

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

Exhibit 20

Internal Service Funds

Combining Statement of Net Assets

June 30, 2009

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash, cash equivalents and investments	\$ 5,036,885	15,924	5,052,809
Accounts receivable (net of allowance for uncollectibles)	56,939	19,417	76,356
Inventory	-	203,043	203,043
Total current assets	<u>5,093,824</u>	<u>238,384</u>	<u>5,332,208</u>
Noncurrent Assets:			
Capital assets:			
Machinery and equipment	-	1,166,997	1,166,997
Less accumulated depreciation	-	(920,225)	(920,225)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>246,772</u>	<u>246,772</u>
Total noncurrent assets	<u>-</u>	<u>246,772</u>	<u>246,772</u>
Total assets	<u>5,093,824</u>	<u>485,156</u>	<u>5,578,980</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	283,385	93,391	376,776
Incurred but not reported self-insurance claims	2,265,000	-	2,265,000
Accrued liabilities	13,920	60,599	74,519
Unearned revenue	1,343,414	-	1,343,414
Total current liabilities	<u>3,905,719</u>	<u>153,990</u>	<u>4,059,709</u>
Noncurrent Liabilities:			
Compensated absences	-	149,814	149,814
Total noncurrent liabilities	<u>-</u>	<u>149,814</u>	<u>149,814</u>
Total liabilities	<u>3,905,719</u>	<u>303,804</u>	<u>4,209,523</u>
NET ASSETS			
Invested in capital assets	-	246,772	246,772
Unrestricted (deficit)	1,188,105	(65,420)	1,122,685
Total net assets	<u>\$ 1,188,105</u>	<u>181,352</u>	<u>1,369,457</u>

COUNTY OF HANOVER, VIRGINIA**Exhibit 21**

Internal Service Funds

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

For the Year Ended June 30, 2009

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 24,671,093	1,530,248	26,201,341
Recovered cost	134,304	271,221	405,525
Miscellaneous revenue	-	3,193	3,193
Total operating revenues	<u>24,805,397</u>	<u>1,804,662</u>	<u>26,610,059</u>
OPERATING EXPENSES			
Health care claims and benefits	26,029,627	-	26,029,627
Personal services	15,278	1,238,944	1,254,222
Fringe benefits	2,266	438,759	441,025
Contractual services	75,022	65,469	140,491
Other charges	5,089	214,407	219,496
Depreciation	-	117,536	117,536
Total operating expenses	<u>26,127,282</u>	<u>2,075,115</u>	<u>28,202,397</u>
Operating income (loss)	<u>(1,321,885)</u>	<u>(270,453)</u>	<u>(1,592,338)</u>
NONOPERATING REVENUES			
Interest income	318,205	-	318,205
Gain on sale of capital assets	-	129,137	129,137
Total nonoperating revenues	<u>318,205</u>	<u>129,137</u>	<u>447,342</u>
Income before capital contributions	<u>(1,003,680)</u>	<u>(141,316)</u>	<u>(1,144,996)</u>
Capital contributions	-	58,029	58,029
Change in net assets	<u>(1,003,680)</u>	<u>(83,287)</u>	<u>(1,086,967)</u>
Total net assets - beginning	2,191,785	264,639	2,456,424
Total net assets - ending	<u>\$ 1,188,105</u>	<u>181,352</u>	<u>1,369,457</u>

COUNTY OF HANOVER, VIRGINIA

Exhibit 22

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2009

	Self-Insurance	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 26,148,811	1,798,573	27,947,384
Payments to suppliers and service providers	(82,987)	(348,418)	(431,405)
Payments to employees	(15,278)	(1,666,114)	(1,681,392)
Claims and benefits paid	(25,473,383)	-	(25,473,383)
Net cash provided (used) by operating activities	<u>577,163</u>	<u>(215,959)</u>	<u>361,204</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(104,405)	(104,405)
Proceeds from sale of capital assets	-	129,137	129,137
Net cash (used) by capital and related financing activities	<u>-</u>	<u>24,732</u>	<u>24,732</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	318,205	-	318,205
Net cash provided by investing activities	<u>318,205</u>	<u>-</u>	<u>318,205</u>
Net increase (decrease) in cash and cash equivalents	895,368	(191,227)	704,141
Cash and cash equivalents at beginning of year	4,141,517	207,151	4,348,668
Cash and cash equivalents at end of year	<u>\$ 5,036,885</u>	<u>15,924</u>	<u>5,052,809</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,321,885)	(270,453)	(1,592,338)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	117,536	117,536
(Increase) decrease in:			
Accounts receivable	302,859	(6,089)	296,770
Inventory	-	(16,116)	(16,116)
Increase (decrease) in:			
Accounts payable	283,385	(52,426)	230,959
Incurred but not reported self-insurance claims	(30,000)	-	(30,000)
Accrued liabilities	(610)	1,579	969
Unearned revenue	1,343,414	-	1,343,414
Compensated absences	-	10,010	10,010
Total adjustments	<u>1,899,048</u>	<u>54,494</u>	<u>1,953,542</u>
Net cash provided (used) by operating activities	<u>\$ 577,163</u>	<u>(215,959)</u>	<u>361,204</u>
Noncash capital and financing activities:			
Capital contributions	\$ -	58,029	58,029