
Internal Service Funds

Internal Service Funds

Internal Service Funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Virginia Information Technologies Agency accounts for the installation and maintenance of the state government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; and the development of automated systems.

Virginia Correctional Enterprises accounts for the manufacturing activities of the state's correctional facilities.

Health Care accounts for the health insurance programs provided to state employees and for retirees who are not yet eligible to participate in Medicare.

Fleet Management accounts for the Commonwealth's motor vehicle pool.

Property Management accounts for real estate services, non-routine facility maintenance, and the disposal of state-owned property.

Risk Management accounts for the insurance programs provided to state agencies and institutions.

General Services accounts for a variety of services, including the purchase of supplies, the sale of surplus property, water testing, graphic design and engineering.

Combining Statement of Net Assets – Internal Service Funds

June 30, 2008

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 18,121	\$ 7,678	\$ 290,334
Investments	-	-	59,888
Receivables, Net	4,006	1,967	29,645
Due From Other Funds	13,430	1,841	21,991
Inventory	-	12,291	-
Prepaid Items	58	-	-
Other Assets	6,475	3	-
Total Current Assets	42,090	23,780	401,858
Noncurrent Assets:			
Nondepreciable Capital Assets	-	716	-
Depreciable Capital Assets, Net	10,241	6,970	-
Total Noncurrent Assets	10,241	7,686	-
Total Assets	52,331	31,466	401,858
Liabilities			
Current Liabilities:			
Accounts Payable	23,924	1,192	27,122
Amounts Due to Other Governments	-	-	-
Due to Other Funds	227	78	-
Interfund Payable	-	-	-
Unearned Revenue	13,147	623	-
Obligations Under Securities Lending Program	-	-	75,786
Other Liabilities	-	-	-
Claims Payable Due Within One Year	-	-	97,631
Long-term Liabilities Due within One Year	1,681	4	-
Total Current Liabilities	38,979	1,897	200,539
Noncurrent Liabilities:			
Interfund Payable	-	-	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	8,089	2,706	-
Total Noncurrent Liabilities	8,089	2,706	-
Total Liabilities	47,068	4,603	200,539
Net Assets			
Invested in Capital Assets, Net of Related Debt	10,095	7,686	-
Unrestricted	(4,832)	19,177	201,319
Total Net Assets (Deficit)	\$ 5,263	\$ 26,863	\$ 201,319

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Total</u>
\$ 2,671	\$ 13,723	\$ 127,313	\$ 4,637	\$ 464,477
-	-	24,942	-	84,830
361	37	570	1,403	37,989
1,711	1,193	-	1,297	41,463
24	306	-	3,879	16,500
-	-	-	500	558
-	-	100	-	6,578
<u>4,767</u>	<u>15,259</u>	<u>152,925</u>	<u>11,716</u>	<u>652,395</u>
-	-	-	150	866
<u>27,348</u>	<u>603</u>	<u>-</u>	<u>9,445</u>	<u>54,607</u>
<u>27,348</u>	<u>603</u>	<u>-</u>	<u>9,595</u>	<u>55,473</u>
<u>32,115</u>	<u>15,862</u>	<u>152,925</u>	<u>21,311</u>	<u>707,868</u>
1,233	1,962	1,074	1,484	57,991
-	666	-	-	666
118	254	-	202	879
-	206	-	732	938
24	10,703	40,627	24	65,148
-	-	31,563	-	107,349
-	294	5,397	-	5,691
-	-	58,400	-	156,031
<u>989</u>	<u>503</u>	<u>42</u>	<u>399</u>	<u>3,618</u>
<u>2,364</u>	<u>14,588</u>	<u>137,103</u>	<u>2,841</u>	<u>398,311</u>
-	5,059	-	5,590	10,649
-	-	317,134	-	317,134
<u>2,179</u>	<u>2,110</u>	<u>267</u>	<u>1,494</u>	<u>16,845</u>
<u>2,179</u>	<u>7,169</u>	<u>317,401</u>	<u>7,084</u>	<u>344,628</u>
<u>4,543</u>	<u>21,757</u>	<u>454,504</u>	<u>9,925</u>	<u>742,939</u>
24,430	603	-	9,595	52,409
<u>3,142</u>	<u>(6,498)</u>	<u>(301,579)</u>	<u>1,791</u>	<u>(87,480)</u>
<u>\$ 27,572</u>	<u>\$ (5,895)</u>	<u>\$ (301,579)</u>	<u>\$ 11,386</u>	<u>\$ (35,071)</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Internal Service Funds**

For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Operating Revenues			
Charges for Sales and Services	\$ 259,793	\$ 48,679	\$ 971,304
Other	-	-	583
Total Operating Revenues	259,793	48,679	971,887
Operating Expenses			
Cost of Sales and Services	-	36,090	-
Prizes and Claims	-	-	848,667
Personal Services	32,461	4,667	-
Contractual Services	223,969	3,217	70,313
Supplies and Materials	613	508	-
Depreciation and Amortization	10,962	703	-
Rent, Insurance, and Other Related Charges	7,195	1,210	-
Interest Expense	-	-	-
Other	4,013	373	-
Total Operating Expenses	279,213	46,768	918,980
Operating Income (Loss)	(19,420)	1,911	52,907
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	13,770
Other	2,165	619	(2,549)
Total Nonoperating Revenues (Expenses)	2,165	619	11,221
Income (Loss) Before Transfers	(17,255)	2,530	64,128
Transfers In	-	-	-
Transfers Out	(82)	(887)	-
Change in Net Assets	(17,337)	1,643	64,128
Total Net Assets (Deficit), July 1	22,600	25,220	137,191
Total Net Assets (Deficit), June 30	\$ 5,263	\$ 26,863	\$ 201,319

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Total</u>
\$ 17,286	\$ 48,978	\$ 86,306	\$ 41,468	\$ 1,473,814
-	-	-	-	583
17,286	48,978	86,306	41,468	1,474,397
-	-	-	27,907	63,997
-	-	154,764	-	1,003,431
938	9,801	1,398	7,287	56,552
2,654	12,266	8,726	3,154	324,299
5,048	4,272	6	783	11,230
5,151	135	-	800	17,751
851	19,138	1,189	1,333	30,916
-	256	-	230	486
293	4,037	5,105	92	13,913
14,935	49,905	171,188	41,586	1,522,575
2,351	(927)	(84,882)	(118)	(48,178)
-	-	6,762	101	20,633
(844)	24	(1,349)	(2)	(1,936)
(844)	24	5,413	99	18,697
1,507	(903)	(79,469)	(19)	(29,481)
-	369	-	311	680
-	-	-	-	(969)
1,507	(534)	(79,469)	292	(29,770)
26,065	(5,361)	(222,110)	11,094	(5,301)
\$ 27,572	\$ (5,895)	\$ (301,579)	\$ 11,386	\$ (35,071)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2008

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 15,704	\$ 19,969	\$ 967,752
Internal Activity-Receipts from Other Funds	246,628	28,708	-
Internal Activity-Payments to Other Funds	(1,385)	(1,096)	-
Payments to Suppliers for Goods and Services	(10,664)	(35,431)	-
Payments for Contractual Services	(222,558)	(3,047)	(70,295)
Payments for Prizes, Claims, and Loss Control	-	-	(856,451)
Payments to Employees	(31,481)	(4,328)	-
Other Operating Revenue	-	-	583
Other Operating Expense	(182)	(617)	-
Net Cash Provided by (Used for) Operating Activities	<u>(3,938)</u>	<u>4,158</u>	<u>41,589</u>
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	-	-	-
Transfers Out to Other Funds	(82)	(887)	-
Other Noncapital Financing Receipt Activities	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(82)</u>	<u>(887)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,280)	(2,583)	-
Payment of Principal and Interest on Bonds and Notes	(316)	(381)	-
Proceeds from Sale of Capital Assets	-	9	-
Other Capital and Related Financing Receipt Activities	-	-	-
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(1,596)</u>	<u>(2,955)</u>	<u>-</u>
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	11,221
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>11,221</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,616)	316	52,810
Cash and Cash Equivalents, July 1	23,745	7,365	221,626
Cash and Cash Equivalents, June 30	<u>\$ 18,129</u>	<u>\$ 7,681</u>	<u>\$ 274,436</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	\$ 18,121	\$ 7,678	\$ 290,334
Cash and Travel Advances	8	3	-
Less:			
Securities Lending Cash Equivalents	-	-	(15,898)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 18,129</u>	<u>\$ 7,681</u>	<u>\$ 274,436</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Total</u>
\$ 2,721	\$ 2,442	\$ 37,312	\$ 11,686	\$ 1,057,586
14,999	46,850	54,175	29,550	420,910
(2,991)	(2,778)	-	(2,381)	(10,631)
(3,621)	(23,298)	(6)	(29,870)	(102,890)
(1,689)	(11,808)	(8,702)	(2,317)	(320,416)
-	-	(60,532)	-	(916,983)
(882)	(9,405)	(1,338)	(6,904)	(54,338)
-	-	-	-	583
(271)	(1,711)	(6,293)	-	(9,074)
8,266	292	14,616	(236)	64,747
-	369	-	311	680
-	-	-	-	(969)
-	194	-	32	226
-	563	-	343	(63)
(6,378)	(449)	-	(661)	(11,351)
(896)	(1)	-	-	(1,594)
780	-	-	1	790
-	24	-	-	24
-	-	-	(632)	(632)
(6,494)	(426)	-	(1,292)	(12,763)
-	-	5,413	-	16,634
-	-	5,413	-	16,634
1,772	429	20,029	(1,185)	68,555
899	13,294	100,763	5,822	373,514
\$ 2,671	\$ 13,723	\$ 120,792	\$ 4,637	\$ 442,069
\$ 2,671	\$ 13,723	\$ 127,313	\$ 4,637	\$ 464,477
-	-	100	-	111
-	-	(6,621)	-	(22,519)
\$ 2,671	\$ 13,723	\$ 120,792	\$ 4,637	\$ 442,069

Continued on next page

Combining Statement of Cash Flows – Internal Service Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2008
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ (19,420)	\$ 1,911	\$ 52,907
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation and Amortization	10,962	703	-
Miscellaneous Nonoperating Income	-	727	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(819)	500	(16,167)
(Increase) Decrease in Due From Other Funds	(170)	674	(2,005)
(Increase) Decrease in Other Assets	4,790	-	-
(Increase) Decrease in Inventory	-	1,914	-
(Increase) Decrease in Prepaid Items	310	-	-
Increase (Decrease) in Accounts Payable	673	(329)	(41)
Increase (Decrease) in Amounts Due to Other Governments	(182)	(506)	-
Increase (Decrease) in Due to Other Funds	147	22	-
Increase (Decrease) in Interfund Payable	-	-	-
Increase (Decrease) in Unearned Revenue	(1,216)	(1,813)	-
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	6,895
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(201)	(33)	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	1,188	388	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,938)</u>	<u>\$ 4,158</u>	<u>\$ 41,589</u>
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the statement of net assets date:			
Trade-ins of Used Equipment on New Equipment	-	23	-
Capital Asset Addition Included in Accounts Payable	209	-	-
Other	-	135	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 209</u>	<u>\$ 158</u>	<u>\$ -</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Total</u>
\$ 2,351	\$ (927)	\$ (84,882)	\$ (118)	\$ (48,178)
5,151	135	-	800	17,751
-	-	-	-	727
172	119	(336)	75	(16,456)
404	(292)	-	(102)	(1,491)
-	-	-	-	4,790
135	-	-	(220)	1,829
-	-	-	(500)	(190)
77	398	(144)	(509)	125
(166)	(195)	-	-	(1,049)
78	(186)	-	28	89
-	(143)	-	-	(143)
23	998	5,518	(42)	3,468
-	-	378	-	378
-	-	7,033	-	13,928
-	-	87,012	-	87,012
13	3	(12)	45	(185)
28	382	49	307	2,342
<u>\$ 8,266</u>	<u>\$ 292</u>	<u>\$ 14,616</u>	<u>\$ (236)</u>	<u>\$ 64,747</u>
-	-	-	-	23
774	-	-	-	983
-	-	-	-	135
<u>\$ 774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,141</u>