

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**INTERSTATE 405 ACCOUNT**  
**STATE FISCAL YEAR 2016, QUARTER ENDED MARCH 31, 2016**

	NOTE	JULY THROUGH SEPT	OCT THROUGH DEC	JAN THROUGH MAR	YEAR-TO-DATE
<b>REVENUES</b>					
Tolling revenue	1	\$ 56,014	\$ 3,653,011	\$ 3,924,141	\$ 7,633,166
Civil penalty	2	-	-	464,405	464,405
Transponder sales	3	335,474	1,127,472	145,638	1,608,584
Toll vendor contractual damages	4	-	1,723	-1,723	0
Toll bill reprocessing fee	5	-	44,236	46,085	90,321
Interest income		2,085	3,768	6,597	12,450
Miscellaneous	6	-	(3,224)	5,477	2,253
<b>TOTAL REVENUES</b>		<u>393,573</u>	<u>4,826,986</u>	<u>4,590,620</u>	<u>9,811,179</u>
<b>EXPENDITURES</b>					
Goods and Services					
Toll CSC operations vendor contract	7	-	322,895	(384,651)	(61,756)
Toll Lane Vendor		-	-	17,707	17,707
Credit card and bank fees		-	196,896	109,695	306,591
Transponder cost of goods sold	8	244,254	922,776	171,706	1,338,736
Washington State Patrol	9	-	380,119	194,839	574,958
Pay-by-mail		-	122,781	128,101	250,881
Other	10	-	98,899	76,185	175,084
Total Goods and Services		<u>244,254</u>	<u>2,044,366</u>	<u>313,582</u>	<u>2,602,202</u>
Personal service contracts	11	-	70,686	117,795	188,481
Salaries and benefits		27,189	152,998	239,119	419,306
Civil penalty adjudication cost	12	-	-	85,635	85,635
<b>TOTAL EXPENDITURES</b>		<u>271,443</u>	<u>2,268,050</u>	<u>756,130</u>	<u>3,295,623</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		<u>122,130</u>	<u>2,558,936</u>	<u>3,834,490</u>	<u>6,515,556</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
<b>TOTAL OTHER FINANCING USES</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>		122,130	2,558,936	3,834,490	6,515,556
<b>FUND BALANCE - BEGINNING</b>		<u>2,062,389</u>	<u>2,184,519</u>	<u>4,743,455</u>	<u>2,062,389</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 2,184,519</u>	<u>\$ 4,743,455</u>	<u>\$ 8,577,945</u>	<u>\$ 8,577,945</u>

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
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**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 most recent audit showed that some of the deficiencies identified in previous audits have been remediated, resulting in improved internal controls. The Toll Division continues to work with our service organization to remediate the remaining 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 in the I 405 express toll lanes, which are collected by either *Good To Go!* electronic toll accounts or pay-by-mail.
2. **Transponder Sales** – Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers. Transponder Sales have decreased significantly due to the transition from implementation phase of adding a new facility to normal operations allocation methodology. During implementation of 405 Express Toll lanes Transponder Sales revenue was allocated to TNB and 520 Bridge account based on 2015 historical transponder revenue the remaining revenue was posted to 405 Express Toll Lanes. After the implementation phase, October 2015 to December 2015, the allocation of Transponder Revenue is based on transaction count. In addition overall Transponder Sales Revenue decreased from \$1,362,285 in the 2<sup>nd</sup> quarter to \$676,863 in the 3<sup>rd</sup> quarter.
3. **Civil Penalty**- 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.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs). Not effective contractually until 4<sup>th</sup> quarter fiscal year 2016.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings.
6. **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.
7. **Toll CSC Operations Vendor Contract** – Payment for monthly CSC operations costs. Capital Program paid related CSC Operations Vendor Contract cost in 2<sup>nd</sup> quarter cost should not have been allocated to 405 Express Toll Lanes. The cost allocated to 405 Express Toll Lanes in 2<sup>nd</sup> quarter was reallocated to TNB and 520 in the 3<sup>rd</sup> quarter. The adjustment did not include previous adjustments made in the 2<sup>nd</sup> quarter, the remaining negative balance of \$61,756 will be credited back to TNB and 520 in the 4<sup>th</sup> quarter
8. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
9. **The Washington State Patrol** – Support for the enforcement of the laws governing the use of 405 Express Toll Lanes by issuing citations to 405 violators.
10. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, printing, and registered owner look up costs.
11. **Personal Service Contracts** – Expenditures for consulting services related to tolling operations and forecasting.
12. **Civil Penalty Adjudication Costs** - 405'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.