

Financial Plan Review

**Presentation to the Sound Transit Board of
Directors – Finance and Audit Committee**

March 13, 2025



Financial Plan Review

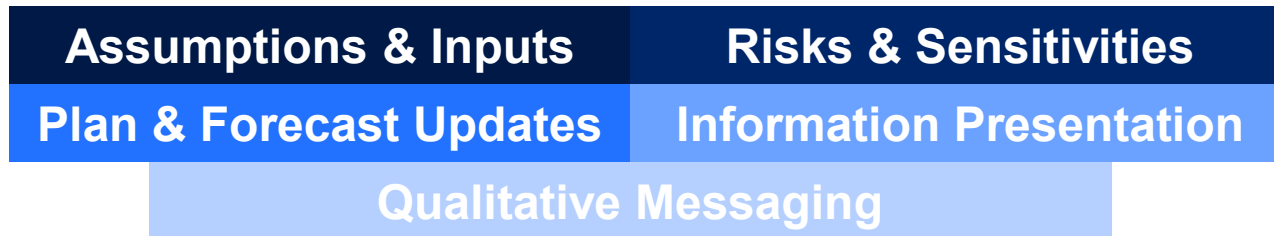
KPMG was engaged to conduct a detailed review of Sound Transit's Financial Plan. Key areas of analysis included:

- Review of financial plan documents and discussions with staff to understand the assumptions, forecasts, and data inputs.
- Comparison with peer and other leading agencies published financial plans.

Internal Procedure Documents Review Criteria:



Financial Plan Peer Agency Comparison Criteria:



Criteria for Comparison

| Criteria | Description |
|--------------------------|--|
| Assumptions & Inputs | Presentation and description of the assumptions and inputs that go into the long-term forecasts. |
| Risks & Sensitivities | Description and likelihood of risk factors that could potentially affect long-term forecasts. |
| Plan & Forecast Updates | Comparison to the prior forecasts both quantitatively and qualitatively. |
| Information Presentation | How the information in the report is <i>presented</i> to clearly convey information to the reader. |
| Qualitative Messaging | Considers how the report provides <i>context</i> to the reader regarding the significance of the Financial Plan. |

Selection of Peer Agencies for Review

Four agencies selected based on Accessibility, Presentation and Content of their Financial Plan:

DART

Dallas Area Rapid Transit



LACMTA

Los Angeles County Metropolitan Transportation Authority



MTA

MTA New York City Transit



WMATA

Washington Metropolitan Area Transit Authority



Criteria for Selection: Funding Sources, Revenue, Debt, Planned Capex, Operating Metrics, High Quality Financial Plan

Financial Plan Review Key Findings

Strength in 2025 Financial Plan



Agency Overview

Summarize counties, economy, industries, and challenges for regional context.



Goals and Strategic Messaging

Outline strategic plan and priorities, highlighting operational improvements and financial relevance.



Organizational Structure

Describe agency roles and key decision-makers for insight into decision-making and controls.

Additional Opportunities



Master Procedures Document

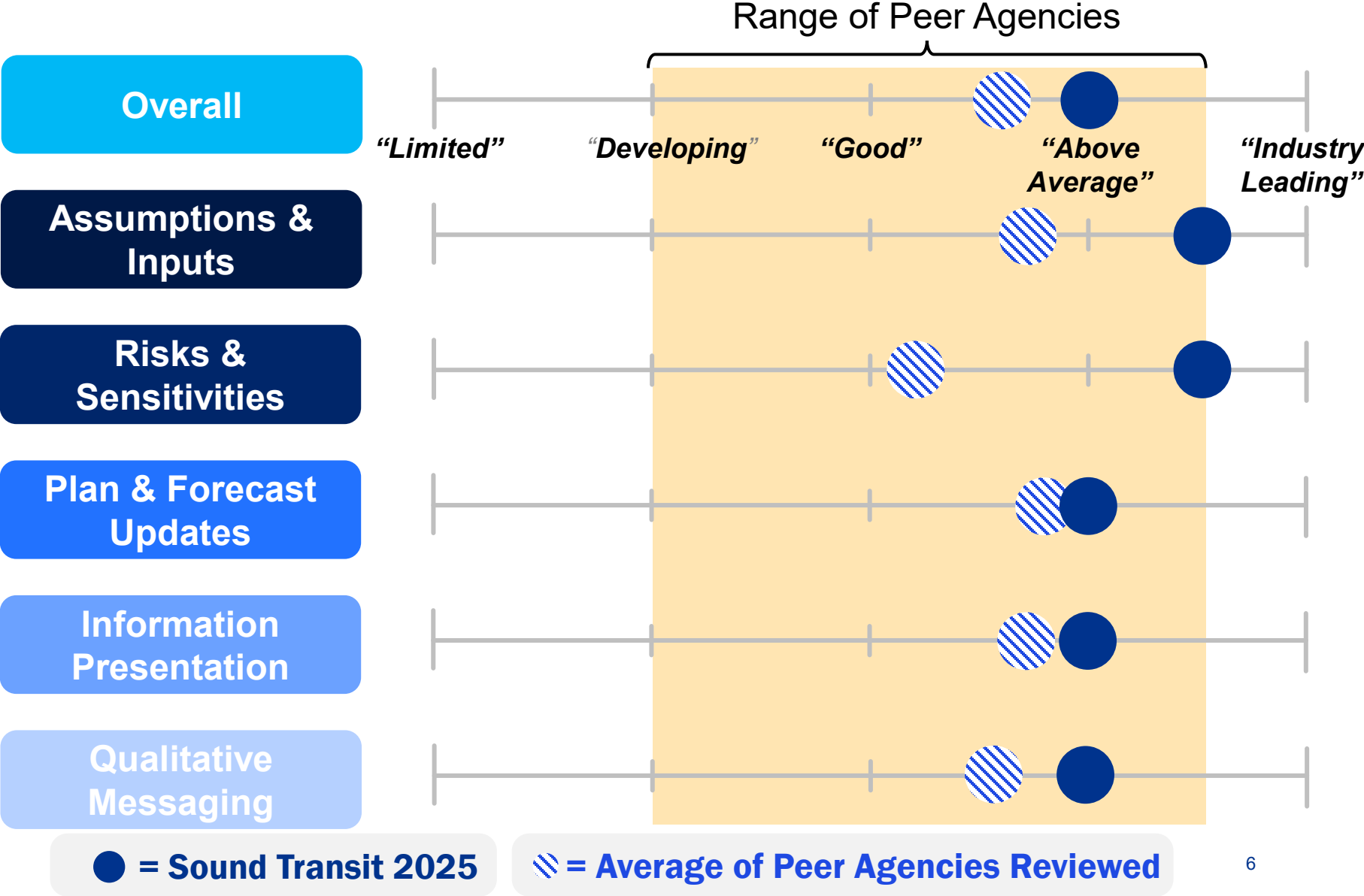
Enhance master document with flow charts and a matrix to show process links and assumptions.



Information Presentation

Show annual short-medium term results for clearer understanding.

Peer Agencies Review Findings



Sound Transit Procedures and Assumptions Review Findings

Areas of Strength

Organization

The procedures are organized and documented to the appropriate level of details for the intended purpose.

Consistency

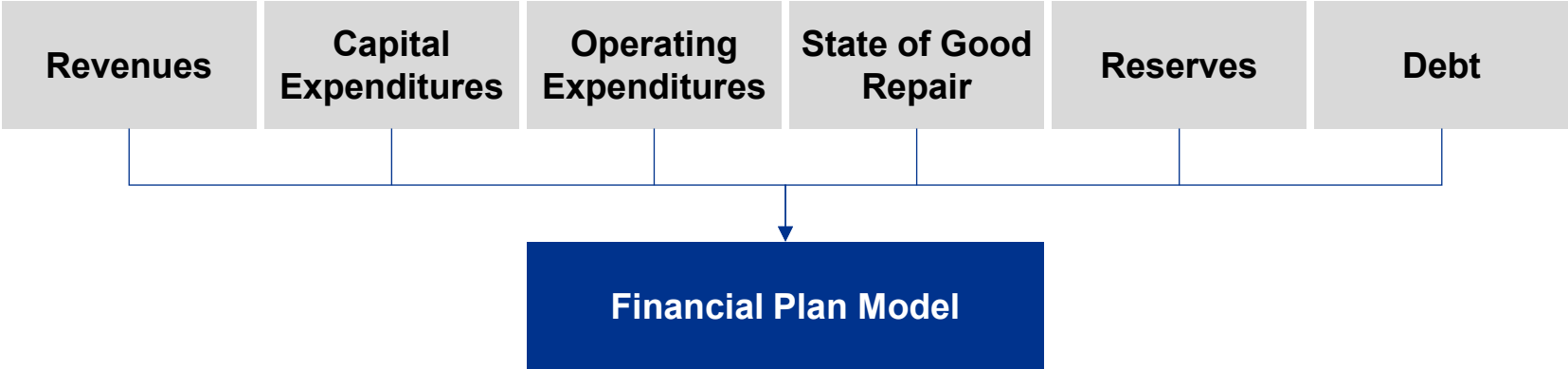
No inconsistency was uncovered within and between procedures. Each input procedure was cross checked against all output categories.

QAQC

The assumptions and outputs were then verified by KPMG to ensure they were consistent with Sound Transit’s internal documentation and best practices.



Master Procedures Document



Conclusions

KPMG's review of financial plan documents, staff discussions and comparison with peer agencies' financial plans confirmed the following:

Well Organized Procedures

Sound Transit's procedures were already organized and documented to the appropriate level of details for the intended purpose

Above Average Financial Plan

On criteria examined the agency ranks above peers

2025 Improvements

A review of 2025 materials suggests important improvements have been achieved
