

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, 2011

	Self-Insurance	Fleet Management	Total
ASSETS			
Current Assets:			
Cash, cash equivalents and investments	\$ 6,492,528	-	6,492,528
Accounts receivable (net of allowance for uncollectibles)	69,066	-	69,066
Total current assets	<u>6,561,594</u>	<u>-</u>	<u>6,561,594</u>
Total assets	<u>6,561,594</u>	<u>-</u>	<u>6,561,594</u>
LIABILITIES			
Current Liabilities:			
Incurred but not reported self-insurance claims	2,030,000	-	2,030,000
Accrued liabilities	14,643	-	14,643
Unearned revenue	1,458,138	-	1,458,138
Total current liabilities	<u>3,502,781</u>	<u>-</u>	<u>3,502,781</u>
Total liabilities	<u>3,502,781</u>	<u>-</u>	<u>3,502,781</u>
NET ASSETS			
Unrestricted	3,058,813	-	3,058,813
Total net assets	<u>\$ 3,058,813</u>	<u>-</u>	<u>3,058,813</u>

Note - At June 30, 2011 the Fleet Management Fund's assets, liabilities, and net assets were reassigned to the General Fund.

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, 2011

	<u>Self-Insurance</u>	<u>Fleet Management</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 27,949,427	1,315,224	29,264,651
Recovered cost	46,618	265,502	312,120
Miscellaneous revenue	-	48,271	48,271
Total operating revenues	<u>27,996,045</u>	<u>1,628,997</u>	<u>29,625,042</u>
OPERATING EXPENSES			
Health care claims and benefits	27,465,709	-	27,465,709
Personal services	24,163	965,065	989,228
Fringe benefits	2,115	361,753	363,868
Contractual services	27,453	74,256	101,709
Other charges	35,971	236,654	272,625
Depreciation	-	106,870	106,870
Total operating expenses	<u>27,555,411</u>	<u>1,744,598</u>	<u>29,300,009</u>
Operating income (loss)	<u>440,634</u>	<u>(115,601)</u>	<u>325,033</u>
NONOPERATING REVENUES			
Interest income	84,496	-	84,496
Gain on sale of capital assets	-	134,917	134,917
Total nonoperating revenues	<u>84,496</u>	<u>134,917</u>	<u>219,413</u>
Income before capital contributions, special items, and transfer	<u>525,130</u>	<u>19,316</u>	<u>544,446</u>
Capital contributions	-	10,985	10,985
Special item - Fleet Management Fund reassigned to General Fund	-	(133,181)	(133,181)
Transfers in	-	144,213	144,213
Change in net assets	<u>525,130</u>	<u>41,333</u>	<u>566,463</u>
Total net assets (deficit) - beginning	<u>2,533,683</u>	<u>(41,333)</u>	<u>2,492,350</u>
Total net assets - ending	<u>\$ 3,058,813</u>	<u>-</u>	<u>3,058,813</u>

COUNTY OF HANOVER, VIRGINIA

Exhibit 22

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2011

	Self-Insurance	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 28,008,427	1,649,288	29,657,715
Payments to suppliers and service providers	(64,199)	(271,335)	(335,534)
Payments to employees	(26,278)	(1,521,543)	(1,547,821)
Claims and benefits paid	(27,674,387)	-	(27,674,387)
Net cash provided by operating activities	<u>243,563</u>	<u>(143,590)</u>	<u>99,973</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from General Fund - operating	-	144,213	144,213
Transfer to General Fund - operating	-	(133,181)	(133,181)
Repayment of advance from General Fund	-	(100,748)	(100,748)
Net cash provided by noncapital financing activities	<u>-</u>	<u>(89,716)</u>	<u>(89,716)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(149,313)	(149,313)
Proceeds from sale of capital assets	-	382,619	382,619
Net cash (used) by capital and related financing activities	<u>-</u>	<u>233,306</u>	<u>233,306</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	84,496	-	84,496
Net cash provided by investing activities	<u>84,496</u>	<u>-</u>	<u>84,496</u>
Net increase in cash and cash equivalents	328,059	-	328,059
Cash and cash equivalents at beginning of year	6,164,469	-	6,164,469
Cash and cash equivalents at end of year	<u>\$ 6,492,528</u>	<u>-</u>	<u>6,492,528</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 440,634	(115,601)	325,033
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	-	106,870	106,870
(Increase) decrease in:			
Accounts receivable	(59,066)	20,291	(38,775)
Inventory	-	155,231	155,231
Increase (decrease) in:			
Accounts payable	(1,612)	(115,656)	(117,268)
Incurred but not reported self-insurance claims	(148,000)	-	(148,000)
Accrued liabilities	(775)	(53,712)	(54,487)
Unearned revenue	12,382	-	12,382
Compensated absences	-	(141,013)	(141,013)
Total adjustments	<u>(197,071)</u>	<u>(27,989)</u>	<u>(225,060)</u>
Net cash provided by operating activities	<u>\$ 243,563</u>	<u>(143,590)</u>	<u>99,973</u>
Noncash capital and financing activities:			
Capital contributions	\$ -	10,985	10,985