

Combined Utility System Fund
For the period ended February 28, 2007
(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	\$ 215,331	\$ 328,043	328,043
Sewer Sales	309,274	312,645	312,645	197,054	301,045	301,045
Penalties	5,085	4,996	4,996	4,414	6,300	6,300
Other	4,605	4,349	4,349	3,168	4,792	4,792
Total Operating Revenues	<u>648,522</u>	<u>656,127</u>	<u>656,127</u>	<u>419,967</u>	<u>640,180</u>	<u>640,180</u>
Operating Expenses						
Personnel	123,308	131,844	132,309	81,823	125,967	125,967
Supplies	33,241	30,603	30,673	21,811	33,556	33,556
Electricity and Gas	65,892	76,818	76,432	41,341	66,550	66,550
Contracts & Other Payments	97,114	93,746	93,147	48,903	98,145	98,145
Non-Capital Equipment	1,314	1,436	2,007	791	1,853	1,853
Total Operating Expenses	<u>320,869</u>	<u>334,447</u>	<u>334,568</u>	<u>194,669</u>	<u>326,071</u>	<u>326,071</u>
Operating Income (Loss)	<u>327,653</u>	<u>321,680</u>	<u>321,559</u>	<u>225,298</u>	<u>314,109</u>	<u>314,109</u>
Nonoperating Revenues (Expenses)						
Interest Income	15,571	17,283	17,283	13,969	19,782	19,782
Sale of Property, Mains and Scrap	5,357	1,129	1,129	702	4,667	4,667
Other	9,204	7,706	7,706	5,075	8,491	8,491
Impact Fees	15,558	17,519	17,519	20,999	20,999	20,999
HAWC	(6,242)	(9,077)	(9,077)	(5,975)	(9,077)	(9,077)
CWA & TRA Contracts (P & I)	<u>(32,219)</u>	<u>(32,875)</u>	<u>(32,875)</u>	<u>(28,614)</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>6,156</u>	<u>11,987</u>	<u>11,987</u>
Income (Loss) Before Operating Transfers	<u>334,882</u>	<u>323,365</u>	<u>323,244</u>	<u>231,454</u>	<u>326,096</u>	<u>326,096</u>
Operating Transfers						
Debt Service Transfer	229,652	260,725	260,725	149,759	260,725	260,725
Transfer to PIB - Water & Sewer	26,257	24,604	25,045	24,651	25,045	25,045
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	16,122	2,909	9,827	9,827
Transfer to Stormwater	<u>31,300</u>	<u>34,837</u>	<u>34,837</u>	<u>23,224</u>	<u>34,837</u>	<u>34,837</u>
Total Operating Transfers	<u>300,766</u>	<u>341,416</u>	<u>341,295</u>	<u>205,019</u>	<u>335,000</u>	<u>335,000</u>
Net Current Activity						
Operating Fund Only	<u>\$ 34,116</u>	<u>\$ (18,051)</u>	<u>\$ (18,051)</u>	<u>\$ 26,435</u>	<u>\$ (8,904)</u>	<u>\$ (8,904)</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.