

COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2014, QUARTER ENDED JUNE 30, 2014

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
ASSETS							
Cash and cash equivalents		\$ 8,639,134	\$ 2,083,284	\$263,817,962	\$ 10,021,255	\$ 11,591,851	\$296,153,486
Cash held with escrow agents		-	-	13,968,940	-	-	13,968,940
Accounts receivable, net	1	1,052,710	1,077	2,149,556	120	-	3,203,463
Notice of civil penalties, net	2	7,726,583	-	-	13,027,116	-	20,753,699
Due from other governments	3	-	-	10,000,000	-	-	10,000,000
Due from other funds/agencies		732,193	25,379	1,013,603	144,206	2,807,799	4,723,180
Due from toll vendor	4	689,577	39,986	849,039	-	11,079	1,589,681
Consumable inventories	5	-	-	-	-	702,515	702,515
TOTAL ASSETS		\$ 18,840,197	\$ 2,149,726	\$291,799,100	\$ 23,192,697	\$ 15,113,244	\$351,094,964
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable		\$ 965,980	\$ 70,714	\$ 50,355,532	\$ 96,217	\$ 55,901	51,544,344
Retained percentages payable		-	-	14,442,020	-	-	14,442,020
Obligations under securities lending agreement	6	237,962	57,040	7,213,006	275,819	283,681	8,067,508
Due to other governments		3,350	-	452,793	3,720	-	459,863
Due to other funds/agencies		803,899	38,990	16,829,382	157,815	1,678,137	19,508,223
Due to department of revenue - taxes		-	16	13	-	5,788	5,817
Unearned revenue	7	1,176,012	-	625,158	1,723,376	13,056,899	16,581,445
Unclaimed property refund liability	8	-	-	-	-	500	500
Liability for cancelled warrants	9	2,720	-	827	-	32,338	35,885
Total Liabilities		3,189,923	166,760	89,918,731	2,256,947	15,113,244	110,645,605
Deferred Inflows of Resources							
Unavailable revenue-\$5 fee, NOCPs, Real Estate	10	6,169,438	-	870,355	9,226,224	-	16,266,017
Unavailable revenue-toll vendor	10	399,602	36,000	764,406	-	-	1,200,008
Total Deferred Inflows of Resources		6,569,040	36,000	1,634,761	9,226,224	-	17,466,025
Fund Balances							
Nonspendable consumable inventories	5	-	-	-	-	702,515	702,515
Restricted for unspent GARVEE bond proceeds	11	-	-	161,208,906	-	-	161,208,906
Restricted for operations and maintenance	11	-	-	7,253,547	-	-	7,253,547
Restricted for repair and replacement	11	-	-	3,750,000	-	-	3,750,000
Restricted for transportation	11	9,081,234	-	28,033,155	-	-	37,114,389
Committed for transportation	11	-	1,946,966	-	11,709,526	-	13,656,492
Unassigned		-	-	-	-	(702,515)	(702,515)
Total Fund Balances		9,081,234	1,946,966	200,245,608	11,709,526	-	222,983,334
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		\$ 18,840,197	\$ 2,149,726	\$291,799,100	\$ 23,192,697	\$ 15,113,244	\$351,094,964

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

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Tolling Subsidiary Accounting System – Repeat independent audits have determined that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contains weaknesses in internal controls. The results of the independent audits provide concern to WSDOT, and the toll division is working with our service organization to remediate the deficiencies. WSDOT is committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

ETCC Critical Accounting Reports and Backlogged Reconciliations - During the fiscal year and shortly thereafter, ETCC successfully remediated most of the critical accounting report defects and resubmitted all reconciliations since the inception of electronic tolling in December 2011 through the most recent fiscal year. WSDOT is reviewing the reconciliation support and is working collaboratively with ETCC to bring the reconciliations current, ensure all defects are remediated, and achieve system acceptance.

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 June 30, (3) and the Accounts allocated share of NSF fee, transponder sales and \$5 reprocessing fee receivables. Receivables are net of allowance for doubtful accounts.
 - (b) HOT Lanes Account consists of 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 Other Governments** – This amount is due from the federal government under the TIFIA loan program and will be collected in September 2014.
4. **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.
5. **Consumable Inventory** – Toll transponders valued at cost using the first in, first out (FIFO) method.
6. **Obligations Under Security Lending Agreement** – State statutes permit the Office of State Treasurer (OST) to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. OST records an asset and an offsetting liability for securities on loan at fiscal year end.
7. **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.
 - (b) 520 Bridge Account - amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables.
 - (c) 520 Civil Penalty Account – Notice of civil penalty amounts not yet recognized because the adjudication process has not been completed.
 - (d) Central Toll Account - amounts from customers on deposit for prepaid *Good To Go!* 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.
8. **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.
9. **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.
10. **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.
11. **The Unspent Bond Proceeds and Operations and Repair Restrictions** – 520 Bridge Account Reserves required by the Master Bond Resolution. 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.