

State of Washington

FY 2016 Statewide Cost Allocation Plan FY 2014 Section II Billed Costs Documentation

**Based on Actual Expenditures
And Data Incurred During
The Fiscal Year Ended
June 30, 2014**



OF AMERICA, INC.

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***1. OFFICE OF THE ATTORNEY GENERAL – ACCOUNT 405
LEGAL SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Office of the Attorney General
Account 405 - Legal Services**

I. Service Description

The Office of the Attorney General (AGO) is the legal counsel for state government. The duties and responsibilities of the AGO include:

- Appearing for and representing the state before the supreme court or the court of appeals in all cases in which the state is interested;
- Instituting and prosecuting all actions and proceedings for, or for the use of the state, which may be necessary in the execution of the duties of any state officer;
- Defending all actions and proceedings against any state officer or employee acting in his or her official capacity, in any of the courts of this state or the United States;
- Consulting with and advising county prosecuting attorneys in matters relating to the duties of their office in which they are conflicted, and when the interests of the state require, he or she shall attend the trial of any person accused of a crime, and assist in the prosecution;
- Consulting with and advising the governor, members of the legislature, and other state officers, and when requested, give written opinions upon all constitutional or legal questions relating to the duties of such officers;
- Preparing proper drafts of contracts and other instruments relating to subjects in which the state is interested;
- Giving written opinions, when requested by either branch of the legislature, or any committee thereof, upon constitutional or legal questions;
- Enforcing the proper application of funds appropriated for the public institutions of the state, and prosecute corporations for failure or refusal to make the reports required by law;
- Keeping in proper books a record of all cases prosecuted or defended by him or her, on behalf of the state or its officers, and of all proceedings had in relation thereto, and deliver the same to his or her successor in office; and
- Keeping books in which he or she shall record all the official opinions given by him or her during his or her term of office, and deliver the same to his or her successor in office.

II. Billing Methodology

Costs of AGO services are billed to state agencies based actual costs and hours converted to full-time equivalent positions (FTE) of services provided. Costs are billed to agencies monthly. Direct litigation costs for travel, interpreter fees, expert witnesses,

court reporters and other direct case related costs are billed to agencies based on actual costs incurred.

Costs of staff time are billed based on actual legal services provided to the client agencies. Billings are determined by multiplying the applicable billable divisional monthly rate per full-time equivalent position (FTE) to the FTE effort provided each month. Monthly divisional per FTE rates are developed for an estimated 28 legal divisions. FTE rates include salaries, benefits, AGO administrative costs, and all indirect support costs. The divisional rates are reviewed monthly and are modified if costs are below revenue. The billing rates are initially tied to the state biennial budget process. Costs, hours, FTEs and demand are projected for the biennium and utilized to develop the divisional rates.

III. **Financial Statements**

Financial activities of the AGO that are billed to state agencies are recorded in an internal service fund, **405 Legal Services Revolving Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. **Operating Transfers**

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were operating transfers out during the fiscal year in the amount of \$976,000.

V. **Reconciliation**

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Deductions OMB A-87 Unallowable Costs – The salaries and fringe benefits of the Attorney General have been deducted.
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. Exhibit E allocates the SWCAP Section I amount to the programs within the Attorney General.

- Adjustments – Actual interest earnings incurred on the Account's assets. The information is accounted for and reported by the Office of the State Treasurer.
- OMB A-87 Retained Earnings Balance – Although the Account has a positive balance as of the end of the fiscal year, the Account's balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on the Office of the Attorney General. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
OFFICE OF THE ATTORNEY GENERAL
ACCOUNT 405 - LEGAL SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$18,465,235
Other Receivables (Net)	22,408
Due from Other Funds	14,714,062
Due from Other Governments	18,969
Inventories	99,784
Total Current Assets	<u>33,320,458</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	5,323,381
Accumulated Depreciation	<u>(1,333,327)</u>
Total Noncurrent Assets	<u>3,990,054</u>
Total Assets	<u><u>\$37,310,512</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$936,802
Contracts and Retainages Payable	659,008
Accrued Liabilities	5,248,937
Due to Other Funds	947,969
Due to Other Governments	1,988
Unearned Revenue	1,512
Total Current Liabilities	<u>7,796,216</u>
Noncurrent Liabilities	
Other Long-Term Obligations	<u>5,977,151</u>
Total Noncurrent Liabilities	<u>5,977,151</u>
Total Liabilities	<u>13,773,367</u>
Net Position:	
Net Investment In Capital Asset:	3,990,054
Unrestricted Net Position	<u>19,547,091</u>
Total Net Position	<u>23,537,145</u>
Total Liabilities and Net Position	<u><u>\$37,310,512</u></u>

STATE OF WASHINGTON
OFFICE OF THE ATTORNEY GENERAL
ACCOUNT 405 - LEGAL SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$124,281,109
Miscellaneous Revenue	35,427
Total Operating Revenues	<u>124,316,536</u>
Operating Expenses	
Salaries and Wages	\$69,736,372
Employee Benefits	22,018,419
Personal Services	5,992,667
Goods and Services	20,173,014
Travel	619,740
Depreciation and Amortization	216,064
Miscellaneous Expenses	300,463
Total Operating Expenses	<u>119,056,739</u>
Operating Income (Loss)	<u>5,259,797</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	0
Other Revenues (Expenses)	803,901
Interest Expense	0
Total Nonoperating Revenue (Expenses)	<u>803,901</u>
Income Before Transfers	<u>6,063,698</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	<u>(976,000)</u>
Total Transfers	<u>(976,000)</u>
Change in Net Position	5,087,698
Net Position - Beginning of Year, as Previously Reported	18,449,447
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$23,537,145</u></u>

**STATE OF WASHINGTON
ACCOUNT 405 - LEGAL SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$13,494,952
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$124,281,109		
Earnings of Investments	0		
Miscellaneous Revenue	35,427		
Operating Transfers In			
Other Revenue	803,901		
Total Revenues			125,120,437
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	69,736,372		
Employee Benefits	22,018,419		
Personal Services	5,992,667		
Goods and Services	20,173,014		
Travel	619,740		
Depreciation and Amortization	216,064		
Miscellaneous Expenses	300,463		
Other Expenses	0		
Operating Transfers Out	976,000		
Total Per Financial Statements	120,032,739		
Deductions OMB A-87 Unallowable Costs			
Attorney General Salary & Fringe Benefits	(\$185,443)		
Other	0		
Total Deductions		(185,443)	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$401,195		
Other	0		
Total Additions		401,195	
Less OMB A-87 Allowable Expenditures			120,248,491
Plus Adjustments:			
Prior Period Adjustments		0	
FY 2014 Actual Interest Earnings - State Treasurer's Report		25,048	
Total Adjustments			25,048
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$18,391,946
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$20,005,405
Excess Balance (A) - (B)			(\$1,613,459)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$1,233,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In		\$0	
Less: Non-operating Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$1,233,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$3,721,496
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	(\$185,443)		
Additional OMB A-87 Allowable Costs	401,195		
Imputed Interest Earnings	(25,048)		
Total Adjustments			190,704
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$3,912,200

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$23,537,146
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STATE OF WASHINGTON
OFFICE OF THE ATTORNEY GENERAL
ACCOUNT 405 - LEGAL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE		REVENUE
	Charges for Services	
011	House of Representative	\$841
012	Washington State Senate	1,472
014	Joint Legislative Audit & Review	13,727
035	Office of the State Actuary	10,229
038	Joint Legislative Systems Commission	1,127
040	Code Revisor's Office	2,355
045	Supreme Court	30,622
048	Court of Appeals	30,227
050	Commission Judicial Conduct	12,147
055	Administrator for the Courts	159,573
056	Office of Public Defense	556
075	Office of the Governor	12,138
082	Public Disclosure Commission	176,634
085	Secretary of State	97,090
090	State Treasurer's Office	310,594
095	State Auditor's Office	224,929
099	Citizens Commission on Salaries	352
100	Attorney General's Office	3,025,135
101	Caseload Forecast Council (Gov)	1,738
102	Financial Institutions, Dept Of	617,496
103	Community, Trade & Econ Development, Dep	362,962
105	Financial Management, Office Of	175,556
106	Economic Development Finance Authority,	2,803
107	Health Care Authority	2,754,766
110	Administrative Hearings, Office Of	53,648
116	Lottery, Washington State	44,506
117	Gambling Commission	336,374
118	Hispanic Affairs	523
120	Human Rights Commission	240,317
124	Retirement Systems, Dept Of	1,001,274
126	Investment Board, State	333,192
135	Innovate Washington	13,105
140	Revenue, Dept Of	2,706,503
147	Minority and Women's Business Enterprise	239,105
148	Housing Finance Committee	6,880
159	General Administration, Dept Of-Tort Def	18,994,107
160	Insurance Commission Office	307,957
163	Consolidated Technology Services	12,148
165	Accountancy, Board Of	46,766
179	Enterprise Services, Department Of	509,769
185	Horse Racing Commission	28,255
190	Industrial Insurance Appeals	70,223

**STATE OF WASHINGTON
OFFICE OF THE ATTORNEY GENERAL
ACCOUNT 405 - LEGAL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE		REVENUE
195	Liquor Control Board	1,349,553
205	Pilotage Commission	56,757
215	Utilities and Transportation Commission	1,513,104
220	Volunteer Firefighters, Board Of	26,566
225	Patrol, Washington State	835,486
227	Criminal Justice Training Commission	135,776
228	Traffic Safety Commission, Washington	18,249
235	Labor and Industries, Dept Of	20,082,945
236	Labor and Industries, Dept Of-Bcu	360,740
240	Licensing, Dept Of	2,102,750
245	Military Department	215,773
275	Public Employment Relations Commission	46,006
300	Social and Health Services, Dept Of	32,739,980
303	Health, Department Of	4,364,611
304	Tobacco Settlement Authority	755
305	Veterans Affairs, Dept Of	63,169
310	Corrections, Department Of	4,407,052
315	Services for the Blind, Dept Of	7,386
340	Washington Student Achievement	16,455
341	LEOFF 2 Board	28,011
346	Higher Education Facilities Authority	1,458
350	Superintendent of Public Instruction	577,421
351	School for the Blind, Washington State	3,208
353	School for the Deaf, Washington State	7,351
354	Workforce Training & Ed Coord Board	5,270
355	Archaeology & Historic Preservation, Off	68,784
356	Life Sciences Discovery Fund Authority	25,145
357	Early Learning, Dept Of	549,666
359	Charter School Commission, WA	188,510
360	University of Washington	2,519,260
365	Washington State University	892,531
369	University of Washington-Tort Defense	27,761
370	Eastern Washington University	319,017
375	Central Washington University	240,143
376	Evergreen State College	137,521
380	Western Washington University	311,918
387	Arts Commission	4,430
390	Historical Society, Washington State	34,028
395	Eastern Historical Society, Washington S	6,509
405	Transportation, Department Of	3,873,193
406	County Road Administration Board	2,415
407	Transportation Improvement Board	6,243
410	Transportation Commission	11,105

STATE OF WASHINGTON
OFFICE OF THE ATTORNEY GENERAL
ACCOUNT 405 - LEGAL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE		REVENUE
411	Freight Mobility Strategic Investment Bo	1,202
460	Columbia River Gorge Commission	906
461	Ecology, Department Of	5,064,624
465	Parks and Recreation, Washington State	169,684
462	Pollution Liability Insurance Agency	46,962
467	Outdoor Recreation, Interagency Comm For	16,131
468	Environmental Hearings Office	35,301
471	Conservation Commission	7,128
477	Fish and Wildlife, Department Of	1,654,591
478	Puget Sound Partnership	6,632
490	Natural Resources, Department Of	2,601,829
495	Agriculture, Department Of	285,919
540	Employment Security, Department Of	1,405,073
699	Community & Technical Colleges, Board Of	1,755,170
Other		111,651
	Total Revenues Per CAFR	<u><u>\$124,316,537</u></u>

STATE OF WASHINGTON
OFFICE OF THE ATTORNEY GENERAL
ACCOUNT 405 - LEGAL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ALLOCATION OF ATTORNEY GENERAL SWCAP COSTS

PROGRAM	PROGRAM NAME	FTE COUNT	FTE %	SWCAP ALLOCATION
020	Consumer Protection	53.10	4.60%	22,914
030	Anti-Trust	6.70	0.58%	2,891
040	Agency Legal Services	929.70	80.51%	401,195
080	Consumer Protection	8.50	0.74%	3,668
085	Medicaid Fraud	32.20	2.79%	13,895
100	Torts	124.50	10.78%	53,726
TOTAL		1,154.70	100%	498,289

***2. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 422
EXECUTIVE MANAGEMENT***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 422 - Executive Management**

I. Service Description

The Executive Management Account is comprised of the programs responsible for administering, coordinating, and supporting the services provided by the Department Enterprise Services (DES). The Account includes the following two programs:

- Executive Support & Communications includes the DES Director, Deputy Director, their staff, and costs benefiting all DES programs and activities. The program also includes services as follows:
 - The Financial Office is responsible for providing a full range of accounting, budgeting, and financial reporting services for the Department, including: assuring DES compliance with state and federal financial policies and procedures, payroll and accounts payable processing, maintenance of accounting files and records, preparing and monitoring budgets, preparing financial statement and reports, and providing financial guidance.
- Statewide Vendor Desk maintains a central file that is used by all Washington State agencies to process payments to individuals and businesses.

II. Billing Methodology

DES allocates the costs of programs included in the Executive Management Account (agency indirect) to its operating divisions and programs. Costs are subsequently included in the development of operating program service and per hour labor rates. DES utilizes a cost allocation model comprised of detailed schedules identifying costs and their allocation by program and by activity.

The cost allocation model enable the accurate, systematic allocation of agency indirect costs to all benefiting divisions and programs, and the verification that all costs have been allocated accurately and in accordance with state and OMB Circular A-87 principles and policies. The model contains schedules that enable the verification that the costs allocated reconcile to DES's budget and expenditure reports; the data used to allocate costs reconciles to source documents; and the verification of the accuracy and appropriateness of allocations.

Agency indirect costs are allocated as follows:

- Executive Management costs are allocated on total department salaries.

III. Financial Statements

Financial activities of Executive Management are recorded in a sub-account or project of the internal service fund, **422 Enterprise Services Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Enterprise Services' financial statements. A reconciliation

of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. Exhibit F displays the allocation of all the DES SWCAP costs down to the sub-account level.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The interest earnings of Account 422 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to the Executive Management sub-account. Exhibit D provides the assignment of the interest earnings to the sub-Accounts comprising Account 422. The interest earnings have been allocated based on the average cash balances for the fiscal year. This section also includes a one-time adjustment amount associated with the movement of services between schedules.
 - OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year. Therefore, the Account's balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit E provides the Account's revenue by state agency.

This concludes the narrative information on DES Executive Management. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - EXECUTIVE MANAGEMENT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	(\$127,558)
Other Receivables (Net)	0
Due from Other Funds	135,702
Due from Other Governments	0
Prepaid Expenses	0
Total Current Assets	<u>8,144</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	0
Accumulated Depreciation	0
Total Noncurrent Assets	<u>0</u>
Total Assets	<u><u>\$8,144</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$5,245
Accrued Liabilities	117,922
Obligation for Capital - Short Term	0
Due to Other Funds	54,710
Unearned Revenues	0
Total Current Liabilities	<u>177,877</u>
Noncurrent Liabilities	
Obligation for Capital - Long-Term	0
Other Long-Term Obligations	231,295
Total Noncurrent Liabilities	<u>231,295</u>
Total Liabilities	<u>409,172</u>
Net Position:	
Net Investment In Capital Asset:	0
Unrestricted Net Position	<u>(401,028)</u>
Total Net Position	<u>(401,028)</u>
Total Liabilities and Net Position	<u><u>\$8,144</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - EXECUTIVE MANAGEMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$115,165
Miscellaneous Revenue	178
Total Operating Revenues	<u>115,343</u>
Operating Expenses	
Salaries and Wages	\$2,007,492
Employee Benefits	634,585
Personal Services	12,429
Goods and Services	(2,996,803)
Travel	5,869
Depreciation and Amortization	0
Miscellaneous Expenses	0
Total Operating Expenses	<u>(336,428)</u>
Operating Income (Loss)	<u>451,771</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	0
Other Revenues (Expenses)	0
Interest Expense	0
Total Nonoperating Revenue (Expenses)	<u>0</u>
Income Before Transfers	<u>451,771</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	0
Total Transfers	<u>0</u>
Change in Net Position	451,771
Net Position - Beginning of Year, as Previously Reported	77,327
Adjustments Applicable to Prior Year	<u>(930,126)</u>
Net Position - End of Year	<u><u>(\$401,028)</u></u>

**STATE OF WASHINGTON
ACCOUNT 422 - EXECUTIVE MANAGEMENT
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$349,696)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$115,165		
Earnings of Investments	0		
Miscellaneous Revenue	178		
Operating Transfers In	0		
Total Revenues			115,343
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	2,007,492		
Employee Benefits	634,585		
Personal Services	12,429		
Goods and Services	(2,996,803)		
Travel	5,869		
Depreciation and Amortization	0		
Miscellaneous Expenses	0		
Interest Expense	0		
Other Expenses	0		
Operating Transfers Out	0		
Total Per Financial Statements			(336,428)
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$17,876		
Other	0		
Total Additions			17,876
Less OMB A-87 Allowable Expenditures			(318,552)
Plus Adjustments:			
Prior Period Adjustments	(930,126)		
Imputed Interest Earnings (Exhibit D)	882		
Total Adjustments			(929,244)
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$845,045)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		(\$53,092)
Excess Balance (A) - (B)			(\$791,953)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$722,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$722,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			(\$294,977)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	17,876		
Imputed Interest Earnings	(882)		
Total Adjustments			16,994
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		(\$277,983)

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	(\$401,028)
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - EXECUTIVE MANAGEMENT
INTEREST EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
Executive Management *	\$1,738,207	\$0	\$869,104	5.68%	\$882
Facilities Management					
Allowable Services	2,043,168	1,307,182	1,675,175	10.94%	1,699
Unallowable Services	1,353,592	0	676,796	4.42%	687
Personnel Services	0	2,656,825	1,328,413	8.68%	1,348
State Motor Pool *	0	0	0	0.00%	0
Consolidated Mail	974,301	766,345	870,323	5.69%	883
Real Estate Services	131,176	166,664	148,920	0.97%	151
Printing Services	0	0	0	0.00%	0
Brokering	0	1,501,379	750,690	4.90%	761
Small Agency Services	0	41,430	20,715	0.14%	21
Other Services	<u>7,991,537</u>	<u>9,946,153</u>	<u>8,968,845</u>	<u>58.59%</u>	<u>9,097</u>
Totals	<u>\$14,231,981</u>	<u>\$16,385,978</u>	<u>\$15,308,979</u>	<u>100.00%</u>	<u>\$15,529</u>
Actual Interest Earnings for Fund 422 - FY 2014 State Treasurer's Report					\$15,529
* Negative balances were restated at \$0.					

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - EXECUTIVE MANAGEMENT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
179	Department of Enterprise Services	\$87,171
195	Liquor Control Board	27,994
Other	Not Specified	178
	Total Revenue Per CAFR	<u>\$115,343</u>

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - EXECUTIVE MANAGEMENT
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACCOUNTS</u>	<u>OBJECT A SALARIES & WAGES</u>	<u>PERCENT</u>	<u>SWCAP ALLOCATION</u>
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u><u>\$60,955,946</u></u>	<u><u>100.00%</u></u>	<u><u>\$542,799</u></u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***3. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 422
CONSOLIDATED MAIL SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information
Department of Enterprise Services
Account 422 - Consolidated Mail Services**

I. Service Description

Consolidated Mail Services (CMS) administered by the Department of Enterprise Services is the internal postal service for State agencies and some political subdivisions in western Washington. CMS provides comprehensive mail processing and delivery services in four distinct areas: agency-to-agency (interagency) mail, incoming and outgoing mail from and to the United States Postal Service (USPS), inserting warrants and documents, and presorting of outgoing mail to USPS.

II. Billing Methodology

CMS recovers its costs through charge-back service rates and actual charges for USPS postage. CMS utilizes a rate development model comprised of detailed schedules identifying proposed costs by cost category and by activity. The model also documents the assignment of costs to activities, the assignment of each activity to a rate, and the development of per unit service and per hour labor rates.

Rates are reviewed every two years in conjunction with the state biennial budget process and normally set for the two years of the biennium. However, rates are monitored monthly and may be revised if costs or revenues/demand are significantly more or less than projected. The status of the fund balance is also considered in either increasing or reducing rates.

Rates are developed for the following:

- Agency mail: Bi-annually, measure and count letters and boxes coming out of each mail stop location.
- Incoming mail: Bi-annually, measure and count letters and boxes going to each mail stop location.
- Insert: By number of job set-ups and number of pieces inserted into each envelope. Postage is pass-thru.
- Presort: By number of accounts, number of envelopes and number of service activities applied to each envelope; i.e., metering; re-metering; fast forward; address correction. Postage is pass-thru.
- Distribution: In Thurston County by number of times each mailstop requires CMS to pick-up/deliver.
- Applicable direct and allocated costs are assessed to customers by applying a percent mark-up within the service activity rate.

III. Financial Statements

Financial activities of CMS are recorded in a sub-account or project of the internal services fund, **422 Enterprise Services Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal

Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. SWCAP costs associated with DES have been allocated to the account level on Exhibit F.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The interest earnings of Account 422 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to the CMS sub-account. Exhibit D provides the assignment of the interest earnings to the sub-accounts comprising Account 422. The interest earnings have been allocated based on the average cash balances for the fiscal year.
 - OMB A-87 Retained Earnings Balance – Although the Account has a positive balance as of the end of the fiscal year, the Account balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit E provides the revenue by state agency.

This concludes the narrative information on Consolidated Mail Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - CONSOLIDATED MAIL SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$766,345
Other Receivables (Net)	2,937
Due from Other Funds	1,935,264
Due from Other Governments	37,094
Prepaid Expenses	1,607,459
Total Current Assets	<u>4,349,099</u>
Noncurrent Assets:	
Other Improvements	280,920
Furnishings, Equipment & Collections	6,027,005
Accumulated Depreciation	(5,013,382)
Construction In Progress	66,791
Total Noncurrent Assets	<u>1,361,334</u>
Total Assets	<u><u>\$5,710,433</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$280,458
Accrued Liabilities	137,838
Notes & Leases Payable - ST	281,714
Due to Other Funds	74,896
Unearned Revenues	0
Total Current Liabilities	<u>774,906</u>
Noncurrent Liabilities	
Obligation for Capital - Long-Term	665,902
Other Long-Term Obligations	499,429
Total Noncurrent Liabilities	<u>1,165,331</u>
Total Liabilities	<u>1,940,237</u>
Net Position:	
Net Investment in Capital Asset:	0
Unrestricted Net Position	<u>3,770,196</u>
Total Net Position	<u>3,770,196</u>
Total Liabilities and Net Position	<u><u>\$5,710,433</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - CONSOLIDATED MAIL SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$24,367,723
Miscellaneous Revenue	388,440
Total Operating Revenues	<u>24,756,163</u>
Operating Expenses	
Salaries and Wages	\$2,727,918.00
Employee Benefits	1,339,582
Goods and Services	20,233,864
Travel	241,167
Depreciation and Amortization	418,628
Miscellaneous Expenses	31,956
Total Operating Expenses	<u>24,993,115</u>
Operating Income (Loss)	<u>(236,952)</u>
Non Operating Revenues (Expenses)	
Other Revenues (Expenses)	0
Interest Expense	(44,374)
Total Nonoperating Revenue (Expenses)	<u>(44,374)</u>
Income Before Transfers	<u>(281,326)</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	0
Total Transfers	<u>0</u>
Change in Net Position	(281,326)
Net Position - Beginning of Year, as Previously Reported	4,051,522
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$3,770,196</u></u>

**STATE OF WASHINGTON
ACCOUNT 422 - CONSOLIDATED MAIL SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$1,349,332
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services		\$24,367,723	
Miscellaneous Revenue		388,440	
Total Revenues			24,756,163
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages		2,727,918	
Employee Benefits		1,339,582	
Goods and Services		20,233,864	
Travel		241,167	
Depreciation and Amortization		418,628	
Miscellaneous Expenses		31,956	
Interest Expense		44,374	
Other Expenses		0	
Total Per Financial Statements		25,037,489	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs (Exhibit F)	\$24,291		
Other	0		
Total Additions		24,291	
Less OMB A-87 Allowable Expenditures			25,061,780
Plus Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit D)		883	
Total Adjustments			883
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$1,044,598
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$4,107,192
Excess Balance (A) - (B)			(\$3,062,594)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$2,074,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In		\$0	
Less: Non-operating Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$2,074,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$628,190
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		\$0	
Additional OMB A-87 Allowable Costs		24,291	
Imputed Interest Earnings		(883)	
Total Adjustments			23,408
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$651,598

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$3,770,196
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**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - CONSOLIDATED MAIL SERVICES
INTEREST EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACCOUNTS</u>	<u>BEGINNING CASH BALANCE</u>	<u>ENDING CASH BALANCE</u>	<u>AVERAGE CASH BALANCE</u>	<u>PERCENT</u>	<u>INTEREST EARNINGS</u>
Executive Management *	\$1,738,207	\$0	\$869,104	5.68%	\$882
Facilities Management					
Allowable Services	2,043,168	1,307,182	1,675,175	10.94%	1,699
Unallowable Services	1,353,592	0	676,796	4.42%	687
Personnel Services	0	2,656,825	1,328,413	8.68%	1,348
State Motor Pool *	0	0	0	0.00%	0
Consolidated Mail	974,301	766,345	870,323	5.69%	883
Real Estate Services	131,176	166,664	148,920	0.97%	151
Printing Services	0	0	0	0.00%	0
Brokering	0	1,501,379	750,690	4.90%	761
Small Agency Services	0	41,430	20,715	0.14%	21
Other Services	<u>7,991,537</u>	<u>9,946,153</u>	<u>8,968,845</u>	<u>58.59%</u>	<u>9,097</u>
Totals	<u>\$14,231,981</u>	<u>\$16,385,978</u>	<u>\$15,308,979</u>	<u>100.00%</u>	<u>\$15,529</u>
Actual Interest Earnings for Fund 422 - FY 2014 State Treasurer's Report					\$15,529
* Negative balances were restated at \$0.					

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - CONSOLIDATED MAIL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
011	House of Representatives	18,417
012	Senate	14,810
013	Joint Transportation Committee	991
014	Joint Legislative Audit and Review Commi	1,827
020	LEAP	1,429
035	Office of the State Actuary	1,591
037	Office of Legislative Support Services	1,150
038	Joint Legislative Systems Committee	1,847
040	Statute Law Committee	5,693
045	Supreme Court	5,038
046	State Law Library	8,005
048	Court of Appeals	3,704
050	Commission on Judicial Conduct	2,768
055	Administrative Office of the Courts	26,332
056	Office of Public Defense	3,445
057	Office of Civil Legal Aid	1,349
075	Office of the Governor	24,628
082	Public Disclosure Commission	6,243
085	Office of the Secretary of State	149,331
086	Governor's Office of Indian Affairs	400
087	WA ST Comm on Asian Pacific American Aff	33
090	Office of the State Treasurer	17,400
091	Redistricting Commission	(0)
095	Office of the State Auditor	15,648
099	Comm on Salaries for Elected Officials	101
100	Office of the Attorney General	133,779
101	Caseload Forecast Council	2,352
102	Department of Financial Institutions	30,607
103	Department of Commerce	26,305
104	Economic and Revenue Forecast Council	900
105	Office of Financial Management	12,423
107	State Health Care Authority	1,856,612
110	Office of Administrative Hearings	46,266
116	State Lottery Commission	39,447
117	WA State Gambling Commission	27,813
118	WA State Commission on Hispanic Affairs	48
119	WA State Comm on African-American Affair	240
120	Human Rights Commission	14,026
124	Department of Retirement Systems	336,665
126	State Investment Board	5,060

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - CONSOLIDATED MAIL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
140	Department of Revenue	813,782
142	Board of Tax Appeals	4,754
147	Office of Minority & Women's Business	9,064
160	Office of the Insurance Commissioner	47,883
163	Consolidated Technology Services	35,021
165	State Board of Accountancy	9,166
179	Department of Enterprise Services	1,382,995
185	Washington Horse Racing Commission	1,434
190	Board of Industrial Insurance Appeals	196,124
195	Liquor Control Board	85,506
215	Utilities and Transportation Commission	39,642
220	Board for Volunteer Firefighters & Reser	3,505
225	Washington State Patrol	220,030
227	WA State Criminal Justice Training Comm	8,958
228	Washington Traffic Safety Commission	4,137
235	Department of Labor and Industries	4,100,027
240	Dept of Licensing	1,212,983
245	Military Department	4,606
275	Public Employment Relations Commission	8,843
300	Dept of Social and Health Services	6,890,748
303	Department of Health	710,042
305	Department of Veterans' Affairs	42,919
310	Department of Corrections	309,272
315	Department of Services for the Blind	13,855
340	Council for Higher Education	55,412
341	LEOFF Plan 2 Retirement Board	1,568
350	Superintendent of Public Instruction	15,486
351	State School for the Blind	1,523
353	CTR for Childhood Deafness & Hearing Los	1,126
354	Work Force Training & Education Coor Boa	10,218
355	Dept of Archaeology & Historic Preservat	31,852
357	Department of Early Learning	54,690
359	Washington Charter School Commission	732
360	University of Washington	4,853
365	Washington State University	4,236
376	the Evergreen State College	97,173
387	Washington State Arts Commission	4,857
390	Washington State Historical Society	2,045
395	Eastern Washington State Historical Soci	24
405	Department of Transportation	366,033

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - CONSOLIDATED MAIL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
406	County Road Administration Board	2,703
407	Transportation Improvement Board	2,816
410	Transportation Commission	8
411	Freight Mobility Strategic Investment Bo	4,250
461	Department of Ecology	135,367
462	WA Pollution Liability Insurance Program	3,663
465	State Parks and Recreation Commission	32,333
467	Recreation & Conservation Funding Board	4,773
468	Environmental and Land Use Hearings Offi	8,875
477	Department of Fish and Wildlife	296,937
478	Puget Sound Partnership	2,644
490	Department of Natural Resources	80,590
495	Department of Agriculture	111,477
540	Employment Security Department	3,528,149
699000	Community and Technical College System	11,480
699037	Pierce College	1,843
699072	Shoreline Community College	1,179
699075	South Puget Sound Community College	516
699096	Clover Park Technical College	4,387
Other	Not Specified	870,328
	Total Revenues Per CAFR	<u><u>\$24,756,163</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - CONSOLIDATED MAIL SERVICES
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	OBJECT A SALARIES & WAGES	PERCENT	SWCAP ALLOCATION
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u><u>\$60,955,946</u></u>	<u><u>100.00%</u></u>	<u><u>\$542,799</u></u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***4. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 422
FACILITIES MANAGEMENT***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of General Administration
Account 422 – Facilities Management**

I. Service Description

The Department of Enterprise Services (DES) Facilities Division is responsible for the effective and efficient management, operation, and maintenance of state owned and leased facilities and grounds located on and off the Capitol Campus in the Olympia area. The Division also provides tailored, discretionary services for and at the request of tenants. A standardized level of service is provided by the Division for all state office facilities and grounds located on the Capitol Campus. Services include:

- Building Maintenance – A comprehensive set of mechanical, carpentry, electrical, plumbing, painting, power plant management, environmental, lock shop, and signage services.
- Grounds Maintenance – A comprehensive set of landscaping, street, parking lot, and garage services.
- Custodial services
- Refuse and recycling services

II. Billing Methodology

Division costs are funded primarily through rental rates based on square feet of space occupied, per hour labor rates for discretionary services, and an allocation based on the number of positions located in Thurston County. The Division utilizes a rate development model comprised of detailed schedules identifying proposed costs by cost category and by activity. The model also documents the assignment of costs to activities, the assignment of each activity to a rate, and the development of square footage, service, and per hour labor rates.

Rates are reviewed every two years in conjunction with the state biennial budget process and normally set for the two years of the biennium. However, rates are monitored monthly and may be revised if costs or revenues/demand are significantly more or less than projected. The status of the fund balance is also considered in either increasing or reducing rates.

Although all services charges must be paid by benefiting state agencies, not all Division charges are allowable charges to federally funded programs.

- **Federally Allowable Service Charges** – The following charges are for services which may be recovered from federal funding sources:
 - On-Campus Owned Office Facilities – A standardized level of service is provided by the Division for all state owned offices located on the Capitol Campus in Olympia. Costs of state owned facilities located on the Olympia campus are charged to state agencies on the square feet of space occupied. The rate is a single rate comprised of the total costs of operating and

maintaining all the facilities divided by the total square feet of all of the facilities.

- Off-Campus Owned Office Facilities - Service levels provided for office facilities and grounds not located on the Capitol Campus vary and are outlined in rental agreement with tenants. Per square foot rental rates are developed for each facility and charged to tenants based on square feet of space occupied.
- Leased Facilities - Service levels provided for leased facilities vary and are outlined in rental agreement with tenants. Per square foot rental rates are developed for each facility and charged to tenants based on square feet of space occupied.
- Discretionary services - Costs of tailored, discretionary services requested by state agencies are charged based on per hour labor rates and actual material costs.
- Refuse/Recycling – Costs of refuse and recycling services are recovered through dumpster tipping fees and recycle container handling fees.
- **Federally Unallowable Charges** – The following charges are for services which may not be recovered from federal funding sources:
 - Public & Historic Facilities (PHF) – This charge was previously identified as Seat of Government. Costs of maintaining, operating, and preservation of the Capitol Campus public and historic assets are charged to state agencies based on the number of full-time equivalent positions located in Thurston County.
 - Visitor Services – Costs associated with tour and information specialists providing a comprehensive tour and event management program on the Capitol Campus are funded through user fees and the PHF charge.

III. Financial Statements

Financial activities of the Division are recorded in a sub-account or project of the internal service fund, **422 Department of Enterprise Services Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position – The information is provided by project with the total of all projects associated with federally allowable services identified on the last page of the exhibit under the heading "Total Allowable Services".
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A. The information is provided by project with the total of all projects associated with federally allowable services identified on the last page of the exhibit under the heading "Total Allowable Services".

IV. Operating Transfers

- Transfers in – There were transfers in totaling \$5,822,000 associated with allowable buildings. The transfers are for the payment of bond principals and interest, and to provide funding for unusual or non-budgeted expenditures. All transfers in have been treated as an adjustment to contributed capital in Part II of the Federal Fund Reconciliation exhibit. The transfers in were for the following buildings.
 - Cherberg Building - \$696,000
 - O'Brien Building - \$3,644,000
 - Legislative Building - \$804,000
 - Pitchard Building - \$216,000
 - Institution Building - \$204,000
 - Washington Street Building - \$64,500
 - Pro Arts Building - \$193,500

2. Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87). The Reconciliation only includes the revenues and costs associated with the federally allowable services. Information on the Exhibit reconciles to the column labeled "Total Allowable Services" on Exhibit B.

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. SWCAP costs associated with DES have been allocated to the account level in Exhibit F. The portion attributable to unallowable services has been deducted. The allocation between allowable and unallowable services is based on salaries and wages.
 - Adjustments
 - Actual interest earnings incurred on the Account's assets. The interest earnings of Account 422 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to the Facilities Management. Exhibit D provides the assignment of the interest earnings to the sub-accounts comprising Account 422. The interest earnings have been allocated based on the average cash balances.

- OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year. Therefore, the Account’s balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF.
- Part II: OMB A-87 Contributed Capital Balance – The contributed capital balance has increased as a result of the three transfers previously identified.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit E provides the Account’s revenue by state agency.

This concludes the narrative information on Facilities Management. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
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EXHIBIT A

	DIVISION ADMIN. 6000	FACILITIES SVCS PHF 6050	FACILITIES SVCS RES MGMT FEES 6051	FACILITIES SVCS PARKING ADMIN 6052	ASSET MANAGEMENT 6110	ON-CAMPUS CHERBERG BUILDING 6121	ON-CAMPUS O'BRIEN BUILDING 6122	ON-CAMPUS LEGISLATIVE BUILDING 6123	ON-CAMPUS PITCHARD BUILDING 6124	ON-CAMPUS LICENSE BUILDING 6125	ON-CAMPUS BUILDING TWO 6126	ON-CAMPUS ARCHIVES BUILDING 6127
Assets:												
Current Assets:												
Cash and Cash Equivalents	(\$232,019)	(\$0)	(\$8,412)	(\$0)	\$698,410	(\$797,281)	\$588,158	(\$4,277,454)	(\$1,252,471)	(\$1,339,453)	\$1,734,467	\$398,651
Restricted Cash and Investments							13,333					
Other Receivables (Net)					4,095							
Due from Other Funds	15,977				41,359			35,932		103,795	231,416	95,735
Due from Other Governments												
Inventories												
Prepaid Expenses												
Total Current Assets	(216,042)	(0)	(8,412)	(0)	743,865	(797,281)	601,491	(4,241,522)	(1,252,471)	(1,235,658)	1,965,883	494,386
Noncurrent Assets:												
Land												
Buildings						9,085,220			58,676	765,550	5,928,876	
Other Improvements											4,204,187	
Furnishings, Equipment & Collections					1,952		330,238					
Accumulated Depreciation					(1,312)	(1,468,318)	(235,806)	(4,303)	(23,568)	(211,605)	(4,843,489)	(235)
Infrastructure (Other)					15,133		18,769	46,924	12,797	519,527	206,464	2,559
Construction In Progress					72,208							
Total Noncurrent Assets	0	0	0	0	87,981	7,616,902	38,167,348	42,620	47,906	1,073,472	5,496,038	2,325
Total Assets	(\$216,042)	(\$0)	(\$8,412)	(\$0)	\$831,846	\$6,819,621	\$38,768,840	(\$4,198,902)	(\$1,204,565)	(\$162,186)	\$7,461,921	\$496,711
Liabilities:												
Current Liabilities												
Accounts Payable	\$1,108		\$336		\$72,894	\$5,754	\$1,244	\$4,798	\$1,552	\$65,120	\$38,472	\$36,305
Bonds Payable												
Contracts and Retainages Payable							13,333					
Accrued Liabilities	51,632				65,730			0				
Obligation for Capital - Short Term							362,752	1,487,552	2,941	802	93,029	277,942
Due to Other Funds	10,364				19,787	1,440	3,204	2,593	275	5,529	8,863	10,048
Unearned Revenues					2,660							
Total Current Liabilities	63,103	0	336	0	161,070	369,946	1,505,334	10,332	2,629	163,679	325,277	46,514
Noncurrent Liabilities												
Obligation for Capital - Long-Term							5,200,000	31,731,417	16,042	4,375	394,994	4,280,585
Bonds Payable												875
Other Long-Term Obligations	26,468				121,632							
Total Noncurrent Liabilities	26,468	0	0	0	121,632	5,200,000	31,731,417	16,042	4,375	394,994	4,280,585	875
Total Liabilities	89,571	0	336	0	282,702	5,569,946	33,236,751	26,374	7,004	558,673	4,605,861	47,389
Deferred Inflows:												
Deferred Inflows on Refundings	0	0	0	0	0	0	0	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0	0	0	0	0	0	0	0	0
Net Position:												
Temporary												
Unrestricted Net Position	(305,613)	(0)	(8,748)	(0)	549,144	1,249,674	5,532,089	(4,225,277)	(1,211,569)	(720,858)	2,856,060	449,321
Total Net Position	(305,613)	(0)	(8,748)	(0)	549,144	1,249,674	5,532,089	(4,225,277)	(1,211,569)	(720,858)	2,856,060	449,321
Total Liabilities and Net Position	(\$216,042)	(\$0)	(\$8,412)	(\$0)	\$831,846	\$6,819,621	\$38,768,840	(\$4,198,902)	(\$1,204,565)	(\$162,186)	\$7,461,921	\$496,711

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	ON-CAMPUS NAT RESC BUILDING 6129	ON-CAMPUS EMPL SECUR BUILDING 612A	ON-CAMPUS ESD ANNEX BUILDING 612B	ON-CAMPUS TRANSP. BUILDING 612C	ON-CAMPUS GEN. ADM. BUILDING 612D	ON-CAMPUS INSURANCE BUILDING 612E	ON-CAMPUS OLD CAPITOL BUILDING 612H	ON-CAMPUS JUSTICE BUILDING 612J	ON-CAMPUS INSTITUTION BUILDING 612K	ON-CAMPUS POWER BUILDING 612N	OFF-CAMPUS MODULAR BUILDING 6131	OFF-CAMPUS RECORDS BUILDING 6132	OFF-CAMPUS WASH. ST. BUILDING 6133
Assets:													
Current Assets:													
Cash and Cash Equivalents	\$4,230,222	\$110,484		\$1,975,917	(\$294,377)	(\$492,625)	\$804,740	(\$653,984)	(\$697,248)	(\$1,868,588)	\$143,299	\$1,046,939	\$598,870
Restricted Cash and Investments													
Other Receivables (Net)													
Due from Other Funds	201,581	50,150		108,768	112,042	31,536	56,846	31,777			28,754	43,219	7,154
Due from Other Governments													
Inventories													
Prepaid Expenses													
Total Current Assets	<u>4,431,803</u>	<u>160,634</u>	<u>0</u>	<u>2,084,685</u>	<u>(182,336)</u>	<u>(461,089)</u>	<u>861,586</u>	<u>(622,207)</u>	<u>(697,248)</u>	<u>(1,868,588)</u>	<u>172,054</u>	<u>1,090,158</u>	<u>606,024</u>
Noncurrent Assets:													
Land													132,095
Buildings	696,547	88,014		88,014	88,014	58,676				355,455		3,904,570	437,492
Other Improvements	866,163	1,590,054		3,347,085	98,832	161,950	244,676			182,323	247,972		
Furnishings, Equipment & Collections	6,772			404,631						80,390			
Accumulated Depreciation	(1,095,626)	(1,623,323)		(3,655,580)	(132,424)	(186,769)	(244,676)	(1,955)		(443,248)	(247,972)	(767,899)	(256,285)
Infrastructure (Other)	204,757	20,476		254,240		26,448		21,329		478,402			
Construction In Progress	161,322											36,550	
Total Noncurrent Assets	<u>839,934</u>	<u>75,221</u>	<u>0</u>	<u>438,391</u>	<u>54,422</u>	<u>60,305</u>	<u>0</u>	<u>19,374</u>	<u>0</u>	<u>653,323</u>	<u>0</u>	<u>3,173,221</u>	<u>313,302</u>
Total Assets	<u>\$5,271,737</u>	<u>\$235,855</u>	<u>\$0</u>	<u>\$2,523,075</u>	<u>(\$127,914)</u>	<u>(\$400,784)</u>	<u>\$861,586</u>	<u>(\$602,833)</u>	<u>(\$697,248)</u>	<u>(\$1,215,266)</u>	<u>\$172,054</u>	<u>\$4,263,379</u>	<u>\$919,325</u>
Liabilities:													
Current Liabilities													
Accounts Payable	\$36,224	\$9,036		\$25,091	\$12,167	\$10,831	\$13,736	\$2,950	\$1,828	\$102,640		\$41,034	\$164
Bonds Payable													
Contracts and Retainages Payable	1,729											12,200	
Accrued Liabilities													
Obligation for Capital - Short Term	61,725	1,283		47,561	3,784	12,571		12,448		42,327		180,000	
Due to Other Funds	10,538	5,491		3,514	5,001	11,737	1,831	1,029	411		9,347		
Unearned Revenues													
Total Current Liabilities	<u>110,217</u>	<u>15,810</u>	<u>0</u>	<u>76,165</u>	<u>20,951</u>	<u>35,139</u>	<u>15,567</u>	<u>16,426</u>	<u>2,239</u>	<u>144,967</u>	<u>9,347</u>	<u>233,234</u>	<u>164</u>
Noncurrent Liabilities													
Obligation for Capital - Long-Term	254,931	7,000		117,079		25,740		29,556		107,036		1,825,000	
Bonds Payable													
Other Long-Term Obligations													
Total Noncurrent Liabilities	<u>254,931</u>	<u>7,000</u>	<u>0</u>	<u>117,079</u>	<u>0</u>	<u>25,740</u>	<u>0</u>	<u>29,556</u>	<u>0</u>	<u>107,036</u>	<u>0</u>	<u>1,825,000</u>	<u>0</u>
Total Liabilities	<u>365,148</u>	<u>22,811</u>	<u>0</u>	<u>193,244</u>	<u>20,951</u>	<u>60,879</u>	<u>15,567</u>	<u>45,983</u>	<u>2,239</u>	<u>252,003</u>	<u>9,347</u>	<u>2,058,234</u>	<u>164</u>
Deferred Inflows:													
Deferred Inflows on Refundings	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Position:													
Temporary													
Unrestricted Net Position	4,906,589	213,045		2,329,831	(148,865)	(461,663)	846,019	(648,816)	(699,487)	(1,467,268)	162,707	2,205,145	919,161
Total Net Position	<u>4,906,589</u>	<u>213,045</u>	<u>0</u>	<u>2,329,831</u>	<u>(148,865)</u>	<u>(461,663)</u>	<u>846,019</u>	<u>(648,816)</u>	<u>(699,487)</u>	<u>(1,467,268)</u>	<u>162,707</u>	<u>2,205,145</u>	<u>919,161</u>
Total Liabilities and Net Position	<u>\$5,271,737</u>	<u>\$235,855</u>	<u>\$0</u>	<u>\$2,523,075</u>	<u>(\$127,914)</u>	<u>(\$400,784)</u>	<u>\$861,586</u>	<u>(\$602,833)</u>	<u>(\$697,248)</u>	<u>(\$1,215,266)</u>	<u>\$172,054</u>	<u>\$4,263,379</u>	<u>\$919,325</u>

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	OFF-CAMPUS UNION AVE. BUILDING 6134	OFF-CAMPUS 600 S FRANK BUILDING 6135	OFF-CAMPUS CAP PARK BUILDING 6136	CONSERVATORY 6137	OFF-CAMPUS CAP COURT BUILDING 613D	OFF-CAMPUS DOLLIVER BUILDING 613E	OFF-CAMPUS THURSTON CO UNDEVELOP. 613F	WASH ST SE BUILDING 613G	PERRY ST BUILDING 613H	PRO ARTS BUILDING 613I	WHEELER PROJECT 613J	NON THUR KELSO BUILDING 6141	NON THUR YAKIMA BUILDING 6142
Assets:													
Current Assets:													
Cash and Cash Equivalents	(\$115,743)	\$1,618,266	(\$179,554)	(\$31,615)	\$1,839,114	\$233,372	(\$9,898)	(\$33,070)	(\$26,999)	(\$52,892)		\$816,547	(\$93,511)
Restricted Cash and Investments													
Other Receivables (Net)	2,015		15,559										
Due from Other Funds	286		9,685		96,296	29,750		2,088	21,938			93,089	647
Due from Other Governments													
Inventories													
Prepaid Expenses													
Total Current Assets	<u>(113,442)</u>	<u>1,618,266</u>	<u>(154,309)</u>	<u>(31,615)</u>	<u>1,935,410</u>	<u>263,122</u>	<u>(9,898)</u>	<u>(30,982)</u>	<u>(5,061)</u>	<u>(52,892)</u>	<u>0</u>	<u>909,636</u>	<u>(92,864)</u>
Noncurrent Assets:													
Land	133,725		254,658				26,409		136,130				176,452
Buildings	221,374		470,453	24,952	7,636,240	3,925,900		637,169	2,006,152	1,937,302		5,229,130	9,228,167
Other Improvements									76,204				
Furnishings, Equipment & Collections													18,613
Accumulated Depreciation	(143,568)		(275,096)	(24,952)	(2,044,049)	(1,075,226)		(261,947)	(833,490)	(226,010)		(1,360,941)	(2,706,245)
Infrastructure (Other)													
Construction In Progress					79,637								
Total Noncurrent Assets	<u>211,532</u>	<u>0</u>	<u>450,014</u>	<u>0</u>	<u>5,671,829</u>	<u>2,850,674</u>	<u>26,409</u>	<u>375,221</u>	<u>1,384,996</u>	<u>1,711,292</u>	<u>0</u>	<u>3,868,190</u>	<u>6,716,987</u>
Total Assets	<u>\$98,090</u>	<u>\$1,618,266</u>	<u>\$295,705</u>	<u>(\$31,615)</u>	<u>\$7,607,239</u>	<u>\$3,113,796</u>	<u>\$16,511</u>	<u>\$344,240</u>	<u>\$1,379,935</u>	<u>\$1,658,400</u>	<u>\$0</u>	<u>\$4,777,826</u>	<u>\$6,624,123</u>
Liabilities:													
Current Liabilities													
Accounts Payable	\$1,329		\$2,935		\$17,171	\$186		\$346	\$5,905	\$722		\$21,487	\$5,523
Bonds Payable													
Contracts and Retainages Payable									6,407				
Accrued Liabilities												5,577	5,912
Obligation for Capital - Short Term					374,281	160,000		40,000	140,000	125,000		420,000	535,000
Due to Other Funds				976		375			488			1,094	1,190
Unearned Revenues	3,663				2,807					1,217			
Total Current Liabilities	<u>4,993</u>	<u>0</u>	<u>2,935</u>	<u>976</u>	<u>394,259</u>	<u>160,561</u>	<u>0</u>	<u>40,346</u>	<u>152,800</u>	<u>126,939</u>	<u>0</u>	<u>448,158</u>	<u>547,625</u>
Noncurrent Liabilities													
Obligation for Capital - Long-Term					3,125,617	1,530,000		430,000	1,415,000	1,380,000			2,360,000
Bonds Payable													
Other Long-Term Obligations												2,841	4,051
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,125,617</u>	<u>1,530,000</u>	<u>0</u>	<u>430,000</u>	<u>1,415,000</u>	<u>1,380,000</u>	<u>0</u>	<u>2,841</u>	<u>2,364,051</u>
Total Liabilities	<u>4,993</u>	<u>0</u>	<u>2,935</u>	<u>976</u>	<u>3,519,876</u>	<u>1,690,561</u>	<u>0</u>	<u>470,346</u>	<u>1,567,800</u>	<u>1,506,939</u>	<u>0</u>	<u>450,998</u>	<u>2,911,675</u>
Deferred Inflows:													
Deferred Inflows on Refundings	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Position:													
Temporary													
Unrestricted Net Position	93,097	1,618,266	292,770	(32,590)	4,087,363	1,423,236	16,511	(126,106)	(187,865)	151,460		4,326,827	3,712,447
Total Net Position	<u>93,097</u>	<u>1,618,266</u>	<u>292,770</u>	<u>(32,590)</u>	<u>4,087,363</u>	<u>1,423,236</u>	<u>16,511</u>	<u>(126,106)</u>	<u>(187,865)</u>	<u>151,460</u>	<u>0</u>	<u>4,326,827</u>	<u>3,712,447</u>
Total Liabilities and Net Position	<u>\$98,090</u>	<u>\$1,618,266</u>	<u>\$295,705</u>	<u>(\$31,615)</u>	<u>\$7,607,239</u>	<u>\$3,113,796</u>	<u>\$16,511</u>	<u>\$344,240</u>	<u>\$1,379,935</u>	<u>\$1,658,400</u>	<u>\$0</u>	<u>\$4,777,826</u>	<u>\$6,624,123</u>

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	NON THUR ALASKA BUILDING 6143	NON THUR TACOMA BUILDING 6144	NON THUR NCGC 6145	PARKING 6150	TUMWATER OFFICE RECOVERY 6171	JEFFERSON 6174	L & I RESIDUAL 620L	SECURITY & ACCESS SYSTEMS 670S	CUSTODIAL 670A	REFUSE RECYCLE 670B	B & G ADMIN. 670M	B & G SUPPLY ADMIN. 670P	B & G MAINT OPERS 620R
Assets:													
Current Assets:													
Cash and Cash Equivalents	\$947,115	(\$6,335,777)	\$1,105,645	\$219,516	(\$189,826)		\$2,636,515	(\$784,205)	(\$90,972)	\$243,654	\$76,197	(\$409,332)	\$2,380,125
Restricted Cash and Investments													
Other Receivables (Net)		350						334					5,462
Due from Other Funds	16,430	217,396	15,053		168,922			151,411	326,447	5,478	2,021	2,589	296,421
Due from Other Governments		56,843	48,588										465
Inventories												53,299	
Prepaid Expenses					1,525,000								
Total Current Assets	963,544	(6,061,188)	1,169,285	219,516	1,504,096	0	2,636,515	(632,460)	235,475	249,132	78,218	(353,445)	2,682,473
Noncurrent Assets:													
Land			200,000	12,153	2,438,166								
Buildings	611,538	19,570,299	4,241,776		54,366,834								3,000
Other Improvements			839,731										
Furnishings, Equipment & Collections		1,091,908	304,520					477,515	31,190	575,501	20,179	516,066	806,565
Accumulated Depreciation	(433,702)	(6,704,684)	(5,219,331)		(15,770,134)			(197,375)	(24,823)	(318,061)	(20,179)	(108,699)	(469,376)
Infrastructure (Other)													
Construction In Progress			28,670										
Total Noncurrent Assets	177,836	13,957,523	395,366	12,153	41,034,866	0	0	280,140	6,366	257,440	0	407,366	340,189
Total Assets	\$1,141,381	\$7,896,335	\$1,564,651	\$231,669	\$42,538,962	\$0	\$2,636,515	(\$352,320)	\$241,841	\$506,572	\$78,218	\$53,922	\$3,022,662
Liabilities:													
Current Liabilities													
Accounts Payable	\$1,348	\$61,621	\$45,402		\$35,061			\$2,416	\$1,239	\$7,749	\$188	\$12,099	\$71,383
Bonds Payable					1,565,000								
Contracts and Retainages Payable													
Accrued Liabilities	827	47,701	29,580					10,745	151,728	13,146	6,011	7,456	291,389
Obligation for Capital - Short Term		1,115,000								42,019			
Due to Other Funds	1,488	909	12,021					15,440	22,785	5,865	48,875	4,976	64,059
Unearned Revenues		43,102	82,711										
Total Current Liabilities	3,662	1,268,332	169,714	0	1,600,061	0	0	28,601	175,752	68,779	55,074	24,531	426,832
Noncurrent Liabilities													
Obligation for Capital - Long-Term		4,250,000								183,784			
Bonds Payable					47,571,649								
Other Long-Term Obligations	542	1,294	23,230					35,394	624,903	39,451	5,563	29,632	402,127
Total Noncurrent Liabilities	542	4,251,294	23,230	0	47,571,649	0	0	35,394	624,903	223,235	5,563	29,632	402,127
Total Liabilities	4,205	5,519,627	192,944	0	49,171,710	0	0	63,995	800,655	292,013	60,637	54,163	828,958
Deferred Inflows:													
Deferred Inflows on Refundings	0	0	0	0	1,711,465	0	0	0	0	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0	1,711,465	0	0	0	0	0	0	0	0
Net Position:													
Temporary													
Unrestricted Net Position	1,137,176	2,376,708	1,371,707	231,669	(8,344,213)		2,636,515	(416,315)	(558,814)	214,559	17,581	(241)	2,193,704
Total Net Position	1,137,176	2,376,708	1,371,707	231,669	(8,344,213)	0	2,636,515	(416,315)	(558,814)	214,559	17,581	(241)	2,193,704
Total Liabilities and Net Position	\$1,141,381	\$7,896,335	\$1,564,651	\$231,669	\$42,538,962	\$0	\$2,636,515	(\$352,320)	\$241,841	\$506,572	\$78,218	\$53,922	\$3,022,662

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
FACILITIES MANAGEMENT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

EXHIBIT A

	BUILDING AUTOMATION 620T	B & G WORK MGMT 620W	L&I CONTRACT 627C	TOTAL ALLOWABLE SERVICES	PRESS HOUSES 613K	VISTOR CENTER 613L	PHF 6160	VISTOR SERVICES 7030	TOTAL UNALLOWABLE SERVICES	GRAND TOTAL
Assets:										
Current Assets:										
Cash and Cash Equivalents	(\$709,814)	(\$14,179)	(\$2,147,742)	\$1,307,182	(\$226,950)	(\$62,337)	(\$569,198)	\$542,387	(\$316,097)	\$991,085
Restricted Cash and Investments				13,333					0	13,333
Other Receivables (Net)				27,815	2,999			2,258	5,256	33,071
Due from Other Funds	57,554	4,895	162,167	2,876,604			354,250	7,438	361,688	3,238,292
Due from Other Governments				105,896					0	105,896
Inventories				53,299					0	53,299
Prepaid Expenses				1,525,000					0	1,525,000
Total Current Assets	(652,260)	(9,284)	(1,985,575)	5,909,130	(223,951)	(62,337)	(214,948)	552,083	50,847	5,959,977
Noncurrent Assets:										
Land				41,563,935					0	41,563,935
Buildings	29,338			131,694,729	81,444				81,444	131,776,173
Other Improvements				11,859,176					0	11,859,176
Furnishings, Equipment & Collections	163,958			4,829,996					0	4,829,996
Accumulated Depreciation	(175,155)			(53,837,435)	(76,055)	(469)			(76,524)	(53,913,959)
Infrastructure (Other)				1,827,825		5,119			5,119	1,832,944
Construction In Progress				378,388					0	378,388
Total Noncurrent Assets	18,141	0	0	138,316,613	5,389	4,650	0	0	10,039	138,326,652
Total Assets	(\$634,120)	(\$9,284)	(\$1,985,575)	\$144,225,743	(\$218,562)	(\$57,687)	(\$214,948)	\$552,083	\$60,887	\$144,286,629
Liabilities:										
Current Liabilities										
Accounts Payable	\$26,619	\$322	\$3,635	\$807,969	\$503		\$61,675	\$579	\$62,756	\$870,726
Bonds Payable				1,565,000					0	1,565,000
Contracts and Retainages Payable				33,670			7,479		7,479	41,149
Accrued Liabilities	51,285	12,446		751,166				13,977	13,977	765,143
Obligation for Capital - Short Term				5,538,177		321			321	5,538,497
Due to Other Funds	26,816	8,563		326,920	29,250	976	121,887	16,900	169,012	495,932
Unearned Revenues				136,160	978			385	1,363	137,523
Total Current Liabilities	104,719	21,332	3,635	9,159,062	30,730	1,296	191,041	31,840	254,908	9,413,970
Noncurrent Liabilities										
Obligation for Capital - Long-Term				58,669,031		1,750			1,750	58,670,781
Bonds Payable				47,571,649					0	47,571,649
Other Long-Term Obligations	106,163	33,866		1,457,157				54,561	54,561	1,511,718
Total Noncurrent Liabilities	106,163	33,866	0	107,697,836	0	1,750	0	54,561	56,311	107,754,147
Total Liabilities	210,883	55,198	3,635	116,856,898	30,730	3,046	191,041	86,402	311,219	117,168,117
Deferred Inflows:										
Deferred Inflows on Refundings	0	0	0	1,711,465	0	0	0	0	0	1,711,465
Total Deferred Inflows of Resources	0	0	0	1,711,465	0	0	0	0	0	1,711,465
Net Position:										
Temporary				0					0	0
Unrestricted Net Position	(845,002)	(64,482)	(1,989,210)	25,657,380	(249,292)	(60,734)	(405,988)	465,681	(250,333)	25,407,047
Total Net Position	(845,002)	(64,482)	(1,989,210)	25,657,380	(249,292)	(60,734)	(405,988)	465,681	(250,333)	25,407,047
Total Liabilities and Net Position	(\$634,120)	(\$9,284)	(\$1,985,575)	\$144,225,743	(\$218,562)	(\$57,687)	(\$214,948)	\$552,083	\$60,887	\$144,286,629

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
FACILITIES MANAGEMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AS OF JUNE 30, 2014

EXHIBIT B

	DIVISION ADMIN. 6000	FACILITIES SVCS PHF 6050	FACILITIES SVCS RES MGMT 6051	FACILITIES SVCS PARKING ADMIN 6052	ASSET MANAGEMENT 6110	ON-CAMPUS CHERBERG BUILDING 6121	ON-CAMPUS O'BRIEN BUILDING 6122	ON-CAMPUS LEGISLATIVE BUILDING 6123	ON-CAMPUS PITCHARD BUILDING 6124	ON-CAMPUS LICENSE BUILDING 6125	ON-CAMPUS BUILDING TWO 6126
Operating Revenues											
Charges for Services			(\$90,995)		\$75,831						
Miscellaneous Revenue	368	(0)	82,247	(0)	(2)	600,469	0	461,094	6,727	1,564,060	3,358,478
Total Operating Revenues	368	(0)	(8,748)	(0)	75,829	600,469	0	461,094	6,727	1,564,060	3,358,478
Operating Expenses											
Salaries and Wages	396,891				820,656						
Employee Benefits	113,781				259,642						
Personal Services	3,000										
Goods and Services	(493,386)				(962,133)	943,410	791,233	1,643,629	298,041	1,729,838	2,656,408
Travel	1,735										
Depreciation and Amortization					311	180,704	26,952	940	1,429	43,690	123,075
Miscellaneous Expenses											
Total Operating Expenses	22,021	0	0	0	118,476	1,124,114	818,185	1,644,569	299,471	1,773,529	2,779,483
Operating Income (Loss)	(21,652)	(0)	(8,748)	(0)	(42,647)	(523,645)	(818,185)	(1,183,475)	(292,744)	(209,469)	578,995
Non Operating Revenues (Expenses)											
Earnings on Investments											
Other Revenues (Expenses)					0		28,063				
Tax and License Revenue											
Interest Expense						(255,654)	(1,507,542)	(611)	(167)	(18,062)	(197,319)
Total Nonoperating Revenue (Expenses)	0	0	0	0	0	(255,654)	(1,479,479)	(611)	(167)	(18,062)	(197,319)
Income Before Transfers	(21,652)	(0)	(8,748)	(0)	(42,647)	(779,299)	(2,297,664)	(1,184,086)	(292,911)	(227,531)	381,676
Transfers											
Operating Transfers In						696,000	3,644,000	804,000	216,000		
Operating Transfers Out											
Total Transfers	0	0	0	0	0	696,000	3,644,000	804,000	216,000	0	0
Change in Net Position	(21,652)	(0)	(8,748)	(0)	(42,647)	(83,299)	1,346,336	(380,086)	(76,911)	(227,531)	381,676
Net Position - Beginning of Year	(13,806)				591,791	1,332,973	4,185,753	(3,845,191)	(1,134,659)	(493,327)	2,474,383
Adjustments Applicable to Prior Year	(270,154)	0	0	0	0	0	0	0	0	0	0
Net Position - End of Year	(\$305,612)	(\$0)	(\$8,748)	(\$0)	\$549,144	\$1,249,674	\$5,532,089	(\$4,225,277)	(\$1,211,569)	(\$720,858)	\$2,856,060

STATE OF WASHINGTON
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FACILITIES MANAGEMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
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EXHIBIT B

	ON-CAMPUS ARCHIVES BUILDING 6127	ON-CAMPUS NAT RESC BUILDING 6129	ON-CAMPUS EMPL SECUR BUILDING 612A	ON-CAMPUS ESD ANNEX BUILDING 612B	ON-CAMPUS TRANSP. BUILDING 612C	ON-CAMPUS GEN. ADM. BUILDING 612D	ON-CAMPUS INSURANCE BUILDING 612E	ON-CAMPUS OLD CAPITOL BUILDING 612H	ON-CAMPUS JUSTICE BUILDING 612J	ON-CAMPUS INSTITUTION BUILDING 612K	ON-CAMPUS POWER BUILDING 612N
Operating Revenues											
Charges for Services											\$0
Miscellaneous Revenue	432,938	3,316,898	756,480		1,638,026	1,268,003	484,154	857,312	477,444	0	0
Total Operating Revenues	432,938	3,316,898	756,480	0	1,638,026	1,268,003	484,154	857,312	477,444	0	0
Operating Expenses											
Salaries and Wages											
Employee Benefits											
Personal Services											
Goods and Services	565,877	2,678,498	747,542		1,553,342	1,426,361	622,530	735,998	511,943	248,188	47,845
Travel											
Depreciation and Amortization	51	44,706	116		37,971	1,760	1,702		427		65,903
Miscellaneous Expenses											
Total Operating Expenses	565,928	2,723,204	747,658	0	1,591,313	1,428,121	624,232	735,998	512,370	248,188	113,748
Operating Income (Loss)	(132,990)	593,694	8,822	0	46,713	(160,118)	(140,078)	121,314	(34,926)	(248,188)	(113,748)
Non Operating Revenues (Expenses)											
Earnings on Investments											
Other Revenues (Expenses)											
Tax and License Revenue											
Interest Expense	(33)	(12,735)	(267)		(6,835)	(254)	(1,885)		(2,102)		(5,601)
Total Nonoperating Revenue (Expenses)	(33)	(12,735)	(267)	0	(6,835)	(254)	(1,885)	0	(2,102)	0	(5,601)
Income Before Transfers	(133,024)	580,959	8,556	0	39,879	(160,373)	(141,963)	121,314	(37,028)	(248,188)	(119,349)
Transfers											
Operating Transfers In										204,000	
Operating Transfers Out											
Total Transfers	0	0	0	0	0	0	0	0	0	204,000	0
Change in Net Position	(133,024)	580,959	8,556	0	39,879	(160,373)	(141,963)	121,314	(37,028)	(44,188)	(119,349)
Net Position - Beginning of Year	582,345	4,325,630	204,489	(576,107)	2,289,953	11,508	(319,699)	724,705	(611,789)	(655,299)	(1,347,920)
Adjustments Applicable to Prior Year	0	0	0	576,107	0	0	0	0	0	0	0
Net Position - End of Year	\$449,321	\$4,906,589	\$213,045	\$0	\$2,329,831	(\$148,865)	(\$461,663)	\$846,019	(\$648,817)	(\$699,487)	(\$1,467,268)
				demolished							

STATE OF WASHINGTON
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EXHIBIT B

	OFF-CAMPUS MODULAR BUILDING 6131	OFF-CAMPUS RECORDS BUILDING 6132	OFF-CAMPUS WASH. ST. BUILDING 6133	OFF-CAMPUS UNION AVE. BUILDING 6134	OFF-CAMPUS 600 S FRANK BUILDING 6135	OFF-CAMPUS CAP PARK BUILDING 6136	CONSERVATORY 6137	OFF-CAMPUS CAP COURT BUILDING 613D	OFF-CAMPUS DOLLIVER BUILDING 613E	OFF-CAMPUS THURSTON CO UNDEVELOP. 613F
Operating Revenues										
Charges for Services										
Miscellaneous Revenue	290,051	518,629	85,848	76,661		124,863		1,212,537	357,000	
Total Operating Revenues	290,051	518,629	85,848	76,661	0	124,863	0	1,212,537	357,000	0
Operating Expenses										
Salaries and Wages										
Employee Benefits										
Personal Services										
Goods and Services	391,801	515,044	71,436	104,013	39,632	219,157	10,637	388,641	95,301	888
Travel										
Depreciation and Amortization		78,091	8,750	4,428	10,087	10,373		160,034	78,518	
Miscellaneous Expenses										
Total Operating Expenses	391,801	593,136	80,186	108,441	49,719	229,530	10,637	548,676	173,819	888
Operating Income (Loss)	(101,751)	(74,507)	5,662	(31,779)	(49,719)	(104,667)	(10,637)	663,861	183,181	(888)
Non Operating Revenues (Expenses)										
Earnings on Investments										
Other Revenues (Expenses)					142,402					
Tax and License Revenue										
Interest Expense		(101,650)						(153,328)	(73,800)	
Total Nonoperating Revenue (Expenses)	0	(101,650)	0	0	142,402	0	0	(153,328)	(73,800)	0
Income Before Transfers	(101,751)	(176,157)	5,662	(31,779)	92,683	(104,667)	(10,637)	510,534	109,381	(888)
Transfers										
Operating Transfers In										
Operating Transfers Out										
Total Transfers	0	0	0	0	0	0	0	0	0	0
Change in Net Position	(101,751)	(176,157)	5,662	(31,779)	92,683	(104,667)	(10,637)	510,534	109,381	(888)
Net Position - Beginning of Year	264,458	2,381,302	913,500	124,877	1,525,583	397,437	(21,953)	3,576,830	1,313,854	17,399
Adjustments Applicable to Prior Year	0	0	0	0	0	0	0	0	0	0
Net Position - End of Year	\$162,707	\$2,205,145	\$919,161	\$93,097	\$1,618,266	\$292,770	(\$32,590)	\$4,087,363	\$1,423,236	\$16,511

STATE OF WASHINGTON
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FACILITIES MANAGEMENT
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EXHIBIT B

	WASH ST SE BUILDING 613G	PERRY ST BUILDING 613H	PRO ARTS BUILDING 613I	WHEELER PROJECT 613J	NON THUR KELSO BUILDING 6141	NON THUR YAKIMA BUILDING 6142	NON THUR ALASKA BUILDING 6143	NON THUR TACOMA BUILDING 6144	NON THUR NCGC 6145	PARKING 6150	TUMWATER OFFICE RECOVERY 6171
Operating Revenues											
Charges for Services								\$0	\$125,663		
Miscellaneous Revenue	14,616	265,308	8,518		1,140,579	1,433,481	189,396	2,791,951	2,268,236		6,152,725
Total Operating Revenues	14,616	265,308	8,518	0	1,140,579	1,433,481	189,396	2,791,951	2,393,899	0	6,152,725
Operating Expenses											
Salaries and Wages					89,969	120,529	17,617	43,013	631,876		
Employee Benefits					34,674	43,173	6,524	14,888	241,100		
Personal Services									3,770		
Goods and Services	22,375	225,648	50,546		354,986	549,121	92,340	1,256,508	1,383,225	(1,885,216)	2,164,338
Travel					2,587	3,517	206	497	16,683		
Depreciation and Amortization	42,478	137,902	38,746		104,583	184,563	15,577	476,712	7,937		2,191,189
Miscellaneous Expenses											
Total Operating Expenses	64,853	363,550	89,292	0	586,798	900,904	132,264	1,791,620	2,284,591	(1,885,216)	4,355,527
Operating Income (Loss)	(50,237)	(98,242)	(80,774)	0	553,781	532,576	57,132	1,000,331	109,308	1,885,216	1,797,199
Non Operating Revenues (Expenses)											
Earnings on Investments									136		
Other Revenues (Expenses)								0	315	0	
Tax and License Revenue											
Interest Expense	(21,969)	(73,069)	(70,494)		(33,000)	(136,400)		(314,843)			(3,093,134)
Total Nonoperating Revenue (Expenses)	(21,969)	(73,069)	(70,494)	0	(33,000)	(136,400)	0	(314,843)	451	0	(3,093,134)
Income Before Transfers	(72,205)	(171,311)	(151,268)	0	520,781	396,176	57,132	685,489	109,760	1,885,216	(1,295,935)
Transfers											
Operating Transfers In	64,500		193,500								
Operating Transfers Out											
Total Transfers	64,500	0	193,500	0	0	0	0	0	0	0	0
Change in Net Position	(7,705)	(171,311)	42,232	0	520,781	396,176	57,132	685,489	109,760	1,885,216	(1,295,935)
Net Position - Beginning of Year	(118,401)	(16,554)	109,228		3,806,046	3,316,271	1,080,044	1,691,219	1,261,947	(1,653,547)	(7,048,277)
Adjustments Applicable to Prior Year	0	0	0	0	0	0	0	0	0	0	0
Net Position - End of Year	(\$126,106)	(\$187,865)	\$151,460	\$0	\$4,326,827	\$3,712,447	\$1,137,176	\$2,376,708	\$1,371,707	\$231,669	(\$8,344,213)

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
FACILITIES MANAGEMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
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EXHIBIT B

	JEFFERSON 6174	L & I RESIDUAL 620L	SECURITY & ACCESS SYSTEMS 670S	CUSTODIAL 670A	REFUSE RECYCLE 670B	B&G ADMIN 670M	B&G ADMIN 670P	B&G MAINT OPERATIONS 670R	BUILDING AUTOMATION 670T	B&G WORK MGMT 670W
Operating Revenues										
Charges for Services		\$0	\$649,714	\$6,207,055	\$683,063	\$0	\$29,795	\$7,157,290	\$1,031,683	\$5,603
Miscellaneous Revenue			(0)	20	5,433	0	20,635	28,455		
Total Operating Revenues	0	0	649,713	6,207,075	688,496	0	50,430	7,185,745	1,031,683	5,603
Operating Expenses										
Salaries and Wages			250,611	2,756,754	232,084	97,425	212,649	3,195,764	1,032,970	202,153
Employee Benefits			83,973	1,568,522	119,778	40,697	76,978	1,384,444	373,573	88,540
Personal Services			0	0	0	0		3,065		
Goods and Services		675	631,417	1,736,874	385,006	(550,309)	377,517	2,942,563	(312,555)	(19,523)
Travel			7,521	17,502	6,152	737	12,157	152,409	17,280	
Depreciation and Amortization			49,266	0	32,057	0	68,626	23,530	587	
Miscellaneous Expenses			0	0	0	0		39,516		
Total Operating Expenses	0	675	1,022,789	6,079,652	775,077	(411,450)	747,928	7,741,291	1,111,855	271,170
Operating Income (Loss)	0	(675)	(373,075)	127,423	(86,581)	411,450	(697,498)	(555,545)	(80,171)	(265,567)
Non Operating Revenues (Expenses)										
Earnings on Investments			0	0	0	0				
Other Revenues (Expenses)			0	0	0	0	0	12,907		
Tax and License Revenue			0	0	0	0				
Interest Expense			0	0	(9,224)	0				
Total Nonoperating Revenue (Expenses)	0	0	0	0	(9,224)	0	0	12,907	0	0
Income Before Transfers	0	(675)	(373,075)	127,423	(95,804)	411,450	(697,498)	(542,638)	(80,171)	(265,567)
Transfers										
Operating Transfers In			0	0	0	0				
Operating Transfers Out			0	0	0	0				
Total Transfers	0	0	0	0	0	0	0	0	0	0
Change in Net Position	0	(675)	(373,075)	127,423	(95,804)	411,450	(697,498)	(542,638)	(80,171)	(265,567)
Net Position - Beginning of Year	(114,954)	2,637,190	(52,287)	(686,237)	310,363	201,714	697,257	2,144,766	(758,469)	199,762
Adjustments Applicable to Prior Year	114,954	0	9,047	0	0	(595,584)	0	591,576	(6,362)	1,324
Net Position - End of Year	\$0	\$2,636,515	(\$416,315)	(\$558,814)	\$214,559	\$17,580	(\$241)	\$2,193,704	(\$845,002)	(\$64,481)

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EXHIBIT B

	L&I CONTRACT 627C	TOTAL ALLOWABLE SERVICES	PRESS HOUSES 613K	VISITOR CENTER 613L	PHF 6160	VISTOR SERVICES 7030	TOTAL UNALLOWABLE SERVICES	GRAND TOTAL
Operating Revenues								
Charges for Services	\$105,888	\$15,980,590			\$3,603,315	\$722,287	\$4,325,603	\$20,306,193
Miscellaneous Revenue		32,289,636	30,489	15,658	0	0	46,147	32,335,783
Total Operating Revenues	<u>105,888</u>	<u>48,270,226</u>	<u>30,489</u>	<u>15,658</u>	<u>3,603,315</u>	<u>722,287</u>	<u>4,371,750</u>	<u>52,641,976</u>
Operating Expenses								
Salaries and Wages		10,100,960				293,967	293,967	10,394,928
Employee Benefits		4,450,287			9	131,628	131,637	4,581,925
Personal Services		9,835			32,821	0	32,821	42,656
Goods and Services	(66,598)	26,920,650	84,624	30,851	4,400,937	283,520	4,799,932	31,720,582
Travel		238,983			109	0	109	239,093
Depreciation and Amortization		4,253,775	829	102		0	931	4,254,706
Miscellaneous Expenses		39,516				0	0	39,516
Total Operating Expenses	<u>(66,598)</u>	<u>46,014,006</u>	<u>85,453</u>	<u>30,953</u>	<u>4,433,877</u>	<u>709,116</u>	<u>5,259,399</u>	<u>51,273,405</u>
Operating Income (Loss)	<u>172,486</u>	<u>2,256,220</u>	<u>(54,964)</u>	<u>(15,295)</u>	<u>(830,562)</u>	<u>13,172</u>	<u>(887,649)</u>	<u>1,368,571</u>
Non Operating Revenues (Expenses)								
Earnings on Investments		136				0	0	136
Other Revenues (Expenses)		183,687				0	0	183,687
Tax and License Revenue		0				9,790	9,790	9,790
Interest Expense		(6,089,975)		(67)		0	(67)	(6,090,042)
Total Nonoperating Revenue (Expenses)	<u>0</u>	<u>(5,906,152)</u>	<u>0</u>	<u>(67)</u>	<u>0</u>	<u>9,790</u>	<u>9,723</u>	<u>(5,896,428)</u>
Income Before Transfers	<u>172,486</u>	<u>(3,649,932)</u>	<u>(54,964)</u>	<u>(15,362)</u>	<u>(830,562)</u>	<u>22,962</u>	<u>(877,926)</u>	<u>(4,527,858)</u>
Transfers								
Operating Transfers In		5,822,000			108,000	0	108,000	5,930,000
Operating Transfers Out		0				0	0	0
Total Transfers	<u>0</u>	<u>5,822,000</u>	<u>0</u>	<u>0</u>	<u>108,000</u>	<u>0</u>	<u>108,000</u>	<u>5,930,000</u>
Change in Net Position	172,486	2,172,068	(54,964)	(15,362)	(722,562)	22,962	(769,926)	1,402,142
Net Position - Beginning of Year	(2,161,696)	23,064,404	(194,328)	(45,372)	892,681	442,736	1,095,717	24,160,121
Adjustments Applicable to Prior Year	0	420,908	0	0	(576,107)	0	(576,107)	(155,199)
Net Position - End of Year	<u>(\$1,989,210)</u>	<u>\$25,657,380</u>	<u>(\$249,292)</u>	<u>(\$60,734)</u>	<u>(\$405,988)</u>	<u>\$465,698</u>	<u>(\$250,316)</u>	<u>\$25,407,064</u>

**STATE OF WASHINGTON
FACILITIES MANAGEMENT - ALLOWABLE SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$11,175,756)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$15,980,590		
Earnings of Investments	136		
Miscellaneous Revenue	32,289,636		
Tax & License Revenue	0		
Other Revenue	183,687		
Total Revenues			48,454,049
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	10,100,960		
Employee Benefits	4,450,287		
Personal Services	9,835		
Goods and Services	26,920,650		
Travel	238,983		
Depreciation and Amortization	4,253,775		
Miscellaneous Expenses	39,516		
Interest Expense	6,089,975		
Other Expenses	0		
Operating Transfers Out	0		
Total Per Financial Statements			52,103,982
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs for Allowable Services (Exhibit F)	\$89,947		
Total Additions			89,947
Less OMB A-87 Allowable Expenditures			52,193,929
Plus Adjustments:			
Prior Period Adjustments - Adjustment to Beginning Balance	420,908		
Rounding	1		
Imputed Interest Earnings for Allowable Services (Exhibit D)	1,699		
Total Adjustments			422,608
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$14,493,027)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$7,990,026
Excess Balance (A) - (B)			(\$22,483,053)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$32,465,502
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$5,822,000		
Less: Non-operating Transfers Out	0		
Net Transfers			5,822,000
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$38,287,502

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$2,870,374
ADJUSTMENTS:			
Total Revenues for Unallowable Services	4,479,750		
Total Expenses for Unallowable Services	(5,249,675)		
Prior Period Adjustments - Adjustment to Beginning Balance	(576,107)		
Deductions OMB A-87 Unallowable Costs (Part I)	\$0		
Additional OMB A-87 Allowable Costs (Part I)	89,947		
Imputed Interest Earnings (Part I)	(1,699)		
Total Adjustments			(1,257,785)
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$1,612,589

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$25,407,064
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STATE OF WASHINGTON
DEPARTMENT OF GENERAL ADMINISTRATION
ACCOUNT 422 - FACILITIES MANAGEMENT
INTEREST EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
Executive Management *	\$1,738,207	\$0	\$869,104	5.68%	\$882
Facilities Management					
Allowable Services	2,043,168	1,307,182	1,675,175	10.94%	1,699
Unallowable Services	1,353,592	0	676,796	4.42%	687
Personnel Services	0	2,656,825	1,328,413	8.68%	1,348
State Motor Pool *	0	0	0	0.00%	0
Consolidated Mail	974,301	766,345	870,323	5.69%	883
Real Estate Services	131,176	166,664	148,920	0.97%	151
Printing Services	0	0	0	0.00%	0
Brokering	0	1,501,379	750,690	4.90%	761
Small Agency Services	0	41,430	20,715	0.14%	21
Other Services	<u>7,991,537</u>	<u>9,946,153</u>	<u>8,968,845</u>	<u>58.59%</u>	<u>9,097</u>
Totals	<u>\$14,231,981</u>	<u>\$16,385,978</u>	<u>\$15,308,979</u>	<u>100.00%</u>	<u>\$15,529</u>
Actual Interest Earnings for Fund 422 - FY 2014 State Treasurer's Report					\$15,529
* Negative balances were restated at \$0.					

**STATE OF WASHINGTON
DEPARTMENT OF GENERAL ADMINISTRATION
ACCOUNT 422 - FACILITIES MANAGEMENT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
011	House of Representatives	\$868,190
012	Senate	1,559,017
013	Joint Transportation Committee	462
014	Joint Legislative Audit and Review Commi	4,428
020	LEAP	2,288
035	Office of the State Actuary	2,288
037	Office of Legislative Support Services	143,347
038	Joint Legislative Systems Committee	42,733
040	Statute Law Committee	90,309
045	Supreme Court	542,728
046	State Law Library	252,113
048	Court of Appeals	652,491
050	Commission on Judicial Conduct	85,856
055	Administrative Office of the Courts	115,024
056	Office of Public Defense	3,617
075	Office of the Governor	282,654
080	Office of the Lieutenant Governor	64,921
082	Public Disclosure Commission	4,161
085	Office of the Secretary of State	1,920,034
086	Governor's Office of Indian Affairs	22,811
087	WA ST Comm on Asian Pacific American Aff	11,757
090	Office of the State Treasurer	588,786
095	Office of the State Auditor	308,365
099	Comm on Salaries for Elected Officials	13,736
100	Office of the Attorney General	1,759,494
101	Caseload Forecast Council	115,246
102	Department of Financial Institutions	31,546
103	Department of Commerce	61,141
104	Economic and Revenue Forecast Council	913
105	Office of Financial Management	1,580,205
107	State Health Care Authority	220,988
110	Office of Administrative Hearings	146,748
116	State Lottery Commission	19,926
117	WA State Gambling Commission	19,913
118	WA State Commission on Hispanic Affairs	12,232
119	WA State Comm on African-American Affair	12,269
120	Human Rights Commission	4,476
124	Department of Retirement Systems	83,814
126	State Investment Board	17,173
135	Innovate Washington	1,248
140	Department of Revenue	161,358
142	Board of Tax Appeals	2,125
147	Office of Minority & Women's Business	131,023
160	Office of the Insurance Commissioner	146,848
163	Consolidated Technology Services	1,149,798
165	State Board of Accountancy	2,103
179	Department of Enterprise Services	2,472,268
185	Washington Horse Racing Commission	714
190	Board of Industrial Insurance Appeals	155,272
195	Liquor Control Board	145,339
215	Utilities and Transportation Commission	117,269
220	Board for Volunteer Firefighters & Reser	1,165
225	Washington State Patrol	1,373,841

**STATE OF WASHINGTON
DEPARTMENT OF GENERAL ADMINISTRATION
ACCOUNT 422 - FACILITIES MANAGEMENT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
227	WA State Criminal Justice Training Comm	462
228	Washington Traffic Safety Commission	4,664
235	Department of Labor and Industries	1,851,061
240	Dept of Licensing	1,863,593
245	Military Department	496
275	Public Employment Relations Commission	5,483
300	Dept of Social and Health Services	7,046,357
303	Department of Health	267,402
305	Department of Veterans' Affairs	14,467
310	Department of Corrections	3,766,394
315	Department of Services for the Blind	377,541
340	Council for Higher Education	18,157
341	LEOFF Plan 2 Retirement Board	2,413
350	Superintendent of Public Instruction	1,602,667
354	Work Force Training & Education Coor Boa	4,114
355	Dept of Archaeology & Historic Preservat	88,520
357	Department of Early Learning	20,591
359	Washington Charter School Commission	14,616
360	University of Washington	65
365	Washington State University	21,868
370	Eastern Washington University	498
375	Central Washington University	1,500
376	the Evergreen State College	121,932
387	Washington State Arts Commission	2,786
390	Washington State Historical Society	22,913
405	Department of Transportation	5,909,274
406	County Road Administration Board	3,248
407	Transportation Improvement Board	1,873
410	Transportation Commission	1,627
411	Freight Mobility Strategic Investment Bc	13,602
461	Department of Ecology	172,568
462	WA Pollution Liability Insurance Program	829
465	State Parks and Recreation Commission	33,250
467	Recreation & Conservation Funding Board	207,395
468	Environmental and Land Use Hearings Offi	3,038
471	State Conservation Commission	3,212
477	Department of Fish and Wildlife	2,279,355
478	Puget Sound Partnership	17,664
490	Department of Natural Resources	2,597,571
495	Department of Agriculture	848,963
540	Employment Security Department	1,757,446
699	Community and Technical College System	140,457
Other	Not Specified	4,001,456
	Total Revenues Per CAFR	<u>\$52,641,959</u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
FACILITIES MANAGEMENT
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	OBJECT A SALARIES & WAGES	PERCENT	SWCAP ALLOCATION
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***5. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 422
STATE MOTOR POOL***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 422 – State Motor Pool**

I. Service Description

The State Motor Pool (SMP) administered by the Department of Enterprise Services (DES) and provides a fleet of vehicles to state agency travelers on a daily, weekly or permanent basis. SMP provides three types of services: management of permanently assigned vehicles, provision of short-term vehicle rentals, and provision of vehicle maintenance services. SMP manages a fleet that includes cars, vans, sports utility vehicles, and light trucks. In addition to performing maintenance on vehicles managed by SMP, they provide vehicle maintenance services for vehicles owned and operated by other state agencies in the Olympia area. SMP provides services through two locations: the main facility in Olympia and a vehicle rental office on the Capitol campus.

II. Billing Methodology

SMP recovers its costs through charge-back daily and monthly rental rates, usage or mileage rate, and labor rates. SMP utilizes a rate development model comprised of detailed schedules identifying proposed costs by cost category and by activity. The model also documents the assignment of costs to activities, the assignment of each activity to a rate, and the development of service and per hour labor rates.

Rates are reviewed every two years in conjunction with the state biennial budget process and normally set for the two years of the biennium. However, rates are monitored monthly and may be revised if costs or revenues/demand are significantly more or less than projected. The status of the fund balance is also considered in either increasing or reducing rates.

Rates are developed for the following:

- Permanently Assigned: Applicable administrative cost, depreciation, maintenance and fuel by class of vehicle based on 750 miles driven per month.
- Daily Rental: Applicable administrative cost and depreciation by class of vehicle based on 21 rental days per month.
- Mileage: Applicable maintenance and fuel by class of vehicle based on the average MPG per class of vehicle.
- Maintenance: Applicable direct and allocated costs are assessed to customers on an hourly basis.
- Parts: Applicable direct and allocated costs are assessed to customers by applying a percent mark-up.

III. Financial Statements

Financial activities of SMP are recorded in a sub-account or project of the internal service fund, **422 Enterprise Services Account**. Financial statements for the Account

are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Enterprise Services' financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. The SWCAP costs associated with DES have been re-allocated down to the account level on Exhibit F.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The interest earnings of Account 422 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to the SMP sub-account. Exhibit D provides the assignment of the interest earnings to the sub-accounts comprising Account 422. The interest earnings have been allocated based on the average cash balances.
 - OMB A-87 Retained Earnings Balance – Although the Account has a positive balance as of the end of the fiscal year, the Account balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit E provides the Account's revenue by state agency.

This concludes the narrative information on the State Motor Pool. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - STATE MOTOR POOL
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	(\$2,147,885)
Other Receivables (Net)	7,994,632
Due from Other Funds	1,838,110
Due from Other Governments	1,456
Prepaid Expenses	0
Total Current Assets	<u>7,686,313</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	65,078,112
Accumulated Depreciation	<u>(29,066,023)</u>
Total Noncurrent Assets	<u>36,012,089</u>
Total Assets	<u><u>\$43,698,402</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$960,041
Accrued Liabilities	53,286
Notes & Leases Payable - ST	4,255,238
Due to Other Funds	292,377
Unearned Revenue	43,810
Total Current Liabilities	<u>5,604,752</u>
Noncurrent Liabilities	
Obligation for Capital - Long-Term	16,602,634
Other Long-Term Obligations	<u>8,088,486</u>
Total Noncurrent Liabilities	<u>24,691,120</u>
Total Liabilities	<u>30,295,872</u>
Net Position:	
Net Investment In Capital Asset:	0
Unrestricted Net Position	<u>13,402,530</u>
Total Net Position	<u>13,402,530</u>
Total Liabilities and Net Position	<u><u>\$43,698,402</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - STATE MOTOR POOL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	TOTAL
Operating Revenues	
Charges for Services	\$1,209,331
Miscellaneous Revenue	18,155,585
Total Operating Revenues	<u>19,364,916</u>
Operating Expenses	
Salaries and Wages	\$1,011,503
Employee Benefits	403,019
Personal Services	180
Goods and Services	11,072,477
Travel	3,706
Depreciation and Amortization	4,677,524
Miscellaneous Expenses	3,731
Total Operating Expenses	<u>17,172,140</u>
Operating Income (Loss)	<u>2,192,776</u>
Non Operating Revenues (Expenses)	
Other Revenues (Expenses)	83,413
Interest Expense	1,277,784
Total Nonoperating Revenue (Expenses)	<u>1,361,197</u>
Income Before Transfers	<u>3,553,973</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	0
Total Transfers	<u>0</u>
Change in Net Position	3,553,973
Net Position - Beginning of Year, as Previously Reported	9,848,557
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$13,402,530</u></u>

**STATE OF WASHINGTON
ACCOUNT 422 - STATE MOTOR POOL
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$1,764,974)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services		\$1,209,331	
Miscellaneous Revenue		18,155,585	
Operating Transfers In		0	
Total Revenues			19,364,916
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages		1,011,503	
Employee Benefits		403,019	
Personal Services		180	
Goods and Services		11,072,477	
Travel		3,706	
Depreciation and Amortization		4,677,524	
Miscellaneous Expenses		3,731	
Interest Expense		(1,277,784)	
Other Expenses		(83,413)	
Total Per Financial Statements		15,810,943	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$9,007		
Other	0		
Total Additions		9,007	
Less OMB A-87 Allowable Expenditures			15,819,950
Plus Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit D)		0	
Total Adjustments			0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$1,779,992
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$1,857,071
Excess Balance (A) - (B)			(\$77,079)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$10,860,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In		\$0	
Less: Non-operating Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$10,860,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$753,531
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		\$0	
Additional OMB A-87 Allowable Costs		9,007	
Imputed Interest Earnings		0	
Total Adjustments			9,007
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$762,538

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$13,402,530
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - STATE MOTOR POOL
INTEREST EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
Executive Management *	\$1,738,207	\$0	\$869,104	5.68%	\$882
Facilities Management					
Allowable Services	2,043,168	1,307,182	1,675,175	10.94%	1,699
Unallowable Services	1,353,592	0	676,796	4.42%	687
Personnel Services	0	2,656,825	1,328,413	8.68%	1,348
State Motor Pool *	0	0	0	0.00%	0
Consolidated Mail	974,301	766,345	870,323	5.69%	883
Real Estate Services	131,176	166,664	148,920	0.97%	151
Printing Services	0	0	0	0.00%	0
Brokering	0	1,501,379	750,690	4.90%	761
Small Agency Services	0	41,430	20,715	0.14%	21
Other Services	<u>7,991,537</u>	<u>9,946,153</u>	<u>8,968,845</u>	<u>58.59%</u>	<u>9,097</u>
Totals	<u>\$14,231,981</u>	<u>\$16,385,978</u>	<u>\$15,308,979</u>	<u>100.00%</u>	<u>\$15,529</u>
Actual Interest Earnings for Fund 422 - FY 2014 State Treasurer's Report					\$15,529
* Negative balances were restated at \$0.					

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - STATE MOTOR POOL
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
011	House of Representatives	\$9,439
012	Senate	18,479
013	Joint Transportation Committee	481
014	Joint Legislative Audit and Review Commi	1,277
037	Office of Legislative Support Services	2,278
046	State Law Library	3,295
050	Commission on Judicial Conduct	834
055	Administrative Office of the Courts	25,315
056	Office of Public Defense	3,369
057	Office of Civil Legal Aid	3,901
075	Office of the Governor	11,387
080	Office of the Lieutenant Governor	3,274
082	Public Disclosure Commission	190
085	Office of the Secretary of State	40,332
086	Governor's Office of Indian Affairs	934
090	Office of the State Treasurer	160
095	Office of the State Auditor	353
100	Office of the Attorney General	146,097
102	Department of Financial Institutions	8,335
103	Department of Commerce	145,980
104	Economic and Revenue Forecast Council	767
105	Office of Financial Management	23,024
107	State Health Care Authority	53,688
110	Office of Administrative Hearings	5,893
116	State Lottery Commission	386,935
117	WA State Gambling Commission	5,694
118	WA State Commission on Hispanic Affairs	7,836
119	WA State Comm on African-American Affair	538
120	Human Rights Commission	151
124	Department of Retirement Systems	24,026
126	State Investment Board	166
140	Department of Revenue	151,705
147	Office of Minority & Women's Business	6,255
160	Office of the Insurance Commissioner	5,420
163	Consolidated Technology Services	16,670
165	State Board of Accountancy	147
179	Department of Enterprise Services	1,784,392
190	Board of Industrial Insurance Appeals	3,686
195	Liquor Control Board	707,000
215	Utilities and Transportation Commission	111,841
220	Board for Volunteer Firefighters & Reser	1,113
225	Washington State Patrol	556
228	Washington Traffic Safety Commission	1,370
235	Department of Labor and Industries	2,749,543
240	Dept of Licensing	493,402
245	Military Department	101,004
275	Public Employment Relations Commission	39,480
300	Dept of Social and Health Services	5,389,569
303	Department of Health	670,018
305	Department of Veterans' Affairs	260,967
310	Department of Corrections	494,456
315	Department of Services for the Blind	105,320
340	Council for Higher Education	24,104

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - STATE MOTOR POOL
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
350	Superintendent of Public Instruction	125,097
351	State School for the Blind	63,741
353	CTR for Childhood Deafness & Hearing Los	31,097
354	Work Force Training & Education Coor Boa	9,272
355	Dept of Archaeology & Historic Preservat	20,690
357	Department of Early Learning	196,448
360	University of Washington	137,117
365	Washington State University	333
370	Eastern Washington University	41,867
375	Central Washington University	26,954
376	the Evergreen State College	47,634
380	Western Washington University	1,421
387	Washington State Arts Commission	10,364
390	Washington State Historical Society	5,164
405	Department of Transportation	14,835
406	County Road Administration Board	19,141
407	Transportation Improvement Board	17,636
410	Transportation Commission	540
460	Columbia River Gorge Commission	5,956
461	Department of Ecology	640,554
465	State Parks and Recreation Commission	3,629
467	Recreation & Conservation Funding Board	29,566
468	Environmental and Land Use Hearings Offi	176
471	State Conservation Commission	26,431
477	Department of Fish and Wildlife	1,726,379
478	Puget Sound Partnership	23,905
490	Department of Natural Resources	9,879
495	Department of Agriculture	1,056,941
540	Employment Security Department	265,467
699000	Community and Technical College System	11,407
699010	Edmonds Community College	22,521
699032	Centralia College	3,778
699035	Clark College	11,918
699048	Grays Harbor College	22,143
699049	Green River Community College	52,903
699052	Highline Community College	3,318
699062	Olympic College	37,535
699072	Shoreline Community College	24,011
699075	South Puget Sound Community College	20,434
699091	Yakima Valley College	8,122
699092	Lake Washington Institute of Technology	6,179
699095	Bates Technical College	1,223
Other	Not Specified	528,749
	Total Revenues Per CAFR	\$19,364,916

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - STATE MOTOR POOL
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	OBJECT A SALARIES & WAGES	PERCENT	SWCAP ALLOCATION
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

6. DEPARTMENT OF ENTERPRISE SERVICES – BROKERING SERVICES

**State of Washington
FY 2015 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Brokering Services (Fund 422)**

I. Service Description

The Department of Enterprise Services (DES) provides brokering services to provide technical consultation to help assess technology hardware and software needs. This includes contracts for desktop PCs, laptops, and servers; software and software licensing contracts; and other IT hardware contracts. This service is in the process of being phased out and agencies will utilize DES master contracts to purchase IT products and services.

II. Billing Methodology

The agency acts as a middleman for purchases between the customer and the vendor. The agency purchases the product and bills the customer for the actual cost. The billing is for actual costs with no service fee.

III. Financial Statements

DES financial activities for brokering are recorded in an internal service fund, **422 Department of Enterprise Service Account**. Financial statements for the Fund are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Fund's Statement of Revenues, Expenses, and Changes in Fund Net Assets to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Assets
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There was an operating transfer out for \$56,922 during the fiscal year. This transfer was to move this services share of a treasurer transfer of \$5,960,000 in 2012. The transfer was a portion of the state share of the 2004-2009 DIS refund.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87) Circular A-87 (OMB A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments

- Expenditures – Per financial statements. No adjustments
- Additional OMB A-87 Allowable Costs - Central services costs allocated to the fund in the SWCAP Section I allocated cost document. Exhibit F displays the allocation of the DES SWCAP costs down to the account level.
- Adjustments – Actual interest earnings incurred on the Fund’s assets. The information is accounted for and reported by the Office of the State Treasurer.
- OMB A-87 Retained Earnings Balance – The Fund has a positive balance as of the end of the fiscal year which is in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Fund’s total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides the Fund’s revenue by state agency.

This concludes the narrative information on DES Brokering Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - BROKERING
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$1,501,379
Other Receivables (Net)	10,103
Due from Other Funds	553,544
Due from Other Governments	40,184
Prepaid Expenses	0
Total Current Assets	<u>2,105,209</u>
Noncurrent Assets:	
Other Assets	0
Furnishings, Equipment & Collections	0
Accumulated Depreciation	0
Total Noncurrent Assets	<u>0</u>
Total Assets	<u><u>\$2,105,209</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$430,782
Accrued Liabilities	3,696
Due to Other Funds	1,615,834
Unearned Revenue	0
Total Current Liabilities	<u>2,050,312</u>
Noncurrent Liabilities	
Other Long-Term Obligations	0
Total Noncurrent Liabilities	<u>0</u>
Total Liabilities	<u>2,050,312</u>
Net Position:	
Net Investment In Capital Asset:	0
Unrestricted Net Position	54,897
Total Net Position	<u>54,897</u>
Total Liabilities and Net Position	<u><u>\$2,105,209</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - BROKERING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	TOTAL
Operating Revenues	
Charges for Services	\$0
Miscellaneous Revenue	0
Sales	37,161,749
Cost of Goods Sold	(37,034,850)
Total Operating Revenues	126,899
Operating Expenses	
Salaries and Wages	0
Employee Benefits	0
Personal Services	0
Goods and Services	15,080
Travel	0
Depreciation and Amortization	0
Miscellaneous Expenses	0
Total Operating Expenses	15,080
Operating Income (Loss)	111,819
Non Operating Revenues (Expenses)	
Other Revenues (Expenses)	0
Interest Expense	0
Total Nonoperating Revenue (Expenses)	0
Income Before Transfers	111,819
Transfers	
Operating Transfers In	0
Operating Transfers Out	(56,922)
Total Transfers	(56,922)
Change in Net Position	54,897
Net Position - Beginning of Year, as Previously Reported	0
Adjustments Applicable to Prior Year	0
Net Position - End of Year	\$54,897

**STATE OF WASHINGTON
ACCOUNT 422 - BROKERING
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87		\$6,480,455	
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services		\$0	
Interest Income		0	
Sales		37,161,749	
Earnings on Investments		0	
Total Revenues		<u>37,161,749</u>	
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Cost of Goods Sold		37,034,850	
Salaries and Wages		0	
Employee Benefits		0	
Personal Services		0	
Goods and Services		15,080	
Operating Transfers Out		<u>56,922</u>	
Total Per Financial Statements		<u>37,106,853</u>	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs		\$0	
Other		<u>0</u>	
Total Additions		<u>0</u>	
Less OMB A-87 Allowable Expenditures			37,106,853
Plus Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit D)		<u>761</u>	
Total Adjustments		<u>761</u>	<u>761</u>
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		6,536,113
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)	\$6,184,475	
Excess Balance (A) - (B)		\$351,637	

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In		\$0	
Less: Non-operating Transfers Out		<u>0</u>	
Net Transfers		<u>0</u>	<u>0</u>
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		0

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$0
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		\$0	
Additional OMB A-87 Allowable Costs		0	
Adjust to FY 2014 Financials		(6,480,455)	
Imputed Interest Earnings		<u>(761)</u>	
Total Adjustments		<u>(6,481,216)</u>	<u>(6,481,216)</u>
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		(6,481,216)

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	54,897
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - BROKERING
INTEREST EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
Executive Management *	\$1,738,207	\$0	\$869,104	5.68%	\$882
Facilities Management					
Allowable Services	2,043,168	1,307,182	1,675,175	10.94%	1,699
Unallowable Services	1,353,592	0	676,796	4.42%	687
Personnel Services	0	2,656,825	1,328,413	8.68%	1,348
State Motor Pool *	0	0	0	0.00%	0
Consolidated Mail	974,301	766,345	870,323	5.69%	883
Real Estate Services	131,176	166,664	148,920	0.97%	151
Printing Services	0	0	0	0.00%	0
Brokering	0	1,501,379	750,690	4.90%	761
Small Agency Services	0	41,430	20,715	0.14%	21
Other Services	<u>7,991,537</u>	<u>9,946,153</u>	<u>8,968,845</u>	<u>58.59%</u>	<u>9,097</u>
Totals	<u>\$14,231,981</u>	<u>\$16,385,978</u>	<u>\$15,308,979</u>	<u>100.00%</u>	<u>\$15,529</u>
Actual Interest Earnings for Fund 422 - FY 2014 State Treasurer's Report					\$15,529
* Negative balances were restated at \$0.					

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - BROKERING
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
038	Joint Legislative Systems Committee	\$5,954
046	State Law Library	3,842
055	Administrative Office of the Courts	186,818
075	Office of the Governor	1,511
082	Public Disclosure Commission	211
085	Office of the Secretary of State	4,787
086	Governor's Office of Indian Affairs	485
087	WA ST Comm on Asian Pacific American Aff	192
090	Office of the State Treasurer	12,042
095	Office of the State Auditor	14,050
100	Office of the Attorney General	5,583
101	Caseload Forecast Council	8,129
102	Department of Financial Institutions	125,921
103	Department of Commerce	3,339
104	Economic and Revenue Forecast Council	0
105	Office of Financial Management	238,584
107	State Health Care Authority	413,091
110	Office of Administrative Hearings	263
117	WA State Gambling Commission	5,260
118	WA State Commission on Hispanic Affairs	0
124	Department of Retirement Systems	197,757
140	Department of Revenue	45,238
160	Office of the Insurance Commissioner	53,506
163	Consolidated Technology Services	223,790
179	Department of Enterprise Services	774,318
215	Utilities and Transportation Commission	3,430
225	Washington State Patrol	584,746
228	Washington Traffic Safety Commission	17,016
235	Department of Labor and Industries	1,082,395
240	Dept of Licensing	66,771
245	Military Department	8,229
300	Dept of Social and Health Services	5,304,279
303	Department of Health	923,509
305	Department of Veterans' Affairs	63,469
310	Department of Corrections	2,391,637
315	Department of Services for the Blind	4,916
341	LEOFF Plan 2 Retirement Board	527
354	Work Force Training & Education Coor Boa	12,904
355	Dept of Archaeology & Historic Preservat	593
359	Washington Charter School Commission	543
390	Washington State Historical Society	13,620
405	Department of Transportation	1,917,904
406	County Road Administration Board	89
422	DES Service Account	1,123,135
461	Department of Ecology	27,855
465	State Parks and Recreation Commission	55,546
468	Environmental and Land Use Hearings Offi	11,850
477	Department of Fish and Wildlife	615,685
478	Puget Sound Partnership	1,450
490	Department of Natural Resources	421,805
495	Department of Agriculture	147,221
540	Employment Security Department	167,571
Other	Not Specified	19,868,386
	Total Revenues Per CAFR	\$37,161,750

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - BROKERING
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	OBJECT A SALARIES & WAGES	PERCENT	SWCAP ALLOCATION
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***7. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 422
REAL ESTATE SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 422 – Real Estate Services**

I. Service Description

Real Estate Services (RES) provides real estate services in support of state elected officials, state agencies, boards, commissions, and educational institutions in accordance with RCW 43.82, State Agency Housing. Comprehensive leasing services provided by RES include identification of space, lease negotiation, space design, lease administration, and dispute resolution. Other services provided by RES include construction management, acquisition and disposal of state-owned properties, and worksite parking program assistance. RES also provides assistance to state agencies in meeting the goals of the Commute Trip Reduction (CTR) Law (RCW 70.94.521-551) to reduce congestion, air pollution, and energy use through programs designed to reduce the number of vehicles being driven to state worksites.

II. Billing Methodology

RES recovers its costs through appropriated assessment and non-appropriated fee-for-service charges. RES utilizes a rate development model comprised of detailed schedules identifying proposed costs by cost category and by activity. The model also documents the assignment of costs to activities, the assignment of each activity to a rate, and the development of service and per hour labor rates.

Rates are reviewed every two years in conjunction with the state biennial budget process and normally set for the two years of the biennium. However, rates are monitored monthly and may be revised if costs or revenues/demand are significantly more or less than projected. The status of the fund balance is also considered in either increasing or reducing rates.

RES develop assessment and charges for the following services:

- Appropriated Assessment – The cost of services associated with managing and renewing leases and CTR base operations are assessed to benefiting state agencies based on an Office of Financial Management approved cost allocation methodologies. Assessments are determined on a biennial basis.
 - The assessment for managing and renewing leases is based on three evenly weighted factors: total number of leases, total square footage leased, and annual lease costs.
 - The cost allocation for CTR is part of the Public & Historic Facilities revolving fund charge which allocated based on the number of full-time equivalent positions each agency has located in Thurston County.
- Non-Appropriated Charges – The cost of services associated with locating and acquiring new space, space design assistance, disposal of space, and some

customer requested CTR services are assessed to state agencies either as a percentage of the lease or based on hours of services provided.

- Services associated with new leases (leasing, architectural services, project planning and management, construction management), are funded on a project-based fee-for-service. Fees are based on the square footage of the space requested, at either an hourly reimbursable rate or a commission rate of 2.5% of the total value of the lease.
- Services associated with acquisition and disposal of real estate and related activities such as easements, appraisals and environmental assessments are funded on a project-based hourly fee.
- Customer requested CTR services are funded on a project-based hourly fee.

III. Financial Statements

Financial activities of RES are recorded in a sub-account or project of the internal service fund, **422 Department of Enterprise Services Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Enterprise Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Positions
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Positions – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. The DES SWCAP costs are allocated to the account level on Exhibit F.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The interest earnings of Account 422 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned

to the RES sub-account. Exhibit D provides the assignment of the interest earnings to the sub-accounts comprising Account 422. The interest earnings have been allocated based on the average cash balances.

- OMB A-87 Retained Earnings Balance – The Account has a positive balance as of the end of the fiscal year, but is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit E provides the Account's revenue by state agency.

This concludes the narrative information on Real Estate Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - REAL ESTATE SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$166,664
Due from Other Funds	566,969
Due from Other Governments	121,166
Prepaid Expenses	0
Total Current Assets	<u>854,799</u>
Noncurrent Assets:	
Other Assets	80,541
Furnishings, Equipment & Collections	29,743
Accumulated Depreciation	<u>(29,743)</u>
Total Noncurrent Assets	<u>80,541</u>
Total Assets	<u><u>\$935,340</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$8,835
Accrued Liabilities	80,669
Due to Other Funds	46,358
Unearned Revenue	<u>80,541</u>
Total Current Liabilities	<u>216,403</u>
Noncurrent Liabilities	
Other Long-Term Obligations	<u>186,009</u>
Total Noncurrent Liabilities	<u>186,009</u>
Total Liabilities	<u>402,412</u>
Net Position:	
Net Investment In Capital Asset:	0
Unrestricted Net Position	<u>532,928</u>
Total Net Position	<u>532,928</u>
Total Liabilities and Net Position	<u><u>\$935,340</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - REAL ESTATE SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$3,370,167
Miscellaneous Revenue	<u>0</u>
Total Operating Revenues	<u>3,370,167</u>
Operating Expenses	
Salaries and Wages	1,587,856
Employee Benefits	500,863
Personal Services	0
Goods and Services	1,183,402
Travel	55,579
Depreciation and Amortization	0
Miscellaneous Expenses	<u>0</u>
Total Operating Expenses	<u>3,327,700</u>
Operating Income (Loss)	<u>42,467</u>
Non Operating Revenues (Expenses)	
Other Revenues (Expenses)	0
Interest Expense	<u>0</u>
Total Nonoperating Revenue (Expenses)	<u>0</u>
Income Before Transfers	<u>42,467</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	<u>0</u>
Total Transfers	<u>0</u>
Change in Net Position	42,467
Net Position - Beginning of Year, as Previously Reported	490,461
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$532,928</u></u>

**STATE OF WASHINGTON
ACCOUNT 422 - REAL ESTATE SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$403,048
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$3,370,167		
Miscellaneous Revenue	0		
Earnings on Investments	0		
Total Revenues		3,370,167	
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	1,587,856		
Employee Benefits	500,863		
Personal Services	0		
Goods and Services	1,183,402		
Travel	55,579		
Other Expenses	0		
Operating Transfers Out	0		
Total Per Financial Statements	3,327,700		
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	\$0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		0	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$14,140		
Other	0		
Total Additions		14,140	
Less OMB A-87 Allowable Expenditures			3,341,840
Plus Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings (Exhibit D)	151		
Total Adjustments			151
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$431,526
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$556,973
Excess Balance (A) - (B)			(\$125,447)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers		0	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$0

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$87,413
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	14,140		
Imputed Interest Earnings	(151)		
Total Adjustments		13,989	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$101,402

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$532,928
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**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - REAL ESTATE SERVICES
INTEREST EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACCOUNTS</u>	<u>BEGINNING CASH BALANCE</u>	<u>ENDING CASH BALANCE</u>	<u>AVERAGE CASH BALANCE</u>	<u>PERCENT</u>	<u>INTEREST EARNINGS</u>
Executive Management *	\$1,738,207	\$0	\$869,104	5.68%	\$882
Facilities Management					
Allowable Services	2,043,168	1,307,182	1,675,175	10.94%	1,699
Unallowable Services	1,353,592	0	676,796	4.42%	687
Personnel Services	0	2,656,825	1,328,413	8.68%	1,348
State Motor Pool *	0	0	0	0.00%	0
Consolidated Mail	974,301	766,345	870,323	5.69%	883
Real Estate Services	131,176	166,664	148,920	0.97%	151
Printing Services	0	0	0	0.00%	0
Brokering	0	1,501,379	750,690	4.90%	761
Small Agency Services	0	41,430	20,715	0.14%	21
Other Services	<u>7,991,537</u>	<u>9,946,153</u>	<u>8,968,845</u>	<u>58.59%</u>	<u>9,097</u>
Totals	<u>\$14,231,981</u>	<u>\$16,385,978</u>	<u>\$15,308,979</u>	<u>100.00%</u>	<u>\$15,529</u>
Actual Interest Earnings for Fund 422 - FY 2014 State Treasurer's Report					\$15,529
* Negative balances were restated at \$0.					

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - REAL ESTATE SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
012	Senate	\$527
014	Joint Legislative Audit and Review Commi	3,408
037	Office of Legislative Support Services	1,500
040	Statute Law Committee	1,328
046	State Law Library	1,533
055	Administrative Office of the Courts	9,383
056	Office of Public Defense	996
075	Office of the Governor	1,051
082	Public Disclosure Commission	1,039
085	Office of the Secretary of State	9,341
095	Office of the State Auditor	43,194
100	Office of the Attorney General	58,269
101	Caseload Forecast Council	528
102	Department of Financial Institutions	5,943
103	Department of Commerce	24,482
105	Office of Financial Management	5,024
107	State Health Care Authority	10,886
110	Office of Administrative Hearings	44,201
116	State Lottery Commission	14,231
117	WA State Gambling Commission	15,077
120	Human Rights Commission	9,524
124	Department of Retirement Systems	7,808
126	State Investment Board	7,663
135	Innovate Washington	2,496
140	Department of Revenue	48,373
142	Board of Tax Appeals	1,557
147	Office of Minority & Women's Business	1,328
160	Office of the Insurance Commissioner	6,759
163	Consolidated Technology Services	7,944
165	State Board of Accountancy	537
179	Department of Enterprise Services	79,848
185	Washington Horse Racing Commission	531
190	Board of Industrial Insurance Appeals	23,874
195	Liquor Control Board	16,904
215	Utilities and Transportation Commission	5,639
220	Board for Volunteer Firefighters & Reser	529
225	Washington State Patrol	40,117
228	Washington Traffic Safety Commission	1,043
235	Department of Labor and Industries	40,742
240	Dept of Licensing	81,783
245	Military Department	43,366
275	Public Employment Relations Commission	10,020
300	Dept of Social and Health Services	1,873,554
303	Department of Health	40,182
305	Department of Veterans' Affairs	8,495
310	Department of Corrections	91,929
315	Department of Services for the Blind	11,449
340	Council for Higher Education	8,263
341	LEOFF Plan 2 Retirement Board	3,028
350	Superintendent of Public Instruction	1,263
354	Work Force Training & Education Coor Boa	1,041
355	Dept of Archaeology & Historic Preservat	2,004
357	Department of Early Learning	4,796
360	University of Washington	1,002

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - REAL ESTATE SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
365	Washington State University	1,500
370	Eastern Washington University	1,056
375	Central Washington University	3,250
376	the Evergreen State College	641
387	Washington State Arts Commission	1,034
405	Department of Transportation	72,680
406	County Road Administration Board	1,037
407	Transportation Improvement Board	1,031
410	Transportation Commission	531
461	Department of Ecology	29,346
462	WA Pollution Liability Insurance Program	242
465	State Parks and Recreation Commission	15,938
468	Environmental and Land Use Hearings Offi	1,539
477	Department of Fish and Wildlife	6,120
478	Puget Sound Partnership	8,050
490	Department of Natural Resources	11,124
495	Department of Agriculture	29,965
540	Employment Security Department	148,397
699000	Community and Technical College System	47,605
699005	Everett Community College	39,515
699010	Edmonds Community College	38,126
699021	Whatcom Community College	2,508
699032	Centralia College	250
699035	Clark College	500
699048	Grays Harbor College	250
699049	Green River Community College	24,084
699057	Lower Columbia College	6,035
699062	Olympic College	14,937
699065	Peninsula College	3,314
699070	Seattle Community College-District 6	2,975
699074	Skagit Valley College	234
699075	South Puget Sound Community College	1,803
699076	Spokane Community College-District 17	4,316
699083	Walla Walla Community College	1,500
699091	Yakima Valley College	1,229
699093	Renton Technical College	4,680
699094	Bellingham Technical College	3,890
Other	Not Specified	101,608
	Total Revenues Per CAFR	<u><u>\$3,370,167</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - REAL ESTATE SERVICES
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	OBJECT A SALARIES & WAGES	PERCENT	SWCAP ALLOCATION
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***8. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 422
OTHER SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 422 - Other Services**

I. Service Description

This section includes information on other services provided by the Department of Enterprise Services that have not been presented in other sections of the SWCAP Section II Information. Per Division of Cost Allocation instructions, only a brief description of the services and their financial statements are provided.

II. Engineering & Architectural Services (EAS)

EAS provides assistance to state agencies, educational institutions, and local governments in the planning, design, construction, and operation of public facilities. The following EAS services are included under Account 422:

- Capital Project Management (CPM) – CPM provides project management services for state agencies and colleges in the planning, design, and construction of public facilities. It also administers and chairs the Capital Projects Advisory Review Board (CPARB) which is responsible for reviewing alternative public works contracting procedures and providing guidance to state policymakers on ways to further enhance the quality, efficiency and accountability of public works contracting methods. Account 422 revenues and expenses for CPM are recorded in Project 6300. CPM costs are funded from the State's capital budget, and hourly rates for projects funded outside the State's capital budget. Little, if any of CPM's revenues are funded by federal programs.
- Energy and Resource Conservation (ERC) – ERC assists state and local governments in the reduction of energy consumption by public facilities. Account 422 revenues and expenses for ERC are recorded in projects 6340. ERC costs are funded by commissions and hourly rates for special services provided. Little, if any of ERC's revenues are funded by federal programs.

III. Surplus Property

Surplus Property consists of two programs: State Surplus Property (SSP) and Federal Surplus Property (FSP). SSP administers and provides a process for marketing, storage, and redistribution or sale of surplus state-owned property. SSP is required to first offer surplus property to priority customers (state agencies, boards and commissions, institutions of higher education, political subdivisions, and non-profits) and only afterwards is it permitted to sell property to the general public. FSP administers and provides a process for the marketing, storage, and distribution of Federal surplus property to state agencies, municipalities, and eligible non-profit organizations. Costs of SSP and FSP are recovered through handling and service fees based either on surplus property values or revenues received from sale and disposal of surplus property. Account 422 revenues and expenses for SSP are recorded in project 5414 and for FSP in project 5415.

IV. Services Division Administration

Services Division Administration (SDA) is responsible for administering, coordinating, and supporting the services provided by the Division of Statewide Services of the Department of Enterprise Services (DES). It includes the Division director, administrative manager, and other support staff. DES allocates the costs of SDA to the programs assigned to the Statewide Services Division. Costs are subsequently included in the development of operating program service and per hour labor rates. DES utilizes a cost allocation model comprised of detailed schedules identifying costs and their allocation to programs. Account 422 revenues and expenses for SDA are recorded in project 5900.

V. Financial Statements

Financial activities are recorded in sub-accounts or projects of the internal service fund, **422 General Administration Services Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position – Information is provided by project account.
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A. Information is provided by project account.

This concludes the narrative information on Account 422 – Other Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - OTHER SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	IT SUPPORT FOR OTHER AGENCIES 3030	BR ADMIN 5000	STATE SURPLUS 5414	FEDERAL SURPLUS 5415	ENGINEERING ARCHITECTURAL SVCS 6300	ENERGY 6340	RESOURCE CONSERV 6350	INTERNAL FACILITIES ADMIN 6500	INTERNAL CONTRACTS & LEGAL SVCS 8000
Assets:									
Current Assets:									
Cash and Cash Equivalents	\$0	\$25,865	\$1,305,623	\$384,291	\$1,865,636	\$2,519,307	\$301,275	(\$164,241)	\$91,554
Other Receivables (Net)			5,343	1,350					
Due from Other Funds	0	2,427	28,088	3,033	0	95,702		254,710	10,164
Due from Other Governments			38,803	578		356,007			
Inventories				0					
Prepaid Expenses		0							
Total Current Assets	0	28,292	1,377,857	389,252	1,865,636	2,971,016	301,275	90,469	101,718
Noncurrent Assets:									
Other Improvements			67,359						
Furnishings, Equipment			1,800,444		10,484	44,579		596,475	
Accumulated Depreciation			(1,564,804)		(10,484)	(44,579)		(579,554)	
Construction In Progress							43,562		
Total Noncurrent Assets	0	0	302,999	0	0	0	43,562	16,921	0
Total Assets	\$0	\$28,292	\$1,680,856	\$389,252	\$1,865,636	\$2,971,016	\$344,837	\$107,390	\$101,718
Liabilities:									
Current Liabilities									
Accounts Payable		\$341	\$81,321	\$73	\$0	\$3,603	\$0	\$18,839	\$639
Accrued Liabilities	0	13,055	42,639	7,127	(2,311)	58,319	0	16,898	47,999
Due to Other Funds	0	3,745	168,732	3,098	0	82,204	0	21,430	59,949
Deferred/Unearned Revenues	0	0	0	3,090	0	0	0	0	0
Total Current Liabilities	0	17,141	292,692	13,388	(2,311)	144,126	0	57,167	108,587
Noncurrent Liabilities									
Obligation for Capital - Long-Term	0	0	0	0	0	0	0	0	0
Other Long-Term Obligations	0	51,478	153,038	5,034	70,280	94,426		45,391	30,432
Total Noncurrent Liabilities	0	51,478	153,038	5,034	70,280	94,426	0	45,391	30,432
Total Liabilities	0	68,619	445,730	18,422	67,969	238,552	0	102,558	139,019
Net Position:									
Net Investment in Capital Assets	0	0	0	0	0	0	0	0	0
Unrestricted Net Position	0	(40,327)	1,235,126	370,829	1,797,667	2,732,463	344,837	4,832	(37,301)
Total Net Position	0	(40,327)	1,235,126	370,829	1,797,667	2,732,463	344,837	4,832	(37,301)
Total Liabilities and Net Position	\$0	\$28,292	\$1,680,856	\$389,251	\$1,865,636	\$2,971,015	\$344,837	\$107,390	\$101,718

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - OTHER SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	MASTER CONTRACTS 8090	MASTER CONTRACTS TRADE SHOWS 8091	STATEWIDE FINANCIAL SYSTEM (ERP) ERP	AGENCY 405	NOT SPECIFIED	TOTAL
Assets:						
Current Assets:						
Cash and Cash Equivalents	\$4,748,108	(\$8,596)	\$2,052,316	(\$256)	(\$3,174,729)	\$9,946,153
Other Receivables (Net)	370,640				0	377,333
Due from Other Funds	123,595				19,776	537,495
Due from Other Governments	160,444				0	555,832
Inventories						0
Prepaid Expenses	16,368					16,368
Total Current Assets	5,419,155	(8,596)	2,052,316	(256)	(3,154,953)	11,433,181
Noncurrent Assets:						
Other Improvements						67,359
Furnishings, Equipment	261,903					2,713,885
Accumulated Depreciation	(261,903)					(2,461,324)
Construction In Progress						43,562
Total Noncurrent Assets	0	0	0	0	0	363,482
Total Assets	\$5,419,155	(\$8,596)	\$2,052,316	(\$256)	(\$3,154,953)	\$11,796,663
Liabilities:						
Current Liabilities						
Accounts Payable	\$59,569		\$49,500			\$213,885
Accrued Liabilities	263,999				16,586	464,311
Due to Other Funds	1,729,722		14,037		93,667	2,176,584
Deferred/Unearned Revenues	0	0	0	0	0	3,090
Total Current Liabilities	2,053,290	0	63,537	0	110,253	2,857,870
Noncurrent Liabilities						
Obligation for Capital - Long-Term	0		0	0	0	0
Other Long-Term Obligations	387,064					837,143
Total Noncurrent Liabilities	387,064	0	0	0	0	837,143
Total Liabilities	2,440,354	0	63,537	0	110,253	3,695,013
Net Position:						
Net Investment in Capital Assets	0	0	0	0	0	0
Unrestricted Net Position	2,978,802	(8,596)	1,988,779	(256)	(3,265,205)	8,101,650
Total Net Position	2,978,802	(8,596)	1,988,779	(256)	(3,265,205)	8,101,650
Total Liabilities and Net Position	\$5,419,156	(\$8,596)	\$2,052,316	(\$256)	(\$3,154,952)	\$11,796,663

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - OTHER SERVICES
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	IT SUPPORT FOR OTHER AGENCIES 3030	BR ADMIN 5000	STATE SURPLUS 5414	FEDERAL SURPLUS 5415	ENGINEERING ARCHITECTURAL SVCS 6300	ENERGY 6340	RESOURCE CONSERV 6350	INTERNAL FACILITIES ADMIN 6500	INTERNAL CONTRACTS & LEGAL SVCS 8000	STATE PROCUREMENT 8030
Operating Revenues										
Sales				\$194,460						
Less: Cost of Goods Sold				(164,150)						
Charges for Services			2,571,755	4,010	0	3,455,705		251,332		238
Premiums & Assessments									(89)	
Miscellaneous Revenue			205,999	127,029				980	1,932	
Total Operating Revenues	0	0	2,777,754	161,349	0	3,455,705	0	252,312	1,843	238
Operating Expenses										
Salaries and Wages		246,326	890,628	163,848	0	1,105,654		293,260	961,506	
Employee Benefits	0	70,219	381,220	57,239	782	326,311		122,100	306,483	
Personal Services										
Goods and Services		(349,056)	1,397,969	77,303		1,017,987	403	(231,985)	(1,470,896)	
Travel		341	20,633	4,796		104,033		14,338	10,187	
Depreciation and Amortization			93,406					1,956		
Miscellaneous Expenses						288,392				
Total Operating Expenses	0	(32,170)	2,783,856	303,186	782	2,842,377	403	199,669	(192,720)	0
Operating Income (Loss)	0	32,170	(6,102)	(141,837)	(782)	613,328	(403)	52,643	194,563	238
Non Operating Revenues (Expenses)										
Earnings on Investments										
Disposal of Assets - Gain										
Disposal of Assets - (Loss)										
Other Revenues (Expenses)			3,185							
Taxes and License Revenue			11,500							
Interest Expense										
Total Nonoperating Revenue (Expenses)	0	0	14,685	0	0	0	0	0	0	0
Income Before Transfers	0	32,170	8,583	(141,837)	(782)	613,328	(403)	52,643	194,563	238
Transfers										
Operating Transfers In	171,172							671,309	2,658	(238)
Operating Transfers Out								(704,373)	(4,494)	
Total Transfers	171,172	0	0	0	0	0	0	(33,064)	(1,836)	(238)
Change in Net Position	171,172	32,170	8,583	(141,837)	(782)	613,328	(403)	19,579	192,727	0
Net Position - Beginning of Year	(171,172)	(72,497)	1,226,543	512,666	1,798,449	2,119,136	345,240	(14,747)	(230,028)	0
Adjustments Applicable to Prior Year										
Net Position - End of Year	\$0	(\$40,327)	\$1,235,126	\$370,829	\$1,797,667	\$2,732,464	\$344,837	\$4,832	(\$37,301)	\$0

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - OTHER SERVICES
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	MASTER CONTRACTS 8090	MASTER CONTRACTS TRADE SHOWS 8091	STATEWIDE FINANCIAL SYSTEM (ERP) ERP	AGENCY 405	NOT SPECIFIED	TOTAL
Operating Revenues						
Sales	(\$11,664)				(\$255)	\$182,541
Less: Cost of Goods Sold						(\$164,150)
Charges for Services	8,238,441				(259,858)	\$14,261,623
Premiums & Assessments						(\$89)
Miscellaneous Revenue	174,579	143,910				\$654,429
Total Operating Revenues	8,401,356	143,910	0	0	(260,113)	14,934,354
Operating Expenses						
Salaries and Wages	3,083,958					\$6,745,180
Employee Benefits	1,061,921					\$2,326,275
Personal Services	194,910		860,500			\$1,055,410
Goods and Services	2,191,165	152,506	77,375			\$2,862,771
Travel	126					\$154,454
Depreciation and Amortization						\$95,362
Miscellaneous Expenses	125					\$288,517
Total Operating Expenses	6,532,205	152,506	937,875	0	0	13,527,969
Operating Income (Loss)	1,869,151	(8,596)	(937,875)	0	(260,113)	1,406,385
Non Operating Revenues (Expenses)						
Earnings on Investments						\$0
Disposal of Assets - Gain						\$0
Disposal of Assets - (Loss)						\$0
Other Revenues (Expenses)	510					\$3,695
Taxes and License Revenue						\$11,500
Interest Expense						\$0
Total Nonoperating Revenue (Expenses)	510	0	0	0	0	15,195
Income Before Transfers	1,869,661	(8,596)	(937,875)	0	(260,113)	1,421,580
Transfers						
Operating Transfers In	15,288			0	(2,947,781)	(\$2,087,592)
Operating Transfers Out	(6,463,584)					(\$7,172,451)
Total Transfers	(6,448,296)	0	0	0	(2,947,781)	(9,260,043)
Change in Net Position	(4,578,635)	(8,596)	(937,875)	0	(3,207,894)	(7,838,463)
Net Position - Beginning of Year	7,557,437	0	2,926,654	(256)	(57,312)	\$15,940,113
Adjustments Applicable to Prior Year		0				\$0
Net Position - End of Year	\$2,978,802	(\$8,596)	\$1,988,779	(\$256)	(\$3,265,205)	\$8,101,651

***9. CONSOLIDATED TECHNOLOGY SERVICES – ACCOUNT 419
DATA PROCESSING SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Consolidated Technology Services
Account 419 – Data Processing Services**

I. Service Description

The Department of Consolidated Technology Services, Account 419 Data Processing Services (CTS) provides telecommunications, computer services, and technology policy standards to state, local, and tribal governments; educational institutions; and nonprofit organizations. The primary role of CTS is to assist state and local governments use technology to more efficiently serve Washington residents. CTS offers a wide range of products and services to schools, state agencies, counties, cities, and tribal governments. CTS provides staff to the state's Information Services Board, oversees state government information technology policies and strategic plans, and is a cabinet-level state agency. This section also includes the Office of Financial Management, Account 419 Office of Chief Information Officer (OCIO) provides technology policy standards to state, local, and tribal governments; and educational institutions.

CTS activities and services include:

- Administration - This activity includes the following functions: agency management, internal application development and support, administrative support, legislative coordination, and performance management.
- Data Network Services – CTS plans, implements, and manages data communication networks that provide connectivity between computers and customers who require access to the applications and data residing on those computers. DIS supports three governmental data networks on the statewide backbone. These include the Campus Fiber Network on the capitol campus in Olympia; the State Governmental Network (SGN) of state government agencies; and the InterGovernmental Network (IGN) that links cities and counties with state agencies. Data Network Services is also responsible for the deployment and management of the K-20 Education Network.
- Enterprise Initiatives Group - CTS helps agencies develop enterprise business solutions by bringing state and local government partners together to develop cross-agency and cross-jurisdictional initiatives and information technology services that improve overall government effectiveness.
- Enterprise Security Services - Secures and protects the state's critical assets and information by providing statewide Internet protection, secure access services, and security consulting.
- Voice Telephone Services – CTS offers a wide range of telecommunications services, including: local and long distance telephone service, voice over Internet Protocol, long distance calling card service (SCAN Plus), conference calling services, interactive voice recognition, call center technical support, operator services and directory assistance, and advanced digital switching services in support of video conferencing.

- Information Services Policy Development and Project Oversight – OFM Office of the Chief Information Officer (OCIO) provides staff support to the Information Services Board (ISB), which is composed of representatives of all three branches of state government, as well as private industry. Activities include the development of statewide information technology (IT) policy, oversight of major IT projects, preparation of technical IT standards, and evaluation of the technical merits of proposed projects. OFM also provides staff support for IT committees and task forces.
- K-20 Education Network – OFM – OCIO Manages and coordinates the K-20 Education Network to deliver data and video services to universities, community and technical colleges, and K-12 locations throughout the state. DIS also provides staff support for the K-20 Education Network Board, which has policy, budget, and oversight responsibilities.

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II. Billing Methodology

Costs are recovered through assessment of fees based on services provided. Agencies are charged monthly for services received based on an extensive rate schedule. The rate for each service is based on projected costs and usage or demand; and a plus or minus allowance based on prior service earnings. Rates are reviewed every two years in conjunction with the state biennial budget process and normally set for the two years of the biennium. However, rates are monitored monthly and may be revised if costs or revenues/demand are significantly more or less than projected. The status of the fund balance is also considered in either increasing or reducing rates.

CTS rate development process consists of the following tasks:

- **Assignment of Projected Costs to Services**

Three types of cost centers are used for tracking, budgeting or recognizing expenses: overhead, support and revenue. Costs are transferred from overhead and support centers to revenue centers via transfer rules (percentage-driven rules that apportion costs from support and overhead cost centers to revenue cost centers based on pre-determined allocations). Revenue centers do not transfer costs.

- Overhead cost centers capture costs for functions within the agency that are considered “overhead”: payroll, finance, director’s office, communications office, etc. These costs are allocated to revenue centers on the basis of accrued non-overhead FTEs, with three exceptions: 1) the Office of Legal services measures its workload, and apportions its costs (via transfer rules) to the services it benefits 2) Agency Technology Solutions (our Internal IT shop) apportions expenses in two ways: it’s application support team tracks the number of applications it supports, and assigns costs accordingly, and device support functions are apportioned to service based on the number of devices (blackberries, laptops and PCs) used within a given service and 3) Facilities costs (headquarter only – not Data Center-related facilities) are apportioned across FTEs after special-use floor space has been removed and charged directly to benefitting services.

- Support cost centers are meant to contain expenses that benefit more than one service, within more than one revenue center. Examples of support centers are Labor centers (where pools of labor costs are apportioned across services) Mainframe and Storage support centers wherein costs for common infrastructure (hardware, software, personal service support, etc) are apportioned across differing service offerings. Transfer rules for support centers are determined by service owners. In some cases, the rules are based on the number of trouble tickets (as a proxy for workload), in others, an estimate of computing resources is made, and rules are developed accordingly.
- Both Overhead and Support centers empty out into Revenue Centers. Revenue centers are where final service expenses are recognized, as well as revenues generated from sales. Before rates are developed, a thorough understanding of the expenses that transfer into each revenue center is required. Expected expenses associated with changes in demand and new technologies, as well as the transfer rules associated with support and some overhead centers are reviewed. These changes are recognized in a trial budget, setting the stage for a review and development of rates.

- **Project Service Demand**

Once expenses are budgeted and transferred to their respective revenue centers, Service owners review demand of their services. This is accomplished in several ways. Some services' demand is stable, and lends itself to trend analysis, or looking to past billing to understand future volumes; examples include mainframe computing and storage services. Other services are purchased on an ad hoc basis, making predictions of future demand impossible; for example, Blackberry service. These services' demand estimates are either set on a prediction of growth based on a percentage set by the service owner, or based on the previous years' demand, merged with the service owner's knowledge of planned growth within their customer agencies.

Once demand is established, a calculation of the revenue generated from the estimated demand is made, and compared against expenses. Where necessary, rate adjustments are made in order to cover the expenses. When expenses are higher than anticipated revenue, rates are increased; alternatively, when expenses are lower than anticipated revenues, rates are lowered.

III. **Financial Statements**

The financial activities are recorded in a sub-account of the internal service fund, **419 Data Processing Revolving Fund**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Data Processing Revolving Account financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix B. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix B.

- Exhibit C: Profit and Loss by Business Center
- Exhibit D: Retained Earnings Balances by Business Center

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit E provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Deductions – None.
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The interest earnings of Account 419 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to this schedule. Exhibit F provides the assignment of the interest earnings to the sub-accounts comprising Account 419. The interest earnings have been allocated based on the average cash balances for the fiscal year.
 - OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year. Therefore, the Account's balance is not in excess of the OMB Circular A-87 allowable ISF working capital balance.
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. This section also includes a one-time adjustment to the CAFR fund balance associated with the breaking up of this schedule into its various pieces in 2014 (DES Brokering, DES IT Services, DES Enterprise Systems, DES Printing, and CTS Services). Other adjustments are the standard adjustments for SWCAP costs and interest earnings.

VI. Revenues – Exhibit G provides the Account's revenue by state agency.

This concludes the narrative information on the CTS Data Processing Services Account. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
CONSOLIDATED TECHNOLOGY SERVICES
ACCOUNT 419 - CONSOLIDATED TECHNOLOGY SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$16,973,996
Other Receivables (Net)	\$523,337
Due from Other Funds	\$11,561,555
Due from Other Governments	\$438,727
Inventories	\$0
Prepaid Expenses	\$2,115,646
Total Current Assets	<u>31,613,260</u>
Noncurrent Assets:	
Land	\$0
Other Assets, Noncurrent	\$12,323,929
Buildings	\$275,407,389
Other Improvements	\$3,168,914
Furnishings, Equipment & Collections	\$94,492,363
Accumulated Depreciation	(\$111,998,095)
Construction In Progress	\$9,497,055
Total Noncurrent Assets	<u>282,891,555</u>
Total Assets	<u><u>\$314,504,815</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$5,435,942
Contracts and Retainages Payable	\$0
Accrued Liabilities	\$1,228,249
Notes & Leases Payable - ST	\$3,481,421
Bonds Payable	\$6,039,583
Due to Other Funds	\$3,649,492
Due to Other Governments	\$0
Deferred Revenues	\$0
Total Current Liabilities	<u>19,834,687</u>
Noncurrent Liabilities	
Notes & Leases Payable - LT	\$9,932,638
Bonds Payable	\$286,789,167
Other Long-Term Obligations	\$2,625,776
Total Noncurrent Liabilities	<u>299,347,581</u>
Total Liabilities	<u>319,182,268</u>
Net Position	
Net Investment in Capital Asset:	(\$35,675,184)
Unrestricted Net Position	<u>\$30,997,731</u>
Total Net Position	<u>(4,677,453)</u>
Total Liabilities and Net Position	<u><u>\$314,504,815</u></u>

**STATE OF WASHINGTON
CONSOLIDATED TECHNOLOGY SERVICES
ACCOUNT 419 - CONSOLIDATED TECHNOLOGY SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014**

	<u>TOTAL</u>
Operating Revenues	
Sales	\$0
Less Cost of Goods Sold	\$0
Charges for Services	\$96,593,489
Miscellaneous Revenue	<u>\$25,383,669</u>
Total Operating Revenues	<u>121,977,158</u>
Operating Expenses	
Salaries and Wages	\$22,020,702
Employee Benefits	\$6,474,592
Personal Services	\$458,255
Goods and Services	\$73,877,607
Travel	\$141,646
Depreciation and Amortization	\$21,456,439
Miscellaneous Expenses	<u>\$3,773</u>
Total Operating Expenses	<u>124,433,016</u>
Operating Income (Loss)	<u>(2,455,858)</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	\$0
Disposal of Assets - Gain	\$0
Disposal of Assets - (Loss)	\$0
Other Revenues (Expenses)	(\$78,336)
Interest Expense	<u>(\$15,541,747)</u>
Total Nonoperating Revenue (Expenses)	<u>(15,620,083)</u>
Income Before Transfers	<u>(18,075,941)</u>
Transfers	
Operating Transfers In	\$0
Operating Transfers Out	<u>\$0</u>
Total Transfers	<u>0</u>
Change in Net Position	(18,075,941)
Net Position - Beginning of Year	\$13,398,489
Adjustments Applicable to Prior Year	<u>\$0</u>
Net Position - End of Year	<u><u>(\$4,677,453)</u></u>

**STATE OF WASHINGTON
CONSOLIDATED TECHNOLOGY SERVICES
PROFIT AND LOSS BY BUSINESS CENTER for CTS Services
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Business Centers	Revenues	Expenses	Depreciation	Net Income
Telecommunications Services				
330X - Telephony Services	18,670,407	(20,483,059)	(645,832)	(2,458,484)
3321 SCAN	2,590,173	(2,960,066)		(369,893)
3341 Central Office Services	4,139,794	(4,852,405)		(712,611)
3342 PBX	11,752,506	(12,482,653)	(645,832)	(1,375,979)
3343 - Telephone Services Chargeback	187,934	(187,934)		0
State Info and Conference Services	1,670,287	(1,356,910)	(883)	312,494
3331 Conference Calls	1,574,287	(1,241,643)	(883)	331,760
3332 State Telephony Information Services	96,000	(115,266)		(19,266)
34XX - Data Network Services	17,629,082	(21,186,790)	(3,086,571)	(6,644,278)
1165 - Wireless Project		(207,896)	(2,856)	(210,752)
3484 - Tsd - Internet Services	935,760	(457,184)	(3,756)	474,820
3485 - Intergovernmental Transport Services	1,293,247	(1,503,194)	(20,172)	(230,119)
3487 - K20 Network Services	571,351	(359,841)	(22,344)	189,166
3488 - CORE Switching	1,945,922	(1,255,675)	(1,856,241)	(1,165,994)
3491 - State Governmental Network	12,789,243	(17,175,210)	(1,132,722)	(5,518,689)
3493 - Public Governmental Network	93,560	(227,790)	(48,481)	(182,710)
TSD Reconciliation	0			0
TSD Total	37,969,776	(43,026,758)	(3,733,286)	(8,790,268)
CTS Interactive Technologies				
35XX - Enterprise Security	11,635,509	(8,561,041)	(669,296)	2,405,172
3520 Enterprise Security Infrastructure	5,863,500	(3,206,700)	(457,356)	2,199,445
3521 Enterprise Security Infrastructure Rev	811,812	(755,950)	(12,535)	43,327
3540 Secure Access Services	3,144,171	(2,998,093)	(174,844)	(28,765)
3541 Remote Access Services	1,816,026	(1,600,298)	(24,561)	191,166
DIS Interactive Technologies Reconciliation	0			0
DIS Interactive Technologies Total	11,635,509	(8,561,041)	(669,296)	2,405,172
Computer Services				
421 BC/DR Services	1,999,537	(1,937,378)		62,159
4240 CSD Pass Through Services	982,561	(340,710)	(746,131)	(104,279)
4438 Unisys Services	3,150,000	(2,326,672)	(766,754)	56,574
451X - System 390 Services	14,210,868	(14,380,772)	(360,380)	(530,284)
4530 System 390 Metered Service	5,867,150	(7,142,511)	(183,433)	(1,458,795)
4561 System 390 Tailored Service	8,343,718	(7,238,261)	(176,947)	928,510
455X - Enterprise Storage Management	5,803,483	(4,378,907)	(1,480,824)	(56,248)
4556 - Storage Area Network (SAN) Connectivity	143,700	(41,648)	(17,353)	84,700
4574 - Mainframe S/390 Storage				0
4575 - Mainframe Unisys Storage				0
4589 - UHP Storage	280,610	(386,733)	(289,583)	(395,706)
4590 - Mainframe Storage	786,691	(346,713)	(107,020)	332,958
4591 - High Performance Storage	774,802	(268,231)	(201,449)	305,122
4592 - Commodity Storage	152,930	(319,323)	(73,328)	(239,721)
4593 - Nearline Storage	932,906	(191,504)	(50,426)	690,976
4594 - Archive	80,812	(775,916)	(242,834)	(937,938)

**STATE OF WASHINGTON
CONSOLIDATED TECHNOLOGY SERVICES
PROFIT AND LOSS BY BUSINESS CENTER for CTS Services
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

4595 - Backup	2,651,033	(1,919,786)	(476,125)	255,122
Enterprise Storage Mgmt Support Center Reconciliation	0	(129,053)	(22,708)	(151,761)
471X - Email Communications Services	4,815,413	(6,045,495)	(426,927)	(1,657,009)
4721 - Enterprise Active Directory Services	1,062,562	(840,585)	(2,250)	219,727
4730 - Email (2010) Services	3,698,523	(4,588,885)	(413,108)	(1,303,470)
4742 - Live Communication Server	54,327	(616,025)	(11,568)	(573,266)
472X - Content Management Services	1,235,267	(1,490,992)	(6,484)	(262,209)
4723 - Shared Web Hosting	454,159	(410,295)		43,864
4727 - LISTSERV	103,170	(155,816)		(52,646)
4728 - Content Management	164,264	(179,978)		(15,713)
4741 - Share Point	175,591	(416,250)		(240,660)
4744 - SFT Svcs	338,083	(328,653)	(6,484)	2,946
473X - Server Hosting Services	6,011,403	(7,365,719)	(280,037)	(1,634,353)
4625 - A La Carte Services	1,775,257	(2,461,040)		(685,783)
4722 - Server Hosting Provisioning Svcs	2,271,326	(3,350,140)	(280,037)	(1,358,851)
4780 - Desktop Infrastructure				0
4781 - Cloud Computing Services				0
4785 - Server Sppt Svcs	1,964,820	(1,554,539)		410,281
Data Center Services	19,272,266	(16,422,251)	(7,351,400)	(4,501,384)
1151 - SDC Technology Transition		9,619		9,619
1153 - Wheeler Allocation Pool	13,793,500	(9,212,589)		4,580,911
3408 - Node Sites Facilities	1,193,000	(784,521)	(141,756)	266,723
4801 - OB2 Data Center Facilities Team	3,825,948	(2,280,548)	(435,062)	1,110,338
4803 - State Data Center Facility Team	459,818	(4,154,212)	(6,774,581)	(10,468,975)
CSD Total	57,480,798	(54,688,895)	(11,418,936)	(8,627,033)
CTS Services Total	107,086,084	(106,276,695)	(15,821,518)	(15,012,129)
1137 Reimbursable Projects				0
1154 Wheeler Office Complex	11,542,776	(8,907,852)	(5,634,921)	(2,999,997)
Other Reconciliation	159,753	190,181		349,934
Other Total	11,702,529	(8,717,671)	(5,634,921)	(2,650,063)
CTS Total	118,788,613	(114,994,366)	(21,456,439)	(17,662,192)
	(118,788,613)	114,994,366	21,456,439	17,662,192
	0	(0)	0	(0)

**STATE OF WASHINGTON
 CONSOLIDATED TECHNOLOGY SERVICES
 RETAINED EARNINGS BY BUSINESS CENTER for CTS Services
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Business Centers	Beginning				Net Income	Ending	
	RE Balance	Revenues	Expenses	Depreciation		RE Balance	45 Day Working Capital
Telecommunications Services							
330X - Telephony Services	4,661,260	18,670,407	(20,483,059)	(645,832)	(2,458,484)	2,202,776	(2,525,309)
3321 SCAN	(61,487)	2,590,173	(2,960,066)		(369,893)	(431,380)	(364,940)
3341 Central Office Services	(331,007)	4,139,794	(4,852,405)		(712,611)	(1,043,618)	(598,242)
3342 PBX	5,053,754	11,752,506	(12,482,653)	(645,832)	(1,375,979)	3,677,775	(1,538,957)
3343 - Telephone Services Chargeback	0	187,934	(187,934)		0	0	(23,170)
State Info and Conference Services	1,197,754	1,670,287	(1,356,910)	(883)	312,494	1,510,248	(167,290)
3331 Conference Calls	1,389,853	1,574,287	(1,241,643)	(883)	331,760	1,721,613	(153,079)
3332 State Telephony Information Services	(192,099)	96,000	(115,266)		(19,266)	(211,365)	(14,211)
34XX - Data Network Services	(14,295,550)	17,629,082	(21,186,790)	(3,086,571)	(6,644,278)	(20,939,829)	(2,612,070)
1165 - Wireless Project	0		(207,896)	(2,856)	(210,752)	(210,752)	(25,631)
3484 - Tsd - Internet Services	(141,048)	935,760	(457,184)	(3,756)	474,820	333,772	(56,365)
3485 - Intergovernmental Transport Services	(4,740,416)	1,293,247	(1,503,194)	(20,172)	(230,119)	(4,970,535)	(185,325)
3487 - K20 Network Services	(1,487,810)	571,351	(359,841)	(22,344)	189,166	(1,298,644)	(44,364)
3488 - CORE Switching	715,797	1,945,922	(1,255,675)	(1,856,241)	(1,165,994)	(450,197)	(154,809)
3491 - State Governmental Network	(8,393,757)	12,789,243	(17,175,210)	(1,132,722)	(5,518,689)	(13,912,446)	(2,117,492)
3493 - Public Governmental Network	(248,316)	93,560	(227,790)	(48,481)	(182,710)	(431,027)	(28,084)
TSD Reconciliation	0	0			0	0	
TSD Total	(8,436,536)	37,969,776	(43,026,758)	(3,733,286)	(8,790,268)	(17,226,804)	
CTS Interactive Technologies							
35XX - Enterprise Security	(3,515,550)	11,635,509	(8,561,041)	(669,296)	2,405,172	(1,110,378)	(1,055,471)
3520 Enterprise Security Infrastructure	2,807,688	5,863,500	(3,206,700)	(457,356)	2,199,445	5,007,133	(395,347)
3521 Enterprise Security Infrastructure Rev	514,198	811,812	(755,950)	(12,535)	43,327	557,525	(93,199)
3540 Secure Access Services	(4,515,529)	3,144,171	(2,998,093)	(174,844)	(28,765)	(4,544,295)	(369,628)
3541 Remote Access Services	(2,321,907)	1,816,026	(1,600,298)	(24,561)	191,166	(2,130,741)	(197,297)
DIS Interactive Technologies Reconciliation	0	0			0	0	
DIS Interactive Technologies Total	(3,515,550)	11,635,509	(8,561,041)	(669,296)	2,405,172	(1,110,378)	
Computer Services							
421 BC/DR Services	(1,057,048)	1,999,537	(1,937,378)		62,159	(994,889)	(238,855)
4240 CSD Pass Through Services	139,728	982,561	(340,710)	(746,131)	(104,279)	35,449	(42,005)
4438 Unisys Services	1,551,563	3,150,000	(2,326,672)	(766,754)	56,574	1,608,137	(286,850)
451X - System 390 Services	547,537	14,210,868	(14,380,772)	(360,380)	(530,284)	17,253	(9,618,287)
4530 System 390 Metered Service	(5,267,870)	5,867,150	(7,142,511)	(183,433)	(1,458,795)	(6,726,665)	(880,584)
4561 System 390 Tailored Service	5,815,407	8,343,718	(7,238,261)	(176,947)	928,510	6,743,917	(892,388)
455X - Enterprise Storage Management	7,188,026	5,803,483	(4,378,907)	(1,480,824)	(56,248)	7,131,778	(523,955)
4556 - Storage Area Network (SAN) Connectivity	(605,286)	143,700	(41,648)	(17,353)	84,700	(520,587)	(5,135)
4574 - Mainframe S/390 Storage	6,100,630				0	6,100,630	0
4575 - Mainframe Unisys Storage	321,897				0	321,897	0
4589 - UHP Storage	(476,578)	280,610	(386,733)	(289,583)	(395,706)	(872,284)	(47,679)
4590 - Mainframe Storage	1,379,160	786,691	(346,713)	(107,020)	332,958	1,712,118	(42,745)
4591 - High Performance Storage	(304,794)	774,802	(268,231)	(201,449)	305,122	329	(33,070)
4592 - Commodity Storage	(82,320)	152,930	(319,323)	(73,328)	(239,721)	(322,041)	(39,369)
4593 - Nearline Storage	(266,486)	932,906	(191,504)	(50,426)	690,976	424,490	(23,610)
4594 - Archive	(229,735)	80,812	(775,916)	(242,834)	(937,938)	(1,167,673)	(95,661)
4595 - Backup	1,351,538	2,651,033	(1,919,786)	(476,125)	255,122	1,606,660	(236,686)
Enterprise Storage Mgmt Support Center Reconciliation	0	0	(129,053)	(22,708)	(151,761)	(151,761)	

**STATE OF WASHINGTON
 CONSOLIDATED TECHNOLOGY SERVICES
 RETAINED EARNINGS BY BUSINESS CENTER for CTS Services
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Business Centers	Beginning RE Balance	Revenues	Expenses	Depreciation	Net Income	Ending RE Balance	45 Day Working Capital
471X - Email Communications Services	(9,419,645)	4,815,413	(6,045,495)	(426,927)	(1,657,009)	(11,076,653)	(745,335)
4721 - Enterprise Active Directory Services	(163,557)	1,062,562	(840,585)	(2,250)	219,727	56,169	(103,634)
4730 - Email (2010) Services	(8,808,252)	3,698,523	(4,588,885)	(413,108)	(1,303,470)	(10,111,721)	(565,753)
4742 - Live Communication Server	(447,836)	54,327	(616,025)	(11,568)	(573,266)	(1,021,101)	(75,948)
472X - Content Management Services	(1,329,826)	1,235,267	(1,490,992)	(6,484)	(262,209)	(1,592,035)	(183,821)
4723 - Shared Web Hosting	237,833	454,159	(410,295)		43,864	281,696	(50,584)
4727 - LISTSERV	(425,853)	103,170	(155,816)		(52,646)	(478,498)	(19,210)
4728 - Content Management	10,046	164,264	(179,978)		(15,713)	(5,668)	(22,189)
4741 - Share Point	(1,315,282)	175,591	(416,250)		(240,660)	(1,555,941)	(51,319)
4744 - SFT Svcs	163,430	338,083	(328,653)	(6,484)	2,946	166,376	(40,519)
473X - Server Hosting Services	(1,233,956)	6,011,403	(7,365,719)	(280,037)	(1,634,353)	(2,868,309)	(908,102)
4625 - A La Carte Services	(149,127)	1,775,257	(2,461,040)		(685,783)	(834,910)	(303,416)
4722 - Server Hosting Provisioning Svcs	(379,041)	2,271,326	(3,350,140)	(280,037)	(1,358,851)	(1,737,892)	(413,031)
4780 - Desktop Infrastructure	(6,561)				0	(6,561)	0
4781 - Cloud Computing Services	(699,227)				0	(699,227)	0
4785 - Server Sppt Svcs	0	1,964,820	(1,554,539)		410,281	410,281	(191,655)
Data Center Services	(18,765,893)	19,272,266	(16,422,251)	(7,351,400)	(4,501,384)	(23,267,277)	
1151 - SDC Technology Transition	(1,907,649)		9,619		9,619	(1,898,030)	1,186
1153 - Wheeler Allocation Pool	(16,858,244)	13,793,500	(9,212,589)		4,580,911	(12,277,333)	(1,135,799)
3408 - Node Sites Facilities	0	1,193,000	(784,521)	(141,756)	266,723	266,723	(96,722)
4801 - OB2 Data Center Facilities Team	0	3,825,948	(2,280,548)	(435,062)	1,110,338	1,110,338	(281,163)
4803 - State Data Center Facility Team	0	459,818	(4,154,212)	(6,774,581)	(10,468,975)	(10,468,975)	(512,163)
CSD Total	(22,379,514)	57,480,798	(54,688,895)	(11,418,936)	(8,627,033)	(31,006,547)	
CTS Services Total	(34,331,600)	107,086,084	(106,276,695)	(15,821,518)	(15,012,129)	(49,343,729)	
1137 Reimbursable Projects	(114,683)				0	(114,683)	0
1154 Wheeler Office Complex	(2,563,971)	11,542,776	(8,907,852)	(5,634,921)	(2,999,997)	(5,563,968)	(1,098,228)
Other Reconciliation	456	159,753	190,181		349,934	350,390	
Other Total	(2,678,198)	11,702,529	(8,717,671)	(5,634,921)	(2,650,063)	(5,328,261)	
CTS Total	(37,009,798)	118,788,613	(114,994,366)	(21,456,439)	(17,662,192)	(54,671,990)	
CAFR		(118,788,613)	114,994,366	21,456,439	17,662,192		
Total		0	(0)	0	(0)		

**STATE OF WASHINGTON
ACCOUNT 419 - CONSOLIDATED TECHNOLOGY SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$55,084,400)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Sales		\$0	
Charges for Services		96,593,489	
Miscellaneous Revenue		25,383,669	
Total Revenues			121,977,158
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Cost of Goods Sold		0	
Salaries and Wages		22,020,702	
Employee Benefits		6,474,592	
Personal Services		458,255	
Goods and Services		73,877,607	
Travel		141,646	
Depreciation and Amortization		21,456,439	
Miscellaneous Expenses		3,773	
Interest Expense		15,541,747	
Other Expenses - Loss on Sale of Capital Assets		78,336	
Operating Transfers Out		0	
Total Per Financial Statements		140,053,099	
Deductions OMB A-87 Unallowable Costs			
Less Technology Pool Expenses		\$0	
Other		0	
Total Deductions			0
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs		\$414,503	
Other		0	
Total Additions			414,503
Less OMB A-87 Allowable Expenditures			140,467,602
Plus Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit F)		28,823	
Total Adjustments			28,823
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$73,546,021)
Allowable Reserve (1/8 of Allowable Expenses Less Deprec.)	(B)		\$14,876,395
Excess Balance (A) - (B)			(\$88,422,417)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$13,037,411
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In		\$0	
Less: Non-operating Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$13,037,411

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$54,358,269
ADJUSTMENTS:			
Operating Transfers In - Technology Pool		\$0	
Operating Transfers Out - Technology Pool		0	
Deduction - Technology Pool Expenses		0	
Additional OMB A-87 Allowable Costs		414,503	
Adjust to 2014 Financials		1,087,209	
Interest Earnings		(28,823)	
Total Adjustments			1,472,889
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$55,831,158

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		(\$4,677,452)
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STATE OF WASHINGTON
 CONSOLIDATED TECHNOLOGY SERVICES
 ACCOUNT 419 - CONSOLIDATED TECHNOLOGY SERVICES
 DISTRIBUTION OF INTEREST EARNINGS FOR FUND 419
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY TITLE	AGENCY CODE	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
DES Enterprise Systems	179	\$0	\$19,946,128	\$9,973,064	31.85%	\$13,471
DES IT Services *	179	0	0	0	0.00%	0
DES Miscellaneous Services *	179	0	0	0	0.00%	0
DES Technology Leasing *	179	0	0	0	0.00%	0
OFM OCIO	105	0	1,080,332	540,166	1.73%	730
Consolidated Technology Services	163	<u>25,702,703</u>	<u>15,893,664</u>	<u>20,798,184</u>	<u>66.42%</u>	<u>28,093</u>
Totals		<u>\$25,702,703</u>	<u>\$36,920,124</u>	<u>\$31,311,414</u>	<u>100.00%</u>	<u>\$42,294</u>
Actual Interest Earnings for Secretary of State - FY 2014 State Treasurer's Report						\$42,293
* Negative cash balance, therefore the balance used was \$0.						

**STATE OF WASHINGTON
CONSOLIDATED TECHNOLOGY SERVICES
ACCOUNT 419 - CONSOLIDATED TECHNOLOGY SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	TOTAL REVENUE
010	Bond Retirement & Interest	2,160
011	House of Representatives	61,038
012	WA State Senate	44,381
013	Joint Transportation Committee (Jtc)	318
014	Joint Leg. Audit & Review Committee	2,869
020	LEAP Committee	32,869
035	State Actuary	4,500
037	Legislative Support Services Rcvbl	282
038	Joint Leg. Systems Comm.	235,427
040	Statute Law Comm.	20,648
045	WA Supreme Court	31,327
046	WA State Law Library	1,681
048	Court of Appeals	64,933
050	Commission on Judicial Conduct	5,798
055	Admin. for the Courts	839,819
056	Office of Public Defense	13,549
057	Office of Civil Legal Aid (Ocla)	11,082
075	Governor's Office	99,566
080	Off. of Lt. Governor	1,104
082	Pub. Disclosure Comm.	31,909
085	Sec. of State	544,898
086	Governors Office of Indian Affairs	11,622
087	Comm on Asian Pacific American Affairs	6,691
090	State Treasurer	255,264
091	Redistricting Commission	9,731
095	State Auditor	353,655
099	WA Citizen's Comm on Salaries for Electe	3,883
100	Attorney General	804,547
101	Caseload Forecast Council	33,629
102	Financial Institutions Dept Of	630,451
103	Dept of Commerce	550,926
104	Economic & Revenue Forecast Council	3,125
105	Off. of Financial Mgt.	2,008,536
107	Health Care Authority	1,767,631
110	Off. of Admin. Hearings	600,323
116	State Lottery	456,115
117	Gambling Comm.	288,293
118	Comm. on Hispanic Affairs	16,552
119	Comm. on African Amer. Affairs	7,329
120	Human Rights Comm.	115,358
124	Retirement Systems	1,842,185
126	St. Invest. Board	275,351
140	Dept. of Revenue	1,822,874
142	Tax Appeals Board	6,077
147	OMWBE	27,420
148	WA State Housing and Finance Commission	9,836
160	Insurance Commissioner	434,075
163	Consolidated Technology Services	17,164,843

**STATE OF WASHINGTON
CONSOLIDATED TECHNOLOGY SERVICES
ACCOUNT 419 - CONSOLIDATED TECHNOLOGY SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	TOTAL REVENUE
165	St. Board of Accountancy	36,783
179	Dept of Enterprise Services	11,689,904
185	Horse Racing Comm.	7,529
190	Bd. of Ind. Insurance App.	520,534
195	Liquor Control Bd.	542,363
205	Board of Pilotage Commissioners	2,201
215	Utilities & Transp.	401,417
220	Board for Volunteer Firefighters	60,152
225	WA State Patrol	1,122,104
227	Crim. Justice Trng. Comm.	75,908
228	WA Traffic Safety Comm.	30,703
235	Labor & Industries	9,761,759
240	Dept. of Licensing	4,380,032
245	Military Dept.	753,871
275	Public Employment Relations Comm.	85,512
300	Social & Health Services	26,742,078
303	Dept. of Health	1,670,666
304	Tobacco Settlement Authority	201
305	Veterans Affairs	428,620
310	Dept of Corrections (DOC)	7,602,807
315	Services for the Blind	274,178
340	Student Achievement Council	71,948
341	LEOFF Plan 2 Retirement Board	10,591
346	WA Higher Educ Facilities Authority	120
350	Sup. of Public Instruction	480,074
351	School for the Blind	36,005
353	WA ST CTR Childhood Deafness & Hearing L	46,978
354	Workforce Trng. & Educ.	28,719
355	Dept of Archaeology & Historic Preservat	148,507
356	Life Sciences Discovery Fund Authority	2
357	Dept of Early Learning (DEL)	526,701
360	Univ. of Washington	281,685
365	Wash. State Univ.	98,287
370	Eastern Wash. Univ.	69,454
375	Central Wash. Univ.	50,735
376	Evergreen St. College	32,342
380	Western Wash. Univ.	44,478
387	State Arts Comm.	29,698
390	Wa. State Historical Society	24,771
395	E. WA Historical Society	18,436
405	Dept. of Transportation	2,103,839
406	County Road Admin. Bd.	43,169
407	Transport. Improve Board	36,265
410	Transportation Commission	560
411	Freight Mobility Strategic Investment Bo	1,463
460	Columbia River Gorge Comm.	1,000
461	Dept. of Ecology	2,617,549
462	Pollution Liab. Insur. Prog.	27,034

**STATE OF WASHINGTON
CONSOLIDATED TECHNOLOGY SERVICES
ACCOUNT 419 - CONSOLIDATED TECHNOLOGY SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	TOTAL REVENUE
465	Parks & Recreation	466,740
467	Recreation & Conservation Funding Board	152,304
468	Environ. Hearings Office	8,921
471	Conservation Comm.	10,987
477	Dept. of Fish & Wildlife	1,676,898
478	Puget Sound Partnership (Psp)	77,327
490	Dept. Natural Resources	1,322,207
495	Agriculture	695,369
540	Employment Security	8,949,354
699000	State Board Community & Technical Colleg	385,512
699005	Everett Community College	3
699010	Edmonds Community College	24,142
699021	Whatcom Community College	3
699027	Bellevue Community College	8,533
699029	Big Bend Community College	3,499
699032	Centralia College	16,445
699034	Cascadia Community College	1
699035	Clark College	9,923
699037	Pierce College	3
699039	Columbia Basin Community College	4,779
699048	Grays Harbor College	7,086
699049	Green River Community College	3,035
699052	Highline Community College	113
699057	Lower Columbia College	2,804
699062	Olympic College	13,979
699065	Peninsula College	4,212
699070	Seattle Community College Dist #6	8,583
699072	Shoreline Community College	4,582
699074	Skagit Valley College	6,714
699075	South Puget Sound Community College	18,505
699076	Spokane Community College Dist #17	6
699078	Tacoma Community College	3
699083	Walla Walla Community College	5,587
699086	Wenatchee Valley College	5,126
699091	Yakima Valley College	2,409
699092	Lake Washington Technical College	2,236
699093	Renton Technical College	3,579
699094	Bellingham Technical College	4,500
699095	Bates Technical College	638
699096	Clover Park Technical College	4,926
699099	Community & Technical College System	0
Other	Not Specified	3,469,375
	Total Revenues Per CAFR	<u><u>\$121,957,158</u></u>

***10. OFFICE OF FINANCIAL MANAGEMENT – ACCOUNT 415
PERSONNEL SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Office of Financial Management
Account 415 – Personnel Services**

I. Service Description

The Office of Financial Management (OFM) maintains and provides personnel administration and payroll processing functionality for state agencies. OFM supports the Personnel System Reform Act of 2002 and also offers Employee Advisory Services (EAS), which support and enhances employee performance. This account is responsible for the development of job classifications and associated compensation levels for classified employees, and assists agencies in the recruitment, retention, layoff support, and appointments to the state's workforce. This account also provides comprehensive training, professional development, and career guidance services to all state employees and managers.

Revenues and costs associated with serving state agencies other than institutions of higher education and related boards are recorded in Account 415.

II. Billing Methodology

Rates charged for Account 415 services are intended to recover appropriations for the Department's mainstream business operations related to serving state agencies other than institutions of higher education and related boards. Some revenue is generated through fees charged to clients for direct or specialized services but the majority is generated per a rate developed in accordance with RCW 41.06.280. Per RCW, the rate is based on anticipated costs but may not exceed 1.5% of the appropriation for classified salaries of each state agency. Rates are set for each biennium based on projected costs and the projected salaries of the agencies covered. The status of the fund balance is also considered in either increasing or reducing the rates for the biennium. The rates are then set for the two years of the biennium. The approved rate is billed annually to each agency during the second quarter of each fiscal year.

III. Financial Statements

Financial activities for state agencies other than institutions of higher education and related boards are recorded in an internal service fund, **415 Personnel Service Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were operating transfers out during the fiscal year in the amount of \$733,000 to the General Fund.

VI. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87) Circular A-87.

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The information is accounted for and reported by the Office of the State Treasurer.
 - OMB A-87 Retained Earnings Balance – The Account has a positive balance as of the end of the fiscal year but it is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – A transfer of \$2,942,000 to the DES Personnel schedule is recorded here. It has been placed in Part II because the Part I beginning balances for this schedule and the DES Personnel schedule have already been adjusted for this transfer
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. Adjustment back to the 2014 CAFR Fund balance was necessary due to the split of this schedule between 415 OFM Personnel and 422 DES Personnel for FY 2014.

VII. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on OFM Personnel Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 415 - DEPARTMENT OF PERSONNEL SERVICES ACCOUNT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$1,783,580
Other Receivables (Net)	388
Due from Other Funds	338,037
Due from Other Governments	0
Total Current Assets	<u>2,122,005</u>
Noncurrent Assets:	
Other Improvements	0
Furnishings, Equipment & Collections	0
Accumulated Depreciation	0
Total Noncurrent Assets	<u>0</u>
Total Assets	<u><u>\$2,122,005</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$105,464
Accrued Liabilities	179,167
Due to Other Funds	88,542
Due to Other Governments	80
Accrued Compensated Absences	0
Total Current Liabilities	<u>373,253</u>
Noncurrent Liabilities	
Other Long-Term Obligations	<u>251,081</u>
Total Liabilities	<u>624,334</u>
Net Position:	
Net Investment in Capital Asset:	0
Unrestricted Net Position	<u>1,497,671</u>
Total Net Position	<u>1,497,671</u>
Total Liabilities and Net Position	<u><u>\$2,122,005</u></u>

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 415 - DEPARTMENT OF PERSONNEL SERVICES ACCOUNT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

		<u>TOTAL</u>
Operating Revenues		
Charges for Services		\$3,442,286
Miscellaneous Revenue		<u>0</u>
Total Operating Revenues		<u>3,442,286</u>
Operating Expenses		
Salaries and Wages	\$3,312,857	
Employee Benefits	1,049,703	
Personal Services	131,035	
Goods and Services	613,530	
Travel	113,828	
Depreciation and Amortization	35,330	
Miscellaneous Expenses	<u>0</u>	
Total Operating Expenses		<u>5,256,283</u>
Operating Income (Loss)		<u>(1,813,997)</u>
Non Operating Revenues (Expenses)		
Earnings on Investments		0
Interest Expense		0
Other Revenues (Expenses)		<u>(7,851)</u>
Total Nonoperating Revenue (Expenses)		<u>(7,851)</u>
Income Before Transfers		<u>(1,821,848)</u>
Transfers		
Operating Transfers In		0
Operating Transfers Out		<u>(3,675,000)</u>
Total Transfers		<u>(3,675,000)</u>
Change in Net Position		(5,496,848)
Net Position - Beginning of Year, as Previously Reported		6,994,520
Adjustments Applicable to Prior Year		<u>0</u>
Net Position - End of Year		<u><u>\$1,497,672</u></u>

**STATE OF WASHINGTON
ACCOUNT 415 - DEPARTMENT OF PERSONNEL SERVICES ACCOUNT
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$3,862,764
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$3,442,286		
Interest Income	0		
Miscellaneous Revenue	0		
Other Revenues (Non-Operating)	(7,851)		
Operating Transfers In	0		
Total Revenues			3,434,435
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	3,312,857		
Employee Benefits	1,049,703		
Personal Services	131,035		
Goods and Services	613,530		
Travel	113,828		
Depreciation and Amortization	35,330		
Miscellaneous Expenses	0		
Operating Transfers Out	733,000		
Total Per Financial Statements		5,989,283	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$729,849		
Other	0		
Total Additions		729,849	
Less OMB A-87 Allowable Expenditures			6,719,132
Plus Adjustments:			
Prior Period Adjustments	0		
FY 2014 Actual Interest Earnings - State Treasurer's Report	7,556		
Total Adjustments			7,556
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$585,623
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$1,113,967
Excess Balance (A) - (B)			(\$528,344)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$5,330
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	(2,942,000)		
Net Transfers			(2,942,000)
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		(\$2,936,670)

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$184,425
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	729,849		
Imputed Interest Earnings	(7,556)		
Adjust to 2014 Financials	2,942,001		
Total Adjustments			3,664,294
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$3,848,719

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$1,497,672
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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 415 - DEPARTMENT OF PERSONNEL SERVICES ACCOUNT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
082	Public Disclosure Commission	\$934
085	Secretary of State	14,284
090	Office of State Treasurer	2,448
095	State Auditors Office	22,888
100	Attorney General	37,215
101	Caseload Forecast Council	99
102	Dept. of Financial Institutions	13,888
103	Dept of Com Trade & Econ Dev	20,837
105	Office of Financial Management	2,935
107	Health Care Authority	61,852
110	Office of Admin. Hearings	3,731
116	Washington State Lottery Comm.	6,439
117	Wash. State Gambling Commission	3,944
120	Human Rights Commission	1,612
124	Dept. of Retirement Systems	15,292
126	State Investment Board	2,968
140	Department of Revenue	77,602
142	Tax Appeals Board	171
147	Minority and Women's Enterprises	1,100
148	Washington State Housing Finance Commiss	10
160	Insurance Commissioner	14,386
163	Consolidated Tech. Svs	15,074
165	State Board of Accountancy	599
179	Dept. of Enterprise Services	66,104
185	Horse Racing Commission	647
190	Bd. of Industrial Ins. Appeals	10,271
195	Liquor Control Board	16,377
215	Utilities and Transportation	8,539
220	Board of Volunteer Firemen	157
225	Washington State Patrol	63,545
227	Criminal Justice Trng. Comm.	2,733
228	Traffic Safety Commission	1,472
235	Dept. of Labor & Industries	180,207
240	Dept. of Licensing	71,810
245	Military Department	18,781
275	Public Employee Relations Comm.	2,572
300	Dept. of Social & Health Services	973,420
303	Department of Health	113,489
305	Dept. of Veteran's Affairs	35,668
310	Dept. of Corrections	473,671
315	Commission for the Blind	4,736
340	WA Student Achievement Council	1,163
341	LEOFF Plan 2 Retirement Board	357
350	Supt. of Public Instruction	18,361
351	School for the Blind	2,947
353	School for the Deaf	3,068
354	Commission for Voc. Ed.	1,742

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 415 - DEPARTMENT OF PERSONNEL SERVICES ACCOUNT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
355	Dept of Archaeology & Historic Pres	1,247
357	Department of Early Learning	15,895
387	State Arts Commission	620
390	Wash. State Hist. Society	1,915
395	Eastern WA Hist. Society	1,277
405	Dept. of Transportation	520,098
406	County Road Administration Bd.	1,374
407	Urban Arterial Board	811
410	Transportation Commission	59
411	Freight Mobility	29
461	Department of Ecology	114,669
462	Polution Liability Reinsurance Program	230
465	Parks & Recreation Commission	34,975
467	Iac - Outdoor Recreation	3,525
471	Conservation Commission	1,204
477	Dept of Fish & Wildlife	105,873
478	Puget Sound Partnership	187
490	Dept. of Natural Resources	83,387
495	Department of Agriculture	38,445
540	Employment Security Department	124,320
	Total Revenues Per CAFR	\$3,442,286

11. DEPARTMENT OF ENTERPRISE SERVICES – PERSONNEL SERVICES

**State of Washington
FY 2015 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Personnel Services (Fund 422)**

I. Service Description

The Department of Enterprise Services (DES) provides enterprise human resource services to help state agencies recruit, develop, support and retain a skilled and engaged workforce. The services include:

- Recruitment services
- Layoff support
- Training services including classroom and online training
- Employee Assistance Program (EAP) services.

Most training classes have an additional charge that covers the cost of the instructor, subscription or purchase of online course materials, manuals, and other classroom materials and equipment.

The department offers full Human Resource (HR) Services to smaller agencies that may not be able to support a full time HR team. DES customizes work to fit the unique needs, mission, and cultures of each of the agencies served.

II. Billing Methodology

The cost of the services covered by the Personnel Services Fee are allocated to state executive branch agencies, based on each agency's proportion of budgeted FTEs to total FTEs.

The additional charge for training classes is a pass-through of costs.

The small agencies Human Resource services are billed monthly based on budgeted costs for providing HR services. It is allocated to customers based on the proportion of their FTEs to the total FTEs of all customers. DES will perform a "true-up" of budgeted service costs to reflect actual costs, if lower.

III. Financial Statements

DOP financial activities for state agencies other than institutions of higher education and related boards are recorded in an internal service fund, **422 Department of Enterprise Service Account**. Financial statements for the Fund are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Fund's Statement of Revenues, Expenses, and Changes in Fund Net Assets to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Assets

- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87) Circular A-87 (OMB A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the fund in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Fund's assets. The information is accounted for and reported by the Office of the State Treasurer.
 - OMB A-87 Retained Earnings Balance – The Fund has a positive balance as of the end of the fiscal year which is in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Fund's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – A non-operating transfer in the amount of \$2,942,000 from Account 415 has been recorded here. It has been placed in Part II because the beginning balance for this schedule already reflects the transfer of these funds.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. An adjustment to the 2014 fund balance was made in this part to reconcile the creation of this new schedule in 2014.

VI. Revenues – Exhibit D provides the Fund's revenue by state agency.

This concludes the narrative information on DES Personnel Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PERSONNEL SERVICES
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$2,656,825
Other Receivables (Net)	4,728
Due from Other Funds	613,507
Due from Other Governments	8,317
Prepaid Expenses	468,015
Total Current Assets	<u>3,751,392</u>
Noncurrent Assets:	
Other Assets	
Furnishings, Equipment & Collections	
Accumulated Depreciation	
Total Noncurrent Assets	<u>0</u>
Total Assets	<u>\$3,751,392</u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$62,059
Accrued Liabilities	145,656
Due to Other Funds	148,150
Unearned Revenue	10,471
Total Current Liabilities	<u>366,336</u>
Noncurrent Liabilities	
Other Long-Term Obligations	310,309
Total Noncurrent Liabilities	<u>310,309</u>
Total Liabilities	<u>676,645</u>
Net Assets:	
Invested in Capital Assets, Net of Related Det	0
Unrestricted Net Assets	3,074,747
Total Net Assets	<u>3,074,747</u>
Total Liabilities and Net Assets	<u>\$3,751,392</u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PERSONNEL SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$6,650,468
Miscellaneous Revenue	1,081
Total Operating Revenues	<u>6,651,550</u>
Operating Expenses	
Salaries and Wages	3,155,042
Employee Benefits	1,092,820
Personal Services	347,321
Goods and Services	2,470,211
Travel	10,396
Depreciation and Amortization	0
Miscellaneous Expenses	50,752
Total Operating Expenses	<u>7,126,542</u>
Operating Income (Loss)	<u>(474,992)</u>
Non Operating Revenues (Expenses)	
Other Revenues (Expenses)	0
Interest Expense	
Total Nonoperating Revenue (Expenses)	<u>0</u>
Income Before Transfers	<u>(474,992)</u>
Transfers	
Operating Transfers In	2,942,000
Operating Transfers Out	0
Total Transfers	<u>2,942,000</u>
Change in Net Assets	2,467,008
Net Assets - Beginning of Year, as Previously Reported	607,739
Adjustments Applicable to Prior Year	<u>0</u>
Net Assets - End of Year	<u>\$3,074,747</u>

**STATE OF WASHINGTON
ACCOUNT 422 - PERSONNEL SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$4,027,437
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$6,650,468		
Miscellaneous Revenue	1,081		
Earnings on Investments	0		
Total Revenues			6,651,550
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	3,155,042		
Employee Benefits	1,092,820		
Personal Services	347,321		
Goods and Services	2,470,211		
Travel	10,396		
Depreciation and Amortization	0		
Miscellaneous Expenses	50,752		
Total Per Financial Statements		7,126,542	
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	\$0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions			0
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs (Exhibit F)	\$28,095		
Other			
Total Additions		28,095	
Less OMB A-87 Allowable Expenditures			7,154,637
Plus Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit D)		1,348	
Total Adjustments			1,348
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		\$3,525,698
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$1,192,439
Excess Balance (A) - (B)			\$2,333,259

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			\$7,670
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$2,942,000		
Less: Non-operating Transfers Out	0		
Net Transfers			2,942,000
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$2,949,670

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			(\$834,990)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	28,095		
Imputed Interest Earnings	(1,348)		
Adjust to 2014 Financials	(2,592,378)		
Total Adjustments			(2,565,631)
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		(\$3,400,621)

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		3,074,747
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PERSONNEL SERVICES
INTEREST EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
Executive Management *	\$1,738,207	\$0	\$869,104	5.68%	\$882
Facilities Management					
Allowable Services	2,043,168	1,307,182	1,675,175	10.94%	1,699
Unallowable Services	1,353,592	0	676,796	4.42%	687
Personnel Services	0	2,656,825	1,328,413	8.68%	1,348
State Motor Pool *	0	0	0	0.00%	0
Consolidated Mail	974,301	766,345	870,323	5.69%	883
Real Estate Services	131,176	166,664	148,920	0.97%	151
Printing Services	0	0	0	0.00%	0
Brokering	0	1,501,379	750,690	4.90%	761
Small Agency Services	0	41,430	20,715	0.14%	21
Other Services	<u>7,991,537</u>	<u>9,946,153</u>	<u>8,968,845</u>	<u>58.59%</u>	<u>9,097</u>
Totals	<u>\$14,231,981</u>	<u>\$16,385,978</u>	<u>\$15,308,979</u>	<u>100.00%</u>	<u>\$15,529</u>
Actual Interest Earnings for Fund 422 - FY 2014 State Treasurer's Report					\$15,529
* Negative balances were restated at \$0.					

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PERSONNEL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
012	Senate	\$275
014	Joint Legislative Audit and Review Commi	2,977
035	Office of the State Actuary	1,315
037	Office of Legislative Support Services	2,040
055	Administrative Office of the Courts	22,452
056	Office of Public Defense	393
057	State Building Construction Account	2,272
075	Office of the Governor	3,473
080	Office of the Lieutenant Governor	7,904
082	Public Disclosure Commission	26,039
085	Office of the Secretary of State	34,433
086	Governor's Office of Indian Affairs	(9,585)
087	WA ST Comm on Asian Pacific American Aff	2,690
090	Office of the State Treasurer	4,034
095	Office of the State Auditor	32,570
099	Comm on Salaries for Elected Officials	2,101
100	Office of the Attorney General	74,316
101	Caseload Forecast Council	11,621
102	Department of Financial Institutions	60,765
103	Department of Commerce	46,663
104	Economic and Revenue Forecast Council	7,559
105	Office of Financial Management	22,114
107	State Health Care Authority	88,411
110	Office of Administrative Hearings	34,079
116	State Lottery Commission	26,496
117	WA State Gambling Commission	19,998
118	WA State Commission on Hispanic Affairs	2,725
119	WA State Comm on African-American Affair	2,515
120	Human Rights Commission	36,114
124	Department of Retirement Systems	45,750
126	State Investment Board	17,109
135	Innovate Washington	64
140	Department of Revenue	210,654
142	Board of Tax Appeals	14,084
147	Office of Minority & Women's Business	21,744
160	Office of the Insurance Commissioner	42,913
163	Consolidated Technology Services	105,339
165	State Board of Accountancy	17,762
179	Department of Enterprise Services	17,272
185	Washington Horse Racing Commission	20,146
190	Board of Industrial Insurance Appeals	17,746
195	Liquor Control Board	36,083
205	Board of Pilotage Commissioners	3,714
215	Utilities and Transportation Commission	22,214
220	Board for Volunteer Firefighters & Reser	5,402
225	Washington State Patrol	180,604
227	WA State Criminal Justice Training Comm	4,573
228	Washington Traffic Safety Commission	31,973
235	Department of Labor and Industries	532,831

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PERSONNEL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
240	Dept of Licensing	100,304
245	Military Department	52,590
275	Public Employment Relations Commission	4,056
300	Dept of Social and Health Services	1,247,282
303	Department of Health	263,423
305	Department of Veterans' Affairs	68,051
310	Department of Corrections	539,266
315	Department of Services for the Blind	95,107
340	Council for Higher Education	15,978
341	LEOFF Plan 2 Retirement Board	8,398
350	Superintendent of Public Instruction	51,360
351	State School for the Blind	22,717
353	CTR for Childhood Deafness & Hearing Los	6,564
354	Work Force Training & Education Coor Boa	41,218
355	Dept of Archaeology & Historic Preservat	25,199
357	Department of Early Learning	30,642
359	Washington Charter School Commission	414
365	Washington State University	20,728
370	Eastern Washington University	16,216
375	Central Washington University	16,505
376	the Evergreen State College	18,924
380	Western Washington University	26,316
387	Washington State Arts Commission	16,874
390	Washington State Historical Society	10,487
395	Eastern Washington State Historical Soci	32,000
405	Department of Transportation	468,123
406	County Road Administration Board	22,224
407	Transportation Improvement Board	20,630
410	Transportation Commission	606
411	Freight Mobility Strategic Investment Bo	184
419	Department of Personnel Service	2,554
422	DES Service Account	59,928
460	Columbia River Gorge Commission	7,493
461	Department of Ecology	309,447
462	WA Pollution Liability Insurance Program	8,179
465	State Parks and Recreation Commission	54,663
467	Recreation & Conservation Funding Board	58,261
468	Environmental and Land Use Hearings Offi	22,947
471	State Conservation Commission	24,102
477	Department of Fish and Wildlife	207,842
478	Puget Sound Partnership	66,472
490	Department of Natural Resources	119,299
495	Department of Agriculture	104,030
540	Employment Security Department	173,316
699000	Community and Technical College System	3,071
699021	Whatcom Community College	4,980

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PERSONNEL SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
699027	Bellevue College	10,350
699032	Centralia College	3,015
699039	Columbia Basin Community College	9,324
699057	Lower Columbia College	4,664
699062	Olympic College	5,640
699065	Peninsula College	2,400
699070	Seattle Community College-District 6	14,165
699075	South Puget Sound Community College	6,070
699076	Spokane Community College-District 17	17,440
699078	Tacoma Community College	6,886
699037	Pierce College	11,607
699005	Everett Community College	7,008
699049	Green River Community College	8,867
699093	Renton Technical College	2,875
699052	Highline Community College	12,000
699034	Cascadia Community College	3,450
699048	Grays Harbor College	2,187
699072	Shoreline Community College	4,008
699096	Clover Park Technical College	6,013
699092	Lake Washington Institute of Technology	5,628
699035	Clark College	2,875
699086	Wenatchee Valley College	350
Other	Not Specified	119,023
	Total Revenues Per CAFR	\$6,651,550

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PERSONNEL SERVICES
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACCOUNTS</u>	<u>OBJECT A SALARIES & WAGES</u>	<u>PERCENT</u>	<u>SWCAP ALLOCATION</u>
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u><u>\$60,955,946</u></u>	<u><u>100.00%</u></u>	<u><u>\$542,799</u></u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

12. OFFICE OF FINANCIAL MANAGEMENT – ACCOUNT 455
HIGHER EDUCATION PERSONNEL SERVICES

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Office of Financial Management
Account 455 – Higher Education Personnel Services**

I. Service Description

The Office of Financial Management (OFM) maintains and provides personnel administration and payroll processing functionality for state agencies, including institutions of higher education and related boards. OFM supports the Personnel System Reform Act of 2002 and also offers Employee Advisory Services (EAS), which support and enhances employee performance. OFM is responsible for the development of job classifications and associated compensation levels for classified employees. OFM assists higher education agencies in the recruitment, retention, layoff support, and appointments to the state's workforce. OFM also provides comprehensive training, professional development, and career guidance services to all state employees and managers.

The Higher Education Personnel Services Account (Account 455). Revenues and costs associated with serving institutions of higher education and related boards are recorded in Account 455.

II. Billing Methodology

Rates charged for Account 455 are intended to recover appropriations for the Department's mainstream business operations related to serving institutions of higher education and related boards. Per RCW 41.06.285, the rate is based on anticipated costs but may not exceed .5% of the appropriation for classified salaries of each institution and the state board for community and technical colleges. Rates are set for each biennium based on projected costs and the projected salaries of the agencies covered. The status of the fund balance is also considered in either increasing or reducing the rates for the biennium. The rates are then set for the two years of the biennium. The approved rate is billed annually to each agency in July of each fiscal year.

III. Financial Statements

OFM financial activities for non-higher education agencies are recorded in an internal service fund, **455 Higher Education Personnel Services Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The information is accounted for and reported by the Office of the State Treasurer.
 - OMB A-87 Retained Earnings Balance – Although the Account has a positive balance as of the end of the fiscal year, the Account balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on OFM Higher Education Personnel Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 455 - HIGHER EDUCATION PERSONNEL SERVICES ACCOUNT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$329,064
Other Receivables (Net)	44
Due from Other Funds	1,731
Total Current Assets	<u>330,839</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	0
Accumulated Depreciation	0
Total Noncurrent Assets	<u>0</u>
Total Assets	<u><u>\$330,839</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$15,820
Accrued Liabilities	7,518
Due to Other Funds	5,780
Due to Other Governments	15
Accrued Compensated Absences	0
Total Current Liabilities	<u>29,133</u>
Noncurrent Liabilities	
Other Long-Term Obligations	<u>6,105</u>
Total Liabilities	<u>35,238</u>
Net Position:	
Net Investment In Capital Assets	0
Unrestricted Net Position	<u>295,601</u>
Total Net Position	<u>295,601</u>
Total Liabilities and Net Position	<u><u>\$330,839</u></u>

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 455 - HIGHER EDUCATION PERSONNEL SERVICES ACCOUNT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$971,786
Miscellaneous Revenue	0
Total Operating Revenues	<u>971,786</u>
Operating Expenses	
Salaries and Wages	\$140,906
Employee Benefits	42,651
Personal Services	0
Goods and Services	811,803
Travel	14,635
Miscellaneous Expenses	0
Total Operating Expenses	<u>1,009,995</u>
Operating Income (Loss)	<u>(38,209)</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	0
Interest Expense	0
Total Nonoperating Revenue (Expenses)	<u>0</u>
Income Before Transfers	<u>(38,209)</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	0
Total Transfers	<u>0</u>
Change in Net Position	(38,209)
Net Position - Beginning of Year, as Previously Reported	333,810
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$295,601</u></u>

**STATE OF WASHINGTON
ACCOUNT 455 - HIGHER EDUCATION PERSONNEL SERVICES ACCOUNT
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$102,228
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$971,786		
Miscellaneous Revenue	0		
Total Revenues		971,786	
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	140,906		
Employee Benefits	42,651		
Personal Services	0		
Goods and Services	811,803		
Travel	14,635		
Total Per Financial Statements		1,009,995	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$0		
Other	0		
Total Additions		0	
Less OMB A-87 Allowable Expenditures			1,009,995
Plus Adjustments:			
Prior Period Adjustments	0		
FY 2014 Actual Interest Earnings - State Treasurer's Report	616		
Total Adjustments			616
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$64,635
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$168,333
Excess Balance (A) - (B)			(\$103,698)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers		0	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$0

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$231,582
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	0		
Imputed Interest Earnings	(616)		
Total Adjustments		(616)	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$230,966

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$295,601
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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 455 - HIGHER EDUCATION PERSONNEL SERVICES ACCOUNT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
360	University of Washington	\$537,945
365	Washington State University	95,463
370	Eastern Washington University	27,999
375	Central Washington University	32,435
376	Evergreen State College	14,608
380	Western Washington University	42,103
699000	State Board Community Colleges	2,550
699005	Everett Community College	12,011
699010	Edmonds Community College	14,936
699021	Whatcom Community College	3,484
699027	Bellevue Community College	14,717
699029	Big Bend Community College	3,961
699032	Centralia Community College	4,240
699034	Cascadia Community College	2,057
699035	Clark College	16,058
699037	Pierce College	12,791
699039	Columbia Basin Community College	6,387
699048	Grays Harbor College	2,959
699049	Green River Community College	11,306
699052	Highline Community College	431
699057	Lower Columbia College	8,425
699062	Olympic College	8,316
699065	Peninsula College	2,582
699070	Seattle Community College-Dist 6	25,670
699072	Shoreline Community College	8,256
699074	Skagit Valley College	8,482
699075	South Puget Sound Community College	8,132
699076	Spokane Community College-Dist 17	27,448
699078	Tacoma Community College	6,917
699083	Walla Walla Community College	5,466
699086	Wenatchee Valley College	3,534
699091	Yakima Valley College	119
	Total Revenues Per CAFR	\$971,786

***13. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 422
PRINT SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 422 – Print Services**

I. Service Description

The Department of Enterprise Services, Print Services provides government communication solutions through printing and related services. The Department is responsible for providing all printing and binding for the Legislature and the state, including its various agencies, boards, and commissions. It also uses nationwide buying power to contract for best pricing on printing and related needs. In addition, the Department assesses government print environments in order to maximize office print technology and maintenance resources.

Currently the Department provides traditional offset and digital printing, on-demand copy services, variable data, and direct mail services. The Department hosts warehousing and distribution of printed products and promotional items for government organizations through their website applications. Print technology-consulting services are provided to assist agencies with unique printing needs for major agency applications and for assistance in managing their office convenience printing resources. The Department's main plant is located in Tumwater and houses the offset and digital presses, the fulfillment program, inserting and ink-jetting equipment, envelope manufacturing operation, and administrative offices. The Department has copy centers co-located with agencies in the Olympia, Lacey, and Tumwater areas.

II. Billing Methodology

Costs are recovered through a price sheet specific to each type of printing order, based on factors such as quality, quantity, process, binding type, equipment used, etc. The charges are based on labor costs and equipment costs related to the equipment utilized in each type of order. Labor rates are based on salaries, benefits, and other personnel-related costs. The equipment use rates are based on the following factors:

- Total square footage of space used by each piece of equipment relative to total occupancy costs
- Annual productive hours on each piece of equipment
- Variable operating costs for each piece of equipment
- Fixed expenses, including depreciation for each piece of equipment

III. Financial Statements

Financial activities of Printing are recorded in a sub-account or project of the internal service fund, **422 Department of Enterprise Services Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Enterprise Service's financial statements. A

reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Positions
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Positions – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were operating transfers in during the fiscal year in the amount of \$1,318,493 related to the close-out of Production Services from Account 419 to 422.
- Transfers out – There were operating transfers out during the fiscal year in the amount of \$1,760,267 related to the close-out of Production Services from Account 419 to 422.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The information is accounted for and reported by the Office of the State Treasurer as of October 3, 2011. Prior to this date, the earnings were deposited directly in Account 420. Earnings were negative during FY 13 and thus not allowable
 - OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year. Therefore, the Account's balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF.
- Part II: OMB A-87 Contributed Capital Balance – Transfers related to the close out of Production Services from 419 to 422 are recorded here.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. Adjustment was made to the 2014 fund balance totals due to the movement of -\$3,677,642 from the former Schedule #9 into Part I of this schedule in 2014.

VI. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on the Department of Enterprise Services, Print Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PRINT SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	(\$5,336,352)
Other Receivables (Net)	1,502
Due from Other Funds	2,107,103
Due from Other Governments	27,113
Inventories	780,781
Prepaid Expenses	0
Total Current Assets	<u>(2,419,853)</u>
Noncurrent Assets:	
Other Improvements	387,048
Furnishings, Equipment & Collections	7,970,516
Accumulated Depreciation	(6,651,898)
Total Noncurrent Assets	<u>1,705,666</u>
Total Assets	<u><u>(\$714,187)</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$751,424
Contracts and Retainages Payable	\$177,144
Accrued Liabilities	119,359
Obligation for Capital - Short Term	0
Due to Other Funds	260,303
Unearned Revenues	48
Total Current Liabilities	<u>1,308,278</u>
Noncurrent Liabilities	
Notes & Leases Payable - LT	0
Other Long-Term Obligations	689,591
Total Noncurrent Liabilities	<u>689,591</u>
Total Liabilities	<u>1,997,869</u>
Net Position:	
Net Investment in Capital Asset:	0
Unrestricted Net Position	<u>(2,712,056)</u>
Total Net Position	<u>(2,712,056)</u>
Total Liabilities and Net Position	<u><u>(\$714,187)</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PRINT SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Sales	\$17,720,844
Less Cost of Goods Sold	(14,067,167)
Charges for Services	4,160,593
Miscellaneous Revenue	56,129
Total Operating Revenues	<u>7,870,399</u>
Operating Expenses	
Salaries and Wages	\$1,986,021
Employee Benefits	811,525
Personal Services	0
Goods and Services	5,526,784
Travel	8,072
Depreciation and Amortization	177,084
Miscellaneous Expenses	0
Total Operating Expenses	<u>8,509,486</u>
Operating Income (Loss)	<u>(639,087)</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	0
Other Revenues (Expenses)	1,267
Interest Expense	(11,547)
Total Nonoperating Revenue (Expenses)	<u>(10,280)</u>
Income Before Transfers	<u>(649,367)</u>
Transfers	
Operating Transfers In	1,318,493
Operating Transfers Out	(1,760,267)
Total Transfers	<u>(441,774)</u>
Change in Net Position	(1,091,141)
Net Position - Beginning of Year, as Previously Reported	(1,568,963)
Adjustments Applicable to Prior Year	<u>(51,952)</u>
Net Position - End of Year	<u><u>(\$2,712,056)</u></u>

STATE OF WASHINGTON
ACCOUNT 422 - PRINT SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$21,692,832)
 FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Sales	\$17,720,844		
Less Cost of Goods Sold	(14,067,167)		
Charges for Services	4,160,593		
Earnings on Investments	0		
Miscellaneous Revenue	56,129		
Operating Transfers In	0		
Total Revenues			7,870,399
 Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	1,986,021		
Employee Benefits	811,525		
Personal Services	0		
Goods and Services	5,526,784		
Travel	8,072		
Depreciation and Amortization	177,084		
Miscellaneous Expenses	0		
Interest Expense	11,547		
Other Expenses	(1,267)		
Operating Transfers Out	0		
Total Per Financial Statements	8,519,766		
 Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$17,685		
Other	0		
Total Additions		17,685	
 Less OMB A-87 Allowable Expenditures			8,537,451
 Plus Adjustments:			
Prior Period Adjustments	(51,952)		
Imputed Interest Earnings (Acct 420 negative in FY14, not allowable)	0		
Total Adjustments			(51,952)
 OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$22,411,836)
 Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$1,393,395
 Excess Balance (A) - (B)			(\$23,805,231)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$895,000
 TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$1,318,493		
Less: Non-operating Transfers Out	(1,760,267)		
Net Transfers			(441,774)
 OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$453,226

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$15,551,227
 ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	17,685		
Adjust to 2014 Financials	3,677,642		
Imputed Interest Earnings	0		
Total Adjustments			3,695,327
 OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$19,246,554

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		(\$2,712,056)
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**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PRINT SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
010	Office of the State Treasurer	\$11,339
011	House of Representatives	\$86,601
012	Senate	131,163
014	Joint Legislative Audit and Review Commi	178
020	LEAP	1
038	Joint Legislative Systems Committee	78
040	Statute Law Committee	187,284
045	Supreme Court	4,579
046	State Law Library	207
048	Court of Appeals	16,085
050	Commission on Judicial Conduct	6
055	Administrative Office of the Courts	95,333
056	Office of Public Defense	504
057	Office of Civil Legal Aid	21
075	Office of the Governor	7,384
080	Office of the Lieutenant Governor	4,271
082	Public Disclosure Commission	187
085	Office of the Secretary of State	551,254
086	Governor's Office of Indian Affairs	6,857
087	WA ST Comm on Asian Pacific American Aff	167
090	Office of the State Treasurer	12,724
095	Office of the State Auditor	5,592
100	Office of the Attorney General	15,304
102	Department of Financial Institutions	35,330
103	Department of Commerce	100,684
105	Office of Financial Management	328,163
107	State Health Care Authority	2,252,883
110	Office of Administrative Hearings	13,505
116	State Lottery Commission	34,230
117	WA State Gambling Commission	48,819
118	WA State Commission on Hispanic Affairs	214
119	WA State Comm on African-American Affair	166
120	Human Rights Commission	294
124	Department of Retirement Systems	314,740
126	State Investment Board	1,003
140	Department of Revenue	873,684
142	Board of Tax Appeals	256
147	Office of Minority & Women's Business	2,260
160	Office of the Insurance Commissioner	78,560
163	Consolidated Technology Services	41,343
165	State Board of Accountancy	3,848
179	Department of Enterprise Services	1,277,266
185	Washington Horse Racing Commission	1,764
190	Board of Industrial Insurance Appeals	16,858
195	Liquor Control Board	40,913
205	Board of Pilotage Commissioners	619
215	Utilities and Transportation Commission	30,373
220	Board for Volunteer Firefighters & Reser	814

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PRINT SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
225	Washington State Patrol	223,938
227	WA State Criminal Justice Training Comm	52,921
228	Washington Traffic Safety Commission	17,515
235	Department of Labor and Industries	1,557,320
240	Dept of Licensing	2,182,152
245	Military Department	38,666
275	Public Employment Relations Commission	3,531
300	Dept of Social and Health Services	4,718,815
303	Department of Health	704,955
305	Department of Veterans' Affairs	9,215
310	Department of Corrections	57,156
315	Department of Services for the Blind	11,407
340	Council for Higher Education	204,698
341	LEOFF Plan 2 Retirement Board	16,972
350	Superintendent of Public Instruction	44,637
351	State School for the Blind	1,139
353	CTR for Childhood Deafness & Hearing Los	1,356
354	Work Force Training & Education Coor Boa	41,167
355	Dept of Archaeology & Historic Preservat	2,177
357	Department of Early Learning	177,378
365	Washington State University	104
370	Eastern Washington University	2,918
376	the Evergreen State College	864
387	Washington State Arts Commission	1,193
390	Washington State Historical Society	4,435
395	Eastern Washington State Historical Soci	1
405	Department of Transportation	704,171
406	County Road Administration Board	30
407	Transportation Improvement Board	810
410	Transportation Commission	293
411	Freight Mobility Strategic Investment Bo	99
461	Department of Ecology	308,046
462	WA Pollution Liability Insurance Program	1,014
465	State Parks and Recreation Commission	224,961
467	Recreation & Conservation Funding Board	3,467
468	Environmental and Land Use Hearings Offi	84
471	State Conservation Commission	2,604
477	Department of Fish and Wildlife	642,447
478	Puget Sound Partnership	15,953
490	Department of Natural Resources	220,177
495	Department of Agriculture	223,080
540	Employment Security Department	1,356,261
699	Centralia College	4
699000	Community and Technical College System	162,843
699005	Everett Community College	2,514
699010	Edmonds Community College	901
699021	Whatcom Community College	32
699029	Big Bend Community College	827

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PRINT SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
699032	Centralia College	2,785
699037	Pierce College	8,353
699039	Columbia Basin Community College	2,784
699048	Grays Harbor College	8
699049	Green River Community College	12,986
699052	Highline Community College	40
699057	Lower Columbia College	627
699062	Olympic College	18
699065	Peninsula College	399
699070	Seattle Community College-District 6	4,887
699072	Shoreline Community College	1,386
699074	Skagit Valley College	1,962
699075	South Puget Sound Community College	24,521
699094	Bellingham Technical College	5,466
699096	Clover Park Technical College	6,125
Other	Not Specified	1,282,268
Total Revenues Per CAFR		21,937,566

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - PRINT SERVICES
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACCOUNTS</u>	<u>OBJECT A SALARIES & WAGES</u>	<u>PERCENT</u>	<u>SWCAP ALLOCATION</u>
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***14. OFFICE OF ADMINISTRATIVE HEARINGS – ACCOUNT 484
ADMINISTRATIVE HEARINGS SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Office of Administrative Hearings
Account 484 - Administrative Hearing Services**

I. Service Description

The Office of Administrative Hearings (OAH) holds administrative hearings for the adjudication of disputes between members of the public and most state agencies. Issues that come before OAH include individuals' claims for unemployment insurance or welfare benefits, child support liability, business and professional licensing, special education, whistleblower cases for local governments, and other disputes in which due process of law requires a hearing. OAH conducts hearings and issues finding of fact, conclusions of law, and decisions. OAH services are funded by payments made by the affected client agency. The revenues and costs associated with OAH services are recorded in internal service Account 484, Administrative Hearings Revolving Account.

II. Billed Services and Billing Methodology

Costs of OAH services are billed to state agencies based on a fixed rate for hours of administrative law judge billable time. Agencies are billed monthly. The fixed rate is all inclusive of travel, interpreter fees, and other direct and indirect costs. On occasion, referring client agencies who request non-standard services may be billed directly based on actual cost.

The hourly rate is reviewed every two years in conjunction with the state biennial budget process. Costs and usage are projected for the biennium and utilized to develop per hour fees. The status of the fund balance is also considered in either increasing or reducing the fees for the biennium. The fees are then set for the two years of the biennium.

III. Financial Statements

Financial activities of the Office of Administrative Hearings are recorded in an internal service fund, **484 Administrative Hearings Revolving Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The information is accounted for and reported by the Office of the State Treasurer.
 - OMB A-87 Retained Earnings Balance – Although the Account has a positive balance as of the end of the fiscal year, the Account's balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on the Office of Administrative Hearings. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
OFFICE OF ADMINISTRATIVE HEARINGS
ACCOUNT 484 - ADMINISTRATIVE HEARINGS SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	(\$92,356)
Other Receivables (Net)	770
Due from Other Funds	1,861,789
Total Current Assets	<u>1,770,203</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	97,221
Accumulated Depreciation	(80,345)
Total Noncurrent Assets	<u>16,876</u>
Total Assets	<u><u>\$1,787,079</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$86,509
Accrued Liabilities	579,408
Due to Other Funds	136,136
Due to Other Governments	308
Unearned Revenues	0
Total Current Liabilities	<u>802,361</u>
Noncurrent Liabilities	
Other Long-Term Obligations	1,111,317
Total Noncurrent Liabilities	<u>1,111,317</u>
Total Liabilities	<u>1,913,678</u>
Net Position:	
Net Investment in Capital Asset:	16,876
Unrestricted Net Position	(143,475)
Total Net Position	<u>(126,599)</u>
Total Liabilities and Net Position	<u><u>\$1,787,079</u></u>

STATE OF WASHINGTON
OFFICE OF ADMINISTRATIVE HEARINGS
ACCOUNT 484 - ADMINISTRATIVE HEARINGS SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

		<u>TOTAL</u>
Operating Revenues		
Charges for Services		\$18,682,751
Miscellaneous Revenue		163,554
Total Operating Revenues		<u>18,846,305</u>
Operating Expenses		
Salaries and Wages	\$11,481,958	
Employee Benefits	3,684,676	
Personal Services	56,109	
Goods and Services	3,636,825	
Travel	196,927	
Depreciation and Amortization	11,444	
Miscellaneous Expenses	<u>0</u>	
Total Operating Expenses		<u>19,067,939</u>
Operating Income (Loss)		<u>(221,634)</u>
Non Operating Revenues (Expenses)		
Other Revenues (Expenses)		0
Interest Expense		<u>0</u>
Total Nonoperating Revenue (Expenses)		<u>0</u>
Income Before Transfers		<u>(221,634)</u>
Transfers		
Operating Transfers In		0
Operating Transfers Out		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Position		(221,634)
Net Position - Beginning of Year, as Previously Reported		95,035
Adjustments Applicable to Prior Year		<u>0</u>
Net Position - End of Year		<u><u>(\$126,599)</u></u>

**STATE OF WASHINGTON
ACCOUNT 484 - ADMINISTRATIVE HEARINGS SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$395,500
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$18,682,751		
Miscellaneous Revenue	163,554		
Total Revenues			18,846,305
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	11,481,958		
Employee Benefits	3,684,676		
Personal Services	56,109		
Goods and Services	3,636,825		
Travel	196,927		
Depreciation and Amortization	11,444		
Miscellaneous Expenses	0		
Other Expenses	0		
Total Per Financial Statements	19,067,939		
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$12,013		
Other	0		
Total Additions		12,013	
Less OMB A-87 Allowable Expenditures			19,079,952
Plus Adjustments:			
Prior Period Adjustments	0		
FY 2014 Actual Interest Earnings - State Treasurer's Report	140		
Total Adjustments			140
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$161,993
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$3,178,085
Excess Balance (A) - (B)			(\$3,016,092)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$4,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In	\$0		
Less: Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$4,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			(\$304,465)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	12,013		
Imputed Interest Earnings	(140)		
Total Adjustments			11,873
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		(\$292,592)

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		(\$126,599)
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STATE OF WASHINGTON
OFFICE OF ADMINISTRATIVE HEARINGS
ACCOUNT 484 - ADMINISTRATIVE HEARINGS SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
100	Attorney General	\$37,152
102	Financial Institution, Dept. Of	\$165,612
107	Health Care Authority	1,737,061
116	Lottery Commission	1,248
117	Gambling Commission	44,364
120	Human Rights Commission	1,572
147	Minority & Womens Bus Enterprises, Offic	46,932
160	Insurance Commissioner, Office of The	7,956
195	Liquor Control Board	130,200
205	Pilotage Commissioners,board Of	16,812
225	State Patrol, Washington	3,480
235	Labor & Industries, Department Of	388,644
240	Licensing, Department Of	58,008
300	Social & Health Services, Department Of	7,352,503
350	Public Instruction, Supt. Of	834,790
354	Workforce Training and Education Board	912
357	Early Learning, Department Of	125,292
405	Transportation, Department Of	996,263
477	Fish & Wildlife	3,768
490	Natural Resources,department Of	4,716
495	Agriculture, Department Of	6,720
540	Employment Security ,department Of	6,718,932
Other	Not Specified	163,368
	Total Revenues Per CAFR	<u><u>\$18,846,305</u></u>

***15. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 419
ENTERPRISE SYSTEMS***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 419 – Enterprise Systems**

I. Service Description

The Department of Enterprise Services (DES) Enterprise Systems Section develops, implements, and maintains statewide financial systems for use by state agencies. The financial systems provided by DES include accounting, budgeting, contracts, reporting and payroll systems that allow agencies to manage their financial operations and budget performance. DES centrally provides these core financial systems so that each agency does not have to develop, operate, or maintain these systems individually, ensuring the maintenance of accurate and centralized accounting of the State's financial operations.

Services also include: secure data exchange from one system to another, help desk support, systems training, and use of the Enterprise Services' usability lab and services.

II. Billing Methodology

The Section recovers its costs through an Enterprise Systems Fee which is an allocation based on FTEs. The fee is set each biennium. Agencies are also charged a Warrant Fee to cover the cost of printing and Consolidated Mail Services costs for processing and mailing warrants. The fee is charged per warrant processed.

III. Financial Statements

Financial activities related to DES's Enterprise Systems are recorded in a sub-account of the internal service fund, **419 Data Processing Revolving Fund**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Data Processing Revolving Account financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix B. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix B.

IV. Operating Transfers

- Transfers in – There were operating transfers in during the fiscal year of \$251,000 from Account 108.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. Exhibit F provides the allocation of all DES SWCAP costs down to the account level.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The interest earnings of Account 419 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to the OFM Data Processing sub-account. Exhibit D provides the assignment of the interest earnings to the sub-accounts comprising Account 419. The interest earnings have been allocated based on the average cash balances for the fiscal year.
 - OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year. Therefore, the Account's balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF.
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. As in past years, the transfers in from and out to the Technology Pool (if any) has been treated as adjustments. There is also a one-time adjustment to the CAFR fund balance included here associated with setting up this new schedule. Other adjustments are the standard adjustments for SWCAP costs and interest earnings.

VI. Revenues – Exhibit E provides the Account's revenue by state agency.

This concludes the narrative information on DES's Enterprise Systems. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - ENTERPRISE SYSTEMS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$19,946,128
Other Receivables (Net)	0
Due from Other Funds	3,374,751
Due from Other Governments	0
Inventories	0
Prepaid Expenses	61,839
Total Current Assets	<u>23,382,717</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	55,202,682
Accumulated Depreciation	<u>(40,571,042)</u>
Total Noncurrent Assets	<u>14,631,640</u>
Total Assets	<u><u>\$38,014,357</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$324,046
Contracts and Retainages Payable	0
Accrued Liabilities	508,416
Notes & Leases Payable - ST	3,820,000
Due to Other Funds	1,214,121
Unearned Revenue	0
Total Current Liabilities	<u>5,866,583</u>
Noncurrent Liabilities	
Notes & Leases Payable - LT	3,990,000
Other Long-Term Obligations	<u>757,719</u>
Total Noncurrent Liabilities	<u>4,747,719</u>
Total Liabilities	<u>10,614,302</u>
Net Position:	
Net Investment in Capital Asset:	0
Unrestricted Net Position	<u>27,400,055</u>
Total Net Position	<u>27,400,055</u>
Total Liabilities and Net Position	<u><u>\$38,014,357</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - ENTERPRISE SYSTEMS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$37,443,332
Miscellaneous Revenue	596
Total Operating Revenues	<u>37,443,928</u>
Operating Expenses	
Salaries and Wages	\$10,694,485
Employee Benefits	3,221,647
Personal Services	628,391
Goods and Services	19,133,151
Travel	10,951
Depreciation and Amortization	4,068,936
Miscellaneous Expenses	30,000
Total Operating Expenses	<u>37,787,561</u>
Operating Income (Loss)	<u>(343,633)</u>
Non Operating Revenues (Expenses)	
Other Revenues (Expenses)	0
Interest Expense	(515,925)
Total Nonoperating Revenue (Expenses)	<u>(515,925)</u>
Income Before Transfers	<u>(859,558)</u>
Transfers	
Operating Transfers In	251,000
Operating Transfers Out	0
Total Transfers	<u>251,000</u>
Change in Net Position	(608,558)
Net Position - Beginning of Year, as Previously Reported	28,008,613
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$27,400,055</u></u>

**STATE OF WASHINGTON
ACCOUNT 419 - ENTERPRISE SYSTEMS
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(13,133,231)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$37,443,332		
Miscellaneous Revenue	596		
Total Revenues			37,443,928
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	10,694,485		
Employee Benefits	3,221,647		
Personal Services	628,391		
Goods and Services	19,133,151		
Travel	10,951		
Depreciation and Amortization	4,068,936		
Other Expenses	0		
Total Per Financial Statements		38,303,486	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs (Exhibit F)	\$95,232		
Other	0		
Total Additions		95,232	
Less OMB A-87 Allowable Expenditures			38,398,718
Plus Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earning (Exhibit D)	13,471		
Total Adjustments			13,471
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$14,074,550)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$5,721,630
Excess Balance (A) - (B)			(\$19,796,180)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			(\$473,000)
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		(\$473,000)

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$19,260,658
ADJUSTMENTS:			
Operating Transfers In - Technology Pool	\$251,000		
Operating Transfers Out - Technology Pool	0		
Technology Pool Expenses	0		
Adjust to FY 2014 CAFR Fund Balance	22,354,186		
Additional OMB A-87 Allowable Costs	95,232		
Imputed Interest Earnings	(13,471)		
Total Adjustments		22,686,947	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$41,947,605

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$27,400,055
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - ENTERPRISE SYSTEMS
DISTRIBUTION OF INTEREST EARNINGS FOR FUND 419
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY TITLE	AGENCY CODE	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
DES Enterprise Systems	179	\$0	\$19,946,128	\$9,973,064	31.85%	\$13,471
DES IT Services *	179	0	0	0	0.00%	0
DES Miscellaneous Services *	179	0	0	0	0.00%	0
DES Technology Leasing *	179	0	0	0	0.00%	0
OFM OCIO	105	0	1,080,332	540,166	1.73%	730
Consolidated Technology Services	163	<u>25,702,703</u>	<u>15,893,664</u>	<u>20,798,184</u>	<u>66.42%</u>	<u>28,093</u>
Totals		<u>\$25,702,703</u>	<u>\$36,920,124</u>	<u>\$31,311,414</u>	<u>100.00%</u>	<u>\$42,294</u>
Actual Interest Earnings for Secretary of State - FY 2014 State Treasurer's Report						\$42,293
* Negative cash balance, therefore the balance used was \$0.						

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - ENTERPRISE SYSTEMS
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
010	Office of the State Treasurer	\$31
011	House of Representatives	208,835
012	Senate	148,414
013	Joint Transportation Committee	2,057
014	Joint Legislative Audit and Review Commi	12,028
020	LEAP	7,284
035	Office of the State Actuary	7,806
037	Office of Legislative Support Services	22,167
038	Joint Legislative Systems Committee	27,184
040	Statute Law Committee	26,638
045	Supreme Court	35,017
046	State Law Library	8,360
048	Court of Appeals	80,355
050	Commission on Judicial Conduct	5,802
055	Administrative Office of the Courts	238,217
056	Office of Public Defense	9,868
057	Office of Civil Legal Aid	535
075	Office of the Governor	27,252
080	Office of the Lieutenant Governor	3,625
082	Public Disclosure Commission	11,834
085	Office of the Secretary of State	180,072
086	Governor's Office of Indian Affairs	1,015
087	WA ST Comm on Asian Pacific American Aff	1,081
090	Office of the State Treasurer	38,345
091	Redistricting Commission	0
095	Office of the State Auditor	195,690
099	Comm on Salaries for Elected Officials	543
100	Office of the Attorney General	629,525
101	Caseload Forecast Council	7,041
102	Department of Financial Institutions	109,664
103	Department of Commerce	174,725
104	Economic and Revenue Forecast Council	3,612
105	Office of Financial Management	399,653
107	State Health Care Authority	1,039,955
110	Office of Administrative Hearings	98,698
116	State Lottery Commission	80,367
117	WA State Gambling Commission	85,261
118	WA State Commission on Hispanic Affairs	1,097
119	WA State Comm on African-American Affair	1,049
120	Human Rights Commission	19,806
124	Department of Retirement Systems	143,523
126	State Investment Board	51,977
135	Innovate Washington	569
140	Department of Revenue	722,142
142	Board of Tax Appeals	6,814
147	Office of Minority & Women's Business	10,057
160	Office of the Insurance Commissioner	134,437

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - ENTERPRISE SYSTEMS
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
163	Consolidated Technology Services	176,070
165	State Board of Accountancy	5,809
167	Forensic Investigation Council	6
179	Department of Enterprise Services	639,469
185	Washington Horse Racing Commission	15,995
190	Board of Industrial Insurance Appeals	92,356
195	Liquor Control Board	236,142
205	Board of Pilotage Commissioners	1,551
215	Utilities and Transportation Commission	93,710
220	Board for Volunteer Firefighters & Reser	2,834
225	Washington State Patrol	1,403,311
227	WA State Criminal Justice Training Comm	21,465
228	Washington Traffic Safety Commission	11,853
235	Department of Labor and Industries	1,671,411
240	Dept of Licensing	777,010
245	Military Department	194,468
275	Public Employment Relations Commission	23,573
300	Dept of Social and Health Services	9,777,695
303	Department of Health	955,566
305	Department of Veterans' Affairs	444,977
310	Department of Corrections	4,691,773
315	Department of Services for the Blind	47,342
340	Council for Higher Education	68,897
341	LEOFF Plan 2 Retirement Board	4,217
350	Superintendent of Public Instruction	181,185
351	State School for the Blind	50,896
353	CTR for Childhood Deafness & Hearing Los	64,084
354	Work Force Training & Education Coor Boa	11,891
355	Dept of Archaeology & Historic Preservat	11,495
356	Life Sciences Discovery Fund Authority	98
357	Department of Early Learning	147,240
359	Washington Charter School Commission	340
360	University of Washington	434,329
365	Washington State University	254,070
370	Eastern Washington University	65,287
375	Central Washington University	69,447
376	the Evergreen State College	35,565
380	Western Washington University	79,737
387	Washington State Arts Commission	8,049
390	Washington State Historical Society	21,813
395	Eastern Washington State Historical Soci	18,072
405	Department of Transportation	3,381,166
406	County Road Administration Board	9,928
407	Transportation Improvement Board	8,972
410	Transportation Commission	5,713
411	Freight Mobility Strategic Investment Bo	1,617
460	Columbia River Gorge Commission	4,332

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - ENTERPRISE SYSTEMS
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
461	Department of Ecology	955,187
462	WA Pollution Liability Insurance Program	3,645
465	State Parks and Recreation Commission	395,408
467	Recreation & Conservation Funding Board	38,616
468	Environmental and Land Use Hearings Offi	10,035
471	State Conservation Commission	11,554
477	Department of Fish and Wildlife	932,126
478	Puget Sound Partnership	26,856
490	Department of Natural Resources	970,263
495	Department of Agriculture	445,046
540	Employment Security Department	1,417,182
699	Community and Technical College System	993,774
Other	Not Specified	1,382
	Total Revenues Per CAFR	<u><u>\$37,443,928</u></u>

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - ENTERPRISE SYSTEMS
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACCOUNTS</u>	<u>OBJECT A SALARIES & WAGES</u>	<u>PERCENT</u>	<u>SWCAP ALLOCATION</u>
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***16. OFFICE OF FINANCIAL MANAGEMENT – ACCOUNT 436
LABOR RELATIONS SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Office of Financial Management
Account 436 - Labor Relations Services**

I. Service Description

The Labor Relations Section of State Human Resources, OFM manages the collective bargaining process on behalf of the Governor with union-represented state employees. The mission of the Office is to negotiate labor agreements enabling state managers and employees to perform their jobs more effectively. Under the Personnel System Reform Act of 2002, the state, not individual agencies, negotiates master agreements with employee labor unions. Master agreements negotiated by the OFM apply to all agencies with employees who are in bargaining units represented by the same union. During labor negotiations, the policy focus is on issues that matter to all employees – wages, health benefits, methods for resolving disputes, and on creating a better environment in which to manage the state’s human resources.

II. Billing Methodology

In accordance with state law, state agencies, and community colleges are assessed fees based on a percentage of the agencies approved allotments for salaries and wages of all bargaining unit positions. The percentages assessed vary due to the level of effort required to negotiate contract for the affected entities. The following percentages are assessed:

- State agencies - .0010%
- Community Colleges - .0017%

III. Financial Statements

Financial activities of the Labor Relations Office are recorded in an internal service fund, **436 Labor Relations Service Account**. Financial statements for the Account are consolidated within the State’s Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service’s financial statements. A reconciliation of the Account’s Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR’s Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The information is accounted for and reported by the Office of the State Treasurer.
 - OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year and as therefore not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on the Labor Relations Office. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 436 - LABOR RELATIONS SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$2,019,548
Other Receivables (Net)	16
Due from Other Funds	179,578
Total Current Assets	<u>2,199,142</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	0
Accumulated Depreciation	0
Total Noncurrent Assets	<u>0</u>
Total Assets	<u><u>\$2,199,142</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$38,814
Accrued Liabilities	79,812
Due to Other Funds	60,582
Unearned Revenue	0
Total Current Liabilities	<u>179,208</u>
Noncurrent Liabilities	
Other Long-Term Obligations	45,011
Total Noncurrent Liabilities	<u>45,011</u>
Total Liabilities	<u>224,219</u>
Net Position:	
Net Investment In Capital Asset:	0
Unrestricted Net Position	<u>1,974,923</u>
Total Net Position	<u>1,974,923</u>
Total Liabilities and Net Position	<u><u>\$2,199,142</u></u>

STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 436 - LABOR RELATIONS SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

		<u>TOTAL</u>
Operating Revenues		
Charges for Services		\$1,826,330
Miscellaneous Revenue		<u>0</u>
Total Operating Revenues		<u>1,826,330</u>
Operating Expenses		
Salaries and Wages	\$1,493,638	
Employee Benefits	412,188	
Personal Services	122,195	
Goods and Services	498,216	
Travel	20,074	
Miscellaneous Expenses	<u>0</u>	
Total Operating Expenses		<u>2,546,311</u>
Operating Income (Loss)		<u>(719,981)</u>
Non Operating Revenues (Expenses)		
Other Revenues (Expenses)		0
Interest Expense		<u>0</u>
Total Nonoperating Revenue (Expenses)		<u>0</u>
Income Before Transfers		<u>(719,981)</u>
Transfers		
Operating Transfers In		0
Operating Transfers Out		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Position		(719,981)
Net Position - Beginning of Year, as Previously Reported		2,694,903
Adjustments Applicable to Prior Year		<u>0</u>
Net Position - End of Year		<u><u>\$1,974,922</u></u>

STATE OF WASHINGTON
ACCOUNT 436 - LABOR RELATIONS SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$725,002
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$1,826,330		
Miscellaneous Revenue	0		
Total Revenues			1,826,330
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	1,493,638		
Employee Benefits	412,188		
Personal Services	122,195		
Goods and Services	498,216		
Travel	20,074		
Other Expenses	0		
Total Per Financial Statements		2,546,311	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$784,600		
Other	0		
Total Additions		784,600	
Less OMB A-87 Allowable Expenditures			3,330,911
Plus Adjustments:			
Prior Period Adjustments	0		
FY 2014 Actual Interest Earnings - State Treasurer's Report	4,804		
Total Adjustments			4,804
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$774,775)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$555,152
Excess Balance (A) - (B)			(\$1,329,927)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$1,149,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$1,149,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$820,901
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	784,600		
Imputed Interest Earnings	(4,804)		
Total Adjustments			779,796
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$1,600,697

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$1,974,922
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STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT
ACCOUNT 436 - LABOR RELATIONS SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
085	Secretary of State	\$731
103	Dept of Com Trade & Econ Dev	3,156
107	Health Care Authority	118,291
116	Washington State Lottery Comm.	611
120	Human Rights Commission	400
140	Department of Revenue	16,811
147	Minority and Women's Enterprises	237
160	Insurance Commissioner	3,619
163	Consolidated Tech. Svs	1,377
179	Dept. of Enterprise Services	6,069
185	Horse Racing Commission	146
190	Bd. of Industrial Ins. Appeals	1,025
195	Liquor Control Board	1,673
215	Utilities and Transportation	1,908
225	Washington State Patrol	56,387
227	Criminal Justice Trng. Comm.	268
235	Dept. of Labor & Industries	46,612
240	Dept. of Licensing	18,503
245	Military Department	3,912
300	Dept. of Social & Health Services	402,752
303	Department of Health	26,242
305	Dept. of Veteran's Affairs	7,727
310	Dept. of Corrections	225,495
315	Commission for the Blind	1,198
351	School for the Blind	1,099
353	School for the Deaf	1,331
354	Commission for Voc. Ed.	234
357	Department of Early Learning	3,957
387	State Arts Commission	51
405	Dept. of Transportation	480,131
461	Department of Ecology	24,620
465	Parks & Recreation Commission	9,541
467	Iac - Outdoor Recreation	637
477	Dept of Fish & Wildlife	19,451
490	Dept. of Natural Resources	19,737
495	Department of Agriculture	5,236
540	Employment Security Department	33,980
699	State Board Community Colleges	281,174
	Total Revenues Per CAFR	<u><u>\$1,826,330</u></u>

***17. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNTS
546/547 RISK MANAGMENT***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Accounts 546/547 – Risk Management**

I. Service Description

The Department of Enterprise Services (DES) Risk Management Program (RMP) identifies, controls, and reduces the financial impact of general liability, vehicle, and property losses to the state, and develops programs to finance the state's exposure to risk. In addition, the Program protects the beneficiaries and assets of local government self-insurance programs through effective regulation. Services provided include administering a self-insurance program to finance tort losses; purchasing commercial insurance on behalf of state agencies; receiving, processing, delegating, and investigating state agency tort claims and legislative relief claims; maintaining a comprehensive master database of all claims; providing training to state agencies on how to lessen risks associated with tort liabilities; and approving and regulating local government property/liability risk pools and health/welfare employee benefit programs.

II. Billing Methodology

RMP collects its cost of operation from its customer agencies by billing them directly each year. RMP also bill agencies for the cost incurred by the Department of Transportation (DOT) for their administrative expenses in connection with the investigation and settlement of vehicle claims. Two separate allocation formulas are used and both charges are invoiced together so agencies can make a single payment to RMP. RMP then reimburses DOT for their costs as they are expended.

Risk Management's total administrative budget is allocated to customer agencies as follows:

- 80% based on claims services (including administration, processing, investigation, reporting and financing)
- 10% based on commercial insurance services
- 10% based on loss prevention services

Each category has a separate formula.

- Claims is the largest portion and is allocated using the most recent five years of claim history, weighted 40% for frequency and 60% for severity. Unlike the self-insurance premium formula, there is no capping of losses and no credibility factor developed. This formula is intended to acknowledge that all claims, whether paid or not, create workload.
- Commercial Insurance is allocated using each agency's percentage of total commercial insurance premium (not including Excess) during the most recent biennium.

- Loss Prevention is allocated on a "modified FTE count." This is a somewhat cumbersome process where the various agencies are placed into 5 groups based on their FTE's:

Group 1	3,001 and greater
Group 2	999 - 3000
Group 3	250 - 999
Group 4	19 - 250
Group 5	0 - 19

Each group is allocated their "share" based on the entire group's FTE's and the resulting dollars are divided equally among the agencies of that group. This system was selected to soften the affect of using FTE's as an allocation formula for our largest agency (since they have three times as many FTE's as any other agency).

- Finally, all three portions are added together for each agency. If any agency's total is less than \$50, they are not billed and their portion is re-spread to the other agencies.

DOT charges for Vehicle claims - 100% of DOT costs are allocated to agencies based on the most recent 5-year history of vehicle claims weighted 40% for frequency and 60% for severity.

III. Financial Statements

Financial activities related to DES's RMP are recorded the internal service funds, **546 Risk Management Administration Account and 547 Liability Account**. Financial statements for the Accounts are presented within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Risk Management financial statements. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments

- Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. Exhibit E provides an allocation of all the DES SWCAP Section I costs down to Schedule level.
- Adjustments – Actual interest earnings incurred on the Account’s assets. The interest earnings of Accounts 546 and 547 are accounted for and reported by the Office of the State Treasurer.
- OMB A-87 Retained Earnings Balance – The Accounts have a negative balance as of the end of the fiscal year. Therefore, the Account’s balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF.
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides the revenues by state agency.

This concludes the narrative information on DES’s Risk Management. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
RISK MANAGEMENT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	RISK MANAGEMENT ADMIN. 546	LIABILITY ACCOUNT 547	RISK MANAGEMENT FGE	TOTAL
Assets:				
Current Assets:				
Cash and Cash Equivalents	\$182,379	\$67,099,904	\$0	\$67,282,283
Other Receivables (Net)	1,874	0	0	1,874
Due from Other Funds	1,438,734	496,429	0	1,935,163
Due from Other Governments	2,706	0	0	2,706
Inventories	0	0	0	0
Prepaid Expenses	0	0	0	0
Total Current Assets	<u>1,625,693</u>	<u>67,596,333</u>	<u>0</u>	<u>69,222,026</u>
Noncurrent Assets:				
Land	0	0	0	0
Buildings	0	0	0	0
Other Improvements	0	0	0	0
Furnishings, Equipment & Collections	8,394	0	0	8,394
Accumulated Depreciation	(1,924)	0	0	(1,924)
Construction In Progress	0	0	0	0
Total Noncurrent Assets	<u>6,470</u>	<u>0</u>	<u>0</u>	<u>6,470</u>
Total Assets	<u>\$1,632,163</u>	<u>\$67,596,333</u>	<u>\$0</u>	<u>\$69,228,496</u>
Liabilities:				
Current Liabilities				
Accounts Payable	\$19,138	\$10,725	\$0	\$29,863
Contracts and Retainages Payable	0	0	0	0
Accrued Liabilities	72,030	241	0	72,271
Obligation for Capital - Short Term	0	0	0	0
Due to Other Funds	71,606	4,718,718	0	4,790,324
Unearned Revenues	0	0	0	0
Claims and Judgments - Current	0	101,976,463	0	101,976,463
Total Current Liabilities	<u>162,774</u>	<u>106,706,147</u>	<u>0</u>	<u>106,868,921</u>
Noncurrent Liabilities				
Obligation for Capital - Long-Term	0	0	0	0
Other Long-Term Obligations	113,168	0	0	113,168
Other Post Employment Benefits Obligatio	0	0	399,115	399,115
Claims and Judgments - Non Current	0	448,012,112	0	448,012,112
Total Noncurrent Liabilities	<u>113,168</u>	<u>448,012,112</u>	<u>399,115</u>	<u>448,524,395</u>
Total Liabilities	<u>275,942</u>	<u>554,718,259</u>	<u>399,115</u>	<u>555,393,316</u>
Net Position:				
Net Investment in Capital Asset:	6,470	0	0	6,470
Unrestricted Net Positior	<u>1,349,751</u>	<u>(487,121,926)</u>	<u>(399,115)</u>	<u>(486,171,290)</u>
Total Net Position	<u>1,356,221</u>	<u>(487,121,926)</u>	<u>(399,115)</u>	<u>(486,164,820)</u>
Total Liabilities and Net Positior	<u>\$1,632,163</u>	<u>\$67,596,333</u>	<u>\$0</u>	<u>\$69,228,496</u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
RISK MANAGEMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	RISK MANAGEMENT ADMIN. FUND 546			LIABILITY ACCOUNT FUND 547					RISK MGMT FGE	GRAND TOTAL
	COMMERCIAL	ADMIN.	TOTAL	GENERAL	AUTO	GENERAL	AUTO	TOTAL		
	INSURANCE			LIABILITY	LIABILITY	LIABILITY	LIABILITY			
				INDEMNITY	INDEMNITY	DEFENSE	DEFENSE			
Operating Revenues										
Charges for Services	\$0	\$3,411,873	\$3,411,873	\$0		\$0		\$0		\$3,411,873
Insurance Premiums	12,675,636		12,675,636	52,518,344	3,771,414	18,595,905	674,463	75,560,126	0	88,235,762
Miscellaneous Revenue		0	0					0		0
Total Operating Revenues	<u>12,675,636</u>	<u>3,411,873</u>	<u>16,087,509</u>	<u>52,518,344</u>	<u>3,771,414</u>	<u>18,595,905</u>	<u>674,463</u>	<u>75,560,126</u>	<u>0</u>	<u>91,647,635</u>
Operating Expenses										
Salaries and Wages	0	1,331,595	1,331,595	0	0	0	0	0	0	1,331,595
Employee Benefits	0	423,904	423,904	0	0	0	0	0	52,169	476,073
Personal Services	0	48,232	48,232	0	0	0	0	0	0	48,232
Goods and Services	0	968,477	968,477	0	0	18,327,794	664,739	18,992,533	0	19,961,010
Travel	0	26,110	26,110	0	0	0	0	0	0	26,110
Insurance Premiums and Claims	12,324,747	0	12,324,747	53,548,681	3,845,404	0	0	57,394,085	0	69,718,832
Depreciation and Amortization	0	0	0	0	0	0	0	0	0	0
Miscellaneous Expenses	0	0	0	0	0	0	0	0	0	0
Total Operating Expenses	<u>12,324,747</u>	<u>2,798,318</u>	<u>15,123,065</u>	<u>53,548,681</u>	<u>3,845,404</u>	<u>18,327,794</u>	<u>664,739</u>	<u>76,386,618</u>	<u>52,169</u>	<u>91,561,852</u>
Operating Income (Loss)	<u>350,889</u>	<u>613,555</u>	<u>964,444</u>	<u>(1,030,337)</u>	<u>(73,990)</u>	<u>268,111</u>	<u>9,724</u>	<u>(826,492)</u>	<u>(52,169)</u>	<u>85,783</u>
Non Operating Revenues (Expenses)										
Earnings on Investments	0	0	0	0	0	0	0	0	0	0
Interest Expense	0	0	0	0	0	0	0	0	0	0
Total Nonoperating Revenue (Expenses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Income Before Transfers	<u>350,889</u>	<u>613,555</u>	<u>964,444</u>	<u>(1,030,337)</u>	<u>(73,990)</u>	<u>268,111</u>	<u>9,724</u>	<u>(826,492)</u>	<u>(52,169)</u>	<u>85,783</u>
Transfers										
Operating Transfers In	0	0	0	0	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0	0	0	0	0
Total Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	<u>350,889</u>	<u>613,555</u>	<u>964,444</u>	<u>(1,030,337)</u>	<u>(73,990)</u>	<u>268,111</u>	<u>9,724</u>	<u>(826,492)</u>	<u>(52,169)</u>	<u>85,783</u>
Net Position - Beginning of Year	<u>(830,245)</u>	<u>1,222,022</u>	<u>391,777</u>	<u>(415,290,907)</u>	<u>(26,362,393)</u>	<u>(42,155,487)</u>	<u>(2,486,647)</u>	<u>(486,295,434)</u>	<u>(346,946)</u>	<u>(486,250,603)</u>
Adjustments Applicable to Prior Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Position - End of Year	<u>(\$479,356)</u>	<u>\$1,835,577</u>	<u>\$1,356,221</u>	<u>(\$416,321,244)</u>	<u>(\$26,436,383)</u>	<u>(\$41,887,376)</u>	<u>(\$2,476,923)</u>	<u>(\$487,121,926)</u>	<u>(\$399,115)</u>	<u>(\$486,164,820)</u>

**STATE OF WASHINGTON
RISK MANAGEMENT
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$460,153,762)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$3,411,873		
Insurance Premiums	88,235,762		
Miscellaneous Revenue	0		
Operating Transfers In	0		
Total Revenues			91,647,635
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	1,331,595		
Employee Benefits	476,073		
Personal Services	48,232		
Goods and Services	19,961,010		
Travel	26,110		
Insurance Premiums and Claims	69,718,832		
Total Per Financial Statements		91,561,852	
Deductions OMB A-87 Unallowable Costs			
Unallowable OPEB Charges	(\$52,169)		
Total Deductions		(52,169)	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	(22,168)		
Other	0		
Total Additions		(22,168)	
Less OMB A-87 Allowable Expenditures			91,487,515
Plus Adjustments:			
Prior Period Adjustments	0		
FY 2014 Actual Interest Earnings - State Treasurer's Report Fund 546	0		(negative for FY2014)
FY 2014 Actual Interest Earnings - State Treasurer's Report Fund 547	117,865		
Total Adjustments		117,865	117,865
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$459,875,777)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$15,247,919
Excess Balance (A) - (B)			(\$475,123,696)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$49,208,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$49,208,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			(\$75,304,841)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	(\$52,169)		
Additional OMB A-87 Allowable Costs	(22,168)		
Imputed Interest Earnings	(117,865)		
Total Adjustments		(192,202)	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		(\$75,497,043)

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	(\$486,164,820)
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**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
RISK MANAGEMENT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
011	House of Representatives	\$101,196
012	Senate	52,535
013	Joint Transportation Committee	1,025
014	Joint Legislative Audit and Review Commi	1,000
020	LEAP	2,025
035	Office of the State Actuary	1,025
038	Joint Legislative Systems Committee	145,608
040	Statute Law Committee	1,060
045	Supreme Court	21,449
046	State Law Library	20,214
048	Court of Appeals	8,083
050	Commission on Judicial Conduct	1,525
055	Administrative Office of the Courts	16,734
056	Office of Public Defense	1,970
057	Office of Civil Legal Aid	1,025
075	Office of the Governor	5,563
080	Office of the Lieutenant Governor	1,085
082	Public Disclosure Commission	29,750
085	Office of the Secretary of State	56,586
086	Governor's Office of Indian Affairs	1,025
087	WA ST Comm on Asian Pacific American Aff	1,025
090	Office of the State Treasurer	2,556
095	Office of the State Auditor	4,654
099	Comm on Salaries for Elected Officials	1,025
100	Office of the Attorney General	216,245
101	Caseload Forecast Council	2,525
102	Department of Financial Institutions	12,206
103	Department of Commerce	3,146
104	Economic and Revenue Forecast Council	1,025
105	Office of Financial Management	5,914
107	State Health Care Authority	68,532
110	Office of Administrative Hearings	27,309
116	State Lottery Commission	40,296
117	WA State Gambling Commission	35,209
118	WA State Commission on Hispanic Affairs	1,025
119	WA State Comm on African-American Affair	1,025
120	Human Rights Commission	2,041
124	Department of Retirement Systems	10,626
126	State Investment Board	11,130
135	Innovate Washington	19,765
140	Department of Revenue	77,668
142	Board of Tax Appeals	1,025
147	Office of Minority & Women's Business	25,873
160	Office of the Insurance Commissioner	76,765
163	Consolidated Technology Services	351,813
165	State Board of Accountancy	8,420
167	Forensic Investigation Council	1,000
179	Department of Enterprise Services	548,603
185	Washington Horse Racing Commission	23,215

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
RISK MANAGEMENT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
190	Board of Industrial Insurance Appeals	7,262
195	Liquor Control Board	349,596
205	Board of Pilotage Commissioners	74,441
215	Utilities and Transportation Commission	10,215
220	Board for Volunteer Firefighters & Reser	1,025
225	Washington State Patrol	4,199,146
227	WA State Criminal Justice Training Comm	87,264
228	Washington Traffic Safety Commission	60,635
235	Department of Labor and Industries	696,480
240	Dept of Licensing	78,262
245	Military Department	28,610
275	Public Employment Relations Commission	24,296
300	Dept of Social and Health Services	31,673,257
303	Department of Health	45,908
305	Department of Veterans' Affairs	106,158
310	Department of Corrections	15,747,115
315	Department of Services for the Blind	1,113
340	Council for Higher Education	42,625
341	LEOFF Plan 2 Retirement Board	25
350	Superintendent of Public Instruction	70,067
351	State School for the Blind	19,177
353	CTR for Childhood Deafness & Hearing Los	11,336
354	Work Force Training & Education Coor Boa	1,043
355	Dept of Archaeology & Historic Preservat	1,025
357	Department of Early Learning	790,697
365	Washington State University	1,510,628
370	Eastern Washington University	40,814
375	Central Washington University	668,408
376	the Evergreen State College	284,160
380	Western Washington University	812,078
387	Washington State Arts Commission	1,025
390	Washington State Historical Society	7,304
395	Eastern Washington State Historical Soci	41,531
405	Department of Transportation	25,035,506
406	County Road Administration Board	1,939
407	Transportation Improvement Board	1,025
410	Transportation Commission	1,025
411	Freight Mobility Strategic Investment Bo	25
460	Columbia River Gorge Commission	1,525
461	Department of Ecology	494,287
462	WA Pollution Liability Insurance Program	3,525
465	State Parks and Recreation Commission	527,362
467	Recreation & Conservation Funding Board	1,074
468	Environmental and Land Use Hearings Offi	2,387
471	State Conservation Commission	1,025
477	Department of Fish and Wildlife	361,635
478	Puget Sound Partnership	59
490	Department of Natural Resources	919,664
495	Department of Agriculture	238,224

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
RISK MANAGEMENT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
540	Employment Security Department	210,996
699000	Community and Technical College System	1,798,979
699005	Everett Community College	153,855
699010	Edmonds Community College	84,352
699021	Whatcom Community College	42,668
699027	Bellevue College	86,508
699029	Big Bend Community College	97,168
699032	Centralia College	37,829
699034	Cascadia Community College	640
699035	Clark College	102,543
699037	Pierce College	68,177
699039	Columbia Basin Community College	82,295
699048	Grays Harbor College	56,801
699049	Green River Community College	128,154
699052	Highline Community College	137,310
699057	Lower Columbia College	42,666
699062	Olympic College	52,284
699065	Peninsula College	37,870
699070	Seattle Community College-District 6	94,209
699072	Shoreline Community College	58,216
699074	Skagit Valley College	72,876
699075	South Puget Sound Community College	81,048
699076	Spokane Community College-District 17	108,092
699078	Tacoma Community College	76,059
699083	Walla Walla Community College	86,839
699086	Wenatchee Valley College	43,800
699091	Yakima Valley College	43,908
699092	Lake Washington Institute of Technology	11,475
699093	Renton Technical College	40,393
699094	Bellingham Technical College	36,332
699095	Bates Technical College	71,056
699096	Clover Park Technical College	69,166
Other	Not Specified	397,915
	Total Revenues Per CAFR	<u><u>\$91,647,634</u></u>

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
RISK MANAGEMENT
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACCOUNTS</u>	<u>OBJECT A SALARIES & WAGES</u>	<u>PERCENT</u>	<u>SWCAP ALLOCATION</u>
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***18. DEPARTMENT OF ENTERPRISE SERVICES – SMALL
AGENCY SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Small Agency Services**

I. Service Description

The Department of Enterprise Services (DES) offers a variety of financial management services to agencies:

- Budgeting and financial management services
- Accounts payable services
- Invoicing, accounts receivable and cash receipts services
- Payroll services.

The costs for providing these services are recovered through charges to user agencies.

II. Billing Methodology

Each service is recovered through an allocation rate. The allocation rates are as follows:

- Budgeting and Financial Management Services – The budgeted costs related to general accounting and budget work will be allocated to customers based on the relative size of the agency budget compared to all customer agency budgets.
- Accounts Payable Services – The budgeted costs related to payment processing and accounts payable will be allocated to customers based on their proportion of total payment transactions.
- Invoicing, accounts receivable and cash receipts services – The budgeted costs related to invoicing and accounts receivable will be allocated to customers based on their proportion of total receivable transactions.
- Payroll Services – The budgeted costs related to payroll services will be allocated to customer agencies based on their proportion of total customer FTEs.

III. Financial Statements

Financial activities of SAS are recorded in a distinct Department of Enterprise Services program code in Account 422. The following exhibit is provided:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.

- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of SACS' ending balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the fund in the SWCAP Section I allocated cost document. Exhibit F displays the allocation of all DES SWCAP costs to the account level.
 - Adjustments – Three adjustments are included here:
 - i. An adjustment for the beginning balances of movement of Projects 1300 and 1320 from Schedule 2 to here has been made.
 - ii. With the movement of this service from the General Fund in 2013 to Account 422 in 2014, the state has decided to refund to the federal government the federal share of the entire FY 2013 ending Part I balance. The fund balance that existed in the General Fund at the end of 2013 was not transferred into Account 422.
 - iii. Actual interest earnings incurred on the Account's assets. The interest earnings of Account 422 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to the Executive Management sub-account. Exhibit E provides the assignment of the interest earnings to the sub-Accounts comprising Account 422. The interest earnings have been allocated based on the average cash balances for the fiscal year.
 - OMB A-87 Retained Earnings Balance – Although the Account has a positive balance as of the end of the fiscal year, the Account balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to Exhibit A. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides SAS' revenues by state agency.

This concludes the narrative information on Small Agency Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - SMALL AGENCY SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$41,430
Other Receivables (Net)	0
Due from Other Funds	1,715,660
Due from Other Governments	225
Prepaid Expenses	0
Total Current Assets	<u>1,757,315</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	0
Accumulated Depreciation	0
Total Noncurrent Assets	<u>0</u>
Total Assets	<u><u>\$1,757,315</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$882,779
Accrued Liabilities	199,987
Obligation for Capital - Short Term	0
Due to Other Funds	197,668
Unearned Revenues	0
Total Current Liabilities	<u>1,280,434</u>
Noncurrent Liabilities	
Obligation for Capital - Long-Term	0
Other Long-Term Obligations	327,849
Total Noncurrent Liabilities	<u>327,849</u>
Total Liabilities	<u>1,608,283</u>
Net Position:	
Net Investment In Capital Asset:	0
Unrestricted Net Position	149,032
Total Net Position	<u>149,032</u>
Total Liabilities and Net Position	<u><u>\$1,757,315</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - SMALL AGENCY SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$2,663,595
Intra-Agency Reimb	\$0
Miscellaneous Revenue	6,695
Total Operating Revenues	<u>2,670,290</u>
Operating Expenses	
Salaries and Wages	4,076,877
Employee Benefits	1,514,703
Goods and Services	(2,033,168)
Travel	593
Non-Capitalized Assets	0
Capitalized Assets	0
Intra-Agency Reimb	0
Total Operating Expenses	<u>3,559,005</u>
Operating Income (Loss)	<u>(888,715)</u>
Non Operating Revenues (Expenses)	
Other Revenues (Expenses)	0
Interest Expense	0
Total Nonoperating Revenue (Expenses)	<u>0</u>
Income Before Transfers	<u>(888,715)</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	0
Total Transfers	<u>0</u>
Change in Net Position	(888,715)
Net Position - Beginning of Year, as Previously Reported	0
Adjustments Applicable to Prior Year	<u>1,037,747</u>
Net Position - End of Year	<u><u>\$149,032</u></u>

**STATE OF WASHINGTON
SMALL AGENCY SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$17,229
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$2,663,595		
Inter-Agency Reimb	\$0		
Earnings of Investments	0		
Miscellaneous Revenue	6,695		
Operating Transfers In	0		
Total Revenues		<u>2,670,290</u>	
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	4,076,877		
Employee Benefits	1,514,703		
Goods and Services	(2,033,168)		
Travel	593		
Non-Capitalized Assets	0		
Intra-Agency Reimb	0		
Other Expenses	0		
Total Per Financial Statements		<u>3,559,005</u>	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$36,304		
Other	0		
Total Additions		<u>36,304</u>	
Less OMB A-87 Allowable Expenditures			3,595,309
Plus Adjustments:			
Prior Period Adjustments	1,037,747		
Remove beginning balance for planned payback of Part I balance at end of FY13 as service was moved from GF to Fund 422	(17,229)		
Imputed Interest Earnings	21		
Total Adjustments		<u>1,020,539</u>	
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$112,749
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$599,218
Excess Balance (A) - (B)			(\$486,469)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers		<u>0</u>	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$0

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$518,893
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	36,304		
Remove beginning balance for planned payback of Part I balance at end of FY13 as service was moved from GF to Fund 422	(518,893)		
Imputed Interest Earnings	(21)		
Total Adjustments		<u>(482,610)</u>	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$36,283

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$149,032
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - SMALL AGENCY SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
013	Joint Transportation Committee	\$1,148
035	Office of the State Actuary	19,239
050	Commission on Judicial Conduct	12,011
080	Office of the Lieutenant Governor	8,601
082	Public Disclosure Commission	25,600
086	Governor's Office of Indian Affairs	2,760
087	WA ST Comm on Asian Pacific American Aff	2,759
099	Comm on Salaries for Elected Officials	318
101	Caseload Forecast Council	9,426
104	Economic and Revenue Forecast Council	8,125
110	Office of Administrative Hearings	200,805
116	State Lottery Commission	54,687
118	WA State Commission on Hispanic Affairs	2,760
119	WA State Comm on African-American Affair	2,760
120	Human Rights Commission	37,550
126	State Investment Board	7,979
135	Innovate Washington	39,900
142	Board of Tax Appeals	15,054
147	Office of Minority & Women's Business	20,879
163	Consolidated Technology Services	1,405,691
165	State Board of Accountancy	19,463
167	Forensic Investigation Council	181
185	Washington Horse Racing Commission	25,036
190	Board of Industrial Insurance Appeals	156,862
205	Board of Pilotage Commissioners	5,742
220	Board for Volunteer Firefighters & Reser	3,636
227	WA State Criminal Justice Training Comm	99,387
275	Public Employment Relations Commission	50,479
315	Department of Services for the Blind	40,000
341	LEOFF Plan 2 Retirement Board	10,272
351	State School for the Blind	21,403
354	Work Force Training & Education Coor Boa	119,633
355	Dept of Archaeology & Historic Preservat	30,708
359	Washington Charter School Commission	2,633
406	County Road Administration Board	12,500
407	Transportation Improvement Board	18,049
460	Columbia River Gorge Commission	9,437
462	WA Pollution Liability Insurance Program	5,886
467	Recreation & Conservation Funding Board	44,451
468	Environmental and Land Use Hearings Offi	23,124
471	State Conservation Commission	6,735
478	Puget Sound Partnership	74,359
Other	Not Specified	12,260
Total Revenues Per Financial Reports		<u><u>\$2,670,291</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - SMALL AGENCY SERVICES
INTEREST EARNINGS
AS OF JUNE 30, 2014

ACCOUNTS	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
Executive Management *	\$1,738,207	\$0	\$869,104	5.68%	\$882
Facilities Management					
Allowable Services	2,043,168	1,307,182	1,675,175	10.94%	1,699
Unallowable Services	1,353,592	0	676,796	4.42%	687
Personnel Services	0	2,656,825	1,328,413	8.68%	1,348
State Motor Pool *	0	0	0	0.00%	0
Consolidated Mail	974,301	766,345	870,323	5.69%	883
Real Estate Services	131,176	166,664	148,920	0.97%	151
Printing Services	0	0	0	0.00%	0
Brokering	0	1,501,379	750,690	4.90%	761
Small Agency Services	0	41,430	20,715	0.14%	21
Other Services	<u>7,991,537</u>	<u>9,946,153</u>	<u>8,968,845</u>	<u>58.59%</u>	<u>9,097</u>
Totals	<u>\$14,231,981</u>	<u>\$16,385,978</u>	<u>\$15,308,979</u>	<u>100.00%</u>	<u>\$15,529</u>
Actual Interest Earnings for Fund 422 - FY 2014 State Treasurer's Report					\$15,529
* Negative balances were restated at \$0.					

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 422 - SMALL AGENCY SERVICES
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	OBJECT A SALARIES & WAGES	PERCENT	SWCAP ALLOCATION
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***19. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 419
TECHNOLOGY LEASING***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 419 – Technology Leasing**

I. Service Description

The Department of Enterprise Services Lease Program provides agencies with a cost effective solution for replacing old or obsolete systems, obtaining new systems to meet new requirements and asset management. This technology replacement strategy helps agencies meet state technology standards while reducing the costs associated with asset management and procurement.

II. Billing Methodology

Leasing rates are based off of the actual price of the system, plus the interest rate DES must submit to the State Treasurer for Certificate of Participation (COP) agreements, plus the \$1 per system DES management/admin fee.

III. Financial Statements

The financial activities are recorded in a sub-account of the internal service fund, **419 Data Processing Revolving Fund**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Data Processing Revolving Account financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix B. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix B.
- Exhibit C: Profit and Loss by Business Center
- Exhibit D: Retained Earnings Balances by Business Center

IV. Operating Transfers

- Transfers in – There were operating transfers in of \$1,138,343 during the fiscal year associated with project close out to projects 1340 (419), 8090, 8092 (422).
- Transfers out – There were operating transfers out of \$15,050 during the fiscal year associated with project close out to projects 1340 (419), 8090, 8092 (422).
-

V. Reconciliation

Fund Reconciliation - Exhibit E provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Deductions – As in prior years, expenses associated with Technology Pools projects have been deducted and included as adjustment in Part III of the reconciliation.
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. Exhibit F provides the allocation of all DES SWCAP costs down to the account level.
 - Adjustments – Actual interest earnings incurred on the Account’s assets. The interest earnings of Account 419 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to the DIS Data Processing sub-account. Exhibit D provides the assignment of the interest earnings to the sub-accounts comprising Account 419. The interest earnings have been allocated based on the average cash balances for the fiscal year.
 - OMB A-87 Retained Earnings Balance – The Account has a positive balance as of the end of the fiscal year that is in excess of the OMB Circular A-87 allowable ISF working capital balance.
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. Operating transfers associated with the break out of this schedule from the former Schedule 9 have been recorded here because the beginning balance in Part I already reflects the movement of the funds. Other adjustments are the standard adjustments for SWCAP costs and interest earnings.

VI. Revenues – Exhibit G provides the Account’s revenue by state agency.

This concludes the narrative information on DES Technology Leasing. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - DES TECHNOLOGY LEASING
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	(\$109,573)
Other Receivables (Net)	6,260,452
Due from Other Funds	2,408,212
Due from Other Governments	20,917
Inventories	0
Prepaid Expenses	0
Total Current Assets	<u>8,580,008</u>
Noncurrent Assets:	
Land	0
Other Assets, Noncurrent	0
Buildings	0
Other Improvements	0
Furnishings, Equipment & Collections	32,918,059
Accumulated Depreciation	(16,671,124)
Construction In Progress	0
Total Noncurrent Assets	<u>16,246,935</u>
Total Assets	<u><u>\$24,826,943</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$163,610
Contracts and Retainages Payable	0
Accrued Liabilities	8,231
Notes & Leases Payable - ST	7,549,836
Bonds Payable	0
Due to Other Funds	132,709
Due to Other Governments	0
Deferred Revenues	0
Total Current Liabilities	<u>7,854,386</u>
Noncurrent Liabilities	
Notes & Leases Payable - LT	9,182,653
Bonds Payable	0
Other Long-Term Obligations	6,295,661
Total Noncurrent Liabilities	<u>15,478,313</u>
Total Liabilities	<u>23,332,699</u>
Net Position	
Net Investment in Capital Asset:	0
Unrestricted Net Position	<u>1,194,244</u>
Total Net Position	<u>1,194,244</u>
Total Liabilities and Net Position	<u><u>\$24,526,943</u></u>

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - DES TECHNOLOGY LEASING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014**

	TOTAL
Operating Revenues	
Sales	\$617
Less Cost of Goods Sold	0
Charges for Services	9,764,856
Miscellaneous Revenue	1
Total Operating Revenues	<u>9,765,474</u>
Operating Expenses	
Salaries and Wages	185,645
Employee Benefits	63,579
Personal Services	0
Goods and Services	163,127
Travel	0
Depreciation and Amortization	8,829,784
Miscellaneous Expenses	9,500
Total Operating Expenses	<u>9,251,635</u>
Operating Income (Loss)	<u>513,839</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	0
Disposal of Assets - Gain	0
Disposal of Assets - (Loss)	0
Other Revenues (Expenses)	(204,262)
Interest Expense	(51,743)
Total Nonoperating Revenue (Expenses)	<u>(256,006)</u>
Income Before Transfers	<u>257,834</u>
Transfers	
Operating Transfers In	1,138,343
Operating Transfers Out	(15,050)
Total Transfers	<u>1,123,292</u>
Change in Net Position	1,381,126
Net Position - Beginning of Year	(186,882)
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$1,194,244</u></u>

STATE OF WASHINGTON
ACCOUNT 419 - DES TECHNOLOGY LEASING
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$3,068,341
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Sales		\$617	
Charges for Services		9,764,856	
Miscellaneous Revenue		1	
Total Revenues			9,765,474
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Cost of Goods Sold		0	
Salaries and Wages		185,645	
Employee Benefits		63,579	
Personal Services		0	
Goods and Services		163,127	
Travel		0	
Depreciation and Amortization		8,829,784	
Miscellaneous Expenses		9,500	
Interest Expense		51,743	
Other Expenses - Loss on Sale of Capital Assets		204,262	
Operating Transfers Out		0	
Total Per Financial Statements		9,507,640	
Deductions OMB A-87 Unallowable Costs			
Other	0		
Total Deductions			0
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$1,653		
Other	0		
Total Additions		1,653	
Less OMB A-87 Allowable Expenditures			9,509,293
Plus Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit E)		0	
Total Adjustments			0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$3,324,522
Allowable Reserve (1/8 of Allowable Expenses Less Deprec.)	(B)		\$84,939
Excess Balance (A) - (B)			\$3,239,583

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In		\$0	
Less: Non-operating Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$0

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$0
ADJUSTMENTS:			
Operating Transfers In		\$1,138,343	
Operating Transfers Out		(15,050)	
Additional OMB A-87 Allowable Costs		1,653	
Adjust to 2014 Financials		(3,255,223)	
Interest Earnings		0	
Total Adjustments			(2,130,277)
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		(\$2,130,277)

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$1,194,244
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - DES TECHNOLOGY LEASING
DISTRIBUTION OF INTEREST EARNINGS FOR FUND 419
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY TITLE	AGENCY CODE	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
DES Enterprise Systems	179	\$0	\$19,946,128	\$9,973,064	31.85%	\$13,471
DES IT Services *	179	0	0	0	0.00%	0
DES Miscellaneous Services *	179	0	0	0	0.00%	0
DES Technology Leasing *	179	0	0	0	0.00%	0
OFM OCIO	105	0	1,080,332	540,166	1.73%	730
Consolidated Technology Services	163	<u>25,702,703</u>	<u>15,893,664</u>	<u>20,798,184</u>	<u>66.42%</u>	<u>28,093</u>
Totals		<u>\$25,702,703</u>	<u>\$36,920,124</u>	<u>\$31,311,414</u>	<u>100.00%</u>	<u>\$42,294</u>
Actual Interest Earnings for Secretary of State - FY 2014 State Treasurer's Report						\$42,293
* Negative cash balance, therefore the balance used was \$0.						

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - DES TECHNOLOGY LEASING
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
082	Public Disclosure Commission	287
095	Office of the State Auditor	201,110
101	Caseload Forecast Council	6,819
107	State Health Care Authority	406,881
110	Office of Administrative Hearings	50,613
124	Department of Retirement Systems	219,445
140	Department of Revenue	5,139
179	Department of Enterprise Services	296,890
190	Board of Industrial Insurance Appeals	87,247
195	Liquor Control Board	222,294
220	Board for Volunteer Firefighters & Reser	2,940
235	Department of Labor and Industries	2,073,968
245	Military Department	26,901
300	Dept of Social and Health Services	1,707,370
305	Department of Veterans' Affairs	138,125
310	Department of Corrections	2,711,471
355	Dept of Archaeology & Historic Preservat	6,905
357	Department of Early Learning	124,781
465	State Parks and Recreation Commission	237,206
477	Department of Fish and Wildlife	934,999
495	Department of Agriculture	303,927
Other	Not Specified	156
	Total Revenues Per CAFR	<u>\$9,765,474</u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - DES TECHNOLOGY LEASING
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ACCOUNTS	OBJECT A SALARIES & WAGES	PERCENT	SWCAP ALLOCATION
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u>\$60,955,946</u>	<u>100.00%</u>	<u>\$542,799</u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***20. OFFICE OF THE SECRETARY OF STATE – ACCOUNT 006
ARCHIVES AND RECORDS MANAGEMENT***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Office of the Secretary of State
Account 006 - Archives and Records Management**

I. Service Description

In addition to other responsibilities, The Office of the Secretary of State is responsible for archiving documents for the state executive, legislative and judicial branch agencies as well as all local governments; and assisting state and local agencies in efficiently and effectively managing the retention of records. The revenues and costs of the following activities are billed to state agencies and recorded in Internal Serve Account 006, Archives and Records Management.

- State Archives - The primary mission of the State Archives is to preserve and make accessible the legal and historical documents of the state executive, legislative, and judicial branch agencies as well as all local governments. The Archives maintain public research facilities and a website for access to the records for reference and scholarship. State Archives also stores and retrieve records upon request for state agencies.
- Records Management - Managing the life cycle of state and local government records in an efficient and cost effective manner is essential. Substantial space savings are achieved by timely destruction of records according to retention schedules approved by state and local records committees. Maintaining a central state records center achieves significant storage cost savings, and the document retrieval system provides efficient access to agency records.

II. Billing Methodology

The Office of the Secretary bills state agencies for services covered by the Account as follows:

- Record Center Box Storage – Costs are billed to state agencies based on a per cubic foot storage fee. The fee is reviewed every two years in conjunction with the state biennial budget process. Records storage costs and usage are projected for the biennium and utilized to develop a per cubic foot fee. The status of the fund balance is also considered in either increasing or reducing the fee for the biennium. The fee is then set for the two years of the biennium. State agencies are billed quarterly for the cubic storage of space utilized during the quarter.
- Archives and Record Management – Costs are billed to state agencies based on per full-time equivalent (FTE) fee. Records management costs and the number of FTEs are projected for the biennium and utilized to develop a per FTE fee. The status of the fund balance is also considered in either increasing or reducing the fee for the biennium. The fee is then set for the two years of the biennium. The fee is applied each year of the biennium to each state agency's authorized FTEs for each year. State agencies are billed quarterly.

III. Financial Statements

Financial activities of the Office of the Secretary of State associated with archives and record management services billed to state agencies are recorded in a separate internal service fund account, **006 Archives and Records Management Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The information is accounted for and reported by the State Treasurer.
 - OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year. Therefore, the Account's balance is not in excess of the OMB Circular A-87 allowable working ISF capital balance.
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. As in past years, the transfer in from the Technology Pool (if any) has been treated as an adjustment. Other adjustments are the standard adjustments for SWCAP costs and interest earnings.

VI. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on the Office of the Secretary of State – Archives and Records Management. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
SECRETARY OF STATE
ACCOUNT 006 - ARCHIVES AND RECORDS MANAGEMENT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$1,258,249
Other Receivables (Net)	196
Due from Other Funds	423,170
Due from Other Governments	11,597
Total Current Assets	<u>1,693,212</u>
Noncurrent Assets:	
Land	40,854
Buildings	5,434,670
Other Improvements	66,666
Furnishings, Equipment & Collections	2,601,087
Accumulated Depreciation	(4,030,339)
Total Noncurrent Assets	<u>4,112,938</u>
Total Assets	<u><u>\$5,806,150</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$23,386
Accrued Liabilities	49,126
Obligation for Capital - Short Term	190,000
Due to Other Funds	112,922
Due to Other Governments	984
Unearned Revenues	0
Total Current Liabilities	<u>376,418</u>
Noncurrent Liabilities	
Obligation for Capital - Long-Term	593,000
Other Long-Term Obligations	105,688
Total Noncurrent Liabilities	<u>698,688</u>
Total Liabilities	<u>1,075,106</u>
Net Position:	
Net Investment in Capital Asset:	3,329,939
Unrestricted Net Position	1,401,105
Total Net Position	<u>4,731,044</u>
Total Liabilities and Net Position	<u><u>\$5,806,150</u></u>

STATE OF WASHINGTON
SECRETARY OF STATE
ACCOUNT 006 - ARCHIVES AND RECORDS MANAGEMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	TOTAL
Operating Revenues	
Charges for Services	\$3,659,456
Miscellaneous Revenue	57,091
Total Operating Revenues	<u>3,716,547</u>
Operating Expenses	
Salaries and Wages	\$999,865
Employee Benefits	355,842
Goods and Services	2,339,101
Travel	17,438
Depreciation and Amortization	146,453
Miscellaneous Expenses	0
Total Operating Expenses	<u>3,858,699</u>
Operating Income (Loss)	<u>(142,152)</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	139
Other Revenues (Expenses)	705
Interest Expense	(19,420)
Total Nonoperating Revenue (Expenses)	<u>(18,576)</u>
Income Before Transfers	<u>(160,728)</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	0
Total Transfers	<u>0</u>
Change in Net Position	(160,728)
Net Position - Beginning of Year, as Previously Reported	4,891,773
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$4,731,045</u></u>

**STATE OF WASHINGTON
ACCOUNT 006 - ARCHIVES AND RECORDS MANAGEMENT
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$12,984,438)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services		\$3,659,456	
Interest Income		0	
Earnings on Investments		139	
Miscellaneous Revenue		57,091	
Total Revenues			3,716,686
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages		999,865	
Employee Benefits		355,842	
Goods and Services		2,339,101	
Travel		17,438	
Depreciation and Amortization		146,453	
Miscellaneous Expenses		0	
Interest Expense		19,420	
Other Expenses		(705)	
Operating Transfers Out		0	
Total Per Financial Statements		3,877,414	
Deductions OMB A-87 Unallowable Costs			
Less Secretary of State salaries & benefits in fund	(\$31,600)		
Other	0		
Total Deductions			(31,600)
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$180,117		
Other	0		
Total Additions			180,117
Less OMB A-87 Allowable Expenditures			4,025,931
Plus Adjustments:			
Prior Period Adjustments		0	
FY 2014 Actual Interest Earnings - State Treasurer's Report		3,057	
Total Adjustments			3,057
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$13,290,626)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$646,580
Excess Balance (A) - (B)			(\$13,937,206)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$17,389,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In		\$0	
Less: Non-operating Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$17,389,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$487,211
ADJUSTMENTS:			
Operating Transfers In - Technology Pool		\$0	
Operating Transfers Out - Technology Pool		0	
Deductions OMB A-87 Unallowable Costs		(31,600)	
Additional OMB A-87 Allowable Costs		180,117	
Imputed Interest Earnings		(3,057)	
Total Adjustments			145,460
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$632,671

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$4,731,045
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STATE OF WASHINGTON
 SECRETARY OF STATE
 ACCOUNT 006 - ARCHIVES AND RECORDS MANAGEMENT
 REVENUES BY STATE AGENCY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE		REVENUE
	Charges for Services	
011	Due Fr House of Representatives	\$8,030
012	Due Fr Senate	6,598
013	Due From Joint Transportation Committee	5
014	Due From Legislative Budget Committee	1,865
020	Due From LEAP Committee	413
035	Due From Office of Actuary	627
037	Due From Office of Legislative Support	32
038	Due From Joint LEG Systems Comm	1,317
040	Due From Statute Law Comm	4,229
045	Due From Supreme Court	8,383
046	Due From State Law Library	381
048	Due From Court of Appeals	48,328
050	Due From Comm on Judicial Conduct	258
055	Due From Administrator for the Courts	6,951
056	Due From Public Defencse Office	258
057	Due From Office of Civil Legal Aid	3
075	Due From Office of the Governor	1,734
080	Due From LT Governor	222
082	Due From Public Disclosure Comm	2,240
085	Secretary of State	25,410
086	Due From Governor's Office of Indian Aff	56
087	Due From Asian American Affairs	52
090	Due From Treasurer	5,622
095	Due From State Auditor	9,462
099	Due From WA Citizens Comm on Salaries	75
100	Due From Attorney Genera	194,775
101	Due From Caseload Forecast Council	448
102	Due From Finanical Institutions	15,739
103	Due From Community Trade & Economic DEL	10,335
104	Due From Economic Forecast Council	143
105	Due From OFM	10,704
107	Due From Health Care Authority	21,440
110	Due From Administrative Hearings	3,749
116	Due From State Lottery	7,705
117	Due From Gambling Comm	7,122
118	Due From Hispanic Affairs	52
119	Due From Comm on African-American Affair	52
120	Due From Human Rights Commission	1,996
124	Due From Retirement System	43,583

**STATE OF WASHINGTON
SECRETARY OF STATE
ACCOUNT 006 - ARCHIVES AND RECORDS MANAGEMENT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE		REVENUE
126	Due From Investment Board	4,471
135	Due From Innovate Washington	516
140	Due From Dept of Revenue	32,878
142	Due From Tax Appeals Board	1,555
147	Due From OMWBE	1,611
160	Due From Insurance Comm	17,306
163	Due From CTS - Consolidated Tech Service	5,182
165	Due From Board of Accountancy	1,166
179	Due From DES	40,397
185	Due From Horse Racing Commission	873
190	Due From Industrial Insurance Appeals	34,104
195	Due From Liquor Control Board	21,777
205	Due From Board of Pilotage Commissioners	67
215	Due From Utc	20,865
220	Due From Board of Volunteer Firemen	1,091
225	Due From ST Patrol	54,894
227	Due From Criminal Justice Training Comm	1,932
228	Due From Wash Traffic Safety Commission	960
235	Due From Labor & Industries	163,047
240	Due From Licensing	69,780
245	Due From Military Dept	9,740
275	Due From Public Employment Relations Com	3,341
300	Due From D S H S	541,041
303	Due From Dept of Health	113,252
305	Due From Dept. of Veteran Affairs	17,992
310	Due From Dept of Corrections	521,167
315	Due From Services for the Blind	4,035
340	Due From Wash Student Achievement Council	9,542
341	LEOFF	60
350	Due From Superintendent of Public Instru	17,461
351	Due From State School for the Blind	1,222
353	Due From State School for the Deaf	2,416
354	Due From Workforce Training & Educ Coord	1,738
355	Due From Dept Archaeology Adn Hist Pres	163
360	Due From University of Washington	429,757
365	Due From Washington State University	121,143
370	Due From Eastern Washington University	24,412
375	Due From Central Washington University	24,130
376	Due From Evergreen ST College	13,593
380	Due From Western WA University	35,497

STATE OF WASHINGTON
SECRETARY OF STATE
ACCOUNT 006 - ARCHIVES AND RECORDS MANAGEMENT
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE		REVENUE
387	Due From WA ST Arts Commission	456
390	Due From WA ST Hist Society	1,408
395	Due From Eastern WA Historical Society	678
405	Due From Dept of Transportation	262,897
406	Due From County Road Admin. Board	436
407	Due From Transportation Improvement Boar	1,297
410	Due From Transportation Commission	1,043
411	Due From Freight Mobility Strategic Inv	56
460	Due From Columbia River Gorge Comm	234
461	Due From Ecology	63,551
462	Due From WA Pollution Liability Ins Prog	194
465	Due From Park & Recreation Comm	26,467
467	Due From Outdoor Recreation Intergency C	2,916
468	Due From Environmental Hearings Office	2,714
471	Due From State Conservation Comm	313
477	Due From Fish and Wildlife	51,075
478	Due From Puget Sound Partnership	36
490	Due From Natural Resources	60,127
495	Due From Dept of Agriculture	16,386
540	Due From Employment Security	45,789
699	Due From Community & Technical Colleges	305,781
Other	Not Specified	56,263
	Total Revenues Per CAFR	<u><u>\$3,716,685</u></u>

***21. OFFICE OF THE SECRETARY OF STATE - ACCOUNT 470
IMAGING SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Office of the Secretary of State
Account 470 - Imaging Services**

I. Service Description

In addition to other responsibilities, The Office of the Secretary of State provides imaging services on a cost recovery basis to state and local agencies to ensure permanent retention of essential records and documents of legal or historical significance. Services include imaging (filming, scanning, and digital conversion); quality review and inspection, and the creation of microfilm for the long term preservation of records. The Unit also provides assessment and consultation on local government holdings and microfilm/imaging standards. The revenues and costs associated with providing imaging services are recorded in Enterprise Account 470, Imaging Account.

II. Billing Methodology

Fees have been established for each imaging service based on costs and projected demand. Fees are reviewed at least every two years in conjunction with the state biennial budget process and more often if costs or revenues are significantly more or less than projected. The status of the fund balance is also considered in either increasing or reducing the fee for the biennium. Current imaging fees are as follows:

SERVICE	UNIT PRICE	UNIT
MICROFILM		
35MM PLANETARY MICROFILM (LARGE FORMAT DOCUMENTS OR BOUND BOOKS) GRADE SHOS	\$0.56 \$27.00	PER IMAGE AND PER ROLL
SCANNING		
SCAN PAPER DOCUMENTS (UP TO 11"X17") UP TO 300 DPI - GRADE A	\$0.08	PER IMAGE
SCAN PAPER DOCUMENTS (UP TO 11"X17") UP TO 300 DPI - GRADE B	\$0.13	PER IMAGE
SCAN PAPER DOCUMENTS (UP TO 11"X17") UP TO 300 DPI - GRADE C	\$0.18	PER IMAGE
SCAN PAPER DOCUMENTS (UP TO 11"X17") UP TO 300 DPI - GRADE D	\$0.25	PER IMAGE
SCAN PAPER DOCUMENTS (UP TO 11"X17") UP TO 300 DPI - GRADE E	\$0.38	PER IMAGE
SCAN PAPER DOCUMENTS (UP TO 11"X17") UP TO 300 DPI - GRADE SH	\$0.55	PER IMAGE
WIDE FORMAT SCANNING (LARGER THAN 11" X 17")	\$65.00	PER HOUR
FLATBED PAPER SCANNING (UP TO 11" X 17")	\$65.00	PER HOUR
**ALL SCANNING PROJECTS REQUIRE AN ADDITIONAL FEE FOR CDS, DVDS, OR HARD DRIVE	SEE SPECIAL SVS	
*NON-STANDARD DOCUMENT OR PROJECT PREPARATION MAY REQUIRE ADDITIONAL \$65.00 PER HOUR CHARGE		
CONVERT DIGITAL FILES TO MICROFILM		
16MM MICROFILM - SINGLE TIFF IMAGES TO MICROFILM - BASIC SERVICE	\$0.03 \$27.00	PER IMAGE AND PER ROLL
16MM MICROFILM - ALL CUSTOM CONVERSION PROJECTS	\$0.15 \$27.00	PER IMAGE AND PER ROLL
MICROFILM DUPLICATING		
16 MM DIAZO	\$14.00	PER ROLL

STATE OF WASHINGTON FY 2016 SECTION II

25 MM DIAZO	\$19.00	PER ROLL
16 MM OR 35MM SILVER	\$39.00	PER ROLL
MICROFICHE DUPLICATION	\$1.55	PER FICHE
CONVERT MICROFILM TO DIGITAL IMAGES (FILM SCANNING)		
16 MM SCANNING @ 300 DPI	\$0.05	PER IMAGE
35 MM SCANNING @ 300 DPI	\$0.13	PER IMAGE
IMAGE QUALITY WILL DEPEND ON MICROFILM QUALITY IMAGE ENHANCEMENT AND INDIVIDUAL IMAGING SCANNING INCURS HOURLY RATE	\$65.00	PER HOUR
SPECIAL SERVICES		
ARCHIVE BOXES	\$2.47	EACH
MICROFILM MAGAZINES	\$1.25	EACH
COMPACT DISKS	\$15.00	EACH
DVD	\$25.00	EACH
FILE TRANSFER TO CUSTOMER HARD DRIVE (UPLOAD)	\$50.00	PER UPLOAD
PORTABLE HARD DRIVE FOR PROJECT TRANSFER	\$75.00	EACH
FLASH DRIVE FOR PROJECT TRANSFER (UP TO 64 GB)	\$50.00	EACH
CONVERT SINGLE PAGE TIFF FILES TO MULTI-PAGE	\$0.06	PER IMAGE
FILE RENAMING	\$0.10	PER FILE
INDEXING – A MAXIMUM OF 15 CHARACTERS PER FIELD (1 ST FIELD IS \$0.20, EACH ADDITIONAL FIELD IS \$0.05)	BASED ON NUMBER OF FIELDS	PER FILE
MICROFILM PROCESSING (DEVELOP, BROWNTONE, INSPECT)	\$14.00	PER ROLL
MICROFILM PROCESSING (DEVELOP, BROWNTONE, INSPECT) **RUSH ORDER**	\$19.00	PER ROLL
SHIPPING AND HANDLING	SHIPPING COST PLUS 30%	
PICKUP AND DELIVERY		
PER MILE FOR ALL TRIPS	FEDERAL REIMBURSEMENT RATE	PER MILE
PER BOX FOR ALL TRIPS	\$1.50	PER BOX

III. Financial Statements

Financial activities of the Office of the Secretary of State associated with imaging services billed to state agencies are recorded in an enterprise account, **470 Imaging Account**. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The information is accounted for and reported by the Office of the State Treasurer. Earnings were negative for the year, thus unallowable.
 - OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year. Therefore, the Account's balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF.
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on the Office of the Secretary of State – Imaging. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
 SECRETARY OF STATE
 ACCOUNT 470 - IMAGING SERVICES
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$184,510
Other Receivables (Net)	47
Due from Other Funds	38,251
Due from Other Governments	35,901
Total Current Assets	<u>258,709</u>
Noncurrent Assets:	
Land	0
Buildings	0
Other Improvements	0
Furnishings, Equipment & Collections	272,133
Accumulated Depreciation	(272,133)
Total Noncurrent Assets	<u>0</u>
Total Assets	<u><u>\$258,709</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$14,540
Accrued Liabilities	15,479
Due to Other Funds	59
Unearned Revenues	0
Total Current Liabilities	<u>30,078</u>
Noncurrent Liabilities	
Obligation for Capital - Long-Term	0
Other Long-Term Obligations	11,202
Total Noncurrent Liabilities	<u>11,202</u>
Total Liabilities	<u>41,280</u>
Net Position:	
Net Investment in Capital Asset:	0
Unrestricted Net Position	217,429
Total Net Position	<u>217,429</u>
Total Liabilities and Net Position	<u><u>\$258,709</u></u>

STATE OF WASHINGTON
SECRETARY OF STATE
ACCOUNT 470 - IMAGING SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$347,440
Miscellaneous Revenue	0
Total Operating Revenues	<u>347,440</u>
Operating Expenses	
Salaries and Wages	\$165,647
Employee Benefits	88,001
Goods and Services	140,524
Travel	2,464
Depreciation and Amortization	0
Miscellaneous Expenses	0
Total Operating Expenses	<u>396,636</u>
Operating Income (Loss)	<u>(49,196)</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	5
Other Revenues (Expenses)	0
Interest Expense	0
Total Nonoperating Revenue (Expenses)	<u>5</u>
Income Before Transfers	<u>(49,191)</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	0
Total Transfers	<u>0</u>
Change in Net Position	(49,191)
Net Position - Beginning of Year, as Previously Reported	266,620
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$217,429</u></u>

STATE OF WASHINGTON
ACCOUNT 470 - IMAGING SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$2,294,846)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$347,440		
Interest Income	0		
Earnings on Investment	5		
Miscellaneous Revenue	0		
Total Revenues		347,445	
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	165,647		
Employee Benefits	88,001		
Goods and Services	140,524		
Travel	2,464		
Depreciation and Amortization	0		
Miscellaneous Expenses	0		
Interest Expense	0		
Other Expenses	0		
Operating Transfers Out	0		
Total Per Financial Statements	396,636		
Deductions OMB A-87 Unallowable Costs			
Less Secretary of State salaries & benefits in fund	(\$1,869)		
Provision for Losses			
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		(1,869)	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$87,652		
Other	0		
Total Additions		87,652	
Less OMB A-87 Allowable Expenditures			482,419
Plus Adjustments:			
Prior Period Adjustments	0		
FY 2014 Actual Interest Earnings - State Treasurer's Report	393		
Total Adjustments		393	
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$2,429,427)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$80,403
Excess Balance (A) - (B)			(\$2,509,830)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$1,200,000
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers		0	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$1,200,000

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$1,361,466
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	(\$1,869)		
Additional OMB A-87 Allowable Costs	87,652		
Imputed Interest Earnings	(393)		
Total Adjustments		85,390	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$1,446,856

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$217,429
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STATE OF WASHINGTON
SECRETARY OF STATE
ACCOUNT 470 - IMAGING SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE		REVENUE
	Charges for Services	
303	Due From Dept of Health	\$51,016
354	Due From Workforce Training & Educ Coord	829
360	Due From University of Washington	355
365	Due From Washington State University	848
405	Due From Dept of Transportation	488
699	Due From Olympic College	6,400
Other	Not Specified	<u>287,508</u>
	Total Revenues Per CAFR	<u><u>\$347,445</u></u>

22. OFFICE OF THE STATE AUDITOR – ACCOUNT 483 AUDITING SERVICES

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Office of the State Auditor
Account 483 - Auditing Services**

I. Service Description

In addition to other responsibilities, The Office of the State Auditor is responsible for performing timely and relevant financial audits of state agencies, and the administering of the state employee whistleblower program. The revenues and costs of the following programs are billed to state agencies and recorded in the internal service Account 483, Auditing Services:

- Audits of State Government – Annual audit of the basic financial statements prepared by the Office of Financial Management. The audit includes an examination of internal controls over public resources and compliance with federal and state laws and regulations. The audit meets legal requirements contained in the Congressional Single Audit Act. There are over 150 state agencies, boards, and commissions subject to the annual audit, which uses a risk-based approach to focus on public resources at highest risk of loss or misappropriation. Audits of state agencies disclosing malfeasance, misfeasance or nonfeasance on the part of any public employee are referred to the Office of the Attorney General or federal government for prosecution.
- Investigating Improper Government Actions – Administration of the state employee whistleblower program which encourages state employees to disclose, to the extent not expressly prohibited by law, improper governmental actions.

II. Billing Methodology

The Office of the State Auditor bills state agencies for services covered by the Account as follows:

- Accountability Audits – Billed quarterly based on prior months actual time and per hour labor rates.
- Whistleblower Investigations – Billed monthly based on an allocation to agencies audited using prior months actual time and per hour labor rates.
- CAFR Financial Audit – Billed quarterly for a percentage of the cost of CAFR work based on the net position, revenues, and expenditures of state agencies.
- Single Audit – Billed quarterly for single audit work based on federal expenditure allocation.
- Central Systems Reviews - Billed quarterly for a percentage of the cost of CAFR work based on the net position, revenues, and expenditures of state agencies.

III. Financial Statements

All financial activities of the Office of the State Auditor associated with services billed to state agencies are recorded in a separate internal service account, **483 Auditing Services Revolving Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers out during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Deductions – The portion of the State Auditors salaries and benefits paid out of the Account have been deducted. In FY 2013 \$18,890 of the State Auditor's salaries and benefits were paid out of the Account.
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on the Account's assets which is accounted for and reported by the Office of the State Treasurer.
 - OMB A-87 Retained Earnings Balance – The Account has a positive balance that is in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60). The State will adjust rates and spending in future periods to reduce the balance to appropriate levels.
- Part II: OMB A-87 Contributed Capital Balance – No contributed capital.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. No unusual adjustment incurred.

VI. Revenues – Exhibit D provides the Account's revenue by state agency.

This concludes the narrative information on the Office of the State Auditor. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
STATE AUDITOR
ACCOUNT 483 - AUDITING SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	TOTAL
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$806,799
Other Receivables (Net)	1,200
Due from Other Funds	1,053,383
Due from Other Governments	24,303
Prepaid Expenses	632
Total Current Assets	1,886,317
Noncurrent Assets:	
Other Improvements	31,436
Furnishings, Equipment & Collections	615,033
Accumulated Depreciation	(557,999)
Total Noncurrent Assets	88,470
Total Assets	\$1,974,787
Liabilities:	
Current Liabilities	
Accounts Payable	\$40,984
Contracts & Retainages Payable	1,072
Accrued Liabilities	155,576
Obligation for Capital - Short Term	0
Due to Other Funds	65,867
Due to Other Governments	0
Unearned Revenues	0
Total Current Liabilities	263,499
Noncurrent Liabilities	
Other Long-Term Obligations	252,374
Total Noncurrent Liabilities	252,374
Total Liabilities	515,873
Net Position:	
Net Investment In Capital Asset:	88,470
Unrestricted Net Position	1,370,444
Total Net Position	1,458,914
Total Liabilities and Net Position	\$1,974,787

STATE OF WASHINGTON
STATE AUDITOR
ACCOUNT 483 - AUDITING SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

		<u>TOTAL</u>
Operating Revenues		
Charges for Services		\$5,197,778
Miscellaneous Revenue		290
Total Operating Revenues		<u>5,198,068</u>
Operating Expenses		
Salaries and Wages	\$2,933,314	
Employee Benefits	944,361	
Personal Services	370,005	
Goods and Services	639,290	
Travel	35,828	
Depreciation and Amortization	19,776	
Miscellaneous Expenses	<u>791</u>	
Total Operating Expenses		<u>4,943,365</u>
Operating Income (Loss)		<u>254,703</u>
Non Operating Revenues (Expenses)		
Earnings on Investments		0
Other Revenues (Expenses)		<u>(10)</u>
Total Nonoperating Revenue (Expenses)		<u>(10)</u>
Income Before Transfers		<u>254,693</u>
Transfers		
Operating Transfers In		0
Operating Transfers Out		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Position		254,693
Net Position - Beginning of Year, as Previously Reported		1,204,221
Adjustments Applicable to Prior Year		<u>0</u>
Net Position - End of Year		<u><u>\$1,458,914</u></u>

**STATE OF WASHINGTON
ACCOUNT 483 - AUDITING SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$776,300
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$5,197,778		
Miscellaneous Revenue	290		
Total Revenues			5,198,068
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	2,933,314		
Employee Benefits	944,361		
Personal Services	370,005		
Goods and Services	639,290		
Travel	35,828		
Depreciation and Amortization	19,776		
Miscellaneous Expenses	791		
Other Expenses	10		
Total Per Financial Statements	4,943,375		
Deductions OMB A-87 Unallowable Costs			
Less State Auditor's salaries & benefits included in Fun	(\$19,695)		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		(19,695)	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$31,647		
Other	0		
Total Additions		31,647	
Less OMB A-87 Allowable Expenditures			4,955,327
Plus Adjustments:			
Prior Period Adjustments	0		
FY 2014 Actual Interest Earnings - State Treasurer's Report	916		
Total Adjustments			916
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$1,019,957
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$822,592
Excess Balance (A) - (B)			\$197,365

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$0

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$427,921
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	(\$19,695)		
Additional OMB A-87 Allowable Costs	31,647		
Imputed Interest Earnings	(916)		
Total Adjustments			11,036
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$438,957

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$1,458,914
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STATE OF WASHINGTON
STATE AUDITOR
ACCOUNT 483 - AUDITING SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
014	Joint Legislative Audit and Review Committee	\$192,694
055	Administrative Office of the Courts	7,111
085	Secretary of State	7,416
090	Office of State Treasurer	42,665
100	Office of Attorney General	21,520
102	Dept of Financial Institution	15,753
103	Department of Commerce (Com)	56,542
105	Office of Financial Management	35,759
107	Health Care Authority	538,284
110	Office of Administrative Hearings	14,756
116	State Lottery Commission	43,429
117	State Gambling Commission	21,373
119	Washington State Commission on African-American Affairs	7,921
120	Human Rights Commission	16,361
124	Department of Retirement Systems	35,554
126	State Investment Board	46,197
140	Department of Revenue	75,250
160	Office of Insurance Commission	21,332
163	Consolidated Technology Services	7,864
179	Department of Enterprise Services	37,151
195	Liquor Control Board	18,983
215	Utilities and Transportation Commission	4,254
220	Board for Volunteer Firefighters and Reserve Officers	13,692
225	State Patrol	22,661
228	Traffic Safety Commission	2,116
235	Dept of Labor & Industries	512,473
240	Dept of Licensing	35,578
245	Military Department	31,273
300	Dept of Social and Health Services	982,830
303	Department of Health	87,515
305	Dept of Veterans' Affairs	9,763
310	Dept of Corrections	95,814
315	Department of Services for the Blind	1,058
340	Student Achievement Council	49,906
350	Superintendent of Public Instruction	89,676
351	State School for the Blind	13,321
352	State Board for Community and Technical Colleges	6,142
354	Workforce Trng & Edu Coord Board	2,902
357	Dept of Early Learning	59,744
360	University of Washington	255,708
365	Washington State University	123,352
370	Eastern Washington University	58,379
375	Central Washington University	81,584
376	Evergreen State College	25,995

STATE OF WASHINGTON
STATE AUDITOR
ACCOUNT 483 - AUDITING SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
380	Western Washington University	87,519
390	State Historical Society	60,019
395	Eastern Washington State Historical Society	8,544
405	Dept of Transportation	212,932
406	County Road Administration Board	3,694
461	Dept of Ecology	117,310
462	Pollution Control	11,170
465	State Parks and Recreation Commission	46,464
467	Recreation and Conservation Funding Board	1,795
477	Dept of Fish and Wildlife	41,150
478	Puget Sound Partnership	11,878
490	Dept of Natural Resources	40,526
495	Dept of Agriculture	8,235
540	Dept of Employment Security	359,357
699035	Clark College	7,236
699037	Pierce College	62,693
699048	Grays Harbor College	178
699049	Green River Community College	1,896
699065	Peninsula College	22,540
699070	Community College District #6 - Seattle	7,439
699075	South Puget Sound Community College	623
699076	Community College District #17 - Spokane	178
699078	Tacoma Community College	33,462
699083	Walla Walla Community College	18,770
699086	Wenatchee Valley College	16,191
699000	Community College System	110,250
Other		76,369
	Total Revenues Per CAFR	<u>\$5,198,068</u>

***23. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 419
IT SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 419 – IT Services**

I. Service Description

The Department of Enterprise Services (DES) provides IT services to the Governor's Office, OFM, CTS, and other small agencies including desktop and network support, shared application support services, and agency system support.

II. Billing Methodology

The Section recovers its costs through assessment of fees based on services provided. Agencies are charged monthly for services received based on an extensive rate schedule. The rate for each service is based on projected costs and usage or demand; and a plus or minus allowance based on prior service earnings. Rates are reviewed at least annually by DES and updated when appropriate.

III. Financial Statements

Financial activities related to DES's Financial Management Systems are recorded in a sub-account of the internal service fund, **419 Data Processing Revolving Fund**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – Data Processing Revolving Account financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix B. The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix B.

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were operating transfers out during the fiscal year in the amount of -\$171,172 associated with the close out of project recorded in Account 422, Schedule 8.

VI. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Account's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the Account in the SWCAP Section I allocated cost document. Exhibit F identifies the allocation of all DES SWCAP costs down to the account level.
 - Adjustments – Actual interest earnings incurred on the Account's assets. The interest earnings of Account 419 are accounted for and reported by the Office of the State Treasurer. A portion of the interest earnings has been assigned to the OFM Data Processing sub-account. Exhibit D provides the assignment of the interest earnings to the sub-accounts comprising Account 419. The interest earnings have been allocated based on the average cash balances for the fiscal year.
 - OMB A-87 Retained Earnings Balance – The Account has a negative balance as of the end of the fiscal year. Therefore, the Account's balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF.
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. A one-time adjustment to the FY 2014 CAFR fund balance is included here associated with creating this new schedule. Other adjustments are the standard adjustments for SWCAP costs and interest earnings.

VII. Revenues – Exhibit E provides the Account's revenue by state agency.

This concludes the narrative information on DES's IT Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - IT SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	(\$9,254,526)
Other Receivables (Net)	0
Due from Other Funds	1,590,395
Due from Other Governments	0
Inventories	0
Prepaid Expenses	660,719
Total Current Assets	<u>(7,003,412)</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	8,628,297
Accumulated Depreciation	<u>(6,522,887)</u>
Total Noncurrent Assets	<u>2,105,410</u>
Total Assets	<u><u>(\$4,898,003)</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$60,766
Contracts and Retainages Payable	0
Accrued Liabilities	307,756
Notes & Leases Payable - ST	0
Due to Other Funds	937,463
Unearned Revenue	0
Total Current Liabilities	<u>1,305,986</u>
Noncurrent Liabilities	
Notes & Leases Payable - LT	0
Other Long-Term Obligations	<u>704,684</u>
Total Noncurrent Liabilities	<u>704,684</u>
Total Liabilities	<u>2,010,670</u>
Net Position:	
Net Investment in Capital Asset:	0
Unrestricted Net Position	<u>(6,908,673)</u>
Total Net Position	<u>(6,908,673)</u>
Total Liabilities and Net Position	<u><u>(\$4,898,003)</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - IT SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

		<u>TOTAL</u>
Operating Revenues		
Charges for Services		\$4,405,430
Miscellaneous Revenue		31,442
Total Operating Revenues		<u>4,436,872</u>
Operating Expenses		
Salaries and Wages	\$6,006,089	
Employee Benefits	1,825,584	
Personal Services	101,047	
Goods and Services	(3,167,819)	
Travel	9,050	
Depreciation and Amortization	294,949	
Miscellaneous Expenses	<u>0</u>	
Total Operating Expenses		<u>5,068,900</u>
Operating Income (Loss)		<u>(632,028)</u>
Non Operating Revenues (Expenses)		
Other Revenues (Expenses)		(13,587)
Interest Expense		<u>0</u>
Total Nonoperating Revenue (Expenses)		<u>(13,587)</u>
Income Before Transfers		<u>(645,615)</u>
Transfers		
Operating Transfers In		0
Operating Transfers Out		<u>(171,172)</u>
Total Transfers		<u>(171,172)</u>
Change in Net Position		(816,787)
Net Position - Beginning of Year, as Previously Reported		(6,091,886)
Adjustments Applicable to Prior Year		<u>0</u>
Net Position - End of Year		<u><u>(\$6,908,673)</u></u>

**STATE OF WASHINGTON
ACCOUNT 419 - IT SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$11,346,656)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$4,405,430		
Miscellaneous Revenue	31,442		
Total Revenues			4,436,872
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	6,006,089		
Employee Benefits	1,825,584		
Personal Services	101,047		
Goods and Services	(3,167,819)		
Travel	9,050		
Depreciation and Amortization	294,949		
Other Expenses	13,587		
Total Per Financial Statements		5,082,487	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs (Exhibit F)	\$53,483		
Other	0		
Total Additions		53,483	
Less OMB A-87 Allowable Expenditures			5,135,970
Plus Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earning (Exhibit D)	0		
Total Adjustments			0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(\$12,045,754)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$806,837
Excess Balance (A) - (B)			(\$12,852,591)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	(171,172)		
Net Transfers			(171,172)
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		(\$171,172)

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$0
ADJUSTMENTS:			
Operating Transfers In	\$0		
Operating Transfers Out	0		
Additional OMB A-87 Allowable Costs	53,483		
Adjust to FY 2014 Financials	5,254,770		
Imputed Interest Earnings	0		
Total Adjustments		5,308,253	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$5,308,253

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		(\$6,908,673)
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - IT SERVICES
DISTRIBUTION OF INTEREST EARNINGS FOR FUND 419
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY TITLE	AGENCY CODE	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
DES Enterprise Systems	179	\$0	\$19,946,128	\$9,973,064	31.85%	\$13,471
DES IT Services *	179	0	0	0	0.00%	0
DES Miscellaneous Services *	179	0	0	0	0.00%	0
DES Technology Leasing *	179	0	0	0	0.00%	0
OFM OCIO	105	0	1,080,332	540,166	1.73%	730
Consolidated Technology Services	163	<u>25,702,703</u>	<u>15,893,664</u>	<u>20,798,184</u>	<u>66.42%</u>	<u>28,093</u>
Totals		<u>\$25,702,703</u>	<u>\$36,920,124</u>	<u>\$31,311,414</u>	<u>100.00%</u>	<u>\$42,294</u>
Actual Interest Earnings for Secretary of State - FY 2014 State Treasurer's Report						\$42,293
* Negative cash balance, therefore the balance used was \$0.						

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - IT SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

AGENCY CODE	AGENCY TITLE	REVENUE
038	Joint Legislative Systems Committee	\$4,778
055	Administrative Office of the Courts	1,834
075	Office of the Governor	39,312
085	Office of the Secretary of State	181
095	Office of the State Auditor	1,834
103	Department of Commerce	2,944
105	Office of Financial Management	2,240,581
116	State Lottery Commission	1,110
140	Department of Revenue	8,266
163	Consolidated Technology Services	2,259,754
179	Department of Enterprise Services	(290,519)
215	Utilities and Transportation Commission	3,861
225	Washington State Patrol	4,597
235	Department of Labor and Industries	6,432
245	Military Department	4,778
300	Dept of Social and Health Services	9,183
303	Department of Health	9,183
310	Department of Corrections	3,668
350	Superintendent of Public Instruction	3,861
355	Dept of Archaeology & Historic Preservat	3,861
405	Department of Transportation	17,437
460	Columbia River Gorge Commission	2,027
461	Department of Ecology	14,685
465	State Parks and Recreation Commission	1,834
467	Recreation & Conservation Funding Board	3,861
477	Department of Fish and Wildlife	13,768
478	Puget Sound Partnership	181
490	Department of Natural Resources	18,354
495	Department of Agriculture	7,349
540	Employment Security Department	4,597
699	Community and Technical College System	1,834
Other	Not Specified	31,442
	Total Revenues Per CAFR	\$4,436,872

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - IT SERVICES
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<u>ACCOUNTS</u>	<u>OBJECT A SALARIES & WAGES</u>	<u>PERCENT</u>	<u>SWCAP ALLOCATION</u>
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u><u>\$60,955,946</u></u>	<u><u>100.00%</u></u>	<u><u>\$542,799</u></u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***24. DEPARTMENT OF ENTERPRISE SERVICES – ACCOUNT 419
MISCELLANEOUS SERVICES***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Enterprise Services
Account 419 - Miscellaneous Services**

I. Service Description

This section includes information on other services provided by the Department of Enterprise Services that have not been presented in other sections of the SWCAP Section II Information. Per Division of Cost Allocation instructions, only a brief description of the services and their financial statements are provided.

II. P20 Education Data Project

DES was contracted by OFM to build the Washington P-20 State Longitudinal Data System (SLDS). The system will provide a wider array of data, improved analytic capacity, and greater access while continuing to include protections for individual privacy and confidentiality in compliance with state and federal regulations. This project records the cost of building the system and recovery of these costs through an interagency agreement.

III. Time, Leave, and Attendance Project

DES was tasked to develop a Time, Leave, and Attendance system. This project is recording the non-capitalized costs associated with the preliminary project stage of the project. The project will continue to record the non-capitalized activity for the project until the system is operational. Once operational, the system will be moved to the appropriate schedule and the billing methodology established.

IV. Financial Statements

Financial activities are recorded in sub-accounts or projects of the internal service fund, **419 Data Processing Services Account**. Financial statements for the Account are consolidated within the State's Comprehensive Annual Report (CAFR) in the Internal Service Funds – General Service's financial statements. A reconciliation of the Account's Statement of Revenues, Expenses, and Changes in Fund Net Position to the CAFR's Combining Statement is provided in Appendix A. The following exhibits are presented:

- Exhibit A: Statement of Net Position – Information is provided by project account.
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position – Reconciliation to CAFR provided in Appendix A. Information is provided by project account.

V. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were operating transfers out of 4,069,000 during the fiscal year. The transfer out was the Treasurer transfer to the General Fund.

VI. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87) Circular A-87 (OMB A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the fund in the SWCAP Section I allocated cost document. Exhibit F provides for the allocation of all DES SWCAP costs down to the sub account level.
 - Adjustments – Actual interest earnings incurred on the Fund's assets. The information is accounted for and reported by the Office of the State Treasurer.
 - OMB A-87 Retained Earnings Balance – The Fund has a negative balance as of the end of the fiscal year, thus it is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Fund's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – Non-operating transfers have been recorded here. It has been placed in Part II because the beginning balance for this schedule already reflects the transfer of these funds.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. An adjustment to the 2014 fund balance was made in this part to reconcile the creation of this new schedule in 2014.

VII. Revenues – Exhibit E provides the Fund's revenue by state agency.

This concludes the narrative information on Account 419 – Miscellaneous Services. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - MISCELLANEOUS SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	(\$17,217,733)
Other Receivables (Net)	4,836,867
Due from Other Funds	2,771,971
Due from Other Governments	0
Inventories	0
Prepaid Expenses	0
Total Current Assets	<u>(9,608,895)</u>
Noncurrent Assets:	
Furnishings, Equipment & Collections	0
Accumulated Depreciation	0
Construction In Progress	4,836,867
Total Noncurrent Assets	<u>4,836,867</u>
Total Assets	<u><u>(\$4,772,028)</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$484,374
Contracts and Retainages Payable	0
Accrued Liabilities	88,640
Notes & Leases Payable - ST	0
Due to Other Funds	132,216
Unearned Revenue	0
Total Current Liabilities	<u>705,230</u>
Noncurrent Liabilities	
Notes & Leases Payable - LT	0
Other Long-Term Obligations	4,895,973
Total Noncurrent Liabilities	<u>4,895,973</u>
Total Liabilities	<u>5,601,203</u>
Net Position:	
Net Investment in Capital Asset:	0
Unrestricted Net Position	<u>(10,373,231)</u>
Total Net Position	<u>(10,373,231)</u>
Total Liabilities and Net Position	<u><u>(\$4,772,028)</u></u>

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - MISCELLANEOUS SERVICES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	<u>TOTAL</u>
Operating Revenues	
Charges for Services	\$1,440,849
Miscellaneous Revenue	81,902
Total Operating Revenues	<u>1,522,751</u>
Operating Expenses	
Salaries and Wages	\$1,439,537
Employee Benefits	387,837
Personal Services	1,619,796
Goods and Services	3,979,343
Travel	4,847
Depreciation and Amortization	0
Miscellaneous Expenses	0
Total Operating Expenses	<u>7,431,360</u>
Operating Income (Loss)	<u>(5,908,609)</u>
Non Operating Revenues (Expenses)	
Other Revenues (Expenses)	0
Interest Expense	0
Total Nonoperating Revenue (Expenses)	<u>0</u>
Income Before Transfers	<u>(5,908,609)</u>
Transfers	
Operating Transfers In	5,812,297
Operating Transfers Out	(6,061,679)
Total Transfers	<u>(249,382)</u>
Change in Net Position	(6,157,991)
Net Position - Beginning of Year, as Previously Reported	(4,818,002)
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>(\$10,975,993)</u></u>

**STATE OF WASHINGTON
ACCOUNT 419 - MISCELLANEOUS SERVICES
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$1,044,834)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Charges for Services	\$1,440,849		
Miscellaneous Revenue	81,902		
Total Revenues			1,522,751
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Salaries and Wages	1,439,537		
Employee Benefits	387,837		
Personal Services	1,619,796		
Goods and Services	3,979,343		
Travel	4,847		
Depreciation and Amortization	0		
Other Expenses	0		
Operating Transfer Out	4,069,000		
Total Per Financial Statements		11,500,360	
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$12,819		
Other	0		
Total Additions		12,819	
Less OMB A-87 Allowable Expenditures			11,513,179
Plus Adjustments:			
Prior Period Adjustments	(3,842,750)		
Imputed Interest Earning (Exhibit D)	0		
Total Adjustments			(3,842,750)
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		(14,878,012)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)		\$1,918,863
Excess Balance (A) - (B)			(\$16,796,876)

PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$5,812,297		
Less: Non-operating Transfers Out	(1,992,679)		
Net Transfers			3,819,618
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		3,819,618

PART III OMB A-87 ADJUSTMENTS BALANCE

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$0
ADJUSTMENTS:			
Operating Transfers In	0		
Operating Transfers Out	0		
Additional OMB A-87 Allowable Costs	12,819		
Adjust to FY 2014 Financials	69,582		
Imputed Interest Earnings	0		
Total Adjustments			82,401
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		82,401

PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		(10,975,993)
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STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - MISCELLANEOUS SERVICES
DISTRIBUTION OF INTEREST EARNINGS FOR FUND 419
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY TITLE	AGENCY CODE	BEGINNING CASH BALANCE	ENDING CASH BALANCE	AVERAGE CASH BALANCE	PERCENT	INTEREST EARNINGS
DES Enterprise Systems	179	\$0	\$19,946,128	\$9,973,064	31.85%	\$13,471
DES IT Services *	179	0	0	0	0.00%	0
DES Miscellaneous Services *	179	0	0	0	0.00%	0
DES Technology Leasing *	179	0	0	0	0.00%	0
OFM OCIO	105	0	1,080,332	540,166	1.73%	730
Consolidated Technology Services	163	<u>25,702,703</u>	<u>15,893,664</u>	<u>20,798,184</u>	<u>66.42%</u>	<u>28,093</u>
Totals		<u>\$25,702,703</u>	<u>\$36,920,124</u>	<u>\$31,311,414</u>	<u>100.00%</u>	<u>\$42,294</u>
Actual Interest Earnings for Secretary of State - FY 2014 State Treasurer's Report						\$42,293
* Negative cash balance, therefore the balance used was \$0.						

STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - MISCELLANEOUS SERVICES
REVENUES BY STATE AGENCY
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AGENCY CODE	AGENCY TITLE	REVENUE
105	Office of Financial Management	1,951,856
461	Department of Ecology	(4,098)
Other	Not Specified	(425,007)
	Total Revenues Per CAFR	<u>\$1,522,751</u>

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
ACCOUNT 419 - MISCELLANEOUS SERVICES
DES SWCAP ALLOCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>ACCOUNTS</u>	<u>OBJECT A SALARIES & WAGES</u>	<u>PERCENT</u>	<u>SWCAP ALLOCATION</u>
422 Executive Management	\$2,007,492	3.29%	\$17,876
422 Facilities Management			
Allowable Services	10,100,960	16.57%	\$89,947
Unallowable Services	293,967	0.48%	\$2,618
422 Printing Services	1,986,021	3.26%	\$17,685
422 State Motor Pool	1,011,503	1.66%	\$9,007
422 Consolidated Mail	2,727,918	4.48%	\$24,291
422 Real Estate Services	1,587,856	2.60%	\$14,140
422 Brokering	0	0.00%	\$0
422 Personnel Services	3,155,042	5.18%	\$28,095
546 Risk Management	1,331,595	2.18%	\$11,858
419 Enterprise Systems	10,694,485	17.54%	\$95,232
419 IT Services	6,006,089	9.85%	\$53,483
422 Other Services	6,745,180	11.07%	\$60,064
419 Miscellaneous Services	1,439,537	2.36%	\$12,819
422 Small Agency Services	4,076,877	6.69%	\$36,304
419 Technology Leasing	185,645	0.30%	\$1,653
All Other DES Activities	<u>7,605,779</u>	<u>12.48%</u>	<u>\$67,727</u>
Totals	<u><u>\$60,955,946</u></u>	<u><u>100.00%</u></u>	<u><u>\$542,799</u></u>
FY 2014 SWCAP Fixed Costs for DES Per FY 2014			\$542,799

***25. EMPLOYMENT SECURITY DEPARTMENT – UNEMPLOYMENT
COMPENSATION ENTERPRISE FUND***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Employment Security Department
Unemployment Compensation Enterprise Fund**

I. Service Description

The Unemployment Compensation Enterprise Fund has been established to account 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. The fund is administered by the Employment Security Department.

II. Billing Methodology

Most Washington employers, both public and private, are required to provide unemployment compensation insurance through the state system. About two-thirds of Washington's workers are covered by the state system.

Fund revenues are derived from the following sources:

- Quarterly premiums paid by employers
- Investment income.

Each employer is charged based on their industry and their own unemployment record.

III. Financial Statements

Financial activities of are recorded in the **Unemployment Compensation Enterprise Fund**. Financial statements for the Fund are presented in the State's Comprehensive Annual Report (CAFR). The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position

IV. Operating Transfers

- Transfers in – There were no operating transfers in during the fiscal year.
- Transfers out – There were no operating transfers in during the fiscal year.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments

- Deductions OMB A-87 Unallowable Costs – None
- Additional OMB A-87 Allowable Costs - None
- Adjustments – None
- OMB A-87 Retained Earnings Balance – The Account has a positive balance as of the end of the fiscal year which is in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60). While the state's unemployment insurance premiums are experience based and unemployment rate is declining, premium revenue increased reflecting a growing workforce and higher taxable wage base. With the economy recovery stabilizing employment, benefit costs have declined due to a decline in the number of claims and the duration of the claims. The fund and rates are reviewed and adjusted annually .
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. There are no adjustments.

This concludes the narrative information on the Employment Security Department Unemployment Compensation Enterprise Fund. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
 EMPLOYMENT SECURITY DEPARTMENT
 UNEMPLOYMENT COMPENSATION FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2014
 (Expressed in 000's)

	TOTAL
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$3,207,116
Other Receivables (Net)	640,252
Due from Other Funds	4,340
Due from Other Governments	65,293
Total Current Assets	3,917,001
Noncurrent Assets:	
Furnishings, Equipment & Collections	0
Accumulated Depreciation	0
Total Noncurrent Assets	0
Total Assets	\$3,917,001
Liabilities:	
Current Liabilities	
Accounts Payable	\$0
Contracts and Retainages Payable	66
Accrued Liabilities	7,995
Due to Other Funds	17,063
Due to Other Governments	76,838
Total Current Liabilities	101,962
Noncurrent Liabilities	
Other Long-Term Obligations	0
Total Noncurrent Liabilities	0
Total Liabilities	101,962
Net Position:	
Net Investment in Capital Asset:	0
Restricted for Unemployment Compensation	3,815,039
Total Net Position	3,815,039
Total Liabilities and Net Position	\$3,917,001

STATE OF WASHINGTON
 EMPLOYMENT SECURITY DEPARTMENT
 UNEMPLOYMENT COMPENSATION FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 AS OF JUNE 30, 2014
 (Expressed in 000's)

	TOTAL
Operating Revenues	
Insurance Premiums	\$1,330,732
Federal Aid for Unemployment Benefits	303,675
Miscellaneous Revenue	18,192
Total Operating Revenues	<u>1,652,599</u>
Operating Expenses	
Insurance Premiums and Claims	\$1,380,036
Miscellaneous Expenses	<u>0</u>
Total Operating Expenses	<u>1,380,036</u>
Operating Income (Loss)	<u>272,563</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	72,735
Interest Expense	0
Total Nonoperating Revenue (Expenses)	<u>72,735</u>
Income Before Transfers	<u>345,298</u>
Transfers	
Operating Transfers In	0
Operating Transfers Out	<u>0</u>
Total Transfers	<u>0</u>
Change in Net Position	345,298
Net Position - Beginning of Year, as Previously Reported	3,469,741
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$3,815,039</u></u>

**STATE OF WASHINGTON
UNEMPLOYMENT COMPENSATION FUND
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE		(Expressed in 000's)	
OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$1,119,500
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Insurance Premiums	\$1,330,732		
Federal Aid for Unemployment Benefits	303,675		
Earnings on Investments	72,735		
Miscellaneous Revenue	18,192		
Operating Transfers In	0		
Total Revenues			1,725,334
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Insurance Premiums and Claims	1,380,036		
Operating Transfers Out	0		
Total Per Financial Statements	1,380,036		
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$0		
Other	0		
Total Additions	0		
Less OMB A-87 Allowable Expenditures			1,380,036
Plus Adjustments:			
Prior Period Adjustments		0	
Other		0	
Total Adjustments			0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$1,464,798
Allowable Reserve (1/6 of (Allowable Expenditures Less Deprec	(B)		\$230,006
Excess Balance (A) - (B)			\$1,234,792
PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE			
OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			\$112,794
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Non-operating Transfers In	\$0		
Less: Non-operating Transfers Out	0		
Net Transfers	0		0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		\$112,794
PART III OMB A-87 ADJUSTMENTS BALANCE			
OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$2,237,447
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	\$0		
Additional OMB A-87 Allowable Costs	0		
Imputed Interest Earnings	0		
Total Adjustments	0		0
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$2,237,447
PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE			
RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$3,815,039

***26. DEPARTMENT OF LABOR & INDUSTRIES – WORKERS’
COMPENSATION ENTERPRISE FUND***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Labor & Industries
Workers' Compensation Enterprise Fund**

I. Service Description

The Department of Labor & Industries (L&I) administers laws pertaining to employer, employees, and places and condition of work and residence. One of the duties of the Department is the management of the State of Washington workers' compensation system which is a no-fault insurance system that pays medical expenses and partially replaces lost wages for workers who suffer job-related injuries or illnesses.

When a worker is injured, their doctor notifies the Department. L&I pays the medical treatment costs for the injury. If a worker is off work more than three days, then L&I also pays the worker time-loss benefits to partly offset lost wages until they can return to work. Pensions are also paid to workers whose injuries or illnesses preclude their ever returning to work and to survivors of workers who die as a result of work-related injuries or illnesses.

Benefits are paid from 5 funds:

- Accident Account – This fund pays time-loss benefits directly to injured workers to partially compensate for lost wages. Only employers pay premiums to fund this account.
- Medical Aid Account – This fund pays for the cost of injured workers' medical treatment and vocational rehabilitation services. Revenues for this fund are provided by equal contributions from employers and employees.
- Accident Reserve Account – This fund pays benefits to permanently disabled pensioners and survivors of workers who died as a result of workplace injuries or illnesses. Revenues for this fund are provided out of the Accident Account and from self-insured firms.
- Supplemental Pension Account – This fund provides cost-of-living adjustments to workers receiving temporary and permanent total disability benefits. The revenues for this fund come from employer assessments, payroll deductions from workers, and penalties associated with WISHA violations.
- Second Injury Account – This fund is used to pay pension costs for permanent total disabilities that result from a combination of a pre-existing condition and a new injury. Revenues come from employer premiums and from self-insured firms.

II. Billing Methodology

Most Washington employers, both public and private, are required to provide workers' compensation insurance through the state system. About two-thirds of Washington's workers are covered by the state system. The other third are workers at federal facilities and large employers who are self-insured.

Fund revenues are derived from the following three sources:

- Quarterly premiums paid by employers
- Payroll deductions from workers
- Investment income.

Each employer is charged base on how hazardous their industry is and their own accident record. Washington is the only state that also includes a significant worker contribution – historically 24 to 27 percent of the total costs. The worker's share is collect through payroll deductions.

III. Financial Statements

Financial activities of are recorded in the **Workers' Compensation Enterprise Fund**. Financial statements for the Fund are presented in the State's Comprehensive Annual Report (CAFR). The following exhibits are presented:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position

IV. Operating Transfers

- Transfers in –The operating transfers in were transfers between accounts and offset the transfers out.
- Transfers out – The operating transfers out during the fiscal year were between accounts and offset the transfers in.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Deductions OMB A-87 Unallowable Costs – Bad debts, OPEB.
 - Additional OMB A-87 Allowable Costs - None
 - Adjustments – None
- OMB A-87 Retained Earnings Balance – The Fund has a negative balance as of the end of the fiscal year. Therefore, the Fund's balance is not in excess of the OMB Circular A-87 allowable working capital balance for an ISF.
- Part II: OMB A-87 Contributed Capital Balance – No changes.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. As in past years, the transfer in from the Technology Pool (if any) has been treated as an adjustment.

This concludes the narrative information on the Department of Labor & Industries Worker's Compensation Enterprise Fund. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF LABOR AND INDUSTRIES
WORKERS' COMPENSATION ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

(Expressed in 000's)

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$81,771
Restricted Cash & Investments	720
Investments	4,418
Other Receivables (Net)	782,306
Due from Other Funds	12,150
Due from Other Governments	1,012
Inventories	305
Prepaid Expenses	235
Total Current Assets	<u>882,917</u>
Noncurrent Assets:	
Investments, Noncurrent	14,502,544
Other Assets, Noncurrent	3,510
Restricted Cash & Investments - Noncurrent	1,951
Land	3,240
Buildings	65,134
Other Improvements	1,289
Furnishings, Equipment & Collections	64,843
Intangible Assets	24,083
Accumulated Depreciation	(102,598)
Construction In Progress	10,661
Total Noncurrent Assets	<u>14,574,657</u>
Total Assets	<u><u>\$15,457,574</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$3,482
Contracts and Retainages Payable	10,440
Accrued Liabilities	310,970
Obligation Under Security Lending Agree	4,418
Bonds Payable	3,820
Due to Other Funds	17,154
Due to Other Governments	24
Unearned Revenue	6,720
Claims and Judgments Payable - Current	1,907,912
Total Current Liabilities	<u>2,264,940</u>
Noncurrent Liabilities	
Claims and Judgments Payable - Noncurrent	22,529,622
Bonds Payable	4,050
Other Long-Term Obligations	11,071
Other Post Employment Benefits Obligations	32,299
Total Noncurrent Liabilities	<u>22,577,042</u>
Total Liabilities	<u>24,841,982</u>
Net Position:	
Net Investment In Capital Assets	58,781
Unrestricted Net Position	<u>(9,443,189)</u>
Total Net Position	<u>(9,384,408)</u>
Total Liabilities and Net Position	<u><u>\$15,457,574</u></u>

STATE OF WASHINGTON
DEPARTMENT OF LABOR AND INDUSTRIES
WORKERS' COMPENSATION ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

(Expressed in 000's)

	TOTAL
Operating Revenues	
Charges for Services	\$18
Insurance Premiums	\$2,200,410
Miscellaneous Revenue	36,939
Total Operating Revenues	<u>2,237,367</u>
Operating Expenses	
Salaries and Wages	\$145,431
Employee Benefits	58,367
Personal Services	5,660
Goods and Services	76,389
Travel	4,047
Insurance Premiums and Claims	2,223,920
Depreciation and Amortization	7,228
Miscellaneous Expenses	620,692
Total Operating Expenses	<u>3,141,734</u>
Operating Income (Loss)	<u>(904,367)</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	1,136,910
Other Revenues (Expenses)	8,248
Tax and License Revenue	81
Interest Expense	(461)
Total Nonoperating Revenue (Expenses)	<u>1,144,778</u>
Income Before Transfers	<u>240,411</u>
Transfers	
Capital Contributions	0
Operating Transfers In	352,136
Operating Transfers Out	(352,136)
Total Transfers	<u>0</u>
Change in Net Position	240,411
Net Position - Beginning of Year, as Previously Reported	(9,624,819)
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>(\$9,384,408)</u></u>

**STATE OF WASHINGTON
WORKERS' COMPENSATION ENTERPRISE FUND
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE		(Expressed in 000's)
OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013		
Balance Per Prior Year's Reconciliation of Fund to OMB A-87		(\$7,143,270)
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR		
OMB A-87 Revenues		
Charges for Services	\$18	
Insurance Premiums	2,200,410	
Earnings of Investments	1,136,910	
Miscellaneous Revenue	36,939	
Tax and License Revenue	81	
Operating Transfers In	352,136	
Total Revenues		3,726,494
Less: Expenditures (Actual Costs):		
Per State's Financial Report		
Salaries and Wages	145,431	
Employee Benefits	58,367	
Personal Services	5,660	
Goods and Services	76,389	
Travel	4,047	
Insurance Premiums and Claims	2,223,920	
Depreciation and Amortization	7,228	
Miscellaneous Expenses	620,692	
Bad Debts Exp	(33,104)	
Interest Expense	461	
Other Expenses	(8,248)	
Other - OPEB	(6,536)	
Operating Transfers Out	352,136	
Total Per Financial Statements		3,446,443
Additional OMB A-87 Allowable Costs		
FY 2014 SWCAP Costs	\$0	
Other	0	
Total Additions		0
Less OMB A-87 Allowable Expenditures		3,446,443
Plus Adjustments:		
Prior Period Adjustments	0	
Other	0	
Total Adjustments		0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)	(\$6,863,219)
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)	\$573,203
Excess Balance (A) - (B)		(\$7,436,422)
PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE		
OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013		
		\$1,517,970
TRANSFERS Per CAFR (Supported By Official Accounting Records)		
Plus: Non-operating Transfers In	\$0	
Less: Non-operating Transfers Out	0	
Net Transfers		0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)	\$1,517,970
PART III OMB A-87 ADJUSTMENTS BALANCE		
OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013		
		(\$3,999,519)
ADJUSTMENTS:		
OPEB Liability	(\$6,536)	
Bad Debts Expense	(\$33,104)	
Deductions OMB A-87 Unallowable Costs	0	
Additional OMB A-87 Allowable Costs	0	
Imputed Interest Earnings	0	
Total Adjustments		(39,640)
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)	(\$4,039,159)
PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE		
RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)	(\$9,384,408)

***27. DEPARTMENT OF RETIREMENT SYSTEMS – EMPLOYEE
RETIREMENT SYSTEMS***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**Department of Retirement Systems
Employee Retirement Systems**

I. Service Description

The State of Washington offers retirement benefits to its employees, elected officials, and elected or appointed judges via several retirement plans. The State's retirement plans are administered by the Department of Retirement Systems (DRS). The following information on the State's retirement plans is presented in notes of the State's Comprehensive Annual Financial Report (CAFR): The various notes:

- Provide plan descriptions, funding policies, a table of employer contributions required and paid for defined benefit plans, schedules of funded status and funding progress, defined benefit pension plans valuations, annual pension cost, and three year trend information.
- Provide information related to changes in actuarial assumptions and methods, and changes in benefit provisions.
- Provide information related to defined contribution plans.
- Provide details on plan net assets and changes in plan net assets of pension plans and other employee benefit funds administered by DRS.

The following three plans are the principal plans to which state agency employees are enrolled:

- Plan 1 – Membership is limited to those employees hired prior to October 1, 1977.
- Plan 2 – Membership is limited to those employees hired after October 1, 1977.
- Plan 3 – This is a combination defined benefit and defined contribution plan. Employee contribution rates range from 5% to 15% of salaries at the election of the employee. There are no employer contributions to the defined contribution component. Employer contributions finance a defined benefit component.

II. Financial Statements

Financial statements for all retirement plans are presented in the State's Comprehensive Annual Report (CAFR). The following exhibits have been provided for the three principal plans to which state agency employees are enrolled:

- Exhibit A: Statement of Net Position
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position.

III. Transfers

- Transfers in – There were transfers in of \$88,000 during the fiscal year associated with employees moving between plans.
- Transfers out – There were transfers out of \$806,000 during the fiscal year associated with employees moving between plans..

IV. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Deductions OMB A-87 Unallowable Costs – None
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the fund in the SWCAP Section I allocated cost document.
 - Adjustments – None
- OMB A-87 Retained Earnings Balance – The Fund has a positive balance as of the end of the fiscal year. The fund balance is supported by an actuarial report.
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. There are no adjustments.

This concludes the narrative information on the Department of Retirement Systems – Employee Retirement Systems. The previously noted exhibits are provided on the following pages.

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
EMPLOYEE RETIREMENT SYSTEMS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

(Expressed in 000's)

	<u>PLAN 1</u>	<u>PLANS 2 & 3</u>	<u>TOTAL</u>
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$682	\$7,827	\$8,509
Interest and Dividends Receivable	23,912	88,467	112,379
Employer Accounts Receivable	3,372	65,415	68,787
Member Accounts Receivable	747	198	945
Due from Other Funds	2,523	0	2,523
Other Receivables	137,171	507,662	644,833
Total Current Assets	<u>168,407</u>	<u>669,569</u>	<u>837,976</u>
Noncurrent Assets:			
Equity in CTF (SIB Only)	8,070,978	29,877,977	37,948,955
Other Investments, Noncurrent	338	961,238	961,576
Total Noncurrent Assets	<u>8,071,316</u>	<u>30,839,215</u>	<u>38,910,531</u>
Total Assets	<u>\$8,239,723</u>	<u>\$31,508,784</u>	<u>\$39,748,507</u>
Liabilities:			
Current Liabilities			
Accrued Liabilities	\$188,557	\$682,066	\$870,623
Obligations Under Security Lending Agreement	109,567	404,590	514,157
Due to Other Funds	0	1,955	1,955
Unearned Revenue	41	243	284
Total Current Liabilities	<u>298,165</u>	<u>1,088,854</u>	<u>1,387,019</u>
Noncurrent Liabilities			
Obligation for Ca - Long-Term			0
Other Long-Term Obligations			0
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>298,165</u>	<u>1,088,854</u>	<u>1,387,019</u>
Net Position:			
Net Investment In Capital Assets			0
Net Assets Held In Trust Pension Benefits	7,941,558	30,418,930	38,360,488
Total Net Position	<u>7,941,558</u>	<u>30,418,930</u>	<u>38,360,488</u>
Total Liabilities and Net Position	<u>\$8,239,723</u>	<u>\$31,507,784</u>	<u>\$39,747,507</u>

**STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
EMPLOYEE RETIREMENT SYSTEMS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014**

(Expressed in 000's)

	<u>PLAN 1</u>	<u>PLANS 2 & 3</u>	<u>TOTAL</u>
Additions			
Contributions			
Employer Pension Contributions	\$448,895	\$430,345	\$879,240
Member Pension Contributions	28,087	473,435	501,522
Total Contributions	<u>476,982</u>	<u>903,780</u>	<u>1,380,762</u>
Investment Income			
Net Appreciation in Fair Value	1,157,751	4,236,302	5,394,053
Investment Income	128,704	455,833	584,537
Dividend Income	57,330	204,808	262,138
Less: Investment Expenses	<u>(31,789)</u>	<u>(113,345)</u>	<u>(145,134)</u>
Net Investment Income	<u>1,311,996</u>	<u>4,783,598</u>	<u>6,095,594</u>
Other Additions			
Transfers From Other Plans	36	52	88
Other Additions	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Additions	<u>36</u>	<u>52</u>	<u>88</u>
Total Additions	<u>1,789,014</u>	<u>5,687,430</u>	<u>7,476,444</u>
Deductions			
Pension Benefits	1,189,496	567,096	1,756,592
Pension Refunds	4,219	117,126	121,345
Transfers to Other Plans	0	806	806
Administrative Expenses	<u>506</u>	<u>617</u>	<u>1,123</u>
Total Deductions	<u>1,194,221</u>	<u>685,645</u>	<u>1,879,866</u>
Net Increase (Decrease)	594,793	5,001,785	5,596,578
Net Position - Beginning of Year, as Previously Reported	7,346,765	25,417,145	32,763,910
Adjustments Applicable to Prior Year	<u>0</u>	<u>0</u>	<u>0</u>
Net Position - End of Year	<u>\$7,941,558</u>	<u>\$30,418,930</u>	<u>\$38,360,488</u>

**STATE OF WASHINGTON
EMPLOYEE RETIREMENT SYSTEMS
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE		(Expressed in 000's)	
OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$18,410,466
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Contributions		\$1,380,762	
Investment Income		6,095,594	
Other Additions		88	
Total Revenues			7,476,444
Less: Expenditures (Actual Costs):			
Per State's Financial Report			
Pension Benefits		1,756,592	
Pension Refunds		121,345	
Transfers to Other Plans		806	
Administrative Expenses		1,123	
Total Per Financial Statements			1,879,866
Additional OMB A-87 Allowable Costs			
FY 2014 SWCAP Costs	\$795		
Other	0		
Total Additions			795
Less OMB A-87 Allowable Expenditures			1,880,661
Plus Adjustments:			
Prior Period Adjustments		0	
Interest Earnings		0	
Total Adjustments			0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)		\$24,006,249
Allowable Reserve (Not Applicable - Insurance Fund)	(B)		NA
Excess Balance (A) - (B)			NA
PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE			
OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013			(\$13,468)
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In		\$0	
Less: Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)		(\$13,468)
PART III OMB A-87 ADJUSTMENTS BALANCE			
OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013			\$14,366,912
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		\$0	
Additional OMB A-87 Allowable Costs		795	
Interest Earnings		0	
Total Adjustments			795
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)		\$14,367,707
PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE			
RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$38,360,488

***28. STATE HEALTH CARE AUTHORITY – HEALTH INSURANCE
FUND***

**State of Washington
FY 2016 Statewide Cost Plan
Section II Billed Costs Information**

**State Health Care Authority
Health Insurance Fund**

I. Service Description

This section provides information on state employee health care programs administered by the State Health Care Authority (SHCA). The Authority oversees the state's employee insurance programs and other health care programs benefiting all state citizens. SHCA oversees the following health care programs:

- Basic Health – A state sponsored program that provides affordable health care coverage to low-income Washington residents.
- Community Health Services – Promotes access to quality and affordable health care for the uninsured, underinsured, and tribes.
- Health Technology Assessment – Ensures medical treatments and services paid for with state health care dollars are safe and proven to work.
- Prescription Drug Program – Develops an evidence-based prescription drug program to identify preferred drugs for use by the participating programs (UMP, L&I, and Medicaid); makes prescription drugs more affordable to residents and state health care programs; and, increases public awareness regarding the safe and cost-effective use of prescription drugs.
- Public Employees Benefits Board (PEBB) – Through PEBB the State of Washington provides medical, dental, life, and long-term disability coverage through private health insurance plans to eligible state and higher education employees as a benefit of employment. The following coverage's are provided:
 - Group Medical Insurance - State employees are offered a preferred provider plan administered by the state via a third party contractor (Uniform Plan) or have access to nineteen managed care plans.
 - Group Dental Insurance - Like Group Medical, the State offers a preferred-provider plan which it administers through a third party contractor. In addition employees are offered access to three managed dental plans.
 - Basic Life and Accidental Death and Dismemberment Insurance - Employees are offered \$5,000 basic life insurance for death from any cause and \$5,000 Basic Accidental Death and Dismemberment coverage. Employees may select additional term life insurance for self, spouse and dependents; and additional Accidental Death and Dismemberment insurance with additional employee contribution.
 - Basic Long Term Disability Insurance - The plan provides a benefit of 60% of the first \$300 of pre-disability earnings, reduced by any deductible income. The maximum payment is \$180 per month and the minimum

benefit is \$50 per month. Benefits begin after 90 days of total disability or after accumulated sick leave has been exhausted, whichever is the longer period. Benefits continue throughout disability or up to a maximum benefit period defined by age. Employees can option for additional coverage with additional employee contribution.

- Social Security - State employees are also participants in the federal social security program.
- Medicaid- State employees are also participants in the federal Medicaid program.
- Uniform Medical Plan (UMP) – UMP is a self-insured, preferred provider health insurance plan available to PEBB enrollees worldwide.
- Washington Wellness (WWW) – WWW works to make healthy choices easier for state employees, retirees, and their dependents; to improve the productivity of state employees; and to positively impact the medical cost trend of state health plans' enrollees.

II. Billing Methodology – PEBB Programs

The state legislature annually determines a dollar amount that will be made available for purchase of employee insurance. Once the amount has been established, the state PEBB defines the package of benefits to be offered; negotiates with the various vendors to provide the programs and services; and finally establishes the employer and employee contribution rates.

III. Financial Statements

Financial statements for the state employee benefits for which PEBB is responsible are presented in the State's Comprehensive Annual Report (CAFR) and identified as the **Health Insurance Fund**. The CAFR financial statements are a roll-up of several funds. The following exhibits are presented:

- Exhibit A: Statement of Net Position – This is the statement presented in the CAFR.
- Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Position - This is the statement presented in the CAFR.
- Exhibit C: Statement of Revenues, Expenses, and Changes in the Fund Net Position – This statement presents the information for each fund comprising the CAFR statements.

IV. Operating Transfers

- Transfers in – The operating transfers in during the fiscal year were transfers among funds and are offset by the transfers out.
- Transfers out – The operating transfers out during the fiscal year were transfers among funds and are offset by the transfers in.

V. Reconciliation

Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in 2 CFR, Part 225 Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

- Part I: OMB A-87 Retained Earnings Balance
 - Revenues – Per financial statements. No adjustments
 - Expenditures – Per financial statements. No adjustments
 - Deductions OMB A-87 Unallowable Costs – None
 - Additional OMB A-87 Allowable Costs - Central services costs allocated to the SHCA in the SWCAP Section I allocated cost document.
 - Adjustments – Actual interest earnings incurred on Fund 418. The information is accounted for and reported by the Office of the State Treasurer.
- OMB A-87 Retained Earnings Balance – The Account has a positive balance as of the end of the fiscal year which is in excess of the OMB Circular A-87 allowable working capital balance for an ISF. The allowable balance has been determined by dividing the Account's total allowable expenditures, less equipment depreciation and amortization, by 6 (360 divided by 60).
- Part II: OMB A-87 Contributed Capital Balance – There were no revisions to the contributed capital balance during the fiscal year.
- Part III: OMB A-87 Adjustment Balance – Provides a reconciliation of the OMB A-87 Fund Balance to the CAFR Fund Balance. There are no adjustments.

This concludes the narrative information on the State Health Care Authority Health Insurance Fund. The previously noted exhibits are provided on the following pages.

**STATE OF WASHINGTON
STATE HEALTH CARE AUTHORITY
HEALTH INSURANCE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

(Expressed in 000's)

	<u>TOTAL</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$512,450
Investments	10,686
Other Receivables (Net)	14,263
Due from Other Funds	12,208
Due from Other Governments	1,266
Total Current Assets	<u>550,873</u>
Noncurrent Assets:	
Investments, Noncurrent	0
Furnishings, Equipment & Collections	616
Accumulated Depreciation	(461)
Total Noncurrent Assets	<u>155</u>
Total Assets	<u><u>\$551,028</u></u>
Liabilities:	
Current Liabilities	
Accounts Payable	\$22,960
Contracts and Retainages Payable	29
Accrued Liabilities	2,342
Obligation Under Security Lending Agreement	11,019
Due to Other Funds	12,922
Due to Other Governments	0
Unearned Revenue	355
Claims and Judgments Payable - Current	70,249
Total Current Liabilities	<u>119,876</u>
Noncurrent Liabilities	
Other Post Employment Benefits Obligations	470
Other Long-Term Obligations	2,148
Total Noncurrent Liabilities	<u>2,618</u>
Total Liabilities	<u>122,494</u>
Net Position:	
Net Investment In Capital Asset:	155
Unrestricted Net Position	428,379
Total Net Position	<u>428,534</u>
Total Liabilities and Net Position	<u><u>\$551,028</u></u>

STATE OF WASHINGTON
STATE HEALTH CARE AUTHORITY
HEALTH INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

(Expressed in 000's)

	TOTAL
Operating Revenues	
Insurance Premiums	\$1,257,356
Miscellaneous Revenue	227
Total Operating Revenues	<u>1,257,583</u>
Operating Expenses	
Salaries and Wages	\$5,476
Employee Benefits	2,053
Personal Services	1,662
Goods and Services	6,003
Travel	46
Insurance Premiums and Claims	1,227,978
Depreciation and Amortization	64
Miscellaneous Expenses	1
Total Operating Expenses	<u>1,243,283</u>
Operating Income (Loss)	<u>14,300</u>
Non Operating Revenues (Expenses)	
Earnings on Investments	2,527
Other Revenues (Expenses)	0
Total Nonoperating Revenue (Expenses)	<u>2,527</u>
Income Before Transfers	<u>16,827</u>
Transfers	
Operating Transfers In	63,784
Operating Transfers Out	(63,784)
Total Transfers	<u>0</u>
Change in Net Position	16,827
Net Position - Beginning of Year, as Previously Reported	411,707
Adjustments Applicable to Prior Year	<u>0</u>
Net Position - End of Year	<u><u>\$428,534</u></u>

STATE OF WASHINGTON
HEALTH INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2014

	Account						Total
	418	438	439	721	730	FGF	
	Health Care Authority Admin	Uniform Dental Admin	Uniform Medical Admin	Public Employees' & Retirees' Insurance	Public Employees' & Retirees' Insurance Reserve	Fund level Adjustment	
Operating Revenues:							
Insurance Premiums				1,800,955,425		(543,599,829)	1,257,355,596
Miscellaneous Revenue	222,524			4,440			226,964
Total Operating Revenues	222,524	-	-	1,800,959,865	-	(543,599,829)	1,257,582,560
Operating Expenses:							
Salaries and Wages	5,475,804						5,475,804
Employee Benefits	1,815,867					236,774	2,052,641
Personal Services	1,527,653		19,644	115,095			1,662,392
Goods and Services	3,224,838		809,688	2,099,682		(131,703)	6,002,506
Travel	45,923						45,923
Insurance Premiums and Claims		5,535,845	45,260,781	1,720,781,851		(543,600,222)	1,227,978,256
Depreciation	63,929						63,929
Miscellaneous Expenses	1,344			74,645		(74,645)	1,344
Total Operating Expenses	12,155,357	5,535,845	46,090,113	1,723,071,274	-	(543,569,796)	1,243,282,793
Operating Income (Loss)	(11,932,833)	(5,535,845)	(46,090,113)	77,888,591	-	(30,033)	14,299,767
Nonoperating Revenues (Expenses):							
Other Revenues (Expenses)	39						39
Earnings on Investments				626,076	198,383	1,702,301	2,526,760
Interest Expense							-
Total Nonoperating Revenues (Expenses)	39	-	-	626,076	198,383	1,702,301	2,526,799
Income (Loss) Before Contributions and Transfers	(11,932,794)	(5,535,845)	(46,090,113)	78,514,667	198,383	1,672,268	16,826,566
Operating Transfers In	12,118,763	5,582,970	46,082,646				63,784,379
Operating Transfers Out				(63,784,379)			(63,784,379)
Net Contributions and Transfers	12,118,763	5,582,970	46,082,646	(63,784,379)	-	-	-
Change in Net Position	185,968	47,125	(7,467)	14,730,289	198,383	1,672,268	16,826,566
Retained Earnings/Net Position as Prev Report	(182,396)	4,877	25,118	383,047,885	32,965,336	(4,153,494)	411,707,327
Net Position - Ending	3,572	52,002	17,651	397,778,173	33,163,719	(2,481,226)	428,533,892

**STATE OF WASHINGTON
HEALTH INSURANCE FUND
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES
AS OF JUNE 30, 2014**

PART I OMB A-87 RETAINED EARNINGS BALANCE		(Expressed in 000's)
OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2013		\$389,365
Balance Per Prior Year's Reconciliation of Fund to OMB A-87		
FY 2014 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR		
OMB A-87 Revenues		
Insurance Premiums	\$1,257,356	
Earnings of Investments	2,527	
Miscellaneous Revenue	227	
Operating Transfers In	63,784	
Total Revenues	<u>1,323,894</u>	1,323,894
Less: Expenditures (Actual Costs):		
Per State's Financial Report		
Salaries and Wages	5,476	
Employee Benefits	2,053	
Personal Services	1,662	
Goods and Services	6,003	
Travel	46	
Insurance Premiums and Claims	1,227,978	
Depreciation and Amortization	64	
Miscellaneous Expenses	1	
Interest Expense	0	
Other Expenses	0	
Operating Transfers Out	63,784	
Total Per Financial Statements	<u>1,307,067</u>	
Additional OMB A-87 Allowable Costs		
FY 2014 SWCAP Costs	\$320	
Other	0	
Total Additions	<u>320</u>	
Less OMB A-87 Allowable Expenditures		1,307,387
Plus Adjustments:		
Prior Period Adjustments	0	
FY 2014 Actual Interest Earnings - State Treasurer's Report Fund 418	1	
Total Adjustments	<u>1</u>	1
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2014	(A)	\$405,873
Allowable Reserve (1/6 of Allowable Expenses Less Deprec.)	(B)	\$217,887
Excess Balance (A) - (B)		\$187,986
PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE		
OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2013		\$4,579
TRANSFERS Per CAFR (Supported By Official Accounting Records)		
Plus: Non-operating Transfers In	\$0	
Less: Non-operating Transfers Out	0	
Net Transfers	<u>0</u>	0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2014	(C)	\$4,579
PART III OMB A-87 ADJUSTMENTS BALANCE		
OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2013		\$17,763
ADJUSTMENTS:		
Deductions OMB A-87 Unallowable Costs	\$0	
Additional OMB A-87 Allowable Costs	320	
Imputed Interest Earnings	(1)	
Total Adjustments	<u>319</u>	319
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2014	(D)	\$18,082
PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE		
RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)	\$428,534

***APPENDIX A: RECONCILIATION OF CAFR STATEMENT FOR
THE GENERAL SERVICES INTERNAL SERVICE FUND***

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds - General Services

For Fiscal Year Ended June 30, 2014

	Schedule 1 Agency 100 Fund 405	Schedule 2 Agency 179 Fund 422	Schedule 3 Agency 179 Fund 422	Schedule 4 Agency 179 Fund 422	Schedule 5 Agency 179 Fund 422	Schedule 7 Agency 179 Fund 422	Schedule 8 Agency 179 Fund 422	Schedule 6 Agency 179 Fund 422	Schedule 10 Agency 105 Fund 415	Schedule 11 Agency 179 Fund 422	Schedule 12 Agency 105 Fund 455
	Legal Services	Management	Consolidated Mail	Facilities	Fleet Operations	Real Estate Services	All Other DES Gen Services	Brokering	Personnel Service	Personnel Services	Higher Ed Personnel
Operating Revenues:											
AD Sales							182,541.69	37,161,749.40			
AX Less: Cost of Goods Sold							(164,150.00)	(37,034,850.41)			
Gross Profit	0.00	0.00	0.00		0.00	0.00	18,391.69	126,898.99	0.00	0.00	0.00
BD Charges for Services	124,281,109.21	115,165.00	24,367,722.88	20,306,192.69	1,209,331.45	3,370,166.98	14,261,622.38	0.00	3,442,285.63	6,650,468.45	971,785.67
BN Insurance Premiums							(89.44)	0.00			
BY Miscellaneous Revenue	35,427.39	178.38	388,440.16	32,335,766.56	18,155,585.01		654,429.33	0.14		1,081.43	
Total Operating Revenues	124,316,536.60	115,343.38	24,756,163.04	52,641,959.25	19,364,916.46	3,370,166.98	14,934,353.96	126,899.13	3,442,285.63	6,651,549.88	971,785.67
Operating Expenses:											
KA Salaries and Wages	69,736,371.72	2,007,491.72	2,727,918.20	10,394,927.63	1,011,502.94	1,587,856.09	6,745,179.56	0.00	3,312,857.15	3,155,041.95	140,906.25
KB Employee Benefits	22,018,419.39	634,584.75	1,339,582.16	4,581,924.52	403,019.05	500,863.04	2,326,275.22	0.00	1,049,703.15	1,092,819.70	42,650.74
KC Personal Services	5,992,667.28	12,429.15		42,656.36	180.00		1,055,410.00	0.00	131,035.08	347,320.92	
KE Goods and Services	20,173,013.98	(2,996,802.86)	20,233,863.76	31,720,581.79	11,072,476.74	1,183,401.67	2,862,771.42	15,080.21	613,529.81	2,470,211.40	811,803.32
KG Travel	619,739.71	5,869.36	241,166.58	239,092.60	3,706.13	55,579.28	154,454.97	0.00	113,828.49	10,395.92	14,634.42
KW Depreciation and Amortization	216,064.01		418,628.44	4,254,706.05	4,677,523.78		95,361.36	0.00	35,330.04		
KZ Miscellaneous Expenses	300,463.28		31,956.00	39,516.00	3,730.88		288,517.02	0.00		50,751.87	
Total Operating Expenses	119,056,739.37	(336,427.88)	24,993,115.14	51,273,404.95	17,172,139.52	3,327,700.08	13,527,969.55	15,080.21	5,256,283.72	7,126,541.76	1,009,994.73
Operating Income (Loss)	5,259,797.23	451,771.26	(236,952.10)	1,368,554.30	2,192,776.94	42,466.90	1,406,384.41	111,818.92	(1,813,998.09)	(474,991.88)	(38,209.06)
Nonoperating Revenues (Expenses)											
NJ Other Revenues (expenses)	803,900.88			183,687.37	83,412.30		3,694.97		(7,850.85)		
NK Earnings on Investments				136.26							
NP Interest Expense			(44,374.07)	(6,090,041.16)	1,277,784.18						
NR Tax and License Revenue				9,790.00			11,500.02				
Total Nonoperating Revenues (Expenses)	803,900.88	0.00	(44,374.07)	(5,896,427.53)	1,361,196.48	0.00	15,194.99	0.00	(7,850.85)	0.00	0.00
Income (Loss) Before Contributions and Transfers	6,063,698.11	451,771.26	(281,326.17)	(4,527,873.23)	3,553,973.42	42,466.90	1,421,579.40	111,818.92	(1,821,848.94)	(474,991.88)	(38,209.06)
TA Contributions of Capital											
TI Operating Transfers In				5,930,000.00			(2,087,591.61)		(2,942,000.35)	2,942,000.35	
TO Operating Transfers Out	(976,000.00)						(7,172,451.32)	(56,922.00)	(733,000.00)		
Net Contributions and Transfers	(976,000.00)	0.00	0.00	5,930,000.00	0.00	0.00	(9,260,042.93)	(56,922.00)	(3,675,000.35)	2,942,000.35	0.00
Change in Net Assets	5,087,698.11	451,771.26	(281,326.17)	1,402,126.77	3,553,973.42	42,466.90	(7,838,463.53)	54,896.92	(5,496,849.29)	2,467,008.47	(38,209.06)
Net Assets (Deficit) - Beginning, as restated	18,449,447.45	(852,799.38)	4,051,521.82	24,004,920.28	9,848,556.50	490,460.83	15,940,112.92	0.00	6,994,520.00	607,738.58	333,809.85
Net Assets (Deficit) - Ending	23,537,145.56	(401,028.12)	3,770,195.65	25,407,047.05	13,402,529.92	532,927.73	8,101,649.39	54,896.92	1,497,670.71	3,074,747.05	295,600.79

Combining Statement of Revenues, Expenses, and Changes in Net Assets of Internal Service Funds - General Services
For Fiscal Year Ended June 30, 2014

	Schedule 13 Agency 179 Fund 420	Schedule 13 Agency 179 Fund 422	Schedule 14 Agency 110 Fund 484	Schedule 16 Agency 105 Fund 436	Schedule 18 Agency 179 Fund 422	Agency 147 Fund 453	Schedule 20 Agency 085 Fund 006	Schedule 22 Agency 095 Fund 483	Agency 076 Fund 422	Agency 405 Fund 410	Agency 490 Fund 411	Agency 477 Fund 444
	Printing	Printing	Administrative Hearings	Labor Relations	Small Agency Services	OMWBE	Archives	Auditing Services	General Services Account	DOT Equipment	DNR Equipment	Fish & Wildlife Equipment Revolving Acct
Operating Revenues:												
AD Sales		17,720,843.92								11,690,789.37	1,250,214.80	
AX Less: Cost of Goods Sold		(14,067,167.24)								(11,345,463.75)	(784,183.15)	
Gross Profit	0.00	3,653,676.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	345,325.62	466,031.65	0.00
BD Charges for Services		4,160,593.46	18,682,751.36	1,826,330.15	2,663,595.31	903,258.34	3,659,456.00	5,197,778.44		771,484.66	6,284,518.51	
BN Insurance Premiums										307,023.23		
BY Miscellaneous Revenue		56,128.50	163,554.09		6,695.25	1,409.22	57,090.66	289.60		56,531,519.97	14,717,916.70	960,580.76
Total Operating Revenues	0.00	7,870,398.64	18,846,305.45	1,826,330.15	2,670,290.56	904,667.56	3,716,546.66	5,198,068.04	0.00	57,955,353.48	21,468,466.86	960,580.76
Operating Expenses:												
KA Salaries and Wages		1,986,020.66	11,481,957.56	1,493,637.92	4,076,876.61	1,335,491.83	999,864.91	2,933,313.71		9,871,728.45	3,715,671.50	150,867.00
KB Employee Benefits		811,524.55	3,684,676.52	412,187.57	1,514,703.06	434,942.52	355,842.03	944,360.41		5,153,817.33	1,430,907.26	58,373.17
KC Personal Services			56,108.88	122,194.99				370,004.93			3,793.31	
KE Goods and Services		5,526,783.95	3,636,825.40	498,216.13	(2,033,167.77)	700,653.88	2,339,101.22	639,289.98		22,761,448.65	12,774,474.24	686,756.78
KG Travel		8,071.62	196,926.65	20,074.46	593.87	35,461.42	17,438.31	35,828.28		93,023.20	421,236.59	537.97
KW Depreciation and Amortization		177,084.51	11,444.01		0.00	10,079.52	146,453.26	19,776.19		19,162,473.17	2,590,525.30	78,823.76
KZ Miscellaneous Expenses								791.24		43,412.14		
Total Operating Expenses	0.00	8,509,485.29	19,067,939.02	2,546,311.07	3,559,005.77	2,516,629.17	3,858,699.73	4,943,364.74	0.00	57,085,902.94	20,936,608.20	975,358.68
Operating Income (Loss)	0.00	(639,086.65)	(221,633.57)	(719,980.92)	(888,715.21)	(1,611,961.61)	(142,153.07)	254,703.30		869,450.54	531,858.66	(14,777.92)
Nonoperating Revenues (Expenses)												
NJ Other Revenues (expenses)		1,267.05					705.42	(10.23)		(411,952.05)	(720,485.14)	3,110.98
NK Earnings on Investments							138.69			38,493.02	62.90	
NP Interest Expense		(11,547.01)					(19,420.00)			(5.50)		(2,703.24)
NR Tax and License Revenue												
Total Nonoperating Revenues (Expenses)	0.00	(10,279.96)	0.00	0.00	0.00	0.00	(18,575.89)	(10.23)	0.00	(373,464.53)	(720,422.24)	407.74
Income (Loss) Before Contributions and Transfers	0.00	(649,366.61)	(221,633.57)	(719,980.92)	(888,715.21)	(1,611,961.61)	(160,728.96)	254,693.07		495,986.01	(188,563.58)	(14,370.18)
TA Contributions of Capital										713,348.35	507,823.33	
TI Operating Transfers In	(219.44)	1,318,712.21				2,039,000.00			2,948,000.00	1,221,000.00		
TO Operating Transfers Out		(1,760,266.61)										
Net Contributions and Transfers	(219.44)	(441,554.40)	0.00	0.00	0.00	2,039,000.00	0.00	0.00	2,948,000.00	1,934,348.35	507,823.33	0.00
Change in Net Assets	(219.44)	(1,090,921.01)	(221,633.57)	(719,980.92)	(888,715.21)	427,038.39	(160,728.96)	254,693.07	2,948,000.00	2,430,334.36	319,259.75	(14,370.18)
Net Assets (Deficit) - Beginning, as restated	219.44	(1,621,134.83)	95,034.87	2,694,903.46	1,037,747.18	52,288.27	4,891,773.07	1,204,221.26	0.00	181,751,915.74	21,936,436.83	365,411.50
Net Assets (Deficit) - Ending	0.00	(2,712,055.84)	(126,598.70)	1,974,922.54	149,031.97	479,326.66	4,731,044.11	1,458,914.33	2,948,000.00	184,182,250.10	22,255,696.58	351,041.32

Combining Statement of Revenues, Expenses, and Changes in Net Assets of Internal Service Funds - General Services
For Fiscal Year Ended June 30, 2014

	Agency 225 Fund 471	Fund 739	FGA	Grand Total
	WSP Airplane Account	COP/Other Financing Account - State	General Services Fund	
Operating Revenues:				
AD Sales				68,006,139.18
AX Less: Cost of Goods Sold				(63,395,814.55)
Gross Profit	0.00	0.00	0.00	4,610,324.63
BD Charges for Services	20,641.50			243,146,258.07
BN Insurance Premiums				306,933.79
BY Miscellaneous Revenue		216,748.42		124,282,841.57
Total Operating Revenues	20,641.50	216,748.42	0.00	372,346,358.06
Operating Expenses:				
KA Salaries and Wages	101,721.02			138,967,204.38
KB Employee Benefits	25,385.29		6,297,674.00	55,114,235.43
KC Personal Services		228,602.34		8,362,403.24
KE Goods and Services	232,731.89	61,308.89		135,984,354.48
KG Travel	11,550.11	10,519.34		2,309,729.28
KW Depreciation and Amortization				31,894,273.40
KZ Miscellaneous Expenses				759,138.43
Total Operating Expenses	371,388.31	300,430.57	6,297,674.00	373,391,338.64
Operating Income (Loss)	(350,746.81)	(83,682.15)	(6,297,674.00)	(1,044,980.58)
Nonoperating Revenues (Expenses)				
NJ Other Revenues (expenses)				(60,519.30)
NK Earnings on Investments		49,197.43	37,251.37	125,279.67
NP Interest Expense	(22,232.20)			(4,912,539.00)
NR Tax and License Revenue				21,290.02
Total Nonoperating Revenues (Expenses)	(22,232.20)	49,197.43	37,251.37	(4,826,488.61)
Income (Loss) Before Contributions and Transfers	(372,979.01)	(34,484.72)	(6,260,422.63)	(5,871,469.19)
TA Contributions of Capital				1,221,171.68
TI Operating Transfers In	590,904.00			11,959,805.16
TO Operating Transfers Out				(10,698,639.93)
Net Contributions and Transfers	590,904.00	0.00	0.00	2,482,336.91
Change in Net Assets	217,924.99	(34,484.72)	(6,260,422.63)	(3,389,132.28)
Net Assets (Deficit) - Beginning, as restated	(353,096.28)	6,150,514.57	(41,429,553.51)	256,644,970.42
Net Assets (Deficit) - Ending	(135,171.29)	6,116,029.85	(47,689,976.14)	253,255,838.14

**APPENDIX B: RECONCILIATION OF CAFR STATEMENT FOR
THE DATA PROCESSING INTERNAL SERVICE FUND**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds - Data Processing Revolving

For Fiscal Year Ended June 30, 2014

	Schedule 9 Fund 419	Schedule 9 Fund 419	Schedule 19 Fund 419	Schedule 23 Fund 419	Schedule 15 Fund 419	Schedule 24 Fund 419	Agency 076 Fund 421	Agency 105 Fund 421	Roll-up Fund FGB	
	OFM - OCIO	CTS	Technology Leasing	IT Services	Enterprise Systems	Miscellaneous Services	Other Programs	Other Programs	Data Processing Services	Grand Total
Operating Revenues:										
AD			616.93							616.93
AX										0.00
	0.00	0.00	616.93	0.00	0.00	0.00	0.00	0.00	0.00	616.93
BD	3,188,545.08	93,404,943.99	9,764,856.40	4,405,430.13	37,443,332.28	1,440,848.92		3,608,303.00		153,256,259.80
BY		25,383,668.71	0.61	31,441.85	595.62	81,902.00				25,497,608.79
Total Operating Revenues	3,188,545.08	118,788,612.70	9,765,473.94	4,436,871.98	37,443,927.90	1,522,750.92	0.00	3,608,303.00	0.00	178,754,485.52
Operating Expenses:										
KA	1,801,521.49	20,219,180.58	185,645.02	6,006,089.39	10,694,484.94	1,439,536.74		31,148.88		40,377,607.04
KB	475,342.83	5,999,249.53	63,578.94	1,825,583.78	3,221,647.41	387,836.74		7,836.55	1,350,995.00	13,332,070.78
KC	303,114.46	155,140.92	0.00	101,046.92	628,391.30	1,619,796.00				2,807,489.60
KE	868,997.00	73,008,610.03	163,127.09	(3,167,819.14)	19,133,150.52	3,979,343.31		8,358,438.08		102,343,846.89
KG	74,982.24	66,664.14	0.00	9,050.37	10,951.06	4,847.37				166,495.18
KW		21,456,439.29	8,829,783.66	294,948.52	4,068,935.64	0.00		1,594,434.10		36,244,541.21
KZ		3,773.27	9,500.00	0.00	30,000.00	0.00				43,273.27
Total Operating Expenses	3,523,958.02	120,909,057.76	9,251,634.71	5,068,899.84	37,787,560.87	7,431,360.16	0.00	9,991,857.61	1,350,995.00	195,315,323.97
Operating Income (Loss)	(335,412.94)	(2,120,445.06)	513,839.23	(632,027.86)	(343,632.97)	(5,908,609.24)	0.00	(6,383,554.61)	(1,350,995.00)	(16,560,838.45)
Nonoperating Revenues (Expenses)										
NJ	(17,456.39)	(60,880.29)	(204,262.24)	(13,587.05)				2,563,163.42		2,266,977.45
NK										0.00
NP		(15,541,747.12)	(51,743.43)		(515,925.00)					(16,109,415.55)
Total Nonoperating Revenues (Expenses)	(17,456.39)	(15,602,627.41)	(256,005.67)	(13,587.05)	(515,925.00)	0.00	0.00	2,563,163.42	0.00	(13,842,438.10)
Income (Loss) Before Contributions and Transfers	(352,869.33)	(17,723,072.47)	257,833.56	(645,614.91)	(859,557.97)	(5,908,609.24)	0.00	(3,820,391.19)	(1,350,995.00)	(30,403,276.55)
TA										
TI			1,138,342.76		251,000.00	5,812,297.47		8,000,000.00		15,201,640.23
TO			(15,050.42)	(171,171.91)		(6,061,679.13)				(6,247,901.46)
Net Contributions and Transfers	0.00	0.00	1,123,292.34	(171,171.91)	251,000.00	(249,381.66)	0.00	8,000,000.00	0.00	8,953,738.77
Change in Net Assets	(352,869.33)	(17,723,072.47)	1,381,125.90	(816,786.82)	(608,557.97)	(6,157,990.90)	0.00	4,179,608.81	(1,350,995.00)	(21,449,537.78)
Net Assets (Deficit) - Beginning, as restated	1,473,248.60	11,925,240.31	(186,881.83)	(6,091,886.07)	28,008,613.36	(4,818,001.88)	0.00	2,919,075.27	(10,121,636.00)	23,107,771.76
Net Assets (Deficit) - Ending	1,120,379.27	(5,797,832.16)	1,194,244.07	(6,908,672.89)	27,400,055.39	(10,975,992.78)	0.00	7,098,684.08	(11,472,631.00)	1,658,233.98

THE END
