

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED MARCH 31, 2013**

	NOTES	JULY THROUGH DECEMBER	JANUARY THROUGH MARCH	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 30,694,946	12,664,380	\$ 43,359,326
Civil penalty	2	\$ 1,581,386	(1,204,656)	376,730
Violation penalty revenue		\$ 11,741	5,442	17,183
Transponder sales	3	\$ 156,077	68,131	224,208
Toll vendor contractual damages	4	\$ 266,814	100,982	367,796
Toll bill reprocessing fee	5	\$ 222,137	95,391	317,528
Interest income		10,535	9,644	20,179
Miscellaneous	6	\$ 23,456	11,109	34,565
Undistributed receipts/suspense		\$ (136,267)	136,267	-
TOTAL REVENUES		32,830,825	11,886,690	44,717,515
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		1,017,947	495,970	1,513,917
Toll booth and lane vendor contract		1,634,961	841,968	2,476,929
Insurance		1,557,190	-	1,557,190
Credit card and bank fees		469,916	221,890	691,806
Transponder cost of goods sold	7	108,307	48,643	156,950
Other	8	88,787	44,836	133,623
Total Goods and Services		4,877,108	1,653,307	6,530,415
Personal service contracts	9	379,713	167,837	547,550
Salaries and benefits		268,386	145,368	413,754
Civil penalty adjudication costs	10	201,256	99,361	300,617
Infrastructure maintenance and preservation	11	105,205	70,628	175,833
TOTAL EXPENDITURES		5,831,668	2,136,501	7,968,169
EXCESS OF REVENUES OVER EXPENDITURES		26,999,157	9,750,189	36,749,346
OTHER FINANCING USES				
Operating transfers out	12	(19,464,093)	(15,398,910)	(34,863,003)
TOTAL OTHER FINANCING USES		(19,464,093)	(15,398,910)	(34,863,003)
NET CHANGE IN FUND BALANCE		7,535,064	(5,648,721)	1,886,343
FUND BALANCE - BEGINNING		3,912,335	11,447,399	3,912,335
FUND BALANCE - ENDING		\$ 11,447,399	\$ 5,798,678	\$ 5,798,678

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

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Potential Financial Implications of Vendor System Issues— A number of toll vendor (ETCC) system issues have been identified that have financial impacts (final amounts and final dispositions will be known upon remediation of the issues and as toll transactions progress through the system):

- Impacts to toll revenue include toll bill transactions that WSDOT has identified as not progressing to Notice of Civil Penalty (NOCP) within the ETCC system as designed. While exact amounts were not available at the time of issuing financial statements, it is estimated that toll revenue may be overstated by approximately \$699,000.
- Impacts to deferred revenue include amounts that WSDOT has identified as not progressing through ETCCs system as designed and have yet to be recognized as revenue. While exact amounts were not available at the time of issuing financial statements, it is estimated that deferred revenue may be overstated by approximately \$1,685,000.
- Impacts to NOCP revenue and NOCP deferred revenue – approximately 132,000 NOCPs (estimated \$5.9 million) have been certified, but not mailed to customers. The issue has not been resolved as of preparation of the financial statements. In addition, the portion that impacts deferred revenue versus NOCP revenue and the split between the TNB and SR-520 toll facilities was not available at the time of issuing financial statements.

Motor Vehicle Account Obligation – In 2005-07, as tolling began on the Tacoma Narrows Bridge 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 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, which has yet to be given by the Legislature.

Detailed Notes

1. **Tolling Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling in the eastbound direction over the Tacoma Narrows Bridge, which are collected at toll booths, electronic toll accounts, or pay-by-mail. Toll revenue was reduced by approximately \$1.1 million this quarter primarily to limit revenue recognition to amounts estimated to be collected within 12 months and prior to becoming a NOCP, deferring the remaining balance. Due to ETCC system data availability this is the first period in which WSDOT has been able to make this adjustment and the amount of the adjustment is cumulative from inception of toll bills through the end of this reporting period.
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. NOCP revenue was reduced by approximately \$1.8 million this quarter, limiting revenue recognition to amounts estimated to be collected within 12 months, and deferring the portion of NOCP revenue that is estimated to be collected after 12 months. Due to ETCC system data availability this is the first period in which WSDOT has been able to make this adjustment and the amount of the adjustment is cumulative from inception of NOCPs through the end of this reporting period.
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), totaling \$67,799, and the short-term portion of future amounts due from ETCC, totaling \$299,997.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings.
6. **Miscellaneous Revenue** – Revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
8. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, pay-by-mail postage, services provided by outside vendors, and etc.
9. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
10. **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.
11. **Infrastructure Maintenance and Preservation** – Cost of maintenance and bridge preservation activities on the new Tacoma Narrows Bridge not performed by TNB Toll Operations staff. These costs include Goods and Services of \$57,755 and Salaries and Benefits of \$118,078.
12. **Operating Transfers Out** – Transfer of toll proceeds and cash to the Highway Bond Retirement Account to facilitate the payment of debt service.