

Basic Financial Statements
Government-wide Financial Statements

Statement of Net Position

June 30, 2018

(expressed in thousands)

Continued

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 9,440,400	\$ 8,042,530	\$ 17,482,930	\$ 239,846
Taxes receivable (net of allowance for uncollectibles)	4,810,007	40	4,810,047	—
Other receivables (net of allowance for uncollectibles)	2,393,707	1,887,186	4,280,893	102,788
Internal balances	336,264	(336,264)	—	—
Due from other governments	4,444,596	150,815	4,595,411	—
Inventories and prepaids	121,173	60,988	182,161	25,306
Restricted cash and investments	287,006	77,476	364,482	—
Restricted receivables, current	69,331	36,592	105,923	—
Investments, noncurrent	6,694,898	17,021,803	23,716,701	66,663
Restricted investments, noncurrent	—	—	—	13,318
Restricted receivables, noncurrent	—	735	735	—
Restricted net pension asset	1,879,159	454	1,879,613	—
Other assets	—	295,009	295,009	288,208
Capital assets:				
Non-depreciable assets	28,946,390	532,071	29,478,461	94,433
Depreciable assets (net of accumulated depreciation)	12,097,601	2,803,438	14,901,039	552,421
Total capital assets	41,043,991	3,335,509	44,379,500	646,854
Total Assets	71,520,532	30,572,873	102,093,405	1,382,983
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on refundings	4,135	38,863	42,998	12,491
Deferred outflows on pensions	982,452	119,077	1,101,529	2,697
Deferred outflows on OPEB	121,518	12,690	134,208	57
Total Deferred Outflows of Resources	1,108,105	170,630	1,278,735	15,245
Total Assets and Deferred Outflows of Resources	\$ 72,628,637	\$ 30,743,503	\$ 103,372,140	\$ 1,398,228

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

Statement of Net Position

June 30, 2018

(expressed in thousands)

	Primary Government			Concluded
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 2,255,967	\$ 268,417	\$ 2,524,384	\$ 35,053
Accrued liabilities	1,619,344	669,465	2,288,809	121,064
Obligations under security lending agreements	—	122,237	122,237	—
Due to other governments	1,568,935	43,818	1,612,753	—
Unearned revenues	466,082	62,583	528,665	8,747
Long-term liabilities:				
Due within one year	1,898,706	2,581,358	4,480,064	11,410
Due in more than one year	34,087,221	30,950,414	65,037,635	321,527
Total Liabilities	41,896,255	34,698,292	76,594,547	497,801
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on hedging derivatives	3,869	—	3,869	—
Deferred inflows on refundings	2,183	23	2,206	—
Deferred inflows on pensions	1,029,198	83,086	1,112,284	2,424
Deferred inflows on OPEB	737,501	106,161	843,662	529
Deferred inflows on irrevocable split interest agreements	45,663	—	45,663	—
Deferred inflows on property taxes	—	—	—	25,031
Total Deferred Inflows of Resources	1,818,414	189,270	2,007,684	27,984
NET POSITION				
Net investment in capital assets	21,749,060	846,822	22,595,882	351,429
Restricted for:				
Unemployment compensation	—	4,824,074	4,824,074	—
Nonexpendable permanent endowments	2,674,263	—	2,674,263	—
Expendable endowment funds	1,639,382	—	1,639,382	—
Pensions	1,879,159	454	1,879,613	—
Wildlife and natural resources	1,089,027	—	1,089,027	—
Transportation	1,399,032	—	1,399,032	—
Budget stabilization	1,369,438	—	1,369,438	—
Higher education	126,261	—	126,261	—
Capital projects	274,454	—	274,454	—
Other purposes	877,098	—	877,098	9,773
Unrestricted	(4,163,206)	(9,815,409)	(13,978,615)	511,241
Total Net Position	28,913,968	(4,144,059)	24,769,909	872,443
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 72,628,637	\$ 30,743,503	\$ 103,372,140	\$ 1,398,228

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, 2018
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capitol Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 1,686,943	\$ 907,821	\$ 292,686	\$ 796
Education - K-12 education	12,012,236	27,778	1,111,103	—
Education - higher education	7,661,620	3,058,782	2,311,847	157,878
Human services	18,862,827	736,677	12,075,552	—
Adult corrections	1,066,875	28,527	2,439	—
Natural resources and recreation	1,184,591	616,605	193,743	32,952
Transportation	2,485,116	1,794,268	132,466	781,527
Interest on long-term debt	1,002,024	—	—	—
Total Governmental Activities	45,962,232	7,170,458	16,119,836	973,153
Business-Type Activities:				
Workers' compensation	3,689,553	2,774,652	11,466	—
Unemployment compensation	935,042	1,039,340	40,569	—
Higher education student services	3,118,741	3,139,025	13,811	—
Washington's lottery	557,187	736,816	—	—
Guaranteed education tuition program	173,651	84,004	—	—
Other	188,086	145,730	457	—
Total Business-Type Activities	8,662,260	7,919,567	66,303	—
Total Primary Government	\$ 54,624,492	\$ 15,090,025	\$ 16,186,139	\$ 973,153
COMPONENT UNITS	\$ 727,499	\$ 742,132	\$ 31,466	\$ —
Total Component Units	\$ 727,499	\$ 742,132	\$ 31,466	\$ —

General Revenues:

Taxes, net of related credits:

Sales and use

Business and occupation

Property

Motor vehicle and fuel

Excise

Cigarette and tobacco

Public utilities

Insurance premium

Other

Interest and investment earnings

Total general revenues

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

Contributions to endowments

Transfers

Change in Net Position

Net Position - Beginning, as restated

Net Position - Ending

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

State of Washington

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (485,640)	\$ —	\$ (485,640)	
(10,873,355)	—	(10,873,355)	
(2,133,113)	—	(2,133,113)	
(6,050,598)	—	(6,050,598)	
(1,035,909)	—	(1,035,909)	
(341,291)	—	(341,291)	
223,145	—	223,145	
(1,002,024)	—	(1,002,024)	
(21,698,785)	—	(21,698,785)	
—	(903,435)	(903,435)	
—	144,867	144,867	
—	34,095	34,095	
—	179,629	179,629	
—	(89,647)	(89,647)	
—	(41,899)	(41,899)	
—	(676,390)	(676,390)	
\$ (21,698,785)	\$ (676,390)	\$ (22,375,175)	
			\$ 46,099
			\$ 46,099
11,154,008	—	11,154,008	—
4,182,744	—	4,182,744	—
3,347,110	—	3,347,110	22,722
1,731,565	—	1,731,565	—
1,599,522	22,570	1,622,092	—
422,264	—	422,264	—
481,571	—	481,571	—
630,657	—	630,657	—
1,313,813	—	1,313,813	17,414
561,344	501,765	1,063,109	3,466
25,424,598	524,335	25,948,933	43,602
3,725,813	(152,055)	3,573,758	89,701
108,860	—	108,860	—
151,536	(151,536)	—	—
3,986,209	(303,591)	3,682,618	89,701
24,927,759	(3,840,468)	21,087,291	782,742
\$ 28,913,968	\$ (4,144,059)	\$ 24,769,909	\$ 872,443

This page intentionally left blank.

Basic Financial Statements
Fund Financial Statements

Balance Sheet
GOVERNMENTAL FUNDS

June 30, 2018

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 3,608,088	\$ 171,357	\$ 623,630	\$ 4,249,446	\$ 8,652,521
Investments	78,673	2,005,473	4,319,999	267,491	6,671,636
Taxes receivable (net of allowance)	4,566,740	21,179	—	222,088	4,810,007
Receivables (net of allowance)	721,729	652,579	31,870	908,366	2,314,544
Due from other funds	560,699	1,036,688	1,007	348,393	1,946,787
Due from other governments	1,528,168	216,633	1,700	2,530,363	4,276,864
Inventories and prepaids	13,743	29,046	—	48,765	91,554
Restricted cash and investments	28,734	924	—	60,235	89,893
Restricted receivables	20,189	41,748	—	5,154	67,091
Total Assets	\$ 11,126,763	\$ 4,175,627	\$ 4,978,206	\$ 8,640,301	\$ 28,920,897
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,596,400	\$ 269,006	\$ 39,176	\$ 318,245	\$ 2,222,827
Accrued liabilities	314,990	506,373	69,808	194,927	1,086,098
Due to other funds	196,863	265,585	668,295	489,188	1,619,931
Due to other governments	1,216,476	33,486	—	132,628	1,382,590
Unearned revenue	141,549	232,593	—	87,307	461,449
Claims and judgments payable	54,160	—	—	91,655	145,815
Total Liabilities	3,520,438	1,307,043	777,279	1,313,950	6,918,710
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	2,176,261	13,731	16,143	166,535	2,372,670
Deferred inflows on hedging derivatives	—	—	—	3,869	3,869
Deferred inflows on irrevocable split interest agreements	—	—	45,663	—	45,663
Total Deferred Inflows of Resources	2,176,261	13,731	61,806	170,404	2,422,202
FUND BALANCES					
Nonspendable fund balance	45,400	45,292	2,466,357	256,672	2,813,721
Restricted fund balance	1,476,149	45,529	1,672,764	3,580,250	6,774,692
Committed fund balance	387,930	2,745,732	—	3,319,281	6,452,943
Assigned fund balance	1,513,952	18,300	—	—	1,532,252
Unassigned fund balance	2,006,633	—	—	(256)	2,006,377
Total Fund Balances	5,430,064	2,854,853	4,139,121	7,155,947	19,579,985
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,126,763	\$ 4,175,627	\$ 4,978,206	\$ 8,640,301	\$ 28,920,897

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

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

June 30, 2018

(expressed in thousands)

Total Fund Balances for Governmental Funds \$ 19,579,985

Amounts reported for governmental activities in the Statement of Net Position 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	\$	28,853,054	
Depreciable assets		21,717,621	
Less: Accumulated depreciation		(10,346,859)	
Total capital assets			40,223,816

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 considered deferred inflows in the funds. 2,372,670

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. 1,879,159

Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore are not reported in the funds. 1,054,462

Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore are not reported in the funds. (1,685,600)

Unmatured interest on general obligation bonds is not recognized in the funds until due. (400,919)

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 Position. (174,085)

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	\$	(23,336,688)	
Accreted interest on bonds		(433,372)	
Compensated absences		(644,972)	
Other postemployment benefits obligations		(4,918,779)	
Net pension liability		(3,791,499)	
Unclaimed property		(237,774)	
Pollution remediation obligations		(151,414)	
Claims and judgments		(41,195)	
Other obligations		(379,827)	
Total long-term liabilities			(33,935,520)

Net Position of Governmental Activities \$ 28,913,968

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, 2018

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Non-Major Governmental Funds	Total
REVENUES					
Retail sales and use taxes	\$ 11,003,465	\$ —	\$ —	\$ 150,543	\$ 11,154,008
Business and occupation taxes	4,176,893	—	—	5,851	4,182,744
Property taxes	2,769,520	—	—	—	2,769,520
Excise taxes	1,139,260	48,673	—	411,589	1,599,522
Motor vehicle and fuel taxes	—	—	—	1,731,565	1,731,565
Other taxes	2,155,410	260,063	—	297,924	2,713,397
Licenses, permits, and fees	124,367	1,039	—	2,282,501	2,407,907
Other contracts and grants	330,381	983,150	—	133,147	1,446,678
Timber sales	1,924	—	23,393	121,026	146,343
Federal grants-in-aid	13,013,441	1,453,867	—	1,179,003	15,646,311
Charges for services	48,367	2,662,552	1	703,361	3,414,281
Investment income (loss)	656	140,795	372,260	47,634	561,345
Miscellaneous revenue	314,549	270,211	11,414	535,982	1,132,156
Contributions and donations	—	—	108,860	—	108,860
Unclaimed property	100,139	—	—	—	100,139
Total Revenues	35,178,372	5,820,350	515,928	7,600,126	49,114,776
EXPENDITURES					
Current:					
General government	864,370	25	156	490,506	1,355,057
Human services	18,686,072	—	—	1,130,848	19,816,920
Natural resources and recreation	464,952	—	—	663,064	1,128,016
Transportation	57,377	—	—	2,066,334	2,123,711
Education	13,066,900	5,453,803	327	581,132	19,102,162
Intergovernmental	101,822	—	—	402,297	504,119
Capital outlays	78,930	266,103	46	1,435,705	1,780,784
Debt service:					
Principal	14,407	28,383	—	1,101,427	1,144,217
Interest	3,525	27,265	—	1,004,018	1,034,808
Total Expenditures	33,338,355	5,775,579	529	8,875,331	47,989,794
Excess of Revenues Over (Under) Expenditures	1,840,017	44,771	515,399	(1,275,205)	1,124,982
OTHER FINANCING SOURCES (USES)					
Bonds issued	59,590	85,022	—	1,047,010	1,191,622
Refunding bonds issued	—	—	—	1,344,415	1,344,415
Payments to escrow agents for refunded bond debt	—	—	—	(1,604,794)	(1,604,794)
Issuance premiums	932	5,123	—	451,293	457,348
Other debt issued	1,976	34,580	—	10,423	46,979
Transfers in	686,088	768,562	37,263	3,142,348	4,634,261
Transfers out	(1,359,631)	(775,790)	(216,158)	(2,150,548)	(4,502,127)
Total Other Financing Sources (Uses)	(611,045)	117,497	(178,895)	2,240,147	1,567,704
Net Change in Fund Balances	1,228,972	162,268	336,504	964,942	2,692,686
Fund Balances - Beginning, as restated	4,201,092	2,692,585	3,802,617	6,191,005	16,887,299
Fund Balances - Ending	\$ 5,430,064	\$ 2,854,853	\$ 4,139,121	\$ 7,155,947	\$ 19,579,985

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, 2018
(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 2,692,686

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	\$ 1,236,753	
Less: Depreciation expense	<u>(698,040)</u>	538,713

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

728,397

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

74,910

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

Bonds and other financing contracts issued	\$ (3,032,801)	
Principal payments on bonds and other financing contracts	2,711,600	
Accreted interest on bonds	<u>24,263</u>	(296,938)

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	\$ (60,221)	
Other postemployment benefits	(329,366)	
Pensions	559,798	
Pollution remediation	(561)	
Claims and judgments	(1,638)	
Accrued interest	4,462	
Unclaimed property	(40,363)	
Other obligations	<u>116,330</u>	<u>248,441</u>

Change in Net Position of Governmental Activities \$ 3,986,209

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

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2018

(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 45,490	\$ 4,497,091	\$ 770,719
Investments	1,479,717	—	27,761
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	1,044,871	391,777	391,213
Due from other funds	600	3,348	17,563
Due from other governments	2,058	25,645	107,361
Inventories	149	—	43,681
Prepaid expenses	2,585	—	4,995
Restricted cash and investments	371	—	77,105
Restricted receivables	—	—	36,592
Total Current Assets	2,575,841	4,917,861	1,476,990
Noncurrent Assets:			
Investments, noncurrent	15,389,476	—	345,307
Restricted receivables, noncurrent	—	—	735
Restricted net pension asset	—	—	454
Other noncurrent assets	4,929	—	185,554
Capital assets:			
Land and other non-depreciable assets	3,204	—	70,766
Buildings	65,134	—	3,849,793
Other improvements	1,289	—	100,460
Furnishings, equipment, and intangibles	107,539	—	865,050
Infrastructure	—	—	59,019
Accumulated depreciation	(127,213)	—	(2,144,990)
Construction in progress	8,123	—	440,272
Total Noncurrent Assets	15,452,481	—	3,772,420
Total Assets	18,028,322	4,917,861	5,249,410
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refundings	—	—	38,792
Deferred outflows on pensions	26,527	—	79,831
Deferred outflows on OPEB	2,046	—	8,387
Total Deferred Outflows of Resources	28,573	—	127,010
Total Assets and Deferred Outflows of Resources	\$ 18,056,895	\$ 4,917,861	\$ 5,376,420

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

State of Washington

Continued

<u>Nonmajor Enterprise Funds</u>		<u>Governmental Activities</u>	
		<u>Total</u>	<u>Internal Service Funds</u>
\$	258,790	\$	5,572,090
	962,962		2,470,440
	40		40
	59,325		1,887,186
	12,190		33,701
	5,551		140,615
	9,365		53,195
	213		7,793
	—		77,476
	—		36,592
	<u>1,308,436</u>		<u>10,279,128</u>
	1,287,020		17,021,803
	—		735
	—		454
	104,526		295,009
	1,540		75,510
	12,828		3,927,755
	5,774		107,523
	33,013		1,005,602
	—		59,019
	(24,258)		(2,296,461)
	8,166		456,561
	<u>1,428,609</u>		<u>20,653,510</u>
	2,737,045		30,932,638
	71		38,863
	12,719		119,077
	2,257		12,690
	<u>15,047</u>		<u>170,630</u>
\$	<u>2,752,092</u>	\$	<u>31,103,268</u>
		\$	<u>2,166,074</u>

Statement of Net Position
PROPRIETARY FUNDS
 June 30, 2018
 (expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 29,182	\$ —	\$ 225,322
Accrued liabilities	221,403	69,686	375,773
Obligations under security lending agreements	99,810	—	—
Bonds and notes payable	—	—	96,726
Net pension liability	21	—	637
Total OPEB liability	2,046	—	8,387
Due to other funds	8,150	1,280	263,144
Due to other governments	—	22,821	30
Unearned revenue	7,647	—	54,456
Claims and judgments payable	2,226,223	—	—
Total Current Liabilities	2,594,482	93,787	1,024,475
Noncurrent Liabilities:			
Claims and judgments payable	25,548,080	—	—
Bonds and notes payable	—	—	2,424,636
Net pension liability	118,184	—	350,621
Total OPEB liability	127,225	—	521,606
Other long-term liabilities	7,765	—	89,501
Total Noncurrent Liabilities	25,801,254	—	3,386,364
Total Liabilities	28,395,736	93,787	4,410,839
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on refundings	—	—	23
Deferred inflows on pensions	19,188	—	56,728
Deferred inflows on OPEB	21,953	—	77,509
Total Deferred Inflows of Resources	41,141	—	134,260
NET POSITION			
Net investment in capital assets	58,076	—	757,775
Restricted for:			
Unemployment compensation	—	4,824,074	—
Pensions	—	—	454
Unrestricted	(10,438,058)	—	73,092
Total Net Position	(10,379,982)	4,824,074	831,321
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 18,056,895	\$ 4,917,861	\$ 5,376,420

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

State of Washington

Concluded

Nonmajor Enterprise Funds		Governmental Activities	
		Total	Internal Service Funds
\$	13,913	\$	268,417
	241,907		908,769
	22,427		122,237
	2,404		99,130
	—		658
	750		11,183
	105,195		377,769
	2,961		25,812
	480		62,583
	4,862		2,231,085
	<u>394,899</u>		<u>4,107,643</u>
	12,130		25,560,210
	3,761		2,428,397
	46,657		515,462
	46,686		695,517
	<u>1,653,562</u>		<u>1,750,828</u>
	<u>1,762,796</u>		<u>30,950,414</u>
	<u>2,157,695</u>		<u>35,058,057</u>
	—		23
	7,170		83,086
	6,699		106,161
	<u>13,869</u>		<u>189,270</u>
	30,971		846,822
	—		4,824,074
	—		454
	<u>549,557</u>		<u>(9,815,409)</u>
	<u>580,528</u>		<u>(4,144,059)</u>
\$	<u>2,752,092</u>	\$	<u>31,103,268</u>
		\$	<u>2,166,074</u>

Statement of Revenues, Expenses, and Changes in Net Position
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2018

(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
OPERATING REVENUES			
Sales	\$ —	\$ —	\$ 81,260
Less: Cost of goods sold	—	—	(45,060)
Gross profit	—	—	36,200
Charges for services	21	—	2,864,798
Premiums and assessments	2,724,896	1,022,997	—
Lottery ticket proceeds	—	—	—
Federal aid for unemployment insurance benefits	—	40,569	—
Miscellaneous revenue	49,811	16,343	198,513
Total Operating Revenues	2,774,728	1,079,909	3,099,511
OPERATING EXPENSES			
Salaries and wages	177,028	—	1,221,652
Employee benefits	64,793	—	260,288
Personal services	14,968	—	40,994
Goods and services	86,737	—	1,219,463
Travel	4,575	—	28,031
Premiums and claims	3,309,111	935,042	195
Guaranteed education tuition program expense	—	—	—
Lottery prize payments	—	—	—
Depreciation and amortization	8,499	—	185,991
Miscellaneous expenses	23,841	—	24,396
Total Operating Expenses	3,689,552	935,042	2,981,010
Operating Income (Loss)	(914,824)	144,867	118,501
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	249,355	97,943	21,681
Interest expense	—	—	(92,876)
Tax and license revenue	115	—	—
Other revenues (expenses)	11,390	—	8,469
Total Nonoperating Revenues (Expenses)	260,860	97,943	(62,726)
Income (Loss) Before Contributions and Transfers	(653,964)	242,810	55,775
Capital contributions	—	—	—
Transfers in	—	—	400,126
Transfers out	—	—	(362,065)
Net Contributions and Transfers	—	—	38,061
Change in Net Position	(653,964)	242,810	93,836
Net Position - Beginning, as restated	(9,726,018)	4,581,264	737,485
Net Position - Ending	\$ (10,379,982)	\$ 4,824,074	\$ 831,321

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

State of Washington

Nonmajor Enterprise Funds		Governmental Activities			
		Total	Internal Service Funds		
\$	95,153	\$	176,413	\$	41,400
	(61,947)		(107,007)		(34,866)
	33,206		69,406		6,534
	121,932		2,986,751		722,928
	11,427		3,759,320		1,776,313
	733,938		733,938		—
	—		40,569		—
	4,268		268,935		177,764
	904,771		7,858,919		2,683,539
	73,997		1,472,677		320,953
	28,985		354,066		123,049
	18,062		74,024		37,909
	99,950		1,406,150		360,825
	2,419		35,025		5,153
	—		4,244,348		1,676,383
	167,252		167,252		—
	457,904		457,904		—
	2,828		197,318		98,254
	368		48,605		775
	851,765		8,457,369		2,623,301
	53,006		(598,450)		60,238
	132,787		501,766		5,150
	(5,216)		(98,092)		(22,524)
	22,455		22,570		15
	292		20,151		8,038
	150,318		446,395		(9,321)
	203,324		(152,055)		50,917
	—		—		4,591
	14,115		414,241		62,222
	(203,712)		(565,777)		(42,820)
	(189,597)		(151,536)		23,993
	13,727		(303,591)		74,910
	566,801		(3,840,468)		(248,995)
\$	580,528	\$	(4,144,059)	\$	(174,085)

Statement of Cash Flows
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2018

(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,694,811	\$ 1,027,015	\$ 2,840,143
Payments to suppliers	(2,244,492)	(937,961)	(1,258,987)
Payments to employees	(243,038)	—	(1,470,294)
Other receipts	49,812	57,023	198,514
Net Cash Provided (Used) by Operating Activities	257,093	146,077	309,376
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	—	—	400,126
Transfers out	—	—	(362,065)
Operating grants and donations received	10,760	—	13,313
Taxes and license fees collected	115	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	10,875	—	51,374
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	—	—	(108,412)
Principal payments on long-term capital financing	—	—	(152,384)
Proceeds from long-term capital financing	—	—	211,620
Proceeds from sale of capital assets	2	—	1,731
Acquisitions of capital assets	(1,504)	—	(421,058)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,502)	—	(468,503)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	1,567,421	97,943	2,540
Proceeds from sale of investment securities	7,763,465	—	85,688
Purchases of investment securities	(9,587,170)	—	(88,061)
Net Cash Provided (Used) by Investing Activities	(256,284)	97,943	167
Net Increase (Decrease) in Cash and Pooled Investments	10,182	244,020	(107,586)
Cash and cash equivalents, July 1, as restated	35,679	4,253,071	955,410
Cash and cash equivalents, June 30	\$ 45,861	\$ 4,497,091	\$ 847,824
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (914,824)	\$ 144,867	\$ 118,501
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:			
Depreciation	8,499	—	185,991
Revenue reduced for uncollectible accounts	20,490	—	1,229
Change in Assets: Decrease (Increase)			
Receivables	(30,316)	4,129	(104,393)
Inventories	27	—	(2,793)
Prepaid expenses	(979)	—	5,673
Other assets	—	—	(220)
Change in Deferred Outflows of Resources: Increase (Decrease)	10,151	—	27,404
Change in Liabilities: Increase (Decrease)			
Payables	1,125,430	(2,919)	(49,765)
Change in Deferred Inflows of Resources: Decrease (Increase)	38,615	—	127,749
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	\$ 257,093	\$ 146,077	\$ 309,376

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

State of Washington

Continued

Nonmajor Enterprise Funds		Governmental Activities			
		Total	Internal Service Funds		
\$	975,875	\$	7,537,844	\$	2,433,355
	(856,459)		(5,297,899)		(2,070,620)
	(100,447)		(1,813,779)		(451,255)
	4,247		309,596		178,643
	23,216		735,762		90,123
	14,115		414,241		62,222
	(203,712)		(565,777)		(42,820)
	82,458		106,531		868
	22,413		22,528		15
	(84,726)		(22,477)		20,285
	(200)		(108,612)		(25,944)
	(415)		(152,799)		(44,168)
	—		211,620		42,391
	3,231		4,964		16,339
	(8,278)		(430,840)		(94,815)
	(5,662)		(475,667)		(106,197)
	279,619		1,947,523		6,598
	2,436,421		10,285,574		1,108
	(2,507,350)		(12,182,581)		(191,245)
	208,690		50,516		(183,539)
	141,518		288,134		(179,328)
	117,272		5,361,432		947,155
\$	258,790	\$	5,649,566	\$	767,827
\$	53,006	\$	(598,450)	\$	60,238
	2,828		197,318		98,254
	39		21,758		437
	12,945		(117,635)		(106,435)
	(1,232)		(3,998)		(618)
	(5)		4,689		(750)
	—		(220)		—
	157		37,712		19,813
	(58,110)		1,014,636		(52,937)
	13,588		179,952		72,121
\$	23,216	\$	735,762	\$	90,123

Statement of Cash Flows
PROPRIETARY FUNDS
 For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ —	\$ —	\$ —
Acquisition of capital assets through capital leases	—	—	1,901
Amortization of annuity prize liability	—	—	—
Increase (decrease) in fair value of investments	(1,321,453)	—	(243)
Debt refunding deposited with escrow agent	—	—	10,695
Amortization of debt premium/discount	—	—	19,240
Increase in ownership of joint venture	—	—	17,332

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

State of Washington

Concluded

Nonmajor Enterprise Funds		Governmental Activities	
	Total		Internal Service Funds
\$	—	\$	—
			4,591
			305
5,083	5,083		—
(145,769)	(1,467,465)		(2,036)
	10,695		—
67	19,307		3,611
—	17,332		—

Statement of Net Position
FIDUCIARY FUNDS
 June 30, 2018
 (expressed in thousands)

Continued

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	\$ 6,781	\$ 6,405,092	\$ 45,365	\$ 195,567
Receivables, pension and other employee benefit plans:				
Employers	—	—	212,554	—
Members (net of allowance)	—	—	7,528	—
Interest and dividends	—	—	303,174	—
Investment trades pending	—	—	2,307,463	—
Due from other pension and other employee benefit funds	—	—	85,793	—
Other receivables, all other funds	—	10,428	131	10,796
Due from other governments	—	—	—	23,074
Investments:				
Liquidity	—	4,853,457	3,122,079	—
Fixed income	—	1,113,805	21,568,336	—
Public equity	—	—	43,154,158	—
Private equity	—	—	21,785,134	—
Real estate	—	—	17,212,474	—
Tangible assets	—	—	4,389,299	—
Security lending collateral	—	—	662,844	—
Other noncurrent assets	—	—	—	60,087
Capital assets:				
Furnishings, equipment, and intangibles	37	—	—	—
Accumulated depreciation	(35)	—	—	—
Total Assets	6,783	12,382,782	114,856,332	289,524
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on OPEB	—	—	13	—
Total Deferred Outflows of Resources	—	—	13	—
Total Assets and Deferred Outflows of Resources	\$ 6,783	\$ 12,382,782	\$ 114,856,345	\$ 289,524

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

Statement of Net Position
FIDUCIARY FUNDS
 June 30, 2018
 (expressed in thousands)

Concluded

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	\$ 99	\$ —	\$ —	\$ 23,424
Contracts payable	—	—	—	26,923
Accrued liabilities	218	47	2,715,381	158,378
Obligations under security lending agreements	—	—	662,844	—
Due to other funds	—	80	—	—
Due to other pension and other employee benefit funds	—	—	85,793	—
Due to other governments	—	55,940	—	20,712
Unearned revenue	—	—	673	—
Other long-term liabilities	—	—	—	60,087
Total Liabilities	317	56,067	3,464,691	289,524
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on OPEB	—	—	38	—
Total Deferred Inflows of Resources	—	—	38	—
Total Liabilities and Deferred Inflows of Resources	317	56,067	3,464,729	\$ 289,524
NET POSITION				
Net position restricted for:				
Pensions	—	—	106,960,739	
Deferred compensation participants	—	—	4,430,877	
Local government pool participants	—	12,326,715	—	
Individuals, organizations, and other governments	6,466	—	—	
Total Net Position	\$ 6,466	\$ 12,326,715	\$ 111,391,616	

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

**Statement of Changes in Net Position
FIDUCIARY FUNDS**

For the Fiscal Year Ended June 30, 2018
(expressed in thousands)

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
ADDITIONS			
Contributions:			
Employers	\$ —	\$ —	\$ 2,644,160
Members	—	—	1,634,050
State	—	—	84,579
Participants	—	21,095,305	275,725
Total Contributions	—	21,095,305	4,638,514
Investment Income:			
Net appreciation (depreciation) in fair value	—	—	7,760,007
Interest and dividends	—	151,955	2,338,780
Earnings on investments	—	27	—
Less: Investment expenses	—	—	(538,452)
Net Investment Income (Loss)	—	151,982	9,560,335
Other Additions:			
Unclaimed property	76,418	—	—
Transfers from other plans	—	—	11,224
Miscellaneous revenue	2	6	17,982
Total Other Additions	76,420	6	29,206
Total Additions	76,420	21,247,293	14,228,055
DEDUCTIONS			
Pension benefits	—	—	4,318,329
Pension refunds	—	—	619,678
Transfers to other plans	—	—	11,224
Administrative expenses	6,489	1,351	2,920
Distributions to participants	—	19,827,493	232,496
Payments to or on behalf of individuals, organizations, and other governments in accordance with state unclaimed property laws	68,401	—	—
Total Deductions	74,890	19,828,844	5,184,647
Net Increase (Decrease)	1,530	1,418,449	9,043,408
Net Position - Beginning, as restated	4,936	10,908,266	102,348,208
Net Position - Ending	\$ 6,466	\$ 12,326,715	\$ 111,391,616

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

Statement of Net Position
COMPONENT UNITS

June 30, 2018

(expressed in thousands)

Continued

	Public Stadium Authority	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 9,354	\$ 3,535	\$ 77,931	\$ 58,643	\$ 149,463
Investments	—	—	41,431	48,952	90,383
Receivables (net of allowance)	1,007	10,074	83,949	7,758	102,788
Inventories	—	—	6,627	—	6,627
Prepaid expenses	—	1,412	16,942	325	18,679
Total Current Assets	10,361	15,021	226,880	115,678	367,940
Noncurrent Assets:					
Investments, noncurrent	—	—	66,663	—	66,663
Restricted investments, noncurrent	—	—	13,318	—	13,318
Other noncurrent assets	—	174	—	288,034	288,208
Capital assets:					
Land	34,677	—	13,414	—	48,091
Buildings	460,953	—	457,628	—	918,581
Other improvements	—	740	18,859	176	19,775
Furnishings, equipment, and intangible assets	9,099	55,654	219,104	1,886	285,743
Accumulated depreciation	(253,318)	(46,176)	(370,356)	(1,828)	(671,678)
Construction in progress	—	1,750	44,592	—	46,342
Total Noncurrent Assets	251,411	12,142	463,222	288,268	1,015,043
Total Assets	261,772	27,163	690,102	403,946	1,382,983
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on refundings	—	—	12,491	—	12,491
Deferred outflows on pensions	13	1,843	—	841	2,697
Deferred outflows on OPEB	—	—	—	57	57
Total Deferred Outflows of Resources	13	1,843	12,491	898	15,245
Total Assets and Deferred Outflows of Resources	\$ 261,785	\$ 29,006	\$ 702,593	\$ 404,844	\$ 1,398,228

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

**Statement of Net Position
COMPONENT UNITS**

June 30, 2018

(expressed in thousands)

					Concluded
	Public Stadium Authority	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 44	\$ 14,158	\$ 20,058	\$ 793	\$ 35,053
Accrued liabilities	1,752	861	92,652	37,190	132,455
Total OPEB Liability	—	—	—	19	19
Unearned revenue	100	—	—	8,647	8,747
Total Current Liabilities	1,896	15,019	112,710	46,649	176,274
Noncurrent Liabilities:					
Net pension liability	217	6,917	—	4,507	11,641
Total OPEB liability	—	1,084	—	3,570	4,654
Other long-term liabilities	—	175	305,057	—	305,232
Total Noncurrent Liabilities	217	8,176	305,057	8,077	321,527
Total Liabilities	2,113	23,195	417,767	54,726	497,801
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on property taxes	—	—	25,031	—	25,031
Deferred inflows on pensions	36	1,707	—	681	2,424
Deferred inflows on OPEB	—	—	—	529	529
Total Deferred Inflows of Resources	36	1,707	25,031	1,210	27,984
NET POSITION					
Net investment in capital assets	251,411	11,967	87,817	234	351,429
Restricted for:					
Deferred sales tax	450	—	—	—	450
Other purposes	—	—	8,240	1,083	9,323
Unrestricted	7,775	(7,863)	163,738	347,591	511,241
Total Net Position	259,636	4,104	259,795	348,908	872,443
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 261,785	\$ 29,006	\$ 702,593	\$ 404,844	\$ 1,398,228

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

Statement of Revenues, Expenses, and Changes in Net Position
COMPONENT UNITS

For the Fiscal Year Ended June 30, 2018

(expressed in thousands)

	Public Stadium Authority	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
EXPENSES	\$ 17,648	\$ 47,662	\$ 639,095	\$ 23,094	\$ 727,499
PROGRAM REVENUES					
Charges for services	3,785	26,333	636,725	75,289	742,132
Operating grants and contributions	—	29,298	—	2,168	31,466
Total Program Revenues	3,785	55,631	636,725	77,457	773,598
Net Program Revenues (Expense)	(13,863)	7,969	(2,370)	54,363	46,099
GENERAL REVENUES					
Earnings (loss) on investments	88	—	2,468	910	3,466
Property taxes	—	—	22,722	—	22,722
Other	—	—	17,414	—	17,414
Total General Revenues	88	—	42,604	910	43,602
Change in Net Position	(13,775)	7,969	40,234	55,273	89,701
Net Position - Beginning, as restated	273,411	(3,865)	219,561	293,635	782,742
Net Position - Ending	\$ 259,636	\$ 4,104	\$ 259,795	\$ 348,908	\$ 872,443

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