
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.

Payroll Service Bureau accounts for the payroll and leave accounting services provided to state agencies and institutions.

Combining Statement of Net Assets – Internal Service Funds

June 30, 2010

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 33,908	\$ 6,706	\$ 258,534
Investments	-	-	22,339
Receivables, Net	2,904	4,670	9,893
Due From Other Funds	13,692	1,394	19,981
Due From External Parties (Fiduciary Funds)	-	-	121
Due From Component Units	-	-	11,802
Inventory	-	10,961	-
Prepaid Items	-	-	-
Other Assets	7,678	3	-
Total Current Assets	58,182	23,734	322,670
Noncurrent Assets:			
Nondepreciable Capital Assets	-	278	-
Depreciable Capital Assets, Net	3,098	8,279	-
Total Noncurrent Assets	3,098	8,557	-
Total Assets	61,280	32,291	322,670
Liabilities			
Current Liabilities:			
Accounts Payable	34,632	1,460	19,415
Amounts Due to Other Governments	-	-	-
Due to Other Funds	110	121	-
Due to External Parties (Fiduciary Funds)	322	139	-
Interfund Payable	30,000	-	-
Unearned Revenue	20,294	711	-
Obligations Under Securities Lending Program	-	-	63,788
Other Liabilities	-	1	-
Claims Payable Due Within One Year	-	-	94,376
Long-term Liabilities Due within One Year	767	47	-
Total Current Liabilities	86,125	2,479	177,579
Noncurrent Liabilities:			
Interfund Payable	-	-	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	10,246	4,035	-
Total Noncurrent Liabilities	10,246	4,035	-
Total Liabilities	96,371	6,514	177,579
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,098	8,557	-
Unrestricted	(38,189)	17,220	145,091
Total Net Assets (Deficit)	\$ (35,091)	\$ 25,777	\$ 145,091

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 3,870	\$ 18,715	\$ 162,802	\$ 6,499	\$ 246	\$ 491,280
-	-	13,881	-	-	36,220
211	449	364	1,244	-	19,735
501	1,908	-	632	1	38,109
-	-	-	-	-	121
-	-	-	-	-	11,802
40	315	-	3,998	-	15,314
-	5	40	-	105	150
-	-	100	1	-	7,782
<u>4,622</u>	<u>21,392</u>	<u>177,187</u>	<u>12,374</u>	<u>352</u>	<u>620,513</u>
-	-	-	150	-	428
<u>20,389</u>	<u>14,107</u>	<u>-</u>	<u>7,949</u>	<u>-</u>	<u>53,822</u>
<u>20,389</u>	<u>14,107</u>	<u>-</u>	<u>8,099</u>	<u>-</u>	<u>54,250</u>
<u>25,011</u>	<u>35,499</u>	<u>177,187</u>	<u>20,473</u>	<u>352</u>	<u>674,763</u>
447	1,830	1,531	824	65	60,204
-	717	-	-	-	717
97	838	2	294	6	1,468
12	142	6	82	18	721
-	220	-	1,264	-	31,484
326	13,759	47,707	16	-	82,813
-	-	39,638	-	-	103,426
-	298	757	52	-	1,108
-	-	65,046	-	-	159,422
<u>1,195</u>	<u>3,653</u>	<u>28</u>	<u>358</u>	<u>96</u>	<u>6,144</u>
<u>2,077</u>	<u>21,457</u>	<u>154,715</u>	<u>2,890</u>	<u>185</u>	<u>447,507</u>
-	4,614	-	4,426	-	9,040
-	-	379,421	-	-	379,421
<u>1,284</u>	<u>20,565</u>	<u>473</u>	<u>1,987</u>	<u>466</u>	<u>39,056</u>
<u>1,284</u>	<u>25,179</u>	<u>379,894</u>	<u>6,413</u>	<u>466</u>	<u>427,517</u>
<u>3,361</u>	<u>46,636</u>	<u>534,609</u>	<u>9,303</u>	<u>651</u>	<u>875,024</u>
18,289	(5,922)	-	8,099	-	32,121
3,361	(5,215)	(357,422)	3,071	(299)	(232,382)
<u>\$ 21,650</u>	<u>\$ (11,137)</u>	<u>\$ (357,422)</u>	<u>\$ 11,170</u>	<u>\$ (299)</u>	<u>\$ (200,261)</u>

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

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Operating Revenues			
Charges for Sales and Services	\$ 253,323	\$ 48,193	\$ 939,319
Total Operating Revenues	<u>253,323</u>	<u>48,193</u>	<u>939,319</u>
Operating Expenses			
Cost of Sales and Services	-	37,047	-
Prizes and Claims	-	-	895,979
Personal Services	28,433	5,212	-
Contractual Services	252,961	2,721	61,813
Supplies and Materials	146	432	-
Depreciation	3,212	1,125	-
Rent, Insurance, and Other Related Charges	3,231	1,145	-
Interest Expense	-	-	-
Other	2,809	436	-
Total Operating Expenses	<u>290,792</u>	<u>48,118</u>	<u>957,792</u>
Operating Income (Loss)	<u>(37,469)</u>	<u>75</u>	<u>(18,473)</u>
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	1,965
Other	(18)	20	(76)
Total Nonoperating Revenues (Expenses)	<u>(18)</u>	<u>20</u>	<u>1,889</u>
Income (Loss) Before Transfers	(37,487)	95	(16,584)
Transfers In	-	-	-
Transfers Out	(149)	(2,575)	(2,100)
Change in Net Assets	(37,636)	(2,480)	(18,684)
Total Net Assets (Deficit), July 1	2,545	28,257	163,775
Total Net Assets (Deficit), June 30	<u>\$ (35,091)</u>	<u>\$ 25,777</u>	<u>\$ 145,091</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 11,833	\$ 100,157	\$ 92,743	\$ 40,211	\$ 1,758	\$ 1,487,537
11,833	100,157	92,743	40,211	1,758	1,487,537
-	-	-	26,943	-	63,990
-	-	103,430	-	-	999,409
988	11,723	1,570	6,254	2,002	56,182
3,105	12,057	9,355	3,546	3	345,561
3,580	3,798	3	788	43	8,790
4,911	2,635	-	779	-	12,662
645	59,363	1,860	1,707	-	67,951
-	55	-	119	-	174
253	6,196	6,552	118	-	16,364
13,482	95,827	122,770	40,254	2,048	1,571,083
(1,649)	4,330	(30,027)	(43)	(290)	(83,546)
-	-	1,093	157	-	3,215
(457)	(3,164)	(42)	(3)	-	(3,740)
(457)	(3,164)	1,051	154	-	(525)
(2,106)	1,166	(28,976)	111	(290)	(84,071)
-	-	-	330	-	330
(152)	(164)	-	(15)	(9)	(5,164)
(2,258)	1,002	(28,976)	426	(299)	(88,905)
23,908	(12,139)	(328,446)	10,744	-	(111,356)
\$ 21,650	\$ (11,137)	\$ (357,422)	\$ 11,170	\$ (299)	\$ (200,261)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2010
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 13,977	\$ 23,663	\$ 940,862
Internal Activity-Receipts from Other Funds	247,212	24,733	-
Internal Activity-Payments to Other Funds	(695)	(1,727)	-
Payments to Suppliers for Goods and Services	(5,326)	(35,437)	-
Payments for Contractual Services	(251,082)	(2,643)	(62,555)
Payments for Prizes, Claims, and Loss Control	-	-	(929,221)
Payments to Employees	(27,833)	(4,360)	-
Other Operating Expense	-	(353)	-
Net Cash Provided by (Used for) Operating Activities	<u>(23,747)</u>	<u>3,876</u>	<u>(50,914)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	-	-	-
Transfers Out to Other Funds	(149)	(2,575)	(2,100)
Other Noncapital Financing Receipt Activities	30,000	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>29,851</u>	<u>(2,575)</u>	<u>(2,100)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(697)	(1,833)	-
Payment of Principal and Interest on Bonds and Notes	-	-	-
Proceeds from Sale of Capital Assets	-	11	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(697)</u>	<u>(1,822)</u>	<u>-</u>
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	1,889
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>1,889</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,407	(521)	(51,125)
Cash and Cash Equivalents, July 1	28,501	7,230	268,210
Cash and Cash Equivalents, June 30	<u>\$ 33,908</u>	<u>\$ 6,709</u>	<u>\$ 217,085</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	\$ 33,908	\$ 6,706	\$ 258,534
Cash and Travel Advances	-	3	-
Less:			
Securities Lending Cash Equivalents	-	-	(41,449)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 33,908</u>	<u>\$ 6,709</u>	<u>\$ 217,085</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 1,832	\$ 5,690	\$ 32,271	\$ 12,639	\$ 35	\$ 1,030,969
10,193	97,703	65,173	27,621	1,723	474,358
(2,206)	(3,313)	-	(2,924)	-	(10,865)
(3,305)	(64,976)	(3)	(27,528)	(43)	(136,618)
(2,232)	(11,841)	(9,318)	(2,596)	-	(342,267)
-	-	(72,358)	-	-	(1,001,579)
(928)	(10,722)	(1,409)	(6,112)	(1,352)	(52,716)
(223)	(2,044)	(8,403)	-	(108)	(11,131)
<u>3,131</u>	<u>10,497</u>	<u>5,953</u>	<u>1,100</u>	<u>255</u>	<u>(49,849)</u>
-	-	-	330	-	330
(152)	(164)	-	(15)	(9)	(5,164)
-	-	-	209	-	30,209
<u>(152)</u>	<u>(164)</u>	<u>-</u>	<u>524</u>	<u>(9)</u>	<u>25,375</u>
(764)	(91)	-	(33)	-	(3,418)
(1,124)	(6,182)	-	(5)	-	(7,311)
412	-	-	-	-	423
<u>(1,476)</u>	<u>(6,273)</u>	<u>-</u>	<u>(38)</u>	<u>-</u>	<u>(10,306)</u>
-	-	1,051	-	-	2,940
-	-	1,051	-	-	2,940
1,503	4,060	7,004	1,586	246	(31,840)
2,367	14,655	130,142	4,914	-	456,019
<u>\$ 3,870</u>	<u>\$ 18,715</u>	<u>\$ 137,146</u>	<u>\$ 6,500</u>	<u>\$ 246</u>	<u>\$ 424,179</u>
\$ 3,870	\$ 18,715	\$ 162,802	\$ 6,499	\$ 246	\$ 491,280
-	-	100	1	-	104
-	-	(25,756)	-	-	(67,205)
<u>\$ 3,870</u>	<u>\$ 18,715</u>	<u>\$ 137,146</u>	<u>\$ 6,500</u>	<u>\$ 246</u>	<u>\$ 424,179</u>

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

For the Fiscal Year Ended June 30, 2010
(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)	\$ (37,469)	\$ 75	\$ (18,473)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	3,212	1,125	-
Miscellaneous Nonoperating Income	-	53	-
Other Expenses	-	39	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	79	(1,415)	10,794
(Increase) Decrease in Due From Other Funds	(393)	1,269	735
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	(121)
(Increase) Decrease in Due From Component Units	-	-	(11,802)
(Increase) Decrease in Other Assets	1,819	-	-
(Increase) Decrease in Inventory	-	822	-
(Increase) Decrease in Prepaid Items	-	160	-
Increase (Decrease) in Accounts Payable	1,487	555	(21,512)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	(67)	50	-
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	322	139	-
Increase (Decrease) in Interfund Payable	-	-	-
Increase (Decrease) in Unearned Revenue	6,361	99	-
Increase (Decrease) in Other Liabilities	-	1	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	(10,535)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(412)	38	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	1,314	866	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (23,747)</u>	<u>\$ 3,876</u>	<u>\$ (50,914)</u>
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the statement of net assets date:			
New Capital Leases	\$ -	\$ -	\$ -
Trade-ins of Used Equipment on New Equipment	-	40	-
Installment Purchases Used to Finance Capital Assets	-	-	-
Capital Asset Addition Included in Accounts Payable	160	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 160</u>	<u>\$ 40</u>	<u>\$ -</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ (1,649)	\$ 4,330	\$ (30,027)	\$ (43)	\$ (290)	\$ (83,546)
4,911	2,635	-	779	-	12,662
-	-	-	-	-	53
-	-	-	-	-	39
(39)	86	10	(3)	-	9,512
(59)	589	-	118	(1)	2,258
-	-	-	-	-	(121)
-	-	-	-	-	(11,802)
-	-	-	-	-	1,819
(16)	36	-	(149)	-	693
-	(5)	(1)	272	(105)	321
(429)	(871)	258	(242)	65	(20,689)
-	(133)	-	-	-	(133)
37	278	2	141	6	447
12	142	6	82	18	721
-	(220)	-	-	-	(220)
301	2,648	4,691	(13)	-	14,087
-	48	(4,523)	-	-	(4,474)
-	-	2,717	-	-	(7,818)
-	-	32,694	-	-	32,694
1	26	1	(38)	96	(288)
61	908	125	196	466	3,936
<u>\$ 3,131</u>	<u>\$ 10,497</u>	<u>\$ 5,953</u>	<u>\$ 1,100</u>	<u>\$ 255</u>	<u>\$ (49,849)</u>
\$ -	\$ 4,037	\$ -	\$ -	\$ -	\$ 4,037
-	-	-	-	-	40
765	-	-	-	-	765
-	63	-	-	-	223
<u>\$ 765</u>	<u>\$ 4,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,065</u>