

Basic Financial Statements
Government-wide Financial Statements

Statement of Net Position

June 30, 2014

(expressed in thousands)

Continued

	Primary Government			Component Units
	Governmental	Business-Type	Total	
	Activities	Activities		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and pooled investments	\$ 5,996,232	\$ 4,839,166	\$ 10,835,398	\$ 194,217
Taxes receivable (net of allowance for uncollectibles)	3,299,766	-	3,299,766	-
Other receivables (net of allowance for uncollectibles)	2,152,919	1,716,053	3,868,972	130,654
Internal balances	319,537	(319,537)	-	-
Due from other governments	4,068,870	159,412	4,228,282	-
Inventories	97,283	49,101	146,384	8,847
Restricted cash and investments	554,458	6,800	561,258	6,012
Investments, noncurrent	4,912,816	17,548,126	22,460,942	123,891
Restricted investments, noncurrent	-	56,414	56,414	31,402
Restricted receivables, noncurrent	39,502	-	39,502	-
Other assets	26,760	337,926	364,686	130,148
Capital assets:				
Non-depreciable assets	25,970,585	169,192	26,139,777	74,489
Depreciable assets (net of accumulated depreciation)	10,404,649	2,680,954	13,085,603	765,278
Total capital assets	36,375,234	2,850,146	39,225,380	839,767
Total Assets	57,843,377	27,243,607	85,086,984	1,464,938
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow on refundings	-	14,801	14,801	-
Total Deferred Outflows of Resources	-	14,801	14,801	-
Total Assets and Deferred Outflows of Resources	\$ 57,843,377	\$ 27,258,408	\$ 85,101,785	\$ 1,464,938

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

Statement of Net Position

June 30, 2014

(expressed in thousands)

Concluded

	Primary Government			Component Units
	Governmental	Business-Type	Total	
	Activities	Activities		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 1,390,863	\$ 127,010	\$ 1,517,873	\$ 67,521
Contracts and retainage payable	165,083	31,546	196,629	9,040
Accrued liabilities	1,667,533	622,544	2,290,077	124,818
Obligations under security lending agreements	146,036	71,518	217,554	-
Due to other governments	1,301,613	273,891	1,575,504	-
Unearned revenues	371,589	63,585	435,174	14,038
Long-term liabilities:				
Due within one year	1,303,646	2,240,571	3,544,217	21,386
Due in more than one year	24,690,914	27,705,736	52,396,650	412,278
Total Liabilities	31,037,277	31,136,401	62,173,678	649,081
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow on refundings	1,711	10	1,721	-
Total Deferred Inflows of Resources	1,711	10	1,721	-
NET POSITION				
Net investment in capital assets	19,816,512	624,901	20,441,413	419,725
Restricted for:				
Unemployment compensation	-	3,815,039	3,815,039	-
Nonexpendable permanent endowments	2,257,583	-	2,257,583	-
Expendable endowment funds	1,231,600	-	1,231,600	-
Wildlife and natural resources	889,016	-	889,016	-
Transportation	874,465	-	874,465	-
Budget stabilization	414,601	-	414,601	-
Capital projects	188,198	-	188,198	-
Loan programs	115,474	-	115,474	-
Higher education	115,072	-	115,072	-
Other purposes	502,740	-	502,740	21,771
Unrestricted	399,128	(8,317,943)	(7,918,815)	374,361
Total Net Position	26,804,389	(3,878,003)	22,926,386	815,857
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 57,843,377	\$ 27,258,408	\$ 85,101,785	\$ 1,464,938

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

Statement of Activities
For the Fiscal Year Ended June 30, 2014
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 1,607,005	\$ 869,498	\$ 276,803	\$ 2,494
Education - elementary and secondary (K-12)	8,914,440	25,620	1,096,209	-
Education - higher education	6,909,640	2,741,436	2,270,307	23,171
Human services	15,052,413	612,377	9,286,850	-
Adult corrections	911,055	8,325	2,002	-
Natural resources and recreation	1,136,795	510,286	196,830	44,073
Transportation	2,399,479	1,082,272	111,074	995,777
Interest on long-term debt	938,262	-	-	-
Total Governmental Activities	37,869,089	5,849,814	13,240,075	1,065,515
Business-Type Activities:				
Workers' compensation	3,142,195	2,237,212	8,403	-
Unemployment compensation	1,380,035	1,348,923	303,675	-
Higher education student services	2,079,556	1,987,473	13,376	-
Washington's lottery	463,202	594,511	-	-
Guaranteed education tuition program	185,002	138,095	-	-
Other	132,839	109,700	570	-
Total Business-Type Activities	7,382,829	6,415,914	326,024	-
Total Primary Government	\$ 45,251,918	\$ 12,265,728	\$ 13,566,099	\$ 1,065,515
COMPONENT UNITS				
Total Component Units	\$ 859,215	\$ 802,474	\$ 95,322	\$ -
	<u>\$ 859,215</u>	<u>\$ 802,474</u>	<u>\$ 95,322</u>	<u>\$ -</u>

General Revenues:

Taxes, net of related credits:

- Sales and use
- Business and occupation
- Property
- Motor vehicle and fuel
- Excise
- Cigarette and tobacco
- Public utilities
- Insurance premium
- Other

Interest and investment earnings

Total general revenues

Excess (deficiency) of revenues over expenses before contributions to endowments and transfers

Contributions to endowments

Transfers

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

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

State of Washington

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (458,210)	\$ -	\$ (458,210)	
(7,792,611)	-	(7,792,611)	
(1,874,726)	-	(1,874,726)	
(5,153,186)	-	(5,153,186)	
(900,728)	-	(900,728)	
(385,606)	-	(385,606)	
(210,356)	-	(210,356)	
(938,262)	-	(938,262)	
<u>(17,713,685)</u>	<u>-</u>	<u>(17,713,685)</u>	
-	(896,580)	(896,580)	
-	272,563	272,563	
-	(78,707)	(78,707)	
-	131,309	131,309	
-	(46,907)	(46,907)	
-	(22,569)	(22,569)	
<u>-</u>	<u>(640,891)</u>	<u>(640,891)</u>	
<u>(17,713,685)</u>	<u>(640,891)</u>	<u>(18,354,576)</u>	
			\$ 38,581
			<u>38,581</u>
8,364,679	-	8,364,679	-
3,267,401	-	3,267,401	-
1,974,354	-	1,974,354	16,342
1,215,398	-	1,215,398	-
716,609	22,434	739,043	-
443,185	-	443,185	-
463,807	-	463,807	-
467,351	-	467,351	-
936,812	-	936,812	729
620,777	1,617,829	2,238,606	(14,169)
<u>18,470,373</u>	<u>1,640,263</u>	<u>20,110,636</u>	<u>2,902</u>
756,688	999,372	1,756,060	41,483
66,356	-	66,356	-
93,799	(93,799)	-	-
916,843	905,573	1,822,416	41,483
25,887,546	(4,783,576)	21,103,970	815,857
<u>\$ 26,804,389</u>	<u>\$ (3,878,003)</u>	<u>\$ 22,926,386</u>	<u>\$ 857,340</u>

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Basic Financial Statements
Fund Financial Statements

Balance Sheet
GOVERNMENTAL FUNDS

June 30, 2014
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
ASSETS					
Cash and pooled investments	\$ 944,101	\$ -	\$ 547,676	\$ 3,470,082	\$ 4,961,859
Investments	23,405	1,250,093	3,421,965	258,600	4,954,063
Taxes receivable (net of allowance)	3,154,782	18,908	-	126,076	3,299,766
Other receivables (net of allowance)	195,276	975,691	34,565	897,085	2,102,617
Due from other funds	223,442	915,864	6	410,179	1,549,491
Due from other governments	1,071,409	159,715	-	2,438,999	3,670,123
Inventories and prepaids	14,570	25,291	-	51,996	91,857
Restricted assets:					
Cash and investments	43,924	166	-	510,349	554,439
Receivables	997	19,728	-	6,453	27,178
Total Assets	\$ 5,671,906	\$ 3,365,456	\$ 4,004,212	\$ 8,169,819	\$ 21,211,393
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 855,672	\$ 81,515	\$ 33,112	\$ 371,490	\$ 1,341,789
Contracts and retainages payable	34,604	2,370	3,194	115,415	155,583
Accrued liabilities	208,449	365,249	558,062	83,729	1,215,489
Obligations under security lending agreements	64,757	3,018	422	66,383	134,580
Due to other funds	272,894	56,571	2,561	696,168	1,028,194
Due to other governments	877,920	2,138	-	179,785	1,059,843
Unearned revenue	83,640	211,974	582	74,000	370,196
Claims and judgments payable	26,281	-	-	9,956	36,237
Total Liabilities	2,424,217	722,835	597,933	1,596,926	5,341,911
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,421,548	14,326	20,636	1,001,833	2,458,343
Total Deferred Inflows of Resources	1,421,548	14,326	20,636	1,001,833	2,458,343
FUND BALANCES					
Nonspendable fund balance	50,475	66,662	2,123,084	248,311	2,488,532
Restricted fund balance	416,652	160	1,262,559	2,745,442	4,424,813
Committed fund balance	142,586	2,561,473	-	2,577,307	5,281,366
Assigned fund balance	879,952	-	-	-	879,952
Unassigned fund balance	336,476	-	-	-	336,476
Total Fund Balances	1,826,141	2,628,295	3,385,643	5,571,060	13,411,139
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,671,906	\$ 3,365,456	\$ 4,004,212	\$ 8,169,819	\$ 21,211,393

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

**Reconciliation of the Balance Sheet
to the Statement of Net Position
GOVERNMENTAL FUNDS**

June 30, 2014
(expressed in thousands)

Total Fund Balances for Governmental Funds \$ 13,411,139

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Non-depreciable assets	\$ 25,946,178	
Depreciable assets	18,006,913	
Less: Accumulated depreciation	<u>(8,327,059)</u>	
Total capital assets		35,626,032

Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are considered deferred inflows in the funds. 2,458,343

Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a financial resource and therefore is not reported in the funds. 18,400

Unmatured interest on general obligation bonds is not recognized in the funds until due. (402,312)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. 268,649

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds and other financing contracts payable	\$ (20,853,721)	
Accreted interest on bonds	(415,936)	
Compensated absences	(513,750)	
Other postemployment benefits obligations	(1,632,479)	
Unfunded pension obligations	(398,897)	
Claims and judgments	(39,009)	
Pollution remediation obligations	(164,839)	
Other obligations	<u>(557,231)</u>	
Total long-term liabilities		<u>(24,575,862)</u>

Net Position of Governmental Activities \$ 26,804,389

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

Statement of Revenues, Expenditures, and Changes in Fund Balances

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
REVENUES					
Retail sales and use taxes	\$ 8,275,469	\$ -	\$ -	\$ 89,210	\$ 8,364,679
Business and occupation taxes	3,261,883	-	-	5,518	3,267,401
Property taxes	1,974,354	-	-	-	1,974,354
Excise taxes	650,134	27,189	-	39,286	716,609
Motor vehicle and fuel taxes	-	-	-	1,215,398	1,215,398
Other taxes	1,846,045	174,221	-	305,623	2,325,889
Licenses, permits, and fees	107,564	910	-	1,518,323	1,626,797
Timber sales	2,032	-	18,125	144,844	165,001
Other contracts and grants	238,897	785,499	-	113,461	1,137,857
Federal grants-in-aid	10,225,586	1,478,073	-	1,464,074	13,167,733
Charges for services	33,969	2,462,588	3	639,006	3,135,566
Investment income (loss)	7,322	49,939	479,145	84,371	620,777
Miscellaneous revenue	166,044	129,188	2,789	501,067	799,088
Unclaimed property	65,653	-	-	-	65,653
Contributions and donations	-	-	66,356	-	66,356
Total Revenues	26,854,952	5,107,607	566,418	6,120,181	38,649,158
EXPENDITURES					
Current:					
General government	832,570	-	127	447,115	1,279,812
Human services	14,919,504	-	-	813,647	15,733,151
Natural resources and recreation	408,840	-	-	628,535	1,037,375
Transportation	41,810	-	-	1,774,743	1,816,553
Education	9,753,820	4,837,498	2,470	536,253	15,130,041
Intergovernmental	114,081	-	-	341,553	455,634
Capital outlays	50,986	175,721	15,944	2,050,463	2,293,114
Debt service:					
Principal	9,099	20,625	-	838,395	868,119
Interest	3,428	13,674	-	921,643	938,745
Total Expenditures	26,134,138	5,047,518	18,541	8,352,347	39,552,544
Excess of Revenues Over (Under) Expenditures	720,814	60,089	547,877	(2,232,166)	(903,386)
OTHER FINANCING SOURCES (USES)					
Bonds issued	168,458	408	-	1,699,761	1,868,627
Refunding bonds issued	-	-	-	558,580	558,580
Payments to escrow agents for refunded bond debt	-	-	-	(633,580)	(633,580)
Issuance premiums	931	173	-	243,057	244,161
Other debt issued	314	4,264	-	40,700	45,278
Transfers in	518,000	1,189,017	528,254	2,121,031	4,356,302
Transfers out	(964,973)	(1,113,372)	(668,309)	(1,527,232)	(4,273,886)
Total Other Financing Sources (Uses)	(277,270)	80,490	(140,055)	2,502,317	2,165,482
Net Change in Fund Balances	443,544	140,579	407,822	270,151	1,262,096
Fund Balances - Beginning, as restated	1,382,597	2,487,716	2,977,821	5,300,909	12,149,043
Fund Balances - Ending	\$ 1,826,141	\$ 2,628,295	\$ 3,385,643	\$ 5,571,060	\$ 13,411,139

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

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities**

GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 1,262,096

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlays	\$ 1,591,600	
Less: Depreciation expense	<u>(650,426)</u>	941,174

Some revenues in the Statement of Activities do not provide current financial resources, and therefore, are unavailable in governmental funds. Also, revenues related to prior periods that became available during the current period are reported in governmental funds but are eliminated in the Statement of Activities. This amount is the net adjustment.

43,120

Pension trust funding in excess of annual required contributions uses current financial resources, but does not qualify as an expense.

(1,600)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.

(2,636)

Bond proceeds and other financing contracts provide current financial resources to governmental funds, while the repayment of the related debt principal consumes those financial resources. These transactions, however, have no effect on net position. In the current period, these amounts consist of:

Bonds and other financing contracts issued	\$ (2,467,776)	
Principal payments on bonds and other financing contracts	1,476,117	
Accreted interest on bonds	<u>22,851</u>	(968,808)

Some expenses/revenue reductions reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recognized in governmental funds. Also payments of certain obligations related to prior periods are recognized in governmental funds but are eliminated in the Statement of Activities. In the current period, the net adjustments consist of:

Compensated absences	\$ 16,044	
Other postemployment benefits obligations	(242,795)	
Unfunded pension obligations	(58,456)	
Pollution remediation obligations	6,977	
Claims and judgments	1,240	
Accrued interest	(22,368)	
Unclaimed property	5,877	
Other obligations	<u>(63,022)</u>	(356,503)

Change in Net Position of Governmental Activities \$ 916,843

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

Statement of Net Position
PROPRIETARY FUNDS

June 30, 2014
(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and pooled investments	\$ 81,771	\$ 3,207,116	\$ 1,314,971	\$ 1,048
Investments	4,418	-	31,093	67,100
Other receivables (net of allowance)	782,306	640,252	207,360	61,913
Due from other funds	1,294	4,341	3,358	1
Due from other governments	1,012	65,292	69,640	-
Inventories	304	-	41,425	-
Prepaid expenses	234	-	14,428	-
Restricted assets:				
Cash and investments	720	-	6,080	-
Total Current Assets	872,059	3,917,001	1,688,355	130,062
Noncurrent Assets:				
Investments, noncurrent	14,502,544	-	251,316	2,650,837
Restricted investments, noncurrent	1,951	-	54,463	-
Restricted receivables, noncurrent	-	-	-	-
Other noncurrent assets	3,511	-	103,534	216,000
Capital assets:				
Land and other non-depreciable assets	3,240	-	60,587	-
Buildings	65,134	-	3,185,920	-
Other improvements	1,289	-	94,107	-
Furnishings, equipment, and intangibles	88,926	-	555,616	89
Infrastructure	-	-	42,331	-
Accumulated depreciation	(102,598)	-	(1,270,279)	(89)
Construction in progress	10,661	-	93,164	-
Total Noncurrent Assets	14,574,658	-	3,170,759	2,866,837
Total Assets	15,446,717	3,917,001	4,859,114	2,996,899
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow on refundings	-	-	14,801	-
Total Deferred Outflows of Resources	-	-	14,801	-
Total Assets and Deferred Outflows of Resources	\$ 15,446,717	\$ 3,917,001	\$ 4,873,915	\$ 2,996,899

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

State of Washington

Continued

Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 103,259	\$ 4,708,165	\$ 956,565
28,390	131,001	15,792
24,222	1,716,053	37,895
7,918	16,912	82,747
4,719	140,663	8,025
7,372	49,101	19,597
218	14,880	6,513
-	6,800	19
176,098	6,783,575	1,127,153
143,429	17,548,126	20,770
-	56,414	-
-	-	12,324
1	323,046	81
1,540	65,367	6,212
12,828	3,263,882	506,161
2,563	97,959	15,866
30,397	675,028	856,345
-	42,331	1,948
(25,280)	(1,398,246)	(655,525)
-	103,825	18,196
165,478	20,777,732	782,378
341,576	27,561,307	1,909,531
-	14,801	-
-	14,801	-
\$ 341,576	\$ 27,576,108	\$ 1,909,531

Statement of Net Position
PROPRIETARY FUNDS

June 30, 2014
(expressed in thousands)

	Business-Type Activities Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 3,482	\$ -	\$ 110,855	\$ 278
Contracts and retainages payable	10,440	66	20,875	173,000
Accrued liabilities	310,970	7,995	298,963	1,042
Obligations under security lending agreements	4,418	-	-	67,100
Bonds and notes payable	3,820	-	88,548	-
Due to other funds	6,298	17,063	470,609	139
Due to other governments	23	76,838	7	-
Unearned revenue	6,720	-	56,252	-
Claims and judgments payable	1,907,912	-	-	-
Total Current Liabilities	2,254,083	101,962	1,046,109	241,559
Noncurrent Liabilities:				
Claims and judgments payable	22,529,622	-	-	-
Bonds and notes payable	4,050	-	2,195,061	-
Other long-term liabilities	43,370	-	185,594	2,594,350
Total Noncurrent Liabilities	22,577,042	-	2,380,655	2,594,350
Total Liabilities	24,831,125	101,962	3,426,764	2,835,909
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow on refundings	-	-	10	-
Total Deferred Inflows of Resources	-	-	10	-
NET POSITION				
Net investment in capital assets	58,781	-	550,036	1
Restricted for:				
Unemployment compensation	-	3,815,039	-	-
Unrestricted	(9,443,189)	-	897,105	160,989
Total Net Position	(9,384,408)	3,815,039	1,447,141	160,990
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 15,446,717	\$ 3,917,001	\$ 4,873,915	\$ 2,996,899

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

State of Washington

Concluded

Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 12,395	\$ 127,010	\$ 49,074
164	204,545	1,100
68,434	687,404	68,534
-	71,518	11,456
442	92,810	84,011
18,329	512,438	108,448
2,287	79,155	27,186
613	63,585	1,393
1,988	1,909,900	191,221
104,652	3,748,365	542,423
7,957	22,537,579	496,466
5,525	2,204,636	468,963
140,207	2,963,521	131,319
153,689	27,705,736	1,096,748
258,341	31,454,101	1,639,171
-	10	1,711
-	10	1,711
16,083	624,901	239,555
-	3,815,039	-
67,152	(8,317,943)	29,094
83,235	(3,878,003)	268,649
\$ 341,576	\$ 27,576,108	\$ 1,909,531

Statement of Revenues, Expenses, and Changes in Net Position
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2014
(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
OPERATING REVENUES				
Sales	\$ -	\$ -	\$ 98,180	\$ -
Less: Cost of goods sold	-	-	62,291	-
Gross profit	-	-	35,889	-
Charges for services	18	-	1,747,438	136,949
Premiums and assessments	2,200,410	1,330,732	-	-
Federal aid for unemployment insurance benefits	-	303,675	-	-
Lottery ticket proceeds	-	-	-	-
Miscellaneous revenue	36,939	18,191	145,047	1,145
Total Operating Revenues	2,237,367	1,652,598	1,928,374	138,094
OPERATING EXPENSES				
Salaries and wages	145,431	-	727,557	2,446
Employee benefits	58,367	-	184,001	559
Personal services	5,660	-	32,234	1,106
Goods and services	76,389	-	776,114	903
Travel	4,047	-	25,547	39
Premiums and claims	2,810,658	1,380,035	-	-
Lottery prize payments	-	-	-	-
Depreciation and amortization	7,228	-	154,094	1
Guaranteed education tuition program expense	-	-	-	179,948
Miscellaneous expenses	33,954	-	21,736	-
Total Operating Expenses	3,141,734	1,380,035	1,921,283	185,002
Operating Income (Loss)	(904,367)	272,563	7,091	(46,908)
NONOPERATING REVENUES (EXPENSES)				
Earnings (loss) on investments	1,136,910	72,735	36,076	369,004
Interest expense	(461)	-	(95,991)	-
Tax and license revenue	81	-	-	-
Other revenues (expenses)	8,248	-	10,193	1
Total Nonoperating Revenues (Expenses)	1,144,778	72,735	(49,722)	369,005
Income (Loss) Before Contributions and Transfers	240,411	345,298	(42,631)	322,097
Capital contributions	-	-	-	-
Transfers in	-	-	382,670	-
Transfers out	-	-	(326,295)	-
Net Contributions and Transfers	-	-	56,375	-
Change in Net Position	240,411	345,298	13,744	322,097
Net Position - Beginning, as restated	(9,624,819)	3,469,741	1,433,397	(161,107)
Net Position - Ending	\$ (9,384,408)	\$ 3,815,039	\$ 1,447,141	\$ 160,990

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

State of Washington

<u>Nonmajor Enterprise Funds</u>		<u>Governmental Activities Internal Service Funds</u>	
Funds	Total	Funds	Total
\$ 76,588	\$ 174,768	\$ 82,232	
53,352	115,643	75,988	
<u>23,236</u>	<u>59,125</u>	<u>6,244</u>	
29,686	1,914,091	604,880	
148	3,531,290	1,346,511	
-	303,675	-	
594,523	594,523	-	
3,295	204,617	155,435	
<u>650,888</u>	<u>6,607,321</u>	<u>2,113,070</u>	
48,227	923,661	279,844	
18,515	261,442	100,263	
15,381	54,381	21,199	
85,305	938,711	323,001	
1,779	31,412	4,014	
-	4,190,693	1,297,710	
371,532	371,532	-	
1,022	162,345	86,300	
-	179,948	-	
665	56,355	873	
<u>542,426</u>	<u>7,170,480</u>	<u>2,113,204</u>	
<u>108,462</u>	<u>(563,159)</u>	<u>(134)</u>	
3,104	1,617,829	4,810	
(263)	(96,715)	(22,869)	
22,353	22,434	21	
541	18,983	2,932	
<u>25,735</u>	<u>1,562,531</u>	<u>(15,106)</u>	
<u>134,197</u>	<u>999,372</u>	<u>(15,240)</u>	
-	-	1,221	
12,151	394,821	44,402	
(162,325)	(488,620)	(33,019)	
<u>(150,174)</u>	<u>(93,799)</u>	<u>12,604</u>	
(15,977)	905,573	(2,636)	
99,212	(4,783,576)	271,285	
<u>\$ 83,235</u>	<u>\$ (3,878,003)</u>	<u>\$ 268,649</u>	

Statement of Cash Flows
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2014
(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,121,621	\$ 1,337,582	\$ 1,847,547	\$ 151,948
Payments to suppliers	(2,067,752)	(1,375,677)	(791,236)	(133,086)
Payments to employees	(197,425)	-	(885,172)	(2,925)
Other receipts	36,788	331,775	145,045	1,145
Net Cash Provided (Used) by Operating Activities	(106,768)	293,680	316,184	17,082
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	382,670	-
Transfers out	-	-	(326,295)	-
Operating grants and donations received	8,588	-	13,057	-
Taxes and license fees collected	81	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	8,669	-	69,432	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	(527)	-	(88,001)	-
Principal payments on long-term capital financing	(3,605)	-	(82,660)	-
Proceeds from long-term capital financing	-	-	252,827	-
Proceeds from sale of capital assets	2	-	11,824	-
Acquisitions of capital assets	(4,723)	-	(258,133)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,853)	-	(164,143)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest	813,876	72,735	13,724	81,846
Proceeds from sale of investment securities	7,197,551	-	37,245	344,145
Purchases of investment securities	(7,887,123)	-	(148,797)	(443,129)
Net Cash Provided (Used) by Investing Activities	124,304	72,735	(97,828)	(17,138)
Net Increase (Decrease) in Cash and Pooled Investments	17,352	366,415	123,645	(56)
Cash and Pooled Investments, July 1, as restated	65,139	2,840,701	1,197,406	1,104
Cash and Pooled Investments, June 30	\$ 82,491	\$ 3,207,116	\$ 1,321,051	\$ 1,048
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (904,367)	\$ 272,563	\$ 7,091	\$ (46,908)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:				
Depreciation	7,228	-	154,094	1
Revenue reduced for uncollectible accounts	33,104	-	1,180	-
Change in Assets: Decrease (Increase)				
Receivables	(78,961)	16,758	(14,503)	14,999
Inventories	(120)	-	16,054	-
Prepaid expenses	(232)	-	(1,823)	-
Change in Liabilities: Increase (Decrease)				
Payables	836,580	4,359	154,091	48,990
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	\$ (106,768)	\$ 293,680	\$ 316,184	\$ 17,082

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

Continued

		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 701,275	\$ 6,159,973	\$ 2,049,352	
(552,651)	(4,920,402)	(1,783,650)	
(64,499)	(1,150,021)	(374,809)	
3,288	518,041	167,223	
<u>87,413</u>	<u>607,591</u>	<u>58,116</u>	
12,151	394,821	44,402	
(162,325)	(488,620)	(33,019)	
570	22,215	332	
22,353	22,434	21	
<u>(127,251)</u>	<u>(49,150)</u>	<u>11,736</u>	
(263)	(88,791)	(22,368)	
(433)	(86,698)	(40,629)	
-	252,827	28,734	
78	11,904	5,081	
<u>(1,831)</u>	<u>(264,687)</u>	<u>(86,981)</u>	
<u>(2,449)</u>	<u>(175,445)</u>	<u>(116,163)</u>	
59	982,240	3,391	
37,945	7,616,886	198,030	
<u>(3,689)</u>	<u>(8,482,738)</u>	<u>(16,560)</u>	
<u>34,315</u>	<u>116,388</u>	<u>184,861</u>	
(7,972)	499,384	138,550	
111,231	4,215,581	818,034	
<u>\$ 103,259</u>	<u>\$ 4,714,965</u>	<u>\$ 956,584</u>	
\$ 108,462	\$ (563,159)	\$ (134)	
1,022	162,345	86,300	
51	34,335	56	
(34)	(61,741)	16,973	
725	16,659	1,195	
334	(1,721)	(1,686)	
<u>(23,147)</u>	<u>1,020,873</u>	<u>(44,588)</u>	
<u>\$ 87,413</u>	<u>\$ 607,591</u>	<u>\$ 58,116</u>	

Statement of Cash Flows
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2014
(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -
Acquisition of capital assets through capital leases	-	-	1,705	-
Amortization of annuity prize liability	-	-	-	-
Increase (decrease) in fair value of investments	325,109	-	247	286,935
Debt refunding deposited with escrow agent	-	-	28,995	-
Amortization of debt premium/discount	-	-	5,060	-
Increase in ownership of joint venture	-	-	13,539	-

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

Concluded

		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ -	\$ -	\$ 1,221	
-	1,705	-	
8,866	8,866	-	
3,045	615,336	1,874	
-	28,995	43,435	
-	5,060	-	
-	13,539	-	

Statement of Net Position

FIDUCIARY FUNDS

June 30, 2014

(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
ASSETS				
Current Assets:				
Cash and pooled investments	\$ 1,289	\$ 4,935,323	\$ 53,667	\$ 87,568
Investments	-	2,977,583	-	-
Receivables, pension and other employee benefit plans:				
Employers	-	-	162,909	-
Members (net of allowance)	-	-	2,325	-
Interest and dividends	-	-	238,960	-
Investment trades pending	-	-	1,371,150	-
Due from other pension and other employee benefit funds	-	-	7,076	-
Other receivables, all other funds	-	582	-	5,613
Due from other governments	-	-	-	17,201
Total Current Assets	1,289	7,913,488	1,836,087	110,382
Noncurrent Assets:				
Investments, noncurrent, pension and other employee benefit plans:				
Public equity	-	-	37,470,297	-
Fixed income	-	-	18,399,286	-
Private equity	-	-	18,336,590	-
Real estate	-	-	9,929,236	-
Security lending	-	-	1,091,768	-
Liquidity	-	-	1,817,174	-
Tangible assets	-	-	1,366,904	-
Investments, noncurrent, all other funds	1,438	918,527	-	194
Other noncurrent assets	-	-	-	55,976
Capital assets:				
Furnishings, equipment, and intangibles	37	-	-	-
Accumulated depreciation	(18)	-	-	-
Total Noncurrent Assets	1,457	918,527	88,411,255	56,170
Total Assets	2,746	8,832,015	90,247,342	\$ 166,552
LIABILITIES				
Accounts payable	114	-	-	\$ 4,618
Contracts and retainages payable	-	-	-	27,419
Accrued liabilities	246	152,727	1,858,919	57,887
Obligations under security lending agreements	-	-	1,094,149	4,134
Due to other funds	-	70	-	-
Due to other pension and other employee benefit funds	-	-	7,076	-
Due to other governments	-	18,211	-	16,519
Unearned revenue	-	-	310	-
Other long-term liabilities	-	-	-	55,975
Total Liabilities	360	171,008	2,960,454	\$ 166,552
NET POSITION				
Net position held in trust for:				
Pension benefits	-	-	83,709,133	-
Deferred compensation participants	-	-	3,577,755	-
Local government pool participants	-	8,661,007	-	-
Individuals, organizations, and other governments	2,386	-	-	-
Total Net Position	\$ 2,386	\$ 8,661,007	\$ 87,286,888	

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

Statement of Changes in Net Position

FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
ADDITIONS			
Contributions:			
Employers	\$ -	\$ -	\$ 1,538,957
Members	-	-	1,102,446
State	-	-	61,933
Participants	-	12,482,112	190,538
Total Contributions	-	12,482,112	2,893,874
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	12,158,388
Interest and dividends	-	10,017	1,813,003
Less: Investment expenses	-	-	(316,706)
Net Investment Income (Loss)	-	10,017	13,654,685
Other Additions:			
Unclaimed property	60,539	-	-
Transfers from other pension plans	-	-	4,762
Other contracts, grants and miscellaneous	-	-	314
Total Other Additions	60,539	-	5,076
Total Additions	60,539	12,492,129	16,553,635
DEDUCTIONS			
Pension benefits	-	-	3,463,580
Pension refunds	-	-	452,732
Transfers to other pension plans	-	-	4,762
Administrative expenses	3,604	975	3,251
Distributions to participants	-	12,564,303	212,298
Payments to or on behalf of individuals, organizations and other governments in accordance with state unclaimed property laws	59,115	-	-
Total Deductions	62,719	12,565,278	4,136,623
Net Increase (Decrease)	(2,180)	(73,149)	12,417,012
Net Position - Beginning	4,566	8,734,156	74,869,876
Net Position - Ending	\$ 2,386	\$ 8,661,007	\$ 87,286,888

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

Statement of Net Position

COMPONENT UNITS

June 30, 2014

(expressed in thousands)

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
ASSETS				
Current Assets:				
Cash and pooled investments	\$ 7,674	\$ 12,441	\$ 62,729	\$ 18,689
Investments	-	-	10,104	1,026
Investments, restricted	3,818	-	-	2,194
Other receivables (net of allowance)	812	21,730	66,729	36,685
Inventories	-	-	4,083	4,764
Prepaid expenses	23	294	5,716	2,867
Total Current Assets	12,327	34,465	149,361	66,225
Noncurrent Assets:				
Investments, noncurrent	-	-	78,085	45,806
Restricted investments, noncurrent	7,322	-	15,379	8,701
Other noncurrent assets	-	-	-	4,022
Capital assets:				
Land	34,677	-	13,299	10,817
Buildings	460,637	-	416,426	130,747
Other improvements	-	637	18,699	19,443
Furnishings, equipment and intangible assets	19,557	44,699	220,899	199,432
Accumulated depreciation	(203,140)	(8,106)	(309,157)	(245,605)
Construction in progress	-	-	11,290	4,406
Total Noncurrent Assets	319,053	37,230	464,920	177,769
Total Assets	\$ 331,380	\$ 71,695	\$ 614,281	\$ 243,994
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 32	\$ -	\$ 11,840	\$ 14,392
Contracts and retainages payable	2,778	4,638	-	9,040
Accrued liabilities	4,319	29,828	71,188	35,337
Unearned revenue	-	-	-	-
Total Current Liabilities	7,129	34,466	83,028	58,769
Noncurrent Liabilities:				
Other long-term liabilities	7,400	-	319,360	85,518
Total Noncurrent Liabilities	7,400	-	319,360	85,518
Total Liabilities	14,529	34,466	402,388	144,287
NET POSITION				
Net investment in capital assets	299,647	37,229	43,156	39,583
Restricted for deferred sales tax	10,402	-	-	-
Restricted for other purposes	-	-	7,814	2,472
Unrestricted	6,802	-	160,923	57,652
Total Net Position	316,851	37,229	211,893	99,707
Total Liabilities and Net Position	\$ 331,380	\$ 71,695	\$ 614,281	\$ 243,994

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

State of Washington

	Nonmajor Component Units		Total
	\$ 23,925		\$ 125,458
	57,629		68,759
	-		6,012
	4,698		130,654
	-		8,847
	191		9,091
	<u>86,443</u>		<u>348,821</u>
	-		123,891
	-		31,402
	117,035		121,057
	-		58,793
	-		1,007,810
	-		38,779
	1,708		486,295
	(1,598)		(767,606)
	-		15,696
	<u>117,145</u>		<u>1,116,117</u>
	<u>\$ 203,588</u>		<u>\$ 1,464,938</u>
	\$ 39,312		\$ 65,576
	-		16,456
	61		140,733
	<u>14,038</u>		<u>14,038</u>
	<u>53,411</u>		<u>236,803</u>
	-		412,278
	-		412,278
	<u>53,411</u>		<u>649,081</u>
	110		419,725
	-		10,402
	1,083		11,369
	<u>148,984</u>		<u>374,361</u>
	<u>150,177</u>		<u>815,857</u>
	<u>\$ 203,588</u>		<u>\$ 1,464,938</u>

Statement of Revenues, Expenses, and Changes in Net Position
COMPONENT UNITS

For the Fiscal Year Ended June 30, 2014

(expressed in thousands)

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
EXPENSES	\$ 16,450	\$ 61,218	\$ 466,014	\$ 295,160
PROGRAM REVENUES				
Charges for Services	3,310	-	470,732	290,122
Operating grants and contributions	-	88,388	-	-
Total Program Revenues	3,310	88,388	470,732	290,122
Net Program Revenues (Expense)	(13,140)	27,170	4,718	(5,038)
GENERAL REVENUES				
Earnings (loss) on investments	364	-	(15,025)	(107)
Taxes	-	-	16,342	-
Other	-	-	-	724
Total General Revenues	364	-	1,317	617
Change in Net Position	(12,776)	27,170	6,035	(4,421)
Net Position - Beginning, as restated	329,627	10,059	205,858	104,128
Net Position - Ending	\$ 316,851	\$ 37,229	\$ 211,893	\$ 99,707

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

Nonmajor Component Units	Total
\$ 20,373	\$ 859,215
38,310	802,474
6,934	95,322
45,244	897,796
24,871	38,581
599	(14,169)
-	16,342
5	729
604	2,902
25,475	41,483
124,702	774,374
\$ 150,177	\$ 815,857

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