

Combined Utility System Fund
For the period ended March 31, 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	\$ 239,222	\$ 326,773	326,773
Sewer Sales	309,274	312,645	312,645	220,663	301,755	301,755
Penalties	5,085	4,996	4,996	4,986	6,300	6,300
Other	4,605	4,349	4,349	4,466	5,654	5,654
Total Operating Revenues	<u>648,522</u>	<u>656,127</u>	<u>656,127</u>	<u>469,337</u>	<u>640,482</u>	<u>640,482</u>
Operating Expenses						
Personnel	123,308	131,844	132,240	92,495	126,001	126,001
Supplies	33,241	30,603	33,681	25,321	34,492	34,492
Electricity and Gas	65,892	76,818	72,951	47,263	65,143	65,143
Contracts & Other Payments	97,114	93,746	93,582	65,757	96,461	96,461
Non-Capital Equipment	1,314	1,436	2,103	902	1,847	1,847
Total Operating Expenses	<u>320,869</u>	<u>334,447</u>	<u>334,557</u>	<u>231,738</u>	<u>323,944</u>	<u>323,944</u>
Operating Income (Loss)	<u>327,653</u>	<u>321,680</u>	<u>321,570</u>	<u>237,599</u>	<u>316,538</u>	<u>316,538</u>
Nonoperating Revenues (Expenses)						
Interest Income	15,571	17,283	17,283	15,912	20,182	20,182
Sale of Property, Pains and Scrap	5,357	1,129	1,129	832	4,695	4,695
Other	9,204	7,706	7,706	5,661	8,518	8,518
Impact Fees	15,558	17,519	17,519	20,999	20,999	20,999
HAWC	(6,242)	(9,077)	(9,077)	(6,731)	(9,077)	(9,077)
CWA & TRA Contracts (P & I)	<u>(32,219)</u>	<u>(32,875)</u>	<u>(32,875)</u>	<u>(29,771)</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>6,902</u>	<u>12,442</u>	<u>12,442</u>
Income (Loss) Before Operating Transfers	<u>334,882</u>	<u>323,365</u>	<u>323,255</u>	<u>244,501</u>	<u>328,980</u>	<u>328,980</u>
Operating Transfers						
Debt Service Transfer	229,652	260,725	260,724	156,830	252,684	252,684
Transfer to PIB - Water & Sewer	26,257	24,604	25,045	24,651	24,651	24,651
Discretionary Debt-Stormwater	836	0	0	0	0	0
Pension Liability Interest	4,076	4,566	4,566	4,566	4,566	4,566
Equipment Acquisition	8,645	16,684	16,134	3,045	10,227	10,227
Transfer to Stormwater	31,300	34,837	34,837	25,900	33,926	33,926
Total Operating Transfers	<u>300,766</u>	<u>341,416</u>	<u>341,306</u>	<u>214,992</u>	<u>326,054</u>	<u>326,054</u>
Net Current Activity:						
Operating Fund Only	<u>\$ 34,116</u>	<u>\$ (18,051)</u>	<u>\$ (18,051)</u>	<u>\$ 29,509</u>	<u>\$ 2,926</u>	<u>\$ 2,926</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.