

**SOUND TRANSIT
AUDIT AND REPORTING SUBCOMMITTEE
May 18, 2006 Meeting Summary**

Board members in attendance: Fred Butler (Chair), Mary-Alyce Burleigh, Dave Enslow, Richard Marin

Other members in attendance: Kathy Elias

Chair Butler called the meeting to order at 12:07 p.m.

1. Introduction

Chief Financial Officer Hugh Simpson reviewed today's agenda with the committee.

2. 2005 Year-End Financial Statements

Comptroller Kelly Priestley gave a staff presentation on the financial statements. It was suggested by the committee that staff examine the effects of increased ridership on fare box recovery. Staff gave details regarding the North Link write-off, and answered questions about the Community Development Fund agreement.

Mr. Simpson notified the committee that yesterday President Bush signed the 2005 Tax Bill into law. There is a clause in the legislation that could affect the Agency's lease to service transactions that took place about five years ago. Staff will investigate and report back to the committee at a future date.

3. 2005 Audit Reports

Tom Evert, Karissa Lackey, Carl Erickson, and Tim McCann from KPMG gave a presentation on the audit reports. The Agency is receiving a clean, unqualified opinion from the independent auditing firm. The auditors answered questions concerning self-insurance reserves, "closing the books" for the year, and subarea reporting procedures report.

4. Schedule of Subarea Equity

Ms. Priestley gave a staff presentation, presenting the financial highlights of each subarea.

5. Next Meeting - To be determined

Chair Butler adjourned the meeting at 1:25 p.m.