

Nonmajor Enterprise Funds

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. If an activity's principal revenue source meets any one of the following criteria, it is required to be reported as an enterprise fund: (1) an activity financed with debt that is secured solely by pledge of the net revenues from fees and charges for the activity; (2) laws or regulations which require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues; or (3) pricing policies which establish fees and charges designed to recover the activity's costs, including capital costs. The Nonmajor Enterprise Funds are as follows:

Lottery Fund

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

Institutional Fund

The Institutional Fund accounts for the enterprise activities carried out through vocational/education programs at state institutions.

Other Activities

The Other Activities Fund accounts for the operation of the pollution liability insurance program, the judicial information system, the local Certificate of Participation (COP) financing program, the local government audit program, and the Secretary of State's corporate public records program.

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position

June 30, 2017

(expressed in thousands)

Continued

	Lottery	Institutional	Other Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 23,518	\$ 5,754	\$ 85,846	\$ 115,118
Investments	14,492	-	-	14,492
Receivables (net of allowance)	24,432	1,146	538	26,116
Due from other funds	1,072	14,763	3,982	19,817
Due from other governments	3,413	185	4,399	7,997
Inventories	476	7,536	123	8,135
Prepaid expenses	54	131	23	208
Total Current Assets	67,457	29,515	94,911	191,883
Noncurrent Assets:				
Investments, noncurrent	122,831	-	-	122,831
Other noncurrent assets	5	-	-	5
Capital assets:				
Land and other non-depreciable assets	-	1,540	-	1,540
Buildings	-	12,828	-	12,828
Other improvements	889	1,628	82	2,599
Furnishings, equipment, and intangibles	1,476	26,213	12,285	39,974
Accumulated depreciation	(1,433)	(15,088)	(9,778)	(26,299)
Construction in progress	-	-	1,763	1,763
Total Noncurrent Assets	123,768	27,121	4,352	155,241
Total Assets	191,225	56,636	99,263	347,124
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on refundings	-	80	-	80
Deferred outflows on pensions	1,892	4,886	7,198	13,976
Total Deferred Outflows of Resources	1,892	4,966	7,198	14,056
Total Assets and Deferred Outflows of Resources	\$ 193,117	\$ 61,602	\$ 106,461	\$ 361,180

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position

June 30, 2017

(expressed in thousands)

				Concluded
	Lottery	Institutional	Other Activities	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 4,856	\$ 7,932	\$ 2,346	\$ 15,134
Accrued liabilities	54,449	3,836	12,130	70,415
Bonds and notes payable	-	415	1,229	1,644
Due to other funds	21,410	1,802	8,027	31,239
Due to other governments	6	-	1,346	1,352
Unearned revenue	1	-	-	1
Claims and judgments payable	-	-	5,396	5,396
Total Current Liabilities	80,722	13,985	30,474	125,181
Noncurrent Liabilities:				
Claims and judgments payable	-	-	10,277	10,277
Bonds and notes payable	-	4,272	-	4,272
Net pension liability	7,769	17,448	30,505	55,722
Other long-term liabilities	112,536	9,810	14,636	136,982
Total Noncurrent Liabilities	120,305	31,530	55,418	207,253
Total Liabilities	201,027	45,515	85,892	332,434
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	242	(215)	258	285
Total Deferred Inflows of Resources	242	(215)	258	285
NET POSITION				
Net investment in capital assets	932	22,514	3,123	26,569
Unrestricted	(9,084)	(6,212)	17,188	1,892
Total Net Position	(8,152)	16,302	20,311	28,461
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 193,117	\$ 61,602	\$ 106,461	\$ 361,180

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

For the Fiscal Year Ended June 30, 2017
(expressed in thousands)

	Lottery	Institutional	Other Activities	Total
OPERATING REVENUES				
Sales	\$ -	\$ 101,425	\$ 221	\$ 101,646
Less: Cost of goods sold	-	(65,720)	(126)	(65,846)
Gross profit	-	35,705	95	35,800
Charges for services	2,724	1,897	31,803	36,424
Premiums and assessments	-	-	35,730	35,730
Lottery ticket proceeds	673,293	-	-	673,293
Miscellaneous revenue	24	5	4,051	4,080
Total Operating Revenues	676,041	37,607	71,679	785,327
OPERATING EXPENSES				
Salaries and wages	7,857	20,927	34,769	63,553
Employee benefits	3,380	11,742	13,868	28,990
Personal services	10,707	-	8,046	18,753
Goods and services	69,181	1,156	22,371	92,708
Travel	411	458	1,426	2,295
Lottery prize payments	422,536	-	-	422,536
Depreciation and amortization	80	1,243	539	1,862
Miscellaneous expenses	33	6,087	1,372	7,492
Total Operating Expenses	514,185	41,613	82,391	638,189
Operating Income (Loss)	161,856	(4,006)	(10,712)	147,138
NONOPERATING REVENUES (EXPENSES)				
Earnings (loss) on investments	(3,786)	-	27	(3,759)
Interest expense	(5,758)	(153)	-	(5,911)
Tax and license revenue	10	-	20,948	20,958
Other revenues (expenses)	5	(42)	319	282
Total Nonoperating Revenues (Expenses)	(9,529)	(195)	21,294	11,570
Income (Loss) Before Transfers	152,327	(4,201)	10,582	158,708
Transfers in	14,714	-	7,631	22,345
Transfers out	(176,614)	(46)	(17,702)	(194,362)
Net Transfers	(161,900)	(46)	(10,071)	(172,017)
Change in Net Position	(9,573)	(4,247)	511	(13,309)
Net Position - Beginning	1,421	20,549	19,800	41,770
Net Position - Ending	\$ (8,152)	\$ 16,302	\$ 20,311	\$ 28,461

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017
(expressed in thousands)

	<u>Lottery</u>	<u>Institutional</u>	<u>Other Activities</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 673,732	\$ 96,595	\$ 67,359	\$ 837,686
Payments to suppliers	(513,564)	(67,137)	(22,342)	(603,043)
Payments to employees	(10,757)	(29,724)	(46,302)	(86,783)
Other receipts	24	4	4,035	4,063
Net Cash Provided (Used) by Operating Activities	<u>149,435</u>	<u>(262)</u>	<u>2,750</u>	<u>151,923</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	14,714	-	7,631	22,345
Transfers out	(176,614)	(46)	(17,702)	(194,362)
Operating grants and donations received	-	1	441	442
Taxes and license fees collected	10	-	20,947	20,957
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(161,890)</u>	<u>(45)</u>	<u>11,317</u>	<u>(150,618)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	-	(220)	-	(220)
Principal payments on long-term capital financing	-	(395)	-	(395)
Proceeds from sale of capital assets	5	56	2	63
Acquisitions of capital assets	(594)	(7,454)	(1,482)	(9,530)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(589)</u>	<u>(8,013)</u>	<u>(1,480)</u>	<u>(10,082)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest	-	-	27	27
Proceeds from sale of investment securities	18,248	-	-	18,248
Purchases of investment securities	(6,119)	-	-	(6,119)
Net Cash Provided (Used) by Investing Activities	<u>12,129</u>	<u>-</u>	<u>27</u>	<u>12,156</u>
Net Increase (Decrease) in Cash and Pooled Investments	(915)	(8,320)	12,614	3,379
Cash and cash equivalents, July 1	24,433	14,074	73,232	111,739
Cash and cash equivalents, June 30	<u>\$ 23,518</u>	<u>\$ 5,754</u>	<u>\$ 85,846</u>	<u>\$ 115,118</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 161,856	\$ (4,006)	\$ (10,712)	\$ 147,138
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:				
Depreciation	80	1,243	539	1,862
Revenue reduced for uncollectible accounts	23	-	-	23
Change in Assets: Decrease (Increase)				
Receivables	(1,136)	(6,727)	(397)	(8,260)
Inventories	411	(279)	2	134
Prepaid expenses	22	43	1	66
Other assets	-	-	-	-
Change in Deferred Outflows of Resources: Increase (Decrease)	(811)	(2,551)	(2,639)	(6,001)
Change in Liabilities: Increase (Decrease)				
Payables	(10,162)	13,155	18,983	21,976
Change in Deferred Inflows of Resources: Decrease (Increase)	(848)	(1,140)	(3,027)	(5,015)
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	<u>\$ 149,435</u>	<u>\$ (262)</u>	<u>\$ 2,750</u>	<u>\$ 151,923</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Amortization of annuity prize liability	\$ 5,758	\$ -	\$ -	\$ 5,758
Debt refunding deposited with escrow agent	-	-	-	-
Increase (decrease) in fair value of investments	(3,786)	-	-	(3,786)

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Internal Service Funds

Internal Service Funds account for state activities that provide goods and services to other state departments or agencies on a cost-reimbursement basis. The Internal Service Funds are described below:

General Services Fund

The General Services Fund accounts for the cost of providing the following services to state agencies: (1) legal services; (2) state Certificate of Participation (COP) financing program; (3) facilities, equipment and related services; (4) printing; (5) audits of state agencies; (6) administration of the state civil service law and labor relations; (7) administrative hearings; and (8) archives and records management.

Data Processing Revolving Fund

The Data Processing Revolving Fund accounts for the distribution of the full cost of data processing and data communication services to other state agencies, and for the payment of other costs incidental to the acquisition,

operation, and administration of acquired data processing services, supplies, and equipment.

Higher Education Revolving Fund

The Higher Education Revolving Fund accounts for stores, data processing, and other support service activities at colleges and universities.

Risk Management Fund

The Risk Management Fund administers tort and sundry claims filed against Washington state agencies, except for the University of Washington and the Washington State Department of Transportation Ferries Division.

Health Insurance Fund

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

INTERNAL SERVICE FUNDS
Combining Statement of Net Position
 June 30, 2017
 (expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 49,901	\$ -	\$ 381,492
Investments	222	-	7,441
Receivables (net of allowance)	2,457	22	9,761
Due from other funds	42,809	15,519	8,890
Due from other governments	22,769	977	6,189
Inventories	5,880	-	9,009
Prepaid expenses	4,888	4,334	4,140
Restricted cash and investments	207,267	-	26
Restricted receivables	14,765	940	-
Total Current Assets	350,958	21,792	426,948
Noncurrent Assets:			
Investments, noncurrent	-	-	42,956
Capital assets:			
Land and other non-depreciable assets	3,521	-	2,834
Buildings	181,280	278,054	64,469
Other improvements	13,623	1,392	608
Furnishings, equipment, and intangibles	644,867	140,412	166,996
Infrastructure	2,486	-	135
Accumulated depreciation	(399,272)	(201,977)	(157,567)
Construction in progress	75,659	10,332	-
Total Noncurrent Assets	522,164	228,213	120,431
Total Assets	873,122	250,005	547,379
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refundings	1,634	-	-
Deferred outflows on pensions	36,098	10,021	20,852
Total Deferred Outflows of Resources	37,732	10,021	20,852
Total Assets and Deferred Outflows of Resources	\$ 910,854	\$ 260,026	\$ 568,231

State of Washington

Continued

	Risk Management	Health Insurance	Total
\$	2,574	\$ 305,895	\$ 739,862
	-	3,366	11,029
	-	16,611	28,851
	720	4,139	72,077
	-	5,203	35,138
	-	-	14,889
	-	-	13,362
	-	-	207,293
	-	-	15,705
	<u>3,294</u>	<u>335,214</u>	<u>1,138,206</u>
	-	-	42,956
	-	-	6,355
	-	-	523,803
	-	-	15,623
	8	325	952,608
	-	-	2,621
	(8)	(280)	(759,104)
	-	-	85,991
	<u>-</u>	<u>45</u>	<u>870,853</u>
	<u>3,294</u>	<u>335,259</u>	<u>2,009,059</u>
	-	-	1,634
	270	1,382	68,623
	<u>270</u>	<u>1,382</u>	<u>70,257</u>
\$	<u>3,564</u>	<u>\$ 336,641</u>	<u>\$ 2,079,316</u>

INTERNAL SERVICE FUNDS
Combining Statement of Net Position

June 30, 2017

(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 14,980	\$ 5,850	\$ 8,329
Contracts payable	499	-	555
Accrued liabilities	25,898	2,120	62,187
Obligations under security lending agreements	254	-	-
Bonds and notes payable	96,339	9,460	3,549
Due to other funds	6,486	5,407	13,717
Due to other governments	124,366	-	2,439
Unearned revenue	4,044	-	130
Claims and judgments payable	-	-	21,760
Total Current Liabilities	272,866	22,837	112,666
Noncurrent Liabilities:			
Claims and judgments payable	-	-	56,724
Bonds and notes payable	259,382	269,599	28,975
Net pension liability	152,208	44,330	120,327
Other long-term liabilities	89,364	23,107	47,118
Total Noncurrent Liabilities	500,954	337,036	253,144
Total Liabilities	773,820	359,873	365,810
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on refundings	147	-	-
Deferred inflows on pensions	(1,093)	726	12,423
Total Deferred Inflows of Resources	(946)	726	12,423
NET POSITION			
Net investment in capital assets	102,486	(50,846)	44,952
Unrestricted	35,494	(49,727)	145,046
Total Net Position	137,980	(100,573)	189,998
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 910,854	\$ 260,026	\$ 568,231

State of Washington

Concluded

<u>Risk Management</u>	<u>Health Insurance</u>	<u>Total</u>
\$ 22	\$ 21,748	\$ 50,929
-	23	1,077
73	1,678	91,956
-	4,033	4,287
-	-	109,348
2,012	4,592	32,214
-	-	126,805
-	426	4,600
<u>69,309</u>	<u>83,891</u>	<u>174,960</u>
<u>71,416</u>	<u>116,391</u>	<u>596,176</u>
533,718	-	590,442
-	-	557,956
1,251	5,046	323,162
<u>720</u>	<u>3,791</u>	<u>164,100</u>
<u>535,689</u>	<u>8,837</u>	<u>1,635,660</u>
<u>607,105</u>	<u>125,228</u>	<u>2,231,836</u>
-	-	147
<u>(206)</u>	<u>(821)</u>	<u>11,029</u>
<u>(206)</u>	<u>(821)</u>	<u>11,176</u>
-	44	96,636
<u>(603,335)</u>	<u>212,190</u>	<u>(260,332)</u>
<u>(603,335)</u>	<u>212,234</u>	<u>(163,696)</u>
<u>\$ 3,564</u>	<u>\$ 336,641</u>	<u>\$ 2,079,316</u>

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

For the Fiscal Year Ended June 30, 2017

(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
OPERATING REVENUES			
Sales	\$ 27,060	\$ 655	\$ 14,628
Less: Cost of goods sold	(21,908)	(655)	(12,935)
Gross profit	5,152	-	1,693
Charges for services	271,281	150,103	241,987
Premiums and assessments	445	-	43,195
Miscellaneous revenue	130,982	18,934	8,307
Total Operating Revenues	407,860	169,037	295,182
OPERATING EXPENSES			
Salaries and wages	157,960	44,459	109,005
Employee benefits	69,266	15,176	61,840
Personal services	5,542	2,273	11,185
Goods and services	132,742	83,656	70,493
Travel	3,062	196	1,217
Premiums and claims	-	-	10,048
Depreciation and amortization	54,487	24,663	24,835
Miscellaneous expenses	575	5	27
Total Operating Expenses	423,634	170,428	288,650
Operating Income (Loss)	(15,774)	(1,391)	6,532
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	588	-	1,790
Interest expense	(5,499)	(15,328)	(1,012)
Tax and license revenue	25	-	-
Other revenues (expenses)	1,493	(7)	775
Total Nonoperating Revenues (Expenses)	(3,393)	(15,335)	1,553
Income (Loss) Before Contributions and Transfers	(19,167)	(16,726)	8,085
Capital contributions	10,707	-	4
Transfers in	8,860	8,000	205,194
Transfers out	(4,152)	-	(197,381)
Net Contributions, Transfers, and Special Items	15,415	8,000	7,817
Change in Net Position	(3,752)	(8,726)	15,902
Net Position - Beginning, as restated	141,732	(91,847)	174,096
Net Position - Ending	\$ 137,980	\$ (100,573)	\$ 189,998

State of Washington

Risk Management	Health Insurance	Total
\$ -	\$ -	\$ 42,343
-	-	(35,498)
-	-	6,845
2,811	-	666,182
84,915	1,525,389	1,653,944
1	7	158,231
87,727	1,525,396	2,485,202
1,399	6,841	319,664
690	3,847	150,819
8	6,711	25,719
20,897	4,069	311,857
22	74	4,571
147,900	1,481,958	1,639,906
2	51	104,038
14	27	648
170,932	1,503,578	2,557,222
(83,205)	21,818	(72,020)
-	(462)	1,916
-	-	(21,839)
-	-	25
-	-	2,261
-	(462)	(17,637)
(83,205)	21,356	(89,657)
-	-	10,711
-	-	222,054
(1)	-	(201,534)
(1)	-	31,231
(83,206)	21,356	(58,426)
(520,129)	190,878	(105,270)
\$ (603,335)	\$ 212,234	\$ (163,696)

INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2017
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 343,397	\$ 151,642	\$ 297,538
Payments to suppliers	(152,871)	(92,237)	(91,674)
Payments to employees	(216,242)	(59,253)	(150,053)
Other receipts	131,427	18,934	8,306
Net Cash Provided (Used) by Operating Activities	<u>105,711</u>	<u>19,086</u>	<u>64,117</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	8,860	8,000	205,194
Transfers out	(4,152)	-	(197,381)
Operating grants and donations received	1,902	100	165
Taxes and license fees collected	26	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>6,636</u>	<u>8,100</u>	<u>7,978</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(3,561)	(15,328)	(1,013)
Principal payments on long-term capital financing	(27,852)	(9,317)	(5,959)
Proceeds from long-term capital financing	36,970	-	262
Proceeds from sale of capital assets	5,486	-	1,518
Acquisitions of capital assets	(119,214)	(2,541)	(24,840)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(108,171)</u>	<u>(27,186)</u>	<u>(30,032)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	524	-	1,738
Proceeds from sale of investment securities	-	-	1,158
Purchases of investment securities	-	-	(9,761)
Net Cash Provided (Used) by Investing Activities	<u>524</u>	<u>-</u>	<u>(6,865)</u>
Net Increase (Decrease) in Cash and Pooled Investments	4,700	-	35,198
Cash and cash equivalents, July 1	252,468	-	346,320
Cash and cash equivalents, June 30	<u>\$ 257,168</u>	<u>\$ -</u>	<u>\$ 381,518</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (15,774)	\$ (1,391)	\$ 6,532
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:			
Depreciation	54,487	24,663	24,835
Revenue reduced for uncollectible accounts	191	-	-
Change in Assets: Decrease (Increase)			
Receivables	43,268	974	(2,279)
Inventories	(455)	-	89
Prepaid expenses	(1,649)	865	36
Change in Deferred Outflows of Resources: Increase (Decrease)	(11,908)	(3,631)	(15,076)
Change in Liabilities: Increase (Decrease)			
Payables	50,829	2,352	41,117
Change in Deferred Inflows of Resources: Decrease (Increase)	(13,278)	(4,746)	8,863
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	<u>\$ 105,711</u>	<u>\$ 19,086</u>	<u>\$ 64,117</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ 10,707	\$ -	\$ 4
Acquisition of capital assets through capital leases	-	-	145
Increase (decrease) in fair value of investments	(116)	-	20
Debt refunding deposited with escrow agent	14,600	-	-

State of Washington

Risk Management	Health Insurance	Total
\$ 87,887	\$ 1,523,273	\$ 2,403,737
(137,415)	(1,502,528)	(1,976,725)
(1,910)	(9,263)	(436,721)
1	7	158,675
(51,437)	11,489	148,966
-	-	222,054
(1)	-	(201,534)
-	-	2,167
-	-	26
(1)	-	22,713
-	-	(19,902)
-	-	(43,128)
-	-	37,232
-	-	7,004
-	(15)	(146,610)
-	(15)	(165,404)
-	1,455	3,717
-	-	1,158
-	-	(9,761)
-	1,455	(4,886)
(51,438)	12,929	1,389
54,012	292,966	945,766
\$ 2,574	\$ 305,895	\$ 947,155
\$ (83,205)	\$ 21,818	\$ (72,020)
2	51	104,038
-	19	210
161	(2,147)	39,977
-	-	(366)
119	-	(629)
(83)	(727)	(31,425)
31,515	(7,804)	118,009
54	279	(8,828)
\$ (51,437)	\$ 11,489	\$ 148,966
\$ -	\$ -	\$ 10,711
-	-	145
-	(2,004)	(2,100)
-	-	14,600