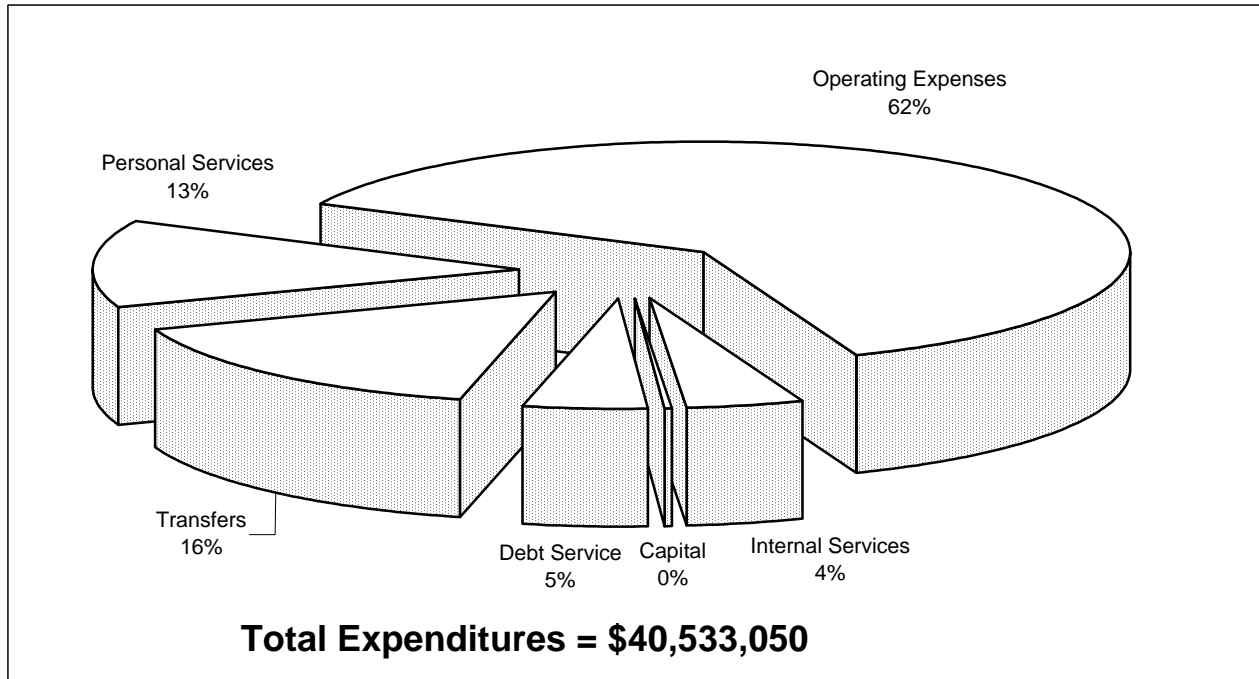


# Gas Fund Expenditures by Type



Gas revenues are generated primarily from gas and appliance sales, service charges and miscellaneous income from day-to-day operations. Effective April 1, 2005 new gas utility rates and service charges replaced the rates that were in effect since May 2002. The new rates increased the monthly customer charges that have not changed since October 1997. Propane gas service rates and other miscellaneous gas charges were changed 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 13% of expenditures being personnel related. Operating expenses at 62% account for the greatest proportion of the fund expenditures, of which \$18.1 million is the cost of gas purchased for resale. This is a \$6 million increase over the budgeted cost in the previous fiscal year, due primarily to the higher fuel prices. Debt Service is composed of \$1,987,680 for outstanding gas bond issues, and \$30,000 of interest that must be paid on utility deposits. Transfers are composed of \$5,120,000 to the Capital Improvement Program for new gas lines, repairs to the gas system, relocation of gas mains and environmental remediation, and \$1,250,000 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.

Anticipated revenues for Fiscal Year 2005/06 are approximately \$42,062,990, which is composed of \$40,058,880 of operating revenues, \$359,110 of service charges and interest earnings, \$395,000 of capitalized labor, and the use of \$1,250,000 of previous years' retained earnings for the Gas dividend payment to the General Fund. Anticipated Gas Fund revenues exceed anticipated expenditures by approximately \$1,529,940 in fiscal year 2006. Fiscal year end 9/30/2004 financial statements reflect a net income of approximately \$4,977,140.