

## INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of services, provided by one department to other departments of the County, on a cost reimbursement basis.

The **Health Insurance Fund** is a self-insured fund used to account for health care costs.

The **Dental Insurance Fund** is a fully insured fund used to account for dental care costs.

The **Risk Management Fund** is a self-insured fund used to account for workers' compensation costs for employees injured on the job.



**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2006**

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,457,323	\$ 22,640	\$ 1,305,492	\$ 2,785,455
Investments	4,218,618	65,536	3,779,100	8,063,254
Accounts receivable	116,531	536	37,847	154,914
Interfund receivable	-	-	360,000	360,000
Total current assets	<u>\$ 5,792,472</u>	<u>\$ 88,712</u>	<u>\$ 5,482,439</u>	<u>\$ 11,363,623</u>
Noncurrent assets:				
Interfund receivable	-	-	680,139	680,139
Total noncurrent assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,139</u>	<u>\$ 680,139</u>
Total assets	<u>\$ 5,792,472</u>	<u>\$ 88,712</u>	<u>\$ 6,162,578</u>	<u>\$ 12,043,762</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 600	\$ -	\$ 13,745	\$ 14,345
Claims payable	715,747	-	496,513	1,212,260
Deferred revenue	480,501	33,977	-	514,478
Total current liabilities	<u>\$ 1,196,848</u>	<u>\$ 33,977</u>	<u>\$ 510,258</u>	<u>\$ 1,741,083</u>
Noncurrent liabilities:				
Claims payable	-	-	1,276,746	1,276,746
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,276,746</u>	<u>\$ 1,276,746</u>
Total liabilities	<u>\$ 1,196,848</u>	<u>\$ 33,977</u>	<u>\$ 1,787,004</u>	<u>\$ 3,017,829</u>
<b>NET ASSETS</b>				
Unrestricted	4,595,624	54,735	4,375,574	9,025,933
Total net assets	<u>\$ 4,595,624</u>	<u>\$ 54,735</u>	<u>\$ 4,375,574</u>	<u>\$ 9,025,933</u>

See accompanying independent auditors' report.

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2006**

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 5,329,415	\$ 383,427	\$ 969,445	\$ 6,682,287
Miscellaneous	-	-	11,251	11,251
Total operating revenues	<u>\$ 5,329,415</u>	<u>\$ 383,427</u>	<u>\$ 980,696</u>	<u>\$ 6,693,538</u>
<b>OPERATING EXPENSES</b>				
Purchased services	\$ -	\$ -	\$ 365,853	\$ 365,853
Personal services	-	-	143,998	143,998
Claims	5,087,917	382,915	1,179,967	6,650,799
Administrative charges	15,587	-	45,879	61,466
Total operating expenses	<u>\$ 5,103,504</u>	<u>\$ 382,915</u>	<u>\$ 1,735,697</u>	<u>\$ 7,222,116</u>
Operating income (loss)	<u>\$ 225,911</u>	<u>\$ 512</u>	<u>\$ (755,001)</u>	<u>\$ (528,578)</u>
<b>NONOPERATING REVENUES</b>				
Investment income	\$ 150,793	\$ 2,808	\$ 133,812	\$ 287,413
Total nonoperating revenues	<u>\$ 150,793</u>	<u>\$ 2,808</u>	<u>\$ 133,812</u>	<u>\$ 287,413</u>
Net income (loss) before transfers	376,704	3,320	(621,189)	(241,165)
Transfers in	551,054	2,716	-	553,770
Change in net assets	<u>\$ 927,758</u>	<u>\$ 6,036</u>	<u>\$ (621,189)</u>	<u>\$ 312,605</u>
Total net assets at beginning of year	3,667,866	48,699	4,996,763	8,713,328
Total net assets at end of year	<u><u>\$ 4,595,624</u></u>	<u><u>\$ 54,735</u></u>	<u><u>\$ 4,375,574</u></u>	<u><u>\$ 9,025,933</u></u>

See accompanying independent auditors' report.

**COUNTY OF ROANOKE, VIRGINIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2006**

	Internal Service Funds			Total Internal Service Funds
	Health Insurance	Dental Insurance	Risk Management	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from interfund services provided	\$ 5,329,415	\$ 383,427	\$ 969,445	\$ 6,682,287
Payments to suppliers	(196,971)	-	(405,301)	(602,272)
Payments to employees	-	-	(143,998)	(143,998)
Claims paid	(5,130,005)	(382,915)	(457,524)	(5,970,444)
Other receipts (payments)	(47,085)	3,421	(19,632)	(63,296)
Net cash provided by (used in) operating activities	<u>\$ (44,646)</u>	<u>\$ 3,933</u>	<u>\$ (57,010)</u>	<u>\$ (97,723)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	551,054	2,716	-	553,770
Interfund loans-proceeds and collections	-	-	892,691	892,691
Net cash provided by noncapital financing activities	<u>551,054</u>	<u>2,716</u>	<u>892,691</u>	<u>1,446,461</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in investments	(993,955)	(14,957)	(1,135,048)	(2,143,960)
Interest and dividends	150,793	2,808	133,812	287,413
Net cash used in investing activities	<u>(843,162)</u>	<u>(12,149)</u>	<u>(1,001,236)</u>	<u>(1,856,547)</u>
Net decrease in cash and cash equivalents	(336,754)	(5,500)	(165,555)	(507,809)
Cash and cash equivalents at beginning of the year	1,794,077	28,140	1,471,047	3,293,264
Cash and cash equivalents at end of the year	<u>\$ 1,457,323</u>	<u>\$ 22,640</u>	<u>\$ 1,305,492</u>	<u>\$ 2,785,455</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 225,911	\$ 512	\$ (755,001)	\$ (528,578)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Accounts receivable	(109,193)	(382)	(30,883)	(140,458)
Accounts payable	(181,384)	-	6,431	(174,953)
Claims payable	(42,088)	-	722,443	680,355
Deferred revenue	62,108	3,803	-	65,911
Net cash provided by (used in) operating activities	<u>\$ (44,646)</u>	<u>\$ 3,933</u>	<u>\$ (57,010)</u>	<u>\$ (97,723)</u>

See accompanying independent auditors' report.