

**THE TACOMA NARROWS BRIDGE ACCOUNT
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
State Fiscal Year 2012, Quarter Ending June 30, 2012**

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES:				
Tolling Revenue	1	32,747,097	11,356,138	44,103,235
Civil Penalty & NOCP Vendor Contractual Damages	2	0	484,505	484,505
Violation Penalty Revenue		112,375	18,443	130,818
Transponder Sales	3	262,271	90,254	352,525
Toll Vendor Contractual Damages	4	3,027	1,458,882	1,461,909
Toll Bill Reprocessing Fee	5	62,105	67,313	129,418
Interest Income		65,090	7,858	72,948
Miscellaneous	6	230,195	11,841	242,036
Undistributed Receipts/Suspense		(82,462)	82,463	0
Total Revenues	7	33,399,698	13,577,697	46,977,395
EXPENDITURES:				
Goods and Services				
Toll CSC Operations Vendor Contract		1,217,219	436,471	1,653,690
Toll Booth and Lane Vendor Contract		2,500,485	829,532	3,330,017
Insurance		1,486,315	0	1,486,315
Credit Card and Bank Fees		658,430	198,797	857,227
Transponder Cost of Goods Sold	8	194,177	59,910	254,088
Washington State Patrol		14,583	0	14,583
Other	9	131,402	71,715	203,117
Personal Service Contracts	10	221,744	244,519	466,263
Salaries and Benefits		388,376	138,875	527,251
Capital Outlay - Intangible Software Asset	11	10,447	1,335,482	1,345,929
Civil Penalty Adjudication Costs	12	40,393	360,656	401,050
Infrastructure Maintenance & Preservation	13	133,890	72,643	206,533
Total Expenditures		6,997,461	3,748,601	10,746,062
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		26,402,237	9,829,096	36,231,332
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	14	(31,027,461)	(9,415,209)	(40,442,670)
Total Other Financing Sources (Uses)		(31,027,461)	(9,415,209)	(40,442,670)
NET CHANGE IN FUND BALANCE		(4,625,224)	413,887	(4,211,338)
FUND BALANCE - BEGINNING		8,123,673	3,498,449	8,123,673
FUND BALANCE - ENDING		3,498,449	3,912,335	3,912,335

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental fund types.

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

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Notes:

Backlogged Financial Reconciliations - As of February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). With this transition, the new ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. While we are not aware of any *material* discrepancies in the accounting records, ETCC has not completed key reconciliations dating back to December 2011, which ensure timely and accurate processing of financial transactions. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments made.

At this time, there are more than 100,000 estimated transactions (out of a total of approximately 14 million transactions for FY12) still in process for the December - June time frame. These transactions are waiting for their final disposition within the ETCC system. An estimated \$434,000 in potential revenue associated with these was not recognized in the accounting records during SFY12. This revenue was not recognized given the uncertainty of these transactions reaching a disposition within the system that would support revenue recognition. When these transactions process through the ETCC system to their final disposition, the appropriate amount of revenue will be recognized in the subsequent fiscal period for any transactions that are not dismissed.

Motor Vehicle Account Obligation – The TNB Account is obligated to repay \$5.288 million loaned from the Motor Vehicle Account during the 05/07 biennium. As directed by legislation, all net TNB Civil Penalty Revenue received under the future Notice of Civil Penalty Adjudication process must be transferred to the Motor Vehicle Account each biennium as repayment of the outstanding obligation until the full amount of the original loan (\$5.288 million) has been repaid.

Detailed Notes:

- 1 Tolling Revenue represents the revenue earned, net of any adjustments, from vehicles traveling over the Tacoma Narrows Bridge in an eastbound direction. Tolls are collected either at a toll booth or via an electronic toll account or via pay-by-mail.
- 2 Civil Penalty & NOCP Vendor Contractual Damages includes revenue associated with repayment of facility rental, as well as Civil Penalty Revenue that is earned when any one 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 administrative hearing, or (c) Administrative Law Judge upholds the Notice of Civil Penalty.
- 3 Transponder Sales represents the sale of transponder devices purchased by potential Good to Go electronic toll account customers.
- 4 Toll Vendor Contractual Damages is comprised of:
 - (a) \$1,332,000 for the ETCC software asset.
 - (b) \$8,444 for ETCC KPIs (Key Performance Indicators).
 - (c) \$118,438 for the short-term portion of future amounts due from ETCC.
 - (d) \$14,583 recovered from ETCC to pay the additional Washington State Patrol cost shown in the expenditure section.
 - (e) A reduction to revenue associated with the removal of \$11,556 that was recorded in WSDOT's accounting records last year as a receivable from TransCore - It has been determined that the contract does not support collection from the vendor.
- 5 Toll Bill Reprocessing Fee Revenue represents TNBs allocated portion of fees associated with the issuance of second toll billings.
- 6 Miscellaneous Revenue includes administrative & statement fees, NSF check fees, and cash over. Miscellaneous revenue also includes payments related to sale of surplus property and prior period recoveries.
- 7 While the financial statements display all revenue and all expenditures, "Net Operating Revenue" of \$35,789,754 is the difference between "operating revenue" of \$46,535,816 and "operating expenses" of \$10,746,062. Operating revenue includes all items shown within the revenue sections, excluding interest, and any prior period recoveries, sales of real estate, and suspense. Operating expense includes all items shown within the expenditures section.
- 8 Transponder Cost of Goods Sold represents the cost of transponders including the purchase price of transponders, packaging materials, and costs for postage.
- 9 Other Goods and Services expenditures include items such as supplies, communications, rents, repairs, pay-by-mail postage, as well as services provided by outside vendors, etc.
- 10 Personal Service Contract expenditures are for costs incurred for traffic and revenue forecast consulting and CSC operations consulting.
- 11 Capital Outlay – Intangible Software Asset: Costs are comprised of the TNB Account share of the software asset price (\$1,332,000) and the portion of WSDOT staff salaries, funded by the TNB Account, that were attributable to work on the development of the software asset (\$13,929).
- 12 Civil Penalty Adjudication Costs include TNBs share of the adjudication system vendor contract with ETCC for the adjudication system module as well as TNBs share of supplies, communications, and salaries & benefits of WSDOT adjudication staff.
- 13 Infrastructure Maintenance & Preservation includes the 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 \$79,541 and Salaries and Benefits of \$126,992).
- 14 Operating Transfers Out is a transfer of toll proceeds and cash from the TNB Account to the Highway Bond Retirement Account to facilitate the payment of debt service.