

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2016, QUARTER ENDED DECEMBER 31, 2015

	NOTES	JULY THROUGH SEPT	OCT THROUGH DEC	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 20,422,802	\$ 18,587,622	\$ 39,010,424
Civil penalty	2	535,339	310,682	846,021
Transponder sales	3	87,267	84,807	172,074
Toll vendor contractual damages	4	33,310	35,806	69,116
Toll bill reprocessing fee	5	98,413	98,647	197,060
Interest income		24,343	17,469	41,812
Miscellaneous	6	12,697	12,161	24,858
TOTAL REVENUES		21,214,171	19,147,194	40,361,365
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract	7	545,865	442,975	988,840
Toll booth and lane vendor contract		787,717	785,484	1,573,201
Insurance	8	1,157,475	7,927	1,165,402
Credit card and bank fees		383,373	377,197	760,570
Transponder cost of goods sold	9	63,700	78,675	142,375
Pay-by-mail		86,150	70,900	157,050
Other	10	109,404	125,653	235,057
Total Goods and Services		3,133,684	1,888,811	5,022,495
Personal service contracts	11	184,495	148,510	355,088
Salaries and benefits		200,062	177,368	377,430
Civil penalty adjudication costs	12	241,243	198,012	439,255
Infrastructure maintenance and preservation	13	969	201,132	202,101
TOTAL EXPENDITURES		3,760,453	2,613,833	6,374,286
EXCESS OF REVENUES OVER EXPENDITURES		17,453,718	16,533,361	33,987,079
OTHER FINANCING USES				
Operating transfers out	14	(15,927,230)	(11,048,345)	(26,975,575)
TOTAL OTHER FINANCING USES		(15,927,230)	(11,048,345)	(26,975,575)
NET CHANGE IN FUND BALANCE		1,526,488	5,485,016	7,011,504
FUND BALANCE - BEGINNING		14,083,465	15,609,953	14,083,465
FUND BALANCE - ENDING		\$ 15,609,953	\$ 21,094,969	\$ 21,094,969

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.

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. December tolling revenue is understated by an immaterial amount due to a temporary system issue that has been resolved. The understated revenue will be recorded in January 2016.
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. Civil Penalty Revenues decreased by 42% from last quarter. A large spike in dismissals is assumed to be a result of Customer Program for Resolution (CPR).
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 \$35,806, and the short-term portion of future amounts due from ETCC, totaling \$133,200.
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.
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, \$11,048,345 was transferred to MVA for debt service paid.