

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

	Unaudited Preliminary FY2006	FY2007				
		Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
<b>Operating Revenues</b>						
Water Sales	\$ 329,558	\$ 334,137	\$ 334,137	\$ 142,653	\$ 333,543	\$ 333,543
Sewer Sales	309,274	312,645	312,645	128,187	305,145	305,145
Penalties	5,085	4,996	4,996	2,566	5,126	5,126
Other	4,605	4,349	4,349	2,019	4,458	4,458
Total Operating Revenues	<u>648,522</u>	<u>656,127</u>	<u>656,127</u>	<u>275,425</u>	<u>648,272</u>	<u>648,272</u>
<b>Operating Expenses</b>						
Personnel	123,308	131,844	131,844	50,611	128,042	128,042
Supplies	33,241	30,603	30,603	12,975	31,736	31,736
Electricity and Gas	65,892	76,818	76,818	24,823	76,818	76,818
Contracts & Other Payments	97,114	93,746	93,746	31,255	96,265	96,265
Non-Capital Equipment	1,314	1,436	1,436	299	1,436	1,436
Total Operating Expenses	<u>320,869</u>	<u>334,447</u>	<u>334,447</u>	<u>119,963</u>	<u>334,297</u>	<u>334,297</u>
Operating Income (Loss)	<u>327,653</u>	<u>321,680</u>	<u>321,680</u>	<u>155,462</u>	<u>313,975</u>	<u>313,975</u>
<b>Nonoperating Revenues (Expenses)</b>						
Interest Income	15,571	17,283	17,283	8,792	19,282	19,282
Sale of Property, Mains and Scrap	5,357	1,129	1,129	448	1,129	1,129
Other	9,204	7,706	7,706	2,947	8,577	8,577
Impact Fees	15,558	17,519	17,519	9,188	17,519	17,519
HAWC	(6,242)	(9,077)	(9,077)	(3,732)	(9,077)	(9,077)
CWA & TRA Contracts (P & I)	(32,219)	(32,875)	(32,875)	(21,983)	(32,875)	(32,875)
Total Nonoperating Rev (Exp)	<u>7,229</u>	<u>1,685</u>	<u>1,685</u>	<u>(4,340)</u>	<u>4,555</u>	<u>4,555</u>
Income (Loss) Before Operating Transfers	<u>334,882</u>	<u>323,365</u>	<u>323,365</u>	<u>151,122</u>	<u>318,530</u>	<u>318,530</u>
<b>Operating Transfers</b>						
Debt Service Transfer	229,652	260,725	260,725	121,445	260,725	260,725
Transfer to PIB - Water & Sewer	26,257	24,604	24,604	5,027	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	1,522	16,684	16,684
Transfer to Stormwater	31,300	34,837	34,837	14,515	34,837	34,837
Total Operating Transfers	<u>300,766</u>	<u>341,416</u>	<u>341,416</u>	<u>146,985</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>\$ 4,137</u>	<u>\$ (22,886)</u>	<u>\$ (22,886)</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.