



**Financial Report
of the
Operations of the System of Eligible Toll Facilities
Fiscal Year 2013**

November 27, 2013

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Introduction

This Financial Report on the Results of the Operations of the Washington State System of Eligible Toll Facilities for Fiscal Year 2013 has been produced in accordance with the State Finance Committee Master Bond Resolution No. 1117 that provides for the issuance of bonds to pay and reimburse state expenditures for eligible toll facilities. Under the Toll Facilities Act (Chapter 122, Laws of 2008; Chapter 472, Laws of 2009; Chapter 498, Laws of 2009, Section 15; Chapter 248, Laws of 2010; and Chapter 377, Laws of 2011) the Washington State Legislature designated the SR 520 Corridor as an eligible toll facility and authorized the imposition of tolls for travel on only the floating bridge portion of the SR 520 Corridor.

In Master Bond Resolution No. 1117 the State covenants that as soon as practicable, but in no event more than one hundred fifty (150) days after the last day of each fiscal year, beginning with the fiscal year ending June 30, 2012, it will prepare or cause to be prepared a financial report of the results of operations of the System for that fiscal year in accordance with accounting principles promulgated by the Governmental Accounting Standards Board, containing independently audited financial statements and the independent auditor's report on the financial statements for the end of that fiscal year.

Master Bond Resolution No. 1117 also includes:

Rate Covenants requiring the Tolling Authority to establish, and WSDOT to charge and collect, tolls for the privilege of traveling on the system of eligible toll facilities at rates sufficient to meet the operating and maintenance expenses and to satisfy coverage requirements on debt service in each fiscal year in which bonds are outstanding.

Sum Sufficient Covenant requiring that tolls be collected to provide funds for all required expenditures in every fiscal year in which any Bonds are outstanding.

Accordingly, this report includes:

- Audited Financial Statements
- Net Toll Revenues and Covenant Ratios
- Summary of Actual and Projected Gross and Net Toll Revenues
- Debt Service on Outstanding Bonds of the System

Definitional and reporting differences between the audited financial statements and those prepared in accordance with Master Bond Resolution No. 1117 are noted.

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Exhibit I
Audited Financial Statements

The **Audited Financial Statements** for Fiscal Year 2013 can be found on the Washington State Department of Transportation's webpage under the following link under "Audited Financial Statements":

<http://www.wsdot.wa.gov/Tolling/520/Finance.htm>

Exhibit II

Statement of Net Toll Revenues and Coverage Ratios

Exhibit II
Washington State System of Eligible Toll Facilities
Net Toll Revenues and Coverage Ratios
For the Year Ended June 30, 2013
(in dollars)

		Projected*	Actual	Variance
Gross Toll Revenue	1	62,590,000	61,301,711	-1,288,289
Gross Toll Revenue Adjustments				
Uncollectable Toll Revenue	2	-5,673,594	-6,534,721	-861,128
Other Adjustments to Gross Toll Revenue	3	2,827,661	1,992,850	-834,810
Other Toll Revenue	4	1,333,333	604,306	-729,027
Interest Earnings on Toll Receipts	5	0	96,867	96,867
Miscellaneous Revenue	6	0	65,088	65,088
Total Gross Toll Revenue Adjustments		-1,512,600	-3,775,609	-2,263,009
Adjusted Gross Toll Revenues**	7	61,077,400	57,526,102	-3,551,298
Operations & Maintenance Expenditures				
Credit Card and Bank Fees Fees	8	1,396,887	913,902	-482,985
Toll Collection Operation and Maintenance	9	10,087,666	7,160,236	-2,927,430
Routine Facility Operation and Maintenance	10	0	0	0
Bridge Insurance Premiums	11	2,470,000	2,430,995	-39,005
Total Operations & Maintenance Expenditures	12	13,954,553	10,505,132	-3,449,420
Net Toll Revenues		47,122,847	47,020,969	-101,878
Debt Service on All Outstanding Bonds Payable from Tolls				
First Tier Toll Revenue Debt Service		0	0	0
Third Tier (Triple Pledge) Debt Service		26,024,975	26,024,975	0
Fourth Tier Toll Revenue Debt Service		0	0	0
Total Debt Service on all Outstanding Bonds		26,024,975	26,024,975	0
				26228340
<i>Coverage Ratio -- Net Toll Revenue to:</i>				
<i>First Tier Toll Revenue Debt Service</i>		n/a	n/a	
<i>Third Tier (Triple Pledge) Debt Service</i>		1.81	1.81	
<i>Fourth Tier Toll Revenue Debt Service</i>		n/a	n/a	
Required Deposits of Net Toll Revenues				
Operating and Maintenance Reserve Subaccount	13	99,548	3,844,424	3,744,876
Deposit to Deferred Sales Tax Subaccount		0	0	0
Motor Vehicle Fund Repayment		0	0	0
Repair and Replacement Reserve Subaccount		1,875,000	1,875,000	0
Total Required Deposits of Net Toll Revenues		1,974,548	5,719,424	3,744,876
<i>Coverage Ratio -- Net Toll Revenue to Debt Service and All Required Deposits</i>		1.68	1.48	
Net after Required Deposits		45,148,300	41,301,545	-3,846,755
Other Uses				
Revenue Stabilization Subaccount		0	0	0
Working Capital		0	0	0
Cost of Issuance	14	0	417,231	417,231
Reimbursement to the Motor Vehicle Account	15	0	58,000	58,000
Net Toll Revenues Used for the Project	16	4,943,684	4,943,684	0
Total Other Uses		4,943,684	5,418,915	475,231
Net after Other Uses		40,204,616	35,882,630	-4,321,986

Prepared in accordance with Master Bond Resolution No. 1117.

Exhibit II
Washington State System of Eligible Toll Facilities
Net Toll Revenues and Coverage Ratios
For the Year Ended June 30, 2013

Notes:

* Projected revenues and expenditures are based on the "SR 520 Bridge Investment Grade Traffic and Revenue Study" dated October 4, 2012.

** "Toll Revenues" as defined by the State Finance Committee Master Bond Resolution No. 1117.

1. Gross toll revenue was pulled from the ETC system "unbilled reports". The data was used to determine the gross toll revenue and actual toll revenue, and appropriately excluded exempted toll revenue (e.g., transit) as per WSDOT business rules.
2. Uncollectible Toll Revenue is deducted from Gross Toll Revenue for transactions not recognized as a receivable. Transactions not recognized as receivables include license plate images that could not be read, or transactions where a vehicle owner could not be identified.
3. Includes customer discounts/incentives plus revenues from "pay by plate" and late payment fees.
4. Includes payment related ETCC's key performance indicators.
5. Interest earned on toll revenue.
6. Includes non-sufficient funds fees, statement fees, and accounting adjustments.
7. Actual Adjusted Gross Toll Revenues align with Total Revenue of the June 30, 2013 audited Financial Statements; less federal debt service reimbursement, capital interest, and prior biennium accounting adjustments.
8. Credit card and bank fees associated with toll transactions.
9. Includes Customer Service Center and Toll Collection System vendor costs, as well as the Department's toll collection Operations and Maintenance costs. The federal Urban Partnership Program provided funding (\$399,753.81) that reduced Operations and Maintenance costs paid with toll revenues.
10. Post-completion Routine Facility Operation and Maintenance costs will be covered by toll revenue.
11. The SR 520 Bridge is insured per the requirements of Section 7.07 of Master Bond Resolution No. 1117.
12. Total Operations & Maintenance Expenditures align with the SR 520 Corridor Account Expenditures shown in the audited Financial Statements; excluding capital expenditures.
13. The projected O&M Reserve for FY 2013 assumed that FY 2012 would accumulate a full year's of deposits. Because there was a delay in tolling SR 520, the O&M Reserve was accumulated over two years (FY 2012 and FY 2013).
14. Office of State Treasurer costs associated with bond issuance, planning, and management activities.
15. Reimbursement of \$58,000 (Pursuant to Chapter 86, Laws of 2012 - Section 407(9)) to the Motor Vehicle Account for expenditures previously incurred on behalf of the SR 520 Bridge Account.
16. Net toll revenue used for construction of the project.

Exhibit III

Summary of Actual and Projected Gross and Net Toll Revenues

Exhibit III
Washington State System of Eligible Toll Facilities
Summary of Actual and Projected Gross and Net Toll Revenues
As of June 30, 2013

	Fiscal Year	Gross Toll Transactions (millions) ⁽¹⁾	Gross Toll Revenue (\$ millions) ⁽¹⁾	Uncollectible Toll Revenue (\$ millions) ⁽²⁾⁽³⁾	Adjustments to Gross Toll Revenue (\$ millions) ⁽²⁾⁽⁴⁾	Subtotal: Adjusted Gross Toll Revenue (\$ millions)	Total Operations and Maintenance Expenditures (\$ millions) ⁽²⁾⁽⁵⁾	Net Toll Revenue (\$ millions)	2012C Bonds Debt Service (\$ millions)	2012C Bonds Debt Service Coverage ⁽⁶⁾
Pre-Completion	2012*	9.61	28.06	(1.74)	3.94	30.25	(9.03)	21.22	-	-
	2013**	20.22	61.30	(6.53)	2.76	57.53	(10.51)	47.02	26.02	1.81x
	2014	20.73	64.66	(4.47)	3.06	63.24	(13.23)	50.02	26.02	1.92x
	2015	22.38	71.37	(4.76)	3.11	69.72	(14.51)	55.22	26.02	2.12x
	2016	24.17	78.71	(5.09)	3.15	76.77	(16.31)	60.46	26.02	2.32x
Post-Completion — Full Revenue Operations	2017	24.25	85.34	(5.19)	3.06	83.20	(17.80)	65.40	36.86	1.77x
	2018	25.25	88.05	(5.30)	3.12	85.87	(18.01)	67.86	36.86	1.84x
	2019	26.08	90.31	(5.35)	3.17	88.12	(18.52)	69.60	36.86	1.89x
	2020	26.91	92.63	(5.42)	3.22	90.43	(19.07)	71.36	36.86	1.94x
	2021	27.73	95.01	(5.48)	3.26	92.79	(19.56)	73.23	36.86	1.99x
	2022	28.56	97.45	(5.55)	3.30	95.20	(20.20)	75.00	36.86	2.03x
	2023	29.39	99.95	(5.62)	3.34	97.68	(20.78)	76.90	36.86	2.09x
	2024	30.22	102.52	(5.69)	3.38	100.21	(21.47)	78.74	36.85	2.14x
	2025	30.62	104.01	(5.75)	3.40	101.65	(22.03)	79.62	36.86	2.16x
	2026	31.02	105.50	(5.81)	3.42	103.11	(22.51)	80.60	36.86	2.19x
	2027	31.42	107.01	(5.88)	3.44	104.57	(23.17)	81.40	36.86	2.21x
	2028	31.82	108.52	(5.94)	3.46	106.03	(23.74)	82.29	36.86	2.23x
	2029	32.23	110.04	(6.00)	3.47	107.51	(24.37)	83.15	36.86	2.26x
	2030	32.63	111.57	(6.07)	3.49	109.00	(25.00)	84.00	36.86	2.28x
	2031	33.03	113.11	(6.13)	3.51	110.49	(25.65)	84.84	36.86	2.30x
	2032	33.70	115.42	(6.26)	3.58	112.73	(26.62)	86.11	36.86	2.34x
	2033	34.32	117.52	(6.38)	3.65	114.79	(27.48)	87.31	36.86	2.37x
	2034	34.87	119.41	(6.49)	3.72	116.64	(28.26)	88.38	36.86	2.40x
	2035	35.36	121.09	(6.59)	3.78	118.28	(29.01)	89.27	36.86	2.42x
	2036	35.79	122.54	(6.67)	3.84	119.70	(29.82)	89.88	36.86	2.44x
	2037	36.15	123.76	(6.74)	3.89	120.90	(30.51)	90.40	36.86	2.45x
	2038	36.44	124.74	(6.80)	3.94	121.88	(31.25)	90.62	36.86	2.46x
	2039	36.66	125.49	(6.85)	3.98	122.62	(31.93)	90.68	36.86	2.46x
	2040	36.81	126.00	(6.88)	4.01	123.13	(32.65)	90.48	36.86	2.45x
	2041	36.96	126.51	(6.92)	4.05	123.64	(33.38)	90.26	36.86	2.45x
	2042	37.11	127.02	(6.95)	4.09	124.15	(34.19)	89.96	-	-
	2043	37.26	127.53	(6.99)	4.13	124.67	(34.90)	89.77	-	-
	2044	37.42	128.05	(7.02)	4.16	125.19	(35.65)	89.54	-	-
	2045	37.57	128.57	(7.06)	4.20	125.71	(36.45)	89.26	-	-
	2046	37.73	129.09	(7.09)	4.24	126.24	(37.30)	88.94	-	-
	2047	37.88	129.61	(7.13)	4.28	126.77	(38.08)	88.69	-	-
2048	38.04	130.14	(7.17)	4.32	127.30	(38.89)	88.41	-	-	
2049	38.19	130.67	(7.20)	4.37	127.83	(39.73)	88.10	-	-	
2050	38.35	131.20	(7.24)	4.41	128.37	(40.73)	87.64	-	-	
2051	38.51	131.74	(7.27)	4.45	128.91	(41.59)	87.32	-	-	
2052	38.67	132.27	(7.31)	4.50	129.46	(42.49)	86.97	-	-	
2053	38.83	132.81	(7.35)	4.54	130.00	(43.48)	86.52	-	-	
2054	38.99	133.35	(7.39)	4.59	130.55	(44.44)	86.11	-	-	
2055	39.15	133.90	(7.42)	4.63	131.11	(45.62)	85.49	-	-	
2056	39.31	134.44	(7.46)	4.68	131.66	(46.61)	85.05	-	-	
Totals 2012-16		97.11	304.10	(22.59)	16.01	297.52	(63.59)	233.93	104.10	
Totals 2017-46		985.30	3,373.71	(186.87)	109.29	3,296.13	(801.29)	2,494.84	921.44	
Totals 2017-56		1,371.20	4,693.84	(259.81)	154.07	4,588.10	(1,222.96)	3,365.14	921.44	

* Actuals as reported on the Monthly Tolling Reports (MTR) after removing duplicate and non-revenue transactions. FY 2012 transactions has been restated to account for these adjustments.

** Actuals as reported on the Monthly Tolling Reports (MTR) after removing duplicate and non-revenue transactions

- (1) FY 2014 and beyond represent projections prepared by CDM Smith in the October 2013 Traffic and Revenue Forecast.
- (2) FY 2014 and beyond represent projections prepared by Parsons Brinckerhoff in the October 2013 Net Toll Revenue Forecast.
- (3) Net of toll revenues recovered through civil penalty process.
- (4) Includes customer discounts/incentives plus revenues from "pay by plate" and late payment fees.
- (5) Includes credit card fees, routine collection operation and maintenance ("O&M"), routine facility O&M, intangible software assets, and bridge insurance premiums.
- (6) Prepared by the Office of State Treasurer. Debt Service Coverage is projected and actual coverage may be materially different. The state expects to issue additional Bonds backed by Toll Revenue.

Source: Traffic and Revenue Study and Net Toll Revenue Report.

Exhibit IV

Debt Service on Outstanding Bonds

Exhibit IV
Washington State System of Eligible Toll Facilities
Debt Service on Outstanding Bonds
Outstanding as of June 30, 2013*
(in dollars)

Fiscal Year Ending June 30	General Obligation			Limited Obligation			Total		Total Debt Service Requirements
	Triple Pledge			GARVEEs			Principal	Interest	
	Principal	Interest	Total	Principal	Interest	Total			
2014	-	26,024,975	26,024,975	-	24,836,000	24,836,000	-	50,860,975	50,860,975
2015	-	26,024,975	26,024,975	-	24,836,000	24,836,000	-	50,860,975	50,860,975
2016	-	26,024,975	26,024,975	39,860,000	23,853,000	63,713,000	39,860,000	49,877,975	89,737,975
2017	10,835,000	26,024,975	36,859,975	41,830,000	21,835,250	63,665,250	52,665,000	47,860,225	100,525,225
2018	11,375,000	25,483,225	36,858,225	43,895,000	19,716,375	63,611,375	55,270,000	45,199,600	100,469,600
2019	11,945,000	24,914,475	36,859,475	46,065,000	17,486,375	63,551,375	58,010,000	42,400,850	100,410,850
2020	12,540,000	24,317,225	36,857,225	48,355,000	15,134,875	63,489,875	60,895,000	39,452,100	100,347,100
2021	13,165,000	23,690,225	36,855,225	50,770,000	12,669,250	63,439,250	63,935,000	36,359,475	100,294,475
2022	13,825,000	23,031,975	36,856,975	53,290,000	10,084,000	63,374,000	67,115,000	33,115,975	100,230,975
2023	14,515,000	22,340,725	36,855,725	55,940,000	7,364,250	63,304,250	70,455,000	29,704,975	100,159,975
2024	15,240,000	21,614,975	36,854,975	58,730,000	4,501,500	63,231,500	73,970,000	26,116,475	100,086,475
2025	16,005,000	20,852,975	36,857,975	61,665,000	1,516,625	63,181,625	77,670,000	22,369,600	100,039,600
2026	16,805,000	20,052,725	36,857,725	-	-	-	16,805,000	20,052,725	36,857,725
2027	17,685,000	19,170,463	36,855,463	-	-	-	17,685,000	19,170,463	36,855,463
2028	18,615,000	18,242,000	36,857,000	-	-	-	18,615,000	18,242,000	36,857,000
2029	19,545,000	17,311,250	36,856,250	-	-	-	19,545,000	17,311,250	36,856,250
2030	20,525,000	16,334,000	36,859,000	-	-	-	20,525,000	16,334,000	36,859,000
2031	21,550,000	15,307,750	36,857,750	-	-	-	21,550,000	15,307,750	36,857,750
2032	22,625,000	14,230,250	36,855,250	-	-	-	22,625,000	14,230,250	36,855,250
2033	23,760,000	13,099,000	36,859,000	-	-	-	23,760,000	13,099,000	36,859,000
2034	24,945,000	11,911,000	36,856,000	-	-	-	24,945,000	11,911,000	36,856,000
2035	26,195,000	10,663,750	36,858,750	-	-	-	26,195,000	10,663,750	36,858,750
2036	27,505,000	9,354,000	36,859,000	-	-	-	27,505,000	9,354,000	36,859,000
2037	28,880,000	7,978,750	36,858,750	-	-	-	28,880,000	7,978,750	36,858,750
2038	30,325,000	6,534,750	36,859,750	-	-	-	30,325,000	6,534,750	36,859,750
2039	31,840,000	5,018,500	36,858,500	-	-	-	31,840,000	5,018,500	36,858,500
2040	33,430,000	3,426,500	36,856,500	-	-	-	33,430,000	3,426,500	36,856,500
2041	35,100,000	1,755,000	36,855,000	-	-	-	35,100,000	1,755,000	36,855,000
Total	518,775,000	480,735,388	999,510,388	500,400,000	183,833,500	684,233,500	1,019,175,000	664,568,888	1,683,743,888

* Does not include Toll Revenue Bond, Series 2013C (SR 520 : TIFIA – 2012-1001A), which has not been drawn.

Source: Office of the State Treasurer.