

## **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.

### **Other Activities**

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.

NONMAJOR ENTERPRISE FUNDS  
**Combining Statement of Net Position**  
 June 30, 2014  
 (expressed in thousands)

	Lottery	Institutional	Other Activities	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 18,296	\$ 9,770	\$ 75,193	\$ 103,259
Investments	28,390	-	-	28,390
Other receivables (net of allowance)	22,818	920	484	24,222
Due from other funds	252	7,327	339	7,918
Due from other governments	-	827	3,892	4,719
Inventories	192	7,057	123	7,372
Prepaid expenses	100	99	19	218
<b>Total Current Assets</b>	<b>70,048</b>	<b>26,000</b>	<b>80,050</b>	<b>176,098</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent	143,429	-	-	143,429
Other noncurrent assets	1	-	-	1
Capital assets:				
Land and other non-depreciable assets	-	1,540	-	1,540
Buildings	-	12,828	-	12,828
Other improvements	666	1,815	82	2,563
Furnishings, equipment, and intangibles	831	19,416	10,150	30,397
Accumulated depreciation	(1,231)	(15,211)	(8,838)	(25,280)
<b>Total Noncurrent Assets</b>	<b>143,696</b>	<b>20,388</b>	<b>1,394</b>	<b>165,478</b>
<b>Total Assets</b>	<b>\$ 213,744</b>	<b>\$ 46,388</b>	<b>\$ 81,444</b>	<b>\$ 341,576</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 6,085	\$ 4,147	\$ 2,163	\$ 12,395
Contracts and retainages payable	-	-	164	164
Accrued liabilities	55,926	2,242	10,266	68,434
Bonds and notes payable	-	440	2	442
Due to other funds	15,951	1,866	512	18,329
Due to other governments	-	-	2,287	2,287
Unearned revenue	613	-	-	613
Claims and judgments payable	-	-	1,988	1,988
<b>Total Current Liabilities</b>	<b>78,575</b>	<b>8,695</b>	<b>17,382</b>	<b>104,652</b>
<b>Noncurrent Liabilities:</b>				
Claims and judgments payable	-	-	7,957	7,957
Bonds and notes payable	-	5,525	-	5,525
Other long-term liabilities	125,511	5,776	8,920	140,207
<b>Total Noncurrent Liabilities</b>	<b>125,511</b>	<b>11,301</b>	<b>16,877</b>	<b>153,689</b>
<b>Total Liabilities</b>	<b>204,086</b>	<b>19,996</b>	<b>34,259</b>	<b>258,341</b>
<b>NET POSITION</b>				
Net investment in capital assets	267	14,423	1,393	16,083
Unrestricted	9,391	11,969	45,792	67,152
<b>Total Net Position</b>	<b>9,658</b>	<b>26,392</b>	<b>47,185</b>	<b>83,235</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 213,744</b>	<b>\$ 46,388</b>	<b>\$ 81,444</b>	<b>\$ 341,576</b>

NONMAJOR ENTERPRISE FUNDS  
**Combining Statement of Revenues, Expenses,  
 and Changes in Net Position**

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

	Lottery	Institutional	Other Activities	Total
<b>OPERATING REVENUES</b>				
Sales	\$ -	\$ 76,399	\$ 189	\$ 76,588
Less: Cost of goods sold	-	53,235	117	53,352
Gross profit	-	23,164	72	23,236
Charges for services	-	1,479	28,207	29,686
Premiums and assessments	-	-	148	148
Lottery ticket proceeds	594,523	-	-	594,523
Miscellaneous revenue	1	9	3,285	3,295
<b>Total Operating Revenues</b>	<b>594,524</b>	<b>24,652</b>	<b>31,712</b>	<b>650,888</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	7,281	13,000	27,946	48,227
Employee benefits	2,847	5,646	10,022	18,515
Personal services	10,823	20	4,538	15,381
Goods and services	70,083	539	14,683	85,305
Travel	461	321	997	1,779
Lottery prize payments	371,532	-	-	371,532
Depreciation and amortization	124	552	346	1,022
Miscellaneous expenses	51	53	561	665
<b>Total Operating Expenses</b>	<b>463,202</b>	<b>20,131</b>	<b>59,093</b>	<b>542,426</b>
<b>Operating Income (Loss)</b>	<b>131,322</b>	<b>4,521</b>	<b>(27,381)</b>	<b>108,462</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Earnings (loss) on investments	3,094	-	10	3,104
Interest expense	-	(263)	-	(263)
Tax and license revenue	2,877	-	19,476	22,353
Other revenues (expenses)	(13)	(16)	570	541
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5,958</b>	<b>(279)</b>	<b>20,056</b>	<b>25,735</b>
<b>Income (Loss) Before Transfers</b>	<b>137,280</b>	<b>4,242</b>	<b>(7,325)</b>	<b>134,197</b>
Transfers in	12,151	-	-	12,151
Transfers out	(159,825)	-	(2,500)	(162,325)
<b>Net Transfers</b>	<b>(147,674)</b>	<b>-</b>	<b>(2,500)</b>	<b>(150,174)</b>
<b>Change in Net Position</b>	<b>(10,394)</b>	<b>4,242</b>	<b>(9,825)</b>	<b>(15,977)</b>
<b>Net Position - Beginning</b>	<b>20,052</b>	<b>22,150</b>	<b>57,010</b>	<b>99,212</b>
<b>Net Position - Ending</b>	<b>\$ 9,658</b>	<b>\$ 26,392</b>	<b>\$ 47,185</b>	<b>\$ 83,235</b>

NONMAJOR ENTERPRISE FUNDS  
**Combining Statement of Cash Flows**  
 For the Fiscal Year Ended June 30, 2014  
 (expressed in thousands)

	Lottery	Institutional	Other Activities	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 594,172	\$ 78,315	\$ 28,788	\$ 701,275
Payments to suppliers	(479,185)	(54,094)	(19,372)	(552,651)
Payments to employees	(9,904)	(17,838)	(36,757)	(64,499)
Other receipts	1	8	3,279	3,288
Net Cash Provided (Used) by Operating Activities	105,084	6,391	(24,062)	87,413
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	12,151	-	-	12,151
Transfers out	(159,825)	-	(2,500)	(162,325)
Operating grants and donations received	-	-	570	570
Taxes and license fees collected	2,877	-	19,476	22,353
Net Cash Provided (Used) by Noncapital Financing Activities	(144,797)	-	17,546	(127,251)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Interest paid	-	(263)	-	(263)
Principal payments on long-term capital financing	-	(425)	(8)	(433)
Proceeds from sale of capital assets	-	78	-	78
Acquisitions of capital assets	-	(1,064)	(767)	(1,831)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,674)	(775)	(2,449)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipt of interest	49	-	10	59
Proceeds from sale of investment securities	37,945	-	-	37,945
Purchases of investment securities	(3,689)	-	-	(3,689)
Net Cash Provided (Used) by Investing Activities	34,305	-	10	34,315
Net Increase (Decrease) in Cash and Pooled Investments	(5,408)	4,717	(7,281)	(7,972)
Cash and Pooled Investments, July 1, as restated	23,704	5,053	82,474	111,231
Cash and Pooled Investments, June 30	\$ 18,296	\$ 9,770	\$ 75,193	\$ 103,259
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 131,322	\$ 4,521	\$ (27,381)	\$ 108,462
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:</b>				
Depreciation	124	552	346	1,022
Revenue reduced for uncollectible accounts	51	-	-	51
<b>Change in Assets: Decrease (Increase)</b>				
Receivables	(965)	687	244	(34)
Inventories	25	703	(3)	725
Prepaid expenses	336	(6)	4	334
<b>Change in Liabilities: Increase (Decrease)</b>				
Payables	(25,809)	(66)	2,728	(23,147)
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	\$ 105,084	\$ 6,391	\$ (24,062)	\$ 87,413
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Amortization of annuity prize liability	\$ 8,866	\$ -	\$ -	\$ 8,866
Increase (decrease) in fair value of investments	3,045	-	-	3,045

## 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, printing and duplication, motor pool, 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.

### **Health Insurance Fund**

The Health Insurance Fund accounts for premiums collected and payments for employees' insurance benefits.

INTERNAL SERVICE FUNDS  
**Combining Statement of Net Position**

June 30, 2014

*(expressed in thousands)*

	General Services	Data Processing Revolving	Higher Education Revolving
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and pooled investments	\$ 143,334	\$ 14,059	\$ 219,440
Investments	427	-	4,679
Other receivables (net of allowance)	8,667	11,622	3,341
Due from other funds	40,465	22,222	5,917
Due from other governments	1,587	460	4,711
Inventories	9,118	-	10,479
Prepaid expenses	3,670	2,839	4
Restricted assets:			
Cash and investments	13	-	6
<b>Total Current Assets</b>	<b>207,281</b>	<b>51,202</b>	<b>248,577</b>
<b>Noncurrent Assets:</b>			
Investments, noncurrent	-	-	20,770
Restricted receivables, noncurrent	-	12,324	-
Other noncurrent assets	81	-	-
Capital assets:			
Land and other non-depreciable assets	3,551	-	2,661
Buildings	175,265	275,407	55,489
Other improvements	12,693	3,169	4
Furnishings, equipment, and intangibles	490,454	213,334	151,932
Infrastructure	1,833	-	115
Accumulated depreciation	(319,559)	(194,517)	(140,986)
Construction in progress	730	14,334	3,132
<b>Total Noncurrent Assets</b>	<b>365,048</b>	<b>324,051</b>	<b>93,117</b>
<b>Total Assets</b>	<b>\$ 572,329</b>	<b>\$ 375,253</b>	<b>\$ 341,694</b>

Continued

	Risk Management	Health Insurance	Total
\$	67,282	\$ 512,450	\$ 956,565
	-	10,686	15,792
	2	14,263	37,895
	1,935	12,208	82,747
	2	1,265	8,025
	-	-	19,597
	-	-	6,513
	-	-	19
	69,221	550,872	1,127,153
	-	-	20,770
	-	-	12,324
	-	-	81
	-	-	6,212
	-	-	506,161
	-	-	15,866
	8	617	856,345
	-	-	1,948
	(2)	(461)	(655,525)
	-	-	18,196
	6	156	782,378
\$	69,227	\$ 551,028	\$ 1,909,531

INTERNAL SERVICE FUNDS  
**Combining Statement of Net Position**  
 June 30, 2014  
*(expressed in thousands)*

	General Services	Data Processing Revolving	Higher Education Revolving
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 8,358	\$ 7,595	\$ 10,131
Contracts and retainages payable	701	-	370
Accrued liabilities	20,414	2,143	43,563
Obligations under security lending agreements	437	-	-
Bonds and notes payable	57,221	20,891	5,899
Due to other funds	8,588	6,319	75,829
Due to other governments	27,182	-	4
Unearned revenue	277	-	761
Claims and judgments payable	-	-	18,996
<b>Total Current Liabilities</b>	<b>123,178</b>	<b>36,948</b>	<b>155,553</b>
<b>Noncurrent Liabilities:</b>			
Claims and judgments payable	-	-	48,454
Bonds and notes payable	124,278	309,894	34,791
Other long-term liabilities	69,906	26,753	31,530
<b>Total Noncurrent Liabilities</b>	<b>194,184</b>	<b>336,647</b>	<b>114,775</b>
<b>Total Liabilities</b>	<b>317,362</b>	<b>373,595</b>	<b>270,328</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow on refundings	1,711	-	-
<b>Total Deferred Inflows of Resources</b>	<b>1,711</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Net investment in capital assets	226,795	(19,058)	31,657
Unrestricted	26,461	20,716	39,709
<b>Total Net Position</b>	<b>253,256</b>	<b>1,658</b>	<b>71,366</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 572,329</b>	<b>\$ 375,253</b>	<b>\$ 341,694</b>



State of Washington

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Concluded

<b>Risk Management</b>	<b>Health Insurance</b>	<b>Total</b>
\$ 30	\$ 22,960	\$ 49,074
-	29	1,100
72	2,342	68,534
-	11,019	11,456
-	-	84,011
4,790	12,922	108,448
-	-	27,186
-	355	1,393
101,976	70,249	191,221
<b>106,868</b>	<b>119,876</b>	<b>542,423</b>
448,012	-	496,466
-	-	468,963
512	2,618	131,319
<b>448,524</b>	<b>2,618</b>	<b>1,096,748</b>
<b>555,392</b>	<b>122,494</b>	<b>1,639,171</b>
-	-	1,711
-	-	1,711
6	155	239,555
(486,171)	428,379	29,094
<b>(486,165)</b>	<b>428,534</b>	<b>268,649</b>
<b>\$ 69,227</b>	<b>\$ 551,028</b>	<b>\$ 1,909,531</b>

INTERNAL SERVICE FUNDS  
**Combining Statement of Revenues, Expenses,  
 and Changes in Net Position**

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

	General Services	Data Processing Revolving	Higher Education Revolving
<b>OPERATING REVENUES</b>			
Sales	\$ 68,006	\$ 1	\$ 14,225
Less: Cost of goods sold	63,396	-	12,592
Gross profit	4,610	1	1,633
Charges for services	243,146	153,256	205,679
Premiums and assessments	307	-	-
Miscellaneous revenue	124,285	25,497	5,426
<b>Total Operating Revenues</b>	<b>372,348</b>	<b>178,754</b>	<b>212,738</b>
<b>OPERATING EXPENSES</b>			
Salaries and wages	138,967	40,378	93,691
Employee benefits	55,114	13,332	29,288
Personal services	8,362	2,807	8,320
Goods and services	135,984	102,344	58,725
Travel	2,310	166	1,466
Premiums and claims	-	-	-
Depreciation and amortization	31,894	36,245	18,095
Miscellaneous expenses	759	43	70
<b>Total Operating Expenses</b>	<b>373,390</b>	<b>195,315</b>	<b>209,655</b>
<b>Operating Income (Loss)</b>	<b>(1,042)</b>	<b>(16,561)</b>	<b>3,083</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Earnings (loss) on investments	125	-	2,158
Interest expense	(4,913)	(16,109)	(1,847)
Tax and license revenue	21	-	-
Other revenues (expenses)	(61)	2,267	726
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(4,828)</b>	<b>(13,842)</b>	<b>1,037</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(5,870)</b>	<b>(30,403)</b>	<b>4,120</b>
Capital contributions	1,221	-	-
Transfers in	11,958	15,202	17,242
Transfers out	(10,698)	(6,248)	(16,073)
<b>Net Contributions and Transfers</b>	<b>2,481</b>	<b>8,954</b>	<b>1,169</b>
<b>Change in Net Position</b>	<b>(3,389)</b>	<b>(21,449)</b>	<b>5,289</b>
<b>Net Position - Beginning, as restated</b>	<b>256,645</b>	<b>23,107</b>	<b>66,077</b>
<b>Net Position - Ending</b>	<b>\$ 253,256</b>	<b>\$ 1,658</b>	<b>\$ 71,366</b>

State of Washington

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Risk Management	Health Insurance	Total
\$ -	\$ -	\$ 82,232
-	-	75,988
-	-	6,244
2,799	-	604,880
88,848	1,257,356	1,346,511
-	227	155,435
91,647	1,257,583	2,113,070
1,332	5,476	279,844
476	2,053	100,263
48	1,662	21,199
19,945	6,003	323,001
26	46	4,014
69,732	1,227,978	1,297,710
2	64	86,300
-	1	873
91,561	1,243,283	2,113,204
86	14,300	(134)
-	2,527	4,810
-	-	(22,869)
-	-	21
-	-	2,932
-	2,527	(15,106)
86	16,827	(15,240)
-	-	1,221
-	-	44,402
-	-	(33,019)
-	-	12,604
86	16,827	(2,636)
(486,251)	411,707	271,285
\$ (486,165)	\$ 428,534	\$ 268,649

INTERNAL SERVICE FUNDS  
**Combining Statement of Cash Flows**  
 For the Fiscal Year Ended June 30, 2014  
*(expressed in thousands)*

	General Services	Data Processing Revolving	Higher Education Revolving
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 307,809	\$ 171,412	\$ 226,510
Payments to suppliers	(273,079)	(115,679)	(92,488)
Payments to employees	(188,523)	(53,182)	(123,997)
Other receipts	136,072	25,497	5,427
Net Cash Provided (Used) by Operating Activities	(17,721)	28,048	15,452
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	11,958	15,202	17,242
Transfers out	(10,698)	(6,248)	(16,073)
Operating grants and donations received	29	109	194
Taxes and license fees collected	21	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,310	9,063	1,363
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid	(4,412)	(16,109)	(1,847)
Principal payments on long-term capital financing	(11,438)	(20,106)	(9,085)
Proceeds from long-term capital financing	16,365	12,369	-
Proceeds from sale of capital assets	3,258	58	1,765
Acquisitions of capital assets	(35,657)	(29,737)	(21,572)
Net Cash Provided (Used) by Capital and Related Financing Activities	(31,884)	(53,525)	(30,739)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of interest	88	-	2,156
Proceeds from sale of investment securities	-	-	1,362
Purchases of investment securities	-	-	(16,560)
Net Cash Provided (Used) by Investing Activities	88	-	(13,042)
Net Increase (Decrease) in Cash and Pooled Investments	(48,207)	(16,414)	(26,966)
Cash and Pooled Investments, July 1, as restated	191,554	30,473	246,412
Cash and Pooled Investments, June 30	\$ 143,347	\$ 14,059	\$ 219,446
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (1,042)	\$ (16,561)	\$ 3,083
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:</b>			
Depreciation	31,894	36,245	18,095
Revenue reduced for uncollectible accounts	47	1	8
<b>Change in Assets: Decrease (Increase)</b>			
Receivables	(3,275)	19,438	6,083
Inventories	(562)		1,757
Prepaid expenses	(739)	(949)	2
<b>Change in Liabilities: Increase (Decrease)</b>			
Payables	(44,044)	(10,126)	(13,576)
Net Cash or Cash Equivalents Provided by (Used In) Operating Activities	\$ (17,721)	\$ 28,048	\$ 15,452
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Contributions of capital assets	\$ 1,221	\$ -	\$ -
Increase (decrease) in fair value of investments	(37)	-	2
Debt refunding deposited with escrow agent	43,435	-	-

State of Washington

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	Risk Management	Health Insurance	Total
\$	90,480	\$ 1,253,141	\$ 2,049,352
	(81,593)	(1,220,811)	(1,783,650)
	(1,767)	(7,340)	(374,809)
	-	227	167,223
	7,120	25,217	58,116
	-	-	44,402
	-	-	(33,019)
	-	-	332
	-	-	21
	-	-	11,736
	-	-	(22,368)
	-	-	(40,629)
	-	-	28,734
	-	-	5,081
	(9)	(6)	(86,981)
	(9)	(6)	(116,163)
	-	1,147	3,391
	-	196,668	198,030
	-	-	(16,560)
	-	197,815	184,861
	7,111	223,026	138,550
	60,171	289,424	818,034
\$	67,282	\$ 512,450	\$ 956,584
\$	86	\$ 14,300	\$ (134)
	2	64	86,300
	-	-	56
	(1,002)	(4,271)	16,973
	-	-	1,195
	-	-	(1,686)
	8,034	15,124	(44,588)
\$	7,120	\$ 25,217	\$ 58,116
\$	-	\$ -	\$ 1,221
	-	1,909	1,874
	-	-	43,435

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