



# Audit & Reporting Committee 2015 Subarea Reports

Kelly Priestley, Director – Accounting

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**SOUND TRANSIT**

# Today's Topics

- 2015 Schedule of Sources and Uses of Funds by Subarea
- 2015 Summary of Sources and Uses of Funds by Subarea for the 15-Year Period 2009 - 2023
- Proposed Agreed Upon Procedures for 2016

# External Reports

Report	Audit Type	USERS/AUDIENCE
✓ Financial Statements	Financial Audit	Taxpayers, bondholders, management, other governments, public
✓ Single Audit Report (Financial Statements and Schedule of Expenditures of Federal Awards)	Report on Internal Control over Financial Reporting and Compliance with Program Requirements and A-133	Office of Management & Budget, Federal Transit Authority (FTA), public
Schedule of Sources and Uses of Funds by Subarea	Agreed Upon Procedures	Sound Transit's Board and Citizen Oversight Panel
Summary of Sources and Uses of Funds by Subarea 15 Year Period (2009-2023)	N/A	Sound Transit's Board and Citizen Oversight Panel
✓ National Transit Database Reporting	Agreed Upon Procedures	FTA, legislators, other transit, public

# Subarea Reporting Overview of Requirement

- Equity principle established by RCW 81.112,
- Embedded within the Sound Move and ST2 voter approved plans.
- Subarea equity is a financial planning construct that looks at how revenues generated within each subarea shall benefit the residents of that subarea and when such benefits will accrue.

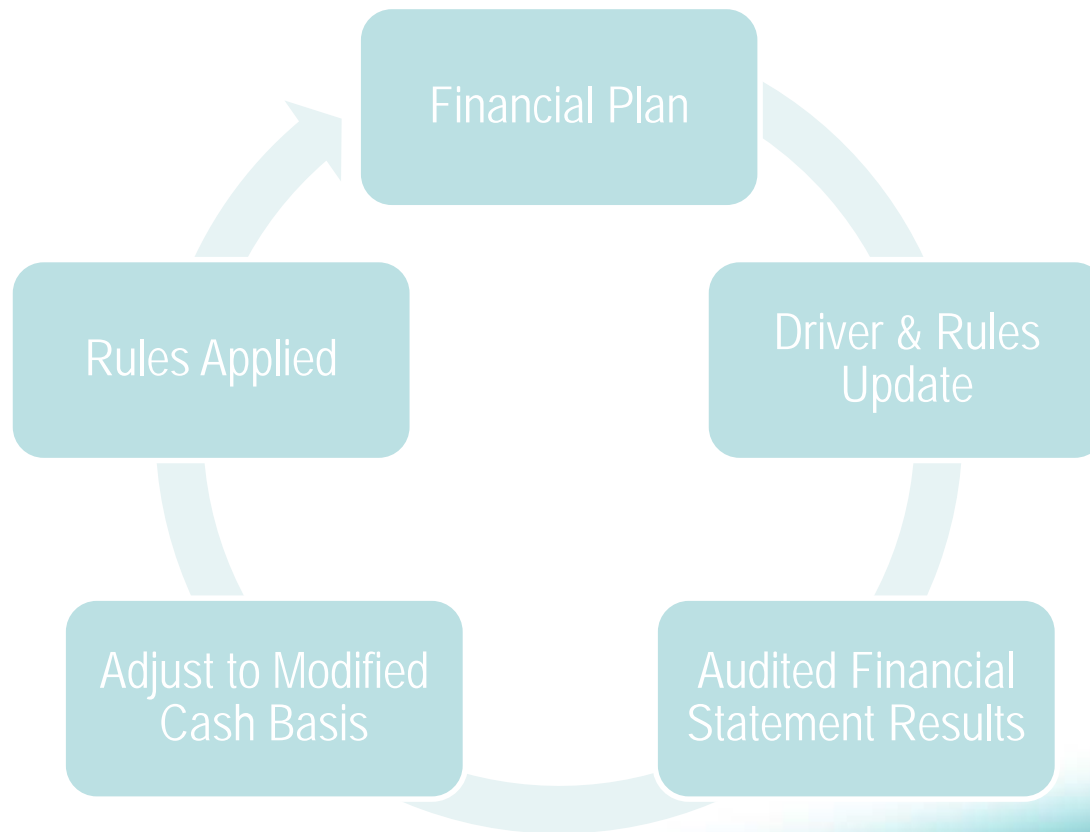
# Accountability

- ST2 Financial Policies
  - “Sound Transit will establish a system that on an annual basis reports subarea revenues and expenditures”
  - “Sound Transit will appoint an advisory citizen oversight committee to monitor Sound Transit performance under these policies”

# Subarea Reports

- Two reports prepared annually
  - Audited Schedule of Sources and Uses of Funds by Subarea for the year ending December 31, 2015
  - Summary of Sources and Uses of Funds by Subarea
    - Fifteen year report from 2009 through 2023
    - 7 years of audited information / 8 year financial plan projection
    - Equity is achieved over the life of the plan

# Subarea Reporting Process





# Auditors Results – 2015

- Fifteen procedures performed, no exceptions noted
- Procedures are focused on:
  - the accurate compilation of the report
  - validation of new and changed rules, as well as a sample of existing rules
- Tax revenues validated to DOR and DOL source information



# 2015 Subarea Report Highlight

- Subarea Equity over the life of the plan is maintained
- Prior period MVET revenue now reflecting annexed areas of Renton in EKC
  - Late 2016 DOL anticipated to go live with their new registration and licensing system – *DRIVES*
  - Revenues will no longer be reported by zip code
  - Consistent with DOR location code revenue reporting

# Total Sources by Subarea

- Bond issuance contributed \$1.034 M

- NKC \$644M
- SKC \$242M
- PC \$ 78M
- SNO \$ 71M

- Excluding the bond issuance, sources up \$32M or 3%

- Largest increase in Pierce County related to Point Defiance Track and Trestle and Sounder commuter rail projects grant funding

	2015	2014	Change	% Change
Snohomish	173,473	99,847	73,626	74%
North King	977,343	329,437	647,906	197%
South King	382,032	145,924	236,108	162%
East King	237,849	229,779	8,070	4%
Pierce	261,320	164,550	96,770	59%
System-wide	10,440	5,891	4,549	77%
<b>Total</b>	<b>2,042,457</b>	<b>975,428</b>	<b>1,067,029</b>	<b>109%</b>

# Total Capital Uses by Subarea

- Overall spending up 3% as capital spending related to East Link increased
- Ulink construction coming to completion resulting in lower NKC spending in 2015.
- South King spending up from prior year as S 200<sup>th</sup> Extension construction work continues as well as on Sounder South Expanded Service and Vehicle Maintenance

	2015	2014	Change	% Change
Snohomish	18,036	22,695	(4,659)	-21%
North King	343,107	441,585	(98,478)	-22%
South King	119,601	98,109	21,492	22%
East King	211,919	127,733	84,186	66%
Pierce	61,717	47,455	14,262	30%
System-wide	5,648	3,710	1,938	52%
<b>Total</b>	<b>760,028</b>	<b>741,287</b>	<b>18,741</b>	<b>3%</b>

# Total Operating & Maintenance Uses by Subarea

- Year over year operating and maintenance expenses consistent with prior year, although less overhead costs allocated in 2015
- Rail operations insurance now directly charged / higher purchased transportation costs Link & Sounder
  - NKC and SKC greatest impact

	2015	2014	Change	% Change
Snohomish	25,905	25,392	513	2%
North King	39,992	37,859	2,133	6%
South King	49,319	47,149	2,170	5%
East King	49,831	49,714	117	0%
Pierce	47,802	47,553	249	1%
System-wide	27,256	37,039	(9,783)	-26%
<b>Total</b>	<b>240,105</b>	<b>244,706</b>	<b>(4,601)</b>	<b>-2%</b>

# Debt Service and Change in Reserve

- Total debt service and change in reserve increased by \$1.052M with the bond issuance in 2015
- No bond funds were allocated to East King County, negative change reflects anticipated annual spending in excess of current year revenues

	<b>2015</b>	<b>2014</b>	<b>Change</b>
Snohomish	129,532	51,760	77,772
North King	594,244	(150,007)	744,251
South King	213,112	666	212,446
East King	(23,901)	52,332	(76,233)
Pierce	151,801	69,542	82,259
System-wide	(22,464)	(34,858)	12,394
<b>Total</b>	<b>1,042,324</b>	<b>(10,565)</b>	<b>1,052,889</b>

# 15 Year Subarea Results

For the 15-Year Period 2009 - 2023

Actual results through 2015

	<b>SNO</b>	<b>NKC</b>	<b>SKC</b>	<b>EKC</b>	<b>PC</b>	<b>System</b>	<b>Total</b>
Sources	2,395	7,634	2,813	6,001	2,653	155	<b>21,651</b>
Capital Uses	1,518	5,042	1,421	4,512	1,447	291	<b>14,251</b>
O & M Uses	487	1,123	842	1,109	897	440	<b>4,889</b>
Debt Service and Reserves	390	1,469	550	380	289	(576)	<b>2,502</b>
<b>Total</b>	<b>2,395</b>	<b>7,634</b>	<b>2,813</b>	<b>6,001</b>	<b>2,653</b>	<b>155</b>	<b>21,651</b>

For the 15-Year Period 2009 - 2023

Actual results through 2014

	<b>SNO</b>	<b>NKC</b>	<b>SKC</b>	<b>EKC</b>	<b>PC</b>	<b>System</b>	<b>Total</b>
Sources	2,180	7,980	3,100	6,067	2,914	174	<b>22,415</b>
Capital Uses	1,252	5,107	1,304	4,301	1,446	133	<b>13,543</b>
O & M Uses	471	1,017	816	1,052	901	606	<b>4,863</b>
Debt Service and Reserves	457	1,856	980	714	567	(565)	<b>4,009</b>
<b>Total</b>	<b>2,180</b>	<b>7,980</b>	<b>3,100</b>	<b>6,067</b>	<b>2,914</b>	<b>174</b>	<b>22,415</b>

# 2016 Auditor Procedures

- Procedures developed in 2009 with minor changes made subsequently to date
- The procedures look at and validate:
  - How the rules or drivers are calculated
  - That the rules are correctly applied to the allocation system
  - That the result is correct
- Proposing minimal changes again for 2016



# Questions and Comments