

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2014, QUARTER ENDED JUNE 30, 2014**

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 46,798,911	\$ 16,340,083	\$ 63,138,994
Civil penalty	2	(1,280,219)	631,041	(649,178)
Violation penalty revenue		5,358	3,536	8,894
Transponder sales	3	226,889	79,181	306,070
Toll vendor contractual damages	4	269,957	36,168	306,125
Toll bill reprocessing fee	5	304,366	33,071	337,437
Interest income		11,239	10,713	21,952
Miscellaneous	6	33,136	10,163	43,299
TOTAL REVENUES		<u>46,369,637</u>	<u>17,143,956</u>	<u>63,513,593</u>
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract	7	1,601,993	520,118	2,122,111
Toll booth and lane vendor contract		2,446,145	823,758	3,269,903
Insurance		1,589,615	4,790	1,594,405
Credit card and bank fees		789,262	332,031	1,121,293
Transponder cost of goods sold	8	163,769	50,932	214,701
Other	9	163,423	96,684	260,107
Total Goods and Services		<u>6,754,207</u>	<u>1,828,313</u>	<u>8,582,520</u>
Personal service contracts	10	426,794	188,282	615,076
Salaries and benefits		386,754	136,294	523,048
Civil penalty adjudication costs	11	830,553	282,399	1,112,952
Infrastructure maintenance and preservation	12	166,637	87,259	253,896
TOTAL EXPENDITURES		<u>8,564,945</u>	<u>2,522,547</u>	<u>11,087,492</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>37,804,692</u>	<u>14,621,409</u>	<u>52,426,101</u>
OTHER FINANCING USES				
Operating transfers out	13	(42,464,673)	(12,458,185)	(54,922,858)
TOTAL OTHER FINANCING USES		<u>(42,464,673)</u>	<u>(12,458,185)</u>	<u>(54,922,858)</u>
NET CHANGE IN FUND BALANCE		(4,659,981)	2,163,224	(2,496,757)
FUND BALANCE - BEGINNING		<u>11,577,991</u>	<u>6,918,010</u>	<u>11,577,991</u>
FUND BALANCE - ENDING		<u>\$ 6,918,010</u>	<u>\$ 9,081,234</u>	<u>\$ 9,081,234</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 results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

ETCC Critical Accounting Reports and Backlogged Reconciliations - During the fiscal year and shortly thereafter, ETCC successfully remediated most of the critical accounting report defects and resubmitted all reconciliations since the inception of electronic tolling in December 2011 through the most recent fiscal year. WSDOT is reviewing the reconciliation support and is working collaboratively with ETCC to bring the reconciliations current, ensure all defects are remediated, and achieve system acceptance.

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 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 2013-15 biennium, the Legislature provided authority in Chapter 222, laws of 2014 (ESSB 6001, Section 407(15)) to transfer \$950,000.

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, 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. Due to improved timeliness of ETCC reports, WSDOT was able to transition our NOCP receivable allowance and deferral methodology to a current monthly methodology, this transition meant an additional month of allowance activity occurred in fiscal year 2014 to bring the methodology current which resulted in negative revenue for the 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 \$16,148, and the short-term portion of future amounts due from ETCC, totaling \$289,977.
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** – In addition to payment for monthly CSC operations, costs paid to ETCC include pass-through costs related to printing, postage, and registered owner look up costs.
8. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
9. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
10. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
11. **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.
12. **Infrastructure Maintenance and Preservation** – Cost of maintenance and bridge preservation activities on the new Tacoma Narrows Bridge. These costs include Goods and Services of \$91,806 and Salaries and Benefits of \$162,090.
13. **Operating Transfers Out** – Transfer of toll proceeds and cash to facilitate the payment of debt service.