



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

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December 17, 2008

The Honorable Christine Gregoire, Governor
Honorable Members of the Legislature
Citizens of the State
State of Washington
Olympia, Washington 98504

In accordance with Revised Code of Washington 43.88.027, the Office of Financial Management has prepared this Comprehensive Annual Financial Report (CAFR) of the State of Washington for the fiscal year that ended June 30, 2008. Full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose, rests with the state. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State Auditor has issued an unqualified (“clean”) opinion on the Washington State financial statements for the year ended June 30, 2008. The independent auditor’s report is located at the front of the financial section of this report.

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

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

Profile of Washington State

Washington State was created in 1889 by an enabling act of Congress. The State is located on the Pacific Coast, in the northwestern corner of the continental United States, and comprises 68,139 square miles. Its current population is 6.6 million. Washington is famous for its breathtakingly beautiful scenery and sharp contrasts. On the west side of the state, high mountains rise above coastal waters. The forests of the Olympic Peninsula are among the world’s rainiest places. The State’s coastline has hundreds of bays and inlets that make excellent harbor, while in the eastern part, flat semi-desert land stretches for long distances without a single tree.

Washington's location makes it a gateway for land, sea, and air travel to Alaska and Pacific Rim countries. Ships from all parts of the world dock at Washington ports. Costco Wholesale Corporation, headquartered in Issaquah, operates an international chain of membership warehouses. Microsoft, a leader in the computer software industry, makes its home in Redmond. The Weyerhaeuser Company, a major producer of wood and related products, is headquartered in Federal Way.

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

GOVERNMENTAL STRUCTURE

As established in the State Constitution, Washington State consists of three branches of government: the Executive Branch, Legislative Branch, and Judicial Branch. The Executive Branch has nine elected officials: the Governor, Lieutenant Governor, Secretary of State, State Treasurer, State Auditor, Attorney General, Superintendent of Public Instruction, Insurance Commissioner, and Commissioner of Public Lands. Forty agency heads are appointed by, and report to, the Governor. Eighty-nine agency heads report to a board appointed, in whole or in part, by the Governor. The Legislative Branch consists of two legislative bodies: the Senate (with forty-nine members) and the House of Representatives (with ninety-eight members). The Judicial Branch consists of the State Supreme Court, the highest court in the state, which has nine Justices. Every two years, three Justices are elected for six-year terms. A Chief Justice is chosen from among the most senior Justices.

TYPES OF SERVICES PROVIDED AND REPORTING ENTITY

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

The accompanying report includes all funds and subsidiary accounts of the primary government, the State of Washington as legally defined, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The determination of "financial accountability" is based on criteria established in Governmental Accounting Standards Board Statement No. 14. Note 1.A to the financial statements explains more fully which organizations are included in the reporting entity.

THE BUDGET CYCLE

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

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

Washington State's Economy and Revenue Outlook

SUMMARY

Since the beginning of the nation's economic recovery and expansion that began in 2001, Washington State has gained almost 307,000 jobs, or about 11.6 percent growth. The state job recovery started slowly; picking up speed in Fiscal Year 2006 and maintaining that speed through Fiscal Year 2007. It began to moderate in Fiscal Year 2008. A dramatic turnaround in the aerospace industry, persistent growth in the state's housing markets due to continued in-migration, and an increase in disposable household income from home mortgage refinancing have aided the state's expansion.

The relative strength of the state's recovery and expansion reflects the growing diversity within the state's economy, elements of which include a vital export base, the presence of knowledge-based industries such as business, professional, health, and financial services, and a high quality of life. All of these elements continue to support strong population growth.

Washington State's nonfarm payroll employment grew by a restrained 2.1 percent in Fiscal Year 2008, further moderating from the 3.0 percent pace set in Fiscal Year 2006 and the 2.7 percent pace in Fiscal Year 2007. The aerospace industry maintained its hiring pace, started in Fiscal Year 2006, through Fiscal Year 2008; the sector added 6,400 workers, an increase of 8.3 percent, thanks to continued strong aircraft sales and a lengthening backlog of orders. Total manufacturing employment grew by 1.9 percent, the fourth straight year of positive growth during this recovery and expansion period.

Washington's unemployment rate began to soften at the end of Fiscal Year 2008, reflecting the slowing of the national economy brought about by a weakening housing market and accelerating energy costs. The annual unemployment rate held steady at 4.7 percent, highlighting a twenty-month period in which the State's jobless rate fell below the national average.

Personal income grew at a rate of 6.8 percent in Fiscal Year 2008, attributable to gains in both wage and non-wage income. Real personal income – after factoring out inflation – still grew at 3.5 percent, well above the 1.8 percent increase in 2006, but below the 5.5 percent increase in 2007.

Washington's outlook for Fiscal Year 2009 is for much slower economic growth as the impacts of the financial crisis and recessionary national and international economies hit home. Nonfarm payroll employment in Washington is forecasted to decrease in Fiscal Year 2009 by 0.4 percent, the first annual decline in employment since Fiscal Year 2003. Personal income is also predicted to grow by 2.9 percent in current terms, and by 1.0 percent in real terms, in Fiscal Year 2009.

General Fund-State revenues are forecasted to grow at a 5.0 percent rate in the 2009-11 Biennium, compared to the 3.1 percent increase in the 2007-09 Biennium, and the 18.7 percent pace in the 2005-07 Biennium. A portion of the slow growth in the 2007-09 Biennium is due to economic changes in the tax system that were scheduled to take full effect in the 2007-09 Biennium, including aerospace industry tax credits. The slowing economy and slumping housing markets have also had a negative effect on revenue growth. Particularly hard hit have been retail sales and real estate excise taxes. In addition, the 2007 Legislature passed a resolution to send to a vote of the people a constitutional amendment that requires 1 percent of "general state revenue" be deposited in a budget stabilization account that would permit access only when economic conditions permit. The constitutional amendment was approved by voters in the November 2007 general election. About \$436.6 million will be available in the budget stabilization account by the end of the 2007-09 Biennium. Because of the slowing economy, and a \$413.4 million shortfall in the projected general fund ending balance, total reserves are estimated to be \$23.2 million by the end of the 2007-09 Biennium. These projected reserves assume no further changes in appropriations for the 2007-09 Biennium.

ECONOMIC CONDITION IN FISCAL YEAR 2008

Washington's nonfarm payroll employment grew by 2.1 percent in Fiscal Year 2008, significantly faster than the 0.7 percent increase in U.S. nonfarm payroll employment. The absolute increase in Washington's nonfarm payroll employment was 61,700 during Fiscal Year 2008. Personal income in Washington also grew at a faster rate than U.S. personal income: 6.8 percent in Washington compared to 5.3 percent for the U.S. Because Washington's labor market has been adding jobs at a quicker pace than the national average, it holds that the wage income component of personal income would also outpace the national average in 2008. Real per capita income growth was up in Washington by 1.9 percent over the same period, compared to 1.1 percent for the nation as a whole. Again, stronger job growth had a positive impact on Washington's personal income and per capita personal income growth.

Aerospace employment provided the brightest spot in Washington's manufacturing sector in Fiscal Year 2008. After reaching a cyclical low point in 2004, aerospace employment made a modest comeback in Fiscal Year 2005, increasing by 1,300 jobs; growth accelerated in Fiscal Year 2006 with an addition of 5,600 jobs (an 8.8 percent increase); in Fiscal Year 2007, the aerospace industry added 7,300 jobs, more jobs than in the previous two years combined, for a growth rate of 11.1 percent; and in Fiscal Year 2008, the aerospace sector added another 6,400 jobs, a growth rate of 8.3 percent. While this increase in aerospace jobs is not as steep as in years past, this is because of the industry's new "global network" production model that shares design and production processes with overseas partners.

Manufacturing employment, other than aerospace, was considerably less vibrant, actually declining by 0.8 percent. Durable manufacturing industries experienced pullbacks in employment as the weakening national economy and housing markets began to hit full force in Fiscal Year 2008. Nondurable manufacturing employment fell in Fiscal Year 2008 as demand for processed food and paper products began to decline.

Employment in durable manufacturing, other than aerospace, fell by 0.4 percent in Fiscal Year 2008 (a decline of 400 jobs), while employment in durable manufacturing declined by 2.3 percent nationally. Employment patterns in durable manufacturing industries were mixed in Washington during Fiscal Year 2008; employment in lumber and wood products, other transportation equipment, and other durable goods were down, while primary metal, fabricated metal, computers, and machinery were up. Washington's lumber industry is dependent upon local and national home building trends. The housing market in Washington had begun to soften in Fiscal Year 2008 and the national markets had been weak since the end of Fiscal Year 2007, resulting in a fall-off in wood products demand and employment. Employment in other transportation equipment (other than aerospace) fell by 4.5 percent as demand for heavy trucks was impacted by soaring fuel costs. Employment in primary and fabricated metal products rose by 4.2 percent in Fiscal Year 2008, the fastest manufacturing job increase next to aerospace, and reliant on the aerospace sector as a major customer. Machinery manufacturing employment grew 1.8 percent in 2008. Computers and electronic products were up 1.2 percent (an increase of 300 jobs), while employment in other durable manufacturing was down by 0.4 percent.

Non-durable manufacturing employment in Washington decreased by 0.5 percent in Fiscal Year 2008, a loss of about 300 jobs; nationally, non-durable manufacturing employment declined by 1.9 percent over the same period. In Washington, employment in food manufacturing rose 0.9 percent in Fiscal Year 2008 on the strength of national and export markets. Printing and paper products employment dropped 6.5 percent in Fiscal Year 2008 on slumping national demand. Other non-durable manufacturing jobs were essentially flat in Fiscal Year 2008.

Washington's non-manufacturing employment grew by 2.2 percent during Fiscal Year 2008. The construction industry posted a 1.9 percent gain in employment as the housing market weakened in the last half of the year. Employment in the information sector rose by 3.1 percent primarily on the continued strength of software publishing, which increased 5.5 percent.

Wholesale trade employment rose by 1.8 percent, while retail trade employment grew by 1.6 percent. Job gains in professional and business services remained strong, posting 3.3 percent growth for Fiscal Year 2008, though the employment services component within the sector softened in the last half of the year. Education and health services reported solid job growth with an increase of 3.8 percent during Fiscal Year 2008. Leisure and hospitality services recorded a healthy 2.8 percent gain as food and beverage establishments continued to attract a growing customer base. Employment also grew in the public sector as state and local government jobs increased by 1.9 percent.

Several non-manufacturing industries recorded job losses. Employment in the financial activities industry declined by 1.1 percent as credit problems from across the nation were felt at locally-headquartered firms. Employment in the natural resources industry fell at a rate of 6.5 percent in Fiscal Year 2008 as certain mining operations were impacted by recent legal limitations.

ECONOMIC OUTLOOK

The forecast for Washington State for Fiscal Year 2009 reflects the closing stages of the economic expansion at both the state and national levels. According to the November 19, 2008, forecast by the state Economic and Revenue Forecast Council, growth in Washington's nonfarm payroll employment is predicted to decrease by 0.4 percent in Fiscal Year 2009. While the reversal is not as severe as the 1.0 percent decline projected for the nation, the State's nonfarm employment has not posted an annual decline since Fiscal Year 2003. Washington's personal income is expected to grow by 2.9 percent in Fiscal Year 2009, while U.S. personal income growth is predicted to be 3.1 percent for the same period.

Manufacturing employment in Washington is projected to decline in Fiscal Year 2009. While the aerospace industry is expected to add another 900 workers in Fiscal Year 2008, for a growth rate of 1.1 percent, that growth will not necessarily carry through to other sectors. Those durable manufacturing sectors that have traditionally provided inputs to the aerospace industry would normally be expected to show similar increases in employment in Fiscal Year 2009. But that is not the case under the current global production model where many of the support industries are found outside of Washington State. As a result, primary and fabricated metal manufacturers are expected to decline 0.9 percent. Computers, machinery, and electrical equipment manufacturers should post job gains, but only in the 0.2 percent range. The wood products industry is expected to lose about 2,100 jobs in Fiscal Year 2009 as the nation's home-building market remains lethargic and as companies restructure for tax purposes. Other transportation equipment manufacturers are likely to cut payrolls as demand for trucks and boats soften because of credit issues. Clay, glass, sand, and cement producers will be a holdup in other durable goods manufacturers, because of weakness in commercial construction.

All sectors of non-durable manufacturing are expected to lose employment in Fiscal Year 2009. Employment in food manufacturing is forecasted to decline by 3.9 percent, and employment in other nondurable manufacturing will fall by 4.2 percent. Employment in paper and paper products manufacturing is expected to fall by 9.0 percent in Fiscal Year 2009, a continuation of the payroll losses in 2007 and 2008.

In the non-manufacturing sectors, the strongest employment growth in Fiscal Year 2009 is predicted to occur in software publishing (7.9 percent) and education and health services (3.4 percent). Modest employment gains will also occur in federal government (1.0 percent), state and local government (0.8 percent), and leisure and hospitality services (0.2 percent). The remaining non-manufacturing sectors are expected to experience job losses. Construction will be particularly hard hit as commercial building projects begin to slow as office vacancies build and as the residential market remains sluggish. Employment in professional and business services will slow (-0.5 percent) because of slack demand for temporary help services and administrative support services. Slowing international economies will cut into the volume of exports and, thus, demand for transportation and warehousing, and wholesale trade jobs, which should drop by 1.0 percent and 1.4 percent, respectively, in Fiscal Year 2009.

The efforts of households to pare down high levels of debt will impact the retail trade sector and employment is expected to decline 0.9 percent in Fiscal Year 2009. Employment losses are expected to continue in the financial services sector as the industry and federal government work to resolve the financial and credit crises. State and local government employment is expected to grow at a below average 0.8 percent in Fiscal Year 2009 in response to the weak revenues from the slowing economy.

Major Initiatives

Led by Governor Chris Gregoire, the State of Washington witnessed a strong economy that began to transition, then significantly falter, in 2008, due to the economic crisis plaguing the nation and the world. Nonetheless, in the first quarter of the year, the Governor and Legislature were able to make critical investments in education, health care, and the environment. Strategic policy and budget steps were taken to improve public schools and the state's higher education system, strengthen the economy for the long-term, expand health coverage to children, and improve the environmental health of Puget Sound. Governor Gregoire and the Legislature also took actions to enhance public safety, help seniors and people with disabilities, and improve services for foster children and developmentally disabled individuals.

Throughout the year, Governor Gregoire maintained her strong commitment to make state government more accountable to citizens and to make state government agencies more mobile, flexible, and better able to deliver services that citizens need. She convened regular accountability forums, bringing together multiple agencies to improve performance, efforts that have yielded positive results.

EDUCATION

During the 2008 Legislative Session, Governor Gregoire and the Legislature made new investments in all levels of the education system, from early learning through K-12, and continuing through college, job training, and beyond. These investments grew out of the Governor's Washington Learns initiative, which is dedicated to building a world-class, learner-focused, and seamless education system.

Early Learning: In 2006, the Legislature granted Governor Gregoire's request for a cabinet-level Department of Early Learning to better ensure that pre-kindergarten children have access to learning programs in venues including day care. The agency is now operating and supporting several key initiatives enacted during the 2008 Legislative Session. Preeminent among these initiatives is the expansion of all-day kindergarten in school districts with the highest level of poverty, as measured by the number of families receiving free or reduced-price lunches.

Public Schools: The two-year budget enacted in 2007 and adjusted in 2008 was designed to fundamentally change educational expectations, delivery, and results with a substantial investment at all levels, from early learning through K-12 to higher education and job training. The biennial budget of \$2.5 billion included an education funding increase of nearly \$900 per student in kindergarten through 12th grade. Major investments made in 2008 included streamlining assistance for students struggling with state standards and the Washington Assessment of Student Learning (WASL), developing high school programs that combine English language learning and workforce skills, and enhancing the teacher preparation program to better ensure classroom learning. Also important to teachers were the Governor's initiatives to improve pay for outstanding educators.

Higher Education: The Governor and Legislature provided significant funding and policy actions to open college doors to more high school graduates. In particular, the 2007-09 budget created nearly 10,000 new slots for incoming students, offered more scholarship opportunities, expanded eligibility for grant programs, and capped tuition increases at the college level. The budget also made further investments in research programs at state universities with the goal of boosting innovation in fields in which the state has already made critical progress.

Other higher education improvements made in 2008 were requiring student safety plans at all higher education campuses, increasing career ladder opportunities in health care fields, expanding research capacity at the University of Washington, and boosting scholarships for new doctors and health care workers.

HEALTH CARE

Governor Gregoire has set a goal of providing access to health insurance to all Washington children by 2010. In 2008, she continued her steady progress toward that goal by increasing access to health insurance for an additional 80,000 Washington children.

The Governor continued her campaign to improve health care by strengthening Washington State's work to provide affordable health insurance premiums to small businesses. With respect to individual health insurance premiums, the Governor and Legislature directed that greater oversight be established. In a huge step for consumers, Governor Gregoire supported legislation to improve patient safety by strengthening the licensing and disciplinary standards for all health care providers, give the public access to hospital reports of medical errors, and provide real-time information to reduce medication errors.

The Governor and Legislature helped to improve the quality of counseling services. In addition, they supported family planning services and medical homes to provide one place that coordinates patient care. More nurses will be trained, thanks to funding approved by the Governor.

ECONOMIC DEVELOPMENT AND HOUSING

In 2007, the Governor and state leaders introduced an economic development strategy for Washington State known as The Next Washington. This ten-year business plan calls for growing the economy by investing in the skills employees need to succeed in today's job market, building a foundation for success by investing in infrastructure across the state, and developing an "Open for Business" approach to government to make Washington an affordable and efficient place to do business. This strategy calls for making a series of targeted investments in alternative energy, tourism, the state's ports, and areas where the state can lead the world, including in fields such as global health.

In 2008, the Governor continued to deliver on the promise of The Next Washington by funding infrastructure needed for new jobs. She also promoted green jobs that benefit the economy and the environment. Washington communities across the state are benefiting from financing tools that help them leverage local resources. The state's economy will see dividends from incentives for company recruitment and expansion.

When repercussions of the subprime mortgage market meltdown threatened, Governor Gregoire was ready with several proposals to help keep Washington families in their homes. She proposed measures to strengthen mortgage lending laws and to provide homeowner mortgage education and counseling. More affordable housing will be made available, thanks to actions taken by the Legislature and the Governor. Assistance was also made available to residents of manufactured home parks facing eviction, and to renters displaced by condominium conversions.

ENVIRONMENT

Governor Gregoire and the Legislature continued their strong commitment to protecting the state's natural environment in 2008. One of the key results of the 2007 Legislative Session was to create a new state agency solely responsible for the cleanup of Puget Sound. The new Puget Sound Partnership works collaboratively with government at all levels, with tribes, with businesses, and with citizen groups in its charge to lead and coordinate efforts to protect and restore Puget Sound by 2020.

The Governor and the Legislature took action on climate change by setting greenhouse gas emission limits, by requiring reporting on emissions, and by establishing a green jobs program. In collaboration with the Confederated Tribes of the Colville Reservation and the Spokane Tribe, an agreement was reached to provide an additional 132,500 acre-feet of Columbia River water to benefit municipal and industrial users, agriculture, and stream flows for fish.

HUMAN SERVICES

Governor Gregoire led many initiatives to improve human services programs. In particular, important steps were taken to strengthen the state's services for children and individuals with developmental disabilities. The budget provides funding for improving and expanding oversight of the child welfare system and for better services for children in foster care. Those with developmental disabilities will have their most pressing needs better met. Our seniors will benefit from funding that allows them to be cared for at home. Funding was also directed to improve the quality of the long-term care workforce.

PUBLIC SAFETY & DISASTER RESPONSE

Governor Gregoire and the Legislature made tremendous progress on improving public safety and reducing crime. This year, budget and policy changes took a particular emphasis on protection against sex offenders. Verification is now required of the addresses of all sex offenders through in-person checks by law enforcement officers. Funding approved in 2008 will ensure that the DNA of all registered sex offenders is in the state crime lab database. A major public safety tool will be continued: Operation Crackdown, which arrests sex offenders on warrant status. Expansion of electronic monitoring of sex offenders, another of the Governor's public safety initiatives, was also funded in 2008.

In addition, Governor Gregoire and the Legislature acted upon other key measures, including those expanding community policing partnerships between the Department of Corrections and local law enforcement agencies, ones to suppress criminal street gangs, and to increase penalties against offenders eluding a police vehicle.

When unprecedented flooding hit Southwest Washington, Governor Gregoire took immediate and decisive action to aid victims and restore businesses. Funding helped victims and communities recover from the massive storm. To protect against future occurrences, flood protection was also provided in the Chehalis River basin.

TRANSPORTATION

In the area of transportation, Washington State continued to move forward on key infrastructure projects providing funding for critical safety, freight and mobility transportation projects. Chief among these projects are replacement of the State Route 520 Floating Bridge, work on U.S. 2 between Goldbar and Monroe, the Alaskan Way Viaduct, Interstate 5/State Route 16 Tacoma area HOV, the Columbia River crossing, State Route 519 intermodal access, State Route 167 HOT lane pilot, Interstate 405 corridor, and a number of other vitally important projects to keep Washington moving forward.

GOVERNMENT EFFICIENCY

In 2008, Governor Gregoire continued her aggressive effort, begun three years ago, to improve the performance of Washington state government. She undertook this initiative through a process called Government Management Accountability and Performance (GMAP). Modeled on similar endeavors used successfully in New York City and Baltimore, the process includes forums in which the Governor and key staff work directly with individual cabinet members to identify problems, establish goals, and measure results using hard data.

The process has yielded measurable improvements, including cutting in half the processing time for agriculture permits and water quality loans, reducing by sixty percent the wait time for callers to two major state telephone hotlines, and eliminating a waiting list of vocational rehabilitation services that was once 14,700 people long while steadily improving the rate of success for putting people back to work. In the area of transportation, GMAP results have highlighted a return-on-investment that illustrates that eighty-five percent of highway projects are built within budget and ninety-one percent are completed on time.

The Governor and Legislature also continued to use strategic budgeting principles first used successfully in 2003. This approach, known as Priorities of Government, involves making strategic spending decisions based on what citizens need most in an environment of limited resources. Priorities of Government is a valuable tool to the Governor in making budget decisions that benefit the people of Washington.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washington State for its CAFR for the fiscal year that ended June 30, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each state agency and institution of higher education and the Office of Financial Management. This CAFR reflects the commitment of the Governor to the Legislature, the citizens of Washington State, and the financial community to maintain financial statements in conformance with the highest standards of financial accountability.

Sincerely,



Victor A. Moore
Director

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