

**COMBINING BALANCE SHEET**  
**WASHINGTON STATE DEPARTMENT OF TRANSPORTATION**  
**WASHINGTON TOLLING SYSTEM**  
**STATE FISCAL YEAR 2014, QUARTER ENDED DECEMBER 31, 2013**

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
<b>ASSETS</b>							
Cash and cash equivalents		\$ 11,730,869	\$ 1,741,196	\$368,260,753	\$ 6,988,071	\$ 11,708,468	\$400,429,357
Cash held with escrow agents		-	-	13,540,879	-	-	13,540,879
Accounts receivable, net	1	2,427,151	109,596	4,092,944	120	-	6,629,811
Notice of civil penalties, net	2	13,298,769	-	-	21,708,330	-	35,007,099
Due from toll vendor	3	938,346	39,986	849,039	-	43,676	1,871,047
Consumable inventories	4	-	-	-	-	838,476	838,476
<b>TOTAL ASSETS</b>		<b>\$ 28,395,135</b>	<b>\$ 1,890,778</b>	<b>\$386,743,615</b>	<b>\$ 28,696,521</b>	<b>\$ 12,590,620</b>	<b>\$458,316,669</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable		\$ 1,268,709	\$ 67,416	\$ 2,087,804	\$ 224,705	\$ 80,102	3,728,736
Retained percentages payable		-	-	13,822,810	-	-	13,822,810
Due to other funds/agencies		678	3,355	155,700	-	250	159,983
Due to department of revenue - taxes		-	-	-	-	4,746	4,746
Unearned revenue	5	2,978,777	-	2,163,956	1,907,467	12,483,833	19,534,033
Unclaimed property refund liability	6	-	-	-	-	500	500
Liability for cancelled warrants	7	2,720	-	826	-	21,189	24,735
<b>Total Liabilities</b>		<b>4,250,884</b>	<b>70,771</b>	<b>18,231,096</b>	<b>2,132,172</b>	<b>12,590,620</b>	<b>37,275,543</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue-\$5 fee, NOCPs, Real Estate	8	11,558,561	-	792,849	17,872,065	-	30,223,475
Unavailable revenue-toll vendor	8	504,029	39,986	849,039	-	-	1,393,054
<b>Total Deferred Inflows of Resources</b>		<b>12,062,590</b>	<b>39,986</b>	<b>1,641,888</b>	<b>17,872,065</b>	<b>-</b>	<b>31,616,529</b>
<b>Fund Balances</b>							
Nonspendable consumable inventories	4	-	-	-	-	838,476	838,476
Restricted for unspent GARVEE bond proceeds	9	-	-	321,779,858	-	-	321,779,858
Restricted for operations and maintenance	9	-	-	6,677,594	-	-	6,677,594
Restricted for repair and replacement	9	-	-	2,812,500	-	-	2,812,500
Restricted for transportation	9	12,081,661	-	35,600,679	-	-	47,682,340
Committed for transportation	9	-	1,780,021	-	8,692,284	-	10,472,305
Unassigned		-	-	-	-	(838,476)	(838,476)
<b>Total Fund Balances</b>		<b>12,081,661</b>	<b>1,780,021</b>	<b>366,870,631</b>	<b>8,692,284</b>	<b>-</b>	<b>389,424,597</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		<b>\$ 28,395,135</b>	<b>\$ 1,890,778</b>	<b>\$386,743,615</b>	<b>\$ 28,696,521</b>	<b>\$ 12,590,620</b>	<b>\$458,316,669</b>

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

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**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.