

# INTERNAL SERVICE FUNDS

*Internal Service Funds account for the financing of goods and services provided by one State department or agency to other State departments or agencies on a cost-reimbursement basis.*

**The Risk Management Fund** provides insurance coverage to all State agencies using an optimal combination of self-insurance and private excess insurance.

**The Transportation Equipment Fund** administers the purchase, storage and distribution of supplies, equipment and furniture for other Department of Transportation Funds.

**Workers' Compensation** receives monies from State agencies and uses these monies to pay for insurance and risk management services including loss control services and self-insured liability losses.

**The Technologies and Telecommunications Fund** receives monies from State agencies for services related to the operation of the data processing and telecommunications programs.

**Motor Pool** receives monies from State agencies for use of State vehicles and uses these monies for operation of the State Motor Pool.

**The Other Internal Service Fund** consists of the Department of Administration's Special Services Revolving Fund, Co-Op State Purchasing Agreement ARS §41-2632 Fund, State Surplus Property Fund, Federal Surplus Property Fund, Personnel Division Fund, Information Technology Fund, AFIS II Collections Fund and Telecommunications Fund; Government Information Technology Agency's Personnel Division Fund, Information Technology Fund and Technology and Telecommunications Fund; Department of Education's Internal Services Fund and Printing Fund; Department of Health Services' Internal Services Fund; Land Department Interagency Agreement Fund and the Department of Water Resources Intergovernmental Agreement Fund.

STATE OF ARIZONA  
**COMBINING BALANCE SHEET**  
INTERNAL SERVICE FUNDS  
JUNE 30, 1999  
(Expressed in Thousands)

	RISK MANAGEMENT	TRANSPORTATION EQUIPMENT	WORKERS' COMPENSATION	TECHNOLOGIES & TELE- COMMUNICATIONS	MOTOR POOL
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 33,527	\$ 5,330	\$ 20,205	\$ 6,546	\$ 5,481
Receivables, net of allowances:					
Interest	-	43	-	-	-
Other	42	88	-	1,453	337
Due from local governments	-	20	-	-	-
Due from other Funds	1	1,775	1	1,926	957
Inventories, at cost	-	2,561	-	-	14
Other	1,093	-	833	-	-
Total Current Assets	34,663	9,817	21,039	9,925	6,789
Long-term Assets:					
Fixed assets:					
Property and equipment	154	97,806	-	30,677	34,893
Less: accumulated depreciation	(83)	(62,485)	-	(22,660)	(17,210)
Total Long-term Assets	71	35,321	-	8,017	17,683
Total Assets	\$ 34,734	\$ 45,138	\$ 21,039	\$ 17,942	\$ 24,472
<b>LIABILITIES AND FUND EQUITY</b>					
Current Liabilities:					
Accounts payable	\$ 1,744	\$ 563	\$ 705	\$ 2,552	\$ 423
Accrued liabilities	105	909	26	-	-
Due to others	-	-	-	-	-
Due to other Funds	23	-	11	5	1
Current portion of leases and installment purchases	-	-	-	-	-
Other	1	-	-	-	-
Total Current Liabilities	1,873	1,472	742	2,557	424
Long-term Liabilities:					
Accrued compensated absences	152	-	47	604	16
Accrued insurance losses	136,411	-	83,337	-	-
Total Long-term Liabilities	136,563	-	83,384	604	16
Total Liabilities	138,436	1,472	84,126	3,161	440
Fund Equity:					
Contributed capital	-	6,107	-	687	15,952
Retained earnings					
Reserved	-	9,985	-	62	1,051
Unreserved	(103,702)	27,574	(63,087)	14,032	7,029
Total Fund Equity	(103,702)	43,666	(63,087)	14,781	24,032
Total Liabilities and Fund Equity	\$ 34,734	\$ 45,138	\$ 21,039	\$ 17,942	\$ 24,472

OTHER		TOTAL	
\$	7,511	\$	78,600
	4		47
	222		2,142
	-		20
	695		5,355
	543		3,118
	-		1,926
	8,975		91,208

	4,101		167,631
	(2,797)		(105,235)
	1,304		62,396
\$	10,279	\$	153,604

\$	1,230	\$	7,217
	372		1,412
	124		124
	1,062		1,102
	11		11
	7		8
	2,806		9,874

	73		892
	-		219,748
	73		220,640
	2,879		230,514

	-		22,746
	507		11,605
	6,893		(111,261)
	7,400		(76,910)
\$	10,279	\$	153,604

STATE OF ARIZONA  
**COMBINING STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN RETAINED EARNINGS**  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1999  
(Expressed in Thousands)

	RISK MANAGEMENT	TRANSPORTATION EQUIPMENT	WORKERS' COMPENSATION	TECHNOLOGIES & TELE- COMMUNICATIONS	MOTOR POOL
<b>OPERATING REVENUES</b>					
Sales and charges for services	\$ 56,514	\$ 24,455	\$ 22,236	\$ 23,097	\$ 8,334
Other	-	3,397	-	4	-
Total Operating Revenues	56,514	27,852	22,236	23,101	8,334
<b>OPERATING EXPENSES</b>					
Cost of sales and benefits	-	9,201	-	8,491	2,898
Personal services	2,436	8,038	611	7,970	359
Contractual services	10,343	461	8,863	587	152
Aid to local governments	-	-	-	-	-
Depreciation and amortization	41	6,664	-	2,562	4,297
Insurance	55,550	856	15,196	231	736
Other	560	1,125	310	1,832	168
Total Operating Expenses	68,930	26,345	24,980	21,673	8,610
Operating Income (Loss)	(12,416)	1,507	(2,744)	1,428	(276)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Gain (loss) on sale of fixed assets	(1)	(94)	(1)	-	387
Interest income	-	169	-	-	-
Other	128	-	-	2	673
Total Non-operating Income (Expense)	127	75	(1)	2	1,060
Income (Loss) Before Operating Transfers	(12,289)	1,582	(2,745)	1,430	784
<b>OPERATING TRANSFERS</b>					
Operating transfers in	56	-	41	11	-
Operating transfers out	(9,980)	(1,289)	(203)	(712)	(43)
Net Operating Transfers	(9,924)	(1,289)	(162)	(701)	(43)
Net Income (Loss)	(22,213)	293	(2,907)	729	741
Beginning Retained Earnings, as restated	(81,489)	37,266	(60,180)	13,865	7,339
Residual Equity Transfers	-	-	-	(500)	-
Ending Retained Earnings	\$ (103,702)	\$ 37,559	\$ (63,087)	\$ 14,094	\$ 8,080

OTHER		TOTAL	
\$	18,741	\$	153,377
	2,505		5,906
	21,246		159,283

	4,288		24,878
	8,219		27,633
	2,744		23,150
	1,230		1,230
	474		14,038
	192		72,761
	2,815		6,810
	19,962		170,500

	1,284		(11,217)
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	3		294
	-		169
	5		808
	8		1,271

	1,292		(9,946)
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	1,947		2,055
	(2,000)		(14,227)
	(53)		(12,172)

	1,239		(22,118)
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	6,161		(77,038)
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	-		(500)
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\$	7,400	\$	(99,656)
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STATE OF ARIZONA  
**COMBINING STATEMENT OF CASH FLOWS**  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1999  
(Expressed in Thousands)

	RISK MANAGEMENT	TRANSPORTATION EQUIPMENT	WORKERS' COMPENSATION
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (12,416)	\$ 1,507	\$ (2,744)
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation and amortization	41	6,664	-
Changes in assets and liabilities:			
(Increase) decrease in receivables, net of allowances	(16)	40	-
Decrease in due from U.S. Government	-	-	-
Decrease in due from local governments	-	94	-
(Increase) decrease in due from other Funds	(1)	188	(1)
(Increase) decrease in inventories, at cost	-	(190)	-
(Increase) decrease in other current assets	(343)	-	(133)
Increase (decrease) in accounts payable	1,636	(239)	631
Increase (decrease) in accrued liabilities	1	81	4
(Decrease) in due to U.S. Government	-	-	-
(Decrease) in due to others	-	-	-
Increase in due to other Funds	23	-	11
(Decrease) in deferred revenue	-	-	-
(Decrease) in other current liabilities	-	-	-
Increase (decrease) in accrued compensated absences	(3)	-	15
Increase in accrued insurance losses	16,428	-	7,272
(Decrease) in other long-term liabilities	-	-	-
Net Changes in Assets and Liabilities	17,725	(26)	7,799
Net Cash Provided by Operating Activities	5,350	8,145	5,055
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Other non-operating revenues	128	-	-
Operating transfers in	56	-	41
Operating transfers out	(9,980)	(1,289)	(203)
Residual equity transfers	-	-	-
Net Cash Provided (Used) by Non-capital Financing Activities	(9,796)	(1,289)	(162)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of fixed assets	(64)	(5,526)	16
Proceeds from sale of fixed assets	-	448	-
Contributions from other Funds	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(64)	(5,078)	16
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends on investments	-	185	-
Net Cash Provided by Investing Activities	-	185	-
Net Increase (Decrease) in Cash and Cash Equivalents	(4,510)	1,963	4,909
Cash and Cash Equivalents - Beginning, as restated	38,037	3,367	15,296
Cash and Cash Equivalents - Ending	\$ 33,527	\$ 5,330	\$ 20,205

TECHNOLOGIES & TELE- COMMUNICATIONS	MOTOR POOL	OTHER	TOTAL
\$ 1,428	\$ (276)	\$ 1,284	\$ (11,217)
2,562	4,297	474	14,038
1,332	752	161	2,269
-	-	4	4
-	-	-	94
(1,548)	(957)	(695)	(3,014)
-	(3)	381	188
13	-	4	(459)
506	(1,028)	715	2,221
(364)	(14)	110	(182)
(1,624)	-	(287)	(1,911)
-	-	(105)	(105)
5	1	1,062	1,102
(2)	-	-	(2)
-	-	(5)	(5)
83	8	(28)	75
-	-	-	23,700
-	-	(11)	(11)
(1,599)	(1,241)	1,306	23,964
2,391	2,780	3,064	26,785
2	673	5	808
11	-	1,947	2,055
(712)	(43)	(2,000)	(14,227)
(500)	-	-	(500)
(1,199)	630	(48)	(11,864)
(5,205)	(6,742)	(341)	(17,862)
-	-	-	448
-	1,998	-	1,998
(5,205)	(4,744)	(341)	(15,416)
-	-	-	185
-	-	-	185
(4,013)	(1,334)	2,675	(310)
10,559	6,815	4,836	78,910
\$ 6,546	\$ 5,481	\$ 7,511	\$ 78,600