

Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State of Washington
Office of Financial Management
December 2021



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

December 2021



Report Prepared by

Office of Financial Management

David Schumacher, Director

Accounting Division

Brian Tinney, Assistant Director

Statewide Accounting

Heidi Algieri

Kenney Cavanah

Kelly Diaz

Julie Girard

Cheryl Hainje

Anna Quichocho, CPA

Sara Rupe

Janna Scott

Elizabeth Smith

Anwar Wilson

Marina Yee

Additional assistance provided by

Office of the State Treasurer

Office of the State Actuary

Office of the State Auditor

State Investment Board

Department of Retirement Systems

Department of Transportation

State Health Care Authority

University of Washington

All state fiscal personnel

Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	3
Statewide Elected Officials	12
State Organization Chart	13

FINANCIAL SECTION

Independent Auditor's Report	17
------------------------------------	----

Management's Discussion and Analysis	21
---	----

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Position	36
Statement of Activities	38
Governmental Fund Financial Statements	
Balance Sheet	42
Reconciliation of the Balance Sheet to the Statement of Net Position	43
Statement of Revenues, Expenditures, and Changes in Fund Balances	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	45
Proprietary Fund Financial Statements	
Statement of Net Position	46
Statement of Revenues, Expenses, and Changes in Net Position	50
Statement of Cash Flows	52
Fiduciary Fund Financial Statements	
Statement of Net Position	56
Statement of Changes in Net Position	58
Component Unit Financial Statements	
Statement of Net Position	59
Statement of Revenues, Expenses, and Changes in Net Position	61
Notes to the Financial Statements	63

Required Supplementary Information

Budgetary Comparison Schedules and Information	
General Fund	169
General Fund - Budget to GAAP Reconciliation	170
Higher Education Special Revenue Fund	171
Higher Education Special Revenue Fund - Budget to GAAP Reconciliation	172
Notes to Required Supplementary Information	172
Pension Plan Information	
Single Employer Plans	
Schedules of Changes in Net Pension Liability and Related Ratios	174
Schedules of Contributions	180
Cost Sharing Employer Plans	
Schedules of the State's Proportionate Share of the Net Pension Liability	182
Schedules of Contributions	190
Notes to Required Supplementary Information	196
Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund	
Schedule of Contributions	197
Schedule of Investment Returns	197
Schedule of Change in Net Pension Liability	198
Schedule of Net Pension Liability	200
Notes to Required Supplementary Information	200
Higher Education Supplemental Defined Benefit Plans	
Schedule of Contributions	202
Schedule of Investment Returns	202
Schedules of Change in Net Pension Liability and Related Ratios	203
Schedules of Net Pension Liability	210
Notes to Required Supplementary Information	213
Other Postemployment Benefits Information	
Schedule of Changes in Total OPEB Liability and Related Ratios	214
Notes to Required Supplementary Information	214
Infrastructure Assets Reported Using the Modified Approach	
Condition Assessment	215

Other Supplementary Information

Combining Financial Statements

Governmental Funds

Nonmajor Governmental Funds		221
Combining Balance Sheet - by Fund Type		222
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - by Fund Type		223
Nonmajor Special Revenue Funds		225
Combining Balance Sheet		226
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		228

State of Washington

Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual	230
Nonmajor Debt Service Funds	235
Combining Balance Sheet	236
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	237
Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual	238
Nonmajor Capital Projects Funds	241
Combining Balance Sheet	242
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	243
Combining Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual	244
Proprietary Funds	
Nonmajor Enterprise Funds	247
Combining Statement of Net Position	248
Combining Statement of Revenues, Expenses, and Changes in Net Position	252
Combining Statement of Cash Flows	254
Internal Service Funds	257
Combining Statement of Net Position	258
Combining Statement of Revenues, Expenses, and Changes in Net Position	262
Combining Statement of Cash Flows	264
Fiduciary Funds	
Pension Funds	267
Combining Statement of Plan Net Position	269
Combining Statement of Changes in Plan Net Position	274
Custodial Funds	268
Combining Statement of Fiduciary Net Position	279
Combining Statement of Changes in Fiduciary Net Position	280
Component Units	
Nonmajor Component Units	281
Combining Statement of Net Position	282
Combining Statement of Revenues, Expenses, and Changes in Net Position	283
Individual Fund Schedules	
Combining Schedules for General Fund Accounts	
Balance Sheet	286
Schedule of Revenues, Expenditures, and Changes in Fund Balances	287
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) - Budget and Actual	288
Statistical Section	291

This page intentionally left blank.

INTRODUCTORY SECTION

This page intentionally left blank.



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

December 21, 2021

The Honorable Jay Inslee, Governor
Honorable Members of the Legislature
Citizens of the State
State of Washington
Olympia, WA 98504

In accordance with Revised Code of Washington 43.88.027, the Office of Financial Management has prepared this Annual Comprehensive Financial Report (ACFR) of the state of Washington for the fiscal year ended June 30, 2021. Full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose, rests with the state. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State Auditor has issued an unmodified (“clean”) opinion on the Washington state financial statements for the fiscal year ended June 30, 2021. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Following the MD&A are the basic financial statements, including the government-wide financial statements, fund financial statements, and notes to the financial statements. The required supplementary information, combining financial statements, individual fund schedules, and statistical section complete the ACFR.

Profile of Washington State

Washington state was created in 1889 by an enabling act of Congress. The state is located on the Pacific Coast, in the northwestern corner of the continental United States, and comprises 71,298 square miles. Its current population is 7.8 million. Washington is famous for its breathtakingly beautiful scenery and sharp contrasts. On the west side of the state, high mountains rise above coastal waters. The forests of the Olympic Peninsula are among the world’s rainiest places. The state’s coastline features hundreds of bays and inlets that make excellent harbors, while in the eastern part, flat semi-desert land stretches for long distances without a single tree.

Washington's location makes it a gateway for land, sea, and air travel to Alaska and Pacific Rim countries. Ships from all parts of the world dock at Washington ports. Costco Wholesale Corporation, headquartered in Issaquah, operates an international chain of membership warehouses. Microsoft, a global leader in the computer software industry, makes its home in Redmond. Amazon, a major internet retailer, Starbucks, a worldwide renowned coffee company, and Weyerhaeuser Company, a major producer of wood and related products, are headquartered in Seattle.

East of the Cascade Mountain range, farmers raise livestock and grow a variety of crops such as wheat, potatoes, and tree fruits. Washington leads the nation in apple and hops production, makes world-class wine, and produces large amounts of lumber, pulp, paper, and other wood products. Western Washington's mild, moist climate makes that region excellent for dairy farming and the production of flower bulbs.

GOVERNMENTAL STRUCTURE

As established in the state Constitution, Washington state has executive, legislative, and judicial branches of government. The Executive Branch is composed of nine elected officials: the Governor, Lieutenant Governor, Secretary of State, State Treasurer, State Auditor, Attorney General, Superintendent of Public Instruction, Insurance Commissioner, and Commissioner of Public Lands. Thirty-nine agency heads are appointed by, and report to, the Governor. Seventy-eight agency heads report to boards appointed, in whole or in part, by the Governor. The Legislative Branch is composed of the Senate (with 49 members) and the House of Representatives (with 98 members). The Judicial Branch is composed of the State Supreme Court, the highest court in the state, which has nine justices. Every two years, three justices are elected for six-year terms. A Chief Justice is chosen from among the most senior justices. The Judicial Branch also includes the state's superior courts, justices of the peace, and such inferior courts as the Legislature may provide.

TYPES OF SERVICES PROVIDED AND REPORTING ENTITY

The state provides a wide range of services that include education, transportation, environment and natural resource protection, and social and health services.

The accompanying report includes all funds and subsidiary accounts of the primary government, Washington state as legally defined, as well as its component units. Component units are legally separate entities for which the primary government is financially accountable or ones that have relationships with the state such that exclusion would cause the state's financial statements to be misleading or incomplete. Note 1.A to the financial statements explains more fully component units which are included in the reporting entity.

THE BUDGET CYCLE

Washington enacts budgets for a two-year cycle, beginning on July 1 of each odd-numbered year. By law, the Governor must propose a biennial budget in December, the month before the Legislature convenes in regular session. The biennial budget enacted by the Legislature can be modified in any legislative session through changes to the original appropriations. Since the inception of annual legislative sessions in 1979, it has become common for the Legislature to enact annual revisions to the state's biennial budget. These revisions are referred to as supplemental budgets.

Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year in the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level. The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances.

Washington State's Economic and Revenue Outlook

Recent economic performance in Washington has been constrained by the ongoing efforts to contain the COVID-19 pandemic. During the early stages of the pandemic, higher risk economic activities that involve close physical proximity between workers, between consumers and workers, or where consumers are in close proximity to each other, were tightly controlled to help limit virus transmission. This resulted in unprecedented job losses — hitting the entertainment, hospitality, personal services, and food and beverage sectors particularly hard. The first wave of impacts resulted in a loss of 421,200 non-farm jobs. As of August 2021, non-farm employment had rebounded by 301,200 jobs. That still leaves the state with 120,000 fewer jobs compared to March 2020. Because the pandemic is a public health crisis with serious economic consequences — as opposed to the more typical economic recession with public health consequences — the pattern of recovery is without precedent. After the initial job losses during the Great Recession, it took 70 months to return to the prior job peak. It is expected that this jobs recovery will take until the third quarter of 2022, for a loss to recovery duration of 30 months. Despite the shorter duration than the prior recovery, the number of permanent job losses, labor force exits, and permanent business closures may have longer-term consequences.

Washington's jobless rate has bested the national rate during the latter part of the pandemic recovery. Washington's rate has traditionally been higher than the national norm due to the state's outsized share of seasonal industries and its attractiveness to in-migrants searching for opportunity and the Northwest experience. Over the past five years, 74 percent of Washington's population growth has been due to migration. More recent forecasts expect Washington's jobless rate to trend above the national average, likely the result of strengthening population growth and the accompanying frictional lag in employment. In fundamental ways, this reflects the confidence workers have in finding gainful employment. By the end of the next biennium (2021–23), Washington's unemployment rate is projected to decline to 4.2 percent from the current 5.1 percent.

Personal income in Washington is expected to moderate over the next two fiscal years after concerted efforts to provide pandemic relief funds to individuals and households boosted fiscal year 2020 real personal income by 4.7 percent. Real personal income grew 4.7 percent in fiscal year 2021, is expected to decline by 1.6 percent in fiscal year 2022 as households draw down their pandemic savings, and grow by 3.3 percent in fiscal year 2023. In comparison, U.S. income growth is expected to be 1.6 percent, 5.3 percent, and 3.1 percent, respectively. On a per-capita basis, Washington's real personal income should reach \$62,643 in fiscal year 2023, over \$8,400 above the U.S. average.

These gains in Washington's personal income will occur despite the decline in aerospace employment, a traditional driver of Washington's economy. Aerospace jobs are expected to drop from 70,900 jobs in fiscal year 2021 to 62,600 jobs in fiscal year 2023. Even though Washington's non-farm employment declined 3.5 percent in fiscal year 2021, thanks to gains in software publishing, electronic shopping and mail order, and other technology sectors, Washington is projected to net a 4.7 percent increase in total payroll jobs in fiscal year 2022 and 3 percent in fiscal year 2023.

Construction activity in Washington is expected to trend to a more historically normal level in the next several fiscal years. While demand for new office space was prompted by burgeoning growth in the technology sectors, the commercial sector does tend to overbuild, leading to subsequent periods of higher vacancies and gradual absorption. Building permits totaled 49,600 in fiscal year 2021, and should hold at 49,200 in fiscal year 2022 and 45,000 in fiscal year 2023. As a result, construction employment should trend down to 216,900 jobs in fiscal year 2023 from 219,400 jobs in fiscal year 2021. That should ease the share of construction jobs to 6.1 percent of total non-farm employment, the historic average.

General Fund-State revenues grew 3.3 percent in fiscal year 2019, 6.2 percent in fiscal year 2020, and 13.3 percent in fiscal year 2021. GF-S revenues are expected to grow 3.8 percent in fiscal year 2022 and 1.5 percent

in fiscal year 2023. The recovering economy, rebounds in hiring and consumer spending, and a steady housing market should keep revenues growing at a moderate pace.

Major Initiatives

HEALTH AND HUMAN SERVICES

Covering more people, providing better care at lower costs. Governor Inslee's Healthier Washington Plan will transform health care so that people experience better health during their lives, receive better care when they need it, and get more affordable and accessible care.

COVID-19 response. The Washington State Department of Health coordinates the COVID-19 response with local health jurisdictions, other state agencies, and health care providers. The response to the COVID-19 pandemic has included testing and contact tracing, outbreak response, data collection and analysis, incident management and vaccination distribution and outreach.

Foundational public health services. The Department of Health coordinates a partnership with counties and tribal governments to address the key areas of communicable disease, environmental health, and assessment and support activities for these areas.

Transform the behavioral health system. Governor Inslee rolled out his multi-year plan for transforming the behavioral health system. It includes decentralizing long-term civil mental health commitments, creating forensic centers of excellence at the state psychiatric hospitals, and building recovery-based services and supports in the community. Long-term inpatient civil commitments will transition from two large state institutions to smaller, community-based facilities that treat patients more effectively in their home communities closer to family and friends. These include a mix of state-owned and -operated facilities and private providers. Regional recovery-based services and supports will ensure individuals receive the appropriate level of care in the right settings, with a goal of diverting individuals from inpatient commitments.

Help at-risk children and families thrive from the start. In 2016, the Governor convened the Blue Ribbon Commission on Children and Families, a group of experts who recommended bringing together early learning and family support services into one agency. As a result, the state launched the Department of Children, Youth, and Families in 2018 to deliver preventive family interventions and equity in services for all Washington children. The agency provides all services previously housed in the Department of Early Learning and some services that the Department of Social and Health Services used to provide. This includes juvenile rehabilitation, which transferred to the new agency in fiscal year 2020. With the passage of the Fair Start for Kids Act in 2021, Washington's child care system will be more accessible and affordable for all families in Washington state, beginning in July 2021.

Reduce homelessness. Several large efforts are underway to address the state's homelessness crisis. This includes new funding for temporary rent assistance, permanent supportive housing programs, emergency sheltering, and an increase in grant awards to enrollees in several social and health programs.

ECONOMY

Paid family and medical leave. In 2019, Washington began collecting premiums to launch its best-in-the-nation paid family and medical leave program, approved on a bipartisan basis by legislators in 2017. Beginning in 2020, employees could become eligible for up to 12 weeks of paid medical leave for a serious health condition or medical event and up to 12 weeks of paid family leave to care for a new child or ailing family member. Depending on their earnings, employees will receive up to 90 percent of their wages or up to \$1,000 per week.

EDUCATION

K-12 enhancements. With the focus on students safely returning to in-person learning, policymakers began exploring enhancements to the K-12 education system. In 2021, the Governor signed a biennial budget that added \$303 million in state funding for new policy investments for public schools. These enhancements funded additional school counselors, learning recovery, student devices and connectivity, while bolstering support for continued programs as well.

The enacted 2021 supplemental budget, contained major stabilization investments for public schools for both enrollment and pupil transportation. Included were ongoing costs to meet the state's obligation to fully fund public schools. Additionally, over \$330 million in federal funding went toward learning loss sub-grants.

Early learning and child care. The budgets for the 2021–23 biennium include nearly \$691 million of new investments in early learning. That includes \$25 million to add spaces in the Early Childhood Education and Assistance Program, the state's preschool program for children from low-income families. More than 500 slots were added for the 2021–22 school year and another 750 slots were added for the 2022–23 school year. In addition, nearly \$222 million of new investments were made in Working Connections Child Care (WCCC), which provides a child care subsidy for low-income families who work or participate in education or job training activities. WCCC investments included funding to expand the income eligibility threshold, reduce co-payments for families, and increase subsidy base rates for providers.

Higher education. The Legislature boosted higher education funding by \$437 million during the 2021 legislative session. The State Board for Community and Technical Colleges (SBCTC) received \$10 million of ongoing funding to continue expanding incumbent worker training to serve students in the Job Skills Program. The University of Washington received \$40 million to support operations and teaching activities at Harborview Medical Center and the University of Washington Medical Center.

SBCTC also received \$15.8 million to implement legislation providing for equity and access in the community and technical colleges. This includes developing diversity, equity, and inclusion (DEI) strategic plans for all community and technical college campuses, converting 200 part-time faculty positions to full-time, and establishing a mental health counselor pilot grant program. In addition, a total of \$2 million was provided to all public state higher education institutions to implement legislation requiring DEI campus climate assessments and anti-racism training, including student training and professional development for faculty and staff.

ENVIRONMENT AND ENERGY

Reduce carbon pollution. In 2021, Washington made significant progress in enacting legislation necessary to meet its updated targets to reduce greenhouse gas emissions by 95 percent below 1990 levels by 2050. Starting January 1, 2023, the state Climate Commitment Act (CCA) will establish a cap-and-invest program for reducing carbon emissions from industrial facilities, certain fuel suppliers, in-state electrical generators, electricity importers, and natural gas distributors with annual greenhouse gas emissions over 25,000 metric tons. This program will replace the state's 2017 clean air rule on major emitters of greenhouse gases which was on hold pending legal appeals. The CCA is anticipated to generate \$220 million in the 2021–23 biennium which can be used for clean energy transition and assistance, clean transportation, and climate resiliency projects.

Washington also joined California, Oregon, and British Columbia in adopting a clean fuel standard. This standard requires transportation fuel suppliers to gradually reduce the carbon intensity of transportation fuels to 20 percent below 2017 levels by 2038. This program will begin in January 2023.

In the previous two years, the Legislature passed a suite of legislation to cut greenhouse gas emissions. Washington is now required to have 100 percent clean electricity by 2045. The state imposed new standards for more energy-efficient buildings and appliances. Washington also joined other states in adding requirements to phase down greenhouse gases that potentially contribute to global warming, such as hydrofluorocarbons and perfluorocarbons used in air conditioners and appliances. In addition, the state updated the state motor vehicle emission standards to correspond with California's Zero Emission Vehicle Program.

While attending the Paris Climate Conference in December 2015, Governor Inslee announced a commitment to double the state's electric vehicle deployment in the state fleet to 20 percent. In 2019, he established the goal of 50 percent electric vehicles for the state fleet by 2020. To date, the state has exceeded the goal for new vehicle acquisitions, with zero emission vehicles comprising almost 30 percent of new purchases since the announcement.

The Governor is a founding chair of the U.S. Climate Alliance, a bipartisan coalition of 17 states that stepped up to ensure the United States makes progress on the Paris Climate Agreement. Washington continues this work with its partners in the Pacific Coast Collaborative, a West Coast initiative for climate action and leadership, as well as with dozens of states and regions around the world whose leaders signed the Under 2 MOU, a global commitment to shrink greenhouse gas emissions.

Promoting environmental justice. Legislation was enacted in 2021 to help eliminate environmental and health disparities in communities of color, indigenous communities and economically disadvantaged communities. This law requires select state agencies (Departments of Health, Ecology, Natural Resources, Commerce, Agriculture, and Transportation) to conduct environmental justice assessments on certain agency actions and to incorporate environmental justice into agency strategic plans and budgets. An environmental justice council is also established to advise state agencies on implementation of this law, as well as on the Climate Commitment Act.

Wildland firefighting and forest health. Driven by drought and exacerbated by climate change, Washington has seen a dramatic increase in wildland fires. The 2020 fire season was Washington's second largest resulting in the burning of more than 842,000 acres. Smoke from these fires blanketed much of the state for weeks in September 2020 impacting public health. The state has set a goal of treating more than 1.25 million acres over 20 years to restore forest health and to reduce wildfire risk. To address these issues, the Legislature enacted legislation and provided \$130 million in the 2021–23 biennium and \$95 million in ongoing funding to improve wildfire response, forest restoration, and community resilience.

Emergency food assistance. In response to the ongoing COVID-19 pandemic and sustained high rates of food insecurity, the state provided an additional \$20 million in fiscal year 2021 to purchase emergency food and personal protective equipment. The supplies were distributed to over 500 hunger relief organizations working to reduce food insecurity for approximately 2.2 million children and adults in 2020 and 2021.

The 2021–23 operating budget enhances food security with \$70 million in federal stimulus funding. Of this funding, \$25 million expands the capacity of the state's Emergency Food Assistance Program and \$45 million is dedicated to a new Farmers to Families Food Box Program to directly connect distribution of products from farmers to hunger relief organizations. Food system resiliency is enhanced with \$9 million to bolster food supply chains; \$8 million to support market access programs for women, minorities, and small businesses; and \$5 million to connect farmers with schools to provide local, fresh food to students.

TRANSPORTATION

Construction. The Alaskan Way Viaduct Replacement Program completed the viaduct demolition and Battery Street Tunnel decommissioning. The AWV project team also awarded the last major contract — the South Access Surface Street project. In addition, the North Spokane Corridor phase 1 contract was awarded,

and design occurred on a significant number of fish barrier removal projects to prepare transportation projects to begin construction in the 2021–23 biennium.

Ferries/terminals. The new Mukilteo terminal was completed, and the former terminal has been removed. Work continues on the Seattle Colman terminal which reached an important milestone in completing installation of all of the precast concrete panels. The project is estimated to be completed in 2023.

Ferries/vessels. In addition to the ongoing preservation work on vessels, work continues on design of the first hybrid electric ferry. Additionally, work continues on design to convert a Jumbo Mark II to a hybrid electric vessel. Hybrid electric vessels reduce diesel consumption by 95 percent when supported by charging facilities at the terminal.

Other. Like many state agencies, local governments, and other organizations, the Washington State Department of Transportation experienced challenges due to COVID-19, including some delay in construction, supply shortages, and equipment and program delivery delays resulting in underspending. Despite these obstacles, the agency continued to deliver while keeping employees safe.

ONE WASHINGTON

One Washington is a transformative program focused on improving and modernizing business processes for the state. This will bring about better financial management and operational efficiencies, make it easier to track agency financial activities, and help leaders make more informed decisions about how money is spent. The team has selected Workday as the enterprise resource planning solution for the state and Deloitte Consulting as the systems integrator to implement the new software statewide.

Work has begun with partners across all state agencies to prepare for Phase 1a and 1b of the Workday implementation to replace the current Agency Financial Reporting System. Together, One Washington and state agency representatives are working to assess Phase 1a systems changes and prepare employees for applicable impacts before the go-live date in fiscal year 2023.

The program is supported by Executive Order 19-04, One Washington: Modernization of State Administrative Business and Systems, which aligns with Governor Inslee’s strategic priorities to create a modern work environment while driving innovation and accountability across the state.

RESULTS WASHINGTON

Washington is a recognized national leader in adapting proven industry principles to continually improve state government. Governor Inslee established Results Washington in 2013 to strengthen performance management and continuous improvement throughout state government. Results Washington is a collaborative partner championing the best results for Washington. Aside from partnering with agencies to do work in line with its mission, Results Washington provides a valuable platform for agencies to highlight their work directly with the Governor and staff.

Agency staff are focused on the following:

- Introducing Public Performance Reviews in calendar year 2021. This new approach to public reviews focuses on partnering with state agencies on complex, cross-enterprise projects. The public meetings with Governor Inslee are one milestone in a larger project management process. Because meetings are held virtually, a broader audience can participate than in previous iterations. The Results Washington team has demonstrated a disciplined approach to facilitating, coordinating, and providing project management for this work, including completing charters for each project and ensuring milestones are accomplished.

- Beginning strategic planning efforts in spring 2021 with the goal of developing a statewide performance management platform that integrates continuous improvement (including Lean) and performance management. The goal of the strategic planning effort is to develop a feasible, attainable, and sustainable approach (for Results Washington and agencies – small and large) that is guided by feedback gathered from the Governor's Office, the Office of Financial Management (OFM), agencies, and other partners that is relevant now and into the future. Phased implementation of the updated approach is slated to begin early in calendar year 2022.
- Offering the 10th annual Washington State Government Lean Transformation Conference, which occurred virtually over several days in October and November 2021. The decision to hold the conference virtually was made due to the ongoing public health situation as well as the successful and well-attended 9th annual Lean Transformation conference, which was held virtually for the first time in 2020. The conference provides free continuous improvement-focused learning opportunities for nearly 4,000 participants, mostly state government employees.
- Serving as a liaison between state auditors, executive branch agencies, the Governor's Office, OFM, and the Office of Chief Information Officer (OCIO) on state agency performance audits. The liaison works with audited agencies and OFM or OCIO to provide a joint response to each performance audit. If the State Auditor finds performance gaps and makes recommendations, the coordinated response includes specific agency actions and due dates that the liaison tracks and publishes on Results Washington's website through completion.

More information is available at www.results.wa.gov.

Awards and Acknowledgements

The state of Washington submitted its ACFR for the fiscal year ended June 30, 2020 to the Government Finance Officers Association (GFOA) to be evaluated for the Certificate of Achievement for Excellence in Financial Reporting. The result is still pending. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR, with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Washington state has received a Certificate of Achievement for the past 33 years. The Office of Financial Management considers this report to be in conformity with the Certificate of Achievement Program requirements, and will submit it to the GFOA.

The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each state agency. This ACFR reflects the Governor's commitment to the Legislature, the citizens of Washington state, and the financial community to maintain financial statements in conformance with the highest standards of financial accountability.

Sincerely,



David Schumacher
Director

This page intentionally left blank.



Statewide Elected Officials

As of June 30, 2021



Governor
Jay Inslee



Lieutenant Governor
Denny Heck



Secretary of State
Kim Wyman



Treasurer
Mike Pellicciotti



State Auditor
Pat McCarthy



Attorney General
Bob Ferguson



**Superintendent of
Public Instruction**
Chris Reykdal



**Commissioner of
Public Lands**
Hilary Franz



**Insurance
Commissioner**
Mike Kreidler



2021 Organization Chart
Washington State Government

Legislative Branch		Executive Branch	Judicial Branch
Senate and House of Representatives			Supreme Court
Joint Legislative Audit & Review Committee	Legislative Evaluation & Accountability Program (LEAP) Committee	Administrative Office of the Courts	Law Library
Joint Legislative Systems Committee	Office of the State Actuary	Office of Civil Legal Aid	Municipal Courts
Joint Transportation Committee	Redistricting Commission (<i>activated decennially</i>)	Court of Appeals	Office of Public Defense
Legislative Ethics Board	Statute Law Committee (<i>Code Reviser's Office</i>)	Commission on Judicial Conduct	District and Superior Courts
Office of Legislative Support Services			

Commissioner of Public Lands	Insurance Commissioner	Treasurer	Lieutenant Governor	Governor	Attorney General	Superintendent of Public Instruction	Auditor	Secretary of State
Dept. of Natural Resources - Board of Natural Resources		Public Deposit Protection Commission State Finance Committee		See offices below	Executive Ethics Board			State Library

Environment and Natural Resources	General Government	Transportation	Health and Human Services	Education	Community and Economic Development
-----------------------------------	--------------------	----------------	---------------------------	-----------	------------------------------------

Agencies led by Governor-appointed executives					
Department of Agriculture <i>(commodity commissions)</i>	Board of Accountancy	Dept. of Licensing <i>(occupational regulatory boards)</i>	Dept. of Children, Youth and Families	Center for Deaf and Hard of Hearing Youth	Commission on African-American Affairs
Department of Ecology	Office of Administrative Hearings	Washington State Patrol	Department of Corrections - <i>Indeterminate Sentence Review Board</i>	School for the Blind	Arts Commission
Pollution Liability Insurance Agency	Dept. of Archaeology and Historic Preservation	Traffic Safety Commission	Employment Security Dept. - <i>Governor's Committee on Disability Issues & Employment</i>	Workforce Training and Education Coordinating Board	Commission on Asian Pacific American Affairs
Puget Sound Partnership	Consolidated Technology Services (WaTech)	Dept. of Transportation	Department of Health <i>(occupational regulatory boards)</i> - <i>Board of Health</i>		Department of Commerce - <i>Community Economic Revitalization Board</i> - <i>Developmental Disabilities Council</i> - <i>Public Works Board</i> - <i>Broadband Office</i>
Recreation and Conservation Office	- <i>Chief Information Officer, Office of the Technology Services Board</i> - <i>Cybersecurity, Office of</i>		Health Care Authority - <i>Public Employees Benefits Bd.</i> - <i>School Employees Benefits Bd.</i>		Commission on Hispanic Affairs
	Department of Enterprise Services - <i>Building Code Council</i>		Dept. of Labor and Industries		Office of Minority & Women's Business Enterprises
	Department of Financial Institutions		Dept. of Services for the Blind		
	Office of Financial Management - <i>Personnel Resources Board</i> - <i>Sentencing Guidelines Commission</i> - <i>Serve Washington</i>		Dept. of Social and Health Services		
	Office of the Governor - <i>Corrections Ombuds, Office of</i> - <i>Education Ombuds, Office of</i> - <i>Equity Office</i> - <i>Family & Children's Ombuds, Office of</i> - <i>Independent Investigations, Office of</i> - <i>LGBTQ Commission</i> - <i>Regulatory Innovation & Assistance, Ofc. for</i> - <i>Results Washington</i> - <i>Women's Commission</i>		Dept. of Veterans Affairs		
	Governor's Office of Indian Affairs				
	State Lottery				
	Military Department				
	Department of Retirement Systems				
	Department of Revenue				

Agencies under authority of a board, council, or commission					
Columbia River Gorge Commission	Caseload Forecast Council	County Road Administration Board	Criminal Justice Training Commission	Charter School Commission	Economic Development Finance Authority
Conservation Commission	Citizens' Commission on Salaries for Elected Officials	Freight Mobility Strategic Investment Board	Health Care Facilities Authority	Board of Education	Housing Finance Commission
Environmental and Land Use Hearings Office - <i>Growth Management Hearings Board</i> - <i>Pollution Control Hearings Board</i> - <i>Shorelines Hearings Board</i>	Economic & Revenue Forecast Council	Board of Pilotage Commissioners	Human Rights Commission	Professional Educator Standards Board	
Dept. of Fish and Wildlife - <i>Fish and Wildlife Commission</i>	Energy Facility Site Evaluation Council	Transportation Improvement Board	Board of Industrial Insurance Appeals	State Board for Community and Technical Colleges - <i>Boards of trustees for 34 community/technical colleges</i>	
Parks and Recreation Commission	Forensic Investigations Council	Transportation Commission	Tobacco Settlement Authority	Governing boards of higher education institutions: - <i>Central Washington University</i> - <i>Eastern Washington University</i> - <i>The Evergreen State College</i> - <i>University of Washington</i> - <i>Washington State University</i> - <i>Western Washington University</i>	
Washington Materials Management and Financing Authority	Gambling Commission			Washington Student Achievement Council	
	Horse Racing Commission			Higher Education Facilities Authority	
	Investment Board			Eastern Washington State Historical Society	
	Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board			Wash. State Historical Society	
	Liquor and Cannabis Board				
	Public Disclosure Commission				
	Public Employment Relations Commission				
	Board of Registration for Professional Engineers & Land Surveyors				
	Tax Appeals, Board of				
	Utilities and Transportation Commission				
	Board for Volunteer Firefighters and Reserve Officers				

**PREPARED BY
OFFICE OF FINANCIAL
MANAGEMENT
JULY 2021**

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.



**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The Honorable Jay Inslee
State of Washington
Olympia, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Department of Retirement Systems, the Local Government Investment Pool, the University of Washington, or the funds managed by the State Investment Board. Those financial statements represent part or all of the total assets, net position, and revenues or additions of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information as follows:

Opinion Unit	Percent of Total Assets	Percent of Net Position	Percent of Revenues / Additions
Governmental Activities	13.7%	25.9%	8.4%
Business-Type Activities	81.0%	100.0%	19.8%
Higher Education Special Revenue Fund	46.7%	52.7%	49.3%
Higher Education Endowment Fund	97.5%	97.5%	97.2%
Higher Education Student Services Fund	71.8%	100.0%	86.1%
Workers' Compensation Fund	97.6%	100.0%	35.2%
Aggregate Discretely Presented Component Units and Remaining Fund Information	96.9%	96.1%	34.8%

Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities and funds listed above, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the State's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the

governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the State of Washington, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As explained in Note 1.D.1, the financial statements include pension trust fund investments valued at \$73.7 billion, which comprise 34.8 percent of the total assets and 38.1 percent of the net position of the aggregate discretely component units and remaining fund information. The fair values of those investments have been estimated by management in the absence of readily determinable fair values. Management's estimates are based upon information provided by the fund managers or, in the case of investments in partnerships, the general partners. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2021, the State adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements as a whole. The combining

financial statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the State. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated December 21, 2021, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 21, 2021

MD&A
Management's Discussion and Analysis

This page intentionally left blank.

MD&A

Management's Discussion & Analysis

As managers of the state of Washington, we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We present this information in conjunction with the information included in our letter of transmittal, which can be found preceding this narrative, and with the state's financial statements, which follow. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Total assets and deferred outflows of the state of Washington exceeded its liabilities and deferred inflows by \$28.63 billion (reported as net position). Of this amount, \$(13.40) billion was reported as "unrestricted net position." A negative balance indicates that no funds were available for discretionary purposes.
- The state of Washington's governmental funds reported a combined ending fund balance of \$24.15 billion, an increase of 21.7 percent compared with the prior year.
- The state's capital assets increased by \$700.2 million, total bond debt increased by \$998.0 million, and the state's net investment in capital assets is \$24.76 billion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the state of Washington's basic financial statements, which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The focus is on both the state as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden the basis for comparison (year-to-year or government-to-government), and enhance the state's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the state of Washington's finances, in a manner similar to a private sector business.

Statement of Net Position. The Statement of Net Position presents information on all of the state of Washington's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the state of Washington is improving or deteriorating.

Statement of Activities. The Statement of Activities presents information showing how the state's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The Statement of Activities is focused on both the gross and net cost of various activities (including governmental, business-type, and component unit). This is intended to summarize and simplify the reader's analysis of the revenues and costs of various state activities and the degree to which activities are subsidized by general revenues.

Both of these government-wide financial statements distinguish functions of the state of Washington that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the state of Washington include education, human services, transportation, natural resources, adult corrections, and general government.

The business-type activities of the state of Washington include the workers' compensation, unemployment compensation, and health insurance programs, and various higher education student services such as housing and dining.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. The state of Washington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the state can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on fund balances at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for three major funds and an aggregate total for all nonmajor funds. The state's major governmental funds are the General Fund, Higher Education Special Revenue Fund, and the Higher Education Endowment Fund. Individual fund data for the state's nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The state of Washington maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds represent an accounting device used to accumulate and allocate costs internally among the state of Washington's various functions. The state of Washington uses internal service funds to account for general services such as motor pool, data processing services, and risk management. Because internal service funds predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial

statements, but in greater detail. The proprietary fund financial statements provide separate information for the Workers' Compensation Fund, Unemployment Compensation Fund, Higher Education Student Services Fund, and the Health Insurance Fund, which are considered to be major funds, as well as an aggregated total for all nonmajor enterprise funds.

The internal service funds are combined for presentation purposes. Individual fund data for the state's nonmajor proprietary funds are provided in the form of combining statements elsewhere in this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the state of Washington's own programs. Washington's fiduciary funds also include state administered pension plans. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the state's fiduciary funds are provided in the form of combining statements elsewhere in this report.

Component Units. Component units that are legally separate from the state and primarily serve or benefit those outside the state are discretely presented. They are either financially accountable to the state or have relationships with the state such that exclusion would cause the state's financial statements to be misleading or incomplete. The state discretely reports three major component units: the Valley Medical Center, the Washington State Public Stadium Authority, and the Health Benefit Exchange, as well as four nonmajor component units.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

This report also presents required supplementary information on budgetary comparisons, pension plans and other postemployment benefits information, and infrastructure assets reported using the modified approach.

The combining statements referred to earlier are presented immediately following the required supplementary information.

State of Washington

STATE OF WASHINGTON Statement of Net Position (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and other assets	\$ 39,044	\$ 34,275	\$ 30,252	\$ 30,017	\$ 69,296	\$ 64,292
Capital assets	43,541	42,829	3,416	3,428	46,957	46,257
Total assets	82,585	77,104	33,668	33,445	116,253	110,549
DEFERRED OUTFLOWS OF RESOURCES	2,184	2,025	421	308	2,605	2,333
LIABILITIES						
Current and other liabilities	8,713	8,305	1,355	1,256	10,068	9,561
Long-term liabilities outstanding	36,699	36,241	40,184	38,289	76,883	74,530
Total liabilities	45,412	44,546	41,539	39,545	86,951	84,091
DEFERRED INFLOWS OF RESOURCES	2,887	3,317	391	393	3,278	3,710
NET POSITION						
Net investment in capital assets	23,934	23,337	825	863	24,759	24,200
Restricted	14,862	11,757	2,405	3,572	17,267	15,329
Unrestricted	(2,326)	(3,828)	(11,071)	(10,620)	(13,397)	(14,448)
Total net position	\$ 36,470	\$ 31,266	\$ (7,841)	\$ (6,185)	\$ 28,629	\$ 25,081

Note: The 2020 amounts presented here have not been restated for prior period adjustments. Complete information necessary to fully restate the 2020 amounts was not available. Refer to Note 2 Accounting and Reporting Changes.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the state of Washington, total assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$28.63 billion at June 30, 2021, as compared to \$25.08 billion as reported at June 30, 2020.

The largest portion of the state's net position (86.5 percent for fiscal year 2021 as compared to 96.5 percent for fiscal year 2020) reflects its net investment in capital assets (e.g., land, buildings, equipment, and intangible assets) less any related debt used to acquire those assets that is still outstanding. The state of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the state of Washington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the state of Washington's net position (60.3 percent for fiscal year 2021 as compared to 61.1 percent for fiscal year 2020) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(13.40) billion represents unrestricted net position. The state's overall negative balance in unrestricted net position is due to deficits in business-type activities.

In governmental activities, net position increased from \$31.27 billion in fiscal year 2020 to \$36.47 billion in fiscal year 2021. The increase reflects increases in investment earnings, federal funding, and tax revenues that outpaced the increases in expenses.

In business-type activities, the deficit is caused by unemployment compensation paying out an unprecedented amount of unemployment claims due to COVID-19; in addition, claims expense continued to outpace associated premiums in both the health insurance program and the workers' compensation program that provides time-loss, medical, disability, and pension payments to qualifying individuals who sustain work-related injuries or develop occupational diseases as a result of their required work activities. The main benefit plans of the workers' compensation program are funded

State of Washington

on rates that will keep the plans solvent in accordance with recognized actuarial principles

support for governmental activities comes from taxes and intergovernmental grants, while business-type activities are supported primarily through user charges.

As previously mentioned, the state's activities are divided between governmental and business-type. The majority of

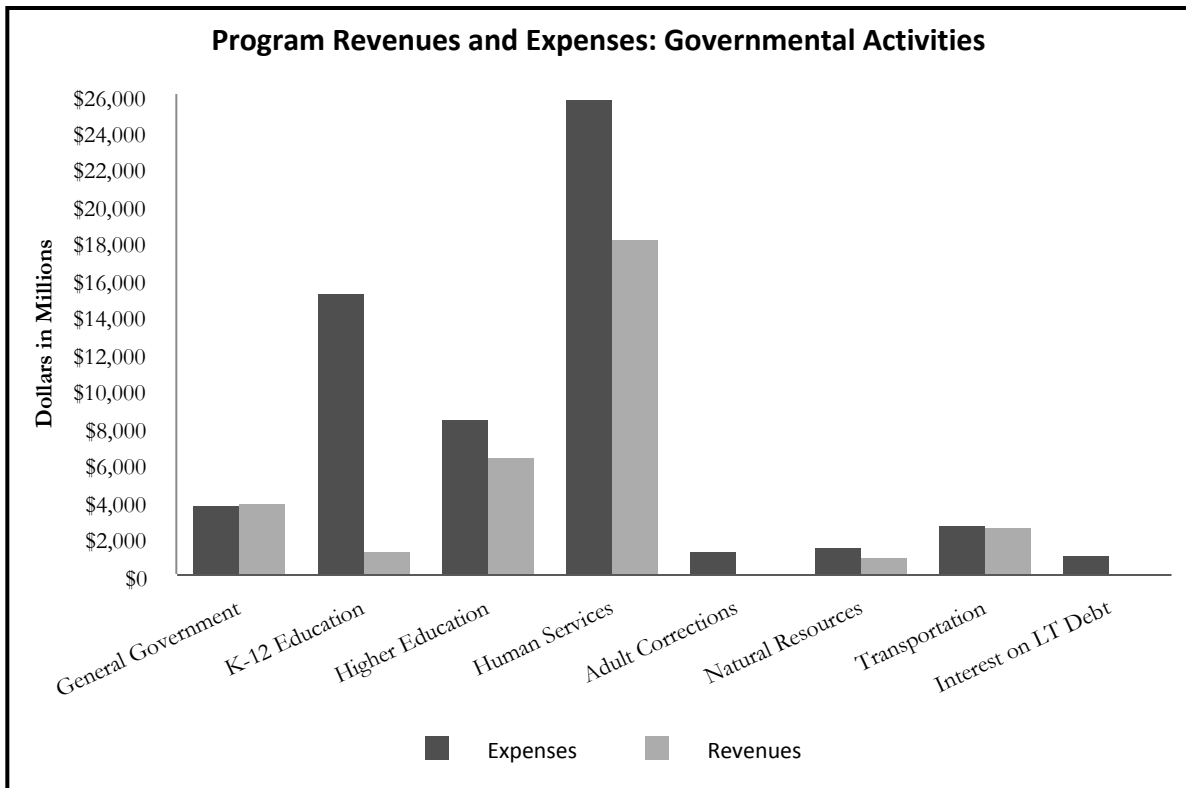
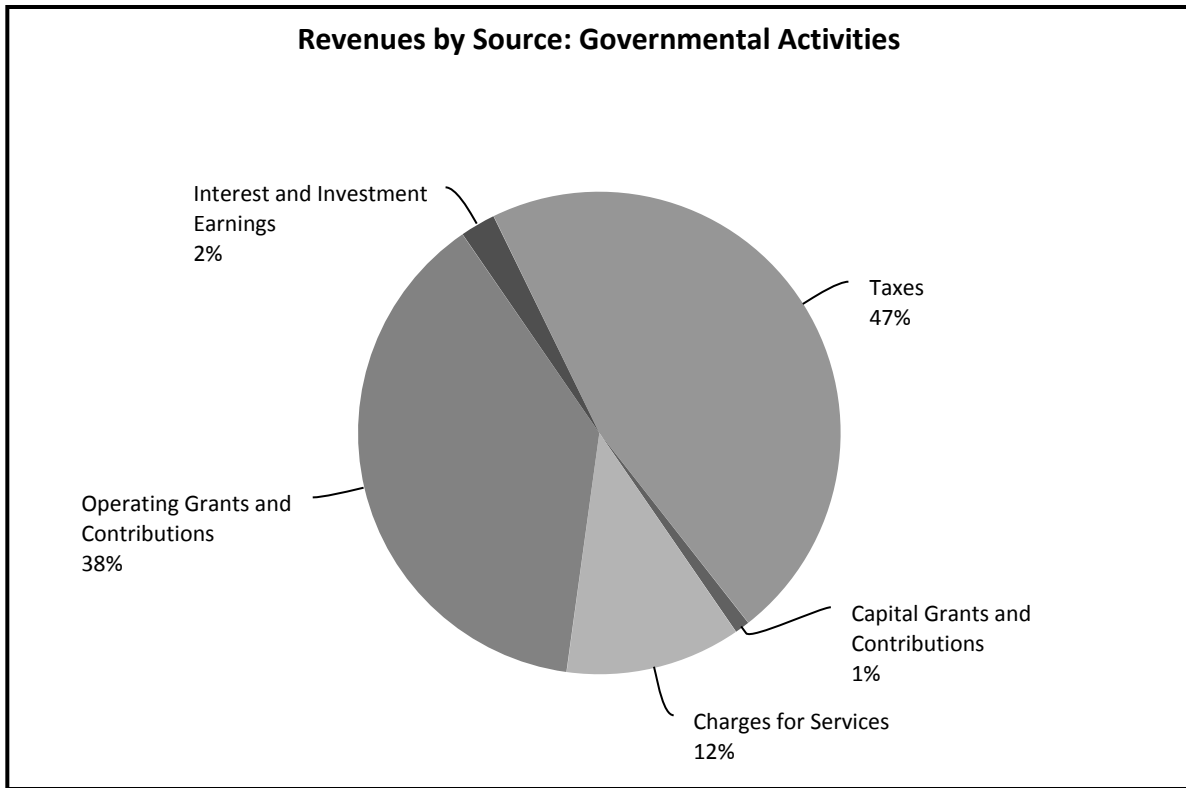
STATE OF WASHINGTON						
Changes in Net Position						
<i>(in millions of dollars)</i>						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program revenues:						
Charges for services	\$ 7,649	\$ 6,704	\$ 12,304	\$ 11,502	\$ 19,953	\$ 18,206
Operating grants and contributions	24,930	18,495	9,529	4,814	34,459	23,309
Capital grants and contributions	648	819	1	—	649	819
General revenues:						
Taxes	30,334	27,535	17	20	30,351	27,555
Interest and investment earnings (loss)	1,541	507	1,640	2,128	3,181	2,635
Total revenues	65,102	54,060	23,491	18,464	88,593	72,524
EXPENSES						
General government	(3,769)	(2,143)	—	—	(3,769)	(2,143)
Education - K-12	(15,322)	(14,715)	—	—	(15,322)	(14,715)
Education - Higher education	(8,472)	(8,303)	—	—	(8,472)	(8,303)
Human services	(25,818)	(21,633)	—	—	(25,818)	(21,633)
Adult corrections	(1,247)	(1,264)	—	—	(1,247)	(1,264)
Natural resources and recreation	(1,540)	(1,384)	—	—	(1,540)	(1,384)
Transportation	(2,757)	(2,701)	—	—	(2,757)	(2,701)
Interest on long-term debt	(1,073)	(1,063)	—	—	(1,073)	(1,063)
Workers' compensation	—	—	(4,505)	(6,387)	(4,505)	(6,387)
Unemployment compensation	—	—	(11,939)	(7,494)	(11,939)	(7,494)
Higher education student services	—	—	(3,166)	(3,431)	(3,166)	(3,431)
Health insurance	—	—	(3,556)	(2,457)	(3,556)	(2,457)
Other business-type activities	—	—	(1,851)	(1,266)	(1,851)	(1,266)
Total expenses	(59,998)	(53,206)	(25,017)	(21,035)	(85,015)	(74,241)
Excess (deficiency) of revenues over expenses before contributions						
to endowments and transfers	5,104	854	(1,526)	(2,571)	3,578	(1,717)
Contributions to endowments	75	82	—	—	75	82
Transfers	132	205	(130)	(201)	2	4
Increase (decrease) in net position	5,311	1,141	(1,656)	(2,772)	3,655	(1,631)
Net position - July 1, as restated	31,159	30,125	(6,185)	(3,413)	24,974	26,712
Net position - June 30	\$ 36,470	\$ 31,266	\$ (7,841)	\$ (6,185)	\$ 28,629	\$ 25,081

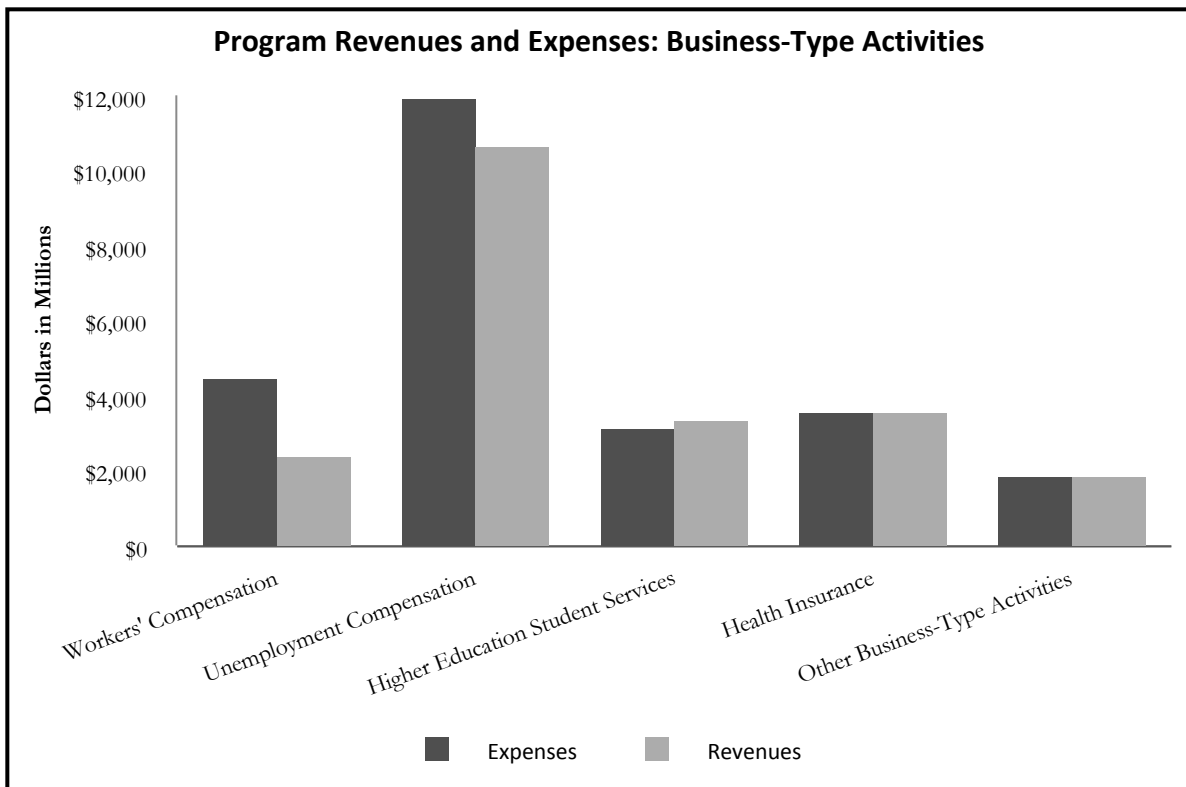
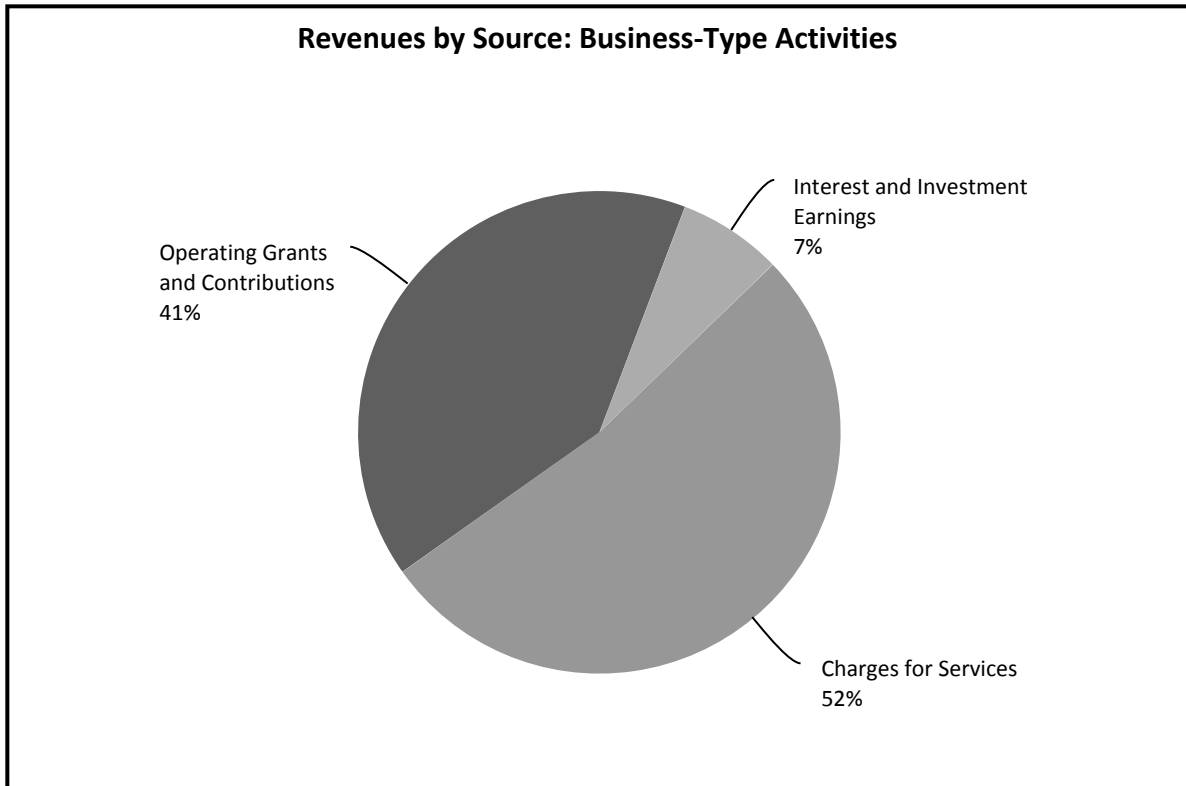
Governmental Activities. Governmental activities resulted in an increase in the state of Washington's net position of \$5.31 billion. A number of factors were in play including increases in tax revenues and federal grants greater than spending increases on K-12 education and human services.

- Tax revenues increased by \$2.80 billion in fiscal year 2021 as compared to fiscal year 2020 reflecting continuing strength in the property values and real estate sales. Sales and use tax, which are the main tax revenue for governmental activities, reported an increase of \$1.51 billion. Business and occupation tax increased by \$666.6 million. Property tax revenue increased by \$225.1 million as property values continue to rise. Revenue from real estate excise taxes, levied on the sale of real estate, increased by \$684.2 million.
- Operating grants and contributions grew by \$6.43 billion in fiscal year 2021 compared with 2020. The majority of this increase was federal stimulus funds received in response to COVID-19, and this was matched with an increase in human services operating grant expenses as the state continued its response to the COVID-19 crisis. As of June 30, 2021, \$2.88 billion in federal stimulus funds received from the U.S. Department of the Treasury remained unspent and is classified as unearned revenue.
- Expenses grew by \$606.9 million for K-12 education in 2021 as compared to fiscal year 2020. This reflects the state's ongoing commitment to meet the needs of K-12 education.

Business-Type Activities. Business-type activities decreased the state of Washington's net position by \$1.66 billion. Key factors contributing to the operating results of business-type activities are:

- The workers' compensation activity decrease in net position in fiscal year 2021 was \$802.8 million compared to a decrease of \$1.83 billion in fiscal year 2020. Premiums and assessments revenue decreased \$309.0 million in fiscal year 2021 as compared with fiscal year 2020 mostly as a result of the decrease in the average premium rates. Claim costs decreased by \$1.79 billion in fiscal year 2021 as compared with fiscal year 2020. This decrease is largely the result of actuarial assumption changes in the Supplemental Pension Fund in the prior year, which caused an increase in the fiscal year 2020 expense. Investment income decreased by \$533.9 million as compared to fiscal year 2020. The workers' compensation portfolio is 80.8 percent debt securities.
- The unemployment compensation activity reported an operating loss in fiscal year 2021 of \$1.30 billion compared to an operating loss of \$1.61 billion in fiscal year 2020. Unemployment insurance benefits increased by \$4.44 billion in fiscal year 2021 over fiscal year 2020 due to an increase in unemployment caused by COVID-19. The unemployment rate for the state for June 2021 was 5.2 percent, a substantial decrease from the 9.8 percent unemployment rate for June 2020.
- The Higher Education Student Services activities reported relatively proportional increases in both operating revenues and expenses when compared to the prior year.
- The Health Insurance activity reported premiums collected of \$3.56 billion in fiscal year 2021 compared to \$2.59 billion in fiscal year 2020. This is the first full fiscal year of operation for this fund with all school employees included.





Financial Analysis of the State's Funds

As noted earlier, the state of Washington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. As previously discussed, the focus of the state of Washington's governmental funds is to provide information on near-term inflows, outflows, and fund balances. Such information is useful in assessing the state of Washington's financing requirements.

Fund Balances. At June 30, 2021, the state's governmental funds reported combined ending fund balances of \$24.15 billion. Of this amount, \$3.50 billion or 14.5 percent is nonspendable, either due to its form or legal constraints; and \$8.99 billion or 37.2 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An additional \$9.01 billion or 37.3 percent of total fund

balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional \$2.03 billion or 8.4 percent of total fund balance has been assigned to specific purposes by management. The unassigned portion of the governmental fund balance is \$628.70 million or 2.6 percent of total fund balance and can be used at the state's discretion.

The General Fund is the chief operating fund of the state of Washington. The fund balance increased by \$2.23 billion in fiscal year 2021, as compared to a \$70.0 million decrease in fiscal year 2020. Increased revenues from taxes and federal aid and spending increases in K-12 education and health services, caused by the COVID-19 response, were the key contributing factors. Assigned fund balance of \$1.92 billion is reported for fiscal year 2021 and relates to certain accrued and non-cash revenues which are not considered by management to be available for budgetary purposes.

STATE OF WASHINGTON			
General Fund			
<i>(in millions of dollars)</i>			
	Fiscal Year		Difference Increase (Decrease) 2021 - 2020
	2021	2020	
REVENUES			
Taxes	\$ 26,403	\$ 23,496	\$ 2,907
Federal grants	19,735	14,512	5,223
Investment revenue (loss)	(13)	114	(127)
Other	1,215	855	360
Total	<u>47,340</u>	<u>38,977</u>	<u>8,363</u>
EXPENDITURES			
Human services	25,814	21,366	4,448
Education	15,573	15,090	483
Other	3,165	1,859	1,306
Total	<u>44,552</u>	<u>38,315</u>	<u>6,237</u>
Net transfers in (out)	(643)	(838)	195
Other financing sources	83	106	(23)
Net increase (decrease) in fund balance	<u>\$ 2,228</u>	<u>\$ (70)</u>	<u>\$ 2,298</u>

General Fund expenditures continue to be concentrated in services and programs most vital to citizens – primarily human services and public education.

In addition to the General Fund, the state reports the Higher Education Special Revenue and the Higher Education Endowment Funds as major governmental funds. Significant changes in these funds are as follows:

- The change in fund balance of the Higher Education Special Revenue Fund in fiscal year 2021 was an increase of \$226.9 million compared to an increase of \$31.3 million in fiscal year 2020. The increase can be contributed to increased federal grants.
- The fund balance for the Higher Education Endowment Fund increased by \$1.36 billion in fiscal year 2021. The increase is a result of positive growth in investment earnings.

Proprietary Funds. The state of Washington's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Significant changes reported in fiscal year 2021 are as follows:

- The Workers' Compensation Fund reported a decrease in net position of \$802.8 million in fiscal year 2021. Operating revenues decreased by \$320.4 million and operating expenses decreased by \$1.88 billion as compared to fiscal year 2020. As previously stated, premiums and assessments revenue decreased \$309.0 million in fiscal year 2021 as compared with fiscal year 2020 mostly as a result of the decrease in the average premium rates. Claim costs decreased by \$1.79 billion in fiscal year 2021 as compared with fiscal year 2020. This decrease is largely the result of actuarial assumption changes in the Supplemental Pension Fund in the prior year, which caused an increase in the fiscal year 2020 expense. Investment income decreased \$533.9 million over fiscal year 2020.
- Washington's Unemployment Compensation Fund reported a decrease in net position of \$1.17 billion. While unemployment benefit claims expense increased by \$4.44 billion in fiscal year 2021 as compared to 2020, unemployment premiums and assessments decreased by \$24.8 million and federal aid increased by \$4.79 billion in fiscal year 2021 as compared to 2020. As previously stated, unemployment insurance benefits and federal aid continued to increase due to an increase in unemployment caused by COVID-19.
- The Higher Education Student Services Fund reported consistent activity when compared to the prior year.
- The Health Insurance Fund reported a decrease in net position of \$ 27.0 million in fiscal year 2021. Operating revenues increased by \$963.3 million while operating expenses increased by \$1.10 billion as compared to fiscal year 2020.

General Fund Budgetary Highlights

Differences between the original budget of the General Fund and the final amended budget reflect increases in mandatory costs driven by rising caseloads and school enrollment as well as other high priority needs. Changes to estimates are summarized as follows:

- Estimated biennial resources increased by \$8.08 billion over the course of the fiscal year. The major increase

in estimated resources is additional sales tax and federal grants-in-aid.

- Appropriated expenditure authority increased by \$7.93 billion over the course of the fiscal year to address increases in the state's health program's and general government agencies' continued response to COVID-19.

The state did not overspend its legal spending authority for the 2019-21 biennium. Actual General Fund revenues and expenditures were 95.7 and 93.0 percent of final budgeted resources and appropriations, respectively, for the 2019-21 biennium.

Capital Assets, Infrastructure, and Bond Debt Administration

Capital Assets. The state of Washington's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$46.96 billion (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, museum and historical collections, buildings and other improvements, furnishings, equipment, and intangible assets, as well as construction in progress.

Washington's fiscal year 2021 investment in capital assets, net of current year depreciation, increased \$699.8 million over fiscal year 2020, including increases to the state's transportation infrastructure of \$474.9 million. The state's construction in progress includes both new construction and major improvements to state capital facilities and infrastructure. Remaining commitments on these construction projects total \$5.09 billion.

Additional information on the state of Washington's capital assets can be found in Note 6.

Infrastructure. The state of Washington uses the modified approach for reporting selected infrastructure assets. The modified approach requires that the state meet certain requirements regarding the inventory and maintenance of eligible capital assets, including condition assessments. Under the modified approach, assets are not depreciated and certain maintenance and preservation costs associated with those assets are expensed. In fiscal year 2021, assets accounted for under this approach include approximately 20,876 pavement lane miles, 3,956 bridges and tunnels, and 47 highway safety rest areas. The total count of bridges includes vehicular bridges of all lengths and pedestrian bridges. Infrastructure asset categories are predominantly assessed on a two-year cycle, either on a calendar year or fiscal year basis.

State of Washington

STATE OF WASHINGTON Capital Assets - Net of Depreciation (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,933	\$ 2,896	\$ 75	\$ 74	\$ 3,008	\$ 2,970
Transportation infrastructure and other assets not depreciated	26,769	26,292	5	5	26,774	26,297
Buildings	8,893	8,626	2,815	2,888	11,708	11,514
Furnishings, equipment, and intangible assets	2,124	2,167	107	133	2,231	2,300
Other improvements and infrastructure	1,332	1,317	107	79	1,439	1,396
Construction in progress	1,490	1,531	307	249	1,797	1,780
Total	\$ 43,541	\$ 42,829	\$ 3,416	\$ 3,428	\$ 46,957	\$ 46,257

The state of Washington's goal is to maintain 85 percent of pavements and 90 percent of bridges at a condition level of fair or better. The condition of these assets, along with the rating scales, and additional detail comparing planned to actual preservation and maintenance spending are available in the required supplementary information. In 2018, the Washington State Department of Transportation updated its Capital Assets - Infrastructure Policy to report the average of the three most recent assessment periods, as opposed to just the most recent period.

The most recent pavements condition assessment indicates that 94.1 percent of pavements were in fair or better condition. The condition of pavements has remained steady in the last three assessment periods, averaging 93.5 percent in fair or better condition. For fiscal year 2021, actual maintenance and preservation expenditures were 41.2 percent lower than planned. The significant variance is partly due to an additional appropriation for the Connecting Washington Program that funded other various projects to enhance the statewide transportation system and maintain critical infrastructure. Over the past five fiscal years, the actual expenditures for maintaining and preserving pavements were 8.5 percent lower than planned.

The most recent condition assessment of bridges over 20 feet in length indicates that 93.8 percent of bridges were in good or fair condition. The condition of bridges has remained steady over the last three assessment periods, averaging 92.8 percent in good or fair condition. For fiscal year 2021, the actual maintenance and preservation expenditures were 5.0 percent lower than planned, and over the past five fiscal years, the actual expenditures were 14.9 percent lower than planned.

Bond Debt. At the end of fiscal year 2021, the state of Washington had general obligation bond debt outstanding including accreted interest and issuance

premiums of \$20.73 billion, an increase of 2.9 percent from fiscal year 2020. This debt is secured by a pledge of the full faith and credit of the state. Additionally, the state had authorized \$15.77 billion general obligation debt that remains unissued.

General obligation debt is subject to the limitation prescribed by the state Constitution. The aggregate debt contracted by the state as of June 30, 2021, does not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than 8.25 percent of the arithmetic mean of its general state revenues for the six immediately preceding fiscal years. The arithmetic mean of its general state revenues for fiscal years 2015-2020 is \$20.61 billion. The debt service limitation, 8.25 percent of this mean, is \$1.70 billion. The state's maximum annual debt service as of June 30, 2021, subject to the constitutional debt limitation is \$1.26 billion, or \$443.0 million less than the debt service limitation.

For further information on the debt limit, refer to Schedule 11 in the statistical section of this report or the Report on the State of Washington's Debt Limitation, available from the Office of the State Treasurer at <https://www.tre.wa.gov/wp-content/uploads/Debt-Limit-Certification-2021-Final-web.pdf>.

By statutory provision, the State Finance Committee (SFC) is authorized to supervise and control the issuance of all state bonds, notes, or other evidences of indebtedness. The SFC is composed of the Governor, Lieutenant Governor, and State Treasurer, the latter serving as chairperson.

As of June 30, 2021, the state of Washington's general obligation debt was rated Aaa by Moody's Investor Service, AA+ by Standard & Poor's Rating Group, and AA+ by Fitch Ratings.

State of Washington

STATE OF WASHINGTON

Bond Debt

(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation (GO) bonds	\$ 20,402	\$ 19,794	\$ —	\$ —	\$ 20,402	\$ 19,794
Accreted interest on zero interest rate GO bonds	328	359	—	—	328	359
Revenue bonds	1,889	2,033	2,293	2,235	4,182	4,268
Unamortized premium on bonds sold	2,637	2,132	182	180	2,819	2,312
Total	\$ 25,256	\$ 24,318	\$ 2,475	\$ 2,415	\$ 27,731	\$ 26,733

The state had revenue debt outstanding at June 30, 2021, of \$4.18 billion, a decrease of \$86.0 million compared to fiscal year 2020. The decrease is primarily related to the state colleges and universities not issuing as many revenue bonds as in prior years. This debt is not supported or intended to be supported by the full faith and credit of the state. Revenue bond debt is generally secured by specific sources of revenue. The exceptions are the University of Washington and Washington State University which issue general revenue bonds that are payable from general revenues of each university.

General obligation and revenue bonds totaling \$1.42 billion were refunded during the year. Washington's refunding activity produced \$321.0 million in gross debt service savings.

Additional information on the state's bond debt obligations is presented in Note 7.

Conditions with Expected Future Impact

Economic Outlook. Washington, has weathered the COVID-19 storm better than many states. The state's aerospace industry has continued to struggle with the decrease in demand for air transportation, while the knowledge-based industries including information technology, health, business, and financial services has fared better. Washington's strong housing market and continued sales have had a positive effect on revenue growth. The increasing vaccination rate in Washington state should reduce the possibility of further loss of jobs. As long as the COVID-19 infection rate remains under control, the economy should continue to grow at a modest pace.

Rainy Day Account. In November 2007, Washington state voters ratified Engrossed Substitute Senate Joint Resolution 8206, amending the Washington Constitution and establishing the Budget Stabilization Account (BSA). The state's Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature.

On June 30, 2021, \$269.5 million was transferred to the BSA from the General Fund in accordance with the provisions of the Constitution. During fiscal year 2021, the Legislature appropriated \$164.2 million from the BSA for additional state expenditures, COVID-19 emergency services, emergency fire service mobilization, fire suppression, and fire damage recovery costs. The legislature additionally transferred \$1.82 billion from the rainy day account to the General Fund to fund the increase in human services expenditures. The BSA had a fund balance of \$19.2 million as of June 30, 2021.

Requests for Information

This financial report is designed to provide a general overview of the state of Washington's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Financial Management, Accounting Division, P.O. Box 43127, Olympia, WA 98504-3127.

This page intentionally left blank.

Basic Financial Statements
Government-wide Financial Statements

Statement of Net Position

June 30, 2021

(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	\$ 14,029,482	\$ 5,648,269	\$ 19,677,751	\$ 417,650
Taxes receivable (net of allowance for uncollectibles)	4,993,694	3,691	4,997,385	—
Other receivables (net of allowance for uncollectibles)	2,805,100	2,151,333	4,956,433	114,275
Internal balances	178,409	(178,409)	—	—
Due from other governments	5,007,004	341,680	5,348,684	—
Inventories and prepaids	152,497	72,387	224,884	36,984
Restricted cash and investments	365,679	17,168	382,847	—
Restricted receivables, current	8,330	24,840	33,170	—
Investments, noncurrent	9,037,661	21,744,135	30,781,796	102,378
Restricted investments, noncurrent	—	78,224	78,224	25,875
Restricted net pension asset	2,466,477	911	2,467,388	—
Other assets	—	347,443	347,443	477,155
Capital assets:				
Non-depreciable assets	31,191,591	386,278	31,577,869	112,171
Depreciable assets (net of accumulated depreciation)	12,349,537	3,029,350	15,378,887	522,626
Total capital assets	43,541,128	3,415,628	46,956,756	634,797
Total Assets	82,585,461	33,667,300	116,252,761	1,809,114
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on asset retirement obligations	13,509	—	13,509	—
Deferred outflows on refundings	3,546	40,667	44,213	14,033
Deferred outflows on pensions	1,500,277	195,669	1,695,946	3,581
Deferred outflows on OPEB	666,039	185,041	851,080	617
Total Deferred Outflows of Resources	2,183,371	421,377	2,604,748	18,231
Total Assets and Deferred Outflows of Resources	\$ 84,768,832	\$ 34,088,677	\$ 118,857,509	\$ 1,827,345

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

Statement of Net Position

June 30, 2021

(expressed in thousands)

Concluded

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 2,440,656	\$ 192,981	\$ 2,633,637	\$ 40,984
Accrued liabilities	1,704,215	684,309	2,388,524	159,530
Obligations under security lending agreements	—	7,303	7,303	—
Due to other governments	1,088,853	271,862	1,360,715	—
Unearned revenues	3,478,994	198,857	3,677,851	67,057
Long-term liabilities:				
Due within one year	2,062,952	2,938,493	5,001,445	13,073
Due in more than one year	34,636,112	37,245,335	71,881,447	342,266
Total Liabilities	45,411,782	41,539,140	86,950,922	622,910
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on refundings	653	228	881	—
Deferred inflows on pensions	1,406,567	175,369	1,581,936	1,884
Deferred inflows on OPEB	1,436,675	214,837	1,651,512	1,455
Deferred inflows on irrevocable split interest agreements	43,323	—	43,323	—
Deferred inflows on property taxes	—	—	—	27,723
Total Deferred Inflows of Resources	2,887,218	390,434	3,277,652	31,062
NET POSITION				
Net investment in capital assets	23,934,108	825,107	24,759,215	349,803
Restricted for:				
Unemployment compensation	—	2,403,740	2,403,740	—
Nonexpendable permanent endowments	3,344,701	—	3,344,701	—
Expendable endowment funds	2,683,547	—	2,683,547	—
Pensions	2,529,957	784	2,530,741	—
Human services	3,546,350	—	3,546,350	—
Wildlife and natural resources	1,234,157	—	1,234,157	—
Transportation	1,161,315	—	1,161,315	—
Budget stabilization	19,191	—	19,191	—
Higher education	89,193	—	89,193	—
Other purposes	253,867	—	253,867	9,428
Unrestricted	(2,326,554)	(11,070,528)	(13,397,082)	814,142
Total Net Position	36,469,832	(7,840,897)	28,628,935	1,173,373
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 84,768,832	\$ 34,088,677	\$ 118,857,509	\$ 1,827,345

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, 2021
(expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities:				
General government	\$ 3,768,668	\$ 1,254,392	\$ 2,596,521	\$ —
Education - K-12 education	15,321,811	13,613	1,238,507	—
Education - higher education	8,472,309	3,203,056	3,098,446	67,609
Human services	25,818,749	945,654	17,259,568	—
Adult corrections	1,247,370	11,130	1,536	—
Natural resources and recreation	1,539,878	616,961	275,472	34,265
Transportation	2,756,601	1,604,557	459,773	545,949
Interest on long-term debt	1,072,562	—	—	—
Total Governmental Activities	59,997,948	7,649,363	24,929,823	647,823
Business-Type Activities:				
Workers' compensation	4,505,342	2,391,263	9,425	—
Unemployment compensation	11,939,071	1,143,334	9,499,890	—
Higher education student services	3,165,639	3,326,311	18,962	1,065
Health insurance	3,556,265	3,557,611	—	—
Washington's lottery	729,151	954,429	—	—
Paid family and medical leave	795,731	675,545	—	—
Other	325,542	254,876	493	—
Total Business-Type Activities	25,016,741	12,303,369	9,528,770	1,065
Total Primary Government	\$ 85,014,689	\$ 19,952,732	\$ 34,458,593	\$ 648,888
Total Component Units	\$ 912,908	\$ 962,533	\$ 26,512	\$ —

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
\$ 82,245	\$ —	\$ 82,245	
(14,069,691)	—	(14,069,691)	
(2,103,198)	—	(2,103,198)	
(7,613,527)	—	(7,613,527)	
(1,234,704)	—	(1,234,704)	
(613,180)	—	(613,180)	
(146,322)	—	(146,322)	
(1,072,562)	—	(1,072,562)	
<u>(26,770,939)</u>	<u>—</u>	<u>(26,770,939)</u>	
	(2,104,654)	(2,104,654)	
	(1,295,847)	(1,295,847)	
	180,699	180,699	
	1,346	1,346	
	225,278	225,278	
	(120,186)	(120,186)	
	(70,173)	(70,173)	
	<u>(3,183,537)</u>	<u>(3,183,537)</u>	
<u>\$ (26,770,939)</u>	<u>\$ (3,183,537)</u>	<u>\$ (29,954,476)</u>	
			<u>\$ 76,137</u>
13,614,149	—	13,614,149	—
5,339,446	—	5,339,446	—
4,358,164	—	4,358,164	24,373
1,533,130	—	1,533,130	—
2,461,577	17,732	2,479,309	—
386,659	—	386,659	—
500,106	—	500,106	—
683,639	—	683,639	—
1,457,273	—	1,457,273	19,327
1,541,248	1,639,480	3,180,728	972
<u>31,875,391</u>	<u>1,657,212</u>	<u>33,532,603</u>	<u>44,672</u>
5,104,452	(1,526,325)	3,578,127	120,809
74,879	—	74,879	—
132,095	(129,986)	2,109	—
<u>5,311,426</u>	<u>(1,656,311)</u>	<u>3,655,115</u>	<u>120,809</u>
<u>31,158,406</u>	<u>(6,184,586)</u>	<u>24,973,820</u>	<u>1,052,564</u>
<u>\$ 36,469,832</u>	<u>\$ (7,840,897)</u>	<u>\$ 28,628,935</u>	<u>\$ 1,173,373</u>

This page intentionally left blank.

Basic Financial Statements
Fund Financial Statements

Balance Sheet
GOVERNMENTAL FUNDS
 June 30, 2021
 (expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 6,717,955	\$ 1,043,274	\$ 1,019,383	\$ 4,439,334	\$ 13,219,946
Investments	13,456	3,468,330	5,270,732	329,291	9,081,809
Taxes receivable (net of allowance)	4,655,825	55,168	—	282,701	4,993,694
Receivables (net of allowance)	938,171	578,374	184,764	1,085,936	2,787,245
Due from other funds	1,900,513	930,062	12	451,896	3,282,483
Due from other governments	1,680,393	284,217	76	2,684,920	4,649,606
Inventories and prepaids	21,030	39,823	—	52,799	113,652
Restricted cash and investments	32,303	2,937	—	193,558	228,798
Restricted receivables	—	6,201	—	798	6,999
Total Assets	\$ 15,959,646	\$ 6,408,386	\$ 6,474,967	\$ 9,521,233	\$ 38,364,232
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,799,671	\$ 162,628	\$ 43,517	\$ 399,138	\$ 2,404,954
Accrued liabilities	496,916	532,020	67,830	197,428	1,294,194
Due to other funds	226,035	1,036,093	515,770	1,087,006	2,864,904
Due to other governments	411,999	137,413	—	222,100	771,512
Unearned revenue	3,065,122	304,799	—	105,204	3,475,125
Claims and judgments payable	42,547	—	—	137,647	180,194
Total Liabilities	6,042,290	2,172,953	627,117	2,148,523	10,990,883
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	3,016,296	7,929	14,758	137,620	3,176,603
Deferred inflows on irrevocable split interest agreements	—	—	43,323	—	43,323
Total Deferred Inflows of Resources	3,016,296	7,929	58,081	137,620	3,219,926
FUND BALANCES					
Nonspendable fund balance	59,060	39,823	3,099,426	298,075	3,496,384
Restricted fund balance	2,908,232	49,644	2,690,343	3,339,402	8,987,621
Committed fund balance	1,221,109	4,028,098	—	3,765,618	9,014,825
Assigned fund balance	1,915,952	109,939	—	—	2,025,891
Unassigned fund balance	796,707	—	—	(168,005)	628,702
Total Fund Balances	6,901,060	4,227,504	5,789,769	7,235,090	24,153,423
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,959,646	\$ 6,408,386	\$ 6,474,967	\$ 9,521,233	\$ 38,364,232

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, 2021
(expressed in thousands)

Total Fund Balances for Governmental Funds \$ 24,153,423

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	\$	31,169,553	
Depreciable assets		23,816,372	
Less: Accumulated depreciation		(12,183,057)	
Total capital assets			42,802,868

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. 3,176,603

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. 2,466,477

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. 2,095,722

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. (2,709,385)

Unmatured interest on general obligation bonds is not recognized in the funds until due. (398,753)

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. (955,368)

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	\$	(25,050,264)	
Accreted interest on bonds		(327,579)	
Compensated absences		(791,630)	
Other postemployment benefits obligations		(5,044,245)	
Net pension liability		(2,082,107)	
Unclaimed property		(240,594)	
Pollution remediation obligations		(228,470)	
Claims and judgments		(43,189)	
Asset retirement obligations		(29,132)	
Other obligations		(324,545)	
Total long-term liabilities			(34,161,755)

Net Position of Governmental Activities \$ 36,469,832

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, 2021

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
REVENUES					
Retail sales and use taxes	\$ 13,480,922	\$ —	\$ —	\$ 133,227	\$ 13,614,149
Business and occupation taxes	5,013,056	319,781	—	6,609	5,339,446
Property taxes	4,350,245	—	—	—	4,350,245
Excise taxes	1,524,398	319,849	—	617,330	2,461,577
Motor vehicle and fuel taxes	—	—	—	1,533,130	1,533,130
Other taxes	2,034,803	403,185	—	440,728	2,878,716
Licenses, permits, and fees	146,141	1,169	—	2,260,232	2,407,542
Other contracts and grants	347,463	1,308,804	—	181,614	1,837,881
Timber sales	4,163	—	14,862	111,345	130,370
Federal grants-in-aid	19,734,517	1,823,057	—	2,182,193	23,739,767
Charges for services	116,196	3,013,154	—	683,602	3,812,952
Investment income (loss)	(12,899)	22,537	1,464,263	67,348	1,541,249
Miscellaneous revenue	450,258	76,282	6,420	570,773	1,103,733
Contributions and donations	—	—	74,879	—	74,879
Unclaimed property	150,913	—	—	—	150,913
Total Revenues	47,340,176	7,287,818	1,560,424	8,788,131	64,976,549
EXPENDITURES					
Current:					
General government	2,172,500	228	170	1,464,988	3,637,886
Human services	25,813,817	18,134	—	1,290,849	27,122,800
Natural resources and recreation	668,524	—	—	852,349	1,520,873
Transportation	64,390	—	—	2,227,351	2,291,741
Education	15,573,136	6,802,768	956	1,163,664	23,540,524
Intergovernmental	132,159	—	—	381,114	513,273
Capital outlays	106,460	192,845	706	1,930,638	2,230,649
Debt service:					
Principal	17,238	43,217	—	1,132,425	1,192,880
Interest	4,056	22,957	—	1,054,671	1,081,684
Total Expenditures	44,552,280	7,080,149	1,832	11,498,049	63,132,310
Excess of Revenues Over (Under) Expenditures	2,787,896	207,669	1,558,592	(2,709,918)	1,844,239
OTHER FINANCING SOURCES (USES)					
Bonds issued	74,562	26,997	—	1,710,423	1,811,982
Refunding bonds issued	—	—	—	856,970	856,970
Payments to escrow agents for refunded bond debt	—	—	—	(1,007,913)	(1,007,913)
Issuance premiums	3,626	1,614	—	707,662	712,902
Other debt issued	7,039	12,873	—	48,036	67,948
Refunding COPs issued	6,440	6,935	—	—	13,375
Payment to escrow agents for refunded COP debt	(7,925)	—	—	—	(7,925)
Transfers in	1,019,796	996,738	28,220	2,920,857	4,965,611
Transfers out	(1,663,130)	(1,025,937)	(230,936)	(1,920,361)	(4,840,364)
Total Other Financing Sources (Uses)	(559,592)	19,220	(202,716)	3,315,674	2,572,586
Net Change in Fund Balances	2,228,304	226,889	1,355,876	605,756	4,416,825
Fund Balances - Beginning, as restated	4,672,756	4,000,615	4,433,893	6,629,334	19,736,598
Fund Balances - Ending	\$ 6,901,060	\$ 4,227,504	\$ 5,789,769	\$ 7,235,090	\$ 24,153,423

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, 2021
(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 4,416,825

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	\$ 1,507,563	
Less: Depreciation expense	<u>(736,720)</u>	770,843

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.

201,771

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.

41,192

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	\$ (3,424,263)	
Principal payments on bonds and other financing contracts	2,452,564	
Accreted interest on bonds	<u>31,714</u>	(939,985)

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	\$ (52,860)	
Other postemployment benefits	37,998	
Pensions	895,009	
Pollution remediation	(52,618)	
Claims and judgments	(3,902)	
Accrued interest	(3,430)	
Unclaimed property	5,170	
Asset retirement obligations	(1,733)	
Other obligations	<u>(2,854)</u>	820,780

Change in Net Position of Governmental Activities \$ 5,311,426

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

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2021
(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	\$ 81,919	\$ 2,002,816	\$ 1,063,493
Investments	1,582,344	—	4,070
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	825,849	638,111	391,403
Due from other funds	229	3,368	8,884
Due from other governments	1,455	38,626	110,434
Inventories	88	—	54,826
Prepaid expenses	159	—	6,458
Restricted cash and investments	488	—	16,680
Restricted receivables	—	—	24,840
Total Current Assets	2,492,531	2,682,921	1,681,088
Noncurrent Assets:			
Investments, noncurrent	19,723,138	—	224,718
Restricted investments, noncurrent	—	—	78,224
Restricted net pension asset	—	—	911
Other noncurrent assets	3,782	—	261,544
Capital assets:			
Land and other non-depreciable assets	3,204	—	74,597
Buildings	65,111	—	4,589,780
Other improvements	1,289	—	149,458
Furnishings, equipment, and intangibles	105,128	—	760,411
Infrastructure	—	—	64,513
Accumulated depreciation	(142,255)	—	(2,589,257)
Construction in progress	4,052	—	235,044
Total Noncurrent Assets	19,763,449	—	3,849,943
Total Assets	22,255,980	2,682,921	5,531,031
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refundings	—	—	40,622
Deferred outflows on pensions	34,993	—	141,120
Deferred outflows on OPEB	17,537	—	145,167
Total Deferred Outflows of Resources	52,530	—	326,909
Total Assets and Deferred Outflows of Resources	\$ 22,308,510	\$ 2,682,921	\$ 5,857,940

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

State of Washington

Continued

			<u>Governmental Activities</u>	
<u>Health Insurance</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>	
\$ 422,282	\$ 436,046	\$ 4,006,556	\$ 740,397	
—	55,299	1,641,713	921	
—	3,691	3,691	—	
30,659	265,311	2,151,333	17,855	
—	74,868	87,349	104,765	
163,826	10,350	324,691	28,818	
—	10,392	65,306	17,350	
—	464	7,081	21,493	
—	—	17,168	136,881	
—	—	24,840	1,331	
<u>616,767</u>	<u>856,421</u>	<u>8,329,728</u>	<u>1,069,811</u>	
2,256	1,794,023	21,744,135	24,069	
—	—	78,224	—	
—	—	911	—	
—	82,118	347,444	—	
—	1,540	79,341	7,258	
—	12,828	4,667,719	588,684	
—	5,772	156,519	15,122	
410	36,087	902,036	1,041,505	
—	—	64,513	2,170	
(263)	(29,662)	(2,761,437)	(931,258)	
—	67,841	306,937	14,779	
<u>2,403</u>	<u>1,970,547</u>	<u>25,586,342</u>	<u>762,329</u>	
<u>619,170</u>	<u>2,826,968</u>	<u>33,916,070</u>	<u>1,832,140</u>	
—	45	40,667	2,854	
2,265	17,291	195,669	57,035	
3,773	18,563	185,040	27,760	
<u>6,038</u>	<u>35,899</u>	<u>421,376</u>	<u>87,649</u>	
<u>\$ 625,208</u>	<u>\$ 2,862,867</u>	<u>\$ 34,337,446</u>	<u>\$ 1,919,789</u>	

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2021

(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	\$ 10,188	\$ —	\$ 154,076
Accrued liabilities	297,940	127,690	272,645
Obligations under security lending agreements	—	—	—
Bonds and notes payable	—	—	144,418
Total OPEB liability	2,362	—	11,037
Due to other funds	6,040	1,771	218,432
Due to other governments	496	149,720	2,520
Unearned revenue	7,381	—	149,284
Claims and judgments payable	2,393,303	—	—
Total Current Liabilities	2,717,710	279,181	952,412
Noncurrent Liabilities:			
Claims and judgments payable	32,189,006	—	—
Bonds and notes payable	—	—	2,563,984
Net pension liability	67,653	—	219,591
Total OPEB liability	131,901	—	616,450
Other long-term liabilities	9,861	—	65,922
Total Noncurrent Liabilities	32,398,421	—	3,465,947
Total Liabilities	35,116,131	279,181	4,418,359
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on refundings	—	—	228
Deferred inflows on pensions	20,269	—	145,897
Deferred inflows on OPEB	39,113	—	155,145
Total Deferred Inflows of Resources	59,382	—	301,270
NET POSITION			
Net investment in capital assets	36,530	—	698,974
Restricted for:			
Unemployment compensation	—	2,403,740	—
Pensions	—	—	784
Unrestricted	(12,903,533)	—	438,553
Total Net Position	(12,867,003)	2,403,740	1,138,311
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 22,308,510	\$ 2,682,921	\$ 5,857,940

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

State of Washington

				Concluded			
				<u>Governmental Activities</u>			
<u>Health Insurance</u>	<u>Nonmajor Enterprise Funds</u>		<u>Total</u>	<u>Internal Service Funds</u>			
\$	13,778	\$	14,939	\$	192,981	\$	35,698
	948		182,569		881,792		75,810
	—		7,303		7,303		—
	—		2,925		147,343		128,808
	146		1,014		14,559		3,151
	743		91,435		318,421		291,182
	—		49,474		202,210		34,486
	1,740		40,452		198,857		3,870
	174,541		11,265		2,579,109		170,651
	191,896		401,376		4,542,575		743,656
	—		14,448		32,203,454		1,204,325
	—		2,069		2,566,053		477,132
	3,538		29,590		320,372		107,156
	8,138		56,662		813,151		175,985
	894		1,265,628		1,342,305		32,394
	12,570		1,368,397		37,245,335		1,996,992
	204,466		1,769,773		41,787,910		2,740,648
	—		—		228		93
	966		8,236		175,368		58,305
	2,008		18,571		214,837		76,111
	2,974		26,807		390,433		134,509
	146		89,457		825,107		211,524
	—		—		2,403,740		—
	—		—		784		—
	417,622		976,830		(11,070,528)		(1,166,892)
	417,768		1,066,287		(7,840,897)		(955,368)
\$	625,208	\$	2,862,867	\$	34,337,446	\$	1,919,789

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

For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
OPERATING REVENUES			
Sales	\$ —	\$ —	\$ 30,172
Less: Cost of goods sold	—	—	(21,497)
Gross profit	—	—	8,675
Charges for services	27	—	2,945,116
Premiums and assessments	2,349,955	1,130,196	—
Lottery ticket proceeds	—	—	—
Federal aid for unemployment insurance benefits	—	9,499,890	—
Miscellaneous revenue	41,255	13,138	349,566
Total Operating Revenues	2,391,237	10,643,224	3,303,357
OPERATING EXPENSES			
Salaries and wages	209,818	—	1,195,339
Employee benefits	55,083	—	340,464
Personal services	14,774	—	143,637
Goods and services	103,284	—	1,149,858
Travel	2,286	—	8,627
Premiums and claims	4,112,609	11,939,071	—
Guaranteed education tuition program expense	—	—	—
Lottery prize payments	—	—	—
Depreciation and amortization	4,371	—	202,274
Miscellaneous expenses	3,118	—	20,711
Total Operating Expenses	4,505,343	11,939,071	3,060,910
Operating Income (Loss)	(2,114,106)	(1,295,847)	242,447
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	1,303,002	46,305	56,671
Interest expense	—	—	(83,232)
Tax and license revenue	100	—	—
Other revenues (expenses)	9,452	—	20,419
Total Nonoperating Revenues (Expenses)	1,312,554	46,305	(6,142)
Income (Loss) Before Contributions and Transfers	(801,552)	(1,249,542)	236,305
Capital contributions	—	—	1,065
Transfers in	75	82,000	637,172
Transfers out	(1,326)	—	(589,964)
Net Contributions and Transfers	(1,251)	82,000	48,273
Change in Net Position	(802,803)	(1,167,542)	284,578
Net Position - Beginning, as restated	(12,064,200)	3,571,282	853,733
Net Position - Ending	\$ (12,867,003)	\$ 2,403,740	\$ 1,138,311

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

State of Washington

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$	—	\$ 103,654	\$ 133,826	\$ 34,510
		(73,728)	(95,225)	(29,217)
		29,926	38,601	5,293
		123,242	3,068,385	840,606
3,557,559	701,864	7,739,574	123,274	
	950,727	950,727	—	
	—	9,499,890	—	
56	5,388	409,403	232,662	
3,557,615	1,811,147	21,706,580	1,201,835	
13,954	93,369	1,512,480	344,202	
5,348	27,939	428,834	95,120	
11,758	20,120	190,289	34,950	
7,666	137,407	1,398,215	448,963	
5	438	11,356	2,822	
3,517,340	757,399	20,326,419	135,127	
	127,528	127,528	—	
	604,091	604,091	—	
52	2,431	209,128	95,881	
143	1,327	25,299	259	
3,556,266	1,772,049	24,833,639	1,157,324	
1,349	39,098	(3,127,059)	44,511	
(2,296)	235,797	1,639,479	688	
—	(4,646)	(87,878)	(16,239)	
—	17,632	17,732	3	
(3)	467	30,335	1,722	
(2,299)	249,250	1,599,668	(13,826)	
(950)	288,348	(1,527,391)	30,685	
		1,065	3,660	
8,896	20,057	748,200	38,112	
(34,931)	(251,964)	(878,185)	(31,265)	
(26,035)	(231,907)	(128,920)	10,507	
(26,985)	56,441	(1,656,311)	41,192	
444,753	1,009,846	(6,184,586)	(996,560)	
\$ 417,768	\$ 1,066,287	\$ (7,840,897)	\$ (955,368)	

**Statement of Cash Flows
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,409,998	\$ 1,236,675	\$ 2,859,926
Payments to suppliers	(2,444,809)	(11,839,886)	(1,315,583)
Payments to employees	(284,557)	—	(1,547,037)
Other receipts	41,256	9,504,748	349,566
Net Cash Provided (Used) by Operating Activities	(278,112)	(1,098,463)	346,872
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	75	82,000	637,172
Transfers out	(1,326)	—	(589,964)
Operating grants and donations received	9,978	—	5,697
Taxes and license fees collected	100	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	8,827	82,000	52,905
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	—	—	(91,874)
Principal payments on long-term capital financing	—	—	(178,084)
Proceeds from long-term capital financing	—	—	182,718
Proceeds from sale of capital assets	32	—	2,983
Acquisitions of capital assets	(3,751)	—	(177,086)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,719)	—	(261,343)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	777,078	46,305	4,998
Proceeds from sale of investment securities	8,395,806	—	81,032
Purchases of investment securities	(8,887,154)	—	(69,101)
Net Cash Provided (Used) by Investing Activities	285,730	46,305	16,929
Net Increase (Decrease) in Cash and Pooled Investments	12,726	(970,158)	155,363
Cash and cash equivalents, July 1, as restated	69,681	2,972,974	924,810
Cash and cash equivalents, June 30	\$ 82,407	\$ 2,002,816	\$ 1,080,173
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (2,114,106)	\$ (1,295,847)	\$ 242,447
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	4,371	—	202,274
Revenue reduced for uncollectible accounts	(3,953)	—	268
Change in Assets: Decrease (Increase)			
Receivables	11,891	98,200	(95,379)
Inventories	28	—	(1,559)
Prepaid expenses	1,410	—	103
Other assets	—	—	(135)
Change in Deferred Outflows of Resources: Increase (Decrease)	(4,428)	—	(92,116)
Change in Liabilities: Increase (Decrease)			
Payables	1,846,491	99,184	67,111
Change in Deferred Inflows of Resources: Decrease (Increase)	(19,816)	—	23,858
Net Cash Provided (Used) by Operating Activities	\$ (278,112)	\$ (1,098,463)	\$ 346,872

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

State of Washington

Continued

Health Insurance		Nonmajor Enterprise Funds		Governmental Activities	
				Total	Internal Service Funds
\$	3,546,991	\$	1,919,371	\$	11,972,961
	(3,597,291)		(1,692,563)		(20,890,132)
	(18,799)		(127,988)		(1,978,381)
	55		5,430		9,901,055
	(69,044)		104,250		(994,497)
	8,896		20,057		748,200
	(34,931)		(251,964)		(878,185)
	(446)		494		15,723
	—		16,346		16,446
	(26,481)		(215,067)		(97,816)
	—		(135)		(92,009)
	—		(490)		(178,574)
	—		—		182,718
	—		5		3,020
	—		(16,577)		(197,414)
	—		(17,197)		(282,259)
	4,030		33,947		866,358
	—		249,247		8,726,085
	—		(276,065)		(9,232,320)
	4,030		7,129		360,123
	(91,495)		(120,885)		(1,014,449)
	513,777		556,931		5,038,173
\$	422,282	\$	436,046	\$	4,023,724
\$	1,349	\$	39,098	\$	(3,127,059)
	52		2,431		209,128
	—		4		(3,681)
	(4,243)		(40,318)		(29,849)
	—		121		(1,410)
	—		(75)		1,438
	—		—		(135)
	(2,010)		(6,666)		(105,220)
	(63,966)		115,425		2,064,245
	(226)		(5,770)		(1,954)
\$	(69,044)	\$	104,250	\$	(994,497)
				\$	214,916

Statement of Cash Flows
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2021
(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	\$ —	\$ —	\$ 1,065
Amortization of annuity prize liability	—	—	—
Increase (decrease) in fair value of investments	528,401	—	(137)
Debt refunding deposited with escrow agent	—	—	567,130
Amortization of debt premium/discount	—	—	5,256
Increase in ownership of joint venture	—	—	50,837

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

State of Washington

Concluded

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds		Total	Internal Service Funds
\$	—	\$	—	\$
	—		4,578	3,660
	(6,100)		202,433	—
	—		—	(156)
	—		67	—
	—		—	6,726
			50,837	—

**Statement of Net Position
FIDUCIARY FUNDS**

June 30, 2021

(expressed in thousands)

Continued

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Cash and cash equivalents	\$ 10,328	\$ 7,555,216	\$ 63,074	\$ 295,693
Receivables, pension and other employee benefit plans:				
Employers	—	—	231,189	—
Members (net of allowance)	—	—	7,266	—
Interest and dividends	—	—	364,888	—
Investment trades pending	—	—	8,107,036	—
Taxes receivable (net of allowance)	—	—	—	1,346,995
Due from other pension and other employee benefit funds	—	—	113,315	—
Other receivables, all other funds	—	6,449	82	8,267
Due from other governments	—	—	—	23,680
Investments:				
Liquidity	—	12,258,451	4,053,279	—
Fixed income	—	1,273,440	24,447,109	—
Public equity	—	—	60,118,475	—
Private equity	—	—	41,511,933	—
Real estate	—	—	25,523,742	—
Tangible assets	—	—	8,024,627	—
Security lending collateral	—	—	249,454	—
Other noncurrent assets	—	—	—	63,381
Capital assets:				
Furnishings, equipment, and intangibles	20	—	—	—
Accumulated depreciation	(20)	—	—	—
Total Assets	10,328	21,093,556	172,815,469	1,738,016
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on OPEB	—	—	213	—
Total Deferred Outflows of Resources	—	—	213	—
Total Assets and Deferred Outflows of Resources	\$ 10,328	\$ 21,093,556	\$ 172,815,682	\$ 1,738,016

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

**Statement of Net Position
FIDUCIARY FUNDS**

June 30, 2021
(expressed in thousands)

Concluded

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts payable	\$ 212	\$ —	\$ —	\$ 5,382
Accrued liabilities	139	699,907	8,937,693	60,262
Obligations under security lending agreements	—	—	249,454	—
Due to other funds	—	90	—	—
Due to other pension and other employee benefit funds	—	—	113,314	—
Due to other governments	—	341,292	—	582,242
Unearned revenue	—	—	821	—
Other long-term liabilities	—	—	—	17,931
Total Liabilities	351	1,041,289	9,301,282	665,817
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on OPEB	—	—	152	—
Total Deferred Inflows of Resources	—	—	152	—
Total Liabilities and Deferred Inflows of Resources	351	1,041,289	9,301,434	665,817
NET POSITION				
Net position restricted for:				
Pensions	—	—	157,347,830	—
Deferred compensation participants	—	—	6,166,418	—
Local government pool participants	—	20,052,267	—	—
Individuals, organizations, and other governments	9,977	—	—	1,072,199
Total Net Position	\$ 9,977	\$ 20,052,267	\$ 163,514,248	\$ 1,072,199

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, 2021
(expressed in thousands)

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
ADDITIONS				
Contributions:				
Employers	\$ —	\$ —	\$ 3,266,805	\$ —
Members	—	—	2,010,596	—
State	—	—	93,837	—
Participants	—	28,729,980	368,515	775,351
Total Contributions	—	28,729,980	5,739,753	775,351
Investment Income:				
Net appreciation (depreciation) in fair value	—	—	37,025,575	—
Interest and dividends	—	36,506	2,533,852	18,941
Earnings (loss) on investments	—	(6,476)	—	2,985
Less: Investment expenses	—	—	(683,676)	—
Net Investment Income (Loss)	—	30,030	38,875,751	21,926
Other Additions:				
Unclaimed property	56,781	—	—	—
Transfers from other plans	—	—	103,442	—
Sales tax collections for other governments	—	—	—	6,255,210
Miscellaneous revenue	939	—	21,537	—
Other Additions	—	—	—	418,861
Total Other Additions	57,720	—	124,979	6,674,071
Total Additions	57,720	28,760,010	44,740,483	7,471,348
DEDUCTIONS				
Pension benefits	—	—	5,269,815	—
Pension refunds	—	—	815,925	—
Transfers to other plans	—	—	103,442	—
Administrative expenses	6,570	1,512	3,679	608
Distributions to participants	—	26,712,068	326,935	—
Payments of sales tax to other governments	—	—	—	6,094,334
Payments on behalf of retirees for medical benefits	—	—	—	782,028
Other deductions	—	—	—	429,686
Payments to or on behalf of individuals, organizations, and other governments in accordance with state unclaimed property laws	45,065	—	—	—
Transfers out	2,109	—	—	—
Total Deductions	53,744	26,713,580	6,519,796	7,306,656
Net Increase (Decrease)	3,976	2,046,430	38,220,687	164,692
Net Position - Beginning, as restated	6,001	18,005,837	125,293,561	907,507
Net Position - Ending	\$ 9,977	\$ 20,052,267	\$ 163,514,248	\$ 1,072,199

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

**Statement of Net Position
COMPONENT UNITS**

June 30, 2021
(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	\$ 15,941	\$ 3,657	\$ 152,700	\$ 169,147	\$ 341,445
Investments	—	—	25,335	50,870	76,205
Receivables (net of allowance)	2,743	5,485	92,091	13,956	114,275
Inventories	—	—	9,438	—	9,438
Prepaid expenses	12	5,565	21,525	444	27,546
Total Current Assets	18,696	14,707	301,089	234,417	568,909
Noncurrent Assets:					
Investments, noncurrent	—	—	102,378	—	102,378
Restricted investments, noncurrent	—	—	25,875	—	25,875
Other noncurrent assets	—	576	—	476,579	477,155
Capital assets:					
Land	34,677	—	14,026	—	48,703
Buildings	460,952	—	511,617	—	972,569
Other improvements	—	1,854	18,778	176	20,808
Furnishings, equipment, and intangible assets	10,404	67,414	260,689	2,108	340,615
Lease asset	—	2,794	—	—	2,794
Accumulated depreciation	(298,353)	(52,253)	(461,351)	(2,203)	(814,160)
Construction in progress	—	1,275	62,193	—	63,468
Total Noncurrent Assets	207,680	21,660	534,205	476,660	1,240,205
Total Assets	226,376	36,367	835,294	711,077	1,809,114
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on refundings	—	—	14,033	—	14,033
Deferred outflows on pensions	34	2,380	—	1,167	3,581
Deferred outflows on OPEB	—	131	—	486	617
Total Deferred Outflows of Resources	34	2,511	14,033	1,653	18,231
Total Assets and Deferred Outflows of Resources	\$ 226,410	\$ 38,878	\$ 849,327	\$ 712,730	\$ 1,827,345

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

**Statement of Net Position
COMPONENT UNITS**

June 30, 2021

(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	\$ 13	\$ 6,730	\$ 33,833	\$ 408	\$ 40,984
Accrued liabilities	3,270	1,430	125,572	41,737	172,009
Total OPEB liability	—	—	—	3	3
Lease liability	—	591	—	—	591
Unearned revenue	—	6,544	45,265	15,248	67,057
Total Current Liabilities	3,283	15,295	204,670	57,396	280,644
Noncurrent Liabilities:					
Net pension liability	150	4,132	—	2,640	6,922
Total OPEB liability	—	1,819	—	3,622	5,441
Lease liability	—	588	—	—	588
Other long-term liabilities	—	576	328,739	—	329,315
Total Noncurrent Liabilities	150	7,115	328,739	6,262	342,266
Total Liabilities	3,433	22,410	533,409	63,658	622,910
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on property taxes	—	—	27,723	—	27,723
Deferred inflows on pensions	42	1,249	—	593	1,884
Deferred inflows on OPEB	—	351	—	1,104	1,455
Total Deferred Inflows of Resources	42	1,600	27,723	1,697	31,062
NET POSITION					
Net investment in capital assets	207,511	18,932	123,279	81	349,803
Restricted for:					
Other purposes	7,507	—	1,112	809	9,428
Unrestricted	7,917	(4,064)	163,804	646,485	814,142
Total Net Position	222,935	14,868	288,195	647,375	1,173,373
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 226,410	\$ 38,878	\$ 849,327	\$ 712,730	\$ 1,827,345

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, 2021
(expressed in thousands)

	Public Stadium Authority	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
EXPENSES	\$ 19,030	\$ 56,930	\$ 815,446	\$ 21,502	\$ 912,908
PROGRAM REVENUES					
Charges for services	12,113	33,493	780,789	136,138	962,533
Operating grants and contributions	—	26,512	—	—	26,512
Total Program Revenues	12,113	60,005	780,789	136,138	989,045
Net Program Revenues (Expense)	(6,917)	3,075	(34,657)	114,636	76,137
GENERAL REVENUES					
Earnings (loss) on investments	54	—	605	313	972
Property taxes	—	—	24,373	—	24,373
Other	—	—	19,327	—	19,327
Total General Revenues	54	—	44,305	313	44,672
Change in Net Position	(6,863)	3,075	9,648	114,949	120,809
Net Position - Beginning, as restated	229,798	11,793	278,547	532,426	1,052,564
Net Position - Ending	\$ 222,935	\$ 14,868	\$ 288,195	\$ 647,375	\$ 1,173,373

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

This page intentionally left blank.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2021

Note 1:	Summary of Significant Accounting Policies	65
Note 2:	Accounting and Reporting Changes	77
Note 3:	Deposits and Investments	79
Note 4:	Receivables and Unearned/Unavailable Revenues	106
Note 5:	Interfund Balances and Transfers	110
Note 6:	Capital Assets	114
Note 7:	Long-Term Liabilities	119
Note 8:	No Commitment Debt	129
Note 9:	Governmental Fund Balances	130
Note 10:	Deficit Net Position	131
Note 11:	Retirement Plans	133
Note 12:	Other Postemployment Benefits	156
Note 13:	Derivative Instruments	159
Note 14:	Tax Abatements	161
Note 15:	Commitments and Contingencies	163
Note 16:	Subsequent Events	165

This page intentionally left blank.

Note 1

Summary of Significant Accounting Policies

The accompanying financial statements of the state of Washington have been prepared in conformity with generally accepted accounting principles (GAAP). The Office of Financial Management (OFM) is the primary authority for the state's accounting and reporting requirements. OFM has adopted the pronouncements of the Governmental Accounting Standards Board (GASB), which is nationally accepted as the standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the significant accounting policies:

A. REPORTING ENTITY

In defining the state of Washington for financial reporting purposes, management considers all funds, organizations, institutions, agencies, departments, and offices that are legally part of the state (the primary government) and organizations that are financially accountable to the state. Additionally, other organizations that do not meet the financial accountability criteria may be included in the reporting entity if the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading.

Financial accountability exists when the primary government appoints a voting majority of an organization's governing body and is either (1) able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government is also financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, to levy taxes or set rates or charges without substantive approval by another government, or to issue bonded debt without substantive approval by another government. The organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists: (1) the primary government is legally entitled to or can access the organization's resources, (2) the primary government is

legally obligated or has otherwise assumed the obligation to finance or provide financial support to the organization, (3) the primary government is obligated in some manner for the debt of the organization.

Based on these criteria, the following are included in the financial statements of the primary government:

State Agencies. Except as otherwise described herein, all state elected offices, departments, agencies, commissions, boards, committees, authorities, councils (agencies), and all funds and subsidiary accounts of the state are included in the primary government. Executives of these agencies are either elected, directly appointed by the Governor, appointed by a board which is appointed by the Governor, or appointed by a board which is in part appointed by the Governor. Additionally, a small number of board positions are established by statute or independently elected.

The Legislature creates these agencies, assigns their programs, approves operational funding, and requires financial accountability. The Legislature also authorizes all bond issuances for capital construction projects for the benefit of state agencies. The legal liability for these bonds and the ownership of agency assets reside with the state.

Colleges and Universities. The governing boards of the five state universities, the state college, and the 34 state community and technical colleges are appointed by the Governor. The governing board of each college and university appoints a president to function as chief administrator. The Legislature approves budgets and budget amendments for the appropriated funds of each college and university, which include the state's General Fund as well as certain capital projects funds. The State Treasurer issues general obligation debt for major campus construction projects. However, the colleges and universities are authorized to issue revenue bonds.

The University of Washington (UW) and Washington State University issue general revenue bonds that are payable from general revenues, including student tuition, grant indirect cost recovery, sales and services revenue, and investment income. All other revenue bonds issued by colleges and universities pledge the income derived from acquired or constructed assets such as housing, dining, and parking facilities. These revenue bonds are payable solely from, and secured by, fees and revenues derived from the operation of constructed facilities. The legal liability for the bonds and the ownership of the college and university assets reside with the state.

Colleges and universities do not have separate corporate powers and sue and are sued as part of the state with legal representation provided through the state Attorney General's Office. Since the colleges and universities are

legally part of the state, their financial operations, including their blended component units, are reported in the state's financial statements using the fund structure prescribed by GASB.

Retirement Systems. The state of Washington, through the Department of Retirement Systems (DRS), administers eight retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the Teachers' Retirement System, the School Employees' Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, the Public Safety Employees' Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. The director of DRS is appointed by the Governor.

There are three additional retirement systems administered outside of the DRS. The Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund is administered through the State Board for Volunteer Fire Fighters and Reserve Officers, which is appointed by the Governor. The Judicial Retirement Account is administered through the Administrative Office of the Courts under the direction of the Board for Judicial Administration. The Higher Education Retirement Plan Supplemental Benefit Fund Plans are administered by the state's colleges and universities.

The Legislature establishes laws pertaining to the creation and administration of all public retirement systems. The participants of the public retirement systems, together with the state, provide funding for all costs of the systems based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels.

All of the aforementioned retirement systems are included in the primary government's financial statements.

Blended Component Units

Blended component units, although legally separate entities, are part of the state's operations in substance. Accordingly, they are reported as part of the state and blended into the appropriate funds. Financial information for the state's blended component units may be obtained from the Office of Financial Management, Accounting Division, P.O. Box 43127, Olympia, WA 98504-3127. The following entities are blended in the state's financial statements:

Tobacco Settlement Authority was created by the Legislature in March 2002 as a public instrumentality separate and distinct from the state. It is governed by a five-member board appointed by the Governor. It was created solely for the purpose of issuing bonds to

securitize a portion of the state's future tobacco settlement revenue. Proceeds of the debt instrument were transferred to the state to help fund health care, long-term care, and other programs of the state. Refer to Note 7.A for additional information.

University of Washington Physicians (UWP) was established for the exclusive benefit of the University of Washington School of Medicine (UWSOM). UWP employs UWSOM faculty and bills and collects for their clinical services as an agent for UWSOM.

UW Medicine Neighborhood Clinics (UW Neighborhood Clinics) were established for the exclusive benefit of the UWSOM, UWP and its affiliated medical centers, Harborview Medical Center, and the UW Medical Center (UWMC). The UW Neighborhood Clinics were organized to coordinate and develop patient care in a community clinical setting. They enhance the academic environment of UWSOM by providing additional sites of primary care practice and training for faculty, residents, and students.

Washington Biomedical Research Properties I and II, and Washington Biomedical Research Facilities 3, 3.2, and 3.3 were formed to acquire, construct, or renovate certain real properties for the benefit of the UW in fulfilling its educational, medical, or scientific research missions.

TOP and FYI Properties were formed to design and construct office facilities to house state employees. The facilities were financed with tax-exempt obligations that meet the requirements of Revenue Ruling 63-20 and Revenue Procedure 82-26 issued by the Internal Revenue Service.

Discrete Component Units

Discretely presented component units are reported in a separate column in the government-wide financial statements. Discretely presented component units are legally separate from the state and primarily serve or benefit those outside of the state. They are financially accountable to the state or have relationships with the state such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These entities are reported as discrete component units because state officials either serve on or appoint the members of the governing bodies of the institutions. The state also has the ability to influence the operations of the institutions through legislation.

The state's discrete component units each have a year end of June 30 with the exception of the Washington Economic Development Finance Authority which has a December 31 year end.

The following entities are discretely presented in the financial statements of the state in the component unit's column:

The **Washington State Public Stadium Authority (PSA)** was created by the Legislature to acquire, construct, own, and operate a football/soccer stadium, exhibition center, and parking garage. Construction was completed in 2002. At June 30, 2021, PSA capital assets, net of accumulated depreciation, total \$207.7 million. The state issued general obligation bonds for a portion of the cost of the stadium construction. The total public share of the stadium and exhibition center cost did not exceed \$300 million from all state and local government funding sources, as required in statute.

Project costs in excess of \$300 million were the responsibility of the project's private partner, First & Goal, Inc. The bonds are being repaid through new state lottery games, a state sales tax credit, extension of the local hotel/motel tax, and parking and admissions taxes at the new facility. The final debt payment was made in fiscal year 2021.

Financial reports of the PSA may be obtained at the following address:

Washington State Public Stadium Authority
Lumen Field & Event Center
800 Occidental Avenue South, #700
Seattle, WA 98134

The **Washington Health Benefit Exchange (Exchange)** was created by the Legislature to implement a central marketplace for individuals, families, and small employers to shop for health insurance and access federal tax credits pursuant to the Patient Protection and Affordable Care Act of 2010. Federal grant funding financed the Exchange design, development, and implementation phases as well as the first full year of operation during 2014. Beginning in 2015, the Exchange became self-sustaining through Medicaid program cost reimbursements, premium tax assessments, and other assessments.

Financial reports of the Exchange may be obtained at the following address:

Washington Health Benefit Exchange
810 Jefferson Street SE
PO Box 657
Olympia, WA 98507

Valley Medical Center was created July 1, 2011, through a strategic alliance between UW Medicine and Public Hospital District No. 1 of King County. Valley Medical Center owns and operates a 321-bed full service acute

care hospital and 45 clinics located throughout southeast King County.

Financial reports of Valley Medical Center may be obtained at the following address:

Valley Medical Center
400 S. 43rd Street
Renton, WA 98055-5010

The **Washington State Housing Finance Commission**, the **Washington Higher Education Facilities Authority**, the **Washington Health Care Facilities Authority**, and the **Washington Economic Development Finance Authority** (financing authorities) were created by the Legislature in a way that specifically prevents them from causing the state to be liable or responsible for their acts and obligations including, but not limited to, any obligation to pay principal and interest on financing authority bonds. The financing authorities cannot obligate the state, either legally or morally, and the state has not assumed any obligation of, or with respect to, the financing authorities.

Financial reports of these financing authorities may be obtained from each authority at the following addresses:

Washington Health Care Facilities Authority
410 11th Avenue SE, Suite 201
Olympia, WA 98501

Washington State Housing Finance Commission
Washington Higher Education Facilities Authority
Washington Economic Development Finance Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Joint Ventures

In 1998, the University of Washington Medical Center (Medical Center) entered into an agreement with Seattle Children's Hospital and Fred Hutchinson Cancer Research Center to establish the **Seattle Cancer Care Alliance (SCCA)**. Each member of the SCCA has a one-third interest. The mission of the SCCA is to eliminate cancer as a cause of human suffering and death and to become recognized as the premier cancer research and treatment center in the Pacific Northwest. The SCCA integrates the cancer research, teaching, and clinical cancer programs of all three institutions to provide state-of-the-art cancer care. Under the agreement, the Medical Center provides the patient care to all adult inpatients of the SCCA.

Inpatient Services - The SCCA operates a 20-bed unit located within the Medical Center in which its adult inpatients receive care. The fiscal intermediary has

determined that the 20-bed unit qualifies as a hospital within a hospital for Medicare reimbursement purposes. The SCCA provides medical oversight and management of the inpatient unit. Under agreements, the Medical Center provides inpatient care services to the SCCA including necessary personnel, equipment, and ancillary services.

Outpatient Services - The SCCA operates an ambulatory cancer care service facility in Seattle. The Medical Center provides various services to the SCCA's outpatient facility including certain pharmacy, laboratory, and pathology services as well as billing, purchasing, and other administrative services.

The state accounts for the Medical Center's interest in the SCCA under the equity method of accounting. Income of \$50.8 million was recorded in fiscal year 2021, bringing the total equity investment to \$259.3 million which is recognized in the state's financial statements in the Higher Education Student Services Fund.

Separate financial statements for the SCCA may be obtained from:

Seattle Cancer Care Alliance
825 Eastlake Avenue East
PO Box 19023
Seattle, WA 98109-1023

The University of Washington and Seattle Children's Hospital established **Children's University Medical Group (CUMG)** to assist the organizations in carrying out their pediatric patient care, as well as charitable, educational, and scientific missions.

CUMG employs UWSOM faculty physicians and bills and collects for their services as an agent for UWSOM. The University records revenue from CUMG based on the income distribution plan effective December 31, 2008. The University's patient services receivable includes amounts due from CUMG of \$12.3 million in 2021.

Separate financial statements for CUMG may be obtained from:

Children's University Medical Group
4500 Sand Point Way NE, Suite 100
Seattle, WA 98105

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The state presents two basic government-wide financial statements: the Statement of Net Position and the Statement of Activities. These government-wide financial

statements report information on all non-fiduciary activities of the primary government and its component units. The financial information for the primary government is distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

Statement of Net Position. The Statement of Net Position presents the state's non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. As a general rule, balances between governmental and business-type activities are eliminated.

Statement of Activities. The Statement of Activities reports the extent to which each major state program is supported by general state revenues or is self-financed through fees and intergovernmental aid. For governmental activities, a major program is defined as a function. For business-type activities, a major program is an identifiable activity.

Program revenues offset the direct expenses of major programs. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues are identified using the following criteria:

- Charges to customers for goods and services of the program. A customer is one who directly benefits from the goods or services or is otherwise directly affected by the program, such as a state citizen or taxpayer, or other governments or nongovernmental entities.
- Amounts received from outside entities that are restricted to one or more specific programs. These amounts can be operating or capital in nature.
- Earnings on investments that are restricted to a specific program.

General revenues consist of taxes and other items not meeting the definition of program revenues.

Generally, the effect of internal activities is eliminated. Exceptions to this rule include charges between the workers' compensation insurance programs and various other state programs and functions. Elimination of these charges would distort the direct costs and revenues reported for the various activities involved.

Fund Financial Statements

The state uses 746 accounts that are combined into 53 rollup funds. The state presents separate financial statements for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds

and major individual proprietary funds are reported in separate columns in the fund financial statements, with nonmajor funds being combined into a single column regardless of fund type. Internal service and fiduciary funds are reported by fund type. Major funds include:

Major Governmental Funds:

- **General Fund** is the state's primary operating fund. This fund accounts for all financial resources and transactions not accounted for in other funds.
- **Higher Education Special Revenue Fund** primarily accounts for tuition, student fees, and grants and contracts received for educational and research purposes.
- **Higher Education Endowment Permanent Fund** accounts for gifts and bequests that the donors have specified must remain intact. Each gift is governed by various restrictions on the investment and use of the income earned on investments.

Major Enterprise Funds:

- **Workers' Compensation Fund** accounts for the workers' compensation program that provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.
- **Unemployment Compensation Fund** accounts for the unemployment compensation program. It accounts for the deposit of funds, requisitioned from the Federal Unemployment Trust Fund, to provide services to eligible participants within the state and to pay unemployment benefits.
- **Higher Education Student Services Fund** is used by colleges and universities principally for bookstore, cafeteria, parking, student housing, food service, and hospital business enterprise activities.
- **Health Insurance Fund** is used to account for premiums collected and payments for public and school employees' insurance benefits.

The state includes the following nonmajor funds:

Nonmajor Governmental Funds:

- **Special Revenue Funds** account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, other governments, or for major capital projects) that are restricted or committed to expenditures for specific purposes. These include a variety of state programs including public safety and health assistance programs; natural resource and wildlife protection and management programs; the state's transportation programs which

include the operation of the state's ferry system and maintenance and preservation of interstate and non-interstate highway systems; driver licensing, highway and non-highway operations, and capital improvements; K-12 school construction; and construction and loan programs for local public works projects.

- **Debt Service Funds** account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities.
- **Capital Projects Funds** account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds).
- **Common School Permanent Fund** accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of common schools.

Nonmajor Proprietary Funds:

- **Enterprise Funds** account for the state's business type operations for which a fee is charged to external users for goods or services including: the state lottery, vocational/education programs at correctional institutions, the Guaranteed Education Tuition program, paid family and medical leave compensation, and other activities.
- **Internal Service Funds** account for the provision of legal, motor pool, data processing, risk management, and other services by one department or agency to other departments or agencies of the state on a cost-reimbursement basis.

Nonmajor Fiduciary Funds:

- **Pension (and other employee benefit) Trust Funds** are used to report resources that are required to be held in trust by the state for the members and beneficiaries of defined benefit pension plans, defined contribution pension plans, and other employee benefit plans.
- **Investment Trust Funds** account for the external portion of the local government investments, which is reported by the state as the sponsoring government.
- **Private-Purpose Trust Funds** are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other

governments such as the administration of unclaimed property.

- **Custodial Funds** account for resources held by the state in a custodial capacity for other governments, private organizations, or individuals that are not required to be reported in pension (and other employee benefit) trust funds, investment funds, or private-purpose trust funds.

Operating and Nonoperating Revenues and Expenses. The state's proprietary funds make a distinction between operating and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing goods and services directly related to the principal operations of the funds. For example, operating revenues for the state's workers' compensation and health insurance funds consist of premiums and assessments collected. Operating expenses consist of claims paid to covered individuals, claims adjustment expenses, costs of commercial insurance coverage, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating, including interest expense and investment gains and losses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

For government-wide reporting purposes, the state uses the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For fund statement reporting purposes, the state uses the current financial resources measurement focus and modified accrual basis of accounting for governmental funds. With the current financial resources measurement focus, generally only current assets, current liabilities, deferred outflows of resources, and deferred inflows of resources are included on the governmental funds balance sheet. Operating statements for these funds present inflows (i.e., revenues and other financing sources) and outflows (i.e., expenditures and other financing uses) of expendable financial resources.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably estimated. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Primary

revenues that are determined to be susceptible to accrual include sales taxes, business and occupation taxes, motor fuel taxes, federal grants-in-aid, and charges for services.

Revenues from property taxes are determined to be available if collectible within 60 days. Taxes imposed on exchange transactions are accrued when the underlying exchange transaction occurs if collectible within one year. Revenue for timber cutting contracts is accrued when the timber is harvested. Revenues from licenses, permits, and fees related to a future time period are recognized when received in cash. Revenues related to expenditure-driven grant agreements are recognized when the qualifying expenditures are made, provided that the availability criteria are met. Expenditure-driven grant revenue is considered available if it can be collected by the state at the same time cash is disbursed to cover the associated grant expenditure. Pledges are accrued when the eligibility requirements are met and resources are available. All other accrued revenue sources are determined to be available if collectible within 12 months.

Property taxes are levied in December for the following calendar year. The first half-year collections are due by April 30, and the second half-year collections are due by October 31. Since the state is on a fiscal year ending June 30, the first half-year collections are recognized as revenue if collectible within 60 days of the fiscal year end. The second half-year collections are recognized as receivables offset by unavailable revenue. The lien date on property taxes is January 1 of the tax levy year.

Under modified accrual accounting, expenditures are generally recognized when the related liability is incurred. However, unmatured interest on general long-term obligations is recognized when due. Certain liabilities including compensated absences, other postemployment benefits, and claims and judgments are recognized when the obligations are expected to be liquidated with available spendable financial resources.

The state reports both unavailable and unearned revenues on its governmental fund balance sheet. Unavailable revenues arise when a potential revenue does not meet both the "measurable" and the "available" criteria for revenue recognition in the current period. Unearned revenues arise when resources are received by the state before it has a legal claim to them, such as when grant monies are received prior to incurring qualifying expenditures/expenses.

All proprietary and fiduciary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, liabilities, deferred outflows of resources, and deferred inflows of resources associated with the operations of these funds are included on their respective statements of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

All proprietary and fiduciary funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

1. Cash and Investments

Investments of surplus or pooled cash balances are reported on the accompanying Statements of Net Position, Balance Sheets, and Statements of Cash Flows as "Cash and Cash Equivalents." The Office of the State Treasurer invests state treasury cash surplus where funds can be disbursed at any time without prior notice or penalty. For reporting purposes, pooled investments are stated at fair value or amortized cost, which approximates fair value. For purposes of reporting cash flows, the state considers cash and pooled investments to be cash equivalents. Pooled investments include short-term, highly-liquid investments that are both readily convertible to cash and are so near their maturity dates that they present insignificant risk of changes in value because of changes in interest rates.

The method of accounting for investments varies depending upon the fund classification. Investments in the state's Local Government Investment Pool (LGIP), a qualified external investment pool, are reported at amortized cost which approximates fair value. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, online at: <https://tre.wa.gov/partners-for-local-governments/local-government-investment-pool-lgip/lgip-comprehensive-annual-financial-report/> or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

The fair value of certain pension trust fund investments that are organized as limited partnerships and have no readily ascertainable fair values (including real estate, private equity, and tangible assets) has been determined by using the net asset value per share of the Pension Funds' ownership interest in partners' capital. These values are based on the individual investee's capital account balance reported at fair value at the closest available reporting period, adjusted for subsequent activity. At June 30, 2021, these alternative investments are valued at \$73.73 billion. Because of the inherent uncertainties in the estimation of fair values, it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2021, reported net asset value.

Short-term money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Nonparticipating contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

All other investments are reported at fair value. Fair values are based on published market prices, quotations from national security exchanges and security pricing services, or by the respective fund managers for securities that are not actively traded. Privately held mortgages are valued at cost, which approximates fair value. Additional disclosure describing investments is provided in Note 3.

2. Receivables and Payables

Receivables in the state's governmental fund type accounts consist primarily of taxes and federal revenues. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (refer to Note 1.C) have been met. All receivables are reported net of an allowance for accounts estimated to be uncollectible.

For government-wide reporting purposes, amounts recorded as interfund/interagency receivables and payables are eliminated in the governmental and business-type activities columns on the Statement of Net Position, except for the net residual balances due between the governmental and business-type activities, which are reported as internal balances.

Amounts recorded in governmental and business-type activities as due to or from fiduciary funds have been reported as due to or from other governments.

3. Inventories and Prepaids

Consumable inventories, consisting of expendable materials and supplies held for consumption, are valued and reported in the state's financial statements if the fiscal year-end balance on hand at an inventory control point is estimated to be \$50,000 or more. Consumable inventories are valued at cost using either the first-in, first-out or weighted average methods. Donated consumable inventories are recorded at fair value.

All merchandise inventories are considered reportable for financial statement purposes. Merchandise inventories are generally valued at cost using the first-in, first-out method. Inventories of governmental funds are valued at cost and recorded using the consumption method. Proprietary funds expense inventories when used or sold.

For governmental fund financial reporting, inventory balances are also recorded as a nonspendable fund

balance indicating that they do not constitute “available spendable resources,” except for \$8.7 million in federally donated consumable inventories, which are offset by unearned revenue because they are not earned until they are distributed to clients.

Prepaid items are those certain types of supplies and/or services (not inventory) that are acquired or purchased during an accounting period but not used or consumed during that accounting period.

In governmental fund type accounts, prepaid items are generally accounted for using the purchases method. Under the purchases method, prepaid items are treated as expenditures when purchased and residual balances, if any, at year end are not accounted for as assets.

In proprietary and trust fund type accounts, prepaid items are accounted for using the consumption method. The portion of supplies or services consumed or used during a period is recorded as an expense. The balance that remains is reported as an asset until consumed or used.

4. Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Statement of Net Position and Balance Sheet because their use is limited by debt covenants, escrow arrangements, or other regulations.

5. Capital Assets

Capital assets are tangible and intangible assets held and used in state operations, which have a service life of more than one year and meet the state’s capitalization policy.

It is the state’s policy to capitalize:

- All land, including land use rights with indefinite lives acquired with the purchase of the underlying land, and ancillary costs.
- The state highway system operated by the Department of Transportation.
- Infrastructure, other than the state highway system, with a cost of \$100,000 or more.
- Buildings, building improvements, improvements other than buildings, and leasehold improvements with a cost of \$100,000 or more.
- Intangible assets, either purchased or internally developed, with a cost of \$1 million or more that are identifiable by meeting one of the following conditions:

- The asset is capable of being separated or divided and sold, transferred, licensed, rented, or exchanged.
 - The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.
- All capital assets acquired with Certificates of Participation, a debt financing program administered by the Office of the State Treasurer.
 - All other capital assets with a unit cost (including ancillary costs) of \$5,000 or greater, or collections with a total cost of \$5,000 or greater.

Assets acquired by capital leases are capitalized if the assets’ fair value meets the state’s capitalization thresholds described above.

Purchased capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Capital asset costs include the purchase price plus those costs necessary to place the asset in its intended location and condition for use (ancillary costs). Normal maintenance and repair costs that do not materially add to the value or extend the life of the state’s capital assets are not capitalized.

Donated capital assets, works of art, and historical treasures are valued at their estimated acquisition value on the date of donation, plus all appropriate ancillary costs. When the acquisition value is not practically determinable due to lack of sufficient records, estimated cost is used. Where necessary, estimates of value are derived by factoring price levels from the current period to the time of acquisition.

The value of assets constructed by agencies for their own use includes all direct construction costs and costs that are related to the construction. In enterprise and trust funds, net interest costs (if material) incurred during the period of construction are capitalized. In fiscal year 2021, \$88.0 million in interest costs were incurred, and \$900 thousand net interest costs were capitalized.

State agencies are not required to capitalize art collections, library reserve collections, and museum and historical collections that are considered inexhaustible, in that their value does not diminish over time, if all of the following conditions are met:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- The collection is protected, kept unencumbered, cared for, and preserved.

- The collection is subject to policy requirements that the proceeds from sales of collection items be used to acquire other items for the collection.

Depreciation/amortization is calculated using the straight-line method over the estimated useful lives of the assets.

Generally, estimated useful lives are as follows:

Buildings & building components	5-50 years
Furnishings, equipment & collections	3-50 years
Other improvements	3-50 years
Intangibles	3-50 years
Infrastructure	20-50 years

The cost and related accumulated depreciation/amortization of disposed capital assets are removed from the accounting records.

The state capitalizes the state highway system as a network but does not depreciate it since the system is being preserved approximately at or above a condition level established by the state. That condition level is documented and disclosed in the Required Supplementary Information. Additionally, the highway system is managed using an asset management system that includes:

- Maintenance of an up-to-date inventory of system assets.
- Performance of condition assessments of the assets at least every three years with summarization of the results using a measurement scale.
- Annual estimation of the amount to maintain and preserve the assets at the condition level established and disclosed.

All state highway system expenditures that preserve the useful life of the system are expensed in the period incurred. Additions and improvements that increase the capacity or efficiency of the system are capitalized. This approach of reporting condition instead of depreciating the highway system is called the modified approach.

For government-wide financial reporting purposes, capital assets of the state are reported as assets in the applicable governmental or business-type activities column on the Statement of Net Position. Depreciation/amortization expense related to capital assets is reported in the Statement of Activities.

Capital assets and the related depreciation/amortization expense are also reported in the proprietary fund financial statements.

In governmental funds, capital assets are not capitalized in the accounts that acquire or construct them. Instead, capital acquisitions and construction are reflected as expenditures in the year assets are acquired or construction costs are incurred. No depreciation/amortization is reported.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the government-wide and proprietary fund statements of net position relates to debt refunding, pensions, other postemployment benefits (OPEB), and hedging derivative instruments.

In addition to liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of fund equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported by the state relate to unavailable revenue, debt refunding, pensions, OPEB, and hedging derivative instruments.

Unavailable revenue arises only under the modified accrual basis of accounting, and so is reported only on the governmental funds Balance Sheet. Governmental funds report deferred inflows for unavailable revenues primarily from two sources: taxes and long-term receivables. These amounts are recognized as inflows of resources in the periods that the amounts become available.

7. Compensated Absences

State employees accrue vested vacation leave at a variable rate based on years of service. In general, accrued vacation leave cannot exceed 240 hours at the employee's anniversary date.

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested (i.e., the state does not pay employees for unused sick leave upon termination except upon employee death or retirement). At death or retirement, the state is liable for 25 percent of the employee's accumulated sick leave. In addition, the state has a sick leave buyout option in which, each January, employees who accumulate sick leave in excess of 480 hours may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave.

It is the state's policy to liquidate its compensated absences obligations with future resources rather than advance funding it with available spendable financial resources.

For government-wide reporting purposes, the state reports compensated absences obligations as liabilities in the applicable governmental or business-type activities columns on the Statement of Net Position.

For fund statement reporting purposes, governmental funds recognize an expenditure for annual and sick leave when it is payable (i.e., upon employee's use, resignation, death or retirement). Proprietary and trust funds recognize the expense and accrue a liability for annual leave and estimated sick leave buyout, including related payroll taxes and benefits, as applicable, as the leave is earned.

8. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term obligations of the state are reported as liabilities on the Statement of Net Position. Bonds payable are reported net of applicable original issuance premiums or discounts. When material, bond premiums and discounts are deferred and amortized over the life of the bonds.

For governmental fund financial reporting, the face (par) amount of debt issued is reported as other financing sources. Premiums and discounts on original debt issuance are also reported as other financing sources and uses, respectively. Issuance costs are reported as debt service expenditures.

9. Fund Equity

In governmental fund type accounts, fund equity is called fund balance. Fund balance is reported in classifications which reflect the extent to which the state is bound to honor constraints on the purposes for which the amounts can be spent. Classifications include:

- **Nonspendable** fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- **Restricted** fund balance represents amounts for which constraints are placed on their use by the state Constitution, enabling legislation, or external resource providers such as creditors, grantors, or laws or regulations of other governments.
- **Committed** fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by state law as adopted by the state Legislature. The commitment remains in place

until the Legislature changes or eliminates the state law.

- **Assigned** fund balance represents amounts that are intended for a specific purpose by management, but are neither restricted nor committed. Generally, assignment is expressed by joint legislative and executive staff action.
- **Unassigned** fund balance represents the residual amount for the General Fund that is not contained in the other classifications. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When resources meeting more than one of the classifications (excluding nonspendable) are comingled in an account, assuming that the expenditure meets the constraints of the classification, the assumed order of spending is restricted first, committed second, and finally assigned.

For government-wide reporting as well as in proprietary funds, fund equity is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- **Restricted** net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- **Unrestricted** net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the state's policy to use restricted resources first and then use unrestricted resources as they are needed.

In fiduciary funds, net position is held in trust for individuals and external organizations.

E. OTHER INFORMATION

1. Insurance Activities

Workers' Compensation. Title 51 RCW establishes the state of Washington's Workers' Compensation Program. The statute requires all employers to secure coverage for job-related injuries and diseases, with few exceptions, through the Workers' Compensation Fund or through self-insurance.

Direct private insurance is not authorized, although self-insurers are permitted to reinsure up to 80 percent of their obligations through private insurers.

The Workers' Compensation Fund, an enterprise fund, is used to account for the Workers' Compensation Program which provides time-loss, medical, vocational, disability, and pension benefits to qualifying individuals sustaining work-related injuries or illnesses. The main benefit plans of the Workers' Compensation Program are funded based on rates that will keep these plans solvent in accordance with recognized actuarial principles. The supplemental pension plan supports cost-of-living adjustments (COLAs) granted for time-loss and disability payments; however, these are funded on a pay-as-you-go basis. By statute, the state is only allowed to collect enough revenue to fund the current COLA payments.

Premiums are based on individual employers' reported payroll hours and insurance rates based on each employer's risk classification(s) and past experience, except for the Supplemental Pension Fund premiums which are based on a flat rate per hours worked independent of risk class or past experience. In addition to its regular premium plan which is required for all employers, the Workers' Compensation Fund offers a voluntary retrospective premium-rating plan under which premiums are subject to three annual adjustments based on group and individual employers' loss experience. Initial adjustments to the standard premiums are paid to or collected from the groups and individual employers approximately ten months after the end of each plan year.

The Department of Labor and Industries, as administrator of the Workers' Compensation Program, establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have already occurred. The length of time for which such costs must be estimated varies depending on the benefit involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liabilities, claims adjudication, and judgments, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims payable are recomputed quarterly using a variety of actuarial and statistical techniques. These techniques are used to produce current estimates that reflect recent settlements, claim frequency, expected inflation, and other economic, legal, and social factors. Adjustments to claims payable are charged or credited to claims expense in the periods in which they are made.

The Workers' Compensation Program purchases catastrophe reinsurance for risks in excess of its retention on the workers' compensation insurance policy to reduce its exposure to the financial risks associated with a catastrophe. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Workers' Compensation Program as direct insurer of the risks reinsured.

Amounts that are recoverable from reinsurers and that relate to paid claims and claim adjustment expenses are classified as assets, with an allowance for estimated uncollectible amounts. Estimated amounts recoverable from reinsurers that relate to the liabilities for unpaid claims and claims adjustment expenses are deducted from those liabilities. Ceded unearned premiums are netted with related unearned premiums. Receivables and payables from the same reinsurer, including amounts withheld, are netted. Reinsurance premiums ceded and reinsurance recoveries on claims are netted against related earned premiums and incurred claims costs in the Statement of Revenues, Expenses, and Changes in Net Position.

The Department of Labor and Industries prepares a stand-alone financial report for its Workers' Compensation Program. Copies of the report that include financial statements and required supplementary information may be obtained by writing to Washington State Department of Labor and Industries, PO Box 44833, Olympia, WA 98504-4833 or by visiting their website at: <https://lni.wa.gov/insurance/state-fund-financial-reports>.

Risk Management. The state of Washington operates a self-insurance liability program pursuant to RCW 4.92.130. The state manages its tort claims as an insurance business activity rather than a general governmental activity. The state's policy is generally not to purchase commercial insurance for the risk of losses to which it is exposed. Instead, the state's management believes it is more economical to manage its risks internally and set aside assets for claims settlement in the Risk Management Fund, an internal service fund. Coverage is provided up to \$10 million for each claim with no deductible. Commercial insurance is purchased for various liabilities arising from the operations of the Washington state governmental functions in order to limit the exposure to catastrophic losses. Otherwise, the self-insurance liability program services all claims against the state for injuries and property damage to third parties. The majority of

state funds and agencies participate in the self-insurance liability program in proportion to their anticipated exposure to liability losses.

Health Insurance. The state of Washington administers and provides medical, vision, dental, basic life, and basic long-term disability insurance coverage for eligible state employees and their dependents. In addition, the Washington Health Benefit Exchange, tribal governments, political subdivisions, and employee organizations representing state civil service employees can contract with the state to provide these benefits to their employees. The state establishes eligibility requirements and approves plan benefits of all participating health care organizations.

Due to the addition of School Employees Benefits Board accounts in fiscal year 2020, the Health Insurance Fund, formerly accounted for as an internal service fund, is now accounted for as an enterprise fund.

The state's share of the cost of coverage for state employees is based on a per capita amount determined annually by the Legislature and allocated to state agencies.

The Health Care Authority (HCA), as administrator of the health care benefits programs, collects the monthly "premium" from agencies for each active employee. State employees self pay for coverage beyond the state's contribution. For non-state employees, their respective employers, who have contracted with the HCA to provide employee benefits, pay the cost of coverage. Former employees and employees who are temporarily not in pay status are able to pay for the full cost of coverage on a self-paid basis for medical and dental benefits. Most coverage is also available on a self-paid basis to eligible retirees. For additional information, refer to Note 12.

The state secures commercial insurance for certain coverage offered in addition to plans offered via the Uniform Medical Plan, the state's self-insured offering. The Uniform Medical Plan enrolled approximately 67 percent of the eligible subscribers in fiscal year 2021. Claims are paid from premiums collected, and claims adjudication is contracted through a third-party administrator.

Considerations in calculating liabilities include frequency of claims, administrative costs, industry inflation trends, advances in medical technology, and other social and economic factors. Liabilities include an amount for claims incurred but not reported.

2. Postemployment Benefits

COBRA. In compliance with federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), the state offers health and dental benefits on a temporary basis to qualified beneficiaries whose benefit coverage would otherwise end because of a qualifying event such as loss of employment. COBRA coverage is available on a self-paid basis and is the same medical and dental coverage available to state employees.

Medical Expense Plan. As disclosed in Note 1.D, at the time of separation from state service due to retirement or death, the state offers a 25 percent buyout of an employee's accumulated sick leave. Individual state agencies may offer eligible employees a medical expense plan (MEP) that meets the requirements of the Internal Revenue Code. Agencies offering an MEP deposit the retiring employee's sick leave buyout in the MEP for reimbursement of medical expenses.

Retirement Benefits. Refer to Note 11 Retirement Plans and Note 12 Other Postemployment Benefits.

3. Interfund/Interagency Activities

The state engages in two major categories of interfund/interagency activity: reciprocal and nonreciprocal. Reciprocal interfund/interagency activity is the internal counterpart to exchange and exchange-like transactions and includes both interfund loans and services provided and used. Nonreciprocal activity is nonexchange in nature and includes both transfers and reimbursements.

4. Donor-restricted Endowments

The state of Washington reports endowments in higher education endowment permanent accounts. These accounts are established outside of the state treasury for use by the higher education institutions. There is no state law that governs endowment spending; rather, the policies of individual university and college boards govern the spending of net appreciation on investments.

Under the current spending policies, distributions to programs approximate an annual percentage rate of 3.76 percent of a five-year rolling average of the endowments' market valuation.

The net appreciation available for authorization for expenditure by governing boards totaled \$1.37 billion. This amount is reported as restricted for expendable endowment funds on the government-wide Statement of Net Position.

Note 2

Accounting and Reporting Changes

Reporting Changes. Effective for fiscal year 2021 reporting, the state adopted the following new standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Statement No. 90, *Majority Equity Interests*. This statement specifies that a majority equity interest in a legally separate organization should be reported as a component unit. The government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method if the definition of an investment is met. This statement did not have an impact on the financial statements.

GASB Statement No. 84 Implementation. The majority of activities previously classified as agency funds are now reported under the new custodial fund classification. To implement GASB Statement No. 84 in the custodial funds, \$907.5 million in liabilities were reclassified, increasing net position by the same amount, including \$232.0 million in Other Custodial Funds, \$641.9 million in the Local Government Distributions Fund, and \$33.6 million in the Retiree Health Insurance Fund.

To implement GASB Statement No. 84, the state performed a detailed analysis of existing accounts to evaluate account activities and fund type assignment to identify any financial reporting changes. As a result, the following funds were reclassified:

- An account was reclassified from a fiduciary fund to a governmental fund. This resulted in a beginning fund balance reduction of \$41 thousand in the Private-Purpose Trust Fund, a fiduciary fund, and a beginning fund balance increase of \$41 thousand in the Human Services Fund, a nonmajor special revenue fund.

- An account was reclassified from an enterprise fund to a fiduciary fund, resulting in a beginning fund balance increase of \$518 thousand in the State Guaranteed Education Tuition Program Fund, a nonmajor enterprise fund, and a beginning fund balance reduction of \$518 thousand in the Private-Purpose Trust Fund, a fiduciary fund.
- The beginning fund balance of the Higher Education Special Revenue Fund, a major governmental fund, was reduced by \$1.3 million for non-custodial activities that were previously accounted for in an agency fund which had no fund balance.

Fund Reclassification. Effective fiscal year 2021, an account was reclassified from the Administrative Accounts in the General Fund to a fiduciary fund. This resulted in a beginning fund balance reduction of \$106.4 million in the General Fund and an increase of \$106.4 million in the Higher Education Retirement Plan Supplemental Benefit Fund, a pension (and other employee benefit) trust fund. The assets of the reclassified account were distributed in fiscal year 2021 to seven newly created higher education supplemental retirement plan funds – one for each higher education institution – that meet the definition of a trust or equivalent arrangements.

The Health Insurance Fund was reclassified from a nonmajor enterprise fund to a major enterprise fund.

Prior Period Adjustments. The Public Stadium Authority, a major component unit, recorded an increase in net position of \$11 thousand for transactions reported in the component unit's fiscal year 2020 financial statements after the state of Washington's fiscal year 2020 Annual Comprehensive Financial Report was published.

The state also recorded an increase in net position of \$3.3 million for Valley Medical Center, a major component unit, to adjust to its final audited ending net position for June 30, 2020.

State of Washington

Fund equity at July 1, 2020, has been restated as follows (expressed in thousands):

	Fund equity (deficit) at June 30, 2020, as previously reported	Fund Reclassification	Prior Period Adjustment	Fund equity (deficit) at July 1, 2020, as restated
Governmental Funds:				
General	\$ 4,779,117	\$ (106,361)	\$ —	\$ 4,672,756
Higher Education	4,001,874	(1,259)	—	4,000,615
Higher Ed. Endowment & Other Permanent Funds	4,433,893	—	—	4,433,893
Nonmajor Governmental	6,629,293	41	—	6,629,334
Proprietary Funds:				
Enterprise Funds				
Workers' Compensation	(12,064,200)	—	—	(12,064,200)
Unemployment Compensation	3,571,282	—	—	3,571,282
Higher Education Student Services	853,733	—	—	853,733
Health Insurance	444,753	—	—	444,753
Nonmajor Enterprise	1,009,328	518	—	1,009,846
Internal Service Funds	(996,560)	—	—	(996,560)
Fiduciary Funds:				
Private-Purpose Trust Fund	6,560	(559)	—	6,001
Local Government Investment Pool	18,005,837	—	—	18,005,837
Pension (and Other Employee Benefit) Trust Funds	125,187,200	106,361	—	125,293,561
Custodial Funds	—	—	907,507	907,507
Component Units:				
Public Stadium Authority	229,787	—	11	229,798
Health Benefit Exchange	11,793	—	—	11,793
Valley Medical Center	275,292	—	3,255	278,547
Nonmajor Component Units	532,426	—	—	532,426

Note 3

Deposits and Investments

A. DEPOSITS

Custodial Credit Risk. Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the state would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

The state minimizes custodial credit risk by restrictions set forth in state law. Statutes require state agencies to deposit funds in financial institutions that are physically located in Washington unless otherwise expressly permitted by statute and authorized by the Washington Public Deposit Protection Commission (PDPC). The PDPC, established under chapter 39.58 of the Revised Code of Washington (RCW), makes and enforces regulations and administers a collateral pool program to ensure public funds are protected if a financial institution becomes insolvent. Securities pledged are held by a trustee agent for the benefit of the collateral pool.

At June 30, 2021, \$1.21 billion of the state's deposits with financial institutions were insured or collateralized, with the remaining \$330 thousand uninsured/uncollateralized.

B. INVESTMENTS - PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS (PENSION TRUST FUNDS)

1. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship of the pension trust funds is vested within the voting members of the Washington State Investment Board (WSIB). The Legislature has established a standard of care for investment of these funds in RCW 43.33A.140. Additionally, the WSIB and its staff must comply with other state laws, such as the Ethics in Public Service Act, chapter 42.52 RCW, in making investment decisions and seeking to meet investment objectives.

The pension trust funds consist of retirement contributions from employer and employee participants in the Washington State Retirement System and related earnings on those contributions. The Retirement System is administered by the Department of Retirement Systems. The WSIB has exclusive control of the investment of all money invested in the pension trust funds.

In accordance with RCW 43.33A.110, the WSIB manages the pension fund portfolio to achieve maximum return at

a prudent level of risk. The WSIB establishes asset allocation targets that must be considered at all times when making investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing is to meet the target allocation within consideration of the other remaining asset classes.

Eligible Investments. The WSIB is authorized by statute as having investment management responsibility for pension trust funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy in the following: U.S. treasury bills; discount notes; repurchase agreements; reverse repurchase agreements; banker's acceptances; commercial paper; guaranteed insurance contracts; U.S. government and agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-U.S. dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate and other tangible assets, or other forms of private equity; asset-backed securities; and derivative instrument securities including futures, options, options on futures, forward contracts, and swap transactions. There were no violations of these investment restrictions during fiscal year 2021.

Commingled Trust Fund. Pension trust funds are invested in the Commingled Trust Fund (CTF). The CTF is a diversified pool of investments used as an investment vehicle for 19 separate retirement plans. These plans hold shares in the CTF which represent a percentage ownership in the pool of investments. Plans are allowed to purchase or sell shares in the CTF, based on the fair value of the underlying assets, on the first business day of each month.

In addition to share ownership in the CTF, each retirement plan holds short-term investments that are used to manage the cash needs of each retirement plan.

The CTF consists of the Public Employees' Retirement System (PERS) Plans 1 and 2/3; Teachers' Retirement System (TRS) Plans 1 and 2/3; School Employees' Retirement System (SERS) Plan 2/3; Law Enforcement Officers' and Fire Fighters' Retirement Plans 1 and 2 and the Benefits Improvement Fund; Washington State Patrol Retirement System Plans 1 and 2; Public Safety Employees' Retirement System Plan 2; Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund; and the Higher Education Retirement Pension (HERP) Supplemental Benefit Fund, which consists of plans for

seven higher education entities: University of Washington, Washington State University, Eastern Washington University, Central Washington University, The Evergreen State College, Western Washington University, and the State Board for Community and Technical Colleges. The CTF includes both the defined benefit and defined contribution portions of PERS Plan 3, TRS Plan 3, and SERS Plan 3, which are hybrid defined benefit/defined contribution plans. The participants of those plans have the option to direct their contributions to the CTF or invest their defined contributions in other external options not managed by the WSIB.

CTF Investment Policies and Restrictions. The CTF is comprised of public markets equities, fixed income securities, private equity investments, real estate, tangible assets, and an innovation portfolio. The CTF's performance objective is to exceed the return of two custom benchmarks, each consisting of public indices weighted according to asset allocation targets.

The asset allocation for the CTF is formally reviewed at least every four years. The allocation policy is reviewed more frequently if there has been a fundamental change in the structure of the capital markets or in the underlying cash flow or liability structure of the pension trust funds.

When market values fall outside policy ranges, assets are rebalanced first by using normal cash flows and then through reallocations of assets across asset classes. In cases of a major rebalancing, the pension trust funds can utilize futures, forward contracts, and options in order to maintain exposure within each asset class and reduce transaction costs. Major rebalancing can occur to bring asset classes within their target ranges or when the pension trust funds are transitioning managers.

Public Markets Equity. To achieve the performance and diversification objectives of the pension trust funds, the public markets equity program seeks to achieve the highest return possible consistent with prudent risk management and the desire for downside protection, with passive equity strategies as the default whenever strategies with better risk/return profiles cannot be identified; provide diversification to the pension trust funds' overall investment program; maintain liquidity in public equity; and maintain transparency into all public equity strategies to the extent possible.

The public markets equity portion of the pension trust funds invests in publicly traded equities globally, including equity securities in the U.S., developed non-U.S., and emerging markets. The program has a global benchmark, currently the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index. A mix of external managers approved by the WSIB is used to manage the program. Passive management delivers broad diversified equity market exposure at low cost and is used when active managers cannot be identified and

monitored appropriately. Passive management is also used when it is considered an appropriate alternative to active management, typically in more efficient markets. Active management is used when the pension trust funds can identify, access, and monitor successful managers in markets that are less efficient. Active management seeks to enhance the risk/return profile of the program.

Fixed Income. The fixed income segment is managed to achieve the highest return possible consistent with the desire to manage interest rate and credit risk, provide diversification to the overall investment program, provide liquidity to the pension trust fund investment program, and to meet or exceed the return of the Bloomberg Barclays U.S. Universal Index. Sources of outperformance are expected to include interest rate anticipation, sector rotation, credit selection, and diversification.

RCW 43.33A.140 prohibits a corporate fixed income issues cost from exceeding 3 percent of the CTF's market value at the time of purchase and 6 percent of its market value thereafter. However, the WSIB manages with a more restrictive concentration constraint, limiting exposure to any corporate issuer to 3 percent of the CTF fixed income portfolio's market value at all times.

The fixed income portfolio is constrained by policy from investing more than 1 percent of the portfolio's par value in any single issuer with a quality rating below investment grade (as defined by Bloomberg Barclays Global Family of Fixed Income Indices). Total market value of below investment grade credit bonds (as defined by Bloomberg Barclays Global Family of Fixed Income Indices) shall not exceed 15 percent of the market value of the fixed income portfolio. Although below investment grade mortgage-backed, asset-backed, or commercial mortgage-backed securities may not be purchased, portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. The total market value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of the market value of the fixed income portfolio. The duration of the portfolio is targeted to be within plus or minus 25 percent of the duration of the Bloomberg Barclays U.S. Universal Index.

The major sector allocations of the fixed income portfolio are limited to the following ranges:

U.S. treasuries and government agencies	10% - 45%
Credit bonds	10% - 80%
Asset-backed securities	0% - 10%
Commercial mortgage-backed securities	0% - 10%
Mortgage-backed securities	5% - 45%

Asset allocation policy constraints may, from time to time, place unintended burdens on the portfolios.

Therefore, policy exceptions are allowed under certain circumstances. These events include changes in market interest rates, portfolio rebalancing to strategic targets, and bond rating downgrades. The portfolio can remain outside of policy guidelines until it can be rebalanced without harming the portfolio.

Private Equity. Pension trust funds can be invested in any appropriate private equity investment opportunity that has the potential for returns superior to traditional investment opportunities and which is not prohibited by the WSIB's policies or by law. These investment types are generally divided into venture capital, corporate finance, growth equity, special situations, distressed, mezzanine, and other investments. Private equity investments are made through limited partnership or direct investment vehicles.

The private equity investment portfolio is managed to exceed the returns of the MSCI All Country World Index Investable Market Index, lagged by one calendar quarter, by 300 basis points in the long run. To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of growth stages. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

Real Estate. The WSIB's real estate program is an externally managed pool of selected partnership investments intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments. The majority of the WSIB's partnerships invest in institutional-quality real estate assets that are leased to third parties. The income generated from bond-like lease payments coupled with the hard asset qualities of commercial real estate combine to generate returns that are expected to fall between the return expectations for fixed income and equities over the long term. The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the WSIB's long-term return expectations for the asset class.

The pension trust funds' real estate partnerships typically invest in private real estate assets that are held for long-term income and appreciation. Many of the pension trust funds' investment partnerships do not involve co-investment with other financial entities, thereby providing the WSIB with control provisions, related transactions, and ongoing operational decisions for annual capital expenditures.

The pension trust funds may invest in any real estate opportunity demonstrating acceptable risk-adjusted returns, provided it is not prohibited by state law or WSIB policy. Investment structures may include real estate operating companies, joint ventures, commingled funds (closed or open-ended), and co-investments with existing WSIB real estate partners. Diversification within

the real estate program is achieved through consideration of property type, capital structure, life cycle, geographic region, partner concentration, and property capital level.

The WSIB's real estate portfolio current benchmark seeks to earn an 8 percent annual investment return over a rolling 10-year period.

Tangible Assets. The primary goal of the tangible asset portfolio is to generate a long-term, predictable and persistent income stream. The secondary goal is to generate appreciation approximately commensurate with inflation. The structure of the investments is primarily targeted to those private funds or separate accounts providing the WSIB with the most robust governance provisions related to acquisitions, dispositions, debt levels, and ongoing operational decisions for annual capital expenditures. For diversification purposes, the tangible asset portfolio focuses on income-producing physical assets in the upstream and midstream segments of four main industries: minerals and mining, energy, agriculture, and society essentials.

The WSIB's current return objective for tangible assets calls for a target benchmark of 400 basis points above the U.S. Consumer Price Index over a long-term investment horizon defined as at least five years.

Innovation Portfolio. The innovation portfolio investment strategy is to provide the WSIB with the ability to invest in assets that fall outside of traditional asset classes and to provide the WSIB with comfort and demonstrated success before committing large dollar amounts to the strategy. The overall benchmark for the innovation portfolio is the weighted average of the underlying benchmark for each asset in the portfolio.

Currently, there are eight investment strategies in the innovation portfolio involving private partnerships.

2. Valuation of Investments

The pension trust fund reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Changes in Net Position.

State of Washington

The following table presents fair value measurements as of June 30, 2021:

Pension Trust Funds		Fair Value Measurements Using			
Investments Measured at Fair Value					
June 30, 2021					
<i>(expressed in thousands)</i>					
Investments by Fair Value Level	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Debt Securities					
Mortgage and other asset-backed securities	\$ 2,197,502	\$ —	\$ 2,197,502	\$ —	
Corporate bonds	15,661,683	—	15,661,683	—	
U.S. and foreign government and agency securities	6,587,924	—	6,587,924	—	
Total Debt Securities	24,447,109	—	24,447,109	—	
Equity Securities					
Common and preferred stock	25,887,402	25,824,134	61,986	1,282	
Depository receipts and other miscellaneous	1,545,074	1,544,981	93	—	
Mutual funds and exchange traded funds	76,793	76,793	—	—	
Real estate investment trusts	404,315	404,315	—	—	
Total Equity Securities	27,913,584	27,850,223	62,079	1,282	
Alternative Investments					
Real estate	920,765	—	—	920,765	
Tangible assets	408,931	395,413	—	13,518	
Total Alternative Investments	1,329,696	395,413	—	934,283	
Total Investments by Fair Value Level	53,690,389	\$ 28,245,636	\$ 24,509,188	\$ 935,565	
Investments Measured at Net Asset Value (NAV)					
Private equity	41,511,934				
Real estate	24,602,977				
Tangible assets	7,615,698				
Collective investment trust funds (equity securities)	18,681,423				
Total Investments Measured at the NAV	92,412,032				
Total Investments Measured at Fair Value	\$ 146,102,421				
Other Assets (Liabilities) at Fair Value					
Collateral held under securities lending agreements	\$ 249,453	\$ —	\$ 249,453	\$ —	
Net foreign exchange contracts receivable-forward and spot	5,148	—	5,148	—	
Margin variation receivable-futures contracts	15,560	15,560	—	—	
Obligations under securities lending agreements	(249,453)	—	(249,453)	—	
Total Other Assets (Liabilities) Measured at Fair Value	\$ 20,708	\$ 15,560	\$ 5,148	\$ —	

Investments classified as level 1. Investments classified as level 1 in the previous table are exchange traded equity securities whose values are based on published market prices and quotations from national security exchanges as of the appropriate market close, as of each reporting period end.

Investments classified as level 2. Investments classified as level 2 in the previous table are primarily comprised of publicly traded debt securities and exchange traded stocks traded in inactive markets. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a debt security in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments classified as level 3. Investments classified as level 3 in the previous table were publicly traded equity securities that have noncurrent or “stale” values and are included in the table at the last traded price. The stale pricing occurred due to trading suspensions, delisting from an active exchange, or lack of investor demand. The current market values of these securities are unknown.

Investments measured at net asset value (NAV). Investments measured at net asset value in the pension trust funds are the collective investment trust funds and alternative investments, including private equity, real estate, and tangible assets.

Collective Investment Trust Funds. The pension trust fund invests in three separate collective investment trust funds (fund). Each fund determines a fair value by obtaining fair values of the underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings within each fund are publicly traded equity securities.

Two funds are passively managed to approximate the capitalization weighted total rates of return of the MSCI U.S. Investable Market Index and the MSCI Emerging Markets Investable Market Index. Each fund has daily openings and contributions, and withdrawals can be made on any business day. The fund managers, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind. Under certain circumstances, the fund managers may choose to suspend valuation and/

or the right to make contributions and withdrawals from the fund. Such circumstances include actual or anticipated closure, restriction, or suspension of trading activity in any markets or exchanges where the fund investments are traded; where the purchase, sale, or pricing of the fund’s investments would not be reasonably practicable or advisable; or where suspending contributions or withdrawals would be in the best interest of the fund or participants.

The third fund seeks to achieve long-term capital appreciation through active investment management in emerging market countries. The index against which the fund compares its performance is the MSCI Emerging Market Index. The pension trust funds may redeem some or all of their holdings on each monthly valuation date. The fund manager may delay redemption proceeds if it determines that it is reasonably necessary to prevent a material adverse impact on the fund or other investors. The fund manager, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind.

Alternative Assets. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value is determined by using the net asset value per share (or its equivalent) of the pension trust funds’ ownership interest in partners’ capital. These values are based on the individual investee’s capital account balance reported at fair value by the general partner at the closest available reporting period, adjusted for subsequent contributions, distributions, management fees, changes in values of foreign currency, and published market prices for certain securities.

The limited partnerships’ annual financial statements are audited by independent auditors. These investments are valued at approximately \$73.73 billion as of June 30, 2021. Because of the inherent uncertainties in estimating fair values, it is possible that the estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2021, reported net asset value.

These investments can never be redeemed. Instead, the nature of these investments provides for distributions through the sale or liquidation of the underlying assets or from net operating cash flows. It is anticipated that the various investments within each asset class will be liquidated over the following periods:

State of Washington

Pension Trust Funds

Alternative Assets Expected Liquidation Periods

June 30, 2021

(expressed in thousands)

Liquidation Periods	Investment Type			Total	Percentage of Total
	Private Equity	Real Estate	Tangible Assets		
Less than 3 years	\$ 115,391	\$ 4,257	\$ 381	\$ 120,029	0.2 %
3 to 9 years	3,793,733	2,131,046	638,878	6,563,657	8.9 %
10 or more years	37,602,810	22,467,674	6,976,439	67,046,923	90.9 %
Total	\$ 41,511,934	\$ 24,602,977	\$ 7,615,698	\$ 73,730,609	100.0 %

Private Equity. This includes 298 private equity limited liability partnerships that invest primarily in the United States, Europe, and Asia in leveraged buyouts, venture capital, distressed debt, and growth equity. The fair value of individual capital account balances is based on the valuation reported by private equity partnerships using the following methodologies to value the underlying portfolio companies:

- Valuations of publicly traded portfolio companies are based on active exchanges using quoted market prices as of the close of trading for each month end.
- When a portfolio company investment does not have a readily available market price but has a return that is determined by reference to an asset for which a market price is readily available, valuations are based on the closing market price of the reference asset on the valuation date, adjusted for unique factors that affect the fair value of the investment held.
- When the portfolio company investments are private holdings and are not traded on active security exchanges, valuation methodologies consist primarily of income and market approaches. The income approach involves a discounted cash flow analysis based on portfolio companies' projections. The market approach involves valuing a company at a multiple of a specified financial measure, generally earnings before interest, taxes, depreciation, and amortization, based on multiples of comparable publicly traded companies.

Real Estate. This includes 25 real estate investments. Targeted investment structures within the real estate portfolio include real estate operating companies, limited liability companies, joint ventures, commingled funds, and co-investments. Real estate partnerships provide quarterly valuations to the pension trust fund management based on the most recent capital account balance. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are externally appraised

generally every one to five years, depending upon the investment. Structured finance investments receive quarterly adjustments by the partners, generally applying the assumption that all such positions will be held to maturity. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

Tangible Assets. This includes 58 limited liability structures and funds. Valuation practices of general partners and asset managers are consistent with private equity limited partnerships.

Other assets and liabilities measured at fair value. Forward exchange contracts are valued by interpolating a value using the spot foreign exchange rate and forward points (based on the spot rate and currency interest rate differentials), which are all inputs that are observable in active markets (level 2).

Cash collateral held and the offsetting obligations under securities lending agreements are valued by the pension trust funds' lending agent and sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Gains and losses on futures contracts are settled daily, based on a notional (underlying) principal value, and do not involve an actual transfer of the specific instrument. The margin variation represents the current gain or loss remaining to be settled from the prior day. The custodial bank provides quoted prices for these securities from a reputable pricing vendor.

3. Unfunded Commitments

The WSIB has entered into a number of agreements that commit the pension trust funds, upon request, to make additional investment purchases up to predetermined amounts. As of June 30, 2021, the pension trust funds

had total unfunded commitments of \$34.22 billion in the following asset classes: \$20.92 billion in private equity, \$8.15 billion in real estate, and \$5.15 billion in tangible assets.

4. Securities Lending

State law and WSIB policy permit the pension trust funds to participate in securities lending programs to augment investment income. The WSIB has entered into an agreement with State Street Corporation to act as agent for the pension trust funds in securities lending transactions. As State Street Corporation is the custodian bank for the pension trust funds, it is counterparty to securities lending transactions.

The fair value of the securities on loan at June 30, 2021, was approximately \$468.2 million. The pension trust funds report securities on loan in their respective categories in the Statement of Net Position. At June 30, 2021, cash collateral received totaling \$249.5 million is reported as securities lending obligation, and the fair value of the reinvested cash collateral totaling \$249.5 million is reported as security lending collateral in the Statement of Net Position. Securities received as collateral for which the pension trust funds do not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities in the Statement of Net Position. Total securities received as collateral at June 30, 2021, was \$240.0 million.

During the fiscal year, debt and equity securities were loaned and collateralized by the pension trust funds' agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities.

The following table summarizes the securities held by the pension trust funds from reinvestment of cash collateral and securities received as collateral at June 30, 2021 (in millions):

U.S. treasuries	\$	224.0
Repurchase agreements		139.9
Yankee CD		52.8
Commercial paper		29.5
Mortgage-backed securities		16.0
Cash equivalents and other		27.3
Total Collateral Held	\$	489.5

During fiscal year 2021, securities lending transactions could be terminated on demand by either the pension trust funds or the borrower. As of June 30, 2021, the cash collateral held had an average duration of 18.6 days and an average weighted final maturity of 43.3 days.

Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. No more than 20 percent of the total on loan value could be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. State Street Corporation indemnified the pension trust funds by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street Corporation's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2021, there were no significant violations of legal or contractual provisions and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the pension trust funds incurred no losses during fiscal year 2021 resulting from a default by either the borrowers or the securities lending agents.

5. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. The risk is managed within the portfolios using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of fixed income investments.

While the pension trust funds do not have a formal policy relating to interest rate risk, the pension trust funds' fixed income investments are actively managed to meet or exceed the return of the Bloomberg Barclays U.S. Universal Index, with volatility similar to or less than the index. The fixed income portfolio's duration is targeted within plus or minus 25 percent of the duration of the portfolio's performance benchmark. As of June 30, 2021, the duration of the pension trust funds' fixed income investments was within the duration target of this index.

State of Washington

The two following schedules provide information about the interest rate risks associated with the pension trust funds' investments as of June 30, 2021. The schedules display various asset classes held by maturity in years, effective durations, and credit ratings. All debt securities

are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal.

Pension Trust Funds

Schedule of Maturities and Effective Duration

June 30, 2021

(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration (in years)*
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Mortgage and other asset-backed securities	\$ 1,565,283	\$ 14,474	\$ 1,506,422	\$ 44,387	\$ —	3.0
Corporate bonds	15,661,683	491,727	6,436,547	5,691,809	3,041,600	7.1
U.S. government and agency securities	4,124,161	100,219	3,061,617	539,352	422,973	4.8
Foreign government and agency securities	2,463,763	7,410	1,232,327	732,650	491,376	6.5
Total internally managed fixed income	23,814,890	613,830	12,236,913	7,008,198	3,955,949	6.4
Mortgage-backed TBA forwards	632,219	632,219	—	—	—	—
Total Investments Categorized	24,447,109	\$ 1,246,049	\$ 12,236,913	\$ 7,008,198	\$ 3,955,949	6.2

Investments Not Required to be Categorized:

Cash and cash equivalents	4,052,741
Equity securities	46,595,006
Alternative investments	75,060,305
Total investments not categorized	125,708,052
Total Investments	\$150,155,161

* Excludes cash and cash equivalents

Credit ratings of investments are presented using the Moody's rating scale as follows:

Pension Trust Funds

Investment Credit Ratings

June 30, 2021

(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type			Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agency Securities	
Aaa	\$ 2,197,189	\$ 627,470	\$ 115,490	\$ 2,940,149
Aa1	—	144,201	234,605	378,806
Aa2	—	267,429	59,169	326,598
Aa3	—	772,002	209,636	981,638
A1	—	1,107,624	429,584	1,537,208
A2	—	1,712,144	67,514	1,779,658
A3	—	2,322,187	—	2,322,187
Baa1	—	2,036,500	80,008	2,116,508
Baa2	313	2,432,261	471,582	2,904,156
Baa3	—	2,072,448	285,518	2,357,966
Ba1 or lower	—	2,167,417	510,657	2,678,074
Total	\$ 2,197,502	\$ 15,661,683	\$ 2,463,763	\$ 20,322,948

6. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The pension trust funds' investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB. The rated debt investments of the pension trust funds as of June 30, 2021, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The policy of the pension trust funds states no corporate fixed income issue cost shall exceed 3 percent of cost at the time of purchase or 6 percent of fair value thereafter of the fund, and no high yield issues shall exceed 1 percent of cost or 2 percent of fair value of the fund. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2021.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the pension trust funds would not be able to recover the value of their deposits, investments, or collateral securities. The pension trust funds do not have a policy relating to custodial credit risk. The WSIB mitigates

custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the pension trust funds.

7. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The pension trust funds do not have a formal policy to limit foreign currency risk. The WSIB manages their exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios by sector and by issuer, to limit foreign currency and security risk.

The following schedule presents the exposure of the pension trust funds' investments to foreign currency risk. The schedule provides information on deposits and investments held in various foreign currencies. Private equity, real estate, and tangible assets are presented according to the financial reporting currency of the individual funds. This is not a presentation of currency exposure relating to the underlying holdings. The schedule is stated in U.S. dollars. In addition, the CTF has foreign currency exposure at June 30, 2021, of \$694.2 million invested in one emerging market commingled equity investment trust fund.

State of Washington

Pension Trust Funds

Foreign Currency Exposure by Country

June 30, 2021

(expressed in thousands)

Foreign Currency Denomination	Investment Type in U.S. Dollar Equivalent					Open Foreign Exchange Contracts-Net	Total
	Cash and Cash Equivalents	Debt Securities	Equity Securities	Alternative Assets			
Australia-Dollar	\$ 1,699	\$ 62,071	\$ 550,946	\$ 298,666	\$ (1,039)	\$ 912,343	
Brazil-Real	3,776	—	354,303	—	524	358,603	
Canada-Dollar	4,076	—	762,810	—	(501)	766,385	
China-Yuan Renminbi	2,280	16,219	371,451	—	3,064	393,014	
Denmark-Krone	105	—	303,434	—	145	303,684	
E.M.U.-Euro	4,058	—	3,595,537	5,482,747	(1,033)	9,081,309	
Hong Kong-Dollar	10,213	—	1,387,792	—	(19)	1,397,986	
India-Rupee	2,427	—	267,545	—	(53)	269,919	
Indonesia-Rupiah	100	—	54,626	—	—	54,726	
Japan-Yen	23,041	—	3,277,871	—	13,833	3,314,745	
Mexico-Peso	79	—	83,171	—	2,732	85,982	
New Taiwan-Dollar	4,608	—	522,777	—	563	527,948	
Norway-Krone	180	—	68,816	—	(68)	68,928	
Singapore-Dollar	582	—	163,249	—	(4)	163,827	
South Africa-Rand	2,109	—	58,676	39,406	(1,762)	98,429	
South Korea-Won	1,099	—	633,311	—	134	634,544	
Sweden-Krona	551	—	436,514	—	(1,017)	436,048	
Switzerland-Franc	690	—	1,057,536	—	(3,584)	1,054,642	
Thailand-Baht	200	—	61,985	—	—	62,185	
United Kingdom-Pound	3,919	—	1,931,176	—	(4,782)	1,930,313	
Uruguay-Peso	—	52,067	—	—	—	52,067	
Other	1,197	35,279	262,871	—	(1,985)	297,362	
Total	\$ 66,989	\$ 165,636	\$ 16,206,397	\$ 5,820,819	\$ 5,148	\$ 22,264,989	

8. Derivative Instruments

Pension trust funds are authorized to utilize various derivative instrument financial instruments including financial futures, forward contracts, interest rate swaps, credit default swaps, equity swaps, and options. Derivative instrument transactions involve, to varying degrees, market and credit risk. At June 30, 2021, the pension trust funds held investments in financial futures, forward currency contracts, and total return swap contracts that are recorded at fair value with changes in value recognized in investment income in the Statement of Revenues, Expenses, and Changes in Net Position in the period of change. The derivative instruments are considered investment derivative instruments and not hedging derivative instruments.

Derivative instruments are generally used to achieve the desired market exposure of a security, index, or currency; adjust portfolio duration; or rebalance the total portfolio to the target asset allocation. Derivative instrument

contracts are instruments that derive their value from underlying assets, indices, reference interest rates, or a combination of these factors.

A derivative instrument could be a contract negotiated on behalf of the pension trust funds and a specific counterparty. This would typically be referred to as an over the counter (OTC) contract, such as forward and total return swap contracts. Alternatively, a derivative instrument, such as futures, could be listed and traded on an exchange and referred to as “exchange traded.”

Inherent in the use of OTC derivative instruments, the pension trust funds are exposed to counterparty credit risk on all open OTC positions. Counterparty credit risk is the risk that a derivative instrument counterparty may fail to meet its payment obligation under the derivative instrument contract. As of June 30, 2021, the pension trust funds counterparty risk was approximately \$60.8 million. The majority of the counterparties (60 percent) held a credit rating of Aa3 or higher on Moody’s rating

State of Washington

scale. All counterparties held investment grade credit ratings of Baa2 and above.

Futures contracts are standardized, exchange-traded contracts to purchase or sell a specific financial instrument at a predetermined price. As such, gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. The exchange assumes the risk that the counterparty will not pay and requires margin payments to minimize such risk. Futures are generally used to achieve the desired market exposure of a security or index or to rebalance the total portfolio. Derivative instruments, which are exchange traded, are not subject to credit risk.

Forward currency contracts are agreements to exchange the currency of one country for the currency of another country at an agreed-upon price and settlement date in the future. These forward commitments are not standardized and carry counterparty credit risk due to the possible nonperformance by a counterparty. The maximum potential loss is the aggregate face value in U.S. dollars at the time the contract was opened; however, the likelihood of such loss is remote.

At June 30, 2021, the pension trust funds had outstanding forward currency contracts with a net unrealized gain of \$5.1 million. The aggregate forward currency exchange

contracts receivable and payable were \$7.70 billion and \$7.70 billion, respectively. The contracts have varying maturity dates ranging from July 1, 2021, to June 1, 2023.

Total return swap contracts are agreements where one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying or reference asset. Total return swaps allow the party receiving the total return to gain exposure and benefit from a reference asset without physically owning the security. The pension trust funds swap total bond market index returns for total equity index returns as the reference asset in emerging markets. The values of these contracts are highly sensitive to interest rate changes. As of June 30, 2021, the pension trust funds held no total return swap contracts.

At June 30, 2021, the pension trust funds' fixed income portfolio held derivative instrument securities consisting of collateralized mortgage obligations with a fair value of \$106.0 million. Domestic and foreign commingled investment trust fund managers may also utilize various derivative instrument securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative instrument securities by these funds is unavailable.

The following schedule presents the significant terms for derivative instruments held as investments by the pension trust funds:

Pension Trust Funds				
Derivative Instrument Investments				
June 30, 2021				
<i>(expressed in thousands)</i>				
	Changes in Fair Value - Included in Investment Income (Loss) Amount	Fair Value - Investment Derivative Instrument Amount		Notional
Futures Contracts:				
Bond index futures	\$ (66,632)	\$ 17,240	\$	1,458,100
Equity index futures	242,640	(1,679)		646
Total	\$ 176,008	\$ 15,561	\$	1,458,746
Forward Currency Contracts				
	\$ 22,128	\$ 5,146	\$	7,737,003

C. INVESTMENTS - WORKERS' COMPENSATION FUND

1. Summary of Investment Policies

Under RCW 43.33A.030, trusteeship of the Workers' Compensation Fund investments is vested in the voting members of the Washington State Investment Board (WSIB). The Legislature established a standard of care for

investment of these funds in RCW 43.33A.140. Additionally, the WSIB and its staff must comply with other state laws, such as the Ethics in Public Service Act, chapter 42.52 RCW, in making investment decisions and seeking to meet investment objectives.

The Workers' Compensation Fund consists of contributions from employers and their employees participating in the state workers' compensation program

and related earnings on those contributions. The workers' compensation program provides medical, time-loss, and disability benefit payments to qualifying individuals sustaining work-related injuries.

In accordance with state laws, the Workers' Compensation Fund investments are managed to limit fluctuations in the industrial insurance premiums. Subject to this purpose, these portfolios seek to achieve a maximum return at a prudent level of risk. Based on this requirement, the order of the objectives is:

- Maintain the solvency of the funds.
- Maintain premium rate stability.
- Ensure sufficient assets are available to fund the expected liability payments.
- Subject to the objectives above, achieve a maximum return at a prudent level of risk.

Eligible Investments. Eligible investments are securities and deposits that are in accordance with the WSIB's investment policy and chapter 43.33A RCW. Eligible investments include:

- U.S. equities.
- International equities.
- U.S. treasuries and government agencies.
- Credit bonds.
- Mortgage-backed securities rated investment grade, as defined by Bloomberg Barclays Family of Fixed Income Indices.
- Asset-backed securities rated investment grade, as defined by Bloomberg Barclays Family of Fixed Income Indices.
- Commercial mortgage-backed securities rated investment grade, as defined by Bloomberg Barclays Family of Fixed Income Indices.
- Investment grade non-U.S. dollar bonds.
- Real estate.

Investment Policies and Restrictions. To meet stated objectives, investments of the Workers' Compensation Fund are subject to the following constraints:

- All assets under the management of the WSIB are to be invested to maximize return at a prudent level of risk in accordance with RCW 43.33A.110 and RCW 43.33A.140.

- No corporate fixed income issue cost shall exceed 3 percent of the fund's fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund's fair value at any time.
- Asset allocations are to be reviewed every four years or sooner if there are significant changes in funding levels or the liability durations.
- Assets are to be rebalanced across asset classes when the fair value of the assets falls outside the policy ranges. The timing of any rebalancing will be based on market opportunities, cash flows, and the consideration of transaction costs; therefore, they need not occur immediately.

The WSIB has elected a gradual implementation plan to reach the strategic asset allocation. During this implementation period, if real estate is above or below its target due to timing or illiquidity, fixed income will be used to offset the balance.

Equity. The benchmark and structure for global equities will be the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index net with U.S. gross. The global equity portfolio will be passively managed in commingled index funds. The commingled fund managers may use futures for hedging or establishing a long position.

Fixed Income. It is the goal of the fixed income portfolios to match the target durations. The fixed income portfolios' required duration targets are to be reviewed every three years or sooner if there are significant changes in the funding levels or the liability durations.

Sector allocation of fixed income investments must be managed within the ranges presented below. Deviations may occur in the short term as a result of interim market conditions. However, if a range is exceeded, the portfolios must be rebalanced to the target allocations as soon as it is practical.

Target Allocations for the Fixed Income Sectors:

U.S. treasuries and government agencies	5% - 25%
Credit bonds	20% - 80%
Asset-backed securities	0% - 10%
Commercial mortgage-backed securities	0% - 10%
Mortgage-backed securities	0% - 25%

Total market value of below investment grade credit bonds (as defined by Bloomberg Barclays Family of Fixed Income Indices) shall not exceed 5 percent of the total market value of the funds. Although below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities may not be purchased,

State of Washington

portfolio holdings that are downgraded to those levels or are no longer rated may continue to be held. Total market value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of total market value of the funds.

Real Estate. The objectives and characteristics of the real estate portfolio are as follows:

- To generate a 6 percent annual investment return over a rolling 10-year period. This objective also serves as the total net return benchmark for the portfolio.
- The return will be generated by current income, and the portfolio will be intentionally constructed to focus on yield rather than total return.

- The portfolio will be diversified across geography and property type.
- No more than 15 percent of the real estate portfolio will be invested in a single property after the program's build-out period.

2. Valuation of Investments

The Workers' Compensation Fund reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Unrealized gains and losses are included in the Statement of Revenues, Expenses, and Changes in Net Position. The following table presents fair value measurements as of June 30, 2021:

Workers' Compensation Fund

Investments Measured at Fair Value

June 30, 2021

(expressed in thousands)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities				
Mortgage and other asset-backed securities	\$ 1,010,390	\$ —	\$ 1,010,390	\$ —
Corporate bonds	12,081,992	—	12,081,992	—
U.S. and foreign government and agency securities	4,123,730	—	4,123,730	—
Total Investments by Fair Value Level	17,216,112	\$ —	\$ 17,216,112	\$ —
Investments Measured at Net Asset Value (NAV)				
Commingled equity investment trusts	3,829,399			
Real estate	10,715			
Total investments measured at the NAV	3,840,114			
Total Investments Measured at Fair Value	\$ 21,056,226			

Investments classified as level 2. Investments classified as level 2 in the above table are comprised of publicly traded debt securities. Publicly traded debt securities are sourced from reputable pricing vendors using models that are market-based measurements representing their good faith opinion as to the exit value of a security, in an orderly transaction under current market conditions. Such models take into account quoted prices, nominal yield spreads, benchmark yield curves, prepayment speeds, and other market corroborated inputs.

Investments measured at net asset value (NAV). Investments measured at net asset value in the Workers' Compensation Fund include collective investment trust funds and alternative investments.

Collective Investment Trust Funds. The Workers' Compensation Fund invests in a single collective investment trust fund (fund). The fund is passively

managed to track the investment of a broad, global equity index, the MSCI All Country World Investable Market Index net with U.S. gross. The fund determines a fair value by obtaining the values of underlying holdings using reputable pricing sources and computing an overall net asset value per share. The holdings are publicly traded equity securities.

The fund has daily openings, and contributions and withdrawals can be made on any business day. The fund manager, at their discretion, may require withdrawal proceeds to be made partially or wholly in kind. Under certain circumstances, the fund manager may choose to suspend valuation and/or the right to make contributions and withdrawals from the fund. Such circumstances include actual or anticipated closure, restriction, or suspension of trading activity in any markets or exchanges where the fund investments are traded; where the purchase, sale, or pricing of the fund's investments would

not be reasonably practicable or advisable; or where suspending contributions or withdrawals would be in the best interest of the fund or participants.

Alternative Investments. The fair value of investments that are organized as limited partnerships and have no readily ascertainable fair value is determined by using the net asset value per share (or its equivalent) of the Workers' Compensation Funds' ownership interest in partners' capital. These values are based on the individual investee's capital account balance reported at fair value by the general partner at the most recently available reporting period, adjusted for subsequent contributions, distributions, management fees, changes in values of foreign currency, and published market prices for certain securities.

The limited partnerships' annual financial statements are audited by independent auditors. These investments are valued at approximately \$10.7 million as of June 30, 2021. Because of the inherent uncertainties in estimating fair values, it is possible these estimates will change in the near-term or the subsequent sale of assets will be different than the June 30, 2021, reported net asset value.

These investments can never be redeemed. Instead, the nature of these investments provides for distributions through the sale or liquidation of the underlying assets and from net operating cash flows. It is anticipated that the investments will be held for at least ten years or longer.

Real Estate. This includes one real estate investment. Targeted investment structures within the Workers' Compensation Fund real estate portfolio include limited liability companies, limited partnerships, joint ventures, commingled funds, and co-investments. Real estate partnerships generally provide quarterly valuations based on the most recent capital account balance. Individual properties are valued by the investment management at least annually and are adjusted as frequently as quarterly if material market or operational changes have occurred. Properties are externally appraised generally at least every five years, depending upon the investment. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

3. Securities Lending

State law and WSIB policy permit the Workers' Compensation Fund to participate in securities lending programs to augment investment income. The WSIB has entered into an agreement with State Street Corporation to act as agent for the Workers' Compensation Fund in securities lending transactions. As State Street Corporation is the custodian bank for the Workers' Compensation Fund, it is counterparty to securities lending transactions.

When debt securities are loaned during the fiscal year, they are collateralized by the Workers' Compensation Fund's agent with cash and U.S. government or U.S. agency securities including U.S. agency mortgage-backed securities (exclusive of letters of credit). When the loaned securities had collateral denominated in the same currency, the collateral requirement was 102 percent of the fair value, including accrued interest, of the securities loaned. All other securities were required to be collateralized at 105 percent of the fair value, including accrued interest, of the loaned securities. No securities were lent by the Workers' Compensation Fund during the current fiscal year and, accordingly, no collateral was held at June 30, 2021.

Securities lending transactions can be terminated on demand by either the Workers' Compensation Fund or the borrower. Non-cash collateral could not be pledged or sold absent borrower default. No more than 20 percent of the total on-loan value can be held by a specific borrower. Collateral investment guidelines specifically prohibit European domiciled holdings. There are no restrictions on the amount of securities that can be lent.

Securities are lent with the agreement that they will be returned in the future for exchange of the collateral. State Street Corporation indemnified the Workers' Compensation Fund by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street Corporation's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During fiscal year 2021, no securities were lent and, accordingly, there were no significant violations of legal or contractual provisions, and no failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the Workers' Compensation Fund incurred no losses during fiscal year 2021 resulting from a default by either the borrowers or the securities lending agents.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. While the Workers' Compensation Fund does not have a formal policy relating to interest rate risk, the risk is managed within the Workers' Compensation Fund portfolio using effective duration, which is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Increases in prevailing interest rates generally translate into

State of Washington

decreases in fair values of fixed income investments. As of June 30, 2021, the Workers' Compensation Fund portfolio durations were within the prescribed duration targets.

schedules display various asset classes held by maturity in years, effective durations, and credit ratings. All debt securities are reported using the average life within the portfolio. The average life is a calculated estimate of the average time (in years) until maturity for these securities, taking into account possible prepayments of principal.

The following two schedules provide information about the interest rate risks associated with the Workers' Compensation Fund investments as of June 30, 2021. The

Workers' Compensation Fund
Schedule of Maturities and Effective Duration
June 30, 2021
(expressed in thousands)

Investment Type	Total Fair Value	Maturity				Effective Duration (in years)*
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	
Mortgage and other asset-backed securities	\$ 1,010,390	\$ 60,573	\$ 838,682	\$ 111,135	\$ —	3.8
Corporate bonds	12,081,992	1,000,565	5,069,532	2,688,657	3,323,238	7.3
U.S. government and agency securities	2,616,989	65,736	1,420,864	635,182	495,207	6.9
Foreign government and agencies	1,506,741	206,325	831,414	381,277	87,725	4.8
Total Investments Categorized	17,216,112	\$ 1,333,199	\$ 8,160,492	\$ 3,816,251	\$ 3,906,170	6.8
Investments Not Required to be Categorized:						
Commingled investment trusts	3,829,399					
Cash and cash equivalents	249,145					
Real estate	10,715					
Total investments not categorized	4,089,259					
Total Investments	\$ 21,305,371					

* Excludes cash and cash equivalents

State of Washington

Investments with multiple credit ratings are presented using the Moody's rating scale as follows:

Workers' Compensation Fund					
Investment Credit Ratings					
June 30, 2021					
<i>(expressed in thousands)</i>					
Moody's Equivalent Credit Rating	Investment Type			Total Fair Value	
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agencies		
Aaa	\$ 1,010,390	\$ 596,588	\$ 276,426	\$ 1,883,404	
Aa1	—	177,752	270,882	448,634	
Aa2	—	234,962	170,074	405,036	
Aa3	—	959,986	251,045	1,211,031	
A1	—	1,612,819	343,578	1,956,397	
A2	—	2,471,058	30,563	2,501,621	
A3	—	2,125,921	—	2,125,921	
Baa1	—	1,762,477	—	1,762,477	
Baa2	—	1,568,969	119,901	1,688,870	
Baa3	—	441,752	39,112	480,864	
Ba1 or lower	—	129,708	5,160	134,868	
Total	\$ 1,010,390	\$ 12,081,992	\$ 1,506,741	\$ 14,599,123	

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Workers' Compensation Fund investment policies limit the fixed income securities to investment grade or higher at the time of purchase. Investment grade securities are those fixed income securities with a Moody's rating of Aaa to Baa or a Standard and Poor's rating of AAA to BBB.

The rated debt investments of the Workers' Compensation Fund as of June 30, 2021, were rated by Moody's and/or an equivalent national rating organization.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Workers' Compensation Fund policy states that no corporate fixed income issues cost shall exceed 3 percent of the fund's fair value at the time of purchase, nor shall its fair value exceed 6 percent of the fund's fair value at any time. There was no concentration of credit risk as of June 30, 2021.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the Workers' Compensation Fund would not be able to recover the value of its deposits, investments, or collateral securities. The Workers' Compensation Fund does not have a policy relating to custodial credit risk. The WSIB mitigates custodial credit risk by having its investment securities (excluding cash, cash equivalents, and repurchase agreements held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the Workers' Compensation Fund.

6. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Workers' Compensation Fund does not have a formal policy to limit foreign currency risk. At June 30, 2021, the only securities held by the Workers' Compensation Fund with foreign currency exposure were \$1.57 billion (excludes U.S. dollar denominated securities) invested in an international commingled equity index fund.

The following schedule presents the exposure of the Workers' Compensation Fund to foreign currency risk. The schedule is stated in U.S. dollars.

Workers' Compensation Fund
Foreign Currency Exposure by Country
June 30, 2021
(expressed in thousands)

Foreign Currency Denomination	Equity Securities
Australia-Dollar	\$ 75,726
Brazil-Real	26,458
Canada-Dollar	111,441
China-Yuan Renminbi	19,789
Denmark-Krone	24,555
E.M.U.-Euro	315,526
Hong Kong-Dollar	148,082
India-Rupee	52,937
Japan-Yen	241,027
New Taiwan-Dollar	72,661
South Africa-Rand	17,307
South Korea-Won	67,378
Sweden-Krona	43,712
Switzerland-Franc	90,789
United Kingdom-Pound	149,493
Miscellaneous Foreign Currencies	109,619
Total	\$ 1,566,500

7. Derivative Instruments

To manage its exposure to fluctuations in interest and currency rates while increasing portfolio returns, the Workers' Compensation Fund is authorized to utilize various derivative instrument financial instruments including collateralized mortgage obligations, financial futures, forward contracts, interest rate and equity swaps, and options. Derivative instrument transactions involve, to varying degrees, market and credit risk. The Workers' Compensation Fund mitigates market risks arising from derivative instrument transactions by requiring collateral in cash and investments to be maintained equal to the securities positions outstanding, thereby prohibiting the use of leverage or speculation. Credit risks arising from derivative instrument transactions are mitigated by selecting and monitoring creditworthy counterparties and collateral issuers.

Domestic and foreign passive equity index fund managers may also utilize various derivative instrument securities to manage exposure to risk and increase portfolio returns. Information on the extent of use and holdings of derivative instrument securities by passive equity index fund managers is unavailable.

At June 30, 2021, the only derivative instrument securities held directly by the Workers' Compensation Fund were collateralized mortgage obligations of \$382.6 million.

D. INVESTMENTS - LOCAL GOVERNMENT INVESTMENT POOL

1. Summary of Investment Policies

The Local Government Investment Pool (LGIP) is managed and operated by the Office of the State Treasurer (OST). The State Finance Committee is the administrator of the statute that created the pool and adopts appropriate rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually. Any proposed changes are reviewed by the LGIP Advisory Committee. The terms of the policy are designed to ensure the safety and liquidity of the funds deposited in the LGIP.

The State Treasurer and designated investment officers shall adhere to all restrictions on the investment of funds established by law and by policy.

The LGIP portfolio is invested in a manner that meets the requirements set forth by the Governmental Accounting Standards Board for the maturity, quality, diversification, and liquidity for external investment pools that elect to measure, for financial reporting purposes, all of its investments at amortized costs. The funds are limited to high quality obligations with regulated maximum and average maturities, the effect of which is to minimize both market and credit risk. The LGIP transacts with its participants at a stable net asset value per share of one dollar, which results in the amortized cost reported equaling the number of shares in the LGIP.

The OST prepares a stand-alone LGIP financial report. A copy of the report is available from the OST, PO Box 40200, Olympia, WA 98504-0200, online at: <https://tre.wa.gov/partners/for-local-governments/local-government-investment-pool-lgip/lgip-comprehensive-annual-financial-report/>, or phone number (360) 902-9000. TTY users dial 711 to be connected to the state TTY operator.

Investment Objectives. In priority order, the objectives of the LGIP investment policy are safety, liquidity, and return on investment.

Safety of principal is the primary objective. Investments shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio.

The investment portfolio will remain liquid to enable the State Treasurer to meet all cash requirements that might reasonably be anticipated.

The LGIP will be structured with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the pool.

Eligible Investments. Eligible investments are only those securities and deposits authorized by statute (chapters 39.58 and 39.59 RCW, and RCW 43.84.080). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- Obligations of supranational institutions provided that, at the time of investment, the institution has the U.S. government as its largest shareholder.
- Obligations of government-sponsored corporations that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.
- Certificates of deposit or demand deposits with financial institutions qualified by the Washington Public Deposit Protection Commission.

Investment Restrictions. To provide for safety and liquidity of funds, the LGIP policy places the following restrictions on the investment portfolio:

- Investments are restricted to fixed rate securities that mature in 397 days or less, except securities utilized in repurchase agreements and U.S. government and supranational floating or variable rate securities which may have a maximum maturity of 762 days, provided they have reset dates within one year and that on any reset date can reasonably be expected to have a market value that approximates their amortized cost.
- The weighted average maturity of the portfolio will not exceed 60 days.
- The weighted average life of the portfolio will not exceed 120 days.
- The purchase of investments in securities other than those issued by the U.S. government or its agencies will be limited.
- Cash generated through securities lending or reverse repurchase agreement transactions will not increase the dollar amount of specified investment types beyond stated limits.

Participant Transactions. The LGIP transacts with its participants at a stable net asset value per share of \$1.00, the same method used for reporting. Participants of the LGIP may contribute and withdraw funds on a daily basis and must inform the OST of any contribution or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or

less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m., at the sole discretion of the OST. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

2. Valuation of Investments

Investments are stated at amortized cost which approximates fair value. For bank deposits and repurchase agreements, the cost-based measure equals their carrying amount.

Monthly, the fair value net asset value per share is calculated and compared to the amortized cost net asset value per share to verify that the LGIP's shadow price does not deviate by more than one half of 1 percent from the amortized cost of the portfolio.

3. Securities Lending

State statutes permit the LGIP to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The LGIP has contracted with Northern Trust as a lending agent and receives a share of income earned from this activity. The lending agent lends securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent. Cash collateral received from the lending of non-coupon-bearing securities shall not be valued at less than 102 percent of fair value, not to exceed par.

The cash is invested by the lending agent in accordance with investment guidelines approved by the LGIP. The securities held as collateral and the securities underlying the cash collateral are held by the LGIP's custodian. One option available to the lending agent is to invest cash collateral with the LGIP. Maturities of investments made with cash collateral are generally matched to maturities of securities loaned.

During fiscal year 2021, the LGIP lent U.S. agency and U.S. treasury securities while other securities were received as collateral. At June 30, 2021, the fair value of securities on loan was \$888.4 million and the fair value of securities received for collateral was \$906.4 million.

The LGIP investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the LGIP. During fiscal year 2021, the LGIP had no credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the

amounts the borrowers owed the LGIP. Furthermore, contracts require the lending agent to indemnify the LGIP if the borrowers fail to return securities and if collateral is inadequate to replace the securities lent, or if the borrowers fail to pay the LGIP for income distribution by the securities' issuers while the securities are on loan.

The LGIP cannot pledge or sell collateral securities received unless the borrower defaults. The LGIP investment policy limits the amount of reverse repurchase agreements and securities lending to 30 percent of the total portfolio. There were no violations of legal or contractual provisions and no losses resulting from a default of a borrower or lending agent during the fiscal year.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. To mitigate the effect of interest rate risk, the LGIP portfolio is invested in high quality, highly liquid obligations with limited maximum and average maturities. The LGIP's policy establishes weighted average maturity and weighted average life limits not to exceed 60 and 120 days, respectively. As of June 30, 2021, the LGIP had a weighted average maturity of 36 days and a weighted average life of 78 days.

The following schedule presents the LGIP investments and related maturities, and provides information about the associated interest rate risks as of June 30, 2021:

Local Government Investment Pool (LGIP)			
Schedule of Maturities			
June 30, 2021			
<i>(expressed in thousands)</i>			
Investment Type	Amortized Cost	Maturity	
		Less than 1 Year	1-5 Years
U.S. agency securities	\$ 4,069,183	\$ 3,634,188	\$ 434,995
Repurchase agreements	1,550,000	1,550,000	—
U.S. treasury securities	16,266,019	15,868,510	397,509
Interest bearing bank accounts	2,116,515	2,116,515	—
Supranational securities	426,241	426,241	—
Certificates of deposit	112,000	112,000	—
Total Investments	\$ 24,539,958	\$ 23,707,454	\$ 832,504

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The LGIP investment policy limits the types of securities available for investment to obligations of the U.S. government or its agencies, obligations of supranational institutions, obligations of government-sponsored corporations, and deposits with qualified public depositories.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event a depository institution or counterparty fails, the LGIP will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The LGIP investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department.

Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the LGIP's exposure to risk and ensure the safety of the investment. All securities utilized in repurchase

agreements were rated Aaa by Moody's and AA+ by Standard & Poor's. The fair value of securities utilized in repurchase agreements must be at least 102 percent of the value of the repurchase agreement.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The LGIP mitigates concentration of credit risk by limiting the purchase of securities of any one issuer, with the exception of U.S. treasury and U.S. agency securities, to no more than 5 percent of the portfolio.

Repurchase agreements comprise 6.3 percent of the total portfolio as of June 30, 2021. The LGIP limits the securities utilized in repurchase agreements to U.S. treasury and U.S. agency securities. The LGIP requires delivery of all securities utilized in repurchase agreements and the securities are priced daily.

As of June 30, 2021, U.S. treasury securities comprised 66.3 percent of the total portfolio. U.S. agency securities comprised 16.6 percent of the total portfolio, including

Federal Farm Credit Bank (8.7 percent), Federal Home Loan Bank (6.9 percent), and Federal National Mortgage Association (1.0 percent). Supranational securities comprised 1.7 percent of the total portfolio.

6. Repurchase Agreements

The fair value plus accrued income of securities utilized in repurchase agreements will be 102 percent of the value of the repurchase agreement plus accrued interest.

The securities utilized in repurchase agreements are limited to government securities, are priced daily, and are held by the LGIP's custodian in the state's name. As of June 30, 2021, repurchase agreements totaled \$1.55 billion.

E. INVESTMENTS - HIGHER EDUCATION SPECIAL REVENUE, ENDOWMENT, AND STUDENT SERVICES FUNDS

1. Summary of Investment Policies

The investments of the University of Washington represent 82 percent of the total investments in Higher Education Special Revenue, Endowment, and Student Services Funds.

The University of Washington's Board of Regents is vested by statute with responsibility for the University's properties and investments, and for establishing investment policy. The University of Washington Investment Management Company (UWINCO), led by the chief investment officer, carries out the day-to-day activities of the investment portfolios. The UWINCO Board, which consists of both Board of Regents' members and external investment professionals, serves as an advisory board to UWINCO.

The majority of the University's investments are insured, registered, and held by the University's custodial bank as an agent for the University. Investments not held by the custodian include venture capital, private equity, opportunistic investments, marketable alternatives, mortgages, real assets, and miscellaneous investments.

The University combines most short-term cash balances in the Invested Funds Pool. At June 30, 2021, the Short-term and Intermediate-term Invested Funds Pools totaled \$2.46 billion. The Invested Funds Long-term Pool owns units in the Consolidated Endowment Fund valued at \$812.0 million on June 30, 2021. In addition, the Long-term Pool owns a passive global equity index valued at \$141.0 million as of June 30, 2021.

By University policy, departments with qualifying funds in the Invested Funds Pool receive distributions based on their average balances and on the type of balance. Campus depositors received 0.75 percent in fiscal year

2021. University Advancement received 3.0 percent of the average balances in endowment operating and gift accounts in fiscal year 2021. The difference between the actual earnings of the Invested Funds Pool and the calculated distributions is used to support activities benefiting all University departments.

The majority of the endowed funds are invested in a pooled fund called the Consolidated Endowment Fund (CEF). Individual endowments purchase units in the pool on the basis of a per unit valuation of the CEF at fair value on the last business day of the calendar quarter. Income is distributed based on the number of units held. Chapter 24.55 RCW and the Uniform Prudent Management of Institutional Funds Act allow for total return expenditure in the CEF under comprehensive prudent standards.

In February 2019, the Board of Regents approved an amendment to the CEF Investment Policy to reduce the total spending rate from 5.0 percent to 4.5 percent. A three-year phased reduction was implemented to cushion the impact on University units, starting with a 4.9 percent spending rate in fiscal year 2020 followed by a 4.7 percent spending rate in fiscal year 2021. Under the CEF spending policy, quarterly distributions to programs are based on an annual percentage rate of 3.76 percent applied to the five-year rolling average of the CEF's market value. The reduction to 4.5 percent will be in full effect for fiscal year 2022 and beyond.

Additionally, the policy allows for an administrative fee of 0.94 percent to support campus-wide fundraising and stewardship activities and to offset the internal cost of managing endowment assets.

The University records its permanent endowments at the lower of original gift value or current market value in the Restricted Nonexpendable Net Position category. All endowments are recorded at the original gift value at June 30, 2021.

Net appreciation (depreciation) in the fair value of investments includes both realized and unrealized gains and losses on investments. The University realized net gains of \$89.8 million in fiscal year 2021 from the sale of investments.

The calculation of realized gains and losses is independent of the net appreciation of the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and are sold in the current year include the net appreciation (depreciation) of these investments reported in the prior year(s). The net appreciation in the fair value of investments during the year ended June 30, 2021, was \$1.19 billion.

State of Washington

2. Valuation of Investments

The University reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The University holds significant

amounts of investments that are measured at fair value on a recurring basis.

The following schedule presents the fair value of the University's investments by type at June 30, 2021:

University of Washington		Fair Value Measurements Using			
Investments Measured at Fair Value		Level 1	Level 2	Level 3	
June 30, 2021		Inputs	Inputs	Inputs	
(expressed in thousands)					
Investments by Fair Value Level	Fair Value				
Fixed Income Securities					
U.S. treasury	\$ 1,759,679	\$ 18,629	\$ 1,741,050	\$ —	
U.S. government agency	406,941	12,798	394,143	—	
Mortgage-backed	251,384	—	251,384	—	
Asset-backed	424,420	—	424,420	—	
Corporate and other	206,137	22,774	183,363	—	
Total Fixed Income Securities	3,048,561	54,201	2,994,360	—	
Equity Securities					
Global equity investments	639,501	634,313	5,188	—	
Private equity and venture capital funds	—	—	—	—	
Real estate	25,678	20,442	—	5,236	
Other	10,189	—	—	10,189	
Total Equity Securities	675,368	654,755	5,188	15,425	
Externally managed trusts	153,793	—	—	153,793	
Total Investments by Fair Value Level	3,877,722	\$ 708,956	\$ 2,999,548	\$ 169,218	
Investments Measured at Net Asset Value (NAV)					
Global equity investments	2,062,207				
Absolute return strategy funds	714,894				
Private equity and venture capital funds	854,297				
Real asset funds	170,996				
Other	55,270				
Total Investments Measured at the NAV	3,857,664				
Total Investments Measured at Fair Value	7,735,386				
Cash equivalents at amortized cost	393,556				
Total Investments	\$ 8,128,942				

Investments classified as level 1. Fixed income and equity securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments classified as level 2. Fixed income and equity securities classified in level 2 are valued using other observable inputs including quoted prices for similar securities and interest rates.

Investments classified as level 3. Real estate and other investments classified in level 3 are valued using either discounted cash flow or market comparable techniques.

Investments measured at net asset value. The University's interests in certain non-readily marketable alternative investments, such as hedge funds and private equity limited partnerships, are stated at fair value based on net asset value (NAV) estimates used as a practical expedient and reported to the University by investment fund managers.

State of Washington

The information related to investments measured at the NAV per share (or its equivalent) is presented in the following table:

University of Washington

Investments Measured at the Net Asset Value

June 30, 2021

(expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global equity investments	\$ 2,062,207	\$ —	Monthly to annually	15-180 days
Absolute return strategy funds	714,894	—	Quarterly to annually	30-90 days
Private equity and venture capital funds	854,297	554,603	n/a	—
Real asset funds	170,996	85,166	n/a	—
Other	55,270	2,156	Quarterly to annually	30-95 days
Total Investments Measured at the NAV	\$ 3,857,664			

Global Equity. This investment category includes public equity investments in separately managed accounts, long-only commingled funds, unconstrained limited partnerships, and passive market indices. As of June 30, 2021, approximately 79 percent of the value of the investments in this category can be redeemed within 90 days, and approximately 94 percent can be redeemed within one year.

Absolute Return. This category includes investments in stable income and low-to-medium beta funds. Management of these funds seeks low correlation to broad equity markets by investing in assets that exhibit low volatility, deep discounts, and/or hedges against market downturns. Approximately 82 percent of the value of the investments in this category can be redeemed within one year.

Private Equity and Venture Capital. This category includes buyout, venture, and special situations funds. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the majority of the underlying assets of the funds will be liquidated over the next one to ten years.

Real Assets. This category includes real estate, natural resources, and other hard assets. These investments cannot be redeemed at the request of the University. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the majority of the underlying assets of the funds will be liquidated over the next one to ten years.

Other. This category consists of opportunistic investments and includes various types of non-investment grade and non-rated credit plus nominal equity exposure. Approximately 37 percent of the value of the investments in this category can be redeemed or anticipate distribution within one year. The remaining balance of these

investments contain restrictions on redemption within one year or will be distributed as underlying investments are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.

3. Funding Commitments

The University enters into contracts with investment managers to fund alternative investments. As of June 30, 2021, the University had outstanding commitments to fund alternative investments in the amount of \$641.9 million. These commitments are expected to be called over a multi-year timeframe. The University believes it has adequate liquidity and funding sources to meet these obligations.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income securities. The University manages interest rate risk through its investment policies and the investment guidelines established with each manager. Each fixed income manager is assigned a maximum boundary for duration as compared to the manager's relevant benchmark index. The goal is to allow ample freedom for the manager to perform while controlling the interest rate risk in the portfolio.

Effective duration is a commonly used measure of interest rate risk. The longer the duration, the more sensitive the portfolio is to changes in interest rates. The weighted average effective duration of the University's fixed income portfolio was 1.95 years at June 30, 2021.

5. Credit Risk

Fixed income securities are subject to credit risk, which is the risk that the issuer or other counterparty to a financial instrument will not fulfill its obligations, or that negative

State of Washington

perceptions of the issuer's ability to make these payments will cause prices to decline. The University's investment policies limit fixed income exposure to investment grade assets. The investment policy for the Invested Funds' short-term pool requires each manager to maintain an average quality rating of AA as issued by a nationally recognized rating organization. The investment policy for the Invested Funds' intermediate-term pool requires each manager to maintain an average quality rating of A and to hold at least 25 percent of their portfolios in government and government agency issues. The investment policy for the CEF reflects its long-term nature by specifying average quality rating levels by individual manager, but still restricting investments to investment grade credits.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The University does not have a formal policy regarding custodial credit risk. However, all University investments in the CEF and the Invested Funds Pool are held in the name of the University and are not subject to custodial credit risk.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The CEF investment policy limits concentration by manager, country (other than U.S.), and market sector. The University further mitigates concentration of credit risk through the due diligence of each manager and careful monitoring of asset concentrations.

Duration is a calculation of the number of years required to recover the true cost of a bond. The duration presented below represents a broad average across all fixed income securities held in the CEF, Invested Funds Pool (IF or operating funds), and debt service reserve funds. The CEF and IF portfolios are managed to have a duration below their policy benchmarks to protect principal and provide liquidity to the overall portfolio.

The following schedule summarizes the composition of the fixed income securities along with credit quality and effective duration measures at June 30, 2021. The schedule excludes \$31.5 million of fixed income securities held by component units. These amounts make up 1.03 percent of the University's fixed income investments.

University of Washington
Invested Funds Pool and Consolidated Endowment Fund
Fixed Income Credit Quality and Effective Duration
June 30, 2021
(expressed in thousands)

Investment Type	U.S. Government	Investment Grade*	Non- Investment Grade	Not Rated	Total	Effective Duration (in years)
U.S. treasury securities	\$ 1,741,050	\$ —	\$ —	\$ —	\$ 1,741,050	1.76
U.S. government agency	402,551	—	—	—	402,551	3.66
Mortgage-backed	—	129,171	58,852	63,361	251,384	2.00
Asset-backed	—	367,299	14,682	42,439	424,420	0.83
Corporate and other	—	87,908	27,684	82,068	197,660	2.51
Total	\$ 2,143,601	\$ 584,378	\$ 101,218	\$ 187,868	\$ 3,017,065	1.95

* Investment grade securities are those that are rated BBB and higher by Standard and Poor's or Baa and higher by Moody's.

6. Foreign Currency Risk

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University's investment policies

permit investments in international equity and other asset classes that can include foreign currency exposure. To manage foreign currency exposure, the University also enters into foreign currency forward contracts, futures contracts, and options. The University held non-U.S. denominated securities at June 30, 2021, of \$1.81 billion.

The following schedule, stated in U.S. dollars, details the market value of foreign denominated securities by currency type:

University of Washington	
Consolidated Endowment Fund	
Foreign Currency Risk	
June 30, 2021	
<i>(expressed in thousands)</i>	
Foreign Currency	Amount
Australia-Dollar	\$ 26,735
Brazil-Real	102,402
Britain-Pound	138,836
Canada-Dollar	60,192
China-Renminbi	390,837
E.M.U.-Euro	176,789
Hong Kong-Dollar	58,543
India-Rupee	199,687
Japan-Yen	258,092
Norway-Krone	21,369
Russia-Ruble	19,404
Singapore-Dollar	54,863
South Africa-Rand	21,624
South Korea-Won	67,748
Sweden-Krona	45,463
Switzerland-Franc	43,872
Taiwan-Dollar	36,479
Remaining currencies	91,819
Total	\$ 1,814,754

7. Derivative Instruments

The University's investment policies allow investing in various derivative instruments, including futures, swaps, and forwards, to manage exposures within or across the portfolio and to improve the portfolio's risk/return profile. Derivative instruments are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value.

As of June 30, 2021, the University had outstanding futures contracts with notional amounts totaling \$232.6 million and accumulated unrealized gains on these contracts totaled \$760 thousand. These accumulated unrealized gains are included in investments on the Statement of Net Position.

Credit exposure represents exposure to counterparties relating to financial instruments where gains exceed collateral held by the University or losses are less than the collateral posted by the University. There was no credit exposure as of June 30, 2021. The University had no hedging derivative instruments or derivative instruments for investment purposes as of June 30, 2021.

Details on foreign currency derivative instruments are disclosed under Foreign Currency Risk.

F. INVESTMENTS - OFFICE OF THE STATE TREASURER CASH MANAGEMENT ACCOUNT

1. Summary of Investment Policies

The Office of the State Treasurer (OST) operates the state's Cash Management Account for investing Treasury/Trust funds in excess of daily requirements. Investment income earned is allocated based on average daily cash balance. Pursuant to state law, all earnings on investments of Treasury/Trust funds are credited to the General Fund except as specifically provided in RCW 43.79A.040 and RCW 43.84.092. In fiscal year 2021, a portion of the investment income reported by the General Fund was earned by other funds.

The State Treasurer and designated investment officers shall adhere to all restrictions on the investment of funds established by law and by policy.

Investment Objectives. All Treasury/Trust funds will be invested in conformance with federal, state, and other legal requirements. The primary objectives of the portfolio shall be safety and liquidity, with return on investment a secondary objective.

Investments shall be undertaken in a manner that seeks preservation of capital in the overall portfolio. Because the investment portfolio must remain liquid to enable the State Treasurer to meet all cash requirements that can reasonably be anticipated, investments will be managed to maintain cash balances needed to meet daily obligations of the state. After assuring needed levels of safety and liquidity, the investment portfolio will be structured to attain a market rate of return.

Eligible Investments. Eligible investments are only those securities and deposits authorized by statute (chapters 39.58, 43.250, and 43.84.080 RCW). Eligible investments include:

- Obligations of the U.S. government.
- Obligations of U.S. government agencies or of corporations wholly owned by the U.S. government.
- U.S. dollar denominated obligations of supranational institutions, provided that at the time of investment the institution has the U.S. government as its largest shareholder.
- Obligations of government-sponsored enterprises that are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve.

State of Washington

- Commercial paper, provided that the OST adheres to policies and procedures of the Washington State Investment Board (WSIB) regarding commercial paper (RCW 43.84.080(5)).
- Corporate notes, provided that the OST adheres to the investment policies and procedures adopted by the WSIB (RCW 43.84.080(7)).
- Investment deposits with financial institutions qualified by the Washington Public Deposit Protection Commission (RCW 39.58.010(9)) and deposits made pursuant to RCW 39.58.080.
- Local Government Investment Pool (LGIP).
- Obligations of the state of Washington or its political subdivisions.

Investment Restrictions. To provide for the safety and liquidity of Treasury/Trust funds, the Cash Management Account investment portfolio is subject to the minimum restrictions listed below. Certain investment instruments are subject to more restrictive limitations.

- The final maturity of any security will not exceed ten years.
- Purchase of collateralized mortgage obligations is not allowed.

- The allocation to investments subject to high price sensitivity or reduced marketability will not exceed 15 percent of the daily balance of the portfolio.

Additionally, investments in non-government securities, excluding collateral of repurchase agreements, must fall within prescribed limits.

Limitations and Restrictions on LGIP Participant Withdrawals. Participants of the LGIP may contribute and withdraw funds on a daily basis and must inform the OST of any contribution or withdrawal over one million dollars no later than 9:00 a.m. on the same day the transaction is made. Contributions or withdrawals for one million dollars or less can be requested at any time prior to 10:00 a.m. on the day of the transaction. However, participants may complete transactions greater than one million dollars when notification is made between 9:00 a.m. and 10:00 a.m., at the sole discretion of the OST. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

2. Valuation of Investments

The OST reports investments at fair value and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The following table presents fair value measurements as of June 30, 2021:

Office of the State Treasurer

Cash Management Account

Investments Measured at Fair Value

June 30, 2021

(expressed in thousands)

Investments by Fair Value Level	Fair Value Measurements Using			
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt securities				
U.S. government securities	\$ 5,234,420	\$ —	\$ 5,234,420	\$ —
U.S. agency securities	1,897,661	—	1,897,661	—
Supranational securities	1,967,223	—	1,967,223	—
Corporate notes	438,162	—	438,162	—
Total Investments Measured at Fair Value	\$ 9,537,466	\$ —	\$ 9,537,466	\$ —

Investments classified as level 2. The debt securities classified as level 2 in the above table are valued using observable inputs including quoted prices for similar securities and interest rates.

3. Securities Lending

State statutes permit the OST to lend its securities to broker-dealers and other entities with a simultaneous

agreement to return the collateral for the same securities in the future. The OST has contracted with Northern Trust Company as a lending agent and receives a share of income earned from this activity. The lending agent lends U.S. government, U.S. agency, and supranational securities and receives collateral, which can be in the form of cash or other securities. The collateral, which must be valued at 102 percent of the fair value of the loaned

State of Washington

securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent.

The cash is invested by the lending agent in repurchase agreements, deposit accounts, or money market instruments, in accordance with investment guidelines approved by the OST. The securities held as collateral and the securities underlying the cash collateral are held by the custodian. During fiscal year 2021, there was no cash collateral from securities lending.

Contracts require the lending agent to indemnify the OST if the borrowers fail to return securities and if the collateral is inadequate to replace the securities lent, or if the borrower fails to pay the OST for income distribution by the securities' issuers while the securities are on loan. The OST cannot pledge or sell collateral securities received unless the borrower defaults. At June 30, 2021, the fair value of securities on loan totaled \$696.4 million.

The OST investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the OST. During fiscal year 2021, the OST had no credit risk exposure to borrowers

because the amounts owed to the borrowers exceeded the amounts the borrowers owed the OST.

There were no violations of legal or contractual provisions, and there were no losses resulting from a default of a borrower or lending agent during the fiscal year.

4. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The Treasury/Trust investments are separated into portfolios with objectives based primarily on liquidity needs.

The OST's investment policy limits the weighted average maturity of its investments based on cash flow expectations. Policy also directs due diligence to be exercised with timely reporting of material deviation from expectations and actions taken to control adverse developments as may be possible.

The following schedules present the OST investments and related maturities, and provide information about the associated interest rate risks as of June 30, 2021:

Office of the State Treasurer				
Cash Management Account				
Schedule of Maturities				
June 30, 2021				
<i>(expressed in thousands)</i>				
Investment Type	Total Fair Value	Maturity		
		Less than 1 Year	1-5 Years	6-10 Years
U.S. government securities	\$ 5,384,947	\$ 671,161	\$ 4,713,786	\$ —
U.S. agency securities	1,941,660	525,307	1,416,353	—
Supranational securities	2,654,526	813,334	1,816,246	24,946
Corporate notes	438,162	34,749	403,413	—
Investments with LGIP	3,136,884	3,136,884	—	—
Certificates of deposit	63,047	63,047	—	—
Interest bearing bank accounts	233,777	233,777	—	—
Total Investments	\$ 13,853,003	\$ 5,478,259	\$ 8,349,798	\$ 24,946

State of Washington

Credit ratings of investments are presented using the Standard and Poor's (S&P) rating scale as follows:

Office of the State Treasurer			
Cash Management Account			
Investment Credit Ratings			
June 30, 2021			
<i>(expressed in thousands)</i>			
S&P Credit Rating	Investment Type		
	Corporate Notes	Supranationals	Total Fair Value
AAA	\$ 36,753	\$ 2,654,526	\$ 2,691,279
AA+	36,650	—	36,650
AA	64,706	—	64,706
AA-	35,741	—	35,741
A+	52,091	—	52,091
A	147,197	—	147,197
A-	30,462	—	30,462
Unrated	34,562	—	34,562
Total	\$ 438,162	\$ 2,654,526	\$ 3,092,688

5. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The OST limits credit risk by adhering to the OST investment policy which restricts the types of investments the OST can participate in to U.S. government and agency securities, U.S. dollar denominated obligations of supranational institutions, commercial paper, corporate notes, and deposits with qualified public depositories. Investments in non-government securities may not exceed set percentages of the total daily portfolio size.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The OST investment policy requires that securities purchased by the office be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and ensure the safety of the investment.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. For non-governmental securities, the OST adheres to the WSIB policy on commercial paper and corporate notes investments which limits its exposure to concentration of credit risk by restricting the amount of investments to no more than 3 percent of the portfolio to any single issuer.

6. Repurchase Agreements

Repurchase agreements and securities accepted for repurchase agreements are subject to the following additional restrictions:

- Transactions will be conducted under the terms of a written master repurchase agreement and only with primary dealers, the state's bank of record, or master custodial bank.
- Purchased securities utilized in repurchase agreements will be limited to government securities. Repurchase agreements with any single primary dealer or financial institution will not exceed 20 percent of the portfolio. The maximum term of repurchase agreements will be 180 days. The share of the portfolio allocated to repurchase agreements with maturities beyond 30 days will not exceed 30 percent of the total portfolio.
- Securities utilized in repurchase agreements with a maturity date longer than seven days are priced at least weekly and are held by the Treasury/Trust custodian in the state's name.
- The market value, plus accrued income, of securities utilized in repurchase agreements will be priced at 102 percent of the value of the repurchase agreement, plus accrued income.

The OST invested in repurchase agreements during fiscal year 2021. There were no repurchase agreements as of June 30, 2021.

Note 4 Receivables and Unearned/Unavailable Revenues

A. GOVERNMENTAL FUNDS

Taxes Receivable

Taxes receivable at June 30, 2021, consisted of the following (expressed in thousands):

Taxes Receivable	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Property	\$ 2,145,719	\$ —	\$ —	\$ 10,553	\$ 2,156,272
Sales	2,037,109	4,884	—	30,456	2,072,449
Business and occupation	1,131,869	38,948	—	795	1,171,612
Estate	—	11,451	—	—	11,451
Fuel	—	—	—	163,640	163,640
Beer and wine	—	—	—	6,358	6,358
Marijuana	—	—	—	48,224	48,224
Real estate excise	6,724	676	—	1,195	8,595
Insurance Premium	68	—	—	—	68
Public utilities	52,297	2,181	—	—	54,478
Hazardous substance	—	—	—	24,416	24,416
Other	2,427	2	—	1,637	4,066
Subtotal	5,376,213	58,142	—	287,274	5,721,629
Less: Allowance for uncollectible receivables	720,388	2,974	—	4,573	727,935
Total Taxes Receivable	\$ 4,655,825	\$ 55,168	\$ —	\$ 282,701	\$ 4,993,694

Receivables

Receivables at June 30, 2021, consisted of the following (expressed in thousands):

Receivables	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Public assistance ⁽¹⁾	\$ 419,678	\$ —	\$ —	\$ —	\$ 419,678
Accounts receivable	949,334	568,786	165,971	499,522	2,183,613
Interest	17,593	9,288	4,035	10,573	41,489
Loans ⁽²⁾	6,077	85,610	—	591,308	682,995
Long-term contracts ⁽³⁾	4,205	—	14,758	103,844	122,807
Miscellaneous	1,121	724	—	374	2,219
Subtotal	1,398,008	664,408	184,764	1,205,621	3,452,801
Less: Allowance for uncollectible receivables	459,837	86,034	—	119,685	665,556
Total Receivables	\$ 938,171	\$ 578,374	\$ 184,764	\$ 1,085,936	\$ 2,787,245

Notes:

⁽¹⁾ Public assistance receivables mainly represent amounts owed to the state as a part of the Support Enforcement Program at the Department of Social and Health Services for the amounts due from persons required to pay support for individuals currently on state assistance, and have a low realization expectation. Accordingly, the receivable is offset by a large allowance for uncollectible receivables.

⁽²⁾ Significant long-term portions of loans receivable include \$69.5 million in the Higher Education Special Revenue Fund for student loans and \$549.5 million in Nonmajor Governmental Funds for low income housing, public works, and economic development/revitalization loans.

⁽³⁾ Long-term contracts in Nonmajor Governmental Funds are for timber sales contracts.

State of Washington

Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following (expressed in thousands):

Unearned Revenue	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Other taxes	\$ 5,761	\$ —	\$ —	\$ —	\$ 5,761
Charges for services	46,927	268,865	—	31,483	347,275
Donable goods	—	—	—	5,042	5,042
Grants and donations ⁽¹⁾	3,011,398	23,311	—	8,148	3,042,857
Tolls	—	—	—	29,033	29,033
Transportation	—	—	—	22,734	22,734
Miscellaneous	1,036	12,623	—	8,764	22,423
Total Unearned Revenue	\$ 3,065,122	\$ 304,799	\$ —	\$ 105,204	\$ 3,475,125

Notes:

⁽¹⁾ Unearned revenue from grants and donations includes \$2.88 billion in federal stimulus funds received during fiscal year 2021 from the U.S. Department of the Treasury under the American Rescue Plan and the Coronavirus Aid, Relief, and Economic Security (CARES) Act, but not yet spent.

Unavailable Revenue

Unavailable revenue at June 30, 2021, consisted of the following (expressed in thousands):

Unavailable Revenue	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Property taxes	\$ 2,010,474	\$ —	\$ —	\$ 924	\$ 2,011,398
Other taxes	988,560	7,929	—	11,908	1,008,397
Timber sales	4,205	—	14,758	103,844	122,807
Transportation	—	—	—	3,562	3,562
Charges for services	4,578	—	—	5,032	9,610
Miscellaneous	8,479	—	—	12,350	20,829
Total Unavailable Revenue	\$ 3,016,296	\$ 7,929	\$ 14,758	\$ 137,620	\$ 3,176,603

B. PROPRIETARY FUNDS

Receivables

Receivables at June 30, 2021, consisted of the following (expressed in thousands):

Receivables	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
Accounts receivable	\$ 931,790	\$ 1,040,289	\$ 409,023
Interest	113,356	—	812
Investment trades pending	—	—	—
Loans	—	—	1
Miscellaneous	64	—	354
Subtotal	1,045,210	1,040,289	410,190
Less: Allowance for uncollectible receivables	219,361	402,178	18,787
Total Receivables	\$ 825,849	\$ 638,111	\$ 391,403

Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following (expressed in thousands):

Unearned Revenue	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
Charges for services	\$ —	\$ —	\$ 148,921
Grants and donations	—	—	—
Premiums and assessments	7,381	—	—
Miscellaneous	—	—	363
Total Unearned Revenue	\$ 7,381	\$ —	\$ 149,284

Taxes Receivables

Taxes receivables at June 30, 2021, consisted of \$3.7 million for petroleum products, net of allowance.

C. FIDUCIARY FUNDS

Other Receivables

Receivables at June 30, 2021, consisted of \$14.8 million for interest and other miscellaneous amounts.

Unearned Revenue

Unearned revenue at June 30, 2021, consisted of \$821 thousand for service credit restorations reported in Pension and Other Employee Benefit Plans.

State of Washington

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 30,687	\$ 262,348	\$ 2,674,137	\$ 19,178	
790	1,941	116,899	77	
—	1,079	1,079	—	
—	—	1	1	
—	—	418	80	
31,477	265,368	2,792,534	19,336	
818	57	641,201	1,481	
\$ 30,659	\$ 265,311	\$ 2,151,333	\$ 17,855	

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 1,740	\$ 466	\$ 151,127	\$ 3,870	
—	1,453	1,453	—	
—	38,530	45,911	—	
—	3	366	—	
\$ 1,740	\$ 40,452	\$ 198,857	\$ 3,870	

Note 5 Interfund Balances and Transfers

A. INTERFUND BALANCES

Interfund balances as reported in the financial statements at June 30, 2021, consisted of the following (expressed in thousands):

Due To	Due From				
	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 1,007,051	\$ —	\$ 636,710	\$ 154
Higher Education Special Revenue	109,937	—	512,923	61,765	906
Higher Education Endowment	—	—	—	12	—
Nonmajor Governmental Funds	65,764	2,478	2,847	360,481	23
Workers' Compensation	140	13	—	57	—
Unemployment Compensation	1,522	1,097	—	555	174
Higher Education Student Services	—	4,530	—	192	45
Health Insurance	—	—	—	—	—
Nonmajor Enterprise Funds	13,593	31	—	2,052	101
Internal Service Funds	35,079	20,893	—	25,182	4,637
Totals	\$ 226,035	\$ 1,036,093	\$ 515,770	\$ 1,087,006	\$ 6,040

Except as noted below, interfund balances are expected to be paid within one year from the date of the financial statements. These balances resulted from the time lag between the dates that (1) interfund goods and services were provided and when the payments occurred and (2) interfund transfers were accrued and when the liquidations occurred.

Interfund balances include: (1) a \$6.1 million loan from the General Fund to a nonmajor governmental fund which is expected to be paid over the next two years, and (2) \$128.1 million on a revolving loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund.

In addition to the interfund balances noted in the schedule above, there are interfund balances of \$113.3 million within the state's Pension Trust Funds.

State of Washington

Due From

Unemployment Compensation	Higher Education Student Services	Health Insurance	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Totals
\$ 55	\$ 18	\$ 425	\$ 30,846	\$ 225,254	\$ —	\$ 1,900,513
67	217,236	170	143	26,915	—	930,062
—	—	—	—	—	—	12
1,604	5	—	582	18,112	—	451,896
1	5	—	6	7	—	229
—	3	—	2	15	—	3,368
—	—	—	—	4,117	—	8,884
—	—	—	—	—	—	—
1	1	—	59,044	45	—	74,868
43	1,164	148	812	16,717	90	104,765
\$ 1,771	\$ 218,432	\$ 743	\$ 91,435	\$ 291,182	\$ 90	\$ 3,474,597

State of Washington

B. INTERFUND TRANSFERS

Interfund transfers as reported in the financial statements for the year ended June 30, 2021, consisted of the following (expressed in thousands):

Transferred From	Transferred To				
	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 46,058	\$ 300	\$ 1,570,895	\$ 75
Higher Education Special Revenue	167,843	—	26,440	173,633	—
Higher Education Endowment	—	189,262	—	41,674	—
Nonmajor Governmental Funds	577,305	156,206	1,480	1,103,370	—
Workers' Compensation	1,326	—	—	—	—
Unemployment Compensation	—	—	—	—	—
Higher Education Student Services	—	585,427	—	4,123	—
Health Insurance	33,928	—	—	1,003	—
Nonmajor Enterprise Funds	237,285	—	—	14,679	—
Internal Service Funds	—	19,785	—	11,480	—
Fiduciary Funds	2,109	—	—	—	—
Totals	\$ 1,019,796	\$ 996,738	\$ 28,220	\$ 2,920,857	\$ 75

Except as noted below, transfers are used to (1) move revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, (2) move receipts designated for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (4) move profits from the Lottery Fund as required by law, and (5) transfer amounts to and from the General Fund as required by law.

During fiscal year 2021, in accordance with budget and other legal provisions, there was a one-time transfer of \$1.82 billion from the Budget Stabilization Account (BSA) to the General Fund to assist in pandemic-related costs. In addition, \$1.00 billion was transferred from the General Fund to the Washington Rescue Plan Transition Account for responding to the coronavirus pandemic (COVID-19) including activities related to education, human services, health care, and the economy. The BSA and Washington Rescue Plan Transition Account are reported as Administrative Accounts within the General Fund.

On June 30, 2021, \$269.5 million was transferred from the General Fund Basic Account to the BSA in accordance with the provisions of the state Constitution. The state Constitution details a limited number of circumstances under which funds can be appropriated from the BSA, one of which is a favorable vote of at least three-fifths of the members of each house of the Legislature.

In addition to the transfers noted in the schedule above, there were transfers of \$103.4 million within the state's Pension Trust Funds.

State of Washington

Transferred To

Unemployment Compensation	Higher Education Student Services	Health Insurance	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Totals
\$ —	\$ —	\$ 8,896	\$ 20,057	\$ 16,849	\$ —	\$ 1,663,130
—	637,172	—	—	20,849	—	1,025,937
—	—	—	—	—	—	230,936
82,000	—	—	—	—	—	1,920,361
—	—	—	—	—	—	1,326
—	—	—	—	—	—	—
—	—	—	—	414	—	589,964
—	—	—	—	—	—	34,931
—	—	—	—	—	—	251,964
—	—	—	—	—	—	31,265
—	—	—	—	—	—	2,109
\$ 82,000	\$ 637,172	\$ 8,896	\$ 20,057	\$ 38,112	\$ —	\$ 5,751,923

Note 6

Capital Assets

Capital assets at June 30, 2021, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

A. GOVERNMENTAL CAPITAL ASSETS

The following is a summary of governmental capital asset activity for the year ended June 30, 2021 (expressed in thousands):

Capital Assets	Balances July 1, 2020	Additions	Deletions/ Adjustments	Balances June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 2,896,094	\$ 53,810	\$ (17,116)	\$ 2,932,788
Transportation infrastructure	26,100,380	474,850	—	26,575,230
Intangible assets - indefinite lives	37,163	—	—	37,163
Art collections, library reserves, and museum and historical collections	153,774	2,385	(2)	156,157
Construction in progress	1,531,098	533,008	(573,853)	1,490,253
Total Capital Assets, Not Being Depreciated	<u>30,718,509</u>			<u>31,191,591</u>
Capital Assets, Being Depreciated:				
Buildings	15,410,742	716,011	(38,306)	16,088,447
Accumulated depreciation	(6,784,885)	(424,425)	14,269	(7,195,041)
Net buildings	<u>8,625,857</u>			<u>8,893,406</u>
Other improvements	1,654,568	42,128	(5,224)	1,691,472
Accumulated depreciation	(938,106)	(48,162)	1,811	(984,457)
Net other improvements	<u>716,462</u>			<u>707,015</u>
Furnishings, equipment, and intangible assets	6,164,800	297,780	(162,567)	6,300,013
Accumulated depreciation	(3,997,372)	(318,359)	140,203	(4,175,528)
Net furnishings, equipment, and intangible assets	<u>2,167,428</u>			<u>2,124,485</u>
Infrastructure	1,317,960	65,963	—	1,383,923
Accumulated depreciation	(717,451)	(41,841)	—	(759,292)
Net infrastructure	<u>600,509</u>			<u>624,631</u>
Total Capital Assets, Being Depreciated, Net	<u>12,110,256</u>			<u>12,349,537</u>
Governmental Activities Capital Assets, Net	<u>\$ 42,828,765</u>			<u>\$ 43,541,128</u>

State of Washington

B. BUSINESS-TYPE CAPITAL ASSETS

The following is a summary of business-type capital asset activity for the year ended June 30, 2021 (expressed in thousands):

Capital Assets	Balances July 1, 2020	Additions	Deletions/ Adjustments	Balances June 30, 2021
Capital Assets, Not Being Depreciated:				
Land	\$ 74,401	\$ 320	\$ —	\$ 74,721
Intangible assets - indefinite lives	4,580	—	—	4,580
Art collections	40	—	—	40
Construction in progress	249,370	151,160	(93,593)	306,937
Total Capital Assets, Not Being Depreciated	<u>328,391</u>			<u>386,278</u>
Capital Assets, Being Depreciated:				
Buildings	4,593,767	76,684	(2,732)	4,667,719
Accumulated depreciation	(1,705,734)	(148,634)	1,948	(1,852,420)
Net buildings	<u>2,888,033</u>			<u>2,815,299</u>
Other improvements	124,479	32,263	(223)	156,519
Accumulated depreciation	(71,270)	(4,449)	(73)	(75,792)
Net other improvements	<u>53,209</u>			<u>80,727</u>
Furnishings, equipment, and intangible assets	883,012	27,378	(8,354)	902,036
Accumulated depreciation	(750,280)	(52,476)	7,357	(795,399)
Net furnishings, equipment, and intangible assets	<u>132,732</u>			<u>106,637</u>
Infrastructure	59,753	4,780	(20)	64,513
Accumulated depreciation	(34,277)	(3,569)	20	(37,826)
Net infrastructure	<u>25,476</u>			<u>26,687</u>
Total Capital Assets, Being Depreciated, Net	<u>3,099,450</u>			<u>3,029,350</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,427,841</u>			<u>\$ 3,415,628</u>

C. DEPRECIATION

Depreciation expense for the year ended June 30, 2021, was charged by the primary government as follows (expressed in thousands):

	Amount
Governmental Activities:	
General government	\$ 94,951
Education - elementary and secondary (K-12)	6,081
Education - higher education	480,837
Human services	47,878
Adult corrections	43,106
Natural resources and recreation	45,257
Transportation	114,677
Total Depreciation Expense - Governmental Activities *	\$ 832,787
 Business-Type Activities:	
Workers' compensation	\$ 4,371
Unemployment compensation	—
Higher education student services	202,274
Health Insurance	52
Other	2,431
Total Depreciation Expense - Business-Type Activities	\$ 209,128

* Includes \$95.9 million internal service fund depreciation that was allocated to governmental activities as a component of net internal service fund activity.

State of Washington

D. CONSTRUCTION IN PROGRESS

Major construction commitments of the state at June 30, 2021, are as follows (expressed in thousands):

Agency / Project Commitments	Construction in Progress June 30, 2021	Remaining Project Commitments
		Continued
Office of the Secretary of State:		
Library-Archives building	\$ 1,943	\$ 123,078
Department of Enterprise Services:		
East Plaza water infiltration and elevator, Capitol Campus Childcare Center, and other projects	27,441	335
Department of Labor and Industries:		
Division of Occupational Safety and Health Lab, and Training Facility	4,052	49,151
Military Department:		
Thurston County, Centralia, and Tri-Cities Readiness Centers, and other projects	70,509	11,856
Department of Social and Health Services:		
Residential, rehabilitation, and other facilities	41,164	77,130
State hospitals / treatment centers	94,119	177,324
Department of Children, Youth, and Family:		
Green Hill school recreation center replacement and other miscellaneous projects	5,610	41,855
Department of Corrections:		
Correctional center units security and safety improvements	6,804	21,335
Other projects	8,048	10,921
Center for Deaf and Hard of Hearing Youth:		
Academic and physical education facility	774	54,130
Department of Transportation:		
Olympic Region and Northwest Region Headquarters building projects	80,166	3,666
State ferry vessels and terminals, and other projects	523,094	121,424
Transportation infrastructure	—	3,650,739
Other miscellaneous projects	1,621	705
State Parks and Recreation Commission:		
Beverly bridge rehabilitation and other miscellaneous projects	4,183	6,852
Department of Fish and Wildlife:		
Soos Creek, Naselle, and Wallace River hatcheries, Deschutes watershed, and other projects	77,031	130,514
Employment Security Department:		
Family and Medical Leave system	59,496	10,623
Long-Term Services and Support system	7,897	10,091

State of Washington

Agency / Project Commitments	Construction in Progress June 30, 2021	Concluded Remaining Project Commitments
University of Washington:		
Health Sciences Center, Harborview Research and Training building restoration, Behavioral Health teaching facility, Founders Hall, UW Bothell/Cascadia College Science, Technology, Engineering, Math (STEM), and UW Tacoma renovation projects	\$ 197,330	\$ 159,527
Intercollegiate Athletics (ICA) Softball Performance Center, and other projects	5,441	1,701
Student housing, campus bike house program, and other projects	66	307
UW Medical Center expansion, upgrades, and renovation projects	147,555	10,760
Washington State University:		
Chief Joseph building and other housing projects	2,469	239
Modernization initiative, Vancouver Life Sciences building, and other facility projects	20,151	17,431
Smith gym renovation, and utilities for indoor practice facility	68	7
Campus upgrades and renovation projects	2,116	328
Eastern Washington University:		
Science Center renovation, energy plant, housing improvements, and other projects	8,573	20,302
Central Washington University:		
Health Science Building, and other projects	54,728	—
Western Washington University:		
Engineering & Computer Science Building, and other projects	4,008	70,392
New residence hall	55,905	11,320
Science building addition and renovation	53,109	14,217
Community and Technical Colleges:		
Bates Allied Health Science Center	34,107	8,045
Columbia Basin student recreation center	15,747	211,807
Edmonds Science, Technology, Engineering, Math (STEM) building	47,096	6,623
Pierce parking garage	6,676	34,763
Seattle South Automotive Technology building renovation	17,280	270
Seattle wellness center, library renovation, and miscellaneous projects	12,403	4,146
Other miscellaneous community college projects	64,762	9,657
Other Agency Projects:	<u>33,648</u>	<u>10,937</u>
Total Construction in Progress	<u>\$ 1,797,190</u>	<u>\$ 5,094,508</u>

Note 7

Long-Term Liabilities

A. BONDS AND NOTES PAYABLE

Bonds payable at June 30, 2021, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

The state Constitution and enabling statutes authorize the incurrence of state general obligation debt, to which the state's full faith, credit, and taxing power are pledged, either by the Legislature or by a body designated by statute (presently the State Finance Committee).

Authorization arises in the following situations:

- From an affirmative vote of 60 percent of the members of each house of the Legislature without voter approval, in which case the amount of such debt is generally subject to the constitutional debt limitation described below.
- When authorized by law for a distinct work or object and approved by a majority of the voters voting thereon at a general election or a special election called for that purpose, in which case the amount of the debt so approved is not subject to the constitutional debt limitations described below.
- By the State Finance Committee without limitation as to amount, and without approval of the Legislature or approval of the voters.

The State Finance Committee debt authorization does not require voter approval; however, it is limited to providing for: (1) meeting temporary deficiencies of the state treasury if such debt is discharged within 12 months of the date of incurrence and is incurred only to provide for appropriations already made by the Legislature; or (2) refunding of outstanding obligations of the state.

Legal Debt Limitation

The state Constitution limits the amount of state debt that may be incurred by restricting the amount of general state revenues which may be allocated to pay principal and interest on debt subject to these limitations. In November 2012, voters passed a constitutional amendment specifying that maximum annual payments of principal and interest on all debt subject to the limit may not exceed a percentage of the average of the prior six years' general state revenues; this percentage currently stands at 8.25 percent and will decline to 8.00 percent by July 1, 2034. This limitation restricts the incurrence of new debt and not the amount of debt service that may be paid by the state in future years. The state Constitution requires the State Treasurer to certify the debt service

limitation for each fiscal year. In accordance with these provisions, the debt service limitation for fiscal year 2021 is \$1.70 billion.

This computation excludes specific bond issues and types that are not secured by general state revenues. Of the \$20.40 billion general obligation bond debt principal outstanding at June 30, 2021, \$12.44 billion is subject to the limitation.

Based on the debt limitation calculation, the debt service requirements as of June 30, 2021, did not exceed the authorized debt service limitation.

For further information on the debt limit, refer to the Report on the State of Washington's Debt Limitation available from the Office of the State Treasurer at <https://www.tre.wa.gov/wp-content/uploads/Debt-Limit-Certification-2021-Final-web.pdf> or to Schedule 11 in the Statistical Section of this report.

Authorized But Unissued

The state had a total of \$15.77 billion in general obligation bonds authorized but unissued as of June 30, 2021, for the purpose of capital construction, higher education, transportation, and various other projects throughout the state.

Interest Rates

Interest rates on fixed rate general obligation bonds range from 0.25 to 5.70 percent. Interest rates on revenue bonds range from 0.19 to 8.00 percent.

Debt Service Requirements to Maturity

General Obligations Bonds

General obligation bonds have been authorized and issued primarily to provide funds for the following purposes:

- Acquisition and construction of state and common school capital facilities.
- Transportation construction and improvement projects.
- Assistance to local governments for public works capital projects.
- Refunding of general obligation bonds outstanding.

Outstanding general obligation bonds are presented in the Washington State Treasurer's Annual Report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, WA 98504-0200, phone number (360) 902-9000 or TTY 711, or by visiting their website at <http://www.tre.wa.gov/about-us/resources/annual-reports>.

State of Washington

Total debt service requirements to maturity for general obligation bonds as of June 30, 2021, are as follows (expressed in thousands):

General Obligation Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2022	\$ 1,062,717	\$ 994,681	\$ —	\$ —	\$ 1,062,717	\$ 994,681
2023	1,065,102	954,284	—	—	1,065,102	954,284
2024	1,082,749	907,887	—	—	1,082,749	907,887
2025	1,086,635	858,670	—	—	1,086,635	858,670
2026	1,101,421	806,857	—	—	1,101,421	806,857
2027-2031	5,457,388	3,233,504	—	—	5,457,388	3,233,504
2032-2036	4,575,325	1,790,720	—	—	4,575,325	1,790,720
2037-2041	3,559,240	812,614	—	—	3,559,240	812,614
2042-2046	1,411,910	154,080	—	—	1,411,910	154,080
Total Debt Service Requirements	\$ 20,402,487	\$ 10,513,297	\$ —	\$ —	\$ 20,402,487	\$ 10,513,297

Revenue Bonds

Revenue bonds are authorized under current state statutes which provide for the issuance of bonds that are not supported, or not intended to be supported, by the full faith and credit of the state.

indirect cost recovery, sales and services revenue, and investment income. General revenue bonds outstanding as of June 30, 2021, include \$906.4 million in governmental activities and \$1.87 billion in business-type activities.

General Revenue

The University of Washington and Washington State University issue general revenue bonds that are payable from general revenues, including student tuition, grant

Pledged Revenue

The remainder of the state's revenue bonds pledge income derived from acquired or constructed assets for retirement of the debt and payment of the related interest.

Total debt service requirements for revenue bonds to maturity as of June 30, 2021, are as follows (expressed in thousands):

Revenue Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2022	\$ 158,852	\$ 80,375	\$ 133,552	\$ 92,915	\$ 292,404	\$ 173,290
2023	159,325	73,943	75,147	95,882	234,472	169,825
2024	157,658	66,213	77,838	92,407	235,496	158,620
2025	145,565	58,422	90,480	88,852	236,045	147,274
2026	92,079	84,775	93,043	85,228	185,122	170,003
2027-2031	287,226	223,047	483,039	367,003	770,265	590,050
2032-2036	311,833	154,745	491,898	268,939	803,731	423,684
2037-2041	252,532	92,141	461,879	159,775	714,411	251,916
2042-2046	182,973	51,162	318,859	68,799	501,832	119,961
2047-2051	140,815	20,482	67,584	16,202	208,399	36,684
Total Debt Service Requirements	\$ 1,888,858	\$ 905,305	\$ 2,293,319	\$ 1,336,002	\$ 4,182,177	\$ 2,241,307

Governmental activities include revenue bonds outstanding at June 30, 2021, of \$92.6 million issued by the Tobacco Settlement Authority (TSA), which is a blended component unit of the state. In November 2002, the TSA issued \$517.9 million in bonds and transferred \$450.0 million to the state to be used for increased health care, long-term care, and other programs.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are obligations of the TSA and are secured solely by the TSA's right to receive 29.2 percent of the state's tobacco settlement revenues, restricted investments of the TSA, undistributed TSA bond proceeds, and the earnings thereon held under the indenture authorizing the bonds. Total principal and interest remaining on the bonds is \$111.2 million, payable through 2033. For the current year, both pledged revenue and debt service were \$37.8 million.

Governmental activities include grant anticipation revenue bonds outstanding at June 30, 2021, of \$360.9 million issued for the Washington State Department of Transportation. The bonds were issued to finance a portion of the cost of constructing the State Route 520 Floating Bridge and Eastside Project.

These bonds do not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. The bonds are payable solely from Federal-Aid Highway Program funds, including federal reimbursements of debt service on the bonds and federal reimbursements to the state for projects or portions of projects not financed with bond proceeds. Total principal and interest remaining on the bonds is \$397.8 million, payable through 2024. For the current year, both pledged revenue and debt service were \$99.7 million.

Governmental activities include the Transportation Infrastructure Finance and Innovation Act Bond (TIFIA Bond) outstanding at June 30, 2021, of \$287.1 million. The bonds were issued to finance a portion of the State Route 520 Corridor Program.

The TIFIA Bond is payable solely from toll revenues and does not constitute either a legal or moral obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of this bond. Total principal and interest remaining on the bond is \$491.6 million, payable through 2051. For the current year, both pledged revenue and debt service were \$12.7 million.

Governmental activities include revenue bonds outstanding at June 30, 2021, of \$30.8 million issued by TOP, which is a blended component unit of the state. The bonds, issued in 2004, are payable solely from the

trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Tumwater, Washington which the state occupied beginning in fiscal year 2006.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$36.9 million, payable through 2029. For the current year, both pledged revenue and debt service were \$4.2 million.

Governmental activities include revenue bonds outstanding at June 30, 2021, of \$210.7 million issued by FYI Properties, a blended component unit of the state. The bonds, issued in 2009, are payable solely from the trust estate pledged under the indenture, including rental payments. The bonds were used to construct an office building in Olympia, Washington which the state occupied beginning in fiscal year 2012.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on the bonds is \$323.9 million, payable through 2039. For the current year, both pledged revenue and debt service were \$18.1 million.

Additionally, governmental activities include revenue bonds outstanding at June 30, 2021, of \$350 thousand issued by the City of Aberdeen. The bonds were used to extend utilities to the state Department of Corrections Stafford Creek Corrections Center. The Department of Corrections entered into an agreement with the City of Aberdeen to pay a system development fee sufficient to pay the debt service on the bonds. The bonds were issued in 1998 and 2002, and refunded by the city in 2010, and are payable solely from current operating appropriations.

The bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds. Total principal and interest remaining on these bonds is \$376 thousand payable through 2022. For the current year, both pledged revenue and debt service were \$190 thousand.

The state's colleges and universities may issue bonds for the purpose of housing, dining, parking, and student facilities construction. These bonds are reported within business-type activities and are secured by a pledge of specific revenues. These bonds are not a general obligation of the state, nor does the state pledge its full faith, credit, or taxing power for payment of these bonds.

The state colleges and universities may also enter into financing agreements, not offered for public sale, directly with investors or lenders.

State of Washington

Total pledged specific revenues for the state's colleges and universities to repay the principal and interest of revenue bonds as of June 30, 2021, are as follows (expressed in thousands):

Source of Revenue Pledged	Housing and Dining Revenues (Net of Operating Expenses)	Student Facilities Fees and Earnings on Invested Fees	Bookstore Revenues
Current revenue pledged	\$ 30,568	\$ 19,293	\$ 148
Current year debt service	15,459	9,863	202
Total future revenues pledged *	458,925	78,235	2,629
Description of debt	Housing and dining bonds issued in 2008-2020	Student facilities bonds issued in 2004-2015	Bookstore bonds issued in 2013
Purpose of debt	Construction and renovation of student housing and dining facilities	Construction and renovation of student activity and sports facilities	Bookstore remodel
Term of commitment	2026-2049	2029-2037	2034
Percentage of debt service to pledged revenues (current year)	50.57 %	51.12 %	136.60 %

* Total future principal and interest payments.

B. CERTIFICATES OF PARTICIPATION

Certificates of participation at June 30, 2021, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

Current state law authorizes the state to enter into long-term financing contracts for the acquisition of real or personal property and for the issuance of certificates of participation in the contracts. These certificates of

participation do not fall under the general obligation debt limitations and are generally payable only from annual appropriations by the Legislature.

Other specific provisions could also affect the state's obligation under certain agreements. The certificates of participation are recorded for financial reporting purposes if the possibility of the state not meeting the terms of the agreements is considered remote.

Total debt service requirements for certificates of participation to maturity as of June 30, 2021, are as follows (expressed in thousands):

Certificates of Participation	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2022	\$ 160,733	\$ 52,402	\$ 7,626	\$ 2,486	\$ 168,359	\$ 54,888
2023	62,352	23,831	19,352	7,397	81,704	31,228
2024	50,245	20,777	15,596	6,449	65,841	27,226
2025	42,156	18,355	13,085	5,697	55,241	24,052
2026	40,207	16,301	12,480	5,060	52,687	21,361
2027-2031	147,839	57,151	45,888	17,739	193,727	74,890
2032-2036	95,949	30,055	29,781	9,329	125,730	39,384
2037-2041	57,407	10,264	17,818	3,186	75,225	13,450
2042-2046	14,934	1,524	4,636	473	19,570	1,997
Total Debt Service Requirements	\$ 671,822	\$ 230,660	\$ 166,262	\$ 57,816	\$ 838,084	\$ 288,476

C. DEBT REFUNDINGS

When advantageous and permitted by statute and bond covenants, the State Finance Committee authorizes the refunding of outstanding bonds and certificates of participation. Colleges and universities may also refund revenue bonds.

When the state refunds outstanding bonds, the net proceeds of each refunding issue are used to purchase U.S. government securities that are placed in irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds.

As a result, the refunded bonds are considered defeased and the liability is removed from the government-wide statement of net position.

Current Year Defeasances

Bonds

Governmental Activities

On November 3, 2020, the state issued \$105.0 million in various purpose general obligation refunding bonds with an average interest rate of 5.00 percent to refund \$113.0 million of various purpose general obligation bonds with an average interest rate of 5.00 percent. The refunding resulted in \$11.0 million gross debt service savings over the next 5 years and an economic gain of \$10.9 million.

On March 3, 2021, the state issued \$396.3 million in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 5.00 percent to refund \$458.9 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 5.01 percent. The refunding resulted in \$102.0 million gross debt service savings over the next 20 years and an economic gain of \$76.5 million.

On May 4, 2021, the state issued \$164.1 million in various purpose general obligation refunding bonds with an average interest rate of 4.36 percent to refund \$188.5 million of various purpose general obligation bonds with an average interest rate of 4.74 percent. The refunding resulted in \$39.5 million gross debt service savings over the next 15 years and an economic gain of \$36.9 million.

Also on May 4, 2021, the state issued \$191.6 million in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 4.22 percent to refund \$229.1 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 4.74 percent. The refunding resulted in \$72.6 million gross debt service

savings over the next 20 years and an economic gain of \$64.6 million.

Business-Type Activities

On September 24, 2020, Western Washington University issued \$21.8 million in housing and dining system revenue refunding bonds with an average interest rate of 2.40 percent to refund \$11.5 million of general revenue bonds to build or improve housing and the student multicultural center with an average interest rate of 4.81 percent. The refunding resulted in \$684 thousand gross debt service expenses over the next year and an economic loss of \$9.0 million.

On October 29, 2020, Washington State University issued \$100.8 million in general revenue refunding bonds with an average interest rate of 5.00 percent to refund \$92.7 million of athletics and housing and dining revenue bonds with an average interest rate of 4.91 percent. The refunding resulted in \$14.7 million gross debt service savings over the next 24 years and an economic gain of \$10.8 million.

On February 9, 2021, the University of Washington issued \$117.8 million in general revenue refunding bonds with an average interest rate of 5.00 percent to refund \$142.7 million of general revenue bonds to fund various capital projects with an average interest rate of 4.82 percent. The refunding resulted in \$33.1 million gross debt service savings over the next 13 years and an economic gain of \$27.6 million.

On March 4, 2021, the University of Washington issued \$77.4 million in general revenue refunding bonds with an average interest rate of 5.00 percent to refund \$7.2 million of general revenue bonds to fund various capital projects with an average interest rate of 4.25 percent. The refunding resulted in \$1.3 million gross debt service savings over the next 11 years and an economic gain of \$1.4 million.

Also on March 4, 2021, the University of Washington issued \$249.3 million in general revenue refunding bonds with an average interest rate of 2.14 percent to refund \$222.3 million of general revenue bonds to fund various capital projects with an average interest rate of 5.00 percent. The refunding resulted in \$47.5 million gross debt service savings over the next 21 years and an economic gain of \$48.4 million.

Certificates of Participation

On October 14, 2020, the state issued \$25.6 million in refunding certificates of participation with an average interest rate of 5.00 percent to refund \$30.3 million of certificates of participation with an average interest rate of 4.51 percent. The refunding resulted in a \$7.5 million gross debt service savings over the next 10 years and a net present value savings of \$4.9 million.

On June 2, 2021, the state issued \$490 thousand in refunding certificates of participation with an average interest rate of 5.00 percent to refund \$770 thousand of certificates of participation with an average interest rate of 5.00 percent. The refunding resulted in a \$37 thousand gross debt service savings over the next 2 years and a net present value savings of \$37 thousand.

Current Year In-Substance Defeasances

Bonds

Governmental Activities

On October 30, 2020, and on May 14, 2021, the state deposited \$10.4 million and \$4.9 million, respectively, of existing resources into an irrevocable escrow account, for the defeasance of debt service coming due on June 1, 2021. The cash defeasances in fiscal year 2021 were completed to ensure the State Route 520 system met the required coverage targets.

Prior Year Defeasances

In prior years, the state defeased certain general obligation bonds, revenue bonds, and certificates of participation by placing the proceeds of new bonds and certificates of participation in an irrevocable trust to provide for all future debt service payments on the prior bonds and certificates of participation.

Accordingly, the trust account assets and the liability for the defeased bonds and certificates of participation are not included in the state's financial statements.

Land, buildings, and equipment under capital leases as of June 30, 2021, include the following (expressed in thousands):

	Governmental Activities	Business-Type Activities
Buildings	\$ —	\$ 4,512
Equipment	6,027	11,419
Less: Accumulated Depreciation	(3,944)	(13,887)
Totals	\$ 2,083	\$ 2,044

General Obligation Bond Debt

On June 30, 2021, \$879.8 million of general obligation bond debt outstanding is considered defeased.

Revenue Bond Debt

On June 30, 2021, \$229.2 million of revenue bond debt outstanding is considered defeased.

D. LEASES

Leases at June 30, 2021, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

The state leases land, office facilities, office and computer equipment, and other assets under a variety of agreements. Although lease terms vary, most leases are subject to appropriation from the Legislature to continue the obligation. If the possibility of receiving no funding from the Legislature is remote, leases are considered noncancelable for financial reporting purposes. Leases that represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial records at the inception of the lease.

Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

State of Washington

The following schedule presents future minimum payments for capital and operating leases as of June 30, 2021, (expressed in thousands):

Capital and Operating Leases	Capital Leases		Operating Leases	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
By Fiscal Year:				
2022	\$ 931	\$ 1,785	\$ 236,061	\$ 51,993
2023	839	1,045	198,749	48,856
2024	461	—	174,437	35,598
2025	31	—	140,288	34,332
2026	—	—	101,253	22,630
2027-2031	—	—	207,552	93,603
2032-2036	—	—	41,673	100,003
2037-2041	—	—	26,585	100,597
2042-2046	—	—	15,230	113,853
2047-2051	—	—	1,102	131,808
Total Future Minimum Payments	2,262	2,830	1,142,930	733,273
Less: Executory Costs and Interest Costs	(30)	(67)	—	—
Net Present Value of Future Minimum Lease Payments	\$ 2,232	\$ 2,763	\$ 1,142,930	\$ 733,273

The total operating lease rental expense for fiscal year 2021 for governmental activities was \$414.6 million, of which \$6 thousand was for contingent rentals. The total operating lease rental expense for fiscal year 2021 for business-type activities was \$68.0 million.

E. CLAIMS AND JUDGMENTS

Claims and judgments are materially related to three activities: workers' compensation, risk management, and health insurance. Workers' compensation and health insurance are business-type activities, and risk management is a governmental activity. A description of the risks to which the state is exposed by these activities and the ways in which the state handles the risks are presented in Note 1.E.

Workers' Compensation

At June 30, 2021, \$43.86 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of \$34.58 billion. These claims are discounted at assumed interest rates of 1.0 percent for non-pension and cost of living adjustments,

5.8 percent for all self-insured pension annuities, and 4.0 percent for state fund pension annuities to arrive at a settlement value.

The claims and claim adjustment liabilities of \$34.58 billion as of June 30, 2021, include \$19.05 billion for supplemental pension cost of living adjustments (COLAs) that by statute are not to be fully funded. These COLA payments are funded on a pay-as-you-go basis, and the workers' compensation actuaries have indicated that future premium payments will be sufficient to pay these claims as they come due.

The remaining claims liabilities of \$15.53 billion are fully funded by long-term investments, net of obligations under securities lending agreements.

Changes in the balances of workers' compensation claims liabilities during fiscal years 2020 and 2021 were as follows (expressed in thousands):

Workers' Compensation Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
2020	\$ 29,166,819	6,092,143	(2,465,821)	\$ 32,793,141
2021	\$ 32,793,141	4,304,760	(2,515,592)	\$ 34,582,309

Risk Management

The Risk Management Fund administers tort and sundry claims filed against Washington state agencies, except the University of Washington. The fund reports a tort liability

when it becomes probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an actuarially determined amount for tort claims that have been incurred but not reported. It

State of Washington

also includes an actuarial estimate of loss adjustment expenses for tort defense.

Because actual liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, it should be recognized that future loss emergence will likely deviate, perhaps materially, from the actuarial estimates. Liabilities are re-evaluated annually to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

The state is a defendant in a significant number of lawsuits pertaining to general and automobile liability matters.

As of June 30, 2021, outstanding and actuarially determined claims against the state and its agencies, with the exception of the University of Washington, including actuarially projected defense costs were \$1.19 billion for which the state has recorded a liability. The state is restricted by law from accumulating funds in the Self Insurance Liability Program in excess of 50 percent of total outstanding and actuarially determined liabilities.

Changes in the balances of risk management claims liabilities during fiscal years 2020 and 2021 were as follows (expressed in thousands):

Risk Management Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Tort Defense Payments	Balances End of Fiscal Year
2020	\$ 649,095	1,249,286	(677,990)	(26,313)	\$ 1,194,078
2021	\$ 1,194,078	129,509	(100,716)	(28,409)	\$ 1,194,462

Health Insurance

The Health Insurance Fund establishes a liability when it becomes probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an actuarially determined amount for claims that have been incurred but not reported. Because actual claims liabilities depend on various complex factors, the process used in computing claims liabilities does not always result in an exact amount.

Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

At June 30, 2021, health insurance claims liabilities totaling \$174.5 million are fully funded with cash and investments, net of obligations under securities lending agreements.

Changes in the balances of health insurance claims liabilities during fiscal years 2020 and 2021 were as follows (expressed in thousands):

Health Insurance Fund	Balances Beginning of Fiscal Year	Incurred Claims and Changes in Estimates	Claim Payments	Balances End of Fiscal Year
2020	\$ 104,846	1,517,345	(1,475,083)	\$ 147,108
2021	\$ 147,108	2,184,118	(2,156,685)	\$ 174,541

F. POLLUTION REMEDIATION

The state reports pollution remediation obligations in accordance with GASB Statement No. 49. The liability reported involves estimates of financial responsibility and amounts recoverable as well as remediation costs.

The liability could change over time as new information becomes available and as a result of changes in remediation costs, technology, and regulations governing remediation efforts. Additionally, the responsibilities and liabilities discussed in this disclosure are intended to refer to obligations solely in the accounting context. This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person under the law, nor does this disclosure impose upon the state any new mandatory duties or obligations.

The state and its agencies are participating as potentially responsible parties in numerous pollution remediation projects under the provisions of the federal Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA, generally referred to as Superfund) and the state Model Toxics Control Act.

There are 36 projects in progress for which the state has recorded a liability of \$98.5 million.

The state has also voluntarily agreed to conduct certain remediation activities to the extent of funding paid to the state by third parties for such purposes. At June 30, 2021, the state has recorded a liability of \$130.0 million for remaining project commitments.

Overall, the state has recorded a pollution remediation liability of \$228.5 million, measured at its estimated amount, using the expected cash flow technique. The overall estimate is based on professional judgment, experience, and historical cost data. For some projects, the state can reasonably estimate the range of expected outlays early in the process because the site situation is common or similar to other sites with which the state has experience. In other cases, the estimates are limited to an amount specified in a settlement agreement, consent decree, or contract for remediation services.

The pollution remediation activity at some sites for which the state would otherwise have a reportable obligation is at a point where certain costs are not reasonably estimable. For example, a site assessment, remedial investigation, or feasibility study is in progress and the cleanup methodology has not yet been determined; consequently, associated future costs cannot be estimated.

The state's reported liability does not include remediation costs for future activities where costs are not yet reasonably estimable.

G. ASSET RETIREMENT OBLIGATIONS

The state reports asset retirement obligations in accordance with GASB Statement No. 83. The liability reported is based on the best estimate, using all available evidence, of the current value of outlays expected to be incurred.

The state and its agencies have identified several legally enforceable liabilities associated with the retirement of a tangible capital asset due to requirements included in state laws and contracts. The types of assets include nuclear radiation plants, communication towers, and medical equipment such as cyclotrons, magnetic resonance imaging machines, and tandem accelerators. The estimated remaining useful lives of the tangible capital assets range from 1-15 years.

The state has recorded an asset retirement obligation of \$29.1 million, measured at its current value. The overall estimate is based on professional judgment, experience, and historical cost data.

The liability could change over time as new information becomes available as a result of changes in technology, legal or regulatory requirements, and types of equipment, facilities, or services that will be used to meet the obligation to retire the tangible capital asset. Additionally, the responsibilities and liabilities discussed in this disclosure are referenced solely in the accounting context for purposes of this disclosure.

This disclosure does not constitute an admission of any legal responsibility or liability. Further, it does not establish or affect the rights or obligations of any person under the law, nor does this disclosure impose upon the state any new mandatory duties or obligations.

Some tangible capital assets have been identified as having a legally enforceable liability associated with the retirement of a tangible capital asset, but the liability is not yet reasonably estimable. Some examples include dams, sewer lagoons, waste ponds, and state owned communication towers. Estimates are not currently available as the state has no past experience decommissioning these types of assets, or the assets are maintained indefinitely so an estimated remaining useful life is unknown. Once the liability is reasonably estimable, the state will record a liability for the obligation.

State of Washington

H. LONG-TERM LIABILITY ACTIVITY

Long-term liability activity at June 30, 2021, is reported by the state of Washington within governmental activities and business-type activities, as applicable. Long-term liability activity for governmental activities for fiscal year 2021 is as follows (expressed in thousands):

Governmental Activities:	Beginning Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Amounts Due Within One Year
Long-Term Debt:					
GO Bonds Payable:					
General obligation (GO) bonds	\$ 19,535,350	\$ 2,595,200	\$ 1,947,845	\$ 20,182,705	\$ 1,034,235
GO - zero coupon bonds (principal)	258,307	—	38,525	219,782	28,482
Subtotal - GO bonds payable	19,793,657	2,595,200	1,986,370	20,402,487	1,062,717
Accreted interest - GO - zero coupon bonds	359,293	—	31,714	327,579	43,643
Revenue bonds payable	2,032,942	73,752	217,836	1,888,858	158,852
Plus: Unamortized premiums on bonds sold	2,131,890	698,989	193,862	2,637,017	—
Total Bonds Payable	24,317,782	3,367,941	2,429,782	25,255,941	1,265,212
Other Liabilities:					
Certificates of participation	691,760	103,761	123,699	671,822	160,733
Plus: Unamortized premiums on COPs sold	17,922	7,628	4,781	20,769	—
Claims and judgments payable	1,539,764	123,226	64,631	1,598,359	354,553
Installment contracts	1,180	—	137	1,043	137
Leases	8,445	755	6,968	2,232	911
Compensated absences	787,926	504,472	450,634	841,764	142,178
Net pension liability	2,980,950	1,819,702	2,611,389	2,189,263	—
Total OPEB liability	5,065,182	2,014,704	1,856,505	5,223,381	91,876
Pollution remediation obligations	175,852	59,322	6,704	228,470	—
Unclaimed property refunds	252,410	422	5,171	247,661	7,067
Asset retirement obligations	27,939	1,193	—	29,132	—
Other	373,924	117,281	101,978	389,227	40,285
Total Other Liabilities	11,923,254	4,752,466	5,232,597	11,443,123	797,740
Total Long-Term Debt	\$ 36,241,036	\$ 8,120,407	\$ 7,662,379	\$ 36,699,064	\$ 2,062,952

For governmental activities, certificates of participation are being repaid approximately 23.54 percent from the General Fund, 54.08 percent from the Higher Education Special Revenue Fund, and the balance from various governmental funds. The compensated absences liability will be liquidated approximately 46.04 percent by the General Fund, 32.32 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The claims and judgments liability will be liquidated approximately 74.73 percent by the Risk Management Fund, 11.29 percent by the Higher Education Revolving Fund (both are nonmajor internal service funds), and the balance by various other governmental funds. The other post employment benefits liability will be liquidated approximately 43.94 percent by the General Fund, 27.28 percent by the Higher Education

Special Revenue Fund, and the balance by various other governmental funds. The net pension liability will be liquidated approximately 50.25 percent by the General Fund, 33.41 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The pollution remediation liability will be liquidated approximately 69.03 percent by the Wildlife and Natural Resources Fund (a nonmajor governmental fund), and the balance by various other governmental funds. The unclaimed property refunds will be liquidated against future unclaimed property deposited to the General Fund. Leases, installment contract obligations, and other liabilities will be repaid from various other governmental funds.

State of Washington

Long-term liability activity for business-type activities for fiscal year 2021 is as follows (expressed in thousands):

Business-Type Activities	Beginning Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Amounts Due Within One Year
Long-Term Debt:					
Revenue bonds payable	\$ 2,235,186	\$ 603,217	\$ 545,084	\$ 2,293,319	\$ 133,552
Plus: Unamortized premiums on bonds sold	179,778	49,846	47,498	182,126	—
Total Bonds Payable	2,414,964	653,063	592,582	2,475,445	133,552
Other Liabilities:					
Certificates of participation	145,413	28,910	8,061	166,262	7,626
Plus: Unamortized premiums on COPs sold	19,934	7,991	1,284	26,641	—
Claims and judgments payable	32,987,192	4,151,948	2,356,577	34,782,563	2,579,109
Installment contracts	76,171	—	73,306	2,865	697
Lottery prize annuities payable	125,814	9,708	16,636	118,886	15,368
Tuition benefits payable	1,185,000	82,599	16,599	1,251,000	97,000
Leases	4,612	—	1,849	2,763	1,730
Compensated absences	123,034	50,852	48,047	125,839	85,114
Net pension liability	357,912	320,964	358,504	320,372	—
Total OPEB liability	734,560	376,035	282,885	827,710	14,559
Other	114,169	584	31,271	83,482	3,738
Total Other Liabilities	35,873,811	5,029,591	3,195,019	37,708,383	2,804,941
Total Long-Term Debt	\$ 38,288,775	\$ 5,682,654	\$ 3,787,601	\$ 40,183,828	\$ 2,938,493

Note 8 No Commitment Debt

The Washington State Housing Finance Commission, Washington Higher Education Facilities Authority, Washington Health Care Facilities Authority, and Washington Economic Development Finance Authority (financing authorities) were created by the Legislature. For financial reporting purposes, they are discretely presented as component units. These financing authorities issue bonds and other debt for the purpose of

making loans to qualified borrowers for capital acquisitions, construction, and related improvements.

The debt does not constitute either a legal or moral obligation of the state or these financing authorities, nor does the state or these financing authorities pledge their full faith and credit for the payment of such debt.

Debt service is payable solely from payments made by the borrowers pursuant to loan agreements. Due to their no commitment nature, the debt issued by these financing authorities is excluded from the state's financial statements.

The schedule below presents the June 30, 2021, balances for the "No Commitment" debt of the state's financing authorities (expressed in thousands):

Financing Authorities	Principal Balance
Washington State Housing Finance Commission	\$ 6,907,398
Washington Health Care Facilities Authority	5,295,552
Washington Higher Education Facilities Authority	735,422
Washington Economic Development Finance Authority	740,250
Total No Commitment Debt	\$ 13,678,622

Note 9

Governmental Fund Balances

A. GOVERNMENTAL FUNDS

The state's governmental fund balances are reported according to the relative constraints that control how amounts can be spent. Classifications include nonspendable, restricted, committed, and assigned, which are further described in Note 1.D.9.

A summary of governmental fund balances at June 30, 2021, is as follows (expressed in thousands):

Fund Balances	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
Nonspendable:					
Permanent funds	\$ —	\$ —	\$ 3,099,426	\$ 245,275	\$ 3,344,701
Consumable inventories and prepaids	21,031	39,823	—	52,800	113,654
Other receivables – long-term	38,029	—	—	—	38,029
Total Nonspendable Fund Balance	\$ 59,060	\$ 39,823	\$ 3,099,426	\$ 298,075	\$ 3,496,384
Restricted for: *					
Higher education	\$ —	\$ 49,644	\$ 2,683,547	\$ 39,549	\$ 2,772,740
Education	—	—	6,795	83,382	90,177
Transportation	—	—	—	1,114,976	1,114,976
Other purposes	—	—	—	4,326	4,326
Human services	2,873,349	—	—	673,001	3,546,350
Wildlife and natural resources	5,366	—	1	1,228,790	1,234,157
Local grants and loans	10,232	—	—	54	10,286
School construction	94	—	—	18,776	18,870
Budget stabilization	19,191	—	—	—	19,191
Debt service	—	—	—	52,400	52,400
Pollution remediation	—	—	—	60,004	60,004
Operations and maintenance	—	—	—	11,856	11,856
Repair and replacement	—	—	—	20,384	20,384
Revenue stabilization	—	—	—	17,805	17,805
Deferred sales tax	—	—	—	9,000	9,000
Third tier debt service	—	—	—	3,182	3,182
Fourth tier debt service	—	—	—	1,917	1,917
Total Restricted Fund Balance	\$ 2,908,232	\$ 49,644	\$ 2,690,343	\$ 3,339,402	\$ 8,987,621
Committed for:					
Higher education	\$ 157,217	\$ 4,028,098	\$ —	\$ 29,872	\$ 4,215,187
Education	217	—	—	5,819	6,036
Transportation	—	—	—	513,082	513,082
Other purposes	51,919	—	—	474,823	526,742
Human services	946,436	—	—	1,052,745	1,999,181
Wildlife and natural resources	38,103	—	—	684,196	722,299
Local grants and loans	27,217	—	—	745,695	772,912
State facilities	—	—	—	16,566	16,566
Debt service	—	—	—	242,820	242,820
Total Committed Fund Balance	\$ 1,221,109	\$ 4,028,098	\$ —	\$ 3,765,618	\$ 9,014,825
Assigned for:					
Working capital	\$ 1,915,952	\$ 109,939	\$ —	\$ —	\$ 2,025,891
Total Assigned Fund Balance	\$ 1,915,952	\$ 109,939	\$ —	\$ —	\$ 2,025,891

*Net position restricted as a result of enabling legislation totaled \$9.8 million.

B. BUDGET STABILIZATION ACCOUNT

In accordance with Article 7, Section 12 of the Washington state Constitution, the state maintains the Budget Stabilization Account (“Rainy Day Fund”). The Budget Stabilization Account is reported in the General Fund.

By June 30 of each fiscal year, an amount equal to 1 percent of the general state revenues for that fiscal year is transferred to the Budget Stabilization Account.

The Budget Stabilization Account balance can only be used as follows: (a) if the Governor declares a state of emergency resulting from a catastrophic event that necessitates government action to protect life or public safety, then for that fiscal year money may be withdrawn and appropriated from the Budget Stabilization Account, via separate legislation setting forth the nature of the emergency and containing an appropriation limited to the above-authorized purposes as contained in the declaration, by a favorable vote of a majority of the members elected to each house of the Legislature; (b) if the employment growth forecast for

any fiscal year is estimated to be less than 1 percent, then for that fiscal year money may be withdrawn and appropriated from the Budget Stabilization Account by the favorable vote of a majority of the members elected to each house of the Legislature; (c) any amount may be withdrawn and appropriated from the Budget Stabilization Account at any time by the favorable vote of at least three-fifths of the members of each house of the Legislature.

When the balance in the Budget Stabilization Account, including investment earnings, equals more than 10 percent of the estimated general state revenues in that fiscal year, the Legislature by the favorable vote of a majority of the members elected to each house of the Legislature may withdraw and appropriate the balance to the extent that the balance exceeds 10 percent of the estimated general state revenues. These appropriations may be made solely for deposit to the Education Construction Fund.

At June 30, 2021, the Budget Stabilization Account had restricted fund balance of \$19.2 million.

Note 10
Deficit Net Position

Data Processing Revolving Fund

The Data Processing Revolving Fund, an internal service fund, had a deficit net position of \$38.0 million at June 30, 2021. The Data Processing Revolving Fund is primarily used to account for and report activities such as data processing and communication services to other state agencies.

The Data Processing Revolving Fund is supported by user charges. Due to budgetary considerations, user rates

are designed to cover cash outflows including debt service as opposed to the full cost of services which includes depreciation. Since the Data Processing Revolving Fund reports a debt-financed building, this funding approach has an impact on net position. Debt service allocates principal retirement on a straight-line basis. Depreciation on the fund’s building is componentized, which accelerates expense in the early years of the building’s life. As a result, the fund reports both an operating loss and a negative net investment in capital assets.

The following schedule details the change in net position for the Data Processing Revolving Fund during the fiscal year ended June 30, 2021 (expressed in thousands):

Data Processing Revolving Fund	Net Position
Balance, July 1, 2020	\$ (55,155)
Fiscal year 2021 activity	17,170
Balance, June 30, 2021	\$ (37,985)

Risk Management Fund

The Risk Management Fund, an internal service fund, had a deficit net position of \$1.42 billion at June 30, 2021. The Risk Management Fund is used to administer the Self-Insurance Liability Program (SILP). The SILP was initiated in 1990 and is intended to provide funds for the payment of all tort claims and defense expenses. The

program investigates, processes, and adjudicates tort and sundry claims filed against Washington state agencies, with the exception of the University of Washington and the Department of Transportation Ferries Division.

The Risk Management Fund is supported by premium assessments to state agencies. The state is restricted by

State of Washington

law from accumulating funds in the SILP in excess of 50 percent of total outstanding and actuarially determined claims. As a consequence, when outstanding and incurred but not reported claims are actuarially determined and accrued, the result is a deficit net position.

The following schedule details the change in net position for the Risk Management Fund during the fiscal year ended June 30, 2021 (expressed in thousands):

Risk Management Fund	Net Position
Balance, July 1, 2020	\$ (1,383,291)
Fiscal year 2021 activity	(40,319)
Balance, June 30, 2021	<u>\$ (1,423,610)</u>

Lottery Fund

The Lottery Fund, an enterprise fund, had a deficit net position of \$9.8 million at June 30, 2021. The Lottery Fund is primarily used to record lottery ticket revenues and to account for activities such as administrative and operating expenses of the Lottery Commission and the distribution of revenues.

The Lottery Fund is statutorily required to distribute the majority of its net income to fund education.

The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* required the assignment of the state's proportionate share of these liabilities to each fund. Recording these unfunded liabilities resulted in deficit net position.

The Lottery Fund is supported by operating revenue which is comprised of sales from Draw and Scratch games, as well as administration fees charged to retailers. Operating expenses include cost of sales and administrative expenses.

The following schedule details the change in net position for the Lottery Fund during the fiscal year ended June 30, 2021 (expressed in thousands):

Lottery Fund	Net Position
Balance, July 1, 2020	\$ (217)
Fiscal year 2021 activity	(9,537)
Balance, June 30, 2021	<u>\$ (9,754)</u>

State Facilities Fund

The State Facility Fund, a capital projects fund, had a deficit fund balance of \$110.1 million at June 30, 2021. The State Facilities Fund is used to pay for various capital projects throughout the state.

Costs were incurred during fiscal year 2021, but the bonds to support these projects were not issued until after June 30, 2021, resulting in a deficit fund balance.

The following schedule details the change in net position for the State Facilities Fund during the fiscal year ended June 30, 2021 (expressed in thousands):

The State Facilities Fund is primarily supported by bond proceeds, income from property, and sales of property.

State Facilities Fund	Fund Balance
Balance, July 1, 2020	\$ 79,195
Fiscal year 2021 activity	(189,341)
Balance, June 30, 2021	<u>\$ (110,146)</u>

Other Activities Fund

The Other Activities Fund, an enterprise fund, had a deficit net position of \$11.6 million at June 30, 2021. The Other Activities Fund is used to account for 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.

The Other Activities Fund is supported by various operating revenues which are comprised of charges for services and premiums and assessments. Operating expenses include cost of goods and services and administrative expenses.

The implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* required the assignment of the state's proportionate share of these liabilities to each fund. Recording these unfunded liabilities resulted in deficit net position.

The following schedule details the change in net position for the Other Activities Fund during the fiscal year ended June 30, 2021 (expressed in thousands):

Other Activities Fund	Net Position
Balance, July 1, 2020	\$ (7,301)
Fiscal year 2021 activity	(4,252)
Balance, June 30, 2021	\$ (11,553)

Note 11 Retirement Plans

A. GENERAL

Washington's pension plans were created by statutes rather than through trust documents. They are administered in a way equivalent to pension trust arrangements as defined by the Governmental Accounting Standards Board (GASB).

In accordance with GASB Statement No. 68, the state has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities.

The state Legislature establishes and amends laws pertaining to the creation and administration of all state public retirement systems. Additionally, the state Legislature authorizes state agency participation in plans other than those administered by the state.

Basis of Accounting. Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred

inflows of resources related to pensions, pension expense, information about the fiduciary net position of all plans, and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the plans.

The following table represents the aggregate pension amounts for all plans for the state as an employer, for fiscal year 2021 (expressed in thousands):

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 2,509,635
Pension assets	\$ (2,467,388)
Deferred outflows of resources on pensions	\$ 1,695,946
Deferred inflows of resources on pensions	\$ 1,581,936
Pension expense/expenditures	\$ 61,212

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation

Policy and a series of written WSIB-adopted investment policies for the various asset classes.

Further information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in Note 3.B.

Department of Retirement Systems. As established in chapter 41.50 of the Revised Code of Washington (RCW), the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems are comprised of 12 defined benefit pension plans and 3 defined benefit/defined contribution plans as follows:

- Public Employees' Retirement System (PERS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- Teachers' Retirement System (TRS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- School Employees' Retirement System (SERS)
 - Plan 2 - defined benefit
 - Plan 3 - defined benefit/defined contribution
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
- Public Safety Employees' Retirement System (PSERS)
 - Plan 2 - defined benefit
- Washington State Patrol Retirement System (WSPRS)
 - Plan 1 - defined benefit
 - Plan 2 - defined benefit
- Judicial Retirement System (JRS)
 - Defined benefit plan
- Judges' Retirement Fund (JRF)
 - Defined benefit plan

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS, TRS, SERS, LEOFF, PSERS, and WSPRS systems and plans is funded by an employer rate of 0.18 percent of employee salaries.

Administration of the JRS and JRF plans is funded by means of legislative appropriations.

Pursuant to RCW 41.50.770, the state offers its employees and employees of political subdivisions that elect to participate a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report that is compliant with the requirements of GASB Statement No. 67. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, WA 98504-8380 or online at <http://www.drs.wa.gov/news/>.

State Board for Volunteer Fire Fighters and Reserve Officers. As established in chapter 41.24 RCW, the State Board for Volunteer Fire Fighters and Reserve Officers administers the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund (VFFRPF), a defined benefit plan. Administration of the VFFRPF is funded through legislative appropriation.

Administrative Office of the Courts. As established in chapter 2.14 RCW, the Administrative Office of the Courts administers the Judicial Retirement Account (JRA), a defined contribution plan. Administration of JRA is funded through member fees.

Higher Education. As established in chapter 28B.10 RCW, eligible higher education state employees may participate in higher education retirement plans. These plans include a defined contribution plan administered by a third party with a supplemental defined benefit component (funded on a pay-as-you-go basis) which is administered by the state.

The state has elected to use the current fiscal year end as the measurement date for reporting net pension liabilities for the Higher Education Supplemental Retirement Plan.

B. STATE PARTICIPATION IN PLANS ADMINISTERED BY DRS

1. DRS Plans - Employer Disclosures

The state is not an employer in SERS Plan 2/3 nor LEOFF Plan 1.

Plan Descriptions

Public Employees' Retirement System. The Legislature established the Public Employees' Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme Court, Court of Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college, and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees, have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

Refer to Note 11.E for a description of the defined contribution component of PERS Plan 3.

Teachers' Retirement System. The Legislature established the Teachers' Retirement System (TRS) in 1938. TRS retirement benefit provisions are established in chapters 41.32 and 41.34 RCW and may be amended

only by the Legislature. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative, or supervisory capacity. TRS is comprised principally of non-state agency employees.

TRS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

TRS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by June 30, 1996, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS members joining the system on or after July 1, 1996, are members of TRS Plan 3.

Legislation passed in 2007 gives TRS members hired on or after July 1, 2007, 90 days to make an irrevocable choice to become a member of TRS Plan 2 or Plan 3. At the end of 90 days, any member who has not made a choice becomes a member of Plan 3.

Refer to Note 11.E for a description of the defined contribution component of TRS Plan 3.

Law Enforcement Officers' and Fire Fighters'. The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) was established in 1970 by the Legislature. LEOFF retirement benefit provisions are established in chapter 41.26 RCW and may be amended only by the Legislature. Membership includes all full-time, fully compensated, local law enforcement commissioned officers, fire fighters, and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers who were first included effective July 27, 2003, being an exception.

LEOFF is a cost-sharing, multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, are Plan 2 members.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature.

Public Safety Employees' Retirement System. The Public Safety Employees' Retirement System (PSERS) was created by the 2004 Legislature and became effective July 1, 2006. PSERS retirement benefit provisions are established in chapter 41.37 RCW and may be amended only by the Legislature. PSERS membership includes full-time employees meeting specific eligibility criteria that are employed by Department of Corrections; Department of Natural Resources; Gambling Commission; Liquor and Cannabis Board; Parks and Recreation Commission; Washington State Patrol; Washington state counties; corrections departments of Washington state cities except for Seattle, Tacoma, and Spokane; or correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS is a cost-sharing, multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2.

Washington State Patrol Retirement System. The Washington State Patrol Retirement System (WSPRS) was established by the Legislature in 1947. WSPRS benefits are established in chapter 43.43 RCW and may be amended only by the Legislature. Any commissioned employee of the Washington State Patrol is eligible to participate.

WSPRS is a single-employer, defined benefit retirement system. WSPRS members who joined the system by December 31, 2002, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after January 1, 2003, are Plan 2 members. For financial reporting and investment purposes, however, both plans are accounted for in the same pension fund.

Effective June 7, 2012, those WSPRS members who have service credit within PERS Plan 2 have options to transfer their service credit earned as commercial vehicle enforcement officers or as communications officers into the WSPRS, provided the member pays the full actuarial cost of the transfer.

At retirement, these members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits.

For membership information refer to the table presented in Note 11.B.3.

Judicial Retirement System. The Judicial Retirement System (JRS) was established by the Legislature in 1971.

The JRS retirement benefit provisions are established in chapter 2.10 RCW and may be amended only by the Legislature. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971.

The JRS is a single-employer, defined benefit retirement system. There are no active members remaining in the Judicial Retirement System.

For membership information refer to the table presented in Note 11.B.3.

Judges' Retirement Fund. The Judges' Retirement Fund (JRF) was created by the Legislature on March 22, 1937, to provide retirement benefits to judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts of the state of Washington. Judges' retirement benefit provisions are established in chapter 2.12 RCW and may be amended only by the Legislature.

The JRF is a single-employer, defined benefit retirement system. There are currently no active members in this plan.

For membership information refer to the table presented in Note 11.B.3.

Benefits Provided

PERS. PERS plans provide retirement, disability, and death benefits to eligible members.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. The AFC is the average of the member's 24 highest consecutive service months.

PERS Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. Plan 1 members may elect to receive an optional cost of living allowance (COLA) that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. There is no cap on years of service

credit and a COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 2 members have the option to retire early with reduced benefits.

PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. There is no cap on years of service credit. Plan 3 provides the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. PERS Plan 3 members have the option to retire early with reduced benefits.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

TRS. TRS plans provide retirement, disability, and death benefits to eligible members.

TRS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2 percent of the average final compensation (AFC) for each year of service credit, up to a maximum of 60 percent. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two.

TRS Plan 1 members may elect to receive an optional cost of living allowance (COLA) amount based on the Consumer Price Index, capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 2 members are vested after completing five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 2 members have the option to retire early with reduced benefits.

TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service, if 12 months of that service are earned after age 44. The defined benefit portion of TRS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. Plan 3 provides

the same COLA as Plan 2. The AFC is the average of the member's 60 highest paid consecutive months. TRS Plan 3 members have the option to retire early with reduced benefits.

TRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

PERS and TRS Judicial Benefit Multiplier: The Judicial Benefit Multiplier (JBM) Program gave eligible justices and judges an option to increase the benefit multiplier used in their retirement benefit calculation for their judicial service periods of employment. Beginning January 1, 2007, any justice or judge who was in a judicial position at that time could choose to join JBM. Any justice or judge elected or appointed to office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS Plan 1 or TRS Plan 1 they will rejoin that plan, but if they have never had membership they will be enrolled as a member of both PERS Plan 2 and JBM.

LEOFF. LEOFF plans provide retirement, disability, and death benefits to eligible members.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Years of Service	Percent of FAS
20+	2.0%
10-19	1.5%
5-9	1.0%

Other benefits include a cost of living adjustment (COLA).

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for retirement at the age of 53 with at least five years of service, or at age 50-52 with 20 years of service. Plan 2 members receive a benefit of 2 percent of the FAS per year of service. FAS is based on the highest consecutive 60 months.

A COLA is granted based on the Consumer Price Index, capped at 3 percent annually. LEOFF Plan 2 members have the option to retire early with reduced benefits.

LEOFF members meeting specific eligibility requirements have options available to enhance their

retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

PSERS. PSERS provides retirement, disability, and death benefits to eligible members.

PSERS members are vested after an employee completes five years of eligible service. PSERS members may retire with a monthly benefit of 2 percent of the average final compensation (AFC) at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service, or at age 53 with 20 years of service. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually. The AFC is the average of the member's 60 highest paid consecutive months. PSERS members have the option to retire early with reduced benefits.

PSERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

WSPRS. WSPRS plans provide retirement, disability, and death benefits to eligible members.

WSPRS members are vested after the completion of five years of eligible service. Active members are eligible for retirement at the age of 55 with no minimum required service credit, or at any age with 25 years of service credit, and must retire at age 65. This mandatory requirement does not apply to the Chief of the Washington State Patrol. Inactive members can retire at age 60 or at age 55 with a reduced benefit to account for the receipt of benefits over a longer period of time.

The monthly benefit is 2 percent of the average final salary (AFS) per year of service, capped at 75 percent. A cost of living allowance is granted based on the Consumer Price Index, capped at 3 percent annually.

WSPRS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, generally with reduced benefits.

JRS. The JRS provides retirement, disability, and death benefits to eligible members.

JRS members are eligible for retirement at the age of 60 with 15 years of service; or are age 60 or older, left office involuntarily with 12 years of service credit, and at least 15 years have passed since the beginning of the initial term. The system was closed to new entrants on July 1, 1988, with new judges joining PERS.

The benefit per year of service calculated as a percent of final average salary (FAS) is shown in the table below. This benefit is capped at 75 percent of FAS, exclusive of cost-of-living increases.

Years of Service	Percent of FAS
15+	3.50%
10-14	3.00%

JRF. The JRF provides disability and retirement benefits to eligible members. The system was closed to new entrants on August 8, 1971, with new judges joining the JRS.

Members are eligible to receive a full retirement allowance at age 70 with 10 years of credited service, or at any age with 18 years of credited service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge.

Contributions

PERS, TRS, PSERS, WSPRS: Defined benefit retirement benefits are financed from a combination of investment earnings and employer and/or employee contributions.

PERS Plan 1 and TRS Plan 1 member contribution rates are established in statute. PERS Plan 2/3 and TRS Plans 2/3 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2 and the defined benefit portion of Plan 3. PSERS Plans 2 and WSPRS Plan 1/2 employer and employee contribution rates are also developed by the OSA to fully fund the plans.

Each biennium, the state Pension Funding Council adopts employer contribution rates for PERS Plan 1 and 3 and for TRS Plan 1 and 3; employee and employer contribution rates for PERS Plan 2, TRS Plan 2, and PSERS Plan 2; employee and state contribution rates for WSPRS Plans 1 and 2.

The methods used to determine contribution requirements are established under statute and are subject to change by the Legislature.

PERS and TRS JBM members and employers pay increased contributions that, along with investment earnings, fund the increased retirement benefits of those justices and judges who participate in the program.

Upon separation from covered employment, members can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit.

Required contribution rates for fiscal year 2021 are presented in the table in Note 11.B.3.

LEOFF: LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through legislative appropriations.

Employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund the plans. Starting on July 1, 2000, LEOFF Plan 1 employers and employees are not required to contribute as long as the plan remains fully funded. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The methods used to determine contribution requirements are established under state statute.

Members in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from LEOFF-covered employment.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. For fiscal year 2021, the state contributed \$78.2 million to LEOFF Plan 2.

Required contribution rates for fiscal year 2021 are presented in the table in Note 11.B.3.

The state is not an employer for LEOFF Plan 1; however, the state is a nonemployer contributing entity for LEOFF Plan 1. For LEOFF Plan 2, the state is both an employer and a nonemployer contributing entity.

Refer to Note 11.B.2 for nonemployer contributing entity disclosures.

JRS and JRF: The JRF and JRS have no active members; therefore, no employer or employee contributions are required. The state guarantees the solvency of the JRF and JRS on a pay-as-you-go basis from a combination of investment earnings and funding from the state.

Past contributions were made based on rates set in statute. By statute, JRF employees were required to contribute 6.5 percent of covered payroll with an equal amount contributed by the state. JRS employees were required to contribute 7.5 percent of covered payroll with an equal amount contributed by the state.

Each biennium, the Legislature, through appropriations from the state General Fund, contributes amounts

sufficient to meet the benefit payment requirements. For fiscal year 2021 the state contributed \$400 thousand for JRF and \$7.6 million for JRS.

Actuarial Assumptions

PERS, TRS, LEOFF, PSERS, and WSPRS: The total pension liability was determined by an actuarial valuation as of June 30, 2019, with the results rolled forward to the June 30, 2020, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	3.50 %
Investment rate of return	7.40 %

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report.

The 7.40 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the WSIB. Refer to the 2019 Report on Financial Condition and Economic Experience Study located on the OSA website for additional information and background on the development of the long-term rate of return assumption.

WSIB's Capital Market Assumptions (CMAs) contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20 %	2.2 %
Tangible assets	7 %	5.1 %
Real estate	18 %	5.8 %
Global equity	32 %	6.3 %
Private equity	23 %	9.3 %
Total	100 %	

The inflation component used to create the above table is 2.20 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation.

For purposes of OSA's 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the OSA introduced temporary method changes to produce asset and liability measures as of the valuation date. A high-level summary of those changes is outlined in the following paragraph. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 Annual Comprehensive Financial Report results.

To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, the OSA relied on the same data, assets, methods, and assumptions as the 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. June 30, 2020, assets were estimated by relying on the fiscal year-end 2019 assets, reflecting actual investment performance over fiscal year 2020, and reflecting assumed contribution amounts and benefit payments during fiscal year 2020. The actual June 30, 2020, participant and financial data was reviewed to determine if any material changes to projection assumptions were necessary. Any material impacts to the plans from 2021 legislation were also considered.

JRS and JRF: JRS and JRF are excluded from the actuarial valuations performed by OSA due to their small, closed populations and the plans have no remaining active members.

Mortality rates for JRS and JRF are consistent with those used for members of PERS. Members of JRS are assumed to receive a 2.75 percent annual COLA.

Discount rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The discount rate used to measure the total pension liability was 7.40 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

Based on the assumptions in OSA's Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40 percent on pension plan investments was applied to determine the total pension liability.

PERS Plan 2/3, PSERS Plan 2, and SERS Plan 2/3 employers' rates include a component for the PERS Plan 1 liability. TRS Plan 2/3 rates include a component for TRS Plan 1 liability.

JRS and JRF: Contributions are made to ensure cash is available to make benefit payments. Since these plans are operated on a pay-as-you-go basis, the discount rate used to measure the total pension liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 2.21 percent for the June 30, 2020, measurement date.

Refer to the table in Note 11.B.3 for the change in net pension liability.

Pension Expense

The state recognized the following pension expense for the year ended June 30, 2021 (expressed in thousands):

Pension Expense	
Plans	
PERS Plan 1	\$ 82,480
PERS Plan 2/3	71,040
TRS Plan 1	5,681
TRS Plan 2/3	6,277
LEOFF Plan 2	(390)
PSERS Plan 2	19,651
WSPRS	21,766
JRS	5,726
JRF	(243)

Collective Net Pension Liability/(Asset)

PERS, TRS, LEOFF and PSERS: The following presents the state's proportionate share of the collective net pension liability/(asset), the state's proportionate share percentage, and the change in proportionate share as of June 30, 2021 (expressed in thousands):

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3	LEOFF Plan 2	PSERS Plan 2
Proportionate share of the collective net pension liability/(asset)	\$ 1,485,148	\$ 646,953	\$ 28,507	\$ 17,767	\$ (17,948)	\$ (8,567)
State's proportion	42.07%	50.58%	1.18%	1.16%	0.88%	62.26%
Increase/(decrease)	0.27%	0.08%	0.09%	0.10%	(0.02)%	7.65%

Net Pension Liability/(Asset)

WSPRS, JRS, and JRF: The following presents the state's net pension liability as of June 30, 2021 (expressed in thousands):

	WSPRS	JRS	JRF
Proportionate share of the collective net pension liability/(asset)	\$ 58,908	\$ 68,625	\$ 812

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 7.40 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate (expressed in thousands):

Net Pension Liability (Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
PERS Plan 1	\$ 1,860,233	\$ 1,485,148	\$ 1,158,036
PERS Plan 2/3	4,025,514	646,953	(2,135,294)
TRS Plan 1	36,118	28,507	21,865
TRS Plan 2/3	52,362	17,767	(10,453)
LEOFF Plan 2	(355)	(17,948)	(32,353)
PSERS Plan 2	93,262	(8,567)	(89,159)
WSPRS	260,955	58,908	(105,534)

JRS and JRF: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 2.21 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate (expressed in thousands):

Net Pension Liability (Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
JRS	\$ 75,272	\$ 68,625	\$ 62,864
JRF	879	812	749

State of Washington

Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

PERS, TRS, LEOFF, PSERS, WSPRS, JRS, and JRF: For the year ended June 30, 2021, the state reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

PERS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	8,268
Change in proportion	—	—
State contributions subsequent to the measurement date	324,909	—
Total	\$ 324,909	\$ 8,268

PERS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 231,600	\$ 81,079
Changes of assumptions	9,214	441,925
Net difference between projected and actual earnings on pension plan investments	—	32,856
Change in proportion	18,465	—
State contributions subsequent to the measurement date	486,584	—
Total	\$ 745,863	\$ 555,860

TRS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	184
Change in proportion	—	—
State contributions subsequent to the measurement date	7,196	—
Total	\$ 7,196	\$ 184

TRS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,229	\$ 64
Changes of assumptions	2,292	1,947
Net difference between projected and actual earnings on pension plan investments	—	174
Change in proportion	2,021	—
State contributions subsequent to the measurement date	7,749	—
Total	\$ 23,291	\$ 2,185

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,483	\$ 318
Changes of assumptions	26	2,779
Net difference between projected and actual earnings on pension plan investments	—	200
Change in proportion	231	78
State contributions subsequent to the measurement date	1,762	—
Total	\$ 4,502	\$ 3,375

PSERS Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,770	\$ 641
Changes of assumptions	44	16,194
Net difference between projected and actual earnings on pension plan investments	458	—
Change in proportion	1,455	3
State contributions subsequent to the measurement date	32,571	—
Total	\$ 46,298	\$ 16,838

WSPRS Plan 1/2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 24,853	\$ —
Changes of assumptions	5,609	11,313
Net difference between projected and actual earnings on pension plan investments	—	3,111
Change in proportion	—	—
State contributions subsequent to the measurement date	20,882	—
Total	\$ 51,344	\$ 14,424

JRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	308	—
Change in proportion	—	—
State contributions subsequent to the measurement date	7,600	—
Total	\$ 7,908	\$ —

State of Washington

JRF	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	34	—
Change in proportion	—	—
State contributions subsequent to the measurement date	400	—
Total	\$ 434	\$ —

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the fiscal years ended June 30 (expressed in thousands):

PERS Plan 1		PERS Plan 2/3		TRS Plan 1		TRS Plan 2/3	
2022	\$ (37,524)	2022	\$ (263,631)	2022	\$ (806)	2022	\$ (26)
2023	\$ (1,180)	2023	\$ (59,352)	2023	\$ (24)	2023	\$ 1,991
2024	\$ 11,450	2024	\$ 16,314	2024	\$ 245	2024	\$ 2,488
2025	\$ 18,986	2025	\$ 61,055	2025	\$ 401	2025	\$ 2,513
2026	\$ —	2026	\$ (22,392)	2026	\$ —	2026	\$ 1,679
Thereafter	\$ —	Thereafter	\$ (28,575)	Thereafter	\$ —	Thereafter	\$ 4,712

LEOFF Plan 2		PSERS Plan 2		WSPRS Plan 1/2		JRS	
2022	\$ (1,301)	2022	\$ (2,251)	2022	\$ (5,128)	2022	\$ 135
2023	\$ (158)	2023	\$ (528)	2023	\$ 2,993	2023	\$ 94
2024	\$ 285	2024	\$ 795	2024	\$ 6,263	2024	\$ 51
2025	\$ 620	2025	\$ 2,094	2025	\$ 10,571	2025	\$ 28
2026	\$ (101)	2026	\$ (547)	2026	\$ 1,339	2026	\$ —
Thereafter	\$ 20	Thereafter	\$ (2,674)	Thereafter	\$ —	Thereafter	\$ —

JRF	
2022	\$ 14
2023	\$ 10
2024	\$ 6
2025	\$ 4
2026	\$ —
Thereafter	\$ —

2. DRS Plans - Nonemployer Contributing Entity Disclosures

For fiscal year 2021, the state was considered a nonemployer contributing entity in special funding situations for two DRS-administered pension plans, LEOFF Plan 1 and LEOFF Plan 2. State contributions are required by statute to be made directly to these plans to fund pensions. Note 11.B.1 provides the detailed descriptions of these plans, their benefit terms, contribution requirements, significant assumptions used to measure pension liability and mortality, and the discount rate.

Basis for Nonemployer Contributing Entity Contributions. LEOFF Plan 1 has a net pension asset as of the June 30, 2020, measurement date. If needed, RCW 41.26.080 would require employer and employee contributions of 6 percent, and the remaining liabilities funded by the state pursuant to chapter 41.45 RCW. For fiscal year 2020, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 87.12 percent based on historical contributions to the plan.

LEOFF Plan 2 has a net pension asset as of the June 30, 2020, measurement date. In this plan, the state is an employer and a nonemployer contributing entity. RCW 41.26.725 limits the employee contributions to 50 percent, employer contributions to 30 percent, and the state contribution to 20 percent of the cost of benefits. In no instance shall the state contribution exceed four percent of payroll. For fiscal year 2020, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 39.00 percent based on total plan contributions received in fiscal year 2020.

Collective Net Pension Liability/(Asset). The following presents the proportionate share of the collective net pension liability/(asset), the proportionate share percentage, and the change in proportionate share of the state as a nonemployer contributing entity as of June 30, 2021 (expressed in thousands).

	LEOFF Plan 1	LEOFF Plan 2
Proportionate share of the collective net pension liability/(asset)	\$ (1,645,269)	\$ (795,604)
State's proportion	87.12%	39.00%
Increase/(decrease)	—%	(0.30)%

The proportion of the state nonemployer contributions related to LEOFF Plan 1 was based on historical contributions from the state and employers plus fiscal year 2020 retirement benefit payments. The proportion

of the state nonemployer contributions related to LEOFF Plan 2 was based on the state's contributions to the pension plan relative to the total state contributions and all participating employers.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the nonemployer contributing entity calculated using the discount rate of 7.40 percent, as well as what the nonemployer contributing entity's net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate (expressed in thousands):

LEOFF Plan 1 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (1,339,165)
Current discount rate	\$ (1,645,269)
1% increase	\$ (1,910,101)

LEOFF Plan 2 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (15,751)
Current discount rate	\$ (795,604)
1% increase	\$ (1,434,148)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2021, the state as a nonemployer contributing entity recognized \$(84.5) million pension expense for LEOFF Plan 1 and \$(17.3) million pension expense for LEOFF Plan 2.

At June 30, 2021, the state as a nonemployer contributing entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

LEOFF Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	17,210
Change in proportion	—	—
State contributions subsequent to the measurement date	(5)	—
Total	\$ (5)	\$ 17,210

State of Washington

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 110,085	\$ 14,111
Changes of assumptions	1,153	123,195
Net difference between projected and actual earnings on pension plan investments	—	8,868
Change in proportion and difference between state contributions and proportionate share of contributions	10,226	3,433
State contributions subsequent to the measurement date	78,123	—
Total	\$ 199,587	\$ 149,607

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30 (expressed in thousands):

LEOFF Plan 1	
2022	\$ (61,433)
2023	\$ (3,203)
2024	\$ 17,464
2025	\$ 29,962
2026	\$ —
Thereafter	\$ —

LEOFF Plan 2	
2022	\$ (57,653)
2023	\$ (7,014)
2024	\$ 12,633
2025	\$ 27,477
2026	\$ (4,490)
Thereafter	\$ 904

The amounts reported in the tables above as deferred outflows of resources related to pensions resulting from state contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

3. Tables for Plans Administered by the Department of Retirement Services

TABLE 1: Single Employer Plan Membership

Membership of the single employer plans administered by the Department of Retirement Systems consisted of the following at June 30, 2020, the date of the latest actuarial valuation for all plans:

Plans	Number of Participating Members			
	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
WSPRS 1	1,196	66	373	1,635
WSPRS 2	2	39	681	722
JRS	87	—	—	87
JRF	10	—	—	10
Total	1,295	105	1,054	2,454

State of Washington

TABLE 2: Change in Net Pension Liability/(Asset)

The following table presents the change in net pension liability/(asset) of the single employer plans administered by the Department of Retirement Systems at June 30, 2020, the date of the latest actuarial valuation for all plans, with the results rolled forward to the June 30, 2021, measurement date (expressed in thousands):

Change in Net Pension Liability/(Asset)	WSPRS	JRS	JRF
TOTAL PENSION LIABILITY			
Service cost	\$ 23,091	\$ —	\$ —
Interest	100,877	2,634	80
Changes of benefit terms	2,400	—	—
Differences between expected and actual experience	11,919	(447)	(315)
Changes of assumptions	581	3,675	12
Benefit payments, including refunds of member contributions	(68,838)	(7,921)	(265)
Net Change in Total Pension Liability	70,030	(2,059)	(488)
Total Pension Liability--Beginning	1,373,918	79,178	2,427
Total Pension Liability--Ending	\$ 1,443,948	\$ 77,119	\$ 1,939
PLAN FIDUCIARY NET POSITION			
Contributions--employer	\$ 19,897	\$ 7,800	\$ 400
Contributions--employee	10,630	—	—
Net investment income	60,358	155	18
Benefit payments, including refunds of member contributions	(68,838)	(7,921)	(265)
Administrative expense	(96)	—	—
Other	808	—	—
Net Change in Plan Fiduciary Net Position	22,759	34	153
Plan Fiduciary Net Position--Beginning	1,362,281	8,460	974
Plan Fiduciary Net Position--Ending	\$ 1,385,040	\$ 8,494	\$ 1,127
Plan's Net Pension Liability/(Asset)--Beginning	\$ 11,637	\$ 70,718	\$ 1,453
Plan's Net Pension Liability/(Asset)--Ending	\$ 58,908	\$ 68,625	\$ 812

State of Washington

TABLE 3: Required Contribution Rates

Required contribution rates (expressed as a percentage of current year covered payroll) for all retirement plans administered by the Department of Retirement Systems at the close of fiscal year 2021 were as follows:

Required Contribution Rates	Employer			Employee		
	Plan 1	Plan 2	Plan 3	Plan 1	Plan 2	Plan 3
PERS						
Employees Not Participating in JBM						
State agencies, local governmental units	7.92 %	7.92 %	7.92 %	6.00 %	7.90 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	4.87 %	4.87 %	4.87 %			
Total	12.97 %	12.97 %	12.97 % *			
State govt elected officials	11.88 %	7.92 %	7.92 %	7.50 %	7.90 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	7.31 %	4.87 %	4.87 %			
Total	19.37 %	12.97 %	12.97 % *			
Employees Participating in JBM						
State agencies	10.42 %	10.42 %	10.42 %	9.76 %	17.25 %	7.50%***
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	4.87 %	4.87 %	4.87 %			
Total	15.47 %	15.47 %	15.47 % *			
Local governmental units	7.92 %	7.92 %	7.92 %	12.26 %	19.75 %	7.50%***
Administrative fee	0.18 %	0.18 %	0.18 %			
PERS Plan 1 UAAL	4.87 %	4.87 %	4.87 %			
Total	12.97 %	12.97 %	12.97 % *			
TRS						
Employees Not Participating in JBM						
State agencies, local governmental units	8.15 %	8.15 %	8.15 %	6.00 %	7.77 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
TRS Plan 1 UAAL	7.41 %	7.41 %	7.41 %			
Total	15.74 %	15.74 %	15.74 % *			
State govt elected officials	8.15 %	8.15 %	8.15 %	7.50 %	7.77 %	**
Administrative fee	0.18 %	0.18 %	0.18 %			
TRS Plan 1 UAAL	7.41 %	7.41 %	7.41 %			
Total	15.74 %	15.74 %	15.74 % *			
Employees Participating in JBM						
State agencies	8.15 %	N/A	N/A	9.76 %	N/A	N/A
Administrative fee	0.18 %	N/A	N/A			
TRS Plan 1 UAAL	7.41 %	N/A	N/A			
Total	15.74 %					
LEOFF						
Ports and universities	N/A	8.59 %	N/A	N/A	8.59 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	0.18 %	8.77 %				
Local governmental units	N/A	5.15 %	N/A	N/A	8.59 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	0.18 %	5.33 %				
State of Washington	N/A	3.44 %	N/A	N/A	N/A	N/A
WSPRS						
State agencies	17.66 %	17.66 %	N/A	8.61 %	8.61 %	N/A
Administrative fee	0.18 %	0.18 %	N/A			
Total	17.84 %	17.84 %				
PSERS						
State agencies, local governmental units	N/A	7.20 %	N/A	N/A	7.20 %	N/A
Administrative fee	N/A	0.18 %	N/A			
PSERS Plan 1 UAAL	N/A	4.87 %	N/A			
Total		12.25 %				

* Plan 3 defined benefit portion only.

** Variable from 5% to 15% based on rate selected by the member.

*** Minimum rate.

N/A indicates data not applicable.

C. PLAN ADMINISTERED BY THE STATE BOARD FOR VOLUNTEER FIRE FIGHTERS AND RESERVE OFFICERS

Volunteer Fire Fighters’ and Reserve Officers’ Relief and Pension Fund

Plan Description. The Volunteer Fire Fighters’ Relief Act was created by the Legislature in 1935, and the pension portion of the act was added in 1945. As established in chapter 41.24 RCW, the Volunteer Fire Fighters’ and Reserve Officers’ Relief and Pension Fund (VFFRPF) is a cost-sharing, multiple-employer defined benefit plan and is administered by the State Board for Volunteer Fire Fighters and Reserve Officers. The board is appointed by the Governor and is comprised of five members of fire departments covered by chapter 41.24 RCW. Administration costs of the VFFRPF are funded through legislative appropriation.

As of June 30, 2021, there were approximately 362 municipalities contributing to the plan. Additionally, the state, a nonemployer contributing entity, contributes 40 percent of the fire insurance premium tax.

Plan Members. Membership in the VFFRPF requires volunteer firefighter service with a fire department of an electing municipality of Washington state, emergency work as an emergency medical technician with an emergency medical service district, or work as a commissioned reserve law enforcement officer.

At June 30, 2020, VFFRPF membership consisted of the following:

Plan Membership	
Inactive plan members or beneficiaries currently receiving benefits	4,669
Inactive plan members entitled to but not yet receiving benefits	6,148
Active plan members*	8,244
Total membership	19,061

**Does not include 1,661 active plan members who have chosen not to join the pension plan.*

Benefits Provided. VFFRPF provides retirement, disability, and death benefits to eligible members. Benefits are established in chapter 41.24 RCW which may be amended only by the Legislature.

Since retirement benefits cover volunteer service, benefits are paid based on years of service, not salary. Municipalities consist of fire departments, emergency medical service districts, and law enforcement agencies.

Normal retirement is available at the age of 65 with at least ten years of membership service. The monthly plan benefit formula is \$50 plus \$10 times the number of years the member made pension contributions times a membership service percentage. The maximum monthly pension benefit is \$300. Reduced pensions are available for members beginning at the age of 60 with at least 10 years of service.

Members are vested after ten years of service. VFFRPF members earn no interest on contributions and may elect to withdraw their contributions upon termination.

Death and active duty disability benefits are provided at no cost to the member. Death benefits in the line of duty consist of a lump sum of \$214 thousand. Funeral and burial expenses are also paid in a lump sum of \$2 thousand for members on active duty. Members receiving disability benefits at the time of death shall be paid \$500.

Effective June 7, 2012, at any time prior to retirement or at the time of retirement, a member of the VFFRPF may purchase retirement pension coverage for years of eligible service prior to the member’s enrollment in the system or for years of service credit lost due to the withdrawal of the member’s pension fee contributions. A member choosing to purchase such retirement pension coverage must contribute to the system an amount equal to the actuarial value of the resulting benefit increase.

There were no material changes in VFFRPF benefit provisions for the fiscal year ended June 30, 2021.

Contributions. VFFRPF retirement benefits are financed from a combination of investment earnings, member contributions, municipality contributions, and state contributions. In accordance with chapter 41.24 RCW, the state contribution is set at 40 percent of the fire insurance premium tax. The state is considered a nonemployer contributing entity; however, this is not considered a special funding situation. For fiscal year 2021, the fire insurance premium tax contribution was \$7.7 million.

The municipality rate for emergency medical service districts (EMSD) and law enforcement agencies is set each year by the State Board for Volunteer Fire Fighters and Reserve Officers, based on the actual cost of participation as determined by the Office of the State Actuary (OSA). All other contribution rates are set by the Legislature. Municipalities may opt to pay the member’s fee on their behalf.

The contribution rates set for calendar year 2021 were the following:

	Firefighters	EMSD & Reserve Officers
Member fee	\$ 30	\$ 30
Municipality fee	30	105
Total fee	\$ 60	\$ 135

Investments. The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return at a prudent level of risk.

Retirement funds are invested in the Commingled Trust Fund (CTF). Established on July 1, 1992, the CTF is a diversified pool of investments that invests in fixed income, public equity, private equity, real estate, and tangible assets. Investment decisions are made within the framework of a Strategic Asset Allocation Policy and a series of written WSIB-adopted investment policies for the various asset classes in which the WSIB invests.

Further information about the investment of pension funds by the WSIB, their valuation, classifications, concentrations, and maturities can be found in Note 3.B.

The Office of the State Treasurer (OST) manages a small portion of the assets for the VFFRPF. By statute, balances in the accounts in the state treasury and in the custody of the treasurer may be pooled for banking and investment purposes.

The overall objective of the OST investment policy is to construct, from eligible investments noted below, an investment portfolio that is optimal or efficient. An optimal or efficient portfolio is one that provides the greatest expected return for a given expected level of risk, or the lowest expected risk for a given expected return. Eligible investments are only those securities and deposits authorized by statute.

Further information about the investment of pension funds by the OST, their valuation, classifications, concentrations, and maturities can be found in Note 3.F.

Rate of Return. The money-weighted rates of return are provided by the WSIB and OST. For the year ended June 30, 2021, the annual money-weighted rate of return on VFFRPF investments, net of pension plan investment expense, was 3.11 percent. This money-weighted rate of return expresses investment performance, net of pension plan investment expense, and reflects both the size and timing of external cash flows.

Pension Liability/(Asset). The components of the net pension liability of the participating VFFRPF municipalities at June 30, 2021, were as follows (dollars expressed in thousands):

Pension Liability	
Total pension liability	\$ 246,205
Plan fiduciary net position	268,210
Participating municipality net pension liability/ (asset)	<u>\$ (22,005)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>108.94%</u>

Actuarial Assumptions. The VFFRPF has a long-term expected rate of return of 6.00 percent. For further details, see the *2020 VFF Actuarial Valuation Report*.

Inflation	2.25%
Salary increases	N/A
Investment rate of return	6.00%

The mortality assumptions used for this plan are consistent with assumptions used for Public Employees' Retirement System.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the 2021 Pension Experience Study, the 2021 Report on Financial Condition and Economic Experience Study, and the 2018 Relief Experience Study.

The OSA selected a 6.00 percent long-term expected rate of return on the WSIB pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the WSIB.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The CMAs contain the following three pieces of information for each class of asset the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between annual returns of each asset class with every other asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	2.2%
Tangible assets	7%	5.1%
Real estate	18%	5.8%
Public equity	32%	6.3%
Private equity	23%	9.3%
Total	100%	

The inflation component used to create the above table is 2.25 percent, and represents the WSIB's most recent long-term estimate of broad economic inflation.

For additional information and background on the OSA's development of the long-term rate of return assumptions, refer to the 2021 Report on Financial Condition and Economic Experience Study located on the OSA website. The selection of this assumption and economic experience studies are further detailed in the Department of Retirement Systems (DRS), Annual Comprehensive Financial Report's actuarial certification letter found on the DRS website.

In consultation with the OST, the OSA selected a 3.50 percent long-term investment rate of return on assets managed by the OST. See OSA's 2020 VFF Actuarial Report for further details. https://leg.wa.gov/osa/presentations/Documents/Valuations/2020VAVR_FinalWeb.pdf.

As the VFFRPF has assets managed by both the WSIB and the OST, the long-term expected rate of return of 6.00 percent represents an approximate 90 percent/10 percent weighted-average of the assets managed by the WSIB and OST, respectively. See the 2020 VFF Actuarial Valuation Report for further details.

Discount Rate. The discount rate used to measure the total pension liability was 6.00 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions in OSA's Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 6.00 percent on plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the municipalities calculated using the discount rate of 6.00 percent, as well as what the municipalities' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.00

percent) or 1 percentage point higher (7.00 percent) than the current rate (expressed in thousands):

Municipalities' Net Pension Liability/(Asset)	
1% decrease	\$ 9,737
Current discount rate	\$ (22,005)
1% increase	\$ (47,968)

D. HIGHER EDUCATION RETIREMENT PLAN SUPPLEMENTAL DEFINED BENEFIT PLANS

Plan Description. Higher Education Retirement Plans are privately administered single-employer defined contribution plans with a supplemental defined benefit plan component which guarantees a minimum retirement benefit based upon a one-time calculation at each employee's retirement date. The supplemental component is financed on a pay-as-you-go basis. State institutions of higher education make direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals. House Bill 1661, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangements. As a result, this is the first year these plans will be reported under GASB Statement No. 67/68. Prior to this, the SRP's were reported under GASB Statement No. 73.

The state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each participate in a separate plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

RCW 28B.10.400, et seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the state board for community and technical colleges, and the Student Achievement Council.

The Higher Education Defined Contribution Retirement Plans are described in Note 11.E.

Benefits Provided. The Higher Education Supplemental Retirement Plans provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all Higher Education Supplemental Retirement Plans were closed to new entrants.

Members are eligible to receive benefits under this plan at age 62 with 10 years of service. The supplemental

benefit is a lifetime benefit equal to the amount a member's goal income exceeds their assumed income. The goal income is equal to 2 percent of the member's highest two-year average annual salary multiplied by the number of years of service. Benefit service is capped at 25 years. The member's assumed income is an annuity benefit the retired member would receive had they invested their contribution equally between a fixed income and a variable income annuity investment. Plan members have the option to retire early with reduced benefits.

Actuarial Assumptions. The total pension liability (TPL) was determined by an actuarial valuation as of June 30, 2020, with the results rolled forward to the June 30, 2021, measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.50%-4.00%
Fixed income and variable income investment returns*	N/A

*Measurement reflects actual investment returns through June 30, 2020

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Most actuarial assumptions used in the June 30, 2020, valuation were based on the results of the August 2021 Supplemental Plan Experience Study. Additional assumptions related to salary growth were based on feedback from financial administrators of the Higher Education Supplemental Retirement Plans.

Material assumption changes. Some significant changes in plan provisions and actuarial assumptions from the prior fiscal year impacted the TPL.

House Bill 1661 (Chapter 103 Laws of 2020) created dedicated funds to pay SRP benefits that mimic the

trust arrangements for the rest of the state retirement systems. The change results in the SRP reporting under GASB 67/68 instead of GASB 73. As a result of this change:

- The discount rate is based on the long-term expected rate of return on the pension plan investments. This resulted in an increase in the discount rate used to measure the TPL from 2.21 percent as of June 30, 2020, to 7.40 percent.
- The TPL is now compared against the plan's fiduciary net position to determine the net pension liability.

Additionally, OSA recently completed an experience study which modified multiple assumptions to estimate future plan experience.

Discount Rate. The discount rate used to measure the TPL was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 7.40 percent for the June 30, 2021, measurement date.

Pension Expense. The Pension Expense is the summation of a number of components, including benefits earned during the fiscal year and interest on the TPL. These numbers are sensitive to assumption changes and plan experience and can be volatile from year to year.

For the year ended June 30, 2021, the Higher Education Supplemental Retirement Plans reported the following for pension expense (expressed in thousands):

Pension Expense	
Plans	
University of Washington (UW)	\$ (29,561)
Washington State University (WSU)	(8,579)
Eastern Washington University (EWU)	(635)
Central Washington University (CWU)	(1,815)
The Evergreen State College (TESC)	(638)
Western Washington University (WWU)	(1,839)
State Board for Community and Technical Colleges (SBCTC)	(5,893)
Total	\$ (48,960)

State of Washington

Plan Membership. Membership of the Higher Education Supplemental Retirement Plans consisted of the following at June 30, 2020, the date of the latest actuarial valuation for all plans:

Number of Participating Members				
Plans	Inactive Members (or Beneficiaries) Currently Receiving Benefits	Inactive Members Entitled to But Not Yet Receiving Benefits	Active Members	Total Members
University of Washington (UW)	1,076	160	5,081	6,317
Washington State University (WSU)	399	53	1,591	2,043
Eastern Washington University (EWU)	57	59	290	406
Central Washington University (CWU)	64	4	81	149
The Evergreen State College (TESC)	28	13	144	185
Western Washington University (WWU)	79	3	483	565
State Board for Community and Technical Colleges (SBCTC)	293	325	4,623	5,241
Total	1,996	617	12,293	14,906

Change in Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of Higher Education Supplemental Retirement Plans at June 30, 2021 (expressed in thousands):

Change in Net Pension Liability/(Asset)	UW	WSU	EWU	CWU	TESC	WWU	SBCTC
TOTAL PENSION LIABILITY							
Service cost	\$ 22,877	\$ 3,114	\$ 668	\$ 74	\$ 250	\$ 922	\$ 4,672
Interest	17,677	2,666	523	187	201	798	3,323
Differences between expected and actual experience	(372,651)	(47,565)	(7,646)	(1,386)	(3,198)	(15,050)	(29,981)
Changes of assumptions	(223,327)	(33,228)	(7,364)	(2,394)	(2,495)	(8,260)	(54,110)
Benefit payments	(9,733)	(2,827)	(280)	(467)	(119)	(524)	(1,992)
Net Change in Total Pension Liability	\$ (565,158)	\$ (77,840)	\$ (14,099)	\$ (3,987)	\$ (5,361)	\$ (22,115)	\$ (78,088)
Total Pension Liability--Beginning	781,829	118,942	23,139	8,622	8,894	35,442	146,676
Total Pension Liability--Ending	\$ 216,672	\$ 41,102	\$ 9,040	\$ 4,635	\$ 3,533	\$ 13,327	\$ 68,588
PLAN FIDUCIARY NET POSITION							
Contributions--Employer	\$ 7,105	\$ 919	\$ 165	\$ 173	\$ 40	\$ 196	\$ 656
Net Investment Income	22,275	4,422	892	894	348	1,326	8,211
Net Change in Plan Fiduciary Net Position	29,380	5,341	1,057	1,067	388	1,522	8,866
Plan Fiduciary Net Position--Beginning	60,961	12,305	2,492	2,493	984	3,733	23,393
Plan Fiduciary Net Position--Ending	\$ 90,341	\$ 17,646	\$ 3,549	\$ 3,560	\$ 1,372	\$ 5,255	\$ 32,259
Plan's Net Pension Liability (Asset)--Ending	\$ 126,331	\$ 23,456	\$ 5,490	\$ 1,075	\$ 2,162	\$ 8,072	\$ 36,329

Note: Figures may not total due to rounding.

State of Washington

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the net pension liability/(asset), calculated using the discount rate of 7.40 percent, as well as what the employers' net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.40 percent) or 1 percentage point higher (8.40 percent) than the current rate (expressed in thousands):

Net Pension Liability / (Asset)				
Plans	1% Decrease	Current Discount Rate	1% Increase	
University of Washington (UW)	\$ 149,669	\$ 126,331	\$ 106,289	
Washington State University (WSU)	27,303	23,456	20,120	
Eastern Washington University (EWU)	6,396	5,490	4,711	
Central Washington University (CWU)	1,431	1,075	762	
The Evergreen State College (TESC)	2,479	2,162	1,885	
Western Washington University (WWU)	9,449	8,072	6,884	
State Board for Community and Technical Colleges (SBCTC)	43,527	36,329	30,132	
Total	\$ 240,254	\$ 202,915	\$ 170,783	

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2021, the Higher Education Supplemental Retirement Plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (expressed in thousands):

University of Washington (UW)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 87,128	\$ 365,021
Changes of assumptions	128,885	211,024
Difference between projected and actual	—	14,004
Total	\$ 216,013	\$ 590,049

Washington State University (WSU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,831	\$ 48,529
Changes of assumptions	16,970	31,375
Difference between projected and actual	—	2,782
Total	\$ 20,801	\$ 82,686

Eastern Washington University (EWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,625	\$ 7,176
Changes of assumptions	2,965	6,648
Difference between projected and actual	—	562
Total	\$ 5,590	\$ 14,386

Central Washington University (CWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 42	\$ 616
Changes of assumptions	138	1,064
Difference between projected and actual	—	562
Total	\$ 180	\$ 2,242

The Evergreen State College (TESC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 321	\$ 3,245
Changes of assumptions	1,216	2,252
Difference between projected and actual	—	219
Total	\$ 1,537	\$ 5,716

Western Washington University (WWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,612	\$ 15,201
Changes of assumptions	5,146	7,955
Difference between projected and actual	—	834
Total	\$ 7,758	\$ 23,990

State Board for Community and Technical Colleges (SBCTC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,750	\$ 39,567
Changes of assumptions	22,990	50,185
Difference between projected and actual	—	5,164
Total	\$ 32,740	\$ 94,916

State of Washington

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the fiscal years ended June 30 (expressed in thousands):

University of Washington (UW)			Washington State University (WSU)			Eastern Washington University (EWU)			Central Washington University (CWU)		
2022	\$	(65,346)	2022	\$	(13,416)	2022	\$	(1,636)	2022	\$	(1,641)
2023	\$	(65,346)	2023	\$	(12,741)	2023	\$	(1,479)	2023	\$	(141)
2024	\$	(65,346)	2024	\$	(10,039)	2024	\$	(1,113)	2024	\$	(141)
2025	\$	(51,766)	2025	\$	(9,344)	2025	\$	(1,567)	2025	\$	(139)
2026	\$	(42,448)	2026	\$	(10,131)	2026	\$	(2,064)	2026	\$	—
Thereafter	\$	(83,784)	Thereafter	\$	(6,214)	Thereafter	\$	(937)	Thereafter	\$	—

The Evergreen State College (TESC)			Western Washington University (WWU)			State Board for Community and Technical Colleges (SBCTC)		
2022	\$	(1,015)	2022	\$	(3,276)	2022	\$	(12,133)
2023	\$	(855)	2023	\$	(2,944)	2023	\$	(12,133)
2024	\$	(748)	2024	\$	(2,171)	2024	\$	(10,485)
2025	\$	(776)	2025	\$	(2,160)	2025	\$	(8,012)
2026	\$	(785)	2026	\$	(3,246)	2026	\$	(7,400)
Thereafter	\$	—	Thereafter	\$	(2,435)	Thereafter	\$	(12,013)

E. DEFINED CONTRIBUTION PLANS

Public Employees' Retirement System Plan 3

The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to Note 11.B for PERS Plan descriptions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from PERS-covered employment.

Teachers' Retirement System Plan 3

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the Department of Retirement Systems (DRS). Refer to Note 11.B for TRS Plan descriptions.

TRS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

TRS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, TRS Plan 3 contributions are invested in

the retirement strategy fund that assumes the member will retire at age 65.

Members in TRS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from TRS-covered employment.

Judicial Retirement Account

The Judicial Retirement Account (JRA) Plan was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state Administrative Office of the Courts (AOC), under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, and who are members of PERS for their services as a judge. Vesting is full and immediate. At June 30, 2021, there were no active members, 98 inactive members and one member receiving monthly benefits in JRA. The state, through the AOC, is the sole participating employer.

Beginning January 1, 2007, any justice or judge who was in a judicial position at that time and who chose to join the Judicial Benefit Multiplier (JBM) Program could no longer participate in JRA. Any justice or judge elected or appointed to office on or after January 1, 2007, who elects to join DRS membership will also be mandated into JBM. If they have already established membership in PERS Plan 1 or TRS Plan 1 they will rejoin that plan, but if they have never had membership, they will be enrolled as a member of both PERS Plan 2 and JBM.

JRA Plan members are required to contribute 2.5 percent of covered salary. The state, as employer, contributes an equal amount on a monthly basis. The employer and employee obligations to contribute are established per chapter 2.14 RCW. Plan provisions and contribution requirements are established in state statute and may be amended only by the Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. The administrator of JRA may adopt rules establishing other payment options. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death is to be paid to the member's estate or such person or persons, trust or

organization, as the member has nominated by written designation.

For fiscal year 2021, the state recognized a pension refund for contributions of \$5 thousand made to employee accounts.

The administrator of JRA has entered an agreement with the DRS for accounting and reporting services, and the Washington State Investment Board (WSIB) for investment services. Under this agreement, the DRS is responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted the full power to establish investment policy, develop participant investment options, and manage the investment funds for the JRA Plan, consistent with the provisions of RCW 2.14.080 and 43.84.150.

Higher Education Retirement Plans

The Higher Education Retirement Plans are privately administered defined contribution plans with a supplemental defined benefit plan component. The state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each participate in a plan. As authorized by chapter 28B.10 RCW, the plans cover faculty and other positions as designated by each participating employer.

Contributions to the plans are invested in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Benefits from fund sponsors are available upon separation or retirement at the member's option. Employees have, at all times, a 100 percent vested interest in their accumulations.

RCW 28B.10.400, et seq. assigns the authority to establish and amend benefit provisions to the board of regents of the state universities, the boards of trustees of the regional universities and the state college, the state board for community and technical colleges, and the Student Achievement Council.

Employee contribution rates, based on age, range from 3.74 percent to 9.40 percent of salary. The employers match the employee contributions. The employer and employee obligations to contribute are established per chapter 28B.10 RCW.

For fiscal year 2021, employer and employee contributions were \$242.2 and \$238.3 million, respectively, for a total of \$480.5 million.

Note 12 Other Postemployment Benefits

General Information

The state implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for fiscal year 2018 financial reporting. In addition to pension benefits as described in Note 11, the state, through the Health Care Authority (HCA), administers a single-employer defined benefit other postemployment benefit (OPEB) plan.

Plan Description. Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers, and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this footnote assume that this substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

Employees Covered by Benefit Terms. Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 13 of the state's K-12 schools and educational service districts (ESDs)¹, and 261 political subdivisions and tribal

governments not included in the state's financial reporting that participate in the PEBB plan.

Membership in the PEBB plan for the state consisted of the following:

Summary of Plan Participants As of June 30, 2020	
Active employees*	129,218
Retirees receiving benefits**	35,843
Retirees not receiving benefits***	6,000
Total active employees and retirees	171,061

*Reflects active employees eligible for PEBB program participation as of June 30, 2020.

**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.

***This is an estimate of the number of retirees that may be eligible to join a post-retirement PEBB program in the future. They are not eligible for benefits unless they choose to join in the future. In order to do so, they must show proof of continuous medical coverage since their separation of employment with the state of Washington that meets the requirements set forth in Washington Administrative Code 182-12-205.

The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: Public Employees' Retirement System, Public Safety Employees' Retirement System, Teachers' Retirement System, Service Employees' Retirement System, Washington State Patrol Retirement System, Higher Education Retirement Plans, Judicial Retirement System, and Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2. However, not all employers who participate in these plans offer PEBB to retirees.

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

In calendar year 2020, the average weighted implicit subsidy was valued at \$372 per adult unit per month. In

¹ The decrease in school district and ESD's participating in the PEBB OPEB Plan from the prior year is due to the creation of the School Employees Benefits Board Plan by HB 2242 in the 2017 legislative session. As of June 30, 2021, there are 318 K-12 school districts and ESDs with represented employees participating in the SEBB Plan.

State of Washington

calendar year 2021, the average weighted implicit subsidy is projected to be \$384 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2021, the explicit subsidy was up to \$183 per member per month, and it will remain \$183 per member per month in calendar year 2022.

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions (RCW 41.05.050) from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows (expressed in dollars):

Required Premium*	
Medical	\$ 1,120
Dental	81
Life	4
Long-term disability	2
Total	\$ 1,207
Employer contribution	\$ 1,041
Employee contribution	166
Total	\$ 1,207

*Per 2020 PEBB Financial Projection Model version 8.0. Per capita cost based on subscribers, includes non-Medicare risk pool only. Figures based on calendar year 2020 which includes projected claims cost at the time of this reporting.

Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan, and actuarial methods and assumptions used.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to the Office of the State Actuary's (OSA) website: https://leg.wa.gov/osa/additional_services/Pages/OPEB.aspx. Please note that the results from OSA's report will not precisely match this publication due to the exclusion of a component unit that

reports on a cash basis, and inclusion of a component unit not included in OSA's valuation report.

Actuarial Assumptions. The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	6/30/2020
Actuarial measurement date	6/30/2020
Actuarial cost method	Entry Age
Amortization method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset valuation method	N/A - No Assets

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (i.e., the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%
Projected salary changes	3.50% plus service-based salary increases
Health care trend rates	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 4.3% in 2075.
Post-retirement participation percentage	65%
Percentage with spouse coverage	45%

In projecting the growth of the explicit subsidy, after 2022 when the cap is \$183, it is assumed to grow at the health care trend rates. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are assumed.

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates which vary by member status (e.g. active, retiree, or survivor), as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for

every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2013-2018 Demographic Experience Study Report. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2019 Economic Experience Study.

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.50 percent for the June 30, 2019, measurement date and 2.21 percent for the June 30, 2020, measurement date.

Additional detail on assumptions and methods can be found on OSA's website.

Total OPEB Liability. As of June 30, 2021, the state reported a total OPEB liability of \$6.06 billion.

Changes in Total OPEB Liability

The following table presents the change in the total OPEB liability as of the June 30, 2021, reporting date (expressed in thousands):

Changes in Total OPEB Liability	State	Component Units	Total
Total OPEB Liability - Beginning as restated	\$ 5,800,108	\$ 5,087	\$ 5,805,195
Changes for the year:			
Service cost	251,118	399	251,517
Interest	210,064	165	210,229
Difference between expected and actual experience*	(32,190)	(19)	(32,209)
Changes in assumptions*	136,169	202	136,371
Changes in proportion	187	(184)	3
Benefit payments	(100,015)	(77)	(100,092)
Other**	(213,966)	(128)	(214,094)
Net Changes in Total OPEB Liability	251,367	358	251,725
Total OPEB liability - Ending	\$ 6,051,475	\$ 5,445	\$ 6,056,920

*The recognition period for these changes is nine years. This is equal to the average expected remaining service lives of all active and inactive members.

**Impact of removing trends that include excise tax. Legislation under H.R. 1865 repealed the excise tax after the previous measurement date.

The increase in the total OPEB liability is due to changes in assumptions resulting from a decrease in the Bond Buyer General Obligation 20-Bond Municipal Bond Index discount rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the state as an employer calculated using the discount rate of 2.21 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 7,326,844	\$ 6,412	\$ 7,333,256
Current discount rate	\$ 6,051,475	\$ 5,445	\$ 6,056,920
1% increase	\$ 5,058,419	\$ 4,650	\$ 5,063,069

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of the state as an employer, calculated using the health care trend rates of 2-11 percent reaching an ultimate range of 4.30 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12%) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 4,931,309	\$ 4,429	\$ 4,935,738
Current health care cost trend rate	\$ 6,051,475	\$ 5,445	\$ 6,056,920
1% increase	\$ 7,553,262	\$ 6,769	\$ 7,560,031

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.

For the year ending June 30, 2021, the state recognized OPEB expense of \$68.7 million.

On June 30, 2021, the state reported deferred outflows of resources and deferred inflows of resources related to OPEB for the state, including component units, from the following sources (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 132,839	\$ 28,875
Changes of assumptions	416,500	1,428,150
Transactions subsequent to the measurement date	106,505	—
Changes in proportion	196,065	196,094
Total	\$ 851,909	\$ 1,653,119

State of Washington

Deferred outflows of resources and deferred inflows of resources related to OPEB for component units as of the June 30, 2021, reporting date were as follows (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 80	\$ 261
Changes of assumptions	381	962
Transactions subsequent to the measurement date	64	—
Changes in proportion	92	232
Total	\$ 617	\$ 1,455

Amounts reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for the state will be recognized in OPEB expense in the fiscal years ended June 30 (expressed in thousands):

Subsequent Years	
2022	\$ (178,864)
2023	\$ (178,864)
2024	\$ (178,864)
2025	\$ (178,864)
2026	\$ (178,864)
Thereafter	\$ (13,395)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB for component units will be recognized in OPEB expense in the fiscal years ended June 30 (expressed in thousands):

Subsequent Years	
2022	\$ (145)
2023	\$ (145)
2024	\$ (145)
2025	\$ (145)
2026	\$ (145)
Thereafter	\$ (177)

Note 13 Derivative Instruments

Hedging Derivative Instruments

In addition to investment derivative instruments as described in Note 3, the state, through the Washington

State Department of Transportation Ferries Division (WSF), entered into commodity swap agreements to hedge a portion of WSF diesel fuel consumption.

The following table presents the hedging derivative instruments as of June 30, 2021 (expressed in thousands):

	Changes in Fair Value		Fair Value at June 30, 2021		Notional Amount (in Gallons)
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash flow hedges:					
	Deferred		Accounts		
Commodity swaps	Outflow	\$ (2,347)	Payable	\$ —	—

The commodity swaps noted above were reviewed for hedge accounting and were deemed effective using the regression analysis method.

Objective

The objective for the hedge transaction is to minimize the volatility of the price of diesel fuel and therefore stabilize the percentage of the WSF operating budget represented by fuel purchases.

To accomplish this, a strategy of active hedging has been implemented by WSF to control the uncertain costs of fuel and allow for more accurate budget estimates.

Significant Terms

The significant terms of WSF active hedges during fiscal year 2021 are presented in the following table:

State of Washington

Type	Counterparty	Contract Price per Gallon	Variable Rate Received	Trade Date	Settlement Period	Monthly Notional Amount (in Gallons)
Commodity Swap	BofA - Merrill Lynch	1.72	NYMEX ULSD Heating Oil	1/27/2020	7/2020 - 6/2021	252,000
Commodity Swap	BofA - Merrill Lynch	1.72	NYMEX ULSD Heating Oil	2/14/2020	7/2020 - 6/2021	252,000
Commodity Swap	BofA - Merrill Lynch	1.24	NYMEX ULSD Heating Oil	3/16/2020	7/2020 - 6/2021	252,000

The hedging strategy consists of a reference to futures contracts of New York Mercantile Exchange (NYMEX) Ultra Low Sulfur Diesel (ULSD) Heating Oil. This commodity remains highly correlated to the diesel fuel type being used by WSF. These fuel hedges require no initial cash investment and provide monthly settlements.

The monthly settlements are based on the daily prices of the respective commodities whereby WSF will either receive a payment or make a payment to the counterparty, depending on the average monthly prices of the commodities in relation to the contract prices.

Fair Value

The state reports its hedging derivative instruments at fair value as either accounts payable - liability (negative fair value amount) or as other receivables - asset (positive fair value amount). The fair value represents the current price to settle swap assets or liabilities in the market place if a swap were to be terminated. The changes in fair value for hedging derivative instruments represent the unrealized gain or loss on the contracts and are reported as deferred inflows or deferred outflows of resources, respectively. At fiscal year end, the state reports the fair value and changes in fair value related to hedging derivative instruments on the Balance Sheet for Nonmajor Governmental Funds and the Government-wide Statement of Net Position.

Risks

The following risks are generally associated with commodity swap agreements:

Basis risk. Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates.

Statistically, the relationship between heating oil prices and diesel fuel prices has been quite stable over the past five years with a 98 percent correlation. This means that the heating oil futures price explains 98 percent of the variance in the price that WSF pays for its diesel fuel, making it highly reliable. In order to mitigate basis risk, WSF continually monitors the relationship between futures prices and the price of diesel fuel delivered.

Termination Risk. Termination risk is the risk that there will be a mandatory early termination of the commodity swap that would result in WSF either paying or receiving a termination payment. Mandatory terminations generally result when a counterparty suffers degraded credit quality or fails to perform. Upon termination, payment may be required by either party, reflecting fair value at the time of termination.

Credit Risk. Credit risk is the risk that the counterparty fails to make the required payments or otherwise comply with the terms of the swap agreement. WSF is exposed to credit risk in the amount of the derivative instrument's fair value. When the fair value of any derivative instrument has a positive market value, then WSF is exposed to the actual risk that the counterparty will not fulfill its obligation. To mitigate credit risk, WSF monitors the credit ratings of the counterparties. At June 30, 2021, credit ratings of the state's counterparty were as follows:

Counterparty	Moody's	Standard & Poor's	Fitch
Bank of America Merrill Lynch International Limited	-	A+	AA

Note 14

Tax Abatements

During fiscal year 2021, the state of Washington provided material tax abatements through seven programs, four of which are only available to businesses in the aerospace industry.

Data Center Server Equipment and Power Infrastructure Tax Exemption

Per Revised Code of Washington (RCW) 82.08.986 and 82.12.986, the purchase or use of server equipment and power infrastructure in data centers within the state of Washington, along with certain related labor and services charges, may be exempt from sales and use tax to encourage immediate investments in technology facilities. The Department of Revenue (DOR) will issue an exemption certificate, which the buyer must present to the seller at the time of the sale in order to make eligible tax-exempt purchases.

Within six years of the date that the exemption certificate is issued, the certificate holder must establish that net employment at the computer data center has increased by a minimum of 35 family wage positions or 3 family wage employment positions for each 20,000 square feet or less of space. Family wage employment positions are new permanent employment positions requiring 40 hours of weekly work, or their equivalent, at the eligible computer data center, and receiving a wage equivalent to or greater than 150 percent of the per capita personal income of the county in which the data center is located. All previously exempted sales and use tax are immediately due and payable for a qualifying business that does not meet these requirements.

High-Technology Business Tax Deferral Program

Chapter 82.63 RCW provides a deferral and ultimate waiver of sales and use tax to encourage the creation of high-wage, high-skilled jobs in the state of Washington. The deferral applies to sales and use tax arising from the construction or expansion of a qualified research and development facility or a pilot scale manufacturing facility used in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology.

Businesses must apply for a deferral certificate prior to being issued a building permit for the project(s) or before taking possession of machinery and equipment. Eligible projects will receive a sales and use tax deferral certificate issued by DOR, which allows vendors and contractors to sell to the approved business without charging sales tax. An annual survey must be filed by May 31 of the year in which the project is certified and for the following seven years. If the investment project is used for any other

purpose at any time during the calendar year in which the investment is certified as operationally complete, or during the next seven calendar years, a portion of the deferred taxes must be repaid immediately. The portion due is determined by a sliding scale ranging from 100 percent recapture in the year the project is operationally complete to 12.5 percent recapture in year eight.

Multi-Unit Urban Housing Tax Exemption

RCW 84.14.020 allows for a property tax exemption to improve residential opportunities, including affordable housing opportunities, in urban centers. In order to qualify for the exemption, the new or rehabilitated multiple-housing unit must be located in a targeted residential area designated by the city or county, provide for a minimum of 50 percent of the space for permanent residential occupancy, meet all construction and development regulations, and be completed within three years of the application approval date. To qualify as a rehabilitated unit, the property must also fail to comply with one or more standards of the applicable state or local building or housing codes on or after July 23, 1995.

The property owner must apply for the exemption certificate with the city or county where the property is located before beginning construction. If the application is approved, the exemption certificate will be issued after the owner certifies all requirements have been met upon completion of the project. If the application for a tax exemption certificate was submitted before July 22, 2007, the property is exempt for ten years. If the application for a tax exemption certificate was submitted on or after July 22, 2007, the property is exempt for eight years, unless the applicant commits to renting or selling at least 20 percent of the units as affordable housing units to low and moderate-income households, making it exempt for 12 years. Each tax exemption certificate recipient must submit an annual report to the city or county. If a portion of the property no longer meets the exemption requirements, the tax exemption is canceled and a lien will be placed on the land for the additional real property tax on the value of the non-qualifying improvements plus a 20 percent penalty and interest.

Aerospace Incentives

The state of Washington provides tax abatement programs to the aerospace industry to encourage the industry's continued presence in the state.

RCW 82.04.4461 allows a business and occupation (B&O) tax credit equal to 1.5 percent of expenditures on aerospace product development performed within Washington. A business claiming the credit must file an annual report with DOR.

Per RCW 82.04.4463, manufacturers and processors for hire of commercial airplanes or their component parts

and aerospace tooling manufacturers are eligible for a B&O tax credit equal to the property and leasehold taxes paid on certain buildings, land, and the increased value from certain building renovations or expansions, as well as a portion of property taxes paid on certain machinery and equipment. The credit for machinery and equipment is equal to the amount of property taxes paid on the machinery and equipment multiplied by a fraction as prescribed in the RCW.

Eligibility for the credit requires the building, land, and/or machinery and equipment be used exclusively in manufacturing commercial airplanes or their components or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components. A business claiming the credit must file an annual report with DOR.

Non-manufacturers engaged in the business of aerospace product development and certificated Federal Aviation Regulation repair stations making retail sales are eligible for a B&O tax credit equal to property and leasehold taxes on certain buildings, land, and the increased value of renovated buildings, and qualifying computer equipment and peripherals under RCW 82.04.4463. Eligibility for the credit requires the building, land, and/or computer equipment and peripherals be used exclusively in aerospace product development or in providing aerospace services. A business claiming the credit must file an annual report with DOR.

The purchase and use of computer hardware, software, or peripherals, including installation charges, is exempt from sales and use tax per RCW 82.08.975 and 82.12.975 if the item is used primarily in developing, designing, and engineering aerospace products. The purchaser must present a Buyers' Retail Sales Tax Exemption Certificate to the seller at the time of purchase.

The purchase of goods and services, including labor, for the construction of new buildings used to manufacture commercial airplanes or fuselages or wings of commercial airplanes are exempt from sales and use tax per RCW 82.08.980 and 82.12.980. The exemption also applies to new buildings or parts of new buildings used for storing raw materials or finished products used to manufacture commercial airplanes and certain commercial airplane parts. Port districts, political subdivisions, or municipal corporations may also use the sales and use tax exemption when constructing new facilities to lease to these manufacturers. The eligible purchaser must present a Buyers' Retail Sales Tax Exemption Certificate to the seller at the time of purchase. Per RCW 82.32.330(2), the amount of sales and use tax abated from this exemption cannot be disclosed because there are fewer than three taxpayers that received the exemption in fiscal year 2021.

The following table shows the amount of taxes abated during fiscal year 2021 (expressed in thousands):

Tax Abatement Program	Amount of Taxes Abated
Data center server equipment and power infrastructure exemption	\$ 54,770
High-technology business tax deferral program	33,487
Multi-unit urban housing tax exemption	35,730
Aerospace incentives:	
Aerospace product development expenditures credit	55,726
Aerospace business facilities credit	22,127
Computer hardware, software, and peripherals exemption	5,103
TOTAL	\$ 206,942

Note 15

Commitments and Contingencies

A. CAPITAL COMMITMENTS

Outstanding commitments related to state infrastructure and facility construction, improvement, and/or renovation totaled \$5.09 billion at June 30, 2021.

B. ENCUMBRANCES

Encumbrances, which represent commitments related to unperformed contracts for goods or services, are included in restricted, committed, or assigned fund balance, as appropriate. Operating encumbrances lapse at the end of the applicable appropriation period. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. There were no encumbrances outstanding against continuing appropriations at the end of fiscal year 2021.

C. SUMMARY OF SIGNIFICANT LITIGATION

Pending Litigation

The state and its agencies are parties to numerous routine legal proceedings that normally occur in governmental operations. In addition, at any given point, there may be numerous lawsuits involving the implementation, reduction, or elimination of specific state programs that could significantly impact expenditures and revenues, and potentially have future budgetary impact. This summary considers significant litigation not covered by tort insurance. Tort case liabilities are disclosed in Note 7.E, Claims and Judgments, Risk Management.

The state is defending a case where the plaintiffs challenge the constitutionality of the capital gains tax which will go into effect in January 2022. The new tax is estimated to bring in approximately \$442 million per year starting fiscal year 2023.

The state is also the defendant in a number of cases alleging inadequate funding of state programs or services, as well as various assertions by unions representing individual service providers. Claims include insufficient funding for the provision of mental health services to Medicaid eligible children; insufficient competency services at state hospitals; and violation of the Minimum Wage Act. Collective claims in these programmatic and service cases exceed \$35 million. In addition, adverse rulings in some of these cases could result in significant future costs.

The state is contesting these lawsuits and the outcomes are uncertain at this time.

Tobacco Settlement

In November 1998, Washington joined 45 other states in a Master Settlement Agreement (MSA) with the nation's largest tobacco manufacturers to provide restitution for monies spent under health care programs for the treatment of smoking-related illnesses.

The annual payments to each state under the MSA are subject to a number of adjustments, including the nonparticipating manufacturer (NPM) adjustment. The NPM adjustment is a downward adjustment that is applicable to any state found by an arbitration panel not to have diligently enforced the qualifying statute. The amount of the available adjustment is calculated every year by Price Waterhouse Coopers and is typically \$1.25 billion. States found not diligent share the costs of that downward adjustment and the adjustment is applied against the next annual MSA payment. No state can lose more than its entire annual payment.

For every annual MSA payment cycle since 2006, the participating manufacturers have withheld the amount of the available NPM adjustment from their MSA payments claiming all of the states were not diligent, depositing the amount of the available adjustment into a Disputed Payments Account. For Washington, the amount withheld from each payment has been in the range of approximately \$17.5 million to \$22.2 million. The states are required to sue the participating manufacturers to recover the withheld amounts.

The withholding in 2006 challenged the states' diligence for calendar year 2003. That challenge marked the first time the NPM adjustment procedure was involved and led to diligent enforcement arbitration. The arbitration occurred in two stages: a national hearing on "common issues" and then state's specific case.

During the 2003 NPM adjustment dispute, 22 states settled their dispute. The participating manufacturers agreed to a 54 percent reduction in their annual MSA payments and to additional NPM enforcement obligations. On September 11, 2013, the arbitration panel issued a decision in Washington's favor, unanimously concluding that Washington proved that it diligently enforced the qualifying statute during calendar year 2003 and therefore, for that calendar year, is not subject to an NPM adjustment under the MSA. As a result of that decision, in fiscal year 2014, Washington received approximately \$14 million more than it would have otherwise received.

The 2004 NPM adjustment dispute has been underway since shortly after the conclusion of the 2003 dispute. In September 2019, one of the states' three elected

arbitration panel members passed away before any decisions were finalized. The states subsequently selected a replacement who reviewed all filings and transcripts and participated in the panel's decisions.

In September 2021, the panel determined that Washington was not diligent and decided two central legal issues to the contrary of the 2003 panel rulings. Washington faces a potential downward NPM adjustment in its next MSA payment between \$29 million \$137 million. The amount of any penalty against Washington's next MSA payment will be determined by post-award litigation over the validity of the 2004 panel's ruling and its rulings on reallocation.

The 2005, 2006, and 2007 NPM Adjustment disputes are currently underway and the arbitration panel for multiple years has convened for the first time. The common case for those years is set for July 6 to July 15, 2022. State specific hearings will commence in the fall of 2022.

D. FEDERAL ASSISTANCE

The state has received federal financial assistance for specific purposes that are generally subject to review or audit by the grantor agencies.

Entitlement to this assistance is generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of assistance for allowable purposes. Any disallowance resulting from a review or audit may become a liability of the state.

The state estimates and recognizes claims and judgments liabilities for disallowances when determined by the grantor agency or for probable disallowances based on experience pertaining to these grants; however, these recognized liabilities and any unrecognized disallowances are considered immaterial to the state's overall financial condition.

E. ARBITRAGE REBATE

Rebatable arbitrage is defined by the Internal Revenue Service Code Section 148 as earnings on investments purchased from the gross proceeds of a bond issue that are in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue.

The rebatable arbitrage must be paid to the federal government. The state estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

F. FINANCIAL GUARANTEES

School District Credit Enhancement Program

In accordance with chapter 39.98 RCW (School District Credit Enhancement Program), the state has guaranteed outstanding voter-approved general obligation bonds of school districts within the state in the amount of \$16.32 billion at June 30, 2021. The guarantees extend through the life of the bonds, with a final maturity date of the longest series in 2045.

In the event that a school district has insufficient funds to make a required debt service payment on a guaranteed bond, the state is required to transfer sufficient funds to make the payment. School districts for which the state has made all or part of a debt service payment shall reimburse the state for all money drawn on their behalf, as well as interest and penalties.

On June 1, 2021, the state made a debt service payment of \$3.2 million on behalf of a school district when its debt service wire payment failed to transmit to the receiving bank before the deadline due to technical issues. The wire payment was subsequently transmitted successfully, and the state was fully refunded on the same day.

G. COLUMBIA RIVER CROSSING

The Washington State Department of Transportation (WSDOT) and the Oregon Department of Transportation (ODOT) worked together, along with federal and local agencies, on the Columbia River Crossing (CRC) project. The CRC project was a bridge, transit, highway, bicycle, and pedestrian improvement project intended to replace the existing two highway spans on Interstate 5 (I-5) across the Columbia River, along with new interchanges on both the Washington and Oregon sides of the river. It also included extension of light rail public transit into Vancouver, Washington.

In 2014, the CRC project was shut down due to lack of funding by both the Washington and Oregon legislatures. During the project, WSDOT expended approximately \$54 million in federal funds, of which \$15 million was jointly awarded to Washington and Oregon.

Under Federal Highway Administration (FHWA) policy, failure to advance a project to the construction phase within 10 years of the initial obligation of funds could trigger a requirement to repay federal funds used on the project. FHWA has granted Washington and Oregon an extension to September 30, 2024.

In 2019, the Washington Legislature provided \$35 million to establish a project office jointly staffed by Washington and Oregon. The funding also covers pre-design activities to replace the I-5 Columbia River bridge crossing. The

Oregon Transportation Commission (OTC) allocated \$9 million as the state's initial contribution to restarting the work. In August 2019, the OTC approved an additional \$4 million to be obligated to the program from the fiscal year 2020 federal redistribution funds.

In April 2020, WSDOT and ODOT signed a funding and administration agreement committing to jointly approve expenditures and equally fund the program. A program administrator was hired in June 2020 to act on behalf of both states.

In August 2020, the OTC approved an additional \$6 million to be obligated to the program from the fiscal year 2021 federal redistribution funds, followed by an additional \$30 million in March 2021. ODOT and WSDOT have initiated program development efforts including re-engaging program partners and stakeholders and resuming bi-state legislative committee engagement.

H. OTHER COMMITMENTS AND CONTINGENCIES

Local Option Capital Asset Lending Program

On September 1, 1998, the state lease-purchase program was extended to local governments seeking low cost financing of essential equipment and, in the year 2000, for real estate. The Local Option Capital Assets Lending (LOCAL) program allows local governments to pool their

financing requests together with Washington state agencies in Certificates of Participation (COPs). Refer to Note 7.B for the state's COP disclosure.

These COPs do not constitute a debt or pledge of the full faith and credit of the state; rather, local governments pledge their full faith and credit in a general obligation pledge.

In the event that any local government fails to make any payment, the state is obligated to withhold an amount sufficient to make such payment from the local government's share, if any, of state revenues or other amounts authorized or required by law to be distributed by the state to such local government, if otherwise legally permissible.

Upon failure of any local government to make a payment, the state is further obligated, to the extent of legally available appropriated funds, to make such payment on behalf of such local government. The local government remains obligated to make all COP payments and reimburse the state for any conditional payments.

As of June 30, 2021, outstanding COP notes totaled \$135.3 million for 137 local governments participating in LOCAL. The state estimates that the LOCAL program liability, if any, will be immaterial to its overall financial condition.

Note 16

Subsequent Events

A. BOND ISSUES

In July 2021, the state issued:

- \$599.5 million in general obligation bonds to provide funds to pay and reimburse for various state capital projects.
- \$42.3 million in motor vehicle fuel tax general obligation bonds to provide funds to pay and reimburse for construction of state and local highway improvements and preservation projects.
- \$93.1 million in taxable general obligation bonds to provide funds to pay and reimburse for various non-transportation capital projects.

In November 2021, the state issued:

- \$133.0 million in general obligation refunding bonds for the purpose of refunding certain various general obligation bonds of the state.
- \$133.4 million in motor vehicle fuel tax general obligation refunding bonds for the purpose of refunding certain motor vehicle fuel tax general obligation bonds of the state.

B. CERTIFICATES OF PARTICIPATION

In October 2021, the state issued \$26.4 million in Certificates of Participation (COPs), of which \$6.9 million were refunding COPs.

This page intentionally left blank.

RSI
Required Supplementary Information

This page intentionally left blank.

State of Washington

BUDGETARY COMPARISON SCHEDULES

General Fund

For the Biennium Ended June 30, 2021

(expressed in thousands)

	Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 3,265,160	\$ 3,265,160	\$ 3,265,160	\$ —
Resources				
Taxes	48,881,435	49,281,334	49,632,324	350,990
Licenses, permits, and fees	245,094	247,555	281,231	33,676
Other contracts and grants	903,905	917,992	673,117	(244,875)
Timber sales	7,740	9,234	8,721	(513)
Federal grants-in-aid	25,740,835	31,236,124	26,537,469	(4,698,655)
Charges for services	111,396	125,270	166,310	41,040
Investment income (loss)	92,309	74,862	71,986	(2,876)
Miscellaneous revenue	504,520	443,812	403,008	(40,804)
Unclaimed property	178,743	253,184	254,078	894
Transfers from other funds	2,087,173	4,247,326	4,947,480	700,154
Total Resources	82,018,310	90,101,853	86,240,884	(3,860,969)
Charges To Appropriations				
General government	4,666,396	6,822,417	5,154,094	1,668,323
Human services	40,112,938	42,808,609	40,893,615	1,914,994
Natural resources and recreation	902,718	1,062,906	926,325	136,581
Transportation	150,242	152,062	135,467	16,595
Education	31,757,555	31,736,871	30,002,144	1,734,727
Capital outlays	1,050,822	1,032,839	348,024	684,815
Transfers to other funds	851,816	3,806,983	3,884,722	(77,739)
Total Charges To Appropriations	79,492,487	87,422,687	81,344,391	6,078,296
Excess Available For Appropriation Over (Under) Charges To Appropriations	2,525,823	2,679,166	4,896,493	2,217,327
Reconciling Items				
Bond sale proceeds	375,491	93,598	171,972	78,374
Issuance premiums	—	2,272	3,784	1,512
Assumed reversions	353,704	699,567	—	(699,567)
Working capital adjustment	—	—	(175,000)	(175,000)
Noncash activity (net)	—	—	295,016	295,016
Nonappropriated fund balances	—	—	69,444	69,444
Changes in reserves (net)	—	—	(334,138)	(334,138)
Total Reconciling Items	729,195	795,437	29,555	(765,882)
Budgetary Fund Balance, June 30	\$ 3,255,018	\$ 3,474,603	\$ 4,926,048	\$ 1,451,445

The separately submitted report that demonstrates compliance at a legal level of budgetary control is traceable to the Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual found in the Individual Fund Schedules section.

BUDGETARY COMPARISON SCHEDULES

General Fund - Budget to GAAP Reconciliation

For the Biennium Ended June 30, 2021

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources"		
from the Budgetary Comparison Schedule	\$	86,240,884
Differences - budget to GAAP:		
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:		
Transfers from other funds		(4,947,480)
Budgetary fund balance at the beginning of the biennium, as restated		(3,265,160)
Appropriated loan principal repayment		(207)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:		
Noncash commodities and electronic food stamp benefits		4,241,841
Revenues collected for other governments		272,333
Unanticipated receipts		3,425,912
Noncash revenues		249,535
Other		50,642
Biennium total revenues		86,268,300
Fiscal year 2020 total revenues		(38,977,410)
Nonappropriated activity		49,286
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	47,340,176

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations"		
from the Budgetary Comparison Schedule	\$	81,344,391
Differences - budget to GAAP:		
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:		
Appropriated transfers to other funds		(3,592,394)
Other transfers to other funds		(3,884,722)
Appropriated loan disbursements		(31)
The following items are not outflows of budgetary resources but are recorded as current expenditures for financial reporting purposes:		
Noncash commodities and electronic food stamp benefits		4,241,841
Distributions to other governments		272,333
Certificates of participation and capital lease acquisitions		19,794
Expenditures related to unanticipated receipts		3,425,912
Other		14,091
Biennium total expenditures		81,841,253
Fiscal year 2020 total expenditures		(38,315,455)
Nonappropriated activity		1,026,482
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$	44,552,280

State of Washington

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund

For the Biennium Ended June 30, 2021

(expressed in thousands)

	Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 1,325,579	\$ 1,325,579	\$ 1,325,579	\$ —
Resources				
Taxes	1,018,660	2,015,320	1,947,626	(67,694)
Investment income (loss)	6,404	43,157	30,957	(12,200)
Miscellaneous revenue	1,771	1,704	—	(1,704)
Transfers from other funds	182,160	235,393	235,331	(62)
Total Resources	2,534,574	3,621,689	3,539,493	(82,196)
Charges To Appropriations				
General government	432	432	403	29
Human services	37,977	37,971	34,527	3,444
Education	2,196,099	2,765,096	2,756,382	8,714
Transfers to other funds	30,175	30,558	30,337	221
Total Charges To Appropriations	2,264,683	2,834,057	2,821,649	12,408
Excess Available For Appropriation Over (Under) Charges To Appropriations	269,891	787,632	717,844	(69,788)
Reconciling Items				
Working capital adjustment	—	—	17,308	17,308
Noncash activity (net)	—	—	(12,405)	(12,405)
Nonappropriated fund balances	—	—	3,561,883	3,561,883
Changes in reserves (net)	—	—	(206,888)	(206,888)
Total Reconciling Items	—	—	3,359,898	3,359,898
Budgetary Fund Balance, June 30	\$ 269,891	\$ 787,632	\$ 4,077,742	\$ 3,290,110

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund - Budget to GAAP Reconciliation

For the Biennium Ended June 30, 2021

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources"	
from the Budgetary Comparison Schedule	\$ 3,539,493
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(235,331)
Budgetary fund balance at the beginning of the biennium, as restated	(1,325,579)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash revenues	154
Biennium total revenues	1,978,737
Fiscal year 2020 total revenues	(7,014,528)
Nonappropriated activity	12,323,609
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 7,287,818

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations"	
from the Budgetary Comparison Schedule	\$ 2,821,649
Differences - budget to GAAP:	
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes:	
Appropriated transfers to other funds	(240,560)
Other transfers to other funds	(30,337)
Biennium total expenditures	2,550,752
Fiscal year 2020 total expenditures	(7,027,666)
Nonappropriated activity	11,557,063
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$ 7,080,149

BUDGETARY INFORMATION
Notes to Required Supplementary Information

GENERAL BUDGETARY POLICIES AND PROCEDURES

The Governor is required to submit a budget to the Legislature no later than December 20 of the year preceding odd-numbered year sessions of the Legislature.

The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approved by the Governor. Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year in the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level.

The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying budgetary schedule is not presented at the legal level of budgetary control. This is due to the large number of appropriations within individual agencies that would make such a

presentation in the accompanying financial schedule extremely cumbersome. Section 2400.121 of the Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards provides for the preparation of a separate report in these extreme cases.

For the state of Washington, a separate report has been prepared for the 2019-21 biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures and estimated versus actual revenues and other financing sources (uses) for appropriated funds/accounts at agency and appropriation level are presented in the Budget-to-Actual Detail Report for governmental funds. The report is available on line at [https://ofm.wa.gov/sites/default/files/public/accounting/report/ACFR/2021/Washington State Budget to Actual Detail Report.pdf](https://ofm.wa.gov/sites/default/files/public/accounting/report/ACFR/2021/Washington%20State%20Budget%20to%20Actual%20Detail%20Report.pdf).

Legislative appropriations are strict legal limits on expenditures; over-expenditures are prohibited. All appropriated and certain nonappropriated funds/accounts are further controlled by the executive branch through the allotment process. This process allocates the expenditure plan into monthly allotments by program, source of funds, and object of expenditure. State law does not preclude the over-expenditure of allotments.

Proprietary funds/accounts can earn revenues and incur expenses (i.e., depreciation or cost of goods sold) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund/account business plan estimates are adjusted only at the beginning of each fiscal year.

Additional fiscal control is exercised through various means. The Office of Financial Management is authorized to estimate revenue and make expenditure allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year.

Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at fiscal year-end are reported as restricted, committed, or assigned fund balance.

Budgetary Reporting vs. GAAP Reporting

Governmental funds are budgeted materially in conformance with generally accepted accounting principles.

However, the presentation in the accompanying budgetary schedules is different in certain respects from the corresponding Statements of Revenues, Expenditures, and Changes in Fund Balance (governmental operating statement). In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities. Expenditures are classified based on whether the appropriation is from the operating or capital budget. Expenditures funded by operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation. Expenditures funded by capital budget appropriations are reported as capital outlays.

However, in the governmental operating statements, all governmental funds are included and expenditures are classified according to what was actually purchased. Capital outlays are capital asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These include activities designated as nonappropriated by the Legislature. Nonappropriated activities can represent a portion of a fund such as the Higher Education Special Revenue Fund or all of a fund such as the Higher Education Endowment and Tobacco Settlement Securitization Bond Debt Service Funds. Additionally, certain items including federal surplus food commodities, electronic food stamp benefits, and resources collected and distributed to other governments are also excluded because they are not appropriated.

Further, certain expenditures are appropriated as operating transfers. These transfers are reported as operating transfers on the budgetary schedules and as expenditures on the governmental operating statements.

In the General Fund, Budgetary Fund Balance equals restricted fund balance reduced by a portion that is not available for budgeting, committed, and unassigned fund balances as reported on the Governmental Funds Balance Sheet. In the Higher Education Special Revenue Fund, Budgetary Fund Balance equals the sum of restricted and committed fund balance as reported on the Governmental Funds Balance Sheet. In all other funds except Wildlife and Natural Resources, Budgetary Fund Balance equals total fund balance less nonspendable fund balance as reported on the Governmental Funds Balance Sheet. The Budgetary Fund Balance in the Wildlife and Natural Resources fund is further reduced by a portion of restricted fund balance that is not available for budgeting.

State of Washington

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Washington State Patrol Retirement System - Plan 1/2

Last Eight Measurement Years *
(expressed in thousands)

	2020	2019	2018
Total Pension Liability			
Service cost	\$ 23,091	\$ 22,671	\$ 21,083
Interest	100,877	96,629	94,569
Changes of benefit terms	2,400	—	—
Differences between expected and actual experience	11,919	4,254	13,974
Changes in assumptions	581	—	(24,367)
Benefit payments, including refunds of member contributions	(68,838)	(64,370)	(59,634)
Net Change in Total Pension Liability	70,030	59,184	45,625
Total Pension Liability - Beginning	1,373,918	1,314,734	1,269,109
Total Pension Liability - Ending	\$ 1,443,948	\$ 1,373,918	\$ 1,314,734
Plan Fiduciary Net Position			
Contributions - employer	\$ 19,897	\$ 14,700	\$ 14,203
Contributions - employee	10,630	10,744	9,922
Net investment income	60,358	111,123	113,597
Benefit payments, including refunds of employee contributions	(68,838)	(64,370)	(59,634)
Administrative expense	(96)	(131)	(131)
Other	808	769	650
Net Change in Plan Fiduciary Net Position	22,759	72,835	78,607
Plan Fiduciary Net Position - Beginning	1,362,281	1,289,446	1,210,839
Plan Fiduciary Net Position - Ending	\$ 1,385,040	\$ 1,362,281	\$ 1,289,446
State's Net Pension Liability/(Asset) - Ending	\$ 58,908	\$ 11,637	\$ 25,288
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	95.92 %	99.15 %	98.08 %
Covered Payroll	\$ 113,704	\$ 111,612	\$ 109,243
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	51.81 %	10.43 %	23.15 %

N/A indicates not available.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary.

State of Washington

	2017		2016		2015		2014		2013
\$	18,474	\$	16,534	\$	16,633	\$	18,041		N/A
	90,560		83,373		80,037		75,249		N/A
	4,830		1,947		2,258		—		N/A
	23,702		(10,431)		8,883		—		N/A
	20,921		2		17		—		N/A
	(56,821)		(54,159)		(50,075)		(47,510)		N/A
	101,666		37,266		57,753		45,780		N/A
	1,167,443		1,130,177		1,072,424		1,026,644		N/A
\$	1,269,109	\$	1,167,443	\$	1,130,177	\$	1,072,424	\$	1,026,644
\$	7,587	\$	7,044	\$	6,679	\$	6,587		N/A
	10,454		8,895		6,323		6,555		N/A
	151,021		25,352		49,046		176,856		N/A
	(56,821)		(54,159)		(50,075)		(47,510)		N/A
	(53)		(60)		(67)		(84)		N/A
	524		429		293		509		N/A
	112,712		(12,499)		12,199		142,913		N/A
	1,098,127		1,110,626		1,098,427		955,514		N/A
\$	1,210,839	\$	1,098,127	\$	1,110,626	\$	1,098,427	\$	955,514
\$	58,270	\$	69,316	\$	19,551	\$	(26,003)	\$	71,130
	95.41 %		94.06 %		98.27 %		102.42 %		93.07 %
\$	93,053	\$	86,660	\$	84,388	\$	85,046	\$	81,895
	62.62 %		79.99 %		23.17 %		-30.58 %		86.86 %

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judicial Retirement System

Last Eight Measurement Years *

(expressed in thousands)

	2020	2019	2018
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	2,634	3,078	3,200
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(447)	(1,793)	(2,844)
Changes in assumptions	3,675	2,372	(2,063)
Benefit payments, including refunds of employee contributions	(7,921)	(7,958)	(8,325)
Net Change in Total Pension Liability	(2,059)	(4,301)	(10,032)
Total Pension Liability - Beginning	79,178	83,479	93,511
Total Pension Liability - Ending	\$ 77,119	\$ 79,178	\$ 83,479
Plan Fiduciary Net Position			
Contributions - employer	\$ 7,800	\$ 8,400	\$ 8,700
Contributions - employee	—	—	—
Net investment income	155	166	80
Benefit payments, including refunds of employee contributions	(7,921)	(7,958)	(8,325)
Administrative expense	—	—	—
Other	—	—	—
Net Change in Plan Fiduciary Net Position	34	608	455
Plan Fiduciary Net Position - Beginning	8,460	7,852	7,397
Plan Fiduciary Net Position - Ending	\$ 8,494	\$ 8,460	\$ 7,852
State's Net Pension Liability/(Asset) - Ending	\$ 68,625	\$ 70,718	\$ 75,627
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	11.01 %	10.68 %	9.41 %
Covered Payroll⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/Asset as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A indicates data not available.

1. Covered payroll is not applicable because there are no active plan employees beginning in 2014.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2017		2016		2015		2014		2013
	\$ —		\$ —		\$ —		\$ —		N/A
	2,874		3,704		4,382		4,319		N/A
	—		—		—		—		N/A
	1,047		20		1,590		—		N/A
	(6,329)		8,737		4,335		—		N/A
	(8,723)		(9,131)		(9,336)		(9,480)		N/A
	(11,131)		3,330		971		(5,161)		N/A
	104,642		101,312		100,341		105,502		N/A
	\$ 93,511		\$ 104,642		\$ 101,312		\$ 100,341		\$ 105,502
	\$ 9,300		\$ 9,500		\$ 10,600		\$ 10,600		N/A
	—		—		—		—		N/A
	45		74		38		25		N/A
	(8,723)		(9,131)		(9,336)		(9,480)		N/A
	—		(1)		—		—		N/A
	—		—		—		—		N/A
	622		442		1,302		1,145		N/A
	6,775		6,333		5,031		3,886		N/A
	\$ 7,397		\$ 6,775		\$ 6,333		\$ 5,031		\$ 3,886
	\$ 86,114		\$ 97,867		\$ 94,979		\$ 95,310		\$ 101,616
	7.91 %		6.47 %		6.25 %		5.01 %		3.68 %
	N/A		N/A		N/A		N/A		\$ 160
	N/A		N/A		N/A		N/A		635.10 %

State of Washington

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judges' Retirement Fund

Last Eight Measurement Years *

(expressed in thousands)

	2020	2019	2018
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	80	89	95
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(315)	161	(39)
Changes of assumptions	12	50	(43)
Benefit payments, including refunds of member contributions	(265)	(338)	(396)
Net Change in Total Pension Liability	(488)	(38)	(383)
Total Pension Liability - Beginning	2,427	2,465	2,848
Total Pension Liability - Ending	\$ 1,939	\$ 2,427	\$ 2,465
Plan Fiduciary Net Position			
Contributions--state	\$ 400	\$ 500	\$ 500
Contributions--member	—	—	—
Net investment income	18	17	8
Benefit payments, including refunds of member contributions	(265)	(338)	(396)
Administrative expense	—	—	—
Other	—	—	—
Net Change in Plan Fiduciary Net Position	153	179	112
Plan Fiduciary Net Position - Beginning	974	795	683
Plan Fiduciary Net Position - Ending	\$ 1,127	\$ 974	\$ 795
Plan's Net Pension Liability/(Asset) - Ending	\$ 812	\$ 1,453	\$ 1,670
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	58.12 %	40.13 %	32.25 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A indicates data not available.

1. Covered payroll is not applicable because there are no active plan employees.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2017	2016	2015	2014	2013
\$	—	\$ —	\$ —	\$ —	N/A
	88	116	138	137	N/A
	—	—	—	—	N/A
	194	123	182	—	N/A
	(129)	181	95	—	N/A
	(402)	(440)	(444)	(444)	N/A
	(249)	(20)	(29)	(307)	N/A
	3,097	3,117	3,146	3,453	N/A
\$	2,848	\$ 3,097	\$ 3,117	\$ 3,146	\$ 3,453
\$	499	\$ 501	\$ —	\$ —	N/A
	—	—	—	—	N/A
	4	6	4	7	N/A
	(402)	(440)	(444)	(444)	N/A
	—	—	—	—	N/A
	—	—	—	—	N/A
	101	67	(440)	(437)	N/A
	582	515	955	1,392	N/A
\$	683	\$ 582	\$ 515	\$ 955	\$ 1,392
\$	2,165	\$ 2,515	\$ 2,602	\$ 2,191	\$ 2,061
	23.98%	18.79%	16.52%	30.36%	40.31%
	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A

State of Washington

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Contributions

Washington State Patrol Retirement System - Plan 1/2

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 26,401	\$ 20,882	\$ 5,519	\$ 118,448	17.63 %
2020	25,167	19,897	5,270	113,704	17.50 %
2019	17,020	14,700	2,320	111,612	13.17 %
2018	16,648	14,203	2,445	109,243	13.00 %
2017	8,179	7,587	592	93,053	8.15 %
2016	7,618	7,044	574	86,660	8.13 %
2015	6,810	6,679	131	84,388	7.91 %
2014	6,677	6,587	90	85,046	7.75 %
2013	2,500	6,478	(3,978)	81,895	7.91 %
2012	2,900	6,454	(3,554)	81,578	7.91 %

Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Judicial Retirement System

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 7,505	\$ 7,600	\$ (95)	—	N/A
2020	7,643	7,800	(157)	—	N/A
2019	7,914	8,400	(486)	—	N/A
2018	8,317	8,700	(383)	—	N/A
2017	8,761	9,300	(539)	—	N/A
2016	8,999	9,500	(501)	—	N/A
2015	9,132	10,600	(1,468)	—	N/A
2014	9,205	10,600	(1,395)	—	N/A
2013	21,700	10,112	11,588	160	6320.00 %
2012	22,600	8,131	14,469	407	1997.79 %

Contributions in relation to the Actuarially Determined Contributions are based on state contributions. Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

N/A indicates data not available. Beginning in 2014, there are no active members.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION
Single Employer Plans

Schedule of Contributions
Judges' Retirement Fund

Last Ten Fiscal Years
(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 257	\$ 400	\$ (143)	—	N/A
2020	328	400	(72)	—	N/A
2019	395	500	(105)	—	N/A
2018	395	500	(105)	—	N/A
2017	439	499	(60)	—	N/A
2016	444	501	(57)	—	N/A
2015	539	—	539	—	N/A
2014	425	—	425	—	N/A
2013	400	—	400	—	N/A
2012	300	—	300	—	N/A

Contributions in relation to the Actuarially Determined Contributions are based on state contributions. Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

N/A indicates data not available. There are no active employees.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1**

Last Seven Measurement Years *

(expressed in thousands)

	2020	2019	2018
State PERS Plan 1 employers' proportion of the net pension liability/(asset)	42.07 %	41.80 %	41.97 %
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 1,485,148	\$ 1,607,475	\$ 1,874,226
Covered payroll of employees participating in PERS Plan 1	\$ 43,909	\$ 54,779	\$ 69,330
Covered payroll of employees participating in PERS Plan 2/3	5,902,886	5,469,217	5,237,495
Covered payroll of employees participating in PSERS Plan 2	384,394	321,991	198,511
Covered Payroll	\$ 6,331,190	\$ 5,845,987	\$ 5,505,336
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	23.46 %	27.50 %	34.04 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	68.64 %	67.12 %	63.22 %

* This schedule is to be built prospectively until it contains ten years of data.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3**

Last Seven Measurement Years *

(expressed in thousands)

	2020	2019	2018
State PERS Plan 2/3 employers' proportion of the net pension liability/(asset)	50.58 %	50.50 %	50.41 %
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ 646,953	\$ 490,544	\$ 860,776
State PERS Plan 2/3 employers' covered payroll	\$ 5,902,886	\$ 5,469,217	\$ 5,237,495
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	10.96 %	8.97 %	16.43 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	97.22%	97.77 %	95.77 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

2017	2016	2015	2014
41.88 %	41.99 %	41.57 %	42.37 %
\$ 1,987,268	\$ 2,255,244	\$ 2,174,623	\$ 2,134,189
\$ 85,341	\$ 103,235	\$ 120,686	\$ 143,836
4,928,806	4,648,843	4,363,171	4,215,934
175,395	155,768	140,977	130,172
\$ 5,189,542	\$ 4,907,846	\$ 4,624,834	\$ 4,489,942

38.29 %	45.95 %	47.02 %	47.53 %
61.24 %	57.03 %	59.10 %	61.19 %

2017	2016	2015	2014
50.20 %	49.72 %	49.10 %	49.27 %
\$ 1,744,067	\$ 2,503,313	\$ 1,754,418	\$ 995,856
\$ 4,928,806	\$ 4,648,843	\$ 4,363,171	\$ 4,215,934
35.39 %	53.85 %	40.21 %	23.62 %
90.97 %	85.82 %	89.20 %	93.29 %

State of Washington

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 1**

Last Seven Measurement Years *

(expressed in thousands)

	2020	2019	2018
State TRS Plan 1 employers' proportion of the net pension liability/(asset)	1.18 %	1.09 %	1.10 %
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 28,507	\$ 27,102	\$ 32,177
Covered payroll of employees participating in TRS Plan 1	\$ 1,431	\$ 1,557	\$ 1,893
Covered payroll of employees participating in TRS Plan 2/3	83,176	43,082	61,292
Covered Payroll	\$ 84,606	\$ 44,639	\$ 63,185
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	33.69 %	60.71 %	50.93 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	70.55 %	70.37 %	66.52 %

* This schedule is to be built prospectively until it contains ten years of data.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 2/3**

Last Seven Measurement Years *

(expressed in thousands)

	2020	2019	2018
State TRS Plan 2/3 employers' proportion of the net pension liability/(asset)	1.16 %	1.06 %	1.06 %
State TRS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ 17,767	\$ 6,389	\$ 4,757
State TRS Plan 2/3 employers' covered payroll	\$ 83,176	\$ 43,082	\$ 61,292
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	21.36 %	14.83 %	7.76 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	91.72 %	96.36 %	96.88 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2017		2016		2015		2014
	1.03 %		0.97 %		0.86 %		0.78 %
	\$ 31,172		\$ 33,026		\$ 27,186		\$ 22,924
	\$ 2,475		\$ 5,735		\$ 3,913		\$ 4,611
	52,534		41,803		33,705		25,673
	\$ 55,009		\$ 47,538		\$ 37,618		\$ 30,284

	56.67 %		69.47 %		72.27 %		75.70 %
	65.58 %		62.07 %		65.70 %		68.77 %

	2017		2016		2015		2014
	0.96 %		0.87 %		0.72 %		0.59 %
	\$ 8,873		\$ 11,896		\$ 6,107		\$ 1,913
	\$ 52,534		\$ 41,803		\$ 33,705		\$ 25,673
	16.89 %		28.46 %		18.12 %		7.45 %
	93.14 %		88.72 %		92.48 %		96.81 %

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Safety Employees' Retirement System (PSERS) Plan 2**

Last Seven Measurement Years *

(expressed in thousands)

	2020	2019	2018
State PSERS Plan 2 employers' proportion of the net pension liability/(asset)	62.26 %	54.61 %	50.48 %
State PSERS Plan 2 employers' proportionate share of the net pension liability / (asset)	\$ (8,567)	\$ (7,101)	\$ 625
State PSERS Plan 2 employers' covered payroll	\$ 384,394	\$ 321,991	\$ 198,511
State PSERS Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-2.23 %	-2.21 %	0.32 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	101.68 %	101.85 %	99.79 %

* This schedule is to be built prospectively until it contains ten years of data.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1**

Last Seven Measurement Years *

(expressed in thousands)

	2020	2019	2018
State's nonemployer proportion of the net pension liability/(asset)	87.12 %	87.12 %	87.12 %
State as nonemployer contributing entity proportionate share of the net pension liability/(asset)	\$ (1,645,269)	\$ (1,722,024)	\$ (1,581,665)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	146.88 %	148.78 %	144.42 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

2017	2016	2015	2014
49.14 %	47.97 %	47.93 %	48.26 %
\$ 9,628	\$ 20,386	\$ 8,748	\$ (6,988)
\$ 175,395	\$ 155,768	\$ 140,977	\$ 130,172
5.49 %	13.09 %	6.21 %	-5.37 %
96.26 %	90.41 %	95.08 %	105.01 %

2017	2016	2015	2014
87.12 %	87.12 %	87.12 %	87.12 %
\$ (1,321,802)	\$ (897,585)	\$ (1,049,988)	\$ (1,056,583)
135.96 %	123.74 %	127.36 %	126.91 %

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

**Schedule of the State's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2**

Last Seven Measurement Years *

(expressed in thousands)

	2020	2019	2018
State LEOFF Plan 2 employers' proportion of the net pension liability/(asset)	0.88 %	0.90 %	0.87 %
State as nonemployer contributing entity proportion of the net pension liability/(asset)	39.00 %	39.57 %	39.30 %
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset)	\$ (17,948)	\$ (20,782)	\$ (17,707)
State as nonemployer contributing entity total proportionate share of the net pension liability/(asset)	(795,604)	(916,765)	(797,902)
Total	\$ (813,552)	\$ (937,547)	\$ (815,609)
State LEOFF Plan 2 employers' covered payroll	\$ 25,410	\$ 23,388	\$ 21,892
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-70.63 %	-88.86 %	-80.88 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	115.83 %	119.43 %	118.50 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

2017	2016	2015	2014
0.85 %	0.88 %	0.83 %	0.84 %
39.35 %	39.46 %	39.80 %	39.52 %
\$ (11,823)	\$ (5,113)	\$ (8,580)	\$ (11,164)
(545,988)	(229,538)	(409,091)	(524,419)
\$ (557,811)	\$ (234,651)	\$ (417,671)	\$ (535,583)
\$ 20,396	\$ 19,828	\$ 18,744	\$ 18,259
-57.97 %	-25.79 %	-45.77 %	-61.14 %
113.36 %	106.04 %	111.67 %	116.75 %

State of Washington

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 1

Fiscal Year Ended June 30*

(dollars in thousands)

	2021	2020	2019
Contractually required contributions (CRC)	\$ 322,931	\$ 304,870	\$ 299,745
Employer contributions related to covered payroll of employees participating in PERS Plan 1	\$ 4,562	\$ 5,665	\$ 7,092
Employer UAAL contributions related to covered payroll of employees participating in PERS Plan 2/3 and PSERS Plan 2	318,369	299,205	292,653
Contributions in relation to the actuarially determined contributions	322,931	304,870	299,745
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered payroll of employees participating in PERS Plan 1	\$ 35,118	\$ 43,909	\$ 54,779
Covered payroll of employees participating in PERS Plan 2/3	6,151,714	5,902,886	5,469,217
Covered payroll of employees participating in PSERS Plan 2	450,362	384,394	321,991
Covered Payroll	\$ 6,637,194	\$ 6,331,189	\$ 5,845,987
Contributions as a percentage of covered payroll	4.87 %	4.82 %	5.13 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 2/3

Fiscal Year Ended June 30*

(dollars in thousands)

	2021	2020	2019
Contractually Required Contributions	\$ 485,475	\$ 466,005	\$ 412,466
Contributions in relation to the contractually required contributions	485,475	466,005	412,466
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 6,151,714	\$ 5,902,886	\$ 5,469,217
Contributions as a percentage of covered payroll	7.89 %	7.89 %	7.54 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2018	2017	2016	2015	2014
	\$ 280,513	\$ 251,924	\$ 238,158	\$ 191,618	\$ 188,639
	\$ 8,769	\$ 9,537	\$ 11,385	\$ 11,072	\$ 12,964
	271,744	242,387	226,773	180,546	175,675
	280,513	251,924	238,158	191,618	188,639
	\$ —	\$ —	\$ —	\$ —	\$ —
	\$ 69,330	\$ 85,341	\$ 103,235	\$ 120,686	\$ 143,836
	5,237,495	4,928,806	4,648,843	4,363,171	4,215,935
	198,511	175,395	155,768	140,977	130,172
	\$ 5,505,336	\$ 5,189,542	\$ 4,907,846	\$ 4,624,834	\$ 4,489,943
	5.10 %	4.85 %	4.85 %	4.14 %	4.20 %

	2018	2017	2016	2015	2014
	\$ 389,001	\$ 306,591	\$ 287,049	\$ 219,395	\$ 209,455
	389,001	306,591	287,049	219,395	209,455
	\$ —	\$ —	\$ —	\$ —	\$ —
	\$ 5,237,495	\$ 4,928,806	\$ 4,648,843	\$ 4,363,171	\$ 4,215,935
	7.43 %	6.22 %	6.17 %	5.03 %	4.97 %

State of Washington

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

Schedule of Contributions
Teachers' Retirement System (TRS) Plan 1

Fiscal Year Ended June 30*

(dollars in thousands)

	2021	2020	2019
Contractually required contributions	\$ 7,182	\$ 6,215	\$ 5,436
Employer contributions related to covered payroll of employees participating in TRS Plan 1	\$ 176	\$ 225	\$ 241
Employer UAAL contributions related to covered payroll of employees participating in TRS Plan 2/3	7,006	5,990	5,195
Contributions in relation to the actuarially determined contributions	7,182	6,215	5,436
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered payroll of employees participating in TRS Plan 1	\$ 1,330	\$ 1,431	\$ 1,557
Covered payroll of employees participating in TRS Plan 2/3	95,486	83,176	43,082
Covered Payroll	\$ 96,816	\$ 84,607	\$ 44,639
Contributions as a percentage of covered payroll	7.42 %	7.35 %	12.18 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions
Teachers' Retirement System (TRS) Plan 2/3

Fiscal Year Ended June 30*

(dollars in thousands)

	2021	2020	2019
Contractually required contributions	\$ 7,742	\$ 6,730	\$ 5,542
Contributions in relation to the contractually required contributions	7,742	6,730	5,542
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 95,486	\$ 83,176	\$ 43,082
Contributions as a percentage of covered payroll	8.11 %	8.09 %	12.86 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2018		2017		2016		2015		2014
	\$ 4,582		\$ 3,608		\$ 2,940		\$ 1,920		\$ 1,537
	\$ 272		\$ 326		\$ 369		\$ 388		\$ 451
	4,310		3,282		2,571		1,532		1,086
	4,582		3,608		2,940		1,920		1,537
	\$ —		\$ —		\$ —		\$ —		\$ —
	\$ 1,893		\$ 2,475		\$ 5,735		\$ 3,913		\$ 4,611
	61,292		52,534		41,803		33,705		25,673
	\$ 63,185		\$ 55,009		\$ 47,538		\$ 37,618		\$ 30,284
	7.25 %		6.56 %		6.18 %		5.10 %		5.08 %

	2018		2017		2016		2015		2014
	\$ 4,699		\$ 3,542		\$ 2,827		\$ 1,924		\$ 1,454
	4,699		3,542		2,827		1,924		1,454
	\$ —		\$ —		\$ —		\$ —		\$ —
	\$ 61,292		\$ 52,534		\$ 41,803		\$ 33,705		\$ 25,673
	7.67 %		6.74 %		6.76 %		5.71 %		5.66 %

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

Schedule of Contributions

Public Safety Employees' Retirement System (PSERS) Plan 2

Fiscal Year Ended June 30*

(dollars in thousands)

	2021	2020	2019
Contractually Required Contributions	\$ 32,495	\$ 27,498	\$ 17,602
Contributions in relation to the contractually required contributions	32,495	27,498	17,602
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 450,362	\$ 384,394	\$ 321,991
Contributions as a percentage of covered payroll	7.22 %	7.15 %	5.47 %

* This schedule is to be built prospectively until it contains ten years of data.

Schedule of Contributions

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2

Fiscal Year Ended June 30*

(dollars in thousands)

	2021	2020	2019
Contractually Required Contributions	\$ 1,602	\$ 1,721	\$ 1,654
Contributions in relation to the contractually required contributions	1,602	1,721	1,654
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 22,917	\$ 25,410	\$ 23,388
Contributions as a percentage of covered payroll	6.99 %	6.77 %	7.07 %

* This schedule is to be built prospectively until it contains ten years of data.

State of Washington

	2018		2017		2016		2015		2014
	\$ 13,330		\$ 11,465		\$ 10,233		\$ 8,932		\$ 8,100
	13,330		11,465		10,233		8,932		8,100
	\$ —		\$ —		\$ —		\$ —		\$ —
	\$ 198,511		\$ 175,395		\$ 155,768		\$ 140,977		\$ 130,172
	6.72 %		6.54 %		6.57 %		6.34 %		6.22 %

	2018		2017		2016		2015		2014
	\$ 1,512		\$ 1,346		\$ 1,345		\$ 1,224		\$ 1,184
	1,512		1,346		1,345		1,224		1,184
	\$ —		\$ —		\$ —		\$ —		\$ —
	\$ 21,892		\$ 20,396		\$ 19,828		\$ 18,744		\$ 18,259
	6.91 %		6.60 %		6.78 %		6.53 %		6.48 %

PENSION PLAN INFORMATION
Notes to Required Supplementary Information

Methods and assumptions used in calculations of Actuarially Determined Contributions for PERS, TRS, PSERS, LEOFF, and WSPRS. The Office of the State Actuary (OSA) calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with the state's funding policy defined under chapter 41.45 of the Revised Code of Washington (RCW). Consistent with the state's contribution rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. The actuarial valuation with a June 30, 2017, valuation date, completed in the fall of 2018, plus any supplemental contribution rates from the preceding legislative session, determined the ADC for the period beginning July 1, 2019, and ending June 30, 2021.

Methods and assumptions used in calculations of the ADC for the Judicial Retirement System and the Judges Retirement Fund. The OSA calculates the ADC based on the results of an actuarial valuation, and sets the ADC equal to the expected benefit payments from the plan. Consistent with the state's funding policy defined under RCW 2.10.90 and 2.12.60, the Legislature makes biennial appropriations in order to ensure the fund is solvent to make the necessary benefit payments.

Additional consideration on ADC for all plans. OSA calculates the ADC consistent with the methods described above. Adopted contribution rates may be different pending the actions of the governing bodies.

Contractually Required Contributions for PERS, TRS, PSERS, and LEOFF. For cost-sharing plans, OSA calculates the Contractually Required Contributions (CRC) using the same assumptions and methods as the ADC except the CRC reflects the adopted contribution rates for the time period shown, which may differ from the contribution rates produced for the ADC.

State of Washington

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Contributions

Last Ten Fiscal Years

(expressed in thousands)

Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)
2021	\$ 909	\$ 8,470	\$ (7,561)
2020	900	8,967	(8,067)
2019	926	8,436	(7,510)
2018	3,523	8,050	(4,527)
2017	4,528	7,494	(2,966)
2016	6,846	8,153	(1,307)
2015	6,653	6,816	(163)
2014	6,421	7,336	(915)
2013	4,600	6,946	(2,346)
2012	4,700	6,484	(1,784)

Notes: Neither covered payroll nor contributions as a percentage of covered payroll are applicable. This is a volunteer organization.

Beginning in 2017, the methodology for determining the Actuarially Determined Contributions was revised to reflect the timing of the contributions based upon the Board for Volunteer Fire Fighters adoption cycle and the actuarial funding methods selected.

Prior to 2014, the Annual Required Contribution amounts are presented for the Actuarially Determined Contributions.

Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Investment Returns

Last Eight Fiscal Years*

Year	Annual money-weighted rate of return, net of investment expense
2021	3.11 %
2020	4.40 %
2019	8.23 %
2018	8.84 %
2017	13.26 %
2016	2.19 %
2015	4.05 %
2014	18.50 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Change in Net Pension Liability

Last Nine Fiscal Years*

(expressed in thousands)

	2021	2020	2019
Total Pension Liability			
Service cost	\$ 819	\$ 820	\$ 828
Interest	15,728	13,120	13,119
Changes of benefit terms	—	34,626	—
Differences between expected and actual experience	(4,495)	1,134	(1,857)
Changes in assumptions	16,726	—	—
Benefit payments, including refunds of member contributions	(12,673)	(12,217)	(11,913)
Net Change in Total Pension Liability	16,105	37,483	177
Total Pension Liability - Beginning	230,100	192,617	192,440
Total Pension Liability - Ending	\$ 246,205	\$ 230,100	\$ 192,617
Plan Fiduciary Net Position			
Contributions - municipalities	\$ 803	\$ 771	\$ 797
Contributions - member	58	40	54
Contributions - state as nonemployer contributing entity	7,667	8,196	7,639
Net investment income	7,778	11,059	20,101
Benefit payments, including refunds of member contributions	(12,673)	(12,217)	(11,913)
Administrative expense	(762)	(3,120)	(1,352)
Other	—	—	—
Net Change in Plan Fiduciary Net Position	2,871	4,729	15,326
Plan Fiduciary Net Position--Beginning	265,339	260,610	245,284
Plan Fiduciary Net Position--Ending	\$ 268,210	\$ 265,339	\$ 260,610
Plan's Net Pension Liability/(Asset)--Ending	\$ (22,005)	\$ (35,239)	\$ (67,993)

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2018	2017	2016	2015	2014	2013
\$	853	\$ 869	\$ 893	\$ 919	\$ 1,240	N/A
	13,151	12,946	12,887	12,656	12,480	N/A
	—	—	—	—	—	N/A
	(2,707)	(1,998)	(176)	(2,948)	—	N/A
	16	463	101	1,931	—	N/A
	(11,573)	(11,074)	(10,795)	(10,501)	(10,771)	N/A
	(260)	1,206	2,910	2,057	2,949	N/A
	192,700	191,494	188,584	186,527	183,578	N/A
\$	192,440	\$ 192,700	\$ 191,494	\$ 188,584	\$ 186,527	\$ 183,578
\$	823	\$ 848	\$ 918	\$ 913	\$ 953	N/A
	65	69	67	76	95	N/A
	7,227	6,646	7,235	5,903	6,383	N/A
	19,860	26,114	4,588	8,289	31,892	N/A
	(11,573)	(11,074)	(10,795)	(10,501)	(10,771)	N/A
	(918)	(1,466)	(1,205)	(1,020)	(1,469)	N/A
	—	—	—	—	(22)	N/A
	15,484	21,137	808	3,660	27,061	N/A
	229,800	208,663	207,855	204,195	177,134	N/A
\$	245,284	\$ 229,800	\$ 208,663	\$ 207,855	\$ 204,195	\$ 177,134
\$	(52,844)	\$ (37,100)	\$ (17,169)	\$ (19,271)	\$ (17,668)	\$ 6,444

PENSION PLAN INFORMATION

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Net Pension Liability

Last Nine Fiscal Years*

(expressed in thousands)

	2021	2020	2019
Total Pension Liability/(Asset) - Ending	\$ 246,205	\$ 230,100	\$ 192,617
Plan Fiduciary Net Position - Ending	268,210	265,339	260,610
Plan's Net Pension Liability/(Asset) - Ending	<u>\$ (22,005)</u>	<u>\$ (35,239)</u>	<u>\$ (67,993)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	108.94 %	115.31 %	135.30 %
Covered Payroll	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A

N/A indicates data not applicable. This is a volunteer organization.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

**Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund
Notes to Required Supplementary Information**

The Office of the State Actuary calculates the Actuarially Determined Contributions (ADC) based on the results of an actuarial valuation consistent with funding policy defined under chapter 41.24 RCW and adopted policies made by the State Board for Volunteer

Fire Fighters and Reserve Officers. Consistent with the Board's contribution rate adoption process, the results of an actuarial valuation determine the ADC two years after the valuation date. For example, the actuarial valuation with a June 30, 2019, valuation date, completed in the fall of 2020, determines the ADC for the period ending June 30, 2021.

State of Washington

	2018	2017	2016	2015	2014	2013
	\$ 192,440	\$ 192,700	\$ 191,494	\$ 188,584	\$ 186,527	\$ 183,578
	245,284	229,800	208,663	207,855	204,195	177,134
	\$ (52,844)	\$ (37,100)	\$ (17,169)	\$ (19,271)	\$ (17,668)	\$ 6,444
	127.46 %	119.25 %	108.97 %	110.22 %	109.47 %	96.49 %
	N/A	N/A	N/A	N/A	N/A	N/A
	N/A	N/A	N/A	N/A	N/A	N/A

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

Fiscal Year 2021*
(expressed in thousands)

Institution Name	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
University of Washington	\$ 7,105	\$ 7,105	\$ —	\$ 1,372,814	0.52 %
Washington State University	919	919	—	161,432	0.57 %
Eastern Washington University	165	165	—	30,057	0.55 %
Central Washington University	—	173	(173)	38,710	0.45 %
The Evergreen State College	40	40	—	49,390	0.08 %
Western Washington University	196	196	—	17,327	1.13 %
State Board for Community and Technical Colleges	656	656	—	357,331	0.18 %

Notes:

Statute requires Central Washington University to contribute at a rate similar to the other institutions even though the Actuarially Determined Contributions equal zero

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Investment Returns

Fiscal Year 2021*

Institution Name	Annual money-weighted rate of return, net of investment expense
University of Washington	34.93 %
Washington State University	34.92 %
Eastern Washington University	34.88 %
Central Washington University	34.91 %
The Evergreen State College	34.86 %
Western Washington University	34.90 %
State Board for Community and Technical Colleges	34.87 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios
University of Washington

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 22,877	\$ 16,699	\$ 11,823	\$ 14,788	\$ 19,891
Interest	17,677	21,232	16,277	16,128	15,097
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(372,651)	31,425	102,713	(33,953)	(74,918)
Changes in assumptions	(223,327)	126,749	58,228	(17,105)	(28,553)
Benefit payments	(9,733)	(8,316)	(7,482)	(6,130)	(5,136)
Net Change in Total Pension Liability	<u>(565,158)</u>	<u>187,789</u>	<u>181,559</u>	<u>(26,272)</u>	<u>(73,619)</u>
Total Pension Liability - Beginning	781,829	594,040	412,481	438,753	512,372
Total Pension Liability - Ending	<u>\$ 216,672</u>	<u>\$ 781,829</u>	<u>\$ 594,040</u>	<u>\$ 412,481</u>	<u>\$ 438,753</u>
Plan Fiduciary Net Position **					
Contributions--Employer	\$ 7,105	N/A	N/A	N/A	N/A
Contributions--Member	—	N/A	N/A	N/A	N/A
Net Investment Income	22,275	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	N/A	N/A	N/A	N/A
Administrative Expense	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	<u>29,380</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan Fiduciary Net Position--Beginning	60,961	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Ending	<u>\$ 90,341</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan's Net Position Liability/(Asset) - Ending	<u>\$ 126,331</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	41.69 %	N/A	N/A	N/A	N/A
Covered payroll	\$ 1,703,155	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	7.42 %	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

**Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Washington State University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 3,114	\$ 2,282	\$ 2,112	\$ 2,763	\$ 3,803
Interest	2,666	3,282	3,241	3,261	3,140
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(47,565)	5,496	(1,022)	(7,171)	(16,389)
Changes in assumptions	(33,228)	17,655	7,997	(3,255)	(6,574)
Benefit payments	(2,827)	(2,493)	(2,439)	(2,181)	(1,890)
Net Change in Total Pension Liability	(77,840)	26,222	9,889	(6,583)	(17,910)
Total Pension Liability - Beginning	118,942	92,720	82,831	89,414	107,324
Total Pension Liability - Ending	\$ 41,102	\$ 118,942	\$ 92,720	\$ 82,831	\$ 89,414
Plan Fiduciary Net Position**					
Contributions--Employer	\$ 919	N/A	N/A	N/A	N/A
Contributions--Member	—	N/A	N/A	N/A	N/A
Net Investment Income	4,422	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	N/A	N/A	N/A	N/A
Administrative Expense	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	5,341	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Beginning	12,305	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Ending	\$ 17,646	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset)--Ending	\$ 23,456	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)	42.93%	N/A	N/A	N/A	N/A
Covered payroll	\$ 317,177	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	7.40 %	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

**Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Eastern Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 668	\$ 501	\$ 463	\$ 477	\$ 658
Interest	523	634	614	429	420
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(7,646)	1,019	421	3,867	(2,852)
Changes in assumptions	(7,364)	3,488	1,014	(621)	(647)
Benefit payments	(280)	(250)	(316)	(202)	(140)
Net Change in Total Pension Liability	(14,099)	5,392	2,196	3,950	(2,561)
Total Pension Liability - Beginning	23,139	17,747	15,551	11,601	14,162
Total Pension Liability - Ending	\$ 9,040	\$ 23,139	\$ 17,747	\$ 15,551	\$ 11,601
Plan Fiduciary Net Position**					
Contributions--Employer	\$ 165	N/A	N/A	N/A	N/A
Contributions--Member	—	N/A	N/A	N/A	N/A
Net Investment Income	892	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	N/A	N/A	N/A	N/A
Administrative Expense	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	1,057	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Beginning	2,492	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Ending	\$ 3,549	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset)--Ending	\$ 5,490	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)	39.26 %	N/A	N/A	N/A	N/A
Covered payroll	\$ 60,251	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	9.11 %	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

** Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Central Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 74	\$ 52	\$ 61	\$ 91	\$ 150
Interest	187	252	293	299	293
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(1,386)	322	(710)	(466)	(1,270)
Changes in assumptions	(2,394)	1,057	428	(272)	(616)
Benefit payments	(467)	(439)	(411)	(412)	(411)
Net Change in Total Pension Liability	(3,987)	1,244	(339)	(760)	(1,854)
Total Pension Liability - Beginning	8,622	7,378	7,717	8,477	10,331
Total Pension Liability - Ending	\$ 4,635	\$ 8,622	\$ 7,378	\$ 7,717	\$ 8,477
Plan Fiduciary Net Position**					
Contributions--Employer	\$ 173	N/A	N/A	N/A	N/A
Contributions--Member	—	N/A	N/A	N/A	N/A
Net Investment Income	894	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	N/A	N/A	N/A	N/A
Administrative Expense	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	1,067	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Beginning	2,493	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Ending	\$ 3,560	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset)--Ending	\$ 1,075	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)	76.81 %	N/A	N/A	N/A	N/A
Covered payroll	\$ 77,419	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	1.39 %	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

**Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios
The Evergreen State College

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 250	\$ 188	\$ 154	\$ 210	\$ 296
Interest	201	243	235	237	230
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(3,198)	490	(108)	(565)	(1,327)
Changes in assumptions	(2,495)	1,293	694	(229)	(387)
Benefit payments	(119)	(138)	(137)	(183)	(158)
Net Change in Total Pension Liability	(5,361)	2,076	838	(530)	(1,346)
Total Pension Liability - Beginning	8,894	6,818	5,980	6,510	7,856
Total Pension Liability - Ending	\$ 3,533	\$ 8,894	\$ 6,818	\$ 5,980	\$ 6,510
Plan Fiduciary Net Position**					
Contributions--Employer	\$ 40	N/A	N/A	N/A	N/A
Contributions--Member	—	N/A	N/A	N/A	N/A
Net Investment Income	348	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	N/A	N/A	N/A	N/A
Administrative Expense	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	388	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Beginning	984	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Ending	\$ 1,372	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset)--Ending	\$ 2,162	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)	38.83 %	N/A	N/A	N/A	N/A
Covered payroll	\$ 36,786	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	5.88 %	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

** Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios
Western Washington University

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 922	\$ 699	\$ 551	\$ 737	\$ 1,057
Interest	798	962	825	837	842
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(15,050)	1,961	2,298	(2,233)	(5,278)
Changes in assumptions	(8,260)	5,269	2,821	(819)	(2,126)
Benefit payments	(524)	(486)	(420)	(380)	(298)
Net Change in Total Pension Liability	(22,115)	8,405	6,075	(1,858)	(5,803)
Total Pension Liability - Beginning	35,442	27,037	20,962	22,820	28,623
Total Pension Liability - Ending	\$ 13,327	\$ 35,442	\$ 27,037	\$ 20,962	\$ 22,820
Plan Fiduciary Net Position**					
Contributions--Employer	\$ 196	N/A	N/A	N/A	N/A
Contributions--Member	—	N/A	N/A	N/A	N/A
Net Investment Income	1,326	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	N/A	N/A	N/A	N/A
Administrative Expense	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	1,522	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Beginning	3,733	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Ending	\$ 5,255	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset)--Ending	\$ 8,072	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)	39.43 %	N/A	N/A	N/A	N/A
Covered payroll	\$ 317,177	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	2.54 %	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

** Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Changes in Net Pension Liability and Related Ratios
State Board for Community and Technical Colleges

Fiscal Years Ended and Measurement Date June 30*

(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 4,672	\$ 3,516	\$ 2,851	\$ 3,827	\$ 5,417
Interest	3,323	3,956	3,449	3,517	3,514
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(29,981)	8,335	6,503	(10,402)	(25,336)
Changes in assumptions	(54,110)	22,269	12,227	(3,519)	(5,980)
Benefit payments	(1,992)	(1,785)	(1,818)	(1,300)	(902)
Net Change in Total Pension Liability	(78,088)	36,291	23,212	(7,877)	(23,287)
Total Pension Liability - Beginning	146,676	110,385	87,173	95,050	118,337
Total Pension Liability - Ending	\$ 68,588	\$ 146,676	\$ 110,385	\$ 87,173	\$ 95,050
Plan Fiduciary Net Position**					
Contributions--Employer	\$ 656	N/A	N/A	N/A	N/A
Contributions--Member	—	N/A	N/A	N/A	N/A
Net Investment Income	8,211	N/A	N/A	N/A	N/A
Benefit Payments, Including Refunds of Member Contributions	—	N/A	N/A	N/A	N/A
Administrative Expense	—	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	8,866	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Beginning	23,393	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position--Ending	\$ 32,259	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset)--Ending	\$ 36,329	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a percentage of the Total Pension Liability/(Asset)	47.03 %	N/A	N/A	N/A	N/A
Covered payroll	\$ 639,861	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	5.68 %	N/A	N/A	N/A	N/A

N/A indicates data not available.

*This schedule is to be built prospectively until it contains ten years of data.

** Due to changes in legislation, assets from higher education institution plans that were previously not administered through a trust, were placed into a trust or similar arrangement. As a result, plans previously reported under GASB Statement No. 73, are now reported under GASB Statement Nos. 67/68. The change is effective for fiscal year 2021.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability University of Washington

Last Five Fiscal Years*
(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 216,672	\$ 781,829	\$ 594,040	\$ 412,481	\$ 438,753
Plan Fiduciary Net Position - Ending	90,341	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 126,331	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	41.69 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 1,703,155	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	7.42 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education are reporting under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability Washington State University

Last Five Fiscal Years*
(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 41,102	\$ 118,942	\$ 92,720	\$ 82,831	\$ 89,414
Plan Fiduciary Net Position - Ending	17,646	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 23,456	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	42.93 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 317,177	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	7.40 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education are reporting under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

**Schedule of Net Pension Liability
Eastern Washington University**

Last Five Fiscal Years*
(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 9,040	\$ 23,139	\$ 17,747	\$ 15,551	\$ 11,601
Plan Fiduciary Net Position - Ending	3,549	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 5,490	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	39.26 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 60,251	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	9.11 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education are reporting under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

**Schedule of Net Pension Liability
Central Washington University**

Last Five Fiscal Years*
(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 4,635	\$ 8,622	\$ 7,378	\$ 7,717	\$ 8,477
Plan Fiduciary Net Position - Ending	3,560	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 1,075	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	76.81 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 77,419	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	1.39 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education are reporting under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability
The Evergreen State College

Last Five Fiscal Years*
(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 3,533	\$ 8,894	\$ 6,818	\$ 5,980	\$ 6,510
Plan Fiduciary Net Position - Ending	1,372	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 2,162	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	38.83 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 36,786	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	5.88 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education are reporting under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability
Western Washington State University

Last Five Fiscal Years*
(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 13,327	\$ 35,442	\$ 27,037	\$ 20,962	\$ 22,820
Plan Fiduciary Net Position - Ending	5,255	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 8,072	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	39.43 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 317,177	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	2.54 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education are reporting under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION
Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability
State Board for Community and Technical Colleges

Last Five Fiscal Years*
(expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability/(Asset) - Ending	\$ 68,588	\$ 146,676	\$ 110,385	\$ 87,173	\$ 95,050
Plan Fiduciary Net Position - Ending	32,259	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) - Ending	\$ 36,329	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	47.03 %	N/A	N/A	N/A	N/A
Covered Payroll	\$ 639,861	N/A	N/A	N/A	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	5.68 %	N/A	N/A	N/A	N/A

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education are reporting under GASB Statement Nos. 67/68.

*This schedule is to be built prospectively until it contains ten years of data.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Higher Education Supplemental Defined Benefit Plans
Notes to Required Supplementary Information

The Higher Education Supplemental Retirement Plans (SRPs) are financed on a pay-as-you-go basis. State institutions of higher education make direct payments to qualifying retirees when the retirement benefits provided by the fund sponsors do not meet the benefit goals.

Effective fiscal year 2021, House Bill 1661 created dedicated funds to pay SRP benefits that mimic the trust arrangement for the rest of the state retirement systems.

As a result, the plans, previously reported under GASB Statement No. 73, are now being reported under GASB Statement No. 67/68.

Under GASB 67/68, the discount rate is based on the long-term expected rate of return on the pension plan investments. This led to an increase in the discount rate used to measure the total pension liability (TPL) from 2.21 percent as of June 30, 2020, to 7.40 percent as of June 30, 2021, and a significant decrease in the TPL. In addition to the change in discount rate, the TPL is now compared against the plan's fiduciary net position to determine the net pension liability.

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Date of June 30*

(expressed in thousands)

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 251,517	\$ 235,316	\$ 317,866	\$ 394,955
Interest	210,229	203,889	218,339	184,999
Changes in benefit terms	—	—	—	—
Difference between expected and actual experience	(32,209)	(273)	199,258	—
Changes in assumptions	136,371	379,637	(1,390,198)	(902,431)
Benefit payments	(100,092)	(93,253)	(92,200)	(94,279)
Changes in proportion	3	(3)	(15)	—
Other**	(214,094)	—	—	—
Net Changes in Total OPEB Liability	251,725	725,313	(746,950)	(416,755)
Total OPEB Liability - Beginning, as restated	5,805,195	5,079,882	5,826,832	6,242,577
Total OPEB Liability - Ending	\$ 6,056,920	\$ 5,805,195	\$ 5,079,882	\$ 5,825,822
Covered-employee payroll	\$ 9,285,200	\$ 8,722,746	\$ 8,401,635	\$ 7,878,188
Total OPEB liability as a percentage of covered-employee payroll	65.23 %	66.55 %	60.46 %	73.95 %

*This schedule is to be built prospectively until it contains ten years of data.

**Impact of removing trends that include excise tax. Legislation under H.R. 1865 repealed the excise tax after the previous measurement date.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Other Postemployment Benefits Information
Notes to Required Supplementary Information

The Public Employees' Benefits Board OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis.

Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.

Total OPEB liability beginning balance for the measurement date of June 30, 2018, was restated to reflect the changes in proportion between the state and the Washington Economic Development Finance Authority which operates on a cash basis and does not report an OPEB liability. The restatement also includes OPEB amounts for the Health Care Benefits Exchange which was omitted from the table in the prior year.

Infrastructure Assets Reported Using the Modified Approach

Condition Assessment

The state of Washington reports certain networks of infrastructure assets under the modified approach of the Governmental Accounting Standards Board Statement No. 34. Expenditures to maintain and preserve these assets are budgeted, recorded, and reported in lieu of depreciation expense. The state must meet the following requirements to report networks of assets under the modified approach:

- Maintain an up-to-date inventory of eligible infrastructure assets in an asset management system.
- Disclose the condition level at which assets are to be

preserved or maintained, as established by administrative or executive policy, or by legislative action.

- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Document that assets are being preserved approximately at or above the disclosed condition level.
- Annually estimate the cost to maintain and preserve the assets at the established condition level.

Assets accounted for under the modified approach include the state of Washington’s network of highway pavements, bridges, and rest areas. In fiscal year 2021, the state was responsible for maintaining and preserving 20,876 pavement lane miles, 3,956 bridges and tunnels, and 47 highway safety rest areas.

PAVEMENT CONDITION

The Washington State Department of Transportation (WSDOT) performs highway pavement assessments over a two-year cycle utilizing three measurements to develop a scaled condition assessment: Pavement Structural Condition (PSC), International Roughness Index (IRI), and rutting.

The WSDOT uses the following rating scale for PSC:

Category	PSC Range	Description
Very Good	80 - 100	Little or no distress. Example: Flexible pavement with 5% of wheel track length having “hairline” severity alligator cracking will have a PSC of 80.
Good	60 - 79	Early stage deterioration. Example: Flexible pavement with 15% of wheel track length having “hairline” alligator cracking will have a PSC of 70.
Fair	40 - 59	This is the threshold value for rehabilitation. Example: Flexible pavement with 25% of wheel track length having “hairline” alligator cracking will have a PSC of 50.
Poor	20 - 39	Structural deterioration. Example: Flexible pavement with 25% of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 30.
Very Poor	0 - 19	Advanced structural deterioration. Example: Flexible pavement with 40% of wheel track length having “medium (spalled)” severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays.

The IRI scale is measured in inches per mile. The WSDOT assesses pavement with a ride performance measure less than 221 inches per mile to be in fair or better condition.

Rutting is measured in inches with a measurement of 0.58 inches or less assessed at a condition of fair or better.

PSC, IRI, and rutting are combined to rate a section of pavement which is assigned the lowest condition of any of the three indices.

State of Washington

The following table shows the combined conditions and the ratings for each index:

Category	PSC	IRI	Rutting
Very Good	80 - 100	< 96	< 0.24
Good	60 - 79	96 - 170	0.24 - 0.41
Fair	40 - 59	171 - 220	0.42 - 0.58
Poor	20 - 39	221 - 320	0.59 - 0.74
Very Poor	0 - 19	> 320	> 0.74

The WSDOT's policy is to maintain 85 percent of pavements at a condition level of fair or better, based on an average condition level of the last three assessments.

The following table shows pavement condition ratings for state highways:

Pavements			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Calendar Year			
2019	2017	2015	Average of Last Three Assessments
94.1%	93.2%	93.2%	93.5%

The following table reflects the state's estimated and actual expenditures necessary to preserve state highways at the established condition level:

Pavements					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
(expressed in thousands)					
	2021	2020	2019	2018	2017
Planned	\$ 211,788	\$ 194,105	\$ 227,625	\$ 263,555	\$ 304,040
Actual	124,491	169,303	269,236	271,474	264,315
Variance	\$ 87,297	\$ 24,802	\$ (41,611)	\$ (7,919)	\$ 39,725
	41.2%	12.8%	-18.3%	-3.0%	13.1%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors. For fiscal year 2021, the 41.2 percent variance is due to a combination of decreased expenditures and an additional appropriation for the Connecting Washington Program that funded other various projects to enhance the statewide transportation system and maintain critical infrastructure.

For more information about pavements, refer to the WSDOT's website at: <http://www.wsdot.wa.gov/Business/MaterialsLab/Pavements/default.htm>.

BRIDGE CONDITION

The WSDOT inspects and performs condition assessments on approximately 3,336 state-owned vehicular bridges in excess of 20 feet in length. While most bridges undergo condition assessments every two years, the National Bridge Inspection Standards (NBIS) make provisions for some bridges to be inspected more or less frequently. Factors that are considered when determining the frequency of inspection include age, type of structure, span length, and condition. There are currently about 360 bridges that are inspected on a four-year cycle, and many bridges that are inspected more frequently than every two years. Underwater bridge components are inspected at least once every five years in accordance with Federal Highway Administration (FHWA) requirements.

The WSDOT uses a performance measure established in FHWA's *Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation's Bridges*, which classifies the physical condition of bridges as good, fair, or poor based on structural sufficiency standards for the following bridge components: bridge superstructure, substructure, and deck. The appraisal data is collected in the National Bridge Inventory and assigned a code from 0 to 9, with 0 being in a failed condition and 9 being in excellent condition.

Category	National Bridge Inventory Code	Description
Good	7 or 8	A range from no problems noted to some minor problems.
Fair	5 or 6	All primary structural elements are sound but may have deficiencies such as minor section loss, deterioration, cracking, spalling, or scour.
Poor	4 or less	Advanced deficiencies such as section loss, deterioration, cracking, spalling, scour, or seriously affected primary structural components.

The WSDOT's policy is to maintain 90 percent of bridges at a condition level of fair or better, based on an average condition level of the last three assessments.

The following table shows condition ratings for state bridges:

Bridges			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Fiscal Year			
	2021	2019	2017
	93.8%	92.9%	91.8%
	Average of Last Three Assessments		
	92.8%		

The following table reflects the state's estimated and actual expenditures necessary to preserve the bridges at the established condition level:

Bridges					
Preservation and Maintenance - Planned to Actual - Fiscal Year					
<i>(expressed in thousands)</i>					
	2021	2020	2019	2018	2017
Planned	\$ 114,868	\$ 148,212	\$ 182,409	\$ 106,595	\$ 45,891
Actual	109,137	120,554	146,816	87,068	45,088
Variance	\$ 5,731	\$ 27,658	\$ 35,593	\$ 19,527	\$ 803
	5.0%	18.7%	19.5%	18.3%	1.7%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management's decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors.

For more information about bridges, refer to the WSDOT's website at: <http://www.wsdot.wa.gov/Bridge/Structures/>.

SAFETY REST AREA CONDITION

Beginning in fiscal year 2020, the WSDOT performs condition assessments on safety rest areas in the odd year of every fiscal biennium. Sites and buildings are divided into functional components that are assessed with a three-tiered condition scale: good, fair, and poor condition. The assessment criteria are based on guidelines that are typical of industry standards and have been modified by the WSDOT Capital Facilities Program to align with transportation-related facilities.

While the scale for condition measurement remains unchanged, both the condition rating tiers and the condition target for safety rest areas were modified effective for fiscal year 2020. The rating for a safety rest area to be considered in “fair” condition was increased from 50 percent to 60 percent under the new plan, representing a higher assessment standard than under the historical rating system.

The WSDOT’s policy is to maintain 85 percent of safety rest areas at a level of fair or better condition, based on the average condition level of the last three assessments. However, the implementation of the new condition assessment criteria in fiscal year 2020 resulted in the safety rest area condition rating falling below target in the last three assessments. The WSDOT will evaluate the feasibility of continuing to manage safety rest areas under the same asset management plan as all other agency-owned facilities using the modified approach for reporting infrastructure. This determination will be addressed in the Required Supplemental Information of the fiscal year 2022 Annual Comprehensive Financial Report.

The following table shows condition ratings for safety rest areas:

Safety Rest Areas			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Fiscal Year *			
2021	2019	2017	Average of Last Three Assessments
45.7%	80.4%	80.4%	68.8%

* The percentages for the 2017 and 2019 assessments reflect the new rating methodology effective July 2019.

The following table reflects the state’s estimated and actual expenditures necessary to preserve the safety rest areas at the established condition level:

Safety Rest Areas										
Preservation and Maintenance - Planned to Actual - Fiscal Year										
<i>(expressed in thousands)</i>										
	2021	2020	2019	2018	2017					
Planned	\$	8,140	\$	9,420	\$	11,084	\$	9,609	\$	9,964
Actual		7,256		8,601		9,004		7,986		8,011
Variance	\$	884	\$	819	\$	2,080	\$	1,623	\$	1,953
		10.9%		8.7%		18.8%		16.9%		19.6%

Actual expenditures may vary from planned amounts for a variety of reasons which include, but are not limited to, management’s decision to accelerate, defer, or reduce preservation or maintenance activities in response to economic forecasts and other factors.

For more information about safety rest areas, refer to the WSDOT’s website at: <http://www.wsdot.wa.gov/safety/restareas>.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Funds
Combining Financial Statements

Nonmajor Governmental Funds

The Nonmajor Governmental Funds fall into the four categories as described below:

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are restricted or committed to expenditures for specified purposes.

Debt Service Funds

Debt Service Funds account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities.

Capital Projects Funds

Capital Projects Funds account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds).

Permanent Funds

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the state or its citizenry. The Common School Permanent Fund, the state's only Nonmajor Permanent Fund, accounts for the principal derived from the sale of timber. Interest earned is used for the benefit of common schools.

NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet - by Fund Type
 June 30, 2021
(expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Common School Permanent	Total
ASSETS					
Cash and cash equivalents	\$ 4,020,864	\$ 294,665	\$ 123,744	\$ 61	\$ 4,439,334
Investments	59,895	—	—	269,396	329,291
Taxes receivable (net of allowance)	282,701	—	—	—	282,701
Receivables (net of allowance)	1,029,203	25,851	30,132	750	1,085,936
Due from other funds	412,603	2,223	37,070	—	451,896
Due from other governments	2,682,906	—	2,014	—	2,684,920
Inventories and prepaids	52,799	—	—	—	52,799
Restricted cash and investments	147,119	34,371	12,068	—	193,558
Restricted receivables	76	—	722	—	798
Total Assets	\$ 8,688,166	\$ 357,110	\$ 205,750	\$ 270,207	\$ 9,521,233
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 335,254	\$ —	\$ 63,884	\$ —	\$ 399,138
Accrued liabilities	159,698	189	37,538	3	197,428
Due to other funds	982,466	518	103,287	735	1,087,006
Due to other governments	192,063	—	30,037	—	222,100
Unearned revenue	100,155	—	5,049	—	105,204
Claims and judgments payable	137,647	—	—	—	137,647
Total Liabilities	1,907,283	707	239,795	738	2,148,523
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	130,940	—	6,680	—	137,620
Total Deferred Inflows of Resources	130,940	—	6,680	—	137,620
FUND BALANCES					
Nonspendable fund balance	52,800	—	—	245,275	298,075
Restricted fund balance	3,160,301	57,499	39,549	82,053	3,339,402
Committed fund balance	3,436,842	298,904	29,872	—	3,765,618
Unassigned fund balance	—	—	(110,146)	(57,859)	(168,005)
Total Fund Balances	6,649,943	356,403	(40,725)	269,469	7,235,090
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,688,166	\$ 357,110	\$ 205,750	\$ 270,207	\$ 9,521,233

State of Washington

NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - by Fund Type

For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Common School Permanent	Total
REVENUES					
Retail sales and use taxes	\$ 133,227	\$ —	\$ —	\$ —	\$ 133,227
Business and occupation taxes	6,609	—	—	—	6,609
Excise taxes	617,330	—	—	—	617,330
Motor vehicle and fuel taxes	1,533,130	—	—	—	1,533,130
Other taxes	440,728	—	—	—	440,728
Licenses, permits, and fees	2,260,232	—	—	—	2,260,232
Other contracts and grants	173,417	—	8,197	—	181,614
Timber sales	103,945	—	7,392	8	111,345
Federal grants-in-aid	2,182,152	—	41	—	2,182,193
Charges for services	578,985	26,247	78,370	—	683,602
Investment income (loss)	37,147	(2,076)	(366)	32,643	67,348
Miscellaneous revenue	498,977	61,621	9,337	838	570,773
Total Revenues	8,565,879	85,792	102,971	33,489	8,788,131
EXPENDITURES					
Current:					
General government	1,215,830	220	248,894	44	1,464,988
Human services	1,276,308	—	14,541	—	1,290,849
Natural resources and recreation	616,295	—	236,054	—	852,349
Transportation	2,226,868	—	483	—	2,227,351
Education	493,439	—	670,225	—	1,163,664
Intergovernmental	381,114	—	—	—	381,114
Capital outlays	1,306,501	—	624,137	—	1,930,638
Debt service:					
Principal	6,081	1,119,656	6,688	—	1,132,425
Interest	2,146	1,044,891	7,634	—	1,054,671
Total Expenditures	7,524,582	2,164,767	1,808,656	44	11,498,049
Excess of Revenues Over (Under) Expenditures	1,041,297	(2,078,975)	(1,705,685)	33,445	(2,709,918)
OTHER FINANCING SOURCES (USES)					
Bonds issued	695,175	—	1,015,248	—	1,710,423
Refunding bonds issued	—	856,970	—	—	856,970
Payments to escrow agents for refunded bond debt	—	(1,007,913)	—	—	(1,007,913)
Issuance premiums	225,542	153,218	328,902	—	707,662
Other debt issued	29,556	—	18,480	—	48,036
Transfers in	593,148	2,112,932	214,777	—	2,920,857
Transfers out	(1,815,584)	(32,317)	(65,174)	(7,286)	(1,920,361)
Total Other Financing Sources (Uses)	(272,163)	2,082,890	1,512,233	(7,286)	3,315,674
Net Change in Fund Balances	769,134	3,915	(193,452)	26,159	605,756
Fund Balances - Beginning, as restated	5,880,809	352,488	152,727	243,310	6,629,334
Fund Balances - Ending	\$ 6,649,943	\$ 356,403	\$ (40,725)	\$ 269,469	\$ 7,235,090

This page intentionally left blank.

Nonmajor Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments, or for major capital projects) that are restricted or committed to expenditures for specified purposes. The Nonmajor Special Revenue Funds are described below:

Motor Vehicle Fund

The Motor Vehicle Fund accounts for highway activities of the Washington State Patrol; operations of the state ferry system; completion and preservation of the interstate system; other transportation improvements; and maintenance of non-interstate highways and bridges.

Multimodal Transportation Fund

The Multimodal Transportation Fund accounts for activities relating to drivers' licensing; driver improvement and financial responsibility; maintenance of driving records; charges for transportation services; and other highway and non-highway operations and capital improvements.

Central Administrative & Regulatory Fund

The Central Administrative and Regulatory Fund accounts for the operating expenditures of certain administrative and regulatory agencies.

Human Services Fund

The Human Services Fund accounts for activities related to safe and reliable drinking water; life sciences research; housing for persons and families with special housing needs; community awareness and support; and the collection of tobacco settlement monies.

Wildlife and Natural Resources Fund

The Wildlife and Natural Resources Fund accounts for the protection, management, and remediation programs of the state's wildlife, habitats, and natural resources, including forests, water, and parks.

Local Construction & Loan Fund

The Local Construction and Loan Fund accounts for construction and loan programs for local public works projects.

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2021

(expressed in thousands)

	Motor Vehicle	Multimodal Transportation	Central Administrative and Regulatory	Human Services
ASSETS				
Cash and cash equivalents	\$ 1,115,069	\$ 591,229	\$ 531,465	\$ 626,925
Investments	—	—	1,329	58,566
Taxes receivable (net of allowance)	163,640	9,160	24,309	60,532
Receivables (net of allowance)	106,804	42,913	147,191	591,743
Due from other funds	259,749	36,817	28,133	17,623
Due from other governments	88,824	62,925	406,730	596,450
Inventories and prepaids	46,493	592	5,259	—
Restricted cash and investments	15,971	102	131,005	41
Restricted receivables	3	—	73	—
Total Assets	\$ 1,796,553	\$ 743,738	\$ 1,275,494	\$ 1,951,880
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 191,864	\$ 26,163	\$ 26,007	\$ 57,469
Accrued liabilities	72,933	7,495	16,632	24,307
Due to other funds	240,367	67,190	505,903	119,900
Due to other governments	71,116	61,345	28,215	13,463
Unearned revenue	19,476	32,656	26,635	2,146
Claims and judgments payable	—	—	137,647	—
Total Liabilities	595,756	194,849	741,039	217,285
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	11,351	6,580	3,946	9,066
Total Deferred Inflows of Resources	11,351	6,580	3,946	9,066
FUND BALANCES				
Nonspendable fund balance	46,493	592	5,260	—
Restricted fund balance	1,064,126	109,895	5,655	673,001
Committed fund balance	78,827	431,822	519,594	1,052,528
Total Fund Balances	1,189,446	542,309	530,509	1,725,529
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,796,553	\$ 743,738	\$ 1,275,494	\$ 1,951,880

State of Washington

Wildlife and Natural Resources	Local Construction and Loan	Total
\$ 1,089,924	\$ 66,252	\$ 4,020,864
—	—	59,895
24,994	66	282,701
90,128	50,424	1,029,203
48,245	22,036	412,603
907,255	620,722	2,682,906
455	—	52,799
—	—	147,119
—	—	76
<u>\$ 2,161,001</u>	<u>\$ 759,500</u>	<u>\$ 8,688,166</u>

\$ 32,598	\$ 1,153	\$ 335,254
36,621	1,710	159,698
47,900	1,206	982,466
10,000	7,924	192,063
19,242	—	100,155
—	—	137,647
<u>146,361</u>	<u>11,993</u>	<u>1,907,283</u>

56,999	42,998	130,940
<u>56,999</u>	<u>42,998</u>	<u>130,940</u>

455	—	52,800
1,288,793	18,831	3,160,301
668,393	685,678	3,436,842
<u>1,957,641</u>	<u>704,509</u>	<u>6,649,943</u>
<u>\$ 2,161,001</u>	<u>\$ 759,500</u>	<u>\$ 8,688,166</u>

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2021

(expressed in thousands)

	Motor Vehicle	Multimodal Transportation	Central Administrative and Regulatory	Human Services
REVENUES				
Retail sales and use taxes	\$ —	\$ 105,981	\$ 27,206	\$ —
Business and occupation taxes	—	—	—	333
Excise taxes	—	378	1,343	584,562
Motor vehicle and fuel taxes	1,512,042	2,763	—	—
Other taxes	20	—	144,445	36,774
Licenses, permits, and fees	679,518	426,367	384,591	568,881
Other contracts and grants	52,024	28,714	2,791	87,285
Timber sales	76	—	474	—
Federal grants-in-aid	526,991	393,896	675,032	553,474
Charges for services	244,996	72,716	94,665	144,270
Investment income (loss)	(1,256)	(814)	21,342	19,409
Miscellaneous revenue	52,792	32,274	54,291	132,741
Total Revenues	3,067,203	1,062,275	1,406,180	2,127,729
EXPENDITURES				
Current:				
General government	5,889	609	1,077,496	109,569
Human services	—	—	4,495	1,269,130
Natural resources and recreation	1,505	—	27,000	1,705
Transportation	1,534,072	632,644	48,320	11,291
Education	199	—	44,102	307,390
Intergovernmental	234,512	15,351	129,388	1,800
Capital outlays	1,223,057	64,839	125	1,575
Debt service:				
Principal	1,446	—	1,957	75
Interest	896	3	842	22
Total Expenditures	3,001,576	713,446	1,333,725	1,702,557
Excess of Revenues Over (Under) Expenditures	65,627	348,829	72,455	425,172
OTHER FINANCING SOURCES (USES)				
Bonds issued	695,175	—	—	—
Issuance premiums	225,090	—	292	—
Other debt issued	27,287	—	1,600	—
Transfers in	153,705	174,439	92,894	156,542
Transfers out	(761,459)	(331,191)	(211,087)	(392,815)
Total Other Financing Sources (Uses)	339,798	(156,752)	(116,301)	(236,273)
Net Change in Fund Balances	405,425	192,077	(43,846)	188,899
Fund Balances - Beginning as restated	784,021	350,232	574,355	1,536,630
Fund Balances - Ending	\$ 1,189,446	\$ 542,309	\$ 530,509	\$ 1,725,529

State of Washington

Wildlife and Natural Resources	Local Construction and Loan	Total
\$ 40	\$ —	\$ 133,227
6,276	—	6,609
—	31,047	617,330
18,325	—	1,533,130
259,489	—	440,728
200,787	88	2,260,232
2,603	—	173,417
78,033	25,362	103,945
32,759	—	2,182,152
17,651	4,687	578,985
139	(1,673)	37,147
169,946	56,933	498,977
<u>786,048</u>	<u>116,444</u>	<u>8,565,879</u>
2,132	20,135	1,215,830
2,683	—	1,276,308
581,097	4,988	616,295
413	128	2,226,868
2,306	139,442	493,439
63	—	381,114
16,905	—	1,306,501
2,603	—	6,081
383	—	2,146
<u>608,585</u>	<u>164,693</u>	<u>7,524,582</u>
<u>177,463</u>	<u>(48,249)</u>	<u>1,041,297</u>
—	—	695,175
160	—	225,542
669	—	29,556
6,714	8,854	593,148
(10,489)	(108,543)	(1,815,584)
<u>(2,946)</u>	<u>(99,689)</u>	<u>(272,163)</u>
174,517	(147,938)	769,134
1,783,124	852,447	5,880,809
<u>\$ 1,957,641</u>	<u>\$ 704,509</u>	<u>\$ 6,649,943</u>

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**

For the Biennium Ended June 30, 2021

(expressed in thousands)

	Motor Vehicle			
	Original Budget	Final Budget	Actual	Variance with Final Budget
	2019-21 Biennium	2019-21 Biennium	2019-21 Biennium	
Budgetary Fund Balance, July 1	\$ 866,354	\$ 866,354	\$ 866,354	\$ —
Resources				
Taxes	3,894,564	3,196,502	2,602,483	(594,019)
Licenses, permits, and fees	1,313,673	1,221,632	1,215,721	(5,911)
Other contracts and grants	63,134	123,434	83,411	(40,023)
Timber sales	—	—	168	168
Federal grants-in-aid	868,129	1,008,830	963,996	(44,834)
Charges for services	680,515	524,222	514,691	(9,531)
Investment income (loss)	322	36,933	24,983	(11,950)
Miscellaneous revenue	55,648	(131,563)	119,703	251,266
Transfers from other funds	652,783	35,000	910,624	875,624
Total Resources	8,395,122	6,881,344	7,302,134	420,790
Charges To Appropriations				
General government	22,136	14,381	11,196	3,185
Human services	—	—	—	—
Natural resources and recreation	2,893	2,886	2,600	286
Transportation	2,189,691	2,135,690	2,048,896	86,794
Education	—	250	199	51
Capital outlays	4,846,226	4,308,154	3,416,868	891,286
Transfers to other funds	555,211	—	2,101,561	(2,101,561)
Total Charges To Appropriations	7,616,157	6,461,361	7,581,320	(1,119,959)
Excess Available For Appropriation Over (Under) Charges To Appropriations	778,965	419,983	(279,186)	(699,169)
Reconciling Items				
Bond sale proceeds	2,507,421	1,813,132	1,096,860	(716,272)
Issuance premiums	—	—	320,940	320,940
Noncash activity (net)	—	—	5,938	5,938
Nonappropriated fund balances	—	—	4,733	4,733
Changes in reserves (net)	362	362	(6,332)	(6,694)
Total Reconciling Items	2,507,783	1,813,494	1,422,139	(391,355)
Budgetary Fund Balance, June 30	\$ 3,286,748	\$ 2,233,477	\$ 1,142,953	\$ (1,090,524)

State of Washington

Continued

Multimodal Transportation				Central Administrative and Regulatory			
Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget	Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget
\$ 400,781	\$ 400,781	\$ 400,781	\$ —	\$ 310,864	\$ 310,864	\$ 310,864	\$ —
189,865	161,250	142,627	(18,623)	152,706	120,608	21,411	(99,197)
763,012	697,290	621,285	(76,005)	590,577	714,929	579,779	(135,150)
2,751	2,581	2,400	(181)	5,134	133	—	(133)
—	—	—	—	5,646	2,955	2,734	(221)
46,056	46,264	233,159	186,895	105,137	156,351	100,206	(56,145)
233,247	161,010	156,985	(4,025)	158,562	167,161	39,710	(127,451)
14	19,099	11,618	(7,481)	37,638	43,344	43,797	453
69,916	53,950	58,101	4,151	162,297	179,150	33,695	(145,455)
265,427	—	346,403	346,403	45,007	221,996	241,926	19,930
1,971,069	1,542,225	1,973,359	431,134	1,573,568	1,917,491	1,374,122	(543,369)
1,625	1,620	1,263	357	550,553	739,872	643,773	96,099
—	—	—	—	24,583	43,444	40,572	2,872
—	—	—	—	48,292	60,153	46,983	13,170
750,209	682,428	617,162	65,266	89,045	98,434	88,139	10,295
—	—	—	—	213	13,663	10,460	3,203
296,330	262,990	190,377	72,613	18,536	18,294	10,096	8,198
346,589	—	689,844	(689,844)	383,667	398,112	290,507	107,605
1,394,753	947,038	1,498,646	(551,608)	1,114,889	1,371,972	1,130,530	241,442
576,316	595,187	474,713	(120,474)	458,679	545,519	243,592	(301,927)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	4,991	4,991	—	—	2,669	2,669
—	—	60,099	60,099	—	—	268,150	268,150
(362)	(362)	1,914	2,276	—	—	10,838	10,838
(362)	(362)	67,004	67,366	—	—	281,657	281,657
\$ 575,954	\$ 594,825	\$ 541,717	\$ (53,108)	\$ 458,679	\$ 545,519	\$ 525,249	\$ (20,270)

State of Washington

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**

For the Biennium Ended June 30, 2021
(expressed in thousands)

	Human Services			
	Original Budget	Final Budget	Actual	Variance with
	2019-21 Biennium	2019-21 Biennium	2019-21 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 1,251,268	\$ 1,251,268	\$ 1,251,268	\$ —
Resources				
Taxes	907,028	1,125,049	1,154,152	29,103
Licenses, permits, and fees	453,483	1,133,391	1,119,766	(13,625)
Other contracts and grants	145,546	143,866	4,725	(139,141)
Timber sales	—	—	—	—
Federal grants-in-aid	558,989	645,271	258,770	(386,501)
Charges for services	238,201	258,068	256,863	(1,205)
Investment income (loss)	4,897	9,042	3,919	(5,123)
Miscellaneous revenue	278,093	214,559	224,418	9,859
Transfers from other funds	392,039	798,528	242,426	(556,102)
Total Resources	4,229,544	5,579,042	4,516,307	(1,062,735)
Charges To Appropriations				
General government	166,301	210,422	191,854	18,568
Human services	1,783,715	1,918,191	1,596,237	321,954
Natural resources and recreation	4,194	4,177	3,412	765
Transportation	26,375	23,404	22,195	1,209
Education	1,856	1,850	1,784	66
Capital outlays	145,131	145,345	55,120	90,225
Transfers to other funds	829,848	1,067,955	1,120,739	(52,784)
Total Charges To Appropriations	2,957,420	3,371,344	2,991,341	380,003
Excess Available For Appropriation Over (Under) Charges To Appropriations	1,272,124	2,207,698	1,524,966	(682,732)
Reconciling Items				
Bond sale proceeds	—	—	—	—
Issuance premiums	—	—	—	—
Noncash activity (net)	—	—	87,348	87,348
Nonappropriated fund balances	—	—	148,891	148,891
Changes in reserves (net)	—	—	(35,676)	(35,676)
Total Reconciling Items	—	—	200,563	200,563
Budgetary Fund Balance, June 30	\$ 1,272,124	\$ 2,207,698	\$ 1,725,529	\$ (482,169)

State of Washington

Concluded

Wildlife and Natural Resources				Local Construction and Loan			
Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget	Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget
\$ 1,550,992	\$ 1,550,992	\$ 1,550,992	\$ —	\$ 856,442	\$ 856,442	\$ 856,442	\$ —
509,818	563,613	529,371	(34,242)	41,523	54,379	54,553	174
387,007	402,046	242,752	(159,294)	216	163	—	(163)
10,870	8,651	4,019	(4,632)	—	—	—	—
206,797	193,529	101,331	(92,198)	116,328	24,831	72,184	47,353
132,229	82,375	57,124	(25,251)	—	—	—	—
25,189	33,982	34,859	877	—	5,984	7,671	1,687
15,471	13,903	10,008	(3,895)	9,875	4,966	3,488	(1,478)
470,795	485,833	440,089	(45,744)	447,745	200,779	257,848	57,069
223,888	260,858	181,307	(79,551)	14,500	33,068	18,967	(14,101)
<u>3,533,056</u>	<u>3,595,782</u>	<u>3,151,852</u>	<u>(443,930)</u>	<u>1,486,629</u>	<u>1,180,612</u>	<u>1,271,153</u>	<u>90,541</u>
1,159	1,308	1,035	273	14,910	15,048	13,281	1,767
6,791	6,792	5,713	1,079	—	—	—	—
915,364	926,671	793,973	132,698	8,456	8,456	7,945	511
1,211	1,127	1,025	102	—	—	—	—
2,218	2,456	2,456	—	—	—	—	—
1,000,504	1,036,292	266,091	770,201	602,257	616,523	234,209	382,314
187,098	163,226	190,590	(27,364)	161,234	217,533	217,018	515
<u>2,114,345</u>	<u>2,137,872</u>	<u>1,260,883</u>	<u>876,989</u>	<u>786,857</u>	<u>857,560</u>	<u>472,453</u>	<u>385,107</u>
<u>1,418,711</u>	<u>1,457,910</u>	<u>1,890,969</u>	<u>433,059</u>	<u>699,772</u>	<u>323,052</u>	<u>798,700</u>	<u>475,648</u>
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	2,622	2,622	—	—	9,247	9,247
—	—	99,878	99,878	—	—	3,282	3,282
(8)	(8)	(36,283)	(36,275)	—	—	(106,720)	(106,720)
(8)	(8)	66,217	66,225	—	—	(94,191)	(94,191)
<u>\$ 1,418,703</u>	<u>\$ 1,457,902</u>	<u>\$ 1,957,186</u>	<u>\$ 499,284</u>	<u>\$ 699,772</u>	<u>\$ 323,052</u>	<u>\$ 704,509</u>	<u>\$ 381,457</u>

This page intentionally left blank.

Nonmajor Debt Service Funds

Debt Service Funds account for the accumulation of resources that are restricted or committed to expenditures for, and the payment of, principal and interest on the state's bonds issued in support of governmental activities. Debt Service Funds are described below:

General Obligation Bond Fund

The General Obligation Bond Fund accounts for the accumulation of resources for, and the payment of, non-transportation related general obligation bond principal and interest.

Transportation General Obligation Bond Fund

The Transportation General Obligation Bond Fund accounts for the accumulation of resources for, and the

payment of, transportation general obligation bond principal and interest.

Tobacco Settlement Securitization Bond Fund

The Tobacco Settlement Securitization Bond Fund accounts for the accumulation of resources for, and the payment of, principal and interest on revenue bonds issued by the Tobacco Settlement Authority, a blended component unit of the state.

Transportation Revenue Bond Fund

The Transportation Revenue Bond Fund accounts for the accumulation of resources for, and the payment of, transportation revenue bond principal and interest.

NONMAJOR DEBT SERVICE FUNDS

Combining Balance Sheet

June 30, 2021

(expressed in thousands)

	General Obligation Bond	Transportation General Obligation Bond	Tobacco Settlement Securitization Bond	Transportation Revenue Bond	Total
ASSETS					
Cash and cash equivalents	\$ 3,293	\$ 285,849	\$ 161	\$ 5,362	\$ 294,665
Receivables (net of allowance)	7,407	557	17,887	—	25,851
Due from other funds	1,920	296	—	7	2,223
Restricted cash and investments	—	—	34,371	—	34,371
Total Assets	\$ 12,620	\$ 286,702	\$ 52,419	\$ 5,369	\$ 357,110
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued liabilities	\$ 49	\$ 38	\$ 19	\$ 83	\$ 189
Due to other funds	—	361	—	157	518
Total Liabilities	49	399	19	240	707
FUND BALANCES					
Restricted fund balance	—	—	52,400	5,099	57,499
Committed fund balance	12,571	286,303	—	30	298,904
Total Fund Balances	12,571	286,303	52,400	5,129	356,403
Total Liabilities and Fund Balances	\$ 12,620	\$ 286,702	\$ 52,419	\$ 5,369	\$ 357,110

State of Washington

NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	General Obligation Bond	Transportation General Obligation Bond	Tobacco Settlement Securitization Bond	Transportation Revenue Bond	Total
REVENUES					
Charges for services	\$ 26,247	\$ —	\$ —	\$ —	\$ 26,247
Investment income (loss)	29	(1,998)	13	(120)	(2,076)
Miscellaneous revenue	12	23,731	37,878	—	61,621
Total Revenues	26,288	21,733	37,891	(120)	85,792
EXPENDITURES					
Current:					
General government	—	—	220	—	220
Debt service:					
Principal	674,974	314,587	31,435	98,660	1,119,656
Interest	626,218	355,303	6,293	57,077	1,044,891
Total Expenditures	1,301,192	669,890	37,948	155,737	2,164,767
Excess of Revenues Over (Under) Expenditures	(1,274,904)	(648,157)	(57)	(155,857)	(2,078,975)
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	269,045	191,610	—	396,315	856,970
Payments to escrow agents for refunded bond debt	(308,882)	(234,439)	—	(464,592)	(1,007,913)
Issuance premiums	40,462	43,283	—	69,473	153,218
Transfers in	1,312,715	647,379	—	152,838	2,112,932
Transfers out	(29,828)	—	—	(2,489)	(32,317)
Total Other Financing Sources (Uses)	1,283,512	647,833	—	151,545	2,082,890
Net Change in Fund Balances	8,608	(324)	(57)	(4,312)	3,915
Fund Balances - Beginning	3,963	286,627	52,457	9,441	352,488
Fund Balances - Ending	\$ 12,571	\$ 286,303	\$ 52,400	\$ 5,129	\$ 356,403

NONMAJOR DEBT SERVICE FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**
 For the Biennium Ended June 30, 2021
(expressed in thousands)

	General Obligation Bond			
	Original Budget	Final Budget	Actual	Variance with Final Budget
	2019-21 Biennium	2019-21 Biennium	2019-21 Biennium	
Budgetary Fund Balance, July 1	\$ 125	\$ 125	\$ 125	\$ —
Resources				
Charges for services	14,170	53,731	—	(53,731)
Investment income (loss)	1,080	901	—	(901)
Miscellaneous revenue	51	(4,312)	—	4,312
Transfers from other funds	225,031	255,941	182,077	(73,864)
Total Resources	240,457	306,386	182,202	(124,184)
Charges To Appropriations				
General government	183,330	183,250	182,077	1,173
Transfers to other funds	30,300	74,872	—	74,872
Total Charges To Appropriations	213,630	258,122	182,077	76,045
Excess Available For Appropriation Over (Under) Charges To Appropriations	26,827	48,264	125	(48,139)
Reconciling Items				
Debt service	—	(721)	(1,345)	(624)
Proceeds of refunding bonds	—	(44,621)	582,450	627,071
Payments to escrow agents for refunded bond debt	—	—	(666,909)	(666,909)
Issuance premiums	—	47,265	85,804	38,539
Noncash activity (net)	—	—	170	170
Nonappropriated fund balances	—	—	12,276	12,276
Total Reconciling Items	—	1,923	12,446	10,523
Budgetary Fund Balance, June 30	\$ 26,827	\$ 50,187	\$ 12,571	\$ (37,616)

State of Washington

Transportation General Obligation Bond				Transportation Revenue Bond			
Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget	Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget
\$ 284,914	\$ 284,914	\$ 284,914	\$ —	\$ 9,097	\$ 9,097	\$ 9,097	\$ —
—	—	—	—	—	—	—	—
5,006	2,644	2,327	(317)	1,041	722	386	(336)
50,921	49,359	47,986	(1,373)	—	—	—	—
1,427,118	1,299,142	1,296,173	(2,969)	311,666	311,482	308,602	(2,880)
1,767,959	1,636,059	1,631,400	(4,659)	321,804	321,301	318,085	(3,216)
1,365,527	1,345,452	1,345,403	49	311,387	310,460	310,456	4
—	—	—	—	239	—	2,489	(2,489)
1,365,527	1,345,452	1,345,403	49	311,626	310,460	312,945	(2,485)
402,432	290,607	285,997	(4,610)	10,178	10,841	5,140	(5,701)
—	(545)	(998)	(453)	—	—	(1,196)	(1,196)
—	(32,682)	433,405	466,087	—	—	396,315	396,315
—	—	(508,917)	(508,917)	—	—	(464,592)	(464,592)
—	33,226	76,509	43,283	—	—	69,473	69,473
—	—	307	307	—	—	(11)	(11)
—	—	—	—	—	—	—	—
—	(1)	306	307	—	—	(11)	(11)
\$ 402,432	\$ 290,606	\$ 286,303	\$ (4,303)	\$ 10,178	\$ 10,841	\$ 5,129	\$ (5,712)

This page intentionally left blank.

Nonmajor Capital Projects Funds

Capital Projects Funds account for financial resources that are restricted or committed to expenditures for the acquisition, construction, or improvement of major state-owned capital facilities (other than highway infrastructure or those financed by proprietary funds). The Capital Projects Funds are as follows:

State Facilities Fund

The State Facilities Fund accounts for the acquisition, construction, and remodeling of state buildings.

Higher Education Facilities Fund

The Higher Education Facilities Fund accounts for the acquisition, construction, and remodeling of higher education facilities.

State of Washington

NONMAJOR CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 2021

(expressed in thousands)

	State Facilities	Higher Education Facilities	Total
ASSETS			
Cash and cash equivalents	\$ 38,739	\$ 85,005	\$ 123,744
Receivables (net of allowance)	9,418	20,714	30,132
Due from other funds	33,838	3,232	37,070
Due from other governments	1,916	98	2,014
Restricted cash and investments	2,880	9,188	12,068
Restricted receivables	—	722	722
Total Assets	\$ 86,791	\$ 118,959	\$ 205,750
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 49,680	\$ 14,204	\$ 63,884
Accrued liabilities	27,618	9,920	37,538
Due to other funds	82,562	20,725	103,287
Due to other governments	30,037	—	30,037
Unearned revenue	363	4,686	5,049
Total Liabilities	190,260	49,535	239,795
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	6,677	3	6,680
Total Deferred Inflows of Resources	6,677	3	6,680
FUND BALANCES			
Restricted fund balance	—	39,549	39,549
Committed fund balance	—	29,872	29,872
Unassigned fund balance	(110,146)	—	(110,146)
Total Fund Balances	(110,146)	69,421	(40,725)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 86,791	\$ 118,959	\$ 205,750

State of Washington

NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
 For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	State Facilities	Higher Education Facilities	Total
REVENUES			
Other contracts and grants	\$ —	\$ 8,197	\$ 8,197
Timber sales	7,164	228	7,392
Federal grants-in-aid	—	41	41
Charges for services	—	78,370	78,370
Investment income (loss)	(55)	(311)	(366)
Miscellaneous revenue	4,284	5,053	9,337
Total Revenues	11,393	91,578	102,971
EXPENDITURES			
Current:			
General government	248,894	—	248,894
Human services	14,541	—	14,541
Natural resources and recreation	236,054	—	236,054
Transportation	483	—	483
Education	526,085	144,140	670,225
Capital outlays	478,558	145,579	624,137
Debt service:			
Principal	—	6,688	6,688
Interest	—	7,634	7,634
Total Expenditures	1,504,615	304,041	1,808,656
Excess of Revenues Over (Under) Expenditures	(1,493,222)	(212,463)	(1,705,685)
OTHER FINANCING SOURCES (USES)			
Bonds issued	968,493	46,755	1,015,248
Issuance premiums	327,823	1,079	328,902
Other debt issued	—	18,480	18,480
Transfers in	12,413	202,364	214,777
Transfers out	(4,848)	(60,326)	(65,174)
Total Other Financing Sources (Uses)	1,303,881	208,352	1,512,233
Net Change in Fund Balances	(189,341)	(4,111)	(193,452)
Fund Balances - Beginning	79,195	73,532	152,727
Fund Balances - Ending	\$ (110,146)	\$ 69,421	\$ (40,725)

State of Washington

NONMAJOR CAPITAL PROJECTS FUNDS
**Combining Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**

For the Biennium Ended June 30, 2021

(expressed in thousands)

	State Facilities			
	Original Budget	Final Budget	Actual	Variance with
	2019-21	2019-21	2019-21	
Biennium	Biennium	Biennium	Final Budget	
Budgetary Fund Balance, July 1	\$ (6,333)	\$ (6,333)	\$ (6,333)	\$ —
Resources				
Other contracts and grants	—	4	4	—
Timber sales	16,837	16,966	11,136	(5,830)
Charges for services	—	—	—	—
Investment income (loss)	151	183	143	(40)
Miscellaneous revenue	8,622	8,903	8,953	50
Transfers from other funds	496	1,894	13,354	11,460
Total Resources	19,773	21,617	27,257	5,640
Charges To Appropriations				
General government	7,380	9,381	5,079	4,302
Education	—	—	—	—
Capital outlays	4,816,458	4,886,390	2,749,232	2,137,158
Transfers to other funds	84,519	115,989	18,923	97,066
Total Charges To Appropriations	4,908,357	5,011,760	2,773,234	2,238,526
Excess Available For Appropriation Over (Under) Charges To Appropriations	(4,888,584)	(4,990,143)	(2,745,977)	2,244,166
Reconciling Items				
Bond sale proceeds	5,556,414	5,142,980	1,997,823	(3,145,157)
Issuance premiums	—	549,184	622,539	73,355
Noncash activity (net)	—	—	44	44
Nonappropriated fund balances	—	—	15,445	15,445
Changes in reserves (net)	—	—	(20)	(20)
Total Reconciling Items	5,556,414	5,692,164	2,635,831	(3,056,333)
Budgetary Fund Balance, June 30	\$ 667,830	\$ 702,021	\$ (110,146)	\$ (812,167)

State of Washington

Higher Education Facilities				
Original Budget 2019-21 Biennium	Final Budget 2019-21 Biennium	Actual 2019-21 Biennium	Variance with Final Budget	
\$ 37,449	\$ 37,449	\$ 37,449	\$	—
—	—	—	—	—
1,000	3,194	1,325	(1,869)	—
181,225	177,410	158,728	(18,682)	—
1,339	4,322	787	(3,535)	—
4,144	399	253	(146)	—
93,731	147,718	114,660	(33,058)	—
<u>318,888</u>	<u>370,492</u>	<u>313,202</u>	<u>(57,290)</u>	—
—	—	—	—	—
27,423	27,423	26,260	1,163	—
279,828	279,928	229,679	50,249	—
4,575	5,379	27,382	(22,003)	—
<u>311,826</u>	<u>312,730</u>	<u>283,321</u>	<u>29,409</u>	—
7,062	57,762	29,881	(27,881)	—
—	—	—	—	—
—	—	—	—	—
—	—	37	37	—
—	—	39,503	39,503	—
—	—	—	—	—
<u>—</u>	<u>—</u>	<u>39,540</u>	<u>39,540</u>	—
<u>\$ 7,062</u>	<u>\$ 57,762</u>	<u>\$ 69,421</u>	<u>\$ 11,659</u>	—

This page intentionally left blank.

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.

Guaranteed Education Tuition Program Fund

The Guaranteed Education Tuition Program Fund accounts for the guaranteed college tuition program.

Paid Family and Medical Leave Compensation Fund

The Paid Family and Medical Leave Compensation Fund accounts for the family and medical leave insurance program.

Other Activities Fund

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, 2021
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 18,263	\$ 9,325	\$ 4,826
Investments	16,359	—	38,940
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	28,926	1,629	20,348
Due from other funds	59,051	15,021	2
Due from other governments	4,483	692	—
Inventories	653	9,632	—
Prepaid expenses	—	352	—
Total Current Assets	127,735	36,651	64,116
Noncurrent Assets:			
Investments, noncurrent	116,976	—	1,675,404
Other noncurrent assets	5	—	82,113
Capital assets:			
Land and other non-depreciable assets	—	1,540	—
Buildings	—	12,828	—
Other improvements	889	4,807	—
Furnishings, equipment, and intangibles	1,179	20,016	17
Accumulated depreciation	(1,684)	(18,185)	(17)
Construction in progress	448	—	—
Total Noncurrent Assets	117,813	21,006	1,757,517
Total Assets	245,548	57,657	1,821,633
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refundings	—	45	—
Deferred outflows on pensions	1,320	5,092	330
Deferred outflows on OPEB	606	4,147	239
Total Deferred Outflows of Resources	1,926	9,284	569
Total Assets and Deferred Outflows of Resources	\$ 247,474	\$ 66,941	\$ 1,822,202

State of Washington

Continued

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 283,827	\$ 119,805	\$ 436,046
—	—	55,299
—	3,691	3,691
213,613	795	265,311
342	452	74,868
—	5,175	10,350
—	107	10,392
—	112	464
<u>497,782</u>	<u>130,137</u>	<u>856,421</u>
1,607	36	1,794,023
—	—	82,118
—	—	1,540
—	—	12,828
—	76	5,772
1,530	13,345	36,087
(921)	(8,855)	(29,662)
<u>59,496</u>	<u>7,897</u>	<u>67,841</u>
<u>61,712</u>	<u>12,499</u>	<u>1,970,547</u>
<u>559,494</u>	<u>142,636</u>	<u>2,826,968</u>
—	—	45
3,779	6,770	17,291
9,181	4,390	18,563
<u>12,960</u>	<u>11,160</u>	<u>35,899</u>
<u>\$ 572,454</u>	<u>\$ 153,796</u>	<u>\$ 2,862,867</u>

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position

June 30, 2021
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 3,983	\$ 3,759	\$ 714
Accrued liabilities	63,341	2,259	97,262
Obligations under security lending agreements	—	—	7,303
Bonds and notes payable	—	515	—
Total OPEB liability	98	334	23
Due to other funds	72,106	296	148
Due to other governments	—	320	—
Unearned revenue	1,919	—	—
Claims and judgments payable	—	—	—
Total Current Liabilities	141,447	7,483	105,450
Noncurrent Liabilities:			
Claims and judgments payable	—	—	—
Bonds and notes payable	—	2,069	—
Net pension liability	2,833	8,789	680
Total OPEB Liability	5,494	18,666	1,296
Other long-term liabilities	104,570	2,760	1,154,223
Total Noncurrent Liabilities	112,897	32,284	1,156,199
Total Liabilities	254,344	39,767	1,261,649
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pensions	792	2,458	190
Deferred inflows on OPEB	2,092	5,253	546
Total Deferred Inflows of Resources	2,884	7,711	736
NET POSITION			
Net investment in capital assets	832	18,468	—
Unrestricted	(10,586)	995	559,817
Total Net Position	(9,754)	19,463	559,817
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 247,474	\$ 66,941	\$ 1,822,202

State of Washington

Concluded

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 759	\$ 5,724	\$ 14,939
1,005	18,702	182,569
—	—	7,303
1,188	1,222	2,925
154	405	1,014
946	17,939	91,435
—	49,154	49,474
38,530	3	40,452
4,941	6,324	11,265
47,523	99,473	401,376
—	14,448	14,448
—	—	2,069
4,075	13,213	29,590
8,606	22,600	56,662
702	3,373	1,265,628
13,383	53,634	1,368,397
60,906	153,107	1,769,773
1,127	3,669	8,236
2,107	8,573	18,571
3,234	12,242	26,807
58,917	11,240	89,457
449,397	(22,793)	976,830
508,314	(11,553)	1,066,287
\$ 572,454	\$ 153,796	\$ 2,862,867

State of Washington

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

For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
OPERATING REVENUES			
Sales	\$ —	\$ 103,639	\$ —
Less: Cost of goods sold	—	(73,719)	—
Gross profit	—	29,920	—
Charges for services	2,699	10,920	71,186
Premiums and assessments	—	—	—
Lottery ticket proceeds	950,727	—	—
Miscellaneous revenue	1,003	—	366
Total Operating Revenues	954,429	40,840	71,552
OPERATING EXPENSES			
Salaries and wages	8,716	20,775	2,972
Employee benefits	2,056	7,345	355
Personal services	11,765	—	867
Goods and services	97,571	773	415
Travel	248	110	—
Premiums and claims	—	—	—
Guaranteed education tuition program expense	—	—	127,528
Lottery prize payments	604,091	—	—
Depreciation and amortization	122	1,179	—
Miscellaneous expenses	4	3	—
Total Operating Expenses	724,573	30,185	132,137
Operating Income (Loss)	229,856	10,655	(60,585)
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	(5,780)	—	243,628
Interest expense	(4,578)	(68)	—
Tax and license revenue	12	—	—
Other revenues (expenses)	—	(25)	—
Total Nonoperating Revenues (Expenses)	(10,346)	(93)	243,628
Income (Loss) Before Transfers	219,510	10,562	183,043
Transfers in	4,348	—	—
Transfers out	(233,395)	(1,000)	—
Net Transfers	(229,047)	(1,000)	—
Change in Net Position	(9,537)	9,562	183,043
Net Position - Beginning, as restated	(217)	9,901	376,774
Net Position - Ending	\$ (9,754)	\$ 19,463	\$ 559,817

State of Washington

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ —	\$ 15	\$ 103,654
—	(9)	(73,728)
—	6	29,926
—	38,437	123,242
675,526	26,338	701,864
—	—	950,727
19	4,000	5,388
675,545	68,781	1,811,147
20,241	40,665	93,369
8,905	9,278	27,939
877	6,611	20,120
7,321	31,327	137,407
19	61	438
757,399	—	757,399
—	—	127,528
—	—	604,091
293	837	2,431
677	643	1,327
795,732	89,422	1,772,049
(120,187)	(20,641)	39,098
(2,188)	137	235,797
—	—	(4,646)
—	17,620	17,632
—	492	467
(2,188)	18,249	249,250
(122,375)	(2,392)	288,348
—	15,709	20,057
—	(17,569)	(251,964)
—	(1,860)	(231,907)
(122,375)	(4,252)	56,441
630,689	(7,301)	1,009,846
\$ 508,314	\$ (11,553)	\$ 1,066,287

State of Washington

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 950,822	\$ 107,516	\$ 73,188
Payments to suppliers	(728,144)	(74,293)	(62,671)
Payments to employees	(11,855)	(30,660)	(3,589)
Other receipts	1,005	—	366
Net Cash Provided (Used) by Operating Activities	<u>211,828</u>	<u>2,563</u>	<u>7,294</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	4,348	—	—
Transfers out	(233,395)	(1,000)	—
Operating grants and donations received	—	—	—
Taxes and license fees collected	12	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(229,035)</u>	<u>(1,000)</u>	<u>—</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	—	(135)	—
Principal payments on long-term capital financing	—	(490)	—
Proceeds from sale of capital assets	—	5	—
Acquisitions of capital assets	(448)	(8)	—
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(448)</u>	<u>(628)</u>	<u>—</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	—	—	30,113
Proceeds from sale of investment securities	16,322	—	232,925
Purchases of investment securities	(4,940)	—	(271,125)
Net Cash Provided (Used) by Investing Activities	<u>11,382</u>	<u>—</u>	<u>(8,087)</u>
Net Increase (Decrease) in Cash and Pooled Investments	<u>(6,273)</u>	<u>935</u>	<u>(793)</u>
Cash and cash equivalents, July 1, as restated	24,536	8,390	5,619
Cash and cash equivalents, June 30	<u>\$ 18,263</u>	<u>\$ 9,325</u>	<u>\$ 4,826</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 229,856	\$ 10,655	\$ (60,585)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	122	1,179	—
Revenue reduced for uncollectible accounts	4	—	—
Change in Assets: Decrease (Increase)			
Receivables	(3,887)	(7,025)	2,002
Inventories	(12)	136	—
Prepaid expenses	—	(70)	—
Change in Deferred Outflows of Resources: Increase (Decrease)			
	(115)	56	5
Change in Liabilities: Increase (Decrease)			
Payables	(13,334)	402	66,070
Change in Deferred Inflows of Resources: Decrease (Increase)			
	(806)	(2,770)	(198)
Net Cash Provided (Used) by Operating Activities	<u>\$ 211,828</u>	<u>\$ 2,563</u>	<u>\$ 7,294</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Amortization of annuity prize liability	\$ 4,578	\$ —	\$ —
Increase (decrease) in fair value of investments	(5,780)	—	213,786
Amortization of debt premium/discount	—	67	—

State of Washington

Paid Family and Medical Leave Compensation	Other Activities	Total
\$ 658,548	\$ 129,297	\$ 1,919,371
(791,937)	(35,518)	(1,692,563)
(27,525)	(54,359)	(127,988)
19	4,040	5,430
<u>(160,895)</u>	<u>43,460</u>	<u>104,250</u>
—	15,709	20,057
—	(17,569)	(251,964)
—	494	494
—	16,334	16,346
<u>—</u>	<u>14,968</u>	<u>(215,067)</u>
—	—	(135)
—	—	(490)
—	—	5
(7,685)	(8,436)	(16,577)
<u>(7,685)</u>	<u>(8,436)</u>	<u>(17,197)</u>
3,720	114	33,947
—	—	249,247
—	—	(276,065)
<u>3,720</u>	<u>114</u>	<u>7,129</u>
(164,860)	50,106	(120,885)
448,687	69,699	556,931
<u>\$ 283,827</u>	<u>\$ 119,805</u>	<u>\$ 436,046</u>
\$ (120,187)	\$ (20,641)	\$ 39,098
293	837	2,431
—	—	4
(32,493)	1,085	(40,318)
—	(3)	121
—	(5)	(75)
(6,924)	312	(6,666)
(2,553)	64,840	115,425
969	(2,965)	(5,770)
<u>\$ (160,895)</u>	<u>\$ 43,460</u>	<u>\$ 104,250</u>
\$ —	\$ —	\$ 4,578
(5,596)	23	202,433
<u>—</u>	<u>—</u>	<u>67</u>

This page intentionally left blank.

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.

INTERNAL SERVICE FUNDS
Combining Statement of Net Position

June 30, 2021
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 126,875	\$ 53,916	\$ 559,606
Investments	153	—	768
Receivables (net of allowance)	4,493	709	12,652
Due from other funds	63,539	21,320	19,423
Due from other governments	24,677	304	3,836
Inventories	8,201	—	9,149
Prepaid expenses	6,253	6,404	8,639
Restricted cash and investments	136,881	—	—
Restricted receivables	1,331	—	—
Total Current Assets	372,403	82,653	614,073
Noncurrent Assets:			
Investments, noncurrent	—	—	24,069
Capital assets:			
Land and other non-depreciable assets	4,725	—	2,533
Buildings	241,489	286,781	60,414
Other improvements	12,933	1,581	608
Furnishings, equipment, and intangibles	740,571	128,318	172,608
Infrastructure	2,035	—	135
Accumulated depreciation	(498,672)	(242,027)	(190,551)
Construction in progress	4,663	10,116	—
Total Noncurrent Assets	507,744	184,769	69,816
Total Assets	880,147	267,422	683,889
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refundings	1,282	1,572	—
Deferred outflows on pensions	32,932	5,506	18,327
Deferred outflows on OPEB	19,185	4,495	3,964
Total Deferred Outflows of Resources	53,399	11,573	22,291
Total Assets and Deferred Outflows of Resources	\$ 933,546	\$ 278,995	\$ 706,180

State of Washington

Continued

Risk Management	Total		
\$	—	\$	740,397
	—		921
	1		17,855
	483		104,765
	1		28,818
	—		17,350
	197		21,493
	—		136,881
	—		1,331
	682		1,069,811
	—		24,069
	—		7,258
	—		588,684
	—		15,122
	8		1,041,505
	—		2,170
	(8)		(931,258)
	—		14,779
	—		762,329
	682		1,832,140
	—		2,854
	270		57,035
	116		27,760
	386		87,649
\$	1,068	\$	1,919,789

INTERNAL SERVICE FUNDS
Combining Statement of Net Position

June 30, 2021
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 11,362	\$ 10,810	\$ 13,522
Accrued liabilities	34,653	3,284	37,765
Bonds and notes payable	117,850	7,982	2,976
Total OPEB liability	2,114	377	644
Due to other funds	12,406	3,085	47,613
Due to other governments	33,171	—	1,315
Unearned revenue	3,779	—	91
Claims and judgments payable	—	—	16,396
Total Current Liabilities	215,335	25,538	120,322
Noncurrent Liabilities:			
Claims and judgments payable	—	—	164,118
Bonds and notes payable	219,988	235,642	21,502
Net pension liability	64,704	14,694	27,269
Total OPEB Liability	118,058	21,074	35,957
Other long-term liabilities	21,599	4,459	6,133
Total Noncurrent Liabilities	424,349	275,869	254,979
Total Liabilities	639,684	301,407	375,301
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on refundings	93	—	—
Deferred inflows on pensions	17,869	4,075	36,224
Deferred inflows on OPEB	37,586	11,498	26,742
Total Deferred Inflows of Resources	55,548	15,573	62,966
NET POSITION			
Net investment in capital assets	247,538	(57,282)	21,268
Unrestricted	(9,224)	19,297	246,645
Total Net Position	238,314	(37,985)	267,913
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 933,546	\$ 278,995	\$ 706,180

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

For the Fiscal Year Ended June 30, 2021
 (expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
OPERATING REVENUES			
Sales	\$ 25,579	\$ —	\$ 8,931
Less: Cost of goods sold	(20,288)	—	(8,929)
Gross profit	5,291	—	2
Charges for services	379,687	195,423	262,148
Premiums and assessments	510	—	—
Miscellaneous revenue	142,283	15,999	74,380
Total Operating Revenues	527,771	211,422	336,530
OPERATING EXPENSES			
Salaries and wages	198,625	43,507	100,585
Employee benefits	50,014	7,977	36,776
Personal services	12,352	9,103	13,476
Goods and services	139,971	117,831	161,622
Travel	1,625	18	1,174
Premiums and claims	—	—	—
Depreciation and amortization	66,867	15,644	13,370
Miscellaneous expenses	262	—	(3)
Total Operating Expenses	469,716	194,080	327,000
Operating Income (Loss)	58,055	17,342	9,530
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	65	—	623
Interest expense	(6,400)	(9,167)	(672)
Tax and license revenue	3	—	—
Other revenues (expenses)	(43)	(5)	1,770
Total Nonoperating Revenues (Expenses)	(6,375)	(9,172)	1,721
Income (Loss) Before Contributions and Transfers	51,680	8,170	11,251
Capital contributions	3,660	—	—
Transfers in	7,751	9,000	21,264
Transfers out	(11,480)	—	(19,785)
Net Contributions and Transfers	(69)	9,000	1,479
Change in Net Position	51,611	17,170	12,730
Net Position - Beginning	186,703	(55,155)	255,183
Net Position - Ending	\$ 238,314	\$ (37,985)	\$ 267,913

State of Washington

Risk Management	Total
\$ —	\$ 34,510
—	(29,217)
—	5,293
3,348	840,606
122,764	123,274
—	232,662
126,112	1,201,835
1,485	344,202
353	95,120
19	34,950
29,539	448,963
5	2,822
135,127	135,127
—	95,881
—	259
166,528	1,157,324
(40,416)	44,511
—	688
—	(16,239)
—	3
—	1,722
—	(13,826)
(40,416)	30,685
—	3,660
97	38,112
—	(31,265)
97	10,507
(40,319)	41,192
(1,383,291)	(996,560)
\$ (1,423,610)	\$ (955,368)

State of Washington

INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
 For the Fiscal Year Ended June 30, 2021
 (expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 519,095	\$ 188,932	\$ 268,281
Payments to suppliers	(232,136)	(126,418)	(116,102)
Payments to employees	(266,490)	(57,087)	(137,694)
Other receipts	142,793	15,999	15,840
Net Cash Provided (Used) by Operating Activities	<u>163,262</u>	<u>21,426</u>	<u>30,325</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	7,751	9,000	21,264
Transfers out	(11,480)	—	(19,785)
Operating grants and donations received	89	—	1,000
Taxes and license fees collected	3	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(3,637)</u>	<u>9,000</u>	<u>2,479</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(11,094)	(10,890)	(668)
Principal payments on long-term capital financing	(45,409)	(7,519)	(3,892)
Proceeds from long-term capital financing	41,154	—	2,879
Proceeds from sale of capital assets	23,510	5	2,585
Acquisitions of capital assets	(41,872)	(12,603)	(4,733)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(33,711)</u>	<u>(31,007)</u>	<u>(3,829)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	248	—	747
Proceeds from sale of investment securities	—	—	17,732
Purchases of investment securities	—	—	(17,985)
Net Cash Provided (Used) by Investing Activities	<u>248</u>	<u>—</u>	<u>494</u>
Net Increase (Decrease) in Cash and Pooled Investments	126,162	(581)	29,469
Cash and cash equivalents, July 1, as restated	137,594	54,497	530,137
Cash and cash equivalents, June 30	<u>\$ 263,756</u>	<u>\$ 53,916</u>	<u>\$ 559,606</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 58,055	\$ 17,342	\$ 9,530
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	66,867	15,644	13,370
Revenue reduced for uncollectible accounts	155	—	(11)
Change in Assets: Decrease (Increase)			
Receivables	113,577	(6,491)	(2,732)
Inventories	362	—	(757)
Prepaid expenses	60	(2,880)	(2,595)
Change in Deferred Outflows of Resources: Increase (Decrease)	(1,720)	(4,215)	3,695
Change in Liabilities: Increase (Decrease)			
Payables	(54,534)	7,199	(9,106)
Change in Deferred Inflows of Resources: Decrease (Increase)	(19,560)	(5,173)	18,931
Net Cash Provided (Used) by Operating Activities	<u>\$ 163,262</u>	<u>\$ 21,426</u>	<u>\$ 30,325</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ 3,660	\$ —	\$ —
Increase (decrease) in fair value of investments	(184)	—	28
Amortization of debt premium/discount	5,003	1,723	—

State of Washington

Risk Management	Total
\$ 127,590	\$ 1,103,898
(125,710)	(600,366)
(1,977)	(463,248)
—	174,632
(97)	214,916
97	38,112
—	(31,265)
—	1,089
—	3
97	7,939
—	(22,652)
—	(56,820)
—	44,033
—	26,100
—	(59,208)
—	(68,547)
—	995
—	17,732
—	(17,985)
—	742
—	155,050
—	722,228
\$ —	\$ 877,278
\$ (40,416)	\$ 44,511
—	95,881
—	144
1,478	105,832
—	(395)
—	(5,415)
(31)	(2,271)
39,042	(17,399)
(170)	(5,972)
\$ (97)	\$ 214,916
\$ —	\$ 3,660
—	(156)
—	6,726

This page intentionally left blank.

Fiduciary Funds

Fiduciary Funds account for assets held in a trustee or agent capacity for outside parties, including individuals, private organizations, and other governments.

PENSION FUNDS

Pension Trust Funds account for transactions, assets, liabilities, and plan net position available for plan benefits of the various state public employee retirement systems. Refer to Note 11, Retirement Plans, for a description of the individual pension plans.

Public Employees' Retirement System Plan 1 Fund

The Public Employees' Retirement System Plan 1 Fund provides benefits for state and local government employees who are members of this closed cost-sharing, multiple-employer defined benefit pension plan.

Public Employees' Retirement System Plan 2/3 Fund

The Public Employees' Retirement System Plan 2/3 Fund provides the defined benefit portion of benefits for state and local government employees who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, and Plan 3, a combination defined benefit/defined contribution plan.

Public Employees' Retirement System Plan 3 Fund

The Public Employees' Retirement System Plan 3 fund provides the defined contribution portion of benefits for state and local government employees who are members of this combination defined benefit/defined contribution plan.

Teachers' Retirement System Plan 1 Fund

The Teachers' Retirement System Plan 1 Fund provides benefits for certificated public school instructors, administrators, or supervisors who are members of this closed cost-sharing, multiple-employer defined benefit pension plan.

Teachers' Retirement System Plan 2/3 Fund

The Teachers' Retirement System Plan 2/3 Fund provides the defined benefit portion of benefits for certificated public school instructors, administrators, or supervisors who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, and Plan 3, a combination defined benefit/defined contribution plan.

Teachers' Retirement System Plan 3 Fund

The Teachers' Retirement System Plan 3 fund provides the defined contribution portion of benefits for certificated public school instructors, administrators, or supervisors who are members of this combination defined benefit/defined contribution plan.

School Employees' Retirement System Plan 2/3 Fund

The School Employees' Retirement System Plan 2/3 Fund provides the defined benefit portion of benefits for classified employees of public school districts and educational service districts who are members of Plan 2, a cost-sharing, multiple-employer defined benefit pension plan, or Plan 3, a combination defined benefit/defined contribution plan.

School Employees' Retirement System Plan 3 Fund

The School Employees' Retirement System Plan 3 Fund provides the defined contribution portion of benefits for classified employees of public school districts and educational service districts who are members of this combination defined benefit/defined contribution plan.

Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 Fund

The Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 Fund provides benefits for full-time, fully compensated local law enforcement officers and firefighters who are members of this closed cost-sharing, defined benefit pension plan.

Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Fund

The Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Fund provides benefits for full-time, fully compensated local law enforcement officers and firefighters who are members of this cost-sharing, defined benefit pension plan.

Washington State Patrol Retirement System Plan 1/2 Fund

The Washington State Patrol Retirement System Plan 1/2 Fund provides benefits for commissioned officers of the Washington State Patrol who are members of this single-employer, defined benefit pension plan.

Public Safety Employees' Retirement System Plan 2 Fund

The Public Safety Employees' Retirement System Plan 2 fund provides benefits for state and local government

employees in criminal justice or criminal custodial positions who are members of this cost-sharing, multiple-employer defined benefit pension plan.

Judicial Retirement System Fund

The Judicial Retirement System Fund provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this closed single-employer, defined-benefit pension plan.

Judicial Retirement Account Fund

The Judicial Retirement Account Fund provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this defined contribution pension plan.

Judges' Retirement Fund

The Judges' Retirement Fund provides benefits for judges of the state Supreme Court, Court of Appeals, and Superior Courts who are members of this closed single-employer, defined-benefit pension plan.

Volunteer Fire Fighters' Retirement System Fund

The Volunteer Fire Fighters' Retirement System Fund provides benefits to volunteer fire fighters of electing municipalities of the state who are members of this cost-sharing, multiple-employer defined benefit pension plan.

Deferred Compensation Fund

The Deferred Compensation Fund is an optional program offered to Washington state employees. The fund provides additional income to participants upon retirement.

Higher Education Retirement Plan Funds

The Higher Education Retirement Plans provides benefits for state institutions of higher education faculty and other positions as designated by each employer who are members of this supplemental defined benefit plan. The University of Washington (UW), Washington State University (WSU), Eastern Washington University (EWU), Central Washington University (CWU), the Evergreen State College (TESC), Western Washington University (WWU), and the State Board for Community and Technical Colleges (SBCTC) each participate in a separate plan.

CUSTODIAL FUNDS

Custodial Funds account for resources held by the state in a custodial capacity for other governments, private organizations, or individuals. The Custodial Funds are described below:

Local Government Distributions Fund

The Local Government Distributions Fund accounts for the receipt and allocation of taxes and fees imposed by local governments.

Retiree Health Insurance Fund

The Retiree Health Insurance Fund accounts for premiums collected and payments for retiree insurance benefits.

Other Custodial Fund

The Other Custodial Fund accounts for (1) assets held for employees, foster children, inmates, patients, and residents of state institutions; (2) the local government share of contracted timber sales; and (3) monies held under other custodial responsibilities of the state.

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position

June 30, 2021
(expressed in thousands)

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	Continued TRS Plan 2/3 Defined Benefit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash and cash equivalents	\$ 588	\$ 2,932	\$ 210	\$ 555	\$ 3,169
Receivables:					
Employer accounts receivable	657	85,613	8,420	245	48,836
Member accounts receivable (net of allowance)	1,559	3,342	—	595	207
Due from other pension and other employee benefit funds	56,803	2,665	981	45,395	6,168
Interest and dividends	23,379	144,101	6,214	17,425	55,551
Investment trades pending	519,351	3,202,034	138,078	387,090	1,234,350
Other receivables, all other funds	4	9	—	3	6
Total Receivables	601,753	3,437,764	153,693	450,753	1,345,118
Investments, Noncurrent:					
Liquidity	238,245	1,470,744	71,033	179,209	592,520
Fixed income	1,566,126	9,655,870	416,380	1,167,282	3,722,233
Public equity	2,984,959	18,403,619	2,612,707	2,224,784	7,094,399
Private equity	2,659,328	16,395,959	707,025	1,982,081	6,320,467
Real estate	1,635,096	10,081,107	434,716	1,218,689	3,886,159
Tangible assets	514,072	3,169,486	136,674	383,154	1,221,803
Total Investments, Noncurrent	9,597,826	59,176,785	4,378,535	7,155,199	22,837,581
Security lending collateral	15,980	98,526	4,249	11,911	37,981
Total Assets	10,216,147	62,716,007	4,536,687	7,618,418	24,223,849
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on OPEB	19	59	—	10	16
Total Deferred Outflows of Resources	19	59	—	10	16
Total Assets and Deferred Outflows of Resources	\$ 10,216,166	\$ 62,716,066	\$ 4,536,687	\$ 7,618,428	\$ 24,223,865
LIABILITIES					
Accrued liabilities	\$ 574,310	\$ 3,514,299	\$ 157,085	\$ 429,569	\$ 1,358,654
Obligations under security lending agreements	15,980	98,526	4,249	11,911	37,981
Due to other pension and other employee benefit funds	—	45,590	2,665	—	45,395
Unearned revenues	20	289	—	—	205
Total Liabilities	590,310	3,658,704	163,999	441,480	1,442,235
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows on OPEB	40	38	—	16	6
Total Deferred Inflows of Resources	40	38	—	16	6
NET POSITION					
Net position restricted for:					
Pensions	9,625,816	59,057,325	4,372,687	7,176,932	22,781,624
Deferred compensation participants	—	—	—	—	—
Total Net Position	9,625,816	59,057,325	4,372,687	7,176,932	22,781,624
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,216,166	\$ 62,716,066	\$ 4,536,687	\$ 7,618,428	\$ 24,223,865

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position

June 30, 2021
(expressed in thousands)

Continued

	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash and cash equivalents	\$ 16,270	\$ 2,337	\$ 3,219	\$ 731	\$ 1,269
Receivables:					
Employer accounts receivable	35,574	17,437	7,874	—	19,941
Member accounts receivable (net of allowance)	—	160	—	354	196
Due from other pension and other employee benefit funds	—	1,302	—	—	—
Interest and dividends	18,757	21,108	4,879	17,933	47,905
Investment trades pending	416,776	469,030	108,405	398,421	1,064,467
Other receivables, all other funds	—	3	—	—	2
Total Receivables	471,107	509,040	121,158	416,708	1,132,511
Investments, Noncurrent:					
Liquidity	218,138	220,840	55,036	181,619	486,875
Fixed income	1,256,805	1,414,380	326,901	1,201,456	3,209,946
Public equity	7,198,836	2,695,740	1,350,309	2,289,916	6,118,001
Private equity	2,134,093	2,401,661	555,087	2,040,107	5,450,586
Real estate	1,312,154	1,476,669	341,297	1,254,366	3,351,310
Tangible assets	412,539	464,263	107,303	394,371	1,053,647
Total Investments, Noncurrent	12,532,565	8,673,553	2,735,933	7,361,835	19,670,365
Security lending collateral	12,824	14,432	3,336	12,259	32,754
Total Assets	13,032,766	9,199,362	2,863,646	7,791,533	20,836,899
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on OPEB	—	5	—	5	80
Total Deferred Outflows of Resources	—	5	—	5	80
Total Assets and Deferred Outflows of Resources	\$ 13,032,766	\$ 9,199,367	\$ 2,863,646	\$ 7,791,538	\$ 20,836,979
LIABILITIES					
Accrued liabilities	\$ 470,317	\$ 515,954	\$ 125,613	\$ 436,362	\$ 1,167,244
Obligations under security lending agreements	12,824	14,432	3,336	12,259	32,754
Due to other pension and other employee benefit funds	6,168	9,008	1,302	—	—
Unearned revenues	—	2	—	—	305
Total Liabilities	489,309	539,396	130,251	448,621	1,200,303
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows on OPEB	—	3	—	6	33
Total Deferred Inflows of Resources	—	3	—	6	33
NET POSITION					
Net position restricted for:					
Pensions	12,543,457	8,659,968	2,733,395	7,342,911	19,636,643
Deferred compensation participants	—	—	—	—	—
Total Net Position	12,543,457	8,659,968	2,733,395	7,342,911	19,636,643
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,032,766	\$ 9,199,367	\$ 2,863,646	\$ 7,791,538	\$ 20,836,979

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2021
 (expressed in thousands)

Continued

	WSPRS Plan 1/2	PSERS Plan 2	JRS	JRA	Judges
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash and cash equivalents	\$ 713	\$ 312	\$ 8,637	\$ 10	\$ 1,281
Receivables:					
Employer accounts receivable	1,315	4,614	—	—	—
Member accounts receivable (net of allowance)	5	—	5	—	—
Due from other pension and other employee benefit funds	—	—	—	—	—
Interest and dividends	4,327	2,909	—	—	—
Investment trades pending	96,128	64,631	—	—	—
Other receivables, all other funds	—	—	8	—	1
Total Receivables	101,775	72,154	13	—	1
Investments, Noncurrent:					
Liquidity	45,559	37,281	49	—	7
Fixed income	289,877	194,896	—	—	—
Public equity	552,491	371,463	—	9,616	—
Private equity	492,220	330,940	—	—	—
Real estate	302,643	203,479	—	—	—
Tangible assets	95,151	63,974	—	—	—
Total Investments, Noncurrent	1,777,941	1,202,033	49	9,616	7
Security lending collateral	2,958	1,989	—	—	—
Total Assets	1,883,387	1,276,488	8,699	9,626	1,289
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on OPEB	14	5	—	—	—
Total Deferred Outflows of Resources	14	5	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 1,883,401	\$ 1,276,493	\$ 8,699	\$ 9,626	\$ 1,289
LIABILITIES					
Accrued liabilities	\$ 105,570	\$ 70,881	\$ 30	\$ —	\$ 2
Obligations under security lending agreements	2,958	1,989	—	—	—
Due to other pension and other employee benefit funds	—	3,186	—	—	—
Unearned revenues	—	—	—	—	—
Total Liabilities	108,528	76,056	30	—	2
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows on OPEB	4	6	—	—	—
Total Deferred Inflows of Resources	4	6	—	—	—
NET POSITION					
Net position restricted for:					
Pensions	1,774,869	1,200,431	8,669	9,626	1,287
Deferred compensation participants	—	—	—	—	—
Total Net Position	1,774,869	1,200,431	8,669	9,626	1,287
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,883,401	\$ 1,276,493	\$ 8,699	\$ 9,626	\$ 1,289

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2021
 (expressed in thousands)

	VFFRPF	Deferred Compensation	UW Supplemental Plan	WSU Supplemental Plan	Continued EWU Supplemental Plan
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash and cash equivalents	\$ 16,687	\$ 4,146	\$ —	\$ —	\$ 8
Receivables:					
Employer accounts receivable	—	20	593	34	—
Member accounts receivable (net of allowance)	—	843	—	—	—
Due from other pension and other employee benefit funds	1	—	—	—	—
Interest and dividends	27	—	218	43	9
Investment trades pending	—	—	4,838	952	191
Other receivables, all other funds	44	2	—	—	—
Total Receivables	72	865	5,649	1,029	200
Investments, Noncurrent:					
Liquidity	251,515	23	2,792	502	102
Fixed income	—	—	14,589	2,871	577
Public equity	—	6,164,065	27,808	5,472	1,100
Private equity	—	—	24,775	4,875	980
Real estate	—	—	15,233	2,997	603
Tangible assets	—	—	4,789	942	189
Total Investments, Noncurrent	251,515	6,164,088	89,986	17,659	3,551
Security lending collateral	—	—	149	29	6
Total Assets	268,274	6,169,099	95,784	18,717	3,765
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on OPEB	—	—	—	—	—
Total Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 268,274	\$ 6,169,099	\$ 95,784	\$ 18,717	\$ 3,765
LIABILITIES					
Accrued liabilities	\$ 65	\$ 2,681	\$ 5,295	\$ 1,042	\$ 209
Obligations under security lending agreements	—	—	149	29	6
Due to other pension and other employee benefit funds	—	—	—	—	—
Unearned revenues	—	—	—	—	—
Total Liabilities	65	2,681	5,444	1,071	215
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on OPEB	—	—	—	—	—
Total Deferred Inflows of Resources	—	—	—	—	—
NET POSITION					
Net position restricted for:					
Pensions	268,209	—	90,340	17,646	3,550
Deferred compensation participants	—	6,166,418	—	—	—
Total Net Position	268,209	6,166,418	90,340	17,646	3,550
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 268,274	\$ 6,169,099	\$ 95,784	\$ 18,717	\$ 3,765

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position

June 30, 2020
(expressed in thousands)

					Concluded
	CWU Supplemental Plan	TESC Supplemental Plan	WWU Supplemental Plan	SBCTC Supplemental Plan	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 63,074
Receivables:					
Employer accounts receivable	—	—	—	16	231,189
Member accounts receivable (net of allowance)	—	—	—	—	7,266
Due from other pension and other employee benefit funds	—	—	—	—	113,315
Interest and dividends	9	3	13	78	364,888
Investment trades pending	192	74	284	1,744	8,107,036
Other receivables, all other funds	—	—	—	—	82
Total Receivables	201	77	297	1,838	8,823,776
Investments, Noncurrent:					
Liquidity	105	38	151	896	4,053,279
Fixed income	580	224	856	5,260	24,447,109
Public equity	1,105	427	1,633	10,025	60,118,475
Private equity	984	380	1,454	8,931	41,511,933
Real estate	605	234	894	5,491	25,523,742
Tangible assets	190	73	281	1,726	8,024,627
Total Investments, Noncurrent	3,569	1,376	5,269	32,329	163,679,165
Security lending collateral	6	2	9	54	249,454
Total Assets	3,776	1,455	5,575	34,221	172,815,469
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on OPEB	—	—	—	—	213
Total Deferred Outflows of Resources	—	—	—	—	213
Total Assets and Deferred Outflows of Resources	\$ 3,776	\$ 1,455	\$ 5,575	\$ 34,221	\$172,815,682
LIABILITIES					
Accrued liabilities	\$ 210	\$ 81	\$ 311	\$ 1,909	\$ 8,937,693
Obligations under security lending agreements	6	2	9	54	249,454
Due to other pension and other employee benefit funds	—	—	—	—	113,314
Unearned revenues	—	—	—	—	821
Total Liabilities	216	83	320	1,963	9,301,282
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows on OPEB	—	—	—	—	152
Total Deferred Inflows of Resources	—	—	—	—	152
NET POSITION					
Net position restricted for:					
Pensions	3,560	1,372	5,255	32,258	157,347,830
Deferred compensation participants	—	—	—	—	6,166,418
Total Net Position	3,560	1,372	5,255	32,258	163,514,248
Total Liabilities Deferred Inflows of Resources, and Net Position	\$ 3,776	\$ 1,455	\$ 5,575	\$ 34,221	\$172,815,682

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

Continued

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1	TRS Plan 2/3 Defined Benefit
ADDITIONS					
Contributions:					
Employers	\$ 749,448	\$ 949,437	\$ —	\$ 550,653	\$ 605,742
Members	6,861	775,370	180,632	1,260	159,795
State	—	—	—	—	—
Participants	—	—	—	—	—
Total Contributions	756,309	1,724,807	180,632	551,913	765,537
Investment Income:					
Net appreciation (depreciation) in fair value	2,215,805	13,441,335	992,446	1,652,118	5,164,560
Interest and dividends	164,553	992,132	43,262	122,720	383,763
Less: investment expenses	(43,718)	(263,222)	(12,347)	(32,605)	(102,728)
Net investment income (loss)	2,336,640	14,170,245	1,023,361	1,742,233	5,445,595
Transfers from other plans	—	29,491	2,085	—	53,685
Other additions	1	—	—	—	1
Total Additions	3,092,950	15,924,543	1,206,078	2,294,146	6,264,818
DEDUCTIONS					
Pension benefits	1,189,494	1,571,219	—	886,763	499,832
Pension refunds	3,898	44,454	156,487	1,094	4,228
Transfers to other plans	—	2,618	29,453	—	1,119
Administrative expenses	78	646	—	29	1,329
Distributions to participants	—	—	—	—	—
Total Deductions	1,193,470	1,618,937	185,940	887,886	506,508
Net Increase (Decrease)	1,899,480	14,305,606	1,020,138	1,406,260	5,758,310
Net Position - Beginning, as restated	7,726,336	44,751,719	3,352,549	5,770,672	17,023,314
Net Position - Ending	\$ 9,625,816	\$ 59,057,325	\$ 4,372,687	\$ 7,176,932	\$ 22,781,624

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2021
 (expressed in thousands)

Continued

	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ADDITIONS					
Contributions:					
Employers	\$ —	\$ 210,203	\$ —	\$ —	\$ 121,456
Members	417,947	95,883	90,660	—	220,291
State	—	—	—	—	78,170
Participants	—	—	—	—	—
Total Contributions	417,947	306,086	90,660	—	419,917
Investment Income:					
Net appreciation (depreciation) in fair value	2,850,313	1,965,204	614,671	1,703,341	4,472,982
Interest and dividends	129,721	146,024	33,134	126,503	329,844
Less: investment expenses	(36,781)	(38,997)	(9,036)	(33,618)	(89,107)
Net investment income (loss)	2,943,253	2,072,231	638,769	1,796,226	4,713,719
Transfers from other plans	1,078	15,661	950	—	—
Other additions	—	—	—	—	—
Total Additions	3,362,278	2,393,978	730,379	1,796,226	5,133,636
DEDUCTIONS					
Pension benefits	—	239,772	—	370,485	413,741
Pension refunds	472,033	4,710	115,086	5	8,831
Transfers to other plans	53,737	974	15,541	—	—
Administrative expenses	—	58	—	27	613
Distributions to participants	—	—	—	—	—
Total Deductions	525,770	245,514	130,627	370,517	423,185
Net Increase (Decrease)	2,836,508	2,148,464	599,752	1,425,709	4,710,451
Net Position - Beginning, as restated	9,706,949	6,511,504	2,133,643	5,917,202	14,926,192
Net Position - Ending	\$ 12,543,457	\$ 8,659,968	\$ 2,733,395	\$ 7,342,911	\$ 19,636,643

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2021
 (expressed in thousands)

Continued

	WSPRS Plan 1/2	PSERS Plan 2	JRS	JRA	Judges
ADDITIONS					
Contributions:					
Employers	\$ 20,882	\$ 48,922	\$ —	\$ 5	\$ —
Members	12,190	49,644	—	5	—
State	—	—	7,600	—	400
Participants	—	—	—	—	—
Total Contributions	33,072	98,566	7,600	10	400
Investment Income:					
Net appreciation (depreciation) in fair value	407,030	264,367	(88)	1,791	(11)
Interest and dividends	30,118	19,295	80	13	10
Less: investment expenses	(7,990)	(5,093)	—	(12)	—
Net investment income (loss)	429,158	278,569	(8)	1,792	(1)
Transfers from other plans	492	—	—	—	—
Other additions	—	—	—	47	—
Total Additions	462,722	377,135	7,592	1,849	399
DEDUCTIONS					
Pension benefits	72,343	5,362	7,553	335	257
Pension refunds	443	4,642	—	—	—
Transfers to other plans	—	—	—	—	—
Administrative expenses	125	11	—	—	—
Distributions to participants	—	—	—	—	—
Total Deductions	72,911	10,015	7,553	335	257
Net Increase (Decrease)	389,811	367,120	39	1,514	142
Net Position - Beginning, as restated	1,385,058	833,311	8,630	8,112	1,145
Net Position - Ending	\$ 1,774,869	\$ 1,200,431	\$ 8,669	\$ 9,626	\$ 1,287

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2021
 (expressed in thousands)

Continued

	VFFRPF	Deferred Compensation	UW Supplemental Plan	WSU Supplemental Plan	EWU Supplemental Plan
ADDITIONS					
Contributions:					
Employers	\$ 803	\$ —	\$ 7,105	\$ 919	\$ 165
Members	58	—	—	—	—
State	7,667	—	—	—	—
Participants	—	368,515	—	—	—
Total Contributions	8,528	368,515	7,105	919	165
Investment Income:					
Net appreciation (depreciation) in fair value	6,652	1,236,522	21,213	4,211	850
Interest and dividends	1,646	8,549	1,442	286	58
Less: investment expenses	(521)	(7,245)	(381)	(75)	(15)
Net investment income (loss)	7,777	1,237,826	22,274	4,422	893
Transfers from other plans	—	—	—	—	—
Other additions	—	21,488	—	—	—
Total Additions	16,305	1,627,829	29,379	5,341	1,058
DEDUCTIONS					
Pension benefits	12,659	—	—	—	—
Pension refunds	14	—	—	—	—
Transfers to other plans	—	—	—	—	—
Administrative expenses	763	—	—	—	—
Distributions to participants	—	326,935	—	—	—
Total Deductions	13,436	326,935	—	—	—
Net Increase (Decrease)	2,869	1,300,894	29,379	5,341	1,058
Net Position - Beginning, as restated	265,340	4,865,524	60,961	12,305	2,492
Net Position - Ending	\$ 268,209	\$ 6,166,418	\$ 90,340	\$ 17,646	\$ 3,550

State of Washington

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

Concluded

	CWU Supplemental Plan	TESC Supplemental Plan	WWU Supplemental Pension	SBCTC Supplemental Pension	Total
ADDITIONS					
Contributions:					
Employers	\$ 173	\$ 40	\$ 196	\$ 656	\$ 3,266,805
Members	—	—	—	—	2,010,596
State	—	—	—	—	93,837
Participants	—	—	—	—	368,515
Total Contributions	173	40	196	656	5,739,753
Investment Income:					
Net appreciation (depreciation) in fair value	851	331	1,263	7,818	37,025,575
Interest and dividends	58	22	86	533	2,533,852
Less: investment expenses	(15)	(5)	(23)	(142)	(683,676)
Net investment income (loss)	894	348	1,326	8,209	38,875,751
Transfers from other plans	—	—	—	—	103,442
Other additions	—	—	—	—	21,537
Total Additions	1,067	388	1,522	8,865	44,740,483
DEDUCTIONS					
Pension benefits	—	—	—	—	5,269,815
Pension refunds	—	—	—	—	815,925
Transfers to other plans	—	—	—	—	103,442
Administrative expenses	—	—	—	—	3,679
Distributions to participants	—	—	—	—	326,935
Total Deductions	—	—	—	—	6,519,796
Net Increase (Decrease)	1,067	388	1,522	8,865	38,220,687
Net Position - Beginning	2,493	984	3,733	23,393	125,293,561
Net Position - Ending	\$ 3,560	\$ 1,372	\$ 5,255	\$ 32,258	\$ 163,514,248

CUSTODIAL FUNDS
Combining Statement of Fiduciary Net Position
 June 30, 2021
(expressed in thousands)

	Local Government Distributions	Retiree Health Insurance	Other Custodial Funds	Total
ASSETS				
Cash and cash equivalents	\$ 13,627	\$ 9,961	\$ 272,105	\$ 295,693
Taxes receivable (net of allowance)	1,346,995	—	—	1,346,995
Other receivables	—	436	7,831	8,267
Due from other governments	1	22,495	1,184	23,680
Other noncurrent assets	12,721	—	50,660	63,381
Total Assets	\$ 1,373,344	\$ 32,892	\$ 331,780	\$ 1,738,016
LIABILITIES				
Accounts payable	\$ —	\$ 5,283	\$ 99	\$ 5,382
Accrued liabilities	47	671	59,544	60,262
Due to other governments	570,561	—	11,681	582,242
Other long-term liabilities	—	—	17,931	17,931
Total Liabilities	\$ 570,608	\$ 5,954	\$ 89,255	\$ 665,817
NET POSITION				
Net position restricted for:				
Individuals, organizations, and other governments	802,736	26,938	242,525	1,072,199
Total Net Position	\$ 802,736	\$ 26,938	\$ 242,525	\$ 1,072,199

CUSTODIAL FUNDS
Combining Statement of Changes in Fiduciary Net Position
 For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Local Government Distributions	Retiree Health Insurance	Other Custodial Funds	Total
ADDITIONS				
Contributions:				
Participants	\$ —	\$ 775,351	\$ —	\$ 775,351
Total Contributions	—	775,351	—	775,351
Investment Income:				
Interest and dividends	—	—	18,941	18,941
Earnings on investments	—	—	2,985	2,985
Net investment income (loss)	—	—	21,926	21,926
Sales tax collections for other governments	6,255,210	—	—	6,255,210
Other additions	9,566	—	409,295	418,861
Total Additions	6,264,776	775,351	431,221	7,471,348
DEDUCTIONS				
Administrative expenses	—	—	608	608
Payments of sales tax to other governments	6,094,334	—	—	6,094,334
Payments on behalf of retirees for medical benefits	—	782,028	—	782,028
Other deductions	9,566	—	420,120	429,686
Total Deductions	6,103,900	782,028	420,728	7,306,656
Net Increase (Decrease)	160,876	(6,677)	10,493	164,692
Net Position - Beginning, as restated	641,860	33,615	232,032	907,507
Net Position - Ending	\$ 802,736	\$ 26,938	\$ 242,525	\$ 1,072,199

Nonmajor Component Units

Discrete component units are entities which are legally separate from the state but which are financially accountable to the state. The nonmajor component units are described below:

Washington State Housing Finance Commission

The Washington State Housing Finance Commission makes funds available to help provide housing throughout the state, and to finance or refinance nursing homes and capital facilities owned and operated by nonprofit corporations.

Washington Health Care Facilities Authority

The Washington Health Care Facilities Authority makes funds available to qualified, nonprofit health care facilities in the state.

Washington Higher Education Facilities Authority

The Washington Higher Education Facilities Authority provides funding to qualified, nonprofit higher education institutions in the state.

Washington Economic Development Finance Authority

The Washington Economic Development Finance Authority makes funds available to qualified, small and medium-sized businesses in the state for qualifying manufacturing and processing facilities and projects.

State of Washington

NONMAJOR COMPONENT UNITS
Combining Statement of Net Position

June 30, 2021

(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Development Finance	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 166,484	\$ 571	\$ 1,124	\$ 968	\$ 169,147
Investments	47,620	3,250	—	—	50,870
Receivables (net of allowance)	13,736	220	—	—	13,956
Prepaid expenses	418	12	14	—	444
Total Current Assets	228,258	4,053	1,138	968	234,417
Noncurrent Assets:					
Other noncurrent assets	476,579	—	—	—	476,579
Capital assets:					
Other improvements	176	—	—	—	176
Furnishings, equipment and intangible assets	2,108	—	—	—	2,108
Accumulated depreciation	(2,203)	—	—	—	(2,203)
Total Noncurrent Assets	476,660	—	—	—	476,660
Total Assets	704,918	4,053	1,138	968	711,077
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on pensions	1,079	88	—	—	1,167
Deferred outflows on OPEB	466	20	—	—	486
Total Deferred Outflows of Resources	1,545	108	—	—	1,653
Total Assets and Deferred Outflows of Resources	\$ 706,463	\$ 4,161	\$ 1,138	\$ 968	\$ 712,730
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 290	\$ 36	\$ 82	\$ —	\$ 408
Accrued liabilities	41,616	121	—	—	41,737
Total OPEB liability	—	3	—	—	3
Unearned revenue	15,248	—	—	—	15,248
Total Current Liabilities	57,154	160	82	—	57,396
Noncurrent Liabilities:					
Net pension liability	2,467	173	—	—	2,640
Total OPEB liability	3,439	183	—	—	3,622
Total Noncurrent Liabilities	5,906	356	—	—	6,262
Total Liabilities	63,060	516	82	—	63,658
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on pensions	544	49	—	—	593
Deferred inflows on OPEB	1,047	57	—	—	1,104
Total Deferred Inflows of Resources	1,591	106	—	—	1,697
NET POSITION					
Net investment in capital assets	81	—	—	—	81
Restricted for other purposes	809	—	—	—	809
Unrestricted	640,922	3,539	1,056	968	646,485
Total Net Position	641,812	3,539	1,056	968	647,375
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 706,463	\$ 4,161	\$ 1,138	\$ 968	\$ 712,730

NONMAJOR COMPONENT UNITS
Combining Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Development Finance	Total
EXPENSES	\$ 19,748	\$ 1,058	\$ 375	\$ 321	\$ 21,502
PROGRAM REVENUES					
Charges for services	134,622	868	147	501	136,138
Total Program Revenues	134,622	868	147	501	136,138
Net Program Revenues (Expense)	114,874	(190)	(228)	180	114,636
GENERAL REVENUES					
Earnings (loss) on investments	231	76	2	4	313
Total General Revenues	231	76	2	4	313
Change in Net Position	115,105	(114)	(226)	184	114,949
Net Position - Beginning	526,707	3,653	1,282	784	532,426
Net Position - Ending	\$ 641,812	\$ 3,539	\$ 1,056	\$ 968	\$ 647,375

This page intentionally left blank.

Individual Fund Schedules

State of Washington

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS

Balance Sheet

June 30, 2021

(expressed in thousands)

	General Fund Basic Account	Administrative Accounts	Total
ASSETS			
Cash and cash equivalents	\$ 5,384,033	\$ 1,333,922	\$ 6,717,955
Investments	13,456	—	13,456
Taxes receivable (net of allowance)	4,655,825	—	4,655,825
Receivables (net of allowance)	927,166	11,005	938,171
Due from other funds	1,843,942	56,571	1,900,513
Due from other governments	1,665,569	14,824	1,680,393
Inventories and prepaids	21,030	—	21,030
Restricted cash and investments	2,378	29,925	32,303
Total Assets	\$ 14,513,399	\$ 1,446,247	\$ 15,959,646
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,756,290	\$ 43,381	\$ 1,799,671
Accrued liabilities	460,093	36,823	496,916
Due to other funds	129,097	96,938	226,035
Due to other governments	405,069	6,930	411,999
Unearned revenue	3,063,496	1,626	3,065,122
Claims and judgments payable	42,547	—	42,547
Total Liabilities	5,856,592	185,698	6,042,290
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	3,011,739	4,557	3,016,296
Total Deferred Inflows of Resources	3,011,739	4,557	3,016,296
FUND BALANCES			
Nonspendable fund balance	59,060	—	59,060
Restricted fund balance	2,873,349	34,883	2,908,232
Committed fund balance	—	1,221,109	1,221,109
Assigned fund balance	1,915,952	—	1,915,952
Unassigned fund balance	796,707	—	796,707
Total Fund Balances	5,645,068	1,255,992	6,901,060
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,513,399	\$ 1,446,247	\$ 15,959,646

State of Washington

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS
Schedule of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2021
(expressed in thousands)

	General Fund Basic Account	Administrative Accounts	Total
REVENUES			
Retail sales and use taxes	\$ 13,480,045	\$ 877	\$ 13,480,922
Business and occupation taxes	5,013,056	—	5,013,056
Property taxes	4,350,245	—	4,350,245
Excise taxes	1,524,398	—	1,524,398
Other taxes	2,034,802	1	2,034,803
Licenses, permits, and fees	142,944	3,197	146,141
Other contracts and grants	347,221	242	347,463
Timber sales	4,163	—	4,163
Federal grants-in-aid	19,697,216	37,301	19,734,517
Charges for services	115,970	226	116,196
Investment income (loss)	2,407	(15,306)	(12,899)
Miscellaneous revenue	420,492	29,766	450,258
Unclaimed property	150,913	—	150,913
Total Revenues	47,283,872	56,304	47,340,176
EXPENDITURES			
Current:			
General government	2,040,745	131,755	2,172,500
Human services	25,358,008	455,809	25,813,817
Natural resources and recreation	588,520	80,004	668,524
Transportation	58,851	5,539	64,390
Education	14,946,516	626,620	15,573,136
Intergovernmental	58,186	73,973	132,159
Capital outlays	102,175	4,285	106,460
Debt service:			
Principal	16,259	979	17,238
Interest	3,875	181	4,056
Total Expenditures	43,173,135	1,379,145	44,552,280
Excess of Revenues Over (Under) Expenditures	4,110,737	(1,322,841)	2,787,896
OTHER FINANCING SOURCES (USES)			
Bonds issued	—	74,562	74,562
Issuance premiums	2,637	989	3,626
Other debt issued	7,039	—	7,039
Refunding COPs issued	6,440	—	6,440
Payment to escrow agents for refunded COP debt	(7,925)	—	(7,925)
Transfers in	740,229	279,567	1,019,796
Transfers out	(1,660,332)	(2,798)	(1,663,130)
Total Other Financing Sources (Uses)	(911,912)	352,320	(559,592)
Net Change in Fund Balances	3,198,825	(970,521)	2,228,304
Fund Balances - Beginning as restated	2,446,243	2,226,513	4,672,756
Fund Balances - Ending	\$ 5,645,068	\$ 1,255,992	\$ 6,901,060

State of Washington

GENERAL FUND ACCOUNTS
**Schedule of Revenues, Expenditures, and
 Other Financing Sources (Uses) - Budget and Actual**

For the Biennium Ended June 30, 2021

(expressed in thousands)

	General Fund Basic Account			
	Original Budget	Final Budget	Actual	Variance with Final Budget
	2019-21 Biennium	2019-21 Biennium	2019-21 Biennium	
Budgetary Fund Balance, July 1	\$ 999,686	\$ 999,686	\$ 999,686	\$ —
Resources				
Taxes	49,024,777	49,422,463	49,774,991	352,528
Licenses, permits, and fees	241,724	241,687	279,086	37,399
Other contracts and grants	903,905	917,931	673,116	(244,815)
Timber sales	7,740	9,234	8,721	(513)
Federal grants-in-aid	25,740,835	30,797,597	26,537,201	(4,260,396)
Charges for services	111,396	124,938	166,310	41,372
Investment income (loss)	18,603	21,473	21,242	(231)
Miscellaneous revenue	423,032	450,308	385,864	(64,444)
Unclaimed property	178,743	253,184	254,078	894
Transfers from other funds	853,520	2,792,987	2,838,505	45,518
Total Resources	78,503,961	86,031,488	81,938,800	(4,092,688)
Charges To Appropriations				
General government	4,541,865	6,500,494	4,892,200	1,608,294
Human services	39,772,486	42,252,524	40,365,010	1,887,514
Natural resources and recreation	879,733	1,019,962	885,285	134,677
Transportation	140,659	142,560	126,275	16,285
Education	31,375,549	31,006,435	29,620,531	1,385,904
Capital outlays	469,230	443,159	132,420	310,739
Transfers to other funds	825,916	1,999,613	2,041,636	(42,023)
Total Charges To Appropriations	78,005,438	83,364,747	78,063,357	5,301,390
Excess Available For Appropriation Over (Under) Charges To Appropriations	498,523	2,666,741	3,875,443	1,208,702
Reconciling Items				
Debt service	—	—	(38)	(38)
Bond sale proceeds	—	—	—	—
Issuance premiums	—	—	1,523	1,523
Refunding COPs issued	—	—	6,440	6,440
Payments to escrow agents for refunded debt	—	—	(7,925)	(7,925)
Assumed reversions	353,704	699,567	—	(699,567)
Working capital adjustment	—	—	(175,000)	(175,000)
Noncash activity (net)	—	—	303,591	303,591
Nonappropriated fund balances	—	—	—	—
Changes in reserves (net)	(358)	(358)	(333,978)	(333,620)
Total Reconciling Items	353,346	699,209	(205,387)	(904,596)
Budgetary Fund Balance, June 30	\$ 851,869	\$ 3,365,950	\$ 3,670,056	\$ 304,106

State of Washington

Administrative Accounts in the General Fund

Original Budget	Final Budget	Actual	Variance with
2019-21	2019-21	2019-21	Final Budget
Biennium	Biennium	Biennium	Final Budget
\$ 2,265,474	\$ 2,265,474	\$ 2,265,474	\$ —
(143,342)	(141,129)	(142,667)	(1,538)
3,370	5,868	2,145	(3,723)
—	61	1	(60)
—	—	—	—
—	438,527	268	(438,259)
—	332	—	(332)
73,706	53,389	50,744	(2,645)
81,488	(6,496)	17,144	23,640
—	—	—	—
1,233,653	1,454,339	2,108,975	654,636
3,514,349	4,070,365	4,302,084	231,719
124,531	321,923	261,894	60,029
340,452	556,085	528,605	27,480
22,985	42,944	41,040	1,904
9,583	9,502	9,192	310
382,006	730,436	381,613	348,823
581,592	589,680	215,604	374,076
25,900	1,807,370	1,843,086	(35,716)
1,487,049	4,057,940	3,281,034	776,906
2,027,300	12,425	1,021,050	1,008,625
—	—	—	—
375,491	93,598	171,972	78,374
—	2,272	2,261	(11)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	(8,575)	(8,575)
—	—	69,444	69,444
358	358	(160)	(518)
375,849	96,228	234,942	138,714
\$ 2,403,149	\$ 108,653	\$ 1,255,992	\$ 1,147,339

This page intentionally left blank.

STATISTICAL SECTION

Statistical Section

This section of the state of Washington’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the state’s financial performance and fiscal health has changed over time.

Schedule 1 - Net Position by Component	294
Schedule 2 - Changes in Net Position	296
Schedule 3 - Fund Balances, Governmental Funds	300
Schedule 4 - Revenues, Expenditures, and Other Financing Sources (Uses), All Governmental Fund Types	302
Schedule 5 - Revenues, Expenditures, and Other Financing Sources (Uses), General Fund	304

Revenue Capacity

These schedules contain information to help the reader assess the state’s most significant revenue sources: Retail sales tax and business and occupation tax.

Schedule 6 - Sales Subject to Retail Sales Tax by Industry	306
Schedule 7 - Retail Sales Tax by Industry	308
Schedule 8 - Business and Occupation (B&O) Tax Due by Industry	309
Schedule 9 - Taxable Sales by Business and Occupation Tax Classification	310

Debt capacity

These schedules present information to help the reader assess the affordability of the state’s current levels of outstanding debt, and the state’s ability to issue additional debt in the future.

Schedule 10 - Ratios of Outstanding Debt by Type	312
Schedule 11 - Legal Debt Margin Information	314
Schedule 12 - Revenue Bond Coverage	316

Demographic Information

These schedules offer demographic and economic indicators to help the reader understand the environment in which the state’s financial activities take place.

Schedule 13 - Personal Income Comparison, Washington State vs. United States	317
Schedule 14 - Population and Components of Change, Washington State vs. United States	317
Schedule 15 - Annual Average Civilian Labor Force Unemployment Rates, Washington State vs. United States	318
Schedule 16 - Annual Average Wage Rates by Industry	320
Schedule 17 - Principal Employers by Industry	322

Schedule 18 - Fortune 500 Companies Headquartered in Washington	323
Schedule 19 - Principal Agricultural Commodities Value	323
Schedule 20 - International Trade Facts (All Washington Ports)	324
Schedule 21 - Value of Trade with Major Export Trading Partners	324
Schedule 22 - Value of Trade with Major Import Trading Partners	324
Schedule 23 - Property Value and Construction	325
Schedule 24 - Residential Building Activity	325

Operating Information

These schedules offer operating data to help the reader understand how the information in the state's financial report relates to the services it provides and the activities it performs.

Schedule 25 - Full-Time Equivalent Staff Comparison (Budgeted Funds)	326
Schedule 26 - Full-Time Equivalent Staff Comparison (General Fund State)	327
Schedule 27 - Operating and Capital Asset Indicators by Function - General Government	328
Schedule 28 - Operating and Capital Asset Indicators by Function - Human Services	330
Schedule 29 - Operating and Capital Asset Indicators by Function - Transportation	332
Schedule 30 - Operating and Capital Asset Indicators by Function - Natural Resources and Recreation	334
Schedule 31 - Operating and Capital Asset Indicators by Function - Education	336

State of Washington

FINANCIAL TRENDS

Schedule 1 - Net Position by Component

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2021	2020	2019	2018
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 23,934	\$ 23,338	\$ 22,261	\$ 21,749
Restricted	14,862	11,757	11,358	11,328
Unrestricted	(2,327)	(3,829)	(3,207)	(4,163)
Total governmental activities net position	\$ 36,470	\$ 31,266	\$ 30,412	\$ 28,914
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 825	\$ 863	\$ 911	\$ 847
Restricted	2,405	3,572	5,067	4,825
Unrestricted	(11,071)	(10,620)	(9,679)	(9,816)
Total business-type activities net position	\$ (7,841)	\$ (6,185)	\$ (3,700)	\$ (4,144)
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 24,759	\$ 24,200	\$ 23,173	\$ 22,596
Restricted	17,267	15,329	16,426	16,153
Unrestricted	(13,397)	(14,448)	(12,886)	(13,979)
Total primary government net position	\$ 28,629	\$ 25,081	\$ 26,712	\$ 24,770
COMPONENT UNITS				
Net investment in capital assets	\$ 350	\$ 360	\$ 358	\$ 351
Restricted	9	2	4	10
Unrestricted	814	687	596	511
Total component units net position	\$ 1,173	\$ 1,049	\$ 957	\$ 872

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2017		2016		2015		2014		2013		2012
\$	21,048	\$	19,942	\$	19,958	\$	19,816	\$	19,706	\$	19,561
	9,718		8,518		8,320		6,589		6,524		5,296
	(3,377)		(2,691)		(3,944)		399		111		233
\$	27,389	\$	25,769	\$	24,334	\$	26,804	\$	26,341	\$	25,090
\$	751	\$	745	\$	973	\$	625	\$	740	\$	797
	4,581		4,485		4,240		3,815		3,469		3,225
	(8,734)		(8,724)		(8,945)		(8,318)		(9,067)		(8,599)
\$	(3,402)	\$	(3,494)	\$	(3,732)	\$	(3,878)	\$	(4,858)	\$	(4,577)
\$	21,799	\$	20,687	\$	20,931	\$	20,441	\$	20,446	\$	20,358
	14,300		13,002		12,560		10,404		9,993		8,521
	(12,111)		(11,415)		(12,889)		(7,919)		(8,956)		(8,366)
\$	23,988	\$	22,274	\$	20,602	\$	22,926	\$	21,483	\$	20,513
\$	333	\$	354	\$	379	\$	420	\$	320	\$	322
	9		15		20		22		13		16
	446		477		432		374		131		109
\$	788	\$	846	\$	831	\$	816	\$	464	\$	446

State of Washington

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2021	2020	2019	2018
EXPENSES				
Governmental activities:				
General government	\$ 3,769	\$ 2,143	\$ 1,491	\$ 1,687
Education - elementary and secondary (K-12)	15,322	14,715	13,872	12,012
Education - higher education	8,472	8,303	7,985	7,662
Human services	25,818	21,633	19,822	18,863
Adult corrections	1,247	1,264	1,142	1,067
Natural resources and recreation	1,540	1,384	1,351	1,185
Transportation	2,757	2,701	2,809	2,485
Interest on long-term debt	1,073	1,063	1,032	1,002
Total governmental activities expenses	59,998	53,206	49,504	45,962
Business-type activities:				
Workers' compensation	4,505	6,387	3,975	3,690
Unemployment compensation	11,939	7,494	963	935
Higher education student services	3,166	3,431	3,330	3,119
Liquor control ⁽¹⁾	—	—	—	—
Health Insurance ⁽¹⁾	3,556	2,457	—	—
Washington's lottery	729	643	598	557
Paid family and medical leave	796	293	18	—
Other	326	330	552	361
Total business-type activities expenses	25,017	21,035	9,437	8,662
Total primary government expenses	\$ 85,015	\$ 74,241	\$ 58,941	\$ 54,624
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 1,254	\$ 1,045	\$ 972	\$ 908
Education - elementary and secondary (K-12)	14	18	21	28
Education - higher education	3,203	3,142	3,046	3,059
Human services	946	703	775	737
Adult corrections	11	9	9	29
Natural resources and recreation	617	524	525	617
Transportation	1,605	1,263	1,424	1,794
Operating grants and contributions	24,930	18,495	16,728	16,120
Capital grants and contributions	648	819	807	973
Total governmental activities program revenues	33,227	26,018	24,307	24,263
Business-type activities:				
Charges for services:				
Workers' compensation	2,391	2,712	2,666	2,775
Unemployment compensation	1,143	1,182	1,062	1,039
Higher education student services	3,326	3,271	3,355	3,139
Liquor control ⁽¹⁾	—	—	—	—
Health Insurance ⁽¹⁾	3,558	2,594	—	—
Washington's lottery	954	820	806	737
Paid family and medical leave	676	702	232	—
Other	255	222	222	230
Operating grants and contributions	9,529	4,813	65	66
Capital grants and contributions	1	—	1	—
Total business-type activities program revenues	21,833	16,315	8,409	7,986
Total primary government program revenues	\$ 55,060	\$ 42,334	\$ 32,716	\$ 32,249
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (26,771)	\$ (27,188)	\$ (25,198)	\$ (21,699)
Business-type activities	(3,184)	(4,720)	(1,028)	(676)
Total primary government net expense	\$ (29,954)	\$ (31,907)	\$ (26,225)	\$ (22,375)

Refer to footnotes at the end of Schedule 2.

State of Washington

Continued

	2017		2016		2015		2014		2013		2012
\$	1,945	\$	1,658	\$	1,987	\$	1,607	\$	1,537	\$	1,219
	11,042		10,153		9,426		8,914		8,237		8,257
	7,633		7,531		7,095		6,910		6,992		6,526
	18,216		17,209		16,890		15,052		13,182		13,168
	1,062		983		956		911		844		886
	1,266		1,264		1,335		1,137		1,096		982
	2,118		2,363		2,309		2,400		2,379		2,396
	1,027		991		981		938		955		910
	44,309		42,153		40,978		37,869		35,222		34,345
	3,269		3,238		3,018		3,142		3,329		1,919
	1,027		1,020		968		1,380		1,983		2,817
	3,022		2,495		2,314		2,080		1,927		1,834
	—		—		—		—		—		566
	—		—		—		—		—		—
	520		535		466		463		437		407
	—		—		—		—		—		—
	496		8		(428)		318		21		777
	8,334		7,296		6,338		7,383		7,697		7,754
\$	52,643	\$	49,449	\$	47,316	\$	45,252	\$	42,919	\$	42,099
\$	887	\$	853	\$	887	\$	870	\$	977	\$	702
	23		21		21		26		14		10
	2,807		2,762		2,815		2,741		2,760		2,662
	1,080		724		659		612		544		531
	9		7		8		8		8		8
	524		468		455		510		421		434
	1,313		1,206		1,139		1,082		1,025		878
	15,832		15,358		15,158		13,240		12,027		11,790
	1,012		1,113		867		1,066		997		944
	23,487		22,510		22,010		20,155		18,773		17,960
	2,780		2,557		2,375		2,237		2,154		2,046
	994		1,139		1,257		1,349		1,308		1,346
	2,871		2,395		2,216		1,987		1,857		1,762
	—		—		—		—		—		582
	—		—		—		—		—		—
	676		698		603		595		570		535
	—		—		—		—		—		—
	203		(193)		179		248		277		703
	65		70		77		326		870		1,443
	5		—		—		—		—		1
	7,594		6,666		6,707		6,742		7,036		7,836
\$	31,081	\$	29,176	\$	28,717	\$	26,897	\$	25,809	\$	25,796
\$	(20,822)	\$	(19,643)	\$	(18,969)	\$	(17,714)	\$	(16,449)	\$	(16,385)
	(740)		(630)		369		(641)		(661)		82
\$	(21,562)	\$	(20,273)	\$	(18,600)	\$	(18,355)	\$	(17,110)	\$	(16,303)

State of Washington

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2021	2020	2019	2018
GENERAL REVENUES & OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Sales and use tax	\$ 13,614	\$ 12,101	\$ 12,106	\$ 11,154
Business and occupation	5,339	4,673	4,452	4,183
Property	4,358	4,133	3,363	3,347
Other	7,022	6,628	6,091	6,179
Interest and investment earnings (loss)	1,541	507	646	561
Contributions to endowments	75	82	152	109
Transfers	132	205	217	152
Total governmental activities	32,082	28,329	27,027	25,685
Business-type activities:				
Taxes - other	18	20	22	23
Interest and investment earnings	1,639	2,128	1,681	502
Transfers	(130)	(201)	(217)	(152)
Other general revenue ⁽²⁾	—	—	—	—
Total business-type activities	1,527	1,947	1,487	373
Total primary government	\$ 33,610	\$ 30,276	\$ 28,513	\$ 26,058
CHANGE IN NET POSITION				
Governmental activities	\$ 5,311	\$ 1,141	\$ 1,829	\$ 3,986
Business-type activities	(1,656)	(2,773)	459	(303)
Total primary government	\$ 3,655	\$ (1,631)	\$ 2,288	\$ 3,683
COMPONENT UNITS				
Total expenses	\$ 913	\$ 863	\$ 788	\$ 727
Program revenues:				
Charges for services	963	862	802	742
Operating grants and contributions	27	56	34	31
Capital grants and contributions	—	—	—	—
Total program revenues	989	918	836	774
Net (expense) / revenue	76	55	49	46
General revenues - property taxes and other	44	25	24	40
General revenues - interest and investment earnings (loss)	1	13	12	3
Total component units - change in net position	\$ 121	\$ 92	\$ 85	\$ 90

1. As of January 1, 2020, the Health Insurance Fund includes the School Employees Benefits Board accounts.

2. Liquor and Cannabis Board auctioned off "Right to Sell" at state owned liquor stores as part of the closeout process in 2012.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

Concluded

	2017		2016		2015		2014		2013		2012
\$	10,363	\$	9,740	\$	9,001	\$	8,365	\$	7,710	\$	7,349
	3,862		3,636		3,394		3,267		3,294		3,149
	2,098		2,062		2,018		1,974		1,940		1,897
	5,561		5,254		3,719		4,244		4,128		3,946
	614		168		307		621		397		169
	100		66		65		66		63		47
	119		152		136		94		114		165
	<u>22,717</u>		<u>21,078</u>		<u>18,641</u>		<u>18,631</u>		<u>17,646</u>		<u>16,722</u>
	21		21		20		22		22		72
	880		999		377		1,618		523		1,150
	(119)		(152)		(136)		(94)		(114)		(165)
	—		—		—		—		—		30
	<u>782</u>		<u>868</u>		<u>261</u>		<u>1,546</u>		<u>431</u>		<u>1,088</u>
\$	<u>23,499</u>	\$	<u>21,946</u>	\$	<u>18,902</u>	\$	<u>20,177</u>	\$	<u>18,077</u>	\$	<u>17,810</u>
\$	1,895	\$	1,435	\$	(328)	\$	917	\$	1,197	\$	337
	42		238		630		905		(230)		1,170
\$	<u>1,937</u>	\$	<u>1,673</u>	\$	<u>302</u>	\$	<u>1,822</u>	\$	<u>967</u>	\$	<u>1,507</u>
\$	727	\$	1,165	\$	1,080	\$	859	\$	46	\$	60
	722		1,093		945		802		33		18
	13		68		126		95		29		32
	—		—		—		—		2		1
	<u>734</u>		<u>1,161</u>		<u>1,071</u>		<u>897</u>		<u>64</u>		<u>51</u>
	7		(4)		(9)		38		18		(9)
	21		20		18		17		—		—
	2		9		5		(14)		—		2
\$	<u>31</u>	\$	<u>25</u>	\$	<u>14</u>	\$	<u>41</u>	\$	<u>18</u>	\$	<u>(8)</u>

State of Washington

FINANCIAL TRENDS

Schedule 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years (expressed in thousands)
(modified accrual basis of accounting)

	2021	2020	2019	2018
GENERAL FUND				
Nonspendable	\$ 59,060	\$ 52,407	\$ 49,614	\$ 45,400
Restricted	2,908,232	1,734,102	1,699,486	1,476,149
Committed	1,221,109	598,772	684,619	387,930
Assigned	1,915,952	1,740,952	1,416,952	1,513,952
Unassigned	796,707	652,884	998,850	2,006,633
Total General Fund	6,901,060	4,779,117	4,849,521	5,430,064
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	3,437,324	3,195,885	2,810,988	2,768,321
Restricted	6,079,389	4,573,789	4,813,391	5,298,543
Committed	7,793,716	7,223,162	6,969,551	6,065,013
Assigned	109,939	92,631	107,300	18,300
Unassigned	(168,005)	(20,407)	(22,168)	(256)
Total all other governmental funds	17,252,363	15,065,060	14,679,062	14,149,921
Total governmental fund balances	\$ 24,153,423	\$ 19,844,177	\$ 19,528,583	\$ 19,579,985

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2017	2016	2015	2014	2013	2012
\$	42,922	\$ 45,578	\$ 47,353	\$ 50,475	\$ 49,819	\$ 54,726
	1,658,761	558,708	533,279	416,652	299,165	161,689
	140,905	114,958	105,667	142,586	59,579	78,117
	1,257,952	1,155,952	1,014,952	879,952	835,152	710,091
	1,100,552	1,355,071	964,168	336,476	138,875	—
	4,201,092	3,230,267	2,665,419	1,826,141	1,382,590	1,004,623
	2,638,831	2,493,189	2,487,573	2,438,057	2,289,499	2,207,007
	4,340,500	4,050,297	3,835,980	4,008,161	3,895,017	4,919,729
	5,765,961	6,013,887	5,860,326	5,138,780	4,937,328	3,503,646
	18,300	18,300	16,060	—	40	44
	(70,020)	(11,821)	(167,356)	—	(79,327)	—
	12,693,572	12,563,852	12,032,583	11,584,998	11,042,557	10,630,426
\$	16,894,664	\$ 15,794,119	\$ 14,698,002	\$ 13,411,139	\$ 12,425,147	\$ 11,635,049

State of Washington

FINANCIAL TRENDS

Schedule 4 - Revenues, Expenditures, and Other Financing Sources (Uses)

All Governmental Fund Types

Last Ten Fiscal Years (expressed in millions)

	2021	2020	2019	2018
REVENUES				
Taxes:				
Retail sales and use	\$ 13,614	\$ 12,101	\$ 12,106	\$ 11,154
Business and occupation	5,339	4,673	4,452	4,183
Motor vehicle and fuel	1,533	1,550	1,671	1,732
Liquor, beer, and wine	458	420	390	371
Cigarette and tobacco	402	397	397	422
Insurance premiums	684	691	640	631
Public utilities	500	481	482	482
Property	4,350	3,739	3,359	3,347
Excise	2,462	1,777	1,636	1,600
Gift and inheritance	324	635	300	209
Other taxes	511	567	403	600
Total Taxes	30,177	27,031	25,835	24,729
Licenses, permits, and fees	2,408	1,945	2,025	2,408
Federal grants-in-aid	23,740	17,439	15,963	15,646
Charges and miscellaneous revenue	7,111	6,761	6,523	6,348
Investment income (loss)	1,541	507	646	561
Total Revenues	64,977	53,683	50,992	49,692
EXPENDITURES				
Current:				
General government	3,638	1,936	1,556	1,355
Human services	27,123	22,580	20,901	19,817
Natural resources and recreation	1,521	1,297	1,332	1,128
Transportation	2,292	2,275	2,345	2,124
Education	23,541	22,543	21,312	19,102
Intergovernmental	513	520	537	504
Capital outlays	2,231	2,108	2,104	1,781
Debt service:				
Principal	1,193	1,308	1,180	1,144
Interest	1,082	1,095	1,070	1,035
Total Expenditures	63,132	55,661	52,338	47,990
Revenues Over (Under) Expenditures	1,845	(1,978)	(1,346)	1,703
OTHER FINANCING SOURCES (USES):				
Bonds issued, net of refunding	2,374	2,039	1,371	1,389
Other debt issued, net of refunding	73	66	53	47
Transfers in	4,966	4,619	4,605	4,634
Transfers out	(4,840)	(4,430)	(4,420)	(4,502)
Net Other Financing Sources (Uses)	2,573	2,294	1,609	1,568
Net Change in Fund Balances	\$ 4,417	\$ 316	\$ 264	\$ 3,270
Debt service as a percentage of noncapital expenditures ⁽¹⁾	3.7%	4.5%	4.4%	4.7%

1. Percentage is calculated by dividing principal and interest by total expenditures less capital outlays.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2017		2016		2015		2014		2013		2012
\$	10,363	\$	9,740	\$	9,001	\$	8,365	\$	7,710	\$	7,349
	3,862		3,636		3,394		3,267		3,294		3,149
	1,680		1,486		1,253		1,215		1,195		1,178
	355		348		331		321		365		323
	430		451		474		443		465		471
	604		535		556		467		436		430
	483		469		455		464		440		438
	2,098		2,062		2,018		1,974		1,940		1,897
	1,461		1,203		927		717		651		495
	168		136		150		157		104		105
	540		430		410		474		444		424
	22,044		20,496		18,969		17,864		17,044		16,260
	1,907		1,766		1,660		1,627		1,599		1,244
	15,370		15,034		14,712		13,168		11,889		11,905
	6,336		5,831		5,751		5,369		5,321		4,852
	614		168		307		621		397		169
	46,269		43,295		41,399		38,649		36,250		34,431
	1,450		1,289		1,330		1,280		1,162		1,169
	19,026		18,037		17,566		15,733		13,957		13,903
	1,181		1,214		1,239		1,037		1,043		920
	2,068		1,955		1,883		1,817		1,797		1,788
	18,059		16,922		15,915		15,130		14,551		14,275
	497		492		465		456		440		399
	2,428		2,200		2,247		2,293		2,456		2,224
	1,125		1,040		944		868		784		728
	1,042		999		982		939		921		884
	46,876		44,147		42,572		39,552		37,111		36,288
	(607)		(852)		(1,174)		(903)		(861)		(1,858)
	1,539		1,709		1,368		2,038		1,344		2,759
	70		102		31		45		156		21
	4,545		4,317		5,062		4,356		3,152		2,669
	(4,446)		(4,180)		(4,937)		(4,274)		(3,051)		(2,517)
	1,708		1,948		1,524		2,165		1,601		2,931
\$	1,101	\$	1,096	\$	350	\$	1,262	\$	740	\$	1,074
	4.9%		4.8%		4.7%		4.8%		4.9%		4.7%

State of Washington

FINANCIAL TRENDS

Schedule 5 - Revenues, Expenditures, and Other Financing Sources (Uses)
General Fund

Last Ten Fiscal Years (expressed in millions)

	2021	2020	2019	2018
REVENUES				
Taxes:				
Retail sales and use	\$ 13,481	\$ 11,985	\$ 11,952	\$ 11,003
Business and occupation	5,013	4,596	4,448	4,177
Liquor, beer, and wine	374	344	318	303
Cigarette and tobacco	387	390	397	422
Insurance premiums	647	652	600	601
Public utilities	479	460	461	462
Property	4,350	3,739	2,339	2,770
Excise	1,524	1,142	1,146	1,139
Gift and inheritance	—	—	—	(6)
Other taxes	148	188	139	373
Total Taxes	26,403	23,496	21,800	21,244
Licenses, permits, and fees	147	139	130	124
Federal grants-in-aid	19,735	14,512	13,296	13,013
Charges and miscellaneous revenue	1,069	717	723	795
Investment income (loss)	(13)	114	114	1
Total Revenues	47,340	38,977	36,063	35,178
EXPENDITURES				
Current:				
General government	2,173	1,060	949	864
Human services	25,814	21,366	19,754	18,686
Natural resources and recreation	669	512	482	465
Transportation	64	63	56	57
Education	15,573	15,090	14,762	13,067
Intergovernmental	133	130	132	102
Capital outlays	106	71	74	79
Debt service:				
Principal	17	16	13	14
Interest	4	8	4	4
Total Expenditures	44,552	38,315	36,226	33,338
Revenues Over (Under) Expenditures	2,788	662	(162)	1,840
OTHER FINANCING SOURCES (USES)				
Bonds issued, net of refunding	78	100	178	61
Other debt issued, net of refunding	6	6	2	2
Transfers in	1,020	788	731	686
Transfers out	(1,663)	(1,626)	(1,329)	(1,360)
Net Other Financing Sources (Uses)	(560)	(732)	(418)	(611)
Net Change in Fund Balances	\$ 2,228	\$ (70)	\$ (580)	\$ 1,229

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2017	2016	2015	2014	2013	2012
\$	10,221	\$ 9,623	\$ 8,903	\$ 8,275	\$ 7,629	\$ 7,274
	3,857	3,632	3,389	3,262	3,291	3,145
	290	284	282	274	340	296
	430	451	474	443	465	471
	577	510	529	457	426	421
	463	449	437	447	423	427
	2,098	2,062	2,018	1,974	1,940	1,897
	1,055	933	787	650	583	434
	2	—	(1)	—	3	—
	348	245	207	226	194	183
	19,341	18,189	17,025	16,008	15,294	14,547
	130	116	115	108	105	99
	12,680	12,196	12,053	10,226	8,780	8,824
	1,000	611	583	506	540	520
	(5)	26	8	7	(17)	(6)
	33,146	31,138	29,784	26,855	24,702	23,983
	884	802	846	833	721	745
	17,959	17,072	16,794	14,920	13,236	13,209
	429	534	445	409	420	373
	62	67	37	42	48	42
	12,176	11,403	10,177	9,754	9,115	9,169
	123	119	117	114	108	105
	70	111	52	51	76	67
	12	8	8	9	18	16
	4	3	1	3	—	1
	31,719	30,121	28,477	26,134	23,742	23,728
	1,428	1,016	1,308	721	960	256
	129	102	192	170	127	76
	1	75	7	—	4	15
	713	577	466	518	596	496
	(1,300)	(1,205)	(1,119)	(965)	(1,312)	(1,056)
	(457)	(452)	(454)	(277)	(585)	(470)
\$	971	\$ 565	\$ 854	\$ 444	\$ 375	\$ (214)

REVENUE CAPACITY

Schedule 6 - Sales Subject to Retail Sales Tax by Industry

Last Ten Calendar Years (expressed in millions)

Industry ⁽¹⁾	2020	2019	2018	2017
Retail trade:				
Motor vehicles & parts	\$ 17,894	\$ 18,005	\$ 17,759	\$ 17,188
General merchandise stores	12,396	11,935	11,771	11,486
Building materials, garden equipment and supplies	9,220	7,789	7,460	6,909
All other retail trade	41,446	38,302	34,531	31,156
Total retail sales	<u>80,956</u>	<u>76,031</u>	<u>71,521</u>	<u>66,739</u>
Construction	37,087	38,387	35,155	30,979
Accommodations & food services	12,887	19,545	18,866	17,799
Wholesale trade	11,537	11,333	11,026	10,111
Management, Education, and Health Services	8,967	7,706	6,864	4,396
Information	6,808	6,888	6,967	6,866
All other industries	20,163	21,252	19,775	18,711
Total sales subject to retail sales tax	<u>\$ 178,405</u>	<u>\$ 181,142</u>	<u>\$ 170,174</u>	<u>\$ 155,601</u>
Direct retail sales tax rate ⁽²⁾	6.5%	6.5%	6.5%	6.5%

1. Industry classifications are based on North American Industry Classification System (NAICS) codes.

2. State retail sales tax rate only; excludes local retail sales tax rate.

Source: Washington State Department of Revenue, Quarterly Business Review

State of Washington

	2016	2015	2014	2013	2012	2011
\$	16,311	\$ 14,987	\$ 13,540	\$ 12,565	\$ 11,359	\$ 10,178
	11,256	11,086	10,711	10,511	10,311	10,063
	6,344	5,909	5,348	4,982	4,537	4,280
	29,334	27,691	26,725	25,582	24,261	23,436
	63,245	59,673	56,324	53,640	50,468	47,957
	28,101	24,459	21,086	19,256	16,628	15,445
	16,738	15,677	14,365	13,334	12,611	11,866
	9,882	9,295	9,053	8,750	8,266	8,048
	3,952	3,445	3,196	2,964	2,864	2,703
	6,702	6,754	5,972	5,429	5,117	4,997
	17,785	16,061	14,848	13,828	13,099	12,725
\$	146,405	\$ 135,364	\$ 124,844	\$ 117,201	\$ 109,053	\$ 103,741
	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%

State of Washington

REVENUE CAPACITY

Schedule 7 - Retail Sales Tax Due by Industry

Current Calendar Year and Nine Years Ago (expressed in millions)

Industry ⁽¹⁾	2020			2011		
	Amount of		Percent of	Amount of		Percent of
	Retail Sales	Rank	Total Retail	Retail Sales	Rank	Total Retail
	Tax Due		Sales Tax Due	Tax Due		Sales Tax Due
Retail trade	\$ 5,262	1	45.4 %	\$ 3,117	1	46.2 %
Construction	2,411	2	20.8 %	1,004	2	14.9 %
Accommodations & food services	838	3	7.2 %	771	3	11.4 %
Wholesale trade	750	4	6.5 %	523	4	7.8 %
Management, education & health services	583	5	4.9 %	176	8	2.6 %
All other industries ⁽²⁾	454	6	4.0 %	305	6	4.5 %
Information	443	7	3.8 %	325	5	4.8 %
Professional, scientific & technical services	336	8	2.9 %	139	10	2.1 %
Other Services ⁽³⁾	273	9	2.4 %	224	7	3.3 %
Real estate, rental/leasing	246	10	2.1 %	159	9	2.4 %
Total	\$ 11,596		100 %	\$ 6,743		100 %

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual taxpayers. The information in this table is intended to assist readers in understanding the degree to which the state's retail sales tax revenue may be concentrated.

2. All other industries include manufacturing; arts, entertainment and recreation; finance and insurance; transportation and warehousing; agriculture, forestry and fishing; public administration; and mining and utilities.

3. Other services consist of repair and maintenance, personal service, and religious, civic and other organizations.

Source: Washington State Department of Revenue

REVENUE CAPACITY

Schedule 8 - Business and Occupation (B&O) Tax Due by Industry

Current Calendar Year and Nine Years Ago (expressed in millions)

Industry ⁽¹⁾	2020			2011		
	Amount of	Rank	Percent of	Amount of	Rank	Percent of
	B&O		Total B&O	B&O		Total B&O
	Tax Due		Tax Due	Tax Due		Tax Due
Service and Other Activities						
(\$1 million or greater in prior year)	\$ 1,234	1	25.2%	\$ 1,415	1	44.2%
Retailing	1,060	2	21.7%	691	2	21.6%
Service and other activities, and gambling						
contests less than \$50,000/year	1,029	3	21.0%	6	8	0.2%
Wholesaling	813	4	16.6%	607	3	19.0%
Other B&O Tax Classifications	254	5	5.2%	242	4	7.5%
Public/nonprofit hospitals; qualified co-ops	157	6	3.2%	110	6	3.4%
Specified Financial Institutions						
(Surcharge on Service & Other Activities)	130	7	2.7%	—	9	—
Manufacturing	116	8	2.4%	126	5	3.9%
Royalties ⁽²⁾	54	9	1.1%	7	7	0.2%
Advanced Computing Surcharge	44	10	0.9%	—	10	—
Total	\$ 4,891		100%	\$ 3,204		100%

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual taxpayers. The information in this table is intended to assist readers in understanding the degree to which the state's business and occupation tax revenue may be concentrated.

2. Prior to 2019, royalties was reported as royalties and child care. Child care is now included under other B&O tax classifications.

Source: Washington State Department of Revenue

REVENUE CAPACITY

Schedule 9 - Taxable Sales by Business and Occupation (B&O) Tax Classification

Last Ten Calendar Years (expressed in millions)

Industry ⁽¹⁾	2020	2019	2018	2017
Retailing	\$ 225,059	\$ 230,145	\$ 219,823	\$ 204,797
Wholesaling	168,033	177,549	175,749	159,429
Service and other activities	139,104	135,034	123,815	117,639
Manufacturing, wholesaling, and retailing of airplanes, components, and aerospace tooling	21,161	43,074	59,750	57,510
Manufacturing	23,997	27,395	27,316	25,030
Other business & occupation tax classifications	72,829	62,676	62,620	58,122
Total	\$ 650,183	\$ 675,873	\$ 669,073	\$ 622,527
State B&O tax rate range	0.1 - 1.8%	0.1 - 1.6%	0.1 - 1.6%	0.1 - 1.6%

1. Industry classifications are based on North American Industry Classification System (NAICS) codes.

Source: Washington State Department of Revenue, Quarterly Business Review

State of Washington

	2016	2015	2014	2013	2012	2011
\$	192,256	\$ 181,856	\$ 173,663	\$ 163,752	\$ 153,467	\$ 146,698
	147,375	142,875	142,992	136,837	131,471	125,471
	108,591	101,555	93,327	88,826	83,537	78,617
	60,974	63,497	61,433	54,744	48,788	35,414
	24,346	25,188	28,848	28,320	26,556	26,020
	55,230	53,897	52,131	48,833	46,974	46,173
\$	588,772	\$ 568,868	\$ 552,394	\$ 521,312	\$ 490,793	\$ 458,393
	0.1 - 1.6%	0.1 - 1.6%	0.1 - 1.6%	0.1 - 1.6%	0.1 - 1.9%	0.1 - 1.9%

State of Washington

DEBT CAPACITY

Schedule 10 - Ratios of Outstanding Debt by Type ⁽¹⁾

Last Ten Fiscal Years (expressed in millions, except per capita)

	2021	2020	2019	2018
Governmental Activities				
General obligation bonds	\$ 23,328	\$ 22,243	\$ 21,486	\$ 21,334
Revenue bonds	1,928	2,075	2,234	2,308
Certificates of participation	693	710	753	756
Capital leases/installment contracts	3	10	10	11
Total Governmental Activities Debt	25,952	25,038	24,483	24,409
Business-Type Activities				
General obligation bonds	—	—	—	—
Revenue bonds	2,475	2,415	2,317	2,326
Certificates of participation	193	165	173	120
Capital leases/installment contracts	6	81	68	72
Total Business-Type Activities Debt	2,674	2,661	2,558	2,518
Total Primary Government Debt	\$ 28,626	\$ 27,699	\$ 27,041	\$ 26,928
DEBT RATIOS				
Total Primary Government				
Ratio of total debt to personal income ⁽²⁾	5.4%	5.3%	5.5%	5.8%
Total debt per capita ⁽³⁾	\$ 3,686	\$ 3,618	\$ 3,583	\$ 3,625
General Bond Debt				
Ratio of general bonded debt to retail sales subject to tax ⁽⁴⁾	13.1%	12.5%	11.9%	12.5%
General bonded debt per capita ⁽³⁾	\$ 3,004	\$ 2,905	\$ 2,847	\$ 2,872

1. Refer to Note 7 for long-term liability activity.

2. Personal income data can be found in Schedule 13. Personal income data for 2021 is not available; used 2020 data to calculate 2021 ratio. The Bureau of Economic Analysis periodically revises its personal income data for periods up to 10 years.

3. Population data can be found in Schedule 14.

4. Retail sales subject to tax can be found in Schedule 6. Retail sales data for 2021 is not available; used 2020 data to calculate 2021 ratio.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2017		2016		2015		2014		2013		2012
\$	21,034	\$	20,518	\$	19,868	\$	19,370	\$	18,638	\$	17,838
	2,326		2,377		2,316		1,894		1,706		1,657
	752		718		580		570		588		469
	5		6		5		11		12		7
	24,117		23,619		22,769		21,845		20,944		19,971
	—		—		4		8		11		15
	2,307		2,215		1,991		2,236		2,031		1,682
	92		49		42		38		42		52
	75		9		13		15		15		6
	2,474		2,273		2,050		2,297		2,099		1,755
\$	26,591	\$	25,892	\$	24,819	\$	24,142	\$	23,043	\$	21,726
	6.1%		6.4%		6.4%		6.7%		6.9%		6.6%
\$	3,637	\$	3,604	\$	3,515	\$	3,465	\$	3,348	\$	3,187
	13.5%		14.0%		14.7%		15.5%		15.9%		16.4%
\$	2,877	\$	2,856	\$	2,814	\$	2,781	\$	2,710	\$	2,619

State of Washington

DEBT CAPACITY

Schedule 11 - Legal Debt Margin Information ⁽¹⁾

Last Ten Fiscal Years (expressed in millions)

	2021	2020	2019	2018
Legal Debt Limitation Calculation ⁽²⁾				
Six year mean, general state revenues	\$ 20,609	\$ 19,390	\$ 18,309	\$ 17,178
Times: Percentage of six year mean, general state revenues	8.25%	8.25%	8.25%	8.25%
Equals: Debt service limitation	\$ 1,700	\$ 1,600	\$ 1,511	\$ 1,417
Debt service limitation	\$ 1,700	\$ 1,600	\$ 1,511	\$ 1,417
Less: Projected maximum annual debt service of outstanding bonds as of June 30	1,258	1,218	1,194	1,167
Equals: Debt service capacity	\$ 443	\$ 382	\$ 316	\$ 250
Remaining state general obligation debt capacity ⁽³⁾	\$ 8,091	\$ 6,144	\$ 4,650	\$ 3,862
Plus: Debt outstanding, bonds issued & projected sales subject to debt service limitation as of November 2020	12,437	11,964	11,667	11,364
Equals: Maximum debt authorization subject to limitation	\$ 20,528	\$ 18,108	\$ 16,317	\$ 15,226
Debt service capacity as a percentage of total debt service limitation	26.1%	23.9%	20.9%	17.6%
Remaining debt capacity as a percentage of maximum debt authorized	39.4%	33.9%	28.5%	25.4%

1. The legal debt limitation limits the amount of state debt that may be incurred by restricting the amount of general state revenues which may be allocated to pay principal and interest on debt subject to these limitations.
2. From November 1972 through June 30, 2014, the Constitution prohibited the issuance of new debt if it would cause the maximum annual debt service to exceed nine percent of the arithmetic mean of general state revenues for the preceding three fiscal years. Beginning in fiscal year 2015, the debt limit was subject to an amendment of the state Constitution passed in 2012 specifying that maximum annual payments of principal and interest on all debt subject to the limit may not exceed a percentage of the average of the prior six years' general state revenues.
3. The remaining debt capacity each year is the calculated present value of the debt service capacity utilizing an interest rate assumption. The interest rate assumption for 2021 is 2.57 percent.

Figures may not total due to rounding.

Source: Office of the State Treasurer, Certification of the Debt Limitation of the State of Washington

State of Washington

	2017	2016	2015	2014	2013	2012
\$	16,334	\$ 15,499	\$ 14,794	\$ 13,245	\$ 12,533	\$ 12,080
	8.25%	8.5%	8.5%	9.0%	9.0%	9.0%
\$	1,348	\$ 1,317	\$ 1,257	\$ 1,192	\$ 1,128	\$ 1,087
\$	1,348	\$ 1,317	\$ 1,257	\$ 1,192	\$ 1,128	\$ 1,087
	1,172	1,155	1,129	1,125	1,056	1,031
\$	176	\$ 162	\$ 128	\$ 67	\$ 72	\$ 56
\$	2,937	\$ 2,632	\$ 2,031	\$ 977	\$ 1,142	\$ 874
	11,644	11,348	11,160	11,208	10,730	10,708
\$	14,581	\$ 13,980	\$ 13,191	\$ 12,185	\$ 11,872	\$ 11,582
	13.1%	12.3%	10.2%	5.6%	6.4%	5.2%
	20.1%	18.8%	15.4%	8.0%	9.6%	7.5%

State of Washington

DEBT CAPACITY

Schedule 12 - Revenue Bond Coverage ⁽¹⁾

Last Ten Fiscal Years (expressed in millions)

Fiscal Year	Gross Revenues ⁽²⁾	Less: Operating Expenses ⁽³⁾	Net Available Revenue	Scheduled Debt Service ⁽⁴⁾		Coverage Ratio
				Principal	Interest	
Governmental Activities						
2021	\$ 112	\$ 12	\$ 100	\$ 63	\$ 46	0.91
2020	109	11	98	63	49	0.88
2019	106	12	95	54	51	0.90
2018	97	8	89	51	51	0.88
2017	103	7	96	57	47	0.92
2016	101	6	95	54	47	0.94
2015	93	13	80	50	41	0.88
2014	108	14	94	45	58	0.91
2013	83	8	75	36	55	0.82
2012	77	5	72	29	48	1.01
Business-Type Activities						
2021	\$ 3,303	\$ 3,061	\$ 242	\$ 134	\$ 103	1.02
2020	3,220	3,096	124	123	100	0.56
2019	3,311	2,992	319	79	100	1.78
2018	3,100	2,795	304	131	99	1.32
2017	2,804	2,701	103	98	90	0.55
2016	2,339	2,170	169	89	88	0.95
2015	2,153	1,978	175	82	102	0.95
2014	1,928	1,767	161	81	86	0.96
2013	1,789	1,652	137	18	86	1.32
2012	1,689	1,597	92	53	63	0.79

1. Refer to Note 7 for information on the nature of revenue bonds issued by the state.

2. Total operating revenues.

3. Total operating expenses exclusive of depreciation.

4. Scheduled debt service amounts are based on previous fiscal year disclosure information collected from individual agencies and reported in Note 7.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 13 - Personal Income Comparison

Washington State vs. United States

Last Ten Calendar Years (expressed in billions, except per capita)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Washington State										
Personal income	\$ 526	\$ 493	\$ 468	\$ 434	\$ 407	\$ 386	\$ 363	\$ 336	\$ 329	\$ 305
Percent change	7 %	5 %	8 %	7 %	5 %	6 %	8 %	2 %	8 %	6 %
Per capita	\$ 68,322	\$ 64,766	\$ 62,185	\$ 58,400	\$ 55,762	\$ 53,843	\$ 51,481	\$ 48,280	\$ 47,728	\$ 44,670
United States										
Personal income	\$ 19,628	\$ 18,424	\$ 17,706	\$ 16,850	\$ 16,097	\$ 15,685	\$ 14,977	\$ 14,194	\$ 14,014	\$ 13,339
Percent change	7 %	4 %	5 %	5 %	3 %	5 %	6 %	1 %	5 %	6 %
Per capita	\$ 59,729	\$ 56,747	\$ 54,581	\$ 52,096	\$ 49,995	\$ 49,003	\$ 47,058	\$ 44,851	\$ 44,598	\$ 42,735
Washington per capita rate as % of United States per capita rate	114%	114%	114%	112%	112%	110%	109%	108%	107%	105%

Note: The Bureau of Economic Analysis periodically revises its personal income data for periods up to 10 years.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Schedule 14 - Population and Components of Change

Washington State vs. United States

Last Ten Fiscal Years (expressed in thousands)

	2021 ⁽⁴⁾	2020	2019	2018	2017	2016	2015	2014	2013	2012
Washington State ⁽¹⁾										
Population	7,766.9	7,656.2	7,546.4	7,427.6	7,310.3	7,183.7	7,061.4	6,968.2	6,882.4	6,817.8
Net increase	110.7	109.8	118.8	117.3	126.6	122.3	93.2	85.8	64.6	49.9
Percent change	1.4%	1.5%	1.6%	1.6%	1.8%	1.7%	1.3%	1.3%	1.0%	0.7%
Components of change: ⁽²⁾										
Births	85.6	85.2	86.3	87.3	89.7	89.8	88.5	87.0	87.3	87.1
Deaths	61.1	59.2	57.6	56.4	56.1	54.7	52.8	50.7	51.1	49.2
Net migration	37.1	83.7	90.1	86.3	93.0	87.1	57.6	49.5	28.5	12.0
United States ⁽³⁾										
Population	N/A	329,484	328,330	326,838	325,122	323,072	320,739	318,386	316,060	313,878
Percent change	N/A	0.4%	0.5%	0.5%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%

1. Washington state population estimates are as of April 1 each year. Intercensal estimates are estimates of population between official census dates. Intercensal estimates are more accurate than postcensal estimates because they are bracketed on both sides by decennial or state-certified special census counts. Postcensal estimates are developed by the Washington State Office of Financial Management.

2. Births and deaths are estimated for the most recent years due to a lag in reporting. The historical series may be revised in cases where more accurate data becomes available.

3. United States population intercensal estimates are as of July 1 of each year.

4. The 2021 population and net increase amounts include a 2020 Census adjustment of 49.1 which is not included in the components of change.

N/A indicates data not available.

Sources:

Washington State Office of Financial Management
U.S. Census Bureau, Population Division

DEMOGRAPHIC INFORMATION

Schedule 15 - Annual Average Civilian Labor Force Unemployment Rates

Washington State vs. United States

Last Ten Calendar Years

	2020	2019	2018	2017
Washington State (in thousands)				
Civilian labor force	3,936	3,861	3,767	3,719
Employment	3,684	3,692	3,598	3,544
Total unemployment	252	169	169	175
Unemployment percentage rate	6.4%	4.4%	4.5%	4.7%
United States (in millions)				
Civilian labor force	162.6	162.7	161.2	160.3
Employment	152.9	156.5	154.5	153.3
Total unemployment	9.7	6.2	6.7	7.0
Unemployment percentage rate	6.0%	3.8%	4.2%	4.4%
Washington unemployment rate as % of United States unemployment rate	106.7%	115.8%	107.1%	106.8%

Note: The Washington State Economic and Revenue Forecast Council periodically revises its civilian labor force and employment data for periods up to five years.

Source: Washington State Economic and Revenue Forecast, June 2021

State of Washington

2016	2015	2014	2013	2012	2011
3,644	3,545	3,488	3,457	3,463	3,482
3,451	3,346	3,275	3,217	3,185	3,162
193	199	213	240	278	320
5.3%	5.6%	6.1%	6.9%	8.0%	9.2%
159.2	157.1	155.9	155.4	155.0	153.6
151.4	148.8	146.3	143.9	142.5	139.9
7.8	8.3	9.6	11.5	12.5	13.7
4.9%	5.3%	6.2%	7.4%	8.1%	8.9%
108.2%	105.7%	98.4%	93.2%	98.8%	103.4%

DEMOGRAPHIC INFORMATION

Schedule 16 - Annual Average Wage Rates by Industry

Last Ten Calendar Years

Industry ⁽²⁾	Annual Average Wages ⁽¹⁾			
	2020 ⁽³⁾	2019	2018	2017
Information	\$ 241,902	\$ 207,103	\$ 194,863	\$ 172,592
Management of companies and enterprises	129,026	123,508	118,097	111,942
Finance and insurance	113,556	100,948	95,089	90,869
Professional, scientific, and technical services	111,979	103,935	101,410	92,323
Utilities	108,868	105,295	99,718	93,057
Wholesale trade	87,360	82,405	80,439	76,856
Manufacturing	81,978	81,234	79,377	76,301
Mining	73,453	74,849	71,083	71,120
Government	71,826	66,945	63,832	61,187
Retail trade	71,394	62,264	58,866	52,542
Construction	69,852	67,811	64,470	61,227
Transportation and warehousing	65,826	64,709	60,374	58,058
Real estate, rental and leasing	63,272	58,420	55,188	51,553
Administrative and support services ⁽⁵⁾	57,077	53,133	50,370	48,484
Health care and social assistance ⁽⁴⁾	56,755	54,647	52,690	50,971
Other services ⁽⁴⁾	46,707	42,584	40,410	38,832
Educational services	44,580	40,223	39,008	38,455
Arts, entertainment, and recreation	38,866	33,140	32,522	32,074
Agriculture, forestry, fishing, and hunting	36,183	33,702	32,405	31,154
Accommodation and food services	24,727	25,321	24,003	22,766

1. Wages include only employment covered by unemployment insurance. The state of Washington is legally prohibited from disclosing the names of individual employers. The information in this table is intended to assist readers in understanding the degree of concentration in the state's wage base.
2. Industry classifications and wages are based on North American Industry Classification System (NAICS) codes.
3. 2020 data is preliminary.
4. A number of state-funded programs that provide nonmedical, home-based services for the elderly and persons with disabilities were incorrectly classified as other services. Effective January 2014, these were classified correctly as health care and social assistance. This reclassification caused the average annual wage for other services to increase. Wages classified as other services do not include public administration.
5. Wages classified under administrative and support services include waste management and remediation services.

Source: Washington State Employment Security Department, Quarterly Census of Employment and Wages

State of Washington

	2016	2015	2014	2013	2012	2011
\$	159,236	\$ 150,503	\$ 148,429	\$ 135,304	\$ 131,872	\$ 119,968
	109,462	108,447	106,518	105,501	105,535	102,009
	88,308	92,790	82,102	79,587	77,455	73,154
	88,223	85,968	84,883	81,893	79,972	77,178
	88,789	85,644	87,212	86,373	84,024	82,058
	73,903	72,523	70,169	68,230	68,481	65,831
	74,641	73,860	74,303	70,798	69,306	68,065
	67,389	67,425	63,404	62,444	60,231	58,871
	58,945	57,274	55,603	53,733	52,871	52,174
	45,930	38,300	36,127	34,084	32,364	30,917
	58,887	56,925	55,037	53,735	53,056	52,304
	56,173	54,344	52,293	51,967	50,876	49,628
	48,965	47,459	45,181	43,426	42,040	39,816
	47,050	45,934	44,382	43,261	43,381	42,942
	49,337	46,986	44,245	47,733	47,067	45,852
	37,557	37,437	35,571	26,717	25,651	24,549
	37,667	36,414	36,918	36,775	36,226	35,576
	30,908	30,509	29,725	27,771	25,276	25,023
	29,971	28,398	27,758	26,880	26,295	25,097
	21,301	20,451	19,561	19,136	18,698	18,062

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 17 - Principal Employers by Industry

Current Calendar Year and Nine Years Ago

Industry ⁽¹⁾	2020 Annual Averages			2011 Annual Averages		
	Number of Employees ⁽²⁾	Percent of Total	Number of Employers	Number of Employees ⁽²⁾	Percent of Total	Number of Employers
Government	547,709	16.8 %	2,127	519,251	18.3 %	2,098
Health care and social assistance ⁽³⁾	426,087	13.1 %	57,776	327,373	11.5 %	14,379
Retail trade	380,116	11.7 %	14,045	307,676	10.8 %	13,959
Manufacturing	268,659	8.2 %	7,596	265,656	9.3 %	6,768
Accommodation and food services	220,959	6.8 %	14,936	222,164	7.8 %	12,798
Professional, scientific, and technical services	210,546	6.5 %	28,090	162,889	5.7 %	18,392
Construction	199,784	6.1 %	26,977	126,993	4.5 %	20,075
Administrative and support services ⁽⁴⁾	160,943	4.9 %	12,633	136,020	4.8 %	9,418
Information	148,210	4.6 %	4,768	103,561	3.6 %	2,470
Wholesale trade	128,799	4.0 %	12,325	119,854	4.2 %	12,945
Transportation and warehousing	101,180	3.1 %	4,791	80,673	2.8 %	3,949
Agriculture, forestry, fishing, and hunting	99,415	3.0 %	6,714	89,570	3.1 %	7,082
Finance and insurance	95,020	2.9 %	6,041	87,144	3.1 %	5,401
Other services	89,036	2.7 %	19,349	132,114	4.7 %	64,034
Real estate, rental and leasing	52,631	1.6 %	7,025	43,149	1.5 %	6,058
Mgmt. of companies and enterprises	43,442	1.1 %	651	33,221	1.2 %	619
Educational services	40,922	1.3 %	3,571	35,116	1.2 %	2,497
Arts, entertainment, and recreation	34,956	1.3 %	2,999	45,000	1.6 %	2,402
Utilities	5,223	0.2 %	228	4,827	0.2 %	233
Mining	2,060	0.1 %	137	2,142	0.1 %	164
Total average employment	3,255,697	100 %	232,779	2,844,393	100 %	205,741

1. Industry classifications are based on North American Industry Classification System (NAICS) codes. The state of Washington is legally prohibited from disclosing the names of individual employers. The information in this table is intended to assist readers in understanding the degree of concentration in the state's employment base.

2. The number of employees is based on annual averages and represents only employees covered by unemployment insurance.

3. A number of state-funded programs that provide nonmedical, home-based services for the elderly and persons with disabilities were incorrectly classified as other services. Effective January 2014, these were classified correctly as health care and social assistance. This reclassification caused the annual average number of employees to increase. Employees classified as other services do not include public administration.

4. Employment classified under administrative and support services includes waste management and remediation services.

Source: Washington State Employment Security Department, Quarterly Census of Employment and Wages

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 18 - Fortune 500 Companies Headquartered in Washington

Last Two Calendar Years

(Ranked by Company Revenues)

Rank		Company	Revenues (in millions)	Profit / (Loss) (in millions)	Employees	
2020	2019				Worldwide	Headquarters
2	2	Amazon.com	\$ 386,064	\$ 21,331	1,298,000	Seattle
12	14	Costco Wholesale	166,761	4,002	214,500	Issaquah
15	21	Microsoft	143,015	44,281	163,000	Redmond
125	114	Starbucks	23,518	928	349,000	Seattle
159	118	Paccar	18,729	1,298	26,000	Bellevue
289	205	Nordstrom	10,715	(690)	62,000	Seattle
299	389	Expeditors Int'l of WA	10,117	696	17,480	Seattle
387	457	Weyerhaeuser	7,532	797	9,372	Seattle
515	263	Expedia Group	5,199	(2,612)	19,100	Seattle
556	422	Fortive	4,634	1,613	17,000	Everett

Source: fortune.com/fortune500 (June 2021)

Schedule 19 - Principal Agricultural Commodities Value ⁽¹⁾

Last Ten Calendar Years (dollars in millions)

Commodities	% Change										
	2020 vs. 2019	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Apples	7%	\$ 2,095	\$ 1,959	\$ 2,141	\$ 2,430	\$ 2,351	\$ 2,319	\$ 1,896	\$ 2,134	\$ 2,482	\$ 1,932
Milk ⁽²⁾	-7%	1,193	1,282	1,132	1,189	1,097	1,136	1,624	1,299	1,160	1,277
Wheat	20%	949	793	845	691	657	600	715	1,014	1,162	1,122
Potatoes	-19%	753	934	788	687	813	772	771	797	700	771
Cattle/calves	-1%	693	701	652	672	704	849	806	715	659	587
Cherries, sweet	43%	562	394	426	475	491	437	502	379	491	527
Hay, all	7%	501	468	519	516	479	499	703	675	626	714
Hops	-7%	445	476	428	459	382	280	208	185	144	157
Grapes, all	-2%	302	308	361	319	360	289	302	278	249	186
Eggs	33%	220	166	241	141	117	332	177	148	137	140

1. Acreage and/or yield data is preliminary. Data in the table may be revised periodically.

2. Value at average returns per 100 pounds of milk in combined marketings of milk and cream plus value of milk used for home consumption and milk fed to calves.

Source: United States Department of Agriculture, National Agricultural Statistics Service

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 20 - International Trade Facts (All Washington Ports)

Last Ten Calendar Years (expressed in millions)

International Trade	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Exports ⁽¹⁾	\$ 56,723	\$ 75,853	\$ 86,971	\$ 88,218	\$ 90,424	\$ 94,781	\$ 93,908	\$ 98,740	\$ 84,187	\$ 77,284
Imports	81,380	96,416	99,955	94,493	92,729	91,496	90,639	89,559	93,614	86,997
Trade balance	\$ (24,656)	\$ (20,563)	\$ (12,984)	\$ (6,275)	\$ (2,305)	\$ 3,285	\$ 3,269	\$ 9,181	\$ (9,427)	\$ (9,713)
Two-way trade	\$ 138,103	\$ 172,269	\$ 186,926	\$ 182,711	\$ 183,153	\$ 186,277	\$ 184,547	\$ 188,299	\$ 177,801	\$ 164,281

1. Export figures indicate total international trade from the state of Washington, including bonded shipments to other states and Canada (includes Boeing Company figures).

Figures may not total due to rounding.

Source: Washington State Department of Commerce

Schedule 21 - Value of Trade with Major Export Trading Partners

Last Ten Calendar Years (expressed in millions)

Export Partners ⁽¹⁾	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Canada	\$ 14,685	\$ 17,560	\$ 18,599	\$ 16,672	\$ 15,676	\$ 17,052	\$ 18,937	\$ 27,635	\$ 18,135	\$ 17,353
China (Mainland)	11,006	11,155	10,732	14,919	14,753	16,315	18,880	16,390	14,027	11,962
Japan	5,751	7,498	7,303	6,683	8,091	7,569	8,908	8,465	9,850	8,036
Korea, Republic of	2,812	3,941	5,771	4,615	5,129	5,071	3,644	3,371	3,903	4,096
Philippines	1,918	1,916	1,938	1,906	1,631	1,266	1,337	1,680	1,579	914
United Kingdom	1,914	2,536	4,453	2,247	3,800	2,514	2,710	2,530	1,452	1,921
Taiwan	1,913	2,415	2,867	3,022	3,376	3,902	2,734	2,295	1,866	2,070
Turkey	1,622	1,415	1,055	868	2,174	1,930	1,181	491	506	1,657
Germany	1,496	1,846	858	795	676	1,787	1,914	2,064	1,730	1,591
Vietnam	1,427	1,523	1,771	1,889	2,209	1,496	759	640	649	448

1. Export figures are based on all Washington state ports, all methods of transportation.

Source: Washington State Department of Commerce

Schedule 22 - Value of Trade with Major Import Trading Partners

Last Ten Calendar Years (expressed in millions)

Import Partners ⁽¹⁾	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
China (Mainland)	\$ 19,498	\$ 25,044	\$ 32,219	\$ 29,002	\$ 28,710	\$ 29,910	\$ 28,968	\$ 31,776	\$ 33,820	\$ 31,100
Canada	17,009	18,870	18,725	17,834	16,600	16,873	18,953	17,529	16,430	16,284
Japan	16,610	20,235	17,720	18,631	18,982	17,682	16,816	17,036	19,129	16,198
Vietnam	5,702	4,038	2,896	2,502	2,110	1,996	1,346	1,326	1,637	1,421
Korea, Republic of	3,431	4,010	4,239	4,812	5,000	5,014	4,945	4,529	4,380	3,760
Taiwan	2,991	3,123	3,207	3,396	3,415	3,574	3,347	3,131	3,442	3,291
Germany	1,385	1,341	1,454	1,001	967	912	853	896	760	763
Thailand	1,365	1,459	1,103	1,066	1,138	1,505	1,151	1,039	1,050	959
Indonesia	1,180	1,113	1,070	927	749	715	607	700	997	957
Netherlands	1,029	1,134	1,381	1,010	604	755	1,084	425	657	585

1. Import figures are based on all Washington state ports, all methods of transportation.

Source: Washington State Department of Commerce

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 23 - Property Value and Construction

Last Ten Calendar Years (expressed in millions)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Value of all taxable property:										
Assessed value	\$ 1,435,873	\$ 1,375,481	\$ 1,276,450	\$ 1,134,145	\$ 1,022,092	\$ 949,759	\$ 880,155	\$ 808,328	\$ 767,064	\$ 793,703
Property value of exemptions:										
Senior citizen	\$ 10,398	\$ 9,258	\$ 8,108	\$ 4,871	\$ 3,601	\$ 3,590	\$ 3,183	\$ 2,491	\$ 2,689	\$ 4,170
Head of household	41	49	50	132	51	58	60	56	61	65
Total exemptions	\$ 10,439	\$ 9,307	\$ 8,158	\$ 5,003	\$ 3,652	\$ 3,648	\$ 3,243	\$ 2,547	\$ 2,750	\$ 4,236
New construction and improvements:										
Assessed value	\$ 22,731	\$ 23,800	\$ 22,239	\$ 19,286	\$ 16,122	\$ 13,656	\$ 11,213	\$ 9,198	\$ 6,598	\$ 7,207

Source: Washington State Department of Revenue, Property Tax Statistics Report

Schedule 24 - Residential Building Activity

Last Ten Calendar Years (dollars in millions)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Permits	43,881	48,424	47,746	45,794	44,077	40,374	33,898	32,962	28,118	20,864
Valuations	\$ 9,488	\$ 10,223	\$ 9,808	\$ 9,913	\$ 9,116	\$ 8,519	\$ 7,017	\$ 6,684	\$ 5,649	\$ 4,036

Source: U.S. Census Bureau

OPERATING INFORMATION

Schedule 25 - Full-Time Equivalent Staff Comparison (Budgeted Funds)

Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government	8,820	8,906	8,813	8,633	8,612	8,420	8,386	8,256	8,268	9,082
Human services	39,404	38,352	37,285	36,095	35,221	33,722	33,105	32,744	32,205	31,766
Natural resources	6,877	6,859	6,982	6,828	6,741	6,661	6,520	6,256	6,232	6,011
Transportation	10,015	10,492	10,643	10,543	10,291	10,185	10,230	10,334	10,457	10,458
Education	54,168	55,679	53,164	52,889	52,866	52,216	52,296	51,303	50,406	48,603
Total	119,284	120,288	116,887	114,988	113,731	111,204	110,537	108,893	107,568	105,920
Percentage change	-0.8%	2.9%	1.7%	1.1%	2.3%	0.6%	1.5%	1.2%	1.6%	-1.5%

Notes: A Full-Time Equivalent (FTE) is one full calendar year of paid employment or the equivalent of 2,088 hours (the number of available work hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year. Figures include budgeted operating and capital FTEs and FTEs for nonbudgeted higher education funds.

Source: Washington State Office of Financial Management

OPERATING INFORMATION

Schedule 26 - Full-Time Equivalent Staff Comparison (General Fund State)

Last Ten Fiscal Years

Function	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government	3,061	3,117	3,075	2,911	2,898	2,794	2,825	2,740	2,870	2,845
Human services	22,608	22,935	22,045	20,441	19,893	18,791	18,508	18,487	17,569	17,192
Natural resources	2,342	2,070	1,572	1,785	1,700	1,819	1,341	1,474	1,667	1,595
Transportation	404	403	356	357	326	358	306	360	354	367
Education	16,321	15,543	15,763	14,653	15,054	15,257	15,087	14,189	14,969	14,941
Total	44,736	44,068	42,811	40,147	39,871	39,019	38,067	37,250	37,429	36,940
Percentage change	1.5%	2.9%	6.6%	0.7%	2.2%	2.5%	2.2%	-0.5%	1.3%	-4.4%

Notes: A Full-Time Equivalent (FTE) is one full calendar year of paid employment, or the equivalent of 2,088 hours (the number of available work hours in a year). It is not the number of employees on the payroll, nor is it the number of positions in state government. It is a computed average number of state employees based upon cumulative FTE staff months during one fiscal year or cumulative hours paid during one fiscal year. Figures include operating and capital FTEs.

Source: Washington State Office of Financial Management

OPERATING INFORMATION

Schedule 27 - Operating and Capital Asset Indicators by Function

General Government

Last Ten Fiscal Years

	2021	2020	2019	2018
Department of Revenue				
Number of state excise taxpayer registered accounts	726,714	686,385	712,928	712,884
Number of taxable real estate excise tax (REET) sales	316,668	237,429	264,181	300,136
Department of Enterprise Services				
Number of leases for office space ⁽¹⁾	455	509	497	492
Gross square feet of leased office space (in thousands)	6,986	7,522	7,347	7,037
Number of owned office buildings ⁽²⁾	23	23	24	22
Gross square feet of owned office space (in thousands)	2,585	2,315	2,843	2,533
Liquor and Cannabis Board				
Liquor:				
Retail licensees	18,473	18,376	18,235	18,528
Non-retail licensees	8,216	7,963	7,690	7,337
Marijuana: ⁽³⁾				
Producer licensees	1,069	1,091	1,137	1,208
Processor licenses	1,144	1,176	1,224	1,280
Retail licensees	481	484	482	505
Transportation licenses	11	13	15	16
Research licenses	1	1	1	N/A

1. The number of leases for office space only includes leases that the Department of Enterprise Services has acquired. The number of leases does not include leases done under a delegation of authority by another state agency and does not include space that may include multiple uses, such as warehouse and office, office and classrooms, etc. The decrease in 2021 was caused by the sale of the Tacoma Rhodes complex in 2020.

2. In fiscal year 2020, the Department of Enterprise Services changed the property classification of seven owned buildings. Four buildings were removed from the "office" classification and three buildings were added to the "office" classification. None of the changes in reported data from 2019 to 2020 is the result of a change in ownership.

3. The passage of Initiative 502, which legalized marijuana for recreational use, included these new license types.

N/A indicates data is not available or applicable.

Sources:

- Washington State Department of Revenue, Tax Statistics
- Washington State Department of Enterprise Services
- Washington State Liquor and Cannabis Board

State of Washington

2017	2016	2015	2014	2013	2012
692,856	669,897	684,306	742,139	790,312	816,922
286,686	270,689	254,147	242,434	241,595	209,442
483	552	560	546	532	521
7,236	7,392	7,542	7,749	7,624	7,467
28	29	37	37	37	38
2,784	2,780	2,990	2,990	2,990	3,004
18,298	17,132	17,739	16,246	15,655	15,044
6,874	6,279	5,626	5,649	5,364	4,916
1,167	1,035	530	57	N/A	N/A
1,175	992	456	47	N/A	N/A
507	428	171	N/A	N/A	N/A
9	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

OPERATING INFORMATION

Schedule 28 - Operating and Capital Asset Indicators by Function

Human Services

Last Ten Fiscal Years

	2021	2020	2019	2018
Department of Social and Health Services ⁽¹⁾				
Mental health programs:				
Mental health state hospitals ⁽²⁾	3	3	3	3
Mental health state hospitals available beds	1,213	1,221	1,234	1,221
Mental health state hospitals average daily census ⁽³⁾	948	1,061	1,085	1,113
Income assistance programs:				
Temporary assistance for needy families caseload (TANF/SFA)	29,701	26,182	25,424	26,031
Food assistance caseload ⁽⁴⁾	536,010	489,952	490,560	511,711
Health Care Authority				
Medical assistance programs:				
Monthly average caseload certified eligible	1,968,932	1,801,873	1,797,117	1,853,207
Community outpatient mental health facilities ⁽⁵⁾	451	451	191	210
Community outpatient mental health programs, clients served ⁽⁶⁾	303,603	337,693	150,859	180,299
Department of Corrections				
Number of correctional institutions	12	12	12	12
Offenders in confinement ⁽⁷⁾	14,312	16,703	19,328	19,802
Prison and work release operating capacity	19,024	17,540	17,453	17,454
Department of Health				
Licensed health professionals ⁽⁸⁾	502,073	479,973	484,128	468,421
Department of Labor and Industries				
Claims filed, injured or ill workers	95,668	99,984	111,837	111,604
Electrical inspections performed	272,731	245,713	260,302	251,114
Workplaces inspected each year by the Washington Industrial Safety and Health (WISHA) program ⁽⁹⁾	4,487	4,791	5,061	4,256

1. Due to reporting lags and corrections, the Department of Social and Health Services (DSHS) periodically revises historical data.
2. Facilities include: Eastern State Hospital, Western State Hospital, and Child Study and Treatment Center.
3. The Average Daily Census (ADC) is the number of patients in residence at midnight each day. ADC is calculated by dividing the sum of daily in-residence census by the number of days in the month.
4. Data reflects the state fiscal year average of total participating households in the Basic Food Program.
5. Fluctuations in the number of community outpatient health facilities are due to funding shifts and legislations. Data reflect the total distinct counts (by fiscal year) of community outpatient mental health agencies actively enrolled in Provider One. The count is based on an agency's Tax Identification Number.
6. The number of clients served in community outpatient mental health programs during previous fiscal years may change in future report iterations due to reporting lags and data corrections. Note that the service count for fiscal year 2019 is incomplete, due to the underreporting of encounter data to the Behavioral Health Data System by submitting entities participating in Integrated Managed Care.
7. Offenders in confinement include offenders in prison, work release, and in-state rented beds.
8. Licensed health professionals include certified, licensed, and registered health professionals. These counts exclude ARNP licenses as duplicative due to their dual credential mandate.
9. Timing of inspections within the fiscal year can result in delays in report filings. Due to reporting lags, data may be revised.

State of Washington

2017	2016	2015	2014	2013	2012
3	3	3	3	3	3
1,205	1,192	1,161	1,161	1,161	1,161
1,143	1,123	1,101	1,117	1,087	1,077
28,556	31,287	35,159	42,571	48,675	54,433
531,149	561,112	582,204	595,150	597,494	581,020
1,880,287	1,838,532	1,722,935	1,412,069	1,234,885	1,226,705
179	120	131	157	161	161
176,392	177,974	170,469	152,155	145,053	138,609
12	12	12	12	12	12
19,413	18,991	18,445	18,121	17,930	17,697
17,434	17,434	17,498	17,187	17,101	16,855
455,806	437,775	417,504	401,828	388,856	378,041
109,965	110,498	109,359	106,903	103,328	101,524
240,235	236,422	214,439	203,975	189,027	173,358
4,403	4,082	4,918	5,292	4,854	5,516

Sources:

Washington State Department of Social and Health Services
 Washington State Health Care Authority
 Washington State Department of Corrections
 Washington State Department of Health
 Washington State Department of Labor and Industries

OPERATING INFORMATION

Schedule 29 - Operating and Capital Asset Indicators by Function

Transportation

Last Ten Fiscal Years

	2021	2020	2019	2018
Department of Transportation				
Number of ferries ⁽¹⁾	21	23	23	23
Vehicles on ferries (in thousands)	8,409	9,019	10,555	10,709
Passengers on ferries (in thousands)	6,917	10,357	13,701	13,858
State highway miles of travel ⁽²⁾				
Rural (in millions)	N/A	10,478	11,971	11,915
Urban (in millions)	N/A	19,474	23,453	23,460
State highway lane miles ⁽³⁾				
Rural	13,178	13,169	13,129	13,113
Urban	7,720	7,707	7,686	7,697
Total	20,898	20,876	20,815	20,810
Pavement patching & repair (square feet) ⁽⁴⁾	2,385,297	1,340,237	1,880,860	2,097,641
Pavement striping maintenance (miles)	15,265	15,237	21,364	19,064
Anti & de-icing liquid application (gallons in thousands)	1,626	1,450	2,393	1,747
Litter pickup (cubic yards)	17,815	17,351	18,899	19,641
Department of Licensing ⁽⁵⁾				
Total vehicle registrations (in millions)	8,200	7,938	8,164	8,063
Licensed drivers (in millions)	5,864	5,806	5,705	5,916
Washington State Patrol ⁽⁶⁾				
Total contacts	1,010,303	1,025,808	1,187,886	1,222,738
Citations issued	370,279	388,617	464,818	470,886
Motorist assists	329,639	313,313	325,241	331,283
Collisions investigated	35,689	37,152	43,063	44,181
Number of traffic officers	618	615	607	608

1. Twenty-five ferry vessels in inventory, but four are currently not in service. These four are not included in the number reported above.
2. The Annual Vehicle Miles Traveled report lags for one year, so there is no data for current year.
3. The Highway and Lane Miles report is based on a calendar year.
4. The Maintenance Operations Division has a mobile application to track units, HATS (Highway Activity Tracking System), that began July 1, 2015. With this system, maintenance personnel are able to more accurately track the type of work they are doing as well as the amount.
5. Vehicle count includes all registered vehicles. Driver count includes all licensed drivers.
6. Due to time and activity adjustments, the Washington State Patrol periodically revises its data up to three years.

N/A indicates data is not available.

Sources:

Washington State Department of Transportation
 Washington State Department of Licensing
 Washington State Patrol

State of Washington

2017	2016	2015	2014	2013	2012
23	24	24	22	22	23
10,545	10,563	10,372	10,156	10,045	9,983
13,681	13,525	13,261	12,651	12,350	12,236
11,611	11,487	11,098	10,641	10,371	11,252
23,015	22,741	22,237	21,536	21,278	19,963
13,114	13,113	13,091	13,085	13,798	13,814
7,682	7,650	7,641	7,606	6,882	6,817
20,796	20,763	20,732	20,691	20,680	20,631
2,456,825	3,826,649	74,263	86,948	82,415	113,304
19,780	19,600	23,156	16,835	17,203	18,763
4,007	1,688	1,210	2,721	2,154	2,421
25,530	18,169	18,876	22,586	29,428	25,537
7,792	7,214	7,039	6,866	6,755	6,683
5,778	5,639	5,520	5,404	5,310	5,230
1,128,175	1,141,911	1,228,396	1,225,768	1,262,584	1,256,569
434,452	464,024	509,689	506,862	516,593	518,315
335,063	328,208	316,659	300,806	296,170	301,511
46,223	43,501	37,996	35,479	33,989	34,995
583	539	589	585	635	626

OPERATING INFORMATION

Schedule 30 - Operating and Capital Asset Indicators by Function

Natural Resources and Recreation

Last Ten Fiscal Years

	2021	2020	2019	2018
State Parks and Recreation Commission				
Number of official, developed state parks	124	124	125	125
Number of owned or managed properties ⁽¹⁾	94	94	94	94
Acreage of state parks	122,257	121,812	121,077	123,007
Attendance at state parks (in thousands)	45,364	34,718	37,997	36,745
Department of Fish and Wildlife				
Recreational licenses issued ⁽²⁾				
Hunting licenses	784,254	744,118	699,475	615,528
Fishing licenses	1,309,719	1,093,536	1,267,619	1,333,380
Hatchery releases (pounds in thousands) ⁽³⁾				
Salmon releases	3,414	3,695	3,840	3,760
Trout releases ⁽⁴⁾	1,166	1,722	1,565	1,602
Department of Natural Resources ⁽³⁾				
Common schools trust land acreage (in thousands)	1,781	1,783	1,784	1,786
Total trust land acreage (in thousands)	3,131	3,133	3,135	3,132
Timber acres sold	20,802	18,413	21,338	17,608
Timber volume harvested (thousand board feet)	527,562	511,845	497,941	512,143
Timber volume sold (thousand board feet)	545,074	533,899	488,142	500,675
Natural area preserve sites	57	57	56	56
Natural area preserve acreage	40,816	40,730	40,427	40,347
Natural resources conservation area sites	39	39	38	38
Natural resources conservation area acreage	125,577	125,263	124,127	122,742

1. In 2014, approximately 143 state park owned or managed properties formerly considered to be stand-alone properties were incorporated into larger, developed state parks.
2. Recreational licenses issued include secondary license documents such as endorsements, catch cards, duplicates and applications taken from Monthly Sales Statistics report.
3. Fiscal year 2021 data is preliminary.
4. Trout releases do not include trout lodge fish purchased by DFW.

Sources:

Washington State Parks and Recreation Commission
 Washington State Department of Fish and Wildlife
 Washington State Department of Natural Resources

State of Washington

2017	2016	2015	2014	2013	2012
124	124	123	123	116	116
91	91	93	93	243	243
122,908	138,613	137,781	138,266	123,952	121,711
35,373	35,055	33,045	34,000	35,625	35,338
597,025	607,849	595,169	556,745	548,873	533,420
1,397,951	1,525,780	1,546,250	1,503,651	1,407,714	1,456,268
3,572	3,407	3,869	4,008	4,124	4,086
1,534	1,550	1,618	1,596	1,618	1,559
1,788	1,788	1,790	1,791	1,780	1,794
3,133	3,125	3,122	3,122	3,072	2,918
20,392	24,382	23,499	21,966	20,303	22,250
483,357	480,898	449,115	471,343	480,140	514,039
520,498	526,382	467,555	489,917	497,447	549,229
56	56	55	55	55	55
37,642	37,273	36,342	36,245	36,156	38,284
37	36	36	36	35	35
121,857	118,579	114,244	113,116	113,032	111,136

OPERATING INFORMATION

Schedule 31 - Operating and Capital Asset Indicators by Function

Education

Last Ten Academic Years

	2020-21	2019-20	2018-19	2017-18
K-12 Enrollment ⁽¹⁾				
K-8	726,170	766,864	761,100	756,379
9-12	306,601	306,797	303,621	307,373
Summer	490	49	819	962
Running start	25,693	25,641	24,034	22,484
Open doors youth re-engagement program ⁽²⁾	5,115	5,577	5,528	4,785
UW transition	125	120	115	114
Washington Youth Academy ⁽³⁾	133	338	330	335
Total	1,064,327	1,105,386	1,095,547	1,092,432
High school graduates ⁽⁴⁾	N/A	69,482	68,251	67,966
Higher Education				
Community and Technical Colleges:				
Number of campuses	34	34	34	34
Enrollment ⁽¹⁾⁽⁵⁾	103,034	117,118	123,292	127,994
Associate degrees granted	28,993	27,704	30,167	30,315
Baccalaureate degrees granted	1,881	1,379	1,397	1,005
Public Universities: ⁽⁶⁾				
Number of campuses	11	11	11	11
Enrollment ⁽¹⁾	N/A	113,518	113,811	113,067
Baccalaureate degrees granted	N/A	26,773	26,895	26,040
Masters degrees granted	N/A	7,137	6,606	6,564
Doctors degrees granted	N/A	1,201	1,227	1,157
Professional degrees granted	N/A	917	874	850

1. K-12 enrollment figures are preliminary for academic year 2020-21. Enrollment is based on a full-time equivalent student, which is defined as:

- Kindergarten: 4 classroom hours per day for 90 days or 2 classroom hours per day for 180 days.
- Grades 1 through 3: 4 classroom hours per day for 180 days.
- Grades 4 through 12: 5 classroom hours per day for 180 days.
- Undergraduate student: 15 credit hours per term.
- Graduate student: 10 credit hours per term.

2. The youth re-engagement program was created to provide educational opportunities for youth ages 16-21 who have dropped out of high school or are not accumulating sufficient credits to reasonably complete a high school diploma in a public school before the age of twenty-one.

3. The Washington Youth Academy (WYA) serves youth from every county in Washington. WYA is a National Guard Youth Challenge program focusing on academic intervention and credit recovery and is the only publicly-funded military-style academy in the state for 16-18 year olds who have or are at risk of dropping out of high school.

4. High school graduates are calculated using an adjusted (four-year) cohort method that tracks students expected to graduate high school within a four year period of time. Total high school graduates consist of students who received high school diplomas, graduated with Associates degrees, and graduated under Individualized Education Plans (IEPs).

5. Enrollment figures include all non-Running Start students, which may include students under the age of 18. Figures also include students enrolled in baccalaureate partnership programs.

6. Public Universities include all four-year public institutions and branch campuses. The universities periodically update the number of degrees granted to more accurately reflect the data at the institution level. Enrollment is the annual average total four-year FTE enrollment from the State-Funded Public Higher Education Enrollment Report.

N/A indicates data not available.

State of Washington

2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
747,548	726,137	705,175	696,390	680,696	676,539
307,714	307,575	307,417	306,030	306,819	307,949
972	1,031	993	1,010	929	821
20,560	18,562	17,070	15,090	13,623	12,767
4,117	3,561	2,905	2,058	747	119
112	116	108	107	114	113
342	N/A	N/A	N/A	N/A	N/A
1,081,365	1,056,982	1,033,668	1,020,685	1,002,928	998,308
65,491	64,126	62,598	60,680	60,475	60,552
34	34	34	34	34	34
130,577	135,108	138,724	143,292	147,433	153,395
29,534	29,624	29,137	28,758	28,191	27,846
785	497	286	244	192	155
11	11	11	11	11	10
111,221	109,834	107,935	106,038	105,112	104,702
25,473	25,295	24,947	24,167	24,616	24,280
6,496	6,057	5,858	5,761	5,809	5,597
1,081	1,125	1,131	1,022	1,032	915
832	790	774	781	799	777

N/A indicates data not available or not applicable.

Sources:

Washington State Office of Financial Management
 Washington State Office of Superintendent of Public Instruction
 Washington State Board for Community and Technical Colleges
 Washington Student Achievement Council

This page intentionally left blank.