

# ENTERPRISE FUNDS

*Enterprise Funds account for operations (a) financed and operated in a manner similar to private business enterprises, where the State intends that the cost of providing goods or services to the general public be financed or recovered primarily through service charges, or (b) where the State decides that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.*

**The Industrial Commission** administers and enforces the employment laws of the State, including the regulation of workers' compensation.

**The Lottery Fund** accounts for lottery ticket revenues, administrative and operating expenses and distribution of revenue to other Funds.

**The Arizona Exposition and State Fair** provides rental space to a variety of entertainment and promotional lessees, and sponsors the annual State Fair.

**The Arizona Highways Magazine Fund** publishes and markets the Arizona Highways Magazine and various other products that promote the State of Arizona.

**The Arizona Correctional Industries Fund** employs prison inmates in its manufacturing, service and agricultural operations for the sale of goods and services primarily to other State agencies (including the Arizona Department of Corrections) and political subdivisions.

**The Arizona Industries for the Blind Fund** accounts for the manufacturing, sale, distribution and marketing of products manufactured by employees at training centers, workshops, business enterprises and home industries programs for the training and employment of adaptable visually impaired persons.

**The Healthcare Group of Arizona** administers prepaid medical coverage mostly to small uninsured businesses with 1 to 40 employees and employees of political subdivisions. The HCGA processes premium billing, collections and fund disbursement, data analysis and is responsible for the regulatory oversight of the health plans.

**The Arizona Beef Council** is a not-for-profit organization that was created to establish a self-financed program to help develop and maintain state, national and foreign markets for beef and beef products.

**ComCare, Inc.** is a nonprofit corporation responsible for the administration, coordination and delivery of comprehensive behavioral health services to residents of Maricopa County through a network of more than 130 provider agencies/individuals.

**The Other Enterprise Fund** consists of the Arizona Historical Society Revolving Fund, Mines and Mineral Resources Printing Revolving Fund, Game and Fish Publications Revolving Fund, Department of Library and Archives Gift Shop Revolving Fund, Arizona State Hospital Enterprise Fund, Southern Arizona Mental Health Center Enterprise Fund, Land Department Resource Analysis Revolving Fund, State Parks Publications and Souvenirs Revolving Fund, Real Estate Printing Revolving Fund, Education Commodity Fund, Indian Affairs Commission Publications Revolving Fund, School for the Deaf and Blind Cooperative Services, School for Deaf and Blind Facilities Use Fund and the State Home for Veterans.

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

	INDUSTRIAL COMMISSION	LOTTERY	ARIZONA EXPOSITION & STATE FAIR	ARIZONA HIGHWAYS MAGAZINE	ARIZONA CORRECTIONAL INDUSTRIES
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 549	\$ 25,677	\$ 7,046	\$ 3,222	\$ 4,134
Collateral investment pool	38,453	-	-	-	-
Receivables, net of allowances:					
Interest	2,309	-	140	39	30
Other	53	11,397	89	587	3,192
Due from other Funds	-	-	-	-	55
Inventories, at cost	-	1,187	-	2,815	3,317
Other	-	-	12	606	24
Total Current Assets	<u>41,364</u>	<u>38,261</u>	<u>7,287</u>	<u>7,269</u>	<u>10,752</u>
Long-term Assets:					
Investments	225,351	-	-	-	-
Other	-	5,847	-	-	-
Fixed assets:					
Property and equipment	19,216	8,676	22,846	4,194	8,354
Less: accumulated depreciation	(4,796)	(4,508)	(16,207)	(1,774)	(4,877)
Total Long-term Assets	<u>239,771</u>	<u>10,015</u>	<u>6,639</u>	<u>2,420</u>	<u>3,477</u>
Total Assets	<u>\$ 281,135</u>	<u>\$ 48,276</u>	<u>\$ 13,926</u>	<u>\$ 9,689</u>	<u>\$ 14,229</u>
<b>LIABILITIES AND FUND EQUITY</b>					
Current Liabilities:					
Accounts payable	\$ 726	\$ 1,991	\$ 149	\$ 246	\$ 887
Accrued liabilities	-	-	127	237	6
Obligations under securities loan agreements	38,453	-	-	-	-
Due to local governments	-	7,580	-	-	-
Due to other Funds	-	10,838	-	2	-
Deferred revenue	-	-	-	4,258	-
Current portion of insurance losses	11,461	-	-	-	-
Current portion of long-term debt	1,000	-	-	-	-
Other	-	19,935	39	-	185
Total Current Liabilities	<u>51,640</u>	<u>40,344</u>	<u>315</u>	<u>4,743</u>	<u>1,078</u>
Long-term Liabilities:					
Accrued compensated absences	-	323	150	-	176
Accrued insurance losses	142,522	-	-	-	-
Long-term debt:					
Certificates of participation	9,800	-	-	-	-
Other	-	-	-	-	-
Total Long-term Liabilities	<u>152,322</u>	<u>323</u>	<u>150</u>	<u>-</u>	<u>176</u>
Total Liabilities	<u>203,962</u>	<u>40,667</u>	<u>465</u>	<u>4,743</u>	<u>1,254</u>
Fund Equity:					
Contributed capital	-	-	-	1,539	3,167
Retained earnings:					
Reserved	79	45	5,173	-	-
Unreserved	77,094	7,564	8,288	3,407	9,808
Total Fund Equity	<u>77,173</u>	<u>7,609</u>	<u>13,461</u>	<u>4,946</u>	<u>12,975</u>
Total Liabilities and Fund Equity	<u>\$ 281,135</u>	<u>\$ 48,276</u>	<u>\$ 13,926</u>	<u>\$ 9,689</u>	<u>\$ 14,229</u>

ARIZONA INDUSTRIES FOR THE BLIND	HEALTHCARE GROUP OF ARIZONA	ARIZONA BEEF COUNCIL	COMCARE	OTHER	TOTAL
\$ 497	\$ 5,439	\$ 139	\$ 16,322	\$ 3,291	\$ 66,316
-	-	-	-	-	38,453
-	19	-	-	2	2,539
1,553	5	56	5,444	6	22,382
-	-	-	-	5	60
2,522	-	-	-	156	9,997
-	-	-	1,763	-	2,405
4,572	5,463	195	23,529	3,460	142,152
-	-	-	-	-	225,351
-	-	-	-	-	5,847
5,776	76	42	100	14,481	83,761
(2,945)	(37)	(32)	-	(1,754)	(36,930)
2,831	39	10	100	12,727	278,029
\$ 7,403	\$ 5,502	\$ 205	\$ 23,629	\$ 16,187	\$ 420,181
\$ 1,423	\$ -	\$ 31	\$ 7,350	\$ 322	\$ 13,125
108	20	-	-	165	663
-	-	-	-	-	38,453
-	-	-	-	-	7,580
-	-	-	-	6	10,846
-	2,548	-	-	-	6,806
-	-	-	-	-	11,461
-	-	-	-	-	1,000
112	-	-	-	-	20,271
1,643	2,568	31	7,350	493	110,205
127	-	-	-	-	776
-	-	-	-	-	142,522
-	-	-	-	-	9,800
75	-	-	-	-	75
202	-	-	-	-	153,173
1,845	2,568	31	7,350	493	263,378
927	-	-	-	-	5,633
-	-	-	-	-	5,297
4,631	2,934	174	16,279	15,694	145,873
5,558	2,934	174	16,279	15,694	156,803
\$ 7,403	\$ 5,502	\$ 205	\$ 23,629	\$ 16,187	\$ 420,181

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

	INDUSTRIAL COMMISSION	LOTTERY	ARIZONA EXPOSITION & STATE FAIR	ARIZONA HIGHWAYS MAGAZINE	ARIZONA CORRECTIONAL INDUSTRIES
<b>OPERATING REVENUES</b>					
Sales and charges for services:					
Lottery	\$ -	\$ 268,263	\$ -	\$ -	\$ -
Other	-	-	8,958	10,309	16,703
Motor vehicle and fuel taxes	-	-	-	-	-
Licenses, fees and permits	-	12	-	-	-
Earnings on investments	13,539	-	-	-	-
Other	10,561	883	1,006	608	-
Total Operating Revenues	<u>24,100</u>	<u>269,158</u>	<u>9,964</u>	<u>10,917</u>	<u>16,703</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and benefits	4,915	168,540	1,560	5,685	14,051
Personal services	-	3,988	4,088	2,304	837
Contractual services	1,149	328	2,283	514	32
Aid to local governments	-	40,211	-	-	-
Depreciation and amortization	495	651	1,016	358	672
Insurance	-	40	319	-	-
Other	4,224	10,690	960	2,682	193
Total Operating Expenses	<u>10,783</u>	<u>224,448</u>	<u>10,226</u>	<u>11,543</u>	<u>15,785</u>
Operating Income (Loss)	<u>13,317</u>	<u>44,710</u>	<u>(262)</u>	<u>(626)</u>	<u>918</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
(Loss) on sale of fixed assets	-	-	-	(280)	-
Interest income	162	-	369	228	173
Interest expense	(517)	-	-	-	-
Other	(50)	-	400	-	-
Net Non-operating Income (Loss)	<u>(405)</u>	<u>-</u>	<u>769</u>	<u>(52)</u>	<u>173</u>
Income (Loss) Before Operating Transfers	<u>12,912</u>	<u>44,710</u>	<u>507</u>	<u>(678)</u>	<u>1,091</u>
<b>OPERATING TRANSFERS</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	(42,980)	(135)	(174)	(244)
Net Operating Transfers	<u>-</u>	<u>(42,980)</u>	<u>(135)</u>	<u>(174)</u>	<u>(244)</u>
Net Income (Loss)	<u>12,912</u>	<u>1,730</u>	<u>372</u>	<u>(852)</u>	<u>847</u>
Beginning Retained Earnings, as restated	64,261	7,379	15,089	4,259	9,961
Residual Equity Transfers	-	(1,500)	(2,000)	-	(1,000)
Ending Retained Earnings	<u>\$ 77,173</u>	<u>\$ 7,609</u>	<u>\$ 13,461</u>	<u>\$ 3,407</u>	<u>\$ 9,808</u>

ARIZONA INDUSTRIES FOR THE BLIND	HEALTHCARE GROUP OF ARIZONA	ARIZONA BEEF COUNCIL	COMCARE	OTHER	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,263
11,480	20,476	2	106,567	10,451	184,946
-	-	-	-	93	93
-	-	610	-	20	642
-	-	-	-	16	13,555
-	-	5	-	476	13,539
11,480	20,476	617	106,567	11,056	481,038
7,616	27,741	-	65,735	246	296,089
2,327	476	144	26,321	8,430	48,915
139	135	5	7,869	2,470	14,924
-	-	-	-	5	40,216
555	8	5	2,952	488	7,200
-	-	-	-	179	538
1,599	220	520	3,396	2,315	26,799
12,236	28,580	674	106,273	14,133	434,681
(756)	(8,104)	(57)	294	(3,077)	46,357
-	-	-	(1,370)	-	(1,650)
-	283	7	1,087	4	2,313
(19)	-	-	-	-	(536)
1,186	-	-	-	19	1,555
1,167	283	7	(283)	23	1,682
411	(7,821)	(50)	11	(3,054)	48,039
-	8,000	-	-	4,518	12,518
(295)	(43)	-	-	(781)	(44,652)
(295)	7,957	-	-	3,737	(32,134)
116	136	(50)	11	683	15,905
4,515	2,798	224	16,268	15,016	139,770
-	-	-	-	(5)	(4,505)
\$ 4,631	\$ 2,934	\$ 174	\$ 16,279	\$ 15,694	\$ 151,170

STATE OF ARIZONA  
**COMBINING STATEMENT OF CASH FLOWS**  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 1999  
(Expressed in Thousands)

**CASH FLOWS FROM OPERATING ACTIVITIES**

	INDUSTRIAL COMMISSION	LOTTERY	ARIZONA EXPOSITION & STATE FAIR	ARIZONA HIGHWAYS MAGAZINE
Operating income (loss)	\$ 13,317	\$ 44,710	\$ (262)	\$ (626)
Adjustments to reconcile to net cash provided by operating activities:				
Depreciation and amortization	495	651	1,016	358
Net decrease in fair value of investments	6,328	-	-	-
Total Adjustments	6,823	651	1,016	358
Changes in assets and liabilities:				
(Increase) decrease in receivables, net of allowances	(421)	(8,418)	3	10
Decrease in due from others	-	-	-	-
(Increase) decrease in due from other Funds	-	-	-	-
(Increase) decrease in inventories, at cost	-	620	-	(43)
(Increase) decrease in other current assets	-	-	7	(285)
Decrease in other long-term assets	-	124	-	-
Increase (decrease) in accounts payable	95	467	16	58
Increase (decrease) in accrued liabilities	-	-	13	2
Increase in due to local governments	-	6,157	-	-
Increase in due to other Funds	-	5,260	-	-
(Decrease) in deferred revenue	-	-	-	(109)
Increase (decrease) in other current liabilities	(497)	2,261	1	-
Increase in accrued compensated absences	-	50	1	-
(Decrease) in accrued insurance losses	(5,886)	-	-	-
Net Changes in Assets and Liabilities	(6,709)	6,521	41	(367)
Net Cash Provided (Used) by Operating Activities	13,431	51,882	795	(635)

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Interest expense	-	-	-	-
Other non-operating revenue	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	(42,980)	(135)	(174)
Residual equity transfers	-	(1,500)	(2,000)	-
Net Cash Provided (Used) by Non-capital Financing Activities	-	(44,480)	(2,135)	(174)

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and construction of fixed assets	(487)	(52)	(384)	(224)
Interest payments under certificates of participation or bonds	(517)	-	-	-
Principal payments under leases and installment purchases	(1,000)	(186)	(122)	-
Proceeds in funds received by trustee	162	-	-	-
Pari-mutuel racing receipts	-	-	400	-
Contributions (to) other Funds	-	-	-	(500)
Net Cash (Used) by Capital and Related Financing Activities	(1,842)	(238)	(106)	(724)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	142,902	-	-	-
Purchase of investments	(154,712)	-	-	-
Interest and dividends on investments	-	-	463	275
Change in cash collateral received from securities lending transactions	(10,964)	-	-	-
Change in long-term funds held by trustee	-	-	-	-
Net Cash Provided (Used) by Investing Activities	(22,774)	-	463	275
Net Increase (Decrease) in Cash and Cash Equivalents	(11,185)	7,164	(983)	(1,258)
Cash and Cash Equivalents - Beginning, as restated	50,187	18,513	8,029	4,480
Cash and Cash Equivalents - Ending	\$ 39,002	\$ 25,677	\$ 7,046	\$ 3,222

ARIZONA CORRECTIONAL INDUSTRIES	ARIZONA INDUSTRIES FOR THE BLIND	HEALTHCARE GROUP OF ARIZONA	ARIZONA BEEF COUNCIL	COMCARE	OTHER	TOTAL
\$ 918	\$ (756)	\$ (8,104)	\$ (57)	\$ 294	\$ (3,077)	\$ 46,357
672	555	8	5	2,952	488	7,200
-	-	-	-	-	-	6,328
672	555	8	5	2,952	488	13,528
9	(599)	(5)	17	6,255	(1)	(3,150)
418	-	-	-	-	-	418
7	-	-	-	-	(5)	2
272	(308)	-	-	-	(92)	449
61	-	-	1	1,166	-	950
-	-	-	-	-	-	124
249	423	-	(20)	(11,412)	67	(10,057)
(8)	51	2	-	(2,336)	127	(2,149)
-	-	-	-	-	-	6,157
-	-	-	-	-	6	5,266
(13)	-	(469)	-	-	-	(591)
122	49	-	-	-	-	1,936
9	17	-	-	-	-	77
-	-	-	-	-	-	(5,886)
1,126	(367)	(472)	(2)	(6,327)	102	(6,454)
2,716	(568)	(8,568)	(54)	(3,081)	(2,487)	53,431
-	(19)	-	-	-	-	(19)
-	1,186	-	-	-	19	1,205
-	-	8,000	-	-	4,518	12,518
(244)	(295)	(43)	-	-	(781)	(44,652)
(1,000)	-	-	-	-	(5)	(4,505)
(1,244)	872	7,957	-	-	3,751	(35,453)
(522)	(543)	(35)	(2)	-	(54)	(2,303)
-	-	-	-	-	-	(517)
-	-	-	(2)	(1,029)	-	(2,339)
-	-	-	-	-	-	162
-	-	-	-	-	-	400
-	-	-	-	-	-	(500)
(522)	(543)	(35)	(4)	(1,029)	(54)	(5,097)
-	-	-	-	-	-	142,902
-	-	-	-	-	-	(154,712)
175	-	295	7	1,087	2	2,304
-	-	-	-	-	-	(10,964)
-	-	-	-	555	-	555
175	-	295	7	1,642	2	(19,915)
1,125	(239)	(351)	(51)	(2,468)	1,212	(7,034)
3,009	736	5,790	190	18,790	2,079	111,803
\$ 4,134	\$ 497	\$ 5,439	\$ 139	\$ 16,322	\$ 3,291	\$ 104,769