

Basic Financial Statements
Governmental-wide Financial Statements

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Statement of Net Assets

June 30, 2010

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and pooled investments	\$ 3,341,544	\$ 6,509,507	\$ 9,851,051	\$ 65,266
Taxes receivable (net of allowance)	2,837,375	9,790	2,847,165	-
Other receivables (net of allowance)	1,299,050	1,297,022	2,596,072	2,154
Internal balances (net)	192,382	(192,382)	-	-
Due from other governments	4,007,386	200,093	4,207,479	-
Inventories	90,610	98,132	188,742	-
Investments, noncurrent	3,863,824	13,749,971	17,613,795	18,469
Other assets	96,330	311,325	407,655	76,116
Restricted assets:				
Cash and cash equivalents	1,105,586	76,398	1,181,984	-
Investments	8,678	-	8,678	-
Receivables	72,127	20,315	92,442	-
Capital assets (Note 6):				
Non-depreciable assets	21,801,797	353,768	22,155,565	34,677
Depreciable assets, net of depreciation	9,445,126	1,900,472	11,345,598	338,377
Total capital assets, net of depreciation	31,246,923	2,254,240	33,501,163	373,054
Total Assets	\$ 48,161,815	\$ 24,334,411	\$ 72,496,226	\$ 535,059
LIABILITIES				
Accounts payable	\$ 1,676,691	\$ 95,144	\$ 1,771,835	\$ 37,450
Contracts and retainage payable	177,774	22,038	199,812	2,566
Accrued liabilities	610,115	263,251	873,366	3,930
Obligations under security lending agreements	203,150	2,867,466	3,070,616	-
Due to other governments	781,463	130,902	912,365	-
Unearned revenue	279,835	42,334	322,169	5,429
Long-term liabilities (Note 7):				
Due within one year	1,435,286	2,537,739	3,973,025	-
Due in more than one year	19,799,142	25,397,061	45,196,203	25,587
Total Liabilities	24,963,456	31,355,935	56,319,391	74,962
NET ASSETS				
Invested in capital assets, net of related debt	18,200,533	913,094	19,113,627	343,524
Restricted for:				
Unemployment compensation	-	2,929,842	2,929,842	-
Other purposes	2,298,123	-	2,298,123	20,990
Expendable permanent fund principal	1,413,326	-	1,413,326	-
Nonexpendable permanent endowments	1,503,472	-	1,503,472	-
Unrestricted (deficit)	(217,095)	(10,864,460)	(11,081,555)	95,583
Total Net Assets (Deficit)	\$ 23,198,359	\$ (7,021,524)	\$ 16,176,835	\$ 460,097

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

Statement of Activities
For the Fiscal Year Ended June 30, 2010
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 1,738,451	\$ 534,461	\$ 433,204	\$ 1,124
Education - elementary and secondary (K-12)	8,467,649	11,725	1,510,920	-
Education - higher education	6,051,421	2,210,357	1,945,904	16,009
Human services	12,946,115	345,415	7,885,895	6,922
Adult corrections	937,473	17,815	184,738	-
Natural resources and recreation	1,083,430	564,345	168,456	55,253
Transportation	2,073,086	899,445	64,002	859,519
Interest on long-term debt	810,156	-	-	-
Total Governmental Activities	<u>34,107,781</u>	<u>4,583,563</u>	<u>12,193,119</u>	<u>938,827</u>
Business-Type Activities:				
Workers' compensation	4,267,927	1,755,015	7,805	-
Unemployment compensation	4,728,805	1,287,803	2,455,706	-
Higher education student services	1,627,819	1,698,098	4,474	-
Liquor control	552,363	592,638	10	-
Washington's lottery	388,715	491,076	-	-
Other	345,704	162,393	8	15
Total Business-Type Activities	<u>11,911,333</u>	<u>5,987,023</u>	<u>2,468,003</u>	<u>15</u>
Total Primary Government	<u>\$ 46,019,114</u>	<u>\$ 10,570,586</u>	<u>\$ 14,661,122</u>	<u>\$ 938,842</u>
COMPONENT UNITS	<u>\$ 68,184</u>	<u>\$ 16,446</u>	<u>\$ 43,771</u>	<u>\$ 903</u>
Total Component Units	<u>\$ 68,184</u>	<u>\$ 16,446</u>	<u>\$ 43,771</u>	<u>\$ 903</u>

General Revenues:

- Taxes, net of related credits:
 - Sales and use
 - Business and occupation
 - Property
 - Motor vehicle and fuel
 - Excise
 - Cigarette and tobacco
 - Public utilities
 - Insurance premium
 - Other
- Interest and investment earnings

Total general revenues

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

Contributions to endowments

Transfers

Change in Net Assets

Net assets - Beginning

Net assets - Ending

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

State of Washington

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (769,662)	\$ -	\$ (769,662)	
(6,945,004)	-	(6,945,004)	
(1,879,151)	-	(1,879,151)	
(4,707,883)	-	(4,707,883)	
(734,920)	-	(734,920)	
(295,376)	-	(295,376)	
(250,120)	-	(250,120)	
(810,156)	-	(810,156)	
<u>(16,392,272)</u>	<u>-</u>	<u>(16,392,272)</u>	
-	(2,505,107)	(2,505,107)	
-	(985,296)	(985,296)	
-	74,753	74,753	
-	40,285	40,285	
-	102,361	102,361	
-	(183,288)	(183,288)	
-	(3,456,292)	(3,456,292)	
<u>(16,392,272)</u>	<u>(3,456,292)</u>	<u>(19,848,564)</u>	
			<u>\$ (7,064)</u>
			<u>(7,064)</u>
6,870,776	-	6,870,776	-
2,596,668	-	2,596,668	-
1,822,278	-	1,822,278	-
1,218,877	-	1,218,877	-
466,557	50,766	517,323	-
426,265	-	426,265	-
411,584	-	411,584	-
405,922	-	405,922	-
763,337	109,462	872,799	-
449,090	1,742,003	2,191,093	2,708
<u>15,431,354</u>	<u>1,902,231</u>	<u>17,333,585</u>	<u>2,708</u>
(960,918)	(1,554,061)	(2,514,979)	(4,356)
52,230	-	52,230	-
251,914	(251,914)	-	-
(656,774)	(1,805,975)	(2,462,749)	(4,356)
23,855,133	(5,215,549)	18,639,584	464,453
<u>\$ 23,198,359</u>	<u>\$ (7,021,524)</u>	<u>\$ 16,176,835</u>	<u>\$ 460,097</u>

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Basic Financial Statements
Fund Financial Statements

Balance Sheet
GOVERNMENTAL FUNDS
 June 30, 2010
(expressed in thousands)

	Special Revenue			Higher Education Endowment	Nonmajor Governmental Funds	Total
	General	Higher Education	Motor Vehicle			
ASSETS						
Cash and pooled investments	\$ -	\$ 144,803	\$ 695,659	\$ 316,393	\$ 1,631,669	\$ 2,788,524
Investments	44,080	1,066,639	31,739	2,592,731	272,336	4,007,525
Taxes receivable (net of allowance)	2,703,247	21,169	110,536	-	2,423	2,837,375
Other receivables (net of allowance)	288,191	338,675	63,560	23,083	653,570	1,367,079
Due from other funds	76,085	155,172	11,432	28	1,012,920	1,255,637
Due from other governments	1,435,081	139,661	74,134	1	2,268,626	3,917,503
Inventories and prepaids	14,507	14,985	40,682	-	4,830	75,004
Restricted assets:						
Cash and pooled investments	-	-	960,036	-	145,550	1,105,586
Investments	-	-	-	-	8,678	8,678
Receivables	885	65,628	-	-	4	66,517
Total Assets	\$ 4,562,076	\$ 1,946,732	\$ 1,987,778	\$ 2,932,236	\$ 6,000,606	\$ 17,429,428
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,186,220	\$ 69,216	\$ 155,251	\$ 2,501	\$ 203,276	\$ 1,616,464
Contracts and retainages payable	38,688	3,477	54,668	1,994	42,140	140,967
Accrued liabilities	206,723	243,891	87,974	29,634	78,216	646,438
Obligations under security lending agreements	-	-	-	158,231	44,919	203,150
Due to other funds	877,992	92,968	15,860	2,151	165,585	1,154,556
Due to other governments	490,557	604	68,137	-	118,851	678,149
Deferred revenue	1,361,542	216,874	24,974	8,999	808,872	2,421,261
Claims and judgments payable	21,605	-	-	-	5,626	27,231
Total Liabilities	4,183,327	627,030	406,864	203,510	1,467,485	6,888,216
Fund Balances:						
Reserved for:						
Encumbrances	-	226,759	3,946	-	782,222	1,012,927
Inventories	13,871	12,629	40,682	-	612	67,794
Debt service	-	-	-	-	93,149	93,149
Permanent funds	-	-	-	2,728,726	188,072	2,916,798
Other specific purposes	62,293	210,978	853	-	2,009,812	2,283,936
Unreserved, designated for, reported in:						
Working capital	863,652	-	-	-	-	863,652
Higher education	-	107,624	-	-	-	107,624
Special revenue funds	-	-	-	-	157	157
Debt service funds	-	-	-	-	170,200	170,200
Unreserved, undesignated	(561,067)	761,712	1,535,433	-	-	1,736,078
Unreserved, undesignated reported in:						
Special revenue funds	-	-	-	-	1,219,705	1,219,705
Capital project funds	-	-	-	-	69,192	69,192
Total Fund Balances	378,749	1,319,702	1,580,914	2,728,726	4,533,121	10,541,212
Total Liabilities and Fund Balances	\$ 4,562,076	\$ 1,946,732	\$ 1,987,778	\$ 2,932,236	\$ 6,000,606	\$ 17,429,428

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

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

June 30, 2010
(expressed in thousands)

Total Fund Balances for Governmental Funds \$ 10,541,212

Amounts reported for governmental activities in the Statement of Net Assets 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	\$ 21,785,333	
Depreciable assets	15,390,036	
Less: Accumulated depreciation	<u>(6,372,746)</u>	
Total capital assets		30,802,623

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 deferred in the funds. 2,142,153

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. 12,500

Unmatured interest on general obligation bonds is not recognized in the funds until due. (337,791)

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 Assets. (257,912)

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	\$ (17,553,730)	
Accreted interest on bonds	(366,515)	
Compensated absences	(512,553)	
Other postemployment benefits obligations	(697,213)	
Unfunded pension obligations	(191,389)	
Pollution remediation obligations	(174,353)	
Claims and judgments	(33,661)	
Other obligations	<u>(175,012)</u>	
Total long-term liabilities		<u>(19,704,426)</u>

Net Assets of Governmental Activities \$ 23,198,359

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010
(expressed in thousands)

	Special Revenue		Higher Education Endowment	Nonmajor Governmental Funds	Total
	General	Higher Education			
REVENUES					
Retail sales and use taxes	\$ 6,801,220	\$ -	\$ -	\$ 69,556	\$ 6,870,776
Business and occupation taxes	2,592,710	-	-	3,958	2,596,668
Property taxes	1,822,278	-	-	-	1,822,278
Excise taxes	417,845	-	-	53,642	471,487
Motor vehicle and fuel taxes	-	-	1,203,870	15,007	1,218,877
Other taxes	1,535,293	158,736	26	276,634	1,970,689
Licenses, permits, and fees	85,637	617	375,492	525,164	986,910
Timber sales	4,855	-	27	20,321	147,651
Other contracts and grants	177,250	686,292	1,710	12,119	877,371
Federal grants-in-aid	9,647,711	1,389,004	546,918	804,202	12,387,835
Charges for services	55,660	1,787,298	242,283	1,107	2,403,320
Investment income (loss)	(9,485)	82,152	18,843	269,839	449,090
Miscellaneous revenue	182,827	207,821	27,803	1,852	918,785
Unclaimed property	60,853	-	-	-	60,853
Contributions and donations	-	-	-	52,230	52,230
Total Revenues	23,374,654	4,311,920	2,416,972	345,349	2,785,925
EXPENDITURES					
Current:					
General government	821,978	-	14,240	102	637,501
Human services	13,209,253	362	-	-	526,309
Natural resources and recreation	359,862	-	1,032	2	527,773
Transportation	43,930	1,991	1,246,463	-	583,563
Education	9,242,798	4,210,304	-	482	535,469
Intergovernmental	30,316	-	237,201	-	114,566
Capital outlays	53,796	187,844	1,468,215	129	550,111
Debt service:					
Principal	20,268	21,545	469	-	629,035
Interest	570	6,537	302	-	732,102
Total Expenditures	23,782,771	4,428,583	2,967,922	715	4,836,429
Excess of Revenues Over (Under) Expenditures	(408,117)	(116,663)	(550,950)	344,634	(2,050,504)
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	41,466	2,060,820	-	1,193,290
Refunding bonds issued	-	-	-	-	723,115
Payments to escrow agents for refunded bond debt	-	-	-	-	(792,468)
Bond issue premiums	-	690	32,569	-	156,463
Bond issue discounts	-	-	-	-	(69)
Other debt issued	4,186	107,991	-	-	203
Refunding other debt issued	-	11,960	1,710	-	2,150
Payments to escrow agents for refunded other debt	-	(12,517)	(1,800)	-	(2,262)
Transfers in	1,187,128	217,859	24,228	6,734	2,262,876
Transfers out	(1,566,398)	(136,535)	(341,733)	(100,848)	(1,306,378)
Total Other Financing Sources (Uses)	(375,084)	230,914	1,775,794	(94,114)	2,236,920
Net Change in Fund Balances	(783,201)	114,251	1,224,844	250,520	186,416
Fund Balances - Beginning, as restated	1,161,950	1,205,451	356,070	2,478,206	4,346,705
Fund Balances - Ending	\$ 378,749	\$ 1,319,702	\$ 1,580,914	\$ 2,728,726	\$ 4,533,121

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, 2010
(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 992,830

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	\$ 2,206,643	
Less: Depreciation expense	<u>(508,267)</u>	1,698,376

Some revenues in the Statement of Activities do not provide current financial resources, and therefore, are deferred 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.

62,746

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

(2,300)

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

(70,715)

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 assets. In the current period, these amounts consist of:

Bonds and other financing contracts issued	\$ (4,800,227)	
Principal payments on bonds and other financing contracts	2,109,660	
Accreted interest on bonds	<u>(38,898)</u>	(2,729,465)

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	\$ 6,414	
Other postemployment benefits obligations	(253,559)	
Unfunded pension obligations	(37,259)	
Pollution remediation obligations	(139,348)	
Claims and judgments	(56)	
Accrued interest	(31,838)	
Unclaimed property	(93,158)	
Other obligations	<u>(59,442)</u>	(608,246)

Change in Net Assets of Governmental Activities \$ (656,774)

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

Statement of Fund Net Assets
PROPRIETARY FUNDS
June 30, 2010
(expressed in thousands)

	Business-Type Activities Enterprise Funds				Total	Governmental Activities
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds		Internal Service Funds
ASSETS						
Current Assets:						
Cash and pooled investments	\$ 47,007	\$ 2,321,418	\$ 871,501	\$ 347,259	\$ 3,587,185	\$ 335,349
Investments	2,377,679	-	4,353	540,290	2,922,322	2,702
Taxes receivable (net of allowance)	-	-	-	9,790	9,790	-
Other receivables (net of allowance)	588,631	521,125	159,153	28,113	1,297,022	6,973
Due from other funds	528	6,339	26,438	8,816	42,121	171,376
Due from other governments	1,207	104,828	53,325	3,767	163,127	8,396
Inventories	120	-	42,102	55,910	98,132	17,962
Prepaid expenses	-	-	19,397	1,343	20,740	5,102
Restricted assets:						
Cash and pooled investments	-	-	76,398	-	76,398	-
Receivables	-	-	-	20,315	20,315	5,610
Total Current Assets	3,015,172	2,953,710	1,252,667	1,015,603	8,237,152	553,470
Noncurrent Assets:						
Investments, noncurrent	11,894,481	-	223,455	1,632,035	13,749,971	71,268
Other noncurrent assets	-	-	67,806	222,778	290,584	29
Capital assets:						
Land and other non-depreciable assets	3,240	-	60,439	79,072	142,751	3,836
Buildings	62,705	-	1,920,425	420,691	2,403,821	168,506
Other improvements	1,661	-	74,401	21,751	97,813	18,796
Furnishings, equipment and intangible assets	69,688	-	394,769	70,169	534,626	766,227
Infrastructure	-	-	30,110	-	30,110	1,818
Accumulated depreciation	(81,377)	-	(914,115)	(170,406)	(1,165,898)	(527,511)
Construction in progress	7,443	-	153,540	50,034	211,017	12,628
Total Noncurrent Assets	11,957,841	-	2,010,830	2,326,124	16,294,795	515,597
Total Assets	14,973,013	2,953,710	3,263,497	3,341,727	24,531,947	1,069,067
LIABILITIES						
Current Liabilities:						
Accounts payable	2,882	-	61,591	30,671	95,144	60,226
Contracts and retainages payable	7,306	-	11,937	93,094	112,337	36,779
Accrued liabilities	161,014	2,613	156,726	128,644	448,997	32,524
Obligations under security lending agreements	2,377,679	-	-	489,787	2,867,466	-
Bonds and notes payable	4,030	-	47,017	74,062	125,109	23,775
Due to other funds	5,334	1,120	175,640	28,490	210,584	102,469
Due to other governments	-	20,135	6	97,716	117,857	41
Unearned revenue	7,996	-	34,286	52	42,334	726
Claims and judgments payable	2,132,081	-	-	4,501	2,136,582	237,626
Total Current Liabilities	4,698,322	23,868	487,203	947,017	6,156,410	494,166
Noncurrent Liabilities:						
Claims and judgments payable	21,893,751	-	-	7,989	21,901,740	635,530
Bonds and notes payable	18,080	-	1,092,441	251,481	1,362,002	171,843
Other long-term liabilities	29,914	-	90,983	2,012,422	2,133,319	25,440
Total Noncurrent Liabilities	21,941,745	-	1,183,424	2,271,892	25,397,061	832,813
Total Liabilities	26,640,067	23,868	1,670,627	3,218,909	31,553,471	1,326,979
NET ASSETS						
Invested in capital assets, net of related debt	41,251	-	656,509	215,334	913,094	254,293
Restricted for:						
Unemployment compensation	-	2,929,842	-	-	2,929,842	-
Unrestricted	(11,708,305)	-	936,361	(92,516)	(10,864,460)	(512,205)
Total Net Assets (Deficit)	\$ (11,667,054)	\$ 2,929,842	\$ 1,592,870	\$ 122,818	\$ (7,021,524)	\$ (257,912)

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets
PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2010
 (expressed in thousands)

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES						
Sales	\$ -	\$ -	\$ 145,636	\$ 637,350	\$ 782,986	\$ 101,884
Less: Cost of goods sold	-	-	91,390	424,824	516,214	87,524
Gross profit	-	-	54,246	212,526	266,772	14,360
Charges for services	25	-	1,339,785	80,082	1,419,892	606,664
Premiums and assessments	1,727,722	1,241,121	-	-	2,968,843	1,300,093
Federal aid for unemployment insurance benefits	-	2,455,706	-	-	2,455,706	-
Lottery ticket proceeds	-	-	-	491,021	491,021	-
Miscellaneous revenue	27,195	46,682	209,960	7,090	290,927	111,189
Total Operating Revenues	1,754,942	3,743,509	1,603,991	790,719	7,893,161	2,032,306
OPERATING EXPENSES						
Salaries and wages	137,086	-	577,094	99,495	813,675	296,368
Employee benefits	48,557	-	154,896	41,630	245,083	83,609
Personal services	4,521	-	15,196	22,052	41,769	19,541
Goods and services	67,817	-	594,709	125,952	788,478	294,955
Travel	3,339	-	18,086	2,463	23,888	3,531
Premiums and claims	3,971,059	4,728,804	-	-	8,699,863	1,333,761
Lottery prize payments	-	-	-	291,828	291,828	-
Depreciation and amortization	7,991	-	101,021	16,325	125,337	69,208
Guaranteed education tuition expense	-	-	-	181,664	181,664	-
Miscellaneous expenses	26,287	-	16,113	578	42,978	2,223
Total Operating Expenses	4,266,657	4,728,804	1,477,115	781,987	11,254,563	2,103,196
Operating Income (Loss)	(2,511,715)	(985,295)	126,876	8,732	(3,361,402)	(70,890)
NONOPERATING REVENUES (EXPENSES)						
Earnings (loss) on investments	1,454,440	115,416	24,802	147,345	1,742,003	5,195
Interest expense	(1,271)	-	(59,313)	(34,917)	(95,501)	(8,207)
Distributions to other governments	-	-	-	(45,053)	(45,053)	-
Tax revenue	-	-	-	160,228	160,228	-
Other revenues (expenses)	7,878	-	7,191	30,581	45,650	(626)
Total Nonoperating Revenues (Expenses)	1,461,047	115,416	(27,320)	258,184	1,807,327	(3,638)
Income (Loss) Before Contributions and Transfers	(1,050,668)	(869,879)	99,556	266,916	(1,554,075)	(74,528)
Capital contributions	-	-	-	15	15	1,809
Transfers in	840	-	19,869	27,136	47,845	25,310
Transfers out	-	-	(23,570)	(276,190)	(299,760)	(23,306)
Net Contributions and Transfers	840	-	(3,701)	(249,039)	(251,900)	3,813
Change in Net Assets	(1,049,828)	(869,879)	95,855	17,877	(1,805,975)	(70,715)
Net Assets (Deficit) - Beginning, as restated	(10,617,226)	3,799,721	1,497,015	104,941	(5,215,549)	(187,197)
Net Assets (Deficit) - Ending	\$ (11,667,054)	\$ 2,929,842	\$ 1,592,870	\$ 122,818	\$ (7,021,524)	\$ (257,912)

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

Statement of Cash Flows
PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2010
(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,952,915	\$ 1,074,166	\$ 1,477,391	\$ 1,436,342
Payments to suppliers	(2,282,720)	(4,721,068)	(602,589)	(970,861)
Payments to employees	(178,887)	-	(708,190)	(135,136)
Other receipts (payments)	27,196	2,453,363	209,960	7,090
Net Cash Provided (Used) by Operating Activities	(481,496)	(1,193,539)	376,572	337,435
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	840	-	19,869	27,136
Transfers out	-	-	(23,570)	(276,190)
Operating grants and donations received	7,604	-	4,755	18
Taxes and license fees collected	113	-	-	186,208
Distributions to other governments	-	-	-	(45,053)
Other noncapital financing sources (uses)	-	-	-	4,384
Net Cash Provided (Used) by Noncapital Financing Activities	8,557	-	1,054	(103,497)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	(1,346)	-	(60,307)	(13,602)
Capital contributions	-	-	-	15
Principal payments on long-term capital financing	(3,820)	-	(54,364)	(24,185)
Proceeds from long-term capital financing	-	-	143,779	-
Proceeds from sale of capital assets	39	-	14,094	989
Acquisitions of capital assets	(8,086)	-	(351,400)	(25,057)
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,213)	-	(308,198)	(61,840)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest	523,356	115,416	18,350	18,929
Proceeds from sale of investment securities	5,021,292	-	30,688	433,527
Purchases of investment securities	(5,082,205)	-	(27,254)	(584,049)
Net Cash Provided (Used) by Investing Activities	462,443	115,416	21,784	(131,593)
Net Increase (Decrease) in Cash and Pooled Investments	(23,709)	(1,078,123)	91,212	40,505
Cash and Pooled Investments, July 1, as restated	70,716	3,399,541	856,687	306,754
Cash and Pooled Investments, June 30	\$ 47,007	\$ 2,321,418	\$ 947,899	\$ 347,259
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (2,511,715)	\$ (985,295)	\$ 126,876	\$ 8,732
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:				
Depreciation	7,991	-	101,021	16,325
Change in Assets: Decrease (Increase)				
Receivables (net of allowance)	251,649	(215,981)	(5,103)	(16,047)
Inventories	22	-	(1,838)	(6,124)
Prepaid expenses	38	-	13,616	(979)
Change in Liabilities: Increase (Decrease)				
Payables	1,770,519	7,737	142,000	335,528
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	\$ (481,496)	\$ (1,193,539)	\$ 376,572	\$ 337,435

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

Continued

Governmental Activities	
Total	Internal Service Funds
\$ 5,940,814	\$ 2,036,236
(8,577,238)	(1,692,577)
(1,022,213)	(379,904)
<u>2,697,609</u>	<u>111,188</u>
<u>(961,028)</u>	<u>74,943</u>
47,845	25,310
(299,760)	(23,306)
12,377	520
186,321	-
(45,053)	-
4,384	(1)
<u>(93,886)</u>	<u>2,523</u>
(75,255)	(8,299)
15	-
(82,369)	(46,987)
143,779	33,148
15,122	6,967
<u>(384,543)</u>	<u>(66,109)</u>
<u>(383,251)</u>	<u>(81,280)</u>
676,051	5,737
5,485,507	35,573
<u>(5,693,508)</u>	<u>(39,501)</u>
<u>468,050</u>	<u>1,809</u>
(970,115)	(2,005)
4,633,698	337,354
<u>\$ 3,663,583</u>	<u>\$ 335,349</u>
\$ (3,361,402)	\$ (70,890)
125,337	69,208
14,518	28,226
(7,940)	211
12,675	478
<u>2,255,784</u>	<u>47,710</u>
<u>\$ (961,028)</u>	<u>\$ 74,943</u>

Statement of Cash Flows
PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2010
(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers'	Unemployment	Higher	Nonmajor
			Education	
Compensation	Compensation	Student	Funds	
Services				
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -
Acquisition of capital assets through capital leases	-	-	71	-
Refunding Certificates of Participation issued	-	-	6,725	-
Refunding Certificates of Participation redeemed	-	-	7,005	-
Amortization of annuity prize liability	-	-	-	17,352
Increase (decrease) in fair value of investments	928,502	-	39	127,586
Refunding bonds issued	-	-	53,470	-
Refunding bonds redeemed	-	-	56,295	-
Amortization of debt premium (issue costs/discount)	-	-	(383)	(110)
Accretion of interest on zero coupon bonds	-	-	-	(3,709)
Increase in ownership of joint venture	-	-	6,963	-

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

Concluded

Governmental Activities	
Internal Service Funds	
Total	
\$ -	\$ 1,809
71	15
6,725	15,075
7,005	15,490
17,352	-
1,056,127	(528)
53,470	-
56,295	-
(493)	-
(3,709)	-
6,963	-

Statement of Fiduciary Net Assets
FIDUCIARY FUNDS
 June 30, 2010
(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
ASSETS				
Current Assets:				
Cash and pooled investments	\$ 8,155	\$ 3,535,387	\$ 317,199	\$ 262,259
Investments	-	3,852,658	-	-
Receivables, pension and other employee benefit plans:				
Employers	-	-	111,752	-
Members (net of allowance)	-	-	2,560	-
Interest and dividends	-	-	168,917	-
Investment trades pending	-	-	3,599,468	-
Due from other pension and other employee benefit funds	-	-	1,626	-
Other receivables, all other funds	-	1,542	-	10,613
Due from other funds	-	-	79	215
Due from other governments	-	-	-	18,135
Total Current Assets	8,155	7,389,587	4,201,601	291,222
Noncurrent Assets:				
Investments, noncurrent, pension and other employee benefit plans:				
Public equity	-	-	22,686,332	-
Fixed income	-	-	11,758,745	-
Private equity	-	-	13,560,126	-
Real estate	-	-	7,483,584	-
Security lending	-	-	3,667,614	-
Liquidity	-	-	1,645,221	-
Tangible asset	-	-	610,388	-
Investments, noncurrent, all other funds	18,128	939,909	-	17,858
Other noncurrent assets	-	-	-	32,175
Capital assets:				
Furnishings, equipment and intangible assets	32	-	-	-
Accumulated depreciation	(15)	-	-	-
Total Noncurrent Assets	18,145	939,909	61,412,010	50,033
Total Assets	26,300	8,329,496	65,613,611	\$ 341,255
LIABILITIES				
Accounts payable	286	-	-	\$ 9,048
Contracts and retainages payable	-	-	-	37,133
Accrued liabilities	111	57	4,177,204	53,616
Obligations under security lending agreements	-	-	3,667,614	-
Due to other funds	-	-	1,763	56
Due to other pension and other employee benefit funds	-	-	1,626	-
Due to other governments	-	-	-	209,228
Unearned revenue	-	-	1,087	-
Other long-term liabilities	-	-	-	32,174
Total Liabilities	397	57	7,849,294	\$ 341,255
NET ASSETS				
Net assets held in trust for:				
Pension benefits	-	-	55,315,440	
Deferred compensation participants	-	-	2,448,877	
Local government pool participants	-	8,329,439	-	
Individuals, organizations & other governments	25,903	-	-	
Total Net Assets	\$ 25,903	\$ 8,329,439	\$ 57,764,317	

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

Statement of Changes in Fiduciary Net Assets

FIDUCIARY FUNDS

For the Fiscal Year Ended June 30, 2010
(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
ADDITIONS			
Contributions:			
Employers	\$ -	\$ -	\$ 920,043
Members	-	-	941,664
State	-	-	68,631
Participants	-	17,193,607	185,120
Total Contributions	-	17,193,607	2,115,458
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	5,306,164
Interest and dividends	-	32,586	1,586,364
Less: Investment expenses	-	-	(226,686)
Net Investment Income (Loss)	-	32,586	6,665,842
Other Additions:			
Unclaimed property	48,422	-	-
Transfers from other pension plans	-	-	19,905
Other contracts, grants and miscellaneous	1	-	1,148
Total Other Additions	48,423	-	21,053
Total Additions	48,423	17,226,193	8,802,353
DEDUCTIONS			
Pension benefits	-	-	2,754,169
Pension refunds	-	-	202,207
Transfers to other pension plans	-	-	19,905
Administrative expenses	3,482	657	2,666
Distributions to participants	-	16,922,279	108,578
Payments to or on behalf of individuals, organizations and other governments in accordance with state unclaimed property laws	40,739	-	-
Total Deductions	44,221	16,922,936	3,087,525
Net Increase (Decrease)	4,202	303,257	5,714,828
Net Assets - Beginning	21,701	8,026,182	52,049,489
Net Assets - Ending	\$ 25,903	\$ 8,329,439	\$ 57,764,317

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

Statement of Fund Net Assets
COMPONENT UNITS
 June 30, 2010
 (expressed in thousands)

	Public Stadium	Nonmajor Component Units	Total
ASSETS			
Current Assets:			
Cash and pooled investments	\$ 6,738	\$ 14,925	\$ 21,663
Investments	3,784	39,819	43,603
Other receivables (net of allowance)	442	1,712	2,154
Prepaid expenses	24	175	199
Total Current Assets	10,988	56,631	67,619
Noncurrent Assets:			
Investments, noncurrent	18,469	-	18,469
Other noncurrent assets	-	75,917	75,917
Capital assets:			
Land	34,677	-	34,677
Buildings	460,025	-	460,025
Furnishings, equipment and intangible assets	23,129	1,655	24,784
Accumulated depreciation	(145,112)	(1,320)	(146,432)
Total Noncurrent Assets	391,188	76,252	467,440
Total Assets	402,176	132,883	535,059
LIABILITIES			
Current Liabilities:			
Accounts payable	18	37,432	37,450
Contracts and retainages payable	2,566	-	2,566
Accrued liabilities	3,860	70	3,930
Unearned revenue	86	5,343	5,429
Total Current Liabilities	6,530	42,845	49,375
Noncurrent Liabilities:			
Other long-term liabilities	25,587	-	25,587
Total Noncurrent Liabilities	25,587	-	25,587
Total Liabilities	32,117	42,845	74,962
NET ASSETS			
Invested in capital assets, net of related debt	343,189	335	343,524
Restricted for deferred sales tax	20,490	-	20,490
Restricted for other purposes	-	500	500
Unrestricted	6,380	89,203	95,583
Total Net Assets (Deficit)	\$ 370,059	\$ 90,038	\$ 460,097

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

Statement of Revenues, Expenses, and Changes in Fund Net Assets

COMPONENT UNITS

For the Fiscal Year Ended June 30, 2010
(expressed in thousands)

	Public Stadium	Nonmajor Component Units	Total
OPERATING REVENUES			
Charges for services	\$ 1,031	\$ 15,415	\$ 16,446
Total Operating Revenues	1,031	15,415	16,446
OPERATING EXPENSES			
Salaries and wages	404	4,573	4,977
Employee benefits	74	1,247	1,321
Personal services	183	1,576	1,759
Goods and services	827	2,132	2,959
Travel	2	33	35
Depreciation and amortization	15,558	161	15,719
Miscellaneous expenses	-	173	173
Total Operating Expenses	17,048	9,895	26,943
Operating Income (Loss)	(16,017)	5,520	(10,497)
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	1,130	1,578	2,708
Operating grants and contributions	-	41,810	41,810
Distributions of operating grants	-	(41,256)	(41,256)
Naming rights	1,961	-	1,961
Other	15	-	15
Total Nonoperating Revenues (Expenses)	3,106	2,132	5,238
Income (Loss)	(12,911)	7,652	(5,259)
Capital grants and contributions	903	-	903
Total Contributions and Transfers	903	-	903
Change in Net Assets	(12,008)	7,652	(4,356)
Net Assets - Beginning	382,067	82,386	464,453
Net Assets - Ending	\$ 370,059	\$ 90,038	\$ 460,097

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

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