

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 BRIDGE ACCOUNT  
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013**

	<b>NOTES</b>	<b>JULY THROUGH MARCH</b>	<b>APRIL THROUGH JUNE</b>	<b>YEAR-TO-DATE</b>
<b>REVENUES</b>				
Tolling revenue	1	\$ 41,292,276	\$ 14,149,388	\$ 55,441,664
Debt Service Reimbursement (FHWA)	2	18,282,056	-	18,282,056
Transponder sales	3	344,194	122,383	466,577
Toll vendor contractual damages	4	125,418	12,311	137,729
Toll bill reprocessing fee	5	1,673,705	(355,529)	1,318,176
Interest income		957,139	262,255	1,219,394
Miscellaneous	6	102,370	15,833	118,203
TOTAL REVENUES		<u>62,777,158</u>	<u>14,206,641</u>	<u>76,983,799</u>
<b>EXPENDITURES</b>				
Goods and Services				
Toll CSC operations vendor contract		3,469,098	1,129,412	4,598,510
Toll lane vendor contract	7	164,746	128,673	293,419
Insurance		2,430,995	-	2,430,995
Credit card and bank fees		696,058	217,844	913,902
Transponder cost of goods sold	8	241,047	89,894	330,941
Other	9	169,637	81,585	251,222
Total Goods and Services		<u>7,171,581</u>	<u>1,647,408</u>	<u>8,818,989</u>
Personal service contracts	10	627,561	85,902	713,463
Salaries and benefits		760,087	212,594	972,681
Capital outlay - replacement bridge construction	11	<u>249,466,951</u>	<u>155,798,986</u>	<u>405,265,937</u>
TOTAL EXPENDITURES		<u>258,026,180</u>	<u>157,744,890</u>	<u>415,771,070</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>		<u>(195,249,022)</u>	<u>(143,538,249)</u>	<u>(338,787,271)</u>
<b>OTHER FINANCING USES</b>				
Cost of investment activity	12	(417,231)	-	(417,231)
Operating transfers out - debt service	13	(19,576,732)	(6,506,242)	(26,082,974)
Operating transfers out - FHWA debt service	13	<u>(18,282,056)</u>	<u>-</u>	<u>(18,282,056)</u>
TOTAL OTHER FINANCING USES		<u>(38,276,019)</u>	<u>(6,506,242)</u>	<u>(44,782,261)</u>
<b>NET CHANGE IN FUND BALANCE</b>		(233,525,041)	(150,044,491)	(383,569,532)
<b>FUND BALANCE - BEGINNING</b>		<u>566,862,353</u>	<u>333,337,312</u>	<u>566,862,353</u>
<b>FUND BALANCE - ENDING</b>		<u>\$333,337,312</u>	<u>\$183,292,821</u>	<u>\$183,292,821</u>

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

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**Backlogged Financial Reconciliations** – In December 2011 WSDOT began tolling operations on the 520 Bridge with Electronic Transaction Consultants Corporation (ETCC) as the toll vendor. The 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. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

**Reports in the Subsidiary Accounting System for Tolling** - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are 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). These revenues are received in September and March and the associated operating transfers out (Note 13) occur at the same time.
3. **Transponder Sales** – Sales of transponder devices to new and existing *Good To Go!* electronic toll account customers.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$137,729.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings. Toll bill reprocessing fee revenue was reduced this quarter primarily to limit revenue recognition to amounts estimated to be collected within 12 months and deferring the remaining balance. Due to ETCC system data availability this is the first period in which WSDOT has been able to make this adjustment and the amount of the adjustment is cumulative from inception of toll bills through the end of this reporting period.
6. **Miscellaneous Revenue** – Revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Toll Lane Vendor Contract** – An adjustment of approximately \$98,000 was made in the December quarter for an over-accrued expenditure related to a prior period.
8. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
9. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
10. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting. Expenditures currently covered by federal funding outside of the 520 Bridge Account are not expenditures of the 520 Bridge Account and do not appear on this financial statement.
11. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge.
12. **Cost of Investment Activity** – Office of State Treasurer costs associated with the bond issuance planning and management.
13. **Operating Transfers Out** – Transfers of cash from to the Toll Facility Bond Retirement Account to facilitate the payment of debt service on the Series 2012C bonds and a transfer of \$58,000 to the Motor Vehicle Account for expenditures previously incurred on behalf of the 520 Bridge Account. The FHWA transfer out is for debt service on the Series 2012F bonds, which is being paid for by FHWA (Note 2).