

Combined Utility System Fund
For the period ended December 31, 2006
(amounts expressed in thousands)

	Unaudited Preliminary FY2006	FY2007				
		Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
Operating Revenues						
Water Sales	\$ 329,558	\$ 334,137	\$ 334,137	\$ 167,727	\$ 331,843	331,843
Sewer Sales	309,274	312,645	312,645	151,348	303,145	303,145
Penalties	5,085	4,996	4,996	3,226	6,000	6,000
Other	4,605	4,349	4,349	2,420	4,726	4,726
Total Operating Revenues	<u>648,522</u>	<u>656,127</u>	<u>656,127</u>	<u>324,721</u>	<u>645,714</u>	<u>645,714</u>
Operating Expenses						
Personnel	123,308	131,844	131,844	61,342	128,042	128,042
Supplies	33,241	30,603	30,603	15,518	31,736	31,736
Electricity and Gas	65,892	76,818	76,818	29,978	67,600	67,600
Contracts & Other Payments	97,114	93,746	93,746	52,453	96,265	96,265
Non-Capital Equipment	1,314	1,436	1,436	579	1,436	1,436
Total Operating Expenses	<u>320,869</u>	<u>334,447</u>	<u>334,447</u>	<u>159,870</u>	<u>325,079</u>	<u>325,079</u>
Operating Income (Loss)	<u>327,653</u>	<u>321,680</u>	<u>321,680</u>	<u>164,851</u>	<u>320,635</u>	<u>320,635</u>
Nonoperating Revenues (Expenses)						
Interest Income	15,571	17,283	17,283	10,531	19,782	19,782
Sale of Property, Mains and Scrap	5,357	1,129	1,129	456	1,126	1,126
Other	9,204	7,706	7,706	3,540	8,499	8,499
Impact Fees	15,558	17,519	17,519	9,188	20,990	20,990
HAWC	(6,242)	(9,077)	(9,077)	(4,489)	(9,077)	(9,077)
CWA & TRA Contracts (P & I)	<u>(32,219)</u>	<u>(32,875)</u>	<u>(32,875)</u>	<u>(26,301)</u>	<u>(32,875)</u>	<u>(32,875)</u>
Total Nonoperating Rev (Exp)	<u>7,229</u>	<u>1,685</u>	<u>1,685</u>	<u>(7,075)</u>	<u>8,445</u>	<u>8,445</u>
Income (Loss) Before Operating Transfers	<u>334,882</u>	<u>323,365</u>	<u>323,365</u>	<u>157,776</u>	<u>329,080</u>	<u>329,080</u>
Operating Transfers						
Debt Service Transfer	229,652	260,725	260,725	128,927	260,725	260,725
Transfer to PIB - Water & Sewer	26,257	24,604	24,604	5,467	24,604	24,604
Discretionary Debt-Stormwater	836	0	0	0	0	0
Pension Liability Interest	4,076	4,566	4,566	4,476	4,566	4,566
Equipment Acquisition	8,645	16,684	16,684	1,890	16,684	16,684
Transfer to Stormwater	31,300	34,837	34,837	17,418	34,837	34,837
Total Operating Transfers	<u>300,766</u>	<u>341,416</u>	<u>341,416</u>	<u>158,178</u>	<u>341,416</u>	<u>341,416</u>
Net Current Activity						
Operating Fund Only	<u>\$ 34,116</u>	<u>\$ (18,051)</u>	<u>\$ (18,051)</u>	<u>\$ (402)</u>	<u>\$ (12,336)</u>	<u>\$ (12,336)</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.