

**THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2015, QUARTER JUNE 30, 2015**

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Civil penalty	1	\$ 8,062,702	\$ 1,765,041	\$ 9,827,743
Interest income		23,520	34,470	57,990
TOTAL REVENUES		<u>8,086,222</u>	<u>1,799,511</u>	<u>9,885,733</u>
EXPENDITURES				
Goods and Services				
Adjudication system vendor contract	2	627,279	209,574	836,853
Administrative hearing	3	584,988	137,031	722,019
Credit card and bank fees		138,895	47,928	186,823
Other	4	246,674	36,462	283,136
Total Goods and Services		1,597,836	430,995	2,028,831
Salaries and benefits		124,439	45,970	170,409
TOTAL EXPENDITURES		<u>1,722,275</u>	<u>476,965</u>	<u>2,199,240</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>6,363,947</u>	<u>1,322,546</u>	<u>7,686,493</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out -	5	-	(886,000)	(886,000)
TOTAL OTHER FINANCING USES		-	(886,000)	(886,000)
NET CHANGE IN FUND BALANCE		6,363,947	436,546	6,800,493
FUND BALANCE - BEGINNING		<u>11,709,526</u>	<u>18,073,473</u>	<u>11,709,526</u>
FUND BALANCE - ENDING		<u>\$ 18,073,473</u>	<u>\$ 18,510,019</u>	<u>\$ 18,510,019</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. Civil Penalty revenue decreased 20.6% to \$1,765,041 primarily due to a \$538,571 adjustment to correct duplicate entries from July 2012 to March 2015 resulting from a system defect.
- 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. Operating Transfers Out** - For the 2013-15 biennium, the Legislature provided authority in Chapter 10, laws of 2015 PV (2ESHB 1299, Section 1106(7)) to transfer \$886,000 to the SR 520 Corridor Account , which represents a portion of the pledged toll revenue collected through the civil penalty process.