

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
THE 520 CIVIL PENALTY ACCOUNT  
STATE FISCAL YEAR 2014, QUARTER ENDED JUNE 30, 2014**

	<b>NOTES</b>	<b>JULY THROUGH MARCH</b>	<b>APRIL THROUGH JUNE</b>	<b>YEAR-TO-DATE</b>
<b>REVENUES</b>				
Civil penalty	1	\$ 1,858,122	\$ 2,590,204	\$ 4,448,326
Interest income		4,382	7,736	12,118
TOTAL REVENUES		<u>1,862,504</u>	<u>2,597,940</u>	<u>4,460,444</u>
<b>EXPENDITURES</b>				
Goods and Services				
Adjudication system vendor contract	2	752,924	202,775	955,699
Other	3	652,791	253,770	906,561
Total Goods and Services		1,405,715	456,545	1,862,260
Salaries and benefits		126,498	52,711	179,209
TOTAL EXPENDITURES		<u>1,532,213</u>	<u>509,256</u>	<u>2,041,469</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		<u>330,291</u>	<u>2,088,684</u>	<u>2,418,975</u>
<b>NET CHANGE IN FUND BALANCE</b>		330,291	2,088,684	2,418,975
<b>FUND BALANCE - BEGINNING</b>		<u>9,290,551</u>	<u>9,620,842</u>	<u>9,290,551</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 9,620,842</u>	<u>\$ 11,709,526</u>	<u>\$ 11,709,526</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 the fiscal year and shortly thereafter, ETCC successfully remediated most 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 is reviewing the reconciliation support and is working collaboratively with ETCC to bring the reconciliations current, ensure all defects are remediated, and 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. Due to improved timeliness of ETCC reports, WSDOT was able to transition our NOCP receivable allowance and deferral methodology to a current monthly methodology, this transition meant an additional month of allowance activity occurred in fiscal year 2014 to bring the methodology current.
- 2. The Adjudication System Vendor Contract** – 520 Bridge share of the adjudication system vendor contract with ETCC for the adjudication system module.
- 3. Other Goods and Services** – Expenditures for the 520 bridge's share of adjudication costs including supplies, communications, credit card fees, Office of Administrative Hearings costs, and salaries and benefits of WSDOT staff.