

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 BRIDGE ACCOUNT
STATE FISCAL YEAR 2014, QUARTER ENDED SEPTEMBER 30, 2013**

	NOTES	JULY THROUGH SEPTEMBER	YEAR-TO-DATE
REVENUES			
Tolling revenue	1	\$ 15,421,696	\$ 15,421,696
Debt Service Reimbursement (FHWA)	2	12,418,000	12,418,000
Transponder sales	3	143,190	143,190
Toll vendor contractual damages	4	7,310	7,310
Toll bill reprocessing fee	5	481,245	481,245
Interest income		44,380	44,380
Miscellaneous	6	16,483	16,483
TOTAL REVENUES		<u>28,532,304</u>	<u>28,532,304</u>
EXPENDITURES			
Goods and Services			
Toll CSC operations vendor contract		1,178,651	1,178,651
Toll lane vendor contract		78,208	78,208
Insurance		2,507,613	2,507,613
Credit card and bank fees		255,403	255,403
Transponder cost of goods sold	7	103,162	103,162
Washington state patrol		14,930	14,930
Other	8	57,292	57,292
Total Goods and Services		<u>4,195,259</u>	<u>4,195,259</u>
Personal service contracts	9	150,276	150,276
Salaries and benefits		236,395	236,395
Capital outlay - replacement bridge construction	10	43,419,437	43,419,437
TOTAL EXPENDITURES		<u>48,001,367</u>	<u>48,001,367</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES		<u>(19,469,063)</u>	<u>(19,469,063)</u>
OTHER FINANCING USES			
Bonds issued	11	323,883,633	323,883,633
Cost of investment activity	12	(883,493)	(883,493)
Operating transfers out - debt service	13	(6,506,244)	(6,506,244)
Operating transfers out - FHWA debt service	13	(12,418,000)	(12,418,000)
TOTAL OTHER FINANCING USES		<u>304,075,896</u>	<u>304,075,896</u>
NET CHANGE IN FUND BALANCE		284,606,833	284,606,833
FUND BALANCE - BEGINNING		<u>183,292,821</u>	<u>183,292,821</u>
FUND BALANCE - ENDING		<u>\$467,899,654</u>	<u>\$467,899,654</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 - 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 \$7,310.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings.
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. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
8. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, pay-by-mail postage, services provided by outside vendors, and etc.
9. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
10. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge.
11. **Bonds Issued** – The second series of GARVEE bonds (Series 2014C) were issued in September 2013.
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. The FHWA transfer out is for debt service on the Series 2012F bonds, which is being paid for by FHWA (Note 2).