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, 2007

(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	$ 1,657	$ 26,865	$ 6,513	$ —	$ 1,513
Investments	—	18,059	—	—	—
Securities lending collateral	—	32,634	—	—	—
Receivables:					
Accounts receivable, net	2,441	—	2,025	122	1,090
Interest receivable	—	107	—	—	—
Premiums receivable	—	1,279	—	—	—
Due from fiduciary funds	—	—	—	—	—
Due from other funds	1,267	—	4,804	—	11
Due from component units	—	—	694	—	—
Inventories	—	—	198	117	—
Prepaid items	—	—	—	—	—
Total current assets	5,365	78,944	14,234	239	2,614
Noncurrent Assets:					
Capital assets-nondepreciable	—	—	418	—	—
Capital assets-depreciable, net	—	—	66,480	326	—
Total noncurrent assets	—	—	66,898	326	—
Total Assets	5,365	78,944	81,132	565	2,614
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities:					
Accounts payable	—	—	3,479	17	1
Accrued payroll	—	—	9	25	446
Intergovernmental payable	—	—	—	—	—
Claims payable	—	6,513	—	—	—
Obligations under securities lending	—	32,634	—	—	—
Due to other funds	—	—	2	873	1
Unearned revenue	—	4,628	—	—	—
Compensated absences - current	—	29	26	28	5
Total current liabilities	—	43,804	3,516	943	453
Noncurrent Liabilities:					
Compensated absences	—	295	139	153	19
Total noncurrent liabilities	—	295	139	153	19
Total Liabilities	—	44,099	3,655	1,096	472
Net Assets					
Invested in capital assets, net of related debt	—	—	66,898	326	—
Unrestricted	5,365	34,845	10,579	(857)	2,142
Total Net Assets	$ 5,365	$ 34,845	$ 77,477	$ (531)	$ 2,142

Exhibit E-1

Computing Services	State Telecommu-nications Services	Surplus Property	*Totals*
$ 6,944	$ 9,995	$ 989	$ 54,476
—	—	—	18,059
—	—	—	32,634
6,496	1,981	57	14,212
—	—	—	107
—	—	—	1,279
—	11	—	11
4,890	6,888	858	18,718
6	458	—	1,158
19	—	—	334
7,655	1,715	—	9,370
26,010	21,048	1,904	150,358
3,266	—	19	3,703
23,687	2,749	65	93,307
26,953	2,749	84	97,010
52,963	23,797	1,988	247,368
2,562	166	1,148	7,373
68	15	—	563
—	—	1	1
—	—	—	6,513
—	—	—	32,634
341	92	174	1,483
—	—	—	4,628
242	96	15	441
3,213	369	1,338	53,636
2,162	858	84	3,710
2,162	858	84	3,710
5,375	1,227	1,422	57,346
26,953	2,749	84	97,010
20,635	19,821	482	93,012
$ 47,588	$ 22,570	$ 566	$ 190,022

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

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	Workers' Compensation Program	State Property Fire Insurance	Motor Fleet Management	Mail Service Center	Temporary Solutions
Operating Revenues:					
Sales and services	$ 49,444	$ —	$ 42,155	$ 3,079	$ 9,599
Rental and lease earnings	—	—	—	—	—
Fees, licenses, and fines	—	—	—	—	—
Insurance premiums	—	20,264	—	—	—
Miscellaneous	—	—	57	—	—
Total operating revenues	49,444	20,264	42,212	3,079	9,599
Operating Expenses:					
Personal services	—	1,822	2,226	2,989	9,624
Supplies and materials	—	5	17,041	70	23
Services	48,994	170	2,710	681	98
Cost of goods sold	—	—	312	—	—
Depreciation/amortization	—	—	18,803	77	—
Claims	—	1,133	—	—	—
Insurance and bonding	—	24,385	2,434	—	—
Other	—	72	5	189	27
Total operating expenses	48,994	27,587	43,531	4,006	9,772
Operating income (loss)	450	(7,323)	(1,319)	(927)	(173)
Nonoperating Revenues (Expenses):					
Investment earnings	—	4,390	—	—	—
Insurance recoveries	—	—	135	—	—
Gain (loss) on sale of equipment	—	—	271	—	—
Miscellaneous	—	(1,775)	18	—	—
Total nonoperating revenues (expenses)	—	2,615	424	—	—
Income (loss) before contributions and transfers	450	(4,708)	(895)	(927)	(173)
Capital contributions	—	—	—	—	—
Transfers in	806	—	—	385	—
Transfers out	—	(1)	(44)	(20)	(1)
Change in net assets	1,256	(4,709)	(939)	(562)	(174)
Net assets — July 1, as restated	4,109	39,554	78,416	31	2,316
Net assets — June 30	$ 5,365	$ 34,845	$ 77,477	$ (531)	$ 2,142

Exhibit E-2

Computing Services	State Telecommu-nications Services	Surplus Property	*Totals*
$ 77,398	$ 72,881	$ 1,418	$ 255,974
—	—	20	20
—		54	54
—	—	—	20,264
—	134	349	540
77,398	73,015	1,841	276,852
21,150	12,027	1,440	51,278
592	96	69	17,896
11,629	49,338	598	114,218
—	—	194	506
8,171	1,681	21	28,753
—	—	—	1,133
108	48	20	26,995
39,293	10,271	47	49,904
80,943	73,461	2,389	290,683
(3,545)	(446)	(548)	(13,831)
—	—	—	4,390
—	—	—	135
—	—	—	271
5	—	6	(1,746)
5	—	6	3,050
(3,540)	(446)	(542)	(10,781)
48	31	—	79
1,092	66	—	2,349
(130)	(116)	(2)	(314)
(2,530)	(465)	(544)	(8,667)
50,118	23,035	1,110	198,689
$ 47,588	$ 22,570	$ 566	$ 190,022

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2007

(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	$ 9,972	$ 9,439	$ 5,708	$ 1,053	$ —
Receipts from other funds	39,027	7,657	35,063	2,708	9,639
Payments to suppliers	(48,994)	(24,631)	(15,978)	(254)	(45)
Payments to employees	—	(1,800)	(2,227)	(2,995)	(9,489)
Payments for benefits and claims	—	(1,162)	—	—	—
Payments to other funds	—	(53)	(5,326)	(589)	(79)
Other receipts (payments)	—	—	71	(188)	(27)
Net cash flows provided (used) by operating activities	5	(10,550)	17,311	(265)	(1)
Cash Provided From (Used For) Noncapital Financing Activities:					
Transfers from other funds	806	—	—	385	—
Transfers to other funds	—	(1)	(44)	(20)	(1)
Total cash provided from (used for) noncapital financing activities	806	(1)	(44)	365	(1)
Cash Provided From (Used For) Capital Financing Activities:					
Acquisition and construction of capital assets	—	—	(16,666)	(100)	—
Proceeds from the sale of capital assets	—	—	271	—	—
Insurance recoveries	—	—	135	—	—
Total cash provided from (used for) capital financing activities	—	—	(16,260)	(100)	—
Cash Provided From (Used For) Investment Activities:					
Redemptions from State Treasurer investment pool	—	4,000	—	—	—
Investment earnings	—	1,462	—	—	—
Total cash provided from (used for) investment activities	—	5,462	—	—	—
Net increase (decrease) in cash and cash equivalents	811	(5,089)	1,007	—	(2)
Cash and cash equivalents at July 1	846	31,954	5,506	—	1,515
Cash and cash equivalents at June 30	$ 1,657	$ 26,865	$ 6,513	$ —	$ 1,513
Reconciliation of Operating Income to Net Cash Provided From (Used For) Operating Activities:					
Operating income (loss)	$ 450	$ (7,323)	$ (1,319)	$ (927)	$ (173)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation/amortization	—	—	18,803	77	—
Restatements and adjustments	—	(5,535)	—	—	—
Nonoperating miscellaneous income (expense)	—	—	18	—	—
(Increases) decreases in assets:					
Receivables	(603)	(1,018)	(467)	682	33
Due from other funds	158	—	(770)	—	7
Due from fiduciary funds	—	—	—	—	—
Due from component units	—	—	(148)	—	—
Inventories	—	—	(16)	(2)	—
Prepaid items	—	—	—	—	—
Increases (decreases) in liabilities:					
Accounts payable and accrued liabilities	—	5,453	1,245	(27)	131
Due to other funds	—	—	(40)	(81)	(1)
Compensated absences	—	23	5	13	2
Unearned revenue	—	(2,150)	—	—	—
Total cash provided from (used for) operations	$ 5	$ (10,550)	$ 17,311	$ (265)	$ (1)
Noncash Investing, Capital, and Financing Activities:					
Noncash distributions from the State Treasurer Long-Term Investment Portfolio and/or other agents	$ —	$ (1,008)	$ —	$ —	$ —
Donated or transferred assets (fair market value)	—	—	—	—	—
Assets acquired through the assumption of a liability	—	32,634	—	—	—
Change in fair value of investments	—	302	—	—	—

Exhibit E-3

Computing Services	State Telecommu-nications Services	Surplus Property	*Totals*
$ 821	$ 23,472	$ 586	$ 51,051
70,605	48,933	949	214,581
(41,618)	(57,403)	(303)	(189,226)
(20,828)	(12,049)	(1,467)	(50,855)
—	—	—	(1,162)
(3,530)	(1,032)	(562)	(11,171)
(979)	(88)	308	(903)
4,471	1,833	(489)	12,315
1,092	66	—	2,349
(130)	(116)	(2)	(314)
962	(50)	(2)	2,035
(10,867)	(1,909)	—	(29,542)
—	—	—	271
—	—	—	135
(10,867)	(1,909)	—	(29,136)
—	—	—	4,000
—	—	—	1,462
—	—	—	5,462
(5,434)	(126)	(491)	(9,324)
12,378	10,121	1,480	63,800
$ 6,944	$ 9,995	$ 989	$ 54,476
$ (3,545)	$ (446)	$ (548)	$ (13,831)
8,171	1,681	21	28,753
—	—	—	(5,535)
5	—	6	29
(6,334)	2,261	41	(5,405)
365	(2,830)	—	(3,070)
—	17	—	17
(5)	75	—	(78)
(1)	—	—	(19)
3,012	1,066	—	4,078
2,197	36	(59)	8,976
306	(2)	77	259
300	(25)	(27)	291
—	—	—	(2,150)
$ 4,471	$ 1,833	$ (489)	$ 12,315
$ —	$ —	$ —	$ (1,008)
48	31	—	79
—	—	—	32,634
—	—	—	302