### COMBINING BALANCE SHEET

**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**

**WASHINGTON TOLLING SYSTEM**

**STATE FISCAL YEAR 2014, QUARTER ENDED DECEMBER 31, 2013**

#### ASSETS

| Notes to the financial statements are an integral part of this statement. |  |

<table>
<thead>
<tr>
<th></th>
<th>TNB</th>
<th>HOT</th>
<th>S20</th>
<th>CIVIL</th>
<th>TOLL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS</strong></td>
<td>$11,730,869</td>
<td>$1,741,196</td>
<td>$368,260,753</td>
<td>$6,988,071</td>
<td>$11,708,468</td>
<td>$400,429,357</td>
</tr>
<tr>
<td>Cash held with escrow agents</td>
<td>-</td>
<td>-</td>
<td>13,540,879</td>
<td>-</td>
<td>-</td>
<td>13,540,879</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>1</td>
<td>2,427,151</td>
<td>109,596</td>
<td>4,092,944</td>
<td>120</td>
<td>6,629,811</td>
</tr>
<tr>
<td>Notice of civil penalties, net</td>
<td>2</td>
<td>13,298,769</td>
<td>-</td>
<td>-</td>
<td>21,708,330</td>
<td>-</td>
</tr>
<tr>
<td>Due from toll vendor</td>
<td>3</td>
<td>938,346</td>
<td>39,986</td>
<td>-</td>
<td>849,039</td>
<td>-</td>
</tr>
<tr>
<td>Consumable inventories</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>838,476</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

$28,395,135 $1,890,778 $386,743,615 $28,696,521 $12,590,620 $458,316,669

#### LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

<table>
<thead>
<tr>
<th></th>
<th>TNB</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td></td>
<td>$1,268,709</td>
<td>67,416</td>
<td>$2,087,804</td>
<td>$224,705</td>
<td>80,102</td>
</tr>
<tr>
<td>Retained percentages payable</td>
<td>-</td>
<td>-</td>
<td>13,822,810</td>
<td>-</td>
<td>-</td>
<td>13,822,810</td>
</tr>
<tr>
<td>Due to other funds/agencies</td>
<td>678</td>
<td>3,355</td>
<td>155,700</td>
<td>-</td>
<td>250</td>
<td>159,983</td>
</tr>
<tr>
<td>Due to department of revenue - taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,746</td>
<td>4,746</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>5</td>
<td>2,978,777</td>
<td>-</td>
<td>2,163,956</td>
<td>1,907,467</td>
<td>12,483,833</td>
</tr>
<tr>
<td>Unclaimed property refund liability</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,746</td>
<td>4,746</td>
</tr>
<tr>
<td>Liability for cancelled warrants</td>
<td>7</td>
<td>2,720</td>
<td>-</td>
<td>826</td>
<td>-</td>
<td>21,189</td>
</tr>
</tbody>
</table>

**Total Liabilities**

4,250,884 70,771 18,231,096 2,132,172 12,590,620 37,275,543

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>DEFERRED INFLOWS OF RESOURCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unavailable revenue-$5 fee, NOCPs, Real Estate</td>
<td>8</td>
<td>11,558,561</td>
<td>-</td>
<td>792,849</td>
<td>17,872,065</td>
<td>-</td>
</tr>
<tr>
<td>Unavailable revenue-toll vendor</td>
<td>8</td>
<td>504,029</td>
<td>39,986</td>
<td>849,039</td>
<td>-</td>
<td>1,393,054</td>
</tr>
</tbody>
</table>

**Total Deferred Inflows of Resources**

12,062,590 39,986 1,641,888 17,872,065 - 31,616,529

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>FUND BALANCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable consumable inventories</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>838,476</td>
<td>838,476</td>
</tr>
<tr>
<td>Restricted for unspent GARVEE bond proceeds</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>321,779,858</td>
<td>-</td>
<td>321,779,858</td>
</tr>
<tr>
<td>Restricted for operations and maintenance</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>6,677,594</td>
<td>-</td>
<td>6,677,594</td>
</tr>
<tr>
<td>Restricted for repair and replacement</td>
<td>9</td>
<td>-</td>
<td>-</td>
<td>2,812,500</td>
<td>-</td>
<td>2,812,500</td>
</tr>
<tr>
<td>Restricted for transportation</td>
<td>9</td>
<td>12,081,661</td>
<td>-</td>
<td>35,600,679</td>
<td>-</td>
<td>47,682,340</td>
</tr>
<tr>
<td>Committed for transportation</td>
<td>9</td>
<td>-</td>
<td>1,780,021</td>
<td>8,692,284</td>
<td>-</td>
<td>10,472,305</td>
</tr>
<tr>
<td>Unassigned</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(838,476)</td>
<td>(838,476)</td>
</tr>
</tbody>
</table>

**Total Fund Balances**

12,081,661 1,780,021 366,870,631 8,692,284 - 12,590,620 389,424,597

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**

$28,395,135 $1,890,778 $386,743,615 $28,696,521 $12,590,620 $458,316,669
Backlogged Financial Reconciliations - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the 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. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

Reports in the Subsidiary Accounting System for Tolling - WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

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.
   (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.
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 Account, 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. Unearned Revenue:
   (a) TNB Account - Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed. Also included are amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
   (b) 520 Bridge Account - amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables, as well as amounts directly attributable to items (a) (3) and (4) described above in Note 1.
   (c) 520 Civil Penalty Account – Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed.
   (d) amounts from customers on deposit for prepaid GoodToGo! accounts. No revenue is 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. Unavailable Revenue:
   (a) TNB Account - amounts associated with TNBs long-term portion of the toll vendor receivable and a real estate contract receivable. Also included are deferrals for NOCP and $5 fee receivable 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. Also included are deferrals for $5 fee receivable amounts estimated to take over 12 months to collect.
   (d) 520 Civil Penalty Account – amounts associated with deferral for NOCP receivable amounts estimated to take over 12 months to collect.
9. The Unspent Bond Proceeds and Operations and Repair 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, and “committed” if usage is limited by the governing authority.