

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

December 2024



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Department of Transportation
State Health Care Authority
University of Washington
All state fiscal personnel

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

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INTRODUCTORY SECTION

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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

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

December 23, 2024

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 presents Washington state's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. The state holds 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. As the cost of internal control should not exceed anticipated benefits, the state's objective is to provide reasonable assurance, rather than an absolute guarantee, that these financial statements are free of any material misstatements.

The State Auditor's report on the audit of the Washington state financial statements for the fiscal year ended June 30, 2024 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.

The basic financial statements follow the MD&A, 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 8.0 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 of the state, 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, and Starbucks, a worldwide renowned coffee company, are headquartered in Seattle; and Paccar, a global technology leader in the design, manufacture, and customer support of premium trucks, is headquartered in Bellevue.

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. Forty agency heads are appointed by, and report to, the Governor. Seventy-seven 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 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 the 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. State operating appropriations in the General Fund are for a single year in the biennium. Operating appropriations in other funds cover either the entire biennium or a single 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

Washington's real gross domestic product (GDP) grew by 5.15 percent to \$692.72 billion in fiscal year 2024, surpassing the national growth of 3.09 percent. Key drivers for Washington included information technology (\$147.94 billion), real estate (\$87.35 billion), and retail trade (\$66.04 billion). Agriculture outpaced national trends, growing by 9.40 percent compared to 4.67 percent nationwide. However, the state faced challenges in mining, with a 20.22 percent decline against a national gain of 17.42 percent. Other sectors, such as utilities, also underperformed relative to U.S. trends. Despite these challenges, Washington's economy rebounded from its pandemic low in fiscal year 2021 and achieved record-high real GDP in fiscal year 2024. The data reflects strong recovery and resilience, with growth stabilizing as the fiscal year concluded, positioning the state for sustainable economic progress moving forward.

Non-farm employment in Washington increased by 1.35 percent (83,300 jobs) in fiscal year 2024, outperforming the U.S. growth rate of 0.06 percent. Education and health services led the way, expanding 3.33 percent (208,700 jobs) due to rising healthcare and education demands. The state's manufacturing sector, including aerospace, grew by 1.10 percent (36,100 jobs), reflecting recovery in aerospace production, despite challenges from labor strikes at Boeing. In contrast, the information sector saw a 4.85 percent decline, losing 100,800 jobs, driven by layoffs and restructuring in the technology industry. Looking ahead, forecasts expect Washington's employment to grow 1.3 percent in 2025, with a 0.8 percent average annual increase through 2029. Aerospace employment is expected to grow steadily, peaking in 2026 before stabilizing. Construction will maintain strong momentum, with projected growth of an average of 2.8 percent annually through 2029.

In fiscal year 2024, the unemployment rate in Washington averaged 4.28 percent, a slight improvement from 4.37 percent in fiscal year 2023. However, unemployment increased throughout the year, rising from 3.6 percent in July 2023 to 4.8 percent in June 2024, indicating softening in the labor market. Nationally, the U.S. unemployment rate averaged 3.81 percent, up from 3.54 percent in fiscal year 2023, with June 2024 recording 4.1 percent and July 2024 reaching 4.3 percent. Both Washington and the U.S. labor markets are experiencing modest cooling from their post-pandemic recovery peaks. During fiscal years 2019-2024, Washington's unemployment peaked at 16.6 percent in April 2020, due to the pandemic, while the U.S. recorded 14.8 percent unemployment the same month. Forecasts project Washington's unemployment rate to average 4.51 percent in calendar year 2024, rising to 4.93 percent in 2025, with levels stabilizing around 5 percent through 2027.

Personal income grew steadily in fiscal year 2024 at both the national and state levels, with U.S. personal income increasing by 5.9 percent and Washington's personal income rising by 5.6 percent. The U.S. saw growth from \$23.27 trillion in fiscal year 2023 to \$24.63 trillion by the end of fiscal year 2024, while Washington's personal income climbed from \$630.37 billion to \$665.40 billion during the same period. Both the U.S. and Washington recorded their highest personal income levels in fiscal year 2024, reflecting sustained economic recovery from pandemic disruptions. Forecasts project Washington's nominal personal income growth at 5.2 percent in 2024, slightly reduced from earlier estimates. Growth is expected to stabilize at 5.0 percent in 2025, followed by peaks of 5.9 percent in 2026 and moderate increases through 2029, averaging around 5.6 percent annually. These trends indicate resilient economic momentum despite external challenges, with Washington closely tracking national growth trajectories.

Washington experienced a 15.9 percent decline in construction permits, dropping from 47,864 in fiscal year 2023 to 40,255, marking the lowest level since fiscal year 2019. However, completed units rose by 10.8 percent to 52,126, the highest in the last five years, indicating strong project completions despite fewer new permits. Demolitions also increased by 15.8 percent, from 2,011 in fiscal year 2023 to 2,329, reflecting shifting development priorities. A recovery in construction permits is expected starting in 2025, with 37,700 units forecasted that year, followed by gradual growth to 43,400 units in 2029. These trends suggest a shift toward

project completions and demolitions while developers adjust to market dynamics and extend timelines for new developments.

Continued revenue growth is projected, with General Fund-State revenue of \$63.2 billion expected for the 2023-25 biennium, increasing to \$67.9 billion in 2025-27 and \$72.92 billion by 2027-29. These forecasts reflect Washington's strong fiscal outlook, driven by resilient economic activity and sustained public funding.

Major Initiatives

HOUSING/HOMELESSNESS

In 2024, Washington continued to build upon the historic \$1 billion housing investment made last year by appropriating additional funds into the Housing Trust Fund. This money will go toward the construction or acquisition of nearly 2,000 new housing units, contributing to the public and private entities across the state that will be creating an estimated 1.1 million additional homes that Washingtonians will need over the next 20 years.

In addition to building and acquiring new, low-cost housing, funds were also set aside to invest in housing for those with intellectual and developmental disabilities. Staffing and the building of specialized physical infrastructure often make this type of housing expensive to offer, so the funds going toward these efforts (along with a similar amount set aside last year) are sorely needed for the estimated 37,000 intellectually and developmentally disabled adults in the state facing housing insecurity. Together with the previous year's funding, 235 new affordable units will come online, mostly built through grants offered to nonprofit developers.

This year, the supplemental budget also included enhancements to the Rapid Capital Housing Acquisition program, which helped state agencies and local partners quickly and safely open 1,350 new temporary shelter units such as converted hotels and tiny home villages. In conjunction with the encampment resolution program, this has led to 48 encampments being resolved and nearly 1,200 people being able to move to safer shelter.

To help meet long-term housing goals, significant investments were also made into helping residents maintain and stay in the affordable housing that already exists. Housing support spending from the Climate Commitment Act has included funds for low-income families to weatherize their homes and subsidize clean energy retrofits to reduce their maintenance costs and monthly energy bills.

BEHAVIORAL HEALTH

Washington's ambitious five-year strategic plan to maintain and expand behavioral health care culminated in the groundbreaking for the Forensic Center of Excellence on the Western State Hospital campus in Lakewood. This facility will expand the state's capacity to provide mental health services to patients awaiting trial (350 additional beds), creating a community-based care setting that will help limit institutionalization.

This funding will open or re-open wards at Western State Hospital, Eastern State Hospital, and the Civil Center for Behavioral Health at Maple Lane near Rochester, further expanding bed availability. By 2029, at least 550 more beds will open, all of which will expand access and reduce wait times. This year, for the first time, wait times for court-ordered competency restoration have adhered to the requirements of the 2014 Trueblood settlement.

The budget committed \$20 million to the University of Washington's Center for Behavioral Health and Learning, which will expand mental health care coverage and train the next generation of behavioral health workers and providers. Funding also went to operating the recently purchased Olympic Heritage Behavioral

Health Hospital in Tukwila, including hiring over 200 staff and adding 100 new beds for patients currently in other state hospitals.

PUBLIC SAFETY

The budget includes funding to address the need for additional law enforcement staff by rapidly expanding the availability of classes offered throughout the state. Within the last two years, the state has opened three new regional law enforcement academies to train hundreds of recruits who had been on a waitlist. The supplemental budget set aside funds to establish an academy in Arlington, which opened in October 2024, to join the regional academies in Vancouver and Pasco.

To continue addressing the critical public health and safety issue of substance use disorders, the 2024 budget invests additional funds for expanded public awareness campaigns, treatment and medication availability at correctional facilities, and increased support to Tribal communities that have adapted to rapidly address the most acute effects of the opioid crisis. Money that the state has received in legal settlements from the opioid industry are also being spent to fund addiction treatment centers and drug awareness and prevention campaigns in K-12 schools.

CLIMATE IMPLEMENTATION AND FUNDING

Washington's continued position as a supranational leader in climate issues has led to targeted, equitable investments in a full portfolio of programs designed to meet and exceed the state's commitment to reducing its greenhouse gas emissions by 95 percent by 2050.

Through the cap-and-invest revenue generated by the Climate Commitment Act (CCA), the Legislature has appropriated \$3.2 billion over the course of the biennium to address some of the largest sources of climate change pollutants: transportation and buildings. Not only does the CCA provide the opportunities listed below to invest in addressing climate change, it also ensures equitable outcomes by directing at least 42 percent of its investments to the Washington communities and Tribes most impacted by its effects.

Of the appropriated CCA funds, creating and expanding access to clean transportation for all Washingtonians has been one of the largest initiatives. Of this amount, the largest investments have been in public transit grants and projects, active transportation projects, such as bike trails and safer sidewalks, and incentives to support zero-emission commercial vehicles like school buses and drayage trucks. Other projects and initiatives have included new electric vehicle charging infrastructure in communities and along state facilities and highways, new hybrid-electric or fully electric ferries, and clean rail electrification and shore power at Washington ports.

Of the money allocated to making Washington's public, residential, and commercial buildings clean and sustainable into the future, major initiatives have included transitioning the state's two- and four-year colleges and universities away from dependence on fossil fuels, assistance for low-income households and small businesses to reduce their energy bills and install sustainable heating and electrical alternatives, and energy retrofit and solar power grants for public buildings. Funds were also allocated to help school districts replace aging, inefficient HVAC systems and conduct energy audits and improvements in several state facilities and buildings. Small school districts and Tribal compact schools were given energy assessment grants to help modernize their campuses, and funds were awarded to the Puyallup Tribe of Indians' Chief Leschi Schools to update their HVAC systems.

CCA revenues went to clean energy projects and initiatives, including transfers to the Clean Energy Fund to help demonstrate and develop new clean energy technologies. Large-scale solar projects, community solar and battery storage projects, green jobs, and infrastructure grants were other major investments on this front. The budget also supported energy research and innovation at the state's public institutions of higher learning, with funds set aside for clean energy testbeds at the University of Washington and Washington State University's NW Energy Futures research center.

With the impacts of climate change falling disproportionately on certain groups and regions of the state, funding programs aimed at environmental justice is a key component of addressing climate change equitably. To that end, CCA initiatives focusing on climate justice have included energy bill vouchers for low- and moderate-income residents; projects that reduce greenhouse gas emissions in vulnerable, overburdened, and Tribal communities; air quality improvement projects in overburdened communities; and grants for Tribes and overburdened communities to implement the Healthy Environment for All Act.

Finally, CCA revenues have also gone toward major projects across the state that directly address the most disruptive impacts of climate change. Much of this funding went toward grants, such as those protecting riparian zones, climate adaptation for Tribes, and Firewise programs for local governments. Funds were also set aside for local governments to help plan their responses to climate change and for fish passage projects on state waterways.

SALMON

Across the state's waterways and riparian areas, hundreds of projects and initiatives are underway to protect and maintain the salmon populations that are vital to Washington's ecosystems, economy, and culture. A significant portion of CCA funding has gone toward salmon recovery projects for the 2023-25 biennium. And after a historic, 10-year partnership was announced between the federal government, Tribes of the Pacific Northwest, and the states of Washington and Oregon, \$1 billion from the federal government's Bipartisan Infrastructure Law has been pledged to help local and Tribal governments build or update fish passages along the state's streams and rivers. This is in addition to the partnership's other efforts to promote clean energy on Tribal lands and further study the environmental effects of dams on Pacific Northwest waterways.

EDUCATION

In the 2024 supplemental budget, the state continued its vigorous investment in education, reserving its single biggest expenditure for K–12 schools (\$333 million). This includes increases for school staff salaries, with most of that going toward ensuring that paraeducators, critical members of school instructional support teams, can earn a living wage. In school construction and learning facility support, Washington has increased its total funding of the School Construction Assistance Program by \$79 million — increasing its rate of support from \$271 to \$375 per square foot. Additional support also went toward skills centers and other career and technical education facilities.

To help educate the state's most vulnerable student population, \$29 million has been allocated to special education, including an increase in the special education funding cap from 15 percent to 17.25 percent to support school districts with high student populations with special needs. Other major investments in K–12 schools include continued support of programs to combat student food insecurity, expanding and fully funding the federal Community Eligibility Provision (CEP) for all 550,000 Washington students who use it.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of Washington for its ACFR for the fiscal year ended June 30, 2023. 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 37 consecutive 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,

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

Pat Sullivan
Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

State of Washington

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Statewide Elected Officials

As of June 30, 2024



Governor
Jay Inslee



Lieutenant Governor
Denny Heck



Secretary of State
Steve Hobbs



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



2024 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		Program (LEAP) Committee		Office of Civil Legal Aid			Municipal Courts										
Joint Transportation Committee		Office of the State Actuary		Court of Appeals			Office of Public Defense										
Legislative Ethics Board		Redistricting Commission (activated decennially)		Commission on Judicial Conduct			District and Superior Courts										
Office of Legislative Support Services		Statute Law Committee (Code Reviser's Office)															
Office of Legislative Labor Relations																	
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 (commodity commissions)		Board of Accountancy		Dept. of Licensing (occupational regulatory boards)		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 - Indeterminate Sentence Review Board		School for the Blind		Arts Commission							
Pollution Liability Insurance Agency		Dept. of Archaeology and Historic Preservation		Traffic Safety Commission		Employment Security Dept. - Governor's Committee on Disability Issues & Employment		Workforce Training and Education Coordinating Board		Commission on Asian Pacific American Affairs							
Puget Sound Partnership		Washington Technology Solutions (WaTech)		Dept. of Transportation		Department of Health (occupational regulatory boards)		Board of Health		Department of Commerce - Community Economic Revitalization Board							
Recreation and Conservation Office		- Technology Services Board - Cybersecurity, Office of				- Board of Health		- Environmental Justice Council		- Developmental Disabilities Council							
		Department of Enterprise Services - Building Code Council				Health Care Authority - Public Employees Benefits Bd. - School Employees Benefits Bd.		Dept. of Labor and Industries		- Public Works Board - Broadband Office							
		Department of Financial Institutions Office of Financial Management - Personnel Resources Board - Sentencing Guidelines Commission - Serve Washington				Dept. of Services for the Blind		Dept. of Social and Health Services		Commission on Hispanic Affairs							
		Office of the Governor - Corrections Ombuds, Office of - Education Ombuds, Office of - Equity Office - Family & Children's Ombuds, Office of - Independent Investigations, Office of - LGBTQ Commission - Regulatory Innovation & Assistance, Ofc. for - Results Washington - Women's Commission				Dept. of Veterans Affairs				Office of Minority & Women's Business Enterprises							
		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		State Board of Education		Housing Finance Commission							
Environmental and Land Use Hearings Office		Economic & Revenue Forecast Council		Board of Pilotage Commissioners		Human Rights Commission		Professional Educator Standards Board									
- Growth Management Hearings Board		Forensic Investigations Council		Transportation Improvement Board		Board of Industrial Insurance Appeals		State Board for Community and Technical Colleges - Boards of trustees for 34 community/technical colleges									
- Pollution Control Hearings Board		Gambling Commission		Transportation Commission		Tobacco Settlement Authority		Governing boards of higher education institutions: - Central Washington University - Eastern Washington University - The Evergreen State College - University of Washington - Washington State University - Western Washington University									
- Shorelines Hearings Board		Horse Racing Commission						Washington Student Achievement Council									
Dept. of Fish and Wildlife - Fish and Wildlife Commission		Investment Board						Higher Education Facilities Authority		PREPARED BY OFFICE OF FINANCIAL MANAGEMENT JULY 2024							
Parks and Recreation Commission		Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board						Eastern Washington State Historical Society									
Washington Materials Management and Financing Authority		Liquor and Cannabis Board						Wash. State Historical Society									
Energy Facility Site Evaluation Council		Public Disclosure Commission						Wash. State Leadership Council									
		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															

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OFFICE OF FINANCIAL
MANAGEMENT
JULY 2024

FINANCIAL SECTION

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Office of the Washington State Auditor
Pat McCarthy

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE
FINANCIAL STATEMENTS**

The Honorable Jay Inslee
State of Washington
Olympia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate discretely presented component units and remaining fund information of the State of Washington, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the financial section of our report.

We did not audit the financial statements of the Department of Retirement Systems, Local Government Investment Pool, University of Washington, funds managed by the State Investment Board, Fred Hutchinson Cancer Center, Health Benefits Exchange, Valley Medical Center, and Washington State Housing Finance Commission. Those financial statements represent part or all the total assets, net position, and revenues or additions of the governmental activities, the business-type activities, each major fund, and aggregate discretely presented component units and remaining fund information as follows:

Opinion Unit	Percent of Total Assets	Percent of Net Position	Percent of Total Revenues /Additions
Governmental Activities	15.1%	22.2%	7.5%
Business-Type Activities	70.1%	100.0%	28.0%
Higher Education Special Revenue Fund	87.1%	53.6%	49.1%
Higher Education Endowment Fund	97.4%	97.2%	88.4%
Higher Education Student Services Fund	65.8%	80.3%	78.8%
Workers' Compensation Fund	94.3%	87.9%	25.6%
Discretely Presented Component Units	95.5%	92.1%	98.7%
Aggregate Remaining Funds	98.1%	95.9%	64.5%

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. The financial statements of the Washington State Housing Finance Commission were not audited in accordance with *Government Auditing Standards*.

Qualified Opinion on Aggregate Discretely Presented Component Units, Higher Education Special Revenue Fund and Higher Education Student Services Fund

In our opinion, except for the possible effects of the matter described below, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units, Higher Education Special Revenue Fund and Higher Education Student Service Fund of the State, as of June 30, 2024, and the changes in financial position thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-type Activities, Remaining Fund Information and Other Major Funds

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each of the governmental activities, the business-type activities, remaining fund information and other major funds, as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We were unable to obtain sufficient appropriate audit evidence as described below for certain elements of the Aggregate Discretely Presented Component Units, Higher Education Special Revenue Fund and Higher Education Student Services Fund.

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matters for Giving Rise to Qualified Opinions on Aggregate Discretely Presented Component Units, Higher Education Special Revenue Fund and Higher Education Student Services Fund

The State did not report the financial activity of the state university and college foundations as a component unit in the state's financial statements. Additionally, the State did not report complete financial activity of the Washington State Housing Finance Commission in the state's financial statements. Accounting principles generally accepted in the United States of America require reporting of a discretely presented component units of legally separate, tax-exempt entities. If the State included this activity assets and deferred outflows, liabilities and deferred inflows, revenue and expenses would be increased by \$2.6 billion, \$1.1 billion, \$506.6 million, and \$417.7 million respectively.

We were unable to obtain sufficient and appropriate audit evidence about reported cash and cash equivalents, investments, due from other funds, due from other governments, accrued liabilities, due to other funds, due to other governments, miscellaneous revenue, transfers in, and transfers out in the Higher Education Special Revenue Fund because the State needed additional time to investigate balances and make necessary corrections. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. The effects on these balances are not reasonably determinable but are presumed to be material.

We were unable to obtain sufficient and appropriate audit evidence about reported cash and cash equivalents, investments, due from other funds, due from other governments, other noncurrent assets, accounts payable, other long-term liabilities, miscellaneous revenue, transfers in, and transfers out the Higher Education Student Services Fund because the State needed additional time to investigate balances and make necessary corrections. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. The effects on these balances are not reasonably determinable but are presumed to be material.

Matters of Emphasis

As explained in Note 1.D.1, the financial statements include pension trust fund investments valued at \$93.9 billion, which comprise 38.9 percent of the total assets and 43.5 percent of the net position of the 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.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 Information

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

Other Information

The other information comprises Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated December 23, 2024, 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. 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 23, 2024

MD&A
Management's Discussion and Analysis

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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, 2024. 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 \$38.86 billion (reported as net position). Of this amount, \$(8.76) 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 \$33.27 billion, an increase of 1.6 percent compared with the prior year.
- The state's capital assets increased by \$1.77 billion, total bond debt increased by \$780.0 million, and the state's net investment in capital assets is \$28.58 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 four 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, Higher Education Endowment and Other Permanent Funds, and the Wildlife and Natural Resources 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 Fred Hutchinson Cancer Center, and the Health Benefit Exchange, as well as five 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
Statement of Net Position
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 53,657	\$ 51,411	\$ 34,357	\$ 31,224	\$ 88,014	\$ 82,635
Capital assets	49,233	47,614	3,672	3,520	52,905	51,134
Total assets	102,890	99,025	38,029	34,744	140,919	133,769
DEFERRED OUTFLOWS OF RESOURCES	3,460	3,666	604	672	4,064	4,338
LIABILITIES						
Current and other liabilities	9,931	8,603	2,145	2,225	12,076	10,828
Long-term liabilities outstanding	38,607	36,984	49,536	45,498	88,143	82,482
Total liabilities	48,538	45,587	51,681	47,723	100,219	93,310
DEFERRED INFLOWS OF RESOURCES	4,954	6,521	946	942	5,900	7,463
NET POSITION						
Net investment in capital assets	27,711	26,360	872	678	28,583	27,038
Restricted	18,542	16,535	497	4,351	19,039	20,886
Unrestricted	6,605	7,688	(15,363)	(18,278)	(8,758)	(10,590)
Total net position	<u>\$ 52,858</u>	<u>\$ 50,583</u>	<u>\$ (13,994)</u>	<u>\$ (13,249)</u>	<u>\$ 38,864</u>	<u>\$ 37,334</u>

Note: The 2023 amounts presented here have been restated to correct errors in previously issued financial statements. Refer to Note 2 Accounting Changes and Error Corrections for details.

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 \$38.86 billion at June 30, 2024, as compared to the restated amount of \$37.33 billion at June 30, 2023.

The largest portion of the state's net position (73.5 percent for fiscal year 2024 as compared to 72.4 percent for fiscal year 2023) 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 (49.0 percent for fiscal year 2024 as compared to 55.9 percent for fiscal year 2023) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(8.76) 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 \$50.58 billion, as restated, in fiscal year 2023 to \$52.86 billion in fiscal year 2024.

As previously mentioned, the state's activities are divided between governmental and business-type. The majority of support for governmental activities comes from taxes and intergovernmental grants, while business-type activities are supported primarily through user charges.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues:						
Charges for services	\$ 10,250	\$ 9,268	\$ 18,663	\$ 15,791	\$ 28,913	\$ 25,059
Operating grants and contributions	26,169	28,465	60	46	26,229	28,511
Capital grants and contributions	1,013	891	5	1	1,018	892
General revenues:						
Taxes	34,746	35,811	20	15	34,766	35,826
Interest and investment earnings (loss)	1,573	693	1,480	770	3,053	1,463
Total revenues	73,751	75,128	20,228	16,623	93,979	91,751
EXPENSES						
General government	(3,849)	(4,848)	—	—	(3,849)	(4,848)
Education - K-12	(17,398)	(16,868)	—	—	(17,398)	(16,868)
Education - Higher education	(10,281)	(9,957)	—	—	(10,281)	(9,957)
Human services	(31,829)	(30,293)	—	—	(31,829)	(30,293)
Adult corrections	(1,545)	(1,304)	—	—	(1,545)	(1,304)
Natural resources and recreation	(2,149)	(2,076)	—	—	(2,149)	(2,076)
Transportation	(3,576)	(3,022)	—	—	(3,576)	(3,022)
Interest on long-term debt	(1,139)	(1,107)	—	—	(1,139)	(1,107)
Workers' compensation	—	—	(7,141)	(4,039)	(7,141)	(4,039)
Unemployment compensation	—	—	(1,914)	(1,208)	(1,914)	(1,208)
Higher education student services	—	—	(4,561)	(4,154)	(4,561)	(4,154)
Health insurance	—	—	(4,234)	(3,855)	(4,234)	(3,855)
Other business-type activities	—	—	(2,888)	(2,703)	(2,888)	(2,703)
Total expenses	(71,766)	(69,475)	(20,738)	(15,959)	(92,504)	(85,434)
Excess (deficiency) of revenues over expenses before contributions to endowments and transfers	1,985	5,653	(510)	664	1,475	6,317
Contributions to endowments	54	138	—	—	54	138
Transfers	236	1	(236)	(1)	—	—
Increase (decrease) in net position	2,275	5,792	(746)	663	1,529	6,455
Net position - July 1, as previously reported	50,415	—	(13,165)	—	37,250	—
Error corrections	168	—	(84)	—	84	—
Net position - July 1, as restated	50,583	44,623	(13,248)	(13,828)	37,335	30,795
Net position - June 30	<u>\$ 52,858</u>	<u>\$ 50,415</u>	<u>\$ (13,994)</u>	<u>\$ (13,165)</u>	<u>\$ 38,864</u>	<u>\$ 37,250</u>

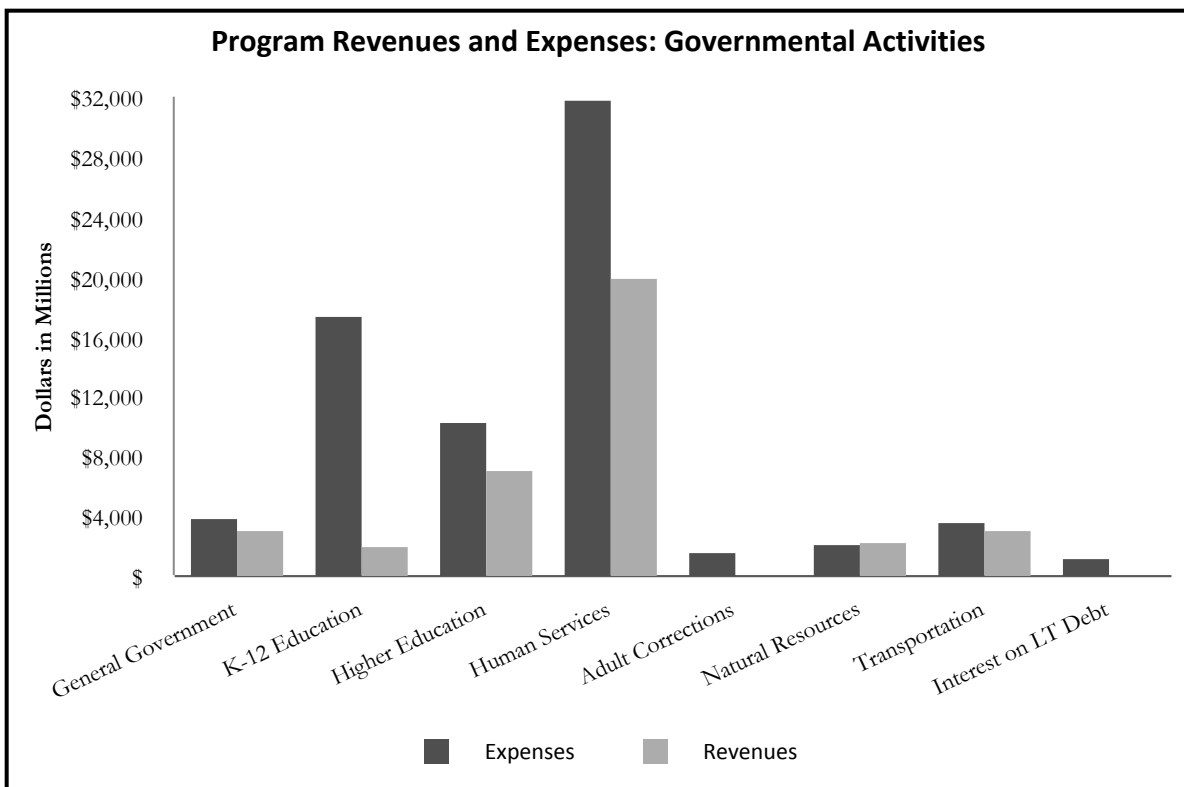
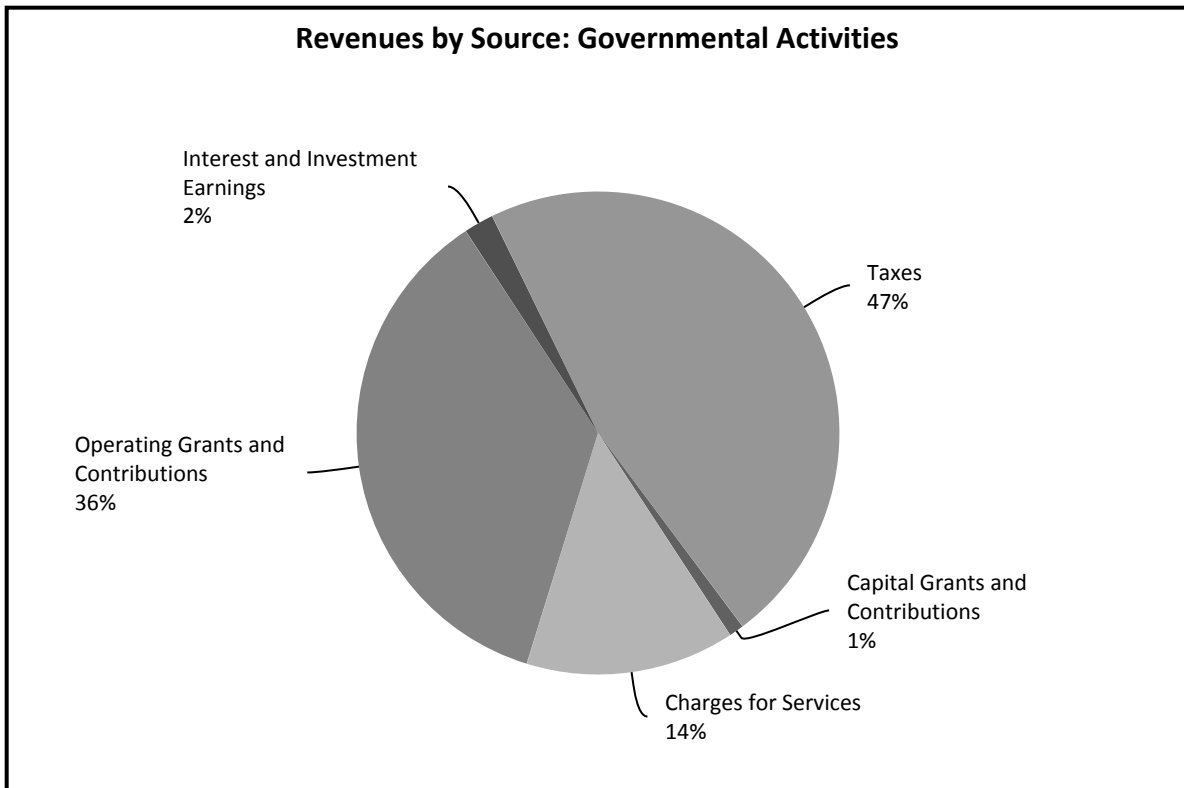
Note: The 2023 amounts presented here have not been restated as it is not practicable for the state to determine the impact each error had on the individual revenue and expense categories due to the quantity and nature of the error corrections. Refer to Note 2 Accounting Changes and Error Corrections for a description of the error corrections.

Governmental Activities. Governmental activities resulted in an increase in the state of Washington's net position of \$2.28 billion. Key factors contributing to operating results of governmental activities are:

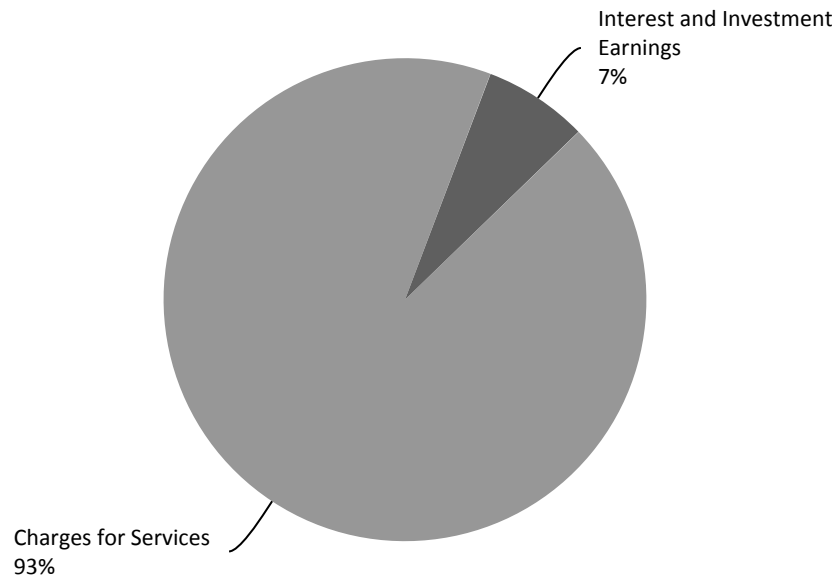
- Tax revenue decreased by \$1.07 billion or 3.0 percent in fiscal year 2024 as compared to fiscal year 2023. Sales and use tax, which are the main tax revenue for governmental activities, reported a decrease of \$28.1 million. Revenue from real estate excise taxes, levied on the sale of real estate, decreased by \$662.0 million reflecting the slowdown in housing sales. Other taxes decreased by \$662.9 million which was mainly due to a decrease in estate taxes levied on the value of property transferred upon the death of the owner.
- Charges for services increased by \$982.1 million in fiscal year 2024 as compared to fiscal year 2023. The majority of this increase was due to an increase in patient care revenue for the University of Washington as a result of strong volumes, lower length of stay, and new programs.
- Operating grants and contributions decreased by \$2.30 billion or 8.1 percent in fiscal year 2024 compared with fiscal year 2023. The decrease reflects the continuing slowdown of federal stimulus funds received in response to COVID-19. As of June 30, 2024, \$474.2 million in federal stimulus funds received from the U.S. Department of the Treasury remained unspent and is classified as unearned revenue.
- Expenses grew by \$2.29 billion or 3.3 percent in fiscal year 2024 as compared to fiscal year 2023. The largest increases were in human services of \$1.54 billion, K-12 education of \$530.3 million, and higher education of \$324.1 million in fiscal year 2024 as compared to fiscal year 2023. This reflects the state's need to help provide funding for education and its ongoing commitment to provide additional funding in human services. Transportation expenses also increased \$554.7 million. The majority of the increase for transportation is for the Move Ahead Washington transportation program which is funded from the Washington Climate Commitment Act.

Business-Type Activities. Business-type activities decreased the state of Washington's net position by \$746.1 million. Key factors contributing to the operating results of business-type activities are:

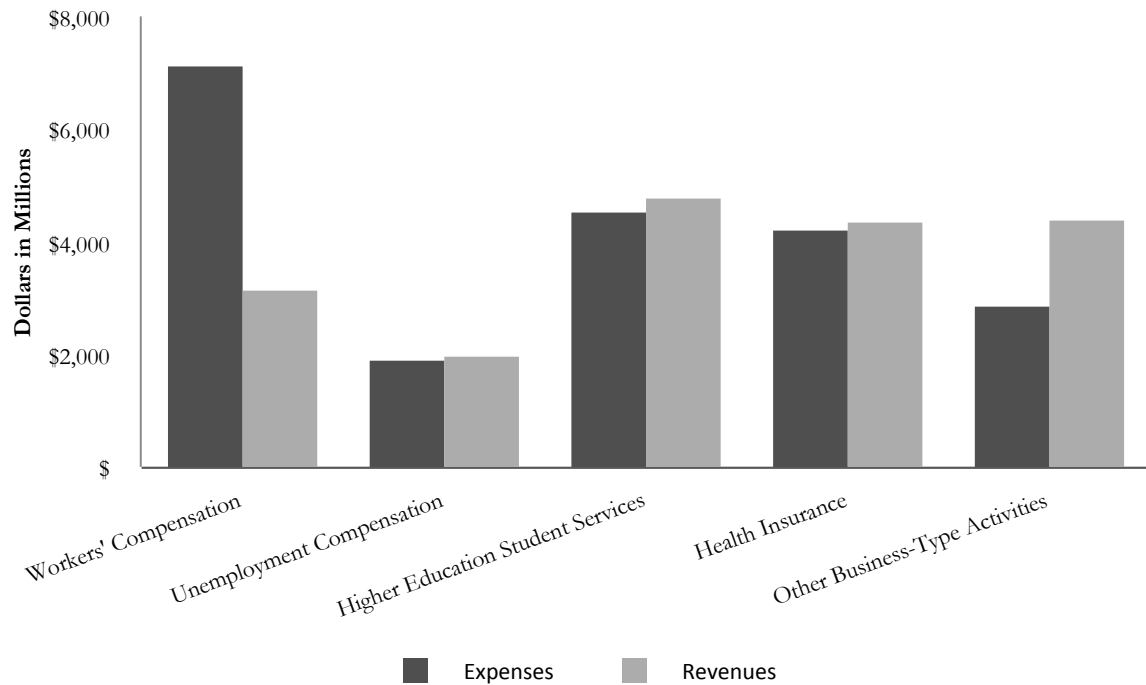
- The workers' compensation activity decrease in net position in fiscal year 2024 was \$2.87 billion compared to a decrease of \$397.3 million in fiscal year 2023. Premiums and assessments revenue increased \$109.4 million in fiscal year 2024 as compared with fiscal year 2023 as a result of an increase in reported hours and an increase in premium rates. Claim costs increased by \$3.06 billion in fiscal year 2024 as compared with fiscal year 2023 attributed to a cost-of-living adjustment for the workers' compensation Supplemental Pension Account. Investment income increased by \$503.5 million as compared to fiscal year 2023.
- The unemployment compensation activity reported an operating gain in fiscal year 2024 of \$160.6 million compared to an operating gain of \$509.3 million in fiscal year 2023. Premiums and assessments revenue increased \$280.7 million in fiscal year 2024 as compared with fiscal year 2023. Unemployment insurance benefits increased by \$727.6 million in fiscal year 2024 compared to fiscal year 2023. The unemployment rate for the state for June 2024 was 4.9 percent, an increase from the adjusted 3.9 percent unemployment rate for June 2023.
- The higher education student services activity reported an increase in net position of \$313.5 million in fiscal year 2024 as compared to an increase of \$254.2 million in fiscal year 2023. Operating revenues increased by \$436.2 million and operating expenses increased by \$328.2 million as compared to fiscal year 2023.
- The health insurance activity increase in net position in fiscal year 2024 was \$147.0 million compared to an increase of \$156.4 million in fiscal year 2023. Health insurance premiums collected increased by \$362.2 million in fiscal year 2024 as compared with fiscal year 2023. Claim costs increased by \$377.8 million in fiscal year 2024 as compared with fiscal year 2023. Rates are created by actuarial analysis and adjusted annually to maintain a positive fund balance.



Revenues by Source: Business-Type Activities



Program Revenues and Expenses: Business-Type Activities



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, 2024, the state's governmental funds reported combined ending fund balances of \$33.27 billion. Of this amount, \$3.73 billion or 11.2 percent is nonspendable, either due to its form or legal constraints; and \$8.48 billion or 25.5 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. An

additional \$14.97 billion or 45.0 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 \$2.14 billion or 6.4 percent of total fund balance has been assigned to specific purposes by management. The unassigned portion of the governmental fund balance is \$3.95 billion or 11.9 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 decreased by \$1.17 billion or 11.5 percent in fiscal year 2024 as compared to an \$880.4 million increase, as restated, in fiscal year 2023. Revenues decreased in fiscal year 2024 while expenditures continued to grow. Assigned fund balance of \$2.03 billion is reported for fiscal year 2024 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			
(in millions of dollars)			
	Fiscal Year		Difference
	2024	2023	Increase (Decrease) 2024 - 2023
REVENUES			
Taxes	\$ 30,212	\$ 30,138	\$ 74
Federal grants	20,923	23,529	(2,606)
Investment revenue (loss)	488	173	315
Other	1,428	1,151	277
Total	53,051	54,991	(1,940)
EXPENDITURES			
Human services	30,933	30,563	370
Education	18,686	17,452	1,234
Other	3,805	4,484	(679)
Total	53,424	52,499	925
Net transfers in (out)	(993)	(1,915)	922
Other financing sources	195	303	(108)
Net increase (decrease) in fund balance	\$ (1,171)	\$ 880	\$ (2,051)

Note: The 2023 amounts presented here have been restated to correct errors in previously issued financial statements. Refer to Note 2 Accounting Changes and Error Corrections for details.

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, Higher Education Endowment and Other Permanent, and the Wildlife and

Natural Resources 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 2024 was a decrease of \$85.8 million compared to an increase of \$556.4 million in fiscal year 2023. The decrease in the fund balance can be attributed to a number of factors.

While charges for services increased by \$881.2 million compared to fiscal year 2023, there was an overall decrease in revenue of \$258.7 million driven mainly by decreased tax revenue.

- The fund balance for the Higher Education Endowment and Other Permanent Funds increased by \$694.5 million in fiscal year 2024 compared to an increase of \$211.5 million in fiscal year 2023. The increase is a result of positive growth in investment earnings in fiscal year 2024.
- The fund balance for the Wildlife and Natural Resources Fund increased by \$926.4 million in fiscal year 2024 compared to an increase of \$985.8 million in fiscal year 2023. Both revenues and expenditures increased as the state continues to collect proceeds from the sale of greenhouse gas allowances as authorized in the Climate Commitment Act of 2021.

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 2024 are as follows:

- The Workers' Compensation Fund reported a decrease in net position of \$2.87 billion in fiscal year 2024. Operating expenses increased by \$3.10 billion as compared to fiscal year 2023 due to a significant increase in claims expense attributed to a cost-of-living adjustment for the workers' compensation Supplemental Pension Account. Operating revenues increased by \$121.7 million due to an increase in reported hours and an increase in premium rates. In addition, investment income increased \$503.5 million as compared to fiscal year 2023.
- Washington's Unemployment Compensation Fund reported an increase in net position of \$160.6 million. Unemployment benefit claims expense increased by \$727.6 million in fiscal year 2024 as compared to fiscal year 2023 due to an increase in the number of unemployed. Unemployment premiums and assessments increased by \$280.7 million in fiscal year 2024 as compared to 2023 as a result of the increased unemployment rates.
- The Higher Education Student Services Fund reported an increase in net position of \$313.5 million in fiscal year 2024 as compared to fiscal year 2023. Operating revenues increased by \$436.2 million and operating expenses increased by \$328.2 million as compared to fiscal year 2023.

- The Health Insurance Fund reported an increase in net position of \$147.0 million in fiscal year 2024 as compared to fiscal year 2023. Operating revenues increased by \$357.8 million and operating expenses increased by \$379.1 million as compared to fiscal year 2023.

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 \$1.63 billion over the course of the fiscal year. The major increases in estimated resources were additional federal grants-in-aid and transfers from other funds.
- Appropriated expenditure authority increased by \$8.10 billion over the course of the fiscal year to address increases in the state's human services, education, and general wage increases for state staff.

The state did not overspend its legal spending authority for the 2023-2025 biennium. Actual General Fund revenues and expenditures were 48.8 percent and 44.2 percent of final budgeted resources and appropriations, respectively, for the first fiscal year of the 2023-2025 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, 2024, totaled \$52.91 billion (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, museum and historical collections, buildings and other improvements, furnishings, equipment, intangible assets, and lease and subscription assets, as well as construction in progress.

Washington's fiscal year 2024 investment in capital assets, net of current year depreciation, increased \$1.77 billion over fiscal year 2023, including increases to the state's transportation infrastructure of \$1.17 billion. 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 \$3.32 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 2024, assets accounted for under this approach include approximately 20,980 pavement lane miles, 4,164 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 assessed predominantly on a two-year cycle, either on a calendar year or fiscal year basis.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,199	\$ 3,085	\$ 77	\$ 75	\$ 3,276	\$ 3,160
Transportation infrastructure and other assets not depreciated	29,194	28,019	—	—	29,194	28,019
Buildings	9,473	9,367	2,646	2,455	12,119	11,822
Furnishings, equipment, and intangible assets	2,303	2,113	350	354	2,653	2,467
Other improvements and infrastructure	1,343	1,316	88	95	1,431	1,411
Construction in progress	2,248	2,154	222	229	2,470	2,383
Lease and subscription assets	1,473	1,560	289	312	1,762	1,872
Total	<u>\$ 49,233</u>	<u>\$ 47,614</u>	<u>\$ 3,672</u>	<u>\$ 3,520</u>	<u>\$ 52,905</u>	<u>\$ 51,134</u>

Note: The 2023 amounts presented here have been restated to correct errors in previously issued financial statements. Refer to Note 2 Accounting Changes and Error Corrections for details.

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, based on an average condition level of the the last three assessments. 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.

The most recent pavements condition assessment indicates that 92.5 percent of pavements were in fair or better condition. The condition of pavements has remained steady in the last three assessment periods, averaging 93.3 percent in fair or better condition. For fiscal year 2024, actual maintenance and preservation expenditures were 3.0 percent higher than planned. Over the past five fiscal years, the actual expenditures for maintaining and preserving pavements were 19.1 percent lower than planned.

The most recent condition assessment of bridges over 20 feet in length indicates that 92.6 percent of bridges were in good or fair condition. The condition of bridges has remained steady over the last three assessment periods, averaging 93.4 percent in good or fair condition. For fiscal year 2024, the actual maintenance and preservation

expenditures were 32.5 percent higher than planned, and over the past five fiscal years, the actual expenditures were 11.9 percent lower than planned.

Bond Debt. At the end of fiscal year 2024, the state of Washington had general obligation bond debt outstanding including accreted interest and issuance premiums of \$21.92 billion, an increase of 4.4 percent from fiscal year 2023. This debt is secured by a pledge of the full faith and credit of the state. Additionally, the state had authorized \$14.35 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, 2024, 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 2018-2023 is \$26.02 billion. The debt service limitation, 8.25 percent of this mean, is \$2.15 billion. The state's maximum annual debt service as of June 30, 2024, subject to the constitutional debt

limitation is \$1.44 billion, or \$710.0 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 online from the Office of the State Treasurer at: [Report on the State of Washington's Debt Limitation](#).

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, 2024, 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

Bond Debt

(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation (GO) bonds	\$ 21,657	\$ 20,938	\$ —	\$ —	\$ 21,657	\$ 20,938
Accreted interest on zero interest rate GO bonds	266	292	—	—	266	292
Revenue bonds	1,501	1,578	2,155	2,226	3,656	3,804
Unamortized premium on bonds sold	3,364	3,152	178	155	3,542	3,307
Total	<u>\$ 26,788</u>	<u>\$ 25,960</u>	<u>\$ 2,333</u>	<u>\$ 2,381</u>	<u>\$ 29,121</u>	<u>\$ 28,341</u>

The state had revenue debt outstanding at June 30, 2024, of \$3.66 billion, a decrease of \$147.5 million compared to fiscal year 2023. The decrease is primarily related to the state issuing fewer revenue bonds than 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 \$1.77 billion were refunded during the year. Washington's refunding activity produced \$114.1 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's unemployment increased while the state's personal income continues to grow. As housing prices in the state have appeared to peak, Washington housing construction continues to be volatile due to fluctuating interest rates. Resilient

economic activity and sustained public funding should result in continued revenue growth.

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, 2024, \$313.7 million was transferred to the BSA from the General Fund in accordance with the provisions of the Constitution. The BSA had a fund balance of \$970.6 million as of June 30, 2024.

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.

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Basic Financial Statements
Government-wide Financial Statements

Statement of Net Position

June 30, 2024

(expressed in thousands)

Continued

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 19,730,855	\$ 7,830,504	\$ 27,561,359	\$ 938,447
Taxes receivable (net of allowance for uncollectibles)	6,074,704	3,788	6,078,492	—
Other receivables (net of allowance for uncollectibles)	4,790,009	3,954,515	8,744,524	396,030
Internal balances	124,776	(124,776)	—	—
Due from other governments	6,889,572	458,178	7,347,750	—
Inventories and prepaids	187,347	86,841	274,188	119,046
Restricted cash and investments	392,256	8,899	401,155	—
Restricted receivables, current	4,818	—	4,818	—
Investments, noncurrent	10,027,067	21,617,959	31,645,026	1,172,474
Restricted investments, noncurrent	—	34,977	34,977	—
Restricted net pension asset	5,435,952	340,567	5,776,519	4,993
Other assets	—	145,911	145,911	1,241,744
Capital assets:				
Non-depreciable assets	34,640,536	298,599	34,939,135	278,068
Depreciable assets (net of accumulated depreciation)	14,592,898	3,373,510	17,966,408	1,537,856
Total capital assets	49,233,434	3,672,109	52,905,543	1,815,924
Total Assets	102,890,790	38,029,472	140,920,262	5,688,658
DEFERRED OUTFLOWS OF RESOURCES				
	3,459,656	603,874	4,063,530	19,466
Total Assets and Deferred Outflows of Resources	\$ 106,350,446	\$ 38,633,346	\$ 144,983,792	\$ 5,708,124

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

Statement of Net Position

June 30, 2024

(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	\$ 4,643,173	\$ 575,966	\$ 5,219,139	\$ 143,734
Accrued liabilities	2,573,234	789,106	3,362,340	394,621
Obligations under security lending agreements	—	25,032	25,032	—
Due to other governments	1,502,365	548,176	2,050,541	—
Unearned revenues	1,212,404	206,488	1,418,892	158,996
Long-term liabilities:				
Due within one year	2,615,619	3,658,730	6,274,349	64,995
Due in more than one year	35,990,976	45,877,533	81,868,509	2,078,339
Total Liabilities	48,537,771	51,681,031	100,218,802	2,840,685
DEFERRED INFLOWS OF RESOURCES	4,954,286	946,734	5,901,020	59,933
NET POSITION				
Net investment in capital assets	27,711,426	872,350	28,583,776	434,435
Restricted for:				
Nonexpendable permanent endowments	3,539,589	—	3,539,589	—
Expendable endowment funds	2,673,409	—	2,673,409	—
Pensions	6,523,172	496,784	7,019,956	7,096
Human services	808,612	—	808,612	—
Wildlife and natural resources	1,436,459	—	1,436,459	—
Transportation	1,888,177	—	1,888,177	—
Budget stabilization	970,616	—	970,616	—
Higher education	71,264	—	71,264	—
Other purposes	630,709	—	630,709	702,191
Unrestricted	6,604,956	(15,363,553)	(8,758,597)	1,663,784
Total Net Position	52,858,389	(13,994,419)	38,863,970	2,807,506
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 106,350,446	\$ 38,633,346	\$ 144,983,792	\$ 5,708,124

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

Statement of Activities
For the Fiscal Year Ended June 30, 2024
(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	\$ 3,848,748	\$ 1,554,679	\$ 1,511,096	\$ 500
Education - K-12 education	17,398,119	29,556	1,931,465	250
Education - higher education	10,280,892	3,811,556	3,296,310	34,646
Human services	31,829,072	1,142,476	18,741,092	—
Adult corrections	1,544,495	7,727	2,525	—
Natural resources and recreation	2,149,447	1,913,993	312,466	57,880
Transportation	3,576,241	1,790,000	374,125	919,585
Interest on long-term debt	1,138,972	—	—	—
Total Governmental Activities	71,765,986	10,249,987	26,169,079	1,012,861
Business-Type Activities:				
Workers' compensation	7,140,629	3,159,348	9,739	—
Unemployment compensation	1,913,872	1,924,478	55,549	—
Higher education student services	4,561,139	4,798,048	(6,108)	4,585
Health insurance	4,234,397	4,367,766	—	—
Washington's lottery	778,121	1,032,723	—	—
Paid family and medical leave	1,775,851	1,731,964	—	—
Other	333,832	1,648,679	566	—
Total Business-Type Activities	20,737,841	18,663,006	59,746	4,585
Total Primary Government	\$ 92,503,827	\$ 28,912,993	\$ 26,228,825	\$ 1,017,446
Total Component Units	\$ 3,329,336	\$ 2,372,799	\$ 822,665	\$ —

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 previously reported

Error corrections

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			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (782,473)	\$ —	\$ (782,473)	
(15,436,848)	—	(15,436,848)	
(3,138,380)	—	(3,138,380)	
(11,945,504)	—	(11,945,504)	
(1,534,243)	—	(1,534,243)	
134,892	—	134,892	
(492,531)	—	(492,531)	
(1,138,972)	—	(1,138,972)	
(34,334,059)	—	(34,334,059)	
—	(3,971,542)	(3,971,542)	
—	66,155	66,155	
—	235,386	235,386	
—	133,369	133,369	
—	254,602	254,602	
—	(43,887)	(43,887)	
—	1,315,413	1,315,413	
—	(2,010,504)	(2,010,504)	
\$ (34,334,059)	\$ (2,010,504)	\$ (36,344,563)	
			\$ (133,872)
15,938,205	—	15,938,205	—
6,868,716	—	6,868,716	—
4,686,231	—	4,686,231	53,201
1,530,865	—	1,530,865	—
2,172,480	20,200	2,192,680	—
292,272	—	292,272	—
629,589	—	629,589	—
887,669	—	887,669	—
1,740,276	—	1,740,276	85,080
1,573,189	1,480,352	3,053,541	170,392
36,319,492	1,500,552	37,820,044	308,673
1,985,433	(509,952)	1,475,481	174,801
53,871	—	53,871	—
236,146	(236,146)	—	—
2,275,450	(746,098)	1,529,352	174,801
50,415,009	(13,164,643)	37,250,366	2,632,253
167,930	(83,678)	84,252	452
50,582,939	(13,248,321)	37,334,618	2,632,705
\$ 52,858,389	\$ (13,994,419)	\$ 38,863,970	\$ 2,807,506

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Basic Financial Statements
Fund Financial Statements

Balance Sheet
GOVERNMENTAL FUNDS

June 30, 2024
(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds
ASSETS			
Cash and cash equivalents	\$ 7,025,452	\$ 736,461	\$ 1,207,743
Investments	2,344	4,273,438	5,777,089
Taxes receivable (net of allowance)	5,656,163	119,704	—
Receivables (net of allowance)	1,426,548	1,247,834	58,504
Due from other funds	1,565,462	1,029,217	170
Due from other governments	2,566,306	699,556	—
Inventories and prepaids	19,200	54,749	—
Restricted cash and investments	22,959	128,089	—
Restricted receivables	—	2,147	—
Total Assets	\$ 18,284,434	\$ 8,291,195	\$ 7,043,506
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,969,921	\$ 226,214	\$ —
Accrued liabilities	804,701	962,521	206,168
Due to other funds	334,808	616,841	740,203
Due to other governments	503,198	35,498	50,000
Unearned revenue	720,591	294,881	—
Claims and judgments payable	37,155	—	—
Total Liabilities	5,370,374	2,135,955	996,371
DEFERRED INFLOWS OF RESOURCES	3,917,728	375,218	34,038
FUND BALANCES			
Nonspendable fund balance	60,929	54,749	3,302,986
Restricted fund balance	999,919	71,224	2,710,111
Committed fund balance	1,902,336	5,544,110	—
Assigned fund balance	2,032,952	109,939	—
Unassigned fund balance	4,000,196	—	—
Total Fund Balances	8,996,332	5,780,022	6,013,097
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,284,434	\$ 8,291,195	\$ 7,043,506

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

Wildlife and Natural Resources		Nonmajor Governmental Funds		Total	
\$	2,754,865	\$	6,733,946	\$	18,458,467
	—		345,443		10,398,314
	32,294		266,543		6,074,704
	293,625		1,628,423		4,654,934
	58,993		438,908		3,092,750
	1,191,001		2,150,751		6,607,614
	2,471		70,375		146,795
	8		154,287		305,343
	—		2,477		4,624
\$	4,333,257	\$	11,791,153	\$	49,743,545

\$	32,721	\$	1,205,294	\$	4,434,150
	77,242		245,601		2,296,233
	48,109		1,215,164		2,955,125
	21,206		355,968		965,870
	21,858		167,018		1,204,348
	—		102,537		139,692
	201,136		3,291,582		11,995,418
	59,556		90,646		4,477,186

	2,471		306,978		3,728,113
	1,479,803		3,218,147		8,479,204
	2,590,291		4,933,897		14,970,634
	—		—		2,142,891
	—		(50,097)		3,950,099
	4,072,565		8,408,925		33,270,941
\$	4,333,257	\$	11,791,153	\$	49,743,545

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

June 30, 2024
(expressed in thousands)

Total Fund Balances for Governmental Funds	\$	33,270,941
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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	\$	34,516,957	
Depreciable assets		28,517,296	
Less: Accumulated depreciation/amortization		(14,905,859)	
Total capital assets			48,128,394

Long-term receivables for capital assets are not financial resources and therefore are not reported in the funds.	35,000
---	--------

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.	4,114,632
--	-----------

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.	5,332,850
--	-----------

Deferred outflows of resources represent a consumption of net assets that will be reported as an outflow of resources in a future period and therefore are not reported in the funds.	3,320,992
---	-----------

Deferred inflows of resources represent an acquisition of net assets that will be recognized as an inflow of resources in a future period and therefore are not reported in the funds.	(4,416,165)
--	-------------

Unmatured interest on general obligation bonds and other debt is not recognized in the funds until due.	(414,015)
---	-----------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.	(1,659,215)
---	-------------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Bonds and other financing contracts payable	\$	(26,581,813)	
Accreted interest on bonds and other debt		(265,740)	
Right-to-use lease liabilities		(1,199,222)	
Subscription liabilities		(120,995)	
Compensated absences		(960,683)	
Other postemployment benefits obligations		(3,596,820)	
Net pension liability		(1,003,692)	
Unclaimed property		(186,132)	
Pollution remediation obligations		(304,585)	
Claims and judgments		(44,680)	
Asset retirement obligations		(31,800)	
Other obligations		(558,863)	
Total long-term liabilities			(34,855,025)

Net Position of Governmental Activities	\$	52,858,389
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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, 2024

(expressed in thousands)

	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds
REVENUES			
Retail sales and use taxes	\$ 15,806,770	\$ 3	\$ —
Business and occupation taxes	6,420,485	442,499	—
Property taxes	4,614,073	—	—
Excise taxes	1,043,056	522,926	—
Motor vehicle and fuel taxes	53	—	—
Other taxes	2,327,147	436,327	—
Licenses, permits, and fees	155,677	1,065	—
Other contracts and grants	607,700	1,534,851	—
Timber sales	4,426	—	43,266
Federal grants-in-aid	20,923,009	1,759,861	—
Charges for services	64,134	3,786,911	—
Investment income (loss)	488,360	206,058	551,529
Miscellaneous revenue	377,274	231,034	92,057
Contributions and donations	—	—	53,871
Unclaimed property	219,109	—	—
Total Revenues	53,051,273	8,921,535	740,723
EXPENDITURES			
Current:			
General government	2,237,365	303	166
Human services	30,933,248	180,565	—
Natural resources and recreation	1,004,475	—	—
Transportation	111,665	—	—
Education	18,686,212	8,361,356	4,542
Intergovernmental	144,350	—	—
Capital outlays	301,508	189,035	10,305
Debt service:			
Principal	4,711	15,039	—
Interest	1,255	46,825	—
Total Expenditures	53,424,789	8,793,123	15,013
Excess of Revenues Over (Under) Expenditures	(373,516)	128,412	725,710
OTHER FINANCING SOURCES (USES)			
Bonds issued	112,601	—	—
Refunding bonds issued	—	—	—
Payments to escrow agents for refunded bond debt	—	—	—
Issuance premiums	337	261	—
Other debt issued	5,590	2,640	—
Right-to-use lease acquisition	75,988	2,231	—
Transfers in	908,313	87,871	1,918
Transfers out	(1,900,893)	(307,260)	(33,100)
Total Other Financing Sources (Uses)	(798,064)	(214,257)	(31,182)
Net Change in Fund Balances	(1,171,580)	(85,845)	694,528
Fund Balances - Beginning, as previously reported	10,164,278	5,872,294	5,318,569
Change within financial reporting entity	—	—	—
Error corrections	3,634	(6,427)	—
Fund Balances - Beginning, as restated	10,167,912	5,865,867	5,318,569
Fund Balances - Ending	\$ 8,996,332	\$ 5,780,022	\$ 6,013,097

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

State of Washington

Wildlife and Natural Resources		Nonmajor Governmental Funds		Total	
\$	47	\$	131,385	\$	15,938,205
	4,991		741		6,868,716
	—		—		4,614,073
	5,264		601,234		2,172,480
	18,536		1,512,276		1,530,865
	298,060		374,568		3,436,102
	1,492,535		2,361,651		4,010,928
	2,764		347,439		2,492,754
	81,680		61,222		190,594
	58,046		1,948,271		24,689,187
	19,180		779,114		4,649,339
	27,999		299,242		1,573,188
	175,011		893,490		1,768,866
	—		—		53,871
	—		—		219,109
	2,184,113		9,310,633		74,208,277
	85,159		1,590,309		3,913,302
	9,739		1,797,445		32,920,997
	817,196		311,254		2,132,925
	18,202		2,896,760		3,026,627
	17,195		521,493		27,590,798
	76		415,807		560,233
	105,181		3,020,695		3,626,724
	1,319		1,388,626		1,409,695
	19		1,097,626		1,145,725
	1,054,086		13,040,015		76,327,026
	1,130,027		(3,729,382)		(2,118,749)
	—		1,931,549		2,044,150
	—		1,596,204		1,596,204
	—		(1,754,103)		(1,754,103)
	—		459,100		459,698
	—		2,255		10,485
	2,284		10,174		90,677
	25,084		3,489,229		4,512,415
	(231,011)		(1,838,423)		(4,310,687)
	(203,643)		3,895,985		2,648,839
	926,384		166,603		530,090
	—		11,387,513		32,742,654
	3,146,500		(3,146,500)		—
	(319)		1,309		(1,803)
	3,146,181		8,242,322		32,740,851
\$	4,072,565	\$	8,408,925	\$	33,270,941

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**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, 2024
(expressed in thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 530,090

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	\$ 2,591,124	
Less: Depreciation expense	(1,049,288)	
		1,541,836

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.

160,648

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.

(892,315)

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	\$ (4,441,390)	
Principal payments on bonds and other financing contracts	3,654,642	
Accrued interest on bonds	26,520	
		(760,228)

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	\$ (107,615)	
Other postemployment benefits	236,432	
Pensions	1,368,419	
Pollution remediation	(5,639)	
Claims and judgments	(2,439)	
Accrued interest	(9,461)	
Unclaimed property	(40,381)	
Asset retirement obligations	(2,017)	
Other obligations	258,120	
		1,695,419

Change in Net Position of Governmental Activities	\$	2,275,450
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
PROPRIETARY FUNDS

June 30, 2024
(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	\$ 140,752	\$ 3,689,671	\$ 1,548,260
Investments	1,495,602	—	8,203
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	1,104,882	1,219,880	619,396
Due from other funds	1,117	5,146	26,955
Due from other governments	1,164	137,164	107,234
Inventories	—	—	52,996
Prepaid expenses	168	—	15,735
Restricted cash and investments	653	—	8,246
Restricted receivables	—	—	—
Total Current Assets	2,744,338	5,051,861	2,387,025
Noncurrent Assets:			
Investments, noncurrent	18,379,596	—	516,428
Restricted investments, noncurrent	—	—	34,977
Restricted net pension asset	64,906	—	237,463
Other noncurrent assets	2,629	—	95,812
Capital assets:			
Land and other non-depreciable assets	3,332	—	71,926
Buildings	69,759	—	4,622,709
Other improvements	1,290	—	159,144
Furnishings, equipment, and intangibles	106,332	—	1,162,735
Infrastructure	—	—	45,669
Lease assets	31,055	—	332,604
Subscription assets	4,932	—	83,434
Accumulated depreciation and amortization	(163,096)	—	(3,200,166)
Construction in progress	48,753	—	170,375
Total Noncurrent Assets	18,549,488	—	4,333,110
Total Assets	21,293,826	5,051,861	6,720,135
DEFERRED OUTFLOWS OF RESOURCES	78,432	—	460,185
Total Assets and Deferred Outflows of Resources	\$ 21,372,258	\$ 5,051,861	\$ 7,180,320

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

State of Washington

Continued

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 468,065	\$ 390,837	\$ 6,237,585	\$ 856,656	
—	89,114	1,592,919	—	
—	3,788	3,788	—	
72,470	937,887	3,954,515	100,075	
8	134,565	167,791	232,951	
195,712	8,516	449,790	156,517	
—	16,995	69,991	17,852	
835	112	16,850	22,701	
—	—	8,899	86,912	
—	—	—	194	
737,090	1,581,814	12,502,128	1,473,858	
—	2,721,935	21,617,959	44,544	
—	—	34,977	—	
3,788	34,410	340,567	103,102	
—	47,470	145,911	—	
—	1,540	76,798	4,772	
—	12,828	4,705,296	545,242	
—	7,014	167,448	15,244	
319	138,078	1,407,464	1,330,999	
—	—	45,669	2,170	
2,546	7,466	373,671	160,081	
—	3,982	92,348	164,964	
(1,972)	(53,152)	(3,418,386)	(1,237,240)	
—	2,673	221,801	118,807	
4,681	2,924,244	25,811,523	1,252,685	
741,771	4,506,058	38,313,651	2,726,543	
7,695	57,563	603,875	138,664	
\$ 749,466	\$ 4,563,621	\$ 38,917,526	\$ 2,865,207	

**Statement of Net Position
PROPRIETARY FUNDS**

June 30, 2024

(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	\$ 8,132	\$ —	\$ 477,428
Accrued liabilities	297,814	174,007	323,521
Obligations under security lending agreements	—	—	—
Bonds and notes payable	6,167	—	220,619
Total OPEB liability	2,385	—	12,312
Due to other funds	8,673	273	158,469
Due to other governments	—	529,670	732
Unearned revenue	3,160	10,623	94,149
Claims and judgments payable	2,438,709	203,478	—
Total Current Liabilities	2,765,040	918,051	1,287,230
Noncurrent Liabilities:			
Claims and judgments payable	41,214,541	—	—
Bonds and notes payable	12,599	1	2,578,457
Net pension liability	28,599	—	119,188
Total OPEB liability	92,265	—	476,262
Unearned revenue	2,845	—	—
Other long-term liabilities	6,547	—	127,580
Total Noncurrent Liabilities	41,357,396	1	3,301,487
Total Liabilities	44,122,436	918,052	4,588,717
DEFERRED INFLOWS OF RESOURCES	100,676	—	783,954
NET POSITION			
Net investment in capital assets	83,591	—	675,470
Restricted for:			
Pensions	93,835	—	349,721
Unrestricted	(23,028,280)	4,133,809	782,458
Total Net Position	(22,850,854)	4,133,809	1,807,649
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 21,372,258	\$ 5,051,861	\$ 7,180,320

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		
\$ 70,739	\$ 19,667	\$ 575,966	\$ 198,782		
13,965	214,266	1,023,573	108,668		
—	25,032	25,032	—		
542	3,521	230,849	179,000		
179	1,195	16,071	3,444		
405	122,560	290,380	247,871		
—	11,575	541,977	6,185		
2,030	93,681	203,643	6,295		
208,442	326,608	3,177,237	394,789		
296,302	818,105	6,084,728	1,145,034		
—	24,061	41,238,602	2,359,709		
342	3,653	2,595,052	617,624		
1,662	14,838	164,287	58,300		
6,923	46,243	621,693	133,229		
—	—	2,845	1,761		
1,254	1,122,622	1,258,003	33,198		
10,181	1,211,417	45,880,482	3,203,821		
306,483	2,029,522	51,965,210	4,348,855		
6,368	55,737	946,735	175,567		
10	113,279	872,350	365,260		
5,595	47,633	496,784	141,155		
431,010	2,317,450	(15,363,553)	(2,165,630)		
436,615	2,478,362	(13,994,419)	(1,659,215)		
\$ 749,466	\$ 4,563,621	\$ 38,917,526	\$ 2,865,207		

Statement of Revenues, Expenses, and Changes in Net Position

PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2024

(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
OPERATING REVENUES			
Sales	\$ —	\$ —	\$ 54,911
Less: Cost of goods sold	—	—	(30,788)
Gross profit	—	—	24,123
Charges for services	40	—	883,081
Patient services	—	—	2,930,111
Premiums and assessments	3,091,406	1,905,072	—
Lottery ticket proceeds	—	—	—
Federal aid for unemployment insurance benefits	—	55,549	—
Miscellaneous revenue	67,847	19,405	1,004,539
Total Operating Revenues	3,159,293	1,980,026	4,841,854
OPERATING EXPENSES			
Salaries and wages	249,294	—	1,539,116
Employee benefits	46,483	—	335,136
Personal services	14,658	—	516,113
Goods and services	97,886	—	1,717,023
Travel	4,409	—	37,301
Premiums and claims	6,646,279	1,913,872	—
Guaranteed education tuition program expense	—	—	—
Lottery prize payments	—	—	—
Depreciation and amortization	10,426	—	208,839
Miscellaneous expenses	70,814	—	(679)
Total Operating Expenses	7,140,249	1,913,872	4,352,849
Operating Income (Loss)	(3,980,956)	66,154	489,005
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	1,098,010	94,479	68,003
Interest expense	(378)	—	(178,091)
Tax and license revenue	94	—	—
Other revenues (expenses)	9,793	—	(80,829)
Total Nonoperating Revenues (Expenses)	1,107,519	94,479	(190,917)
Income (Loss) Before Contributions and Transfers	(2,873,437)	160,633	298,088
Capital contributions	—	—	4,585
Transfers in	—	—	31,747
Transfers out	—	—	(20,960)
Net Contributions and Transfers	—	—	15,372
Change in Net Position	(2,873,437)	160,633	313,460
Net Position -Beginning, as previously reported	(19,977,675)	3,973,176	1,578,221
Error corrections	258	—	(84,032)
Net Position - Beginning, as restated	(19,977,417)	3,973,176	1,494,189
Net Position - Ending	\$ (22,850,854)	\$ 4,133,809	\$ 1,807,649

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	
\$ —	\$ 112,591	\$ 167,502	\$ 43,787	
—	(74,575)	(105,363)	(33,909)	
—	38,016	62,139	9,878	
—	105,463	988,584	1,061,896	
—	—	2,930,111	—	
4,363,732	3,156,588	12,516,798	222,017	
—	1,028,955	1,028,955	—	
—	—	55,549	—	
4,005	9,788	1,105,584	367,404	
4,367,737	4,338,810	18,687,720	1,661,195	
18,696	135,668	1,942,774	455,184	
4,547	30,541	416,707	105,380	
11,680	38,620	581,071	89,039	
7,297	147,124	1,969,330	476,103	
104	1,371	43,185	5,642	
4,190,521	1,711,909	14,462,581	1,302,764	
—	96,345	96,345	—	
—	636,283	636,283	—	
835	11,430	231,530	162,273	
—	727	70,862	313	
4,233,680	2,810,018	20,450,668	2,596,698	
134,057	1,528,792	(1,762,948)	(935,503)	
14,309	205,552	1,480,353	2,919	
(19)	(3,191)	(181,679)	(18,645)	
—	20,105	20,199	18	
29	545	(70,462)	8,048	
14,319	223,011	1,248,411	(7,660)	
148,376	1,751,803	(514,537)	(943,163)	
—	—	4,585	16,430	
—	10,000	41,747	37,295	
(1,382)	(255,551)	(277,893)	(2,877)	
(1,382)	(245,551)	(231,561)	50,848	
146,994	1,506,252	(746,098)	(892,315)	
289,524	972,111	(13,164,643)	(787,314)	
97	(1)	(83,678)	20,414	
289,621	972,110	(13,248,321)	(766,900)	
\$ 436,615	\$ 2,478,362	\$ (13,994,419)	\$ (1,659,215)	

Statement of Cash Flows
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 3,010,023	\$ 2,009,002	\$ 3,688,004
Payments to suppliers	(2,778,044)	(1,934,245)	(2,207,908)
Payments to employees	(331,158)	—	(1,979,515)
Other receipts	67,847	155,062	1,004,539
Net Cash Provided (Used) by Operating Activities	(31,332)	229,819	505,120
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	—	—	31,747
Transfers out	—	—	(20,960)
Operating grants and donations received	9,920	—	22,414
Taxes and license fees collected	94	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	10,014	—	33,201
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(328)	—	(162,613)
Principal payments on long-term capital financing	(9,142)	—	(338,686)
Proceeds from long-term capital financing	—	—	392,790
Proceeds from sale of capital assets	25	—	14,526
Acquisitions of capital assets	(2,194)	—	(403,305)
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,639)	—	(497,288)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	587,804	94,479	66,348
Proceeds from sale of investment securities	5,597,884	—	927,905
Purchases of investment securities	(6,126,301)	—	(755,231)
Net Cash Provided (Used) by Investing Activities	59,387	94,479	239,022
Net Increase (Decrease) in Cash and Pooled Investments	26,430	324,298	280,055
Cash and cash equivalents, July 1, as restated	114,975	3,365,373	1,276,451
Cash and cash equivalents, June 30	\$ 141,405	\$ 3,689,671	\$ 1,556,506
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (3,980,956)	\$ 66,154	\$ 489,005
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	10,426	—	208,839
Revenue reduced for uncollectible accounts	70,582	—	1,979
Change in Assets: Decrease (Increase)			
Receivables	(102,029)	184,594	(176,103)
Inventories	—	—	3,503
Prepaid expenses	(3)	—	1,216
Other assets	(3,785)	—	(27,145)
Change in Deferred Outflows of Resources: Increase (Decrease)	11,514	—	52,386
Change in Liabilities: Increase (Decrease)			
Payables	4,003,357	(20,929)	74,779
Change in Deferred Inflows of Resources: Decrease (Increase)	(40,438)	—	(123,339)
Net Cash Provided (Used) by Operating Activities	\$ (31,332)	\$ 229,819	\$ 505,120

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

State of Washington

Continued

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 4,337,743	\$ 4,065,596	\$ 17,110,368	\$ 1,168,830	
(4,209,577)	(2,720,931)	(13,850,705)	(699,813)	
(24,764)	(180,993)	(2,516,430)	(625,799)	
3,971	6,905	1,238,324	368,557	
107,373	1,170,577	1,981,557	211,775	
—	10,000	41,747	37,295	
(1,382)	(255,551)	(277,893)	(2,877)	
—	566	32,900	713	
—	18,423	18,517	18	
(1,382)	(226,562)	(184,729)	35,149	
(19)	(70)	(163,030)	(24,226)	
(799)	(1,730)	(350,357)	(120,724)	
—	—	392,790	92,249	
—	292	14,843	17,242	
—	(15,458)	(420,957)	(176,258)	
(818)	(16,966)	(526,711)	(211,717)	
11,634	45,837	806,102	2,805	
—	1,216,602	7,742,391	18,761	
—	(2,133,733)	(9,015,265)	(40,228)	
11,634	(871,294)	(466,772)	(18,662)	
116,807	55,755	803,345	16,545	
351,258	335,082	5,443,139	927,023	
\$ 468,065	\$ 390,837	\$ 6,246,484	\$ 943,568	
\$ 134,057	\$ 1,528,792	\$ (1,762,948)	\$ (935,503)	
835	11,430	231,530	162,273	
—	(3,082)	69,479	52	
(26,195)	(381,092)	(500,825)	(156,913)	
—	(4,557)	(1,054)	6,941	
(835)	598	976	1,347	
(245)	(4,240)	(35,415)	(10,046)	
1,125	3,080	68,105	10,609	
1,018	35,463	4,093,688	1,189,554	
(2,387)	(15,815)	(181,979)	(56,539)	
\$ 107,373	\$ 1,170,577	\$ 1,981,557	\$ 211,775	

Statement of Cash Flows
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2024
(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	\$ —	\$ —	\$ 4,585
Acquisition of capital assets through financing arrangements	1,608	—	59,218
Amortization of annuity prize liability	—	—	—
Increase (decrease) in fair value of investments	485,551	—	1,105
Debt refunding deposited with escrow agent	—	—	168,821
Amortization of debt premium/discount	—	—	(11,032)

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
\$	—	\$ —	\$ 4,585	\$ 16,431
	—	1,577	62,403	39,694
	—	3,123	3,123	—
	1,157	144,361	632,174	63
	—	—	168,821	—
	—	2,850	(8,182)	6,401

Statement of Net Position
FIDUCIARY FUNDS
 June 30, 2024
(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	\$ 2,267	\$ 12,802,690	\$ 49,226	\$ 263,000
Receivables, pension and other employee benefit plans:				
Employers	—	—	263,766	—
Members (net of allowance)	—	—	7,501	—
Interest and dividends	—	—	464,286	—
Investment trades pending	—	500	13,130,014	—
Due from other pension and other employee benefit funds	—	—	45,545	—
Taxes receivable (net of allowance)	—	—	—	1,609,245
Other receivables, all other funds	—	76,351	7,788	5,910
Due from other governments	—	—	—	27,844
Investments:				
Liquidity	—	5,480,216	3,078,792	—
Fixed income	—	4,542,954	25,128,747	—
Public equity	—	—	59,734,481	—
Private equity	—	—	48,107,337	—
Real estate	—	—	32,003,115	—
Tangible assets	—	—	12,862,431	—
Innovations	—	—	1,959,817	—
Security lending collateral	—	—	404,363	—
Other noncurrent assets	—	—	—	117,823
Capital assets:				
Furnishings, equipment, and intangibles	16	—	—	—
Lease assets	1,056	—	—	5,621
Subscription assets	5,096	—	—	—
Accumulated depreciation and amortization	(1,705)	—	—	(2,108)
Total Assets	6,730	22,902,711	197,247,209	2,027,335
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	243	—
Total Assets and Deferred Outflows of Resources	\$ 6,730	\$ 22,902,711	\$ 197,247,452	\$ 2,027,335

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

**Statement of Net Position
FIDUCIARY FUNDS**

June 30, 2024
(expressed in thousands)

Concluded

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 450	\$ —	\$ —	\$ 4,766
Contracts payable	—	—	—	72
Accrued liabilities	665	15,960	14,100,846	98,791
Obligations under security lending agreements	—	—	404,363	—
Notes and leases payable	733	—	—	—
Due to other funds	—	116	—	—
Due to other pension and other employee benefit funds	—	—	45,546	—
Due to other governments	—	441,153	—	648,457
Unearned revenue	—	—	744	—
Total Current Liabilities	1,848	457,229	14,551,499	752,086
Noncurrent Liabilities:				
Unearned revenue	3,870	—	—	—
Other long-term liabilities	—	—	—	7,637
Total Noncurrent Liabilities	3,870	—	—	7,637
Total Liabilities	5,718	457,229	14,551,499	759,723
DEFERRED INFLOWS OF RESOURCES	—	—	337	—
NET POSITION				
Restricted for:				
Pensions	—	—	175,613,253	—
Deferred compensation participants	—	—	7,082,363	—
Local government pool participants	—	22,445,482	—	—
Individuals, organizations, and other governments	1,012	—	—	1,267,612
Total Net Position	\$ 1,012	\$ 22,445,482	\$ 182,695,616	\$ 1,267,612

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, 2024

(expressed in thousands)

	Private-Purpose Trust	Local Government Investment Pool	Pension and Other Employee Benefit Plans	Custodial Funds
ADDITIONS				
Contributions:				
Employers	\$ —	\$ —	\$ 3,037,851	\$ —
Members	—	—	2,324,412	—
State	—	—	117,805	—
Participants	—	34,863,863	515,651	854,412
Total Contributions	—	34,863,863	5,995,719	854,412
Investment Income:				
Net appreciation (depreciation) in fair value	—	—	11,747,194	—
Interest and dividends	—	1,105,709	3,346,946	(1,744)
Earnings (loss) on investments	(14)	15,747	—	1,514
Less: Investment expenses	—	—	(864,404)	—
Net Investment Income (Loss)	(14)	1,121,456	14,229,736	(230)
Other Additions:				
Unclaimed property	146,266	—	—	—
Transfers from other plans	—	—	76,126	—
Sales tax collections for other governments	—	—	—	7,533,379
Other	862	15	26,744	282,049
Total Other Additions	147,128	15	102,870	7,815,428
Total Additions	147,114	35,985,334	20,328,325	8,669,610
DEDUCTIONS				
Pension benefits	—	—	6,488,355	—
Contribution refunds	—	—	1,182,813	—
Transfers to other plans	—	—	76,126	—
Administrative expenses	8,993	1,897	3,318	24,823
Distributions to participants	—	34,044,457	422,412	—
Payments of sales tax to other governments	—	—	—	7,509,082
Payments on behalf of retirees for medical benefits	—	—	—	855,466
Other deductions	—	—	—	301,026
Payments to or on behalf of individuals, organizations, and other governments in accordance with state unclaimed property laws	142,595	—	—	—
Total Deductions	151,588	34,046,354	8,173,024	8,690,397
Net Increase (Decrease)	(4,474)	1,938,980	12,155,301	(20,787)
Net Position - Beginning, as previously reported	5,457	20,506,502	170,540,315	1,299,489
Error corrections	29	—	—	(11,090)
Net Position - Beginning, as restated	5,486	20,506,502	170,540,315	1,288,399
Net Position - Ending	\$ 1,012	\$ 22,445,482	\$ 182,695,616	\$ 1,267,612

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

Statement of Net Position

COMPONENT UNITS

June 30, 2024

(expressed in thousands)

Continued

	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 311,887	\$ 13,790	\$ 67,885	\$ 405,762	\$ 799,324
Investments	—	—	72,864	66,259	139,123
Receivables (net of allowance)	212,740	8,621	125,452	49,217	396,030
Inventories	32,235	—	9,188	—	41,423
Prepaid expenses	20,485	7,752	48,583	803	77,623
Total Current Assets	577,347	30,163	323,972	522,041	1,453,523
Noncurrent Assets:					
Investments, noncurrent	1,121,164	—	51,310	—	1,172,474
Restricted net pension asset	—	2,876	—	2,117	4,993
Other noncurrent assets	611,089	21	23,731	606,903	1,241,744
Capital assets:					
Land	142,661	—	12,884	34,677	190,222
Buildings	1,006,950	—	553,111	460,952	2,021,013
Other improvements	—	1,783	25,008	176	26,967
Furnishings, equipment, and intangible assets	331,684	83,874	323,285	12,991	751,834
Lease asset	176,738	2,819	147,049	12,875	339,481
Subscription asset	—	3,003	21,357	—	24,360
Accumulated depreciation and amortization	(599,917)	(63,553)	(614,328)	(348,001)	(1,625,799)
Construction in progress	73,813	2,651	11,382	—	87,846
Total Noncurrent Assets	2,864,182	33,474	554,789	782,690	4,235,135
Total Assets	3,441,529	63,637	878,761	1,304,731	5,688,658
DEFERRED OUTFLOWS OF RESOURCES					
	—	6,087	10,690	2,689	19,466
Total Assets and Deferred Outflows of Resources	\$ 3,441,529	\$ 69,724	\$ 889,451	\$ 1,307,420	\$ 5,708,124

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

Statement of Net Position

COMPONENT UNITS

June 30, 2024

(expressed in thousands)

					Concluded
	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 105,622	\$ 6,951	\$ 29,028	\$ 2,133	\$ 143,734
Accrued liabilities	187,746	1,518	150,746	65,286	405,296
Total OPEB liability	—	—	—	3	3
Lease and subscription liabilities	20,816	1,990	20,539	10,972	54,317
Unearned revenue	—	22,353	—	136,643	158,996
Total Current Liabilities	314,184	32,812	200,313	215,037	762,346
Noncurrent Liabilities:					
Bonds and notes payable	1,070,150	—	266,088	—	1,336,238
Net pension liability	—	—	—	1,064	1,064
Total OPEB liability	—	1,719	—	2,589	4,308
Lease and subscription liabilities	174,457	2,336	91,260	47	268,100
Other long-term liabilities	428,824	467	—	39,338	468,629
Total Noncurrent Liabilities	1,673,431	4,522	357,348	43,038	2,078,339
Total Liabilities	1,987,615	37,334	557,661	258,075	2,840,685
DEFERRED INFLOWS OF RESOURCES	5,611	4,764	46,461	3,097	59,933
NET POSITION					
Net investment in capital assets	166,506	25,696	79,262	162,971	434,435
Restricted for:					
Pension	—	4,974	—	2,122	7,096
Other purposes	688,496	—	2,454	11,241	702,191
Unrestricted	593,301	(3,044)	203,613	869,914	1,663,784
Total Net Position	1,448,303	27,626	285,329	1,046,248	2,807,506
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,441,529	\$ 69,724	\$ 889,451	\$ 1,307,420	\$ 5,708,124

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, 2024
(expressed in thousands)

	Fred Hutchinson Cancer Center	Health Benefit Exchange	Valley Medical Center	Nonmajor Component Units	Total
EXPENSES	\$ 2,102,011	\$ 120,259	\$ 967,261	\$ 139,805	\$ 3,329,336
PROGRAM REVENUES					
Charges for services	1,367,742	37,461	907,671	59,925	2,372,799
Operating grants and contributions	662,078	84,323	—	76,264	822,665
Total Program Revenues	2,029,820	121,784	907,671	136,189	3,195,464
Net Program Revenues (Expense)	(72,191)	1,525	(59,590)	(3,616)	(133,872)
GENERAL REVENUES (EXPENSES)					
Earnings (loss) on investments	143,337	—	7,235	19,820	170,392
Tax and license revenue	—	—	26,144	27,057	53,201
Other revenues (expenses)	2,656	(339)	76,406	6,357	85,080
Total General Revenues (Expenses)	145,993	(339)	109,785	53,234	308,673
Change in Net Position	73,802	1,186	50,195	49,618	174,801
Net Position - Beginning, as previously reported	1,374,501	26,440	235,134	996,178	2,632,253
Error corrections	—	—	—	452	452
Net Position - Beginning, as restated	1,374,501	26,440	235,134	996,630	2,632,705
Net Position - Ending	\$ 1,448,303	\$ 27,626	\$ 285,329	\$ 1,046,248	\$ 2,807,506

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

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Notes to the Financial Statements

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 retirement plans 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 (WSU) 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.

Retirement Plans. 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 Firefighters' Retirement System, the Washington State Patrol Retirement System, the Public Safety Employees' Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. Those retirement systems are composed of 15 defined benefit plans, three of which include a defined contribution component. The director of DRS is appointed by the Governor.

There are additional retirement plans administered outside of the DRS. The Volunteer Firefighters' and Reserve Officers' Relief and Pension Funds are administered through the State Board for Volunteer Firefighters 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 state and regional universities, the state college, the state community and technical colleges, and the Student Achievement Council each administer a separate Higher Education Supplemental Retirement Plan.

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

Refer to Note 15 for additional information about the state's pension plans.

Blended Component Units

Blended component units have governing bodies substantively the same as the state or the applicable university, provide services entirely to the primary government, or have total debt outstanding that is expected to be paid entirely, or almost entirely, with resources of the state. 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.

During fiscal year 2024, the Tobacco Settlement Authority paid off all bonds, transferred all remaining funds to the General Fund, and closed its operations.

University of Washington Physicians (UWP) is a nonprofit corporation 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 Primary Care (UW Primary Care) is a nonprofit corporation 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 Primary Care was 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. The entities issue tax-exempt and taxable bonds to finance these activities.

Portage Bay Insurance (PBI) is a wholly-owned subsidiary formed to provide the UW with alternative risk financing options for self-insurance reserves. PBI is responsible for insuring UW for medical professional liability, educator's legal liability including employment practices liability, and general, and automobile liability.

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.

Students Book Corporation is a legally separate entity, owned by the students of WSU, which operates bookstores on each of the WSU campuses.

Washington State University Alumni Association (WSUAA) is a nonprofit corporation that is focused on proactively increasing WSUAA membership and expanding the ways alumni and friends of WSU can become engaged with the University.

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 state's discretely presented component units are described below.

Fred Hutchinson Cancer Center (FHCC) was created in April 2022 from the merger of Seattle Cancer Care Alliance (SCCA) and Fred Hutchinson Cancer Research Center, along with the execution of the Restructuring and Enhanced Collaboration Agreement between the UW and FHCC. FHCC is focused on adult oncology research and care that is a clinically integrated part of UWMC.

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

Fred Hutchinson Cancer Center
1100 Fairview Avenue N
Seattle, WA 98109-1024

Valley Medical Center (VMC) was created in July 2011 through a strategic alliance between UW Medicine and Public Hospital District No. 1 of King County. Valley Medical Center owns and operates a 341-bed full service acute care hospital and 45 clinics located throughout southeast King County.

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

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

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
Olympia, WA 98501

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.

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 Economic Development Finance Authority**, the **Washington Health Care Facilities Authority**, the **Washington Higher Education Facilities Authority**, and the **Washington State Housing Finance Commission** (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

The UW 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 UW records revenue from CUMG based on the income distribution plan effective December 31, 2008. The UW's patient services receivable includes amounts due from CUMG of \$29.4 million in 2024.

Separate financial statements for CUMG may be obtained from:

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

In October 2018, the UW became an equity member in PNWCIN, LLC dba Embright, a Limited Liability Company. Embright is jointly owned by the UW, MultiCare Health System, and LifePoint Health. As a clinically integrated network owned by healthcare provider organizations, Embright enables the members to partner together to further the triple aim of improving the patient care experience and improving the health of populations while reducing costs. Together, the members represent 21 hospitals, more than 8,500 providers, and over 1,500 clinics. As of June 30, 2024, the UW's ownership interest in Embright totaled \$2.5 million.

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

Embright
1114 Post Avenue
Seattle, WA 98101

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.

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 796 accounts that are combined into 54 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. 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.
- **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.
- **Higher Education Special Revenue Fund** primarily accounts for tuition, student fees, and grants and contracts received for educational and research purposes.
- **Higher Education Endowment and Other Permanent Funds** 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; 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. Revenue from the federal government for unemployment benefits is also reported as operating revenues for the Unemployment Compensation Fund as this revenue source provides significant funding for the payment of unemployment benefits – the fund's principal activity. 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, debt service expenditures are 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 and the accrual basis of accounting. 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. 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: [LGIP Annual Comprehensive Financial Reports](#) 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, tangible assets and innovation) 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, 2024, these alternative investments are valued at \$93.88 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, 2024, 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 or weighted average 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 \$7.1 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 fiduciary 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 (excluding intangible right-to-use lease 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.
- Lease assets with total payments over the lease term of \$500,000 or greater.
- 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 lease-to-own agreements 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.

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, excluding intangible right-to-use lease assets and subscription assets.

Generally, estimated useful lives are as follows:

Buildings & building components	5-50 years
Furnishings, equipment, and 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. Leases and Subscription-Based Information Technology Arrangements

Lessee and Subscription-Based Information Technology Arrangement (SBITA) Activities. The state is a lessee for various noncancellable leases of land, buildings, equipment, and vehicles. The state also has noncancellable SBITAs for the right to use information technology hardware and software.

For leases and SBITAs that meet the capitalization threshold, the state recognizes a lease or subscription liability, respectively, and an intangible right-to-use lease asset or subscription asset (capital assets), respectively, on the Statement of Net Position in the government-wide and proprietary and fiduciary fund financial statements.

For governmental fund financial reporting, the initial value of the lease or subscription liability is reported as other financing sources with a corresponding capital outlay at lease or subscription commencement.

The lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the amount of the lease liability, plus any lease payments made at or before the lease commencement date and initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the state is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

The subscription liability is initially measured at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the amount of the subscription liability, plus

any subscription payments made at or before the subscription commencement date and capitalizable implementation costs, less any vendor incentives received at or before the subscription commencement date. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

Generally, the state's incremental borrowing rate is used as the discount rate for leases and SBITAs unless the rate that the lessor/vendor charges is known. The incremental borrowing rate for leases is based on the rate of interest the state would be charged if it issued certificates of participation to borrow an amount equal to the payments for a similar asset type and under similar terms at the commencement or remeasurement date. The University of Washington and Washington State University each use an incremental borrowing rate specific to their university as the discount rate for leases and SBITAs.

The lease or subscription term includes the noncancellable periods of the lease or SBITA, respectively, plus any additional periods covered by either the state or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the state and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease or subscription term.

Certain payments are evaluated to determine if they should be included in the measurement of the lease and subscription liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.

The state monitors changes in circumstances that may require remeasurement of a lease or subscription liability. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the lease or subscription asset.

For leases and SBITAs below the capitalization threshold and leases and SBITAs with a maximum possible term of 12 months or less at commencement, an expense/expenditure is recognized based on the provisions of the contract.

Lessor Activities. The state is a lessor for various noncancellable leases of land, buildings, and other assets such as communication towers.

For leases that meet the capitalization threshold, at lease commencement the state recognizes a lease receivable

and a deferred inflow of resources on the Statement of Net Position in the government-wide and proprietary and fiduciary fund financial statements and on the governmental funds Balance Sheet.

The lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the amount of the lease receivable, plus lease payments made at or before the lease commencement date, less any lease incentives paid to, or on behalf of, the lessee at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term.

Generally, the state's incremental borrowing rate for leases is used as the discount rate for lease receivables. The University of Washington and Washington State University each use an incremental borrowing rate specific to their university as the discount rate for lease contracts where the university is the lessor.

The lease terms include the noncancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the state have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

The state monitors changes in circumstances that may require remeasurement of a lease receivable. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflow of resources.

For leases below the capitalization threshold and leases with a maximum possible term of 12 months or less at commencement, revenue is recognized based on the provisions of the lease contract.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Balance Sheet and Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Balance Sheet and Statement of Net Position report a separate section for deferred

inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Refer to Note 12 for a disaggregation of deferred outflows of resources and deferred inflows of resources.

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.

8. Compensated Absences

State employees accrue vested vacation leave at a variable rate based on years of service. In general, accrued vacation leave cannot exceed 280 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 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.

9. 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.

10. Net Position/ Fund Balance

In governmental fund type accounts, the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources 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, the difference between assets, liabilities, deferred outflows of resources, and deferred inflows of resources 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 44000, Olympia, WA 98504-4000 or by visiting their website at: [State Fund Financial Reports](#).

Risk Management. The state of Washington operates a self-insurance liability program pursuant to RCW 4.92.130. 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 and 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, through the Public Employees Benefits Board (PEBB) and School Employees Benefits Board (SEBB) Programs, administers and provides medical, vision, dental, life, and long-term disability insurance benefits for eligible state employees, school employees, retirees, and their dependents. Employer groups, comprised of counties, municipalities, political subdivisions, tribal governments, the Washington Health Benefit Exchange, and employee organizations representing state civil service employees are allowed to contract with the state to provide these benefits to their employees through the PEBB Program. The state establishes eligibility requirements and approves the plan design of all participating insurers.

The Health Insurance Fund is accounted for as an enterprise fund.

The state and the employee contribute to the total monthly premium for benefits. The state's share of the cost of benefits is based on a per capita amount determined annually by the Legislature, which is allocated to state agencies and school districts. The employee's

share is determined by the benefit coverages elected by the employee.

The Health Care Authority (HCA), as administrator of the PEBB and SEBB Programs, collects the total monthly premium. State agencies and school districts submit payment for each eligible employee. Separated employees, employees who lose eligibility, and employees who are temporarily not in pay status are able to continue benefits on a self-pay basis for medical and dental benefits. Retirees also pay for benefits on a self-pay basis. Employer groups submit payment to HCA for the total cost of their employees' benefits. For additional information, refer to Note 16.

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 58 percent of the eligible subscribers in fiscal year 2024. 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 15 Retirement Plans and Note 16 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 and other 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 3.6 percent of a five-year rolling average of the endowments' market valuation.

The net appreciation available for authorization for expenditure by governing boards totaled \$1.36 billion. This amount is reported as restricted for expendable endowment funds on the government-wide Statement of Net Position.

5. Scholarship Allowances

On the government-wide Statement of Activities and proprietary fund statements, charges for services is reported net of scholarship allowances, which represent the difference between the state charge for tuition and fees and the amount that is paid by the student or third parties on behalf of the student. Estimated discounts and allowances for the year ending June 30, 2024, are \$516.3 million for governmental activities and \$35.2 million for business-type activities.

Note 2

Accounting Changes and Error Corrections

Reporting Change

Effective for fiscal year 2024, the state adopted the new standard, Statement No. 100, *Accounting Changes and Error Corrections*, issued by the Governmental Accounting Standards Board (GASB). This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. It also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting requirements for each type of accounting change and error correction.

Change within the Financial Reporting Entity

In fiscal year 2024, the Wildlife and Natural Resources Fund reached the threshold to be reported as a major fund. It was reclassified from a nonmajor governmental fund as shown in column A of the following table.

Corrections of Errors in Previously Issued Financial Statements

The state of Washington implemented a new system to track and account for its leases and subscription-based information technology arrangements (SBITAs) in fiscal year 2024. All lease and SBITA contracts were re-evaluated and the lease and subscription assets, lease and subscription liabilities, lease receivables, and deferred inflows of resources for leases were recalculated using the new software. In addition, all lease assets and lease liabilities were recalculated using the implementation date of June 30, 2022. This change impacted the June 30, 2023, balances of multiple funds on the following line items: receivables (net); other assets, noncurrent; lease assets; subscription assets; accumulated depreciation and amortization; bonds and notes payable; and deferred inflows of resources. The effect of these recalculations are shown in column B of the following table.

During fiscal year 2024, the state determined the National Board Conditional Loan program was not being accounted for properly. Cash and cash equivalents, other receivables (net), and contracts and grants revenue were understated in the General Fund in the fiscal year ended June 30, 2023. The effect of correcting that error is shown in column C of the following table.

During fiscal year 2024, the state determined that cash and cash equivalents and fund balance were overstated in the Higher Education Special Revenue Fund, a major governmental fund, in the fiscal year ended June 30, 2023.

The effect of correcting that error is shown in column D of the following table.

During fiscal year 2024, the state determined general government expenditures and unearned revenue were overstated in the Central Administrative and Regulatory Fund, a nonmajor governmental fund, as a result of billing errors in the fiscal year ended June 30, 2021. The effect of correcting that error is shown in column E of the following table.

The state recorded adjustments, primarily between funds, to the June 30, 2023, balances of capital assets to align with the University of Washington's balances after their transition to a new accounting system. For the fiscal year ended June 30, 2023, capital assets were understated for governmental activities, including the Higher Education Revolving Fund, an internal service fund, and overstated in the Higher Education Student Services Fund, a major enterprise fund. This adjustment impacted all major classes of capital assets. The effect of the adjustments are shown in column F of the following table.

In fiscal year 2023, there was an error in the allocation of balances for retiree insurance benefits from the state's Health Insurance Fund, a major enterprise fund, to the Retiree Health Insurance Fund, a custodial fund. Cash and cash equivalents, accounts payable, accrued liabilities, and the current portion of claims and judgments payable were understated in the Health Insurance Fund; and the participant contributions, cash and cash equivalents, accounts payable, and accrued liabilities were overstated in the Retiree Health Insurance Fund in the fiscal year ended June 30, 2023. The effect of correcting that error is shown in column G of the following table.

In prior fiscal years, the state recorded scholarship allowances as an expense rather than as a reduction of revenue on the statements that use the accrual basis of accounting. As a result, charges for services and expenses for education - higher education and higher education student services were overstated on the government-wide Statement of Activities, and charges for services and miscellaneous expenses were overstated on the proprietary fund statements. This error did not have an impact on net position.

During fiscal year 2024, a change within the financial reporting entity and error corrections resulted in adjustments to and restatements of beginning net position, fund balance, and fund net position for the primary government and the fiduciary funds, as follows (amounts in thousands):

State of Washington

	June 30, 2023, as previously reported	Change within the Financial Reporting Entity (A)	Error Corrections						July 1, 2023, as restated
			(B)	(C)	(D)	(E)	(F)	(G)	
Government-Wide:									
Governmental Activities	\$ 50,415,009	\$ —	\$ 38,687	\$ 3,705	\$ (5,374)	\$ 1,317	\$ 129,595	\$ —	\$ 50,582,939
Business-Type Activities	(13,164,643)	—	4,496	—	—	—	(88,174)	—	(13,248,321)
Total Primary Government	\$ 37,250,366	\$ —	\$ 43,183	\$ 3,705	\$ (5,374)	\$ 1,317	\$ 41,421	\$ —	\$ 37,334,618
Governmental Funds:									
General	\$ 10,164,278	\$ —	\$ (71)	\$ 3,705	\$ —	\$ —	\$ —	\$ —	\$ 10,167,912
Higher Education Special Revenue	5,872,294	—	(1,053)	—	(5,374)	—	—	—	5,865,867
Higher Ed. Endowment & Other Permanent Funds	5,318,569	—	—	—	—	—	—	—	5,318,569
Wildlife and Natural Resources	—	3,146,500	(319)	—	—	—	—	—	3,146,181
Nonmajor Governmental	11,387,513	(3,146,500)	(8)	—	—	1,317	—	—	8,242,322
Total Governmental Funds	\$ 32,742,654	\$ —	\$ (1,451)	\$ 3,705	\$ (5,374)	\$ 1,317	\$ —	\$ —	\$ 32,740,851
Proprietary Funds:									
Workers' Compensation	\$ (19,977,675)	\$ —	\$ 258	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (19,977,417)
Unemployment Compensation	3,973,176	—	—	—	—	—	—	—	3,973,176
Higher Education Student Services	1,578,221	—	4,142	—	—	—	(88,174)	—	1,494,189
Health Insurance	289,524	—	97	—	—	—	—	—	289,621
Nonmajor Enterprise	972,111	—	(1)	—	—	—	—	—	972,110
Total Enterprise Funds	(13,164,643)	—	4,496	—	—	—	(88,174)	—	(13,248,321)
Internal Service Funds	(787,314)	—	7,983	—	—	—	12,431	—	(766,900)
Total Proprietary Funds	\$ (13,951,957)	\$ —	\$ 12,479	\$ —	\$ —	\$ —	\$ (75,743)	\$ —	\$ (14,015,221)
Fiduciary Funds:									
Private-Purpose Trust	\$ 5,457	\$ —	\$ 29	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,486
Local Government Investment Pool	20,506,502	—	—	—	—	—	—	—	20,506,502
Pension and Other Employee Benefit Plans	170,540,315	—	—	—	—	—	—	—	170,540,315
Custodial Funds	1,299,489	—	—	—	—	—	—	(11,090)	1,288,399
Total Fiduciary Funds	\$ 192,351,763	\$ —	\$ 29	\$ —	\$ —	\$ —	\$ —	\$ (11,090)	\$ 192,340,702

The Public Stadium Authority, a nonmajor component unit, recorded additional fiscal year 2023 transactions related to receivable leases after the state of Washington's Annual Comprehensive Financial Report was published. In the fiscal year ended June 30, 2023, receivables (net of allowance), other noncurrent assets, deferred inflows of resources, charges for services, and earnings (loss) on investments were understated. The effect of these additional transactions resulted in an increase in the beginning net position of the component units as follows (amounts in thousands):

	June 30, 2023, as previously reported	Error Correction	July 1, 2023, as restated
Component Units:			
Fred Hutchinson Cancer Center	\$ 1,374,501	\$ —	\$ 1,374,501
Health Benefit Exchange	26,440	—	26,440
Valley Medical Center	235,134	—	235,134
Nonmajor Component Units	996,178	452	996,630
Total Component Units	\$ 2,632,253	\$ 452	\$ 2,632,705

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, 2024, \$1.55 billion of the state's deposits with financial institutions were insured or collateralized, with the remaining \$4 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 of the plans and related earnings on those contributions, as managed by the WSIB. The Washington State Retirement System is administered by the Department of Retirement Systems (DRS). The DRS acts as the administering agency for all plans, except for the Volunteer Firefighters' and Reserve Officers' Relief and Pension Principal Funds, which are administered by the Board for Volunteer Firefighter and Reserve Officers, and the Higher Education Retirement Pension Supplemental Benefit Funds, which are administered by

each higher education entity. 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 the 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 investment 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 2024.

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 certain 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, monthly.

In addition to share ownership in the CTF, most retirement plans hold 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 Firefighters' Retirement Plans 1 and 2; Washington State Patrol Retirement System Plans 1 and

2; Public Safety Employees' Retirement System Plan 2; Volunteer Firefighters' and Reserve Officers' Relief and Pension Principal Funds; 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; and the Retirement Strategy Fund (RSF). 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 CTF is an investment component of each RSF's vintage year glide path. The RSF is a self-directed investment option for the defined contribution and deferred compensation plans and programs. 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 market 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 fair 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. markets, and emerging markets. The program has a global benchmark, currently the Morgan Stanley Capital International (MSCI) All Country World Index Investable Market Index with U.S. Gross. 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 funds investment program, and to meet or exceed the return of the Bloomberg 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 fair value at the time of purchase and 6 percent of its fair 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 fair 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 Global Family of Fixed Income Indices). Total fair value of below investment grade credit bonds shall not exceed 15 percent of the fair 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 fair value of below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities shall not exceed 5 percent of the fair 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 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 with U.S. Gross, 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 publicly traded securities, 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.

2. Valuation of Investments

The pension trust funds report 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, 2024:

Pension Trust Funds				
Investments Measured at Fair Value				
June 30, 2024				
(expressed in thousands)				
		Fair Value Measurements Using		
Investments by Fair Value Level	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities				
Corporate bonds	\$ 14,316,824	\$ —	\$ 14,316,824	\$ —
U.S. government and agency securities	7,232,475	—	7,232,475	—
Mortgage and other asset-backed securities	1,938,362	—	1,938,362	—
Foreign government and agency securities	1,809,143	—	1,809,143	—
Total Debt Securities	25,296,804	—	25,296,804	—
Equity Securities				
Common and preferred stock	23,230,166	23,228,257	—	1,909
Depository receipts	469,708	469,708	—	—
Real estate investment trusts and other miscellaneous	178,845	178,729	—	116
Total Equity Securities	23,878,719	23,876,694	—	2,025
Alternative Investments				
Real estate	987,892	—	—	987,892
Tangible assets	959,265	959,265	—	—
Total Alternative Investments	1,947,157	959,265	—	987,892
Total Investments by Fair Value Level	51,122,680	\$ 24,835,959	\$ 25,296,804	\$ 989,917
Investments Measured at Net Asset Value (NAV)				
Private equity	48,560,464			
Real estate	31,316,664			
Collective investment trust funds (equity securities)	20,772,989			
Tangible assets	12,024,318			
Innovation	1,978,276			
Total Investments Measured at the NAV	114,652,711			
Total Investments Measured at Fair Value	\$ 165,775,391			
Other Assets (Liabilities) at Fair Value				
Collateral held under securities lending agreements	\$ 408,171	\$ —	\$ 408,171	\$ —
Margin variation receivable-futures contracts	10,755	10,755	—	—
Net foreign exchange contracts receivable-forward and spot	(69,125)	—	(69,125)	—
Obligations under securities lending agreements	(408,171)	—	(408,171)	—
Total Other Assets (Liabilities) Measured at Fair Value	\$ (58,370)	\$ 10,755	\$ (69,125)	\$ —

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 and 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. Publicly traded debt securities have fair values derived from proprietary models that use market-based measurements representing 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 are publicly traded equity securities and other investments that have noncurrent or “stale” fair 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. One real estate limited partnership in this classification is reported at fair value using valuation techniques for which the significant inputs for the valuation are unobservable.

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 asset investments, including private equity, real estate, tangible assets, and innovation.

Collective Investment Trust Funds. The pension trust funds invest in collective investment trust funds (fund) that allow multiple institutional investors to pool assets into a single fund, providing greater diversification and lower costs. 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 securities.

The funds are passively managed to approximate the total rates of return of the MSCI U.S. Investable Market Index and the MSCI Emerging Markets Investable Market Index. The MSCI U.S. Investable Market Index fund allows contributions and withdrawals on any business day while the MSCI Emerging Markets Investable Market Index fund limits these activities to monthly. 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 delay or suspend the right to make contributions and withdrawals from the fund if it is determined to be reasonably necessary to prevent a material adverse impact on the fund or other investors.

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 the equity of each investment vehicle (or fund), as reported by the investment partner or manager. These investments are valued at approximately \$93.88 billion as of June 30, 2024. 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 may be different than the June 30, 2024, reported net asset value.

The nature of these investments provides for distributions through the sale or liquidation of the underlying assets and long-term capital appreciation and from cash flows from operating activities. It is anticipated that the various investments within each asset class will be liquidated over the following periods:

Pension Trust Funds

Alternative Assets Expected Liquidation Periods

June 30, 2024

(expressed in thousands)

Liquidation Periods	Investment Type					Total	Percentage of Total
	Private Equity	Real Estate	Tangible Assets	Innovation			
Less than 3 years	\$ 24,652	\$ 2,169	\$ 3,177	\$ —	\$ 29,998	—	%
3 to 9 years	4,378,064	1,629,918	805,472	—	6,813,454	7.3	%
10 or more years	44,157,748	29,684,577	11,215,669	1,978,276	87,036,270	92.7	%
Total	\$ 48,560,464	\$ 31,316,664	\$ 12,024,318	\$ 1,978,276	\$ 93,879,722	100.0	%

Private Equity. This includes 277 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 primary goal of the portfolio is to create value through operational improvements, strategic guidance, and financial

restructuring in order to realize profits on the investments when sold.

Real Estate. This includes 17 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 investment managers provide quarterly fair value estimates of the pension trust funds' net equity interest in each fund. The investment manager adjusts individual assets, long-term debt, and incentive compensation liabilities to fair value at least annually and as frequently as quarterly if material market or operational changes have occurred since the last valuation date. Properties are externally appraised generally once every five years, depending upon the investment. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

Tangible Assets. This includes 64 limited liability structures and funds with a primary goal to generate long-term and stable income streams and asset appreciation at least commensurate with inflation.

Innovation. This includes 13 limited liability structures and funds. The primary goal of the portfolio is to provide the pension trust funds with an ability to invest in investment ideas outside the traditional asset classes, with a secondary purpose of providing comfort and demonstrated success before committing large dollar amounts to an investment strategy.

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 securities 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 custodian 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 invested in the CTF, upon request, to make additional investment purchases up to predetermined amounts. As of June 30, 2024, the pension trust funds had total unfunded commitments of \$32.79 billion in the following asset classes: \$18.36 billion in private equity, \$9.17 billion in real estate, \$4.39 billion in tangible assets, and \$878.5 million in innovation.

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, 2024, was approximately \$571.5 million. The pension trust funds report securities on loan in their respective categories in the Statement of Net Position. At June 30, 2024, cash collateral received totaling \$408.2 million is reported as securities lending obligation, and the fair value of the reinvested cash collateral totaling \$408.2 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 cash and securities received as collateral at June 30, 2024, was \$600.2 million.

During the fiscal year, equity securities were loaned and collateralized by the pension trust funds' agent with cash and U.S. government or U.S. agency securities. 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, 2024 (in millions):

Cash equivalents and other	\$	274.9
U.S. treasuries		192.0
Commercial paper		76.7
Yankee CD		56.6
Total Collateral Held	\$	600.2

During fiscal year 2024, securities lending transactions could be terminated on demand by either the pension trust funds or the borrower. As of June 30, 2024, the cash collateral held had an average duration of 15 days and an average weighted final maturity of 61 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. 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 2024, 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 2024 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 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, 2024, the duration of the pension trust funds' fixed income investments was within the duration target of this index.

The two following schedules provide information about the interest rate risks associated with the pension trust funds' investments as of June 30, 2024. 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.

State of Washington

Pension Trust Funds

Schedule of Maturities and Effective Duration

June 30, 2024

(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	
Internally managed fixed income						
Corporate bonds	\$ 14,316,824	\$ 197,604	\$ 4,238,441	\$ 6,257,302	\$ 3,623,477	7.0
U.S. government and agency securities	7,192,534	2,262,296	2,680,173	779,906	1,470,159	4.7
Foreign government and agency securities	1,809,143	18,610	410,116	852,758	527,659	7.7
Mortgage and other asset-backed securities	1,363,710	10,566	930,309	385,509	37,326	4.5
Total internally managed fixed income	24,682,211	2,489,076	8,259,039	8,275,475	5,658,621	6.2
Externally managed fixed income						
Mortgage-backed to be announced forwards	574,652	574,652	—	—	—	—
U.S. government and agency securities	39,941	39,941	—	—	—	—
Total externally managed fixed income	614,593	\$ 614,593	\$ —	\$ —	\$ —	—
Total Investments Categorized	25,296,804	\$ 3,103,669	\$ 8,259,039	\$ 8,275,475	\$ 5,658,621	6.1
Investments Not Required to be Categorized:						
Alternative investments	95,826,879					
Equity securities	44,651,708					
Cash and cash equivalents	3,012,425					
Total investments not categorized	143,491,012					
Total Investments	\$168,787,816					

* 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, 2024

(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	\$ 632,389	\$ 129,484	\$ —	\$ 761,873
Aa1	1,305,794	119,764	138,684	1,564,242
Aa2	—	49,230	82,369	131,599
Aa3	—	755,386	50,592	805,978
A1	—	958,344	175,729	1,134,073
A2	179	1,548,503	68,675	1,617,357
A3	—	2,657,258	—	2,657,258
Baa1	—	2,176,109	72,972	2,249,081
Baa2	—	2,030,707	421,874	2,452,581
Baa3	—	1,603,652	144,297	1,747,949
Ba1 or lower	—	2,288,387	653,951	2,942,338
Total	\$ 1,938,362	\$ 14,316,824	\$ 1,809,143	\$ 18,064,329

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. The total fair value of below investment grade securities in the fixed income portfolio may not exceed 5 percent. 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, 2024, were rated by Moody's and/or an equivalent national rating organization. There were no below investment grade securities exceeding policy limitations as of June 30, 2024.

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 the funds' fair value at the time of purchase and 6 percent of fair value at any time. In addition, exposure to any corporate issuer may not exceed 3 percent of the fixed income portfolio's fair value at any time. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2024.

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 and securities 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 a maximum additional foreign currency exposure at June 30, 2024, of \$808.5 million invested in an emerging market commingled equity investment trust fund.

Pension Trust Funds

Foreign Currency Exposure by Country

June 30, 2024

(expressed in thousands)

	Investment Type in U.S. Dollar Equivalent						
Foreign Currency Denomination	Cash and Cash Equivalents	Debt Securities	Equity Securities	Alternative Assets	Open Foreign Exchange Contracts-Net	Total	
Australia-Dollar	\$ 3,300	\$ —	\$ 574,796	\$ 565,869	\$ 4,865	\$ 1,148,830	
Brazil-Real	4,350	—	297,723	—	1,633	303,706	
Canada-Dollar	4,056	—	1,008,466	—	(725)	1,011,797	
China-Yuan Renminbi	3,876	12,240	556,089	—	(255)	571,950	
Denmark-Krone	576	—	617,690	—	184	618,450	
E.M.U.-Euro	8,002	—	3,773,276	4,775,346	10,247	8,566,871	
Hong Kong-Dollar	6,691	—	712,119	—	75	718,885	
India-Rupee	1,545	—	740,201	—	97	741,843	
Indonesia-Rupiah	1,076	—	79,250	—	(1,984)	78,342	
Japan-Yen	23,918	—	2,309,087	—	(62,291)	2,270,714	
Mexico-Peso	1,290	—	84,592	—	(19,499)	66,383	
New Taiwan-Dollar	433	—	618,582	—	(706)	618,309	
Norway-Krone	3,834	—	112,808	—	(660)	115,982	
Singapore-Dollar	2,596	—	121,641	—	(128)	124,109	
South Africa-Rand	261	—	39,711	32,442	20	72,434	
South Korea-Won	1,644	—	350,572	—	(7,456)	344,760	
Sweden-Krona	3,115	—	366,820	—	521	370,456	
Switzerland-Franc	3,502	—	812,999	—	2,805	819,306	
Turkey-Lira	956	—	74,197	—	(2,769)	72,384	
United Kingdom-Pound	18,334	—	1,753,706	—	9,693	1,781,733	
Other	6,908	66,542	331,894	—	(2,792)	402,552	
Total	\$ 100,263	\$ 78,782	\$ 15,336,219	\$ 5,373,657	\$ (69,125)	\$ 20,819,796	

8. Derivative Instruments

Pension trust funds are authorized to utilize various derivative 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, 2024, 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 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, 2024, the pension trust funds counterparty risk was approximately \$262.6 million. The majority of the counterparties (78.9 percent) held a credit rating of Aa3 or higher on Moody’s rating 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, 2024, the pension trust funds had outstanding forward currency contracts with a net unrealized loss of \$69.1 million. The aggregate forward currency exchange contracts receivable and payable were \$13.04 billion and \$13.11 billion, respectively. The contracts have varying maturity dates ranging from September 18, 2024, to March 18, 2026.

At June 30, 2024, the pension trust funds' fixed income portfolio held derivative instrument securities consisting of collateralized mortgage obligations with a fair value of \$45.1 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, 2024 <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	\$ (33,437)	\$ 10,633	\$ 1,730,600
Equity index futures	61,645	121	638
Total	\$ 28,208	\$ 10,754	\$ 1,731,238
Forward Currency Contracts	\$ 57,332	\$ (69,114)	\$ 13,293,903

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 is administered by the Department of Labor and Industries. The fund consists mainly of the investment of insurance premiums collected

from employers in Washington state. 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.
- Global equities.
- U.S. treasuries and government agencies.
- Credit bonds.
- Mortgage-backed securities rated investment grade, as defined by Bloomberg Global Family of Fixed Income Indices.
- Asset-backed securities rated investment grade, as defined by Bloomberg Global Family of Fixed Income Indices.
- Commercial mortgage-backed securities rated investment grade, as defined by Bloomberg Global 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.
- Total fair value of below investment grade credit bonds (as defined by Bloomberg U.S. Global Family of Fixed Income Indices) shall not exceed 5 percent of the total fair value of the funds.
- Although below investment grade mortgage-backed, asset-backed, and commercial mortgage-backed securities may not be purchased, portfolio holdings that are downgraded to those levels may continue to be held provided their total fair value shall not exceed 5 percent of the total fair value of the funds.
- 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.

Equity. The benchmark and structure for global equities are the Morgan Stanley Capital International (MSCI) All Country World Investable Market Index with U.S. Gross. The global equity portfolio is 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. Although market conditions may cause differences from the targets, those differences should not be material over an extended period of time.

Long term sector allocation targets 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%

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 majority of the return will be generated by current income, and the portfolio will be intentionally constructed to focus on maximizing yield rather than total return.
- The portfolio will be diversified through a combination of factors including capital structure, geography, property type, and number of properties.
- No more than 15 percent of the long-term target allocation for the real estate portfolio will be invested in the equity position for a single property at the time of acquisition.

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, 2024:

Workers' Compensation Fund

Investments Measured at Fair Value

June 30, 2024

(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				
Corporate bonds	\$ 11,456,776	\$ —	\$ 11,456,776	\$ —
U.S. government and agency securities	2,737,287	—	2,737,287	—
Foreign government and agency securities	1,197,723	—	1,197,723	—
Mortgage and other asset-backed securities	568,236	—	568,236	—
Total Investments by Fair Value Level	15,960,022	\$ —	\$ 15,960,022	\$ —
Investments Measured at Net Asset Value (NAV)				
Collective investment equity trusts	3,617,526			
Real estate	198,944			
Total investments measured at the NAV	3,816,470			
Total Investments Measured at Fair Value	\$ 19,776,492			

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 have fair values derived from proprietary models using market-based measurements representing 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 equity trust funds and real estate.

Collective Investment Equity Trust Funds. The Workers' Compensation Fund invests in a single collective investment trust fund (fund). The fund is passively managed to track the investment return of a broad, global equity index, the MSCI All Country World Investable Market Index 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 underlying holdings within each fund are publicly traded equity securities.

The fund allows contributions and withdrawals on any business day. The fund manager may choose to delay or suspend the right to make contributions and withdrawals from the fund if it is determined necessary to prevent a material adverse impact on the fund or other investors. At their discretion, they may also require withdrawals to be made partially or wholly in kind.

Real Estate. 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 the equity of each investment fund. 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, and changes in values of foreign currency exchange rates.

The limited partnerships' annual financial statements are audited by independent auditors. These investments are valued at approximately \$198.9 million as of June 30, 2024. 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, 2024, reported net asset value.

The Workers' Compensation Fund currently invests in four limited real estate partnerships. Targeted investment structures within the real estate portfolio include limited liability companies, limited partnerships, joint ventures, commingled funds, and co-investments. Real estate investment managers provide quarterly valuations based on the most recent capital account balance. Individual properties are valued by the investment manager 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 on the investment. Annual audits of most partnerships include a review of compliance with the partnership's valuation policies.

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.

3. 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 decreases in fair values of fixed income investments. As of June 30, 2024, the Workers' Compensation Fund portfolio durations were within the prescribed duration targets.

The following two schedules provide information about the interest rate risks associated with the Workers' Compensation Fund investments as of June 30, 2024. 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.

Workers' Compensation Fund

Schedule of Maturities and Effective Duration

June 30, 2024

(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	
Corporate bonds	\$ 11,456,776	\$ 821,560	\$ 3,588,417	\$ 3,331,418	\$ 3,715,381	7.2
U.S. government and agency securities	2,737,287	547,823	815,319	125,595	1,248,550	8.2
Foreign government and agencies	1,197,723	4,956	687,955	314,163	190,649	5.9
Mortgage and other asset-backed securities	568,236	20,836	492,631	54,769	—	3.5
Total Investments Categorized	15,960,022	\$ 1,395,175	\$ 5,584,322	\$ 3,825,945	\$ 5,154,580	7.1
Investments Not Required to be Categorized:						
Collective investment equity trusts	3,617,526					
Real estate	198,944					
Cash and cash equivalents	100,428					
Total investments not categorized	3,916,898					
Total Investments	\$ 19,876,920					

* 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, 2024

(expressed in thousands)

Moody's Equivalent Credit Rating	Investment Type			Total Fair Value
	Mortgage and Other Asset-Backed Securities	Corporate Bonds	Foreign Government and Agencies	
Aaa	\$ 208,579	\$ 320,240	\$ 67,956	\$ 596,775
Aa1	359,657	196,711	192,655	749,023
Aa2	—	133,734	223,132	356,866
Aa3	—	852,134	91,957	944,091
A1	—	1,409,921	313,633	1,723,554
A2	—	2,078,941	74,305	2,153,246
A3	—	2,363,195	—	2,363,195
Baa1	—	2,084,092	—	2,084,092
Baa2	—	1,429,005	148,365	1,577,370
Baa3	—	362,956	23,622	386,578
Ba1 or lower	—	225,847	62,098	287,945
Total	\$ 568,236	\$ 11,456,776	\$ 1,197,723	\$ 13,222,735

4. 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. The total fair value of below investment grade credit bonds shall not exceed 5 percent of the fair value of the funds. 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, 2024, 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. In addition, no more than 15 percent of the long term target allocation for real estate will be invested in the equity position of a single property at the time of acquisition. There was no concentration of credit risk as of June 30, 2024.

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 securities held as securities lending collateral) registered and held in the name of the WSIB for the benefit of the Workers' Compensation Fund.

5. 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, 2024, the only securities held by the Workers' Compensation Fund with foreign currency exposure were \$1.23 billion (excludes U.S. dollar denominated securities) invested in international commingled equity index funds.

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, 2024
(expressed in thousands)

Foreign Currency Denomination	Equity Securities
Australia-Dollar	\$ 64,565
Brazil-Real	16,302
Canada-Dollar	96,903
China-Yuan Renminbi	12,552
Denmark-Krone	31,493
E.M.U.-Euro	261,017
Hong Kong-Dollar	81,548
Japan-Yen	203,901
New Taiwan-Dollar	76,569
Saudi Arabia-Riyal	14,923
Singapore-Dollar	10,636
South Africa-Rand	11,288
South Korea-Won	48,171
Sweden-Krona	30,657
Switzerland-Franc	75,067
United Kingdom-Pound	124,796
Other	66,112
Total	\$ 1,226,500

6. Derivative Instruments

To manage its exposure to fluctuations in interest and currency exchange rates while increasing portfolio returns, the Workers' Compensation Fund is authorized to utilize various derivative 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, 2024, the only derivative instrument securities held directly by the Workers' Compensation Fund were collateralized mortgage obligations of \$187.4 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: [LGIP Annual Comprehensive Financial Reports](#), 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 is liquid to enable the State Treasurer to meet all cash requirements that might reasonably be anticipated.

The LGIP is 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 fair 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 one dollar, 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 Northern Trust 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 2024, the LGIP lent U.S. treasury securities while other securities were received as collateral. At June 30, 2024, the fair value of securities on loan was \$1.91 billion and the fair value of securities received for collateral was \$1.95 billion.

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 2024, 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, 2024, the LGIP had a weighted average maturity of 17 days and a weighted average life of 104 days.

The following schedule presents the LGIP investments and related maturities as of June 30, 2024:

Local Government Investment Pool (LGIP)				
Schedule of Maturities				
June 30, 2024				
(expressed in thousands)				
Investment Type	Amortized Cost	Maturity		
		Less than 1 Year	1-5 Years	
U.S. treasury securities	\$ 9,046,153	\$ 8,473,123	\$ 573,030	
Repurchase agreements	8,400,000	8,400,000	—	
U.S. agency securities	4,569,186	1,431,117	3,138,069	
Interest bearing bank accounts	4,413,690	4,413,690	—	
Supranational securities	297,848	297,848	—	
Certificates of deposit	132,000	132,000	—	
Total Investments	\$ 26,858,877	\$ 23,147,778	\$ 3,711,099	

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.

As of June 30, 2024, U.S. treasury securities comprised 33.7 percent of the total portfolio. U.S. agency securities comprised 17.0 percent of the total portfolio, including Federal Farm Credit Bank (11.5 percent), Federal Home Loan Bank (5.3 percent), and Federal National Mortgage Association (0.2 percent). Supranational securities comprised 1.1 percent of the total portfolio, including Inter-American Development Bank (0.4 percent) and International Bank for Reconstruction and Development (0.7 percent).

Repurchase agreements comprised 31.3 percent of the total portfolio as of June 30, 2024. 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.

6. Repurchase Agreements

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

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, 2024, repurchase agreements totaled \$8.40 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 79 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 investment balances in the Invested Funds Pool. At June 30, 2024, the Short-term and Intermediate-term Invested Funds Pools totaled \$2.69 billion. The Invested Funds Long-term Pool owns units in the Consolidated Endowment Fund valued at \$1.20 billion on June 30, 2024. In addition, the Long-term Pool owns a passive global equity index valued at \$242.0 million as of June 30, 2024.

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

2024. University Advancement received 3.0 percent of the average balances in endowment operating and gift accounts in fiscal year 2024. 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.

Under the CEF spending policy approved by the Board of Regents, quarterly distributions to programs are based on an annual percentage rate of 3.6 percent applied to the five-year rolling average of the CEF's fair value. Additionally, the policy allows for an administrative fee of 0.9 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 fair value in the Restricted Nonexpendable Net Position category. Of the endowments recorded at current fair value at June 30, 2024, the net deficiency from the original gift value was \$987 thousand.

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 \$167.2 million in fiscal year 2024 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 (depreciation) in the fair value of investments during the year ended June 30, 2024, was \$449.5 million.

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.

State of Washington

The following schedule presents the fair value of the University's investments by type at June 30, 2024:

University of Washington					
Investments Measured at Fair Value					
June 30, 2024					
(expressed in thousands)					
Investments by Fair Value Level	Fair Value	Fair Value Measurements Using			
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Fixed Income Securities					
U.S. treasury securities	\$ 1,527,890	\$ 10,476	\$ 1,517,414	\$	—
U.S. government agency	354,432	10,062	344,370		—
Mortgage-backed	235,872	—	235,872		—
Asset-backed	604,043	—	604,043		—
Corporate and other	423,568	17,595	405,973		—
Total Fixed Income Securities	3,145,805	38,133	3,107,672		—
Equity Securities					
Global equity investments	1,354,473	635,869	718,604		—
Real estate	19,168	16,029	—		3,139
Other	6,340	—	—		6,340
Total Equity Securities	1,379,981	651,898	718,604		9,479
Externally Managed Trusts	144,647	—	—		144,647
Total Investments by Fair Value Level	4,670,433	\$ 690,031	\$ 3,826,276	\$	154,126
Investments Measured at Net Asset Value (NAV)					
Global equity investments	2,172,328				
Absolute return strategy funds	918,068				
Private equity and venture capital funds	974,162				
Real asset funds	227,209				
Other	50,286				
Total Investments Measured at the NAV	4,342,053				
Total Investments Measured at Fair Value	9,012,486				
Cash equivalents at amortized cost	223,191				
Total Investments	\$ 9,235,677				

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. Private equity, real assets, 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.

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, 2024

(expressed in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global equity investments	\$ 2,172,328	\$ 31,707	Monthly to annually	15-180 days
Absolute return strategy funds	918,068	—	Quarterly to annually	30-90 days
Private equity and venture capital funds	974,162	551,307	n/a	—
Real asset funds	227,209	55,706	n/a	—
Other	50,286	23,939	Quarterly to annually	30-95 days
Total Investments Measured at the NAV	\$ 4,342,053			

Global Equity. This investment category includes public equity investments in separately managed accounts, long-only commingled funds, unconstrained limited partnerships, and passive index funds. As of June 30, 2024, approximately 78 percent of the value of the investments in this category can be redeemed within 90 days, and approximately 95 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. As of June 30, 2024, approximately 94 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 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 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. As of June 30, 2024, approximately 32 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 contains 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, 2024, the University had outstanding commitments to fund alternative investments in the amount of \$662.7 million. These commitments are expected to be called over a multi-year timeframe, generally two to five years depending on the type of fund. 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 2.13 years at June 30, 2024.

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 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 investment grade and to hold at least 25 percent of their portfolios in obligations of the U.S. government and its agencies. 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 measures presented below represent 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, 2024. The schedule excludes \$50.3 million of fixed income securities held by blended component units. These amounts make up 1.6 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, 2024
(expressed in thousands)

Investment Type	U.S. Government	Investment Grade*	Non- Investment Grade	Not Rated	Total	Effective Duration (in years)
U.S. treasury securities	\$ 1,504,846	\$ —	\$ —	\$ —	\$ 1,504,846	2.21
U.S. government agency	343,976	—	—	—	343,976	4.49
Mortgage-backed	—	62,512	71,601	101,758	235,871	1.52
Asset-backed	4,482	490,732	19,243	89,586	604,043	1.16
Corporate and other	—	341,206	—	65,527	406,733	1.68
Total	\$ 1,853,304	\$ 894,450	\$ 90,844	\$ 256,871	\$ 3,095,469	2.13

* 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, 2024, of \$1.79 billion.

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

University of Washington
Consolidated Endowment Fund
Foreign Currency Risk
June 30, 2024
(expressed in thousands)

Foreign Currency	Amount
Australia-Dollar	\$ 44,966
Brazil-Real	53,147
Britain-Pound	263,997
Canada-Dollar	61,815
China-Renminbi	189,279
Denmark-Krone	16,353
E.M.U.-Euro	303,809
Hong Kong-Dollar	43,082
India-Rupee	160,728
Indonesia-Rupiah	11,443
Japan-Yen	162,583
Mexico-Peso	12,138
Norway-Krone	23,107
Singapore-Dollar	22,016
South Africa-Rand	19,404
South Korea-Won	55,431
Sweden-Krona	48,819
Switzerland-Franc	39,133
Taiwan-Dollar	35,245
Other	224,575
Total	\$ 1,791,070

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, 2024, the University had outstanding futures contracts with notional amounts totaling \$133.8 million and accumulated unrealized gains on these contracts totaled \$454 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, 2024. The University had no hedging derivative instruments or derivative instruments for investment purposes as of June 30, 2024.

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 2024, 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.

- 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)).
- General obligation municipal bonds that at the time of investment are rated within one of the three highest credit rating categories of a nationally recognized rating agency.
- 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.
- Purchase of securities which are obligations of governments, government sponsored enterprises or entities either controlled by or domiciled in nations under an authoritarian regime are not allowed.

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

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, 2024:

Office of the State Treasurer

Cash Management Account

Investments Measured at Fair Value

June 30, 2024

(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	\$ 6,931,874	\$ —	\$ 6,931,874	\$ —
U.S. agency securities	4,680,811	—	4,680,811	—
Supranational securities	1,987,466	—	1,987,466	—
Corporate notes	777,991	—	777,991	—
Total Investments Measured at Fair Value	\$ 14,378,142	\$ —	\$ 14,378,142	\$ —

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 as a lending agent and Northern Trust receives a share of income earned from this activity. The lending agent lends U.S. government, U.S. agency, corporate notes, 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 securities, is priced daily and, if necessary, action is taken to maintain the collateralization level at 102 percent.

The securities held as collateral and the securities underlying the cash collateral are held by the custodian. During fiscal year 2024, 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, 2024, the fair value of securities on loan totaled \$1.17 billion.

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 2024, 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 to mitigate the effect of interest rate risk. 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, 2024:

Office of the State Treasurer

Cash Management Account

Schedule of Maturities

June 30, 2024

(expressed in thousands)

Investment Type	Total Fair Value	Maturity		
		Less than 1 Year	1-5 Years	6-10 Years
U.S. government securities	\$ 7,228,758	\$ 1,463,323	\$ 5,765,435	\$ —
U.S. agency securities	4,730,811	1,937,411	2,793,400	—
Investments with LGIP	3,852,950	3,852,950	—	—
Supranational securities	2,083,466	614,777	1,414,687	54,002
Corporate notes	777,991	123,768	654,223	—
Interest bearing bank accounts	446,606	446,606	—	—
Certificates of deposit	65,581	65,581	—	—
Total Investments	\$ 19,186,163	\$ 8,504,416	\$ 10,627,745	\$ 54,002

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, 2024

(expressed in thousands)

S&P Credit Rating	Investment Type		Total Fair Value
	Corporate Notes	Supranationals	
AAA	\$ 46,047	\$ 1,860,749	\$ 1,906,796
AA+	112,470	222,717	335,187
AA	168,647	—	168,647
AA-	59,307	—	59,307
A+	241,307	—	241,307
A	150,213	—	150,213
Total	\$ 777,991	\$ 2,083,466	\$ 2,861,457

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, general obligation municipal bonds, 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 fair 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 2024. There were no repurchase agreements as of June 30, 2024.

Note 4

Receivables and Unearned/Unavailable Revenues

A. GOVERNMENTAL FUNDS

Taxes Receivable

Taxes receivable at June 30, 2024, consisted of the following (expressed in thousands):

Taxes Receivable	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds
Property	\$ 2,296,160	\$ —	\$ —
Sales	1,761,774	—	—
Business and occupation	1,172,340	61,398	—
Estate	—	45,625	—
Fuel	—	—	—
Beer and wine	—	—	—
Cannabis	—	—	—
Real estate excise	62,172	9,460	—
Insurance premium	889	—	—
Public utilities	49,629	2	—
Hazardous substance	—	—	—
Other	884,116	3,624	—
Subtotal	6,227,080	120,109	—
Less: Allowance for uncollectible receivables	570,917	405	—
Total Taxes Receivable	\$ 5,656,163	\$ 119,704	\$ —

Receivables

Receivables at June 30, 2024, consisted of the following (expressed in thousands):

Receivables	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds
Public assistance ⁽¹⁾	\$ 412,474	\$ —	\$ —
Accounts receivable	1,356,342	843,487	58,479
Interest	75,032	29,326	3,971
Investment trades pending	61,978	(15,668)	(17,685)
Loans ⁽²⁾	2,519	68,075	—
Long-term contracts ⁽³⁾	2,366	—	13,750
Leases receivable	2,036	345,434	—
Miscellaneous	1,979	1,647	—
Subtotal	1,914,726	1,272,301	58,515
Less: Allowance for uncollectible receivables	488,178	24,467	11
Total Receivables	\$ 1,426,548	\$ 1,247,834	\$ 58,504

Notes:

⁽¹⁾ Public assistance receivables mainly represent amounts owed to the state as 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; these 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 \$46.4 million in the Higher Education Special Revenue Fund for student loans and \$859.7 million in Nonmajor Governmental Funds for low income housing, public works, and economic development/revitalization loans.

⁽³⁾ Long-term contracts are for timber sales contracts.

State of Washington

Wildlife and Natural Resources		Nonmajor Governmental Funds		Total	
\$	—	\$	—	\$	2,296,160
	—		10,137		1,771,911
	475		80		1,234,293
	—		—		45,625
	—		142,390		142,390
	—		5,058		5,058
	—		41,087		41,087
	—		12,938		84,570
	—		—		889
	—		2,340		51,971
	31,893		—		31,893
	27		59,174		946,941
	32,395		273,204		6,652,788
	101		6,661		578,084
\$	32,294	\$	266,543	\$	6,074,704

Wildlife and Natural Resources		Nonmajor Governmental Funds		Total	
\$	—	\$	—	\$	412,474
	247,313		834,255		3,339,876
	3,536		31,595		143,460
	2,788		25,551		56,964
	4,816		894,966		970,376
	37,860		39,766		93,742
	9,866		10,549		367,885
	121		891		4,638
	306,300		1,837,573		5,389,415
	12,675		209,150		734,481
\$	293,625	\$	1,628,423	\$	4,654,934

Unearned Revenue

Unearned revenue at June 30, 2024, consisted of the following (expressed in thousands):

Unearned Revenue	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds
Other taxes	\$ 2,134	\$ —	\$ —
Charges for services	138,601	275,502	—
Donable goods	—	—	—
Grants and donations ⁽¹⁾	579,420	10,080	—
Tolls	—	—	—
Transportation	—	—	—
Miscellaneous	436	9,299	—
Total Unearned Revenue	\$ 720,591	\$ 294,881	\$ —

Notes:

⁽¹⁾ Unearned revenue from grants and donations includes \$474.2 million in federal stimulus funds received from the U.S. Department of the Treasury under the American Rescue Plan, but not yet spent.

Unavailable Revenue

Unavailable revenue at June 30, 2024, consisted of the following (expressed in thousands):

Unavailable Revenue	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds
Property taxes	\$ 2,250,618	\$ —	\$ —
Other taxes	1,659,754	54,627	—
Timber sales	2,366	—	13,750
Transportation	—	—	—
Charges for services	3,000	—	—
Miscellaneous	—	—	—
Total Unavailable Revenue	\$ 3,915,738	\$ 54,627	\$ 13,750

Wildlife and Natural Resources		Nonmajor Governmental Funds		Total
\$	—	\$	353	\$ 2,487
	21,858		44,103	480,064
	—		5,891	5,891
	—		59,105	648,605
	—		26,412	26,412
	—		14,206	14,206
	—		16,948	26,683
\$	21,858	\$	167,018	\$ 1,204,348

Wildlife and Natural Resources		Nonmajor Governmental Funds		Total
\$	—	\$	—	\$ 2,250,618
	3,029		25,891	1,743,301
	37,860		39,766	93,742
	—		1,657	1,657
	9,174		123	12,297
	—		13,019	13,019
\$	50,063	\$	80,456	\$ 4,114,634

B. PROPRIETARY FUNDS

Receivables

Receivables at June 30, 2024, consisted of the following (expressed in thousands):

Receivables	Business-Type Activities		
	Enterprise Funds		
	Workers' Compensation	Unemployment Compensation	Higher Education Student Services
Accounts receivable	\$ 1,233,871	\$ 1,884,182	\$ 760,693
Interest	156,624	—	1,413
Investment trades pending	722	—	551
Loans	—	—	152
Leases receivable	—	—	5,419
Miscellaneous	90	—	749
Subtotal	1,391,307	1,884,182	768,977
Less: Allowance for uncollectible receivables	286,425	664,302	149,581
Total Receivables	\$ 1,104,882	\$ 1,219,880	\$ 619,396

Unearned Revenue

Unearned revenue at June 30, 2024, 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	\$ —	\$ —	\$ 93,968
Premiums and assessments	2,794	—	—
Miscellaneous	3,211	10,623	181
Total Unearned Revenue	\$ 6,005	\$ 10,623	\$ 94,149

Taxes Receivables

Taxes receivables at June 30, 2024, consisted of \$3.8 million for petroleum products, net of allowance.

C. FIDUCIARY FUNDS

Other Receivables

Receivables at June 30, 2024, consisted of \$90.0 million for interest and other miscellaneous amounts.

Unearned Revenue

Unearned revenue at June 30, 2024, consisted of \$744 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	
\$ 67,062	\$ 923,782	\$ 4,869,590	\$ 103,203	
2,861	15,305	176,203	69	
2,364	1,402	5,039	—	
—	—	152	229	
—	—	5,419	—	
—	2	841	128	
72,287	940,491	5,057,244	103,629	
(183)	2,604	1,102,729	3,554	
\$ 72,470	\$ 937,887	\$ 3,954,515	\$ 100,075	

			Governmental Activities	
Health Insurance	Nonmajor Enterprise Funds	Total	Internal Service Funds	
\$ 2,030	\$ 816	\$ 96,814	\$ 6,959	
—	92,863	95,657	—	
—	2	14,017	1,097	
\$ 2,030	\$ 93,681	\$ 206,488	\$ 8,056	

Note 5

Interfund Balances and Transfers

A. INTERFUND BALANCES

Interfund balances as reported in the financial statements at June 30, 2024, consisted of the following (expressed in thousands):

Due To	Due From					
	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Wildlife and Natural Resources	Nonmajor Governmental Funds	Workers' Compensation
General	\$ —	\$ 460,328	\$ —	\$ 27,671	\$ 843,705	\$ 195
Higher Education Special Revenue	105,982	—	737,650	4,091	8,285	1,358
Higher Education Endowment and Other Permanent Funds	—	—	—	170	—	—
Wildlife and Natural Resources	50,452	54	—	—	7,622	5
Nonmajor Governmental Funds	72,625	35,381	2,553	9,512	309,610	23
Workers' Compensation	611	505	—	—	1	—
Unemployment Compensation	1,823	2,197	—	155	759	91
Higher Education Student Services	179	26,738	—	1	11	26
Health Insurance	1	—	—	—	7	—
Nonmajor Enterprise Funds	26,902	8	—	284	3,001	4
Internal Service Funds	76,233	91,630	—	6,225	42,163	6,971
Totals	\$ 334,808	\$ 616,841	\$ 740,203	\$ 48,109	\$ 1,215,164	\$ 8,673

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) \$128.6 million on a revolving loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund and (2) \$6.1 million on a loan from the Higher Education Special Revenue Fund to the Higher Education Student Services Fund which is expected to be paid over the next eight years.

In addition to the interfund balances noted in the schedule above, there are interfund balances of \$45.5 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	Local Government Investment Pool	Totals
\$ 13	\$ 3	\$ 7	\$ 15,881	\$ 217,659	\$ —	\$ 1,565,462
—	158,332	73	282	13,164	—	1,029,217
—	—	—	—	—	—	170
—	—	—	—	860	—	58,993
258	8	20	796	8,028	94	438,908
—	—	—	—	—	—	1,117
—	—	—	15	106	—	5,146
—	—	—	—	—	—	26,955
—	—	—	—	—	—	8
2	15	—	104,160	167	22	134,565
—	111	305	1,426	7,887	—	232,951
\$ 273	\$ 158,469	\$ 405	\$ 122,560	\$ 247,871	\$ 116	\$ 3,493,492

B. INTERFUND TRANSFERS

Interfund transfers as reported in the financial statements for the year ended June 30, 2024, consisted of the following (expressed in thousands):

Transferred From	Transferred To				
	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Wildlife and Natural Resources	Nonmajor Governmental Funds
General	\$ —	\$ 41,106	\$ 300	\$ 18,652	\$ 1,805,115
Higher Education Special Revenue	223,870	—	104	—	44,766
Higher Education Endowment and Other Permanent Funds	—	1,064	—	—	32,036
Wildlife and Natural Resources	554	—	1,514	—	225,943
Nonmajor Governmental Funds	429,136	32,848	—	6,432	1,369,783
Workers' Compensation	—	—	—	—	—
Unemployment Compensation	—	—	—	—	—
Higher Education Student Services	—	12,575	—	—	7,693
Health Insurance	—	—	—	—	1,382
Nonmajor Enterprise Funds	254,753	—	—	—	798
Internal Service Funds	—	278	—	—	1,713
Totals	\$ 908,313	\$ 87,871	\$ 1,918	\$ 25,084	\$ 3,489,229

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.

On June 30, 2024, \$313.7 million was transferred from the General Fund Basic Account to the Budget Stabilization Account (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 \$76.1 million within the state's Pension Trust Funds.

State of Washington

Transferred To													
Workers' Compensation		Unemployment Compensation		Higher Education Student Services		Health Insurance		Nonmajor Enterprise Funds		Internal Service Funds	Totals		
\$	—	\$	—	\$	—	\$	—	\$	10,000	\$	25,720	\$	1,900,893
	—		—		30,808		—		—		7,712		307,260
	—		—		—		—		—		—		33,100
	—		—		—		—		—		3,000		231,011
	—		—		53		—		—		171		1,838,423
	—		—		—		—		—		—		—
	—		—		—		—		—		—		—
	—		—		—		—		—		692		20,960
	—		—		—		—		—		—		1,382
	—		—		—		—		—		—		255,551
	—		—		886		—		—		—		2,877
\$	—	\$	—	\$	31,747	\$	—	\$	10,000	\$	37,295	\$	4,591,457

Note 6

Capital Assets

Capital assets at June 30, 2024, 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, 2024 (expressed in thousands):

Capital Assets	Balances July 1, 2023*	Additions	Deletions/ Adjustments	Balances June 30, 2024
Capital Assets, Not Being Depreciated:				
Land	\$ 3,084,831	\$ 144,556	\$ (30,425)	\$ 3,198,962
Transportation infrastructure	27,821,864	1,171,670	—	28,993,534
Intangible assets - indefinite lives	35,701	2	—	35,703
Art collections, library reserves, and museum and historical collections	161,646	3,188	(31)	164,803
Construction in progress	2,154,595	834,042	(741,103)	2,247,534
Total Capital Assets, Not Being Depreciated	33,258,637			34,640,536
Capital Assets, Being Depreciated:				
Buildings	17,801,252	632,188	(61,549)	18,371,891
Accumulated depreciation	(8,434,678)	(511,580)	47,754	(8,898,504)
Net buildings	9,366,574			9,473,387
Other improvements	1,767,820	45,467	(7,979)	1,805,308
Accumulated depreciation	(1,080,476)	(38,201)	5,175	(1,113,502)
Net other improvements	687,344			691,806
Furnishings, equipment, and intangible assets	6,492,135	517,131	(169,500)	6,839,766
Accumulated depreciation	(4,379,606)	(304,418)	147,676	(4,536,348)
Net furnishings, equipment, and intangible assets	2,112,529			2,303,418
Infrastructure	1,488,792	70,047	(15,598)	1,543,241
Accumulated depreciation	(860,092)	(43,817)	11,803	(892,106)
Net infrastructure	628,700			651,135
Total Capital Assets, Being Depreciated, Net	12,795,147			13,119,746
Lease and Subscription Assets, Net (see Note 10)	1,559,760	(83,450)	(3,158)	1,473,152
Governmental Activities Capital Assets, Net	\$ 47,613,544			\$ 49,233,434

*Corrections of errors in previously issued financial statements resulted in a decrease in capital assets of \$30.7 million and a decrease in accumulated amortization/depreciation of \$127.3 million. See Note 2 Accounting Changes and Error Corrections for details.

B. BUSINESS-TYPE CAPITAL ASSETS

The following is a summary of business-type capital asset activity for the year ended June 30, 2024 (expressed in thousands):

Capital Assets	Balances July 1, 2023*	Additions	Deletions/ Adjustments	Balances June 30, 2024
Capital Assets, Not Being Depreciated:				
Land	\$ 75,070	\$ 1,563	\$ (2)	\$ 76,631
Art collections	167	—	—	167
Construction in progress	229,326	24,697	(32,222)	221,801
Total Capital Assets, Not Being Depreciated	304,563			298,599
Capital Assets, Being Depreciated:				
Buildings	4,423,736	281,570	(10)	4,705,296
Accumulated depreciation	(1,968,944)	(90,301)	(192)	(2,059,437)
Net buildings	2,454,792			2,645,859
Other improvements	167,036	2,201	(1,789)	167,448
Accumulated depreciation	(90,044)	(5,489)	88	(95,445)
Net other improvements	76,992			72,003
Furnishings, equipment, and intangible assets	1,358,665	60,319	(11,520)	1,407,464
Accumulated depreciation	(1,004,689)	(63,868)	11,172	(1,057,385)
Net furnishings, equipment, and intangible assets	353,976			350,079
Infrastructure	45,337	332	—	45,669
Accumulated depreciation	(27,230)	(1,936)	—	(29,166)
Net infrastructure	18,107			16,503
Total Capital Assets, Being Depreciated, Net	2,903,867			3,084,444
Lease and Subscription Assets, Net (see Note 10)	311,622	(7,532)	(15,024)	289,066
Business-Type Activities Capital Assets, Net	\$ 3,520,052			\$ 3,672,109

*Corrections of errors in previously issued financial statements resulted in a decrease in capital assets of \$131.8 million and a decrease in accumulated amortization/depreciation of \$43.2 million. See Note 2 Accounting Changes and Error Corrections for details.

C. DEPRECIATION AND AMORTIZATION

Depreciation/amortization expense for the year ended June 30, 2024, was charged by the primary government as follows (expressed in thousands):

	Lease Assets	Subscription Assets	Remaining Capital Assets, being depreciated
Governmental Activities:			
General government	\$ 44,572	\$ 46,066	\$ 97,179
Education - elementary and secondary (K-12)	164	315	3,899
Education - higher education	49,235	37,047	479,251
Human services	80,372	17,951	90,219
Adult corrections	8,454	4,922	46,986
Natural resources and recreation	5,464	2,433	61,664
Transportation	12,054	4,498	118,818
Total Depreciation/Amortization Expense - Governmental Activities *	\$ 200,315	\$ 113,232	\$ 898,016
Business-Type Activities:			
Workers' compensation	\$ 7,456	\$ 1,790	\$ 1,180
Unemployment compensation	—	—	—
Higher education student services	42,917	14,143	151,779
Health Insurance	795	—	40
Other	1,260	1,574	8,596
Total Depreciation/Amortization Expense - Business-Type Activities	\$ 52,428	\$ 17,507	\$ 161,595

*Includes internal service fund depreciation/amortization expense that was allocated to governmental activities as a component of net internal service fund activity in the amounts of \$16.4 million for lease assets, \$37.6 million for subscription assets, and \$108.2 million for other capital assets, being depreciated/amortized.

D. CONSTRUCTION IN PROGRESS

Major construction commitments of the state at June 30, 2024, are as follows (expressed in thousands):

		Continued	
Agency / Project Commitments	Construction in Progress June 30, 2024		Remaining Project Commitments
Office of Financial Management:			
One Washington	\$ 117,353	\$	102,000
Department of Retirement Systems:			
CORE: Pension Administration Modernization	11,360		54,640
Department of Enterprise Services:			
Legislative campus modernization and other projects	125,478		136,904
Liquor and Cannabis Board:			
Systems modernization project	24,396		—
Washington State Patrol:			
Crime labs and other projects	818		18,769
Department of Labor and Industries:			
Division of Occupational Safety and Health Lab and Training Facility	50,465		1,925
Military Department:			
Thurston County and Anacortes Readiness Centers, and other projects	28,390		4,586
Department of Social and Health Services:			
Residential, rehabilitation, and other facilities	63,053		57,858
State hospitals / treatment centers	260,363		727,578
Department of Children, Youth, and Families:			
Green Hill School, Echo Glen, and other projects	43,586		19,618
Department of Corrections:			
Correctional center units security and safety improvements	20,106		6,704
Other projects	2,953		20,260
Center for Deaf and Hard of Hearing Youth:			
Academic and physical education facility	46,187		7,943
Department of Transportation:			
Olympic and Dayton Ave Regional Headquarter building projects	74,077		1
State ferry vessels and terminals	534,689		9,254
Transportation infrastructure	—		1,170,021
Other projects	3,373		6,470
State Parks and Recreation Commission:			
Schafer State Park and Mount Spokane facility relocations, and other projects	11,128		12,357
Department of Fish and Wildlife:			
Deschutes Watershed and Wooten Wildlife Area projects	16,433		33,651
Naselle, Wallace River, and Washougal hatcheries, and other hatchery projects	31,458		47,091
Other projects	27,218		48,306

State of Washington

		Concluded
Agency / Project Commitments	Construction in Progress June 30, 2024	Remaining Project Commitments
Department of Natural Resources:		
Abernathy site and other projects	\$ 7,606	\$ 21,341
Employment Security Department:		
Internal Accounting Financial System, WorkSource Integrated Technology, Long-Term Services and Support System, and other projects	13,651	36,859
University of Washington:		
Husky Stadium team meal kitchen	32,016	1,951
Magnuson Health Sciences Center renovation	206,564	142,710
UW Medical Center expansion, upgrades, and renovation projects	75,110	55,163
Other projects	19,242	18,998
Washington State University:		
Rogers and Orton renovations and other housing and dining projects	1,075	759
Taylor Sports Complex, Champions Center, and other athletics projects	17,470	14,571
Voiland College of Engineering and Architecture New Student Success Building, Eastlick-Abelson Renovation, and other facility projects	28,444	140,715
Other projects	11,709	24,142
Eastern Washington University:		
Science Building renovation, Rozell boiler, and other projects	78,189	76,681
Central Washington University:		
Health Education building and other projects	106,838	—
The Evergreen State College:		
Seminar Building renovation and other projects	12,480	29,915
Western Washington University:		
Electrical Engineering and Computer Science Building and other projects	66,285	87,839
Community and Technical Colleges:		
Bates Technical College Fire Services Building	1,713	38,754
Bellevue Center for Transdisciplinary Learning and other projects	3,949	36,989
Clark College Boschma Farms	44,147	—
Pierce College buildings and other projects	57,887	20,594
Seattle Library renovation and other projects	48,196	1,625
Spokane various capital projects	37,040	9,827
Tacoma Center for Innovative Learning and Engagement and other projects	22,175	24,622
Other community college projects	56,055	38,411
Other Agency Projects:	28,610	7,561
Total Construction in Progress	<u>\$ 2,469,335</u>	<u>\$ 3,315,963</u>

Note 7

Long-Term Liabilities

A. BONDS AND NOTES PAYABLE

Bonds payable at June 30, 2024, include general obligation bonds, revenue bonds, and notes payable. They 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 2024 is \$2.15 billion.

This computation excludes specific bond issues and types that are not secured by general state revenues. Of the \$21.66 billion general obligation bond debt principal outstanding at June 30, 2024, \$14.16 billion is subject to the limitation.

Based on the debt limitation calculation, the debt service requirements as of June 30, 2024, 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: [Report on the State of Washington's Debt Limitation](#) or to Schedule 11 in the Statistical Section of this report.

Authorized But Unissued

The state had a total of \$14.35 billion in general obligation bonds authorized but unissued as of June 30, 2024, for the purpose of capital construction, transportation, and various other projects throughout the state.

Interest Rates

Interest rates on fixed rate general obligation bonds range from 0.47 to 5.70 percent. Interest rates on revenue bonds range from 0.19 to 10.00 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: [Annual Reports](#).

State of Washington

Total debt service requirements to maturity for general obligation bonds as of June 30, 2024, are as follows (expressed in thousands):

General Obligation Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2025	\$ 1,175,750	\$ 1,076,737	\$ —	\$ —	\$ 1,175,750	\$ 1,076,737
2026	1,180,076	1,031,294	—	—	1,180,076	1,031,294
2027	1,183,254	977,583	—	—	1,183,254	977,583
2028	1,179,231	925,679	—	—	1,179,231	925,679
2029	1,198,147	872,107	—	—	1,198,147	872,107
2030-2034	5,726,966	3,274,766	—	—	5,726,966	3,274,766
2035-2039	4,772,870	1,941,786	—	—	4,772,870	1,941,786
2040-2044	3,653,815	854,769	—	—	3,653,815	854,769
2045-2049	1,586,634	173,475	—	—	1,586,634	173,475
Total Debt Service Requirements	\$ 21,656,743	\$ 11,128,196	\$ —	\$ —	\$ 21,656,743	\$ 11,128,196

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.

investment income. General revenue bonds outstanding as of June 30, 2024, include \$959.9 million in governmental activities and \$1.83 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 indirect cost recovery, sales and services revenue, and

Pledged Revenue

The remainder of the state's revenue bonds pledged 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, 2024, are as follows (expressed in thousands):

Revenue Bonds	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2025	\$ 112,965	\$ 62,065	\$ 163,090	\$ 93,274	\$ 276,055	\$ 155,339
2026	55,296	58,605	94,915	89,352	150,211	147,957
2027	58,425	56,161	96,700	85,189	155,125	141,350
2028	66,105	53,523	110,916	80,844	177,021	134,367
2029	64,652	50,733	104,711	75,931	169,363	126,664
2030-2034	330,004	211,521	528,293	312,754	858,297	524,275
2035-2039	362,088	131,607	517,646	192,739	879,734	324,346
2040-2044	249,954	63,104	357,425	83,443	607,379	146,547
2045-2049	155,583	29,132	176,296	23,005	331,879	52,137
2050-2054	45,608	4,218	5,483	315	51,091	4,533
Total Debt Service Requirements	\$ 1,500,680	\$ 720,669	\$ 2,155,475	\$ 1,036,846	\$ 3,656,155	\$ 1,757,515

Governmental activities include revenue bonds 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. During fiscal year 2024, TSA paid off all bonds and transferred all remaining funds to the General Fund. For the current year, pledged revenue was \$13.3 million and debt service was \$35.1 million.

Governmental activities include grant anticipation revenue bonds outstanding at June 30, 2024, of \$57.3 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 \$58.7 million, payable through 2024. For the current year, both pledged revenue and debt service were \$98.5 million.

Governmental activities include the Transportation Infrastructure Finance and Innovation Act Bond (TIFIA Bond) outstanding at June 30, 2024, of \$275.2 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 \$451.2 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, 2024, of \$21.3 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 \$23.7 million, payable through 2029. For the current year, both pledged revenue and debt service were \$4.5 million.

Governmental activities include revenue bonds outstanding at June 30, 2024, of \$186.9 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 \$269.7 million, payable through 2039. For the current year, both pledged revenue and debt service were \$18.1 million.

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, 2024, 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	\$ 35,153	\$ 12,440	\$ —
Current year debt service	20,250	7,231	202
Total future revenues pledged *	345,919	107,822	2,023
Description of debt	Housing and dining bonds issued in 2010-2022	Student facilities bonds issued in 2013-2022	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
Ending year of commitment	2026-2049	2034-2047	2034
Percentage of debt service to pledged revenues (current year)	57.60 %	58.13 %	— %

* Total future principal and interest payments.

Other Notes Payable

Total debt service requirements for other notes payable to maturity as of June 30, 2024, are as follows (expressed in thousands):

Notes Payable	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2025	\$ 994	\$ —	\$ —	\$ —	\$ 994	\$ —
2026	50	—	—	—	50	—
Total	\$ 1,044	\$ —	\$ —	\$ —	\$ 1,044	\$ —

B. CERTIFICATES OF PARTICIPATION

Certificates of participation at June 30, 2024, 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.

State of Washington

Total debt service requirements for certificates of participation to maturity as of June 30, 2024, are as follows (expressed in thousands):

Certificates of Participation	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2025	\$ 132,861	\$ 46,221	\$ 6,760	\$ 2,352	\$ 139,621	\$ 48,573
2026	63,830	21,115	19,396	6,416	83,226	27,531
2027	59,079	17,960	17,953	5,458	77,032	23,418
2028	50,900	15,309	15,467	4,652	66,367	19,961
2029	39,617	13,111	12,039	3,984	51,656	17,095
2030-2034	126,060	43,082	38,307	13,091	164,367	56,173
2035-2039	86,132	18,493	26,173	5,619	112,305	24,112
2040-2044	29,915	4,269	9,090	1,297	39,005	5,566
2045-2049	1,507	75	459	23	1,966	98
Total Debt Service Requirements	\$ 589,901	\$ 179,635	\$ 145,644	\$ 42,892	\$ 735,545	\$ 222,527

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 September 6, 2023, Washington State University issued \$19.5 million in general revenue refunding bonds with an average interest rate of 5.00 percent to refund \$20.0 million of general revenue bonds to fund various capital projects with an average interest rate of 5.00 percent. The refunding resulted in \$1.2 million gross debt service savings over the next 10 years and an economic gain of \$1.6 million.

On November 21, 2023, the state issued \$289.7 million in various purpose general obligation refunding bonds with an average interest rate of 5.00 percent to refund \$311.5 million of various purpose general obligation bonds with an average interest rate of 5.00 percent. The refunding

resulted in \$38.7 million gross debt service savings over the next 15 years and an economic gain of \$29.4 million.

Also on November 21, 2023, the state issued \$181.8 million in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 5.00 percent to refund \$196.0 million of motor vehicle fuel tax general obligation bonds with an average interest rate of 5.00 percent. The refunding resulted in \$20.6 million gross debt service savings over the next 15 years and an economic gain of \$18.0 million.

On April 1, 2024, the state issued \$1.09 billion in motor vehicle fuel tax general obligation refunding bonds with an average interest rate of 5.00 percent to refund \$1.22 billion of motor vehicle fuel tax general obligation bonds with an average interest rate of 5.24 percent. The refunding resulted in \$22.7 million gross debt service savings over the next 17 years and an economic gain of \$18.8 million.

On June 18, 2024, Washington State University issued \$12.6 million in general revenue refunding bonds with an average interest rate of 5.00 percent to refund \$13.4 million of general revenue bonds to fund the construction of a clean technology laboratory building with an average interest rate of 5.00 percent. The refunding resulted in \$770 thousand gross debt service savings over the next 15 years and an economic gain of \$1.0 million.

Business-Type Activities

On September 6, 2023, Washington State University issued \$731 thousand in general revenue refunding bonds with an average interest rate of 5.00 percent to refund \$1.9 million of general revenue bonds to fund various housing and dining projects with an average interest rate of 5.00 percent. The refunding resulted in \$1.1 million

gross debt service savings over the next two years and an economic gain of \$639 thousand.

On February 15, 2024, the University of Washington issued \$168.1 million in general revenue refunding bonds with an average interest rate of 5.00 percent to refund \$221.9 million of general revenue bonds to fund various capital projects with an average interest rate of 2.64 percent. The refunding resulted in \$29.0 million gross debt service savings over the next 18 years and an economic gain of \$19.4 million.

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.

Revenue Bond Debt

On June 30, 2024, \$31.2 million of revenue bond debt outstanding is considered defeased.

Changes in the balances of workers' compensation claims liabilities during fiscal years 2023 and 2024 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
2023	\$ 38,702,756	3,768,468	(2,799,764)	\$ 39,671,460
2024	\$ 39,671,460	6,904,840	(2,923,050)	\$ 43,653,250

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 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

D. 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, 2024, \$59.78 billion of unpaid claims and claim adjustment expenses are presented at their net present and settlement value of \$43.65 billion. These claims are discounted at assumed interest rates of 1.5 percent for non-pension and cost of living adjustments, 5.5 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 \$43.65 billion as of June 30, 2024, include \$27.18 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.

The remaining claims liabilities of \$16.48 billion are fully funded by long-term investments, net of obligations under securities lending agreements.

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, 2024, 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 \$2.49 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.

State of Washington

Changes in the balances of risk management claims liabilities during fiscal years 2023 and 2024 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
2023	\$ 1,556,098	178,467	(183,706)	(32,697)	\$ 1,518,162
2024	\$ 1,518,162	2,256,317	(1,252,032)	(31,904)	\$ 2,490,543

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, 2024, health insurance claims liabilities totaling \$208.4 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 2023 and 2024 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
2023	\$ 241,234	2,590,412	(2,652,661)	\$ 178,985
2024	\$ 178,985	3,073,551	(3,044,094)	\$ 208,442

E. POLLUTION REMEDIATION

The liability report for pollution remediation obligations 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 45 projects in progress for which the state has recorded a liability of \$164.6 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, 2024, the state has recorded a liability of \$140.0 million for remaining project commitments.

Overall, the state has recorded a pollution remediation liability of \$304.6 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.

F. ASSET RETIREMENT OBLIGATIONS

The liability reported for asset retirement obligations 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 tangible capital assets 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 0-15 years.

The state has recorded an asset retirement obligation of \$31.8 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 assets. 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.

G. LONG-TERM LIABILITY ACTIVITY

Long-term liability activity at June 30, 2024, is reported by the state of Washington within governmental activities and business-type activities, as applicable.

State of Washington

Long-term liability activity for governmental activities for fiscal year 2024 is as follows (expressed in thousands):

Governmental Activities:	Beginning Balance July 1, 2023*	Additions	Reductions	Ending Balance June 30, 2024	Amounts Due Within One Year
Long-Term Debt:					
GO Bonds Payable:					
General obligation (GO) bonds	\$ 20,773,790	\$ 3,608,205	\$ 2,862,250	\$ 21,519,745	\$ 1,149,910
GO - zero coupon bonds (principal)	164,228	—	27,230	136,998	25,840
Subtotal - GO bonds payable	20,938,018	3,608,205	2,889,480	21,656,743	1,175,750
Accreted interest - GO - zero coupon bonds	292,260	—	26,520	265,740	52,295
Revenue bonds payable	1,577,628	32,149	109,097	1,500,680	112,965
Plus: Unamortized premiums on bonds sold	3,151,570	479,451	266,425	3,364,596	—
Less: Deferred issuance discounts	(58)	—	—	(58)	—
Total Bonds Payable	25,959,418	4,119,805	3,291,522	26,787,701	1,341,010
Other Liabilities:					
Certificates of participation	579,205	96,232	85,536	589,901	132,861
Plus: Unamortized premiums on COPs sold	17,825	5,858	4,314	19,369	—
Claims and judgments payable	2,060,494	1,223,009	344,633	2,938,870	539,018
Installment contracts	768	—	137	631	137
Right-to-use lease liabilities	1,390,027	93,562	174,641	1,308,948	162,983
Subscription liabilities	203,742	127,100	131,078	199,764	87,670
Notes payable	1,205	390	551	1,044	994
Compensated absences	906,703	650,061	552,810	1,003,954	193,041
Net pension liability	1,322,852	884,509	1,145,369	1,061,992	—
Total OPEB liability	3,612,506	3,087,189	2,966,202	3,733,493	94,080
Pollution remediation obligations	298,946	20,198	14,559	304,585	—
Unclaimed property refunds	149,318	41,235	2,997	187,556	1,424
Asset retirement obligations	31,171	629	—	31,800	—
Other	449,776	140,115	152,904	436,987	62,401
Total Other Liabilities	11,024,538	6,370,087	5,575,731	11,818,894	1,274,609
Total Long-Term Debt	\$ 36,983,956	\$ 10,489,892	\$ 8,867,253	\$ 38,606,595	\$ 2,615,619

*Corrections of errors in previously issued financial statements resulted in a decrease in right-to-use lease liabilities of \$3.6 million and a decrease in subscription liabilities of \$69.6 million. Refer to Note 2 Accounting Changes and Error Corrections for more details.

For governmental activities, certificates of participation are being repaid approximately 58.11 percent from the Higher Education Special Revenue Fund, 19.90 percent from the Higher Education Capital Projects Fund (a nonmajor governmental fund), and the balance from various other governmental funds. The claims and judgments payable will be liquidated approximately 84.74 percent by the Risk Management Fund, 8.98 percent by the Higher Education Revolving Fund (both are internal service funds), and the balance by various other governmental funds. The right-to-use lease liabilities will be liquidated approximately 71.43 percent by the General Fund, 6.07 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The subscription liabilities will be liquidated approximately 47.04 percent by the General Fund, 31.12 percent by the Human Services Special Revenue Fund (a nonmajor governmental fund), and the balance by various other governmental funds. The compensated absences liability will be liquidated

approximately 47.18 percent by the General Fund, 31.49 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The net pension liability will be liquidated approximately 50.14 percent by the General Fund, 32.87 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The total OPEB liability will be liquidated approximately 46.70 percent by the General Fund, 33.19 percent by the Higher Education Special Revenue Fund, and the balance by various other governmental funds. The pollution remediation liability will be liquidated approximately 72.81 percent by the Wildlife and Natural Resources Special Revenue Fund, and the balance by various other governmental funds. The unclaimed property refunds will be liquidated against the future unclaimed property deposited to the General Fund. Installment contract obligations, notes payable, asset retirement 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 2024 is as follows (expressed in thousands):

Business-Type Activities	Beginning Balance July 1, 2023*	Additions	Reductions	Ending Balance June 30, 2024	Amounts Due Within One Year
Long-Term Debt:					
Revenue bonds payable	\$ 2,225,985	\$ 387,176	\$ 457,686	\$ 2,155,475	\$ 163,090
Plus: Unamortized premiums on bonds sold	155,390	51,684	29,571	177,503	—
Total Bonds Payable	2,381,375	438,860	487,257	2,332,978	163,090
Other Liabilities:					
Certificates of participation	151,403	74	5,833	145,644	6,760
Plus: Unamortized premiums on COPs sold	23,558	—	959	22,599	—
Claims and judgments payable	40,254,964	6,187,686	2,026,811	44,415,839	3,177,237
Installment contracts	1,458	—	723	735	735
Lottery prize annuities payable	100,606	7,817	14,711	93,712	11,370
Tuition benefits payable	1,142,000	72,098	73,098	1,141,000	110,000
Right-to-use lease liabilities	284,845	54,609	94,016	245,438	43,864
Subscription liabilities	36,318	31,529	12,400	55,447	14,838
Compensated absences	133,462	83,956	81,504	135,914	113,203
Net pension liability	195,540	110,608	141,861	164,287	—
Total OPEB liability	632,899	535,743	530,878	637,764	16,071
Other	158,617	6,286	19,997	144,906	1,562
Total Other Liabilities	43,115,670	7,090,406	3,002,791	47,203,285	3,495,640
Total Long-Term Debt	\$ 45,497,045	\$ 7,529,266	\$ 3,490,048	\$ 49,536,263	\$ 3,658,730

*Corrections of errors in previously issued financial statements resulted in a decrease in right-to-use lease liabilities of \$5.7 million, an increase in subscription liabilities of \$49 thousand, and an increase in claims and judgments payable of \$11.1 million. Refer to Note 2 Accounting Changes and Error Corrections for more details.

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, 2024, balances for the “No Commitment” debt of the state’s financing authorities (expressed in thousands):

Financing Authorities	Principal Balance
Washington State Housing Finance Commission	\$ 7,837,420
Washington Health Care Facilities Authority	5,134,061
Washington Higher Education Facilities Authority	720,713
Washington Economic Development Finance Authority	838,584
Total No Commitment Debt	\$ 14,530,778

Note 9 Conduit Debt

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 a 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, 2024, outstanding COP notes totaled \$136.5 million for 133 local governments participating in the LOCAL program. The state estimates that the LOCAL program liability, if any, would be immaterial to its overall financial condition.

Note 10 Leases and Subscription-Based Information Technology Arrangements

A. LESSEE AND SBITA ACTIVITY

The state leases land, facilities, office equipment, and other assets under a variety of long-term, noncancellable lease agreements. The state also has noncancellable subscription-based information technology arrangements (SBITAs) for the right to use information technology hardware and software.

Lease and subscription assets at June 30, 2024, are reported by the state of Washington within governmental activities and business-type activities, as applicable.

Lease and Subscription Assets

The following is a summary of governmental right-to-use lease and subscription asset activity for the year ended June 30, 2024 (expressed in thousands):

Governmental Activities	Balances July 1, 2023*	Additions	Deletions/ Adjustments	Balances June 30, 2024
Land lease assets	\$ 416,760	\$ —	\$ (200)	\$ 416,560
Accumulated amortization	(30,633)	(10,587)	201	(41,019)
Net land lease assets	<u>386,127</u>			<u>375,541</u>
Building lease assets	1,264,415	108,150	(57,161)	1,315,404
Accumulated amortization	(347,990)	(181,265)	55,789	(473,466)
Net building lease assets	<u>916,425</u>			<u>841,938</u>
Equipment and other lease assets	34,951	403	(3,100)	32,254
Accumulated amortization	(16,843)	(8,463)	3,100	(22,206)
Net equipment and other lease assets	<u>18,108</u>			<u>10,048</u>
Subscription assets	342,206	121,544	(52,176)	411,574
Accumulated amortization	(103,106)	(113,232)	50,389	(165,949)
Net subscription assets	<u>239,100</u>			<u>245,625</u>
Governmental Activities Lease and Subscription Assets, Net	<u>\$ 1,559,760</u>			<u>\$ 1,473,152</u>

*Corrections of errors in previously issued financial statements resulted in a decrease in capital assets of \$302.3 million and a decrease in accumulated amortization of \$269.2 million. Refer to Note 2 Accounting Changes and Error Corrections for more details.

The following is a summary of business-type right-to-use lease and subscription asset activity for the year ended June 30, 2024 (expressed in thousands):

Business-Type Activities	Balances July 1, 2023*	Additions	Deletions/ Adjustments	Balances June 30, 2024
Building lease assets	\$ 281,700	\$ 17,480	\$ (28,840)	\$ 270,340
Accumulated amortization	(73,496)	(31,620)	16,548	(88,568)
Net building lease assets	<u>208,204</u>			<u>181,772</u>
Equipment and other lease assets	114,870	6,374	(17,913)	103,331
Accumulated amortization	(49,584)	(20,808)	16,531	(53,861)
Net equipment and other lease assets	<u>65,286</u>			<u>49,470</u>
Subscription assets	61,253	38,548	(7,453)	92,348
Accumulated amortization	(23,121)	(17,507)	6,104	(34,524)
Net subscription assets	<u>38,132</u>			<u>57,824</u>
Business-Type Activities Lease and Subscription Assets, Net	<u>\$ 311,622</u>			<u>\$ 289,066</u>

*Corrections of errors in previously issued financial statements resulted in a decrease in capital assets of \$24.8 million and a decrease in accumulated amortization of \$26.2 million. Refer to Note 2 Accounting Changes and Error Corrections for more details.

Lease and Subscription Liabilities

The following schedule presents future annual lease payments for governmental and business-type activities as of June 30, 2024 (expressed in thousands):

Right-to-Use Lease Agreements	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2025	\$ 162,983	\$ 31,014	\$ 43,864	\$ 6,253	\$ 206,847	\$ 37,267
2026	129,513	29,253	30,469	5,480	159,982	34,733
2027	104,374	26,942	28,654	4,782	133,028	31,724
2028	80,158	25,187	26,930	4,114	107,088	29,301
2029	59,230	23,837	16,159	3,553	75,389	27,390
2030-2034	168,962	115,594	50,701	12,485	219,663	128,079
2035-2039	100,503	112,962	33,328	5,720	133,831	118,682
2040-2044	68,275	107,310	9,781	2,059	78,056	109,369
2045-2049	60,158	78,967	1,489	1,218	61,647	80,185
2050-2054	93,494	62,318	1,963	789	95,457	63,107
2055-2059	139,456	40,722	2,100	232	141,556	40,954
Thereafter	141,842	11,258	—	—	141,842	11,258
Total	\$ 1,308,948	\$ 665,364	\$ 245,438	\$ 46,685	\$ 1,554,386	\$ 712,049

The following schedule presents future annual SBITA payments for governmental and business-type activities as of June 30, 2024 (expressed in thousands):

Subscription-Based IT Arrangements (SBITAs)	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
By Fiscal Year:						
2025	\$ 87,670	\$ 4,637	\$ 14,838	\$ 2,050	\$ 102,508	\$ 6,687
2026	41,560	3,201	11,640	1,655	53,200	4,856
2027	23,595	2,302	6,840	1,203	30,435	3,505
2028	13,866	1,728	9,905	579	23,771	2,307
2029	11,954	1,250	6,033	516	17,987	1,766
2030-2034	21,119	1,758	6,191	319	27,310	2,077
Total	\$ 199,764	\$ 14,876	\$ 55,447	\$ 6,322	\$ 255,211	\$ 21,198

Variable payments, other than those payments that depend on an index or rate or are fixed in substance, and other payments that are not known or certain to be exercised are excluded from the measurement of the lease and subscription liabilities. During the fiscal year ending June 30, 2024, the state of Washington, recognized \$74.2 million for variable and other lease payments not included in the measurement of the lease liability and \$7.4 million for variable and other SBITA payments not included in the measurement of the subscription liability.

As of June 30, 2024, the state of Washington has nine leases that have not yet commenced with lease payments due on an undiscounted basis of \$148.1

million. These leases will commence in fiscal year 2025, with lease terms ranging between 5 and 40 years.

As of June 30, 2024, the state of Washington has two SBITAs that have not yet commenced with payments due on an undiscounted basis of \$1.1 million. These SBITAs will commence in fiscal year 2025, with subscription terms ranging between three and five years.

B. LESSOR ACTIVITY

The state leases state-owned land, buildings, and communication towers to preserve land and generate revenue for public services. In addition, the state

subleases office building space. The state of Washington records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the state's incremental borrowing rate.

During the fiscal year ending June 30, 2024, the amount recognized as lease revenue and lease interest was \$64.8 million.

Variable lease receipts, other than those that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease receivable. During the fiscal year ended June 30, 2024, the state of Washington, recognized revenue of \$34.5 million for variable lease and other payments not included in the measurement of the lease receivable.

Note 11

Public-Private and Public-Public Partnerships

On January 9, 2017, the State Parks and Recreation Commission entered into an agreement with Daniels Real Estate, to design and construct improvements to the existing facility and operate and maintain the St. Edward's lodge for 62 years, setting and retaining lodge fees. In addition, Daniels Real Estate transferred land to the state in 2017, increasing the size of the lodge grounds. The construction was completed in 2018. The state has recognized capital assets for the land and building improvements and a deferred inflow of resources equal to the initial value of the capital assets. As of June 30, 2024, the land is valued at its historical cost of \$1.5 million, the carrying value of the building improvements is \$46.2 million, and the related deferred inflow of resources is \$47.8 million.

On November 14, 2016, the Washington State Department of Transportation (WSDOT) entered into an agreement with King County to design, construct, operate, and maintain a passenger-only ferry terminal for 75 years at the Seattle Multimodal Terminal on the state's tidelands. The terminal's construction was completed in 2019. King County will set and retain fares and advertising revenue. The state has recognized a receivable for future payments from King County for the tidelands lease discounted by an interest rate of 1.51 percent and a related deferred inflow of resources. As of June 30, 2024, the receivable is \$346 thousand and the deferred inflow of resources is \$342 thousand. The ownership of the building will transfer to WSDOT at the end of the agreement, at which time the building is not expected to have any remaining value.

On July 1, 2021, Washington State University (WSU) entered into a 1,055-month agreement with CP Sagamore University Crossing, LLC to construct and manage student-oriented apartment complexes on the

Pullman campus, known as University Crossing. The operator will set and retain fees. Construction was completed in 2023. As of June 30, 2024, the value of the receivable is \$2.8 million for the future annual fixed payments the operator is required to make, discounted by an interest rate of 3.50 percent. The value of the related deferred inflow of resources as of June 30, 2024, is \$2.4 million. The ownership of the building will transfer to WSU at the end of the agreement, at which time the building is not expected to have any remaining value.

On June 1, 2023, WSU entered into a 713-month agreement with Vineyard Apartments, LLC to build and manage student housing complexes on the Tri-Cities campus. The operator will set and retain fees. Construction was completed in 2018. As of June 30, 2024, the value of the receivable is \$1.9 million for the future monthly fixed payments made by the operator, discounted by an interest rate of 4.44 percent. The value of the deferred inflow of resources as of June 30, 2024, is \$1.8 million. The ownership of the building will transfer to WSU at the end of the agreement, at which time the building is not expected to have any remaining value.

On September 30, 2021, the University of Washington entered into an agreement with Capstone-HS Bothell, LLC to construct and operate a development containing student housing and related amenities at the University of Washington-Bothell campus, known as Husky Village. The agreement includes a grounds lease for 50 years, with an option to extend for an additional 20 years. Construction was completed in July 2023, and the state has recognized capital assets for the building improvements and a deferred inflow of resources equal to the initial value of the the capital assets. As of June 30, 2024, the carrying value of the building improvements is \$17.6 million, and the related deferred inflow of resources is \$17.6 million.

Note 12

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources and deferred inflows of resources reported on the Statement of Net Position for governmental and business-type activities as of June 30, 2024, consisted of the following (expressed in thousands):

	Primary Government			Discrete Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Outflows of Resources:				
Refundings of debt	\$ 2,090	\$ 24,555	\$ 26,645	\$ 10,690
Pensions	2,916,071	381,159	3,297,230	7,419
Other postemployment benefits	531,111	198,160	729,271	1,357
Asset retirement obligations	10,384	—	10,384	—
Total Deferred Outflows of Resources	\$ 3,459,656	\$ 603,874	\$ 4,063,530	\$ 19,466
Deferred Inflows of Resources:				
Refundings of debt	\$ 53	\$ 31,852	\$ 31,905	\$ —
Pensions	1,947,461	230,525	2,177,986	4,267
Other postemployment benefits	2,578,755	438,719	3,017,474	3,594
Irrevocable split interest agreements	20,289	—	20,289	—
Right-to-use lease agreements	337,583	245,638	583,221	23,112
Public-private and public-public partnerships	70,034	—	70,034	—
Hedging derivatives	111	—	111	5,611
Other purposes	—	—	—	23,349
Total Deferred Inflows of Resources	\$ 4,954,286	\$ 946,734	\$ 5,901,020	\$ 59,933

Of the \$2.92 billion of deferred outflows of resources related to pensions reported in governmental activities, \$106.6 million is reported in the internal service funds.

Of the remaining \$543.6 million of deferred outflows of resources reported in governmental activities, \$32.0 million is reported in the internal service funds. This amount is comprised of \$29.9 million related to other postemployment benefits and \$2.1 million related to debt refunding.

Of the \$1.95 billion of deferred inflows of resources related to pensions reported in governmental activities, \$69.3 million is reported in the internal service funds.

Of the remaining \$3.01 billion of deferred inflows of resources reported in governmental activities, \$106.3 million is reported in the internal service funds. This amount is comprised of \$106.2 million related to other postemployment benefits and \$53 thousand related to debt refunding.

For both the governmental activities and business-type activities, pension and other postemployment benefits make up a significant portion of the deferred inflows of resources and the deferred outflows of resources. For more details on pension and other postemployment benefits, including deferred inflows of resources and deferred outflows of resources, refer to Note 15 and Note 16, respectively.

Under the modified accrual basis of accounting, governmental funds reported \$4.11 billion in unavailable revenue as deferred inflows of resources, consisting primarily of taxes received more than 30 days after the close of the current fiscal year. For more details about the unavailable revenue, refer to Note 4.

Note 13

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.10.

A summary of governmental fund balances at June 30, 2024, is as follows (expressed in thousands):

Fund Balances	General	Higher Education Special Revenue	Higher Education Endowment and Other Permanent Funds	Wildlife and Natural Resources	Nonmajor Governmental Funds	Total
Nonspendable:						
Permanent funds	\$ —	\$ —	\$ 3,302,986	\$ —	\$ 236,603	\$ 3,539,589
Consumable inventories and prepaids	19,061	54,749	—	2,471	70,375	146,656
Other receivables – long-term	41,868	—	—	—	—	41,868
Total Nonspendable Fund Balance	\$ 60,929	\$ 54,749	\$ 3,302,986	\$ 2,471	\$ 306,978	\$ 3,728,113
Restricted for: *						
Higher education	\$ —	\$ 71,224	\$ 2,673,409	\$ —	\$ —	\$ 2,744,633
Education	—	—	36,701	—	79,635	116,336
Transportation	—	—	—	—	1,794,910	1,794,910
Other purposes	30	—	—	—	3,847	3,877
Human services	293	—	—	—	808,319	808,612
Wildlife and natural resources	4,584	—	1	1,431,874	—	1,436,459
Local grants and loans	23,606	—	—	—	22	23,628
School construction	791	—	—	—	388,585	389,376
Budget stabilization	970,615	—	—	—	—	970,615
Pollution remediation	—	—	—	47,929	—	47,929
Operations and maintenance	—	—	—	—	11,856	11,856
Repair and replacement	—	—	—	—	57,226	57,226
Revenue stabilization	—	—	—	—	49,563	49,563
Deferred sales tax	—	—	—	—	9,000	9,000
Self-Insurance	—	—	—	—	10,000	10,000
Third tier debt service	—	—	—	—	3,182	3,182
Fourth tier debt service	—	—	—	—	2,002	2,002
Total Restricted Fund Balance	\$ 999,919	\$ 71,224	\$ 2,710,111	\$ 1,479,803	\$ 3,218,147	\$ 8,479,204
Committed for:						
Higher education	\$ 296,472	\$ 5,544,110	\$ —	\$ —	\$ 46,170	\$ 5,886,752
Education	1,107	—	—	—	9,524	10,631
Transportation	—	—	—	—	1,035,029	1,035,029
Other purposes	178,974	—	—	334	683,570	862,878
Human services	1,129,296	—	—	—	1,774,255	2,903,551
Wildlife and natural resources	65,477	—	—	2,589,957	34,711	2,690,145
Local grants and loans	231,010	—	—	—	914,807	1,145,817
State facilities	—	—	—	—	30,110	30,110
Debt service	—	—	—	—	405,721	405,721
Total Committed Fund Balance	\$ 1,902,336	\$ 5,544,110	\$ —	\$ 2,590,291	\$ 4,933,897	\$14,970,634
Assigned for:						
Working capital	\$ 2,032,952	\$ 109,939	\$ —	\$ —	\$ —	\$ 2,142,891
Total Assigned Fund Balance	\$ 2,032,952	\$ 109,939	\$ —	\$ —	\$ —	\$ 2,142,891

*Net position restricted as a result of enabling legislation totaled \$10.4 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, 2024, the Budget Stabilization Account had restricted fund balance of \$970.6 million.

Note 14 Deficit Net Position

Risk Management Fund

The Risk Management Fund, an internal service fund, had a deficit net position of \$2.70 billion at June 30, 2024. 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 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, 2024 (expressed in thousands):

Risk Management Fund		Net Position
Net Position - Beginning, as restated	\$	(1,564,797)
Change in Net Position		(1,130,901)
Net Position - Ending	\$	(2,695,698)

Lottery Fund

The Lottery Fund, an enterprise fund, had a deficit net position of \$27.6 million at June 30, 2024. 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 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 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 following schedule details the change in net position for the Lottery Fund during the fiscal year ended June 30, 2024 (expressed in thousands):

Lottery Fund	Net Position
Net Position - Beginning, as restated	\$ (26,742)
Change in Net Position	(863)
Net Position - Ending	<u>\$ (27,605)</u>

Note 15 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.

The state has elected to use the prior fiscal year end as the measurement date for reporting net pension liabilities for all pension plans except for the Higher Education Supplemental Plans.

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.

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 plans, fiduciary net positions 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 2024 (expressed in thousands):

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 1,226,279
Pension assets	\$ (5,776,519)
Deferred outflows of resources on pensions	\$ 3,297,230
Deferred inflows of resources on pensions	\$ 2,177,986
Pension expense/expenditures	\$ (567,909)

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 Firefighters' 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 0.20 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. 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: [DRS Annual Financial Reports](#).

State Board for Volunteer Firefighters' and Reserve Officers. As established in chapter 41.24 RCW, the State Board for Volunteer Firefighters' and Reserve Officers administers the Volunteer Firefighters' Relief and Pension Fund and the Reserve Officers' Relief and Pension Fund. Both plans are defined benefit plans. Administration for each plan 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 each higher education institution until the plans are fully funded, at which time the plans will be administered by the DRS.

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 2.

Refer to Note 15.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 2.

Refer to Note 15.E for a description of the defined contribution component of TRS Plan 3.

Law Enforcement Officers' and Firefighters'. The Law Enforcement Officers' and Firefighters' 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, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF membership is comprised primarily of non-state employees with the exception of Department of Fish and Wildlife enforcement officers who were included effective July 27, 2003.

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, 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 15.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 this plan.

For membership information refer to the table presented in Note 15.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 15.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 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.

Active WSPRS members do not have to meet a vesting requirement. 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 WSPRS members are vested after the completion of five years of eligible service. 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; and 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 2024 are presented in the table in Note 15.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 2024, the state contributed \$96.4 million to LEOFF Plan 2.

Required contribution rates for fiscal year 2024 are presented in the table in Note 15.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 15.B.2 for nonemployer contributing entity disclosures.

JRS and JRF: The JRS and JRF have no active members; therefore, no employer or employee contributions are required. The state guarantees the solvency of the JRS and JRF 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 2024, the state contributed \$300 thousand for JRF and \$6.3 million for JRS.

Actuarial Assumptions

PERS, TRS, LEOFF, PSERS, and WSPRS: The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022, rolled forward to the measurement date of June 30, 2023, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	3.25 %
Investment rate of return	7.00 %

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, 2022, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2022 Actuarial Valuation Report.

The OSA selected a 7.00 percent long-term expected rate of return on pension plan investments. 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 WSIB.

The WSIB uses the CMAs and their target allocation to simulate future investment returns over various time horizons. WSIB's CMAs contain 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.

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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20 %	1.5 %
Tangible assets	7 %	4.7 %
Real estate	18 %	5.4 %
Global equity	32 %	5.9 %
Private equity	23 %	8.9 %
Total	100 %	

The inflation component used to create the above table is 2.20 percent, and represents the WSIB's long-term estimate of broad economic inflation consistent with their 2021 CMAs.

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.

Assumptions for JRS and JRF mirror those of PERS (primarily mortality), except for the COLA. Members of JRF do not receive a COLA and the JRS COLA is based on a national, instead of local, CPI measure. With consideration to duration of liabilities, a 2.75 percent annual inflation is assumed for JRS.

Discount rate

PERS, TRS, LEOFF, PSERS, and WSPRS: The discount rate used to measure the total pension liability was 7.00 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 described in OSA's Actuarial 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 7.00 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 unfunded actuarial accrued liability. TRS Plan 2/3 rates include a component for TRS Plan 1 unfunded actuarial accrued 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 3.65 percent for the June 30, 2023, measurement date.

Refer to the table in Note 15.B.3 for the change in net pension liability.

Pension Expense

The state recognized the following pension expense for the year ended June 30, 2024 (expressed in thousands):

Pension Expense	
Plans	
PERS Plan 1	\$ 7,400
PERS Plan 2/3	(238,761)
TRS Plan 1	(649)
TRS Plan 2/3	4,725
LEOFF Plan 2	(1,160)
PSERS Plan 2	18,387
WSPRS	(2,053)
JRS	867
JRF	116

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, 2024 (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)	\$ 973,940	\$ (2,095,022)	\$ 18,297	\$ (1,748)	\$ (17,374)	\$ (69,916)
State's proportion	42.67%	51.11%	1.44%	1.42%	0.72%	65.93%
Increase/(decrease)	0.49%	0.12%	0.13%	0.11%	-0.03%	0.38%

Net Pension Liability/(Asset)

WSPRS, JRS, and JRF: The following presents the state's net pension liability/(asset) as of June 30, 2024 (expressed in thousands):

	WSPRS	JRS	JRF
Proportionate share of the collective net pension liability/(asset)	\$ (71,660)	\$ 45,395	\$ (277)

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 7.00 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (expressed in thousands):

Net Pension Liability/(Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
PERS Plan 1	\$ 1,360,667	\$ 973,940	\$ 636,417
PERS Plan 2/3	2,278,588	(2,095,022)	(5,688,220)
TRS Plan 1	27,850	18,297	9,945
TRS Plan 2/3	56,455	(1,748)	(49,067)
LEOFF Plan 2	2,877	(17,374)	(33,947)
PSERS Plan 2	108,410	(69,916)	(210,654)
WSPRS	177,773	(71,660)	(273,570)

JRS and JRF: The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 3.65 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate (expressed in thousands):

Net Pension Liability/(Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
JRS	\$ 49,375	\$ 45,395	\$ 41,885
JRF	(243)	(277)	(309)

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, 2024, 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	PERS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —	Difference between expected and actual experience	\$ 426,754	\$ 23,408
Changes of assumptions	—	—	Changes of assumptions	879,563	191,710
Net difference between projected and actual earnings on pension plan investments	—	109,865	Net difference between projected and actual earnings on pension plan investments	—	789,530
Change in proportion	—	—	Change in proportion	13,653	3,464
State contributions subsequent to the measurement date	260,256	—	State contributions subsequent to the measurement date	518,349	—
Total	\$ 260,256	\$ 109,865	Total	\$ 1,838,319	\$ 1,008,112

TRS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources	TRS Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ —	Difference between expected and actual experience	\$ 15,226	\$ 246
Changes of assumptions	—	—	Changes of assumptions	13,890	1,377
Net difference between projected and actual earnings on pension plan investments	—	2,649	Net difference between projected and actual earnings on pension plan investments	—	8,386
Change in proportion	—	—	Change in proportion	1,565	1,229
State contributions subsequent to the measurement date	3,114	—	State contributions subsequent to the measurement date	10,251	—
Total	\$ 3,114	\$ 2,649	Total	\$ 40,932	\$ 11,238

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources	PSERS Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,097	\$ 143	Difference between expected and actual experience	\$ 21,877	\$ 17,991
Changes of assumptions	4,438	1,427	Changes of assumptions	31,280	12,166
Net difference between projected and actual earnings on pension plan investments	—	3,676	Net difference between projected and actual earnings on pension plan investments	—	18,814
Change in proportion	295	93	Change in proportion	1,561	513
State contributions subsequent to the measurement date	1,815	—	State contributions subsequent to the measurement date	43,586	—
Total	\$ 13,645	\$ 5,339	Total	\$ 98,304	\$ 49,484

WSPRS Plan 1/2	Deferred Outflows of Resources	Deferred Inflows of Resources	JRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,796	\$ 9,914	Difference between expected and actual experience	\$ —	\$ —
Changes of assumptions	63,186	—	Changes of assumptions	—	—
Net difference between projected and actual earnings on pension plan investments	—	47,122	Net difference between projected and actual earnings on pension plan investments	225	—
Change in proportion	—	—	Change in proportion	—	—
State contributions subsequent to the measurement date	22,701	—	State contributions subsequent to the measurement date	6,300	—
Total	\$ 107,683	\$ 57,036	Total	\$ 6,525	\$ —

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	37	—
Change in proportion	—	—
State contributions subsequent to the measurement date	300	—
Total	\$ 337	\$ —

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, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in the fiscal years ended June 30 (expressed in thousands):

PERS Plan 1			PERS Plan 2/3			TRS Plan 1			TRS Plan 2/3		
2025	\$	(74,747)	2025	\$	(368,907)	2025	\$	(1,851)	2025	\$	(1,738)
2026	\$	(94,004)	2026	\$	(453,209)	2026	\$	(2,340)	2026	\$	(3,049)
2027	\$	57,961	2027	\$	655,178	2027	\$	1,495	2027	\$	8,766
2028	\$	925	2028	\$	237,755	2028	\$	47	2028	\$	3,811
2029	\$	—	2029	\$	232,187	2029	\$	—	2029	\$	3,607
Thereafter	\$	—	Thereafter	\$	8,854	Thereafter	\$	—	Thereafter	\$	8,046

LEOFF Plan 2			PSERS Plan 2			WSPRS Plan 1/2			JRS		
2025	\$	(1,417)	2025	\$	(11,222)	2025	\$	(9,974)	2025	\$	95
2026	\$	(2,011)	2026	\$	(14,020)	2026	\$	(19,206)	2026	\$	67
2027	\$	3,220	2027	\$	14,159	2027	\$	45,291	2027	\$	45
2028	\$	1,188	2028	\$	2,345	2028	\$	11,835	2028	\$	18
2029	\$	1,283	2029	\$	2,519	2029	\$	—	2029	\$	—
Thereafter	\$	4,228	Thereafter	\$	11,453	Thereafter	\$	—	Thereafter	\$	—

JRF		
2025	\$	15
2026	\$	11
2027	\$	8
2028	\$	3
2029	\$	—
Thereafter	\$	—

2. DRS Plans - Nonemployer Contributing Entity Disclosures

For fiscal year 2024, 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 15.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, 2023, 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 2023, 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, 2023, 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 4 percent of payroll. For fiscal year 2023, the nonemployer contributing entity's proportionate share of the net pension asset was considered substantial at 38.97 percent based on total plan contributions received in fiscal year 2023.

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, 2024 (expressed in thousands).

	LEOFF Plan 1	LEOFF Plan 2
Proportionate share of the collective net pension liability/(asset)	\$ (2,585,743)	\$ (934,779)
State's proportion	87.12%	38.97%
Increase/(decrease)	—%	-0.34%

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 2023 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 7.00 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (expressed in thousands):

LEOFF Plan 1 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ (2,292,792)
Current discount rate	\$ (2,585,743)
1% increase	\$ (2,839,776)

LEOFF Plan 2 Nonemployer Contributing Entity Proportionate Share of Net Pension Liability/(Asset)	
1% decrease	\$ 154,774
Current discount rate	\$ (934,779)
1% increase	\$ (1,826,486)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2024, the state as a nonemployer contributing entity recognized \$(227.2) million pension expense for LEOFF Plan 1 and \$(61.1) million pension expense for LEOFF Plan 2.

At June 30, 2024, 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	—	171,459
Change in proportion	—	—
State contributions subsequent to the measurement date	—	—
Total	\$ —	\$ 171,459

State of Washington

LEOFF Plan 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 381,831	\$ 7,691
Changes of assumptions	238,786	76,785
Net difference between projected and actual earnings on pension plan investments	—	197,797
Change in proportion and difference between state contributions and proportionate share of contributions	15,865	4,979
State contributions subsequent to the measurement date	97,656	—
Total	\$ 734,138	\$ 287,252

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, 2025.

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		
2025	\$	(117,558)
2026	\$	(147,520)
2027	\$	91,512
2028	\$	2,107
2029	\$	—
Thereafter	\$	—

LEOFF Plan 2		
2025	\$	(76,260)
2026	\$	(108,201)
2027	\$	173,262
2028	\$	63,894
2029	\$	69,040
Thereafter	\$	227,495

3. Tables for Plans Administered by the Department of Retirement Systems

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, 2023, 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	1,321	68	209	1,598
WSPRS 2	9	105	508	622
JRS	71	—	—	71
JRF	7	—	—	7
Total	1,408	173	717	2,298

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, 2023, the date of the latest actuarial valuation for all plans (expressed in thousands):

Change in Net Pension Liability/(Asset)	WSPRS		JRS		JRF	
TOTAL PENSION LIABILITY						
Service cost	\$	23,889	\$	—	\$	—
Interest		116,102		2,007		40
Changes of benefit terms		3,100		—		—
Differences between expected and actual experience		(11,163)		(505)		113
Changes of assumptions		—		(444)		(6)
Benefit payments, including refunds of member contributions		(85,322)		(6,622)		(229)
Net Change in Total Pension Liability		46,606		(5,564)		(82)
Total Pension Liability--Beginning		1,676,648		59,969		1,248
Total Pension Liability--Ending	\$	1,723,254	\$	54,405	\$	1,166
PLAN FIDUCIARY NET POSITION						
Contributions--employer	\$	20,862	\$	6,700	\$	300
Contributions--employee		11,160		—		—
Net investment income		118,180		220		32
Benefit payments, including refunds of member contributions		(85,322)		(6,622)		(229)
Administrative expense		(30)		—		—
Other		479		—		—
Net Change in Plan Fiduciary Net Position		65,329		298		103
Plan Fiduciary Net Position--Beginning		1,729,585		8,712		1,340
Plan Fiduciary Net Position--Ending	\$	1,794,914	\$	9,010	\$	1,443
Plan's Net Pension Liability/(Asset)--Beginning	\$	(52,937)	\$	51,257	\$	(92)
Plan's Net Pension Liability/(Asset)--Ending	\$	(71,660)	\$	45,395	\$	(277)

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 2024 were as follows:

Required Contribution Rates	Employer			Employee		
	Plan 1	Plan 2	Plan 3 ¹	Plan 1	Plan 2	Plan 3
<u>PERS</u>						
Members Not Participating in JBM						
State Agencies, Local Government Units	6.36 %	6.36 %	6.36 %	6.00 %	6.36 %	varies ²
Administrative Fee	0.20 %	0.20 %	0.20 %			
PERS Plan 1 UAAL ³	2.97 %	2.97 %	2.97 %			
Total	9.53 %	9.53 %	9.53 %			
State Government Elected Officials	9.54 %	6.36 %	6.36 %	7.50 %	6.36 %	varies ²
Administrative Fee	0.20 %	0.20 %	0.20 %			
PERS Plan 1 UAAL ³	4.46 %	2.97 %	2.97 %			
Total	14.20 %	9.53 %	9.53 %			
Members Participating in JBM						
State Agencies	8.86 %	8.86 %	8.86 %	9.76 %	13.40 %	7.50% ⁴
Administrative Fee	0.20 %	0.20 %	0.20 %			
PERS Plan 1 UAAL ³	2.97 %	2.97 %	2.97 %			
Total	12.03 %	12.03 %	12.03 %			
Local governmental units	6.36 %	6.36 %	6.36 %	12.26 %	15.90 %	7.50% ⁴
Administrative Fee	0.20 %	0.20 %	0.20 %			
PERS Plan 1 UAAL ³	2.97 %	2.97 %	2.97 %			
Total	9.53 %	9.53 %	9.53 %			
<u>TRS</u>						
Members Not Participating in JBM						
State Agencies, Local Government Units	8.06 %	8.06 %	8.06 %	6.00 %	8.06 %	varies ²
Administrative Fee	0.20 %	0.20 %	0.20 %			
TRS Plan 1 UAAL ⁵	1.44 %	1.44 %	1.44 %			
Total	9.70 %	9.70 %	9.70 %			
State Government Elected Officials	8.06 %	8.06 %	8.06 %	7.50 %	8.06 %	varies ²
Administrative Fee	0.20 %	0.20 %	0.20 %			
TRS Plan 1 UAAL ⁵	1.44 %	1.44 %	1.44 %			
Total	9.70 %	9.70 %	9.70 %			
Members Participating in JBM						
State Agencies, Local Government Units	8.06 %	N/A	N/A	9.76 %	N/A	N/A
Administrative Fee	0.20 %	N/A	N/A			
TRS Plan 1 UAAL ⁵	1.44 %	N/A	N/A			
Total	9.70 %					
<u>LEOFF</u>						
Ports and universities	N/A	8.53 %	N/A	N/A	8.53 %	N/A
Administrative fee	0.20 %	0.20 %	N/A			
Total	0.20 %	8.73 %				
Local governmental units	N/A	5.12 %	N/A	N/A	8.53 %	N/A
Administrative Fee	0.20 %	0.20 %	N/A			
Total	0.20 %	5.32 %				
State of Washington	N/A	3.41 %	N/A	N/A	N/A	N/A
<u>WSPRS</u>						
State agency	17.79 %	17.79 %	N/A	8.74 %	8.74 %	N/A
Administrative Fee	0.20 %	0.20 %	N/A			
Total	17.99 %	17.99 %				
<u>PSERS</u>						
State agencies, local governmental units	N/A	6.73 %	N/A	N/A	6.73 %	N/A
Administrative fee	N/A	0.20 %	N/A			
PSERS Plan 1 UAAL ³	N/A	2.97 %	N/A			
Total		9.90 %				

1. Plan 3 defined benefit portion only

2. Variable from 5% to 15% based on rate selected by the member

3. Portion of the employer contribution rates of PERS and PSERS plans to fund the Unfunded Actuarial Accrued Liability (UAAL) of PERS plan 1

4. Minimum rate

5. Portion of the employer contribution rate of TRS plans to fund the UAAL of TRS plan 1

N/A indicates data not applicable.

C. PLANS ADMINISTERED BY THE STATE BOARD FOR VOLUNTEER FIREFIGHTERS AND RESERVE OFFICERS

Volunteer Firefighters' Relief and Pension Fund and Reserve Officers' Relief and Pension Fund

Plan Description. The Volunteer Firefighters' Relief Act was created by the Legislature in 1935, and the pension portion of the act was added in 1945.

Effective July 23 2023, House Bill 1336 split the Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund into two plans; the Volunteer Firefighters' Relief and Pension Fund (VFFRPF) and the Reserve Officers' Relief and Pension Fund (RORPF).

As established in chapter 41.24 RCW, VFFRPF and RORPF are cost-sharing, multiple-employer defined benefit plans that are administered by the State Board for Volunteer Firefighters 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 funds are funded through legislative appropriation.

Plan Members. Membership in the VFFRPF requires volunteer firefighter service with a fire department of an electing municipality of Washington state or emergency work as an emergency medical technician with an emergency medical service district.

Membership in the RORPF requires work as a commissioned reserve law enforcement officer.

At June 30, 2022, plan membership consisted of the following:

Plan Membership	VFFRPF	RORPF
Inactive plan members or beneficiaries currently receiving benefits	4,779	55
Inactive plan members entitled to but not yet receiving benefits	6,000	95
Active plan members*	7,929	63
Total membership	18,708	213

*Does not include 1,661 active plan members who have chosen not to join the pension plan.

Benefits Provided. VFFRPF and RORPF provide 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. As of June 30, 2024, there were approximately 362 municipalities contributing to the plans.

Normal retirement is available at the age of 65 with at least twenty-five years of membership service. The monthly plan benefit formula is \$100 plus \$10 for each month for each year the member made pension contributions. The maximum monthly pension benefit is \$350. Reduced pensions are available for members beginning at the age of 65 with less than twenty-five years of service and for members at the age of 60 with at least twenty-five years of service.

Members are vested after 10 years of service. 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.

At any time prior to retirement or at the time of retirement, a member of either plan 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 or RORPF benefit provisions for the fiscal year ended June 30, 2024.

Contributions. Retirement benefits for both plans 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 2024, the fire insurance premium tax contribution was \$14.8 million.

The contributions and earnings will be split between the two funds proportionate to the membership of each group.

The municipality rate for emergency medical service districts (EMSD) and law enforcement agencies is set each year by the State Board for Volunteer Firefighters 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 2024 were the following:

	Firefighters	EMSD	Reserve Officers
Member fee	\$ 30	\$ 30	\$ 30
Municipality fee	30	110	110
Total fee	\$ 60	\$ 140	\$ 140

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.

The Volunteer Firefighters' and Reserve Officers' (VFFRO) Funds include two separate pension plans: the Volunteer Firefighters' Relief and Pension Principal Fund and the Reserve Officers' Relief and Pension Principal Fund. The investment objectives and policies detailed in this section apply equally to both funds.

The VFFRO invests in Collective Investment Trust Funds (CITs) where investors pool resources into a mutual fund type structure. Individual securities are held within the CIT and investors own shares of each fund. In addition, the VFFRO funds invest in the Daily Valued Bond Fund managed by the WSIB.

Further information about the VFFRO funds investment balances is included in the plan specific sections of the WSIB financial statements and can be found at: [Annual Reports](#).

The Office of the State Treasurer (OST) manages a small portion of the assets for the VFFRO funds. 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, 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, 2024, the annual money-weighted rate of return on the VFFRO funds investments, net of pension plan investment expense, was 14.9 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 municipalities at June 30, 2024, were as follows (dollars expressed in thousands):

Pension Liability	VFFRPF	RORPF
Total pension liability	\$ 257,539	\$ 2,671
Plan fiduciary net position	268,869	3,892
Participating municipality net pension liability/(asset)	\$ (11,330)	\$ (1,221)
Plan fiduciary net position as a percentage of the total pension liability	104.40%	145.71%

Actuarial Assumptions. The VFFRO funds have a long-term expected rate of return of 6.00 percent. For further details, see the *2022 VFF Economic Experience Study*.

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 the Public Employees' Retirement System.

The actuarial assumptions used in the June 30, 2022, 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.

In fiscal year 2022, WSIB established a new set of CMAs as well as a new target asset allocation for the

VFFRO funds. Collectively, this represents the expected asset performance and their weighting.

Best estimates of arithmetic real rates of return for each asset class included in the pension plans' target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global/Public equity	70%	8.1%
Fixed income	30%	3.5%
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 2022 Economic Experience Study located on the OSA website.

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 Actuarial 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)		
	VFFRPF	RORPF
1% decrease	\$ 19,694	\$ (898)
Current discount rate	\$ (11,330)	\$ (1,221)
1% increase	\$ (36,748)	\$ (1,484)

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. 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. RCW 41.50.075, effective fiscal year 2021, created separate Supplemental Retirement Plan (SRP) funds by institution that met the definition of a trust or equivalent arrangements.

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 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 15.E.

Benefits Provided. The Higher Education Supplemental Retirement Plans (SRP) provide retirement, disability, and death benefits to eligible members.

As of July 1, 2011, all Higher Education SRPs 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. For the total pension liability (TPL), we relied on a valuation date of January 1, 2023, and projected the TPL to the measurement date of June 30, 2024.

The total salary growth, based on the August 2021 Higher Education SRP Experience Study, ranged from 3.50 to 4.00 percent.

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 January 1, 2023, valuation were based on the results of the August 2021 Higher Education SRP Experience Study. Additional assumptions related to salary growth were based on feedback from financial administrators of the Higher Education SRPs.

Material assumption changes. Changes in methods and assumptions that occurred between the measurement of the June 30, 2022, TPL and the June 30, 2023, TPL:

- The valuation date was changed from June 30 to January 1. This corresponds with the new data file being provided with participant information as of January 1, 2023.
- Annuity conversion assumptions were updated for the Teachers Insurance and Annuity Association (TIAA) investments based on input from TIAA

and OSA's professional judgment. TIAA contributions and investment earnings annuity conversion changed from contributions made pre-2002/post-2001 converted at 6.00 percent/3.25 percent to contributions pre-2006/post-2005 converted at 7.00 percent/4.00 percent.

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 7.00 percent for the June 30, 2024, 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, 2024, the Higher Education SRPs reported the following for pension expense (expressed in thousands):

Pension Expense		
Plans		
University of Washington (UW)	\$	(52,337)
Washington State University (WSU)		(6,971)
Eastern Washington University (EWU)		(854)
Central Washington University (CWU)		(403)
The Evergreen State College (TESC)		(699)
Western Washington University (WWU)		(1,472)
State Board for Community and Technical Colleges (SBCTC)		(5,729)
Total	\$	(68,465)

State of Washington

Plan Membership. Membership of the Higher Education SRPs consisted of the following at June 30, 2023, the date of the actuarial valuation for all plans rolled forward to the June 30, 2024, measurement date:

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)	1,289	341	4,117	5,747
Washington State University (WSU)	479	166	1,073	1,718
Eastern Washington University (EWU)	70	33	217	320
Central Washington University (CWU)	70	14	63	147
The Evergreen State College (TESC)	33	15	113	161
Western Washington University (WWU)	84	50	402	536
State Board for Community and Technical Colleges (SBCTC)	407	393	4,071	4,871
Total	2,432	1,012	10,056	13,500

Change in Net Pension Liability/(Asset). The following table presents the change in net pension liability/(asset) of Higher Education SRPs at June 30, 2024 (expressed in thousands):

Change in Net Pension Liability/(Asset)	UW	WSU	EWU	CWU	TESC	WWU	SBCTC
TOTAL PENSION LIABILITY							
Service cost	\$ 4,198	\$ 577	\$ 152	\$ 12	\$ 58	\$ 239	\$ 1,857
Interest	19,094	3,662	698	333	261	1,147	6,364
Changes of benefit terms	—	—	—	—	—	—	—
Differences between expected and actual experience	(41,669)	(6,154)	(1,454)	(265)	(609)	(2,798)	(18,090)
Changes of assumptions	—	—	—	—	—	—	—
Benefit payments	(11,666)	(3,253)	(409)	(501)	(154)	(589)	(3,653)
Net Change in Total Pension Liability	(30,043)	(5,168)	(1,014)	(420)	(444)	(2,000)	(13,521)
Total Pension Liability--Beginning	274,309	53,334	10,023	4,995	3,748	16,443	90,859
Total Pension Liability--Ending	\$ 244,266	\$ 48,166	\$ 9,009	\$ 4,575	\$ 3,305	\$ 14,443	\$ 77,337
PLAN FIDUCIARY NET POSITION							
Contributions--employer	\$ 8,423	\$ 1,097	\$ 176	\$ 179	\$ 48	\$ 243	\$ 903
Contributions--member	—	—	—	—	—	—	—
Net Investment income	9,393	1,737	341	344	128	500	2,945
Benefit payments, including refunds of member contributions	—	—	—	—	—	—	—
Administrative expense	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—
Net Change in Plan Fiduciary Net Position	17,816	2,834	518	523	176	743	3,848
Plan Fiduciary Net Position--Beginning	112,536	21,041	4,161	4,200	1,569	6,117	36,368
Plan Fiduciary Net Position--Ending	\$ 130,352	\$ 23,875	\$ 4,679	\$ 4,724	\$ 1,745	\$ 6,860	\$ 40,216
Plan's Net Pension Liability/(Asset)--Ending	\$ 113,914	\$ 24,290	\$ 4,330	\$ (149)	\$ 1,560	\$ 7,582	\$ 37,121

Note: Figures may not total due to rounding.

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 7.00 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate (expressed in thousands):

Net Pension Liability/(Asset)			
Plans	1% Decrease	Current Discount Rate	1% Increase
University of Washington (UW)	\$ 139,690	\$ 113,914	\$ 91,762
Washington State University (WSU)	28,722	24,290	20,451
Eastern Washington University (EWU)	5,251	4,330	3,540
Central Washington University (CWU)	186	(149)	(444)
The Evergreen State College (TESC)	1,876	1,560	1,286
Western Washington University (WWU)	9,024	7,582	6,340
State Board for Community and Technical Colleges (SBCTC)	45,214	37,121	30,154
Total	\$ 229,963	\$ 188,648	\$ 153,089

State of Washington

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the Higher Education SRPs 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	\$ 73,415	\$ 222,177
Changes of assumptions	67,896	117,506
Difference between projected and actual	—	1,820
Total	\$ 141,312	\$ 341,503

Washington State University (WSU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,346	\$ 24,165
Changes of assumptions	7,588	15,564
Difference between projected and actual	—	360
Total	\$ 14,935	\$ 40,089

Eastern Washington University (EWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,658	\$ 5,917
Changes of assumptions	1,316	3,458
Difference between projected and actual	—	72
Total	\$ 2,974	\$ 9,446

Central Washington University (CWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ —	\$ 44
Changes of assumptions	—	—
Difference between projected and actual	—	71
Total	\$ —	\$ 115

The Evergreen State College (TESC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 528	\$ 2,217
Changes of assumptions	366	1,005
Difference between projected and actual	—	28
Total	\$ 894	\$ 3,250

Western Washington University (WWU)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,446	\$ 10,740
Changes of assumptions	2,162	4,918
Difference between projected and actual	—	105
Total	\$ 5,607	\$ 15,764

State Board for Community and Technical Colleges (SBCTC)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,974	\$ 33,212
Changes of assumptions	12,281	31,527
Difference between projected and actual	—	646
Total	\$ 28,255	\$ 65,385

Note: Figures may not total due to rounding.

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)		
2025	\$	(53,881)	2025	\$	(9,005)	2025	\$	(1,859)	2025	\$	(141)
2026	\$	(44,564)	2026	\$	(9,792)	2026	\$	(2,356)	2026	\$	44
2027	\$	(78,871)	2027	\$	(6,139)	2027	\$	(1,283)	2027	\$	(9)
2028	\$	(15,888)	2028	\$	(218)	2028	\$	(867)	2028	\$	(9)
2029	\$	(6,987)	2029	\$	—	2029	\$	(107)	2029	\$	—
Thereafter	\$	—	Thereafter	\$	—	Thereafter	\$	—	Thereafter	\$	—

The Evergreen State College (TESC)			Western Washington University (WWU)			State Board for Community and Technical Colleges (SBCTC)		
2025	\$	(936)	2025	\$	(2,411)	2025	\$	(8,900)
2026	\$	(945)	2026	\$	(3,497)	2026	\$	(8,288)
2027	\$	(273)	2027	\$	(2,764)	2027	\$	(13,374)
2028	\$	(202)	2028	\$	(964)	2028	\$	(2,233)
2029	\$	—	2029	\$	(521)	2029	\$	(4,335)
Thereafter	\$	—	Thereafter	\$	—	Thereafter	\$	—

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 15.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 15.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, 2024, there were no active members, 65 inactive members, and 14 members 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 2024, there were no contributions made to employee accounts.

The administrator of JRA has entered into 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 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 3.31 percent to 8.97 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 2024, employer and employee contributions were \$280.6 million and \$278.7 million, respectively, for a total of \$559.3 million.

Note 16

Other Postemployment Benefits

General Information

In addition to pension benefits as described in Note 15, 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 note 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 274 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, 2023

Active employees*	128,393
Retirees receiving benefits**	37,135
Retirees not receiving benefits***	N/A
Total active employees and retirees	165,528

*Reflects active employees eligible for PEBB program participation as of June 30, 2023.

**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.

***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. As a result, we are unable to provide an estimate for fiscal year 2024.

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 Firefighters' 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 2023, the average weighted implicit subsidy was valued at \$420 per adult unit per month. In calendar year 2024, the average weighted implicit subsidy is projected to be \$445 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 2024, the explicit subsidy was up to \$183 per member per month, and it will remain \$183 per member per month in calendar year 2025.

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	\$ 1,305
Dental	81
Life	4
Long-term disability	2
Total	\$ 1,392
Employer contribution	\$ 1,204
Employee contribution	188
Total	\$ 1,392

*Per FY2025 PEBB Financial Projection Model version 3.1. Per capita cost based on subscribers, includes non-Medicare risk pool only. Figures based on calendar year 2024 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: [OSA Additional Services](#). 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	6/30/2022
Actuarial measurement date	6/30/2023
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	2.35%
Projected salary changes	3.25% plus service-based salary increases
Health care trend rates	Initial trend rate ranges from 2-11%, reaching an ultimate rate of approximately 3.8% in 2080.
Post-retirement participation percentage	60%
Percentage with spouse coverage	45%

Based on trend assumptions, no change in the explicit subsidy cap of \$183 per month is expected through the end of calendar year 2025. 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 expected to grow with the assumed health care trend.

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 2023 PEBB OPEB Demographic Experience Study. 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 2021 Report on Financial Condition and 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 3.54 percent for the June 30, 2022, measurement date and 3.65 percent for the June 30, 2023, measurement date.

Additional detail on assumptions and methods can be found on OSA's website.

Total OPEB Liability. As of June 30, 2024, the state reported a total OPEB liability of \$4.38 billion.

Changes in Total OPEB Liability

The following table presents the change in the total OPEB liability as of the June 30, 2024, reporting date (expressed in thousands):

Changes in Total OPEB Liability	State	Component Units	Total
Total OPEB Liability - Beginning	\$4,245,678	\$ 4,143	\$4,249,821
Changes for the year:			
Service cost	153,148	236	153,384
Interest	153,838	163	154,001
Difference between expected and actual experience*	—	556	556
Changes in assumptions*	(73,977)	(670)	(74,647)
Changes in proportion	3	—	3
Benefit payments	(107,154)	(117)	(107,271)
Net Changes in Total OPEB Liability	125,858	168	126,026
Total OPEB liability - Ending	\$4,371,536	\$ 4,311	\$4,375,847

*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.

Service costs decreased and interest costs increased. In addition, the discount rate increased from 3.54 percent to 3.65 percent which resulted in a decrease in the changes in assumptions. These factors combined resulted in a net increase in total OPEB liability.

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 3.65 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 (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 5,114,995	\$ 5,059	\$ 5,120,054
Current discount rate	\$ 4,371,536	\$ 4,311	\$ 4,375,847
1% increase	\$ 3,773,508	\$ 3,711	\$ 3,777,219

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 approximately 3.80 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 percent) than the current rate (expressed in thousands):

	State	Component Units	Total
1% decrease	\$ 3,673,421	\$ 3,613	\$ 3,677,034
Current health care cost trend rate	\$ 4,371,536	\$ 4,311	\$ 4,375,847
1% increase	\$ 5,270,080	\$ 5,216	\$ 5,275,296

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB. For the year ending June 30, 2024, the state recognized OPEB expense of \$(159.3) million.

On June 30, 2024, 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	\$ 66,527	\$ 130,095
Changes of assumptions	285,099	2,622,277
Transactions subsequent to the measurement date	110,223	—
Changes in proportion	269,022	269,033
Total	\$ 730,871	\$ 3,021,405

Deferred outflows of resources and deferred inflows of resources related to OPEB for component units as of the June 30, 2024, reporting date were as follows (expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 147	\$ 277
Changes of assumptions	1,035	3,102
Transactions subsequent to the measurement date	65	—
Changes in proportion	111	215
Total	\$ 1,358	\$ 3,594

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, 2025.

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		
2025	\$	(466,641)
2026	\$	(466,641)
2027	\$	(366,368)
2028	\$	(234,055)
2029	\$	(276,248)
Thereafter	\$	(590,804)

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		
2025	\$	(356)
2026	\$	(356)
2027	\$	(293)
2028	\$	(212)
2029	\$	(250)
Thereafter	\$	(834)

Note 17

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 costs.

The following table presents the hedging derivative instruments as of June 30, 2024 (expressed in thousands):

	Changes in Fair Value		Fair Value at June 30, 2024		Notional Amount (in Gallons)
	Classification	Amount	Classification	Amount	
Governmental Activities					
Cash flow hedges:					
	Deferred		Accounts		
Commodity swaps	Outflow	\$ (291)	Receivable	\$ 111	6,804

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 fuel cost and increase the likelihood that actual net fuel cost will remain below the budgeted cost.

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 2024 are presented in the following table:

Type	Counterparty	Contract Price per Gallon	Variable Rate Received	Trade Date	Settlement Period	Monthly Notional Amount (in Gallons)
Commodity Swap	Cargill	3.08	NYMEX ULSD Heating Oil	10/03/2023	11/2023	210,000
Commodity Swap	Cargill	2.48	NYMEX ULSD Heating Oil	4/20/2023	7/2023 - 6/2024	252,000
Commodity Swap	Cargill	2.85	NYMEX ULSD Heating Oil	10/24/2023	1/2024	252,000
Commodity Swap	Cargill	2.85	NYMEX ULSD Heating Oil	10/24/2023	2/2024	210,000
Commodity Swap	Cargill	2.64	NYMEX ULSD Heating Oil	11/07/2023	3/2024 - 5/2024	210,000
Commodity Swap	Cargill	2.62	NYMEX ULSD Heating Oil	11/15/2023	3/2024 - 4/2024	252,000
Commodity Swap	Cargill	2.62	NYMEX ULSD Heating Oil	11/15/2023	5/2024	294,000
Commodity Swap	Cargill	2.51	NYMEX ULSD Heating Oil	12/05/2023	6/2024	504,000
Commodity Swap	Cargill	2.60	NYMEX ULSD Heating Oil	4/17/2024	7/2024 - 9/2024	756,000
Commodity Swap	Cargill	2.49	NYMEX ULSD Heating Oil	5/01/2024	10/2024 - 12/2024	756,000
Commodity Swap	Cargill	2.49	NYMEX ULSD Heating Oil	6/14/2024	1/2025 - 3/2025	756,000
Commodity Swap	Merrill Lynch	2.57	NYMEX ULSD Heating Oil	3/14/2023	7/2023 - 12/2023	252,000
Commodity Swap	Merrill Lynch	2.31	NYMEX ULSD Heating Oil	5/02/2023	7/2023 - 6/2024	252,000
Commodity Swap	Merrill Lynch	3.21	NYMEX ULSD Heating Oil	9/25/2023	10/2023	252,000
Commodity Swap	Merrill Lynch	2.83	NYMEX ULSD Heating Oil	10/04/2023	12/2023 - 2/2024	210,000

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 of resources 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 the price of diesel fuel futures and the price of diesel fuel purchased by WSF from its supplier has been quite stable over the past five years with an R-square statistic of 90 percent. R-square is the square of correlation which is 95 percent. This means that 90 percent of the variance in the price that WSF pays for its diesel fuel is explained by movements of diesel fuel futures market price over the past five years. This makes WSF's practice of hedging using diesel fuel futures prices reliable and effective. 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 fair 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, 2024, credit ratings of the state's counterparty were as follows:

Counterparty	Moody's	Standard & Poor's	Fitch
Cargill	A2	A	A
Bank of America Merrill Lynch International Limited	-	A+	AA

Note 18

Tax Abatements

During fiscal year 2024, the state of Washington provided material tax abatements through six programs, three 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, 82.08.9861, 82.12.986, and 82.12.9861, 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. All previously exempted sales and use tax are immediately due and payable for a qualifying business that does not meet the following requirements.

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. For exemption certificates issued before June 9, 2022, family wage employment positions must receive a wage equivalent to or greater than 150 percent of the per capita personal income of the county in which the project is located. For exemption certificates issued on or after June 9, 2022, family wage employment positions must receive a wage equivalent to or greater than 125 percent of the per capita personal income of the county in which the project is located.

For exemption certificates issued on or after June 9, 2022, within three years after being placed in service, the qualifying business operating a newly constructed data center must certify to the department that it has attained certification under one or more of the approved sustainable design or green building standards.

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.

Multifamily 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. It authorizes 8-year exemptions to encourage the development of multifamily housing, and 12- and 20-year

exemptions to encourage the development of affordable housing. All cities, many towns, and Clark, King, Kitsap, Pierce, and Snohomish counties are eligible to offer a multifamily housing property tax exemption program.

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. 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.

Product Development Expenditures Credit. 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 tax performance report with DOR.

Business Facilities Credit. 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 tax performance report with DOR.

In addition, 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 tax performance report with DOR.

Computer Hardware, Software, and Peripherals Exemption. 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 following table shows the amount of taxes abated during fiscal year 2024 (expressed in thousands):

Tax Abatement Program	Amount of Taxes Abated
Data center server equipment and power infrastructure exemption	\$ 92,263
High-technology business tax deferral program	28,317
Multifamily housing tax exemption	41,171
Aerospace incentives:	
Product development expenditures credit	59,334
Business facilities credit	38,779
Computer hardware, software, and peripherals exemption	5,004
Total	\$ 264,868

Note 19

Commitments and Contingencies

A. CAPITAL COMMITMENTS

Outstanding commitments related to state infrastructure and facility construction, improvement, and/or renovation totaled \$3.32 billion at June 30, 2024.

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. Encumbrances outstanding against continuing appropriations at the end of fiscal year 2024 are expressed in thousands.

General Fund	\$	247,102
Wildlife and Natural Resources Fund	\$	777,156
Nonmajor Governmental Funds	\$	955,286

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.D, Claims and Judgments, Risk Management.

There is an ongoing federal class action alleging insufficient competency services at state hospitals. The parties have agreed and negotiated a phased-in settlement, which received final approval from the court in 2018. In July 2023, the federal court found the state was in breach of the settlement agreement and in further contempt of the court's orders. The court entered a modified order in August 2023 upholding the original claim and added new contempt fines and ordered payment of \$100.3 million. The state appealed portions of the breach ruling and filed another appeal related to good cause exceptions. The parties have since resolved concerns around good cause exceptions but have not yet resolved concerns with the finding of contempt and subsequently ordered injunctive

relief. The parties also recently concluded Phase 4 negotiations under the settlement agreement.

The state denied a taxpayer's use of tax exemption for goods and retail services, and the determination was upheld by the Board of Tax Appeals. In June 2023, the taxpayer paid the disputed amount of approximately \$21.7 million and filed a Petition for Judicial Review, which is awaiting a scheduled hearing date.

The state is also the defendant in a number of cases regarding improper tax assessments, inadequate provision of education services, and unfair compensation practices for part-time college faculty. Collective claims in these programmatic and service cases are currently indeterminable, but 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. Trials for two of these cases are set for early 2025.

The state issued a final order to a fuel distribution company that they must pay taxes of about \$80 million on fuel removed from bulk transfer terminals. The company filed a petition for review and the court stayed the state's final order pending appeal. Both parties sought appellate review of those decisions. Since the final order is currently stayed, the company is not paying fuel taxes.

The state contracts with Medicaid managed care organizations (MCOs) which include risk corridor provisions stemming from federal requirements. Actuaries determined that the MCOs owe the state about \$241 million for the risk corridor program for calendar year 2021. The MCOs do not dispute that they owe about \$215 million of that amount; however, they dispute that they owe about \$26 million of that amount. Note that in terms of threatened litigation, a similar issue regarding the risk corridor could arise for calendar year 2022 which would create an additional dispute in the amount of approximately \$27.8 million. As the deadline to dispute the 2022 amount has not passed, this matter is not active and is only in the threatened status 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 PricewaterhouseCoopers 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 \$24.9 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 states' 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 began shortly after the conclusion of the 2003 dispute. In September 2021, the panel determined that Washington was not diligent. The adverse decision largely turned on the 2004 Panel's different treatment of cigarette sales by tribes that have compacts with the state, though the 2004 Panel made other adverse factual findings against the state's NPM enforcement efforts. The state has never treated tribal compact cigarette sales as being within our diligent enforcement obligations. The 2003 Panel ruled the state did not have diligent enforcement obligations regarding those cigarettes, but the 2004 Panel reached the opposite conclusion. In a motion for vacatur, the state was able to get the ruling on tribal sales overturned so that for all cases going forward the state will not have diligent enforcement obligations for compact cigarette sales. However, even with that correction, the court declined to overturn the adverse finding of non-diligence. The tobacco companies appealed the ruling on tribal compact cigarettes and the state has cross-appealed the refusal of the court to send the case back for reconsideration after

correcting the error on tribal compact cigarette sales. The 2004 Panel also ruled that when calculating the adjustment, states that have settled the NPM adjustment will be considered non-diligent. The Panel's ruling lessens the impact of its decision that Washington was not diligent for 2004.

As a results of the Panel's ruling, Washington had a downward NPM adjustment in its 2023 MSA payment of approximately \$25 million. In separate decisions, the Washington State Court of Appeals in 2023 and 2024 has: (1) ruled for the state regarding tribal compact cigarette sales; (2) upheld the 2004 Panel's decision that Washington was non-diligent for the other reasons articulated by the 2004 Panel; and (3) upheld the allocation order that treats the settled states as non-diligent. Participating manufacturers may still seek review of the allocation order decision.

In December 2023, the 2005, 2006, and 2007 Arbitration Panel ruled that Washington did not diligently enforce its qualifying statute against non-participating manufacturers. The 2005-2007 Panel found that Washington did not adequately coordinate enforcement efforts among the three state agencies (Office of the Attorney General, Department of Revenue, and Liquor and Cannabis Board) and that the state did not devote adequate staff and resources to enforce the qualifying statute against non-participating manufacturers. The state appealed that decision to the King County Superior Court who declined to vacate the 2005-2007 Panel decision. The state has now appealed that ruling to the Washington Court of Appeals. If the 2005-2007 Panel decision stands, the anticipated loss of MSA funds to the state is between \$52 million and \$61.5 million.

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, would 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 \$15.37 billion at June 30, 2024. The guarantees extend through the life of the bonds, with a final maturity date of the longest series in 2047.

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.

G. I-5 INTERSTATE BRIDGE REPLACEMENT PROJECT

The Interstate Bridge Replacement (IBR) project is a joint effort between the Washington State Department of Transportation and the Oregon Department of Transportation to replace the aging Interstate 5 (I-5) bridge across the Columbia River and related interchange improvements within the five-mile corridor. This project will be funded from Washington and Oregon state funding, federal funding, and funds from tolling the bridge. This project is in the design phase and construction activity is expected to begin in late 2025.

The Move Ahead Washington Transportation Package awarded \$1 billion for Washington's share of the funds for construction. The 2023 legislative session allocated \$137.5 million for the 2023-25 biennium as the first portion of the Move Ahead Washington funding. As of the fiscal year ended June 30, 2024, the state of Washington has spent \$30.8 million to staff the IBR project office and fund planning and preliminary engineering work. The remaining \$106.7 million was allocated for fiscal year 2025. Additionally, the state of Washington has dedicated \$117.7 million for the Mill Plain Interchange, which is within the IBR project area.

Note 20

Subsequent Events

A. BOND ISSUES

In October 2024, the state issued:

- \$891.4 million in general obligation refunding bonds for the purpose of refunding certain various general obligation bonds of the state.
- \$659.2 million in motor vehicle fuel tax and vehicle related fees general obligation refunding bonds for the purpose of refunding certain motor vehicle fuel tax general obligation bonds of the state.

In October 2024, Fircrest Properties, a blended component unit of the state, issued \$188.9 million in revenue bonds for the purpose of permitting, designing, constructing, equipping, and furnishing a nursing facility and related laundry and parking facilities.

In October 2024, Washington State University entered into a bond purchase agreement and expects to issue \$106.2 million in general revenue refunding bonds in January 2025 to refund and defease all of the University's General Revenue and Refunding Bonds, 2015, and to pay the costs of issuing the bonds.

B. CERTIFICATES OF PARTICIPATION

In October 2024, the state issued \$22.9 million in Certificates of Participation.

RSI
Required Supplementary Information

BUDGETARY COMPARISON SCHEDULES

General Fund

For the Fiscal Year Ended June 30, 2024

(expressed in thousands)

	Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 8,116,795	\$ 8,116,795	\$ 8,116,795	\$ —
Resources				
Taxes	61,065,824	61,060,824	30,067,233	(30,993,591)
Licenses, permits, and fees	311,161	310,156	153,089	(157,067)
Other contracts and grants	2,568,878	2,568,768	601,303	(1,967,465)
Timber sales	6,910	6,910	4,426	(2,484)
Federal grants-in-aid	45,440,765	45,825,435	18,539,413	(27,286,022)
Charges for services	129,280	127,854	64,134	(63,720)
Investment income (loss)	655,848	652,229	359,650	(292,579)
Miscellaneous revenue	333,912	594,265	350,466	(243,799)
Unclaimed property	417,429	417,429	222,042	(195,387)
Transfers from other funds	4,916,537	5,916,254	2,853,929	(3,062,325)
Total Resources	123,963,339	125,596,919	61,332,480	(64,264,439)
Charges To Appropriations				
General government	7,979,057	9,106,794	3,475,192	5,631,602
Human services	61,328,891	66,071,938	28,623,865	37,448,073
Natural resources and recreation	1,676,691	1,911,962	847,613	1,064,349
Transportation	199,812	208,093	89,362	118,731
Education	37,409,083	38,471,553	18,508,830	19,962,723
Capital outlays	3,449,020	3,512,757	642,297	2,870,460
Transfers to other funds	3,517,532	4,381,642	2,431,514	1,950,128
Total Charges To Appropriations	115,560,086	123,664,739	54,618,673	69,046,066
Excess Available For Appropriation Over (Under) Charges To Appropriations	8,403,253	1,932,180	6,713,807	4,781,627
Reconciling Items				
Bond sale proceeds	275,708	275,708	112,601	(163,107)
Issuance premiums	—	—	92	92
Assumed reversions	482,716	482,716	—	(482,716)
Working capital adjustment	—	—	(170,000)	(170,000)
Noncash activity (net)	—	—	103,814	103,814
Nonappropriated fund balances	—	—	228,891	228,891
Changes in reserves (net)	—	—	(86,754)	(86,754)
Total Reconciling Items	758,424	758,424	188,644	(569,780)
Budgetary Fund Balance, June 30	\$ 9,161,677	\$ 2,690,604	\$ 6,902,451	\$ 4,211,847

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 Fiscal Year Ended June 30, 2024

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources" from the Budgetary Comparison Schedule	\$	61,332,480
Differences - budget to GAAP:		
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:		
Transfers from other funds		(2,853,929)
Budgetary fund balance at the beginning of the biennium, as restated		(8,116,795)
Appropriated loan principal repayment		(164)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:		
Noncash commodities and electronic food stamp benefits		2,144,719
Revenues collected for other governments		144,350
Unanticipated receipts		4,719
Noncash and other revenues		191,489
Other		8,068
Biennium total revenues		52,854,937
Nonappropriated activity		196,336
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$	53,051,273

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations" from the Budgetary Comparison Schedule	\$	54,618,673
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		(1,941,676)
Other transfers to other funds		(2,431,514)
Appropriated loan disbursements		(191)
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		2,193,397
Distributions to other governments		144,350
Capital asset acquisition by other financing sources		81,824
Expenditures related to unanticipated receipts		4,719
Other		8,068
Biennium total expenditures		52,677,650
Nonappropriated activity		747,139
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	\$	53,424,789

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund

For the Fiscal Year Ended June 30, 2024

(expressed in thousands)

	Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 1,242,297	\$ 1,242,297	\$ 1,242,297	\$ —
Resources				
Taxes	2,878,172	2,985,011	1,401,752	(1,583,259)
Other contracts and grants	123	123	—	(123)
Charges for services	22,592	22,592	7	(22,585)
Investment income (loss)	5,325	5,325	210,237	204,912
Miscellaneous revenue	514	514	13,309	12,795
Transfers from other funds	27,906	27,906	264,645	236,739
Total Resources	4,176,929	4,283,768	3,132,247	(1,151,521)
Charges To Appropriations				
General government	4,356	4,456	4,278	178
Human services	438,015	445,316	180,565	264,751
Education	2,779,432	3,125,841	1,505,992	1,619,849
Transfers to other funds	23,147	23,147	279,657	(256,510)
Total Charges To Appropriations	3,244,950	3,598,760	1,970,492	1,628,268
Excess Available For Appropriation Over (Under) Charges To Appropriations	931,979	685,008	1,161,755	476,747
Reconciling Items				
Noncash activity (net)	—	—	34,686	34,686
Nonappropriated fund balances	—	—	4,454,375	4,454,375
Changes in reserves (net)	—	—	(35,482)	(35,482)
Total Reconciling Items	—	—	4,453,579	4,453,579
Budgetary Fund Balance, June 30	\$ 931,979	\$ 685,008	\$ 5,615,334	\$ 4,930,326

BUDGETARY COMPARISON SCHEDULES

Higher Education Special Revenue Fund - Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2024

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources" from the Budgetary Comparison Schedule	\$ 3,132,247
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(264,645)
Budgetary fund balance at the beginning of the biennium, as restated	(1,242,297)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash revenues	33,545
Other	189,244
Biennium total revenues	<u>1,848,094</u>
Nonappropriated activity	<u>7,073,441</u>
Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 8,921,535</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations" from the Budgetary Comparison Schedule	\$ 1,970,492
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	(170,358)
Other transfers to other funds	(279,657)
Capital asset acquisition by other financing sources	2,417
Biennium total expenditures	<u>1,712,053</u>
Nonappropriated activity	<u>7,081,070</u>
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<u>\$ 8,793,123</u>

BUDGETARY COMPARISON SCHEDULES

Wildlife and Natural Resources Special Revenue Fund

For the Fiscal Year Ended June 30, 2024

(expressed in thousands)

	Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 3,026,296	\$ 3,026,296	\$ 3,026,296	\$ —
Resources				
Taxes	696,777	743,141	326,844	(416,297)
Licenses, permits, and fees	401,889	1,134,051	1,419,869	285,818
Other contracts and grants	11,336	11,344	2,764	(8,580)
Timber sales	184,378	148,918	54,458	(94,460)
Federal grants-in-aid	231,383	224,315	50,682	(173,633)
Charges for services	29,160	38,500	19,171	(19,329)
Investment income (loss)	33,478	16,291	17,473	1,182
Miscellaneous revenue	2,729,316	2,844,590	202,614	(2,641,976)
Transfers from other funds	99,167	135,883	746,338	610,455
Total Resources	7,443,180	8,323,329	5,866,509	(2,456,820)
Charges To Appropriations				
General government	159,554	3,407,006	43,182	3,363,824
Human services	63,698	105,996	8,046	97,950
Natural resources and recreation	1,620,429	1,693,125	508,727	1,184,398
Transportation	161,248	263,351	16,271	247,080
Education	18,261	19,498	6,907	12,591
Capital outlays	3,232,747	3,919,398	586,760	3,332,638
Transfers to other funds	68,007	74,403	966,892	(892,489)
Total Charges To Appropriations	5,323,944	9,482,777	2,136,785	7,345,992
Excess Available For Appropriation Over (Under) Charges To Appropriations	2,119,236	(1,159,448)	3,729,724	4,889,172
Reconciling Items				
Noncash activity (net)	—	—	8,307	8,307
Nonappropriated fund balances	—	—	126,057	126,057
Changes in reserves (net)	—	—	206,006	206,006
Total Reconciling Items	—	—	340,370	340,370
Budgetary Fund Balance, June 30	\$ 2,119,236	\$ (1,159,448)	\$ 4,070,094	\$ 5,229,542

BUDGETARY COMPARISON SCHEDULES

Wildlife and Natural Resources Special Revenue Fund - Budget to GAAP Reconciliation

For the Fiscal Year Ended June 30, 2024

(expressed in thousands)

Sources/Inflows of Resources

Actual amounts (budgetary basis) "Total Resources" from the Budgetary Comparison Schedule \$ 5,866,509

Differences - budget to GAAP:

The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:

Transfers from other funds (746,338)

Budgetary fund balance at the beginning of the biennium, as restated (3,026,296)

Appropriated loan principal repayment (61,477)

The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:

Revenues collected for other governments 76

Noncash revenues 8,307

Biennium total revenues 2,040,781

Nonappropriated activity 143,332

Total Revenues (GAAP Basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds \$ 2,184,113

Uses/Outflows of Resources

Actual amounts (budgetary basis) "Total Charges to Appropriations" from the Budgetary Comparison Schedule \$ 2,136,785

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 (3,000)

Other transfers to other funds (966,892)

Distributions to other governments 76

Appropriated loan disbursements (269,876)

Capital asset acquisition by other financing sources 2,284

Biennium total expenditures 899,377

Nonappropriated activity 154,709

Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds \$ 1,054,086

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 2023-2025 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 online at Washington State Budget to Actual Detail Report.

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.

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 Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
Total Pension Liability			
Service cost	\$ 23,889	\$ 23,826	\$ 23,462
Interest	116,102	109,690	105,943
Changes of benefit terms	3,100	—	—
Differences between expected and actual experience	(11,163)	27,795	(2,368)
Changes of assumptions	—	98,031	—
Benefit payments, including refunds of member contributions	(85,322)	(80,893)	(72,786)
Net Change in Total Pension Liability	46,606	178,449	54,251
Total Pension Liability--Beginning	1,676,648	1,498,199	1,443,948
Total Pension Liability--Ending	\$ 1,723,254	\$ 1,676,648	\$ 1,498,199
Plan Fiduciary Net Position			
Contributions--employer	\$ 20,862	\$ 19,284	\$ 20,882
Contributions--employee	11,160	11,872	12,189
Net Investment Income	118,180	3,811	429,171
Benefit payments, including refunds of member contributions	(85,322)	(80,893)	(72,786)
Administrative expense	(30)	(49)	(123)
Other	479	696	491
Net Change in Plan Fiduciary Net Position	65,329	(45,279)	389,824
Plan Fiduciary Net Position--Beginning	1,729,585	1,774,864	1,385,040
Plan Fiduciary Net Position--Ending	\$ 1,794,914	\$ 1,729,585	\$ 1,774,864
State's Net Pension Liability/(Asset)--Ending	\$ (71,660)	\$ (52,937)	\$ (276,665)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	104.16 %	103.16 %	118.47 %
Covered Payroll	\$ 118,057	\$ 109,751	\$ 118,448
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-60.70 %	-48.23 %	-233.58 %

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary.

State of Washington

	2020		2019		2018		2017		2016		2015		2014
\$	23,091	\$	22,671	\$	21,083	\$	18,474	\$	16,534	\$	16,633	\$	18,041
	100,877		96,629		94,569		90,560		83,373		80,037		75,249
	2,400		—		—		4,830		1,947		2,258		—
	11,919		4,254		13,974		23,702		(10,431)		8,883		—
	581		—		(24,367)		20,921		2		17		—
	(68,838)		(64,370)		(59,634)		(56,821)		(54,159)		(50,075)		(47,510)
	70,030		59,184		45,625		101,666		37,266		57,753		45,780
	1,373,918		1,314,734		1,269,109		1,167,443		1,130,177		1,072,424		1,026,644
\$	1,443,948	\$	1,373,918	\$	1,314,734	\$	1,269,109	\$	1,167,443	\$	1,130,177	\$	1,072,424
\$	19,897	\$	14,700	\$	14,203	\$	7,587	\$	7,044	\$	6,679	\$	6,587
	10,630		10,744		9,922		10,454		8,895		6,323		6,555
	60,358		111,123		113,597		151,021		25,352		49,046		176,856
	(68,838)		(64,370)		(59,634)		(56,821)		(54,159)		(50,075)		(47,510)
	(96)		(131)		(131)		(53)		(60)		(67)		(84)
	808		769		650		524		429		293		509
	22,759		72,835		78,607		112,712		(12,499)		12,199		142,913
	1,362,281		1,289,446		1,210,839		1,098,127		1,110,626		1,098,427		955,514
\$	1,385,040	\$	1,362,281	\$	1,289,446	\$	1,210,839	\$	1,098,127	\$	1,110,626	\$	1,098,427
\$	58,908	\$	11,637	\$	25,288	\$	58,270	\$	69,316	\$	19,551	\$	(26,003)
	95.92 %		99.15 %		98.08 %		95.41 %		94.06 %		98.27 %		102.42 %
\$	113,704	\$	111,612	\$	109,243	\$	93,053	\$	86,660	\$	84,388	\$	85,046
	51.81 %		10.43 %		23.15 %		62.62 %		79.99 %		23.17 %		-30.58 %

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judicial Retirement System

Last Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	2,007	1,447	1,621
Changes of benefit terms	—	—	—
Differences between expected and actual experience	(505)	1,942	1,237
Changes in assumptions	(444)	(6,860)	(1,931)
Benefit payments, including refunds of employee contributions	(6,622)	(7,053)	(7,553)
Net Change in Total Pension Liability	(5,564)	(10,524)	(6,626)
Total Pension Liability--Beginning	59,969	70,493	77,119
Total Pension Liability--Ending	\$ 54,405	\$ 59,969	\$ 70,493
Plan Fiduciary Net Position			
Contributions--employer	\$ 6,700	\$ 7,100	\$ 7,600
Contributions--employee	—	—	—
Net investment income	220	49	79
Benefit payments, including refunds of employee contributions	(6,622)	(7,053)	(7,553)
Administrative expense	—	(4)	—
Net Change in Plan Fiduciary Net Position	298	92	126
Plan Fiduciary Net Position--Beginning	8,712	8,620	8,494
Plan Fiduciary Net Position--Ending	\$ 9,010	\$ 8,712	\$ 8,620
State's Net Pension Liability/(Asset)--Ending	\$ 45,395	\$ 51,257	\$ 61,873
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	16.56 %	14.53 %	12.23 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll ⁽¹⁾	N/A	N/A	N/A

1. Covered payroll is not applicable because there are no active plan employees.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

2020		2019		2018		2017		2016		2015		2014	
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
	2,634		3,078		3,200		2,874		3,704		4,382		4,319
	—		—		—		—		—		—		—
	(447)		(1,793)		(2,844)		1,047		20		1,590		—
	3,675		2,372		(2,063)		(6,329)		8,737		4,335		—
	(7,921)		(7,958)		(8,325)		(8,723)		(9,131)		(9,336)		(9,480)
	(2,059)		(4,301)		(10,032)		(11,131)		3,330		971		(5,161)
	79,178		83,479		93,511		104,642		101,312		100,341		105,502
\$	77,119	\$	79,178	\$	83,479	\$	93,511	\$	104,642	\$	101,312	\$	100,341
\$	7,800	\$	8,400	\$	8,700	\$	9,300	\$	9,500	\$	10,600	\$	10,600
	—		—		—		—		—		—		—
	155		166		80		45		74		38		25
	(7,921)		(7,958)		(8,325)		(8,723)		(9,131)		(9,336)		(9,480)
	—		—		—		—		(1)		—		—
	34		608		455		622		442		1,302		1,145
	8,460		7,852		7,397		6,775		6,333		5,031		3,886
\$	8,494	\$	8,460	\$	7,852	\$	7,397	\$	6,775	\$	6,333	\$	5,031
\$	68,625	\$	70,718	\$	75,627	\$	86,114	\$	97,867	\$	94,979	\$	95,310
	11.01 %		10.68 %		9.41 %		7.91 %		6.47 %		6.25 %		5.01 %
	N/A		N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A		N/A

PENSION PLAN INFORMATION

Single Employer Plans

Schedule of Changes in Net Pension Liability and Related Ratios

Judges' Retirement Fund

Last Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
Total Pension Liability			
Service cost	\$ —	\$ —	\$ —
Interest	40	28	40
Changes of benefit terms	—	—	—
Differences between expected and actual experience	113	156	(322)
Changes of assumptions	(6)	(93)	4
Benefit payments, including refunds of member contributions	(229)	(247)	(257)
Net Change in Total Pension Liability	(82)	(156)	(535)
Total Pension Liability--Beginning	1,248	1,404	1,939
Total Pension Liability--Ending	\$ 1,166	\$ 1,248	\$ 1,404
Plan Fiduciary Net Position			
Contributions--state	\$ 300	\$ 300	\$ 400
Contributions--member	—	—	—
Net investment income	32	6	11
Benefit payments, including refunds of member contributions	(229)	(247)	(257)
Administrative expense	—	—	—
Net Change in Plan Fiduciary Net Position	103	59	154
Plan Fiduciary Net Position--Beginning	1,340	1,281	1,127
Plan Fiduciary Net Position--Ending	\$ 1,443	\$ 1,340	\$ 1,281
Plan's Net Pension Liability/(Asset)--Ending	\$ (277)	\$ (92)	\$ 123
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	123.76 %	107.37 %	91.24 %
Covered Payroll ⁽¹⁾	N/A	N/A	N/A
State's Net Pension Liability/(Asset) as a Percentage of Covered Payroll ⁽¹⁾	N/A	N/A	N/A

1. Covered payroll is not applicable because there are no active plan employees.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

2020		2019		2018		2017		2016		2015		2014	
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
	80		89		95		88		116		138		137
	—		—		—		—		—		—		—
	(315)		161		(39)		194		123		182		—
	12		50		(43)		(129)		181		95		—
	(265)		(338)		(396)		(402)		(440)		(444)		(444)
	(488)		(38)		(383)		(249)		(20)		(29)		(307)
	2,427		2,465		2,848		3,097		3,117		3,146		3,453
\$	1,939	\$	2,427	\$	2,465	\$	2,848	\$	3,097	\$	3,117	\$	3,146
\$	400	\$	500	\$	500	\$	499	\$	501	\$	—	\$	—
	—		—		—		—		—		—		—
	18		17		8		4		6		4		7
	(265)		(338)		(396)		(402)		(440)		(444)		(444)
	—		—		—		—		—		—		—
	153		179		112		101		67		(440)		(437)
	974		795		683		582		515		955		1,392
\$	1,127	\$	974	\$	795	\$	683	\$	582	\$	515	\$	955
\$	812	\$	1,453	\$	1,670	\$	2,165	\$	2,515	\$	2,602	\$	2,191
	58.12 %		40.13 %		32.25 %		23.98 %		18.79 %		16.52 %		30.36 %
	N/A		N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A		N/A

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
2024	\$	30,912	\$ 22,701	\$ 8,211	\$	127,580	17.79 %
2023		21,918	20,862	1,056		118,057	17.67 %
2022		20,271	19,284	987		109,751	17.57 %
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 %

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
2024	\$	6,279	\$ 6,300	\$ (21)	\$	—	N/A
2023		6,457	6,700	(243)		—	N/A
2022		6,923	7,100	(177)		—	N/A
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

N/A indicates data not applicable. 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
2024	\$ 221	\$ 300	\$ (79)	—	N/A
2023	246	300	(54)	—	N/A
2022	257	300	(43)	—	N/A
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

N/A indicates data not applicable. There are no active members.

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

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 Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
State PERS Plan 1 employers' proportion of the net pension liability/(asset)	42.67 %	42.18 %	43.35 %
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 973,940	\$ 1,174,475	\$ 529,443
Covered payroll of employees participating in PERS Plan 1	\$ 21,793	\$ 26,772	\$ 35,118
Covered payroll of employees participating in PERS Plan 2/3	7,031,759	6,359,603	6,151,714
Covered payroll of employees participating in PSERS Plan 2	512,586	443,145	450,362
Covered Payroll	\$ 7,566,138	\$ 6,829,520	\$ 6,637,194
State PERS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	12.87 %	17.20 %	7.98 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	80.16 %	76.56 %	88.74 %

Note: Figures may not total due to rounding.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3**

Last Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
State PERS Plan 2/3 employers' proportion of the net pension liability/(asset)	51.11 %	50.99 %	51.25 %
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ (2,095,022)	\$ (1,891,211)	\$ (5,105,303)
State PERS Plan 2/3 employers' covered payroll	\$ 7,031,759	\$ 6,359,603	\$ 6,151,714
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-29.79 %	-29.74 %	-82.99 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	107.02%	106.73%	120.29 %

State of Washington

2020	2019	2018	2017	2016	2015	2014
42.07 %	41.80 %	41.97 %	41.88 %	41.99 %	41.57 %	42.37 %
\$ 1,485,148	\$ 1,607,475	\$ 1,874,226	\$ 1,987,268	\$ 2,255,244	\$ 2,174,623	\$ 2,134,189
\$ 43,909	\$ 54,779	\$ 69,330	\$ 85,341	\$ 103,235	\$ 120,686	\$ 143,836
5,902,886	5,469,217	5,237,495	4,928,806	4,648,843	4,363,171	4,215,934
384,394	321,991	198,511	175,395	155,768	140,977	130,172
\$ 6,331,190	\$ 5,845,987	\$ 5,505,336	\$ 5,189,542	\$ 4,907,846	\$ 4,624,834	\$ 4,489,942
23.46 %	27.50 %	34.04 %	38.29 %	45.95 %	47.02 %	47.53 %
68.64 %	67.12 %	63.22 %	61.24 %	57.03 %	59.10 %	61.19 %

2020	2019	2018	2017	2016	2015	2014
50.58 %	50.50 %	50.41 %	50.20 %	49.72 %	49.10 %	49.27 %
\$ 646,953	\$ 490,544	\$ 860,776	\$ 1,744,067	\$ 2,503,313	\$ 1,754,418	\$ 995,856
\$ 5,902,886	\$ 5,469,217	\$ 5,237,495	\$ 4,928,806	\$ 4,648,843	\$ 4,363,171	\$ 4,215,934
10.96 %	8.97 %	16.43 %	35.39 %	53.85 %	40.21 %	23.62 %
97.22 %	97.77 %	95.77 %	90.97 %	85.82 %	89.20 %	93.29 %

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 Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
State TRS Plan 1 employers' proportion of the net pension liability/(asset)	1.44 %	1.31 %	1.31 %
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset)	\$ 18,297	\$ 24,942	\$ 8,798
Covered payroll of employees participating in TRS Plan 1	\$ 691	\$ 713	\$ 1,330
Covered payroll of employees participating in TRS Plan 2/3	111,662	101,014	95,486
Covered Payroll	\$ 112,353	\$ 101,728	\$ 96,817
State TRS Plan 1 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	16.28 %	24.52 %	9.09 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	85.09 %	78.24 %	91.42 %

Note: Figures may not total due to rounding.

**Schedule of the State's Proportionate Share of the Net Pension Liability
Teachers' Retirement System (TRS) Plan 2/3**

Last Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
State TRS Plan 2/3 employers' proportion of the net pension liability/(asset)	1.42 %	1.31 %	1.28 %
State TRS Plan 2/3 employers' proportionate share of the net pension liability/(asset)	\$ (1,748)	\$ (2,577)	\$ (35,165)
State TRS Plan 2/3 employers' covered payroll	\$ 111,662	\$ 101,014	\$ 95,486
State PERS Plan 2/3 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-1.57 %	-2.55 %	-36.83 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	100.49 %	100.86 %	113.72 %

State of Washington

	2020		2019		2018		2017		2016		2015		2014
	1.18 %		1.09 %		1.10 %		1.03 %		0.97 %		0.86 %		0.78 %
\$	28,507	\$	27,102	\$	32,177	\$	31,172	\$	33,026	\$	27,186	\$	22,924
\$	1,431	\$	1,557	\$	1,893	\$	2,475	\$	5,735	\$	3,913	\$	4,611
	83,176		43,082		61,292		52,534		41,803		33,705		25,673
\$	84,606	\$	44,639	\$	63,185	\$	55,009	\$	47,538	\$	37,618	\$	30,284
	33.69 %		60.71 %		50.93 %		56.67 %		69.47 %		72.27 %		75.70 %
	70.55 %		70.37 %		66.52 %		65.58 %		62.07 %		65.70 %		68.77 %

	2020		2019		2018		2017		2016		2015		2014
	1.16 %		1.06 %		1.06 %		0.96 %		0.87 %		0.72 %		0.59 %
\$	17,767	\$	6,389	\$	4,757	\$	8,873	\$	11,896	\$	6,107	\$	1,913
\$	83,176	\$	43,082	\$	61,292	\$	52,534	\$	41,803	\$	33,705	\$	25,673
	21.36 %		14.83 %		7.76 %		16.89 %		28.46 %		18.12 %		7.45 %
	91.72 %		96.36 %		96.88 %		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 Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
State PSERS Plan 2 employers' proportion of the net pension liability/(asset)	65.93 %	65.55 %	66.58 %
State PSERS Plan 2 employers' proportionate share of the net pension liability / (asset)	\$ (69,916)	\$ (46,868)	\$ (152,955)
State PSERS Plan 2 employers' covered payroll	\$ 512,586	\$ 443,145	\$ 450,362
State PSERS Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-13.64 %	-10.58 %	-33.96 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	107.90 %	105.96 %	123.67 %

Schedule of the State's Proportionate Share of the Net Pension Liability

Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 1

Last Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
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)	\$ (2,585,743)	\$ (2,499,136)	\$ (2,984,350)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	175.99 %	169.62 %	187.45 %

State of Washington

2020	2019	2018	2017	2016	2015	2014
62.26 %	54.61 %	50.48 %	49.14 %	47.97 %	47.93 %	48.26 %
\$ (8,567)	\$ (7,101)	\$ 625	\$ 9,628	\$ 20,386	\$ 8,748	\$ (6,988)
\$ 384,394	\$ 321,991	\$ 198,511	\$ 175,395	\$ 155,768	\$ 140,977	\$ 130,172
-2.23 %	-2.21 %	0.32 %	5.49 %	13.09 %	6.21 %	-5.37 %
101.68 %	101.85 %	99.79 %	96.26 %	90.41 %	95.08 %	105.01 %

2020	2019	2018	2017	2016	2015	2014
87.12 %	87.12 %	87.12 %	87.12 %	87.12 %	87.12 %	87.12 %
\$ (1,645,269)	\$ (1,722,024)	\$ (1,581,665)	\$ (1,321,802)	\$ (897,585)	\$ (1,049,988)	\$ (1,056,583)
146.88 %	148.78 %	144.42 %	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 Firefighters' Retirement System (LEOFF) Plan 2**

Last Ten Measurement Years

(expressed in thousands)

	2023	2022	2021
State LEOFF Plan 2 employers' proportion of the net pension liability/(asset)	0.72 %	0.75 %	0.80 %
State as nonemployer contributing entity proportion of the net pension liability/(asset)	38.97 %	39.31 %	39.21 %
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset)	\$ (17,374)	\$ (20,285)	\$ (46,684)
State as nonemployer contributing entity total proportionate share of the net pension liability/(asset)	(934,779)	(1,068,387)	(2,277,698)
Total	\$ (952,153)	\$ (1,088,673)	\$ (2,324,381)
State LEOFF Plan 2 employers' covered payroll	\$ 25,723	\$ 23,244	\$ 22,917
State LEOFF Plan 2 employers' proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-67.54 %	-87.27 %	-203.70 %
Plan fiduciary net position as a percentage of the total pension liability/(asset)	113.17 %	116.09 %	142.00 %

Note: Figures may not total due to rounding.

State of Washington

2020	2019	2018	2017	2016	2015	2014
0.88 %	0.90 %	0.87 %	0.85 %	0.88 %	0.83 %	0.84 %
39.00 %	39.57 %	39.30 %	39.35 %	39.46 %	39.80 %	39.52 %
\$ (17,948)	\$ (20,782)	\$ (17,707)	\$ (11,823)	\$ (5,113)	\$ (8,580)	\$ (11,164)
(795,604)	(916,765)	(797,902)	(545,988)	(229,538)	(409,091)	(524,419)
\$ (813,552)	\$ (937,547)	\$ (815,609)	\$ (557,811)	\$ (234,651)	\$ (417,671)	\$ (535,583)
\$ 25,410	\$ 23,388	\$ 21,892	\$ 20,396	\$ 19,828	\$ 18,744	\$ 18,259
-70.63 %	-88.86 %	-80.88 %	-57.97 %	-25.79 %	-45.77 %	-61.14 %
115.83 %	119.43 %	118.50 %	113.36 %	106.04 %	111.67 %	116.75 %

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)

	2024	2023	2022
Contractually required contributions	\$ 260,642	\$ 290,737	\$ 258,512
Employer contributions related to covered payroll of employees participating in PERS Plan 1	\$ 1,612	\$ 2,197	\$ 2,779
Employer UAAL contributions related to covered payroll of employees participating in PERS Plan 2/3 and PSERS Plan 2	259,030	288,540	255,733
Contributions in relation to the actuarially determined contributions	260,642	290,737	258,512
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered payroll of employees participating in PERS Plan 1	\$ 17,225	\$ 21,793	\$ 26,772
Covered payroll of employees participating in PERS Plan 2/3	7,778,418	7,031,759	6,359,603
Covered payroll of employees participating in PSERS Plan 2	632,896	512,586	443,145
Covered Payroll	\$ 8,428,539	\$ 7,566,138	\$ 6,829,520
Contributions as a percentage of covered payroll	3.09 %	3.84 %	3.79 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 2/3

Fiscal Year Ended June 30

(dollars in thousands)

	2024	2023	2022
Contractually required contributions	\$ 512,515	\$ 449,410	\$ 409,661
Contributions in relation to the contractually required contributions	512,515	449,410	409,661
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 7,778,418	\$ 7,031,759	\$ 6,359,603
Contributions as a percentage of covered payroll	6.59 %	6.39 %	6.44 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

State of Washington

	2021		2020		2019		2018		2017		2016		2015
\$	322,931	\$	304,870	\$	299,745	\$	280,513	\$	251,924	\$	238,158	\$	191,618
\$	4,562	\$	5,665	\$	7,092	\$	8,769	\$	9,537	\$	11,385	\$	11,072
	318,369		299,205		292,653		271,744		242,387		226,773		180,546
	322,931		304,870		299,745		280,513		251,924		238,158		191,618
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	35,118	\$	43,909	\$	54,779	\$	69,330	\$	85,341	\$	103,235	\$	120,686
	6,151,714		5,902,886		5,469,217		5,237,495		4,928,806		4,648,843		4,363,171
	450,362		384,394		321,991		198,511		175,395		155,768		140,977
\$	6,637,194	\$	6,331,189	\$	5,845,987	\$	5,505,336	\$	5,189,542	\$	4,907,846	\$	4,624,834
	4.87 %		4.82 %		5.13 %		5.10 %		4.85 %		4.85 %		4.14 %

	2021		2020		2019		2018		2017		2016		2015
\$	485,475	\$	466,005	\$	412,466	\$	389,001	\$	306,591	\$	287,049	\$	219,395
	485,475		466,005		412,466		389,001		306,591		287,049		219,395
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	6,151,714	\$	5,902,886	\$	5,469,217	\$	5,237,495	\$	4,928,806	\$	4,648,843	\$	4,363,171
	7.89 %		7.89 %		7.54 %		7.43 %		6.22 %		6.17 %		5.03 %

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 1

Fiscal Year Ended June 30

(dollars in thousands)

	2024	2023	2022
Contractually required contributions	\$ 3,187	\$ 7,797	\$ 6,730
Employer contributions related to covered payroll of employees participating in TRS Plan 1	\$ 62	\$ 110	\$ 104
Employer UAAL contributions related to covered payroll of employees participating in TRS Plan 2/3	3,125	7,687	6,626
Contributions in relation to the actuarially determined contributions	3,187	7,797	6,730
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered payroll of employees participating in TRS Plan 1	\$ 538	\$ 691	\$ 713
Covered payroll of employees participating in TRS Plan 2/3	128,169	111,662	101,014
Covered Payroll	\$ 128,707	\$ 112,353	\$ 101,727
Contributions as a percentage of covered payroll	2.48 %	6.94 %	6.62 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

Schedule of Contributions

Teachers' Retirement System (TRS) Plan 2/3

Fiscal Year Ended June 30

(dollars in thousands)

	2024	2023	2022
Contractually required contributions	\$ 11,600	\$ 9,633	\$ 8,377
Contributions in relation to the contractually required contributions	11,600	9,633	8,377
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 128,169	\$ 111,662	\$ 101,014
Contributions as a percentage of covered payroll	9.05 %	8.63 %	8.29 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

State of Washington

	2021		2020		2019		2018		2017		2016		2015
\$	7,182	\$	6,215	\$	5,436	\$	4,582	\$	3,608	\$	2,940	\$	1,920
\$	176	\$	225	\$	241	\$	272	\$	326	\$	369	\$	388
	7,006		5,990		5,195		4,310		3,282		2,571		1,532
	7,182		6,215		5,436		4,582		3,608		2,940		1,920
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	1,330	\$	1,431	\$	1,557	\$	1,893	\$	2,475	\$	5,735	\$	3,913
	95,486		83,176		43,082		61,292		52,534		41,803		33,705
\$	96,816	\$	84,607	\$	44,639	\$	63,185	\$	55,009	\$	47,538	\$	37,618
	7.42 %		7.35 %		12.18 %		7.25 %		6.56 %		6.18 %		5.10 %

	2021		2020		2019		2018		2017		2016		2015
\$	7,742	\$	6,730	\$	5,542	\$	4,699	\$	3,542	\$	2,827	\$	1,924
	7,742		6,730		5,542		4,699		3,542		2,827		1,924
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	95,486	\$	83,176	\$	43,082	\$	61,292	\$	52,534	\$	41,803	\$	33,705
	8.11 %		8.09 %		12.86 %		7.67 %		6.74 %		6.76 %		5.71 %

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)

	2024	2023	2022
Contractually required contributions	\$ 42,767	\$ 33,198	\$ 29,000
Contributions in relation to the contractually required contributions	42,767	33,198	29,000
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 632,896	\$ 512,586	\$ 443,145
Contributions as a percentage of covered payroll	6.76 %	6.48 %	6.54 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

Schedule of Contributions

Law Enforcement Officers' and Firefighters' Retirement System (LEOFF) Plan 2

Fiscal Year Ended June 30

(dollars in thousands)

	2024	2023	2022
Contractually required contributions	\$ 1,850	\$ 1,635	\$ 1,545
Contributions in relation to the contractually required contributions	1,850	1,635	1,545
Contribution Deficiency (Excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 29,034	\$ 25,723	\$ 23,244
Contributions as a percentage of covered payroll	6.37 %	6.36 %	6.65 %

Note: Covered payroll data for prior years may be revised due to reporting lags.

State of Washington

2021		2020		2019		2018		2017		2016		2015	
\$	32,495	\$	27,498	\$	17,602	\$	13,330	\$	11,465	\$	10,233	\$	8,932
	32,495		27,498		17,602		13,330		11,465		10,233		8,932
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	450,362	\$	384,394	\$	321,991	\$	198,511	\$	175,395	\$	155,768	\$	140,977
	7.22 %		7.15 %		5.47 %		6.72 %		6.54 %		6.57 %		6.34 %

2021		2020		2019		2018		2017		2016		2015	
\$	1,602	\$	1,721	\$	1,654	\$	1,512	\$	1,346	\$	1,345	\$	1,224
	1,602		1,721		1,654		1,512		1,346		1,345		1,224
\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
\$	22,917	\$	25,410	\$	23,388	\$	21,892	\$	20,396	\$	19,828	\$	18,744
	6.99 %		6.77 %		7.07%		6.91%		6.60%		6.78%		6.53%

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, 2021, valuation date, completed in the fall of 2022, plus any supplemental contribution rates from the preceding legislative sessions, determines the ADC for the period beginning July 1, 2023, and ending June 30, 2025.

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 funds are 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.

The Department of Retirement Systems prepares a stand-alone financial report that is compliant with GAAP reporting. 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: [DRS Annual Financial Reports](#).

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PENSION PLAN INFORMATION

Plans Administered by the State Board for Volunteer Firefighters and Reserve Officers

Schedule of Contributions

Volunteer Firefighters' Relief and Pension Fund

Last Ten Fiscal Years

(expressed in thousands)

Year		Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions		Contribution Deficiency (Excess)
2024	\$	973	\$	15,465	\$ (14,492)
2023		969		4,758	(3,789)
2022		1,010		7,450	(6,440)
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)

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 Firefighters' adoption cycle and the actuarial funding methods selected.

Effective July 2023, House Bill 1336 split the Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund into two plans. 2024 is the first year contribution amounts were determined separately for each plan.

Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Reserve Officers' Relief and Pension Fund

Fiscal Year Ended*

(expressed in thousands)

Year		Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions		Contribution Deficiency (Excess)
2024	\$	8	\$	8	\$ —

Notes:

Neither covered payroll nor contributions as a percentage of covered payroll are applicable. This is a volunteer organization.

Effective July 2023, House Bill 1336 split the Volunteer Firefighters' and Reserve Officers' Relief and Pension Fund into two plans. 2024 is the first year contribution amounts were determined separately for each plan.

*This schedule is to be built prospectively until it contains ten years of data.

Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Plans Administered by the State Board for Volunteer Firefighters and Reserve Officers

Schedule of Investment Returns

Volunteer Firefighters' and Reserve Officers' Fund (VFFRO)

Last Ten Fiscal Years

Year	Annual money-weighted rate of return, net of investment expense
2024	14.90 %
2023	12.10 %
2022	-16.02 %
2021	3.11 %
2020	4.40 %
2019	8.23 %
2018	8.84 %
2017	13.26 %
2016	2.19 %
2015	4.05 %

Note: The VFFRO Fund includes two separate pension plans: the Volunteer Firefighters' Relief and Pension Principal Fund and the Reserve Officers' Relief and Pension Principal Fund.

PENSION PLAN INFORMATION

Plans Administered by the State Board for Volunteer Firefighters and Reserve Officers

**Schedule of Changes in Net Pension Liability
Volunteer Firefighters' Relief and Pension Fund**

Last Ten Fiscal Years
(expressed in thousands)

	2024	2023	2022
Total Pension Liability			
Service cost	\$ 893	\$ 891	\$ 928
Interest	14,948	14,620	14,456
Changes of benefit terms	(2,609)	—	—
Differences between expected and actual experience	—	5,343	—
Changes in assumptions	—	—	—
Benefit payments, including refunds of member contributions	(12,915)	(12,647)	(12,574)
Net Change in Total Pension Liability	317	8,207	2,810
Total Pension Liability--Beginning	257,222	249,015	246,205
Total Pension Liability--Ending	<u>\$ 257,539</u>	<u>\$ 257,222</u>	<u>\$ 249,015</u>
Plan Fiduciary Net Position			
Contributions--municipalities	\$ 682	\$ 705	\$ 726
Contributions--member	47	37	53
Contributions--state as nonemployer contributing entity	14,783	4,053	6,724
Net investment income	33,746	25,469	(41,127)
Benefit payments, including refunds of member contributions	(12,915)	(12,646)	(12,566)
Administrative expense	(1,201)	(1,069)	(1,269)
Other	(3,564)	(9)	—
Net Change in Plan Fiduciary Net Position	31,578	16,540	(47,459)
Plan Fiduciary Net Position--Beginning	237,291	220,751	268,210
Plan Fiduciary Net Position--Ending	<u>\$ 268,869</u>	<u>\$ 237,291</u>	<u>\$ 220,751</u>
Plan's Net Pension Liability/(Asset)--Ending	<u>\$ (11,330)</u>	<u>\$ 19,931</u>	<u>\$ 28,264</u>

Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

2021		2020		2019		2018		2017		2016		2015	
\$	819	\$	820	\$	828	\$	853	\$	869	\$	893	\$	919
	15,728		13,120		13,119		13,151		12,946		12,887		12,656
	—		34,626		—		—		—		—		—
	(4,495)		1,134		(1,857)		(2,707)		(1,998)		(176)		(2,948)
	16,726		—		—		16		463		101		1,931
	(12,673)		(12,217)		(11,913)		(11,573)		(11,074)		(10,795)		(10,501)
	16,105		37,483		177		(260)		1,206		2,910		2,057
	230,100		192,617		192,440		192,700		191,494		188,584		186,527
\$	246,205	\$	230,100	\$	192,617	\$	192,440	\$	192,700	\$	191,494	\$	188,584
\$	803	\$	771	\$	797	\$	823	\$	848	\$	918	\$	913
	58		40		54		65		69		67		76
	7,667		8,196		7,639		7,227		6,646		7,235		5,903
	7,778		11,059		20,101		19,860		26,114		4,588		8,289
	(12,673)		(12,217)		(11,913)		(11,573)		(11,074)		(10,795)		(10,501)
	(762)		(3,120)		(1,352)		(918)		(1,466)		(1,205)		(1,020)
	—		—		—		—		—		—		—
	2,871		4,729		15,326		15,484		21,137		808		3,660
	265,339		260,610		245,284		229,800		208,663		207,855		204,195
\$	268,210	\$	265,339	\$	260,610	\$	245,284	\$	229,800	\$	208,663	\$	207,855
\$	(22,005)	\$	(35,239)	\$	(67,993)	\$	(52,844)	\$	(37,100)	\$	(17,169)	\$	(19,271)

PENSION PLAN INFORMATION

Plans Administered by the State Board for Volunteer Firefighters and Reserve Officers

Schedule of Changes in Net Pension Liability

Reserve Officers' Relief and Pension Fund

Fiscal Year Ended*

(expressed in thousands)

	2024
Total Pension Liability	
Service cost	\$ 8
Interest	154
Changes of benefit terms	2,609
Differences between expected and actual experience	—
Changes in assumptions	—
Benefit payments, including refunds of member contributions	(100)
Net Change in Total Pension Liability	2,671
Total Pension Liability--Beginning	—
Total Pension Liability--Ending	\$ 2,671
Plan Fiduciary Net Position	
Contributions--municipalities	\$ 25
Contributions--member	—
Contributions--state as nonemployer contributing entity	—
Net investment income	404
Benefit payments, including refunds of member contributions	(100)
Administrative expense	—
Other	3,563
Net Change in Plan Fiduciary Net Position	3,892
Plan Fiduciary Net Position--Beginning	—
Plan Fiduciary Net Position--Ending	\$ 3,892
Plan's Net Pension Liability/(Asset)--Ending	\$ (1,221)

Note: Figures may not total due to rounding.

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

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PENSION PLAN INFORMATION

Plans Administered by the State Board for Volunteer Firefighters and Reserve Officers

Schedule of Net Pension Liability

Volunteer Firefighters' Relief and Pension Fund

Last Ten Fiscal Years

(expressed in thousands)

	2024	2023	2022
Total Pension Liability/(Asset)--Ending	\$ 257,539	\$ 257,222	\$ 249,015
Plan Fiduciary Net Position--Ending	268,869	237,291	220,751
Plan's Net Pension Liability/(Asset)--Ending	\$ (11,330)	\$ 19,931	\$ 28,264
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	104.40 %	92.25 %	88.65 %
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.

Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.

Source: Washington State Office of the State Actuary

Schedule of Net Pension Liability

Reserve Officers' Relief and Pension Fund

Fiscal Year Ended*

(expressed in thousands)

	2024
Total Pension Liability/(Asset)--Ending	\$ 2,671
Plan Fiduciary Net Position--Ending	3,892
Plan's Net Pension Liability/(Asset)--Ending	\$ (1,221)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	145.71 %
Covered Payroll	N/A
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A

N/A indicates data not applicable. This is a volunteer organization.

Note: Figures may not total due to rounding. Percentages are calculated using unrounded totals.

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

	2021		2020		2019		2018		2017		2016		2015
\$	246,205	\$	230,100	\$	192,617	\$	192,440	\$	192,700	\$	191,494	\$	188,584
	268,210		265,339		260,610		245,284		229,800		208,663		207,855
\$	(22,005)	\$	(35,239)	\$	(67,993)	\$	(52,844)	\$	(37,100)	\$	(17,169)	\$	(19,271)
	108.94 %		115.31 %		135.30 %		127.46 %		119.25 %		108.97 %		110.22 %
	N/A		N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A		N/A

Plans Administered by the State Board for Volunteer Firefighters and Reserve Officers

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 policies adopted by the State Board for Volunteer Firefighters 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, 2022, valuation date, completed in the fall of 2023, determines the ADC for the period ending June 30, 2024.

Effective July 23, 2023, House Bill 1336 was passed splitting the Volunteer Firefighters' and Reserve Officers' Relief and Pension System into two separate plans, one for volunteer firefighters and one for reserve officers. Both plans are established with the same benefits structure as the original Firefighters' and Reserve Officers' Relief and Pension Plan. The contributions and earnings will be split between the two funds proportionate to the membership of each group.

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

University of Washington (UW)

Last Four 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
2024	\$ 8,423	\$ 8,423	\$ —	\$ 2,216,600	0.38 %
2023	8,358	8,358	—	2,199,526	0.38 %
2022	6,548	6,548	—	1,723,087	0.38 %
2021	7,105	7,105	—	1,372,814	0.52 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Washington State University (WSU)

Last Four 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
2024	\$ 1,097	\$ 1,097	\$ —	\$ 365,601	0.30 %
2023	1,040	1,040	—	346,733	0.30 %
2022	975	975	—	325,122	0.30 %
2021	919	919	—	161,432	0.57 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

Eastern Washington University (EWU)

Last Four 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
2024	\$ 176	\$ 176	\$ —	\$ 62,975	0.28 %
2023	172	172	—	61,516	0.28 %
2022	165	165	—	59,085	0.28 %
2021	165	165	—	30,057	0.55 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Central Washington University (CWU)

Last Four 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
2024	\$ —	\$ 179	\$ (179)	\$ 63,859	0.28 %
2023	—	178	(178)	63,515	0.28 %
2022	—	187	(187)	66,747	0.28 %
2021	—	173	(173)	38,710	0.45 %

Note: Statute requires Central Washington University to contribute at a rate similar to other institutions of higher education 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

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

The Evergreen State College (TESC)

Last Four 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
2024	\$ 48	\$ 48	\$ —	\$ 21,082	0.23 %
2023	46	46	—	20,197	0.23 %
2022	46	46	—	20,208	0.23 %
2021	40	40	—	49,390	0.08 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

Schedule of Contributions

Western Washington University (WWU)

Last Four 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
2024	\$ 243	\$ 243	\$ —	\$ 115,430	0.21 %
2023	235	234	1	111,703	0.21 %
2022	226	226	—	107,558	0.21 %
2021	196	196	—	17,327	1.13 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Contributions

State Board for Community and Technical Colleges (SBCTC)

Last Four 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
2024	\$ 903	\$ 903	\$ —	\$ 692,085	0.13 %
2023	858	862	(4)	660,066	0.13 %
2022	833	833	—	638,490	0.13 %
2021	656	656	—	357,331	0.18 %

*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

Last Four Fiscal Years*

Institution Name	UW	WSU	EWU	CWU	TESC	WWU	SBCTC
Annual money-weighted rate of return, net of investment expense							
2024	8.12 %	8.08 %	8.07 %	8.06 %	8.04 %	8.06 %	8.03 %
2023	7.16 %	7.13 %	7.11 %	7.11 %	7.08 %	7.09 %	7.07 %
2022	0.12 %	0.14 %	0.16 %	0.14 %	0.16 %	0.14 %	0.18 %
2021	34.93 %	34.92 %	34.88 %	34.91 %	34.86 %	34.90 %	34.87 %

*This schedule is to be built prospectively until it contains ten years of data.

Source: Washington State Office of the State Actuary

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)

	2024		2023		2022
Total Pension Liability					
Service cost	\$	4,198	\$	5,068	\$ 3,699
Interest		19,094		22,106	15,933
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(41,669)		(31,360)	67,986
Changes in assumptions		—		(26,643)	22,150
Benefit payments		(11,666)		(10,989)	(10,313)
Net Change in Total Pension Liability		(30,043)		(41,818)	99,455
Total Pension Liability--Beginning		274,309		316,127	216,672
Total Pension Liability--Ending	\$	244,266	\$	274,309	\$ 316,127
Plan Fiduciary Net Position **					
Contributions--employer	\$	8,423	\$	8,358	\$ 6,548
Contributions--member		—		—	—
Net Investment income		9,393		7,189	101
Benefit payments, including refunds of member contributions		—		—	—
Administrative expense		—		—	—
Net Change in Plan Fiduciary Net Position		17,816		15,547	6,648
Plan Fiduciary Net Position--Beginning		112,536		96,989	90,341
Plan Fiduciary Net Position--Ending	\$	130,352	\$	112,536	\$ 96,989
Plan's Net Position Liability/(Asset)--Ending	\$	113,914	\$	161,773	\$ 219,138

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 No. 67 and 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

2021		2020		2019		2018		2017	
\$	22,877	\$	16,699	\$	11,823	\$	14,788	\$	19,891
	17,677		21,232		16,277		16,128		15,097
	—		—		—		—		—
	(372,651)		31,425		102,713		(33,953)		(74,918)
	(223,327)		126,749		58,228		(17,105)		(28,553)
	(9,733)		(8,316)		(7,482)		(6,130)		(5,136)
	(565,158)		187,789		181,559		(26,272)		(73,619)
	781,829		594,040		412,481		438,753		512,372
\$	216,672	\$	781,829	\$	594,040	\$	412,481	\$	438,753
\$	7,105		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	22,275		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	29,380		N/A		N/A		N/A		N/A
	60,961		N/A		N/A		N/A		N/A
\$	90,341		N/A		N/A		N/A		N/A
\$	126,331		N/A		N/A		N/A		N/A

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)

	2024		2023		2022
Total Pension Liability					
Service cost	\$	577	\$	857	\$ 604
Interest		3,662		3,916	2,968
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(6,154)		(669)	11,481
Changes in assumptions		—		(4,222)	3,771
Benefit payments		(3,253)		(3,228)	(3,248)
Net Change in Total Pension Liability		(5,168)		(3,345)	15,577
Total Pension Liability--Beginning		53,334		56,679	41,102
Total Pension Liability--Ending	\$	48,166	\$	53,334	\$ 56,679
Plan Fiduciary Net Position**					
Contributions--employer	\$	1,097	\$	1,040	\$ 975
Contributions--member		—		—	—
Net Investment income		1,737		1,358	22
Benefit payments, including refunds of member contributions		—		—	—
Administrative expense		—		—	—
Net Change in Plan Fiduciary Net Position		2,834		2,398	998
Plan Fiduciary Net Position--Beginning		21,041		18,643	17,646
Plan Fiduciary Net Position--Ending	\$	23,875	\$	21,041	\$ 18,643
Plan's Net Pension Liability/(Asset)--Ending	\$	24,290	\$	32,292	\$ 38,036

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 No. 67 and 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

2021		2020		2019		2018		2017	
\$	3,114	\$	2,282	\$	2,112	\$	2,763	\$	3,803
	2,666		3,282		3,241		3,261		3,140
	—		—		—		—		—
	(47,565)		5,496		(1,022)		(7,171)		(16,389)
	(33,228)		17,655		7,997		(3,255)		(6,574)
	(2,827)		(2,493)		(2,439)		(2,181)		(1,890)
	(77,840)		26,222		9,889		(6,583)		(17,910)
	118,942		92,720		82,831		89,414		107,324
\$	41,102	\$	118,942	\$	92,720	\$	82,831	\$	89,414
\$	919		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	4,422		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	5,341		N/A		N/A		N/A		N/A
	12,305		N/A		N/A		N/A		N/A
\$	17,646		N/A		N/A		N/A		N/A
\$	23,456		N/A		N/A		N/A		N/A

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)

	2024		2023		2022
Total Pension Liability					
Service cost	\$	152	\$	210	\$ 157
Interest		698		920	671
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(1,454)		(2,820)	2,661
Changes in assumptions		—		(1,040)	867
Benefit payments		(409)		(366)	(277)
Net Change in Total Pension Liability		(1,014)		(3,096)	4,080
Total Pension Liability--Beginning		10,023		13,119	9,040
Total Pension Liability--Ending	\$	9,009	\$	10,023	\$ 13,119
Plan Fiduciary Net Position**					
Contributions--employer	\$	176	\$	172	\$ 165
Contributions--member		—		—	—
Net Investment income		341		269	5
Benefit payments, including refunds of member contributions		—		—	—
Administrative expense		—		—	—
Net Change in Plan Fiduciary Net Position		518		441	171
Plan Fiduciary Net Position--Beginning		4,161		3,720	3,549
Plan Fiduciary Net Position--Ending	\$	4,679	\$	4,161	\$ 3,720
Plan's Net Pension Liability/(Asset)-- Ending	\$	4,330	\$	5,862	\$ 9,399

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 No. 67 and 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

2021		2020		2019		2018		2017	
\$	668	\$	501	\$	463	\$	477	\$	658
	523		634		614		429		420
	—		—		—		—		—
	(7,646)		1,019		421		3,867		(2,852)
	(7,364)		3,488		1,014		(621)		(647)
	(280)		(250)		(316)		(202)		(140)
	(14,099)		5,392		2,196		3,950		(2,561)
	23,139		17,747		15,551		11,601		14,162
\$	9,040	\$	23,139	\$	17,747	\$	15,551	\$	11,601
\$	165		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	892		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	1,057		N/A		N/A		N/A		N/A
	2,492		N/A		N/A		N/A		N/A
\$	3,549		N/A		N/A		N/A		N/A
\$	5,490		N/A		N/A		N/A		N/A

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)

	2024		2023		2022
Total Pension Liability					
Service cost	\$	12	\$	24	\$ 19
Interest		333		373	327
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(265)		(181)	777
Changes in assumptions		—		(273)	260
Benefit payments		(501)		(493)	(473)
Net Change in Total Pension Liability		(420)		(550)	910
Total Pension Liability--Beginning		4,995		5,545	4,635
Total Pension Liability--Ending	\$	4,575	\$	4,995	\$ 5,545
Plan Fiduciary Net Position**					
Contributions--employer	\$	179	\$	178	\$ 187
Contributions--member		—		—	—
Net Investment income		344		271	4
Benefit payments, including refunds of member contributions		—		—	—
Administrative expense		—		—	—
Net Change in Plan Fiduciary Net Position		523		449	191
Plan Fiduciary Net Position--Beginning		4,200		3,751	3,560
Plan Fiduciary Net Position--Ending	\$	4,724	\$	4,200	\$ 3,751
Plan's Net Pension Liability/(Asset)--Ending	\$	(149)	\$	795	\$ 1,794

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 No. 67 and 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

	2021		2020		2019		2018		2017
\$	74	\$	52	\$	61	\$	91	\$	150
	187		252		293		299		293
	—		—		—		—		—
	(1,386)		322		(710)		(466)		(1,270)
	(2,394)		1,057		428		(272)		(616)
	(467)		(439)		(411)		(412)		(411)
	(3,987)		1,244		(339)		(760)		(1,854)
	8,622		7,378		7,717		8,477		10,331
\$	4,635	\$	8,622	\$	7,378	\$	7,717	\$	8,477
\$	173		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	894		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	1,067		N/A		N/A		N/A		N/A
	2,493		N/A		N/A		N/A		N/A
\$	3,560		N/A		N/A		N/A		N/A
\$	1,075		N/A		N/A		N/A		N/A

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)

	2024		2023		2022
Total Pension Liability					
Service cost	\$	58	\$	72	\$ 55
Interest		261		349	260
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(609)		(1,152)	991
Changes in assumptions		—		(361)	311
Benefit payments		(154)		(155)	(157)
Net Change in Total Pension Liability		(444)		(1,245)	1,460
Total Pension Liability--Beginning		3,748		4,994	3,533
Total Pension Liability--Ending	\$	3,305	\$	3,748	\$ 4,994
Plan Fiduciary Net Position**					
Contributions--employer	\$	48	\$	46	\$ 46
Contributions--member		—		—	—
Net Investment income		128		102	2
Benefit payments, including refunds of member contributions		—		—	—
Administrative expense		—		—	—
Net Change in Plan Fiduciary Net Position		176		148	49
Plan Fiduciary Net Position--Beginning		1,569		1,421	1,372
Plan Fiduciary Net Position--Ending	\$	1,745	\$	1,569	\$ 1,421
Plan's Net Pension Liability/(Asset)--Ending	\$	1,560	\$	2,180	\$ 3,573

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

2021		2020		2019		2018		2017	
\$	250	\$	188	\$	154	\$	210	\$	296
	201		243		235		237		230
	—		—		—		—		—
	(3,198)		490		(108)		(565)		(1,327)
	(2,495)		1,293		694		(229)		(387)
	(119)		(138)		(137)		(183)		(158)
	(5,361)		2,076		838		(530)		(1,346)
	8,894		6,818		5,980		6,510		7,856
\$	3,533	\$	8,894	\$	6,818	\$	5,980	\$	6,510
\$	40		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	348		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	388		N/A		N/A		N/A		N/A
	984		N/A		N/A		N/A		N/A
\$	1,372		N/A		N/A		N/A		N/A
\$	2,162		N/A		N/A		N/A		N/A

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)

	2024		2023		2022
Total Pension Liability					
Service cost	\$	239	\$	327	\$ 233
Interest		1,147		1,454	982
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(2,798)		(3,236)	5,263
Changes in assumptions		—		(2,251)	1,524
Benefit payments		(589)		(594)	(587)
Net Change in Total Pension Liability		(2,000)		(4,300)	7,416
Total Pension Liability--Beginning		16,443		20,743	13,327
Total Pension Liability--Ending	\$	14,443	\$	16,443	\$ 20,743
Plan Fiduciary Net Position**					
Contributions--employer	\$	243	\$	234	\$ 226
Contributions--member		—		—	—
Net Investment income		500		395	7
Benefit payments, including refunds of member contributions		—		—	—
Administrative expense		—		—	—
Net Change in Plan Fiduciary Net Position		743		630	233
Plan Fiduciary Net Position--Beginning		6,117		5,488	5,255
Plan Fiduciary Net Position--Ending	\$	6,860	\$	6,117	\$ 5,488
Plan's Net Pension Liability/(Asset)--Ending	\$	7,582	\$	10,326	\$ 15,255

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 No. 67 and 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

2021		2020		2019		2018		2017	
\$	922	\$	699	\$	551	\$	737	\$	1,057
	798		962		825		837		842
	—		—		—		—		—
	(15,050)		1,961		2,298		(2,233)		(5,278)
	(8,260)		5,269		2,821		(819)		(2,126)
	(524)		(486)		(420)		(380)		(298)
	(22,115)		8,405		6,075		(1,858)		(5,803)
	35,442		27,037		20,962		22,820		28,623
\$	13,327	\$	35,442	\$	27,037	\$	20,962	\$	22,820
\$	196		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	1,326		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	1,522		N/A		N/A		N/A		N/A
	3,733		N/A		N/A		N/A		N/A
\$	5,255		N/A		N/A		N/A		N/A
\$	8,072		N/A		N/A		N/A		N/A

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)

	2024		2023		2022
Total Pension Liability					
Service cost	\$	1,857	\$	1,985	\$ 1,508
Interest		6,364		7,167	5,078
Changes of benefit terms		—		—	—
Differences between expected and actual experience		(18,090)		(5,760)	22,436
Changes in assumptions		—		(11,407)	7,288
Benefit payments		(3,653)		(3,008)	(3,015)
Net Change in Total Pension Liability		(13,521)		(11,024)	33,294
Total Pension Liability--Beginning		90,859		101,882	68,588
Total Pension Liability--Ending	\$	77,337	\$	90,859	\$ 101,882
Plan Fiduciary Net Position**					
Contributions--employer	\$	903	\$	862	\$ 833
Contributions--member		—		—	—
Net investment income		2,945		2,361	52
Benefit payments, including refunds of member contributions		—		—	—
Administrative expense		—		—	—
Net Change in Plan Fiduciary Net Position		3,848		3,223	886
Plan Fiduciary Net Position--Beginning		36,368		33,145	32,259
Plan Fiduciary Net Position--Ending	\$	40,216	\$	36,368	\$ 33,145
Plan's Net Pension Liability/(Asset)--Ending	\$	37,121	\$	54,491	\$ 68,737

N/A indicates data not available.

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Note: Figures may not total due to rounding.

Source: Washington State Office of the State Actuary

State of Washington

	2021		2020		2019		2018		2017
\$	4,672	\$	3,516	\$	2,851	\$	3,827	\$	5,417
	3,323		3,956		3,449		3,517		3,514
	—		—		—		—		—
	(29,981)		8,335		6,503		(10,402)		(25,336)
	(54,110)		22,269		12,227		(3,519)		(5,980)
	(1,992)		(1,785)		(1,818)		(1,300)		(902)
	(78,088)		36,291		23,212		(7,877)		(23,287)
	146,676		110,385		87,173		95,050		118,337
\$	68,588	\$	146,676	\$	110,385	\$	87,173	\$	95,050
\$	656		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	8,211		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	—		N/A		N/A		N/A		N/A
	8,866		N/A		N/A		N/A		N/A
	23,393		N/A		N/A		N/A		N/A
\$	32,259		N/A		N/A		N/A		N/A
\$	36,329		N/A		N/A		N/A		N/A

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

University of Washington

Last Eight Fiscal Years*

(expressed in thousands)

	2024		2023		2022
Total Pension Liability/(Asset)--Ending	\$	244,266	\$	274,309	\$ 316,127
Plan Fiduciary Net Position--Ending		130,352		112,536	96,989
Plan's Net Pension Liability/(Asset)--Ending	\$	113,914	\$	161,773	\$ 219,138
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		53.36 %		41.03 %	30.68 %
Covered Payroll	\$	2,216,600	\$	2,199,526	\$ 1,723,087
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		5.14 %		7.35 %	12.72 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement No. 67 and 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 Eight Fiscal Years*

(expressed in thousands)

	2024		2023		2022
Total Pension Liability/(Asset)--Ending	\$	48,166	\$	53,334	\$ 56,679
Plan Fiduciary Net Position--Ending		23,875		21,041	18,643
Plan's Net Pension Liability/(Asset)--Ending	\$	24,290	\$	32,292	\$ 38,036
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		49.57%		39.45%	32.89%
Covered Payroll	\$	365,601	\$	346,733	\$ 325,122
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		6.64 %		9.31 %	11.70 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement No. 67 and 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

	2021		2020		2019		2018		2017
\$	216,672	\$	781,829	\$	594,040	\$	412,481	\$	438,753
	90,341		N/A		N/A		N/A		N/A
\$	126,331		N/A		N/A		N/A		N/A
	41.69 %		N/A		N/A		N/A		N/A
\$	1,703,155		N/A		N/A		N/A		N/A
	7.42 %		N/A		N/A		N/A		N/A

	2021		2020		2019		2018		2017
\$	41,102	\$	118,942	\$	92,720	\$	82,831	\$	89,414
	17,646		N/A		N/A		N/A		N/A
\$	23,456		N/A		N/A		N/A		N/A
	42.93%		N/A		N/A		N/A		N/A
\$	317,177		N/A		N/A		N/A		N/A
	7.40 %		N/A		N/A		N/A		N/A

State of Washington

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

Eastern Washington University

Last Eight Fiscal Years*

(expressed in thousands)

	2024		2023		2022
Total Pension Liability/(Asset)--Ending	\$	9,009	\$	10,023	\$ 13,119
Plan Fiduciary Net Position--Ending		4,679		4,161	3,720
Plan's Net Pension Liability/(Asset)--Ending	\$	4,330	\$	5,862	\$ 9,399
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		51.94 %		41.51 %	28.36 %
Covered Payroll	\$	62,975	\$	61,516	\$ 59,085
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		6.88 %		9.53 %	15.91 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement No. 67 and 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 Eight Fiscal Years*

(expressed in thousands)

	2024		2023		2022
Total Pension Liability/(Asset)--Ending	\$	4,575	\$	4,995	\$ 5,545
Plan Fiduciary Net Position--Ending		4,724		4,200	3,751
Plan's Net Pension Liability/(Asset)--Ending	\$	(149)	\$	795	\$ 1,794
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		103.26 %		84.08 %	67.65 %
Covered Payroll	\$	63,859	\$	63,515	\$ 66,747
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		-0.23 %		1.25 %	2.69 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement No. 67 and 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

	2021		2020		2019		2018		2017
\$	9,040	\$	23,139	\$	17,747	\$	15,551	\$	11,601
	3,549		N/A		N/A		N/A		N/A
\$	5,490		N/A		N/A		N/A		N/A
	39.26 %		N/A		N/A		N/A		N/A
\$	60,251		N/A		N/A		N/A		N/A
	9.11 %		N/A		N/A		N/A		N/A

	2021		2020		2019		2018		2017
\$	4,635	\$	8,622	\$	7,378	\$	7,717	\$	8,477
	3,560		N/A		N/A		N/A		N/A
\$	1,075		N/A		N/A		N/A		N/A
	76.81 %		N/A		N/A		N/A		N/A
\$	77,419		N/A		N/A		N/A		N/A
	1.39 %		N/A		N/A		N/A		N/A

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

The Evergreen State College

Last Eight Fiscal Years*

(expressed in thousands)

	2024		2023		2022
Total Pension Liability/(Asset)--Ending	\$	3,305	\$	3,748	\$ 4,994
Plan Fiduciary Net Position--Ending		1,745		1,569	1,421
Plan's Net Pension Liability/(Asset)--Ending	\$	1,560	\$	2,180	\$ 3,573
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		52.80 %		41.86 %	28.45 %
Covered Payroll	\$	21,082	\$	20,197	\$ 20,208
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		7.40 %		10.79 %	17.68 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement No. 67 and 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 University

Last Eight Fiscal Years*

(expressed in thousands)

	2024		2023		2022
Total Pension Liability/(Asset)--Ending	\$	14,443	\$	16,443	\$ 20,743
Plan Fiduciary Net Position--Ending		6,860		6,117	5,488
Plan's Net Pension Liability/(Asset)--Ending	\$	7,582	\$	10,326	\$ 15,255
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		47.50 %		37.20 %	26.46 %
Covered Payroll	\$	115,430	\$	111,703	\$ 107,558
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		6.57 %		9.24 %	14.18 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement Nos. 67 and 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

	2021		2020		2019		2018		2017
\$	3,533	\$	8,894	\$	6,818	\$	5,980	\$	6,510
	1,372		N/A		N/A		N/A		N/A
\$	2,162		N/A		N/A		N/A		N/A
	38.83 %		N/A		N/A		N/A		N/A
\$	36,786		N/A		N/A		N/A		N/A
	5.88 %		N/A		N/A		N/A		N/A

	2021		2020		2019		2018		2017
\$	13,327	\$	35,442	\$	27,037	\$	20,962	\$	22,820
	5,255		N/A		N/A		N/A		N/A
\$	8,072		N/A		N/A		N/A		N/A
	39.43 %		N/A		N/A		N/A		N/A
\$	317,177		N/A		N/A		N/A		N/A
	2.54 %		N/A		N/A		N/A		N/A

PENSION PLAN INFORMATION

Higher Education Supplemental Defined Benefit Plans

Schedule of Net Pension Liability

State Board for Community and Technical Colleges

Last Eight Fiscal Years*

(expressed in thousands)

	2024		2023		2022
Total Pension Liability/(Asset)--Ending	\$	77,337	\$	90,859	\$ 101,882
Plan Fiduciary Net Position--Ending		40,216		36,368	33,145
Plan's Net Pension Liability/(Asset)--Ending	\$	37,121	\$	54,491	\$ 68,737
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		52.00 %		40.03 %	32.53 %
Covered Payroll	\$	692,085	\$	660,066	\$ 638,490
Plan's Net Pension Liability/(Asset) as a Percentage of Covered Payroll		5.36 %		8.26 %	10.77 %

N/A indicates data not available. Fiscal year 2021 is the first year institutions of higher education reported under GASB Statement No. 67 and 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

Effective fiscal year 2021, RCW 41.50.075 created dedicated funds to pay higher education Supplemental Retirement Plans (SRPs) 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 Nos. 67 and 68. Under the SRPs, 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.

State of Washington

	2021		2020		2019		2018		2017
\$	68,588	\$	146,676	\$	110,385	\$	87,173	\$	95,050
	32,259		N/A		N/A		N/A		N/A
\$	36,329		N/A		N/A		N/A		N/A
	47.03 %		N/A		N/A		N/A		N/A
\$	639,861		N/A		N/A		N/A		N/A
	5.68 %		N/A		N/A		N/A		N/A

OTHER POSTEMPLOYMENT BENEFITS INFORMATION

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Date of June 30*

(expressed in thousands)

	2023	2022	2021
Total OPEB Liability			
Service cost	\$ 153,384	\$ 313,547	\$ 323,706
Interest	154,001	145,472	139,842
Changes in benefit terms	—	—	—
Difference between expected and actual experience	556	(144,000)	404
Changes in assumptions	(74,647)	(2,431,367)	58,702
Benefit payments	(107,271)	(106,880)	(106,523)
Changes in proportion	3	(2)	—
Other**	—	—	—
Net Changes in Total OPEB Liability	126,026	(2,223,230)	416,131
Total OPEB Liability--Beginning, as restated	4,249,821	6,473,051	6,056,920
Total OPEB Liability--Ending	\$ 4,375,847	\$ 4,249,821	\$ 6,473,051
Covered-employee payroll	\$ 10,410,729	\$ 9,475,038	\$ 9,560,209
Total OPEB liability as a percentage of covered-employee payroll	42.03 %	44.85 %	67.71 %

*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.

State of Washington

	2020		2019		2018		2017
\$	251,517	\$	235,316	\$	317,866	\$	394,955
	210,229		203,889		218,339		184,999
	—		—		—		—
	(32,209)		(273)		199,258		—
	136,371		379,637		(1,390,198)		(902,431)
	(100,092)		(93,253)		(92,200)		(94,279)
	3		(3)		(15)		—
	(214,094)		—		—		—
	251,725		725,313		(746,950)		(416,755)
	5,805,195		5,079,882		5,826,832		6,242,577
\$	6,056,920	\$	5,805,195	\$	5,079,882	\$	5,825,822
\$	9,285,200	\$	8,722,746	\$	8,401,635	\$	7,878,188
	65.23 %		66.55 %		60.46 %		73.95 %

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 for the three most recent complete condition assessments.
- 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 2024, the state was responsible for maintaining and preserving 20,980 pavement lane miles, 4,164 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.

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. 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

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. Calculation of the percentages was based on vehicle miles traveled, a key data for highway planning and management and a common measure of roadway use.

The following table shows pavement condition ratings for state highways:

Pavements			
Percentage in Fair or Better Condition			
Two-Year Cycle Ending Calendar Year			
2021	2019	2017	Average of Last Three Assessments
92.5%	94.1%	93.2%	93.3%

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)					
	2024	*2023	2022	2021	2020
Planned	\$ 211,280	\$ 358,925	\$ 139,663	\$ 211,788	\$ 194,105
Actual	217,547	272,043	119,280	124,491	169,303
Variance	\$ (6,267)	\$ 86,882	\$ 20,383	\$ 87,297	\$ 24,802
	-3.0%	24.2%	14.6%	41.2%	12.8%

**Amounts reported for fiscal year 2023 were updated to correct errors in prior year's calculations.*

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 WSDOT's website at: [Pavement Design & Management](#).

BRIDGE CONDITION

WSDOT inspects and performs condition assessments on approximately 3,378 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 345 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.

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
Excellent	9	No problem
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

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			
2023	2021	2019	Average of Last Three Assessments
92.6%	94.7%	92.9%	93.4%

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 (expressed in thousands)						
	2024	*2023	2022	2021	2020	
Planned	\$ 121,869	\$ 192,323	\$ 135,355	\$ 114,868	\$ 148,212	
Actual	161,472	144,316	92,080	109,137	120,554	
Variance	\$ (39,603)	\$ 48,007	\$ 43,275	\$ 5,731	\$ 27,658	
	-32.5%	25.0%	32.0%	5.0%	18.7%	

*Amounts reported for fiscal year 2023 were updated to correct errors in prior year's calculations.

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. The significant variance between actual and planned expenditures in fiscal year 2022 and 2023 can be attributed to continued insufficient resources in keeping up with increased delivery demands imposed on WSDOT. Actual expenditures exceeded planned expenditures significantly in fiscal year 2024 due to several emergency bridge repairs and unplanned deck and bridge rehabilitation projects.

For more information about bridges, refer to WSDOT's website at: [Design Topics, Bridges and Structures](#).

SAFETY REST AREA CONDITION

Beginning in fiscal year 2020, 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 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.

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 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 were recalculated to reflect the new rating methodology effective July 2019.			

In the fall of 2022, WSDOT began evaluating the feasibility of continuing to manage safety rest areas under the same asset management plan as all other agency-owned infrastructure assets. In March 2023, the determination was made to remove safety rest areas from the modified approach to depreciation and transition to the straight-line depreciation method. As a result, no condition assessment was performed for safety rest areas in fiscal year 2023. WSDOT has been working on asset valuations and will record accounting adjustments in fiscal year 2025. Any remaining depreciation on safety rest area assets will be calculated quarterly in conjunction with other WSDOT capital assets.

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									
(expressed in thousands)									
		2023		2022		2021		2020	2019
Planned	\$	11,871	\$	6,694	\$	8,140	\$	9,420	11,084
Actual		11,535		7,589		7,256		8,601	9,004
Variance	\$	336	\$	(895)	\$	884	\$	819	2,080
		2.8%		-13.4%		10.9%		8.7%	18.8%

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: [Safety Rest Areas](#).

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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, 2024
(expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Common School Permanent	Total
ASSETS					
Cash and cash equivalents	\$ 6,174,617	\$ 410,085	\$ 149,183	\$ 61	\$ 6,733,946
Investments	79,982	—	—	265,461	345,443
Taxes receivable (net of allowance)	266,543	—	—	—	266,543
Receivables (net of allowance)	1,576,414	3,443	47,902	664	1,628,423
Due from other funds	370,093	3,986	64,829	—	438,908
Due from other governments	2,137,034	—	13,710	7	2,150,751
Inventories and prepaids	70,375	—	—	—	70,375
Restricted cash and investments	137,547	—	16,740	—	154,287
Restricted receivables	—	—	2,477	—	2,477
Total Assets	\$10,812,605	\$ 417,514	\$ 294,841	\$ 266,193	\$11,791,153
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,117,471	\$ —	\$ 87,823	\$ —	\$ 1,205,294
Accrued liabilities	187,811	3,762	54,025	3	245,601
Due to other funds	1,157,940	2,919	53,659	646	1,215,164
Due to other governments	333,616	—	22,352	—	355,968
Unearned revenue	159,725	—	7,293	—	167,018
Claims and judgments payable	102,537	—	—	—	102,537
Total Liabilities	3,059,100	6,681	225,152	649	3,291,582
DEFERRED INFLOWS OF RESOURCES	73,653	—	16,993	—	90,646
FUND BALANCES					
Nonspendable fund balance	70,375	—	—	236,603	306,978
Restricted fund balance	3,134,835	5,184	—	78,128	3,218,147
Committed fund balance	4,475,480	405,721	52,696	—	4,933,897
Unassigned fund balance	(838)	(72)	—	(49,187)	(50,097)
Total Fund Balances	7,679,852	410,833	52,696	265,544	8,408,925
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$10,812,605	\$ 417,514	\$ 294,841	\$ 266,193	\$11,791,153

NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - by Fund Type
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Common School Permanent	Total
REVENUES					
Retail sales and use taxes	\$ 131,385	\$ —	\$ —	\$ —	\$ 131,385
Business and occupation taxes	741	—	—	—	741
Excise taxes	601,234	—	—	—	601,234
Motor vehicle and fuel taxes	1,512,276	—	—	—	1,512,276
Other taxes	374,568	—	—	—	374,568
Licenses, permits, and fees	2,361,651	—	—	—	2,361,651
Other contracts and grants	346,298	—	1,141	—	347,439
Timber sales	49,422	—	11,800	—	61,222
Federal grants-in-aid	1,927,460	—	20,811	—	1,948,271
Charges for services	709,897	5,203	64,014	—	779,114
Investment income (loss)	260,513	11,158	3,340	24,231	299,242
Miscellaneous revenue	715,297	83,257	92,143	2,793	893,490
Total Revenues	8,990,742	99,618	193,249	27,024	9,310,633
EXPENDITURES					
Current:					
General government	1,273,349	129	316,789	42	1,590,309
Human services	1,786,169	—	11,276	—	1,797,445
Natural resources and recreation	53,442	—	257,812	—	311,254
Transportation	2,896,742	—	18	—	2,896,760
Education	190,017	—	331,476	—	521,493
Intergovernmental	415,807	—	—	—	415,807
Capital outlays	2,286,341	—	734,354	—	3,020,695
Debt service:					
Principal	3,102	1,334,758	50,766	—	1,388,626
Interest	2,228	1,081,948	13,450	—	1,097,626
Total Expenditures	8,907,197	2,416,835	1,715,941	42	13,040,015
Excess of Revenues Over (Under) Expenditures	83,545	(2,317,217)	(1,522,692)	26,982	(3,729,382)
OTHER FINANCING SOURCES (USES)					
Bonds issued	642,610	—	1,288,939	—	1,931,549
Refunding bonds issued	—	1,564,055	32,149	—	1,596,204
Payments to escrow agents for refunded bond debt	—	(1,754,103)	—	—	(1,754,103)
Issuance premiums	83,620	192,653	182,827	—	459,100
Other debt issued	—	—	2,255	—	2,255
Right-to-use lease acquisition	10,174	—	—	—	10,174
Transfers in	1,046,414	2,372,028	70,787	—	3,489,229
Transfers out	(1,750,024)	(41,435)	(39,491)	(7,473)	(1,838,423)
Total Other Financing Sources (Uses)	32,794	2,333,198	1,537,466	(7,473)	3,895,985
Net Change in Fund Balances	116,339	15,981	14,774	19,509	166,603
Fund Balance - Beginning, as previously reported	10,708,704	394,852	37,922	246,035	11,387,513
Change within financial reporting entity	(3,146,500)	—	—	—	(3,146,500)
Error corrections	1,308,996	—	—	—	1,308,996
Fund Balances - Beginning, as restated	7,563,513	394,852	37,922	246,035	8,242,322
Fund Balances - Ending	\$ 7,679,852	\$ 410,833	\$ 52,696	\$ 265,544	\$ 8,408,925

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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. In fiscal year 2024, the Wildlife and Natural Resources Fund reached the threshold to be reported as a major fund and was reclassified from a nonmajor governmental fund.

Local Construction & Loan Fund

The Local Construction and Loan Fund accounts for construction and loan programs for local public works projects.

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

June 30, 2024

(expressed in thousands)

	Motor Vehicle	Multimodal Transportation	Central Administrative and Regulatory
ASSETS			
Cash and cash equivalents	\$ 2,252,739	\$ 938,644	\$ 636,727
Investments	—	—	1,506
Taxes receivable (net of allowance)	155,613	9,937	25,133
Receivables (net of allowance)	216,183	49,343	207,737
Due from other funds	252,574	38,514	45,533
Due from other governments	136,502	138,339	670,011
Inventories and prepaids	63,895	192	6,288
Restricted cash and investments	24,865	102	112,580
Total Assets	\$ 3,102,371	\$ 1,175,071	\$ 1,705,515
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 459,484	\$ 56,874	\$ 77,881
Accrued liabilities	122,784	13,201	12,758
Due to other funds	255,041	35,437	569,266
Due to other governments	79,359	163,219	13,993
Unearned revenue	9,484	32,647	83,545
Claims and judgments payable	—	—	102,537
Total Liabilities	926,152	301,378	859,980
DEFERRED INFLOWS OF RESOURCES	12,203	6,988	5,931
FUND BALANCES			
Nonspendable fund balance	63,895	192	6,288
Restricted fund balance	1,781,483	151,074	5,353
Committed fund balance	318,638	715,439	827,963
Unassigned fund balance	—	—	—
Total Fund Balances	2,164,016	866,705	839,604
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,102,371	\$ 1,175,071	\$ 1,705,515

State of Washington

Human Services		Local Construction and Loan		Total
\$	1,665,101	\$	681,406	\$ 6,174,617
	78,476		—	79,982
	65,568		10,292	266,543
	1,063,446		39,705	1,576,414
	26,771		6,701	370,093
	626,999		565,183	2,137,034
	—		—	70,375
	—		—	137,547
\$	3,526,361	\$	1,303,287	\$ 10,812,605

\$	521,088	\$	2,144	\$ 1,117,471
	36,863		2,205	187,811
	287,616		10,580	1,157,940
	70,109		6,936	333,616
	34,049		—	159,725
	—		—	102,537
	949,725		21,865	3,059,100
	18,736		29,795	73,653

	—		—	70,375
	808,319		388,606	3,134,835
	1,749,581		863,859	4,475,480
	—		(838)	(838)
	2,557,900		1,251,627	7,679,852
\$	3,526,361	\$	1,303,287	\$ 10,812,605

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Motor Vehicle	Multimodal Transportation	Central Administrative and Regulatory
REVENUES			
Retail sales and use taxes	\$ —	\$ 109,886	\$ 21,499
Business and occupation taxes	—	—	—
Excise taxes	3,257	3,647	413
Motor vehicle and fuel taxes	1,505,440	6,836	—
Other taxes	50,009	—	170,704
Licenses, permits, and fees	722,812	401,288	394,407
Other contracts and grants	66,192	113,604	3,107
Timber sales	2	—	4,321
Federal grants-in-aid	639,396	469,045	599,862
Charges for services	287,649	113,935	122,200
Investment income (loss)	113,843	43,574	50,634
Miscellaneous revenue	87,723	73,285	130,530
Total Revenues	3,476,323	1,335,100	1,497,677
EXPENDITURES			
Current:			
General government	4,218	713	1,019,108
Human services	—	—	38,681
Natural resources and recreation	1,033	—	47,435
Transportation	1,889,675	937,343	59,408
Education	—	118	59,724
Intergovernmental	244,177	14,964	131,132
Capital outlays	2,132,029	138,526	10,945
Debt service:			
Principal	2,519	—	323
Interest	1,653	—	287
Total Expenditures	4,275,304	1,091,664	1,367,043
Excess of Revenues Over (Under) Expenditures	(798,981)	243,436	130,634
OTHER FINANCING SOURCES (USES)			
Bonds issued	642,610	—	—
Issuance premiums	83,620	—	—
Right-to-use lease acquisition	1,658	2,951	1,666
Transfers in	529,914	281,729	22,193
Transfers out	(723,922)	(571,958)	(160,153)
Total Other Financing Sources (Uses)	533,880	(287,278)	(136,294)
Net Change in Fund Balances	(265,101)	(43,842)	(5,660)
Fund Balance - Beginning, as previously reported	2,429,117	910,547	843,951
Change within financial reporting entity	—	—	—
Error corrections	—	—	1,313
Fund Balances - Beginning, as restated	2,429,117	910,547	845,264
Fund Balances - Ending	\$ 2,164,016	\$ 866,705	\$ 839,604

State of Washington

Human Services		Wildlife and Natural Resources	Local Construction and Loan		Total
\$	—	\$	—	\$	131,385
	741		—		741
	529,795		64,122		601,234
	—		—		1,512,276
	57,873		95,982		374,568
	843,082		62		2,361,651
	163,395		—		346,298
	—		45,099		49,422
	219,157		—		1,927,460
	184,332		1,781		709,897
	27,739		24,723		260,513
	378,498		45,261		715,297
	2,404,612		277,030		8,990,742
	238,077		11,233		1,273,349
	1,747,488		—		1,786,169
	875		4,099		53,442
	10,168		148		2,896,742
	60,081		70,094		190,017
	25,534		—		415,807
	4,841		—		2,286,341
	260		—		3,102
	288		—		2,228
	2,087,612		85,574		8,907,197
	317,000		191,456		83,545
	—		—		642,610
	—		—		83,620
	3,899		—		10,174
	193,996		18,582		1,046,414
	(223,974)		(70,017)		(1,750,024)
	(26,079)		(51,435)		32,794
	290,921		140,021		116,339
	2,266,983	3,146,500	1,111,606		10,708,704
	—	(3,146,500)	—		(3,146,500)
	(4)	—	—		1,308,996
	2,266,979	—	1,111,606		7,563,513
\$	2,557,900	\$	1,251,627	\$	7,679,852

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Schedule of Revenues, Expenditures, and
Other Financing Sources (Uses) - Budget and Actual**
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Motor Vehicle			
	Original Budget	Final Budget	Actual	Variance with
	2023-2025	2023-2025	2023-2025	Final Budget
	Biennium	Biennium	Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 2,369,105	\$ 2,369,105	\$ 2,369,105	\$ —
Resources				
Taxes	3,316,092	3,161,297	1,314,528	(1,846,769)
Licenses, permits, and fees	1,678,760	2,570,746	722,066	(1,848,680)
Other contracts and grants	210,856	272,451	66,192	(206,259)
Timber sales	—	—	2	2
Federal grants-in-aid	1,710,274	1,803,376	639,292	(1,164,084)
Charges for services	656,888	1,248,093	287,649	(960,444)
Investment income (loss)	37,191	60,113	91,820	31,707
Miscellaneous revenue	84,348	98,723	86,359	(12,364)
Transfers from other funds	—	—	997,102	997,102
Total Resources	10,063,514	11,583,904	6,574,115	(5,009,789)
Charges To Appropriations				
General government	24,189	14,704	4,390	10,314
Human services	—	—	—	—
Natural resources and recreation	2,648	2,659	1,033	1,626
Transportation	2,749,364	2,836,065	1,314,914	1,521,151
Education	—	1,000	—	1,000
Capital outlays	6,333,235	6,898,631	2,709,201	4,189,430
Transfers to other funds	—	—	1,190,938	(1,190,938)
Total Charges To Appropriations	9,109,436	9,753,059	5,220,476	4,532,583
Excess Available For Appropriation Over (Under) Charges To Appropriations	954,078	1,830,845	1,353,639	(477,206)
Reconciling Items				
Bond sale proceeds	254,943	3,399,831	642,610	(2,757,221)
Issuance premiums	—	—	83,620	83,620
Noncash activity (net)	—	—	23,092	23,092
Nonappropriated fund balances	—	—	8,360	8,360
Changes in reserves (net)	—	—	(11,200)	(11,200)
Total Reconciling Items	254,943	3,399,831	746,482	(2,653,349)
Budgetary Fund Balance, June 30	\$ 1,209,021	\$ 5,230,676	\$ 2,100,121	\$ (3,130,555)

State of Washington

Continued

Multimodal Transportation				Central Administrative and Regulatory			
Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget	Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget
\$ 801,053	\$ 801,053	\$ 801,053	\$ —	\$ 616,664	\$ 616,664	\$ 616,664	\$ —
243,562	497,567	106,976	(390,591)	69,765	75,201	16,003	(59,198)
889,853	1,664,344	399,527	(1,264,817)	827,107	885,586	332,637	(552,949)
366	366	148	(218)	840	1,190	—	(1,190)
—	—	—	—	6,929	7,004	4,321	(2,683)
283,526	243,395	157,236	(86,159)	1,192,609	1,913,444	542,730	(1,370,714)
247,906	454,054	113,935	(340,119)	214,981	280,175	16,614	(263,561)
14,017	21,208	35,097	13,889	42,189	42,161	43,815	1,654
69,920	156,420	64,601	(91,819)	86,237	85,779	28,984	(56,795)
—	—	404,879	404,879	42,028	133,424	16,244	(117,180)
2,550,203	3,838,407	2,083,452	(1,754,955)	3,099,349	4,040,628	1,618,012	(2,422,616)
5,195	5,622	713	4,909	2,165,178	2,924,620	817,250	2,107,370
—	—	—	—	79,423	79,128	37,418	41,710
1	1	—	1	96,380	97,105	36,746	60,359
1,337,263	1,394,165	581,794	812,371	112,458	129,716	55,598	74,118
5,100	5,428	136	5,292	9,250	9,601	—	9,601
474,339	659,306	53,360	605,946	80,993	81,302	8,959	72,343
—	—	625,033	(625,033)	310,108	305,080	155,496	149,584
1,821,898	2,064,522	1,261,036	803,486	2,853,790	3,626,552	1,111,467	2,515,085
728,305	1,773,885	822,416	(951,469)	245,559	414,076	506,545	92,469
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	9,144	9,144	—	—	49,835	49,835
—	—	28,881	28,881	—	—	229,262	229,262
—	—	6,072	6,072	—	—	47,674	47,674
—	—	44,097	44,097	—	—	326,771	326,771
\$ 728,305	\$ 1,773,885	\$ 866,513	\$ (907,372)	\$ 245,559	\$ 414,076	\$ 833,316	\$ 419,240

NONMAJOR SPECIAL REVENUE FUNDS
**Combining Schedule of Revenues, Expenditures, and
Other Financing Sources (Uses) - Budget and Actual**
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Human Services			
	Original Budget	Final Budget	Actual	Variance with
	2023-2025	2023-2025	2023-2025	Final Budget
	Biennium	Biennium	Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 2,072,364	\$ 2,072,364	\$ 2,072,364	\$ —
Resources				
Taxes	1,247,181	1,291,669	565,744	(725,925)
Licenses, permits, and fees	1,200,402	2,028,888	837,081	(1,191,807)
Other contracts and grants	278,104	283,398	1,223	(282,175)
Timber sales	—	—	—	—
Federal grants-in-aid	579,485	618,693	164,692	(454,001)
Charges for services	694,258	848,305	181,656	(666,649)
Investment income (loss)	12,801	12,801	10,592	(2,209)
Miscellaneous revenue	145,679	267,425	285,529	18,104
Dividend income	—	—	—	—
Transfers from other funds	757,997	856,902	178,524	(678,378)
Total Resources	6,988,271	8,280,445	4,297,405	(3,983,040)
Charges To Appropriations				
General government	688,800	701,419	235,563	465,856
Human services	3,891,240	4,019,287	1,325,375	2,693,912
Natural resources and recreation	2,212	2,222	875	1,347
Transportation	24,008	24,457	10,206	14,251
Education	157,690	158,841	1,228	157,613
Capital outlays	340,771	325,014	40,533	284,481
Transfers to other funds	1,050,304	1,072,361	459,534	612,827
Total Charges To Appropriations	6,155,025	6,303,601	2,073,314	4,230,287
Excess Available For Appropriation Over (Under) Charges To Appropriations	833,246	1,976,844	2,224,091	247,247
Reconciling Items				
Noncash activity (net)	—	—	91,091	91,091
Nonappropriated fund balances	—	—	271,371	271,371
Changes in reserves (net)	—	—	(28,653)	(28,653)
Total Reconciling Items	—	—	333,809	333,809
Budgetary Fund Balance, June 30	\$ 833,246	\$ 1,976,844	\$ 2,557,900	\$ 581,056

State of Washington

Concluded

Local Construction and Loan			
Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget
\$ 1,103,962	\$ 1,103,962	\$ 1,103,962	\$ —
336,283	992,089	160,104	(831,985)
176	176	—	(176)
—	—	—	—
104,395	79,980	45,099	(34,881)
—	—	—	—
7,387	7,387	1,781	(5,606)
4,448	4,448	21,453	17,005
399,429	636,305	45,662	(590,643)
—	—	—	—
13,286	13,458	18,582	5,124
1,969,366	2,837,805	1,396,643	(1,441,162)
16,662	16,710	7,473	9,237
—	—	—	—
10,332	10,332	4,079	6,253
—	—	—	—
—	—	—	—
1,260,400	1,515,226	117,378	1,397,848
150,194	150,194	75,017	75,177
1,437,588	1,692,462	203,947	1,488,515
531,778	1,145,343	1,192,696	47,353
—	—	18,533	18,533
—	—	8,996	8,996
—	—	31,402	31,402
—	—	58,931	58,931
\$ 531,778	\$ 1,145,343	\$ 1,251,627	\$ 106,284

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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. These bonds were paid off during fiscal year 2024.

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, 2024

(expressed in thousands)

	General Obligation Bond	Transportation General Obligation Bond	Tobacco Settlement Securitization Bond	Transportation Revenue Bond	Total
ASSETS					
Cash and cash equivalents	\$ 103,786	\$ 300,420	\$ —	\$ 5,879	\$ 410,085
Receivables (net of allowance)	—	3,443	—	—	3,443
Due from other funds	2,022	1,950	—	14	3,986
Total Assets	\$ 105,808	\$ 305,813	\$ —	\$ 5,893	\$ 417,514
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued liabilities	\$ 2,902	\$ 860	\$ —	\$ —	\$ 3,762
Due to other funds	—	2,138	—	781	2,919
Total Liabilities	2,902	2,998	—	781	6,681
FUND BALANCES					
Restricted fund balance	—	—	—	5,184	5,184
Committed fund balance	102,906	302,815	—	—	405,721
Unassigned fund balance	—	—	—	(72)	(72)
Total Fund Balances	102,906	302,815	—	5,112	410,833
Total Liabilities and Fund Balances	\$ 105,808	\$ 305,813	\$ —	\$ 5,893	\$ 417,514

NONMAJOR DEBT SERVICE FUNDS
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	General Obligation Bond	Transportation General Obligation Bond	Tobacco Settlement Securitization Bond	Transportation Revenue Bond	Total
REVENUES					
Charges for services	\$ 5,203	\$ —	\$ —	\$ —	\$ 5,203
Investment income (loss)	2,571	8,714	(166)	39	11,158
Miscellaneous revenue	59,466	10,500	13,291	—	83,257
Total Revenues	67,240	19,214	13,125	39	99,618
EXPENDITURES					
Current:					
General government	—	—	129	—	129
Debt service:					
Principal	777,632	375,284	33,340	148,502	1,334,758
Interest	680,014	362,994	1,621	37,319	1,081,948
Total Expenditures	1,457,646	738,278	35,090	185,821	2,416,835
Excess of Revenues Over (Under) Expenditures	(1,390,406)	(719,064)	(21,965)	(185,782)	(2,317,217)
OTHER FINANCING SOURCES (USES)					
Refunding bonds issued	289,660	1,274,395	—	—	1,564,055
Payments to escrow agents for refunded bond debt	(315,778)	(1,438,325)	—	—	(1,754,103)
Issuance premiums	26,446	166,207	—	—	192,653
Transfers in	1,465,934	720,239	—	185,855	2,372,028
Transfers out	(6,000)	(11,384)	(24,051)	—	(41,435)
Total Other Financing Sources (Uses)	1,460,262	711,132	(24,051)	185,855	2,333,198
Net Change in Fund Balances	69,856	(7,932)	(46,016)	73	15,981
Fund Balances - Beginning	33,050	310,747	46,016	5,039	394,852
Fund Balances - Ending	\$ 102,906	\$ 302,815	\$ —	\$ 5,112	\$ 410,833

NONMAJOR DEBT SERVICE FUNDS
**Combining Schedule of Revenues, Expenditures, and
Other Financing Sources (Uses) - Budget and Actual**
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	General Obligation Bond			
	Original Budget	Final Budget	Actual	Variance with
	2023-2025 Biennium	2023-2025 Biennium	2023-2025 Biennium	
Budgetary Fund Balance, July 1, as restated	\$ (1,129)	\$ (1,129)	\$ (1,129)	\$ —
Resources				
Charges for services	57,020	57,020	—	(57,020)
Investment income (loss)	2,261	2,261	—	(2,261)
Miscellaneous revenue	105	105	—	(105)
Transfers from other funds	116,308	115,086	41,797	(73,289)
Total Resources	174,565	173,343	40,668	(132,675)
Charges To Appropriations				
General government	80,455	80,142	41,797	38,345
Transfers to other funds	52,634	52,634	—	52,634
Total Charges To Appropriations	133,089	132,776	41,797	90,979
Excess Available For Appropriation Over (Under) Charges To Appropriations	41,476	40,567	(1,129)	(41,696)
Reconciling Items				
Debt service	—	—	(328)	(328)
Proceeds of refunding bonds	—	—	289,660	289,660
Payments to escrow agents for refunded bond debt	—	—	(315,778)	(315,778)
Issuance premiums	—	—	26,446	26,446
Noncash activity (net)	—	—	(54)	(54)
Nonappropriated fund balances	—	—	104,089	104,089
Total Reconciling Items	—	—	104,035	104,035
Budgetary Fund Balance, June 30	\$ 41,476	\$ 40,567	\$ 102,906	\$ 62,339

State of Washington

Transportation General Obligation Bond			
Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget
\$ 310,747	\$ 310,747	\$ 310,747	\$ —
—	—	—	—
5,654	5,654	6,105	451
41,977	—	10,500	10,500
1,607,371	1,518,104	720,239	(797,865)
1,965,749	1,834,505	1,047,591	(786,914)
1,485,802	1,490,139	736,002	754,137
—	—	11,384	(11,384)
1,485,802	1,490,139	747,386	742,753
479,947	344,366	300,205	(44,161)
—	—	(2,277)	(2,277)
—	—	1,274,395	1,274,395
—	—	(1,438,325)	(1,438,325)
—	—	166,207	166,207
—	—	2,610	2,610
—	—	—	—
—	—	2,610	2,610
\$ 479,947	\$ 344,366	\$ 302,815	\$ (41,551)

Transportation Revenue Bond			
Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget
\$ 5,040	\$ 5,040	\$ 5,040	\$ —
—	—	—	—
742	742	—	(742)
—	—	—	—
295,985	295,985	185,855	(110,130)
301,767	301,767	190,895	(110,872)
295,985	295,424	185,821	109,603
—	—	—	—
295,985	295,424	185,821	109,603
5,782	6,343	5,074	(1,269)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	38	38
—	—	—	—
—	—	38	38
\$ 5,782	\$ 6,343	\$ 5,112	\$ (1,231)

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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.

NONMAJOR CAPITAL PROJECTS FUNDS

Combining Balance Sheet

June 30, 2024

(expressed in thousands)

	State Facilities	Higher Education Facilities	Total
ASSETS			
Cash and cash equivalents	\$ 119,657	\$ 29,526	\$ 149,183
Receivables (net of allowance)	19,837	28,065	47,902
Due from other funds	35,351	29,478	64,829
Due from other governments	13,703	7	13,710
Restricted cash and investments	16,740	—	16,740
Restricted receivables	—	2,477	2,477
Total Assets	\$ 205,288	\$ 89,553	\$ 294,841
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 66,488	\$ 21,335	\$ 87,823
Accrued liabilities	48,330	5,695	54,025
Due to other funds	51,544	2,115	53,659
Due to other governments	22,352	—	22,352
Unearned revenue	2,334	4,959	7,293
Total Liabilities	191,048	34,104	225,152
DEFERRED INFLOWS OF RESOURCES	7,714	9,279	16,993
FUND BALANCES			
Committed fund balance	6,526	46,170	52,696
Total Fund Balances	6,526	46,170	52,696
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 205,288	\$ 89,553	\$ 294,841

NONMAJOR CAPITAL PROJECTS FUNDS
**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	State Facilities	Higher Education Facilities	Total
REVENUES			
Other contracts and grants	\$ —	\$ 1,141	\$ 1,141
Timber sales	11,709	91	11,800
Federal grants-in-aid	20,811	—	20,811
Charges for services	—	64,014	64,014
Investment income (loss)	391	2,949	3,340
Miscellaneous revenue	5,514	86,629	92,143
Total Revenues	38,425	154,824	193,249
EXPENDITURES			
Current:			
General government	316,789	—	316,789
Human services	11,276	—	11,276
Natural resources and recreation	257,812	—	257,812
Transportation	18	—	18
Education	245,781	85,695	331,476
Capital outlays	679,519	54,835	734,354
Debt service:			
Principal	—	50,766	50,766
Interest	—	13,450	13,450
Total Expenditures	1,511,195	204,746	1,715,941
Excess of Revenues Over (Under) Expenditures	(1,472,770)	(49,922)	(1,522,692)
OTHER FINANCING SOURCES (USES)			
Bonds issued	1,288,939	—	1,288,939
Refunding bonds issued	—	32,149	32,149
Issuance premiums	179,755	3,072	182,827
Other debt issued	—	2,255	2,255
Transfers in	882	69,905	70,787
Transfers out	(4,640)	(34,851)	(39,491)
Total Other Financing Sources (Uses)	1,464,936	72,530	1,537,466
Net Change in Fund Balances	(7,834)	22,608	14,774
Fund Balances - Beginning	14,360	23,562	37,922
Fund Balances - Ending	\$ 6,526	\$ 46,170	\$ 52,696

NONMAJOR CAPITAL PROJECTS FUNDS
**Combining Schedule of Revenues, Expenditures, and
Other Financing Sources (Uses) - Budget and Actual**
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	State Facilities			
	Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget
Budgetary Fund Balance, July 1, as restated	\$ 9,320	\$ 9,320	\$ 9,320	\$ —
Resources				
Timber sales	15,719	18,387	11,709	(6,678)
Federal grants-in-aid	194,766	195,687	20,811	(174,876)
Charges for services	—	—	—	—
Investment income (loss)	129	129	351	222
Miscellaneous revenue	408	12,144	5,472	(6,672)
Transfers from other funds	414	480	882	402
Total Resources	220,756	236,147	48,545	(187,602)
Charges To Appropriations				
General government	17,161	24,872	3,323	21,549
Education	—	—	—	—
Capital outlays	7,641,960	7,055,778	1,507,872	5,547,906
Transfers to other funds	243,051	243,151	4,640	238,511
Total Charges To Appropriations	7,902,172	7,323,801	1,515,835	5,807,966
Excess Available For Appropriation Over (Under) Charges To Appropriations	(7,681,416)	(7,087,654)	(1,467,290)	5,620,364
Reconciling Items				
Bond sale proceeds	7,219,895	7,192,790	1,280,069	(5,912,721)
Issuance premiums	—	—	178,610	178,610
Noncash activity (net)	—	—	88	88
Nonappropriated fund balances	—	—	44,299	44,299
Changes in reserves (net)	—	—	(29,250)	(29,250)
Total Reconciling Items	7,219,895	7,192,790	1,473,816	(5,718,974)
Budgetary Fund Balance, June 30	\$ (461,521)	\$ 105,136	\$ 6,526	\$ (98,610)

State of Washington

Higher Education Facilities				
Original Budget 2023-2025 Biennium	Final Budget 2023-2025 Biennium	Actual 2023-2025 Biennium	Variance with Final Budget	
\$ 40,140	\$ 40,140	\$ 40,140	\$	—
500	250	91		(159)
—	—	—		—
147,212	147,212	64,014		(83,198)
2,541	2,541	2,760		219
444	448	85,084		84,636
102,456	108,481	83,253		(25,228)
293,293	299,072	275,342		(23,730)
—	—	—		—
25,286	25,286	11,958		13,328
275,902	256,490	91,580		164,910
4,366	4,366	69,718		(65,352)
305,554	286,142	173,256		112,886
(12,261)	12,930	102,086		89,156
—	—	—		—
—	—	—		—
—	—	2,705		2,705
—	—	(58,621)		(58,621)
—	—	—		—
—	—	(55,916)		(55,916)
\$ (12,261)	\$ 12,930	\$ 46,170	\$	33,240

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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, 2024
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 19,396	\$ 3,555	\$ 374
Investments	11,855	—	44,573
Taxes receivable (net of allowance)	—	—	—
Receivables (net of allowance)	34,836	749	13,548
Due from other funds	102,331	13,151	12
Due from other governments	395	600	—
Inventories	368	16,519	—
Prepaid expenses	23	76	—
Total Current Assets	\$ 169,204	\$ 34,650	\$ 58,507
Noncurrent Assets:			
Investments, noncurrent	74,840	—	1,733,149
Restricted net pension asset	2,888	7,173	562
Other noncurrent assets	5	—	47,465
Capital assets:			
Land and other non-depreciable assets	—	1,540	—
Buildings	—	12,828	—
Other improvements	1,610	5,328	—
Furnishings, equipment, and intangibles	1,230	18,628	6
Lease assets	4,023	—	430
Subscription assets	83	3,899	—
Accumulated depreciation and amortization	(3,779)	(20,349)	(315)
Construction in progress	68	—	—
Total Noncurrent Assets	80,968	29,047	1,781,297
Total Assets	250,172	63,697	1,839,804
DEFERRED OUTFLOWS OF RESOURCES			
	3,580	9,603	816
Total Assets and Deferred Outflows of Resources	\$ 253,752	\$ 73,300	\$ 1,840,620

State of Washington

Continued

Paid Family and Medical Leave Compensation		Other Activities	Total
\$	232,816	\$ 134,696	\$ 390,837
	—	32,686	89,114
	—	3,788	3,788
	491,947	396,807	937,887
	1,954	17,117	134,565
	—	7,521	8,516
	—	108	16,995
	—	13	112
\$	726,717	\$ 592,736	\$ 1,581,814
	—	913,946	2,721,935
	8,598	15,189	34,410
	—	—	47,470
	—	—	1,540
	—	—	12,828
	—	76	7,014
	77,436	40,778	138,078
	508	2,505	7,466
	—	—	3,982
	(15,722)	(12,987)	(53,152)
	—	2,605	2,673
	70,820	962,112	2,924,244
	797,537	1,554,848	4,506,058
	21,930	21,634	57,563
\$	819,467	\$ 1,576,482	\$ 4,563,621

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Net Position
 June 30, 2024
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 5,397	\$ 6,593	\$ 269
Accrued liabilities	63,686	2,234	111,256
Obligations under security lending agreements	—	—	25,032
Bonds and notes payable	667	1,686	104
Total OPEB liability	106	271	21
Due to other funds	115,331	2,887	127
Due to other governments	—	322	—
Unearned revenue	816	—	—
Claims and judgments payable	—	—	—
Total Current Liabilities	186,003	13,993	136,809
Noncurrent Liabilities:			
Claims and judgments payable	—	—	—
Bonds and notes payable	1,732	227	17
Net pension liability	1,242	3,097	242
Total OPEB Liability	4,086	10,491	822
Other long-term liabilities	83,545	2,627	1,031,173
Total Noncurrent Liabilities	90,605	16,442	1,032,254
Total Liabilities	276,608	30,435	1,169,063
DEFERRED INFLOWS OF RESOURCES	4,749	14,128	1,140
NET POSITION			
Net investment in capital assets	837	19,988	(2)
Restricted for:			
Pensions	4,007	10,563	813
Unrestricted	(32,449)	(1,814)	669,606
Total Net Position	(27,605)	28,737	670,417
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 253,752	\$ 73,300	\$ 1,840,620

State of Washington

Concluded

Paid Family and Medical Leave Compensation		Other Activities	Total
\$	2,017	\$ 5,391	\$ 19,667
	5,481	31,609	214,266
	—	—	25,032
	118	946	3,521
	302	495	1,195
	2,805	1,410	122,560
	—	11,253	11,575
	73,558	19,307	93,681
	312,388	14,220	326,608
	396,669	84,631	818,105
	—	24,061	24,061
	40	1,637	3,653
	3,724	6,533	14,838
	11,683	19,161	46,243
	925	4,352	1,122,622
	16,372	55,744	1,211,417
	413,041	140,375	2,029,522
	13,192	22,528	55,737
	62,063	30,393	113,279
	11,465	20,785	47,633
	319,706	1,362,401	2,317,450
	393,234	1,413,579	2,478,362
\$	819,467	\$ 1,576,482	\$ 4,563,621

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses,
and Changes in Net Position
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
OPERATING REVENUES			
Sales	\$ —	\$ 112,298	\$ —
Less: Cost of goods sold	—	(74,433)	—
Gross profit	—	37,865	—
Charges for services	2,760	4,237	46,737
Premiums and assessments	—	—	—
Lottery ticket proceeds	1,028,955	—	—
Miscellaneous revenue	1,013	—	928
Total Operating Revenues	1,032,728	42,102	47,665
OPERATING EXPENSES			
Salaries and wages	10,621	27,527	3,240
Employee benefits	1,879	5,866	361
Personal services	14,073	706	967
Goods and services	110,713	1,132	392
Travel	439	171	35
Premiums and claims	—	—	—
Guaranteed education tuition program expense	—	—	96,345
Lottery prize payments	636,283	—	—
Depreciation and amortization	934	1,854	103
Miscellaneous expenses	27	16	—
Total Operating Expenses	774,969	37,272	101,443
Operating Income (Loss)	257,759	4,830	(53,778)
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	61	—	175,284
Interest expense	(3,151)	(30)	(2)
Tax and license revenue	10	—	—
Other revenues (expenses)	(7)	(47)	—
Total Nonoperating Revenues (Expenses)	(3,087)	(77)	175,282
Income (Loss) Before Transfers	254,672	4,753	121,504
Transfers in	—	—	—
Transfers out	(255,535)	—	—
Net Transfers	(255,535)	—	—
Change in Net Position	(863)	4,753	121,504
Net Position - Beginning, as previously reported	(26,810)	23,962	548,912
Error corrections	68	22	1
Net Position - Beginning, as restated	(26,742)	23,984	548,913
Net Position - Ending	\$ (27,605)	\$ 28,737	\$ 670,417

State of Washington

Paid Family and Medical Leave Compensation		Other Activities	Total
\$	—	\$ 293	\$ 112,591
	—	(142)	(74,575)
	—	151	38,016
	—	51,729	105,463
	1,728,987	1,427,601	3,156,588
	—	—	1,028,955
	2,948	4,899	9,788
	1,731,935	1,484,380	4,338,810
	35,593	58,687	135,668
	11,064	11,371	30,541
	3,198	19,676	38,620
	8,357	26,530	147,124
	131	595	1,371
	1,711,909	—	1,711,909
	—	—	96,345
	—	—	636,283
	5,597	2,942	11,430
	—	684	727
	1,775,849	120,485	2,810,018
	(43,914)	1,363,895	1,528,792
	13,198	17,009	205,552
	(1)	(7)	(3,191)
	—	20,095	20,105
	28	571	545
	13,225	37,668	223,011
	(30,689)	1,401,563	1,751,803
	—	10,000	10,000
	—	(16)	(255,551)
	—	9,984	(245,551)
	(30,689)	1,411,547	1,506,252
	424,015	2,032	972,111
	(92)	—	(1)
	423,923	2,032	972,110
\$	393,234	\$ 1,413,579	\$ 2,478,362

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Lottery	Institutional	Guaranteed Education Tuition Program
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,029,521	\$ 123,997	\$ 63,739
Payments to suppliers	(777,520)	(83,458)	(98,557)
Payments to employees	(14,100)	(37,432)	(4,003)
Other receipts	1,014	1	928
Net Cash Provided (Used) by Operating Activities	238,915	3,108	(37,893)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	—	—	—
Transfers out	(255,535)	—	—
Operating grants and donations received	—	1	—
Taxes and license fees collected	10	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	(255,525)	1	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(27)	(30)	(2)
Principal payments on long-term capital financing	(702)	(417)	(103)
Proceeds from sale of capital assets	8	284	—
Acquisitions of capital assets	(358)	(1,355)	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,079)	(1,518)	(105)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	—	—	27,767
Proceeds from sale of investment securities	12,901	—	137,362
Purchases of investment securities	(2,324)	—	(129,222)
Net Cash Provided (Used) by Investing Activities	10,577	—	35,907
Net Increase (Decrease) in Cash and Pooled Investments	(7,112)	1,591	(2,091)
Cash and cash equivalents, July 1	26,508	1,964	2,465
Cash and cash equivalents, June 30	\$ 19,396	\$ 3,555	\$ 374
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 257,759	\$ 4,830	\$ (53,778)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	934	1,854	103
Revenue reduced for uncollectible accounts	26	—	—
Change in Assets: Decrease (Increase)			
Receivables	(1,801)	7,463	17,002
Inventories	(25)	(4,530)	—
Prepaid expenses	69	427	—
Other assets	(219)	(431)	(42)
Change in Deferred Outflows of Resources: Increase (Decrease)	435	1,676	14
Change in Liabilities: Increase (Decrease)			
Payables	(16,593)	(3,229)	(841)
Change in Deferred Inflows of Resources: Decrease (Increase)	(1,670)	(4,952)	(351)
Net Cash Provided (Used) by Operating Activities	\$ 238,915	\$ 3,108	\$ (37,893)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Acquisition of capital assets through financing arrangements	\$ 297	\$ —	\$ —
Amortization of annuity prize liability	3,123	—	—
Increase (decrease) in fair value of investments	(2,790)	—	147,655
Amortization of debt premium/discount	2,850	—	—

State of Washington

Paid Family and Medical Leave Compensation		Other Activities	Total
\$	1,739,143	\$ 1,109,196	\$ 4,065,596
	(1,667,326)	(94,070)	(2,720,931)
	(48,419)	(77,039)	(180,993)
	60	4,902	6,905
	23,458	942,989	1,170,577
	—	10,000	10,000
	—	(16)	(255,551)
	—	565	566
	—	18,413	18,423
	—	28,962	(226,562)
	(2)	(9)	(70)
	(119)	(389)	(1,730)
	—	—	292
	(8,830)	(4,915)	(15,458)
	(8,951)	(5,313)	(16,966)
	11,206	6,864	45,837
	—	1,066,339	1,216,602
	—	(2,002,187)	(2,133,733)
	11,206	(928,984)	(871,294)
	25,713	37,654	55,755
	207,103	97,042	335,082
\$	232,816	\$ 134,696	\$ 390,837
\$	(43,914)	\$ 1,363,895	\$ 1,528,792
	5,597	2,942	11,430
	(3,108)	—	(3,082)
	(14,023)	(389,733)	(381,092)
	—	(2)	(4,557)
	—	102	598
	(1,967)	(1,581)	(4,240)
	(96)	1,051	3,080
	82,368	(26,242)	35,463
	(1,399)	(7,443)	(15,815)
\$	23,458	\$ 942,989	\$ 1,170,577
\$	—	\$ 1,280	\$ 1,577
	—	—	3,123
	1,368	(1,872)	144,361
	—	—	2,850

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Internal Service Funds

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

General Services Fund

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

Data Processing Revolving Fund

The Data Processing Revolving Fund accounts for the distribution of the full cost of data processing and data

communication services to other state agencies, and for the payment of other costs incidental to the acquisition, operation, and administration of acquired data processing services, supplies, and equipment.

Higher Education Revolving Fund

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

Risk Management Fund

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

INTERNAL SERVICE FUNDS
Combining Statement of Net Position
 June 30, 2024
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 230,768	\$ 47,728	\$ 576,655
Receivables (net of allowance)	7,407	739	91,929
Due from other funds	81,144	61,874	85,476
Due from other governments	47,617	196	101,704
Inventories	8,742	—	9,110
Prepaid expenses	6,316	7,669	8,467
Restricted cash and investments	86,912	—	—
Restricted receivables	194	—	—
Total Current Assets	469,100	118,206	873,341
Noncurrent Assets:			
Investments, noncurrent	—	—	44,544
Restricted net pension asset	67,660	16,014	18,984
Capital assets:			
Land and other non-depreciable assets	4,742	—	30
Buildings	246,178	286,781	12,283
Other improvements	12,866	1,581	797
Furnishings, equipment, and intangibles	944,768	131,300	254,931
Infrastructure	2,035	—	135
Lease assets	122,186	—	37,895
Subscription assets	2,118	109,713	51,482
Accumulated depreciation and amortization	(626,312)	(344,452)	(265,918)
Construction in progress	2,646	116,161	—
Total Noncurrent Assets	778,887	317,098	155,163
Total Assets	1,247,987	435,304	1,028,504
DEFERRED OUTFLOWS OF RESOURCES			
	87,969	20,262	29,882
Total Assets and Deferred Outflows of Resources	\$ 1,335,956	\$ 455,566	\$ 1,058,386

Continued

Risk Management		Total	
\$	1,505	\$	856,656
	—		100,075
	4,457		232,951
	7,000		156,517
	—		17,852
	249		22,701
	—		86,912
	—		194
	13,211		1,473,858
	—		44,544
	444		103,102
	—		4,772
	—		545,242
	—		15,244
	—		1,330,999
	—		2,170
	—		160,081
	1,651		164,964
	(558)		(1,237,240)
	—		118,807
	1,537		1,252,685
	14,748		2,726,543
	551		138,664
\$	15,299	\$	2,865,207

INTERNAL SERVICE FUNDS
Combining Statement of Net Position
 June 30, 2024
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 12,852	\$ 15,663	\$ 170,014
Accrued liabilities	38,997	4,690	64,894
Bonds and notes payable	115,963	48,771	13,992
Total OPEB liability	2,336	389	702
Due to other funds	13,673	3,941	13,073
Due to other governments	5,084	—	1,101
Unearned revenue	6,186	—	109
Claims and judgments payable	—	—	81,965
Total Current Liabilities	195,091	73,454	345,850
Noncurrent Liabilities:			
Claims and judgments payable	—	—	181,990
Bonds and notes payable	347,589	210,670	58,506
Net pension liability	29,263	6,925	21,921
Total OPEB Liability	90,370	15,065	27,150
Unearned revenue	1,761	—	—
Other long-term liabilities	25,494	5,814	1,644
Total Noncurrent Liabilities	494,477	238,474	291,211
Total Liabilities	689,568	311,928	637,061
DEFERRED INFLOWS OF RESOURCES	100,659	22,391	51,818
NET POSITION			
Net investment in capital assets	303,210	42,952	19,137
Restricted for:			
Pensions	93,478	21,264	25,784
Unrestricted	149,041	57,031	324,586
Total Net Position	545,729	121,247	369,507
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,335,956	\$ 455,566	\$ 1,058,386

State of Washington

Concluded

Risk Management		Total	
\$	253	\$	198,782
	87		108,668
	274		179,000
	17		3,444
	217,184		247,871
	—		6,185
	—		6,295
	312,824		394,789
	530,639		1,145,034
	2,177,719		2,359,709
	859		617,624
	191		58,300
	644		133,229
	—		1,761
	246		33,198
	2,179,659		3,203,821
	2,710,298		4,348,855
	699		175,567
	(39)		365,260
	629		141,155
	(2,696,288)		(2,165,630)
	(2,695,698)		(1,659,215)
\$	15,299	\$	2,865,207

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

For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
OPERATING REVENUES			
Sales	\$ 40,739	\$ —	\$ 3,048
Less: Cost of goods sold	(30,372)	—	(3,537)
Gross profit	10,367	—	(489)
Charges for services	448,724	298,231	311,386
Premiums and assessments	1,153	—	—
Miscellaneous revenue	198,371	20,414	148,599
Total Operating Revenues	658,615	318,645	459,496
OPERATING EXPENSES			
Salaries and wages	265,262	56,392	131,792
Employee benefits	51,563	6,749	46,786
Personal services	12,347	26,232	32,663
Goods and services	166,103	123,018	154,203
Travel	4,074	369	1,178
Premiums and claims	—	—	—
Depreciation and amortization	95,031	44,680	22,283
Miscellaneous expenses	169	114	30
Total Operating Expenses	594,549	257,554	388,935
Operating Income (Loss)	64,066	61,091	70,561
NONOPERATING REVENUES (EXPENSES)			
Earnings (loss) on investments	2,583	—	336
Interest expense	(9,296)	(8,270)	(1,070)
Tax and license revenue	18	—	—
Other revenues (expenses)	(1,136)	(1)	9,185
Total Nonoperating Revenues (Expenses)	(7,831)	(8,271)	8,451
Income (Loss) Before Contributions and Transfers	56,235	52,820	79,012
Capital contributions	16,430	—	—
Transfers in	19,455	9,107	8,404
Transfers out	—	—	(2,877)
Net Contributions and Transfers	35,885	9,107	5,527
Change in Net Position	92,120	61,927	84,539
Net Position - Beginning, as previously reported	448,127	54,893	274,464
Error corrections	5,482	4,427	10,504
Net Position - Beginning, as restated	453,609	59,320	284,968
Net Position - Ending	\$ 545,729	\$ 121,247	\$ 369,507

State of Washington

Risk Management		Total	
\$	—	\$	43,787
	—		(33,909)
	—		9,878
	3,555		1,061,896
	220,864		222,017
	20		367,404
	224,439		1,661,195
	1,738		455,184
	282		105,380
	17,797		89,039
	32,779		476,103
	21		5,642
	1,302,764		1,302,764
	279		162,273
	—		313
	1,355,660		2,596,698
	(1,131,221)		(935,503)
	—		2,919
	(9)		(18,645)
	—		18
	—		8,048
	(9)		(7,660)
	(1,131,230)		(943,163)
	—		16,430
	329		37,295
	—		(2,877)
	329		50,848
	(1,130,901)		(892,315)
	(1,564,798)		(787,314)
	1		20,414
	(1,564,797)		(766,900)
\$	(2,695,698)	\$	(1,659,215)

State of Washington

INTERNAL SERVICE FUNDS Combining Statement of Cash Flows For the Fiscal Year Ended June 30, 2024 (expressed in thousands)

	General Services	Data Processing Revolving	Higher Education Revolving
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 487,682	\$ 257,022	\$ 118,639
Payments to suppliers	(229,496)	(144,220)	(24,289)
Payments to employees	(349,892)	(71,841)	(201,816)
Other receipts	199,523	20,415	148,599
Net Cash Provided (Used) by Operating Activities	107,817	61,376	41,133
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	19,455	9,107	8,404
Transfers out	—	—	(2,877)
Operating grants and donations received	251	—	462
Taxes and license fees collected	18	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	19,724	9,107	5,989
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid	(13,251)	(9,994)	(972)
Principal payments on long-term capital financing	(56,234)	(43,632)	(20,594)
Proceeds from long-term capital financing	90,277	—	1,972
Proceeds from sale of capital assets	7,620	568	9,054
Acquisitions of capital assets	(116,244)	(48,439)	(11,575)
Net Cash Provided (Used) by Capital and Related Financing Activities	(87,832)	(101,497)	(22,115)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of interest	2,515	—	290
Proceeds from sale of investment securities	—	—	18,761
Purchases of investment securities	—	—	(40,228)
Net Cash Provided (Used) by Investing Activities	2,515	—	(21,177)
Net Increase (Decrease) in Cash and Pooled Investments	42,224	(31,014)	3,830
Cash and cash equivalents, July 1	275,456	78,742	572,825
Cash and cash equivalents, June 30	\$ 317,680	\$ 47,728	\$ 576,655
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 64,066	\$ 61,091	\$ 70,561
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation and amortization	95,031	44,680	22,283
Revenue reduced for uncollectible accounts	35	—	17
Change in Assets: Decrease (Increase)			
Receivables	(938)	(41,209)	(195,833)
Inventories	3,725	—	3,216
Prepaid expenses	708	(321)	961
Other assets	(6,409)	(1,855)	(1,741)
Change in Deferred Outflows of Resources: Increase (Decrease)	9,951	559	63
Change in Liabilities: Increase (Decrease)			
Payables	(21,460)	6,451	152,989
Change in Deferred Inflows of Resources: Decrease (Increase)	(36,892)	(8,020)	(11,383)
Net Cash Provided (Used) by Operating Activities	\$ 107,817	\$ 61,376	\$ 41,133
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets	\$ 16,431	\$ —	\$ —
Acquisition of capital assets through financing arrangements	4,974	5,614	29,106
Increase (decrease) in fair value of investments	68	—	(5)
Amortization of debt premium/discount	4,568	1,723	110

State of Washington

Risk Management	Total
\$ 305,487	\$ 1,168,830
(301,808)	(699,813)
(2,250)	(625,799)
20	368,557
1,449	211,775

329	37,295
—	(2,877)
—	713
—	18
329	35,149

(9)	(24,226)
(264)	(120,724)
—	92,249
—	17,242
—	(176,258)
(273)	(211,717)

—	2,805
—	18,761
—	(40,228)
—	(18,662)
1,505	16,545
—	927,023
\$ 1,505	\$ 943,568

\$ (1,131,221)	\$ (935,503)
----------------	--------------

279	162,273
—	52
81,067	(156,913)
—	6,941
(1)	1,347
(41)	(10,046)
36	10,609
1,051,574	1,189,554
(244)	(56,539)
\$ 1,449	\$ 211,775

\$ —	\$ 16,431
—	39,694
—	63
—	6,401

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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 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. Refer to Note 15, Retirement Plans, for a description of the individual pension plans.

Public Employees' Retirement System Plan 1 Fund

The Public Employees' Retirement System (PERS) 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 (PERS) 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 (PERS) 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 (TRS) 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 (TRS) 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 (TRS) 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 (SERS) 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 (SERS) 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 Firefighters' Retirement System Plan 1 Fund

The Law Enforcement Officers' and Firefighters' (LEOFF) 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 Firefighters' Retirement System Plan 2 Fund

The Law Enforcement Officers' and Firefighters' (LEOFF) 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 (WSPRS) 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 (PSERS) 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 (JRS) 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 (JRA) 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 (JRF) 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 Firefighters' Relief and Pension Fund

The Volunteer Firefighters' Relief and Pension Fund (VFFRPF) provides benefits to volunteer firefighters and emergency medical technicians of participating municipalities of the state who are members of this cost-sharing, multiple-employer defined benefit pension plan.

Reserve Officers' Relief and Pension Fund

The Reserve Officers' Relief and Pension Fund (RORPF) provides benefits to reserve officers of participating 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 employees of Washington state and participating political subdivisions. The fund provides additional income to participants upon retirement.

Higher Education Retirement Plan Funds

The Higher Education Retirement Plan Funds provide 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.

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS

Combining Statement of Plan Net Position

June 30, 2024

(expressed in thousands)

Continued

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ —	\$ —	\$ 558	\$ —
Receivables:				
Employer accounts receivable	214	93,101	11,158	62
Member accounts receivable (net of allowance)	1,609	3,054	—	654
Due from other pension and other employee benefit funds	35,466	1,667	1,789	—
Interest and dividends	26,175	186,092	7,808	20,023
Investment trades pending	734,267	5,270,877	221,098	561,256
Other receivables, all other funds	26	76	—	14
Total Receivables	797,757	5,554,867	241,853	582,009
Investments, Noncurrent:				
Liquidity	171,816	1,199,404	58,342	130,270
Fixed income	1,401,468	10,060,321	422,002	1,071,248
Public equity	2,473,746	17,757,598	2,924,942	1,890,874
Private equity	2,690,295	19,312,076	810,087	2,056,398
Real estate	1,789,702	12,847,242	538,905	1,368,007
Tangible assets	719,303	5,163,459	216,592	549,818
Innovations	109,598	786,743	33,002	83,774
Total Investments, Noncurrent	9,355,928	67,126,843	5,003,872	7,150,389
Security lending collateral	22,613	162,326	6,809	17,285
Total Assets	10,176,298	72,844,036	5,253,092	7,749,683
DEFERRED OUTFLOWS OF RESOURCES	15	59	—	6
Total Assets and Deferred Outflows of Resources	\$ 10,176,313	\$ 72,844,095	\$ 5,253,092	\$ 7,749,689
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accrued liabilities	\$ 789,380	\$ 5,639,303	\$ 245,984	\$ 604,684
Obligations under security lending agreements	22,613	162,326	6,809	17,285
Due to other pension and other employee benefit funds	1	29,799	1,667	—
Unearned revenues	20	649	—	2
Total Liabilities	812,014	5,832,077	254,460	621,971
DEFERRED INFLOWS OF RESOURCES	52	96	—	16
NET POSITION				
Restricted for:				
Pensions	9,364,247	67,011,922	4,998,632	7,127,702
Deferred compensation participants	—	—	—	—
Total Net Position	9,364,247	67,011,922	4,998,632	7,127,702
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,176,313	\$ 72,844,095	\$ 5,253,092	\$ 7,749,689

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2024
 (expressed in thousands)

Continued

	TRS Plan 2/3 Defined Benefit	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ —	\$ 16,627	\$ 820	\$ 3,809
Receivables:				
Employer accounts receivable	52,266	37,811	23,264	8,574
Member accounts receivable (net of allowance)	308	—	246	—
Due from other pension and other employee benefit funds	6,623	—	—	—
Interest and dividends	75,744	23,006	28,385	5,728
Investment trades pending	2,144,129	650,958	803,810	162,119
Other receivables, all other funds	69	—	29	—
Total Receivables	2,279,139	711,775	855,734	176,421
Investments, Noncurrent:				
Liquidity	509,628	175,419	187,320	42,334
Fixed income	4,092,417	1,242,459	1,534,201	309,429
Public equity	7,223,575	7,406,756	2,708,039	1,373,377
Private equity	7,855,918	2,385,060	2,945,097	593,989
Real estate	5,226,102	1,586,647	1,959,208	395,148
Tangible assets	2,100,432	637,692	787,429	158,815
Innovations	320,038	97,164	119,979	24,198
Total Investments, Noncurrent	27,328,110	13,531,197	10,241,273	2,897,290
Security lending collateral	66,033	20,047	24,755	4,993
Total Assets	29,673,282	14,279,646	11,122,582	3,082,513
DEFERRED OUTFLOWS OF RESOURCES	59	—	10	—
Total Assets and Deferred Outflows of Resources	\$ 29,673,341	\$ 14,279,646	\$ 11,122,592	\$ 3,082,513
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accrued liabilities	\$ 2,298,273	\$ 716,540	\$ 860,477	\$ 181,007
Obligations under security lending agreements	66,033	20,047	24,755	4,993
Due to other pension and other employee benefit funds	—	6,623	2,180	2,657
Unearned revenues	63	—	4	—
Total Liabilities	2,364,369	743,210	887,416	188,657
DEFERRED INFLOWS OF RESOURCES	39	—	10	—
NET POSITION				
Restricted for:				
Pensions	27,308,933	13,536,436	10,235,166	2,893,856
Deferred compensation participants	—	—	—	—
Total Net Position	27,308,933	13,536,436	10,235,166	2,893,856
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 29,673,341	\$ 14,279,646	\$ 11,122,592	\$ 3,082,513

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
June 30, 2024
(expressed in thousands)

Continued

	LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	PSERS Plan 2
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 454	\$ —	\$ 1,312	\$ 259
Receivables:				
Employer accounts receivable	—	28,706	1,367	6,436
Member accounts receivable (net of allowance)	405	365	4	2
Due from other pension and other employee benefit funds	—	—	—	—
Interest and dividends	19,542	61,329	5,232	4,634
Investment trades pending	550,501	1,735,949	147,578	130,889
Other receivables, all other funds	6	22	8	2
Total Receivables	570,454	1,826,371	154,189	141,963
Investments, Noncurrent:				
Liquidity	127,953	396,442	35,959	38,966
Fixed income	1,050,720	3,313,338	281,677	249,822
Public equity	1,854,640	5,848,417	497,191	440,964
Private equity	2,016,993	6,360,380	540,715	479,566
Real estate	1,341,792	4,231,204	359,708	319,028
Tangible assets	539,282	1,700,571	144,570	128,221
Innovations	82,169	259,112	22,028	19,537
Total Investments, Noncurrent	7,013,549	22,109,464	1,881,848	1,676,104
Security lending collateral	16,954	53,462	4,545	4,031
Total Assets	7,601,411	23,989,297	2,041,894	1,822,357
DEFERRED OUTFLOWS OF RESOURCES				
	8	70	11	5
Total Assets and Deferred Outflows of Resources	\$ 7,601,419	\$ 23,989,367	\$ 2,041,905	\$ 1,822,362
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accrued liabilities	\$ 587,975	\$ 1,855,235	\$ 157,801	\$ 140,009
Obligations under security lending agreements	16,954	53,462	4,545	4,031
Due to other pension and other employee benefit funds	—	—	—	2,619
Unearned revenues	—	6	—	—
Total Liabilities	604,929	1,908,703	162,346	146,659
DEFERRED INFLOWS OF RESOURCES				
	11	94	12	7
NET POSITION				
Restricted for:				
Pensions	6,996,479	22,080,570	1,879,547	1,675,696
Deferred compensation participants	—	—	—	—
Total Net Position	6,996,479	22,080,570	1,879,547	1,675,696
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 7,601,419	\$ 23,989,367	\$ 2,041,905	\$ 1,822,362

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS

Combining Statement of Plan Net Position

June 30, 2024
(expressed in thousands)

Continued

	JRS	JRA	Judges	VFFRPF
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 9,227	\$ 12	\$ 1,580	\$ 7,824
Receivables:				
Employer accounts receivable	—	—	—	—
Member accounts receivable (net of allowance)	—	—	—	—
Due from other pension and other employee benefit funds	—	—	—	—
Interest and dividends	—	—	—	2
Investment trades pending	—	—	—	—
Other receivables, all other funds	62	—	10	7,437
Total Receivables	62	—	10	7,439
Investments, Noncurrent:				
Liquidity	(113)	—	(19)	373
Fixed income	—	—	—	66,970
Public equity	—	8,134	—	190,003
Private equity	—	—	—	—
Real estate	—	—	—	—
Tangible assets	—	—	—	—
Innovations	—	—	—	—
Total Investments, Noncurrent	(113)	8,134	(19)	257,346
Security lending collateral	—	—	—	—
Total Assets	9,176	8,146	1,571	272,609
DEFERRED OUTFLOWS OF RESOURCES				
Total Assets and Deferred Outflows of Resources	\$ 9,176	\$ 8,146	\$ 1,571	\$ 272,609
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accrued liabilities	\$ 31	\$ 1	\$ 5	\$ 3,739
Obligations under security lending agreements	—	—	—	—
Due to other pension and other employee benefit funds	—	—	—	—
Unearned revenues	—	—	—	—
Total Liabilities	31	1	5	3,739
DEFERRED INFLOWS OF RESOURCES				
NET POSITION				
Restricted for:				
Pensions	9,145	8,145	1,566	268,870
Deferred compensation participants	—	—	—	—
Total Net Position	9,145	8,145	1,566	268,870
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 9,176	\$ 8,146	\$ 1,571	\$ 272,609

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2024
 (expressed in thousands)

Continued

	RORPF	Deferred Compensation	UW Supplemental Plan	WSU Supplemental Plan
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 8	\$ 6,716	\$ —	\$ —
Receivables:				
Employer accounts receivable	—	15	732	39
Member accounts receivable (net of allowance)	—	854	—	—
Due from other pension and other employee benefit funds	—	—	—	—
Interest and dividends	—	—	359	66
Investment trades pending	—	—	10,147	1,870
Other receivables, all other funds	—	27	—	—
Total Receivables	—	896	11,238	1,975
Investments, Noncurrent:				
Liquidity	32	(82)	3,037	506
Fixed income	1,019	—	19,367	3,570
Public equity	2,853	7,077,502	34,184	6,300
Private equity	—	—	37,177	6,852
Real estate	—	—	24,732	4,558
Tangible assets	—	—	9,940	1,832
Innovations	—	—	1,515	279
Total Investments, Noncurrent	3,904	7,077,420	129,952	23,897
Security lending collateral	—	—	312	58
Total Assets	3,912	7,085,032	141,502	25,930
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 3,912	\$ 7,085,032	\$ 141,502	\$ 25,930
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accrued liabilities	\$ 20	\$ 2,669	\$ 10,838	\$ 1,997
Obligations under security lending agreements	—	—	312	58
Due to other pension and other employee benefit funds	—	—	—	—
Unearned revenues	—	—	—	—
Total Liabilities	20	2,669	11,150	2,055
DEFERRED INFLOWS OF RESOURCES				
	—	—	—	—
NET POSITION				
Restricted for:				
Pensions	3,892	—	130,352	23,875
Deferred compensation participants	—	7,082,363	—	—
Total Net Position	3,892	7,082,363	130,352	23,875
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,912	\$ 7,085,032	\$ 141,502	\$ 25,930

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS

Combining Statement of Plan Net Position

June 30, 2024
(expressed in thousands)

Continued

	EWU Supplemental Plan	CWU Supplemental Plan	TESC Supplemental Plan	WWU Supplemental Plan
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS				
Cash and cash equivalents	\$ 8	\$ —	\$ —	\$ 12
Receivables:				
Employer accounts receivable	—	—	—	—
Member accounts receivable (net of allowance)	—	—	—	—
Due from other pension and other employee benefit funds	—	—	—	—
Interest and dividends	13	13	5	19
Investment trades pending	366	370	137	538
Other receivables, all other funds	—	—	—	—
Total Receivables	379	383	142	557
Investments, Noncurrent:				
Liquidity	100	101	36	135
Fixed income	698	709	262	1,027
Public equity	1,235	1,248	461	1,812
Private equity	1,343	1,357	502	1,972
Real estate	893	903	334	1,312
Tangible assets	360	363	134	527
Innovations	55	55	20	80
Total Investments, Noncurrent	4,684	4,736	1,749	6,865
Security lending collateral	11	11	4	17
Total Assets	5,082	5,130	1,895	7,451
DEFERRED OUTFLOWS OF RESOURCES				
	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 5,082	\$ 5,130	\$ 1,895	\$ 7,451
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES				
Accrued liabilities	\$ 392	\$ 396	\$ 146	\$ 574
Obligations under security lending agreements	11	11	4	17
Due to other pension and other employee benefit funds	—	—	—	—
Unearned revenues	—	—	—	—
Total Liabilities	403	407	150	591
DEFERRED INFLOWS OF RESOURCES				
	—	—	—	—
NET POSITION				
Restricted for:				
Pensions	4,679	4,723	1,745	6,860
Deferred compensation participants	—	—	—	—
Total Net Position	4,679	4,723	1,745	6,860
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,082	\$ 5,130	\$ 1,895	\$ 7,451

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Plan Net Position
 June 30, 2024
(expressed in thousands)

Concluded

	SBCTC Supplemental Plan	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and cash equivalents	\$ —	\$ 49,226
Receivables:		
Employer accounts receivable	21	263,766
Member accounts receivable (net of allowance)	—	7,501
Due from other pension and other employee benefit funds	—	45,545
Interest and dividends	111	464,286
Investment trades pending	3,155	13,130,014
Other receivables, all other funds	—	7,788
Total Receivables	3,287	13,918,900
Investments, Noncurrent:		
Liquidity	833	3,078,792
Fixed income	6,023	25,128,747
Public equity	10,630	59,734,481
Private equity	11,560	48,107,337
Real estate	7,690	32,003,115
Tangible assets	3,091	12,862,431
Innovations	471	1,959,817
Total Investments, Noncurrent	40,298	182,874,720
Security lending collateral	97	404,363
Total Assets	43,682	197,247,209
DEFERRED OUTFLOWS OF RESOURCES	—	243
Total Assets and Deferred Outflows of Resources	\$ 43,682	\$ 197,247,452
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Accrued liabilities	\$ 3,370	\$ 14,100,846
Obligations under security lending agreements	97	404,363
Due to other pension and other employee benefit funds	—	45,546
Unearned revenues	—	744
Total Liabilities	3,467	14,551,499
DEFERRED INFLOWS OF RESOURCES	—	337
NET POSITION		
Restricted for:		
Pensions	40,215	175,613,253
Deferred compensation participants	—	7,082,363
Total Net Position	40,215	182,695,616
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 43,682	\$ 197,247,452

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

Continued

	PERS Plan 1	PERS Plan 2/3 Defined Benefit	PERS Plan 3 Defined Contribution	TRS Plan 1
ADDITIONS				
Contributions:				
Employers	\$ 597,736	\$ 995,489	\$ —	\$ 218,060
Members	2,597	815,461	234,074	464
State	—	—	—	—
Participants	—	—	—	—
Total Contributions	600,333	1,810,950	234,074	218,524
Investment Income:				
Net appreciation (depreciation) in fair value	558,596	3,976,478	431,226	434,424
Interest and dividends	191,256	1,317,493	66,903	148,597
Less: investment expenses	(48,507)	(339,490)	(15,646)	(37,759)
Net investment income (loss)	701,345	4,954,481	482,483	545,262
Transfers from other plans	—	19,686	1,591	—
Other additions	—	—	—	—
Total Additions	1,301,678	6,785,117	718,148	763,786
DEDUCTIONS				
Pension benefits	1,160,269	2,196,228	—	860,416
Contribution refunds	2,298	74,431	210,254	539
Transfers to other plans	—	2,556	19,641	—
Administrative expenses	135	485	—	34
Distributions to participants	—	—	—	—
Total Deductions	1,162,702	2,273,700	229,895	860,989
Net Increase (Decrease)	138,976	4,511,417	488,253	(97,203)
Net Position - Beginning	9,225,271	62,500,505	4,510,379	7,224,905
Net Position - Ending	\$ 9,364,247	\$ 67,011,922	\$ 4,998,632	\$ 7,127,702

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

Continued

	TRS Plan 2/3 Defined Benefit	TRS Plan 3 Defined Contribution	SERS Plan 2/3 Defined Benefit	SERS Plan 3 Defined Contribution
ADDITIONS				
Contributions:				
Employers	\$ 716,941	\$ —	\$ 260,570	\$ —
Members	236,053	454,227	143,801	102,694
State	—	—	—	—
Participants	—	—	—	—
Total Contributions	952,994	454,227	404,371	102,694
Investment Income:				
Net appreciation (depreciation) in fair value	1,614,728	1,144,617	605,883	218,012
Interest and dividends	532,701	186,609	199,915	46,123
Less: investment expenses	(138,544)	(45,101)	(51,831)	(10,887)
Net investment income (loss)	2,008,885	1,286,125	753,967	253,248
Transfers from other plans	36,748	995	12,111	770
Other additions	—	—	—	—
Total Additions	2,998,627	1,741,347	1,170,449	356,712
DEDUCTIONS				
Pension benefits	736,663	—	349,287	—
Contribution refunds	11,357	683,266	12,010	166,066
Transfers to other plans	931	36,580	796	12,317
Administrative expenses	916	—	33	—
Distributions to participants	—	—	—	—
Total Deductions	749,867	719,846	362,126	178,383
Net Increase (Decrease)	2,248,760	1,021,501	808,323	178,329
Net Position - Beginning	25,060,173	12,514,935	9,426,843	2,715,527
Net Position - Ending	\$ 27,308,933	\$ 13,536,436	\$ 10,235,166	\$ 2,893,856

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

Continued

	LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	PSERS Plan 2
ADDITIONS				
Contributions:				
Employers	\$ —	\$ 151,572	\$ 22,701	\$ 63,006
Members	—	258,920	12,569	63,505
State	—	96,422	—	—
Participants	—	—	—	—
Total Contributions	—	506,914	35,270	126,511
Investment Income:				
Net appreciation (depreciation) in fair value	418,801	1,310,114	111,798	97,516
Interest and dividends	141,939	434,540	37,571	31,846
Less: investment expenses	(36,333)	(113,544)	(9,609)	(8,121)
Net investment income (loss)	524,407	1,631,110	139,760	121,241
Transfers from other plans	—	—	652	10
Other additions	—	—	—	—
Total Additions	524,407	2,138,024	175,682	247,762
DEDUCTIONS				
Pension benefits	401,440	660,831	89,660	13,168
Contribution refunds	289	13,471	1,344	7,482
Transfers to other plans	—	(258)	—	—
Administrative expenses	88	398	8	20
Distributions to participants	—	—	—	—
Total Deductions	401,817	674,442	91,012	20,670
Net Increase (Decrease)	122,590	1,463,582	84,670	227,092
Net Position - Beginning	6,873,889	20,616,988	1,794,877	1,448,604
Net Position - Ending	\$ 6,996,479	\$ 22,080,570	\$ 1,879,547	\$ 1,675,696

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

Continued

	JRS	JRA	Judges	VFFRPF
ADDITIONS				
Contributions:				
Employers	\$ —	\$ —	\$ —	\$ 682
Members	—	—	—	47
State	6,300	—	300	14,783
Participants	—	—	—	—
Total Contributions	6,300	—	300	15,512
Investment Income:				
Net appreciation (depreciation) in fair value	68	854	10	33,635
Interest and dividends	363	13	56	203
Less: investment expenses	—	(9)	—	(92)
Net investment income (loss)	431	858	66	33,746
Transfers from other plans	—	—	—	—
Other additions	—	46	—	—
Total Additions	6,731	904	366	49,258
DEDUCTIONS				
Pension benefits	6,416	754	214	12,909
Contribution refunds	—	—	—	6
Transfers to other plans	—	—	—	3,563
Administrative expenses	—	—	—	1,201
Distributions to participants	—	—	—	—
Total Deductions	6,416	754	214	17,679
Net Increase (Decrease)	315	150	152	31,579
Net Position - Beginning	8,830	7,995	1,414	237,291
Net Position - Ending	\$ 9,145	\$ 8,145	\$ 1,566	\$ 268,870

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

Continued

	RORPF	Deferred Compensation	UW Supplemental Plan	WSU Supplemental Plan
ADDITIONS				
Contributions:				
Employers	\$ 25	\$ —	\$ 8,423	\$ 1,097
Members	—	—	—	—
State	—	—	—	—
Participants	—	515,651	—	—
Total Contributions	25	515,651	8,423	1,097
Investment Income:				
Net appreciation (depreciation) in fair value	423	777,634	7,556	1,397
Interest and dividends	1	6,771	2,467	457
Less: investment expenses	(20)	(7,874)	(629)	(118)
Net investment income (loss)	404	776,531	9,394	1,736
Transfers from other plans	3,563	—	—	—
Other additions	—	26,698	—	—
Total Additions	3,992	1,318,880	17,817	2,833
DEDUCTIONS				
Pension benefits	100	—	—	—
Contribution refunds	—	—	—	—
Transfers to other plans	—	—	—	—
Administrative expenses	—	—	—	—
Distributions to participants	—	422,412	—	—
Total Deductions	100	422,412	—	—
Net Increase (Decrease)	3,892	896,468	17,817	2,833
Net Position - Beginning	—	6,185,895	112,535	21,042
Net Position - Ending	\$ 3,892	\$ 7,082,363	\$ 130,352	\$ 23,875

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

Continued

	EWU Supplemental Plan	CWU Supplemental Plan	TESC Supplemental Plan	WWU Supplemental Plan
ADDITIONS				
Contributions:				
Employers	\$ 176	\$ 179	\$ 48	\$ 243
Members	—	—	—	—
State	—	—	—	—
Participants	—	—	—	—
Total Contributions	176	179	48	243
Investment Income:				
Net appreciation (depreciation) in fair value	274	277	103	402
Interest and dividends	90	90	33	132
Less: investment expenses	(23)	(23)	(9)	(34)
Net investment income (loss)	341	344	127	500
Transfers from other plans	—	—	—	—
Other additions	—	—	—	—
Total Additions	517	523	175	743
DEDUCTIONS				
Pension benefits	—	—	—	—
Contribution refunds	—	—	—	—
Transfers to other plans	—	—	—	—
Administrative expenses	—	—	—	—
Distributions to participants	—	—	—	—
Total Deductions	—	—	—	—
Net Increase (Decrease)	517	523	175	743
Net Position - Beginning	4,162	4,200	1,570	6,117
Net Position - Ending	\$ 4,679	\$ 4,723	\$ 1,745	\$ 6,860

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS
Combining Statement of Changes in Plan Net Position
 For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

Concluded

	SBCTC Supplemental Plan	Total
ADDITIONS		
Contributions:		
Employers	\$ 903	\$ 3,037,851
Members	—	2,324,412
State	—	117,805
Participants	—	515,651
Total Contributions	903	5,995,719
Investment Income:		
Net appreciation (depreciation) in fair value	2,368	11,747,194
Interest and dividends	777	3,346,946
Less: investment expenses	(201)	(864,404)
Net investment income (loss)	2,944	14,229,736
Transfers from other plans	—	76,126
Other additions	—	26,744
Total Additions	3,847	20,328,325
DEDUCTIONS		
Pension benefits	—	6,488,355
Contribution refunds	—	1,182,813
Transfers to other plans	—	76,126
Administrative expenses	—	3,318
Distributions to participants	—	422,412
Total Deductions	—	8,173,024
Net Increase (Decrease)	3,847	12,155,301
Net Position - Beginning	36,368	170,540,315
Net Position - Ending	\$ 40,215	\$ 182,695,616

CUSTODIAL FUNDS
Combining Statement of Fiduciary Net Position
 June 30, 2024
(expressed in thousands)

	Local Government Distributions	Retiree Health Insurance	Other Custodial Funds	Total
ASSETS				
Cash and cash equivalents	\$ 11,380	\$ 3,965	\$ 247,655	\$ 263,000
Taxes receivable (net of allowance)	1,609,245	—	—	1,609,245
Other receivables	—	144	5,766	5,910
Due from other governments	23	24,029	3,792	27,844
Other noncurrent assets	79,552	—	38,271	117,823
Leased assets	—	—	5,621	5,621
Accumulated depreciation and amortization	—	—	(2,108)	(2,108)
Total Assets	\$ 1,700,200	\$ 28,138	\$ 298,997	\$ 2,027,335
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ —	\$ 4,685	\$ 81	\$ 4,766
Contracts payable	—	—	72	72
Accrued liabilities	—	1,934	96,857	98,791
Due to other governments	638,802	—	9,655	648,457
Total Current Liabilities	638,802	6,619	106,665	752,086
Noncurrent Liabilities:				
Other long-term liabilities	—	—	7,637	7,637
Total Noncurrent Liabilities	—	—	7,637	7,637
Total Liabilities	\$ 638,802	\$ 6,619	\$ 114,302	\$ 759,723
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	1,061,398	21,519	184,695	1,267,612
Total Net Position	\$ 1,061,398	\$ 21,519	\$ 184,695	\$ 1,267,612

CUSTODIAL FUNDS
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Local Government Distributions	Retiree Health Insurance	Other Custodial Funds	Total
ADDITIONS				
Contributions:				
Participants	\$ —	\$ 854,412	\$ —	\$ 854,412
Total Contributions	—	854,412	—	854,412
Investment Income:				
Interest and dividends	—	—	(1,744)	(1,744)
Earnings on investments	69	—	1,445	1,514
Net investment income (loss)	69	—	(299)	(230)
Sales tax collections for other governments	7,533,379	—	—	7,533,379
Other additions	25,181	—	256,868	282,049
Total Additions	7,558,629	854,412	256,569	8,669,610
DEDUCTIONS				
Administrative expenses	—	—	24,823	24,823
Payments of sales tax to other governments	7,509,082	—	—	7,509,082
Payments on behalf of retirees for medical benefits	—	855,466	—	855,466
Other deductions	25,181	—	275,845	301,026
Total Deductions	7,534,263	855,466	300,668	8,690,397
Net Increase (Decrease)	24,366	(1,054)	(44,099)	(20,787)
Net Position - Beginning, as previously reported	1,037,032	33,663	228,794	1,299,489
Error corrections	—	(11,090)	—	(11,090)
Net Position - Beginning, as restated	1,037,032	22,573	228,794	1,288,399
Net Position - Ending	\$ 1,061,398	\$ 21,519	\$ 184,695	\$ 1,267,612

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.

Public Stadium Authority

The Public Stadium Authority operates a football/soccer stadium, exhibition center, and parking garage.

NONMAJOR COMPONENT UNITS
Combining Statement of Net Position
 June 30, 2024
(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Development Finance	Public Stadium Authority	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 351,279	\$ 276	\$ 1,222	\$ 1,812	\$ 51,173	\$ 405,762
Investments	62,709	3,550	—	—	—	66,259
Receivables (net of allowance)	26,798	301	3	—	22,115	49,217
Prepaid expenses	763	13	14	—	13	803
Total Current Assets	441,549	4,140	1,239	1,812	73,301	522,041
Noncurrent Assets:						
Restricted net pension asset	1,895	167	—	—	55	2,117
Other noncurrent assets	606,903	—	—	—	—	606,903
Capital assets:						
Land	—	—	—	—	34,677	34,677
Buildings	—	—	—	—	460,952	460,952
Other improvements	176	—	—	—	—	176
Furnishings, equipment, and intangible assets	2,809	—	—	—	10,182	12,991
Lease assets	2,125	152	—	—	10,598	12,875
Accumulated depreciation and amortization	(4,703)	(54)	—	—	(343,244)	(348,001)
Total Noncurrent Assets	609,205	265	—	—	173,220	782,690
Total Assets	1,050,754	4,405	1,239	1,812	246,521	1,304,731
DEFERRED OUTFLOWS OF RESOURCES						
	2,414	182	—	—	93	2,689
Total Assets and Deferred Outflows of Resources	\$1,053,168	\$ 4,587	\$ 1,239	\$ 1,812	\$ 246,614	\$1,307,420

NONMAJOR COMPONENT UNITS
Combining Statement of Net Position
 June 30, 2024
(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Development Finance	Public Stadium Authority	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 1,957	\$ 38	\$ 96	\$ —	\$ 42	\$ 2,133
Accrued liabilities	45,599	178	—	—	19,509	65,286
Total OPEB liability	—	3	—	—	—	3
Lease and subscription liabilities	—	55	—	—	10,917	10,972
Unearned revenue	136,643	—	—	—	—	136,643
Total Current Liabilities	184,199	274	96	—	30,468	215,037
Noncurrent Liabilities:						
Net pension liability	992	72	—	—	—	1,064
Total OPEB liability	2,463	126	—	—	—	2,589
Lease and subscription liabilities	—	47	—	—	—	47
Other long-term liabilities	39,338	—	—	—	—	39,338
Total Noncurrent Liabilities	42,793	245	—	—	—	43,038
Total Liabilities	226,992	519	96	—	30,468	258,075
DEFERRED INFLOWS OF RESOURCES	2,859	187	—	—	51	3,097
NET POSITION						
Net investment in capital assets	407	(4)	—	—	162,568	162,971
Restricted for:						
Pensions	1,895	172	—	—	55	2,122
Other purposes	809	—	—	—	10,432	11,241
Unrestricted	820,206	3,713	1,143	1,812	43,040	869,914
Total Net Position	823,317	3,881	1,143	1,812	216,095	1,046,248
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$1,053,168	\$ 4,587	\$ 1,239	\$ 1,812	\$ 246,614	\$1,307,420

NONMAJOR COMPONENT UNITS
Combining Statement of Revenues, Expenses, and Changes in Net Position
 For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	Housing Finance	Health Care Facilities	Higher Education Facilities	Economic Development Finance	Public Stadium Authority	Total
EXPENSES	\$ 93,438	\$ 1,159	\$ 410	\$ 421	\$ 44,377	\$ 139,805
PROGRAM REVENUES						
Charges for services	55,923	1,305	502	591	1,604	59,925
Operating grants and contributions	72,384	—	—	—	3,880	76,264
Total Program Revenues	128,307	1,305	502	591	5,484	136,189
Net Program Revenues (Expense)	34,869	146	92	170	(38,893)	(3,616)
GENERAL REVENUES						
Earnings (loss) on investments	16,885	113	65	87	2,670	19,820
Property taxes	—	—	—	—	27,057	27,057
Other	—	—	—	—	6,357	6,357
Total General Revenues	16,885	113	65	87	36,084	53,234
Change in Net Position	51,754	259	157	257	(2,809)	49,618
Net Position - Beginning, as previously reported	771,563	3,622	986	1,555	218,452	996,178
Error correction	—	—	—	—	452	452
Net Position - Beginning, as restated	771,563	3,622	986	1,555	218,904	996,630
Net Position - Ending	\$ 823,317	\$ 3,881	\$ 1,143	\$ 1,812	\$ 216,095	\$1,046,248

Individual Fund Schedules

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS

Balance Sheet

June 30, 2024

(expressed in thousands)

	General Fund Basic Account	Administrative Accounts	Total
ASSETS			
Cash and cash equivalents	\$ 3,327,637	\$ 3,697,815	\$ 7,025,452
Investments	2,344	—	2,344
Taxes receivable (net of allowance)	5,656,163	—	5,656,163
Receivables (net of allowance)	1,403,600	22,948	1,426,548
Due from other funds	1,461,615	103,847	1,565,462
Due from other governments	2,523,216	43,090	2,566,306
Inventories and prepaids	19,199	1	19,200
Restricted cash and investments	2,229	20,730	22,959
Total Assets	\$ 14,396,003	\$ 3,888,431	\$ 18,284,434
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,905,023	\$ 64,898	\$ 2,969,921
Accrued liabilities	759,626	45,075	804,701
Due to other funds	(33,242)	368,050	334,808
Due to other governments	474,064	29,134	503,198
Unearned revenue	244,573	476,018	720,591
Claims and judgments payable	37,155	—	37,155
Total Liabilities	4,387,199	983,175	5,370,374
DEFERRED INFLOWS OF RESOURCES	3,914,728	3,000	3,917,728
FUND BALANCES			
Nonspendable fund balance	60,928	1	60,929
Restricted fund balance	—	999,919	999,919
Committed fund balance	—	1,902,336	1,902,336
Assigned fund balance	2,032,952	—	2,032,952
Unassigned fund balance	4,000,196	—	4,000,196
Total Fund Balances	6,094,076	2,902,256	8,996,332
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,396,003	\$ 3,888,431	\$ 18,284,434

COMBINING SCHEDULE FOR GENERAL FUND ACCOUNTS
Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	General Fund Basic Account	Administrative Accounts	Total
REVENUES			
Retail sales and use taxes	\$ 15,803,770	\$ 3,000	\$ 15,806,770
Business and occupation taxes	6,420,485	—	6,420,485
Property taxes	4,614,073	—	4,614,073
Excise taxes	1,043,056	—	1,043,056
Motor vehicle and fuel taxes	53	—	53
Other taxes	2,327,147	—	2,327,147
Licenses, permits, and fees	150,875	4,802	155,677
Other contracts and grants	601,354	6,346	607,700
Timber sales	4,426	—	4,426
Federal grants-in-aid	19,630,642	1,292,367	20,923,009
Charges for services	64,132	2	64,134
Investment income (loss)	451,692	36,668	488,360
Miscellaneous revenue	374,751	2,523	377,274
Unclaimed property	219,109	—	219,109
Total Revenues	51,705,565	1,345,708	53,051,273
EXPENDITURES			
Current:			
General government	1,850,100	387,265	2,237,365
Human services	30,419,382	513,866	30,933,248
Natural resources and recreation	848,850	155,625	1,004,475
Transportation	82,739	28,926	111,665
Education	17,515,474	1,170,738	18,686,212
Intergovernmental	47,408	96,942	144,350
Capital outlays	167,202	134,306	301,508
Debt service:			
Principal	4,711	—	4,711
Interest	1,255	—	1,255
Total Expenditures	50,937,121	2,487,668	53,424,789
Excess of Revenues Over (Under) Expenditures	768,444	(1,141,960)	(373,516)
OTHER FINANCING SOURCES (USES)			
Bonds issued	—	112,601	112,601
Issuance premiums	245	92	337
Other debt issued	5,590	—	5,590
Right-to-use lease acquisition	73,947	2,041	75,988
Transfers in	984,785	(76,472)	908,313
Transfers out	(1,848,103)	(52,790)	(1,900,893)
Total Other Financing Sources (Uses)	(783,536)	(14,528)	(798,064)
Net Change in Fund Balances	(15,092)	(1,156,488)	(1,171,580)
Fund Balances - Beginning, as previously reported	6,106,889	4,057,389	10,164,278
Error corrections	2,279	1,355	3,634
Fund Balances - Beginning, as restated	6,109,168	4,058,744	10,167,912
Fund Balances - Ending	\$ 6,094,076	\$ 2,902,256	\$ 8,996,332

GENERAL FUND ACCOUNTS
**Schedule of Revenues, Expenditures, and
Other Financing Sources (Uses) - Budget and Actual**
For the Fiscal Year Ended June 30, 2024
(expressed in thousands)

	General Fund Basic Account			
	Original Budget	Final Budget	Actual	Variance with Final Budget
	2023-2025	2023-2025	2023-2025	
	Biennium	Biennium	Biennium	
Budgetary Fund Balance, July 1, as restated	\$ 4,184,674	\$ 4,184,674	\$ 4,184,674	\$ —
Resources				
Taxes	61,254,305	61,254,305	30,161,175	(31,093,130)
Licenses, permits, and fees	296,777	295,072	150,875	(144,197)
Other contracts and grants	2,568,878	2,568,768	601,303	(1,967,465)
Timber sales	6,910	6,910	4,426	(2,484)
Federal grants-in-aid	43,669,574	43,667,160	17,432,850	(26,234,310)
Charges for services	129,280	127,841	64,132	(63,709)
Investment income (loss)	588,485	588,485	327,709	(260,776)
Miscellaneous revenue	321,132	214,518	356,876	142,358
Unclaimed property	417,429	417,429	222,042	(195,387)
Transfers from other funds	3,105,851	3,218,133	2,141,172	(1,076,961)
Total Resources	116,543,295	116,543,295	55,647,234	(60,896,061)
Charges To Appropriations				
General government	7,397,933	8,263,993	3,411,064	4,852,929
Human services	61,165,443	65,639,176	28,307,542	37,331,634
Natural resources and recreation	1,488,888	1,694,705	752,007	942,698
Transportation	185,439	192,011	87,449	104,562
Education	36,049,539	37,125,431	17,817,837	19,307,594
Capital outlays	1,245,632	1,369,229	123,072	1,246,157
Transfers to other funds	1,389,300	1,389,300	1,078,355	310,945
Total Charges To Appropriations	108,922,174	115,673,845	51,577,326	64,096,519
Excess Available For Appropriation Over (Under) Charges To Appropriations	7,621,121	869,450	4,069,908	3,200,458
Reconciling Items				
Bond sale proceeds	—	—	—	—
Issuance premiums	—	—	—	—
Assumed reversions	482,716	482,716	—	(482,716)
Working capital adjustment	—	—	(170,000)	(170,000)
Noncash activity (net)	—	—	99,796	99,796
Nonappropriated fund balances	—	—	—	—
Changes in reserves (net)	—	—	492	492
Total Reconciling Items	482,716	482,716	(69,712)	(552,428)
Budgetary Fund Balance, June 30	\$ 8,103,837	\$ 1,352,166	\$ 4,000,196	\$ 2,648,030

State of Washington

Administrative Accounts in the General Fund				
Original Budget	Final Budget	Actual	Variance with	
2023-2025	2023-2025	2023-2025	Final Budget	
Biennium	Biennium	Biennium		
\$ 3,932,121	\$ 3,932,121	\$ 3,932,121	\$ —	
(188,481)	(193,481)	(93,942)	99,539	
14,384	15,084	2,214	(12,870)	
—	—	—	—	
—	—	—	—	
1,771,191	2,158,275	1,106,563	(1,051,712)	
—	13	2	(11)	
67,363	63,744	31,941	(31,803)	
12,780	379,747	(6,410)	(386,157)	
—	—	—	—	
1,810,686	2,698,121	712,757	(1,985,364)	
7,420,044	9,053,624	5,685,246	(3,368,378)	
581,124	842,801	64,128	778,673	
163,448	432,762	316,323	116,439	
187,803	217,257	95,606	121,651	
14,373	16,082	1,913	14,169	
1,359,544	1,346,122	690,993	655,129	
2,203,388	2,143,528	519,225	1,624,303	
2,128,232	2,992,342	1,353,159	1,639,183	
6,637,912	7,990,894	3,041,347	4,949,547	
782,132	1,062,730	2,643,899	1,581,169	
275,708	275,708	112,601	(163,107)	
—	—	92	92	
—	—	—	—	
—	—	—	—	
—	—	4,018	4,018	
—	—	228,891	228,891	
—	—	(87,246)	(87,246)	
275,708	275,708	258,356	(17,352)	
\$ 1,057,840	\$ 1,338,438	\$ 2,902,255	\$ 1,563,817	

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STATISTICAL SECTION

FINANCIAL TRENDS

Schedule 1 - Net Position by Component

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2024	2023 ⁽¹⁾	2022	2021
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 27,711	\$ 26,360	\$ 24,818	\$ 23,934
Restricted	18,542	16,535	14,186	14,862
Unrestricted	6,605	7,688	5,298	(2,327)
Total governmental activities net position	\$ 52,858	\$ 50,583	\$ 44,302	\$ 36,470
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 872	\$ 678	\$ 885	\$ 825
Restricted	497	4,351	3,671	2,405
Unrestricted	(15,364)	(18,278)	(18,319)	(11,071)
Total business-type activities net position	\$ (13,994)	\$ (13,249)	\$ (13,764)	\$ (7,841)
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 28,584	\$ 27,038	\$ 25,703	\$ 24,759
Restricted	19,039	20,886	17,857	17,267
Unrestricted	(8,759)	(10,590)	(13,021)	(13,397)
Total primary government net position	\$ 38,864	\$ 37,334	\$ 30,539	\$ 28,629
COMPONENT UNITS				
Net investment in capital assets	\$ 434	\$ 394	\$ 320	\$ 350
Restricted	709	665	216	9
Unrestricted	1,664	1,574	1,603	814
Total component units net position	\$ 2,808	\$ 2,633	\$ 2,140	\$ 1,173

1. The 2023 amounts have been restated to correct errors in previously issued financial statements. Refer to Note 2 Accounting Changes and Error Corrections for details.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

2020		2019		2018		2017		2016		2015	
\$	23,338	\$	22,261	\$	21,749	\$	21,048	\$	19,942	\$	19,958
	11,757		11,358		11,328		9,718		8,518		8,320
	(3,829)		(3,207)		(4,163)		(3,377)		(2,691)		(3,944)
\$	31,266	\$	30,412	\$	28,914	\$	27,389	\$	25,769	\$	24,334
\$	863	\$	911	\$	847	\$	751	\$	745	\$	973
	3,572		5,067		4,825		4,581		4,485		4,240
	(10,620)		(9,679)		(9,816)		(8,734)		(8,724)		(8,945)
\$	(6,185)	\$	(3,700)	\$	(4,144)	\$	(3,402)	\$	(3,494)	\$	(3,732)
\$	24,200	\$	23,173	\$	22,596	\$	21,799	\$	20,687	\$	20,931
	15,329		16,426		16,153		14,300		13,002		12,560
	(14,448)		(12,886)		(13,979)		(12,111)		(11,415)		(12,889)
\$	25,081	\$	26,712	\$	24,770	\$	23,988	\$	22,274	\$	20,602
\$	360	\$	358	\$	351	\$	333	\$	354	\$	379
	2		4		10		9		15		20
	687		596		511		446		477		432
\$	1,049	\$	957	\$	872	\$	788	\$	846	\$	831

State of Washington

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2024	2023	2022	2021
EXPENSES				
Governmental activities:				
General government	\$ 3,849	\$ 4,848	\$ 3,403	\$ 3,769
Education - elementary and secondary (K-12)	17,398	16,868	16,407	15,322
Education - higher education	10,281	9,957	8,722	8,472
Human services	31,829	30,292	27,479	25,818
Adult corrections	1,544	1,304	1,177	1,247
Natural resources and recreation	2,149	2,076	1,536	1,540
Transportation	3,576	3,022	2,483	2,757
Interest on long-term debt	1,139	1,107	1,090	1,073
Total governmental activities expenses	71,766	69,475	62,297	59,998
Business-type activities:				
Workers' compensation	7,141	4,039	6,955	4,505
Unemployment compensation	1,914	1,208	2,433	11,939
Higher education student services	4,561	4,154	3,388	3,166
Health Insurance ⁽¹⁾	4,234	3,855	3,726	3,556
Washington's lottery	778	756	696	729
Paid family and medical leave	1,776	1,649	1,106	796
Other	334	298	318	326
Total business-type activities expenses	20,738	15,959	18,622	25,017
Total primary government expenses	\$ 92,504	\$ 85,434	\$ 80,919	\$ 85,015
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 1,555	\$ 1,372	\$ 1,274	\$ 1,254
Education - elementary and secondary (K-12)	30	19	17	14
Education - higher education	3,812	3,736	3,320	3,203
Human services	1,142	903	744	946
Adult corrections	8	5	11	11
Natural resources and recreation	1,914	1,483	567	617
Transportation	1,790	1,750	1,506	1,605
Operating grants and contributions	26,169	28,465	28,848	24,930
Capital grants and contributions	1,013	891	726	648
Total governmental activities program revenues	37,432	38,624	37,012	33,227
Business-type activities:				
Charges for services:				
Workers' compensation	3,159	3,038	2,812	2,391
Unemployment compensation	1,924	1,642	1,629	1,143
Higher education student services	4,798	4,336	3,603	3,326
Health Insurance ⁽¹⁾	4,368	4,010	3,458	3,558
Washington's lottery	1,033	1,006	912	954
Paid family and medical leave	1,732	1,512	962	676
Other	1,649	246	247	255
Operating grants and contributions	60	46	1,480	9,529
Capital grants and contributions	5	1	—	1
Total business-type activities program revenues	18,728	15,838	15,103	21,833
Total primary government program revenues	\$ 56,159	\$ 54,462	\$ 52,115	\$ 55,060
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (34,334)	\$ (30,852)	\$ (25,285)	\$ (26,771)
Business-type activities	(2,011)	(120)	(3,519)	(3,184)
Total primary government net expense	\$ (36,345)	\$ (30,972)	\$ (28,804)	\$ (29,954)

Refer to footnotes at the end of Schedule 2.

State of Washington

Continued

	2020		2019		2018		2017		2016		2015
\$	2,143	\$	1,491	\$	1,687	\$	1,945	\$	1,658	\$	1,987
	14,715		13,872		12,012		11,042		10,153		9,426
	8,303		7,985		7,662		7,633		7,531		7,095
	21,633		19,822		18,863		18,216		17,209		16,890
	1,264		1,142		1,067		1,062		983		956
	1,384		1,351		1,185		1,266		1,264		1,335
	2,701		2,809		2,485		2,118		2,363		2,309
	1,063		1,032		1,002		1,027		991		981
	53,206		49,504		45,962		44,309		42,153		40,978
	6,387		3,975		3,690		3,269		3,238		3,018
	7,494		963		935		1,027		1,020		968
	3,431		3,330		3,119		3,022		2,495		2,314
	2,457		—		—		—		—		—
	643		598		557		520		535		466
	293		18		—		—		—		—
	330		552		361		496		8		(428)
	21,035		9,437		8,662		8,334		7,296		6,338
\$	74,241	\$	58,941	\$	54,624	\$	52,643	\$	49,449	\$	47,316
\$	1,045	\$	972	\$	908	\$	887	\$	853	\$	887
	18		21		28		23		21		21
	3,142		3,046		3,059		2,807		2,762		2,815
	703		775		737		1,080		724		659
	9		9		29		9		7		8
	524		525		617		524		468		455
	1,263		1,424		1,794		1,313		1,206		1,139
	18,495		16,728		16,120		15,832		15,358		15,158
	819		807		973		1,012		1,113		867
	26,018		24,307		24,263		23,487		22,510		22,010
	2,712		2,666		2,775		2,780		2,557		2,375
	1,182		1,062		1,039		994		1,139		1,257
	3,271		3,355		3,139		2,871		2,395		2,216
	2,594		—		—		—		—		—
	820		806		737		676		698		603
	702		232		—		—		—		—
	222		222		230		203		(193)		179
	4,813		65		66		65		70		77
	—		1		—		5		—		—
	16,315		8,409		7,986		7,594		6,666		6,707
\$	42,334	\$	32,716	\$	32,249	\$	31,081	\$	29,176	\$	28,717
\$	(27,188)	\$	(25,198)	\$	(21,699)	\$	(20,822)	\$	(19,643)	\$	(18,969)
	(4,720)		(1,028)		(676)		(740)		(630)		369
\$	(31,907)	\$	(26,225)	\$	(22,375)	\$	(21,562)	\$	(20,273)	\$	(18,600)

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years (expressed in millions)
(accrual basis of accounting)

	2024	2023	2022	2021
GENERAL REVENUES & OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Sales and use tax	\$ 15,938	\$ 15,966	\$ 15,187	\$ 13,614
Business and occupation	6,869	6,656	6,152	5,339
Property	4,686	4,583	4,468	4,358
Other	7,253	8,606	8,184	7,022
Interest and investment earnings (loss)	1,573	693	(738)	1,541
Contributions to endowments	54	138	97	75
Transfers	236	1	(252)	132
Total governmental activities	36,609	36,643	33,098	32,082
Business-type activities:				
Taxes - other	20	15	14	18
Interest and investment earnings	1,480	770	(2,712)	1,639
Transfers	(236)	(1)	252	(130)
Total business-type activities	1,265	783	(2,446)	1,527
Total primary government	\$ 37,874	\$ 37,427	\$ 30,652	\$ 33,610
CHANGE IN NET POSITION				
Governmental activities	\$ 2,275	\$ 5,792	\$ 7,813	\$ 5,311
Business-type activities	(746)	664	(5,965)	(1,656)
Total primary government	\$ 1,529	\$ 6,456	\$ 1,848	\$ 3,655
COMPONENT UNITS				
Total expenses	\$ 3,329	\$ 3,077	\$ 2,071	\$ 913
Program revenues:				
Charges for services	2,373	2,218	1,296	963
Operating grants and contributions	823	1,159	758	27
Total program revenues	3,195	3,377	2,053	989
Net (expense) / revenue	(134)	300	(18)	76
General revenues - property taxes and other	138	80	24	44
General revenues - interest and investment earnings (loss)	170	113	(99)	1
Total component units - change in net position	\$ 175	\$ 493	\$ (94)	\$ 121

1. As of January 1, 2020, the Health Insurance Fund includes the School Employees Benefits Board accounts.

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

Concluded

	2020		2019		2018		2017		2016		2015
\$	12,101	\$	12,106	\$	11,154	\$	10,363	\$	9,740	\$	9,001
	4,673		4,452		4,183		3,862		3,636		3,394
	4,133		3,363		3,347		2,098		2,062		2,018
	6,628		6,091		6,179		5,561		5,254		3,719
	507		646		561		614		168		307
	82		152		109		100		66		65
	205		217		152		119		152		136
	28,329		27,027		25,685		22,717		21,078		18,641
	20		22		23		21		21		20
	2,128		1,681		502		880		999		377
	(201)		(217)		(152)		(119)		(152)		(136)
	1,947		1,487		373		782		868		261
\$	30,276	\$	28,513	\$	26,058	\$	23,499	\$	21,946	\$	18,902
\$	1,141	\$	1,829	\$	3,986	\$	1,895	\$	1,435	\$	(328)
	(2,773)		459		(303)		42		238		630
\$	(1,631)	\$	2,288	\$	3,683	\$	1,937	\$	1,673	\$	302
\$	863	\$	788	\$	727	\$	727	\$	1,165	\$	1,080
	862		802		742		722		1,093		945
	56		34		31		13		68		126
	918		836		774		734		1,161		1,071
	55		49		46		7		(4)		(9)
	25		24		40		21		20		18
	13		12		3		2		9		5
\$	92	\$	85	\$	90	\$	31	\$	25	\$	14

State of Washington

FINANCIAL TRENDS

Schedule 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years (expressed in thousands)
(modified accrual basis of accounting)

	2024	2023	2022	2021
GENERAL FUND				
Nonspendable	\$ 60,929	\$ 60,468	\$ 60,361	\$ 59,060
Restricted	999,919	692,162	338,670	2,908,232
Committed	1,902,336	3,365,227	1,267,662	1,221,109
Assigned	2,032,952	1,862,952	1,900,952	1,915,952
Unassigned	4,000,196	4,183,469	5,492,147	796,707
Total General Fund	8,996,332	10,164,278	9,059,792	6,901,060
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	3,667,184	3,574,912	3,339,773	3,437,324
Restricted	7,479,285	6,946,605	6,223,535	6,079,389
Committed	13,068,298	11,981,461	10,730,193	7,793,716
Assigned	109,939	109,939	109,939	109,939
Unassigned	(50,097)	(34,541)	(46,892)	(168,005)
Total all other governmental funds	24,274,609	22,578,376	20,356,548	17,252,363
Total governmental fund balances	\$ 33,270,941	\$ 32,742,654	\$ 29,416,340	\$ 24,153,423

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

2020	2019	2018	2017	2016	2015
\$ 52,407	\$ 49,614	\$ 45,400	\$ 42,922	\$ 45,578	\$ 47,353
1,734,102	1,699,486	1,476,149	1,658,761	558,708	533,279
598,772	684,619	387,930	140,905	114,958	105,667
1,740,952	1,416,952	1,513,952	1,257,952	1,155,952	1,014,952
652,884	998,850	2,006,633	1,100,552	1,355,071	964,168
4,779,117	4,849,521	5,430,064	4,201,092	3,230,267	2,665,419
3,195,885	2,810,988	2,768,321	2,638,831	2,493,189	2,487,573
4,573,789	4,813,391	5,298,543	4,340,500	4,050,297	3,835,980
7,223,162	6,969,551	6,065,013	5,765,961	6,013,887	5,860,326
92,631	107,300	18,300	18,300	18,300	16,060
(20,407)	(22,168)	(256)	(70,020)	(11,821)	(167,356)
15,065,060	14,679,062	14,149,921	12,693,572	12,563,852	12,032,583
\$ 19,844,177	\$ 19,528,583	\$ 19,579,985	\$ 16,894,664	\$ 15,794,119	\$ 14,698,002

FINANCIAL TRENDS

Schedule 4 - Revenues, Expenditures, and Other Financing Sources (Uses)

All Governmental Fund Types

Last Ten Fiscal Years (expressed in millions)

	2024	2023	2022	2021
REVENUES				
Taxes:				
Retail sales and use	\$ 15,938	\$ 15,966	\$ 15,187	\$ 13,614
Business and occupation	6,869	6,656	6,152	5,339
Motor vehicle and fuel	1,531	1,559	1,612	1,533
Liquor, beer, and wine	456	467	460	458
Cigarette and tobacco	314	352	374	402
Insurance premiums	888	847	824	684
Public utilities	630	636	574	500
Property	4,614	4,484	4,400	4,350
Excise	2,172	2,834	3,092	2,462
Gift and inheritance	406	854	371	324
Other taxes	742	714	602	511
Total Taxes	34,560	35,368	33,649	30,177
Licenses, permits, and fees	4,011	2,415	2,258	2,408
Federal grants-in-aid	24,689	27,257	27,724	23,740
Charges and miscellaneous revenue	9,375	9,086	7,146	7,111
Investment income (loss)	1,573	693	(738)	1,541
Total Revenues	74,208	74,819	70,038	64,977
EXPENDITURES				
Current:				
General government	3,913	4,389	3,567	3,638
Human services	32,921	31,864	28,903	27,123
Natural resources and recreation	2,133	2,023	1,604	1,521
Transportation	3,027	2,709	2,247	2,292
Education	27,591	26,449	24,998	23,541
Intergovernmental	560	550	581	513
Capital outlays	3,627	3,181	2,217	2,231
Debt service:				
Principal	1,410	1,339	1,333	1,193
Interest	1,146	1,092	1,087	1,082
Total Expenditures	76,327	73,597	66,537	63,132
Revenues Over (Under) Expenditures	(2,119)	1,222	3,502	1,845
OTHER FINANCING SOURCES (USES):				
Bonds issued, net of refunding	2,346	1,761	1,948	2,374
Other debt issued, net of refunding	101	283	239	73
Transfers in	4,512	8,128	8,579	4,966
Transfers out	(4,311)	(8,360)	(8,846)	(4,840)
Net Other Financing Sources (Uses)	2,649	1,812	1,921	2,573
Net Change in Fund Balances	\$ 530	\$ 3,034	\$ 5,423	\$ 4,417
Debt service as a percentage of noncapital expenditures ⁽¹⁾	3.5%	3.4%	3.7%	3.7%

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

	2020		2019		2018		2017		2016		2015
\$	12,101	\$	12,106	\$	11,154	\$	10,363	\$	9,740	\$	9,001
	4,673		4,452		4,183		3,862		3,636		3,394
	1,550		1,671		1,732		1,680		1,486		1,253
	420		390		371		355		348		331
	397		397		422		430		451		474
	691		640		631		604		535		556
	481		482		482		483		469		455
	3,739		3,359		3,347		2,098		2,062		2,018
	1,777		1,636		1,600		1,461		1,203		927
	635		300		209		168		136		150
	567		403		600		540		430		410
	27,031		25,835		24,729		22,044		20,496		18,969
	1,945		2,025		2,408		1,907		1,766		1,660
	17,439		15,963		15,646		15,370		15,034		14,712
	6,761		6,523		6,348		6,336		5,831		5,751
	507		646		561		614		168		307
	53,683		50,992		49,692		46,269		43,295		41,399
	1,936		1,556		1,355		1,450		1,289		1,330
	22,580		20,901		19,817		19,026		18,037		17,566
	1,297		1,332		1,128		1,181		1,214		1,239
	2,275		2,345		2,124		2,068		1,955		1,883
	22,543		21,312		19,102		18,059		16,922		15,915
	520		537		504		497		492		465
	2,108		2,104		1,781		2,428		2,200		2,247
	1,308		1,180		1,144		1,125		1,040		944
	1,095		1,070		1,035		1,042		999		982
	55,661		52,338		47,990		46,876		44,147		42,572
	(1,978)		(1,346)		1,703		(607)		(852)		(1,174)
	2,039		1,371		1,389		1,539		1,709		1,368
	66		53		47		70		102		31
	4,619		4,605		4,634		4,545		4,317		5,062
	(4,430)		(4,420)		(4,502)		(4,446)		(4,180)		(4,937)
	2,294		1,609		1,568		1,708		1,948		1,524
\$	316	\$	264	\$	3,270	\$	1,101	\$	1,096	\$	350
	4.5%		4.4%		4.7%		4.9%		4.8%		4.7%

FINANCIAL TRENDS

Schedule 5 - Revenues, Expenditures, and Other Financing Sources (Uses)

General Fund

Last Ten Fiscal Years (expressed in millions)

	2024	2023	2022	2021
REVENUES				
Taxes:				
Retail sales and use	\$ 15,807	\$ 15,831	\$ 15,059	\$ 13,481
Business and occupation	6,420	6,239	5,771	5,013
Liquor, beer, and wine	375	384	377	374
Cigarette and tobacco	292	329	353	387
Insurance premiums	830	803	784	647
Public utilities	603	611	550	479
Property	4,614	4,484	4,400	4,350
Excise	1,043	1,176	2,047	1,524
Gift and inheritance	—	—	—	—
Other taxes	227	280	193	148
Total Taxes	30,211	30,137	29,534	26,403
Licenses, permits, and fees	156	163	152	147
Federal grants-in-aid	20,923	23,529	23,392	19,735
Charges and miscellaneous revenue	1,273	992	822	1,069
Investment income (loss)	488	173	(217)	(13)
Total Revenues	53,051	54,995	53,683	47,340
EXPENDITURES				
Current:				
General government	2,237	2,953	1,998	2,173
Human services	30,933	30,563	27,614	25,814
Natural resources and recreation	1,004	1,014	789	669
Transportation	112	96	71	64
Education	18,686	17,452	17,457	15,573
Intergovernmental	144	136	182	133
Capital outlays	302	271	154	106
Debt service:				
Principal	5	12	23	17
Interest	1	2	3	4
Total Expenditures	53,425	52,499	48,291	44,552
Revenues Over (Under) Expenditures	(374)	2,495	5,392	2,788
OTHER FINANCING SOURCES (USES)				
Bonds issued, net of refunding	113	190	129	78
Other debt issued, net of refunding	82	113	61	6
Transfers in	908	815	987	1,020
Transfers out	(1,901)	(2,730)	(4,374)	(1,663)
Net Other Financing Sources (Uses)	(798)	(1,612)	(3,197)	(560)
Net Change in Fund Balances	\$ (1,172)	\$ 884	\$ 2,195	\$ 2,228

Figures may not total due to rounding.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2020		2019		2018		2017		2016		2015
\$	11,985	\$	11,952	\$	11,003	\$	10,221	\$	9,623	\$	8,903
	4,596		4,448		4,177		3,857		3,632		3,389
	344		318		303		290		284		282
	390		397		422		430		451		474
	652		600		601		577		510		529
	460		461		462		463		449		437
	3,739		2,339		2,770		2,098		2,062		2,018
	1,142		1,146		1,139		1,055		933		787
	—		—		(6)		2		—		(1)
	188		139		373		348		245		207
	23,496		21,800		21,244		19,341		18,189		17,025
	139		130		124		130		116		115
	14,512		13,296		13,013		12,680		12,196		12,053
	717		723		795		1,000		611		583
	114		114		1		(5)		26		8
	38,977		36,063		35,178		33,146		31,138		29,784
	1,060		949		864		884		802		846
	21,366		19,754		18,686		17,959		17,072		16,794
	512		482		465		429		534		445
	63		56		57		62		67		37
	15,090		14,762		13,067		12,176		11,403		10,177
	130		132		102		123		119		117
	71		74		79		70		111		52
	16		13		14.407		12		8		8
	8		4		3.525		4		3		1
	38,315		36,226		33,338		31,719		30,121		28,477
	662		(162)		1,840		1,428		1,016		1,308
	100		178		61		129		102		192
	6		2		2		1		75		7
	788		731		686		713		577		466
	(1,626)		(1,329)		(1,360)		(1,300)		(1,205)		(1,119)
	(732)		(418)		(611)		(457)		(452)		(454)
\$	(70)	\$	(580)	\$	1,229	\$	971	\$	565	\$	854

REVENUE CAPACITY

Schedule 6 - Sales Subject to Retail Sales Tax by Industry

Last Ten Calendar Years (expressed in millions)

Industry ⁽¹⁾	2023	2022	2021	2020
Retail trade:				
Motor vehicles and parts	\$ 22,061	\$ 22,327	\$ 21,481	\$ 17,894
General merchandise stores	13,624	13,518	13,530	12,396
Building materials, garden equipment and supplies	9,552	10,383	10,280	9,220
All other retail trade	51,038	50,590	48,638	41,446
Total retail sales	96,275	96,818	93,929	80,956
Construction	48,621	47,598	42,992	37,087
Accommodations and food services	22,831	21,085	17,310	12,887
Wholesale trade	14,650	14,599	13,213	11,537
Management, education, and health services	12,317	11,735	10,562	8,967
Information	8,612	8,294	7,522	6,808
All other industries	28,207	27,267	24,506	20,163
Total sales subject to retail sales tax	\$ 231,513	\$ 227,396	\$ 210,034	\$ 178,405
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

	2019		2018		2017		2016		2015		2014
\$	18,005	\$	17,759	\$	17,188	\$	16,311	\$	14,987	\$	13,540
	11,935		11,771		11,486		11,256		11,086		10,711
	7,789		7,460		6,909		6,344		5,909		5,348
	38,302		34,531		31,156		29,334		27,691		26,725
	76,031		71,521		66,739		63,245		59,673		56,324
	38,387		35,155		30,979		28,101		24,459		21,086
	19,545		18,866		17,799		16,738		15,677		14,365
	11,333		11,026		10,111		9,882		9,295		9,053
	7,706		6,864		4,396		3,952		3,445		3,196
	6,888		6,967		6,866		6,702		6,754		5,972
	21,252		19,775		18,711		17,785		16,061		14,848
\$	181,142	\$	170,174	\$	155,601	\$	146,405	\$	135,364	\$	124,844
	6.5%		6.5%		6.5%		6.5%		6.5%		6.5%

REVENUE CAPACITY

Schedule 7 - Retail Sales Tax Due by Industry

Current Calendar Year and Nine Years Ago (expressed in millions)

Industry ⁽¹⁾	2023			2014		
	Amount of		Percent of	Amount of		Percent of
	Retail Sales	Rank		Retail Sales	Rank	
	Tax Due		Sales Tax Due	Tax Due		Sales Tax Due
Retail trade	\$ 6,258	1	41.6 %	\$ 3,661	1	45.1 %
Construction	3,160	2	21.0 %	1,371	2	16.9 %
Accommodations and food services	1,484	3	9.9 %	934	3	11.5 %
Wholesale trade	952	4	6.3 %	588	4	7.2 %
Management, education, and health services	801	5	5.3 %	208	8	2.6 %
All other industries ⁽²⁾	662	6	4.4 %	349	6	4.3 %
Information	560	7	3.7 %	388	5	4.8 %
Professional, scientific, and technical services	452	8	3.0 %	167	10	2.1 %
Other services ⁽³⁾	387	9	2.6 %	253	7	3.1 %
Real estate, rental/leasing	332	10	2.2 %	196	9	2.4 %
Total	\$ 15,048		100 %	\$ 8,115		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; 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) (2)}	2023			2014		
	Amount of		Percent of	Amount of		Percent of
	B&O		Total B&O	B&O		Total B&O
	Tax Due	Rank	Tax Due	Tax Due	Rank	Tax Due
Business, personal, and other services ⁽³⁾	\$ 2,452	1	35.9%	\$ 1,195	1	34.0%
Finance, insurance, real estate	1,092	2	16.0%	337	5	9.6%
Retail trade	941	3	13.8%	543	2	15.4%
Wholesale trade	805	4	11.8%	494	4	14.1%
Manufacturing	568	5	8.3%	520	3	14.8%
Construction	414	6	6.0%	196	6	5.6%
Information	384	7	5.6%	155	7	4.4%
Utilities	82	8	1.2%	26	9	0.7%
Transportation	63	9	0.9%	28	8	0.8%
Other B&O tax classifications ⁽⁴⁾	32	10	0.5%	20	10	0.6%
Total	\$ 6,833		100 %	\$ 3,514		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. Beginning in calendar year 2021, the Quarterly Business Review (QBR) Business & Occupation Tax table, which is based on the NAICS, was used to report the data in this schedule. In prior years, the QBR Summary of Excise Tax Returns table was used for reporting. Updated industry categories and amounts are reflected in this table.
3. The majority of business, personal, and other services includes professional, scientific, and technical services; health services; ambulatory health care services; and administrative and support services.
4. Other B&O tax classifications include agriculture, forestry, and fishing; mining; and warehousing and storage.

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) (2)}	2023		2022		2021		2020
Business, personal, and other services ⁽³⁾	\$	203,203	\$	189,997	\$	163,802	\$ 141,064
Retail trade		178,823		176,596		164,365	141,054
Wholesale trade		172,273		178,012		155,987	127,953
Manufacturing		117,569		114,901		104,869	79,114
Construction		83,556		80,800		73,883	64,675
Other B&O tax classifications ⁽⁴⁾		114,259		108,470		96,021	85,482
Total	\$	869,683	\$	848,776	\$	758,927	\$ 639,342
State B&O tax rate range		0.1 - 1.8%		0.1 - 1.8%		0.1 - 1.8%	0.1 - 1.8%

1. Industry classifications are based on North American Industry Classification System (NAICS) codes.

2. Beginning in calendar year 2021, the Quarterly Business Review (QBR) Business & Occupation Tax table, which is based on the NAICS, was used to report the data in this schedule. In prior years, the QBR Summary of Excise Tax Returns table was used for reporting. Updated industry categories and amounts are reflected in this table for all years.

3. The majority of business, personal, and other services includes professional, scientific, and technical services; health services; ambulatory health care services; and administrative and support services.

4. Other B&O tax classifications include agriculture, forestry, and fishing; mining; utilities; transportation; warehousing and storage; information; and finance, insurance, and real estate.

Source: Washington State Department of Revenue, Quarterly Business Review

State of Washington

	2019		2018		2017		2016		2015		2014
\$	150,259	\$	140,012	\$	131,697	\$	122,998	\$	115,150	\$	106,818
	136,201		133,272		125,673		118,097		113,375		110,089
	126,665		126,419		117,585		111,965		106,849		105,464
	114,985		132,918		122,912		121,277		127,267		134,464
	67,268		60,481		53,917		49,548		45,343		39,894
	81,410		76,668		71,452		65,219		61,785		56,570
\$	676,788	\$	669,770	\$	623,236	\$	589,104	\$	569,769	\$	553,299
	0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%		0.1 - 1.6%

9

DEBT CAPACITY

Schedule 10 - Ratios of Outstanding Debt by Type ⁽¹⁾

Last Ten Fiscal Years (expressed in millions, except per capita)

	2024	2023	2022	2021
Governmental Activities				
General obligation bonds	\$ 25,235	\$ 24,349	\$ 23,957	\$ 23,328
Revenue bonds	1,553	1,611	1,785	1,928
Certificates of participation	609	597	649	693
Leases/SBITAs/installment contracts	1,510	1,669	1,416	3
Total Governmental Activities Debt	28,907	28,226	27,807	25,952
Business-Type Activities				
General obligation bonds	—	—	—	—
Revenue bonds	2,333	2,381	2,461	2,475
Certificates of participation	168	175	183	193
Leases/SBITAs/installment contracts	302	328	257	6
Total Business-Type Activities Debt	2,803	2,884	2,901	2,674
Total Primary Government Debt	\$ 31,710	\$ 31,110	\$ 30,708	\$ 28,626
DEBT RATIOS				
Total Primary Government				
Ratio of total debt to personal income ⁽²⁾	5.1%	5.0%	5.2%	5.0%
Total debt per capita ⁽³⁾	\$ 3,946	\$ 3,913	\$ 3,905	\$ 3,686
General Bond Debt				
Ratio of general bonded debt to retail sales subject to tax ⁽⁴⁾	10.9%	10.5%	10.5%	11.1%
General bonded debt per capita ⁽³⁾	\$ 3,140	\$ 3,062	\$ 3,046	\$ 3,003

1. Refer to Note 7 for long-term liability activity.

2. Personal income data can be found in Schedule 13. Personal income data for 2024 is not available; used 2023 data to calculate 2024 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 2024 is not available; used 2023 data to calculate 2024 ratio.

Source: Washington State Office of Financial Management, Accounting Division

State of Washington

	2020		2019		2018		2017		2016		2015
\$	22,243	\$	21,486	\$	21,335	\$	21,034	\$	20,518	\$	19,868
	2,075		2,234		2,308		2,326		2,377		2,316
	710		753		756		752		718		580
	10		10		11		5		6		5
	25,038		24,483		24,410		24,117		23,619		22,769
	—		—		—		—		—		4
	2,415		2,317		2,326		2,307		2,215		1,991
	165		173		120		92		49		42
	81		68		72		75		9		13
	2,661		2,558		2,518		2,474		2,273		2,050
\$	27,699	\$	27,041	\$	26,928	\$	26,591	\$	25,892	\$	24,819
	5.3%		5.6%		6.0%		6.3%		6.5%		6.6%
\$	3,594	\$	3,567	\$	3,608	\$	3,621	\$	3,578	\$	3,492
	12.5%		11.9%		12.5%		13.5%		14.0%		14.7%
\$	2,886	\$	2,834	\$	2,859	\$	2,864	\$	2,835	\$	2,796

DEBT CAPACITY

Schedule 11 - Legal Debt Margin Information ⁽¹⁾

Last Ten Fiscal Years (expressed in millions)

	2024	2023	2022	2021
Legal Debt Limitation Calculation ⁽²⁾				
Six year mean, general state revenues	\$ 26,022	\$ 24,128	\$ 22,203	\$ 20,609
Times: Percentage of six year mean, general state revenues	8.25%	8.25%	8.25%	8.25%
Equals: Debt service limitation	\$ 2,147	\$ 1,991	\$ 1,832	\$ 1,700
Debt service limitation	\$ 2,147	\$ 1,991	\$ 1,832	\$ 1,700
Less: Projected maximum annual debt service of outstanding bonds as of June 30	1,437	1,386	1,308	1,258
Equals: Debt service capacity	\$ 710	\$ 605	\$ 523	\$ 443
Remaining state general obligation debt capacity ⁽³⁾	\$ 10,710	\$ 9,125	\$ 9,467	\$ 8,091
Plus: Debt outstanding, bonds issued and projected sales subject to debt service limitation as of December 2023	14,159	13,711	12,895	12,437
Equals: Maximum debt authorization subject to limitation	\$ 24,869	\$ 22,836	\$ 22,362	\$ 20,528
Debt service capacity as a percentage of total debt service limitation	33.1%	30.4%	28.5%	26.1%
Remaining debt capacity as a percentage of maximum debt authorized	43.1%	40.0%	42.3%	39.4%

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. The nine percent constitutional limit on debt service will be reduced to 8.0% by July 1, 2034.
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 2024 is 4.33 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

2020		2019		2018		2017		2016		2015	
\$	19,390	\$	18,309	\$	17,178	\$	16,334	\$	15,499	\$	14,794
	8.25%		8.25%		8.25%		8.25%		8.5%		8.5%
\$	1,600	\$	1,511	\$	1,417	\$	1,348	\$	1,317	\$	1,257
\$	1,600	\$	1,511	\$	1,417	\$	1,348	\$	1,317	\$	1,257
	1,218		1,194		1,167		1,172		1,155		1,129
\$	382	\$	316	\$	250	\$	176	\$	162	\$	128
\$	6,144	\$	4,650	\$	3,862	\$	2,937	\$	2,632	\$	2,031
	11,964		11,667		11,364		11,644		11,348		11,160
\$	18,108	\$	16,317	\$	15,226	\$	14,581	\$	13,980	\$	13,191
	23.9%		20.9%		17.6%		13.1%		12.3%		10.2%
	33.9%		28.5%		25.4%		20.1%		18.8%		15.4%

State of Washington

DEBT CAPACITY

Schedule 12 - Revenue Bond Coverage ⁽¹⁾

Last Ten Fiscal Years (expressed in millions)

Fiscal Year	Gross Revenues ⁽²⁾	Less:	Net	Scheduled Debt Service ⁽⁴⁾		Coverage Ratio
		Operating	Available	Principal	Interest	
		Expenses ⁽³⁾	Revenue			
Governmental Activities						
2024	\$ 80	\$ 15	\$ 64	\$ 66	\$ 33	0.65
2023	117	15	102	68	36	0.99
2022	94	13	81	62	39	0.79
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
Business-Type Activities						
2024	\$ 4,842	\$ 4,353	\$ 489	\$ 171	\$ 91	1.87
2023	4,406	4,025	381	137	93	1.66
2022	3,490	3,263	227	134	93	1.00
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

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

DEMOGRAPHIC INFORMATION

Schedule 13 - Personal Income Comparison

Washington State vs. United States

Last Ten Calendar Years (expressed in billions, except per capita)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Washington State										
Personal income	\$ 622	\$ 587	\$ 574	\$ 523	\$ 484	\$ 452	\$ 423	\$ 397	\$ 376	\$ 355
Percent change	6 %	2 %	10 %	8 %	7 %	7 %	7 %	6 %	6 %	6 %
Per capita	\$ 79,659	\$ 75,345	\$ 74,181	\$ 67,669	\$ 63,405	\$ 59,827	\$ 56,805	\$ 54,302	\$ 52,415	\$ 50,265
United States										
Personal income	\$ 22,961	\$ 21,841	\$ 21,408	\$ 19,629	\$ 18,356	\$ 17,528	\$ 16,663	\$ 15,888	\$ 15,474	\$ 14,784
Percent change	5 %	2 %	9 %	7 %	5 %	5 %	5 %	3 %	5 %	4 %
Per capita	\$ 68,531	\$ 65,473	\$ 64,427	\$ 59,151	\$ 55,547	\$ 53,309	\$ 51,004	\$ 48,971	\$ 48,060	\$ 46,287
Washington per capita rate as % of United States per capita rate	116%	115%	115%	114%	114%	112%	111%	111%	109%	109%

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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Washington State ⁽¹⁾										
Population	8,035.7	7,951.2	7,864.4	7,767.0	7,706.3	7,581.8	7,463.5	7,344.1	7,237.2	7,106.6
Net increase	84.6	86.8	97.4	60.7	124.5	118.3	119.4	106.9	130.6	101.4
Percent change	1.1%	1.1%	1.3%	0.8%	1.6%	1.6%	1.6%	1.5%	1.8%	1.5%
Components of change: ⁽²⁾										
Births	80.9	83.2	84.5	82.1	84.8	85.7	87.3	89.7	89.8	88.5
Deaths	65.4	68.8	70.7	64.0	58.5	57.2	56.4	56.1	54.7	52.8
Net migration	69.1	72.4	83.7	42.5	98.2	89.8	88.4	73.3	95.4	65.8
United States ⁽³⁾										
Population	N/A	334,915	333,271	332,049	331,527	328,330	326,838	325,122	323,072	320,739
Percent change	N/A	0.5%	0.4%	0.2%	1.0%	0.5%	0.5%	0.6%	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.

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

	2023	2022	2021	2020
Washington State (in thousands)				
Civilian labor force	4,002	3,923	3,889	3,969
Employment	3,840	3,755	3,622	3,711
Total unemployment	162	168	267	258
Unemployment percentage rate	4.0%	4.3%	6.9%	6.5%
United States (in millions)				
Civilian labor force	165.6	162.9	160.6	162.6
Employment	159.7	156.1	149.5	152.9
Total unemployment	5.9	6.8	11.1	9.7
Unemployment percentage rate	3.6%	4.2%	6.9%	6.0%
Washington unemployment rate as % of United States unemployment rate	111.1%	102.4%	100.0%	108.3%

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 2024

State of Washington

2019	2018	2017	2016	2015	2014
3,861	3,767	3,719	3,644	3,545	3,488
3,692	3,598	3,544	3,451	3,346	3,275
169	169	175	193	199	213
4.4%	4.5%	4.7%	5.3%	5.6%	6.1%
162.7	161.2	160.3	159.2	157.1	155.9
156.5	154.5	153.3	151.4	148.8	146.3
6.2	6.7	7.0	7.8	8.3	9.6
3.8%	4.2%	4.4%	4.9%	5.3%	6.2%
115.8%	107.1%	106.8%	108.2%	105.7%	98.4%

DEMOGRAPHIC INFORMATION

Schedule 16 - Annual Average Wage Rates by Industry

Last Ten Calendar Years

Industry ⁽²⁾	Annual Average Wages ⁽¹⁾			
	2023 ⁽³⁾	2022	2021	2020
Information	\$ 251,151	\$ 237,159	\$ 268,296	\$ 241,913
Management of companies and enterprises	212,540	196,610	135,136	129,043
Professional, scientific, and technical services	143,180	129,739	125,687	111,944
Utilities	128,826	121,968	112,671	108,826
Finance and insurance	126,493	124,690	124,539	113,556
Wholesale trade	103,529	98,450	95,073	87,326
Manufacturing	93,291	88,402	83,182	81,984
Mining	86,982	79,969	75,933	73,480
Government	81,780	77,923	74,754	71,849
Construction	80,700	76,433	73,796	69,813
Transportation and warehousing	75,945	72,176	69,589	65,808
Real estate, rental and leasing	75,913	74,568	70,905	63,288
Administrative and support services ⁽⁴⁾	69,731	67,097	61,609	57,081
Healthcare and social assistance	66,272	63,292	60,233	56,771
Other services ⁽⁵⁾	54,930	51,747	52,099	46,667
Educational services	48,599	47,735	46,271	44,594
Retail trade	46,746	45,929	76,366	71,398
Arts, entertainment, and recreation	43,997	43,237	40,505	38,875
Agriculture, forestry, fishing, and hunting	40,664	38,844	37,471	36,170
Accommodation and food services	32,442	30,497	28,246	24,726

1. Wages include only employment covered by unemployment insurance.

2. Industry classifications and wages are based on North American Industry Classification System (NAICS) codes.

3. 2023 data is preliminary.

4. Wages classified under administrative and support services include waste management and remediation services.

5. Wages classified as other services do not include public administration.

Source: Washington State Employment Security Department, Quarterly Census of Employment and Wages

State of Washington

	2019		2018		2017		2016		2015		2014
\$	207,103	\$	194,863	\$	172,592	\$	159,236	\$	150,503	\$	148,429
	123,508		118,097		111,942		109,462		108,447		106,518
	103,935		101,410		92,323		88,223		85,968		84,883
	105,295		99,718		93,057		88,789		85,644		87,212
	100,948		95,089		90,869		88,308		92,790		82,102
	82,405		80,439		76,856		73,903		72,523		70,169
	81,234		79,377		76,301		74,641		73,860		74,303
	74,849		71,083		71,120		67,389		67,425		63,404
	66,945		63,832		61,187		58,945		57,274		55,603
	67,811		64,470		61,227		58,887		56,925		55,037
	64,709		60,374		58,058		56,173		54,344		52,293
	58,420		55,188		51,553		48,965		47,459		45,181
	53,133		50,370		48,484		47,050		45,934		44,382
	54,647		52,690		50,971		49,337		46,986		44,245
	42,584		40,410		38,832		37,557		37,437		35,571
	40,223		39,008		38,455		37,667		36,414		36,918
	62,264		58,866		52,542		45,930		38,300		36,127
	33,140		32,522		32,074		30,908		30,509		29,725
	33,702		32,405		31,154		29,971		28,398		27,758
	25,321		24,003		22,766		21,301		20,451		19,561

DEMOGRAPHIC INFORMATION

Schedule 17 - Principal Employers by Industry

Current Calendar Year and Nine Years Ago

Industry ⁽¹⁾	2023 Annual Averages ⁽³⁾			2014 Annual Averages		
	Number of Employees ⁽²⁾	Percent of Total	Number of Employers	Number of Employees ⁽²⁾	Percent of Total	Number of Employers
Government	571,061	16.0 %	2,135	523,874	17.2 %	2,128
Healthcare and social assistance	455,959	12.8 %	19,439	392,482	12.9 %	61,628
Retail trade	332,221	9.3 %	14,381	337,138	11.1 %	14,948
Accommodation and food services	283,668	8.0 %	15,340	246,769	8.1 %	13,739
Manufacturing	271,052	7.6 %	7,939	285,470	9.4 %	6,963
Professional, scientific, and technical services	255,477	7.2 %	39,360	177,259	5.8 %	21,718
Construction	218,971	6.1 %	28,933	150,098	4.9 %	22,079
Administrative and support services ⁽⁴⁾	180,853	5.1 %	14,374	148,363	4.9 %	10,856
Information	151,795	4.3 %	7,685	108,888	3.6 %	3,073
Wholesale trade	137,519	3.9 %	12,372	127,898	4.2 %	13,645
Transportation and warehousing	136,981	3.8 %	5,242	87,247	2.9 %	4,414
Other services ⁽⁵⁾	103,039	2.9 %	20,591	89,492	2.9 %	17,416
Management of companies and enterprises	101,888	2.8 %	682	39,916	1.3 %	650
Finance and insurance	96,410	2.7 %	7,328	90,874	3.0 %	5,650
Agriculture, forestry, fishing, and hunting	96,024	2.7 %	6,080	99,735	3.3 %	7,298
Real estate, rental, and leasing	57,831	1.6 %	7,213	46,070	1.5 %	6,482
Arts, entertainment, and recreation	53,925	1.5 %	3,234	46,675	1.5 %	2,625
Educational services	49,189	1.4 %	4,164	38,480	1.3 %	2,975
Utilities	5,933	0.2 %	242	4,770	0.1 %	233
Mining	2,100	0.1 %	146	2,192	0.1 %	156
Total average employment	3,561,896	100 %	216,880	3,043,690	100 %	218,676

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. 2023 data is preliminary.

4. Employment classified under administrative and support services includes waste management and remediation services.

5. Employees classified as other services do not include public administration.

Figures may not total due to rounding.

Source: Washington State Employment Security Department, Quarterly Census of Employment and Wages

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	
2023	2022				Worldwide	Headquarters
2	2	Amazon	\$ 574,785	\$ 30,425	1,525,000	Seattle
11	12	Costco Wholesale	242,290	6,292	316,000	Issaquah
13	13	Microsoft	211,915	72,361	221,000	Redmond
116	125	Starbucks	35,976	4,125	381,000	Seattle
122	140	Paccar	35,127	4,601	32,400	Bellevue
168	195	Coupang	24,383	1,360	78,000	Seattle
286	267	Nordstrom	14,693	134	54,000	Seattle
315	353	Expedia Group	12,839	797	17,100	Seattle
385	398	Alaska Air Group	10,426	235	24,610	Seattle
411	461	Lululemon athletica	9,619	1,550	38,000	Sumner

Source: fortune.com/ranking/fortune500 (June 2024)

Schedule 19 - Principal Agricultural Commodities Value ⁽¹⁾

Last Ten Calendar Years (dollars in millions)

Commodities	% Change										
	2023 vs. 2022	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Apples	-4%	\$ 1,992	\$ 2,068	\$ 2,008	\$ 2,095	\$ 1,959	\$ 2,141	\$ 2,430	\$ 2,351	\$ 2,319	\$ 1,896
Cattle/calves	30%	1,332	1,024	858	706	701	652	672	704	849	806
Milk ⁽²⁾	-21%	1,332	1,678	1,210	1,193	1,282	1,132	1,189	1,097	1,136	1,624
Potatoes	23%	1,161	943	712	753	934	788	687	813	772	771
Hay, all	-4%	862	899	602	501	468	519	516	479	499	703
Wheat, all	-43%	672	1,171	757	949	793	845	691	657	600	715
Eggs	-12%	406	460	184	220	166	241	141	117	332	177
Hops	-6%	406	434	482	445	476	428	459	382	280	208
Onions	-24%	384	505	293	189	235	224	161	231	213	134
Grapes, all	-22%	309	395	300	302	308	361	319	360	289	302

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Exports ⁽¹⁾	\$ 74,449	\$ 79,732	\$ 70,494	\$ 56,723	\$ 75,853	\$ 86,971	\$ 88,218	\$ 90,424	\$ 94,781	\$ 93,908
Imports	100,834	107,199	101,047	81,380	96,416	99,955	94,493	92,729	91,496	90,639
Trade balance	\$ (26,385)	\$ (27,467)	\$ (30,553)	\$ (24,657)	\$ (20,563)	\$ (12,984)	\$ (6,275)	\$ (2,305)	\$ 3,285	\$ 3,269
Two-way trade	\$ 175,283	\$ 186,931	\$ 171,541	\$ 138,103	\$ 172,269	\$ 186,926	\$ 182,711	\$ 183,153	\$ 186,277	\$ 184,547

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 via WISER

Schedule 21 - Value of Trade with Major Export Trading Partners

Last Ten Calendar Years (expressed in millions)

Export Partners ⁽¹⁾	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Canada	\$ 19,629	\$ 20,728	\$ 17,951	\$ 14,685	\$ 17,560	\$ 18,599	\$ 16,672	\$ 15,676	\$ 17,052	\$ 18,937
China	12,985	17,530	14,874	11,006	11,155	10,732	14,919	14,753	16,315	18,880
Japan	5,364	5,877	5,904	5,751	7,498	7,303	6,683	8,091	7,569	8,908
Korea, Republic of	3,460	3,597	3,798	2,812	3,941	5,771	4,615	5,129	5,071	3,644
Ireland	2,860	3,315	1,758	188	200	1,880	1,827	1,991	904	602
United Kingdom	2,260	2,094	1,900	1,914	2,536	4,453	2,247	3,800	2,514	2,710
Philippines	2,233	2,097	1,968	1,918	1,916	1,938	1,906	1,631	1,266	1,337
Taiwan	2,205	2,428	2,644	1,913	2,415	2,867	3,022	3,376	3,902	2,734
Mexico	1,686	1,689	1,697	533	1,471	1,196	917	984	792	1,360
India	1,599	1,058	279	565	561	1,920	1,044	783	636	1,105

1. Export figures are based on all Washington state ports, all methods of transportation.

Source: Washington State Department of Commerce via WISER

Schedule 22 - Value of Trade with Major Import Trading Partners

Last Ten Calendar Years (expressed in millions)

Import Partners ⁽¹⁾	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Canada	\$ 26,998	\$ 30,446	\$ 23,885	\$ 17,009	\$ 18,870	\$ 18,725	\$ 17,834	\$ 16,600	\$ 16,873	\$ 18,953
China	17,924	23,337	25,376	19,498	25,044	32,219	29,002	28,710	29,910	28,968
Japan	17,589	15,392	17,556	16,610	20,235	17,720	18,631	18,982	17,682	16,816
Korea, Republic of	10,034	6,380	5,128	3,431	4,010	4,239	4,812	5,000	5,014	4,945
Vietnam	6,748	7,501	5,885	5,702	4,038	2,896	2,502	2,110	1,996	1,346
Taiwan	4,139	4,426	4,348	2,991	3,123	3,207	3,396	3,415	3,574	3,347
Thailand	1,891	1,841	1,606	1,365	1,459	1,103	1,066	1,138	1,505	1,151
Germany	1,286	1,363	1,264	1,385	1,341	1,454	1,001	967	912	853
Indonesia	1,072	1,407	1,208	1,180	1,113	1,070	927	749	715	607
India	963	803	631	597	696	542	557	499	558	463

1. Import figures are based on all Washington state ports, all methods of transportation.

Source: Washington State Department of Commerce via WISER

State of Washington

DEMOGRAPHIC INFORMATION

Schedule 23 - Property Value and Construction

Last Ten Calendar Years (expressed in millions)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Value of all taxable property:										
Assessed value	\$ 2,012,355	\$ 1,957,862	\$ 1,602,638	\$ 1,435,873	\$ 1,375,481	\$ 1,276,450	\$ 1,134,145	\$ 1,022,092	\$ 949,759	\$ 880,155
Property value of exemptions:										
Senior citizen	\$ 19,671	\$ 19,232	\$ 13,012	\$ 10,398	\$ 9,258	\$ 8,108	\$ 4,871	\$ 3,601	\$ 3,590	\$ 3,183
Head of household	34	36	40	41	49	50	132	51	58	60
Total exemptions	\$ 19,705	\$ 19,268	\$ 13,052	\$ 10,439	\$ 9,307	\$ 8,158	\$ 5,003	\$ 3,652	\$ 3,648	\$ 3,243
New construction and improvements:										
Assessed value	\$ 27,608	\$ 28,090	\$ 24,491	\$ 22,731	\$ 23,800	\$ 22,239	\$ 19,286	\$ 16,122	\$ 13,656	\$ 11,213

Source: Washington State Department of Revenue, Property Tax Statistics Report

Schedule 24 - Residential Building Activity

Last Ten Calendar Years (dollars in millions)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Permits	37,097	49,033	56,941	43,881	48,424	47,746	45,794	44,077	40,374	33,898
Valuations	\$ 9,518	\$ 11,225	\$ 12,501	\$ 9,488	\$ 10,223	\$ 9,808	\$ 9,913	\$ 9,116	\$ 8,519	\$ 7,017

Source: U.S. Census Bureau

OPERATING INFORMATION

Schedule 25 - Full-Time Equivalent Staff Comparison (Budgeted Funds)

Last Ten Fiscal Years

Function ⁽¹⁾	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government	10,536	9,840	9,242	8,820	8,906	8,813	8,633	8,612	8,420	8,386
Human services	42,387	39,734	39,063	39,404	38,354	37,285	36,095	35,221	33,722	33,105
Natural resources	8,265	7,622	7,075	6,877	6,859	6,982	6,828	6,741	6,661	6,520
Transportation	11,031	10,478	10,031	10,562	10,496	10,648	10,543	10,291	10,185	10,230
Education	61,032	58,531	56,537	54,171	55,678	53,167	52,889	52,866	52,216	52,296
Total	133,251	126,205	121,948	119,834	120,293	116,895	114,988	113,731	111,204	110,537
Percentage change	5.6%	3.5%	1.8%	-0.4%	2.9%	1.7%	1.1%	2.3%	0.6%	1.5%

1. Due to timing of adjustments, numbers may change after fiscal year-end.

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 ⁽¹⁾	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General government	3,873	3,574	3,213	3,061	3,117	3,075	2,911	2,898	2,794	2,825
Human services	24,631	22,397	21,678	22,608	22,888	22,046	20,441	19,893	18,791	18,508
Natural resources	3,029	2,791	2,440	2,343	2,109	1,600	1,785	1,700	1,819	1,341
Transportation	471	392	418	404	403	356	357	326	358	306
Education	15,849	16,293	15,315	15,095	15,541	15,763	14,653	15,054	15,257	15,087
Total	47,853	45,447	43,064	43,511	44,058	42,840	40,147	39,871	39,019	38,067
Percentage change	5.3%	5.5%	-1.0%	-1.2%	2.8%	6.7%	0.7%	2.2%	2.5%	2.2%

1. Due to timing of adjustments, numbers may change after fiscal year-end.

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

	2024	2023	2022	2021
Department of Revenue				
Number of state excise taxpayer registered accounts	736,026	715,465	731,206	726,714
Number of taxable real estate excise tax (REET) sales	200,661	213,571	304,449	316,668
Department of Enterprise Services				
Number of leases for office space ⁽¹⁾	435	490	477	455
Gross square feet of leased office space (in thousands)	5,646	6,843	6,967	6,986
Number of owned buildings ^{(2) (3)}	23	23	23	23
Gross square feet of owned office space (in thousands)	2,540	2,540	2,585	2,585
Liquor and Cannabis Board				
Liquor:				
Retail licensees	19,207	18,948	18,708	18,473
Non-retail licensees	8,668	8,647	8,317	8,216
Cannabis: ⁽⁴⁾				
Producer licensees	977	1,019	1,054	1,069
Processor licensees	1,028	1,077	1,120	1,144
Retail licensees	476	473	481	481
Transportation licenses	12	12	10	11
Research licenses	2	2	2	1

1. The number of leases for office space reflects the leases the Department of Enterprise Services (DES) has with tenants in all DES owned facilities, leases specific to DES operations in privately owned facilities, and leases acquired in privately owned facilities on behalf of other state agencies.
2. The number of owned buildings reflects the buildings owned and managed by the DES.
3. 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. In fiscal year 2023, several DES buildings were demolished including one office, which was replaced with a smaller temporary building.
4. The passage of Initiative 502, which legalized cannabis 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

2020	2019	2018	2017	2016	2015
686,385	712,928	712,884	692,856	669,897	684,306
237,429	264,181	300,136	286,686	270,689	254,147
509	497	492	483	552	560
7,522	7,347	7,037	7,236	7,392	7,542
23	24	22	28	29	37
2,315	2,843	2,533	2,784	2,780	2,990
18,376	18,235	18,528	18,298	17,132	17,739
7,963	7,690	7,337	6,874	6,279	5,626
1,091	1,137	1,208	1,167	1,035	530
1,176	1,224	1,280	1,175	992	456
484	482	505	507	428	171
13	15	16	9	N/A	N/A
1	1	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

	2024	2023	2022	2021
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 ⁽³⁾	1,210	1,180	1,205	1,213
Mental health state hospitals average daily census ⁽⁴⁾	978	946	945	948
Income assistance programs:				
Temporary assistance for needy families (TANF) and state family assistance (SFA) caseloads	33,116	32,646	28,842	29,701
Food assistance caseload ⁽⁵⁾	525,044	523,871	500,076	536,027
Health Care Authority				
Medical assistance programs:				
Monthly average caseload certified eligible	2,023,221	2,248,704	2,122,853	1,968,932
Community outpatient mental health facilities ⁽⁶⁾	272	308	392	451
Community outpatient mental health programs, clients served ⁽⁷⁾	432,858	441,520	398,133	303,603
Department of Corrections				
Number of correctional institutions ⁽⁸⁾	11	12	12	12
Offenders in confinement ⁽⁹⁾	14,248	13,881	13,029	14,312
Prison and work release operating capacity	14,804	14,699	18,999	19,024
Department of Health				
Licensed health professionals ⁽¹⁰⁾	542,512	535,664	519,621	502,073
Department of Labor and Industries				
Claims filed, injured or ill workers	98,617	101,098	102,878	95,668
Electrical inspections performed	263,058	264,723	261,919	272,731
Workplaces inspected each year by the Washington Industrial Safety and Health (WISHA) program ⁽¹¹⁾	6,073	5,250	4,676	4,488

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. Data reflects that per Western State Hospital, 15 beds were added to the S10 wing in July 2018. Additionally, a 30-bed civil ward was converted to forensic in August 2018.
4. 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.
5. Data reflects the state fiscal year average of households enrolled in both the federally funded Basic Food Program (SNAP) and the state-funded Food Assistance for Legal Immigrants Basic Food Program (FAP).
6. Fluctuations in the number of community outpatient health facilities are due to funding shifts and legislation. Data reflects 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.
7. 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 2024 is incomplete, due to the underreporting of encounter data to the Behavioral Health Data System by submitting entities participating in Integrated Managed Care.
8. The Department of Corrections closed Larch Corrections Center in fiscal year 2024.
9. Offenders in confinement include offenders in prison, work release, and in-state rented beds.
10. Licensed health professionals include certified, licensed, and registered health professionals. These counts exclude ARNP licenses as duplicative due to their dual credential mandate.
11. 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

2020	2019	2018	2017	2016	2015
3	3	3	3	3	3
1,221	1,234	1,221	1,205	1,192	1,161
1,061	1,085	1,113	1,143	1,123	1,101
26,182	25,424	26,031	28,556	31,287	35,159
489,952	490,560	511,771	531,149	561,112	582,204
1,801,873	1,797,117	1,853,207	1,880,287	1,838,532	1,722,935
451	191	210	179	120	131
337,693	150,859	180,299	176,392	177,974	170,469
12	12	12	12	12	12
16,703	19,328	19,802	19,413	18,991	18,445
17,540	17,453	17,454	17,434	17,434	17,498
479,973	484,128	468,421	455,806	437,775	417,504
99,984	111,837	111,604	109,965	110,498	109,359
245,713	260,302	251,114	240,235	236,422	214,439
4,791	5,061	4,256	4,403	4,081	4,918

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

	2024	2023	2022	2021
Department of Transportation				
Number of ferries ⁽¹⁾	21	21	21	21
Vehicles on ferries (in thousands)	8,955	8,943	8,600	8,409
Passengers on ferries (in thousands)	9,904	9,298	8,556	6,917
State highway miles of travel ⁽²⁾				
Rural (in millions)	N/A	11,693	11,883	11,952
Urban (in millions)	N/A	23,446	22,305	21,824
State highway lane miles ⁽³⁾				
Rural	N/A	12,967	13,179	13,178
Urban	N/A	8,013	7,746	7,720
Total	N/A	20,980	20,925	20,898
Pavement patching & repair (square feet) ⁽⁴⁾	3,331,041	3,330,151	1,937,009	2,385,297
Pavement striping maintenance (miles)	12,331	17,669	12,540	15,265
Anti and de-icing liquid application (gallons in thousands)	1,562	2,024	1,610	1,626
Litter pickup (cubic yards)	37,684	88,721	25,141	17,815
Department of Licensing ⁽⁵⁾				
Total vehicle registrations (in millions)	8,033	8,020	8,081	8,200
Licensed drivers (in millions)	6,053	6,004	5,951	5,864
Washington State Patrol ⁽⁶⁾				
Total contacts	935,922	907,740	812,517	1,010,329
Citations issued	390,538	323,425	248,520	370,283
Motorist assists	291,504	304,724	312,489	329,655
Collisions investigated	40,531	41,435	42,476	35,689
Number of traffic officers	535	550	511	618

1. Twenty-four ferry vessels in inventory, but three are impaired and ready for sale. These three 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 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

2020	2019	2018	2017	2016	2015
23	23	23	23	24	24
9,019	10,555	10,709	10,545	10,563	10,372
10,357	13,701	13,858	13,681	13,525	13,261
10,478	11,971	11,915	11,611	11,487	11,098
19,474	23,453	23,460	23,015	22,741	22,237
13,169	13,129	13,113	13,114	13,113	13,091
7,707	7,686	7,697	7,682	7,650	7,641
20,876	20,815	20,810	20,796	20,763	20,732
1,340,237	1,880,860	2,097,641	2,456,825	3,826,649	74,263
15,237	21,364	19,064	19,780	19,600	23,156
1,450	2,393	1,747	4,007	1,688	1,210
17,351	18,899	19,641	25,530	18,169	18,876
7,938	8,164	8,063	7,792	7,214	7,039
5,806	5,705	5,916	5,778	5,639	5,520
1,025,808	1,187,886	1,222,738	1,128,175	1,141,911	1,228,396
388,617	464,818	470,886	434,452	464,024	509,689
313,313	325,241	331,283	335,063	328,208	316,659
37,152	43,063	44,181	46,223	43,501	37,996
615	607	608	583	539	589

OPERATING INFORMATION

Schedule 30 - Operating and Capital Asset Indicators by Function

Natural Resources and Recreation

Last Ten Fiscal Years

	2024	2023	2022	2021
State Parks and Recreation Commission				
Number of official, developed state parks	124	124	124	124
Number of owned or managed properties	88	89	90	94
Acreage of state parks	122,462	122,213	121,641	122,257
Attendance at state parks (in thousands)	41,013	41,159	40,769	45,364
Department of Fish and Wildlife ⁽¹⁾				
Recreational licenses issued ⁽²⁾				
Hunting licenses ⁽³⁾	668,004	664,646	672,408	735,559
Fishing licenses ⁽³⁾	1,197,836	1,194,646	1,175,209	1,302,590
Hatchery releases (pounds in thousands)				
Salmon releases	3,527	3,745	3,530	3,877
Trout releases ⁽⁴⁾	1,471	1,525	1,631	1,618
Department of Natural Resources ⁽¹⁾				
Common schools trust land acreage (in thousands)	1,780	1,781	1,781	1,781
Total trust land acreage (in thousands)	3,142	3,133	3,131	3,131
Timber acres sold	17,824	17,444	19,585	20,802
Timber volume harvested (thousand board feet)	470,837	507,668	484,438	527,562
Timber volume sold (thousand board feet)	397,156	469,998	429,235	545,074
Natural area preserve sites	58	58	58	57
Natural area preserve acreage	41,483	41,470	41,344	40,816
Natural resources conservation area sites	39	39	39	39
Natural resources conservation area acreage	127,539	126,524	125,874	125,577

1. Fiscal year 2024 data is preliminary. Data in the table may be revised periodically.

2. Recreational licenses issued include secondary license documents such as endorsements, catch cards, duplicates and applications taken from Monthly Sales Statistics report.

3. Beginning in 2020, the Fish Washington package totals are added to the Fishing licenses total. The Get Outdoors package totals are added to the Hunting licenses total.

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

2020	2019	2018	2017	2016	2015
124	125	125	124	124	123
94	94	94	91	91	93
121,812	121,077	123,007	122,908	138,613	137,781
34,718	37,997	36,745	35,373	35,055	33,045
677,112	634,510	615,528	597,025	607,849	595,169
1,159,018	1,269,642	1,332,880	1,397,951	1,525,780	1,546,250
3,729	3,747	3,697	3,593	3,505	3,883
1,650	1,577	1,582	1,491	1,583	1,597
1,783	1,784	1,786	1,788	1,788	1,790
3,133	3,135	3,132	3,133	3,125	3,122
18,413	21,338	17,608	20,392	24,382	23,499
511,845	497,941	512,143	483,357	480,898	449,115
533,899	488,142	500,675	520,498	526,382	467,555
57	56	56	56	56	55
40,730	40,427	40,347	37,642	37,273	36,342
39	38	38	37	36	36
125,263	124,127	122,742	121,857	118,579	114,244

OPERATING INFORMATION

Schedule 31 - Operating and Capital Asset Indicators by Function

Education

Last Ten Academic Years

	2023-24	2022-23	2021-22	2020-21
K-12 Enrollment ⁽¹⁾				
K-8	716,708	724,383	722,348	726,141
9-12	316,464	315,581	312,332	306,666
Summer	560	657	554	506
Running start	25,907	21,579	21,425	25,693
Open doors youth re-engagement program ⁽²⁾	7,060	5,966	4,887	5,120
UW transition	117	115	124	125
Washington Youth Academy ⁽³⁾	296	299	230	133
Transition to Kindergarten ⁽⁴⁾	5,210	N/A	N/A	N/A
Total	1,072,322	1,068,580	1,061,899	1,064,384
High school graduates ⁽⁵⁾	N/A	71,329	70,121	70,009
Higher Education				
Community and Technical Colleges:				
Number of campuses	34	34	34	34
Enrollment ^{(1) (6)}	100,974	94,594	94,531	103,034
Associate degrees granted	23,507	23,999	25,490	29,306
Baccalaureate degrees granted	1,846	1,870	1,830	1,923
Public Universities: ⁽⁷⁾				
Number of campuses	11	11	11	11
Enrollment ^{(1) (8)}	102,189	100,575	110,024	108,195
Baccalaureate degrees granted ⁽⁹⁾	N/A	19,922	24,971	26,203
Masters degrees granted ⁽⁹⁾	N/A	7,849	7,963	7,269
Doctors degrees granted ⁽⁹⁾	N/A	1,002	1,055	1,099
Professional degrees granted ⁽⁹⁾	N/A	679	732	901

- Enrollment figures are preliminary for academic year 2023-24. Enrollment is based on a full-time equivalent student, which is defined as:
 - Students enrolled in Kindergarten through eighth: 1,000 instructional hours
 - Students enrolled in ninth through twelfth: 1,090 instructional hours.
 - Undergraduate student: 15 credit hours per term.
 - Graduate student: 10 credit hours per term.
- 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.
- 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.
- Transition to kindergarten is a legislatively established and authorized program for children who are at least 4-year-old by August 31 and have been identified through a screening process to be in need of additional preparation to be successful kindergarten students in the following year. Beginning in 2023-24, transition to kindergarten is no longer reported as kindergarten.
- 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).
- Enrollment figures include all state funded (non-dual enrolled) students, which may include students under the age of 18. Figures also include students enrolled in baccalaureate partnership programs.
- 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.
- The enrollment number for four-year public institutions for 2023-24 does not include the spring quarter for The Evergreen State College. As of the preparation date of this report, the data was not available.
- The degrees granted for four-year public institutions for 2023-24 does not include the spring quarter for Washington State University. As of the preparation date of this report, the data was not available.

State of Washington

2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
766,864	761,100	756,379	747,548	726,137	705,175
306,797	303,621	307,373	307,714	307,575	307,417
49	819	962	972	1,031	993
25,641	24,034	22,484	20,560	18,562	17,070
5,577	5,528	4,785	4,117	3,561	2,905
120	115	114	112	116	108
338	330	335	342	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
1,105,386	1,095,547	1,092,432	1,081,365	1,056,982	1,033,668
69,482	68,251	67,966	65,491	64,126	62,598
34	34	34	34	34	34
117,118	123,292	127,994	130,577	135,108	138,724
27,704	30,167	30,315	29,534	29,624	29,137
1,379	1,397	1,005	785	497	286
11	11	11	11	11	11
113,518	113,811	113,067	111,221	109,834	107,935
26,773	26,895	26,040	25,473	24,860	24,875
7,137	6,606	6,564	6,496	6,031	5,878
1,201	1,227	1,157	1,081	1,125	1,131
917	874	850	832	790	774

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

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