



**Financial Report
of the
Operations of the System of Eligible Toll Facilities
Fiscal Year 2015**

November 17, 2015

Table of Contents

Introduction

Exhibit I Audited Financial Statements

Exhibit II Net Toll Revenues and Coverage Ratios

Exhibit III Summary of Actual and Projected Gross and
Net Toll Revenues

Exhibit IV Debt Service on Outstanding Bonds



Introduction

This Financial Report on the Results of the Operations of the Washington State System of Eligible Toll Facilities for Fiscal Year 2015 has been produced in accordance with the State Finance Committee Master Bond Resolution No. 1117 that provides for the issuance of bonds to pay and reimburse state expenditures for eligible toll facilities. Under the Toll Facilities Act (Chapter 122, Laws of 2008; Chapter 472, Laws of 2009; Chapter 498, Laws of 2009, Section 15; Chapter 248, Laws of 2010; and Chapter 377, Laws of 2011) the Washington State Legislature designated the SR 520 Corridor as an eligible toll facility and authorized the imposition of tolls for travel on only the floating bridge portion of the SR 520 Corridor.

In Master Bond Resolution No. 1117 the State covenants that as soon as practicable, but in no event more than one hundred fifty (150) days after the last day of each fiscal year, beginning with the fiscal year ending June 30, 2012, it will prepare or cause to be prepared a financial report of the results of operations of the System for that fiscal year in accordance with accounting principles promulgated by the Governmental Accounting Standards Board, containing independently audited financial statements and the independent auditor's report on the financial statements for the end of that fiscal year.

Master Bond Resolution No. 1117 also includes:

Rate Covenants requiring the Tolling Authority to establish, and WSDOT to charge and collect, tolls for the privilege of traveling on the system of eligible toll facilities at rates sufficient to meet the operating and maintenance expenses and to satisfy coverage requirements on debt service in each fiscal year in which bonds are outstanding.

Sum Sufficient Covenant requiring that tolls be collected to provide funds for all required expenditures in every fiscal year in which any Bonds are outstanding.

Accordingly, this report includes:

- Audited Financial Statements
- Net Toll Revenues and Covenant Ratios
- Summary of Actual and Projected Gross and Net Toll Revenues
- Debt Service on Outstanding Bonds of the System

Definitional and reporting differences between the audited financial statements and those prepared in accordance with Master Bond Resolution No. 1117 are noted.

Contact information: Ellen Evans, Office of the State Treasurer
Deputy State Treasurer – Debt Management
360-902-9007 ellen.evans@tre.wa.gov

Amy Arnis, Washington State Department of Transportation
Assistant Secretary/CFO, Financial Administration
360-705-7525 arnisa@wsdot.wa.gov

Exhibit I
Audited Financial Statements

The **Audited Financial Statements** for Fiscal Year 2015 can be found on the Washington State Department of Transportation's webpage under the following link under "Audited Financial Statements":

<http://www.wsdot.wa.gov/Tolling/520/Finance.htm>

Exhibit II

Statement of Net Toll Revenues and Coverage Ratios

Exhibit II
Washington State System of Eligible Toll Facilities
Net Toll Revenues and Coverage Ratios
For the Year Ended June 30, 2015
(in dollars)

		Projected*	Actual	Variance
Gross Toll Revenue	1	68,995,000	69,383,209	388,209
Gross Toll Revenue Adjustments				
Uncollectable Toll Revenue	2	-5,382,074	-6,455,498	-1,073,424
Other Adjustments to Gross Toll Revenue	3	2,422,114	2,621,235	199,121
Other Toll Revenue	4	2,221,338	1,437,350	-783,989
Interest Earnings on Toll Receipts	5	0	227,664	227,664
Miscellaneous Revenue	6	0	279,048	279,048
Total Gross Toll Revenue Adjustments		-738,622	-1,890,201	-1,151,579
Adjusted Gross Toll Revenues**	7	68,256,378	67,493,007	-763,370
Operations & Maintenance Expenditures				
Credit Card and Bank Fees Fees	8	1,077,692	1,204,420	126,728
Toll Collection Operation and Maintenance	9	9,841,762	9,159,459	-682,303
Routine Facility Operation and Maintenance	10	0	0	0
Bridge Insurance Premiums	11	2,221,889	2,221,900	11
Total Operations & Maintenance Expenditures	12	13,141,343	12,585,778	-555,565
Net Toll Revenues		55,115,035	54,907,229	-207,806
Debt Service on All Outstanding Bonds Payable from Tolls				
First Tier Toll Revenue Debt Service		0	0	0
Third Tier (Triple Pledge) Debt Service	13	26,024,975	26,024,975	0
Fourth Tier Toll Revenue Debt Service		0	0	0
Total Debt Service on all Outstanding Bonds		26,024,975	26,024,975	0
<i>Coverage Ratio -- Net Toll Revenue to:</i>				
<i>First Tier Toll Revenue Debt Service</i>		n/a	n/a	n/a
<i>Third Tier (Triple Pledge) Debt Service</i>		2.12	2.11	-0.01
<i>Fourth Tier Toll Revenue Debt Service</i>		2.12	2.11	-0.01
Required Deposits of Net Toll Revenues				
Operating and Maintenance Reserve Subaccount		843,390	843,390	0
Deposit to Deferred Sales Tax Subaccount		0	0	0
Repair and Replacement Reserve Subaccount		1,875,000	1,875,000	0
Total Required Deposits of Net Toll Revenues		2,718,390	2,718,390	0
<i>Coverage Ratio -- Net Toll Revenue to Debt Service and All Required Deposits</i>				
		1.92	1.91	-0.01
Net after Required Deposits		52,396,645	52,188,839	-207,806
Other Uses				
Revenue Stabilization Subaccount		0	0	0
Repair and Replacement Expenditures		516,690	347,232	-169,458
Net Toll Revenues Used for the Project		20,032,079	20,032,079	0
Total Other Uses		20,548,769	20,379,311	-169,458
Net after Other Uses		31,847,875	31,809,528	-38,348

Prepared in accordance with Master Bond Resolution No. 1117.

Exhibit II
Washington State System of Eligible Toll Facilities
Net Toll Revenues and Coverage Ratios
For the Year Ended June 30, 2015

Notes:

- * Projected revenues and expenditures are based on the "SR 520 Bridge Investment Grade Traffic and Revenue Study" dated December 17, 2014.
- ** "Toll Revenues" as defined by the State Finance Committee Master Bond Resolution No. 1117.
- 1. Gross toll revenue was pulled from the ETCC system "unbilled reports". The data was used to determine the gross toll revenue and actual toll revenue, and appropriately excluded exempted toll revenue (e.g., transit) as per WAC 468-270-091.
- 2. Uncollectible Toll Revenue is deducted from Gross Toll Revenue for transactions not recognized as a receivable. Transactions not recognized as receivables include license plate images that could not be read, or transactions where a vehicle owner could not be identified.
- 3. Includes customer discounts/incentives plus revenues from late payment, non-sufficient funds, statement, and "pay by plate" fees.
- 4. Includes transponders and toll revenues recovered through the civil penalty process.
- 5. Interest earned on toll receipts
- 6. Includes payment for ETCC's key performance indicators and accounting adjustments.
- 7. Actual Adjusted Gross Toll Revenues align with Total Revenue of the June 30, 2015 audited Financial Statements; less federal debt service reimbursement, capital interest, and prior biennium accounting adjustments.
- 8. Credit card and bank fees associated with toll transactions.
- 9. Includes Customer Service Center and Toll Collection System vendor costs, as well as the Department's toll collection Operations and Maintenance
- 10. Post-completion Routine Facility Operation and Maintenance costs will be covered by toll revenue.
- 11. The SR 520 Bridge is insured per the requirements of Section 7.07 of Master Bond Resolution No. 1117.
- 12. Total Operations & Maintenance Expenditures align with the SR 520 Corridor Account Expenditures shown in the Audited Financial Statements; excluding capital and repair and replacement expenditures.
- 13. Debt service amount paid in FY 2015. This does not include the amount that the state is withholding for future debt service payments as required by Master Bond Resolution No. 1117.

Exhibit III

Summary of Actual and Projected Gross and Net Toll Revenues

Exhibit III
Washington State System of Eligible Toll Facilities
Summary of Actual and Projected Gross and Net Toll Revenues
As of June 30, 2015

Fiscal Year	Gross Toll Transactions (millions) ⁽¹⁾	Gross Toll Revenue (\$ millions) ⁽¹⁾	Uncollectible Toll Revenue (\$ millions) ⁽²⁾⁽³⁾	Adjustments to Gross Toll Revenue (\$ millions) ⁽²⁾⁽⁴⁾	Subtotal:	Total	Net Toll Revenue (\$ millions)	2012C	2013C	Debt Service Coverage ⁽⁷⁾ --	
					Adjusted Gross Toll Revenue (\$ millions)	Operations and Maintenance Expenditures ⁽²⁾⁽⁵⁾ (\$ millions)		Bonds Debt Service (\$ millions)	TIFIA Bond Debt Service (\$ millions) ⁽⁶⁾	Third Tier Debt Service	Fourth Tier Debt Service
2012	9.61	28.06	(1.74)	3.94	30.25	(9.03)	21.22	-	-	-	-
2013	20.22	61.30	(6.53)	2.76	57.53	(10.51)	47.02	26.02	-	1.81	1.81
2014	20.96	64.59	(4.95)	3.08	62.72	(11.58)	51.14	26.02	-	1.96	1.96
2015*	22.02	69.38	(5.57)	3.68	67.49	(12.59)	54.91	26.02	-	2.11	2.11
2016	23.18	74.38	(4.95)	3.00	72.44	(15.60)	56.84	36.86	12.56	1.75	1.31
2017	24.18	84.21	(5.35)	2.99	81.85	(17.26)	64.59	36.86	12.56	1.80	1.35
2018	24.85	85.96	(5.44)	2.85	83.36	(16.87)	66.49	36.86	12.56	1.85	1.38
2019	25.86	88.64	(5.50)	2.88	86.03	(17.77)	68.26	36.86	12.56	1.91	1.42
2020	26.80	91.34	(5.50)	2.88	88.72	(18.40)	70.32	36.86	12.56	1.95	1.45
2021	27.55	93.27	(5.48)	2.86	90.66	(18.86)	71.80	36.86	12.56	1.99	1.48
2022	28.38	95.51	(5.51)	2.92	92.92	(19.63)	73.29	36.86	12.56	2.03	1.52
2023	29.22	97.74	(5.54)	2.98	95.19	(20.23)	74.96	36.86	12.56	2.08	1.55
2024	30.08	99.95	(5.58)	3.05	97.42	(20.91)	76.51	36.86	12.56	2.11	1.57
2025	30.55	101.76	(5.63)	3.10	99.22	(21.51)	77.71	36.86	12.56	2.14	1.60
2026	31.05	103.54	(5.71)	3.15	100.97	(21.98)	79.00	36.86	12.56	2.17	1.62
2027	31.55	105.22	(5.79)	3.20	102.72	(22.65)	80.08	36.86	12.56	2.21	1.65
2028	32.15	107.45	(5.88)	3.26	104.83	(23.31)	81.52	36.86	12.56	2.23	1.66
2029	32.52	108.68	(5.94)	3.30	106.04	(23.89)	82.15	36.86	12.56	2.25	1.68
2030	33.03	110.46	(6.01)	3.36	107.80	(24.82)	82.98	36.86	12.56	2.29	1.71
2031	33.56	112.44	(6.09)	3.41	109.76	(25.50)	84.26	36.86	12.56	2.33	1.74
2032	34.34	115.07	(6.24)	3.50	112.32	(26.35)	85.97	36.86	12.56	2.36	1.76
2033	34.86	116.75	(6.34)	3.56	113.98	(27.11)	86.87	36.86	12.56	2.38	1.78
2034	35.42	118.60	(6.44)	3.63	115.80	(28.01)	87.79	36.86	12.56	2.40	1.79
2035	35.88	120.02	(6.53)	3.69	117.19	(28.81)	88.38	36.86	12.56	2.42	1.81
2036	36.42	121.83	(6.62)	3.76	118.96	(29.64)	89.32	36.86	12.56	2.43	1.81
2037	36.71	122.83	(6.67)	3.80	119.96	(30.37)	89.59	36.86	12.56	2.44	1.82
2038	37.00	123.78	(6.72)	3.84	120.89	(31.12)	89.78	36.86	12.56	2.43	1.82
2039	37.22	124.49	(6.76)	3.88	121.60	(31.85)	89.75	36.86	12.56	2.42	1.80
2040	37.44	125.15	(6.81)	3.92	122.25	(32.61)	89.64	36.86	12.56	2.42	1.80
2041	37.48	125.21	(6.82)	3.94	122.33	(33.29)	89.04	36.86	12.56	2.42	1.80
2042	37.66	125.91	(6.84)	3.97	123.03	(34.05)	88.98	-	22.62	-	3.93
2043	37.81	126.39	(6.87)	4.00	123.51	(35.01)	88.50	-	22.62	-	3.91
2044	38.08	127.28	(6.92)	4.04	124.39	(35.86)	88.53	-	22.62	-	3.91
2045	38.12	127.35	(6.93)	4.06	124.47	(36.66)	87.82	-	22.62	-	3.88
2046	38.23	127.61	(6.96)	4.09	124.73	(37.53)	87.21	-	22.62	-	3.86
2047	38.39	128.09	(6.99)	4.12	125.22	(38.39)	86.84	-	22.62	-	3.84
2048	38.69	129.22	(7.04)	4.16	126.35	(39.41)	86.94	-	22.62	-	3.84
2049	38.73	129.29	(7.05)	4.19	126.43	(40.31)	86.13	-	22.62	-	3.81
2050	38.88	129.79	(7.08)	4.22	126.93	(41.30)	85.63	-	22.62	-	3.79
2051	39.04	130.28	(7.11)	4.25	127.43	(42.27)	85.16	-	22.62	-	3.77
2052	39.24	130.75	(7.16)	4.30	127.89	(43.36)	84.53	-	22.62	-	3.75
2053	39.35	131.27	(7.16)	4.32	128.44	(44.35)	84.08	-	22.62	-	3.73
2054	39.51	131.77	(7.19)	4.36	128.94	(45.47)	83.46	-	22.62	-	3.71
2055	39.67	132.27	(7.22)	4.39	129.45	(46.62)	82.82	-	22.62	-	3.69
2056	39.95	133.21	(7.28)	4.44	130.38	(47.89)	82.49	-	22.62	-	3.67
Totals 2012-56	1,481.43	4,938.15	(280.43)	163.07	4,820.80	(1,280.51)	3,540.29	1,025.54	540.09		

*Actuals as reported on the Monthly Tolling Reports (MTR) after removing duplicate and non-revenue transactions

- (1) FY 2016 and beyond represent projections prepared by CDM Smith in the November 2014 Traffic and Revenue Forecast.
 - (2) FY 2016 and beyond represent projections prepared by Parsons Brinckerhoff in the November 2014 Net Toll Revenue Forecast.
 - (3) Net of toll revenues recovered through civil penalty process.
 - (4) Includes customer discounts/incentives plus revenues from "pay by plate" and late payment fees.
 - (5) Includes credit card fees, routine collection operation and maintenance ("O&M"), routine facility O&M, intangible software assets, and bridge insurance premiums.
 - (6) Reflects the debt service schedule for the \$300 million TIFIA loan (Series 2013C, as of October 25, 2012). \$195.199 million has been drawn as of June 30, 2015.
 - (7) Prepared by the Office of State Treasurer. Debt Service Coverage is projected and actual coverage may be materially different. The state expects to issue additional Bonds backed by Toll Revenue.
- Source: Traffic and Revenue Study and Net Toll Revenue Report, November 2014.

Exhibit IV

Debt Service on Outstanding Bonds

Exhibit IV
Washington State System of Eligible Toll Facilities
Debt Service on Outstanding Bonds
Outstanding as of June 30, 2015*
(in dollars)

Fiscal Year Ending June 30	General Obligation			GARVEE and TIFIA Bonds						Total		Total Debt Service Requirements
	Triple Pledge			GARVEEs			TIFIA Bond			Principal	Interest	
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total			
2016	-	26,024,975	26,024,975	62,600,000	37,544,175	100,144,175	-	-	-	62,600,000	63,569,150	126,169,150
2017	10,835,000	26,024,975	36,859,975	65,710,000	34,360,925	100,070,925	2,038,906	6,105,378	8,144,284	78,583,906	66,491,278	145,075,184
2018	11,375,000	25,483,225	36,858,225	68,975,000	31,026,150	100,001,150	2,092,210	6,052,074	8,144,284	82,442,210	62,561,449	145,003,659
2019	11,945,000	24,914,475	36,859,475	72,380,000	27,519,375	99,899,375	2,155,235	5,989,049	8,144,284	86,480,235	58,422,899	144,903,134
2020	12,540,000	24,317,225	36,857,225	75,985,000	23,819,250	99,804,250	2,212,465	5,931,819	8,144,284	90,737,465	54,068,294	144,805,759
2021	13,165,000	23,690,225	36,855,225	79,780,000	19,937,625	99,717,625	2,294,566	5,849,718	8,144,284	95,239,566	49,477,568	144,717,134
2022	13,825,000	23,031,975	36,856,975	83,750,000	15,869,938	99,619,938	2,355,926	5,788,358	8,144,284	99,930,926	44,690,271	144,621,197
2023	14,515,000	22,340,725	36,855,725	87,915,000	11,593,625	99,508,625	2,426,894	5,717,390	8,144,284	104,856,894	39,651,740	144,508,634
2024	15,240,000	21,614,975	36,854,975	92,305,000	7,092,125	99,397,125	2,492,694	5,651,590	8,144,284	110,037,694	34,358,690	144,396,384
2025	16,005,000	20,852,975	36,857,975	96,915,000	2,392,250	99,307,250	2,582,453	5,561,831	8,144,284	115,502,453	28,807,056	144,309,509
2026	16,805,000	20,052,725	36,857,725	-	-	-	2,652,882	5,491,402	8,144,284	19,457,882	25,544,127	45,002,009
2027	17,685,000	19,170,463	36,855,463	-	-	-	2,732,796	5,411,488	8,144,284	20,417,796	24,581,950	44,999,747
2028	18,615,000	18,242,000	36,857,000	-	-	-	2,808,246	5,336,038	8,144,284	21,423,246	23,578,038	45,001,284
2029	19,545,000	17,311,250	36,856,250	-	-	-	2,906,627	5,237,657	8,144,284	22,451,627	22,548,907	45,000,534
2030	20,525,000	16,334,000	36,859,000	-	-	-	2,987,270	5,157,014	8,144,284	23,512,270	21,491,014	45,003,284
2031	21,550,000	15,307,750	36,857,750	-	-	-	3,077,257	5,067,027	8,144,284	24,627,257	20,374,777	45,002,034
2032	22,625,000	14,230,250	36,855,250	-	-	-	3,163,572	4,980,712	8,144,284	25,788,572	19,210,962	44,999,534
2033	23,760,000	13,099,000	36,859,000	-	-	-	3,271,663	4,872,621	8,144,284	27,031,663	17,971,621	45,003,284
2034	24,945,000	11,911,000	36,856,000	-	-	-	3,363,806	4,780,478	8,144,284	28,308,806	16,691,478	45,000,284
2035	26,195,000	10,663,750	36,858,750	-	-	-	3,465,136	4,679,148	8,144,284	29,660,136	15,342,898	45,003,034
2036	27,505,000	9,354,000	36,859,000	-	-	-	3,563,687	4,580,597	8,144,284	31,068,687	13,934,597	45,003,284
2037	28,880,000	7,978,750	36,858,750	-	-	-	3,682,711	4,461,573	8,144,284	32,562,711	12,440,323	45,003,034
2038	30,325,000	6,534,750	36,859,750	-	-	-	3,787,805	4,356,479	8,144,284	34,112,805	10,891,229	45,004,034
2039	31,840,000	5,018,500	36,858,500	-	-	-	3,901,907	4,242,377	8,144,284	35,741,907	9,260,877	45,002,784
2040	33,430,000	3,426,500	36,856,500	-	-	-	4,014,236	4,130,048	8,144,284	37,444,236	7,556,548	45,000,784
2041	35,100,000	1,755,000	36,855,000	-	-	-	4,145,572	3,998,712	8,144,284	39,245,572	5,753,712	44,999,284
2042	-	-	-	-	-	-	10,550,938	4,064,895	14,615,833	10,550,938	4,064,895	14,615,833
2043	-	-	-	-	-	-	10,868,770	3,747,064	14,615,833	10,868,770	3,747,064	14,615,833
2044	-	-	-	-	-	-	11,192,323	3,423,510	14,615,833	11,192,323	3,423,510	14,615,833
2045	-	-	-	-	-	-	11,537,002	3,078,831	14,615,833	11,537,002	3,078,831	14,615,833
2046	-	-	-	-	-	-	11,880,862	2,734,971	14,615,833	11,880,862	2,734,971	14,615,833
2047	-	-	-	-	-	-	12,238,755	2,377,078	14,615,833	12,238,755	2,377,078	14,615,833
2048	-	-	-	-	-	-	12,605,525	2,010,309	14,615,833	12,605,525	2,010,309	14,615,833
2049	-	-	-	-	-	-	12,988,821	1,627,013	14,615,833	12,988,821	1,627,013	14,615,833
2050	-	-	-	-	-	-	13,378,420	1,237,413	14,615,833	13,378,420	1,237,413	14,615,833
2051	-	-	-	-	-	-	13,781,425	834,408	14,615,833	13,781,425	834,408	14,615,833
Total	518,775,000	428,685,438	947,460,438	786,315,000	211,155,438	997,470,438	195,199,364	154,566,069	349,765,433	1,500,289,364	794,406,944	2,294,696,308

* Includes \$195.199 million of a \$300 million TIFIA loan (Series 2013C), which has been drawn as of June 30, 2015.