

Combined Utility System Fund
For the period ended February 29, 2008
(amounts expressed in thousands)

	Unaudited Preliminary FY2007	FY2008				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
Water Sales	\$ 317,640	\$ 350,277	\$ 350,277	\$ 220,019	\$ 336,248	336,248
Sewer Sales	296,885	324,530	324,530	201,586	309,272	309,272
Penalties	6,736	6,300	6,300	5,341	8,200	8,200
Other	5,742	6,794	6,794	4,022	6,223	6,223
Total Operating Revenues	<u>627,003</u>	<u>687,901</u>	<u>687,901</u>	<u>430,968</u>	<u>659,943</u>	<u>659,943</u>
Operating Expenses						
Personnel	123,056	139,181	139,181	85,342	131,189	131,189
Supplies	36,023	34,162	34,162	23,179	37,424	37,424
Electricity and Gas	65,454	66,665	66,665	44,138	66,150	66,150
Contracts & Other Payments	96,896	101,114	105,945	59,069	101,823	101,823
Non-Capital Equipment	1,652	4,433	4,239	452	4,383	4,383
Total Operating Expenses	<u>323,081</u>	<u>345,555</u>	<u>350,192</u>	<u>212,180</u>	<u>340,969</u>	<u>340,969</u>
Operating Income (Loss)	<u>303,922</u>	<u>342,346</u>	<u>337,709</u>	<u>218,788</u>	<u>318,974</u>	<u>318,974</u>
Nonoperating Revenues (Expenses)						
Interest Income	21,232	19,453	19,453	15,115	22,000	22,000
Sale of Property, Mains and Scrap	4,626	2,268	2,268	3,439	3,818	3,818
Other	8,600	7,790	7,790	7,266	8,334	8,334
Impact Fees	20,999	21,578	21,578	12,537	27,134	27,134
HAWC	(8,999)	0	0	8	0	0
CWA & TRA Contracts (P & I)	<u>(32,875)</u>	<u>(32,642)</u>	<u>(32,642)</u>	<u>(28,309)</u>	<u>(32,642)</u>	<u>(32,642)</u>
Total Nonoperating Rev (Exp)	<u>13,583</u>	<u>18,447</u>	<u>18,447</u>	<u>10,056</u>	<u>28,644</u>	<u>28,644</u>
Income (Loss) Before Operating Transfers	<u>317,505</u>	<u>360,793</u>	<u>356,156</u>	<u>228,844</u>	<u>347,618</u>	<u>347,618</u>
Operating Transfers						
Debt Service Transfer	259,389	287,539	287,539	154,532	279,249	279,249
Transfer to PIB - Water & Sewer	24,651	26,066	26,066	25,804	26,066	26,066
Discretionary Debt-Stormwater	0	0	0	0	0	0
Pension Liability Interest	4,566	4,566	4,566	1,126	4,566	4,566
Equipment Acquisition	7,772	17,270	12,633	3,841	12,644	12,644
Transfer to Stormwater	34,056	37,735	37,735	25,725	37,735	37,735
Total Operating Transfers	<u>330,434</u>	<u>373,176</u>	<u>368,539</u>	<u>211,028</u>	<u>360,260</u>	<u>360,260</u>
Net Current Activity						
Operating Fund Only	\$ <u>(12,929)</u>	\$ <u>(12,383)</u>	\$ <u>(12,383)</u>	\$ <u>17,816</u>	\$ <u>(12,642)</u>	\$ <u>(12,642)</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.