Boardings	2,863	2,863	N/A	N/A	N/A

Tacoma Link Transportation Services Notes

The net loss before depreciation and amortization for Tacoma Link light rail operations was at 72% of the YTD budget.

Ridership was over the 2005 YTD budget by 1K or 0.4%, and increased by \$5K, or 3%, compared to Q1 2004. Demand for Tacoma Link service continues to exceed forecasts.

Salaries & Benefits were under the 2005 YTD budget by \$24K, or 8%.

Services were under the 2005 YTD budget by \$143K, or 54%. Station maintenance and system facilities maintenance costs have been below budget by \$84K as there have been no unanticipated work orders. Cleaning costs are below budget by \$32K and are anticipated to be below budget for the year. Marketing costs are below budget by \$29K but are anticipated to catch up later this year.

Material and Supplies were under the 2005 YTD budget by \$12K, or 44%. Budgeted purchases for spare parts have occurred as anticipated, and cleaning supplies and furniture acquisitions have not been necessary.

Insurance was under the 2005 YTD budget by \$46K or 43%. The budgeted amount includes premiums and claims. Premiums are lower than what was included in the 2005 budget and this item is expected to be under budget for the year. Unanticipated claims could use up some of the anticipated surplus.

Miscellaneous Expenses were over 2005 YTD budget by \$4K or 69%. This variance is an offset to some of the underspending in marketing services as all marketing costs were budgeted in services, but marketing campaign fees are charged to miscellaneous expenses.

Other Expenses were over the YTD budget by \$1K or 4%. The difference is due to internet service provider costs which were charged to the line of business but were not included in the 2005 budget.

Agency Allocations were under 2005 YTD budget by \$7K or 13%. These allocations are for staff operating costs associated with Corporate and Transportation Services Departments. This reflects favorable variances of the agency staff divisions.

Sounder Capital

Sounder Commuter Rail - Capital Outlays by Phase

For the Three Months Ending March 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
	<i>a</i>	<i>b</i>	<i>c</i>	<i>[b - c]</i>	<i>[c / b]</i>
Agency Administration	5,909,670	1,369,552	1,322,856	46,695	97%
Preliminary Engineering	1,661,377	690,312	1,347,650	(657,338)	195%
Final Design	5,492,512	234,795	164,986	69,809	70%
ROW Acq. & Permits	15,576,763	70,436	449,504	(379,068)	638%
Construction	58,900,755	12,560,324	6,683,130	5,877,194	53%
Contingency	4,900	-	-	-	-
TOTAL	\$ 87,545,976	\$ 14,925,419	\$ 9,968,127	\$ 4,957,292	67%

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	57,198,199	37,886,652	495	19,311,052	66%
Preliminary Engineering	25,083,633	23,424,221	545,738	1,113,674	96%
Final Design	31,272,695	17,209,112	178,407	13,885,176	56%
ROW Acq. & Permits	359,364,177	221,639,885	927,727	136,796,565	62%
Construction	581,688,062	290,409,596	104,912,369	186,366,097	68%
Vehicles	143,576,495	133,509,088	(2,671)	10,070,078	93%
Contingency	29,170,909	-	-	29,170,909	0%
TOTAL	\$ 1,227,354,171	\$ 724,078,553	\$ 106,562,066	\$ 396,713,552	68%

Sounder Capital Notes

Agency Administration spending was at 97% of the spending plan for the first quarter. This category includes the total administrative costs charged to capital projects plus some allocated contract costs.

Preliminary Engineering spending was over-spent by \$657K as spending of \$1.3M exceeded the first quarter plan of \$690K for the phase. Payments of \$989K, which included some prior year costs, were made to HDR, the engineering firm for Tacoma to Lakewood Track and Signals work. The planned amount in 2005 for HDR was only \$600K. A payment of \$189K was made to the City of Tacoma for Seattle to Tacoma Track and Signals, that was not planned for the year. Work for the Environmental Mitigation project that was supposed to be completed in 2004 spilled over into 2005.

Final Design was under-spent in the first quarter by \$70K or 30%, largely due to under-spending in the Environmental Mitigation project. Final design for this project has been delayed pending completion of preliminary engineering. Under-spending in that project was offset by over-spending in the Tacoma-to-Lakewood track and facilities project. Sound Transit purchased the BNSF North Line Railroad right-of-way in September 2004, so preliminary engineering of the track and facilities is being revised to reflect Sound Transit ownership of ROW in this corridor. Final design was scheduled to begin in mid-2005 but has begun earlier than planned.

ROW spending was over the first quarter planned amount by \$379K. The majority of the over-spending was in Tacoma to Lakewood Track and Signals and Lakewood Station related to legal and negotiation activities.

Construction spending was under the first quarter planned amount by \$5.9M for BNSF work on Seattle to Tacoma Track and Signals. There are two factors contributing to this. BNSF is below forecast for the T&S work between Tacoma and Seattle and BNSF construction under spending is related to a delay by the City of Tacoma in beginning construction of its D Street grade separation project.

Vehicles for Sounder have all been purchased and paid for. The lifetime budget included approximately \$10M for potential payment of Washington State sales and use tax associated with the vehicle purchases. This tax was not previously paid due to potential exemptions available to Sound Transit under the Amtrak lease/sublease agreements. The tax exemption provided under these agreements was upheld by the Department of Revenue; however, the Department did assess the intervening use prior to the agreements to be taxable. The issue has recently been resolved and Sound Transit will pay \$1 million in 2005 to the Department of Revenue.

Contingency: No project contingency funds are anticipated to be needed in 2005.

Regional Express Capital

Regional Express - Capital Outlays by Phase For the Three Months Ending March 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	5,090,570	1,297,185	906,238	390,947	70%
Prelim. Engineering	2,343,468	933,914	948,636	(14,722)	102%
Final Design	9,501,824	1,927,837	988,971	938,866	51%
ROW Acq. & Permits	3,945,265	612,251	106,816	505,435	17%
Construction	63,862,332	13,463,560	10,219,977	3,243,583	76%
Contingency	1,192,037	603	-	603	0%
TOTAL	\$ 85,935,496	\$ 18,235,350	\$ 13,170,639	\$ 5,064,711	72%

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	40,877,893	27,861,127	23,573	12,993,193	68%
Prelim. Engineering	50,278,753	45,748,390	4,788,396	(258,033)	101%
Final Design	58,814,852	26,191,801	6,495,316	26,127,735	56%
ROW Acq. & Permits	61,997,873	41,648,391	276,233	20,073,250	68%
Construction	481,936,690	181,795,337	35,329,411	264,811,942	45%
Contingency	122,807,474	-	-	122,807,474	0%
TOTAL	\$ 816,713,536	\$ 323,245,047	\$ 46,912,928	\$ 446,555,561	45%

Regional Express Capital Outlay Notes

Agency Administration was under the amount planned for first quarter by \$391K or 30%. Fewer staff hours were charged to capital projects creating a lower base for agency allocations.

Preliminary Engineering was near target for the first quarter, outlays exceeded the spending plan by \$15K.

Final Design was under the first quarter spending plan by \$939K or 49%. The South Everett Freeway Station project had a variance of \$340K as final design was delayed until the SEPA review was completed. The final design contract for this project was taken to the Board during first quarter 2005. Final design on the Totem Lake Freeway Station project was \$220K under the spending plan. Mercer Island Park and Ride was under-spent by \$200K for final design due to delays in preliminary engineering, and is currently forecasted to spend \$900K of the planned \$1.2M by the end of the year. Eastgate Transit Access was over-spent in this phase by \$184K. Other projects in East King County with delays in final design were the 85th Corridor/Related Improvements and the I-90 Two-Way Transit & HOV Operations projects.

ROW was under the first quarter spending plan by \$505K or 83%. The project that is most significantly under-spent in this phase is the Federal Way HOV Access project, which was under-spent by \$339K.

Construction was under the first quarter spending plan by \$3.2M, or 24%. The Issaquah Highlands Park-and-Ride project is under spent by \$2.5M, reflecting a delay in the start of construction and in reaching a project-level agreement with King County Metro, supporting a Sound Transit contribution. The Bellevue Rider Services Building has a variance of \$1.2M because advertising the project for construction bids was delayed pending completion of the binding site plan process, allowing for initiation of the terms of the lease agreement and award of a construction contract. The binding site plan process has been completed and the project was advertised in March. Offsetting this lower spending was accelerated activity on the Federal Way projects. The Federal Way HOV Access project is over planned spending by \$2.4M and the Federal Way Transit Center by \$5.3M. These projects have been proceeding more aggressively than budgeted as the contractors took advantage of a favorable construction season in 2004.

Contingency funds were included in the contingency phase of the budget to cover unanticipated project costs.

Link Capital

Link Light Rail - Capital Outlays by Phase For the Three Months Ending March 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	11,874,036	3,948,260	7,925,776	33%
Preliminary Engineering	11,109,989	2,639,798	1,908,816	730,982	72%
Final Design	13,456,814	2,376,094	2,037,830	338,264	86%
ROW Acq. & Permits	41,402,281	12,491,569	4,384,858	8,106,711	35%
Construction	344,777,505	59,916,643	62,413,290	(2,496,647)	104%
Vehicles	25,389,324	-	-	-	-
Testing and Start-Up	216,919	-	-	-	-
Contingency	-	-	-	-	-
TOTAL	\$ 492,312,954	\$ 89,298,141	\$ 74,693,054	\$ 14,605,086	84%

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	243,273,504	73,272,734	1,061,653	168,939,117	31%
Preliminary Engineering	95,406,530	85,630,534	4,711,040	5,064,956	95%
Final Design	169,677,725	139,473,803	22,590,010	7,613,912	96%
ROW Acq. & Permits	261,001,689	206,643,756	1,066,613	53,291,320	80%
Construction	1,355,493,425	241,670,446	658,171,078	455,651,901	66%
Vehicles	141,350,470	14,715,387	120,537,371	6,097,713	96%
Testing and Start-Up	666,163	434,019	6,548	225,595	66%
Contingency	140,446,494	-	-	140,446,494	0%
Overhead Reserve	-	27,905,943	-	(27,905,943)	-
TOTAL	\$ 2,407,316,000	\$ 789,746,622	\$ 808,144,313	\$ 809,425,065	66%

Link Capital Outlay Notes

With the award of the Tukwila alignment and station contract in late March, major construction will soon be underway along the entire 13.9-mile Central Link Initial Segment, from Downtown Seattle through Tukwila. All three major systems contracts – the communications, train signal, and electrification systems – and the procurement of the light rail vehicle are also underway. The *2005 Adopted Capital Plan* reflects a resolution adopted by the Board in March transferring \$4 million from the Right of Way to the Construction phase within the Initial Segment in accordance with a work scope transfer between these phases. Through the end of the first quarter of 2005, construction expenditures for the Initial Segment are equal to 104% of the budget plan for this period. The Initial Segment is projected to open on schedule in July 2009. Work continued on North Link to complete the Final Supplemental EIS. Development of the scope of work for civil preliminary engineering and final design of Airport Link was completed in March. Final design and construction for Airport Link is expected to be incorporated into the project scope later this spring. Tacoma Link construction is complete, and project close-out continues.

Agency Administration outlays are equal to only 33% of budget plan for the first quarter. Actual agency allocation (overhead) rates are lower than were planned at the time the 2005 budget was adopted. This category includes: a) Link staff support costs, b) agency costs allocated to projects, and c) direct charges.

Preliminary Engineering outlays are equal to 72% of budget plan for the first three months of 2005. North Link outlays are 93% of budget plan, with work continuing to complete the Final Supplemental EIS. Airport Link outlays are 15% of budget plan. Development of the scope of work for civil preliminary engineering and final design of Airport Link was completed in March in anticipation of final design and construction for Airport Link being incorporated into the project scope in the spring of 2005. Contract award for preliminary engineering and architectural design services is expected in April.

Final Design outlays are equal to 86% of budget plan for the first quarter. This phase includes design support for major construction activities for the Initial Segment.

ROW Acquisition & Permits outlays are equal to 35% of budget plan for the first quarter. Sound Transit has acquired 711 of 731 required parcels, and is on track to complete acquisitions for the Initial Segment. \$4 million was transferred within the Initial Segment from ROW to the construction phase in March (see Construction below).

Construction outlays are equal to 104% of budget plan for the first quarter of 2005. Construction on the Initial Segment began in November 2003 and is progressing to support the schedule project completion in July 2009. With the award of the Tukwila light rail guideway and station contract in March 2005, full construction will soon be underway along the entire alignment from Downtown Seattle through Tukwila. All three major systems contracts – the communications, train signal, and electrification systems – and the procurement of the light rail vehicle are also underway. Award of the KCRS radio system is expected in April. Construction is progressing on schedule. Noise mitigation requirements along Pine Street in Downtown Seattle and higher than anticipated amounts of hazardous and contaminated materials in selected areas are issues that are being closely monitored.

In March, the Sound Transit Board approved Resolution R2005-08 to transfer \$4 million from the Right of Way to the Construction phase of the Initial Segment project in connection with the remediation of contaminated soils in the Rainier Valley. The budget for this work had originally resided in the Right-of-Way phase of the project and was transferred to the active construction contracts through which this work is being performed.

Vehicles The current payment plan for this contract is tied to specific deliverables. No payments are expected until the second quarter of 2005. Progress for the light rail vehicle procurement is on schedule.

Testing and Start-Up Testing and start-up is complete for Tacoma Link; however, selected invoices are still outstanding. The current year budget plan anticipates project close-out by August 2005.

Agency Administration Expenses

Agency Summary by Department

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

	Q1 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Board Administration	112,441	112,441	157,476	45,035	71%
Capital Projects	1,034,142	1,034,142	1,266,348	232,206	82%
Executive Department	2,146,597	2,146,597	2,554,494	407,897	84%
Finance & Information Technology	2,004,140	2,004,140	2,530,026	525,886	79%
Legal Services	628,520	628,520	644,256	15,736	98%
Link	1,932,496	1,932,496	2,130,017	197,521	91%
Non-Dept	1,495,517	1,495,517	1,294,848	(200,669)	115%
Project Delivery Support Services	1,525,032	1,525,032	1,808,913	283,881	84%
Transportation Services	739,540	739,540	990,150	250,610	75%
TOTAL	\$ 11,618,424	\$ 11,618,424	\$ 13,376,528	\$ 1,758,104	87%

Staff & Other Operating Expenses

For the Three Months Ending March 31, 2005
Budget to Actuals

	Q1 Actuals	YTD 2005 Actuals	YTD 2005 Budget	YTD Actuals (over)/under YTD Budget	YTD Actuals as % of YTD Budget
Salaries & Benefits	7,857,499	7,857,499	8,739,921	882,422	90%
Services	1,469,928	1,469,928	2,193,851	723,923	67%
Materials & Supplies	193,501	193,501	242,700	49,199	80%
Miscellaneous Expenses	295,902	295,902	485,541	189,639	61%
Leases & Rentals	534,399	534,399	638,325	103,926	84%
Other Expenses	445,647	445,647	410,922	(34,725)	108%
Depreciation	821,549	821,549	665,268	(156,281)	123%
Gross Staff Operating Expenses	\$ 11,618,424	\$ 11,618,424	\$ 13,376,528	\$ 1,758,104	87%
Expense Transfers	(7,190,399)	(7,190,399)	(8,736,056)	(1,545,657)	82%
Donation to Other Governments	-	-	-	-	-
Net Staff Operating Expenses	\$ 4,428,026	\$ 4,428,026	\$ 4,640,472	\$ 212,446	95%
Other Expenses					
Transit Vision	1,265,027	1,265,027	2,722,038	1,457,011	46%
Transit-Oriented Development	3,075	3,075	-	(3,075)	-
STart	1,099	1,099	-	(1,099)	-
Community Development Fund	667,803	667,803	1,647,699	979,896	41%
Link Community Development	300	300	-	(300)	-
Debt Service Costs	302	302	46,710	46,408	1%
Non-Capitalizable LOB expenses	433,202	433,202	1,522,602	1,089,400	28%
Total Other Expenses	\$ 2,370,808	\$ 2,370,808	\$ 5,939,049	\$ 3,568,241	40%
Grand Total Operating Expenses	\$ 6,798,833	\$ 6,798,833	\$ 10,579,521	\$ 3,780,688	64%

Staff Operating Notes

Salaries and Benefits were below budget by \$882K, or 10%, at the end of the quarter. This is due to lower than budgeted headcount, which directly affects these expenditure levels. Headcount at the end of March was 350.5 FTE's. There were 379.35 FTEs budgeted for 2005.

Services were below budget by \$724K, or 33%, at the end of the quarter. Significant items that contributed to the variance include Consulting, Accounting/Audit Services, Software Maintenance and Temporary Services.

Materials and Supplies were under budget by \$49K, or 20%, at the end of the quarter.

Miscellaneous Expenses were below budget by \$190K, or 39%, at the end of the quarter.

Leases & Rentals were below budget by \$104K, or 16%, at the end of the quarter. This category includes Opus rent, parking garage and meeting space rentals. Most of the variance is due to the OPUS rent, which runs a little lower in the first half of the year.

Other Expenses include insurance, utilities, taxes and interest. This category was over budget by \$35K, or 8%, at the end of the quarter.

Depreciation is \$156K, or 23%, over budget. Depreciation was budgeted equally across the months for 2005, but costs trended higher than budget in the first quarter due to a large asset that became fully depreciated in March and won't contribute to depreciation expense in the remaining three quarters. Depreciation is projected to end the year close to budget.

Expense Transfers were under budget by \$1.5M, or 18%, at the end of the quarter due to \$1.8M in overall lower spending in the staff operating departments compared with the budget. This category represents the allocated overhead dollars that are transferred to capital and operating projects.

Other Operating Costs Notes

Transit Vision was below budget by \$1.5M, or 54%, at the end of the quarter. This category includes operational spending for Fare Integration, Research & Technology and Phase 2 Planning. 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 \$3K at the end of the quarter.

Community Development Fund was under budget by \$980K, or 59%, at the end of the quarter.

Debt Service Costs were 1% of budget at the end of the quarter as bond issuance amortization costs were capitalized in the first quarter.

Subarea 1st Quarter 2005 Summaries

Subarea - 1st Quarter 2005 Summaries

Subarea Revenue Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2005 Tax Revenues							
March YTD Budget	8.5	17.7	12.4	18.5	12.0	0.0	69.2
March YTD Actual	8.4	17.4	12.3	17.7	12.2	0.0	68.0
\$ Variance	-0.2	-0.3	-0.1	-0.8	0.2	0.0	-1.2
% Variance	-2.1%	-1.9%	-0.6%	-4.1%	1.4%	-	-1.7%
2005 Farebox Revenues							
March YTD Budget	0.5	0.0	0.5	1.6	0.9	0.0	3.5
March YTD Actual	0.5	0.0	0.5	1.5	1.0	0.0	3.5
\$ Variance	-0.1	0.0	0.0	0.0	0.1	0.0	0.0
% Variance	-11.1%	-	1.3%	-2.8%	12.8%	-	0.3%
2005 Grant Revenues							
March YTD Budget	10.4	15.2	12.3	3.1	1.6	0.0	42.6
March YTD Actual	0.1	3.9	3.6	1.2	0.6	0.0	9.4
\$ Variance	-10.4	-11.3	-8.7	-1.9	-1.0	0.0	-33.2
% Variance	-99.4%	-74.3%	-70.8%	-60.8%	-62.8%	-	-78.0%
2005 Other Revenues							
March YTD Budget	0.1	0.1	0.3	0.0	0.3	4.9	5.7
March YTD Actual	0.2	0.2	0.6	0.1	0.7	1.4	3.1
\$ Variance	0.1	0.1	0.3	0.1	0.3	-3.6	-2.7
% Variance	94.3%	222.7%	95.6%	9325.6%	109.0%	-72.3%	-46.7%

Subarea Operating Expense & Capital Outlay Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
2005 Transit Operating Expenses							
March YTD Budget	3.8	-	5.2	8.7	8.8	0.0	26.4
March YTD Actual	3.0	0.0	4.1	8.4	7.5	0.3	23.3
Percent Spent	79.2%	-	79.2%	97.0%	85.1%	-	88.1%
Other Operating Expenses							
March YTD Budget	0.0	0.0	0.0	0.0	0.0	10.6	10.6
March YTD Actual	0.2	0.9	0.1	0.0	0.1	5.5	6.8
Percent Spent	8411.8%	6914.6%	407.7%	1282.8%	539.1%	52.4%	63.8%
2005 Capital Outlays							
March YTD Budget	3.6	75.8	31.6	9.2	14.2	1.2	135.7
March YTD Actual	2.8	67.0	20.9	2.3	5.1	0.1	98.3
Percent Spent	77.9%	88.4%	66.2%	24.8%	36.1%	8.9%	72.4%
Lifetime Capital Outlays							
March YTD Budget	557.7	1,685.0	1,133.2	619.8	610.6	23.6	4,629.8
March YTD Actual	327.8	605.8	428.1	198.8	357.7	41.0	1,959.2
Outstanding Contracts	11.9	700.7	190.5	10.8	50.5	9.2	973.6
Percent Spent or Committed	60.9%	77.5%	54.6%	33.8%	66.8%	213.0%	63.3%

Subarea Net Asset Summary Millions YOES

	Snohomish	North King	South King	East King	Pierce	Regional Fund	Total
Invested Capital Assets	247.7	520.7	345.4	124.1	261.5	31.0	1,530.4
Restricted	-	8.9	65.3	-	53.5	29.4	157.2
Unrestricted	(44.8) *	152.5	43.3	231.7	(8.6)	57.6	431.7
Total Net Assets	202.9	682.1	454.0	355.7	306.4	118.1	2,119.3

* In December, 2004, the Snohomish County subarea required an inter-subarea loan of \$48.2M. The current balance of the loan is \$44.8M.