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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, 2014

(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	\$ 36,618	\$ 1,326	\$ 5,512
Receivables, Net	2,284	-	2,791
Due From Other Funds	23,717	-	1,471
Due From External Parties (Fiduciary Funds)	-	-	-
Due From Component Units	-	-	-
Inventory	-	-	12,967
Prepaid Items	3,801	-	31
Other Assets	3,110	-	3
Total Current Assets	<u>69,530</u>	<u>1,326</u>	<u>22,775</u>
<b>Noncurrent Assets:</b>			
Nondepreciable Capital Assets	-	32,968	228
Depreciable Capital Assets, Net	19,563	9,667	10,360
Total Noncurrent Assets	<u>19,563</u>	<u>42,635</u>	<u>10,588</u>
Total Assets	<u>89,093</u>	<u>43,961</u>	<u>33,363</u>
<b>Deferred Outflows of Resources</b>			
Total Assets and Deferred Outflows of Resources	<u>89,093</u>	<u>43,961</u>	<u>33,363</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
<b>Current Liabilities:</b>			
Accounts Payable	27,620	3,170	1,024
Amounts Due to Other Governments	2,285	-	359
Due to Other Funds	104	10	245
Due to External Parties (Fiduciary Funds)	114	11	58
Interfund Payable	16,000	1,798	-
Unearned Revenue	46,258	-	797
Other Liabilities	-	-	1
Claims Payable Due Within One Year	-	-	-
Long-term Liabilities Due within One Year	596	141	599
Total Current Liabilities	<u>92,977</u>	<u>5,130</u>	<u>3,083</u>
<b>Noncurrent Liabilities:</b>			
Interfund Payable	-	41,584	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	15,236	1,485	8,229
Total Noncurrent Liabilities	<u>15,236</u>	<u>43,069</u>	<u>8,229</u>
Total Liabilities	<u>108,213</u>	<u>48,199</u>	<u>11,312</u>
<b>Deferred Inflows of Resources</b>			
Total Liabilities and Deferred Inflows of Resources	<u>108,213</u>	<u>48,199</u>	<u>11,312</u>
<b>Net Position</b>			
Net Investment in Capital Assets	19,563	42,635	9,276
Unrestricted	(38,683)	(46,873)	12,775
Total Net Position (Deficit)	<u>\$ (19,120)</u>	<u>\$ (4,238)</u>	<u>\$ 22,051</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>
\$ 128,500	\$ 4,867	\$ 31,119	\$ 178,359	\$ 6,931	\$ 466	\$ 393,698
2,182	456	266	260	1,254	-	9,493
27,043	2,064	480	1	1,375	-	56,151
194	-	-	-	-	-	194
17,607	-	-	-	-	-	17,607
-	31	361	-	3,787	-	17,146
-	-	354	438	279	136	5,039
-	-	-	-	1	-	3,114
175,526	7,418	32,580	179,058	13,627	602	502,442
-	-	-	-	1,050	-	34,246
-	33,918	10,308	98	5,117	93	89,124
-	33,918	10,308	98	6,167	93	123,370
175,526	41,336	42,888	179,156	19,794	695	625,812
-	-	-	-	-	-	-
175,526	41,336	42,888	179,156	19,794	695	625,812
19,141	1,310	1,698	2,070	1,239	92	57,364
-	-	978	-	-	-	3,622
-	86	665	4	570	10	1,694
-	6	59	16	34	10	308
-	-	419	-	632	-	18,849
-	39	21,748	57,730	22	-	126,594
-	-	287	508	56	-	852
124,890	-	-	82,218	-	-	207,108
-	2,993	3,644	60	388	104	8,525
144,031	4,434	29,498	142,606	2,941	216	424,916
-	-	2,666	-	1,029	-	45,279
-	-	-	542,375	-	-	542,375
-	12,957	34,125	943	4,269	1,190	78,434
-	12,957	36,791	543,318	5,298	1,190	666,088
144,031	17,391	66,289	685,924	8,239	1,406	1,091,004
-	-	-	-	-	-	-
144,031	17,391	66,289	685,924	8,239	1,406	1,091,004
-	18,773	(3,811)	98	6,167	93	92,794
31,495	5,172	(19,590)	(506,866)	5,388	(804)	(557,986)
\$ 31,495	\$ 23,945	\$ (23,401)	\$ (506,768)	\$ 11,555	\$ (711)	\$ (465,192)

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

For the Fiscal Year Ended June 30, 2014  
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
<b>Operating Revenues</b>			
Charges for Sales and Services	\$ 337,753	\$ 15,976	\$ 48,992
Other	-	-	-
Total Operating Revenues	<u>337,753</u>	<u>15,976</u>	<u>48,992</u>
<b>Operating Expenses</b>			
Cost of Sales and Services	-	-	38,022
Prizes and Claims	-	-	-
Personal Services	23,921	2,133	6,149
Contractual Services	300,101	12,651	2,822
Supplies and Materials	81	10	828
Depreciation	4,125	1,297	1,556
Rent, Insurance, and Other Related Charges	3,427	479	1,024
Interest Expense	-	-	-
Other	879	19	77
Total Operating Expenses	<u>332,534</u>	<u>16,589</u>	<u>50,478</u>
Operating Income (Loss)	<u>5,219</u>	<u>(613)</u>	<u>(1,486)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest, Dividends, Rents, and Other Investment Income	-	-	-
Other	-	-	125
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>-</u>	<u>125</u>
Income (Loss) Before Special Item and Transfers	5,219	(613)	(1,361)
Special Item	-	8,113	-
Transfers In	-	-	-
Transfers Out	-	(9,427)	(1,000)
Change in Net Position	5,219	(1,927)	(2,361)
Total Net Position (Deficit), July 1	<u>(24,339)</u>	<u>(2,311)</u>	<u>24,412</u>
Total Net Position (Deficit), June 30	<u>\$ (19,120)</u>	<u>\$ (4,238)</u>	<u>\$ 22,051</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>
\$ 1,263,708	\$ 16,779	\$ 103,416	\$ 103,013	\$ 41,840	\$ 2,195	\$ 1,933,672
-	-	-	1	-	1	2
<u>1,263,708</u>	<u>16,779</u>	<u>103,416</u>	<u>103,014</u>	<u>41,840</u>	<u>2,196</u>	<u>1,933,674</u>
-	-	-	-	27,893	-	65,915
1,105,156	-	-	71,974	-	-	1,177,130
-	1,230	12,949	1,799	7,411	2,265	57,857
67,727	3,395	12,351	10,417	3,789	46	413,299
-	5,044	2,473	8	1,658	7	10,109
-	6,187	1,637	12	811	4	15,629
-	724	66,009	2,356	1,831	138	75,988
-	-	9	-	-	-	9
-	45	2,922	7,843	330	3	12,118
<u>1,172,883</u>	<u>16,625</u>	<u>98,350</u>	<u>94,409</u>	<u>43,723</u>	<u>2,463</u>	<u>1,828,054</u>
<u>90,825</u>	<u>154</u>	<u>5,066</u>	<u>8,605</u>	<u>(1,883)</u>	<u>(267)</u>	<u>105,620</u>
-	-	1	-	110	-	111
-	1,264	(2,721)	45	-	-	(1,287)
-	1,264	(2,720)	45	110	-	(1,176)
90,825	1,418	2,346	8,650	(1,773)	(267)	104,444
-	-	-	-	-	-	8,113
-	-	-	-	388	-	388
-	-	-	(1)	(112)	-	(10,540)
90,825	1,418	2,346	8,649	(1,497)	(267)	102,405
<u>(59,330)</u>	<u>22,527</u>	<u>(25,747)</u>	<u>(515,417)</u>	<u>13,052</u>	<u>(444)</u>	<u>(567,597)</u>
<u>\$ 31,495</u>	<u>\$ 23,945</u>	<u>\$ (23,401)</u>	<u>\$ (506,768)</u>	<u>\$ 11,555</u>	<u>\$ (711)</u>	<u>\$ (465,192)</u>

## Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2014  
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
<b>Cash Flows from Operating Activities</b>			
Receipts for Sales and Services	\$ 16,070	\$ 789	\$ 23,426
Internal Activity-Receipts from Other Funds	321,081	15,187	27,264
Internal Activity-Payments to Other Funds	(1,745)	-	(1,132)
Payments to Suppliers for Goods and Services	(4,967)	(10)	(35,976)
Payments for Contractual Services	(301,249)	(12,032)	(2,755)
Payments for Prizes, Claims, and Loss Control	-	-	-
Payments to Employees	(21,863)	(1,039)	(5,405)
Payments for Interest	-	-	-
Other Operating Revenue	-	-	-
Other Operating Expense	-	(498)	-
Net Cash Provided by Operating Activities	<u>7,327</u>	<u>2,397</u>	<u>5,422</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In from Other Funds	-	-	-
Transfers Out to Other Funds	-	-	(1,000)
Other Noncapital Financing Receipt Activities	-	-	-
Other Noncapital Financing Disbursement Activities	(6,000)	(1,505)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(6,000)</u>	<u>(1,505)</u>	<u>(1,000)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(2,185)	(869)	(255)
Payment of Principal and Interest on Bonds and Notes	-	-	(592)
Proceeds from Sale of Capital Assets	-	-	-
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(2,185)</u>	<u>(869)</u>	<u>(847)</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	(858)	23	3,575
<b>Cash and Cash Equivalents, July 1</b>	<u>37,476</u>	<u>1,303</u>	<u>1,940</u>
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 36,618</u>	<u>\$ 1,326</u>	<u>\$ 5,515</u>
<b>Reconciliation of Cash and Cash Equivalents</b>			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 36,618	\$ 1,326	\$ 5,512
Cash and Travel Advances	-	-	3
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 36,618</u>	<u>\$ 1,326</u>	<u>\$ 5,515</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>
\$ 606,429	\$ 2,512	\$ 6,302	\$ 45,960	\$ 11,529	\$ 11	\$ 713,028
649,871	13,795	99,057	66,369	30,254	2,185	1,225,063
-	(511)	(3,822)	-	(2,829)	-	(10,039)
-	(4,889)	(68,897)	(8)	(27,981)	(7)	(142,735)
(67,432)	(3,224)	(11,407)	(10,444)	(3,511)	(46)	(412,100)
(1,104,289)	-	-	(74,875)	-	-	(1,179,164)
-	(1,127)	(12,067)	(1,545)	(6,919)	(1,956)	(51,921)
-	-	(9)	-	-	-	(9)
-	-	-	1	-	-	1
-	(10)	-	(10,564)	-	(144)	(11,216)
<u>84,579</u>	<u>6,546</u>	<u>9,157</u>	<u>14,894</u>	<u>543</u>	<u>43</u>	<u>130,908</u>
-	-	-	-	388	-	388
-	-	-	(1)	(112)	-	(1,113)
-	-	85	45	110	-	240
-	-	(425)	-	-	-	(7,930)
-	-	(340)	44	386	-	(8,415)
-	(4,636)	(13)	-	(399)	-	(8,357)
-	(4,449)	(5,721)	-	-	-	(10,762)
-	1,781	-	-	-	-	1,781
-	-	-	-	(1,500)	-	(1,500)
-	(7,304)	(5,734)	-	(1,899)	-	(18,838)
-	-	1	-	-	-	1
-	-	1	-	-	-	1
84,579	(758)	3,084	14,938	(970)	43	103,656
43,921	5,625	28,035	163,421	7,902	423	290,046
<u>\$ 128,500</u>	<u>\$ 4,867</u>	<u>\$ 31,119</u>	<u>\$ 178,359</u>	<u>\$ 6,932</u>	<u>\$ 466</u>	<u>\$ 393,702</u>
\$ 128,500	\$ 4,867	\$ 31,119	\$ 178,359	\$ 6,931	\$ 466	\$ 393,698
-	-	-	-	1	-	4
<u>\$ 128,500</u>	<u>\$ 4,867</u>	<u>\$ 31,119</u>	<u>\$ 178,359</u>	<u>\$ 6,932</u>	<u>\$ 466</u>	<u>\$ 393,702</u>

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

For the Fiscal Year Ended June 30, 2014  
(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)	\$ 5,219	\$ (613)	\$ (1,486)
<b>Adjustments to Reconcile Operating</b>			
<b>Income to Net Cash Provided by (Used for)</b>			
<b>Operating Activities:</b>			
Depreciation	4,125	1,297	1,556
Miscellaneous Nonoperating Income	-	-	147
<b>Change in Assets and Liabilities:</b>			
(Increase) Decrease in Accounts Receivable	312	-	3,433
(Increase) Decrease in Due from Other Funds	(2,362)	-	442
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	-
(Increase) Decrease in Due from Component Units	-	-	-
(Increase) Decrease in Other Assets	376	-	4
(Increase) Decrease in Inventory	-	-	3,234
(Increase) Decrease in Prepaid Items	(3,801)	-	(31)
Increase (Decrease) in Accounts Payable	(178)	398	(201)
Increase (Decrease) in Amounts Due to Other Governments	574	-	3
Increase (Decrease) in Due to Other Funds	7	5	54
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	10	8	7
Increase (Decrease) in Unearned Revenue	1,069	-	(2,404)
Increase (Decrease) in Other Liabilities	-	-	1
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	(154)	103	15
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	2,130	1,199	648
Net Cash Provided by (Used for) Operating Activities	<u>\$ 7,327</u>	<u>\$ 2,397</u>	<u>\$ 5,422</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
The following transactions occurred prior to the Statement of Net Position date:			
Installment Purchases Used to Finance Capital Assets	\$ -	\$ -	\$ -
Capital Asset Addition Included in Accounts Payable	-	1,918	-
Other	-	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 1,918</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>
\$ 90,825	\$ 154	\$ 5,066	\$ 8,605	\$ (1,883)	\$ (267)	\$ 105,620
-	6,187	1,637	12	811	4	15,629
-	-	-	-	-	-	147
(112)	14	1,173	(60)	341	-	5,101
(4,177)	49	230	-	(371)	-	(6,189)
(33)	-	-	-	-	-	(33)
(3,087)	-	-	-	-	-	(3,087)
-	-	-	-	-	-	380
-	(6)	(99)	-	1,000	-	4,129
-	-	(354)	(438)	68	(3)	(4,559)
(7,295)	557	119	1,171	(219)	17	(5,631)
-	-	(39)	-	-	-	538
-	(2)	(422)	1	257	3	(97)
-	1	5	11	4	2	48
-	(504)	665	9,377	(3)	-	8,200
-	-	233	(5,778)	56	-	(5,488)
8,458	-	-	(2,883)	-	-	5,575
-	-	-	4,641	-	-	4,641
-	6	13	30	8	18	39
-	90	930	205	474	269	5,945
<u>\$ 84,579</u>	<u>\$ 6,546</u>	<u>\$ 9,157</u>	<u>\$ 14,894</u>	<u>\$ 543</u>	<u>\$ 43</u>	<u>\$ 130,908</u>
\$ -	\$ 5,392	\$ -	\$ -	\$ -	\$ -	\$ 5,392
-	246	-	-	-	-	2,164
-	-	-	-	(43)	-	(43)
<u>\$ -</u>	<u>\$ 5,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43)</u>	<u>\$ -</u>	<u>\$ 7,513</u>