



INTERNAL SERVICE FUNDS

The internal service funds are maintained to account for the operations of State agencies that provide services to other State agencies, component units, or other governmental units on a cost reimbursement basis.

The following activities are included in the internal service funds:

Office of the State Controller:

Workers' Compensation Program

Department of Administration:

Motor Fleet Management
Mail Service Center
Temporary Solutions
Surplus Property

Office of the Governor:

Computing Services
State Telecommunications Services

Department of Insurance:

State Property Fire Insurance

COMBINING STATEMENT OF NET ASSETS INTERNAL SERVICE FUNDS

June 30, 2011

(Dollars in Thousands)

| | Workers' Compensation Program | State Property Fire Insurance | Motor Fleet Management | Mail Service Center | Temporary Solutions |
|--|-------------------------------------|--|------------------------------|---------------------------|------------------------|
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents..... | \$ 2,608 | \$ 30,398 | \$ 18,199 | \$ — | \$ 901 |
| Investments..... | — | 25,330 | — | — | — |
| Securities lending collateral..... | — | 4,862 | — | — | — |
| Receivables: | | | | | |
| Accounts receivable, net..... | 1,408 | — | 1,414 | 382 | 1,979 |
| Intergovernmental receivable..... | — | — | — | — | — |
| Interest receivable..... | — | 26 | — | — | — |
| Premiums receivable..... | — | 54 | — | — | — |
| Due from other funds..... | 3,089 | — | 3,596 | 17 | 64 |
| Due from component units..... | — | — | 377 | — | — |
| Inventories..... | — | — | 128 | 206 | — |
| Prepaid items..... | — | — | — | — | — |
| Total current assets..... | <u>7,105</u> | <u>60,670</u> | <u>23,714</u> | <u>605</u> | <u>2,944</u> |
| Noncurrent Assets: | | | | | |
| Capital assets-nondepreciable..... | — | — | 288 | — | — |
| Capital assets-depreciable, net..... | — | — | 36,604 | 435 | — |
| Total noncurrent assets..... | <u>—</u> | <u>—</u> | <u>36,892</u> | <u>435</u> | <u>—</u> |
| Total Assets..... | <u>7,105</u> | <u>60,670</u> | <u>60,606</u> | <u>1,040</u> | <u>2,944</u> |
| Liabilities | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable and accrued liabilities: | | | | | |
| Accounts payable..... | — | 5,814 | 1,053 | 35 | 1 |
| Accrued payroll..... | — | — | 2 | 10 | 1,138 |
| Claims payable..... | — | 1,484 | — | — | — |
| Obligations under securities lending..... | — | 5,040 | — | — | — |
| Interest payable..... | — | — | — | — | — |
| Due to other funds..... | — | — | 22 | 489 | 2 |
| Unearned revenue..... | — | 7,434 | — | — | — |
| Capital leases payable..... | — | — | — | — | — |
| Compensated absences..... | — | 18 | 16 | 22 | 5 |
| Total current liabilities..... | <u>—</u> | <u>19,790</u> | <u>1,093</u> | <u>556</u> | <u>1,146</u> |
| Noncurrent Liabilities: | | | | | |
| Accounts payable..... | — | — | — | — | — |
| Capital leases payable..... | — | — | — | — | — |
| Compensated absences..... | — | 243 | 125 | 174 | 40 |
| Total noncurrent liabilities..... | <u>—</u> | <u>243</u> | <u>125</u> | <u>174</u> | <u>40</u> |
| Total Liabilities..... | <u>—</u> | <u>20,033</u> | <u>1,218</u> | <u>730</u> | <u>1,186</u> |
| Net Assets | | | | | |
| Invested in capital assets, net of related debt..... | — | — | 36,892 | 435 | — |
| Unrestricted..... | 7,105 | 40,637 | 22,496 | (125) | 1,758 |
| Total Net Assets..... | <u>\$ 7,105</u> | <u>\$ 40,637</u> | <u>\$ 59,388</u> | <u>\$ 310</u> | <u>\$ 1,758</u> |

Exhibit E-1

| Computing Services | State Telecommu- nications Services | Surplus Property | Totals |
|-----------------------|--|---------------------|-------------------|
| \$ 21,764 | \$ 10,213 | \$ 524 | \$ 84,607 |
| — | — | — | 25,330 |
| — | — | — | 4,862 |
| 3,361 | 6,105 | 17 | 14,666 |
| 8 | — | — | 8 |
| — | — | — | 26 |
| — | — | — | 54 |
| 11,358 | 3,829 | 2 | 21,955 |
| 14 | 233 | — | 624 |
| 13 | — | — | 347 |
| 1,276 | 1 | — | 1,277 |
| <u>37,794</u> | <u>20,381</u> | <u>543</u> | <u>153,756</u> |
| 3,089 | — | 19 | 3,396 |
| <u>58,500</u> | <u>5,360</u> | <u>99</u> | <u>100,998</u> |
| <u>61,589</u> | <u>5,360</u> | <u>118</u> | <u>104,394</u> |
| <u>99,383</u> | <u>25,741</u> | <u>661</u> | <u>258,150</u> |
| 351 | 988 | 781 | 9,023 |
| — | — | — | 1,150 |
| — | — | — | 1,484 |
| — | — | — | 5,040 |
| — | 98 | — | 98 |
| 85 | 102 | 65 | 765 |
| 454 | — | — | 7,888 |
| — | 667 | — | 667 |
| 319 | 74 | 13 | 467 |
| <u>1,209</u> | <u>1,929</u> | <u>859</u> | <u>26,582</u> |
| — | 597 | — | 597 |
| — | 693 | — | 693 |
| 4,104 | 952 | 107 | 5,745 |
| <u>4,104</u> | <u>2,242</u> | <u>107</u> | <u>7,035</u> |
| <u>5,313</u> | <u>4,171</u> | <u>966</u> | <u>33,617</u> |
| 61,589 | 4,000 | 118 | 103,034 |
| 32,481 | 17,570 | (423) | 121,499 |
| <u>\$ 94,070</u> | <u>\$ 21,570</u> | <u>\$ (305)</u> | <u>\$ 224,533</u> |

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS**

For the Fiscal Year Ended June 30, 2011

(Dollars in Thousands)

| | Workers' Compensation Program | State Property Fire Insurance | Motor Fleet Management | Mail Service Center | Temporary Solutions |
|--|-------------------------------------|--|------------------------------|---------------------------|------------------------|
| Operating Revenues: | | | | | |
| Federal funds..... | \$ — | \$ — | \$ — | \$ — | \$ — |
| Sales and services..... | 61,369 | — | 40,978 | 3,969 | 18,139 |
| Rental and lease earnings..... | — | — | — | — | — |
| Fees, licenses, and fines..... | — | — | — | — | — |
| Insurance premiums..... | — | 17,713 | — | — | — |
| Miscellaneous..... | — | — | 67 | — | — |
| Total operating revenues..... | <u>61,369</u> | <u>17,713</u> | <u>41,045</u> | <u>3,969</u> | <u>18,139</u> |
| Operating Expenses: | | | | | |
| Personal services..... | — | 1,791 | 1,972 | 2,935 | 17,839 |
| Supplies and materials..... | — | 2 | 18,071 | 39 | 1 |
| Services..... | 61,642 | 122 | 2,738 | 441 | 116 |
| Cost of goods sold..... | — | — | 349 | — | — |
| Depreciation/amortization..... | — | — | 14,170 | 57 | — |
| Claims..... | — | 74 | — | — | — |
| Insurance and bonding..... | — | 14,695 | 1,353 | 1 | — |
| Other..... | — | 71 | 25 | 55 | 26 |
| Total operating expenses..... | <u>61,642</u> | <u>16,755</u> | <u>38,678</u> | <u>3,528</u> | <u>17,982</u> |
| Operating income (loss)..... | <u>(273)</u> | <u>958</u> | <u>2,367</u> | <u>441</u> | <u>157</u> |
| Nonoperating Revenues (Expenses): | | | | | |
| Noncapital grants..... | — | — | — | — | — |
| Noncapital gifts, net..... | — | — | — | — | — |
| Investment earnings..... | — | 1,857 | — | — | — |
| Insurance recoveries..... | — | — | 121 | — | — |
| Gain (loss) on sale of equipment..... | — | — | 284 | (77) | — |
| Miscellaneous..... | — | (16) | 46 | — | — |
| Total nonoperating revenues (expenses)..... | <u>—</u> | <u>1,841</u> | <u>451</u> | <u>(77)</u> | <u>—</u> |
| Income (loss) before contributions and transfers..... | (273) | 2,799 | 2,818 | 364 | 157 |
| Capital contributions..... | — | — | — | — | — |
| Transfers in..... | 1,156 | — | 54 | — | — |
| Transfers out..... | — | (2,828) | (46,088) | — | — |
| Change in net assets..... | <u>883</u> | <u>(29)</u> | <u>(43,216)</u> | <u>364</u> | <u>157</u> |
| Net assets — July 1, as restated..... | 6,222 | 40,666 | 102,604 | (54) | 1,601 |
| Net assets — June 30..... | <u>\$ 7,105</u> | <u>\$ 40,637</u> | <u>\$ 59,388</u> | <u>\$ 310</u> | <u>\$ 1,758</u> |

Exhibit E-2

| Computing Services | State Telecommu- nications Services | Surplus Property | Totals |
|-----------------------|--|---------------------|-------------------|
| \$ 72 | \$ — | \$ — | \$ 72 |
| 108,726 | 81,604 | 1,665 | 316,450 |
| — | — | 21 | 21 |
| 117 | — | 34 | 151 |
| — | — | — | 17,713 |
| — | 88 | 168 | 323 |
| <u>108,915</u> | <u>81,692</u> | <u>1,888</u> | <u>334,730</u> |
| 38,144 | 11,525 | 1,623 | 75,829 |
| 169 | 15 | 46 | 18,343 |
| 5,889 | 54,009 | 274 | 125,231 |
| — | — | 243 | 592 |
| 9,039 | 2,540 | 13 | 25,819 |
| — | — | — | 74 |
| 131 | 57 | 20 | 16,257 |
| 46,910 | 10,206 | 32 | 57,325 |
| <u>100,282</u> | <u>78,352</u> | <u>2,251</u> | <u>319,470</u> |
| <u>8,633</u> | <u>3,340</u> | <u>(363)</u> | <u>15,260</u> |
| 340 | — | — | 340 |
| 3 | — | — | 3 |
| — | — | — | 1,857 |
| — | — | — | 121 |
| 7 | — | — | 214 |
| 3 | 119 | — | 152 |
| <u>353</u> | <u>119</u> | <u>—</u> | <u>2,687</u> |
| 8,986 | 3,459 | (363) | 17,947 |
| — | 4 | 48 | 52 |
| 8,985 | 4,410 | — | 14,605 |
| <u>(16,874)</u> | <u>(10,642)</u> | <u>—</u> | <u>(76,432)</u> |
| 1,097 | (2,769) | (315) | (43,828) |
| 92,973 | 24,339 | 10 | 268,361 |
| <u>\$ 94,070</u> | <u>\$ 21,570</u> | <u>\$ (305)</u> | <u>\$ 224,533</u> |

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2011

(Dollars in Thousands)

| | Workers' Compensation Program | State Property Fire Insurance | Motor Fleet Management | Mail Service Center | Temporary Solutions |
|---|-------------------------------------|--|------------------------------|---------------------------|------------------------|
| Cash Flows From Operating Activities: | | | | | |
| Receipts from customers..... | \$ 8,318 | \$ 10,906 | \$ 4,262 | \$ 656 | \$ — |
| Receipts from federal agencies..... | — | — | — | — | — |
| Receipts from other funds..... | 54,494 | 8,581 | 38,626 | 3,200 | 18,167 |
| Payments to suppliers..... | (61,642) | (14,955) | (10,884) | (215) | (23) |
| Payments to employees..... | — | (1,799) | (1,974) | (2,940) | (17,421) |
| Payments for benefits and claims..... | — | (323) | — | — | — |
| Payments to other funds..... | — | (44) | (11,485) | (569) | (94) |
| Other receipts..... | — | — | 113 | — | — |
| Other payments..... | — | — | (21) | (6) | (26) |
| Net cash flows provided (used) by operating activities..... | <u>1,170</u> | <u>2,366</u> | <u>18,637</u> | <u>126</u> | <u>603</u> |
| Cash Provided From (Used For) | | | | | |
| Noncapital Financing Activities: | | | | | |
| Grant receipts..... | — | — | — | — | — |
| Principal payments on borrowing..... | — | — | — | — | — |
| Interest expense and issuance cost..... | — | — | — | — | — |
| Transfers from other funds..... | 1,156 | — | — | — | — |
| Transfers to other funds..... | — | (2,828) | (46,088) | — | — |
| Gifts..... | — | — | — | — | — |
| Total cash provided from (used for) noncapital financing activities..... | <u>1,156</u> | <u>(2,828)</u> | <u>(46,088)</u> | <u>—</u> | <u>—</u> |
| Cash Provided From (Used For) | | | | | |
| Capital and Related Financing Activities: | | | | | |
| Acquisition and construction of capital assets..... | — | — | (2,131) | (126) | — |
| Proceeds from the sale of capital assets..... | — | — | 804 | — | — |
| Principal paid on capital debt..... | — | — | — | — | — |
| Interest paid on capital debt..... | — | — | — | — | — |
| Insurance recoveries..... | — | — | 121 | — | — |
| Total cash provided from (used for) capital and related financing activities..... | <u>—</u> | <u>—</u> | <u>(1,206)</u> | <u>(126)</u> | <u>—</u> |
| Cash Provided From (Used For) | | | | | |
| Investment Activities: | | | | | |
| Investment earnings..... | — | 359 | — | — | — |
| Total cash provided from (used for) investment activities..... | <u>—</u> | <u>359</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Net increase (decrease) in cash and cash equivalents..... | 2,326 | (103) | (28,657) | — | 603 |
| Cash and cash equivalents at July 1..... | 282 | 30,501 | 46,856 | — | 298 |
| Cash and cash equivalents at June 30..... | <u>\$ 2,608</u> | <u>\$ 30,398</u> | <u>\$ 18,199</u> | <u>\$ —</u> | <u>\$ 901</u> |
| Reconciliation of Operating Income to Net Cash Provided From (Used For) Operating Activities: | | | | | |
| Operating income (loss)..... | \$ (273) | \$ 958 | \$ 2,367 | \$ 441 | \$ 157 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | | | |
| Depreciation/amortization..... | — | — | 14,170 | 57 | — |
| Nonoperating miscellaneous income..... | — | — | 46 | — | — |
| (Increases) decreases in assets: | | | | | |
| Receivables..... | 910 | 2,337 | 244 | (113) | 7 |
| Due from other funds..... | 533 | — | 1,526 | 1 | 21 |
| Due from component units..... | — | — | 139 | — | — |
| Inventories..... | — | — | (44) | (194) | — |
| Prepaid items..... | — | — | — | — | — |
| Increases (decreases) in liabilities: | | | | | |
| Accounts payable and accrued liabilities..... | — | (358) | 200 | 3 | 409 |
| Due to other funds..... | — | — | (9) | (67) | — |
| Compensated absences..... | — | (9) | (2) | (2) | 9 |
| Unearned revenue..... | — | (562) | — | — | — |
| Total cash provided from (used for) operations..... | <u>\$ 1,170</u> | <u>\$ 2,366</u> | <u>\$ 18,637</u> | <u>\$ 126</u> | <u>\$ 603</u> |
| Noncash Investing, Capital, and Financing Activities: | | | | | |
| Noncash distributions from the State Treasurer Long-Term Investment Portfolio and/or other agents..... | \$ — | \$ 1,441 | \$ — | \$ — | \$ — |
| Donated or transferred assets..... | — | — | 54 | — | — |
| Assets acquired through the assumption of a liability..... | — | 4,862 | — | — | — |
| Change in fair value of investments..... | — | (257) | — | — | — |

| Computing Services | State Telecommunications Services | Surplus Property | Totals |
|--------------------|-----------------------------------|------------------|------------------|
| \$ 1,188 | \$ 18,632 | \$ 717 | \$ 44,679 |
| 72 | — | — | 72 |
| 104,491 | 62,790 | 1,043 | 291,392 |
| (51,043) | (62,045) | (409) | (201,216) |
| (38,358) | (11,122) | (1,623) | (75,237) |
| — | — | — | (323) |
| (1,965) | (1,664) | (382) | (16,203) |
| 3 | 207 | 167 | 490 |
| (409) | (392) | (9) | (863) |
| <u>13,979</u> | <u>6,406</u> | <u>(496)</u> | <u>42,791</u> |
| 340 | — | — | 340 |
| — | (505) | — | (505) |
| — | (64) | — | (64) |
| 8,985 | 4,410 | — | 14,551 |
| (16,874) | (10,642) | — | (76,432) |
| 3 | — | — | 3 |
| <u>(7,546)</u> | <u>(6,801)</u> | <u>—</u> | <u>(62,107)</u> |
| (9,237) | (1,982) | — | (13,476) |
| 7 | — | — | 811 |
| — | (640) | — | (640) |
| — | (81) | — | (81) |
| — | — | — | 121 |
| <u>(9,230)</u> | <u>(2,703)</u> | <u>—</u> | <u>(13,265)</u> |
| — | — | — | 359 |
| — | — | — | 359 |
| (2,797) | (3,098) | (496) | (32,222) |
| 24,561 | 13,311 | 1,020 | 116,829 |
| <u>\$ 21,764</u> | <u>\$ 10,213</u> | <u>\$ 524</u> | <u>\$ 84,607</u> |
| \$ 8,633 | \$ 3,340 | \$ (363) | \$ 15,260 |
| 9,039 | 2,540 | 13 | 25,819 |
| 3 | 119 | — | 168 |
| (2,994) | (1,075) | 41 | (643) |
| (574) | 782 | (1) | 2,288 |
| 22 | 110 | — | 271 |
| 14 | — | — | (224) |
| (146) | — | — | (146) |
| (185) | 179 | (121) | 127 |
| (2) | 8 | (65) | (135) |
| (215) | 403 | — | 184 |
| 384 | — | — | (178) |
| <u>\$ 13,979</u> | <u>\$ 6,406</u> | <u>\$ (496)</u> | <u>\$ 42,791</u> |
| \$ — | \$ — | \$ — | \$ 1,441 |
| — | 4 | 48 | 106 |
| — | — | — | 4,862 |
| — | — | — | (257) |