

Basic Financial Statements

Government-wide Financial Statements

**State of Washington
Statement of Net Assets**

June 30, 2007

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and pooled investments	\$ 7,094,531	\$ 6,320,552	\$ 13,415,083	\$ 54,847
Taxes receivable (net of allowance)	2,730,075	4,962	2,735,037	-
Other receivables (net of allowance)	953,543	1,290,247	2,243,790	4,381
Internal balances (net)	49,991	(49,991)	-	-
Due from other governments	3,043,290	49,545	3,092,835	-
Inventories	90,004	81,425	171,429	-
Investments, noncurrent	3,906,597	12,523,958	16,430,555	22,472
Other assets	126,681	174,706	301,387	31,814
Capital assets (Note 6):				
Non-depreciable assets	17,906,120	313,024	18,219,144	35,091
Depreciable assets, net of depreciation	7,928,173	1,532,764	9,460,937	384,729
Total capital assets, net of depreciation	25,834,293	1,845,788	27,680,081	419,820
Total Assets	\$ 43,829,005	\$ 22,241,192	\$ 66,070,197	\$ 533,334
LIABILITIES				
Accounts payable	\$ 1,265,760	\$ 143,506	\$ 1,409,266	\$ 5,551
Contracts and retainage payable	144,776	16,286	161,062	6,956
Accrued liabilities	489,979	264,339	754,318	3,848
Obligations under security lending agreements	825,150	1,953,536	2,778,686	-
Due to other governments	623,472	16,564	640,036	-
Unearned revenue	570,708	47,215	617,923	1,815
Long-term liabilities (Note 7):				
Due within one year	965,526	2,032,290	2,997,816	-
Due in more than one year	13,413,245	20,533,932	33,947,177	38,093
Total Liabilities	18,298,616	25,007,668	43,306,284	56,263
NET ASSETS				
Invested in capital assets, net of related debt	16,189,371	598,073	16,787,444	372,202
Restricted for:				
Unemployment compensation	-	3,891,025	3,891,025	-
Other purposes	1,745,444	-	1,745,444	30,610
Capital projects	270,494	-	270,494	-
Expendable permanent fund principal	1,779,181	-	1,779,181	-
Nonexpendable permanent endowments	1,276,752	-	1,276,752	-
Unrestricted (deficit)	4,269,147	(7,255,574)	(2,986,427)	74,259
Total Net Assets	\$ 25,530,389	\$ (2,766,476)	\$ 22,763,913	\$ 477,071

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, 2007
(expressed in thousands)

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 1,524,568	\$ 575,908	\$ 311,809	\$ 1,098
Education--elementary and secondary (K-12)	6,870,782	14,287	739,990	-
Education--higher education	5,243,929	1,545,093	1,629,165	20,822
Human services	10,473,000	235,553	5,367,161	536
Adult corrections	810,730	10,023	2,643	-
Natural resources and recreation	982,956	393,507	165,060	37,108
Transportation	1,588,496	843,707	69,892	685,050
Interest on long-term debt	553,527	-	-	-
Total governmental activities	28,047,988	3,618,078	8,285,720	744,614
Business-type Activities:				
Workers' compensation	3,840,578	1,709,917	7,258	-
Unemployment compensation	697,182	1,248,273	35,276	-
Higher education student services	1,305,235	1,347,420	3,720	-
Other	1,102,814	1,166,493	5	-
Total business-type activities	6,945,809	5,472,103	46,259	-
Total Primary Government	\$ 34,993,797	\$ 9,090,181	\$ 8,331,979	\$ 744,614
Total Component Units	\$ 29,730	\$ 15,136	\$ 159	\$ 940

General revenues:

- Taxes - sales and use
- Taxes - business and occupation
- Taxes - property
- Taxes - motor vehicle and fuel
- Taxes - excise
- Taxes - other
- Interest and investment earnings

Total general revenues

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

Contributions to endowments

Transfers

Change in net assets

Net assets -- restated beginning

Net assets -- ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (635,753)	\$ -	\$ (635,753)	
(6,116,505)	-	(6,116,505)	
(2,048,849)	-	(2,048,849)	
(4,869,750)	-	(4,869,750)	
(798,064)	-	(798,064)	
(387,281)	-	(387,281)	
10,153	-	10,153	
(553,527)	-	(553,527)	
(15,399,576)	-	(15,399,576)	
-	(2,123,403)	(2,123,403)	
-	586,367	586,367	
-	45,905	45,905	
-	63,684	63,684	
-	(1,427,447)	(1,427,447)	
(15,399,576)	(1,427,447)	(16,827,023)	
			\$ (13,495)
7,951,469	-	7,951,469	-
2,756,374	-	2,756,374	-
1,688,531	-	1,688,531	-
1,134,622	-	1,134,622	-
1,106,729	56,111	1,162,840	-
2,066,491	52,362	2,118,853	-
817,905	1,315,639	2,133,544	4,832
17,522,121	1,424,112	18,946,233	4,832
2,122,545	(3,335)	2,119,210	(8,663)
97,346	-	97,346	-
204,099	(204,099)	-	-
2,423,990	(207,434)	2,216,556	(8,663)
23,106,399	(2,559,042)	20,547,357	485,734
\$ 25,530,389	\$ (2,766,476)	\$ 22,763,913	\$ 477,071

Fund Financial Statements

GOVERNMENTAL FUNDS Balance Sheet

June 30, 2007

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Assets:					
Cash and pooled investments	\$ 1,071,194	\$ 729,447	\$ 474,866	\$ 4,213,159	\$ 6,488,666
Investments	-	819,867	2,803,024	225,088	3,847,979
Taxes receivable (net of allowance)	2,599,567	8,874	-	121,634	2,730,075
Other receivables (net of allowance)	241,902	245,817	43,017	539,397	1,070,133
Due from other funds	237,813	155,268	299	456,142	849,522
Due from other governments	841,258	119,299	-	1,960,631	2,921,188
Inventories	23,462	12,175	-	35,700	71,337
Total Assets	\$ 5,015,196	\$ 2,090,747	\$ 3,321,206	\$ 7,551,751	\$ 17,978,900
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 730,798	\$ 96,697	\$ 3	\$ 371,937	\$ 1,199,435
Contracts and retainages payable	23,758	989	3,412	100,353	128,512
Accrued liabilities	157,948	128,121	13,078	92,675	391,822
Obligations under security lending agreements	153,798	129,918	399,997	127,134	810,847
Due to other funds	387,044	58,925	2,384	300,084	748,437
Due to other governments	477,273	14,421	-	92,999	584,693
Deferred revenues	1,161,844	150,787	15,827	605,022	1,933,480
Claims and judgments payable	19,573	-	-	8,782	28,355
Total Liabilities	3,112,036	579,858	434,701	1,698,986	5,825,581
Fund Balances:					
Reserved for:					
Encumbrances	-	-	-	244,822	244,822
Inventories	17,078	12,175	-	35,700	64,953
Permanent funds	-	-	2,886,505	169,428	3,055,933
Other specific purposes	102,609	191,206	-	1,896,024	2,189,839
Unreserved, designated for, reported in:					
Working capital	1,002,963	-	-	-	1,002,963
Higher education	-	155,679	-	-	155,679
Special revenue funds	-	-	-	221	221
Debt service funds	-	-	-	220,474	220,474
Unreserved, undesignated	780,510	1,151,829	-	-	1,932,339
Unreserved, undesignated reported in:					
Special revenue funds	-	-	-	3,040,036	3,040,036
Capital project funds	-	-	-	246,060	246,060
Total Fund Balances	1,903,160	1,510,889	2,886,505	5,852,765	12,153,319
Total Liabilities and Fund Balances	\$ 5,015,196	\$ 2,090,747	\$ 3,321,206	\$ 7,551,751	\$ 17,978,900

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

State of Washington
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

June 30, 2007
(expressed in thousands)

Total fund balances for governmental funds \$ 12,153,319

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	\$ 17,884,611	
Depreciable assets, net of depreciation	<u>7,504,284</u>	
Total capital assets		25,388,895

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.	1,367,255
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Accrued current interest on general obligation bonds	(226,241)
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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.	171,961
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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 notes payable	(12,377,386)	
Accrued interest on bonds	(267,436)	
Claims and judgments	(32,242)	
Other obligations	<u>(647,736)</u>	
Total long-term liabilities		(13,324,800)

Net assets of governmental activities	\$ 25,530,389
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The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Revenues:					
Retail sales and use taxes	\$ 7,870,223	\$ -	\$ -	\$ 81,246	\$ 7,951,469
Business and occupation taxes	2,684,797	-	-	71,577	2,756,374
Property taxes	1,441,949	-	-	246,582	1,688,531
Excise taxes	1,014,513	-	-	92,216	1,106,729
Motor vehicle and fuel taxes	-	-	-	1,134,622	1,134,622
Other taxes	1,085,532	267,498	-	713,312	2,066,342
Licenses, permits, and fees	91,920	563	-	770,193	862,676
Timber sales	2,747	-	14,015	152,394	169,156
Other contracts and grants	132,895	646,561	-	19,960	799,416
Federal grants-in-aid	6,204,585	1,056,354	-	1,056,343	8,317,282
Charges for services	55,702	1,279,179	9	507,637	1,842,527
Investment income (loss)	106,056	104,364	451,388	156,097	817,905
Miscellaneous revenue	71,872	118,024	1,626	395,768	587,290
Escheated property	63,691	-	-	-	63,691
Contribution and donations	-	-	97,346	-	97,346
Total Revenues	20,826,482	3,472,543	564,384	5,397,947	30,261,356
Expenditures:					
Current:					
General government	640,255	-	-	505,213	1,145,468
Human services	10,191,279	-	-	1,051,421	11,242,700
Natural resources and recreation	361,384	-	-	544,419	905,803
Transportation	39,180	1,619	-	1,606,592	1,647,391
Education	7,764,593	3,222,751	88	801,927	11,789,359
Intergovernmental	29,477	-	-	348,852	378,329
Capital outlays	49,111	143,290	4	2,102,828	2,295,233
Debt service:					
Principal	14,829	14,486	-	498,363	527,678
Interest	301	4,087	-	540,582	544,970
Total Expenditures	19,090,409	3,386,233	92	8,000,197	30,476,931
Excess of Revenues Over (Under) Expenditures	1,736,073	86,310	564,292	(2,602,250)	(215,575)
Other Financing Sources (Uses):					
Bonds issued	-	-	-	1,617,361	1,617,361
Refunding bonds issued	-	-	-	834,700	834,700
Payments to refunded bond escrow agents	-	-	-	(887,879)	(887,879)
Other debt issued	5,384	54,644	-	3,051	63,079
Bond issue premium	-	-	-	109,008	109,008
Capital lease acquisitions	65	42	-	-	107
Transfers in	128,186	687,860	5,373	2,486,970	3,308,389
Transfers (out)	(1,843,353)	(381,116)	(123,136)	(738,740)	(3,086,345)
Total Other Financing Sources (Uses)	(1,709,718)	361,430	(117,763)	3,424,471	1,958,420
Net change in fund balances	26,355	447,740	446,529	822,221	1,742,845
Fund Balances - Beginning, as restated	1,876,805	1,063,149	2,439,976	5,030,544	10,410,474
Fund Balances - Ending	\$ 1,903,160	\$ 1,510,889	\$ 2,886,505	\$ 5,852,765	\$ 12,153,319

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

State of Washington
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Fiscal Year Ended June 30, 2007
 (expressed in thousands)

Net change in fund balances--total governmental funds	\$ 1,742,845
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. This is the amount by which capital outlays exceeded depreciation in the current period.	1,892,142
Bond proceeds provide current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the statement of net assets. Also, repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,251,326)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.	28,495
Because some revenues will not be collected for several months after the state's fiscal year end, they are not considered "available" revenues in the governmental funds. Deferred revenues decreased by this amount this year.	11,834
Change in net assets of governmental activities	\$ 2,423,990

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

PROPRIETARY FUNDS Statement of Fund Net Assets

June 30, 2007

(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	\$ 54,868	\$ 3,478,756	\$ 461,136	\$ 307,813	\$ 4,302,573	\$ 583,936
Investments	1,580,659	-	1,572	435,748	2,017,979	14,842
Taxes receivable (net of allowance)	-	-	-	4,962	4,962	-
Other receivables (net of allowance)	703,597	415,218	135,479	35,953	1,290,247	6,427
Due from other funds	59,343	2,245	60,300	18,200	140,088	124,528
Due from other governments	950	12,059	32,795	3,559	49,363	6,930
Inventories	168	-	35,472	45,785	81,425	18,667
Prepaid expenses	30	-	17,509	1,318	18,857	3,483
Total Current Assets	2,399,615	3,908,278	744,263	853,338	7,905,494	758,813
Noncurrent Assets:						
Investments, noncurrent	10,983,401	-	269,715	1,270,842	12,523,958	65,706
Other noncurrent assets	-	-	-	155,848	155,848	183
Capital Assets:						
Land	3,240	-	53,041	79,073	135,354	3,827
Buildings	62,705	-	1,421,492	408,790	1,892,987	122,627
Other improvements	1,289	-	40,620	14,485	56,394	18,294
Furnishings, equipment, and collections	63,895	-	311,037	60,726	435,658	709,343
Infrastructure	-	-	34,247	-	34,247	478
Accumulated depreciation	(58,136)	-	(695,525)	(132,861)	(886,522)	(426,853)
Construction in progress	-	-	166,813	10,857	177,670	17,681
Total Noncurrent Assets	11,056,394	-	1,601,440	1,867,760	14,525,594	511,286
Total Assets	\$ 13,456,009	\$ 3,908,278	\$ 2,345,703	\$ 2,721,098	\$ 22,431,088	\$ 1,270,099
Liabilities						
Current Liabilities:						
Accounts payable	\$ 13,911	\$ -	\$ 78,231	\$ 51,364	\$ 143,506	\$ 62,474
Contracts and retainages payable	2,724	-	7,206	42,056	51,986	16,198
Accrued liabilities	172,813	7,654	68,705	132,970	382,142	22,951
Obligations under security lending agreements	1,580,659	-	-	372,877	1,953,536	14,304
Bonds and notes payable	3,526	-	44,474	51,151	99,151	14,959
Due to other funds	64,653	963	69,700	57,481	192,797	100,207
Due to other governments	-	8,636	47	4,979	13,662	43
Unearned revenues	13,697	-	33,425	93	47,215	4,480
Claims and judgments payable	1,777,527	-	-	2,110	1,779,637	140,046
Total Current Liabilities	3,629,510	17,253	301,788	715,081	4,663,632	375,662
Noncurrent Liabilities:						
Claims and judgments payable	17,968,965	-	-	4,343	17,973,308	539,968
Bonds and notes payable	29,555	-	898,313	249,464	1,177,332	158,054
Other long-term liabilities	13,534	-	140,748	1,229,010	1,383,292	24,454
Total Noncurrent Liabilities	18,012,054	-	1,039,061	1,482,817	20,533,932	722,476
Total Liabilities	21,641,564	17,253	1,340,849	2,197,898	25,197,564	1,098,138
Net Assets:						
Invested in capital assets, net of related debt	39,911	-	388,938	169,224	598,073	272,386
Restricted for:						
Unemployment compensation	-	3,891,025	-	-	3,891,025	-
Unrestricted	(8,225,466)	-	615,916	353,976	(7,255,574)	(100,425)
Total Net Assets (Deficit)	\$ (8,185,555)	\$ 3,891,025	\$ 1,004,854	\$ 523,200	\$ (2,766,476)	\$ 171,961

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

PROPRIETARY FUNDS

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

For the Fiscal Year Ended June 30, 2007
(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
Operating Revenues:						
Sales	\$ -	\$ -	\$ 125,878	\$ 563,201	\$ 689,079	\$ 147,619
Less: Cost of goods sold	-	-	78,555	398,530	477,085	124,628
Gross profit	-	-	47,323	164,671	211,994	22,991
Charges for services	17	-	1,118,835	78,681	1,197,533	608,563
Premiums and assessments	1,689,071	1,230,735	-	-	2,919,806	1,146,753
Federal aid for unemployment insurance benefits	-	35,178	-	-	35,178	-
Lottery ticket proceeds	-	-	-	492,591	492,591	-
Miscellaneous revenue	21,123	17,538	103,447	8,947	151,055	46,645
Total Operating Revenues	1,710,211	1,283,451	1,269,605	744,890	5,008,157	1,824,952
Operating Expenses:						
Salaries and wages	120,244	-	510,192	81,180	711,616	266,951
Employee benefits	37,794	-	97,694	28,360	163,848	72,250
Personal services	3,800	-	12,128	18,492	34,420	24,286
Goods and services	70,440	-	462,777	122,438	655,655	318,102
Travel	3,482	-	18,311	2,438	24,231	4,782
Premiums and claims	3,585,725	697,182	11	27	4,282,945	1,046,713
Lottery prize payments	-	-	-	304,834	304,834	-
Depreciation and amortization	8,220	-	60,949	16,023	85,192	62,105
Miscellaneous expenses	9,320	-	18,987	47,675	75,982	2,014
Total Operating Expenses	3,839,025	697,182	1,181,049	621,467	6,338,723	1,797,203
Operating Income (Loss)	(2,128,814)	586,269	88,556	123,423	(1,330,566)	27,749
Nonoperating Revenues (Expenses):						
Earnings (loss) on investments	1,000,222	140,304	38,593	136,520	1,315,639	23,017
Interest expense	(1,553)	-	(45,631)	(42,299)	(89,483)	(8,222)
Distributions to other governments	-	-	-	(40,518)	(40,518)	-
Other revenue (expenses)	6,964	98	2,980	131,551	141,593	(1,443)
Total Nonoperating Revenues (Expenses)	1,005,633	140,402	(4,058)	185,254	1,327,231	13,352
Income (Loss) Before						
Contributions and Transfers	(1,123,181)	726,671	84,498	308,677	(3,335)	41,101
Capital contributions	-	-	-	-	-	5,339
Transfers in	430,109	-	110,453	17,192	557,754	104,522
Transfers (out)	(431,714)	-	(109,889)	(220,250)	(761,853)	(122,467)
Net Contributions and Transfers	(1,605)	-	564	(203,058)	(204,099)	(12,606)
Change in Net Assets	(1,124,786)	726,671	85,062	105,619	(207,434)	28,495
Net Assets (Deficit) - Beginning, as restated	(7,060,769)	3,164,354	919,792	417,581	(2,559,042)	143,466
Net Assets (Deficit) - Ending	\$ (8,185,555)	\$ 3,891,025	\$ 1,004,854	\$ 523,200	\$ (2,766,476)	\$ 171,961

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

PROPRIETARY FUNDS
Statement of Cash Flows

Continued

For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Business-Type Activities				Total	Governmental
	Enterprise Funds					Activities
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Nonmajor Enterprise Funds		Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from customers	\$ 1,624,571	\$ 1,290,935	\$ 1,189,992	\$ 1,098,925	\$ 5,204,423	\$ 1,877,965
Payments to suppliers	(1,626,432)	(698,705)	(533,592)	(716,784)	(3,575,513)	(1,412,324)
Payments to employees	(155,702)	-	(604,544)	(108,700)	(868,946)	(335,296)
Other receipts (payments)	21,123	50,238	103,448	8,943	183,752	46,629
Net Cash Provided (Used) by Operating Activities	(136,440)	642,468	155,304	282,384	943,716	176,974
Cash Flows from Noncapital Financing Activities:						
Transfers in	430,109	-	110,453	17,192	557,754	104,522
Transfers out	(431,714)	-	(109,889)	(220,250)	(761,853)	(122,467)
Operating grants and donations received	7,213	98	3,945	5	11,261	326
Taxes and license fees collected	5	-	-	131,734	131,739	(4)
Distributions to other governments	-	-	-	(40,518)	(40,518)	-
Other noncapital financing sources	-	-	-	3,240	3,240	-
Net Cash Provided (Used) by Noncapital Financing Activities	5,613	98	4,509	(108,597)	(98,377)	(17,623)
Cash Flows from Capital and Related Financing Activities:						
Interest paid	(1,553)	-	(44,104)	(11,013)	(56,670)	(8,231)
Principal payments on long-term capital financing	(18,286)	-	(35,170)	(29,544)	(83,000)	(27,811)
Proceeds from long-term capital financing	14,535	-	258,014	16,974	289,523	35,948
Proceeds from sale of capital assets	62	-	909	887	1,858	8,781
Acquisitions of capital assets	(11,729)	-	(318,744)	(16,978)	(347,451)	(85,755)
Net Cash or Pooled Investments Provided by (Used in) Capital and Related Financing Activities	(16,971)	-	(139,095)	(39,674)	(195,740)	(77,068)
Cash Flows from Investing Activities:						
Receipt of interest	773,777	140,304	35,700	28,338	978,119	23,081
Proceeds from sale of investment securities	6,283,208	-	62,091	412,047	6,757,346	2,593
Purchases of investment securities	(6,887,539)	-	(15,114)	(496,780)	(7,399,433)	(5,811)
Net Cash Provided by (Used in) Investing Activities	169,446	140,304	82,677	(56,395)	336,032	19,863
Net Increase (Decrease) in Cash and Pooled Investments	21,648	782,870	103,395	77,718	985,631	102,146
Cash and Pooled Investments, July 1	33,220	2,695,886	357,741	230,095	3,316,942	481,790
Cash and Pooled Investments, June 30	\$ 54,868	\$ 3,478,756	\$ 461,136	\$ 307,813	\$ 4,302,573	\$ 583,936
Cash Flows from Operating Activities:						
Operating Income (Loss)	\$ (2,128,814)	\$ 586,269	\$ 88,556	\$ 123,423	\$ (1,330,566)	\$ 27,749
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:						
Depreciation	8,220	-	60,949	16,023	85,192	62,105
Change in Assets: Decrease (Increase)						
Receivables (net of allowance)	(56,677)	57,722	(50,087)	(35,550)	(84,592)	(23,546)
Inventories	1	-	(1,676)	2,593	918	2,837
Prepaid expenses	(24)	-	(728)	(388)	(1,140)	(1,332)
Change in Liabilities: Increase (Decrease)						
Payables	2,040,854	(1,523)	58,290	176,283	2,273,904	109,161
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	\$ (136,440)	\$ 642,468	\$ 155,304	\$ 282,384	\$ 943,716	\$ 176,974

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

PROPRIETARY FUNDS
Statement of Cash Flows

Concluded

For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Business-Type Activities				Total	Governmental
	Enterprise Funds					Activities
	Workers'	Unemployment	Higher Education Student	Nonmajor Enterprise		Internal Service
Compensation	Compensation	Services	Funds		Funds	
Noncash Investing, Capital and Financing Activities:						
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,339
Amortization of annuity prize liability	-	-	-	(27,100)	(27,100)	-
Increase (decrease) in fair value of investments	212,926	-	2,173	107,518	322,617	(101)
Refunding bonds issued	-	-	5,625	-	5,625	-
Refunded bonds redeemed	-	-	(5,625)	-	(5,625)	-
Amortization of debt premium (issue costs/discount)	-	-	(227)	-	(227)	-
Accretion of interest on zero coupon bonds	-	-	-	(3,596)	(3,596)	-

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

FIDUCIARY FUNDS

Statement of Fiduciary Net Assets

June 30, 2007

(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
Assets:				
Cash and pooled investments	\$ 12,283	\$ 4,796,874	\$ 69,400	\$ 259,775
Investments	-	1,161,617	-	-
Receivables, pension and other employee benefit plans				
Employers	-	-	98,674	-
Members (net of allowance)	-	-	2,984	-
Interest and dividends	-	-	198,517	-
Investment trades pending	-	-	171,611	-
Other receivables, all other funds	5,079	21,659	-	245,526
Due from other funds	5	-	43,014	8,640
Due from other governments	-	-	-	43,257
Total Current Assets	17,367	5,980,150	584,200	557,198
Noncurrent Assets:				
Investments, noncurrent, pension and other employee benefit plans				
Public equity	-	-	35,235,425	-
Fixed income	-	-	13,101,198	-
Private equity	-	-	11,693,976	-
Real estate	-	-	7,044,494	-
Security lending	-	-	5,762,821	-
Liquidity	-	-	2,448,525	-
Other	-	-	43,018	-
Investments, noncurrent, all other funds	110,388	19,711	-	727,375
Other noncurrent assets	-	-	-	42,988
Capital Assets:				
Furnishings, equipment, and collections	81	-	-	-
Accumulated depreciation	(81)	-	-	-
Total Noncurrent Assets	110,388	19,711	75,329,457	770,363
Total Assets	\$ 127,755	\$ 5,999,861	\$ 75,913,657	\$ 1,327,561
Liabilities:				
Accounts payable	\$ 3,271	\$ -	\$ -	\$ 23,410
Contracts and retainages payable	-	-	-	26,775
Accrued liabilities	876	99,476	908,218	1,000,010
Obligations under security lending agreements	-	91,105	5,750,229	9,840
Due to other funds	69,028	44	44,097	11,187
Due to other governments	-	-	-	213,351
Unearned revenues	-	-	1,106	-
Other long-term liabilities	-	-	-	42,988
Total Liabilities	73,175	190,625	6,703,650	\$ 1,327,561
Net Assets:				
Net assets held in trust for:				
Pension benefits	-	-	66,660,109	
Deferred compensation participants	-	-	2,549,898	
Local government pool participants	-	5,809,236	-	
Individuals, organizations & other governments	54,580	-	-	
Total Net Assets	\$ 54,580	\$ 5,809,236	\$ 69,210,007	

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

FIDUCIARY FUNDS

Statement of Changes in Fiduciary Net Assets

For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
Additions:			
Contributions:			
Employers	\$ -	\$ -	\$ 639,509
Members	-	-	774,740
State	-	-	53,793
Pool participants	-	12,112,389	175,055
Total Contributions	-	12,112,389	1,643,097
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	9,774,927
Interest and dividends	-	293,302	2,574,616
Less: Investment expenses	-	-	(363,179)
Net Investment Income	-	293,302	11,986,364
Other additions:			
Escheated property	30,859	-	-
Transfers from other pension plans	-	-	5,650
Other contracts, grants and miscellaneous	14	4	687
Total other additions	30,873	4	6,337
Total Additions	30,873	12,405,695	13,635,798
Deductions:			
Pension benefits	-	-	2,343,149
Pension refunds	-	-	178,277
Transfers to other pension plans	-	-	5,650
Administrative expenses	3,356	5,063	1,567
Distributions to pool participants	-	11,668,728	127,198
Payments to or on behalf of individuals, organizations and other governments in accordance with trust agreements	25,656	-	-
Total Deductions	29,012	11,673,791	2,655,841
Net Increase (Decrease)	1,861	731,904	10,979,957
Net Assets - Beginning, as restated	52,719	5,077,332	58,230,050
Net Assets - Ending	\$ 54,580	\$ 5,809,236	\$ 69,210,007

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

COMPONENT UNITS

Statement of Fund Net Assets

June 30, 2007
(expressed in thousands)

	Public Stadium	Nonmajor Component Units	Total
Assets			
Current Assets:			
Cash and pooled investments	\$ 8,153	\$ 7,090	\$ 15,243
Investments	4,868	34,736	39,604
Other receivables (net of allowance)	2,761	1,620	4,381
Prepaid expenses	27	131	158
Total Current Assets	15,809	43,577	59,386
Noncurrent Assets:			
Investments, noncurrent	22,272	200	22,472
Other noncurrent assets	-	31,656	31,656
Capital Assets:			
Land	34,677	-	34,677
Buildings	459,042	-	459,042
Furnishings and equipment	23,442	1,357	24,799
Accumulated depreciation	(98,056)	(1,056)	(99,112)
Construction in Progress	414	-	414
Total Noncurrent Assets	441,791	32,157	473,948
Total Assets	\$ 457,600	\$ 75,734	\$ 533,334
Liabilities			
Current Liabilities:			
Accounts payable	\$ 272	\$ 5,279	\$ 5,551
Contracts and retainages payable	6,956	-	6,956
Accrued liabilities	3,759	89	3,848
Unearned revenues	79	1,736	1,815
Total Current Liabilities	11,066	7,104	18,170
Noncurrent Liabilities:			
Other long-term liabilities	38,093	-	38,093
Total Noncurrent Liabilities	38,093	-	38,093
Total Liabilities	49,159	7,104	56,263
Net Assets:			
Invested in capital assets, net of related debt	371,901	301	372,202
Restricted for deferred sales tax	30,110	-	30,110
Restricted for other purposes	-	500	500
Unrestricted	6,430	67,829	74,259
Total Net Assets (Deficit)	\$ 408,441	\$ 68,630	\$ 477,071

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

COMPONENT UNITS

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

For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Public Stadium	Nonmajor Component Units	Total
Operating Revenues:			
Charges for services	\$ 918	\$ 14,218	\$ 15,136
Total Operating Revenues	918	14,218	15,136
Operating Expenses:			
Salaries and wages	367	4,331	4,698
Employee benefits	61	1,234	1,295
Personal services	166	1,059	1,225
Goods and services	1,289	2,301	3,590
Travel	3	29	32
Depreciation and amortization	18,626	103	18,729
Miscellaneous expenses	-	2	2
Total Operating Expenses	20,512	9,059	29,571
Operating Income (Loss)	(19,594)	5,159	(14,435)
Nonoperating Revenues (Expenses):			
Earnings (loss) on investments	2,745	2,087	4,832
Operating grants and contributions	-	159	159
Distributions of operating grants	-	(159)	(159)
Total Nonoperating Revenues (Expenses)	2,745	2,087	4,832
Income (Loss) Before			
Contributions and Transfers	(16,849)	7,246	(9,603)
Capital grants and contributions	940	-	940
Total Contributions and Transfers	940	-	940
Change in Net Assets	(15,909)	7,246	(8,663)
Net Assets - Restated Beginning	424,350	61,384	485,734
Net Assets - Ending	\$ 408,441	\$ 68,630	\$ 477,071

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