

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED SEPTEMBER 30, 2016**

	NOTES	JULY THROUGH SEPT	YEAR-TO-DATE
REVENUES			
Tolling revenue	1	\$ 490,727	\$ 490,727
Transponder sales	2	21,383	21,383
Toll vendor contractual damages	3	3,280	3,280
Interest income		3,563	3,563
Miscellaneous	4	843	843
TOTAL REVENUES		<u>519,796</u>	<u>519,796</u>
EXPENDITURES			
Goods and Services			
Toll CSC operations vendor contract	5	73,098	73,098
Toll lane vendor contract	6	-	-
Credit card and bank fees		8,794	8,794
Transponder cost of goods sold	7	15,302	15,302
Washington state patrol	8	27,973	27,973
Other	9	12,488	12,488
Total Goods and Services		<u>137,655</u>	<u>137,655</u>
Personal service contracts	10	26,880	26,880
Salaries and benefits		74,841	74,841
Infrastructure maintenance	11	6,185	6,185
TOTAL EXPENDITURES		<u>245,561</u>	<u>245,561</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>274,235</u>	<u>274,235</u>
OTHER FINANCING USES			
Operating transfers out	12	<u>(1,000)</u>	<u>(1,000)</u>
TOTAL OTHER FINANCING USES		<u>(1,000)</u>	<u>(1,000)</u>
NET CHANGE IN FUND BALANCE		273,235	273,235
FUND BALANCE - BEGINNING		<u>3,091,951</u>	<u>3,091,951</u>
FUND BALANCE - ENDING		<u>\$ 3,365,186</u>	<u>\$ 3,365,186</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
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED SEPTEMBER 30, 2016**

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 tolled lanes.
7. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue.
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.
10. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
11. **Infrastructure Maintenance** – Cost of maintenance activities on the HOT Lanes.
12. **Operating transfers out** – Amount of transfer resulting from the Moore V HCA settlement. See 2ESHB 2376 section 708.