

# Internal Service Funds

## 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. The activity of the Virginia Information Providers Network, reported as an Enterprise Fund, was transferred to this fund and is included in these statements.

**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.

**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.

**Combining Statement of Net Assets – Internal Service Funds**

June 30, 2007

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 23,737	\$ 7,361	\$ 234,645
Investments	-	-	51,290
Receivables, Net	3,187	2,467	13,478
Due From Other Funds	13,260	2,515	19,986
Inventory	-	14,203	-
Prepaid Items	368	-	-
Other Assets	11,265	4	-
<b>Total Current Assets</b>	<b>51,817</b>	<b>26,550</b>	<b>319,399</b>
<b>Noncurrent Assets:</b>			
Nondepreciable Capital Assets	-	294	-
Depreciable Capital Assets, Net	25,656	5,521	-
<b>Total Noncurrent Assets</b>	<b>25,656</b>	<b>5,815</b>	<b>-</b>
<b>Total Assets</b>	<b>77,473</b>	<b>32,365</b>	<b>319,399</b>
<b>Liabilities</b>			
<b>Current Liabilities:</b>			
Accounts Payable	23,042	1,522	27,162
Amounts Due to Other Governments	182	506	-
Due to Other Funds	80	56	-
Interfund Payable	-	-	-
Unearned Revenue	16,490	2,436	-
Obligations Under Securities Lending Program	-	-	64,310
Other Liabilities	78	-	-
Claims Payable Due Within One Year	-	-	90,736
Long-term Liabilities Due within One Year	3,038	307	-
<b>Total Current Liabilities</b>	<b>42,910</b>	<b>4,827</b>	<b>182,208</b>
<b>Noncurrent Liabilities:</b>			
Interfund Payable	-	-	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	11,963	2,318	-
<b>Total Noncurrent Liabilities</b>	<b>11,963</b>	<b>2,318</b>	<b>-</b>
<b>Total Liabilities</b>	<b>54,873</b>	<b>7,145</b>	<b>182,208</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	19,291	5,544	-
Unrestricted	3,309	19,676	137,191
<b>Total Net Assets (Deficit)</b>	<b>\$ 22,600</b>	<b>\$ 25,220</b>	<b>\$ 137,191</b>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Total</u>
\$ 899	\$ 13,294	\$ 105,429	\$ 5,972	\$ 391,337
-	-	21,730	593	73,613
533	155	234	1,478	21,532
2,115	901	-	1,125	39,902
159	306	-	3,660	18,328
-	-	-	-	368
-	-	850	1	12,120
<u>3,706</u>	<u>14,656</u>	<u>128,243</u>	<u>12,829</u>	<u>557,200</u>
-	-	-	150	444
<u>26,971</u>	<u>289</u>	<u>-</u>	<u>9,587</u>	<u>68,024</u>
<u>26,971</u>	<u>289</u>	<u>-</u>	<u>9,737</u>	<u>68,468</u>
<u>30,677</u>	<u>14,945</u>	<u>128,243</u>	<u>22,566</u>	<u>625,668</u>
382	1,564	1,219	1,993	56,884
166	862	-	-	1,716
40	440	-	174	790
-	-	-	732	732
1	9,705	35,109	66	63,807
-	-	27,245	744	92,299
-	100	5,019	-	5,197
-	-	51,367	-	142,103
<u>938</u>	<u>500</u>	<u>54</u>	<u>354</u>	<u>5,191</u>
<u>1,527</u>	<u>13,171</u>	<u>120,013</u>	<u>4,063</u>	<u>368,719</u>
-	5,407	-	6,222	11,629
-	-	230,122	-	230,122
<u>3,085</u>	<u>1,728</u>	<u>218</u>	<u>1,187</u>	<u>20,499</u>
<u>3,085</u>	<u>7,135</u>	<u>230,340</u>	<u>7,409</u>	<u>262,250</u>
<u>4,612</u>	<u>20,306</u>	<u>350,353</u>	<u>11,472</u>	<u>630,969</u>
23,156	288	-	9,737	58,016
<u>2,909</u>	<u>(5,649)</u>	<u>(222,110)</u>	<u>1,357</u>	<u>(63,317)</u>
<u>\$ 26,065</u>	<u>\$ (5,361)</u>	<u>\$ (222,110)</u>	<u>\$ 11,094</u>	<u>\$ (5,301)</u>

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

For the Fiscal Year Ended June 30, 2007  
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
<b>Operating Revenues:</b>			
Charges for Sales and Services	\$ 264,910	\$ 48,736	\$ 907,701
Total Operating Revenues	<u>264,910</u>	<u>48,736</u>	<u>907,701</u>
<b>Operating Expenses:</b>			
Cost of Sales and Services	-	35,597	-
Prizes and Claims	-	-	771,428
Personal Services	31,380	4,299	-
Contractual Services	207,475	2,687	61,884
Supplies and Materials	915	506	-
Depreciation and Amortization	17,172	1,172	-
Rent, Insurance, and Other Related Charges	6,876	1,257	-
Interest Expense	-	-	-
Other	6,716	752	-
Total Operating Expenses	<u>270,534</u>	<u>46,270</u>	<u>833,312</u>
Operating Income (Loss)	<u>(5,624)</u>	<u>2,466</u>	<u>74,389</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest, Dividends, Rents, and Other Investment Income	(294)	-	13,262
Other	3,733	241	(3,742)
Total Nonoperating Revenues (Expenses)	<u>3,439</u>	<u>241</u>	<u>9,520</u>
Income (Loss) Before Transfers	(2,185)	2,707	83,909
Transfers In	443	-	-
Transfers Out	(536)	(1,022)	-
Change in Net Assets	(2,278)	1,685	83,909
Total Net Assets (Deficit), July 1	<u>24,878</u>	<u>23,535</u>	<u>53,282</u>
Total Net Assets (Deficit), June 30	<u>\$ 22,600</u>	<u>\$ 25,220</u>	<u>\$ 137,191</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Total</u>
\$ 16,334	\$ 33,990	\$ 77,933	\$ 39,426	\$ 1,389,030
16,334	33,990	77,933	39,426	1,389,030
-	-	-	26,291	61,888
-	-	66,251	-	837,679
747	8,918	1,240	6,522	53,106
2,523	7,101	7,114	2,755	291,539
4,087	3,911	4	1,098	10,521
5,413	126	-	742	24,625
939	9,630	1,050	1,459	21,211
-	292	-	281	573
311	3,004	7,470	134	18,387
14,020	32,982	83,129	39,282	1,319,529
2,314	1,008	(5,196)	144	69,501
-	-	6,151	114	19,233
(390)	-	(1,768)	(45)	(1,971)
(390)	-	4,383	69	17,262
1,924	1,008	(813)	213	86,763
-	1	-	311	755
-	-	(18)	-	(1,576)
1,924	1,009	(831)	524	85,942
24,141	(6,370)	(221,279)	10,570	(91,243)
\$ 26,065	\$ (5,361)	\$ (222,110)	\$ 11,094	\$ (5,301)

## Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2007

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
<b>Cash Flows from Operating Activities</b>			
Receipts for Sales and Services	\$ 16,719	\$ 16,662	\$ 875,844
Internal Activity-Receipts from Other Funds	245,754	35,491	-
Internal Activity-Payments to Other Funds	(1,550)	(1,155)	-
Payments to Suppliers for Goods and Services	(15,225)	(38,634)	-
Payments for Prizes, Claims, and Loss Control	-	-	(759,703)
Payments to Employees	(31,697)	(3,829)	-
Other Operating Revenue	6	-	-
Other Operating Expense	(203,697)	(2,674)	(60,542)
Net Cash Provided by (Used for) Operating Activities	<u>10,310</u>	<u>5,861</u>	<u>55,599</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In From Other Funds	443	-	-
Transfers Out to Other Funds	(536)	(1,022)	-
Other Noncapital Financing Receipt Activities	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(93)</u>	<u>(1,022)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(2,632)	(637)	-
Payment of Principal and Interest on Bonds and Notes	(3,422)	(410)	-
Proceeds from Sale of Capital Assets	-	5	-
Other Capital and Related Financing Disbursement Activities	(465)	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(6,519)</u>	<u>(1,042)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	9,520
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>9,520</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,698	3,797	65,119
<b>Cash and Cash Equivalents, July 1</b>	<u>20,047</u>	<u>3,568</u>	<u>156,507</u>
<b>Cash and Cash Equivalents, June 30</b>	<u>\$ 23,745</u>	<u>\$ 7,365</u>	<u>\$ 221,626</u>
<b>Reconciliation of Cash and Cash Equivalents</b>			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	\$ 23,737	\$ 7,361	\$ 234,645
Cash and Travel Advances	8	4	-
Less:			
Securities Lending Cash Equivalents	-	-	(13,019)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 23,745</u>	<u>\$ 7,365</u>	<u>\$ 221,626</u>

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Total</u>
\$ 4,260	\$ 3,142	\$ 25,144	\$ 12,234	\$ 954,005
12,655	32,419	50,676	26,688	403,683
(3,999)	(1,425)	-	(1,416)	(9,545)
(4,223)	(16,073)	(4)	(28,215)	(102,374)
-	-	(53,712)	-	(813,415)
(804)	(8,342)	(1,277)	(5,925)	(51,874)
-	-	-	-	6
(1,586)	(6,595)	(15,570)	(2,176)	(292,840)
<u>6,303</u>	<u>3,126</u>	<u>5,257</u>	<u>1,190</u>	<u>87,646</u>
-	101	-	311	855
-	-	(18)	-	(1,576)
32	100	-	69	201
<u>32</u>	<u>201</u>	<u>(18)</u>	<u>380</u>	<u>(520)</u>
(6,856)	-	-	(159)	(10,284)
-	-	-	-	(3,832)
-	-	-	-	5
(390)	-	-	(632)	(1,487)
<u>(7,246)</u>	<u>-</u>	<u>-</u>	<u>(791)</u>	<u>(15,598)</u>
-	-	4,383	-	13,903
-	-	4,383	-	13,903
(911)	3,327	9,622	779	85,431
1,810	9,967	91,141	5,043	288,083
<u>\$ 899</u>	<u>\$ 13,294</u>	<u>\$ 100,763</u>	<u>\$ 5,822</u>	<u>\$ 373,514</u>
\$ 899	\$ 13,294	\$ 105,429	\$ 5,972	\$ 391,337
-	-	850	1	863
-	-	(5,516)	(151)	(18,686)
<u>\$ 899</u>	<u>\$ 13,294</u>	<u>\$ 100,763</u>	<u>\$ 5,822</u>	<u>\$ 373,514</u>

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

For the Fiscal Year Ended June 30, 2007  
(Dollars in Thousands)

	<u>Virginia Information Technologies Agency</u>	<u>Virginia Correctional Enterprises</u>	<u>Health Care</u>
<b>Reconciliation of Operating Income</b>			
<b>To Net Cash Provided by (Used for)</b>			
<b>Operating Activities:</b>			
Operating Income (Loss)	\$ (5,624)	\$ 2,466	\$ 74,389
<b>Adjustments to Reconcile Operating</b>			
<b>Income to Net Cash Provided by (Used for)</b>			
<b>Operating Activities:</b>			
Depreciation and Amortization	17,172	1,172	-
Miscellaneous Nonoperating Income	101	402	-
<b>Change in Assets and Liabilities:</b>			
(Increase) Decrease in Accounts Receivable	1,253	2,094	(11,871)
(Increase) Decrease in Due From Other Funds	13,428	(324)	(19,986)
(Increase) Decrease in Other Assets	(11,257)	-	-
(Increase) Decrease in Inventory	-	(456)	-
(Increase) Decrease in Prepaid Items	959	-	-
Increase (Decrease) in Accounts Payable	975	(953)	3,805
Increase (Decrease) in Amounts Due to Other Governments	(332)	25	-
Increase (Decrease) in Due to Other Funds	70	56	-
Increase (Decrease) in Interfund Payable	-	-	-
Increase (Decrease) in Unearned Revenue	(5,840)	1,101	-
Increase (Decrease) in Other Liabilities	-	-	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	9,262
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(3,119)	23	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	2,524	255	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 10,310</u>	<u>\$ 5,861</u>	<u>\$ 55,599</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
The following transactions occurred prior to the statement of net assets date:			
Capital Leases Used to Finance Capital Assets	\$ 6,216	\$ -	\$ -
Trade-ins of Used Equipment on New Equipment	-	(7)	-
Capital Asset Addition Included in Accounts Payable	592	-	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 6,808</u>	<u>\$ (7)</u>	<u>\$ -</u>



<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Total</u>
\$ 2,314	\$ 1,008	\$ (5,196)	\$ 144	\$ 69,501
5,413	126	-	742	24,625
-	-	-	(33)	470
838	(2)	(51)	(278)	(8,017)
(163)	277	-	(435)	(7,203)
-	-	-	-	(11,257)
(88)	(47)	-	(534)	(1,125)
-	-	-	-	959
(683)	367	(567)	1,175	4,119
25	(232)	-	-	(514)
(1,263)	(224)	-	60	(1,301)
-	(233)	-	-	(233)
(7)	1,916	(2,062)	21	(4,871)
-	-	3,809	-	3,809
-	-	(159)	-	9,103
-	-	9,520	-	9,520
1	(3)	11	28	(3,059)
(84)	173	(48)	300	3,120
<u>\$ 6,303</u>	<u>\$ 3,126</u>	<u>\$ 5,257</u>	<u>\$ 1,190</u>	<u>\$ 87,646</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,216
-	-	-	-	(7)
-	-	-	33	625
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 6,834</u>