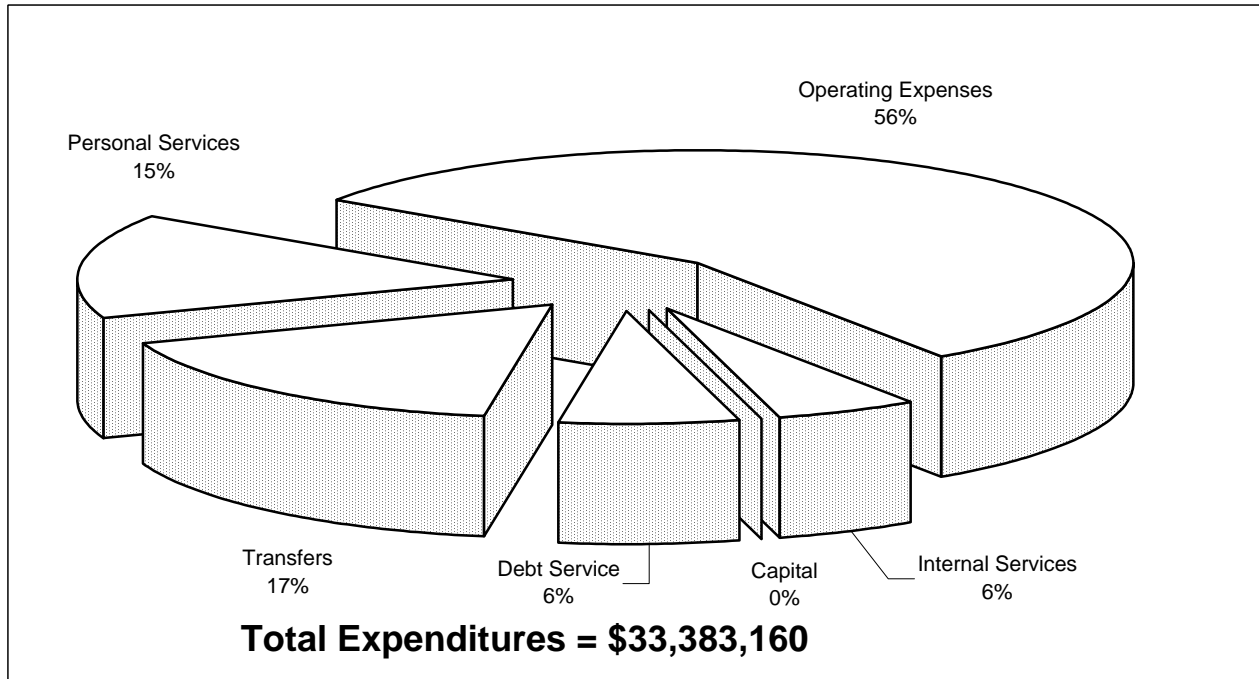


# Gas Fund Expenditures by Type



Gas revenues are generated primarily from gas and appliance sales, service charges and miscellaneous income from day-to-day operations. Effective May 1, 2002 new gas utility rates and service charges replaced the rates that were in effect since March 1999. The new rates increased propane gas service rates and other miscellaneous gas charges to reflect increases in the cost of providing the services.

The Gas Fund contains four programs: Gas Administration & Supply, Gas System Marketing & Sales, South Area Gas Operations, and North Area Gas Operations. Ninety (90) positions are funded by these revenues, resulting in 15% of expenditures being personnel related. Operating expenses at 56% account for the greatest proportion of the fund expenditures, of which \$12,100,000 is the cost of gas purchased for resale. Debt Service is composed of \$2,105,540 for outstanding gas bond issues, and \$70,000 of interest that must be paid on utility deposits. Transfers are composed of \$4,685,000 to the Capital Improvement Program for repairs to the gas system, relocation of gas mains and environmental remediation, and \$1,000,000 payment to the General Fund. This payment, along with the gas franchise fee revenue is an estimate of the revenues the City would receive if the utility were a private enterprise. The total Gas System contribution is determined by a complex formula based on gas revenues and bond interest.

Anticipated revenues for Fiscal Year 2004/05 are approximately \$33,519,890, which is composed of \$31,630,120 of operating revenues, \$494,770 of service charges and interest earnings, \$395,000 of capitalized labor, and the use of \$1,000,000 of previous years' retained earnings for the Gas dividend payment to the General Fund. Anticipated Gas Fund revenues exceed anticipated expenditures by approximately \$136,730 in fiscal year 2005. Fiscal year end 9/30/2003 financial statements reflect a net income of approximately \$4,604,230.