

A low-angle, close-up photograph of a Sound Transit train. The train is white with a teal and blue wave-like graphic along its side. Several windows are visible, reflecting the sky and the station platform. The train is positioned under a glass and steel station canopy. The overall scene is brightly lit, suggesting a sunny day.

# 2016 Annual Financial Reporting

 **SOUNDTRANSIT**

# Standard Reports

## Sound Transit

- 2016 Financial Statements - issued
- 2016 Single Audit - issued
- 2016 National Transit Database Reporting – to be issued early summer
- 2016 Subarea Reporting – to be issued early summer
- 2016 SAO Accountability Audit – fieldwork late summer

## Fiscal Agent

- 2016 ORCA Financial Statement

# Highlights

- The opening of the University Link extension in March and the S200th extension to Angle Lake in September, significantly impacted fare revenue, ridership and operating costs.
- There were no reclassifications from prior years.
- Ten new accounting pronouncements were evaluated, of which 9 were implemented with no impact. GASB 72 Fair Value Measurement and Application was adopted in Note 3 to the financial statements.
- Three new accounting pronouncements are currently being evaluated for the effect of adoption in future years.

# Statement of Net Position

Total assets now exceed \$10B, while total liabilities are \$2.8B

- Increased cash at year end with the agency's second green bond issue in December (bond proceeds of \$479M).
- Continued progress on the agency's capital program, including:
  - East, North and Lynnwood Link extension
  - Point Defiance By-pass
  - Tacoma Trestle Track & Signal

## Statement of Net Position

(in millions)

	December 31		2016-2015	
	2016	2015	Difference	% Change
<b>Assets</b>				
Current assets, excluding restricted assets	\$ 1,603.7	\$ 1,085.6	\$ 518.1	47.7%
Restricted assets	89.7	91.6	(1.9)	(2.1)
Capital assets	8,000.7	7,259.1	741.6	10.2
Other non-current assets	395.2	389.0	6.2	1.6
<b>Total assets</b>	<b>10,089.3</b>	<b>8,825.3</b>	<b>1,264.0</b>	<b>14.3</b>
<b>Deferred Outflows of Resources</b>	<b>41.2</b>	<b>45.8</b>	<b>(4.6)</b>	<b>(10.0)</b>
<b>Liabilities</b>				
Current liabilities, excluding interest payable from restricted assets	263.0	205.2	57.8	28.2
Interest payable from restricted assets	21.8	21.6	0.2	1.1
Long-term debt	2,441.3	2,005.7	435.6	21.7
Other long-term liabilities	67.4	65.4	2.0	3.0
<b>Total liabilities</b>	<b>2,793.5</b>	<b>2,297.9</b>	<b>495.6</b>	<b>21.6</b>
<b>Total net position</b>	<b>\$ 7,320.8</b>	<b>\$ 6,573.1</b>	<b>\$ 747.7</b>	<b>11.4%</b>

## Statement of Revenues, Expenses and Changes in Net Position

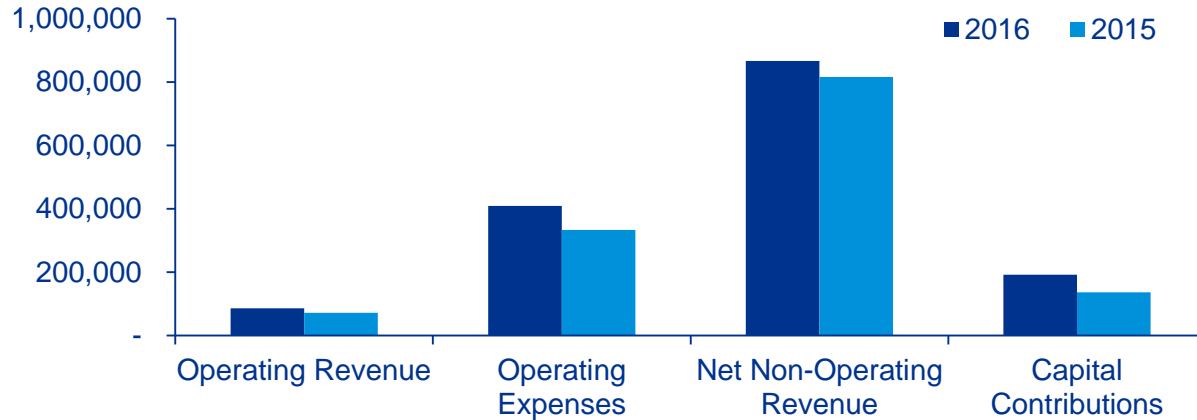
- The net operating subsidy increased 23% with the opening of light rail extensions to UW and Angle Lake, as well as additional ST Express and Sounder capacity.
- Non-operating revenues increased by 6% as tax revenues increased over the prior year.
- Capital contributions were 49% higher than prior year and reflect the utilization of WSDOT Landbank credits used for I-90 Two-Way Transit and HOV access.

### Changes in Net Position

(in millions)

	December 31		2016-2015	
	2016	2015	Difference	% Change
<b>Operating revenues</b>				
Passenger fares	\$ 80.6	\$ 65.4	\$ 15.2	23.1%
Other	5.9	6.6	(0.7)	(9.8)
<b>Total operating revenues</b>	<b>86.5</b>	<b>72.0</b>	<b>14.5</b>	<b>20.1</b>
<b>Operating expenses</b>				
Total operating expenses, before depreciation	271.6	228.2	43.4	19.0
Depreciation	136.7	105.1	31.6	30.1
<b>Total operating expenses</b>	<b>408.3</b>	<b>333.3</b>	<b>75.0</b>	<b>22.5</b>
<b>Loss from operations</b>	<b>(321.8)</b>	<b>(261.3)</b>	<b>(60.5)</b>	<b>23.2</b>
Non-operating revenues, net of expenses	866.8	816.0	50.8	6.2
<b>Income before capital contributions</b>	<b>545.0</b>	<b>554.7</b>	<b>(9.7)</b>	<b>(1.8)</b>
Capital contributions	202.7	136.1	66.6	48.9
<b>Change in net position</b>	<b>747.7</b>	<b>690.8</b>	<b>56.9</b>	<b>8.2</b>
Total net position, beginning	6,573.1	5,882.3	690.8	11.7
<b>Total net position, ending</b>	<b>\$ 7,320.8</b>	<b>\$ 6,573.1</b>	<b>\$ 747.7</b>	<b>11.4%</b>

# Sound Transit Operations



Sources of revenues (000's)		
	2016	2015
<b>Operating</b>	<b>\$86,497</b>	<b>\$72,000</b>
<b>Non Operating</b>		
Taxes	\$838,756	\$781,975
Contributions Received	\$202,668	\$136,116
Other	\$42,392	\$56,485
<b>Total Non Operating</b>	<b>\$1,170,313</b>	<b>\$974,580</b>

# Operating Revenue

- Fare revenue and ridership reflect the opening of the University and Angle Lake extensions:
  - The UW extension services the high density Capital Hill area.
  - Angle Lake includes parking garage adding capacity at the southern most terminus.
  
- Strong economic conditions and congestion continue to favorably impact Sounder.

## Passenger Fare Revenue

<i>(in millions)</i>	December 31		2016-2015	
	2016	2015	Difference	% Change
ST Express	\$ 36.2	\$ 35.3	\$ 0.9	2.5%
Link	30.8	18.2	12.6	69.1
Sounder	13.6	11.9	1.7	14.1
<b>Total</b>	<b>\$ 80.6</b>	<b>\$ 65.4</b>	<b>\$ 15.2</b>	<b>23.1%</b>

## Ridership

<i>(in millions)</i>	December 31		2016-2015	
	2016	2015	Difference	% Change
ST Express	18.5	18.3	0.2	0.9%
Link	20.0	12.5	7.5	60.4
Sounder	4.3	3.9	0.4	11.9
<b>Total</b>	<b>42.8</b>	<b>34.7</b>	<b>8.1</b>	<b>23.6%</b>

## Average Fare per Boarding

	December 31		2016-2015	
	2016	2015	Difference	% Change
ST Express	\$ 1.96	\$ 1.93	\$ 0.03	1.5%
Link	1.61	1.58	0.03	2.0
Sounder	3.15	3.09	0.06	1.9
<b>Combined average fare per boarding</b>	<b>\$ 1.92</b>	<b>\$ 1.94</b>	<b>\$ (0.02)</b>	<b>(1.0)%</b>

# Operating Expense

- Increase in O & M reflects:
  - Opening the U Link (March) and Angle Link (September) extensions, adding 3 stations and a parking garage.
  - Addition of 32,000 annual express bus hours (March).
  - Additional mid-day round-trip service o Sounder between Lakewood and Seattle.
- Increase in administrative expenses reflects more cost allocated to projects or operations in 2015.

## Operations and Maintenance Expenses by Function

<i>(in millions)</i>	December 31		2016-2015	
	2016	2015	Difference	% Change
Vehicle operations	\$ 148.4	\$ 126.7	\$ 21.7	17.1%
Vehicle maintenance	55.7	49.1	6.6	13.5
Non-vehicle maintenance	47.1	37.2	9.9	26.5
<b>Total</b>	<b>\$ 251.2</b>	<b>\$ 213.0</b>	<b>\$ 38.2</b>	<b>17.9%</b>

## Operations and Maintenance Expenses by Mode

<i>(in millions)</i>	December 31		2016-2015	
	2016	2015	Difference	% Change
ST Express	\$ 117.6	\$ 108.1	\$ 9.5	8.8%
Link	88.8	64.3	24.5	37.9
Sounder	44.8	40.6	4.2	10.4
<b>Total</b>	<b>\$ 251.2</b>	<b>\$ 213.0</b>	<b>\$ 38.2</b>	<b>17.9%</b>

## Agency Administration Expenses

<i>(in millions)</i>	December 31		2016-2015	
	2016	2015	Difference	% Change
Salaries	\$ 3.7	\$ 2.4	\$ 1.3	50.9%
Benefits	2.4	1.6	0.8	54.9
Services and professional fees	1.2	0.7	0.5	71.7
Other	0.8	0.4	0.4	64.1
<b>Total</b>	<b>\$ 8.1</b>	<b>\$ 5.1</b>	<b>\$ 3.0</b>	<b>56.2%</b>



# Non-Operation Revenue & Expense

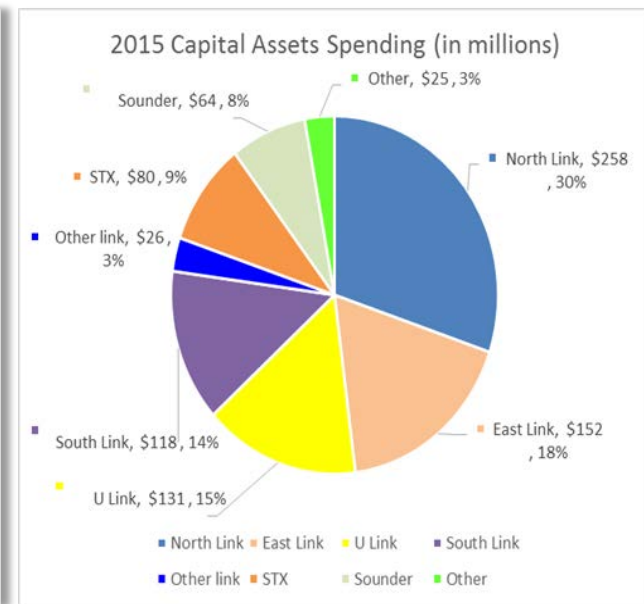
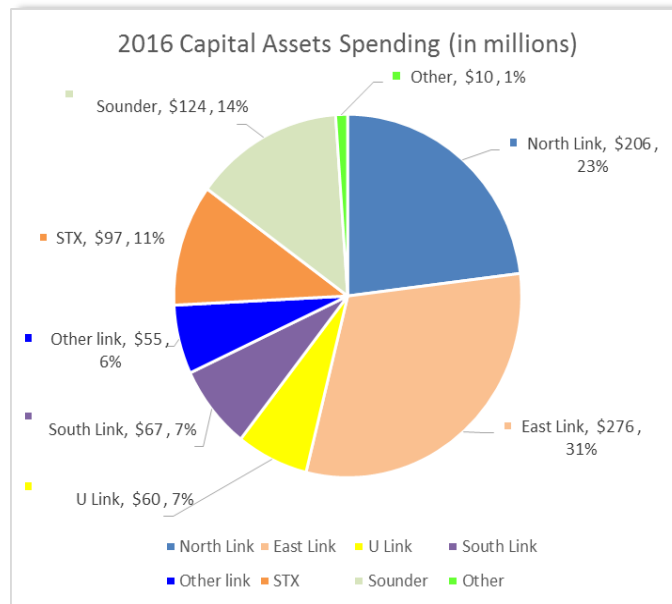
- Strong regional growth = higher tax revenues
- Other revenues lower in 2016 as 2015 included a large Insurance recovery related to Clink and Federal Way \$28.7M.
- Lower non-operating expenses reflect the completion of the First Hill Street car project.

(in millions)

	December 31		2016-2015	
	2016	2015	Difference	% Change
<b>Non-operating revenues</b>				
Sales and use tax	\$ 749.7	\$ 699.1	\$ 50.6	7.2%
Motor vehicle excise tax	85.5	79.5	6.0	7.5
Rental car tax	3.5	3.3	0.2	6.4
Investment income	12.6	5.1	7.5	146.4
Other revenues	29.8	51.4	(21.6)	(42.1)
<b>Total</b>	<b>881.1</b>	<b>838.4</b>	<b>42.7</b>	<b>5.1</b>
<b>Non-operating expenses</b>				
Interest expense	1.7	1.8	(0.1)	(1.8)
Contributions to other governments	4.7	18.0	(13.3)	(73.8)
Other expenses	9.9	2.6	7.3	272.7
Gain on disposal of assets	(2.0)	-	(2.0)	200.0
<b>Total</b>	<b>14.3</b>	<b>22.4</b>	<b>(8.1)</b>	<b>(36.1)</b>
<b>Non-operating revenues, net</b>	<b>\$ 866.8</b>	<b>\$ 816.0</b>	<b>\$ 50.8</b>	<b>6.2%</b>

# Capital Spending

- This year saw Sounder spending increase with the Tacoma Trestle and Point Defiance by-pass projects.
- Spending on light rail increased significantly for East Link and North Link.
- ST Express project spending relates to the I-90 Two-way transit and HOV projects.



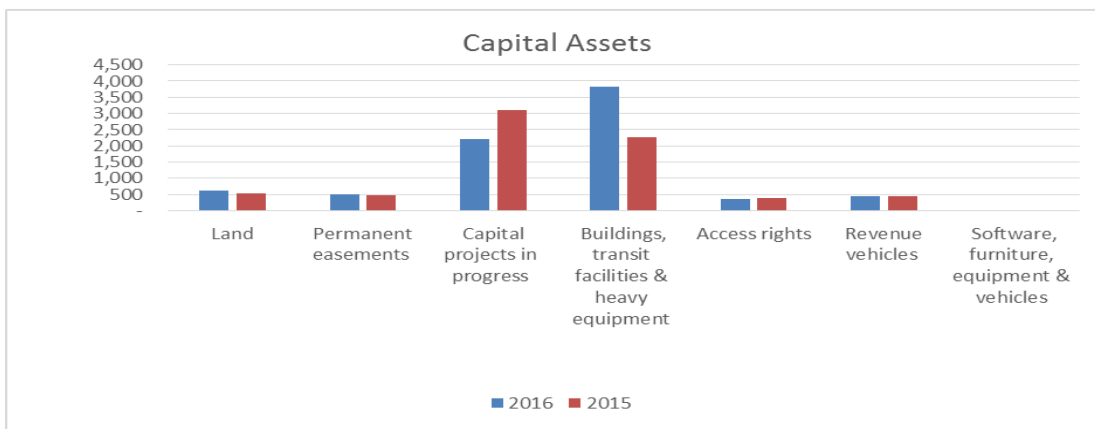
# Capital Assets

- \$8.0B in capital assets, net of depreciations
  - 27% in planning and construction, (43%-2015)
  - 31% buildings & transit facilities, (31%-2015)
- Reflects capitalization of the University and Angle Lake light rail extensions.

## Capital Assets, net

(in millions)

	December 31		2016-2015	
	2016	2015	Difference	% Change
Land	\$ 631.7	\$ 543.8	\$ 87.9	16.1%
Permanent easements	520.1	489.4	30.7	6.3
Capital projects in progress	2,210.1	3,110.8	(900.7)	(29.0)
<b>Total non-depreciable assets</b>	<b>3,361.9</b>	<b>4,144.0</b>	<b>(782.1)</b>	<b>(18.9)</b>
Buildings, transit facilities & heavy equipment	3,826.4	2,274.0	1,552.4	68.3
Access rights	367.8	380.7	(12.9)	(3.4)
Revenue vehicles	438.3	453.3	(15.0)	(3.3)
Software, furniture, equipment & vehicles	6.3	7.1	(0.8)	(10.1)
<b>Total depreciable assets</b>	<b>4,638.8</b>	<b>3,115.1</b>	<b>1,523.7</b>	<b>48.9</b>
<b>Total capital assets, net</b>	<b>\$ 8,000.7</b>	<b>\$ 7,259.1</b>	<b>\$ 741.6</b>	<b>10.2%</b>



The image features a close-up of a white and blue Sound Transit train with stylized wave graphics. A dark horizontal band is overlaid across the middle, containing the Sound Transit logo (a stylized 'S' and 'T' in a square) and the text 'SOUNDTRANSIT' in a bold, sans-serif font. Below the main name, the slogan 'RIDE THE WAVE' is written in a smaller, all-caps, sans-serif font. The background shows the train's windows and the blue and white wave patterns.

**SOUNDTRANSIT**  
RIDE THE WAVE