

**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 DECEMBER 31, 2018**

	NOTES	JUL THROUGH SEP	OCT THROUGH DEC	YEAR-TO-DATE
REVENUES				
Toll revenue	1	\$ 21,688,287	\$ 20,096,589	\$ 41,784,876
Civil penalty	2	424,971	704,710	1,129,680
Transponder sales	3	135,778	110,174	245,953
Toll vendor contractual damages	4	1,459	2,424	3,883
Toll bill reprocessing fee	5	132,138	123,376	255,514
Interest income		81,742	129,856	211,598
Miscellaneous	6	8,037	7,764	15,800
TOTAL REVENUES		22,472,412	21,174,893	43,647,305
EXPENDITURES				
Goods and Services				
Toll operations vendor contracts	7	2,061,117	2,010,058	4,071,175
Insurance	8	1,072,095	3,499	1,075,594
Credit card and bank fees		490,909	429,323	920,231
Transponder cost of goods sold	9	89,868	76,693	166,561
Pay-by-mail		150,195	117,157	267,352
Other	10	111,179	110,526	221,706
Total Goods and Services		3,975,363	2,747,256	6,722,619
Personal service contracts	11	145,412	203,810	349,223
Salaries and benefits		269,786	294,613	564,399
Civil penalty adjudication costs	12	204,411	201,322	405,733
Maintenance and preservation	13	189,495	117,932	307,426
TOTAL EXPENDITURES		4,784,466	3,564,934	8,349,400
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENDITURES		17,687,946	17,609,959	35,297,905
OTHER FINANCING USES				
Operating transfers out	14	(17,669,460)	(12,149,190)	(29,818,650)
TOTAL OTHER FINANCING USES		(17,669,460)	(12,149,190)	(29,818,650)
NET CHANGE IN FUND BALANCE		18,486	5,460,769	5,479,255
FUND BALANCE - BEGINNING		21,320,461	21,338,947	21,320,461
FUND BALANCE - ENDING		\$ 21,338,947	\$ 26,799,716	\$ 26,799,716

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 in fiscal year 2019 are \$397,756 for current quarter and \$829,264 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 Contracts** – Payment for monthly toll 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. 2nd quarter Maintenance totaled \$112,043 and preservation totaled \$5,888. Year to date Maintenance totaled \$280,845 and Preservation totaled \$26,581.
14. **Operating Transfers Out** – Amount transferred to MVA for debt service pursuant to RCW 47.46.140.