

**CITY OF HOUSTON, TEXAS
WATER AND SEWER SYSTEM STATISTICS**

System Budget (Fiscal Year 2000)

The following is the summary of the Fiscal Year 2000 Budget for the System as adopted by City Council:

| Revenues | (in thousands) |
|--|-------------------------------------|
| Beginning Fund Balance (July 1, 1999) | \$ 47,278,705 |
| Current Revenues | <u>565,245,000</u> |
| Total Revenues | <u><u>\$ 612,523,705</u></u> |
| | |
| Expenditures | |
| Maintenance and Operations | \$ 220,024,379 |
| CWA Debt Service | 25,341,000 |
| TRA Debt Service | 5,285,000 |
| Debt Service (including Prior Lien Bonds, Junior Lien Bonds and Commercial Paper) | <u>225,558,700</u> |
| Total Expenditures | 476,209,079 |
| | |
| Other | |
| Renewal and Replacement Fund (including Discretionary Debt Service) | 89,742,200 |
| Planned Fund Balance (June 30, 2000) | <u>46,572,426</u> |
| Total Expenditures and Reserves | <u><u>\$ 612,523,705</u></u> |

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Coverage of Maximum Annual Debt Service by Net Revenues

The following calculation shows coverage by Net Revenues of Maximum Annual Debt Service on the Prior Lien Bonds and Junior Lien Bonds after issuance of the Bonds:

| | |
|---|--------------------|
| Maximum Annual Prior Lien Principal and Interest Requirements (2001) | \$ 49,906,815 |
| Maximum Annual Junior Lien Principal and Interest Requirements (2018) | <u>182,892,766</u> |
| Total Maximum Annual Principal and Interest Requirements (2006) | 221,758,428 |
| Net Revenues for Fiscal Year ended June 30, 1999 | <u>332,649,534</u> |
| Coverage of Total Maximum Annual Principal and Interest Requirements (2006) | 1.50 X |

THE SYSTEM - Sewer Facilities General

The Sewer Facilities receive and process wastewater generated in a service area that includes the City and certain municipalities and unincorporated communities in the Houston metropolitan area. The Sewer Facilities consist of sanitary sewer lines, permitted wastewater treatment plants, sludge treatment facilities, pumping stations and a centralized laboratory. The general condition of the collection lines of the Sewer Facilities varies depending on age, location and type of construction. The average daily wastewater flow through the Sewer Facilities, as reflected by State permits, was 561 mgd as of June 30, 1999.

THE SYSTEM - Annexation Program - In-City Districts

The City has created reinvestment zones and public improvement districts in which infrastructure improvements, including water and wastewater facilities, will be financed by the respective district or zone through bonds supported by assessments within the districts and by a tax increment fund into which will be deposited the amount of ad valorem taxes collected in the reinvestment zones in excess of the amount calculated on the basis of the property tax appraisals in effect at the time of creation of the particular reinvestment zone. Under State law, the City can create a public improvement district both within the corporate limits of the City and within its extraterritorial jurisdiction. One reinvestment zone and one public improvement district have issued \$2,280,000 and \$800,000 in bonds, respectively. Harris County Improvement District No. 1, created by the Texas Legislature and located within the corporate limits of the City, has issued \$11,000,000 in bonds.