
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, 2011

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 36,142	\$ 5,093	\$ 198,189
Receivables, Net	2,775	5,455	1,980
Due From Other Funds	14,600	1,349	20,309
Due From External Parties (Fiduciary Funds)	-	-	129
Due From Component Units	-	-	12,175
Inventory	-	12,952	-
Prepaid Items	51	-	-
Other Assets	13,595	3	-
Total Current Assets	67,163	24,852	232,782
Noncurrent Assets:			
Nondepreciable Capital Assets	-	345	-
Depreciable Capital Assets, Net	3,729	8,504	-
Total Noncurrent Assets	3,729	8,849	-
Total Assets	70,892	33,701	232,782
Liabilities			
Current Liabilities:			
Accounts Payable	24,030	1,021	20,658
Amounts Due to Other Governments	-	323	-
Due to Other Funds	166	174	-
Due to External Parties (Fiduciary Funds)	293	143	-
Interfund Payable	37,000	-	-
Unearned Revenue	35,175	1,031	-
Other Liabilities	-	1	-
Claims Payable Due Within One Year	-	-	81,480
Long-term Liabilities Due within One Year	767	9	-
Total Current Liabilities	97,431	2,702	102,138
Noncurrent Liabilities:			
Interfund Payable	-	-	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	9,128	5,014	-
Total Noncurrent Liabilities	9,128	5,014	-
Total Liabilities	106,559	7,716	102,138
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,729	8,849	-
Unrestricted	(39,396)	17,136	130,644
Total Net Assets (Deficit)	\$ (35,667)	\$ 25,985	\$ 130,644

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 3,718	\$ 23,931	\$ 151,961	\$ 6,055	\$ 238	\$ 425,327
336	210	219	1,553	-	12,528
1,335	2,451	-	868	-	40,912
-	-	-	-	-	129
-	-	-	-	-	12,175
40	374	-	4,252	-	17,618
-	-	2	425	111	589
-	-	100	2	-	13,700
5,429	26,966	152,282	13,155	349	522,978
-	-	-	150	-	495
22,918	11,711	-	7,173	-	54,035
22,918	11,711	-	7,323	-	54,530
28,347	38,677	152,282	20,478	349	577,508
807	2,058	2,739	1,311	79	52,703
-	827	-	-	-	1,150
171	604	3	402	12	1,532
13	149	7	87	21	713
-	220	-	632	-	37,852
170	18,803	53,385	30	-	108,594
-	139	5,047	-	-	5,187
-	-	76,188	-	-	157,668
941	3,336	31	358	91	5,533
2,102	26,136	137,400	2,820	203	370,932
-	4,385	-	3,793	-	8,178
-	-	412,000	-	-	412,000
5,445	18,671	564	2,291	623	41,736
5,445	23,056	412,564	6,084	623	461,914
7,547	49,192	549,964	8,904	826	832,846
16,989	(5,194)	-	7,323	-	31,696
3,811	(5,321)	(397,682)	4,251	(477)	(287,034)
\$ 20,800	\$ (10,515)	\$ (397,682)	\$ 11,574	\$ (477)	\$ (255,338)

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

For the Fiscal Year Ended June 30, 2011
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Operating Revenues			
Charges for Sales and Services	\$ 304,406	\$ 54,328	\$ 961,240
Other	-	-	1
Total Operating Revenues	304,406	54,328	961,241
Operating Expenses			
Cost of Sales and Services	-	40,434	-
Prizes and Claims	-	-	913,719
Personal Services	19,297	5,191	-
Contractual Services	268,123	3,094	62,469
Supplies and Materials	120	691	-
Depreciation	2,525	1,004	-
Rent, Insurance, and Other Related Charges	3,133	1,106	-
Interest Expense	-	-	-
Other	3,310	459	-
Total Operating Expenses	296,508	51,979	976,188
Operating Income (Loss)	7,898	2,349	(14,947)
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	-
Other	-	99	-
Total Nonoperating Revenues (Expenses)	-	99	-
Income (Loss) Before Transfers	7,898	2,448	(14,947)
Transfers In	-	-	500
Transfers Out	(1,131)	(2,240)	-
Change in Net Assets	6,767	208	(14,447)
Total Net Assets (Deficit), July 1, as restated	(42,434)	25,777	145,091
Total Net Assets (Deficit), June 30	\$ (35,667)	\$ 25,985	\$ 130,644

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 14,151	\$ 99,643	\$ 96,677	\$ 41,302	\$ 1,745	\$ 1,573,492
-	-	21	-	-	22
14,151	99,643	96,698	41,302	1,745	1,573,514
-	-	-	27,677	-	68,111
-	-	113,566	-	-	1,027,285
1,085	11,943	1,517	6,431	1,693	47,157
3,106	12,029	9,763	3,320	41	361,945
4,336	4,344	6	838	3	10,338
5,461	2,397	-	776	-	12,163
796	61,190	2,065	1,819	106	70,215
-	23	-	33	-	56
40	3,348	5,659	204	1	13,021
14,824	95,274	132,576	41,098	1,844	1,610,291
(673)	4,369	(35,878)	204	(99)	(36,777)
-	-	-	142	-	142
(128)	(2,903)	-	-	-	(2,932)
(128)	(2,903)	-	142	-	(2,790)
(801)	1,466	(35,878)	346	(99)	(39,567)
-	-	-	363	-	863
(49)	(844)	(4,382)	(305)	(79)	(9,030)
(850)	622	(40,260)	404	(178)	(47,734)
21,650	(11,137)	(357,422)	11,170	(299)	(207,604)
\$ 20,800	\$ (10,515)	\$ (397,682)	\$ 11,574	\$ (477)	\$ (255,338)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2011

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 13,719	\$ 25,661	\$ 477,821
Internal Activity-Receipts from Other Funds	293,113	28,440	482,797
Internal Activity-Payments to Other Funds	(860)	(1,674)	-
Payments to Suppliers for Goods and Services	(16,010)	(43,116)	-
Payments for Contractual Services	(269,931)	(3,101)	(62,257)
Payments for Prizes, Claims, and Loss Control	-	-	(917,757)
Payments to Employees	(20,509)	(4,165)	-
Other Operating Expense	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>(478)</u>	<u>2,045</u>	<u>(19,396)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	-	-	500
Transfers Out to Other Funds	(1,131)	(2,240)	-
Other Noncapital Financing Receipt Activities	7,000	-	-
Other Noncapital Financing Disbursement Activities	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>5,869</u>	<u>(2,240)</u>	<u>500</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(3,157)	(1,433)	-
Payment of Principal and Interest on Bonds and Notes	-	-	-
Proceeds from Sale of Capital Assets	-	15	-
Other Capital and Related Financing Receipt Activities	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(3,157)</u>	<u>(1,418)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,234	(1,613)	(18,896)
Cash and Cash Equivalents, July 1	<u>33,908</u>	<u>6,709</u>	<u>217,085</u>
Cash and Cash Equivalents, June 30	<u>\$ 36,142</u>	<u>\$ 5,096</u>	<u>\$ 198,189</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	\$ 36,142	\$ 5,093	\$ 198,189
Cash and Travel Advances	-	3	-
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 36,142</u>	<u>\$ 5,096</u>	<u>\$ 198,189</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>
\$ 1,474	\$ 4,960	\$ 33,411	\$ 12,338	\$ 34	\$ 569,418
11,531	98,977	69,110	28,384	1,712	1,014,064
(1,909)	(3,416)	-	(2,604)	-	(10,463)
(3,341)	(64,138)	(6)	(28,174)	(3)	(154,788)
(2,620)	(11,743)	(9,712)	(3,308)	(41)	(362,713)
-	-	(64,386)	-	-	(982,143)
(992)	(10,926)	(1,428)	(6,013)	(1,518)	(45,551)
-	(1,495)	(7,692)	-	(113)	(9,300)
<u>4,143</u>	<u>12,219</u>	<u>19,297</u>	<u>623</u>	<u>71</u>	<u>18,524</u>
-	-	-	363	-	863
(49)	(844)	(4,382)	(305)	(79)	(9,030)
-	-	-	142	-	7,142
-	(229)	-	(1,264)	-	(1,493)
<u>(49)</u>	<u>(1,073)</u>	<u>(4,382)</u>	<u>(1,064)</u>	<u>(79)</u>	<u>(2,518)</u>
(3,620)	-	-	-	-	(8,210)
(1,543)	(5,943)	-	(2)	-	(7,488)
917	-	-	-	-	932
-	13	-	-	-	13
<u>(4,246)</u>	<u>(5,930)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(14,753)</u>
(152)	5,216	14,915	(443)	(8)	1,253
3,870	18,715	137,146	6,500	246	424,179
<u>\$ 3,718</u>	<u>\$ 23,931</u>	<u>\$ 152,061</u>	<u>\$ 6,057</u>	<u>\$ 238</u>	<u>\$ 425,432</u>
\$ 3,718	\$ 23,931	\$ 151,961	\$ 6,055	\$ 238	\$ 425,327
-	-	100	2	-	105
<u>\$ 3,718</u>	<u>\$ 23,931</u>	<u>\$ 152,061</u>	<u>\$ 6,057</u>	<u>\$ 238</u>	<u>\$ 425,432</u>

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

For the Fiscal Year Ended June 30, 2011
(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)	\$ 7,898	\$ 2,349	\$ (14,947)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	2,525	1,004	-
Miscellaneous Nonoperating Income	-	221	-
Other Expenses	(7,342)	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	129	(785)	7,912
(Increase) Decrease in Due From Other Funds	(908)	45	(330)
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	(8)
(Increase) Decrease in Due From Component Units	-	-	(372)
(Increase) Decrease in Other Assets	(5,917)	-	-
(Increase) Decrease in Inventory	-	(1,993)	-
(Increase) Decrease in Prepaid Items	(51)	-	-
Increase (Decrease) in Accounts Payable	(10,602)	(439)	1,244
Increase (Decrease) in Amounts Due to Other Governments	-	323	-
Increase (Decrease) in Due to Other Funds	56	53	-
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(29)	4	-
Increase (Decrease) in Unearned Revenue	14,881	320	-
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	(12,895)
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	-	(37)	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(1,118)	980	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (478)</u>	<u>\$ 2,045</u>	<u>\$ (19,396)</u>
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the statement of net assets date:			
Installment Purchases Used to Finance Capital Assets	\$ -	\$ -	\$ -
Change in Fair Value of Investments	-	5	-
Capital Asset Addition Included in Accounts Payable	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 5</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>
\$ (673)	\$ 4,369	\$ (35,878)	\$ 204	\$ (99)	\$ (36,777)
5,461	2,397	-	776	-	12,163
-	-	-	-	-	221
-	-	-	-	-	(7,342)
(125)	239	145	(309)	-	7,206
(834)	(629)	-	(236)	1	(2,891)
-	-	-	-	-	(8)
-	-	-	-	-	(372)
-	-	-	-	-	(5,917)
-	(59)	-	(254)	-	(2,306)
-	5	38	(425)	(6)	(439)
316	218	1,209	485	14	(7,555)
-	110	-	-	-	433
73	(234)	1	108	6	63
1	7	1	5	2	(9)
(156)	5,042	5,677	15	-	25,779
-	(159)	4,290	(52)	-	4,079
-	-	11,142	-	-	(1,753)
-	-	32,579	-	-	32,579
(17)	(9)	2	2	(3)	(62)
97	922	91	304	156	1,432
<u>\$ 4,143</u>	<u>\$ 12,219</u>	<u>\$ 19,297</u>	<u>\$ 623</u>	<u>\$ 71</u>	<u>\$ 18,524</u>
\$ 5,261	\$ -	\$ -	\$ -	\$ -	\$ 5,261
-	-	-	-	-	5
43	-	-	-	-	43
<u>\$ 5,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,309</u>