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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, 2015

(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 61,149	\$ 1,416	\$ 4,298
Investments	-	-	-
Receivables, Net	2,322	-	2,235
Due From Other Funds	18,817	-	1,011
Due From External Parties (Fiduciary Funds)	-	-	-
Due From Component Units	-	-	-
Inventory	-	-	13,292
Prepaid Items	4,584	-	-
Other Assets	9,079	-	1,981
<b>Total Current Assets</b>	<b>95,951</b>	<b>1,416</b>	<b>22,817</b>
<b>Noncurrent Assets:</b>			
Nondepreciable Capital Assets	725	51,122	229
Depreciable Capital Assets, Net	15,941	8,370	8,932
<b>Total Noncurrent Assets</b>	<b>16,666</b>	<b>59,492</b>	<b>9,161</b>
<b>Total Assets</b>	<b>112,617</b>	<b>60,908</b>	<b>31,978</b>
<b>Deferred Outflows of Resources</b>	<b>1,952</b>	<b>349</b>	<b>963</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>114,569</b>	<b>61,257</b>	<b>32,941</b>
<b>Liabilities and Deferred Inflows of Resources</b>			
<b>Current Liabilities:</b>			
Accounts Payable	53,273	3,857	909
Amounts Due to Other Governments	-	-	-
Due to Other Funds	115	96	256
Due to External Parties (Fiduciary Funds)	127	14	66
Interfund Payable	16,000	1,473	-
Unearned Revenue	47,865	-	836
Obligations Under Securities Lending Program	-	-	-
Other Liabilities	409	-	1
Claims Payable Due Within One Year	-	-	-
Long-term Liabilities Due within One Year	1,515	144	603
<b>Total Current Liabilities</b>	<b>119,304</b>	<b>5,584</b>	<b>2,671</b>
<b>Noncurrent Liabilities:</b>			
Interfund Payable	-	57,444	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	27,832	2,550	14,507
<b>Total Noncurrent Liabilities</b>	<b>27,832</b>	<b>59,994</b>	<b>14,507</b>
<b>Total Liabilities</b>	<b>147,136</b>	<b>65,578</b>	<b>17,178</b>
<b>Deferred Inflows of Resources</b>	<b>4,131</b>	<b>373</b>	<b>2,442</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>151,267</b>	<b>65,951</b>	<b>19,620</b>
<b>Net Position</b>			
Net Investment in Capital Assets	16,666	59,492	8,427
Unrestricted	(53,364)	(64,186)	4,894
<b>Total Net Position (Deficit)</b>	<b>\$ (36,698)</b>	<b>\$ (4,694)</b>	<b>\$ 13,321</b>

<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>
\$ 175,858	\$ 3,104	\$ 29,979	\$ 180,816	\$ 5,065	\$ 238	\$ 461,923
234	-	-	-	-	-	234
2,439	418	144	265	1,170	-	8,993
27,786	1,603	1,154	1	1,715	-	52,087
202	-	-	-	-	-	202
19,340	-	-	-	-	-	19,340
-	32	338	-	4,646	-	18,308
-	-	355	625	93	142	5,799
-	-	-	-	1	-	11,061
<u>225,859</u>	<u>5,157</u>	<u>31,970</u>	<u>181,707</u>	<u>12,690</u>	<u>380</u>	<u>577,947</u>
-	-	164	-	150	-	52,390
-	37,171	17,861	85	5,264	88	93,712
-	37,171	18,025	85	5,414	88	146,102
<u>225,859</u>	<u>42,328</u>	<u>49,995</u>	<u>181,792</u>	<u>18,104</u>	<u>468</u>	<u>724,049</u>
-	96	1,000	201	590	324	5,475
<u>225,859</u>	<u>42,424</u>	<u>50,995</u>	<u>181,993</u>	<u>18,694</u>	<u>792</u>	<u>729,524</u>
19,621	574	948	2,364	1,045	96	82,687
-	-	889	-	-	-	889
-	89	752	36	651	11	2,006
-	6	70	8	41	13	345
-	-	419	-	632	-	18,524
-	-	20,644	46,648	149	-	116,142
6,699	-	-	-	-	-	6,699
-	-	291	508	8	-	1,217
118,005	-	-	83,231	-	-	201,236
-	3,166	4,175	71	382	105	10,161
<u>144,325</u>	<u>3,835</u>	<u>28,188</u>	<u>132,866</u>	<u>2,908</u>	<u>225</u>	<u>439,906</u>
-	-	2,239	-	397	-	60,080
-	-	-	568,190	-	-	568,190
-	16,281	44,246	2,013	8,425	2,394	118,248
-	16,281	46,485	570,203	8,822	2,394	746,518
144,325	20,116	74,673	703,069	11,730	2,619	1,186,424
-	203	2,117	310	1,250	347	11,173
<u>144,325</u>	<u>20,319</u>	<u>76,790</u>	<u>703,379</u>	<u>12,980</u>	<u>2,966</u>	<u>1,197,597</u>
-	19,154	(2,745)	85	5,414	88	106,581
81,534	2,951	(23,050)	(521,471)	300	(2,262)	(574,654)
<u>\$ 81,534</u>	<u>\$ 22,105</u>	<u>\$ (25,795)</u>	<u>\$ (521,386)</u>	<u>\$ 5,714</u>	<u>\$ (2,174)</u>	<u>\$ (468,073)</u>

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

For the Fiscal Year Ended June 30, 2015  
(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	\$ 341,947	\$ 19,507	\$ 42,911
Total Operating Revenues	<u>341,947</u>	<u>19,507</u>	<u>42,911</u>
<b>Operating Expenses</b>			
Cost of Sales and Services	-	-	32,099
Prizes and Claims	-	-	-
Personal Services	22,385	1,153	5,251
Contractual Services	307,961	16,073	2,263
Supplies and Materials	45	1	553
Depreciation	4,448	1,297	1,502
Rent, Insurance, and Other Related Charges	4,363	207	1,071
Interest Expense	-	1	-
Other	-	19	-
Total Operating Expenses	<u>339,202</u>	<u>18,751</u>	<u>42,739</u>
Operating Income (Loss)	<u>2,745</u>	<u>756</u>	<u>172</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest, Dividends, Rents, and Other Investment Income	-	-	-
Other	-	-	(7)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>(7)</u>
Income (Loss) Before Transfers	2,745	756	165
Transfers In	2,890	-	250
Transfers Out	<u>(7,409)</u>	<u>(80)</u>	<u>(611)</u>
Change in Net Position	(1,774)	676	(196)
Total Net Position (Deficit), July 1, as restated	<u>(34,924)</u>	<u>(5,370)</u>	<u>13,517</u>
Total Net Position (Deficit), June 30	<u>\$ (36,698)</u>	<u>\$ (4,694)</u>	<u>\$ 13,321</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>
\$ 1,336,601	\$ 16,587	\$ 104,799	\$ 109,167	\$ 40,556	\$ 2,173	\$ 2,014,248
1,336,601	16,587	104,799	109,167	40,556	2,173	2,014,248
-	-	-	-	26,584	-	58,683
1,215,279	-	-	99,219	-	-	1,314,498
-	1,074	11,671	1,836	7,127	2,281	52,778
64,007	3,349	11,535	10,764	3,472	46	419,470
-	3,738	3,367	7	1,476	12	9,199
-	7,428	1,712	13	813	4	17,217
-	955	66,208	2,587	1,775	141	77,307
-	-	7	-	-	-	8
10,180	36	2,002	7,737	125	3	20,102
1,289,466	16,580	96,502	122,163	41,372	2,487	1,969,262
47,135	7	8,297	(12,996)	(816)	(314)	44,986
1,155	-	-	-	113	-	1,268
(15)	643	(2,490)	17	(30)	-	(1,882)
1,140	643	(2,490)	17	83	-	(614)
48,275	650	5,807	(12,979)	(733)	(314)	44,372
1,764	-	1	-	388	-	5,293
-	(1,730)	(188)	(508)	(664)	-	(11,190)
50,039	(1,080)	5,620	(13,487)	(1,009)	(314)	38,475
31,495	23,185	(31,415)	(507,899)	6,723	(1,860)	(506,548)
\$ 81,534	\$ 22,105	\$ (25,795)	\$ (521,386)	\$ 5,714	\$ (2,174)	\$ (468,073)

## Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2015  
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
<b>Cash Flows from Operating Activities</b>			
Receipts for Sales and Services	\$ 14,357	\$ 957	\$ 15,475
Internal Activity-Receipts from Other Funds	326,532	18,549	26,171
Internal Activity-Payments to Other Funds	(2,606)	-	(956)
Payments to Suppliers for Goods and Services	(4,481)	(1)	(33,281)
Payments for Contractual Services	(281,127)	(16,605)	(2,259)
Payments for Prizes, Claims, and Loss Control	-	-	-
Payments to Employees	(22,201)	(1,110)	(5,314)
Payments for Interest	-	(1)	-
Other Operating Expense	-	(226)	-
Net Cash Provided by (Used for) Operating Activities	<u>30,474</u>	<u>1,563</u>	<u>(164)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In from Other Funds	2,890	-	250
Transfers Out to Other Funds	(7,409)	-	(611)
Other Noncapital Financing Receipt Activities	-	-	-
Other Noncapital Financing Disbursement Activities	-	(1,473)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(4,519)</u>	<u>(1,473)</u>	<u>(361)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(1,424)	-	(99)
Payment of Principal and Interest on Bonds and Notes	-	-	(593)
Proceeds from Sale of Capital Assets	-	-	2
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(1,424)</u>	<u>-</u>	<u>(690)</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	24,531	90	(1,215)
<b>Cash and Cash Equivalents, July 1</b>	<u>36,618</u>	<u>1,326</u>	<u>5,515</u>
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 61,149</u>	<u>\$ 1,416</u>	<u>\$ 4,300</u>
<b>Reconciliation of Cash and Cash Equivalents</b>			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 61,149	\$ 1,416	\$ 4,298
Cash and Travel Advances	-	-	2
Less:			
Securities Lending Cash Equivalents	-	-	-
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 61,149</u>	<u>\$ 1,416</u>	<u>\$ 4,300</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>
\$ 667,247	\$ 1,784	\$ 3,674	\$ 40,152	\$ 10,860	\$ 8	\$ 754,514
666,614	15,174	99,848	57,928	29,552	2,165	1,242,533
-	(748)	(3,416)	-	(2,794)	-	(10,520)
-	(4,695)	(68,916)	(7)	(28,200)	(12)	(139,593)
(63,237)	(3,257)	(11,798)	(10,675)	(3,201)	(46)	(392,205)
(1,222,455)	-	-	(72,099)	-	-	(1,294,554)
-	(1,120)	(11,887)	(1,775)	(7,197)	(2,194)	(52,798)
-	-	(7)	-	-	-	(8)
(10,180)	(6)	-	(10,576)	-	(149)	(21,137)
37,989	7,132	7,498	2,948	(980)	(228)	86,232
1,764	-	1	-	388	-	5,293
-	(1,730)	(188)	(508)	(664)	-	(11,110)
-	-	23	17	113	-	153
-	-	(427)	-	-	-	(1,900)
1,764	(1,730)	(591)	(491)	(163)	-	(7,564)
-	(2,559)	(365)	-	(91)	-	(4,538)
-	(6,106)	(7,682)	-	-	-	(14,381)
-	1,500	-	-	-	-	1,502
-	-	-	-	(632)	-	(632)
-	(7,165)	(8,047)	-	(723)	-	(18,049)
1,140	-	-	-	-	-	1,140
1,140	-	-	-	-	-	1,140
40,893	(1,763)	(1,140)	2,457	(1,866)	(228)	61,759
128,500	4,867	31,119	178,359	6,932	466	393,702
\$ 169,393	\$ 3,104	\$ 29,979	\$ 180,816	\$ 5,066	\$ 238	\$ 455,461
\$ 175,858	\$ 3,104	\$ 29,979	\$ 180,816	\$ 5,065	\$ 238	\$ 461,923
-	-	-	-	1	-	3
(6,465)	-	-	-	-	-	(6,465)
\$ 169,393	\$ 3,104	\$ 29,979	\$ 180,816	\$ 5,066	\$ 238	\$ 455,461

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

For the Fiscal Year Ended June 30, 2015  
(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)	\$ 2,745	\$ 756	\$ 172
<b>Adjustments to Reconcile Operating</b>			
<b>Income to Net Cash Provided by (Used for)</b>			
<b>Operating Activities:</b>			
Depreciation	4,448	1,297	1,502
Miscellaneous Nonoperating Income	-	-	30
Other	-	(80)	-
Change in Assets, Deferred Outflow s of Resources, Liabilities, and			
<b>Deferred Inflow s of Resources</b>			
(Increase) Decrease in Accounts Receivable	(37)	-	556
(Increase) Decrease in Due from Other Funds	4,900	-	460
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	-
(Increase) Decrease in Due from Component Units	-	-	-
(Increase) Decrease in Other Assets	(5,969)	-	(1,979)
(Increase) Decrease in Inventory	-	-	(325)
(Increase) Decrease in Prepaid Items	(783)	-	31
(Increase) Decrease in Deferred Outflow s of Resources	(533)	(221)	(253)
Increase (Decrease) in Accounts Payable	25,527	(461)	(115)
Increase (Decrease) in Amounts Due to Other Governments	(2,285)	-	(359)
Increase (Decrease) in Due to Other Funds	11	88	12
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	13	3	8
Increase (Decrease) in Unearned Revenue	1,607	-	40
Increase (Decrease) in Other Liabilities	409	-	-
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	919	3	(5)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(4,629)	(195)	(2,381)
Increase (Decrease) in Deferred Inflow s of Resources	4,131	373	2,442
Net Cash Provided by (Used for) Operating Activities	<u>\$ 30,474</u>	<u>\$ 1,563</u>	<u>\$ (164)</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	127	1,659	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 127</u>	<u>\$ 1,659</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>
\$ 47,135	\$ 7	\$ 8,297	\$ (12,996)	\$ (816)	\$ (314)	\$ 44,986
-	7,428	1,712	13	813	4	17,217
-	-	-	-	-	-	30
-	-	-	-	-	-	(80)
(256)	37	122	(4)	84	-	502
(743)	462	(674)	(1)	(340)	-	4,064
(8)	-	-	-	-	-	(8)
(1,733)	-	-	-	-	-	(1,733)
-	-	-	-	1	-	(7,947)
-	(2)	24	-	(859)	-	(1,162)
-	-	(1)	(187)	186	(6)	(760)
-	(26)	(273)	(99)	(161)	(205)	(1,771)
479	(736)	(749)	294	(194)	4	24,049
-	-	(89)	-	-	-	(2,733)
-	3	86	32	81	1	314
-	-	12	(8)	7	3	38
-	(39)	(1,104)	(11,081)	127	-	(10,450)
-	-	4	-	(48)	-	365
(6,885)	-	-	1,013	-	-	(5,872)
-	-	-	25,815	-	-	25,815
-	(33)	(33)	11	(6)	1	857
-	(172)	(1,953)	(164)	(1,105)	(63)	(10,662)
-	203	2,117	310	1,250	347	11,173
<u>\$ 37,989</u>	<u>\$ 7,132</u>	<u>\$ 7,498</u>	<u>\$ 2,948</u>	<u>\$ (980)</u>	<u>\$ (228)</u>	<u>\$ 86,232</u>
\$ -	\$ -	\$ 9,067	\$ -	\$ -	\$ -	\$ 9,067
-	8,666	-	-	-	-	8,666
-	-	-	-	-	-	1,786
<u>\$ -</u>	<u>\$ 8,666</u>	<u>\$ 9,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,519</u>