STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

Washington; Appropriations; General Obligation

Primary Credit Analyst:
Gabriel J Petek, CFA, San Francisco (1) 415-371-5042; gabriel.petek@standardandpoors.com

Secondary Contact:
David G Hitchcock, New York (1) 212-438-2022; david.hitchcock@standardandpoors.com

Table Of Contents

Washington; Appropriations; General Obligation

Credit Profile		
US$354.08 mil var purp GO bnds ser 2014D due 02/01/2039		
Long Term Rating	AA+/Stable	New
US$273.33 mil mtr veh fuel tax GO bnds ser 2014E due 02/01/2039		
Long Term Rating	AA+/Stable	New
US$88.11 mil GO bnds ser 2014T-2 due 02/01/2022		
Long Term Rating	AA+/Stable	New
Washington GO		
Long Term Rating	AA+/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA+' long-term rating to the state of Washington's:

- $355.08 million various purpose general obligation (GO) bonds, series 2014D;
- $273.33 million motor vehicle fuel tax (MVFT) GO bonds, series 2014E; and
- $88.11 million GO bonds series 2014T-2 (taxable).

At the same time, we affirmed our 'AA+' long-term rating and underlying rating (SPUR) on the state's existing GO and MVFT GO debt. The outlook on all long-term ratings and SPURs is stable. In addition, we also affirmed our 'AA' rating on the state's appropriation-backed debt.

The ratings reflect our view of the state's:

- Relatively well-educated workforce and good income indicators;
- Sales tax-based revenue structure that exhibits sensitivity to economic cycles but to a lesser degree than those of states that rely primarily on personal and corporate income taxes;
- Good internal access to sources of liquidity;
- Strong financial policies and practices, including new statutory provisions requiring that the state's biennial budget and projected subsequent two fiscal years' spending plans be balanced; and
- Moderately high per capita debt burden but well-funded pension plans.

The state's full faith, credit, and taxing powers secure the new GO bonds. The state's MVFT GO bonds are first payable from state excise taxes on motor vehicle and special fuels. According to the state Treasurer's office, proceeds from the GO bonds will be used to provide funds to pay and reimburse state expenditures for various capital projects and state programs for Columbia River Basin water supply development, for Hood Canal aquatic rehabilitation, and for riparian protection. The MVFT GO bonds are being issued to provide funds to pay and reimburse state expenditures for various transportation projects.

The state will have a total of $19 billion of GO bonds outstanding after the current offering. Of this, $7.56 billion of the state's GO debt is payable first from state excise taxes on motor vehicle and special fuels or toll revenue. The state also has $1.02 billion of certificates of participation, and other appropriation-backed debt outstanding. Of this, $83.3 million is GO debt of various local agencies within the state and is a contingent obligation of the state government in the event of nonpayment by a local government agency.

In December 2013, Governor Jay Inslee put forward his supplemental budget proposal for the second year of the state's 2013-2015 two-year budget. After having had to solve a projected $2.5 billion budget shortfall coming into the current budget period, the governor proposed to close out the biennium with a "hold steady" approach. As such, the proposal for fiscal 2015 would add about $150 million in spending (for a total of $32.8 billion for the two years) mostly to accommodate caseload growth. The state's Economic and Revenue Forecast Council (EFRC) raised its revenue forecast for the biennium in September by $345 million and another $11 million in November. The higher than originally expected revenue growth brings its projected ending balance to $378 million compared with the $53 million expected at the time the budget was enacted. The budget also included a $309 million transfer to the state's budget stabilization account. Including about $3 million in expected interest earnings, the state's total ending and reserve balances should sum to about $960 million, or almost $330 million above what it expected upon budget enactment. Of the state's total expected spending, including the governor's supplement, reserves of this amount would approach equaling approximately 6% of one-year's spending.

Prior to the enactment of the current budget, one of the main sources of fiscal pressure was a 2012 State Supreme Court ruling (McCleary vs. State of Washington), which found that the state was underfunding its kindergarten through grade 12 education system. Although the legislature struggled to agree on how it should be allocated, there was broad consensus on the need for about $1 billion in additional education spending in the biennium. Additional spending is likely to be required again in future biennia, and the state expects fiscal pressure from the court's ruling to persist.

Because of a 2012 statute, the legislature was required to enact a budget that the state projects will remain balanced through four fiscal years. We believe the provision encourages greater use of ongoing solutions to budget shortfalls. We only consider about 11% ($277 million) of the recently enacted deficit solutions to be nonrecurring.

In general, Washington's approach to financial management is strong, in our view, as reflected in our financial management assessment (FMA) and budget management scores. Well-established economic and revenue forecasting and increasingly refined debt management practices and oversight served the state's credit quality well during the recession and its aftermath. Forward-looking state policies facilitate budget practices we view as prudent, including minimal reliance on payment deferrals or other one-time responses to anticipated budget gaps.

As it has since 2000, Washington's economy is expanding at a faster clip than the nation. In 2013, real state GDP expanded at an estimated 2.4% rate, well ahead of the national growth rate of 1.9%. Since 2000 and through 2012, the state's real GDP compound annual growth rate has been 2.22% compared with the U.S., which grew at 1.53%. More recently, the state's relative performance has been even better, with real GDP growth of 3.63% in 2012 versus the nation, which expanded at 2.8%. Looking ahead, according to the IHS Global Insight model, we estimate that the state's economy expanded by about 2.4% in 2013 and should grow by 2.5% and 3.1% in 2014 and 2015. Using the same source of data, we estimate that state personal income increased 3.2% in 2013 and is poised to accelerate somewhat at 5.1% and 4.9% in 2014 and 2015. The ERFC forecast is similar and estimates that state personal income grew at 3.1% in 2013. The EFRC is forecasting personal income growth to be slightly above 5.0% in 2014 and 2015.

Personal income is getting a boost from strong employment trends in the high-wage software industry.

Overall, employment trends, which had been outpacing the nation, fell behind the U.S. in November. During the 12 months ending in November 2013, the state had added 49,100 nonfarm jobs, representing a 1.42% increase. Nationally, nonfarm payrolls increased 1.71% during the same period. At this point, the state had recovered 153,900, or 77%, of the total jobs lost from peak employment in March 2008 to the trough of the Great Recession in February 2010. Employment gains have been strongest in the state's trade, transportation, and utilities (up 3.6% year over year); leisure and hospitality (2.6%); and educational and health services (2.2%) sectors. At the end of August, Washington's unemployment rate, at 6.8%, nevertheless remained lower than the nation's 7.0%.

Washington's economy averted a blow when Boeing and its machinists' union agreed to terms on a new labor contract. Absent a new agreement, Boeing, the largest employer in the state, had indicated that it would consider locating the manufacture of its new 777X jetliner in a different state. Although Washington's economy has diversified over the years, a Boeing decision to locate the 777X project elsewhere would have represented a potential economic setback. The firm currently employees about 85,000 and is at the center of the state's broader aerospace nexus, an industry that employs more than 130,000 in the state.

Construction and real estate gave a boost to the state's recovery, especially in 2012 and through the first quarter of 2013. Housing starts have subsequently cooled off, contributing to the slightly weaker jobs numbers cited above, even as home prices continue to rise. New housing permits issued during the first quarter increased at an annualized rate of 83% compared with the fourth quarter of 2012, only to fall by 65% in the second quarter. That said, the annualized rate of issued housing permits stabilized and then increased by 37% in the third and fourth quarters, respectively. For the year, housing permits still managed to increase by 8.2% in 2013. Even so, according to the S&P/Case-Shiller Home Price Index, home prices in the Seattle metro area increased 13% in the 12 months through October 2013. Prices are also 20% above the trough they reached in November 2011.

Although as of August 2013, the earlier trends had lifted construction sector employment growth to 4.9% year-over-year, as of November, construction employment is 0.1% below where it was 12 months prior. Total construction employment peaked at 211,600 in June 2007 before falling 36% to 135,400 as of October 2011. And as of November 2013, construction employment had only recovered 3.8% since then. Higher mortgage rates and a slower real estate market have also taken their toll on the state's financial activity employment. Through November, jobs in this sector have declined by about 700, or 0.5% compared with November 2012. Housing permits and construction and financial activity employment all remain well below pre-recession highs. Even after increasing 34% in 2012 and another 8.2% in 2013 to reach 33,014, the state is only at 62% of peak number of housing permits issued, which occurred in 2005. Construction and financial activities are still below peak by 50.6% and 11.8%, respectively.

For December 2013, the state treasury and treasurer's trust fund's month-end cash balance was $4.56 billion, above the $4.0 billion balance at the same time in 2012. Average daily balances have also increased, to $4.3 billion in November 2013 versus $4.0 billion for the 12 months ending in November 2013. Investments are conservative, in our view, with an average of 66.9% of funds invested in U.S. Treasurys and agencies in August 2013. Repurchase agreements, which are subject to a maximum term of 180 days, represented 8.1% of investments. In addition to the state's investment guidelines, state policies require that collateral in repurchase agreements for U.S. Treasury, agency, and money market instruments be priced at 102% of market value. Mortgage-backed repurchase agreements of more than seven days are subject to a higher, 105% requirement.

As of the end of fiscal 2013, the state's direct tax-supported debt burden ($19.2 billion in GO and appropriation-backed bonds outstanding) was moderately high, in our opinion, at $2,784 per capita (based on the U.S. Census 2012 state population of 6.9 million), 6.05% of total personal income (2012), and 5.11% of state gross domestic product (2012).

Unlike 15 other states in the U.S., Washington maintains a positive balance in its unemployment insurance fund -- $3.1 billion as of Nov. 30, 2013 -- sufficient to fund benefits for an estimated 14.7 months.

Based on the analytic factors we evaluate for states, on a scale of 1 (strongest) to 4, we have assigned Washington a composite score of '1.8'.

Outlook

The stable outlook reflects our view that the state's liquidity, financial trends, and strengthening economy point to an improving financial position. Coupled with the state's strong financial management policies and institutions, we see the state's credit rating as stable through the outlook period. Although the pace of economic and job recovery has leveled off a bit recently, we believe the broader economic expansion is well-embedded enough to promote the state's ongoing recovery. In our view, the state's credit rating could come under negative pressure if -- in a more negatively trending economy – state lawmakers had difficulty reaching a timely resolution of any resultant budget deficit. (The fiscal 2013-2015 budget development process was more acrimonious than usual for the state.)

The state's automatic budget-stabilization fund deposits, which it continued to make despite the difficult budget process, are likely to serve its credit quality well when the economy -- and revenues -- take a negative turn. At present, the state is in a reserve rebuilding phase, which we view as important to the state's credit quality going forward. The state's tendency to deplete reserves during economic downturns limits the state's rating from rising.

At this stage, with a budget now in place, downside credit risk would likely have economic origins. If a sustained downturn were to emerge, it could give rise to fiscal pressure through the second year of the current biennium and make for a more complicated budgeting environment heading into 2015-2017. Federal debt limit deliberations inject a material amount of uncertainty to the state and national economic forecast, in our view, and could create weak credit conditions for the sector if a protracted breakdown in negotiations occurred among federal policymakers. We will continue to monitor developments in this area as it relates to state revenues and the overall budget balance.

Governmental Framework

The state's statutory requirement to adopt a balanced budget, when coupled with its financial management policies, encourages the state to manage toward ensuring its ongoing fiscal solvency. Legal protections for the state's GO debt include a specific constitutional requirement that the legislature make appropriations in the budget for the interest and principal installment payments on its debt. Although neither state statute nor the state constitution provide that debt service be a priority relative to other state payment obligations, no other payment obligation enjoys a specific requirement that an appropriation be made. This has the practical effect of providing debt service with a strong legal position among the state's various payment obligations, in our view.

The governor has authority to make across-the-board reductions to spending allotments when a cash deficit in a particular fund is projected. However, authority to impose disbursement reductions does not include allotments for basic education, pension benefits, or GO debt service. The state's office of financial management monitors and makes recommendations about cash management activities to the governor.

An active voter initiative environment complicates the state's governmental framework. We have viewed the active voter initiative environment as limiting the state's fiscal flexibility somewhat. However, the legislature's willingness and ability to set aside provisions of voter-approved initiatives when fiscal conditions warrant has proven beneficial to credit quality, in our view. (Initiatives may be amended with a two-thirds vote of the legislature within two years of passage and a simple majority of the legislature thereafter.) We noted, for instance, that during the 2009-2011 biennium and during six of the past 12 years, the legislature temporarily suspended Initiatives 732 and 728 (for teacher cost-of-living salary increases and smaller class sizes, respectively). The initiatives were suspended again in the 2011-2013 biennium, and in the 2012 legislative session, the legislature repealed I-728 altogether. The legislature has also suspended I-732 again for the 2013-2015 biennium.

Similar to many other states, significant spending areas in the budget are largely nondiscretionary. The state approximates that as much as 60% of spending, primarily for K-12 education, Medicaid, foster care, debt service, and pensions, is effectively legally required by some combination of state constitution, statute, court decision, or federal mandate. In addition, Washington voters have, over the years, approved initiatives that have reduced the revenue and spending autonomy of the state. In the current budget cycle, a voter initiative added $281 million to the state deficit (through fiscal year 2013) by repealing certain temporary taxes the legislature had adopted as a component of balancing the state budget.

During the 2011 legislative session, the legislature added a debt commission to the state's recently approved inaugural debt affordability study. The debt commission evaluated the state's use of debt and made policy or constitutional change recommendations, including creation of a new constitutional debt limit. Given that Washington's debt levels are somewhat higher than other states, we believe steps to contain the growth of its debt burden could have favorable implications for the state's credit quality.

In 2012, the legislature put on the ballot, and the voters subsequently approved, a constitutional amendment related to the prior state debt limit. The amendment lowers the limit on the state's annual debt service to 8% of a six-year moving average of general fund revenue from 9% of a three-year moving average. Finally, in 2012, the legislature approved reducing early retirement benefits for newly hired employees in three state pension plans and began phasing in a reduction of the assumed rate of return for its pensions.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '1.8' to Washington's governmental framework.

Financial Management

Financial management assessment (FMA): "strong"

We consider the state's financial management practices "strong" under our FMA methodology. An FMA of strong indicates our view that practices are strong, well embedded, and likely sustainable. The state ERFC, which is made up of representatives appointed by the governor's office, both houses of the legislature, and both major political parties, as well as the state treasurer, produces an analytical report on economic and revenue performance each month and, by statute, presents quarterly revenue forecasts covering the current and upcoming biennium. The state uses the council's forecasts, which are based on a modified IHS Global Insight model of the U.S. economy, to set revenue parameters at biennial budget adoption. The state has a record of making budget adjustments within the biennium when the forecast council materially changes its projections. Beginning with the fiscal 2013-2015 biennium, a new state law requires the legislature to balance not just the biennial budget but also the spending and revenues anticipated for the subsequent two-year period. In addition, three times per year, the state convenes a Caseload Forecast Council, which forecasts service requirements in such areas as public assistance, state corrections, medical assistance, and K-12 education. The executive branch uses these forecasts, along with historical expenditures, to formulate budget proposals and mid-biennium revisions.

Further guiding budgeting decisions is a rolling, four-year general fund forecast maintained by the governor's Office of Financial Management. The state uses these forecasts to quantify the timing and scope of potential deficits in the subsequent biennium and, in some cases, to begin to address structural imbalances before the next budget cycle begins. Although the state does not have a minimum reserve policy, the state constitution requires the state to set aside 1% of most unrestricted state revenues in each fiscal year into a budget-stabilization fund, a form of "rainy day" fund. That fund can be tapped under a provision allowing the state to draw on the fund when employment growth falls below 1%, in the event of a catastrophic emergency, or by a 60% supermajority vote of the legislature. The state did not tap it in the 2011-2013 biennium. When the fund reaches 10% of estimated general state revenues in that fiscal year, the state can also draw excess funds for education capital projects. In addition, in November 2011, voters approved a measure requiring that any revenue growth that exceeds by one-third the average biennial growth in state revenues during the prior five biennia be transferred to the budget-stabilization account.

Other policies and practices include:

- Capital spending that the state budgets for on a biennial schedule but plans on a rolling, 10-year basis and includes funding sources;
- A formal investment management policy that covers eligible investments, maximum maturities (10 years), allocations of nongovernment securities, and internal and external controls; and
- Debt management under an issuance policy that, among other elements, addresses refunding savings thresholds.

Budget management framework

Washington adheres to budget management practices we consider generally strong. Across different gubernatorial administrations, when confronted with projected budget gaps, the state's political leadership has demonstrated a willingness to consider difficult fiscal adjustments, including both expenditure and revenue measures. In addition, when deficits emerge mid-cycle, the state has generally responded with timely corrective actions. Revenue projections are apolitical and developed according to the state's independent revenue forecasts. When deficits do emerge, however, the state tends to include nonrecurring measures among its solutions, and its updates to actual fiscal performance that include both revenue and spending trends are not regularly available at intra-year intervals.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '1.5' to Washington's financial management.

Economy

Washington's economy enjoys several fundamental strengths, including an above-average education level among its populace (30% of whom have bachelor's degree or higher). Other positive features of the state's economy are its consistently strong population growth trends (4.4% faster than that of the U.S.), relatively low age-dependency ratio (55.6), good per capita gross state product (110% of the nation), and good per capita incomes (105% of the U.S.). For 2012, unemployment stood at 8.2% in Washington, only slightly above the national jobless rate of 8.1%. During 2013, the state's unemployment rate has fallen faster than the nation's and as of November stood at 6.8% versus the nation's 7.0%.

Economic development prospects remain good in our view. Boeing, the state's largest employer, is benefitting from the global recovery in passenger and cargo air traffic increases. The firm currently has an approximately seven-year backlog of orders for aircraft.

Washington continues to be a leading export state in the nation. The state's exports grew 7.0% through the first quarter of 2013 compared with the prior year. Although transportation-related exports (airliners in particular) have softened recently, the state's nontransportation export growth has remained strong.

High-paying jobs with both of the state's largest employers, Microsoft and Boeing, support the state's forecasts for a personal income growth rate in excess of that of the U.S. through the forecast's timeframe of 2015 despite a similar overall job growth rate. State-projected 5.2% and 5.1% rates of nominal personal income growth in 2013 and 2014 (calendar), respectively, exceeded the state's forecast of fiscal year 2013 and 2014 cumulative general fund revenue growth of 4.9%. The divergence in the growth rates indicates relatively stronger economic activity among the higher value sectors in the state and partly reflects the fact that the state does not levy a personal income tax.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '1.4' to Washington's economy.

Budgetary Performance

Liquidity

Washington's liquidity has strengthened markedly. And although it is common that, in some months, the state's general fund cash balances fall into negative territory, they have done this much less so in recent months. For example, in December 2013, the state's general fund cash deficit was $292 million, less than half the $743 million negative position it held as of December 2012. When general fund cash is negative, the state has access to cash for liquidity in its treasury and treasury trust funds, the former of which is subject to legislative appropriation. This cash is held in the custody of the state treasurer, who invests it on a comingled basis. As a result of its good access to internal liquidity, the state does not rely on external borrowing for cash flow management. As such, we continue to view the state's internal liquidity sources as sufficient to support its general fund budget operations -- which we anticipate will continue to track an improving trajectory along with state revenues and the economy more broadly.

Audited financial performance

The state has a strong track record of maintaining good reserves, but the recession took its toll. As of June 30, 2010, the state's unreserved fund balance on a Generally Accepted Accounting Principle basis stood at just $302 million, or 1.2% of expenditures. But as of the end of fiscal 2013, the state's assigned and unassigned fund balance (under a Governmental Accounting Standard Board Statement 54 presentation) was much stronger, at $974 million or 4.1% of expenditures. During expansionary phases of the economic cycle, the state consistently returns operating surpluses and good reserve positions. State authority to defer payments, borrow from the treasury and treasurer trust funds, and issue cash flow notes, if needed, all serve as contingency liquidity measures, but the state managed through the Great Recession without taking these steps. The absence of a formal policy for the state's minimum budget reserve level allows for low balances to persist through protracted periods of economic and revenue softness.

The state's reliance on retail sales and business and occupation (gross receipts) taxes for a combined 69% of general fund tax revenues (on a budgetary basis) typically affords more revenue stability than other states enjoy because many of them rely on personal income tax revenues. Spending priorities are regularly evaluated through the state's "priorities of government" approach to zero-based budgeting. Independent and formal revenue and caseload forecasts inform budget decisions, and political leaders have demonstrated a willingness to make difficult adjustments when necessary.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of '1.9' to Washington's budget performance.

Debt And Liability Profile

As noted, Washington's debt is moderately high by several of our measures. Debt pay down is average, in our view, with 44% of outstanding principal amortized over 10 years. Gross GO and lease appropriation-backed debt service is moderate, at 5.56% of general governmentwide (all funds) spending in fiscal year 2013 (audited). Portions of the state's debt are funded from self-supporting or reimbursable sources, however. Considering just the general fund, adjusted for these offsetting revenues, we estimate that debt service was 6.0%, moderate in our view. We anticipate that continuing transportation needs, including two major urban highway projects, will likely translate into continuing GO issuance in the next two to three years. The state currently projects that it may issue approximately $824 million in new GO and MVFT GO bonds in July 2014. The state also estimates that it may issue around $50 million in certificates of participation in 2014.

Pension plans are well funded

Long-term state liabilities include those related to the state's pension system and retiree health care. As of June 30, 2012, the actuarial accrued liability (AAL) of the defined-benefit portion of the state's 12 pension plans totaled $66.3 billion. Actuarial assets of $63.1 billion in aggregate accounted for 95.2%. of the AAL. The funded ratio improved after changes to the plan 1 (Public Employee Retirement System -- PERS -- and Teacher Retirement System -- TRS). During its 2011 session, the legislature rescinded automatic cost of living adjustments (COLAs) to the PERS plan 1 and the TRS plan 1. Elimination of the UCOLA reduces the plan 1 unfunded actuarial accrued liabilities (UAAL) to $5.73 billion (estimated as of June 30, 2012) from $6.88 billion (estimated in 2010).

Based on the most recent comprehensive annual financial report, in 2013 (reflecting actuarial data through fiscal 2012), the state's total UAAL for its pension plans was $4.1 billion, equal to $472 per capita (using 2012 U.S. Census population figures), which we view as lower than average. Relative to total personal income, it is 1.0%, which is low in our view (which we score as "strong"). The state's contributions to the pension funds equaled $398 million in fiscal 2013, equal to a low 1.67% of general fund expenditures. Although the state makes its required contributions to each plan as set forth in the plans' respective funding policies, contributions tend not to equal the annual required contributions (ARC). For fiscal year 2013, the total contributions from the state and other plan participants equaled 75% of the ARC.

OPEB is funded on a pay-as-you-go basis

Other postemployment benefits (OPEB) are funded on a pay-as-you-go basis. The state's OPEBs produce an implicit liability from allowing retired employees to purchase health, life, and vision insurance in the same pool as current employees at a subsidized rate. The explicit benefit subsidizes retired members' monthly premiums for enrollment in Medicare Parts A and B. On an actuarial basis, the state's portion of the AAL made up $3.71 billion of the total, and the annual OPEB cost was $347 million in fiscal year 2013, according to the state's fiscal 2013 audited financial statements. The state contributed $69.1 million for current pay-as-you-go expenses for retiree benefits, equal to less than 1% of annual general fund expenditures that same year. We understand that the state does not plan to fully fund the ARC for the foreseeable future.

On a scale ranging from 1 (strongest) to 4, we have assigned a score of 2.2 to Washington's debt and liability profile.

Related Criteria And Research

Related Criteria

- USPF Criteria: State Ratings Methodology, Jan. 3, 2011
- USPF Criteria: Appropriation-Backed Obligations, June 13, 2007

Related Research

U.S. State And Local Government Credit Conditions Forecast, Dec. 17, 2013

Ratings Detail (As Of January 13, 2014)		
Washington certs of part (Washington St Dept of Gen Admin Tacoma Co-Location Proj) dtd 12/01/1996		
Long Term Rating	AA/Stable	Affirmed
Washington motor veh fuel tax GO rfdg bnds		
Long Term Rating	AA+/Stable	Affirmed
Washington motor veh fuel tax GO rfdg bnds ser R-2013B		
Long Term Rating	AA+/Stable	Affirmed
Washington mtr veh fuel tax go bnds ser 2004C dtd 08/06/2003 due 06/01/2009-2030		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington mtr veh fuel tax GO bnds ser 2013B-1&2 due 08/01/2042		
Long Term Rating	AA+/Stable	Affirmed

Ratings Detail (As Of January 13, 2014) (cont.)		
Washington mtr veh fuel tax GO rfdg bnds		
Long Term Rating	AA+/Stable	Affirmed
Washington various purp gen oblig bnds		
Long Term Rating	AA+/Stable	Affirmed
Washington various purp GO rfdg bnds ser R-2014A due 07/01/2020		
Long Term Rating	AA+/Stable	Affirmed
Washington var purp GO rfdg bnds ser R-2013C		
Long Term Rating	AA+/Stable	Affirmed
Washington GO		
Long Term Rating	AA+/Stable	Affirmed
Washington GO bnds		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO bnds ser 2013T due 08/01/2018		
Long Term Rating	AA+/Stable	Affirmed
Washington GO Mtr Veh Fuel Tx		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO & mtr veh fuel tax (MBIA/National)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO (wrap of insured) (AMBAC) (ASSURED GTY - SEC MKT)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO (wrap of insured) (FGIC & AGM) (SEC MKT)		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Washington GO (Motor Vehicle Fuel Tax)		
Long Term Rating	AA+/Stable	Affirmed
Washington certs of part rfdg (Dept of Ecology St Office Bldg Proj) ser RE-2003-B		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Washington GO		
Unenhanced Rating	AA+(SPUR)/Stable	Affirmed
Aberdeen, Washington		
Washington		
Aberdeen (Washington) spl rfdg rev bnds (Stafford Creek Corrections Ctr) ser 2009		
Long Term Rating	AA/Stable	Affirmed
FYI Properties, Washington		
Washington		
FYI Properties (Washington) Lease rev bnds (State Of Washington Dis Proj) ser 2009		
Long Term Rating	AA/Stable	Affirmed

Many issues are enhanced by bond insurance.