

THE 520 BRIDGE ACCOUNT
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
State Fiscal Year 2012, Quarter Ending June 30, 2012

| | NOTES | JULY THROUGH MARCH | APRIL THROUGH JUNE | YEAR-TO-DATE |
|--|-------|--------------------------|--------------------------|----------------------|
| REVENUES: | | | | |
| Tolling Revenue | 1 | 11,930,707 | 14,173,251 | 26,103,958 |
| Transponder Sales | 2 | 1,184,462 | 135,575 | 1,320,036 |
| Toll Vendor Contractual Damages | 3 | 0 | 2,564,839 | 2,564,839 |
| Toll Bill Reprocessing Fee | 4 | 293,751 | 482,351 | 776,102 |
| Interest Income | | (863,391) | 126,779 | (736,612) |
| Miscellaneous | 5 | 209,940 | 15,412 | 225,352 |
| Total Revenues | 6 | 12,755,468 | 17,498,207 | 30,253,675 |
| EXPENDITURES: | | | | |
| Goods and Services | | | | |
| Toll CSC Operations Vendor Contract | | 1,055,395 | 1,063,698 | 2,119,093 |
| Toll Lane Vendor Contract | | 110,000 | 206,430 | 316,430 |
| Insurance | | 1,636,870 | 0 | 1,636,870 |
| Credit Card and Bank Fees | | 166,980 | 265,440 | 432,420 |
| Transponder Cost of Goods Sold | 7 | 842,621 | 91,022 | 933,643 |
| Other | 8 | 218,140 | 27,424 | 245,564 |
| Personal Service Contracts | 9 | 242,374 | (104,024) | 138,350 |
| Salaries and Benefits | | 256,677 | 276,769 | 533,446 |
| Capital Outlay - Intangible Software Asset | 10 | 98,296 | 2,580,765 | 2,679,061 |
| Capital Outlay - SR 520 Replacement Bridge Construction | 11 | 282,359,951 | 145,203,277 | 427,563,227 |
| Total Expenditures | | 286,987,304 | 149,610,801 | 436,598,105 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | (274,231,836) | (132,112,594) | (406,344,430) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds Issued | 12 | 567,472,263 | 601,552,219 | 1,169,024,482 |
| Cost of Financing | 13 | (2,374,341) | (1,549,247) | (3,923,588) |
| Operating Transfers Out | 14 | (10,169,020) | (7,253,258) | (17,422,278) |
| Total Other Financing Sources (Uses) | | 554,928,902 | 592,749,714 | 1,147,678,616 |
| NET CHANGE IN FUND BALANCE | | 280,697,066 | 460,637,119 | 741,334,186 |
| FUND BALANCE - BEGINNING | | (174,471,833) | 106,225,233 | (174,471,833) |
| FUND BALANCE - ENDING | | 106,225,233 | 566,862,353 | 566,862,353 |

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental fund types.

The notes to the financial statements are an integral part of this statement.

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State Fiscal Year 2012, Quarter Ending June 30, 2012

Notes:

Backlogged Financial Reconciliations - As of February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). With this transition, the new ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. While we are not aware of any *material* discrepancies in the accounting records, ETCC has not completed key reconciliations dating back to December 2011, which ensure timely and accurate processing of financial transactions. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments made.

At this time, there are more than 250,000 estimated transactions (out of a total of approximately 9.8 million transactions for FY12) still in process for the December - June time frame. These transactions are waiting for their final disposition within the ETCC system. An estimated \$1.2 million in potential revenue associated with these was not recognized in the accounting records during SFY12. This revenue was not recognized given the uncertainty of these transactions reaching a disposition within the system that would support revenue recognition. When these transactions process through the ETCC system to their final disposition, the appropriate amount of revenue will be recognized in the subsequent fiscal period for any transactions that are not dismissed.

Motor Vehicle Account Obligation - During the current biennium, the 520 Bridge Account is required to transfer out \$57,913 for expenditures incurred by the Motor Vehicle Account on behalf of the 520 Bridge Account.

Detailed Notes:

- 1 Tolling Revenue represents the revenue earned, net of any adjustments, from vehicles traveling over the 520 Bridge. Tolls are collected either by an electronic toll account or via pay-by-mail.
- 2 Transponder Sales represents the sale of transponder devices purchased by potential Good to Go electronic toll account customers.
- 3 Toll Vendor Contractual Damages is comprised of \$2,548,000 for the ETCC software asset and \$16,839 for ETCC KPIs (key performance indicators).
- 4 Toll Bill Reprocessing Fee Revenue represents 520s allocated portion of fees associated with the issuance of second toll billings.
- 5 Miscellaneous Revenue includes administrative & statement fees, NSF check fees, and cash over. Miscellaneous revenue also includes payment related to sale of surplus property and \$72,609 in prior period recoveries.
- 6 While the financial statements display all revenue and all expenditures, "Net Operating Revenue" of \$21,787,538 is the difference between "operating revenue" of \$30,822,416 and "operating expenses" of \$9,034,878. Operating revenue includes all items shown within the revenue sections, excluding interest, and any prior period recoveries and sales of real estate. Operating expense includes all items shown within the expenditures section, excluding capital outlay SR 520 bridge replacement expenditures.
- 7 Transponder Cost of Goods Sold represents the cost of transponders including the purchase price of transponders, packaging materials, and costs for postage.
- 8 Other Goods and Services expenditures include items such as supplies, communications, rents, repairs, services provided by outside vendors, etc.
- 9 Personal Service Contract expenditures are for costs incurred for CSC operations consulting.
- 10 Capital Outlay - Intangible Software Asset: Costs are comprised of the 520 Bridge Account share of the software asset price (\$2,548,000) and the portion of WSDOT staff salaries, funded by the 520 Bridge Account, that were attributable to work on the development of the software asset (\$131,061).
- 11 Capital Outlay costs are for all costs associated with construction of the new replacement 520 Floating Bridge.
- 12 Two Bond issuances occurred during FY12: Triple pledge bonds were issued in November 2011 and GARVEE bonds were issued in June 2012 to assist in covering the cost of constructing the new replacement 520 Floating Bridge and landings.
- 13 Cost of Financing includes the Office of State Treasurer costs associated with the issuance of the bonds.
- 14 Operating Transfers Out is a transfer of toll proceeds and cash from the 520 Bridge Account to the Toll Facility Bond Retirement Account to facilitate the payment of debt service.