

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, 2008

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash, cash equivalents and investments	\$ 4,141,517	207,151	4,348,668
Accounts receivable (net of allowance for uncollectibles)	359,798	13,328	373,126
Inventory	-	186,927	186,927
Total current assets	<u>4,501,315</u>	<u>407,406</u>	<u>4,908,721</u>
Noncurrent Assets:			
Capital assets:			
Machinery and equipment	-	880,621	880,621
Less accumulated depreciation	-	(678,747)	(678,747)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>201,874</u>	<u>201,874</u>
Total noncurrent assets	<u>-</u>	<u>201,874</u>	<u>201,874</u>
Total assets	<u>4,501,315</u>	<u>609,280</u>	<u>5,110,595</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	-	145,817	145,817
Incurred but not reported self-insurance claims	2,295,000	-	2,295,000
Accrued liabilities	14,530	59,020	73,550
Total current liabilities	<u>2,309,530</u>	<u>204,837</u>	<u>2,514,367</u>
Noncurrent Liabilities:			
Compensated absences	-	139,804	139,804
Total noncurrent liabilities	<u>-</u>	<u>139,804</u>	<u>139,804</u>
Total liabilities	<u>2,309,530</u>	<u>344,641</u>	<u>2,654,171</u>
NET ASSETS			
Invested in capital assets	-	201,874	201,874
Unrestricted	2,191,785	62,765	2,254,550
Total net assets	<u>\$ 2,191,785</u>	<u>264,639</u>	<u>2,456,424</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, 2008

	Self-Insurance	Fleet Management	Total
OPERATING REVENUES			
Charges for services	\$ 22,049,919	1,593,804	23,643,723
Recovered cost	-	257,121	257,121
Miscellaneous revenue	-	13,992	13,992
Total operating revenues	<u>22,049,919</u>	<u>1,864,917</u>	<u>23,914,836</u>
OPERATING EXPENSES			
Health care claims and benefits	22,895,485	-	22,895,485
Personal services	-	1,190,443	1,190,443
Fringe benefits	-	378,683	378,683
Contractual services	50,487	62,310	112,797
Other charges	-	231,327	231,327
Depreciation	-	192,756	192,756
Total operating expenses	<u>22,945,972</u>	<u>2,055,519</u>	<u>25,001,491</u>
Operating income (loss)	<u>(896,053)</u>	<u>(190,602)</u>	<u>(1,086,655)</u>
NONOPERATING REVENUES			
Interest income	502,529	-	502,529
Gain on sale of capital assets	-	40,380	40,380
Total nonoperating revenues	<u>502,529</u>	<u>40,380</u>	<u>542,909</u>
Income before capital contributions	<u>(393,524)</u>	<u>(150,222)</u>	<u>(543,746)</u>
Capital contributions	-	134,754	134,754
Change in net assets	(393,524)	(15,468)	(408,992)
Total net assets - beginning	<u>2,585,309</u>	<u>280,107</u>	<u>2,865,416</u>
Total net assets - ending	<u>\$ 2,191,785</u>	<u>264,639</u>	<u>2,456,424</u>

COUNTY OF HANOVER, VIRGINIA

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2008

	Self-Insurance	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 22,049,919	1,860,158	23,910,077
Payments to suppliers and service providers	(49,669)	(274,378)	(324,047)
Payments to employees	-	(1,549,732)	(1,549,732)
Claims and benefits paid	(22,697,283)	-	(22,697,283)
Net cash provided (used) by operating activities	<u>(697,033)</u>	<u>36,048</u>	<u>(660,985)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(76,215)	(76,215)
Proceeds from sale of capital assets	-	61,744	61,744
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(14,471)</u>	<u>(14,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	502,529	-	502,529
Net cash provided by investing activities	<u>502,529</u>	<u>-</u>	<u>502,529</u>
Net increase (decrease) in cash and cash equivalents	(194,504)	21,577	(172,927)
Cash and cash equivalents at beginning of year	4,336,021	185,574	4,521,595
Cash and cash equivalents at end of year	<u>\$ 4,141,517</u>	<u>207,151</u>	<u>4,348,668</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (896,053)	(190,602)	(1,086,655)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	192,756	192,756
(Increase) decrease in:			
Accounts receivable	(359,798)	(4,759)	(364,557)
Inventory	-	(9,113)	(9,113)
Increase (decrease) in:			
Accounts payable	-	28,372	28,372
Incurred but not reported self-insurance claims	558,000	-	558,000
Accrued liabilities	818	4,994	5,812
Compensated absences	-	14,400	14,400
Total adjustments	199,020	226,650	425,670
Net cash provided (used) by operating activities	<u>\$ (697,033)</u>	<u>36,048</u>	<u>(660,985)</u>
Noncash capital and financing activities:			
Capital contributions	\$ -	134,754	134,754