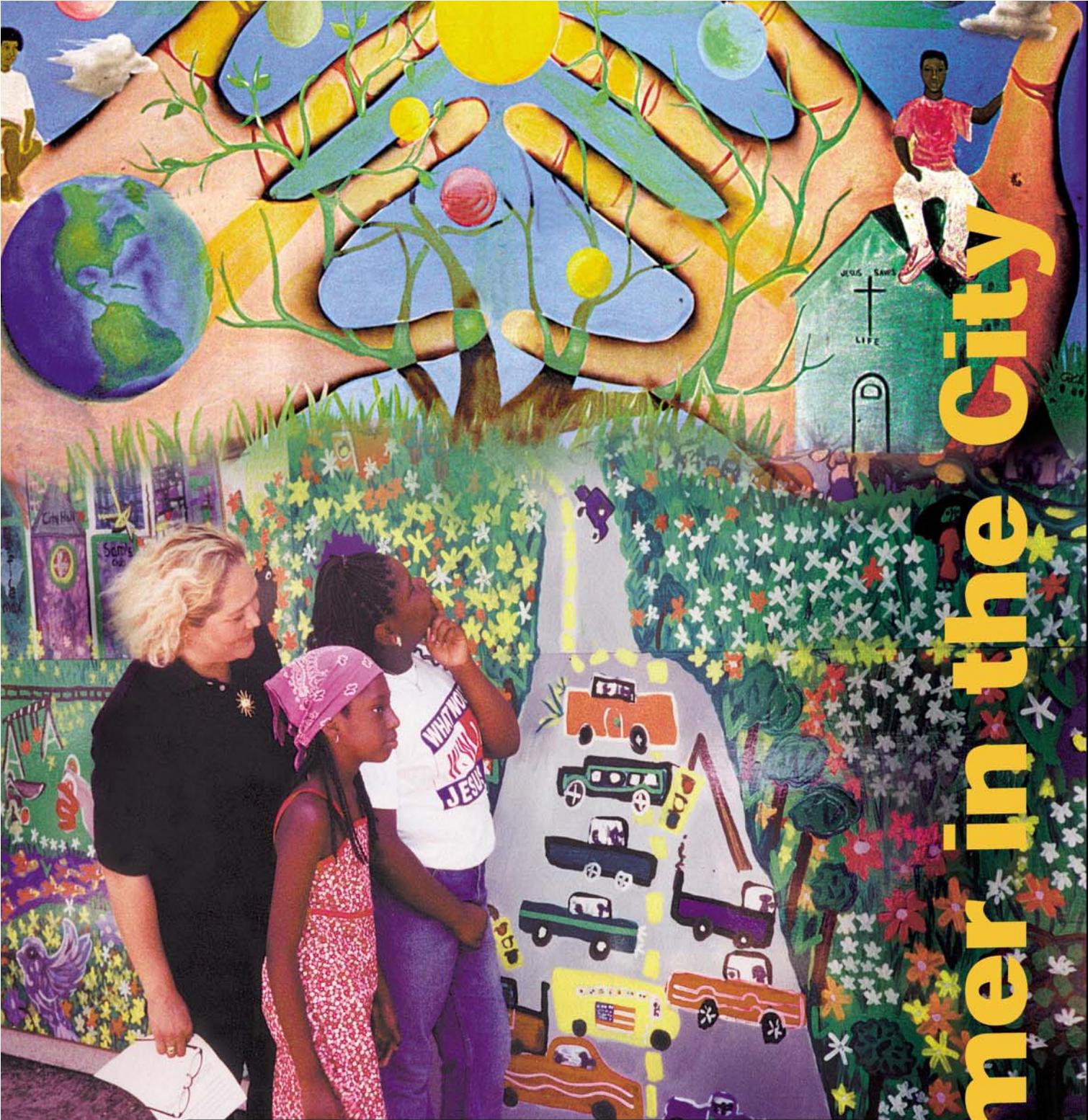


# Summer in the City



To help develop an appreciation for art in younger generations, the Houston Parks & Recreation Department offers a Summer Mural Painting Project. Children ages six through 14 in the program create public murals that are permanently mounted at five community centers throughout the City. Since the program's inception in 1996, young artists have created 31 murals that colorfully capture a child's view of everyday life.

Photo courtesy of: HPARD Mural File

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## **Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one city department to other city departments on a cost reimbursement basis.

**Health Benefits** — This fund is used to account for the cost incurred to provide City employees' health care and life insurance benefits.

**Long-Term Disability** — This fund is used to account for the cost incurred to provide City employees long-term disability coverage.

**CITY OF HOUSTON, TEXAS**  
**INTERNAL SERVICE FUND**  
**Combining Statement of Net Assets**  
**June 30, 2002**  
*(amounts expressed in thousands)*

|                                       | <u>Health Benefits</u> | <u>Long-term<br/>Disability</u> | <u>Total</u>     |
|---------------------------------------|------------------------|---------------------------------|------------------|
| <b>Assets</b>                         |                        |                                 |                  |
| Equity in pooled cash and investments | \$ 11,674              | \$ 4,672                        | \$ 16,346        |
| Receivables, net of allowances        |                        |                                 |                  |
| Accounts receivable                   | 1                      | -                               | 1                |
| Due from other funds                  | 1                      | -                               | 1                |
| Total assets                          | <u>\$ 11,676</u>       | <u>\$ 4,672</u>                 | <u>\$ 16,348</u> |
| <b>Liabilities</b>                    |                        |                                 |                  |
| <b>Current Liabilities</b>            |                        |                                 |                  |
| Accounts payable                      | \$ 71                  | \$ 18                           | \$ 89            |
| Accrued payroll liabilities           | 71                     | -                               | 71               |
| Due to other funds                    | 2,496                  | -                               | 2,496            |
| Claims and judgments                  | 7,824                  | 3,716                           | 11,540           |
| Compensated absences                  | 94                     | -                               | 94               |
| Total current liabilities             | <u>10,556</u>          | <u>3,734</u>                    | <u>14,290</u>    |
| <b>Long-term liabilities</b>          |                        |                                 |                  |
| Claims and judgments                  | -                      | 856                             | 856              |
| Total long-term liabilities           | <u>-</u>               | <u>856</u>                      | <u>856</u>       |
| Total liabilities                     | <u>10,556</u>          | <u>4,590</u>                    | <u>15,146</u>    |
| <b>Net Assets</b>                     |                        |                                 |                  |
| Unrestricted                          | 1,120                  | 82                              | 1,202            |
| <b>Total net assets</b>               | <u>\$ 1,120</u>        | <u>\$ 82</u>                    | <u>\$ 1,202</u>  |

**CITY OF HOUSTON, TEXAS**  
**INTERNAL SERVICE FUND**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**For the Year Ended June 30, 2002**  
*(amounts expressed in thousands)*

|  | <u>Health Benefits</u> | <u>Long-term<br/>Disability</u> | <u>Total</u>           |
|--|------------------------|---------------------------------|------------------------|
| <b>Operating Revenues</b>                        |                        |                                 |                        |
| Health benefit premiums                          | \$ 140,842             | \$ 818                          | \$ 141,660             |
| Total operating revenue                          | <u>140,842</u>         | <u>818</u>                      | <u>141,660</u>         |
| <b>Operating Expenses</b>                        |                        |                                 |                        |
| Administrative costs                             | 2,633                  | -                               | 2,633                  |
| Claims Costs                                     | 140,835                | 1,130                           | 141,965                |
| Total operating expenses                         | <u>143,468</u>         | <u>1,130</u>                    | <u>144,598</u>         |
| Operating income (loss)                          | <u>(2,626)</u>         | <u>(312)</u>                    | <u>(2,938)</u>         |
| <b>Nonoperating revenue (expenses)</b>           |                        |                                 |                        |
| Investment income                                | 1,017                  | 246                             | 1,263                  |
| Other revenue                                    | 1,204                  | -                               | 1,204                  |
| Total Nonoperating revenues (expenses)           | <u>2,221</u>           | <u>246</u>                      | <u>2,467</u>           |
| Income (loss) before contributions and transfers | <u>(405)</u>           | <u>(66)</u>                     | <u>(471)</u>           |
| Change in net assets                             | (405)                  | (66)                            | (471)                  |
| Total net asset, July 1                          | <u>1,525</u>           | <u>148</u>                      | <u>1,673</u>           |
| <b>Total net asset, June 30</b>                  | <u><u>\$ 1,120</u></u> | <u><u>\$ 82</u></u>             | <u><u>\$ 1,202</u></u> |

**CITY OF HOUSTON, TEXAS**  
**INTERNAL SERVICE FUND**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2002**  
**(amounts expressed in thousands)**

|   | <u>Health Benefits</u>  | <u>Long-term<br/>Disability</u> | <u>Total</u>            |
|---|-------------------------|---------------------------------|-------------------------|
| <b>Cash flows from operating activities</b>   |                         |                                 |                         |
| Receipts from customers   | \$ 140,842              | \$ 818                          | \$ 141,660              |
| Payments to employees   | (1,827)                 | -                               | (1,827)                 |
| Payments to suppliers   | (742)                   | -                               | (742)                   |
| Internal activity-payments to other funds   | 3,062                   | -                               | 3,062                   |
| Claims paid   | (134,862)               | (680)                           | (135,542)               |
| Net cash provided by operating activities   | <u>6,473</u>            | <u>138</u>                      | <u>6,611</u>            |
| <b>Cash flows from investing activities</b>   |                         |                                 |                         |
| Interest income on investments  | 1,017                   | 246                             | 1,263                   |
| Net cash provided by (used for) investing activities  | <u>1,017</u>            | <u>246</u>                      | <u>1,263</u>            |
| <b>Cash flows from noncapital financing activities</b>  |                         |                                 |                         |
| Other revenues  | 1,204                   | -                               | 1,204                   |
| Net cash provided by noncapital financing activities  | <u>1,204</u>            | <u>-</u>                        | <u>1,204</u>            |
| Net increase (decrease) in cash and cash equivalents  | 8,694                   | 384                             | 9,078                   |
| Cash and cash equivalents, July 1   | 2,980                   | 4,288                           | 7,268                   |
| <b>Cash and cash equivalents, June 30</b>   | <u><u>\$ 11,674</u></u> | <u><u>\$ 4,672</u></u>          | <u><u>\$ 16,346</u></u> |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities</b> |                         |                                 |                         |
| Operating income (loss)   | \$ (2,626)              | \$ (312)                        | \$ (2,938)              |
| Adjustments to reconcile operating income to net cash provided by operating activities        |                         |                                 |                         |
| Changes in assets and liabilities   |                         |                                 |                         |
| Accounts receivable   | -                       | -                               | -                       |
| Due from other funds  | 662                     | -                               | 662                     |
| Accounts payable  | 17                      | 18                              | 35                      |
| Accrued payroll liabilities   | 5                       | -                               | 5                       |
| Due to other funds  | 2,428                   | -                               | 2,428                   |
| Claims for workers' compensation  | 5,977                   | 432                             | 6,409                   |
| Compensated absences  | 10                      | -                               | 10                      |
| Net cash provided by operating activities   | <u><u>\$ 6,473</u></u>  | <u><u>\$ 138</u></u>            | <u><u>\$ 6,611</u></u>  |