

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, 2007

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
ASSETS			
Cash, cash equivalents and investments	\$ 4,336,021	185,574	4,521,595
Accounts receivable (net of allowance for uncollectibles)	-	8,569	8,569
Inventory	-	177,814	177,814
Capital assets:			
Machinery and equipment	-	485,295	485,295
Less accumulated depreciation	-	(280,270)	(280,270)
Total capital assets (net of accumulated depreciation)	-	205,025	205,025
Total assets	<u>4,336,021</u>	<u>576,982</u>	<u>4,913,003</u>
LIABILITIES			
Accounts payable	\$ -	117,445	117,445
Incurred but not reported (insurance claims)	1,737,000	-	1,737,000
Accrued liabilities	13,712	54,026	67,738
Compensated absences	-	125,404	125,404
Total liabilities	<u>1,750,712</u>	<u>296,875</u>	<u>2,047,587</u>
NET ASSETS			
Invested in capital assets	-	205,025	205,025
Unrestricted	2,585,309	75,082	2,660,391
Total net assets	<u>\$ 2,585,309</u>	<u>280,107</u>	<u>2,865,416</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, 2007

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 19,578,646	1,483,152	21,061,798
Recovered cost	-	74,937	74,937
Miscellaneous revenue	-	17,208	17,208
Total operating revenues	<u>19,578,646</u>	<u>1,575,297</u>	<u>21,153,943</u>
OPERATING EXPENSES			
Health care claims	18,434,370	-	18,434,370
Personal services	-	1,130,127	1,130,127
Fringe benefits	-	352,779	352,779
Contractual services	45,500	43,601	89,101
Internal services	-	-	-
Other charges	-	35,735	35,735
Depreciation	-	39,820	39,820
Total operating expenses	<u>18,479,870</u>	<u>1,602,062</u>	<u>20,081,932</u>
Operating income (loss)	<u>1,098,776</u>	<u>(26,765)</u>	<u>1,072,011</u>
NONOPERATING REVENUES			
Interest income	437,227	-	437,227
Gain on sale of capital assets	-	187,865	187,865
Total nonoperating revenues	<u>437,227</u>	<u>187,865</u>	<u>625,092</u>
Change in net assets	1,536,003	161,100	1,697,103
Total net assets - beginning	1,049,306	119,007	1,168,313
Total net assets - ending	<u>\$ 2,585,309</u>	<u>280,107</u>	<u>2,865,416</u>

COUNTY OF HANOVER, VIRGINIA

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2007

	Self-Insurance	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 19,578,646	1,566,728	21,145,374
Payments to suppliers and service providers	(44,467)	(56,102)	(100,569)
Payments to employees	-	(1,480,909)	(1,480,909)
Claims paid	(18,076,288)	-	(18,076,288)
Net cash provided by operating activities	<u>1,457,891</u>	<u>29,717</u>	<u>1,487,608</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(149,281)	(149,281)
Proceeds from sale of capital assets	-	187,865	187,865
Net cash provided by capital and related financing activities	<u>-</u>	<u>38,584</u>	<u>38,584</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	437,227	-	437,227
Net cash provided by investing activities	<u>437,227</u>	<u>-</u>	<u>437,227</u>
Net increase in cash and cash equivalents	1,895,118	68,301	1,963,419
Cash and cash equivalents at beginning of year	2,440,903	117,273	2,558,176
Cash and cash equivalents at end of year	<u>\$ 4,336,021</u>	<u>185,574</u>	<u>4,521,595</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,098,776	(26,765)	1,072,011
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	39,820	39,820
Decrease (increase) in:			
Accounts receivable	175,082	(8,569)	166,513
Inventory	-	2,549	2,549
Increase (decrease) in:			
Accounts payable	-	20,685	20,685
Incurred but not reported self-insurance claims	183,000	-	183,000
Accrued liabilities	1,033	1,977	3,010
Compensated absences	-	20	20
Total adjustments	<u>359,115</u>	<u>56,482</u>	<u>415,597</u>
Net cash provided by operating activities	<u>\$ 1,457,891</u>	<u>29,717</u>	<u>1,487,608</u>