

Basic Financial Statements
Government-wide Financial Statements

Statement of Net Position

June 30, 2016

(expressed in thousands)

Continued

	Primary Government			Component Units
	Governmental	Business-Type	Total	
	Activities	Activities		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and pooled investments	\$ 7,172,831	\$ 7,100,084	\$ 14,272,915	\$ 182,494
Taxes receivable (net of allowance for uncollectibles)	3,883,499	-	3,883,499	-
Other receivables (net of allowance for uncollectibles)	2,276,547	1,536,551	3,813,098	172,137
Internal balances	160,859	(160,859)	-	-
Due from other governments	4,001,651	108,254	4,109,905	-
Inventories and prepaids	116,806	62,240	179,046	29,500
Restricted cash and investments	432,954	3,613	436,567	5,030
Restricted receivables, current	120,796	4,234	125,030	-
Investments, noncurrent	5,727,579	16,303,543	22,031,122	159,187
Restricted investments, noncurrent	-	58,622	58,622	16,873
Restricted receivables, noncurrent	1,521	-	1,521	-
Restricted net pension asset	1,467,363	296	1,467,659	-
Other assets	-	318,387	318,387	192,339
Capital assets:				
Non-depreciable assets	27,940,480	139,775	28,080,255	76,428
Depreciable assets (net of accumulated depreciation)	11,021,021	2,778,297	13,799,318	674,141
Total capital assets	38,961,501	2,918,072	41,879,573	750,569
Total Assets	64,323,907	28,253,037	92,576,944	1,508,129
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on hedging derivatives	1,196	-	1,196	572
Deferred outflows on refundings	4,210	31,303	35,513	6,066
Deferred outflows on pensions	765,410	94,796	860,206	2,017
Total Deferred Outflows of Resources	770,816	126,099	896,915	8,655
Total Assets and Deferred Outflows of Resources	\$ 65,094,723	\$ 28,379,136	\$ 93,473,859	\$ 1,516,784

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

Statement of Net Position

June 30, 2016

(expressed in thousands)

	Primary Government			Concluded
	Governmental	Business-Type	Total	Component
	Activities	Activities		Units
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accounts payable	\$ 1,536,982	\$ 186,320	\$ 1,723,302	\$ 84,925
Contracts payable	105,497	17,147	122,644	-
Accrued liabilities	1,917,678	449,613	2,367,291	110,311
Obligations under security lending agreements	197,525	156,492	354,017	-
Due to other governments	1,481,497	59,569	1,541,066	-
Unearned revenues	403,991	56,849	460,840	10,239
Long-term liabilities:				
Due within one year	1,772,466	2,379,484	4,151,950	21,514
Due in more than one year	31,024,542	28,508,925	59,533,467	414,830
Total Liabilities	38,440,178	31,814,399	70,254,577	641,819
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on refundings	160	-	160	-
Deferred inflows on pensions	885,770	59,158	944,928	2,226
Deferred inflows on property taxes	-	-	-	26,744
Total Deferred Inflows of Resources	885,930	59,158	945,088	28,970
NET POSITION				
Net investment in capital assets	19,942,180	744,524	20,686,704	353,558
Restricted for:				
Unemployment compensation	-	4,484,992	4,484,992	-
Nonexpendable permanent endowments	2,440,835	-	2,440,835	-
Expendable endowment funds	1,131,720	-	1,131,720	-
Pensions	1,467,363	296	1,467,659	-
Wildlife and natural resources	1,002,335	-	1,002,335	-
Transportation	957,382	-	957,382	-
Budget stabilization	549,581	-	549,581	-
Higher education	174,351	-	174,351	-
Capital projects	17,614	-	17,614	-
Other purposes	776,022	-	776,022	15,501
Unrestricted	(2,690,768)	(8,724,233)	(11,415,001)	476,936
Total Net Position	25,768,615	(3,494,421)	22,274,194	845,995
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 65,094,723	\$ 28,379,136	\$ 93,473,859	\$ 1,516,784

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

Statement of Activities
For the Fiscal Year Ended June 30, 2016
(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	\$ 1,657,671	\$ 852,839	\$ 230,138	\$ 15,696
Education - elementary and secondary (K-12)	10,152,823	20,811	1,052,529	-
Education - higher education	7,531,460	2,762,044	2,375,616	31,174
Human services	17,209,376	723,787	11,267,258	15,578
Adult corrections	983,373	7,321	2,294	-
Natural resources and recreation	1,263,727	467,587	189,347	68,936
Transportation	2,363,429	1,205,527	240,532	981,251
Interest on long-term debt	991,215	-	-	-
Total Governmental Activities	42,153,074	6,039,916	15,357,714	1,112,635
Business-Type Activities:				
Workers' compensation	3,238,325	2,556,687	8,819	-
Unemployment compensation	1,020,368	1,139,070	38,911	-
Higher education student services	2,494,528	2,395,313	21,533	-
Washington's lottery	534,538	697,723	-	-
Guaranteed education tuition program	(152,302)	(28,863)	-	-
Other	160,936	155,041	418	-
Total Business-Type Activities	7,296,393	6,914,971	69,681	-
Total Primary Government	\$ 49,449,467	\$ 12,954,887	\$ 15,427,395	\$ 1,112,635
COMPONENT UNITS				
Total Component Units	\$ 1,165,117	\$ 1,092,866	\$ 68,189	\$ -

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
Special item - Guaranteed education tuition program refunds and
valuation change resulting from SB 5954
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.

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	
\$ (558,998)	\$ -	\$ (558,998)	
(9,079,483)	-	(9,079,483)	
(2,362,626)	-	(2,362,626)	
(5,202,753)	-	(5,202,753)	
(973,758)	-	(973,758)	
(537,857)	-	(537,857)	
63,881	-	63,881	
(991,215)	-	(991,215)	
<u>(19,642,809)</u>	<u>-</u>	<u>(19,642,809)</u>	
-	(672,819)	(672,819)	
-	157,613	157,613	
-	(77,682)	(77,682)	
-	163,185	163,185	
-	123,439	123,439	
-	(5,477)	(5,477)	
-	(311,741)	(311,741)	
<u>(19,642,809)</u>	<u>(311,741)</u>	<u>(19,954,550)</u>	
			<u>\$ (4,062)</u>
			<u>(4,062)</u>
9,740,192	-	9,740,192	-
3,636,385	-	3,636,385	-
2,062,065	-	2,062,065	19,902
1,485,618	-	1,485,618	-
1,203,145	21,391	1,224,536	-
450,805	-	450,805	-
468,734	-	468,734	-
534,663	-	534,663	-
1,109,947	-	1,109,947	479
168,244	998,511	1,166,755	8,797
<u>20,859,798</u>	<u>1,019,902</u>	<u>21,879,700</u>	<u>29,178</u>
1,216,989	708,161	1,925,150	25,116
66,061	-	66,061	-
151,894	(151,894)	-	-
-	(318,837)	(318,837)	-
<u>1,434,944</u>	<u>237,430</u>	<u>1,672,374</u>	<u>25,116</u>
<u>24,333,671</u>	<u>(3,731,851)</u>	<u>20,601,820</u>	<u>820,879</u>
<u>\$ 25,768,615</u>	<u>\$ (3,494,421)</u>	<u>\$ 22,274,194</u>	<u>\$ 845,995</u>

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Basic Financial Statements
Fund Financial Statements

Balance Sheet
GOVERNMENTAL FUNDS

June 30, 2016
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash and pooled investments	\$ 2,376,759	\$ 164,346	\$ 413,515	\$ 3,407,647	\$ 6,362,267
Investments	47,194	1,746,775	3,617,378	325,010	5,736,357
Taxes receivable (net of allowance)	3,676,344	8,537	-	198,618	3,883,499
Receivables (net of allowance)	198,327	1,111,947	102,444	841,060	2,253,778
Due from other funds	268,587	337,104	8	361,557	967,256
Due from other governments	1,039,195	264,023	-	2,562,093	3,865,311
Inventories and prepaids	15,104	26,362	-	48,082	89,548
Restricted cash and investments	37,815	15,448	-	184,591	237,854
Restricted receivables	56,580	5,633	-	3,570	65,783
Total Assets	7,715,905	3,680,175	4,133,345	7,932,228	23,461,653
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on hedging derivatives	-	-	-	1,196	1,196
Total Deferred Outflows of Resources	-	-	-	1,196	1,196
Total Assets and Deferred Outflows of Resources	\$ 7,715,905	\$ 3,680,175	\$ 4,133,345	\$ 7,933,424	\$ 23,462,849
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 980,499	\$ 72,463	\$ 37,453	\$ 387,245	\$ 1,477,660
Contracts payable	48,183	3,089	2,603	42,008	95,883
Accrued liabilities	249,024	394,640	683,985	157,969	1,485,618
Obligations under security lending agreements	110,095	719	211	78,575	189,600
Due to other funds	278,177	87,179	3,575	466,242	835,173
Due to other governments	1,041,557	23,672	-	195,240	1,260,469
Unearned revenue	98,907	231,824	-	70,395	401,126
Claims and judgments payable	49,085	-	-	82,774	131,859
Total Liabilities	2,855,527	813,586	727,827	1,480,448	5,877,388
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,630,111	6,298	15,354	139,579	1,791,342
Deferred inflows on hedging derivatives	-	-	-	-	-
Total Deferred Inflows of Resources	1,630,111	6,298	15,354	139,579	1,791,342
FUND BALANCES					
Nonspendable fund balance	45,578	10,542	2,235,581	247,066	2,538,767
Restricted fund balance	558,708	50,449	1,154,583	2,845,265	4,609,005
Committed fund balance	114,958	2,781,000	-	3,232,887	6,128,845
Assigned fund balance	1,155,952	18,300	-	-	1,174,252
Unassigned fund balance	1,355,071	-	-	(11,821)	1,343,250
Total Fund Balances	3,230,267	2,860,291	3,390,164	6,313,397	15,794,119
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,715,905	\$ 3,680,175	\$ 4,133,345	\$ 7,933,424	\$ 23,462,849

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, 2016
(expressed in thousands)

Total Fund Balances for Governmental Funds \$ 15,794,119

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	\$ 27,895,566	
Depreciable assets	19,549,575	
Less: Accumulated depreciation	<u>(9,265,013)</u>	
Total capital assets		38,180,128

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. 1,791,342

Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a financial resource and therefore is not reported in the funds. 1,467,363

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. 732,057

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. (865,913)

Unmatured interest on general obligation bonds is not recognized in the funds until due. (399,534)

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. (334,072)

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	\$ (22,508,002)	
Accreted interest on bonds	(479,226)	
Compensated absences	(542,083)	
Other postemployment benefits obligations	(2,372,657)	
Net pension liability	(3,582,081)	
Unclaimed property	(165,215)	
Pollution remediation obligations	(154,145)	
Claims and judgments	(114,253)	
Other obligations	<u>(679,213)</u>	
Total long-term liabilities		<u>(30,596,875)</u>

Net Position of Governmental Activities \$ 25,768,615

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, 2016

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment	Nonmajor Governmental Funds	Total
REVENUES					
Retail sales and use taxes	\$ 9,622,982	\$ -	\$ -	\$ 117,210	\$ 9,740,192
Business and occupation taxes	3,631,559	-	-	4,826	3,636,385
Property taxes	2,062,065	-	-	-	2,062,065
Excise taxes	933,247	39,155	-	230,743	1,203,145
Motor vehicle and fuel taxes	-	-	-	1,485,618	1,485,618
Other taxes	1,938,117	177,840	-	251,537	2,367,494
Licenses, permits, and fees	116,334	969	-	1,648,361	1,765,664
Other contracts and grants	241,734	940,751	-	254,331	1,436,816
Timber sales	3,993	-	21,107	123,567	148,667
Federal grants-in-aid	12,195,980	1,434,721	-	1,402,832	15,033,533
Charges for services	41,764	2,552,198	-	676,893	3,270,855
Investment income (loss)	25,662	52,082	11,268	79,232	168,244
Miscellaneous revenue	253,925	97,945	2,121	485,623	839,614
Contributions and donations	-	-	66,061	-	66,061
Unclaimed property	70,338	-	-	-	70,338
Total Revenues	31,137,700	5,295,661	100,557	6,760,773	43,294,691
EXPENDITURES					
Current:					
General government	802,422	1,350	149	484,956	1,288,877
Human services	17,071,814	-	-	964,774	18,036,588
Natural resources and recreation	534,497	-	1,250	678,610	1,214,357
Transportation	67,467	-	-	1,887,386	1,954,853
Education	11,403,114	5,081,840	1,681	435,070	16,921,705
Intergovernmental	119,340	-	-	372,829	492,169
Capital outlays	110,996	245,970	5,295	1,837,725	2,199,986
Debt service:					
Principal	8,339	22,489	-	1,008,841	1,039,669
Interest	3,262	18,334	-	977,154	998,750
Total Expenditures	30,121,251	5,369,983	8,375	8,647,345	44,146,954
Excess of Revenues Over (Under) Expenditures	1,016,449	(74,322)	92,182	(1,886,572)	(852,263)
OTHER FINANCING SOURCES (USES)					
Bonds issued	89,119	73,228	-	1,304,737	1,467,084
Refunding bonds issued	-	-	-	860,870	860,870
Payments to escrow agents for refunded bond debt	-	-	-	(1,040,394)	(1,040,394)
Issuance premiums	12,617	7,027	-	409,819	429,463
Other debt issued	74,636	27,223	-	67	101,926
Refunding COPs issued	-	31,095	-	1,625	32,720
Payment to escrow agents for refunded COP debt	-	(38,284)	-	(2,083)	(40,367)
Transfers in	577,490	763,475	26,873	2,949,351	4,317,189
Transfers out	(1,205,463)	(757,891)	(195,309)	(2,021,448)	(4,180,111)
Total Other Financing Sources (Uses)	(451,601)	105,873	(168,436)	2,462,544	1,948,380
Net Change in Fund Balances	564,848	31,551	(76,254)	575,972	1,096,117
Fund Balances - Beginning	2,665,419	2,828,740	3,466,418	5,737,425	14,698,002
Fund Balances - Ending	\$ 3,230,267	\$ 2,860,291	\$ 3,390,164	\$ 6,313,397	\$ 15,794,119

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, 2016

(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 1,096,117

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	\$ 1,802,838	
Less: Depreciation expense	<u>(629,991)</u>	1,172,847

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.

182,010

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.

(73,322)

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	\$ (2,870,185)	
Principal payments on bonds and other financing contracts	2,098,621	
Accreted interest on bonds	<u>(7,275)</u>	(778,839)

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	\$ (24,640)	
Other postemployment benefits	(370,504)	
Pensions	462,027	
Pollution remediation	15,553	
Claims and judgments	(73,231)	
Accrued interest	(8,232)	
Unclaimed property	(34,559)	
Other obligations	<u>(130,283)</u>	(163,869)

Change in Net Position of Governmental Activities \$ 1,434,944

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

Statement of Net Position
PROPRIETARY FUNDS

June 30, 2016

(expressed in thousands)

	Business-Type Activities Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and pooled investments	\$ 43,560	\$ 4,057,707	\$ 887,674	\$ 6,715
Investments	1,792,743	-	23,782	157,950
Receivables (net of allowance)	821,354	453,613	216,973	19,157
Due from other funds	70	3,092	27,438	15
Due from other governments	1,376	25,998	63,021	-
Inventories	201	-	40,652	-
Prepaid expenses	1,973	-	10,873	-
Restricted cash and investments	640	-	2,973	-
Restricted receivables	-	-	4,234	-
Total Current Assets	2,661,917	4,540,410	1,277,620	183,837
Noncurrent Assets:				
Investments, noncurrent	13,909,624	-	215,910	2,042,985
Restricted investments, noncurrent	2,048	-	56,574	-
Restricted receivables, noncurrent	-	-	-	-
Restricted net pension asset	-	-	296	-
Other noncurrent assets	2,975	-	145,465	169,942
Capital assets:				
Land and other non-depreciable assets	3,240	-	57,600	-
Buildings	65,134	-	3,503,869	-
Other improvements	1,289	-	97,128	-
Furnishings, equipment, and intangibles	102,826	-	625,420	104
Infrastructure	-	-	49,335	-
Accumulated depreciation	(114,591)	-	(1,574,429)	(93)
Construction in progress	9,554	-	66,722	-
Total Noncurrent Assets	13,982,099	-	3,243,890	2,212,938
Total Assets	16,644,016	4,540,410	4,521,510	2,396,775
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on refundings	-	-	31,214	-
Deferred outflows on pensions	24,825	-	61,729	267
Total Deferred Outflows of Resources	24,825	-	92,943	267
Total Assets and Deferred Outflows of Resources	\$ 16,668,841	\$ 4,540,410	\$ 4,614,453	\$ 2,397,042

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

Continued

<u>Nonmajor Enterprise Funds</u>		<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 111,739	\$ 5,107,395	\$ 750,666	
18,214	1,992,689	16,144	
25,454	1,536,551	22,769	
15,549	46,164	76,399	
4,685	95,080	35,002	
8,268	49,121	14,523	
273	13,119	12,734	
-	3,613	195,100	
-	4,234	55,013	
<u>184,182</u>	<u>8,847,966</u>	<u>1,178,350</u>	
135,024	16,303,543	34,976	
-	58,622	-	
-	-	1,521	
-	296	-	
5	318,387	-	
1,540	62,380	6,182	
12,828	3,581,831	517,328	
2,376	100,793	15,581	
32,284	760,634	923,659	
-	49,335	2,043	
(25,183)	(1,714,296)	(722,152)	
<u>1,119</u>	<u>77,395</u>	<u>38,732</u>	
<u>159,993</u>	<u>19,598,920</u>	<u>817,870</u>	
<u>344,175</u>	<u>28,446,886</u>	<u>1,996,220</u>	
89	31,303	366	
<u>7,975</u>	<u>94,796</u>	<u>37,196</u>	
<u>8,064</u>	<u>126,099</u>	<u>37,562</u>	
<u>\$ 352,239</u>	<u>\$ 28,572,985</u>	<u>\$ 2,033,782</u>	

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2016

(expressed in thousands)

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 3,999	\$ -	\$ 173,064	\$ 155
Contracts payable	7,770	57	9,319	186,000
Accrued liabilities	183,091	8,300	244,656	9,551
Obligations under security lending agreements	114,917	-	-	41,575
Bonds and notes payable	-	-	107,787	-
Due to other funds	6,126	15,358	166,661	154
Due to other governments	3	31,703	5,465	-
Unearned revenue	7,458	-	48,242	-
Claims and judgments payable	2,011,766	-	2,854	42
Total Current Liabilities	2,335,130	55,418	758,048	237,477
Noncurrent Liabilities:				
Claims and judgments payable	23,840,752	-	-	-
Bonds and notes payable	-	-	2,165,362	-
Net pension liability	129,684	-	321,183	1,345
Other long-term liabilities	61,730	-	256,348	1,540,602
Total Noncurrent Liabilities	24,032,166	-	2,742,893	1,541,947
Total Liabilities	26,367,296	55,418	3,500,941	1,779,424
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on refundings	-	-	-	-
Deferred inflows on pensions	19,117	-	34,591	150
Total Deferred Inflows of Resources	19,117	-	34,591	150
NET POSITION				
Net investment in capital assets	67,452	-	657,959	11
Restricted for:				
Unemployment compensation	-	4,484,992	-	-
Pensions	-	-	296	-
Unrestricted	(9,785,024)	-	420,666	617,457
Total Net Position	(9,717,572)	4,484,992	1,078,921	617,468
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 16,668,841	\$ 4,540,410	\$ 4,614,453	\$ 2,397,042

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

Concluded

		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 9,102	\$ 186,320	\$ 59,322	
-	203,146	1,514	
68,458	514,056	75,471	
-	156,492	7,925	
1,190	108,977	92,023	
25,287	213,586	40,984	
2,661	39,832	126,781	
1,149	56,849	2,865	
5,403	2,020,065	175,043	
<u>113,250</u>	<u>3,499,323</u>	<u>581,928</u>	
8,085	23,848,837	560,904	
4,763	2,170,125	563,754	
43,275	495,487	496,896	
<u>135,796</u>	<u>1,994,476</u>	<u>144,354</u>	
<u>191,919</u>	<u>28,508,925</u>	<u>1,765,908</u>	
<u>305,169</u>	<u>32,008,248</u>	<u>2,347,836</u>	
-	-	160	
<u>5,300</u>	<u>59,158</u>	<u>19,858</u>	
<u>5,300</u>	<u>59,158</u>	<u>20,018</u>	
19,102	744,524	178,903	
-	4,484,992	-	
-	296	-	
<u>22,668</u>	<u>(8,724,233)</u>	<u>(512,975)</u>	
<u>41,770</u>	<u>(3,494,421)</u>	<u>(334,072)</u>	
<u>\$ 352,239</u>	<u>\$ 28,572,985</u>	<u>\$ 2,033,782</u>	

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

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

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
OPERATING REVENUES				
Sales	\$ -	\$ -	\$ 92,045	\$ -
Less: Cost of goods sold	-	-	(57,648)	-
Gross profit	-	-	34,397	-
Charges for services	16	-	2,136,605	(29,047)
Premiums and assessments	2,516,256	1,124,773	-	-
Lottery ticket proceeds	-	-	-	-
Federal aid for unemployment insurance benefits	-	38,911	-	-
Miscellaneous revenue	40,421	14,296	167,805	185
Total Operating Revenues	2,556,693	1,177,980	2,338,807	(28,862)
OPERATING EXPENSES				
Salaries and wages	159,686	-	909,664	3,066
Employee benefits	62,817	-	264,603	726
Personal services	7,457	-	46,188	119
Goods and services	82,574	-	896,447	952
Travel	4,106	-	27,840	16
Premiums and claims	2,873,993	1,020,368	27	-
Guaranteed education tuition program expense	-	-	-	(157,184)
Lottery prize payments	-	-	-	-
Depreciation and amortization	10,206	-	172,988	3
Miscellaneous expenses	37,450	-	25,356	-
Total Operating Expenses	3,238,289	1,020,368	2,343,113	(152,302)
Operating Income (Loss)	(681,596)	157,612	(4,306)	123,440
NONOPERATING REVENUES (EXPENSES)				
Earnings (loss) on investments	874,953	86,894	31,996	(5,602)
Interest expense	(37)	-	(93,768)	-
Tax and license revenue	95	-	-	-
Other revenues (expenses)	8,814	-	20,391	(1)
Total Nonoperating Revenues (Expenses)	883,825	86,894	(41,381)	(5,603)
Income (Loss) Before Contributions and Transfers	202,229	244,506	(45,687)	117,837
Capital contributions	-	-	-	-
Transfers in	-	-	445,410	-
Transfers out	-	-	(421,755)	-
Special item - refunds and valuation changes resulting from SB 5954	-	-	-	(318,837)
Net Contributions, Transfers, and Special Items	-	-	23,655	(318,837)
Change in Net Position	202,229	244,506	(22,032)	(201,000)
Net Position - Beginning, as restated	(9,919,801)	4,240,486	1,100,953	818,468
Net Position - Ending	\$ (9,717,572)	\$ 4,484,992	\$ 1,078,921	\$ 617,468

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

<u>Nonmajor Enterprise Funds</u>		<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 91,194	\$ 183,239	\$ 43,590	
(61,197)	(118,845)	(36,093)	
29,997	64,394	7,497	
36,587	2,144,161	672,842	
25,793	3,666,822	1,505,296	
694,875	694,875	-	
-	38,911	-	
4,561	227,268	155,632	
791,813	6,836,431	2,341,267	
58,685	1,131,101	312,267	
23,916	352,062	134,294	
16,261	70,025	29,234	
91,221	1,071,194	334,418	
2,134	34,096	4,575	
-	3,894,388	1,491,918	
-	(157,184)	-	
432,901	432,901	-	
1,699	184,896	98,375	
999	63,805	476	
627,816	7,077,284	2,405,557	
163,997	(240,853)	(64,290)	
10,271	998,512	6,864	
(6,462)	(100,267)	(25,951)	
21,297	21,392	26	
174	29,378	(10,559)	
25,280	949,015	(29,620)	
189,277	708,162	(93,910)	
-	-	5,771	
13,861	459,271	85,549	
(189,411)	(611,166)	(70,732)	
-	(318,837)	-	
(175,550)	(470,732)	20,588	
13,727	237,430	(73,322)	
28,043	(3,731,851)	(260,750)	
\$ 41,770	\$ (3,494,421)	\$ (334,072)	

Statement of Cash Flows
PROPRIETARY FUNDS

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

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,461,807	\$ 1,289,326	\$ 2,219,659	\$ 95,016
Customer requested refunds - authorized by GET board	-	-	-	(370,913)
Payments to suppliers	(2,228,394)	(1,052,652)	(1,021,202)	(210,637)
Payments to employees	(218,103)	-	(1,130,823)	(3,678)
Other receipts	40,420	58,984	167,804	184
Net Cash Provided (Used) by Operating Activities	55,730	295,658	235,438	(490,028)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	445,410	-
Transfers out	-	-	(421,755)	-
Operating grants and donations received	8,528	-	25,396	-
Taxes and license fees collected	95	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	8,623	-	49,051	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid	(111)	-	(29,041)	-
Principal payments on long-term capital financing	(4,050)	-	(195,501)	-
Proceeds from long-term capital financing	-	-	266,545	-
Proceeds from sale of capital assets	14	-	5,634	-
Acquisitions of capital assets	(6,031)	-	(175,857)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(10,178)	-	(128,220)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of interest	657,532	86,894	10,698	148,776
Proceeds from sale of investment securities	7,751,271	-	35,863	1,691,868
Purchases of investment securities	(8,494,034)	-	(63,437)	(1,355,010)
Net Cash Provided (Used) by Investing Activities	(85,231)	86,894	(16,876)	485,634
Net Increase (Decrease) in Cash and Pooled Investments	(31,056)	382,552	139,393	(4,394)
Cash and Pooled Investments, July 1	75,256	3,675,155	751,254	11,109
Cash and Pooled Investments, June 30	\$ 44,200	\$ 4,057,707	\$ 890,647	\$ 6,715
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (681,596)	\$ 157,612	\$ (4,306)	\$ (195,397)
Adjustments to Reconcile Operating Income				
(Loss) to Net Cash Provided by Operations:				
Depreciation	10,206	-	172,988	3
Revenue reduced for uncollectible accounts	35,625	-	1,232	-
Change in Assets: Decrease (Increase)				
Receivables	(54,900)	170,330	(2,099)	71,987
Inventories	32	-	(1,144)	-
Prepaid expenses	97	-	(713)	-
Other assets	-	-	84	-
Change in Deferred Outflows of Resources: Increase (Decrease)	(9,957)	-	(28,432)	(116)
Change in Liabilities: Increase (Decrease)				
Payables	780,721	(32,284)	162,708	(366,231)
Change in Deferred Inflows of Resources: Decrease (Increase)	(24,498)	-	(64,880)	(274)
Net Cash or Cash Equivalents Provided by (Used in) Operating Activities	\$ 55,730	\$ 295,658	\$ 235,438	\$ (490,028)

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

Continued

			Governmental Activities
Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 842,214	\$ 6,908,022	\$ 2,186,430	
-	(370,913)	-	
(603,997)	(5,116,882)	(1,784,419)	
(79,224)	(1,431,828)	(378,043)	
4,180	271,572	157,044	
<u>163,173</u>	<u>259,971</u>	<u>181,012</u>	
13,861	459,271	85,549	
(189,411)	(611,166)	(70,732)	
416	34,340	267	
<u>21,298</u>	<u>21,393</u>	<u>26</u>	
(153,836)	(96,162)	15,110	
(229)	(29,381)	(21,079)	
(410)	(199,961)	(68,816)	
-	266,545	116,442	
44	5,692	6,384	
<u>(2,276)</u>	<u>(184,164)</u>	<u>(115,134)</u>	
(2,871)	(141,269)	(82,203)	
45	903,945	5,719	
16,889	9,495,891	1,982	
<u>(6,511)</u>	<u>(9,918,992)</u>	<u>(760)</u>	
10,423	480,844	6,941	
16,889	503,384	120,860	
94,850	4,607,624	824,906	
<u>\$ 111,739</u>	<u>\$ 5,111,008</u>	<u>\$ 945,766</u>	
\$ 163,997	\$ (559,690)	\$ (64,290)	
1,699	184,896	98,375	
23	36,880	137	
(7,378)	177,940	(35,168)	
233	(879)	3,123	
141	(475)	(1,254)	
(360)	(276)	-	
<u>(3,767)</u>	<u>(42,272)</u>	<u>(18,022)</u>	
17,145	562,059	238,471	
<u>(8,560)</u>	<u>(98,212)</u>	<u>(40,360)</u>	
<u>\$ 163,173</u>	<u>\$ 259,971</u>	<u>\$ 181,012</u>	

Statement of Cash Flows
PROPRIETARY FUNDS

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

	Business-Type Activities			
	Enterprise Funds			
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services	Guaranteed Education Tuition Program
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -
Acquisition of capital assets through capital leases	-	-	-	-
Amortization of annuity prize liability	-	-	-	-
Increase (decrease) in fair value of investments	219,640	-	1,129	153,725
Debt refunding deposited with escrow agent	-	-	63,735	-
Amortization of debt premium/discount	-	-	66,671	-
Increase in ownership of joint venture	-	-	19,978	-

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

Concluded

		Governmental Activities	
Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ -	\$ -	\$ 5,771	
-	-	111	
6,284	6,284	-	
10,226	384,720	1,196	
4,810	68,545	8,020	
-	66,671	-	
-	19,978	-	

Statement of Net Position
FIDUCIARY FUNDS

June 30, 2016

(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Agency Funds
ASSETS				
Current Assets:				
Cash and pooled investments	\$ 1,141	\$ 5,321,793	\$ 51,981	\$ 125,547
Investments	-	3,415,096	-	42,795
Receivables, pension and other employee benefit plans:				
Employers	-	-	188,904	-
Members (net of allowance)	-	-	3,554	-
Interest and dividends	-	-	303,850	-
Investment trades pending	-	-	2,832,864	-
Due from other pension and other employee benefit funds	-	-	145,717	-
Other receivables, all other funds	-	2,423	82	8,056
Due from other governments	-	-	-	19,524
Total Current Assets	1,141	8,739,312	3,526,952	195,922
Noncurrent Assets:				
Investments, noncurrent, pension and other employee benefit plans:				
Public equity	-	-	37,175,122	-
Fixed income	-	-	17,794,542	-
Private equity	-	-	17,446,347	-
Real estate	-	-	13,247,481	-
Security lending	-	-	682,235	-
Liquidity	-	-	1,962,372	-
Tangible assets	-	-	2,528,197	-
Investments, noncurrent, all other funds	896	988,429	-	305
Other noncurrent assets	-	-	-	48,384
Capital assets:				
Furnishings, equipment, and intangibles	37	-	-	-
Accumulated depreciation	(27)	-	-	-
Total Noncurrent Assets	906	988,429	90,836,296	48,689
Total Assets	2,047	9,727,741	94,363,248	\$ 244,611
LIABILITIES				
Accounts payable	127	-	-	\$ 8,051
Contracts payable	-	-	-	37,283
Accrued liabilities	137	178,889	2,842,665	130,315
Obligations under security lending agreements	-	-	685,035	2,927
Due to other funds	-	76	-	-
Due to other pension and other employee benefit funds	-	-	145,717	-
Due to other governments	-	5,402	-	17,651
Unearned revenue	-	-	1,337	-
Claims and judgments payable	3	-	-	-
Other long-term liabilities	-	-	-	48,384
Total Liabilities	267	184,367	3,674,754	\$ 244,611
NET POSITION				
Net position restricted for:				
Pensions	-	-	87,065,458	
Deferred compensation participants	-	-	3,623,036	
Local government pool participants	-	9,543,374	-	
Individuals, organizations, and other governments	1,780	-	-	
Total Net Position	\$ 1,780	\$ 9,543,374	\$ 90,688,494	

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, 2016
(expressed in thousands)

	Private- Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans
ADDITIONS			
Contributions:			
Employers	\$ -	\$ -	\$ 2,026,737
Members	-	-	1,342,628
State	-	-	77,611
Participants	-	15,868,992	213,531
Total Contributions	-	15,868,992	3,660,507
Investment Income:			
Net appreciation (depreciation) in fair value	-	-	432,435
Interest and dividends	-	27,633	1,883,126
Less: Investment expenses	-	-	(344,318)
Net Investment Income (Loss)	-	27,633	1,971,243
Other Additions:			
Unclaimed property	75,221	-	-
Transfers from other plans	-	-	5,880
Miscellaneous revenue	-	-	4
Total Other Additions	75,221	-	5,884
Total Additions	75,221	15,896,625	5,637,634
DEDUCTIONS			
Pension benefits	-	-	3,867,361
Pension refunds	-	-	524,825
Transfers to other plans	-	-	5,880
Administrative expenses	5,145	1,291	3,061
Distributions to participants	-	15,008,069	215,450
Payments to or on behalf of individuals, organizations and other governments in accordance with state unclaimed property laws	71,211	-	-
Total Deductions	76,356	15,009,360	4,616,577
Net Increase (Decrease)	(1,135)	887,265	1,021,057
Net Position - Beginning	2,915	8,656,109	89,667,437
Net Position - Ending	\$ 1,780	\$ 9,543,374	\$ 90,688,494

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

Statement of Net Position
COMPONENT UNITS

June 30, 2016

(expressed in thousands)

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Current Assets:				
Cash and pooled investments	\$ 8,611	\$ 755	\$ 74,215	\$ 18,726
Investments	-	-	16,374	86
Investments, restricted	3,740	-	-	1,290
Receivables (net of allowance)	916	11,760	79,026	47,515
Inventories	-	-	5,202	4,821
Prepaid expenses	24	767	13,894	4,524
Total Current Assets	13,291	13,282	188,711	76,962
Noncurrent Assets:				
Investments, noncurrent	-	-	113,628	45,559
Restricted investments, noncurrent	-	-	16,873	-
Other noncurrent assets	-	-	-	5,755
Capital assets:				
Land	34,677	-	13,414	10,817
Buildings	460,953	-	426,639	155,180
Other improvements	-	637	18,616	5,984
Furnishings, equipment and intangible assets	19,132	46,029	240,567	217,289
Accumulated depreciation	(233,084)	(42,652)	(360,011)	(281,467)
Construction in progress	-	-	13,508	4,012
Total Noncurrent Assets	281,678	4,014	483,234	163,129
Total Assets	294,969	17,296	671,945	240,091
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on hedging derivatives	-	-	-	-
Deferred outflows on refundings	-	-	-	6,066
Deferred outflows on pensions	24	1,993	-	-
Total Deferred Outflows of Resources	24	1,993	-	6,066
Total Assets and Deferred Outflows of Resources	\$ 294,993	\$ 19,289	\$ 671,945	\$ 246,157

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

Continued

Nonmajor Component		
Units		Total
\$ 8,753	\$	111,060
54,974		71,434
-		5,030
32,920		172,137
-		10,023
268		19,477
<hr/>		
96,915		389,161
<hr/>		
-		159,187
-		16,873
186,584		192,339
<hr/>		
-		58,908
-		1,042,772
-		25,237
1,999		525,016
(1,670)		(918,884)
-		17,520
<hr/>		
186,913		1,118,968
<hr/>		
283,828		1,508,129
<hr/>		
572		572
-		6,066
-		2,017
<hr/>		
572		8,655
<hr/>		
\$ 284,400	\$	1,516,784
<hr/>		

Statement of Net Position
COMPONENT UNITS

June 30, 2016
(expressed in thousands)

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 19	\$ 11,079	\$ 18,215	\$ 17,200
Contracts payable	1,630	-	-	-
Accrued liabilities	4,289	695	82,263	41,703
Unearned revenue	-	-	-	-
Total Current Liabilities	5,938	11,774	100,478	58,903
Noncurrent Liabilities:				
Net pension liability	178	9,254	-	-
Other long-term liabilities	-	-	303,232	97,756
Total Noncurrent Liabilities	178	9,254	303,232	97,756
Total Liabilities	6,116	21,028	403,710	156,659
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on property taxes	-	-	26,744	-
Deferred inflows on pensions	79	1,417	-	-
Total Deferred Inflows of Resources	79	1,417	26,744	-
NET POSITION				
Net investment in capital assets	277,940	4,014	40,601	30,674
Restricted for:				
Deferred sales tax	3,703	-	-	-
Other purposes	-	-	8,034	2,681
Unrestricted	7,155	(7,170)	192,856	56,143
Total Net Position	288,798	(3,156)	241,491	89,498
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 294,993	\$ 19,289	\$ 671,945	\$ 246,157

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

		Concluded	
Nonmajor Component		Units	Total
		<u>Units</u>	<u>Total</u>
\$	38,412	\$	84,925
	-		1,630
	1,245		130,195
	10,239		10,239
	<u>49,896</u>		<u>226,989</u>
	4,410		13,842
	-		400,988
	<u>4,410</u>		<u>414,830</u>
	<u>54,306</u>		<u>641,819</u>
	-		26,744
	730		2,226
	<u>730</u>		<u>28,970</u>
	329		353,558
	-		3,703
	1,083		11,798
	227,952		476,936
	<u>229,364</u>		<u>845,995</u>
\$	<u>284,400</u>	\$	<u>1,516,784</u>

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

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

	Public Stadium	Health Benefit Exchange	Valley Medical Center	Northwest Hospital
EXPENSES	\$ 18,769	\$ 147,281	\$ 578,984	\$ 395,224
PROGRAM REVENUES				
Charges for services	3,605	82,041	565,897	372,750
Operating grants and contributions	-	47,675	-	14,936
Total Program Revenues	<u>3,605</u>	<u>129,716</u>	<u>565,897</u>	<u>387,686</u>
Net Program Revenues (Expense)	<u>(15,164)</u>	<u>(17,565)</u>	<u>(13,087)</u>	<u>(7,538)</u>
GENERAL REVENUES				
Earnings (loss) on investments	110	-	4,666	2,516
Property taxes	-	-	19,902	-
Other	-	174	-	297
Total General Revenues	<u>110</u>	<u>174</u>	<u>24,568</u>	<u>2,813</u>
Change in Net Position	(15,054)	(17,391)	11,481	(4,725)
Net Position - Beginning, as restated	<u>303,852</u>	<u>14,235</u>	<u>230,010</u>	<u>94,223</u>
Net Position - Ending	<u>\$ 288,798</u>	<u>\$ (3,156)</u>	<u>\$ 241,491</u>	<u>\$ 89,498</u>

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

Nonmajor			
Component Units		Total	
\$	24,859	\$	1,165,117
	68,573		1,092,866
	5,578		68,189
	74,151		1,161,055
	49,292		(4,062)
	1,505		8,797
	-		19,902
	8		479
	1,513		29,178
	50,805		25,116
	178,559		820,879
\$	229,364	\$	845,995