

## **Internal Service Funds**

Internal service funds are used to account for services and commodities furnished by a designated department to other departments within the City or to other governments on a cost reimbursement basis.

Garage Fund - to account for the cost of automotive and other motorized equipment of the City. The acquisition cost of new or upgraded equipment is financed through user departments and the asset value is simultaneously contributed to the Garage Fund. The cost of replacement of existing equipment is financed by the Garage Fund.

Administrative Services Fund - to account for various support activities including information technology, printing, mailing, and telephone services. The cost for these services is charged to user departments based on the cost of providing units of service.

General Services Fund - to account for various support activities including building maintenance and custodial services for all City departments and facilities. The cost for these services is charged to user departments based on the cost of providing units of service.

Central Insurance Fund - to account for the City's limited self-insurance program wherein all funds are assessed charges based on damage claims incurred and on management's assessment of individual funds' risk exposure. All claims and premiums are paid out of this fund, together with other costs necessary to administer the program. Medical insurance premiums are also paid from this fund.

**City of Clearwater, Florida**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**September 30, 2005**

	<u>Garage Fund</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
<b>ASSETS</b>					
Current assets:					
Cash on hand and in banks	\$ -	\$ 1,900	\$ -	\$ -	\$ 1,900
Equity in pooled cash and investments	3,434,739	3,545,341	676,227	25,349,620	33,005,927
Other receivables	-	280	-	52,990	53,270
Due from other funds	-	-	-	294,529	294,529
Inventories, at cost	299,693	-	-	-	299,693
Prepaid expenses and other assets	-	-	-	75,335	75,335
Total current assets	<u>3,734,432</u>	<u>3,547,521</u>	<u>676,227</u>	<u>25,772,474</u>	<u>33,730,654</u>
Noncurrent assets:					
Interest receivable	-	-	-	-	-
Advances to other funds	-	-	-	5,522,599	5,522,599
Net pension asset	525,359	979,284	349,153	91,072	1,944,868
Capital assets:					
Land and other nondepreciable assets	986,283	-	63,200	-	1,049,483
Capital assets, net of accumulated depreciation	13,536,421	3,368,762	130,371	21,416	17,056,970
Total noncurrent assets	<u>15,048,063</u>	<u>4,348,046</u>	<u>542,724</u>	<u>5,635,087</u>	<u>25,573,920</u>
Total assets	<u>18,782,495</u>	<u>7,895,567</u>	<u>1,218,951</u>	<u>31,407,561</u>	<u>59,304,574</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contracts payable	249,006	97,778	44,208	306,911	697,903
Accrued payroll	71,056	131,450	56,329	13,510	272,345
Accrued interest payable	-	52,990	-	-	52,990
Due to other funds	-	91,654	-	-	91,654
Unearned revenue	1,084,694	-	-	-	1,084,694
Current portion of long-term liabilities:					
Compensated absences	14,890	31,105	10,170	5,008	61,173
Notes, loan pool agreement and acquisition contracts	2,900,039	233,521	15,485	-	3,149,045
Claims payable	-	-	-	2,611,300	2,611,300
Total current liabilities (payable from current assets)	<u>4,319,685</u>	<u>638,498</u>	<u>126,192</u>	<u>2,936,729</u>	<u>8,021,104</u>
Noncurrent liabilities:					
Compensated absences	135,166	282,379	92,327	45,469	555,341
Notes, loan pool agreement and acquisition contracts	5,056,583	258,204	37,327	-	5,352,114
Advances from other funds	-	824,882	-	-	824,882
Claims payable	-	-	-	7,540,700	7,540,700
Total noncurrent liabilities	<u>5,191,749</u>	<u>1,365,465</u>	<u>129,654</u>	<u>7,586,169</u>	<u>14,273,037</u>
Total liabilities	<u>9,511,434</u>	<u>2,003,963</u>	<u>255,846</u>	<u>10,522,898</u>	<u>22,294,141</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	6,566,082	2,877,037	140,759	21,416	9,605,294
Unrestricted	2,704,979	3,014,567	822,346	20,863,247	27,405,139
Total net assets	<u>\$ 9,271,061</u>	<u>\$ 5,891,604</u>	<u>\$ 963,105</u>	<u>\$ 20,884,663</u>	<u>\$ 37,010,433</u>

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

**City of Clearwater, Florida**  
**Combining Statement of Revenue, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended September 30, 2005**

	<u>Garage Fund</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
<b>Operating revenues</b>					
Billings to departments	\$ 8,946,126	\$ 8,310,076	\$ 3,559,527	\$ 16,784,256	\$ 37,599,985
<b>Operating expenses:</b>					
Personal services	2,220,672	4,065,817	1,944,265	434,584	8,665,338
Purchases for resale	3,002,768	-	-	-	3,002,768
Operating materials and supplies	114,242	147,306	276,570	7,018	545,136
Transportation	2,324	93,262	105,754	3,438	204,778
Utility service	109,902	5,434	406,103	-	521,439
Depreciation	3,649,247	640,689	13,611	6,569	4,310,116
Interfund administrative charges	317,270	42,450	-	-	359,720
Other current charges:					
Professional fees	286,605	165,961	-	59,474	512,040
Communications	21,119	1,332,797	45,290	12,792	1,411,998
Printing and binding	-	26,631	-	-	26,631
Insurance					
Premiums	30,520	59,060	46,450	12,128,413	12,264,443
Claims incurred	604,071	-	-	1,789,237	2,393,308
Repairs and maintenance	-	692,622	789,680	11,640	1,493,942
Rentals	3,948	454,038	3,941	1,624	463,551
Miscellaneous	21,286	98,295	63,746	30,365	213,692
Data processing charges	106,720	221,150	60,690	13,100	401,660
Taxes	5,535	-	-	-	5,535
Total other current charges	<u>1,079,804</u>	<u>3,050,554</u>	<u>1,009,797</u>	<u>14,046,645</u>	<u>19,186,800</u>
Total operating expenses	<u>10,496,229</u>	<u>8,045,512</u>	<u>3,756,100</u>	<u>14,498,254</u>	<u>36,796,095</u>
Operating income (loss)	<u>(1,550,103)</u>	<u>264,564</u>	<u>(196,573)</u>	<u>2,286,002</u>	<u>803,890</u>
<b>Nonoperating revenues (expenses)</b>					
Earnings on investments	82,830	66,773	17,027	650,556	817,186
Interest expense	(253,273)	(44,569)	(2,188)	-	(300,030)
Gain (loss) on exchange of assets	272,022	(5,992)	-	-	266,030
Other	277,146	711	13,651	-	291,508
Total nonoperating revenue (expenses)	<u>378,725</u>	<u>16,923</u>	<u>28,490</u>	<u>650,556</u>	<u>1,074,694</u>
Income (loss) before transfers	<u>(1,171,378)</u>	<u>281,487</u>	<u>(168,083)</u>	<u>2,936,558</u>	<u>1,878,584</u>
Transfers in	392,724	116,720	-	1,217,259	1,726,703
Transfers out	-	-	-	(1,100,000)	(1,100,000)
	<u>392,724</u>	<u>116,720</u>	<u>-</u>	<u>117,259</u>	<u>626,703</u>
Change in net assets	(778,654)	398,207	(168,083)	3,053,817	2,505,287
Total net assets - beginning	10,049,715	5,493,397	1,131,188	17,830,846	34,505,146
Total net assets - ending	<u>\$ 9,271,061</u>	<u>\$ 5,891,604</u>	<u>\$ 963,105</u>	<u>\$ 20,884,663</u>	<u>\$ 37,010,433</u>

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

**City of Clearwater, Florida**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended September 30, 2005**

	<u>Garage Fund</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from other funds	\$ 8,946,126	\$ 8,310,076	\$ 3,559,527	\$ 16,784,256	\$ 37,599,985
Cash payments to suppliers	(3,915,561)	(2,578,569)	(1,477,570)	(14,234,399)	(22,206,099)
Cash payments to employees	(2,173,132)	(3,974,575)	(1,907,901)	(410,243)	(8,465,851)
Cash payments to other funds	(565,689)	(667,819)	(311,338)	(39,156)	(1,584,002)
Other revenues	213,340	711	13,651	-	227,702
Net cash provided (used) by operating activities	<u>2,505,084</u>	<u>1,089,824</u>	<u>(123,631)</u>	<u>2,100,458</u>	<u>5,571,735</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	392,724	-	-	1,217,259	1,609,983
Transfers out to other funds	-	-	-	(1,100,000)	(1,100,000)
Receipt of cash on loans to/from other funds	-	-	-	259,533	259,533
Payment of cash on loans to/from other funds	-	-	-	(2,000,000)	(2,000,000)
Net cash provided (used) by noncapital financing activities	<u>392,724</u>	<u>-</u>	<u>-</u>	<u>(1,623,208)</u>	<u>(1,230,484)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments on debt	(3,064,923)	(279,083)	(14,965)	-	(3,358,971)
Interest paid	(253,273)	(16,700)	(2,188)	-	(272,161)
Acquisition of capital assets	(3,751,182)	(274,879)	(78,662)	-	(4,104,723)
Sale of capital assets	272,022	-	-	-	272,022
Proceeds from issuance of debt	2,960,211	251,221	-	-	3,211,432
Net cash used by capital and related financing activities	<u>(3,837,145)</u>	<u>(319,441)</u>	<u>(95,815)</u>	<u>-</u>	<u>(4,252,401)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	88,623	66,773	17,027	650,556	822,979
Net cash provided by investing activities	<u>88,623</u>	<u>66,773</u>	<u>17,027</u>	<u>650,556</u>	<u>822,979</u>
Net increase (decrease) in cash and cash equivalents	(850,714)	837,156	(202,419)	1,127,806	911,829
Cash and cash equivalents at beginning of year	<u>4,285,453</u>	<u>2,710,085</u>	<u>878,646</u>	<u>24,221,814</u>	<u>32,095,998</u>
Cash and cash equivalents at end of year	<u>\$ 3,434,739</u>	<u>\$ 3,547,241</u>	<u>\$ 676,227</u>	<u>\$ 25,349,620</u>	<u>\$ 33,007,827</u>
Cash and cash equivalents classified as:					
Cash on hand and in banks	\$ -	\$ 1,900	\$ -	\$ -	\$ 1,900
Equity in pooled cash and investments	<u>3,434,739</u>	<u>3,545,341</u>	<u>676,227</u>	<u>25,349,620</u>	<u>33,005,927</u>
Total cash and cash equivalents	<u>\$ 3,434,739</u>	<u>\$ 3,547,241</u>	<u>\$ 676,227</u>	<u>\$ 25,349,620</u>	<u>\$ 33,007,827</u>

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

**City of Clearwater, Florida  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended September 30, 2005**

	<u>Garage Fund</u>	<u>Administrative Services</u>	<u>General Services</u>	<u>Central Insurance</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (1,550,103)	\$ 264,564	\$ (196,573)	\$ 2,286,002	\$ 803,890
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other revenue from nonoperating section of income statement	277,146	711	13,651	-	291,508
Depreciation	3,649,247	640,689	13,611	6,569	4,310,116
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	-	(280)	-	-	(280)
(Increase) decrease in inventory	(98,348)	-	-	-	(98,348)
(Increase) decrease in prepaid expenses	-	-	-	28,239	28,239
Increase (decrease) in accounts and contracts payable	243,408	92,898	9,316	(244,693)	100,929
Increase (decrease) in unearned revenue	(63,806)	-	-	-	(63,806)
(Increase) decrease in net pension asset	32,766	55,207	21,753	6,471	116,197
Increase (decrease) in accrued payroll	14,774	36,035	14,611	17,870	83,290
Total adjustments	<u>4,055,187</u>	<u>825,260</u>	<u>72,942</u>	<u>(185,544)</u>	<u>4,767,845</u>
Net cash provided (used) by operating activities	<u>\$ 2,505,084</u>	<u>\$ 1,089,824</u>	<u>\$ (123,631)</u>	<u>\$ 2,100,458</u>	<u>\$ 5,571,735</u>
<b>Noncash investing, capital and financing activities:</b>					
Decrease in net pension asset	\$ (32,766)	\$ (55,207)	\$ (21,753)	\$ (6,471)	\$ (116,197)