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.

Schedule 6

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2005

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,794,077	$ 28,140	$ 1,471,047	$ 3,293,264
Investments	3,224,663	50,579	2,644,052	5,919,294
Accounts receivable	7,338	154	6,964	14,456
Interfund receivable	-	-	814,603	814,603
Total current assets	$ 5,026,078	$ 78,873	$ 4,936,666	$ 10,041,617
Noncurrent assets:				
Interfund receivable	-	-	1,118,227	1,118,227
Total noncurrent assets	$ -	$ -	$ 1,118,227	$ 1,118,227
Total assets	$ 5,026,078	$ 78,873	$ 6,054,893	$ 11,159,844
LIABILITIES				
Current liabilities:				
Accounts payable	$ 181,984	$ -	$ 7,314	$ 189,298
Claims payable	757,835	-	315,245	1,073,080
Unearned revenue	418,393	30,174	-	448,567
Total current liabilities	$ 1,358,212	$ 30,174	$ 322,559	$ 1,710,945
Noncurrent liabilities:				
Claims payable	-	-	735,571	735,571
Total noncurrent liabilities	$ -	$ -	$ 735,571	$ 735,571
Total liabilities	$ 1,358,212	$ 30,174	$ 1,058,130	$ 2,446,516
NET ASSETS				
Unrestricted	3,667,866	48,699	4,996,763	8,713,328
Total net assets	$ 3,667,866	$ 48,699	$ 4,996,763	$ 8,713,328

See accompanying independent auditors' report.

Schedule 7

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2005

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ 4,888,268	$ 323,970	$ 962,345	$ 6,174,583
Miscellaneous	-	-	74,194	74,194
Total operating revenues	$ 4,888,268	$ 323,970	$ 1,036,539	$ 6,248,777
OPERATING EXPENSES				
Purchased services	$ -	$ -	$ 409,136	$ 409,136
Personal services	328	-	140,291	140,619
Claims	4,155,229	349,308	739,625	5,244,162
Administrative charges	28,772	-	39,722	68,494
Total operating expenses	$ 4,184,329	$ 349,308	$ 1,328,774	$ 5,862,411
Operating income (loss)	$ 703,939	$ (25,338)	$ (292,235)	$ 386,366
NONOPERATING REVENUES				
Investment income	$ 53,401	$ 1,303	$ 56,822	$ 111,526
Total nonoperating revenues	$ 53,401	$ 1,303	$ 56,822	$ 111,526
Net income (loss) before transfers	757,340	(24,035)	(235,413)	497,892
Transfers in	483,782	-	-	483,782
Change in net assets	$ 1,241,122	$ (24,035)	$ (235,413)	$ 981,674
Total net assets at beginning of year	2,426,744	72,734	5,232,176	7,731,654
Total net assets at end of year	$ 3,667,866	$ 48,699	$ 4,996,763	$ 8,713,328

See accompanying independent auditors' report.

Schedule 8

COUNTY OF ROANOKE, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2005

	Internal Service Funds			
	Health Insurance	Dental Insurance	Risk Management	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	$ 4,888,268	$ 323,970	$ 962,345	$ 6,174,583
Payments to suppliers	(495,572)	-	(450,323)	(945,895)
Payments to employees	(328)	-	(140,291)	(140,619)
Claims paid	(4,217,546)	(349,308)	(564,787)	(5,131,641)
Other receipts (payments)	(3,600)	26,184	77,566	100,150
Net cash provided by (used in) operating activities	$ 171,222	$ 846	$ (115,490)	$ 56,578
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	483,782	-	-	483,782
Interfund loans-proceeds and collections	-	-	(1,479,271)	(1,479,271)
Net cash provided by (used in) noncapital financing activities	483,782	-	(1,479,271)	(995,489)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (Increase) in investments	(283,448)	1,670	1,213,376	931,598
Interest and dividends	53,401	1,303	56,822	111,526
Net cash provided by (used in) investing activities	(230,047)	2,973	1,270,198	1,043,124
Net increase (decrease) in cash and cash equivalents	424,957	3,819	(324,563)	104,213
Cash and cash equivalents at beginning of the year	1,369,120	24,321	1,795,610	3,189,051
Cash and cash equivalents at end of the year	$ 1,794,077	$ 28,140	$ 1,471,047	$ 3,293,264
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 703,939	$ (25,338)	$ (292,235)	$ 386,366
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Accounts receivable	(1,054)	24,408	3,372	$ 26,726
Accounts payable	(466,800)	-	(1,465)	(468,265)
Claims payable	(62,317)	-	174,838	112,521
Unearned revenue	(2,546)	1,776	-	(770)
Net cash provided by (used in) operating activities	$ 171,222	$ 846	$ (115,490)	$ 56,578

See accompanying independent auditors' report.