

## **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 **Workman'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 unit of the City, the Redmond Public Corporation. This fund accounts for the monthly maintenance expenses of City Hall and the asset management fees paid to RCP.

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
December 31, 2010

	Fleet Maintenance	Insurance	Medical Self-Insurance	Workman's Compensation
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 722,785	\$ 239,536	\$ 1,013,838	\$ 166,931
Investments	2,265,663	933,622	4,095,408	672,585
Receivables:				
Accounts and Contracts	-	-	869	-
Interest	5,934	2,382	10,813	1,686
Inventory	52,480	-	-	-
Prepaid insurance	-	328,226	-	-
Total current assets	<u>3,046,862</u>	<u>1,503,766</u>	<u>5,120,928</u>	<u>841,202</u>
Noncurrent assets:				
Land	584,292	-	-	-
Buildings	510,196	-	-	-
Improvements other than buildings	248,876	-	-	-
Equipment	11,781,539	-	-	-
Less accumulated depreciation	(7,004,821)	-	-	-
Projects in Progress	-	-	-	-
Total noncurrent assets	<u>6,120,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 9,166,944</u>	<u>\$ 1,503,766</u>	<u>\$ 5,120,928</u>	<u>\$ 841,202</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 133,133	\$ 9,576	\$ 1,008,116	\$ 72,159
Employee wages payable	2,023	678	-	-
Compensated absences	29,893	188	-	-
Total current liabilities	<u>165,049</u>	<u>10,442</u>	<u>1,008,116</u>	<u>72,159</u>
Noncurrent liabilities:				
Compensated absences	7,473	47	-	-
Total noncurrent liabilities	<u>7,473</u>	<u>47</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>172,522</u>	<u>10,489</u>	<u>1,008,116</u>	<u>72,159</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	6,120,082	-	-	-
Reserved for Replacement	2,874,340	-	-	-
Unrestricted	-	1,493,277	4,112,812	769,043
Total Net Assets	<u>\$ 8,994,422</u>	<u>\$ 1,493,277</u>	<u>\$ 4,112,812</u>	<u>\$ 769,043</u>

See accompanying notes to the financial statements.

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
December 31, 2010

	Information Technology	Redmond Community Properties	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 3,249,345	\$ 435,250	\$ 5,827,685
Investments	-	-	7,967,278
Receivables:			
Accounts and Contracts	-	-	869
Interest	-	368	21,183
Inventory	-	-	52,480
Prepaid insurance	-	67,395	395,621
Total current assets	<u>3,249,345</u>	<u>503,013</u>	<u>14,265,116</u>
Noncurrent assets:			
Land	-	-	584,292
Buildings	109,298	-	619,494
Improvements other than buildings	29,223	-	278,099
Equipment	212,173	-	11,993,712
Less accumulated depreciation	(165,240)	-	(7,170,061)
Projects in Progress	242,929	-	242,929
Total noncurrent assets	<u>428,383</u>	<u>-</u>	<u>6,548,465</u>
Total Assets	<u>\$ 3,677,728</u>	<u>\$ 503,013</u>	<u>\$ 20,813,581</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 28,154	\$ 107,610	\$ 1,358,748
Employee wages payable	8,800	-	11,501
Compensated absences	134,129	-	164,210
Total current liabilities	<u>171,083</u>	<u>107,610</u>	<u>1,534,459</u>
Noncurrent liabilities:			
Compensated absences	33,533	-	41,053
Total noncurrent liabilities	<u>33,533</u>	<u>-</u>	<u>41,053</u>
Total Liabilities	<u>204,616</u>	<u>107,610</u>	<u>1,575,512</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	428,383	-	6,548,465
Reserved for Replacement	-	-	2,874,340
Unrestricted	3,044,729	395,403	9,815,264
Total Net Assets	<u>\$ 3,473,112</u>	<u>\$ 395,403</u>	<u>\$ 19,238,069</u>

See accompanying notes to the financial statements.

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS

For the year ended December 31, 2010

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	<u>Fleet Maintenance</u>	<u>Insurance</u>	<u>Medical Self-Insurance</u>
Operating revenues:			
Charges for services	\$ 60,075	\$ -	\$ -
Charges for replacement	2,248,862	-	-
Charges for insurance	<u>-</u>	<u>1,179,115</u>	<u>7,742,512</u>
Total Operating Revenues	<u>2,308,937</u>	<u>1,179,115</u>	<u>7,742,512</u>
Operating expenses:			
Administrative and general	-	-	-
Purchased water	-	-	-
Maintenance and operations	2,329,601	1,016,404	9,594,170
Supplies	426,896	175	(95)
Depreciation and amortization	<u>1,053,518</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>3,810,015</u>	<u>1,016,579</u>	<u>9,594,075</u>
Operating income (loss)	<u>(1,501,078)</u>	<u>162,536</u>	<u>(1,851,563)</u>
Nonoperating revenues (expenses):			
Interest and investment revenue	44,393	14,259	68,555
Intergovernmental COBRA tax credit	-	-	39,731
Gain on sale of capital assets	225,990	-	-
Insurance Recovery	-	23,806	-
Miscellaneous	<u>56,707</u>	<u>-</u>	<u>1,306,130</u>
Total nonoperating revenues (expenses)	<u>327,090</u>	<u>38,065</u>	<u>1,414,416</u>
Income (loss) before contributions and transfers	<u>(1,173,988)</u>	<u>200,601</u>	<u>(437,147)</u>
Transfers out	<u>-</u>	<u>-</u>	<u>(60,911)</u>
Change in net assets	<u>(1,173,988)</u>	<u>200,601</u>	<u>(498,058)</u>
Total net assets - beginning	<u>10,168,410</u>	<u>1,292,676</u>	<u>4,610,870</u>
Total net assets - ending	<u>\$ 8,994,422</u>	<u>\$ 1,493,277</u>	<u>\$ 4,112,812</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

For the year ended December 31, 2010

	Workman's Compensation	Information Technology	Redmond Community Properties	Total
Operating revenues:				
Charges for services	\$ -	\$ 3,128,049	\$ 974,391	\$ 4,162,515
Charges for replacement	-	-	-	2,248,862
Charges for insurance	587,635	-	-	9,509,262
Total Operating Revenues	<u>587,635</u>	<u>3,128,049</u>	<u>974,391</u>	<u>15,920,639</u>
Operating expenses:				
Administrative and general	-	-	347,013	347,013
Purchased water	-	-	542,574	542,574
Maintenance and operations	477,311	3,421,903	-	16,839,389
Supplies	-	146,613	-	573,589
Depreciation and amortization	-	33,447	-	1,086,965
Total Operating Expenses	<u>477,311</u>	<u>3,601,963</u>	<u>889,587</u>	<u>19,389,530</u>
Operating income (loss)	<u>110,324</u>	<u>(473,914)</u>	<u>84,804</u>	<u>(3,468,891)</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	9,004	-	190	136,401
Intergovernmental COBRA tax credit	-	-	-	39,731
Gain on sale of capital assets	-	(18,662)	-	207,328
Insurance Recovery	-	-	-	23,806
Miscellaneous	-	-	-	1,362,837
Total nonoperating revenues (expenses)	<u>9,004</u>	<u>(18,662)</u>	<u>190</u>	<u>1,770,103</u>
Income (loss) before contributions and transfers	119,328	(492,576)	84,994	(1,698,788)
Transfers out	-	-	-	(60,911)
Change in net assets	119,328	(492,576)	84,994	(1,759,699)
Total net assets - beginning	649,715	3,965,688	310,409	20,997,768
Total net assets - ending	\$ <u>769,043</u>	\$ <u>3,473,112</u>	\$ <u>395,403</u>	\$ <u>19,238,069</u>

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2010

	Fleet Maintenance	Insurance	Medical Self-Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 60,075	\$ 1,179,115	\$ 7,765,298
Cash received for replacement	2,176,959	-	-
Cash payments to suppliers	(1,928,255)	(804,400)	(9,543,414)
Cash payments to employees	(522,378)	(186,994)	-
Internal activity - payments to other funds	(227,217)	(35,796)	-
Other operating receipts	72,328	40,633	1,345,861
Net cash provided (used) by operating activities	<u>(368,488)</u>	<u>192,558</u>	<u>(432,255)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Non-Operating transfers out	-	-	(60,911)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(60,911)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(1,587,368)	-	-
Acquisition of Other Assets	(10,402)	-	-
Proceeds from sale of capital assets	170,988	-	-
Net cash used for capital and related financing activities	<u>(1,426,782)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment purchases	-	(172,188)	-
Investment sales/maturities	1,424,006	-	256,082
Interest on investments	68,053	17,694	77,502
Net cash provided (used) in investing activities	<u>1,492,059</u>	<u>(154,494)</u>	<u>333,584</u>
Net increase (decrease) in cash and cash equivalents	(303,211)	38,064	(159,582)
Cash and cash equivalents-beginning of year	1,025,996	201,472	1,173,418
Cash and cash equivalents-end of year	<u>\$ 722,785</u>	<u>\$ 239,536</u>	<u>\$ 1,013,836</u>
Cash at the end of the year consists of:			
Operating fund cash	\$ 722,785	\$ 239,536	\$ 1,013,836
Total cash at end of year	<u>\$ 722,785</u>	<u>\$ 239,536</u>	<u>\$ 1,013,836</u>

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2010

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	Workman's Compensation	Information Technology	Redmond Community Properties	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 587,635	\$ 3,128,049	\$ 974,663	\$ 13,694,835
Cash received for replacement	-	-	-	2,176,959
Cash payments to suppliers	(472,919)	(1,346,118)	(826,531)	(14,921,637)
Cash payments to employees	-	(2,242,014)	(153,676)	(3,105,062)
Internal activity - payments to other funds	-	(244,134)	-	(507,147)
Other operating receipts	-	-	-	1,458,822
Net cash provided (used) by operating activities	<u>114,716</u>	<u>(704,217)</u>	<u>(5,544)</u>	<u>(1,203,230)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Non-Operating transfers out	-	-	-	(60,911)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,911)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(33,686)	-	(1,621,054)
Acquisition of Other Assets	-	-	-	(10,402)
Proceeds from sale of capital assets	-	36,274	-	207,262
Net cash used for capital and related financing activities	<u>-</u>	<u>2,588</u>	<u>-</u>	<u>(1,424,194)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment purchases	(110,466)	-	-	(282,654)
Investment sales/maturities	-	-	-	1,680,088
Interest on investments	11,497	-	190	174,936
Net cash provided (used) in investing activities	<u>(98,969)</u>	<u>-</u>	<u>190</u>	<u>1,572,370</u>
Net increase (decrease) in cash and cash equivalents	15,747	(701,629)	(5,354)	(1,115,965)
Cash and cash equivalents-beginning of year	151,185	3,950,974	440,604	6,943,649
Cash and cash equivalents-end of year	<u>\$ 166,932</u>	<u>\$ 3,249,345</u>	<u>\$ 435,250</u>	<u>\$ 5,827,684</u>
Cash at the end of the year consists of:				
Operating fund cash	<u>\$ 166,932</u>	<u>\$ 3,249,345</u>	<u>\$ 435,250</u>	<u>\$ 5,827,684</u>
Total cash at end of year	<u>\$ 166,932</u>	<u>\$ 3,249,345</u>	<u>\$ 435,250</u>	<u>\$ 5,827,684</u>

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2010

	Fleet Maintenance		Insurance		Medical Self-Insurance
	<hr/>				
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ (1,501,078)	\$	162,536	\$	(1,851,564)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,053,518		-		-
Decrease (increase) in accounts receivable	-		-		22,790
Decrease (increase) in inventory	(19,019)		-		-
Decrease (increase) in prepaid expenses	-		16,827		-
Decrease (increase) in Projects in Progress	-		-		-
Increase (decrease) in accounts payable	101,514		3,894		50,662
Increase (decrease) in employee wages payable	(8)		(93)		-
Increase (decrease) in compensated absences payable	(3,840)		(14,412)		-
Increase (decrease) in customer deposits payable	-		-		(4)
Reclassify other income	425		23,806		1,345,861
Net cash provided (used) by operating activities	<u>\$ (368,488)</u>	\$	<u>192,558</u>	\$	<u>(432,255)</u>

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2010

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	Workman's Compensation	Information Technology	Redmond Community Properties	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 110,325	\$ (473,914)	\$ 84,804	\$ (3,468,891)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	-	33,447	-	1,086,965
Decrease (increase) in accounts receivable	-	-	272	23,062
Decrease (increase) in inventory	-	-	-	(19,019)
Decrease (increase) in prepaid expenses	-	-	(13,910)	2,917
Decrease (increase) in Projects in Progress	-	(276,575)	-	(276,575)
Increase (decrease) in accounts payable	4,391	(6,468)	(76,710)	77,283
Increase (decrease) in employee wages payable	-	725	-	624
Increase (decrease) in compensated absences payable	-	18,568	-	316
Increase (decrease) in customer deposits payable	-	-	-	(4)
Reclassify other income	-	-	-	1,370,092
Net cash provided (used) by operating activities	<u>\$ 114,716</u>	<u>\$ (704,217)</u>	<u>\$ (5,544)</u>	<u>\$ (1,203,230)</u>

Noncash investing, capital and financing activities:

Other funds of the city transferred vehicles valued at	\$ 71,903
The fair value of investments in the Fleet Maintenance Fund increased by	1,745
The fair value of investments in the Insurance Fund increased by	719
The fair value of investments in the Medical Self-Insurance Fund increased by	3,154
The fair value of investments in the Workman's Compensation Fund increased by	518