

## 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, 2009

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	<b>Fleet Maintenance</b>	<b>Insurance</b>	<b>Medical Self-Insurance</b>	<b>Workman's Compensation</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,025,996	\$ 201,472	\$ 1,173,414	\$ 151,185
Investments	3,689,669	761,434	4,351,490	562,119
Receivables:				
Accounts and Contracts	-	-	-	-
Interest	29,594	5,817	34,473	4,179
Due From Other Governments	-	-	8,947	-
Inventory	33,461	-	-	-
Prepaid insurance	-	345,053	-	-
Restricted assets:				
Deposits	-	-	4	-
Total current assets	<u>4,778,720</u>	<u>1,313,776</u>	<u>5,568,328</u>	<u>717,483</u>
Noncurrent assets:				
Land	584,292	-	-	-
Buildings	510,196	-	-	-
Improvements other than buildings	248,876	-	-	-
Equipment	11,098,910	-	-	-
Less accumulated depreciation	<u>(6,977,727)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>5,464,547</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 10,243,267</u>	<u>\$ 1,313,776</u>	<u>\$ 5,568,328</u>	<u>\$ 717,483</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 31,619	\$ 5,682	\$ 957,454	\$ 67,768
Employee wages payable	2,031	771	-	-
Compensated absences	32,966	11,717	-	-
Customer deposits payable	-	-	4	-
Total current liabilities	<u>66,616</u>	<u>18,170</u>	<u>957,458</u>	<u>67,768</u>
Noncurrent liabilities:				
Compensated absences	<u>8,241</u>	<u>2,930</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>8,241</u>	<u>2,930</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>74,857</u>	<u>21,100</u>	<u>957,458</u>	<u>67,768</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	5,464,547	-	-	-
Unrestricted	4,703,863	1,292,676	4,610,870	649,715
Total Net Assets	<u>\$ 10,168,410</u>	<u>\$ 1,292,676</u>	<u>\$ 4,610,870</u>	<u>\$ 649,715</u>

Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2009

	Information Technology	Redmond Community Properties	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 3,950,974	\$ 440,604	\$ 6,943,645
Investments	-	-	9,364,712
Receivables:			
Accounts and Contracts	-	640	640
Interest	-	-	74,063
Due From Other Governments			8,947
Inventory	-	-	33,461
Prepaid insurance	-	53,485	398,538
Restricted assets:			
Deposits	-	-	4
Total current assets	<u>3,950,974</u>	<u>494,729</u>	<u>16,824,010</u>
Noncurrent assets:			
Land	-	-	584,292
Buildings	109,298	-	619,494
Improvements other than buildings	29,223	-	278,099
Equipment	208,884	-	11,307,794
Less accumulated depreciation	(140,901)	-	(7,118,628)
Total noncurrent assets	<u>206,504</u>	<u>-</u>	<u>5,671,051</u>
Total Assets	<u>\$ 4,157,478</u>	<u>\$ 494,729</u>	<u>\$ 22,495,061</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 34,622	\$ 184,320	\$ 1,281,465
Employee wages payable	8,075	-	10,877
Compensated absences	119,274	-	163,957
Customer deposits payable	-	-	4
Total current liabilities	<u>161,971</u>	<u>184,320</u>	<u>1,456,303</u>
Noncurrent liabilities:			
Compensated absences	29,819	-	40,990
Total noncurrent liabilities	<u>29,819</u>	<u>-</u>	<u>40,990</u>
Total Liabilities	<u>191,790</u>	<u>184,320</u>	<u>1,497,293</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	206,504	-	5,671,051
Unrestricted	3,759,184	310,409	15,326,717
Total Net Assets	<u>\$ 3,965,688</u>	<u>\$ 310,409</u>	<u>\$ 20,997,768</u>

The City of Redmond  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds

For the year ended December 31, 2009

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	<b>Fleet Maintenance</b>	<b>Insurance</b>	<b>Medical Self-Insurance</b>	<b>Workman's Compensation</b>
<b>Operating revenues:</b>				
Charges for services	\$ 93,657	\$ -	\$ -	\$ -
Charges for replacement	2,200,717	-	-	-
Charges for insurance	-	1,109,091	7,133,772	586,571
Total Operating Revenues	<u>2,294,374</u>	<u>1,109,091</u>	<u>7,133,772</u>	<u>586,571</u>
<b>Operating expenses:</b>				
Administrative and general	-	-	-	-
Maintenance and operations	879,839	894,018	7,583,138	649,288
Supplies	621,958	98	95	-
Depreciation and amortization	960,070	-	-	-
Total Operating Expenses	<u>2,461,867</u>	<u>894,116</u>	<u>7,583,233</u>	<u>649,288</u>
Operating income (loss)	<u>(167,493)</u>	<u>214,975</u>	<u>(449,461)</u>	<u>(62,717)</u>
<b>Nonoperating revenues (expenses):</b>				
Interest and investment revenue	74,234	14,154	88,725	10,273
Grant Income	76,906	-	-	-
Intergovernmental COBRA tax credit	-	-	25,653	-
Gain on sale of capital assets	13,796	-	-	-
Insurance Recovery	-	78,432	-	-
Miscellaneous	2,124	-	831,368	-
Total nonoperating revenues (expenses)	<u>167,060</u>	<u>92,586</u>	<u>945,746</u>	<u>10,273</u>
Income (loss) before contributions and transfers	<u>(433)</u>	<u>307,561</u>	<u>496,285</u>	<u>(52,444)</u>
<b>Capital contributions</b>	285,031	-	-	-
Transfers in	-	-	25,985	-
Change in net assets	<u>284,598</u>	<u>307,561</u>	<u>522,270</u>	<u>(52,444)</u>
Total net assets - beginning	<u>9,883,812</u>	<u>985,115</u>	<u>4,088,600</u>	<u>702,159</u>
Total net assets - ending	<u>\$ 10,168,410</u>	<u>\$ 1,292,676</u>	<u>\$ 4,610,870</u>	<u>\$ 649,715</u>

The City of Redmond  
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the year ended December 31, 2009

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	Information Technology	Redmond Community Properties	Total
<b>Operating revenues:</b>			
Charges for services	\$ 6,536,076	\$ 967,990	\$ 7,597,723
Charges for replacement	-	-	2,200,717
Charges for insurance	-	-	8,829,434
Total Operating Revenues	<u>6,536,076</u>	<u>967,990</u>	<u>18,627,874</u>
<b>Operating expenses:</b>			
Administrative and general	-	343,226	343,226
Maintenance and operations	3,098,420	549,898	13,654,601
Supplies	87,483	-	709,634
Depreciation and amortization	35,630	-	995,700
Total Operating Expenses	<u>3,221,533</u>	<u>893,124</u>	<u>15,703,161</u>
Operating income (loss)	<u>3,314,543</u>	<u>74,866</u>	<u>2,924,713</u>
<b>Nonoperating revenues (expenses):</b>			
Interest and investment revenue	-	1,583	188,969
Grant Income	-	-	76,906
Intergovernmental COBRA tax credit	-	-	25,653
Gain on sale of capital assets	-	-	13,796
Insurance Recovery	-	-	78,432
Miscellaneous	-	-	833,492
Total nonoperating revenues (expenses)	<u>-</u>	<u>1,583</u>	<u>1,217,248</u>
Income (loss) before contributions and transfers	<u>3,314,543</u>	<u>76,449</u>	<u>4,141,961</u>
<b>Capital contributions</b>			
Transfers in	-	-	285,031
Change in net assets	<u>3,314,543</u>	<u>76,449</u>	<u>4,452,977</u>
Total net assets - beginning	651,145	233,960	16,544,791
Total net assets - ending	<u>\$ 3,965,688</u>	<u>\$ 310,409</u>	<u>\$ 20,997,768</u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

	<b>Fleet Maintenance</b>	<b>Insurance</b>	<b>Medical Self-Insurance</b>	<b>Workman's Compensation</b>
<b>Cash Flow From Operating Activities</b>				
Cash received from customers	\$ 93,657	\$ 1,109,091	\$ 7,099,299	\$ 586,571
Cash received for replacement	2,200,717	-	-	-
Cash payments to suppliers	(751,121)	(667,110)	(7,377,583)	(698,244)
Cash payments to employees	(540,459)	(207,286)	(124)	-
Internal activity - payments to other funds	(224,587)	(35,283)	-	-
Other operating receipts	2,124	82,131	857,021	-
Net cash provided (used) by operating activities	<u>780,331</u>	<u>281,543</u>	<u>578,613</u>	<u>(111,673)</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers in	-	-	25,985	-
Grants	76,906	-	-	-
Net cash provided by noncapital financing activities	<u>76,906</u>	<u>-</u>	<u>25,985</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Acquisition and construction of capital assets	(1,106,537)	-	-	-
Proceeds from sale of capital assets	53,950	-	-	-
Net cash used for capital and related financing activities	<u>(1,052,587)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Investment purchases	-	(96,203)	-	-
Investment sales/maturities	829,918	-	171,095	205,034
Interest on investments	96,978	16,132	132,298	15,003
Net cash provided (used) in investing activities	<u>926,896</u>	<u>(80,071)</u>	<u>303,393</u>	<u>220,037</u>
Net increase (decrease) in cash and cash equivalents	731,546	201,472	907,991	108,364
Cash and cash equivalents-beginning of year	294,450	-	265,427	42,821
Cash and cash equivalents-end of year	<u>1,025,996</u>	<u>201,472</u>	<u>1,173,418</u>	<u>151,185</u>
Cash at the end of the year consists of:				
Operating fund cash	1,025,996	201,472	1,173,414	151,185
Customer deposits	-	-	4	-
Total cash at end of year	<u>\$ 1,025,996</u>	<u>\$ 201,472</u>	<u>\$ 1,173,418</u>	<u>\$ 151,185</u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

	Information Technology	Redmond Community Properties	Total
<b>Cash Flow From Operating Activities</b>			
Cash received from customers	\$ 6,536,076	\$ 907,541	\$ 16,332,235
Cash received for replacement	-	-	2,200,717
Cash payments to suppliers	(891,708)	(748,487)	(11,134,253)
Cash payments to employees	(2,174,852)	(146,409)	(3,069,130)
Internal activity - payments to other funds	(197,073)	-	(456,943)
Other operating receipts	-	-	941,276
Net cash provided (used) by operating activities	<u>3,272,443</u>	<u>12,645</u>	<u>4,813,902</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfers in	-	-	25,985
Grants	-	-	76,906
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>102,891</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	-	-	(1,106,537)
Proceeds from sale of capital assets	-	-	53,950
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>(1,052,587)</u>
<b>Cash Flows from Investing Activities</b>			
Investment purchases	-	-	(96,203)
Investment sales/maturities	-	-	1,206,047
Interest on investments	-	1,801	262,212
Net cash provided (used) in investing activities	<u>-</u>	<u>1,801</u>	<u>1,372,056</u>
Net increase (decrease) in cash and cash equivalents	3,272,443	14,446	5,236,262
Cash and cash equivalents-beginning of year	678,531	426,158	1,707,387
Cash and cash equivalents-end of year	<u>3,950,974</u>	<u>440,604</u>	<u>6,943,649</u>
Cash at the end of the year consists of:			
Operating fund cash	3,950,974	440,604	6,943,645
Customer deposits	-	-	4
Total cash at end of year	<u>\$ 3,950,974</u>	<u>\$ 440,604</u>	<u>\$ 6,943,649</u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

	<u>Fleet Maintenance</u>	<u>Insurance</u>	<u>Medical Self-Insurance</u>	<u>Workman's Compensation</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ (167,493)	\$ 214,975	\$ (449,461)	\$ (62,717)
Adjustments to reconcile operating income to net cash provided by Operating activities:				
Depreciation	960,070	-	-	-
Decrease (increase) in accounts receivable	-	-	(34,473)	-
Decrease (increase) in inventory	2,881	-	-	-
Decrease (increase) in prepaid expenses	-	3,699	-	-
Increase (decrease) in accounts payable	(12,252)	(11,042)	205,650	(48,956)
Increase (decrease) in employee wages payable	(10,749)	(9,026)	(124)	-
Increase (decrease) in compensated absences payable	5,750	4,505	-	-
Reclassify other income	2,124	78,432	857,021	-
Increase (decrease) in unearned revenues	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 780,331</u>	<u>\$ 281,543</u>	<u>\$ 578,613</u>	<u>\$ (111,673)</u>

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2009

	Information Technology	Redmond Community Properties	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 3,314,543	\$ 74,866	\$ 2,924,713
Adjustments to reconcile operating income to net cash provided by Operating activities:			
Depreciation	35,630	-	995,700
Decrease (increase) in accounts receivable	-	32,775	(1,698)
Decrease (increase) in inventory	-	-	2,881
Decrease (increase) in prepaid expenses	-	(7,123)	(3,424)
Increase (decrease) in accounts payable	(34,320)	5,351	104,431
Increase (decrease) in employee wages payable	(71,721)	-	(91,620)
Increase (decrease) in compensated absences payable	28,311	-	38,566
Reclassify other income	-	-	937,577
Increase (decrease) in unearned revenues	-	(93,224)	(93,224)
Net cash provided (used) by operating activities	\$ 3,272,443	\$ 12,645	\$ 4,813,902

Noncash investing, capital and financing activities:		
Other funds of the city transferred vehicles valued at		285,031
The fair value of investments in the Fleet Maintenance Fund decreased by		(31,717)
The fair value of investments in the Insurance Fund decreased by		(6,545)
The fair value of investments in the Medical Self-Insurance Fund decreased by		(37,406)
The fair value of investments in the Workman's Compensation Fund decreased by		(4,832)