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# Internal Service Funds

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*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.

**Enterprise Application Fund** accounts for the development and operation of the Commonwealth's Performance Budgeting and Cardinal System. Funding is derived from charges to agencies for the ongoing costs of the Commonwealth's enterprise applications, including recovery of the development and implementation costs initially funded through working capital advances.

**Virginia Correctional Enterprises** accounts for the manufacturing activities of the Commonwealth'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 Fund Net Position – Internal Service Funds**

June 30, 2013

(Dollars in Thousands)

	<u>Virginia Information Technologies Agency</u>	<u>Enterprise Application</u>	<u>Virginia Correctional Enterprises</u>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 37,476	\$ 1,303	\$ 1,937
Receivables, Net	2,597	-	6,223
Due From Other Funds	21,355	-	1,913
Due From External Parties (Fiduciary Funds)	-	-	-
Due From Component Units	-	-	-
Inventory	-	-	16,201
Prepaid Items	-	-	-
Other Assets	3,485	-	7
Total Current Assets	<u>64,913</u>	<u>1,303</u>	<u>26,281</u>
<b>Noncurrent Assets:</b>			
Nondepreciable Capital Assets	17,486	6,775	707
Depreciable Capital Assets, Net	4,017	10,963	11,182
Total Noncurrent Assets	<u>21,503</u>	<u>17,738</u>	<u>11,889</u>
Total Assets	<u>86,416</u>	<u>19,041</u>	<u>38,170</u>
<b>Deferred Outflows of Resources</b>			
Total Assets and Deferred Outflow s	<u>86,416</u>	<u>19,041</u>	<u>38,170</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
<b>Current Liabilities:</b>			
Accounts Payable	27,797	856	1,224
Amounts Due to Other Governments	1,712	-	356
Due to Other Funds	97	4	191
Due to External Parties (Fiduciary Funds)	104	3	51
Interfund Payable	22,000	1,442	-
Unearned Revenue	45,188	-	3,200
Other Liabilities	-	-	-
Claims Payable Due Within One Year	-	-	-
Long-term Liabilities Due w ithin One Year	751	37	577
Total Current Liabilities	<u>97,649</u>	<u>2,342</u>	<u>5,599</u>
<b>Noncurrent Liabilities:</b>			
Interfund Payable	-	18,725	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	13,106	285	8,159
Total Noncurrent Liabilities	<u>13,106</u>	<u>19,010</u>	<u>8,159</u>
Total Liabilities	<u>110,755</u>	<u>21,352</u>	<u>13,758</u>
<b>Deferred Inflows of Resources</b>			
Total Liabilities and Deferred Inflow s	<u>110,755</u>	<u>21,352</u>	<u>13,758</u>
<b>Net Position</b>			
Net Investment in Capital Assets	21,503	17,738	10,006
Unrestricted	(45,842)	(20,049)	14,406
Total Net Position (Deficit)	<u>\$ (24,339)</u>	<u>\$ (2,311)</u>	<u>\$ 24,412</u>

<u>Health Care</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>
\$ 43,921	\$ 5,625	\$ 28,035	\$ 163,421	\$ 7,901	\$ 423	\$ 290,042
2,070	470	1,439	200	1,595	-	14,594
22,866	2,113	710	-	1,004	-	49,961
161	-	-	-	-	-	161
14,520	-	-	-	-	-	14,520
-	25	262	-	4,787	-	21,275
-	-	-	-	347	133	480
-	-	-	-	1	-	3,493
83,538	8,233	30,446	163,621	15,635	556	394,526
-	-	-	-	738	-	25,706
-	30,013	11,932	111	5,883	97	74,198
-	30,013	11,932	111	6,621	97	99,904
83,538	38,246	42,378	163,732	22,256	653	494,430
-	-	-	-	-	-	-
83,538	38,246	42,378	163,732	22,256	653	494,430
26,436	506	1,578	898	1,500	75	60,870
-	-	1,018	-	-	-	3,086
-	88	1,087	4	313	7	1,791
-	5	54	4	30	8	259
-	-	419	-	632	-	24,493
-	543	21,083	48,352	25	-	118,391
-	-	54	6,286	-	-	6,340
116,432	-	-	85,101	-	-	201,533
-	2,437	3,571	30	380	86	7,869
142,868	3,579	28,864	140,675	2,880	176	424,632
-	-	3,091	-	2,529	-	24,345
-	-	-	537,734	-	-	537,734
-	12,140	36,170	740	3,795	921	75,316
-	12,140	39,261	538,474	6,324	921	637,395
142,868	15,719	68,125	679,149	9,204	1,097	1,062,027
-	-	-	-	-	-	-
142,868	15,719	68,125	679,149	9,204	1,097	1,062,027
-	16,146	(4,109)	111	6,621	97	68,113
(59,330)	6,381	(21,638)	(515,528)	6,431	(541)	(635,710)
\$ (59,330)	\$ 22,527	\$ (25,747)	\$ (515,417)	\$ 13,052	\$ (444)	\$ (567,597)

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

For the Fiscal Year Ended June 30, 2013  
(Dollars in Thousands)

	<b>Virginia Information Technologies Agency</b>	<b>Enterprise Application</b>	<b>Virginia Correctional Enterprises</b>
<b>Operating Revenues</b>			
Charges for Sales and Services	\$ 322,675	\$ 3,952	\$ 53,602
Total Operating Revenues	322,675	3,952	53,602
<b>Operating Expenses</b>			
Cost of Sales and Services	-	-	40,172
Prizes and Claims	-	-	-
Personal Services	21,001	362	6,329
Contractual Services	289,025	2,130	3,555
Supplies and Materials	89	-	861
Depreciation	2,038	851	1,619
Rent, Insurance, and Other Related Charges	3,193	-	995
Interest Expense	-	-	-
Other	3,651	-	87
Total Operating Expenses	318,997	3,343	53,618
Operating Income (Loss)	3,678	609	(16)
<b>Nonoperating Revenues (Expenses)</b>			
Interest, Dividends, Rents, and Other Investment Income	-	-	-
Other	-	-	123
Total Nonoperating Revenues (Expenses)	-	-	123
Income (Loss) Before Special Item and Transfers	3,678	609	107
Special Item	-	12,308	-
Transfers In	-	-	500
Transfers Out	-	(15,228)	(668)
Change in Net Position	3,678	(2,311)	(61)
Total Net Position (Deficit), July 1	(28,017)	-	24,473
Total Net Position (Deficit), June 30	\$ (24,339)	\$ (2,311)	\$ 24,412

<u>Health Care</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>
\$ 1,073,615	\$ 16,171	\$ 96,490	\$ 100,012	\$ 43,745	\$ 2,084	\$ 1,712,346
1,073,615	16,171	96,490	100,012	43,745	2,084	1,712,346
-	-	-	-	28,655	-	68,827
1,078,146	-	-	84,066	-	-	1,162,212
-	1,177	12,428	1,184	7,214	1,655	51,350
68,451	3,245	12,981	10,321	3,923	46	393,677
-	4,900	2,932	10	1,438	7	10,237
-	4,821	2,102	8	806	4	12,249
-	882	66,747	2,116	1,680	123	75,736
-	-	11	-	4	-	15
-	73	3,234	6,181	13	4	13,243
1,146,597	15,098	100,435	103,886	43,733	1,839	1,787,546
(72,982)	1,073	(3,945)	(3,874)	12	245	(75,200)
88	-	-	-	113	-	201
(2)	(119)	(2,601)	48	-	-	(2,551)
86	(119)	(2,601)	48	113	-	(2,350)
(72,896)	954	(6,546)	(3,826)	125	245	(77,550)
-	-	-	-	-	-	12,308
-	-	138	-	363	-	1,001
-	-	-	(1)	(112)	-	(16,009)
(72,896)	954	(6,408)	(3,827)	376	245	(80,250)
13,566	21,573	(19,339)	(511,590)	12,676	(689)	(487,347)
\$ (59,330)	\$ 22,527	\$ (25,747)	\$ (515,417)	\$ 13,052	\$ (444)	\$ (567,597)

## Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2013  
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
<b>Cash Flows from Operating Activities</b>			
Receipts for Sales and Services	\$ 15,534	\$ 915	\$ 24,762
Internal Activity-Receipts from Other Funds	319,923	3,037	28,011
Internal Activity-Payments to Other Funds	(844)	-	(1,088)
Payments to Suppliers for Goods and Services	(715)	-	(40,706)
Payments for Contractual Services	(290,112)	(1,213)	(3,657)
Payments for Prizes, Claims, and Loss Control	-	-	-
Payments to Employees	(20,580)	-	(5,454)
Payments for Interest	-	-	-
Other Operating Expense	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>23,206</u>	<u>2,739</u>	<u>1,868</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In From Other Funds	-	-	500
Transfers Out to Other Funds	-	-	(668)
Other Noncapital Financing Receipt Activities	-	6	-
Other Noncapital Financing Disbursement Activities	(6,000)	(1,442)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(6,000)</u>	<u>(1,436)</u>	<u>(168)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(8,128)	-	(566)
Payment of Principal and Interest on Bonds and Notes	-	-	(592)
Proceeds from Sale of Capital Assets	-	-	12
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(8,128)</u>	<u>-</u>	<u>(1,146)</u>
<b>Cash Flows from Investing Activities</b>			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	-
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,078	1,303	554
<b>Cash and Cash Equivalents, July 1</b>	<u>28,398</u>	<u>-</u>	<u>1,386</u>
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 37,476</u>	<u>\$ 1,303</u>	<u>\$ 1,940</u>
<b>Reconciliation of Cash and Cash Equivalents</b>			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 37,476	\$ 1,303	\$ 1,937
Cash and Travel Advances	-	-	3
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 37,476</u>	<u>\$ 1,303</u>	<u>\$ 1,940</u>

<u>Health Care</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>
\$ 513,227	\$ 2,067	\$ 2,837	\$ 30,003	\$ 13,769	\$ 9	\$ 603,123
555,523	13,901	96,735	68,188	30,203	2,075	1,117,596
-	(1,013)	(4,108)	-	(2,505)	-	(9,558)
-	(4,807)	(69,367)	(10)	(29,712)	(7)	(145,324)
(67,907)	(3,287)	(12,961)	(10,310)	(3,625)	(46)	(393,118)
(1,079,045)	-	-	(69,275)	-	-	(1,148,320)
-	(1,101)	(11,621)	(1,255)	(6,891)	(1,627)	(48,529)
-	-	(11)	-	-	-	(11)
-	(9)	-	(7,923)	-	(142)	(8,074)
(78,202)	5,751	1,504	9,418	1,239	262	(32,215)
-	-	138	-	363	-	1,001
-	-	-	(1)	(112)	-	(781)
-	-	396	48	113	-	563
-	-	(549)	-	-	-	(7,991)
-	-	(15)	47	364	-	(7,208)
-	(3,275)	-	(119)	(548)	-	(12,636)
-	(1,950)	(6,510)	-	-	-	(9,052)
-	1,302	-	-	-	-	1,314
-	-	-	-	(632)	-	(632)
-	(3,923)	(6,510)	(119)	(1,180)	-	(21,006)
86	-	-	-	-	-	86
86	-	-	-	-	-	86
(78,116)	1,828	(5,021)	9,346	423	262	(60,343)
122,037	3,797	33,056	154,075	7,479	161	350,389
\$ 43,921	\$ 5,625	\$ 28,035	\$ 163,421	\$ 7,902	\$ 423	\$ 290,046
\$ 43,921	\$ 5,625	\$ 28,035	\$ 163,421	\$ 7,901	\$ 423	\$ 290,042
-	-	-	-	1	-	4
\$ 43,921	\$ 5,625	\$ 28,035	\$ 163,421	\$ 7,902	\$ 423	\$ 290,046

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

For the Fiscal Year Ended June 30, 2013  
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
<b>Reconciliation of Operating Income</b>			
<b>To Net Cash Provided by (Used for)</b>			
<b>Operating Activities:</b>			
Operating Income (Loss)	\$ 3,678	\$ 609	\$ (16)
<b>Adjustments to Reconcile Operating</b>			
<b>Income to Net Cash Provided by (Used for)</b>			
<b>Operating Activities:</b>			
Depreciation	2,038	851	1,619
Miscellaneous Nonoperating Income	-	-	168
<b>Change in Assets and Liabilities:</b>			
(Increase) Decrease in Accounts Receivable	137	-	(1,940)
(Increase) Decrease in Due From Other Funds	1,546	-	(48)
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	-
(Increase) Decrease in Due From Component Units	-	-	-
(Increase) Decrease in Other Assets	3,699	-	(4)
(Increase) Decrease in Inventory	-	-	1,627
(Increase) Decrease in Prepaid Items	-	-	-
Increase (Decrease) in Accounts Payable	2,697	857	(1,406)
Increase (Decrease) in Amounts Due to Other Governments	987	-	33
Increase (Decrease) in Due to Other Funds	2	4	23
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	8	3	3
Increase (Decrease) in Interfund Payables	-	93	-
Increase (Decrease) in Unearned Revenue	7,858	-	990
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(91)	37	(3)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	647	285	822
Net Cash Provided by (Used for) Operating Activities	<u>\$ 23,206</u>	<u>\$ 2,739</u>	<u>\$ 1,868</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
The following transactions occurred prior to the statement of net position date:			
Capital Leases Used to Finance Capital Assets	\$ -	\$ -	\$ -
Installment Purchases Used to Finance Capital Assets	-	-	-
Capital Asset Addition Included in Accounts Payable	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Health Care</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>
\$ (72,982)	\$ 1,073	\$ (3,945)	\$ (3,874)	\$ 12	\$ 245	\$ (75,200)
-	4,821	2,102	8	806	4	12,249
-	-	-	-	-	-	168
(164)	(45)	153	(21)	252	-	(1,628)
(2,351)	(259)	848	429	28	-	193
(28)	-	-	-	-	-	(28)
(2,322)	-	-	-	-	-	(2,322)
-	-	-	-	-	-	3,695
-	3	239	-	(238)	-	1,631
-	-	-	2	41	(15)	28
(7,196)	1	131	(654)	119	(2)	(5,453)
-	-	(130)	-	-	-	890
-	6	(22)	(1)	(71)	1	(58)
-	-	7	-	1	1	23
-	-	-	-	-	-	93
-	75	1,407	(1,805)	(14)	-	8,511
-	-	2	1,260	(26)	-	1,236
6,841	-	-	9,449	-	-	16,290
-	-	-	4,672	-	-	4,672
-	(1)	21	-	5	(2)	(34)
-	77	691	(47)	324	30	2,829
<u>\$ (78,202)</u>	<u>\$ 5,751</u>	<u>\$ 1,504</u>	<u>\$ 9,418</u>	<u>\$ 1,239</u>	<u>\$ 262</u>	<u>\$ (32,215)</u>
\$ -	\$ -	\$ 4,462	\$ -	\$ -	\$ -	\$ 4,462
-	6,711	-	-	-	-	6,711
-	-	-	-	43	-	43
<u>\$ -</u>	<u>\$ 6,711</u>	<u>\$ 4,462</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ -</u>	<u>\$ 11,216</u>