STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2005 *Exhibit B-3*

(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	
Assets					
Current Assets:					
Cash and cash equivalents (Note 3)	$ 25,232	$ 211,033	$ 49,597	$ 285,862	$ 56,719
Investments (Note 3)	—	2,586	38,612	41,198	21,482
Securities lending collateral (Note 3)	7,638	165,355	42,147	215,140	25,977
Receivables: (Note 4)					
Accounts receivable, net	26,007	—	3,985	29,992	17,236
Intergovernmental receivables	—	22	—	22	—
Interest receivable	24	3,163	49	3,236	47
Premiums receivable	—	—	1,558	1,558	126
Contributions receivable, net	362,045	—	1	362,046	—
Notes receivable, net (Note 4)	—	29,412	—	29,412	—
Due from fiduciary funds (Note 4)	—	—	—	—	4
Due from other funds (Note 9)	122	—	1	123	15,520
Due from component units (Note 17)	—	—	—	—	1,132
Inventories	—	—	575	575	190
Prepaid items	—	—	1,730	1,730	15,192
Total current assets	421,068	411,571	138,255	970,894	153,625
Noncurrent Assets:					
Restricted/designated cash and cash equivalents (Note 3)	—	—	2,360	2,360	—
Investments (Note 3)	—	—	217	217	—
Restricted investments (Note 3)	—	—	3,264	3,264	—
Notes receivable, net (Note 4)	—	462,691	—	462,691	—
Deferred charges	—	—	112	112	—
Capital assets-nondepreciable (Note 5)	—	—	4,957	4,957	4,305
Capital assets-depreciable, net (Note 5)	—	133	49,555	49,688	88,231
Total noncurrent assets	—	462,824	60,465	523,289	92,536
Total Assets	421,068	874,395	198,720	1,494,183	246,161
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities:					
Accounts payable	8,354	22	767	9,143	7,022
Accrued payroll	—	1	67	68	550
Intergovernmental payable	3,904	56	—	3,960	4,610
Claims payable	1,571	—	11,343	12,914	1,681
Unemployment benefits payable	19,728	—	—	19,728	—
Obligations under securities lending	7,638	165,355	42,147	215,140	25,977
Interest payable	—	—	34	34	—
Due to other funds (Note 9)	—	9	35	44	1,570
Unearned revenue	7,728	—	6,916	14,644	3,121
Deposits payable	—	—	77	77	—
Short-term debt (Note 6)	113,690	—	—	113,690	—
Notes Payable	—	—	112	112	—
Bonds payable - current	—	—	270	270	—
Compensated absences - current	—	24	166	190	290
Total current liabilities	162,613	165,467	61,934	390,014	44,821
Noncurrent Liabilities:					
Notes payable	—	—	1,457	1,457	—
Bonds payable, net	—	—	8,800	8,800	—
Compensated absences	—	299	2,003	2,302	3,039
Total noncurrent liabilities	—	299	12,260	12,559	3,039
Total Liabilities	162,613	165,766	74,194	402,573	47,860
Net Assets					
Invested in capital assets, net of related debt	—	133	43,874	44,007	92,536
Restricted for:					
Capital outlay	—	—	2,503	2,503	—
Other purposes	—	—	1,161	1,161	—
Unrestricted	258,455	708,496	76,988	1,043,939	105,765
Total Net Assets	$ 258,455	$ 708,629	$ 124,526	$ 1,091,610	$ 198,301

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, 2005 *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	$ 1,033,552	$ —	$ —	$ 1,033,552	$ —
Federal funds	28,997	—	—	28,997	—
Sales and services	—	1,587	1,037	2,624	234,163
Sales and services used as security for bonds, net	—	—	3,531	3,531	—
Interest earnings on loans	—	12,491	—	12,491	—
Rental and lease earnings	—	—	5,053	5,053	—
Fees, licenses and fines	—	—	43,580	43,580	20
Insurance premiums	—	—	15,993	15,993	16,927
Miscellaneous	—	—	155	155	444
Total operating revenues	1,062,549	14,078	69,349	1,145,976	251,554
Operating Expenses:					
Personal services	—	2,904	24,229	27,133	45,661
Supplies and materials	—	12	1,276	1,288	12,034
Services	—	491	15,008	15,499	102,468
Cost of goods sold	—	—	407	407	1,727
Depreciation/amortization	—	22	2,937	2,959	27,991
Claims	—	—	8,416	8,416	1,451
Unemployment benefits	818,228	—	—	818,228	—
Insurance and bonding	—	—	3,515	3,515	12,190
Other	—	352	3,312	3,664	40,009
Total operating expenses	818,228	3,781	59,100	881,109	243,531
Operating income (loss)	244,321	10,297	10,249	264,867	8,023
Nonoperating Revenues (Expenses):					
Noncapital grants	14	38,603	224	38,841	—
Noncapital gifts	—	—	202	202	—
Investment earnings	1,101	9,143	5,449	15,693	3,257
Interest and fees	(2,320)	—	(47)	(2,367)	—
Insurance recoveries	—	—	15	15	159
Gain (loss) on sale of equipment	—	—	32	32	(1,692)
Miscellaneous	(4,386)	(3,389)	(863)	(8,638)	(608)
Total nonoperating revenues (expenses)	(5,591)	44,357	5,012	43,778	1,116
Income (loss) before contributions and transfers	238,730	54,654	15,261	308,645	9,139
Capital contributions	—	—	452	452	—
Transfers in (Note 9)	—	13,599	3,402	17,001	629
Transfers out (Note 9)	(400)	(153)	(4,828)	(5,381)	(5,896)
Change in net assets	238,330	68,100	14,287	320,717	3,872
Net assets — July 1, as restated (Note 22)	20,125	640,529	110,239	770,893	194,429
Net assets — June 30	$ 258,455	$ 708,629	$ 124,526	$ 1,091,610	$ 198,301

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, 2005

(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	$ 943,824	$ 1,634	$ 66,492	$ 1,011,950	$ 47,667
Receipts from federal agencies	28,998	—	—	28,998	—
Receipts from other funds	—	—	541	541	204,765
Payments to suppliers	—	(500)	(21,792)	(22,292)	(150,256)
Payments to employees	—	(2,922)	(24,539)	(27,461)	(45,687)
Payments for benefits and claims	(819,479)	—	(10,808)	(830,287)	(497)
Payments to other funds	—	—	(256)	(256)	(9,330)
Other receipts (payments)	—	(310)	(1,635)	(1,945)	(4,531)
Net cash flows provided (used) by operating activities	153,343	(2,098)	8,003	159,248	42,131
Cash Provided From (Used For) Noncapital Financing Activities:					
Grant receipts (refunds)	(4,093)	38,616	224	34,747	—
Proceeds from short-term borrowing	749,746	—	—	749,746	—
Principal payments from short-term borrowing	(887,815)	—	—	(887,815)	—
Interest expense and issuance cost	(2,320)	—	—	(2,320)	—
Transfers from other funds	—	14,387	866	15,253	628
Transfers to other funds	(400)	(941)	(4,828)	(6,169)	(5,895)
Gifts	—	—	202	202	—
Total cash provided from (used for) noncapital financing activities	(144,882)	52,062	(3,536)	(96,356)	(5,267)
Cash Provided From (Used For) Capital Financing Activities:					
Acquisition and construction of capital assets	—	—	(501)	(501)	(34,978)
Proceeds from the sale of capital assets	—	—	79	79	3,046
Capital contributions	—	—	452	452	—
Principal paid on capital debt	—	—	(255)	(255)	—
Interest paid on capital debt	—	—	(415)	(415)	—
Payment to bond escrow agent	—	—	(42)	(42)	—
Insurance recoveries	—	—	15	15	159
Total cash provided from (used for) capital financing activities	—	—	(667)	(667)	(31,773)
Cash Provided From (Used For) Investment Activities:					
Proceeds from the sale/maturities of non-State Treasurer investments	—	—	3,152	3,152	—
Purchase of non-State Treasurer investments	—	—	(3,222)	(3,222)	—
Purchase into State Treasurer investment pool	—	(7,154)	—	(7,154)	—
Redemptions from State Treasurer investment pool	—	5,948	—	5,948	—
Loan issuances	—	(86,705)	—	(86,705)	—
Loan repayments — interest	—	11,895	—	11,895	—
Loan repayments — principal	—	29,822	—	29,822	—
Investment earnings	822	5,752	977	7,551	644
Total cash provided from (used for) investment activities	822	(40,442)	907	(38,713)	644
Net increase (decrease) in cash and cash equivalents	9,283	9,522	4,707	23,512	5,735
Cash and cash equivalents at July 1, as restated	15,949	201,511	47,250	264,710	50,984
Cash and cash equivalents at June 30	$ 25,232	$ 211,033	$ 51,957	$ 288,222	$ 56,719

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, 2005 *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)	$ 244,321	$ 10,297	$ 10,249	$ 264,867	$ 8,023
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation/amortization	—	22	2,937	2,959	27,991
Interest earnings on loans classified as investing activity	—	(12,491)	—	(12,491)	—
Restatements and adjustments to cash	—	—	6	6	—
Nonoperating miscellaneous income (expense)	—	—	9	9	2
(Increases) decreases in assets:					
Receivables	(94,208)	46	(3,353)	(97,515)	(3,242)
Due from other funds	(31)	—	(1)	(32)	3,895
Due from fiduciary funds	—	—	—	—	(2)
Due from component units	—	—	—	—	(86)
Inventories	—	—	(44)	(44)	73
Prepaid items	—	—	115	115	(2,987)
Increases (decreases) in liabilities:					
Accounts payable and accrued liabilities	4,248	45	(2,723)	1,570	7,426
Due to other funds	—	1	(16)	(15)	157
Unemployment benefits payable	(465)	—	—	(465)	—
Compensated absences	—	(18)	(276)	(294)	16
Unearned revenue	(522)	—	1,098	576	865
Deposits payable	—	—	2	2	—
Total cash provided from (used for) operations	$ 153,343	$ (2,098)	$ 8,003	$ 159,248	$ 42,131
Noncash Investing, Capital, and Financing Activities:					
Noncash distributions from the State Treasurer Long-Term Investment Portfolio and/or other agents	$ —	$ —	$ 2,316	2,316	$ 1,289
Transferred assets	—	—	2,536	2,536	—
Change in construction in progress as a result of accrual of accounts payable	—	—	2	2	—
Assets acquired through the assumption of a liability	7,638	165,355	43,716	216,709	25,977
Change in fair value of investments	—	—	1,298	1,298	709