



The Texas Thunder, one of six teams competing in the National Pro Fastpitch League, boasts a 2005 record of 20 consecutive wins and a trip to the playoffs. The Westside Tennis Club is home to the Tennis Master's Cup, the U.S. Men's Clay Court Championship, the 2002 Davis Cup and the Houston Wranglers, a World Team Tennis franchise that is Houston's newest professional sports team.



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 costs incurred to provide City employees' health care and life insurance benefits.

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

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Net Assets
June 30, 2005
(With comparative totals for 2004)
amounts expressed in thousands

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2005</u>	<u>2004</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 39,735	\$ 6,402	\$ 46,137	\$ 9,081
Receivables, net of allowances				
Accounts receivable	1	-	1	1
Due from other funds	2	-	2	225
Total current assets	<u>39,738</u>	<u>6,402</u>	<u>46,140</u>	<u>9,307</u>
Total assets	<u>39,738</u>	<u>6,402</u>	<u>46,140</u>	<u>9,307</u>
Liabilities				
Current Liabilities				
Accounts payable	34,548	34	34,582	82
Accrued payroll liabilities	25	-	25	92
Due to other funds	2	-	2	15
Advances and deposits	2,140	-	2,140	-
Claims and judgments	1,215	6,351	7,566	7,116
Compensated absences	98	-	98	128
Unearned revenue	406	-	406	356
Total current liabilities	<u>38,434</u>	<u>6,385</u>	<u>44,819</u>	<u>7,789</u>
Noncurrent liabilities				
Claims and judgments	-	-	-	820
Compensated absences	27	-	27	-
Total noncurrent liabilities	<u>27</u>	<u>-</u>	<u>27</u>	<u>820</u>
Total liabilities	<u>38,461</u>	<u>6,385</u>	<u>44,846</u>	<u>8,609</u>
Net Assets				
Unrestricted	1,277	17	1,294	698
Total net assets	<u>\$ 1,277</u>	<u>\$ 17</u>	<u>\$ 1,294</u>	<u>\$ 698</u>

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2005
(With comparative totals for 2004)
amounts expressed in thousands

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2005</u>	<u>2004</u>
Operating Revenues				
Health benefit premiums	\$ 214,059	\$ 1,315	\$ 215,374	\$ 185,695
Total operating revenues	<u>214,059</u>	<u>1,315</u>	<u>215,374</u>	<u>185,695</u>
Operating Expenses				
Administrative costs	2,651	1,393	4,044	2,649
Claims Costs	211,338	-	211,338	183,896
Total operating expenses	<u>213,989</u>	<u>1,393</u>	<u>215,382</u>	<u>186,545</u>
Operating income (loss)	<u>70</u>	<u>(78)</u>	<u>(8)</u>	<u>(850)</u>
Nonoperating revenues (expenses)				
Investment income	437	165	602	243
Other revenue	2	-	2	222
Total Nonoperating revenues (expenses)	<u>439</u>	<u>165</u>	<u>604</u>	<u>465</u>
Income (loss) before contributions and transfers	<u>509</u>	<u>87</u>	<u>596</u>	<u>(385)</u>
Change in net assets	509	87	596	(385)
Total net assets (deficit), July 1	<u>768</u>	<u>(70)</u>	<u>698</u>	<u>1,083</u>
Total net assets, June 30	<u><u>\$ 1,277</u></u>	<u><u>\$ 17</u></u>	<u><u>\$ 1,294</u></u>	<u><u>\$ 698</u></u>

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2005
(With comparative totals for 2004)
amounts expressed in thousands

	Health Benefits	Long-term Disability	2005	2004
Cash flows from operating activities				
Receipts from customers	\$ 214,059	\$ 1,315	\$ 215,374	\$ 185,695
Payments to employees	(2,181)	225	(1,956)	(1,932)
Payments to suppliers	36,165	-	36,165	(1,057)
Internal activity-payments to other funds	(34)	-	(34)	(733)
Claims paid	(212,266)	(831)	(213,097)	(184,399)
Net cash provided by operating activities	<u>35,743</u>	<u>709</u>	<u>36,452</u>	<u>(2,426)</u>
Cash flows from investing activities				
Interest income on investments	437	165	602	243
Net cash provided by (used for) investing activities	<u>437</u>	<u>165</u>	<u>602</u>	<u>243</u>
Cash flows from noncapital financing activities				
Other revenues	2	-	2	222
Net cash provided by noncapital financing activities	<u>2</u>	<u>-</u>	<u>2</u>	<u>222</u>
Net increase (decrease) in cash and cash equivalents	36,182	874	37,056	(1,961)
Cash and cash equivalents, July 1	3,553	5,528	9,081	11,042
Cash and cash equivalents, June 30	<u>\$ 39,735</u>	<u>\$ 6,402</u>	<u>\$ 46,137</u>	<u>\$ 9,081</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 70	\$ (78)	\$ (8)	\$ (851)
Due from other funds	(2)	225	223	(208)
Accounts payable	36,631	10	36,641	(601)
Accrued payroll liabilities	(68)	-	(68)	14
Due to other funds	(13)	-	(13)	(502)
Claims for workers' compensation	(922)	552	(370)	(507)
Compensated absences	(3)	-	(3)	17
Deferred revenue	50	-	50	212
Net cash provided by operating activities	<u>\$ 35,743</u>	<u>\$ 709</u>	<u>\$ 36,452</u>	<u>\$ (2,426)</u>