
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 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 Net Assets – Internal Service Funds

June 30, 2012

(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 28,398	\$ 1,383	\$ 126,148
Investments	-	-	127
Receivables, Net	2,733	4,283	1,905
Due From Other Funds	22,901	1,865	20,515
Due From External Parties (Fiduciary Funds)	-	-	133
Due From Component Units	-	-	12,198
Inventory	-	17,827	-
Prepaid Items	-	-	-
Other Assets	7,184	3	-
Total Current Assets	61,216	25,361	161,026
Noncurrent Assets:			
Nondepreciable Capital Assets	10,123	673	-
Depreciable Capital Assets, Net	5,290	12,298	-
Total Noncurrent Assets	15,413	12,971	-
Total Assets	76,629	38,332	161,026
Liabilities			
Current Liabilities:			
Accounts Payable	25,100	2,632	33,631
Amounts Due to Other Governments	725	323	-
Due to Other Funds	95	168	-
Due to External Parties (Fiduciary Funds)	96	48	-
Interfund Payable	28,000	-	-
Unearned Revenue	37,330	2,210	-
Obligations Under Securities Lending Program	-	-	4,238
Other Liabilities	-	-	-
Claims Payable Due Within One Year	-	-	109,591
Long-term Liabilities Due within One Year	842	572	-
Total Current Liabilities	92,188	5,953	147,460
Noncurrent Liabilities:			
Interfund Payable	-	-	-
Claims Payable Due In More Than One Year	-	-	-
Long-term Liabilities Due in More Than One Year	12,458	7,906	-
Total Noncurrent Liabilities	12,458	7,906	-
Total Liabilities	104,646	13,859	147,460
Net Assets			
Invested in Capital Assets, Net of Related Debt	15,413	10,525	-
Unrestricted	(43,430)	13,948	13,566
Total Net Assets (Deficit)	\$ (28,017)	\$ 24,473	\$ 13,566

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 3,797	\$ 33,056	\$ 154,075	\$ 7,477	\$ 161	\$ 354,495
-	-	-	-	-	127
425	1,590	179	1,848	-	12,963
1,853	1,559	429	1,032	-	50,154
-	-	-	-	-	133
-	-	-	-	-	12,198
28	502	-	4,547	-	22,904
-	-	2	388	118	508
-	-	-	2	-	7,189
6,103	36,707	154,685	15,294	279	460,671
-	-	-	431	-	11,227
26,050	9,572	-	6,406	101	59,717
26,050	9,572	-	6,837	101	70,944
32,153	46,279	154,685	22,131	380	531,615
505	1,448	1,554	1,338	77	66,285
-	1,148	-	-	-	2,196
82	1,109	5	385	6	1,850
5	47	4	29	7	236
-	220	-	632	-	28,852
468	19,677	50,157	39	-	109,881
-	-	-	-	-	4,238
-	52	5,026	26	-	5,104
-	-	75,652	-	-	185,243
1,486	3,982	30	374	89	7,375
2,546	27,683	132,428	2,823	179	411,260
-	3,839	-	3,161	-	7,000
-	-	533,062	-	-	533,062
8,034	34,096	785	3,471	890	67,640
8,034	37,935	533,847	6,632	890	607,702
10,580	65,618	666,275	9,455	1,069	1,018,962
17,163	(4,606)	-	6,837	101	45,433
4,410	(14,733)	(511,590)	5,839	(790)	(532,780)
\$ 21,573	\$ (19,339)	\$ (511,590)	\$ 12,676	\$ (689)	\$ (487,347)

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

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Operating Revenues			
Charges for Sales and Services	\$ 315,638	\$ 49,657	\$ 974,028
Other	-	-	1
Total Operating Revenues	315,638	49,657	974,029
Operating Expenses			
Cost of Sales and Services	-	36,236	-
Prizes and Claims	-	-	1,025,299
Personal Services	22,280	5,520	-
Contractual Services	277,118	3,342	66,003
Supplies and Materials	106	813	-
Depreciation	1,690	1,561	-
Rent, Insurance, and Other Related Charges	3,008	1,069	-
Interest Expense	-	-	-
Other	2,855	102	-
Total Operating Expenses	307,057	48,643	1,091,302
Operating Income (Loss)	8,581	1,014	(117,273)
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	-	-	195
Other	-	167	-
Total Nonoperating Revenues (Expenses)	-	167	195
Income (Loss) Before Transfers	8,581	1,181	(117,078)
Transfers In	-	-	-
Transfers Out	(931)	(2,693)	-
Change in Net Assets	7,650	(1,512)	(117,078)
Total Net Assets (Deficit), July 1	(35,667)	25,985	130,644
Total Net Assets (Deficit), June 30	\$ (28,017)	\$ 24,473	\$ 13,566

<u>Fleet Management</u>	<u>Property Management</u>	<u>Risk Management</u>	<u>General Services</u>	<u>Payroll Service Bureau</u>	<u>Total</u>
\$ 16,214	\$ 98,949	\$ 99,085	\$ 44,911	\$ 1,816	\$ 1,600,298
-	-	-	-	-	1
16,214	98,949	99,085	44,911	1,816	1,600,299
-	-	-	29,531	-	65,767
-	-	193,778	-	-	1,219,077
1,175	11,830	1,700	7,549	1,786	51,840
3,160	13,813	9,313	3,399	36	376,184
4,995	3,856	7	1,008	13	10,798
4,912	2,139	-	767	2	11,071
644	69,971	2,339	1,706	117	78,854
-	16	-	23	-	39
83	3,381	5,851	49	4	12,325
14,969	105,006	212,988	44,032	1,958	1,825,955
1,245	(6,057)	(113,903)	879	(142)	(225,656)
-	1	-	141	-	337
(424)	(2,337)	26	-	-	(2,568)
(424)	(2,336)	26	141	-	(2,231)
821	(8,393)	(113,877)	1,020	(142)	(227,887)
-	82	-	363	-	445
(48)	(513)	(31)	(281)	(70)	(4,567)
773	(8,824)	(113,908)	1,102	(212)	(232,009)
20,800	(10,515)	(397,682)	11,574	(477)	(255,338)
\$ 21,573	\$ (19,339)	\$ (511,590)	\$ 12,676	\$ (689)	\$ (487,347)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	Virginia Information Technologies Agency	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 13,301	\$ 24,365	\$ 479,868
Internal Activity-Receipts from Other Funds	302,645	27,304	494,003
Internal Activity-Payments to Other Funds	(607)	(1,313)	-
Payments to Suppliers for Goods and Services	(20,026)	(40,405)	-
Payments for Contractual Services	(259,913)	(3,219)	(66,075)
Payments for Prizes, Claims, and Loss Control	-	-	(984,143)
Payments to Employees	(19,840)	(4,478)	-
Other Operating Expense	-	-	-
Net Cash Provided by (Used for) Operating Activities	<u>15,560</u>	<u>2,254</u>	<u>(76,347)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In From Other Funds	-	-	-
Transfers Out to Other Funds	(931)	(2,693)	-
Other Noncapital Financing Receipt Activities	-	-	-
Other Noncapital Financing Disbursement Activities	(9,000)	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(9,931)</u>	<u>(2,693)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(13,373)	(5,693)	-
Payment of Principal and Interest on Bonds and Notes	-	(446)	-
Proceeds from Sale of Bonds and Notes	-	2,863	-
Proceeds from Sale of Capital Assets	-	5	-
Other Capital and Related Financing Disbursement Activities	-	-	-
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>(13,373)</u>	<u>(3,271)</u>	<u>-</u>
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	-	-	195
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>-</u>	<u>195</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,744)	(3,710)	(76,152)
Cash and Cash Equivalents, July 1	<u>36,142</u>	<u>5,096</u>	<u>198,189</u>
Cash and Cash Equivalents, June 30	<u>\$ 28,398</u>	<u>\$ 1,386</u>	<u>\$ 122,037</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Assets:			
Cash and Cash Equivalents	\$ 28,398	\$ 1,383	\$ 126,148
Cash and Travel Advances	-	3	-
Less:			
Securities Lending Cash Equivalents	-	-	(4,111)
Cash and Cash Equivalents per the Statement of Cash Flow s	<u>\$ 28,398</u>	<u>\$ 1,386</u>	<u>\$ 122,037</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>
\$ 2,138	\$ 3,914	\$ 29,684	\$ 14,060	\$ 8	\$ 567,338
13,724	95,344	66,213	30,412	1,808	1,031,453
(1,451)	(4,088)	-	(2,517)	-	(9,976)
(4,693)	(71,822)	(7)	(30,072)	(13)	(167,038)
(3,077)	(13,522)	(9,316)	(3,424)	(36)	(358,582)
-	-	(74,531)	-	-	(1,058,674)
(1,004)	(10,535)	(1,466)	(6,343)	(1,542)	(45,208)
-	(1,512)	(8,558)	-	(129)	(10,199)
<u>5,637</u>	<u>(2,221)</u>	<u>2,019</u>	<u>2,116</u>	<u>96</u>	<u>(50,886)</u>
-	82	-	363	-	445
(48)	(513)	(31)	(281)	(70)	(4,567)
-	17,624	26	141	-	17,791
-	(545)	-	-	-	(9,545)
(48)	16,648	(5)	223	(70)	4,124
(4,925)	-	-	(281)	(103)	(24,375)
(1,116)	(5,302)	-	(4)	-	(6,868)
-	-	-	-	-	2,863
531	-	-	-	-	536
-	-	-	(632)	-	(632)
(5,510)	(5,302)	-	(917)	(103)	(28,476)
-	-	-	-	-	195
-	-	-	-	-	195
79	9,125	2,014	1,422	(77)	(75,043)
<u>3,718</u>	<u>23,931</u>	<u>152,061</u>	<u>6,057</u>	<u>238</u>	<u>425,432</u>
<u>\$ 3,797</u>	<u>\$ 33,056</u>	<u>\$ 154,075</u>	<u>\$ 7,479</u>	<u>\$ 161</u>	<u>\$ 350,389</u>
\$ 3,797	\$ 33,056	\$ 154,075	\$ 7,477	\$ 161	\$ 354,495
-	-	-	2	-	5
-	-	-	-	-	(4,111)
<u>\$ 3,797</u>	<u>\$ 33,056</u>	<u>\$ 154,075</u>	<u>\$ 7,479</u>	<u>\$ 161</u>	<u>\$ 350,389</u>

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

For the Fiscal Year Ended June 30, 2012
(Dollars in Thousands)

	<u>Virginia Information Technologies Agency</u>	<u>Virginia Correctional Enterprises</u>	<u>Health Care</u>
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ 8,581	\$ 1,014	\$ (117,273)
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	1,690	1,561	-
Miscellaneous Nonoperating Income	-	201	-
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	42	1,173	75
(Increase) Decrease in Due From Other Funds	(8,301)	(516)	(206)
(Increase) Decrease in Due From External Parties (Fiduciary Funds)	-	-	(4)
(Increase) Decrease in Due From Component Units	-	-	(23)
(Increase) Decrease in Other Assets	6,411	-	-
(Increase) Decrease in Inventory	-	(4,875)	-
(Increase) Decrease in Prepaid Items	51	-	-
Increase (Decrease) in Accounts Payable	1,070	1,610	12,973
Increase (Decrease) in Amounts Due to Other Governments	725	-	-
Increase (Decrease) in Due to Other Funds	(72)	(6)	-
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(197)	(95)	-
Increase (Decrease) in Unearned Revenue	2,155	1,179	-
Increase (Decrease) in Other Liabilities	-	(1)	-
Increase (Decrease) in Claims Payable: Due Within One Year	-	-	28,111
Increase (Decrease) in Claims Payable: Due in More Than One Year	-	-	-
Increase (Decrease) in Long-term Liabilities: Due Within One Year	74	-	-
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	3,331	1,009	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 15,560</u>	<u>\$ 2,254</u>	<u>\$ (76,347)</u>
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the statement of net assets date:			
Trade-ins of Used Equipment on New Equipment	\$ -	\$ 41	\$ -
Installment Purchases Used to Finance Capital Assets	-	2,863	-
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ -</u>	<u>\$ 2,904</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>
\$ 1,245	\$ (6,057)	\$ (113,903)	\$ 879	\$ (142)	\$ (225,656)
4,912	2,139	-	767	2	11,071
-	-	-	-	-	201
(88)	(1,380)	39	(294)	-	(433)
(518)	893	(429)	(164)	-	(9,241)
-	-	-	-	-	(4)
-	-	-	-	-	(23)
-	-	-	-	-	6,411
12	(128)	-	(296)	-	(5,287)
-	-	-	37	(7)	81
(303)	(610)	(1,186)	27	(2)	13,579
-	320	-	-	-	1,045
(89)	505	2	(18)	(6)	316
(8)	(102)	(3)	(58)	(14)	(477)
298	874	(3,227)	9	-	1,288
-	(88)	(21)	26	-	(84)
-	-	(536)	-	-	27,575
-	-	121,062	-	-	121,062
27	3	(1)	20	(3)	120
149	1,410	222	1,181	268	7,570
<u>\$ 5,637</u>	<u>\$ (2,221)</u>	<u>\$ 2,019</u>	<u>\$ 2,116</u>	<u>\$ 96</u>	<u>\$ (50,886)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41
3,914	-	-	-	-	6,777
<u>\$ 3,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,818</u>