

**WASHINGTON TOLLING SYSTEM  
DEPARTMENT OF TRANSPORTATION  
STATE OF WASHINGTON**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE  
Year Ended June 30, 2008 - Revised Final\***

	NOTES	TNB (Fund 511)	HOT LANES (Fund 09F)	COMBINED
<b>OPERATING REVENUES:</b>				
Tolls		29,959,616	49,221	30,008,837
Violation Penalties	1	466,521	0	466,521
Transponder Sales		759,813	45,961	805,773
Miscellaneous Revenue	2	2,794	0	2,794
Total Operating Revenues		<u>31,188,744</u>	<u>95,181</u>	<u>31,283,926</u>
<b>OPERATING EXPENDITURES:*</b>				
Personal Service Contracts	3	266,693	25,054	291,747
Goods and Services				
Toll Operator Contract	4	9,851,902	196,366	10,048,268
Insurance	5	2,680,038	0	2,680,038
Credit Card and Bank Fees	6	556,753	0	556,753
Washington State Patrol	7	572,085	89,288	661,373
Other		276,058	111,699	387,757
Travel		21,500	349	21,849
Capital Outlays	8	408,921	73,657	482,577
Salaries and Benefits	9	648,850	127,371	776,221
Infrastructure Maintenance & Preservation	10	103,037	0	103,037
Total Operating Expenditures		<u>15,385,837</u>	<u>623,784</u>	<u>16,009,621</u>
<b>EXCESS OF OPERATING REVENUE OVER EXPENDITURES</b>		<u>15,802,908</u>	<u>(528,602)</u>	<u>15,274,305</u>
<b>NONOPERATING INCOME (EXPENDITURES)</b>				
Prior Period Recoveries	11	53,608	0	53,608
Donations	12	102,201	0	102,201
Contractor Liquidated Damages	13	175,000	0	175,000
Interest Income	14	1,094,826	134,171	1,228,997
Capital Improvement Outlays	15	(23,319,301)	0	(23,319,301)
Cost of Investment Activity	16	(36,795)	(4,565)	(41,360)
Total Nonoperating Income (Expenditures)		<u>(21,930,461)</u>	<u>129,605</u>	<u>(21,800,855)</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>		<u>(6,127,553)</u>	<u>(398,997)</u>	<u>(6,526,550)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds Issued	17	12,716,463	0	12,716,463
Operating Transfers In	18	0	3,000,000	3,000,000
Operating Transfers Out (Debt Service)	19	(14,688,752)	0	(14,688,752)
Total Other Financing Sources (Uses)*		<u>(1,972,289)</u>	<u>3,000,000</u>	<u>1,027,711</u>
<b>NET CHANGE IN FUND BALANCE</b>		<u>(8,099,842)</u>	<u>2,601,003</u>	<u>(5,498,839)</u>
<b>FUND BALANCE - BEGINNING</b>		<u>18,095,063</u>	<u>0</u>	<u>18,095,063</u>
<b>FUND BALANCE - ENDING</b>		<u>9,995,221</u>	<u>2,601,003</u>	<u>12,596,224</u>

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental type funds.

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The note disclosures are an integral part of these financial statements and should be considered in conjunction with the financial statements.

Notes:

- 1 Violation Penalties is revenue collected by the Pierce County court system and forwarded to WSDOT for toll infractions detected through the use of a photo enforcement system. The penalty amount is three times the cash toll for a standard passenger car and is collected in accordance with RCW 46.63.160(9).
- 2 Miscellaneous Revenue includes NSF check fees (\$1,650.00), Customer Service Center administration fees (\$1,148), Photocopy fees (\$26) and Cash Over/Short (-\$30).
- 3 Consultant CH2M Hill, Inc was paid under a personal service contract to provide contract management, document controls, and optional audit support to the Tolling Operations Division.
- 4 Goods and Services includes payments under contract to TransCore for operating the toll collection systems (\$9,851,902 for the TNB and \$196,366 for the Hot Lanes).
- 5 TNB makes commercial property insurance payments to the Risk Management Division of the Office of Financial Management. The Office of Financial Management maintains the TNB's commercial property insurance policy and bills TNB approximately twice per year.
- 6 Credit card fees include processing fees paid to Bank of America Merchant Services for Visa and MasterCard processing, American Express, and Discover. Included are bank fees for bank account services at Bank of America for the toll deposit account.
- 7 The Washington State Patrol supports toll violation activity at both the TNB and Hot Lanes. The Patrol validates automobile owner information and submits infractions to the Pierce County District Court for processing.
- 8 Capital Outlays covers a wide range of costs from contracting for technical expertise in the areas of preparing a pre-toll facility review checklist to include system function and installation, cash handling, back office/CSC/video processing, coordinate peer-review in person meetings and teleconferences, review financial procedures, review of the standard operation procedures developed by TransCore, report and data review analysis, internal control review, reconciliation oversight support, development of a statewide strategy for back office/customer service support of multiple toll projects. Contracting costs also include marketing of the Good to Go! Electronic toll collection system. In addition there are costs associated with purchasing equipment and furnishings for the customer service center, and the purchase of two incident response vehicles and two truck mounted impact attenuators.
- 9 Salaries and Benefits include 8.81 FTEs for TNB and 4 FTEs for Hot Lanes (salaries and benefits started in January 2008 for Hot Lanes).
- 10 Infrastructure Maintenance includes the cost of maintenance activities on the new Tacoma Narrows Bridge not performed by TNB staff. (These costs include Goods and Services of \$8,311, Travel of \$152, Equipment enhancements of \$74,000 [Safe Stop truck-mounted barriers, truck-mounted message sign, and a plow attachment for the TNB maintenance truck] and Salaries and Benefits of 20,574.)
- 11 Prior Period Recoveries consist of a payment from TransCore in the amount of \$38,815 for electric and water utilities paid by WSDOT in the prior biennium (per the operating agreement with TransCore they are required to pay for all utility services with respect to the toll facilities), and the sale of media equipment in the amount of \$14,793 purchased in the prior biennium.
- 12 Donations were received from Associated General Contractors in the amount of \$92,600, and from the Gig Harbor Peninsula Historical Society in the amount of \$9,601. The donations helped pay for the TNB opening ceremony costs.

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- 13 Contractor Liquidated Damages is a reduction in the amount paid to the Tacoma Narrows Constructors and Lakeside Industries for a delay in the TNB opening. Overall a total of \$912,500 was withheld from payment to the Tacoma Narrows Constructors in fiscal year 2007; \$175,000 represents the amount withheld from payments made to Lakeside Industries in fiscal year 2008.
- 14 Interest Income is a proportionate share of earnings from investments based upon each account's average daily cash balance for the period. Interest income also includes interest on bond proceeds, where applicable.
- 15 Capital Improvement Outlays represent the cost to construct the TNB incurred in fiscal year 2008. The majority of the costs consist of payments to the prime contractor – Tacoma Narrows Constructors (\$17,829,043), and to TransCore (\$2,603,946). Total Capitalized Infrastructure assets for the Tacoma Narrows Bridge Project as of June 30, 2008 are \$722,170,770.
- 16 Cost of Investment Activities is a proportionate reduction in investment earnings for the payment of costs and expenses incurred in the operation and administration of the State Treasurer's Office.
- 17 Bonds Issued represents the revenue received in the account from the final sale of bonds to finance the construction of the TNB. Bonds issued as of June 30, 2008 are \$681,171,632 at par value. Net bond proceeds are \$677,779,241 for the same period.\*
- 18 Operating Transfers In represents a receipt of fund balance transfer in the Hot Lanes Account from the Motor Vehicle Account at the inception of the account in fiscal year 2008. This occurred to meet the operating requirements of 07-09 Biennium budget as signed by the Governor.

\*Par value on bonds issued reflected in the notes was updated to correct amount on revised final version. Also, the word "TNB" was removed from expenditure lines items and the word "Uses" was added to the line item called "Total Other Financing Sources".