STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2003 *Exhibit B-3*

(Dollars in Thousands)

	Business-type Activities — Enterprise Funds				Governmental Activities —
	Unemployment Compensation Fund	EPA Revolving Loan Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current Assets:					
Cash and cash equivalents (Note 3)	$ 58,182	$ 168,883	$ 34,026	$ 261,091	$ 63,810
Restricted cash and cash equivalents (Note 3)	—	—	2	2	—
Investments (Note 3)	—	—	32,101	32,101	19,632
Restricted investments (Note 3)	—	—	876	876	—
Securities lending collateral (Note 3)	13,418	137,324	37,374	188,116	21,694
Receivables: (Note 4					
Accounts receivable, net	18,362	—	725	19,087	17,880
Intergovernmental receivables	3,559	39	—	3,598	—
Interest receivable	51	2,619	74	2,744	54
Premiums receivable	—	—	1,643	1,643	—
Contributions receivable, net	231,687	—	78	231,765	—
Notes receivable (Note 4)	—	24,159	—	24,159	—
Due from fiduciary funds (Note 4)	—	—	—	—	3
Due from other funds (Note 9)	42	—	—	42	18,638
Due from component units (Note 17)	—	—	—	—	961
Inventories	—	—	456	456	259
Prepaid items	—	—	2,543	2,543	9,200
Total current assets	325,301	333,024	109,898	768,223	152,131
Noncurrent Assets:					
Restricted/designated cash and cash equivalents (Note 3)	—	—	3,674	3,674	—
Restricted investments (Note 3)	—	—	4,921	4,921	—
Notes receivable (Note 4)	—	386,154	—	386,154	—
Deferred charges	—	—	123	123	—
Capital assets-nondepreciable (Note 5)	—	—	22,582	22,582	3,298
Capital assets-depreciable, net (Note 5)	—	128	22,718	22,846	86,672
Total noncurrent assets	—	386,282	54,018	440,300	89,970
Total Assets	325,301	719,306	163,916	1,208,523	242,101
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities					
Accounts payable	7,153	40	1,189	8,382	3,258
Accrued payroll	—	—	76	76	573
Intergovernmental payable	1,653	—	—	1,653	—
Claims payable	2,752	—	10,046	12,798	1,196
Unemployment benefits payable	12,368	—	—	12,368	—
Obligations under securities lending	13,418	137,324	37,374	188,116	21,694
Interest payable	—	—	27	27	—
Due to other funds (Note 9)	—	—	6	6	2,137
Deferred revenue	10,477	—	5,908	16,385	2,489
Deposits payable	—	—	118	118	—
Bonds payable - current	—	—	245	245	—
Accrued vacation leave - current	—	24	46	70	199
Total current liabilities	47,821	137,388	55,035	240,244	31,546
Noncurrent Liabilities:					
Bonds payable, net	—	—	9,325	9,325	—
Accrued vacation leave	—	240	390	630	2,527
Total noncurrent liabilities	—	240	9,715	9,955	2,527
Total Liabilities	47,821	137,628	64,750	250,199	34,073
NET ASSETS					
Invested in capital assets, net of related debt	—	—	38,450	38,450	89,970
Restricted for:					
Capital outlay	—	—	4,268	4,268	—
Unrestricted	277,480	581,678	56,448	915,606	118,058
Total Net Assets	$ 277,480	$ 581,678	$ 99,166	$ 958,324	$ 208,028

The accompanying Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2003 *Exhibit B-4*

(Dollars in Thousands)

	Business-type Activities — Enterprise Funds				Governmental Activities — Internal Service Funds
	Unemployment Compensation Fund	EPA Revolving Loan Fund	Other Enterprise Funds	Total Enterprise Funds	
Operating Revenues:					
Employer unemployment contributions	$ 628,866	$ —	$ —	$ 628,866	$ —
Federal funds	17,407	—	—	17,407	—
Sales and services	—	1,725	1,171	2,896	208,576
Sales and services used as security for bonds, net	—	—	3,936	3,936	—
Interest earnings on loans	—	10,825	—	10,825	—
Rental and lease earnings	—	—	4,614	4,614	910
Fees, licenses and fines	—	—	7,731	7,731	—
Insurance premiums	—	—	12,076	12,076	15,536
Miscellaneous	—	—	166	166	366
Total operating revenues	646,273	12,550	29,694	688,517	225,388
Operating Expenses:					
Personal services	—	2,698	7,274	9,972	39,023
Supplies and materials	—	20	883	903	8,212
Services	—	869	6,250	7,119	88,572
Cost of goods sold	—	—	421	421	1,593
Depreciation/amortization	—	13	1,648	1,661	27,107
Claims	—	—	8,084	8,084	1,619
Unemployment benefits	1,602,391	—	—	1,602,391	—
Insurance and bonding	—	—	4,179	4,179	21,304
Other	—	433	1,371	1,804	42,616
Total operating expenses	1,602,391	4,033	30,110	1,636,534	230,046
Operating income (loss)	(956,118)	8,517	(416)	(948,017)	(4,658)
Nonoperating Revenues (Expenses):					
Noncapital grants	433,151	39,436	—	472,587	—
Noncapital gifts	—	—	212	212	—
Investment earnings	19,484	6,460	5,798	31,742	3,791
Interest and fees	—	—	(110)	(110)	—
Insurance recoveries	—	—	—	—	154
Grants, aid and subsidies	—	—	(70)	(70)	—
Gain (loss) on sale of equipment	—	—	(1)	(1)	(821)
Miscellaneous	(1,405)	(233)	(457)	(2,095)	(348)
Total nonoperating revenues (expenses)	451,230	45,663	5,372	502,265	2,776
Income (loss) before contributions and transfers	(504,888)	54,180	4,956	(445,752)	(1,882)
Capital contributions	—	—	1,241	1,241	936
Transfers in (Note 9)	571	7,346	2,043	9,960	678
Transfers out (Note 9)	(11,321)	(131)	(3,426)	(14,878)	(73)
Change in net assets	(515,638)	61,395	4,814	(449,429)	(341)
Net assets — July 1, as restated (Note 21)	793,118	520,283	94,352	1,407,753	208,369
Net assets — June 30	$ 277,480	$ 581,678	$ 99,166	$ 958,324	$ 208,028

The accompanying Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2003

(Dollars in Thousands)

	Business-type Activities — Enterprise Funds				Governmental Activities — Internal Service Funds
	Unemployment Compensation Fund	EPA Revolving Loan Fund	Other Enterprise Funds	Total Enterprise Funds	
Cash Flows From Operating Activities:					
Receipts from customers	$ 573,728	$ 1,726	$ 29,417	$ 604,871	$ 58,955
Receipts from federal agencies	15,465	—	—	15,465	—
Receipts from other funds	—	—	554	554	171,432
Payments to suppliers	—	(1,314)	(12,862)	(14,176)	(155,428)
Payments to employees	—	(2,646)	(7,193)	(9,839)	(38,093)
Payments for benefits and claims	(1,641,942)	—	(6,160)	(1,648,102)	(562)
Payments to other funds	—	—	(266)	(266)	(11,616)
Loan issuances	—	(60,493)	—	(60,493)	—
Loan repayments — interest	—	10,874	—	10,874	—
Loan repayments — principal	—	23,896	—	23,896	—
Other receipts (payments)	—	—	(86)	(86)	(58)
Net cash flows provided (used) by operating activities	(1,052,749)	(27,957)	3,404	(1,077,302)	24,630
Cash Provided From (Used For) Noncapital Financing Activities:					
Grants	433,151	39,500	(70)	472,581	—
Transfers from other funds	538	7,346	2,043	9,927	678
Transfers to other funds	(11,714)	(131)	(3,426)	(15,271)	(73)
Gifts	—	—	212	212	—
Total cash provided from (used for) noncapital financing activities	421,975	46,715	(1,241)	467,449	605
Cash Provided From (Used For) Capital Financing Activities:					
Acquisition and construction of capital assets	—	(15)	(3,421)	(3,436)	(32,211)
Proceeds from the sale of capital assets	—	—	21	21	2,415
Capital contributions	—	—	1,241	1,241	—
Principal paid on capital debt	—	—	(235)	(235)	—
Interest paid on capital debt	—	—	(431)	(431)	—
Payment to bond escrow agent	—	—	(47)	(47)	—
Insurance recoveries	—	—	—	—	154
Total cash provided from (used for) capital financing activities	—	(15)	(2,872)	(2,887)	(29,642)
Cash Provided From (Used For) Investment Activities:					
Proceeds from the sale/maturities of non-State Treasurer investments	—	—	6,558	6,558	—
Purchase of non-State Treasurer investments	—	—	(4,184)	(4,184)	—
Redemptions from State Treasurer investment pool	—	—	—	—	4,000
Investment earnings	18,883	6,285	947	26,115	845
Total cash provided from (used for) investment activities	18,883	6,285	3,321	28,489	4,845
Net increase (decrease) in cash and cash equivalents	(611,891)	25,028	2,612	(584,251)	438
Cash and cash equivalents at July 1	670,073	143,855	35,090	849,018	63,372
Cash and cash equivalents at June 30	$ 58,182	$ 168,883	$ 37,702	$ 264,767	$ 63,810

The accompanying Notes to the Financial Statements are an integral part of this statement.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2003 *Exhibit B-5*

(Dollars in Thousands)

	Business-type Activities — Enterprise Funds				Governmental Activities — Internal Service Funds
	Unemployment Compensation Fund	EPA Revolving Loan Fund	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of Operating Income to Net Cash Provided From (Used For) Operating Activities:					
Operating income (loss)	$ (956,118)	$ 8,517	$ (416)	$ (948,017)	$ (4,658)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation/amortization	—	13	1,648	1,661	27,107
Mortgage/loan/note principal repayments	—	23,896	—	23,896	—
Mortgages/loans/notes issued	—	(60,493)	—	(60,493)	—
Restatements and adjustments to cash	—	—	1,327	1,327	—
Nonoperating miscellaneous income/expense	—	—	9	9	3
(Increases) decreases in assets:					
Receivables	(59,036)	50	(326)	(59,312)	6,268
Due from other funds	—	—	—	—	(1,610)
Due from fiduciary funds	—	—	—	—	5
Due from component units	—	—	—	—	670
Inventories	—	—	(40)	(40)	19
Prepaid items	—	—	(23)	(23)	(2,292)
Increases (decreases) in liabilities:					
Accounts payable and accrued liabilities	3,564	8	43	3,615	1,520
Due to other funds	—	—	—	—	(2,572)
Due to component units	—	—	—	—	(601)
Unemployment benefits payable	(41,526)	—	—	(41,526)	—
Accrued vacation leave	—	52	69	121	822
Deferred revenue	367	—	1,136	1,503	(51)
Deposits payable	—	—	(23)	(23)	—
Total cash provided from (used for) operations	$ (1,052,749)	$ (27,957)	$ 3,404	$(1,077,302)	$ 24,630
Noncash Investing, Capital, and Financing Activities:					
Noncash distributions from the State Treasurer Long-Term Investment Portfolio	$ —	$ —	$ 2,609	2,609	$ 1,596
Donated assets (fair market value)	—	—	—	—	936
Change in construction in progress as a result of accrual of accounts payable	—	—	851	851	—
Assets acquired through the assumption of a liability	13,418	137,324	37,374	188,116	21,694
Change in fair value of investments	—	—	1,738	1,738	862