

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013 – DRAFT!**

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 43,359,326	\$ 15,315,799	\$ 58,675,125
Civil penalty	2	376,730	3,449,533	3,826,263
Violation penalty revenue		17,183	4,319	21,502
Transponder sales	3	224,208	83,142	307,350
Toll vendor contractual damages	4	367,796	106,300	474,096
Toll bill reprocessing fee	5	317,528	(51,062)	266,466
Interest income		20,179	9,682	29,861
Miscellaneous	6	34,565	9,770	44,335
TOTAL REVENUES		<u>44,717,515</u>	<u>18,927,483</u>	<u>63,644,998</u>
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		1,513,917	508,531	2,022,448
Toll booth and lane vendor contract		2,476,929	895,182	3,372,111
Insurance		1,557,190	-	1,557,190
Credit card and bank fees		691,806	287,451	979,257
Transponder cost of goods sold	7	156,950	60,372	217,322
Other	8	133,623	60,782	194,405
Total Goods and Services		<u>6,530,415</u>	<u>1,812,318</u>	<u>8,342,733</u>
Personal service contracts	9	547,550	165,339	712,889
Salaries and benefits		413,754	147,311	561,065
Civil penalty adjudication costs	10	300,617	152,595	453,212
Infrastructure maintenance and preservation	11	175,833	80,442	256,275
TOTAL EXPENDITURES		<u>7,968,169</u>	<u>2,358,005</u>	<u>10,326,174</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>36,749,346</u>	<u>16,569,478</u>	<u>53,318,824</u>
OTHER FINANCING USES				
Operating transfers out	12	(34,863,003)	(10,790,165)	(45,653,168)
TOTAL OTHER FINANCING USES		<u>(34,863,003)</u>	<u>(10,790,165)</u>	<u>(45,653,168)</u>
NET CHANGE IN FUND BALANCE		1,886,343	5,779,313	7,665,656
FUND BALANCE - BEGINNING		<u>3,912,335</u>	<u>5,798,678</u>	<u>3,912,335</u>
FUND BALANCE - ENDING		<u>\$ 5,798,678</u>	<u>\$ 11,577,991</u>	<u>\$ 11,577,991</u>

The Financial Statements are marked "Draft" as the state's books are not officially closed each fiscal year until the State Auditor issues his report and the Office of Financial Management publishes the Comprehensive Annual Financial Report (CAFR) in November.

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

NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
TACOMA NARROWS BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013 – DRAFT!

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 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 - The tolling subsidiary accounting system for the WSDOT is managed by an external vendor. WSDOT learned in September 2013 that critical accounting reports have been manipulated by the vendor without the knowledge of WSDOT, bringing uncertainty in our ability to rely on these reports for financial reporting and reconciliations of financial activity. While uncertainty exists regarding these reports, we do not believe there are material discrepancies within these financial statements given the consistency and tracking of revenue as compared to forecasts which are developed from independent sources.

Motor Vehicle Account Obligation – In 2005-07, as tolling began on the Tacoma Narrows Bridge, an operating loan of \$5,288,000 was made from the Motor Vehicle Account to capitalize the Tacoma Narrows Bridge Account (Chapter 518, Laws of 2007, Section 1005(15)). RCW 46.63.160 requires that net civil penalties deposited in the Tacoma Narrows Bridge Account must first be allocated toward repayment of the operating loan. In order to transfer the funds the State Treasurer’s Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in ESSB 5024, Section 407(15) to transfer \$950,000.

Detailed Notes

1. **Tolling Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling in the eastbound direction over the Tacoma Narrows Bridge, which are collected at toll booths, electronic toll accounts, or pay-by-mail.
2. **Civil Penalty Revenue** – Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty.
3. **Transponder Sales** – Sales of transponder devices to potential and existing *Good To Go!* electronic toll account customers.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$74,100, and the short-term portion of future amounts due from ETCC, totaling \$399,996.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings. Toll bill reprocessing fee revenue was reduced this quarter primarily to limit revenue recognition to amounts estimated to be collected within 12 months and deferring the remaining balance. Due to ETCC system data availability this is the first period in which WSDOT has been able to make this adjustment and the amount of the adjustment is cumulative from inception of toll bills through the end of this reporting period.
6. **Miscellaneous Revenue** – Revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
8. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, pay-by-mail postage, services provided by outside vendors, etc.
9. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
10. **Civil Penalty Adjudication Costs** – TNB’s share of the adjudication system vendor contract with ETCC for the adjudication system module, as well as its share of supplies, communications, credit card fees, Office of Administrative Hearings costs, and salaries and benefits of WSDOT staff.
11. **Infrastructure Maintenance and Preservation** – Cost of maintenance and bridge preservation activities on the new Tacoma Narrows Bridge not performed by TNB Toll Operations staff. These costs include Goods and Services of \$103,930 and Salaries and Benefits of \$152,345.
12. **Operating Transfers Out** – Transfer of toll proceeds and cash to the Highway Bond Retirement Account to facilitate the payment of debt service.

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013 – DRAFT!**

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 840,382	\$ 301,449	\$ 1,141,831
Transponder sales	2	24,556	\$ 9,858	34,414
Toll vendor contractual damages	3	6,183	\$ 639	6,822
Interest income		2,411	\$ 1,237	3,648
Miscellaneous	4	2,765	\$ 914	3,679
TOTAL REVENUES		876,296	314,097	1,190,393
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		131,535	45,704	177,239
Credit card and bank fees		13,543	5,932	19,475
Transponder cost of goods sold	5	17,183	7,129	24,312
Washington state patrol	6	64,401	24,136	88,537
Other	7	11,642	4,586	16,228
Total Goods and Services		238,304	87,487	325,791
Personal service contracts	8	103,712	29,536	133,248
Salaries and benefits		75,361	28,190	103,551
Infrastructure maintenance	9	150,387	32,931	183,318
TOTAL EXPENDITURES		567,764	178,144	745,908
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		308,533	135,953	444,486
NET CHANGE IN FUND BALANCE		308,533	135,953	444,486
FUND BALANCE - BEGINNING		1,046,636	1,355,169	1,046,636
FUND BALANCE - ENDING		\$ 1,355,169	\$ 1,491,122	\$ 1,491,122

The Financial Statements are marked "Draft" as the state's books are not officially closed each fiscal year until the State Auditor issues his report and the Office of Financial Management publishes the Comprehensive Annual Financial Report (CAFR) in November.

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

NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
HIGH OCCUPANCY TOLL OPERATIONS ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013 – DRAFT!

HOT Lanes Operating Expenditures in other Accounts - Currently the High Occupancy Toll (HOT) Lanes Account pays most costs associated with operations and maintenance of the HOT Lanes on SR 167. However, the monthly cost associated with Toll Lane vendor warranty as well as some WSDOT staffing has been funded outside of the HOT Lanes Account. Based upon the 2013 biennium budgeted amounts, the project costs that are currently estimated to be funded outside of the HOT Lanes Account are approximately \$43,500 per quarter (\$174,000 per fiscal year).

Detailed Notes

1. **Tolling Revenue** – Revenue earned from single occupancy vehicles traveling in the High Occupancy Vehicle (HOV) Lanes on SR-167 with a *Good To Go!* transponder account. A variable fee, based on traffic volumes, is automatically charged to their account.
2. **Transponder Sales** – Sales of transponder devices to new and existing *Good To Go!* electronic toll account customers.
3. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$6,822.
4. **Miscellaneous Revenue** – Revenue for administrative and statement fees, NSF check fees, cash over, and prior period recoveries.
5. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
6. **The Washington State Patrol** – Support for the enforcement of the laws governing the use of the HOT Lanes by issuing citations to HOT Lane violators.
7. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, services provided by outside vendors, and etc.
8. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting.
9. **Infrastructure Maintenance** – Cost of maintenance activities on the HOT Lanes. These costs include Goods and Services of \$42,912 and Salaries and Benefits of \$140,406.

**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013 – DRAFT!**

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Tolling revenue	1	\$ 41,292,276	\$ 14,149,388	\$ 55,441,664
Debt Service Reimbursement (FHWA)	2	18,282,056	-	18,282,056
Transponder sales	3	344,194	122,383	466,577
Toll vendor contractual damages	4	125,418	12,311	137,729
Toll bill reprocessing fee	5	1,673,705	(355,529)	1,318,176
Interest income		957,139	262,255	1,219,394
Miscellaneous	6	102,370	15,833	118,203
TOTAL REVENUES		<u>62,777,158</u>	<u>14,206,641</u>	<u>76,983,799</u>
EXPENDITURES				
Goods and Services				
Toll CSC operations vendor contract		3,469,098	1,129,412	4,598,510
Toll lane vendor contract	7	164,746	128,673	293,419
Insurance		2,430,995	-	2,430,995
Credit card and bank fees		696,058	217,844	913,902
Transponder cost of goods sold	8	241,047	89,894	330,941
Other	9	169,637	81,585	251,222
Total Goods and Services		<u>7,171,581</u>	<u>1,647,408</u>	<u>8,818,989</u>
Personal service contracts	10	627,561	85,902	713,463
Salaries and benefits		760,087	212,594	972,681
Capital outlay - replacement bridge construction	11	<u>249,466,951</u>	<u>155,798,986</u>	<u>405,265,937</u>
TOTAL EXPENDITURES		<u>258,026,180</u>	<u>157,744,890</u>	<u>415,771,070</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES		<u>(195,249,022)</u>	<u>(143,538,249)</u>	<u>(338,787,271)</u>
OTHER FINANCING USES				
Cost of investment activity	12	(417,231)	-	(417,231)
Operating transfers out - debt service	13	(19,576,732)	(6,506,242)	(26,082,974)
Operating transfers out - FHWA debt service	13	<u>(18,282,056)</u>	<u>-</u>	<u>(18,282,056)</u>
TOTAL OTHER FINANCING USES		<u>(38,276,019)</u>	<u>(6,506,242)</u>	<u>(44,782,261)</u>
NET CHANGE IN FUND BALANCE		(233,525,041)	(150,044,491)	(383,569,532)
FUND BALANCE - BEGINNING		<u>566,862,353</u>	<u>333,337,312</u>	<u>566,862,353</u>
FUND BALANCE - ENDING		<u>\$333,337,312</u>	<u>\$183,292,821</u>	<u>\$183,292,821</u>

The Financial Statements are marked "Draft" as the state's books are not officially closed each fiscal year until the State Auditor issues his report and the Office of Financial Management publishes the Comprehensive Annual Financial Report (CAFR) in November.

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

NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 BRIDGE ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013 – DRAFT!

Backlogged Financial Reconciliations – In December 2011 WSDOT began tolling operations on the 520 Bridge with Electronic Transaction Consultants Corporation (ETCC) as the toll vendor. The 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 - The tolling subsidiary accounting system for the WSDOT is managed by an external vendor. WSDOT learned in September 2013 that critical accounting reports have been manipulated by the vendor without the knowledge of WSDOT, bringing uncertainty in our ability to rely on these reports for financial reporting and reconciliations of financial activity. While uncertainty exists regarding these reports, we do not believe there are material discrepancies within these financial statements given the consistency and tracking of revenue as compared to forecasts which are developed from independent sources.

Detailed Notes

1. **Tolling Revenue** – Revenue earned, net of any adjustments, from tolls on vehicles traveling over the 520 Bridge, which are collected by either *Good To Go!* electronic toll accounts or pay-by-mail
2. **Debt Service Reimbursement (FHWA)** – Federal Highway Administration Revenue provided for debt service on GARVEE bonds (Series 2012F). These revenues are received in September and March and the associated operating transfers out (Note 13) occur at the same time.
3. **Transponder Sales** – Sales of transponder devices to new and existing *Good To Go!* electronic toll account customers.
4. **Toll Vendor Contractual Damages** – Charges to ETCC for not meeting Key Performance Indicators (KPIs), totaling \$137,729.
5. **Toll Bill Reprocessing Fee Revenue** – The allocated portion of fees associated with the issuance of second toll billings. Toll bill reprocessing fee revenue was reduced this quarter primarily to limit revenue recognition to amounts estimated to be collected within 12 months and deferring the remaining balance. Due to ETCC system data availability this is the first period in which WSDOT has been able to make this adjustment and the amount of the adjustment is cumulative from inception of toll bills through the end of this reporting period.
6. **Miscellaneous Revenue** – Revenue for administrative and statement fees, NSF check fees, cash over, payments related to sale of surplus property, and prior period recoveries.
7. **Toll Lane Vendor Contract** – An adjustment of approximately \$98,000 was made in the December quarter for an over-accrued expenditure related to a prior period.
8. **Transponder Cost of Goods Sold** – Cost of purchasing, packaging, and shipping transponders.
9. **Other Goods and Services** – Expenditures for supplies, communications, rents, repairs, pay-by-mail postage, services provided by outside vendors, and etc.
10. **Personal Service Contracts** – Expenditures incurred for traffic and revenue forecast consulting and CSC operations consulting. Expenditures currently covered by federal funding outside of the 520 Bridge Account are not expenditures of the 520 Bridge Account and do not appear on this financial statement.
11. **Capital Outlay** – Costs associated with construction of the new replacement 520 Floating Bridge.
12. **Cost of Investment Activity** – Office of State Treasurer costs associated with the bond issuance planning and management.
13. **Operating Transfers Out** – Transfers of cash from to the Toll Facility Bond Retirement Account to facilitate the payment of debt service on the Series 2012C bonds and a transfer of \$58,000 to the Motor Vehicle Account for expenditures previously incurred on behalf of the 520 Bridge Account. The FHWA transfer out is for debt service on the Series 2012F bonds, which is being paid for by FHWA (Note 2).

**NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013 – DRAFT!**

	NOTES	JULY THROUGH MARCH	APRIL THROUGH JUNE	YEAR-TO-DATE
REVENUES				
Civil penalty	1	\$ 2,766,599	\$ 6,383,956	\$ 9,150,555
Interest income		2,345	1,916	4,261
TOTAL REVENUES		<u>2,768,944</u>	<u>6,385,872</u>	<u>9,154,816</u>
EXPENDITURES				
Goods and Services				
Adjudication system vendor contract	2	489,540	251,923	741,463
Other	3	411,678	169,571	581,249
Total Goods and Services		<u>901,218</u>	<u>421,494</u>	<u>1,322,712</u>
Salaries and benefits		<u>101,846</u>	<u>43,997</u>	<u>145,843</u>
TOTAL EXPENDITURES		<u>1,003,064</u>	<u>465,491</u>	<u>1,468,555</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>1,765,880</u>	<u>5,920,381</u>	<u>7,686,261</u>
NET CHANGE IN FUND BALANCE		1,765,880	5,920,381	7,686,261
FUND BALANCE - BEGINNING		<u>1,604,290</u>	<u>3,370,170</u>	<u>1,604,290</u>
FUND BALANCE - ENDING		<u>\$ 3,370,170</u>	<u>\$ 9,290,551</u>	<u>\$ 9,290,551</u>

The Financial Statements are marked "Draft" as the state's books are not officially closed each fiscal year until the State Auditor issues his report and the Office of Financial Management publishes the Comprehensive Annual Financial Report (CAFR) in November.

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

NOTES TO THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
WASHINGTON STATE DEPARTMENT OF TRANSPORTATION
THE 520 CIVIL PENALTY ACCOUNT
STATE FISCAL YEAR 2013, QUARTER ENDED JUNE 30, 2013 – DRAFT!

Backlogged Financial Reconciliations – In December 2011 WSDOT began tolling operations on the 520 Bridge with Electronic Transaction Consultants Corporation (ETCC) as the toll vendor. The 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 - The tolling subsidiary accounting system for the WSDOT is managed by an external vendor. WSDOT learned in September 2013 that critical accounting reports have been manipulated by the vendor without the knowledge of WSDOT, bringing uncertainty in our ability to rely on these reports for financial reporting and reconciliations of financial activity. While uncertainty exists regarding these reports, we do not believe there are material discrepancies within these financial statements given the consistency and tracking of revenue as compared to forecasts which are developed from independent sources.

Operating Transfer - Pursuant to RCW 47.56.876, the Legislature may transfer excess fund balance from the 520 Civil Penalties Account to the 520 Bridge Account for capital expenditures on the SR 520 Corridor. In order to transfer the funds the State Treasurer's Office must be provided administrative transfer authority. For the 2013-15 biennium, the Legislature provided authority in ESSB 5024, Section 407(9) to transfer \$886,000.

Detailed Notes

1. **Civil Penalty Revenue** – Revenue earned when any of the following conditions exist: (a) Payment of Notice of Civil Penalty is received, or (b) Notice of Civil Penalty payment due date passes without receiving a request for an administrative hearing, or (c) an Administrative Law Judge upholds the Notice of Civil Penalty.
2. **The Adjudication System Vendor Contract** – share of the adjudication system vendor contract with ETCC for the adjudication system module.
3. **Other Goods and Services** – Expenditures for the 520 bridge's share of adjudication costs including supplies, communications, credit card fees, Office of Administrative Hearings costs, and salaries and benefits of WSDOT staff.

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

	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	\$271,591,243	\$ 3,672,893	\$ 11,316,165	\$297,103,999
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	\$287,298,028	\$ 23,354,554	\$ 14,191,433	\$348,398,062
LIABILITIES							
Accounts payable		1,339,870	60,392	65,761,480	211,516	71,956	67,445,223
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	12,105,268	55,799	2,162,736	26,982,445
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		6,137,640	148,525	102,285,813	7,158,079	14,191,433	142,026,767
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		4,158,783	39,986	1,719,394	6,905,924	-	12,824,087
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		11,577,991	1,491,122	183,292,821	9,290,551	-	205,652,485
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		\$ 21,874,414	\$ 1,679,633	\$287,298,028	\$ 23,354,554	\$ 14,191,433	\$348,398,062

The Financial Statements are marked "Draft" as the state's books are not officially closed each fiscal year until the State Auditor issues his report and the Office of Financial Management publishes the Comprehensive Annual Financial Report (CAFR) in November.

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 JUNE 30, 2013 – DRAFT!

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 - The tolling subsidiary accounting system for the WSDOT is managed by an external vendor. WSDOT learned in September 2013 that critical accounting reports have been manipulated by the vendor without the knowledge of WSDOT, bringing uncertainty in our ability to rely on these reports for financial reporting and reconciliations of financial activity. While uncertainty exists regarding these reports, we do not believe there are material discrepancies within these financial statements given the consistency and tracking of revenue as compared to forecasts which are developed from independent sources.

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 or after 12 months.
- (b) 520 Bridge Account - amounts associated with deferrals for toll bill amounts not estimated to be collected until they become NOCP receivables or after 12 months.
- (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.