

# *Enterprise Funds*

**Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. A brief description of major enterprise funds follows:

**Housing Loan Fund** accounts for contracts for the sale of properties to California veterans and California National Guard members, and program loans to finance the housing needs of persons and families of low and moderate income.

**Water Resources Fund** accounts for charges to local water districts and the sale of excess power to public utilities.

**School Building Aid Fund** accounts for loans to school districts for acquisition, construction, or rehabilitation of classroom facilities, and for income from the rental of portable classrooms to school districts.

**Toll Facilities Fund** accounts for fees collected for crossing state toll bridges.

**California State University Fund** accounts for charges to students for housing and parking and student fees for campus unions, health centers, and self-supporting educational programs.

**Leasing of Public Assets Fund** accounts for rental charges from the lease of public assets.

**State Lottery Fund** accounts for the sale of lottery tickets.

**Health Facilities Construction Loan Insurance Fund** accounts for an insurance program for health facility construction loans.

**Public Employees' Benefits Fund** accounts for contributions and premiums for public employee long-term care plans and administration of a deferred compensation program.

**Other Enterprise Funds** account for all other goods or services provided to the general public on a continuing basis when all or most of the cost involved is to be financed by user charges, or when periodic measurement of the results of operations is appropriate for management control, accountability, capital maintenance, public policy, or other purposes.

# Enterprise Funds Combining Balance Sheet

June 30, 1998

(Amounts in thousands)

	Housing Loan	Water Resources	School Building Aid	Toll Facilities
<b>ASSETS</b>				
Cash and pooled investments.....	\$ 339,900	\$ 325,361	\$ 41,535	\$ 682,076
Investments.....	1,181,532	76,287	—	—
Receivables (net).....	9,688	6,252	—	2,469
Due from other funds.....	4,470	71,787	—	11,077
Due from other governments.....	—	47,373	674	—
Prepaid items.....	—	6,140	—	15,050
Inventories, at cost.....	—	7,095	—	—
Net investment in direct financing leases.....	—	—	—	—
Advances and loans receivable.....	2,027,773	73,237	192,640	16,687
Deferred charges.....	27,694	1,035,004	—	2,016
Fixed assets.....	8,620	3,285,516	68,599	600,753
Other assets.....	43,961	—	—	260
<b>Total Assets.....</b>	<b>\$ 3,643,638</b>	<b>\$ 4,934,052</b>	<b>\$ 303,448</b>	<b>\$ 1,330,388</b>
<b>LIABILITIES</b>				
Accounts payable.....	\$ 2	\$ 42,552	\$ 11	\$ 940
Due to other funds.....	516	33,593	52,265	15,587
Due to other governments.....	—	64,115	—	1,944
Advances from other funds.....	12,254	403	—	6,160
Benefits payable.....	56,244	—	—	—
Deposits.....	—	—	—	1,429
Contracts and notes payable.....	—	—	—	—
Lottery prizes and annuities.....	—	—	—	—
Compensated absences payable.....	—	12,177	—	—
Commercial paper.....	—	29,277	—	—
Advance collections.....	—	226,836	—	—
General obligation bonds payable.....	2,947,165	1,021,350	3,750	—
Revenue bonds payable.....	275,055	2,381,543	—	—
Interest payable.....	58,458	24,751	—	—
Other liabilities.....	2	1,027	—	403
<b>Total Liabilities.....</b>	<b>3,349,696</b>	<b>3,837,624</b>	<b>56,026</b>	<b>26,463</b>
<b>FUND EQUITY</b>				
Contributed capital.....	—	178,031	—	—
Retained earnings				
Reserved for regulatory requirements.....	—	—	—	—
Unreserved (Deficit).....	293,942	918,397	247,422	1,303,925
<b>Total Retained Earnings (Deficit).....</b>	<b>293,942</b>	<b>918,397</b>	<b>247,422</b>	<b>1,303,925</b>
<b>Total Fund Equity (Deficit).....</b>	<b>293,942</b>	<b>1,096,428</b>	<b>247,422</b>	<b>1,303,925</b>
<b>Total Liabilities and Fund Equity.....</b>	<b>\$ 3,643,638</b>	<b>\$ 4,934,052</b>	<b>\$ 303,448</b>	<b>\$ 1,330,388</b>

California State University	Leasing of Public Assets	State Lottery	Health Facilities Construction Loan Insurance	Public Employees' Benefits	Other Enterprise	Total
\$ 530,863	\$ 479,806	\$ 262,451	\$ 130,491	\$ 1,382	\$ 191,086	\$ 2,984,951
—	145,108	3,109,484	—	228,595	12,303	4,753,309
15,275	—	84,478	19	46	4,313	122,540
14,786	135,936	8,871	3,632	—	6,240	256,799
52	—	—	—	858	13,549	62,506
470	—	721	—	—	154	22,535
—	—	3,201	—	—	2,860	13,156
—	4,941,288	—	—	—	—	4,941,288
2,632	—	—	—	—	232,226	2,545,195
—	59,564	5,704	—	—	—	1,129,982
744,781	132,328	44,549	8,023	—	921	4,894,090
33	—	—	—	—	390	44,644
<b>\$ 1,308,892</b>	<b>\$ 5,894,030</b>	<b>\$ 3,519,459</b>	<b>\$ 142,165</b>	<b>\$ 230,881</b>	<b>\$ 464,042</b>	<b>\$ 21,770,995</b>
\$ 15,328	\$ 37,050	\$ 19,837	\$ 386	\$ —	\$ 28,273	\$ 144,379
16,000	4,960	251,311	149	706	4,133	379,220
—	909	—	21	—	83,402	150,391
2,632	—	—	—	—	4,207	25,656
—	—	—	—	211,523	—	267,767
723	—	984	—	—	6,390	9,526
1,000	—	—	—	—	—	1,000
—	—	2,914,419	—	—	—	2,914,419
8,205	—	3,608	159	—	419	24,568
—	—	—	—	—	—	29,277
47,569	26,004	2,551	402	—	285	303,647
—	—	—	—	—	44,600	4,016,865
499,233	5,633,179	—	—	—	—	8,789,010
5,425	64,587	—	—	—	—	153,221
2,047	—	326,749	244,700	4,700	8,468	588,096
<b>598,162</b>	<b>5,766,689</b>	<b>3,519,459</b>	<b>245,817</b>	<b>216,929</b>	<b>180,177</b>	<b>17,797,042</b>
17,202	—	—	—	—	—	195,233
250,560	—	—	—	—	—	250,560
442,968	127,341	—	(103,652)	13,952	283,865	3,528,160
<b>693,528</b>	<b>127,341</b>	<b>—</b>	<b>(103,652)</b>	<b>13,952</b>	<b>283,865</b>	<b>3,778,720</b>
<b>710,730</b>	<b>127,341</b>	<b>—</b>	<b>(103,652)</b>	<b>13,952</b>	<b>283,865</b>	<b>3,973,953</b>
<b>\$ 1,308,892</b>	<b>\$ 5,894,030</b>	<b>\$ 3,519,459</b>	<b>\$ 142,165</b>	<b>\$ 230,881</b>	<b>\$ 464,042</b>	<b>\$ 21,770,995</b>

# Enterprise Funds

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

**Year Ended June 30, 1998**

(Amounts in thousands)

	<b>Housing Loan</b>	<b>Water Resources</b>	<b>School Building Aid</b>	<b>Toll Facilities</b>
<b>OPERATING REVENUES</b>				
Lottery ticket sales.....	\$ —	\$ —	\$ —	\$ —
Services and sales.....	8,497	560,017	—	141,532
Earned premiums (net).....	336	—	—	—
Investment and interest.....	239,603	—	—	—
Rent.....	—	—	26,214	3,237
Other.....	2,383	—	—	625
<b>Total Operating Revenues.....</b>	<b>250,819</b>	<b>560,017</b>	<b>26,214</b>	<b>145,394</b>
<b>OPERATING EXPENSES</b>				
Lottery prizes.....	—	—	—	—
Personal services.....	11,404	115,497	—	20,175
Supplies.....	—	—	—	397
Services and charges.....	18,722	215,489	11,520	11,233
Depreciation.....	727	66,460	3,720	17,351
Benefit payments.....	536	—	—	—
Interest expense.....	218,759	—	1,150	—
Amortization of deferred charges.....	—	12,529	—	430
<b>Total Operating Expenses.....</b>	<b>250,148</b>	<b>409,975</b>	<b>16,390</b>	<b>49,586</b>
<b>Operating Income (Loss).....</b>	<b>671</b>	<b>150,042</b>	<b>9,824</b>	<b>95,808</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Grants received.....	—	—	—	—
Grants provided.....	—	—	—	(26,890)
Interest revenue.....	8,441	6,093	—	42,709
Interest expense and fiscal charges.....	—	(170,829)	—	(1,053)
Lottery payments for education.....	—	—	—	—
Other.....	(3,554)	(7,769)	—	—
<b>Total Nonoperating Revenues (Expenses).....</b>	<b>4,887</b>	<b>(172,505)</b>	<b>—</b>	<b>14,766</b>
<b>Income (Loss) Before Operating Transfers.....</b>	<b>5,558</b>	<b>(22,463)</b>	<b>9,824</b>	<b>110,574</b>
<b>OPERATING TRANSFERS</b>				
Operating transfers in.....	8,441	—	—	—
Operating transfers out.....	(8,441)	—	(80,094)	(4,153)
<b>Total Operating Transfers.....</b>	<b>—</b>	<b>—</b>	<b>(80,094)</b>	<b>(4,153)</b>
<b>Net Income (Loss).....</b>	<b>5,558</b>	<b>(22,463)</b>	<b>(70,270)</b>	<b>106,421</b>
<b>Retained Earnings (Deficit), July 1, 1997.....</b>	<b>288,384</b>	<b>940,860</b>	<b>317,692</b>	<b>1,197,504</b>
<b>Retained Earnings (Deficit), June 30, 1998.....</b>	<b>\$ 293,942</b>	<b>\$ 918,397</b>	<b>\$ 247,422</b>	<b>\$ 1,303,925</b>

California State University	Leasing of Public Assets	State Lottery	Health Facilities Construction Loan Insurance	Public Employees' Benefits	Other Enterprise	Total
\$ —	\$ —	\$ 2,294,424	\$ —	\$ —	\$ —	\$ 2,294,424
280,351	—	—	9,634	112,468	114,916	1,227,415
—	—	—	—	—	—	336
—	49,419	—	—	—	5,485	294,507
—	334,881	—	—	—	—	364,332
2,938	2,623	—	—	743	370	9,682
<b>283,289</b>	<b>386,923</b>	<b>2,294,424</b>	<b>9,634</b>	<b>113,211</b>	<b>120,771</b>	<b>4,190,696</b>
—	—	1,182,038	—	—	—	1,182,038
94,509	—	41,412	1,450	—	4,495	288,942
—	—	73,877	—	—	—	74,274
128,655	89,099	197,917	7,800	132,082	109,021	921,538
—	—	10,914	—	—	19	99,191
—	—	—	—	—	—	536
—	314,804	—	—	—	7,292	542,005
—	5,826	2,454	—	—	—	21,239
<b>223,164</b>	<b>409,729</b>	<b>1,508,612</b>	<b>9,250</b>	<b>132,082</b>	<b>120,827</b>	<b>3,129,763</b>
<b>60,125</b>	<b>(22,806)</b>	<b>785,812</b>	<b>384</b>	<b>(18,871)</b>	<b>(56)</b>	<b>1,060,933</b>
329	—	—	—	—	—	329
—	—	—	—	—	—	(26,890)
25,819	—	17,566	7,313	30,989	16,528	155,458
(30,774)	—	—	—	—	(610)	(203,266)
—	—	(803,525)	—	—	—	(803,525)
—	—	147	8,015	—	—	(3,161)
<b>(4,626)</b>	<b>—</b>	<b>(785,812)</b>	<b>15,328</b>	<b>30,989</b>	<b>15,918</b>	<b>(881,055)</b>
<b>55,499</b>	<b>(22,806)</b>	<b>—</b>	<b>15,712</b>	<b>12,118</b>	<b>15,862</b>	<b>179,878</b>
1,307	7,122	—	—	—	8,104	24,974
(26,101)	(7,123)	—	—	—	(6,090)	(132,002)
<b>(24,794)</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,014</b>	<b>(107,028)</b>
<b>30,705</b>	<b>(22,807)</b>	<b>—</b>	<b>15,712</b>	<b>12,118</b>	<b>17,876</b>	<b>72,850</b>
<b>662,823</b>	<b>150,148</b>	<b>—</b>	<b>(119,364)</b>	<b>1,834</b>	<b>265,989</b>	<b>3,705,870</b>
<b>\$ 693,528</b>	<b>\$ 127,341</b>	<b>\$ —</b>	<b>\$ (103,652)</b>	<b>\$ 13,952</b>	<b>\$ 283,865</b>	<b>\$ 3,778,720</b>

# Enterprise Funds

## Combining Statement of Cash Flows

Year Ended June 30, 1998

(Amounts in thousands)

	Housing Loan	Water Resources	School Building Aid	Toll Facilities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss).....	\$ 671	\$ 150,042	\$ 9,824	\$ 95,808
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATIONS</b>				
Interest expense on operating debt.....	—	—	—	—
Depreciation.....	727	66,460	3,720	17,351
Accretion of capital appreciation bonds.....	—	—	—	—
Provisions and allowances.....	—	—	—	—
Accrual of deferred charge.....	—	—	—	—
Amortization of deferred credit.....	—	(254)	—	—
Amortization of discounts.....	(21,381)	—	—	—
Amortization of deferred charges.....	—	10,703	—	430
Collection of principal from program loans.....	355	—	—	—
Other.....	(3,554)	—	—	—
Change in assets and liabilities				
Receivables.....	8,160	318	—	(258)
Due from other funds.....	667	360	—	(2,235)
Due from other governments.....	—	(1,012)	2,505	—
Prepaid items.....	—	43	—	(50)
Inventories.....	—	8,289	—	—
Net investment in direct financing leases.....	—	—	—	—
Advances and loans receivable.....	187,522	—	44,500	(10,928)
Other assets.....	8,050	—	—	(5)
Accounts payable.....	1	(19,148)	(398)	884
Interest payable.....	(22,044)	—	—	(5,804)
Due to other funds.....	(1,873)	(1,019)	(3,863)	—
Due to component units.....	—	—	(1,556)	—
Due to other governments.....	—	15,596	—	(2,063)
Benefits payable.....	(12,839)	—	—	—
Deposits.....	(9)	—	—	139
Lottery prizes and annuities.....	—	—	—	—
Contracts and notes payable.....	—	—	—	—
Compensated absences payable.....	—	(1,557)	—	—
Advance collections.....	—	(27,901)	—	—
Other liabilities.....	1	(323)	—	394
<b>Total Adjustments.....</b>	<b>143,783</b>	<b>50,555</b>	<b>44,908</b>	<b>(2,145)</b>
<b>Net Cash Provided by (Used In) Operating Activities.....</b>	<b>144,454</b>	<b>200,597</b>	<b>54,732</b>	<b>93,663</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Return of advances from other funds.....	(72,006)	—	—	—
Proceeds from general obligation bonds.....	447,535	—	—	—
Retirement of general obligation bonds.....	(132,415)	—	(3,750)	—
Retirement of revenue bonds.....	(52,525)	—	—	—
Operating transfers in.....	8,441	—	—	—
Operating transfers out.....	(8,441)	—	(80,094)	(4,153)

California State University	Leasing of Public Assets	State Lottery	Health Facilities Construction Loan Insurance	Public Employees' Benefits	Other Enterprise	Total
\$ 60,125	\$ (22,806)	\$ 785,812	\$ 384	\$ (18,871)	\$ (56)	\$ 1,060,933
—	(4,599)	—	—	—	—	(4,599)
—	—	10,914	—	—	19	99,191
—	11,173	—	—	—	—	11,173
—	—	12,407	—	—	—	12,407
—	(3,117)	—	—	—	—	(3,117)
—	—	—	—	—	—	(254)
—	3,251	—	—	—	—	(18,130)
—	5,754	2,455	—	—	—	19,342
—	—	—	—	—	—	355
—	(9,175)	845	—	—	5,324	(6,560)
(1,729)	—	(43,866)	29	(32)	(219)	(37,597)
(1,801)	2,810	287	217	—	4,161	4,466
(52)	—	—	—	(355)	(4,761)	(3,675)
(87)	—	(225)	—	—	335	16
—	—	(1,047)	—	—	215	7,457
—	180,904	—	—	—	—	180,904
—	—	—	—	—	(4)	221,090
—	—	—	—	—	(35)	8,010
631	(6,179)	(6,682)	(8,932)	—	1,097	(38,726)
(713)	—	—	—	—	(207)	(28,768)
1,249	(11,598)	360	(784)	212	(6,820)	(24,136)
—	—	—	—	—	—	(1,556)
—	60	—	(85)	—	15,229	28,737
—	—	—	—	115,466	(902)	101,725
(99)	—	149	—	—	3,015	3,195
—	—	(17,497)	—	—	—	(17,497)
1,000	—	—	—	—	(947)	53
729	—	(411)	(31)	—	31	(1,239)
1,949	4,205	(402)	40	—	(1,062)	(23,171)
1,106	(7,519)	—	(15)	1,548	(2,412)	(7,220)
<b>2,183</b>	<b>165,970</b>	<b>(42,713)</b>	<b>(9,561)</b>	<b>116,839</b>	<b>12,057</b>	<b>481,876</b>
<b>62,308</b>	<b>143,164</b>	<b>743,099</b>	<b>(9,177)</b>	<b>97,968</b>	<b>12,001</b>	<b>1,542,809</b>
—	—	—	—	—	(800)	(72,806)
—	—	—	—	—	—	447,535
—	—	—	—	—	(2,505)	(138,670)
—	—	—	—	—	—	(52,525)
1,192	—	—	—	—	11,336	20,969
(26,180)	(7,123)	—	—	—	(8,780)	(134,771)

(Continued)

# Enterprise Funds

## Combining Statement of Cash Flows

Year Ended June 30, 1998

(Amounts in thousands)

	Housing Loan	Water Resources	School Building Aid	Toll Facilities
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grants provided.....	—	—	—	(26,890)
Lottery payments for education.....	—	—	—	—
<b>Net Cash Provided by (Used In) Noncapital Financing Activities..</b>	<b>190,589</b>	<b>—</b>	<b>(83,844)</b>	<b>(31,043)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Unamortized water project costs.....	—	(8,809)	—	—
Acquisition of fixed assets.....	(1,513)	(4,840)	—	(82,793)
Proceeds from sale of fixed assets.....	—	—	—	—
Advances from other funds.....	—	—	—	—
Return of advances from other funds.....	—	(24,740)	—	—
Proceeds from notes payable and commercial paper.....	—	44,552	—	—
Principal paid on notes payable and commercial paper.....	—	(75,085)	—	—
Retirement of general obligation bonds.....	—	(37,595)	—	—
Proceeds from revenue bonds.....	—	335,869	—	—
Retirement of revenue bonds.....	—	(283,705)	—	(50,405)
Interest paid.....	—	(179,858)	—	(1,469)
Grants received.....	—	—	—	—
Operating transfers in.....	—	—	—	—
Payment to refunding bond escrow agent.....	—	—	—	—
<b>Net Cash Provided by (Used In) Capital and Related Financing Activities.....</b>	<b>(1,513)</b>	<b>(234,211)</b>	<b>—</b>	<b>(134,667)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments.....	(406,117)	(2,094)	—	—
Advances and loans provided.....	—	—	—	—
Collection of advances and loans.....	—	3,321	—	—
Proceeds from maturity and sale of investments.....	62,953	9,183	—	3,463
Interest on investments.....	10,339	—	—	42,709
<b>Net Cash Provided by (Used In) Investing Activities.....</b>	<b>(332,825)</b>	<b>10,410</b>	<b>—</b>	<b>46,172</b>
<b>Net Increase (Decrease) in Cash and Pooled Investments.....</b>	<b>705</b>	<b>(23,204)</b>	<b>(29,112)</b>	<b>(25,875)</b>
<b>Cash and Pooled Investments at July 1, 1997.....</b>	<b>339,195</b>	<b>348,565</b>	<b>70,647</b>	<b>707,951</b>
<b>Cash and Pooled Investments at June 30, 1998.....</b>	<b>\$ 339,900</b>	<b>\$ 325,361</b>	<b>\$ 41,535</b>	<b>\$ 682,076</b>

California State University	Leasing of Public Assets	State Lottery	Health Facilities Construction Loan Insurance	Public Employees' Benefits	Other Enterprise	Total
—	—	—	—	—	—	(26,890)
—	—	(762,917)	—	—	—	(762,917)
(24,988)	(7,123)	(762,917)	—	—	(749)	(720,075)
—	—	—	—	—	—	(8,809)
(30,487)	(303,473)	(8,420)	—	—	—	(431,526)
—	—	571	—	—	25	596
—	296,280	—	—	—	—	296,280
—	(296,280)	—	—	—	—	(321,020)
—	—	—	—	—	—	44,552
—	—	—	—	—	—	(75,085)
—	—	—	—	—	—	(37,595)
64,124	992,235	—	—	—	—	1,392,228
(30,585)	(719,931)	—	—	—	—	(1,084,626)
(19,356)	—	—	—	—	(341)	(201,024)
327	—	—	—	—	—	327
146	7,122	—	—	—	—	7,268
(31,324)	—	—	—	—	—	(31,324)
(47,155)	(24,047)	(7,849)	—	—	(316)	(449,758)
—	—	(229,155)	—	(99,324)	(1,773)	(738,463)
—	—	—	—	—	(8,405)	(8,405)
611	—	—	—	—	7,025	10,957
—	—	320,650	—	—	—	396,249
25,922	—	16,524	7,313	1,464	15,657	119,928
26,533	—	108,019	7,313	(97,860)	12,504	(219,734)
16,698	111,994	80,352	(1,864)	108	23,440	153,242
514,165	367,812	182,099	132,355	1,274	167,646	2,831,709
<u>\$ 530,863</u>	<u>\$ 479,806</u>	<u>\$ 262,451</u>	<u>\$ 130,491</u>	<u>\$ 1,382</u>	<u>\$ 191,086</u>	<u>\$ 2,984,951</u>
(Concluded)						

