

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

	<b>NOTES</b>	<b>JULY THROUGH DECEMBER</b>	<b>JANUARY THROUGH MARCH</b>	<b>YEAR-TO-DATE</b>
<b>REVENUES</b>				
Tolling revenue	1	\$ 34,386,262	\$ 16,016,765	\$ 50,403,027
Civil penalty	2	1,876,588	998,893	2,875,481
Transponder sales	3	165,884	80,303	246,187
Toll vendor contractual damages	4	72,617	38,151	110,768
Toll bill reprocessing fee	5	237,508	117,703	355,211
Interest income		17,305	17,934	35,239
Miscellaneous	6	25,876	10,181	36,057
<b>TOTAL REVENUES</b>		<u>36,782,040</u>	<u>17,279,930</u>	<u>54,061,970</u>
<b>EXPENDITURES</b>				
Goods and Services				
Toll CSC operations vendor contract	7	956,139	521,428	1,477,567
Toll booth and lane vendor contract		1,576,292	775,682	2,351,974
Insurance	8	1,316,747	3,511	1,320,258
Credit card and bank fees		620,662	302,347	923,009
Transponder cost of goods sold	9	86,845	47,473	134,318
Pay-by-mail		143,570	68,729	212,299
Other	10	165,487	100,820	266,307
<b>Total Goods and Services</b>		<u>4,865,742</u>	<u>1,819,990</u>	<u>6,685,732</u>
Personal service contracts	11	423,205	242,694	665,899
Salaries and benefits		283,498	133,164	416,662
Civil penalty adjudication costs	12	631,773	305,997	937,770
Infrastructure maintenance and preservation	13	118,105	230,197	348,302
<b>TOTAL EXPENDITURES</b>		<u>6,322,323</u>	<u>2,732,042</u>	<u>9,054,365</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>		<u>30,459,717</u>	<u>14,547,888</u>	<u>45,007,605</u>
<b>OTHER FINANCING USES</b>				
Operating transfers out	14	<u>(22,768,625)</u>	<u>(18,581,390)</u>	<u>(41,350,015)</u>
<b>TOTAL OTHER FINANCING USES</b>		<u>(22,768,625)</u>	<u>(18,581,390)</u>	<u>(41,350,015)</u>
<b>NET CHANGE IN FUND BALANCE</b>		7,691,092	(4,033,502)	3,657,590
<b>FUND BALANCE - BEGINNING</b>		<u>9,081,234</u>	<u>16,772,326</u>	<u>9,081,234</u>
<b>FUND BALANCE - ENDING</b>		<u>\$ 16,772,326</u>	<u>\$ 12,738,824</u>	<u>\$ 12,738,824</u>

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

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
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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 fiscal year 2014 and shortly thereafter, ETCC successfully remediated all 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 has accepted ETCC's critical reports and is working to 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.
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 \$10,868, and the short-term portion of future amounts due from ETCC, totaling \$99,900.
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. This includes \$1,287 for violation penalty revenue received during the quarter.
7. **Toll CSC Operations Vendor Contract** – Payment for monthly 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 Tacoma Narrows Bridge. The quarterly costs include Goods and Services of \$126,755 and Salaries and Benefits of \$103,442.
14. **Operating Transfers Out** – Transfer of toll proceeds and cash to facilitate the payment of debt service.