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.

CITY OF REDMOND COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS December 31, 2012

Page 1 of 2

| | Fleet Maintenance | | | | | Medical Self-Insurance | | |
|-----------------------------------|-------------------|-------------|----|-----------|----|---------------------------|--|--|
| ASSETS | _ | | | | - | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ | 1,091,392 | \$ | 200,540 | \$ | 2,366,892 | | |
| Investments | | 2,519,180 | | 468,389 | | 5,381,993 | | |
| Receivables: | | | | | | | | |
| Accounts and contracts | | - | | - | | - | | |
| Interest | | 12,591 | | 2,341 | | 26,899 | | |
| Due from other governments | | - | | - | | - | | |
| Inventory | | 61,906 | | - | | - | | |
| Prepaid insurance | | - | | 416,117 | | - | | |
| Restricted assets: | | | | | | | | |
| Deposits | _ | - | | - | _ | - | | |
| Total current assets | _ | 3,685,069 | _ | 1,087,387 | - | 7,775,784 | | |
| Noncurrent assets: | | | | | | | | |
| Land | | 584,292 | | - | | - | | |
| Buildings | | 510,196 | | - | | - | | |
| Improvements other than buildings | | 248,876 | | - | | - | | |
| Equipment | | 12,319,449 | | - | | - | | |
| Less accumulated depreciation | <u></u> | (8,585,308) | | - | _ | | | |
| Total noncurrent assets | | 5,077,505 | | - | | - | | |
| Total Assets | \$ | 8,762,574 | \$ | 1,087,387 | \$ | 7,775,784 | | |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | \$ | 95,290 | \$ | 18,428 | \$ | 1,101,072 | | |
| Employee wages payable | | 7,666 | | 851 | | 8 | | |
| Compensated absences | | 28,146 | | 3,819 | | - | | |
| Customer deposits payable | | - | | - | | - | | |
| Unearned revenues | | - | _ | - | _ | - | | |
| Total current liabilities | _ | 131,102 | _ | 23,098 | - | 1,101,080 | | |
| Noncurrent liabilities: | | | | | | | | |
| Compensated absences | <u></u> | 7,037 | | 955 | _ | | | |
| Total noncurrent liabilities | _ | 7,037 | | 955 | - | - | | |
| Total Liabilities | _ | 138,139 | _ | 24,053 | - | 1,101,080 | | |
| NET POSITION | | | | | | | | |
| Net Investment in capital assets | | 5,077,505 | | - | | - | | |
| Unrestricted | | 3,546,930 | | 1,063,334 | | 6,674,704 | | |
| Total Net Position | \$ | 8,624,435 | \$ | 1,063,334 | \$ | 6,674,704 | | |

CITY OF REDMOND COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS December 31, 2012

Page 2 of 2

| | | Workman's Compensation | | Information Technology | | Redmond Community Properties | | Total |
|-----------------------------------|----|---------------------------|----|---------------------------|----|------------------------------------|----------|-------------|
| ASSETS | • | | _ | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ | 180,371 | \$ | 742,166 | \$ | 912,482 \$ | 5 | 5,493,843 |
| Investments | | 410,648 | | 1,547,402 | | - | | 10,327,612 |
| Receivables: | | | | | | | | - |
| Accounts and Contracts | | - | | - | | - | | - |
| Interest | | 2,052 | | 7,734 | | 12,730 | | 64,347 |
| Due from other governments | | | | | | | | = |
| Inventory | | = | | - | | - | | 61,906 |
| Prepaid insurance | | = | | - | | 40,267 | | 456,384 |
| Restricted assets: | | | | | | | | = |
| Deposits | | | | - | | - | | = |
| Total current assets | - | 593,071 | _ | 2,297,302 | _ | 965,479 | | 16,404,092 |
| Noncurrent assets: | | | | | | | | |
| Land | | = | | - | | = | | 584,292 |
| Buildings | | = | | 109,298 | | = | | 619,494 |
| Improvements other than buildings | | - | | 88,535 | | = | | 337,411 |
| Equipment | | - | | 502,932 | | = | | 12,822,381 |
| Less accumulated depreciation | | - | | (166,523) | | = | | (8,751,831) |
| Total noncurrent assets | - | - | _ | 534,242 | _ | - | | 5,611,747 |
| Total Assets | \$ | 593,071 | \$ | 2,831,544 | \$ | 965,479 \$ | <u> </u> | 22,015,839 |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | \$ | 113,822 | \$ | 97,070 | \$ | 70,171 \$ | 6 | 1,495,853 |
| Employee wages payable | | 2,793 | | 42,715 | | - | | 54,033 |
| Compensated absences | | 14,441 | | 136,107 | | - | | 182,513 |
| Customer deposits payable | | = | | - | | - | | = |
| Unearned revenues | | = | | - | | 330,180 | | 330,180 |
| Total current liabilities | - | 131,056 | _ | 275,892 | _ | 400,351 | | 2,062,579 |
| Noncurrent liabilities: | | | | | | | | |
| Compensated absences | | 3,610 | | 34,027 | | = | | 45,629 |
| Total noncurrent liabilities | • | 3,610 | | 34,027 | | - | | 45,629 |
| Total Liabilities | - | 134,666 | | 309,919 | _ | 400,351 | | 2,108,208 |
| NET POSITION | | | | | | | | |
| Net Investment in capital assets | | - | | 534,242 | | - | | 5,611,747 |
| Unrestricted | | 458,405 | | 1,987,383 | | 565,128 | | 14,295,884 |
| Total Net Position | \$ | 458,405 | \$ | 2,521,625 | \$ | 565,128 \$ | <u> </u> | 19,907,631 |

CITY OF REDMOND COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

For the year ended December 31, 2012

Page 1 of 2

| | Fleet Maintenance | | | Insurance | _ | Medical Self-Insurance |
|--|----------------------|-----------|----|-----------|----|---------------------------|
| Operating revenues: | | | | | | |
| Charges for services | \$ | 97,486 | \$ | 561,757 | \$ | 10,075,156 |
| Metro | | - | | - | | - |
| Charges for replacement | | 2,133,654 | | - | | - |
| Charges for insurance | | - | | - | | = |
| Total operating revenues | | 2,231,140 | | 561,757 | _ | 10,075,156 |
| Operating expenses: | | | | | | |
| Administrative and general | | - | | - | | - |
| Purchased water | | - | | - | | - |
| Metro service | | - | | - | | = |
| Supplies | | 163,525 | | - | | 791 |
| Maintenance and operations Taxes | | 1,371,363 | | 941,913 | | 8,302,879 |
| Depreciation and amortization | | 872,345 | | - | | - |
| Total Operating Expenses | | 2,407,233 | | 941,913 | | 8,303,670 |
| Operating income (loss) | | (176,093) | _ | (380,156) | _ | 1,771,486 |
| Nonoperating revenues (expenses): | | | | | | |
| Interest and investment revenue | | (11,602) | | 5,186 | | 35,620 |
| Interest expense | | - | | - | | - |
| Grant income | | - | | - | | - |
| Intergovernmental COBRA tax credit | | - | | - | | - |
| Amortization of debt issue costs | | - | | - | | - |
| Gain (Loss) on sale of capital assets | | 64,909 | | - | | - |
| Insurance Recovery | | 775 | | 25,129 | | 82,478 |
| Miscellaneous | | | | - | | 23,568 |
| Total nonoperating revenues (expenses) | | 54,082 | | 30,315 | | 141,666 |
| Income (loss) before contributions and transfers | | (122,011) | | (349,841) | | 1,913,152 |
| Capital contributions | | - | | - | | - |
| Transfers in | | - | | - | | - |
| Transfers out | | - | | - | | (75,851) |
| Change in net position | | (122,011) | | (349,841) | | 1,837,301 |
| Total net position - beginning | _ | 8,746,446 | _ | 1,413,175 | | 4,837,403 |
| Total net position - ending | \$ | 8,624,435 | \$ | 1,063,334 | \$ | 6,674,704 |

CITY OF REDMOND COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

For the year ended December 31, 2012

Page 2 of 2

| | - | Workman's Compensation | Information Technology | _ | Redmond Community Properties | To | tal |
|--|----|---------------------------|---------------------------|----|------------------------------------|-----|----------|
| Operating revenues: | | | | | | | |
| Charges for services | \$ | - \$ | 3,698,681 | \$ | 1,033,110 \$ | 15, | 466,190 |
| Metro | | - | - | | - | | - |
| Charges for replacement | | - | - | | - | 2, | 133,654 |
| Charges for insurance | _ | 783,743 | - | _ | <u> </u> | | 783,743 |
| Total operating revenues | | 783,743 | 3,698,681 | _ | 1,033,110 | 18, | 383,587 |
| Operating expenses: | | | | | | | |
| Administrative and general | | - | - | | 342,351 | ; | 342,351 |
| Purchased water | | - | - | | - | | - |
| Metro service | | - | - | | - | | - |
| Supplies | | 8 | 106,750 | | - | : | 271,074 |
| Maintenance and operations | | 1,168,291 | 3,977,223 | | 605,955 | 16, | 367,624 |
| Taxes | | - | - | | - | | - |
| Depreciation and amortization | | - | 26,996 | | | | 899,341 |
| Total Operating Expenses | | 1,168,299 | 4,110,969 | | 948,306 | | 880,390 |
| Operating income (loss) | | (384,556) | (412,288) | _ | 84,804 | | 503,197 |
| Nonoperating revenues (expenses): | | | | | | | |
| Interest and investment revenue | | 3,630 | 21,454 | | 58 | | 54,346 |
| Interest expense | | - | - | | - | | - |
| Grant income | | - | - | | - | | - |
| Intergovernmental COBRA tax credit | | = | - | | = | | - |
| Amortization of debt issue costs | | - | - | | - | | - |
| Gain (Loss) on sale of capital assets | | = | - | | = | | 64,909 |
| Insurance Recovery | | - | - | | - | | 108,382 |
| Miscellaneous | | <u> </u> | - | _ | <u> </u> | | 23,568 |
| Total nonoperating revenues (expenses) | | 3,630 | 21,454 | | 58 | | 251,205 |
| Income (loss) before contributions and transfers | | (380,926) | (390,834) | | 84,862 | | 754,402 |
| Capital contributions | | | | | | | |
| Transfers in | | - | 528,777 | | - | ; | 528,777 |
| Transfers out | _ | <u> </u> | | _ | <u> </u> | | (75,851) |
| Change in net position | | (380,926) | 137,943 | | 84,862 | 1, | 207,328 |
| Total net position - beginning | | 839,331 | 2,383,682 | | 480,266 | 18, | 700,303 |
| Total net position - ending | \$ | 458,405 \$ | 2,521,625 | \$ | 565,128 \$ | 19, | 907,631 |

For the Year Ended December 31, 2012

Page 1 of 4

| | | Fleet Maintenance | | Insurance | _ | Medical Self-Insurance |
|--|-----|----------------------|----|-----------|-----|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Cash received from customers | \$ | 2,231,140 | \$ | 561,757 | \$ | 10,075,156 |
| Cash received for replacement | | - | | - | | - |
| Cash received from interest | | - | | - | | - |
| Cash received from prior period overpayment | | - | | - | | - |
| Cash payments to suppliers | | (1,036,214) | | (764,326) | | (294,809) |
| Cash payments to employees | | (525,971) | | (52,590) | | (7,931,750) |
| Cash payments to other governments | | - | | - | | - |
| Internal activity - payments to other funds | | - | | - | | - |
| Other operating receipts | | - | | - | | - |
| Other operating payments | _ | - | _ | 25,129 | | - |
| Net cash provided by operating activities | | 668,955 | | (230,030) | - | 1,848,597 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Non-operating transfers in/out | | - | | - | | (75,851) |
| Dividends | | - | | - | | - |
| Employee insurance premium contributions | | - | | - | | - |
| Grants | | - | | - | | - |
| Interfund loan repayment | | - | | - | | - |
| Contributed capital | | - | | - | | - |
| Other Non-operating revenues (expenses) | | 65,684 | | - | | 106,047 |
| Residual equity transfers in/out | _ | | _ | | _ | |
| Net cash provided (used) by noncapital financing activities | _ | 65,684 | _ | - | - | 30,196 |
| CASH FLOWS FROM CAPITAL AND RELATED | | | | | | |
| FINANCING ACTIVITIES | | (660,693) | | | | |
| Acquisition and construction of capital assets | | (660,683) | | - | | - |
| Acquisition of other assets | | - | | - | | - |
| Proceeds from sale of capital assets | | - | | - | | - |
| Proceeds from sale of other assets | | - | | - | | - |
| Principal paid on revenue bonds | | - | | - | | - |
| Principal paid on other debt | | - | | - | | - |
| Interest paid on revenue bonds and other debt Net cash used for capital and related | _ | | _ | | - | |
| financing activities | | (660,683) | | - | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| | | | | | | |
| Investment purchases Investment sales/maturities | | - 574,767 | | 335,652 | | (122,938) |
| | | , | | , | | , |
| Interest on investments Not each provided (used) in investing activities | _ | (23,412) | _ | 6,104 | - | 30,204 |
| Net cash provided (used) in investing activities | | 551,355 | - | 341,756 | - | (92,734) |
| Net increase (decrease) in cash and cash equivalents | | 625,311 | | 111,726 | | 1,786,059 |
| Cash and cash equivalents-beginning of year | | 466,081 | _ | 88,814 | | 580,833 |
| Cash and cash equivalents-end of year | \$_ | 1,091,392 | \$ | 200,540 | \$_ | 2,366,892 |

For the Year Ended December 31, 2012

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| | | Fleet | | Medical | | |
|---|----------------|-------------|-----------------|-----------------|--|--|
| | | Maintenance | Insurance | Self-Insurance | | |
| Cash at the end of the year consists of: | | | | | | |
| Operating fund cash | \$ | 1,091,392 | \$ 200,540 | \$ 2,366,892 | | |
| Bond reserve cash | | - | - | - | | |
| Customer deposits | | - | - | - | | |
| Total cash at end of year | \$ | 1,091,392 | \$ 200,540 | \$ 2,366,892 | | |
| Reconciliation of operating income to net cash provided by oper | ating activiti | es: | | | | |
| Operating income (loss) | \$ | (176,093) | \$ (380,156) | \$ 1,771,486 | | |
| Adjustments to reconcile operating | | | | | | |
| income to net cash provided by | | - | - | - | | |
| Operating activities: | | | | | | |
| Depreciation and amortization | | 872,345 | - | - | | |
| Decrease (increase) in accounts receivable | | - | - | - | | |
| Decrease (increase) in inventory | | (11,492) | - | - | | |
| Decrease (increase) in prepaid expenses | | - | 107,593 | - | | |
| Increase in due from other governments | | - | - | - | | |
| Decrease (increase) in projects in progress | | - | - | - | | |
| Increase (decrease) in accounts payable | | (16,500) | 17,958 | 77,102 | | |
| Increase (decrease) in employee wages payable | | 1,100 | 108 | 9 | | |
| Increase (decrease) in compensated absences payable | | (405) | (662) | - | | |
| Increase (decrease) in due to other governments | | - | - | - | | |
| Increase (decrease) in customer deposits payable | | - | - | - | | |
| Reclassify other income | | - | - | - | | |
| Increase (decrease) in unearned revenues | | - | 25,129 | | | |
| Net cash provided by operating activities | \$ | 668,955 | \$ (230,030) | \$ 1,848,597 | | |
| Noncash investing, capital and financing activities | | | | | | |
| The fair value of investments decreased | | (40,082) | (2,067) | (22,482) | | |

For the Year Ended December 31, 2012

Page 3 of 4

| | Workman's Compensation | Information Technology | Redmond Community Properties | Total |
|---|------------------------|------------------------|------------------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | \$ 783,743 | \$ 3,698,681 | \$ 1,033,110 | \$ 18,383,587 |
| Cash received for replacement | - | - | - | - |
| Cash received from interest | - | - | - | - |
| Cash received from prior period overpayment | - | - | - | - |
| Cash payments to suppliers | (266,922) | (1,438,085) | (827,345) | (4,627,701) |
| Cash payments to employees | (881,430) | (2,629,218) | (154,276) | (12,175,235) |
| Cash payments to other governments | - | - | - | - |
| Internal activity - payments to other funds | - | - | - | - |
| Other operating receipts | - | - | - | - |
| Other operating payments | (224.222) | - (222.222) | | 25,129 |
| Net cash provided by operating activities | (364,609) | (368,622) | 51,489 | 1,605,780 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Non-Operating transfers in/out | - | 528,777 | - | 452,926 |
| Dividends | - | - | - | - |
| Employee insurance premium contributions | - | - | - | - |
| Grants | - | - | - | - |
| Interfund loan repayment | - | - | - | - |
| Contributed capital | - | - | - | - |
| Other non-operating revenues (expenses) | | | | 171,731 |
| Residual equity transfers out | | | | |
| Net cash provided (used) by noncapital financing activities | | 528,777 | <u> </u> | 624,657 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | - | (190,614) | - | (851,297) |
| Acquisition of other asset | - | - | - | - |
| Proceeds from sale of fixe u as sets | - | - | - | - |
| Proceeds from sale of other assets | - | - | - | - |
| Principal paid on revenue bonds | - | - | - | - |
| Principal paid on other debt | - | - | - | - |
| Interest paid on revenue bonds and other debt | 410,648 | | | 410,648 |
| Net cash used for capital and related financing activities | 410,648 | (190,614) | _ | (440,649) |
| · | | (100,011) | | (110,010) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment purchases | - | (1,568,856) | - | (1,568,856) |
| Investment sales/maturities | 35,438 | - | - | 822,919 |
| Interest on investments | 4,909 | 35,174 | (11,462) | 41,517 |
| Net cash provided (used) in investing activities | 40,347 | (1,533,682) | (11,462) | (704,420) |
| Net increase in cash and cash equivalents | 86,386 | (1,564,141) | 40,027 | 1,085,368 |
| Cash and cash equivalents-beginning of year | 93,985 | 2,306,307 | 872,455 | 4,408,475 |
| Cash and cash equivalents-end of year | \$ 180,371 | \$ 742,166 | \$ 912,482 | \$ 5,493,843 |

For the Year Ended December 31, 2012

Page 4 of 4

| | | Workman's ompensation | _ | Information Technology | Red | dmond Communit | y | Total |
|--|--------------|-----------------------|-----|---------------------------|----------------|----------------|-------------|-----------|
| Cash at the end of the year consists of: Operating fund cash | \$ | 180,371 | \$ | 742,166 | \$ | 912,482 | \$ | 5,493,843 |
| Bond reserve cash | | - | | - | | - | | - |
| Customer deposits Total cash at end of year | | 180,371 | \$ | 742,166 | <u>\$</u> | 912,482 | <u>\$</u> | 5,493,843 |
| rotal cash at end of year | Ψ | 100,371 | Ψ= | 742,100 | Ψ= | 912,402 | Ψ | 3,493,043 |
| Reconciliation of operating income to net cash provided by operating | ng activitie | es: | | | | | | |
| Operating income (loss) | \$ | (384,556) | \$ | (412,288) | \$ | 84,804 | \$ | 503,197 |
| Adjustments to reconcile operating | | | | | | | | |
| income to net cash provided by | | - | | - | | - | | - |
| Operating activities: | | | | | | | | |
| Depreciation and amortization | | - | | 26,996 | | - | | 899,341 |
| Decrease (increase) in accounts receivable | | - | | - | | - | | - |
| Decrease (increase) in inventory | | - | | - | | - | | (11,492) |
| Decrease (increase) in prepaid expenses | | - | | - | | (2,108) | | 105,485 |
| Increase in due from other governments | | - | | - | | - | | - |
| Decrease (increase) in projects in progress | | - | | - | | - · | | - |
| Increase (decrease) in accounts payable | | 14,876 | | 24,842 | | (38,294) | | 79,984 |
| Increase (decrease) in employee wages payable | | 409 | | 6,048 | | - | | 7,674 |
| Increase (decrease) in compensated absences payable | | 4,662 | | (14,220) | | - | | (10,625) |
| Increase (decrease) in due to other governments | | - | | - | | - | | - |
| Increase (decrease) in customer deposits payable | | - | | - | | - | | - |
| Reclassify other income | | - | | - | | - | | - |
| Increase (decrease) in unearned revenues | <u>_</u> | (364,609) | φ – | (368.622) | _e – | 7,087 | _ | 32,216 |
| Net cash provided (used) by operating activities | » <u>—</u> | (364,609) | Φ = | (308,622) | \$ _ | 51,489 | \$ _ | 1,605,780 |
| Noncash investing, capital and financing activities | | | | | | | | |
| The fair value of investments decreased | | (1,208) | | (6,034) | | - | | (71,873) |