

**Basic Financial Statements**  
**Government-wide Financial Statements**

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Statement of Net Assets

June 30, 2012

(expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and pooled investments	\$ 3,943,256	\$ 3,392,560	\$ 7,335,816	\$ 66,813
Taxes receivable (net of allowance for uncollectibles)	3,295,285	9,807	3,305,092	-
Other receivables (net of allowance for uncollectibles)	1,281,749	1,473,508	2,755,257	3,790
Internal balances	145,197	(145,197)	-	-
Due from other governments	3,905,693	138,081	4,043,774	-
Inventories	93,382	77,042	170,424	-
Investments, noncurrent	4,894,434	15,873,041	20,767,475	-
Other assets	25,361	391,256	416,617	107,524
Restricted assets:				
Cash and pooled investments	700,545	219,710	920,255	-
Receivables	68,758	-	68,758	-
Capital assets:				
Non-depreciable assets	24,162,414	744,211	24,906,625	34,678
Depreciable assets (net of accumulated depreciation)	10,135,948	1,645,366	11,781,314	307,378
Total capital assets	34,298,362	2,389,577	36,687,939	342,056
<b>Total Assets</b>	<b>\$ 52,652,022</b>	<b>\$ 23,819,385</b>	<b>\$ 76,471,407</b>	<b>\$ 520,183</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,328,826	\$ 126,039	\$ 1,454,865	\$ 46,509
Contracts and retainage payable	176,549	21,086	197,635	-
Accrued liabilities	645,058	214,925	859,983	291
Due to other governments	896,186	120,977	1,017,163	-
Unearned revenue	399,489	43,628	443,117	6,452
Long-term liabilities:				
Due within one year	1,448,177	2,118,637	3,566,814	4,723
Due in more than one year	22,667,570	25,750,851	48,418,421	15,773
<b>Total Liabilities</b>	<b>27,561,855</b>	<b>28,396,143</b>	<b>55,957,998</b>	<b>73,748</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	19,561,010	796,911	20,357,921	321,560
Restricted for:				
Unemployment compensation	-	3,224,951	3,224,951	-
Higher education	974,930	-	974,930	-
Expendable endowment funds	2,013,123	-	2,013,123	-
Nonexpendable permanent endowments	2,049,194	-	2,049,194	-
Transportation	58,400	-	58,400	-
Loan programs	145,085	-	145,085	-
Other purposes	55,851	-	55,851	16,092
Unrestricted (deficit)	232,574	(8,598,620)	(8,366,046)	108,783
<b>Total Net Assets (Deficit)</b>	<b>\$ 25,090,167</b>	<b>\$ (4,576,758)</b>	<b>\$ 20,513,409</b>	<b>\$ 446,435</b>

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

**Statement of Activities**  
For the Fiscal Year Ended June 30, 2012  
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities:</b>				
General government	\$ 1,219,452	\$ 702,378	\$ 361,393	\$ 16,237
Education - elementary and secondary (K-12)	8,257,047	10,410	1,091,895	-
Education - higher education	6,526,255	2,662,428	2,332,228	24,204
Human services	13,168,201	530,889	7,714,706	-
Adult corrections	885,592	7,959	1,759	-
Natural resources and recreation	981,928	434,090	176,295	41,407
Transportation	2,396,443	878,307	111,798	862,466
Interest on long-term debt	910,936	-	-	-
<b>Total Governmental Activities</b>	<b>34,345,854</b>	<b>5,226,461</b>	<b>11,790,074</b>	<b>944,314</b>
<b>Business-Type Activities:</b>				
Workers' compensation	1,919,382	2,046,356	8,449	-
Unemployment compensation	2,816,581	1,346,162	1,418,585	-
Higher education student services	1,833,932	1,761,634	15,349	758
Liquor control	565,544	582,371	10	-
Washington's lottery	407,026	535,205	-	-
Other	211,105	121,142	333	-
<b>Total Business-Type Activities</b>	<b>7,753,570</b>	<b>6,392,870</b>	<b>1,442,726</b>	<b>758</b>
<b>Total Primary Government</b>	<b>\$ 42,099,424</b>	<b>\$ 11,619,331</b>	<b>\$ 13,232,800</b>	<b>\$ 945,072</b>
<b>COMPONENT UNITS</b>	<b>\$ 59,821</b>	<b>\$ 17,912</b>	<b>\$ 31,528</b>	<b>\$ 1,038</b>
Total Component Units	\$ 59,821	\$ 17,912	\$ 31,528	\$ 1,038

**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

Other general revenues

**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 (Deficit) - Beginning, as restated**

**Net Assets (Deficit) - 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	
\$ (139,444)	\$ -	\$ (139,444)	
(7,154,742)	-	(7,154,742)	
(1,507,395)	-	(1,507,395)	
(4,922,606)	-	(4,922,606)	
(875,874)	-	(875,874)	
(330,136)	-	(330,136)	
(543,872)	-	(543,872)	
(910,936)	-	(910,936)	
<u>(16,385,005)</u>	<u>-</u>	<u>(16,385,005)</u>	
-	135,423	135,423	
-	(51,834)	(51,834)	
-	(56,191)	(56,191)	
-	16,837	16,837	
-	128,179	128,179	
-	(89,630)	(89,630)	
-	82,784	82,784	
<u>(16,385,005)</u>	<u>82,784</u>	<u>(16,302,221)</u>	
			<u>\$ (9,343)</u>
			<u>(9,343)</u>
7,349,394	-	7,349,394	-
3,149,427	-	3,149,427	-
1,897,095	-	1,897,095	-
1,177,987	-	1,177,987	-
495,133	-	495,133	-
470,765	-	470,765	-
438,351	-	438,351	-
430,052	-	430,052	-
933,441	72,034	1,005,475	-
168,603	1,150,357	1,318,960	1,666
-	30,208	30,208	-
<u>16,510,248</u>	<u>1,252,599</u>	<u>17,762,847</u>	<u>1,666</u>
125,243	1,335,383	1,460,626	(7,677)
47,210	-	47,210	-
164,880	(164,880)	-	-
<u>337,333</u>	<u>1,170,503</u>	<u>1,507,836</u>	<u>(7,677)</u>
24,752,834	(5,747,261)	19,005,573	454,112
<u>\$ 25,090,167</u>	<u>\$ (4,576,758)</u>	<u>\$ 20,513,409</u>	<u>\$ 446,435</u>

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**Basic Financial Statements**  
**Fund Financial Statements**

**Balance Sheet**  
**GOVERNMENTAL FUNDS**  
 June 30, 2012  
*(expressed in thousands)*

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and pooled investments	\$ 240,986	\$ 279,162	\$ 54,069	\$ 2,509,627	\$ 3,083,844
Investments	506	1,566,164	3,076,685	276,092	4,919,447
Taxes receivable (net of allowance)	3,165,658	18,145	-	111,482	3,295,285
Other receivables (net of allowance)	167,553	334,760	24,246	733,660	1,260,219
Due from other funds	192,710	489,442	1	1,131,941	1,814,094
Due from other governments	1,220,082	142,758	-	2,326,272	3,689,112
Inventories and prepaids	12,891	12,785	-	51,230	76,906
Restricted assets:					
Cash and investments	17,511	-	-	683,034	700,545
Receivables	9,359	4,387	-	2,732	16,478
<b>Total Assets</b>	<b>\$ 5,027,256</b>	<b>\$ 2,847,603</b>	<b>\$ 3,155,001</b>	<b>\$ 7,826,070</b>	<b>\$ 18,855,930</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 832,338	\$ 65,354	\$ 26,881	\$ 356,455	\$ 1,281,028
Contracts and retainages payable	34,014	4,578	1,866	133,919	174,377
Accrued liabilities	182,757	268,033	17,567	67,332	535,689
Due to other funds	773,794	280,852	1,769	609,896	1,666,311
Due to other governments	573,775	667	-	174,829	749,271
Deferred and unearned revenue	1,594,335	212,877	10,518	958,778	2,776,508
Claims and judgments payable	31,620	-	-	6,077	37,697
<b>Total Liabilities</b>	<b>4,022,633</b>	<b>832,361</b>	<b>58,601</b>	<b>2,307,286</b>	<b>7,220,881</b>
<b>Fund Balances:</b>					
Nonspendable fund balance	54,726	50,187	1,919,384	237,436	2,261,733
Restricted fund balance	161,689	706,621	1,177,016	3,036,092	5,081,418
Committed fund balance	78,117	1,258,434	-	2,245,212	3,581,763
Assigned fund balance	710,091	-	-	44	710,135
<b>Total Fund Balances</b>	<b>1,004,623</b>	<b>2,015,242</b>	<b>3,096,400</b>	<b>5,518,784</b>	<b>11,635,049</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,027,256</b>	<b>\$ 2,847,603</b>	<b>\$ 3,155,001</b>	<b>\$ 7,826,070</b>	<b>\$ 18,855,930</b>

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, 2012  
(expressed in thousands)

**Total Fund Balances for Governmental Funds** \$ 11,635,049

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	\$ 24,108,407	
Depreciable assets	16,765,640	
Less: Accumulated depreciation	<u>(7,306,983)</u>	
Total capital assets		33,567,064

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.		2,378,095
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Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a financial resource and therefore is not reported in the funds.		17,200
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Unmatured interest on general obligation bonds is not recognized in the funds until due.		(369,349)
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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.		28,658
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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 other financing contracts payable	\$ (19,418,060)	
Accreted interest on bonds	(414,719)	
Compensated absences	(516,640)	
Other postemployment benefits obligations	(1,080,800)	
Unfunded pension obligations	(282,423)	
Claims and judgments	(39,089)	
Pollution remediation obligations	(165,234)	
Other obligations	<u>(249,585)</u>	
Total long-term liabilities		<u>(22,166,550)</u>

**Net Assets of Governmental Activities** \$ 25,090,167

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, 2012  
*(expressed in thousands)*

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Retail sales and use taxes	\$ 7,273,665	\$ -	\$ -	\$ 75,729	\$ 7,349,394
Business and occupation taxes	3,144,561	-	-	4,866	3,149,427
Property taxes	1,897,095	-	-	-	1,897,095
Excise taxes	434,144	-	-	60,989	495,133
Motor vehicle and fuel taxes	-	-	-	1,177,987	1,177,987
Other taxes	1,797,296	104,397	-	289,055	2,190,748
Licenses, permits, and fees	99,040	289	-	1,144,402	1,243,731
Timber sales	4,504	85	14,117	108,857	127,563
Other contracts and grants	222,614	759,077	-	51,304	1,032,995
Federal grants-in-aid	8,823,659	1,756,230	104	1,325,396	11,905,389
Charges for services	30,152	2,270,186	69	599,602	2,900,009
Investment income (loss)	(6,206)	68,846	21,000	84,963	168,603
Miscellaneous revenue	185,580	115,740	1,979	364,714	668,013
Unclaimed property	77,392	-	-	-	77,392
Contributions and donations	-	-	47,210	-	47,210
<b>Total Revenues</b>	<b>23,983,496</b>	<b>5,074,850</b>	<b>84,479</b>	<b>5,287,864</b>	<b>34,430,689</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
General government	745,243	578	116	422,599	1,168,536
Human services	13,209,496	340	-	692,840	13,902,676
Natural resources and recreation	373,388	-	-	546,897	920,285
Transportation	41,710	-	-	1,746,354	1,788,064
Education	9,168,705	4,680,077	2,268	422,836	14,273,886
Intergovernmental	105,105	-	-	294,306	399,411
<b>Capital outlays</b>	<b>66,799</b>	<b>188,279</b>	<b>16,543</b>	<b>1,952,015</b>	<b>2,223,636</b>
<b>Debt service:</b>					
Principal	16,482	38,746	-	672,878	728,106
Interest	709	10,206	-	872,718	883,633
<b>Total Expenditures</b>	<b>23,727,637</b>	<b>4,918,226</b>	<b>18,927</b>	<b>7,623,443</b>	<b>36,288,233</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>255,859</b>	<b>156,624</b>	<b>65,552</b>	<b>(2,335,579)</b>	<b>(1,857,544)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	72,766	66,661	-	2,330,179	2,469,606
Refunding bonds issued	-	-	-	1,508,470	1,508,470
Payments to escrow agents for refunded bond debt	-	-	-	(1,759,458)	(1,759,458)
Issuance premiums	3,194	308	-	536,461	539,963
Other debt issued	15,181	2,963	-	3,198	21,342
Refunding COPs issued	3,270	3,795	-	3,749	10,814
Payments to escrow agents for refunded COP debt	(3,565)	(3,890)	-	(3,846)	(11,301)
Transfers in	495,654	90,667	2,154	2,080,241	2,668,716
Transfers out	(1,056,323)	(125,356)	(129,583)	(1,205,409)	(2,516,671)
<b>Total Other Financing Sources (Uses)</b>	<b>(469,823)</b>	<b>35,148</b>	<b>(127,429)</b>	<b>3,493,585</b>	<b>2,931,481</b>
<b>Net Change in Fund Balances</b>	<b>(213,964)</b>	<b>191,772</b>	<b>(61,877)</b>	<b>1,158,006</b>	<b>1,073,937</b>
<b>Fund Balances - Beginning, as restated</b>	<b>1,218,587</b>	<b>1,823,470</b>	<b>3,158,277</b>	<b>4,360,778</b>	<b>10,561,112</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,004,623</b>	<b>\$ 2,015,242</b>	<b>\$ 3,096,400</b>	<b>\$ 5,518,784</b>	<b>\$ 11,635,049</b>

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, 2012  
(expressed in thousands)

**Net Change in Fund Balances - Total Governmental Funds** **\$ 1,073,937**

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital outlays	\$ 1,582,076	
Less: Depreciation expense	<u>(531,783)</u>	1,050,293

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.

121,998

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

6,500

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.

123,573

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	\$ (4,012,560)	
Principal payments on bonds and other financing contracts	2,342,527	
Accreted interest on bonds	<u>(21,538)</u>	(1,691,571)

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	\$ (14,443)	
Other postemployment benefits obligations	(213,465)	
Unfunded pension obligations	(48,103)	
Pollution remediation obligations	2,985	
Claims and judgments	(2,786)	
Accrued interest	(5,850)	
Unclaimed property	(29,080)	
Other obligations	<u>(36,655)</u>	(347,397)

**Change in Net Assets of Governmental Activities** **\$ 337,333**

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

**Statement of Fund Net Assets**  
**PROPRIETARY FUNDS**

June 30, 2012

*(expressed in thousands)*

	Business-Type Activities Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 43,400	\$ 2,651,456	\$ 518,048	\$ 551
Investments	-	-	3,792	-
Taxes receivable (net of allowance)	-	-	-	-
Other receivables (net of allowance)	686,635	570,170	171,504	5,596
Due from other funds	45	5,237	425,567	1
Due from other governments	1,144	76,316	49,757	-
Inventories	220	-	50,548	-
Prepaid expenses	-	-	12,056	-
Restricted assets:				
Cash and investments	-	-	219,710	-
Receivables	-	-	-	-
<b>Total Current Assets</b>	<b>731,444</b>	<b>3,303,179</b>	<b>1,450,982</b>	<b>6,148</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent	13,321,862	-	323,233	2,021,274
Other noncurrent assets	-	-	94,466	284,000
Capital assets:				
Land and other non-depreciable assets	3,240	-	57,840	-
Buildings	65,134	-	1,995,850	-
Other improvements	1,289	-	83,808	-
Furnishings, equipment, and intangibles	87,316	-	484,305	132
Infrastructure	-	-	41,682	-
Accumulated depreciation	(92,371)	-	(1,065,835)	(128)
Construction in progress	2,976	-	678,438	-
<b>Total Noncurrent Assets</b>	<b>13,389,446</b>	<b>-</b>	<b>2,693,787</b>	<b>2,305,278</b>
<b>Total Assets</b>	<b>14,120,890</b>	<b>3,303,179</b>	<b>4,144,769</b>	<b>2,311,426</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	5,001	-	108,186	567
Contracts and retainages payable	6,824	-	14,031	160,000
Accrued liabilities	139,378	8,610	137,222	86
Bonds and notes payable	3,400	-	24,375	-
Due to other funds	8,595	1,092	576,327	132
Due to other governments	-	68,526	18	-
Unearned revenue	7,689	-	35,939	-
Claims and judgments payable	1,776,096	-	-	-
<b>Total Current Liabilities</b>	<b>1,946,983</b>	<b>78,228</b>	<b>896,098</b>	<b>160,785</b>
<b>Noncurrent Liabilities:</b>				
Claims and judgments payable	20,820,254	-	-	-
Bonds and notes payable	11,475	-	1,760,783	-
Other long-term liabilities	41,095	-	121,166	2,782,191
<b>Total Noncurrent Liabilities</b>	<b>20,872,824</b>	<b>-</b>	<b>1,881,949</b>	<b>2,782,191</b>
<b>Total Liabilities</b>	<b>22,819,807</b>	<b>78,228</b>	<b>2,778,047</b>	<b>2,942,976</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	52,708	-	710,639	5
Restricted for:				
Unemployment compensation	-	3,224,951	-	-
Unrestricted	(8,751,625)	-	656,083	(631,555)
<b>Total Net Assets (Deficit)</b>	<b>\$ (8,698,917)</b>	<b>\$ 3,224,951</b>	<b>\$ 1,366,722</b>	<b>\$ (631,550)</b>

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

State of Washington

<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 135,874	\$ 3,349,329	\$ 826,427
39,439	43,231	958
9,807	9,807	-
39,603	1,473,508	21,530
5,969	436,819	112,780
4,266	131,483	43,970
26,274	77,042	19,567
731	12,787	5,073
-	219,710	-
-	-	52,280
<u>261,963</u>	<u>5,753,716</u>	<u>1,082,585</u>
206,672	15,873,041	7,013
1	378,467	-
1,717	62,797	6,475
41,605	2,102,589	438,424
2,545	87,642	15,796
46,015	617,768	829,163
-	41,682	1,818
(45,981)	(1,204,315)	(607,910)
-	681,414	47,532
<u>252,574</u>	<u>18,641,085</u>	<u>738,311</u>
<u>514,537</u>	<u>24,394,801</u>	<u>1,820,896</u>
12,285	126,039	47,798
230	181,085	2,172
79,615	364,911	50,260
3,233	31,008	63,526
36,105	622,251	73,542
5,600	74,144	16,492
-	43,628	1,076
1,546	1,777,642	236,282
<u>138,614</u>	<u>3,220,708</u>	<u>491,148</u>
10,057	20,830,311	708,918
9,110	1,781,368	496,019
194,720	3,139,172	96,153
<u>213,887</u>	<u>25,750,851</u>	<u>1,301,090</u>
<u>352,501</u>	<u>28,971,559</u>	<u>1,792,238</u>
33,559	796,911	254,650
-	3,224,951	-
128,477	(8,598,620)	(225,992)
<u>\$ 162,036</u>	<u>\$ (4,576,758)</u>	<u>\$ 28,658</u>

**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2012  
*(expressed in thousands)*

	Business-Type Activities Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
<b>OPERATING REVENUES</b>				
Sales	\$ -	\$ -	\$ 116,400	\$ -
Less: Cost of goods sold	-	-	78,208	-
Gross profit	-	-	38,192	-
Charges for services	-	-	1,547,421	28,542
Premiums and assessments	2,014,841	1,318,792	-	-
Federal aid for unemployment insurance benefits	-	1,418,585	-	-
Lottery ticket proceeds	-	-	-	-
Miscellaneous revenue	31,640	27,370	103,073	-
<b>Total Operating Revenues</b>	<b>2,046,481</b>	<b>2,764,747</b>	<b>1,688,686</b>	<b>28,542</b>
<b>OPERATING EXPENSES</b>				
Salaries and wages	136,406	-	671,655	2,097
Employee benefits	54,379	-	168,247	511
Personal services	8,013	-	11,765	109
Goods and services	69,194	-	705,634	1,566
Travel	3,779	-	21,891	21
Premiums and claims	1,478,821	2,816,581	-	-
Lottery prize payments	-	-	-	-
Depreciation and amortization	6,634	-	92,137	7
Guaranteed education tuition program expense	-	-	-	92,573
Miscellaneous expenses	161,317	-	17,823	-
<b>Total Operating Expenses</b>	<b>1,918,543</b>	<b>2,816,581</b>	<b>1,689,152</b>	<b>96,884</b>
<b>Operating Income (Loss)</b>	<b>127,938</b>	<b>(51,834)</b>	<b>(466)</b>	<b>(68,342)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Earnings (loss) on investments	1,026,074	77,648	20,515	2,066
Interest expense	(839)	-	(66,572)	-
Distributions to other governments	-	-	-	-
Tax and license revenue	97	-	-	-
Other revenues (expenses)	8,324	-	10,089	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,033,656</b>	<b>77,648</b>	<b>(35,968)</b>	<b>2,066</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>1,161,594</b>	<b>25,814</b>	<b>(36,434)</b>	<b>(66,276)</b>
Capital contributions	-	-	758	-
Transfers in	-	-	112,275	-
Transfers out	-	-	(46,860)	-
<b>Net Contributions and Transfers</b>	<b>-</b>	<b>-</b>	<b>66,173</b>	<b>-</b>
<b>Change in Net Assets</b>	<b>1,161,594</b>	<b>25,814</b>	<b>29,739</b>	<b>(66,276)</b>
<b>Net Assets (Deficit) - Beginning, as restated</b>	<b>(9,860,511)</b>	<b>3,199,137</b>	<b>1,336,983</b>	<b>(565,274)</b>
<b>Net Assets (Deficit) - Ending</b>	<b>\$ (8,698,917)</b>	<b>\$ 3,224,951</b>	<b>\$ 1,366,722</b>	<b>\$ (631,550)</b>

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

State of Washington

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Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 642,391	\$ 758,791	\$ 109,850
423,287	501,495	98,502
219,104	257,296	11,348
29,666	1,605,629	679,636
560	3,334,193	1,451,616
-	1,418,585	-
535,197	535,197	-
3,556	165,639	115,911
788,083	7,316,539	2,258,511
91,133	901,291	298,509
41,897	265,034	108,332
13,618	33,505	15,764
133,104	909,498	328,983
2,527	28,218	3,292
-	4,295,402	1,300,023
311,545	311,545	-
5,040	103,818	72,683
-	92,573	-
129	179,269	1,351
598,993	7,120,153	2,128,937
189,090	196,386	129,574
24,054	1,150,357	4,648
(13,436)	(80,847)	(24,125)
(51,075)	(51,075)	-
71,937	72,034	21
29,357	47,770	(4,889)
60,837	1,138,239	(24,345)
249,927	1,334,625	105,229
-	758	5,509
15,987	128,262	38,303
(246,282)	(293,142)	(25,468)
(230,295)	(164,122)	18,344
19,632	1,170,503	123,573
142,404	(5,747,261)	(94,915)
\$ 162,036	\$ (4,576,758)	\$ 28,658

**Statement of Cash Flows**  
**PROPRIETARY FUNDS**  
 For the Fiscal Year Ended June 30, 2012  
*(expressed in thousands)*

	Business-Type Activities Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,948,307	\$ 1,355,949	\$ 1,551,578
Payments to suppliers	(1,986,510)	(2,797,590)	(752,113)
Payments to employees	(183,967)	-	(826,262)
Other receipts	31,641	1,461,394	103,073
Net Cash Provided (Used) by Operating Activities	(190,529)	19,753	76,276
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	-	112,275
Transfers out	-	-	(46,860)
Operating grants and donations received	8,425	-	11,507
Taxes and license fees collected	97	-	-
Distributions to other governments	-	-	-
Other noncapital financing activity	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	8,522	-	76,922
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest paid	(897)	-	(59,562)
Principal payments on long-term capital financing	(3,205)	-	(95,333)
Proceeds from long-term capital financing	-	-	345,756
Proceeds from sale of capital assets	-	-	80,684
Acquisitions of capital assets	(5,160)	-	(623,554)
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,262)	-	(352,009)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of interest	1,045,446	77,648	13,266
Proceeds from sale of investment securities	6,271,751	-	54,305
Purchases of investment securities	(7,125,900)	-	(99,507)
Net Cash Provided (Used) by Investing Activities	191,297	77,648	(31,936)
Net Increase (Decrease) in Cash and Pooled Investments	28	97,401	(230,747)
Cash and Pooled Investments, July 1, as restated	43,372	2,554,055	968,505
Cash and Pooled Investments, June 30	\$ 43,400	\$ 2,651,456	\$ 737,758
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 127,938	\$ (51,834)	\$ (466)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:</b>			
Depreciation	6,634	-	92,137
Revenue reduced for uncollectible accounts	44,622	-	904
<b>Change in Assets: Decrease (Increase)</b>			
Receivables	(66,546)	52,596	(114,113)
Inventories	(125)	-	(8,572)
Prepaid expenses	-	-	7,030
<b>Change in Liabilities: Increase (Decrease)</b>			
Payables	(303,052)	18,991	99,356
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	\$ (190,529)	\$ 19,753	\$ 76,276

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

State of Washington

Continued

			Governmental Activities	
Guaranteed Education Tuition Program	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 218,186	\$ 1,197,294	\$ 6,271,314	\$ 2,241,305	
(93,826)	(940,945)	(6,570,984)	(1,794,277)	
(2,508)	(131,890)	(1,144,627)	(396,348)	
-	3,555	1,599,663	114,203	
<u>121,852</u>	<u>128,014</u>	<u>155,366</u>	<u>164,883</u>	
-	15,987	128,262	38,303	
-	(246,282)	(293,142)	(25,468)	
-	341	20,273	58	
-	72,642	72,739	21	
-	(51,075)	(51,075)	-	
-	30,208	30,208	-	
<u>-</u>	<u>(178,179)</u>	<u>(92,735)</u>	<u>12,914</u>	
-	(616)	(61,075)	(24,016)	
-	(3,140)	(101,678)	(28,935)	
-	-	345,756	50,885	
-	115	80,799	15,638	
<u>-</u>	<u>(625)</u>	<u>(629,339)</u>	<u>(104,114)</u>	
<u>-</u>	<u>(4,266)</u>	<u>(365,537)</u>	<u>(90,542)</u>	
204,359	72	1,340,791	3,673	
2,537,658	90,935	8,954,649	177,375	
(2,865,151)	(45,467)	(10,136,025)	(121,303)	
<u>(123,134)</u>	<u>45,540</u>	<u>159,415</u>	<u>59,745</u>	
<u>(1,282)</u>	<u>(8,891)</u>	<u>(143,491)</u>	<u>147,000</u>	
<u>1,833</u>	<u>144,765</u>	<u>3,712,530</u>	<u>679,427</u>	
<u>\$ 551</u>	<u>\$ 135,874</u>	<u>\$ 3,569,039</u>	<u>\$ 826,427</u>	
\$ (68,342)	\$ 189,090	\$ 196,386	\$ 129,574	
7	5,040	103,818	72,683	
-	80	45,606	100	
(21,656)	(10,507)	(160,226)	765	
-	29,780	21,083	(2,357)	
-	91	7,121	(605)	
<u>211,843</u>	<u>(85,560)</u>	<u>(58,422)</u>	<u>(35,277)</u>	
<u>\$ 121,852</u>	<u>\$ 128,014</u>	<u>\$ 155,366</u>	<u>\$ 164,883</u>	

**Statement of Cash Flows**  
**PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2012  
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers'	Unemployment	Higher Education
	Compensation	Compensation	Student Services
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets	\$ -	\$ -	\$ 758
Acquisition of capital assets through Certificates of Participation/capital leases	-	-	49
Acquisition of capital assets through revenue bonds (Revenue Ruling 63-20 tax-exempt obligations)	-	-	-
Amortization of annuity prize liability	-	-	-
Increase (decrease) in fair value of investments	(20,133)	-	300
Debt refunding deposited with escrow agent	-	-	167,210
Amortization of debt premium (issue costs/discount)	-	-	523
Increase in ownership of joint venture	-	-	7,185

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

Concluded

			Governmental Activities	
Guaranteed Education Tuition Program	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ -	\$ -	\$ 758	\$ 5,676	
-	18	67	3,994	
-	-	-	252,232	
-	12,820	12,820	-	
(203,895)	23,982	(199,746)	836	
-	-	167,210	4,531	
-	-	523	-	
-	-	7,185	-	

**Statement of Fiduciary Net Assets**  
**FIDUCIARY FUNDS**  
 June 30, 2012  
*(expressed in thousands)*

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and pooled investments	\$ 4,437	\$ 3,607,554	\$ 43,829	\$ 308,820
Investments	-	3,851,367	-	-
Receivables, pension and other employee benefit plans:				
Employers	-	-	140,120	-
Members (net of allowance)	-	-	3,112	-
Interest and dividends	-	-	180,776	-
Investment trades pending	-	-	1,068,524	-
Due from other pension and other employee benefit funds	-	-	6,047	-
Other receivables, all other funds	-	1,045	-	5,241
Due from other funds	-	-	8	2
Due from other governments	-	-	-	19,200
<b>Total Current Assets</b>	<b>4,437</b>	<b>7,459,966</b>	<b>1,442,416</b>	<b>333,263</b>
<b>Noncurrent Assets:</b>				
Investments, noncurrent, pension and other employee benefit plans:				
Public equity	-	-	28,433,502	-
Fixed income	-	-	12,570,897	-
Private equity	-	-	16,086,973	-
Real estate	-	-	8,594,518	-
Liquidity	-	-	1,500,683	-
Tangible assets	-	-	832,781	-
Investments, noncurrent, all other funds	1,638	1,034,231	-	556
Other noncurrent assets	-	-	-	46,978
Capital assets:				
Furnishings, equipment, and intangibles	33	-	-	-
Accumulated depreciation	(24)	-	-	-
<b>Total Noncurrent Assets</b>	<b>1,647</b>	<b>1,034,231</b>	<b>68,019,354</b>	<b>47,534</b>
<b>Total Assets</b>	<b>6,084</b>	<b>8,494,197</b>	<b>69,461,770</b>	<b>\$ 380,797</b>
<b>LIABILITIES</b>				
Accounts payable	129	-	-	\$ 9,436
Contracts and retainages payable	-	-	-	29,005
Accrued liabilities	128	50,115	1,408,590	50,135
Obligations under security lending agreements	-	441,000	-	-
Due to other funds	-	-	1,526	73
Due to other pension and other employee benefit funds	-	-	6,047	-
Due to other governments	-	6,333	-	245,170
Unearned revenue	-	-	883	-
Other long-term liabilities	-	-	-	46,978
<b>Total Liabilities</b>	<b>257</b>	<b>497,448</b>	<b>1,417,046</b>	<b>\$ 380,797</b>
<b>NET ASSETS</b>				
Net assets held in trust for:				
Pension benefits	-	-	65,110,447	-
Deferred compensation participants	-	-	2,934,277	-
Local government pool participants	-	7,996,749	-	-
Individuals, organizations, and other governments	5,827	-	-	-
<b>Total Net Assets</b>	<b>\$ 5,827</b>	<b>\$ 7,996,749</b>	<b>\$ 68,044,724</b>	<b>\$ 380,797</b>

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, 2012

(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
<b>ADDITIONS</b>			
Contributions:			
Employers	\$ -	\$ -	\$ 1,148,986
Members	-	-	1,004,116
State	-	-	66,472
Participants	-	13,903,008	178,449
<b>Total Contributions</b>	<b>-</b>	<b>13,903,008</b>	<b>2,398,023</b>
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	(483,356)
Earnings (loss) on investments	(43)	-	-
Interest and dividends	-	14,998	1,537,709
Less: Investment expenses	-	-	(267,338)
<b>Net Investment Income (Loss)</b>	<b>(43)</b>	<b>14,998</b>	<b>787,015</b>
Other Additions:			
Unclaimed property	90,773	-	-
Transfers from other pension plans	-	-	2,960
Other contracts, grants and miscellaneous	8	-	798
<b>Total Other Additions</b>	<b>90,781</b>	<b>-</b>	<b>3,758</b>
<b>Total Additions</b>	<b>90,738</b>	<b>13,918,006</b>	<b>3,188,796</b>
<b>DEDUCTIONS</b>			
Pension benefits	-	-	3,094,343
Pension refunds	-	-	337,928
Transfers to other pension plans	-	-	2,960
Administrative expenses	3,246	787	4,316
Distributions to participants	-	14,783,598	171,740
Payments to or on behalf of individuals, organizations and other governments in accordance with state unclaimed property laws	114,610	-	-
<b>Total Deductions</b>	<b>117,856</b>	<b>14,784,385</b>	<b>3,611,287</b>
<b>Net Increase (Decrease)</b>	<b>(27,118)</b>	<b>(866,379)</b>	<b>(422,491)</b>
<b>Net Assets - Beginning</b>	<b>32,945</b>	<b>8,863,128</b>	<b>68,467,215</b>
<b>Net Assets - Ending</b>	<b>\$ 5,827</b>	<b>\$ 7,996,749</b>	<b>\$ 68,044,724</b>

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

**Statement of Fund Net Assets**  
**COMPONENT UNITS**  
 June 30, 2012  
*(expressed in thousands)*

	Public Stadium	Nonmajor Component Units	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and pooled investments	\$ 7,129	\$ 13,211	\$ 20,340
Investments	-	42,555	42,555
Investments - restricted	3,919	-	3,919
Other receivables (net of allowance)	530	3,260	3,790
Prepaid expenses	21	114	135
<b>Total Current Assets</b>	<b>11,599</b>	<b>59,140</b>	<b>70,739</b>
<b>Noncurrent Assets:</b>			
Other noncurrent assets	14,327	93,062	107,389
Capital assets:			
Land	34,677	-	34,677
Buildings	460,609	-	460,609
Furnishings, equipment and intangible assets	20,010	1,608	21,618
Accumulated depreciation	(173,318)	(1,532)	(174,850)
Construction in progress	1	-	1
<b>Total Noncurrent Assets</b>	<b>356,306</b>	<b>93,138</b>	<b>449,443</b>
<b>Total Assets</b>	<b>367,905</b>	<b>152,278</b>	<b>520,183</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	59	42,062	42,121
Contracts and retainages payable	3,271	-	3,271
Accrued liabilities	3,939	52	3,991
Unearned revenue	-	6,452	6,452
<b>Total Current Liabilities</b>	<b>7,269</b>	<b>48,566</b>	<b>55,835</b>
<b>Noncurrent Liabilities:</b>			
Other long-term liabilities	17,913	-	17,913
<b>Total Noncurrent Liabilities</b>	<b>17,913</b>	<b>-</b>	<b>17,913</b>
<b>Total Liabilities</b>	<b>25,182</b>	<b>48,566</b>	<b>73,748</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	321,484	76	321,560
Restricted for deferred sales tax	15,009	-	15,009
Restricted for other purposes	-	1,083	1,083
Unrestricted	6,230	102,553	108,783
<b>Total Net Assets (Deficit)</b>	<b>\$ 342,723</b>	<b>\$ 103,712</b>	<b>\$ 446,435</b>

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, 2012  
*(expressed in thousands)*

	Public Stadium	Nonmajor Component Units	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,039	\$ 16,873	\$ 17,912
<b>Total Operating Revenues</b>	<b>1,039</b>	<b>16,873</b>	<b>17,912</b>
<b>OPERATING EXPENSES</b>			
Salaries and wages	395	4,395	4,790
Employee benefits	111	1,404	1,515
Personal services	614	1,636	2,250
Goods and services	3,035	2,012	5,047
Travel	10	27	37
Depreciation and amortization	15,443	149	15,592
Miscellaneous expenses	-	1,140	1,140
<b>Total Operating Expenses</b>	<b>19,608</b>	<b>10,763</b>	<b>30,371</b>
<b>Operating Income (Loss)</b>	<b>(18,569)</b>	<b>6,110</b>	<b>(12,459)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Earnings (loss) on investments	768	898	1,666
Operating grants and contributions	-	29,456	29,456
Distributions of operating grants	-	(29,456)	(29,456)
Naming rights	2,072	-	2,072
Other	6	-	6
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,846</b>	<b>898</b>	<b>3,744</b>
<b>Income (Loss) before Contributions</b>	<b>(15,723)</b>	<b>7,008</b>	<b>(8,715)</b>
Capital grants and contributions	1,038	-	1,038
<b>Total Contributions</b>	<b>1,038</b>	<b>-</b>	<b>1,038</b>
<b>Change in Net Assets</b>	<b>(14,685)</b>	<b>7,008</b>	<b>(7,677)</b>
<b>Net Assets - Beginning</b>	<b>357,408</b>	<b>96,704</b>	<b>454,112</b>
<b>Net Assets - Ending</b>	<b>\$ 342,723</b>	<b>\$ 103,712</b>	<b>\$ 446,435</b>

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

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