STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2004 *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)	$ 15,949	$ 202,890	$ 26,828	$ 245,667	$ 50,984
Investments (Note 3)	—	—	35,022	35,022	19,485
Restricted investments (Note 3)	—	—	2	2	—
Securities lending collateral (Note 3)	7,349	151,980	34,580	193,909	21,790
Receivables: (Note 4					
Accounts receivable, net	23,205	46	407	23,658	13,979
Intergovernmental receivables	—	36	—	36	—
Interest receivable	24	2,565	46	2,635	41
Premiums receivable	—	—	737	737	141
Contributions receivable, net	270,639	—	—	270,639	—
Notes receivable, net (Note 4)	—	27,158	—	27,158	—
Due from fiduciary funds (Note 4)	—	—	—	—	2
Due from other funds (Note 9)	91	—	—	91	19,415
Due from component units (Note 17)	—	—	—	—	1,046
Inventories	—	—	485	485	264
Prepaid items	—	—	1,845	1,845	12,205
Total current assets	317,257	384,675	99,952	801,884	139,352
Noncurrent Assets:					
Restricted/designated cash and cash equivalents (Note 3)	—	—	4,135	4,135	—
Investments (Note 3)	—	—	40	40	—
Restricted investments (Note 3)	—	—	3,345	3,345	—
Notes receivable, net (Note 4)	—	408,062	—	408,062	—
Deferred charges	—	—	118	118	—
Capital assets-nondepreciable (Note 5)	—	—	27,096	27,096	3,298
Capital assets-depreciable, net (Note 5)	—	155	22,256	22,411	88,299
Total noncurrent assets	—	408,217	56,990	465,207	91,597
Total Assets	317,257	792,892	156,942	1,267,091	230,949
LIABILITIES					
Current Liabilities:					
Accounts payable and accrued liabilities					
Accounts payable	6,123	33	482	6,638	4,613
Accrued payroll	—	1	92	93	597
Intergovernmental payable	1,887	—	—	1,887	—
Claims payable	1,716	—	13,733	15,449	1,227
Unemployment benefits payable	20,048	—	—	20,048	—
Obligations under securities lending	7,349	151,980	34,580	193,909	21,790
Interest payable	—	—	35	35	—
Due to other funds (Note 9)	—	8	25	33	1,413
Deferred revenue	8,250	—	4,554	12,804	2,256
Deposits payable	—	—	75	75	—
Short-term debt (Note 6)	251,759	—	—	251,759	—
Bonds payable - current	—	—	255	255	—
Compensated absences - current	—	32	62	94	372
Total current liabilities	297,132	152,054	53,893	503,079	32,268
Noncurrent Liabilities:					
Bonds payable, net	—	—	9,070	9,070	—
Compensated absences	—	309	514	823	2,941
Total noncurrent liabilities	—	309	9,584	9,893	2,941
Total Liabilities	297,132	152,363	63,477	512,972	35,209
NET ASSETS					
Invested in capital assets, net of related debt	—	155	40,122	40,277	91,597
Restricted for:					
Capital outlay	—	—	5,048	5,048	—
Unrestricted	20,125	640,374	48,295	708,794	104,143
Total Net Assets	$ 20,125	$ 640,529	$ 93,465	$ 754,119	$ 195,740

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, 2004 *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	$ 840,765	$ —	$ —	$ 840,765	$ —
Federal funds	37,957	—	—	37,957	—
Sales and services	—	1,238	1,086	2,324	211,296
Sales and services used as security for bonds, net	—	—	3,672	3,672	—
Interest earnings on loans	—	12,638	—	12,638	—
Rental and lease earnings	—	—	4,613	4,613	56
Fees, licenses and fines	—	—	11,549	11,549	—
Insurance premiums	—	—	13,259	13,259	16,203
Miscellaneous	—	—	114	114	492
Total operating revenues	878,722	13,876	34,293	926,891	228,047
Operating Expenses:					
Personal services	—	2,897	7,558	10,455	44,455
Supplies and materials	—	10	1,134	1,144	9,409
Services	—	555	6,572	7,127	96,058
Cost of goods sold	—	—	458	458	1,853
Depreciation/amortization	—	18	1,552	1,570	27,772
Claims	—	—	19,647	19,647	1,676
Unemployment benefits	1,388,303	—	—	1,388,303	—
Insurance and bonding	—	—	4,213	4,213	15,101
Other	—	403	1,410	1,813	35,796
Total operating expenses	1,388,303	3,883	42,544	1,434,730	232,120
Operating income (loss)	(509,581)	9,993	(8,251)	(507,839)	(4,073)
Nonoperating Revenues (Expenses):					
Noncapital grants	257,304	37,280	—	294,584	—
Noncapital gifts	—	—	213	213	—
Investment earnings	2,209	7,030	1,005	10,244	779
Interest and fees	(817)	—	(49)	(866)	—
Insurance recoveries	—	—	1	1	145
Gain (loss) on sale of equipment	—	—	3	3	198
Miscellaneous	(146)	(1,459)	(410)	(2,015)	(282)
Total nonoperating revenues (expenses)	258,550	42,851	763	302,164	840
Income (loss) before contributions and transfers	(251,031)	52,844	(7,488)	(205,675)	(3,233)
Capital contributions	—	—	892	892	—
Transfers in (Note 9)	25	7,358	5,814	13,197	136
Transfers out (Note 9)	(6,349)	(1,351)	(5,195)	(12,895)	(9,750)
Change in net assets	(257,355)	58,851	(5,977)	(204,481)	(12,847)
Net assets — July 1, as restated (Note 21)	277,480	581,678	99,442	958,600	208,587
Net assets — June 30	$ 20,125	$ 640,529	$ 93,465	$ 754,119	$ 195,740

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, 2004

(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	$ 798,508	$ 1,194	$ 33,904	$ 833,606	$ 51,640
Receipts from federal agencies	41,515	—	—	41,515	—
Receipts from other funds	—	—	572	572	178,778
Payments to suppliers	—	(622)	(12,525)	(13,147)	(151,955)
Payments to employees	—	(2,819)	(7,398)	(10,217)	(43,925)
Payments for benefits and claims	(1,386,268)	—	(15,961)	(1,402,229)	(1,038)
Payments to other funds	—	—	(247)	(247)	(7,145)
Loan issuances	—	(53,698)	—	(53,698)	—
Loan repayments — interest	—	12,654	—	12,654	—
Loan repayments — principal	—	28,791	—	28,791	—
Other receipts (payments)	—	(346)	(151)	(497)	(1,617)
Net cash flows provided (used) by operating activities	(546,245)	(14,846)	(1,806)	(562,897)	24,738
Cash Provided From (Used For) Noncapital Financing Activities:					
Grants	257,304	37,283	—	294,587	—
Proceeds from short-term borrowing	748,791	—	—	748,791	—
Principal payments from short-term borrowing	(497,032)	—	—	(497,032)	—
Interest expense and issuance cost	(817)	—	—	(817)	—
Transfers from other funds	25	7,358	4,970	12,353	136
Transfers to other funds	(6,349)	(1,351)	(5,195)	(12,895)	(9,750)
Gifts	—	—	213	213	—
Total cash provided from (used for) noncapital financing activities	501,922	43,290	(12)	545,200	(9,614)
Cash Provided From (Used For) Capital Financing Activities:					
Acquisition and construction of capital assets	—	(45)	(5,286)	(5,331)	(32,159)
Proceeds from the sale of capital assets	—	—	66	66	3,410
Capital contributions	—	—	892	892	—
Principal paid on capital debt	—	—	(245)	(245)	—
Interest paid on capital debt	—	—	(412)	(412)	—
Payment to bond escrow agent	—	—	(43)	(43)	—
Insurance recoveries	—	—	1	1	145
Total cash provided from (used for) capital financing activities	—	(45)	(5,027)	(5,072)	(28,604)
Cash Provided From (Used For) Investment Activities:					
Proceeds from the sale/maturities of non-State Treasurer investments	—	—	12,122	12,122	—
Purchase of non-State Treasurer investments	—	—	(9,356)	(9,356)	—
Purchase into State Treasurer investment pool	—	—	(3,372)	(3,372)	—
Investment earnings	2,090	5,608	712	8,410	654
Total cash provided from (used for) investment activities	2,090	5,608	106	7,804	654
Net increase (decrease) in cash and cash equivalents	(42,233)	34,007	(6,739)	(14,965)	(12,826)
Cash and cash equivalents at July 1	58,182	168,883	37,702	264,767	63,810
Cash and cash equivalents at June 30	$ 15,949	$ 202,890	$ 30,963	$ 249,802	$ 50,984

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, 2004 *Exhibit B-5*

(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
Reconciliation of Operating Income to Net Cash Provided From (Used For) Operating Activities:					
Operating income (loss)	$ (509,581)	$ 9,993	$ (8,251)	$ (507,839)	$ (4,073)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation/amortization	—	18	1,552	1,570	27,772
Mortgage/loan/note principal repayments	—	28,791	—	28,791	—
Mortgages/loans/notes issued	—	(53,698)	—	(53,698)	—
Restatements and adjustments to cash	—	—	275	275	—
Nonoperating miscellaneous income (expense)	—	—	9	9	5
(Increases) decreases in assets:					
Receivables	(40,236)	(29)	1,302	(38,963)	3,945
Due from other funds	(49)	—	—	(49)	(777)
Due from fiduciary funds	—	—	—	—	1
Due from component units	—	—	—	—	(85)
Inventories	—	—	(29)	(29)	(5)
Prepaid items	—	—	698	698	(3,005)
Increases (decreases) in liabilities:					
Accounts payable and accrued liabilities	(796)	(6)	3,876	3,074	1,410
Due to other funds	—	8	19	27	(724)
Unemployment benefits payable	6,644	—	—	6,644	—
Compensated absences	—	77	140	217	507
Deferred revenue	(2,227)	—	(1,354)	(3,581)	(233)
Deposits payable	—	—	(43)	(43)	—
Total cash provided from (used for) operations	$ (546,245)	$ (14,846)	$ (1,806)	$ (562,897)	$ 24,738
Noncash Investing, Capital, and Financing Activities:					
Noncash distributions from the State Treasurer Long-Term Investment Portfolio and/or other agents	$ —	$ —	$ 3,080	3,080	$ 1,601
Transferred assets	—	—	844	844	—
Change in construction in progress as a result of accrual of accounts payable	—	—	(874)	(874)	—
Assets acquired through the assumption of a liability	7,349	151,980	34,580	193,909	21,790
Change in fair value of investments	—	—	(3,014)	(3,014)	(1,749)