

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, 2006

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents and investments	\$ 2,440,903	117,273	2,558,176
Accounts receivable (net of allowance for uncollectibles)	175,082	-	175,082
Inventory	-	180,363	180,363
Capital assets:			
Machinery and equipment	-	345,664	345,664
Less accumulated depreciation	-	(250,100)	(250,100)
Total capital assets (net of accumulated depreciation)	-	95,564	95,564
Total assets	<u>2,615,985</u>	<u>393,200</u>	<u>3,009,185</u>
LIABILITIES			
Accounts payable	\$ -	96,760	96,760
Incurred but not reported	1,554,000	-	1,554,000
Accrued liabilities	12,679	52,049	64,728
Compensated absences	-	125,384	125,384
Total liabilities	<u>1,566,679</u>	<u>274,193</u>	<u>1,840,872</u>
NET ASSETS			
Invested in capital assets	-	95,564	95,564
Unrestricted	1,049,306	23,443	1,072,749
Total net assets	<u>\$ 1,049,306</u>	<u>119,007</u>	<u>1,168,313</u>

COUNTY OF HANOVER, VIRGINIA

Internal Service Funds

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

For the Year Ended June 30, 2006

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 17,347,565	1,395,169	18,742,734
Recovered cost	-	17,672	17,672
Miscellaneous revenue	-	14,611	14,611
Total operating revenues	<u>17,347,565</u>	<u>1,427,452</u>	<u>18,775,017</u>
OPERATING EXPENSES			
Health care claims	16,516,533	-	16,516,533
Personal services	-	1,026,523	1,026,523
Fringe benefits	-	279,282	279,282
Contractual services	4,256	45,481	49,737
Internal services	-	208	208
Other charges	-	161,603	161,603
Depreciation	-	36,340	36,340
Total operating expenses	<u>16,520,789</u>	<u>1,549,437</u>	<u>18,070,226</u>
Operating income (loss)	<u>826,776</u>	<u>(121,985)</u>	<u>704,791</u>
NONOPERATING REVENUES			
Interest income	216,220	-	216,220
Gain on sale of capital assets	-	148,668	148,668
Total nonoperating revenues	<u>216,220</u>	<u>148,668</u>	<u>364,888</u>
Income before transfers	<u>1,042,996</u>	<u>26,683</u>	<u>1,069,679</u>
Transfers in	210,000	40,000	250,000
Change in net assets	<u>1,252,996</u>	<u>66,683</u>	<u>1,319,679</u>
Total net assets - beginning	<u>(203,690)</u>	<u>52,324</u>	<u>(151,366)</u>
Total net assets - ending	<u>\$ 1,049,306</u>	<u>119,007</u>	<u>1,168,313</u>

COUNTY OF HANOVER, VIRGINIA

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2006

	Self-Insurance	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments from customers and users	\$ 17,172,483	1,427,452	18,599,935
Payments to suppliers and service providers	(16,200,290)	(222,192)	(16,422,482)
Payments to employees	-	(1,299,542)	(1,299,542)
Net cash provided (used) by operating activities	<u>972,193</u>	<u>(94,282)</u>	<u>877,911</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	210,000	40,000	250,000
Net cash provided by noncapital and related financing activities	<u>210,000</u>	<u>40,000</u>	<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(20,091)	(20,091)
Proceeds from sale of capital assets	-	148,668	148,668
Net cash provided by capital and related financing activities	<u>-</u>	<u>128,577</u>	<u>128,577</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	216,220	-	216,220
Net cash provided by investing activities	<u>216,220</u>	<u>-</u>	<u>216,220</u>
Net increase in cash and cash equivalents	1,398,413	74,295	1,472,708
Cash and cash equivalents at beginning of year	1,042,490	42,978	1,085,468
Cash and cash equivalents at end of year	<u>\$ 2,440,903</u>	<u>117,273</u>	<u>2,558,176</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 826,776	(121,985)	704,791
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	36,340	36,340
Decrease (increase) in:			
Accounts receivable	(175,082)	-	(175,082)
Inventory	-	(7,847)	(7,847)
Increase (decrease) in:			
Accounts payable	(64,624)	(7,053)	(71,677)
Incurred but not reported	384,000	-	384,000
Accrued liabilities	1,123	3,065	4,188
Compensated absences	-	3,198	3,198
Total adjustments	<u>145,417</u>	<u>27,703</u>	<u>173,120</u>
Net cash provided (used) by operating activities	<u>\$ 972,193</u>	<u>(94,282)</u>	<u>877,911</u>