

# *Internal Service Funds*

**Internal service funds** account for state activities that provide goods and services to other state departments or agencies on a cost reimbursement basis. Following are brief descriptions of the major internal service funds.

The **Architecture Revolving Fund** accounts for charges for the costs of architectural services, construction, and improvements.

The **Service Revolving Fund** accounts for charges for printing and procurement services rendered by the Department of General Services for state departments and other public entities.

The **Prison Industries Fund** accounts for charges for goods produced by inmates in state prisons that are sold to state departments and other governmental entities.

The **Stephen P. Teale Data Center Fund** accounts for charges for data processing services performed for various state departments by the Stephen P. Teale Data Center.

The **Health and Human Services Agency Data Center Fund** accounts for charges for data processing services performed for various state departments by the Health and Human Services Agency Data Center.

The **Water Resources Revolving Fund** accounts for charges for administrative services related to water delivery provided by the Department of Water Resources to federal, state, and local government agencies.

The **Public Employees' Health Care Fund** accounts for employer and employee contributions that pay benefits, claims costs, and administrative costs of self-funded or minimum-premium health benefit plans.

The **Equipment Service Fund** accounts for the purchase, maintenance, and administration costs of equipment used by the Department of Transportation.

**Other Internal Service Funds** account for all other goods and services provided to other agencies, departments, or governments on a cost-reimbursement basis.

# Internal Service Funds Combining Balance Sheet

**June 30, 2001**  
(amounts in thousands)

	<u>Architecture Revolving</u>	<u>Service Revolving</u>	<u>Prison Industries</u>
<b>ASSETS</b>			
Cash and pooled investments .....	\$ 119,484	\$ 108,092	\$ 61,509
Investments .....	—	—	—
Receivables (net) .....	—	1,351	2,712
Due from other funds .....	53,526	83,563	16,453
Due from other governments .....	—	4,426	718
Prepaid items .....	155	32,597	165
Inventories, at cost .....	—	12,939	49,997
Fixed assets .....	1,080	103,788	67,654
Other assets .....	—	3,036	27
<b>Total Assets .....</b>	<b>\$ 174,245</b>	<b>\$ 349,792</b>	<b>\$ 199,235</b>
<b>LIABILITIES</b>			
Accounts payable .....	\$ 29,456	\$ 67,376	\$ 12,316
Due to other funds .....	—	159,848	1,661
Due to other governments .....	—	—	—
Advances from other funds .....	—	—	—
Benefits payable .....	—	—	—
Deposits .....	—	2,036	—
Contracts and notes payable .....	—	9,736	—
Compensated absences payable .....	1,428	22,019	6,669
Capital lease obligations .....	—	10,027	—
Advance collections .....	137,244	4,352	1,154
Interest payable .....	—	—	—
Other liabilities .....	7,424	10,557	6,512
<b>Total Liabilities .....</b>	<b>175,552</b>	<b>285,951</b>	<b>28,312</b>
<b>FUND EQUITY</b>			
Contributed capital .....	—	—	110,722
Retained earnings			
Unreserved (deficits) .....	(1,307)	63,841	60,201
<b>Total Retained Earnings (Deficits) .....</b>	<b>(1,307)</b>	<b>63,841</b>	<b>60,201</b>
<b>Total Fund Equity (Deficits) .....</b>	<b>(1,307)</b>	<b>63,841</b>	<b>170,923</b>
<b>Total Liabilities and Fund Equity .....</b>	<b>\$ 174,245</b>	<b>\$ 349,792</b>	<b>\$ 199,235</b>

Stephen P. Teale Data Center	Health and Human Services Agency Data Center	Water Resources Revolving	Public Employees' Health Care	Equipment Service	Other Internal Service	Total
\$ 12,224	\$ 20,159	\$ 7,632	\$ 89,707	\$ 36,619	\$ 16,616	\$ 472,042
—	—	—	96,276	—	—	96,276
106	1,183	632	739	34	423	7,180
25,839	78,428	60,916	3,073	16,204	148	338,150
—	216	—	9,324	—	—	14,684
8	3,415	3,950	—	—	3,164	43,454
—	—	—	—	32,871	—	95,807
59,294	35,477	23,151	—	245,124	2,325	537,893
3,535	2,600	359	—	—	—	9,557
<b>\$ 101,006</b>	<b>\$ 141,478</b>	<b>\$ 96,640</b>	<b>\$ 199,119</b>	<b>\$ 330,852</b>	<b>\$ 22,676</b>	<b>\$ 1,615,043</b>
\$ 11,025	\$ 33,370	\$ 10,705	\$ —	\$ 6,528	\$ 157	\$ 170,933
76	3,000	74,640	8,203	12,489	467	260,384
—	—	—	103,871	—	—	103,871
—	—	19,877	—	—	4,201	24,078
—	—	—	69,427	—	—	69,427
—	—	—	—	—	—	2,036
3,373	19,490	—	—	—	—	32,599
4,196	4,386	—	—	—	—	38,698
45,870	11,051	—	—	—	—	66,948
—	45,714	—	—	24,196	—	212,660
1,391	—	—	—	—	—	1,391
438	13	428	1,068	—	—	26,440
<b>66,369</b>	<b>117,024</b>	<b>105,650</b>	<b>182,569</b>	<b>43,213</b>	<b>4,825</b>	<b>1,009,465</b>
—	1,000	—	—	234,901	460	347,083
34,637	23,454	(9,010)	16,550	52,738	17,391	258,495
<b>34,637</b>	<b>23,454</b>	<b>(9,010)</b>	<b>16,550</b>	<b>52,738</b>	<b>17,391</b>	<b>258,495</b>
<b>34,637</b>	<b>24,454</b>	<b>(9,010)</b>	<b>16,550</b>	<b>287,639</b>	<b>17,851</b>	<b>605,578</b>
<b>\$ 101,006</b>	<b>\$ 141,478</b>	<b>\$ 96,640</b>	<b>\$ 199,119</b>	<b>\$ 330,852</b>	<b>\$ 22,676</b>	<b>\$ 1,615,043</b>

# Internal Service Funds

## Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

**Year Ended June 30, 2001**

(amounts in thousands)

	<u>Architecture Revolving</u>	<u>Service Revolving</u>	<u>Prison Industries</u>
<b>OPERATING REVENUES</b>			
Services and sales .....	\$ 403,569	\$ 594,955	\$ 163,904
Investment and interest .....	—	—	—
Other .....	—	—	—
<b>Total Operating Revenues .....</b>	<b>403,569</b>	<b>594,955</b>	<b>163,904</b>
<b>OPERATING EXPENSES</b>			
Personal services .....	31,336	184,705	53,676
Supplies .....	—	37,205	2,671
Services and charges .....	370,171	332,858	110,009
Depreciation .....	31	31,341	8,763
Interest expense .....	—	679	—
<b>Total Operating Expenses .....</b>	<b>401,538</b>	<b>586,788</b>	<b>175,119</b>
<b>Operating Income (Loss) .....</b>	<b>2,031</b>	<b>8,167</b>	<b>(11,215)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment and interest income .....	—	—	1,442
Interest expense and fiscal charges .....	—	—	(34)
Other .....	—	(1,720)	(2,922)
<b>Total Nonoperating Revenues (Expenses) .....</b>	<b>—</b>	<b>(1,720)</b>	<b>(1,514)</b>
<b>Income (Loss) Before Contributions and Transfers .....</b>	<b>2,031</b>	<b>6,447</b>	<b>(12,729)</b>
Capital contributions .....	—	—	—
Operating transfers in .....	—	13	23,553
<b>Total Contributions and Transfers .....</b>	<b>—</b>	<b>13</b>	<b>23,553</b>
<b>Net Income (Loss) .....</b>	<b>2,031</b>	<b>6,460</b>	<b>10,824</b>
<b>Retained Earnings (Deficit), July 1, 2000 .....</b>	<b>(3,338)</b>	<b>57,381</b>	<b>49,377</b>
<b>Retained Earnings (Deficit), June 30, 2001 .....</b>	<b>\$ (1,307)</b>	<b>\$ 63,841</b>	<b>\$ 60,201</b>

Stephen P. Teale Data Center	Health and Human Services Agency Data Center	Water Resources Revolving	Public Employees' Health Care	Equipment Service	Other Internal Service	Total
\$ 95,501	\$ 241,421	\$ 218,038	\$ 1,225,092	\$ 138,041	\$ 18,909	\$ 3,099,430
—	—	—	—	—	201	201
—	—	—	11,304	—	—	11,304
<b>95,501</b>	<b>241,421</b>	<b>218,038</b>	<b>1,236,396</b>	<b>138,041</b>	<b>19,110</b>	<b>3,110,935</b>
26,668	31,906	68,483	—	43,933	—	440,707
—	—	—	—	—	—	39,876
55,149	194,761	123,028	1,266,453	67,661	20,448	2,540,538
11,860	9,975	2,274	—	33,250	—	97,494
1,429	1,045	—	—	—	—	3,153
<b>95,106</b>	<b>237,687</b>	<b>193,785</b>	<b>1,266,453</b>	<b>144,844</b>	<b>20,448</b>	<b>3,121,768</b>
<b>395</b>	<b>3,734</b>	<b>24,253</b>	<b>(30,057)</b>	<b>(6,803)</b>	<b>(1,338)</b>	<b>(10,833)</b>
514	404	—	11,774	1,274	—	15,408
—	—	—	—	—	—	(34)
—	—	—	—	—	—	(4,642)
<b>514</b>	<b>404</b>	<b>—</b>	<b>11,774</b>	<b>1,274</b>	<b>—</b>	<b>10,732</b>
<b>909</b>	<b>4,138</b>	<b>24,253</b>	<b>(18,283)</b>	<b>(5,529)</b>	<b>(1,338)</b>	<b>(101)</b>
—	—	—	—	27,372	—	27,372
—	—	—	—	—	—	23,566
—	—	—	—	27,372	—	50,938
<b>909</b>	<b>4,138</b>	<b>24,253</b>	<b>(18,283)</b>	<b>21,843</b>	<b>(1,338)</b>	<b>50,837</b>
<b>33,728</b>	<b>19,316</b>	<b>(33,263)</b>	<b>34,833</b>	<b>30,895</b>	<b>18,729</b>	<b>207,658</b>
<b>\$ 34,637</b>	<b>\$ 23,454</b>	<b>\$ (9,010)</b>	<b>\$ 16,550</b>	<b>\$ 52,738</b>	<b>\$ 17,391</b>	<b>\$ 258,495</b>

# Internal Service Funds Combining Statement of Cash Flows

**Year Ended June 30, 2001**  
(amounts in thousands)

	<u>Architecture Revolving</u>	<u>Service Revolving</u>	<u>Prison Industries</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss) .....	\$ 2,031	\$ 8,167	\$ (11,215)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS</b>			
Interest expense on operating debt .....	—	679	—
Depreciation .....	31	31,341	8,763
Other .....	—	(1,720)	(487)
Change in assets and liabilities			
Receivables .....	3,858	(575)	(1,808)
Due from other funds .....	(3,526)	8,998	(5,787)
Due from other governments .....	—	(1,530)	33
Prepaid items .....	102	(13,250)	275
Inventories .....	—	2,712	(1,601)
Other assets .....	—	751	—
Accounts payable .....	4,577	43,232	(416)
Interest payable .....	—	—	—
Due to other funds .....	(1,716)	24,390	(1,376)
Due to other governments .....	—	—	—
Benefits payable .....	—	—	—
Deposits .....	—	(168)	—
Contracts and notes payable .....	—	—	—
Compensated absences payable .....	166	1,448	311
Capital lease obligations .....	—	(932)	—
Advance collections .....	42,158	1,630	569
Other liabilities .....	2,025	1,259	(1,277)
<b>Total Adjustments</b> .....	<b>47,675</b>	<b>98,265</b>	<b>(2,801)</b>
<b>Net Cash Provided by (Used in) Operating Activities</b> .....	<b>49,706</b>	<b>106,432</b>	<b>(14,016)</b>

Stephen P. Teale Data Center	Health and Human Services Agency Data Center	Water Resources Revolving	Public Employees' Health Care	Equipment Service	Other Internal Service	Total
\$ 395	\$ 3,734	\$ 24,253	\$ (30,057)	\$ (6,803)	\$ (1,338)	\$ (10,833)
1,429	1,045	—	—	—	—	3,153
11,860	9,975	2,274	—	33,250	—	97,494
—	880	—	—	—	—	(1,327)
183	2,342	380	(261)	(34)	(46)	4,039
(14,688)	(4,462)	(20,365)	(342)	(14,955)	(39)	(55,166)
—	194	7	449	—	—	(847)
(2)	1,295	(560)	—	—	(625)	(12,765)
—	—	—	—	(3,455)	—	(2,344)
(936)	928	92	—	—	—	835
3,831	4,796	881	—	(2,525)	(86)	54,290
1,391	—	—	—	—	—	1,391
37	—	74,640	5,172	3,283	(4,915)	99,515
—	—	—	9,799	—	(7)	9,792
—	—	—	9,524	—	—	9,524
—	—	—	—	—	—	(168)
2,657	—	—	—	—	—	2,657
289	515	—	—	—	—	2,729
1,153	—	—	—	—	—	221
—	(9,098)	—	—	24,196	—	59,455
(44)	5	(4)	(3,029)	—	—	(1,065)
<b>7,160</b>	<b>8,415</b>	<b>57,345</b>	<b>21,312</b>	<b>39,760</b>	<b>(5,718)</b>	<b>271,413</b>
<b>7,555</b>	<b>12,149</b>	<b>81,598</b>	<b>(8,745)</b>	<b>32,957</b>	<b>(7,056)</b>	<b>260,580</b>

(continued)

# Internal Service Funds

## Combining Statement of Cash Flows (continued)

**Year Ended June 30, 2001**  
(amounts in thousands)

	<u>Architecture Revolving</u>	<u>Service Revolving</u>	<u>Prison Industries</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Return of advances from other funds .....	—	—	—
Operating transfers in .....	—	13	23,553
<b>Net Cash Provided by (Used in) Noncapital Financing Activities .....</b>	<b>—</b>	<b>13</b>	<b>23,553</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of intangible assets .....	—	—	—
Acquisition of fixed assets .....	—	(34,373)	(8,700)
Proceeds from sale of fixed assets .....	—	—	573
Proceeds from notes payable and commercial paper .....	—	—	—
Principal paid on notes payable and commercial paper .....	—	(4,432)	—
Payment of capital lease obligations .....	—	—	—
Interest paid .....	—	(679)	—
Contributed capital .....	—	—	—
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities ..</b>	<b>—</b>	<b>(39,484)</b>	<b>(8,127)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturity and sale of investments .....	—	—	—
Earnings on investments .....	—	—	1,435
<b>Net Cash Provided by Investing Activities .....</b>	<b>—</b>	<b>—</b>	<b>1,435</b>
<b>Net Increase (Decrease) in Cash and Pooled Investments .....</b>	<b>49,706</b>	<b>66,961</b>	<b>2,845</b>
<b>Cash and Pooled Investments at July 1, 2000 .....</b>	<b>69,778</b>	<b>41,131</b>	<b>58,664</b>
<b>Cash and Pooled Investments at June 30, 2001 .....</b>	<b>\$ 119,484</b>	<b>\$ 108,092</b>	<b>\$ 61,509</b>



Stephen P. Teale Data Center	Health and Human Services Agency Data Center	Water Resources Revolving	Public Employees' Health Care	Equipment Service	Other Internal Service	Total
—	—	(74,640)	—	—	(79)	(74,719)
—	—	—	—	—	—	23,566
—	—	(74,640)	—	—	(79)	(51,153)
(2,023)	(889)	—	—	—	—	(2,912)
(9,495)	(15,058)	(4,164)	—	(54,727)	—	(126,517)
—	—	2,690	—	—	126	3,389
—	7,113	—	—	—	—	7,113
—	—	—	—	—	—	(4,432)
—	(2,598)	—	—	—	—	(2,598)
(1,429)	(1,045)	—	—	—	—	(3,153)
—	—	—	—	27,372	—	27,372
(12,947)	(12,477)	(1,474)	—	(27,355)	126	(101,738)
—	—	—	47,415	—	—	47,415
514	404	—	11,774	1,274	—	15,401
514	404	—	59,189	1,274	—	62,816
(4,878)	76	5,484	50,444	6,876	(7,009)	170,505
17,102	20,083	2,148	39,263	29,743	23,625	301,537
\$ 12,224	\$ 20,159	\$ 7,632	\$ 89,707	\$ 36,619	\$ 16,616	\$ 472,042

(concluded)