

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED SEPTEMBER 30, 2016**

	NOTES	JULY THROUGH SEPT	YEAR-TO-DATE
REVENUES			
Tolling revenue	1	\$ 21,095,313	\$ 21,095,313
Civil penalty	2	328,647	328,647
Transponder sales	3	136,276	136,276
Toll vendor contractual damages	4	35,773	35,773
Toll bill reprocessing fee	5	102,433	102,433
Interest income		31,303	31,303
Miscellaneous	6	9,205	9,205
TOTAL REVENUES		<u>21,738,950</u>	<u>21,738,950</u>
EXPENDITURES			
Goods and Services			
Toll CSC operations vendor contract	7	592,960	592,960
Toll booth and lane vendor contract		807,390	807,390
Insurance	8	1,134,456	1,134,456
Credit card and bank fees		444,607	444,607
Transponder cost of goods sold	9	97,581	97,581
Pay-by-mail		130,529	130,529
Other	10	100,485	100,485
Total Goods and Services		<u>3,308,008</u>	<u>3,308,008</u>
Personal service contracts	11	215,200	215,200
Salaries and benefits		232,034	232,034
Civil penalty adjudication costs	12	350,599	350,599
Infrastructure maintenance and preservation	13	84,494	84,494
TOTAL EXPENDITURES		<u>4,190,335</u>	<u>4,190,335</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>17,548,615</u>	<u>17,548,615</u>
OTHER FINANCING USES			
Operating transfers out	14	<u>(15,741,330)</u>	<u>(15,741,330)</u>
TOTAL OTHER FINANCING USES		<u>(15,741,330)</u>	<u>(15,741,330)</u>
NET CHANGE IN FUND BALANCE		1,807,285	1,807,285
FUND BALANCE - BEGINNING		<u>20,876,586</u>	<u>20,876,586</u>
FUND BALANCE - ENDING		<u>\$ 22,683,871</u>	<u>\$ 22,683,871</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.

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 2015-17 biennium, the Legislature provided authority in Chapter 10, Laws of 2015 PV (2ESHB 1299, Section 403(6)) to transfer \$950,000. The current obligation at the beginning of 2015-17 biennium is \$4,338,000.

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 CSC Operations Vendor Contract** – Payment for monthly Customer Service Center (CSC) 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. **Infrastructure Maintenance and Preservation** – Cost of maintenance and bridge preservation activities on the new TNB.
14. **Operating Transfers Out** – Pursuant to RCW 47.46.140, \$15,736,330 was transferred to MVA for debt service paid. An additional \$5,000 was transferred resulting from the Moore V HCA settlement. See 2ESHB 2376 section 708.