

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

**COMBINING BALANCE SHEET
As of June 30, 2008 - Revised Final***

	NOTES	TNB ACCOUNT (Fund 511)	HOT LANES ACCOUNT (Fund 09F)	CENTRAL TOLL ACCOUNT (Fund 495)	COMBINED
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents		10,821,392	2,853,237	3,052,650	16,727,279
Cash Held with Escrow Agents	1	604,455	0	0	604,455
Accounts Receivable					
Accounts	2	335,784	0	0	335,784
Due From Other Funds	4	66,135	12,213	35,779	114,127
Consumable Inventories	3	576,862	0	0	576,862
Total Current Assets		<u>12,404,629</u>	<u>2,865,450</u>	<u>3,088,429</u>	<u>18,358,508</u>
RESTRICTED ASSETS:					
Collateral Held for Security Lending Agreements	6	982,913	261,443	279,715	1,524,071
Total Restricted Assets		<u>982,913</u>	<u>261,443</u>	<u>279,715</u>	<u>1,524,071</u>
TOTAL ASSETS		<u>13,387,542</u>	<u>3,126,893</u>	<u>3,368,144</u>	<u>19,882,579</u>
LIABILITIES AND FUND BALANCE					
CURRENT LIABILITIES:					
Accounts Payable		1,501,059	149,210	427	1,650,696
Retained Percentages Payable	1	613,285	0	0	613,285
Due to Other Governments		37,110	0	0	37,110
Due to Other Funds	4	127,701	21,825	1,403	150,929
Due to Other Agencies	4	109,982	89,491	0	199,473
Due to Department of Revenue - Taxes		17,755	3,921	0	21,676
Deferred Revenue	5	0	0	3,083,725	3,083,725
Liability for Cancelled Warrants		2,516	0	0	2,516
Total Current Liabilities		<u>2,409,408</u>	<u>264,447</u>	<u>3,085,555</u>	<u>5,759,410</u>
OTHER LIABILITIES:					
Obligations Under Security Lending Agreement	6	982,913	261,443	282,589	1,526,945
Total Other Liabilities		<u>982,913</u>	<u>261,443</u>	<u>282,589</u>	<u>1,526,945</u>
TOTAL LIABILITIES		<u>3,392,321</u>	<u>525,890</u>	<u>3,368,144</u>	<u>7,286,355</u>
FUND BALANCE					
Reserved for Inventories	3	576,862	0	0	576,862
Unreserved/Undesignated Fund Balance	7	9,418,359	2,601,003	0	12,019,362
Total Fund Balance		<u>9,995,221</u>	<u>2,601,003</u>	<u>0</u>	<u>12,596,224</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>13,387,542</u>	<u>3,126,893</u>	<u>3,368,144</u>	<u>19,882,579</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 Cash held with escrow agents are in compliance with construction contracts wherein periodic program payments are made to the contractor with a contractual retainage of payment made to an escrow agent instead of directly to the contractor pending acceptance of work completed under the contract terms. Until the contract terms are satisfied and the contractor earns entitlement, the cash in escrow is carried in the financial statements as both an asset due from the escrow agent and as a retainage liability due to the contractor. On this financial statement, cash held in escrow is less than the retainage liability because a portion of retainage occurred and was recorded by June 30th, while the deposit in transit to the escrow agent did not occur until after June 30th. TransCore, primary contract for operating the Tacoma Narrows Bridge, is the sole vendor for which cash is being held in escrow.
- 2 Accounts Receivable consists primarily of funds collected through acceptance of the customer's credit and/or debit card for automated accounts and credit card payment at the Tacoma Narrows Bridge toll booth. The amounts due are sales by June 30 wherein the cash transfer from the credit card companies will occur after June 30.
- 3 Consumable inventory, consists of toll transponders and are valued and reported on the state's financial statements if the fiscal year-end balance on hand is estimated to be \$25,000 or more. Consumable inventory are valued at cost using the first in, first out (FIFO) method. For governmental fund financial reporting, inventory balances are also recorded as a reservation of fund balance indicating that they do not constitute available spendable resources.
- 4 Inter-fund activity is for goods and/or services provided between governmental funds within the Department of Transportation. Intra-agency activity is for goods and/or services provided by other Washington State Agencies.
- 5 Deferred revenue is resources, generally cash, collected from customers for automated toll accounts. The revenue is not recognized until the transponder is "read" as the customer's vehicle crosses the Tacoma Narrows Bridge or enters a Hot Lane as a single occupant vehicle. Until this event, the toll transponder account is a liability owed to the customer.
- 6 State statutes permit the Office of State Treasurer to lend securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future.
- 7 In the fund financial statements, governmental funds report the difference between fund assets and fund liabilities as "fund balance". Unreserved/undesignated fund balance represents the amount available for appropriation.

Supplemental Notes:

- A Infrastructure and Capital Assets – As of June 30, 2008, the department has capitalized a total of \$722,170,770 in infrastructure related to the Tacoma Narrows Bridge. Included in this total is the following:

Bridge and Roadway Construction	\$ 707,643,374
Right of Way Acquisition	\$ 12,700,657
Other Improvements	<u>\$ 1,826,739</u>
Total	\$ 722,170,770

All infrastructure assets are capitalized in the fiscal year in which the expenditure occurred. In Washington State, infrastructure assets are reported in the Capital Assets Subsidiary Account, not in the fund in which the asset was purchased. Washington has elected to report infrastructure assets according to their condition, in accordance with GASB Statement 34.

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- B Deferred Sales Tax Liability – The Department has incurred deferred sales tax liability as a result of constructing the TNB and toll facilities to support the bridge’s operation. For the construction of the bridge, the Department made contract payments of \$627,435,201 for which the Department likely owes \$53,167,414 in deferred sales tax. For Tacoma Narrows Constructors, the Department made contract payments of \$40,743,425 for which the Department has agreed to pay \$3,579,270 in deferred sales tax. For constructing tolling facilities, the Department made contract payments of \$12,279,039 for which the Department likely owes \$791,654 in deferred sales tax. Sales tax payments are due annually to the Department of Revenue beginning in 2013 in equal payments of approximately \$5,753,834 over a period of ten years. As part of Generally Accepted Accounting Principles for governmental Accounting, this liability is reflected in the General Long Term Obligations Subsidiary Account, Fund 999, and not within the TNB account.
- C Bond Liability – The cost of constructing the Tacoma Narrows Bridge was supported by issuing special revenue bonds. These bonds are scheduled to be retired in 2030 using proceeds from tolling activity. Total 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. Total Debt Service paid through June 30, 2008 is \$19,180,449, of which \$8,469,169 was interest payments to bond holders. *

*Par value on bonds issued reflected in the notes was updated to correct amount on revised final version.