

COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2013, QUARTER ENDED MARCH 31, 2013

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
ASSETS							
Cash and cash equivalents		\$ 5,633,390	\$ 1,357,196	\$333,576,249	\$ 2,060,472	\$ 10,459,076	\$353,086,383
Cash held with escrow agents		-	-	10,704,292	-	-	10,704,292
Accounts receivable, net	1	3,116,357	73,410	5,270,639	-	-	8,460,406
Notice of civil penalties, net	2	3,429,707	-	-	7,387,044	-	10,816,751
Due from toll vendor	3	1,240,361	39,986	849,039	-	20,052	2,149,438
Consumable inventories	4	-	-	-	-	959,459	959,459
TOTAL ASSETS		\$ 13,419,815	\$ 1,470,592	\$350,400,219	\$ 9,447,516	\$ 11,438,587	\$386,176,729
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable		\$ 1,125,450	\$ 71,680	\$ 1,215,164	\$ 97,149	\$ -	\$ 2,509,452
Retained percentages payable		-	-	10,908,905	-	-	10,908,905
Due to other governments		-	-	6,937	-	-	6,937
Due to other funds/agencies		715	3,757	298,499	-	232	303,203
Due to department of revenue - taxes		-	-	-	-	5,171	5,171
Deferred revenue	5	6,492,261	39,986	4,633,402	5,980,197	11,415,335	28,561,181
Unclaimed property refund liability	6	-	-	-	-	10,855	10,855
Liability for cancelled warrants	7	2,711	-	-	-	6,994	9,705
Total Liabilities		7,621,137	115,423	17,062,907	6,077,346	11,438,587	42,315,409
Fund Balances							
Nonspendable consumable inventories	4	-	-	-	-	959,459	959,459
Restricted for operations and maintenance	8	-	-	6,410,157	-	-	6,410,157
Restricted for repair and replacement	8	-	-	1,406,250	-	-	1,406,250
Restricted for unspent GARVEE bond proceeds	8	-	-	298,553,789	-	-	298,553,789
Restricted for transportation	8	5,798,678	-	26,967,116	-	-	32,765,794
Committed for transportation	9	-	1,355,169	-	3,370,170	-	4,725,339
Unassigned		-	-	-	-	(959,459)	(959,459)
Total Fund Balances		5,798,678	1,355,169	333,337,312	3,370,170	-	343,861,329
TOTAL LIABILITIES AND FUND BALANCES		\$ 13,419,815	\$ 1,470,592	\$350,400,219	\$ 9,447,516	\$ 11,438,587	\$386,176,729

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

NOTES TO THE COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2013, QUARTER ENDED MARCH 31, 2013

Potential Financial Implications of Vendor System Issues— A number of toll vendor (ETCC) system issues have been identified that have financial impacts (final amounts and final dispositions will be known upon remediation of the issues and as toll transactions progress through the system):

- Impacts to TNB and 520 deferred revenue include amounts that WSDOT has identified as not progressing through the ETCC system as designed and have yet to be recognized as revenue. While exact amounts were not available at time of issuing financial statements, it is estimated that accounts receivable and deferred revenue may be overstated by approximately \$1,685,000 for TNB and \$1,122,000 for 520.
- NOCPP revenue and NOCP deferred revenue – approximately 132,000 NOCPs (estimated \$5.9 million) have been certified, but not mailed to customers. The issue has not been resolved as of preparation of the financial statements. In addition, the portion that impacts deferred revenue versus NOCP revenue and the split between the TNB and SR-520 toll facilities was not available at the time of issuing the financial statements.

Detailed Notes

1. Accounts Receivable, net:

- (a) TNB and 520 Bridge Accounts consist primarily of: (1) Crossings where a Toll Bill has been sent to the customer via Pay-by-Mail, (2) Customer payments made by credit card which had yet to settle by December 31, (3) Crossings that are in the image review process and toll fees have yet to be transferred from customer accounts, (4) Crossings that are not viable and are awaiting dismissal, (5) and the Accounts allocated share of NSF fee, transponder sales and \$5 reprocessing fee receivables. The Net accounts receivable balances in both accounts were reduced this quarter due to increases in the allowance for doubtful accounts figures based upon a transition to new source data for calculating the allowances. The impact to TNB was approximately \$106,000 and the impact to 520 was approximately \$480,000.
- (b) 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.
- (c) Central Toll Account consists primarily of customer payments made by credit card which had yet to settle by the close of the reporting period.

2. Notice of Civil Penalties, net - The TNB balance consists of all outstanding amounts due related to TNB notices of civil penalties and the 520 Civil Penalty balance consists of all outstanding amounts due related to 520 Bridge notices of civil penalties.

3. Due from Toll Vendor — For TNB, HOT Lanes and the 520 Bridge Accounts, the Due from Toll Vendor consists primarily of amounts due from the CSC operations vendor (ETCC) due to renegotiation of the CSC operations contract. 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.

4. Consumable Inventory — Toll transponders valued at cost using the first in, first out (FIFO) method.

5. Deferred Revenue:

- (a) TNB Account - amounts associated with TNBs long-term portion of the toll vendor receivable, notice of civil penalty amounts not yet recognized because the adjudication process has not been completed, as well as amounts directly attributable to items (a) (3) and (4) described above in Note #1. New this quarter are (a) a deferral of approximately \$1 million for toll bill amounts not estimated to be collected until they become NOCP receivables or after 12 months, and (b) a deferral of approximately \$1.8 million for NOCP amounts estimated to take over 12 months to collect.
- (b) HOT Lanes Account - amounts associated with the accounts long-term portion of the toll vendor receivable.
- (c) 520 Bridge Account - amounts associated with 520s long-term portion of the toll vendor receivable as well as amounts directly attributable to items (a) (3) and (4) described above in Note #1. Also, new this quarter is a deferral of approximately \$1.9 million for toll bill amounts not estimated to be collected until they become NOCP receivables or after 12 months.
- (d) 520 Civil Penalty Account — comprised of (a) notice of civil penalty amounts not yet recognized because the adjudication process has not been completed, and (b) new this quarter is a deferral of approximately \$4.3 million for amounts estimated to take over 12 months to collect.
- (e) Central Toll Account — amounts from customers on deposit for prepaid *GoodToGo!* accounts. No revenue is ever recognized in the Central Toll Account. Funds from the prepaid accounts, held in the Central Toll Account, are transferred to the applicable toll facility when a transponder is “read” as the customers’ vehicle crosses one of the toll facilities. Until this event, the prepaid toll account balance represents a liability to the state and is owed to the customer.

6. Unclaimed Property Refund Liability — 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.

7. Cancelled Warrants — When a vendor cannot be located, such as when the vendor changes addresses without notification, the original warrant (check) must be cancelled and reissued once the vendor is located.

8. The Unspent Bond Proceeds and Operations and Maintenance Restrictions — Reserves required by the Master Bond Resolutions. Additionally, fund balances are considered “restricted” if its usage is limited by creditors, other governments, or through constitutional provisions.

9. Committed for Transportation — A fund balance is considered “committed” if usage is limited by the governing authority.