

**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 MARCH 31, 2016**

	NOTE	JULY THROUGH SEPT	OCT THROUGH DEC	JAN THROUGH MAR	YEAR-TO-DATE
REVENUES					
Tolling revenue	1	\$ 392,698	\$ 392,010	\$ 288,155	\$ 1,072,863
Transponder sales	2	12,033	10,910	26,112	49,055
Toll vendor contractual damages	3	3,001	3,271	3,189	9,461
Interest income		3,384	2,574	3,372	9,330
Miscellaneous	4	917	1,084	770	2,771
TOTAL REVENUES		<u>412,033</u>	<u>409,849</u>	<u>321,598</u>	<u>1,143,480</u>
EXPENDITURES					
Goods and Services					
Toll CSC operations vendor contract	5	59,960	40,860	67,832	168,652
Toll lane vendor contract		22,785	19,530	13,020	55,335
Credit card and bank fees		8,126	9,952	5,495	23,573
Transponder cost of goods sold	6	8,780	9,171	17,335	35,286
Washington state patrol	7	-	-	37,686	37,686
Other	8	8,205	7,051	20,101	35,357
Total Goods and Services		<u>107,856</u>	<u>86,564</u>	<u>161,469</u>	<u>355,889</u>
Personal service contracts	9	20,623	13,351	15,553	49,527
Salaries and benefits		35,317	29,289	40,440	105,046
Infrastructure maintenance	10	33,826	29,395	61,970	125,191
TOTAL EXPENDITURES		<u>197,622</u>	<u>158,599</u>	<u>279,432</u>	<u>635,653</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>214,411</u>	<u>251,250</u>	<u>42,166</u>	<u>507,827</u>
NET CHANGE IN FUND BALANCE		214,411	251,250	42,166	507,827
FUND BALANCE - BEGINNING		<u>2,851,646</u>	<u>3,066,057</u>	<u>3,317,307</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>\$ 3,359,473</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 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. The lane vendor for State Route 167 Hot Lanes experienced server issues beginning February 2016 impacting the ability to build/process/and send trips. A majority of the unsent trips posted to the back office system by mid- April 2016. This resulted in an understatement of Tolling revenue for 3rd quarter. Washington State Toll Division is working with the vendor to capture and post all the unsent trips.
2. **Transponder Sales** – Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers. Transponder Sales have increased significantly due to an increase in Transponder Sales and the transition from implementation phase allocation methodology to normal operations. During implementation of 405 Express Toll lanes revenue from Transponder Sales was allocated based on historical transponder revenue in fiscal year 2015. After the implementation phase October 2015 to December 2015, the allocation of revenue from Transponder Sales is based on transaction counts. In addition, overall Transponder Sales has increased from \$227,867 in the quarter ended March 31, 2015 to \$676,863 in the quarter ended March 31, 2016
3. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$189 and the short-term portion of future amounts due from ETCC, totaling \$12,000.
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. Cost should not have been allocated to 405 Express Toll Lanes in the 2nd quarter, an adjustment was made in the 3rd quarter to reallocate 2nd quarter cost for CSC Operations.
6. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold is directly related to Transponder Sales, as sales increase so does Transponder Cost of Goods Sold.
7. **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. Contract renewal finalized in 3rd quarter, cost for prior quarters paid in 3rd quarter.
8. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
9. **Personal Service Contracts** – Expenditures for consulting services related to tolling operations and forecasting.
10. **Infrastructure Maintenance** – Cost of maintenance activities on the HOT Lanes.