

## **Nonmajor Enterprise Funds**

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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 described below:

**The Liquor Fund** accounts for the administration and operation of state liquor stores, warehouses, and the distribution of net proceeds.

**The Convention and Trade Fund** accounts for the acquisition, design, construction, promotion, and operation of the State Convention and Trade Center.

**The Lottery Fund** accounts for lottery ticket revenues, administrative and operating expenses of the Lottery Commission, and the distribution of revenue.

**The Institutional Fund** accounts for the enterprise activities (industries) carried out through vocational/education programs at the correctional institutions.

**The Health Insurance Fund** accounts for payment of health care coverage to low-income residents and premiums for employees' insurance benefit contracts.

**The Other Activities Fund** accounts for the following: (1) the guaranteed college tuition program; (2) the operation of computer systems for legislative information; (3) the production and sale of statute law publications and official reports; and (4) Judicial Information System users.

## Combining Statement of Fund Net Assets

### Nonmajor Enterprise Funds

June 30, 2005  
(expressed in thousands)

	Liquor	Convention and Trade	Lottery	Institutional
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 26,715	\$ 40,416	\$ 38,983	\$ 11,947
Investments	-	-	70,020	-
Taxes receivable (net of allowance)	4,841	-	-	-
Other receivables (net of allowance)	3,719	1,003	14,844	302
Due from other funds	841	232	481	16,745
Due from other governments	-	-	-	468
Inventories	34,174	-	331	11,586
Prepaid expenses	-	267	107	153
<b>Total Current Assets</b>	<b>70,290</b>	<b>41,918</b>	<b>124,766</b>	<b>41,201</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent	-	-	442,017	-
Other noncurrent assets	-	-	-	-
<b>Capital Assets:</b>				
Land	177	77,355	-	-
Buildings	15,154	379,329	-	-
Other improvements	134	8,523	780	3,094
Furnishings, equipment, and collections	24,495	5,150	2,777	15,656
Accumulated depreciation	(11,416)	(75,990)	(3,101)	(8,934)
Construction in progress	24	-	-	224
<b>Total Noncurrent Assets</b>	<b>28,568</b>	<b>394,367</b>	<b>442,473</b>	<b>10,040</b>
<b>Total Assets</b>	<b>\$ 98,858</b>	<b>\$ 436,285</b>	<b>\$ 567,239</b>	<b>\$ 51,241</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 26,745	\$ 27	\$ 2,327	\$ 5,159
Contracts and retainages payable	-	1,959	-	-
Accrued liabilities	14,552	1,664	90,478	689
Obligations under security	-	-	-	-
Bonds and notes payable	2,220	18,265	-	330
Due to other funds	6,201	47	8,240	889
Due to other governments	-	-	63	-
Unearned revenues	3	31	-	24
Claims and judgments payable	-	-	-	-
<b>Total Current Liabilities</b>	<b>49,721</b>	<b>21,993</b>	<b>101,108</b>	<b>7,091</b>
<b>Non-Current Liabilities:</b>				
Claims and judgments payable	-	-	-	-
Bonds and notes payable	7,195	258,194	-	9,020
Other long-term liabilities	3,797	-	392,820	1,030
<b>Total Non-Current Liabilities</b>	<b>10,992</b>	<b>258,194</b>	<b>392,820</b>	<b>10,050</b>
<b>Total Liabilities</b>	<b>60,713</b>	<b>280,187</b>	<b>493,928</b>	<b>17,141</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	19,153	117,909	456	690
Unrestricted	18,992	38,189	72,855	33,410
<b>Total Net Assets (Deficit)</b>	<b>\$ 38,145</b>	<b>\$ 156,098</b>	<b>\$ 73,311</b>	<b>\$ 34,100</b>

State of Washington

Health Insurance	Other Activities	Total
\$ 157,654	\$ 128,233	\$ 403,948
24,064	213,956	308,040
-	-	4,841
1,202	3,707	24,777
21,300	2,624	42,223
18,109	3,124	21,701
23	-	46,114
-	9	536
<u>222,352</u>	<u>351,653</u>	<u>852,180</u>
75,874	545,954	1,063,845
-	109,965	109,965
-	-	77,532
-	-	394,483
-	71	12,602
1,416	13,398	62,892
(1,134)	(10,635)	(111,210)
-	-	248
<u>76,156</u>	<u>658,753</u>	<u>1,610,357</u>
<u>\$ 298,508</u>	<u>\$ 1,010,406</u>	<u>\$ 2,462,537</u>
\$ 24,114	\$ 3,203	\$ 61,575
20,483	17	22,459
240	14,878	122,501
24,064	213,956	238,020
-	25,636	46,451
21,395	24,944	61,716
-	3,439	3,502
213	-	271
78,429	1,539	79,968
<u>168,938</u>	<u>287,612</u>	<u>636,463</u>
-	2,403	2,403
-	87	274,496
342	603,189	1,001,178
<u>342</u>	<u>605,679</u>	<u>1,278,077</u>
<u>169,280</u>	<u>893,291</u>	<u>1,914,540</u>
281	2,654	141,143
128,947	114,461	406,854
<u>\$ 129,228</u>	<u>\$ 117,115</u>	<u>\$ 547,997</u>

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

### Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2005  
(expressed in thousands)

	Liquor	Convention and Trade	Lottery	Institutional
<b>Operating Revenues:</b>				
Sales	\$ 444,314	\$ -	\$ -	\$ 51,633
Less: Cost of goods sold	302,702	-	-	37,363
Gross profit	141,612	-	-	14,270
Charges for services	308	12,915	-	-
Premiums and assessments	-	-	-	-
Lottery ticket proceeds	-	-	458,132	-
Miscellaneous revenue	140	764	-	2,176
<b>Total Operating Revenues</b>	<b>142,060</b>	<b>13,679</b>	<b>458,132</b>	<b>16,446</b>
<b>Operating Expenses:</b>				
Salaries and wages	33,511	5,889	6,741	10,877
Employee benefits	11,156	2,658	1,679	2,667
Personal services	2,282	5,086	6,309	-
Goods and services	38,159	4,424	47,413	489
Travel	412	35	325	137
Premiums and claims	-	-	-	21
Lottery prize payments	-	-	280,863	-
Depreciation and amortization	4,533	8,016	161	1,302
Miscellaneous expenses	10	-	12	33
<b>Total Operating Expenses</b>	<b>90,063</b>	<b>26,108</b>	<b>343,503</b>	<b>15,526</b>
<b>Operating Income (Loss)</b>	<b>51,997</b>	<b>(12,429)</b>	<b>114,629</b>	<b>920</b>
<b>Nonoperating Revenues (Expenses):</b>				
Earnings (loss) on investments	-	-	43,219	1
Interest expense	(539)	(15,270)	(31,220)	-
Distributions to other governments	(36,263)	-	(4,188)	-
Other revenue (expenses)	57,597	42,948	10	(16)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>20,795</b>	<b>27,678</b>	<b>7,821</b>	<b>(15)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>72,792</b>	<b>15,249</b>	<b>122,450</b>	<b>905</b>
Capital contributions (Return of capital contributions)	-	(2,058)	-	(165)
Transfers in	6,093	-	11,162	669
Transfers (out)	(84,101)	(5,000)	(122,606)	-
<b>Net Contributions and Transfers</b>	<b>(78,008)</b>	<b>(7,058)</b>	<b>(111,444)</b>	<b>504</b>
<b>Change in Net Assets</b>	<b>(5,216)</b>	<b>8,191</b>	<b>11,006</b>	<b>1,409</b>
<b>Net Assets (Deficit) - Beginning, as restated</b>	<b>43,361</b>	<b>147,907</b>	<b>62,305</b>	<b>32,691</b>
<b>Net Assets (Deficit) - Ending</b>	<b>\$ 38,145</b>	<b>\$ 156,098</b>	<b>\$ 73,311</b>	<b>\$ 34,100</b>

Health Insurance	Other Activities	Total
\$ -	\$ -	\$ 495,947
-	-	340,065
-	-	155,882
18	57,509	70,750
1,200,214	-	1,200,214
-	-	458,132
7	2,781	5,868
1,200,239	60,290	1,890,846
4,335	17,713	79,066
1,057	4,057	23,274
918	3,885	18,480
5,019	12,894	108,398
60	759	1,728
1,126,078	-	1,126,099
-	-	280,863
201	960	15,173
-	44,654	44,709
1,137,668	84,922	1,697,790
62,571	(24,632)	193,056
3,721	44,229	91,170
-	(7)	(47,036)
-	-	(40,451)
-	13,654	114,193
3,721	57,876	117,876
66,292	33,244	310,932
-	-	(2,223)
29,881	105	47,910
(29,887)	(199)	(241,793)
(6)	(94)	(196,106)
66,286	33,150	114,826
62,942	83,965	433,171
\$ 129,228	\$ 117,115	\$ 547,997

## Combining Statement of Cash Flows

### Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2005

(expressed in thousands)

	Liquor	Convention and Trade	Lottery	Institutional
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 445,417	\$ 15,190	\$ 463,656	\$ 38,797
Payments to suppliers	(333,088)	(9,527)	(405,414)	(38,428)
Payments to employees	(44,301)	(8,526)	(8,400)	(13,525)
Other receipts (payments)	140	764		2,171
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>68,168</b>	<b>(2,099)</b>	<b>49,842</b>	<b>(10,985)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers in	6,093	-	11,162	669
Transfers out	(84,101)	(5,000)	(122,606)	-
Operating grants and donations received	-	-	-	(6)
Taxes and license fees collected	57,613	42,948	20	-
Distributions to other governments	(36,263)	-	(4,188)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(56,658)</b>	<b>37,948</b>	<b>(115,612)</b>	<b>663</b>
<b>Cash Flows from Capital and</b>				
Interest paid	(539)	(12,286)	-	-
Principal payments on long-term capital financing	(2,182)	(17,380)	-	-
Proceeds from long-term capital financing	-	-	-	9,350
Proceeds from sale of capital assets	71	5,786	-	2,262
Acquisitions of capital assets	(4,249)	(9,135)	(179)	(5,339)
<b>Net Cash or Pooled Investments Provided by (Used in) Capital and Related Financing Activities</b>	<b>(6,899)</b>	<b>(33,015)</b>	<b>(179)</b>	<b>6,273</b>
<b>Cash Flows from Investing Activities:</b>				
Receipt of interest	-	-	1,145	1
Proceeds from sale of investment securities	-	-	148,718	-
Purchases of investment securities	-	-	(80,222)	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>-</b>	<b>-</b>	<b>69,641</b>	<b>1</b>
<b>Net Increase (Decrease) in Cash</b>	<b>4,611</b>	<b>2,834</b>	<b>3,692</b>	<b>(4,048)</b>
Cash and Pooled Investments, July 1	22,104	37,582	35,291	15,995
Cash and Pooled Investments, June 30	<b>\$ 26,715</b>	<b>\$ 40,416</b>	<b>\$ 38,983</b>	<b>\$ 11,947</b>
<b>Cash Flows from Operating Activities:</b>				
Operating Income (Loss)	\$ 51,997	\$ ( 12,429)	\$ 114,629	\$ 920
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:</b>				
Depreciation	4,533	8,016	161	1,302
Provision for uncollectible accounts	-	-	11	-
<b>Change in Assets: Decrease (Increase)</b>				
Receivables (net of allowance)	792	2,268	5,525	(12,838)
Inventories	(565)	-	(45)	(2,995)
Prepaid expenses	-	65	118	57
<b>Change in Liabilities: Increase (Decrease)</b>				
Payables	11,411	(19)	(70,557)	2,569
<b>Net Cash or Cash Equivalents Provided by (Used in) Operating Activities</b>	<b>\$ 68,168</b>	<b>\$ ( 2,099)</b>	<b>\$ 49,842</b>	<b>\$ ( 10,985)</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Contributions of Capital Assets	\$ -	\$ 2,058	\$ -	\$ 165
Amortization of interest on long-term prize liability	-	-	31,220	-
Increase (decrease) in fair value of investments	-	-	42,074	-
Accretion of interest on zero coupon bonds	-	3,092	-	-

Health Insurance	Other Activities	Total
\$ 1,212,281	\$ 28,743	\$ 2,204,084
(1,126,932)	86,168	(1,827,221)
(5,391)	(21,605)	(101,748)
7	2,781	5,863
79,965	96,087	280,978
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29,881	105	47,910
(29,887)	(199)	(241,793)
-	-	(6)
-	13,673	114,254
-	-	(40,451)
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(6)	13,579	(120,086)
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-	(7)	(12,832)
-	(103,708)	(123,270)
-	109,246	118,596
3	164	8,286
(55)	(2,007)	(20,964)
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(52)	3,688	(30,184)
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3,438	23,931	28,515
(28,373)	252,036	372,381
-	(374,951)	(455,173)
(24,935)	(98,984)	(54,277)
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54,972	14,370	76,431
102,682	113,863	327,517
\$ 157,654	\$ 128,233	\$ 403,948
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\$ 62,571	\$ (24,632)	\$ 193,056
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201	960	15,173
-	-	11
11,984	(28,876)	(21,145)
(23)	-	(3,628)
-	4	244
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5,232	148,631	97,267
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\$ 79,965	\$ 96,087	\$ 280,978
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\$ -	\$ -	\$ 2,223
-	-	31,220
136	(19,658)	22,552
-	-	3,092
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