

Combined Utility System Fund
For the period ended June 30, 2008
(amounts expressed in thousands)

	FY2007 Actual	FY2008				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
Water Sales	\$ 308,046	\$ 350,277	\$ 350,277	\$ 331,938	\$ 331,938	\$ 331,938
Sewer Sales	295,423	324,530	324,530	304,464	304,464	304,464
Penalties	6,736	6,300	6,300	7,759	7,760	7,760
Other	5,260	6,794	6,794	6,098	6,098	6,098
Total Operating Revenues	<u>615,465</u>	<u>687,901</u>	<u>687,901</u>	<u>650,259</u>	<u>650,260</u>	<u>650,260</u>
Operating Expenses						
Personnel	130,397	139,181	133,215	129,643	129,321	129,321
Supplies	35,052	34,162	39,775	37,975	37,614	37,614
Electricity and Gas	61,436	66,665	66,768	67,927	68,706	68,706
Contracts & Other Payments	86,802	101,114	111,754	99,501	109,218	109,218
Non-Capital Equipment	1,661	4,433	4,088	1,522	1,672	1,672
Total Operating Expenses	<u>315,348</u>	<u>345,555</u>	<u>355,600</u>	<u>336,568</u>	<u>346,531</u>	<u>346,531</u>
Operating Income (Loss)	<u>300,117</u>	<u>342,346</u>	<u>332,301</u>	<u>313,691</u>	<u>303,729</u>	<u>303,729</u>
Nonoperating Revenues (Expenses)						
Interest Income	36,014	19,453	19,453	21,371	21,371	21,371
Sale of Property, Mains and Scrap	199	2,268	2,268	4,136	4,136	4,136
Other	9,397	7,790	7,790	10,206	10,206	10,206
Impact Fees	20,999	21,578	21,578	27,134	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>(27,642)</u>	<u>500</u>	<u>(32,642)</u>	<u>(32,642)</u>
Total Nonoperating Rev (Exp)	<u>24,735</u>	<u>18,447</u>	<u>23,447</u>	<u>63,355</u>	<u>30,205</u>	<u>30,205</u>
Income (Loss) Before Operating Transfers	<u>324,852</u>	<u>360,793</u>	<u>355,748</u>	<u>377,046</u>	<u>333,934</u>	<u>333,934</u>
Operating Transfers						
Debt Service Transfer	258,554	287,539	277,550	269,337	270,312	270,312
Transfer to PIB - Water & Sewer	24,211	26,066	26,066	25,804	25,804	25,804
Discretionary Debt-Stormwater	0	0	0	0	0	0
Pension Liability Interest	6,260	4,566	4,566	1,216	4,566	4,566
Equipment Acquisition	0	17,270	12,770	9,176	9,176	9,176
Transfer to Stormwater	<u>34,056</u>	<u>37,735</u>	<u>37,735</u>	<u>36,540</u>	<u>36,540</u>	<u>36,540</u>
Total Operating Transfers	<u>323,081</u>	<u>373,176</u>	<u>358,687</u>	<u>342,073</u>	<u>346,398</u>	<u>346,398</u>
Net Current Activity						
Operating Fund Only	<u>\$ 1,771</u>	<u>\$ (12,383)</u>	<u>\$ (2,939)</u>	<u>\$ 34,973</u>	<u>\$ (12,464)</u>	<u>\$ (12,464)</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.