

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and other government units, on a cost reimbursement basis.

Self-Insurance - Accounts for payment of health insurance premiums from departments and employee deductions and related claims.

Fleet Management – Accounts for preventative maintenance and repair service for vehicles, motorized equipment, radios and communications equipment.

COUNTY OF HANOVER, VIRGINIA

Internal Service Funds

Combining Statement of Net Assets

June 30, 2005

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents and investments	\$ 1,042,490	42,978	1,085,468
Inventory	-	172,516	172,516
Capital assets:			
Machinery and equipment	-	377,301	377,301
Less accumulated depreciation	-	(265,488)	(265,488)
Total capital assets (net of accumulated depreciation)	-	111,813	111,813
Total assets	1,042,490	327,307	1,369,797
LIABILITIES			
Accounts payable	\$ 64,624	103,813	168,437
Incurred but not reported	1,170,000	-	1,170,000
Accrued liabilities	11,556	48,984	60,540
Compensated absences	-	122,186	122,186
Total liabilities	1,246,180	274,983	1,521,163
NET ASSETS			
Invested in capital assets	-	111,813	111,813
Unrestricted	(203,690)	(59,489)	(263,179)
Total net assets	\$ (203,690)	52,324	(151,366)

COUNTY OF HANOVER, VIRGINIA

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

For the Year Ended June 30, 2005

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 14,728,339	1,341,608	16,069,947
Recovered cost	-	45,960	45,960
Miscellaneous revenue		32,027	32,027
Total operating revenues	<u>14,728,339</u>	<u>1,419,595</u>	<u>16,147,934</u>
OPERATING EXPENSES			
Health care claims	15,012,081	-	15,012,081
Personal services	-	962,841	962,841
Fringe benefits	-	257,415	257,415
Contractual services	62,991	45,582	108,573
Internal services	-	249	249
Other charges	-	170,574	170,574
Depreciation	-	36,017	36,017
Total operating expenses	<u>15,075,072</u>	<u>1,472,678</u>	<u>16,547,750</u>
Operating income	<u>(346,733)</u>	<u>(53,083)</u>	<u>(399,816)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	\$ 100,111	-	100,111
Non-operating income	<u>100,111</u>	<u>-</u>	<u>100,111</u>
Income before transfers	<u>(246,622)</u>	<u>(53,083)</u>	<u>(299,705)</u>
Transfers in	-	55,000	55,000
Change in net assets	<u>(246,622)</u>	<u>1,917</u>	<u>(244,705)</u>
Total net assets - beginning (as restated)	42,932	50,407	93,339
Total net assets - ending	<u>\$ (203,690)</u>	<u>52,324</u>	<u>(151,366)</u>

COUNTY OF HANOVER, VIRGINIA

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2005

	Self-Insurance	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments from customers and users	\$ 14,728,339	1,419,595	16,147,934
Payments to suppliers	(15,254,981)	(171,538)	(15,426,519)
Payments to employees	2,801	(1,201,963)	(1,199,162)
Net cash provided by operating activities	<u>(523,841)</u>	<u>46,094</u>	<u>(477,747)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Advance from other funds	-	55,000	55,000
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>55,000</u>	<u>55,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(88,507)	(88,507)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(88,507)</u>	<u>(88,507)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on cash and cash equivalents	100,111	-	100,111
Net cash provided by investing activities	<u>100,111</u>	<u>-</u>	<u>100,111</u>
Decrease in cash and cash equivalents	(423,730)	12,587	(411,143)
Cash, cash equivalents and investments at beginning of year	1,466,220	30,391	1,496,611
Cash, cash equivalents and investments at end of year	<u>\$ 1,042,490</u>	<u>42,978</u>	<u>1,085,468</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ (346,733)	(53,083)	(399,816)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation Expense		36,017	36,017
Decrease (increase) in:			
Inventory	-	21,938	21,938
Increase (decrease) in:			
Accounts payable	(382,609)	22,929	(359,680)
Incurred but not reported	202,700	-	202,700
Accrued liabilities	2,801	(933)	1,868
Compensated absences	-	19,226	19,226
Total adjustments	<u>(177,108)</u>	<u>99,177</u>	<u>(77,931)</u>
Net cash provided by operating activities	<u>\$ (523,841)</u>	<u>46,094</u>	<u>(477,747)</u>