

Combined Utility System Fund
For the period ended March 31, 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	\$ 244,507	\$ 335,043	335,043
Sewer Sales	296,885	324,530	324,530	224,594	308,475	308,475
Penalties	6,736	6,300	6,300	5,939	8,200	8,200
Other	5,742	6,794	6,794	4,542	6,401	6,401
Total Operating Revenues	<u>627,003</u>	<u>687,901</u>	<u>687,901</u>	<u>479,582</u>	<u>658,119</u>	<u>658,119</u>
Operating Expenses						
Personnel	123,056	139,181	139,382	95,356	131,281	131,281
Supplies	36,023	34,162	34,156	26,510	37,074	37,074
Electricity and Gas	65,454	66,665	66,261	48,958	66,295	66,295
Contracts & Other Payments	96,896	101,114	105,839	66,326	99,205	99,205
Non-Capital Equipment	1,652	4,433	4,454	1,111	1,686	1,686
Total Operating Expenses	<u>323,081</u>	<u>345,555</u>	<u>350,092</u>	<u>238,261</u>	<u>335,541</u>	<u>335,541</u>
Operating Income (Loss)	<u>303,922</u>	<u>342,346</u>	<u>337,809</u>	<u>241,321</u>	<u>322,578</u>	<u>322,578</u>
Nonoperating Revenues (Expenses)						
Interest Income	21,232	19,453	19,453	16,677	22,000	22,000
Sale of Property, Mains and Scrap	4,626	2,268	2,268	3,495	8,818	8,818
Other	8,600	7,790	7,790	7,329	8,095	8,095
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>(32,642)</u>	<u>(29,353)</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>25,290</u>	<u>33,405</u>	<u>33,405</u>
Income (Loss) Before Operating Transfers	<u>317,505</u>	<u>360,793</u>	<u>356,256</u>	<u>266,611</u>	<u>355,983</u>	<u>355,983</u>
Operating Transfers						
Debt Service Transfer	259,389	287,539	287,539	158,968	282,090	282,090
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	1,216	4,566	4,566
Equipment Acquisition	7,772	17,270	12,733	4,760	12,454	12,454
Transfer to Stormwater	<u>34,056</u>	<u>37,735</u>	<u>37,735</u>	<u>25,725</u>	<u>37,735</u>	<u>37,735</u>
Total Operating Transfers	<u>330,434</u>	<u>373,176</u>	<u>368,639</u>	<u>216,473</u>	<u>362,911</u>	<u>362,911</u>
Net Current Activity						
Operating Fund Only	\$ <u>(12,929)</u>	\$ <u>(12,383)</u>	\$ <u>(12,383)</u>	\$ <u>50,138</u>	\$ <u>(6,928)</u>	\$ <u>(6,928)</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.