

# *CFO Report*

*Finance and Audit Committee*

*9/11/2025*



# Agenda

- Q2 Liquidity and Budgetary Performance
- Requested Board Actions
- Reminder: What is to Come



# Where we are today

- Revenue is above budget YTD and expected to remain above budget full-year; investment income performance more than offset tax revenue coming in under budget.
- Expenses from major projects (Service Delivery and System Expansion) tracking below budget YTD; some catch-up forecasted by year-end.
- Departmental budgets tracking below budget in aggregate; vacancy rate of 10.5% (vs budgetary assumption of 10.2%).
- Our Q2 balance sheet position remains strong – our total cash plus investments currently stand at \$7.2B.
- *Our financial policies, budgetary performance and general stewardship have resulted in a clean financial audit and rating affirmations by both S&P and Moody's:*

Bond Ratings as of 06/30/2025			
	Prior	Parity	TIFIA
Moody's	Aaa	Aa1	
S&P	AAA	AAA	AA+
Fitch			AA+

Affirmed in July →

← Affirmed in June

# Board Actions Before You Today

- A resolution to **redeem \$75M of floating rate notes** (FRNs) to better position our debt portfolio in current market reality of increased interest rates,
- A resolution to **add \$629M** of additional draws against our **TIFIA loan** (vs budget) mostly to reflect reality of earlier opening of Federal Way,
- ... these cash management actions align our balance sheet with market realities while positioning us well for future liquidity needs.
- A **net neutral budget amendment** for 2025 that will reflect our treatment of administrative costs, particularly against projects,
- Proposed changes to the budget policy (R2020-24) to align with streamlined approach for service delivery and system / asset maintenance.



# A Reminder of What Is To Come

## Budget 2026

*Board Approved*

- **Annual Budget** of revenues, sources, and expenditures for 2026

## Transit Improvement Plan (TIP) to 2031

*Board Approved*

- **Authorized Allocation** (lifetime) for all active project costs, including past actuals. (Includes system expansion and service delivery projects.)

## Long-Range Financial Plan (2017 – 2046)

*Board Reviewed*

- Includes Sound Move, ST2, and ST3 sources and uses through 2046

**PROPOSED BUDGET PREVIEWED WITH BOARD STARTING IN OCTOBER thru NOVEMBER 20**

**FINAL BOARD APPROVAL TARGETED NOVEMBER 20.**



*Thank you*



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