

**Washington State Auditor's Office**  
**Accountability Audit Report**

---

**Central Puget Sound  
Regional Transit Authority  
(Sound Transit)  
King County**

Audit Period  
January 1, 2003 through December 31, 2003

Report No. 67628

Issue Date  
December 17, 2004



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_ Brian Sonntag

# Audit Summary

## **Sound Transit King County January 1, 2003 through December 31, 2003**

### ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of Sound Transit for the period January 1, 2003, through December 31, 2003.

We performed audit procedures to determine whether the Authority complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

### ***RESULTS***

The Transit complied with state laws and regulations and its own policies and procedures in the areas examined. We noted some issues we communicated directly to management.

### ***RELATED REPORTS***

The Transit contracted to have its financial statements and federal programs audited by a private certified public accounting firm. The financial statements and audit report prepared by that firm are available from Sound Transit.

### ***CLOSING REMARKS***

We thank Transit officials and personnel for their assistance and cooperation during the audit.

**Table of Contents**

**Sound Transit  
King County  
January 1, 2003 through December 31, 2003**

Description of the Transit ..... 1

Audit Areas Examined..... 3

# Description of the Transit

## Sound Transit King County January 1, 2003 through December 31, 2003

### ***ABOUT THE TRANSIT***

In 1992, the Washington State Legislature authorized King, Pierce and Snohomish counties to create a single agency to plan, build and operate a high-capacity transit system within the region's most heavily used travel corridors. During 1993, the Central Puget Sound Regional Transit Authority was established under the name Sound Transit.

In 1996, the Transit proposed and the voters adopted a ballot measure that created the 10-year regional transit system plan. This plan included two new rail systems (electric light-rail and commuter rail), regional express bus routes and a high-occupancy-vehicle expressway.

In 1999, the Transit began its transition from a planning to an operational agency by establishing regional bus routes linking Pierce and King counties. In addition, locomotives and passenger rail cars were purchased for the heavy rail system and sites were secured for rail station locations and the Transit's administrative offices.

The Transit is supported primarily through sales taxes, state motor vehicle taxes, rental car taxes, passenger fares, bond proceeds, and grant funding from federal and state agencies. The Transit's 2003 budget totaled approximately \$676 million, and included approximately \$555 million in capital outlay. The Transit has approximately 370 employees.

The Transit is governed by an 18-member Board of Directors, appointed by the executives of member counties and confirmed by the Council of each member county. Membership is based on the population from that portion of each county within the Transit's service area.

### ***AUDIT HISTORY***

We have audited the Transit annually since 1995. The Transit has had no findings over the last six years.

## ***ELECTED OFFICIALS***

These officials served during the audit period:

### **Board of Directors**

Chair

Vice Chair

Vice Chair

Ron Sims, King County Executive

David Earling, City of Edmonds Council President

John Ladenburg, Pierce County Executive

Jack Crawford, City of Kenmore Council Member

Bob Drewel, Snohomish County Executive

David Enslow, City of Sumner Council Member

Mary Gates, City of Federal Way Council Member

Jane Hague, King County Council Member

Doug MacDonald, WSDOT Secretary

Richard McIver, City of Seattle Council Member

Chuck Mosher, City of Bellevue Council Member

Greg Nickels, City of Seattle Mayor

Mark Olson, City of Everett Council Member

Julia Patterson, King County Council Member

Dwight Pelz, King County Council Member

Kevin Phelps, City of Tacoma Council Member

Cynthia Sullivan, King County Council Chair

Claudia Thomas, City of Lakewood Deputy Mayor

## ***APPOINTED OFFICIALS***

Chief Executive Officer

Deputy Chief Executive Officer

Chief Financial Officer

Joni Earl

Vernon Stoner

Hugh Simpson

## ***ADDRESS***

Authority

401 South Jackson Street

Seattle, WA 98104

(206) 398-5000

[www.soundtransit.org](http://www.soundtransit.org)

# Audit Areas Examined

## Sound Transit King County January 1, 2003 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of Sound Transit's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the Transit were examined during this audit period:

### ***ACCOUNTABILITY FOR PUBLIC RESOURCES***

We evaluated the Transit's accountability in the following areas:

- Revenues and receivables
- Purchase of goods and services
- Payroll

### ***LEGAL COMPLIANCE***

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Use of restricted funds
- Risk management
- Ethics/conflict of interest laws
- Open Public Meetings Act
- Debt limitation
- Allowable expenditures
- Mitigation and relocation expenses
- Credit card use
- Travel expenses
- Bond covenants
- Competitive bid law compliance
- Bonding and prevailing wage requirements on public works contracts
- Sub-area equity