

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION  
TACOMA NARROWS BRIDGE ACCOUNT  
STATE FISCAL YEAR 2019, QUARTER ENDED JUNE 30, 2019**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	APR THROUGH JUN	YEAR-TO-DATE
<b>REVENUES</b>						
Toll revenue	1	\$ 21,688,287	\$ 20,096,589	\$ 18,534,421	\$ 21,955,035	\$ 82,274,332
Civil penalty	2	424,971	704,710	101,595	226,695	1,457,970
Transponder sales	3	135,778	110,174	115,693	118,515	480,161
Toll vendor contractual damages	4	1,459	2,424	1,415	1,272	6,571
Toll bill reprocessing fee	5	132,138	123,376	97,001	243,644	596,160
Interest income		81,742	129,856	155,644	198,538	565,780
Miscellaneous	6	8,037	7,764	54,436	15,532	85,768
<b>TOTAL REVENUES</b>		<u>22,472,412</u>	<u>21,174,893</u>	<u>19,060,205</u>	<u>22,759,231</u>	<u>85,466,742</u>
<b>EXPENDITURES</b>						
Goods and Services						
Toll operations vendor contracts	7	2,061,117	2,010,058	2,044,170	2,261,962	8,377,307
Insurance	8	1,072,095	3,499	10,280	5,759	1,091,633
Credit card and bank fees		490,909	429,323	370,525	540,489	1,831,246
Transponder cost of goods sold	9	89,868	76,693	80,290	99,650	346,501
Pay-by-mail		150,195	117,157	107,903	121,884	497,140
Other	10	111,179	110,526	88,368	80,445	390,518
<b>Total Goods and Services</b>		<u>3,975,363</u>	<u>2,747,256</u>	<u>2,701,536</u>	<u>3,110,190</u>	<u>12,534,345</u>
Personal service contracts	11	145,412	203,810	157,804	167,989	675,015
Salaries and benefits		269,786	294,613	290,492	339,797	1,194,688
Civil penalty adjudication costs	12	204,411	201,322	186,309	176,650	768,692
Maintenance and preservation	13	189,495	117,932	203,453	281,687	792,566
<b>TOTAL EXPENDITURES</b>		<u>4,784,466</u>	<u>3,564,934</u>	<u>3,539,593</u>	<u>4,076,312</u>	<u>15,965,305</u>
<b>EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		<u>17,687,946</u>	<u>17,609,959</u>	<u>15,520,612</u>	<u>18,682,919</u>	<u>69,501,437</u>
<b>OTHER FINANCING USES</b>						
Operating transfer in		-	-	-	5,000,000	5,000,000
Operating transfers out	14	(17,669,460)	(12,149,190)	(24,947,460)	(18,986,190)	(73,752,300)
<b>TOTAL OTHER FINANCING USES</b>		<u>(17,669,460)</u>	<u>(12,149,190)</u>	<u>(24,947,460)</u>	<u>(13,986,190)</u>	<u>(68,752,300)</u>
<b>NET CHANGE IN FUND BALANCE</b>		18,486	5,460,769	(9,426,848)	4,696,729	749,137
<b>FUND BALANCE - BEGINNING</b>		<u>21,320,461</u>	<u>21,338,947</u>	<u>26,799,716</u>	<u>17,372,869</u>	<u>21,320,461</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 21,338,947</u>	<u>\$ 26,799,716</u>	<u>\$ 17,372,869</u>	<u>\$ 22,069,598</u>	<u>\$ 22,069,598</u>

*The notes to the financial statements are an integral part of this statement.*

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**Motor Vehicle Account (MVA) Obligation** – In 2005-07, as tolling began on the Tacoma Narrows Bridge (TNB), an operating loan of \$5,288,000 was made from the Motor Vehicle Account to capitalize the Tacoma Narrows Bridge Account (Chapter 518, Laws of 2007, Section 1005(15)). RCW 46.63.160 requires that net civil penalties deposited in the Tacoma Narrows Bridge Account must first be allocated toward repayment of the operating loan. In order to transfer the funds the State Treasurer's Office must be provided administrative transfer authority. For the 2017-19 biennium, the Legislature provided authority in Chapter 313, Laws of 2017 PV (ESB 5096, Section 408(19)) to transfer \$950,000. That transfer occurred in June 2019. The remaining obligation at the end of 2017-19 biennium is \$2,438,000.

**Tolling Operations System and Customer Service** - In Fiscal Year (FY) 2018, WSDOT procured and contracted with a new toll system vendor and a customer service vendor. The costs for design and implementation of the new toll system and customer service center are allocated to all toll facilities. Design and implementation costs are reported in several categories on the financial statements. Tacoma Narrows Bridge portion of these expenditures in fiscal year 2019 are \$515,587 for current quarter and \$1,737,948 for the fiscal year.

**Detailed Notes**

1. **Tolling Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling in the eastbound direction over the TNB, which are collected at toll booths, as electronic toll accounts, or pay-by-mail.
2. **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.
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 Operations Vendor Contracts** – Payment for monthly toll 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, outside vendor services, printing, and registered owner look up costs.
11. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
12. **Civil Penalty Adjudication Costs** – TNB's share of the adjudication system vendor contract with ETCC for the adjudication system module, as well as its share of supplies, communications, credit card fees, Office of Administrative Hearings costs, and salaries and benefits of WSDOT staff.
13. **Maintenance and Preservation** – Cost of maintenance and preservation activities on the new TNB. 4<sup>th</sup> quarter Maintenance totaled \$150,862 and preservation totaled \$130,825. Year to date Maintenance totaled \$543,195 and Preservation totaled \$249,372.
14. **Operating Transfers Out** – Total includes both amount transferred to MVA for debt service pursuant to RCW 47.46.140 and \$950,000 to repay MVA Obligation as authorized in Chapter 313, Laws of 2017 PV (ESB 5096, Section 408(19)).