

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 Financial System, and Human Capital Management 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.

Line of Duty accounts for the disability, death, and health benefits provided to eligible state employees and their family members.

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.

Personnel Management Information accounts for the personnel, compensation and health benefits database.

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, 2018

(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises	Health Care
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents	\$ 18,081	\$ 4,666	\$ 8,298	\$ 375,841
Receivables, Net	2,396	-	784	16,385
Due From Other Funds	18,210	-	1,009	32,627
Due From External Parties (Fiduciary Funds)	-	-	-	232
Due From Component Units	-	-	-	31,235
Inventory	-	-	12,659	-
Prepaid Items	9,483	3	-	-
Other Assets	13,448	-	776	-
Total Current Assets	61,618	4,669	23,526	456,320
Noncurrent Assets:				
Other Assets	731	119	428	97
Nondepreciable Capital Assets	-	31,369	244	-
Depreciable Capital Assets, Net	9,760	65,556	8,843	-
Total Noncurrent Assets	10,491	97,044	9,515	97
Total Assets	72,109	101,713	33,041	456,417
Deferred Outflows of Resources	3,315	780	2,672	512
Total Assets and Deferred Outflows of Resources	75,424	102,493	35,713	456,929
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable	41,460	5,016	4,907	45,926
Amounts Due to Other Governments	-	-	-	-
Due to Other Funds	107	29	223	17
Due to External Parties (Fiduciary Funds)	144	21	101	20
Interfund Payable	31,559	8,719	-	-
Unearned Revenue	41,649	-	2,886	-
Obligations Under Securities Lending Program	-	-	-	25,810
Other Liabilities	-	-	-	-
Claims Payable Due Within One Year	-	-	-	116,172
Long-term Liabilities Due within One Year	1,065	187	-	216
Total Current Liabilities	115,984	13,972	8,117	188,161
Noncurrent Liabilities:				
Interfund Payable	-	87,123	-	-
Claims Payable Due In More Than One Year	-	-	-	-
Long-term Liabilities Due in More Than One Year	25,566	3,906	18,458	3,657
Total Noncurrent Liabilities	25,566	91,029	18,458	3,657
Total Liabilities	141,550	105,001	26,575	191,818
Deferred Inflows of Resources	5,113	383	1,848	356
Total Liabilities and Deferred Inflows of Resources	146,663	105,384	28,423	192,174
Net Position				
Net Investment in Capital Assets	9,760	96,925	9,087	-
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	605	98	344	79
Unrestricted	(81,604)	(99,914)	(2,141)	264,676
Total Net Position (Deficit)	\$ (71,239)	\$ (2,891)	\$ 7,290	\$ 264,755

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 891	\$ 5,428	\$ 30,698	\$ 176	\$ 243,466	\$ 6,580	\$ 1,072	\$ 695,197
152	1,117	299	47	96	1,084	-	22,360
22	1,760	2,665	-	4	1,989	-	58,286
-	-	-	-	-	-	-	232
-	-	-	-	-	-	-	31,235
-	17	354	-	-	3,436	-	16,466
-	-	369	-	446	-	115	10,416
-	-	-	-	-	-	-	14,224
1,065	8,322	34,385	223	244,012	13,089	1,187	848,416
-	39	404	26	66	239	70	2,219
-	-	-	-	73	150	-	31,836
-	39,355	16,334	-	47	3,687	76	143,658
-	39,394	16,738	26	186	4,076	146	177,713
1,065	47,716	51,123	249	244,198	17,165	1,333	1,026,129
-	140	1,489	139	299	876	469	10,691
1,065	47,856	52,612	388	244,497	18,041	1,802	1,036,820
51	2,094	3,261	79	2,572	2,417	84	107,867
-	-	129	-	-	-	-	129
-	91	760	3	12	577	11	1,830
-	7	82	5	15	47	13	455
135	-	-	-	699	-	-	41,112
-	-	19,748	-	47,685	133	-	112,101
61	-	-	-	16,582	-	-	42,453
-	-	965	-	-	81	-	1,046
485	-	-	-	76,752	-	-	193,409
-	3,892	2,676	61	141	495	83	8,816
732	6,084	27,621	148	144,458	3,750	191	509,218
-	-	-	-	7,884	-	-	95,007
-	-	-	-	716,607	-	-	716,607
-	19,999	43,357	991	2,535	10,044	3,170	131,683
-	19,999	43,357	991	727,026	10,044	3,170	943,297
732	26,083	70,978	1,139	871,484	13,794	3,361	1,452,515
-	170	1,926	96	250	1,092	250	11,484
732	26,253	72,904	1,235	871,734	14,886	3,611	1,463,999
-	17,068	173	-	120	3,191	76	136,400
-	33	343	22	55	203	58	1,840
333	4,502	(20,808)	(869)	(627,412)	(239)	(1,943)	(565,419)
\$ 333	\$ 21,603	\$ (20,292)	\$ (847)	\$ (627,237)	\$ 3,155	\$ (1,809)	\$ (427,179)

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

For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises	Health Care
Operating Revenues				
Charges for Sales and Services	\$ 363,506	\$ 31,423	\$ 42,846	\$ 1,567,263
Total Operating Revenues	363,506	31,423	42,846	1,567,263
Operating Expenses				
Cost of Sales and Services	-	-	32,582	-
Prizes and Claims	-	-	-	1,346,101
Personal Services	18,146	2,501	7,455	6,128
Contractual Services	356,937	18,899	2,412	77,655
Supplies and Materials	31	13	462	-
Depreciation	3,687	8,897	974	-
Rent, Insurance, and Other Related Charges	10,681	267	586	-
Interest Expense	-	20	-	-
Other	1,447	3	202	418
Total Operating Expenses	390,929	30,600	44,673	1,430,302
Operating Income (Loss)	(27,423)	823	(1,827)	136,961
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	-	-	-	4,396
Other	1	-	4	(178)
Total Nonoperating Revenues (Expenses)	1	-	4	4,218
Income (Loss) Before Transfers	(27,422)	823	(1,823)	141,179
Transfers In	-	-	-	-
Transfers Out	(261)	(27)	(1,126)	(171)
Change in Net Position	(27,683)	796	(2,949)	141,008
Total Net Position (Deficit), July 1, as restated	(43,556)	(3,687)	10,239	123,747
Total Net Position (Deficit), June 30	\$ (71,239)	\$ (2,891)	\$ 7,290	\$ 264,755

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 4,364	\$ 17,687	\$ 108,159	\$ 1,856	\$ 109,446	\$ 39,044	\$ 2,827	\$ 2,288,421
4,364	17,687	108,159	1,856	109,446	39,044	2,827	2,288,421
-	-	-	-	-	24,505	-	57,087
3,778	-	-	-	72,299	-	-	1,422,178
-	1,108	11,421	1,972	2,226	6,950	2,151	60,058
261	3,860	17,305	711	12,396	4,333	52	494,821
-	3,117	3,455	20	7	1,705	9	8,819
-	9,831	1,924	-	12	886	4	26,215
-	-	68,762	-	2,508	1,676	139	84,619
-	-	-	-	-	-	-	20
-	27	2,176	-	5,597	125	3	9,998
4,039	17,943	105,043	2,703	95,045	40,180	2,358	2,163,815
325	(256)	3,116	(847)	14,401	(1,136)	469	124,606
8	-	-	-	2,744	103	-	7,251
-	(577)	(1,645)	-	(45)	-	-	(2,440)
8	(577)	(1,645)	-	2,699	103	-	4,811
333	(833)	1,471	(847)	17,100	(1,033)	469	129,417
-	18	-	-	-	388	-	406
-	(74)	-	-	-	-	-	(1,659)
333	(889)	1,471	(847)	17,100	(645)	469	128,164
-	22,492	(21,763)	-	(644,337)	3,800	(2,278)	(555,343)
\$ 333	\$ 21,603	\$ (20,292)	\$ (847)	\$ (627,237)	\$ 3,155	\$ (1,809)	\$ (427,179)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2018

(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 12,187	\$ 3,738	\$ 13,587	\$ 758,116
Internal Activity-Receipts from Other Funds	343,865	27,686	31,734	799,519
Internal Activity-Payments to Other Funds	(3,326)	-	(709)	-
Payments to Suppliers for Goods and Services	(12,224)	(18)	(34,158)	-
Payments for Contractual Services	(365,653)	(17,723)	(2,543)	(78,570)
Payments for Prizes, Claims, and Loss Control	-	-	-	(1,318,428)
Payments to Employees	(20,133)	(2,305)	(7,611)	(3,128)
Other Operating Revenue	-	-	-	-
Other Operating Expense	-	(293)	-	(418)
Net Cash Provided by (Used for) Operating Activities	<u>(45,284)</u>	<u>11,085</u>	<u>300</u>	<u>157,091</u>
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	-	-	-	-
Transfers Out to Other Funds	(261)	(27)	(1,126)	(171)
Other Noncapital Financing Receipt Activities	71,160	17,744	-	-
Other Noncapital Financing Disbursement Activities	(45,551)	(8,719)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>25,348</u>	<u>8,998</u>	<u>(1,126)</u>	<u>(171)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(273)	(19,008)	(763)	-
Payment of Principal and Interest on Bonds and Notes	-	-	-	-
Proceeds from Sale of Capital Assets	1	-	13	-
Other Capital and Related Financing Receipt Activities	-	-	-	-
Other Capital and Related Financing Disbursement Activities	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(272)</u>	<u>(19,008)</u>	<u>(750)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment Income on Cash, Cash Equivalents, and Investments	-	-	-	4,219
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,219</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,208)	1,075	(1,576)	161,139
Cash and Cash Equivalents, July 1	<u>38,289</u>	<u>3,591</u>	<u>9,874</u>	<u>188,892</u>
Cash and Cash Equivalents, June 30	<u>\$ 18,081</u>	<u>\$ 4,666</u>	<u>\$ 8,298</u>	<u>\$ 350,031</u>
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 18,081	\$ 4,666	\$ 8,298	\$ 375,841
Less:				
Securities Lending Cash Equivalents	-	-	-	(25,810)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 18,081</u>	<u>\$ 4,666</u>	<u>\$ 8,298</u>	<u>\$ 350,031</u>

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 4,190	\$ 1,179	\$ 1,970	\$ 1,809	\$ 37,056	\$ 8,971	\$ 66	\$ 842,869
-	15,781	103,573	-	57,007	29,717	2,761	1,411,643
-	(980)	(3,543)	-	-	(3,039)	-	(11,597)
-	(2,160)	(70,323)	(20)	(7)	(24,892)	(9)	(143,811)
(259)	(3,836)	(14,491)	(671)	(12,369)	(4,271)	(52)	(500,438)
(3,244)	-	-	-	(76,448)	-	-	(1,398,120)
-	(1,128)	(11,763)	(942)	(2,049)	(7,210)	(2,038)	(58,307)
-	-	58	-	-	-	-	58
-	(10)	-	-	(7,336)	-	(122)	(8,179)
687	8,846	5,481	176	(4,146)	(724)	606	134,118
-	18	-	-	-	388	-	406
-	(74)	-	-	-	-	-	(1,659)
135	-	646	-	3,739	110	-	93,534
-	-	(528)	-	-	-	-	(54,798)
135	(56)	118	-	3,739	498	-	37,483
-	(1,828)	(2,311)	-	(73)	(62)	-	(24,318)
-	(7,952)	(4,668)	-	-	(71)	-	(12,691)
-	1,835	-	-	-	-	-	1,849
-	-	1,785	-	-	-	-	1,785
-	-	-	-	-	(397)	-	(397)
-	(7,945)	(5,194)	-	(73)	(530)	-	(33,772)
8	-	-	-	2,652	-	-	6,879
8	-	-	-	2,652	-	-	6,879
830	845	405	176	2,172	(756)	606	144,708
-	4,583	30,293	-	224,712	7,336	466	508,036
\$ 830	\$ 5,428	\$ 30,698	\$ 176	\$ 226,884	\$ 6,580	\$ 1,072	\$ 652,744
\$ 891	\$ 5,428	\$ 30,698	\$ 176	\$ 243,466	\$ 6,580	\$ 1,072	\$ 695,197
(61)	-	-	-	(16,582)	-	-	(42,453)
\$ 830	\$ 5,428	\$ 30,698	\$ 176	\$ 226,884	\$ 6,580	\$ 1,072	\$ 652,744

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

For the Fiscal Year Ended June 30, 2018
(Dollars in Thousands)

	Virginia Information Technologies Agency	Enterprise Application	Virginia Correctional Enterprises	Health Care
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ (27,423)	\$ 823	\$ (1,827)	\$ 136,961
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation	3,687	8,897	974	-
Miscellaneous Nonoperating Income	-	-	35	-
Other	5,261	-	-	-
Change in Assets, Deferred Outflow s of Resources, Liabilities, and				
Deferred Inflow s of Resources				
(Increase) Decrease in Accounts Receivable	(498)	-	1,084	911
(Increase) Decrease in Due from Other Funds	(3,080)	-	(98)	(2,383)
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	-	-	-	(22)
(Increase) Decrease in Due from Component Units	-	-	-	(8,134)
Increase (Decrease) in Other Assets: Due Within One Year	(1,246)	-	394	-
Increase (Decrease) in Other Assets: Due in More Than One Year	(731)	(119)	(428)	(97)
(Increase) Decrease in Inventory	-	-	(1,481)	-
(Increase) Decrease in Prepaid Items	(3,646)	-	-	-
(Increase) Decrease in Deferred Outflow s of Resources	21	271	(91)	(475)
Increase (Decrease) in Accounts Payable	(13,595)	1,146	341	22,794
Increase (Decrease) in Amounts Due to Other Governments	-	-	-	-
Increase (Decrease) in Due to Other Funds	31	16	(144)	17
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(3)	(1)	5	20
Increase (Decrease) in Unearned Revenue	(2,871)	-	1,179	-
Increase (Decrease) in Other Liabilities	-	-	(1)	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	-	4,143
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	117	-	-	215
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(1,806)	(233)	(844)	2,785
Increase (Decrease) in Deferred Inflow s of Resources	498	285	1,202	356
Net Cash Provided by (Used for) Operating Activities	<u>\$ (45,284)</u>	<u>\$ 11,085</u>	<u>\$ 300</u>	<u>\$ 157,091</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	\$ -	\$ -	\$ -	\$ -
Accounts Payable Increase (Decrease) related to Capital Assets	(10)	(991)	(94)	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ (10)</u>	<u>\$ (991)</u>	<u>\$ (94)</u>	<u>\$ -</u>

<u>Line of Duty</u>	<u>Fleet Management</u>	<u>Property Management</u>	<u>Personnel Management Information</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 325	\$ (256)	\$ 3,116	\$ (847)	\$ 14,401	\$ (1,136)	\$ 469	\$ 124,606
-	9,831	1,924	-	12	886	4	26,215
-	-	-	-	-	-	-	35
-	-	-	-	-	-	-	5,261
(152)	(647)	9	(47)	29	(120)	-	569
(22)	174	(466)	-	(3)	(202)	-	(6,080)
-	-	-	-	-	-	-	(22)
-	-	-	-	-	-	-	(8,134)
-	-	-	-	-	-	-	(852)
-	(38)	(404)	(26)	(66)	(239)	(70)	(2,218)
-	10	(24)	-	-	259	-	(1,236)
-	-	812	-	(24)	-	18	(2,840)
-	64	633	(139)	102	430	211	1,027
51	(239)	(236)	79	960	(242)	(9)	11,050
-	-	59	-	-	-	-	59
-	-	13	3	1	-	-	(63)
-	(1)	(1)	5	-	(2)	(1)	21
-	-	(2,193)	-	(15,409)	(9)	-	(19,303)
-	-	-	-	-	81	-	80
485	-	-	-	130	-	-	4,758
-	-	-	-	(4,408)	-	-	(4,408)
-	25	2,835	61	77	5	(8)	3,327
-	(180)	(1,837)	991	(139)	(1,102)	(195)	(2,560)
-	103	1,241	96	191	667	187	4,826
<u>\$ 687</u>	<u>\$ 8,846</u>	<u>\$ 5,481</u>	<u>\$ 176</u>	<u>\$ (4,146)</u>	<u>\$ (724)</u>	<u>\$ 606</u>	<u>\$ 134,118</u>
\$ -	\$ 7,000	\$ -	\$ -	\$ -	\$ 317	\$ -	\$ 7,317
-	-	-	-	-	-	-	(1,095)
<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ 6,222</u>