

CITY OF PASADENA, TEXAS
FUND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
MARCH 31, 2008

**CITY OF PASADENA, TEXAS
FUND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2008**

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MOSHER, SEIFERT & COMPANY

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May 27, 2008

To the Honorable Mayor and the City Council members
City of Pasadena, Texas

We have compiled the accompanying fund financial statements of each major governmental fund, the proprietary funds, the discretely presented component unit, and the aggregate remaining fund information of City of Pasadena, Texas (City), as of March 31, 2008, and for the six months then ended which collectively comprise the City's fund financial statements as listed in the table of contents. We have also compiled the financial statements of each of the City's nonmajor governmental and the internal service funds presented in the accompanying combining and individual fund financial statements, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit the government-wide statements and substantially all of the disclosures required by generally accepted accounting principles. If the government-wide statements and the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management also has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined should be presented as supplementary information, although it is not required to be a part of, the basic financial statements.

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FUND FINANCIAL STATEMENTS

**CITY OF PASADENA, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008**

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental	Total Governmental Funds	Component Unit Pasadena Crime Control and Prevention District
ASSETS								
Cash and cash equivalents	\$ 1,467,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,467,076	\$ -
Investments	36,375,904	-	-	-	-	-	36,375,904	2,815,649
Receivables (net of allowance for uncollectible)	3,438,623	433,466	1,305,892	-	13,477	-	5,191,458	1,268,214
Due from other funds	2,431,638	331,339	-	-	-	16,993	2,779,970	-
Due from component unit	-	-	-	-	4,718	-	4,718	-
Restricted assets								
Cash and cash equivalents	-	-	77	-	1,897,698	52,967	1,950,742	-
Investments	-	3,645,597	17,675,034	59,488,713	3,445,807	4,406,700	88,661,851	-
Receivables (net of allowance for uncollectible)	38,259	-	-	-	1,797,948	109,793	1,946,000	-
TOTAL ASSETS	\$ 43,751,500	\$ 4,410,402	\$ 18,981,003	\$ 59,488,713	\$ 7,159,648	\$ 4,586,453	\$ 138,377,719	\$ 4,083,863
LIABILITIES								
Accounts payable	\$ 4,636,482	\$ 600	\$ -	\$ -	\$ 850	\$ -	\$ 4,637,932	\$ 3,985
Due to other funds	505,557	-	-	208,260	1,682,148	6,804	2,402,769	-
Due to primary government	-	-	-	-	-	-	-	12,858
Compensated absences payable	-	-	-	-	247,291	-	247,291	-
Deferred revenue	571,419	433,466	-	-	477,618	-	1,482,503	-
Liabilities payable from restricted assets	-	16,469	66,859	1,621,361	493,523	29,463	2,227,675	-
TOTAL LIABILITIES	5,713,458	450,535	66,859	1,829,621	2,901,430	36,267	10,998,170	16,843
FUND BALANCES								
Reserved for:								
Debt service	-	3,959,867	-	-	-	-	3,959,867	-
Total reserved	-	3,959,867	-	-	-	-	3,959,867	-
Unreserved, designated for, reported in:								
Encumbrances	1,299,007	-	-	192,244	-	194,973	1,686,224	1,527,444
General fund								
Capital and technology improvements	2,132,523	-	-	-	-	-	2,132,523	-
Recall, election, and charter revisions	15,000	-	-	-	-	-	15,000	-
Component unit - Pasadena Crime Control and Prevention District	-	-	-	-	-	-	-	2,539,576
Total unreserved and designated	3,446,530	-	-	192,244	-	194,973	3,833,747	4,067,020
Unreserved, undesignated for, reported in:								
General fund	34,591,512	-	-	-	-	-	34,591,512	-
Capital projects fund	-	-	18,914,144	57,466,848	-	-	76,380,992	-
Grant management fund	-	-	-	-	4,258,218	-	4,258,218	-
Special revenue funds	-	-	-	-	-	4,355,213	4,355,213	-
Total unreserved, undesignated	34,591,512	-	18,914,144	57,466,848	4,258,218	4,355,213	119,585,935	-
TOTAL FUND BALANCES	38,038,042	3,959,867	18,914,144	57,659,092	4,258,218	4,550,186	127,379,549	4,067,020
TOTAL LIABILITIES AND FUND BALANCES	\$ 43,751,500	\$ 4,410,402	\$ 18,981,003	\$ 59,488,713	\$ 7,159,648	\$ 4,586,453	\$ 138,377,719	\$ 4,083,863

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CITY OF PASADENA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE SIX MONTHS ENDED MARCH 31, 2008

	General	Debt Service	Pasadena Second Century Corporation	Capital Projects	Grant Management	Nonmajor Governmental	Total Governmental Funds	Component Unit Pasadena Crime Control and Prevention District
REVENUES								
General property taxes	\$ 17,670,128	\$ 11,279,288	\$ -	\$ -	\$ -	\$ -	\$ 28,949,416	\$ -
Business taxes								
Industrial district fees	15,577,259	-	-	-	-	-	15,577,259	-
Sales taxes	7,973,772	-	3,986,886	-	-	-	11,960,658	3,819,302
Utility taxes	3,255,639	-	-	-	-	-	3,255,639	-
	<u>26,847,374</u>	<u>-</u>	<u>3,986,886</u>	<u>-</u>	<u>-</u>	<u>205,231</u>	<u>31,039,491</u>	<u>3,819,302</u>
Licenses and permits	1,232,725	-	-	-	-	1,830	1,234,555	-
Municipal court fines	3,015,753	-	-	-	-	233,387	3,249,140	-
Charges for services	4,518,288	-	-	-	-	-	4,518,288	-
Intergovernmental	175,465	-	-	-	7,131,785	748,261	8,055,511	-
Program income	-	-	-	-	120,223	-	120,223	-
Miscellaneous	162,088	-	-	-	-	112,982	275,070	-
Investment income	482,095	27,932	329,134	1,283,715	89,715	84,178	2,296,769	55,907
TOTAL REVENUES	54,103,916	11,307,220	4,316,020	1,283,715	7,341,723	1,385,869	79,738,463	3,875,209
EXPENDITURES								
Current:								
General government	5,301,838	-	-	-	976,526	242,473	6,520,837	-
Public safety	16,098,995	-	-	-	765,753	263,697	17,128,445	2,555,809
Public works	6,955,751	-	116,256	28,938	-	-	7,100,945	-
Health	1,172,330	-	-	-	-	-	1,172,330	-
Culture and recreation	5,378,904	-	-	-	15,975	147,726	5,542,605	-
Housing and community development	-	-	-	-	4,994,532	-	4,994,532	-
Debt Service:								
Principal	83,220	6,520,000	756,610	-	-	-	7,359,830	41,400
Interest	-	2,318,351	59,843	-	-	-	2,378,194	-
Bond issuance costs	-	-	-	140,000	-	-	140,000	-
Fiscal charges	-	4,926	-	-	-	-	4,926	-
Capital Outlay:								
General government	-	-	-	32,228	-	-	32,228	-
Public safety	-	-	-	7,038,019	-	-	7,038,019	246,014
Public works	-	-	133,260	6,448,743	-	-	6,582,003	-
Culture and recreation	-	-	-	669,134	-	-	669,134	-
TOTAL EXPENDITURES	34,991,038	8,843,277	1,065,969	14,357,062	6,752,786	653,896	66,664,028	2,843,223
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	19,112,878	2,463,943	3,250,051	(13,073,347)	588,937	731,973	13,074,435	1,031,986
OTHER FINANCING SOURCES (USES)								
Bonds issued	-	-	-	13,665,000	-	-	13,665,000	-
Gain on sale of capital assets	485,478	-	-	-	-	-	485,478	-
Transfers in	1,500,000	-	-	-	-	-	1,500,000	-
Transfers out	(500,000)	-	-	-	-	-	(500,000)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	1,485,478	-	-	13,665,000	-	-	15,150,478	-
NET CHANGE IN FUND BALANCES	20,598,356	2,463,943	3,250,051	591,653	588,937	731,973	28,224,913	1,031,986
FUND BALANCES, BEGINNING	17,439,686	1,495,924	15,664,093	57,067,439	3,669,281	3,818,213	99,154,636	3,035,034
FUND BALANCES, ENDING	\$ 38,038,042	\$ 3,959,867	\$ 18,914,144	\$ 57,659,092	\$ 4,258,218	\$ 4,550,186	\$ 127,379,549	\$ 4,067,020

**CITY OF PASADENA, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2008**

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	Water and Sewer System		
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 49,016		\$ -
Investments			
TexPool	10,063,955		21,657,686
CLASS	42,799		-
Receivables (net of allowances for uncollectible)	2,968,760		-
Due from other funds	-		226,275
Due from component unit	-		8,140
Inventory, at cost	-		443,436
Restricted assets			
Investments			
Texpool	1,102,353		-
CLASS	64,322,494		-
Total Current Assets	78,549,377		22,335,537
Noncurrent Assets			
Deposits	-		291,000
Deferred charges - revenue bond issuance costs, bond insurance premium and administrative cost recovery fees	1,753,364		-
Capital assets			
Land	1,970,647		602
Buildings and building improvements	7,065,761		2,086,911
Accumulated depreciation - buildings and building improvements	(4,696,329)		(1,647,844)
Facilities and other improvements	6,121,635		243,149
Accumulated depreciation - facilities and other improvements	(2,106,834)		(42,219)
Machinery and equipment	9,801,033		5,162,109
Accumulated depreciation - machinery and equipment	(6,359,671)		(4,014,973)
Infrastructure	251,640,471		41,746
Accumulated depreciation - Infrastructure	(73,915,858)		(6,628)
Automotive	600,428		31,166,474
Accumulated depreciation - automotive	(426,529)		(23,524,062)
Construction in progress	4,097,790		-
Net capital assets	193,792,544		9,465,265
Total Noncurrent Assets	195,545,908		9,756,265
TOTAL ASSETS	\$ 274,095,285		\$ 32,091,802

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 774,084	\$ 197,271
Accrued interest payable	344,114	-
Revenue bonds payable - current	112,647	-
Deferred water charges payable - City of Houston	331,299	-
Due to other funds	533,326	70,150
Claims payable	-	1,493,592
Compensated absences payable	225,006	157,627
Customer deposits	2,764,321	-
Liabilities payable from restricted assets		
Accounts payable	1,423,368	-
Retainage payable	46,512	-
Revenue bonds payable	1,102,353	-
Total Current Liabilities	7,657,030	1,918,640
Noncurrent Liabilities		
Deferred water charges payable - City of Houston	283,971	-
Revenue bonds payable (including unamortized discounts/premium and deferred amount on refunding)	102,273,022	-
Claims payable	-	1,112,881
Compensated absences payable	2,025,058	1,418,643
Total Noncurrent Liabilities	104,582,051	2,531,524
TOTAL LIABILITIES	112,239,081	4,450,164
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	154,910,500	9,465,265
Restricted for debt service	1,102,353	-
Unrestricted	5,843,351	18,176,373
TOTAL NET ASSETS	\$ 161,856,204	\$ 27,641,638

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CITY OF PASADENA, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE SIX MONTHS ENDED MARCH 31, 2008

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
OPERATING REVENUES		
Charges for sales and services	\$ 12,392,925	\$ 11,196,910
OPERATING EXPENSES		
Personnel services	3,304,824	2,341,717
Contractual services	2,960,454	605,080
Material and supplies	704,203	1,337,153
Maintenance charges	431,316	322,949
Sewer and water payments - Clear Lake Water Authority and City of Seabrook	46,433	-
Operating, maintenance and water charges - Southeast Water Purification Plant	1,737,725	-
Insurance/reinsurance premiums	-	2,121,888
Claims and legal expenses	-	4,679,707
Administration fees	-	227,001
Miscellaneous	27,707	42,750
Depreciation	2,060,040	743,377
TOTAL OPERATING EXPENSES	11,272,702	12,421,622
OPERATING INCOME (LOSS)	1,120,223	(1,224,712)
NONOPERATING REVENUES (EXPENSES)		
Investment income	457,392	488,542
Interest expense on bonds	(1,067,767)	-
Fiscal agent fees	(1,000)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(611,375)	488,542
INCOME (LOSS) BEFORE TRANSFERS	508,848	(736,170)
TRANSFERS IN	-	1,000,000
TRANSFERS (OUT)	(1,800,000)	(200,000)
CHANGE IN NET ASSETS	(1,291,152)	63,830
TOTAL NET ASSETS, BEGINNING	163,147,356	27,577,808
TOTAL NET ASSETS, ENDING	\$ 161,856,204	\$ 27,641,638

**CITY OF PASADENA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE SIX MONTHS ENDED MARCH 31, 2008**

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers and users	\$ 15,701,036	\$ 11,398,098
Cash payments to suppliers for goods and services	(4,563,664)	(2,526,706)
Cash payments to employees for services	(3,432,152)	(2,432,744)
Cash payments for insurance premiums, liability claims and administration	-	(7,745,962)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>7,705,220</u>	<u>(1,307,314)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Transfers (to)/from other funds		
General fund	(1,500,000)	500,000
Water and sewer fund	-	300,000
Workers' compensation fund	-	200,000
General liability insurance fund	(300,000)	(200,000)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>(1,800,000)</u>	<u>800,000</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Proceeds from bond issued	55,000,000	-
Acquisition and construction of capital assets	(691,712)	(2,173,777)
Principal paid on revenue bonds	(1,870,000)	-
Principal paid on deferred loan from City of Houston	(236,642)	-
Interest and fiscal agent fees paid on revenue bonds	(1,068,767)	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>51,132,879</u>	<u>(2,173,777)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(64,737,534)	(9,047,386)
Proceeds from sale and maturities of investments	7,196,302	11,239,935
Investment income received	457,392	488,542
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>(57,083,840)</u>	<u>2,681,091</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENT	<u>(45,741)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, BEGINNING	<u>94,757</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 49,016</u>	<u>\$ -</u>

	Business-type	
	Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer System	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATION ACTIVITIES		
Operating income (loss)	\$ 1,120,223	\$ (1,224,712)
Adjustments to reconcile operating (loss) to net cash provided by (used for) operating activities		
Depreciation	2,060,040	743,377
Changes in assets and liabilities		
Decrease in accounts receivables	3,140,878	-
Decrease in due from other funds	1,250,135	197,633
Decrease due from component unit	-	3,555
(Increase) in deposits	-	(250,000)
Decrease in inventory	-	63,749
(Decrease) in accounts and claims payabl	(556,232)	(663,574)
(Decrease) in accrued payroll liabilitie	(127,328)	(91,027)
Increase in accrued interest payabl	172,690	-
Increase (decrease) in due to other funds	477,581	(86,315)
Increase in customer deposits	167,233	-
Total Adjustments	6,584,997	(82,602)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 7,705,220	\$ (1,307,314)

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COMBINING FUND STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Special Charge Allocation Fund – Established to account for the following:

Juvenile case manager fee not to exceed \$5.00 is imposed whenever a defendant is convicted of a misdemeanor offense and the funds generated from the fee may be used only to finance the salary and benefits of a juvenile case manager.

City's portion of child safety fees collected by the Harris County Tax Assessor, from auto license registrations and to be used for programs designed to enhance child safety, health, or nutrition, including child abuse, drug and alcohol abuse, prevention and intervention.

Security fees collected from the defendant convicted of a misdemeanor offense to be used for providing security services, such as the purchase of x-ray machines and conveying systems, walk-through metal detectors, and miscellaneous items for the municipal court building.

City's share of Law Enforcement Officer Standards and Education (LEOSE) fee collected by the State of Texas to be used for law enforcement education and training purposes.

Ten percent of "time payment fee" collected from a convicted defendant who seeks to pay a fine, court cost, or restitution over a period of time rather than immediately. To be used to improve the efficiency of the administration of justice in the City.

Technology fees collected as part of the municipal court fine to be used to finance technological enhancements including computer systems, networks, hardware and software, imaging systems, electronic kiosks and ticket writers, and docket management systems.

Preservation of vital statistics fees collected in addition to the standard fees by the Health Department at the City, which collects an additional \$1.00 for the preservation of vital statistic records under Texas Health and Safety Code 191.001(h).

Sign removal fee collected from sign permit applicants and licensed sign companies to be used for the removal of illegal signs.

State Forfeited Property Fund – Established to account for the City's share of cash and proceeds realized from the sale of forfeited property resulting from cases aided by the City's law enforcement and prosecuted through the Harris County District Attorney's Office. This fund is designated for law enforcement purposes.

Hotel and Motel Tax Fund – Established to account for the hotel and motel tax revenues that are restricted for the use of the enhancement and promotion of tourism, the convention and hotel industry of the City and its vicinity.

Abandoned Motor Vehicle and Property Fund – Established to account for auction proceeds of abandoned vehicles and property. Funds are designated to be used for law enforcement purposes.

**CITY OF PASADENA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2008**

	Special Revenue				Totals
	Special Charge Allocation Fund	State Forfeited Property	Hotel and Motel Tax	Abandoned Motor Vehicles and Property	
<u>ASSETS</u>					
Due from other funds	\$ 16,993	\$ -	\$ -	\$ -	\$ 16,993
Restricted assets					
Cash and cash equivalents	-	52,967	-	-	52,967
Investments	1,995,452	998,146	1,011,551	401,551	4,406,700
Receivables (net of allowance for uncollectible)	-	-	109,793	-	109,793
TOTAL ASSETS	<u>\$ 2,012,445</u>	<u>\$ 1,051,113</u>	<u>\$ 1,121,344</u>	<u>\$ 401,551</u>	<u>\$ 4,586,453</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Due to other funds	\$ 888	\$ -	\$ 2,980	\$ 2,936	\$ 6,804
Liabilities payable from restricted assets					
Accounts payable	10,169	-	1,680	17,614	29,463
TOTAL LIABILITIES	<u>11,057</u>	<u>-</u>	<u>4,660</u>	<u>20,550</u>	<u>36,267</u>
<u>FUND BALANCES</u>					
Designated for encumbrances	57,300	-	68,511	69,162	194,973
Unreserved, undesignated	1,944,088	1,051,113	1,048,173	311,839	4,355,213
TOTAL FUND BALANCES	<u>2,001,388</u>	<u>1,051,113</u>	<u>1,116,684</u>	<u>381,001</u>	<u>4,550,186</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,012,445</u>	<u>\$ 1,051,113</u>	<u>\$ 1,121,344</u>	<u>\$ 401,551</u>	<u>\$ 4,586,453</u>

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**CITY OF PASADENA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE SIX MONTHS ENDED MARCH 31, 2008**

	<u>Special Revenue</u>				<u>Total</u>
	<u>Special Charge Allocation Fund</u>	<u>State Forfeited Property</u>	<u>Hotel and Motel Tax</u>	<u>Abandoned Motor Vehicles and Property</u>	
REVENUES					
Business taxes					
Other taxes					
Hotel and motel taxes	\$ -	\$ -	\$ 205,231	\$ -	\$ 205,231
Licenses and permits	1,830	-	-	-	1,830
Municipal court fines	233,387	-	-	-	233,387
Intergovernmental	132,816	607,336	8,109	-	748,261
Miscellaneous	6,812	-	-	106,170	112,982
Investment income	40,414	14,629	20,980	8,155	84,178
TOTAL REVENUES	415,259	621,965	234,320	114,325	1,385,869
EXPENDITURES					
Current					
General government					
Personnel services	77,432	-	-	-	77,432
Contractual services	102,100	-	-	-	102,100
Materials and supplies	28,513	-	-	-	28,513
Maintenance charges	34,428	-	-	-	34,428
Public safety					
Personnel services	81,981	-	-	-	81,981
Contractual services	9,282	18,404	-	64,791	92,477
Materials and supplies	5,576	60	-	78,715	84,351
Other charges	-	-	-	3,645	3,645
Capital Outlay	-	-	-	1,243	1,243
Culture and recreation					
Personnel services	-	-	44,609	-	44,609
Contractual services	-	-	44,823	-	44,823
Materials and supplies	-	-	24,247	-	24,247
Other charges	-	-	34,047	-	34,047
TOTAL EXPENDITURES	339,312	18,464	147,726	148,394	653,896
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	75,947	603,501	86,594	(34,069)	731,973
FUND BALANCES, BEGINNING	1,925,441	447,612	1,030,090	415,070	3,818,213
FUND BALANCES, ENDING	\$ 2,001,388	\$ 1,051,113	\$ 1,116,684	\$ 381,001	\$ 4,550,186

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and/or services provided by one department to other departments of the City on a cost-reimbursement basis.

Maintenance Fund- This fund is used to account for the activities of telecommunication, switchboard, warehouse, electrical, data processing, garage, building and equipment repairs, maintenance, janitorial, and mail room.

Workers' Compensation Insurance Fund- This fund is used to account for the worker's compensation insurance premiums charged to other funds and claims paid.

General Liability Insurance Fund- This fund is used to account for the general liability insurance premiums charged to other funds, insurance premiums and claims paid.

Health Insurance Fund- This fund is used to account for the self-insured health and the fully insured dental plan and premiums charged to other funds and claims paid.

**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
MARCH 31, 2008**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total
ASSETS					
Current Assets					
Investments - Texpool	\$ 6,284,610	\$ 683,582	\$ 1,429,688	\$ 13,259,806	\$ 21,657,686
Due from Other Funds					
General fund	-	157,225	-	-	157,225
Grant management fund	5,028	1,289	-	-	6,317
Special revenue fund	232	1,302	-	-	1,534
Water and sewer system fund	533	41,751	-	-	42,284
Internal service fund:					
Maintenance fund	-	15,591	-	-	15,591
Health insurance fund	-	3,324	-	-	3,324
Due from component unit	-	8,140	-	-	8,140
Inventory, at cost	443,436	-	-	-	443,436
Total Current Assets	6,733,839	912,204	1,429,688	13,259,806	22,335,537
Deposits	-	41,000	-	250,000	291,000
Capital Assets					
Land	602	-	-	-	602
Buildings and building improvements	2,086,911	-	-	-	2,086,911
Accumulated depreciation - buildings and building improvements	(1,647,844)	-	-	-	(1,647,844)
Facilities and other improvements	243,149	-	-	-	243,149
Accumulated depreciation - facilities and other improvements	(42,219)	-	-	-	(42,219)
Machinery and equipment	5,162,109	-	-	-	5,162,109
Accumulated depreciation - machinery and equipment	(4,014,973)	-	-	-	(4,014,973)
Infrastructure	41,746	-	-	-	41,746
Accumulated depreciation - infrastructure	(6,628)	-	-	-	(6,628)
Automotive equipment	31,166,474	-	-	-	31,166,474
Accumulated depreciation - automotive equipment	(23,524,062)	-	-	-	(23,524,062)
Net Capital Assets	9,465,265	-	-	-	9,465,265
Total Noncurrent Assets	9,465,265	41,000	-	250,000	9,756,265
TOTAL ASSETS	16,199,104	953,204	1,429,688	13,509,806	32,091,802
LIABILITIES					
Current Liabilities					
Accounts payable	79,339	1,981	115,951	-	197,271
Due to other funds					
General fund	556	-	-	50,679	51,235
Internal service fund:					
Worker's compensation fund	15,591	-	-	3,324	18,915
Claims payable	-	241,751	258,857	992,984	1,493,592
Compensated absences payable	157,627	-	-	-	157,627
Total current liabilities	253,113	243,732	374,808	1,046,987	1,918,640
Noncurrent Liabilities					
Claims payable	-	161,167	172,572	779,142	1,112,881
Compensated absences payable	1,418,643	-	-	-	1,418,643
Total current liabilities	1,418,643	161,167	172,572	779,142	2,531,524
TOTAL LIABILITIES	1,671,756	404,899	547,380	1,826,129	4,450,164
NET ASSETS					
Invested in capital assets, net of related debt	9,465,265	-	-	-	9,465,265
Unrestricted	5,062,083	548,305	882,308	11,683,677	18,176,373
TOTAL NET ASSETS	\$ 14,527,348	\$ 548,305	\$ 882,308	\$ 11,683,677	\$ 27,641,638

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**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE SIX MONTHS ENDED MARCH 31, 2008**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total
OPERATING REVENUES					
Charges for sales and services	\$ 4,544,795	\$ 561,957	\$ 129,658	\$ 5,960,500	\$ 11,196,910
OPERATING EXPENSES					
Personnel services	2,300,217	41,500	-	-	2,341,717
Contractual services	578,170	3,279	-	23,631	605,080
Material and supplies	1,334,487	2,666	-	-	1,337,153
Maintenance charges	322,949	-	-	-	322,949
Insurance/reinsurance premiums	-	634,997	689,116	797,775	2,121,888
Claim and legal expenses	-	33,578	115,753	4,530,376	4,679,707
Administration fees	-	-	-	227,001	227,001
Miscellaneous	-	182	-	42,568	42,750
Depreciation	743,377	-	-	-	743,377
TOTAL OPERATING EXPENSES	5,279,200	716,202	804,869	5,621,351	12,421,622
OPERATING INCOME (LOSS)	(734,405)	(154,245)	(675,211)	339,149	(1,224,712)
NON-OPERATING REVENUES					
Investment income	162,411	22,911	15,659	287,561	488,542
TOTAL NON-OPERATING REVENUES	162,411	22,911	15,659	287,561	488,542
INCOME (LOSS) BEFORE TRANSFERS	(571,994)	(131,334)	(659,552)	626,710	(736,170)
TRANSFERS IN	-	-	1,000,000	-	1,000,000
TRANSFERS (OUT)	-	(200,000)	-	-	(200,000)
CHANGES IN NET ASSETS	(571,994)	(331,334)	340,448	626,710	63,830
TOTAL NET ASSETS, BEGINNING	15,099,342	879,639	541,860	11,056,967	27,577,808
TOTAL NET ASSETS, ENDING	\$ 14,527,348	\$ 548,305	\$ 882,308	\$ 11,683,677	\$ 27,641,638

**CITY OF PASADENA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 2008**

	Maintenance	Workers' Compensation Insurance	General Liability Insurance	Health Insurance	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received from customers and users	\$ 4,632,957	\$ 663,926	\$ 140,715	\$ 5,960,500	\$ 11,398,098
Cash payments to suppliers for goods and services	(2,526,706)	-	-	-	(2,526,706)
Cash payments to employees for services	(2,387,848)	(43,193)	-	(1,703)	(2,432,744)
Cash payments for insurance premiums, liability claims and administration	-	(720,494)	(1,051,942)	(5,973,526)	(7,745,962)
NET CASH (USED FOR) OPERATING ACTIVITIES	(281,597)	(99,761)	(911,227)	(14,729)	(1,307,314)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
<u>FINANCING ACTIVITIES</u>					
Transfers from/(to) other funds					
General fund	-	-	500,000	-	500,000
Water and sewer system	-	-	300,000	-	300,000
Workers' compensation fund	-	-	200,000	-	200,000
General liability insurance fund	-	(200,000)	-	-	(200,000)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	-	(200,000)	1,000,000	-	800,000
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Acquisition and construction of fixed assets	(2,173,777)	-	-	-	(2,173,777)
NET CASH (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(2,173,777)	-	-	-	(2,173,777)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of investments	(828,042)	(611,846)	(1,573,269)	(6,034,229)	(9,047,386)
Proceeds from maturities of investments	3,121,005	888,696	1,468,837	5,761,397	11,239,935
Investment income	162,411	22,911	15,659	287,561	488,542
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	2,455,374	299,761	(88,773)	14,729	2,681,091
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	-	-	-	-	-
CASH AND CASH EQUIVALENTS, BEGINNING	-	-	-	-	-
CASH AND CASH EQUIVALENTS, ENDING	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Maintenance</u>	<u>Workers' Compensation Insurance</u>	<u>General Liability Insurance</u>	<u>Health Insurance</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES					
Operating income (loss)	\$ (734,405)	\$ (154,245)	\$ (675,211)	\$ 339,149	\$ (1,224,712)
Adjustments to reconcile operating income (loss) to net cash (used for) operating activities					
Depreciation	743,377	-	-	-	743,377
Changes in assets and liabilities					
Decrease in due from other funds	88,162	98,414	11,057	-	197,633
Decrease due from component unit	-	3,555	-	-	3,555
(Increase) in deposits	-	-	-	(250,000)	(250,000)
Decrease in inventory	63,749	-	-	-	63,749
(Decrease) in accounts and claims payable	(354,408)	(45,792)	(133,432)	(129,942)	(663,574)
(Decrease) in accrued payroll payable	(87,631)	(1,693)	-	(1,703)	(91,027)
Increase (decrease) in due to other funds	(441)	-	(113,641)	27,767	(86,315)
Total Adjustments	452,808	54,484	(236,016)	(353,878)	(82,602)
NET CASH (USED FOR) OPERATING ACTIVITIES	\$ (281,597)	\$ (99,761)	\$ (911,227)	\$ (14,729)	\$ (1,307,314)

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