

Internal Service Funds

Internal Service Funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Technology and Data Services accounts for the installation and maintenance of the state government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; the development of automated systems, and the activities of the Chief Data Officer to create a Commonwealth data inventory, enterprise data dictionary, and catalog.

Enterprise Application accounts for the development and operation of the Commonwealth's Performance Budgeting System, Cardinal Financial System, and Human Capital Management System. Funding is derived from charges to agencies for the ongoing costs of the Commonwealth's enterprise applications, including recovery of the development and implementation costs initially funded through working capital advances.

Virginia Correctional Enterprises accounts for the manufacturing activities of the Commonwealth's correctional facilities.

Health Care accounts for the health insurance programs provided to state employees and for retirees who are not yet eligible to participate in Medicare.

Line of Duty accounts for the disability, death, and health benefits provided to eligible state employees and their family members.

Fleet Management accounts for the Commonwealth's motor vehicle pool.

Property Management accounts for real estate services, non-routine facility maintenance, and the disposal of state-owned property.

Personnel Management Information accounts for the personnel, compensation and health benefits database. Due to the replacement of the Commonwealth's statewide Personnel Management Information System and integration into Cardinal Human Capital Management System, this fund will no longer exist after fiscal year 2023.

Risk Management accounts for the insurance programs provided to state agencies and institutions.

General Services accounts for a variety of services, including the purchase of supplies, the sale of surplus property, water testing, graphic design and engineering.

Payroll Service Bureau accounts for the payroll and leave accounting services provided to state agencies and institutions.

Combining Statement of Fund Net Position – Internal Service Funds

June 30, 2023

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents	\$ 92,246	\$ 21,124	\$ 4,942	\$ 547,649
Receivables, Net	2,670	—	1,807	3,893
Due From Other Funds	30,130	—	2,329	33,852
Due From External Parties (Fiduciary Funds)	—	—	—	262
Due From Component Units	—	—	—	28,892
Inventory	—	—	16,568	—
Prepaid Items	13,928	7	—	—
Other Assets	33,899	—	3,408	—
Total Current Assets	172,873	21,131	29,054	614,548
Noncurrent Assets:				
Other Assets	1,163	164	493	168
Nondepreciable Capital Assets	—	—	318	—
Other Capital Assets, Net	80,488	118,808	7,056	—
Total Noncurrent Assets	81,651	118,972	7,867	168
Total Assets	254,524	140,103	36,921	614,716
Deferred Outflows of Resources	6,561	616	2,122	718
Total Assets and Deferred Outflows of Resources	261,085	140,719	39,043	615,434
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable	54,099	3,021	3,681	34,210
Amounts Due to Other Governments	—	—	—	—
Due to Other Funds	130	412	169	3
Due to External Parties (Fiduciary Funds)	260	18	91	31
Interfund Payable	—	21,836	—	—
Unearned Revenue	46,073	—	2,943	—
Obligations Under Securities Lending Program	—	—	—	49,399
Other Liabilities	—	—	—	—
Claims Payable Due Within One Year	—	—	—	95,189
Long-term Liabilities Due within One Year	47,669	158	258	381
Total Current Liabilities	148,231	25,445	7,142	179,213
Noncurrent Liabilities:				
Interfund Payable	—	135,715	—	—
Claims Payable Due In More Than One Year	—	—	—	—
Long-term Liabilities Due in More Than One Year	45,779	3,126	11,566	2,761
Total Noncurrent Liabilities	45,779	138,841	11,566	2,761
Total Liabilities	194,010	164,286	18,708	181,974
Deferred Inflows of Resources	6,121	715	4,709	943
Total Liabilities and Deferred Inflows of Resources	200,131	165,001	23,417	182,917
Net Position				
Net Investment in Capital Assets	9,169	118,808	6,718	—
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	1,087	158	547	159
Unrestricted	50,698	(143,248)	8,361	432,358
Total Net Position (Deficit)	\$ 60,954	\$ (24,282)	\$ 15,626	\$ 432,517

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 1,102	\$ 9,759	\$ 34,419	\$ —	\$ 314,197	\$ 8,516	\$ 507	\$ 1,034,461
85	4,522	393	—	3	1,396	—	14,769
35	2,165	1,858	—	—	7,839	—	78,208
—	—	—	—	—	—	—	262
—	—	—	—	—	—	—	28,892
—	36	182	—	—	6,000	—	22,786
—	—	—	—	42	—	132	14,109
—	—	—	—	—	—	—	37,307
1,222	16,482	36,852	—	314,242	23,751	639	1,230,794
—	51	552	—	109	322	105	3,127
—	—	—	—	—	1,342	—	1,660
—	32,872	301,355	—	81	970	58	541,688
—	32,923	301,907	—	190	2,634	163	546,475
1,222	49,405	338,759	—	314,432	26,385	802	1,777,269
—	186	2,119	—	497	1,173	490	14,482
1,222	49,591	340,878	—	314,929	27,558	1,292	1,791,751
264	2,733	2,121	—	1,511	5,630	142	107,412
—	—	—	—	—	—	9	9
—	248	208	—	22	4,270	14	5,476
—	8	94	—	21	53	20	596
—	—	—	—	3,128	—	—	24,964
—	—	26,408	—	36,531	—	—	111,955
99	—	—	—	28,161	—	—	77,659
—	—	564	—	—	98	—	662
404	—	—	—	67,294	—	—	162,887
—	4,399	18,762	—	156	256	119	72,158
767	7,388	48,157	—	136,824	10,307	304	563,778
—	—	—	—	11,499	—	—	147,214
—	—	—	—	326,282	—	—	326,282
—	15,737	326,117	—	1,968	8,653	2,455	418,162
—	15,737	326,117	—	339,749	8,653	2,455	891,658
767	23,125	374,274	—	476,573	18,960	2,759	1,455,436
—	270	3,172	—	640	1,703	612	18,885
767	23,395	377,446	—	477,213	20,663	3,371	1,474,321
—	14,009	(23,586)	—	81	1,151	58	126,408
—	51	549	—	104	322	101	3,078
455	12,136	(13,531)	—	(162,469)	5,422	(2,238)	187,944
\$ 455	\$ 26,196	\$ (36,568)	—	\$ (162,284)	\$ 6,895	\$ (2,079)	\$ 317,430

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Internal Service Funds**

For the Fiscal Year Ended June 30, 2023

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
Operating Revenues				
Charges for Sales and Services	\$ 393,403	\$ 64,078	\$ 54,319	\$ 1,658,052
Other	—	—	—	—
Total Operating Revenues	393,403	64,078	54,319	1,658,052
Operating Expenses				
Cost of Sales and Services	—	—	38,672	—
Prizes and Claims	—	—	—	1,615,730
Personal Services	30,016	2,840	5,466	4,254
Contractual Services	280,932	33,788	2,322	78,258
Supplies and Materials	64	2	909	1,482
Depreciation and Amortization	43,387	15,679	804	—
Rent, Insurance, and Other Related Charges	53,257	650	348	—
Interest Expense	—	1	—	—
Other	1,965	22	43	—
Total Operating Expenses	409,621	52,982	48,564	1,699,724
Operating Income (Loss)	(16,218)	11,096	5,755	(41,672)
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	—	—	—	13,039
Other	(5,876)	124	397	(2,144)
Total Nonoperating Revenues (Expenses)	(5,876)	124	397	10,895
Income (Loss) Before Transfers	(22,094)	11,220	6,152	(30,777)
Transfers In	—	—	—	—
Transfers Out	—	(804)	—	—
Change in Net Position	(22,094)	10,416	6,152	(30,777)
Total Net Position (Deficit), July 1, as restated	83,048	(34,698)	9,474	463,294
Total Net Position (Deficit), June 30	\$ 60,954	\$ (24,282)	\$ 15,626	\$ 432,517

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 8,839	\$ 20,230	\$ 123,846	\$ —	\$ 106,343	\$ 60,739	\$ 3,465	\$ 2,493,314
—	—	—	—	77,769	—	15	77,784
8,839	20,230	123,846	—	184,112	60,739	3,480	2,571,098
—	—	—	—	—	43,647	—	82,319
9,088	—	—	—	71,944	—	—	1,696,762
—	1,094	11,883	114	2,729	6,437	2,834	67,667
497	5,240	18,610	—	15,172	4,421	114	439,354
—	4,217	2,516	1	4	451	1	9,647
—	8,652	28,342	—	21	320	4	97,209
—	995	46,375	—	2,074	1,242	150	105,091
—	—	—	—	—	—	—	1
—	842	2,073	—	21,960	317	5	27,227
9,585	21,040	109,799	115	113,904	56,835	3,108	2,525,277
(746)	(810)	14,047	(115)	70,208	3,904	372	45,821
37	—	—	—	6,489	110	—	19,675
(7)	4,594	(26,336)	917	(1,102)	235	97	(29,101)
30	4,594	(26,336)	917	5,387	345	97	(9,426)
(716)	3,784	(12,289)	802	75,595	4,249	469	36,395
—	—	—	—	—	388	—	388
—	(317)	—	—	(22,613)	—	—	(23,734)
(716)	3,467	(12,289)	802	52,982	4,637	469	13,049
1,171	22,729	(24,279)	(802)	(215,266)	2,258	(2,548)	304,381
\$ 455	\$ 26,196	\$ (36,568)	\$ —	\$ (162,284)	\$ 6,895	\$ (2,079)	\$ 317,430

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2023

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 7,631	\$ 11,003	\$ 15,548	\$ 867,937
Internal Activity-Receipts from Other Funds	352,686	53,076	34,555	803,168
Internal Activity-Payments to Other Funds	—	—	(735)	—
Payments to Suppliers for Goods and Services	(5,960)	(2)	(40,477)	—
Payments for Contractual Services	(332,311)	(34,262)	(2,257)	(79,105)
Payments for Prizes, Claims, and Loss Control	—	—	—	(1,625,051)
Payments to Employees	(31,660)	(3,121)	(7,487)	(4,413)
Payments for Interest	—	(1)	—	—
Other Operating Revenue	—	—	—	—
Other Operating Expense	—	(672)	—	(508)
Net Cash Provided by (Used for) Operating Activities	(9,614)	26,021	(853)	(37,972)
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	(804)	—	—
Other Noncapital Financing Receipt Activities	—	11,677	—	—
Other Noncapital Financing Disbursement Activities	—	(18,188)	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	—	(7,315)	—	—
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	—	(5,362)	(716)	—
Payment of Principal and Interest on Bonds and Notes	(50,994)	—	(216)	—
Proceeds from Sale of Capital Assets	—	—	9	—
Net Cash Used for Capital and Related Financing Activities	(50,994)	(5,362)	(923)	—
Cash Flows from Investing Activities				
Investment Income on Cash, Cash Equivalents, and Investments	—	—	—	10,746
Net Cash Provided by Investing Activities	—	—	—	10,746
Net Increase (Decrease) in Cash and Cash Equivalents	(60,608)	13,344	(1,776)	(27,226)
Cash and Cash Equivalents, July 1	152,854	7,780	6,718	525,476
Cash and Cash Equivalents, June 30	\$ 92,246	\$ 21,124	\$ 4,942	\$ 498,250
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 92,246	\$ 21,124	\$ 4,942	\$ 547,649
Less:				
Securities Lending Cash Equivalents	—	—	—	(49,399)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 92,246</u>	<u>\$ 21,124</u>	<u>\$ 4,942</u>	<u>\$ 498,250</u>

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ 7,241	\$ 294	\$ 3,364	\$ (263)	\$ 34,366	\$ 12,612	\$ 61	\$ 959,794
1,628	19,796	115,987	—	65,737	42,544	3,404	1,492,581
—	(1,010)	(3,604)	—	—	(1,696)	—	(7,045)
—	(3,543)	(37,657)	—	(4)	(38,533)	(1)	(126,177)
(471)	(4,026)	(18,042)	—	(14,117)	(3,837)	(114)	(488,542)
(9,176)	—	—	—	(53,468)	—	—	(1,687,695)
—	(1,179)	(13,095)	—	(2,888)	(7,067)	(2,999)	(73,909)
—	—	—	—	—	—	—	(1)
—	—	—	—	9	—	15	24
—	(27)	—	—	(23,056)	—	(144)	(24,407)
(778)	10,305	46,953	(263)	6,579	4,023	222	44,623
—	—	—	—	—	388	—	388
—	(317)	—	—	(22,613)	—	—	(23,734)
—	—	—	—	1,677	110	—	13,464
—	—	—	—	(3,355)	—	—	(21,543)
—	(317)	—	—	(24,291)	498	—	(31,425)
—	(4,163)	—	—	—	(1,266)	(3)	(11,510)
—	(6,174)	(53,623)	—	—	—	—	(111,007)
—	5,379	—	—	—	—	—	5,388
—	(4,958)	(53,623)	—	—	(1,266)	(3)	(117,129)
30	—	—	—	5,293	—	—	16,069
30	—	—	—	5,293	—	—	16,069
(748)	5,030	(6,670)	(263)	(12,419)	3,255	219	(87,862)
1,751	4,729	41,089	263	298,455	5,261	288	1,044,664
\$ 1,003	\$ 9,759	\$ 34,419	\$ —	\$ 286,036	\$ 8,516	\$ 507	\$ 956,802
\$ 1,102	\$ 9,759	\$ 34,419	\$ —	\$ 314,197	\$ 8,516	\$ 507	\$ 1,034,461
(99)	—	—	—	(28,161)	—	—	(77,659)
\$ 1,003	\$ 9,759	\$ 34,419	\$ —	\$ 286,036	\$ 8,516	\$ 507	\$ 956,802

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Combining Statement of Cash Flows – Internal Service Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2023

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ (16,218)	\$ 11,096	\$ 5,755	\$ (41,672)
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization	43,387	15,679	804	—
Miscellaneous Nonoperating Income	1,001	124	441	149
Other	(3,080)	—	—	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	(806)	—	2,455	14,223
(Increase) Decrease in Due from Other Funds	(10,353)	—	(1,537)	(209)
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	(12)
(Increase) Decrease in Due from Component Units	—	—	—	(949)
(Increase) Decrease in Other Assets: Due Within One Year	7,920	—	(1,873)	—
(Increase) Decrease in Other Assets: Due in More Than One Year	107	21	132	30
(Increase) Decrease in Inventory	—	—	(809)	—
(Increase) Decrease in Prepaid Items	(894)	1	—	—
(Increase) Decrease in Deferred Outflows of Resources	(515)	129	646	211
Increase (Decrease) in Accounts Payable	(1,125)	(518)	(259)	13,364
Increase (Decrease) in Amounts Due to Other Governments	—	—	—	—
Increase (Decrease) in Due to Other Funds	19	31	(2)	(1)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	62	(1)	14	4
Increase (Decrease) in Unearned Revenue	(26,903)	—	(3,273)	—
Increase (Decrease) in Other Liabilities	—	—	—	—
Increase (Decrease) in Claims Payable: Due Within One Year	—	—	—	(22,468)
Increase (Decrease) in Claims Payable: Due in More Than One Year	—	—	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	750	111	1	53
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	4,238	326	907	491
Increase (Decrease) in Deferred Inflows of Resources	(7,204)	(978)	(4,255)	(1,186)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (9,614)</u>	<u>\$ 26,021</u>	<u>\$ (853)</u>	<u>\$ (37,972)</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Subscription-based Information Technology Arrangements Used to Finance Capital Assets	\$ 2,742	\$ —	\$ 198	\$ —
Long-term Leases Used to Finance Capital Assets	20,819	—	—	—
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	(261)	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 23,561</u>	<u>\$ (261)</u>	<u>\$ 198</u>	<u>\$ —</u>

Line of Duty	Fleet Management	Property Management	Personnel Management Information	Risk Management	General Services	Payroll Service Bureau	Total
\$ (746)	\$ (810)	\$ 14,047	\$ (115)	\$ 70,208	\$ 3,904	\$ 372	\$ 45,821
—	8,652	28,342	—	21	320	4	97,209
—	38	427	917	95	239	97	3,528
—	—	(7,190)	—	—	—	—	(10,270)
30	(1,805)	(71)	—	(3)	4	—	14,027
—	2,651	247	—	—	(5,589)	—	(14,790)
—	—	—	—	—	—	—	(12)
—	—	—	—	—	—	—	(949)
—	—	—	—	—	—	—	6,047
—	9	94	50	21	59	15	538
—	6	54	—	—	1,604	—	855
—	—	502	—	941	—	11	561
—	57	539	219	150	401	81	1,918
(59)	1,650	818	(51)	(629)	3,790	11	16,992
—	—	—	—	—	—	10	10
—	164	(530)	(5)	7	(144)	2	(459)
—	—	8	(7)	16	6	1	103
—	(116)	(4,863)	—	(6,237)	—	—	(41,392)
—	—	334	—	—	(22)	—	312
(3)	—	—	—	7,423	—	—	(15,048)
—	—	—	—	(64,995)	—	—	(64,995)
—	(28)	1,376	(89)	(47)	(379)	93	1,841
—	168	16,688	(686)	384	2,081	245	24,842
—	(331)	(3,869)	(496)	(776)	(2,251)	(720)	(22,066)
\$ (778)	\$ 10,305	\$ 46,953	\$ (263)	\$ 6,579	\$ 4,023	\$ 222	\$ 44,623
\$ —	\$ —	\$ 1,331	\$ —	\$ —	\$ —	\$ —	\$ 4,271
—	—	41,323	—	—	—	—	62,142
—	3,258	—	—	—	—	—	3,258
—	—	—	—	—	—	—	(261)
\$ —	\$ 3,258	\$ 42,654	\$ —	\$ —	\$ —	\$ —	\$ 69,410