

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 CIVIL PENALTY ACCOUNT  
STATE FISCAL YEAR 2015, QUARTER MARCH 31, 2015**

	<b>NOTES</b>	<b>JULY THROUGH DECEMBER</b>	<b>JANUARY THROUGH MARCH</b>	<b>YEAR-TO-DATE</b>
<b>REVENUES</b>				
Civil penalty	1	\$ 5,384,543	\$ 2,678,159	\$ 8,062,702
Interest income		11,739	11,781	23,520
<b>TOTAL REVENUES</b>		<u>5,396,282</u>	<u>2,689,940</u>	<u>8,086,222</u>
<b>EXPENDITURES</b>				
Goods and Services				
Adjudication system vendor contract	2	419,928	207,351	627,279
Administrative hearing	3	418,704	166,284	584,988
Credit card and bank fees		96,871	42,024	138,895
Other	4	55,785	190,889	246,674
Total Goods and Services		<u>991,288</u>	<u>606,548</u>	<u>1,597,836</u>
Salaries and benefits		<u>82,395</u>	<u>42,044</u>	<u>124,439</u>
<b>TOTAL EXPENDITURES</b>		<u>1,073,683</u>	<u>648,592</u>	<u>1,722,275</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		<u>4,322,599</u>	<u>2,041,348</u>	<u>6,363,947</u>
<b>NET CHANGE IN FUND BALANCE</b>		4,322,599	2,041,348	6,363,947
<b>FUND BALANCE - BEGINNING</b>		<u>11,709,526</u>	<u>16,032,125</u>	<u>11,709,526</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 16,032,125</u>	<u>\$ 18,073,473</u>	<u>\$ 18,073,473</u>

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

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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 results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

**ETCC Critical Accounting Reports and Backlogged Reconciliations** - During fiscal year 2014 and shortly thereafter, ETCC successfully remediated all of the critical accounting report defects and resubmitted all reconciliations since the inception of electronic tolling in December 2011 through the most recent fiscal year. WSDOT has accepted ETCC’s critical reports and is working to achieve system acceptance.

**Operating Transfer** - Pursuant to RCW 47.56.876, the Legislature may transfer excess fund balance from the 520 Civil Penalties Account to the 520 Bridge Account for capital expenditures on the SR 520 Corridor. In order to transfer the funds the State Treasurer’s Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in Chapter 222, laws of 2014 (ESSB 6001, Section 407(9)) to transfer \$886,000.

**Detailed Notes**

1. **Civil Penalty Revenue** – 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.
2. **The Adjudication System Vendor Contract** – 520 Bridge share of the adjudication system vendor contract with ETCC for the adjudication system module.
3. **Administrative hearing** – The Office of Administrative Hearings (OAH) has the necessary expertise to provide fair and impartial administrative law judges (ALJs) to preside over the toll violation dispute processes. OAH provides ALJs to preside over and/or decide the toll violation disputes. These costs include labor hours for the ALJs for their services performed for Toll Adjudication, Training and Administration.
4. **Other Goods and Services** – Expenditures for the 520 bridge’s share of adjudication costs. These costs include supplies, communications, services provided by outside vendors, printing, and settlement costs of \$99,500.