

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**TACOMA NARROWS BRIDGE ACCOUNT**  
**STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

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<b>TNB</b>	Notes	2015 Fiscal Year				Total
		Q1	Q2	Q3	Q4	
<b>REVENUES</b>						
Tolling revenue	1	\$17,911,903	\$16,474,359	\$ 16,016,765	\$ 17,823,780	\$ 68,226,807
Civil penalty	2	950,993	925,595	998,893	293,923	3,169,404
Transponder sales	3	89,124	76,760	80,303	90,067	336,254
Toll vendor contractual damages	4	34,347	38,270	38,151	34,703	145,471
Toll bill reprocessing fee	5	123,242	114,266	117,703	101,150	456,361
Interest income	6	5,377	11,928	17,934	39,614	74,853
Miscellaneous	7	14,460	11,416	10,181	11,228	47,285
<b>TOTAL REVENUES</b>		<u>19,129,446</u>	<u>17,652,594</u>	<u>17,279,930</u>	<u>18,394,465</u>	<u>72,456,435</u>
<b>EXPENDITURES</b>						
Goods and Services						
Toll CSC operations vendor contract	8	478,998	477,141	521,428	493,042	1,970,609
Toll booth and lane vendor contract	9	798,524	777,768	775,682	793,913	3,145,887
Insurance	10	1,313,236	3,511	3,511	4,681	1,324,939
Credit card and bank fees	11	328,859	291,803	302,347	374,988	1,297,997
Transponder cost of goods sold	12	50,160	36,685	47,473	71,446	205,764
Pay-by-mail postage	13	80,836	62,734	68,729	72,286	284,585
Other	14	85,196	80,291	100,822	83,756	350,065
<b>Total Goods and Services</b>		<u>3,135,809</u>	<u>1,729,933</u>	<u>1,819,992</u>	<u>1,894,112</u>	<u>8,579,846</u>
Personal service contracts	15	161,082	262,123	242,694	240,582	906,481
Salaries and benefits	16	145,709	137,789	133,164	147,275	563,937
Civil penalty adjudication cost	17	328,944	302,829	305,997	251,781	1,189,551
Infrastructure maintenance and preservation	18	43,627	74,478	230,197	215,287	563,589
<b>TOTAL EXPENDITURES</b>		<u>3,815,171</u>	<u>2,507,152</u>	<u>2,732,044</u>	<u>2,749,037</u>	<u>11,803,404</u>
<b>EXCESS OF OPERATING REVENUE OVER EXPENDITURES</b>		<u>15,314,275</u>	<u>15,145,442</u>	<u>14,547,886</u>	<u>15,645,428</u>	<u>60,653,031</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers out	19	(13,394,970)	(9,373,655)	(18,581,390)	(14,300,785)	(55,650,800)
<b>TOTAL OTHER FINANCING USES</b>		<u>(13,394,970)</u>	<u>(9,373,655)</u>	<u>(18,581,390)</u>	<u>(14,300,785)</u>	<u>(55,650,800)</u>
<b>NET CHANGE IN FUND BALANCE</b>		<b>1,919,305</b>	<b>5,771,787</b>	<b>(4,033,504)</b>	<b>1,344,643</b>	<b>5,002,231</b>
<b>FUND BALANCE - BEGINNING</b>		<b>9,081,234</b>	<b>11,000,539</b>	<b>16,772,326</b>	<b>12,738,821</b>	<b>9,081,234</b>
<b>FUND BALANCE - ENDING</b>		<b>\$ 11,000,539</b>	<b>\$ 16,772,326</b>	<b>12,738,821</b>	<b>14,083,464</b>	<b>14,083,464</b>

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**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**TACOMA NARROWS BRIDGE ACCOUNT**  
**STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**Motor Vehicle Account Obligation** – In 2005-07, as tolling began on the Tacoma Narrows Bridge, an operating loan of \$5,288,000 was made from the Motor Vehicle Account to capitalize the Tacoma Narrows Bridge Account (Chapter 518, Laws of 2007, Section 1005(15)). RCW 46.63.160 requires that net civil penalties deposited in the Tacoma Narrows Bridge Account must first be allocated toward repayment of the operating loan. In order to transfer the funds the State Treasurer's Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in Chapter 222, laws of 2014 (ESSB 6001, Section 407(15)) to transfer \$950,000.

**Detailed Notes**

1. **Tolling Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling in the eastbound direction over the Tacoma Narrows Bridge, which are collected at toll booths, as electronic toll accounts, or pay-by-mail. Tolling Revenue increased 3.7% from last quarter in direct relation to increased summer travel across the TNB. Toll trips in the prior quarter averaged 37,584 trips a day and increased by 5% this quarter to 41,644.
2. **Civil Penalty Revenue** – Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty. Civil Penalty revenue dropped to \$293,923 a 54.5% decrease. A large portion of the drop in revenue is due a \$450,072.00 debit adjustment to correct the 16-2 use case defect. In May of 2015 WSDOT was notified by ETCC that a defect was found in the 16-2 use case creating the overstatement of revenue in account 511 and 17P. The system posts erroneous transactions from unearned revenue to Civil Penalty revenue when; a liable judgment after the NOCP past due date with NOCP fee dismissed earlier; if payment is applied after NOCP past due date with NOCP fee dismissed earlier, and if NOCP is reassigned and the new violator receives a new NOCP that becomes past due. A resolution to this defect has not been identified; ETCC has agreed to make correcting entries each month until the defect is corrected.
3. **Transponder Sales** – Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers. The related revenue decreased from \$15.00 to \$12.00 but was offset by an increase transponders sold resulting in a 5.7% increase in transponder sales revenue.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$12,270.15, and the short-term portion of future amounts due from ETCC, totaling \$133,200.00.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings.
6. **Interest Income** – Entries made by WSDOT accounting staff and OST to recorded investment income for interest earned on deposits in the bank and income on treasury fund investments. A gain was realized on the treasury fund investments and recorded by OST in the fourth quarter of 2015.
7. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries. This includes \$2,184.09 for violation penalty revenue received during the quarter.
8. **Toll CSC Operations Vendor Contract** – Payment for monthly CSC operations costs.
9. **Toll Booth Lane and Vendor Contract** - Payment to lane vendor Transcore for monthly. Cost for lane vendor increased from \$775,681.56 in the 3<sup>rd</sup> quarter to \$793,913.23 in the 4<sup>th</sup> qtr. 1st quarter payments total \$798,524.07 and 2<sup>nd</sup> quarter \$777,767.79. The jump \$18,231.67 between 3<sup>rd</sup> and 4<sup>th</sup> quarter follows the payment history for this vendor.
10. **Insurance** – Annual premium for insuring the facility and monthly insurance brokerage fee paid to the Department of Enterprise Services (DES).

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**TACOMA NARROWS BRIDGE ACCOUNT**  
**STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

11. **Credit Card and Bank Fees - Fees** increased 10.3% as result of increased summer travel and charges paid on *GOOD to GO* accounts.
12. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Cost of purchasing, packaging, and shipping transponders. March of 2015 WSDOT ceased selling switchable transponders and began selling ODT transponders. The per unit cost of transponders and packaging cost increased in the 4<sup>th</sup> quarter. The per unit cost of transponders increased from \$7.25 to \$10.30 and packaging cost increased from 0.26 cents to 0.52 cents.
13. **Pay by Mail** – Cost of postage to mail out toll bills. A slight increase in cost between 3<sup>rd</sup> and 4<sup>th</sup> quarter, as to be expected with increased volume of spring travel.
14. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, outside vendor services, printing, and registered owner look up costs. Communication cost paid X5 Solutions reduced from \$18,44.84 in 3<sup>rd</sup> qtr to \$1,728.68 in the 4<sup>th</sup> qtr and credit of \$\$14,626.96 received from DES.
15. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
16. **Salaries and Benefits** –
17. **Civil Penalty Adjudication Costs** – TNB’s share of the adjudication system vendor contract with ETCC for the adjudication system module, as well as its share of supplies, communications, credit card fees, Office of Administrative Hearings costs, and salaries and benefits of WSDOT staff.
18. **Infrastructure Maintenance and Preservation** – Cost of maintenance and bridge preservation activities on the new Tacoma Narrows Bridge. DES Printing and Imaging cost decreased from \$13,588.77 in the 3<sup>rd</sup> quarter to \$1,618.56 in the 4<sup>th</sup> qtr; payments to communications vendor Electronic Transaction consultant reduced from \$23,882.21 to \$18,468.21 and payments to Administrative Hearings went from \$95,210.28.
19. **Operating Transfers Out** – Transfer of toll proceeds and cash to facilitate the payment of debt service.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT  
STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

**DRAFT**

**Hot Lanes**

	Notes	2015 Fiscal Year				Total
		Q1	Q2	Q3	Q4	
<b>REVENUES:</b>						
Tolling revenue	1	\$ 395,934	\$ 515,286	\$ 407,774	\$ 351,043	\$ 1,670,037
Transponder sales	2	11,698	9,919	9,892	11,749	43,258
Toll vendor contractual damages	3	3,108	3,545	3,471	3,152	13,276
Interest Income	4	717	1,722	2,311	6,123	10,873
Miscellaneous revenue	5	1,007	936	805	864	3,612
<b>TOTAL REVENUES</b>		<b>412,464</b>	<b>531,408</b>	<b>424,253</b>	<b>372,931</b>	<b>1,741,056</b>
<b>EXPENDITURES:</b>						
Goods and Services						
Toll CSC operations vendor contract	6	51,439	50,566	51,940	52,260	206,205
Toll lane vendor contract	7	22,225	19,050	19,050	15,875	76,200
Credit card and bank fees	8	6,714	9,049	8,508	7,871	32,142
Transponder cost of goods sold	9	6,472	4,737	5,863	9,305	26,377
Washington state patrol	10	28,329	29,025	31,197	26,003	114,554
Other	11	4,166	6,807	6,492	6,166	23,631
<b>Total Good and Services</b>		<b>119,345</b>	<b>119,234</b>	<b>123,050</b>	<b>117,480</b>	<b>479,109</b>
Personal service contracts	12	36,230	38,187	24,443	31,544	130,404
Salaries and benefits	13	13,822	14,666	12,162	13,797	54,447
Infrastructure Maintenance & Preservation	14	50,248	44,427	42,678	35,063	172,416
<b>TOTAL EXPENDITURES</b>		<b>219,645</b>	<b>216,514</b>	<b>202,333</b>	<b>197,884</b>	<b>836,376</b>
<b>EXCESS OF OPERATING REVENUE OVER EXPENDITURES</b>		<b>192,819</b>	<b>314,894</b>	<b>221,920</b>	<b>175,047</b>	<b>904,680</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>192,819</b>	<b>314,894</b>	<b>221,920</b>	<b>175,047</b>	<b>904,680</b>
<b>FUND BALANCE - BEGINNING</b>		<b>1,946,966</b>	<b>2,139,785</b>	<b>2,454,679</b>	<b>2,676,599</b>	<b>1,946,966</b>
<b>FUND BALANCE - ENDING</b>		<b>\$ 2,139,785</b>	<b>\$ 2,454,679</b>	<b>\$ 2,676,599</b>	<b>\$ 2,851,646</b>	<b>\$ 2,851,646</b>

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT**  
**STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**Detailed Notes**

1. **Tolling Revenue** – Revenue earned from single occupancy vehicles traveling in the High Occupancy Vehicle (HOV) Lanes on SR167 with a *Good To Go!* transponder account. A variable fee, based on traffic volumes, is automatically charged to their account.
2. **Transponder Sales** – Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers. The related revenue decreased from \$15.00 to \$12.00 but was offset by an increase transponders sold resulting in a 8.6% increase in transponder sales revenue.
3. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$1,275.80 and the short-term portion of future amounts due from ETCC, totaling \$12,000.00.
4. **Interest Income** - Entries made by WSDOT accounting staff and OST to recorded investment income for interest earned on deposits in the bank and income on treasury fund investments. A gain was realized on the treasury fund investments and recorded by OST in the fourth quarter of 2015.
5. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, and prior period recoveries.
6. **Toll CSC Operations Vendor Contract** – Payment for monthly CSC operations costs.
7. **Toll lane vendor Contract** –
8. **Credit Card and bank fees** -
9. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. . March of 2015 WSDOT ceased selling switchable transponders and began selling ODT transponders. The per unit cost of transponders and packaging cost increased in the 4<sup>th</sup> quarter. The per unit cost of transponders increased from \$7.25 to \$10.30 and packaging cost increased from 0.26 cents to 0.52 cents.
10. **The Washington State Patrol** – Support for the enforcement of the laws governing the use of the HOT Lanes by issuing citations to HOT Lane violators.
11. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
12. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
13. **Salaries and Benefits** -
14. **Infrastructure Maintenance** – Cost of maintenance activities on the HOT Lanes. The quarterly costs include Goods and Services of \$3,202.06 and Salaries and Benefits of \$31,860.54

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT  
STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

DRAFT UNAUDITED

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 BRIDGE ACCOUNT  
STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

**SR520 BRIDGE**

		2015 Fiscal Year				
NOTES	Q1	Q2	Q3	Q4	Total	
<b>REVENUES:</b>						
Tolling revenue	1	\$ 15,579,112	\$ 15,516,111	\$ 15,816,814	17,038,189	\$ 63,950,226
Debt service reimbursement (FHWA)	2	19,547,838	-	19,547,838		39,095,676
Transponder sales	3	134,522	125,769	137,673	153,386	551,350
Toll vendor contractual damages	4	65,544	73,334	73,428	66,645	278,951
Toll bill reprocessing fee	5	391,253	377,231	383,952	386,980	1,539,416
Interest income	6	74,653	97,044	41,772	115,914	329,383
Miscellaneous	7	14,535	14,886	14,687	15,293	59,401
<b>TOTAL REVENUES</b>		<b>35,807,457</b>	<b>16,204,375</b>	<b>36,016,164</b>	<b>17,776,407</b>	<b>105,804,403</b>
<b>EXPENDITURES:</b>						
Goods and Services						
Toll CSC operations vendor contract	8	1,269,700	992,570	1,125,725	1,176,024	4,564,019
Toll lane vendor contract	9	80,089	80,089	82,685	124,472	367,335
Insurance	10	2,203,626	5,482	5,482	7,309	2,221,899
Credit card and bank fees	11	273,703	290,004	299,141	341,572	1,204,420
Transponder cost of goods sold	12	75,436	60,173	81,146	121,638	338,393
Pay-by-mail postage	13	255,899	207,137	224,447	263,348	950,831
Other	14	152,115	145,354	198,243	220,097	715,809
<b>Total Goods and Services</b>		<b>4,310,568</b>	<b>1,780,809</b>	<b>2,016,869</b>	<b>2,254,460</b>	<b>10,362,706</b>
Personal service contracts	15	286,656	515,250	378,547	407,014	1,587,467
Salaries and benefits	16	237,880	240,479	239,280	265,197	982,836
Capital outlay - replacement bridge construction	17	57,652,525	124,177,909	132,183,082	52,099,391	366,112,907
<b>TOTAL EXPENDITURES</b>		<b>62,487,629</b>	<b>126,714,447</b>	<b>134,817,778</b>	<b>55,026,062</b>	<b>379,045,916</b>
<b>EXCESS OF OPERATING REVENUE OVER EXPENDITURES</b>		<b>(26,680,172)</b>	<b>(110,510,072)</b>	<b>(98,801,614)</b>	<b>(37,249,655)</b>	<b>(273,241,513)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds issued	18	-	45,066,000	90,132,000	50,001,364	185,199,364
Operating transfers in	19	-	-	-	886,000	886,000
Operating transfers out - debt service		(4,337,496)	(8,674,992)	(6,506,243)	(6,506,244)	(26,024,975)
Operating transfers out - FHWA debt service		-	-	-	-	-
Operating transfers out - GARVEE debt service		(19,547,838)	-	(19,547,838)	-	(39,095,676)
Operating transfers out		-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>(23,885,334)</b>	<b>36,391,008</b>	<b>64,077,919</b>	<b>44,381,120</b>	<b>120,964,713</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>(50,565,506)</b>	<b>(74,119,064)</b>	<b>(34,723,695)</b>	<b>7,131,465</b>	<b>(152,276,800)</b>
<b>FUND BALANCE - BEGINNING</b>		<b>200,245,608</b>	<b>149,680,102</b>	<b>75,561,038</b>	<b>40,837,343</b>	<b>200,245,608</b>
<b>FUND BALANCE - ENDING</b>		<b>\$ 149,680,102</b>	<b>\$ 75,561,038</b>	<b>\$ 40,837,343</b>	<b>\$ 47,968,808</b>	<b>\$ 47,968,808</b>

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**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**THE 520 BRIDGE ACCOUNT**  
**STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**Detailed Notes**

1. **Tolling Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling over the 520 Bridge, which are collected by either *Good To Go!* electronic toll accounts or pay-by-mail.
2. **Debt Service Reimbursement (FHWA)** – Federal Highway Administration Revenue provided for debt service on GARVEE bonds (Series 2012F & Series 2014C). These revenues are received every six months and the associated operating transfers out (Note 14) occur at the same time.
3. **Transponder Sales** – Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers. The related revenue decreased from \$15.00 to \$12.00 but was offset by an increase transponders sold resulting in a 3.7% increase in transponder sales revenue.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$24,154.05, and the short-term portion of future amounts due from ETCC, totaling \$254,796.00.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings.
6. **Interest Income** - Entries made by WSDOT accounting staff and OST to recorded investment income for interest earned on deposits in the bank and income on treasury fund investments. A gain was realized on the treasury fund investments and recorded by OST in the fourth quarter of 2015.
7. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
8. **Toll CSC Operations Vendor Contract** – Payment for monthly CSC operations costs.
9. **Toll Lane Vendor** – Payment made to toll lane vendor Televant increased from \$82,684.56 in 3<sup>rd</sup> quarter to \$124,471.91 in the 4<sup>th</sup> quarter.
10. **Insurance** – Annual premium for insuring the facility and monthly insurance brokerage fee paid to the Department of Enterprise Services (DES).
11. **Credit Card and Bank Fees** - Increased 6.6% as result of increased summer travel and charges paid on *GOOD to GO* accounts.
12. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. The per unit cost of transponders and packaging cost increased in the 4<sup>th</sup> quarter. The per unit cost of transponders increased from \$7.25 to \$10.30 and packaging cost increased from 0.26 cents to 0.52 cents.
13. **Pay by Mail** – Cost to mail toll bills, increased 8% in relation to increase volume of spring travelers.
14. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, printing, and registered owner look up costs.
15. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
16. **Salaries and Benefits** -
17. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge. Spending in 4<sup>th</sup> quarter reduced 43.5% as project is coming to a close.



**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 BRIDGE ACCOUNT  
STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

18. **Bonds Issued** – Proceeds authorized in the SR520’s TIFIA drawdown loan.
19. **Operating Transfers In** – Transfers of funds from 520 Civil Penalty Account. Pursuant to RCW 47.56.876, the Legislature may transfer excess fund balance from the 520 Civil Penalties Account to the 520 Bridge Account for capital expenditures on the SR 520 Corridor. In order to transfer the funds the State Treasurer’s Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in Chapter 222, laws of 2014 (ESSB 6001, Section 407(9)) to transfer \$886,000.

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**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 CIVIL PENALTY ACCOUNT  
STATE FISCAL YEAR 2015, QUARTER JUNE 30, 2015**

**Civil Penalty Account**

	NOTE	2015 Fiscal Year				Total
		Q1	Q2	Q3	Q4	
<b>REVENUES:</b>						
Civil Penalty & NOCP vendor contractual damages	1	\$ 2,694,777	\$ 2,689,766	\$ 2,678,159	\$ 1,765,041	\$ 9,827,743
Interest income	2	3,438	8,301	11,781	34,470	57,990
<b>TOTAL REVENUES</b>		<b>2,698,215</b>	<b>2,698,067</b>	<b>2,689,940</b>	<b>1,799,511</b>	<b>9,885,733</b>
<b>EXPENDITURES:</b>						
Goods and Services						
Adjudication system vendor contract	3	217,586	202,342	207,351	209,574	836,853
Administrative Hearings	4				137,031	137,031
Credit card and bank fees	5				47,928	47,928
Other	6	302,855	268,505	399,197	36,462	1,007,019
Total Goods and Services		520,441	470,847	606,548	430,995	2,028,831
Salaries and benefits	7	42,050	40,345	42,044	45,970	170,409
<b>TOTAL EXPENDITURES</b>		<b>562,491</b>	<b>511,192</b>	<b>648,592</b>	<b>476,965</b>	<b>2,199,240</b>
<b>EXCESS OF OPERATING REVENUE OVER EXPENDITURES</b>		<b>2,135,724</b>	<b>2,186,875</b>	<b>2,041,348</b>	<b>1,322,546</b>	<b>7,686,493</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers out	8	-	-	-	(886,000)	(886,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(886,000)</b>	<b>(886,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>		<b>2,135,724</b>	<b>2,186,875</b>	<b>2,041,348</b>	<b>436,546</b>	<b>6,800,493</b>
<b>FUND BALANCE - BEGINNING</b>		<b>11,709,526</b>	<b>13,845,250</b>	<b>16,032,125</b>	<b>18,073,473</b>	<b>11,709,526</b>
<b>FUND BALANCE - ENDING</b>		<b>\$ 13,845,250</b>	<b>\$ 16,032,125</b>	<b>\$ 18,073,473</b>	<b>\$ 18,510,019</b>	<b>\$ 18,510,019</b>

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**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 CIVIL PENALTY ACCOUNT  
STATE FISCAL YEAR 2015, QUARTER JUNE 30, 2015**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**Detailed Notes**

- 1. Civil Penalty Revenue** – Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty. Civil Penalty revenue dropped to \$913,118 a 20.6% decrease. A large portion of the drop in revenue is due a \$538,571.00 debit adjustment to correct the 16-2 use case defect. In May of 2015 WSDOT was notified by ETCC that a defect was found in the 16-2 use case creating the overstatement of revenue in account 511 and 17P. The system posts erroneous transactions from unearned revenue to Civil Penalty revenue when; a liable judgment after the NOCP past due date with NOCP fee dismissed earlier; if payment is applied after NOCP past due date with NOCP fee dismissed earlier, and if NOCP is reassigned and the new violator receives a new NOCP that becomes past due. A resolution to this defect has not been identified; ETCC has agreed to make correcting entries each month until the defect is corrected. In addition the Customer Program Resolution (CPR) program encourages customers to pay their tolls no questions asked and we will waive their fees. Although the program did not take hold until July 2015, the program was advertised well in advance.
- 2. Interest Income** - Entries made by WSDOT accounting staff and OST to recorded investment income for interest earned on deposits in the bank and income on treasury fund investments. A gain was realized on the treasury fund investments and recorded by OST in the fourth quarter of 2015.
- 3. The Adjudication System Vendor Contract** – 520 Bridge share of the adjudication system vendor contract with ETCC for the adjudication system module.
- 4. Administrative hearing** – The Office of Administrative Hearings (OAH) has the necessary expertise to provide fair and impartial administrative law judges (ALJs) to preside over the toll violation dispute processes. OAH provides ALJs to preside over and/or decide the toll violation disputes. These costs include labor hours for the ALJs for their services performed for Toll Adjudication, Training and Administration.
- 5. Credit Card and Bank Fees** – The 6.6% increase in credit card cost may be explained by the slight increase in paid fees, and customers taking advantage of the CPR program early on.
- 6. Other Goods and Services** – Expenditures for the 520 bridge’s share of adjudication costs. These costs include supplies, communications, services provided by outside vendors, printing, and settlement costs.
- 7. Salaries and Benefits**
- 8. Operating Transfers Out** - Pursuant to RCW 47.56.876, the Legislature may transfer excess fund balance from the 520 Civil Penalties Account to the 520 Bridge Account for capital expenditures on the SR 520 Corridor. In order to transfer the funds the State Treasurer’s Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in Chapter 222, laws of 2014 (ESSB 6001, Section 407(9)) to transfer \$886,000.

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 CIVIL PENALTY ACCOUNT  
STATE FISCAL YEAR 2015, QUARTER JUNE 30, 2015**

DRAFT UNAUDITED

**COMBINING BALANCE SHEET**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**WASHINGTON TOLLING SYSTEM**  
**STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
<b>ASSETS</b>							
Cash and cash equivalents		\$ 14,185,791	\$ 2,912,095	\$ 50,901,152	\$ 16,648,757	\$ 12,381,956	\$ 97,029,751
Cash held with escrow agents		-	-	16,370,147	-	-	16,370,147
Accounts receivable, net	1	1,293,793	1,075	3,473,751	-	-	4,768,619
Notice of civil penalties, net	2	11,482,634	-	-	17,704,266	5,124	29,192,024
Due from other governments		-	-	-	-	-	0
Due from other funds/agencies	3	528,919	24,661	1,826,867	89,040	3,990,660	6,460,147
Due from toll vendor	4	408,469	35,999	764,406	-	5,840	1,214,714
Consumable inventories	5	-	-	-	-	151,354	151,354
<b>TOTAL ASSETS</b>		<b>\$ 27,899,606</b>	<b>\$ 2,973,830</b>	<b>\$ 73,336,323</b>	<b>\$ 34,442,063</b>	<b>\$ 16,534,934</b>	<b>\$ 155,186,756</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable		\$ 1,131,302	\$ 62,156	\$ 1,652,879	\$ 170,984	\$ 60,650	\$ 3,077,971
Retained percentages payable		-	-	16,725,350	-	-	16,725,350
Obligations under Security Lending		-	-	-	-	-	0
Due to other governments		2,124	-	-	3,876	-	6,000
Due to other funds/agencies		1,014,496	36,028	3,917,139	99,537	1,895,767	6,962,967
Due to department of revenue - taxes		-	-	-	-	11,033	11,033
Unearned revenue	6	1,701,034	-	651,444	2,442,294	14,518,456	19,313,228
Unclaimed property refund liability		-	-	-	-	-	0
Liability for cancelled warrants	7	2,720	-	827	-	49,028	52,575
<b>Total Liabilities</b>		<b>3,851,676</b>	<b>98,184</b>	<b>22,947,639</b>	<b>2,716,691</b>	<b>16,534,934</b>	<b>46,149,124</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue-\$5 fee, NOCPs, Real Estate	8	9,689,633	-	1,910,267	13,215,353	-	24,815,253
Unavailable revenue-toll vendor		274,833	24,000	509,610	-	-	808,443
<b>Total Deferred Inflows of Resources</b>		<b>9,964,466</b>	<b>24,000</b>	<b>2,419,877</b>	<b>13,215,353</b>	<b>-</b>	<b>25,623,696</b>
<b>Fund Balances</b>							
Nonspendable consumable inventories		-	-	-	-	(151,354)	(151,354)
Restricted for unspent GARVEE bond proceeds	9	-	-	-	-	-	-
Restricted for operations and maintenance		-	-	8,516,342	-	-	8,516,342
Restricted for repair and replacement		-	-	4,097,233	-	-	4,097,233
Restricted for transportation		14,083,464	-	35,355,232	-	-	49,438,696
Committed for transportation		-	2,851,646	-	18,510,019	151,354	21,513,019
Unassigned		-	-	-	-	-	-
<b>Total Fund Balances</b>		<b>14,083,464</b>	<b>2,851,646</b>	<b>47,968,807</b>	<b>18,510,019</b>	<b>-</b>	<b>83,413,936</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
		<b>\$ 27,899,606</b>	<b>\$ 2,973,830</b>	<b>\$ 73,336,323</b>	<b>\$ 34,442,063</b>	<b>\$ 16,534,934</b>	<b>\$ 155,186,756</b>

**NOTES TO THE COMBINING BALANCE SHEET**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**WASHINGTON TOLLING SYSTEM**  
**STATE FISCAL YEAR 2015, QUARTER ENDED JUNE 30, 2015**

**Tolling Subsidiary Accounting System** – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**Detailed Notes**

1. **Accounts Receivable, net:**
  - (a) TNB and 520 Bridge Accounts consist primarily of: (1) Crossings where a Toll Bill has been sent to the customer via Pay-by-Mail, (2) Customer payments made by credit card which had yet to settle by March 31, (3) Crossings that are in the image review process and toll fees have yet to be transferred from customer accounts, (4) Crossings that are not viable and are awaiting dismissal, (5) and the Accounts allocated share of NSF fee, transponder sales and \$5 reprocessing fee receivables
  - (b) HOT Lanes Account consists of HOT Lanes allocated share of NSF fee and transponder sales receivables.
2. **Notice of Civil Penalties, net** - The TNB balance consists of all outstanding amounts due related to TNB notices of civil penalties and the 520 Civil Penalty balance consists of all outstanding amounts due related to 520 Bridge notices of civil penalties.
3. **Due from Other Funds/Agencies**
4. **Due from Toll Vendor** – For TNB, HOT Lanes and the 520 Bridge Account, the Due from Toll Vendor consists primarily of amounts due from the CSC operations vendor (ETCC) due to renegotiation of the CSC operations contract. For the Central Toll Account amount are due from the CSC operations vendor ETCC due to operational and system errors that have required manual corrections and have resulted in amounts due to WSDOT.
5. **Consumable Inventory** – Toll transponders valued at cost using the first in, first out (FIFO) method.
6. **Unearned Revenue:**
  - (a) TNB Account - Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed. Also included are amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
  - (b) 520 Bridge Account - amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
  - (c) 520 Civil Penalty Account – Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed.
  - (d) Central Toll Account - amounts from customers on deposit for prepaid *Good To Go!* accounts. No revenue is recognized in the Central Toll Account. Funds from the prepaid accounts, held in the Central Toll Account, are transferred to the applicable toll facility when a transponder is “read” as the customers’ vehicle crosses one of the toll facilities. Until this event, the prepaid toll account balance represents a liability to the state and is owed to the customer.
7. **Cancelled Warrants** – When a vendor cannot be located, such as when the vendor changes addresses without notification, the original warrant (check) must be cancelled and reissued once the vendor is located.
8. **Unavailable Revenue:**
  - (a) TNB Account - amounts associated with TNBs long-term portion of the toll vendor receivable and a real estate contract receivable. Also included are deferrals for NOCP and \$5 fee receivable amounts estimated to take over 12 months to collect.
  - (b) HOT Lanes Account - amounts associated with the accounts long-term portion of the toll vendor receivable.
  - (c) 520 Bridge Account - amounts associated with 520s long-term portion of the toll vendor receivable. Also included are deferrals for \$5 fee receivable amounts estimated to take over 12 months to collect.
  - (d) 520 Civil Penalty Account – amounts associated with deferral for NOCP receivable amounts estimated to take over 12 months to collect.
9. **The Unspent Bond Proceeds and Operations and Repair Restrictions** – 520 Bridge Account Reserves required by the Master Bond Resolution. Additionally, fund balances are considered “restricted” if its usage is limited by creditors, other governments, or through constitutional provisions, and “committed” if usage is limited by the governing authority.