

SECTION IV
ENTERPRISE FUNDS & UTILITY RATES
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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose. Due to external influences beyond the City's control, actual expenses may vary either higher or lower than projected budgeted expenses in the City's Enterprise Funds. Factors such as weather patterns, mild or severe summers or winters, rainfall or drought conditions, unusual maintenance requirements such as replacement of downed electric lines or water line breaks, etc. effect the level of expenses of these Funds. Therefore, the budgeted expenses for the City's Enterprise Funds are not legally appropriated and are presented for informational purposes to show operational projections for the remaining major Funds of the City. As outlined in this Section, the City maintains four Enterprise Funds:

Electric Fund – Accounts for the provision of electric service to the residents of the City.

Waterworks Fund – Accounts for the provision of water treatment and distribution and wastewater collection and treatment for residents of the City.

Emergency Communications Fund – Accounts for some activities related to the provision of emergency communication service (911) to the residents of the City and some surrounding areas.

Golf Course Fund – Accounts for the construction and operation of the Tennessee Centennial municipal golf course and sale of the remaining available land surrounding the course.

Electric Fund

Fund Overview:

The City is a TVA electric power distributor. Major activities include purchasing power from TVA and providing service to the City's 14,743 residential and industrial customers within the city limits, excluding the DOE Reservation. Historically, purchased power costs are about 75 to 79% of electric sales revenues.

Under the responsibility of the Electric Department, the system's physical plant is maintained by a variety of specialized crews supplemented by contract labor. The Department is divided into three divisions; engineering, operations and technical services, and is staffed by 34 employees. The Electric Fund provides for the construction, operation and maintenance of the electrical distribution system, the street lighting system and the traffic signal system. The Electric Department also maintains the fire alarm system, water distribution telemetering controls, electric instruments at the water booster stations and sewer lift stations and for providing electric maintenance of all City buildings.

The City purchases electrical power from the Tennessee Valley Authority (TVA) at a voltage of 161-Kv at one of three delivery points and distributes it to commercial and residential customers through five distribution substations. The substations are supplied electricity through 14.5 miles of 69KV transmission lines, at which point the voltage is stepped down to 13.2 KV for utilization in the distribution circuits. The distribution system consists of 1,044 miles of overhead primary and 238 miles of various underground conductors.

These services are provided in accordance with three guiding principals: safety for employees and City customers; quality; and efficiency of operations. Other departmental objectives of the Electric Department include:

1. Respond to all customer requests for meter accuracy verification within 2 working days.
2. Respond to 90% of street light complaints within 2 working days of receipt.
3. Meet or exceed state law requirements in response to all requests for underground line location.
4. Respond to all requests for tree trimming or removal within 1 week of request.

Major Revenue Source:

Fiscal 2004 total Electric Fund revenues are budgeted at \$40,515,460. Operating revenues for the system stems from the sale of electricity to residential and commercial customers. Among the variables that affect sales revenue are weather, electric rates and the quantity of power sold. Actual electric sales revenues can vary greatly from year-to-year due solely to weather conditions. Therefore, the amount projected for electric sales revenues and purchased power are only estimates based on current weather trends. Also included in revenues, is an annual investment charge paid by the General Fund for the maintenance and amortization of traffic control equipment and the street lighting system.

Based on historical trends, residential sales have increased at approximately one percent annually. Due to current and proposed new residential developments, this growth pattern is expected to continue for future fiscal years. Commercial sales have increased more rapidly than residential sales due to new development in the community, although commercial growth is more sporadic than residential growth. Commercial activities account for approximately 65% of total power sales.

TVA acts as the regulatory agency for the City's rates and must approve proposed rate increases. Adjustments to TVA power charges are normally passed on to consumers within a revised rate structure. Electric rates are generally reviewed and adjusted on a biennial basis. The last electric rate increase was effective May 1, 2000. The TVA board has approved an approximate 7.4% rate increase on electric power sales to all distributors effective October 1, 2003. Accordingly, the City's billing rate structure will be revised to pass the TVA rate increase onto the City's electric customers.

Major Expenditure Areas:

Purchased power from TVA, projected at \$30,132,000 for fiscal 2004, accounts for 79.7% of the total operating expenses. Operating expenses, excluding purchased power, tax equivalents and depreciation are projected at \$4,507,016, up \$132,968 or 3.0%. Projected increases are related to routine maintenance of overhead and underground lines and street and traffic lights. Approximately \$132,600 in reductions to budgeted expenses was made in the Electric Fund for fiscal 2004 as part of mandated cost reductions for all City operations. Budgeted increases in depreciation of \$175,000 and tax equivalent payments of \$165,000 are based on recent and planned capital improvements to the electric system.

For budgeting purposes, the departmental operating expenses are divided into five activities including (1) Purchased Power and Other Cost (depreciation and tax equivalents); (2) Substation Cost; (3) Line Maintenance; (4) Street Lighting and Traffic Signals; and (5) General and Administration (includes Bad Debt and Services from the General Fund).

Operating Transfers Out total \$137,395, a \$83,355 decrease over the prior fiscal year. This transfer is to fund economic development activities accounted for in the Economic Diversification Fund. The decline is due to the elimination of funding for certain economic development functions in fiscal 2004.

Budget Changes:

The major budget changes for fiscal 2004 result from TVA's approximate 7.4% electric rate increase for purchased power effective October 2003. The City must pass this rate increase onto its electric customers. Accordingly, the fiscal 2004 budget for revenues and purchased power will go up to reflect this rate increase by TVA.

Capital Projects, Electric Rates and Long-Term Debt

Capital improvements were the major driver of the last 5% electric rate increase effective in May 2000. The current electric user rates are sufficient to finance most routine capital improvements, however, major capital projects must be funded through the issuance of long-term debt. Page IV-7 of this document contains a listing of the \$6,102,500 in electric system capital projects planned for fiscal 2004. If the City has to finance the estimated \$2,570,000 cost of relocating the electric infrastructure for the widening of State Routes 95/58, the City would have to issue long-term debt to finance this cost. Other major capital budgeted for fiscal 2004 that might require funding through long-term debt, is \$600,000 for facilities expansion for new loads, \$400,000 for west end electrical development and \$750,000 for underground cable replacement. The issuance of additional long-term debt would impact the electric rates at the next review cycle in the spring of 2006. A more in-depth presentation of planned Electric Fund capital projects is located in the Capital Improvements Program 2004-2009 document.

Capital improvements impact electric user rates from increased expenses for depreciation and tax equivalent payments based on higher asset values, and the need for sufficient cash levels to fund principal and interest payments on long-term debt issued to finance the projects. Interest expense is budgeted to decrease \$300,000 due to a restructuring of the outstanding \$22 million in Electric Fund debt in fiscal 2003. A current long-term debt amortization schedule is on page IV-8. The Electric Fund's outstanding long-term debt includes \$10,380,000 in variable rate debt. The interest rate on this debt varies on a weekly basis. For amortization purposes, this is estimated at 3.8% interest rate. During fiscal 2003, the interest rate ranged below 2%, however, this is well beneath the historical average. The Electric Fund's \$22,360,000 in outstanding long-term debt is secured solely by the revenues of the Electric system and therefore cannot impact the City's property tax rate.

ELECTRIC FUND
PROJECTED STATEMENT OF REVENUE AND EXPENSES

	ACTUAL 2002	BUDGET 2003	PROJECTED 2003	BUDGET 2004	BUDGET 04 vs 03	% CHANGE
OPERATING REVENUES:						
Electric Sales Revenues:						
4011 Residential	10,709,027	12,275,000	12,218,300	13,459,680	1,184,680	9.7
4013 Small Lighting & Power	2,578,150	2,800,000	2,841,300	3,129,980	329,980	11.8
4014 Large Lighting & Power	18,710,194	18,876,018	20,500,000	22,230,000	3,353,982	17.8
4017 Street & Outdoor Lighting	<u>862,525</u>	<u>1,040,000</u>	<u>1,010,000</u>	<u>1,090,800</u>	<u>50,800</u>	<u>4.9</u>
Total Electric Sales Revenues	<u>32,859,896</u>	<u>34,991,018</u>	<u>36,569,600</u>	<u>39,910,460</u>	<u>4,919,442</u>	<u>14.1</u>
Other Operating Revenues:						
4041 Customer Forfeited discounts	225,566	200,000	220,000	220,000	20,000	10.0
4042 Rent from Electric Property	144,053	180,000	180,000	180,000	0	0.0
4043 Misc. Electric Revenues	<u>162,088</u>	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>0</u>	<u>0.0</u>
Total Other Operating Revenues	<u>531,707</u>	<u>540,000</u>	<u>560,000</u>	<u>560,000</u>	<u>20,000</u>	<u>3.7</u>
Total Operating Revenues	<u>33,391,603</u>	<u>35,531,018</u>	<u>37,129,600</u>	<u>40,470,460</u>	<u>4,939,442</u>	<u>13.9</u>
OPERATING EXPENSES:						
5460 Depreciation and Amortization	1,365,460	1,420,000	1,390,000	1,595,000	175,000	12.3
5491 Tax Equivalent	1,270,015	1,400,000	1,489,615	1,565,000	165,000	11.8
5465 Purchased Power from TVA	25,226,618	26,150,000	27,542,000	30,132,000	3,982,000	15.2
5000 Operating Expenses	<u>4,050,211</u>	<u>4,374,048</u>	<u>4,375,302</u>	<u>4,507,016</u>	<u>132,968</u>	<u>3.0</u>
Total Operating Expenses	<u>31,912,304</u>	<u>33,344,048</u>	<u>34,796,917</u>	<u>37,799,016</u>	<u>4,454,968</u>	<u>13.4</u>
Operating Income	1,479,299	2,186,970	2,332,683	2,671,444	484,474	22.2
NONOPERATING REVENUES (EXPENSES)						
4046 Intergovernmental Revenue	1,431,543	0	68,500	0	0	0.0
4810 Interest Revenue	42,648	80,000	45,000	45,000	(35,000)	-43.8
5439 Interest Expense	<u>(633,341)</u>	<u>(1,200,000)</u>	<u>(600,000)</u>	<u>(900,000)</u>	<u>300,000</u>	<u>25.0</u>
Total Nonoperating Revenues (Expenses)	<u>840,850</u>	<u>(1,120,000)</u>	<u>(486,500)</u>	<u>(855,000)</u>	<u>265,000</u>	<u>23.7</u>
Net Income Before Operating Transfers Out	2,320,149	1,066,970	1,846,183	1,816,444	749,474	70.2
OPERATING TRANSFERS						
Operating Transfers Out	<u>(217,645)</u>	<u>(220,750)</u>	<u>(220,750)</u>	<u>(137,395)</u>	<u>83,355</u>	<u>37.8</u>
Net Income	2,102,504	846,220	1,625,433	1,679,049	832,829	98.4
RETAINED EARNINGS - 7/1	<u>16,901,515</u>	<u>17,037,136</u>	<u>19,004,019</u>	<u>20,629,452</u>	<u>3,592,316</u>	<u>21.1</u>
RETAINED EARNINGS - 6/30	<u>19,004,019</u>	<u>17,883,356</u>	<u>20,629,452</u>	<u>22,308,501</u>	<u>4,425,145</u>	<u>24.7</u>

City of Oak Ridge, Tennessee
Activity Detail
Electric Fund

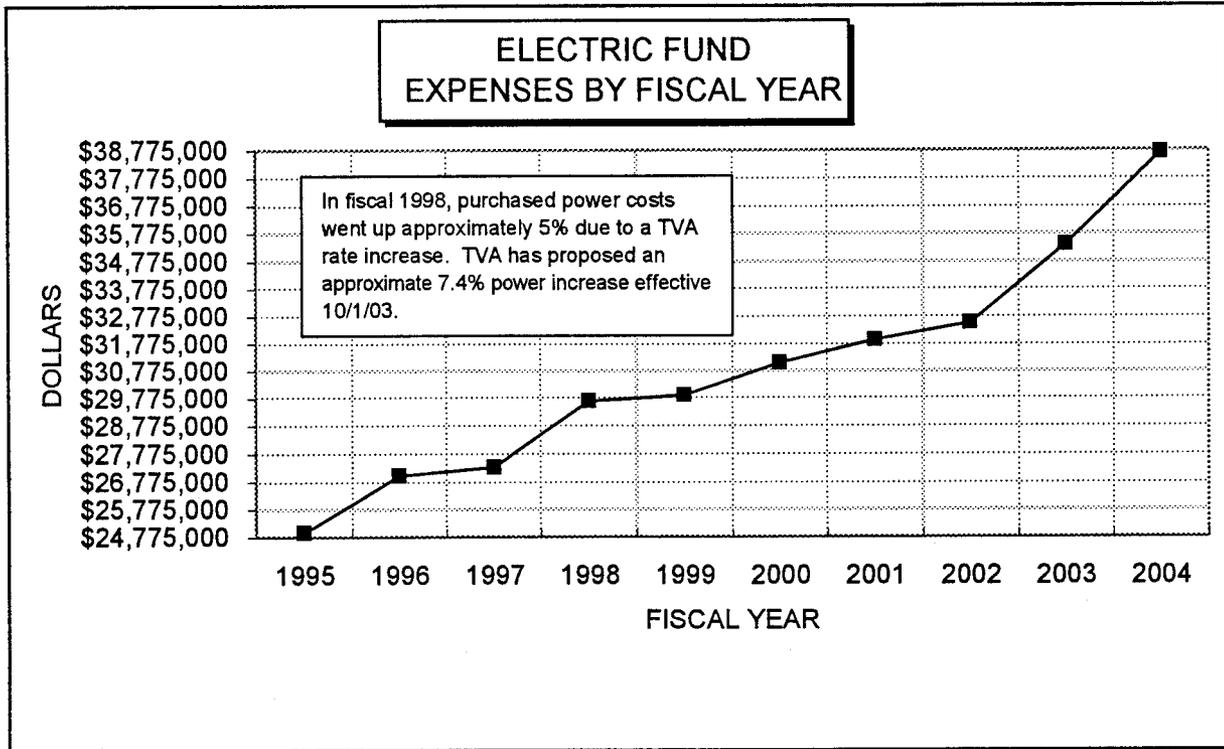
00020 Electric Fund

	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs. 03	% CHG
Personal Services						
5111. Salaries-Reg. Employees	327,201	332,375	352,315	379,635	47,260	14.2
5141. Social Security	70,308	77,892	72,504	89,120	11,228	14.4
5150. Retirement	63,252	84,196	85,812	103,220	19,024	22.6
5160. Medical & Workers Comp	91,020	113,097	113,724	145,202	32,105	28.4
Total Personal Services	551,781	607,560	624,355	717,177	109,617	18.0
Contractual Services						
5201. Rents	771,206	642,553	738,853	739,378	96,825	15.1
5205. Printing & Dup. Charges	9	1,500	1,500	1,500	0	.0
5206. Mailing & Delivery	0	3,500	3,500	3,500	0	.0
5207. Dues, Memberships & Sub.	31,514	36,180	25,680	25,680	10,500-	29.0-
5210. Prof. & Contractual Ser.	51,543	127,250	66,050	71,050	56,200-	44.2-
5210.203 Mowing Contract	4,421	4,100	4,158	4,220	120	2.9
5211. Advertising & Publicity	0	1,000	1,000	1,000	0	.0
5212. Utility Services	30,166	27,130	34,690	35,160	8,030	29.6
5220. Training & Travel	18,840	31,300	31,300	31,300	0	.0
5235. Repair & Maintenance	1,290,329	1,560,485	1,564,905	1,520,505	39,980-	2.6-
5236.13 Other Equipment Maintenance	209	300	300	800	500	166.7
5289. Vehicle/Equip Use Charge	6,970	12,900	11,000	11,000	1,900-	14.7-
Total Contractual Services	2,205,207	2,448,198	2,482,936	2,445,093	3,105-	.1-
Commodities						
5310. Materials-Tools-Supplies	58,049	28,650	28,650	28,650	0	.0
5320. Books/Education Material	478	0	0	1,000	1,000	.0
5325. Uniforms/Safety Equip.	17,630	21,990	26,020	26,540	4,550	20.7
Total Commodities	76,157	50,640	54,670	56,190	5,550	11.0
Other Charges						
5410. Insurance	17,424	32,337	25,748	30,420	1,917-	5.9-
5420. Litigation/Judicial Costs	60	500	500	500	0	.0
5431.3 Economic Development/TVA	0	12,100	13,000	13,000	900	7.4
5439. Debt Service	633,341	1,200,000	600,000	900,000	300,000-	25.0-
5455. Bad Debt	117,603	60,000	100,000	100,000	40,000	66.7
5456. Collection Fees	10,438	12,900	12,900	12,900	0	.0
5460. Depreciation	1,365,460	1,420,000	1,390,000	1,595,000	175,000	12.3
5460.10 Amort-Elect. Plant Aquis.	11,081	0	0	0	0	.0
5460.20 Depreciation: Elec. Fund	16,249	0	0	0	0	.0
5465. Purchased Power TVA	25,226,618	26,150,000	27,542,000	30,132,000	3,982,000	15.2
5470. Ser. from General Fund	1,066,383	1,160,313	1,071,693	1,142,236	18,077-	1.6-
5490. Tax Equivilents	1,270,015	1,400,000	1,489,615	1,565,000	165,000	11.8
Total Other Charges	29,734,672	31,448,150	32,245,456	35,491,056	4,042,906	12.9
5500. Capital Expenditures	265	0	0	0	0	.0
TOTAL GROSS EXPENDITURES	32,568,082	34,554,548	35,407,417	38,709,516	4,154,968	12.0
5600. Costs Recovered - Users	22,434-	10,500-	10,500-	10,500-	0	.0
NET EXPENDITURES	32,545,648	34,544,048	35,396,917	38,699,016	4,154,968	12.0

ELECTRIC DEPARTMENT	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
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ELECTRIC FUND

Purchased Power	25,226,618	26,150,000	27,542,000	30,132,000	3,982,000	15.2
Other Expenses (Depreciation, Tax Equivalent & Interest Expense)	3,268,816	4,020,000	3,479,615	4,060,000	40,000	1.0
Substation Costs	102,649	248,168	151,585	211,378	(36,790)	-14.8
Line Maintenance	1,006,123	1,133,250	1,049,050	1,111,312	(21,938)	-1.9
Street Lighting/Traffic Signals	219,213	266,538	193,447	261,508	(5,030)	-1.9
General and Administration	2,722,226	2,726,092	2,981,220	2,922,818	196,726	7.2
TOTAL EXPENSES	32,545,645	34,544,048	35,396,917	38,699,016	4,154,968	12.0
Capital Projects	5,083,501	5,815,000	3,115,000	5,900,000	85,000	1.5
Equipment	42,017	253,000	133,000	202,500	(50,500)	-20.0
TOTAL CAPITAL	5,125,518	6,068,000	3,248,000	6,102,500	34,500	0.6
TOTAL EXPENSES & CAPITAL	37,671,163	40,612,048	38,644,917	44,801,516	4,189,468	10.3



ELECTRIC FUND

CAPITAL PROJECTS AND EQUIPMENT

	BUDGET 2003	PROJECTED 2003	BUDGET 2004
<u>CAPITAL PROJECTS:</u>			
Southwest Quadrant (Street Lighting)	\$ 275,000	\$ 275,000	\$ -
Rutgers Ave at Manhattan Ave	60,000	60,000	-
Edgemoor Rd (State Route 170) at Melton Lake Dr Intersection Improvements	5,000	5,000	-
S. Illinois Ave Improvements (SR62)	25,000	25,000	-
State Route 95/58 Road Improvements	520,000	-	-
West End Electrical Development	1,700,000	30,000	2,570,000
Street Lighting Improvements	500,000	100,000	400,000
SCADA System	100,000	30,000	30,000
Facilities Expansion for New Loads and Services	100,000	-	-
Distribution System Improvements	600,000	600,000	600,000
Distribution Substation Improvements/Transformers	530,000	530,000	350,000
Underground Cable Replacement	400,000	400,000	-
Traffic Signal Improvements/Public & Private Lt Mtn	-	-	750,000
Transmission System Improvements	110,000	110,000	110,000
Routine Expansion, Maintenance, Replacement and Minor Additions (including Transformers)	40,000	100,000	140,000
	850,000	850,000	950,000
TOTAL CAPITAL PROJECTS	\$ 5,815,000	\$ 3,115,000	5,900,000
<u>EQUIPMENT</u>			
Furniture Purchases	\$ 1,000	\$ 1,000	1,000
Hand-Held Radio Replacement	5,000	6,000	6,000
Underground Equipment	6,000	6,000	6,000
Electronic Equipment (Cable Fault Locator FY02)	8,000	-	7,500
Conflict Monitor Tester	-	-	10,000
Electric Meter Tester	-	-	12,000
Automatic External Defibrillator (x 7 @\$3,000)	-	-	21,000
Wire Puller (From FY2002)	-	39,000	-
Chevrolet Extend Cab Pickup (218)	26,000	26,000	-
Bucket Loader with Backhoe (434)	-	-	42,000
Bucket Loader with Backhoe (441)	-	-	45,000
Ford Digger Derrick (369)	150,000	50,000	-
GMC Sierra Utility Truck (380)	26,000	-	26,000
GMC Sierra Utility Truck (381)	26,000	-	26,000
Single Reel Wire Trailer x 2 (\$2,500 each)	5,000	5,000	-
TOTAL EQUIPMENT	\$ 253,000	\$ 133,000	202,500
TOTAL CAPITAL PROJECTS & EQUIPMENT	\$ 6,068,000	\$ 3,248,000	6,102,500

ELECTRIC FUND
LONG-TERM DEBT AMORTIZATION SCHEDULE
ESTIMATED AT 6/30/03

Fiscal Year	Principal	Interest	Total Requirements
2004	\$ 810,000	\$ 826,340	\$ 1,636,340
2005	820,000	810,140	1,630,140
2006	835,000	793,740	1,628,740
2007	850,000	768,690	1,618,690
2008	880,000	743,190	1,623,190
2009	900,000	716,790	1,616,790
2010	930,000	685,290	1,615,290
2011	965,000	652,740	1,617,740
2012	1,000,000	614,140	1,614,140
2013	1,010,000	564,140	1,574,140
2014	1,095,000	513,640	1,608,640
2015	925,000	469,840	1,394,840
2016	960,000	432,840	1,392,840
2017	290,000	393,534	683,534
2018	305,000	382,467	687,467
2019	580,000	370,018	950,018
2020	615,000	347,869	962,869
2021	650,000	324,390	974,390
2022	690,000	299,565	989,565
2023	735,000	273,204	1,008,204
2024	775,000	245,149	1,020,149
2025	825,000	215,543	1,040,543
2026	870,000	184,053	1,054,053
2027	925,000	150,821	1,075,821
2028	980,000	115,499	1,095,499
2029	1,040,000	78,072	1,118,072
2030	1,100,000	38,364	1,138,364
Total	\$ 22,360,000	\$ 12,010,068	\$ 34,370,068

Waterworks Fund

Fund Overview:

The Waterworks Fund provides water treatment and distribution and wastewater collection and treatment within Oak Ridge. Fund activities include the sale of water and maintenance of reservoirs, distribution mains, booster stations, water and wastewater treatment plants and wastewater package plant. Water and wastewater operations are under the supervision of the Public Works Department. The Public Works Department consists of 87 employees and five divisions including Supervision/Administration, Engineering, Wastewater Treatment, Water Treatment, Equipment and Fleet Maintenance, and Work Pool. There are 11 employees that conduct water treatment functions, 16 employees in wastewater treatment and 44 employees in the Work Pool. Costs for employees in the Work Pool are charged out to the applicable City Fund based on the actual jobs performed. A major portion of the jobs the Work Pool performs is maintenance to water and wastewater systems.

Water Operations

From incorporation of the City through April 30, 2000, the City purchased treated water from the US Department of Energy (DOE) for sale to residential and commercial entities within Oak Ridge, excluding the DOE plants. On May 1, 2000, the City acquired the water treatment plant from DOE and assumed responsibility for water plant operations. The City entered into a 10-year contract for the sale of water to DOE's X-10 and Y-12 facilities in exchange for the plant. The plant has a treatment capacity of approximately 27 MGD and is operated by a staff of 11 employees. Water sales to DOE comprise approximately 35.6% of all water sales revenues.

Maintenance of the water distribution system is performed by the Work Pool Division and involves maintaining approximately 222 miles of water main piping, 2,489 fire hydrants, 4,600 main valves, 9,040 service laterals, 12,199 water meters, four elevated water storage tanks, two in-ground reservoirs, 11 water pumping stations, and 76 main pressure reducing valves.

PERFORMANCE MEASURES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004
Miles of mains	222	220	222	225
Maintenance (hours)	9,005	11,000	12,400	12,500
Fire Hydrants (each)	2,489	2,500	2,500	2,500
Maintenance (hours)	403	500	200	200
Service line maintenance (hours)	539	600	1,000	1,000
Booster stations maintenance (hours)	2,741	2,400	2,500	2,500
Water meters installed (each)	12,199	12,400	12,400	12,400

Wastewater Operations

The wastewater system consists of two treatment facilities operated by the Wastewater Treatment Division and approximately 240 miles of collection system piping maintained by the Work Pool Division. The 6.0 MGD main treatment plant provides primary and secondary treatment for all of the developed areas of the City and the Y-12 plant. The package plant treats wastes from the industries located in the Clinch River Industrial Park. During fiscal 2002, the main treatment plant treated approximately 1.67 billion gallons of wastewater and the package plant about 1.5 million gallons. A

major goal of this activity is to meet the National Pollutant Discharge Elimination System (NPDES) permit for plant effluent and to protect the environment from industrial wastewater pollutants in a cost-effective manner.

The City's major wastewater customer is the Y-12 plant whose consumption is nearly 20% of total billed wastewater consumption and equates to 40%-50% of all residential consumption combined in any given month.

The Wastewater Treatment Plant maintenance staff maintains 28 wastewater-pumping stations, two raw water intake pump stations and a raw water booster pumping station. The Work Pool wastewater tasks include sludge hauling, road maintenance, maintenance of mains, laterals, and taps as well as installation of new connections and extensions, lateral lines and maintenance of approximately 2,470 manholes.

In fiscal year 1995, the Department initiated a multi-year program to rehabilitate the collection system and upgrade the wastewater treatment plant. Total cost of the program was estimated at \$29 million. The upgrade and expansion to the wastewater treatment plant is nearly complete at a cost of about \$13 million. Since fiscal 1996, approximately \$14 million has been spent on the collection system with \$1,475,000 in collection system improvements budgeted for fiscal 2004. Maintenance of the collection system will be an ongoing annual program.

PERFORMANCE MEASURES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004
West End Sewer Plant				
Water treated - gallons (billions)	1.7	2.1	2.1	2.1
Average reduction of B. O. D.	98%	98%	96%	98%
NPDES Effluent Permit Violations	18	0	3	0
Collection System				
Miles of sewer mains	240	240	240	243
Sewer maintenance - staff hours	11,480	15,000	11,550	12,500
Customers	11,683	11,700	11,700	11,700

Major Revenue Source:

Waterworks revenues are projected to increase overall by \$380,646, up 2.9%, primarily for wastewater fees based on a rate increase effective in August 2002. Monthly billings to customers for wastewater usage are based on metered water consumption. Therefore, the revenue patterns will be the same for both water and wastewater usage. Weather, in the form of drought or high rainfall conditions, can significantly impact the revenue collections in any particular fiscal year.

Major Expenditure Areas:

Waterworks operating expenses are projected to decrease \$39,390 or .5%. For fiscal 2004, approximately \$235,000 in reductions to budgeted expenses was made as part of mandated cost reductions for all City operations. The budget for rents increased \$55,460 for the lease/purchase of a belt press system at the wastewater treatment plant. The budget for utilities increased \$176,325 due to the 7.4% TVA electric rate increase effective October 1, 2003 and higher utility usage levels at the

wastewater treatment plant based on the recent upgrades and expansion to that facility. Tax equivalent payments to the General Fund are projected to increase \$25,927 or 2.0 percent based on capital projects completed during fiscal 2003. Interest expense is budgeted to decrease \$285,000 due to a debt restructuring in fiscal 2003.

Operating Transfers Out totaled \$114,496, a \$69,470 decrease over the prior fiscal year. This transfer is to fund activities accounted for in the Economic Diversification Fund, which declined due to the elimination of funding for certain economic development functions in fiscal 2004.

Capital Projects, Water and Wastewater Rates and Long-Term Debt

For accounting purposes, the operations of the water and wastewater systems are combined into one Fund, the Waterworks Fund. Costs for the two systems are tracked separately and user rates are established based on the operations of the individual systems. Therefore, the water user rates are based on the operations of the water treatment and distribution system and the wastewater user rates are based on the operations of the wastewater collection and treatment system.

Biennially, the City reviews its rate structure for water and wastewater services. The last review was in the spring of 2002. On August 1, 2002, wastewater rates for residential customers increased approximately 11% and rates charged to commercial customers approximately 17%. This rate increase was due to the nearly completed major upgrade and expansion to the wastewater treatment plant and ongoing rehabilitation of the wastewater collection system. The full rate impact of these improvements is being spread over several rate review cycles. Additional wastewater user rate increases are anticipated due to this major capital maintenance project. Water rates remained unchanged due to the acquisition of the water plant and the resulting cost reduction to obtain treated water. The last water rate increase was effective May 1, 1998. The next rate review is scheduled for spring/summer 2004.

Capital improvements are the major driver for water and wastewater user rate increases. Capital improvements impact user rates from increased expenses for depreciation and tax equivalent payments based on higher asset values, and the need for sufficient cash levels to fund principal and interest payments on long-term debt issued to finance the projects. A listing of water capital improvements planned for fiscal 2004 totaling \$4,515,500 is located on page IV-17 of this document and wastewater capital projects totaling \$2,432,500 on page IV-21. A more in-depth presentation of planned Waterworks Fund capital projects is located in the Capital Improvements Program 2004-2009 document.

An amortization schedule for the Waterworks Fund \$24,122,709 in current outstanding long-term debt is on page IV-15. The \$4,174,572 in outstanding variable interest rate debt is projected at a 3.8% interest rate. Approximately 80% of the Waterworks Fund outstanding long-term debt is for wastewater projects. The amortization schedule for long-term debt issued for water projects is on page IV-18 and wastewater projects on page IV-22. The City currently has \$8,828,555 available from the State Revolving Loan Fund to finance the continuation of the wastewater treatment plant and collection system capital projects through fiscal 2009. \$1,538,163 is available for draw from a loan through the TMBF to finance future water or wastewater capital. As these funds are drawn to finance capital improvements, this will impact future water and wastewater user rates. The annual debt service payments on the outstanding Waterworks Fund debt will be funded through the revenues generated by the water and wastewater systems. The City's taxing authority is also pledged as an additional security on this outstanding debt. It is not anticipated that the City's taxing authority would ever be utilized to generate cash to pay the annual debt service on Waterworks Fund debt.

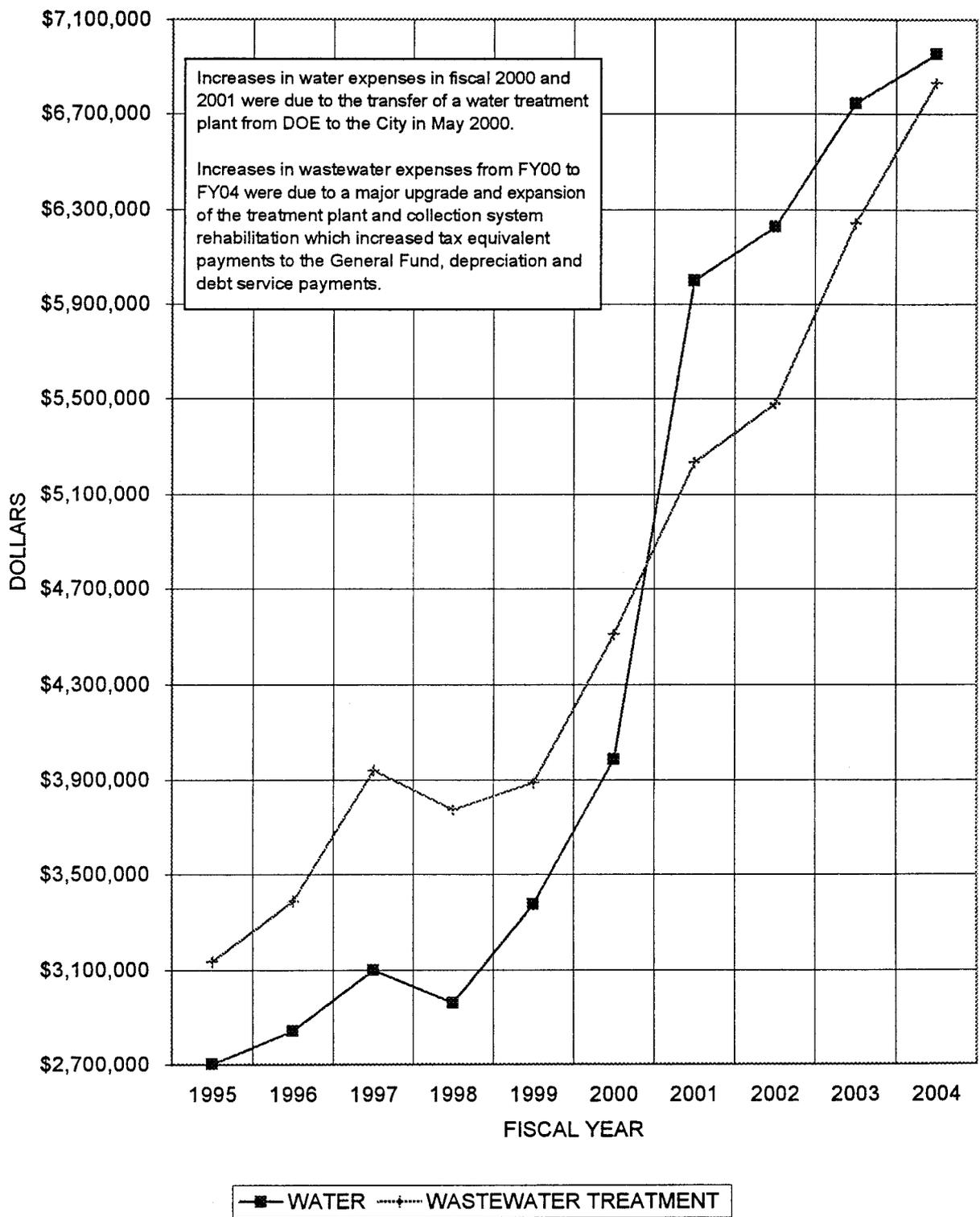
WATERWORKS FUND
PROJECTED STATEMENT OF REVENUE AND EXPENSES

	<u>ACTUAL 2002</u>	<u>BUDGET 2003</u>	<u>PROJECTED 2003</u>	<u>BUDGET 2004</u>	<u>BUDGET 04 vs 03</u>	<u>% CHANGE</u>
<u>OPERATING REVENUES:</u>						
4021 Residential Water Sales and Wastewater Fees	4,451,660	5,183,600	5,230,300	5,312,600	129,000	2.5
4022 Commercial Water Sales and Wastewater Fees	3,846,852	4,615,600	4,821,200	4,910,100	294,500	6.4
4024 DOE Treated Water Sales	1,698,995	1,832,200	1,770,000	1,790,000	(42,200)	-2.3
4025 COR Treated Water Sales	983,007	1,009,000	1,010,500	1,021,500	12,500	1.2
4026 DOE Raw Water Sales	271,687	275,700	300,000	302,000	26,300	9.5
4023 Public Fire Protection	43,745	42,850	42,850	43,620	770	1.8
4041 Forfeited Discounts	127,527	91,449	85,825	91,225	(224)	-0.2
4791 Capital Contributions	281,210	240,000	200,000	200,000	(40,000)	100.0
Total Operating Revenues	<u>11,704,683</u>	<u>13,290,399</u>	<u>13,460,675</u>	<u>13,671,045</u>	<u>380,646</u>	<u>2.9</u>
<u>OPERATING EXPENSES:</u>						
5460 Depreciation	2,431,092	2,890,000	2,600,500	2,890,000	0	0.0
5492 Tax Equivalent	1,172,111	1,285,469	1,286,863	1,311,396	25,927	2.0
5466 Purchased Water	1,003,844	1,043,000	1,045,500	1,058,200	15,200	1.5
5000 Operating Expenses	6,303,167	7,491,953	7,230,313	7,452,563	(39,390)	-0.5
Total Operating Expenses	<u>10,910,214</u>	<u>12,710,422</u>	<u>12,163,176</u>	<u>12,712,159</u>	<u>1,737</u>	<u>0.0</u>
Operating Income (Loss)	794,469	579,977	1,297,499	958,886	378,909	65.3
<u>NONOPERATING REVENUES (EXPENSES)</u>						
4810 Interest Revenue	2,001	13,000	6,500	7,000	(6,000)	-46.2
5439 Interest Expense	(795,440)	(1,360,000)	(825,000)	(1,075,000)	285,000	-21.0
Total Nonoperating Revenues (Expenses)	<u>(793,439)</u>	<u>(1,347,000)</u>	<u>(818,500)</u>	<u>(1,068,000)</u>	<u>279,000</u>	<u>-20.7</u>
Net Income (Loss) Before Operating Transfers	1,030	(767,023)	478,999	(109,114)	657,909	-85.8
<u>OPERATING TRANSFERS</u>						
Operating Transfers Out	(181,371)	(183,966)	(183,966)	(114,496)	69,470	-37.8
Net Income (Loss)	(180,341)	(950,989)	295,033	(223,610)	727,379	76.5
<u>DEPRECIATION ON FIXED ASSETS ACQUIRED BY EPA AND DOE GRANT</u>						
Increase (Decrease) in Retained Earnings	884,663	114,015	295,033	(223,610)	(337,625)	-296.1
<u>RETAINED EARNINGS - 7/1</u>	<u>8,770,660</u>	<u>8,519,740</u>	<u>9,655,323</u>	<u>9,950,356</u>	<u>1,430,616</u>	<u>16.8</u>
<u>RETAINED EARNINGS - 6/30</u>	<u>9,655,323</u>	<u>8,633,755</u>	<u>9,950,356</u>	<u>9,726,746</u>	<u>1,092,991</u>	<u>12.7</u>

City of Oak Ridge, Tennessee
Activity Detail
Waterworks Fund

	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs. 03	% CHG
Personal Services						
5111. Salaries-Reg. Employees	918,912	1,015,599	981,755	1,040,713	25,114	2.5
5120. Salaries-Temp. Employees	0	17,562	0	0	17,562-	100.0-
5131. Regular Overtime Pay	51,602	108,115	50,000	60,000	48,115-	44.5-
5141. Social Security	73,096	85,233	78,926	87,052	1,819	2.1
5150. Retirement	66,420	99,565	89,436	100,821	1,256	1.3
5160. Medical & Workers Comp	110,899	147,640	156,944	182,920	35,280	23.9
Total Personal Services	1,220,929	1,473,714	1,357,061	1,471,506	2,208-	.1-
Contractual Services						
5201. Rents	336,058	341,400	367,801	396,860	55,460	16.2
5205. Printing & Dup. Charges	0	400	0	0	400-	100.0-
5206. Mailing & Delivery	0	1,000	100	100	900-	90.0-
5207. Dues, Memberships & Sub.	19,769	27,025	28,377	25,691	1,334-	4.9-
5210. Prof. & Contractual Ser.	180,374	305,875	281,250	270,775	35,100-	11.5-
5210.203 Mowing Contract	41,119	41,850	41,701	43,110	1,260	3.0
5211. Advertising & Publicity	0	50	0	50	0	.0
5212. Utility Services	1,266,954	1,400,955	1,455,963	1,577,280	176,325	12.6
5220. Training & Travel	10,568	21,500	15,500	11,000	10,500-	48.8-
5235. Repair & Maintenance	1,573,905	1,867,630	1,802,000	1,706,891	160,739-	8.6-
5236.13 Other Equipment Maintenance	494	3,000	2,000	3,000	0	.0
5289. Vehicle/Equip Use Charge	61,131	108,580	105,390	112,390	3,810	3.5
Total Contractual Services	3,490,372	4,119,265	4,100,082	4,147,147	27,882	.7
Commodities						
5310. Materials-Tools-Supplies	375,686	516,200	490,700	483,350	32,850-	6.4-
5320. Books/Education Material	1,143	1,500	300	300	1,200-	80.0-
5325. Uniforms/Safety Equip.	13,476	16,540	15,470	15,820	720-	4.4-
Total Commodities	390,305	534,240	506,470	499,470	34,770-	6.5-
Other Charges						
5410. Insurance	90,719	128,586	128,586	134,186	5,600	4.4
5439. Debt Service	795,440	1,360,000	825,000	1,075,000	285,000-	21.0-
5455. Bad Debt	40,435	36,000	36,000	36,000	0	.0
5460. Depreciation	2,431,092	2,890,000	2,600,500	2,890,000	0	.0
5460.20 Amortization Debt Exp.	4,596	4,683	4,683	4,683	0	.0
5466. Purchased Water	1,003,844	1,043,000	1,045,500	1,058,200	15,200	1.5
5470. Ser. from General Fund	1,356,107	1,497,965	1,398,431	1,460,571	37,394-	2.5-
5490. Tax Equivilents	1,172,111	1,285,469	1,286,863	1,311,396	25,927	2.0
Total Other Charges	6,894,344	8,245,703	7,325,563	7,970,036	275,667-	3.3-
TOTAL GROSS EXPENDITURES	11,995,950	14,372,922	13,289,176	14,088,159	284,763-	2.0-
5600 Costs Recovered - Users	290,295-	302,500-	301,000-	301,000-	1,500	.5-
NET EXPENDITURES	11,705,655	14,070,422	12,988,176	13,787,159	283,263-	2.0-

WATERWORKS FUND EXPENSES BY FISCAL YEAR



WATERWORKS FUND
LONG-TERM DEBT AMORTIZATION SCHEDULE
ESTIMATED AT 6/30/03

Fiscal Year	Principal	Interest	Total Requirements
2004	\$ 951,765	\$ 919,015	\$ 1,870,780
2005	984,047	886,688	1,870,735
2006	1,022,421	853,106	1,875,527
2007	1,061,308	818,237	1,879,545
2008	1,112,222	780,897	1,893,119
2009	1,153,147	740,062	1,893,209
2010	1,191,135	697,673	1,888,808
2011	1,222,812	651,680	1,874,492
2012	1,278,408	603,965	1,882,373
2013	1,330,204	551,984	1,882,188
2014	1,378,224	497,913	1,876,137
2015	1,288,365	442,435	1,730,800
2016	1,324,188	389,778	1,713,966
2017	1,203,218	334,278	1,537,496
2018	1,262,418	285,375	1,547,793
2019	1,324,709	234,080	1,558,789
2020	1,390,260	180,296	1,570,556
2021	1,459,271	123,864	1,583,135
2022	1,531,973	64,632	1,596,605
2023	652,614	18,570	671,184
Total	<u>\$ 24,122,709</u>	<u>\$ 10,074,528</u>	<u>\$ 34,197,237</u>

City of Oak Ridge, Tennessee
Activity Detail
Water

00021 Water

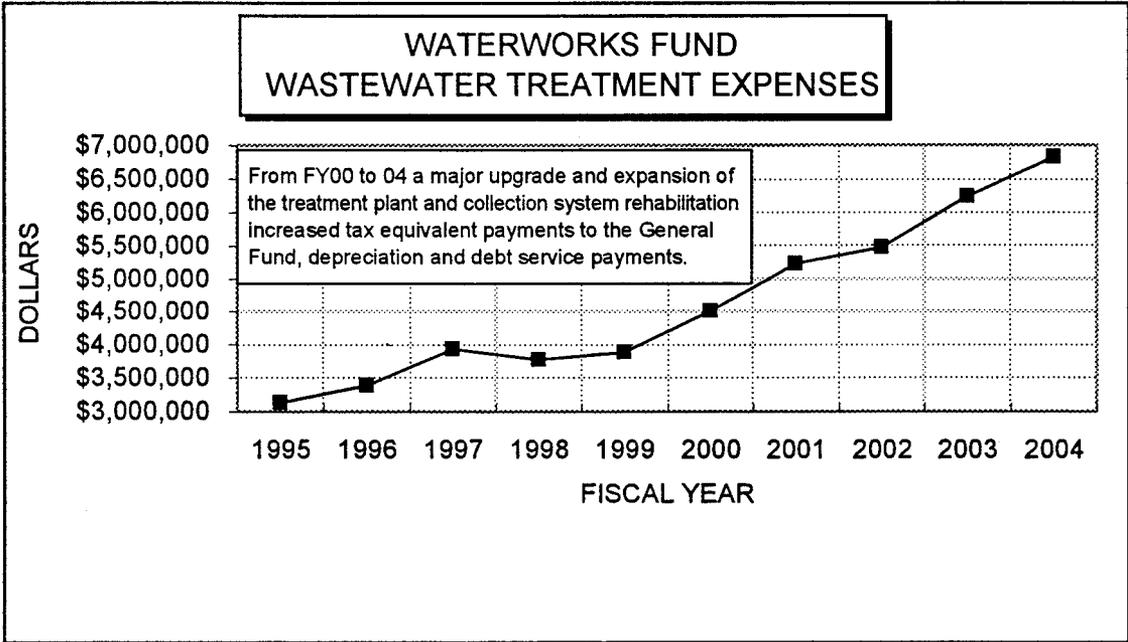
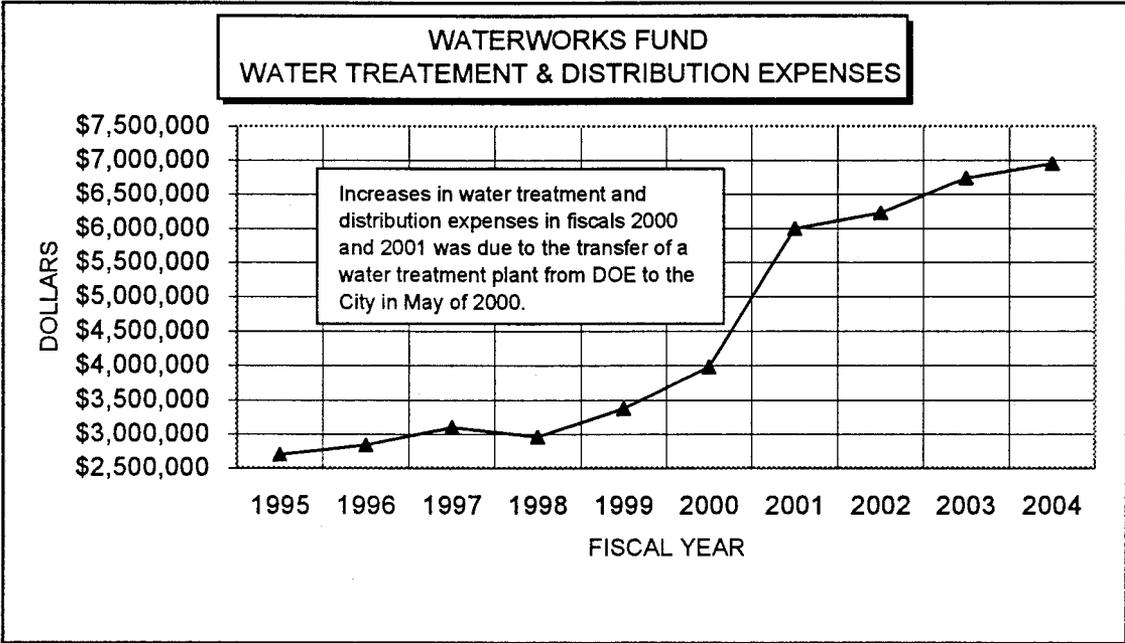
	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs. 03	% CHG
Personal Services						
5111. Salaries-Reg. Employees	423,698	433,080	441,220	385,782	47,298-	10.9-
5131. Regular Overtime Pay	20,439	30,865	20,000	20,000	10,865-	35.2-
5141. Social Security	32,981	35,490	35,280	31,040	4,450-	12.5-
5150. Retirement	30,084	41,110	40,375	35,950	5,160-	12.6-
5160. Medical & Workers Comp	47,302	64,746	66,210	77,075	12,329	19.0
Total Personal Services	554,504	605,291	603,085	549,847	55,444-	9.2-
Contractual Services						
5201. Rents	215,145	216,160	216,161	215,920	240-	.1-
5206. Mailing & Delivery	0	100	100	100	0	.0
5207. Dues, Memberships & Sub.	10,805	12,525	12,677	12,650	125	1.0
5210. Prof. & Contractual Ser.	84,528	122,675	136,550	127,575	4,900	4.0
5210.203 Mowing Contract	30,582	31,310	31,013	32,250	940	3.0
5212 Utility Services	819,498	927,025	936,595	966,390	39,365	4.2
5220. Training & Travel	3,432	14,000	9,500	5,000	9,000-	64.3-
5235. Repair & Maintenance	893,279	997,900	981,600	1,014,235	16,335	1.6
5289. Vehicle/Equip Use Charge	15,641	20,940	24,750	24,750	3,810	18.2
Total Contractual Services	2,072,910	2,342,635	2,348,946	2,398,870	56,235	2.4
Commodities						
5310. Materials-Tools-Supplies	230,755	254,250	249,050	235,150	19,100-	7.5-
5320. Books/Education Material	707	1,500	300	300	1,200-	80.0-
5325. Uniforms/Safety Equip.	5,852	7,520	6,650	6,800	720-	9.6-
Total Commodities	237,314	263,270	256,000	242,250	21,020-	8.0-
Other Charges						
5410. Insurance	45,296	85,673	85,673	91,273	5,600	6.5
5439. Debt Service	106,136	410,000	110,000	260,000	150,000-	36.6-
5455. Bad Debt	20,218	24,000	24,000	24,000	0	.0
5460. Depreciation	1,175,789	1,210,000	1,200,500	1,210,000	0	.0
5460.20 Amortization Debt Exp.	2,108	2,000	2,000	2,000	0	.0
5466. Purchased Water	1,003,844	1,043,000	1,045,500	1,058,200	15,200	1.5
5470. Ser. from General Fund	719,805	795,565	741,906	775,857	19,708-	2.5-
5490. Tax Equivalents	530,988	576,465	577,859	591,605	15,140	2.6
Total Other Charges	3,604,184	4,146,703	3,787,438	4,012,935	133,768-	3.2-
TOTAL GROSS EXPENDITURES	6,468,912	7,357,899	6,995,469	7,203,902	153,997-	2.1-
5600 Costs Recovered - Users	242,383-	250,000-	250,000-	250,000-	0	.0
NET EXPENDITURES	6,226,529	7,107,899	6,745,469	6,953,902	153,997-	2.2-

WATER CAPITAL PROJECTS AND EQUIPMENT

	BUDGET 2003	PROJECTED 2003	BUDGET 2004
<u>CAPITAL PROJECTS:</u>			
Soccer Complex	\$ -	\$ -	\$ 15,000
Rutgers Ave at Manhattan Ave	12,500	-	12,500
West End Development - Water /Rarity Grant Match	1,600,000	450,000	600,000
Water System SCADA	200,000	-	-
Booster Station Improvements	150,000	75,000	50,000
Water Distribution System Rehabilitation	850,000	850,000	850,000
SR95 Water Line Relocation	1,400,000	35,000	1,540,000
Water Treatment Plant			
Capital Improvements	-	-	300,000
Tank Inspection/Repainting	250,000	10,000	240,000
Filter Controls	600,000	100,000	500,000
Capital Maintenance	300,000	300,000	300,000
TOTAL CAPITAL PROJECTS	\$ 5,362,500	\$ 1,820,000	\$ 4,407,500
<u>EQUIPMENT:</u>			
Radio Equipment	\$ 7,500	\$ 7,500	\$ 7,500
Water Treatment Plant			
Radio	3,000	3,000	3,000
Furniture	1,500	1,500	1,500
Laboratory Equipment	7,500	2,500	2,500
Plant Tools	5,000	2,500	2,500
Pickup Truck (replaces 233)	-	-	27,000
Pickup Truck (replaces 234)	27,000	-	27,000
Pickup Truck (replaces 237)	28,000	28,000	-
Pickup Truck (replaces 238)	26,000	26,000	-
Pickup Truck (replaces 239)	37,000	-	37,000
Pickup Truck 4WD for Rarity Ridge Project (new)	27,000	27,000	-
Fork Lift (replaces 603)	18,000	-	-
Fork Lift (replaces 604)	18,000	-	-
Air Compressor (replaces 708)	10,000	-	-
TOTAL EQUIPMENT	\$ 215,500	\$ 98,000	\$ 108,000
TOTAL CAPITAL PROJECTS & EQUIPMENT	\$ 5,578,000	\$ 1,918,000	\$ 4,515,500

WATERWORKS FUND
WATER
LONG-TERM DEBT AMORTIZATION SCHEDULE
ESTIMATED AT 6/30/03

Fiscal Year	Principal	Interest	Total Requirements
2004	\$ 258,726	\$ 171,012	\$ 429,738
2005	266,801	163,687	430,488
2006	277,389	156,061	433,450
2007	287,566	148,192	435,758
2008	303,416	139,873	443,289
2009	313,639	130,320	443,959
2010	319,881	120,430	440,311
2011	318,720	109,240	427,960
2012	334,956	97,656	432,612
2013	348,883	84,512	433,395
2014	360,501	70,826	431,327
2015	230,265	57,244	287,509
2016	221,664	48,138	269,802
2017	119,418	38,811	158,230
2018	127,784	34,241	162,025
2019	136,732	29,351	166,083
2020	146,293	24,118	170,411
2021	156,528	18,520	175,048
2022	167,498	12,529	180,028
2023	179,204	6,119	185,323
Total	\$ 4,875,864	\$ 1,660,881	\$ 6,536,744



City of Oak Ridge, Tennessee
Activity Detail
Wastewater

00022 Wastewater Treatment

	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs. 03	% CHG
Personal Services						
5111. Salaries-Reg. Employees	495,214	582,519	540,535	654,931	72,412	12.4
5120. Salaries-Temp. Employees	0	17,562	0	0	17,562-	100.0-
5131. Regular Overtime Pay	31,163	77,250	30,000	40,000	37,250-	48.2-
5141. Social Security	40,114	49,743	43,646	56,012	6,269	12.6
5150. Retirement	36,336	58,455	49,061	64,871	6,416	11.0
5160. Medical & Workers Comp	63,597	82,894	90,734	105,845	22,951	27.7
Total Personal Services	666,424	868,423	753,976	921,659	53,236	6.1
Contractual Services						
5201. Rents	120,913	125,240	151,640	180,940	55,700	44.5
5205. Printing & Dup. Charges	0	400	0	0	400-	100.0-
5206. Mailing & Delivery	0	900	0	0	900-	100.0-
5207. Dues, Memberships & Sub.	8,964	14,500	15,700	13,041	1,459-	10.1-
5210. Prof. & Contractual Ser.	95,846	183,200	144,700	143,200	40,000-	21.8-
5210.203 Mowing Contract	10,536	10,540	10,688	10,860	320	3.0
5236.15 Street Sweeping Contract	19,330	35,000	35,000	35,000	0	.0
5211. Advertising & Publicity	0	50	0	50	0	.0
5212 Utility Services	447,455	473,930	519,368	610,890	136,960	28.9
5220. Training & Travel	7,136	7,500	6,000	6,000	1,500-	20.0-
5235. Repair & Maintenance	661,296	834,730	785,400	657,656	177,074-	21.2-
5236.13 Other Equipment Maintenance	494	3,000	2,000	3,000	0	.0
5289. Vehicle/Equip Use Charge	45,490	87,640	80,640	87,640	0	.0
Total Contractual Services	1,417,460	1,776,630	1,751,136	1,748,277	28,353-	1.6-
Commodities						
5310. Materials-Tools-Supplies	144,932	261,950	241,650	248,200	13,750-	5.2-
5320 Books/Education Material	436	0	0	0	0	.0
5325. Uniforms/Safety Equip.	7,624	9,020	8,820	9,020	0	.0
Total Commodities	152,992	270,970	250,470	257,220	13,750-	5.1-
Other Charges						
5410. Insurance	45,423	42,913	42,913	42,913	0	.0
5439. Debt Service	689,304	950,000	715,000	815,000	135,000-	14.2-
5455. Bad Debt	20,217	12,000	12,000	12,000	0	.0
5460. Depreciation	1,255,303	1,680,000	1,400,000	1,680,000	0	.0
5460.20 Amortization Debt Exp.	2,488	2,683	2,683	2,683	0	.0
5470. Ser. from General Fund	636,302	702,400	656,525	684,714	17,686-	2.5-
5490. Tax Equivalents	641,123	709,004	709,004	719,791	10,787	1.5
Total Other Charges	3,290,160	4,099,000	3,538,125	3,957,101	141,899-	3.5-
TOTAL GROSS EXPENDITURES	5,527,036	7,015,023	6,293,707	6,884,257	130,766-	1.9-
5600 Costs Recovered - Users	47,912-	52,500-	51,000-	51,000-	1,500	2.9-
NET EXPENDITURES	5,479,124	6,962,523	6,242,707	6,833,257	129,266-	1.9-

WASTEWATER TREATMENT CAPITAL PROJECTS AND EQUIPMENT

	BUDGET 2003	PROJECTED 2003	BUDGET 2004
<u>CAPITAL PROJECTS:</u>			
Soccer Complex	\$ -	\$ -	\$ 15,000
Rutgers Ave at Manhattan Ave	35,000	-	35,000
West End Development - Rarity Treatment Plant	2,500,000	500,000	500,000
SCADA System	200,000	-	-
Wastewater Treatment Plant Improvements	10,000	10,000	-
Wastewater Treatment Plant Maintenance	100,000	100,000	100,000
Sewer Line Rehabilitation	1,750,000	1,200,000	1,200,000
Lift Station Replacement/Improvements	325,000	50,000	275,000
Lift Station Capital Maintenance	-	-	40,000
SR95 Sewer Line Relocation	250,000	5,000	255,000
TOTAL CAPITAL PROJECTS	\$ 5,170,000	\$ 1,865,000	\$ 2,420,000
<u>EQUIPMENT:</u>			
Radio Equipment	\$ 8,000	\$ 8,000	\$ 8,000
Lab Equipment	-	1,000	1,500
Plant Tools	-	2,500	2,500
Furniture	-	500	500
TOTAL EQUIPMENT	\$ 8,000	\$ 12,000	\$ 12,500
TOTAL CAPITAL PROJECTS & EQUIPMENT	\$ 5,178,000	\$ 1,877,000	\$ 2,432,500

WATERWORKS FUND
WASTEWATER
LONG-TERM DEBT AMORTIZATION SCHEDULE
ESTIMATED AT 6/30/03

Fiscal Year	Principal	Interest	Total Requirements
2004	\$ 693,039	\$ 748,003	\$ 1,441,042
2005	717,246	723,001	1,440,247
2006	745,032	697,045	1,442,077
2007	773,742	670,045	1,443,787
2008	808,806	641,024	1,449,830
2009	839,508	609,742	1,449,250
2010	871,254	577,243	1,448,497
2011	904,092	542,440	1,446,532
2012	943,452	506,309	1,449,761
2013	981,321	467,472	1,448,793
2014	1,017,723	427,087	1,444,810
2015	1,058,100	385,191	1,443,291
2016	1,102,524	341,640	1,444,164
2017	1,083,800	295,467	1,379,266
2018	1,134,634	251,134	1,385,768
2019	1,187,977	204,729	1,392,706
2020	1,243,967	156,178	1,400,145
2021	1,302,743	105,344	1,408,087
2022	1,364,475	52,103	1,416,577
2023	473,410	12,451	485,861
Total	\$ 19,246,845	\$ 8,413,647	\$ 27,660,493

Emergency Communications District (ECD) Fund

Fund Overview:

In 1972, the City of Oak Ridge implemented a 911 emergency telephone system. In 1987, Oak Ridge voters overwhelmingly approved a referendum to establish an Enhanced 911 emergency communications district (ECD). An ECD Board was established to oversee the management of the district, with system operations commencing in August 1988. Oak Ridge City Council serves as the Board for the Oak Ridge ECD. The initial intent of establishing the ECD was to provide a revenue stream to finance the purchase of equipment, including the 800 MHz trunking radio communications system, to receive and dispatch 911 calls. The 8 Public Safety Dispatcher positions are under the supervision of the Police Department and the operational costs related to those positions are accounted for in activity 915 in the City's General Fund.

The 911 system, with automatic location identifiers (ALI), is called "Stand Alone Location Identification" (SALI) and is capable of providing the following information and reports:

1. Instant display of caller's name, telephone number, address and landmark information;
2. Display of history of calls from calling number; and
3. Management reports (daily and weekly) of 911 calls.

Major Revenue Source:

Revenues are provided from user fees on landline telephones located within Oak Ridge that are collected by the telephone service providers and then remitted to the District. The ECD also receives an allocated share of State collected user fees on wireless telephones. Revenues for FY 2004 are projected at \$414,346, up \$58,346 over the previous year. Since inception of the district, Oak Ridge landline telephone users have paid monthly fees of \$.44 per residential and \$1.33 per business phone line. Effective June 1, 2002, this monthly fee increased to \$.65 and \$2.00 per residential and business phone line, respectively. The rate increase was required due to a lower number of landline telephones in Oak Ridge, particularly business lines as newer business telephone systems allow for more extensions on fewer telephone lines, and increasing costs to operate the 911 equipment. City Council, which also serves as the Board of Directors for the ECD, approved increasing the fee to the state maximum to generate revenues to fund dispatcher salaries accounted for in the General Fund. The maximum user fee allowed under current Tennessee State Law is \$1.50 and \$3.00 monthly for residential and business phones lines respectively. The State 911 Board approved this increase on January 15, 2003.

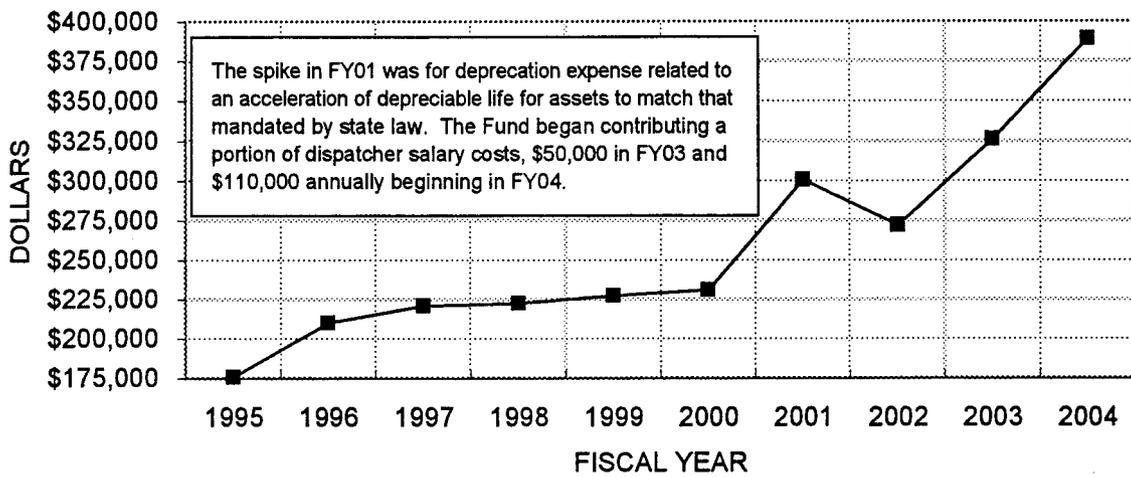
Major Expenditure Areas:

Projected 2004 expenses of \$388,967 include rental payments of \$100,015 to the General Fund for the 800 MHz trunking radio communications system used by police and fire personnel. This rental payment reimburses the General Fund for debt service on long-term debt issued to purchase the 800 MHz system. \$11,652 in rental will be paid to the Equipment Replacement Rental Fund (ERRF) to reimburse the Fund over an eight-year period for 911 related equipment purchased by the ERRF. \$110,000 will be paid to the General Fund for dispatcher salary and benefits. The remaining \$167,300 in projected expenses are for operational costs of the 911 system, including \$51,000 to BellSouth for addressing information and \$56,000 to Motorola for the maintenance contract on the 800 MHz radio system.

**EMERGENCY COMMUNICATIONS DISTRICT FUND
BUDGET SUMMARY**

State Account Number	City Account Number		ACTUAL 2002	BUDGET 2003	PROJECTED 2003	BUDGET 2004	BUDGET 04 vs 03	% CHANGE
OPERATING REVENUES:								
3001	4841	Emergency Telephone Service Charge	160,485	320,000	275,000	374,476	54,476	17.0
3002	4841.1	State Emergency Communications Board	32,786	31,000	33,605	34,445	3,445	11.1
		Total Operating Revenue	<u>193,271</u>	<u>351,000</u>	<u>308,605</u>	<u>408,921</u>	<u>57,921</u>	<u>16.5</u>
OPERATING EXPENSES:								
4207	5210.20	Contracted Dispatcher Services	0	50,000	50,000	110,000	60,000	120.0
4201	5217.1	Address/Mapping Expenses (BellSouth)	47,405	45,000	50,000	51,000	6,000	13.3
4218	5236.20	Maintenance Contract (800 MHz Radio System)	53,935	55,000	55,000	56,000	1,000	1.8
4227	5202.2	Communications Equipment Rental	111,667	111,667	111,667	111,667	0	0.0
4232	5263.19	Maintenance/Repair Communication Equipme	2,149	12,002	7,800	8,000	(4,002)	-33.3
4303	5313	Date Processing Supplies	538	0	500	500	500	100.0
4305	5313	Small Equipment Purchases	25,829	25,000	25,000	25,000	0	0.0
4310	5217	General Telephone 911 Support Lines	5,598	5,000	5,500	5,800	800	16.0
4413	5207.1	Licenses and Fees	240	1,000	800	1,000	0	0.0
4419	5221	Due & Subscriptions	768	2,400	800	1,000	(1,400)	-58.3
4600	5460	Depreciation	24,250	19,231	19,233	19,000	(231)	-1.2
		Total Operating Expenses	<u>272,379</u>	<u>326,300</u>	<u>326,300</u>	<u>388,967</u>	<u>62,667</u>	<u>19.2</u>
		Operating Income (Loss)	(79,108)	24,700	(17,695)	19,954	(4,746)	-19.2
NONOPERATING REVENUES:								
5002	4610	Interest Income	3,176	5,000	3,050	5,425	425	8.5
		Net Income (Loss)	(75,932)	29,700	(14,645)	25,379	(4,321)	-14.5
		<u>RETAINED EARNINGS - 7/1</u>	<u>273,756</u>	<u>197,909</u>	<u>197,824</u>	<u>183,179</u>	<u>(14,730)</u>	<u>-7.4</u>
		<u>RETAINED EARNINGS - 6/30</u>	<u>197,824</u>	<u>227,609</u>	<u>183,179</u>	<u>208,558</u>	<u>(19,051)</u>	<u>-8.4</u>

**EMERGENCY COMMUNICATIONS FUND
EXPENDITURES BY FISCAL YEAR**



Golf Course Fund

Fund Overview:

In fiscal 1995, the City established the Golf Course Fund to account for the construction and operation of a Municipal Golf Course. The City issued \$7,275,000 in Golf Course Revenue and Tax Bonds to finance the construction and equipping of an 18-hole Golf Course, named the Tennessee Centennial Golf Course. The course is located on a 700 acre tract know as "Parcel A" which was purchased by the City from the Department of Energy. The course and range occupies approximately 192 acres with the remaining 500 acres suitable for residential development including single-family homes, town homes and apartments. To date, two private developers have purchased 225 of the 500 acres for construction of residential dwelling units. The City is currently in negotiations with a developer for the sale of the remaining approximately 278 acres for residential and commercial development.

The Tennessee Centennial Golf Course became operational in late-June 1997. Billy Casper Golf Management is currently under contract for operation and management of the course. Operations of the golf course, as well as proceeds from land sales on Parcel A for residential development are accounted for in the Golf Course Fund.

Major Revenue Source:

Fiscal 2004 revenues and operating transfers in are budgeted at \$1,882,508 and expenses budgeted at \$1,680,598, resulting in a projected \$201,910 net income for the Golf Course Fund. In fiscal 2004, the General Fund will transfer \$500,000 to the Golf Course Fund for debt service payments. The Bonds issued to construct the course are backed by the full faith and credit of the City as well as the proceeds for operation of the Course and "Parcel A" land sales. An amortization schedule of the Golf Course Fund's \$6,800,000 in outstanding long-term debt is on page IV-28. During fiscal 2003, the golf course transferred \$160,000 in cash back to the Golf Course Fund based on profitable operations. Additional transfers are planned to occur in future fiscal years. This cash will be returned to the General Fund to reimburse that Fund for prior advances of cash to finance the annual debt service payment.

Major Expenditure Areas:

Due to the maturity of the greens and efforts by Billy Casper to maintain costs, projected operating expenses for the Golf Course Fund declined \$8,940, .7% for fiscal 2004. \$22,368 is budgeted for property tax payments to Anderson County on the land surrounding the course that is to be sold for development.

GOLF COURSE FUND

BUDGET SUMMARY

	<u>ACTUAL</u> 2002	<u>BUDGET</u> 2003	<u>PROJECTED</u> 2003	<u>BUDGET</u> 2004	<u>BUDGET</u> 04 vs 03	<u>%</u> <u>CHANGE</u>
<u>OPERATING REVENUES:</u>						
Green Fees	583,679	669,306	618,457	668,933	(373)	-0.1
Cart Fees	354,509	320,881	360,313	372,192	51,311	16.0
Pro Shop Sales	110,039	113,644	103,639	101,390	(12,254)	-10.8
Food & Beverage	159,628	151,129	159,454	162,063	10,934	7.2
Misc/Other	32,199	24,138	26,340	24,138	0	0.0
Rent	24,000	24,000	24,000	24,000	0	0.0
Total Operating Revenues	<u>1,264,054</u>	<u>1,303,098</u>	<u>1,292,203</u>	<u>1,352,716</u>	<u>49,618</u>	<u>3.8</u>
<u>OPERATING EXPENSES:</u>						
Cost of Goods Sold	170,081	145,600	158,174	143,201	(2,399)	-1.6
Golf Operations	228,963	253,558	187,932	230,416	(23,142)	-9.1
Water Costs	66,067	30,000	1,300	1,500	(28,500)	-95.0
Maintenance	417,624	397,464	406,660	397,051	(413)	-0.1
Food & Beverage	70,037	66,403	69,098	68,663	2,260	3.4
Marketing	26,162	32,210	30,489	26,282	(5,928)	-18.4
General & Administration	168,810	196,319	177,987	182,243	(14,076)	-7.2
Equipment Leases	9,286	34,655	67,660	106,960	72,305	208.6
Depreciation and Amortization	334,018	163,890	172,284	160,475	(3,415)	-2.1
Taxes	22,368	20,000	22,368	22,368	2,368	11.8
Miscellaneous Expenses	21,864	18,000	10,000	10,000	(8,000)	-44.4
Total Operating Expenses	<u>1,535,280</u>	<u>1,358,099</u>	<u>1,303,952</u>	<u>1,349,159</u>	<u>(8,940)</u>	<u>-0.7</u>
Operating Income (Loss)	(271,226)	(55,001)	(11,749)	3,557	58,558	-106.5
<u>NONOPERATING REVENUES (EXPENSES):</u>						
Gain on Sale of Assets	34,401	0	30,339	29,792	29,792	100.0
Operating Transfers In	200,000	713,000	713,000	500,000	(213,000)	-29.9
Interest Expense	<u>(360,688)</u>	<u>(363,000)</u>	<u>(346,439)</u>	<u>(331,439)</u>	<u>31,561</u>	<u>-8.7</u>
Total Nonoperating Revenues (Expenses)	<u>(126,287)</u>	<u>350,000</u>	<u>396,900</u>	<u>198,353</u>	<u>(151,647)</u>	<u>-43.3</u>
Net Income (Loss)	(397,513)	294,999	385,151	201,910	(93,089)	-31.6
<u>RETAINED EARNINGS DEFICIT - 7/1</u>	<u>(2,541,105)</u>	<u>(2,705,447)</u>	<u>(2,938,618)</u>	<u>(2,553,467)</u>	<u>151,980</u>	<u>-5.6</u>
<u>RETAINED EARNINGS DEFICIT - 6/30</u>	<u>(2,938,618)</u>	<u>(2,410,448)</u>	<u>(2,553,467)</u>	<u>(2,351,557)</u>	<u>58,891</u>	<u>-2.4</u>

GOLF COURSE FUND
LONG-TERM DEBT AMORTIZATION SCHEDULE

Fiscal Year	Principal	Interest	Total Requirements
2004	\$ 175,000	\$ 316,895	\$ 491,895
2005	180,000	309,195	489,195
2006	190,000	301,275	491,275
2007	200,000	292,915	492,915
2008	245,000	284,115	529,115
2009	265,000	273,335	538,335
2010	275,000	261,675	536,675
2011	285,000	249,575	534,575
2012	300,000	237,035	537,035
2013	315,000	223,535	538,535
2014	330,000	209,360	539,360
2015	345,000	194,180	539,180
2016	360,000	178,310	538,310
2017	380,000	161,570	541,570
2018	410,000	143,710	553,710
2019	460,000	124,235	584,235
2020	480,000	101,925	581,925
2021	510,000	78,645	588,645
2022	530,000	53,655	583,655
2023	565,000	27,685	592,685
Total	\$ 6,800,000	\$ 4,022,825	\$ 10,822,825