

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

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 45,008,621	\$ 15,486,896	\$ 60,495,517
Debt service reimbursement (FHWA)	2	30,817,141	-	30,817,141
Transponder sales	3	367,847	132,753	500,600
Toll vendor contractual damages	4	48,788	70,318	119,106
Toll bill reprocessing fee	5	1,141,213	308,841	1,450,054
Interest income		236,037	263,529	499,566
Miscellaneous	6	51,206	16,570	67,776
TOTAL REVENUES		<u>77,670,853</u>	<u>16,278,907</u>	<u>93,949,760</u>
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract	7	3,501,198	1,495,952	4,997,150
Toll lane vendor contract		238,386	119,836	358,222
Insurance		2,507,613	7,479	2,515,092
Credit card and bank fees		757,166	324,070	1,081,236
Transponder cost of goods sold	8	265,015	85,537	350,552
Other	9	264,962	178,074	443,036
Total Goods and Services		<u>7,534,340</u>	<u>2,210,948</u>	<u>9,745,288</u>
Personal service contracts	10	602,113	284,344	886,457
Salaries and benefits		683,337	263,086	946,423
Capital outlay - replacement bridge construction	11	<u>205,772,683</u>	<u>135,804,145</u>	<u>341,576,828</u>
TOTAL EXPENDITURES		<u>214,592,473</u>	<u>138,562,523</u>	<u>353,154,996</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES		<u>(136,921,620)</u>	<u>(122,283,616)</u>	<u>(259,205,236)</u>
OTHER FINANCING SOURCES (USES)				
Bonds issued	12	323,883,633	10,000,000	333,883,633
Cost of investment activity	13	(883,493)	-	(883,493)
Operating transfers out - debt service	14	(19,518,732)	(6,506,244)	(26,024,976)
Operating transfers out - GARVEE debt service	14	<u>(30,817,141)</u>	<u>-</u>	<u>(30,817,141)</u>
TOTAL OTHER FINANCING USES		<u>272,664,267</u>	<u>3,493,756</u>	<u>276,158,023</u>
NET CHANGE IN FUND BALANCE		135,742,647	(118,789,860)	16,952,787
FUND BALANCE - BEGINNING		<u>183,292,821</u>	<u>319,035,468</u>	<u>183,292,821</u>
FUND BALANCE - ENDING		<u>\$319,035,468</u>	<u>\$200,245,608</u>	<u>\$200,245,608</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.

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 & Series 2014C). These revenues are received every six months and the associated operating transfers out (Note 14) 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 \$34,473, and the short-term portion of future amounts due from ETCC, totaling \$84,633.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings.
6. **Miscellaneous Revenue** – This can include revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Toll CSC Operations Vendor Contract** – In addition to payment for monthly CSC operations, costs paid to ETCC include pass-through costs related to printing, postage, and registered owner look up costs.
8. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
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. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge.
12. **Bonds Issued** – The second series of GARVEE bonds (Series 2014C) were issued in September 2013. The first proceeds authorized in the SR 520's TIFIA drawdown loan were received in September 2014.
13. **Cost of Investment Activity** – Costs associated with the bond issuance planning and management.
14. **Operating Transfers Out** – Transfers of cash to the Toll Facility Bond Retirement Account to facilitate the payment of debt service on the Series 2012C, 2012F, and 2014C bonds. The GARVEE transfer out for the Series 2012F & 2014C bonds is paid by a reimbursement from FHWA (Note 2).