

TNB Projected and Reported Traffic and Revenue

Traffic and Revenue Statistics for Fiscal Year 2012 - Quarter Ending December

February 21, 2012

| | Projected Traffic | Reported Traffic | Variance | Projected Toll Revenue | Reported Toll Revenue | Variance | Reported Transponder Revenue | Reported Violation Revenue | Toll Vendor Contractual Damages | Reported Misc. Revenue | Total Reported Revenue | | |
|-------------------|-------------------|------------------|----------|------------------------|-----------------------|----------------------|------------------------------|----------------------------|---------------------------------|------------------------|------------------------|------------------|----------------------|
| Jul-11 | 1,327,289 | 1,251,598 | A | (75,691) | \$ 4,132,771 | \$ 2,282,968 | B,C | \$ (1,849,804) | | \$ 7,178 | \$ 2,265,498 | | |
| Aug-11 | 1,327,555 | 1,277,207 | A | (50,348) | \$ 4,148,176 | \$ 2,549,713 | B,C | \$ (1,598,463) | \$ 24,647 | \$ 327 | \$ 2,574,687 | | |
| Sep-11 | 1,112,957 | 1,183,275 | A | 70,318 | \$ 3,480,599 | \$ 6,955,171 | B,C | \$ 3,474,572 | \$ 110,037 | \$ 538 | \$ 7,065,746 | | |
| Oct-11 | 1,167,699 | 1,190,557 | A | 22,858 | \$ 3,639,456 | \$ 3,691,785 | B | \$ 52,329 | \$ 4,830 | \$ 7,031 | \$ 3,703,646 | | |
| Nov-11 | 1,103,660 | 1,111,361 | A | 7,701 | \$ 3,427,979 | \$ 3,465,026 | B | \$ 37,047 | \$ 22,182 | \$ 505 | \$ 3,487,713 | | |
| Dec-11 | 1,109,652 | 1,101,462 | A | (8,190) | \$ 3,436,497 | \$ 3,710,783 | B | \$ 274,286 | \$ 65,828 | \$ 19,354 | \$ 20,549 | \$ 3,816,514 | |
| Jan-12 | 1,095,642 | | D | | \$ 3,613,726 | | D | | | | \$ - | | |
| Feb-12 | 1,087,845 | | D | | \$ 3,581,009 | | D | | | | \$ - | | |
| Mar-12 | 1,210,114 | | D | | \$ 3,977,663 | | D | | | | \$ - | | |
| Apr-12 | 1,155,271 | | D | | \$ 3,798,410 | | D | | | | \$ - | | |
| May-12 | 1,214,234 | | D | | \$ 4,024,976 | | D | | | | \$ - | | |
| Jun-12 | 1,228,113 | | D | | \$ 4,051,636 | | D | | | | \$ - | | |
| FY To Date | 7,148,812 | 7,115,460 | | (33,352) | 22,265,478 | 22,655,446 | | 389,968 | \$ 175,865 | \$ 46,366 | \$ - | \$ 36,128 | \$ 22,913,804 |
| FY Totals | 14,140,031 | 7,115,460 | | (7,024,571) | \$ 45,312,898 | \$ 22,655,446 | | (22,657,452) | \$ 175,865 | \$ 46,366 | \$ - | \$ 36,128 | |

Notes:

A = Reported Traffic - While we are not aware of any material discrepancies on traffic counts for SFY12, key ETCC reconciliations have not been completed. Final transaction counts will not be known until reconciliations are complete.

B = Toll Revenue - As of February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). With this transition, the new 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. While we are not aware of any *material* discrepancies in the accounting records, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments made.

C = Revenue for months of July and August was understated due to transactions that failed to process within the WSDOT financial system. Upon identifying the transactions were on the WSDOT financial system error file, they were processed in the September 2011. Processes have been put in place to ensure this daily transaction processing validation takes place on daily.

D = January through June forecast amounts are based on the February 2012 Forecast which now includes forecasted amounts for toll bill revenue. It should be noted that the February forecast doesn't include any reductions to projected toll bill revenue for estimated uncollectibles at this time, but will be updated in the next quarterly Traffic & Revenue Report once those calculations are complete.

**THE TACOMA NARROWS BRIDGE ACCOUNT
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
State Fiscal Year 2012, Quarter Ending December 31, 2011**

| | NOTES | JULY THROUGH SEPTEMBER | OCTOBER THROUGH DECEMBER | YEAR-TO-DATE |
|--|-------|------------------------------|--------------------------------|--------------|
| OPERATING REVENUES: | | | | |
| Tolling Revenue | 1 | 11,787,852 | 10,867,594 | 22,655,446 |
| Violation Penalty Revenue | | 0 | 46,366 | 46,366 |
| Transponder Sales | 2 | 110,037 | 65,828 | 175,865 |
| Miscellaneous Revenue | 3 | 8,043 | 28,085 | 36,127 |
| Total Operating Revenues | | 11,905,931 | 11,007,873 | 22,913,804 |
| OPERATING EXPENDITURES: | | | | |
| Goods and Services | | | | |
| Toll CSC Operations Vendor Contract | | 312,041 | 343,645 | 655,686 |
| Toll Booth and Lane Vendor Contract | | 840,511 | 549,316 | 1,389,827 |
| Insurance | | 1,486,315 | 0 | 1,486,315 |
| Credit Card and Bank Fees | | 222,914 | 188,911 | 411,825 |
| Transponder Cost of Goods Sold | 4 | 93,204 | 37,064 | 130,269 |
| Other | 5 | 40,140 | 58,433 | 98,573 |
| Personal Service Contracts | 6 | 3,984 | 55,115 | 59,099 |
| Salaries and Benefits | | 120,036 | 121,910 | 241,946 |
| Infrastructure Maintenance & Preservation | 7 | 31,703 | 36,635 | 68,339 |
| Total Operating Expenditures | | 3,150,849 | 1,391,030 | 4,541,879 |
| EXCESS OF OPERATING REVENUE OVER EXPENDITURES | | 8,755,082 | 9,616,843 | 18,371,925 |
| NONOPERATING INCOME (EXPENDITURES) | | | | |
| Prior Period Recoveries | | 0 | 44 | 44 |
| Undistributed Receipts/Suspense | 8 | (60,126) | (27,436) | (87,562) |
| Interest Income | | 17,915 | 26,219 | 44,134 |
| Total Nonoperating Income (Expenditures) | | (42,211) | (1,174) | (43,384) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | | 8,712,871 | 9,615,669 | 18,328,541 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers Out | 9 | (10,212,126) | (7,039,209) | (17,251,335) |
| Total Other Financing Sources (Uses) | | (10,212,126) | (7,039,209) | (17,251,335) |
| NET CHANGE IN FUND BALANCE | | (1,499,255) | 2,576,460 | 1,077,206 |
| FUND BALANCE - BEGINNING | | 8,123,673 | 6,624,418 | 8,123,673 |
| FUND BALANCE - ENDING | | 6,624,418 | 9,200,879 | 9,200,879 |

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental fund types.

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

THE TACOMA NARROWS BRIDGE ACCOUNT

WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

State Fiscal Year 2012, Quarter Ending December 31, 2011

Notes:

Backlogged Financial Reconciliations - As of February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor – Electronic Transaction Consultants Corporation (ETCC). With this transition, the new 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. While we are not aware of material discrepancies in the accounting records, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

Deferred Sales Tax Obligation – Beginning December 2012, the Tacoma Narrows Bridge (TNB) Account is required to pay \$5.7 million, each December for ten consecutive years, to the Department of Revenue for deferred sales tax related to the construction of the Tacoma Narrows Bridge. This long-term obligation is reflected in the General Long Term Obligations Subsidiary Account.

Motor Vehicle Account Obligation – The TNB Account is obligated to repay \$5.288 million loaned from the Motor Vehicle Account during the 05/07 biennium. As directed by legislation, all net TNB Civil Penalty Revenue received under the future Notice of Civil Penalty Adjudication process must be transferred to the Motor Vehicle Account as repayment of the outstanding obligation until the full amount of the original loan (\$5.288 million) has been repaid.

Detailed Notes:

- 1 Tolling Revenue represents the revenue earned, net of any adjustments, from vehicles traveling over the Tacoma Narrows Bridge in an eastbound direction. Tolls are collected either at a toll booth or via an electronic toll account or via pay-by-mail.
- 2 Transponder Sales represents the sale of transponder devices purchased by potential Good to Go electronic toll account customers.
- 3 Miscellaneous Revenue includes administrative & statement fees, NSF check fees, and cash over. Miscellaneous revenue also includes payments related to sale of surplus property.
- 4 Transponder Cost of Goods Sold represents the cost of transponders including the purchase price of transponders, packaging materials, and costs for postage.
- 5 Other Goods and Services expenditures include items such as supplies, communications, rents, repairs, services provided by outside vendors, etc.
- 6 Personal Service Contract expenditures are for costs incurred for traffic and revenue forecast consulting and CSC operations consulting.
- 7 Infrastructure Maintenance & Preservation includes the 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 \$27,275 and Salaries and Benefits of \$41,064.)
- 8 Undistributed Receipts includes all suspense revenue. This includes suspense of cash toll revenue that occurs as cash moves in and out of the account. Where applicable, suspense revenue is analyzed and periodically reclassified to the appropriate revenue source or expense item.
- 9 Operating Transfers Out is a transfer of toll proceeds and cash from the TNB Account to the Highway Bond Retirement Account to facilitate the payment of debt service.

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

**COMBINING BALANCE SHEET
State Fiscal Year 2012, Quarter Ending December 31, 2011**

| | NOTES | TNB ACCOUNT | HOT LANES ACCOUNT | CENTRAL TOLL ACCOUNT | COMBINED |
|---|-------|----------------|----------------------|----------------------------|------------|
| ASSETS | | | | | |
| CURRENT ASSETS: | | | | | |
| Cash and Cash Equivalents | | 9,033,303 | 823,347 | 6,953,595 | 16,810,246 |
| Accounts Receivable | 1,2,3 | 352,023 | 28,565 | 1,428,373 | 1,808,961 |
| Due From Toll Vendor(s) | 4 | 472,851 | 19,687 | | 492,538 |
| Consumable Inventories | 5 | | 459 | | 459 |
| Total Current Assets | | 9,858,177 | 872,058 | 8,381,968 | 19,112,203 |
| TOTAL ASSETS | | 9,858,177 | 872,058 | 8,381,968 | 19,112,203 |
| LIABILITIES AND FUND BALANCE | | | | | |
| CURRENT LIABILITIES: | | | | | |
| Accounts Payable | | 489,734 | 27,211 | 125 | 517,070 |
| Due to Other Funds | | 1,996 | 1,751 | | 3,746 |
| Due to Department of Revenue - Taxes | | | | 27,861 | 27,861 |
| Deferred Revenue | 6 | 162,857 | | 8,341,853 | 8,504,710 |
| Unclaimed Property Refund Liability | 7 | | | 11,439 | 11,439 |
| Liability for Cancelled Warrants | 8 | 2,711 | | 690 | 3,401 |
| Total Current Liabilities | | 657,298 | 28,962 | 8,381,968 | 9,068,228 |
| TOTAL LIABILITIES | | 657,298 | 28,962 | 8,381,968 | 9,068,228 |
| FUND BALANCE | | | | | |
| Nonspendable Consumable Inventories | 5 | | 459 | | 459 |
| Restricted for Transportation | 9 | 9,200,879 | | | 9,200,879 |
| Committed for Transportation | 9 | | 842,637 | | 842,637 |
| Total Fund Balance | | 9,200,879 | 843,096 | 0 | 10,043,975 |
| TOTAL LIABILITIES AND FUND BALANCE | | 9,858,177 | 872,058 | 8,381,968 | 19,112,203 |

Toll Financial Statements were prepared in accordance with Generally Accepted Accounting Principles for governmental fund types.

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

WASHINGTON TOLLING SYSTEM
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION

COMBINING BALANCE SHEET
State Fiscal Year 2012, Quarter Ending December 31, 2011 – Draft!

Notes:

TNB Deferred Sales Tax Obligation – Beginning December 2012, the Tacoma Narrows Bridge (TNB) Account is required to pay \$5.7 million, each December for ten consecutive years, to the Department of Revenue for deferred sales tax related to the construction of the Tacoma Narrows Bridge. This long-term obligation is reflected in the General Long Term Obligations Subsidiary Account.

TNB Motor Vehicle Account Obligation – The TNB Account is obligated to repay a \$5.288 million loan from the Motor Vehicle Account, during the 05/07 biennium. As directed by legislation, all net TNB Civil Penalty Revenue received under the future Notice of Civil Penalty Adjudication process must be transferred to the Motor Vehicle Account as repayment of the outstanding obligation until the full amount of the original loan (\$5.288 million) has been repaid.

HOT Lanes Operating Expenditures in Other Accounts - Currently the High Occupancy Toll (HOT) Lanes Account pays most costs associated with operations and maintenance of the HOT Lanes on SR 167. However, the monthly cost associated with Toll Lane vendor warranty as well as some WSDOT staffing has been funded outside of the HOT Lanes Account. Based upon the 2013 biennium budgeted amounts, the additional project costs that are currently estimated to be funded outside of the HOT Lanes Account are approximately \$43,500 per quarter (\$174,000 per fiscal year).

Detailed Notes:

- 1 Accounts Receivable in the TNB Account consists primarily of: (a) Crossings that are in the image review process and toll fees have yet to be transferred from customer accounts, (b) Crossings where a Toll Bill has been sent to the customer via Pay-by-Mail, (c) Crossings that are not viable and are awaiting dismissal, (d) Customer payments made by credit card which had yet to settle by December 31, (e) and the TNB Accounts allocated share of NSF fee and transponder sales receivables.
- 2 Accounts Receivable in the HOT Lanes Account consists of amounts due from customers because their prepaid account had an insufficient balance and HOT Lanes allocated share of NSF fee and transponder sales receivables.
- 3 Accounts Receivable in the Central Toll Account consists primarily of customer payments made by credit card which had yet to settle by the close of the reporting period.
- 4 For TNB, Due from Toll Vendors consists of amounts due from the TNB Lane Vendor (TransCore) due to system issues which caused a \$11,556 decrease in toll revenue in fiscal year 2011, and \$461,295 due from the CSC operations vendor (ETCC) for costs incurred and decrease toll revenue in fiscal year 2011. For HOT Lanes, Due from Toll Vendor consists of amounts due from the CSC operations vendor (ETCC) for costs incurred in fiscal year 2011. For the Central Toll Account amount are due from the CSC operations vendor ETCC due to operational and system errors that have required manual corrections and have resulted in amounts due to WSDOT.
- 5 Typically, consumable inventory consists of toll transponders. Consumable inventory is valued at cost using the first in, first out (FIFO) method. Due to statutory requirements, transponder inventory was being temporarily held in Fund 108. The WSDOT Secretary has recently certified the new tolling system and the transponder inventory balance will be transferred to the Central Toll Account, Fund 495. Within the HOT Lanes fund, consumable inventory consists of Transponder Disabling Devices (TDDs).
- 6 Deferred Revenue, in the Central Toll Account, is money collected from customers for prepaid Good to Go electronic toll accounts. No revenue from the prepaid accounts is recognized until the transponder is “read” as the customers’ vehicle crosses the Tacoma Narrows Bridge or enters a HOT Lane on SR-167 as a single occupant vehicle. Until this event, the prepaid toll account balance represents a liability to the state and is owed to the customer. Deferred Revenue, in the TNB Account is directly attributable to items a and c described above in Note #1.
- 7 After twenty-four months of inactivity, prepaid toll accounts are closed and remaining balances, less any associated fees, are refunded to the customer. In cases where the Good to Go vendor cannot locate the customer, WSDOT remits the prepaid toll account balance to the Department of Revenue’s Unclaimed Property Section. The balance in Unclaimed Property Refund Liability represents amounts that will be remitted to the Department of Revenue.
- 8 Occasionally, the Department is unable to remit payment for goods or services to a vendor because the vendor cannot be located, such as when the vendor changes addresses without notifying the Department. Since we still owe the vendor for the goods or services provided, we must cancel the original warrant (check), find the vendor, and reissue the warrant (check). This line item represents the liability to the vendors whom the Department owes money but temporarily cannot locate to deliver their funds.
- 9 The fund balance is considered “restricted” if its usage is limited by creditors, other governments, or through constitutional provisions, and is considered “committed” if usage is limited by the governing authority.