

Combined Utility System Fund  
For the period ended September 30, 2007  
(amounts expressed in thousands)

	Unaudited Preliminary FY2007	FY2008				
		Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
<b>Operating Revenues</b>						
Water Sales	\$ 317,640	\$ 350,277	\$ 350,277	\$ 83,028	\$ 339,259	339,259
Sewer Sales	296,885	324,530	324,530	78,274	315,671	315,671
Penalties	6,736	6,300	6,300	1,951	6,300	6,300
Other	5,742	6,794	6,794	1,450	6,794	6,794
Total Operating Revenues	<u>627,003</u>	<u>687,901</u>	<u>687,901</u>	<u>164,703</u>	<u>668,024</u>	<u>668,024</u>
<b>Operating Expenses</b>						
Personnel	123,056	139,181	139,181	31,159	139,181	139,181
Supplies	36,023	34,162	34,162	7,373	34,162	34,162
Electricity and Gas	65,454	66,665	66,665	16,114	66,665	66,665
Contracts & Other Payments	96,896	101,114	101,114	11,402	101,114	101,114
Non-Capital Equipment	1,652	4,433	4,433	84	4,433	4,433
Total Operating Expenses	<u>323,081</u>	<u>345,555</u>	<u>345,555</u>	<u>66,132</u>	<u>345,555</u>	<u>345,555</u>
Operating Income (Loss)	<u>303,922</u>	<u>342,346</u>	<u>342,346</u>	<u>98,571</u>	<u>322,469</u>	<u>322,469</u>
<b>Nonoperating Revenues (Expenses)</b>						
Interest Income	21,232	19,453	19,453	5,607	20,852	20,852
Sale of Property, Mains and Scrap	4,626	2,268	2,268	238	2,268	2,268
Other	8,600	7,790	7,790	1,932	7,790	7,790
Impact Fees	20,999	21,578	21,578	0	21,578	21,578
HAWC	(8,999)	0	0	8	0	0
CWA & TRA Contracts (P & I)	(32,875)	(32,642)	(32,642)	(12,077)	(32,642)	(32,642)
Total Nonoperating Rev (Exp)	<u>13,583</u>	<u>18,447</u>	<u>18,447</u>	<u>(4,292)</u>	<u>19,846</u>	<u>19,846</u>
Income (Loss) Before Operating Transfers	<u>317,505</u>	<u>360,793</u>	<u>360,793</u>	<u>94,279</u>	<u>342,315</u>	<u>342,315</u>
<b>Operating Transfers</b>						
Debt Service Transfer	259,389	287,539	287,539	37,313	287,539	287,539
Transfer to PIB - Water & Sewer	24,651	26,066	26,066	4,241	26,066	26,066
Discretionary Debt-Stormwater	0	0	0	0	0	0
Pension Liability Interest	4,566	4,566	4,566	90	4,566	4,566
Equipment Acquisition	7,772	17,270	17,270	1,322	17,270	17,270
Transfer to Stormwater	34,056	37,735	37,735	9,776	37,735	37,735
Total Operating Transfers	<u>330,434</u>	<u>373,176</u>	<u>373,176</u>	<u>52,742</u>	<u>373,176</u>	<u>373,176</u>
Net Current Activity						
Operating Fund Only	<u>\$ (12,929)</u>	<u>\$ (12,383)</u>	<u>\$ (12,383)</u>	<u>\$ 41,537</u>	<u>\$ (30,861)</u>	<u>\$ (30,861)</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.