

## **Internal Service Funds**

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Internal Service Funds are established to finance and account for services and/or commodities furnished by a designed program to other programs within the City. Revenue to these funds is derived from charges to user departments in various operational funds of the City.

### ***Central Garage Fund***

This fund provides for the operation and maintenance of motor vehicle equipment of the City as well as various store items that are used in the normal operations of the Public Works Departments.

### ***Administrative Services Fund***

This fund provides for services such as data processing, photocopying, telecommunications and postage to other departments of the City.

### ***Insurance Fund***

This fund provides financing for risk management activities for workers compensation insurance and accounts for activities of our group health plan.

**CITY OF ALBERT LEA, MINNESOTA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
December 31, 2006

	<b>Central Garage Fund</b>	<b>Administrative Services Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$385,569	\$77,449	\$1,207,717	\$1,670,735
Investments	1,300,000	300,000	370,000	1,970,000
Accounts receivable	29,501	133	12,203	41,837
Inventories at cost	17,733			17,733
Total current assets	<u>1,732,803</u>	<u>377,582</u>	<u>1,589,920</u>	<u>3,700,305</u>
Noncurrent assets:				
Capital assets – net	<u>2,713,110</u>	<u>144,760</u>		<u>2,857,870</u>
Total assets	<u>4,445,913</u>	<u>522,342</u>	<u>1,589,920</u>	<u>6,558,175</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	53,781	7,677	3,154	64,612
Accrued claims			150,000	150,000
Accrued wages	3,948	708		4,656
Total liabilities	<u>57,729</u>	<u>8,385</u>	<u>153,154</u>	<u>219,268</u>
<b>NET ASSETS</b>				
Invested in capital assets	2,713,110	144,760		2,857,870
Unrestricted	<u>1,675,074</u>	<u>369,197</u>	<u>1,436,766</u>	<u>3,481,037</u>
Total net assets	<u>\$4,388,184</u>	<u>\$513,957</u>	<u>\$1,436,766</u>	<u>\$6,338,907</u>

**CITY OF ALBERT LEA, MINNESOTA**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Internal Service Funds**

For the year ended December 31, 2006

	<b>Central Garage Fund</b>	<b>Admini- Strative Services Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Service Funds</b>
OPERATING REVENUES				
Charges for service	\$814,206	\$177,904	\$2,042,408	\$3,034,518
OPERATING EXPENSES				
Operation and maintenance:				
Personal services	92,774	15,317		108,091
Supplies	310,651	15,930		326,581
Other services and charges	126,901	64,087	1,694,918	1,885,906
Depreciation	638,203	78,605		716,808
Total operating expenses	1,168,529	173,939	1,694,918	3,037,386
Operating income (loss)	(354,323)	3,965	347,490	(2,868)
Non-operating revenues (expenses)				
Interest on investments	76,701	16,637	48,303	141,641
Gain (loss) on disposal of assets	33,188			33,188
Total non-operating revenues (expenses)	109,889	16,637	48,303	174,829
Income(loss) before transfers	(244,434)	20,602	395,793	171,961
Transfer in	240,000			240,000
Change in net assets	(4,434)	20,602	395,793	411,961
Total net assets – beginning	4,392,618	493,355	1,040,973	5,926,946
Total net assets – ending	\$4,388,184	\$513,957	\$1,436,766	\$6,338,907

**CITY OF ALBERT LEA, MINNESOTA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the year ended December 31, 2006

	<b>Central Garage Fund</b>	<b>Administrative Services Fund</b>	<b>Insurance Fund</b>	<b>Total Internal Services Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$784,705	\$177,771	\$2,062,671	\$3,025,147
Cash payments to suppliers for goods and services	(393,331)	(75,839)	(1,692,273)	(2,161,443)
Cash payments to employees for services	(92,064)	(14,834)		(106,898)
Net cash provided by operating activities	<u>299,310</u>	<u>87,098</u>	<u>(370,398)</u>	<u>756,806</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(874,710)	(124,873)		(999,583)
Disposition of capital assets	33,188			33,188
Transfer from other fund	240,000			240,000
Net cash used for capital and related fin. Activities	<u>(601,522)</u>	<u>(124,873)</u>		<u>(726,395)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investment securities	200,000			200,000
Interest on investments	76,701	16,637	48,303	141,641
Net cash provided by investing activities	<u>276,701</u>	<u>16,637</u>	<u>48,303</u>	<u>341,641</u>
Net increase (decrease) in cash and cash equivalents	(25,511)	(21,138)	418,701	372,052
Cash and cash equivalents – January 1	<u>411,080</u>	<u>98,587</u>	<u>789,016</u>	<u>1,298,683</u>
Cash and cash equivalents – December 31	<u><u>\$385,569</u></u>	<u><u>\$77,449</u></u>	<u><u>\$1,207,717</u></u>	<u><u>\$1,670,735</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$(354,323)	\$3,965	\$347,490	\$(2,868)
Adjustments				
Depreciation	638,203	78,605		716,808
Net changes in assets and liabilities:				
Accounts receivable	(29,501)	(133)	20,263	(9,371)
Inventories	21,603			21,603
Accounts payable	22,618	4,178	2,645	29,441
Accrued wages	710	483		1,193
Net cash provided by operating activities	<u><u>\$299,310</u></u>	<u><u>\$87,098</u></u>	<u><u>\$370,398</u></u>	<u><u>\$756,806</u></u>