

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State of Washington
Office of Financial Management
December 2022



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

December 2022



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State of Washington

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INTRODUCTORY SECTION

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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

December 20, 2022

The Honorable Jay Inslee, Governor
Honorable Members of the Legislature
Citizens of the State
State of Washington
Olympia, WA 98504

In accordance with Revised Code of Washington 43.88.027, the Office of Financial Management has prepared this Annual Comprehensive Financial Report (ACFR) of the state of Washington for the fiscal year ended June 30, 2022. Full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose, rests with the state. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State Auditor has issued an unmodified (“clean”) opinion on the Washington state financial statements for the fiscal year ended June 30, 2022. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Following the MD&A are the basic financial statements, including the government-wide financial statements, fund financial statements, and notes to the financial statements. The required supplementary information, combining financial statements, individual fund schedules, and statistical section complete the ACFR.

Profile of Washington State

Washington state was created in 1889 by an enabling act of Congress. The state is located on the Pacific Coast, in the northwestern corner of the continental United States, and comprises 71,298 square miles. Its current population is 7.9 million. Washington is famous for its breathtakingly beautiful scenery and sharp contrasts. On the west side of the state, high mountains rise above coastal waters. The forests of the Olympic Peninsula are among the world’s rainiest places. The state’s coastline features hundreds of bays and inlets that make excellent harbors, while in the eastern part, flat semi-desert land stretches for long distances without a single tree.

Washington's location makes it a gateway for land, sea, and air travel to Alaska and Pacific Rim countries. Ships from all parts of the world dock at Washington ports. Costco Wholesale Corporation, headquartered in Issaquah, operates an international chain of membership warehouses. Microsoft, a global leader in the computer software industry, makes its home in Redmond. Amazon, a major internet retailer, Starbucks, a worldwide renowned coffee company, and Weyerhaeuser Company, a major producer of wood and related products, are all headquartered in Seattle.

East of the Cascade Mountain range, farmers raise livestock and grow a variety of crops such as wheat, potatoes, and tree fruits. Washington leads the nation in apple and hops production, makes world-class wine, and produces large amounts of lumber, pulp, paper, and other wood products. Western Washington's mild, moist climate makes that region excellent for dairy farming and the production of flower bulbs.

GOVERNMENTAL STRUCTURE

As established in the state Constitution, Washington state has executive, legislative, and judicial branches of government. The Executive Branch is composed of nine elected officials: the Governor, Lieutenant Governor, Secretary of State, State Treasurer, State Auditor, Attorney General, Superintendent of Public Instruction, Insurance Commissioner, and Commissioner of Public Lands. Thirty-nine agency heads are appointed by, and report to, the Governor. Seventy-eight agency heads report to boards appointed, in whole or in part, by the Governor. The Legislative Branch is composed of the Senate (with 49 members) and the House of Representatives (with 98 members). The Judicial Branch is composed of the State Supreme Court, the highest court in the state, which has nine justices. Every two years, three justices are elected for six-year terms. A Chief Justice is chosen from among the most senior justices. The Judicial Branch also includes the state's superior courts, justices of the peace, and such inferior courts as the Legislature may provide.

TYPES OF SERVICES PROVIDED AND REPORTING ENTITY

The state provides a wide range of services that include education, transportation, environment and natural resource protection, and social and health services.

The accompanying report includes all funds and subsidiary accounts of the primary government, Washington state as legally defined, as well as its component units. Component units are legally separate entities for which the primary government is financially accountable or ones that have relationships with the state such that exclusion would cause the state's financial statements to be misleading or incomplete. Note 1.A to the financial statements explains more fully component units which are included in the reporting entity.

THE BUDGET CYCLE

Washington enacts budgets for a two-year cycle, beginning on July 1 of each odd-numbered year. By law, the Governor must propose a biennial budget in December, the month before the Legislature convenes in regular session. The biennial budget enacted by the Legislature can be modified in any legislative session through changes to the original appropriations. Since the inception of annual legislative sessions in 1979, it has become common for the Legislature to enact annual revisions to the state's biennial budget. These revisions are referred to as supplemental budgets.

Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year in the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level. The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances.

Washington State's Economic and Revenue Outlook

Recent economic performance in Washington has been tied to the recovery from earlier efforts to contain the COVID-19 pandemic. During the early stages of the pandemic, higher risk economic activities that involve close physical proximity between workers, between consumers and workers, or where consumers are in close proximity to each other, were tightly controlled to help limit virus transmission. This resulted in unprecedented job losses, hitting the entertainment, hospitality, personal services, and food and beverage sectors particularly hard. The first wave of impacts resulted in a loss of 431,700 non-farm jobs. As of August 2022, non-farm employment had rebounded by 472,900 jobs, surpassing pre-pandemic employment by 41,200 jobs. Because the pandemic was a public health crisis with serious economic consequences, as opposed to the more typical economic recession with public health consequences, the pattern of recovery has been without precedent. After the initial job losses during the Great Recession, it took 69 months to return to the prior job peak. The recovery from the recent downturn took 28 months, a shorter recovery than the 1969, 1981, 2000, and 2008 recessions. Despite the shorter duration than the prior recoveries, the number of permanent job losses, labor force exits, and permanent business closures may have longer-term consequences.

Washington's jobless rate has matched the national rate during the latter part of the pandemic recovery. Washington's rate has traditionally been higher than the national norm due to the state's outsized share of seasonal industries and its attractiveness to in-migrants searching for opportunity and the Northwest experience. Over the past five years, 77 percent of Washington's population growth has been due to migration. More recent forecasts expect Washington's jobless rate to trend above the national average, likely the result of strengthening population growth and the accompanying frictional lag in employment. In fundamental ways, this reflects the confidence workers have in finding gainful employment. By the end of the next biennium (2023–25), Washington's unemployment rate is projected to increase to 4.9 percent from the current 3.7 percent.

Personal income in Washington is expected to moderate over the next two fiscal years. Concerted efforts to provide pandemic relief funds to individuals and households boosted fiscal year 2020 real personal income by 5.5 percent and fiscal year 2021 real personal income by 5.6 percent. Real personal income declined 1.7 percent in fiscal year 2022 as federal COVID relief payments ended and households drew down their pandemic savings. Real personal income is expected to grow 0.1 percent in fiscal year 2023 and 2.1 percent in fiscal year 2024. In comparison, U.S. real income growth is expected to be -2.0 percent, 0.0 percent, and 1.5 percent, respectively. On a per-capita basis, Washington's real personal income should reach \$60,854 in fiscal year 2024, nearly \$7,100 above the U.S. average.

These gains in Washington's personal income will occur as employment growth trends towards a more moderate rate following the vigorous rebound growth rates of fiscal years 2022 and 2023. Aerospace employment, a traditional driver of Washington's economy, is expected to recover from the 737 Max and COVID slowdowns with expected increases from 68,000 to 72,400 in fiscal year 2023 and 74,100 in fiscal year 2024. Continued gains in software publishing, electronic shopping and mail order, and other technology sectors, will result in Washington total nonfarm employment posting a net 3.0 percent increase in fiscal year 2023 and 0.5 percent in fiscal year 2024.

Growth in construction jobs will likely soften during the forecast period as the housing market and commercial markets weaken. While demand for new office space was prompted by burgeoning growth in the technology sectors prior to the pandemic, recent trends towards teleworking have had a negative impact on demand for commercial office space. Building permits are expected to decline 20.2 percent in fiscal year 2023 and another 1.1 percent in fiscal year 2024. As a result, growth in construction employment should trend down to 1.3 percent in fiscal year 2023 and then decline 3.1 percent in fiscal year 2024.

General Fund-State (GF-S) revenues grew 6.2 percent in fiscal year 2020, 13.3 percent in fiscal year 2021, and 11.3 percent in fiscal year 2022. GF-S revenues are expected to grow 0.6 percent in fiscal year 2023 and 1.4 percent in fiscal year 2024. The moderating economy, continued hiring, and restrained growth in consumer spending should keep revenues growing at a modest pace.

Major Initiatives

EDUCATION

K-12 enhancements. With the focus on students' social and emotional learning, policymakers began exploring enhancements to the K-12 education system. In 2022, the governor signed a supplemental budget that added \$415 million in state funding for new policy investments for public schools. These enhancements funded a K-12 salary increase, additional school nurses, counselors, and other social emotional learning staff, and outdoor education, while bolstering support for continued programs as well.

The 2022 supplemental budget provided major investments for public schools for both expansion of meal programs and pupil transportation. Included were ongoing costs to meet the state's obligation to fully fund public schools. Additionally almost \$400 million in federal funding went toward stabilizing enrollment, the Learning Assistance Program, and food services.

Early learning and child care. The budgets for the 2021–23 biennium include nearly \$691 million of new investments in early learning. That includes \$25 million to add spaces in the Early Childhood Education and Assistance Program, the state's preschool program for children from low-income families. More than 500 slots were added for the 2021–22 school year and another 750 slots were added for the 2022–23 school year. In addition, nearly \$222 million of new investments were made in Working Connections Child Care (WCCC), which provides a child care subsidy for low-income families who work or participate in education or job training activities. WCCC investments included funding to expand the income eligibility threshold, reduce co-payments for families, and increase subsidy base rates for providers.

Higher education. The Legislature boosted higher education funding by \$437 million during the 2021 legislative session. The State Board for Community and Technical Colleges received \$10 million of ongoing funding to continue expanding incumbent worker training to serve students in the Job Skills Program. The University of Washington received \$40 million to support operations and teaching activities at Harborview Medical Center and the University of Washington Medical Center.

During the 2022 legislative session, lawmakers provided funding for the higher education institutions to support various workforce sectors. This included \$13.5 million to create or expand cybersecurity programs. The supplemental budget also provides \$37 million for the nursing/healthcare sector, including funding for providing grant incentives for students to pursue health fields, establishing or expanding nursing programs, and expanding health care simulation laboratories.

HEALTH AND HUMAN SERVICES

Covering more people, providing better care at lower costs. Governor Inslee's Healthier Washington Plan will transform health care so that people experience better health during their lives, receive better care when they need it, and get more affordable and accessible care, including reproductive health care for all Washingtonians regardless of income level.

COVID-19 response. The Washington State Department of Health coordinates the COVID-19 response with local health jurisdictions, other state agencies, and health care providers. The response to the COVID-19 pandemic has included testing and contact tracing, outbreak response, data collection and analysis, incident management and vaccination distribution and outreach.

Foundational public health services. The Department of Health coordinates a partnership with counties and tribal governments to address the key areas of communicable disease, environmental health, and assessment and support activities for these areas.

Transform the behavioral health system. Governor Inslee rolled out his multi-year plan for transforming the behavioral health system. It includes decentralizing long-term civil mental health commitments, creating forensic centers of excellence at the state psychiatric hospitals, and building recovery-based services and supports in the community. Long-term inpatient civil commitments will transition from two large state institutions to smaller, community-based facilities that treat patients more effectively in their home communities closer to family and friends. These include a mix of state-owned and -operated facilities and private providers. Regional recovery-based services and supports will ensure individuals receive the appropriate level of care in the right settings, with a goal of diverting individuals from inpatient commitments.

Help at-risk children and families thrive from the start. In 2016, the Governor convened the Blue Ribbon Commission on Children and Families, a group of experts who recommended bringing together early learning and family support services into one agency. As a result, the state launched the Department of Children, Youth, and Families in 2018, to deliver preventive family interventions and equity in services for all Washington children. The agency provides all services previously housed in the Department of Early Learning and some services that the Department of Social and Health Services used to provide. This includes juvenile rehabilitation, which transferred to the new agency in fiscal year 2020. With the passage of the Fair Start for Kids Act in 2021, Washington's child care system will be more accessible and affordable for all families in Washington state, beginning in July 2021.

Reduce homelessness. Several large efforts are underway to address the state's homelessness crisis. This includes new funding for temporary rent assistance, permanent supportive housing programs, affordable housing units, emergency sheltering, and an increase in grant awards to enrollees in several social and health programs.

ECONOMY

Paid family and medical leave. In 2019, Washington began collecting premiums to launch its best-in-the-nation paid family and medical leave program, approved on a bipartisan basis by legislators in 2017. Beginning in 2020, employees could become eligible for up to 12 weeks of paid medical leave for a serious health condition or medical event and up to 12 weeks of paid family leave to care for a new child or ailing family member. Depending on their earnings, employees will receive up to 90 percent of their wages or up to \$1,000 per week.

Long-Term Services and Supports Trust (WA Cares). In 2019, the state enacted the first-in-the-nation long-term care benefit program, called WA Cares. Beginning July 1, 2026, qualified individuals could become eligible to receive up to \$36,500 in lifetime benefits to apply to the cost of their long-term care. The program is funded through a 0.58 percent premium assessment on an employee's wages, which will start to be collected on July 1, 2023. The program is administered jointly by the Department of Social and Health Services, the Employment Security Department, and the Health Care Authority.

ENVIRONMENT AND ENERGY

Reduce carbon pollution. In 2021, Washington made significant progress in enacting legislation necessary to meet its updated targets to reduce greenhouse gas emissions by 95 percent below 1990 levels by 2050. Starting January 1, 2023, the state Climate Commitment Act (CCA) will establish a cap-and-invest program for reducing carbon emissions from industrial facilities, certain fuel suppliers, in-state electrical generators, electricity importers, and natural gas distributors with annual greenhouse gas emissions over 25,000 metric tons. The state adopted rules to implement this program in September 2022. The CCA is anticipated to

generate revenue which can be used for clean energy transition and assistance, clean transportation, and climate resiliency projects. In 2022, the Legislature made its first use of these funds, providing \$127 million for clean transportation projects, ramping up to \$360 million a year in future biennia on an ongoing basis as part of the Move Ahead Washington plan.

Washington also joined California, Oregon, and British Columbia in adopting a clean fuel standard. This standard requires transportation fuel suppliers to gradually reduce the carbon intensity of transportation fuels to 20 percent below 2017 levels by 2038. The state continued rulemaking for this program with implementation beginning in January 2023.

In recent years, the Legislature passed a suite of legislation to cut greenhouse gas emissions. Washington is now required to have 100 percent clean electricity by 2045. The state imposed new standards for more energy-efficient buildings and appliances. Washington also joined other states in adding requirements to phase down greenhouse gases that potentially contribute to global warming, such as hydrofluorocarbons and perfluorocarbons used in air conditioners and appliances. In addition, the state updated the state motor vehicle emission standards to correspond with California's Zero Emission Vehicle Program.

While attending the Paris Climate Conference in December 2015, Governor Inslee announced a commitment to double the state's electric vehicle deployment in the state fleet to 20 percent. In 2019, he established the goal of 50 percent electric vehicles for the state fleet by 2020. To date, the state has exceeded the goal for new vehicle acquisitions, with zero emission vehicles comprising almost 30 percent of new purchases since the announcement. In 2022, the state began increasing investments in EV infrastructure to continue to convert the state fleet.

The Governor is a founding chair of the U.S. Climate Alliance, a bipartisan coalition of 17 states that stepped up to ensure the United States makes progress on the Paris Climate Agreement. Washington continues this work with its partners in the Pacific Coast Collaborative, a West Coast initiative for climate action and leadership, as well as with dozens of states and regions around the world whose leaders signed the Under 2 MOU, a global commitment to shrink greenhouse gas emissions.

Promoting environmental justice. Legislation was enacted in 2021 to help eliminate environmental and health disparities in communities of color, indigenous communities, and economically disadvantaged communities. This law requires select state agencies (Departments of Health, Ecology, Natural Resources, Commerce, Agriculture, and Transportation) to conduct environmental justice assessments on certain agency actions and to incorporate environmental justice into agency strategic plans and budgets. In 2022, the governor appointed the Environmental Justice Council to advise state agencies on implementation of this law, as well as on the Climate Commitment Act.

Wildland firefighting and forest health. Driven by drought and exacerbated by climate change, Washington has seen a dramatic increase in wildland fires. The 2020 and 2021 fire seasons were Washington's second and third largest, resulting in the burning of more than 1.5 million acres. Smoke from these fires blanketed much of the state for weeks, particularly in September 2020, impacting public health. The state has set a goal of treating more than 1.25 million acres over 20 years to restore forest health and to reduce wildfire risk. To address these issues, the Legislature enacted legislation and provided \$130 million in the 2021–23 biennium and \$95 million in ongoing funding to improve wildfire response, forest restoration, and community resilience.

Emergency food assistance. In response to the ongoing COVID-19 pandemic and sustained high rates of food insecurity, the state provided an additional \$20 million in fiscal year 2021 to purchase emergency food and personal protective equipment. The supplies were distributed to over 500 hunger relief organizations working to reduce food insecurity for approximately 2.2 million children and adults in 2020 and 2021.

The 2022 supplemental operating budget enhances food security with \$58 million in federal stimulus funding to expand a new Farmers to Families Food Box Program to directly connect distribution of products from farmers to hunger relief organizations. Food system resiliency is enhanced with additional state funding including \$17.6 million for the state's Emergency Food Assistance.

TRANSPORTATION

Move Ahead Washington – Major Investments in Transportation Infrastructure. The governor signed the “Move Ahead Washington” package into law in March 2022. This transportation package lays the foundation for a massive shift from simply building more lanes to moving people via cleaner, more efficient transportation by including \$1.1 billion for four new hybrid-electric ferry vessels and conversion of four vessels to hybrid-electric and shoreside power, \$5.4 billion in active transportation investments, \$3 billion for transit programs including clean fuel grants for transit agencies, \$1 billion for the I-5 bridge over the Columbia River, \$3 billion for preservation, and \$2.4 billion to support the critical work of removing fish passage barriers along state highways that block hundreds of miles of habitat for salmon and steelhead.

Ferries/terminals. Work continues on the Seattle Colman multimodal terminal, which is estimated to be completed in 2023. Replacing the aging and seismically vulnerable Colman Dock is critical to maintain its role as a regional multimodal hub. The project includes replacing the main terminal building, the passenger only ferry facility that serves the King County Water Taxi and Kitsap Fast Ferry, a bicycle entry, and a new pedestrian bridge as well as stairs and elevators making access to the terminal and ferries seamless for all users.

Ferries/vessels. In addition to the ongoing preservation work on vessels, Washington State Ferries is moving forward on a procurement process to select a vendor to build five hybrid-electric vessels. The expected completion date of the first vessel is June 2027. Subsequent vessel build schedules are yet to be determined.

Construction. Work on major construction projects continues, including the Gateway SR 167/SR 509 project that will improve freight mobility, I-405 Renton to Bellevue that will improve traffic flow, the North Spokane Corridor project that will connect US 395 to US 2 to the north and I-90 near the Freya/Thor interchange to the south, and SR 520 Montlake that is a critical component to completing the SR 520 corridor.

ONE WASHINGTON

One Washington is a transformative program focused on improving and modernizing business processes for the state. This will bring about better financial management and operational efficiencies, make it easier to track agency financial activities, and help leaders make more informed decisions about how money is spent. The team has selected Workday as the enterprise resource planning solution for the state and Deloitte Consulting as the systems integrator to implement the new software statewide.

Work has begun with partners across all state agencies to prepare for Phases 1a and 1b of the Workday implementation to replace the current Agency Financial Reporting System. Together, One Washington and state agency representatives are working to assess Phase 1a systems changes and prepare employees for applicable impacts before the go-live date. This work has led to a reassessment of the Phase 1a schedule and go-live date, as the previously planned timeline was not adequate to address these systems changes. The program is working collaboratively with its vendors, oversight partners, and state agency representatives to provide a re-baselined schedule later this year.

The program is supported by Executive Order 19-04, One Washington: Modernization of State Administrative Business and Systems, which aligns with Governor Inslee's strategic priorities to create a modern work environment while driving innovation and accountability across the state.

RESULTS WASHINGTON

Washington is a recognized national leader in adapting proven industry principles to continually improve state government. Governor Inslee established Results Washington in 2013 to strengthen performance management and continuous improvement throughout state government. Results Washington is a collaborative partner championing the best results for Washington. Aside from partnering with agencies to do work in line with its mission, Results Washington provides a valuable platform for agencies to highlight their work directly with the governor and staff.

Agency staff are focused on the following:

- In 2021, Results Washington hosted seven performance reviews with Governor Inslee on topics ranging from economic recovery to early learning. The governor was able to engage state leaders and community members on current efforts and strategies to improve. The public meetings with Governor Inslee are one milestone in a larger project management process. Because meetings are held virtually, a broader, more diverse and inclusive audience can participate than in previous iterations. The Results Washington team uses a disciplined approach to facilitating, coordinating, and providing project management for this work, including completing charters for each project and ensuring milestones are accomplished.
- Offering the 10th annual Washington State Government Lean Transformation Conference, which occurred virtually over several days in October and November 2021. The 11th annual Lean conference was held virtually in October 2022, with a record number of more than 4,000 attendees. This two-week conference provides state, local and federal government employees an opportunity to increase their knowledge, skills and abilities in a variety of continuous improvement disciplines to improve processes and results for customers.
- Serving as a liaison between state auditors, executive branch agencies, the Governor's Office, OFM, and the Office of Chief Information Officer (OCIO) on state agency performance audits, the liaison works with audited agencies and OFM or OCIO to provide a joint response to each performance audit. If the State Auditor finds performance gaps and makes recommendations, the coordinated response includes specific agency actions and due dates that the liaison tracks and publishes on Results Washington's website through completion.

More information is available at www.results.wa.gov.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of Washington for its ACFR for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Washington state has received a Certificate of Achievement for the past 35 consecutive years. The Office of Financial Management considers this report to be in conformity with the Certificate of Achievement Program requirements, and will submit it to the GFOA.

State of Washington

The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each state agency. This ACFR reflects the Governor's commitment to the Legislature, the citizens of Washington state, and the financial community to maintain financial statements in conformance with the highest standards of financial accountability.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Schumacher', with a long horizontal flourish extending to the right.

David Schumacher
Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Washington

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



Statewide Elected Officials

As of June 30, 2022



Governor
Jay Inslee



Lieutenant Governor
Denny Heck



Secretary of State
Steve Hobbs



Treasurer
Mike Pellicciotti



State Auditor
Pat McCarthy



Attorney General
Bob Ferguson



**Superintendent of
Public Instruction**
Chris Reykdal



**Commissioner of
Public Lands**
Hilary Franz



**Insurance
Commissioner**
Mike Kreidler



2022 Organization Chart Washington State Government

Legislative Branch		Executive Branch			Judicial Branch	
Senate and House of Representatives					Supreme Court	
Joint Legislative Audit & Review Committee	Legislative Evaluation & Accountability Program (LEAP) Committee	Administrative Office of the Courts			Law Library	
Joint Legislative Systems Committee	Office of the State Actuary	Office of Civil Legal Aid			Municipal Courts	
Joint Transportation Committee	Redistricting Commission (activated decennially)	Court of Appeals			Office of Public Defense	
Legislative Ethics Board	Statute Law Committee (Code Reviser's Office)	Commission on Judicial Conduct			District and Superior Courts	
Office of Legislative Support Services						
Office of Legislative Labor Relations						

Commissioner of Public Lands	Insurance Commissioner	Treasurer	Lieutenant Governor	Governor	Attorney General	Superintendent of Public Instruction	Auditor	Secretary of State
Dept. of Natural Resources - Board of Natural Resources		Public Deposit Protection Commission State Finance Committee		See offices below	Executive Ethics Board			State Library

Environment and Natural Resources	General Government	Transportation	Health and Human Services	Education	Community and Economic Development
Agencies led by Governor-appointed executives					
Department of Agriculture (commodity commissions)	Board of Accountancy	Dept. of Licensing (occupational regulatory boards)	Dept. of Children, Youth and Families	Center for Deaf and Hard of Hearing Youth	Commission on African-American Affairs
Department of Ecology	Office of Administrative Hearings	Washington State Patrol	Department of Corrections - Indeterminate Sentence Review Board	School for the Blind	Arts Commission
Pollution Liability Insurance Agency	Dept. of Archaeology and Historic Preservation	Traffic Safety Commission	Employment Security Dept. - Governor's Committee on Disability Issues & Employment	Workforce Training and Education Coordinating Board	Commission on Asian Pacific American Affairs
Puget Sound Partnership	Consolidated Technology Services (WaTech)	Dept. of Transportation	Department of Health (occupational regulatory boards) - Board of Health - Environmental Justice Council		Department of Commerce - Community Economic Revitalization Board - Developmental Disabilities Council - Public Works Board - Broadband Office
Recreation and Conservation Office	- Chief Information Officer, Office of the Technology Services Board - Cybersecurity, Office of Department of Enterprise Services - Building Code Council Department of Financial Institutions Office of Financial Management - Personnel Resources Board - Sentencing Guidelines Commission - Serve Washington Office of the Governor - Corrections Ombuds, Office of - Education Ombuds, Office of - Equity Office - Family & Children's Ombuds, Office of - Independent Investigators, Office of - LGBTQ Commission - Regulatory Innovation & Assistance, Ofc. for - Results Washington - Women's Commission Governor's Office of Indian Affairs State Lottery Military Department Department of Retirement Systems Department of Revenue		Dept. of Labor and Industries Dept. of Services for the Blind Dept. of Social and Health Services Dept. of Veterans Affairs		Office of Minority & Women's Business Enterprises

Agencies under authority of a board, council, or commission					
Columbia River Gorge Commission	Caseload Forecast Council	County Road Administration Board	Criminal Justice Training Commission	Charter School Commission	Economic Development Finance Authority
Conservation Commission	Citizens' Commission on Salaries for Elected Officials	Freight Mobility Strategic Investment Board	Health Care Facilities Authority	Board of Education	Housing Finance Commission
Environmental and Land Use Hearings Office	Economic & Revenue Forecast Council	Board of Pilotage Commissioners	Human Rights Commission	Professional Educator Standards Board	
- Growth Management Hearings Board	Energy Facility Site Evaluation Council	Transportation Improvement Board	Board of Industrial Insurance Appeals	State Board for Community and Technical Colleges - Boards of trustees for 34 community/technical colleges	
- Pollution Control Hearings Board	Forensic Investigations Council	Transportation Commission	Tobacco Settlement Authority	Governing boards of higher education institutions: - Central Washington University - Eastern Washington University - The Evergreen State College - University of Washington - Washington State University - Western Washington University	
- Shorelines Hearings Board	Gambling Commission			Washington Student Achievement Council	
Dept. of Fish and Wildlife - Fish and Wildlife Commission	Horse Racing Commission			Higher Education Facilities Authority	
Parks and Recreation Commission	Investment Board			Eastern Washington State Historical Society	
Washington Materials Management and Financing Authority	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board			Wash. State Historical Society Wash. State Leadership Council	
	Liquor and Cannabis Board				
	Public Disclosure Commission				
	Public Employment Relations Commission				
	Board of Registration for Professional Engineers & Land Surveyors				
	Tax Appeals, Board of				
	Utilities and Transportation Commission				
	Board for Volunteer Firefighters and Reserve Officers				
	Energy Facility Site Evaluation Council				

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OFFICE OF FINANCIAL
MANAGEMENT
JULY 2022

FINANCIAL SECTION

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Office of the Washington State Auditor
Pat McCarthy

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

The Honorable Jay Inslee
State of Washington
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

In our opinion, based on our audit report and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Department of Retirement Systems, the Local Government Investment Pool, the University of Washington, or the funds managed by the State Investment Board. Those financial statements represent part or all of the total assets, net position, and revenues or additions of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information as follows:

Opinion Unit	Percent of Total Assets	Percent of Net Position	Percent of Revenues/ Additions
Governmental Activities	12.7%	22.2%	5.7%
Business-Type Activities	72.9%	100.0%	3.0%
Higher Education Special Revenue Fund	48.8%	50.1%	48.4%
Higher Education Endowment Fund	97.6%	97.4%	100.0%
Higher Education Student Services Fund	63.9%	100.0%	91.0%
Workers' Compensation Fund	95.2%	96.0%	47.9%
Aggregate Discretely Presented Component Units and Remaining Fund Information	97.7%	93.9%	53.9%

Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities and funds listed above, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As explained in Note 1.D.1, the financial statements include pension trust fund investments valued at \$83.8 billion, which comprise 37.4 percent of the total assets and 43.5 percent of the net position of the aggregate discretely component units and remaining fund information. The fair values of those investments have been estimated by management in the absence of readily determinable fair values. Management's estimates are based upon information provided by the fund managers or, in the case of investments in partnerships, the general partners. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2022, the State adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2021, the State inappropriately classified \$2.9 billion of the fund balance in the general fund as restricted instead of unrestricted. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The Combining Financial Statements and Individual Fund Schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

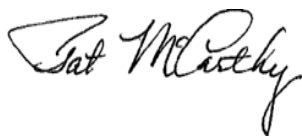
The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated December 20, 2022, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor
Olympia, WA
December 20, 2022

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MD&A
Management's Discussion and Analysis

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MD&A

Management's Discussion & Analysis

As managers of the state of Washington, we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We present this information in conjunction with the information included in our letter of transmittal, which can be found preceding this narrative, and with the state's financial statements, which follow. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Total assets and deferred outflows of the state of Washington exceeded its liabilities and deferred inflows by \$30.54 billion (reported as net position). Of this amount, \$(13.02) billion was reported as "unrestricted net position." A negative balance indicates that no funds were available for discretionary purposes.
- The state of Washington's governmental funds reported a combined ending fund balance of \$29.42 billion, an increase of 21.8 percent compared with the prior year.
- The state's capital assets increased by \$2.44 billion, total bond debt increased by \$470.0 million, and the state's net investment in capital assets is \$25.70 billion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the state of Washington's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The focus is on both the state as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden the basis for comparison (year-to-year or government-to-government), and enhance the state's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the state of Washington's finances, in a manner similar to a private sector business.

Statement of Net Position. The Statement of Net Position presents information on all of the state of Washington's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the state of Washington is improving or deteriorating.

Statement of Activities. The Statement of Activities presents information showing how the state's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The Statement of Activities is focused on both the gross and net cost of various activities (including governmental, business-type, and component unit). This is intended to summarize and simplify the reader's analysis of the revenues and costs of various state activities and the degree to which activities are subsidized by general revenues.

Both of these government-wide financial statements distinguish functions of the state of Washington that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the state of Washington include education, human services, transportation, natural resources, adult corrections, and general government.

The business-type activities of the state of Washington include the workers' compensation, unemployment compensation, and health insurance programs, and various higher education student services such as housing and dining.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The state of Washington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the state can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on fund balances at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for three major funds and an aggregate total for all nonmajor funds. The state's major governmental funds are the General Fund, Higher Education Special Revenue Fund, and the Higher Education Endowment and Other Permanent Funds. Individual fund data for the state's nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The state of Washington maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds represent an accounting device used to accumulate and allocate costs internally among the state of Washington's various functions. The state of Washington uses internal service funds to account for general services such as motor pool, data processing services, and risk management. Because internal service funds predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the

Workers' Compensation Fund, Unemployment Compensation Fund, Higher Education Student Services Fund, and the Health Insurance Fund, which are considered to be major funds, as well as an aggregated total for all nonmajor enterprise funds.

The internal service funds are combined for presentation purposes. Individual fund data for the state's nonmajor proprietary funds are provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the state of Washington's own programs. Washington's fiduciary funds also include state administered pension plans. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the state's fiduciary funds are provided in the form of combining statements elsewhere in this report.

Component Units. Component units that are legally separate from the state and primarily serve or benefit those outside the state are discretely presented. They are either financially accountable to the state or have relationships with the state such that exclusion would cause the state's financial statements to be misleading or incomplete. The state discretely reports three major component units: the Valley Medical Center, the Fred Hutchinson Cancer Center, and the Health Benefit Exchange, as well as five nonmajor component units.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

This report also presents required supplementary information on budgetary comparisons, pension plans and other postemployment benefits information, and infrastructure assets reported using the modified approach.

The combining statements referred to earlier are presented immediately following the required supplementary information.

State of Washington

STATE OF WASHINGTON Statement of Net Position (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 53,892	\$ 39,044	\$ 30,022	\$ 30,252	\$ 83,914	\$ 69,296
Capital assets	45,727	43,541	3,672	3,416	49,399	46,957
Total assets	99,619	82,585	33,694	33,668	133,313	116,253
DEFERRED OUTFLOWS OF RESOURCES	2,079	2,184	447	421	2,526	2,605
LIABILITIES						
Current and other liabilities	10,363	8,713	1,983	1,355	12,346	10,068
Long-term liabilities outstanding	37,829	36,699	44,678	40,184	82,507	76,883
Total liabilities	48,192	45,412	46,661	41,539	94,853	86,951
DEFERRED INFLOWS OF RESOURCES	9,204	2,887	1,244	391	10,448	3,278
NET POSITION						
Net investment in capital assets	24,818	23,934	884	825	25,702	24,759
Restricted	14,186	14,862	3,671	2,405	17,857	17,267
Unrestricted	5,298	(2,326)	(18,319)	(11,071)	(13,021)	(13,397)
Total net position	<u>\$ 44,302</u>	<u>\$ 36,470</u>	<u>\$ (13,764)</u>	<u>\$ (7,841)</u>	<u>\$ 30,538</u>	<u>\$ 28,629</u>

Note: The 2021 amounts presented here have not been restated for prior period adjustments. Complete information necessary to fully restate the 2021 amounts was not available. Refer to Note 2 Accounting and Reporting Changes.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the state of Washington, total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$30.54 billion at June 30, 2022, as compared to \$28.63 billion as reported at June 30, 2021.

The largest portion of the state's net position (84.2 percent for fiscal year 2022 as compared to 86.5 percent for fiscal year 2021) reflects its net investment in capital assets (e.g., land, buildings, equipment, and intangible assets) less any related debt used to acquire those assets that is still outstanding. The state of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the state of Washington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the state of Washington's net position (58.5 percent for fiscal year 2022 as compared to 60.3 percent for fiscal year 2021) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(13.02) billion represents unrestricted net position. The state's overall negative balance in unrestricted net position is due to deficits in business-type activities.

In governmental activities, net position increased from \$36.47 billion in fiscal year 2021 to \$44.30 billion in fiscal year 2022. The increase reflects increases in federal funding and tax revenues that outpaced the increases in expenses.

In business-type activities, the deficit is caused by claims expense continuing to outpace associated premiums in both the health insurance program and the workers' compensation program that provides time-loss, medical, disability, and pension payments to qualifying individuals who sustain work-related injuries or develop occupational diseases as a result of their required work activities. The main benefit plans of the workers' compensation program are funded on rates that will keep the plans solvent in accordance with recognized actuarial principles. The supplemental pension cost-of-living (COLAs) adjustment granted for time-loss and disability payments, however,

State of Washington

are funded on a pay-as-you-go basis. By statute, the state is only allowed to collect enough revenue to fund the current COLA payments.

support for governmental activities comes from taxes and intergovernmental grants, while business-type activities are supported primarily through user charges.

As previously mentioned, the state's activities are divided between governmental and business-type. The majority of

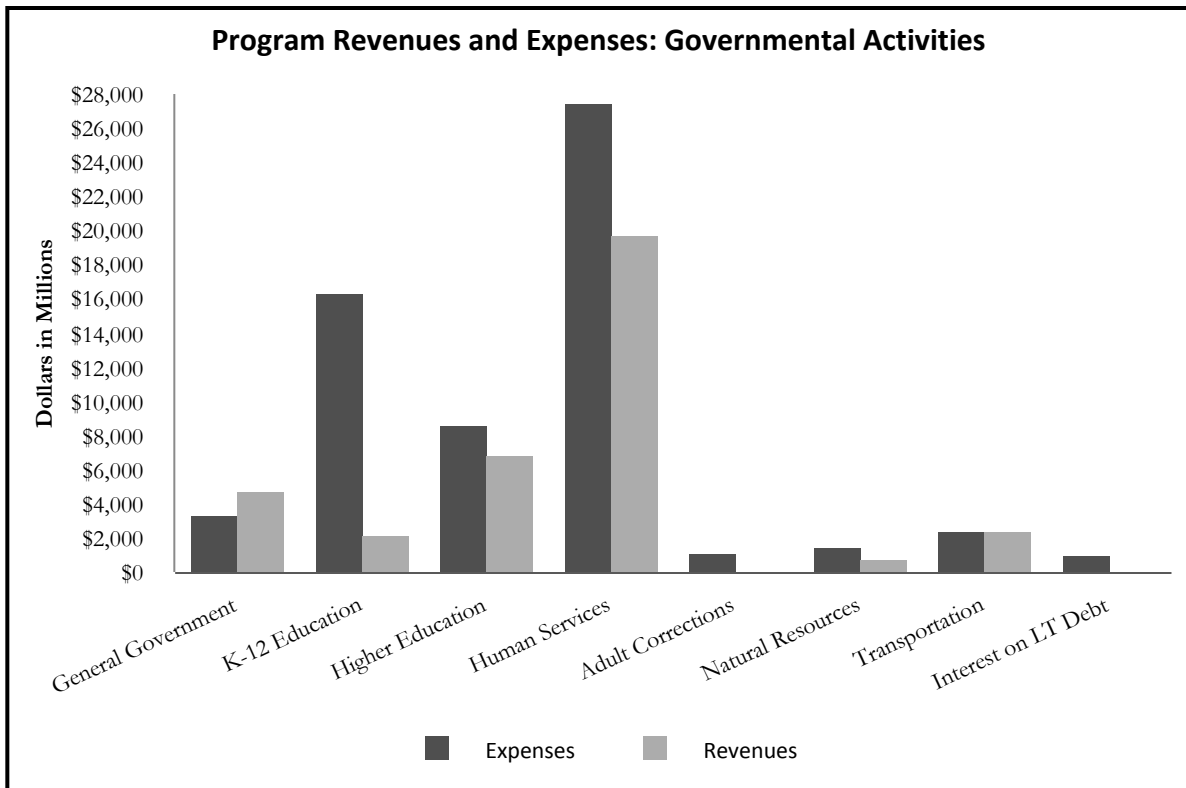
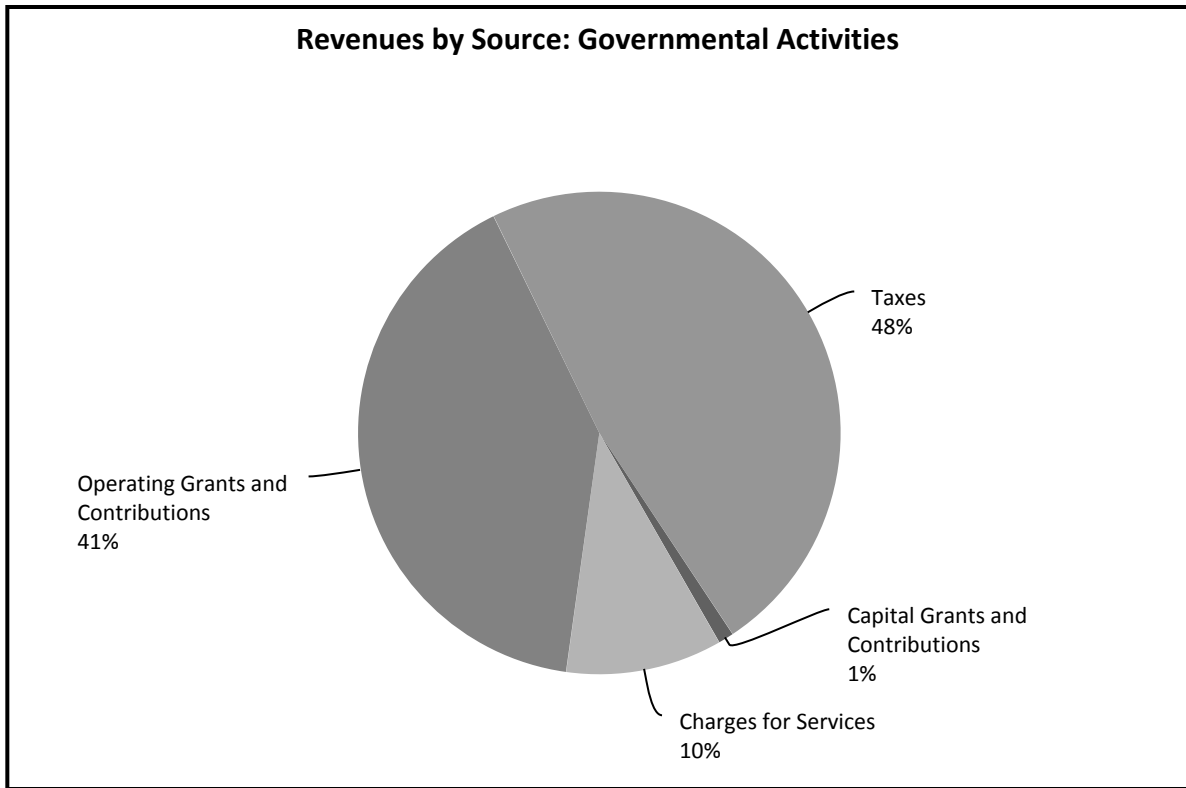
STATE OF WASHINGTON						
Changes in Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program revenues:						
Charges for services	\$ 7,438	\$ 7,649	\$ 13,623	\$ 12,304	\$ 21,061	\$ 19,953
Operating grants and contributions	28,848	24,930	1,480	9,529	30,328	34,459
Capital grants and contributions	726	648	—	1	726	649
General revenues:						
Taxes	33,991	30,334	14	17	34,005	30,351
Interest and investment earnings (loss)	(738)	1,541	(2,712)	1,640	(3,450)	3,181
Total revenues	<u>70,265</u>	<u>65,102</u>	<u>12,405</u>	<u>23,491</u>	<u>82,670</u>	<u>88,593</u>
EXPENSES						
General government	(3,403)	(3,769)	—	—	(3,403)	(3,769)
Education - K-12	(16,407)	(15,322)	—	—	(16,407)	(15,322)
Education - Higher education	(8,722)	(8,472)	—	—	(8,722)	(8,472)
Human services	(27,479)	(25,818)	—	—	(27,479)	(25,818)
Adult corrections	(1,177)	(1,247)	—	—	(1,177)	(1,247)
Natural resources and recreation	(1,536)	(1,540)	—	—	(1,536)	(1,540)
Transportation	(2,483)	(2,757)	—	—	(2,483)	(2,757)
Interest on long-term debt	(1,090)	(1,073)	—	—	(1,090)	(1,073)
Workers' compensation	—	—	(6,955)	(4,505)	(6,955)	(4,505)
Unemployment compensation	—	—	(2,433)	(11,939)	(2,433)	(11,939)
Higher education student services	—	—	(3,388)	(3,166)	(3,388)	(3,166)
Health insurance	—	—	(3,726)	(3,556)	(3,726)	(3,556)
Other business-type activities	—	—	(2,120)	(1,851)	(2,120)	(1,851)
Total expenses	<u>(62,297)</u>	<u>(59,998)</u>	<u>(18,622)</u>	<u>(25,017)</u>	<u>(80,919)</u>	<u>(85,015)</u>
Excess (deficiency) of revenues over						
expenses before contributions						
to endowments and transfers	7,968	5,104	(6,217)	(1,526)	1,751	3,578
Contributions to endowments	97	75	—	—	97	75
Transfers	(252)	132	252	(130)	—	2
Increase (decrease) in net position	<u>7,813</u>	<u>5,311</u>	<u>(5,965)</u>	<u>(1,656)</u>	<u>1,848</u>	<u>3,655</u>
Net position - July 1, as restated	36,489	31,159	(7,799)	(6,185)	28,690	24,974
Net position - June 30	<u>\$ 44,302</u>	<u>\$ 36,470</u>	<u>\$ (13,764)</u>	<u>\$ (7,841)</u>	<u>\$ 30,538</u>	<u>\$ 28,629</u>

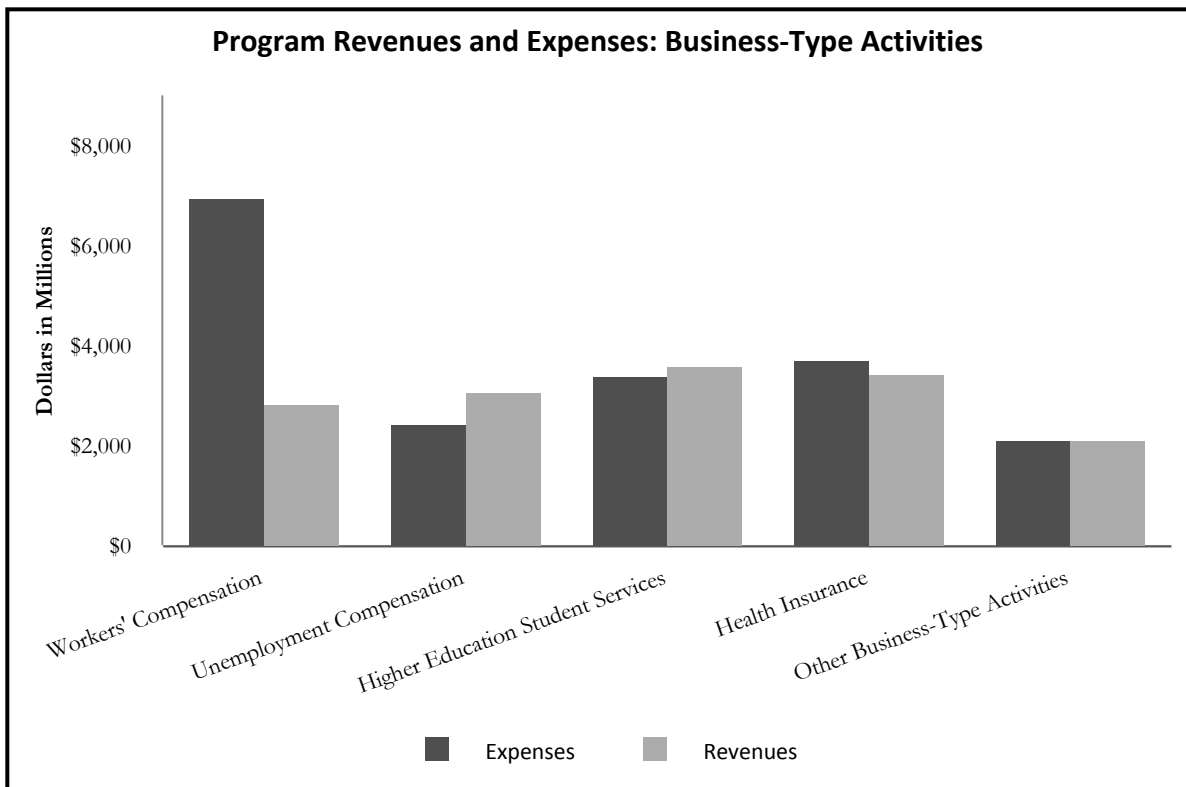
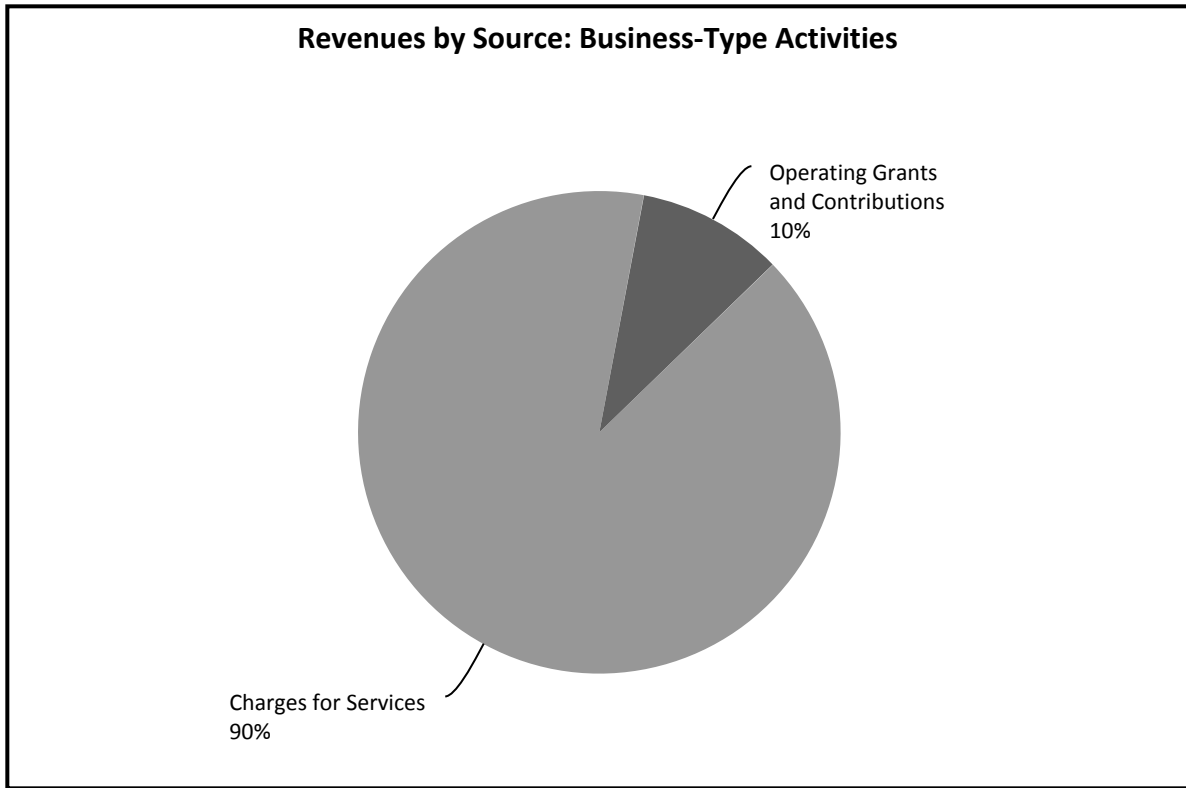
Governmental Activities. Governmental activities resulted in an increase in the state of Washington's net position of \$7.81 billion. A number of factors were in play including increases in tax revenues and federal grants that were greater than spending increases on education and human services.

- Tax revenues increased by \$3.66 billion in fiscal year 2022 as compared to fiscal year 2021 reflecting continuing strength in the property values and real estate sales. Sales and use tax, which are the main tax revenue for governmental activities, reported an increase of \$1.57 billion. Business and occupation tax increased by \$812.2 million. Property tax revenue increased by \$109.7 million as property values continue to rise. Revenue from real estate excise taxes, levied on the sale of real estate, increased by \$630.9 million.
- Operating grants and contributions grew by \$3.92 billion in fiscal year 2022 compared with fiscal year 2021. The majority of this increase was federal stimulus funds received in response to COVID-19, and this was matched with an increase in human services operating grant expenses as the state continued its response to the COVID-19 emergency. As of June 30, 2022, \$2.89 billion in federal stimulus funds received from the U.S. Department of the Treasury remained unspent and is classified as unearned revenue.
- Expenses grew by \$2.30 billion in fiscal year 2022 as compared to fiscal year 2021. The largest increases were in human services of \$1.66 billion, higher education of \$250.1 million, and K-12 education of \$1.08 billion in fiscal year 2022 as compared to fiscal year 2021. This reflects the state's ongoing commitment to improving K-12 staffing for counselors, nurses, and social emotional learning staff, along with additional funding in human services to improve the state's behavioral health system and continue its response to COVID-19.

Business-Type Activities. Business-type activities decreased the state of Washington's net position by \$5.96 billion. Key factors contributing to the operating results of business-type activities are:

- The workers' compensation activity decrease in net position in fiscal year 2022 was \$6.71 billion compared to a decrease of \$802.8 million in fiscal year 2021. Premiums and assessments revenue increased \$417.0 million in fiscal year 2022 as compared with fiscal year 2021 as a result of the increase in the average premium rates and an increase in reported hours. Claim costs increased by \$2.47 billion in fiscal year 2022 as compared with fiscal year 2021. Investment income decreased by \$3.88 billion as compared to fiscal year 2021. The workers' compensation portfolio is 81.6 percent debt securities.
- The unemployment compensation activity reported an operating gain in fiscal year 2022 of \$655.1 million compared to an operating loss of \$1.30 billion in fiscal year 2021. Premiums and assessments revenue increased \$476.4 million in fiscal year 2022 as compared with fiscal year 2021 as unemployment rates dropped. Unemployment insurance benefits decreased by \$9.51 billion in fiscal year 2022 compared to fiscal year 2021 due to a decrease in unemployment caused by COVID-19. The unemployment rate for the state for June 2022 was 3.9 percent, a substantial decrease from the 5.2 percent unemployment rate for June 2021.
- The Higher Education Student Services activities reported relatively proportional increases in both operating revenues and expenses when compared to the prior year.
- The Health Insurance activity decrease in net position in fiscal year 2022 was \$284.5 million compared to a decrease of \$27.0 million in fiscal year 2021. Health Insurance premiums collected decreased by \$100.2 million in fiscal year 2022 as compared with fiscal year 2021. Claim costs increased by \$168.3 million in fiscal year 2022 as compared with fiscal year 2021. Rates are created by actuarial analysis and adjusted annually to maintain a positive fund balance. Due to COVID-19, both participating enrollment levels and claim costs have been difficult to predict.





Financial Analysis of the State's Funds

As noted earlier, the state of Washington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. As previously discussed, the focus of the state of Washington's governmental funds is to provide information on near-term inflows, outflows, and fund balances. Such information is useful in assessing the state of Washington's financing requirements.

Fund Balances. At June 30, 2022, the state's governmental funds reported combined ending fund balances of \$29.42 billion. Of this amount, \$3.40 billion or 11.6 percent is nonspendable, either due to its form or legal constraints; and \$6.56 billion or 22.3 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional \$12.00 billion or 40.8 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other

purpose unless approved by the Legislature. An additional \$2.01 billion or 6.8 percent of total fund balance has been assigned to specific purposes by management. The unassigned portion of the governmental fund balance is \$5.45 billion or 18.5 percent of total fund balance and can be used at the state's discretion.

The General Fund is the chief operating fund of the state of Washington. The fund balance increased by \$2.20 billion in fiscal year 2022 as compared to a \$2.23 billion increase in fiscal year 2021. Increased revenues from taxes and federal aid and spending to improve K-12 staffing for counselors, nurses, and social emotional learning staff along with additional funding in human services to improve the state's behavioral health system and continue its response to COVID-19 were key contributing factors. Additionally, the state transferred a large amount of COVID-19 relief funds out of the General Fund to another administrative fund to better manage these resources. Assigned fund balance of \$1.90 billion is reported for fiscal year 2022 and relates to certain accrued and non-cash revenues which are not considered by management to be available for budgetary purposes.

STATE OF WASHINGTON			
General Fund			
<i>(in millions of dollars)</i>			
	Fiscal Year		Difference Increase (Decrease) 2022 - 2021
	2022	2021	
REVENUES			
Taxes	\$ 29,534	\$ 26,403	\$ 3,131
Federal grants	23,392	19,735	3,657
Investment revenue (loss)	(217)	(13)	(204)
Other	974	1,215	(241)
Total	53,683	47,340	6,343
EXPENDITURES			
Human services	27,614	25,814	1,800
Education	17,457	15,573	1,884
Other	3,220	3,165	55
Total	48,291	44,552	3,739
Net transfers in (out)	(3,387)	(643)	(2,744)
Other financing sources	190	83	107
Net increase (decrease) in fund balance	\$ 2,195	\$ 2,228	\$ (33)

General Fund expenditures continue to be concentrated in services and programs most vital to citizens – primarily human services and public education.

In addition to the General Fund, the state reports the Higher Education Special Revenue and the Higher Education Endowment and Other Permanent Funds as

major governmental funds. Significant changes in these funds are as follows:

- The change in fund balance of the Higher Education Special Revenue Fund in fiscal year 2022 was an increase of \$1.01 billion compared to an increase of

\$226.9 million in fiscal year 2021. The increase can be attributed primarily to increased federal grants.

- The fund balance for the Higher Education Endowment and Other Permanent Funds decreased by \$486.5 million in fiscal year 2022 compared to an increase of \$1.36 billion in fiscal year 2021. The main cause of the change was investment earnings decreased by \$441.9 million in fiscal year 2022 as compared to a \$1.46 billion increase in fiscal year 2021.

Proprietary Funds. The state of Washington's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Significant changes reported in fiscal year 2022 are as follows:

- The Workers' Compensation Fund reported a decrease in net position of \$6.7 billion in fiscal year 2022. Operating revenues increased by \$420.3 million and operating expenses increased by \$2.45 billion as compared to fiscal year 2021. As previously stated, premiums and assessments revenue increased \$417.0 million in fiscal year 2022 as compared with fiscal year 2021. Claim costs increased by \$2.47 billion in fiscal year 2022 over fiscal year 2021. This increase is attributed to an increase in the number of time loss claims and an increase in annual cost-of-living adjustments on workers' compensation. In addition, investment income decreased \$3.9 billion as compared to fiscal year 2021.
- Washington's Unemployment Compensation Fund reported an increase in net position of \$1.19 billion. While unemployment benefit claims expense decreased by \$9.51 billion in fiscal year 2022 as compared to fiscal year 2021, unemployment premiums and assessments increased by \$476.4 million and federal aid decreased by \$8.04 billion in fiscal year 2022 as compared to 2021. As previously stated, unemployment insurance benefits and federal aid continued to decrease as unemployment rates return to normal and federal COVID-19 coverage ends.
- The Higher Education Student Services Fund reported consistent activity when compared to the prior year.
- The Health Insurance Fund reported a decrease in net position of \$257.5 million in fiscal year 2022. Operating revenues decreased by \$99.4 million while operating expenses increased by \$165.6 million as compared to fiscal year 2021.

General Fund Budgetary Highlights

Differences between the original budget of the General Fund and the final amended budget reflect increases in mandatory costs driven by rising caseloads and school enrollment as well as other high priority needs. Changes to estimates are summarized as follows:

- Estimated biennial resources increased by \$4.49 billion over the course of the fiscal year. The major increases in estimated resources were additional federal grants-in-aid and transfers from other funds.
- Appropriated expenditure authority increased by \$8.74 billion over the course of the fiscal year to address increases in the state's human services and general government agencies' continued response to COVID-19.

The state did not overspend its legal spending authority for the 2021-2023 biennium. Actual General Fund revenues and expenditures were 48.9 and 45.4 percent of final budgeted resources and appropriations, respectively, for the 2021-2023 biennium.

Capital Assets, Infrastructure, and Bond Debt Administration

Capital Assets. The state of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$49.40 billion (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, museum and historical collections, buildings and other improvements, furnishings, equipment, intangible assets, and lease assets, as well as construction in progress.

Washington's fiscal year 2022 investment in capital assets, net of current year depreciation, increased \$670.1 million over fiscal year 2021, including increases to the state's transportation infrastructure of \$453.3 million. The state's construction in progress includes both new construction and major improvements to state capital facilities and infrastructure. Remaining commitments on these construction projects total \$5.76 billion.

Additional information on the state of Washington's capital assets can be found in Note 6.

Infrastructure. The state of Washington uses the modified approach for reporting selected infrastructure assets. The modified approach requires that the state meet certain requirements regarding the inventory and

State of Washington

maintenance of eligible capital assets, including condition assessments. Under the modified approach, assets are not depreciated and certain maintenance and preservation costs associated with those assets are expensed. In fiscal year 2022, assets accounted for under this approach include approximately 20,876 pavement lane miles, 4,126

bridges and tunnels, and 47 highway safety rest areas. The total count of bridges includes vehicular bridges of all lengths and pedestrian bridges. Infrastructure asset categories are assessed predominantly on a two-year cycle, either on a calendar year or fiscal year basis.

STATE OF WASHINGTON Capital Assets - Net of Depreciation (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Land	\$ 3,056	\$ 2,943	\$ 75	\$ 75	\$ 3,131	\$ 3,018
Transportation infrastructure and other assets not depreciated	27,225	26,768	5	5	27,230	26,773
Buildings	8,853	9,028	2,820	2,815	11,673	11,843
Furnishings, equipment, and intangible assets	2,075	2,124	195	107	2,270	2,231
Other improvements and infrastructure	1,351	1,332	101	107	1,452	1,439
Construction in progress	1,823	1,490	234	307	2,057	1,797
Lease assets	1,344	1,352	242	276	1,586	1,628
Total	\$ 45,727	\$ 45,037	\$ 3,672	\$ 3,692	\$ 49,399	\$ 48,729

*Prior year balances restated for comparability

The state of Washington's goal is to maintain 85 percent of pavements and 90 percent of bridges at a condition level of fair or better. The condition of these assets, along with the rating scales, and additional detail comparing planned to actual preservation and maintenance spending are available in the required supplementary information.

In 2018, the Washington State Department of Transportation updated its Capital Assets - Infrastructure Policy to report the average of the three most recent assessment periods, as opposed to just the most recent period.

The most recent pavements condition assessment indicates that 92.5 percent of pavements were in fair or better condition. The condition of pavements has remained steady in the last three assessment periods, averaging 93.3 percent in fair or better condition. For fiscal year 2022, actual maintenance and preservation expenditures were 14.6 percent lower than planned. Over the past five fiscal years, the actual expenditures for maintaining and preserving pavements were 8.0 percent lower than planned.

The most recent condition assessment of bridges over 20 feet in length indicates that 94.7 percent of bridges were in good or fair condition. The condition of bridges has remained steady over the last three assessment periods, averaging 93.1 percent in good or fair condition. For fiscal year 2022, the actual maintenance and preservation expenditures were 32.0 percent lower than planned, and

over the past five fiscal years, the actual expenditures were 19.2 percent lower than planned. The significant variance between actual and planned expenditures in fiscal year 2022 can be attributed to continued insufficient resources in keeping up with increased delivery demands imposed on the WSDOT.

Bond Debt. At the end of fiscal year 2022, the state of Washington had general obligation bond debt outstanding including accreted interest and issuance premiums of \$21.02 billion, an increase of 1.4 percent from fiscal year 2021. This debt is secured by a pledge of the full faith and credit of the state. Additionally, the state had authorized \$13.73 billion general obligation debt that remains unissued.

General obligation debt is subject to the limitation prescribed by the state Constitution. The aggregate debt contracted by the state as of June 30, 2022, does not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than 8.25 percent of the arithmetic mean of its general state revenues for the six immediately preceding fiscal years. The arithmetic mean of its general state revenues for fiscal years 2016-2021 is \$22.20 billion. The debt service limitation, 8.25 percent of this mean, is \$1.83 billion. The state's maximum annual debt service as of June 30, 2022, subject to the constitutional debt limitation is \$1.31 billion, or \$523.0 million less than the debt service limitation.

State of Washington

For further information on the debt limit, refer to Schedule 11 in the statistical section of this report or the Report on the State of Washington's Debt Limitation, available from the Office of the State Treasurer at <https://www.tre.wa.gov/wp-content/uploads/Debt-Limit-Certification-2022.pdf>

By statutory provision, the State Finance Committee (SFC) is authorized to supervise and control the issuance

of all state bonds, notes, or other evidences of indebtedness. The SFC is composed of the Governor, Lieutenant Governor, and State Treasurer, the latter serving as chairperson.

As of June 30, 2022, the state of Washington's general obligation debt was rated Aaa by Moody's Investor Service, AA+ by Standard & Poor's Rating Group, and AA+ by Fitch Ratings.

STATE OF WASHINGTON

Bond Debt

(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation (GO) bonds	\$ 20,710	\$ 20,402	\$ —	\$ —	\$ 20,710	\$ 20,402
Accreted interest on zero interest rate GO bonds	312	328	—	—	312	328
Revenue bonds	1,749	1,889	2,288	2,293	4,037	4,182
Unamortized premium on bonds sold	2,970	2,637	172	182	3,142	2,819
Total	\$ 25,741	\$ 25,256	\$ 2,460	\$ 2,475	\$ 28,201	\$ 27,731

The state had revenue debt outstanding at June 30, 2022, of \$4.04 billion, a decrease of \$145.0 million compared to fiscal year 2021. The decrease is primarily related to the state issuing fewer revenue bonds than in prior years. This debt is not supported or intended to be supported by the full faith and credit of the state. Revenue bond debt is generally secured by specific sources of revenue. The exceptions are the University of Washington and Washington State University which issue general revenue bonds that are payable from general revenues of each university.

General obligation and revenue bonds totaling \$2.08 billion were refunded during the year. Washington's refunding activity produced \$246.6 million in gross debt service savings.

Additional information on the state's bond debt obligations is presented in Note 7.

Conditions with Expected Future Impact

Economic Outlook. Washington's unemployment remains at a record low while the state's personal income continues to grow. Washington housing construction is starting to slow in late 2022 as housing prices in the state may have peaked. Continued hiring and a restrained

growth in consumer spending should keep revenues growing at a modest pace.

Rainy Day Account. In November 2007, Washington state voters ratified Engrossed Substitute Senate Joint Resolution 8206, amending the Washington Constitution and establishing the Budget Stabilization Account (BSA). The state's Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature.

On June 30, 2022, \$300.2 million was transferred to the BSA from the General Fund in accordance with the provisions of the Constitution. The BSA had a fund balance of \$334.7 million as of June 30, 2022.

Requests for Information

This financial report is designed to provide a general overview of the state of Washington's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Financial Management, Accounting Division, P.O. Box 43127, Olympia, WA 98504-3127.

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Basic Financial Statements
Government-wide Financial Statements

Statement of Net Position

June 30, 2022

(expressed in thousands)

Continued

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 20,684,976	\$ 5,754,996	\$ 26,439,972	\$ 1,577,377
Taxes receivable (net of allowance for uncollectibles)	5,482,506	3,435	5,485,941	—
Other receivables (net of allowance for uncollectibles)	3,397,406	3,134,488	6,531,894	365,326
Internal balances	192,457	(192,457)	—	—
Due from other governments	5,526,744	518,557	6,045,301	—
Inventories and prepaids	172,401	80,299	252,700	113,280
Restricted cash and investments	327,612	16,128	343,740	319,055
Restricted receivables, current	15,830	1	15,831	—
Investments, noncurrent	8,107,129	19,133,537	27,240,666	255,684
Restricted investments, noncurrent	—	111,117	111,117	—
Restricted net pension asset	9,984,953	893,866	10,878,819	16,344
Other assets	—	568,338	568,338	739,924
Capital assets:				
Non-depreciable assets	32,104,001	313,877	32,417,878	438,373
Depreciable assets (net of accumulated depreciation)	13,622,748	3,358,466	16,981,214	1,326,502
Total capital assets	45,726,749	3,672,343	49,399,092	1,764,875
Total Assets	99,618,763	33,694,648	133,313,411	5,151,865
DEFERRED OUTFLOWS OF RESOURCES	2,078,938	447,016	2,525,954	17,212
Total Assets and Deferred Outflows of Resources	\$ 101,697,701	\$ 34,141,664	\$ 135,839,365	\$ 5,169,077

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

Statement of Net Position

June 30, 2022

(expressed in thousands)

Concluded

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 2,817,597	\$ 232,492	\$ 3,050,089	\$ 141,947
Accrued liabilities	2,381,390	862,107	3,243,497	348,915
Obligations under security lending agreements	—	9,143	9,143	—
Due to other governments	1,553,400	688,625	2,242,025	—
Unearned revenues	3,610,072	191,156	3,801,228	214,402
Long-term liabilities:				
Due within one year	2,357,455	3,337,179	5,694,634	45,000
Due in more than one year	35,471,689	41,340,287	76,811,976	2,186,665
Total Liabilities	48,191,603	46,660,989	94,852,592	2,936,929
DEFERRED INFLOWS OF RESOURCES	9,203,837	1,244,356	10,448,193	92,555
NET POSITION				
Net investment in capital assets	24,818,030	884,628	25,702,658	320,497
Restricted for:				
Unemployment compensation	—	3,458,819	3,458,819	—
Nonexpendable permanent endowments	3,232,013	—	3,232,013	—
Expendable endowment funds	2,078,887	—	2,078,887	—
Pensions	4,392,029	212,115	4,604,144	2,599
Human services	687,725	—	687,725	—
Wildlife and natural resources	1,278,545	—	1,278,545	—
Transportation	1,785,464	—	1,785,464	—
Budget stabilization	334,741	—	334,741	—
Higher education	78,787	—	78,787	—
Capital projects	70,843	—	70,843	—
Other purposes	247,214	—	247,214	213,015
Unrestricted	5,297,983	(18,319,243)	(13,021,260)	1,603,482
Total Net Position	44,302,261	(13,763,681)	30,538,580	2,139,593
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 101,697,701	\$ 34,141,664	\$ 135,839,365	\$ 5,169,077

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

State of Washington

Statement of Activities
For the Fiscal Year Ended June 30, 2022
(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	\$ 3,402,786	\$ 1,274,331	\$ 3,490,103	\$ —
Education - K-12 education	16,406,607	16,515	2,181,896	—
Education - higher education	8,722,452	3,319,719	3,535,574	55,785
Human services	27,479,371	743,877	19,070,024	—
Adult corrections	1,176,713	10,720	1,452	—
Natural resources and recreation	1,536,363	566,860	238,974	37,859
Transportation	2,482,574	1,505,548	330,288	632,395
Interest on long-term debt	1,090,030	—	—	—
Total Governmental Activities	62,296,896	7,437,570	28,848,311	726,039
Business-Type Activities:				
Workers' compensation	6,955,460	2,811,621	9,456	—
Unemployment compensation	2,432,607	1,629,488	1,458,214	—
Higher education student services	3,388,141	3,603,302	11,803	—
Health insurance	3,726,064	3,458,195	—	—
Washington's lottery	696,150	911,678	—	—
Paid family and medical leave	1,105,551	961,892	—	—
Other	318,494	246,990	673	—
Total Business-Type Activities	18,622,467	13,623,166	1,480,146	—
Total Primary Government	\$ 80,919,363	\$ 21,060,736	\$ 30,328,457	\$ 726,039
Total Component Units	\$ 2,071,491	\$ 1,295,702	\$ 757,585	\$ —

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
\$ 1,361,648	\$ —	\$ 1,361,648	
(14,208,196)	—	(14,208,196)	
(1,811,374)	—	(1,811,374)	
(7,665,470)	—	(7,665,470)	
(1,164,541)	—	(1,164,541)	
(692,670)	—	(692,670)	
(14,343)	—	(14,343)	
(1,090,030)	—	(1,090,030)	
(25,284,976)	—	(25,284,976)	
—	(4,134,383)	(4,134,383)	
—	655,095	655,095	
—	226,964	226,964	
—	(267,869)	(267,869)	
—	215,528	215,528	
—	(143,659)	(143,659)	
—	(70,831)	(70,831)	
—	(3,519,155)	(3,519,155)	
\$ (25,284,976)	\$ (3,519,155)	\$ (28,804,131)	
			\$ (18,204)
15,187,179	—	15,187,179	—
6,151,652	—	6,151,652	—
4,467,823	—	4,467,823	24,965
1,612,283	—	1,612,283	—
3,092,444	14,146	3,106,590	—
353,075	—	353,075	—
574,385	—	574,385	—
823,878	—	823,878	—
1,727,919	(3)	1,727,916	(1,390)
(737,725)	(2,711,881)	(3,449,606)	(99,001)
33,252,913	(2,697,738)	30,555,175	(75,426)
7,967,937	(6,216,893)	1,751,044	(93,630)
97,137	—	97,137	—
(251,946)	251,946	—	—
7,813,128	(5,964,947)	1,848,181	(93,630)
36,489,133	(7,798,734)	28,690,399	2,233,223
\$ 44,302,261	\$ (13,763,681)	\$ 30,538,580	\$ 2,139,593

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Basic Financial Statements
Fund Financial Statements

State of Washington

Balance Sheet
GOVERNMENTAL FUNDS

June 30, 2022
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 9,619,684	\$ 1,515,387	\$ 1,025,394	\$ 6,939,720	\$ 19,100,185
Investments	16,323	3,427,911	5,025,462	309,097	8,778,793
Taxes receivable (net of allowance)	5,106,818	74,126	—	301,562	5,482,506
Receivables (net of allowance)	1,025,246	1,210,423	18,074	1,093,929	3,347,672
Due from other funds	1,731,475	1,111,869	15	513,146	3,356,505
Due from other governments	2,058,140	189,517	—	3,147,703	5,395,360
Inventories and prepaids	18,502	48,652	—	59,107	126,261
Restricted cash and investments	20,509	576	—	191,834	212,919
Restricted receivables	—	8,722	—	7,108	15,830
Total Assets	\$ 19,596,697	\$ 7,587,183	\$ 6,068,945	\$ 12,563,206	\$ 45,816,031
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 2,194,300	\$ 180,428	\$ 10	\$ 384,680	\$ 2,759,418
Accrued liabilities	752,779	860,871	54,077	238,520	1,906,247
Due to other funds	260,668	468,271	815,223	1,446,328	2,990,490
Due to other governments	754,297	83,297	48,514	173,683	1,059,791
Unearned revenue	3,209,933	293,246	—	101,782	3,604,961
Claims and judgments payable	34,053	—	—	104,182	138,235
Total Liabilities	7,206,030	1,886,113	917,824	2,449,175	12,459,142
DEFERRED INFLOWS OF RESOURCES	3,330,875	388,943	44,035	176,696	3,940,549
FUND BALANCES					
Nonspendable fund balance	60,361	48,653	3,021,059	270,061	3,400,134
Restricted fund balance	338,670	43,719	2,086,027	4,093,789	6,562,205
Committed fund balance	1,267,662	5,109,816	—	5,620,377	11,997,855
Assigned fund balance	1,900,952	109,939	—	—	2,010,891
Unassigned fund balance	5,492,147	—	—	(46,892)	5,445,255
Total Fund Balances	9,059,792	5,312,127	5,107,086	9,937,335	29,416,340
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 19,596,697	\$ 7,587,183	\$ 6,068,945	\$ 12,563,206	\$ 45,816,031

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, 2022
(expressed in thousands)

Total Fund Balances for Governmental Funds	\$	29,416,340
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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	\$	32,052,295	
Depreciable assets		26,368,608	
Less: Accumulated depreciation		(13,570,447)	
Total capital assets			44,850,456

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.		3,512,707
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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.		9,739,918
--	--	-----------

Deferred outflows of resources represent a consumption of net assets that will be reported as an outflow of resources in a future period and therefore are not reported in the funds.		1,991,072
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Deferred inflows of resources represent an acquisition of net assets that will be recognized as an inflow of resources in a future period and therefore are not reported in the funds.		(8,433,856)
--	--	-------------

Unmatured interest on general obligation bonds and other debt is not recognized in the funds until due.		(391,621)
---	--	-----------

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.		(1,135,936)
---	--	-------------

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	\$	(25,536,848)	
Accreted interest on bonds and other debt		(312,355)	
Right-to-use lease liabilities		(1,283,498)	
Compensated absences		(802,367)	
Other postemployment benefits obligations		(5,360,345)	
Net pension liability		(798,937)	
Unclaimed property		(119,770)	
Pollution remediation obligations		(230,095)	
Claims and judgments		(40,267)	
Asset retirement obligations		(30,522)	
Other obligations		(731,815)	
Total long-term liabilities			(35,246,819)

Net Position of Governmental Activities	\$	44,302,261
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The notes to the financial statements are an integral part of this statement.

State of Washington

Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
REVENUES					
Retail sales and use taxes	\$ 15,058,926	\$ —	\$ —	\$ 128,253	\$ 15,187,179
Business and occupation taxes	5,771,007	373,732	—	6,913	6,151,652
Property taxes	4,399,803	—	—	—	4,399,803
Excise taxes	2,046,865	439,574	—	606,005	3,092,444
Motor vehicle and fuel taxes	—	—	—	1,612,283	1,612,283
Other taxes	2,257,418	456,571	—	491,936	3,205,925
Licenses, permits, and fees	151,750	1,061	—	2,104,918	2,257,729
Other contracts and grants	359,990	1,337,026	—	153,392	1,850,408
Timber sales	5,286	—	18,850	114,667	138,803
Federal grants-in-aid	23,392,311	2,221,337	—	2,110,227	27,723,875
Charges for services	64,814	3,006,533	—	818,316	3,889,663
Investment income (loss)	(216,940)	31,628	(441,900)	(110,513)	(737,725)
Miscellaneous revenue	235,319	207,473	1,250	568,763	1,012,805
Contributions and donations	—	—	97,137	—	97,137
Unclaimed property	156,821	—	—	—	156,821
Total Revenues	53,683,370	8,074,935	(324,663)	8,605,160	70,038,802
EXPENDITURES					
Current:					
General government	1,997,565	288	153	1,569,180	3,567,186
Human services	27,613,552	16,560	—	1,273,153	28,903,265
Natural resources and recreation	788,552	—	—	815,392	1,603,944
Transportation	71,478	—	—	2,175,752	2,247,230
Education	17,457,204	6,686,541	747	853,048	24,997,540
Intergovernmental	182,157	—	—	398,482	580,639
Capital outlays	154,206	246,672	69	1,816,255	2,217,202
Debt service:					
Principal	23,190	69,451	—	1,239,929	1,332,570
Interest	2,980	16,908	—	1,067,168	1,087,056
Total Expenditures	48,290,884	7,036,420	969	11,208,359	66,536,632
Excess of Revenues Over (Under) Expenditures	5,392,486	1,038,515	(325,632)	(2,603,199)	3,502,170
OTHER FINANCING SOURCES (USES)					
Bonds issued	127,922	14,865	—	1,356,433	1,499,220
Refunding bonds issued	—	—	—	1,760,965	1,760,965
Payments to escrow agents for refunded bond debt	—	—	—	(1,895,574)	(1,895,574)
Issuance premiums	1,116	8,177	—	573,873	583,166
Other debt issued	1,376	33,761	—	24,361	59,498
Refunding COPs issued	4,080	32,500	—	—	36,580
Right-to-use lease acquisition	55,529	67,017	—	20,637	143,183
Transfers in	987,160	1,061,871	322,306	6,207,808	8,579,145
Transfers out	(4,374,111)	(1,244,391)	(483,212)	(2,743,844)	(8,845,558)
Total Other Financing Sources (Uses)	(3,196,928)	(26,200)	(160,906)	5,304,659	1,920,625
Net Change in Fund Balances	2,195,558	1,012,315	(486,538)	2,701,460	5,422,795
Fund Balances - Beginning, as restated	6,864,234	4,299,812	5,593,624	7,235,875	23,993,545
Fund Balances - Ending	\$ 9,059,792	\$ 5,312,127	\$ 5,107,086	\$ 9,937,335	\$ 29,416,340

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, 2022
(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 5,422,795

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	\$ 1,561,962	
Less: Depreciation expense	<u>(911,338)</u>	650,624

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.

336,105

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.

(172,508)

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	\$ (4,000,818)	
Principal payments on bonds and other financing contracts	3,563,281	
Accreted interest on bonds	<u>15,224</u>	(422,313)

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	\$ (10,737)	
Other postemployment benefits	(142,595)	
Pensions	2,554,440	
Pollution remediation	(1,625)	
Claims and judgments	2,922	
Accrued interest	7,129	
Unclaimed property	(6,804)	
Asset retirement obligations	(1,848)	
Other obligations	<u>(402,457)</u>	1,998,425

Change in Net Position of Governmental Activities \$ 7,813,128

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

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2022
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 149,579	\$ 2,876,910	\$ 1,225,006
Investments	1,084,394	—	8,244
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	937,926	1,314,825	395,852
Due from other funds	82	6,558	25,755
Due from other governments	1,337	231,823	103,352
Inventories	63	—	57,889
Prepaid expenses	163	—	8,298
Restricted cash and investments	527	—	15,601
Restricted receivables	—	—	1
Total Current Assets	2,174,071	4,430,116	1,839,998
Noncurrent Assets:			
Investments, noncurrent	17,322,228	—	231,866
Restricted investments, noncurrent	—	—	111,117
Restricted net pension asset	167,990	—	638,247
Other noncurrent assets	3,392	—	486,086
Capital assets:			
Land and other non-depreciable assets	3,204	—	74,624
Buildings	65,111	—	4,740,389
Other improvements	1,289	—	149,484
Furnishings, equipment, and intangibles	104,587	—	777,796
Infrastructure	—	—	64,593
Lease assets	52,465	—	291,972
Accumulated depreciation and amortization	(169,068)	—	(2,808,813)
Construction in progress	27,704	—	191,188
Total Noncurrent Assets	17,578,902	—	4,948,549
Total Assets	19,752,973	4,430,116	6,788,547
DEFERRED OUTFLOWS OF RESOURCES	49,909	—	352,455
Total Assets and Deferred Outflows of Resources	\$ 19,802,882	\$ 4,430,116	\$ 7,141,002

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

State of Washington

Continued

		Governmental Activities		
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 159,405	\$ 191,589	\$ 4,602,489	\$ 884,023	
—	59,869	1,152,507	664	
—	3,435	3,435	—	
100,644	385,241	3,134,488	49,736	
228	71,461	104,084	107,597	
174,623	5,897	517,032	44,659	
—	13,129	71,081	23,105	
540	217	9,218	23,035	
—	—	16,128	114,692	
—	—	1	—	
435,440	730,838	9,610,463	1,247,511	
—	1,579,443	19,133,537	28,439	
—	—	111,117	—	
8,883	78,746	893,866	245,035	
—	78,860	568,338	—	
—	1,540	79,368	7,269	
—	12,828	4,818,328	593,398	
—	6,221	156,994	15,122	
407	95,457	978,247	1,068,194	
—	—	64,593	2,170	
5,499	14,098	364,034	168,099	
(2,303)	(43,546)	(3,023,730)	(1,022,396)	
—	15,617	234,509	44,437	
12,486	1,839,264	24,379,201	1,149,767	
447,926	2,570,102	33,989,664	2,397,278	
5,854	38,801	447,019	87,866	
\$ 453,780	\$ 2,608,903	\$ 34,436,683	\$ 2,485,144	

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2022

(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 9,394	\$ —	\$ 160,084
Accrued liabilities	254,245	173,005	436,672
Obligations under security lending agreements	—	—	—
Bonds and notes payable	7,871	—	178,733
Total OPEB liability	2,400	—	11,410
Due to other funds	5,320	2,323	186,679
Due to other governments	—	646,440	2,217
Unearned revenue	3,205	—	132,809
Claims and judgments payable	2,528,276	149,529	—
Total Current Liabilities	2,810,711	971,297	1,108,604
Noncurrent Liabilities:			
Claims and judgments payable	36,174,480	—	—
Bonds and notes payable	20,023	—	2,712,236
Net pension liability	17,074	—	96,281
Total OPEB liability	142,982	—	679,784
Unearned revenue	3,455	—	—
Other long-term liabilities	7,727	—	223,261
Total Noncurrent Liabilities	36,365,741	—	3,711,562
Total Liabilities	39,176,452	971,297	4,820,166
DEFERRED INFLOWS OF RESOURCES	206,786	—	927,213
NET POSITION			
Net investment in capital assets	57,398	—	733,021
Restricted for:			
Unemployment compensation	—	3,458,819	—
Pensions	36,325	—	154,586
Unrestricted	(19,674,079)	—	506,016
Total Net Position	(19,580,356)	3,458,819	1,393,623
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 19,802,882	\$ 4,430,116	\$ 7,141,002

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

State of Washington

				Concluded			
				<u>Governmental Activities</u>			
<u>Health Insurance</u>	<u>Nonmajor Enterprise Funds</u>		<u>Total</u>	<u>Internal Service Funds</u>			
\$	42,141	\$	20,873	\$	232,492	\$	58,181
	9,022		187,338		1,060,282		144,847
	—		9,143		9,143		—
	874		2,442		189,920		143,095
	154		1,073		15,037		3,238
	340		116,752		311,414		266,184
	—		23,569		672,226		16,975
	2,171		49,516		187,701		5,054
	241,234		14,961		2,934,000		257,581
	295,936		425,667		5,612,215		895,155
	—		16,630		36,191,110		1,540,516
	2,773		5,563		2,740,595		580,748
	876		7,547		121,778		35,454
	9,174		63,903		895,843		192,878
	—		—		3,455		59
	978		1,159,045		1,391,011		34,129
	13,801		1,252,688		41,343,792		2,383,784
	309,737		1,678,355		46,956,007		3,278,939
	10,876		99,482		1,244,357		342,141
	(44)		94,253		884,628		231,231
	—		—		3,458,819		—
	2,328		18,876		212,115		48,541
	130,883		717,937		(18,319,243)		(1,415,708)
	133,167		831,066		(13,763,681)		(1,135,936)
\$	453,780	\$	2,608,903	\$	34,436,683	\$	2,485,144

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

For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
OPERATING REVENUES			
Sales	\$ —	\$ —	\$ 46,854
Less: Cost of goods sold	—	—	(26,294)
Gross profit	—	—	20,560
Charges for services	24	—	3,173,753
Premiums and assessments	2,766,915	1,606,588	—
Lottery ticket proceeds	—	—	—
Federal aid for unemployment insurance benefits	—	1,458,214	—
Miscellaneous revenue	44,608	22,900	296,125
Total Operating Revenues	2,811,547	3,087,702	3,490,438
OPERATING EXPENSES			
Salaries and wages	209,888	—	1,323,720
Employee benefits	14,154	—	167,876
Personal services	12,347	—	218,500
Goods and services	83,891	—	1,241,689
Travel	2,853	—	23,250
Premiums and claims	6,586,284	2,432,607	—
Guaranteed education tuition program expense	—	—	—
Lottery prize payments	—	—	—
Depreciation and amortization	11,411	—	261,348
Miscellaneous expenses	34,311	—	26,755
Total Operating Expenses	6,955,139	2,432,607	3,263,138
Operating Income (Loss)	(4,143,592)	655,095	227,300
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	(2,580,407)	33,497	45,617
Interest expense	(321)	—	(102,869)
Tax and license revenue	95	—	—
Other revenues (expenses)	9,530	—	98,373
Total Nonoperating Revenues (Expenses)	(2,571,103)	33,497	41,121
Income (Loss) Before Contributions and Transfers	(6,714,695)	688,592	268,421
Capital contributions	—	—	—
Transfers in	1,787	499,970	491,491
Transfers out	—	—	(518,070)
Net Contributions and Transfers	1,787	499,970	(26,579)
Change in Net Position	(6,712,908)	1,188,562	241,842
Net Position - Beginning, as restated	(12,867,448)	2,270,257	1,151,781
Net Position - Ending	\$ (19,580,356)	\$ 3,458,819	\$ 1,393,623

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

State of Washington

				Governmental Activities	
Health Insurance		Nonmajor Enterprise Funds		Internal Service Funds	
\$	—	\$	85,976	\$	132,830
	—		(71,454)		(97,748)
	—		14,522		35,082
	—		131,409		958,686
	3,457,370		988,572		8,819,445
	—		907,686		907,686
	—		—		1,458,214
	827		7,037		371,497
	3,458,197		2,049,226		14,897,110
					1,347,422
	15,671		106,700		1,655,979
	2,667		13,177		197,874
	11,328		24,452		266,627
	5,601		124,707		1,455,888
	18		652		26,773
	3,685,689		1,054,809		13,759,389
	—		137,578		137,578
	—		573,990		573,990
	926		8,039		281,724
	—		654		61,720
	3,721,900		2,044,758		18,417,542
	(263,703)		4,468		(3,520,432)
					355,763
					19,237
					32,678
					485,680
					3,006
					521,884
					—
					—
					118,516
					301
					1,537,065
					(189,643)
					281
	(3,734)		(206,854)		(2,711,881)
	(38)		(3,952)		(107,180)
	—		14,051		14,146
	—		552		108,455
	(3,772)		(196,203)		(2,696,460)
	(267,475)		(191,735)		(6,216,892)
					9,601
					(8,428)
					(198,071)
					13,836
					—
	171		57,750		1,051,169
	(17,167)		(263,987)		(799,224)
	(16,996)		(206,237)		251,945
					25,563
					(172,508)
	(284,471)		(397,972)		(5,964,947)
	417,638		1,229,038		(7,798,734)
\$	133,167	\$	831,066	\$	(13,763,681)
				\$	(1,135,936)

Statement of Cash Flows
PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,604,376	\$ 932,558	\$ 3,224,727
Payments to suppliers	(2,574,352)	(2,122,721)	(1,428,572)
Payments to employees	(282,062)	—	(1,653,978)
Other receipts	44,607	1,530,790	305,864
Net Cash Provided (Used) by Operating Activities	(207,431)	340,627	448,041
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	1,787	499,970	491,491
Transfers out	—	—	(518,070)
Operating grants and donations received	9,542	—	13,593
Taxes and license fees collected	95	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	11,424	499,970	(12,986)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(300)	—	(102,857)
Principal payments on long-term capital financing	(8,848)	—	(123,986)
Proceeds from long-term capital financing	—	—	99,911
Proceeds from sale of capital assets	75	—	85,802
Acquisitions of capital assets	(23,876)	—	(218,926)
Net Cash Provided (Used) by Capital and Related Financing Activities	(32,949)	—	(260,056)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	598,624	33,497	11,414
Proceeds from sale of investment securities	7,566,882	—	13,469
Purchases of investment securities	(7,868,851)	—	(57,993)
Net Cash Provided (Used) by Investing Activities	296,655	33,497	(33,110)
Net Increase (Decrease) in Cash and Pooled Investments	67,699	874,094	141,889
Cash and cash equivalents, July 1, as restated	82,407	2,002,816	1,098,718
Cash and cash equivalents, June 30	\$ 150,106	\$ 2,876,910	\$ 1,240,607
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (4,143,592)	\$ 655,095	\$ 227,300
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	11,411	—	261,348
Revenue reduced for uncollectible accounts	31,797	—	2,724
Change in Assets: Decrease (Increase)			
Receivables	(141,286)	(624,355)	30,197
Inventories	24	—	(3,063)
Prepaid expenses	(4)	—	(1,866)
Other assets	(167,990)	—	(637,337)
Change in Deferred Outflows of Resources: Increase (Decrease)	2,621	—	(38,704)
Change in Liabilities: Increase (Decrease)			
Payables	4,052,185	309,887	49,311
Change in Deferred Inflows of Resources: Decrease (Increase)	147,403	—	558,131
Net Cash Provided (Used) by Operating Activities	\$ (207,431)	\$ 340,627	\$ 448,041

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

State of Washington

Continued

				Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total		Internal Service Funds	
\$	3,376,918	\$	1,997,038	\$	12,135,617
	(3,604,024)		(1,909,116)		(11,638,785)
	(20,643)		(144,622)		(2,101,305)
	565		7,041		1,888,867
	(247,184)		(49,659)		284,394
					1,147,443
					(607,377)
					(464,129)
					196,980
					272,917
	171		57,750		1,051,169
	(17,167)		(263,987)		(799,224)
	—		744		23,879
	—		14,307		14,402
	(16,996)		(191,186)		290,226
					39,920
					(28,193)
					473
					6
	(37)		(171)		(103,365)
	(864)		(2,507)		(136,205)
	—		—		99,911
	—		268		86,145
	—		(8,800)		(251,602)
	(901)		(11,210)		(305,116)
					(24,776)
					(71,809)
					29,450
					14,387
					(107,289)
					(160,037)
	2,204		38,792		684,531
	—		177,472		7,757,823
	—		(208,666)		(8,135,510)
	2,204		7,598		306,844
	(262,877)		(244,457)		576,348
	422,282		436,046		4,042,269
\$	159,405	\$	191,589	\$	4,618,617
				\$	998,715
\$	(263,703)	\$	4,468	\$	(3,520,432)
				\$	(189,643)
	926		8,039		281,724
	—		98		34,619
					118,516
					165
	(81,171)		(125,670)		(942,285)
	—		(2,737)		(5,776)
	(539)		248		(2,161)
	(8,883)		(78,744)		(892,954)
	184		(2,901)		(38,800)
					(245,036)
					(471)
	98,100		74,866		4,584,349
	7,902		72,674		786,110
\$	(247,184)	\$	(49,659)	\$	284,394
				\$	272,917

Statement of Cash Flows
PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ —	\$ —	\$ —
Acquisition of capital assets through lease financing	—	—	14,711
Amortization of annuity prize liability	—	—	—
Increase (decrease) in fair value of investments	(3,181,051)	—	(527)
Debt refunding deposited with escrow agent	—	—	315,740
Amortization of debt premium/discount	—	—	253
Increase in ownership of joint venture	—	—	22,910
Ceding interest in ownership of joint venture	—	—	(282,189)
Increase in noncurrent asset through conversion of joint venture	—	—	285,885
Increase in noncurrent asset through long-term financing	—	—	142,942

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

State of Washington

Concluded

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$	—	\$	—	\$ 13,836
	64		14,775	41,605
	3,778		3,778	—
(5,410)	(248,737)	(3,435,725)		(931)
	—		315,740	—
	3,456		3,709	6,650
	—		22,910	—
	—		(282,189)	—
	—		285,885	—
	—		142,942	—

Statement of Net Position
FIDUCIARY FUNDS
 June 30, 2022
(expressed in thousands)

Continued

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 13,138	\$ 10,347,471	\$ 55,993	\$ 271,538
Receivables, pension and other employee benefit plans:				
Employers	—	—	228,276	—
Members (net of allowance)	—	—	7,544	—
Interest and dividends	—	—	426,647	—
Investment trades pending	—	—	17,746,417	—
Due from other pension and other employee benefit funds	—	—	89,342	—
Taxes receivable (net of allowance)	—	—	—	1,499,192
Other receivables, all other funds	10	14,152	105	7,721
Due from other governments	—	—	—	27,288
Investments:				
Liquidity	—	6,655,861	3,523,168	—
Fixed income	—	3,772,465	24,042,160	—
Public equity	—	—	48,077,493	—
Private equity	—	—	41,486,331	—
Real estate	—	—	32,414,540	—
Tangible assets	—	—	9,245,606	—
Innovations	—	—	1,143,092	—
Security lending collateral	—	—	282,980	—
Other noncurrent assets	—	—	—	82,354
Capital assets:				
Furnishings, equipment, and intangibles	16	—	—	—
Leased assets	1,909	—	—	5,621
Accumulated depreciation and amortization	(1,055)	—	—	(1,405)
Total Assets	14,018	20,789,949	178,769,694	1,892,309
DEFERRED OUTFLOWS OF RESOURCES	—	—	265	—
Total Assets and Deferred Outflows of Resources	\$ 14,018	\$ 20,789,949	\$ 178,769,959	\$ 1,892,309

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

Statement of Net Position
FIDUCIARY FUNDS
 June 30, 2022
(expressed in thousands)

				Concluded
	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 347	\$ —	\$ —	\$ 9,622
Accrued liabilities	212	1,402,558	17,691,892	57,573
Obligations under security lending agreements	—	—	282,980	—
Notes and leases payable	246	—	—	677
Due to other funds	—	98	—	—
Due to other pension and other employee benefit funds	—	—	89,342	—
Due to other governments	—	598,792	—	612,323
Unearned revenue	—	—	1,316	—
Total Current Liabilities	805	2,001,448	18,065,530	680,195
Noncurrent Liabilities:				
Unearned revenue	660	—	—	3,623
Other long-term liabilities	—	—	—	7,810
Total Noncurrent Liabilities	660	—	—	11,433
Total Liabilities	1,465	2,001,448	18,065,530	691,628
DEFERRED INFLOWS OF RESOURCES	—	—	172	—
NET POSITION				
Net position restricted for:				
Pensions	—	—	155,125,108	—
Deferred compensation participants	—	—	5,579,149	—
Local government pool participants	—	18,788,501	—	—
Individuals, organizations, and other governments	12,553	—	—	1,200,681
Total Net Position	\$ 12,553	\$ 18,788,501	\$ 160,704,257	\$ 1,200,681

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, 2022
(expressed in thousands)

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
ADDITIONS				
Contributions:				
Employers	\$ —	\$ —	\$ 2,990,576	\$ —
Members	—	—	1,975,660	—
State	—	—	95,512	—
Participants	—	28,268,995	403,276	851,239
Total Contributions	—	28,268,995	5,465,024	851,239
Investment Income:				
Net appreciation (depreciation) in fair value	—	—	(4,019,756)	—
Interest and dividends	—	57,320	3,546,197	(4,638)
Earnings (loss) on investments	(4)	(37,212)	—	2,855
Less: Investment expenses	—	—	(681,125)	—
Net Investment Income (Loss)	(4)	20,108	(1,154,684)	(1,783)
Other Additions:				
Unclaimed property	88,599	—	—	—
Transfers from other plans	—	—	126,096	—
Sales tax collections for other governments	—	—	—	7,076,070
Miscellaneous revenue	943	—	20,331	754,589
Transfers in	2,741	—	—	—
Total Other Additions	92,283	—	146,427	7,830,659
Total Additions	92,279	28,289,103	4,456,767	8,680,115
DEDUCTIONS				
Pension benefits	—	—	5,617,397	—
Pension refunds	—	—	1,125,016	—
Transfers to other plans	—	—	126,096	—
Administrative expenses	7,634	1,641	2,926	1,402
Distributions to participants	—	29,551,228	395,323	—
Payments of sales tax to other governments	—	—	—	6,935,300
Payments on behalf of retirees for medical benefits	—	—	—	838,211
Other deductions	—	—	—	776,988
Payments to or on behalf of individuals, organizations, and other governments in accordance with state unclaimed property laws	82,023	—	—	—
Total Deductions	89,657	29,552,869	7,266,758	8,551,901
Net Increase (Decrease)	2,622	(1,263,766)	(2,809,991)	128,214
Net Position - Beginning, as restated	9,931	20,052,267	163,514,248	1,072,467
Net Position - Ending	\$ 12,553	\$ 18,788,501	\$ 160,704,257	\$ 1,200,681

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

Statement of Net Position

COMPONENT UNITS

June 30, 2022

(expressed in thousands)

Continued

	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 365,050	\$ 5,535	\$ 76,658	\$ 445,406	\$ 892,649
Investments	619,540	—	17,135	48,053	684,728
Investments, restricted	319,055	—	—	—	319,055
Receivables (net of allowance)	235,113	8,482	100,759	20,972	365,326
Inventories	26,100	—	10,398	—	36,498
Prepaid expenses	51,974	2,180	22,144	484	76,782
Total Current Assets	1,616,832	16,197	227,094	514,915	2,375,038
Noncurrent Assets:					
Investments, noncurrent	149,769	—	105,915	—	255,684
Restricted net pension asset	—	9,594	—	6,750	16,344
Other noncurrent assets	186,464	296	27,937	525,227	739,924
Capital assets:					
Land	142,661	—	14,026	34,677	191,364
Buildings	703,015	—	537,598	460,952	1,701,565
Other improvements	—	1,854	23,985	176	26,015
Furnishings, equipment, and intangible assets	255,105	70,730	290,059	12,785	628,679
Lease asset	225,552	2,794	133,876	2,541	364,763
Accumulated depreciation and amortization	(497,879)	(56,149)	(524,033)	(316,459)	(1,394,520)
Construction in progress	210,632	5,203	31,174	—	247,009
Total Noncurrent Assets	1,375,319	34,322	640,537	726,649	2,776,827
Total Assets	2,992,151	50,519	867,631	1,241,564	5,151,865
DEFERRED OUTFLOWS OF RESOURCES					
	—	2,775	12,926	1,511	17,212
Total Assets and Deferred Outflows of Resources	\$ 2,992,151	\$ 53,294	\$ 880,557	\$ 1,243,075	\$ 5,169,077

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

Statement of Net Position
COMPONENT UNITS
 June 30, 2022
 (expressed in thousands)

					Concluded
	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 107,230	\$ 6,298	\$ 27,456	\$ 963	\$ 141,947
Accrued liabilities	171,353	1,508	152,136	46,319	371,316
Total OPEB liability	—	—	—	3	3
Lease liability	6,829	588	13,719	1,460	22,596
Unearned revenue	—	8,389	20,801	185,212	214,402
Total Current Liabilities	285,412	16,783	214,112	233,957	750,264
Noncurrent Liabilities:					
Bonds and notes payable	1,089,000	—	292,866	—	1,381,866
Net pension liability	—	—	—	604	604
Total OPEB liability	—	1,476	—	3,777	5,253
Lease liability	226,457	—	95,208	155	321,820
Other long-term liabilities	428,824	296	—	48,002	477,122
Total Noncurrent Liabilities	1,744,281	1,772	388,074	52,538	2,186,665
Total Liabilities	2,029,693	18,555	602,186	286,495	2,936,929
DEFERRED INFLOWS OF RESOURCES	18,075	12,240	54,332	7,908	92,555
NET POSITION					
Net investment in capital assets	5,584	23,530	97,276	194,107	320,497
Restricted for:					
Pension	—	919	—	1,680	2,599
Other purposes	204,595	—	1,337	7,083	213,015
Unrestricted	734,204	(1,950)	125,426	745,802	1,603,482
Total Net Position	944,383	22,499	224,039	948,672	2,139,593
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,992,151	\$ 53,294	\$ 880,557	\$ 1,243,075	\$ 5,169,077

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

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

For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
EXPENSES	\$ 1,077,504	\$ 60,853	\$ 884,768	\$ 48,366	\$ 2,071,491
PROGRAM REVENUES					
Charges for services	336,636	37,479	797,416	124,171	1,295,702
Operating grants and contributions	718,774	31,051	—	7,760	757,585
Total Program Revenues	1,055,410	68,530	797,416	131,931	2,053,287
Net Program Revenues (Expense)	(22,094)	7,677	(87,352)	83,565	(18,204)
GENERAL REVENUES (EXPENSES)					
Earnings (loss) on investments	(90,927)	—	(6,414)	(1,660)	(99,001)
Property taxes	—	—	24,965	—	24,965
Other revenues (expenses)	(11,138)	(46)	9,794	—	(1,390)
Total General Revenues (Expenses)	(102,065)	(46)	28,345	(1,660)	(75,426)
Change in Net Position	(124,159)	7,631	(59,007)	81,905	(93,630)
Net Position - Beginning, as restated	1,068,542	14,868	283,046	866,767	2,233,223
Net Position - Ending	\$ 944,383	\$ 22,499	\$ 224,039	\$ 948,672	\$ 2,139,593

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

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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2022

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Note 1

Summary of Significant Accounting Policies

The accompanying financial statements of the state of Washington have been prepared in conformity with generally accepted accounting principles (GAAP). The Office of Financial Management (OFM) is the primary authority for the state's accounting and reporting requirements. OFM has adopted the pronouncements of the Governmental Accounting Standards Board (GASB), which is nationally accepted as the standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the significant accounting policies:

A. REPORTING ENTITY

In defining the state of Washington for financial reporting purposes, management considers all funds, organizations, institutions, agencies, departments, and offices that are legally part of the state (the primary government) and organizations that are financially accountable to the state. Additionally, other organizations that do not meet the financial accountability criteria may be included in the reporting entity if the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading.

Financial accountability exists when the primary government appoints a voting majority of an organization's governing body and is either (1) able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, to levy taxes or set rates or charges without substantive approval by another government, or to issue bonded debt without substantive approval by another government. The organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists: (1) the primary government is legally entitled to or can access the organization's resources, (2) the primary government is

legally obligated or has otherwise assumed the obligation to finance or provide financial support to the organization, (3) the primary government is obligated in some manner for the debt of the organization.

Based on these criteria, the following are included in the financial statements of the primary government:

State Agencies. Except as otherwise described herein, all state elected offices, departments, agencies, commissions, boards, committees, authorities, councils (agencies), and all funds and subsidiary accounts of the state are included in the primary government. Executives of these agencies are either elected, directly appointed by the Governor, appointed by a board which is appointed by the Governor, or appointed by a board which is in part appointed by the Governor. Additionally, a small number of board positions are established by statute or independently elected.

The Legislature creates these agencies, assigns their programs, approves operational funding, and requires financial accountability. The Legislature also authorizes all bond issuances for capital construction projects for the benefit of state agencies. The legal liability for these bonds and the ownership of agency assets reside with the state.

Colleges and Universities. The governing boards of the five state universities, the state college, and the 34 state community and technical colleges are appointed by the Governor. The governing board of each college and university appoints a president to function as chief administrator. The Legislature approves budgets and budget amendments for the appropriated funds of each college and university, which include the state's General Fund as well as certain capital projects funds. The State Treasurer issues general obligation debt for major campus construction projects. However, the colleges and universities are authorized to issue revenue bonds.

The University of Washington (UW) and Washington State University issue general revenue bonds that are payable from general revenues, including student tuition, grant indirect cost recovery, sales and services revenue, and investment income. All other revenue bonds issued by colleges and universities pledge the income derived from acquired or constructed assets such as housing, dining, and parking facilities. These revenue bonds are payable solely from, and secured by, fees and revenues derived from the operation of constructed facilities. The legal liability for the bonds and the ownership of the college and university assets reside with the state.

Colleges and universities do not have separate corporate powers and sue and are sued as part of the state with legal representation provided through the state Attorney General's Office. Since the colleges and universities are

legally part of the state, their financial operations, including their blended component units, are reported in the state's financial statements using the fund structure prescribed by GASB.

Retirement Systems. The state of Washington, through the Department of Retirement Systems (DRS), administers eight retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the Teachers' Retirement System, the School Employees' Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, the Public Safety Employees' Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. The director of DRS is appointed by the Governor.

There are three additional retirement systems administered outside of the DRS. The Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund is administered through the State Board for Volunteer Fire Fighters and Reserve Officers, which is appointed by the Governor. The Judicial Retirement Account is administered through the Administrative Office of the Courts under the direction of the Board for Judicial Administration. The Higher Education Retirement Plan Supplemental Benefit Fund Plans are administered by the state's colleges and universities.

The Legislature establishes laws pertaining to the creation and administration of all public retirement systems. The participants of the public retirement systems, together with the state, provide funding for all costs of the systems based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

All of the aforementioned retirement systems are included in the primary government's financial statements.

Blended Component Units

Blended component units, although legally separate entities, are part of the state's operations in substance. Accordingly, they are reported as part of the state and blended into the appropriate funds. Financial information for the state's blended component units may be obtained from the Office of Financial Management, Accounting Division, P.O. Box 43127, Olympia, WA 98504-3127. The following entities are blended in the state's financial statements:

Tobacco Settlement Authority was created by the Legislature in March 2002 as a public instrumentality separate and distinct from the state. It is governed by a five-member board appointed by the Governor. It was created solely for the purpose of issuing bonds to

securitize a portion of the state's future tobacco settlement revenue. Proceeds of the debt instrument were transferred to the state to help fund health care, long-term care, and other programs of the state. Refer to Note 7.A for additional information.

University of Washington Physicians (UWP) was established for the exclusive benefit of the University of Washington School of Medicine (UWSOM). UWP employs UWSOM faculty and bills and collects for their clinical services as an agent for UWSOM.

UW Medicine Neighborhood Clinics (UW Neighborhood Clinics) were established for the exclusive benefit of the UWSOM, UWP and its affiliated medical centers, Harborview Medical Center, and the UW Medical Center (UWMC). The UW Neighborhood Clinics were organized to coordinate and develop patient care in a community clinical setting. They enhance the academic environment of UWSOM by providing additional sites of primary care practice and training for faculty, residents, and students.

Washington Biomedical Research Properties I and II, and Washington Biomedical Research Facilities 3, 3.2, and 3.3 were formed to acquire, construct, or renovate certain real properties for the benefit of the UW in fulfilling its educational, medical, or scientific research missions.

Portage Bay Insurance (PBI) was established to provide the University of Washington (UW) with alternative risk financing options for self-insurance reserves. PBI is responsible for insuring UW for medical professional liability, educator's legal liability including employment practices liability, and general and automobile liability.

TOP and FYI Properties were formed to design and construct office facilities to house state employees. The facilities were financed with tax-exempt obligations that meet the requirements of Revenue Ruling 63-20 and Revenue Procedure 82-26 issued by the Internal Revenue Service.

Discrete Component Units

Discretely presented component units are reported in a separate column in the government-wide financial statements. Discretely presented component units are legally separate from the state and primarily serve or benefit those outside of the state. They are financially accountable to the state or have relationships with the state such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These entities are reported as discrete component units because state officials either serve or appoint the members of the governing bodies of the

institutions. The state also has the ability to influence the operations of the institutions through legislation.

The state's discrete component units each have a year end of June 30 with the exception of the Washington Economic Development Finance Authority which has a December 31 year end.

The following entities are discretely presented in the financial statements of the state in the component unit's column:

Fred Hutchinson Cancer Center (FHCC) was created in April 2022 from the merger of Seattle Cancer Care Alliance (SCCA) and Fred Hutchinson Cancer Research Center, along with the execution of the Restructuring and Enhanced Collaboration Agreement between the University of Washington and FHCC. FHCC is focused on adult oncology research and care that is a clinically integrated part of UWMC.

Financial reports of FHCC may be obtained at the following address:

Fred Hutchinson Cancer Center
1100 Fairview Ave N
Seattle, WA 98109

Valley Medical Center was created July 1, 2011, through a strategic alliance between UW Medicine and Public Hospital District No. 1 of King County. Valley Medical Center owns and operates a 341-bed full service acute care hospital and 45 clinics located throughout southeast King County.

Financial reports of Valley Medical Center may be obtained at the following address:

Valley Medical Center
400 S. 43rd Street
Renton, WA 98055

The **Washington Health Benefit Exchange (Exchange)** was created by the Legislature to implement a central marketplace for individuals, families, and small employers to shop for health insurance and access federal tax credits pursuant to the Patient Protection and Affordable Care Act of 2010. Federal grant funding financed the Exchange design, development, and implementation phases as well as the first full year of operation during 2014. Beginning in 2015, the Exchange became self-sustaining through Medicaid program cost reimbursements, premium tax assessments, and other assessments.

Financial reports of the Exchange may be obtained at the following address:

Washington Health Benefit Exchange
810 Jefferson Street SE
Olympia, WA 98501

The **Washington State Public Stadium Authority (PSA)** was created by the Legislature to acquire, construct, own, and operate a football/soccer stadium, exhibition center, and parking garage. Construction was completed in 2002.

Financial reports of the PSA may be obtained at the following address:

Washington State Public Stadium Authority
Lumen Field & Event Center
800 Occidental Avenue South, #700
Seattle, WA 98134

The **Washington State Housing Finance Commission**, the **Washington Higher Education Facilities Authority**, the **Washington Health Care Facilities Authority**, and the **Washington Economic Development Finance Authority** (financing authorities) were created by the Legislature in a way that specifically prevents them from causing the state to be liable or responsible for their acts and obligations including, but not limited to, any obligation to pay principal and interest on financing authority bonds. The financing authorities cannot obligate the state, either legally or morally, and the state has not assumed any obligation of, or with respect to, the financing authorities.

Financial reports of these financing authorities may be obtained from each authority at the following addresses:

Washington Health Care Facilities Authority
410 11th Avenue SE, Suite 201
Olympia, WA 98501

Washington State Housing Finance Commission
Washington Higher Education Facilities Authority
Washington Economic Development Finance Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Joint Ventures

The University of Washington and Seattle Children's Hospital established **Children's University Medical Group (CUMG)** to assist the organizations in carrying out their pediatric patient care, as well as charitable, educational, and scientific missions.

CUMG employs UWSOM faculty physicians and bills and collects for their services as an agent for UWSOM. The University records revenue from CUMG based on the income distribution plan effective December 31,

2008. The University's patient services receivable includes amounts due from CUMG of \$19.9 million in 2022.

Separate financial statements for CUMG may be obtained from:

Children's University Medical Group
4500 Sand Point Way NE, Suite 100
Seattle, WA 98105

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The state presents two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. These government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. The financial information for the primary government is distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

Statement of Net Position. The Statement of Net Position presents the state's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. As a general rule, balances between governmental and business-type activities are eliminated.

Statement of Activities. The Statement of Activities reports the extent to which each major state program is supported by general state revenues or is self-financed through fees and intergovernmental aid. For governmental activities, a major program is defined as a function. For business-type activities, a major program is an identifiable activity.

Program revenues offset the direct expenses of major programs. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues are identified using the following criteria:

- Charges to customers for goods and services of the program. A customer is one who directly benefits from the goods or services or is otherwise directly affected by the program, such as a state citizen or taxpayer, or other governments or nongovernmental entities.
- Amounts received from outside entities that are restricted to one or more specific programs. These amounts can be operating or capital in nature.

- Earnings on investments that are restricted to a specific program.

General revenues consist of taxes and other items not meeting the definition of program revenues.

Generally, the effect of internal activities is eliminated. Exceptions to this rule include charges between the workers' compensation insurance programs and various other state programs and functions. Elimination of these charges would distort the direct costs and revenues reported for the various activities involved.

Fund Financial Statements

The state uses 781 accounts that are combined into 53 rollup funds. The state presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column regardless of fund type. Internal service and fiduciary funds are reported by fund type. Major funds include:

Major Governmental Funds:

- **General Fund** is the state's primary operating fund. This fund accounts for all financial resources and transactions not accounted for in other funds.
- **Higher Education Special Revenue Fund** primarily accounts for tuition, student fees, and grants and contracts received for educational and research purposes.
- **Higher Education Endowment and Other Permanent Funds** accounts for gifts and bequests that the donors have specified must remain intact. Each gift is governed by various restrictions on the investment and use of the income earned on investments.

Major Enterprise Funds:

- **Workers' Compensation Fund** accounts for the workers' compensation program that provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.
- **Unemployment Compensation Fund** accounts for the unemployment compensation program. It accounts for the deposit of funds, requisitioned from the Federal Unemployment Trust Fund, to provide services to eligible participants within the state and to pay unemployment benefits.

- **Higher Education Student Services Fund** is used by colleges and universities principally for bookstore, cafeteria, parking, student housing, food service, and hospital business enterprise activities.
- **Health Insurance Fund** is used to account for premiums collected and payments for public and school employees' insurance benefits.

The state includes the following nonmajor funds:

Nonmajor Governmental Funds:

- **Special Revenue Funds** account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, other governments, or for major capital projects) that are restricted or committed to expenditures for specific purposes. These include a variety of state programs including public safety and health assistance programs; natural resource and wildlife protection and management programs; the state's transportation programs which include the operation of the state's ferry system and maintenance and preservation of interstate and non-interstate highway systems; driver licensing, highway and non-highway operations, and capital improvements; K-12 school construction; and construction and loan programs for local public works projects.
- **Debt Service Funds** account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities.
- **Capital Projects Funds** account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds).
- **Common School Permanent Fund** accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of common schools.

Nonmajor Proprietary Funds:

- **Enterprise Funds** account for the state's business type operations for which a fee is charged to external users for goods or services including: the state lottery, vocational/education programs at correctional institutions, the Guaranteed Education Tuition program, paid family and medical leave compensation, and other activities.
- **Internal Service Funds** account for the provision of legal, motor pool, data processing, risk management,

and other services by one department or agency to other departments or agencies of the state on a cost-reimbursement basis.

Nonmajor Fiduciary Funds:

- **Pension (and other employee benefit) Trust Funds** are used to report resources that are required to be held in trust by the state for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, and other employee benefit plans.
- **Investment Trust Funds** account for the external portion of the local government investments, which is reported by the state as the sponsoring government.
- **Private-Purpose Trust Funds** are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments such as the administration of unclaimed property.
- **Custodial Funds** account for resources held by the state in a custodial capacity for other governments, private organizations, or individuals that are not required to be reported in pension (and other employee benefit) trust funds, investment funds, or private-purpose trust funds.

Operating and Nonoperating Revenues and Expenses. The state's proprietary funds make a distinction between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing goods and services directly related to the principal operations of the funds. For example, operating revenues for the state's workers' compensation and health insurance funds consist of premiums and assessments collected. Operating expenses consist of claims paid to covered individuals, claims adjustment expenses, costs of commercial insurance coverage, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating, including interest expense and investment gains and losses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

For government-wide reporting purposes, the state uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items

are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For fund statement reporting purposes, the state uses the current financial resources measurement focus and modified accrual basis of accounting for governmental funds. With the current financial resources measurement focus, generally only current assets, current liabilities, deferred outflows of resources, and deferred inflows of resources are included on the governmental funds balance sheet. Operating statements for these funds present inflows (i.e., revenues and other financing sources) and outflows (i.e., expenditures and other financing uses) of expendable financial resources.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be reasonably estimated. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Primary revenues that are determined to be susceptible to accrual include sales taxes, business and occupation taxes, motor fuel taxes, federal grants-in-aid, and charges for services.

Revenues from property taxes are determined to be available if collectible within 60 days. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collectible within one year. Revenue for timber cutting contracts is accrued when the timber is harvested. Revenues from licenses, permits, and fees related to a future time period are recognized when received in cash. Revenues related to expenditure-driven grant agreements are recognized when the qualifying expenditures are made, provided that the availability criteria are met. Expenditure-driven grant revenue is considered available if it can be collected by the state at the same time cash is disbursed to cover the associated grant expenditure. Pledges are accrued when the eligibility requirements are met and resources are available. All other accrued revenue sources are determined to be available if collectible within 12 months.

Property taxes are levied in December for the following calendar year. The first half-year collections are due by April 30, and the second half-year collections are due by October 31. Since the state is on a fiscal year ending June 30, the first half-year collections are recognized as revenue if collectible within 60 days of the fiscal year end. The second half-year collections are recognized as receivables offset by unavailable revenue. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are generally recognized when the related liability is incurred. However, unmatured interest on general long-term obligations is recognized when due. Certain liabilities including compensated absences, other postemployment

benefits, and claims and judgments are recognized when the obligations are expected to be liquidated with available spendable financial resources.

The state reports both unavailable and unearned revenues on its governmental fund balance sheet. Unavailable revenues arise when a potential revenue does not meet both the “measurable” and the “available” criteria for revenue recognition in the current period. Unearned revenues arise when resources are received by the state before it has a legal claim to them, such as when grant monies are received prior to incurring qualifying expenditures/expenses.

All proprietary and fiduciary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, liabilities, deferred outflows of resources, and deferred inflows of resources associated with the operations of these funds are included on their respective statements of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

All proprietary and fiduciary funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

1. Cash and Investments

Investments of surplus or pooled cash balances are reported on the accompanying Statements of Net Position, Balance Sheets, and Statements of Cash Flows as “Cash and Cash Equivalents.” The Office of the State Treasurer invests state treasury cash surplus where funds can be disbursed at any time without prior notice or penalty. For reporting purposes, pooled investments are stated at fair value or amortized cost, which approximates fair value. For purposes of reporting cash flows, the state considers cash and pooled investments to be cash equivalents. Pooled investments include short-term, highly-liquid investments that are both readily convertible to cash and are so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates.

The method of accounting for investments varies depending upon the fund classification. Investments in the state’s Local Government Investment Pool (LGIP), a qualified external investment pool, are reported at amortized cost which approximates fair value. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia,

WA 98504-0200, online at: <https://tre.wa.gov/partners/for-local-governments/local-government-investment-pool-lgip/lgip-comprehensive-annual-financial-report/> or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

The fair value of certain pension trust fund investments that are organized as limited partnerships and have no readily ascertainable fair values (including real estate, private equity, and tangible assets) has been determined by using the net asset value per share of the Pension Funds' ownership interest in partners' capital. These values are based on the individual investee's capital account balance reported at fair value at the closest available reporting period, adjusted for subsequent activity. At June 30, 2022, these alternative investments are valued at \$83.76 billion. Because of the inherent uncertainties in the estimation of fair values, it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2022, reported net asset value.

Short-term money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

All other investments are reported at fair value. Fair values are based on published market prices, quotations from national security exchanges and security pricing services, or by the respective fund managers for securities that are not actively traded. Privately held mortgages are valued at cost, which approximates fair value. Additional disclosure describing investments is provided in Note 3.

2. Receivables and Payables

Receivables in the state's governmental fund type accounts consist primarily of taxes and federal revenues. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (refer to Note 1.C) have been met. All receivables are reported net of an allowance for accounts estimated to be uncollectible.

For government-wide reporting purposes, amounts recorded as interfund/interagency receivables and payables are eliminated in the governmental and business-type activities columns on the Statement of Net Position, except for the net residual balances due between the governmental and business-type activities, which are reported as internal balances.

Amounts recorded in governmental and business-type activities as due to or from fiduciary funds have been reported as due to or from other governments.

3. Inventories and Prepaids

Consumable inventories, consisting of expendable materials and supplies held for consumption, are valued and reported in the state's financial statements if the fiscal year-end balance on hand at an inventory control point is estimated to be \$50,000 or more. Consumable inventories are valued at cost using either the first-in, first-out or weighted average methods. Donated consumable inventories are recorded at fair value.

All merchandise inventories are considered reportable for financial statement purposes. Merchandise inventories are generally valued at cost using the first-in, first-out or weighted average method. Inventories of governmental funds are valued at cost and recorded using the consumption method. Proprietary funds expense inventories when used or sold.

For governmental fund financial reporting, inventory balances are also recorded as a nonspendable fund balance indicating that they do not constitute "available spendable resources," except for \$6.9 million in federally donated consumable inventories, which are offset by unearned revenue because they are not earned until they are distributed to clients.

Prepaid items are those certain types of supplies and/or services (not inventory) that are acquired or purchased during an accounting period but not used or consumed during that accounting period.

In governmental fund type accounts, prepaid items are generally accounted for using the purchases method. Under the purchases method, prepaid items are treated as expenditures when purchased and residual balances, if any, at year end are not accounted for as assets.

In proprietary and trust fund type accounts, prepaid items are accounted for using the consumption method. The portion of supplies or services consumed or used during a period is recorded as an expense. The balance that remains is reported as an asset until consumed or used.

4. Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Statement of Net Position and Balance Sheet because their use is limited by debt covenants, escrow arrangements, or other regulations.

5. Capital Assets

Capital assets are tangible and intangible assets held and used in state operations, which have a service life of more than one year and meet the state's capitalization policy.

It is the state's policy to capitalize:

- All land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs.
- The state highway system operated by the Department of Transportation.
- Infrastructure, other than the state highway system, with a cost of \$100,000 or more.
- Buildings, building improvements, improvements other than buildings, and leasehold improvements with a cost of \$100,000 or more.
- Intangible assets (excluding intangible right-to-use lease assets), either purchased or internally developed, with a cost of \$1 million or more that are identifiable by meeting one of the following conditions:
 - The asset is capable of being separated or divided and sold, transferred, licensed, rented, or exchanged.
 - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.
- Lease assets with total payments over the lease term of \$500,000 or greater.
- All capital assets acquired with Certificates of Participation, a debt financing program administered by the Office of the State Treasurer.
- All other capital assets with a unit cost (including ancillary costs) of \$5,000 or greater, or collections with a total cost of \$5,000 or greater.

Assets acquired by lease-to-own agreements are capitalized if the assets' fair value meets the state's capitalization thresholds described above.

Purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Capital asset costs include the purchase price plus those costs necessary to place the asset in its intended location and condition for use (ancillary costs). Normal maintenance and repair costs that do not materially add to the value or extend the life of the state's capital assets are not capitalized.

Donated capital assets, works of art, and historical treasures are valued at their estimated acquisition value on the date of donation, plus all appropriate ancillary costs. When the acquisition value is not practically determinable due to lack of sufficient records, estimated cost is used. Where necessary, estimates of value are derived by factoring price levels from the current period to the time of acquisition.

State agencies are not required to capitalize art collections, library reserve collections, and museum and historical collections that are considered inexhaustible, in that their value does not diminish over time, if all of the following conditions are met:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.
- The collection is subject to policy requirements that the proceeds from sales of collection items be used to acquire other items for the collection.

Depreciation/amortization is calculated using the straight-line method over the estimated useful lives of the assets.

Generally, estimated useful lives are as follows:

Buildings & building components	5-50 years
Furnishings, equipment, and collections	3-50 years
Other improvements	3-50 years
Intangibles	3-50 years
Infrastructure	20-50 years

The cost and related accumulated depreciation/amortization of disposed capital assets are removed from the accounting records.

The state capitalizes the state highway system as a network but does not depreciate it since the system is being preserved approximately at or above a condition level established by the state. That condition level is documented and disclosed in the Required Supplementary Information. Additionally, the highway system is managed using an asset management system that includes:

- Maintenance of an up-to-date inventory of system assets.
- Performance of condition assessments of the assets at least every three years with summarization of the results using a measurement scale.

- Annual estimation of the amount to maintain and preserve the assets at the condition level established and disclosed.

All state highway system expenditures that preserve the useful life of the system are expensed in the period incurred. Additions and improvements that increase the capacity or efficiency of the system are capitalized. This approach of reporting condition instead of depreciating the highway system is called the modified approach.

For government-wide financial reporting purposes, capital assets of the state are reported as assets in the applicable governmental or business-type activities column on the Statement of Net Position. Depreciation/amortization expense related to capital assets is reported in the Statement of Activities.

Capital assets and the related depreciation/amortization expense are also reported in the proprietary fund financial statements.

In governmental funds, capital assets are not capitalized in the accounts that acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in the year assets are acquired or construction costs are incurred. No depreciation/amortization is reported.

6. Leases

Lessee Activities. The state is a lessee for various noncancellable leases of land, buildings, equipment, and vehicles.

For leases that meet the capitalization threshold, at lease commencement, the state recognizes a lease liability and an intangible right-to-use lease asset on the Statement of Net Position in the government-wide and proprietary and trust fund financial statements.

For governmental fund financial reporting, the initial value of the lease liability is reported as other financing sources with a corresponding capital outlay at lease commencement.

The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the state is reasonably

certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

Generally, the state's incremental borrowing rate is used as the discount rate for leases unless the rate that the lessor charges is known. The incremental borrowing rate for leases is based on the rate of interest the state would be charged if it issued certificates of participation to borrow an amount equal to the lease payments for a similar asset type and under similar terms at the commencement or remeasurement date. The University of Washington's incremental borrowing rate is used as the discount rate for lease contracts where the university is the lessee.

The lease terms include the noncancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

Certain payments are evaluated to determine if they should be included in the measurement of the lease liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.

The state monitors changes in circumstances that may require remeasurement of a lease liability. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the lease asset.

For leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement, an expense/expenditure is recognized based on the provisions of the lease contract.

Lessor Activities. The state is a lessor for various noncancellable leases of land, buildings, and other assets such as communication towers.

For leases that meet the capitalization threshold, at lease commencement, the state recognizes a lease receivable and a deferred inflow of resources on the Statement of Net Position in the government-wide and proprietary and trust fund financial statements and on the governmental funds Balance Sheet.

The lease receivable is initially measured at the present value of payments expected to be received during the

lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the amount of the lease receivable, plus lease payments made at or before the lease commencement date, less any lease incentives paid to, or on behalf of, the lessee at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term.

Generally, the state's incremental borrowing rate for leases is used as the discount rate for lease receivables. The University of Washington's incremental borrowing rate is used as the discount rate for lease contracts where the university is the lessor.

The lease terms include the noncancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

The state monitors changes in circumstances that may require remeasurement of a lease receivable. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflow of resources.

For leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement, revenue is recognized based on the provisions of the lease contract.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Refer to Note 9 for a disaggregation of deferred outflows of resources and deferred inflows of resources.

Unavailable revenue arises only under the modified accrual basis of accounting, and so is reported only on the governmental funds Balance Sheet. Governmental funds report deferred inflows for unavailable revenues primarily from two sources: taxes and long-term receivables. These amounts are recognized as inflows of resources in the periods that the amounts become available.

8. Compensated Absences

State employees accrue vested vacation leave at a variable rate based on years of service. In general, accrued vacation leave cannot exceed 240 hours at the employee's anniversary date.

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested (i.e., the state does not pay employees for unused sick leave upon termination except upon employee death or retirement). At death or retirement, the state is liable for 25 percent of the employee's accumulated sick leave. In addition, the state has a sick leave buyout option in which, each January, employees who accumulate sick leave in excess of 480 hours may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave.

It is the state's policy to liquidate its compensated absences obligations with future resources rather than advance funding it with available spendable financial resources.

For government-wide reporting purposes, the state reports compensated absences obligations as liabilities in the applicable governmental or business-type activities columns on the Statement of Net Position.

For fund statement reporting purposes, governmental funds recognize an expenditure for annual and sick leave when it is payable (i.e., upon employee's use, resignation, death or retirement). Proprietary and trust funds recognize the expense and accrue a liability for annual leave and estimated sick leave buyout, including related payroll taxes and benefits, as applicable, as the leave is earned.

9. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term obligations of the state are reported as liabilities on the Statement of Net Position. Bonds payable are reported net of applicable original issuance premiums or discounts. When material, bond premiums and discounts are deferred and amortized over the life of the bonds.

For governmental fund financial reporting, the face (par) amount of debt issued is reported as other financing sources. Premiums and discounts on original debt issuance are also reported as other financing sources and uses, respectively. Issuance costs are reported as debt service expenditures.

10. Net Position/ Fund Balance

In governmental fund type accounts, the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources is called fund balance. Fund balance is reported in classifications which reflect the extent to which the state is bound to honor constraints on the purposes for which the amounts can be spent. Classifications include:

- **Nonspendable** fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- **Restricted** fund balance represents amounts for which constraints are placed on their use by the state Constitution, enabling legislation, or external resource providers such as creditors, grantors, or laws or regulations of other governments.
- **Committed** fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by state law as adopted by the state Legislature. The commitment remains in place until the Legislature changes or eliminates the state law.
- **Assigned** fund balance represents amounts that are intended for a specific purpose by management, but are neither restricted nor committed. Generally, assignment is expressed by joint legislative and executive staff action.
- **Unassigned** fund balance represents the residual amount for the General Fund that is not contained in the other classifications. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When resources meeting more than one of the classifications (excluding nonspendable) are comingled in an account, assuming that the expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, and finally assigned.

For government-wide reporting as well as in proprietary funds, the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources is called net position. Net position is comprised of three

components: net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- **Restricted** net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- **Unrestricted** net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the state's policy to use restricted resources first and then use unrestricted resources as they are needed.

In fiduciary funds, net position is held in trust for individuals and external organizations.

E. OTHER INFORMATION

1. Insurance Activities

Workers' Compensation. Title 51 RCW establishes the state of Washington's Workers' Compensation Program. The statute requires all employers to secure coverage for job-related injuries and diseases, with few exceptions, through the Workers' Compensation Fund or through self-insurance.

Direct private insurance is not authorized, although self-insurers are permitted to reinsure up to 80 percent of their obligations through private insurers.

The Workers' Compensation Fund, an enterprise fund, is used to account for the Workers' Compensation Program which provides time-loss, medical, vocational, disability, and pension benefits to qualifying individuals sustaining work-related injuries or illnesses. The main benefit plans of the Workers' Compensation Program are funded based on rates that will keep these plans solvent in accordance with recognized actuarial principles. The supplemental pension plan supports cost-of-living adjustments

(COLAs) granted for time-loss and disability payments; however, these are funded on a pay-as-you-go basis. By statute, the state is only allowed to collect enough revenue to fund the current COLA payments.

Premiums are based on individual employers' reported payroll hours and insurance rates based on each employer's risk classification(s) and past experience, except for the Supplemental Pension Fund premiums which are based on a flat rate per hours worked independent of risk class or past experience. In addition to its regular premium plan which is required for all employers, the Workers' Compensation Fund offers a voluntary retrospective premium-rating plan under which premiums are subject to three annual adjustments based on group and individual employers' loss experience. Initial adjustments to the standard premiums are paid to or collected from the groups and individual employers approximately ten months after the end of each plan year.

The Department of Labor and Industries, as administrator of the Workers' Compensation Program, establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have already occurred. The length of time for which such costs must be estimated varies depending on the benefit involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liabilities, claims adjudication, and judgments, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims payable are recomputed quarterly using a variety of actuarial and statistical techniques. These techniques are used to produce current estimates that reflect recent settlements, claim frequency, expected inflation, and other economic, legal, and social factors. Adjustments to claims payable are charged or credited to claims expense in the periods in which they are made.

The Workers' Compensation Program purchases catastrophe reinsurance for risks in excess of its retention on the workers' compensation insurance policy to reduce its exposure to the financial risks associated with a catastrophe. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Workers' Compensation Program as direct insurer of the risks reinsured.

Amounts that are recoverable from reinsurers and that relate to paid claims and claim adjustment expenses are classified as assets, with an allowance for estimated uncollectible amounts. Estimated amounts recoverable from reinsurers that relate to the liabilities for unpaid claims and claims adjustment expenses are deducted from those liabilities. Ceded unearned premiums are netted with related unearned premiums. Receivables and payables from the same reinsurer, including amounts

withheld, are netted. Reinsurance premiums ceded and reinsurance recoveries on claims are netted against related earned premiums and incurred claims costs in the Statement of Revenues, Expenses, and Changes in Net Position.

The Department of Labor and Industries prepares a stand-alone financial report for its Workers' Compensation Program. Copies of the report that include financial statements and required supplementary information may be obtained by writing to Washington State Department of Labor and Industries, PO Box 44000, Olympia, WA 98504-4000 or by visiting their website at: <https://lni.wa.gov/insurance/state-fund-financial-reports>.

Risk Management. The state of Washington operates a self-insurance liability program pursuant to RCW 4.92.130. The state's policy is generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, the state's management believes it is more economical to manage its risks internally and set aside assets for claims settlement in the Risk Management Fund, an internal service fund. Coverage is provided up to \$10 million for each claim with no deductible. Commercial insurance is purchased for various liabilities and to limit the exposure to catastrophic losses. Otherwise, the self-insurance liability program services all claims against the state for injuries and property damage to third parties. The majority of state funds and agencies participate in the self-insurance liability program in proportion to their anticipated exposure to liability losses.

Health Insurance. The state of Washington, through the Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) Programs, administers and provides medical, vision, dental, life, and long-term disability insurance benefits for eligible state employees, school employees, retirees, and their dependents. Employer groups, comprised of counties, municipalities, political subdivisions, tribal governments, the Washington Health Benefit Exchange, and employee organizations representing state civil service employees are allowed to contract with the state to provide these benefits to their employees through the PEBB Program. The state establishes eligibility requirements and approves the plan design of all participating insurers.

The Health Insurance Fund is accounted for as an enterprise fund.

The state and the employee contribute to the total monthly premium for benefits. The state's share of the cost of benefits is based on a per capita amount determined annually by the Legislature, which is allocated to state agencies and school districts. The employee's share is determined by the benefit coverages elected by the employee.

The Health Care Authority (HCA), as administrator of the PEBB and SEBB Programs, collects the total monthly premium. State agencies and school districts submit payment for each eligible employee. Separated employees, employees who lose eligibility, and employees who are temporarily not in pay status are able to continue benefits on a self-pay basis for medical and dental benefits. Retirees also pay for benefits on a self-pay basis. Employer groups submit payment to HCA for the total cost of their employees' benefits. For additional information, refer to Note 14.

The state secures commercial insurance for certain coverage offered in addition to plans offered via the Uniform Medical Plan, the state's self-insured offering. The Uniform Medical Plan enrolled approximately 57 percent of the eligible subscribers in fiscal year 2022. Claims are paid from premiums collected, and claims adjudication is contracted through a third-party administrator.

Considerations in calculating liabilities include frequency of claims, administrative costs, industry inflation trends, advances in medical technology, and other social and economic factors. Liabilities include an amount for claims incurred but not reported.

2. Postemployment Benefits

COBRA. In compliance with federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the state offers health and dental benefits on a temporary basis to qualified beneficiaries whose benefit coverage would otherwise end because of a qualifying event such as loss of employment. COBRA coverage is available on a self-paid basis and is the same medical and dental coverage available to state employees.

Medical Expense Plan. As disclosed in Note 1.D, at the time of separation from state service due to retirement or death, the state offers a 25 percent buyout of an employee's accumulated sick leave. Individual state

agencies may offer eligible employees a medical expense plan (MEP) that meets the requirements of the Internal Revenue Code. Agencies offering an MEP deposit the retiring employee's sick leave buyout in the MEP for reimbursement of medical expenses.

Retirement Benefits. Refer to Note 13 Retirement Plans and Note 14 Other Postemployment Benefits.

3. Interfund/Interagency Activities

The state engages in two major categories of interfund/interagency activity: reciprocal and nonreciprocal. Reciprocal interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions and includes both interfund loans and services provided and used. Nonreciprocal activity is nonexchange in nature and includes both transfers and reimbursements.

4. Donor-restricted Endowments

The state of Washington reports endowments in higher education endowment and other permanent accounts. These accounts are established outside of the state treasury for use by the higher education institutions. There is no state law that governs endowment spending; rather, the policies of individual university and college boards govern the spending of net appreciation on investments.

Under the current spending policies, distributions to programs approximate an annual percentage rate of 3.76 percent of a five-year rolling average of the endowments' market valuation.

The net appreciation available for authorization for expenditure by governing boards totaled \$1.09 billion. This amount is reported as restricted for expendable endowment funds on the government-wide Statement of Net Position.

Note 2

Accounting and Reporting Changes

Reporting Changes. Effective for fiscal year 2022, the state adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an asset. This statement applies to contracts that convey the right to use a non-financial asset in an exchange or exchange-like transaction for a term exceeding 12 months. Examples of non-financial assets including buildings, land, and equipment. Lessees are required to recognize a lease liability and an intangible right-to-use asset, and lessors are required to recognize a lease receivable and a deferred inflow of resources.

Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires costs to be recognized as an expense in the period in which the cost is incurred, regardless of fund type. This statement is to be applied prospectively, therefore there was no impact on beginning net position.

Fund Reclassification.

The Public Stadium Authority was reclassified from a major component unit to a nonmajor component unit.

Prior Period Adjustments. The state recorded an increase to the beginning fund balance in the following funds as a result of implementing GASB Statement No. 87:

- Major Governmental Funds: Higher Education Special Revenue Fund \$10.3 million.
- Nonmajor Governmental Funds: Motor Vehicle Fund \$7 thousand, Central Administrative and Regulatory Fund \$75 thousand, Human Services Fund \$34 thousand, Wildlife and Natural Resource Fund \$159 thousand and Higher Education Facilities Fund \$510 thousand.

The state recorded a decrease to the beginning net position in the following funds as a result of implementing GASB Statement No. 87:

- Major Enterprise Funds: Workers' Compensation Fund \$445 thousand, Higher Education Student Services Fund \$5.1 million, and Health Insurance Fund \$130 thousand.

- Nonmajor Enterprise Funds: Lottery Fund \$95 thousand, Guaranteed Education Tuition Program Fund \$1 thousand, Paid Family and Medical Leave Compensation Fund \$105 thousand, and Other Activities Fund \$47 thousand.
- Internal Service Funds: General Services Fund \$7.3 million, Data Processing Fund \$5 thousand, and Higher Education Revolving Fund \$731 thousand.
- Fiduciary Funds: Private-Purpose Trust Funds \$46 thousand, and Custodial Funds \$53 thousand.

The state recorded an increase in the beginning fund balance in the Higher Education Special Revenue fund of \$80.6 million and a decrease in beginning fund balance in the Higher Education Endowment Fund of \$196.1 million, both major governmental funds. This was a result of the implementation of GASB Statement No. 87, due to the significance of the lease receivables and deferred inflows attributable to the University of Washington Metropolitan Tract lessor activities.

The state recorded a decrease of \$8.7 million in beginning fund balance in the General Fund to establish a liability for the Skilled Nursing Civil Money Penalty for amounts received in prior periods from the Center for Medicare and Medicaid Services but not yet spent.

The state recorded a decrease of \$28.1 million in beginning fund balance in the General Fund to establish a liability for the non-entitlement units for amounts received in prior periods from the U.S. Department of the Treasury but not yet spent.

It was determined that certain activity recorded by Washington State University as a governmental activity should have been recorded as an enterprise type activity. As a result, the state recorded an increase in the beginning net position in the Higher Education Student Services Fund, a major enterprise fund, of \$18.6 million and a decrease in beginning fund balance in the Higher Education Special Revenue Fund, a major governmental fund, of \$18.6 million.

The state reclassified \$321 thousand in liabilities increasing net position by the same amount in the Other Custodial Funds for activities that should have previously been recorded as custodial per GASB Statement No. 84, Fiduciary Activities.

The state recorded a decrease of \$133.5 million in beginning net position in the Unemployment Compensation Fund, a major enterprise fund, to establish a liability for claims benefit payments incurred but not paid during prior periods.

The state recorded an increase of \$163.0 million in beginning net position in the Guaranteed Education Tuition Program Fund, a nonmajor enterprise fund, as a result of a change in the actuarial valuation of the future obligations for tuition payments that should have been recorded in the prior period.

The members of the Seattle Cancer Care Alliance, a joint venture of the University of Washington, agreed to merge to create the Fred Hutchinson Cancer Center. As part of the new arrangement, the University of Washington no longer holds a membership interest in the Seattle Cancer Care Alliance. The Fred Hutchinson Cancer Center is now considered a major component unit of the state.

The Public Stadium Authority, a nonmajor component unit, recorded a decrease in beginning net position of \$3.5 million for transactions recorded in the component unit's fiscal year 2021 financial statements after the state of Washington's fiscal year 2021 Annual Comprehensive Financial Report was published.

The Valley Medical Center, a major component unit, recorded a decrease in beginning net position of \$5.1 million for transactions recorded in the component unit's fiscal year 2021 financial statements after the state of Washington's fiscal year 2021 Annual Comprehensive Financial Report was published.

In fiscal year 2021, the state inappropriately classified \$2.9 billion of the fund balance in the general fund as restricted instead of unrestricted. There is no net effect on the total ending fund balance, therefore a restatement is not required.

Governmental Capital Assets and Long-term Obligations. The state recorded an increase to the beginning balance of governmental capital assets of \$1.25 billion and an increase to the beginning balance of long-term obligations associated with governmental funds of \$1.31 billion as a result of implementing GASB Statement No. 87.

The state recorded an increase to the beginning balance of governmental capital assets of \$144.5 million and an increase to the beginning balance of long-term obligations associated with governmental funds of \$29.0 million as a result of the changes in reporting for the University of Washington Metropolitan Tract as discussed above.

The state recorded an increase to the beginning balance of long-term obligations associated with governmental funds of \$127.6 million due to a mathematical error in the calculation of the liability for unclaimed property refunds.

The state recorded a decrease to the beginning balance of long-term obligations associated with governmental funds of \$114.4 million to establish a liability for a federal disallowance determined by federal grantors and not yet paid.

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Net position/fund balance at July 1, 2021, has been restated as follows (expressed in thousands):

	Net position/fund balance (deficit) at June 30, 2021, as previously reported	Fund Reclassification	Prior Period Adjustment	Net position/fund balance (deficit) at July 1, 2021, as restated
Governmental Funds:				
General	\$ 6,901,060	\$ —	\$ (36,826)	\$ 6,864,234
Higher Education Special Revenue	4,227,504	—	72,308	4,299,812
Higher Ed. Endowment & Other Permanent Funds	5,789,769	—	(196,145)	5,593,624
Nonmajor Governmental	7,235,090	—	785	7,235,875
Proprietary Funds:				
Enterprise Funds				
Workers' Compensation	(12,867,003)	—	(445)	(12,867,448)
Unemployment Compensation	2,403,740	—	(133,483)	2,270,257
Higher Education Student Services	1,138,311	—	13,470	1,151,781
Health Insurance	417,768	—	(130)	417,638
Nonmajor Enterprise	1,066,287	—	162,751	1,229,038
Internal Service Funds	(955,368)	—	(8,060)	(963,428)
Fiduciary Funds:				
Private-Purpose Trust Fund	9,977	—	(46)	9,931
Local Government Investment Pool	20,052,267	—	—	20,052,267
Pension (and Other Employee Benefit) Trust Funds	163,514,248	—	—	163,514,248
Custodial Funds	1,072,199	—	268	1,072,467
Component Units:				
Fred Hutchinson Cancer Center	—	—	1,068,542	1,068,542
Public Stadium Authority	222,935	(222,935)	—	—
Health Benefit Exchange	14,868	—	—	14,868
Valley Medical Center	288,195	—	(5,149)	283,046
Nonmajor Component Units	647,375	222,935	(3,543)	866,767

Note 3

Deposits and Investments

A. DEPOSITS

Custodial Credit Risk. Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the state would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The state minimizes custodial credit risk by restrictions set forth in state law. Statutes require state agencies to deposit funds in financial institutions that are physically located in Washington unless otherwise expressly permitted by statute and authorized by the Washington Public Deposit Protection Commission (PDPC). The PDPC, established under chapter 39.58 of the Revised Code of Washington (RCW), makes and enforces regulations and administers a collateral pool program to ensure public funds are protected if a financial institution becomes insolvent. Securities pledged are held by a trustee agent for the benefit of the collateral pool.

At June 30, 2022, \$1.47 billion of the state's deposits with financial institutions were insured or collateralized, with the remaining \$382 thousand uninsured/uncollateralized.

B. INVESTMENTS - PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS (PENSION TRUST FUNDS)

1. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship of the pension trust funds is vested within the voting members of the Washington State Investment Board (WSIB). The Legislature has established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB and its staff must comply with other state laws, such as the Ethics in Public Service Act, chapter 42.52 RCW, in making investment decisions and seeking to meet investment objectives.

The pension trust funds consist of retirement contributions from employer and employee participants in the Washington State Retirement System and related earnings on those contributions. The Retirement System is administered by the Department of Retirement Systems. The WSIB has exclusive control of the investment of all money invested in the pension trust funds.

In accordance with RCW 43.33A.110, the WSIB manages the pension fund portfolio to achieve maximum return at a prudent level of risk. The WSIB establishes asset

allocation targets that must be considered at all times when making investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing is to meet the target allocation within consideration of the other remaining asset classes.

Eligible Investments. The WSIB is authorized by statute as having investment management responsibility for pension trust funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy in the following: U.S. treasury bills; discount notes; repurchase agreements; reverse repurchase agreements; banker's acceptances; commercial paper; guaranteed insurance contracts; U.S. government and agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-U.S. dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate and other tangible assets, or other forms of private equity; asset-backed securities; and derivative instrument securities including futures, options, options on futures, forward contracts, and swap transactions. There were no violations of these investment restrictions during fiscal year 2022.

Commingled Trust Fund. Pension trust funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments used as an investment vehicle for 20 separate retirement plans. These plans hold shares in the CTF which represent a percentage ownership in the pool of investments. Plans are allowed to purchase or sell shares in the CTF, based on the fair value of the underlying assets, on the first business day of each month.

In addition to share ownership in the CTF, most retirement plans hold short-term investments that are used to manage the cash needs of each retirement plan.

The CTF consists of the Public Employees' Retirement System (PERS) Plans 1 and 2/3; Teachers' Retirement System (TRS) Plans 1 and 2/3; School Employees' Retirement System (SERS) Plan 2/3; Law Enforcement Officers' and Fire Fighters' Retirement Plans 1 and 2 and the Benefits Improvement Fund; Washington State Patrol Retirement System Plans 1 and 2; Public Safety Employees' Retirement System Plan 2; Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund; and the Higher Education Retirement Pension (HERP) Supplemental Benefit Fund, which consists of plans for seven higher education entities: University of

Washington, Washington State University, Eastern Washington University, Central Washington University, The Evergreen State College, Western Washington University, the State Board for Community and Technical Colleges, and the Retirement Strategy Fund (RSF). The CTF includes both the defined benefit and defined contribution portions of PERS Plan 3, TRS Plan 3, and SERS Plan 3, which are hybrid defined benefit/defined contribution plans. The CTF is a component of each RSF vintage years' glide path. The RSF is a self-directed investment option for the defined contribution and deferred compensation plans and programs. The participants of those plans have the option to direct their contributions to the CTF or invest their defined contributions in other external options not managed by the WSIB.

CTF Investment Policies and Restrictions. The CTF is comprised of public markets equities, fixed income securities, private equity investments, real estate, tangible assets, and an innovation portfolio. The CTF's performance objective is to exceed the return of two custom benchmarks, each consisting of public indices weighted according to asset allocation targets.

The asset allocation for the CTF is formally reviewed at least every four years. The allocation policy is reviewed more frequently if there has been a fundamental change in the structure of the capital markets or in the underlying cash flow or liability structure of the pension trust funds.

When market values fall outside policy ranges, assets are rebalanced first by using normal cash flows and then through reallocations of assets across asset classes. In cases of a major rebalancing, the pension trust funds can utilize futures, forward contracts, and options in order to maintain exposure within each asset class and reduce transaction costs. Major rebalancing can occur to bring asset classes within their target ranges or when the pension trust funds are transitioning managers.

Public Markets Equity. To achieve the performance and diversification objectives of the pension trust funds, the public markets equity program seeks to achieve the highest return possible consistent with prudent risk management and the desire for downside protection, with passive equity strategies as the default whenever strategies with better risk/return profiles cannot be identified; provide diversification to the pension trust funds' overall investment program; maintain liquidity in public equity; and maintain transparency into all public equity strategies to the extent possible.

The public markets equity portion of the pension trust funds invests in publicly traded equities globally, including

equity securities in the U.S., developed non-U.S. markets, and emerging markets. The program has a global benchmark, currently the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index. A mix of external managers approved by the WSIB is used to manage the program. Passive management delivers broad diversified equity market exposure at low cost and is used when active managers cannot be identified and monitored appropriately. Passive management is also used when it is considered an appropriate alternative to active management, typically in more efficient markets. Active management is used when the pension trust funds can identify, access, and monitor successful managers in markets that are less efficient. Active management seeks to enhance the risk/return profile of the program.

Fixed Income. The fixed income segment is managed to achieve the highest return possible consistent with the desire to manage interest rate and credit risk, provide diversification to the overall investment program, provide liquidity to the pension trust fund investment program, and to meet or exceed the return of the Bloomberg Barclays U.S. Universal Index. Sources of outperformance are expected to include interest rate anticipation, sector rotation, credit selection, and diversification.

RCW 43.33A.140 prohibits a corporate fixed income issues cost from exceeding 3 percent of the CTF's market value at the time of purchase and 6 percent of its market value thereafter. However, the WSIB manages with a more restrictive concentration constraint, limiting exposure to any corporate issuer to 3 percent of the CTF fixed income portfolio's market value at all times.

The fixed income portfolio is constrained by policy from investing more than 1 percent of the portfolio's par value in any single issuer with a quality rating below investment grade (as defined by Bloomberg Barclays Global Family of Fixed Income Indices). Total market value of below investment grade credit bonds shall not exceed 15 percent of the market value of the fixed income portfolio. Although below investment grade mortgage-backed, asset-backed, or commercial mortgage-backed securities may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. The total market value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of the market value of the fixed income portfolio. The duration of the portfolio is targeted to be within plus or minus 25 percent of the duration of the Bloomberg Barclays U.S. Universal Index.

The major sector allocations of the fixed income portfolio are limited to the following ranges:

U.S. treasuries and government agencies	10% - 45%
Credit bonds	10% - 80%
Asset-backed securities	0% - 10%
Commercial mortgage-backed securities	0% - 10%
Mortgage-backed securities	5% - 45%

Asset allocation policy constraints may, from time to time, place unintended burdens on the portfolios. Therefore, policy exceptions are allowed under certain circumstances. These events include changes in market interest rates, portfolio rebalancing to strategic targets, and bond rating downgrades. The portfolio can remain outside of policy guidelines until it can be rebalanced without harming the portfolio.

Private Equity. Pension trust funds can be invested in any appropriate private equity investment opportunity that has the potential for returns superior to traditional investment opportunities and which is not prohibited by the WSIB's policies or by law. These investment types are generally divided into venture capital, corporate finance, growth equity, special situations, distressed, mezzanine, and other investments. Private equity investments are made through limited partnership or direct investment vehicles.

The private equity investment portfolio is managed to exceed the returns of the MSCI All Country World Index Investable Market Index, lagged by one calendar quarter, by 300 basis points in the long run. To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of growth stages. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

Real Estate. The WSIB's real estate program is an externally managed pool of selected partnership investments intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments. The majority of the WSIB's partnerships invest in institutional-quality real estate assets that are leased to third parties. The income generated from bond-like lease payments coupled with the hard asset qualities of commercial real estate combine to generate returns that are expected to fall between the return expectations for fixed income and equities over the long term. The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the WSIB's long-term return expectations for the asset class.

The pension trust funds' real estate partnerships typically invest in private real estate assets that are held for long-term income and appreciation. Many of the pension trust

funds' investment partnerships do not involve co-investment with other financial entities, thereby providing the WSIB with control provisions, related transactions, and ongoing operational decisions for annual capital expenditures.

The pension trust funds may invest in any real estate opportunity demonstrating acceptable risk-adjusted returns, provided it is not prohibited by state law or WSIB policy. Investment structures may include real estate operating companies, joint ventures, commingled funds (closed or open-ended), and co-investments with existing WSIB real estate partners. Diversification within the real estate program is achieved through consideration of property type, capital structure, life cycle, geographic region, partner concentration, and property capital level.

The WSIB's real estate portfolio current benchmark seeks to earn an 8 percent annual investment return over a rolling 10-year period.

Tangible Assets. The primary goal of the tangible asset portfolio is to generate a long-term, predictable, and persistent income stream. The secondary goal is to generate appreciation approximately commensurate with inflation. The structure of the investments is primarily targeted to those publicly traded securities, private funds, or separate accounts providing the WSIB with the most robust governance provisions related to acquisitions, dispositions, debt levels, and ongoing operational decisions for annual capital expenditures. For diversification purposes, the tangible asset portfolio focuses on income-producing physical assets in the upstream and midstream segments of four main industries: minerals and mining, energy, agriculture, and society essentials.

The WSIB's current return objective for tangible assets calls for a target benchmark of 400 basis points above the U.S. Consumer Price Index over a long-term investment horizon defined as at least five years.

Innovation Portfolio. The innovation portfolio investment strategy is to provide the WSIB with the ability to invest in assets that fall outside of traditional asset classes and to provide the WSIB with comfort and demonstrated success before committing large dollar amounts to the strategy. The overall benchmark for the innovation portfolio is the weighted average of the underlying benchmark for each asset in the portfolio.

Currently, there are 10 investment strategies in the innovation portfolio involving private partnerships.

2. Valuation of Investments

The pension trust fund reports investments at fair value and categorizes its fair value measurements within the fair

State of Washington

value hierarchy established by generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Changes in Net Position.

The following table presents fair value measurements as of June 30, 2022:

Pension Trust Funds					
Investments Measured at Fair Value					
June 30, 2022					
<i>(expressed in thousands)</i>					
		Fair Value Measurements Using			
Investments by Fair Value Level	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Debt Securities					
Mortgage and other asset-backed securities	\$ 1,514,774	\$ —	\$ 1,514,774	\$ —	
Corporate bonds	16,009,172	—	16,009,172	—	
U.S. and foreign government and agency securities	6,664,179	—	6,664,179	—	
Total Debt Securities	<u>24,188,125</u>	<u>—</u>	<u>24,188,125</u>	<u>—</u>	
Equity Securities					
Common and preferred stock	19,596,499	19,544,585	49,442	2,472	
Depository receipts and other miscellaneous	821,724	821,722	2	—	
Mutual funds and exchange traded funds	25,239	25,239	—	—	
Real estate investment trusts	250,656	250,656	—	—	
Total Equity Securities	<u>20,694,118</u>	<u>20,642,202</u>	<u>49,444</u>	<u>2,472</u>	
Alternative Investments					
Real estate	1,046,009	—	—	1,046,009	
Tangible assets	235,354	227,937	—	7,417	
Total Alternative Investments	<u>1,281,363</u>	<u>227,937</u>	<u>—</u>	<u>1,053,426</u>	
Total Investments by Fair Value Level	<u>46,163,606</u>	<u>\$ 20,870,139</u>	<u>\$ 24,237,569</u>	<u>\$ 1,055,898</u>	
Investments Measured at Net Asset Value (NAV)					
Collective investment trust funds (equity securities)	15,492,714				
Private equity	41,858,720				
Real estate	31,659,488				
Tangible assets	9,093,242				
Innovation	1,153,351				
Total Investments Measured at the NAV	<u>99,257,515</u>				
Total Investments Measured at Fair Value	<u>\$ 145,421,121</u>				
Other Assets (Liabilities) at Fair Value					
Collateral held under securities lending agreements	\$ 285,526	\$ —	\$ 285,526	\$ —	
Net foreign exchange contracts receivable-forward and spot	174,355	—	174,355	—	
Margin variation payable-futures contracts	(15,135)	(15,135)	—	—	
Obligations under securities lending agreements	(285,526)	—	(285,526)	—	
Total Other Assets (Liabilities) Measured at Fair Value	<u>\$ 159,220</u>	<u>\$ (15,135)</u>	<u>\$ 174,355</u>	<u>\$ —</u>	

Investments classified as level 1. Investments classified as level 1 in the previous table are exchange traded equity securities whose values are based on published market prices and quotations from national security exchanges as of the appropriate market close, as of each reporting period end.

Investments classified as level 2. Investments classified as level 2 in the previous table are primarily comprised of publicly traded debt securities and exchange traded stocks traded in inactive markets. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a debt security in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments classified as level 3. Investments classified as level 3 in the previous table are publicly traded equity securities that have noncurrent or “stale” values and are included in the table at the last traded price. The stale pricing occurred due to trading suspensions, delisting from an active exchange, or lack of investor demand. The current market values of these securities are unknown.

Investments measured at net asset value (NAV). Investments measured at net asset value in the pension trust funds are the collective investment trust funds and alternative investments, including private equity, real estate, tangible assets, and innovation.

Collective Investment Trust Funds. The pension trust fund invests in three separate collective investment trust funds (fund). Each fund determines a fair value by obtaining fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded equity securities.

Two funds are passively managed to approximate the capitalization weighted total rates of return of the MSCI U.S. Investable Market Index and the MSCI Emerging Markets Investable Market Index. Each fund has daily openings and contributions, and withdrawals can be made on any business day. The fund managers, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind. Under certain circumstances, the fund managers may choose to suspend valuation and/

or the right to make contributions and withdrawals from the fund. Such circumstances include actual or anticipated closure, restriction, or suspension of trading activity in any markets or exchanges where the fund investments are traded; where the purchase, sale, or pricing of the fund’s investments would not be reasonably practicable or advisable; or where suspending contributions or withdrawals would be in the best interest of the fund or participants.

The third fund seeks to achieve long-term capital appreciation through active investment management in emerging market countries. The index against which the fund compares its performance is the MSCI Emerging Market Index. The pension trust funds may redeem some or all of their holdings on each monthly valuation date. The fund manager may delay redemption proceeds if it determines that it is reasonably necessary to prevent a material adverse impact on the fund or other investors. The fund manager, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind.

Alternative Assets. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value is determined by using the net asset value per share (or its equivalent) of the pension trust funds’ ownership interest in partners’ capital. These values are based on the individual investee’s capital account balance reported at fair value by the general partner at the closest available reporting period, adjusted for subsequent contributions, distributions, management fees, changes in values of foreign currency, and published market prices for certain securities.

The limited partnerships’ annual financial statements are audited by independent auditors. These investments are valued at approximately \$83.76 billion as of June 30, 2022. Because of the inherent uncertainties in estimating fair values, it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2022, reported net asset value.

These investments can never be redeemed. Instead, the nature of these investments provides for distributions through the sale or liquidation of the underlying assets or from net operating cash flows. It is anticipated that the various investments within each asset class will be liquidated over the following periods:

State of Washington

Pension Trust Funds

Alternative Assets Expected Liquidation Periods

June 30, 2022

(expressed in thousands)

Liquidation Periods	Investment Type					Total	Percentage of Total
	Private Equity	Real Estate	Tangible Assets	Innovation	Total		
Less than 3 years	\$ 46,673	\$ 3,567	\$ —	\$ 966	\$ 51,206	0.1 %	
3 to 9 years	4,377,259	2,019,928	440,883	—	6,838,070	8.2 %	
10 or more years	37,434,788	29,635,993	8,652,359	1,152,385	76,875,525	91.7 %	
Total	\$ 41,858,720	\$ 31,659,488	\$ 9,093,242	\$ 1,153,351	\$ 83,764,801	100.0 %	

Private Equity. This includes 298 private equity limited liability partnerships that invest primarily in the United States, Europe, and Asia in leveraged buyouts, venture capital, distressed debt, and growth equity. The fair value of individual capital account balances is based on the valuation reported by private equity partnerships using the following methodologies to value the underlying portfolio companies:

- Valuations of publicly traded portfolio companies are based on active exchanges using quoted market prices as of the close of trading for each month end.
- When a portfolio company investment does not have a readily available market price but has a return that is determined by reference to an asset for which a market price is readily available, valuations are based on the closing market price of the reference asset on the valuation date, adjusted for unique factors that affect the fair value of the investment held.
- When the portfolio company investments are private holdings and are not traded on active security exchanges, valuation methodologies consist primarily of income and market approaches. The income approach involves a discounted cash flow analysis based on portfolio companies' projections. The market approach involves valuing a company at a multiple of a specified financial measure, generally earnings before interest, taxes, depreciation, and amortization, based on multiples of comparable publicly traded companies.

Real Estate. This includes 22 real estate investments. Targeted investment structures within the real estate portfolio include real estate operating companies, limited liability companies, joint ventures, commingled funds, and co-investments. Real estate partnerships provide quarterly valuations to the pension trust fund management based on the most recent capital account balance. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are externally appraised

generally every one to five years, depending upon the investment. Structured finance investments receive quarterly adjustments by the partners, generally applying the assumption that all such positions will be held to maturity. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

Tangible Assets. This includes 60 limited liability structures and funds. Valuation practices of general partners and asset managers are consistent with private equity limited partnerships.

Innovation. This includes 10 limited liability structures and funds. Valuation practices of general partners and asset managers are consistent with private equity limited partnerships.

Other assets and liabilities measured at fair value. Forward exchange contracts are valued by interpolating a value using the spot foreign exchange rate and forward points (based on the spot rate and currency interest rate differentials), which are all inputs that are observable in active markets (level 2).

Cash collateral held and the offsetting obligations under securities lending agreements are valued by the pension trust funds' lending agent and sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Gains and losses on futures contracts are settled daily, based on a notional (underlying) principal value, and do not involve an actual transfer of the specific instrument. The margin variation represents the current gain or loss remaining to be settled from the prior day. The custodial bank provides quoted prices for these securities from a reputable pricing vendor.

3. Unfunded Commitments

The WSIB has entered into a number of agreements that commit the pension trust funds, upon request, to make additional investment purchases up to predetermined amounts. As of June 30, 2022, the pension trust funds had total unfunded commitments of \$34.91 billion in the following asset classes: \$20.44 billion in private equity, \$9.20 billion in real estate, \$4.26 billion in tangible assets, and \$1.00 billion in innovation.

4. Securities Lending

State law and WSIB policy permit the pension trust funds to participate in securities lending programs to augment investment income. The WSIB has entered into an agreement with State Street Corporation to act as agent for the pension trust funds in securities lending transactions. As State Street Corporation is the custodian bank for the pension trust funds, it is counterparty to securities lending transactions.

The fair value of the securities on loan at June 30, 2022, was approximately \$328.6 million. The pension trust funds report securities on loan in their respective categories in the Statement of Net Position. At June 30, 2022, cash collateral received totaling \$285.5 million is reported as securities lending obligation, and the fair value of the reinvested cash collateral totaling \$285.5 million is reported as security lending collateral in the Statement of Net Position. Securities received as collateral for which the pension trust funds do not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the Statement of Net Position. Total securities received as collateral at June 30, 2022, was \$60.2 million.

During the fiscal year, debt and equity securities were loaned and collateralized by the pension trust funds' agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities.

The following table summarizes the securities held by the pension trust funds from reinvestment of cash collateral and securities received as collateral at June 30, 2022 (in millions):

Repurchase agreements	163.1
U.S. treasuries	60.2
Yankee CD	42.3
Commercial paper	60.5
Cash equivalents and other	19.6
Total Collateral Held	\$ 345.7

During fiscal year 2022, securities lending transactions could be terminated on demand by either the pension trust funds or the borrower. As of June 30, 2022, the cash collateral held had an average duration of 3.57 days and an average weighted final maturity of 55.68 days.

Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. No more than 20 percent of the total on loan value could be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. State Street Corporation indemnified the pension trust funds by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street Corporation's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2022, there were no significant violations of legal or contractual provisions and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the pension trust funds incurred no losses during fiscal year 2022 resulting from a default by either the borrowers or the securities lending agents.

5. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The risk is managed within the portfolios using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of fixed income investments.

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While the pension trust funds do not have a formal policy relating to interest rate risk, the pension trust funds' fixed income investments are actively managed to meet or exceed the return of the Bloomberg Barclays U.S. Universal Index, with volatility similar to or less than the index. The fixed income portfolio's duration is targeted within plus or minus 25 percent of the duration of the portfolio's performance benchmark. As of June 30, 2022, the duration of the pension trust funds' fixed income investments was within the duration target of this index.

The two following schedules provide information about the interest rate risks associated with the pension trust funds' investments as of June 30, 2022. The schedules display various asset classes held by maturity in years, effective durations, and credit ratings. All debt securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal.

Pension Trust Funds

Schedule of Maturities and Effective Duration

June 30, 2022

(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration (in years)*
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Mortgage and other asset-backed securities	\$ 1,497,945	\$ 41,908	\$ 1,240,018	\$ 216,019	\$ —	4.1
Corporate bonds	16,009,172	884,040	6,416,894	5,689,249	3,018,989	6.5
U.S. government and agency securities	4,348,571	98,859	3,054,019	493,189	702,504	5.4
Foreign government and agency securities	2,315,608	168,419	1,006,385	706,011	434,793	5.9
Total internally managed fixed income	24,171,296	1,193,226	11,717,316	7,104,468	4,156,286	6.1
Mortgage-backed TBA forwards	16,829	16,829	—	—	—	—
Total Investments Categorized	24,188,125	\$ 1,210,055	\$ 11,717,316	\$ 7,104,468	\$ 4,156,286	6.1

Investments Not Required to be Categorized:

Cash and cash equivalents	3,450,857
Equity securities	36,186,833
Alternative investments	85,046,164
Total investments not categorized	124,683,854
Total Investments	\$148,871,979

* Excludes cash and cash equivalents

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Credit ratings of investments are presented using the Moody's rating scale as follows:

Pension Trust Funds
Investment Credit Ratings
June 30, 2022
(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type			Total Fair Value
	Mortgage and Other Asset- Backed Securities	Corporate Bonds	Foreign Government and Agency Securities	
Aaa	\$ 1,514,521	\$ 517,868	\$ 90,550	\$ 2,122,939
Aa1	—	155,716	309,721	465,437
Aa2	—	133,606	27,033	160,639
Aa3	—	753,163	163,982	917,145
A1	—	1,185,662	483,580	1,669,242
A2	—	1,723,148	116,985	1,840,133
A3	—	2,414,226	—	2,414,226
Baa1	—	1,950,902	5,126	1,956,028
Baa2	253	2,667,945	511,369	3,179,567
Baa3	—	2,014,289	114,845	2,129,134
Ba1 or lower	—	2,492,647	492,417	2,985,064
Total	\$ 1,514,774	\$ 16,009,172	\$ 2,315,608	\$ 19,839,554

6. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The pension trust funds' investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB. The rated debt investments of the pension trust funds as of June 30, 2022, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The policy of the pension trust funds states no corporate fixed income issue shall exceed 3 percent of cost at the time of purchase or 6 percent of fair value thereafter of the fund, and no high yield issues shall exceed 1 percent of cost. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2022.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the pension trust funds would not be able to recover the value of their deposits, investments, or collateral securities. The pension trust funds do not have a policy relating to custodial credit risk. The WSIB mitigates custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the pension trust funds.

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The pension trust funds do not have a formal policy to limit foreign currency risk. The WSIB manages their exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios by sector and by issuer, to limit foreign currency and security risk.

The following schedule presents the exposure of the pension trust funds' investments to foreign currency risk. The schedule provides information on deposits and investments held in various foreign currencies. Private equity, real estate, and tangible assets are presented according to the financial reporting currency of the individual funds. This is not a presentation of currency exposure relating to the underlying holdings. The schedule is stated in U.S. dollars. In addition, the CTF has foreign currency exposure at June 30, 2022, of \$740.3 million invested in one emerging market commingled equity investment trust fund.

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Pension Trust Funds

Foreign Currency Exposure by Country

June 30, 2022

(expressed in thousands)

Foreign Currency Denomination	Investment Type in U.S. Dollar Equivalent					Total
	Cash and Cash Equivalents	Debt Securities	Equity Securities	Alternative Assets	Open Foreign Exchange Contracts-Net	
Australia-Dollar	\$ 2,556	\$ 52,687	\$ 473,424	\$ 418,967	\$ (15,209)	\$ 932,425
Brazil-Real	2,112	—	294,104	—	(16,974)	279,242
Canada-Dollar	8,083	—	691,898	—	(2,492)	697,489
China-Yuan Renminbi	4,510	13,190	359,578	—	(9,173)	368,105
Denmark-Krone	250	—	251,155	—	3,186	254,591
E.M.U.-Euro	4,424	—	3,066,839	4,711,655	70,943	7,853,861
Hong Kong-Dollar	9,185	—	876,819	—	(6)	885,998
India-Rupee	409	—	372,789	—	(1,427)	371,771
Indonesia-Rupiah	892	—	81,686	—	(17)	82,561
Japan-Yen	17,981	—	2,239,738	—	157,222	2,414,941
Mexico-Peso	11	—	109,806	—	1,373	111,190
New Taiwan-Dollar	1,269	—	347,607	—	2,554	351,430
Norway-Krone	708	—	85,948	—	1,107	87,763
Singapore-Dollar	1,009	—	132,591	—	—	133,600
South Africa-Rand	331	—	46,793	34,516	(3,268)	78,372
South Korea-Won	620	—	405,540	—	14,487	420,647
Sweden-Krona	649	—	356,059	—	12,328	369,036
Switzerland-Franc	509	—	815,210	—	9,230	824,949
United Kingdom-Pound	6,028	—	1,747,254	—	(3,703)	1,749,579
Other	3,187	83,193	270,130	—	(45,806)	310,704
Total	\$ 64,723	\$ 149,070	\$ 13,024,968	\$ 5,165,138	\$ 174,355	\$ 18,578,254

8. Derivative Instruments

Pension trust funds are authorized to utilize various derivative instrument financial instruments including financial futures, forward contracts, interest rate swaps, credit default swaps, equity swaps, and options. Derivative instrument transactions involve, to varying degrees, market and credit risk. At June 30, 2022, the pension trust funds held investments in financial futures, forward currency contracts, and total return swap contracts that are recorded at fair value with changes in value recognized in investment income in the Statement of Changes in Net Position in the period of change. The derivative instruments are considered investment derivative instruments and not hedging derivative instruments.

Derivative instruments are generally used to achieve the desired market exposure of a security, index, or currency; adjust portfolio duration; or rebalance the total portfolio to the target asset allocation. Derivative instrument contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors.

A derivative instrument could be a contract negotiated on behalf of the pension trust funds and a specific counterparty. This would typically be referred to as an over the counter (OTC) contract, such as forward and total return swap contracts. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as “exchange traded.”

Inherent in the use of OTC derivative instruments, the pension trust funds are exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative instrument counterparty may fail to meet its payment obligation under the derivative instrument contract. As of June 30, 2022, the pension trust funds counterparty risk was approximately \$598.2 million. The majority of the counterparties (60 percent) held a credit rating of Aa3 or higher on Moody’s rating scale. All counterparties held investment grade credit ratings of Baa2 and above.

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. As such, gains and losses on futures contracts are settled daily based on a

notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and requires margin payments to minimize such risk. Futures are generally used to achieve the desired market exposure of a security or index or to rebalance the total portfolio. Derivative instruments, which are exchange traded, are not subject to credit risk.

Forward currency contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date in the future. These forward commitments are not standardized and carry counterparty credit risk due to the possible nonperformance by a counterparty. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote.

At June 30, 2022, the pension trust funds had outstanding forward currency contracts with a net unrealized gain of \$174.4 million. The aggregate forward currency exchange contracts receivable and payable were \$16.49 billion and \$16.31 billion, respectively. The contracts have varying maturity dates ranging from July 1, 2022, to June 20, 2024.

Total return swap contracts are agreements where one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying or reference asset. Total return swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without physically owning the security. The pension trust funds swap total bond market index returns for total equity index returns as the reference asset in emerging markets. The values of these contracts are highly sensitive to interest rate changes. As of June 30, 2022, the pension trust funds held no total return swap contracts.

At June 30, 2022, the pension trust funds' fixed income portfolio held derivative instrument securities consisting of collateralized mortgage obligations with a fair value of \$64.7 million. Domestic and foreign commingled investment trust fund managers may also utilize various derivative instrument securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative instrument securities by these funds is unavailable.

The following schedule presents the significant terms for derivative instruments held as investments by the pension trust funds:

Pension Trust Funds				
Derivative Instrument Investments				
June 30, 2022				
<i>(expressed in thousands)</i>				
	Changes in Fair Value - Included in Investment Income (Loss) Amount	Fair Value - Investment Derivative Instrument Amount		Notional
Futures Contracts:				
Bond index futures	\$ (217,221)	\$ (12,963)	\$	2,165,700
Equity index futures	(11,180)	(2,172)		444
Total	\$ (228,401)	\$ (15,135)	\$	2,166,144
Forward Currency Contracts				
	\$ 98,106	\$ 174,358	\$	16,808,712

C. INVESTMENTS - WORKERS' COMPENSATION FUND

1. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship of the Workers' Compensation Fund investments is vested in the voting members of the Washington State Investment Board (WSIB). The Legislature established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB and its staff must comply with other state laws, such as the Ethics in Public Service Act, chapter 42.52 RCW, in making investment decisions and seeking to meet investment objectives.

The Workers' Compensation Fund consists of contributions from employers and their employees participating in the state workers' compensation program and related earnings on those contributions. The workers' compensation program provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.

In accordance with state laws, the Workers' Compensation Fund investments are managed to limit fluctuations in the industrial insurance premiums. Subject to this purpose, these portfolios seek to achieve a maximum return at a prudent level of risk. Based on this requirement, the order of the objectives is:

- Maintain the solvency of the funds.
- Maintain premium rate stability.
- Ensure sufficient assets are available to fund the expected liability payments.
- Subject to the objectives above, achieve a maximum return at a prudent level of risk.

Eligible Investments. Eligible investments are securities and deposits that are in accordance with the WSIB's investment policy and chapter 43.33A RCW. Eligible investments include:

- U.S. equities.
- International equities.
- U.S. treasuries and government agencies.
- Credit bonds.
- Mortgage-backed securities rated investment grade, as defined by Bloomberg Global Family of Fixed Income Indices.
- Asset-backed securities rated investment grade, as defined by Bloomberg Global Family of Fixed Income Indices.
- Commercial mortgage-backed securities rated investment grade, as defined by Bloomberg Global Family of Fixed Income Indices.
- Investment grade non-U.S. dollar bonds.
- Real estate.

Investment Policies and Restrictions. To meet stated objectives, investments of the Workers' Compensation Fund are subject to the following constraints:

- All assets under the management of the WSIB are to be invested to maximize return at a prudent level of risk in accordance with RCW 43.33A.110 and RCW 43.33A.140.
- No corporate fixed income issue cost shall exceed 3 percent of the fund's fair market value at the time of purchase, nor shall its market value exceed 6 percent of the fund's market value at any time.
- Asset allocations are to be reviewed every four years or sooner if there are significant changes in funding levels or the liability durations.
- Assets are to be rebalanced across asset classes when the fair value of the assets falls outside the policy

ranges. The timing of any rebalancing will be based on market opportunities, cash flows, and the consideration of transaction costs; therefore, they need not occur immediately.

Equity. The benchmark and structure for global equities will be the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index net with U.S. gross. The global equity portfolio will be passively managed in commingled index funds. The commingled fund managers may use futures for hedging or establishing a long position.

Fixed Income. It is the goal of the fixed income portfolios to match the target durations. The fixed income portfolios' required duration targets are to be reviewed every three years or sooner if there are significant changes in the funding levels or the liability durations.

Sector allocation of fixed income investments must be managed within the ranges presented below. Deviations may occur in the short term as a result of interim market conditions. However, if a range is exceeded, the portfolios must be rebalanced to the target allocations as soon as it is practical.

Target Allocations for the Fixed Income Sectors:

U.S. treasuries and government agencies	5% - 25%
Credit bonds	20% - 80%
Asset-backed securities	0% - 10%
Commercial mortgage-backed securities	0% - 10%
Mortgage-backed securities	0% - 25%

Total market value of below investment grade credit bonds (as defined by Bloomberg Global Family of Fixed Income Indices) shall not exceed 5 percent of the total market value of the funds. Although below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. Total market value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of total market value of the funds.

Real Estate. The objectives and characteristics of the real estate portfolio are as follows:

- To generate a 6 percent annual investment return over a rolling 10-year period. This objective also serves as the total net return benchmark for the portfolio.
- The return will be generated by current income, and the portfolio will be intentionally constructed to focus on yield rather than total return.
- The portfolio will be diversified across geography and property type.

- No more than 15 percent of the long-term target allocation for the real estate portfolio will be invested in the equity position for a single property at the time of acquisition.

2. Valuation of Investments

The Workers' Compensation Fund reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Revenues, Expenses, and Changes in Net Position. The following table presents fair value measurements as of June 30, 2022:

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Workers' Compensation Fund				
Investments Measured at Fair Value				
June 30, 2022				
<i>(expressed in thousands)</i>				
Debt securities				
Mortgage and other asset-backed securities	\$ 711,942	\$ —	\$ 711,942	\$ —
Corporate bonds	10,449,765	—	10,449,765	—
U.S. and foreign government and agency securities	3,857,444	—	3,857,444	—
Total Investments by Fair Value Level	15,019,151	\$ —	\$ 15,019,151	\$ —
Investments Measured at Net Asset Value (NAV)				
Commingled equity investment trusts	3,069,050			
Real estate	38,561			
Total investments measured at the NAV	3,107,611			
Total Investments Measured at Fair Value	\$ 18,126,762			

Investments classified as level 2. Investments classified as level 2 in the above table are comprised of publicly traded debt securities. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security, in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments measured at net asset value (NAV). Investments measured at net asset value in the Workers' Compensation Fund include collective investment trust funds and alternative investments.

Collective Investment Trust Funds. The Workers' Compensation Fund invests in a single collective investment trust fund (fund). The fund is passively managed to track the investment of a broad, global equity index, the MSCI All Country World Investable Market Index net with U.S. gross. The fund determines a fair value by obtaining the values of underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings are publicly traded equity securities.

The fund has daily openings, and contributions and withdrawals can be made on any business day. The fund manager, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind. Under certain circumstances, the fund manager may choose to suspend valuation and/or the right to make contributions and withdrawals from the fund. Such circumstances include actual or anticipated closure, restriction, or suspension of trading activity in any markets or exchanges where the fund investments are traded; where the purchase, sale, or pricing of the fund's investments would not be reasonably practicable or advisable; or where suspending contributions or withdrawals would be in the best interest of the fund or participants.

Alternative Investments. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value is determined by using the net asset value per share (or its equivalent) of the Workers' Compensation Funds' ownership interest in partners' capital. These values are based on the individual investee's capital account balance reported at fair value by the general partner at the most recently available reporting period, adjusted for subsequent contributions, distributions, management fees, changes in values of foreign currency, and published market prices for certain securities.

The limited partnerships' annual financial statements are audited by independent auditors. These investments are valued at approximately \$38.6 million as of June 30, 2022. Because of the inherent uncertainties in estimating fair values, it is possible these estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2022, reported net asset value.

These investments can never be redeemed. Instead, the nature of these investments provides for distributions through the sale or liquidation of the underlying assets and from net operating cash flows. It is anticipated that the investments will be held for at least ten years or longer.

Real Estate. This includes three real estate investments. Targeted investment structures within the Workers' Compensation Fund real estate portfolio include limited liability companies, limited partnerships, joint ventures, commingled funds, and co-investments. Real estate partnerships generally provide quarterly valuations based on the most recent capital account balance. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are externally appraised generally at least every five years, depending upon the investment. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

3. Securities Lending

State law and WSIB policy permit the Workers' Compensation Fund to participate in securities lending programs to augment investment income. The WSIB has entered into an agreement with State Street Corporation to act as agent for the Workers' Compensation Fund in securities lending transactions. As State Street Corporation is the custodian bank for the Workers' Compensation Fund, it is counterparty to securities lending transactions.

When debt securities are loaned during the fiscal year, they are collateralized by the Workers' Compensation Fund's agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities have collateral denominated in the same currency, the collateral requirement is 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities are required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities. No securities were lent by the Workers' Compensation Fund during the current fiscal year and, accordingly, no collateral was held at June 30, 2022.

Securities lending transactions can be terminated on demand by either the Workers' Compensation Fund or the borrower. Non-cash collateral cannot be pledged or sold absent borrower default. No more than 20 percent of the total on-loan value can be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

Securities are lent with the agreement that they will be returned in the future for exchange of the collateral. State Street Corporation indemnified the Workers' Compensation Fund by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street Corporation's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2022, no securities were lent and, accordingly, there were no significant violations of legal or contractual provisions, and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the Workers' Compensation Fund incurred no losses during fiscal year 2022 resulting from a default by either the borrowers or the securities lending agents.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. While the Workers' Compensation Fund does not have a formal policy relating to interest rate risk, the risk is managed within the Workers' Compensation Fund portfolio using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of fixed income investments. As of June 30, 2022, the Workers' Compensation Fund portfolio durations were within the prescribed duration targets.

The following two schedules provide information about the interest rate risks associated with the Workers' Compensation Fund investments as of June 30, 2022. The schedules display various asset classes held by maturity in years, effective durations, and credit ratings. All debt securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal.

State of Washington

Workers' Compensation Fund
Schedule of Maturities and Effective Duration
June 30, 2022
(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration (in years)*
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Mortgage and other asset-backed securities	\$ 711,942	\$ 8,570	\$ 574,080	\$ 129,292	\$ —	4.1
Corporate bonds	10,449,765	521,210	3,835,289	3,003,391	3,089,875	7.3
U.S. government and agency securities	2,518,774	122,427	1,207,057	467,386	721,904	7.3
Foreign government and agencies	1,338,670	151,660	580,510	413,848	192,652	5.7
Total Investments Categorized	15,019,151	\$ 803,867	\$ 6,196,936	\$ 4,013,917	\$ 4,004,431	7.0

Investments Not Required to be Categorized:

Commingled investment trusts	3,069,050
Cash and cash equivalents	280,526
Real estate	38,561
Total investments not categorized	3,388,137
Total Investments	\$ 18,407,288

* Excludes cash and cash equivalents

Investments with multiple credit ratings are presented using the Moody's rating scale as follows:

Workers' Compensation Fund
Investment Credit Ratings
June 30, 2022
(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type			Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agencies	
Aaa	\$ 711,942	\$ 475,730	\$ 161,586	\$ 1,349,258
Aa1	—	196,557	306,629	503,186
Aa2	—	143,790	102,054	245,844
Aa3	—	887,171	147,467	1,034,638
A1	—	1,341,324	369,490	1,710,814
A2	—	1,855,056	78,211	1,933,267
A3	—	1,787,425	—	1,787,425
Baa1	—	1,748,013	—	1,748,013
Baa2	—	1,383,373	137,936	1,521,309
Baa3	—	426,805	8,182	434,987
Ba1 or lower	—	204,521	27,115	231,636
Total	\$ 711,942	\$ 10,449,765	\$ 1,338,670	\$ 12,500,377

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Workers' Compensation Fund investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB.

The rated debt investments of the Workers' Compensation Fund as of June 30, 2022, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Workers' Compensation Fund policy states that no corporate fixed income issues cost shall exceed 3 percent of the fund's fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund's fair value at any time. There was no concentration of credit risk as of June 30, 2022.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the Workers' Compensation Fund would not be able to recover the value of its deposits, investments, or collateral securities. The Workers' Compensation Fund does not have a policy relating to custodial credit risk. The WSIB mitigates custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the Workers' Compensation Fund.

6. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Workers' Compensation Fund does not have a formal policy to limit foreign currency risk. At June 30, 2022, the only securities held by the Workers' Compensation Fund with foreign currency exposure were \$1.22 billion (excludes U.S. dollar denominated securities) invested in international commingled equity index funds.

The following schedule presents the exposure of the Workers' Compensation Fund to foreign currency risk. The schedule is stated in U.S. dollars.

Workers' Compensation Fund

Foreign Currency Exposure by Country

June 30, 2022

(expressed in thousands)

Foreign Currency Denomination	Equity Securities
Australia-Dollar	\$ 62,726
Brazil-Real	17,978
Canada-Dollar	98,756
China-Yuan Renminbi	17,736
Denmark-Krone	20,423
E.M.U.-Euro	227,109
Hong Kong-Dollar	111,159
India-Rupee	49,836
Japan-Yen	181,385
New Taiwan-Dollar	54,454
Saudi Arabia - Riyal	15,135
Singapore - Dollar	10,758
South Africa-Rand	12,935
South Korea-Won	41,708
Sweden-Krona	28,989
Switzerland-Franc	74,498
United Kingdom-Pound	123,489
Miscellaneous Foreign Currencies	66,208
Total	\$ 1,215,282

7. Derivative Instruments

To manage its exposure to fluctuations in interest and currency rates while increasing portfolio returns, the Workers' Compensation Fund is authorized to utilize various derivative financial instruments including collateralized mortgage obligations, financial futures, forward contracts, interest rate and equity swaps, and options. Derivative instrument transactions involve, to varying degrees, market and credit risk. The Workers' Compensation Fund mitigates market risks arising from derivative instrument transactions by requiring collateral in cash and investments to be maintained equal to the securities' positions outstanding, thereby prohibiting the use of leverage or speculation. Credit risks arising from derivative instrument transactions are mitigated by selecting and monitoring creditworthy counterparties and collateral issuers.

Domestic and foreign passive equity index fund managers may also utilize various derivative instrument securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative instrument securities by passive equity index fund managers is unavailable.

At June 30, 2022, the only derivative instrument securities held directly by the Workers' Compensation Fund were collateralized mortgage obligations of \$261.3 million.

D. INVESTMENTS - LOCAL GOVERNMENT INVESTMENT POOL

1. Summary of Investment Policies

The Local Government Investment Pool (LGIP) is managed and operated by the Office of the State Treasurer (OST). The State Finance Committee is the administrator of the statute that created the pool and adopts appropriate rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually. Any proposed changes are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

The State Treasurer and designated investment officers shall adhere to all restrictions on the investment of funds established by law and by policy.

The LGIP portfolio is invested in a manner that meets the requirements set forth by the Governmental Accounting Standards Board for the maturity, quality, diversification, and liquidity for external investment pools that elect to measure, for financial reporting purposes, all of its investments at amortized costs. The funds are limited to high quality obligations with regulated maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP transacts with its participants at a stable net asset value per share of one dollar, which results in the amortized cost reported equaling the number of shares in the LGIP.

The OST prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, WA 98504-0200, online at: <https://tre.wa.gov/partners/for-local-governments/local-government-investment-pool-lgip/lgip-comprehensive-annual-financial-report/>, or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

Investment Objectives. In priority order, the objectives of the LGIP investment policy are safety, liquidity, and return on investment.

Safety of principal is the primary objective. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.

The investment portfolio will remain liquid to enable the State Treasurer to meet all cash requirements that might reasonably be anticipated.

The LGIP will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the pool.

Eligible Investments. Eligible investments are only those securities and deposits authorized by statute (chapters 39.58 and 39.59 RCW, and RCW 43.84.080). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- Obligations of supranational institutions provided that, at the time of investment, the institution has the U.S. government as its largest shareholder.
- Obligations of government-sponsored corporations that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.
- Certificates of deposit or demand deposits with financial institutions qualified by the Washington Public Deposit Protection Commission.

Investment Restrictions. To provide for safety and liquidity of funds, the LGIP policy places the following restrictions on the investment portfolio:

- Investments are restricted to fixed rate securities that mature in 397 days or less, except securities utilized in repurchase agreements and U.S. government and supranational floating or variable rate securities which may have a maximum maturity of 762 days, provided they have reset dates within one year and that on any reset date can reasonably be expected to have a market value that approximates their amortized cost.
- The weighted average maturity of the portfolio will not exceed 60 days.
- The weighted average life of the portfolio will not exceed 120 days.
- The purchase of investments in securities other than those issued by the U.S. government or its agencies will be limited.
- Cash generated through securities lending or reverse repurchase agreement transactions will not increase the dollar amount of specified investment types beyond stated limits.

Participant Transactions. The LGIP transacts with its participants at a stable net asset value per share of one

dollar, the same method used for reporting. Participants of the LGIP may contribute and withdraw funds on a daily basis and must inform the OST of any contribution or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m., at the sole discretion of the OST. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

2. Valuation of Investments

Investments are stated at amortized cost which approximates fair value. For bank deposits and repurchase agreements, the cost-based measure equals their carrying amount.

Monthly, the fair value net asset value per share is calculated and compared to the amortized cost net asset value per share to verify that the LGIP's shadow price does not deviate by more than one half of 1 percent from the amortized cost of the portfolio.

3. Securities Lending

State statutes permit the LGIP 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. The LGIP has contracted with Northern Trust as a lending agent and Northern Trust receives a share of income earned from this activity. The lending agent lends securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent. Cash collateral received from the lending of non-coupon-bearing securities shall not be valued at less than 102 percent of fair value, not to exceed par.

The cash is invested by the lending agent in accordance with investment guidelines approved by the LGIP. The securities held as collateral and the securities underlying the cash collateral are held by the LGIP's custodian. One option available to the lending agent is to invest cash collateral with the LGIP. Maturities of investments made with cash collateral are generally matched to maturities of securities loaned.

During fiscal year 2022, the LGIP lent U.S. agency and U.S. treasury securities while other securities were received as collateral. At June 30, 2022, the fair value of securities on loan was \$916.4 million and the fair value of securities received for collateral was \$935.0 million.

The LGIP investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the LGIP. During fiscal year 2022, the LGIP had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the LGIP. Furthermore, contracts require the lending agent to indemnify the LGIP if the borrowers fail to return securities and if collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the LGIP for income distribution by the securities' issuers while the securities are on loan.

The LGIP cannot pledge or sell collateral securities received unless the borrower defaults. The LGIP investment policy limits the amount of reverse repurchase agreements and securities lending to 30 percent of the total portfolio. There were no violations of legal or contractual provisions and no losses resulting from a default of a borrower or lending agent during the fiscal year.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To mitigate the effect of interest rate risk, the LGIP portfolio is invested in high quality, highly liquid obligations with limited maximum and average maturities. The LGIP's policy establishes weighted average maturity and weighted average life limits not to exceed 60 and 120 days, respectively. As of June 30, 2022, the LGIP had a weighted average maturity of 14 days and a weighted average life of 106 days.

The following schedule presents the LGIP investments and related maturities, and provides information about the associated interest rate risks as of June 30, 2022:

Local Government Investment Pool (LGIP)

Schedule of Maturities

June 30, 2022

(expressed in thousands)

Investment Type	Amortized Cost	Maturity	
		Less than 1 Year	1-5 Years
U.S. agency securities	\$ 8,189,184	\$ 5,473,304	\$ 2,715,880
Repurchase agreements	6,200,000	6,200,000	—
U.S. treasury securities	10,095,127	9,720,303	374,824
Interest bearing bank accounts	1,537,054	1,537,054	—
Supranational securities	549,089	549,089	—
Certificates of deposit	59,625	59,625	—
Total Investments	\$ 26,630,079	\$ 23,539,375	\$ 3,090,704

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of supranational institutions, obligations of government-sponsored corporations, and deposits with qualified public depositories.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the LGIP will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The LGIP investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department.

Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the LGIP's exposure to risk and ensure the safety of the investment. All securities utilized in repurchase agreements were rated Aaa by Moody's and AA+ by Standard & Poor's. The fair value of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The LGIP mitigates concentration of credit risk by limiting the purchase of securities of any one issuer, with the exception of U.S. treasury and U.S. agency securities, to no more than 5 percent of the portfolio.

Repurchase agreements comprise 23.3 percent of the total portfolio as of June 30, 2022. The LGIP limits the securities utilized in repurchase agreements to U.S. treasury and U.S. agency securities. The LGIP requires delivery of all securities utilized in repurchase agreements and the securities are priced daily.

As of June 30, 2022, U.S. treasury securities comprised 37.9 percent of the total portfolio. U.S. agency securities comprised 30.7 percent of the total portfolio, including Federal Farm Credit Bank (15.1 percent) and Federal Home Loan Bank (15.6 percent). Supranational securities comprised 2.1 percent of the total portfolio.

6. Repurchase Agreements

The fair value plus accrued income of securities utilized in repurchase agreements will be 102 percent of the value of the repurchase agreement plus accrued interest.

The securities utilized in repurchase agreements are limited to government securities, are priced daily, and are held by the LGIP's custodian in the state's name. As of June 30, 2022, repurchase agreements totaled \$6.20 billion.

E. INVESTMENTS - HIGHER EDUCATION SPECIAL REVENUE, ENDOWMENT, AND STUDENT SERVICES FUNDS

1. Summary of Investment Policies

The investments of the University of Washington represent 80 percent of the total investments in Higher Education Special Revenue, Endowment, and Student Services Funds.

The University of Washington's Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the chief investment officer, carries out the day-to-day activities of the investment portfolios. The UWINCO Board, which consists of both Board of Regents' members and external investment professionals, serves as an advisory board to UWINCO.

The majority of the University's investments are insured, registered, and held by the University's custodial bank as an agent for the University. Investments not held by the custodian include venture capital, private equity, opportunistic investments, marketable alternatives, mortgages, real assets, and miscellaneous investments.

The University combines most short-term investment balances in the Invested Funds Pool. At June 30, 2022, the Short-term and Intermediate-term Invested Funds Pools totaled \$2.46 billion. The Invested Funds Long-term Pool owns units in the Consolidated Endowment Fund valued at \$1.02 billion on June 30, 2022. In addition, the Long-term Pool owns a passive global equity index valued at \$143.0 million as of June 30, 2022.

By University policy, departments with qualifying funds in the Invested Funds Pool receive distributions based on their average balances and on the type of balance. Campus depositors received 0.75 percent in fiscal year 2022. University Advancement received 3.0 percent of the average balances in endowment operating and gift accounts in fiscal year 2022. The difference between the actual earnings of the Invested Funds Pool and the calculated distributions is used to support activities benefiting all University departments.

The majority of the endowed funds are invested in a pooled fund called the Consolidated Endowment Fund (CEF). Individual endowments purchase units in the pool on the basis of a per unit valuation of the CEF at fair value on the last business day of the calendar quarter. Income is distributed based on the number of units held. Chapter 24.55 RCW and the Uniform Prudent Management of Institutional Funds Act allow for total return expenditure in the CEF under comprehensive prudent standards.

In February 2019, the Board of Regents approved an amendment to the CEF Investment Policy to reduce the total spending rate from 5.0 percent to 4.5 percent. A three-year phased reduction was implemented to cushion the impact on University units, starting with a 4.9 percent spending rate in fiscal year 2020 followed by a 4.7 percent spending rate in fiscal year 2021, and reaching the 4.5

percent spending rate in fiscal year 2022. Under the CEF spending policy, quarterly distributions to programs are based on an annual percentage rate of 3.6 percent applied to the five-year rolling average of the CEF's market value.

Additionally, the policy allows for an administrative fee to support campus-wide fundraising and stewardship activities and to offset the internal cost of managing endowment assets.

The University records its permanent endowments at the lower of original gift value or current market value in the Restricted Nonexpendable Net Position category. Of the endowments recorded at current market value at June 30, 2022, the net deficiency from the original gift value was \$6.9 million.

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized net gains of \$238.3 million in fiscal year 2022 from the sale of investments.

The calculation of realized gains and losses is independent of the net appreciation of the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and are sold in the current year include the net appreciation (depreciation) of these investments reported in the prior year(s). The net appreciation (depreciation) in the fair value of investments during the year ended June 30, 2022, was \$(487.8) million.

2. Valuation of Investments

The University reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The University holds significant amounts of investments that are measured at fair value on a recurring basis.

The following schedule presents the fair value of the University's investments by type at June 30, 2022:

State of Washington

University of Washington

Investments Measured at Fair Value

June 30, 2022

(expressed in thousands)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Fixed Income Securities				
U.S. treasury	\$ 1,572,728	\$ 19,570	\$ 1,553,158	\$ —
U.S. government agency	348,035	10,699	337,336	—
Mortgage-backed	197,531	—	197,531	—
Asset-backed	574,591	—	574,591	—
Corporate and other	147,280	18,737	128,543	—
Total Fixed Income Securities	2,840,165	49,006	2,791,159	—
Equity Securities				
Global equity investments	740,432	505,770	234,662	—
Real estate	19,407	16,599	—	2,808
Other	6,205	—	—	6,205
Total Equity Securities	766,044	522,369	234,662	9,013
Externally Managed Trusts	125,075	—	—	125,075
Total Investments by Fair Value Level	3,731,284	\$ 571,375	\$ 3,025,821	\$ 134,088
Investments Measured at Net Asset Value (NAV)				
Global equity investments	1,718,652			
Absolute return strategy funds	999,716			
Private equity and venture capital funds	990,630			
Real asset funds	189,364			
Other	32,583			
Total Investments Measured at the NAV	3,930,945			
Total Investments Measured at Fair Value	7,662,229			
Cash equivalents at amortized cost	572,100			
Total Investments	\$ 8,234,329			

Investments classified as level 1. Fixed income and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments classified as level 2. Fixed income and equity securities classified in level 2 are valued using other observable inputs including quoted prices for similar securities and interest rates.

Investments classified as level 3. Private equity, real asset, and other investments classified in level 3 are valued using either discounted cash flow or market comparable techniques.

Investments measured at net asset value. The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on net asset value (NAV) estimates used as a practical expedient and reported to the University by investment fund managers.

State of Washington

The information related to investments measured at the NAV per share (or its equivalent) is presented in the following table:

University of Washington

Investments Measured at the Net Asset Value

June 30, 2022

(expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global equity investments	\$ 1,718,652	\$ —	Monthly to annually	15-180 days
Absolute return strategy funds	999,716	—	Quarterly to annually	30-90 days
Private equity and venture capital funds	990,630	691,457	n/a	—
Real asset funds	189,364	104,447	n/a	—
Other	32,583	—	Quarterly to annually	30-95 days
Total Investments Measured at the NAV	\$ 3,930,945			

Global Equity. This investment category includes public equity investments in separately managed accounts, long-only commingled funds, unconstrained limited partnerships, and passive index funds. As of June 30, 2022, approximately 78 percent of the value of the investments in this category can be redeemed within 90 days, and approximately 93 percent can be redeemed within one year.

Absolute Return. This category includes investments in stable income and low-to-medium beta funds. Management of these funds seeks low correlation to broad equity markets by investing in assets that exhibit low volatility, deep discounts, and/or hedges against market downturns. As of June 30, 2022, approximately 92 percent of the value of the investments in this category can be redeemed within one year.

Private Equity and Venture Capital. This category includes buyout, venture, and special situations funds. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next one to ten years.

Real Assets. This category includes real estate, natural resources, and other hard assets. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that underlying assets of the funds will be liquidated over the next one to ten years.

Other. This category consists of opportunistic investments and includes various types of non-investment grade and non-rated credit plus nominal equity exposure. As of June 30, 2022, approximately 39 percent of the value of the investments in this category can be redeemed or anticipate distribution within one year. The remaining balance of these investments contain restrictions on

redemption within one year or will be distributed as underlying investments are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.

3. Funding Commitments

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2022, the University had outstanding commitments to fund alternative investments in the amount of \$795.9 million. These commitments are expected to be called over a multi-year timeframe, generally two to five years depending on the type of fund. The University believes it has adequate liquidity and funding sources to meet these obligations.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. The University manages interest rate risk through its investment policies and the investment guidelines established with each manager. Each fixed income manager is assigned a maximum boundary for duration as compared to the manager's relevant benchmark index. The goal is to allow ample freedom for the manager to perform while controlling the interest rate risk in the portfolio.

Effective duration is a commonly used measure of interest rate risk. The longer the duration, the more sensitive the portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income portfolio was 1.71 years at June 30, 2022.

5. Credit Risk

Fixed income securities are subject to credit risk, which is the risk that the issuer or other counterparty to a financial

instrument will not fulfill its obligations, or that negative perceptions of the issuer's ability to make these payments will cause prices to decline. The University's investment policies limit fixed income exposure to investment grade assets. The investment policy for the Invested Funds' short-term pool requires each manager to maintain an average quality rating of AA as issued by a nationally recognized rating organization. The investment policy for the Invested Funds' intermediate-term pool requires each manager to maintain an average quality rating of A and to hold at least 25 percent of their portfolios in government and government agency issues. The investment policy for the CEF reflects its long-term nature by specifying average quality rating levels by individual manager, but still restricting investments to investment grade credits.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University does not have a formal policy regarding custodial credit risk. However, all University investments in the CEF and the Invested Funds Pool are held in the name of the University and are not subject to custodial credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The CEF investment policy limits concentration by manager, country (other than U.S.), and market sector. The University further mitigates concentration of credit risk through the due diligence of each manager and careful monitoring of asset concentrations.

Duration is a calculation of the number of years required to recover the true cost of a bond. The duration presented below represents a broad average across all fixed income securities held in the CEF, Invested Funds Pool (IF or operating funds), and debt service reserve funds. The CEF and IF portfolios are managed to have a duration below their policy benchmarks to protect principal and provide liquidity to the overall portfolio.

The following schedule summarizes the composition of the fixed income securities along with credit quality and effective duration measures at June 30, 2022. The schedule excludes \$30.6 million of fixed income securities held by component units. These amounts make up 1.08 percent of the University's fixed income investments.

University of Washington
Invested Funds Pool and Consolidated Endowment Fund
Fixed Income Credit Quality and Effective Duration
June 30, 2022
(expressed in thousands)

Investment Type	U.S. Government	Investment Grade*	Non- Investment Grade	Not Rated	Total	Effective Duration (in years)
U.S. treasury securities	\$ 1,553,157	\$ —	\$ —	\$ —	\$ 1,553,157	1.43
U.S. government agency	343,462	—	—	—	343,462	4.87
Mortgage-backed	—	76,365	53,824	67,342	197,531	1.34
Asset-backed	6,284	470,850	5,173	92,284	574,591	0.71
Corporate and other	—	56,125	359	84,373	140,857	1.30
Total	\$ 1,902,903	\$ 603,340	\$ 59,356	\$ 243,999	\$ 2,809,598	1.71

* Investment grade securities are those that are rated BBB and higher by Standard and Poor's or Baa and higher by Moody's.

6. Foreign Currency Risk

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's investment policies

permit investments in international equity and other asset classes that can include foreign currency exposure. To manage foreign currency exposure, the University also enters into foreign currency forward contracts, futures contracts, and options. The University held non-U.S. denominated securities at June 30, 2022, of \$1.55 billion.

The following schedule, stated in U.S. dollars, details the market value of foreign denominated securities by currency type:

University of Washington	
Consolidated Endowment Fund	
Foreign Currency Risk	
June 30, 2022	
<i>(expressed in thousands)</i>	
Foreign Currency	Amount
Australia-Dollar	\$ 18,609
Brazil-Real	69,487
Britain-Pound	166,650
China-Renminbi	381,690
E.M.U.-Euro	227,022
Hong Kong-Dollar	32,507
India-Rupee	138,301
Indonesia-Rupiah	29,844
Japan-Yen	169,356
Norway-Krone	20,215
Singapore-Dollar	32,415
South Africa-Rand	19,378
South Korea-Won	49,301
Sweden-Krona	30,841
Switzerland-Franc	38,152
Taiwan-Dollar	49,894
Remaining currencies	80,929
Total	\$ 1,554,591

7. Derivative Instruments

The University's investment policies allow investing in various derivative instruments, including futures, swaps, and forwards, to manage exposures within or across the portfolio and to improve the portfolio's risk/return profile. Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value.

As of June 30, 2022, the University had outstanding futures contracts with notional amounts totaling \$55.2 million and accumulated unrealized losses on these contracts totaled \$364 thousand. These accumulated unrealized losses are included in investments on the Statement of Net Position.

Credit exposure represents exposure to counterparties relating to financial instruments where gains exceed collateral held by the University or losses are less than the collateral posted by the University. There was no credit exposure as of June 30, 2022. The University had no hedging derivative instruments or derivative instruments for investment purposes as of June 30, 2022.

Details on foreign currency derivative instruments are disclosed under Foreign Currency Risk.

F. INVESTMENTS - OFFICE OF THE STATE TREASURER CASH MANAGEMENT ACCOUNT

1. Summary of Investment Policies

The Office of the State Treasurer (OST) operates the state's Cash Management Account for investing Treasury/Trust funds in excess of daily requirements. Investment income earned is allocated based on average daily cash balance. Pursuant to state law, all earnings on investments of Treasury/Trust funds are credited to the General Fund except as specifically provided in RCW 43.79A.040 and RCW 43.84.092. In fiscal year 2022, a portion of the investment income reported by the General Fund was earned by other funds.

The State Treasurer and designated investment officers shall adhere to all restrictions on the investment of funds established by law and by policy.

Investment Objectives. All Treasury/Trust funds will be invested in conformance with federal, state, and other legal requirements. The primary objectives of the portfolio shall be safety and liquidity, with return on investment a secondary objective.

Investments shall be undertaken in a manner that seeks preservation of capital in the overall portfolio. Because the investment portfolio must remain liquid to enable the State Treasurer to meet all cash requirements that can reasonably be anticipated, investments will be managed to maintain cash balances needed to meet daily obligations of the state. After assuring needed levels of safety and liquidity, the investment portfolio will be structured to attain a market rate of return.

Eligible Investments. Eligible investments are only those securities and deposits authorized by statute (chapters 39.58, 43.250, and 43.84.080 RCW). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- U.S. dollar denominated obligations of supranational institutions, provided that at the time of investment the institution has the U.S. government as its largest shareholder.
- Obligations of government-sponsored enterprises that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.

State of Washington

- Commercial paper, provided that the OST adheres to policies and procedures of the Washington State Investment Board (WSIB) regarding commercial paper (RCW 43.84.080(5)).
- Corporate notes, provided that the OST adheres to the investment policies and procedures adopted by the WSIB (RCW 43.84.080(7)).
- General obligation municipal bonds that have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency.
- Investment deposits with financial institutions qualified by the Washington Public Deposit Protection Commission (RCW 39.58.010(9)) and deposits made pursuant to RCW 39.58.080.
- Local Government Investment Pool (LGIP).
- Obligations of the state of Washington or its political subdivisions.

Investment Restrictions. To provide for the safety and liquidity of Treasury/Trust funds, the Cash Management Account investment portfolio is subject to the minimum restrictions listed below. Certain investment instruments are subject to more restrictive limitations.

- The final maturity of any security will not exceed ten years.
- Purchase of collateralized mortgage obligations is not allowed.

- The allocation to investments subject to high price sensitivity or reduced marketability will not exceed 15 percent of the daily balance of the portfolio.

Additionally, investments in non-government securities, excluding collateral of repurchase agreements, must fall within prescribed limits.

Limitations and Restrictions on LGIP Participant Withdrawals. Participants of the LGIP may contribute and withdraw funds on a daily basis and must inform the OST of any contribution or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m., at the sole discretion of the OST. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

2. Valuation of Investments

The OST reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The following table presents fair value measurements as of June 30, 2022:

Office of the State Treasurer
Cash Management Account
Investments Measured at Fair Value
June 30, 2022
(expressed in thousands)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities				
U.S. government securities	\$ 5,575,208	\$ —	\$ 5,575,208	\$ —
U.S. agency securities	2,331,165	—	2,331,165	—
Supranational securities	2,260,599	—	2,260,599	—
Corporate notes	527,739	—	527,739	—
Total Investments Measured at Fair Value	\$ 10,694,711	\$ —	\$ 10,694,711	\$ —

Investments classified as level 2. The debt securities classified as level 2 in the above table are valued using observable inputs including quoted prices for similar securities and interest rates.

3. Securities Lending

State statutes permit the 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. The OST has contracted with Northern Trust as a lending agent and Northern Trust receives a share of income earned from this activity. The lending agent lends U.S. government, U.S. agency, and supranational securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent.

The cash is invested by the lending agent in repurchase agreements, deposit accounts, or money market instruments, in accordance with investment guidelines approved by the OST. The securities held as collateral and the securities underlying the cash collateral are held by the custodian. During fiscal year 2022, there was no cash collateral from securities lending.

Contracts require the lending agent to indemnify the OST if the borrowers fail to return securities and if the collateral is inadequate to replace the securities lent, or if the borrower fails to pay the OST for income distribution by the securities' issuers while the securities are on loan. The OST cannot pledge or sell collateral securities received unless the borrower defaults. At June 30, 2022, the fair value of securities on loan totaled \$892.5 million.

The OST investment policy requires that any securities on loan be made available by the lending agent for next day

liquidity at the option of the OST. During fiscal year 2022, the OST had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the OST.

There were no violations of legal or contractual provisions, and there were no losses resulting from a default of a borrower or lending agent during the fiscal year.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Treasury/Trust investments are separated into portfolios with objectives based primarily on liquidity needs.

The OST's investment policy limits the weighted average maturity of its investments based on cash flow expectations. Policy also directs due diligence to be exercised with timely reporting of material deviation from expectations and actions taken to control adverse developments as may be possible.

The following schedules present the OST investments and related maturities, and provide information about the associated interest rate risks as of June 30, 2022:

Office of the State Treasurer				
Cash Management Account				
Schedule of Maturities				
June 30, 2022				
<i>(expressed in thousands)</i>				
Investment Type	Total Fair Value	Maturity		
		Less than 1 Year	1-5 Years	
U.S. government securities	\$ 7,114,266	\$ 3,932,558	\$ 3,181,708	
U.S. agency securities	2,578,982	502,031	2,076,951	
Supranational securities	2,410,299	744,199	1,666,100	
Corporate notes	527,739	121,143	406,596	
Investments with LGIP	6,050,340	6,050,340	—	
Certificates of deposit	59,441	59,441	—	
Interest bearing bank accounts	141,138	141,138	—	
Total Investments	\$ 18,882,205	\$ 11,550,850	\$ 7,331,355	

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Credit ratings of investments are presented using the Standard and Poor's (S&P) rating scale as follows:

Office of the State Treasurer			
Cash Management Account			
Investment Credit Ratings			
June 30, 2022			
<i>(expressed in thousands)</i>			
S&P Credit Rating	Investment Type		Total Fair Value
	Corporate Notes	Supranationals	
AAA	\$ 16,476	\$ 2,246,709	\$ 2,263,185
AA+	60,308	37,372	97,680
AA	70,546	—	70,546
AA-	57,092	—	57,092
A+	91,181	—	91,181
A	170,563	—	170,563
A-	28,637	—	28,637
Unrated*	32,936	126,218	159,154
Total	\$ 527,739	\$ 2,410,299	\$ 2,938,038

*Investments are rated Aa3 by Moody's

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The OST limits credit risk by adhering to the OST investment policy which restricts the types of investments the OST can participate in to U.S. government and agency securities, U.S. dollar denominated obligations of supranational institutions, commercial paper, corporate notes, general obligation municipal bonds, and deposits with qualified public depositories. Investments in non-government securities may not exceed set percentages of the total daily portfolio size.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The OST investment policy requires that securities purchased by the office be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and ensure the safety of the investment.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. For non-governmental securities, the OST adheres to the WSIB policy on commercial paper and corporate notes investments which limits its exposure to concentration of credit risk by restricting the amount of investments to no more than 3 percent of the portfolio to any single issuer.

6. Repurchase Agreements

Repurchase agreements and securities accepted for repurchase agreements are subject to the following additional restrictions:

- Transactions will be conducted under the terms of a written master repurchase agreement and only with primary dealers, the state's bank of record, or master custodial bank.
- Purchased securities utilized in repurchase agreements will be limited to government securities. Repurchase agreements with any single primary dealer or financial institution will not exceed 20 percent of the portfolio. The maximum term of repurchase agreements will be 180 days. The share of the portfolio allocated to repurchase agreements with maturities beyond 30 days will not exceed 30 percent of the total portfolio.
- Securities utilized in repurchase agreements with a maturity date longer than seven days are priced at least weekly and are held by the Treasury/Trust custodian in the state's name.
- The market value, plus accrued income, of securities utilized in repurchase agreements will be priced at 102 percent of the value of the repurchase agreement, plus accrued income.

The OST invested in repurchase agreements during fiscal year 2022. There were no repurchase agreements as of June 30, 2022.

Note 4 Receivables and Unearned/Unavailable Revenues

A. GOVERNMENTAL FUNDS

Taxes Receivable

Taxes receivable at June 30, 2022, consisted of the following (expressed in thousands):

Taxes Receivable	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Property	\$ 2,165,941	\$ —	\$ —	\$ 11,303	\$ 2,177,244
Sales	2,176,495	5,393	—	33,987	2,215,875
Business and occupation	1,253,366	44,518	—	713	1,298,597
Estate	—	20,442	—	16,119	36,561
Fuel	—	—	—	156,078	156,078
Beer and wine	—	—	—	5,484	5,484
Cannabis	—	—	—	41,665	41,665
Real estate excise	28,525	4,722	—	8,277	41,524
Public utilities	52,907	2,091	—	—	54,998
Hazardous substance	—	—	—	29,677	29,677
Other	2,220	1	—	1,817	4,038
Subtotal	5,679,454	77,167	—	305,120	6,061,741
Less: Allowance for uncollectible receivables	572,636	3,041	—	3,558	579,235
Total Taxes Receivable	\$ 5,106,818	\$ 74,126	\$ —	\$ 301,562	\$ 5,482,506

Receivables

Receivables at June 30, 2022, consisted of the following (expressed in thousands):

Receivables	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Public assistance ⁽¹⁾	\$ 407,411	\$ —	\$ —	\$ —	\$ 407,411
Accounts receivable	1,071,992	819,566	1,019	450,143	2,342,720
Interest	18,099	14,171	3,454	12,244	47,968
Investment trades pending	—	—	9	—	9
Loans ⁽²⁾	7,176	77,876	—	639,201	724,253
Long-term contracts ⁽³⁾	2,819	—	13,592	103,536	119,947
Leases receivable	333	386,865	—	17,317	404,515
Miscellaneous	1,441	1,154	—	484	3,079
Subtotal	1,509,271	1,299,632	18,074	1,222,925	4,049,902
Less: Allowance for uncollectible receivables	484,025	89,209	—	128,996	702,230
Total Receivables	\$ 1,025,246	\$ 1,210,423	\$ 18,074	\$ 1,093,929	\$ 3,347,672

Notes:

⁽¹⁾ Public assistance receivables mainly represent amounts owed to the state as part of the Support Enforcement Program at the Department of Social and Health Services for the amounts due from persons required to pay support for individuals currently on state assistance and have a low realization expectation. Accordingly, the receivable is offset by a large allowance for uncollectible receivables.

⁽²⁾ Significant long-term portions of loans receivable include \$62.3 million in the Higher Education Special Revenue Fund for student loans and \$598.7 million in Nonmajor Governmental Funds for low income housing, public works, and economic development/revitalization loans.

⁽³⁾ Long-term contracts in Nonmajor Governmental Funds are for timber sales contracts.

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Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following (expressed in thousands):

Unearned Revenue	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Other taxes	\$ 3,992	\$ —	\$ —	\$ —	\$ 3,992
Charges for services	176,649	273,263	—	31,725	481,637
Donable goods	—	—	—	5,191	5,191
Grants and donations ⁽¹⁾	3,009,098	9,471	—	6,280	3,024,849
Tolls	—	—	—	2,086	2,086
Transportation	—	—	—	43,869	43,869
Miscellaneous	20,194	10,512	—	12,631	43,337
Total Unearned Revenue	\$ 3,209,933	\$ 293,246	\$ —	\$ 101,782	\$ 3,604,961

Notes:

⁽¹⁾ Unearned revenue from grants and donations includes \$2.89 billion in federal stimulus funds received from the U.S. Department of the Treasury under the American Rescue Plan, but not yet spent.

Unavailable Revenue

Unavailable revenue at June 30, 2022, consisted of the following (expressed in thousands):

Unavailable Revenue	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,078,881	\$ —	\$ —	\$ 538	\$ 2,079,419
Other taxes	1,245,242	16,951	—	19,535	1,281,728
Timber sales	2,819	—	13,592	103,536	119,947
Transportation	—	—	—	3,683	3,683
Charges for services	12	—	—	7,297	7,309
Grants and donations	67	—	—	—	67
Miscellaneous	3,600	—	—	16,954	20,554
Total Unavailable Revenue	\$ 3,330,621	\$ 16,951	\$ 13,592	\$ 151,543	\$ 3,512,707

B. PROPRIETARY FUNDS

Receivables

Receivables at June 30, 2022, consisted of the following (expressed in thousands):

Receivables	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
Accounts receivable	\$ 1,062,467	\$ 1,941,000	\$ 410,690
Interest	115,376	—	721
Investment trades pending	—	—	—
Loans	—	—	6
Leases receivable	—	—	3,237
Miscellaneous	83	—	520
Subtotal	1,177,926	1,941,000	415,174
Less: Allowance for uncollectible receivables	240,000	626,175	19,322
Total Receivables	\$ 937,926	\$ 1,314,825	\$ 395,852

Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following (expressed in thousands):

Unearned Revenue	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
Charges for services	\$ —	\$ —	\$ 132,809
Premiums and assessments	2,740	—	—
Miscellaneous	3,920	—	—
Total Unearned Revenue	\$ 6,660	\$ —	\$ 132,809

Taxes Receivables

Taxes receivables at June 30, 2022, consisted of \$3.4 million for petroleum products, net of allowance.

C. FIDUCIARY FUNDS

Other Receivables

Receivables at June 30, 2022, consisted of \$22.0 million for interest and other miscellaneous amounts.

Unearned Revenue

Unearned revenue at June 30, 2022, consisted of \$1.3 million for service credit restorations reported in Pension and Other Employee Benefit Plans.

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			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 100,911	\$ 383,671	\$ 3,898,739	\$ 50,981	
261	1,641	117,999	71	
—	39	39	—	
—	—	6	3	
—	—	3,237	—	
—	—	603	106	
101,172	385,351	4,020,623	51,161	
528	110	886,135	1,425	
\$ 100,644	\$ 385,241	\$ 3,134,488	\$ 49,736	

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 2,171	\$ 911	\$ 135,891	\$ 4,981	
—	44,792	47,532	—	
—	3,813	7,733	132	
\$ 2,171	\$ 49,516	\$ 191,156	\$ 5,113	

Note 5

Interfund Balances and Transfers

A. INTERFUND BALANCES

Interfund balances as reported in the financial statements at June 30, 2022, consisted of the following (expressed in thousands):

Due To	Due From				
	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 437,077	\$ —	\$ 978,518	\$ 98
Higher Education Special Revenue	79,248	—	812,840	21,319	437
Higher Education Endowment and Other Permanent Funds	—	—	—	15	—
Nonmajor Governmental Funds	82,669	1,115	2,383	417,936	33
Workers' Compensation	59	2	—	5	—
Unemployment Compensation	2,905	1,337	—	2,082	62
Higher Education Student Services	120	25,598	—	2	35
Health Insurance	228	—	—	—	—
Nonmajor Enterprise Funds	26,582	87	—	1,274	6
Internal Service Funds	68,857	3,055	—	25,177	4,649
Totals	\$ 260,668	\$ 468,271	\$ 815,223	\$ 1,446,328	\$ 5,320

Except as noted below, interfund balances are expected to be paid within one year from the date of the financial statements. These balances resulted from the time lag between the dates that (1) interfund goods and services were provided and when the payments occurred and (2) interfund transfers were accrued and when the liquidations occurred.

Interfund balances include: (1) a \$63.5 million loan from the General Fund to a nonmajor enterprise fund which is expected to be paid over the next two years, (2) \$125.0 million on a revolving loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund, (3) \$5.1 million on a loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund which is expected to be paid over the next 10 years, and (4) \$10.6 million on a loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund which is expected to be paid over the next 30 years.

In addition to the interfund balances noted in the schedule above, there are interfund balances of \$89.3 million within the state's Pension Trust Funds.

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Due From

Unemployment Compensation	Higher Education Student Services	Health Insurance	Nonmajor Enterprise Funds	Internal Service Funds	Local Government Investment Pool	Totals
\$ 45	\$ 1	\$ 7	\$ 72,171	\$ 243,558	\$ —	\$ 1,731,475
56	186,593	216	13	11,147	—	1,111,869
—	—	—	—	—	—	15
2,222	2	—	457	6,249	80	513,146
—	—	—	—	16	—	82
—	1	—	68	103	—	6,558
—	—	—	—	—	—	25,755
—	—	—	—	—	—	228
—	3	—	43,299	192	18	71,461
—	79	117	744	4,919	—	107,597
\$ 2,323	\$ 186,679	\$ 340	\$ 116,752	\$ 266,184	\$ 98	\$ 3,568,186

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B. INTERFUND TRANSFERS

Interfund transfers as reported in the financial statements for the year ended June 30, 2022, consisted of the following (expressed in thousands):

Transferred From	Transferred To				
	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 880	\$ 300	\$ 3,791,266	\$ 1,787
Higher Education Special Revenue	197,177	—	320,697	216,443	—
Higher Education Endowment and Other Permanent Funds	—	454,168	—	29,044	—
Nonmajor Governmental Funds	510,616	67,516	1,309	2,164,192	—
Workers' Compensation	—	—	—	—	—
Unemployment Compensation	—	—	—	—	—
Higher Education Student Services	—	511,979	—	4,504	—
Health Insurance	15,615	—	—	1,552	—
Nonmajor Enterprise Funds	263,553	—	—	434	—
Internal Service Funds	199	27,328	—	373	—
Private-Purpose Trust Funds	—	—	—	—	—
Totals	\$ 987,160	\$ 1,061,871	\$ 322,306	\$ 6,207,808	\$ 1,787

Except as noted below, transfers are used to (1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, (2) move receipts designated for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (4) move profits from the Lottery Fund as required by law, and (5) transfer amounts to and from the General Fund as required by law.

On June 30, 2022, \$300.2 million was transferred from the General Fund Basic Account to the Budget Stabilization Account (BSA) in accordance with the provisions of the state Constitution. The state Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature.

In addition to the transfers noted in the schedule above, there were transfers of \$126.1 million within the state's Pension Trust Funds.

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Transferred To

Unemployment Compensation	Higher Education Student Services	Health Insurance	Nonmajor Enterprise Funds	Internal Service Funds	Private-Purpose Trust Funds	Totals
\$ 499,970	\$ —	\$ 25	\$ 57,750	\$ 19,392	\$ 2,741	\$ 4,374,111
—	491,279	—	—	18,795	—	1,244,391
—	—	—	—	—	—	483,212
—	65	146	—	—	—	2,743,844
—	—	—	—	—	—	—
—	—	—	—	1,587	—	518,070
—	—	—	—	—	—	17,167
—	—	—	—	—	—	263,987
—	147	—	—	146	—	28,193
—	—	—	—	—	—	—
\$ 499,970	\$ 491,491	\$ 171	\$ 57,750	\$ 39,920	\$ 2,741	\$ 9,672,975

Note 6

Capital Assets

Capital assets at June 30, 2022, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

A. GOVERNMENTAL CAPITAL ASSETS

The following is a summary of governmental capital asset activity for the year ended June 30, 2022 (expressed in thousands):

Capital Assets	Balances July 1, 2021*	Additions	Deletions/ Adjustments	Balances June 30, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 2,942,763	\$ 153,153	\$ (39,830)	\$ 3,056,086
Transportation infrastructure	26,575,230	453,320	—	27,028,550
Intangible assets - indefinite lives	37,163	58	—	37,221
Art collections, library reserves, and museum and historical collections	156,157	2,956	(28)	159,085
Construction in progress	1,490,253	740,141	(407,335)	1,823,059
Total Capital Assets, Not Being Depreciated	<u>31,201,566</u>			<u>32,104,001</u>
Capital Assets, Being Depreciated:				
Buildings	16,435,084	304,506	(84,068)	16,655,522
Accumulated depreciation	<u>(7,407,116)</u>	(402,070)	6,518	<u>(7,802,668)</u>
Net buildings	<u>9,027,968</u>			<u>8,852,854</u>
Other improvements	1,691,472	36,076	5,810	1,733,358
Accumulated depreciation	<u>(984,457)</u>	(50,346)	(641)	<u>(1,035,444)</u>
Net other improvements	<u>707,015</u>			<u>697,914</u>
Furnishings, equipment, and intangible assets	6,299,413	286,701	(145,998)	6,440,116
Accumulated depreciation	<u>(4,175,010)</u>	(324,859)	134,763	<u>(4,365,106)</u>
Net furnishings, equipment, and intangible assets	<u>2,124,403</u>			<u>2,075,010</u>
Infrastructure	1,383,923	74,948	—	1,458,871
Accumulated depreciation	<u>(759,292)</u>	(46,851)	—	<u>(806,143)</u>
Net infrastructure	<u>624,631</u>			<u>652,728</u>
Total Capital Assets, Being Depreciated, Net	<u>12,484,017</u>			<u>12,278,506</u>
Lease Assets, Net (see Note 8 for detail)	<u>1,351,589</u>	(5,332)	(2,015)	<u>1,344,242</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,037,172</u>			<u>\$ 45,726,749</u>

*The beginning balances reflect prior period adjustments due to the implementation of GASB Statement No. 87, *Leases*, which resulted in an increase in capital assets of \$2.18 billion and an increase in accumulated amortization/depreciation of \$687.7 million.

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B. BUSINESS-TYPE CAPITAL ASSETS

The following is a summary of business-type capital asset activity for the year ended June 30, 2022 (expressed in thousands):

Capital Assets	Balances July 1, 2021*	Additions	Deletions/ Adjustments	Balances June 30, 2022
Capital Assets, Not Being Depreciated:				
Land	\$ 74,721	\$ 27	\$ —	\$ 74,748
Intangible assets - indefinite lives	4,580	—	—	4,580
Art collections	40	—	—	40
Construction in progress	306,937	58,942	(131,370)	234,509
Total Capital Assets, Not Being Depreciated	<u>386,278</u>			<u>313,877</u>
Capital Assets, Being Depreciated:				
Buildings	4,663,207	151,317	3,804	4,818,328
Accumulated depreciation	(1,848,172)	(149,901)	282	(1,997,791)
Net buildings	<u>2,815,035</u>			<u>2,820,537</u>
Other improvements	156,519	449	26	156,994
Accumulated depreciation	(75,792)	(7,104)	—	(82,896)
Net other improvements	<u>80,727</u>			<u>74,098</u>
Furnishings, equipment, and intangible assets	901,981	165,487	(89,221)	978,247
Accumulated depreciation	(795,346)	(74,408)	86,688	(783,066)
Net furnishings, equipment, and intangible assets	<u>106,635</u>			<u>195,181</u>
Infrastructure	64,513	80	—	64,593
Accumulated depreciation	(37,826)	(1,290)	1,239	(37,877)
Net infrastructure	<u>26,687</u>			<u>26,716</u>
Total Capital Assets, Being Depreciated, Net	<u>3,029,084</u>			<u>3,116,532</u>
Lease Assets, Net (see Note 8 for detail)	<u>276,338</u>	(34,123)	(281)	<u>241,934</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,691,700</u>			<u>\$ 3,672,343</u>

*The beginning balances reflect prior period adjustments due to the implementation of GASB Statement No. 87, *Leases*, which resulted in an increase in capital assets of \$345.8 million and an increase in accumulated amortization/depreciation of \$69.7 million.

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C. DEPRECIATION

Depreciation expense for the year ended June 30, 2022, was charged by the primary government as follows (expressed in thousands):

	Amount
Governmental Activities:	
General government	\$ 133,187
Education - elementary and secondary (K-12)	4,392
Education - higher education	514,473
Human services	129,730
Adult corrections	51,792
Natural resources and recreation	55,587
Transportation	125,082
Total Depreciation Expense - Governmental Activities *	\$ 1,014,243
Business-Type Activities:	
Workers' compensation	\$ 11,411
Unemployment compensation	—
Higher education student services	261,348
Health Insurance	926
Other	8,039
Total Depreciation Expense - Business-Type Activities	\$ 281,724

* Includes \$118.5 million internal service fund depreciation that was allocated to governmental activities as a component of net internal service fund activity.

D. CONSTRUCTION IN PROGRESS

Major construction commitments of the state at June 30, 2022, are as follows (expressed in thousands):

Agency / Project Commitments	Construction in Progress June 30, 2022	Continued Remaining Project Commitments
Office of the Secretary of State:		
Library-Archives building	\$ 4,846	\$ 145,086
Office of Financial Management:		
One Washington and other projects	44,875	187,040
Department of Enterprise Services:		
Legislative Campus Modernization and other projects	6,605	120,430
Liquor and Cannabis Board:		
Systems modernization project	5,466	19,971
Department of Labor and Industries:		
Division of Occupational Safety and Health Lab and Training Facility	27,704	25,499
Military Department:		
Thurston County and Tri-Cities Readiness Centers, and other projects	63,412	5,458
Department of Social and Health Services:		
Residential, rehabilitation, and other facilities	52,394	94,659
State hospitals / treatment centers	115,762	129,870
Department of Children, Youth, and Family:		
Green Hill school recreation center replacement and other projects	11,483	35,124
Department of Corrections:		
Correctional center units security and safety improvements	15,740	12,714
Other projects	24,052	7,378
Center for Deaf and Hard of Hearing Youth:		
Academic and physical education facility	4,918	50,201
Department of Transportation:		
Olympic and Dayton Ave Regional Headquarter building projects	105,007	4,783
State ferry vessels and terminals	589,390	65,759
Transportation infrastructure	—	3,664,029
Other projects	14,211	3,381
Department of Fish and Wildlife:		
Samish, Naselle, and Wallace River hatcheries, Deschutes watershed, and other projects	53,896	319,187
Employment Security Department:		
Long-Term Services and Support System and other projects	15,743	9,322

State of Washington

		Concluded
Agency / Project Commitments	Construction in Progress June 30, 2022	Remaining Project Commitments
University of Washington:		
Behavioral Health teaching facility, UW Bothell/Cascadia College STEM, Haring Center renovation, Founders Hall, UW Power Plant infrastructure renewal, and UW Tacoma renovation projects	\$ 429,584	\$ 332,032
Intramural Activities (IMA) locker rooms/pool upgrades and other projects	6,265	24,398
Student housing, campus bike house program, and other projects	254	751
UW Medical Center expansion, upgrades, and renovation projects	145,935	44,800
Washington State University:		
Chief Joseph building and other housing projects	2,651	43
Rogers Field re-turf	89	—
Vancouver Life Sciences building, Spokane Biomedical and Health Sciences building, and other facility projects	17,538	88,815
Campus upgrades and renovation projects	3,700	12,804
Eastern Washington University:		
Science Center renovation, energy plant, and other projects	19,577	51,773
Central Washington University:		
Health Education building and other projects	30,158	—
Western Washington University:		
Electrical Engineering & Computer Science Building and other projects	8,410	78,802
Community and Technical Colleges:		
Bellevue Center for Transdisciplinary Learning and other projects	1,194	39,744
Columbia Basin student recreation center	31,658	3,342
Edmonds Science, Technology, Engineering, Math (STEM) building	47,096	—
Everett Learning Resource Center and other projects	29,876	25,181
Pierce Science, Technology, Engineering, Math (STEM) building, Glacier building, and other projects	23,555	66,042
Seattle Library renovation, Automotive Technology building renovation, and other projects	45,321	23,158
Shoreline Allied Health Science Center and other projects	5,439	31,916
Other community college projects	34,904	20,581
Other Agency Projects:	<u>18,860</u>	<u>17,771</u>
Total Construction in Progress	<u><u>\$ 2,057,568</u></u>	<u><u>\$ 5,761,844</u></u>

Note 7

Long-Term Liabilities

A. BONDS AND NOTES PAYABLE

Bonds payable at June 30, 2022, include general obligation bonds, revenue bonds, and notes payable. They are reported by the state of Washington within governmental activities and business-type activities, as applicable.

The state Constitution and enabling statutes authorize the incurrence of state general obligation debt, to which the state's full faith, credit, and taxing power are pledged, either by the Legislature or by a body designated by statute (presently the State Finance Committee).

Authorization arises in the following situations:

- From an affirmative vote of 60 percent of the members of each house of the Legislature without voter approval, in which case the amount of such debt is generally subject to the constitutional debt limitation described below.
- When authorized by law for a distinct work or object and approved by a majority of the voters voting thereon at a general election or a special election called for that purpose, in which case the amount of the debt so approved is not subject to the constitutional debt limitations described below.
- By the State Finance Committee without limitation as to amount, and without approval of the Legislature or approval of the voters.

The State Finance Committee debt authorization does not require voter approval; however, it is limited to providing for: (1) meeting temporary deficiencies of the state treasury if such debt is discharged within 12 months of the date of incurrence and is incurred only to provide for appropriations already made by the Legislature; or (2) refunding of outstanding obligations of the state.

Legal Debt Limitation

The state Constitution limits the amount of state debt that may be incurred by restricting the amount of general state revenues which may be allocated to pay principal and interest on debt subject to these limitations. In November 2012, voters passed a constitutional amendment specifying that maximum annual payments of principal and interest on all debt subject to the limit may not exceed a percentage of the average of the prior six years' general state revenues; this percentage currently stands at 8.25 percent and will decline to 8.00 percent by July 1, 2034. This limitation restricts the incurrence of new debt and not the amount of debt service that may be paid by the state in future years. The state Constitution

requires the State Treasurer to certify the debt service limitation for each fiscal year. In accordance with these provisions, the debt service limitation for fiscal year 2022 is \$1.83 billion.

This computation excludes specific bond issues and types that are not secured by general state revenues. Of the \$20.71 billion general obligation bond debt principal outstanding at June 30, 2022, \$12.90 billion is subject to the limitation.

Based on the debt limitation calculation, the debt service requirements as of June 30, 2022, did not exceed the authorized debt service limitation.

For further information on the debt limit, refer to the Report on the State of Washington's Debt Limitation available from the Office of the State Treasurer at <https://www.tre.wa.gov/wp-content/uploads/Debt-Limit-Certification-2022.pdf> or to Schedule 11 in the Statistical Section of this report.

Authorized But Unissued

The state had a total of \$13.73 billion in general obligation bonds authorized but unissued as of June 30, 2022, for the purpose of capital construction, higher education, transportation, and various other projects throughout the state.

Interest Rates

Interest rates on fixed rate general obligation bonds range from 0.15 to 5.70 percent. Interest rates on revenue bonds range from 0.19 to 8.00 percent.

Debt Service Requirements to Maturity

General Obligations Bonds

General obligation bonds have been authorized and issued primarily to provide funds for the following purposes:

- Acquisition and construction of state and common school capital facilities.
- Transportation construction and improvement projects.
- Assistance to local governments for public works capital projects.
- Refunding of general obligation bonds outstanding.

Outstanding general obligation bonds are presented in the Washington State Treasurer's Annual Report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, phone number (360) 902-9000 or TTY 711, or by visiting their website at <http://www.tre.wa.gov/about-us/resources/annual-reports>.

State of Washington

Total debt service requirements to maturity for general obligation bonds as of June 30, 2022, are as follows (expressed in thousands):

General Obligation Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2023	\$ 1,119,732	\$ 997,310	\$ —	\$ —	\$ 1,119,732	\$ 997,310
2024	1,105,764	973,352	—	—	1,105,764	973,352
2025	1,113,070	923,744	—	—	1,113,070	923,744
2026	1,127,081	871,225	—	—	1,127,081	871,225
2027	1,126,754	819,996	—	—	1,126,754	819,996
2028-2032	5,557,874	3,224,802	—	—	5,557,874	3,224,802
2033-2037	4,557,795	1,810,835	—	—	4,557,795	1,810,835
2038-2042	3,591,995	804,985	—	—	3,591,995	804,985
2043-2047	1,410,360	153,449	—	—	1,410,360	153,449
Total Debt Service Requirements	\$ 20,710,425	\$ 10,579,698	\$ —	\$ —	\$ 20,710,425	\$ 10,579,698

Revenue Bonds

Revenue bonds are authorized under current state statutes which provide for the issuance of bonds that are not supported, or not intended to be supported, by the full faith and credit of the state.

investment income. General revenue bonds outstanding as of June 30, 2022, include \$899.1 million in governmental activities and \$1.89 billion in business-type activities.

General Revenue

The University of Washington and Washington State University issue general revenue bonds that are payable from general revenues, including student tuition, grant indirect cost recovery, sales and services revenue, and

Pledged Revenue

The remainder of the state's revenue bonds pledged income derived from acquired or constructed assets for retirement of the debt and payment of the related interest.

Total debt service requirements for revenue bonds to maturity as of June 30, 2022, are as follows (expressed in thousands):

Revenue Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2023	\$ 177,317	\$ 69,485	\$ 136,774	\$ 93,070	\$ 314,091	\$ 162,555
2024	159,525	64,032	82,326	90,255	241,851	154,287
2025	142,864	56,394	94,933	86,711	237,797	143,105
2026	52,223	52,062	98,133	83,162	150,356	135,224
2027	55,963	49,882	101,571	79,236	157,534	129,118
2028-2032	291,240	214,085	510,539	336,385	801,779	550,470
2033-2037	329,128	147,764	501,340	237,158	830,468	384,922
2038-2042	269,815	77,234	466,140	122,837	735,955	200,071
2043-2047	167,265	38,956	263,556	41,625	430,821	80,581
2048-2052	103,691	12,556	32,822	5,591	136,513	18,147
Total Debt Service Requirements	\$ 1,749,031	\$ 782,450	\$ 2,288,134	\$ 1,176,030	\$ 4,037,165	\$ 1,958,480

Governmental activities include revenue bonds outstanding at June 30, 2022, of \$60.1 million issued by the Tobacco Settlement Authority (TSA), which is a blended component unit of the state. In November 2002, the TSA issued \$517.9 million in bonds and transferred \$450.0 million to the state to be used for increased health care, long-term care, and other programs.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are obligations of the TSA and are secured solely by the TSA's right to receive 29.2 percent of the state's tobacco settlement revenues, restricted investments of the TSA, undistributed TSA bond proceeds, and the earnings thereon held under the indenture authorizing the bonds. Total principal and interest remaining on the bonds is \$70.2 million, payable through 2033. For the current year, both pledged revenue and debt service were \$37.0 million.

Governmental activities include grant anticipation revenue bonds outstanding at June 30, 2022, of \$274.9 million issued for the Washington State Department of Transportation. The bonds were issued to finance a portion of the cost of constructing the State Route 520 Floating Bridge and Eastside Project.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are payable solely from Federal-Aid Highway Program funds, including federal reimbursements of debt service on the bonds and federal reimbursements to the state for projects or portions of projects not financed with bond proceeds. Total principal and interest remaining on the bonds is \$293.7 million, payable through 2024. For the current year, both pledged revenue and debt service were \$99.6 million.

Governmental activities include the Transportation Infrastructure Finance and Innovation Act Bond (TIFIA Bond) outstanding at June 30, 2022, of \$283.6 million. The bonds were issued to finance a portion of the State Route 520 Corridor Program.

The TIFIA Bond is payable solely from toll revenues and does not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of this bond. Total principal and interest remaining on the bond is \$478.9 million, payable through 2051. For the current year, both pledged revenue and debt service were \$12.7 million.

Governmental activities include revenue bonds outstanding at June 30, 2022, of \$27.9 million issued by TOP, which is a blended component unit of the state. The bonds, issued in 2004, are payable solely from the

trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Tumwater, Washington which the state occupied beginning in fiscal year 2006.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$32.6 million, payable through 2029. For the current year, both pledged revenue and debt service were \$4.2 million.

Governmental activities include revenue bonds outstanding at June 30, 2022, of \$203.2 million issued by FYI Properties, a blended component unit of the state. The bonds, issued in 2009, are payable solely from the trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Olympia, Washington which the state occupied beginning in fiscal year 2012.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$305.9 million, payable through 2039. For the current year, both pledged revenue and debt service were \$18.1 million.

Additionally, governmental activities include revenue bonds outstanding at June 30, 2022, of \$180 thousand issued by the City of Aberdeen. The bonds were used to extend utilities to the state Department of Corrections Stafford Creek Corrections Center. The Department of Corrections entered into an agreement with the City of Aberdeen to pay a system development fee sufficient to pay the debt service on the bonds. The bonds were issued in 1998 and 2002, and refunded by the city in 2010, and are payable solely from current operating appropriations.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on these bonds is \$189 thousand payable through 2023. For the current year, both pledged revenue and debt service were \$187 thousand.

The state's colleges and universities may issue bonds for the purpose of housing, dining, parking, and student facilities construction. These bonds are reported within business-type activities and are secured by a pledge of specific revenues. These bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds.

The state colleges and universities may also enter into financing agreements, not offered for public sale, directly with investors or lenders.

State of Washington

Total pledged specific revenues for the state's colleges and universities to repay the principal and interest of revenue bonds as of June 30, 2022, are as follows (expressed in thousands):

Source of Revenue Pledged	Housing and Dining Revenues (Net of Operating Expenses)	Student Facilities Fees and Earnings on Invested Fees	Bookstore Revenues
Current revenue pledged	\$ 31,671	\$ 20,007	\$ 212
Current year debt service	5,735	10,675	202
Total future revenues pledged *	442,821	138,921	2,427
Description of debt	Housing and dining bonds issued in 2008-2020	Student facilities bonds issued in 2015-2022	Bookstore bonds issued in 2013
Purpose of debt	Construction and renovation of student housing and dining facilities	Construction and renovation of student activity and sports facilities	Bookstore remodel
Term of commitment	2026-2049	2028-2047	2034
Percentage of debt service to pledged revenues (current year)	18.11 %	53.36 %	95.38 %

* Total future principal and interest payments.

Other Notes Payable

Total debt service requirements for other notes payable to maturity as of June 30, 2022, are as follows (expressed in thousands):

Notes Payable	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2023	\$ 990	\$ 38	\$ 985	\$ 12	\$ 1,975	\$ 50
2024	524	17	—	—	524	17
2025	96	6	—	—	96	6
2026	96	3	—	—	96	3
2027	95	—	—	—	95	—
Total	\$ 1,801	\$ 64	\$ 985	\$ 12	\$ 2,786	\$ 76

B. CERTIFICATES OF PARTICIPATION

Certificates of participation at June 30, 2022, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

Current state law authorizes the state to enter into long-term financing contracts for the acquisition of real or personal property and for the issuance of certificates of participation in the contracts. These certificates of

participation do not fall under the general obligation debt limitations and are generally payable only from annual appropriations by the Legislature.

Other specific provisions could also affect the state's obligation under certain agreements. The certificates of participation are recorded for financial reporting purposes if the possibility of the state not meeting the terms of the agreements is considered remote.

State of Washington

Total debt service requirements for certificates of participation to maturity as of June 30, 2022, are as follows (expressed in thousands):

Certificates of Participation	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2023	\$ 156,264	\$ 49,775	\$ 6,811	\$ 2,169	\$ 163,075	\$ 51,944
2024	53,969	22,138	17,279	7,087	71,248	29,225
2025	46,336	19,522	14,835	6,250	61,171	25,772
2026	44,198	17,262	14,150	5,527	58,348	22,789
2027	38,626	15,104	12,366	4,836	50,992	19,940
2028-2032	136,762	53,306	43,785	17,066	180,547	70,372
2033-2037	96,182	27,100	30,793	8,676	126,975	35,776
2038-2042	47,779	7,992	15,296	2,559	63,075	10,551
2043-2047	9,677	772	3,098	247	12,775	1,019
Total Debt Service Requirements	\$ 629,793	\$ 212,971	\$ 158,413	\$ 54,417	\$ 788,206	\$ 267,388

C. DEBT REFUNDINGS

When advantageous and permitted by statute and bond covenants, the State Finance Committee authorizes the refunding of outstanding bonds and certificates of participation. Colleges and universities may also refund revenue bonds.

When the state refunds outstanding bonds, the net proceeds of each refunding issue are used to purchase U.S. government securities that are placed in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds.

As a result, the refunded bonds are considered defeased and the liability is removed from the government-wide statement of net position.

Current Year Defeasances

Bonds

Governmental Activities

On November 16, 2021, the state issued \$133.0 million in various purpose general obligation refunding bonds with an average interest rate of 4.35 percent to refund \$159.9 million of various purpose general obligation bonds with an average interest rate of 4.15 percent. The refunding resulted in \$35.9 million gross debt service savings over the next 15 years and an economic gain of \$32.2 million.

Also on November 16, 2021, the state issued \$133.4 million in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 4.24 percent to refund \$160.7 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 4.09 percent. The refunding resulted in \$40.0 million

gross debt service savings over the next 20 years and an economic gain of \$34.9 million.

On January 4, 2022, Washington State University issued \$16.1 million in general revenue refunding bonds with an average interest rate of 5.00 percent to refund \$19.5 million of general revenue bonds to fund the construction of the Spokane Biomedical building with an average interest rate of 5.00 percent. The refunding resulted in \$5.4 million gross debt service savings over the next 16 years and an economic gain of \$346 thousand.

On May 11, 2022, the state issued \$860.7 million in various purpose general obligation refunding bonds with an average interest rate of 4.14 percent to refund \$896.6 million of various purpose general obligation bonds with an average interest rate of 4.08 percent. The refunding resulted in \$58.4 million gross debt service savings over the next 15 years and an economic gain of \$50.5 million.

Also on May 11, 2022, the state issued \$499.7 million in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 4.11 percent to refund \$522.3 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 3.92 percent. The refunding resulted in \$31.7 million gross debt service savings over the next 20 years and an economic gain of \$24.1 million.

On June 30, 2022, the state issued \$118.2 million in federal highway grant anticipation revenue refunding bonds with an average interest rate of 5.00 percent to refund \$120.4 million of federal highway grant anticipation revenue bonds with an average interest rate of 4.95 percent. The refunding resulted in \$4.6 million gross debt service savings over the next 3 years and an economic gain of \$4.3 million.

Business-Type Activities

On February 1, 2022, Western Washington University issued \$16.0 million in student recreation fee revenue refunding bonds with an average interest rate of 4.00 percent to refund \$19.0 million of general revenue bonds to fund the construction of the Student Recreation Center with an average interest rate of 4.00 percent. The refunding resulted in \$2.9 million gross debt service savings over the next 15 years and an economic gain of \$2.6 million.

On March 8, 2022, the University of Washington issued \$90.5 million in general revenue refunding bonds with an average interest rate of 2.43 percent to refund \$87.4 million of general revenue bonds to fund various capital projects with an average interest rate of 4.81 percent. The refunding resulted in \$11.4 million gross debt service savings over the next 12 years and an economic gain of \$9.8 million.

Also on March 8, 2022, the University of Washington issued \$118.6 million in general revenue refunding bonds with an average interest rate of 3.06 percent to refund \$112.7 million of general revenue bonds to fund various capital projects with an average interest rate of 5.00 percent. The refunding resulted in \$22.4 million gross debt service savings over the next 20 years and an economic gain of \$16.7 million.

Also on March 8, 2022, the University of Washington issued \$90.7 million in general revenue refunding bonds with an average interest rate of 4.00 percent to refund \$100.0 million of general revenue bonds to fund various capital projects with an average interest rate of 4.50 percent. The refunding resulted in \$33.9 million gross debt service savings over the next 26 years and an economic gain of \$24.3 million.

Certificates of Participation

On November 17, 2021, the state issued \$5.8 million in refunding certificates of participation with an average interest rate of 5.00 percent to refund \$7.5 million of certificates of participation with an average interest rate of 4.10 percent. The refunding resulted in a \$1.1 million gross debt service savings over the next 10 years and a net present value savings of \$1.1 million.

On June 28, 2022, the state issued \$31.6 million in refunding certificates of participation with an average interest rate of 5.00 percent to refund \$39.0 million of certificates of participation with an average interest rate of 4.24 percent. The refunding resulted in a \$4.2 million gross debt service savings over the next 10 years and a net present value savings of \$3.3 million.

Current Year In-Substance Defeasances

Bonds

Governmental Activities

For the fiscal year ended June 30, 2022, the state deposited \$2.4 million of existing resources into an irrevocable escrow account for the defeasance of debt service coming due in future fiscal years.

Prior Year Defeasances

In prior years, the state defeased certain general obligation bonds, revenue bonds, and certificates of participation by placing the proceeds of new bonds and certificates of participation in an irrevocable trust to provide for all future debt service payments on the prior bonds and certificates of participation.

Accordingly, the trust account assets and the liability for the defeased bonds and certificates of participation are not included in the state's financial statements.

General Obligation Bond Debt

On June 30, 2022, \$1.59 billion of general obligation bond debt outstanding is considered defeased.

Revenue Bond Debt

On June 30, 2022, \$414.3 million of revenue bond debt outstanding is considered defeased.

Certificates of Participation Debt

On June 30, 2022, \$39.0 million of certificates of participation debt outstanding is considered defeased.

D. CLAIMS AND JUDGMENTS

Claims and judgments are materially related to three activities: workers' compensation, risk management, and health insurance. Workers' compensation and health insurance are business-type activities, and risk management is a governmental activity. A description of the risks to which the state is exposed by these activities and the ways in which the state handles the risks are presented in Note 1.E.

Workers' Compensation

At June 30, 2022, \$49.08 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of \$38.70 billion. These claims are discounted at assumed interest rates of 1.0 percent for non-pension and cost of living adjustments, 5.7 percent for all self-insured pension annuities, and 4.0 percent for state fund pension annuities to arrive at a settlement value.

State of Washington

The claims and claim adjustment liabilities of \$38.70 billion as of June 30, 2022, include \$23.00 billion for supplemental pension cost of living adjustments (COLAs) that by statute are not to be fully funded. These COLA payments are funded on a pay-as-you-go basis, and the workers' compensation actuaries have indicated that

future premium payments will be sufficient to pay these claims as they come due.

The remaining claims liabilities of \$15.70 billion are fully funded by long-term investments, net of obligations under securities lending agreements.

Changes in the balances of workers' compensation claims liabilities during fiscal years 2021 and 2022 were as follows (expressed in thousands):

Workers' Compensation Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
2021	\$ 32,793,141	4,304,760	(2,515,592)	\$ 34,582,309
2022	\$ 34,582,309	6,763,887	(2,643,440)	\$ 38,702,756

Risk Management

The Risk Management Fund administers tort and sundry claims filed against Washington state agencies, except the University of Washington. The fund reports a tort liability when it becomes probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an actuarially determined amount for tort claims that have been incurred but not reported. It also includes an actuarial estimate of loss adjustment expenses for tort defense.

Because actual liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, it should be recognized that future loss emergence will likely deviate, perhaps materially, from the actuarial estimates. Liabilities are re-evaluated annually to

take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The state is a defendant in a significant number of lawsuits pertaining to general and automobile liability matters.

As of June 30, 2022, outstanding and actuarially determined claims against the state and its agencies, with the exception of the University of Washington, including actuarially projected defense costs were \$1.56 billion for which the state has recorded a liability. The state is restricted by law from accumulating funds in the Self Insurance Liability Program in excess of 50 percent of total outstanding and actuarially determined liabilities.

Changes in the balances of risk management claims liabilities during fiscal years 2021 and 2022 were as follows (expressed in thousands):

Risk Management Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Tort Defense Payments	Balances End of Fiscal Year
2021	\$ 1,194,078	129,509	(100,716)	(28,409)	\$ 1,194,462
2022	\$ 1,194,462	867,469	(481,502)	(24,331)	\$ 1,556,098

Health Insurance

The Health Insurance Fund establishes a liability when it becomes probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an actuarially determined amount for claims that have been incurred but not reported. Because actual claims liabilities depend on various complex factors, the process used in computing claims liabilities does not always result in an exact amount.

Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

At June 30, 2022, health insurance claims liabilities totaling \$241.2 million are fully funded with cash and investments, net of obligations under securities lending agreements.

State of Washington

Changes in the balances of health insurance claims liabilities during fiscal years 2021 and 2022 were as follows (expressed in thousands):

Health Insurance Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
2021	\$ 147,108	2,184,118	(2,156,685)	\$ 174,541
2022	\$ 174,541	2,438,098	(2,371,405)	\$ 241,234

E. POLLUTION REMEDIATION

The state reports pollution remediation obligations in accordance with GASB Statement No. 49. The liability reported involves estimates of financial responsibility and amounts recoverable as well as remediation costs.

The liability could change over time as new information becomes available and as a result of changes in remediation costs, technology, and regulations governing remediation efforts. Additionally, the responsibilities and liabilities discussed in this disclosure are intended to refer to obligations solely in the accounting context. This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person under the law, nor does this disclosure impose upon the state any new mandatory duties or obligations.

The state and its agencies are participating as potentially responsible parties in numerous pollution remediation projects under the provisions of the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA, generally referred to as Superfund) and the state Model Toxics Control Act.

There are 34 projects in progress for which the state has recorded a liability of \$98.0 million.

The state has also voluntarily agreed to conduct certain remediation activities to the extent of funding paid to the state by third parties for such purposes. At June 30, 2022, the state has recorded a liability of \$132.1 million for remaining project commitments.

Overall, the state has recorded a pollution remediation liability of \$230.1 million, measured at its estimated amount, using the expected cash flow technique. The overall estimate is based on professional judgment, experience, and historical cost data. For some projects, the state can reasonably estimate the range of expected outlays early in the process because the site situation is common or similar to other sites with which the state has experience. In other cases, the estimates are limited to an amount specified in a settlement agreement, consent decree, or contract for remediation services.

The pollution remediation activity at some sites for which the state would otherwise have a reportable obligation is at a point where certain costs are not reasonably estimable. For example, a site assessment, remedial investigation, or feasibility study is in progress and the cleanup methodology has not yet been determined; consequently, associated future costs cannot be estimated.

The state's reported liability does not include remediation costs for future activities where costs are not yet reasonably estimable.

F. ASSET RETIREMENT OBLIGATIONS

The state reports asset retirement obligations in accordance with GASB Statement No. 83. The liability reported is based on the best estimate, using all available evidence, of the current value of outlays expected to be incurred.

The state and its agencies have identified several legally enforceable liabilities associated with the retirement of tangible capital assets due to requirements included in state laws and contracts. The types of assets include nuclear radiation plants, communication towers, and medical equipment such as cyclotrons, magnetic resonance imaging machines, and tandem accelerators. The estimated remaining useful lives of the tangible capital assets range from 1-15 years.

The state has recorded an asset retirement obligation of \$30.5 million, measured at its current value. The overall estimate is based on professional judgment, experience, and historical cost data.

The liability could change over time as new information becomes available as a result of changes in technology, legal or regulatory requirements, and types of equipment, facilities, or services that will be used to meet the obligation to retire the tangible capital asset. Additionally, the responsibilities and liabilities discussed in this disclosure are referenced solely in the accounting context for purposes of this disclosure.

This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person

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under the law, nor does this disclosure impose upon the state any new mandatory duties or obligations.

Some tangible capital assets have been identified as having a legally enforceable liability associated with the retirement of a tangible capital asset, but the liability is not yet reasonably estimable. Some examples include dams, sewer lagoons, waste ponds, and state owned

communication towers. Estimates are not currently available as the state has no past experience decommissioning these types of assets, or the assets are maintained indefinitely so an estimated remaining useful life is unknown. Once the liability is reasonably estimable, the state will record a liability for the obligation.

G. LONG-TERM LIABILITY ACTIVITY

Long-term liability activity at June 30, 2022, is reported by the state of Washington within governmental activities and business-type activities, as applicable. Long-term liability activity for governmental activities for fiscal year 2022 is as follows (expressed in thousands):

Governmental Activities:	Beginning Balance July 1, 2021*	Additions	Reductions	Ending Balance June 30, 2022	Amounts Due Within One Year
Long-Term Debt:					
GO Bonds Payable:					
General obligation (GO) bonds	\$ 20,182,705	\$ 3,111,115	\$ 2,774,695	\$ 20,519,125	\$ 1,092,660
GO - zero coupon bonds (principal)	219,782	—	28,482	191,300	27,072
Subtotal - GO bonds payable	20,402,487	3,111,115	2,803,177	20,710,425	1,119,732
Accreted interest - GO - zero coupon bonds	327,579	—	15,224	312,355	46,208
Revenue bonds payable	1,917,873	149,070	317,912	1,749,031	177,317
Plus: Unamortized premiums on bonds sold	2,637,017	554,400	221,038	2,970,379	—
Less: Deferred issuance discounts	58	—	—	58	—
Total Bonds Payable	25,284,898	3,814,585	3,357,351	25,742,132	1,343,257
Other Liabilities:					
Certificates of participation	671,822	87,348	129,377	629,793	156,264
Plus: Unamortized premiums on COPs sold	20,769	2,882	4,625	19,026	—
Claims and judgments payable	1,598,359	523,106	144,866	1,976,599	399,261
Installment contracts	1,043	—	137	906	137
Right-to-use lease liabilities	1,410,769	176,536	173,702	1,413,603	169,016
Notes payable	2,069	611	879	1,801	990
Compensated absences	841,764	523,152	502,711	862,205	151,342
Net pension liability	2,189,263	1,066,157	2,421,029	834,391	—
Total OPEB liability	5,223,381	1,990,704	1,657,625	5,556,460	91,725
Pollution remediation obligations	228,470	7,623	5,998	230,095	—
Unclaimed property refunds	120,033	8,726	5,239	123,520	3,750
Asset retirement obligations	29,132	1,390	—	30,522	—
Other	389,227	118,012	99,148	408,091	41,713
Total Other Liabilities	12,726,101	4,506,247	5,145,336	12,087,012	1,014,198
Total Long-Term Debt	\$ 38,010,999	\$ 8,320,832	\$ 8,502,687	\$ 37,829,144	\$ 2,357,455

*The following changes have been made due to the implementation of GASB Statement No. 87, *Leases*: revenue bonds payable have been restated by \$29.0 million, deferred issuance discounts have been restated by \$58 thousand, right-to-use lease liabilities have been restated by \$1.41 billion, and leases have been renamed to notes payable and restated by \$163 thousand. Additionally, the beginning balance of unclaimed property refunds has been restated by \$127.6 million as a result of a prior year correction.

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For governmental activities, certificates of participation are being repaid approximately 40.17 percent from the General Fund, 38.93 percent from the Higher Education Special Revenue Fund, and the balance from various other governmental funds. The claims and judgments liability will be liquidated approximately 78.73 percent by the Risk Management Fund, 12.24 percent by the Higher Education Revolving Fund (both are nonmajor internal service funds), and the balance by various other governmental funds. The right-to-use lease liability will be liquidated approximately 64.36 percent by the General Fund, 17.45 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The compensated absences liability will be liquidated approximately 45.67 percent by the General Fund, 32.41 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The net pension liability will be

liquidated approximately 48.61 percent by the General Fund, 29.87 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The other post employment benefits liability will be liquidated approximately 50.91 percent by the General Fund, 28.93 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The pollution remediation liability will be liquidated approximately 69.51 percent by the Wildlife and Natural Resources Fund (a nonmajor governmental fund), and the balance by various other governmental funds. The unclaimed property refunds will be liquidated against future unclaimed property deposited to the General Fund. Installment contract obligations, notes payable, asset retirement obligations, and other liabilities will be repaid from various other governmental funds.

Long-term liability activity for business-type activities for fiscal year 2022 is as follows (expressed in thousands):

Business-Type Activities	Beginning Balance July 1, 2021*	Additions	Reductions	Ending Balance June 30, 2022	Amounts Due Within One Year
Long-Term Debt:					
Revenue bonds payable	\$ 2,293,319	\$ 375,875	\$ 381,060	\$ 2,288,134	\$ 136,774
Plus: Unamortized premiums on bonds sold	182,126	3,309	13,013	172,422	—
Total Bonds Payable	2,475,445	379,184	394,073	2,460,556	136,774
Other Liabilities:					
Certificates of participation	166,262	51	7,900	158,413	6,811
Plus: Unamortized premiums on COPs sold	26,641	—	1,669	24,972	—
Claims and judgments payable	35,164,793	5,911,066	1,950,749	39,125,110	2,934,000
Installment contracts	2,865	—	697	2,168	710
Lottery prize annuities payable	118,886	9,674	17,847	110,713	15,688
Tuition benefits payable	1,088,000	147,082	84,083	1,150,999	95,001
Right-to-use lease liabilities	284,916	14,775	46,157	253,534	44,169
Notes payable	2,345	—	1,360	985	985
Compensated absences	125,839	39,439	38,979	126,299	87,533
Net pension liability	320,372	166,621	365,215	121,778	—
Total OPEB liability	827,710	344,423	261,253	910,880	15,037
Other	82,465	163,623	15,029	231,059	471
Total Other Liabilities	38,211,094	6,796,754	2,790,938	42,216,910	3,200,405
Total Long-Term Debt	\$ 40,686,539	\$ 7,175,938	\$ 3,185,011	\$ 44,677,466	\$ 3,337,179

*The following changes have been made due to the implementation of GASB Statement No. 87, *Leases*: right-to-use lease liabilities have been restated by \$284.9 million, leases have been renamed to notes payable and restated by \$418 thousand, and other liabilities have been restated by \$1.0 million. The beginning balances of claims and judgments payable and tuition benefits payable have been restated by \$382.2 million and \$163.0 million, respectively, as a result of prior year corrections.

Note 8 Leases

A. LESSEE ACTIVITY

The state leases land, facilities, office equipment, and other assets under a variety of long-term, non-cancelable lease agreements. In accordance with GASB Statement No. 87, *Leases*, the state of Washington

records right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the state's incremental borrowing rate.

Lease assets at June 30, 2022, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

The following is a summary of governmental right-to-use lease asset activity for the year ended June 30, 2022 (expressed in thousands):

Governmental Activities	Balances	Additions	Deletions/	Balances
	July 1, 2021		Adjustments	June 30, 2022
Land lease assets	\$ 434,796	\$ —	\$ —	\$ 434,796
Accumulated amortization	(22,117)	(10,450)	—	(32,567)
Net land lease assets	<u>412,679</u>			<u>402,229</u>
Building lease assets	1,349,386	184,188	(84,785)	1,448,789
Accumulated amortization	(443,512)	(171,545)	82,770	(532,287)
Net building lease assets	<u>905,874</u>			<u>916,502</u>
Equipment and other lease assets	43,543	597	—	44,140
Accumulated amortization	(10,507)	(8,122)	—	(18,629)
Net equipment and other lease assets	<u>33,036</u>			<u>25,511</u>
Total Governmental Activities Lease Assets, Net	<u>\$ 1,351,589</u>			<u>\$ 1,344,242</u>

The following is a summary of business-type right-to-use lease asset activity for the year ended June 30, 2022 (expressed in thousands):

Business-Type Activities	Balances	Additions	Deletions/	Balances
	July 1, 2021		Adjustments	June 30, 2022
Building lease assets	\$ 283,551	\$ 14,204	\$ (1,211)	\$ 296,544
Accumulated amortization	(57,534)	(32,610)	930	(89,214)
Net building lease assets	<u>226,017</u>			<u>207,330</u>
Equipment and other lease assets	66,796	694	—	67,490
Accumulated amortization	(16,475)	(16,411)	—	(32,886)
Net equipment and other lease assets	<u>50,321</u>			<u>34,604</u>
Total Business-Type Activities Lease Assets, Net	<u>\$ 276,338</u>			<u>\$ 241,934</u>

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The following schedule presents future annual lease payments for governmental and business-type activities as of June 30, 2022 (expressed in thousands):

Right-to-Use Lease Agreements	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2023	\$ 169,016	\$ 25,229	\$ 44,169	\$ 5,021	\$ 213,185	\$ 30,250
2024	154,767	24,239	32,266	4,353	187,033	28,592
2025	132,021	23,721	32,629	3,742	164,650	27,463
2026	98,080	22,868	18,850	3,287	116,930	26,155
2027	70,017	21,809	15,896	2,956	85,913	24,765
2028-2032	196,991	103,753	57,893	10,497	254,884	114,250
2033-2037	87,946	102,241	36,102	4,992	124,048	107,233
2038-2042	78,378	100,277	14,490	1,261	92,868	101,538
2043-2047	56,186	76,999	1,239	12	57,425	77,011
Thereafter	370,201	135,979	—	—	370,201	135,979
Total	\$ 1,413,603	\$ 637,115	\$ 253,534	\$ 36,121	\$ 1,667,137	\$ 673,236

Variable lease payments, other than those payments that depend on an index or rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the lease liability. During the fiscal year ending June 30, 2022, the state of Washington, recognized \$85.1 million for variable and other lease payments not included in the measurement of the lease liability.

As of June 30, 2022, the state of Washington has 12 leases for facilities that have not yet commenced with lease payments due on an undiscounted basis of \$167.2 million. These leases will commence in fiscal years 2023 and 2026, with lease terms ranging between 5 and 40 years.

B. LESSOR ACTIVITY

The state leases state-owned land, buildings, and communication towers to preserve land and generate

revenue for public services. In addition, the state subleases office building space. The state of Washington records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the state's incremental borrowing rate.

During the fiscal year ending June 30, 2022, the amount recognized as lease revenue and lease interest was \$49.4 million and \$12.4 million, respectively.

Variable lease receipts, other than those that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease receivable. During the fiscal year ended June 30, 2022, the state of Washington, recognized revenue of \$24.2 million for variable lease payments not included in the measurement of the lease receivable.

Note 9

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources reported on the Statement of Net Position for governmental and business-type activities as of June 30, 2022, consisted of the following (expressed in thousands):

	Primary Government			Discrete Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Outflows of Resources:				
Refundings of debt	\$ 3,041	\$ 27,507	\$ 30,548	\$ 12,926
Pensions	1,406,497	220,745	1,627,242	3,331
Other postemployment benefits	656,350	198,764	855,114	955
Asset retirement obligations	13,050	—	13,050	—
Total Deferred Outflows of Resources	\$ 2,078,938	\$ 447,016	\$ 2,525,954	\$ 17,212
Deferred Inflows of Resources:				
Refundings of debt	\$ 387	\$ 175	\$ 562	\$ —
Pensions	7,536,760	991,770	8,528,530	17,862
Other postemployment benefits	1,238,849	184,545	1,423,394	2,286
Irrevocable split interest agreements	30,443	—	30,443	—
Right-to-use lease agreements	388,494	67,866	456,360	28,053
Hedging derivatives	8,904	—	8,904	18,075
Other purposes	—	—	—	26,279
Total Deferred Inflows of Resources	\$ 9,203,837	\$ 1,244,356	\$ 10,448,193	\$ 92,555

Of the \$1.41 billion of deferred outflows of resources related to pensions reported in governmental activities, \$53.7 million is reported in the internal service funds.

Of the remaining \$672.4 million of deferred outflows of resources reported in governmental activities, \$34.2 million is reported in the internal service funds. This amount is comprised of \$31.6 million related to other postemployment benefits and \$2.6 million related to debt refunding.

Of the \$7.54 billion of deferred inflows of resources related to pensions reported in governmental activities, \$276.7 million is reported in the internal service funds.

Of the remaining \$1.67 billion of deferred inflows of resources reported in governmental activities, \$65.4 million is reported in the internal service funds. This amount is comprised of \$65.3 million related to other postemployment benefits and \$80 thousand related to debt refunding.

For both the governmental activities and business-type activities, pension and other postemployment benefits make up a significant portion of the deferred inflows of resources and the deferred outflows of resources. For more details on pension and other postemployment benefits, including deferred inflows of resources and deferred outflows of resources, refer to Note 13 and Note 14, respectively.

Under the modified accrual basis of accounting, governmental funds reported \$3.51 billion in unavailable revenue as deferred inflows of resources, consisting primarily of taxes received more than 30 days after the close of the current fiscal year. For more details about the unavailable revenue, refer to Note 4.

Note 10

No Commitment Debt

The Washington State Housing Finance Commission, Washington Higher Education Facilities Authority, Washington Health Care Facilities Authority, and Washington Economic Development Finance Authority (financing authorities) were created by the Legislature.

For financial reporting purposes, they are discretely presented as component units. These financing authorities issue bonds and other debt for the purpose of

making loans to qualified borrowers for capital acquisitions, construction, and related improvements.

The debt does not constitute either a legal or moral obligation of the state for these financing authorities, nor does the state or these financing authorities pledge their full faith and credit for the payment of such debt.

Debt service is payable solely from payments made by the borrowers pursuant to loan agreements. Due to their no commitment nature, the debt issued by these financing authorities is excluded from the state's financial statements.

The schedule below presents the June 30, 2022, balances for the "No Commitment" debt of the state's financing authorities (expressed in thousands):

Financing Authorities	Principal Balance
Washington State Housing Finance Commission	\$ 6,812,873
Washington Health Care Facilities Authority	5,059,797
Washington Higher Education Facilities Authority	734,192
Washington Economic Development Finance Authority	772,841
Total No Commitment Debt	\$ 13,379,703

Note 11

Governmental Fund Balances

A. GOVERNMENTAL FUNDS

The state's governmental fund balances are reported according to the relative constraints that control how amounts can be spent. Classifications include nonspendable, restricted, committed, and assigned, which are further described in Note 1.D.10.

A summary of governmental fund balances at June 30, 2022, is as follows (expressed in thousands):

Fund Balances	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Nonmajor Governmental Funds	Total
Nonspendable:					
Permanent funds	\$ —	\$ —	\$ 3,021,059	\$ 210,953	\$ 3,232,012
Consumable inventories and prepaids	18,502	48,653	—	59,108	126,263
Other receivables – long-term	41,859	—	—	—	41,859
Total Nonspendable Fund Balance	\$ 60,361	\$ 48,653	\$ 3,021,059	\$ 270,061	\$ 3,400,134
Restricted for: *					
Higher education	\$ —	\$ 43,719	\$ 2,078,886	\$ 35,068	\$ 2,157,673
Education	—	—	7,140	49,144	56,284
Transportation	—	—	—	1,731,425	1,731,425
Other purposes	30	—	—	3,588	3,618
Human services	—	—	—	687,725	687,725
Wildlife and natural resources	3,861	—	1	1,274,683	1,278,545
Local grants and loans	—	—	—	55	55
School construction	38	—	—	67,624	67,662
State facilities	—	—	—	70,843	70,843
Budget stabilization	334,741	—	—	—	334,741
Debt service	—	—	—	41,848	41,848
Pollution remediation	—	—	—	56,242	56,242
Operations and maintenance	—	—	—	11,856	11,856
Repair and replacement	—	—	—	28,058	28,058
Revenue stabilization	—	—	—	21,505	21,505
Deferred sales tax	—	—	—	9,000	9,000
Third tier debt service	—	—	—	3,182	3,182
Fourth tier debt service	—	—	—	1,943	1,943
Total Restricted Fund Balance	\$ 338,670	\$ 43,719	\$ 2,086,027	\$ 4,093,789	\$ 6,562,205
Committed for:					
Higher education	\$ 219,797	\$ 5,109,816	\$ —	\$ 54,899	\$ 5,384,512
Education	597	—	—	8,497	9,094
Transportation	—	—	—	1,777,415	1,777,415
Other purposes	45,948	—	—	437,071	483,019
Human services	921,597	—	—	1,349,703	2,271,300
Wildlife and natural resources	56,944	—	—	855,466	912,410
Local grants and loans	22,779	—	—	785,323	808,102
State facilities	—	—	—	53,323	53,323
Debt service	—	—	—	298,680	298,680
Total Committed Fund Balance	\$ 1,267,662	\$ 5,109,816	\$ —	\$ 5,620,377	\$ 11,997,855
Assigned for:					
Working capital	\$ 1,900,952	\$ 109,939	\$ —	\$ —	\$ 2,010,891
Total Assigned Fund Balance	\$ 1,900,952	\$ 109,939	\$ —	\$ —	\$ 2,010,891

*Net position restricted as a result of enabling legislation totaled \$10.5 million..

B. BUDGET STABILIZATION ACCOUNT

In accordance with Article 7, Section 12 of the Washington state Constitution, the state maintains the Budget Stabilization Account (“Rainy Day Fund”). The Budget Stabilization Account is reported in the General Fund.

By June 30 of each fiscal year, an amount equal to 1 percent of the general state revenues for that fiscal year is transferred to the Budget Stabilization Account.

The Budget Stabilization Account balance can only be used as follows: (a) if the Governor declares a state of emergency resulting from a catastrophic event that necessitates government action to protect life or public safety, then for that fiscal year money may be withdrawn and appropriated from the Budget Stabilization Account, via separate legislation setting forth the nature of the emergency and containing an appropriation limited to the above-authorized purposes as contained in the declaration, by a favorable vote of a majority of the members elected to each house of the Legislature; (b) if the employment growth forecast for

any fiscal year is estimated to be less than 1 percent, then for that fiscal year money may be withdrawn and appropriated from the Budget Stabilization Account by the favorable vote of a majority of the members elected to each house of the Legislature; (c) any amount may be withdrawn and appropriated from the Budget Stabilization Account at any time by the favorable vote of at least three-fifths of the members of each house of the Legislature.

When the balance in the Budget Stabilization Account, including investment earnings, equals more than 10 percent of the estimated general state revenues in that fiscal year, the Legislature by the favorable vote of a majority of the members elected to each house of the Legislature may withdraw and appropriate the balance to the extent that the balance exceeds 10 percent of the estimated general state revenues. These appropriations may be made solely for deposit to the Education Construction Fund.

At June 30, 2022, the Budget Stabilization Account had restricted fund balance of \$334.7 million.

Note 12

Deficit Net Position

Risk Management Fund

The Risk Management Fund, an internal service fund, had a deficit net position of \$1.79 billion at June 30, 2022. The Risk Management Fund is used to administer the Self-Insurance Liability Program (SILP). The SILP was initiated in 1990 and is intended to provide funds for the payment of all tort claims and defense expenses. The program investigates, processes, and adjudicates tort and sundry claims filed against Washington state agencies, with the exception of the University of Washington and the Department of Transportation Ferries Division.

The Risk Management Fund is supported by premium assessments to state agencies. The state is restricted by law from accumulating funds in the SILP in excess of 50 percent of total outstanding and actuarially determined claims. As a consequence, when outstanding and incurred but not reported claims are actuarially determined and accrued, the result is a deficit net position.

The following schedule details the change in net position for the Risk Management Fund during the fiscal year ended June 30, 2022 (expressed in thousands):

Risk Management Fund	Net Position
Balance, July 1, 2021	\$ (1,423,610)
Fiscal year 2022 activity	(363,472)
Balance, June 30, 2022	\$ (1,787,082)

Lottery Fund

The Lottery Fund, an enterprise fund, had a deficit net position of \$22.2 million at June 30, 2022. The Lottery Fund is primarily used to record lottery ticket revenues and to account for activities such as administrative and operating expenses of the Lottery Commission and the distribution of revenues.

The Lottery Fund is supported by operating revenue which is comprised of sales from Draw and Scratch games, as well as administration fees charged to retailers. Operating expenses include cost of sales and administrative expenses.

The Lottery Fund is statutorily required to distribute the majority of its net income to fund education.

The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* required the assignment of the state's proportionate share of these liabilities to each fund. Recording these unfunded liabilities resulted in deficit net position.

The following schedule details the change in net position for the Lottery Fund during the fiscal year ended June 30, 2022 (expressed in thousands):

Lottery Fund	Net Position
Balance, July 1, 2021, as restated	\$ (9,849)
Fiscal year 2022 activity	(12,383)
Balance, June 30, 2022	\$ (22,232)

General Obligation Bond Fund

The General Obligation Bond Fund, a debt service fund, had a deficit net position of \$23.3 million at June 30, 2022. The General Obligation Bond Fund is primarily used to account for the accumulation of resources for, and the payment of, non-transportation related general obligation bond principal and interest.

In accordance with state law, authorized transfers in excess of debt service were made from the General Obligation Bond Fund resulting in the deficit fund balance.

The following schedule details the change in net position for the General Obligation Bond Fund during the fiscal year ended June, 30, 2022 (expressed in thousands):

General Obligation Bond Fund	Net Position
Balance, July 1, 2021	\$ 12,571
Fiscal year 2022 activity	(35,833)
Balance, June 30, 2022	\$ (23,262)

Note 13 Retirement Plans

A. GENERAL

Washington’s pension plans were created by statutes rather than through trust documents. They are administered in a way equivalent to pension trust arrangements as defined by the Governmental Accounting Standards Board (GASB).

In accordance with GASB Statement No. 68, the state has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

The state Legislature establishes and amends laws pertaining to the creation and administration of all state public retirement systems. Additionally, the state Legislature authorizes state agency participation in plans other than those administered by the state.

Basis of Accounting. Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of all plans, and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

The following table represents the aggregate pension amounts for all plans for the state as an employer, for fiscal year 2022 (expressed in thousands):

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 956,169
Pension assets	\$ (10,878,819)
Deferred outflows of resources on pensions	\$ 1,627,242
Deferred inflows of resources on pensions	\$ 8,528,529
Pension expense/expenditures	\$ 1,997,185

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the

CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes.

Further information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in Note 3.B.

Department of Retirement Systems. As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems are comprised of 12 defined benefit pension plans and 3 defined benefit/defined contribution plans as follows:

- Public Employees’ Retirement System (PERS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- Teachers’ Retirement System (TRS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- School Employees’ Retirement System (SERS)
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
- Public Safety Employees’ Retirement System (PSERS)
 - Plan 2 - defined benefit
- Washington State Patrol Retirement System (WSPRS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
- Judicial Retirement System (JRS)
 - Defined benefit plan
- Judges’ Retirement Fund (JRF)
 - Defined benefit plan

Although some assets of the plans are commingled for investment purposes, each plan’s assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS, TRS, SERS, LEOFF, PSERS, and WSPRS systems and plans is funded by an employer rate of 0.18 percent of employee salaries. Administration of the JRS and JRF plans is funded by means of legislative appropriations.

Pursuant to RCW 41.50.770, the state offers its employees and employees of political subdivisions that elect to participate a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report that is compliant with the requirements of GASB Statement No. 67. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at <http://www.drs.wa.gov/news/>.

State Board for Volunteer Fire Fighters and Reserve Officers. As established in chapter 41.24 RCW, the State Board for Volunteer Fire Fighters and Reserve Officers administers the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF), a defined benefit plan. Administration of the VFFRPF is funded through legislative appropriation.

Administrative Office of the Courts. As established in chapter 2.14 RCW, the Administrative Office of the Courts administers the Judicial Retirement Account (JRA), a defined contribution plan. Administration of JRA is funded through member fees.

Higher Education. As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (funded on a pay-as-you-go basis) which is administered by the state.

The state has elected to use the current fiscal year end as the measurement date for reporting net pension liabilities for the Higher Education Supplemental Retirement Plan.

B. STATE PARTICIPATION IN PLANS ADMINISTERED BY DRS

1. DRS Plans - Employer Disclosures

The state is not an employer in SERS Plan 2/3 nor LEOFF Plan 1.

Plan Descriptions

Public Employees' Retirement System. The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme Court, Court of Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college, and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 2.

Refer to Note 13.E for a description of the defined contribution component of PERS Plan 3.

Teachers' Retirement System. The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended only by the Legislature. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

TRS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996, are members of TRS Plan 3.

Legislation passed in 2007 gives TRS members, hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 2.

Refer to Note 13.E for a description of the defined contribution component of TRS Plan 3.

Law Enforcement Officers' and Fire Fighters'. The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) was established in 1970 by the Legislature. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, fire fighters, and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees with the exception of Department of Fish and Wildlife enforcement officers who were included effective July 27, 2003.

LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

Public Safety Employees' Retirement System. The Public Safety Employees' Retirement System (PSERS) was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions are established in chapter 41.37 RCW and may be amended only by the Legislature. PSERS membership includes full-time employees meeting specific eligibility criteria that are employed by Department of Corrections; Department of Natural Resources; Gambling Commission; Liquor and Cannabis Board; Parks and Recreation Commission; Washington State Patrol; Washington state counties; corrections departments of Washington state cities except for Seattle, Tacoma, and Spokane; or correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS is a cost-sharing, multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

Washington State Patrol Retirement System. The Washington State Patrol Retirement System (WSPRS) was established by the Legislature in 1947. WSPRS benefits are established in chapter 43.43 RCW and may be amended only by the Legislature. Any commissioned employee of the Washington State Patrol is eligible to participate.

WSPRS is a single-employer, defined benefit retirement system. WSPRS members who joined the system by December 31, 2002, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after January 1, 2003, are Plan 2 members. For financial reporting and investment purposes, however, both plans are accounted for in the same pension fund.

Effective June 7, 2012, those WSPRS members who have service credit within PERS Plan 2 have options to transfer their service credit earned as commercial vehicle enforcement officers or as communications officers into the WSPRS, provided the member pays the full actuarial cost of the transfer.

At retirement, these members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits.

For membership information refer to the table presented in Note 13.B.3.

Judicial Retirement System. The Judicial Retirement System (JRS) was established by the Legislature in 1971. The JRS retirement benefit provisions are established in chapter 2.10 RCW and may be amended only by the Legislature. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971.

The JRS is a single-employer, defined benefit retirement system. There are no active members remaining in the Judicial Retirement System.

For membership information refer to the table presented in Note 13.B.3.

Judges' Retirement Fund. The Judges' Retirement Fund (JRF) was created by the Legislature on March 22, 1937, to provide retirement benefits to judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts of the state of Washington. Judges' retirement benefit provisions are established in chapter 2.12 RCW and may be amended only by the Legislature.

The JRF is a single-employer, defined benefit retirement system. There are currently no active members in this plan.

For membership information refer to the table presented in Note 13.B.3.

Benefits Provided

PERS. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. The AFC is the average of the member's 24 highest consecutive service months.

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the

Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 2 members have the option to retire early with reduced benefits.

PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 3 members have the option to retire early with reduced benefits.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

TRS. TRS plans provide retirement, disability, and death benefits to eligible members.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest

paid consecutive months. TRS Plan 2 members have the option to retire early with reduced benefits.

TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 3 members have the option to retire early with reduced benefits.

TRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

PERS and TRS Judicial Benefit Multiplier: The Judicial Benefit Multiplier (JBM) Program gave eligible justices and judges an option to increase the benefit multiplier used in their retirement benefit calculation for their judicial service periods of employment. Beginning January 1, 2007, any justice or judge who was in a judicial position at that time could choose to join JBM. Any justice or judge elected or appointed to office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS Plan 1 or TRS Plan 1 they will rejoin that plan, but if they have never had membership they will be enrolled as a member of both PERS Plan 2 and JBM.

LEOFF. LEOFF plans provide retirement, disability, and death benefits to eligible members.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Years of Service	Percent of FAS
20+	2.0%
10-19	1.5%
5-9	1.0%

Other benefits include a cost of living adjustment (COLA).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with at least five years of service, or at age 50 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. FAS is based on the highest consecutive 60 months.

A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. LEOFF Plan 2 members have the option to retire early with reduced benefits.

LEOFF members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

PSERS. PSERS provides retirement, disability, and death benefits to eligible members.

PSERS members are vested after an employee completes five years of eligible service. PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service, or at age 53 with 20 years of service. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PSERS members have the option to retire early with reduced benefits.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

WSPRS. WSPRS plans provide retirement, disability, and death benefits to eligible members.

WSPRS members are vested after the completion of five years of eligible service. Active members are eligible for retirement at the age of 55 with no minimum required service credit, or at any age with 25 years of service credit, and must retire at age 65. This mandatory requirement does not apply to the Chief of the Washington State Patrol. Inactive members can retire at age 60 or at age 55 with a reduced benefit to account for the receipt of benefits over a longer period of time.

The monthly benefit is 2 percent of the average final salary (AFS) per year of service, capped at 75 percent. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually.

WSPRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

JRS. The JRS provides retirement, disability, and death benefits to eligible members.

JRS members are eligible for retirement at the age of 60 with 15 years of service; or are age 60 or older, left office involuntarily with 12 years of service credit, and at least 15 years have passed since the beginning of the initial term. The system was closed to new entrants on July 1, 1988, with new judges joining PERS.

The benefit per year of service calculated as a percent of final average salary (FAS) is shown in the table below. This benefit is capped at 75 percent of FAS, exclusive of cost-of-living increases.

Years of Service	Percent of FAS
15+	3.50%
10-14	3.00%

JRF. The JRF provides disability and retirement benefits to eligible members. The system was closed to new entrants on August 8, 1971, with new judges joining the JRS.

Members are eligible to receive a full retirement allowance at age 70 with 10 years of credited service, or at any age with 18 years of credited service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge.

Contributions

PERS, TRS, PSERS, WSPRS: Defined benefit retirement benefits are financed from a combination of investment earnings and employer and/or employee contributions.

PERS Plan 1 and TRS Plan 1 member contribution rates are established in statute. PERS Plan 2/3 and TRS Plans 2/3 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2 and the defined benefit portion of Plan 3. PSERS Plans 2 and WSPRS Plan 1/2 employer and employee contribution rates are also developed by the OSA to fully fund the plans.

Each biennium, the state Pension Funding Council adopts employer contribution rates for PERS Plan 1 and 3 and for TRS Plan 1 and 3; employee and employer contribution rates for PERS Plan 2, TRS Plan 2, and PSERS Plan 2; and employee and state contribution rates for WSPRS Plans 1 and 2.

The methods used to determine contribution requirements are established under statute and are subject to change by the Legislature.

PERS and TRS JBM members and employers pay increased contributions that, along with investment earnings, fund the increased retirement benefits of those justices and judges who participate in the program.

Upon separation from covered employment, members can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit.

Required contribution rates for fiscal year 2022 are presented in the table in Note 13.B.3.

LEOFF: LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations.

Employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund the plans. Starting on July 1, 2000, LEOFF Plan 1 employers and employees are not required to contribute as long as the plan remains fully funded. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The methods used to determine contribution requirements are established under state statute.

Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. For fiscal year 2022, the state contributed \$81.4 million to LEOFF Plan 2.

Required contribution rates for fiscal year 2022 are presented in the table in Note 13.B.3.

The state is not an employer for LEOFF Plan 1; however, the state is a nonemployer contributing entity for LEOFF Plan 1. For LEOFF Plan 2, the state is both an employer and a nonemployer contributing entity.

Refer to Note 13.B.2 for nonemployer contributing entity disclosures.

JRS and JRF: The JRS and JRF have no active members; therefore, no employer or employee contributions are required. The state guarantees the solvency of the JRS and JRF on a pay-as-you-go basis from a combination of investment earnings and funding from the state.

Past contributions were made based on rates set in statute. By statute, JRF employees were required to

contribute 6.5 percent of covered payroll with an equal amount contributed by the state. JRS employees were required to contribute 7.5 percent of covered payroll with an equal amount contributed by the state.

Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts sufficient to meet the benefit payment requirements. For fiscal year 2022 the state contributed \$300 thousand for JRF and \$7.1 million for JRS.

Actuarial Assumptions

PERS, TRS, LEOFF, PSERS, and WSPRS: The total pension liability was determined by an actuarial valuation as of June 30, 2020, with the results rolled forward to the June 30, 2021, measurement date using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	3.50 %
Investment rate of return	7.40 %

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report.

The 7.40 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the WSIB. Refer to the 2019 Report on Financial Condition and Economic Experience Study located on the OSA website for additional information and background on the development of the long-term rate of return assumption.

The WSIB's Capital Market Assumptions (CMAs) contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20 %	2.2 %
Tangible assets	7 %	5.1 %
Real estate	18 %	5.8 %
Global equity	32 %	6.3 %
Private equity	23 %	9.3 %
Total	100 %	

The inflation component used to create the above table is 2.20 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation.

JRS and JRF: JRS and JRF are excluded from the actuarial valuations performed by OSA due to their small, closed populations and the plans have no remaining active members.

Mortality rates for JRS and JRF are consistent with those used for members of PERS. Members of JRS are assumed to receive a 2.75 percent annual COLA.

Discount rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The discount rate used to measure the total pension liability was 7.40 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Based on the assumptions in OSA's Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40 percent on pension plan investments was applied to determine the total pension liability.

PERS Plan 2/3, PSERS Plan 2, and SERS Plan 2/3 employers' rates include a component for the PERS Plan 1 liability. TRS Plan 2/3 rates include a component for TRS Plan 1 liability.

JRS and JRF: Contributions are made to ensure cash is available to make benefit payments. Since these plans are operated on a pay-as-you-go basis, the discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.16 percent for the June 30, 2021, measurement date.

Refer to the table in Note 13.B.3 for the change in net pension liability.

Pension Expense

The state recognized the following pension expense for the year ended June 30, 2022 (expressed in thousands):

Pension Expense	
Plans	
PERS Plan 1	\$ 51,561
PERS Plan 2/3	1,150,178
TRS Plan 1	494
TRS Plan 2/3	4,057
LEOFF Plan 2	6,800
PSERS Plan 2	5,896
WSPRS	55,395
JRS	(896)
JRF	287

State of Washington

Collective Net Pension Liability/(Asset)

PERS, TRS, LEOFF and PSERS: The following presents the state's proportionate share of the collective net pension liability/(asset), the state's proportionate share percentage, and the change in proportionate share as of June 30, 2022 (expressed in thousands):

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	LEOFF Plan 2	PSERS Plan 2
Proportionate share of the collective net pension liability/(asset)	\$ 529,443	\$ (5,105,303)	\$ 8,798	\$ (35,165)	\$ (46,684)	\$ (152,955)
State's proportion	43.35%	51.25%	1.31%	1.28%	0.80%	66.58%
Increase/(decrease)	1.28%	0.67%	0.13%	0.12%	-0.08%	4.32%

Net Pension Liability/(Asset)

WSPRS, JRS, and JRF: The following presents the state's net pension liability/(asset) as of June 30, 2022 (expressed in thousands):

	WSPRS	JRS	JRF
Proportionate share of the collective net pension liability/(asset)	\$ (276,665)	\$ 61,873	\$ 123

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 7.40 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate (expressed in thousands):

Net Pension Liability (Asset)				
Plans	1% Decrease	Current Discount Rate	1% Increase	
PERS Plan 1	\$ 901,936	\$ 529,443	\$ 204,591	
PERS Plan 2/3	(1,454,402)	(5,105,303)	(8,111,822)	
TRS Plan 1	16,864	8,798	1,759	
TRS Plan 2/3	6,132	(35,165)	(68,852)	
LEOFF Plan 2	(29,439)	(46,684)	(60,804)	
PSERS Plan 2	(23,981)	(152,955)	(255,033)	
WSPRS	(67,026)	(276,665)	(447,285)	

JRS and JRF: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 2.16 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate (expressed in thousands):

Net Pension Liability (Asset)				
Plans	1% Decrease	Current Discount Rate	1% Increase	
JRS	\$ 67,649	\$ 61,873	\$ 56,841	
JRF	171	123	77	

State of Washington

Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

PERS, TRS, LEOFF, PSERS, WSPRS, JRS, and JRF: For the year ended June 30, 2022, the state reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

PERS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources	PERS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —	Difference between expected and actual experience	\$ 247,957	\$ 62,586
Changes of assumptions	—	—	Changes of assumptions	7,460	362,561
Net difference between projected and actual earnings on pension plan investments	—	587,505	Net difference between projected and actual earnings on pension plan investments	—	4,266,836
Change in proportion	—	—	Change in proportion	24,491	—
State contributions subsequent to the measurement date	256,609	—	State contributions subsequent to the measurement date	410,023	—
Total	\$ 256,609	\$ 587,505	Total	\$ 689,931	\$ 4,691,983

TRS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources	TRS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —	Difference between expected and actual experience	\$ 10,925	\$ 285
Changes of assumptions	—	—	Changes of assumptions	2,187	1,848
Net difference between projected and actual earnings on pension plan investments	—	13,189	Net difference between projected and actual earnings on pension plan investments	—	40,997
Change in proportion	—	—	Change in proportion	2,250	—
State contributions subsequent to the measurement date	6,681	—	State contributions subsequent to the measurement date	8,432	—
Total	\$ 6,681	\$ 13,189	Total	\$ 23,794	\$ 43,130

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources	PSERS Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,117	\$ 247	Difference between expected and actual experience	\$ 15,695	\$ 605
Changes of assumptions	20	2,220	Changes of assumptions	24	15,640
Net difference between projected and actual earnings on pension plan investments	—	22,259	Net difference between projected and actual earnings on pension plan investments	—	109,562
Change in proportion	180	108	Change in proportion	1,308	253
State contributions subsequent to the measurement date	1,674	—	State contributions subsequent to the measurement date	29,196	—
Total	\$ 3,991	\$ 24,834	Total	\$ 46,223	\$ 126,060

WSPRS Plan 1/2	Deferred Outflows of Resources	Deferred Inflows of Resources	JRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,011	\$ 1,938	Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	1,558	6,962	Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	250,927	Net difference between projected and actual earnings on pension plan investments	261	—
Change in proportion	—	—	Change in proportion	—	—
State contributions subsequent to the measurement date	19,284	—	State contributions subsequent to the measurement date	7,100	—
Total	\$ 35,853	\$ 259,827	Total	\$ 7,361	\$ —

State of Washington

JRF	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	34	—
Change in proportion	—	—
State contributions subsequent to the measurement date	300	—
Total	\$ 334	\$ —

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the fiscal years ended June 30 (expressed in thousands):

PERS Plan 1		PERS Plan 2/3		TRS Plan 1		TRS Plan 2/3	
2023	\$ (155,630)	2023	\$ (1,160,374)	2023	\$ (3,495)	2023	\$ (8,919)
2024	\$ (142,614)	2024	\$ (1,083,713)	2024	\$ (3,198)	2024	\$ (8,233)
2025	\$ (134,847)	2025	\$ (1,038,358)	2025	\$ (3,027)	2025	\$ (7,672)
2026	\$ (154,414)	2026	\$ (1,122,878)	2026	\$ (3,469)	2026	\$ (8,850)
2027	\$ —	2027	\$ (11,556)	2027	\$ —	2027	\$ 1,764
Thereafter	\$ —	Thereafter	\$ 4,804	Thereafter	\$ —	Thereafter	\$ 4,142

LEOFF Plan 2		PSERS Plan 2		WSPRS Plan 1/2		JRS	
2023	\$ (5,939)	2023	\$ (28,455)	2023	\$ (63,059)	2023	\$ 116
2024	\$ (5,534)	2024	\$ (27,040)	2024	\$ (59,790)	2024	\$ 73
2025	\$ (5,228)	2025	\$ (25,651)	2025	\$ (55,481)	2025	\$ 50
2026	\$ (5,887)	2026	\$ (28,476)	2026	\$ (64,713)	2026	\$ 22
2027	\$ (82)	2027	\$ (22)	2027	\$ (215)	2027	\$ —
Thereafter	\$ 154	Thereafter	\$ 611	Thereafter	\$ —	Thereafter	\$ —

JRF	
2023	\$ 14
2024	\$ 10
2025	\$ 7
2026	\$ 3
2027	\$ —
Thereafter	\$ —

2. DRS Plans - Nonemployer Contributing Entity Disclosures

For fiscal year 2022, the state was considered a nonemployer contributing entity in special funding situations for two DRS-administered pension plans, LEOFF Plan 1 and LEOFF Plan 2. State contributions are required by statute to be made directly to these plans to fund pensions. Note 13.B.1 provides the detailed descriptions of these plans, their benefit terms, contribution requirements, significant assumptions used to measure pension liability and mortality, and the discount rate.

Basis for Nonemployer Contributing Entity Contributions. LEOFF Plan 1 has a net pension asset as of the June 30, 2021, measurement date. If needed, RCW 41.26.080 would require employer and employee contributions of 6 percent, and the remaining liabilities funded by the state pursuant to chapter 41.45 RCW. For fiscal year 2021, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 87.12 percent based on historical contributions to the plan.

LEOFF Plan 2 has a net pension asset as of the June 30, 2021, measurement date. In this plan, the state is an employer and a nonemployer contributing entity. RCW 41.26.725 limits the employee contributions to 50 percent, employer contributions to 30 percent, and the state contribution to 20 percent of the cost of benefits. In no instance shall the state contribution exceed four percent of payroll. For fiscal year 2021, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 39.21 percent based on total plan contributions received in fiscal year 2021.

Collective Net Pension Liability/(Asset). The following presents the proportionate share of the collective net pension liability/(asset), the proportionate share percentage, and the change in proportionate share of the state as a nonemployer contributing entity as of June 30, 2022 (expressed in thousands).

	LEOFF Plan 1	LEOFF Plan 2
Proportionate share of the collective net pension liability/(asset)	\$ (2,984,350)	\$ (2,277,698)
State's proportion	87.12%	39.21%
Increase/(decrease)	—%	0.21%

The proportion of the state nonemployer contributions related to LEOFF Plan 1 was based on historical contributions from the state and employers plus fiscal year 2021 retirement benefit payments. The proportion

of the state nonemployer contributions related to LEOFF Plan 2 was based on the state's contributions to the pension plan relative to the total state contributions and all participating employers.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the nonemployer contributing entity calculated using the discount rate of 7.40 percent, as well as what the nonemployer contributing entity's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate (expressed in thousands):

LEOFF Plan 1 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (2,686,703)
Current discount rate	\$ (2,984,350)
1% increase	\$ (3,241,864)

LEOFF Plan 2 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (1,436,318)
Current discount rate	\$ (2,277,698)
1% increase	\$ (2,966,620)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2022, the state as a nonemployer contributing entity recognized \$444.4 million pension expense for LEOFF Plan 1 and \$331.8 million pension expense for LEOFF Plan 2.

At June 30, 2022, the state as a nonemployer contributing entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

LEOFF Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	911,902
Change in proportion	—	—
State contributions subsequent to the measurement date	—	—
Total	\$ —	\$ 911,902

State of Washington

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 103,308	\$ 12,037
Changes of assumptions	985	108,327
Net difference between projected and actual earnings on pension plan investments	—	1,086,023
Change in proportion and difference between state contributions and proportionate share of contributions	8,789	5,306
State contributions subsequent to the measurement date	81,669	—
Total	\$ 194,751	\$ 1,211,693

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30 (expressed in thousands):

LEOFF Plan 1	
2023	\$ (242,234)
2024	\$ (221,567)
2025	\$ (209,070)
2026	\$ (239,031)
2027	\$ —
Thereafter	\$ —

LEOFF Plan 2	
2023	\$ (289,772)
2024	\$ (270,019)
2025	\$ (255,094)
2026	\$ (287,234)
2027	\$ (4,024)
Thereafter	\$ 7,532

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

3. Tables for Plans Administered by the Department of Retirement Services

TABLE 1: Single Employer Plan Membership

Membership of the single employer plans administered by the Department of Retirement Systems consisted of the following at June 30, 2021, the date of the latest actuarial valuation for all plans:

Plans	Number of Participating Members			
	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
WSPRS 1	1,243	62	318	1,623
WSPRS 2	3	44	735	782
JRS	79	—	—	79
JRF	10	—	—	10
Total	1,335	106	1,053	2,494

State of Washington

TABLE 2: Change in Net Pension Liability/(Asset)

The following table presents the change in net pension liability/(asset) of the single employer plans administered by the Department of Retirement Systems at June 30, 2020, the date of the latest actuarial valuation for all plans, with the results rolled forward to the June 30, 2021, measurement date (expressed in thousands):

Change in Net Pension Liability/(Asset)	WSPRS	JRS	JRF
TOTAL PENSION LIABILITY			
Service cost	\$ 23,462	\$ —	\$ —
Interest	105,943	1,621	40
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(2,368)	1,237	(322)
Changes of assumptions	—	(1,931)	4
Benefit payments, including refunds of member contributions	(72,786)	(7,553)	(257)
Net Change in Total Pension Liability	54,251	(6,626)	(535)
Total Pension Liability--Beginning	1,443,948	77,119	1,939
Total Pension Liability--Ending	\$ 1,498,199	\$ 70,493	\$ 1,404
PLAN FIDUCIARY NET POSITION			
Contributions--employer	\$ 20,882	\$ 7,600	\$ 400
Contributions--employee	12,189	—	—
Net investment income	429,171	79	11
Benefit payments, including refunds of member contributions	(72,786)	(7,553)	(257)
Administrative expense	(123)	—	—
Other	491	—	—
Net Change in Plan Fiduciary Net Position	389,824	126	154
Plan Fiduciary Net Position--Beginning	1,385,040	8,494	1,127
Plan Fiduciary Net Position--Ending	\$ 1,774,864	\$ 8,620	\$ 1,281
Plan's Net Pension Liability/(Asset)--Beginning	\$ 58,908	\$ 68,625	\$ 812
Plan's Net Pension Liability/(Asset)--Ending	\$ (276,665)	\$ 61,873	\$ 123

State of Washington

TABLE 3: Required Contribution Rates

Required contribution rates (expressed as a percentage of current year covered payroll) for all retirement plans administered by the Department of Retirement Systems at the close of fiscal year 2022 were as follows:

Required Contribution Rates	Employer			Employee		
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 2	Plan 3
PERS						
Employees Not Participating in JBM						
State agencies, local governmental units	6.36 %	6.36 %	6.36 %	6.00 %	6.36 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	3.71 %	3.71 %	3.71 %			
Total	10.25 %	10.25 %	10.25 % *			
State govt elected officials	9.54 %	6.36 %	6.36 %	7.50 %	6.36 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	5.57 %	3.71 %	3.71 %			
Total	15.29 %	10.25 %	10.25 % *			
Employees Participating in JBM						
State agencies	8.86 %	8.86 %	8.86 %	9.76 %	13.40 %	7.50%***
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	3.71 %	3.71 %	3.71 %			
Total	12.75 %	12.75 %	12.75 % *			
Local governmental units	6.36 %	6.36 %	6.36 %	12.26 %	15.90 %	7.50%***
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	3.71 %	3.71 %	3.71 %			
Total	10.25 %	10.25 %	10.25 % *			
TRS						
Employees Not Participating in JBM						
State agencies, local governmental units	8.05 %	8.05 %	8.05 %	6.00 %	8.05 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
TRS Plan 1 UAAL	6.19 %	6.19 %	6.19 %			
Total	14.42 %	14.42 %	14.42 % *			
State govt elected officials	8.05 %	8.05 %	8.05 %	7.50 %	8.05 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
TRS Plan 1 UAAL	6.19 %	6.19 %	6.19 %			
Total	14.42 %	14.42 %	14.42 % *			
Employees Participating in JBM						
State agencies	8.05 %	N/A	N/A	9.76 %	N/A	N/A
Administrative fee	0.18 %	N/A	N/A			
TRS Plan 1 UAAL	6.19 %	N/A	N/A			
Total	14.42 %					
LEOFF						
Ports and universities	N/A	8.53 %	N/A	N/A	8.53 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	0.18 %	8.71 %				
Local governmental units	N/A	5.12 %	N/A	N/A	8.53 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	0.18 %	5.30 %				
State of Washington	N/A	3.41 %	N/A	N/A	N/A	N/A
WSPRS						
State agencies	17.66 %	17.66 %	N/A	8.61 %	8.61 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	17.84 %	17.84 %				
PSERS						
State agencies, local governmental units	N/A	6.50 %	N/A	N/A	6.50 %	N/A
Administrative fee	N/A	0.18 %	N/A			
PSERS Plan 1 UAAL	N/A	3.71 %	N/A			
Total		10.39 %				

* Plan 3 defined benefit portion only.

** Variable from 5% to 15% based on rate selected by the member.

*** Minimum rate.

N/A indicates data not applicable.

C. PLAN ADMINISTERED BY THE STATE BOARD FOR VOLUNTEER FIRE FIGHTERS AND RESERVE OFFICERS

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Plan Description. The Volunteer Fire Fighters' Relief Act was created by the Legislature in 1935, and the pension portion of the act was added in 1945. As established in chapter 41.24 RCW, the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF) is a cost-sharing, multiple-employer defined benefit plan and is administered by the State Board for Volunteer Fire Fighters and Reserve Officers. The board is appointed by the Governor and is comprised of five members of fire departments covered by chapter 41.24 RCW. Administration costs of the VFFRPF are funded through legislative appropriation.

As of June 30, 2022, there were approximately 362 municipalities contributing to the plan. Additionally, the state, a nonemployer contributing entity, contributes 40 percent of the fire insurance premium tax.

Plan Members. Membership in the VFFRPF requires volunteer fire fighter service with a fire department of an electing municipality of Washington state, emergency work as an emergency medical technician with an emergency medical service district, or work as a commissioned reserve law enforcement officer.

At June 30, 2020, VFFRPF membership consisted of the following:

Plan Membership	
Inactive plan members or beneficiaries currently receiving benefits	4,669
Inactive plan members entitled to but not yet receiving benefits	6,148
Active plan members*	8,244
Total membership	19,061

*Does not include 1,661 active plan members who have chosen not to join the pension plan.

Benefits Provided. VFFRPF provides retirement, disability, and death benefits to eligible members. Benefits are established in chapter 41.24 RCW which may be amended only by the Legislature.

Since retirement benefits cover volunteer service, benefits are paid based on years of service, not salary. Municipalities consist of fire departments, emergency medical service districts, and law enforcement agencies.

Normal retirement is available at the age of 65 with at least ten years of membership service. The monthly plan benefit formula is \$50 plus \$10 times the number of years the member made pension contributions times a membership service percentage. The maximum monthly pension benefit is \$300. Reduced pensions are available for members beginning at the age of 60 with at least 10 years of service.

Members are vested after ten years of service. VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination.

Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of \$214 thousand. Funeral and burial expenses are also paid in a lump sum of \$2 thousand for members on active duty. Members receiving disability benefits at the time of death shall be paid \$500.

Effective June 7, 2012, at any time prior to retirement or at the time of retirement, a member of the VFFRPF may purchase retirement pension coverage for years of eligible service prior to the member's enrollment in the system or for years of service credit lost due to the withdrawal of the member's pension fee contributions. A member choosing to purchase such retirement pension coverage must contribute to the system an amount equal to the actuarial value of the resulting benefit increase.

There were no material changes in VFFRPF benefit provisions for the fiscal year ended June 30, 2022.

Contributions. VFFRPF retirement benefits are financed from a combination of investment earnings, member contributions, municipality contributions, and state contributions. In accordance with chapter 41.24 RCW, the state contribution is set at 40 percent of the fire insurance premium tax. The state is considered a nonemployer contributing entity; however, this is not considered a special funding situation. For fiscal year 2022, the fire insurance premium tax contribution was \$6.7 million.

The municipality rate for emergency medical service districts (EMSD) and law enforcement agencies is set each year by the State Board for Volunteer Fire Fighters and Reserve Officers, based on the actual cost of participation as determined by the Office of the State Actuary (OSA). All other contribution rates are set by the Legislature. Municipalities may opt to pay the member's fee on their behalf.

The contribution rates set for calendar year 2022 were the following:

	EMS & Reserve Officers	
	Fire Fighters	EMS & Reserve Officers
Member fee	\$ 30	\$ 30
Municipality fee	30	105
Total fee	\$ 60	\$ 135

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

During the prior fiscal year, the VFFRPF liquidated their ownership in the Commingled Trust Fund and transferred the proceeds to short-term investment funds where the funds remained until November 2021. An asset allocation policy for the VFFRPF was approved in November 2021 and the investments were rebalanced to policy targets. The new policy has a 70 percent allocation to public equity and a 30 percent allocation to fixed income. VFFRPF invests in a global equity Collective Investment Trust Fund operated by a trust company that groups assets contributed into a commingled investment fund. In addition, the VFFRPF invests in the Daily Valued Bond Fund managed by the WSIB.

Further information about the VFFRPF investment balances is included in the plan specific sections of the WSIB financial statements and can be found at [Reports \(wa.gov\)](https://www.wa.gov).

The Office of the State Treasurer (OST) manages a small portion of the assets for the VFFRPF. By statute, balances in the accounts in the state treasury and in the custody of the treasurer may be pooled for banking and investment purposes.

The overall objective of the OST investment policy is to construct, from eligible investments noted below, an investment portfolio that is optimal or efficient. An optimal or efficient portfolio is one that provides the greatest expected return for a given expected level of risk, or the lowest expected risk for a given expected return. Eligible investments are only those securities and deposits authorized by statute.

Further information about the investment of pension funds by the OST, their valuation, classifications, concentrations, and maturities can be found in Note 3.F.

Rate of Return. The money-weighted rates of return are provided by the WSIB and OST. For the year ended June 30, 2022, the annual money-weighted rate of return on VFFRPF investments, net of pension plan investment expense, was (16.02) percent. This money-weighted rate of return expresses investment

performance, net of pension plan investment expense, and reflects both the size and timing of external cash flows.

Pension Liability/(Asset). The components of the net pension liability of the participating VFFRPF municipalities at June 30, 2022, were as follows (dollars expressed in thousands):

Pension Liability	
Total pension liability	\$ 249,015
Plan fiduciary net position	220,751
Participating municipality net pension liability/(asset)	\$ 28,264
Plan fiduciary net position as a percentage of the total pension liability	88.65%

Actuarial Assumptions. The VFFRPF has a long-term expected rate of return of 6.00 percent. For further details, see the *2020 VFF Actuarial Valuation Report*.

Inflation	2.25%
Salary increases	N/A
Investment rate of return	6.00%

The mortality assumptions used for this plan are consistent with assumptions used for the Public Employees' Retirement System.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the 2021 Pension Experience Study, the 2021 Report on Financial Condition and Economic Experience Study, and the 2018 Relief Experience Study.

The OSA selected a 6.00 percent long-term expected rate of return on the WSIB pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the WSIB.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The CMAs contain the following three pieces of information for each class of asset the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between annual returns of each asset class with every other asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target

asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	2.2%
Tangible assets	7%	5.1%
Real estate	18%	5.8%
Public equity	32%	6.3%
Private equity	23%	9.3%
Total	100%	

The inflation component used to create the above table is 2.25 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation.

For additional information and background on the OSA's development of the long-term rate of return assumptions, refer to the 2021 Report on Financial Condition and Economic Experience Study located on the OSA website. The selection of this assumption and economic experience studies are further detailed in the Department of Retirement Systems (DRS) Annual Comprehensive Financial Report's actuarial certification letter found on the DRS website.

In consultation with the OST, the OSA selected a 3.50 percent long-term investment rate of return on assets managed by the OST. See OSA's 2020 VFF Actuarial Report for further details: https://leg.wa.gov/osa/presentations/Documents/Valuations/2020_VAVR_Final_Web.pdf.

As the VFFRPF has assets managed by both the WSIB and the OST, the long-term expected rate of return of 6.00 percent represents an approximate 90 percent/10 percent weighted-average of the assets managed by the WSIB and OST, respectively. See the 2020 VFF Actuarial Valuation Report for further details.

Discount Rate. The discount rate used to measure the total pension liability was 6.00 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions in OSA's Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 6.00 percent on plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the municipalities calculated using the discount rate of 6.00

percent, as well as what the municipalities' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.00 percent) or 1 percentage point higher (7.00 percent) than the current rate (expressed in thousands):

Municipalities' Net Pension Liability/(Asset)	
1% decrease	\$ 60,377
Current discount rate	\$ 28,264
1% increase	\$ 2,013

D. HIGHER EDUCATION RETIREMENT PLAN SUPPLEMENTAL DEFINED BENEFIT PLANS

Plan Description. Higher Education Retirement Plans are privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. State institutions of higher education make direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangements. As a result, fiscal year 2021 was the first year these plans were reported under GASB Statement No. 67/68. Prior to this, the SRP's were reported under GASB Statement No. 73.

The state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each participate in a separate plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

RCW 28B.10.400, et seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the State Board for Community and Technical Colleges, and the Student Achievement Council.

The Higher Education Defined Contribution Retirement Plans are described in Note 13.E.

Benefits Provided. The Higher Education Supplemental Retirement Plans provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all Higher Education Supplemental Retirement Plans were closed to new entrants.

Members are eligible to receive benefits under this plan at age 62 with 10 years of service. The supplemental benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The goal income is equal to 2 percent of the member's highest two-year average annual salary multiplied by the number of years of service. Benefit service is capped at 25 years. The member's assumed income is an annuity benefit the retired member would receive had they invested their contribution equally between a fixed income and a variable income annuity investment. Plan members have the option to retire early with reduced benefits.

Actuarial Assumptions. The total pension liability (TPL) was determined by an actuarial valuation as of June 30, 2020, with the results rolled forward to the June 30, 2022, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50%-4.00%
Fixed income and variable income investment returns*	N/A

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Most actuarial assumptions used in the June 30, 2020, valuation were based on the results of the August 2021 Supplemental Plan Experience Study. Additional assumptions related to salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes. Some significant changes in plan provisions and actuarial assumptions from fiscal year 2021 impacted the TPL.

House Bill 1661 (Chapter 103 Laws of 2020) created dedicated funds to pay SRP benefits that mimic the

trust arrangements for the rest of the state retirement systems. The change results in the SRP reporting under GASB 67/68 instead of GASB 73. As a result of this change:

- The discount rate is based on the long-term expected rate of return on the pension plan investments. This resulted in an increase in the discount rate used to measure the TPL from 2.21 percent as of June 30, 2020, to 7.40 percent as of June 30, 2021.
- The TPL is now compared against the plan's fiduciary net position to determine the net pension liability.

Additionally, OSA recently completed an experience study which modified multiple assumptions to estimate future plan experience.

Discount Rate. The discount rate used to measure the TPL was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 7.40 percent for the June 30, 2022, measurement date.

Pension Expense. The Pension Expense is the summation of a number of components, including benefits earned during the fiscal year and interest on the TPL. These numbers are sensitive to assumption changes and plan experience and can be volatile from year to year.

For the year ended June 30, 2022, the Higher Education Supplemental Retirement Plans reported the following for pension expense (expressed in thousands):

Pension Expense	
Plans	
University of Washington (UW)	\$ (37,982)
Washington State University (WSU)	(8,499)
Eastern Washington University (EWU)	(437)
Central Washington University (CWU)	(862)
The Evergreen State College (TESC)	(553)
Western Washington University (WWU)	(1,317)
State Board for Community and Technical Colleges (SBCTC)	(3,122)
Total	\$ (52,772)

State of Washington

Plan Membership. Membership of the Higher Education Supplemental Retirement Plans consisted of the following at June 30, 2020, the date of the latest actuarial valuation for all plans:

Number of Participating Members				
Plans	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
University of Washington (UW)	1,076	160	5,081	6,317
Washington State University (WSU)	399	53	1,591	2,043
Eastern Washington University (EWU)	57	59	290	406
Central Washington University (CWU)	64	4	81	149
The Evergreen State College (TESC)	28	13	144	185
Western Washington University (WWU)	79	3	483	565
State Board for Community and Technical Colleges (SBCTC)	293	325	4,623	5,241
Total	1,996	617	12,293	14,906

Change in Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of Higher Education Supplemental Retirement Plans at June 30, 2022 (expressed in thousands):

Change in Net Pension Liability/(Asset)	UW	WSU	EWU	CWU	TESC	WWU	SBCTC
TOTAL PENSION LIABILITY							
Service cost	\$ 3,699	\$ 604	\$ 157	\$ 19	\$ 55	\$ 233	\$ 1,508
Interest	15,933	2,968	671	327	260	982	5,078
Changes of benefit terms	—	—	—	—	—	—	—
Differences between expected and actual experience	67,986	11,481	2,661	777	991	5,263	22,436
Changes of assumptions	22,150	3,771	867	260	311	1,524	7,288
Benefit payments	(10,313)	(3,248)	(277)	(473)	(157)	(587)	(3,015)
Other	—	—	—	—	—	—	—
Net Change in Total Pension Liability	\$ 99,455	\$ 15,577	\$ 4,080	\$ 910	\$ 1,460	\$ 7,416	\$ 33,294
Total Pension Liability--Beginning	216,672	41,102	9,040	4,635	3,533	13,327	68,588
Total Pension Liability--Ending	\$ 316,127	\$ 56,679	\$ 13,119	\$ 5,545	\$ 4,994	\$ 20,743	\$ 101,882
PLAN FIDUCIARY NET POSITION							
Contributions - Employer	\$ 6,548	\$ 975	\$ 165	\$ 187	\$ 46	\$ 226	\$ 833
Contributions - Member	—	—	—	—	—	—	—
Net Investment Income	101	22	5	4	2	7	52
Benefit Payments, Including Refunds of Member Contributions	—	—	—	—	—	—	—
Administrative Expense	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	6,648	998	171	191	49	233	886
Plan Fiduciary Net Position - Beginning	90,341	17,646	3,549	3,560	1,372	5,255	32,259
Plan Fiduciary Net Position - Ending	\$ 96,989	\$ 18,643	\$ 3,720	\$ 3,751	\$ 1,421	\$ 5,488	\$ 33,145
Plan's Net Pension Liability (Asset) - Ending	\$ 219,138	\$ 38,036	\$ 9,399	\$ 1,794	\$ 3,573	\$ 15,255	\$ 68,737

Note: Figures may not total due to rounding.

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Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the net pension liability/(asset), calculated using the discount rate of 7.40 percent, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate (expressed in thousands):

Plans	Net Pension Liability / (Asset)		
	1% Decrease	Current Discount Rate	1% Increase
University of Washington (UW)	\$ 255,190	\$ 219,138	\$ 188,305
Washington State University (WSU)	43,852	38,036	33,021
Eastern Washington University (EWU)	10,781	9,399	8,216
Central Washington University (CWU)	2,248	1,794	1,397
The Evergreen State College (TESC)	4,055	3,573	3,157
Western Washington University (WWU)	17,538	15,255	13,296
State Board for Community and Technical Colleges (SBCTC)	79,907	68,737	59,157
Total	\$ 413,571	\$ 355,932	\$ 306,549

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the Higher Education Supplemental Retirement Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

University of Washington (UW)	Deferred Outflows of Resources	Deferred Inflows of Resources	Washington State University (WSU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 127,881	\$ 298,872	Difference between expected and actual experience	\$ 12,657	\$ 37,703
Changes of assumptions	123,322	173,835	Changes of assumptions	16,357	24,863
Difference between projected and actual	5,458	10,503	Difference between projected and actual	1,055	2,087
Total	\$ 256,661	\$ 483,211	Total	\$ 30,069	\$ 64,652

Eastern Washington University (EWU)	Deferred Outflows of Resources	Deferred Inflows of Resources	Central Washington University (CWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,077	\$ 5,555	Difference between expected and actual experience	\$ 291	\$ —
Changes of assumptions	2,993	5,314	Changes of assumptions	97	—
Difference between projected and actual	211	421	Difference between projected and actual	213	422
Total	\$ 7,281	\$ 11,290	Total	\$ 601	\$ 422

The Evergreen State College (TESC)	Deferred Outflows of Resources	Deferred Inflows of Resources	Western Washington University (WWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,051	\$ 2,391	Difference between expected and actual experience	\$ 6,399	\$ 11,873
Changes of assumptions	1,140	1,729	Changes of assumptions	5,167	6,297
Difference between projected and actual	81	164	Difference between projected and actual	312	626
Total	\$ 2,272	\$ 4,284	Total	\$ 11,878	\$ 18,796

State Board for Community and Technical Colleges (SBCTC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,782	\$ 30,650
Changes of assumptions	24,279	41,228
Difference between projected and actual	1,892	3,873
Total	\$ 52,952	\$ 75,751

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30 (expressed in thousands):

University of Washington (UW)		Washington State University (WSU)		Eastern Washington University (EWU)		Central Washington University (CWU)	
2023	\$ (50,528)	2023	\$ (10,056)	2023	\$ (838)	2023	\$ 301
2024	\$ (50,528)	2024	\$ (7,354)	2024	\$ (472)	2024	\$ (87)
2025	\$ (36,948)	2025	\$ (6,659)	2025	\$ (926)	2025	\$ (87)
2026	\$ (27,630)	2026	\$ (7,447)	2026	\$ (1,423)	2026	\$ 52
2027	\$ (61,937)	2027	\$ (3,794)	2027	\$ (350)	2027	\$ —
Thereafter	\$ 1,021	Thereafter	\$ 727	Thereafter	\$ —	Thereafter	\$ —

The Evergreen State College (TESC)		Western Washington University (WWU)		State Board for Community and Technical Colleges (SBCTC)	
2023	\$ (602)	2023	\$ (1,805)	2023	\$ (7,289)
2024	\$ (495)	2024	\$ (1,032)	2024	\$ (5,641)
2025	\$ (523)	2025	\$ (1,022)	2025	\$ (3,168)
2026	\$ (532)	2026	\$ (2,107)	2026	\$ (2,556)
2027	\$ 140	2027	\$ (1,375)	2027	\$ (7,642)
Thereafter	\$ —	Thereafter	\$ 423	Thereafter	\$ 3,497

E. DEFINED CONTRIBUTION PLANS

Public Employees' Retirement System Plan 3

The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to Note 13.B for PERS plan descriptions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan and can elect

to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from PERS-covered employment.

Teachers' Retirement System Plan 3

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to Note 13.B for TRS plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

TRS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, TRS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in TRS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from TRS-covered employment.

Judicial Retirement Account

The Judicial Retirement Account (JRA) Plan was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state Administrative Office of the Courts (AOC), under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, and who are members of PERS for their services as a judge. Vesting is full and immediate. At June 30, 2022, there were no active members, 93 inactive members, and one member receiving monthly benefits in JRA. The state, through the AOC, is the sole participating employer.

Beginning January 1, 2007, any justice or judge who was in a judicial position at that time and who chose to join the Judicial Benefit Multiplier (JBM) Program could no longer participate in JRA. Any justice or judge elected or appointed to office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS Plan 1 or TRS Plan 1 they will rejoin that plan, but if they have never had membership, they will be enrolled as a member of both PERS Plan 2 and JBM.

JRA Plan members are required to contribute 2.5 percent of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and employee obligations to contribute are established per chapter 2.14 RCW. Plan provisions and contribution requirements are established in state statute and may be amended only by the Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. The administrator of JRA may adopt rules establishing other payment options. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate or such person or persons, trust or

organization, as the member has nominated by written designation.

For fiscal year 2022, there were no contributions made to employee accounts.

The administrator of JRA has entered an agreement with the DRS for accounting and reporting services, and the Washington State Investment Board (WSIB) for investment services. Under this agreement, the DRS is responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted the full power to establish investment policy, develop participant investment options, and manage the investment funds for the JRA Plan, consistent with the provisions of RCW 2.14.080 and 43.84.150.

Higher Education Retirement Plans

The Higher Education Retirement Plans are privately administered defined contribution plans with a supplemental defined benefit plan component. The state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each participate in a plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

Contributions to the plans are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have, at all times, a 100 percent vested interest in their accumulations.

RCW 28B.10.400, et seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the State Board for Community and Technical Colleges, and the Student Achievement Council.

Employee contribution rates, based on age, range from 3.30 percent to 9.28 percent of salary. The employers match the employee contributions. The employer and employee obligations to contribute are established per chapter 28B.10 RCW.

For fiscal year 2022, employer and employee contributions were \$248.7 million and \$246.0 million, respectively, for a total of \$494.7 million.

Note 14 Other Postemployment Benefits

General Information

The state implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for fiscal year 2018 financial reporting. In addition to pension benefits as described in Note 13, the state, through the Health Care Authority (HCA), administers a single-employer defined benefit other postemployment benefit (OPEB) plan.

Plan Description. Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers, and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this note assume that this substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

Employees Covered by Benefit Terms. Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 15 of the state's K-12 schools and educational service districts (ESDs), and 274 political subdivisions and tribal governments not included in the state's financial reporting that participate in the PEBB plan.

Membership in the PEBB plan for the state consisted of the following:

Summary of Plan Participants As of June 30, 2020	
Active employees*	129,218
Retirees receiving benefits**	35,843
Retirees not receiving benefits***	6,000
Total active employees and retirees	171,061

*Reflects active employees eligible for PEBB program participation as of June 30, 2020.

**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.

***This is an estimate of the number of retirees that may be eligible to join a post-retirement PEBB program in the future. They are not eligible for benefits unless they choose to join in the future. In order to do so, they must show proof of continuous medical coverage since their separation of employment with the state of Washington that meets the requirements set forth in Washington Administrative Code 182-12-205.

The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: Public Employees' Retirement System, Public Safety Employees' Retirement System, Teachers' Retirement System, Service Employees' Retirement System, Washington State Patrol Retirement System, Higher Education Retirement Plans, Judicial Retirement System, and Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2. However, not all employers who participate in these plans offer PEBB to retirees.

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

In calendar year 2021, the average weighted implicit subsidy was valued at \$384 per adult unit per month. In calendar year 2022, the average weighted implicit subsidy is projected to be \$390 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced

premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2022, the explicit subsidy was up to \$183 per member per month, and it will remain \$183 per member per month in calendar year 2023.

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows (expressed in dollars):

Required Premium*	
Medical	\$ 1,151
Dental	82
Life	4
Long-term disability	2
Total	\$ 1,239
Employer contribution	\$ 1,070
Employee contribution	169
Total	\$ 1,239

*Per 2022 PEBB Financial Projection Model version 3.0. Per capita cost based on subscribers, includes non-Medicare risk pool only. Figures based on calendar year 2022 which includes projected claims cost at the time of this reporting.

Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to the Office of the State Actuary's (OSA) website: https://leg.wa.gov/osa/additional_services/Pages/OPEB.aspx. Please note that the results from OSA's report will not precisely match this publication due to the exclusion of a component unit that reports on a cash basis, and inclusion of a component unit not included in OSA's valuation report.

Actuarial Assumptions. The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	6/30/2020
Actuarial measurement date	6/30/2021
Actuarial cost method	Entry Age
Amortization method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset valuation method	N/A - No Assets

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (i.e., the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%
Projected salary changes	3.50% plus service-based salary increases
Health care trend rates	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 4.3% in 2075.
Post-retirement participation percentage	65%
Percentage with spouse coverage	45%

In projecting the growth of the explicit subsidy, after 2023 when the cap is \$183, it is assumed to grow at the health care trend rates. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

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Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2013-2018 Demographic Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2021 Economic Experience Study.

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.21 percent for the June 30, 2020, measurement date and 2.16 percent for the June 30, 2021, measurement date.

Additional detail on assumptions and methods can be found on OSA's website.

Total OPEB Liability. As of June 30, 2022, the state reported a total OPEB liability of \$6.47 billion.

Changes in Total OPEB Liability

The following table presents the change in the total OPEB liability as of the June 30, 2022, reporting date (expressed in thousands):

Changes in Total OPEB Liability	State	Component Units	Total
Total OPEB Liability - Beginning	\$ 6,051,475	\$ 5,444	\$ 6,056,919
Changes for the year:			
Service cost	323,267	439	323,706
Interest	139,714	128	139,842
Difference between expected and actual experience*	—	404	404
Changes in assumptions*	59,693	(991)	58,702
Changes in proportion	88	(88)	—
Benefit payments	(106,443)	(80)	(106,523)
Net Changes in Total OPEB Liability	416,319	(188)	416,131
Total OPEB liability - Ending	\$ 6,467,794	\$ 5,256	\$ 6,473,050

*The recognition period for these changes is nine years. This is equal to the average expected remaining service lives of all active and inactive members.

The increase in the total OPEB liability is due to changes in assumptions resulting from a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index discount rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the state as an employer calculated using the discount rate of 2.16 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 7,836,192	\$ 6,340	\$ 7,842,532
Current discount rate	\$ 6,467,794	\$ 5,256	\$ 6,473,050
1% increase	\$ 5,403,876	\$ 4,411	\$ 5,408,287

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the state as an employer, calculated using the health care trend rates of 2-11 percent reaching an ultimate range of 4.30 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12%) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 5,218,062	\$ 4,268	\$ 5,222,330
Current health care cost trend rate	\$ 6,467,794	\$ 5,256	\$ 6,473,050
1% increase	\$ 8,156,606	\$ 6,586	\$ 8,163,192

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.

For the year ending June 30, 2022, the state recognized OPEB expense of \$291.0 million.

On June 30, 2022, the state reported deferred outflows of resources and deferred inflows of resources related to OPEB for the state, including component units, from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 111,082	\$ 25,283
Changes of assumptions	412,266	1,174,392
Transactions subsequent to the measurement date	106,831	—
Changes in proportion	226,154	226,179
Total	\$ 856,333	\$ 1,425,854

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Deferred outflows of resources and deferred inflows of resources related to OPEB for component units as of the June 30, 2022, reporting date were as follows (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 447	\$ 244
Changes of assumptions	364	1,751
Transactions subsequent to the measurement date	62	—
Changes in proportion	79	290
Total	\$ 952	\$ 2,285

Amounts reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for the state will be recognized in OPEB expense in the fiscal years ended June 30 (expressed in thousands):

Subsequent Years	
2023	\$ (172,260)
2024	\$ (172,260)
2025	\$ (172,260)
2026	\$ (172,260)
2027	\$ (71,992)
Thereafter	\$ 84,680

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for component units will be recognized in OPEB expense in the fiscal years ended June 30 (expressed in thousands):

Subsequent Years	
2023	\$ (182)
2024	\$ (182)
2025	\$ (182)
2026	\$ (182)
2027	\$ (119)
Thereafter	\$ (548)

Note 15 Derivative Instruments

Hedging Derivative Instruments

In addition to investment derivative instruments as described in Note 3, the state, through the Washington State Department of Transportation Ferries Division

(WSF), entered into commodity swap agreements to hedge a portion of WSF diesel fuel consumption.

The following table presents the hedging derivative instruments as of June 30, 2022 (expressed in thousands):

	Changes in Fair Value		Fair Value at June 30, 2022		Notional Amount (in Gallons)
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash flow hedges:					
	Deferred		Accounts		
Commodity swaps	Inflow	\$ (8,904)	Receivable	\$ 8,904	6,048

The commodity swaps noted above were reviewed for hedge accounting and were deemed effective using the regression analysis method.

To accomplish this, a strategy of active hedging has been implemented by WSF to control the uncertain costs of fuel and allow for more accurate budget estimates.

Objective

The objective for the hedge transaction is to minimize the volatility of the price of diesel fuel and therefore stabilize the percentage of the WSF operating budget represented by fuel purchases.

Significant Terms

The significant terms of WSF active hedges during fiscal year 2022 are presented in the following table:

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Type	Counterparty	Contract Price per Gallon	Variable Rate Received	Trade Date	Settlement Period	Monthly Notional Amount (in Gallons)
Commodity Swap	Cargill	1.95	NYMEX ULSD Heating Oil	8/19/2021	9/2021 - 6/2022	252,000
Commodity Swap	Cargill	2.06	NYMEX ULSD Heating Oil	11/30/2021	12/2021 - 6/2022	252,000
Commodity Swap	Cargill	2.66	NYMEX ULSD Heating Oil	2/9/2022	2/2022 - 6/2022	252,000
Commodity Swap	Cargill	1.92	NYMEX ULSD Heating Oil	8/19/2021	7/2022 - 6/2023	252,000
Commodity Swap	BofA - Merrill Lynch	2.03	NYMEX ULSD Heating Oil	11/30/2021	7/2022 - 6/2023	252,000

The hedging strategy consists of a reference to futures contracts of New York Mercantile Exchange (NYMEX) Ultra Low Sulfur Diesel (ULSD) Heating Oil. This commodity remains highly correlated to the diesel fuel type being used by WSF. These fuel hedges require no initial cash investment and provide monthly settlements.

The monthly settlements are based on the daily prices of the respective commodities whereby WSF will either receive a payment or make a payment to the counterparty, depending on the average monthly prices of the commodities in relation to the contract prices.

Fair Value

The state reports its hedging derivative instruments at fair value as either accounts payable - liability (negative fair value amount) or as other receivables - asset (positive fair value amount). The fair value represents the current price to settle swap assets or liabilities in the market place if a swap were to be terminated. The changes in fair value for hedging derivative instruments represent the unrealized gain or loss on the contracts and are reported as deferred inflows or deferred outflows of resources, respectively. At fiscal year end, the state reports the fair value and changes in fair value related to hedging derivative instruments on the Balance Sheet for Nonmajor Governmental Funds and the Government-wide Statement of Net Position.

Risks

The following risks are generally associated with commodity swap agreements:

Basis risk. Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates.

Statistically, the relationship between heating oil prices and diesel fuel prices has been quite stable over the past five years with a 98 percent correlation. This means that the heating oil futures price explains 98 percent of the variance in the price that WSF pays for its diesel fuel, making it highly reliable. In order to mitigate basis risk, WSF continually monitors the relationship between futures prices and the price of diesel fuel delivered.

Termination Risk. Termination risk is the risk that there will be a mandatory early termination of the commodity swap that would result in WSF either paying or receiving a termination payment. Mandatory terminations generally result when a counterparty suffers degraded credit quality or fails to perform. Upon termination, payment may be required by either party, reflecting fair value at the time of termination.

Credit Risk. Credit risk is the risk that the counterparty fails to make the required payments or otherwise comply with the terms of the swap agreement. WSF is exposed to credit risk in the amount of the derivative instrument's fair value. When the fair value of any derivative instrument has a positive market value, then WSF is exposed to the actual risk that the counterparty will not fulfill its obligation. To mitigate credit risk, WSF monitors the credit ratings of the counterparties. At June 30, 2022, credit ratings of the state's counterparty were as follows:

Counterparty	Moody's	Standard & Poor's	Fitch
Cargill	A2	A	A
Bank of America Merrill Lynch International Limited	-	A+	AA

Note 16 Tax Abatements

During fiscal year 2022, the state of Washington provided material tax abatements through six programs, three of which are only available to businesses in the aerospace industry.

Data Center Server Equipment and Power Infrastructure Tax Exemption

Per Revised Code of Washington (RCW) 82.08.986 and 82.12.986, the purchase or use of server equipment and power infrastructure in data centers within the state of Washington, along with certain related labor and services charges, may be exempt from sales and use tax to encourage immediate investments in technology facilities.

The Department of Revenue (DOR) will issue an exemption certificate, which the buyer must present to the seller at the time of the sale in order to make eligible tax-exempt purchases.

Within six years of the date that the exemption certificate is issued, the certificate holder must establish that net employment at the computer data center has increased by a minimum of 35 family wage positions or 3 family wage employment positions for each 20,000 square feet or less of space. Family wage employment positions are new permanent employment positions requiring 40 hours of weekly work, or their equivalent, at the eligible computer data center, and receiving a wage equivalent to or greater than 150 percent of the per capita personal income of the county in which the data center is located. All previously exempted sales and use tax are immediately due and payable for a qualifying business that does not meet these requirements.

High-Technology Business Tax Deferral Program

Chapter 82.63 RCW provides a deferral and ultimate waiver of sales and use tax to encourage the creation of high-wage, high-skilled jobs in the state of Washington. The deferral applies to sales and use tax arising from the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology.

Businesses must apply for a deferral certificate prior to being issued a building permit for the project(s) or before taking possession of machinery and equipment. Eligible projects will receive a sales and use tax deferral certificate issued by DOR, which allows vendors and contractors to sell to the approved business without charging sales tax. An annual survey must be filed by May 31 of the year in which the project is certified and for the following seven years. If the investment project is used for any other purpose at any time during the calendar year in which the investment is certified as operationally complete, or during the next seven calendar years, a portion of the deferred taxes must be repaid immediately. The portion due is determined by a sliding scale ranging from 100 percent recapture in the year the project is operationally complete to 12.5 percent recapture in year eight.

Multi-Unit Urban Housing Tax Exemption

RCW 84.14.020 allows for a property tax exemption to improve residential opportunities, including affordable housing opportunities, in urban centers. In order to qualify for the exemption, the new or rehabilitated multiple-housing unit must be located in a targeted residential area designated by the city or county, provide for a minimum of 50 percent of the space for permanent residential occupancy, meet all construction and development regulations, and be completed within three

years of the application approval date. To qualify as a rehabilitated unit, the property must also fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995.

The property owner must apply for the exemption certificate with the city or county where the property is located before beginning construction. If the application is approved, the exemption certificate will be issued after the owner certifies all requirements have been met upon completion of the project. If the application for a tax exemption certificate was submitted before July 22, 2007, the property is exempt for ten years. If the application for a tax exemption certificate was submitted on or after July 22, 2007, the property is exempt for eight years, unless the applicant commits to renting or selling at least 20 percent of the units as affordable housing units to low and moderate-income households, making it exempt for 12 years. Each tax exemption certificate recipient must submit an annual report to the city or county. If a portion of the property no longer meets the exemption requirements, the tax exemption is canceled and a lien will be placed on the land for the additional real property tax on the value of the non-qualifying improvements plus a 20 percent penalty and interest.

Aerospace Incentives

The state of Washington provides tax abatement programs to the aerospace industry to encourage the industry's continued presence in the state.

RCW 82.04.4461 allows a business and occupation (B&O) tax credit equal to 1.5 percent of expenditures on aerospace product development performed within Washington. A business claiming the credit must file an annual report with DOR.

Per RCW 82.04.4463, manufacturers and processors for hire of commercial airplanes or their component parts and aerospace tooling manufacturers are eligible for a B&O tax credit equal to the property and leasehold taxes paid on certain buildings, land, and the increased value from certain building renovations or expansions, as well as a portion of property taxes paid on certain machinery and equipment. The credit for machinery and equipment is equal to the amount of property taxes paid on the machinery and equipment multiplied by a fraction as prescribed in the RCW.

Eligibility for the credit requires the building, land, and/or machinery and equipment be used exclusively in manufacturing commercial airplanes or their components or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components. A business claiming the credit must file an annual report with DOR.

Non-manufacturers engaged in the business of aerospace product development and certificated Federal Aviation Regulation repair stations making retail sales are eligible for a B&O tax credit equal to property and leasehold taxes on certain buildings, land, and the increased value of renovated buildings, and qualifying computer equipment and peripherals under RCW 82.04.4463. Eligibility for the credit requires the building, land, and/or computer equipment and peripherals be used exclusively in aerospace product development or in providing aerospace services. A business claiming the credit must file an annual report with DOR.

The purchase and use of computer hardware, software, or peripherals, including installation charges, is exempt from sales and use tax per RCW 82.08.975 and 82.12.975 if the item is used primarily in developing, designing, and engineering aerospace products. The purchaser must present a Buyers' Retail Sales Tax Exemption Certificate to the seller at the time of purchase.

The following table shows the amount of taxes abated during fiscal year 2022 (expressed in thousands):

Tax Abatement Program	Amount of Taxes Abated
Data center server equipment and power infrastructure exemption	\$ 73,855
High-technology business tax deferral program	32,008
Multi-unit urban housing tax exemption	33,334
Aerospace incentives:	
Aerospace product development expenditures credit	50,454
Aerospace business facilities credit	57,105
Computer hardware, software, and peripherals exemption	6,156
TOTAL	\$ 252,912

Note 17 Commitments and Contingencies

A. CAPITAL COMMITMENTS

Outstanding commitments related to state infrastructure and facility construction, improvement, and/or renovation totaled \$5.76 billion at June 30, 2022.

B. ENCUMBRANCES

Encumbrances, which represent commitments related to unperformed contracts for goods or services, are included in restricted, committed, or assigned fund balance, as appropriate. Operating encumbrances lapse at the end of the applicable appropriation period. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at the end of fiscal year 2022 are expressed in thousands:

General Fund	\$ 673,157
Nonmajor Governmental Funds	1,573,005

C. SUMMARY OF SIGNIFICANT LITIGATION

Pending Litigation

The state and its agencies are parties to numerous routine legal proceedings that normally occur in governmental operations. In addition, at any given point, there may be numerous lawsuits involving the implementation, reduction, or elimination of specific state programs that could significantly impact expenditures and revenues, and potentially have future budgetary impact. This summary considers significant litigation not covered by tort insurance. Tort case liabilities are disclosed in Note 7.D, Claims and Judgments, Risk Management.

The state is defending a case where the plaintiffs challenge the constitutionality of the capital gains tax which went into effect in January 2022. The new tax is estimated to bring in approximately \$442 million per year starting fiscal year 2023.

A putative class action was brought by several contracted individual providers alleging breach of contract by the state and violation of the Minimum Wage Act. The potential fiscal impact was approximately \$116 million, and the state has been going through proceedings necessary to effectuate a settlement.

The state is also the defendant in a number of cases alleging inadequate funding of state programs or services, as well as various assertions by taxpayers for improper tax assessments. Claims include insufficient competency services at state hospitals; and violation of various federal laws in providing services for children with behavioral health or development disabilities. Several pharmacy associations also sued the state to block the implementation of new rules regarding Medicaid fee-for-service payment rates. Collective claims in these programmatic and service cases are currently indeterminable, but adverse rulings in some of these cases could result in significant future costs.

The state is contesting these lawsuits and the outcomes are uncertain at this time.

Tobacco Settlement

In November 1998, Washington joined 45 other states in a Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers to provide restitution for monies spent under health care programs for the treatment of smoking-related illnesses.

The annual payments to each state under the MSA are subject to a number of adjustments, including the nonparticipating manufacturer (NPM) adjustment. The NPM adjustment is a downward adjustment that is applicable to any state found by an arbitration panel not to have diligently enforced the qualifying statute. The amount of the available adjustment is calculated every year by Price Waterhouse Coopers and is typically \$1.25 billion. States found not diligent share the costs of that downward adjustment and the adjustment is applied against the next annual MSA payment. No state can lose more than its entire annual payment.

For every annual MSA payment cycle since 2006, the participating manufacturers have withheld the amount of the available NPM adjustment from their MSA payments claiming all of the states were not diligent, depositing the amount of the available adjustment into a Disputed Payments Account. For Washington, the amount withheld from each payment has been in the range of approximately \$17.5 million to \$24.9 million. The states are required to sue the participating manufacturers to recover the withheld amounts.

The withholding in 2006 challenged the states' diligence for calendar year 2003. That challenge marked the first time the NPM adjustment procedure was involved and led to diligent enforcement arbitration. The arbitration occurred in two stages: a national hearing on "common issues" and then state's specific case.

During the 2003 NPM adjustment dispute, 22 states settled their dispute. The participating manufacturers agreed to a 54 percent reduction in their annual MSA

payments and to additional NPM enforcement obligations. On September 11, 2013, the arbitration panel issued a decision in Washington's favor, unanimously concluding that Washington proved that it diligently enforced the qualifying statute during calendar year 2003 and therefore, for that calendar year, is not subject to an NPM adjustment under the MSA. As a result of that decision, in fiscal year 2014, Washington received approximately \$14 million more than it would have otherwise received.

The 2004 NPM adjustment dispute began shortly after the conclusion of the 2003 dispute. In September 2019, one of the states' three elected arbitration panel members passed away before any decisions were finalized. The states subsequently selected a replacement who reviewed all filings and transcripts and participated in the panel's decisions.

In September 2021, the panel determined that Washington was not diligent. The adverse decision largely turned on the 2004 panel's different treatment of tribal cigarette sales. The 2003 panel ruling supported the Washington's position that cigarette sales by tribes that have compacts with the state are not within its diligent enforcement obligations, but the 2004 panel reached the opposite conclusion. In a motion for vacatur, Washington was able to get the ruling overturned so that it will not have diligent enforcement obligations for compact cigarette sales for all cases going forward. However, even with the correction, the court declined to overturn the adverse finding of non-diligence. The tobacco companies have appealed the ruling, and Washington has crossed-appealed the refusal of the court to send the case back for reconsideration after correcting the error on tribal compact cigarette sales.

Washington faces a potential downward NPM adjustment in its next MSA payment of approximately \$39 million. It is unlikely the appeal will be resolved before the April 2023 payment cycle. If the state prevails on reversing the diligence determination, the Independent Auditor would apply the credit in the following payment cycle.

The 2005, 2006, and 2007 NPM Adjustment disputes are currently underway and the arbitration panel for multiple years has been convened. The common case for those years was completed in July 2022. Washington state's specific hearing is set for April 24 to May 6, 2023.

D. FEDERAL ASSISTANCE

The state has received federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies.

Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including

the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the state.

The state estimates and recognizes claims and judgments liabilities for disallowances when determined by the grantor agency or for probable disallowances based on experience pertaining to these grants; however, these recognized liabilities and any unrecognized disallowances are considered immaterial to the state's overall financial condition.

E. ARBITRAGE REBATE

Rebatable arbitrage is defined by the Internal Revenue Service Code Section 148 as earnings on investments purchased from the gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue.

The rebatable arbitrage must be paid to the federal government. The state estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

F. FINANCIAL GUARANTEES

School District Credit Enhancement Program

In accordance with chapter 39.98 RCW (School District Credit Enhancement Program), the state has guaranteed outstanding voter-approved general obligation bonds of school districts within the state in the amount of \$16.03 billion at June 30, 2022. The guarantees extend through the life of the bonds, with a final maturity date of the longest series in 2045.

In the event that a school district has insufficient funds to make a required debt service payment on a guaranteed bond, the state is required to transfer sufficient funds to make the payment. School districts for which the state has made all or part of a debt service payment shall reimburse the state for all money drawn on their behalf, as well as interest and penalties.

G. COLUMBIA RIVER CROSSING

The Washington State Department of Transportation (WSDOT) and the Oregon Department of Transportation (ODOT) worked together, along with federal and local agencies, on the Columbia River Crossing (CRC) project. The CRC project was a bridge, transit, highway, bicycle, and pedestrian improvement project intended to replace the existing two highway spans on Interstate 5 (I-5) across the Columbia River, along with new interchanges on both the Washington and Oregon sides of the river. It also included extension of light rail public transit into Vancouver, Washington.

In 2014, the CRC project was shut down due to lack of funding by both the Washington and Oregon legislatures. During the project, WSDOT expended approximately \$54 million in federal funds, of which \$15 million was jointly awarded to Washington and Oregon.

Under Federal Highway Administration (FHWA) policy, failure to advance a project to the construction phase within 10 years of the initial obligation of funds could trigger a requirement to repay federal funds used on the project. FHWA has granted Washington and Oregon an extension to September 30, 2024.

In 2019, the Washington Legislature provided \$35 million to establish a project office jointly staffed by Washington and Oregon. The funding also covers pre-design activities to replace the I-5 Columbia River bridge crossing. The Oregon Transportation Commission (OTC) allocated \$9 million as the state's initial contribution to restarting the work. In August 2019, the OTC approved an additional \$4 million to be obligated to the program from the fiscal year 2020 federal redistribution funds.

In April 2020, WSDOT and ODOT signed a funding and administration agreement committing to jointly approve expenditures and equally fund the program. A program administrator was hired in June 2020 to act on behalf of both states.

In August 2020, the OTC approved an additional \$6 million to be obligated to the program from the fiscal year 2021 federal redistribution funds, followed by an additional \$30 million in March 2021. ODOT and WSDOT have initiated program development efforts including re-engaging program partners and stakeholders and resuming bi-state legislative committee engagement.

During fiscal year 2022, the bi-state legislative committee continued to work with WSDOT, ODOT, and their respective transportation commissions on program development for construction of the new I-5 bridge. The current process allows public participation and provides project development reports and recommendations to the legislatures of Washington and Oregon. Additionally, WSDOT was awarded \$2.74 billion of Move Ahead Washington funds as part of the fiscal year 2022 supplemental budget, which authorized a combination of bi-state funding from federal, state, tolling, and local funds for projects including the Columbia River Crossing Project.

H. OTHER COMMITMENTS AND CONTINGENCIES

Local Option Capital Asset Lending Program

On September 1, 1998, the state lease-purchase program was extended to local governments seeking low cost

financing of essential equipment and, in the year 2000, for real estate. The Local Option Capital Assets Lending (LOCAL) program allows local governments to pool their financing requests together with Washington state agencies in Certificates of Participation (COPs). Refer to Note 7.B for the state's COP disclosure.

These COPs do not constitute a debt or pledge of the full faith and credit of the state; rather, local governments pledge their full faith and credit in a general obligation pledge.

In the event that any local government fails to make any payment, the state is obligated to withhold an amount sufficient to make such payment from the local government's share, if any, of state revenues or other

amounts authorized or required by law to be distributed by the state to such local government, if otherwise legally permissible.

Upon failure of any local government to make a payment, the state is further obligated, to the extent of legally available appropriated funds, to make such payment on behalf of such local government. The local government remains obligated to make all COP payments and reimburse the state for any conditional payments.

As of June 30, 2022, outstanding COP notes totaled \$141.2 million for 134 local governments participating in LOCAL. The state estimates that the LOCAL program liability, if any, will be immaterial to its overall financial condition.

Note 18

Subsequent Events

A. BOND ISSUES

In July 2022, the state issued:

- \$693.9 million in various purpose general obligation bonds to provide funds to pay and reimburse for various state capital projects.

- \$140.0 million in taxable general obligation bonds to provide funds to pay and reimburse for various non-transportation capital projects.

B. CERTIFICATES OF PARTICIPATION

In October 2022, the state issued \$17.3 million in Certificates of Participation.

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Required Supplementary Information

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State of Washington

BUDGETARY COMPARISON SCHEDULES

General Fund

For the Fiscal Year Ended June 30, 2022

(expressed in thousands)

	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 4,853,885	\$ 4,853,885	\$ 4,853,885	\$ —
Resources				
Taxes	58,484,663	58,470,638	29,351,861	(29,118,777)
Licenses, permits, and fees	282,356	282,356	146,561	(135,795)
Other contracts and grants	1,124,503	1,124,503	356,722	(767,781)
Timber sales	9,136	9,136	5,286	(3,850)
Federal grants-in-aid	41,255,447	43,805,338	19,653,665	(24,151,673)
Charges for services	158,919	534,306	64,814	(469,492)
Investment income (loss)	139,611	141,905	41,879	(100,026)
Miscellaneous revenue	347,865	348,225	192,240	(155,985)
Unclaimed property	347,795	347,795	154,341	(193,454)
Transfers from other funds	3,138,663	4,717,900	1,225,424	(3,492,476)
Total Resources	110,142,843	114,635,987	56,046,678	(58,589,309)
Charges To Appropriations				
General government	10,564,536	15,181,089	6,154,172	9,026,917
Human services	48,343,114	51,407,072	24,469,619	26,937,453
Natural resources and recreation	1,236,828	1,614,538	682,266	932,272
Transportation	154,608	168,084	75,067	93,017
Education	35,797,863	35,637,051	17,339,792	18,297,259
Capital outlays	2,020,219	2,844,340	216,147	2,628,193
Transfers to other funds	2,205,782	2,205,842	553,481	1,652,361
Total Charges To Appropriations	100,322,950	109,058,016	49,490,544	59,567,472
Excess Available For Appropriation Over (Under) Charges To Appropriations	9,819,893	5,577,971	6,556,134	978,163
Reconciling Items				
Debt service	—	—	(42)	(42)
Bond sale proceeds	95,714	132,804	127,922	(4,882)
Issuance premiums	—	—	914	914
Refunding COPs issued	—	—	4,080	4,080
Assumed reversions	295,743	321,732	—	(321,732)
Working capital adjustment	—	—	15,000	15,000
Noncash activity (net)	—	—	(175,531)	(175,531)
Nonappropriated fund balances	—	—	859,705	859,705
Changes in reserves (net)	—	—	(289,703)	(289,703)
Total Reconciling Items	391,457	454,536	542,345	87,809
Budgetary Fund Balance, June 30	\$ 10,211,350	\$ 6,032,507	\$ 7,098,479	\$ 1,065,972

The separately submitted report that demonstrates compliance at a legal level of budgetary control is traceable to the Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual found in the Individual Fund Schedules section.

BUDGETARY COMPARISON SCHEDULES

General Fund - Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2022

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources"		
from the Budgetary Comparison Schedule	\$	56,046,678
Differences - budget to GAAP:		
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:		
Transfers from other funds		(1,225,424)
Budgetary fund balance at the beginning of the biennium, as restated		(4,853,885)
Appropriated loan principal repayment		(44)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:		
Noncash commodities and electronic food stamp benefits		3,238,827
Revenues collected for other governments		182,915
Unanticipated receipts		119,919
Noncash revenues		87,099
Other		(297,732)
Biennium total revenues		53,298,353
Nonappropriated activity		385,017
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	53,683,370

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations"		
from the Budgetary Comparison Schedule	\$	49,490,544
Differences - budget to GAAP:		
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:		
Appropriated transfers to other funds		(5,105,940)
Other transfers to other funds		(553,481)
The following items are not outflows of budgetary resources but are recorded as current expenditures for financial reporting purposes:		
Noncash commodities and electronic food stamp benefits		3,238,829
Distributions to other governments		182,915
Certificates of participation and capital lease acquisitions		57,106
Expenditures related to unanticipated receipts		119,919
Interest on debt service		42
Biennium total expenditures		47,429,934
Nonappropriated activity		860,950
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$	48,290,884

State of Washington

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund

For the Fiscal Year Ended June 30, 2022

(expressed in thousands)

	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 536,990	\$ 536,990	\$ 536,990	\$ —
Resources				
Taxes	2,457,029	2,371,363	1,269,877	(1,101,486)
Charges for services	3,022,017	21,591	1	(21,590)
Investment income (loss)	5,062	50	4,205	4,155
Miscellaneous revenue	4,124	71,845	—	(71,845)
Transfers from other funds	5,014	5,014	14,138	9,124
Total Resources	6,030,236	3,006,853	1,825,211	(1,181,642)
Charges To Appropriations				
General government	426	39,431	39,263	168
Human services	44,217	48,117	16,560	31,557
Education	2,448,116	2,652,814	846,315	1,806,499
Transfers to other funds	138,238	28,012	14,138	13,874
Total Charges To Appropriations	2,630,997	2,768,374	916,276	1,852,098
Excess Available For Appropriation Over (Under) Charges To Appropriations	3,399,239	238,479	908,935	670,456
Reconciling Items				
Noncash activity (net)	—	—	(8,747)	(8,747)
Nonappropriated fund balances	—	—	4,225,268	4,225,268
Changes in reserves (net)	—	—	28,079	28,079
Total Reconciling Items	—	—	4,244,600	4,244,600
Budgetary Fund Balance, June 30	\$ 3,399,239	\$ 238,479	\$ 5,153,535	\$ 4,915,056

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund - Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2022

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 1,825,211
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(14,138)
Budgetary fund balance at the beginning of the biennium, as restated	(536,990)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash revenues	198
Biennium total revenues	1,274,281
Nonappropriated activity	6,800,654
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 8,074,935

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 916,276
Differences - budget to GAAP:	
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:	
Appropriated transfers to other funds	(184,317)
Other transfers to other funds	(14,138)
Biennium total expenditures	717,821
Nonappropriated activity	6,318,599
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 7,036,420

BUDGETARY INFORMATION
Notes to Required Supplementary Information

GENERAL BUDGETARY POLICIES AND PROCEDURES

The Governor is required to submit a budget to the Legislature no later than December 20 of the year preceding odd-numbered year sessions of the Legislature.

The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the

passage of appropriation bills by the Legislature and approved by the Governor. Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year in the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level.

The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying budgetary schedule is not presented at the legal level of budgetary control. This is due to the large number of appropriations within individual agencies that would make such a presentation in the accompanying financial schedule extremely cumbersome. Section 2400.121 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting

Standards provides for the preparation of a separate report in these extreme cases.

For the state of Washington, a separate report has been prepared for the 2021-2023 biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures and estimated versus actual revenues and other financing sources (uses) for appropriated funds/accounts at agency and appropriation level are presented in the Budget-to-Actual Detail Report for governmental funds. The report is available on line at [https://ofm.wa.gov/sites/default/files/public/accounting/report/CAFR/2022/Washington State Budget to Actual Detail Report.pdf](https://ofm.wa.gov/sites/default/files/public/accounting/report/CAFR/2022/Washington%20State%20Budget%20to%20Actual%20Detail%20Report.pdf).

Legislative appropriations are strict legal limits on expenditures; over-expenditures are prohibited. All appropriated and certain nonappropriated funds/accounts are further controlled by the executive branch through the allotment process. This process allocates the expenditure plan into monthly allotments by program, source of funds, and object of expenditure. State law does not preclude the over-expenditure of allotments.

Proprietary funds/accounts can earn revenues and incur expenses (i.e., depreciation or cost of goods sold) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund/account business plan estimates are adjusted only at the beginning of each fiscal year.

Additional fiscal control is exercised through various means. The Office of Financial Management is authorized to estimate revenue and make expenditure allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year.

Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at fiscal year-end are reported as restricted, committed, or assigned fund balance.

Budgetary Reporting vs. GAAP Reporting

Governmental funds are budgeted materially in conformance with generally accepted accounting principles.

However, the presentation in the accompanying budgetary schedules is different in certain respects from the corresponding Statements of Revenues, Expenditures, and Changes in Fund Balance (governmental operating statement).

In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities. Expenditures are classified based on whether the appropriation is from the operating or capital budget. Expenditures funded by operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation. Expenditures funded by capital budget appropriations are reported as capital outlays.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are capital asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These include activities designated as nonappropriated by the Legislature. Nonappropriated activities can represent a portion of a fund such as the Higher Education Special Revenue Fund or all of a fund such as the Higher Education Endowment and Tobacco Settlement Securitization Bond Debt Service Funds. Additionally, certain items including federal surplus food commodities, electronic food stamp benefits, and resources collected and distributed to other governments are also excluded because they are not appropriated.

Further, certain expenditures are appropriated as operating transfers. These transfers are reported as operating transfers on the budgetary schedules and as expenditures on the governmental operating statements.

In the General Fund, Budgetary Fund Balance equals restricted fund balance reduced by a portion that is not available for budgeting, committed, and unassigned fund balances as reported on the Governmental Funds Balance Sheet. In the Higher Education Special Revenue Fund, Budgetary Fund Balance equals the sum of restricted and committed fund balance as reported on the Governmental Funds Balance Sheet. In all other funds except Wildlife and Natural Resources, Budgetary Fund Balance equals total fund balance less nonspendable fund balance as reported on the Governmental Funds Balance Sheet. The Budgetary Fund Balance in the Wildlife and Natural Resources fund is further reduced by a portion of restricted fund balance that is not available for budgeting.

State of Washington

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Washington State Patrol Retirement System - Plan 1/2

Last Nine Measurement Years *

(expressed in thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ 23,462	\$ 23,091	\$ 22,671
Interest	105,943	100,877	96,629
Changes of benefit terms	—	2,400	—
Differences Between Expected and Actual Experience	(2,368)	11,919	4,254
Changes of Assumptions	—	581	—
Benefit payments, including refunds of member contributions	(72,786)	(68,838)	(64,370)
Net Change in Total Pension Liability	54,251	70,030	59,184
Total Pension Liability--Beginning	1,443,948	1,373,918	1,314,734
Total Pension Liability--Ending	\$ 1,498,199	\$ 1,443,948	\$ 1,373,918
Plan Fiduciary Net Position			
Contributions--employer	\$ 20,882	\$ 19,897	\$ 14,700
Contributions--employee	12,189	10,630	10,744
Net Investment Income	429,171	60,358	111,123
Benefit Payments, Including Refunds of Member Contributions	(72,786)	(68,838)	(64,370)
Administrative Expense	(123)	(96)	(131)
Other	491	808	769
Net Change in Plan Fiduciary Net Position	389,824	22,759	72,835
Plan Fiduciary Net Position--Beginning	1,385,040	1,362,281	1,289,446
Plan Fiduciary Net Position--Ending	\$ 1,774,864	\$ 1,385,040	\$ 1,362,281
State's Net Pension Liability/(Asset)--Ending	\$ (276,665)	\$ 58,908	\$ 11,637
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	118.47 %	95.92 %	99.15 %
Covered Payroll	\$ 118,448	\$ 113,704	\$ 111,612
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(233.58 %)	51.81 %	10.43 %

N/A indicates not available.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary.

State of Washington

	2018	2017	2016	2015	2014	2013
\$	21,083	\$ 18,474	\$ 16,534	\$ 16,633	\$ 18,041	N/A
	94,569	90,560	83,373	80,037	75,249	N/A
	—	4,830	1,947	2,258	—	N/A
	13,974	23,702	(10,431)	8,883	—	N/A
	(24,367)	20,921	2	17	—	N/A
	(59,634)	(56,821)	(54,159)	(50,075)	(47,510)	N/A
	45,625	101,666	37,266	57,753	45,780	N/A
	1,269,109	1,167,443	1,130,177	1,072,424	1,026,644	N/A
\$	1,314,734	\$ 1,269,109	\$ 1,167,443	\$ 1,130,177	\$ 1,072,424	\$ 1,026,644
\$	14,203	\$ 7,587	\$ 7,044	\$ 6,679	\$ 6,587	N/A
	9,922	10,454	8,895	6,323	6,555	N/A
	113,597	151,021	25,352	49,046	176,856	N/A
	(59,634)	(56,821)	(54,159)	(50,075)	(47,510)	N/A
	(131)	(53)	(60)	(67)	(84)	N/A
	650	524	429	293	509	N/A
	78,607	112,712	(12,499)	12,199	142,913	N/A
	1,210,839	1,098,127	1,110,626	1,098,427	955,514	N/A
\$	1,289,446	\$ 1,210,839	\$ 1,098,127	\$ 1,110,626	\$ 1,098,427	\$ 955,514
\$	25,288	\$ 58,270	\$ 69,316	\$ 19,551	\$ (26,003)	\$ 71,130
	98.08 %	95.41 %	94.06 %	98.27 %	102.42 %	93.07 %
\$	109,243	\$ 93,053	\$ 86,660	\$ 84,388	\$ 85,046	\$ 81,895
	23.15 %	62.62 %	79.99 %	23.17 %	-30.58 %	86.86 %

State of Washington

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judicial Retirement System

Last Nine Measurement Years *

(expressed in thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	1,621	2,634	3,078
Changes of benefit terms	—	—	—
Differences between expected and actual experience	1,237	(447)	(1,793)
Changes in assumptions	(1,931)	3,675	2,372
Benefit payments, including refunds of employee contributions	(7,553)	(7,921)	(7,958)
Net Change in Total Pension Liability	(6,626)	(2,059)	(4,301)
Total Pension Liability--Beginning	77,119	79,178	83,479
Total Pension Liability--Ending	\$ 70,493	\$ 77,119	\$ 79,178
Plan Fiduciary Net Position			
Contributions--employer	\$ 7,600	\$ 7,800	\$ 8,400
Contributions--employee	—	—	—
Net investment income	79	155	166
Benefit payments, including refunds of employee contributions	(7,553)	(7,921)	(7,958)
Administrative expense	—	—	—
Net Change in Plan Fiduciary Net Position	126	34	608
Plan Fiduciary Net Position--Beginning	8,494	8,460	7,852
Plan Fiduciary Net Position--Ending	\$ 8,620	\$ 8,494	\$ 8,460
State's Net Pension Liability/(Asset)--Ending	\$ 61,873	\$ 68,625	\$ 70,718
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	12.23 %	11.01 %	10.68 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/Asset as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A indicates data not available.

1. Covered payroll is not applicable because there are no active plan employees beginning in 2014.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2018	2017	2016	2015	2014	2013
	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
	3,200	2,874	3,704	4,382	4,319	N/A
	—	—	—	—	—	N/A
	(2,844)	1,047	20	1,590	—	N/A
	(2,063)	(6,329)	8,737	4,335	—	N/A
	(8,325)	(8,723)	(9,131)	(9,336)	(9,480)	N/A
	(10,032)	(11,131)	3,330	971	(5,161)	N/A
	93,511	104,642	101,312	100,341	105,502	N/A
	\$ 83,479	\$ 93,511	\$ 104,642	\$ 101,312	\$ 100,341	\$ 105,502
	\$ 8,700	\$ 9,300	\$ 9,500	\$ 10,600	\$ 10,600	N/A
	—	—	—	—	—	N/A
	80	45	74	38	25	N/A
	(8,325)	(8,723)	(9,131)	(9,336)	(9,480)	N/A
	—	—	(1)	—	—	N/A
	455	622	442	1,302	1,145	N/A
	7,397	6,775	6,333	5,031	3,886	N/A
	\$ 7,852	\$ 7,397	\$ 6,775	\$ 6,333	\$ 5,031	\$ 3,886
	\$ 75,627	\$ 86,114	\$ 97,867	\$ 94,979	\$ 95,310	\$ 101,616
	9.41 %	7.91 %	6.47 %	6.25 %	5.01 %	3.68 %
	N/A	N/A	N/A	N/A	N/A	\$ 160
	N/A	N/A	N/A	N/A	N/A	635.10 %

State of Washington

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judges' Retirement Fund

Last Nine Measurement Years *

(expressed in thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	40	80	89
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(322)	(315)	161
Changes of assumptions	4	12	50
Benefit payments, including refunds of member contributions	(257)	(265)	(338)
Net Change in Total Pension Liability	(535)	(488)	(38)
Total Pension Liability--Beginning	1,939	2,427	2,465
Total Pension Liability--Ending	\$ 1,404	\$ 1,939	\$ 2,427
Plan Fiduciary Net Position			
Contributions--state	\$ 400	\$ 400	\$ 500
Contributions--member	—	—	—
Net investment income	11	18	17
Benefit payments, including refunds of member contributions	(257)	(265)	(338)
Administrative expense	—	—	—
Net Change in Plan Fiduciary Net Position	154	153	179
Plan Fiduciary Net Position--Beginning	1,127	974	795
Plan Fiduciary Net Position--Ending	\$ 1,281	\$ 1,127	\$ 974
Plan's Net Pension Liability/(Asset)--Ending	\$ 123	\$ 812	\$ 1,453
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	91.24 %	58.12 %	40.13 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A indicates data not available.

1. Covered payroll is not applicable because there are no active plan employees.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2018	2017	2016	2015	2014	2013
	\$ —	\$ —	\$ —	\$ —	\$ —	N/A
	95	88	116	138	137	N/A
	—	—	—	—	—	N/A
	(39)	194	123	182	—	N/A
	(43)	(129)	181	95	—	N/A
	(396)	(402)	(440)	(444)	(444)	N/A
	(383)	(249)	(20)	(29)	(307)	N/A
	2,848	3,097	3,117	3,146	3,453	N/A
	\$ 2,465	\$ 2,848	\$ 3,097	\$ 3,117	\$ 3,146	\$ 3,453
	\$ 500	\$ 499	\$ 501	\$ —	\$ —	N/A
	—	—	—	—	—	N/A
	8	4	6	4	7	N/A
	(396)	(402)	(440)	(444)	(444)	N/A
	—	—	—	—	—	N/A
	112	101	67	(440)	(437)	N/A
	683	582	515	955	1,392	N/A
	\$ 795	\$ 683	\$ 582	\$ 515	\$ 955	\$ 1,392
	\$ 1,670	\$ 2,165	\$ 2,515	\$ 2,602	\$ 2,191	\$ 2,061
	32.25%	23.98%	18.79%	16.52%	30.36%	40.31%
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A

State of Washington

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Contributions

Washington State Patrol Retirement System - Plan 1/2

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 20,271	\$ 19,284	\$ 987	\$ 109,751	17.57 %
2021	26,401	20,882	5,519	118,448	17.63 %
2020	25,167	19,897	5,270	113,704	17.50 %
2019	17,020	14,700	2,320	111,612	13.17 %
2018	16,648	14,203	2,445	109,243	13.00 %
2017	8,179	7,587	592	93,053	8.15 %
2016	7,618	7,044	574	86,660	8.13 %
2015	6,810	6,679	131	84,388	7.91 %
2014	6,677	6,587	90	85,046	7.75 %
2013	2,500	6,478	(3,978)	81,895	7.91 %

Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Judicial Retirement System

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 6,923	\$ 7,100	\$ (177)	\$ —	N/A
2021	7,505	7,600	(95)	—	N/A
2020	7,643	7,800	(157)	—	N/A
2019	7,914	8,400	(486)	—	N/A
2018	8,317	8,700	(383)	—	N/A
2017	8,761	9,300	(539)	—	N/A
2016	8,999	9,500	(501)	—	N/A
2015	9,132	10,600	(1,468)	—	N/A
2014	9,205	10,600	(1,395)	—	N/A
2013	21,700	10,112	11,588	160	6,320.00 %

Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

N/A indicates data not available. Beginning in 2014, there are no active members.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Contributions

Judges' Retirement Fund

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 257	\$ 300	\$ (43)	—	N/A
2021	257	400	(143)	—	N/A
2020	328	400	(72)	—	N/A
2019	395	500	(105)	—	N/A
2018	395	500	(105)	—	N/A
2017	439	499	(60)	—	N/A
2016	444	501	(57)	—	N/A
2015	539	—	539	—	N/A
2014	425	—	425	—	N/A
2013	400	—	400	—	N/A

Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

N/A indicates data not available. There are no active employees.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1**

Last Eight Measurement Years *
(expressed in thousands)

	2021	2020	2019
State PERS Plan 1 employers' proportion of the net pension liability/(asset)	43.35 %	42.07 %	41.80 %
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 529,443	\$ 1,485,148	\$ 1,607,475
Covered payroll of employees participating in PERS Plan 1	\$ 35,118	\$ 43,909	\$ 54,779
Covered payroll of employees participating in PERS Plan 2/3	6,151,714	5,902,886	5,469,217
Covered payroll of employees participating in PSERS Plan 2	450,362	384,394	321,991
Covered Payroll	\$ 6,637,194	\$ 6,331,190	\$ 5,845,987
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	7.98 %	23.46 %	27.50 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	88.74 %	68.64 %	67.12 %

* This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3**

Last Eight Measurement Years *
(expressed in thousands)

	2021	2020	2019
State PERS Plan 2/3 employers' proportion of the net pension liability/(asset)	51.25 %	50.58 %	50.50 %
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ (5,105,303)	\$ 646,953	\$ 490,544
State PERS Plan 2/3 employers' covered payroll	\$ 6,151,714	\$ 5,902,886	\$ 5,469,217
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-82.99 %	10.96 %	8.97 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	120.29%	97.22 %	97.77 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

2018	2017	2016	2015	2014
41.97 %	41.88 %	41.99 %	41.57 %	42.37 %
\$ 1,874,226	\$ 1,987,268	\$ 2,255,244	\$ 2,174,623	\$ 2,134,189
\$ 69,330	\$ 85,341	\$ 103,235	\$ 120,686	\$ 143,836
5,237,495	4,928,806	4,648,843	4,363,171	4,215,934
198,511	175,395	155,768	140,977	130,172
\$ 5,505,336	\$ 5,189,542	\$ 4,907,846	\$ 4,624,834	\$ 4,489,942
34.04 %	38.29 %	45.95 %	47.02 %	47.53 %
63.22 %	61.24 %	57.03 %	59.10 %	61.19 %

2018	2017	2016	2015	2014
50.41 %	50.20 %	49.72 %	49.10 %	49.27 %
\$ 860,776	\$ 1,744,067	\$ 2,503,313	\$ 1,754,418	\$ 995,856
\$ 5,237,495	\$ 4,928,806	\$ 4,648,843	\$ 4,363,171	\$ 4,215,934
16.43 %	35.39 %	53.85 %	40.21 %	23.62 %
95.77 %	90.97 %	85.82 %	89.20 %	93.29 %

State of Washington

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 1**

Last Eight Measurement Years *
(expressed in thousands)

	2021	2020	2019
State TRS Plan 1 employers' proportion of the net pension liability/(asset)	1.31 %	1.18 %	1.09 %
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 8,798	\$ 28,507	\$ 27,102
Covered payroll of employees participating in TRS Plan 1	\$ 1,330	\$ 1,431	\$ 1,557
Covered payroll of employees participating in TRS Plan 2/3	95,486	83,176	43,082
Covered Payroll	\$ 96,817	\$ 84,606	\$ 44,639
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	9.09 %	33.69 %	60.71 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	91.42 %	70.55 %	70.37 %

* This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 2/3**

Last Eight Measurement Years *
(expressed in thousands)

	2021	2020	2019
State TRS Plan 2/3 employers' proportion of the net pension liability/(asset)	1.28 %	1.16 %	1.06 %
State TRS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ (35,165)	\$ 17,767	\$ 6,389
State TRS Plan 2/3 employers' covered payroll	\$ 95,486	\$ 83,176	\$ 43,082
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-36.83 %	21.36 %	14.83 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	113.72 %	91.72 %	96.36 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2018		2017		2016		2015		2014
	1.10 %		1.03 %		0.97 %		0.86 %		0.78 %
\$	32,177	\$	31,172	\$	33,026	\$	27,186	\$	22,924
\$	1,893	\$	2,475	\$	5,735	\$	3,913	\$	4,611
	61,292		52,534		41,803		33,705		25,673
\$	63,185	\$	55,009	\$	47,538	\$	37,618	\$	30,284
	50.93 %		56.67 %		69.47 %		72.27 %		75.70 %
	66.52 %		65.58 %		62.07 %		65.70 %		68.77 %

	2018		2017		2016		2015		2014
	1.06 %		0.96 %		0.87 %		0.72 %		0.59 %
\$	4,757	\$	8,873	\$	11,896	\$	6,107	\$	1,913
\$	61,292	\$	52,534	\$	41,803	\$	33,705	\$	25,673
	7.76 %		16.89 %		28.46 %		18.12 %		7.45 %
	96.88 %		93.14 %		88.72 %		92.48 %		96.81 %

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Safety Employees' Retirement System (PSERS) Plan 2**

Last Eight Measurement Years *
(expressed in thousands)

	2021	2020	2019
State PSERS Plan 2 employers' proportion of the net pension liability/(asset)	66.58 %	62.26 %	54.61 %
State PSERS Plan 2 employers' proportionate share of the net pension liability / (asset)	\$ (152,955)	\$ (8,567)	\$ (7,101)
State PSERS Plan 2 employers' covered payroll	\$ 450,362	\$ 384,394	\$ 321,991
State PSERS Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-33.96 %	-2.23 %	-2.21 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	123.67 %	101.68 %	101.85 %

* This schedule is to be built prospectively until it contains ten years of data.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1**

Last Eight Measurement Years *
(expressed in thousands)

	2021	2020	2019
State's nonemployer proportion of the net pension liability/(asset)	87.12 %	87.12 %	87.12 %
State as nonemployer contributing entity proportionate share of the net pension liability/(asset)	\$ (2,984,350)	\$ (1,645,269)	\$ (1,722,024)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	187.45 %	146.88 %	148.78 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

2018	2017	2016	2015	2014
50.48 %	49.14 %	47.97 %	47.93 %	48.26 %
\$ 625	\$ 9,628	\$ 20,386	\$ 8,748	\$ (6,988)
\$ 198,511	\$ 175,395	\$ 155,768	\$ 140,977	\$ 130,172
0.32 %	5.49 %	13.09 %	6.21 %	-5.37 %
99.79 %	96.26 %	90.41 %	95.08 %	105.01 %

2018	2017	2016	2015	2014
87.12 %	87.12 %	87.12 %	87.12 %	87.12 %
\$ (1,581,665)	\$ (1,321,802)	\$ (897,585)	\$ (1,049,988)	\$ (1,056,583)
144.42 %	135.96 %	123.74 %	127.36 %	126.91 %

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2**

Last Eight Measurement Years *

(expressed in thousands)

	2021	2020	2019
State LEOFF Plan 2 employers' proportion of the net pension liability/(asset)	0.80 %	0.88 %	0.90 %
State as nonemployer contributing entity proportion of the net pension liability/(asset)	39.21 %	39.00 %	39.57 %
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset)	\$ (46,684)	\$ (17,948)	\$ (20,782)
State as nonemployer contributing entity total proportionate share of the net pension liability/(asset)	(2,277,698)	(795,604)	(916,765)
Total	\$ (2,324,381)	\$ (813,552)	\$ (937,547)
State LEOFF Plan 2 employers' covered payroll	\$ 22,917	\$ 25,410	\$ 23,388
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-203.70 %	-70.63 %	-88.86 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	142.00 %	115.83 %	119.43 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

2018	2017	2016	2015	2014
0.87 %	0.85 %	0.88 %	0.83 %	0.84 %
39.30 %	39.35 %	39.46 %	39.80 %	39.52 %
\$ (17,707)	\$ (11,823)	\$ (5,113)	\$ (8,580)	\$ (11,164)
(797,902)	(545,988)	(229,538)	(409,091)	(524,419)
\$ (815,609)	\$ (557,811)	\$ (234,651)	\$ (417,671)	\$ (535,583)
\$ 21,892	\$ 20,396	\$ 19,828	\$ 18,744	\$ 18,259
-80.88 %	-57.97 %	-25.79 %	-45.77 %	-61.14 %
118.50 %	113.36 %	106.04 %	111.67 %	116.75 %

State of Washington

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 1

Fiscal Year Ended June 30*

(dollars in thousands)

	2022	2021	2020
Contractually required contributions (CRC)	\$ 258,512	\$ 322,931	\$ 304,870
Employer contributions related to covered payroll of employees participating in PERS Plan 1	\$ 2,779	\$ 4,562	\$ 5,665
Employer UAAL contributions related to covered payroll of employees participating in PERS Plan 2/3 and PSERS Plan 2	255,733	318,369	299,205
Contributions in relation to the actuarially determined contributions	258,512	322,931	304,870
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered payroll of employees participating in PERS Plan 1	\$ 27,985	\$ 35,118	\$ 43,909
Covered payroll of employees participating in PERS Plan 2/3	6,263,545	6,151,714	5,902,886
Covered payroll of employees participating in PSERS Plan 2	443,145	450,362	384,394
Covered Payroll	\$ 6,734,675	\$ 6,637,194	\$ 6,331,189
Contributions as a percentage of covered payroll	3.84 %	4.87 %	4.82 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 2/3

Fiscal Year Ended June 30*

(dollars in thousands)

	2022	2021	2020
Contractually Required Contributions	\$ 409,661	\$ 485,475	\$ 466,005
Contributions in relation to the contractually required contributions	409,661	485,475	466,005
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 6,263,545	\$ 6,151,714	\$ 5,902,886
Contributions as a percentage of covered payroll	6.54 %	7.89 %	7.89 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

2019	2018	2017	2016	2015	2014
\$ 299,745	\$ 280,513	\$ 251,924	\$ 238,158	\$ 191,618	\$ 188,639
\$ 7,092	\$ 8,769	\$ 9,537	\$ 11,385	\$ 11,072	\$ 12,964
292,653	271,744	242,387	226,773	180,546	175,675
299,745	280,513	251,924	238,158	191,618	188,639
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 54,779	\$ 69,330	\$ 85,341	\$ 103,235	\$ 120,686	\$ 143,836
5,469,217	5,237,495	4,928,806	4,648,843	4,363,171	4,215,935
321,991	198,511	175,395	155,768	140,977	130,172
\$ 5,845,987	\$ 5,505,336	\$ 5,189,542	\$ 4,907,846	\$ 4,624,834	\$ 4,489,943
5.13 %	5.10 %	4.85 %	4.85 %	4.14 %	4.20 %

2019	2018	2017	2016	2015	2014
\$ 412,466	\$ 389,001	\$ 306,591	\$ 287,049	\$ 219,395	\$ 209,455
412,466	389,001	306,591	287,049	219,395	209,455
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
\$ 5,469,217	\$ 5,237,495	\$ 4,928,806	\$ 4,648,843	\$ 4,363,171	\$ 4,215,935
7.54 %	7.43 %	6.22 %	6.17 %	5.03 %	4.97 %

State of Washington

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 1

Fiscal Year Ended June 30*

(dollars in thousands)

	2022	2021	2020
Contractually required contributions	\$ 6,730	\$ 7,182	\$ 6,215
Employer contributions related to covered payroll of employees participating in TRS Plan 1	\$ 104	\$ 176	\$ 225
Employer UAAL contributions related to covered payroll of employees participating in TRS Plan 2/3	6,626	7,006	5,990
Contributions in relation to the actuarially determined contributions	6,730	7,182	6,215
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered payroll of employees participating in TRS Plan 1	\$ 782	\$ 1,330	\$ 1,431
Covered payroll of employees participating in TRS Plan 2/3	97,434	95,486	83,176
Covered Payroll	\$ 98,216	\$ 96,816	\$ 84,607
Contributions as a percentage of covered payroll	6.85 %	7.42 %	7.35 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 2/3

Fiscal Year Ended June 30*

(dollars in thousands)

	2022	2021	2020
Contractually required contributions	\$ 8,377	\$ 7,742	\$ 6,730
Contributions in relation to the contractually required contributions	8,377	7,742	6,730
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 97,434	\$ 95,486	\$ 83,176
Contributions as a percentage of covered payroll	8.60 %	8.11 %	8.09 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2019	2018	2017	2016	2015	2014
	\$ 5,436	\$ 4,582	\$ 3,608	\$ 2,940	\$ 1,920	\$ 1,537
	\$ 241	\$ 272	\$ 326	\$ 369	\$ 388	\$ 451
	5,195	4,310	3,282	2,571	1,532	1,086
	5,436	4,582	3,608	2,940	1,920	1,537
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	\$ 1,557	\$ 1,893	\$ 2,475	\$ 5,735	\$ 3,913	\$ 4,611
	43,082	61,292	52,534	41,803	33,705	25,673
	\$ 44,639	\$ 63,185	\$ 55,009	\$ 47,538	\$ 37,618	\$ 30,284
	12.18 %	7.25 %	6.56 %	6.18 %	5.10 %	5.08 %

	2019	2018	2017	2016	2015	2014
	\$ 5,542	\$ 4,699	\$ 3,542	\$ 2,827	\$ 1,924	\$ 1,454
	5,542	4,699	3,542	2,827	1,924	1,454
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	\$ 43,082	\$ 61,292	\$ 52,534	\$ 41,803	\$ 33,705	\$ 25,673
	12.86 %	7.67 %	6.74 %	6.76 %	5.71 %	5.66 %

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Public Safety Employees' Retirement System (PSERS) Plan 2

Fiscal Year Ended June 30*

(dollars in thousands)

	2022	2021	2020
Contractually Required Contributions	\$ 29,000	\$ 32,495	\$ 27,498
Contributions in relation to the contractually required contributions	29,000	32,495	27,498
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 443,145	\$ 450,362	\$ 384,394
Contributions as a percentage of covered payroll	6.54 %	7.22 %	7.15 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2

Fiscal Year Ended June 30*

(dollars in thousands)

	2022	2021	2020
Contractually Required Contributions	\$ 1,545	\$ 1,602	\$ 1,721
Contributions in relation to the contractually required contributions	1,545	1,602	1,721
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 23,671	\$ 22,917	\$ 25,410
Contributions as a percentage of covered payroll	6.53 %	6.99 %	6.77 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2019	2018	2017	2016	2015	2014
	\$ 17,602	\$ 13,330	\$ 11,465	\$ 10,233	\$ 8,932	\$ 8,100
	17,602	13,330	11,465	10,233	8,932	8,100
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	\$ 321,991	\$ 198,511	\$ 175,395	\$ 155,768	\$ 140,977	\$ 130,172
	5.47 %	6.72 %	6.54 %	6.57 %	6.34 %	6.22 %

	2019	2018	2017	2016	2015	2014
	\$ 1,654	\$ 1,512	\$ 1,346	\$ 1,345	\$ 1,224	\$ 1,184
	1,654	1,512	1,346	1,345	1,224	1,184
	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
	\$ 23,388	\$ 21,892	\$ 20,396	\$ 19,828	\$ 18,744	\$ 18,259
	7.07%	6.91%	6.60%	6.78%	6.53%	6.48%

PENSION PLAN INFORMATION
Notes to Required Supplementary Information

Methods and assumptions used in calculations of Actuarially Determined Contributions for PERS, TRS, PSERS, LEOFF, and WSPRS. The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined under chapter 41.45 of the Revised Code of Washington (RCW). Consistent with the state's contribution rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. The actuarial valuation with a June 30, 2019, valuation date, completed in the fall of 2020, plus any supplemental contribution rates from the preceding legislative session, determined the ADC for the period beginning July 1, 2021, and ending June 30, 2023.

Methods and assumptions used in calculations of the ADC for the Judicial Retirement System and the Judges Retirement Fund. The OSA calculates the ADC based on the results of an actuarial valuation, and sets the ADC equal to the expected benefit payments from the plan. Consistent with the state's funding policy defined under RCW 2.10.90 and 2.12.60, the Legislature makes biennial appropriations in order to ensure the fund is solvent to make the necessary benefit payments.

Additional consideration on ADC for all plans. OSA calculates the ADC consistent with the methods described above. Adopted contribution rates may be different pending the actions of the governing bodies.

Contractually Required Contributions for PERS, TRS, PSERS, and LEOFF. For cost-sharing plans, OSA calculates the Contractually Required Contributions (CRC) using the same assumptions and methods as the ADC except the CRC reflects the adopted contribution rates for the time period shown, which may differ from the contribution rates produced for the ADC.

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Contributions

Last Ten Fiscal Years
(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)
2022	\$ 1,010	\$ 7,450	\$ (6,440)
2021	909	8,470	(7,561)
2020	900	8,967	(8,067)
2019	926	8,436	(7,510)
2018	3,523	8,050	(4,527)
2017	4,528	7,494	(2,966)
2016	6,846	8,153	(1,307)
2015	6,653	6,816	(163)
2014	6,421	7,336	(915)
2013	4,600	6,946	(2,346)

Notes: Neither covered payroll nor contributions as a percentage of covered payroll are applicable. This is a volunteer organization. Beginning in 2017, the methodology for determining the Actuarially Determined Contributions was revised to reflect the timing of the contributions based upon the Board for Volunteer Fire Fighters adoption cycle and the actuarial funding methods selected.

Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions. Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Investment Returns

Last Nine Fiscal Years*

Year	Annual money-weighted rate of return, net of investment expense
2022	-16.02 %
2021	3.11 %
2020	4.40 %
2019	8.23 %
2018	8.84 %
2017	13.26 %
2016	2.19 %
2015	4.05 %
2014	18.50 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Change in Net Pension Liability

Last Ten Fiscal Years
(expressed in thousands)

	2022	2021	2020	2019
Total Pension Liability				
Service cost	\$ 928	\$ 819	\$ 820	\$ 828
Interest	14,456	15,728	13,120	13,119
Changes of benefit terms	—	—	34,626	—
Differences between expected and actual experience	—	(4,495)	1,134	(1,857)
Changes in assumptions	—	16,726	—	—
Benefit payments, including refunds of member contributions	(12,574)	(12,673)	(12,217)	(11,913)
Net Change in Total Pension Liability	2,810	16,105	37,483	177
Total Pension Liability--Beginning	246,205	230,100	192,617	192,440
Total Pension Liability--Ending	\$ 249,015	\$ 246,205	\$ 230,100	\$ 192,617
Plan Fiduciary Net Position				
Contributions--municipalities	\$ 726	\$ 803	\$ 771	\$ 797
Contributions--member	53	58	40	54
Contributions--state as nonemployer contributing entity	6,724	7,667	8,196	7,639
Net investment income	(41,127)	7,778	11,059	20,101
Benefit payments, including refunds of member contributions	(12,566)	(12,673)	(12,217)	(11,913)
Administrative expense	(1,269)	(762)	(3,120)	(1,352)
Other	—	—	—	—
Net Change in Plan Fiduciary Net Position	(47,459)	2,871	4,729	15,326
Plan Fiduciary Net Position--Beginning	268,210	265,339	260,610	245,284
Plan Fiduciary Net Position--Ending	\$ 220,751	\$ 268,210	\$ 265,339	\$ 260,610
Plan's Net Pension Liability/(Asset)--Ending	\$ 28,264	\$ (22,005)	\$ (35,239)	\$ (67,993)

N/A indicates data not available.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2018	2017	2016	2015	2014	2013
\$	853	\$ 869	\$ 893	\$ 919	\$ 1,240	N/A
	13,151	12,946	12,887	12,656	12,480	N/A
	—	—	—	—	—	N/A
	(2,707)	(1,998)	(176)	(2,948)	—	N/A
	16	463	101	1,931	—	N/A
	(11,573)	(11,074)	(10,795)	(10,501)	(10,771)	N/A
	(260)	1,206	2,910	2,057	2,949	N/A
	192,700	191,494	188,584	186,527	183,578	N/A
\$	192,440	\$ 192,700	\$ 191,494	\$ 188,584	\$ 186,527	\$ 183,578
\$	823	\$ 848	\$ 918	\$ 913	\$ 953	N/A
	65	69	67	76	95	N/A
	7,227	6,646	7,235	5,903	6,383	N/A
	19,860	26,114	4,588	8,289	31,892	N/A
	(11,573)	(11,074)	(10,795)	(10,501)	(10,771)	N/A
	(918)	(1,466)	(1,205)	(1,020)	(1,469)	N/A
	—	—	—	—	(22)	N/A
	15,484	21,137	808	3,660	27,061	N/A
	229,800	208,663	207,855	204,195	177,134	N/A
\$	245,284	\$ 229,800	\$ 208,663	\$ 207,855	\$ 204,195	\$ 177,134
\$	(52,844)	\$ (37,100)	\$ (17,169)	\$ (19,271)	\$ (17,668)	\$ 6,444

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Net Pension Liability

Last Ten Fiscal Years

(expressed in thousands)

	2022	2021	2020	2019
Total Pension Liability/(Asset)--Ending	\$ 249,015	\$ 246,205	\$ 230,100	\$ 192,617
Plan Fiduciary Net Position--Ending	220,751	268,210	265,339	260,610
Plan's Net Pension Liability/(Asset)--Ending	\$ 28,264	\$ (22,005)	\$ (35,239)	\$ (67,993)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	88.65 %	108.94 %	115.31 %	135.30 %
Covered Payroll	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

N/A indicates data not applicable. This is a volunteer organization.

Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

**Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund
Notes to Required Supplementary Information**

The Office of the State Actuary calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with funding policy defined under chapter 41.24 RCW and adopted policies made by the State Board for Volunteer

Fire Fighters and Reserve Officers. Consistent with the Board's contribution rate adoption process, the results of an actuarial valuation determine the ADC two years after the valuation date. For example, the actuarial valuation with a June 30, 2020, valuation date, completed in the fall of 2021, determines the ADC for the period ending June 30, 2022.

State of Washington

	2018	2017	2016	2015	2014	2013
	\$ 192,440	\$ 192,700	\$ 191,494	\$ 188,584	\$ 186,527	\$ 183,578
	245,284	229,800	208,663	207,855	204,195	177,134
	\$ (52,844)	\$ (37,100)	\$ (17,169)	\$ (19,271)	\$ (17,668)	\$ 6,444
	127.46 %	119.25 %	108.97 %	110.22 %	109.47 %	96.49 %
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

University of Washington (UW)

Last Two Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 6,548	\$ 6,548	\$ —	\$ 1,723,087	0.38 %
2021	7,105	7,105	—	1,372,814	0.52 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Washington State University (WSU)

Last Two Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 975	\$ 975	\$ —	\$ 325,122	0.30 %
2021	919	919	—	161,432	0.57 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

Eastern Washington University (EWU)

Last Two Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 165	\$ 165	\$ —	\$ 59,085	0.28 %
2021	165	165	—	30,057	0.55 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Central Washington University (CWU)

Last Two Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ —	\$ 187	\$ (187)	\$ 66,747	0.28 %
2021	—	173	(173)	38,710	0.45 %

Notes:

Statute requires Central Washington University to contribute at a rate similar to the other institutions even though the Actuarially Determined Contributions equals zero.

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

The Evergreen State College (TESC)

Last Two Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 46	\$ 46	\$ —	\$ 20,208	0.23 %
2021	40	40	—	49,390	0.08 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Western Washington University (WWU)

Last Two Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 226	\$ 226	\$ —	\$ 107,558	0.21 %
2021	196	196	—	17,327	1.13 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

State Board for Community and Technical Colleges (SBCTC)

Last Two Fiscal Years*

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 833	\$ 833	\$ —	\$ 638,490	0.13 %
2021	656	656	—	357,331	0.18 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Investment Returns

Last Two Fiscal Years*

Institution Name	UW	WSU	EWU	CWU	TESC	WWU	SBCTC
Annual money-weighted rate of return, net of investment expense							
2022	0.12 %	0.14 %	0.16 %	0.14 %	0.16 %	0.14 %	0.18 %
2021	34.93 %	34.92 %	34.88 %	34.91 %	34.86 %	34.90 %	34.87 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

University of Washington

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 3,699	\$ 22,877	\$ 16,699	\$ 11,823	\$ 14,788	\$ 19,891
Interest	15,933	17,677	21,232	16,277	16,128	15,097
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	67,986	(372,651)	31,425	102,713	(33,953)	(74,918)
Changes in assumptions	22,150	(223,327)	126,749	58,228	(17,105)	(28,553)
Benefit payments	(10,313)	(9,733)	(8,316)	(7,482)	(6,130)	(5,136)
Net Change in Total Pension Liability	99,455	(565,158)	187,789	181,559	(26,272)	(73,619)
Total Pension Liability - Beginning	216,672	781,829	594,040	412,481	438,753	512,372
Total Pension Liability - Ending	\$ 316,127	\$ 216,672	\$ 781,829	\$ 594,040	\$ 412,481	\$ 438,753
Plan Fiduciary Net Position **						
Contributions - Employer	\$ 6,548	\$ 7,105	N/A	N/A	N/A	N/A
Contributions - Member	—	—	N/A	N/A	N/A	N/A
Net Investment Income	101	22,275	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	—	N/A	N/A	N/A	N/A
Administrative Expense	—	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	6,648	29,380	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	90,341	60,961	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending	\$ 96,989	\$ 90,341	N/A	N/A	N/A	N/A
Plan's Net Position Liability/(Asset) - Ending	\$ 219,138	\$ 126,331	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

**Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Washington State University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 604	\$ 3,114	\$ 2,282	\$ 2,112	\$ 2,763	\$ 3,803
Interest	2,968	2,666	3,282	3,241	3,261	3,140
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	11,481	(47,565)	5,496	(1,022)	(7,171)	(16,389)
Changes in assumptions	3,771	(33,228)	17,655	7,997	(3,255)	(6,574)
Benefit payments	(3,248)	(2,827)	(2,493)	(2,439)	(2,181)	(1,890)
Net Change in Total Pension Liability	15,577	(77,840)	26,222	9,889	(6,583)	(17,910)
Total Pension Liability - Beginning	41,102	118,942	92,720	82,831	89,414	107,324
Total Pension Liability - Ending	\$ 56,679	\$ 41,102	\$ 118,942	\$ 92,720	\$ 82,831	\$ 89,414
Plan Fiduciary Net Position**						
Contributions - Employer	\$ 975	\$ 919	N/A	N/A	N/A	N/A
Contributions - Member	—	—	N/A	N/A	N/A	N/A
Net Investment Income	22	4,422	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	—	N/A	N/A	N/A	N/A
Administrative Expense	—	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	998	5,341	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	17,646	12,305	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending	\$ 18,643	\$ 17,646	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 38,036	\$ 23,456	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Eastern Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 157	\$ 668	\$ 501	\$ 463	\$ 477	\$ 658
Interest	671	523	634	614	429	420
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	2,661	(7,646)	1,019	421	3,867	(2,852)
Changes in assumptions	867	(7,364)	3,488	1,014	(621)	(647)
Benefit payments	(277)	(280)	(250)	(316)	(202)	(140)
Net Change in Total Pension Liability	4,080	(14,099)	5,392	2,196	3,950	(2,561)
Total Pension Liability - Beginning	9,040	23,139	17,747	15,551	11,601	14,162
Total Pension Liability - Ending	\$ 13,119	\$ 9,040	\$ 23,139	\$ 17,747	\$ 15,551	\$ 11,601
Plan Fiduciary Net Position**						
Contributions - Employer	\$ 165	\$ 165	N/A	N/A	N/A	N/A
Contributions - Member	—	—	N/A	N/A	N/A	N/A
Net Investment Income	5	892	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	—	N/A	N/A	N/A	N/A
Administrative Expense	—	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	171	1,057	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	3,549	2,492	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending	\$ 3,720	\$ 3,549	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 9,399	\$ 5,490	N/A	N/A	N/A	N/A

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Central Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 19	\$ 74	\$ 52	\$ 61	\$ 91	\$ 150
Interest	327	187	252	293	299	293
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	777	(1,386)	322	(710)	(466)	(1,270)
Changes in assumptions	260	(2,394)	1,057	428	(272)	(616)
Benefit payments	(473)	(467)	(439)	(411)	(412)	(411)
Net Change in Total Pension Liability	910	(3,987)	1,244	(339)	(760)	(1,854)
Total Pension Liability - Beginning	4,635	8,622	7,378	7,717	8,477	10,331
Total Pension Liability - Ending	\$ 5,545	\$ 4,635	\$ 8,622	\$ 7,378	\$ 7,717	\$ 8,477
Plan Fiduciary Net Position**						
Contributions - Employer	\$ 187	\$ 173	N/A	N/A	N/A	N/A
Contributions - Member	—	—	N/A	N/A	N/A	N/A
Net Investment Income	4	894	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	—	N/A	N/A	N/A	N/A
Administrative Expense	—	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	191	1,067	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	3,560	2,493	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending	\$ 3,751	\$ 3,560	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 1,794	\$ 1,075	N/A	N/A	N/A	N/A

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

The Evergreen State College

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 55	\$ 250	\$ 188	\$ 154	\$ 210	\$ 296
Interest	260	201	243	235	237	230
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	991	(3,198)	490	(108)	(565)	(1,327)
Changes in assumptions	311	(2,495)	1,293	694	(229)	(387)
Benefit payments	(157)	(119)	(138)	(137)	(183)	(158)
Net Change in Total Pension Liability	1,460	(5,361)	2,076	838	(530)	(1,346)
Total Pension Liability - Beginning	3,533	8,894	6,818	5,980	6,510	7,856
Total Pension Liability - Ending	\$ 4,994	\$ 3,533	\$ 8,894	\$ 6,818	\$ 5,980	\$ 6,510
Plan Fiduciary Net Position**						
Contributions - Employer	\$ 46	\$ 40	N/A	N/A	N/A	N/A
Contributions - Member	—	—	N/A	N/A	N/A	N/A
Net Investment Income	2	348	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	—	N/A	N/A	N/A	N/A
Administrative Expense	—	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	49	388	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	1,372	984	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending	\$ 1,421	\$ 1,372	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 3,573	\$ 2,162	N/A	N/A	N/A	N/A

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Western Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 233	\$ 922	\$ 699	\$ 551	\$ 737	\$ 1,057
Interest	982	798	962	825	837	842
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	5,263	(15,050)	1,961	2,298	(2,233)	(5,278)
Changes in assumptions	1,524	(8,260)	5,269	2,821	(819)	(2,126)
Benefit payments	(587)	(524)	(486)	(420)	(380)	(298)
Net Change in Total Pension Liability	7,416	(22,115)	8,405	6,075	(1,858)	(5,803)
Total Pension Liability - Beginning	13,327	35,442	27,037	20,962	22,820	28,623
Total Pension Liability - Ending	\$ 20,743	\$ 13,327	\$ 35,442	\$ 27,037	\$ 20,962	\$ 22,820
Plan Fiduciary Net Position**						
Contributions - Employer	\$ 226	\$ 196	N/A	N/A	N/A	N/A
Contributions - Member	—	—	N/A	N/A	N/A	N/A
Net Investment Income	7	1,326	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	—	N/A	N/A	N/A	N/A
Administrative Expense	—	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	233	1,522	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	5,255	3,733	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending	\$ 5,488	\$ 5,255	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 15,255	\$ 8,072	N/A	N/A	N/A	N/A

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios

State Board for Community and Technical Colleges

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service cost	\$ 1,508	\$ 4,672	\$ 3,516	\$ 2,851	\$ 3,827	\$ 5,417
Interest	5,078	3,323	3,956	3,449	3,517	3,514
Changes of benefit terms	—	—	—	—	—	—
Differences between expected and actual experience	22,436	(29,981)	8,335	6,503	(10,402)	(25,336)
Changes in assumptions	7,288	(54,110)	22,269	12,227	(3,519)	(5,980)
Benefit payments	(3,015)	(1,992)	(1,785)	(1,818)	(1,300)	(902)
Net Change in Total Pension Liability	33,294	(78,088)	36,291	23,212	(7,877)	(23,287)
Total Pension Liability - Beginning	68,588	146,676	110,385	87,173	95,050	118,337
Total Pension Liability - Ending	\$ 101,882	\$ 68,588	\$ 146,676	\$ 110,385	\$ 87,173	\$ 95,050
Plan Fiduciary Net Position**						
Contributions - Employer	\$ 833	\$ 656	N/A	N/A	N/A	N/A
Contributions - Member	—	—	N/A	N/A	N/A	N/A
Net Investment Income	52	8,211	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	—	N/A	N/A	N/A	N/A
Administrative Expense	—	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	886	8,866	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	32,259	23,393	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending	\$ 33,145	\$ 32,259	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 68,737	\$ 36,329	N/A	N/A	N/A	N/A

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

University of Washington

Last Six Fiscal Years*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 316,127	\$ 216,672	\$ 781,829	\$ 594,040	\$ 412,481	\$ 438,753
Plan Fiduciary Net Position - Ending	96,989	90,341	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	<u>\$ 219,138</u>	<u>\$ 126,331</u>	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	30.68 %	41.69 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 1,723,087	\$ 1,703,155	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	12.72 %	7.42 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability

Washington State University

Last Six Fiscal Years*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 56,679	\$ 41,102	\$ 118,942	\$ 92,720	\$ 82,831	\$ 89,414
Plan Fiduciary Net Position - Ending	18,643	17,646	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	<u>\$ 38,036</u>	<u>\$ 23,456</u>	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	32.89 %	42.93 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 325,122	\$ 317,177	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	11.70 %	7.40 %	N/A	N/A	N/A	N/A

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

Eastern Washington University

Last Six Fiscal Years*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 13,119	\$ 9,040	\$ 23,139	\$ 17,747	\$ 15,551	\$ 11,601
Plan Fiduciary Net Position - Ending	3,720	3,549	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 9,399	\$ 5,490	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	28.36 %	39.26 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 59,085	\$ 60,251	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	15.91 %	9.11 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability

Central Washington University

Last Six Fiscal Years*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 5,545	\$ 4,635	\$ 8,622	\$ 7,378	\$ 7,717	\$ 8,477
Plan Fiduciary Net Position - Ending	3,751	3,560	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 1,794	\$ 1,075	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	67.65 %	76.81 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 66,747	\$ 77,419	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	2.69 %	1.39 %	N/A	N/A	N/A	N/A

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

The Evergreen State College

Last Six Fiscal Years*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 4,994	\$ 3,533	\$ 8,894	\$ 6,818	\$ 5,980	\$ 6,510
Plan Fiduciary Net Position - Ending	1,421	1,372	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 3,573	\$ 2,162	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	28.45 %	38.83 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 20,208	\$ 36,786	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	17.68 %	5.88 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability

Western Washington University

Last Six Fiscal Years*

(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 20,743	\$ 13,327	\$ 35,442	\$ 27,037	\$ 20,962	\$ 22,820
Plan Fiduciary Net Position - Ending	5,488	5,255	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 15,255	\$ 8,072	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	26.46 %	39.43 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 107,558	\$ 317,177	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	14.18 %	2.54 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

**Schedule of Net Pension Liability
State Board for Community and Technical Colleges**

Last Six Fiscal Years*
(expressed in thousands)

	2022	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 101,882	\$ 68,588	\$ 146,676	\$ 110,385	\$ 87,173	\$ 95,050
Plan Fiduciary Net Position - Ending	33,145	32,259	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	<u>\$ 68,737</u>	<u>\$ 36,329</u>	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	32.53 %	47.03 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 638,490	\$ 639,861	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	10.77 %	5.68 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

**Higher Education Supplemental Defined Benefit Plans
Notes to Required Supplementary Information**

Effective fiscal year 2021, House Bill 1661 created dedicated funds to pay higher education Supplemental Retirement Plans (SRPs) benefits that mimic the trust arrangement for the rest of the state retirement systems. As a result, the plans, previously reported under GASB Statement No. 73, are now being reported under GASB Statement Nos. 67/68. Under the SRPs, state institutions of higher education make direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals.

Under GASB 67/68, the discount rate is based on the long-term expected rate of return on the pension plan investments. This led to an increase in the discount rate used to measure the total pension liability (TPL) from 2.21 percent as of June 30, 2020, to 7.40 percent as of June 30, 2021, and a significant decrease in the TPL. In addition to the change in discount rate, the TPL is now compared against the plan's fiduciary net position to determine the net pension liability.

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Date of June 30*

(expressed in thousands)

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 323,706	\$ 251,517	\$ 235,316	\$ 317,866	\$ 394,955
Interest	139,842	210,229	203,889	218,339	184,999
Changes in benefit terms	—	—	—	—	—
Difference between expected and actual experience	404	(32,209)	(273)	199,258	—
Changes in assumptions	58,702	136,371	379,637	(1,390,198)	(902,431)
Benefit payments	(106,523)	(100,092)	(93,253)	(92,200)	(94,279)
Changes in proportion	—	3	(3)	(15)	—
Other**	—	(214,094)	—	—	—
Net Changes in Total OPEB Liability	416,131	251,725	725,313	(746,950)	(416,755)
Total OPEB Liability--Beginning, as restated	6,056,920	5,805,195	5,079,882	5,826,832	6,242,577
Total OPEB Liability--Ending	\$ 6,473,051	\$ 6,056,920	\$ 5,805,195	\$ 5,079,882	\$ 5,825,822
Covered-employee payroll	\$ 9,560,209	\$ 9,285,200	\$ 8,722,746	\$ 8,401,635	\$ 7,878,188
Total OPEB liability as a percentage of covered-employee payroll	67.71 %	65.23 %	66.55 %	60.46 %	73.95 %

*This schedule is to be built prospectively until it contains ten years of data.

**Impact of removing trends that include excise tax. Legislation under H.R. 1865 repealed the excise tax after the previous measurement date.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Other Postemployment Benefits Information
Notes to Required Supplementary Information

The Public Employees' Benefits Board OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis.

Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.

Total OPEB liability beginning balance for the measurement date of June 30, 2018, was restated to reflect the changes in proportion between the state and the Washington Economic Development Finance Authority which operates on a cash basis and does not report an OPEB liability. The restatement also includes OPEB amounts for the Health Care Benefits Exchange which was omitted from the table in the prior year.

Infrastructure Assets Reported Using the Modified Approach

Condition Assessment

The state of Washington reports certain networks of infrastructure assets under the modified approach of the Governmental Accounting Standards Board Statement No. 34. Expenditures to maintain and preserve these assets are budgeted, recorded, and reported in lieu of depreciation expense. The state must meet the following requirements to report networks of assets under the modified approach:

- Maintain an up-to-date inventory of eligible infrastructure assets in an asset management system.
- Disclose the condition level at which assets are to be preserved or maintained, as established by administrative or executive policy, or by legislative action.

- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Document that assets are being preserved approximately at or above the disclosed condition level for the three most recent complete condition assessments..
- Annually estimate the cost to maintain and preserve the assets at the established condition level.

Assets accounted for under the modified approach include the state of Washington’s network of highway pavements, bridges, and rest areas. In fiscal year 2022, the state was responsible for maintaining and preserving 20,876 pavement lane miles, 4,126 bridges and tunnels, and 47 highway safety rest areas.

PAVEMENT CONDITION

The Washington State Department of Transportation (WSDOT) performs highway pavement assessments over a two-year cycle utilizing three measurements to develop a scaled condition assessment: Pavement Structural Condition (PSC), International Roughness Index (IRI), and rutting.

The WSDOT uses the following rating scale for PSC:

Category	PSC Range	Description
Very Good	80 - 100	Little or no distress. Example: Flexible pavement with 5% of wheel track length having “hairline” severity alligator cracking will have a PSC of 80.
Good	60 - 79	Early stage deterioration. Example: Flexible pavement with 15% of wheel track length having “hairline” alligator cracking will have a PSC of 70.
Fair	40 - 59	This is the threshold value for rehabilitation. Example: Flexible pavement with 25% of wheel track length having “hairline” alligator cracking will have a PSC of 50.
Poor	20 - 39	Structural deterioration. Example: Flexible pavement with 25% of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 30.
Very Poor	0 - 19	Advanced structural deterioration. Example: Flexible pavement with 40% of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays.

The IRI scale is measured in inches per mile. The WSDOT assesses pavement with a ride performance measure less than 221 inches per mile to be in fair or better condition.

Rutting is measured in inches with a measurement of 0.58 inches or less assessed at a condition of fair or better.

PSC, IRI, and rutting are combined to rate a section of pavement which is assigned the lowest condition of any of the three indices.

State of Washington

The following table shows the combined conditions and the ratings for each index:

Category	PSC	IRI	Rutting
Very Good	80 - 100	< 96	< 0.24
Good	60 - 79	96 - 170	0.24 - 0.41
Fair	40 - 59	171 - 220	0.42 - 0.58
Poor	20 - 39	221 - 320	0.59 - 0.74
Very Poor	0 - 19	> 320	> 0.74

The WSDOT's policy is to maintain 85 percent of pavements at a condition level of fair or better, based on an average condition level of the last three assessments. Calculation of the percentages was based on vehicle miles traveled, a key data for highway planning and management and a common measure of roadway use.

The following table shows pavement condition ratings for state highways:

Pavements			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Calendar Year			
2021	2019	2017	Average of Last Three Assessments
92.5%	94.1%	93.2%	93.3%

The following table reflects the state's estimated and actual expenditures necessary to preserve state highways at the established condition level:

Pavements					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
(expressed in thousands)					
	2022	2021	2020	2019	2018
Planned	\$ 139,663	\$ 211,788	\$ 194,105	\$ 227,625	\$ 263,555
Actual	119,280	124,491	169,303	269,236	271,474
Variance	\$ 20,383	\$ 87,297	\$ 24,802	\$ (41,611)	\$ (7,919)
	14.6%	41.2%	12.8%	-18.3%	-3.0%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors. For fiscal year 2021, the 41.2 percent variance is due to a combination of decreased expenditures and an additional appropriation for the Connecting Washington Program that funded other various projects to enhance the statewide transportation system and maintain critical infrastructure.

For more information about pavements, refer to the WSDOT's website at: <http://www.wsdot.wa.gov/Business/MaterialsLab/Pavements/default.htm>.

BRIDGE CONDITION

The WSDOT inspects and performs condition assessments on approximately 3,316 state-owned vehicular bridges in excess of 20 feet in length. While most bridges undergo condition assessments every two years, the National Bridge Inspection Standards (NBIS) make provisions for some bridges to be inspected more or less frequently. Factors that are considered when determining the frequency of inspection include age, type of structure, span length, and condition. There are currently about 360 bridges that are inspected on a four-year cycle, and many bridges that are inspected more frequently than every two years. Underwater bridge components are inspected at least once every five years in accordance with Federal Highway Administration (FHWA) requirements.

The WSDOT uses a performance measure established in FHWA’s *Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation’s Bridges*, which classifies the physical condition of bridges as good, fair, or poor based on structural sufficiency standards for the following bridge components: bridge superstructure, substructure, and deck. The appraisal data is collected in the National Bridge Inventory and assigned a code from 0 to 9, with 0 being in a failed condition and 9 being in excellent condition.

Category	National Bridge Inventory Code	Description
Excellent	9	No problem
Good	7 or 8	A range from no problems noted to some minor problems.
Fair	5 or 6	All primary structural elements are sound but may have deficiencies such as minor section loss, deterioration, cracking, spalling, or scour.
Poor	4 or less	Advanced deficiencies such as section loss, deterioration, cracking, spalling, scour, or seriously affected primary structural components.

The WSDOT’s policy is to maintain 90 percent of bridges at a condition level of fair or better, based on an average condition level of the last three assessments.

The following table shows condition ratings for state bridges:

Bridges			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Fiscal Year			
2021*	2019	2017	Average of Last Three Assessments *
94.7%	92.9%	91.8%	93.1%

*Percentages for the 2021 assessment and the Average of Last Three Assessments were updated to correct errors in prior year’s calculations.

The following table reflects the state’s estimated and actual expenditures necessary to preserve the bridges at the established condition level:

Bridges					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
<i>(expressed in thousands)</i>					
	2022	2021	2020	2019	2018
Planned	\$ 135,355	\$ 114,868	\$ 148,212	\$ 182,409	\$ 106,595
Actual	92,080	109,137	120,554	146,816	87,068
Variance	\$ 43,275	\$ 5,731	\$ 27,658	\$ 35,593	\$ 19,527
	32.0%	5.0%	18.7%	19.5%	18.3%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management’s decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors. The significant variance between actual and planned expenditures in fiscal year 2022 can be attributed to continued insufficient resources in keeping up with increased delivery demands imposed on the WSDOT.

For more information about bridges, refer to the WSDOT’s website at: <http://www.wsdot.wa.gov/Bridge/Structures/>.

SAFETY REST AREA CONDITION

Beginning in fiscal year 2020, the WSDOT performs condition assessments on safety rest areas in the odd year of every fiscal biennium. Sites and buildings are divided into functional components that are assessed with a three-tiered condition scale: good, fair, and poor condition. The assessment criteria are based on guidelines that are typical of industry standards and have been modified by the WSDOT Capital Facilities Program to align with transportation-related facilities.

While the scale for condition measurement remains unchanged, both the condition rating tiers and the condition target for safety rest areas were modified effective for fiscal year 2020. The rating for a safety rest area to be considered in “fair” condition was increased from 50 percent to 60 percent under the new plan, representing a higher assessment standard than under the historical rating system.

The WSDOT’s policy is to maintain 85 percent of safety rest areas at a level of fair or better condition, based on the average condition level of the last three assessments. However, the implementation of the new condition assessment criteria in fiscal year 2020 resulted in the safety rest area condition rating falling below target in the last three assessments. Beginning in the fall of 2022, the WSDOT will evaluate the feasibility of continuing to manage safety rest areas under the same asset management plan as all other agency-owned facilities using the modified approach for reporting infrastructure. The determination will be completed before the 2023 biennium closes and will be addressed in the Required Supplemental Information of the fiscal year 2023 Annual Comprehensive Financial Report.

The following table shows condition ratings for safety rest areas:

Safety Rest Areas			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Fiscal Year *			
2021	2019*	2017*	Average of Last Three Assessments
45.7%	80.4%	80.4%	68.8%

* The percentages for the 2017 and 2019 assessments were recalculated to reflect the new rating methodology effective July 2019.

The following table reflects the state’s estimated and actual expenditures necessary to preserve the safety rest areas at the established condition level:

Safety Rest Areas					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
<i>(expressed in thousands)</i>					
	2022	2021	2020	2019	2018
Planned	\$ 6,694	\$ 8,140	\$ 9,420	\$ 11,084	\$ 9,609
Actual	7,589	7,256	8,601	9,004	7,986
Variance	\$ (895)	\$ 884	\$ 819	\$ 2,080	\$ 1,623
	-13.4%	10.9%	8.7%	18.8%	16.9%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management’s decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors.

For more information about safety rest areas, refer to the WSDOT’s website at: <http://www.wsdot.wa.gov/safety/restareas>.

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OTHER SUPPLEMENTARY INFORMATION

Nonmajor Funds
Combining Financial Statements

Nonmajor Governmental Funds

The Nonmajor Governmental Funds fall into the four categories as described below:

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are restricted or committed to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities.

Capital Projects Funds

Capital Projects Funds account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds).

Permanent Funds

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the state or its citizenry. The Common School Permanent Fund, the state's only Nonmajor Permanent Fund, accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of common schools.

State of Washington

NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - by Fund Type
 June 30, 2022
(expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Common School Permanent	Total
ASSETS					
Cash and cash equivalents	\$ 6,352,456	\$ 307,298	\$ 279,730	\$ 236	\$ 6,939,720
Investments	68,539	—	5,484	235,074	309,097
Taxes receivable (net of allowance)	301,562	—	—	—	301,562
Receivables (net of allowance)	1,043,067	10,411	39,818	633	1,093,929
Due from other funds	479,204	2,056	31,886	—	513,146
Due from other governments	3,145,725	—	1,978	—	3,147,703
Inventories and prepaids	59,107	—	—	—	59,107
Restricted cash and investments	139,116	33,587	19,131	—	191,834
Restricted receivables	7,022	—	86	—	7,108
Total Assets	\$11,595,798	\$ 353,352	\$ 378,113	\$ 235,943	\$12,563,206
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 315,462	\$ —	\$ 69,218	\$ —	\$ 384,680
Accrued liabilities	205,000	3,583	29,934	3	238,520
Due to other funds	1,361,441	27,470	56,799	618	1,446,328
Due to other governments	161,405	—	12,278	—	173,683
Unearned revenue	95,781	—	6,001	—	101,782
Claims and judgments payable	104,182	—	—	—	104,182
Total Liabilities	2,243,271	31,053	174,230	621	2,449,175
DEFERRED INFLOWS OF RESOURCES	164,088	—	12,608	—	176,696
FUND BALANCES					
Nonspendable fund balance	59,107	—	—	210,954	270,061
Restricted fund balance	3,892,999	46,973	105,911	47,906	4,093,789
Committed fund balance	5,236,333	298,680	85,364	—	5,620,377
Unassigned fund balance	—	(23,354)	—	(23,538)	(46,892)
Total Fund Balances	9,188,439	322,299	191,275	235,322	9,937,335
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$11,595,798	\$ 353,352	\$ 378,113	\$ 235,943	\$12,563,206

State of Washington

NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - by Fund Type

For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Common School Permanent	Total
REVENUES					
Retail sales and use taxes	\$ 128,253	\$ —	\$ —	\$ —	\$ 128,253
Business and occupation taxes	6,913	—	—	—	6,913
Excise taxes	606,005	—	—	—	606,005
Motor vehicle and fuel taxes	1,612,283	—	—	—	1,612,283
Other taxes	491,936	—	—	—	491,936
Licenses, permits, and fees	2,104,918	—	—	—	2,104,918
Other contracts and grants	147,782	—	5,610	—	153,392
Timber sales	109,251	—	5,416	—	114,667
Federal grants-in-aid	2,109,385	—	840	2	2,110,227
Charges for services	718,493	25,789	74,034	—	818,316
Investment income (loss)	(70,318)	(7,406)	(1,108)	(31,681)	(110,513)
Miscellaneous revenue	503,340	50,020	11,377	4,026	568,763
Total Revenues	8,468,241	68,403	96,169	(27,653)	8,605,160
EXPENDITURES					
Current:					
General government	1,312,518	407	256,215	40	1,569,180
Human services	1,260,341	—	12,812	—	1,273,153
Natural resources and recreation	591,393	—	223,999	—	815,392
Transportation	2,175,752	—	—	—	2,175,752
Education	117,767	—	735,281	—	853,048
Intergovernmental	398,482	—	—	—	398,482
Capital outlays	1,263,739	—	552,516	—	1,816,255
Debt service:					
Principal	4,564	1,198,847	36,518	—	1,239,929
Interest	3,044	1,050,079	14,045	—	1,067,168
Total Expenditures	7,127,600	2,249,333	1,831,386	40	11,208,359
Excess of Revenues Over (Under) Expenditures	1,340,641	(2,180,930)	(1,735,217)	(27,693)	(2,603,199)
OTHER FINANCING SOURCES (USES)					
Bonds issued	42,325	—	1,314,108	—	1,356,433
Refunding bonds issued	—	1,744,915	16,050	—	1,760,965
Payments to escrow agents for refunded bond debt	—	(1,895,574)	—	—	(1,895,574)
Issuance premiums	14,791	153,911	405,171	—	573,873
Other debt issued	5,895	—	18,466	—	24,361
Right-to-use lease acquisition	20,637	—	—	—	20,637
Transfers in	3,755,816	2,200,487	251,505	—	6,207,808
Transfers out	(2,641,884)	(56,913)	(38,593)	(6,454)	(2,743,844)
Total Other Financing Sources (Uses)	1,197,580	2,146,826	1,966,707	(6,454)	5,304,659
Net Change in Fund Balances	2,538,221	(34,104)	231,490	(34,147)	2,701,460
Fund Balances - Beginning, as restated	6,650,218	356,403	(40,215)	269,469	7,235,875
Fund Balances - Ending	\$ 9,188,439	\$ 322,299	\$ 191,275	\$ 235,322	\$ 9,937,335

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Nonmajor Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are restricted or committed to expenditures for specified purposes. The Nonmajor Special Revenue Funds are described below:

Motor Vehicle Fund

The Motor Vehicle Fund accounts for highway activities of the Washington State Patrol; operations of the state ferry system; completion and preservation of the interstate system; other transportation improvements; and maintenance of non-interstate highways and bridges.

Multimodal Transportation Fund

The Multimodal Transportation Fund accounts for activities relating to drivers' licensing; driver improvement and financial responsibility; maintenance of driving records; charges for transportation services; and other highway and non-highway operations and capital improvements.

Central Administrative & Regulatory Fund

The Central Administrative and Regulatory Fund accounts for the operating expenditures of certain administrative and regulatory agencies.

Human Services Fund

The Human Services Fund accounts for activities related to safe and reliable drinking water; life sciences research; housing for persons and families with special housing needs; community awareness and support; and the collection of tobacco settlement monies.

Wildlife and Natural Resources Fund

The Wildlife and Natural Resources Fund accounts for the protection, management, and remediation programs of the state's wildlife, habitats, and natural resources, including forests, water, and parks.

Local Construction & Loan Fund

The Local Construction and Loan Fund accounts for construction and loan programs for local public works projects.

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2022

(expressed in thousands)

	Motor Vehicle	Multimodal Transportation	Central Administrative and Regulatory	Human Services
ASSETS				
Cash and cash equivalents	\$ 1,932,954	\$ 1,597,996	\$ 422,907	\$ 884,316
Investments	—	—	1,238	67,301
Taxes receivable (net of allowance)	172,415	10,083	24,711	63,799
Receivables (net of allowance)	115,820	26,055	153,461	604,806
Due from other funds	338,586	40,940	29,762	13,221
Due from other governments	142,806	88,784	884,574	578,954
Inventories and prepaids	50,251	437	6,181	—
Restricted cash and investments	38,452	102	100,562	—
Restricted receivables	—	—	—	7,022
Total Assets	\$ 2,791,284	\$ 1,764,397	\$ 1,623,396	\$ 2,219,419
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 192,935	\$ 15,858	\$ 19,549	\$ 66,401
Accrued liabilities	96,710	25,253	11,216	28,312
Due to other funds	336,538	46,896	859,726	77,045
Due to other governments	76,907	56,739	12,623	8,739
Unearned revenue	14,031	32,318	27,681	1,872
Claims and judgments payable	—	—	104,182	—
Total Liabilities	717,121	177,064	1,034,977	182,369
DEFERRED INFLOWS OF RESOURCES	19,803	11,080	5,038	15,625
FUND BALANCES				
Nonspendable fund balance	50,251	437	6,181	—
Restricted fund balance	1,617,781	184,063	4,826	687,725
Committed fund balance	386,328	1,391,753	572,374	1,333,700
Total Fund Balances	2,054,360	1,576,253	583,381	2,021,425
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,791,284	\$ 1,764,397	\$ 1,623,396	\$ 2,219,419

State of Washington

Wildlife and Natural Resources	Local Construction and Loan	Total
\$ 1,303,208	\$ 211,075	\$ 6,352,456
—	—	68,539
30,095	459	301,562
91,710	51,215	1,043,067
55,723	972	479,204
867,918	582,689	3,145,725
2,238	—	59,107
—	—	139,116
—	—	7,022
<u>\$ 2,350,892</u>	<u>\$ 846,410</u>	<u>\$ 11,595,798</u>

\$ 20,371	\$ 348	\$ 315,462
40,703	2,806	205,000
36,412	4,824	1,361,441
4,691	1,706	161,405
19,879	—	95,781
—	—	104,182
<u>122,056</u>	<u>9,684</u>	<u>2,243,271</u>

68,118	44,424	164,088
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2,238	—	59,107
1,330,925	67,679	3,892,999
827,555	724,623	5,236,333
<u>2,160,718</u>	<u>792,302</u>	<u>9,188,439</u>
<u>\$ 2,350,892</u>	<u>\$ 846,410</u>	<u>\$ 11,595,798</u>

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Motor Vehicle	Multimodal Transportation	Central Administrative and Regulatory	Human Services
REVENUES				
Retail sales and use taxes	\$ —	\$ 104,334	\$ 23,882	\$ —
Business and occupation taxes	—	—	22	563
Excise taxes	1,135	1,528	—	559,730
Motor vehicle and fuel taxes	1,588,466	4,693	—	—
Other taxes	25,007	—	151,455	45,283
Licenses, permits, and fees	617,835	328,322	383,349	587,305
Other contracts and grants	32,710	23,911	2,737	86,465
Timber sales	20	—	2,274	—
Federal grants-in-aid	482,279	418,998	886,182	290,322
Charges for services	271,887	92,795	96,171	243,660
Investment income (loss)	(36,855)	(27,070)	27,015	(18,121)
Miscellaneous revenue	70,536	24,800	76,988	113,815
Total Revenues	3,053,020	972,311	1,650,075	1,909,022
EXPENDITURES				
Current:				
General government	5,853	667	1,174,958	123,226
Human services	—	—	8,066	1,249,297
Natural resources and recreation	1,086	—	26,892	1,418
Transportation	1,527,871	590,507	46,777	9,906
Education	71	—	48,128	55,387
Intergovernmental	251,562	15,072	129,444	2,331
Capital outlays	1,202,424	32,215	11,572	10,028
Debt service:				
Principal	2,259	—	452	80
Interest	1,917	—	835	206
Total Expenditures	2,993,043	638,461	1,447,124	1,451,879
Excess of Revenues Over (Under) Expenditures	59,977	333,850	202,951	457,143
OTHER FINANCING SOURCES (USES)				
Bonds issued	42,325	—	—	—
Issuance premiums	13,392	—	25	1,374
Other debt issued	—	—	175	5,720
Right-to-use lease acquisition	—	6,124	9,355	5,147
Transfers in	1,478,163	2,103,596	30,386	104,277
Transfers out	(728,950)	(1,409,626)	(190,095)	(277,799)
Total Other Financing Sources (Uses)	804,930	700,094	(150,154)	(161,281)
Net Change in Fund Balances	864,907	1,033,944	52,797	295,862
Fund Balances - Beginning, as restated	1,189,453	542,309	530,584	1,725,563
Fund Balances - Ending	\$ 2,054,360	\$ 1,576,253	\$ 583,381	\$ 2,021,425

State of Washington

Wildlife and Natural Resources	Local Construction and Loan	Total
\$ 37	\$ —	\$ 128,253
6,328	—	6,913
912	42,700	606,005
19,124	—	1,612,283
270,191	—	491,936
188,031	76	2,104,918
1,958	1	147,782
75,900	31,057	109,251
31,604	—	2,109,385
10,171	3,809	718,493
(11,881)	(3,406)	(70,318)
165,668	51,533	503,340
<u>758,043</u>	<u>125,770</u>	<u>8,468,241</u>
2,340	5,474	1,312,518
2,978	—	1,260,341
558,725	3,272	591,393
567	124	2,175,752
1,870	12,311	117,767
73	—	398,482
7,498	2	1,263,739
1,773	—	4,564
86	—	3,044
<u>575,910</u>	<u>21,183</u>	<u>7,127,600</u>
<u>182,133</u>	<u>104,587</u>	<u>1,340,641</u>
—	—	42,325
—	—	14,791
—	—	5,895
11	—	20,637
31,434	7,960	3,755,816
(10,660)	(24,754)	(2,641,884)
<u>20,785</u>	<u>(16,794)</u>	<u>1,197,580</u>
202,918	87,793	2,538,221
1,957,800	704,509	6,650,218
<u>\$ 2,160,718</u>	<u>\$ 792,302</u>	<u>\$ 9,188,439</u>

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Motor Vehicle			
	Original Budget	Final Budget	Actual	Variance with Final Budget
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 1,141,158	\$ 1,141,158	\$ 1,141,158	\$ —
Resources				
Taxes	3,417,167	3,255,377	1,363,046	(1,892,331)
Licenses, permits, and fees	1,380,212	1,422,963	617,054	(805,909)
Other contracts and grants	78,970	86,191	32,710	(53,481)
Timber sales	—	—	20	20
Federal grants-in-aid	1,275,376	1,307,291	482,204	(825,087)
Charges for services	650,747	623,067	271,887	(351,180)
Investment income (loss)	36,933	27,833	6,138	(21,695)
Miscellaneous revenue	33,909	178,837	69,843	(108,994)
Transfers from other funds	—	388,348	1,708,167	1,319,819
Total Resources	8,014,472	8,431,065	5,692,227	(2,738,838)
Charges To Appropriations				
General government	29,018	15,012	5,853	9,159
Human services	—	—	—	—
Natural resources and recreation	2,954	2,980	1,086	1,894
Transportation	2,263,722	2,373,072	1,065,301	1,307,771
Education	150	350	71	279
Capital outlays	5,563,063	5,680,255	1,671,094	4,009,161
Transfers to other funds	—	—	958,954	(958,954)
Total Charges To Appropriations	7,858,907	8,071,669	3,702,359	4,369,310
Excess Available For Appropriation Over (Under) Charges To Appropriations	155,565	359,396	1,989,868	1,630,472
Reconciling Items				
Debt service	—	—	—	—
Bond sale proceeds	2,609,718	1,448,229	42,325	(1,405,904)
Issuance premiums	—	—	13,392	13,392
Noncash activity (net)	—	—	(42,331)	(42,331)
Nonappropriated fund balances	—	—	6,236	6,236
Changes in reserves (net)	—	—	(5,381)	(5,381)
Total Reconciling Items	2,609,718	1,448,229	14,241	(1,433,988)
Budgetary Fund Balance, June 30	\$ 2,765,283	\$ 1,807,625	\$ 2,004,109	\$ 196,484

State of Washington

Continued

Multimodal Transportation				Central Administrative and Regulatory			
Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
\$ 481,617	\$ 481,617	\$ 481,617	\$ —	\$ 352,525	\$ 352,525	\$ 352,525	\$ —
191,077	208,368	97,163	(111,205)	214,311	230,320	15,977	(214,343)
724,050	744,697	326,882	(417,815)	737,803	763,296	310,417	(452,879)
266	379	36	(343)	2,214	15,972	9	(15,963)
—	—	—	—	4,752	5,143	2,274	(2,869)
80,514	45,984	113,014	67,030	927,714	1,076,589	832,234	(244,355)
234,281	214,176	92,795	(121,381)	150,722	154,166	19,959	(134,207)
13,258	11,920	4,049	(7,871)	19,655	19,485	29,128	9,643
61,362	217,984	19,164	(198,820)	216,161	235,048	27,369	(207,679)
718	54,000	2,250,775	2,196,775	44,977	47,247	20,812	(26,435)
<u>1,787,143</u>	<u>1,979,125</u>	<u>3,385,495</u>	<u>1,406,370</u>	<u>2,670,834</u>	<u>2,899,791</u>	<u>1,610,704</u>	<u>(1,289,087)</u>
1,245	2,805	668	2,137	1,404,578	1,728,138	1,039,859	688,279
—	—	—	—	14,669	18,760	6,689	12,071
—	—	—	—	51,410	68,798	25,937	42,861
816,716	896,632	243,001	653,631	84,807	88,433	42,943	45,490
—	225	—	225	544	544	166	378
260,127	380,269	40,355	339,914	11,637	20,637	1,827	18,810
—	—	1,541,805	(1,541,805)	278,722	294,329	185,570	108,759
<u>1,078,088</u>	<u>1,279,931</u>	<u>1,825,829</u>	<u>(545,898)</u>	<u>1,846,367</u>	<u>2,219,639</u>	<u>1,302,991</u>	<u>916,648</u>
709,055	699,194	1,559,666	860,472	824,467	680,152	307,713	(372,439)
—	—	1	1	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	(28,890)	(28,890)	—	—	11,856	11,856
—	—	46,677	46,677	—	—	247,564	247,564
—	—	(1,638)	(1,638)	—	—	10,067	10,067
—	—	16,150	16,150	—	—	269,487	269,487
<u>\$ 709,055</u>	<u>\$ 699,194</u>	<u>\$ 1,575,816</u>	<u>\$ 876,622</u>	<u>\$ 824,467</u>	<u>\$ 680,152</u>	<u>\$ 577,200</u>	<u>\$ (102,952)</u>

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Human Services			
	Original Budget	Final Budget	Actual	Variance with
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 1,556,947	\$ 1,556,947	\$ 1,556,947	\$ —
Resources				
Taxes	1,206,199	1,245,068	605,576	(639,492)
Licenses, permits, and fees	1,196,985	1,222,884	581,332	(641,552)
Other contracts and grants	149,428	149,463	2,071	(147,392)
Timber sales	—	—	—	—
Federal grants-in-aid	680,305	790,215	236,468	(553,747)
Charges for services	262,711	587,069	241,337	(345,732)
Investment income (loss)	408	444	1,305	861
Miscellaneous revenue	224,771	268,662	89,712	(178,950)
Transfers from other funds	531,202	817,287	105,158	(712,129)
Total Resources	5,808,956	6,638,039	3,419,906	(3,218,133)
Charges To Appropriations				
General government	557,382	599,057	115,739	483,318
Human services	2,099,784	2,145,082	898,929	1,246,153
Natural resources and recreation	3,844	3,880	1,423	2,457
Transportation	25,413	26,137	12,359	13,778
Education	1,855	1,971	718	1,253
Capital outlays	167,085	288,643	46,119	242,524
Transfers to other funds	1,094,189	1,202,950	540,247	662,703
Total Charges To Appropriations	3,949,552	4,267,720	1,615,534	2,652,186
Excess Available For Appropriation Over (Under) Charges To Appropriations	1,859,404	2,370,319	1,804,372	(565,947)
Reconciling Items				
Noncash activity (net)	—	—	35,092	35,092
Nonappropriated fund balances	—	—	182,544	182,544
Changes in reserves (net)	—	—	(583)	(583)
Total Reconciling Items	—	—	217,053	217,053
Budgetary Fund Balance, June 30	\$ 1,859,404	\$ 2,370,319	\$ 2,021,425	\$ (348,894)

State of Washington

Concluded

Wildlife and Natural Resources				Local Construction and Loan			
Original Budget	Final Budget	Actual	Variance with	Original Budget	Final Budget	Actual	Variance with
2021-2023	2021-2023	2021-2023	Final Budget	2021-2023	2021-2023	2021-2023	Final Budget
Biennium	Biennium	Biennium		Biennium	Biennium	Biennium	
\$ 1,857,733	\$ 1,857,733	\$ 1,857,733	\$ —	\$ 701,230	\$ 701,230	\$ 701,230	\$ —
602,114	586,109	296,546	(289,563)	50,401	62,204	42,700	(19,504)
622,065	641,502	121,272	(520,230)	172	172	—	(172)
9,989	10,015	1,958	(8,057)	—	—	1	1
188,678	186,989	52,459	(134,530)	28,902	75,779	31,057	(44,722)
141,110	175,190	28,736	(146,454)	—	—	—	—
28,919	29,427	10,165	(19,262)	6,000	6,000	3,809	(2,191)
1,157	3,141	3,128	(13)	432	526	509	(17)
697,652	1,137,291	333,413	(803,878)	432,426	405,621	119,929	(285,692)
120,618	273,017	77,970	(195,047)	14,722	15,256	7,960	(7,296)
<u>4,270,035</u>	<u>4,900,414</u>	<u>2,783,380</u>	<u>(2,117,034)</u>	<u>1,234,285</u>	<u>1,266,788</u>	<u>907,195</u>	<u>(359,593)</u>
1,258	1,259	384	875	15,308	15,500	3,663	11,837
10,015	10,114	2,958	7,156	—	—	—	—
952,043	1,094,147	373,995	720,152	8,450	8,464	3,272	5,192
1,533	6,546	736	5,810	—	—	—	—
4,300	4,315	1,908	2,407	—	—	—	—
1,403,530	1,707,423	240,239	1,467,184	524,665	653,023	48,356	604,667
84,382	71,036	59,644	11,392	166,660	42,154	29,754	12,400
<u>2,457,061</u>	<u>2,894,840</u>	<u>679,864</u>	<u>2,214,976</u>	<u>715,083</u>	<u>719,141</u>	<u>85,045</u>	<u>634,096</u>
1,812,974	2,005,574	2,103,516	97,942	519,202	547,647	822,150	274,503
—	—	(13,967)	(13,967)	—	—	(2,902)	(2,902)
—	—	113,481	113,481	—	—	5,709	5,709
—	—	(44,550)	(44,550)	—	—	(32,655)	(32,655)
—	—	54,964	54,964	—	—	(29,848)	(29,848)
<u>\$ 1,812,974</u>	<u>\$ 2,005,574</u>	<u>\$ 2,158,480</u>	<u>\$ 152,906</u>	<u>\$ 519,202</u>	<u>\$ 547,647</u>	<u>\$ 792,302</u>	<u>\$ 244,655</u>

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Nonmajor Debt Service Funds

Debt Service Funds account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities. Debt Service Funds are described below:

General Obligation Bond Fund

The General Obligation Bond Fund accounts for the accumulation of resources for, and the payment of, non-transportation related general obligation bond principal and interest.

Transportation General Obligation Bond Fund

The Transportation General Obligation Bond Fund accounts for the accumulation of resources for, and the

payment of, transportation general obligation bond principal and interest.

Tobacco Settlement Securitization Bond Fund

The Tobacco Settlement Securitization Bond Fund accounts for the accumulation of resources for, and the payment of, principal and interest on revenue bonds issued by the Tobacco Settlement Authority, a blended component unit of the state.

Transportation Revenue Bond Fund

The Transportation Revenue Bond Fund accounts for the accumulation of resources for, and the payment of, transportation revenue bond principal and interest.

NONMAJOR DEBT SERVICE FUNDS

Combining Balance Sheet

June 30, 2022

(expressed in thousands)

	General Obligation Bond	Transportation General Obligation Bond	Tobacco Settlement Securitization Bond	Transportation Revenue Bond	Total
ASSETS					
Cash and cash equivalents	\$ —	\$ 301,800	\$ 303	\$ 5,195	\$ 307,298
Receivables (net of allowance)	2,007	439	7,965	—	10,411
Due from other funds	1,625	430	—	1	2,056
Restricted cash and investments	—	—	33,587	—	33,587
Total Assets	\$ 3,632	\$ 302,669	\$ 41,855	\$ 5,196	\$ 353,352
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued liabilities	\$ 97	\$ 3,479	\$ 7	\$ —	\$ 3,583
Due to other funds	26,797	510	—	163	27,470
Total Liabilities	26,894	3,989	7	163	31,053
FUND BALANCES					
Restricted fund balance	—	—	41,848	5,125	46,973
Committed fund balance	—	298,680	—	—	298,680
Unassigned fund balance	(23,262)	—	—	(92)	(23,354)
Total Fund Balances	(23,262)	298,680	41,848	5,033	322,299
Total Liabilities and Fund Balances	\$ 3,632	\$ 302,669	\$ 41,855	\$ 5,196	\$ 353,352

State of Washington

NONMAJOR DEBT SERVICE FUNDS
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	General Obligation Bond	Transportation General Obligation Bond	Tobacco Settlement Securitization Bond	Transportation Revenue Bond	Total
REVENUES					
Charges for services	\$ 25,789	\$ —	\$ —	\$ —	\$ 25,789
Investment income (loss)	(1,061)	(6,223)	—	(122)	(7,406)
Miscellaneous revenue	15	22,957	27,048	—	50,020
Total Revenues	24,743	16,734	27,048	(122)	68,403
EXPENDITURES					
Current:					
General government	—	—	407	—	407
Debt service:					
Principal	707,720	356,952	32,515	101,660	1,198,847
Interest	627,192	369,103	4,678	49,106	1,050,079
Total Expenditures	1,334,912	726,055	37,600	150,766	2,249,333
Excess of Revenues Over (Under) Expenditures	(1,310,169)	(709,321)	(10,552)	(150,888)	(2,180,930)
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	993,660	633,100	—	118,155	1,744,915
Payments to escrow agents for refunded bond debt	(1,078,271)	(694,252)	—	(123,051)	(1,895,574)
Issuance premiums	86,261	62,399	—	5,251	153,911
Transfers in	1,329,516	720,451	—	150,520	2,200,487
Transfers out	(56,830)	—	—	(83)	(56,913)
Total Other Financing Sources (Uses)	1,274,336	721,698	—	150,792	2,146,826
Net Change in Fund Balances	(35,833)	12,377	(10,552)	(96)	(34,104)
Fund Balances - Beginning	12,571	286,303	52,400	5,129	356,403
Fund Balances - Ending	\$ (23,262)	\$ 298,680	\$ 41,848	\$ 5,033	\$ 322,299

State of Washington

NONMAJOR DEBT SERVICE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	General Obligation Bond			
	Original Budget	Final Budget	Actual	Variance with
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 295	\$ 295	\$ 295	\$ —
Resources				
Charges for services	15,062	15,062	—	(15,062)
Investment income (loss)	80	80	—	(80)
Miscellaneous revenue	27	27	—	(27)
Transfers from other funds	99,119	143,053	43,587	(99,466)
Total Resources	114,583	158,517	43,882	(114,635)
Charges To Appropriations				
General government	87,788	84,743	43,587	41,156
Transfers to other funds	28,060	28,060	—	28,060
Total Charges To Appropriations	115,848	112,803	43,587	69,216
Excess Available For Appropriation Over (Under) Charges To Appropriations	(1,265)	45,714	295	(45,419)
Reconciling Items				
Debt service	—	—	(1,650)	(1,650)
Proceeds of refunding bonds	—	—	993,660	993,660
Payments to escrow agents for refunded bond debt	—	—	(1,078,271)	(1,078,271)
Issuance premiums	—	—	86,261	86,261
Noncash activity (net)	—	—	(1,305)	(1,305)
Nonappropriated fund balances	—	—	(22,252)	(22,252)
Total Reconciling Items	—	—	(23,557)	(23,557)
Budgetary Fund Balance, June 30	\$ (1,265)	\$ 45,714	\$ (23,262)	\$ (68,976)

State of Washington

Transportation General Obligation Bond				Transportation Revenue Bond			
Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget	Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
\$ 286,303	\$ 286,303	\$ 286,303	\$ —	\$ 5,129	\$ 5,129	\$ 5,129	\$ —
—	—	—	—	—	—	—	—
248	248	666	418	61	61	—	(61)
47,889	47,889	22,958	(24,931)	—	—	—	—
1,662,766	1,662,766	720,451	(942,315)	311,039	111,909	150,520	38,611
1,997,206	1,997,206	1,030,378	(966,828)	316,229	117,099	155,649	38,550
1,512,713	1,443,924	724,808	719,116	300,877	300,877	150,411	150,466
—	—	—	—	—	—	83	(83)
1,512,713	1,443,924	724,808	719,116	300,877	300,877	150,494	150,383
484,493	553,282	305,570	(247,712)	15,352	(183,778)	5,155	188,933
—	—	(1,247)	(1,247)	—	—	(355)	(355)
—	—	633,100	633,100	—	—	118,155	118,155
—	—	(694,252)	(694,252)	—	—	(123,051)	(123,051)
—	—	62,399	62,399	—	—	5,251	5,251
—	—	(6,890)	(6,890)	—	—	(122)	(122)
—	—	—	—	—	—	—	—
—	—	(6,890)	(6,890)	—	—	(122)	(122)
\$ 484,493	\$ 553,282	\$ 298,680	\$ (254,602)	\$ 15,352	\$ (183,778)	\$ 5,033	\$ 188,811

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Nonmajor Capital Projects Funds

Capital Projects Funds account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds). The Capital Projects Funds are as follows:

State Facilities Fund

The State Facilities Fund accounts for the acquisition, construction, and remodeling of state buildings.

Higher Education Facilities Fund

The Higher Education Facilities Fund accounts for the acquisition, construction, and remodeling of higher education facilities.

State of Washington

NONMAJOR CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 2022

(expressed in thousands)

	State Facilities	Higher Education Facilities	Total
ASSETS			
Cash and cash equivalents	\$ 179,479	\$ 100,251	\$ 279,730
Investments	—	5,484	5,484
Receivables (net of allowance)	18,506	21,312	39,818
Due from other funds	28,073	3,813	31,886
Due from other governments	1,971	7	1,978
Restricted cash and investments	19,106	25	19,131
Restricted receivables	—	86	86
Total Assets	\$ 247,135	\$ 130,978	\$ 378,113
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 52,199	\$ 17,019	\$ 69,218
Accrued liabilities	24,217	5,717	29,934
Due to other funds	47,210	9,589	56,799
Due to other governments	12,278	—	12,278
Unearned revenue	1,892	4,109	6,001
Total Liabilities	137,796	36,434	174,230
DEFERRED INFLOWS OF RESOURCES	8,031	4,577	12,608
FUND BALANCES			
Restricted fund balance	70,843	35,068	105,911
Committed fund balance	30,465	54,899	85,364
Total Fund Balances	101,308	89,967	191,275
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 247,135	\$ 130,978	\$ 378,113

State of Washington

NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	State Facilities	Higher Education Facilities	Total
REVENUES			
Other contracts and grants	\$ —	\$ 5,610	\$ 5,610
Timber sales	5,415	1	5,416
Federal grants-in-aid	—	840	840
Charges for services	—	74,034	74,034
Investment income (loss)	(92)	(1,016)	(1,108)
Miscellaneous revenue	5,244	6,133	11,377
Total Revenues	10,567	85,602	96,169
EXPENDITURES			
Current:			
General government	256,215	—	256,215
Human services	12,812	—	12,812
Natural resources and recreation	223,999	—	223,999
Education	595,615	139,666	735,281
Capital outlays	421,881	130,635	552,516
Debt service:			
Principal	—	36,518	36,518
Interest	—	14,045	14,045
Total Expenditures	1,510,522	320,864	1,831,386
Excess of Revenues Over (Under) Expenditures	(1,499,955)	(235,262)	(1,735,217)
OTHER FINANCING SOURCES (USES)			
Bonds issued	1,314,108	—	1,314,108
Refunding bonds issued	—	16,050	16,050
Issuance premiums	401,400	3,771	405,171
Other debt issued	—	18,466	18,466
Transfers in	874	250,631	251,505
Transfers out	(4,973)	(33,620)	(38,593)
Total Other Financing Sources (Uses)	1,711,409	255,298	1,966,707
Net Change in Fund Balances	211,454	20,036	231,490
Fund Balances - Beginning as restated	(110,146)	69,931	(40,215)
Fund Balances - Ending	\$ 101,308	\$ 89,967	\$ 191,275

State of Washington

NONMAJOR CAPITAL PROJECTS FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	State Facilities			
	Original Budget	Final Budget	Actual	Variance with
	2021-2023 Biennium	2021-2023 Biennium	2021-2023 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ (105,445)	\$ (105,445)	\$ (105,445)	\$ —
Resources				
Timber sales	14,865	12,942	5,415	(7,527)
Federal grants-in-aid	—	195,749	—	(195,749)
Charges for services	—	—	—	—
Investment income (loss)	18	18	14	(4)
Miscellaneous revenue	8,289	8,335	5,166	(3,169)
Transfers from other funds	1,650	1,578	874	(704)
Total Resources	(80,623)	113,177	(93,976)	(207,153)
Charges To Appropriations				
General government	15,009	23,792	3,303	20,489
Education	—	—	—	—
Capital outlays	5,931,565	6,131,053	1,507,219	4,623,834
Transfers to other funds	94,336	121,335	4,973	116,362
Total Charges To Appropriations	6,040,910	6,276,180	1,515,495	4,760,685
Excess Available For Appropriation Over (Under) Charges To Appropriations	(6,121,533)	(6,163,003)	(1,609,471)	4,553,532
Reconciling Items				
Bond sale proceeds	6,495,548	8,258,712	1,301,083	(6,957,629)
Issuance premiums	—	—	396,883	396,883
Noncash activity (net)	—	—	(7)	(7)
Nonappropriated fund balances	—	—	33,710	33,710
Changes in reserves (net)	—	—	(20,890)	(20,890)
Total Reconciling Items	6,495,548	8,258,712	1,710,779	(6,547,933)
Budgetary Fund Balance, June 30	\$ 374,015	\$ 2,095,709	\$ 101,308	\$ (1,994,401)

State of Washington

Higher Education Facilities				
Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget	
\$ 29,917	\$ 29,917	\$ 29,917	\$	—
—	—	—	—	—
—	—	—	—	—
175,111	181,990	73,614	(108,376)	
4,091	4,150	276	(3,874)	
668	32,647	392	(32,255)	
96,377	92,135	70,796	(21,339)	
<u>306,164</u>	<u>340,839</u>	<u>174,995</u>	<u>(165,844)</u>	
—	—	—	—	
26,354	26,354	12,335	14,019	
270,548	272,802	100,825	171,977	
6,827	25,243	5,629	19,614	
<u>303,729</u>	<u>324,399</u>	<u>118,789</u>	<u>205,610</u>	
2,435	16,440	56,206	39,766	
—	—	—	—	
—	—	—	—	
—	—	(1,261)	(1,261)	
—	—	35,022	35,022	
—	—	—	—	
<u>—</u>	<u>—</u>	<u>33,761</u>	<u>33,761</u>	
<u>\$ 2,435</u>	<u>\$ 16,440</u>	<u>\$ 89,967</u>	<u>\$ 73,527</u>	

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Nonmajor Enterprise Funds

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. If an activity's principal revenue source meets any one of the following criteria, it is required to be reported as an enterprise fund: (1) an activity financed with debt that is secured solely by pledge of the net revenues from fees and charges for the activity; (2) laws or regulations which require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; or (3) pricing policies which establish fees and charges designed to recover the activity's costs, including capital costs. The Nonmajor Enterprise Funds are as follows:

Lottery Fund

The Lottery Fund accounts for lottery ticket revenues, administrative and operating expenses of the Lottery Commission, and the distribution of revenue.

Institutional Fund

The Institutional Fund accounts for the enterprise activities carried out through vocational/education programs at state institutions.

Guaranteed Education Tuition Program Fund

The Guaranteed Education Tuition Program Fund accounts for the guaranteed college tuition program.

Paid Family and Medical Leave Compensation Fund

The Paid Family and Medical Leave Compensation Fund accounts for the family and medical leave insurance program.

Other Activities Fund

The Other Activities Fund accounts for the operation of the pollution liability insurance program, the judicial information system, the local Certificate of Participation (COP) financing program, the local government audit program, and the Secretary of State's corporate public records program.

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position

June 30, 2022
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 20,868	\$ 5,664	\$ 2,414
Investments	16,171	—	43,698
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	29,318	721	18,825
Due from other funds	44,930	15,572	4
Due from other governments	—	871	—
Inventories	309	12,727	—
Prepaid expenses	—	201	—
Total Current Assets	111,596	35,756	64,941
Noncurrent Assets:			
Investments, noncurrent	94,216	—	1,485,227
Restricted net pension asset	6,970	20,039	1,629
Other noncurrent assets	5	—	78,855
Capital assets:			
Land and other non-depreciable assets	—	1,540	—
Buildings	—	12,828	—
Other improvements	1,338	4,807	—
Furnishings, equipment, and intangibles	1,239	19,315	17
Lease assets	4,785	—	595
Accumulated depreciation and amortization	(3,765)	(18,232)	(235)
Construction in progress	—	—	—
Total Noncurrent Assets	104,788	40,297	1,566,088
Total Assets	216,384	76,053	1,631,029
DEFERRED OUTFLOWS OF RESOURCES			
	1,879	7,379	458
Total Assets and Deferred Outflows of Resources	\$ 218,263	\$ 83,432	\$ 1,631,487

State of Washington

Continued

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 27,766	\$ 134,877	\$ 191,589
—	—	59,869
—	3,435	3,435
335,449	928	385,241
58	10,897	71,461
—	5,026	5,897
—	93	13,129
—	16	217
<u>363,273</u>	<u>155,272</u>	<u>730,838</u>
—	—	1,579,443
15,117	34,991	78,746
—	—	78,860
—	—	1,540
—	—	12,828
—	76	6,221
61,356	13,530	95,457
5,467	3,251	14,098
(9,884)	(11,430)	(43,546)
—	15,617	15,617
<u>72,056</u>	<u>56,035</u>	<u>1,839,264</u>
<u>435,329</u>	<u>211,307</u>	<u>2,570,102</u>
18,753	10,332	38,801
<u>\$ 454,082</u>	<u>\$ 221,639</u>	<u>\$ 2,608,903</u>

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position

June 30, 2022
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 3,992	\$ 7,186	\$ 217
Accrued liabilities	69,271	2,158	95,390
Obligations under security lending agreements	—	—	9,143
Bonds and notes payable	483	535	119
Total OPEB liability	101	296	19
Due to other funds	51,530	403	139
Due to other governments	—	281	—
Unearned revenue	911	3,811	—
Claims and judgments payable	—	—	—
Total Current Liabilities	126,288	14,670	105,027
Noncurrent Liabilities:			
Claims and judgments payable	—	—	—
Bonds and notes payable	2,482	1,534	261
Net pension liability	664	1,908	155
Total OPEB Liability	6,032	17,615	1,114
Other long-term liabilities	96,110	2,469	1,056,249
Total Noncurrent Liabilities	105,288	23,526	1,057,779
Total Liabilities	231,576	38,196	1,162,806
DEFERRED INFLOWS OF RESOURCES	8,919	26,705	2,335
NET POSITION			
Net investment in capital assets	631	18,234	(3)
Restricted for:			
Pensions	1,377	4,555	325
Unrestricted	(24,240)	(4,258)	466,024
Total Net Position	(22,232)	18,531	466,346
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 218,263	\$ 83,432	\$ 1,631,487

State of Washington

Concluded

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 580	\$ 8,898	\$ 20,873
1,853	18,666	187,338
—	—	9,143
632	673	2,442
231	426	1,073
347	64,333	116,752
—	23,288	23,569
44,792	2	49,516
6,820	8,141	14,961
55,255	124,427	425,667
—	16,630	16,630
220	1,066	5,563
1,457	3,363	7,547
15,052	24,090	63,903
734	3,483	1,159,045
17,463	48,632	1,252,688
72,718	173,059	1,678,355
18,218	43,305	99,482
56,087	19,304	94,253
5,008	7,611	18,876
302,051	(21,640)	717,937
363,146	5,275	831,066
\$ 454,082	\$ 221,639	\$ 2,608,903

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses,
and Changes in Net Position

For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
OPERATING REVENUES			
Sales	\$ —	\$ 85,821	\$ —
Less: Cost of goods sold	—	(71,375)	—
Gross profit	—	14,446	—
Charges for services	2,726	10,736	78,964
Premiums and assessments	—	—	—
Lottery ticket proceeds	907,686	—	—
Miscellaneous revenue	1,265	16	439
Total Operating Revenues	911,677	25,198	79,403
OPERATING EXPENSES			
Salaries and wages	9,176	21,499	3,036
Employee benefits	592	1,427	-52
Personal services	13,640	—	991
Goods and services	93,845	1,075	316
Travel	364	102	16
Premiums and claims	—	—	—
Guaranteed education tuition program expense	—	—	137,578
Lottery prize payments	573,990	—	—
Depreciation and amortization	693	795	119
Miscellaneous expenses	42	—	—
Total Operating Expenses	692,342	24,898	142,004
Operating Income (Loss)	219,335	300	(62,601)
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	(11,083)	—	(193,865)
Interest expense	(3,808)	(110)	(4)
Tax and license revenue	11	—	—
Other revenues (expenses)	—	(121)	—
Total Nonoperating Revenues (Expenses)	(14,880)	(231)	(193,869)
Income (Loss) Before Transfers	204,455	69	(256,470)
Transfers in	—	—	—
Transfers out	(216,838)	(1,000)	—
Net Transfers	(216,838)	(1,000)	—
Change in Net Position	(12,383)	(931)	(256,470)
Net Position - Beginning, as restated	(9,849)	19,462	722,816
Net Position - Ending	\$ (22,232)	\$ 18,531	\$ 466,346

State of Washington

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ —	\$ 155	\$ 85,976
—	(79)	(71,454)
—	76	14,522
—	38,983	131,409
961,865	26,707	988,572
—	—	907,686
27	5,290	7,037
961,892	71,056	2,049,226
27,215	45,774	106,700
7,915	3,295	13,177
3,561	6,260	24,452
6,601	22,870	124,707
32	138	652
1,054,809	—	1,054,809
—	—	137,578
—	—	573,990
5,136	1,296	8,039
270	342	654
1,105,539	79,975	2,044,758
(143,647)	(8,919)	4,468
(1,403)	(503)	(206,854)
(13)	(17)	(3,952)
—	14,040	14,051
—	673	552
(1,416)	14,193	(196,203)
(145,063)	5,274	(191,735)
—	57,750	57,750
—	(46,149)	(263,987)
—	11,601	(206,237)
(145,063)	16,875	(397,972)
508,209	(11,600)	1,229,038
\$ 363,146	\$ 5,275	\$ 831,066

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 912,228	\$ 100,547	\$ 82,965
Payments to suppliers	(693,057)	(70,702)	(76,397)
Payments to employees	(12,253)	(31,728)	(3,587)
Other receipts	1,266	15	440
Net Cash Provided (Used) by Operating Activities	<u>208,184</u>	<u>(1,868)</u>	<u>3,421</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	—	—	—
Transfers out	(216,838)	(1,000)	—
Operating grants and donations received	—	—	—
Taxes and license fees collected	11	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(216,827)</u>	<u>(1,000)</u>	<u>—</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(29)	(110)	(4)
Principal payments on long-term capital financing	(459)	(515)	(118)
Proceeds from sale of capital assets	—	268	—
Acquisitions of capital assets	(127)	(436)	—
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(615)</u>	<u>(793)</u>	<u>(122)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	—	—	37,346
Proceeds from sale of investment securities	17,040	—	160,432
Purchases of investment securities	(5,177)	—	(203,489)
Net Cash Provided (Used) by Investing Activities	<u>11,863</u>	<u>—</u>	<u>(5,711)</u>
Net Increase (Decrease) in Cash and Pooled Investments	2,605	(3,661)	(2,412)
Cash and cash equivalents, July 1	18,263	9,325	4,826
Cash and cash equivalents, June 30	<u>\$ 20,868</u>	<u>\$ 5,664</u>	<u>\$ 2,414</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 219,335	\$ 300	\$ (62,601)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	693	795	119
Revenue reduced for uncollectible accounts	40	—	—
Change in Assets: Decrease (Increase)			
Receivables	2,823	179	4,001
Inventories	344	(3,095)	—
Prepaid expenses	—	152	—
Other assets	(6,970)	(20,039)	(1,628)
Change in Deferred Outflows of Resources: Increase (Decrease)	47	1,905	111
Change in Liabilities: Increase (Decrease)			
Payables	(14,163)	(1,058)	61,820
Change in Deferred Inflows of Resources: Decrease (Increase)	6,035	18,993	1,599
Net Cash Provided (Used) by Operating Activities	<u>\$ 208,184</u>	<u>\$ (1,868)</u>	<u>\$ 3,421</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Acquisition of capital assets through lease financing	\$ —	\$ —	\$ —
Amortization of annuity prize liability	3,778	—	—
Increase (decrease) in fair value of investments	(14,540)	—	(231,408)
Amortization of debt premium/discount	3,456	—	—

State of Washington

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 845,954	\$ 55,344	\$ 1,997,038
(1,065,302)	(3,658)	(1,909,116)
(36,836)	(60,218)	(144,622)
27	5,293	7,041
(256,157)	(3,239)	(49,659)
—	57,750	57,750
—	(46,149)	(263,987)
—	744	744
—	14,296	14,307
—	26,641	(191,186)
(12)	(16)	(171)
(893)	(522)	(2,507)
—	—	268
(330)	(7,907)	(8,800)
(1,235)	(8,445)	(11,210)
1,331	115	38,792
—	—	177,472
—	—	(208,666)
1,331	115	7,598
(256,061)	15,072	(244,457)
283,827	119,805	436,046
\$ 27,766	\$ 134,877	\$ 191,589
\$ (143,647)	\$ (8,919)	\$ 4,468
5,136	1,296	8,039
58	—	98
(122,173)	(10,500)	(125,670)
—	14	(2,737)
—	96	248
(15,116)	(34,991)	(78,744)
(5,793)	829	(2,901)
10,395	17,872	74,866
14,983	31,064	72,674
\$ (256,157)	\$ (3,239)	\$ (49,659)
\$ —	\$ 64	\$ 64
—	—	3,778
(2,171)	(618)	(248,737)
—	—	3,456

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Internal Service Funds

Internal Service Funds account for state activities that provide goods and services to other state departments or agencies on a cost-reimbursement basis. The Internal Service Funds are described below:

General Services Fund

The General Services Fund accounts for the cost of providing the following services to state agencies: (1) legal services; (2) state Certificate of Participation (COP) financing program; (3) facilities, equipment and related services; (4) printing; (5) audits of state agencies; (6) administration of the state civil service law and labor relations; (7) administrative hearings; and (8) archives and records management.

Data Processing Revolving Fund

The Data Processing Revolving Fund accounts for the distribution of the full cost of data processing and data

communication services to other state agencies, and for the payment of other costs incidental to the acquisition, operation, and administration of acquired data processing services, supplies, and equipment.

Higher Education Revolving Fund

The Higher Education Revolving Fund accounts for stores, data processing, and other support service activities at colleges and universities.

Risk Management Fund

The Risk Management Fund administers tort and sundry claims filed against Washington state agencies, except for the University of Washington and the Washington State Department of Transportation Ferries Division.

State of Washington

INTERNAL SERVICE FUNDS
Combining Statement of Net Position

June 30, 2022
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 156,663	\$ 102,652	\$ 624,708
Investments	—	—	664
Receivables (net of allowance)	5,443	734	43,559
Due from other funds	73,924	26,596	3,819
Due from other governments	42,925	243	1,491
Inventories	11,049	—	12,056
Prepaid expenses	6,018	7,423	9,361
Restricted cash and investments	114,692	—	—
Total Current Assets	410,714	137,648	695,658
Noncurrent Assets:			
Investments, noncurrent	—	—	28,439
Restricted net pension asset	160,100	36,640	47,139
Capital assets:			
Land and other non-depreciable assets	4,736	—	2,533
Buildings	246,203	286,781	60,414
Other improvements	12,933	1,581	608
Furnishings, equipment, and intangibles	777,132	127,850	163,204
Infrastructure	2,035	—	135
Lease assets	129,918	343	37,838
Accumulated depreciation and amortization	(567,187)	(258,572)	(196,629)
Construction in progress	699	43,738	—
Total Noncurrent Assets	766,569	238,361	143,681
Total Assets	1,177,283	376,009	839,339
DEFERRED OUTFLOWS OF RESOURCES			
	52,038	10,585	24,921
Total Assets and Deferred Outflows of Resources	\$ 1,229,321	\$ 386,594	\$ 864,260

State of Washington

Continued

Risk Management	Total		
\$	—	\$	884,023
	—		664
	—		49,736
	3,258		107,597
	—		44,659
	—		23,105
	233		23,035
	—		114,692
	3,491		1,247,511
	—		28,439
	1,156		245,035
	—		7,269
	—		593,398
	—		15,122
	8		1,068,194
	—		2,170
	—		168,099
	(8)		(1,022,396)
	—		44,437
	1,156		1,149,767
	4,647		2,397,278
	322		87,866
\$	4,969	\$	2,485,144

State of Washington

INTERNAL SERVICE FUNDS
Combining Statement of Net Position

June 30, 2022
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 15,884	\$ 14,995	\$ 27,175
Accrued liabilities	32,287	3,680	108,807
Bonds and notes payable	127,149	9,033	6,913
Total OPEB liability	2,192	362	668
Due to other funds	8,515	5,257	19,375
Due to other governments	15,839	—	1,136
Unearned revenue	5,052	—	2
Claims and judgments payable	—	—	33,800
Total Current Liabilities	206,918	33,327	197,876
Noncurrent Liabilities:			
Claims and judgments payable	—	—	208,199
Bonds and notes payable	312,652	225,923	42,173
Net pension liability	15,460	3,517	16,367
Total OPEB Liability	130,589	21,560	39,792
Unearned revenue	59	—	—
Other long-term liabilities	22,253	4,730	6,930
Total Noncurrent Liabilities	481,013	255,730	313,461
Total Liabilities	687,931	289,057	511,337
DEFERRED INFLOWS OF RESOURCES	196,541	47,864	96,299
NET POSITION			
Net investment in capital assets	243,965	(31,750)	19,016
Restricted for:			
Pensions	34,117	6,328	7,841
Unrestricted	66,767	75,095	229,767
Total Net Position	344,849	49,673	256,624
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,229,321	\$ 386,594	\$ 864,260

State of Washington

INTERNAL SERVICE FUNDS
**Combining Statement of Revenues, Expenses,
and Changes in Net Position**

For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
OPERATING REVENUES			
Sales	\$ 27,995	\$ —	\$ 9,616
Less: Cost of goods sold	(22,774)	—	(9,245)
Gross profit	5,221	—	371
Charges for services	358,854	262,167	334,778
Premiums and assessments	514	—	—
Miscellaneous revenue	159,225	17,411	20,810
Total Operating Revenues	523,814	279,578	355,959
OPERATING EXPENSES			
Salaries and wages	210,515	42,881	100,919
Employee benefits	15,485	(1,658)	5,365
Personal services	8,852	5,982	14,942
Goods and services	110,157	127,707	222,369
Travel	1,889	82	1,017
Premiums and claims	—	—	—
Depreciation and amortization	78,807	16,977	22,732
Miscellaneous expenses	249	—	52
Total Operating Expenses	425,954	191,971	367,396
Operating Income (Loss)	97,860	87,607	(11,437)
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	(485)	—	766
Interest expense	(8,025)	(8,798)	(1,493)
Tax and license revenue	6	—	—
Other revenues (expenses)	529	—	9,072
Total Nonoperating Revenues (Expenses)	(7,975)	(8,798)	8,345
Income (Loss) Before Contributions and Transfers	89,885	78,809	(3,092)
Capital contributions	13,836	—	—
Transfers in	10,337	9,000	20,382
Transfers out	(199)	(146)	(27,848)
Net Contributions and Transfers	23,974	8,854	(7,466)
Change in Net Position	113,859	87,663	(10,558)
Net Position - Beginning, as restated	230,990	(37,990)	267,182
Net Position - Ending	\$ 344,849	\$ 49,673	\$ 256,624

State of Washington

Risk Management	Total
\$ —	\$ 37,611
—	(32,019)
—	5,592
2,887	958,686
185,184	185,698
—	197,446
188,071	1,347,422
1,448	355,763
45	19,237
2,902	32,678
25,447	485,680
18	3,006
521,884	521,884
—	118,516
—	301
551,744	1,537,065
(363,673)	(189,643)
—	281
—	(18,316)
—	6
—	9,601
—	(8,428)
(363,673)	(198,071)
—	13,836
201	39,920
—	(28,193)
201	25,563
(363,472)	(172,508)
(1,423,610)	(963,428)
\$ (1,787,082)	\$ (1,135,936)

State of Washington

INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2022
 (expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 378,029	\$ 259,477	\$ 324,639
Payments to suppliers	(167,586)	(130,783)	(125,435)
Payments to employees	(278,988)	(54,206)	(129,009)
Other receipts	159,739	17,412	19,829
Net Cash Provided (Used) by Operating Activities	91,194	91,900	90,024
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	10,337	9,000	20,382
Transfers out	(199)	(146)	(27,848)
Operating grants and donations received	465	—	8
Taxes and license fees collected	6	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	10,609	8,854	(7,458)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(12,750)	(10,521)	(1,505)
Principal payments on long-term capital financing	(55,288)	(7,734)	(8,787)
Proceeds from long-term capital financing	29,255	—	195
Proceeds from sale of capital assets	5,223	—	9,164
Acquisitions of capital assets	(60,884)	(33,763)	(12,642)
Net Cash Provided (Used) by Capital and Related Financing Activities	(94,444)	(52,018)	(13,575)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	240	—	1,017
Proceeds from sale of investment securities	—	—	753
Purchases of investment securities	—	—	(5,659)
Net Cash Provided (Used) by Investing Activities	240	—	(3,889)
Net Increase (Decrease) in Cash and Pooled Investments	7,599	48,736	65,102
Cash and cash equivalents, July 1	263,756	53,916	559,606
Cash and cash equivalents, June 30	\$ 271,355	\$ 102,652	\$ 624,708
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 97,860	\$ 87,607	\$ (11,437)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	78,807	16,977	22,732
Revenue reduced for uncollectible accounts	159	—	6
Change in Assets: Decrease (Increase)			
Receivables	(10,154)	(2,690)	(19,666)
Inventories	(2,848)	—	(2,907)
Prepaid expenses	235	(1,019)	(722)
Other assets	(160,100)	(36,640)	(47,139)
Change in Deferred Outflows of Resources: Increase (Decrease)	1,193	901	(2,630)
Change in Liabilities: Increase (Decrease)			
Payables	(54,964)	(5,527)	118,455
Change in Deferred Inflows of Resources: Decrease (Increase)	141,006	32,291	33,332
Net Cash Provided (Used) by Operating Activities	\$ 91,194	\$ 91,900	\$ 90,024
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ 13,836	\$ —	\$ —
Acquisition of capital assets through lease financing	41,007	—	598
Increase (decrease) in fair value of investments	(726)	—	(205)
Amortization of debt premium/discount	4,869	1,723	58

State of Washington

Risk Management	Total
\$ 185,298	\$ 1,147,443
(183,573)	(607,377)
(1,926)	(464,129)
—	196,980
(201)	272,917
201	39,920
—	(28,193)
—	473
—	6
201	12,206
—	(24,776)
—	(71,809)
—	29,450
—	14,387
—	(107,289)
—	(160,037)
—	1,257
—	753
—	(5,659)
—	(3,649)
—	121,437
—	877,278
\$ —	\$ 998,715
\$ (363,673)	\$ (189,643)
—	118,516
—	165
(2,773)	(35,283)
—	(5,755)
(36)	(1,542)
(1,157)	(245,036)
65	(471)
366,359	424,323
1,014	207,643
\$ (201)	\$ 272,917
\$ —	13,836
—	41,605
—	(931)
—	6,650

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Fiduciary Funds

Fiduciary Funds account for assets held in a trustee or agent capacity for outside parties, including individuals, private organizations, and other governments.

PENSION FUNDS

Pension (and other Employee Benefit) Trust Funds account for transactions, assets, liabilities, and plan net position available for plan benefits of the various state public employee retirement systems. Refer to Note 13, Retirement Plans, for a description of the individual pension plans.

Public Employees' Retirement System Plan 1 Fund

The Public Employees' Retirement System Plan 1 Fund provides benefits for state and local government employees who are members of this closed cost-sharing, multiple-employer defined benefit pension plan.

Public Employees' Retirement System Plan 2/3 Fund

The Public Employees' Retirement System Plan 2/3 Fund provides the defined benefit portion of benefits for state and local government employees who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, and Plan 3, a combination defined benefit/defined contribution plan.

Public Employees' Retirement System Plan 3 Fund

The Public Employees' Retirement System Plan 3 fund provides the defined contribution portion of benefits for state and local government employees who are members of this combination defined benefit/defined contribution plan.

Teachers' Retirement System Plan 1 Fund

The Teachers' Retirement System Plan 1 Fund provides benefits for certificated public school instructors, administrators, or supervisors who are members of this closed cost-sharing, multiple-employer defined benefit pension plan.

Teachers' Retirement System Plan 2/3 Fund

The Teachers' Retirement System Plan 2/3 Fund provides the defined benefit portion of benefits for certificated public school instructors, administrators, or supervisors who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, and Plan 3, a combination defined benefit/defined contribution plan.

Teachers' Retirement System Plan 3 Fund

The Teachers' Retirement System Plan 3 fund provides the defined contribution portion of benefits for certificated public school instructors, administrators, or supervisors who are members of this combination defined benefit/defined contribution plan.

School Employees' Retirement System Plan 2/3 Fund

The School Employees' Retirement System Plan 2/3 Fund provides the defined benefit portion of benefits for classified employees of public school districts and educational service districts who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, or Plan 3, a combination defined benefit/defined contribution plan.

School Employees' Retirement System Plan 3 Fund

The School Employees' Retirement System Plan 3 Fund provides the defined contribution portion of benefits for classified employees of public school districts and educational service districts who are members of this combination defined benefit/defined contribution plan.

Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 Fund

The Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 Fund provides benefits for full-time, fully compensated local law enforcement officers and fire fighters who are members of this closed cost-sharing, defined benefit pension plan.

Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Fund

The Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Fund provides benefits for full-time, fully compensated local law enforcement officers and fire fighters who are members of this cost-sharing, defined benefit pension plan.

Washington State Patrol Retirement System Plan 1/2 Fund

The Washington State Patrol Retirement System Plan 1/2 Fund provides benefits for commissioned officers of the Washington State Patrol who are members of this single-employer, defined benefit pension plan.

Public Safety Employees' Retirement System Plan 2 Fund

The Public Safety Employees' Retirement System Plan 2 fund provides benefits for state and local government

employees in criminal justice or criminal custodial positions who are members of this cost-sharing, multiple-employer defined benefit pension plan.

Judicial Retirement System Fund

The Judicial Retirement System Fund provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this closed single-employer, defined-benefit pension plan.

Judicial Retirement Account Fund

The Judicial Retirement Account Fund provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this defined contribution pension plan.

Judges' Retirement Fund

The Judges' Retirement Fund provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this closed single-employer, defined-benefit pension plan.

Volunteer Fire Fighters' and Reserve Officers' Retirement Fund

The Volunteer Fire Fighters' and Reserve Officers' Retirement Fund provides benefits to volunteer fire fighters of electing municipalities of the state who are members of this cost-sharing, multiple-employer defined benefit pension plan.

Deferred Compensation Fund

The Deferred Compensation Fund is an optional program offered to Washington state employees. The fund provides additional income to participants upon retirement.

Higher Education Retirement Plan Funds

The Higher Education Retirement Plans provides benefits for state institutions of higher education faculty and other positions as designated by each employer who are members of this supplemental defined benefit plan. The University of Washington (UW), Washington State University (WSU), Eastern Washington University (EWU), Central Washington University (CWU), the Evergreen State College (TESC), Western Washington University (WWU), and the State Board for Community and Technical Colleges (SBCTC) each participate in a separate plan.

CUSTODIAL FUNDS

Custodial Funds account for resources held by the state in a custodial capacity for other governments, private organizations, or individuals. The Custodial Funds are described below:

Local Government Distributions Fund

The Local Government Distributions Fund accounts for the receipt and allocation of taxes and fees imposed by local governments.

Retiree Health Insurance Fund

The Retiree Health Insurance Fund accounts for premiums collected and payments for retiree insurance benefits.

Other Custodial Fund

The Other Custodial Fund accounts for (1) assets held for employees, foster children, inmates, patients, and residents of state institutions; (2) the local government share of contracted timber sales; and (3) monies held under other custodial responsibilities of the state.

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2022
 (expressed in thousands)

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	Continued TRS Plan 2/3 Defined Benefit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 556	\$ 2,921	\$ 250	\$ 510	\$ 2,529
Receivables:					
Employer accounts receivable	480	73,007	9,007	188	57,781
Member accounts receivable (net of allowance)	1,614	3,290	—	553	323
Due from other pension and other employee benefit funds	37,436	4,881	1,658	38,011	7,356
Interest and dividends	26,139	169,290	7,213	19,622	66,513
Investment trades pending	1,085,019	7,044,023	300,102	814,435	2,767,484
Other receivables, all other funds	8	11	—	7	9
Total Receivables	1,150,696	7,294,502	317,980	872,816	2,899,466
Investments, Noncurrent:					
Liquidity	212,990	1,364,488	67,010	164,074	559,423
Fixed income	1,465,708	9,515,496	405,396	1,100,186	3,738,487
Public equity	2,192,786	14,235,732	2,226,194	1,645,943	5,592,992
Private equity	2,536,481	16,467,026	701,558	1,903,926	6,469,631
Real estate	1,981,830	12,866,191	548,149	1,487,596	5,054,921
Tangible assets	565,278	3,669,827	156,349	424,307	1,441,816
Innovations	69,889	453,723	19,330	52,460	178,260
Total Investments, Noncurrent	9,024,962	58,572,483	4,123,986	6,778,492	23,035,530
Security lending collateral	17,302	112,324	4,785	12,987	44,130
Total Assets	10,193,516	65,982,230	4,447,001	7,664,805	25,981,655
DEFERRED OUTFLOWS OF RESOURCES	14	89	—	8	33
Total Assets and Deferred Outflows of Resources	\$ 10,193,530	\$ 65,982,319	\$ 4,447,001	\$ 7,664,813	\$ 25,981,688
LIABILITIES					
Accrued liabilities	\$ 1,083,143	\$ 7,005,603	\$ 306,461	\$ 814,638	\$ 2,756,279
Obligations under security lending agreements	17,302	112,324	4,785	12,987	44,130
Due to other pension and other employee benefit funds	—	30,339	4,881	—	38,011
Unearned revenues	20	461	—	2	14
Total Liabilities	1,100,465	7,148,727	316,127	827,627	2,838,434
DEFERRED INFLOWS OF RESOURCES	53	38	—	17	8
NET POSITION					
Net position restricted for:					
Pensions	9,093,012	58,833,554	4,130,874	6,837,169	23,143,246
Deferred compensation participants	—	—	—	—	—
Total Net Position	9,093,012	58,833,554	4,130,874	6,837,169	23,143,246
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,193,530	\$ 65,982,319	\$ 4,447,001	\$ 7,664,813	\$ 25,981,688

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2022
 (expressed in thousands)

Continued

	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 14,916	\$ 2,139	\$ 3,134	\$ 745	\$ 1,704
Receivables:					
Employer accounts receivable	36,228	16,984	8,157	—	21,308
Member accounts receivable (net of allowance)	—	170	—	361	249
Due from other pension and other employee benefit funds	—	—	—	—	—
Interest and dividends	21,565	25,139	5,519	20,144	56,420
Investment trades pending	897,237	1,045,990	229,595	837,276	2,347,603
Other receivables, all other funds	—	5	—	1	3
Total Receivables	955,030	1,088,288	243,271	857,782	2,425,583
Investments, Noncurrent:					
Liquidity	199,502	209,013	49,896	162,426	453,050
Fixed income	1,212,042	1,412,985	310,151	1,131,044	3,171,286
Public equity	6,031,246	2,113,908	1,113,857	1,692,107	4,744,427
Private equity	2,097,497	2,445,240	536,730	1,957,326	5,488,063
Real estate	1,638,839	1,910,541	419,364	1,529,318	4,287,992
Tangible assets	467,446	544,944	119,615	436,208	1,223,065
Innovations	57,793	67,375	14,789	53,931	151,215
Total Investments, Noncurrent	11,704,365	8,704,006	2,564,402	6,962,360	19,519,098
Security lending collateral	14,307	16,679	3,661	13,351	37,434
Total Assets	12,688,618	9,811,112	2,814,468	7,834,238	21,983,819
DEFERRED OUTFLOWS OF RESOURCES	—	4	—	4	93
Total Assets and Deferred Outflows of Resources	\$ 12,688,618	\$ 9,811,116	\$ 2,814,468	\$ 7,834,242	\$ 21,983,912
LIABILITIES					
Accrued liabilities	\$ 906,621	\$ 1,041,621	\$ 234,393	\$ 831,700	\$ 2,333,632
Obligations under security lending agreements	14,307	16,679	3,661	13,351	37,434
Due to other pension and other employee benefit funds	7,356	5,465	1,246	—	—
Unearned revenues	—	1	—	—	818
Total Liabilities	928,284	1,063,766	239,300	845,051	2,371,884
DEFERRED INFLOWS OF RESOURCES	—	5	—	2	32
NET POSITION					
Net position restricted for:					
Pensions	11,760,334	8,747,345	2,575,168	6,989,189	19,611,996
Deferred compensation participants	—	—	—	—	—
Total Net Position	11,760,334	8,747,345	2,575,168	6,989,189	19,611,996
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 12,688,618	\$ 9,811,116	\$ 2,814,468	\$ 7,834,242	\$ 21,983,912

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2022
 (expressed in thousands)

Continued

	WSPRS Plan 1/2	PSERS Plan 2	JRS	JRA	Judges
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 1,164	\$ 293	\$ 8,731	\$ 10	\$ 1,341
Receivables:					
Employer accounts receivable	1,162	3,898	—	—	—
Member accounts receivable (net of allowance)	—	5	3	—	—
Due from other pension and other employee benefit funds	—	—	—	—	—
Interest and dividends	4,974	3,641	—	—	—
Investment trades pending	206,786	151,428	—	—	—
Other receivables, all other funds	1	—	12	—	2
Total Receivables	212,923	158,972	15	—	2
Investments, Noncurrent:					
Liquidity	41,729	35,280	(154)	—	(23)
Fixed income	279,339	204,558	—	—	—
Public equity	417,907	306,030	—	8,085	—
Private equity	483,409	353,997	—	—	—
Real estate	377,702	276,589	—	—	—
Tangible assets	107,732	78,892	—	—	—
Innovations	13,320	9,754	—	—	—
Total Investments, Noncurrent	1,721,138	1,265,100	(154)	8,085	(23)
Security lending collateral	3,297	2,415	—	—	—
Total Assets	1,938,522	1,426,780	8,592	8,095	1,320
DEFERRED OUTFLOWS OF RESOURCES	13	7	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 1,938,535	\$ 1,426,787	\$ 8,592	\$ 8,095	\$ 1,320
LIABILITIES					
Accrued liabilities	\$ 205,677	\$ 150,521	\$ 34	\$ —	\$ 2
Obligations under security lending agreements	3,297	2,415	—	—	—
Due to other pension and other employee benefit funds	—	2,044	—	—	—
Unearned revenues	—	—	—	—	—
Total Liabilities	208,974	154,980	34	—	2
DEFERRED INFLOWS OF RESOURCES	11	6	—	—	—
NET POSITION					
Net position restricted for:					
Pensions	1,729,550	1,271,801	8,558	8,095	1,318
Deferred compensation participants	—	—	—	—	—
Total Net Position	1,729,550	1,271,801	8,558	8,095	1,318
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,938,535	\$ 1,426,787	\$ 8,592	\$ 8,095	\$ 1,320

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2022
(expressed in thousands)

	VFFRPF	Deferred Compensation	UW Supplemental Plan	WSU Supplemental Plan	Continued EWU Supplemental Plan
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ 10,346	\$ 4,697	\$ —	\$ —	\$ 7
Receivables:					
Employer accounts receivable	—	19	—	35	—
Member accounts receivable (net of allowance)	—	976	—	—	—
Due from other pension and other employee benefit funds	—	—	—	—	—
Interest and dividends	—	—	278	53	11
Investment trades pending	—	—	11,547	2,221	443
Other receivables, all other funds	43	3	—	—	—
Total Receivables	43	998	11,825	2,309	454
Investments, Noncurrent:					
Liquidity	(59)	(82)	2,848	499	100
Fixed income	69,220	—	15,599	3,001	599
Public equity	141,232	5,575,759	23,337	4,490	895
Private equity	—	—	26,995	5,193	1,036
Real estate	—	—	21,092	4,057	809
Tangible assets	—	—	6,016	1,157	231
Innovations	—	—	744	143	29
Total Investments, Noncurrent	210,393	5,575,677	96,631	18,540	3,699
Security lending collateral	—	—	183	35	7
Total Assets	220,782	5,581,372	108,639	20,884	4,167
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 220,782	\$ 5,581,372	\$ 108,639	\$ 20,884	\$ 4,167
LIABILITIES					
Accrued liabilities	\$ 40	\$ 2,223	\$ 11,467	\$ 2,206	\$ 440
Obligations under security lending agreements	—	—	183	35	7
Due to other pension and other employee benefit funds	—	—	—	—	—
Unearned revenues	—	—	—	—	—
Total Liabilities	40	2,223	11,650	2,241	447
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	—
NET POSITION					
Net position restricted for:					
Pensions	220,742	—	96,989	18,643	3,720
Deferred compensation participants	—	5,579,149	—	—	—
Total Net Position	220,742	5,579,149	96,989	18,643	3,720
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 220,782	\$ 5,581,372	\$ 108,639	\$ 20,884	\$ 4,167

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2020
(expressed in thousands)

	Concluded				
	CWU Supplemental Plan	TESC Supplemental Plan	WWU Supplemental Plan	SBCTC Supplemental Plan	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 55,993
Receivables:					
Employer accounts receivable	—	—	—	22	228,276
Member accounts receivable (net of allowance)	—	—	—	—	7,544
Due from other pension and other employee benefit funds	—	—	—	—	89,342
Interest and dividends	11	4	16	95	426,647
Investment trades pending	447	170	655	3,956	17,746,417
Other receivables, all other funds	—	—	—	—	105
Total Receivables	458	174	671	4,073	18,498,331
Investments, Noncurrent:					
Liquidity	104	38	148	868	3,523,168
Fixed income	604	229	885	5,345	24,042,160
Public equity	904	342	1,325	7,995	48,077,493
Private equity	1,046	397	1,531	9,249	41,486,331
Real estate	817	310	1,196	7,227	32,414,540
Tangible assets	233	88	341	2,061	9,245,606
Innovations	29	11	42	255	1,143,092
Total Investments, Noncurrent	3,737	1,415	5,468	33,000	159,932,390
Security lending collateral	7	3	10	63	282,980
Total Assets	4,202	1,592	6,149	37,136	178,769,694
DEFERRED OUTFLOWS OF RESOURCES	—	—	—	—	265
Total Assets and Deferred Outflows of Resources	\$ 4,202	\$ 1,592	\$ 6,149	\$ 37,136	\$178,769,959
LIABILITIES					
Accrued liabilities	\$ 444	\$ 168	\$ 650	\$ 3,929	\$ 17,691,892
Obligations under security lending agreements	7	3	10	63	282,980
Due to other pension and other employee benefit funds	—	—	—	—	89,342
Unearned revenues	—	—	—	—	1,316
Total Liabilities	451	171	660	3,992	18,065,530
DEFERRED INFLOWS OF RESOURCES	—	—	—	—	172
NET POSITION					
Net position restricted for:					
Pensions	3,751	1,421	5,489	33,144	155,125,108
Deferred compensation participants	—	—	—	—	5,579,149
Total Net Position	3,751	1,421	5,489	33,144	160,704,257
Total Liabilities Deferred Inflows of Resources, and Net Position	\$ 4,202	\$ 1,592	\$ 6,149	\$ 37,136	\$178,769,959

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2022
 (expressed in thousands)

Continued

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	TRS Plan 2/3 Defined Benefit
ADDITIONS					
Contributions:					
Employers	\$ 608,353	\$ 804,081	\$ —	\$ 509,461	\$ 643,764
Members	5,277	668,755	189,733	1,148	192,183
State	—	—	—	—	—
Participants	—	—	—	—	—
Total Contributions	613,630	1,472,836	189,733	510,609	835,947
Investment Income:					
Net appreciation (depreciation) in fair value	(154,264)	(1,011,183)	(247,051)	(116,431)	(395,647)
Interest and dividends	219,351	1,389,357	64,478	164,143	541,289
Less: investment expenses	(41,628)	(263,436)	(12,815)	(31,146)	(103,293)
Net investment income (loss)	23,459	114,738	(195,388)	16,566	42,349
Transfers from other plans	—	38,820	1,511	—	64,952
Other additions	2	4	—	1	1
Total Additions	637,091	1,626,398	(4,144)	527,176	943,249
DEDUCTIONS					
Pension benefits	1,167,220	1,775,231	—	866,060	571,830
Pension refunds	2,600	72,009	198,890	850	8,187
Transfers to other plans	—	2,448	38,779	—	1,157
Administrative expenses	75	481	—	29	453
Distributions to participants	—	—	—	—	—
Total Deductions	1,169,895	1,850,169	237,669	866,939	581,627
Net Increase (Decrease)	(532,804)	(223,771)	(241,813)	(339,763)	361,622
Net Position - Beginning	9,625,816	59,057,325	4,372,687	7,176,932	22,781,624
Net Position - Ending	\$ 9,093,012	\$ 58,833,554	\$ 4,130,874	\$ 6,837,169	\$ 23,143,246

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2022
 (expressed in thousands)

Continued

	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ADDITIONS					
Contributions:					
Employers	\$ —	\$ 224,722	\$ —	\$ —	\$ 126,665
Members	426,832	111,299	95,534	—	228,593
State	—	—	—	—	81,388
Participants	—	—	—	—	—
Total Contributions	426,832	336,021	95,534	—	436,646
Investment Income:					
Net appreciation (depreciation) in fair value	(653,081)	(150,047)	(110,012)	(119,876)	(337,691)
Interest and dividends	189,310	204,967	47,831	168,592	462,512
Less: investment expenses	(37,617)	(39,056)	(9,208)	(31,988)	(89,150)
Net investment income (loss)	(501,388)	15,864	(71,389)	16,728	35,671
Transfers from other plans	1,092	17,894	932	—	195
Other additions	—	1	—	—	—
Total Additions	(73,464)	369,780	25,077	16,728	472,512
DEDUCTIONS					
Pension benefits	—	273,796	—	370,423	485,132
Pension refunds	644,801	7,601	165,408	2	11,538
Transfers to other plans	64,858	958	17,896	—	—
Administrative expenses	—	48	—	25	489
Distributions to participants	—	—	—	—	—
Total Deductions	709,659	282,403	183,304	370,450	497,159
Net Increase (Decrease)	(783,123)	87,377	(158,227)	(353,722)	(24,647)
Net Position - Beginning	12,543,457	8,659,968	2,733,395	7,342,911	19,636,643
Net Position - Ending	\$ 11,760,334	\$ 8,747,345	\$ 2,575,168	\$ 6,989,189	\$ 19,611,996

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2022
 (expressed in thousands)

Continued

	WSPRS Plan 1/2	PSERS Plan 2	JRS	JRA	Judges
ADDITIONS					
Contributions:					
Employers	\$ 19,284	\$ 44,540	\$ —	\$ —	\$ —
Members	11,871	44,382	—	—	—
State	—	—	7,100	—	300
Participants	—	—	—	—	—
Total Contributions	31,155	88,922	7,100	—	300
Investment Income:					
Net appreciation (depreciation) in fair value	(29,632)	(21,825)	(202)	(850)	(31)
Interest and dividends	41,221	29,089	48	38	8
Less: investment expenses	(7,815)	(5,500)	—	(11)	—
Net investment income (loss)	3,774	1,764	(154)	(823)	(23)
Transfers from other plans	696	4	—	—	—
Other additions	—	—	—	43	—
Total Additions	35,625	90,690	6,946	(780)	277
DEDUCTIONS					
Pension benefits	79,426	7,659	7,053	751	246
Pension refunds	1,467	11,659	—	—	—
Transfers to other plans	—	—	—	—	—
Administrative expenses	51	2	4	—	—
Distributions to participants	—	—	—	—	—
Total Deductions	80,944	19,320	7,057	751	246
Net Increase (Decrease)	(45,319)	71,370	(111)	(1,531)	31
Net Position - Beginning	1,774,869	1,200,431	8,669	9,626	1,287
Net Position - Ending	\$ 1,729,550	\$ 1,271,801	\$ 8,558	\$ 8,095	\$ 1,318

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2022
 (expressed in thousands)

Continued

	VFFRPF	Deferred Compensation	UW Supplemental Plan	WSU Supplemental Plan	EWU Supplemental Plan
ADDITIONS					
Contributions:					
Employers	\$ 726	\$ —	\$ 6,548	\$ 975	\$ 165
Members	53	—	—	—	—
State	6,724	—	—	—	—
Participants	—	403,276	—	—	—
Total Contributions	7,503	403,276	6,548	975	165
Investment Income:					
Net appreciation (depreciation) in fair value	(41,160)	(627,946)	(1,682)	(324)	(64)
Interest and dividends	179	20,057	2,198	427	85
Less: investment expenses	(146)	(7,612)	(415)	(81)	(16)
Net investment income (loss)	(41,127)	(615,501)	101	22	5
Transfers from other plans	—	—	—	—	—
Other additions	—	20,279	—	—	—
Total Additions	(33,624)	(191,946)	6,649	997	170
DEDUCTIONS					
Pension benefits	12,570	—	—	—	—
Pension refunds	4	—	—	—	—
Transfers to other plans	—	—	—	—	—
Administrative expenses	1,269	—	—	—	—
Distributions to participants	—	395,323	—	—	—
Total Deductions	13,843	395,323	—	—	—
Net Increase (Decrease)	(47,467)	(587,269)	6,649	997	170
Net Position - Beginning	268,209	6,166,418	90,340	17,646	3,550
Net Position - Ending	\$ 220,742	\$ 5,579,149	\$ 96,989	\$ 18,643	\$ 3,720

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2022
 (expressed in thousands)

Concluded

	CWU Supplemental Plan	TESC Supplemental Plan	WWU Supplemental Pension	SBCTC Supplemental Pension	Total
ADDITIONS					
Contributions:					
Employers	\$ 187	\$ 46	\$ 226	\$ 833	\$ 2,990,576
Members	—	—	—	—	1,975,660
State	—	—	—	—	95,512
Participants	—	—	—	—	403,276
Total Contributions	187	46	226	833	5,465,024
Investment Income:					
Net appreciation (depreciation) in fair value	(65)	(25)	(96)	(571)	(4,019,756)
Interest and dividends	85	34	128	770	3,546,197
Less: investment expenses	(16)	(6)	(24)	(146)	(681,125)
Net investment income (loss)	4	3	8	53	(1,154,684)
Transfers from other plans	—	—	—	—	126,096
Other additions	—	—	—	—	20,331
Total Additions	191	49	234	886	4,456,767
DEDUCTIONS					
Pension benefits	—	—	—	—	5,617,397
Pension refunds	—	—	—	—	1,125,016
Transfers to other plans	—	—	—	—	126,096
Administrative expenses	—	—	—	—	2,926
Distributions to participants	—	—	—	—	395,323
Total Deductions	—	—	—	—	7,266,758
Net Increase (Decrease)	191	49	234	886	(2,809,991)
Net Position - Beginning	3,560	1,372	5,255	32,258	163,514,248
Net Position - Ending	\$ 3,751	\$ 1,421	\$ 5,489	\$ 33,144	\$ 160,704,257

State of Washington

CUSTODIAL FUNDS
Combining Statement of Fiduciary Net Position
 June 30, 2022
(expressed in thousands)

	Local Government Distributions	Retiree Health Insurance	Other Custodial Funds	Total
ASSETS				
Cash and cash equivalents	\$ 12,652	\$ 25,554	\$ 233,332	\$ 271,538
Taxes receivable (net of allowance)	1,499,192	—	—	1,499,192
Other receivables	—	236	7,485	7,721
Due from other governments	22	22,852	4,414	27,288
Other noncurrent assets	36,784	—	45,570	82,354
Leased assets	—	—	5,621	5,621
Accumulated depreciation and amortization	—	—	(1,405)	(1,405)
Total Assets	\$ 1,548,650	\$ 48,642	\$ 295,017	\$ 1,892,309
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ —	\$ 7,310	\$ 2,312	\$ 9,622
Accrued liabilities	—	1,366	56,207	57,573
Notes and leases payable	—	—	677	677
Due to other governments	605,298	—	7,025	612,323
Total Current Liabilities	605,298	8,676	66,221	680,195
Noncurrent Liabilities:				
Unearned revenue	—	—	3,623	3,623
Other long-term liabilities	—	—	7,810	7,810
Total Noncurrent Liabilities	—	—	11,433	11,433
Total Liabilities	\$ 605,298	\$ 8,676	\$ 77,654	\$ 691,628
NET POSITION				
Net position restricted for:				
Individuals, organizations, and other governments	943,352	39,966	217,363	1,200,681
Total Net Position	\$ 943,352	\$ 39,966	\$ 217,363	\$ 1,200,681

CUSTODIAL FUNDS
Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Local Government Distributions	Retiree Health Insurance	Other Custodial Funds	Total
ADDITIONS				
Contributions:				
Participants	\$ —	\$ 851,239	\$ —	\$ 851,239
Total Contributions	—	851,239	—	851,239
Investment Income:				
Interest and dividends	—	—	(4,638)	(4,638)
Earnings on investments	(154)	—	3,009	2,855
Net investment income (loss)	(154)	—	(1,629)	(1,783)
Sales tax collections for other governments	7,076,070	—	—	7,076,070
Miscellaneous Revenue	6,872	—	747,717	754,589
Total Additions	7,082,788	851,239	746,088	8,680,115
DEDUCTIONS				
Administrative expenses	—	—	1,402	1,402
Payments of sales tax to other governments	6,935,300	—	—	6,935,300
Payments on behalf of retirees for medical benefits	—	838,211	—	838,211
Other deductions	6,872	—	770,116	776,988
Total Deductions	6,942,172	838,211	771,518	8,551,901
Net Increase (Decrease)	140,616	13,028	(25,430)	128,214
Net Position - Beginning, as restated	802,736	26,938	242,793	1,072,467
Net Position - Ending	\$ 943,352	\$ 39,966	\$ 217,363	\$ 1,200,681

Nonmajor Component Units

Discrete component units are entities which are legally separate from the state but which are financially accountable to the state. The nonmajor component units are described below:

Washington State Housing Finance Commission

The Washington State Housing Finance Commission makes funds available to help provide housing throughout the state, and to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations.

Washington Health Care Facilities Authority

The Washington Health Care Facilities Authority makes funds available to qualified, nonprofit health care facilities in the state.

Washington Higher Education Facilities Authority

The Washington Higher Education Facilities Authority provides funding to qualified, nonprofit higher education institutions in the state.

Washington Economic Development Finance Authority

The Washington Economic Development Finance Authority makes funds available to qualified, small and medium-sized businesses in the state for qualifying manufacturing and processing facilities and projects.

Public Stadium Authority

The Public Stadium Authority operates a football/soccer stadium, exhibition center, and parking garage.

State of Washington

NONMAJOR COMPONENT UNITS
Combining Statement of Net Position

June 30, 2022
(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Development Finance	Public Stadium Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 421,959	\$ 541	\$ 872	\$ 1,169	\$ 20,865	\$ 445,406
Investments	44,803	3,250	—	—	—	48,053
Receivables (net of allowance)	13,647	239	47	—	7,039	20,972
Prepaid expenses	458	11	15	—	—	484
Total Current Assets	480,867	4,041	934	1,169	27,904	514,915
Noncurrent Assets:						
Restricted net pension asset	5,926	426	—	—	398	6,750
Other noncurrent assets	525,227	—	—	—	—	525,227
Capital assets:						
Land	—	—	—	—	34,677	34,677
Buildings	—	—	—	—	460,952	460,952
Other improvements	176	—	—	—	—	176
Furnishings, equipment, and intangible assets	2,426	—	—	—	10,359	12,785
Lease asset	2,281	260	—	—	—	2,541
Accumulated depreciation and amortization	(3,063)	(54)	—	—	(313,342)	(316,459)
Total Noncurrent Assets	532,973	632	—	—	193,044	726,649
Total Assets	1,013,840	4,673	934	1,169	220,948	1,241,564
DEFERRED OUTFLOWS OF RESOURCES	1,364	97	—	—	50	1,511
Total Assets and Deferred Outflows of Resources	\$ 1,015,204	\$ 4,770	\$ 934	\$ 1,169	\$ 220,998	\$ 1,243,075
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 806	\$ 67	\$ 70	\$ —	\$ 20	\$ 963
Accrued liabilities	39,169	143	—	—	7,007	46,319
Total OPEB liability	—	3	—	—	—	3
Lease liability	1,407	53	—	—	—	1,460
Unearned revenue	185,212	—	—	—	—	185,212
Total Current Liabilities	226,594	266	70	—	7,027	233,957
Noncurrent Liabilities:						
Net pension liability	563	41	—	—	—	604
Total OPEB liability	3,581	196	—	—	—	3,777
Lease liability	—	155	—	—	—	155
Other long-term liabilities	48,002	—	—	—	—	48,002
Total Noncurrent Liabilities	52,146	392	—	—	—	52,538
Total Liabilities	278,740	658	70	—	7,027	286,495
DEFERRED INFLOWS OF RESOURCES	6,971	486	—	—	451	7,908
NET POSITION						
Net investment in capital assets	2,277	—	—	—	191,830	194,107
Restricted for pensions	1,192	90	—	—	398	1,680
Restricted for other purposes	809	—	—	—	6,274	7,083
Unrestricted	725,215	3,536	864	1,169	15,018	745,802
Total Net Position	729,493	3,626	864	1,169	213,520	948,672
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$1,015,204	\$ 4,770	\$ 934	\$ 1,169	\$ 220,998	\$1,243,075

State of Washington

NONMAJOR COMPONENT UNITS
Combining Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Development Finance	Public Stadium Authority	Total
EXPENSES	\$ 24,438	\$ 1,112	\$ 349	\$ 337	\$ 22,130	\$ 48,366
PROGRAM REVENUES						
Charges for services	105,724	1,129	154	537	16,627	124,171
Operating grants and contributions	7,760	—	—	—	—	7,760
Total Program Revenues	113,484	1,129	154	537	16,627	131,931
Net Program Revenues (Expense)	89,046	17	(195)	200	(5,503)	83,565
GENERAL REVENUES						
Earnings (loss) on investments	(1,365)	70	3	1	(369)	(1,660)
Total General Revenues	(1,365)	70	3	1	(369)	(1,660)
Change in Net Position	87,681	87	(192)	201	(5,872)	81,905
Net Position - Beginning, as restated	641,812	3,539	1,056	968	219,392	866,767
Net Position - Ending	\$ 729,493	\$ 3,626	\$ 864	\$ 1,169	\$ 213,520	\$ 948,672

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Individual Fund Schedules

State of Washington

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS

Balance Sheet

June 30, 2022

(expressed in thousands)

	General Fund Basic Account	Administrative Accounts	Total
ASSETS			
Cash and cash equivalents	\$ 4,347,413	\$ 5,272,271	\$ 9,619,684
Investments	16,323	—	16,323
Taxes receivable (net of allowance)	5,106,818	—	5,106,818
Receivables (net of allowance)	1,007,273	17,973	1,025,246
Due from other funds	933,708	797,767	1,731,475
Due from other governments	1,929,775	128,365	2,058,140
Inventories and prepaids	18,502	—	18,502
Restricted cash and investments	2,413	18,096	20,509
Total Assets	\$ 13,362,225	\$ 6,234,472	\$ 19,596,697
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,110,792	\$ 83,508	\$ 2,194,300
Accrued liabilities	712,764	40,015	752,779
Due to other funds	(1,100,213)	1,360,881	260,668
Due to other governments	506,261	248,036	754,297
Unearned revenue	317,844	2,892,089	3,209,933
Claims and judgments payable	34,042	11	34,053
Total Liabilities	2,581,490	4,624,540	7,206,030
DEFERRED INFLOWS OF RESOURCES	3,327,275	3,600	3,330,875
FUND BALANCES			
Nonspendable fund balance	60,361	—	60,361
Restricted fund balance	—	338,670	338,670
Committed fund balance	—	1,267,662	1,267,662
Assigned fund balance	1,900,952	—	1,900,952
Unassigned fund balance	5,492,147	—	5,492,147
Total Fund Balances	7,453,460	1,606,332	9,059,792
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,362,225	\$ 6,234,472	\$ 19,596,697

State of Washington

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS
Schedule of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2022

(expressed in thousands)

	General Fund Basic Account	Administrative Accounts	Total
REVENUES			
Retail sales and use taxes	\$ 15,056,327	\$ 2,599	\$ 15,058,926
Business and occupation taxes	5,771,007	—	5,771,007
Property taxes	4,399,803	—	4,399,803
Excise taxes	2,046,865	—	2,046,865
Other taxes	2,257,418	—	2,257,418
Licenses, permits, and fees	144,829	6,921	151,750
Other contracts and grants	356,726	3,264	359,990
Timber sales	5,286	—	5,286
Federal grants-in-aid	21,201,410	2,190,901	23,392,311
Charges for services	64,780	34	64,814
Investment income (loss)	(208,508)	(8,432)	(216,940)
Miscellaneous revenue	229,006	6,313	235,319
Unclaimed property	156,821	—	156,821
Total Revenues	51,481,770	2,201,600	53,683,370
EXPENDITURES			
Current:			
General government	1,727,712	269,853	1,997,565
Human services	26,996,243	617,309	27,613,552
Natural resources and recreation	696,834	91,718	788,552
Transportation	70,063	1,415	71,478
Education	16,281,094	1,176,110	17,457,204
Intergovernmental	96,892	85,265	182,157
Capital outlays	150,252	3,954	154,206
Debt service:			
Principal	23,083	107	23,190
Interest	2,969	11	2,980
Total Expenditures	46,045,142	2,245,742	48,290,884
Excess of Revenues Over (Under) Expenditures	5,436,628	(44,142)	5,392,486
OTHER FINANCING SOURCES (USES)			
Bonds issued	—	127,922	127,922
Issuance premiums	1,116	—	1,116
Other debt issued	1,376	—	1,376
Refunding COPs issued	4,080	—	4,080
Right-to-use lease acquisition	55,304	225	55,529
Transfers in	(124,656)	1,111,816	987,160
Transfers out	(3,556,718)	(817,393)	(4,374,111)
Total Other Financing Sources (Uses)	(3,619,498)	422,570	(3,196,928)
Net Change in Fund Balances	1,817,130	378,428	2,195,558
Fund Balances - Beginning as restated	5,636,330	1,227,904	6,864,234
Fund Balances - Ending	\$ 7,453,460	\$ 1,606,332	\$ 9,059,792

State of Washington

GENERAL FUND ACCOUNTS
**Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Fiscal Year Ended June 30, 2022
(expressed in thousands)

	General Fund Basic Account			
	Original Budget	Final Budget	Actual	Variance with Final Budget
	2021-2023	2021-2023	2021-2023	
	Biennium	Biennium	Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 3,664,998	\$ 3,664,998	\$ 3,664,998	
Resources				
Taxes	58,644,125	58,644,125	29,434,527	(29,209,598)
Licenses, permits, and fees	277,630	277,630	144,829	(132,801)
Other contracts and grants	1,124,503	1,124,503	356,722	(767,781)
Timber sales	9,136	9,136	5,286	(3,850)
Federal grants-in-aid	36,069,366	36,069,366	17,846,977	(18,222,389)
Charges for services	136,920	136,920	64,780	(72,140)
Investment income (loss)	138,017	138,017	41,130	(96,887)
Miscellaneous revenue	356,587	356,587	197,882	(158,705)
Unclaimed property	347,795	347,795	154,341	(193,454)
Transfers from other funds	959,746	959,746	557,886	(401,860)
Total Resources	101,728,823	101,728,823	52,469,358	(49,259,465)
Charges To Appropriations				
General government	8,905,299	12,995,854	5,212,230	7,783,624
Human services	47,154,818	49,996,951	23,747,309	26,249,642
Natural resources and recreation	1,138,613	1,370,186	633,265	736,921
Transportation	148,354	159,474	73,603	85,871
Education	33,618,900	33,008,133	16,537,001	16,471,132
Capital outlays	532,483	766,551	60,853	705,698
Transfers to other funds	2,205,782	2,205,782	549,965	1,655,817
Total Charges To Appropriations	93,704,249	100,502,931	46,814,226	53,688,705
Excess Available For Appropriation Over (Under) Charges To Appropriations	8,024,574	1,225,892	5,655,132	4,429,240
Reconciling Items				
Debt service	—	—	(42)	(42)
Bond sale proceeds	—	—	—	—
Issuance premiums	—	—	914	914
Refunding COPs issued	—	—	4,080	4,080
Assumed reversions	295,743	321,732	—	(321,732)
Working capital adjustment	—	—	15,000	15,000
Noncash activity (net)	—	—	(177,937)	(177,937)
Nonappropriated fund balances	—	—	—	—
Changes in reserves (net)	—	—	(5,000)	(5,000)
Total Reconciling Items	295,743	321,732	(162,985)	(484,717)
Budgetary Fund Balance, June 30	\$ 8,320,317	\$ 1,547,624	\$ 5,492,147	\$ 3,944,523

State of Washington

Administrative Accounts in the General Fund

Original Budget 2021-2023 Biennium	Final Budget 2021-2023 Biennium	Actual 2021-2023 Biennium	Variance with Final Budget
\$ 1,188,887	\$ 1,188,887	\$ 1,188,887	\$ —
(159,462)	(173,487)	(82,666)	90,821
4,726	4,726	1,732	(2,994)
—	—	—	—
—	—	—	—
5,186,081	7,735,972	1,806,688	(5,929,284)
21,999	397,386	34	(397,352)
1,594	3,888	749	(3,139)
(8,722)	(8,362)	(5,642)	2,720
—	—	—	—
2,178,917	3,758,154	667,538	(3,090,616)
<u>8,414,020</u>	<u>12,907,164</u>	<u>3,577,320</u>	<u>(9,329,844)</u>
1,659,237	2,185,235	941,942	1,243,293
1,188,296	1,410,121	722,310	687,811
98,215	244,352	49,001	195,351
6,254	8,610	1,464	7,146
2,178,963	2,628,918	802,791	1,826,127
1,487,736	2,077,789	155,294	1,922,495
—	60	3,516	(3,456)
<u>6,618,701</u>	<u>8,555,085</u>	<u>2,676,318</u>	<u>5,878,767</u>
1,795,319	4,352,079	901,002	(3,451,077)
—	—	—	—
95,714	132,804	127,922	(4,882)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	2,406	2,406
—	—	859,705	859,705
—	—	(284,703)	(284,703)
<u>95,714</u>	<u>132,804</u>	<u>705,330</u>	<u>572,526</u>
<u>\$ 1,891,033</u>	<u>\$ 4,484,883</u>	<u>\$ 1,606,332</u>	<u>\$ (2,878,551)</u>

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STATISTICAL SECTION

Statistical Section

This section of the state of Washington’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the state’s financial performance and fiscal health has changed over time.

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State of Washington

FINANCIAL TRENDS

Schedule 1 - Net Position by Component

Last Ten Fiscal Years (expressed in millions)

(accrual basis of accounting)

	2022	2021	2020	2019
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 24,818	\$ 23,934	\$ 23,338	\$ 22,261
Restricted	14,186	14,862	11,757	11,358
Unrestricted	5,298	(2,327)	(3,829)	(3,207)
Total governmental activities net position	\$ 44,302	\$ 36,470	\$ 31,266	\$ 30,412
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 885	\$ 825	\$ 863	\$ 911
Restricted	3,671	2,405	3,572	5,067
Unrestricted	(18,319)	(11,071)	(10,620)	(9,679)
Total business-type activities net position	\$ (13,764)	\$ (7,841)	\$ (6,185)	\$ (3,700)
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 25,703	\$ 24,759	\$ 24,200	\$ 23,173
Restricted	17,857	17,267	15,329	16,426
Unrestricted	(13,021)	(13,397)	(14,448)	(12,886)
Total primary government net position	\$ 30,539	\$ 28,629	\$ 25,081	\$ 26,712
COMPONENT UNITS				
Net investment in capital assets	\$ 320	\$ 350	\$ 360	\$ 358
Restricted	216	9	2	4
Unrestricted	1,603	814	687	596
Total component units net position	\$ 2,140	\$ 1,173	\$ 1,049	\$ 957

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

2018	2017	2016	2015	2014	2013
\$ 21,749	\$ 21,048	\$ 19,942	\$ 19,958	\$ 19,816	\$ 19,706
11,328	9,718	8,518	8,320	6,589	6,524
(4,163)	(3,377)	(2,691)	(3,944)	399	111
<u>\$ 28,914</u>	<u>\$ 27,389</u>	<u>\$ 25,769</u>	<u>\$ 24,334</u>	<u>\$ 26,804</u>	<u>\$ 26,341</u>
\$ 847	\$ 751	\$ 745	\$ 973	\$ 625	\$ 740
4,825	4,581	4,485	4,240	3,815	3,469
(9,816)	(8,734)	(8,724)	(8,945)	(8,318)	(9,067)
<u>\$ (4,144)</u>	<u>\$ (3,402)</u>	<u>\$ (3,494)</u>	<u>\$ (3,732)</u>	<u>\$ (3,878)</u>	<u>\$ (4,858)</u>
\$ 22,596	\$ 21,799	\$ 20,687	\$ 20,931	\$ 20,441	\$ 20,446
16,153	14,300	13,002	12,560	10,404	9,993
(13,979)	(12,111)	(11,415)	(12,889)	(7,919)	(8,956)
<u>\$ 24,770</u>	<u>\$ 23,988</u>	<u>\$ 22,274</u>	<u>\$ 20,602</u>	<u>\$ 22,926</u>	<u>\$ 21,483</u>
\$ 351	\$ 333	\$ 354	\$ 379	\$ 420	\$ 320
10	9	15	20	22	13
511	446	477	432	374	131
<u>\$ 872</u>	<u>\$ 788</u>	<u>\$ 846</u>	<u>\$ 831</u>	<u>\$ 816</u>	<u>\$ 464</u>

State of Washington

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2022	2021	2020	2019
EXPENSES				
Governmental activities:				
General government	\$ 3,403	\$ 3,769	\$ 2,143	\$ 1,491
Education - elementary and secondary (K-12)	16,407	15,322	14,715	13,872
Education - higher education	8,722	8,472	8,303	7,985
Human services	27,479	25,818	21,633	19,822
Adult corrections	1,177	1,247	1,264	1,142
Natural resources and recreation	1,536	1,540	1,384	1,351
Transportation	2,483	2,757	2,701	2,809
Interest on long-term debt	1,090	1,073	1,063	1,032
Total governmental activities expenses	62,297	59,998	53,206	49,504
Business-type activities:				
Workers' compensation	6,955	4,505	6,387	3,975
Unemployment compensation	2,433	11,939	7,494	963
Higher education student services	3,388	3,166	3,431	3,330
Health Insurance ⁽¹⁾	3,726	3,556	2,457	—
Washington's lottery	696	729	643	598
Paid family and medical leave	1,106	796	293	18
Other	318	326	330	552
Total business-type activities expenses	18,622	25,017	21,035	9,437
Total primary government expenses	\$ 80,919	\$ 85,015	\$ 74,241	\$ 58,941
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 1,274	\$ 1,254	\$ 1,045	\$ 972
Education - elementary and secondary (K-12)	17	14	18	21
Education - higher education	3,320	3,203	3,142	3,046
Human services	744	946	703	775
Adult corrections	11	11	9	9
Natural resources and recreation	567	617	524	525
Transportation	1,506	1,605	1,263	1,424
Operating grants and contributions	28,848	24,930	18,495	16,728
Capital grants and contributions	726	648	819	807
Total governmental activities program revenues	37,012	33,227	26,018	24,307
Business-type activities:				
Charges for services:				
Workers' compensation	2,812	2,391	2,712	2,666
Unemployment compensation	1,629	1,143	1,182	1,062
Higher education student services	3,603	3,326	3,271	3,355
Health Insurance ⁽¹⁾	3,458	3,558	2,594	—
Washington's lottery	912	954	820	806
Paid family and medical leave	962	676	702	232
Other	247	255	222	222
Operating grants and contributions	1,480	9,529	4,813	65
Capital grants and contributions	—	1	—	1
Total business-type activities program revenues	15,103	21,833	16,315	8,409
Total primary government program revenues	\$ 52,115	\$ 55,060	\$ 42,334	\$ 32,716
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (25,285)	\$ (26,771)	\$ (27,188)	\$ (25,198)
Business-type activities	(3,519)	(3,184)	(4,720)	(1,028)
Total primary government net expense	\$ (28,804)	\$ (29,954)	\$ (31,907)	\$ (26,225)

Refer to footnotes at the end of Schedule 2.

State of Washington

Continued

2018	2017	2016	2015	2014	2013
\$ 1,687	\$ 1,945	\$ 1,658	\$ 1,987	\$ 1,607	\$ 1,537
12,012	11,042	10,153	9,426	8,914	8,237
7,662	7,633	7,531	7,095	6,910	6,992
18,863	18,216	17,209	16,890	15,052	13,182
1,067	1,062	983	956	911	844
1,185	1,266	1,264	1,335	1,137	1,096
2,485	2,118	2,363	2,309	2,400	2,379
1,002	1,027	991	981	938	955
45,962	44,309	42,153	40,978	37,869	35,222
3,690	3,269	3,238	3,018	3,142	3,329
935	1,027	1,020	968	1,380	1,983
3,119	3,022	2,495	2,314	2,080	1,927
—	—	—	—	—	—
557	520	535	466	463	437
—	—	—	—	—	—
361	496	8	(428)	318	21
8,662	8,334	7,296	6,338	7,383	7,697
\$ 54,624	\$ 52,643	\$ 49,449	\$ 47,316	\$ 45,252	\$ 42,919
908	887	853	887	870	977
28	23	21	21	26	14
3,059	2,807	2,762	2,815	2,741	2,760
737	1,080	724	659	612	544
29	9	7	8	8	8
617	524	468	455	510	421
1,794	1,313	1,206	1,139	1,082	1,025
16,120	15,832	15,358	15,158	13,240	12,027
973	1,012	1,113	867	1,066	997
24,263	23,487	22,510	22,010	20,155	18,773
2,775	2,780	2,557	2,375	2,237	2,154
1,039	994	1,139	1,257	1,349	1,308
3,139	2,871	2,395	2,216	1,987	1,857
—	—	—	—	—	—
737	676	698	603	595	570
—	—	—	—	—	—
230	203	(193)	179	248	277
66	65	70	77	326	870
—	5	—	—	—	—
7,986	7,594	6,666	6,707	6,742	7,036
\$ 32,249	\$ 31,081	\$ 29,176	\$ 28,717	\$ 26,897	\$ 25,809
(21,699)	(20,822)	(19,643)	(18,969)	(17,714)	(16,449)
(676)	(740)	(630)	369	(641)	(661)
\$ (22,375)	\$ (21,562)	\$ (20,273)	\$ (18,600)	\$ (18,355)	\$ (17,110)

State of Washington

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2022	2021	2020	2019
GENERAL REVENUES & OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Sales and use tax	\$ 15,187	\$ 13,614	\$ 12,101	\$ 12,106
Business and occupation	6,152	5,339	4,673	4,452
Property	4,468	4,358	4,133	3,363
Other	8,184	7,022	6,628	6,091
Interest and investment earnings (loss)	(738)	1,541	507	646
Contributions to endowments	97	75	82	152
Transfers	(252)	132	205	217
Total governmental activities	33,098	32,082	28,329	27,027
Business-type activities:				
Taxes - other	14	18	20	22
Interest and investment earnings	(2,712)	1,639	2,128	1,681
Transfers	252	(130)	(201)	(217)
Total business-type activities	(2,446)	1,527	1,947	1,487
Total primary government	\$ 30,652	\$ 33,610	\$ 30,276	\$ 28,513
CHANGE IN NET POSITION				
Governmental activities	\$ 7,813	\$ 5,311	\$ 1,141	\$ 1,829
Business-type activities	(5,965)	(1,656)	(2,773)	459
Total primary government	\$ 1,848	\$ 3,655	\$ (1,631)	\$ 2,288
COMPONENT UNITS				
Total expenses	\$ 2,071	\$ 913	\$ 863	\$ 788
Program revenues:				
Charges for services	1,296	963	862	802
Operating grants and contributions	758	27	56	34
Capital grants and contributions	—	—	—	—
Total program revenues	2,053	989	918	836
Net (expense) / revenue	(18)	76	55	49
General revenues - property taxes and other	24	44	25	24
General revenues - interest and investment earnings (loss)	(99)	1	13	12
Total component units - change in net position	\$ (94)	\$ 121	\$ 92	\$ 85

1. As of January 1, 2020, the Health Insurance Fund includes the School Employees Benefits Board accounts.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

Concluded

2018	2017	2016	2015	2014	2013
\$ 11,154	\$ 10,363	\$ 9,740	\$ 9,001	\$ 8,365	\$ 7,710
4,183	3,862	3,636	3,394	3,267	3,294
3,347	2,098	2,062	2,018	1,974	1,940
6,179	5,561	5,254	3,719	4,244	4,128
561	614	168	307	621	397
109	100	66	65	66	63
152	119	152	136	94	114
<u>25,685</u>	<u>22,717</u>	<u>21,078</u>	<u>18,641</u>	<u>18,631</u>	<u>17,646</u>
23	21	21	20	22	22
502	880	999	377	1,618	523
(152)	(119)	(152)	(136)	(94)	(114)
373	782	868	261	1,546	431
<u>\$ 26,058</u>	<u>\$ 23,499</u>	<u>\$ 21,946</u>	<u>\$ 18,902</u>	<u>\$ 20,177</u>	<u>\$ 18,077</u>
\$ 3,986	\$ 1,895	\$ 1,435	\$ (328)	\$ 917	\$ 1,197
(303)	42	238	630	905	(230)
<u>\$ 3,683</u>	<u>\$ 1,937</u>	<u>\$ 1,673</u>	<u>\$ 302</u>	<u>\$ 1,822</u>	<u>\$ 967</u>
\$ 727	\$ 727	\$ 1,165	\$ 1,080	\$ 859	\$ 46
742	722	1,093	945	802	33
31	13	68	126	95	29
—	—	—	—	—	2
<u>774</u>	<u>734</u>	<u>1,161</u>	<u>1,071</u>	<u>897</u>	<u>64</u>
46	7	(4)	(9)	38	18
40	21	20	18	17	—
3	2	9	5	(14)	—
<u>\$ 90</u>	<u>\$ 31</u>	<u>\$ 25</u>	<u>\$ 14</u>	<u>\$ 41</u>	<u>\$ 18</u>

State of Washington

FINANCIAL TRENDS

Schedule 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years (expressed in thousands)
(modified accrual basis of accounting)

	2022	2021	2020	2019
GENERAL FUND				
Nonspendable	\$ 60,361	\$ 59,060	\$ 52,407	\$ 49,614
Restricted	338,670	2,908,232	1,734,102	1,699,486
Committed	1,267,662	1,221,109	598,772	684,619
Assigned	1,900,952	1,915,952	1,740,952	1,416,952
Unassigned	5,492,147	796,707	652,884	998,850
Total General Fund	<u>9,059,792</u>	<u>6,901,060</u>	<u>4,779,117</u>	<u>4,849,521</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	3,339,773	3,437,324	3,195,885	2,810,988
Restricted	6,223,535	6,079,389	4,573,789	4,813,391
Committed	10,730,193	7,793,716	7,223,162	6,969,551
Assigned	109,939	109,939	92,631	107,300
Unassigned	(46,892)	(168,005)	(20,407)	(22,168)
Total all other governmental funds	<u>20,356,548</u>	<u>17,252,363</u>	<u>15,065,060</u>	<u>14,679,062</u>
Total governmental fund balances	<u>\$ 29,416,340</u>	<u>\$ 24,153,423</u>	<u>\$ 19,844,177</u>	<u>\$ 19,528,583</u>

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2018		2017		2016		2015		2014		2013
\$	45,400	\$	42,922	\$	45,578	\$	47,353	\$	50,475	\$	49,819
	1,476,149		1,658,761		558,708		533,279		416,652		299,165
	387,930		140,905		114,958		105,667		142,586		59,579
	1,513,952		1,257,952		1,155,952		1,014,952		879,952		835,152
	2,006,633		1,100,552		1,355,071		964,168		336,476		138,875
	5,430,064		4,201,092		3,230,267		2,665,419		1,826,141		1,382,590
	2,768,321		2,638,831		2,493,189		2,487,573		2,438,057		2,289,499
	5,298,543		4,340,500		4,050,297		3,835,980		4,008,161		3,895,017
	6,065,013		5,765,961		6,013,887		5,860,326		5,138,780		4,937,328
	18,300		18,300		18,300		16,060		—		40
	(256)		(70,020)		(11,821)		(167,356)		—		(79,327)
	14,149,921		12,693,572		12,563,852		12,032,583		11,584,998		11,042,557
\$	19,579,985	\$	16,894,664	\$	15,794,119	\$	14,698,002	\$	13,411,139	\$	12,425,147

State of Washington

FINANCIAL TRENDS

Schedule 4 - Revenues, Expenditures, and Other Financing Sources (Uses)

All Governmental Fund Types

Last Ten Fiscal Years (expressed in millions)

	2022	2021	2020	2019
REVENUES				
Taxes:				
Retail sales and use	\$ 15,187	\$ 13,614	\$ 12,101	\$ 12,106
Business and occupation	6,152	5,339	4,673	4,452
Motor vehicle and fuel	1,612	1,533	1,550	1,671
Liquor, beer, and wine	460	458	420	390
Cigarette and tobacco	374	402	397	397
Insurance premiums	824	684	691	640
Public utilities	574	500	481	482
Property	4,400	4,350	3,739	3,359
Excise	3,092	2,462	1,777	1,636
Gift and inheritance	371	324	635	300
Other taxes	602	511	567	403
Total Taxes	33,649	30,177	27,031	25,835
Licenses, permits, and fees	2,258	2,408	1,945	2,025
Federal grants-in-aid	27,724	23,740	17,439	15,963
Charges and miscellaneous revenue	7,146	7,111	6,761	6,523
Investment income (loss)	(738)	1,541	507	646
Total Revenues	70,038	64,977	53,683	50,992
EXPENDITURES				
Current:				
General government	3,567	3,638	1,936	1,556
Human services	28,903	27,123	22,580	20,901
Natural resources and recreation	1,604	1,521	1,297	1,332
Transportation	2,247	2,292	2,275	2,345
Education	24,998	23,541	22,543	21,312
Intergovernmental	581	513	520	537
Capital outlays	2,217	2,231	2,108	2,104
Debt service:				
Principal	1,333	1,193	1,308	1,180
Interest	1,087	1,082	1,095	1,070
Total Expenditures	66,537	63,132	55,661	52,338
Revenues Over (Under) Expenditures	3,502	1,845	(1,978)	(1,346)
OTHER FINANCING SOURCES (USES):				
Bonds issued, net of refunding	1,948	2,374	2,039	1,371
Other debt issued, net of refunding	239	73	66	53
Transfers in	8,579	4,966	4,619	4,605
Transfers out	(8,846)	(4,840)	(4,430)	(4,420)
Net Other Financing Sources (Uses)	1,921	2,573	2,294	1,609
Net Change in Fund Balances	\$ 5,423	\$ 4,417	\$ 316	\$ 264
Debt service as a percentage of noncapital expenditures ⁽¹⁾	3.7%	3.7%	4.5%	4.4%

1. Percentage is calculated by dividing principal and interest by total expenditures less capital outlays.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2018		2017		2016		2015		2014		2013
\$	11,154	\$	10,363	\$	9,740	\$	9,001	\$	8,365	\$	7,710
	4,183		3,862		3,636		3,394		3,267		3,294
	1,732		1,680		1,486		1,253		1,215		1,195
	371		355		348		331		321		365
	422		430		451		474		443		465
	631		604		535		556		467		436
	482		483		469		455		464		440
	3,347		2,098		2,062		2,018		1,974		1,940
	1,600		1,461		1,203		927		717		651
	209		168		136		150		157		104
	600		540		430		410		474		444
	24,729		22,044		20,496		18,969		17,864		17,044
	2,408		1,907		1,766		1,660		1,627		1,599
	15,646		15,370		15,034		14,712		13,168		11,889
	6,348		6,336		5,831		5,751		5,369		5,321
	561		614		168		307		621		397
	49,692		46,269		43,295		41,399		38,649		36,250
	1,355		1,450		1,289		1,330		1,280		1,162
	19,817		19,026		18,037		17,566		15,733		13,957
	1,128		1,181		1,214		1,239		1,037		1,043
	2,124		2,068		1,955		1,883		1,817		1,797
	19,102		18,059		16,922		15,915		15,130		14,551
	504		497		492		465		456		440
	1,781		2,428		2,200		2,247		2,293		2,456
	1,144		1,125		1,040		944		868		784
	1,035		1,042		999		982		939		921
	47,990		46,876		44,147		42,572		39,552		37,111
	1,703		(607)		(852)		(1,174)		(903)		(861)
	1,389		1,539		1,709		1,368		2,038		1,344
	47		70		102		31		45		156
	4,634		4,545		4,317		5,062		4,356		3,152
	(4,502)		(4,446)		(4,180)		(4,937)		(4,274)		(3,051)
	1,568		1,708		1,948		1,524		2,165		1,601
\$	3,270	\$	1,101	\$	1,096	\$	350	\$	1,262	\$	740
	4.7%		4.9%		4.8%		4.7%		4.8%		4.9%

State of Washington

FINANCIAL TRENDS

Schedule 5 - Revenues, Expenditures, and Other Financing Sources (Uses)

General Fund

Last Ten Fiscal Years (expressed in millions)

	2022	2021	2020	2019
REVENUES				
Taxes:				
Retail sales and use	\$ 15,059	\$ 13,481	\$ 11,985	\$ 11,952
Business and occupation	5,771	5,013	4,596	4,448
Liquor, beer, and wine	377	374	344	318
Cigarette and tobacco	353	387	390	397
Insurance premiums	784	647	652	600
Public utilities	550	479	460	461
Property	4,400	4,350	3,739	2,339
Excise	2,047	1,524	1,142	1,146
Gift and inheritance	—	—	—	—
Other taxes	193	148	188	139
Total Taxes	29,534	26,403	23,496	21,800
Licenses, permits, and fees	152	147	139	130
Federal grants-in-aid	23,392	19,735	14,512	13,296
Charges and miscellaneous revenue	822	1,069	717	723
Investment income (loss)	(217)	(13)	114	114
Total Revenues	53,683	47,340	38,977	36,063
EXPENDITURES				
Current:				
General government	1,998	2,173	1,060	949
Human services	27,614	25,814	21,366	19,754
Natural resources and recreation	789	669	512	482
Transportation	71	64	63	56
Education	17,457	15,573	15,090	14,762
Intergovernmental	182	133	130	132
Capital outlays	154	106	71	74
Debt service:				
Principal	23	17	16	13
Interest	3	4	8	4
Total Expenditures	48,291	44,552	38,315	36,226
Revenues Over (Under) Expenditures	5,392	2,788	662	(162)
OTHER FINANCING SOURCES (USES)				
Bonds issued, net of refunding	129	78	100	178
Other debt issued, net of refunding	61	6	6	2
Transfers in	987	1,020	788	731
Transfers out	(4,374)	(1,663)	(1,626)	(1,329)
Net Other Financing Sources (Uses)	(3,197)	(560)	(732)	(418)
Net Change in Fund Balances	\$ 2,195	\$ 2,228	\$ (70)	\$ (580)

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2018	2017	2016	2015	2014	2013
\$	11,003	\$ 10,221	\$ 9,623	\$ 8,903	\$ 8,275	\$ 7,629
	4,177	3,857	3,632	3,389	3,262	3,291
	303	290	284	282	274	340
	422	430	451	474	443	465
	601	577	510	529	457	426
	462	463	449	437	447	423
	2,770	2,098	2,062	2,018	1,974	1,940
	1,139	1,055	933	787	650	583
	(6)	2	—	(1)	—	3
	373	348	245	207	226	194
	21,244	19,341	18,189	17,025	16,008	15,294
	124	130	116	115	108	105
	13,013	12,680	12,196	12,053	10,226	8,780
	795	1,000	611	583	506	540
	1	(5)	26	8	7	(17)
	35,178	33,146	31,138	29,784	26,855	24,702
	864	884	802	846	833	721
	18,686	17,959	17,072	16,794	14,920	13,236
	465	429	534	445	409	420
	57	62	67	37	42	48
	13,067	12,176	11,403	10,177	9,754	9,115
	102	123	119	117	114	108
	79	70	111	52	51	76
	14	12	8	8	9	18
	4	4	3	1	3	—
	33,338	31,719	30,121	28,477	26,134	23,742
	1,840	1,428	1,016	1,308	721	960
	61	129	102	192	170	127
	2	1	75	7	—	4
	686	713	577	466	518	596
	(1,360)	(1,300)	(1,205)	(1,119)	(965)	(1,312)
	(611)	(457)	(452)	(454)	(277)	(585)
\$	1,229	\$ 971	\$ 565	\$ 854	\$ 444	\$ 375

REVENUE CAPACITY

Schedule 6 - Sales Subject to Retail Sales Tax by Industry

Last Ten Calendar Years (expressed in millions)

Industry ⁽¹⁾	2021	2020	2019	2018
Retail trade:				
Motor vehicles and parts	\$ 21,481	\$ 17,894	\$ 18,005	\$ 17,759
General merchandise stores	13,530	12,396	11,935	11,771
Building materials, garden equipment and supplies	10,280	9,220	7,789	7,460
All other retail trade	48,638	41,446	38,302	34,531
Total retail sales	93,929	80,956	76,031	71,521
Construction	42,992	37,087	38,387	35,155
Accommodations and food services	17,310	12,887	19,545	18,866
Wholesale trade	13,213	11,537	11,333	11,026
Management, Education, and Health Services	10,562	8,967	7,706	6,864
Information	7,522	6,808	6,888	6,967
All other industries	24,506	20,163	21,252	19,775
Total sales subject to retail sales tax	\$ 210,034	\$ 178,405	\$ 181,142	\$ 170,174
Direct retail sales tax rate ⁽²⁾	6.5%	6.5%	6.5%	6.5%

1. Industry classifications are based on North American Industry Classification System (NAICS) codes.

2. State retail sales tax rate only; excludes local retail sales tax rate.

Source: Washington State Department of Revenue, Quarterly Business Review

State of Washington

	2017	2016	2015	2014	2013	2012
\$	17,188	\$ 16,311	\$ 14,987	\$ 13,540	\$ 12,565	\$ 11,359
	11,486	11,256	11,086	10,711	10,511	10,311
	6,909	6,344	5,909	5,348	4,982	4,537
	31,156	29,334	27,691	26,725	25,582	24,261
	66,739	63,245	59,673	56,324	53,640	50,468
	30,979	28,101	24,459	21,086	19,256	16,628
	17,799	16,738	15,677	14,365	13,334	12,611
	10,111	9,882	9,295	9,053	8,750	8,266
	4,396	3,952	3,445	3,196	2,964	2,864
	6,866	6,702	6,754	5,972	5,429	5,117
	18,711	17,785	16,061	14,848	13,828	13,099
\$	155,601	\$ 146,405	\$ 135,364	\$ 124,844	\$ 117,201	\$ 109,053
	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

State of Washington

REVENUE CAPACITY

Schedule 7 - Retail Sales Tax Due by Industry

Current Calendar Year and Nine Years Ago (expressed in millions)

Industry ⁽¹⁾	2021			2012		
	Amount of	Rank	Percent of	Amount of	Rank	Percent of
	Retail Sales		Total Retail	Retail Sales		Total Retail
	Tax Due		Sales Tax Due	Tax Due		Sales Tax Due
Retail trade	\$ 6,105	1	44.7 %	\$ 3,280	1	46.3 %
Construction	2,794	2	20.5 %	1,081	2	15.2 %
Accommodations and food services	1,125	3	8.2 %	820	3	11.6 %
Wholesale trade	859	4	6.3 %	537	4	7.6 %
Management, education, and health services	687	5	4.9 %	186	8	2.6 %
All other industries ⁽²⁾	595	6	4.5 %	310	6	4.4 %
Information	489	7	3.6 %	333	5	4.7 %
Professional, scientific, and technical services	397	8	2.9 %	143	10	2.0 %
Other Services ⁽³⁾	319	9	2.3 %	228	7	3.2 %
Real estate, rental/leasing	282	10	2.1 %	170	9	2.4 %
Total	\$ 13,652		100 %	\$ 7,088		100 %

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual taxpayers. The information in this table is intended to assist readers in understanding the degree to which the state's retail sales tax revenue may be concentrated.
2. All other industries include manufacturing; arts, entertainment, and recreation; finance and insurance; transportation and warehousing; agriculture, forestry, and fishing; public administration; mining; and utilities.
3. Other services consist of repair and maintenance, personal service, and religious, civic, and other organizations.

Source: Washington State Department of Revenue

State of Washington

REVENUE CAPACITY

Schedule 8 - Business and Occupation (B&O) Tax Due by Industry

Current Calendar Year and Nine Years Ago (expressed in millions)

Industry ^{(1) (2)}	2021			2012		
	Amount of		Percent of	Amount of		Percent of
	B&O	Rank	Total B&O	B&O	Rank	Total B&O
	Tax Due		Tax Due	Tax Due		Tax Due
Business, personal, and other services ⁽³⁾	\$ 2,003	1	34.5%	\$ 1,261	1	37.1%
Finance, insurance, real estate	869	2	15.0%	345	5	10.2%
Retail trade	851	3	14.6%	498	2	14.6%
Wholesale trade	735	4	12.7%	449	4	13.2%
Manufacturing	493	5	8.5%	473	3	13.9%
Construction	365	6	6.3%	158	6	4.6%
Information	363	7	6.2%	144	7	4.2%
Utilities	50	8	0.9%	26	9	0.8%
Transportation	45	9	0.8%	28	8	0.8%
Other B&O tax classifications ⁽⁴⁾	30	10	0.5%	20	10	0.6%
Total	<u>\$ 5,804</u>		<u>100.0%</u>	<u>\$ 3,402</u>		<u>100.0%</u>

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual taxpayers. The information in this table is intended to assist readers in understanding the degree to which the state's business and occupation tax revenue may be concentrated.
2. Beginning in calendar year 2021, the Quarterly Business Review (QBR) Business & Occupation Tax table, which is based on the NAICS, was used to report the data in this schedule. In prior years, the QBR Summary of Excise Tax Returns table was used for reporting. Updated industry categories and amounts are reflected in this table.
3. The majority of business, personal, and other services includes professional, scientific, and technical services; health services; ambulatory health care services; and administrative and support services.
4. Other B&O tax classifications include agriculture, forestry, and fishing; mining; and warehousing and storage.

Source: Washington State Department of Revenue

State of Washington

REVENUE CAPACITY

Schedule 9 - Taxable Sales by Business and Occupation (B&O) Tax Classification

Last Ten Calendar Years (expressed in millions)

Industry ⁽¹⁾⁽²⁾	2021	2020	2019	2018
Retail trade	\$ 164,365	\$ 141,054	\$ 136,201	\$ 133,272
Business, personal, and other services	163,802	141,064	150,259	140,012
Wholesale trade	155,987	127,953	126,665	126,419
Manufacturing	104,869	79,114	114,985	132,918
Construction	73,883	64,675	67,268	60,481
Other B&O tax classifications ⁽³⁾	96,021	85,482	81,410	76,668
Total	\$ 758,927	\$ 639,342	\$ 676,788	\$ 669,770
State B&O tax rate range	0.1 - 1.8%	0.1 - 1.8%	0.1 - 1.6%	0.1 - 1.6%

1. Industry classifications are based on North American Industry Classification System (NAICS) codes.
2. Beginning in calendar year 2021, the Quarterly Business Review (QBR) Business & Occupation Tax table, which is based on the NAICS, was used to report the data in this schedule. In prior years, the QBR Summary of Excise Tax Returns table was used for reporting. Updated industry categories and amounts are reflected in this table for all years.
3. Other B&O tax classifications include agriculture, forestry, and fishing; mining; utilities; transportation; warehousing and storage; information; and finance, insurance, and real estate.

Source: Washington State Department of Revenue, Quarterly Business Review

State of Washington

	2017		2016		2015		2014		2013		2012
\$	125,673	\$	118,097	\$	113,375	\$	110,089	\$	104,706	\$	99,694
	131,697		122,998		115,150		106,818		101,665		99,032
	117,585		111,965		106,849		105,464		100,170		93,691
	122,912		121,277		127,267		134,464		126,886		118,736
	53,917		49,548		45,343		39,894		35,439		31,598
	71,452		65,219		61,785		56,570		53,326		48,947
\$	623,236	\$	589,104	\$	569,769	\$	553,299	\$	522,192	\$	491,698
	0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.9%

State of Washington

DEBT CAPACITY

Schedule 10 - Ratios of Outstanding Debt by Type ⁽¹⁾

Last Ten Fiscal Years (expressed in millions, except per capita)

	2022	2021	2020	2019
Governmental Activities				
General obligation bonds	\$ 23,957	\$ 23,328	\$ 22,243	\$ 21,486
Revenue bonds	1,785	1,928	2,075	2,234
Certificates of participation	649	693	710	753
Leases/installment contracts ⁽²⁾	1,416	3	10	10
Total Governmental Activities Debt	27,807	25,952	25,038	24,483
Business-Type Activities				
General obligation bonds	—	—	—	—
Revenue bonds	2,461	2,475	2,415	2,317
Certificates of participation	183	193	165	173
Leases/installment contracts ⁽²⁾	257	6	81	68
Total Business-Type Activities Debt	2,901	2,674	2,661	2,558
Total Primary Government Debt	\$ 30,708	\$ 28,626	\$ 27,699	\$ 27,041
DEBT RATIOS				
Total Primary Government				
Ratio of total debt to personal income ⁽³⁾	5.5%	5.1%	5.4%	5.6%
Total debt per capita ⁽⁴⁾	\$ 3,905	\$ 3,686	\$ 3,594	\$ 3,566
General Bond Debt				
Ratio of general bonded debt to retail sales subject to tax ⁽⁵⁾	11.4%	11.1%	12.5%	11.9%
General bonded debt per capita ⁽⁴⁾	\$ 3,046	\$ 3,003	\$ 2,886	\$ 2,834

1. Refer to Note 7 for long-term liability activity.

2. Beginning in fiscal year 2022, the 'Leases/installment contracts' category replaced 'Capital leases/installment contracts.' This change was due to the implementation of GASB Statement No. 87, *Leases*, under which lease contracts previously considered operating are now treated as financings of the right to use an asset and, thus, included on this schedule.

3. Personal income data can be found in Schedule 13. Personal income data for 2022 is not available; used 2021 data to calculate 2022 ratio. The Bureau of Economic Analysis periodically revises its personal income data for periods up to 10 years.

4. Population data can be found in Schedule 14.

5. Retail sales subject to tax can be found in Schedule 6. Retail sales data for 2022 is not available; used 2021 data to calculate 2022 ratio.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2018		2017		2016		2015		2014		2013
\$	21,335	\$	21,034	\$	20,518	\$	19,868	\$	19,370	\$	18,638
	2,308		2,326		2,377		2,316		1,894		1,706
	756		752		718		580		570		588
	11		5		6		5		11		12
	24,410		24,117		23,619		22,769		21,845		20,944
	—		—		—		4		8		11
	2,326		2,307		2,215		1,991		2,236		2,031
	120		92		49		42		38		42
	72		75		9		13		15		15
	2,518		2,474		2,273		2,050		2,297		2,099
\$	26,928	\$	26,591	\$	25,892	\$	24,819	\$	24,142	\$	23,043
	5.9%		6.2%		6.4%		6.5%		6.7%		6.9%
\$	3,608	\$	3,620	\$	3,577	\$	3,492	\$	3,446	\$	3,335
	12.5%		13.5%		14.0%		14.7%		15.5%		15.9%
\$	2,858	\$	2,864	\$	2,835	\$	2,796	\$	2,766	\$	2,699

State of Washington

DEBT CAPACITY

Schedule 11 - Legal Debt Margin Information ⁽¹⁾

Last Ten Fiscal Years (expressed in millions)

	2022	2021	2020	2019
Legal Debt Limitation Calculation ⁽²⁾				
Six year mean, general state revenues	\$ 22,203	\$ 20,609	\$ 19,390	\$ 18,309
Times: Percentage of six year mean, general state revenues	8.25%	8.25%	8.25%	8.25%
Equals: Debt service limitation	\$ 1,832	\$ 1,700	\$ 1,600	\$ 1,511
Debt service limitation	\$ 1,832	\$ 1,700	\$ 1,600	\$ 1,511
Less: Projected maximum annual debt service of outstanding bonds as of June 30	1,308	1,258	1,218	1,194
Equals: Debt service capacity	\$ 523	\$ 443	\$ 382	\$ 316
Remaining state general obligation debt capacity ⁽³⁾	\$ 9,467	\$ 8,091	\$ 6,144	\$ 4,650
Plus: Debt outstanding, bonds issued and projected sales subject to debt service limitation as of December 2021	12,895	12,437	11,964	11,667
Equals: Maximum debt authorization subject to limitation	\$ 22,362	\$ 20,528	\$ 18,108	\$ 16,317
Debt service capacity as a percentage of total debt service limitation	28.5%	26.1%	23.9%	20.9%
Remaining debt capacity as a percentage of maximum debt authorized	42.3%	39.4%	33.9%	28.5%

1. The legal debt limitation limits the amount of state debt that may be incurred by restricting the amount of general state revenues which may be allocated to pay principal and interest on debt subject to these limitations.
2. From November 1972 through June 30, 2014, the Constitution prohibited the issuance of new debt if it would cause the maximum annual debt service to exceed nine percent of the arithmetic mean of general state revenues for the preceding three fiscal years. Beginning in fiscal year 2015, the debt limit was subject to an amendment of the state Constitution passed in 2012 specifying that maximum annual payments of principal and interest on all debt subject to the limit may not exceed a percentage of the average of the prior six years' general state revenues.
3. The remaining debt capacity each year is the calculated present value of the debt service capacity utilizing an interest rate assumption. The interest rate assumption for 2022 is 2.66 percent.

Figures may not total due to rounding.

Source: Office of the State Treasurer, Certification of the Debt Limitation of the State of Washington

State of Washington

	2018	2017	2016	2015	2014	2013
\$	17,178	\$ 16,334	\$ 15,499	\$ 14,794	\$ 13,245	\$ 12,533
	8.25%	8.25%	8.5%	8.5%	9.0%	9.0%
\$	1,417	\$ 1,348	\$ 1,317	\$ 1,257	\$ 1,192	\$ 1,128
\$	1,417	\$ 1,348	\$ 1,317	\$ 1,257	\$ 1,192	\$ 1,128
	1,167	1,172	1,155	1,129	1,125	1,056
\$	250	\$ 176	\$ 162	\$ 128	\$ 67	\$ 72
\$	3,862	\$ 2,937	\$ 2,632	\$ 2,031	\$ 977	\$ 1,142
	11,364	11,644	11,348	11,160	11,208	10,730
\$	15,226	\$ 14,581	\$ 13,980	\$ 13,191	\$ 12,185	\$ 11,872
	17.6%	13.1%	12.3%	10.2%	5.6%	6.4%
	25.4%	20.1%	18.8%	15.4%	8.0%	9.6%

State of Washington

DEBT CAPACITY

Schedule 12 - Revenue Bond Coverage ⁽¹⁾

Last Ten Fiscal Years (expressed in millions)

Fiscal Year	Gross Revenues ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Available Revenue	Scheduled Debt Service ⁽⁴⁾		Coverage Ratio
				Principal	Interest	
Governmental Activities						
2022	\$ 94	\$ 13	\$ 81	\$ 62	\$ 39	0.79
2021	112	12	100	63	46	0.91
2020	109	11	98	63	49	0.88
2019	106	12	95	54	51	0.90
2018	97	8	89	51	51	0.88
2017	103	7	96	57	47	0.92
2016	101	6	95	54	47	0.94
2015	93	13	80	50	41	0.88
2014	108	14	94	45	58	0.91
2013	83	8	75	36	55	0.82
Business-Type Activities						
2022	\$ 3,490	\$ 3,263	\$ 227	\$ 134	\$ 93	1.00
2021	3,303	3,061	242	134	103	1.02
2020	3,220	3,096	124	123	100	0.56
2019	3,311	2,992	319	79	100	1.78
2018	3,100	2,795	304	131	99	1.32
2017	2,804	2,701	103	98	90	0.55
2016	2,339	2,170	169	89	88	0.95
2015	2,153	1,978	175	82	102	0.95
2014	1,928	1,767	161	81	86	0.96
2013	1,789	1,652	137	18	86	1.32

1. Refer to Note 7 for information on the nature of revenue bonds issued by the state.

2. Total operating revenues.

3. Total operating expenses exclusive of depreciation.

4. Scheduled debt service amounts are based on previous fiscal year disclosure information collected from individual agencies and reported in Note 7.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 13 - Personal Income Comparison

Washington State vs. United States

Last Ten Calendar Years (expressed in billions, except per capita)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Washington State										
Personal income	\$ 556	\$ 516	\$ 480	\$ 454	\$ 426	\$ 402	\$ 381	\$ 360	\$ 334	\$ 327
Percent change	8 %	8 %	6 %	7 %	6 %	6 %	6 %	8 %	2 %	7 %
Per capita	\$ 71,889	\$ 66,907	\$ 62,817	\$ 60,178	\$ 57,244	\$ 54,918	\$ 53,083	\$ 50,890	\$ 47,857	\$ 47,320
United States										
Personal income	\$ 21,093	\$ 19,628	\$ 18,424	\$ 17,706	\$ 16,850	\$ 16,097	\$ 15,685	\$ 14,977	\$ 14,194	\$ 14,014
Percent change	8 %	7 %	4 %	5 %	5 %	3 %	5 %	6 %	1 %	5 %
Per capita	\$ 63,444	\$ 59,147	\$ 55,724	\$ 53,817	\$ 51,573	\$ 49,613	\$ 48,725	\$ 46,887	\$ 44,798	\$ 44,548
Washington per capita rate as % of United States per capita rate	113%	113%	113%	112%	111%	111%	109%	109%	107%	106%

Note: The Bureau of Economic Analysis periodically revises its personal income data for periods up to 10 years.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Schedule 14 - Population and Components of Change

Washington State vs. United States

Last Ten Fiscal Years (expressed in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Washington State ⁽¹⁾										
Population	7,864.4	7,767.0	7,706.3	7,582.5	7,464.1	7,344.6	7,237.7	7,107.0	7,005.5	6,909.7
Net increase	97.4	60.7	123.8	118.4	119.5	106.9	130.7	101.5	95.8	74.3
Percent change	1.3%	0.8%	1.6%	1.6%	1.6%	1.5%	1.8%	1.5%	1.4%	1.1%
Components of change: ⁽²⁾										
Births	84.6	82.8	84.8	85.7	87.3	89.7	89.8	88.5	87.0	87.3
Deaths	70.5	65.0	58.5	57.2	56.4	56.1	54.7	52.8	50.7	51.1
Net migration	83.3	42.9	97.5	89.9	88.5	73.3	95.5	65.9	59.5	38.1
United States ⁽³⁾										
Population	N/A	331,894	331,501	328,240	326,688	324,986	322,941	320,635	318,301	315,994
Percent change	N/A	0.1%	1.0%	0.5%	0.5%	0.6%	0.7%	0.7%	0.7%	0.7%

1. Washington state population estimates are as of April 1 each year. Intercensal estimates are estimates of population between official census dates. Intercensal estimates are more accurate than postcensal estimates because they are bracketed on both sides by decennial or state-certified special census counts. Postcensal estimates are developed by the Washington State Office of Financial Management.

2. Births and deaths are estimated for the most recent years due to a lag in reporting. The historical series may be revised in cases where more accurate data becomes available.

3. United States population intercensal estimates are as of July 1 of each year.

N/A indicates data not available.

Sources:

Washington State Office of Financial Management
U.S. Census Bureau, Population Division

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 15 - Annual Average Civilian Labor Force Unemployment Rates

Washington State vs. United States

Last Ten Calendar Years

	2021	2020	2019	2018
Washington State (in thousands)				
Civilian labor force	3,882	3,968	3,861	3,767
Employment	3,618	3,706	3,692	3,598
Total unemployment	264	262	169	169
Unemployment percentage rate	6.8%	6.6%	4.4%	4.5%
United States (in millions)				
Civilian labor force	160.6	162.6	162.7	161.2
Employment	149.5	152.9	156.5	154.5
Total unemployment	11.1	9.7	6.2	6.7
Unemployment percentage rate	6.9%	6.0%	3.8%	4.2%
Washington unemployment rate as % of United States unemployment rate	98.6%	110.0%	115.8%	107.1%

Note: The Washington State Economic and Revenue Forecast Council periodically revises its civilian labor force and employment data for periods up to five years.

Source: Washington State Economic and Revenue Forecast, June 2022

State of Washington

2017	2016	2015	2014	2013	2012
3,719	3,644	3,545	3,488	3,457	3,463
3,544	3,451	3,346	3,275	3,217	3,185
175	193	199	213	240	278
4.7%	5.3%	5.6%	6.1%	6.9%	8.0%
160.3	159.2	157.1	155.9	155.4	155.0
153.3	151.4	148.8	146.3	143.9	142.5
7.0	7.8	8.3	9.6	11.5	12.5
4.4%	4.9%	5.3%	6.2%	7.4%	8.1%
106.8%	108.2%	105.7%	98.4%	93.2%	98.8%

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 16 - Annual Average Wage Rates by Industry

Last Ten Calendar Years

Industry ⁽²⁾	Annual Average Wages ⁽¹⁾			
	2021 ⁽³⁾	2020	2019	2018
Information	\$ 268,502	\$ 241,913	\$ 207,103	\$ 194,863
Management of companies and enterprises	135,156	129,043	123,508	118,097
Professional, scientific, and technical services	125,748	111,944	103,935	101,410
Finance and insurance	124,676	113,556	100,948	95,089
Utilities	112,678	108,826	105,295	99,718
Wholesale trade	95,020	87,326	82,405	80,439
Manufacturing	83,157	81,984	81,234	79,377
Retail trade	76,369	71,398	62,264	58,866
Mining	75,881	73,480	74,849	71,083
Government	74,767	71,849	66,945	63,832
Construction	73,866	69,813	67,811	64,470
Real estate, rental and leasing	70,601	63,288	58,420	55,188
Transportation and warehousing	69,538	65,808	64,709	60,374
Administrative and support services ⁽⁴⁾	61,561	57,081	53,133	50,370
Health care and social assistance ⁽⁵⁾	60,236	56,771	54,647	52,690
Other services ⁽⁵⁾	52,198	46,667	42,584	40,410
Educational services	46,220	44,594	40,223	39,008
Arts, entertainment, and recreation	40,504	38,875	33,140	32,522
Agriculture, forestry, fishing, and hunting	37,461	36,170	33,702	32,405
Accommodation and food services	28,256	24,726	25,321	24,003

1. Wages include only employment covered by unemployment insurance. The state of Washington is legally prohibited from disclosing the names of individual employers. The information in this table is intended to assist readers in understanding the degree of concentration in the state's wage base.
2. Industry classifications and wages are based on North American Industry Classification System (NAICS) codes.
3. 2021 data is preliminary.
4. Wages classified under administrative and support services include waste management and remediation services.
5. A number of state-funded programs that provide nonmedical, home-based services for the elderly and persons with disabilities were incorrectly classified as other services. Effective January 2014, these were classified correctly as health care and social assistance. This reclassification caused the average annual wage for other services to increase. Wages classified as other services do not include public administration.

Source: Washington State Employment Security Department, Quarterly Census of Employment and Wages

State of Washington

	2017	2016	2015	2014	2013	2012
\$	172,592	\$ 159,236	\$ 150,503	\$ 148,429	\$ 135,304	\$ 131,872
	111,942	109,462	108,447	106,518	105,501	105,535
	92,323	88,223	85,968	84,883	81,893	79,972
	90,869	88,308	92,790	82,102	79,587	77,455
	93,057	88,789	85,644	87,212	86,373	84,024
	76,856	73,903	72,523	70,169	68,230	68,481
	76,301	74,641	73,860	74,303	70,798	69,306
	52,542	45,930	38,300	36,127	34,084	32,364
	71,120	67,389	67,425	63,404	62,444	60,231
	61,187	58,945	57,274	55,603	53,733	52,871
	61,227	58,887	56,925	55,037	53,735	53,056
	51,553	48,965	47,459	45,181	43,426	42,040
	58,058	56,173	54,344	52,293	51,967	50,876
	48,484	47,050	45,934	44,382	43,261	43,381
	50,971	49,337	46,986	44,245	47,733	47,067
	38,832	37,557	37,437	35,571	26,717	25,651
	38,455	37,667	36,414	36,918	36,775	36,226
	32,074	30,908	30,509	29,725	27,771	25,276
	31,154	29,971	28,398	27,758	26,880	26,295
	22,766	21,301	20,451	19,561	19,136	18,698

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 17 - Principal Employers by Industry

Current Calendar Year and Nine Years Ago

Industry ⁽¹⁾	2021 Annual Averages			2012 Annual Averages		
	Number of Employees ⁽²⁾	Percent of Total	Number of Employers	Number of Employees ⁽²⁾	Percent of Total	Number of Employers
Government	547,166	16.3 %	2,140	516,199	17.8 %	2,088
Health care and social assistance ⁽³⁾	434,088	13.0 %	61,071	330,531	11.4 %	14,497
Retail trade	398,227	11.9 %	14,277	314,383	10.9 %	14,048
Manufacturing	256,371	7.7 %	7,715	277,361	9.6 %	6,733
Accommodation and food services	237,697	7.1 %	15,055	228,392	7.9 %	12,856
Professional, scientific, and technical services	225,512	6.7 %	31,544	166,643	5.8 %	18,692
Construction	210,289	6.3 %	28,055	129,791	4.5 %	19,343
Administrative and support services ⁽⁴⁾	171,112	5.1 %	13,229	139,007	4.8 %	9,540
Information	156,366	4.7 %	5,673	104,480	3.6 %	2,558
Wholesale trade	129,162	3.8 %	12,255	121,764	4.2 %	13,024
Transportation and warehousing	108,536	3.2 %	4,994	82,657	2.8 %	3,993
Agriculture, forestry, fishing, and hunting	96,995	2.9 %	6,498	95,442	3.3 %	7,030
Finance and insurance	96,499	2.9 %	6,372	87,636	3.0 %	5,397
Other services ⁽³⁾	91,271	2.7 %	19,832	132,126	4.6 %	70,406
Real estate, rental, and leasing	54,152	1.6 %	7,193	43,545	1.5 %	6,014
Educational services	43,230	1.3 %	3,763	35,868	1.2 %	2,600
Mgmt. of companies and enterprises	43,202	1.3 %	659	36,293	1.2 %	639
Arts, entertainment, and recreation	40,200	1.2 %	3,047	45,329	1.6 %	2,413
Utilities	5,322	0.2 %	224	4,864	0.2 %	228
Mining	2,113	0.1 %	132	2,083	0.1 %	158
Total average employment	3,347,510	100 %	243,728	2,894,394	100 %	212,257

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual employers. The information in this table is intended to assist readers in understanding the degree of concentration in the state's employment base.
2. The number of employees is based on annual averages and represents only employees covered by unemployment insurance.
3. A number of state-funded programs that provide nonmedical, home-based services for the elderly and persons with disabilities were incorrectly classified as other services. Effective January 2014, these were classified correctly as health care and social assistance. This reclassification caused the annual average number of employees to increase. Employees classified as other services do not include public administration.
4. Employment classified under administrative and support services includes waste management and remediation services.

Source: Washington State Employment Security Department, Quarterly Census of Employment and Wages

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 18 - Fortune 500 Companies Headquartered in Washington

Last Two Calendar Years

(Ranked by Company Revenues)

Rank		Company	Revenues (in millions)	Profit / (Loss) (in millions)	Employees	
2021	2020				Worldwide	Headquarters
2	2	Amazon	\$ 469,822	\$ 33,364	1,608,000	Seattle
11	12	Costco Wholesale	195,929	5,007	288,000	Issaquah
14	15	Microsoft	168,088	61,271	181,000	Redmond
120	125	Starbucks	29,061	4,199	383,000	Seattle
151	159	Paccar	23,522	1,852	28,500	Bellevue
225	299	Expeditors Int'l. of WA	16,524	1,416	19,070	Seattle
245	289	Nordstrom	14,789	178	72,000	Seattle
354	387	Weyerhaeuser	10,201	2,607	9,214	Seattle
404	515	Expedia Group	8,598	12	14,800	Seattle
424	692	Zillow Group	8,147	(528)	8,005	Seattle

Source: fortune.com/fortune500 (June 2022)

Schedule 19 - Principal Agricultural Commodities Value ⁽¹⁾

Last Ten Calendar Years (dollars in millions)

Commodities	% Change										
	2021 vs. 2020	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Apples	4%	\$ 2,185	\$ 2,095	\$ 1,959	\$ 2,141	\$ 2,430	\$ 2,351	\$ 2,319	\$ 1,896	\$ 2,134	\$ 2,482
Milk ⁽²⁾	1%	1,210	1,193	1,282	1,132	1,189	1,097	1,136	1,624	1,299	1,160
Cattle/calves	14%	802	706	701	652	672	704	849	806	715	659
Wheat	-20%	757	949	793	845	691	657	600	715	1,014	1,162
Potatoes	-5%	712	753	934	788	687	813	772	771	797	700
Hay, all	20%	602	501	468	519	516	479	499	703	675	626
Hops	8%	482	445	476	428	459	382	280	208	185	144
Cherries, sweet	-15%	476	562	394	426	475	491	437	502	379	491
Grapes, all	—%	301	302	308	361	319	360	289	302	278	249
Blueberries	5%	228	217	153	139	115	94	147	117	72	85

1. Acreage and/or yield data is preliminary. Data in the table may be revised periodically.

2. Value at average returns per 100 pounds of milk in combined marketings of milk and cream plus value of milk used for home consumption and milk fed to calves.

Source: United States Department of Agriculture, National Agricultural Statistics Service

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 20 - International Trade Facts (All Washington Ports)

Last Ten Calendar Years (expressed in millions)

International Trade	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Exports ⁽¹⁾	\$ 70,494	\$ 56,723	\$ 75,853	\$ 86,971	\$ 88,218	\$ 90,424	\$ 94,781	\$ 93,908	\$ 98,740	\$ 84,187
Imports	101,047	81,380	96,416	99,955	94,493	92,729	91,496	90,639	89,559	93,614
Trade balance	\$ (30,553)	\$ (24,657)	\$ (20,563)	\$ (12,984)	\$ (6,275)	\$ (2,305)	\$ 3,285	\$ 3,269	\$ 9,181	\$ (9,427)
Two-way trade	\$ 171,541	\$ 138,103	\$ 172,269	\$ 186,926	\$ 182,711	\$ 183,153	\$ 186,277	\$ 184,547	\$ 188,299	\$ 177,801

1. Export figures indicate total international trade from the state of Washington, including bonded shipments to other states and Canada (includes Boeing Company figures).

Figures may not total due to rounding.

Source: Washington State Department of Commerce

Schedule 21 - Value of Trade with Major Export Trading Partners

Last Ten Calendar Years (expressed in millions)

Export Partners ⁽¹⁾	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Canada	\$ 17,951	\$ 14,685	\$ 17,560	\$ 18,599	\$ 16,672	\$ 15,676	\$ 17,052	\$ 18,937	\$ 27,635	\$ 18,135
China (Mainland)	14,874	11,006	11,155	10,732	14,919	14,753	16,315	18,880	16,390	14,027
Japan	5,904	5,751	7,498	7,303	6,683	8,091	7,569	8,908	8,465	9,850
Korea, Republic of	3,798	2,812	3,941	5,771	4,615	5,129	5,071	3,644	3,371	3,903
Taiwan	2,644	1,913	2,415	2,867	3,022	3,376	3,902	2,734	2,295	1,866
Philippines	1,968	1,918	1,916	1,938	1,906	1,631	1,266	1,337	1,680	1,579
United Kingdom	1,900	1,914	2,536	4,453	2,247	3,800	2,514	2,710	2,530	1,452
Ireland	1,758	188	200	1,880	1,827	1,991	904	602	50	937
Malaysia	1,713	1,117	1,103	1,155	2,225	786	1,363	1,241	1,270	1,221
Mexico	1,697	533	1,471	1,196	917	984	792	1,360	1,936	1,911

1. Export figures are based on all Washington state ports, all methods of transportation.

Source: Washington State Department of Commerce

Schedule 22 - Value of Trade with Major Import Trading Partners

Last Ten Calendar Years (expressed in millions)

Import Partners ⁽¹⁾	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
China (Mainland)	\$ 25,376	\$ 19,498	\$ 25,044	\$ 32,219	\$ 29,002	\$ 28,710	\$ 29,910	\$ 28,968	\$ 31,776	\$ 33,820
Canada	23,885	17,009	18,870	18,725	17,834	16,600	16,873	18,953	17,529	16,430
Japan	17,556	16,610	20,235	17,720	18,631	18,982	17,682	16,816	17,036	19,129
Vietnam	5,885	5,702	4,038	2,896	2,502	2,110	1,996	1,346	1,326	1,637
Korea, Republic of	5,128	3,431	4,010	4,239	4,812	5,000	5,014	4,945	4,529	4,380
Taiwan	4,348	2,991	3,123	3,207	3,396	3,415	3,574	3,347	3,131	3,442
Ireland	1,795	499	922	1,780	2,509	3,046	548	82	24	21
Russia	1,662	879	1,225	1,449	903	880	525	709	641	1,401
Thailand	1,606	1,365	1,459	1,103	1,066	1,138	1,505	1,151	1,039	1,050
Germany	1,264	1,385	1,341	1,454	1,001	967	912	853	896	760

1. Import figures are based on all Washington state ports, all methods of transportation.

Source: Washington State Department of Commerce

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 23 - Property Value and Construction

Last Ten Calendar Years (expressed in millions)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Value of all taxable property:										
Assessed value	\$ 1,602,638	\$ 1,435,873	\$ 1,375,481	\$ 1,276,450	\$ 1,134,145	\$ 1,022,092	\$ 949,759	\$ 880,155	\$ 808,328	\$ 767,064
Property value of exemptions:										
Senior citizen	\$ 13,012	\$ 10,398	\$ 9,258	\$ 8,108	\$ 4,871	\$ 3,601	\$ 3,590	\$ 3,183	\$ 2,491	\$ 2,689
Head of household	40	41	49	50	132	51	58	60	56	61
Total exemptions	\$ 13,052	\$ 10,439	\$ 9,307	\$ 8,158	\$ 5,003	\$ 3,652	\$ 3,648	\$ 3,243	\$ 2,547	\$ 2,750
New construction and improvements:										
Assessed value	\$ 24,491	\$ 22,731	\$ 23,800	\$ 22,239	\$ 19,286	\$ 16,122	\$ 13,656	\$ 11,213	\$ 9,198	\$ 6,598

Source: Washington State Department of Revenue, Property Tax Statistics Report

Schedule 24 - Residential Building Activity

Last Ten Calendar Years (dollars in millions)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Permits	56,941	43,881	48,424	47,746	45,794	44,077	40,374	33,898	32,962	28,118
Valuations	\$ 12,501	\$ 9,488	\$ 10,223	\$ 9,808	\$ 9,913	\$ 9,116	\$ 8,519	\$ 7,017	\$ 6,684	\$ 5,649

Source: U.S. Census Bureau

OPERATING INFORMATION

Schedule 25 - Full-Time Equivalent Staff Comparison (Budgeted Funds)

Last Ten Fiscal Years

Function ⁽¹⁾	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government	9,242	8,820	8,906	8,813	8,633	8,612	8,420	8,386	8,256	8,268
Human services	39,063	39,404	38,354	37,285	36,095	35,221	33,722	33,105	32,744	32,205
Natural resources	7,075	6,877	6,859	6,982	6,828	6,741	6,661	6,520	6,256	6,232
Transportation	10,031	10,562	10,496	10,648	10,543	10,291	10,185	10,230	10,334	10,457
Education	56,537	54,171	55,678	53,167	52,889	52,866	52,216	52,296	51,303	50,406
Total	121,948	119,834	120,293	116,895	114,988	113,731	111,204	110,537	108,893	107,568
Percentage change	1.8%	-0.4%	2.9%	1.7%	1.1%	2.3%	0.6%	1.5%	1.2%	1.6%

1. Due to timing of adjustments, numbers may change after fiscal year-end.

Notes: A Full-Time Equivalent (FTE) is one full calendar year of paid employment or the equivalent of 2,088 hours (the number of available work hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year. Figures include budgeted operating and capital FTEs and FTEs for nonbudgeted higher education funds.

Source: Washington State Office of Financial Management

OPERATING INFORMATION

Schedule 26 - Full-Time Equivalent Staff Comparison (General Fund State)

Last Ten Fiscal Years

Function ⁽¹⁾	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government	3,213	3,061	3,117	3,075	2,911	2,898	2,794	2,825	2,740	2,870
Human services	21,678	22,608	22,888	22,046	20,441	19,893	18,791	18,508	18,487	17,569
Natural resources	2,440	2,343	2,109	1,600	1,785	1,700	1,819	1,341	1,474	1,667
Transportation	418	404	403	356	357	326	358	306	360	354
Education	15,315	15,095	15,541	15,763	14,653	15,054	15,257	15,087	14,189	14,969
Total	43,064	43,511	44,058	42,840	40,147	39,871	39,019	38,067	37,250	37,429
Percentage change	-1.0%	-1.2%	2.8%	6.7%	0.7%	2.2%	2.5%	2.2%	-0.5%	1.3%

1. Due to timing of adjustments, numbers may change after fiscal year-end.

Notes: A Full-Time Equivalent (FTE) is one full calendar year of paid employment, or the equivalent of 2,088 hours (the number of available work hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year. Figures include operating and capital FTEs.

Source: Washington State Office of Financial Management

OPERATING INFORMATION

Schedule 27 - Operating and Capital Asset Indicators by Function

General Government

Last Ten Fiscal Years

	2022	2021	2020	2019
Department of Revenue				
Number of state excise taxpayer registered accounts	731,206	726,714	686,385	712,928
Number of taxable real estate excise tax (REET) sales	304,449	316,668	237,429	264,181
Department of Enterprise Services				
Number of leases for office space ⁽¹⁾	477	455	509	497
Gross square feet of leased office space (in thousands)	6,967	6,986	7,522	7,347
Number of owned office buildings ⁽²⁾	23	23	23	24
Gross square feet of owned office space (in thousands)	2,585	2,585	2,315	2,843
Liquor and Cannabis Board				
Liquor:				
Retail licensees	18,708	18,473	18,376	18,235
Non-retail licensees	8,317	8,216	7,963	7,690
Cannabis: ⁽³⁾				
Producer licensees	1,054	1,069	1,091	1,137
Processor licenses	1,120	1,144	1,176	1,224
Retail licensees	481	481	484	482
Transportation licenses	10	11	13	15
Research licenses	2	1	1	1

1. The number of leases for office space only includes leases that the Department of Enterprise Services has acquired. The number of leases does not include leases done under a delegation of authority by another state agency and does not include space that may include multiple uses, such as warehouse and office, office and classrooms, etc. The decrease in 2021 was caused by the sale of the Tacoma Rhodes complex in 2020.

2. In fiscal year 2020, the Department of Enterprise Services changed the property classification of seven owned buildings. Four buildings were removed from the "office" classification and three buildings were added to the "office" classification. None of the changes in reported data from 2019 to 2020 is the result of a change in ownership.

3. The passage of Initiative 502, which legalized cannabis for recreational use, included these new license types.

N/A indicates data is not available or applicable.

Sources:

- Washington State Department of Revenue, Tax Statistics
- Washington State Department of Enterprise Services
- Washington State Liquor and Cannabis Board

State of Washington

2018	2017	2016	2015	2014	2013
712,884	692,856	669,897	684,306	742,139	790,312
300,136	286,686	270,689	254,147	242,434	241,595
492	483	552	560	546	532
7,037	7,236	7,392	7,542	7,749	7,624
22	28	29	37	37	37
2,533	2,784	2,780	2,990	2,990	2,990
18,528	18,298	17,132	17,739	16,246	15,655
7,337	6,874	6,279	5,626	5,649	5,364
1,208	1,167	1,035	530	57	N/A
1,280	1,175	992	456	47	N/A
505	507	428	171	N/A	N/A
16	9	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

OPERATING INFORMATION

Schedule 28 - Operating and Capital Asset Indicators by Function

Human Services

Last Ten Fiscal Years

	2022	2021	2020	2019
Department of Social and Health Services ⁽¹⁾				
Mental health programs:				
Mental health state hospitals ⁽²⁾	3	3	3	3
Mental health state hospitals available beds	1,205	1,213	1,221	1,234
Mental health state hospitals average daily census ⁽³⁾	945	948	1,061	1,085
Income assistance programs:				
Temporary assistance for needy families (TANF) and state family assistance (SFA) caseloads	28,839	29,701	26,182	25,424
Food assistance caseload ⁽⁴⁾	499,625	536,010	489,952	490,560
Health Care Authority				
Medical assistance programs:				
Monthly average caseload certified eligible	2,122,853	1,968,932	1,801,873	1,797,117
Community outpatient mental health facilities ⁽⁵⁾	392	451	451	191
Community outpatient mental health programs, clients served ⁽⁶⁾	398,133	303,603	337,693	150,859
Department of Corrections				
Number of correctional institutions	12	12	12	12
Offenders in confinement ⁽⁷⁾	13,029	14,312	16,703	19,328
Prison and work release operating capacity	18,999	19,024	17,540	17,453
Department of Health				
Licensed health professionals ⁽⁸⁾	500,852	502,073	479,973	484,128
Department of Labor and Industries				
Claims filed, injured or ill workers	102,878	95,668	99,984	111,837
Electrical inspections performed	261,919	272,731	245,713	260,302
Workplaces inspected each year by the Washington Industrial Safety and Health (WISHA) program ⁽⁹⁾	4,675	4,488	4,791	5,061

1. Due to reporting lags and corrections, the Department of Social and Health Services (DSHS) periodically revises historical data.
2. Facilities include: Eastern State Hospital, Western State Hospital, and Child Study and Treatment Center.
3. The Average Daily Census (ADC) is the number of patients in residence at midnight each day. ADC is calculated by dividing the sum of daily in-residence census by the number of days in the month.
4. Data reflects the state fiscal year average of households enrolled in both the federally funded Basic Food Program (SNAP) and the state-funded Food Assistance for Legal Immigrants Basic Food Program (FAP).
5. Fluctuations in the number of community outpatient health facilities are due to funding shifts and legislation. Data reflects the total distinct counts (by fiscal year) of community outpatient mental health agencies actively enrolled in Provider One. The count is based on an agency's Tax Identification Number.
6. The number of clients served in community outpatient mental health programs during previous fiscal years may change in future report iterations due to reporting lags and data corrections. Note that the service count for fiscal year 2019 is incomplete, due to the underreporting of encounter data to the Behavioral Health Data System by submitting entities participating in Integrated Managed Care.
7. Offenders in confinement include offenders in prison, work release, and in-state rented beds.
8. Licensed health professionals include certified, licensed, and registered health professionals. These counts exclude ARNP licenses as duplicative due to their dual credential mandate.
9. Timing of inspections within the fiscal year can result in delays in report filings. Due to reporting lags, data may be revised.

State of Washington

2018	2017	2016	2015	2014	2013
3	3	3	3	3	3
1,221	1,205	1,192	1,161	1,161	1,161
1,113	1,143	1,123	1,101	1,117	1,087
26,031	28,556	31,287	35,159	42,571	48,675
511,711	531,149	561,112	582,204	595,150	597,494
1,853,207	1,880,287	1,838,532	1,722,935	1,412,069	1,234,885
210	179	120	131	157	161
180,299	176,392	177,974	170,469	152,155	145,053
12	12	12	12	12	12
19,802	19,413	18,991	18,445	18,121	17,930
17,454	17,434	17,434	17,498	17,187	17,101
468,421	455,806	437,775	417,504	401,828	388,856
111,604	109,965	110,498	109,359	106,903	103,328
251,114	240,235	236,422	214,439	203,975	189,027
4,256	4,403	4,082	4,918	5,292	4,854

Sources:

Washington State Department of Social and Health Services
 Washington State Health Care Authority
 Washington State Department of Corrections
 Washington State Department of Health
 Washington State Department of Labor and Industries

State of Washington

OPERATING INFORMATION

Schedule 29 - Operating and Capital Asset Indicators by Function

Transportation

Last Ten Fiscal Years

	2022	2021	2020	2019
Department of Transportation				
Number of ferries ⁽¹⁾	21	21	23	23
Vehicles on ferries (in thousands)	8,600	8,409	9,019	10,555
Passengers on ferries (in thousands)	8,556	6,917	10,357	13,701
State highway miles of travel ⁽²⁾				
Rural (in millions)	N/A	11,952	10,478	11,971
Urban (in millions)	N/A	21,824	19,474	23,453
State highway lane miles ⁽³⁾				
Rural	12,704	13,178	13,169	13,129
Urban	6,001	7,720	7,707	7,686
Total	18,705	20,898	20,876	20,815
Pavement patching & repair (square feet) ⁽⁴⁾	1,937,009	2,385,297	1,340,237	1,880,860
Pavement striping maintenance (miles)	12,540	15,265	15,237	21,364
Anti and de-icing liquid application (gallons in thousands)	1,610	1,626	1,450	2,393
Litter pickup (cubic yards)	25,141	17,815	17,351	18,899
Department of Licensing ⁽⁵⁾				
Total vehicle registrations (in millions)	8,081	8,200	7,938	8,164
Licensed drivers (in millions)	5,951	5,864	5,806	5,705
Washington State Patrol ⁽⁶⁾				
Total contacts	812,533	1,010,329	1,025,808	1,187,886
Citations issued	248,541	370,283	388,617	464,818
Motorist assists	312,492	329,655	313,313	325,241
Collisions investigated	42,477	35,689	37,152	43,063
Number of traffic officers	511	618	615	607

1. Twenty-five ferry vessels in inventory, but four are currently not in service. These four are not included in the number reported above.
2. The Annual Vehicle Miles Traveled report lags for one year, so there is no data for current year.
3. The Highway and Lane Miles report is based on a calendar year.
4. The Maintenance Operations Division has a mobile application to track units, HATS (Highway Activity Tracking System), that began July 1, 2015. With this system, maintenance personnel are able to more accurately track the type of work they are doing as well as the amount.
5. Vehicle count includes all registered vehicles. Driver count includes all licensed drivers.
6. Due to time and activity adjustments, the Washington State Patrol periodically revises its data up to three years.

N/A indicates data is not available.

Sources:

Washington State Department of Transportation
 Washington State Department of Licensing
 Washington State Patrol

State of Washington

2018	2017	2016	2015	2014	2013
23	23	24	24	22	22
10,709	10,545	10,563	10,372	10,156	10,045
13,858	13,681	13,525	13,261	12,651	12,350
11,915	11,611	11,487	11,098	10,641	10,371
23,460	23,015	22,741	22,237	21,536	21,278
13,113	13,114	13,113	13,091	13,085	13,798
7,697	7,682	7,650	7,641	7,606	6,882
20,810	20,796	20,763	20,732	20,691	20,680
2,097,641	2,456,825	3,826,649	74,263	86,948	82,415
19,064	19,780	19,600	23,156	16,835	17,203
1,747	4,007	1,688	1,210	2,721	2,154
19,641	25,530	18,169	18,876	22,586	29,428
8,063	7,792	7,214	7,039	6,866	6,755
5,916	5,778	5,639	5,520	5,404	5,310
1,222,738	1,128,175	1,141,911	1,228,396	1,225,768	1,262,584
470,886	434,452	464,024	509,689	506,862	516,593
331,283	335,063	328,208	316,659	300,806	296,170
44,181	46,223	43,501	37,996	35,479	33,989
608	583	539	589	585	635

OPERATING INFORMATION

Schedule 30 - Operating and Capital Asset Indicators by Function

Natural Resources and Recreation

Last Ten Fiscal Years

	2022	2021	2020	2019
State Parks and Recreation Commission				
Number of official, developed state parks	124	124	124	125
Number of owned or managed properties ⁽¹⁾	90	94	94	94
Acreage of state parks	121,641	122,257	121,812	121,077
Attendance at state parks (in thousands)	40,769	45,364	34,718	37,997
Department of Fish and Wildlife				
Recreational licenses issued ⁽²⁾				
Hunting licenses	644,088	784,254	744,118	699,475
Fishing licenses	1,183,529	1,309,719	1,093,536	1,267,619
Hatchery releases (pounds in thousands) ⁽³⁾				
Salmon releases	3,530	3,877	3,729	3,747
Trout releases ⁽⁴⁾	1,631	1,618	1,650	1,577
Department of Natural Resources ⁽³⁾				
Common schools trust land acreage (in thousands)	1,781	1,781	1,783	1,784
Total trust land acreage (in thousands)	3,131	3,131	3,133	3,135
Timber acres sold	19,585	20,802	18,413	21,338
Timber volume harvested (thousand board feet)	484,438	527,562	511,845	497,941
Timber volume sold (thousand board feet)	429,235	545,074	533,899	488,142
Natural area preserve sites	58	57	57	56
Natural area preserve acreage	41,344	40,816	40,730	40,427
Natural resources conservation area sites	39	39	39	38
Natural resources conservation area acreage	125,874	125,577	125,263	124,127

1. In 2014, approximately 143 state park owned or managed properties formerly considered to be stand-alone properties were incorporated into larger, developed state parks.
2. Recreational licenses issued include secondary license documents such as endorsements, catch cards, duplicates and applications taken from Monthly Sales Statistics report.
3. Fiscal year 2022 data is preliminary. Data in the table may be revised periodically.
4. Trout releases do not include trout lodge fish purchased by DFW.

Sources:

Washington State Parks and Recreation Commission
 Washington State Department of Fish and Wildlife
 Washington State Department of Natural Resources

State of Washington

2018	2017	2016	2015	2014	2013
125	124	124	123	123	116
94	91	91	93	93	243
123,007	122,908	138,613	137,781	138,266	123,952
36,745	35,373	35,055	33,045	34,000	35,625
615,528	597,025	607,849	595,169	556,745	548,873
1,333,380	1,397,951	1,525,780	1,546,250	1,503,651	1,407,714
3,697	3,593	3,505	3,883	3,787	4,171
1,582	1,491	1,583	1,597	1,645	1,587
1,786	1,788	1,788	1,790	1,791	1,780
3,132	3,133	3,125	3,122	3,122	3,072
17,608	20,392	24,382	23,499	21,966	20,303
512,143	483,357	480,898	449,115	471,343	480,140
500,675	520,498	526,382	467,555	489,917	497,447
56	56	56	55	55	55
40,347	37,642	37,273	36,342	36,245	36,156
38	37	36	36	36	35
122,742	121,857	118,579	114,244	113,116	113,032

OPERATING INFORMATION

Schedule 31 - Operating and Capital Asset Indicators by Function

Education

Last Ten Academic Years

	2021-22	2020-21	2019-20	2018-19
K-12 Enrollment ⁽¹⁾				
K-8	722,363	726,141	766,864	761,100
9-12	312,343	306,666	306,797	303,621
Summer	501	506	49	819
Running start	21,421	25,693	25,641	24,034
Open doors youth re-engagement program ⁽²⁾	4,879	5,120	5,577	5,528
UW transition	124	125	120	115
Washington Youth Academy ⁽³⁾	230	133	338	330
Total	1,061,861	1,064,384	1,105,386	1,095,547
High school graduates ⁽⁴⁾	N/A	70,009	69,482	68,251
Higher Education				
Community and Technical Colleges:				
Number of campuses	34	34	34	34
Enrollment ⁽¹⁾⁽⁵⁾	94,531	103,034	117,118	123,292
Associate degrees granted	25,490	29,306	27,704	30,167
Baccalaureate degrees granted	1,830	1,923	1,379	1,397
Public Universities: ⁽⁶⁾				
Number of campuses	11	11	11	11
Enrollment ⁽¹⁾	110,024	108,195	113,518	113,811
Baccalaureate degrees granted	N/A	26,203	26,773	26,895
Masters degrees granted	N/A	7,269	7,137	6,606
Doctors degrees granted	N/A	1,099	1,201	1,227
Professional degrees granted	N/A	845	917	874

- K-12 enrollment figures are preliminary for academic year 2021-22. Enrollment is based on a full-time equivalent student, which is defined as:
 - Kindergarten: 4 classroom hours per day for 90 days or 2 classroom hours per day for 180 days.
 - Grades 1 through 3: 4 classroom hours per day for 180 days.
 - Grades 4 through 12: 5 classroom hours per day for 180 days.
 - Undergraduate student: 15 credit hours per term.
 - Graduate student: 10 credit hours per term.
- The youth re-engagement program was created to provide educational opportunities for youth ages 16-21 who have dropped out of high school or are not accumulating sufficient credits to reasonably complete a high school diploma in a public school before the age of twenty-one.
- The Washington Youth Academy (WYA) serves youth from every county in Washington. WYA is a National Guard Youth Challenge program focusing on academic intervention and credit recovery and is the only publicly-funded military-style academy in the state for 16-18 year olds who have or are at risk of dropping out of high school.
- High school graduates are calculated using an adjusted (four-year) cohort method that tracks students expected to graduate high school within a four year period of time. Total high school graduates consist of students who received high school diplomas, graduated with Associates degrees, and graduated under Individualized Education Plans (IEPs).
- Enrollment figures include all state funded (non-dual enrolled) students, which may include students under the age of 18. Figures also include students enrolled in baccalaureate partnership programs.
- Public Universities include all four-year public institutions and branch campuses. The universities periodically update the number of degrees granted to more accurately reflect the data at the institution level. Enrollment is the annual average total four-year FTE enrollment from the State-Funded Public Higher Education Enrollment Report.

State of Washington

2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
756,379	747,548	726,137	705,175	696,390	680,696
307,373	307,714	307,575	307,417	306,030	306,819
962	972	1,031	993	1,010	929
22,484	20,560	18,562	17,070	15,090	13,623
4,785	4,117	3,561	2,905	2,058	747
114	112	116	108	107	114
335	342	N/A	N/A	N/A	N/A
1,092,432	1,081,365	1,056,982	1,033,668	1,020,685	1,002,928
67,966	65,491	64,126	62,598	60,680	60,475
34	34	34	34	34	34
127,994	130,577	135,108	138,724	143,292	147,433
30,315	29,534	29,624	29,137	28,758	28,191
1,005	785	497	286	244	192
11	11	11	11	11	11
113,067	111,221	109,834	107,935	106,038	105,112
26,040	25,473	25,252	24,875	24,167	24,616
6,564	6,496	6,057	5,878	5,761	5,809
1,157	1,081	1,125	1,131	1,022	1,032
850	832	790	774	781	799

N/A indicates data not available or not applicable.

Sources:

Washington State Office of Financial Management
 Washington State Office of Superintendent of Public Instruction
 Washington State Board for Community and Technical Colleges
 Washington Student Achievement Council

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