

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to another department or agency of the City.

The **Fleet Maintenance Fund** accounts for the cost of maintaining all City vehicles and construction equipment except fire equipment. All costs, including depreciation, are included in establishing the rate to be charged to each department.

The **Insurance Fund** accounts for the payment of all City insurance premiums and claims for which each City department is charged.

The **Medical Self-Insurance Fund** accounts for all revenues, expenses and reserves associated with the City's medical self-insurance program.

The **Worker's Compensation Fund** accounts for all revenues, expenses, and reserves associated with the City's self-insurance program workman's compensation.

The **Information Technology Fund** accounts for the costs of information technology implementation, management, and support for all City departments.

The **Redmond Community Properties (RCP) Fund** reports the operating activities of a blended component unity of the City, Redmond Community Properties. The fund was used to account for the monthly maintenance expenses of City Hall and the rent and asset management fees paid to RCP. In 2013 the City issued Limited Tax General Obligation Refunding Bonds to advance refund and defease the RCP Leave Revenue Bonds (see Note 12 Long-Term Obligations for more information). Following the issuance of the bonds and the defeasance and refunding of the outstanding RCP bonds, title to City Hall and the parking garage transferred to the City. At the end of 2013 there were outstanding receivables and payables, all of which cleared in 2014. There were no revenues or expenditures in 2014. This fund will no longer be maintained or reported after 2014.

CITY OF REDMOND
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 December 31, 2014

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	<u>Fleet Maintenance</u>	<u>Insurance</u>	<u>Medical Self-Insurance</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 540,943	\$ 72,942	\$ 1,134,931
Investments	4,508,961	610,252	9,434,852
Receivables:			
Accounts and contracts	-	-	-
Interest	10,147	1,367	21,470
Inventory	46,316	-	-
Prepaid Insurance	-	443,754	-
Total current assets	<u>5,106,367</u>	<u>1,128,315</u>	<u>10,591,253</u>
Noncurrent assets:			
Land	584,292	-	-
Buildings	510,196	-	-
Improvements other than buildings	248,876	-	-
Equipment	12,900,168	-	-
Less accumulated depreciation	<u>(9,255,306)</u>	<u>-</u>	<u>-</u>
Total capital assets (net of depreciation)	<u>4,988,226</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>4,988,226</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 10,094,593</u>	<u>\$ 1,128,315</u>	<u>\$ 10,591,253</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 474,021	\$ 3,839	\$ 1,216,369
Employee wages payable	4,893	728	-
Compensated absences	37,490	3,454	-
Due to other governments	5,972	-	-
Due to other funds	-	-	-
Total current liabilities	<u>522,376</u>	<u>8,021</u>	<u>1,216,369</u>
Noncurrent liabilities:			
Compensated absences	<u>9,373</u>	<u>864</u>	<u>-</u>
Total noncurrent liabilities	<u>9,373</u>	<u>864</u>	<u>-</u>
Total Liabilities	<u>531,749</u>	<u>8,885</u>	<u>1,216,369</u>
NET POSITION			
Net investment in capital assets	4,988,226	-	-
Unrestricted	4,574,618	1,119,430	9,374,884
Total net position	<u>\$ 9,562,844</u>	<u>\$ 1,119,430</u>	<u>\$ 9,374,884</u>

The notes to the financial statements are an integral part of this statement.

CITY OF REDMOND
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 December 31, 2014

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	Workers' Compensation	Information Technology	Redmond Community Properties*	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 21,283	\$ 144,784	\$ -	\$ 1,914,883
Investments	175,405	1,209,500	-	15,938,970
Receivables:				-
Accounts and contracts	-	-	-	-
Interest	371	2,719	-	36,074
Inventory	-	-	-	46,316
Prepaid Insurance	-	-	-	443,754
Total current assets	<u>197,059</u>	<u>1,357,003</u>	<u>-</u>	<u>18,379,997</u>
Noncurrent assets:				
Land	-	-	-	584,292
Buildings	-	109,298	-	619,494
Improvements other than buildings	-	107,322	-	356,198
Equipment	-	542,506	-	13,442,674
Less accumulated depreciation	-	(199,255)	-	(9,454,561)
Total capital assets (net of depreciation)	<u>-</u>	<u>559,871</u>	<u>-</u>	<u>5,548,097</u>
Total noncurrent assets	<u>-</u>	<u>559,871</u>	<u>-</u>	<u>5,548,097</u>
Total Assets	<u>\$ 197,059</u>	<u>\$ 1,916,874</u>	<u>\$ -</u>	<u>\$ 23,928,094</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 40,549	\$ 380,023	\$ -	\$ 2,114,801
Employee wages payable	2,364	25,076	-	33,061
Compensated absences	5,125	125,095	-	171,164
Due to other governments	28,293	439	-	34,704
Due to other funds	-	-	-	-
Total current liabilities	<u>76,331</u>	<u>530,633</u>	<u>-</u>	<u>2,353,730</u>
Noncurrent liabilities:				
Compensated absences	<u>1,281</u>	<u>31,274</u>	<u>-</u>	<u>42,792</u>
Total noncurrent liabilities	<u>1,281</u>	<u>31,274</u>	<u>-</u>	<u>42,792</u>
Total Liabilities	<u>77,612</u>	<u>561,907</u>	<u>-</u>	<u>2,396,522</u>
NET POSITION				
Net investment in capital assets	-	559,871	-	5,548,097
Unrestricted	119,447	795,096	-	15,983,475
Total net position	<u>\$ 119,447</u>	<u>\$ 1,354,967</u>	<u>\$ -</u>	<u>\$ 21,531,572</u>

*The only 2014 activity for Redmond Community Properties was final settlement of accounts receivable, accounts payable, and due to other funds, which is reflected in the Statement of Cash Flows. See note 14 - Component Units for more information.

The notes to the financial statements are an integral part of this statement.

CITY OF REDMOND
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 For the year ended December 31, 2014

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	Fleet Maintenance	Insurance	Medical Self-Insurance
Operating revenues:			
Charges for services	\$ 64,616	\$ 944,138	\$ 10,717,056
Charges for replacement	2,651,692	-	-
Charges for insurance	-	-	-
Total operating revenues	2,716,308	944,138	10,717,056
Operating expenses:			
Supplies	145,677	-	-
Maintenance and operations	1,193,861	890,979	9,485,565
Depreciation and amortization	1,001,346	-	-
Total Operating Expenses	2,340,884	890,979	9,485,565
Operating income (loss)	375,424	53,159	1,231,491
Nonoperating revenues (expenses):			
Interest and investment revenue	39,421	6,661	81,721
Net change in fair value of investments	(5,486)	(1,311)	(13,166)
Insurance recovery	-	93,455	399,847
Lease and other revenue	-	-	87,505
Total nonoperating revenues (expenses)	33,935	98,805	555,907
Income (loss) before contributions and transfers	409,359	151,964	1,787,398
Transfers out	-	-	(193,595)
Change in net position	409,359	151,964	1,593,803
Total net position - beginning, as previously reported	9,153,485	967,466	7,781,081
Total net position - ending	\$ 9,562,844	\$ 1,119,430	\$ 9,374,884

The notes to the financial statements are an integral part of this statement.

CITY OF REDMOND
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 For the year ended December 31, 2014

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	Workers' Compensation	Information Technology	Redmond Community Properties*	Total
Operating revenues:				
Charges for services	\$ -	\$ 3,692,879	\$ -	\$ 15,418,689
Charges for replacement	-	-	-	2,651,692
Charges for insurance	932,947	-	-	932,947
Total operating revenues	<u>932,947</u>	<u>3,692,879</u>	<u>-</u>	<u>19,003,328</u>
Operating expenses:				
Supplies	749	113,424	-	259,850
Maintenance and operations	850,764	4,210,385	-	16,631,554
Depreciation and amortization	-	73,335	-	1,074,681
Total Operating Expenses	<u>851,513</u>	<u>4,397,144</u>	<u>-</u>	<u>17,966,085</u>
Operating income (loss)	<u>81,434</u>	<u>(704,265)</u>	<u>-</u>	<u>1,037,243</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	1,107	10,647	-	139,557
Net change in fair value of investments	(248)	2,828	-	(17,383)
Insurance recovery	-	-	-	493,302
Lease and other revenue	-	-	-	87,505
Total nonoperating revenues (expenses)	<u>859</u>	<u>13,475</u>	<u>-</u>	<u>702,981</u>
Income (loss) before contributions and transfers	<u>82,293</u>	<u>(690,790)</u>	<u>-</u>	<u>1,740,224</u>
Transfers out	-	-	-	(193,595)
Change in net position	<u>82,293</u>	<u>(690,790)</u>	<u>-</u>	<u>1,546,629</u>
Total net position - beginning, as previously reported	37,154	2,045,757	-	19,984,943
Total net position - ending	<u>\$ 119,447</u>	<u>\$ 1,354,967</u>	<u>\$ -</u>	<u>\$ 21,531,572</u>

*The only 2014 activity for Redmond Community Properties was final settlement of accounts receivable, accounts payable, and due to other funds, which is reflected in the Statement of Cash Flows. See note 14 - Component Units for more information.

The notes to the financial statements are an integral part of this statement.

CITY OF REDMOND
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended December 31, 2014

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	Fleet Maintenance	Insurance	Medical Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 64,616	\$ 944,138	\$ 11,088,142
Cash received for replacement	2,651,692	-	-
Cash payments to suppliers	(300,560)	(859,233)	(559,908)
Cash payments to employees	(429,505)	(52,691)	(9,066,714)
Cash payments to other governments	5,939	-	-
Internal activity - payments to other funds	(150,060)	(17,634)	-
Other operating receipts	-	-	-
Net cash provided (used) by operating activities	1,842,122	14,580	1,461,520
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Nonoperating transfers in/transfers out	-	-	(193,595)
Other non-operating revenues (expenses)	-	93,455	487,352
Net cash provided by noncapital financing activities	-	93,455	293,757
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,359,095)	-	-
Net cash provided (used) for capital and related financing activities	(1,359,095)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Internal activity, net investment purchases	(539,259)	(111,359)	(1,777,240)
Interest on investments	57,685	8,212	114,553
Net cash provided (used) in investing activities	(481,574)	(103,147)	(1,662,687)
Net increase (decrease) in cash and cash equivalents	1,453	4,888	92,590
Cash and cash equivalents-beginning of year	539,490	68,054	1,042,341
Cash and cash equivalents-end of year	\$ 540,943	\$ 72,942	\$ 1,134,931
Cash at the end of the year consists of:			
Operating fund cash	\$ 540,943	\$ 72,942	\$ 1,134,931
Cash and cash equivalents-end of year	\$ 540,943	\$ 72,942	\$ 1,134,931
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 375,424	\$ 53,159	\$ 1,231,491
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,001,346	-	-
Decrease (increase) in accounts receivable	-	-	371,086
Decrease (increase) in inventory	10,457	-	-
Decrease (increase) in prepaid expenses	-	(30,477)	-
Increase (decrease) in accounts payable	441,612	(7,616)	(141,051)
Increase (decrease) due to other governments	5,939	-	-
Increase (decrease) due to other funds	-	-	-
Increase (decrease) in employee wages payable	(850)	(123)	(6)
Increase (decrease) in compensated absences payable	8,194	(363)	-
Net cash provided (used) by operating activities	\$ 1,842,122	\$ 14,580	\$ 1,461,520
Noncash investing, capital and financing activities:			
Fair value of investments decreased by	(20,073)	(2,717)	(42,001)

The notes to the financial statements are an integral part of this statement.

CITY OF REDMOND
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended December 31, 2014

	Worker's Compensation	Information Technology	Redmond Community Properties	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 932,947	\$ 3,692,879	\$ -	\$ 16,722,722
Cash received for replacement	-	-	-	2,651,692
Cash payments to suppliers	(239,026)	(1,505,703)	31,499	(3,432,931)
Cash payments to employees	(640,825)	(2,242,412)	-	(12,432,147)
Cash payments to other governments	28,293	(169,938)	-	(135,706)
Internal activity - payments to other funds	(24,487)	(282,952)	(124,512)	(599,645)
Other operating receipts	-	-	-	-
Net cash provided (used) by operating activities	<u>56,902</u>	<u>(508,126)</u>	<u>(93,013)</u>	<u>2,773,985</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Nonoperating transfers in/transfers out	-	-	-	(193,595)
Other non-operating revenues (expenses)	-	-	-	580,807
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,212</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(57,400)	-	(1,416,495)
Net cash provided (used) for capital and related financing activities	<u>-</u>	<u>(57,400)</u>	<u>-</u>	<u>(1,416,495)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Internal activity, net investment purchases	(53,855)	461,661	-	(2,020,052)
Interest on investments	1,693	20,959	-	203,102
Net cash provided (used) in investing activities	<u>(52,162)</u>	<u>482,620</u>	<u>-</u>	<u>(1,816,950)</u>
Net increase (decrease) in cash and cash equivalents	4,740	(82,906)	(93,013)	(72,248)
Cash and cash equivalents-beginning of year	16,543	227,690	93,013	1,987,131
Cash and cash equivalents-end of year	<u>\$ 21,283</u>	<u>\$ 144,784</u>	<u>\$ -</u>	<u>\$ 1,914,883</u>
Cash at the end of the year consists of:				
Operating fund cash	\$ 21,283	\$ 144,784	\$ -	\$ 1,914,883
Cash and cash equivalents-end of year	<u>\$ 21,283</u>	<u>\$ 144,784</u>	<u>\$ -</u>	<u>\$ 1,914,883</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 81,434	\$ (704,265)	\$ -	\$ 1,037,243
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	-	73,335	-	1,074,681
Decrease (increase) in accounts receivable	-	-	36,419	407,505
Decrease (increase) in inventory	-	-	-	10,457
Decrease (increase) in prepaid expenses	-	-	-	(30,477)
Increase (decrease) in accounts payable	(39,968)	293,870	(4,920)	541,927
Increase (decrease) due to other governments	28,293	(169,938)	-	(135,706)
Increase (decrease) due to other funds	-	-	(124,512)	(124,512)
Increase (decrease) in employee wages payable	(398)	(4,041)	-	(5,418)
Increase (decrease) in compensated absences payable	(12,459)	2,913	-	(1,715)
Net cash provided (used) by operating activities	<u>\$ 56,902</u>	<u>\$ (508,126)</u>	<u>\$ (93,013)</u>	<u>\$ 2,773,985</u>
Noncash investing, capital and financing activities:				
Fair value of investments decreased by	(781)	(5,384)	-	(70,956)

*The only 2014 activity for Redmond Community Properties was final settlement of accounts receivable, accounts payable, and due to other funds, which is reflected in the Statement of Cash Flows. See note 14 - Component Units for more information.

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