

## **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, 2006**

	<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	3,498,750	4,082,523	694,098	27,285,156	35,560,527
Other receivables	-	233	-	90,373	90,606
Due from other funds	-	-	-	294,529	294,529
Inventories, at cost	275,331	-	-	-	275,331
Prepaid expenses and other assets	-	-	-	1,459,368	1,459,368
Total current assets	<u>3,774,081</u>	<u>4,084,656</u>	<u>694,098</u>	<u>29,129,426</u>	<u>37,682,261</u>
Noncurrent assets:					
Interest receivable	-	-	-	-	-
Advances to other funds	-	-	-	5,319,724	5,319,724
Net pension asset	398,460	766,557	264,905	68,430	1,498,352
Capital assets:					
Land and other nondepreciable assets	1,100,712	-	103,691	-	1,204,403
Capital assets, net of accumulated depreciation	14,551,974	3,468,038	139,917	17,846	18,177,775
Total noncurrent assets	<u>16,051,146</u>	<u>4,234,595</u>	<u>508,513</u>	<u>5,406,000</u>	<u>26,200,254</u>
Total assets	<u>19,825,227</u>	<u>8,319,251</u>	<u>1,202,611</u>	<u>34,535,426</u>	<u>63,882,515</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contracts payable	72,541	88,126	21,534	162,026	344,227
Accrued payroll	69,300	124,296	61,254	14,204	269,054
Accrued interest payable	-	90,373	-	-	90,373
Due to other funds	-	91,654	-	-	91,654
Unearned revenue	1,020,889	-	-	-	1,020,889
Current portion of long-term liabilities:					
Compensated absences	14,574	31,701	13,066	5,070	64,411
Notes, loan pool agreement and acquisition contracts	3,076,799	212,693	35,072	-	3,324,564
Claims payable	-	-	-	2,408,000	2,408,000
Total current liabilities (payable from current assets)	<u>4,254,103</u>	<u>638,843</u>	<u>130,926</u>	<u>2,589,300</u>	<u>7,613,172</u>
Noncurrent liabilities:					
Compensated absences	137,938	300,039	123,660	47,986	609,623
Notes, loan pool agreement and acquisition contracts	5,847,728	257,896	96,510	-	6,202,134
Advances from other funds	-	824,882	-	-	824,882
Claims payable	-	-	-	7,192,000	7,192,000
Total noncurrent liabilities	<u>5,985,666</u>	<u>1,382,817</u>	<u>220,170</u>	<u>7,239,986</u>	<u>14,828,639</u>
Total liabilities	<u>10,239,769</u>	<u>2,021,660</u>	<u>351,096</u>	<u>9,829,286</u>	<u>22,441,811</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	6,728,159	2,997,449	112,026	17,846	9,855,480
Unrestricted	2,857,299	3,300,142	739,489	24,688,294	31,585,224
Total net assets	<u>\$ 9,585,458</u>	<u>\$ 6,297,591</u>	<u>\$ 851,515</u>	<u>\$ 24,706,140</u>	<u>\$ 41,440,704</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, 2006**

	<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	\$ 11,261,090	\$ 8,706,358	\$ 4,075,329	\$ 17,824,352	\$ 41,867,129
<b>Operating expenses:</b>					
Personal services	2,376,430	4,315,746	2,216,915	424,512	9,333,603
Purchases for resale	3,407,842	-	-	-	3,407,842
Operating materials and supplies	105,868	48,875	272,461	6,609	433,813
Transportation	4,205	115,165	166,192	6,649	292,211
Utility service	125,442	5,718	487,984	-	619,144
Depreciation	4,112,922	674,184	15,157	3,569	4,805,832
Interfund administrative charges	372,760	58,790	-	-	431,550
Other current charges:					
Professional fees	293,605	172,222	-	91,798	557,625
Communications	27,500	1,298,486	46,960	9,767	1,382,713
Printing and binding	-	19,508	-	-	19,508
Insurance					
Premiums	38,940	75,390	35,760	13,335,460	13,485,550
Claims incurred	525,815	-	-	1,445,818	1,971,633
Repairs and maintenance	-	766,129	744,960	22,275	1,533,364
Rentals	2,627	594,842	17,076	1,433	615,978
Miscellaneous	476,797	80,297	22,797	42,957	622,848
Data processing charges	128,620	219,910	58,430	12,210	419,170
Taxes	6,364	-	-	-	6,364
Total other current charges	<u>1,500,268</u>	<u>3,226,784</u>	<u>925,983</u>	<u>14,961,718</u>	<u>20,614,753</u>
Total operating expenses	<u>12,005,737</u>	<u>8,445,262</u>	<u>4,084,692</u>	<u>15,403,057</u>	<u>39,938,748</u>
Operating income (loss)	<u>(744,647)</u>	<u>261,096</u>	<u>(9,363)</u>	<u>2,421,295</u>	<u>1,928,381</u>
<b>Nonoperating revenues (expenses)</b>					
Earnings on investments	150,630	153,702	32,750	1,278,809	1,615,891
Interest expense	(282,836)	(54,622)	(3,207)	-	(340,665)
Gain (loss) on exchange of assets	579,667	(3,656)	-	-	576,011
Other	276,755	2,030	911	-	279,696
Total nonoperating revenue (expenses)	<u>724,216</u>	<u>97,454</u>	<u>30,454</u>	<u>1,278,809</u>	<u>2,130,933</u>
Income (loss) before transfers	<u>(20,431)</u>	<u>358,550</u>	<u>21,091</u>	<u>3,700,104</u>	<u>4,059,314</u>
Capital grants and contributions	-	39,435	-	-	39,435
Transfers in	334,828	8,002	-	121,373	464,203
Transfers out	-	-	(132,681)	-	(132,681)
	<u>334,828</u>	<u>47,437</u>	<u>(132,681)</u>	<u>121,373</u>	<u>370,957</u>
Change in net assets	314,397	405,987	(111,590)	3,821,477	4,430,271
Total net assets - beginning	9,271,061	5,891,604	963,105	20,884,663	37,010,433
Total net assets - ending	<u>\$ 9,585,458</u>	<u>\$ 6,297,591</u>	<u>\$ 851,515</u>	<u>\$ 24,706,140</u>	<u>\$ 41,440,704</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, 2006**

	<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	\$ 11,261,090	\$ 8,706,358	\$ 4,075,329	\$ 17,824,352	\$ 41,867,129
Cash payments to suppliers	(5,008,722)	(2,697,413)	(1,543,379)	(17,010,209)	(26,259,723)
Cash payments to employees	(2,248,831)	(4,091,917)	(2,093,513)	(398,597)	(8,832,858)
Cash payments to other funds	(659,767)	(767,524)	(331,915)	(45,685)	(1,804,891)
Other revenues	212,950	2,030	911	-	215,891
Net cash provided by operating activities	<u>3,556,720</u>	<u>1,151,534</u>	<u>107,433</u>	<u>369,861</u>	<u>5,185,548</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in from other funds	334,828	-	-	121,373	456,201
Transfers out to other funds	-	-	(132,681)	-	(132,681)
Receipt of cash on loans to/from other funds	-	-	-	165,493	165,493
Net cash provided (used) by noncapital financing activities	<u>334,828</u>	<u>-</u>	<u>(132,681)</u>	<u>286,866</u>	<u>489,013</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments on debt	(3,242,185)	(260,619)	(23,941)	-	(3,526,745)
Interest paid	(282,836)	(17,239)	(3,207)	-	(303,282)
Acquisition of capital assets	(5,289,008)	(729,679)	(65,194)	-	(6,083,881)
Sale of capital assets	625,772	-	-	-	625,772
Proceeds from issuance of debt	4,210,090	239,483	102,711	-	4,552,284
Net cash provided (used) by capital and related financing activities	<u>(3,978,167)</u>	<u>(768,054)</u>	<u>10,369</u>	<u>-</u>	<u>(4,735,852)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	150,630	153,702	32,750	1,278,809	1,615,891
Net cash provided by investing activities	<u>150,630</u>	<u>153,702</u>	<u>32,750</u>	<u>1,278,809</u>	<u>1,615,891</u>
Net increase in cash and cash equivalents	64,011	537,182	17,871	1,935,536	2,554,600
Cash and cash equivalents at beginning 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 at end of year	<u>\$ 3,498,750</u>	<u>\$ 4,084,423</u>	<u>\$ 694,098</u>	<u>\$ 27,285,156</u>	<u>\$ 35,562,427</u>
Cash and cash equivalents classified as:					
Cash on hand and in banks	\$ -	\$ 1,900	\$ -	\$ -	\$ 1,900
Equity in pooled cash and investments	<u>3,498,750</u>	<u>4,082,523</u>	<u>694,098</u>	<u>27,285,156</u>	<u>35,560,527</u>
Total cash and cash equivalents	<u>\$ 3,498,750</u>	<u>\$ 4,084,423</u>	<u>\$ 694,098</u>	<u>\$ 27,285,156</u>	<u>\$ 35,562,427</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, 2006**

	<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)	\$ (744,647)	\$ 261,096	\$ (9,363)	\$ 2,421,295	\$ 1,928,381
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other revenue from nonoperating section of income statement	276,755	2,030	911	-	279,696
Depreciation	4,112,921	674,184	15,157	3,569	4,805,831
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	-	47	-	-	47
(Increase) decrease in inventory	24,362	-	-	-	24,362
(Increase) decrease in prepaid expenses	-	-	-	(1,384,033)	(1,384,033)
Increase (decrease) in accounts and contracts payable	(176,465)	(9,652)	(22,674)	(696,885)	(905,676)
Increase (decrease) in unearned revenue	(63,805)	-	-	-	(63,805)
(Increase) decrease in net pension asset	126,899	212,727	84,248	22,642	446,516
Increase (decrease) in accrued payroll	700	11,102	39,154	3,273	54,229
Total adjustments	<u>4,301,367</u>	<u>890,438</u>	<u>116,796</u>	<u>(2,051,434)</u>	<u>3,257,167</u>
Net cash provided (used) by operating activities	<u>\$ 3,556,720</u>	<u>\$ 1,151,534</u>	<u>\$ 107,433</u>	<u>\$ 369,861</u>	<u>\$ 5,185,548</u>
<b>Noncash investing, capital and financing activities:</b>					
Decrease in net pension asset	\$ (126,899)	\$ (212,727)	\$ (84,248)	\$ (22,642)	\$ (446,516)