

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

	Unaudited Preliminary FY2007	FY2008				
		Adopted Budget	Current Budget	YTD	Controller's Projection	Finance Projection
Operating Revenues						
Water Sales	\$ 317,640	\$ 350,277	\$ 350,277	\$ 299,403	\$ 332,433	\$ 332,433
Sewer Sales	296,885	324,530	324,530	275,739	306,340	306,340
Penalties	6,736	6,300	6,300	7,074	7,720	7,720
Other	5,742	6,794	6,794	5,605	6,112	6,112
Total Operating Revenues	<u>627,003</u>	<u>687,901</u>	<u>687,901</u>	<u>587,821</u>	<u>652,605</u>	<u>652,605</u>
Operating Expenses						
Personnel	123,056	139,181	134,438	118,587	129,980	129,980
Supplies	36,023	34,162	38,117	33,403	36,566	36,566
Electricity and Gas	65,454	66,665	66,260	61,834	66,461	66,461
Contracts & Other Payments	96,896	101,114	107,657	86,659	101,728	101,728
Non-Capital Equipment	1,652	4,433	4,088	1,448	1,720	1,720
Total Operating Expenses	<u>323,081</u>	<u>345,555</u>	<u>350,560</u>	<u>301,931</u>	<u>336,455</u>	<u>336,455</u>
Operating Income (Loss)	<u>303,922</u>	<u>342,346</u>	<u>337,341</u>	<u>285,890</u>	<u>316,150</u>	<u>316,150</u>
Nonoperating Revenues (Expenses)						
Interest Income	21,232	19,453	19,453	19,839	22,000	22,000
Sale of Property, Mains and Scrap	4,626	2,268	2,268	4,062	8,767	8,767
Other	8,600	7,790	7,790	9,319	10,132	10,132
Impact Fees	20,999	21,578	21,578	27,134	27,134	27,134
HAWC	(8,999)	0	0	8	0	0
CWA & TRA Contracts (P & I)	(32,875)	(32,642)	(32,642)	(31,269)	(32,642)	(32,642)
Total Nonoperating Rev (Exp)	<u>13,583</u>	<u>18,447</u>	<u>18,447</u>	<u>29,093</u>	<u>35,391</u>	<u>35,391</u>
Income (Loss) Before Operating Transfers	<u>317,505</u>	<u>360,793</u>	<u>355,788</u>	<u>314,983</u>	<u>351,541</u>	<u>351,541</u>
Operating Transfers						
Debt Service Transfer	259,389	287,539	280,050	263,120	282,090	282,090
Transfer to PIB - Water & Sewer	24,651	26,066	26,066	25,804	25,804	25,804
Discretionary Debt-Stormwater	0	0	0	0	0	0
Pension Liability Interest	4,566	4,566	4,566	1,216	4,566	4,566
Equipment Acquisition	7,772	17,270	12,770	7,678	12,070	12,070
Transfer to Stormwater	34,056	37,735	37,735	33,700	37,735	37,735
Total Operating Transfers	<u>330,434</u>	<u>373,176</u>	<u>361,187</u>	<u>331,518</u>	<u>362,265</u>	<u>362,265</u>
Net Current Activity						
Operating Fund Only	\$ <u>(12,929)</u>	\$ <u>(12,383)</u>	\$ <u>(5,399)</u>	\$ <u>(16,535)</u>	\$ <u>(10,724)</u>	\$ <u>(10,724)</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.