

Combined Utility System Fund
For the period ending August 31, 2012
(amounts expressed in thousands)

| | Unaudited Preliminary FY2012 | FY2013 | | | | |
|--|------------------------------------|--------------------|--------------------|------------------|----------------------------|-----------------------|
| | | Adopted Budget | Current Budget | YTD | Controller's Projection | Finance Projection |
| Operating Revenues | | | | | | |
| Water Sales | \$ 485,338 | \$ 494,013 | \$ 494,013 | \$ 88,278 | \$ 494,013 | \$ 494,013 |
| Sewer Sales | 421,370 | 427,119 | 427,119 | 75,920 | 427,119 | 427,119 |
| Penalties | 10,004 | 9,000 | 9,000 | 1,839 | 9,000 | 9,000 |
| Other | 6,414 | 8,419 | 8,419 | 1,508 | 8,419 | 8,419 |
| Total Operating Revenues | <u>923,126</u> | <u>938,551</u> | <u>938,551</u> | <u>167,545</u> | <u>938,551</u> | <u>938,551</u> |
| Operating Expenses | | | | | | |
| Personnel | 147,402 | 162,045 | 162,045 | 25,807 | 162,045 | 162,045 |
| Supplies | 48,003 | 46,397 | 46,397 | 6,265 | 46,397 | 46,397 |
| Electricity and Gas | 63,863 | 58,555 | 58,555 | 10,095 | 58,555 | 58,555 |
| Contracts & Other Payments | 133,703 | 133,721 | 133,621 | 5,354 | 133,721 | 133,721 |
| Non-Capital Equipment | 3,027 | 2,912 | 3,012 | 300 | 2,912 | 2,912 |
| Total Operating Expenses | <u>395,998</u> | <u>403,630</u> | <u>403,630</u> | <u>47,821</u> | <u>403,630</u> | <u>403,630</u> |
| Operating Income (Loss) | <u>527,128</u> | <u>534,921</u> | <u>534,921</u> | <u>119,724</u> | <u>534,921</u> | <u>534,921</u> |
| Non-Operating Revenues (Expenses) | | | | | | |
| Interest Income | 8,310 | 7,598 | 7,598 | 1,150 | 7,598 | 7,598 |
| Sale of Property, Mains and Scrap | 876 | 400 | 400 | 150 | 400 | 400 |
| Other | 5,851 | 8,153 | 8,153 | 2,962 | 8,153 | 8,153 |
| Impact Fees | 16,651 | 13,000 | 13,000 | 0 | 13,000 | 13,000 |
| CWA & TRA Contracts (P & I) | (20,389) | (19,663) | (19,663) | (5,579) | (19,663) | (19,663) |
| Total Non-Operating Rev (Exp) | <u>11,299</u> | <u>9,488</u> | <u>9,488</u> | <u>(1,317)</u> | <u>9,488</u> | <u>9,488</u> |
| Income (Loss) Before Operating Transfers | <u>538,427</u> | <u>544,409</u> | <u>544,409</u> | <u>118,407</u> | <u>544,409</u> | <u>544,409</u> |
| Operating Transfers | | | | | | |
| Debt Service Transfer | 381,710 | 428,560 | 428,560 | 23,295 | 428,560 | 428,560 |
| Transfer to PIB - Water & Sewer | 21,163 | 15,807 | 15,807 | 0 | 15,807 | 15,807 |
| Transfer to Capital Project Fund | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Pension Liability Interest | 3,814 | 3,814 | 3,814 | (1,271) | 3,814 | 3,814 |
| Equipment Acquisition | 19,778 | 21,468 | 21,468 | 270 | 21,468 | 21,468 |
| Transfer to Stormwater | 44,369 | 43,799 | 43,799 | 4,959 | 43,799 | 43,799 |
| Total Operating Transfers | <u>520,834</u> | <u>563,448</u> | <u>563,448</u> | <u>77,253</u> | <u>563,448</u> | <u>563,448</u> |
| Net Current Activity | | | | | | |
| Operating Fund Only | <u>\$ 17,593</u> | <u>\$ (19,039)</u> | <u>\$ (19,039)</u> | <u>\$ 41,154</u> | <u>\$ (19,039)</u> | <u>\$ (19,039)</u> |

About the Fund:

The Combined Utility System Fund, which includes Fund 8300, Fund 8301, and Fund 8305, 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.