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, 2006

(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	$ 846	$ 31,954	$ 5,506	$ —	$ 1,515
Investments	—	20,916	—	—	—
Securities lending collateral	—	39,109	—	—	—
Receivables:					
Accounts receivable, net	1,838	—	1,558	804	1,123
Interest receivable	—	97	—	—	—
Premiums receivable	—	261	—	—	—
Due from fiduciary funds	—	—	—	—	—
Due from other funds	1,425	—	4,034	—	18
Due from component units	—	—	546	—	—
Inventories	—	—	182	115	—
Prepaid items	—	—	—	—	—
Total current assets	4,109	92,337	11,826	919	2,656
Noncurrent Assets:					
Capital assets-nondepreciable	—	—	418	—	—
Capital assets-depreciable, net	—	—	68,617	304	—
Total noncurrent assets	—	—	69,035	304	—
Total Assets	4,109	92,337	80,861	1,223	2,656
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities:					
Accounts payable	—	—	2,229	25	3
Accrued payroll	—	—	14	44	313
Intergovernmental payable	—	—	—	—	—
Claims payable	—	1,060	—	—	—
Obligations under securities lending	—	39,109	—	—	—
Due to other funds	—	—	42	954	2
Unearned revenue	—	6,778	—	—	—
Compensated absences - current	—	26	13	15	3
Total current liabilities	—	46,973	2,298	1,038	321
Noncurrent Liabilities:					
Compensated absences	—	275	147	154	19
Total noncurrent liabilities	—	275	147	154	19
Total Liabilities	—	47,248	2,445	1,192	340
Net Assets					
Invested in capital assets, net of related debt	—	—	69,035	304	—
Unrestricted	4,109	45,089	9,381	(273)	2,316
Total Net Assets	$ 4,109	$ 45,089	$ 78,416	$ 31	$ 2,316

Exhibit E-1

Computing Services	State Telecommu-nications Services	Surplus Property	*Totals*
$ 12,378	$ 10,121	$ 1,480	$ 63,800
—	—	—	20,916
—	—	—	39,109
162	4,242	47	9,774
—	—	—	97
—	—	—	261
—	28	—	28
5,255	4,058	909	15,699
1	533	—	1,080
18	—	—	315
10,667	2,781	—	13,448
28,481	21,763	2,436	164,527
3,672	—	19	4,109
20,230	2,391	85	91,627
23,902	2,391	104	95,736
52,383	24,154	2,540	260,263
387	17	1,207	3,868
46	12	—	429
—	116	—	116
—	—	—	1,060
—	—	—	39,109
35	94	97	1,224
—	—	—	6,778
176	82	11	326
644	321	1,315	52,910
1,928	897	115	3,535
1,928	897	115	3,535
2,572	1,218	1,430	56,445
23,902	2,391	104	95,736
25,909	20,545	1,006	108,082
$ 49,811	$ 22,936	$ 1,110	$ 203,818

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

For the Fiscal Year Ended June 30, 2006

(Dollars in Thousands)

	Workers' Compensation Program	State Property Fire Insurance	Motor Fleet Management	Mail Service Center	Temporary Solutions
Operating Revenues:					
Sales and services	$ 43,772	$ —	$ 39,818	$ 3,511	$ 8,534
Rental and lease earnings	—	—	—	—	—
Fees, licenses and fines	—	—	—	—	—
Insurance premiums	—	18,666	—	—	—
Miscellaneous	—	—	55	—	1
Total operating revenues	43,772	18,666	39,873	3,511	8,535
Operating Expenses:					
Personal services	—	1,773	2,063	2,924	8,117
Supplies and materials	—	4	13,904	91	19
Services	43,881	158	2,445	749	47
Cost of goods sold	—	—	506	—	—
Depreciation/amortization	—	—	17,667	78	—
Claims	—	1,242	—	—	—
Insurance and bonding	—	7,417	2,265	—	—
Other	—	76	38	95	27
Total operating expenses	43,881	10,670	38,888	3,937	8,210
Operating income (loss)	(109)	7,996	985	(426)	325
Nonoperating Revenues (Expenses):					
Investment earnings	—	1,838	—	—	—
Insurance recoveries	—	—	128	—	—
Gain (loss) on sale of equipment	—	—	(950)	—	—
Miscellaneous	—	(1,438)	2	—	—
Total nonoperating revenues (expenses)	—	400	(820)	—	—
Income (loss) before contributions and transfers	(109)	8,396	165	(426)	325
Transfers in	—	—	1,020	336	—
Transfers out	—	(2)	(124)	(4)	—
Change in net assets	(109)	8,394	1,061	(94)	325
Net assets — July 1, as restated	4,218	36,695	77,355	125	1,991
Net assets — June 30	$ 4,109	$ 45,089	$ 78,416	$ 31	$ 2,316

Exhibit E-2

Computing Services	State Telecommu-nications Services	Surplus Property	*Totals*
$ 58,611	$ 72,841	$ 1,487	$ 228,574
—	—	8	8
—	—	38	38
—	—	—	18,666
—	132	381	569
58,611	72,973	1,914	247,855
17,727	11,196	1,455	45,255
269	81	79	14,447
6,376	50,907	610	105,173
—	—	5	511
7,011	2,204	26	26,986
—	—	—	1,242
103	46	19	9,850
26,106	11,557	79	37,978
57,592	75,991	2,273	241,442
1,019	(3,018)	(359)	6,413
—	—	—	1,838
4	—	—	132
—	—	(2)	(952)
4	—	—	(1,432)
8	—	(2)	(414)
1,027	(3,018)	(361)	5,999
1,072	73	—	2,501
(16)	(10)	(4)	(160)
2,083	(2,955)	(365)	8,340
47,728	25,891	1,475	195,478
$ 49,811	$ 22,936	$ 1,110	$ 203,818

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2006

(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	$ 8,674	$ 6,918	$ 5,789	$ 952	$ —
Receipts from other funds	34,697	15,270	35,556	2,449	8,310
Payments to suppliers	(43,881)	(7,655)	(15,270)	(369)	(27)
Payments to employees	—	(1,696)	(2,037)	(2,897)	(8,251)
Payments for benefits and claims	—	(1,169)	—	—	—
Payments to other funds	—	(694)	(5,090)	(441)	(46)
Other receipts (payments)	—	—	20	(26)	(27)
Net cash flows provided (used) by operating activities	(510)	10,974	18,968	(332)	(41)
Cash Provided From (Used For) Noncapital Financing Activities:					
Transfers from other funds	—	—	1,020	336	—
Transfers to other funds	—	(2)	(124)	(4)	—
Total cash provided from (used for) noncapital financing activities	—	(2)	896	332	—
Cash Provided From (Used For) Capital Financing Activities:					
Acquisition and construction of capital assets	—	—	(25,965)	—	—
Proceeds from the sale of capital assets	—	—	2,130	—	—
Insurance recoveries	—	—	128	—	—
Total cash provided from (used for) capital financing activities	—	—	(23,707)	—	—
Cash Provided From (Used For) Investment Activities:					
Investment earnings	—	916	—	—	—
Total cash provided from (used for) investment activities	—	916	—	—	—
Net increase (decrease) in cash and cash equivalents	(510)	11,888	(3,843)	—	(41)
Cash and cash equivalents at July 1	1,356	20,066	9,349	—	1,556
Cash and cash equivalents at June 30	$ 846	$ 31,954	$ 5,506	$ —	$ 1,515
Reconciliation of Operating Income to Net Cash Provided From (Used For) Operating Activities:					
Operating income (loss)	$ (109)	$ 7,996	$ 985	$ (426)	$ 325
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation/amortization	—	—	17,667	78	—
Restatements and adjustments to cash	—	—	—	—	—
Nonoperating miscellaneous income (expense)	—	—	2	—	—
(Increases) decreases in assets:					
Receivables	1,024	(135)	788	(110)	(209)
Due from other funds	(1,425)	—	571	—	(15)
Due from fiduciary funds	—	—	—	—	—
Due from component units	—	—	170	—	—
Inventories	—	—	(6)	(101)	—
Prepaid items	—	—	—	—	—
Increases (decreases) in liabilities:					
Accounts payable and accrued liabilities	—	(621)	(1,270)	10	(151)
Due to other funds	—	—	39	198	1
Compensated absences	—	77	22	19	8
Unearned revenue	—	3,657	—	—	—
Total cash provided from (used for) operations	$ (510)	$ 10,974	$ 18,968	$ (332)	$ (41)
Noncash Investing, Capital, and Financing Activities:					
Noncash distributions from the State Treasurer Long-Term Investment Portfolio and/or other agents	$ —	$ (1,143)	$ —	$ —	$ —
Assets acquired through the assumption of a liability	—	39,109	—	—	—
Change in fair value of investments	—	(1,710)	—	—	—

Exhibit E-3

Computing Services	State Telecommu-nications Services	Surplus Property	*Totals*
$ 1,226	$ 25,895	$ 357	$ 49,811
59,955	51,117	954	208,308
(36,539)	(62,719)	(172)	(166,632)
(17,565)	(11,133)	(1,433)	(45,012)
—	—	—	(1,169)
(2,998)	(1,143)	(745)	(11,157)
(111)	(24)	301	133
3,968	1,993	(738)	34,282
1,072	73	—	2,501
(16)	(10)	(4)	(160)
1,056	63	(4)	2,341
(5,917)	(875)	(6)	(32,763)
40	2	1	2,173
4	—	—	132
(5,873)	(873)	(5)	(30,458)
—	—	—	916
—	—	—	916
(849)	1,183	(747)	7,081
13,227	8,938	2,227	56,719
$ 12,378	$ 10,121	$ 1,480	$ 63,800
$ 1,019	$ (3,018)	$ (359)	$ 6,413
7,011	2,204	26	26,986
(609)	(2,758)	—	(3,367)
—	—	—	2
2,535	3,462	(28)	7,327
4	882	(196)	(179)
1	(25)	—	(24)
30	(148)	—	52
(18)	—	—	(125)
432	1,312	—	1,744
(6,296)	(76)	14	(8,390)
(406)	41	(219)	(346)
265	117	24	532
—	—	—	3,657
$ 3,968	$ 1,993	$ (738)	$ 34,282
$ —	$ —	$ —	$ (1,143)
—	—	—	39,109
—	—	—	(1,710)