

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

	NOTES	JULY THROUGH SEPT	YEAR-TO-DATE
REVENUES			
Tolling revenue	1	\$ 19,073,825	\$ 19,073,825
Debt service reimbursement (FHWA)	2	83,706,338	83,706,338
Transponder sales	3	238,679	238,679
Toll vendor contractual damages	4	68,924	68,924
Toll bill reprocessing fee	5	282,747	282,747
Interest income		89,029	89,029
Miscellaneous	6	14,140	14,140
TOTAL REVENUES		<u>103,473,682</u>	<u>103,473,682</u>
EXPENDITURES			
Goods and Services			
Toll CSC operations vendor contract	7	1,383,041	1,383,041
Toll lane vendor contract		135,502	135,502
Insurance	8	2,196,374	2,196,374
Credit card and bank fees		413,734	413,734
Transponder cost of goods sold	9	170,939	170,939
Pay-by-mail		357,893	357,893
Other	10	175,119	175,119
Total Goods and Services		<u>4,832,602</u>	<u>4,832,602</u>
Personal service contracts	11	450,322	450,322
Salaries and benefits		368,722	368,722
Maintenance and Operations	12	314,085	314,085
Capital outlay - replacement bridge construction	13	2,488,115	2,488,115
TOTAL EXPENDITURES		<u>8,453,846</u>	<u>8,453,846</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>95,019,836</u>	<u>95,019,836</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	14	111,012,060	111,012,060
Cost of investment activity	15	(129,229)	(129,229)
Operating Transfer In	16	1,184,579	1,184,579
Operating transfers out - debt service	17	(9,214,995)	(9,214,995)
Operating transfers out - GARVEE debt service		(83,706,338)	(83,706,338)
Operating transfers out	18	(19,000)	(19,000)
TOTAL OTHER FINANCING USES		<u>19,127,077</u>	<u>19,127,077</u>
NET CHANGE IN FUND BALANCE		114,146,913	114,146,913
FUND BALANCE - BEGINNING		<u>70,490,675</u>	<u>70,490,675</u>
FUND BALANCE - ENDING		<u>\$184,637,588</u>	<u>\$ 184,637,588</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, 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 occur at the same time.
3. **Transponder Sales** – Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs).
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** – Payment for monthly CSC operations costs.
8. **Insurance** – Annual premium for insuring the facility and monthly insurance brokerage fee paid to the Department of Enterprise Services (DES).
9. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue.
10. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, service provided by outside vendors, printing, and registered owner look up costs.
11. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
12. **Maintenance and Operations** – Cost of maintenance activities on the SR520 corridor.
13. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge.
14. **Bond Issued** – Triple pledge bonds were issued in September 2016.
15. **Cost of Investment Activity** – Costs associated with the bond issuance planning and management.
16. **Operating Transfer In** – Toll revenue transferred from NOCP account per transfer authority in 2016 Session Laws Chapter 14 Section 408.
17. **Operating Transfers Out – debt service** – 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).
18. **Operating transfers out** – Amount of transfer resulting from the Moore V HCA settlement. See 2ESHB 2376 section 708.