

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2016, QUARTER ENDED JUNE 30, 2016**

	NOTE	JULY THROUGH SEPT	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
REVENUES						
Tolling revenue	1	\$ 392,698	\$ 392,010	\$ 288,155	\$ 314,513	\$ 1,387,376
Transponder sales	2	12,033	10,910	26,112	13,851	62,906
Toll vendor contractual damages	3	3,001	3,271	3,189	3,110	12,571
Interest income		3,384	2,574	3,372	11,574	20,904
Miscellaneous	4	917	1,084	770	500	3,271
TOTAL REVENUES		<u>412,033</u>	<u>409,849</u>	<u>321,598</u>	<u>343,548</u>	<u>1,487,028</u>
EXPENDITURES						
Goods and Services						
Toll CSC operations vendor contract	5	59,960	40,860	67,832	35,822	204,474
Toll lane vendor contract	6	22,785	19,530	13,020	112,209	167,544
Credit card and bank fees		8,126	9,952	5,495	5,414	28,987
Transponder cost of goods sold	7	8,780	9,171	17,335	8,472	43,758
Washington state patrol	8	-	-	37,686	28,358	66,044
Other	9	8,196	7,048	20,101	16,770	52,115
Total Goods and Services		<u>107,847</u>	<u>86,561</u>	<u>161,469</u>	<u>207,045</u>	<u>562,922</u>
Personal service contracts	10	20,623	13,351	15,553	23,038	72,565
Salaries and benefits		35,317	29,289	40,440	55,483	160,529
Infrastructure maintenance	11	33,835	29,398	61,970	325,504	450,707
TOTAL EXPENDITURES		<u>197,622</u>	<u>158,599</u>	<u>279,432</u>	<u>611,070</u>	<u>1,246,723</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>214,411</u>	<u>251,250</u>	<u>42,166</u>	<u>(267,522)</u>	<u>240,305</u>
NET CHANGE IN FUND BALANCE		<u>214,411</u>	<u>251,250</u>	<u>42,166</u>	<u>(267,522)</u>	<u>240,305</u>
FUND BALANCE - BEGINNING		<u>2,851,646</u>	<u>3,066,057</u>	<u>3,317,307</u>	<u>3,359,473</u>	<u>2,851,646</u>
FUND BALANCE - ENDING		<u>\$ 3,066,057</u>	<u>\$ 3,317,307</u>	<u>\$ 3,359,473</u>	<u>\$ 3,091,951</u>	<u>\$ 3,091,951</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 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.
3. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs).
4. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, and prior period recoveries.
5. **Toll CSC Operations Vendor Contract** – Payment for monthly CSC operations costs. CSC Operations Vendor Contract was paid by the 405 Express Toll Lane account and the Capital Program account.
6. **Toll Lane Vendor Contract** – The cost of capturing traffic activity in the tolled lanes. The increase in 4th quarter is due to the purchase of a new server.
7. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold has a direct relation to Transponder Sales Revenue. A \$1,693 adjustment to reduce Transponder Cost Goods Sold was recorded in the 4th quarter to account for flex and motorcycle incentive program.
8. **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.
9. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc. Beginning May 2016, WSDOT contracted with Department of Enterprise Services (DES) to provide mailing services.
10. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting. The increase in 4th quarter is related to additional services provided for CSC System request and procurement support.
11. **Infrastrucure Maintenance** – Cost of maintenance activities on the HOT Lanes.