

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
INTERSTATE 405 ACCOUNT
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

	NOTE	JULY THROUGH SEPT	OCT THROUGH DEC	JAN THROUGH MAR	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES						
Tolling revenue	1	\$ 56,014	\$ 3,653,011	\$ 3,924,141	\$ 4,699,542	\$ 12,332,708
Civil penalty	2	-	-	464,405	678,473	1,142,878
Transponder sales	3	335,474	1,127,472	145,638	95,146	1,703,730
Toll vendor contractual damages	4	-	1,723	-1,723	1,174	1,174
Toll bill reprocessing fee	5	-	44,236	46,085	156,167	246,488
Interest income		2,085	3,768	6,597	38,141	50,591
Miscellaneous	6	-	(3,224)	5,477	304,931	307,184
TOTAL REVENUES		<u>393,573</u>	<u>4,826,986</u>	<u>4,590,620</u>	<u>5,973,574</u>	<u>15,784,753</u>
EXPENDITURES						
Goods and Services						
Toll CSC operations vendor contract	7	-	322,895	(384,651)	530,745	468,989
Toll Lane Vendor		-	-	17,707	306,200	323,907
Credit card and bank fees		-	196,896	109,695	79,559	386,150
Transponder cost of goods sold	8	244,254	922,776	171,706	67,046	1,405,781
Washington State Patrol	9	-	380,119	194,839	303,639	878,597
Pay-by-mail		-	122,781	128,101	174,968	425,849
Other	10	-	98,899	76,185	348,535	523,619
Total Goods and Services		<u>244,254</u>	<u>2,044,366</u>	<u>313,582</u>	<u>1,810,691</u>	<u>4,412,893</u>
Personal service contracts	11	-	70,686	117,795	373,242	561,723
Salaries and benefits		27,189	152,998	239,119	206,184	625,490
Civil penalty adjudication cost	12	-	-	85,635	233,653	319,288
TOTAL EXPENDITURES		<u>271,443</u>	<u>2,268,050</u>	<u>756,130</u>	<u>2,623,770</u>	<u>5,919,394</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>122,130</u>	<u>2,558,936</u>	<u>3,834,490</u>	<u>3,349,804</u>	<u>9,865,359</u>
OTHER FINANCING SOURCES (USES)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING USES		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE		<u>122,130</u>	<u>2,558,936</u>	<u>3,834,490</u>	<u>3,349,804</u>	<u>9,865,359</u>
FUND BALANCE - BEGINNING		<u>2,062,389</u>	<u>2,184,519</u>	<u>4,743,455</u>	<u>8,577,945</u>	<u>2,062,389</u>
FUND BALANCE - ENDING		<u>\$ 2,184,519</u>	<u>\$ 4,743,455</u>	<u>\$ 8,577,945</u>	<u>\$ 11,927,748</u>	<u>\$ 11,927,748</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
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
INTERSTATE 405 ACCOUNT
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

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. **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.
3. **Transponder Sales** – Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs).
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.
8. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue. A \$10,240 adjustment to increase Transponder Cost of Goods Sold was recorded to account for flex and motorcycle incentive program.
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. Beginning May 2016, WSDOT contracted with Department of Enterprise Services (DES) to provide mailing services.
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.