

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, 2016

(expressed in thousands)

Continued

	Lottery	Institutional	Other Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and pooled investments	\$ 24,433	\$ 14,074	\$ 73,232	\$ 111,739
Investments	18,214	-	-	18,214
Receivables (net of allowance)	22,461	948	2,045	25,454
Due from other funds	5,344	8,171	2,034	15,549
Due from other governments	-	248	4,437	4,685
Inventories	886	7,256	126	8,268
Prepaid expenses	75	174	24	273
Total Current Assets	71,413	30,871	81,898	184,182
Noncurrent Assets:				
Investments, noncurrent	135,024	-	-	135,024
Other noncurrent assets	5	-	-	5
Capital assets:				
Land and other non-depreciable assets	-	1,540	-	1,540
Buildings	-	12,828	-	12,828
Other improvements	666	1,628	82	2,376
Furnishings, equipment, and intangibles	1,140	19,695	11,449	32,284
Accumulated depreciation	(1,389)	(14,682)	(9,112)	(25,183)
Construction in progress	-	-	1,119	1,119
Total Noncurrent Assets	135,446	21,009	3,538	159,993
Total Assets	206,859	51,880	85,436	344,175
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on refundings	-	89	-	89
Deferred outflows on pensions	1,081	2,335	4,559	7,975
Total Deferred Outflows of Resources	1,081	2,424	4,559	8,064
Total Assets and Deferred Outflows of Resources	\$ 207,940	\$ 54,304	\$ 89,995	\$ 352,239

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position

June 30, 2016

(expressed in thousands)

			Other	Concluded
	Lottery	Institutional	Activities	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 5,386	\$ 2,210	\$ 1,506	\$ 9,102
Accrued liabilities	54,704	2,782	10,972	68,458
Bonds and notes payable	-	395	795	1,190
Due to other funds	23,205	1,539	543	25,287
Due to other governments	-	355	2,306	2,661
Unearned revenue	1,149	-	-	1,149
Claims and judgments payable	-	46	5,357	5,403
Total Current Liabilities	84,444	7,327	21,479	113,250
Noncurrent Liabilities:				
Claims and judgments payable	-	-	8,085	8,085
Bonds and notes payable	-	4,763	-	4,763
Net pension liability	6,136	12,258	24,881	43,275
Other long-term liabilities	114,849	8,482	12,465	135,796
Total Noncurrent Liabilities	120,985	25,503	45,431	191,919
Total Liabilities	205,429	32,830	66,910	305,169
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	1,090	925	3,285	5,300
Total Deferred Inflows of Resources	1,090	925	3,285	5,300
NET POSITION				
Net investment in capital assets	418	15,941	2,743	19,102
Unrestricted	1,003	4,608	17,057	22,668
Total Net Position	1,421	20,549	19,800	41,770
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 207,940	\$ 54,304	\$ 89,995	\$ 352,239

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

For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

	Lottery	Institutional	Other Activities	Total
OPERATING REVENUES				
Sales	\$ -	\$ 91,008	\$ 186	\$ 91,194
Less: Cost of goods sold	-	(61,097)	(100)	(61,197)
Gross profit	-	29,911	86	29,997
Charges for services	2,788	1,751	32,048	36,587
Premiums and assessments	-	-	25,793	25,793
Lottery ticket proceeds	694,875	-	-	694,875
Miscellaneous revenue	63	31	4,467	4,561
Total Operating Revenues	697,726	31,693	62,394	791,813
OPERATING EXPENSES				
Salaries and wages	8,014	19,810	30,861	58,685
Employee benefits	2,836	9,651	11,429	23,916
Personal services	10,834	-	5,427	16,261
Goods and services	73,073	702	17,446	91,221
Travel	439	443	1,252	2,134
Lottery prize payments	432,901	-	-	432,901
Depreciation and amortization	134	787	778	1,699
Miscellaneous expenses	23	67	909	999
Total Operating Expenses	528,254	31,460	68,102	627,816
Operating Income (Loss)	169,472	233	(5,708)	163,997
NONOPERATING REVENUES (EXPENSES)				
Earnings (loss) on investments	10,249	-	22	10,271
Interest expense	(6,284)	(178)	-	(6,462)
Tax and license revenue	10	-	21,287	21,297
Other revenues (expenses)	(2)	(105)	281	174
Total Nonoperating Revenues (Expenses)	3,973	(283)	21,590	25,280
Income (Loss) Before Transfers	173,445	(50)	15,882	189,277
Transfers in	13,861	-	-	13,861
Transfers out	(189,385)	(9)	(17)	(189,411)
Net Transfers	(175,524)	(9)	(17)	(175,550)
Change in Net Position	(2,079)	(59)	15,865	13,727
Net Position - Beginning	3,500	20,608	3,935	28,043
Net Position - Ending	\$ 1,421	\$ 20,549	\$ 19,800	\$ 41,770

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

	Lottery	Institutional	Other Activities	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 690,384	\$ 95,397	\$ 56,433	\$ 842,214
Payments to suppliers	(509,456)	(63,840)	(30,701)	(603,997)
Payments to employees	(10,873)	(27,028)	(41,323)	(79,224)
Other receipts	62	31	4,087	4,180
Net Cash Provided (Used) by Operating Activities	<u>170,117</u>	<u>4,560</u>	<u>(11,504)</u>	<u>163,173</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	13,861	-	-	13,861
Transfers out	(189,385)	(9)	(17)	(189,411)
Operating grants and donations received	-	-	416	416
Taxes and license fees collected	11	-	21,287	21,298
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(175,513)</u>	<u>(9)</u>	<u>21,686</u>	<u>(153,836)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	-	(229)	-	(229)
Principal payments on long-term capital financing	-	(410)	-	(410)
Proceeds from sale of capital assets	-	44	-	44
Acquisitions of capital assets	(10)	(768)	(1,498)	(2,276)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(10)</u>	<u>(1,363)</u>	<u>(1,498)</u>	<u>(2,871)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest	23	-	22	45
Proceeds from sale of investment securities	16,889	-	-	16,889
Purchases of investment securities	(6,511)	-	-	(6,511)
Net Cash Provided (Used) by Investing Activities	<u>10,401</u>	<u>-</u>	<u>22</u>	<u>10,423</u>
Net Increase (Decrease) in Cash and Pooled Investments	4,995	3,188	8,706	16,889
Cash and Pooled Investments, July 1	19,438	10,886	64,526	94,850
Cash and Pooled Investments, June 30	<u>\$ 24,433</u>	<u>\$ 14,074</u>	<u>\$ 73,232</u>	<u>\$ 111,739</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 169,472	\$ 233	\$ (5,708)	\$ 163,997
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:				
Depreciation	134	787	778	1,699
Revenue reduced for uncollectible accounts	23	-	-	23
Change in Assets: Decrease (Increase)				
Receivables	(8,424)	2,638	(1,592)	(7,378)
Inventories	(457)	687	3	233
Prepaid expenses	80	67	(6)	141
Other assets	-	-	(360)	(360)
Change in Deferred Outflows of Resources: Increase (Decrease)	(441)	(1,179)	(2,147)	(3,767)
Change in Liabilities: Increase (Decrease)				
Payables	10,783	3,931	2,431	17,145
Change in Deferred Inflows of Resources: Decrease (Increase)	(1,053)	(2,604)	(4,903)	(8,560)
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	<u>\$ 170,117</u>	<u>\$ 4,560</u>	<u>\$ (11,504)</u>	<u>\$ 163,173</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Amortization of annuity prize liability	\$ 6,284	\$ -	\$ -	\$ 6,284
Debt refunding deposited with escrow agent	-	4,810	-	4,810
Increase (decrease) in fair value of investments	10,226	-	-	10,226

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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, 2016

(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and pooled investments	\$ 57,368	\$ -	\$ 346,320
Investments	685	-	6,798
Receivables (net of allowance)	4,173	32	8,282
Due from other funds	46,073	15,237	8,306
Due from other governments	20,967	544	5,936
Inventories	5,425	-	9,098
Prepaid expenses	3,239	5,200	4,176
Restricted cash and investments	195,100	-	-
Restricted receivables	53,128	1,885	-
Total Current Assets	386,158	22,898	388,916
Noncurrent Assets:			
Investments, noncurrent	-	-	34,976
Restricted receivables, noncurrent	1,521	-	-
Capital assets:			
Land and other non-depreciable assets	3,521	-	2,661
Buildings	175,794	278,054	63,480
Other improvements	13,623	1,954	4
Furnishings, equipment, and intangibles	604,854	155,466	162,839
Infrastructure	1,908	-	135
Accumulated depreciation	(376,418)	(194,419)	(150,897)
Construction in progress	29,346	9,386	-
Total Noncurrent Assets	454,149	250,441	113,198
Total Assets	840,307	273,339	502,114
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refundings	366	-	-
Deferred outflows on pensions	24,190	6,389	5,776
Total Deferred Outflows of Resources	24,556	6,389	5,776
Total Assets and Deferred Outflows of Resources	\$ 864,863	\$ 279,728	\$ 507,890

State of Washington

Continued

	Risk Management	Health Insurance	Total
\$	54,012	\$ 292,966	\$ 750,666
	-	8,661	16,144
	185	10,097	22,769
	693	6,090	76,399
	3	7,552	35,002
	-	-	14,523
	119	-	12,734
	-	-	195,100
	-	-	55,013
	<u>55,012</u>	<u>325,366</u>	<u>1,178,350</u>
	-	-	34,976
	-	-	1,521
	-	-	6,182
	-	-	517,328
	-	-	15,581
	8	492	923,659
	-	-	2,043
	(6)	(412)	(722,152)
	-	-	38,732
	<u>2</u>	<u>80</u>	<u>817,870</u>
	<u>55,014</u>	<u>325,446</u>	<u>1,996,220</u>
	-	-	366
	187	654	37,196
	<u>187</u>	<u>654</u>	<u>37,562</u>
<u>\$</u>	<u>55,201</u>	<u>\$ 326,100</u>	<u>\$ 2,033,782</u>

INTERNAL SERVICE FUNDS
Combining Statement of Net Position

June 30, 2016

(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 15,506	\$ 7,819	\$ 8,973
Contracts payable	1,047	-	463
Accrued liabilities	26,283	2,352	45,967
Obligations under security lending agreements	601	-	-
Bonds and notes payable	78,667	9,317	4,039
Due to other funds	4,954	9,717	14,893
Due to other governments	124,671	1	2,109
Unearned revenue	2,256	90	122
Claims and judgments payable	603	-	21,285
Total Current Liabilities	254,588	29,296	97,851
Noncurrent Liabilities:			
Claims and judgments payable	-	-	57,868
Bonds and notes payable	250,631	279,059	34,064
Net pension liability	125,680	37,163	329,385
Other long-term liabilities	79,887	20,585	39,868
Total Noncurrent Liabilities	456,198	336,807	461,185
Total Liabilities	710,786	366,103	559,036
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on refundings	160	-	-
Deferred inflows on pensions	12,185	5,472	3,560
Total Deferred Inflows of Resources	12,345	5,472	3,560
NET POSITION			
Net investment in capital assets	176,636	(37,934)	40,118
Unrestricted	(34,904)	(53,913)	(94,824)
Total Net Position	141,732	(91,847)	(54,706)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 864,863	\$ 279,728	\$ 507,890

State of Washington

Concluded

<u>Risk Management</u>	<u>Health Insurance</u>	<u>Total</u>
\$ 69	\$ 26,955	\$ 59,322
-	4	1,514
70	799	75,471
-	7,324	7,925
-	-	92,023
4,879	6,541	40,984
-	-	126,781
-	397	2,865
<u>65,785</u>	<u>87,370</u>	<u>175,043</u>
<u>70,803</u>	<u>129,390</u>	<u>581,928</u>
503,036	-	560,904
-	-	563,754
1,102	3,566	496,896
649	3,365	144,354
<u>504,787</u>	<u>6,931</u>	<u>1,765,908</u>
<u>575,590</u>	<u>136,321</u>	<u>2,347,836</u>
-	-	160
(260)	(1,099)	19,858
<u>(260)</u>	<u>(1,099)</u>	<u>20,018</u>
2	81	178,903
<u>(520,131)</u>	<u>190,797</u>	<u>(512,975)</u>
<u>(520,129)</u>	<u>190,878</u>	<u>(334,072)</u>
<u>\$ 55,201</u>	<u>\$ 326,100</u>	<u>\$ 2,033,782</u>

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

For the Fiscal Year Ended June 30, 2016

(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
OPERATING REVENUES			
Sales	\$ 28,064	\$ 255	\$ 15,271
Less: Cost of goods sold	(23,460)	(255)	(12,378)
Gross profit	4,604	-	2,893
Charges for services	270,234	164,322	235,463
Premiums and assessments	430	-	17,722
Miscellaneous revenue	130,749	18,756	5,641
Total Operating Revenues	406,017	183,078	261,719
OPERATING EXPENSES			
Salaries and wages	151,385	46,277	106,817
Employee benefits	66,196	13,929	48,500
Personal services	8,905	2,417	11,341
Goods and services	131,841	94,681	77,559
Travel	2,959	220	1,309
Premiums and claims	-	-	48,210
Depreciation and amortization	51,090	24,569	22,660
Miscellaneous expenses	395	7	41
Total Operating Expenses	412,771	182,100	316,437
Operating Income (Loss)	(6,754)	978	(54,718)
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	579	-	3,812
Interest expense	(6,358)	(17,922)	(1,671)
Tax and license revenue	26	-	-
Other revenues (expenses)	205	(10,514)	(250)
Total Nonoperating Revenues (Expenses)	(5,548)	(28,436)	1,891
Income (Loss) Before Contributions and Transfers	(12,302)	(27,458)	(52,827)
Capital contributions	5,755	16	-
Transfers in	8,263	20,825	56,461
Transfers out	(3,463)	(11,386)	(55,883)
Net Contributions and Transfers	10,555	9,455	578
Change in Net Position	(1,747)	(18,003)	(52,249)
Net Position - Beginning, as restated	143,479	(73,844)	(2,457)
Net Position - Ending	\$ 141,732	\$ (91,847)	\$ (54,706)

State of Washington

Risk Management	Health Insurance	Total
\$ -	\$ -	\$ 43,590
-	-	(36,093)
-	-	7,497
2,823	-	672,842
83,020	1,404,124	1,505,296
-	486	155,632
85,843	1,404,610	2,341,267
1,295	6,493	312,267
1,205	4,464	134,294
58	6,513	29,234
23,754	6,583	334,418
28	59	4,575
56,419	1,387,289	1,491,918
2	54	98,375
-	33	476
82,761	1,411,488	2,405,557
3,082	(6,878)	(64,290)
-	2,473	6,864
-	-	(25,951)
-	-	26
-	-	(10,559)
-	2,473	(29,620)
3,082	(4,405)	(93,910)
-	-	5,771
-	-	85,549
-	-	(70,732)
-	-	20,588
3,082	(4,405)	(73,322)
(523,211)	195,283	(260,750)
\$ (520,129)	\$ 190,878	\$ (334,072)

INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2016
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 259,584	\$ 178,534	\$ 265,162
Payments to suppliers	(50,845)	(102,272)	(159,526)
Payments to employees	(207,630)	(59,522)	(100,474)
Other receipts	132,166	18,755	5,639
Net Cash Provided (Used) by Operating Activities	<u>133,275</u>	<u>35,495</u>	<u>10,801</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	8,263	20,825	56,461
Transfers out	(3,463)	(11,386)	(55,883)
Operating grants and donations received	248	-	19
Taxes and license fees collected	26	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>5,074</u>	<u>9,439</u>	<u>597</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(1,492)	(17,922)	(1,665)
Principal payments on long-term capital financing	(40,888)	(23,789)	(4,139)
Proceeds from long-term capital financing	107,568	1,546	7,328
Proceeds from sale of capital assets	4,749	107	1,528
Acquisitions of capital assets	(95,343)	(4,876)	(14,901)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(25,406)</u>	<u>(44,934)</u>	<u>(11,849)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	508	-	3,793
Proceeds from sale of investment securities	-	-	584
Purchases of investment securities	-	-	(760)
Net Cash Provided (Used) by Investing Activities	<u>508</u>	<u>-</u>	<u>3,617</u>
Net Increase (Decrease) in Cash and Pooled Investments	113,451	-	3,166
Cash and Pooled Investments, July 1	139,017	-	343,154
Cash and Pooled Investments, June 30	<u>\$ 252,468</u>	<u>\$ -</u>	<u>\$ 346,320</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (6,754)	\$ 978	\$ (54,718)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operations:			
Depreciation	51,090	24,569	22,660
Revenue reduced for uncollectible accounts	126	-	11
Change in Assets: Decrease (Increase)			
Receivables	(38,893)	13,868	(3,286)
Inventories	2,599	-	524
Prepaid expenses	908	(755)	(1,324)
Change in Deferred Outflows of Resources: Increase (Decrease)	(11,112)	(3,119)	(2,949)
Change in Liabilities: Increase (Decrease)			
Payables	160,902	6,980	56,267
Change in Deferred Inflows of Resources: Decrease (Increase)	(25,591)	(7,026)	(6,384)
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	<u>\$ 133,275</u>	<u>\$ 35,495</u>	<u>\$ 10,801</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ 5,755	\$ 16	\$ -
Acquisition of capital assets through capital leases	-	-	111
Increase (decrease) in fair value of investments	71	-	1
Debt refunding deposited with escrow agent	8,020	-	-

State of Washington

	Risk Management	Health Insurance	Total
\$	87,075	\$ 1,396,075	\$ 2,186,430
	(92,107)	(1,379,669)	(1,784,419)
	(1,773)	(8,644)	(378,043)
	-	484	157,044
	(6,805)	8,246	181,012
	-	-	85,549
	-	-	(70,732)
	-	-	267
	-	-	26
	-	-	15,110
	-	-	(21,079)
	-	-	(68,816)
	-	-	116,442
	-	-	6,384
	-	(14)	(115,134)
	-	(14)	(82,203)
	-	1,418	5,719
	-	1,398	1,982
	-	-	(760)
	-	2,816	6,941
	(6,805)	11,048	120,860
	60,817	281,918	824,906
\$	54,012	\$ 292,966	\$ 945,766
\$	3,082	\$ (6,878)	\$ (64,290)
	2	54	98,375
	-	-	137
	1,231	(8,088)	(35,168)
	-	-	3,123
	(83)	-	(1,254)
	(187)	(655)	(18,022)
	(10,590)	24,912	238,471
	(260)	(1,099)	(40,360)
\$	(6,805)	\$ 8,246	\$ 181,012
\$	-	\$ -	\$ 5,771
	-	-	111
	-	1,124	1,196
	-	-	8,020