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Annual Report

Division of Central Services

Fiscal Year 1980-1981

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Annual Report

Division of Central Services

Fiscal Year 1980-1981

Prepared in compliance with Colorado Revised Statute 24-30-1109

Distributed to:

Governor Richard D. Lamm
Lieutenant Governor Nancy Dick

Senator Fred E. Anderson
President of the Senate

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December 1, 1981

Profile

Profile

The Division of Central Services is a statutory division of the Department of Administration. It was created on June 20, 1977 when Senate Bill 285 was signed into law by Governor Richard D. Lamm. Prior to that date, the division operated with authority provided by Governor Lamm in an executive order dated February 17, 1976. The division's mission is to provide support services to executive branch agencies located in Adams, Arapahoe, Jefferson and Denver Counties. Services currently provided include, but are not limited to: printing, mail, microfilm, word processing and graphic design services, a motor pool, office copier program, and a central office supply and forms storeroom. Central Services is a revolving fund agency; it receives no appropriated, general funds. All services are sold to client agencies at competitive prices. Enabling legislation is contained in C.R.S. 24-30-1101 et. seq.

Director's Message

Director's Message

Fiscal year 1980-1981 was a time of both progress and profitability for Central Services thanks, in large part, to a core group of dedicated, industrious and productive employees. This period saw both the expansion of existing programs and the creation of new programs, the major objective of which was to continue to deliver high quality, essential services to the more than 17,000 state employees in our four-county service area, and do so at reasonable costs with modest profits.

FINANCIAL HIGHLIGHTS. For the fourth consecutive year, the division has made a small profit. The profit for Fiscal Year 1980-1981 was \$36,841 or 0.7% of gross revenues of \$5,299,272.

Gross revenues were up 18.5% over Fiscal Year 1979-1980. Part of this increase in revenues is due to a large increase in usage of the Interagency Motor Pool, Design Center and Word Processing units.

Cash flow, a continuing problem for the division, is partially alleviated by an agreement with the State Controller and Treasurer whereby the division has an established line of credit. Interest is paid on all borrowed funds at the current annual rate of 13%.

The division was instrumental in saving the state \$112,647 through the evaluation of agency equipment requests, a copier rental bid, and by presorting first class mail. Please review the chart on page 7 for further discussion.

NEW AND/OR EXPANDED ACTIVITIES. The division has seen a dramatic increase in demand for word processing services. As a result, additional word processing equipment and FTE have been acquired. We now have three Xerox 860 machines and three operators.

We also initiated a quality assurance program. Chief goals are to install a quality control system for the division, promote our services, and solve customer problems.

One brand new activity was started -- a photo I.D. program. The purpose is to assist agencies in achieving their security and identification objectives.

Several new publications were produced, but the main ones were the State of Colorado Telephone Directory and

the Central Stores Catalog. The catalog, we feel, is especially good in that it contains new features such as increased numbers of product illustrations, cross references and improved product descriptions.

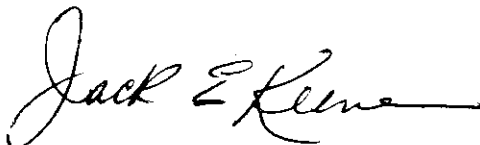
OPERATIONAL HIGHLIGHTS. Productivity levels were greatly increased in Central Stores, the Dispatch Unit, Quick Copy Centers, the Word Processing Unit, and Interagency Motor Pool. For more information please examine the data under the appropriate unit title in the Unit Operations section of this report. Productivity increases were due to equipment acquisitions, time and motion studies, improved physical plant layouts, improved methods, and an overall increase in supervisory awareness of productivity.

FUTURE CHALLENGES. The balance of the 80's will require tighter management controls in light of increasing limited budgets. The division will, therefore, concentrate on improvement of its activities through improved training of managers and employees. In addition, the division will consider new activities to reduce state costs. Such activities include forms management, a shuttle bus for state employees (ITS*), and inventory management.

LONG BILL FOOTNOTES. The Long Bill directed the division to provide price comparison data and indirect cost calculations. Therefore, included in the Appendix are price comparisons of services in the private sector and Central Services. Also in the Appendix, are indirect cost calculations and their proposed allocations to the various cost centers in the division.

STATUTORY REQUIREMENTS. This annual report is submitted in conformance to C.R.S. 24-30-1109 as amended.

CONCLUSION. Fiscal Year 1980-1981 was an excellent year. On behalf of management I wish to thank the 100 employees of the Division of Central Services whose dedication and hard work have made us successful.



Jack E. Keene
Director

*Interdepartmental Transit Service

Division Operations

Operations

The profit and loss statement, page 11, shows declining division profits from a high of 4.1% in Fiscal Year 1978-1979, to 2.1% in Fiscal Year 1979-1980, to the present low of 0.7% of gross revenues of \$5,298,055. This decline is not indicative of any problems, but rather it indicates the success of our efforts to operate the division on a break even basis. Both income and expenses reached an all-time high of over \$5 million. Revenues were 16% greater than revenues for Fiscal Year 1979-1980. Expenses, however, were 17% greater than those of the previous fiscal year. Some unprofitable cost centers cost the division \$80,819, as opposed to \$74,670 in losses the previous fiscal year, thereby contributing to the present .7% profit level.

Revenue per FTE reached a high in Fiscal Year 1980-1981 of \$60,701. Growth in this performance ratio declined from the fiscal 1979-80 increase of \$5,582 to an increase of \$4,528 during the period of this report.

Fiscal Year	FTE	Revenue	Revenue per FTE
1978-1979	74.7	\$3,763,997	\$50,591
1979-1980	79.7	\$4,477,030	\$56,173
1980-1981	87.3	\$5,299,272	\$60,701

Depreciation expenses increased by \$37,214 over the figure reported last fiscal year due to equipment purchases. Depreciation is required in revolving funds such as the Division of Central Services so that equipment is not totally expensed in the year it is purchased.

Other Revenue

Other revenue reflects unearned income coming from sources such as employee's jury duty pay, sales of surplus vehicles and vendor's refunds which may have resulted from accounting adjustments. No revenues are reported in the "other revenues" category for the period of this report.

Division Operations

Short-term Debt

C.R.S. 24-75-203 creates the requirement for interest bearing loans to be made to cash poor government agencies funded by revolving fund structures. The division's short-term debt reflects borrowing made under the terms of this statute to cover cash balance losses which result from shortages in operating funds. Shortages usually are due to seasonal slowdowns in demand for division services and less than perfect cash management practices. These conditions, the increasing size of division operations and extremely high, prevailing, commercial interest rates have combined to cause an increase rather than a decline in short-term debt expense for the first time in three fiscal years. As mentioned in the Director's Message, page 3, efforts are being made to correct this situation. Short-term debt expenses are reflected in the Consolidated Profit and Loss Statement, page 11, under the line description "Operating Expense".

Interest Expense
(Decline)/Increase

Fiscal Year	Interest Expense	(Decline)/Increase From Prior Year
1978-1979	\$23,455	(\$14,754)
1979-1980	\$11,542	(\$11,913)
1980-1981	\$34,185	\$22,643

Correctional Industries

The total benefit of goods and services purchased from, and work diverted to the Division of Correctional Industries was \$26,334 during the fiscal year.

Building maintenance	\$4,508
Goods for Central Services' use	2,250
Inventory for resale	7,823
Printing diverted to CI	4,750
Vehicle repairs	7,003

Purchases of goods and services from correctional industries are not reflected in Central Services' savings or profit figures. Such purchases are an expense to the division and are reflected in the appropriate expense category of the division's Consolidated Profit and Loss Statement, page 11.

Division Operations

Savings

The division was instrumental in saving the state \$112,647 through the activities documented in the table below. Service Equipment Requests (SER) are administered pursuant to the authority contained in C.R.S. 24-30-1104(1)(h) which requires the director to approve or disapprove service equipment acquisitions by other state agencies. Seventy-six requests were processed throughout the fiscal year. Recurring annual savings resulting from the SER program amount to \$139,629.

"Division of Accounts and Control mail inserting" figures show equipment acquisition costs that were avoided through the intervention of the Mail Services Section. These figures are not recorded in SER savings. MSS is currently providing services which the agency sought to provide for itself through the acquisition of new mail inserting equipment.

"USPS mail presorting" is thoroughly discussed under the "HIGHLIGHTS" heading on page 19. "Office copier contract" savings are discussed on page 23 under "HIGHLIGHTS".

Cost Savings Table

Activity	Savings in Fiscal Year
Service Equipment Requests	\$ 73,547
Accounts and Control mail inserting	6,500
USPS mail presorting	21,600
Office copier contract	11,000
TOTAL	\$112,647

Central Services' management of the Department of Revenue's Incoming Revenue Mail Room has resulted in substantial additional interest earnings for the state. Although the division cannot claim sole credit for the improvements made, certainly some significant part of the results documented in the following quote is due to division efforts:

The conclusion reached in this study is that the implementation of recommendations made

Division Operations

in 1979 has resulted in an increase of \$1,269,210 in funds available for investment on a monthly basis. If the investment rate was 12%, this would result in a yearly earnings of \$152,365.

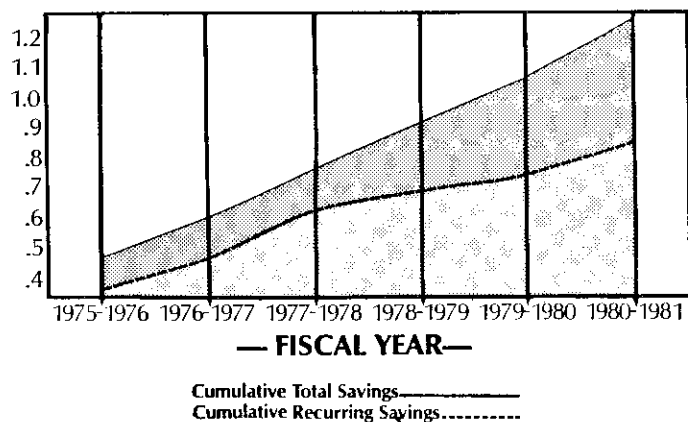
The above is taken from an exhibit attached to a memorandum dated March 11, 1981 and circulated by employees of the First of Denver, subject: State of Colorado Deposit Analysis. The Cost Savings Table does not include this savings estimate.

The chart on page 8 and the "Annual Savings" chart on page 9 were created pursuant to the requirements of C.R.S. 24-30-1109(1)(f). The Savings Summary chart is a current reflection of the total amount of money Central Services has saved the State of Colorado since this reporting requirement was established in 1977. Pre-1977 savings are depicted for the sake of comparison. As the chart shows, the total savings is now more than \$1.2 million. Slightly more than half of this amount is recurring savings. That is, the state will continue to benefit from these savings indefinitely without the necessity of further input, monitoring or maintenance.

Profit figures do not reflect savings. Savings result from activities and transactions independent of the manufacturing and service functions upon which division profits and losses are built.

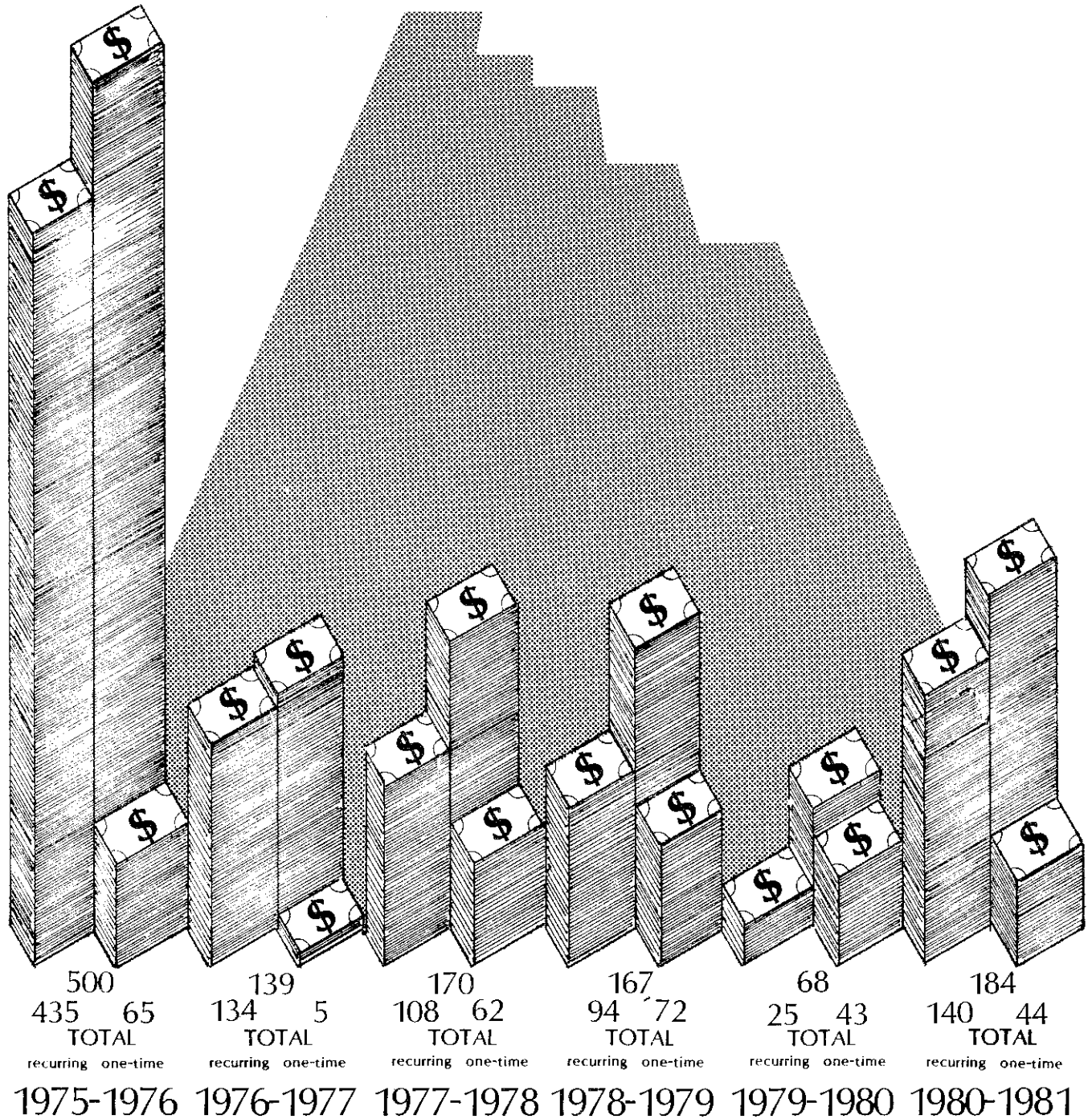
The Cost Savings Table on page 7 shows \$112,647 in total savings for Fiscal Year 1980-1981. The SER program accounted for \$73,547 of savings during that period and \$140,000 in recurring savings every year thereafter. An additional \$44,000 was saved through the remaining three programs described in the table. Total cost savings: \$184,000.

Savings Summary



Division Operations

Annual Savings
DOLLARS IN THOUSANDS



Division Operations

Summary of Significant Accounting Policies

The accounting policies of the Department of Administration, Division of Central Services, conform to generally accepted accounting principles as applicable to governmental units.

In order to insure observance of limitations and restrictions placed on the use of resources, accounts are maintained in accordance with the principles of "fund accounting". Resources intended for various purposes are classified for accounting and reporting purposes into funds that operate in accordance with activities or objectives specified. The accrual basis of accounting is followed.

Central Services receives appropriations from the General Assembly. Cash funds are appropriated as "augmenting revenues". Unexpended appropriations at year-end are recorded as unearned revenue.

This fund is a statutory revolving fund which operates within the confines of the revenue it generates. The fund provides state agencies with a centralized source of support services. Using agencies are charged for the cost of goods, services and supplies.

General fixed assets are recorded as assets at the time of acquisition. Depreciation has been computed and recorded as current expense and appears under the heading "Capital Outlay" in the appropriation.

Financial Statements

Consolidated Profit and Loss Statement

	FISCAL YEAR		
	1980-1981	1979-1980	1978-1979
Revenue	\$5,299,272	\$4,473,191	\$3,762,453
Other Revenue	<u> --</u>	<u> 3,839</u>	<u> 1,544</u>
TOTAL REVENUE	\$5,299,272	\$4,477,030	\$3,763,997
Expenses:			
Personal Services	\$1,505,558	\$1,246,854	\$ 925,385
Cost of Goods Sold	2,553,078	2,172,849	1,899,235
Operating Expense	1,090,823	887,175	730,599
Depreciation Expense (Capital Outlay)	110,523	73,309	53,922
Travel Expense	<u> 1,291</u>	<u> 3,041</u>	<u> 807</u>
TOTAL EXPENSES	\$5,261,273	\$4,383,228	\$3,609,948
SURPLUS (DEFICIT)	\$ 37,999	\$ 93,802	\$ 154,049
SURPLUS AS A % OF REVENUE	.7%	2.1%	4.1%

Changes in Fund Balance

Fund Balance, July 1, 1980	\$721,126
Profit on Operations for Year Ended June 30, 1981	<u>\$ 37,999</u>
<u>Fund Balance, June 30, 1981</u>	<u>\$759,125</u>

Financial Statements

Balance Sheet

ASSETS		LIABILITIES	
Petty Cash	\$ 320	Cash due Department of Treasury (Note 4)	\$ 537,586
Accounts Receivable	335,104	Accounts Payable	493,541
Inventory	\$627,577	Accrued Payroll	14,455
- Postage	15,542		
- United Parcel Service	761		
- Gasohol	9,937		
Total Inventory (Note 1)	\$ 653,817	Total Liabilities	\$1,045,582
Prepaid Expenses	4,371		
Equipment (Note 2)	988,234		
Less Accumulated Depreciation	208,241		
Depreciated Equipment Value	\$ 779,993		
Leasehold Improvements (Note 3)	31,102	FUND BALANCE	
TOTAL ASSETS	\$1,804,707	Fund Balance	\$ 759,125
		TOTAL LIABILITIES AND FUND BALANCE	\$1,804,707

Note 1. Postage inventory is valued at acquisition cost. Materials inventories are prices on the basis of state purchase contracts, state purchase price agreements or current market value.

Note 2. Equipment inventory has not been verified.

Note 3. Renovations accomplished at 1685 Pennsylvania in Fiscal Year 1979-1980.

Note 4. Cash overdraft is a liability of this fund. During the fiscal year ended June 30, 1981 interest calculated by the Division of Accounts and Control was paid to the Department of Treasury.

Augmenting Revenue Major Equipment Inventory

	Long Bill 1980-1981	Supplemental Appropriation	Increase Authorized by Attorney General's Opinion*	Total Available Appropriation	Expenditures	Unused Appropriation
Personal Services	\$1,182,861	49,336	\$279,000	\$1,511,197	\$1,505,558	\$(5,639)
Operating Expenses	3,153,220	219,986	371,000	3,744,206	3,643,901	(100,305)
Travel	807		484	1,291	1,291	- 0 -
Depreciation Expense (Capital Outlay)	103,611		7,000	110,611	110,523	(88)
Total	\$4,440,499	\$269,322	\$657,484	\$5,367,305	\$5,261,273	\$(106,032.00)

*Letter, J. D. MacFarlane, May 23, 1980, RE: State agencies purchasing services from other state agencies -- augmenting cash funds; AG Alpha No. PL BU AGABN, AG File No. DLS/AGABN/IDS.

Unit Operations

Revenue and Expense Performance

Each of the division's cost centers has its own accounting structure void of overlap with the accounting structure of any other cost center. All work is charged to customers at the prevailing rate. All purchases of goods and services between cost centers are made at undiscounted rates. Full costs including costs of all materials, labor and overhead are charged for all services.

Cost Center Profit and Loss Summary

Cost Center	Revenue	Expenses	Surplus (Deficit)
Central Stores	\$1,257,048	\$1,283,052	\$(26,004)
Design Center (through Feb., 1981)	32,950	30,008	2,942
Graphics Unit	81,552	86,744	(5,192)
Interagency Motor Pool	225,966	209,416	16,550
Mail Services Section	1,888,725	1,920,912	(32,187)
Main Print Shop	788,842	724,417	64,425
Microfilm Unit	91,166	96,072	(4,906)
Office Copier Program	617,290	602,038	15,252
Quick Copy Centers	268,421	251,179	17,242
Word Processing Unit	43,509	56,039	(12,530)
ID Card Program	<u>3,803</u>	<u>1,396</u>	<u>2,407</u>
TOTAL	\$5,299,272	\$5,261,273	\$ 37,999

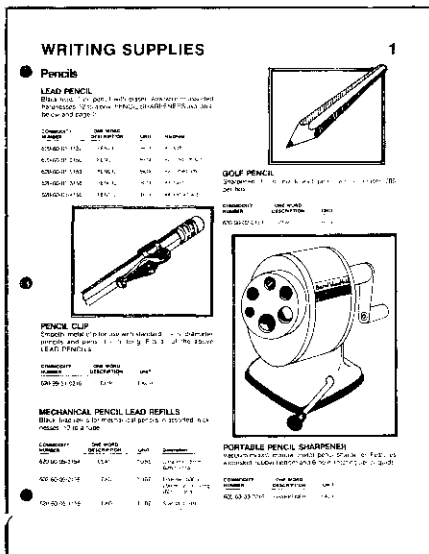
Unit Operations

Central Stores



MISSION. Central Stores sells office supplies and forms to all state agencies. Stores has been part of Central Services since the division was administratively created in 1976.

HIGHLIGHTS. Inventory management became the focus of division efforts to improve Stores management. A system of management based on carrying costs, ordering costs, annual demand and time required for inventory replacement was adopted. The Economic Order Quantity (EOQ) was utilized for all commodities sold by Central Stores. Large inventories were imposed on those commodities unique to state government which must be custom made for government consumption and which are, therefore, not available in the marketplace. An example of a unique commodity is warrants used for unemployment compensation.



A panel of employees was formed to evaluate all commodities to determine which ones did not generate enough business to be retained in Central Stores' inventory. Canary colored typewriter correction fluid, flashlight batteries and green, ball point pen refills are examples of commodities the panel recommended dropping from Stores' inventory. Measured implementation of the panel's recommendations has been inaugurated so that major disruptions of Central Stores' finances are avoided. Final disposition of the commodities in question should occur not later than June 30, 1982.

Another of the panel's findings was that some products simply were not receiving adequate exposure through Central Services' catalog. Descriptions and/or illustrations were thought to be inadequate to stimulate customer demand. Thus, the panel recommended that a new catalog be created, one which would adequately describe and, where necessary, picture Central Stores commodities. Work on the catalog was completed near the end of the fiscal year and an analysis of its impact on sales will be performed during Fiscal Year 1981-1982.

The new catalog contains complete descriptions of each commodity including a new forms index by form number,

Unit Operations

an index, cross references, illustrations, improved typographical layout and more readable text. Like commodities have been grouped together under nine major commodity headings. Catalog revisions will be provided to customers throughout the year as significant inventory changes occur.


PERFORMANCE. Though inventory turnovers do not yet equal the national average for retail office supply businesses of over \$1,000,000 in annual sales, improvements in this performance ratio are expected as the impact of the Economic Order Quantity model makes itself felt and inventories decline to the levels suggested by the model. Last fiscal year's turnover rate was 1.8 (sales divided by end-of-year inventory). Sales per FTE were \$179,578, an improvement over Fiscal Year 1979-80 levels of \$119,265 per FTE and considerably better than the national average which is about \$50,000. Carrying costs are presently 34.4% of inventory cost. Income profit was 1.9% of revenue before inventory loss adjustments. Central Stores carries 727 office supply commodities and 950 forms.

PROFIT/LOSS DISCUSSION. Though revenues increased from the previous high of \$1,073,381, increases are due to inflation rather than representing real gains. The volume of unit sales did not increase significantly. End-of-year losses were the result of inventory adjustments rather than losses on operations. Present accounting procedures do not present a clear distinction. The planned liquidation from inventory of about half of Central Stores' designated obsolete inventory contributed about \$11,000 to this loss.

FUTURE IMPROVEMENTS. Next fiscal year, FTE levels will be carefully managed in light of monthly changes in business volumes. Remaining obsolete commodities with a value of approximately \$10,000 will be removed from inventory. Greater efforts to control the source of inventory adjustments will be made. The above actions with anticipated long-term benefits from the Economic Order Quantity model will alter the character of Central Stores' operations to make it profitable.

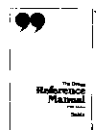
PUBLICATIONS 59

● Reference books




THE WORD BOOK
The Word Book is a comprehensive reference work for the home and office. It contains over 100,000 words and is the most complete and up-to-date word book ever published. It includes definitions, pronunciations, and synonyms for over 100,000 words. It is a must-have for anyone who reads or writes.

Commodity Number	Year Added	Unit	Price
101-101-001	1979	1	\$12.95



THE GREGG REFERENCE MANUAL
This edition of the Gregg Reference Manual is the most complete and up-to-date reference work ever published. It includes definitions, pronunciations, and synonyms for over 100,000 words. It is a must-have for anyone who reads or writes.

Commodity Number	Year Added	Unit	Price
101-101-002	1979	1	\$12.95



ROGET'S INTERNATIONAL THESAURUS
This is the most comprehensive thesaurus ever published. It contains over 100,000 words and is the most complete and up-to-date thesaurus ever published. It includes definitions, pronunciations, and synonyms for over 100,000 words. It is a must-have for anyone who reads or writes.

Commodity Number	Year Added	Unit	Price
101-101-003	1979	1	\$12.95

AMERICAN HERITAGE DICTIONARY
This is the most comprehensive dictionary ever published. It contains over 100,000 words and is the most complete and up-to-date dictionary ever published. It includes definitions, pronunciations, and synonyms for over 100,000 words. It is a must-have for anyone who reads or writes.


Commodity Number	Year Added	Unit	Price
101-101-004	1979	1	\$12.95

State publications

Commodity Number	Year Added	Unit	Price
101-101-005	1979	1	\$12.95

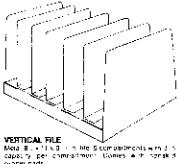
EVERYDAY FILES 15

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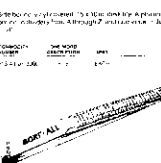
VERTICAL FILE
This is the most comprehensive file ever published. It contains over 100,000 words and is the most complete and up-to-date file ever published. It includes definitions, pronunciations, and synonyms for over 100,000 words. It is a must-have for anyone who reads or writes.

Commodity Number	Year Added	Unit	Price
101-101-006	1979	1	\$12.95



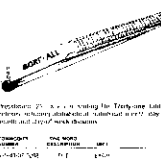
HORIZONTAL FILE
This is the most comprehensive file ever published. It contains over 100,000 words and is the most complete and up-to-date file ever published. It includes definitions, pronunciations, and synonyms for over 100,000 words. It is a must-have for anyone who reads or writes.

Commodity Number	Year Added	Unit	Price
101-101-007	1979	1	\$12.95



2-SHELF
This is the most comprehensive shelf ever published. It contains over 100,000 words and is the most complete and up-to-date shelf ever published. It includes definitions, pronunciations, and synonyms for over 100,000 words. It is a must-have for anyone who reads or writes.

Commodity Number	Year Added	Unit	Price
101-101-008	1979	1	\$12.95



SHORT ALL
This is the most comprehensive short all ever published. It contains over 100,000 words and is the most complete and up-to-date short all ever published. It includes definitions, pronunciations, and synonyms for over 100,000 words. It is a must-have for anyone who reads or writes.

Commodity Number	Year Added	Unit	Price
101-101-009	1979	1	\$12.95

Unit Operations

Design Center



MISSION. Founded in 1980, the Design Center offers comprehensive graphic design services to state agencies. Close support of Central Services' Main Print Shop is offered by the Graphics Unit which was combined with the Design Center to form a single unit in Fiscal Year 1980-1981.

HIGHLIGHTS. Notable projects developed by the Design Center in Fiscal Year 1980-1981 include: the 1981 Central Stores Catalog; Colorado Governor's Conference on Aging; and The Big Deal (Buying Motor Vehicles in Colorado).

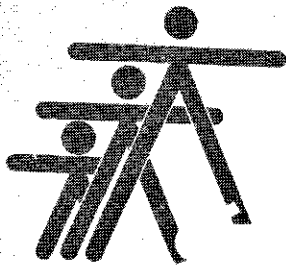
PERFORMANCE. During the fiscal year 1,285 jobs were handled by the Design Center and 12,919 units of 15 minutes each were charged to the center's customers. Eight letters of commendation for services rendered were received including a personal letter from Governor Lamm.

PROFIT/LOSS DISCUSSION. Unit operations showed a loss of \$2,250. Though this loss is an increase over the \$993 loss of the previous fiscal year, it is not considered unusual or alarming for businesses less than two years old to post losses of this magnitude while becoming established in the marketplace. The outlook for the Design Center is excellent and a break even condition is expected by the end of Fiscal Year 1981-1982.

FUTURE IMPROVEMENTS. Typesetting capability will be developed. Planning calls for the adoption of equipment that is compatible with currently owned word processing equipment. Integrated word processing and typographic services will mean significant savings to division customers because the most labor intensive aspect of typesetting--keyboarding--can be avoided or reduced. Photographic capabilities will also be developed. Though helpful to customers in the sense that the service base will have been broadened, no FTE will be added and no major revenue impact is predicted.

Waters Over The Dam
A Small Scale Hydro Workbook
for Colorado

Colorado Office of
Energy Conservation
Colorado Water
Conservation Board



An Agenda for
Action in the Eighties.

COLORADO GOVERNOR'S CONFERENCE ON AGING
COLORADO'S WHITE HOUSE CONFERENCE ON AGING

Unit Operations

Interagency Motor Pool

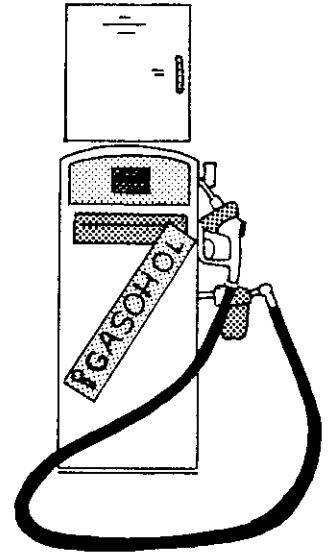
MISSION. This unit makes 48 motor vehicles available to state agencies on a rental basis for short and extended time periods. The vehicle inventory includes a van, pickup truck, station wagons and passenger vehicles in a variety of sizes and passenger carrying capabilities. The Motor Pool also sells gasohol for use in state-owned vehicles to other state agencies.

The motor pool has been managed by the Division of Central Services in its present mode since January, 1979.

HIGHLIGHTS. During the period of this report, eleven new Dodge Omnis and a pickup truck were added to the fleet. The fuel efficient, front wheel drive vehicles have become our most requested vehicle. A full time N.I.A.S.E.* certified technician was added to the staff in February, 1981 to improve in-house repair capability. Increases in vehicle availability have been experienced. Repair facility support is provided on an as needed basis by Division of Correctional Industries' Camp George West personnel and facilities.

Two new vehicle rental packages have been added to the motor pool marketing program. Low cost, long-term rentals of three months duration or longer and half-day rental rates have been introduced.

PERFORMANCE. Fleet vehicles averaged 17,662 miles in fiscal 1980-81 at an average cost per mile of 18.5¢. This figure reflects all operating and overhead costs of the Interagency Motor Pool. The average number of miles annually for all other state owned vehicles is 11,500. Total miles driven increased to an all-time high of 812,447. This figure represents an 18%



Revenue		\$35,447
Expenses:		
Cost of Gasohol Sold	31,391	
Depreciation Expense	648	
Operating Expenses	1,208	
<u>Total Expenses</u>		\$33,247
<u>Profit (loss)</u>		\$ 2,200

Gasohol Vending Facility Surplus and Deficit Statement

*National Institute for Automotive Service Excellence.

Unit Operations

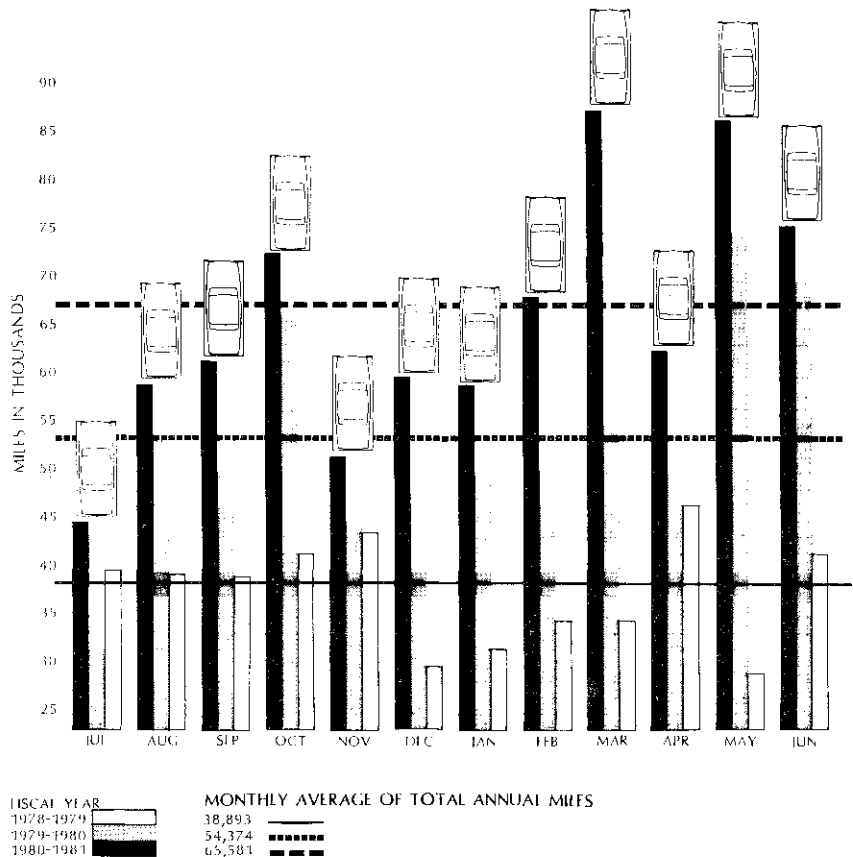
increase over the high of the previous fiscal year--687,822 miles.

PROFIT/LOSS DISCUSSION. Motor pool operations generated a profit of \$16,550 during fiscal 1980-81. This figure includes profits on the sale of 27,444 gallons of gasohol in the amount of \$2,200.

Consumption more than doubled from the previous fiscal year's consumption which was 10,455 gallons from January to June, 1980. Average monthly consumption increased from 1,745 gallons in Fiscal Year 1979-80 to 2,287 gallons in Fiscal Year 1980-81.

FUTURE IMPROVEMENTS. In the coming fiscal year, the Interagency Motor Pool will become a certified Colorado Automobile Inspection and Readjustment Program station. No facilities or fleet increases of significance are planned. Gasohol sales will be promoted; our intent is to offer gasohol to all agencies in the Denver Metropolitan area. The existing gasohol facility has 10,000 gallons capacity. Four inventory turnovers annually are the eventual goal.

Motor Pool Miles Driven



Unit Operations

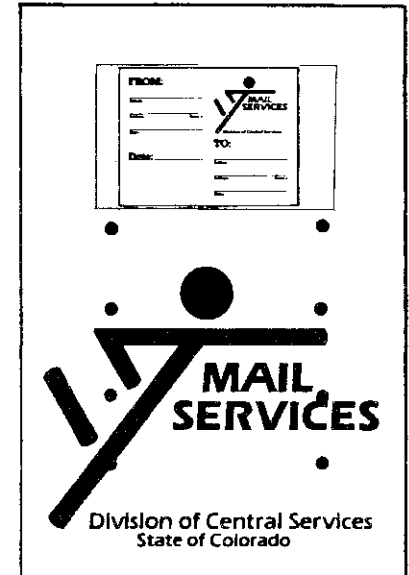
Mail Services Section

MISSION. The mission of Mail Services is to perform such functions as envelope addressing and inserting, U.S. postage metering, commercial freight dispatching including United Parcel Service dispatching, processing and delivery of U.S. mail and interagency mail, and package deliveries. It is the largest of all of the division's functions in terms of both FTE assigned and total annual revenues. It has been a service of Central Services since the division's inception.

HIGHLIGHTS. During the fiscal year, Mail Services implemented a U.S. mail presort program. Under this program the United States Postal Service discounts by \$.03 the postage required for every piece of mail presorted by USPS zip code standards. A minimum of 500 pieces are needed to qualify for this postal discount. As of the end of the fiscal year approximately 720,000 pieces had been presorted. This action resulted in savings of \$21,600 in postage. Central Services retained 13% of this figure to cover the costs of presorting and returned 87% of this savings to the agencies. Projected benefit to the state is \$50,000 annually. Time lost to presorting activities is compensated not only by postal savings but also by swift distribution of the presorted mail through the post office to final destination.

Mail Services' inserting services were extended to the Division of Accounts and Control and metering services were extended to the Department of Agriculture. Total cost avoidance for the acquisition of new equipment by those agencies was \$9,000.

PERFORMANCE. The Incoming Revenue Mail Room is operated by the division for the benefit of the Department of Revenue. Its function is to receive, open and accomplish initial processing of all tax administration mail addressed to the Department of Revenue. Performance criteria are detailed by a letter of agreement signed by representatives of the two agencies. The agreement calls for 90% of the money bearing mail to be delivered to the department in a processed condition by 6:30 a.m. of each business morning. Mail is received for processing from USPS by Central Services throughout the previous night. The last of the mail arrives at approximately 3:00 a.m. During the period of this report the division met or exceeded the production goals imposed by the letter of Agreement on 94% of all business days. Two shifts are



Unit Operations

used to operate the function. The more important of the two is the night shift which during the fiscal year was reduced from 10 to 7 FTE and supplemented by three part time, temporary personnel. The development of accurate, historical workload records and the evolution of work standards based on those records permitted the work force reduction.

A measure of the division's effectiveness in the management of this facility is the First of Denver Bank report quoted on page 7. In summary, the report states that \$152,000 per year has been earned due to more timely deposits of tax revenues.

About 270,000 pieces of interdepartmental mail and 65,000 interdepartmental packages are handled by Mail Services each year. In fiscal 1980-1981, 4.2 million pieces of mail were metered with United States postage. This figure does not include presorted mail. Stuffing and inserting activities process 1.2 million pieces of mail yearly. Slightly more than 100,000 miles per year are driven by Mail Services employees pursuant to interagency mail movement.

PROFIT/LOSS DISCUSSION. The Fiscal Year 1979-1980 loss of \$55,000 was reduced to \$34,000 in Fiscal Year 1980-1981. This loss reduction was primarily due to system changes and FTE reductions identified through increased management attention. Some pricing adjustments were also made to increase the section's competitiveness with private industry. The loss of \$34,000 was less than 1.8% of the gross revenues of \$1.9 million. Additional changes are planned or in progress that will further improve the financial status of this section in Fiscal Year 1981-1982.

FUTURE IMPROVEMENTS. Plans were approved and test marketing completed for a new concept in handling interdepartmental mail. A new envelope and prepaid handling charges are the focus of the planned system which will be in operation in Fiscal Year 1981-1982. Mail flow will be documented in preparation for the promulgation of pick up and delivery schedules targeted to impact Mail System users.

Unit Operations

Main Print Shop

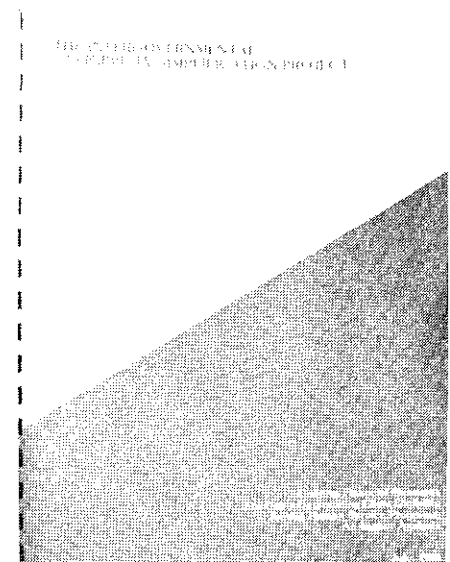
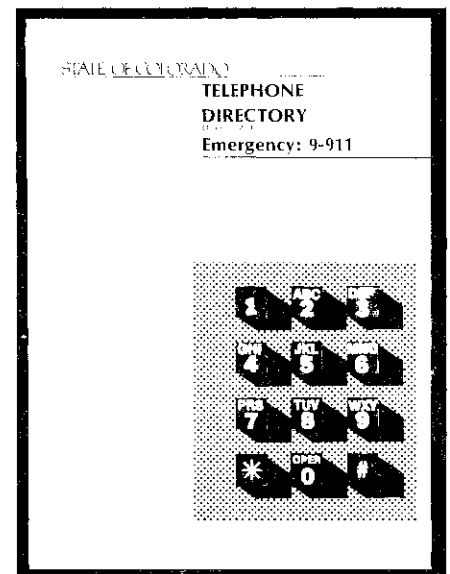
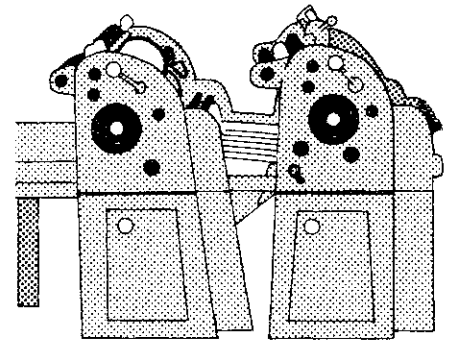
MISSION. The Main Print Shop provides complete offset printing services and binding services to agencies of state government. The shop was one of the original service functions of the division and indeed may be considered as the cornerstone of division operations.

HIGHLIGHTS. The major equipment acquisition in Fiscal Year 1980-1981 was an A.B. Dick 360 Tandem offset printing press. The introduction of flextime has meant a unique ability to meet customer demands while almost totally eliminating overtime. Through the effective use of flextime, shop supervisors have the ability to schedule more working hours when heavy work loads occur. Deadlines imposed by client agencies are more often met without resorting to overtime production costs.

PERFORMANCE. Total annual impressions were 62,957,901, average monthly production was 5,246,492 impressions. The range was 4,216,724 to 6,267,309 impressions per month. Cost to customers per impression was \$.0125.

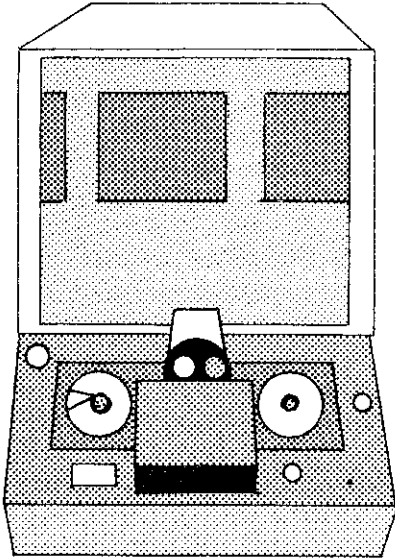
PROFIT/LOSS DISCUSSION. Historically, Main Print Shop operations have been consistently financially sound. Fiscal Year 1980-1981 operations were no exception. Profits were a record high of \$64,425 as compared to the fiscal 1979-80 profit of \$58,845. The current profit is 8.2% of 1980-81 revenues. This represents a decline of .3% of the figure reported for the previous year.

FUTURE IMPROVEMENTS. Next fiscal year new markets for printing services will be sought among local governments. Though no plans exist to expand services, two new presses and a trimmer for bindery use will be acquired to replace worn-out equipment. Slightly expanded capacity and improved productivity will result.



Unit Operations

Microfilm Unit



MISSION. The Microfilm Unit produces documentary microfilm in 16mm and 35mm formats for the use of local governments and state agencies. Film processing and duplication services are also offered. Close support of the Division of Archives and Public Records programs has been the hallmark of the unit since its transfer to Central Services from Archives in August, 1976.

HIGHLIGHTS. Major equipment purchases--a positive film duplicator and one, rotary, 16mm microfilm camera--accomplished only replacement of worn equipment. No expansion of capacity took place.

PERFORMANCE. Throughout the period of this report the Microfilm Unit produced 2,083 rolls of diazo duplicate film, 888 rolls of original film and 439 positive film duplication rolls. Jackets inserted numbered 738 and 796 fiche were duplicated.

PROFIT/LOSS DISCUSSION. Though Fiscal Year 1980-1981 revenues of \$91,166 varied only slightly from the previous profitable year's revenues of \$97,309, rising overhead expenses forced the unit to finish the year with a loss of \$4,906. This loss and the anticipated effects of the loss of significant federal funds to local governments will be met by FTE attrition. Historically, local governments have contributed about 60% of the unit's business.

FUTURE IMPROVEMENTS. Promotional activities aimed at Colorado's 256 law enforcement jurisdictions will be initiated in an effort to create demand for duplicate positive films of Colorado Bureau of Investigation Fingerprint Identification Files.

Unit Operations

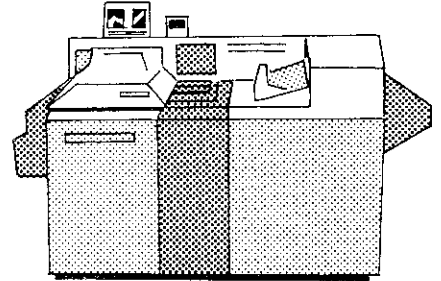
Office Copier Program

MISSION. The office copier program controls the state's annual expenses for copying services by management of this office resource.

HIGHLIGHTS. During the fiscal year, Central Services created a single contract for all copiers in the 1,000 to 5,000 copy per month volume range. Eighteen copier manufacturers chose to submit bids. The bid submitted by the Saxon company was selected. This contract has resulted in annual savings of \$11,000.

PROFIT/LOSS DISCUSSION. Revenues increased from the previous high of \$556,770 to \$617,290 in Fiscal Year 1980-1981. This 10% increase was not reflected in a similar surplus. Profits increased \$1,808 to \$15,252 for the fiscal year. Fiscal Year 1979-1980 profits were \$13,444. Rising material costs and equipment rental costs are the reason for the small increases in surpluses. Price per copy was increased during the year from \$.036 to \$.037. No equipment purchases were made. Copier volume rose from 15.6 million for the previous fiscal year to 18.7 million copies for the period of this report. At present the division controls 82 copiers.

FUTURE IMPROVEMENTS. The division's experience with the pilot copier contract program mentioned above led to plans to let contracts in Fiscal Year 1981-1982 for office copiers in the range of 1,000 to 30,000 copies per month. Seventy office copiers will be affected and at least \$100,000 will be saved during the two-year period following contract adoption.



Unit Operations

Quality Assurance Program

MISSION. The Quality Assurance Manager's position was created to improve customer relations. One of the division's prime statutory obligations is to continually assess changes in the needs of its market and the effectiveness of its services.

The Quality Assurance Office develops programs to test the fitness for use of all products and services offered by the division. Major objectives include the development and enforcement of internal quality control programs, a customer ombudsman function to assist customers in a positive way to resolve complaints against the division and an information program aimed at improving customer knowledge of division activities. The office is a central point within the division for customer contact on these matters.

HIGHLIGHTS. In Fiscal Year 1980-1981 the Quality Assurance Office implemented programs to verify orders being filled and shipped from Central Stores and mail metered by the Mail Services Section. Additional programs for the Mail Services Section were developed during the year.

PERFORMANCE. The office handled in excess of 100 of the 123 customer complaints lodged with the division. All complaints are analyzed to determine cause and identify patterns of occurrence. Programs are developed or procedures revised, where needed, to prevent recurrences. Complaints are speedily arbitrated to assure our customer's satisfaction with disputed products or services.

FUTURE IMPROVEMENTS. The coming fiscal year will see the completion of quality assurance program plans and full implementation of programs in the Central Stores and Mail Services Sections.

Unit Operations

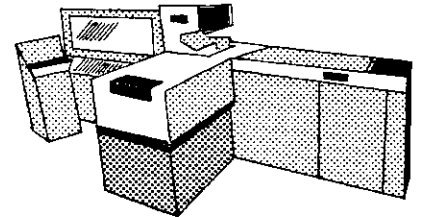
Quick Copy Centers

MISSION. The division's three Quick Copy centers are operated in state buildings of high customer concentration. Services offered approach those available in the Main Print Shop, but are generally less sophisticated, command a higher price than Main Print Shop printing, but a lower price than office copier reproduction and are characterized by an average delivery time of eight hours. Each center employs one FTE.

PERFORMANCE. Total annual production for the copy center structure in Fiscal Year 1980-1981 was 14,800,000 copies. Average monthly production for each center was 400,000 copies. Although gross revenues increased by about \$4,000 for the copy center structure over gross revenues reported in Fiscal Year 1979-1980, expenses increased \$14,750 due to paper, the annual wage survey, and machine rental cost increases.

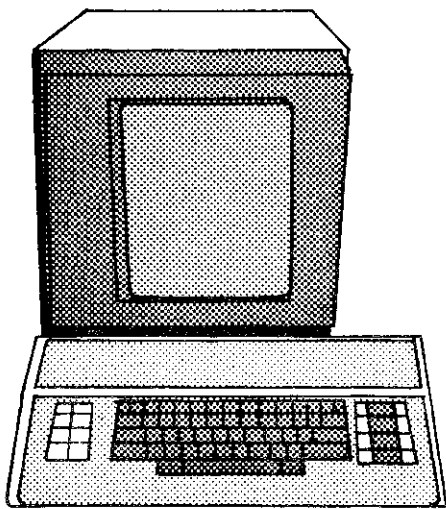
PROFIT/LOSS DISCUSSION. The above conditions resulted in a 39% decrease in profit levels from \$28,000 in Fiscal Year 1979-1980 to \$17,242 in fiscal Year 1980-1981. This profit decrease is consistent with the division's stated goal -- the control of profits in Fiscal Year 1980-1981. No alteration of copy center operations is planned for the coming fiscal year.

FUTURE IMPROVEMENTS. Each center is equipped with Xerox 9200 equipment. An advanced version of the 9200, the Xerox 9400, is being evaluated in one copy center. Results are expected in Fiscal Year 1981-1982.



Unit Operations

Word Processing Unit



MISSION. The word processing unit has been in existence since July, 1979. Automated services are supported by a central dictation system available to state agencies located with the capitol complex.

HIGHLIGHTS. During the period of this report, the unit acquired two additional pieces of word processing equipment. The total equipment compliment was increased to four keyboards with supporting equipment. This necessitated increasing the staff by two additional FTE. In January, 1981 a Lanier centralized dictation system accessed by touch tone telephones was acquired for evaluation purposes. Long term commitments for permanent acquisition have as yet not been made. Though dictation is an attractive technology and initial evaluation has verified the usefulness and reliability of the equipment, wide customer acceptance has been lacking. Customers appear unwilling to learn the skills to use this technology effectively.

PERFORMANCE. In Fiscal Year 1980-1981 the Word Processing Unit had 3,144 man-hours available for production purposes. Actual productive man-hours totaled 2,798. The utilization level for the fiscal year was 89%. Comparative figures for the previous fiscal year are not available owing to the newness of the Word Processing Unit. In February, Governor Lamm sent his personal commendation to the unit for work performed in support of the Blue Ribbon Panel.

PROFIT/LOSS DISCUSSION. Unit revenues increased by nearly 100% during the fiscal year. Revenues of \$22,006 were reported in fiscal year 1979-80 and \$43,509 in revenue was earned in the current fiscal year. Expenses, however, kept pace with revenues yielding a net loss of \$12,530 for this fiscal year as compared to a \$6,689 loss for the previous year.

FUTURE IMPROVEMENTS. New equipment acquisitions in the coming fiscal year will make the unit more productive and eliminate costly rental expenses. A change in billing structure from an hourly rate for services to a piecework, line rate will allow for more equitable prices to our customers. These events coupled with work force stability derived from the new pay scales effective July 1, 1981 should create a profit next fiscal year. Plans for the implementation of a center in the Centennial building were developed by the end of the fiscal year.

Unit Operations

Miscellaneous Services

The following miscellaneous functions are performed by the division's Administrative Clerical Section. Due to the small demand for the services and limited amounts of revenue no personnel are assigned full time. In most cases the services are offered at cost--no attempt is made to generate profits. The costs recorded here are general estimates because volumes associated with these services are too small to justify unique accounting structures.

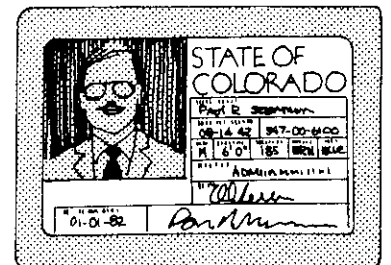
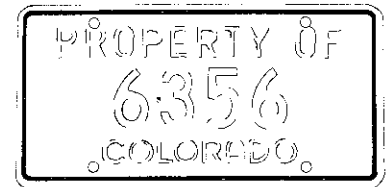
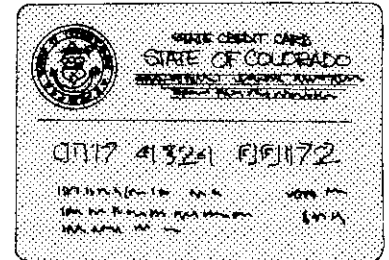
The Identification Card Program was initiated in January, 1981 with the acquisition of a Polaroid I.D. III color camera unit. The unit produces wallet type and badge type personal identification cards. Cost per card is \$2.75. Individuals may acquire identification cards if their agencies are reluctant to pay the price. Approximately 1,300 cards/badges were produced as of the end of the fiscal year. Agencies retain the responsibility of administering their security systems. Total revenues generated in 1980-81 were \$3,803.

Gasoline Credit cards are issued by Central Services to all state agencies for \$1.00 each. Salary and materials costs of this program were \$1,036. 750 gasoline credit cards were issued during the fiscal year.

Each card bears the license tag number of the vehicle for which it is intended to be used. Cards expire one year after issued and each card carries a \$100 expenditure limit. Each card bears a message concerning permitted purchases. Only petroleum products and emergency repairs may be charged. Further regulation of credit cards would erode agency prerogatives. Each agency is responsible for all purchases made on its credit cards.

Colorado license tags issued to agencies to identify vehicles as the property of the State of Colorado are issued through Central Services. The cost of this program is \$2,153 annually. The number of tags issued during the period of this report was 250. Agencies are charged \$3.00 per plate issued, this is the cost to Central Services from the manufacturer, the Division of Correctional Industries. Three types of tags are issued -- motorcycle tags, trailer tags and motor vehicle tags.

Total costs of these programs was \$3,190 during the fiscal year.



Appendix

Major Equipment Inventory

This appendix identifies all major pieces of service equipment in the possession and control of the division on June 30, 1981. Acquisition may have been by direct purchase, lease purchase or rental. The value of each item of equipment (not its acquisition cost) was at least \$1,000 as of the date the equipment was acquired. This appendix is furnished pursuant to the requirements of C.R.S. 24-30-1109(1)(c).

ADMINISTRATIVE CLERICAL SECTION

- 1 Dymo Credit Card Embosser
- 1 Polaroid 103 Model #703

CENTRAL STORES

- 1 Electronic Scale/Forms Counter
- 1 Pallet Jack

DESIGN CENTER

No major equipment inventory.

INTERAGENCY MOTOR POOL

- 56 Motor Vehicles
- 1 Port-a-built Building
- 1 Bulk Storage Motor Fuel Tank w. Dispenser

MAIL SERVICES SECTION

- 1 Pitney Bowes Addressing Machine
- 2 Pitney Bowes Folder Inserters
- 1 Bell & Howell Inserter
- 1 Singer Electric Scale
- 1 Friden Electric Scale
- 7 Pitney Bowes Mailing Machines
- 3 Folding Machines
- 4 3/4 ton Vans
- 4 Light Utility Pick-up Trucks
- 1 Passenger Vehicle
- 2 Bell & Howell Documail S-2 Sorters
- 3 Documail Mail Opener/Counters
- 3 Opex Mail Opener/Counters
- 1 Hydraulic Tailgate Lift
- 1 Pitney Bowes Meter and Stacker
- 1 Pitney Bowes Meter, Model #4371
- 2 Mailer Letter Opener 1800
- 2 Docutronix Letter Opener Cutters

Appendix

MAIN PRINT SHOP

- 1 Pallet Jack
- 1 Robertson (401) Film Camera
- 1 3-M Plate Camera
- 2 AM 1250 Offset Press
- 1 Davidson (700) Perfector Offset Press
- 1 A.B. Dick 360T Offset Press
- 1 Challenge Paper Drill
- 2 AM 2850 Offset Press
- 1 AM 1275 Offset Press
- 2 Norfin 104 Sorters
- 1 AM2300 Electric Plate Maker
- 2 Challenge Paper Cutters
- 2 Pitney Bowes Folding Machines
- 1 Velo Binder
- 1 GBC Punch
- 1 Bostich Power Stitcher
- 1 Interlake Power Stitcher
- 1 Pitney Bowes Collator/Stapler/Folder
- 1 A.B. Dick 7124 Collator
- 1 A.B. Dick Stitcher
- 1 A.B. Dick Folder
- 1 Brown Plate Burner
- 1 O & M Profold Folder
- 1 Velo Puncher/Binder
- 1 Standard-Bourg Collator/Sticker/Folder
- 1 3-Spindle Paper Drill
- 1 Processor Film 3-M 412

MICROFILM UNIT

- 1 Reliant 600 Microfilmer
- 1 Reliant 700 Microfilmer
- 1 750 Microfilmer
- 1 Recordak RV-2 Microfilmer
- 2 Kodak Prostar Processors
- 1 Automated Editor/Loader
- 1 MacBeth TD500 Densitometer
- 1 16 mm. and 35 mm. Silver Film Duplicator
- 1 3 mm MRD Microfilmer
- 1 16 mm. Microfilm Reader/Printer
- 1 Diazo Duplicator
- 1 Bell & Howell Intercom Microfilmer
- 1 Replenesker
- 1 Exitek 3100

OFFICE COPIER PROGRAM

- 80 Office Copiers

QUICK COPY CENTERS

- 3 Xerox 9200 Printer/Collators
- 3 Xerox 920 Stitchers
- 1 Motor Vehicle

WORD PROCESSING UNIT

- 1 Xerox 850 Word Processor
- 1 Vydec 1400 Word Processor

Appendix

Personnel Inventory

As required by C.R.S. 24-30-1109(1)(c), this chart reflects the division's personnel inventory as of the last day of Fiscal Year 1980-1981. All reporting is done in terms of FTE's. From January to April, 1981, Central Services employed 10 permanent and 68 temporary personnel in the Mail Services Section. This temporary increase was brought on by the seasonal influx of income and other taxes which are processed in the Incoming Revenue Mail Room.

The division also used one personal service contract during this fiscal year. Total personal services amounted to less than one FTE for the year. Central Services participated in the Summer Youth Employment Program by employing three high school youths from June 9 to August 20. No costs are associated with this program.

Three hires of the marginally employable were made under the state's Employability program.

Appendix

Position Title	Class Code	Administration and Administrative Clerical Section		Central Stores and Forms		Design Center		Inter-agency Motor Pool		Mail Services Section		Main Print Shop		Micro-film Unit		Office Copier Program		Quick Copy Centers		Word Processing Unit		TOTAL	
		P	T	P	T	P	T	P	T	P	T	P	T	P	T	P	T	P	T	P	T	P	T
Accounting Tech	11101	1	0																			1	0
Administrative Clerk		3	0	1	0																	4	0
Administrative Clerk Typist	22318																		0	1	0	1	
Administrative Officer	11008	2	0						2	0						1	0					5	0
Automotive Serviceman	44261							1	0													1	0
Bindery Equipment Operator	22621	4	0																			4	0
Clerical Assistant	22301	1	0					0	1	22	13											23	14
Clerical Supervisor	22332	2	0							6	0											8	0
Duplicating Equipment Operator	22601												4	0								4	0
Graphic Designer	22682					2	0															2	0
Graphic Design Technician	22680					0	1															0	1
Motor Pool Coordinator	44510							1	0													1	0
Public Service Career Trainee	99502									2	0	1	0									3	0
Printing Plant Manager	22636	1	0																			1	0
Printing Plant Supervisor	22635											1	0									1	0
Director of Central Services	11013	1	0																			1	0
Reproduction Equipment Operator	22631											11	0					3	0			14	0
Staff Assistant	11001			1	0																	1	0
Storekeeper	22404			5	0																	5	0
Supply Officer	22408			1	0																	1	0
Vehicle Driver	44501									5	1											5	1
Word Processing Operator	22047																			3	0	3	0
TOTAL BY UNIT		15	0	8	0	2	1	2	1	37	14	13	0	4	0	1	0	3	0	3	1		

P = Permanent Employees


Permanent Employees 88

T = Temporary Employees

Temporary Employees 17

Appendix

Accountant's Letter of Certification

STATE OF COLORADO	
DEPARTMENT OF ADMINISTRATION 1525 Sherman Street, 7th Floor Denver, Colorado 80203 Phone (303) 866-3221	 Richard J. Lauer Taxation R. Garret Mitchell Executive Director A. J. Levine Comptroller
August 26, 1981	
Division <u>Central Services</u>	
Agency <u>22-05-00</u> Fund <u>7001</u>	
Fiscal Year Ended June 30, 1981	
The undersigned certify to the following statements regarding this agency:	
1. The agency is in compliance with applicable headnotes, footnotes, and FTE in the Long Bill. In addition, the agency has complied with applicable "C" and "M" constraints of the Bill and with the legislative intent as purported to be therein.	
2. The agency is in compliance with applicable statutes of a fiscal nature and the State Controller's Fiscal Rules. <u>NO LINE ITEM OVEREXPENDITURES OCCURRED OR EXISTED AT JUNE 30, 1981.</u>	
3. The agency is utilizing <u>correct titles and classification of accounts</u> in accordance with the charts of accounts prescribed for the Central Accounting System.	
4. Those activities unrelated to the General Fund are properly reflected in other funds in the Central Accounting System. (Enterprise, Repair and Replacement, Retirement of Indebtedness, Revolving, etc.)	
5. The account balances reflected in the General Ledger Trial Balance Final for June 30, 1981, are correct as stated. Proper classification has been made of short checks, abnormal balances, etc.	
6. Appropriate accruals have been recorded, including accounts receivable and accounts payable.	
7. A review has been made as to the collectibility of accounts receivable and <u>adequate allowance for doubtful accounts</u> has been recorded in account <u>138xx</u> .	

8. Inventory account balances have been adjusted to reflect physical inventory figures.
9. There has been a proper recognition of revenue between fiscal years.
10. Those net cash collections which are restricted to future appropriation availability are reflected in a Reserve of Fund Balance. Not Applicable.
11. Necessary corrective action has been taken where indicated by the accountant's check-off list.
12. There have been no entries made to fund balance accounts except those specifically approved by the State Controller.
13. Contingent Liabilities - None Known.
14. A payroll distribution verification procedure has been conducted during the fiscal year in accordance with CAS Alert #64 and Chapter 2, Section 9.30 of the Fiscal Rules.
15. Any report of expenditures submitted to the JEC or Office of State Planning and Budgeting are in agreement with CAS figures or an explanation of any difference has been provided those agencies and the Controller in the reconciliation of financial statements to the CAS final trial balance.
16. A financial audit of the Department of Administration is currently being performed by the State Auditor. The audit is for the period ended June 30, 1981.
17. Leases - Additional disclosure of lease information is required by the Financial Accounting Standards Board in Statement #13 and supported by the State Auditors.

The following information should be provided to this office by fund for both capital and operating leases:

Capital Leases

- a. Gross amount of assets under capital leases at June 30, 1981. \$338,050.22.
- b. Future minimum lease payments, in aggregate for each of five succeeding fiscal years, with separate deductions for amount representing executory costs and for imputed interest.

Appendix

	<u>TOTAL</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
1981-82	\$88,301.76	\$72,031.27	\$16,270.33
1982-83	64,732.84	54,241.86	10,490.98
1983-84	54,327.20	48,370.13	5,957.07
1984-85	36,458.82	34,921.83	1,536.93
1985-86	<u>2,476.26</u>	<u>2,452.56</u>	<u>23.70</u>
1981-1986	246,296.88	212,017.65	34,279.01

c. Total of minimum sublease rentals. Not Applicable.

d. Total contingent rentals actually incurred for fiscal year ended June 30, 1981. Contingent rentals are rentals on which the amounts are dependent on some factor other than the passage of time, i.e., future interest rates. Not Applicable.

Operating Leases

a. Term of more than one year:


(1) Future minimum rental payments required at June 30, 1981, in aggregate and for each of five succeeding fiscal years.

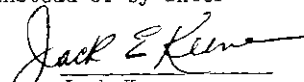
1981-82	\$48,000
1982-83	48,000
1983-84	54,000
1984-85	60,000
1985-86	<u>60,000</u>
	\$270,000

b. For all operating leases:

(1) Rental expense for fiscal year ended June 30, 1981.
\$49,026.75

18. Attached is a schedule by fund of dollar amount of intra-fund and inter-fund payments made by warrant instead of by inter-agency voucher. None.


William F. Archambault
Accountant V


Jack Keene
Division Director

Indirect Costs

The following indirect cost information is provided pursuant to requirements contained in footnote 3 (page 228) of the Long Bill (SB 513), Fifty-third General Assembly, First Regular Session in 1981.

The footnote states "...It is the intent of the General Assembly that Central Services include in its annual report for the fiscal year ending June 30, 1981, and each year thereafter, all direct and indirect costs, as approved by the Controller, for each service provided to users."

STATE OF COLORADO

DIVISION OF CENTRAL SERVICES
 Department of Administration
 1525 Sherman, Room 15
 Denver, Colorado 80203
 Phone (303) 866-3575

RECEIVED

OCT 28 1981

Fwd *Don M*

Please
return for me

Richard D. Lamm,
 R. Garrett Mitchell,
 Executive Director
 J. E. Keene,
 Division Director

October 28, 1981

Dear Jim:

The Long Bill for Fiscal Year 1981-82 contained a footnote requiring Central Services to provide direct and indirect costs in its annual report as approved by the Controller.

The following are submitted for your approval and are the calculations for the indirect costs and the allocations to the various cost centers.

First, the only indirect costs outside of the Division of Central Services considered were those associated with the Executive Director's office, Accounts & Control, GGCC, Capitol Buildings, Purchasing, and Communications. Other Divisions were not considered because they perform no service for Central Services, or are cash funded.

a. Executive Director's Office	\$52,985
b. Accounts & Control	5,576
c. GGCC	40,000
d. Capitol Buildings	77,083
e. Purchasing	8,353
f. Communications	<u>2,174</u>
	\$186,171

The above amounts were calculated in some cases, considering how much time is spent on activities for Central Services or a

81 NOV 9 P 2: 57

Appendix

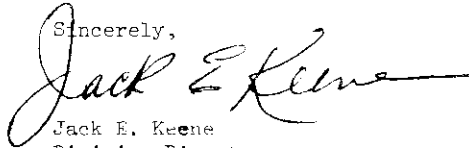
Jim Stroup
October 28, 1981
Page Two

measure of activity such as number of purchase orders issued for Central Services compared to total number issued by the Division of Purchasing.

The above total of \$186,171 was allocated to the various cost centers in Central Services based on annual sales. (See allocations below).

AREA	SALES 1980-81	PERCENT OF TOTAL SALES	INDIRECT ALLOCATIONS
Printing	\$788,842	14.9%	\$27,739
Quick Copy	268,420	5.1	9,495
Microfilm	91,166	1.7	3,165
Stores	1,257,048	23.7	44,123
Mail/Messenger	1,888,725	35.6	66,277
Graphics	114,502	2.2	4,096
Motor Pool	229,965	4.3	8,005
Word Processing	43,509	.8	1,489
Copiers	616,073	11.6	21,596
Miscellaneous	<u>3,803</u>	<u>.1</u>	<u>186</u>
	\$5,298,054	100%	\$186,171

Please review as soon as possible and, if okay, please reply in writing since these have to be included in our December 1, 1981 annual report.

Sincerely,

Jack E. Keene
Division Director

JEK:rpg
cc: Al Levine

MEMORANDUM

DIVISION OF ACCOUNTS & CONTROL

Department of Administration
1525 Sherman Street, Room 706
Denver, Colorado 80203
Phone (303) 839-3281



November 5, 1981

To: Jack Keene, Director of Central Services
From: James A. Stroup, Deputy State Controller *JAS*
Subject: Indirect Costs of Central Services

Jack, In response to your letter dated October 28, 1981, the methods used in developing indirect costs for Central Services appear reasonable.

JAS:DM:mer

81 NOV 9 P 2: 57

Appendix

Pricing Policy

Information reflecting the division's pricing policy survey is provided pursuant to the requirements of footnote 4 (page 229) of the Long Bill (SB 513), Fifty-third General Assembly, First Regular Session in 1981.

The footnote states "...It is the intent of the General Assembly that Central Services include in its annual report for the fiscal year ending June 30, 1981, and each year thereafter, the results of surveys demonstrating that the Division's pricing policy remains competitive with or at a lower rate than private industry in the operation of each service function it has established."

Central Stores Price Comparisons

The table below shows price comparisons of 28 randomly selected commodities. Some vendors do not offer the specified commodities for retail sale hence the "N/A" notations which appear in the columns headed "AWARD VENDOR RETAIL", "RETAIL MILE HI OFFICE SUPP" and "RETAIL KWILL OFFICE SUPP".

	COMMODITY NO.	UNIT	BEFORE MARKUP C.S. COST	AFTER MARKUP C.S. COST	AWARD VENDOR	AWARD VENDOR RETAIL	RETAIL MILE HI OFFICE SUPP	RETAIL KWILL OFFICE SUPP
Adding machine tape 2 1/4	615-03-76-1019	Each	\$.24	\$.30	Capitol	.47	.57	.87
Tablet, yellow, headstrip 8 1/2 x 11"	615-63-41-1059	Each	.37	.46	Capitol	.85	.87	.87
Tablet, yellow, headstrip 8 1/2 x 14"	615-63-41-3055	Each	.43	.53	Capitol	.93	.99	1.00
Stenographer pad	615-15-31-C023	Each	.373	.46	Capitol	.90	1.00	.87
Paper clips, standard	615-68-21-1215	Box/100	.125	.15	Capitol	.39	.42	.52
Marker--black	620-90-01-0158	Each	.27	.33	Capitol	.98	.59-.79	.59-.79
Correction fluid, white, solvent	615-29-06-0016	Each	.576	.41	Commercial	1.29	1.29	1.29
Hanging folders, letter #4152	615-40-01-1022	Box	4.43	5.45	Commercial	9.50	9.50	9.50
Hanging folders, legal #4153	615-40-01-3028	Box	5.03	6.19	Commercial	11.35	11.40	11.81
Stapler, standard desk model	605-88-48-4372	Each	3.663	4.50	Empire	8.95	8.95	9.25
Staples, 1/4 leg, standard	615-81-05-1218	SM/Box	.425	.52	Empire	1.75	2.00	1.95
Hi-liters	620-90-06-0187	Each	.29	.36	Empire	.50	.59	.69
Rubber bands, #19	615-75-19-4172	1/4 lb/Box	.760	.93	Empire	2.00	2.03	1.80
Pens, ball point, fine, black	620-80-42-0151	Box/12	.89	1.09	Aarons	4.68	5.88	4.68
Week-at-a-glance #6-250	615-20-01-1000	Each	1.42	1.75	Aarons	5.25	3.50	N/A
Post-it-notes	615-65-42-7058	Each	.576	.71	Commercial	.77	.93	1.16
Typewriter ribbon, Selectric II correctable, hi-yield	610-32-24-3810	Box/6	5.87	7.22	Frankel	15.35	19.50	19.50
Typewriter ribbon lift-off tape	610-33-40-4908	Box/6	2.46	3.03	Data Pro	9.00	14.70	15.00
Tape, mending, transparency 3/4 x 300"	615-88-02-6205	Roll	.34	.42	Dixon	N/A	.80	.72
Pencils, #2	620-60-01-2150	Gross	6.50	8.01	Blackfeet	N/A	23.28	18.00
Binder, 3-ring, black	615-09-15-4029	Each	1.57	1.93	Univex	N/A	6.18	4.86
Xerographic paper, 8 1/2 x 11, 20#	645-11-01-1013	Ream	2.39	2.94	Butler	3.95	N/A	3.90
U.S. flag, nylon, 3 x 5'	350-70-10-4514	Each	7.85	9.23	Betsy Ross	N/A	25.30	N/A
Colorado flag, nylon, 3 x 5"	350-70-10-3516	Each	13.60	16.73	Betsy Ross	N/A	27.00	N/A
Colorado flag, cotton 3 x 5'	350-70-10-3524	Each	13.00	15.99	Corrections	13.00	20.90	N/A
File folders, 1/3 cut, letter	615-45-03-1363	Box	4.59	5.65	Utility	10.70	9.95	12.00
Student portfolios	615-46-02-1017	Each	.16	.20	N/A	N/A	.55	.34
Cheesecloth (86 yd. bolt)	850-16-01-8013	Bolt	15.33	18.86	ATD American	N/A	N/A	37.20

Appendix

In all cases illustrations and typography were considered to have been furnished by the customer for the purposes of the comparisons depicted in the table below. Significant differences in hourly rates and widely varying estimates of the amount of time required for production have caused the wide variations in prices evident in this table.

Design Center Price Comparisons

JOB	Central Services	Diane Croce	Unit 1	Daie Smith	Jose Aguayo	POLC	Graphic Dir.	Hispano	Shironizu
Job #1: 1 color brochure 8 1/2 x 11 1 illus. for cover	\$125	\$1,000	\$450	\$200	no bid				
Job #2: 2 color brochure 8 1/2 x 11 1 illus.	\$150	\$1,000	\$450	\$200	no bid				
Job #3: annual report 36 pages & cover design, layout, pasteup & coord.	\$1,770	--	\$4,100	--	\$4,980	\$4,434	\$2,978	\$2,358	\$7,250
Job #4: 2 color booklet 4 pages & cover 6 illus.	\$275	--	\$1,105	--	--	--	--	--	--
Hourly rate	\$20	\$25	\$25	\$30	\$25	\$35	\$40	\$24	\$40

The below comparisons are very favorable to Central Services because of the greater age of the division fleet -- one to four years --, high division utilization and modest division fleet size. Commercial rates are frequently discounted; Central Services' rates are never discounted. All division vehicles are depreciated at rates compatible with Internal Revenue Service suggested guidelines.

Motor Pool Price Comparisons

	Daily Rates			
	CHEVETTE	FAIRMONT	FORD OR CHEVY STATION WAGON	VAN
Central Services	\$11.50	\$15.50	\$15.50	\$23.00
Hertz	38.99	50.99	48.00	--
Avis	29.95	39.95	40.00	52.00
Budget	32.00	36.00	--	59.95
National	39.00	40.00	43.00	--

NOTE: The above rates in all cases do not include gas.
Also, Central Services sells gas at less than pump prices.

Appendix

Mail Services Section Price Comparisons

Some services performed for state agencies by the Mail Services Section are unique -- no parallel services exist in the private sector.

Vendor Function	Division of Central Services	Direct Mail Specialists	Zipco	Data Lists	Direct Mail Services	American Mail Services	Presort Inc.	Pony Express
1. Folding								
a. Manual	N/A*	N/A	12.00/1000	N/A	N/A	N/A	N/A	N/A
b. Machine	3.00/1000	2.00/1000	4.00/1000	5.00/1000	5.50/1000	N/A	N/A	N/A
set-up \$	-0-	15.00	-0-	-0-	-0-	N/A	N/A	N/A
minimum #	-0-	5000	2000	5000	1000	N/A	N/A	N/A
2. Inserting								
a. Manual	N/A*	N/A	12.00/1000	N/A	N/A	N/A	N/A	N/A
b. Machine	6.00/1000	2.00/1000	7.50/1000	12.50-20.00/1000	7.50/1000	N/A	N/A	N/A
set-up \$	-0-	10.00	10.00	-0-	-0-	N/A	N/A	N/A
minimum #	1000	5000	2000	5000	1000	N/A	N/A	N/A
multiples	-0-	-0-	1.00/1000 add'l	-0-	3rd-7.75/1000	N/A	N/A	N/A
					4+5-8.50/1000	N/A	N/A	N/A
					6 up-9.00/1000	N/A	N/A	N/A
metering	1.00/1000	N/A	N/A	N/A	4.00-6.00/1000	N/A	N/A	N/A
3. Labeling								
a. Manual (pressure)	2.00/1000	20.00/1000	12.00/1000	20.00/1000	12.00/1000	N/A	N/A	N/A
b. Machine (cheshire)	N/A*	7.00-8.00/1000	7.50/1000	10.00/1000	7.00/1000	N/A	N/A	N/A
set-up \$	N/A	-0-	10.00	-0-	-0-	N/A	N/A	N/A
c. Machine (pressure)	N/A*	N/A	7.50/1000	N/A	N/A	N/A	N/A	N/A
4. Presorting								
a. Zip Order								
1. 1st Class	4.50/1000	6.50/1000	5.50/1000	7.50/1000	5.00/1000	6.50/1000	10.00/1000	N/A
2. 3rd Class	4.50/1000	6.50/1000	5.50/1000	7.50/1000	7.75/1000	6.50/1000	10.00/1000	N/A
b. Random Order								
1. 1st Class	14.00/1000	N/A	N/A	N/A	N/A	12.50-15.00/1000	14.00-15.00/1000	N/A
2. 3rd Class	14.00/1000	N/A	N/A	N/A	N/A	12.50-15.00/1000	14.00-15.00/1000	N/A
c. Pick-up/Delivery \$	-0-	10.00	-0-	-0-	-0-	-0-	-0-	N/A
5. Lead Time	0-2000-same day 2000+-same or next day	1-2 days	2-3 days	none stated	0-3000-same or next day 3000+ - 2 days	1-2 days	next day normal	N/A
6. Minimum \$	-0-	100.00	2.00	25.00	5.50			
7. Messenger	one stop- once a day							
a. Vehicle	162.00/mo.	N/A	N/A	N/A	N/A	N/A	N/A	\$194.00/mo.
b. Walking	60.00/mo. or \$.117/item handled	N/A	N/A	N/A	N/A	N/A	N/A	N/A

*Services contracted to vendors as needed.

Appendix

Central Services' Main Print Shop specializes in the production of low volume, quick delivery printing jobs. Commercial printers prefer longer run jobs with extended delivery times. This fact explains the lack of commercial sector data in the table below.

Printing Price Comparisons

JOB	CENTRAL SERVICES	MINUTEMAN	MOUNTAIN GRAPHICS	GAMINO	PRECISE	MANDERY	STROH'S	ARTCRAFT	FRANKLIN OFFSET CATALOG
Job #1--96 originals, 250 copies front and back, 3-hole drill, collate, and staple	\$ 311.73	\$ 576.18	--						
Job #2--1 original, 10,000 copies	85.79	--	\$ 122.25						
Job #3--6 originals, 5,000 copies	252.14	--	657.55						
Job #4--44 originals, 2,550 copies, collate, saddle stitch and fold	970.72	--	1,217.15						
Job #5--352 originals, 300 copies front and back, collate and staple	1,016.89	1,181.73	NB	NB	NB	NB	NB		
Job #6--annual report, 112 originals, 600 copies	1,500.00	NB	2,200.00	NB	NB	NB	NB	NB	
Job #7--20,000 copies of 8 pages of 6 1/4 x 4 1/4 booklet	1,500.00	NB	2,200.00	NB	NB	\$1,500.00	\$2,399.00	\$1,900.00	

HOURLY RATES:

Press	\$18.00/Hr.	\$22.25 to \$80.40/Hr.
Bindery	17.40/Hr.	24.75 to 26.45/Hr.
Camera	19.80/Hr.	27.05 to 45.55/Hr.

Commercial microfilm rates are extremely competitive among the larger Metro Denver service agencies. The service agencies listed below rank among the largest in Central Services' jurisdictional area. Original films created by Central Services are automatically deposited with the State Archivist.

Microfilm Price Comparisons

SERVICE COMPANY	100'	100'	200'	100'	100'	100'
	16mm 5 mil.	35mm 5 mil.	16mm 2.5 mil.	16mm 5 mil.	35mm 5 mil.	16mm 2.5 mil.
	PROCESSING			DIAZO DUPLICATION		
Micrographic Supply Co.	\$2.40	\$4.50	\$4.50	\$ 6.75	\$ 9.40	\$12.50
Dakota Graphics	\$3.75	\$4.25	N/A	\$ 6.00 \$10.00	\$ 8.00 \$12.00**	N/A
American Microdata	\$1.95*	\$4.00	\$3.95	\$ 8.00	\$10.35	\$16.00
Central Services	\$2.20	\$4.15	\$4.15	\$ 5.40	\$ 9.00	\$10.50

*American Microdata. Handling charges added if long distance delivery or mailing is required. There is also a \$30 minimum.

**Dakota Graphics. Figures reflect price breaks for quantity.

Appendix

Quick Copy Price Comparisons

Central Services' prices include collating and stapling whereas all other prices do not include these services. Central Services does not run more than 500 copies per original in its Quick Copy Centers.

COPIES	*CENTRAL SERVICES	QUICK COPY	PRESTO PRINT	QUICK PRINT	STOP & GO PRINTING	P. I. P.	MINUTE MAN PRESS
25	\$.58	\$ 1.50	\$ 3.65	\$ 3.50	\$ 1.75	\$ 4.50	--
50	1.15	3.00	3.95	4.00	2.50	5.00	\$ 6.90
100	2.00	6.00	4.75	4.95	3.50	5.45	8.30
200	4.00	12.00	6.25	6.95	7.00	8.80	10.00
300	6.00	18.00	8.75	8.95	10.50	11.45	11.80
400	8.00	24.00	9.95	10.95	14.00	14.10	13.50
500	10.00	30.00	11.95	12.95	17.50	16.45	15.30
600	12.00	36.00	12.95	14.95	21.00	18.80	17.00
700	14.00	42.00	14.05	16.95	24.50	21.15	18.80
800	16.00	48.00	15.95	18.95	28.00	23.50	20.50
900	18.00	54.00	17.25	20.95	31.50	25.85	22.30
1,000	20.00	60.00	19.95	22.95	35.00	27.70	23.80

*Central Services prices include collating and stapling whereas the other prices do not.

Office Copiers Price Comparisons

No price comparison is possible other than to note that the use of private sector copiers by state employees would run \$.10 per copy whereas Central Services' costs range from \$.033 to \$.040 per copy including all supplies.

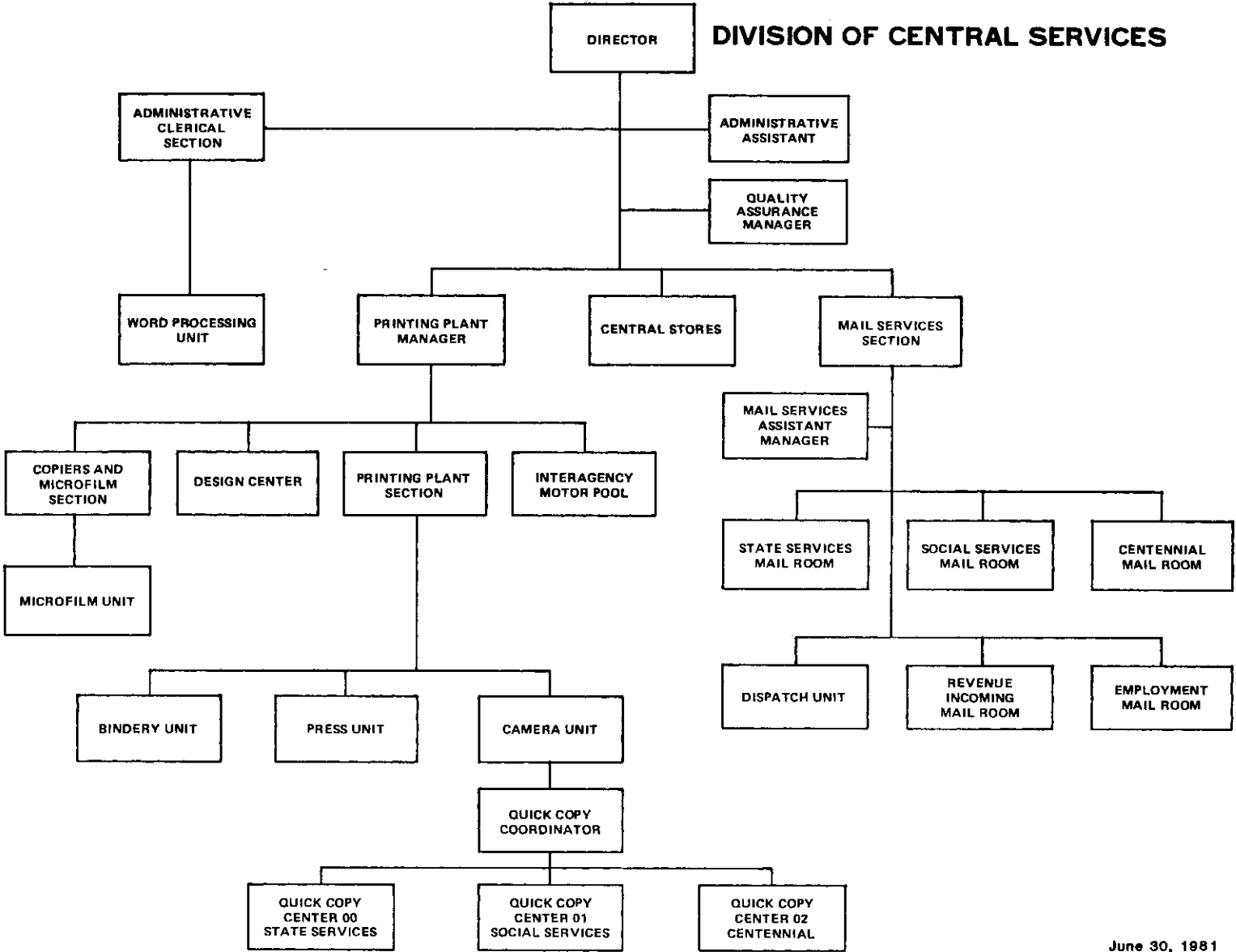
Appendix

Four of the word processing activities listed on the table below are "in house" operations and four are commercial word processing enterprises. No attempt to organize the services by the type of equipment they operate was made.

Word Processing Price Comparisons

<u>Business Name</u>	<u>Rate Per Hour</u>
Central Services	\$13.00
Secretarial Help	15.00
Aorist Business Services	20.00
Away With Words	18.00
The Headquarters Company	38.88
Mountain Bell	18.00
Public Service	24.08
Rocky Flats	32.00
Samsonite	16.20

Organization Chart



June 30, 1981

Managment and Supervisory Personnel

Jack E. Keene
Director

Juanita Bordoni
Supervisor,
Centennial Mail Room

Robert O'Lear
Supervisor,
Main Print Shop

Jo Anne Cahill
Supervisor,
Word Processing Unit

Renee Padilla
Supervisor,
Administrative Clerical Section

Paul Dickerson
Supervisor,
Press Unit

Kathleen Pennucci
Day Supervisor,
Incoming Revenue Mail Room

Glenn L. Fox, Jr.
Supervisor,
Office Copier Program,
Microfilm Unit

Michael J. Renth
Quality Assurance Manager

Harbert "Gib" Gilbert
Central Stores & Forms Unit

Paul R. Stempien
Administrative Assistant

J. J. Jackson
Art Director,
Design Center

Gilbert Thomas, III
Supervisor,
Dispatch Unit

Eleanor M. Kellems
Supervisor,
Camera Unit, Quick Copy Centers

Don L. Trummel
Manager,
Mail Services Section

Lloyd C. Kellems
Printing Plant Manager

James Twark
Supervisor,
Interagency Motor Pool

James Lewis
Night Supervisor,
Incoming Revenue Mail Room

Robert Upham
Supervisor,
State Services Mail Room

Cheryl R. McHugh
Assistant Manager
Mail Services Section

Frank Vondras
Supervisor,
Social Services Mail Room

Geraldine Madril
Supervisor,
Employment Mail Room

Esther Weiner
Supervisor,
Microfilm Unit

John Whitehurst
Supervisor,
Bindery Unit

This annual report has been wholly designed and printed by the employees of the:

**Division of Central Services
1525 Sherman Street, Room 15
Denver, CO 80203**

866-3575