

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.

CITY OF REDMOND
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 December 31, 2015

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| | Fleet Maintenance | Insurance | Medical Self-Insurance |
|--|----------------------|--------------|---------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 666,789 | 104,173 | 1,449,407 |
| Investments | 4,196,591 | 655,635 | 9,122,186 |
| Receivables: | | | |
| Accounts and contracts | - | - | 80,783 |
| Interest | 9,479 | 1,487 | 20,752 |
| Inventory | 37,012 | - | - |
| Prepaid Insurance | - | 453,171 | - |
| Total current assets | 4,909,871 | 1,214,466 | 10,673,128 |
| Noncurrent assets: | | | |
| Land | 584,292 | - | - |
| Buildings | 510,196 | - | - |
| Improvements other than buildings | 248,876 | - | - |
| Equipment | 12,909,602 | - | - |
| Construction in progress | 27,248 | - | - |
| Less accumulated depreciation | (9,128,440) | - | - |
| Total capital assets (net of depreciation) | 5,151,774 | - | - |
| Total noncurrent assets | 5,151,774 | - | - |
| Total Assets | \$ 10,061,645 | 1,214,466 | 10,673,128 |
| Deferred outflow of resources: | | | |
| Pension GASB 68 | 41,946 | 4,492 | 141 |
| Total deferred outflows | 41,946 | 4,492 | 141 |
| Total assets and deferred outflows | 10,103,591 | 1,218,958 | 10,673,269 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 67,720 | 126,642 | 997,591 |
| Employee wages payable | 23,585 | 2,112 | 11 |
| Compensated absences | 44,218 | 5,023 | 185 |
| Due to other governments | 149 | - | - |
| Total current liabilities | 135,672 | 133,777 | 997,787 |
| Noncurrent liabilities: | | | |
| Compensated absences | 11,055 | 1,256 | 46 |
| Net Pension Liability | 343,743 | 36,811 | 1,157 |
| Total noncurrent liabilities | 354,798 | 38,067 | 1,203 |
| Total Liabilities | 490,470 | 171,844 | 998,990 |
| Deferred inflow of resources: | | | |
| Pension GASB 68 | 52,558 | 5,628 | 177 |
| Total deferred inflows | 52,558 | 5,628 | 177 |
| Total liabilities and deferred inflows | 543,028 | 177,472 | 999,167 |
| NET POSITION | | | |
| Net investment in capital assets | 5,151,774 | - | - |
| Unrestricted | 4,408,789 | 1,041,486 | 9,674,102 |
| Total net position | \$ 9,560,563 | \$ 1,041,486 | \$ 9,674,102 |

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, 2015

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| | Workers' Compensation | Information Technology | Total |
|--|--------------------------|---------------------------|---------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 110,861 | 273,929 | 2,605,159 |
| Investments | 697,728 | 1,724,034 | 16,396,174 |
| Receivables: | | | |
| Accounts and contracts | - | - | 80,783 |
| Interest | 1,579 | 3,405 | 36,702 |
| Inventory | - | - | 37,012 |
| Prepaid Insurance | - | - | 453,171 |
| Total current assets | 810,168 | 2,001,368 | 19,609,001 |
| Noncurrent assets: | | | |
| Land | - | - | 584,292 |
| Buildings | - | 109,298 | 619,494 |
| Improvements other than buildings | - | 107,322 | 356,198 |
| Equipment | - | 830,248 | 13,739,850 |
| Construction in progress | - | 64,122 | 91,370 |
| Less accumulated depreciation | - | (276,742) | (9,405,182) |
| Total capital assets (net of depreciation) | - | 834,248 | 5,986,022 |
| Total noncurrent assets | - | 834,248 | 5,986,022 |
| Total Assets | \$ 810,168 | 2,835,616 | 25,595,023 |
| Deferred outflow of resources: | | | |
| Pension GASB 68 | 7,873 | 229,913 | 284,365 |
| Total deferred outflows | 7,873 | 229,913 | 284,365 |
| Total assets and deferred outflows | 818,041 | 3,065,529 | 25,879,388 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 210,244 | 127,680 | 1,529,877 |
| Employee wages payable | 2,996 | 270,961 | 299,665 |
| Compensated absences | 4,429 | 153,414 | 207,269 |
| Due to other governments | 34,664 | - | 34,813 |
| Total current liabilities | 252,333 | 552,055 | 2,071,624 |
| Noncurrent liabilities: | | | |
| Compensated absences | 1,107 | 38,354 | 51,818 |
| Net Pension Liability | 64,522 | 1,884,126 | 2,330,359 |
| Total noncurrent liabilities | 65,629 | 1,922,480 | 2,382,177 |
| Total Liabilities | 317,962 | 2,474,535 | 4,453,801 |
| Deferred inflow of resources: | | | |
| Pension GASB 68 | 9,865 | 288,082 | 356,310 |
| Total deferred inflows | 9,865 | 288,082 | 356,310 |
| Total liabilities and deferred inflows | 327,827 | 2,762,617 | 4,810,111 |
| NET POSITION | | | |
| Net investment in capital assets | - | 834,248 | 5,986,022 |
| Unrestricted | 490,214 | (531,336) | 15,083,255 |
| Total net position | \$ 490,214 | \$ 302,912 | \$ 21,069,277 |

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, 2015

Page 1 of 2

| | Fleet Maintenance | Insurance | Medical Self-Insurance |
|---|----------------------|--------------|---------------------------|
| Operating revenues: | | | |
| Charges for services | \$ 71,952 | 1,033,455 | 10,914,301 |
| Charges for replacement | 2,378,063 | - | - |
| Charges for insurance | - | - | - |
| Total operating revenues | 2,450,015 | 1,033,455 | 10,914,301 |
| Operating expenses: | | | |
| Supplies | 139,272 | - | - |
| Maintenance and operations | 1,118,916 | 1,071,653 | 11,261,255 |
| Depreciation and amortization | 994,313 | - | - |
| Total Operating Expenses | 2,252,501 | 1,071,653 | 11,261,255 |
| Operating income (loss) | 197,514 | (38,198) | (346,954) |
| Nonoperating revenues (expenses): | | | |
| Interest and investment revenue | 36,010 | 6,630 | 80,954 |
| Net change in fair value of the investment | (7,196) | (1,614) | (18,256) |
| Grant income | - | - | - |
| Gain (loss) on disposal of capital assets | 121,538 | - | - |
| Insurance recovery | - | 5,396 | 506,343 |
| Lease and other revenue | 4,894 | 730 | 214,003 |
| Total nonoperating revenues (expenses) | 155,246 | 11,142 | 783,044 |
| Income (loss) before contributions and transfers | 352,760 | (27,056) | 436,090 |
| Transfers in | 11,622 | - | |
| Transfers out | - | (11,622) | (135,638) |
| Change in net position | 364,382 | (38,678) | 300,452 |
| Total net position - beginning, as previously reported | 9,562,844 | \$ 1,119,430 | \$ 9,374,884 |
| Changes in Accounting Principles-GASB 68 | (366,663) | (39,266) | (1,234) |
| Total net position - ending | \$ 9,560,563 | \$ 1,041,486 | \$ 9,674,102 |

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, 2015

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| | Workers' Compensation | Information Technology | Total |
|---|--------------------------|---------------------------|---------------|
| Operating revenues: | | | |
| Charges for services | \$ - | 5,355,029 | 17,374,737 |
| Charges for replacement | - | - | 2,378,063 |
| Charges for insurance | 1,170,182 | - | 1,170,182 |
| Total operating revenues | 1,170,182 | 5,355,029 | 20,922,982 |
| Operating expenses: | | | |
| Supplies | 71 | 76,463 | 215,806 |
| Maintenance and operations | 736,695 | 4,277,128 | 18,465,647 |
| Depreciation and amortization | - | 77,487 | 1,071,800 |
| Total Operating Expenses | 736,766 | 4,431,078 | 19,753,253 |
| Operating income (loss) | 433,416 | 923,951 | 1,169,729 |
| Nonoperating revenues (expenses): | | | |
| Interest and investment revenue | 4,802 | 11,953 | 140,349 |
| Net change in fair value of the investment | (2,146) | (3,282) | (32,494) |
| Grant income | 1,156 | - | 1,156 |
| Gain (loss) on disposal of capital assets | - | - | 121,538 |
| Insurance recovery | - | - | 511,739 |
| Lease and other revenue | 2,364 | 25,078 | 247,069 |
| Total nonoperating revenues (expenses) | 6,176 | 33,749 | 989,357 |
| Income (loss) before contributions and transfers | 439,592 | 957,700 | 2,159,086 |
| Transfers in | - | - | 11,622 |
| Transfers out | - | - | (147,260) |
| Change in net position | 439,592 | 957,700 | 2,023,448 |
| Total net position - beginning, as previously reported | 119,447 | \$ 1,354,967 | \$ 21,531,572 |
| Changes in Accounting Principles-GASB 68 | (68,825) | (2,009,755) | (2,485,743) |
| Total net position - ending | \$ 490,214 | \$ 302,912 | \$ 21,069,277 |

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, 2015

Page 1 of 2

| | Fleet Maintenance | Insurance | Medical Self-Insurance |
|---|----------------------|--------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | \$ 71,952 | \$ 1,033,455 | \$ 10,833,518 |
| Cash received for replacement | 2,378,063 | - | - |
| Cash payments to suppliers | (996,376) | (887,826) | (765,981) |
| Cash payments to employees | (469,965) | (50,690) | (10,713,852) |
| Cash payments to other governments | (5,823) | - | - |
| Internal activity - payments to other funds | (174,049) | (17,724) | - |
| Other operating receipts | 4,893 | 6,124 | 720,346 |
| Net cash provided (used) by operating activities | 808,695 | 83,339 | 74,031 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Nonoperating transfers in/transfers out | 11,622 | (11,622) | (135,638) |
| Grant proceeds | - | - | - |
| Net cash provided by noncapital financing activities | 11,622 | (11,622) | (135,638) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | (1,157,861) | - | - |
| Proceeds from sale of other assets | 121,538 | - | - |
| Net cash provided (used) for capital and related financing activities | (1,036,323) | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Internal activity, net investment purchases | 312,370 | (45,383) | 312,666 |
| Interest on investments | 29,482 | 4,896 | 63,416 |
| Net cash provided (used) in investing activities | 341,852 | (40,487) | 376,082 |
| Net increase (decrease) in cash and cash equivalents | 125,846 | 31,230 | 314,475 |
| Cash and cash equivalents-beginning of year | 540,943 | 72,942 | 1,134,931 |
| Cash and cash equivalents-end of year | \$ 666,789 | \$ 104,172 | \$ 1,449,406 |
| Cash at the end of the year consists of: | | | |
| Operating fund cash | \$ 666,789 | \$ 104,173 | \$ 1,449,407 |
| Cash and cash equivalents-end of year | \$ 666,789 | \$ 104,173 | \$ 1,449,407 |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 197,514 | (38,198) | (346,954) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 994,313 | - | - |
| Decrease (increase) in accounts receivable | - | - | (80,783) |
| Decrease (increase) in inventory | 9,304 | - | - |
| Decrease (increase) in prepaid expenses | - | (9,417) | - |
| Increase (decrease) in accounts payable | (406,301) | 122,803 | (218,778) |
| Increase (decrease) due to other governments | (5,823) | - | - |
| Increase (decrease) in employee wages payable | 18,692 | 1,384 | 11 |
| Increase (decrease) in compensated absences payable | 8,410 | 1,961 | 231 |
| Reclassify other income | 4,893 | 6,124 | 720,346 |
| Increase (decrease) in GASB 68 adjustment | (12,307) | (1,318) | (42) |
| Net cash provided (used) by operating activities | \$ 808,695 | 83,339 | 74,031 |
| Noncash investing, capital and financing activities: | | | |
| Fair value of investments decreased by | (12,354) | (1,930) | (26,853) |

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, 2015

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| | Worker's Compensation | Information Technology | Totals |
|---|--------------------------|---------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | - |
| Cash received from customers | \$ 1,170,182 | \$ 5,355,029 | 18,464,136 |
| Cash received for replacement | - | - | 2,378,063 |
| Cash payments to suppliers | (6,368) | (1,566,731) | (4,223,282) |
| Cash payments to employees | (545,982) | (2,497,958) | (14,278,447) |
| Cash payments to other governments | 6,371 | (439) | 109 |
| Internal activity - payments to other funds | (17,270) | (327,418) | (536,461) |
| Other operating receipts | 2,364 | 25,076 | 758,803 |
| Net cash provided (used) by operating activities | 609,297 | 987,559 | 2,562,921 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Nonoperating transfers in/transfers out | - | - | (135,638) |
| Grant proceeds | 1,156 | - | 1,156 |
| Net cash provided by noncapital financing activities | 1,156 | - | (134,482) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | - | (351,864) | (1,509,725) |
| Proceeds from sale of other assets | - | - | 121,538 |
| Net cash provided (used) for capital and related financing activities | - | (351,864) | (1,388,187) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Internal activity, net investment purchases | (522,324) | (514,534) | (457,205) |
| Interest on investments | 1,449 | 7,986 | 107,229 |
| Net cash provided (used) in investing activities | (520,875) | (506,548) | (349,976) |
| Net increase (decrease) in cash and cash equivalents | 89,578 | 129,147 | 690,276 |
| Cash and cash equivalents-beginning of year | 21,283 | 144,784 | 1,914,883 |
| Cash and cash equivalents-end of year | \$ 110,861 | \$ 273,931 | \$ 2,605,159 |
| Cash at the end of the year consists of: | | | |
| Operating fund cash | \$ 110,861 | \$ 273,929 | \$ 2,605,159 |
| Cash and cash equivalents-end of year | \$ 110,861 | \$ 273,929 | \$ 2,605,159 |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | 433,416 | 923,953 | 1,169,731 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation and amortization | - | 77,487 | 1,071,800 |
| Decrease (increase) in accounts receivable | - | - | (80,783) |
| Decrease (increase) in inventory | - | - | 9,304 |
| Decrease (increase) in prepaid expenses | - | - | (9,417) |
| Increase (decrease) in accounts payable | 169,695 | (252,343) | (584,924) |
| Increase (decrease) due to other governments | 6,371 | (439) | 109 |
| Increase (decrease) in employee wages payable | 632 | 245,885 | 266,604 |
| Increase (decrease) in compensated absences payable | (870) | 35,399 | 45,131 |
| Reclassify other income | 2,364 | 25,076 | 758,803 |
| Increase (decrease) in GASB 68 adjustment | (2,311) | (67,459) | (83,437) |
| Net cash provided (used) by operating activities | \$ 609,297 | 987,559 | 2,562,921 |
| Noncash investing, capital and financing activities: | | | |
| Fair value of investments decreased by | (2,054) | (5,075) | (48,266) |

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