

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

	NOTES	JULY THROUGH SEPT	OCT THROUGH DEC	JAN THROUGH MAR	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES						
Tolling revenue	1	\$ 20,422,802	\$ 18,587,622	\$ 18,705,601	\$ 20,474,705	\$ 78,190,730
Civil penalty	2	535,339	310,682	219,821	631,781	1,697,623
Transponder sales	3	87,267	84,807	180,375	131,245	483,694
Toll vendor contractual damages	4	33,310	35,806	35,347	34,563	139,026
Toll bill reprocessing fee	5	98,413	98,647	53,886	92,902	343,848
Interest income		24,343	17,469	25,674	85,453	152,939
Miscellaneous	6	12,697	12,161	9,405	10,066	44,329
TOTAL REVENUES		<u>21,214,171</u>	<u>19,147,194</u>	<u>19,230,109</u>	<u>21,460,715</u>	<u>81,052,189</u>
EXPENDITURES						
Goods and Services						
Toll CSC operations vendor contract	7	545,865	442,975	649,905	499,158	2,137,903
Toll booth and lane vendor contract		787,717	785,484	808,414	803,904	3,185,519
Insurance	8	1,157,475	7,927	18,722	(225)	1,183,899
Credit card and bank fees		383,373	377,197	289,328	403,159	1,453,057
Transponder cost of goods sold	9	63,700	78,675	108,669	64,785	315,829
Pay-by-mail		86,150	70,900	68,076	125,688	350,814
Other	10	109,404	125,653	108,206	132,705	475,968
Total Goods and Services		<u>3,133,684</u>	<u>1,888,811</u>	<u>2,051,320</u>	<u>2,029,174</u>	<u>9,102,989</u>
Personal service contracts	11	184,495	148,510	154,512	315,918	803,435
Salaries and benefits		200,062	177,368	178,226	206,749	762,405
Civil penalty adjudication costs	12	241,243	198,012	186,538	246,138	871,931
Infrastructure maintenance and preservation	13	969	201,132	104,040	136,017	442,158
TOTAL EXPENDITURES		<u>3,760,453</u>	<u>2,613,833</u>	<u>2,674,636</u>	<u>2,933,996</u>	<u>11,982,918</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>17,453,718</u>	<u>16,533,361</u>	<u>16,555,473</u>	<u>18,526,719</u>	<u>69,069,272</u>
OTHER FINANCING USES						
Operating transfers out	14	<u>(15,927,230)</u>	<u>(11,048,345)</u>	<u>(20,424,230)</u>	<u>(14,876,345)</u>	<u>(62,276,150)</u>
TOTAL OTHER FINANCING USES		<u>(15,927,230)</u>	<u>(11,048,345)</u>	<u>(20,424,230)</u>	<u>(14,876,345)</u>	<u>(62,276,150)</u>
NET CHANGE IN FUND BALANCE		1,526,488	5,485,016	(3,868,757)	3,650,374	6,793,122
FUND BALANCE - BEGINNING		<u>14,083,465</u>	<u>15,609,953</u>	<u>21,094,969</u>	<u>17,226,212</u>	<u>14,083,465</u>
FUND BALANCE - ENDING		<u>\$ 15,609,953</u>	<u>\$ 21,094,969</u>	<u>\$ 17,226,212</u>	<u>\$ 20,876,586</u>	<u>\$ 20,876,587</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 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. Unearned revenue decreased 55% and receivables increased 35% resulting in an increased Civil Penalty revenue for the 4th quarter.
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** – Insurance was overstated by \$10,794 in the 3rd quarter, so an adjustment was recorded in the 4th quarter.
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. A \$30,796 adjustment to reduce Transponder Cost Goods Sold was recorded in the 4th quarter to account for flex and motorcycle incentive program.
10. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, outside vendor services, printing, and registered owner look up costs. Beginning May 2016, WSDOT contracted with Department of Enterprise Services (DES) to provide mailing services.
11. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting. The increase in 4th quarter is related to additional services provided for CSC System request and procurement support.
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. The number of cases that went to hearings increased in the 4th quarter.
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, \$14,876,345 was transferred to MVA for debt service paid.

