

**SOUND TRANSIT  
AUDIT AND REPORTING SUBCOMMITTEE  
September 7, 2006 Meeting Summary**

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

**Other members in attendance:** Dick Chapin, COP

---

Chair Butler called the meeting to order at 11:32 a.m.

1. Introduction

Chief Financial Officer Hugh Simpson reviewed today's agenda with the committee. Controller Kelly Priestley introduced Carl Ericsson from KPMG.

2. 2005 Auditors Report from KPMG

Ms. Priestley and Lisa Wolternik, Grants Manager, gave a presentation on the National Transit Database Report.

Tom Evert from KPMG gave a presentation on the 2005 Auditors Report.

3. Update on State Audit

Ms. Priestley reported that the state has begun its field work; the audit will focus on accountability of public resources and compliance with state laws and regulations. Auditors believe they will have a report ready by the next regularly scheduled Audit and Reporting Subcommittee meeting.

4. 2006 Year-End Planning and Audit

KPMG will present their audit plan for the upcoming year at the next Audit and Reporting Subcommittee meeting.

The letter of recommendation covered three main areas of interest:

- Central Management of Interlocal Agreements
- Communication of Project Status When Assets Go Into Use
- Accounting for Land Exchanges

Work on these items is progressing well; staff hopes to complete work on these issues by the end of the year.

5. Quarterly Reports

2<sup>nd</sup> Quarter Asset/Liability Report

Jim Block, Investment Analyst, gave a staff presentation. He answered some questions from Board member Enslow regarding projected interest rates and their potential effects on the bond market. He also gave details on the decision to switch from the Bank of New York to the Union Bank of California for holding the agency's investments.

## 2<sup>nd</sup> Quarter 2006 Financial Highlights

Pete Rogness, Budget Manager, gave a staff presentation. Ms. Priestley responded to Board member Enslow's question regarding increased boardings and lower revenue by saying that the Puget Pass was revised recently. All of the transit agencies share in this revenue. The emergence of smart card will help in collecting data that will be used to distribute revenue.

6. Next Meeting - To be determined

Chair Butler adjourned the meeting at 12:40 p.m.