

Combined Utility System Fund
For the period ended July 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	\$ 34,507	\$ 355,401	\$ 355,401
Sewer Sales	304,464	328,731	328,731	30,292	328,731	328,731
Penalties	7,760	8,400	8,400	698	8,400	8,400
Other	6,098	6,956	6,956	477	6,956	6,956
Total Operating Revenues	<u>650,260</u>	<u>699,488</u>	<u>699,488</u>	<u>65,974</u>	<u>699,488</u>	<u>699,488</u>
Operating Expenses						
Personnel	129,321	146,182	146,182	11,967	146,182	146,182
Supplies	37,614	34,467	34,477	2,315	34,477	34,477
Electricity and Gas	68,706	71,679	71,679	5,427	71,679	71,679
Contracts & Other Payments	109,218	97,626	98,167	6,685	98,167	98,167
Non-Capital Equipment	1,672	2,648	2,648	5	2,648	2,648
Total Operating Expenses	<u>346,531</u>	<u>352,602</u>	<u>353,153</u>	<u>26,399</u>	<u>353,153</u>	<u>353,153</u>
Operating Income (Loss)	<u>303,729</u>	<u>346,886</u>	<u>346,335</u>	<u>39,575</u>	<u>346,335</u>	<u>346,335</u>
Nonoperating Revenues (Expenses)						
Interest Income	21,371	22,000	22,000	1,433	22,000	22,000
Sale of Property, Mains and Scrap	4,136	12,009	12,009	2	12,009	12,009
Other	10,206	8,171	8,171	115	8,171	8,171
Impact Fees	27,134	25,000	25,000	0	25,000	25,000
HAWC	0	0	0	0	0	0
CWA & TRA Contracts (P & I)	(32,642)	(28,103)	(28,103)	(3,899)	(28,103)	(28,103)
Total Nonoperating Rev (Exp)	<u>30,205</u>	<u>39,077</u>	<u>39,077</u>	<u>(2,349)</u>	<u>39,077</u>	<u>39,077</u>
Income (Loss) Before Operating Transfers	<u>333,934</u>	<u>385,963</u>	<u>385,412</u>	<u>37,226</u>	<u>385,412</u>	<u>385,412</u>
Operating Transfers						
Debt Service Transfer	270,312	309,155	309,155	13,007	309,155	309,155
Transfer to PIB - Water & Sewer	25,804	28,419	28,419	0	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	23,414	375	23,414	23,414
Transfer to Stormwater	36,540	39,437	39,437	2,711	39,437	39,437
Total Operating Transfers	<u>346,398</u>	<u>405,542</u>	<u>404,991</u>	<u>16,093</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>21,133</u>	\$ <u>(19,579)</u>	\$ <u>(19,579)</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.