

**SOUND TRANSIT
AUDIT AND REPORTING SUBCOMMITTEE
September 6, 2007 Meeting Summary**

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

Chair Butler called the meeting to order at 10:03 a.m.

1. Introduction

Chief Financial Officer Brian McCartan reviewed today's agenda with the committee.

2. 2006 State Audit Update

Controller Kelly Priestley gave the staff presentation. She advised that the field work is expected to end on September 10, 2007, with a report anticipated for release by December 2007.

Mr. McCartan introduced Tracy Butler, Treasurer for Sound Transit.

3. 2nd Quarter Asset/Liability Report

Senior Cash and Investment Analyst Jim Block provided the staff report. Mr. Block and Mr. McCartan discussed the agency's investment in the King County Investment Pool and the effects of the subprime mortgage market on the pool. Mr. Block noted that Sound Transit's participation in the pool is very small; staff continues to monitor and analyze the investments.

Mr. Block announced that Sound Transit held an event to kick off its Request for Proposal for banking services. Staff anticipates presenting a recommendation on the bid award at the November 15, 2007 Finance Committee meeting.

Ms. Butler provided an update on the upcoming bond sale. She announced that analysts from the bond rating agencies Moody's and Standard & Poor's will be visiting Sound Transit this week, with a possible rating upgrade by late October 2007.

4. 2nd Quarter Financial Report

Budget Manager Pete Rogness provided the staff presentation. Net assets grew 13% to \$2,775.4 million over 2nd Quarter 2006. Revenues were 98% of year to date budget, and expenses were 78% of year to date budget.

5. KPMG Presentation on New SAS 112: Communicating Internal Control Related Matters Noted in an Audit

Thomas Evert and Karl Erickson of KPMG discussed the requirements of the new standard. They discussed the types of deficiencies and their indicators.

6. Next Meeting – December 2007 (date and time to be determined)

Chair Butler adjourned the meeting at 11:03 a.m.