

Combined Utility System Fund
For the period ended August 31, 2008
(amounts expressed in thousands)

	Unaudited Preliminary FY2008	FY2009				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
Water Sales	\$ 331,938	\$ 355,401	\$ 355,401	\$ 67,944	\$ 355,401	\$ 355,401
Sewer Sales	304,464	328,731	328,731	59,308	328,731	328,731
Penalties	7,760	8,400	8,400	1,523	8,400	8,400
Other	6,098	6,956	6,956	941	6,956	6,956
Total Operating Revenues	<u>650,260</u>	<u>699,488</u>	<u>699,488</u>	<u>129,716</u>	<u>699,488</u>	<u>699,488</u>
Operating Expenses						
Personnel	129,321	146,182	146,117	23,339	146,182	146,182
Supplies	37,614	34,467	34,479	8,315	48,211	48,211
Electricity and Gas	68,706	71,679	71,679	11,484	74,207	74,207
Contracts & Other Payments	109,218	97,626	98,687	6,590	95,967	95,967
Non-Capital Equipment	1,672	2,648	2,648	21	2,648	2,648
Total Operating Expenses	<u>346,531</u>	<u>352,602</u>	<u>353,610</u>	<u>49,749</u>	<u>367,215</u>	<u>367,215</u>
Operating Income (Loss)	<u>303,729</u>	<u>346,886</u>	<u>345,878</u>	<u>79,967</u>	<u>332,273</u>	<u>332,273</u>
Nonoperating Revenues (Expenses)						
Interest Income	21,371	22,000	22,000	2,936	22,000	22,000
Sale of Property, Mains and Scrap	4,136	12,009	12,009	15	12,009	12,009
Other	10,206	8,171	8,171	1,339	8,171	8,171
Impact Fees	27,134	25,000	25,000	0	21,090	21,090
HAWC	0	0	0	0	0	0
CWA & TRA Contracts (P & I)	(32,642)	(28,103)	(28,103)	(7,360)	(28,103)	(28,103)
Total Nonoperating Rev (Exp)	<u>30,205</u>	<u>39,077</u>	<u>39,077</u>	<u>(3,070)</u>	<u>35,167</u>	<u>35,167</u>
Income (Loss) Before Operating Transfers	<u>333,934</u>	<u>385,963</u>	<u>384,955</u>	<u>76,897</u>	<u>367,440</u>	<u>367,440</u>
Operating Transfers						
Debt Service Transfer	270,312	309,155	309,155	23,836	309,155	309,155
Transfer to PIB - Water & Sewer	25,804	28,419	28,419	3,722	28,419	28,419
Discretionary Debt-Stormwater	0	0	0	0	0	0
Pension Liability Interest	4,566	4,566	4,566	0	4,566	4,566
Equipment Acquisition	9,176	23,965	22,957	451	23,414	23,414
Transfer to Stormwater	36,540	39,437	39,437	5,423	39,437	39,437
Total Operating Transfers	<u>346,398</u>	<u>405,542</u>	<u>404,534</u>	<u>33,432</u>	<u>404,991</u>	<u>404,991</u>
Net Current Activity Operating Fund Only	\$ <u>(12,464)</u>	\$ <u>(19,579)</u>	\$ <u>(19,579)</u>	\$ <u>43,465</u>	\$ <u>(37,551)</u>	\$ <u>(37,551)</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.