

COMBINING BALANCE SHEET
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
WASHINGTON TOLLING SYSTEM
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013

	NOTES	TNB ACCOUNT	HOT LANES ACCOUNT	520 BRIDGE ACCOUNT	520 CIVIL PENALTY ACCOUNT	CENTRAL TOLL ACCOUNT	TOTAL
ASSETS							
Cash and cash equivalents		\$ 8,992,451	\$ 1,531,247	\$266,271,243	\$ 3,672,893	\$ 11,316,165	\$291,783,999
Cash held with escrow agents		-	-	11,325,125	-	-	11,325,125
Accounts receivable, net	1	1,076,632	89,129	2,142,433	-	-	3,308,194
Notice of civil penalties, net	2	9,916,416	-	-	19,529,971	-	29,446,387
Due from other funds/agencies		749,124	19,271	1,390,188	151,690	1,860,749	4,171,022
Due from toll vendor	3	1,139,791	39,986	849,039	-	35,960	2,064,776
Consumable inventories	4	-	-	-	-	978,559	978,559
TOTAL ASSETS		\$ 21,874,414	\$ 1,679,633	\$281,978,028	\$ 23,354,554	\$ 14,191,433	\$343,078,062
LIABILITIES							
Accounts payable		1,339,870	60,392	65,761,480	211,516	71,956	67,445,214
Retained percentages payable		-	-	12,366,067	-	-	12,366,067
Obligations under securities lending agreement	5	363,201	63,292	10,913,873	152,547	409,696	11,902,609
Due to other governments		3,570	-	10,297	5,927	-	19,794
Due to other funds/agencies		528,533	24,841	6,785,268	55,799	2,162,736	9,557,177
Due to department of revenue - taxes		-	-	27	-	5,559	5,586
Unearned Revenue	6	3,899,750	-	1,128,801	6,732,290	11,517,238	23,278,079
Unclaimed property refund liability	7	-	-	-	-	10,855	10,855
Liability for cancelled warrants	8	2,716	-	-	-	13,393	16,109
Total Liabilities		<u>6,137,640</u>	<u>148,525</u>	<u>96,965,813</u>	<u>7,158,079</u>	<u>14,191,433</u>	<u>124,601,490</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue-\$5 Fee, NOCPs, Real Estate	9	3,469,204	-	870,355	6,905,924	-	11,245,483
Unavailable Revenue-Toll Vendor	9	689,579	39,986	849,039	-	-	1,578,604
Total Deferred Inflows of Resources		<u>4,158,783</u>	<u>39,986</u>	<u>1,719,394</u>	<u>6,905,924</u>	<u>-</u>	<u>12,824,087</u>
Fund Balances							
Nonspendable consumable inventories	4	\$ -	\$ -	\$ -	\$ -	\$ 978,559	\$ 978,559
Restricted for operations and maintenance	10	-	-	6,410,157	-	-	6,410,157
Restricted for repair and replacement	10	-	-	1,875,000	-	-	1,875,000
Restricted for unspent GARVEE bond proceeds	10	-	-	147,913,103	-	-	147,913,103
Restricted for transportation	10	11,577,991	-	27,094,561	-	-	38,672,552
Committed for transportation	10	-	1,491,122	-	9,290,551	-	10,781,673
Unassigned		-	-	-	-	(978,559)	(978,559)
Total Fund Balances		<u>11,577,991</u>	<u>1,491,122</u>	<u>183,292,821</u>	<u>9,290,551</u>	<u>-</u>	<u>205,652,485</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		\$ 21,874,414	\$ 1,679,633	\$281,978,028	\$ 23,354,554	\$ 14,191,433	\$343,078,062

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 - After the close of the fiscal year, 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 June 30, and (3) 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. **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.
6. **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) 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.
7. **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.
8. **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.
9. **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.
10. **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, and “committed” if usage is limited by the governing authority.