

**NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2019, QUARTER ENDED SEPTEMBER 30, 2018**

	<u>NOTES</u>	<u>JUL THROUGH SEP</u>	<u>YEAR-TO-DATE</u>
REVENUES			
Toll revenue	1	\$ 21,688,287	\$ 21,688,287
Civil penalty	2	424,971	424,971
Transponder sales	3	135,778	135,778
Toll vendor contractual damages	4	1,459	1,459
Toll bill reprocessing fee	5	132,138	132,138
Interest income		81,742	81,742
Miscellaneous	6	8,037	8,037
TOTAL REVENUES		<u>22,472,412</u>	<u>22,472,412</u>
EXPENDITURES			
Goods and Services			
Toll operations vendor contracts	7	2,061,117	2,061,117
Insurance	8	1,072,095	1,072,095
Credit card and bank fees		490,909	490,909
Transponder cost of goods sold	9	89,868	89,868
Pay-by-mail		150,195	150,195
Other	10	111,179	111,179
Total Goods and Services		<u>3,975,363</u>	<u>3,975,363</u>
Personal service contracts	11	145,412	145,412
Salaries and benefits		269,786	269,786
Civil penalty adjudication costs	12	204,411	204,411
Maintenance and preservation	13	189,495	189,495
TOTAL EXPENDITURES		<u>4,784,466</u>	<u>4,784,466</u>
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>17,687,946</u>	<u>17,687,946</u>
OTHER FINANCING USES			
Operating transfers out	14	(17,669,460)	(17,669,460)
TOTAL OTHER FINANCING USES		<u>(17,669,460)</u>	<u>(17,669,460)</u>
NET CHANGE IN FUND BALANCE		18,486	18,486
FUND BALANCE - BEGINNING		<u>21,320,461</u>	<u>21,320,461</u>
FUND BALANCE - ENDING		<u>\$ 21,338,947</u>	<u>\$ 21,338,947</u>

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

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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 2017-19 biennium, the Legislature provided authority in Chapter 313, Laws of 2017 PV (ESB 5096, Section 408(19)) to transfer \$950,000. The current obligation at the beginning of 2017-19 biennium is \$3,388,000.

Tolling Operations System and Customer Service - In Fiscal Year (FY) 2018, WSDOT procured and contracted with a new toll system vendor and a customer service vendor. The costs for design and implementation of the new toll system and customer service center are allocated to all toll facilities. Design and implementation costs are reported in several categories on the financial statements. Tacoma Narrows Bridge portion of these expenditures are \$431,508 for current quarter and fiscal year to date.

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.
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 Operations Vendor Contract** – Payment for monthly 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. Transponder Cost of Goods Sold is directly related to Transponder Sales Revenue.
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. **Maintenance and Preservation** – Cost of maintenance and preservation activities on the new TNB. 1st quarter Maintenance totaled \$168,802 and preservation totaled \$20,693. Year to date Maintenance totaled \$168,802 and Preservation totaled \$20,693.
14. **Operating Transfers Out** – Amount transferred to MVA for debt service pursuant to RCW 47.46.140.