

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2018, QUARTER ENDED MARCH 31, 2018**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	JAN THROUGH MAR	YEAR-TO-DATE
REVENUES					
Toll revenue	1	\$ 21,249,999	\$ 20,110,268	\$ 19,165,794	\$ 60,526,062
Civil penalty	2	759,825	457,168	748,472	1,965,464
Transponder sales	3	125,697	123,462	113,067	362,226
Toll vendor contractual damages	4	1,285	2,230	1,475	4,990
Toll bill reprocessing fee	5	129,957	119,056	133,049	382,062
Interest income		42,457	70,337	91,945	204,739
Miscellaneous	6	13,720	18,153	6,892	38,764
TOTAL REVENUES		<u>22,322,939</u>	<u>20,900,674</u>	<u>20,260,694</u>	<u>63,484,307</u>
EXPENDITURES					
Goods and Services					
Toll operations vendor contracts	7	1,564,721	1,547,284	1,652,317	4,764,323
Insurance	8	1,032,291	9,844	6,602	1,048,737
Credit card and bank fees		442,951	477,233	393,440	1,313,624
Transponder cost of goods sold	9	91,275	83,874	74,534	249,683
Pay-by-mail		142,251	141,575	123,632	407,458
Other	10	110,343	107,033	84,202	301,578
Total Goods and Services		<u>3,383,832</u>	<u>2,366,844</u>	<u>2,334,727</u>	<u>8,085,403</u>
Personal service contracts	11	159,318	217,007	168,727	545,052
Salaries and benefits		278,941	276,991	281,506	837,438
Civil penalty adjudication costs	12	273,065	184,320	205,836	663,221
Maintenance and preservation	13	132,517	175,134	135,173	442,825
TOTAL EXPENDITURES		<u>4,227,673</u>	<u>3,220,296</u>	<u>3,125,969</u>	<u>10,573,938</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>18,095,266</u>	<u>17,680,377</u>	<u>17,134,726</u>	<u>52,910,369</u>
OTHER FINANCING USES					
Operating transfers out	14	<u>(16,706,730)</u>	<u>(11,530,095)</u>	<u>(24,154,730)</u>	<u>(52,391,555)</u>
TOTAL OTHER FINANCING USES		<u>(16,706,730)</u>	<u>(11,530,095)</u>	<u>(24,154,730)</u>	<u>(52,391,555)</u>
NET CHANGE IN FUND BALANCE		1,388,536	6,150,282	(7,020,004)	518,814
FUND BALANCE - BEGINNING		<u>19,711,820</u>	<u>21,100,355</u>	<u>27,250,638</u>	<u>19,711,820</u>
FUND BALANCE - ENDING		<u>\$ 21,100,355</u>	<u>\$ 27,250,638</u>	<u>\$ 20,230,633</u>	<u>\$ 20,230,633</u>

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

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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 2017-19 biennium, the Legislature provided authority in Chapter 313, Laws of 2017 PV (ESB 5096, Section 408(19)) to transfer \$950,000. The current obligation at the beginning of 2017-19 biennium is \$3,338,000.

Tolling Operations System and Customer Service - In Fiscal Year (FY) 2018, WSDOT procured and contracted with a new toll system vendor and a customer service vendor. The costs for design and implementation of the new toll system and customer service center are allocated to all toll facilities. Design and implementation costs are reported in several categories on the financial statements. Tacoma Narrows Bridge portion of these expenditures are \$333,399 for current quarter and \$729,750 for fiscal year to date.

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 Operations Vendor Contract** – Payment for monthly 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. **Maintenance and Preservation** – Cost of maintenance and preservation activities on the new TNB. 3rd quarter Maintenance totaled \$135,173 and preservation totaled \$0. Year to date Maintenance totaled \$442,825 and Preservation totaled \$0.
14. **Operating Transfers Out** – Amount transferred to MVA for debt service pursuant to RCW 47.46.140.