

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.

Enterprise Application Fund accounts for the development and operation of the Commonwealth's Performance Budgeting System, Cardinal System, and Payroll System Replacement Project. 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, 2017

(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	\$ 38,289	\$ 3,591	\$ 9,874
Receivables, Net	1,899	-	1,869
Due From Other Funds	15,130	-	911
Due From External Parties (Fiduciary Funds)	-	-	-
Due From Component Units	-	-	-
Inventory	-	-	11,178
Prepaid Items	5,837	5	-
Other Assets	12,202	-	1,170
Total Current Assets	73,357	3,596	25,002
Noncurrent Assets:			
Nondepreciable Capital Assets	2,996	13,351	1,865
Depreciable Capital Assets, Net	15,449	74,452	7,570
Total Noncurrent Assets	18,445	87,803	9,435
Total Assets	91,802	91,399	34,437
Deferred Outflows of Resources	3,113	1,015	2,395
Total Assets and Deferred Outflows of Resources	94,915	92,414	36,832
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	55,064	4,860	4,660
Amounts Due to Other Governments	-	-	-
Due to Other Funds	76	13	367
Due to External Parties (Fiduciary Funds)	147	24	96
Interfund Payable	5,951	8,719	-
Unearned Revenue	44,520	-	1,706
Other Liabilities	-	-	1
Claims Payable Due Within One Year	-	-	-
Long-term Liabilities Due within One Year	948	187	-
Total Current Liabilities	106,706	13,803	6,830
Noncurrent Liabilities:			
Interfund Payable	-	78,098	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	26,088	4,006	17,405
Total Noncurrent Liabilities	26,088	82,104	17,405
Total Liabilities	132,794	95,907	24,235
Deferred Inflows of Resources	4,615	97	646
Total Liabilities and Deferred Inflows of Resources	137,409	96,004	24,881
Net Position			
Net Investment in Capital Assets	18,445	87,803	9,435
Unrestricted	(60,939)	(91,393)	2,516
Total Net Position (Deficit)	\$ (42,494)	\$ (3,590)	\$ 11,951

<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>
\$ 188,892	\$ 4,583	\$ 30,293	\$ 224,712	\$ 7,336	\$ 466	\$ 508,036
17,296	470	308	124	964	-	22,930
30,244	1,934	2,198	1	1,787	-	52,205
210	-	-	-	-	-	210
23,101	-	-	-	-	-	23,101
-	28	330	-	3,695	-	15,231
-	-	1,181	422	-	133	7,578
-	-	-	-	-	-	13,372
259,743	7,015	34,310	225,259	13,782	599	642,663
-	-	-	-	150	-	18,362
-	42,061	15,947	59	4,194	80	159,812
-	42,061	15,947	59	4,344	80	178,174
259,743	49,076	50,257	225,318	18,126	679	820,837
-	190	1,951	377	1,211	655	10,907
259,743	49,266	52,208	225,695	19,337	1,334	831,744
23,132	2,333	3,498	1,612	2,658	93	97,910
-	-	70	-	-	-	70
-	91	747	11	577	10	1,892
-	8	83	14	50	14	436
-	-	528	-	397	-	15,595
-	-	21,940	63,094	142	-	131,402
-	-	319	-	1	-	321
112,029	-	-	76,622	-	-	188,651
-	3,657	3,674	65	428	91	9,050
135,161	6,089	30,859	141,418	4,253	208	445,327
-	-	-	4,890	-	-	82,988
-	-	-	721,015	-	-	721,015
-	20,505	40,518	2,481	10,020	3,221	124,244
-	20,505	40,518	728,386	10,020	3,221	928,247
135,161	26,594	71,377	869,804	14,273	3,429	1,373,574
-	67	685	59	425	63	6,657
135,161	26,661	72,062	869,863	14,698	3,492	1,380,231
-	19,531	(484)	59	3,951	80	138,820
124,582	3,074	(19,370)	(644,227)	688	(2,238)	(687,307)
<u>\$ 124,582</u>	<u>\$ 22,605</u>	<u>\$ (19,854)</u>	<u>\$ (644,168)</u>	<u>\$ 4,639</u>	<u>\$ (2,158)</u>	<u>\$ (548,487)</u>

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

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Operating Revenues			
Charges for Sales and Services	\$ 358,391	\$ 34,104	\$ 50,037
Total Operating Revenues	358,391	34,104	50,037
Operating Expenses			
Cost of Sales and Services	-	-	39,113
Prizes and Claims	-	-	-
Personal Services	16,868	2,345	7,030
Contractual Services	338,743	19,559	3,425
Supplies and Materials	52	14	648
Depreciation	3,609	7,706	1,078
Rent, Insurance, and Other Related Charges	3,479	89	896
Interest Expense	-	5	-
Other	1,015	48	547
Total Operating Expenses	363,766	29,766	52,737
Operating Income (Loss)	(5,375)	4,338	(2,700)
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	-
Other	503	88	320
Total Nonoperating Revenues (Expenses)	503	88	320
Income (Loss) Before Transfers	(4,872)	4,426	(2,380)
Transfers In	-	-	87
Transfers Out	(271)	(100)	(2,000)
Change in Net Position	(5,143)	4,326	(4,293)
Total Net Position (Deficit), July 1	(37,351)	(7,916)	16,244
Total Net Position (Deficit), June 30	\$ (42,494)	\$ (3,590)	\$ 11,951

<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>
\$ 1,467,403	\$ 18,106	\$ 106,664	\$ 111,291	\$ 39,121	\$ 2,779	\$ 2,187,896
1,467,403	18,106	106,664	111,291	39,121	2,779	2,187,896
-	-	-	-	24,941	-	64,054
1,284,924	-	-	42,368	-	-	1,327,292
-	1,113	11,870	1,860	7,403	2,341	50,830
81,096	3,870	13,725	11,522	3,431	41	475,412
-	2,750	3,192	6	2,119	9	8,790
-	8,748	2,045	13	883	4	24,086
-	1,621	69,084	2,420	1,681	136	79,406
-	-	3	-	-	-	8
4,571	69	2,958	6,623	16	3	15,850
1,370,591	18,171	102,877	64,812	40,474	2,534	2,045,728
96,812	(65)	3,787	46,479	(1,353)	245	142,168
1,974	-	-	1,939	110	-	4,023
(1)	(354)	(1,770)	66	201	57	(890)
1,973	(354)	(1,770)	2,005	311	57	3,133
98,785	(419)	2,017	48,484	(1,042)	302	145,301
573	-	-	-	388	-	1,048
-	(136)	(317)	(50)	(213)	(66)	(3,153)
99,358	(555)	1,700	48,434	(867)	236	143,196
25,224	23,160	(21,554)	(692,602)	5,506	(2,394)	(691,683)
\$ 124,582	\$ 22,605	\$ (19,854)	\$ (644,168)	\$ 4,639	\$ (2,158)	\$ (548,487)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 12,910	\$ 3,578	\$ 18,097
Internal Activity-Receipts from Other Funds	346,599	30,525	34,645
Internal Activity-Payments to Other Funds	(4,505)	-	(904)
Payments to Suppliers for Goods and Services	(5,278)	(14)	(37,465)
Payments for Contractual Services	(339,858)	(18,446)	(3,100)
Payments for Prizes, Claims, and Loss Control	-	-	-
Payments to Employees	(17,990)	(2,091)	(6,671)
Payments for Interest	-	(5)	-
Other Operating Expense	-	(138)	-
Net Cash Provided by (Used for) Operating Activities	<u>(8,122)</u>	<u>13,409</u>	<u>4,602</u>
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	-	-	87
Transfers Out to Other Funds	(271)	(100)	(2,000)
Other Noncapital Financing Receipt Activities	5,952	18,283	-
Other Noncapital Financing Disbursement Activities	(26,000)	(7,863)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(20,319)</u>	<u>10,320</u>	<u>(1,913)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(7,414)	(22,280)	(2,293)
Payment of Principal and Interest on Bonds and Notes	-	-	(148)
Proceeds from Sale of Capital Assets	-	-	2
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(7,414)</u>	<u>(22,280)</u>	<u>(2,439)</u>
Cash Flows from Investing Activities			
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	(35,855)	1,449	250
Cash and Cash Equivalents, July 1	<u>74,144</u>	<u>2,142</u>	<u>9,624</u>
Cash and Cash Equivalents, June 30	<u>\$ 38,289</u>	<u>\$ 3,591</u>	<u>\$ 9,874</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	<u>\$ 38,289</u>	<u>\$ 3,591</u>	<u>\$ 9,874</u>
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 38,289</u>	<u>\$ 3,591</u>	<u>\$ 9,874</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>
\$ 718,632	\$ 2,083	\$ 4,152	\$ 49,798	\$ 9,062	\$ 59	\$ 818,371
741,310	16,220	103,023	74,702	29,960	2,720	1,379,704
-	(1,029)	(3,816)	-	(3,010)	-	(13,264)
-	(2,228)	(72,392)	(6)	(25,741)	(9)	(143,133)
(81,723)	(3,613)	(13,468)	(11,684)	(3,219)	(42)	(475,153)
(1,301,561)	-	-	(79,978)	-	-	(1,381,539)
-	(1,110)	(11,685)	(1,810)	(7,316)	(2,161)	(50,834)
-	-	(3)	-	-	-	(8)
(4,571)	(14)	-	(9,334)	-	(140)	(14,197)
<u>72,087</u>	<u>10,309</u>	<u>5,811</u>	<u>21,688</u>	<u>(264)</u>	<u>427</u>	<u>119,947</u>
573	-	-	-	388	-	1,048
-	(136)	(317)	(50)	(213)	(66)	(3,153)
-	-	584	4,908	110	-	29,837
-	-	(1,000)	-	-	-	(34,863)
<u>573</u>	<u>(136)</u>	<u>(733)</u>	<u>4,858</u>	<u>285</u>	<u>(66)</u>	<u>(7,131)</u>
-	(1,575)	(741)	-	(187)	-	(34,490)
-	(9,305)	(5,363)	-	-	-	(14,816)
-	1,735	-	-	-	-	1,737
-	-	(2,231)	-	-	-	(2,231)
-	(9,145)	(8,335)	-	(187)	-	(49,800)
1,973	-	-	1,937	-	-	3,910
<u>1,973</u>	<u>-</u>	<u>-</u>	<u>1,937</u>	<u>-</u>	<u>-</u>	<u>3,910</u>
74,633	1,028	(3,257)	28,483	(166)	361	66,926
114,259	3,555	33,550	196,229	7,502	105	441,110
<u>\$ 188,892</u>	<u>\$ 4,583</u>	<u>\$ 30,293</u>	<u>\$ 224,712</u>	<u>\$ 7,336</u>	<u>\$ 466</u>	<u>\$ 508,036</u>
<u>\$ 188,892</u>	<u>\$ 4,583</u>	<u>\$ 30,293</u>	<u>\$ 224,712</u>	<u>\$ 7,336</u>	<u>\$ 466</u>	<u>\$ 508,036</u>

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

For the Fiscal Year Ended June 30, 2017
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ (5,375)	\$ 4,338	\$ (2,700)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	3,609	7,706	1,078
Miscellaneous Nonoperating Income	502	88	353
Other	(165)	-	-
Change in Assets, Deferred Outflow s of Resources, Liabilities, and			
Deferred Inflow s of Resources			
(Increase) Decrease in Accounts Receivable	144	-	1,271
(Increase) Decrease in Due from Other Funds	(145)	-	499
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	39	-	-
(Increase) Decrease in Due from Component Units	-	-	-
(Increase) Decrease in Other Assets	(257)	-	(62)
(Increase) Decrease in Inventory	-	-	3,528
(Increase) Decrease in Prepaid Items	(3,039)	(2)	-
(Increase) Decrease in Deferred Outflow s of Resources	(1,188)	(429)	(1,143)
Increase (Decrease) in Accounts Payable	(3,072)	750	(139)
Increase (Decrease) in Amounts Due to Other Governments	-	-	-
Increase (Decrease) in Due to Other Funds	7	(28)	9
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	22	3	10
Increase (Decrease) in Interfund Payables: Due Within One Year	-	856	-
Increase (Decrease) in Interfund Payables: Due More Than One Year	-	(587)	-
Increase (Decrease) in Unearned Revenue	1,228	-	860
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	88	17	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(2,978)	790	1,775
Increase (Decrease) in Deferred Inflow s of Resources	2,458	(93)	(737)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (8,122)</u>	<u>\$ 13,409</u>	<u>\$ 4,602</u>
Noncash Investing, Capital, and Financing Activities:			
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	87	1,590	94
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 87</u>	<u>\$ 1,590</u>	<u>\$ 94</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>
\$ 96,812	\$ (65)	\$ 3,787	\$ 46,479	\$ (1,353)	\$ 245	\$ 142,168
-	8,748	2,045	13	883	4	24,086
-	32	324	50	201	57	1,607
-	-	-	-	-	-	(165)
(14,596)	43	(158)	87	(44)	-	(13,253)
(2,116)	264	177	9	22	-	(1,290)
13,638	-	-	-	-	-	13,677
(4,386)	-	-	-	-	-	(4,386)
-	-	-	-	-	-	(319)
-	5	(37)	-	(1)	-	3,495
-	-	(822)	(332)	-	(1)	(4,196)
-	(75)	(771)	(120)	(476)	(208)	(4,410)
(5,909)	1,303	889	(69)	88	1	(6,158)
-	-	(910)	-	-	-	(910)
-	8	(31)	(13)	81	1	34
-	-	6	1	2	-	44
-	-	-	-	-	-	856
-	-	-	-	-	-	(587)
-	-	(107)	13,115	36	-	15,132
-	-	(64)	-	(48)	-	(112)
(11,356)	-	-	1,638	-	-	(9,718)
-	-	-	(39,284)	-	-	(39,284)
-	(4)	15	(12)	(25)	(6)	73
-	85	1,829	212	597	416	2,726
-	(35)	(361)	(86)	(227)	(82)	837
<u>\$ 72,087</u>	<u>\$ 10,309</u>	<u>\$ 5,811</u>	<u>\$ 21,688</u>	<u>\$ (264)</u>	<u>\$ 427</u>	<u>\$ 119,947</u>
\$ -	\$ 12,413	\$ -	\$ -	\$ 393	\$ -	\$ 12,806
-	-	-	-	-	-	1,771
<u>\$ -</u>	<u>\$ 12,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 393</u>	<u>\$ -</u>	<u>\$ 14,577</u>