

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2017, QUARTER ENDED MARCH 31, 2017**

	<u>NOTES</u>	<u>JUL THROUGH SEP</u>	<u>OCT THROUGH DEC</u>	<u>JAN THROUGH MAR</u>	<u>YEAR-TO-DATE</u>
REVENUES					
Tolling revenue	1	\$ 21,095,313	\$ 19,134,521	\$ 18,533,674	\$ 58,763,509
Civil penalty	2	328,647	526,375	382,290	1,237,312
Transponder sales	3	136,276	116,380	110,948	363,604
Toll vendor contractual damages	4	35,773	33,790	34,845	104,407
Toll bill reprocessing fee	5	102,433	96,780	107,654	306,867
Interest income		31,303	42,149	50,831	124,283
Miscellaneous	6	9,205	8,186	8,344	25,735
TOTAL REVENUES		<u>21,738,950</u>	<u>19,958,182</u>	<u>19,228,585</u>	<u>60,925,717</u>
EXPENDITURES					
Goods and Services					
Toll CSC operations vendor contract	7	592,960	609,875	646,976	1,849,811
Toll booth and lane vendor contract		807,390	807,531	852,667	2,467,588
Insurance	8	1,134,456	10,710	5,496	1,150,662
Credit card and bank fees		444,607	392,837	349,847	1,187,291
Transponder cost of goods sold	9	97,581	81,569	77,540	256,690
Pay-by-mail		130,529	109,603	121,973	362,105
Other	10	100,485	91,286	139,397	331,168
Total Goods and Services		<u>3,308,008</u>	<u>2,103,411</u>	<u>2,193,897</u>	<u>7,605,316</u>
Personal service contracts	11	215,201	300,086	161,815	677,102
Salaries and benefits		232,034	230,614	280,820	743,468
Civil penalty adjudication costs	12	350,599	479,900	585,522	1,416,021
Maintenance and preservation	13	84,494	134,325	858,922	1,077,741
TOTAL EXPENDITURES		<u>4,190,335</u>	<u>3,248,337</u>	<u>4,080,975</u>	<u>11,519,648</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>17,548,615</u>	<u>16,709,844</u>	<u>15,147,610</u>	<u>49,406,069</u>
OTHER FINANCING USES					
Operating transfers out	14	(15,741,330)	(12,566,995)	(22,894,330)	(51,202,655)
TOTAL OTHER FINANCING USES		<u>(15,741,330)</u>	<u>(12,566,995)</u>	<u>(22,894,330)</u>	<u>(51,202,655)</u>
NET CHANGE IN FUND BALANCE		1,807,285	4,142,849	(7,746,720)	(1,796,586)
FUND BALANCE - BEGINNING		<u>20,876,586</u>	<u>22,683,871</u>	<u>26,826,720</u>	<u>20,876,586</u>
FUND BALANCE - ENDING		<u>\$ 22,683,871</u>	<u>\$ 26,826,720</u>	<u>\$ 19,080,001</u>	<u>\$ 19,080,001</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. Increase in services provided by Jacobs, new contract with Stantec.
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 bridge preservation activities on the new TNB.
14. **Operating Transfers Out** – Amount transferred to MVA for debt service pursuant to RCW 47.46.140. Also includes transfer resulting from the Moore V HCA settlement. See 2ESHB 2376 section 708.