

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013**

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 43,359,326	\$ 15,315,799	\$ 58,675,125
Civil penalty	2	376,730	3,449,533	3,826,263
Violation penalty revenue		17,183	4,319	21,502
Transponder sales	3	224,208	83,142	307,350
Toll vendor contractual damages	4	367,796	106,300	474,096
Toll bill reprocessing fee	5	317,528	(51,062)	266,466
Interest income		20,179	9,682	29,861
Miscellaneous	6	34,565	9,770	44,335
TOTAL REVENUES		<u>44,717,515</u>	<u>18,927,483</u>	<u>63,644,998</u>
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		1,513,917	508,531	2,022,448
Toll booth and lane vendor contract		2,476,929	895,182	3,372,111
Insurance		1,557,190	-	1,557,190
Credit card and bank fees		691,806	267,633	959,439
Transponder cost of goods sold	7	156,950	60,372	217,322
Other	8	133,623	60,782	194,405
Total Goods and Services		<u>6,530,415</u>	<u>1,792,500</u>	<u>8,322,915</u>
Personal service contracts	9	547,550	165,339	712,889
Salaries and benefits		413,754	147,311	561,065
Civil penalty adjudication costs	10	300,617	172,413	473,030
Infrastructure maintenance and preservation	11	175,833	80,442	256,275
TOTAL EXPENDITURES		<u>7,968,169</u>	<u>2,358,005</u>	<u>10,326,174</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>36,749,346</u>	<u>16,569,478</u>	<u>53,318,824</u>
OTHER FINANCING USES				
Operating transfers out	12	(34,863,003)	(10,790,165)	(45,653,168)
TOTAL OTHER FINANCING USES		<u>(34,863,003)</u>	<u>(10,790,165)</u>	<u>(45,653,168)</u>
NET CHANGE IN FUND BALANCE		1,886,343	5,779,313	7,665,656
FUND BALANCE - BEGINNING		<u>3,912,335</u>	<u>5,798,678</u>	<u>3,912,335</u>
FUND BALANCE - ENDING		<u>\$ 5,798,678</u>	<u>\$ 11,577,991</u>	<u>\$ 11,577,991</u>

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

NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013

Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

Reports in the Subsidiary Accounting System for Tolling - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

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 ESSB 5024, 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, 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 \$74,100, and the short-term portion of future amounts due from ETCC, totaling \$399,996.
5. **Toll Bill Reprocessing Fee Revenue** - The allocated portion of fees associated with the issuance of second toll billings. Toll bill reprocessing fee revenue was reduced this quarter primarily to limit revenue recognition to amounts estimated to be collected within 12 months and deferring the remaining balance. Due to ETCC system data availability this is the first period in which WSDOT has been able to make this adjustment and the amount of the adjustment is cumulative from inception of toll bills through the end of this reporting period.
6. **Miscellaneous Revenue** - Revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Transponder Cost of Goods Sold** - Cost of purchasing, packaging, and shipping transponders.
8. **Other Goods and Services** - Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, etc.
9. **Personal Service Contracts** - Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
10. **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.
11. **Infrastructure Maintenance and Preservation** - Cost of maintenance and bridge preservation activities on the new Tacoma Narrows Bridge not performed by TNB Toll Operations staff. These costs include Goods and Services of \$103,930 and Salaries and Benefits of \$152,345.
12. **Operating Transfers Out** - Transfer of toll proceeds and cash to the Highway Bond Retirement Account to facilitate the payment of debt service.