

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED SEPTEMBER 30, 2016**

	<u>NOTES</u>	<u>JULY THROUGH SEPT</u>	<u>YEAR-TO-DATE</u>
REVENUES			
Civil penalty	1	\$ 774,763	\$ 774,763
Interest income		<u>10,622</u>	<u>10,622</u>
TOTAL REVENUES		<u>785,385</u>	<u>785,385</u>
EXPENDITURES			
Goods and Services			
Adjudication system vendor contract	2	141,084	141,084
Administrative hearing	3	49,947	49,947
Credit card and bank fees		10,847	10,847
Other	4	<u>353,581</u>	<u>353,581</u>
Total Goods and Services		555,459	555,459
Salaries and benefits		47,975	47,975
Capital Outlay	5	<u>725,455</u>	<u>725,455</u>
TOTAL EXPENDITURES		<u>1,328,889</u>	<u>1,328,889</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>(543,504)</u>	<u>(543,504)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out		<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING USES		-	-
NET CHANGE IN FUND BALANCE		(543,504)	(543,504)
FUND BALANCE - BEGINNING		<u>10,340,815</u>	<u>10,340,815</u>
FUND BALANCE - ENDING		<u>\$ 9,797,311</u>	<u>\$ 9,797,311</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. **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.
5. **Capital Outlay** – Proviso funding for the SR 520 Westside Joint Design Development.