

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health Insurance Fund - Accounts for the funding and costs associated with County employee health care. Charges to other County departments are made to cover these costs. Employees are required to pay the premiums for spouse or other dependent coverage. Claims are processed by a third-party administrator

Motor Pool Fund - Accounts for the operations of the County motor pool, which charges the use of the vehicles to County departments based on mileage

Telephone Fund - Accounts for the operations of the telephone system, which is charged back to County departments based on the quantity and type of phones being used, and the long distance usage

YELLOWSTONE COUNTY, MONTANA

Internal Service Funds

COMBINING BALANCE SHEET

JUNE 30, 2002

<u>ASSETS</u>	Health Insurance Fund	Motor Pool Fund	Telephone Fund	Total
CURRENT ASSETS:				
Cash and demand investments	\$686,306	\$14,029	\$36,565	\$736,900
Cash investments	850,409	17,279	45,032	912,720
Receivables (net of allowance for uncollectibles):				
Accounts	0	135	4,811	4,946
Accrued interest	7,011	0	0	7,011
Total current assets	1,543,726	31,443	86,408	1,661,577
PROPERTY AND EQUIPMENT:				
Equipment and vehicles	0	71,153	472,862	544,015
Accumulated depreciation	0	(61,038)	(389,862)	(450,900)
Total property and equipment (net)	0	10,115	83,000	93,115
Total assets	\$1,543,726	\$41,558	\$169,408	\$1,754,692
<u>LIABILITIES and FUND EQUITY</u>				
LIABILITIES:				
Accounts payable	\$2,371	\$561	\$6,988	\$9,920
Accrued liabilities	450,089	0	3,138	453,227
Unearned premiums	131,735	0	0	131,735
Total liabilities	584,195	561	10,126	594,882
FUND EQUITY:				
Contributed capital	0	0	3,260	3,260
Retained earnings, unreserved	959,531	40,997	156,022	1,156,550
Total fund equity	959,531	40,997	159,282	1,159,810
Total liabilities and fund equity	\$1,543,726	\$41,558	\$169,408	\$1,754,692

YELLOWSTONE COUNTY, MONTANA
Internal Service Funds
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Health Insurance Fund	Motor Pool Fund	Telephone Fund	Total
OPERATING REVENUES:				
Charge for services and use of facilities	\$0	\$11,624	\$318,684	\$330,308
Health insurance premiums	2,772,276	0	0	2,772,276
Total operating revenues	2,772,276	11,624	318,684	3,102,584
OPERATING EXPENSES:				
Salaries and benefits	0	0	38,841	38,841
Supplies	0	3,591	24,543	28,134
Contracted services	19,135	562	268,277	287,974
Health claims	3,063,300	0	0	3,063,300
Stop-loss insurance and administration	247,367	0	0	247,367
Total operating expenses	3,329,802	4,153	331,661	3,665,616
Operating income (loss) before depreciation	(557,526)	7,471	(12,977)	(563,032)
Depreciation	0	(3,372)	(33,197)	(36,569)
Operating income (loss)	(557,526)	4,099	(46,174)	(599,601)
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	71,848	0	0	71,848
Interfund transfer in	1,000,000	0	80,000	1,080,000
Total nonoperating revenues	1,071,848	0	80,000	1,151,848
Net income (loss)	514,322	4,099	33,826	552,247
Add depreciation on property and equipment acquired with capital contributions	0	0	1,632	1,632
Increase (decrease) in retained earnings	514,322	4,099	35,458	553,879
Retained earnings July 1, 2001	445,209	36,898	120,564	602,671
Retained earnings June 30, 2002	\$959,531	\$40,997	\$156,022	\$1,156,550

YELLOWSTONE COUNTY, MONTANA
Internal Service Funds
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Health Insurance Fund	Motor Pool Fund	Telephone Fund	Totals
Cash flows from operating activities:				
Cash received from users	\$0	\$11,489	\$318,455	\$329,944
Cash received from health insurance premiums	2,764,236	0	0	2,764,236
Cash paid to other suppliers for goods or services	(19,097)	(3,821)	(303,924)	(326,842)
Cash paid to employees for services	0	0	(38,479)	(38,479)
Cash paid for health claims	(3,019,400)	0	0	(3,019,400)
Cash paid for stop-loss insurance and administration	(247,367)	0	0	(247,367)
Net cash provided (used) by operating activities	(521,628)	7,668	(23,948)	(537,908)
Cash flows from noncapital financing activities:				
Cash received from other interfund transfer	1,000,000	0	80,000	1,080,000
Net cash provided (used) by noncapital financing activities	1,000,000	0	80,000	1,080,000
Cash flows from investing activities:				
Withdrawals from investment pool	0	0	0	0
Deposits into investment pool	(783,603)	(15,803)	(43,438)	(842,844)
Interest received on investments	66,176	0	0	66,176
Net cash provided (used) by investing activities	(717,427)	(15,803)	(43,438)	(776,668)
Net increase (decrease) in cash and demand investments	(239,055)	(8,135)	12,614	(234,576)
Cash and demand investments July 1, 2001	925,361	22,164	23,951	971,476
Cash and demand investments June 30, 2002	<u>\$686,306</u>	<u>\$14,029</u>	<u>\$36,565</u>	<u>\$736,900</u>
Noncash transaction:				
Increase in cash investments market value	<u>\$5,164</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,164</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating income (loss)	<u>(\$557,526)</u>	<u>\$4,099</u>	<u>(\$46,174)</u>	<u>\$</u>	<u>(\$599,601)</u>
Adjustments to reconcile net income (loss)					
to net cash from operating activities:					
Depreciation expense	0	3,372	33,197		36,569
(Increase) decrease in assets:					
Accounts receivable	0	(135)	(229)		(364)
Increase (decrease) in liabilities:					
Accounts payable	792	332	(11,104)		(9,980)
Accrued liabilities	43,146	0	362		43,508
Unearned premiums	(8,040)	0	0		(8,040)
Total adjustments	<u>35,898</u>	<u>3,569</u>	<u>22,226</u>		<u>61,693</u>
Net cash provided (used) by operating activities	<u>(\$521,628)</u>	<u>\$7,668</u>	<u>(\$23,948)</u>	<u>\$</u>	<u>(\$537,908)</u>