

Combined Utility System Fund  
For the period ended January 31, 2007  
(amounts expressed in thousands)

	Unaudited Preliminary FY2006	FY2007				
		Adopted Budget	Current Budget	YTD	Controller's Projection	F&A Projection
<b>Operating Revenues</b>						
Water Sales	\$ 329,558	\$ 334,137	\$ 334,137	\$ 193,462	\$ 330,543	330,543
Sewer Sales	309,274	312,645	312,645	176,250	303,045	303,045
Penalties	5,085	4,996	4,996	3,932	6,300	6,300
Other	4,605	4,349	4,349	2,816	4,786	4,786
Total Operating Revenues	<u>648,522</u>	<u>656,127</u>	<u>656,127</u>	<u>376,460</u>	<u>644,674</u>	<u>644,674</u>
<b>Operating Expenses</b>						
Personnel	123,308	131,844	132,309	72,004	126,304	126,304
Supplies	33,241	30,603	30,673	19,053	33,694	33,694
Electricity and Gas	65,892	76,818	76,432	36,307	64,890	64,890
Contracts & Other Payments	97,114	93,746	93,147	42,934	94,565	94,565
Non-Capital Equipment	1,314	1,436	2,007	713	2,007	2,007
Total Operating Expenses	<u>320,869</u>	<u>334,447</u>	<u>334,568</u>	<u>171,011</u>	<u>321,460</u>	<u>321,460</u>
Operating Income (Loss)	<u>327,653</u>	<u>321,680</u>	<u>321,559</u>	<u>205,449</u>	<u>323,214</u>	<u>323,214</u>
<b>Nonoperating Revenues (Expenses)</b>						
Interest Income	15,571	17,283	17,283	12,166	19,782	19,782
Sale of Property, Mains and Scrap	5,357	1,129	1,129	662	1,067	1,067
Other	9,204	7,706	7,706	4,512	8,473	8,473
Impact Fees	15,558	17,519	17,519	9,188	20,990	20,990
HAWC	(6,242)	(9,077)	(9,077)	(5,233)	(9,077)	(9,077)
CWA & TRA Contracts (P & I)	<u>(32,219)</u>	<u>(32,875)</u>	<u>(32,875)</u>	<u>(27,458)</u>	<u>(32,875)</u>	<u>(32,875)</u>
Total Nonoperating Rev (Exp)	<u>7,229</u>	<u>1,685</u>	<u>1,685</u>	<u>(6,163)</u>	<u>8,360</u>	<u>8,360</u>
Income (Loss) Before Operating Transfers	<u>334,882</u>	<u>323,365</u>	<u>323,244</u>	<u>199,286</u>	<u>331,574</u>	<u>331,574</u>
<b>Operating Transfers</b>						
Debt Service Transfer	229,652	260,725	260,725	142,085	260,725	260,725
Transfer to PIB - Water & Sewer	26,257	24,604	25,045	5,467	25,045	25,045
Discretionary Debt-Stormwater	836	0	0	0	0	0
Pension Liability Interest	4,076	4,566	4,566	4,476	4,566	4,566
Equipment Acquisition	8,645	16,684	16,122	2,302	12,083	12,083
Transfer to Stormwater	<u>31,300</u>	<u>34,837</u>	<u>34,837</u>	<u>20,321</u>	<u>34,837</u>	<u>34,837</u>
Total Operating Transfers	<u>300,766</u>	<u>341,416</u>	<u>341,295</u>	<u>174,651</u>	<u>337,256</u>	<u>337,256</u>
Net Current Activity						
Operating Fund Only	<u>\$ 34,116</u>	<u>\$ (18,051)</u>	<u>\$ (18,051)</u>	<u>\$ 24,635</u>	<u>\$ (5,682)</u>	<u>\$ (5,682)</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.