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BUDGET OVERVIEW – ALL FUNDS

Governmental accounting standards require the City to organize its accounts into Funds, each of which is considered a separate accounting entity. The City's resources are allocated to and accounted for in individual Funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds utilized by the City are categorized into two broad Fund categories, Governmental and Proprietary.

Governmental Funds are grouped into four generic Fund types: General, Debt Service, Special Revenue and Capital Projects Funds. The budgeted expenditures, exclusive of operating transfers to other Funds, for each Governmental Fund is approved by City Council as the legal appropriation for that Fund. Expenditures cannot exceed the legally adopted appropriation at the Fund level. The City Manager is authorized to transfer budgeted amounts between departments within any Fund; however, any revisions that alter the total expenditures of any Governmental Fund must be approved by City Council. Outlined below are the City's Governmental Funds:

General Fund

Debt Service Fund

Special Revenue Funds:

General Purpose School Fund

Economic Diversification Fund

Drug Enforcement Program Fund

Grant Fund

State Street Aid Fund

Solid Waste Fund

Streets and Public Transportation Fund

Capital Projects Fund

Proprietary Funds are grouped into two generic Fund types: Enterprise and Internal Service Funds. Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursed basis. Outlined below are the City's Proprietary Funds:

Enterprise Funds:

Electric Fund

Waterworks Fund (Water and Wastewater Treatment and Distribution Operations)

Emergency Communications District Fund

Golf Course Fund

Internal Service Funds:

Equipment Replacement Rental Fund

Insurance Fund

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 Proprietary 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, quantity of insurance claims, etc. effect the level of expenses of these Funds. The budgeted expenses for the City's Proprietary Funds are therefore not legally appropriated and are presented for informational purposes to show operational projections for the remaining major Funds of the City.

Fiscal 2004 Appropriation Ordinance

A summary of the revenues and expenditures for all City Funds is presented on page 42. Other schedules contained in this section provide comparisons between the fiscal 2003 and 2004 budgeted expenditures/expenses, as well as actual 2002 and projected 2003 expenditures/expenses for each Fund.

City Council has directed the City Manager to present a proposed budget that supports current council policies. Any additional programs or major modifications recommended by the City Manager are presented separately in the Major Budgetary Recommendations Report and Proposed Program Modifications (MBR) document that is distributed to City Council during budget deliberations.

Outlined below is a summary of the final budgeted expenditures/expenses for the City from the fiscal 2003 budget appropriation ordinance, as compared to the fiscal 2004 proposed appropriation.

<u>Fund</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>Change</u>	
			<u>Dollars</u>	<u>Percent</u>
General Fund Municipal Operations	\$ 14,899,297	\$ 14,833,127	\$ (66,170)	(0.4)
Debt Service Fund	5,799,574	5,234,485	(565,089)	(9.7)
General Purpose School Fund	39,961,692	41,593,560	1,631,868	4.1
Drug Enforcement Program Fund	98,450	98,450	0	0.0
State Street Aid Fund	1,130,925	1,641,290	510,365	45.1
Street & Public Transportation Fund	208,000	208,000	0	0.0
Economic Diversification Fund	2,342,284	2,995,582	653,298	27.9
Grant Fund	6,115,352	4,700,881	(1,414,471)	(23.1)
Solid Waste Fund	1,787,615	1,794,510	6,895	.4
Capital Projects Fund	28,721,405	7,345,500	(21,375,905)	(74.4)
Electric Fund	34,544,048	38,699,016	4,154,968	12.0
Waterworks Fund	14,070,422	13,787,159	(283,263)	(2.0)
Emergency Communications District Fund	326,300	388,967	62,667	19.2
Golf Course Fund	<u>1,721,099</u>	<u>1,680,598</u>	<u>(40,501)</u>	<u>(2.4)</u>
TOTAL ALL FUNDS	<u>\$151,726,463</u>	<u>\$135,001,125</u>	<u>\$(16,725,338)</u>	<u>(11.0)</u>

Fund Balances/Retained Earnings

In Governmental Funds, only current assets and current liabilities are generally included on the balance sheet. The reported unreserved fund balance for Governmental Funds is considered a measure of "available spendable resources" and is the amount available for appropriation. The balance sheets of Proprietary Funds contain current and noncurrent assets and liabilities. Proprietary Funds report retained earnings, rather than a fund balance, which is an accumulation of the net income (loss) generated by the Fund since the inception of the Fund. Due to the accounting differences in these two Fund categories, particularly regarding fixed assets, Retained Earnings is not a measure of "available spendable resources". Outlined below is a comparison of the projected fund balances and retained earnings of the City Funds at the end of fiscal 2003 and 2004.

**COMBINED SUMMARY OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
FISCAL YEAR 2004 - ALL FUNDS**

	General	Debt Service	General Purpose School	Drug Enforcement Program	State Street Aid	Streets & Transportation	Economic Diversification	Grant	Solid Waste	Capital Projects	Electric	Waterworks	Emergency Communications	Golf Course	Total All Funds
REVENUES:															
Taxes	20,394,000	0	10,102,416	0	0	0	0	0	0	0	0	0	0	0	30,496,416
Licenses & Permits	215,000	0	0	0	0	0	0	0	0	0	0	0	0	0	215,000
Intergovernmental	11,083,380	0	17,182,162	0	785,000	145,800	1,000,000	4,700,881	0	376,240	0	0	0	0	35,273,463
Charges for Services	1,392,621	0	1,544,372	0	0	0	0	0	686,000	0	39,910,460	13,379,820	408,921	0	57,322,194
Fines & Forfeitures	319,000	0	58,500	0	0	0	0	0	0	0	0	0	0	0	377,500
Other	447,500	7,200	288,000	12,500	10,000	6,000	40,000	0	0	25,000	605,000	298,225	5,425	1,382,508	3,125,358
Total Revenues	33,851,501	7,200	29,114,950	71,000	795,000	151,800	1,040,000	4,700,881	686,000	401,240	40,515,460	13,678,045	414,346	1,382,508	126,809,931
EXPENDITURES:															
Administration	0	0	0	0	234,290	0	0	0	0	0	0	0	0	0	234,290
General Government	675,074	0	0	0	0	0	0	0	0	0	0	0	0	0	675,074
Administrative Services	745,635	0	0	0	0	0	0	0	0	0	0	0	0	0	745,635
Police	4,406,141	0	98,450	0	0	0	0	0	0	0	0	0	0	0	4,504,591
Fire	3,387,737	0	0	0	0	0	0	0	0	0	0	0	0	0	3,387,737
Public Works	1,684,287	0	0	0	707,000	6,000	0	0	0	0	0	0	0	0	2,397,297
Community Development	570,462	0	0	0	0	0	0	0	0	0	0	0	0	0	570,462
Recreation & Parks	2,262,872	0	0	0	0	0	0	0	0	0	0	0	0	0	2,262,872
Library	1,100,909	0	0	0	0	0	0	0	0	0	0	0	0	0	1,100,909
Economic Development	0	0	0	0	0	202,000	2,810,582	0	0	0	0	0	0	0	2,810,582
Other Activities	0	0	0	0	0	0	185,000	4,700,881	1,794,510	0	0	0	0	0	3,012,582
Education	0	0	41,593,560	0	0	0	0	0	0	0	0	0	0	0	41,593,560
Capital Outlay	0	0	700,000	0	0	0	0	0	0	7,345,500	0	0	0	0	8,045,500
Debt Service	0	5,234,485	0	0	0	0	0	0	0	0	900,000	1,075,000	0	331,439	7,540,924
Golf Operations	0	0	0	0	0	0	0	0	0	0	0	0	0	1,349,159	1,349,159
Utility Operation	0	0	0	0	0	0	0	0	0	0	37,799,016	12,712,159	0	0	50,511,175
Total Expenditures	14,833,127	5,234,485	41,593,560	98,450	1,641,290	208,000	2,995,582	4,700,881	1,794,510	7,345,500	38,699,016	13,787,159	388,967	1,680,598	135,001,125
Excess (Deficiency) of Revenues over Expenditures	19,018,374	(5,227,285)	(12,478,610)	(27,450)	(846,290)	(56,200)	(1,955,582)	0	(1,108,510)	(6,944,260)	1,816,444	(108,114)	25,379	(298,080)	(8,191,194)
OTHER FINANCING SOURCES (USES):															
Debt Proceeds	0	0	0	0	0	0	0	0	0	2,000,000	0	0	0	0	2,000,000
Contingency	0	1,000,000	0	0	0	0	0	0	0	2,000,000	0	0	0	0	3,000,000
Transfers In	0	4,234,485	11,352,150	0	550,000	0	995,582	0	1,108,510	1,057,000	0	0	0	500,000	19,797,727
Transfers Out	(19,330,235)	0	0	0	0	0	0	0	0	(200,000)	(145,904)	(121,588)	0	0	(19,797,727)
Total Other Financing Sources (Uses)	(19,330,235)	5,234,485	11,352,150	0	550,000	0	995,582	0	1,108,510	4,857,000	(145,904)	(121,588)	0	500,000	5,000,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(311,861)	7,200	(1,126,460)	(27,450)	(296,290)	(56,200)	(960,000)	0	0	(2,087,260)	1,670,540	(230,702)	25,379	201,910	(3,191,194)
ESTIMATED FUND BAL 7/1/03	5,534,723	847,542	3,815,802	32,710	430,761	220,986	2,459,673	383	0	2,750,470	20,629,452	9,950,356	183,179	(2,553,467)	44,402,570
ESTIMATED FUND BAL 6/30/04	5,222,862	954,742	2,689,342	5,260	134,471	164,786	1,499,673	383	0	663,210	22,299,892	9,719,654	208,558	(2,351,557)	41,211,376

	<u>FY 2003</u>	<u>FY 2004</u>	<u>Change</u>	
			<u>Dollars</u>	<u>Percent</u>
<u>FUND BALANCE:</u>				
General Fund	\$ 5,534,723	\$ 5,222,862	\$ (311,861)	(5.6)
Debt Service Fund	947,542	954,742	7,200	.8
General Purpose School Fund	3,815,802	2,689,342	(1,126,460)	(29.5)
Drug Enforcement Program Fund	32,710	5,260	(27,450)	(83.9)
State Street Aid Fund	430,761	134,471	(296,290)	(68.8)
Streets & Public Transportation Fund	220,986	164,786	(56,200)	(25.4)
Economic Diversification Fund	2,459,673	1,499,673	(960,000)	(39.0)
Grant Fund	383	383	0	0.0
Solid Waste Fund	0	0	0	0.0
Capital Projects Fund	<u>2,750,470</u>	<u>663,210</u>	<u>(2,087,260)</u>	<u>(75.9)</u>
TOTAL FUND BALANCES	<u>\$16,193,050</u>	<u>\$11,334,729</u>	<u>\$ (4,858,321)</u>	<u>(30.0)</u>
<u>RETAINED EARNINGS:</u>				
Electric Fund	\$20,629,452	\$22,299,992	\$ 1,670,540	8.1
Waterworks Fund	9,950,356	9,719,654	(230,702)	(2.3)
Emergency Communications District Fund	183,179	208,558	25,379	13.9
Golf Course Fund	<u>(2,553,467)</u>	<u>(2,351,557)</u>	<u>201,910</u>	<u>7.9</u>
TOTAL RETAINED EARNINGS	<u>\$28,209,520</u>	<u>\$29,876,647</u>	<u>\$ 1,667,127</u>	<u>5.9</u>

The fund balance of the General Fund is projected to decrease \$311,861 in fiscal 2004. In fiscal 1986, the City received \$23.1 million dollars from the United States Department of Energy (DOE) as a settlement to cease annual financial assistance payments from DOE and for ten-years of in-lieu of property tax payments. Over the last seventeen fiscal years, the City has gradually drawn down the fund balance created by the DOE settlement in order to maintain a reduced property tax rate. For fiscal 2004, it would take approximately 5 additional cents on the property tax rate to replace the budgeted fund balance draw. The City has established a targeted combined fund balance of the General Fund and General Purpose School Fund at \$5 million. At the end of fiscal 2004, the fund balance of the General Fund is projected at \$5,222,862 and the General Purpose School Fund is projected at \$2,689,342 for a combined total of \$7,912,204.

Under Tennessee State law, the fund balance of the General Purpose School Fund can only be expended in the event of a revenue shortfall or unforeseen expenditure until the fund balance exceeds three percent of operating expenditures. The accumulated Fund Balance in excess of three percent of budgeted annual operating expenditures may be budgeted and expended for nonrecurring purposes, but shall not be used to satisfy appropriation requirements for recurring annual operating expenditures. In fiscal 2004, the General Purpose School Fund has a budgeted fund balance draw of \$1,126,460, which will be utilized for capital and other nonrecurring expenditures. Since the purpose of a target fund balance is to maintain a reserve for unforeseen emergencies, the fund balance of the General Fund and General Purpose School Fund have been combined to incorporate the \$5 million

targeted City fund balance reserve. The utilization of fund balance draws in the General Fund to equate revenues and expenditures is expected to continue through fiscal 2009.

Due to the type of revenues in these funds, the Debt Service, Grant and Solid Waste Funds are generally budgeted so that revenues and expenditures are approximately equal and result in only nominal fund balance fluctuations between fiscal years. Operating transfers from other City Funds equate revenues and expenditures of the Debt Service and Solid Waste Funds. Revenues for the Grant Fund are comprised primarily from state and federal grants.

The Drug Enforcement Program Fund has a limited revenue stream on which to draw for drug enforcement and education programs and therefore maintains a nominal fund balance. Revenues for the State Street Aid and Streets and Public Transportation Funds are primarily provided by state-shared motor fuel taxes and state grants. The General Fund provides additional funding through operating transfers to the State Street Aid Fund to support street resurfacing and maintenance projects.

In fiscal 2000, the Economic Diversification Fund was established to accumulate resources and account for an enhanced concentration on economic development activities by the City. Expenditure levels and resultant fund balance will vary from year-to-year based on the economic development opportunities that occur in a particular fiscal year. A significant portion of the fund balance was created by the recent sale of City owned properties that were not being utilized by the City for service delivery.

The fund balance of the Capital Projects Fund, projected to decrease \$2,087,260 in fiscal 2004, can vary greatly from year-to-year depending on the timing of long-term debt issuances and the related capital project expenditures.

The Retained Earnings of the City's Enterprise Funds are projected to increase by \$1,667,127. This is not reflective of the accumulation of cash reserves in these Funds, rather, it is reflective of the earning of an aggregate net income for the year by these Funds. The City is in the process of a major capital upgrade and expansion of the City's utility systems. In Enterprise Funds, capital expenditures are expended through depreciation charges, which are amortized using the straight-line method over the life of the project. For example, a capital item that cost \$100,000 with a ten-year life would be expended (i.e. reduce Retained Earnings) by \$10,000 each year over the next ten fiscal years. Therefore, the cash for the capital item would be expended in one fiscal year with the related expense being fully reflected in Retained Earnings after ten fiscal years.

Salaries and Personnel

Budgeted City employment remains at 354.48 staff years for fiscal 2004. Changes include the elimination of 3 staff positions responsible for Economic Development functions, which includes the Economic Development Director, Planner II and Secretary II positions. Other City staff and economic development contract entities will absorb the functions provided by these positions. The Code Enforcement Department accounted for in the General Fund has been renamed the Office of Neighborhood Improvement. In fiscal 2004, budgeted funding for a Property Maintenance Inspector position has been added to the staffing of this office to enhance the quality of housing in Oak Ridge. A reorganization of the Fire Department includes the elimination of the vacant Chief of Operations position and the addition of 3 fire fighter positions, one additional officer per shift. This staffing change in the Fire Department is estimated to save \$72,839 in fiscal 2004. Additionally, accounting for one engineering position was transferred from the General Fund to the Waterworks Fund based on the duties now being preformed by this position.

The fiscal 2004 budget contains funding for an average award of 3% in merit pay to City employees. During fiscal 2003, a new pay plan was enacted and cost-of-living adjustments (COLA) are no longer being awarded to City employees. Salary increases to City employees are based on each employee's performance during the past fiscal year and requires employees to meet performance criteria specific to their position.

Employees of the City are members of the benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS), which provides retirement benefits as well as death and disability benefits. The plan is fully funded by the City based on rates actuarially determined by TCRS on a biennial basis. The fiscal 2004 rate for the City's plan remained at 8.86% of covered wages. Budgeted funding for the City's medical benefit package and workers' compensation went up due to a 30% increase in employee medical premiums that was effective January 1, 2003. An additional 20% increase is anticipated effective January 1, 2004.

Fiscal 2004 Agency Funding

The City provides funding to various agencies that either promote economic development and/or tourism-related services for the City, or render services to the citizens of Oak Ridge. Agencies budgeted for funding for economic development and/or tourism services are the Convention & Visitors Bureau (CVB) at \$309,826, Oak Ridge Chamber of Commerce at \$215,476, Melton Hill Regional Industrial Development Association (MHRIDA) at \$15,000 and Roane Alliance at \$10,000. Funding for the CVB is up \$22,786 from the prior year based on actual Hotel/Motel tax collections for fiscal 2002. Funding for the Chamber of Commerce, MHRIDA and the Roane Alliance remain at fiscal 2003 levels.

Agencies budgeted for social service/cultural programs funding include Aid to Distressed Families of Appalachian Counties (ADFAC) (\$150,000), Anderson County Health Council for the Healthy Start program (\$35,000), Arts Council of Oak Ridge (\$9,500), Youth Advisory Board (\$9,000), and Oak Ridge 4th July (fireworks \$3,000). \$3,000 in funding for the Sister-City exchange program was deleted from the budget in fiscal 2004.

Debt Service Fund

Fund Overview:

The Debt Service Fund is used for the accumulation of resources for the payment of principal and interest on general obligation long-term debt backed by the full faith and credit of the City. This includes the debt service on Schools projects. City Charter prohibits the Schools from issuing long-term debt. The City issues the debt for school capital projects and provides funding for the annual debt service payments on those issuances. Approximately 48% of the City's general debt issuances since 1988 were to provide funding for School capital projects. Long-term debt for the City's Enterprise Funds is accounted for in those Funds rather than the Debt Service Fund.

Major Revenue Sources:

Funding for the Debt Service Fund is derived from operating transfers from other Funds; primarily the General Fund budgeted at \$4,034,485 for fiscal 2004. This is a \$178,722 reduction over the prior fiscal year due to a restructuring of the debt in the spring of 2003. \$200,000 is budgeted for transfer from the Capital Projects Fund from funding allocated for capital maintenance projects. This transfer will fund the annual debt service on a \$2,000,000 debt issuance planned for fiscal 2004 to finance capital maintenance projects accounted for in the Capital Projects Fund. Fiscal 2003, was the final year of loan payments funded by an annual \$86,367 transfer from the General Purpose School Fund.

Major Expenditure Areas:

Fiscal 2004 projected debt service obligations on existing debt totaled \$4,034,485. This includes \$1,385,065 in estimated expenditures for a fiscal 2003 refunding issuance planned for the spring of 2003. This issuance refinanced existing debt only to achieve cost savings and did not include any additional funding for new projects. \$200,000 in budgeted expenditures is included for a planned 2004 debt issuance as described above under major revenue sources. The appropriation also includes a \$1,000,000 contingency for fluctuations in variable rate debt and for timing variances on future debt issuances.

Budget Changes:

The fiscal 2004 budget for contingency expenditures was reduced by \$500,000 from prior year levels based on current potential capital projects that would require funding from new debt issuances. Several major projects have been placed on hold due to funding limitations including the construction of a new School Administration Building, Preschool and Senior Center. The contingency is not funded through an operating transfer, therefore it does not impact the property tax rate. The City cannot enter into any long-term debt agreements without approval by City Council.

**SCHEDULE VI
DEBT SERVICE FUND
BUDGET SUMMARY**

	ACTUAL 2002	BUDGET 2003	PROJECTED 2003	BUDGET 2004	BUDGET 04 vs 03	% CHANGE
REVENUES:						
4610 Interest	38,890	38,000	23,000	7,200	(30,800)	-81.1
EXPENDITURES:						
Debt Issuances for City Capital Projects:						
12165 General Obligation Bond Refunding 1992	101	0	0	0	0	0.0
12167 General Obligation Bond Refunding 1993	443,173	441,413	441,413	0	(441,413)	-100.0
12151 TMBF 1994 Variable Rate Loan	50,524	76,807	48,716	25,643	(51,164)	-66.6
12141 Public Improvements, Series 1996	681,598	681,356	681,356	0	(681,356)	-100.0
12152 TN-Loan 1997 Variable Rate Loan	59,488	114,922	49,460	0	(114,922)	-100.0
12171 Public Improvements, Series 2000	47,226	76,126	76,126	99,651	23,525	30.9
12156 TN-Loan 2001 Variable Rate Loan	40,769	74,671	31,355	61,267	(13,404)	-18.0
12173 Public Improvements, Series 2001	1,581,840	1,157,417	1,157,417	1,352,904	195,487	16.9
Total City Projects	2,904,719	2,622,712	2,485,843	1,539,465	(1,083,247)	-41.3
Debt Issuances for School Capital Projects:						
12166 General Obligation Bond Refunding 1992	418	0	0	0	0	0.0
12131 Renovation of High School & Jr. Highs, 1995	371,828	374,375	528,417	0	(374,375)	-100.0
12132 School Energy Loan, 1995	86,367	86,367	86,251	0	(86,367)	-100.0
12142 Public Improvements, Series 1996	19,152	19,144	19,144	0	(19,144)	-100.0
12153 TN-Loan 1997 Variable Rate Loan	15,355	29,663	12,770	0	(29,663)	-100.0
12172 Public Improvements, Series 2000	47,226	76,126	76,126	99,651	23,525	30.9
12157 TN-Loan 2001 Variable Rate Loan	415,478	760,979	319,554	624,383	(136,596)	-18.0
12174 Public Improvements, Series 2001	450,807	330,208	330,208	385,921	55,713	16.9
Total School Projects	1,406,631	1,676,862	1,372,470	1,109,955	(566,907)	-33.8
12997 Capital Maintenance Issuance	0	0	0	200,000	200,000	100.0
12998 Refunding 2003	0	0	0	1,385,065	1,385,065	100.0
12999 Contingency	0	1,500,000	0	1,000,000	(500,000)	-33.3
Total Expenditures	4,311,350	5,799,574	3,858,313	5,234,485	(565,089)	-9.7
Excess (Deficiency) of Revenues over Expenditures	(4,272,460)	(5,761,574)	(3,835,313)	(5,227,285)	534,289	-9.3
OTHER FINANCING SOURCES						
Operating Transfers In:						
City General Fund	4,621,305	4,213,207	3,913,207	4,034,485	(178,722)	-4.2
School General Fund	86,367	86,367	86,250	0	(86,367)	-100.0
Capital Projects Fund	262,421	0	0	200,000	200,000	0.0
Contingency	0	1,500,000	0	1,000,000	(500,000)	-33.3
Total Other Financing Sources	4,970,093	5,799,574	3,999,457	5,234,485	(565,089)	-9.7
Excess (Deficiency) of Revenues and Other Sources over Expenditures	697,633	38,000	164,144	7,200	(30,800)	-81.1
FUND BALANCE - 7/1	85,765	602,101	783,398	947,542	345,441	57.4
FUND BALANCE - 6/30	783,398	640,101	947,542	954,742	314,641	49.2

DEBT SERVICE FUND EXPENDITURES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
12131 HIGH SCHOOL AND MIDDLE SCHOOL RENOVATIONS, SERIES 1995						
5210 Professional & Cont. Services	125	250	436	0	(250)	-100.0
5439.1 Principal Retirement	345,000	365,000	365,000	0	(365,000)	-100.0
5439.2 Interest Charges	26,703	9,125	162,981	0	(9,125)	-100.0
Total	371,828	374,375	528,417	0	(374,375)	-100.0
12132 SCHOOL ENERGY LOAN						
5439.1 Principal Retirement	78,337	82,254	82,112	0	(82,254)	-100.0
5439.2 Interest Charges	8,030	4,113	4,139	0	(4,113)	-100.0
Total	86,367	86,367	86,251	0	(86,367)	-100.0
12141 PUBLIC IMPROVEMENTS, SERIES 1996 - CITY						
5210 Professional & Cont. Services	500	500	500	0	(500)	-100.0
5439.1 Principal Retirement	588,453	617,634	617,634	0	(617,634)	-100.0
5439.2 Interest Charges	92,645	63,222	63,222	0	(63,222)	-100.0
Total	681,598	681,356	681,356	0	(681,356)	-100.0
12142 PUBLIC IMPROVEMENTS, SERIES 1996 - SCHOOL						
5439.1 Principal Retirement	16,547	17,366	17,366	0	(17,366)	-100.0
5439.2 Interest Charges	2,605	1,778	1,778	0	(1,778)	-100.0
Total	19,152	19,144	19,144	0	(19,144)	-100.0
12151 TMBF 1994 VARIABLE RATE LOAN - CITY						
5439.1 Principal Retirement	23,813	25,466	25,466	0	(25,466)	-100.0
5439.2 Interest Charges	26,711	51,341	23,250	25,643	(25,698)	-50.1
Total	50,524	76,807	48,716	25,643	(51,164)	-66.6
12152 TN-LOAN 1997 VARIABLE RATE LOAN - CITY						
5439.1 Principal Retirement	0	0	0	0	0	0.0
5439.2 Interest Charges	59,488	114,922	49,460	0	(114,922)	-100.0
Total	59,488	114,922	49,460	0	(114,922)	-100.0
12153 TN-LOAN 1997 VARIABLE RATE LOAN - SCHOOLS						
5439.1 Principal Retirement	0	0	0	0	0	0.0
5439.2 Interest Charges	15,355	29,663	12,770	0	(29,663)	-100.0
Total	15,355	29,663	12,770	0	(29,663)	-100.0
12156 TN-LOAN 2001 VARIABLE RATE LOAN - CITY						
5439.1 Principal Retirement	0	0	0	0	0	0.0
5439.2 Interest Charges	40,769	74,671	31,355	61,267	(13,404)	-18.0
Total	40,769	74,671	31,355	61,267	(13,404)	0.0
12157 TN-LOAN 2001 VARIABLE RATE LOAN - SCHOOLS						
5439.1 Principal Retirement	0	0	0	0	0	0.0
5439.2 Interest Charges	415,478	760,979	319,554	624,383	(136,596)	-18.0
Total	415,478	760,979	319,554	624,383	(136,596)	0.0
12165 GENERAL OBLIGATION BOND REFUNDING 1992 - CITY						
5210 Professional & Cont. Services	101	0	0	0	0	0.0
5439.1 Principal Retirement	0	0	0	0	0	0.0
5439.2 Interest Charges	0	0	0	0	0	0.0
Total	101	0	0	0	0	0.0

DEBT SERVICE FUND EXPENDITURES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
12166 GENERAL OBLIGATION BOND REFUNDING						
1992 - SCHOOLS						
5210 Professional & Cont. Services	418	0	0	0	0	0.0
5439.1 Principal Retirement	0	0	0	0	0	0.0
5439.2 Interest Charges	0	0	0	0	0	0.0
Total	418	0	0	0	0	0.0
12167 GENERAL OBLIGATION BOND REFUNDING						
1993 - CITY						
5210 Professional & Cont. Services	250	250	250	0	(250)	-100.0
5439.1 Principal Retirement	280,000	290,000	290,000	0	(290,000)	-100.0
5439.2 Interest Charges	162,923	151,163	151,163	0	(151,163)	-100.0
Total	443,173	441,413	441,413	0	(441,413)	-100.0
12171 PUBLIC IMPROVEMENTS, SERIES 2000 - CITY						
5210 Professional & Cont. Services	250	250	250	250	0	0.0
5439.1 Principal Retirement	25,000	55,000	55,000	80,000	25,000	45.5
5439.2 Interest Charges	21,976	20,876	20,876	19,401	(1,475)	-7.1
Total	47,226	76,126	76,126	99,651	23,525	30.9
12172 PUBLIC IMPROVEMENTS, SERIES 2000 - SCHOOLS						
5210 Professional & Cont. Services	250	250	250	250	0	0.0
5439.1 Principal Retirement	25,000	55,000	55,000	80,000	25,000	45.5
5439.2 Interest Charges	21,976	20,876	20,876	19,401	(1,475)	-7.1
Total	47,226	76,126	76,126	99,651	23,525	30.9
12173 PUBLIC IMPROVEMENTS, SERIES 2001 - CITY						
5210 Professional & Cont. Services	0	500	500	500	0	0.0
5439.1 Principal Retirement	778,217	365,762	365,762	575,880	210,118	57.4
5439.2 Interest Charges	803,623	791,155	791,155	776,524	(14,631)	-1.8
Total	1,581,840	1,157,417	1,157,417	1,352,904	195,487	16.9
12174 PUBLIC IMPROVEMENTS, SERIES 2001 - SCHOOLS						
5210 Professional & Cont. Services	0	500	500	500	0	0.0
5439.1 Principal Retirement	221,783	104,238	104,238	164,120	59,882	57.4
5439.2 Interest Charges	229,024	225,470	225,470	221,301	(4,169)	-1.8
Total	450,807	330,208	330,208	385,921	55,713	16.9
12175 GENERAL OBLIGATION BOND REFUNDING						
2003						
5210 Professional & Cont. Services	0	0	0	500	500	100.0
5439.1 Principal Retirement	0	0	0	1,150,000	1,150,000	100.0
5439.2 Interest Charges	0	0	0	234,565	234,565	100.0
Total	0	0	0	1,385,065	1,385,065	100.0
12177 GENERAL OBLIGATION BONDS						
CAPITAL MAINTENANCE						
5210 Professional & Cont. Services	0	0	0	0	0	0.0
5439.1 Principal Retirement	0	0	0	0	0	0.0
5439.2 Interest Charges	0	0	0	200,000	200,000	100.0
Total	0	0	0	200,000	200,000	0.0
12999 CONTINGENCY						
5439.2 Interest Charges	0	1,500,000	0	1,000,000	(500,000)	-33.3
TOTAL DEBT SERVICE FUND EXPENDITURES	4,311,350	5,799,574	3,858,313	5,234,485	(565,089)	-9.7

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The City currently maintains seven Special Revenue Funds described as follows:

General Purpose School Fund

School operations are funded by transfers from the City's General Fund, set at \$11,352,150 for fiscal 2004, and from revenues from the State of Tennessee and Anderson and Roane Counties. An elected five member School Board has oversight responsibility for the Oak Ridge Schools. The School Board reviews the budget prepared by School staff and then submits a funding request to the City to finance School operations. The General Fund provides funding for approximately 27.3% of the Schools total budgeted expenditures. City Council approves the total legal expenditure appropriation for the General Purpose School Fund; however, City Council cannot alter any budget line item within the School's budget. The School Board reviews and may alter detail line items within the School's operating budget. The legal appropriation for the School Fund for fiscal 2004 is \$41,593,560, a 4.1 percent increase or \$1,631,868 over fiscal 2003. The School's prepare a separate budget document, which details the revenues and expenditures of the General Purpose School Fund.

**SCHEDULE VII
GENERAL PURPOSE SCHOOL FUND
BUDGET SUMMARY**

	ACTUAL 2002	BUDGET 2003	PROJECTED 2003	BUDGET 2004	BUDGET 04 vs 03	% CHANGE
REVENUES:						
Local Funds:						
Local Taxes-Anderson/Roane Co.	9,609,763	9,933,479	9,933,479	10,102,416	168,937	1.7
Charges for Services	1,432,751	1,545,184	1,545,184	1,544,372	(812)	-0.1
Other Local Revenues	304,562	295,800	295,800	266,000	(29,800)	-10.1
State Funds:						
State Education Funds	13,965,414	13,900,261	13,900,261	14,336,005	435,744	3.1
Other State Revenues		33,300	33,300	33,300	0	0.0
Federal Funds:						
Federal Funds Received Thru State	496,670	588,705	588,705	508,285	(80,420)	-13.7
Direct Federal Funds	176,688	147,000	147,000	154,000	7,000	4.8
Federal Revenues	2,147,165	1,944,368	1,944,368	2,150,572	206,204	10.6
Other Sources	21,433	20,000	20,000	20,000	0	0.0
Total Revenues	28,154,446	28,408,097	28,408,097	29,114,950	706,853	2.5
EXPENDITURES:						
Instruction:						
Regular Education Program	17,505,193	18,305,340	18,305,340	19,097,180	791,840	4.3
Alternative Schools		306,933	306,933	319,539		
Special Education Program	3,156,334	3,061,921	3,061,921	3,252,253	190,332	6.2
Technology Career Program	726,347	706,231	706,231	722,211	15,980	2.3
Other - Instruction Services	0	100,000	0	100,000	0	0.0
Support Services:						
Attendance Services	50,487	48,236	48,236	0	(48,236)	-100.0
Health Services	137,289	142,446	142,446	150,891	8,445	5.9
Other Student Support	1,208,157	1,353,279	1,353,279	1,345,492	(7,787)	-0.6
Regular Instructional Support	1,296,909	1,411,995	1,411,995	1,520,244	108,249	7.7
Special Education Support	370,839	395,704	395,704	386,476	(9,228)	-2.3
Technology - Career Support	133,285	138,631	138,631	153,543	14,912	10.8
Board of Education Support	595,026	618,135	618,135	632,809	14,674	2.4
Office of Superintendent	219,207	234,584	234,584	262,174	27,590	11.8
Office of Principal	2,162,098	2,350,051	2,350,051	2,439,138	89,087	3.8
Fiscal Services	470,034	538,337	538,337	545,917	7,580	1.4
Operation of Plant	2,787,640	3,040,785	3,040,785	3,161,880	121,095	4.0
Maintenance of Plant	931,970	1,089,829	1,089,829	1,098,005	8,176	0.8
Transportation	848,740	962,486	962,486	1,001,934	39,448	4.1
Central Services	773,978	712,204	712,204	802,617	90,413	12.7
Non-Instructional Services:						
Food Service	1,512,589	1,466,213	1,466,213	1,536,180	69,967	4.8
Community Services	297,884	355,934	355,934	367,372	11,438	3.2
Capital Outlay	203,123	294,000	294,000	280,000	(14,000)	-4.8
Federal Projects	2,162,412	1,944,368	1,944,368	2,150,572	206,204	10.6
Other	308,000	384,050	384,050	267,133	(116,917)	-30.4
Total Expenditures	37,857,541	39,961,692	39,861,692	41,593,560	1,631,868	4.1
Excess (Deficiency) of Revenues Over Expenditures	(9,703,095)	(11,553,595)	(10,376,961)	(12,478,610)	(925,015)	8.0
Other Financing Sources (Uses)						
Operating Transfers In	9,949,638	10,646,242	10,646,242	11,352,150	705,908	6.6
Operating Transfers Out	(86,251)	(86,367)	(86,250)	0	86,367	-100.0
Total Other Financing Sources (Uses)	9,863,387	10,559,875	10,559,992	11,352,150	792,275	7.5
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	160,292	(993,720)	(807,353)	(1,126,460)	(132,740)	13.4
Fund Balance 7/1	4,462,863	3,896,558	4,623,155	3,815,802	(80,756)	-2.1
Fund Balance 6/30	4,623,155	2,902,838	3,815,802	2,689,342	(213,496)	-7.4

Drug Enforcement Program Fund

In 1985, the Drug Enforcement Program Fund was established by the City to account for revenues from drug fines and from the sale of items confiscated during drug curtailment activities. Tennessee state law requires those revenues to be accounted for in a separate Fund and that disbursements from those revenues be legally restricted to drug enforcement, drug education, drug treatment and nonrecurring general law enforcement expenditures. Revenues and expenditures for this Fund will vary from year-to-year based on the level of available cash for drug enforcement activities. Revenues for the Drug Enforcement Program Fund are budgeted at \$71,000 and expenditures at \$98,450 for fiscal 2004.

SCHEDULE VIII
DRUG ENFORCEMENT PROGRAM FUND
BUDGET SUMMARY

	<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>REVENUES:</u>						
4035 Drug Fines	26,989	18,500	18,500	18,500	0	0.0
4036 Drugs Confiscated	3,377	40,000	30,000	40,000	0	0.0
4610 Interest on Investments	1,054	2,500	1,000	2,500	0	0.0
4790 Proceeds from Salvage Sale	494	10,000	500	10,000	0	0.0
Total Revenues	<u>31,914</u>	<u>71,000</u>	<u>50,000</u>	<u>71,000</u>	<u>0</u>	<u>0.0</u>
<u>EXPENDITURES:</u>						
14375 Drug Enforcement	<u>39,886</u>	<u>98,450</u>	<u>69,700</u>	<u>98,450</u>	<u>0</u>	<u>0.0</u>
Excess (Deficiency) of Revenues over Expenditures	(7,972)	(27,450)	(19,700)	(27,450)	0	0.0
<u>UNRESERVED FUND BALANCE - 7/1</u>	<u>60,382</u>	<u>40,632</u>	<u>52,410</u>	<u>32,710</u>	<u>(7,922)</u>	<u>-19.5</u>
<u>UNRESERVED FUND BALANCE - 6/30</u>	<u>52,410</u>	<u>13,182</u>	<u>32,710</u>	<u>5,260</u>	<u>(7,922)</u>	<u>-60.1</u>

DRUG ENFORCEMENT PROGRAM FUND EXPENDITURES		ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
Contractual Services							
5201	Rents	5,745	5,300	5,300	6,500	1,200	22.6
5207	Dues, Memberships & Subscript.	0	300	300	300	0	0.0
5210	Prof. & Contractual Services	0	1,200	1,200	1,200	0	0.0
5212	Utility Services	6,225	6,200	6,500	7,000	800	12.9
5220	Travel, Schools, & Conferences	1,908	13,000	5,000	10,000	-3,000	-23.1
5235	Routine Rep. & Maintenance	3,986	3,000	3,000	4,000	1,000	33.3
5289	Equipment Use Charge	0	4,000	2,000	4,000	0	0.0
5292	Drug Cases	4,466	50,000	30,000	45,000	-5,000	-10.0
5293	Dare Program	0	3,000	3,000	3,000	0	0.0
	Total Contractual Services	<u>22,330</u>	<u>86,000</u>	<u>56,300</u>	<u>81,000</u>	<u>-5,000</u>	<u>-5.8</u>
Commodities							
5310	Supplies	11,722	9,000	9,000	10,000	1,000	11.1
5320	Books/Educational Material	0	250	200	250	0	0.0
5325	Uniforms/Safety Equipment	660	1,200	1,200	1,200	0	0.0
5330	Small Tools/Equipment	5,174	2,000	3,000	6,000	4,000	200.0
	Total Commodities	<u>17,556</u>	<u>12,450</u>	<u>13,400</u>	<u>17,450</u>	<u>5,000</u>	<u>40.2</u>
Other Charges							
5431	Grants/Contributions	0	0	0	0	0	0.0
TOTAL DRUG ENFORCEMENT PROGRAM FUND EXPENDITURES		<u>39,886</u>	<u>98,450</u>	<u>69,700</u>	<u>98,450</u>	<u>0</u>	<u>0.0</u>

State Street Aid Fund

Fund Overview:

The State Street Aid Fund provides for the maintenance of all City streets that are not designated State highways

Major Revenue Source:

Revenues in this Fund are received from the State of Tennessee's twenty-one-cent gasoline and motor fuel tax and may be used for street construction and maintenance related activities. The State restricts municipalities as to what type of expenditures are eligible for disbursement from these tax proceeds. Revenues from these state-shared fuel taxes are budgeted at \$785,000 for fiscal 2004. The revenue stream provided from these taxes is insufficient to fund all the expenditures accounted for in the State Street Aid Fund. The fiscal 2004 budget includes a \$550,000 transfer from the General Fund to finance these expenditures. If the State of Tennessee retains a larger share of state-shared taxes as currently proposed by the governor, funding levels for programs accounted for in the State Street Aid Fund would be impacted.

Major Expenditure Areas:

Expenditures are budgeted at \$1,641,290, a 45.1 percent increase over fiscal 2003. In fiscal 1995, the City began a major Pavement Management Program. Long-term goals of the program are to provide adequate maintenance to City streets in order to prevent or prolong the need for more expensive street reconstruction. Expenditures for this program should approximate between \$500,000 to \$600,000 annually.

Major projects for FY 2004 include:

- Street Maintenance (\$360,000) and related activities, including sidewalk maintenance (\$37,000), leaf pickup (\$115,000), storm drains and spoil dumps (\$115,000) and snow and ice removal (\$80,000) totaling \$707,000.
- Resurfacing of City streets at \$700,000 includes \$110,000 in matching funds for the State Surface Transportation Program, \$470,000 for resurfacing City streets that do not qualify for the STP program and \$120,000 for the ongoing rejuvenation program.
- Other Costs budgeted at \$234,290 is the allocation of charges from the General Fund for engineering and other services rendered and rental for space occupied at the Central Services Complex.

Budget Changes:

The \$510,365 budgeted increase in expenditures is related to street resurfacing. In fiscal 2003, paving efforts were concentrated on streets that were eligible for resurfacing under the Surface Transportation Program (STP). Under this program, the State issues the contract for street resurfacing, with the City providing funding for 20% of the contract amount. In fiscal 2004, paving efforts on streets that do not qualify for the STP program will return to normal funding levels.

SCHEDULE IX
STATE STREET AID FUND
BUDGET SUMMARY

	<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>
REVENUES:						
4610 Interest on Investments	8,129	3,000	8,000	10,000	7,000	233.3
4810 Motor Fuel Tax	152,452	150,000	160,000	160,000	10,000	6.7
4811 State Shared Gasoline Tax	612,867	610,000	625,000	625,000	15,000	2.5
Total Revenues	<u>773,448</u>	<u>763,000</u>	<u>793,000</u>	<u>795,000</u>	<u>32,000</u>	<u>4.2</u>
EXPENDITURES:						
15100 Street Maintenance	263,686	360,000	360,000	360,000	0	0.0
15200 Sidewalk Maintenance	30,259	30,000	30,000	37,000	7,000	23.3
15300 Leaf Pickup	99,565	115,000	115,000	115,000	0	0.0
15400 Storm Drains	74,410	90,000	90,000	90,000	0	0.0
15500 Snow & Ice Removal	8,370	80,000	80,000	80,000	0	0.0
15600 Spoil Dumps	2,159	25,000	25,000	25,000	0	0.0
15700 Other Costs	218,436	235,925	232,092	234,290	(1,635)	-0.7
15800 Street Resurfacing	223,058	195,000	195,000	700,000	505,000	259.0
Total Expenditures	<u>919,943</u>	<u>1,130,925</u>	<u>1,127,092</u>	<u>1,641,290</u>	<u>510,365</u>	<u>45.1</u>
Excess (Deficiency) of Revenues over Expenditures	(146,495)	(367,925)	(334,092)	(846,290)	(478,365)	130.0
OTHER FINANCING SOURCES (USES)						
Operating Transfers In General Fund	<u>265,000</u>	<u>300,000</u>	<u>500,000</u>	<u>550,000</u>	<u>250,000</u>	<u>83.3</u>
Total Other Financing Sources (Uses)	<u>265,000</u>	<u>300,000</u>	<u>500,000</u>	<u>550,000</u>	<u>250,000</u>	<u>0.8</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	118,505	(67,925)	165,908	(296,290)	(228,365)	336.2
UNRESERVED FUND BALANCE - 7/1	<u>146,348</u>	<u>116,348</u>	<u>264,853</u>	<u>430,761</u>	<u>314,413</u>	<u>270.2</u>
UNRESERVED FUND BALANCE - 6/30	<u>264,853</u>	<u>48,423</u>	<u>430,761</u>	<u>134,471</u>	<u>86,048</u>	<u>177.7</u>

STATE STREET AID FUND EXPENDITURES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
15100 Street Maintenance	222,119	255,000	255,000	255,000	0	0.0
15110 Curb & Gutter Replacement	22,170	35,000	35,000	35,000	0	0.0
15120 Traffic Sign Maintenance	15,165	25,000	25,000	25,000	0	0.0
15130 Striping City Streets	4,232	45,000	45,000	45,000	0	0.0
15200 Sidewalk Maintenance	30,259	30,000	30,000	37,000	7,000	23.3
15300 Leaf Pickup	99,565	115,000	115,000	115,000	0	0.0
15400 Storm Drains & Catch Basins	74,410	90,000	90,000	90,000	0	0.0
15500 Snow & Ice Removal	8,370	80,000	80,000	80,000	0	0.0
15600 Spoil Dumps	2,159	25,000	25,000	25,000	0	0.0
15700 Other Costs	218,436	235,925	232,092	234,290	(1,635)	-0.7
15800 Street Resurfacing	<u>223,058</u>	<u>195,000</u>	<u>195,000</u>	<u>700,000</u>	<u>505,000</u>	<u>259.0</u>
TOTAL STATE STREET AID FUND EXPENDITURES	<u>919,943</u>	<u>1,130,925</u>	<u>1,127,092</u>	<u>1,641,290</u>	<u>510,365</u>	<u>45.1</u>

Street and Public Transportation Fund

Major Revenue Sources

The primary source of revenue for this Fund is a special one-cent-per-gallon inspection fee levied on all petroleum products bought, sold or stored in the state and an operating assistance grant from the Tennessee Department of Transportation (TDOT). The inspection fee is distributed on a per-capita basis to assist municipalities with street signage and public transportation. If the State of Tennessee retains a larger share of state-shared taxes as currently proposed by the governor, funding levels for programs accounted for in the Street and Public Transportation Fund would be impacted.

The TDOT operating assistance grant reimburses the City for 40% of the expenditures for the taxicab coupon program and the public transit program, up to a total grant award that is adjusted annually.

Major Expenditures Areas:

The Public Transit Program provides for the operation of four wheelchair lift equipped vans. The program is demand responsive and provides service within the City's corporate limits on a 24-hour advance reservation basis. Service is provided six days a week, Monday through Saturday, from 8:00 a.m. until 5:30 p.m. for a fare of \$1.50 per one-way trip. The system is operated under contract with the East Tennessee Human Resources Agency (ETHRA), who is responsible for all facets of operation, including hiring and training of personnel, scheduling, dispatch functions, vehicle maintenance and financial report/record keeping. \$120,000 is budgeted for this program in FY 2004.

The Taxi Coupon Program, administered in the Senior Center (Activity 978), provides for the purchase of coupons by the elderly for reduced taxi fares. The value of each taxi coupon increased from \$2 to \$3 on July 1, 2000. The participant's share of the coupon is 75 cents for the rider, 30 cents for the cab company and \$1.95 for the City. \$82,000 is budgeted for this program for FY 2004.

SCHEDULE X
STREET AND PUBLIC TRANSPORTATION FUND
BUDGET SUMMARY

	<u>ACTUAL 2002</u>	<u>BUDGET 2003</u>	<u>PROJECTED 2002</u>	<u>BUDGET 2004</u>	<u>BUDGET 04 vs 03</u>	<u>% CHANGE</u>
<u>REVENUES:</u>						
4610 Interest on Investments	5,267	13,000	5,500	6,000	(7,000)	-53.8
4820 State Shared Gasoline Tax Inspection Fees	63,150	72,000	65,000	65,000	(7,000)	-0.1
4358 Tennessee Department of Transportation	<u>51,417</u>	<u>80,800</u>	<u>68,120</u>	<u>80,800</u>	<u>0</u>	<u>0.0</u>
Total Revenues	<u>119,834</u>	<u>165,800</u>	<u>138,620</u>	<u>151,800</u>	<u>(14,000)</u>	<u>-8.4</u>
<u>EXPENDITURES:</u>						
16100 Maintenance of Streets	6,680	6,000	6,000	6,000	0	0.0
16200 Taxi Coupon Program	54,177	82,000	60,000	82,000	0	0.0
16205 Public Transit Program	<u>86,477</u>	<u>120,000</u>	<u>110,300</u>	<u>120,000</u>	<u>0</u>	<u>0.0</u>
Total Expenditures	<u>147,334</u>	<u>208,000</u>	<u>176,300</u>	<u>208,000</u>	<u>0</u>	<u>0.0</u>
Excess (Deficiency) of Revenues over Expenditures	(27,500)	(42,200)	(37,680)	(56,200)	(14,000)	33.2
<u>UNRESERVED FUND BALANCE - 7/1</u>	<u>286,166</u>	<u>271,166</u>	<u>258,666</u>	<u>220,986</u>	<u>(50,180)</u>	<u>-18.5</u>
<u>UNRESERVED FUND BALANCE - 6/30</u>	<u>258,666</u>	<u>228,966</u>	<u>220,986</u>	<u>164,786</u>	<u>(64,180)</u>	<u>-28.0</u>

Economic Diversification (ED) Fund

Fund Overview:

A primary objective of the City is to promote diversification of the local Oak Ridge economic base, create and protect jobs, and provide for the common wealth of current and future Oak Ridgers. To assist in the attainment of this objective, the Economic Diversification (ED) Fund was established in fiscal 2000 with revenues primarily provided from operating transfers from the General, Electric and Waterworks Funds.

Major Revenue Source:

Operating transfers are budgeted at \$995,582 in fiscal 2004, a \$755,799 decrease over fiscal 2003 levels.

Major Expenditure Areas:

Expenditures for the ED Fund are budgeted at \$2,995,582 for fiscal 2004. This includes a \$2,000,000 contingency. Budgeting for a contingency allows the City the flexibility of obtaining state/federal grant funding and the awarding of location incentives for opportunities that arise after adoption of the budget without the requirement of reappropriating the budget to allow for the expenditures related to these items. The \$653,298 increase in budgeted expenditures for fiscal 2004 is related to a \$1,000,000 increase in contingency funding. The contingency would be funded through the ED Fund's existing fund balance or new grant revenues.

\$550,302 is budgeted for economic development services from the Oak Ridge Chamber of Commerce at \$215,476, Oak Ridge Convention and Visitors Bureau (CVB) at \$309,826, Melton Hill Regional Industrial Development Association (MHRIDA) at \$15,000 and Roane Alliance at \$10,000. Funding for the CVB increased \$22,786 over the prior year based on actual Hotel/Motel tax collections during fiscal 2002. Funding for the other entities remains at 2003 levels. During fiscal 2002, the City entered into a 3 year contract with Baker, Donelson, Bearman & Caldwell to provide an action plan of possible avenues for increased remuneration to the City from the federal and state governments at cost of \$144,000 plus travel expenses annually. \$5,280 is budgeted toward the Home Guide published in the Oak Ridger. \$100,000 is funded from operating transfers for marketing or location incentives.

\$185,000 is budgeted for social services funding including \$150,000 for the City's social service program administered under a contract with Aid to Distressed Families of Appalachian Counties (ADFAC). This is 100% funded by the operating transfer from the General Fund. The City's social service program provides housing assistance (rent, mortgage and/or utility payments), medical assistance for prescription drugs (excluding controlled substances), transportation for doctor appointments or job interviews, counseling toward self-sufficiency and referrals to appropriate agencies for further assistance (such as food and clothing banks) to eligible citizens. \$35,000 in funding is budgeted for the Anderson County Health Council Healthy Start program, which provides assistance, training and support program for young mothers.

Budget Changes:

\$257,868 in funding for the salaries and related expenses for the 3 positions accounted for in the ED Fund have been eliminated. These include the ED Director, Planner II and Secretary II positions. Other City staff and economic development contractors will absorb the duties performed by these positions. \$273,817 in funding provided in fiscal 2003 that was available for marketing and/or location incentives has also been eliminated.

SCHEDULE XI
ECONOMIC DIVERSIFICATION FUND
BUDGET SUMMARY

	ACTUAL 2002	BUDGET 2003	PROJECTED 2003	BUDGET 2004	BUDGET 04 vs 03	% CHANGE
REVENUES:						
4305 Future Grants	0	1,000,000	0	1,000,000	0	0.0
4465 Incubator Building Rental	39,191	0	0	0	0	0.0
4730 Land Sale Proceeds	4,001	0	137,580	0	0	0.0
4610 Interest on Investments	40,789	65,000	33,700	40,000	(25,000)	-38.5
Total Revenues	83,981	1,065,000	171,280	1,040,000	(25,000)	-2.3
EXPENDITURES:						
5111 Salaries & Fringe Benefits	180,452	177,883	179,285	0	(177,883)	-100.0
5200 Contractual Services & Building Maintenance	56,939	69,885	59,210	0	(69,885)	-100.0
5300 Commodities	4,606	7,000	5,500	0	(7,000)	-100.0
5430 Social Services Programs (ADFAC)	150,000	150,000	150,000	150,000	0	0.0
5430 Social Services Programs (Healthy Start)	35,000	35,000	35,000	35,000	0	0.0
5430 Convention & Visitors Bureau	296,202	287,040	287,040	309,826	22,786	7.9
5430 Oak Ridge Chamber of Commerce	200,389	215,476	215,476	215,476	0	0.0
5430 MHRIDA	15,000	15,000	15,000	15,000	0	0.0
5430 Legal Services	136,356	155,000	155,000	155,000	0	0.0
5430 Roane Alliance	5,000	10,000	10,000	10,000	0	0.0
5430 Marketing	142,525	70,000	5,280	5,280	(64,720)	-92.5
5480 Investment/Initiative Grant Funded	0	1,000,000	0	1,000,000	0	0.0
5480 Investment/Initiative City Funded:						
Miscellaneous	0	150,000	0	1,100,000	950,000	633.3
Industrial Development Board	0	0	500,000	0	0	0.0
Total Expenditures	1,222,469	2,342,284	1,616,791	2,995,582	653,298	27.9
Excess (Deficiency) of Revenues over Expenditures	(1,138,488)	(1,277,284)	(1,445,511)	(1,955,582)	(678,298)	53.1
OTHER FINANCING SOURCES:						
Transfers From Other Funds						
General Fund	1,331,688	1,346,665	1,146,665	728,090	(618,575)	-45.9
Electric Fund	217,645	220,750	220,750	145,904	(74,846)	-33.9
Waterworks Fund	181,371	183,966	183,966	121,588	(62,378)	-33.9
Total Other Financing Sources	1,730,704	1,751,381	1,551,381	995,582	(755,799)	-43.2
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	592,216	474,097	105,870	(960,000)	(1,434,097)	-302.5
UNRESERVED FUND BALANCE - 7/1	1,761,587	2,430,834	2,353,803	2,459,673	28,839	1.2
UNRESERVED FUND BALANCE - 6/30	2,353,803	2,904,931	2,459,673	1,499,673	(1,405,258)	100.0

City of Oak Ridge, Tennessee
Economic Diversification Fund

00013 Economic Diversification Fund

	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs. 03	% CHG	
Expenditures							
Salaries & Fringe Benefits							
5111.	Salaries-Reg. Employees	144,972	137,801	140,520	0	137,801-	100.0-
5130.	Salaries-Overtime Pay	236	2,000	700	0	2,000-	100.0-
5141.	Social Security Contribu	10,944	10,694	10,805	0	10,694-	100.0-
5150.	Retirement Contribution	9,645	12,386	12,150	0	12,386-	100.0-
5160.	Health & Workers Comp In	14,656	15,002	15,110	0	15,002-	100.0-
	Salaries & Fringe Benefit	180,453	177,883	179,285	0	177,883-	100.0-
Contractual Services							
5207.	Charges for Dues, Member	998	1,750	1,000	0	1,750-	100.0-
5210.	Prof. & Consultant Servi	33,075	30,000	16,540	0	30,000-	100.0-
5210.203	Mowing Contract	4,996	7,180	7,280	0	7,180-	100.0-
5236.15	Street/Lot Sweeping	1,731	1,750	1,735	0	1,750-	100.0-
5211.	Advertising & Publicity	2,088	5,000	3,000	0	5,000-	100.0-
5410.	Insurance	88	1,605	1,605	0	1,605-	100.0-
5212.	Utility Services	2,365	3,000	3,500	0	3,000-	100.0-
5220.	Training & Travel	7,036	12,000	6,500	0	12,000-	100.0-
5235.	Repair & Maintenance	3,328	5,000	15,150	0	5,000-	100.0-
5236.13	Other Equipment Maintena	0	0	300	0	0	.0
5289.	Vehicle/Equip Use Charge	2,236	2,600	2,600	0	2,600-	100.0-
	Contractual Services	57,941	69,885	59,210	0	69,885-	100.0-
Commodities							
5310.	Commodities-Tools-Suppli	3,620	6,500	4,500	0	6,500-	100.0-
5320.	Books	986	500	1,000	0	500-	100.0-
	Commodities	4,606	7,000	5,500	0	7,000-	100.0-
Economic Develop Funding							
5430.	Social Service Grants	185,000	185,000	185,000	185,000	0	.0
5432.1	Economic Develop Miscell	0	1,150,000	0	2,100,000	950,000	82.6
5432.11	Chamber of Commerce	200,389	215,476	215,476	215,476	0	.0
5432.12	Conv. & Visitors Bureau	296,202	287,040	287,040	309,826	22,786	7.9
5210.14	Legal Services	136,356	155,000	155,000	155,000	0	.0
5432.2	Marketing Plans	142,525	70,000	5,280	5,280	64,720-	92.5-
5432.3	Location Incentives	0	0	500,000	0	0	.0
5432.7	MHRIDA	15,000	15,000	15,000	15,000	0	.0
5432.15	Roane Alliance	5,000	10,000	10,000	10,000	0	.0
	Other Charges	980,472	2,087,516	1,372,796	2,995,582	908,066	43.5
Capital Expenditures							
	Capital Expenditures	0	0	0	0	0	.0
Reduction of Costs							
5610.	Costs Recovered from Use	1,000-	0	0	0	0	.0
	Reduction of Costs	1,000-	0	0	0	0	.0
	Expenditures	1,222,472	2,342,284	1,616,791	2,995,582	653,298	27.9

Grant Fund

Fund Overview:

The Grant Fund accounts for the receipt of various state and federal grant revenues including those that benefit low-income persons in the community. With the passage of the Urban-Rural Recovery Act of 1983, Oak Ridge became eligible for an automatic annual community block grant entitlement (CDBG) through the US Department of Housing and Urban Development (HUD). The entitlement has been used for projects that benefit low and very low-income persons; eliminate or prevent slums; or eliminate conditions detrimental to the health, safety and public welfare.

Major Revenue/Expenditure Sources:

Revenues and expenditures are budgeted to be equal in the Grant Fund at \$4,700,881 for fiscal 2004. The fiscal 2004 CDBG award is projected at \$304,000, with \$4,881 available as a carryover of funding provided from prior year CDBG grant awards. During fiscal 2002, City Council authorized the City to borrow \$1,000,000 to finance the costs for the expansion and construction of a gymnasium at the Scarboro Center. Construction of the project will occur in fiscal 2003. HUD has approved a \$95,000 annual allocation under the CDBG entitlement for the next 15 years to fund the annual debt service payments on this borrowing. \$37,000 from the HUD grant has also been set aside to reimburse the City of Oak Ridge for grant administration costs. The remaining estimated \$176,881 in available HUD funds will be allocated in late spring 2003 after a committee review process, public hearings and awarding by City Council.

\$24,000 is budgeted for an Emergency Shelter Grant (ESG) through the Tennessee Department of Human Services to provide funds for emergency assistance to low and very-low income persons threatened with displacement. Also budgeted is \$55,000 in police and fire grants, \$480,000 for a sidewalk construction grant from TDOT awarded in late 2001 and \$833,000 for an awarded pass-through grant to ORAU toward construction of a conference center. For the past few years, the City has been awarded grants toward police functions from the US Department of Justice and Fire grants from the Tennessee Department of Military. The fiscal 2004 appropriation for the Grant Fund also contains a \$3,000,000 contingency so that the City can aggressively pursue other federal and state grants.

Budget Changes:

Grants awarded and therefore the appropriated expenditure level will vary from year to year in the Grant Fund. The operating transfers from the Capital Projects Fund in fiscals 2002 and 2003 were to fund the City's match for the remediation grant at the Mona Lane site in Oak Ridge. Work on this grant should be near completion at the end of fiscal 2003.

**SCHEDULE XII
GRANT FUND
BUDGET SUMMARY**

	<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>
REVENUES:						
4835 TEMA/FEMA Grants	65,031	1,089,750	1,310,690	0	(1,089,750)	-100.0
4886 Anderson County	0	0	76,260	0	0	-100.0
4839 DOE Grants	21,638	28,152	20,000	0	(28,152)	-100.0
4845 Police/Fire Grants	135,450	28,000	65,000	55,000	27,000	96.4
4876 THDA Matching Funds	48,651	0	0	0	0	0.0
4878 Emergency Shelter Grant	24,528	25,200	24,000	24,000	(1,200)	-4.8
4879 Community Development Block Grant (CDBG) Entitlement	406,630	334,110	409,141	308,881	(25,229)	-7.6
4879 CDBG Loan	0	1,000,000	1,000,000	0	(1,000,000)	-100.0
4880 TDOT Grant	50,000	480,000	0	480,000	0	0.0
4880 Future and Other Grants	290	2,766,890	150,000	3,833,000	1,066,110	38.5
Total Revenues	<u>752,218</u>	<u>5,752,102</u>	<u>3,055,091</u>	<u>4,700,881</u>	<u>(1,051,221)</u>	<u>-18.3</u>
EXPENDITURES:						
27000 Unprogrammed/Carried Forward	0	0	4,881	0	0	0.0
27200 City Facility Improvements	61,850	1,000,000	1,145,150	95,000	(905,000)	-90.5
27300 Pedestrian/Street Improvements	50,000	480,000	0	480,000	0	0.0
27400 Police/Fire Grants	188,648	35,000	65,000	55,000	20,000	57.1
27500 Housing Issues/Shelter/Training	356,809	249,310	283,110	237,881	(11,429)	-4.6
27600 Economic Development	82,788	28,152	1,812,295	833,000	804,848	2858.9
27900 Other and Future Grants	13,677	4,322,890	0	3,000,000	(1,322,890)	-30.6
Total Expenditures	<u>753,772</u>	<u>6,115,352</u>	<u>3,310,436</u>	<u>4,700,881</u>	<u>(1,414,471)</u>	<u>-23.1</u>
Excess (Deficiency) of Revenues over Expenditures	(1,554)	(363,250)	(255,345)	0	363,250	100.0
OTHER FINANCING SOURCES:						
Transfer From Capital Projects Fund	1,831	363,250	255,345	0	(363,250)	-100.0
Excess (Deficiency) Of Revenues and Other Financing Sources Over (Under) Expenditures	277	0	0	0	0	0.0
UNRESERVED FUND BALANCE - 7/1	<u>106</u>	<u>106</u>	<u>383</u>	<u>383</u>	<u>277</u>	<u>261.3</u>
UNRESERVED FUND BALANCE - 6/30	<u>383</u>	<u>106</u>	<u>383</u>	<u>383</u>	<u>277</u>	<u>261.3</u>

GRANT FUND EXPENDITURES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
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Community Development Block Grant:

27000 Unprogrammed/Carried Forward	0	0	4,881	176,881	176,881	100.0
27405 Habitat for Humanity	0	40,000	40,000	0	(40,000)	-100.0
27406 Grants Coordinator	30,093	35,000	35,000	37,000	2,000	5.7
27408 Oak Ridge Housing Authority	30,850	30,000	30,000	0	(30,000)	-100.0
27411 Ridgeview Psychiatric Hospital	18,000	18,000	18,000	0	(18,000)	-100.0
27412 Tech 2020	61,150	0	0	0	0	0.0
27215 Scarboro Center (Loan Payment)	0	75,000	60,000	95,000	20,000	26.7
27215 Scarboro Center (Loan Construction)	0	1,000,000	1,000,000	0	(1,000,000)	-100.0
27215 Scarboro Center (CDBG Proceeds)	61,850	0	85,150	0	0	0.0
27420 ORHTC	36,195	0	0	0	0	0.0
27501 ADFAC	132,802	70,500	70,500	0	(70,500)	-100.0
27505 HDCCV	35,690	40,610	40,610	0	(40,610)	-100.0
27510 Housing Design Project	0	25,000	25,000	0	(25,000)	-100.0
Total CDBG Grants	<u>406,630</u>	<u>1,334,110</u>	<u>1,409,141</u>	<u>308,881</u>	<u>(1,025,229)</u>	<u>-76.8</u>

THDA Grants:

27502 ADFAC	48,651	0	0	0	0	0.0
27504 Emergency Shelter Grant	<u>24,528</u>	<u>25,200</u>	<u>24,000</u>	<u>24,000</u>	<u>(1,200)</u>	<u>-4.8</u>
Total THDA Grants	<u>73,179</u>	<u>25,200</u>	<u>24,000</u>	<u>24,000</u>	<u>(1,200)</u>	<u>-4.8</u>

Other Grants:

27601 Parcel 412 Remediation	21,638	28,152	20,000	0	(28,152)	-100.0
27602 Pass Through Conference Center	0	0	150,000	833,000	833,000	100.0
27603 Mona Lane/Carst Remediation	13,677	1,453,000	1,642,295	0	(1,453,000)	-100.0
27604 Police Grants	135,450	28,000	60,000	50,000	22,000	78.6
27605 Fire Grants	53,198	5,000	5,000	5,000	0	0.0
27606 TDOT	50,000	480,000	0	480,000	0	0.0
27900 Future Grants	0	2,761,890	0	3,000,000	238,110	8.6
Total Other Grants	<u>273,963</u>	<u>4,756,042</u>	<u>1,877,295</u>	<u>4,368,000</u>	<u>(388,042)</u>	<u>-8.2</u>

TOTAL GRANT FUND EXPENDITURES	<u>753,772</u>	<u>6,115,352</u>	<u>3,310,436</u>	<u>4,700,881</u>	<u>(1,414,471)</u>	<u>-23.1</u>
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Solid Waste Fund

Fund Overview:

This Fund provides for the collection and disposal of residential refuse. This service had historically been funded through General Fund revenues. In 1992, state legislation required that the City establish a separate Fund to account for solid waste management expenditures. General Fund revenues continue to provide a portion of funding for solid waste expenditures via an operating transfer from the General Fund.

Major Revenue Source:

During fiscal 1999 budget deliberations, City Council authorized a \$5 monthly fee be charged to residential households for solid waste collection. This fee is estimated to provide \$686,000 in funding for the Solid Waste Fund in fiscal 2004. The City does not provide refuse collection to commercial entities located within Oak Ridge. The operating transfer from the General Fund is budgeted at \$1,108,510.

Major Expenditures Areas:

Expenditures for the Solid Waste Fund are budgeted at \$1,794,510 for fiscal 2004, a \$6,895 increase from the preceding fiscal year due to inflation. The collection and disposal of residential refuse, including the operation of a convenience center, is under contract with a private vendor through June 30, 2008. The multiyear contract has an annual price escalator equivalent to 90% of the Consumer Price Index. Other services accounted for in the Solid Waste Fund include the annual spring cleanup and fall brush collection programs and the mulching contract.

SCHEDULE XIII
SOLID WASTE FUND
BUDGET SUMMARY

	<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>REVENUES:</u>						
4400 Charges for Services	<u>681,750</u>	<u>689,000</u>	<u>686,000</u>	<u>686,000</u>	<u>(3,000)</u>	<u>-0.4</u>
<u>EXPENDITURES:</u>						
5200 Contractual Services	<u>1,655,172</u>	<u>1,787,615</u>	<u>1,726,125</u>	<u>1,794,510</u>	<u>6,895</u>	<u>0.4</u>
<u>OTHER FINANCING SOURCES:</u>						
Operating Transfers In General Fund	<u>973,422</u>	<u>1,098,615</u>	<u>1,040,125</u>	<u>1,108,510</u>	<u>9,895</u>	<u>0.9</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	0	0	0	0	0	0.0
<u>UNRESERVED FUND BALANCE - 7/1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
<u>UNRESERVED FUND BALANCE - 6/30</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0</u>

SOLID WASTE FUND EXPENDITURES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
5210 Residential Refuse Pickup & Recycle Service	1,331,956	1,385,180	1,350,240	1,390,750	5,570	0.4%
5210 Convenience Center Rental	268,721	279,475	272,475	280,650	1,175	0.4%
5210 Roane County Landfill	0	22,000	22,000	22,000	0	0.0%
5210 Annual Brush Collection	23,057	23,960	23,410	24,110	150	0.6%
5210 Mulching Contract	31,112	52,000	33,000	52,000	0	0.0%
5235 Support Services for Mulching	<u>326</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>100.0%</u>
Total Solid Waste Fund Expenditures	<u>1,655,172</u>	<u>1,787,615</u>	<u>1,726,125</u>	<u>1,794,510</u>	<u>6,895</u>	<u>0.4%</u>

Capital Projects Fund

Fund Overview:

This Capital Projects Fund is used to account for financial resources segregated for the acquisition, construction or renovation of major City and School capital facilities other than those financed by Enterprise Funds. By charter, the Oak Ridge Schools cannot issue debt. Expenditures for major School capital projects are accounted for in the Capital Projects Fund and are financed either through long-term debt issued by the City and/or capital maintenance reserves funded by operating transfers from the City General Fund.

Major Revenue Sources:

Funding is provided from long-term debt issuances and operating transfers from the General Fund. For the past several years, the City has been funding capital maintenance projects through the issuance of long-term debt. The funding of these type items through the issuance of long-term debt is eroding the City's debt capacity, in addition to the required borrowings for major renovations or construction projects. In fiscal 2001, a program was recommend to City Council to finance capital projects costing between \$10,000 and \$300,000 from operating transfers from the General Fund to the Capital Projects Fund rather than through the issuance of long-term debt. The initial operating transfer in 2001 was for \$410,000 with the intent of gradually increasing the transfer amount each fiscal year until the required annual funding level of approximately \$1.2 to \$1.5 million is achieved. The fiscal 2004 transfer amount is budgeted at \$1,057,000.

A \$2,000,000 debt issuance is planned for fiscal 2004 to fund budgeted capital projects. Reserves from the General Fund transfer have not yet reached sufficient levels to fund current capital requirements.

Major Expenditures Areas:

Capital improvements totaling \$7,345,500 is budgeted for fiscal 2004, primarily funded from the remaining proceeds of \$10,000,000 in general obligation bonds issued in January 2000, a proposed \$2,000,000 issuance in fiscal 2004 and fund reserves. A \$2,000,000 contingency is also budgeted for unplanned or timing variances in capital projects.

Major City capital improvements of \$1,070,000 are budgeted for fiscal 2004 and include storm water drainage improvements, construction of the Emory Valley Road greenway, roof replacement on the Municipal Building, painting and sealing of the exterior of the Central Service Center Complex and replacement of exterior doors at the Civic Center. \$376,240 of the \$610,000 budgeted for the construction of the Emory Valley greenway will be funded from a previously awarded state grant.

Major School capital improvements of \$4,275,500 budgeted for fiscal 2004 includes \$2,006,500 in improvements to the high school including replacement of windows, structural repairs, auditorium lighting and sound upgrades, and replacements of the gym floor, 2 canopies and a chiller. Other School capital improvements include roof replacements, structural improvements at Woodland Elementary, cooling tower, chiller and heat pump replacements, systemwide technology, security and telephone upgrades, carpet replacement and asbestos abatement.

A more in-depth presentation of planned City and School capital projects is located in the Capital Improvements Program 2004-2009 document. \$200,000 of the capital maintenance reserve funds are budgeted to be transferred to the Debt Service Fund beginning in fiscal 2004. This will fund the annual debt service payment on the \$2,000,000 borrowing planned for 2004 to finance capital projects. This transfer has been budgeted from the Capital Projects Fund to minimize the impact on the property tax rate for this borrowing.

**SCHEDULE XIV
CAPITAL PROJECTS FUND
BUDGET SUMMARY**

	ACTUAL 2002	BUDGET 2003	PROJECTED 2003	BUDGET 2004	BUDGET 04 vs 03	% CHANGE
REVENUES:						
4610 Interest on Investments	164,685	65,000	65,000	25,000	(40,000)	-61.5
4830 Greenways Grants	143,942	470,300	0	376,240	(94,060)	-20.0
TOTAL REVENUES	308,627	535,300	65,000	401,240	(134,060)	-25.0
EXPENDITURES:						
School Expenditures:						
29202 Woodland Structural Repairs	0	150,000	0	150,000	0	0.0
29204 High School Renovations						
ORHS "A" Building Structural Settlement	21,500	478,500	0	478,500	0	0.0
ORHS "A" Building Fire Alarms	0	50,000	0	50,000	0	0.0
ORHS Auditorium-Lighting & Sound	0	90,000	0	250,000	160,000	177.8
ORHS Auditorium Seating	273,142	280,000	0	0	(280,000)	-100.0
ORHS Demolition of Boiler #2 & #3	40,122	95,000	60,387	0	(95,000)	-100.0
ORHS Window Replacements	0	900,000	0	900,000	0	0.0
ORHS Chiller	0	0	0	78,000	78,000	100.0
ORHS Gym Floor Replacement	0	0	0	75,000	75,000	100.0
ORHS Canopies (2)	0	0	0	100,000	100,000	100.0
29206 Robertsville Chiller Replacement	0	75,000	0	75,000	0	0.0
Robertsville Window Replacement	724,452	700,000	0	0	(700,000)	-100.0
Robertsville Parking Lot Construction	0	0	0	105,000	105,000	100.0
29207 School Equipment						
Systemwide Technology & Telephone	136,060	675,210	468,000	525,000	(150,210)	-22.2
Security System	0	180,000	0	180,000	0	100.0
29209 ADA Improvements	0	183,695	4,338	0	(183,695)	-100.0
29211 Miscellaneous Site Improvements:						
Blankenship Field Fence	0	10,000	0	0	(10,000)	-100.0
Carpet Replacement	0	0	0	207,000	207,000	100.0
Window Replacements Engineering	9,179	0	3,036	0	0	0.0
ORHS & RMS Cooling Tower Replacements	131,225	130,000	0	0	(130,000)	-100.0
ORHS & RMS Water Source Heat Pumps	0	310,500	0	310,500	0	0.0
Sidewalks & Service Drives	0	106,500	0	106,500	0	0.0
29212 Asbestos Abatement	0	0	0	555,000	555,000	100.0
29213 Roof Replacements	387,670	225,000	225,000	130,000	(95,000)	-42.2
29215 Preschool	0	2,500,000	2,600	0	(2,500,000)	-100.0
Total School Expenditures	1,723,350	7,139,405	763,361	4,275,500	(2,863,905)	-40.1
29500 City Center Project						
Purchase/Renovate or Construct School Admin. and Municipal Offices and Senior Center - Infrastructure and Open Space Construction	9,035	17,500,000	2,884	0	(17,500,000)	-100.0

SCHEDULE XIV (Continued)
CAPITAL PROJECTS FUND
BUDGET SUMMARY

	ACTUAL 2002	BUDGET 2003	PROJECTED 2003	BUDGET 2004	BUDGET 04 vs 03	% CHANGE
City Expenditures:						
29300 Miscellaneous City Projects						
Bullet Proof Vests	2,743	0	7,302	0	0	0.0
Irrigation Pump	305,926	0	0	0	0	0.0
29307 Municipal Building Improvements:						
Roof	0	0	0	55,000	55,000	100.0
HVAC Replacement	25,178	0	10,000	0	0	0.0
29313 Fire Station HVAC Repairs	96,465	0	5,000	0	0	0.0
29314 Civic Center and Library Improvements:						
Boiler/Hot Water Heaters	0	145,000	145,000	0	(145,000)	0.0
Sidewalk Repairs	0	49,000	49,000	0	(49,000)	0.0
Exterior Doors	0	0	0	25,000	25,000	100.0
Civic Center/Library Ceiling Tiles	45,070	0	0	0	0	0.0
29318 Central Service Center Seal/Paint Exterior	0	60,000	0	60,000	0	0.0
29322 Storm Water Drainage	108,842	280,000	190,000	300,000	20,000	7.1
29329 Animal Shelter Police Dogs Addition	6,899	0	0	0	0	0.0
29340 Ambulance Building - Wiring	2,512	0	0	0	0	0.0
29330 Southwest Quadrant	99,663	208,000	150	0	(208,000)	-100.0
29331 Rutgers Avenue Improvements	2,400	82,000	77,198	0	(82,000)	-100.0
29332 Intersection Improvements	109,170	145,000	125,000	0	(145,000)	-100.0
29333 Sidewalk Maintenance	112,610	48,000	23,000	0	(48,000)	-100.0
29306 Tennis Courts	29,300	0	5,000	0	0	0.0
29317 Recreation Facility ADA Improvements	22,701	20,000	20,000	20,000	0	0.0
29400 Recreation Master Plan	0	100,000	0	0	(100,000)	-100.0
Greenways:						
29404 Phase II	(11,873)	0	0	0	0	0.0
29492 Phase III	(5,282)	0	0	0	0	0.0
29493 Emory Valley Road Greenway	500	660,000	500	610,000	(50,000)	-7.6
29400 Misc. Recreation - Field Fencing	0	25,000	25,000	0	(25,000)	-100.0
29401 Scarboro Park - Playground Equipment	21,375	0	26,613	0	0	0.0
29403 Pinewood Park - Netting Replacement	0	20,000	20,000	0	(20,000)	-100.0
29405 Oak Ridge Marina Rowing Improvements	31,402	0	8,581	0	0	0.0
29408 A.K. Bissell Park - Handicap Parking Bell Site	2,005	0	33,135	0	0	0.0
29409 Big Turtle Park - Playground/Volley Ball Equip.	0	50,000	50,000	0	(50,000)	-100.0
29410 Briarcliff Park ADA	0	25,000	25,000	0	0	0.0
29411 Carl Yearwood Park - Fence/Bleacher Repair	0	30,000	30,000	0	(30,000)	-100.0
29415 Highland View Park - Misc. Improvements	0	25,000	25,000	0	(25,000)	-100.0
29418 Solway Park - Pier & Other Improvements	21,736	0	0	0	0	0.0
29312 Outdoor Pool - Youth Wading Pool	(2,083)	80,000	0	0	(80,000)	-100.0
29430 Indoor Pool Lighting/Resurfacing	2,506	30,000	43,000	0	(30,000)	-100.0
Total City Expenditures	<u>1,029,765</u>	<u>2,082,000</u>	<u>943,479</u>	<u>1,070,000</u>	<u>(987,000)</u>	<u>-47.4</u>
29999 Contingency	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>	<u>0.0</u>
TOTAL EXPENDITURES	<u>2,762,150</u>	<u>28,721,405</u>	<u>1,709,724</u>	<u>7,345,500</u>	<u>(21,375,905)</u>	<u>-74.4</u>

SCHEDULE XIV (Continued)
CAPITAL PROJECTS 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>
Excess (Deficiency) of Revenues Over Expenditures	(2,453,523)	(28,186,105)	(1,644,724)	(6,944,260)	21,241,845	75.4
<u>OTHER FINANCING SOURCES (USES):</u>						
Other Financing Sources and Transfers In:						
Long-Term Debt Proceeds	0	23,200,000	0	2,000,000	(21,200,000)	-91.4
Contingency Funding	0	2,000,000	0	2,000,000	0	0.0
General Fund	617,000	711,000	711,000	1,057,000	346,000	48.7
Transfers out:						
Debt Service Fund	(262,421)	0	0	(200,000)	(200,000)	100.0
Grant Fund	(1,831)	(363,250)	(255,345)	0	363,250	-100.0
Total Other Financing Sources (Uses)	<u>352,748</u>	<u>25,547,750</u>	<u>455,655</u>	<u>4,857,000</u>	<u>(20,690,750)</u>	<u>-81.0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(2,100,775)	(2,638,355)	(1,189,069)	(2,087,260)	551,095	-20.9
<u>FUND BALANCE - 7/1</u>	<u>6,040,314</u>	<u>5,753,874</u>	<u>3,939,539</u>	<u>2,750,470</u>	<u>(3,003,404)</u>	<u>-52.2</u>
<u>FUND BALANCE - 6/30</u>	<u>3,939,539</u>	<u>3,115,519</u>	<u>2,750,470</u>	<u>663,210</u>	<u>(2,452,309)</u>	<u>-78.7</u>

Electric Fund

Fund Overview:

The City is a TVA electric power distributor. Major activities include purchasing power from TVA and providing service to all residential and industrial customers within the city limits, excluding the DOE Reservation. The Electric Fund provides for the operation and maintenance of the electrical distribution system, the street lighting system and the traffic signal system. 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. 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. Historically, purchased power costs are about 76% to 79% of electric sales revenues.

Major Revenue Source:

Fiscal 2004 electric sales revenues are projected at \$39,910,460, a \$4,919,442 increase from 2003 projections due to a proposed rate increase by TVA.

Major Expenditure Areas:

Purchased power from TVA, projected at \$30,132,000 for fiscal 2004, accounts for 79.7 percent 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. Capital improvements were the major driver of the last 5% electric rate increase effective in May 2000. TVA generally reviews the City's electric rates on a biennial basis. The City must obtain authorization from TVA prior to adjusting electric rates charged to users by the City. The next rate increase is scheduled for the fall of 2003.

Page 77 of this document contains a listing of the \$6,102,500 in electric system capital projects planned for fiscal 2004. A more in-depth presentation of planned Electric Fund capital projects is located in the Capital Improvements Program 2004-2009 document. The City has an authorized draw loan through the TN-LOANS program to finance electric system capital improvements. Loan draws are made as expenditures occur. There is approximately \$1,152,652 million in funds remaining available for draw. Interest expense is incurred on the amount drawn. Interest expense is budgeted to decrease \$300,000 based on a restructuring of the Electric Fund debt in fiscal 2003.

Operating Transfers Out total \$145,904, a \$74,846 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:

TVA has proposed an 8.1% 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.

**SCHEDULE XV
ELECTRIC 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>						
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	862,525	1,040,000	1,010,000	1,090,800	50,800	4.9
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	162,088	160,000	160,000	160,000	0	0.0
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>
<u>OPERATING EXPENSES:</u>						
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	4,050,211	4,374,048	4,375,302	4,507,016	132,968	3.0
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
<u>NONOPERATING REVENUES (EXPENSES)</u>						
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	(633,341)	(1,200,000)	(600,000)	(900,000)	300,000	25.0
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
<u>OPERATING TRANSFERS</u>						
Operating Transfers Out	<u>(217,645)</u>	<u>(220,750)</u>	<u>(220,750)</u>	<u>(145,904)</u>	<u>74,846</u>	<u>33.9</u>
Net Income	2,102,504	846,220	1,625,433	1,670,540	824,320	97.4
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>22,299,992</u>	<u>4,416,636</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
NET EXPENDITURES & TRANSFERS³	32,545,648	34,544,048	35,396,917	38,699,016	4,154,968	12.0

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	5,000	5,000	-
Intersection Improvements	25,000	25,000	-
S. Illinois Ave Improvements (SR62)	520,000	-	-
State Route 95/58 Road Improvements	1,700,000	30,000	2,570,000
West End Electrical Development	500,000	100,000	400,000
Street Lighting Improvements	100,000	30,000	30,000
SCADA System	100,000	-	-
Facilities Expansion for New Loads and Services	600,000	600,000	600,000
Distribution System Improvements	530,000	530,000	350,000
Distribution Substation Improvements/Transformers	400,000	400,000	-
Underground Cable Replacement	-	-	750,000
Traffic Signal Improvements/Public & Private Lt Mtn	110,000	110,000	110,000
Transmission System Improvements	40,000	100,000	140,000
Routine Expansion, Maintenance, Replacement and Minor Additions (including Transformers)	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

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. Prior to May 1, 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 has 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.

Major Revenue Source:

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.

Major Expenditure Areas:

Operating expenses are projected to decrease \$39,390 or .5%. Approximately \$114,000 in reductions to budgeted expenses was made in the Waterworks Fund for fiscal 2004 as part of mandated cost reductions for all City operations. 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.

A listing of water capital improvements planned for fiscal 2004 totaling \$4,515,500 is located on page 82 of this document and wastewater capital projects totaling \$2,432,500 on page 85. A more in-depth presentation of planned Waterworks Fund capital projects is located in the Capital Improvements Program 2004-2009 document.

Operating Transfers Out totaled \$121,588, a \$62,378 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:

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%. Water rates remained unchanged due to the acquisition of the water plant and the resulting cost reduction to obtain treated water. The next rate review is scheduled for spring/summer 2004.

SCHEDULE XVI
WATERWORKS FUND
PROJECTED STATEMENT OF REVENUE AND EXPENSES

	ACTUAL 2002	BUDGET 2003	PROJECTED 2003	BUDGET 2004	BUDGET 04 vs 03	% CHANGE
<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)	(121,588)	62,378	-33.9
Net Income (Loss)	(180,341)	(950,989)	295,033	(230,702)	720,287	75.7
DEPRECIATION ON FIXED ASSETS ACQUIRED BY EPA AND DOE GRANT						
	1,065,004	1,065,004	0	0	(1,065,004)	100.0
Increase (Decrease) in Retained Earnings	884,663	114,015	295,033	(230,702)	(344,717)	-302.3
RETAINED EARNINGS - 7/1	<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>
RETAINED EARNINGS - 6/30	<u>9,655,323</u>	<u>8,633,755</u>	<u>9,950,356</u>	<u>9,719,654</u>	<u>1,085,899</u>	<u>12.6</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-
NET EXPENDITURES & TRANSFERS³	11,705,655	14,070,422	12,988,176	13,787,159	283,263-	2.0-

City of Oak Ridge, Tennessee
Activity Detail
Water Fund

00021 Water Fund

	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 Equivilents	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-
NET EXPENDITURES & TRANSFERS3	6,226,529	7,107,899	6,745,469	6,953,902	153,997-	2.2-

WATERWORKS FUND

WATER CAPITAL PROJECTS AND EQUIPMENT

	<u>BUDGET</u> <u>2003</u>	<u>PROJECTED</u> <u>2003</u>	<u>BUDGET</u> <u>2004</u>
<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	-	-
System Expansion	-	-	-
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	<u>\$ 5,362,500</u>	<u>\$ 1,820,000</u>	<u>\$ 4,407,500</u>
 <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
Utility Vehicle with Boom (replaces 332)	-		
Cab-Chassis, 4WD w/Utility Bed (replaces 333)	-		
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	<u>\$ 215,500</u>	<u>\$ 98,000</u>	<u>\$ 108,000</u>
 TOTAL CAPITAL PROJECTS & EQUIPMENT	<u>\$ 5,578,000</u>	<u>\$ 1,918,000</u>	<u>\$ 4,515,500</u>

City of Oak Ridge, Tennessee
Activity Detail
Wastewater Fund

00022 Wastewater Treatment Fund

	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
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	680,626	869,730	820,400	692,656	177,074-	20.4-
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 Equivilents	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-
NET EXPENDITURES & TRANSFERS³	5,479,124	6,962,523	6,242,707	6,833,257	129,266-	1.9-

WATERWORKS FUND

WASTEWATER TREATMENT CAPITAL PROJECTS AND EQUIPMENT

	<u>BUDGET</u> <u>2003</u>	<u>PROJECTED</u> <u>2003</u>	<u>BUDGET</u> <u>2004</u>
<u>CAPITAL PROJECTS:</u>			
Soccer Complex	\$ -	\$ -	\$ 15,000
Rutgers Ave at Manhattan Ave	35,000	-	35,000
West End Development-Rarity wwtp	2,500,000	500,000	500,000
SCADA System	200,000	-	-
Wastewater Treatment Plant Improvements			
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
	<u>\$5,170,000</u>	<u>\$1,865,000</u>	<u>\$2,420,000</u>
<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
	<u>\$ 8,000</u>	<u>\$ 12,000</u>	<u>\$ 12,500</u>
TOTAL CAPITAL PROJECTS & EQUIPMENT	<u>\$5,178,000</u>	<u>\$1,877,000</u>	<u>\$2,432,500</u>

Emergency Communications District (ECD) Fund

Fund Overview:

In 1987, Oak Ridge voters approved a referendum to establish an Emergency Communications District and purchase an enhanced 911 emergency communications system. By dialing 911, this system will automatically inform the emergency communications dispatcher of the calling party's name, telephone number, street address and any landmark information. In order to fund the system, Oak Ridge telephone users pay a monthly user fee as a part of their telephone bill.

Major Revenue Source:

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. The fiscal 2004 budget contains \$110,000 in funding for dispatcher salaries, shown as a cost recovery in General Fund activity 915, from these user fees.

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.

**SCHEDULE XVII
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
		RETAINED EARNINGS - 7/1	<u>273,756</u>	<u>197,909</u>	<u>197,824</u>	<u>183,179</u>	<u>(14,730)</u>	<u>-7.4</u>
		RETAINED EARNINGS - 6/30	<u>197,824</u>	<u>227,609</u>	<u>183,179</u>	<u>208,558</u>	<u>(19,051)</u>	<u>-8.4</u>

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. There is approximately 278 acres remaining acres available for sale and future 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. 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:

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 be sold for development.

SCHEDULE XVIII
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	(360,688)	(363,000)	(346,439)	(331,439)	31,561	-8.7
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
RETAINED EARNINGS DEFICIT - 7/1	<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>
RETAINED EARNINGS DEFICIT - 6/30	<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>

Internal Service Funds

Internal Service Funds are used to account for services provided by one department to other departments of the City on a cost-reimbursement basis. Rates for revenues are set by City staff in order for projected revenues to be equal to projected expenses. These Funds are presented merely to show an accumulation of the total cost of providing these services to the City. The budgets of these Funds are not legally appropriated. These Funds are not presented in Schedule I of this section as this would be a duplication of expenditures/expenses. The City currently maintains two Internal Service Funds outlined below:

Equipment Replacement Rental Fund (ERRF)

This Fund is used to accumulate resources for the future replacement of equipment utilized by Governmental Funds and by the work pool and to account for the maintenance of that equipment. This is accomplished in the form of an equipment use charge to the corresponding activity/Fund which utilizes the equipment. For example, the ERRF charges the General Fund Fire Department, Activity 923, for maintenance and rental (for future replacement) of fire fighting equipment (fire trucks, etc.). This is recorded in the General Fund as an equipment use charge. Equipment use charges include both the actual cost of providing maintenance of the equipment (fuel, material and labor) and depreciation charges on the equipment. The accumulation of the proceeds from the depreciation charges is used to fund the future replacement of assets serviced by the Fund (i.e. fire trucks, etc.). The cost of providing this service is recorded as an expenditure in both the applicable Fund (General Fund in this example) and in the ERRF for the actual maintenance cost and depreciation expense. Proceeds from equipment use charges to other Funds are recorded as revenues in the ERRF. Maintenance and depreciation expenses are budgeted at \$2,373,490 for fiscal 2004. Approximately \$37,870 in reductions to budgeted expenses was made in the ERRF for fiscal 2004 as part of mandated cost reductions for all City operations.

\$2,326,575 in long-term debt was issued in fiscal 1999 to purchase three fire pumpers and one ladder truck and year 2000 compliant mainframe computers and software. Debt service on this debt issuance will be funded by the ERRF. Interest payments are budgeted at \$50,000 for fiscal 2004. Revenues and existing cash levels of the ERRF should be sufficient to fund the annual debt service requirements for the purchase of this equipment; therefore, no impact for this debt is anticipated on the property tax rate. Budgeted interest expense declined by \$45,000 due to a restructuring of debt in fiscal 2003.

Equipment accounted for in this Fund is eligible for replacement review once it is fully depreciated. Each year the equipment shop staff in conjunction with the department reviews the physical state of the equipment to determine if it should be replaced or retained. Equipment replacement is based on the mechanical state of the equipment rather than depreciation status. Page 92 contains \$808,000 in equipment that will be eligible for replacement in fiscal 2004.

SCHEDULE XIX
EQUIPMENT REPLACEMENT RENTAL FUND
BUDGET SUMMARY

	<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>						
4466 Charges for Service	<u>1,765,134</u>	<u>2,154,215</u>	<u>2,093,700</u>	<u>2,093,260</u>	<u>(60,955)</u>	<u>-2.8</u>
<u>OPERATING EXPENSES:</u>						
5235 Routine Repair & Maintenance	1,324,850	1,582,060	1,522,225	1,568,490	(13,570)	-0.9
5460 Depreciation	<u>742,276</u>	<u>726,000</u>	<u>810,000</u>	<u>805,000</u>	<u>79,000</u>	<u>10.9</u>
Total Operating Expenses	<u>2,067,126</u>	<u>2,308,060</u>	<u>2,332,225</u>	<u>2,373,490</u>	<u>65,430</u>	<u>2.8</u>
Operating Income (Loss)	(301,992)	(153,845)	(238,525)	(280,230)	(126,385)	82.2
<u>NONOPERATING REVENUES/(EXPENSES):</u>						
4610 Net interest Income	20,496	30,000	24,000	30,000	0	0.0
4720 Gain/(Loss) on Sale of Assets	2,557	40,000	30,000	30,000	(10,000)	-25.0
4314 State of TN Trans. Grant	0	0	99,900	0	0	0.0
5439 Interest Expense	<u>(45,643)</u>	<u>(95,000)</u>	<u>(45,000)</u>	<u>(50,000)</u>	<u>45,000</u>	<u>-47.4</u>
Total Nonoperating Revenues (Expenses)	<u>(22,590)</u>	<u>(25,000)</u>	<u>108,900</u>	<u>10,000</u>	<u>35,000</u>	<u>-140.0</u>
Net Income (Loss)	(324,582)	(178,845)	(129,625)	(270,230)	(91,385)	51.1
<u>RETAINED EARNINGS - 7/1</u>	<u>1,914,980</u>	<u>1,610,427</u>	<u>1,590,398</u>	<u>1,460,773</u>	<u>(149,654)</u>	<u>-9.3</u>
<u>RETAINED EARNINGS - 6/30</u>	<u>1,590,398</u>	<u>1,431,582</u>	<u>1,460,773</u>	<u>1,190,543</u>	<u>(241,039)</u>	<u>-16.8</u>

EQUIPMENT REPLACEMENT RENTAL FUND EXPENSES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
Contractual Services						
5245 Maint. Of Fleet Equipment	1,109,084	1,385,900	1,317,250	1,358,460	-27,440	-2.0
5265 Maint. Of Office Equipment	<u>215,766</u>	<u>196,160</u>	<u>204,975</u>	<u>210,030</u>	<u>13,870</u>	<u>7.1</u>
Total Contractual Services	<u>1,324,850</u>	<u>1,582,060</u>	<u>1,522,225</u>	<u>1,568,490</u>	<u>-13,570</u>	<u>-0.9</u>
Other Charges						
5439 Interest Expenses	45,643	95,000	45,000	50,000	-45,000	-47.4
5460 Depreciation	<u>742,276</u>	<u>726,000</u>	<u>810,000</u>	<u>805,000</u>	<u>79,000</u>	<u>10.9</u>
Total Other Charges	<u>787,919</u>	<u>821,000</u>	<u>855,000</u>	<u>855,000</u>	<u>34,000</u>	<u>4.1</u>
TOTAL EQUIPMENT REPLACEMENT RENTAL FUND EXPENSES	<u><u>2,112,769</u></u>	<u><u>2,403,060</u></u>	<u><u>2,377,225</u></u>	<u><u>2,423,490</u></u>	<u><u>20,430</u></u>	<u><u>0.9</u></u>

**EQUIPMENT REPLACEMENT RENTAL FUND
CAPITAL EXPENDITURES**

The following equipment is fully depreciated and scheduled for replacement in **FY 2004**

ACTIVITY	ASSET NO.	DESCRIPTION	BUDGETED COST
910 Police Supervision	194	Ford Crown Victoria, 2000	\$ 21,000
913 Patrol	116	Jeep Grand Cherokee, 2000	21,000
	140,141,142,146	Ford Crown Victoria, 1997	84,000
	154	Ford Crown Victoria, 2000	21,000
	171	Ford Crown Victoria, 1999	21,000
916 Animal Control	9907	Crematory	30,000
	382	Dodge 1 Ton pickup, 1993 with Animal Control Unit	30,000
922 Fire Prevention	133	Jeep Cherokee, 1995	20,000
923 Fire Fighting	810	Power Rescue System	12,000
966 Code Enforcement	277	Ford Bronco, 1989	22,000
	283	Chevy S-10 Pickup, 1989	18,000
	285	Ford Bronco, 1990	22,000
	286	Ford Ranger Pickup, 1990	18,000
	289	Ford Ranger Pickup, 1990	18,000
970 Recreation Supervision	257	Dodge Ram 1/2 Ton Pickup, 1987	18,000
976 Parks	251	GMC Sierra 3/4 Ton Pickup, 1990	23,000
	297	Ford F250 3/4 Ton Pickup, 1992	23,000
	299	GMC Sierra 4x4 Truck, 1994	23,000
		Items Less Than \$5,000 ea.	20,000
11951 Equipment Shop	269	GMC 3/4 Ton Pickup, 1988	23,000
	887	Engine Analyzer, 1992	40,000
		Items Less Than \$5,000	5,000
21941 Work Pool	663	Ford Tractor, w/6' Mower	20,000
		Items Less Than \$5,000	20,000
024 Golf Course Fund		Various Equipment	30,000
845		DeskTop Computers & Printers	80,000
		GIS Equipment, Software & Installation	75,000
		Records Management System	50,000
TOTAL			\$ 808,000

Insurance Fund

This Fund is used to ensure that adequate funds are available to pay for insurance coverage for City employees and property. The City currently purchases insurance with relatively high deductibles or stop loss levels for worker's compensation, liability and property damage. The City is self-insured for the employee dental reimbursement program and unemployment compensation. On August 1, 1996, the City converted to a Group Hospitalization plan under which employee medical claims were funded entirely through insurance premiums. Contributions by employees and retirees fund a portion of costs for medical insurance premiums.

Fiscal 2004 revenues are projected to increase by \$730,069 or 27.6% primarily due to charges for services to other City funds and for increased charges to employees for medical insurance cost. The proposed budget is built based on the City's payment toward employee medical insurance premiums being revised as follows. The City will fund 85% of the highest single premium and 70% of the highest family premium. The increased cost to employees ranges from \$17.18 to \$37.58 per pay period depending on the employee's type of coverage. Operating expenses are projected to increase by \$713,000 or 26.4%, primarily for employee medical insurance premiums which increased 30% January 1, 2003. Medical insurance premiums are expected to increase by another 20% effective January 1, 2004.

SCHEDULE XX
INSURANCE FUND
BUDGET SUMMARY

	<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>						
4400 Charges for Service	<u>2,137,472</u>	<u>2,648,220</u>	<u>2,814,783</u>	<u>3,378,289</u>	<u>730,069</u>	<u>27.6</u>
<u>OPERATING EXPENSES:</u>						
5160 Medical Insurance	1,746,016	2,162,075	2,266,153	2,806,120	644,045	29.8
5175 Workers Compensation	272,650	236,935	236,276	249,000	12,065	5.1
5200 Contractual Services	0	1,500	13,700	13,700	12,200	813.3
5400 Other Insurance	<u>270,549</u>	<u>297,710</u>	<u>333,750</u>	<u>342,400</u>	<u>44,690</u>	<u>15.0</u>
Total Operating Expenses	<u>2,289,215</u>	<u>2,698,220</u>	<u>2,849,879</u>	<u>3,411,220</u>	<u>713,000</u>	<u>26.4</u>
Operating Income (Loss)	(151,743)	(50,000)	(35,096)	(32,931)	17,069	-34.1
<u>NONOPERATING REVENUES:</u>						
4610 Interest Income	<u>15,755</u>	<u>50,000</u>	<u>15,000</u>	<u>22,500</u>	<u>(27,500)</u>	<u>-55.0</u>
Net Income (Loss)	(135,988)	0	(20,096)	(10,431)	(10,431)	-100.0
<u>RETAINED EARNINGS - 7/1</u>	<u>607,218</u>	<u>546,159</u>	<u>471,230</u>	<u>451,134</u>	<u>(95,025)</u>	<u>-17.4</u>
<u>RETAINED EARNINGS - 6/30</u>	<u>471,230</u>	<u>546,159</u>	<u>451,134</u>	<u>440,703</u>	<u>(105,456)</u>	<u>-19.3</u>

INSURANCE FUND EXPENDITURES	ACTUAL FY 2002	BUDGET FY 2003	PROJECTED FY 2003	BUDGET FY 2004	BUDGET 04 vs 03	% CHANGE
PERSONAL SERVICES						
5161 Employee Medical Insurance	1,579,455	1,982,075	2,095,253	2,633,120	651,045	32.8
5162 Dental/Vision Reimbursement Program	111,028	115,000	115,000	115,000	0	0.0
5163 Long Term Disability Premium	55,533	65,000	55,900	58,000	-7,000	-10.8
5175 Workers' Compensation	<u>272,650</u>	<u>236,935</u>	<u>236,276</u>	<u>249,000</u>	<u>12,065</u>	<u>5.1</u>
Total Personal Services	2,018,666	2,399,010	2,502,429	3,055,120	656,110	27.3
CONTRACTUAL SERVICES						
5210 Professional & Cont. Services	0	1,500	13,700	13,700	12,200	813.3
OTHER CHARGES						
5411 Insurance - Liability	177,588	192,000	219,933	225,300	33,300	17.3
5412 Insurance - Property	84,387	88,610	98,617	102,000	13,390	15.1
5413 Surety Bonds	2,147	2,000	2,200	2,000	0	0.0
5415 Other Insurance	4,000	10,500	10,500	10,500	0	0.0
5416 Unemployment Compensation	<u>2,427</u>	<u>4,600</u>	<u>2,500</u>	<u>2,600</u>	<u>-2,000</u>	<u>-43.5</u>
Total Other Charges	270,549	297,710	333,750	342,400	44,690	15.0
TOTAL INSURANCE FUND EXPENSES	<u>2,289,215</u>	<u>2,698,220</u>	<u>2,849,879</u>	<u>3,411,220</u>	<u>713,000</u>	<u>26.4</u>