

Combined Utility System Fund  
For the period ended June 30, 2006  
(amounts expressed in thousands)

	FY2005 Actual	FY2006				
		Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
<b>Operating Revenues</b>						
Water Sales	\$ 301,227	\$ 313,361	\$ 313,361	\$ 334,052	\$ 334,052	\$ 334,052
Sewer Sales	288,459	302,653	302,653	310,373	310,373	310,373
Penalties	4,605	4,005	4,005	5,085	5,085	5,085
Other	4,583	4,078	4,078	4,931	4,931	4,931
Total Operating Revenues	<u>598,874</u>	<u>624,097</u>	<u>624,097</u>	<u>654,441</u>	<u>654,441</u>	<u>654,441</u>
<b>Operating Expenses</b>						
Personnel	176,786	130,480	120,214	116,550	116,895	116,895
Supplies	29,313	29,107	31,002	28,895	29,305	29,305
Electricity and Gas	49,825	52,421	64,862	63,952	67,625	67,625
Contracts & Other Payments	75,865	100,583	101,334	89,290	93,262	93,262
Non-Capital Equipment	1,011	1,468	1,552	1,271	1,271	1,271
Total Operating Expenses	<u>332,800</u>	<u>314,059</u>	<u>318,964</u>	<u>299,958</u>	<u>308,358</u>	<u>308,358</u>
Operating Income (Loss)	<u>266,074</u>	<u>310,038</u>	<u>305,133</u>	<u>354,483</u>	<u>346,083</u>	<u>346,083</u>
<b>Nonoperating Revenues (Expenses)</b>						
Interest Income	7,872	5,300	5,300	15,571	15,571	15,571
Sale of Property, Mains and Scrap	1,035	808	808	5,360	5,360	5,360
Other	0	7,614	7,614	8,778	8,778	8,778
<b>Other Financing Sources - Pension Bond</b>	0	0	0	0	0	0
Gain on escrow restructure	0	0	0	0	0	0
Gross Revenue Contrib. from Water Auth.	0	0	0	0	0	0
Impact Fees	15,497	14,000	14,000	15,558	15,558	15,558
CIP Salary Recovery	0	3,140	3,140	0	0	0
HAWC	(1,677)	(9,075)	(7,709)	(6,242)	(6,242)	(6,242)
CWA & TRA Contracts (P & I)	<u>(31,546)</u>	<u>(32,219)</u>	<u>(27,819)</u>	<u>(32,219)</u>	<u>(32,219)</u>	<u>(32,219)</u>
Total Nonoperating Rev (Exp)	<u>(8,819)</u>	<u>(10,432)</u>	<u>(4,666)</u>	<u>6,806</u>	<u>6,806</u>	<u>6,806</u>
Income (Loss) Before Operating Transfers	<u>257,255</u>	<u>299,606</u>	<u>300,467</u>	<u>361,289</u>	<u>352,889</u>	<u>352,889</u>
<b>Operating Transfers</b>						
Debt Service Transfer	188,270	232,730	232,730	223,226	223,226	223,226
Transfer to PIB - Water & Sewer	27,822	26,282	26,282	26,257	26,257	26,257
Discretionary Debt	0	1,605	7,016	4,483	4,483	4,483
Equipment Acquisition	0	13,357	14,215	7,557	8,387	8,387
Transfer to Stormwater	30,000	31,300	31,300	31,300	31,300	31,300
Total Operating Transfers	<u>246,092</u>	<u>305,274</u>	<u>311,543</u>	<u>292,823</u>	<u>293,653</u>	<u>293,653</u>
Net Current Activity						
Operating Fund Only	\$ <u>11,163</u>	\$ <u>(5,668)</u>	\$ <u>(11,076)</u>	\$ <u>68,466</u>	\$ <u>59,236</u>	\$ <u>59,236</u>

**About the Fund:**

The Combined Utility System Fund is an enterprise fund which accounts for operation of the City's water and wastewater facilities. The fund provides for the operation of the City's treated and untreated water, as well as, receive and process wastewater generated in a service area that includes the City, certain municipalities and unincorporated communities in the Houston metropolitan area. Some of the City's largest customers are other cities and water authorities which supply water to their own customers.