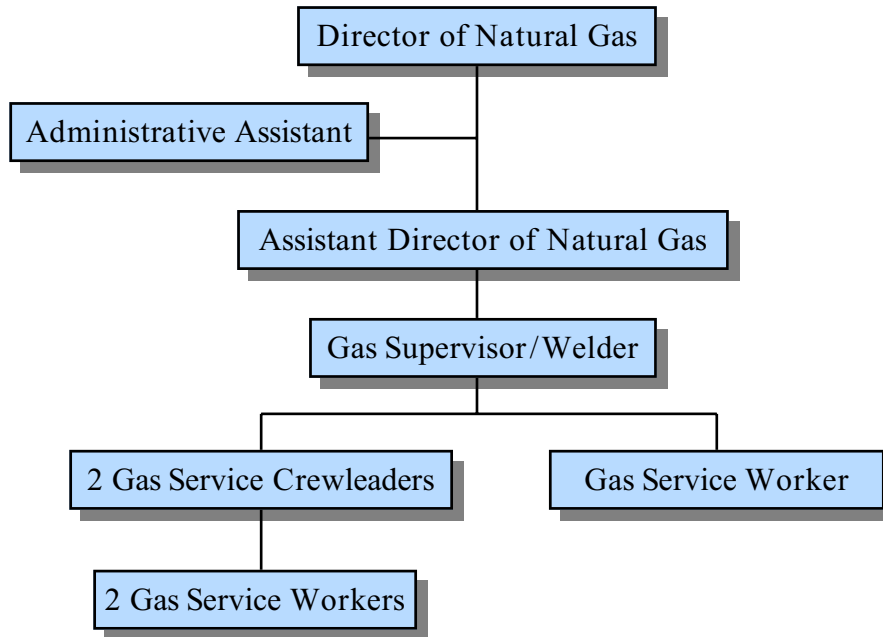


**NATURAL GAS DEPARTMENT**



NATURAL GAS FUND

This fund is used to account for the receipts and disbursements to finance the Natural Gas Department. The department is responsible for operating the City's natural gas distribution system. The City purchases its gas wholesale, then sells it retail to its industrial, commercial and residential customers. The natural gas industry was fully de-regulated by Congress in 1988, and the Federal Energy Regulatory Commission has implemented policies since then to encourage open competition for gas supply. Since de-regulation, local distribution companies such as the City have had to join with other buyers to get the best possible price in what can be a highly volatile gas supply market. The City is a member of the Municipal Gas Authority of Georgia (MGAG), which is a joint agency established by the State of Georgia to assist municipal gas systems. MGAG negotiates contracts for gas supply, and also can hedge those prices using the commodities market, in an attempt to meet our customers' demand for gas at the lowest price.

The City uses a flexible gas rate, so that it can receive a realistic margin on each therm it sells. The margin is added to the base rate, which is the wholesale price of gas for the month. In this way, the City charges what it needs to pay the personnel, maintain the system, and expand the system, in addition to buying the gas. Unlike private gas companies that must pay property and income taxes, as well as distributions to shareholders, the City is tax-exempt and our citizens are the shareholders. Therefore, all net income is either put back into the system, or transferred to the General Fund in order to reduce the need for property taxes to support other City operations. Either way, our citizens and customers are the beneficiaries.

The City has begun a much more aggressive program of system expansion in recent years. A major line and distribution lines were installed in the City of Metter in the last six years after a franchise agreement was negotiated with the City of Metter. It is critical that this system be expanded in order to provide service to additional customers; and also because it is a source of revenue for the General Fund, thereby helping keep property taxes lower than they would be without this utility. The City is able to do this, and still have lower rates than the surrounding investor-owned gas utilities for the reasons cited above.

A summary of the six-year Capital Improvements Program for the Natural Gas Fund is included at the end of this section. The complete Capital Improvements Program is a separate document, and contains more detailed information on each project.

**EXPENSES SUMMARY**

	FY 2006 Actual	FY 2007 Budgeted	FY 2008 Proposed	Percentage Increase
Personal Services/Benefits	\$ 323,980	\$ 378,483	\$ 402,135	6.25%
Purchase/Contract Services	\$ 109,851	\$ 119,830	\$ 111,312	-7.11%
Supplies	\$ 6,254,128	\$ 6,573,153	\$ 5,112,215	-22.23%
Capital Outlay (Minor)	\$ 7,377	\$ 18,500	\$ 13,150	-28.92%
Interfund Dept. Charges	\$ 64,568	\$ 68,008	\$ 115,348	69.61%
Depreciation	\$ 159,232	\$ 158,341	\$ 151,240	-4.48%
Other Costs	\$ 501,694	\$ 671,293	\$ 555,332	-17.27%
Non-Operating Expenses	\$ 1,156,324	\$ 1,327,004	\$ 921,821	-30.53%
<b>Total Expenses</b>	<b>\$ 8,577,154</b>	<b>\$ 9,314,612</b>	<b>\$ 7,382,553</b>	<b>-20.74%</b>

**PERFORMANCE MEASURES**

	FY 2006 Actual	FY 2007 Estimated	FY 2008 Projected
Number of Statesboro residential customers	1,626	1,620	1,615
Number of Metter residential customers	47	47	49
Number of Statesboro commercial customers	496	506	510
Number of Metter commercial customers	30	31	32
Number of Statesboro industrial customers	2	2	2
Number of Metter industrial customers	1	1	1
Thousand Cubic Feet (mcf) of gas purchased from MGAG	525,145	545,165	553,730
Thousand Cubic Feet (mcf) of gas sold	540,668	545,165	553,730
Percentage of gas lost due to leakage, transportation & other	0%	0%	0%
Number of gas leaks repaired	9	10	10
Number of manhours lost due to job-related injury	0	0	0
Total miles of main	136	138	140
Total number of gas services	3,687	3,715	3,730
Dollar amount of fixed assets (net of depreciation) at FY end	\$3,128,956	\$3,200,000	\$3,270,000
Long-term debt outstanding at FY end	\$847,204	\$723,603	\$600,002
Long-term debt outstanding as a % of fixed assets at FY end	27%	23%	18%
Long-term debt outstanding per capita at FY end	\$34.58	\$29.53	\$24.49
Natural Gas System Annual Debt Service Payments (P & I)	\$123,601	\$123,601	\$123,601
Net Income for FY	(\$381,629)	(\$195,387)	\$264,238
Ratio of Natural Gas System Net Income to Annual Debt Service Payments (P & I)	-309%	-158%	214%
Number of FTE employees	8.5	8.5	8.5
Net Income (Loss) per FTE employee	(\$44,897.53)	(\$22,986.71)	\$31,086.82

**FUND 515 - NATURAL GAS FUND**

**DEPT - 4700 - GAS**

<b>Account Number</b>	<b>Account Description or Title</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Budget</b>	<b>FY 2008 Recommended</b>
<b>OPERATING REVENUES:</b>				
<b>CHARGES FOR SERVICES</b>				
34.4411	Residential NG Charges	\$ 937,175	\$ 1,185,000	\$ 961,100
34.4412	Metter Residential NG Charges	\$ 30,204	\$ 29,000	\$ 25,000
34.4421	Commercial NG Charges	\$ 2,877,702	\$ 3,278,000	\$ 2,699,134
34.4422	Metter Commercial NG Charges	\$ 162,230	\$ 144,000	\$ 120,000
34.4431	HLF Firm Industrial NG Charges	\$ 540,844	\$ 463,894	\$ 450,673
34.4432	Metter HLF Firm Ind. NG Charges	\$ 80,951	\$ 105,000	\$ 75,000
34.4441	Interruptible Ind. NG Charges	\$ 2,744,463	\$ 2,922,000	\$ 2,440,906
34.4442	Metter Interruptible Ind. NG Charges	\$ 52,315	\$ 56,000	\$ 50,734
34.4451	Sales Tax	\$ 394,773	\$ 573,400	\$ 479,213
34.4452	Franchise Tax - Metter	\$ 7,536	\$ 13,000	\$ 10,000
34.4461	Transportation Fees	\$ 12,007	\$ 7,100	\$ 10,000
34.4471	Gas Service Fees	\$ 2,210	\$ 2,200	\$ 2,500
34.4400	<i>Sub-total: Natural Gas Charges</i>	\$ 7,842,409	\$ 8,778,594	\$ 7,324,260
34.6911	Gas Tap Fees	\$ 1,095	\$ 1,500	\$ 3,000
34.6912	Metter Gas Tap Fees	\$ -	\$ 100	\$ 100
34.6921	Late Payment Penalties and Interest	\$ 49,175	\$ 53,000	\$ 45,000
34.6931	Reconnection Fees	\$ 2,095	\$ 2,600	\$ 2,000
34.6900	<i>Sub-total: Other Fees</i>	\$ 52,365	\$ 57,200	\$ 50,100
34.0000	<b>TOTAL CHARGES FOR SERVICES</b>	\$ 7,894,775	\$ 8,835,794	\$ 7,374,360
<b>TOTAL OPERATING REVENUES</b>		<b>\$ 7,894,775</b>	<b>\$ 8,835,794</b>	<b>\$ 7,374,360</b>
<b>OPERATING EXPENSES:</b>				
<b>PERSONAL SERVICES/BENEFITS</b>				
51	PERSONAL SERVICES/BENEFITS			
51.1101	Regular Employees	\$ 271,886	\$ 322,745	\$ 341,253
51.1301	Overtime	\$ 14,427	\$ 9,877	\$ 9,877
51.1000	<i>Sub-total: Salaries and Wages</i>	\$ 286,313	\$ 332,622	\$ 351,130
51.2201	Social Security (FICA) Contributions	\$ 19,778	\$ 23,546	\$ 26,861
51.2401	Retirement Contributions	\$ 13,688	\$ 16,631	\$ 21,068
51.2701	Workers Compensation	\$ 3,975	\$ 5,494	\$ 3,076
51.2902	Employee Drug Screening Tests	\$ 206	\$ 150	\$ -
51.2903	Hepatitis/Flu Vaccine	\$ 20	\$ 40	\$ -
51.2000	<i>Sub-total: Employee Benefits</i>	\$ 37,667	\$ 45,861	\$ 51,005
51.0000	<b>TOTAL PERSONAL SERVICES</b>	\$ 323,980	\$ 378,483	\$ 402,135
<b>PURCHASE/CONTRACT SERVICES</b>				
52	PURCHASE/CONTRACT SERVICES			
52.1201	Legal Fees	\$ -	\$ 400	\$ 400
52.1202	Engineering Fees	\$ 5,160	\$ 5,400	\$ 5,400
52.1000	<i>Sub-total: Prof. and Tech. Services</i>	\$ 5,160	\$ 5,800	\$ 5,800
52.2201	Rep. and Maint. (Equipment)	\$ 18,377	\$ 13,000	\$ 13,000
52.2202	Rep. and Maint. (Vehicles-Parts)	\$ 8,966	\$ 9,000	\$ 7,500
52.2203	Rep. and Maint. (Labor)	\$ 17,689	\$ 17,380	\$ 17,500
52.2204	Rep. and Maint. (Buildings/Grounds)	\$ 2,502	\$ 2,500	\$ 2,500
52.2205	Rep. and Maint. (Office Equipment)	\$ 142	\$ 500	\$ 500

**CITY OF STATESBORO**

**FUND 515 - NATURAL GAS FUND**

**DEPT - 4700 - GAS**

<b>Account Number</b>	<b>Account Description or Title</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Budget</b>	<b>FY 2008 Recommended</b>
52.2206	Rep. And Maint. (Other Equipment)	\$ 132	\$ 300	\$ 300
52.2320	Rentals	\$ 2,394	\$ 5,700	\$ 4,000
52.2000	<i>Sub-total: Property Services</i>	\$ 50,203	\$ 48,380	\$ 45,300
52.3101	Insurance, Other than Benefits	\$ 22,961	\$ 25,000	\$ 24,262
52.3201	Telephone	\$ 1,894	\$ 2,000	\$ 2,500
52.3203	Cell Phones	\$ 4,352	\$ 4,500	\$ 4,500
52.3206	Postage	\$ 127	\$ 200	\$ 150
52.3301	Advertising	\$ 1,488	\$ 4,400	\$ 3,000
52.3401	Printing and Binding	\$ -	\$ 1,000	\$ 1,000
52.3501	Travel	\$ 8,434	\$ 8,400	\$ 8,400
52.3601	Dues and Fees	\$ 1,953	\$ 2,900	\$ 2,450
52.3701	Education and Training	\$ 765	\$ 3,000	\$ 2,000
52.3851	Contract Labor	\$ 7,462	\$ 7,500	\$ 5,000
52.3911	Other-Inspections	\$ 5,053	\$ 6,750	\$ 6,950
52.3000	<i>Sub-total: Other Purchased Services</i>	\$ 54,489	\$ 65,650	\$ 60,212
52.0000	<b>TOTAL PURCHASED SERVICES</b>	\$ 109,851	\$ 119,830	\$ 111,312
53	<b>SUPPLIES</b>			
53.1101	Office Supplies	\$ 1,020	\$ 1,350	\$ 1,350
53.1102	Gas System Parts and Materials	\$ 40,621	\$ 40,000	\$ 40,000
53.1103	Chemicals	\$ 501	\$ 6,000	\$ 6,000
53.1104	Janitorial Supplies	\$ 178	\$ 500	\$ 500
53.1105	Uniforms	\$ 4,907	\$ 4,800	\$ 4,800
53.1106	General Supplies and Materials	\$ 961	\$ 700	\$ 700
53.1115	Gas System Meters and Repair Parts	\$ 4,869	\$ 34,000	\$ 34,000
53.1230	Electricity	\$ 7,121	\$ 8,000	\$ 8,000
53.1270	Gasoline/Diesel	\$ 18,675	\$ 17,000	\$ 17,000
53.1301	Food	\$ 334	\$ 400	\$ 400
53.1401	Books and Periodicals	\$ 200	\$ 120	\$ 265
53.1521	Natural Gas Purchased	\$ 6,170,321	\$ 6,456,083	\$ 4,995,000
53.1601	Small Tools and Equipment	\$ 4,420	\$ 4,200	\$ 4,200
53.0000	<b>TOTAL SUPPLIES</b>	\$ 6,254,128	\$ 6,573,153	\$ 5,112,215
54	<b>CAPITAL OUTLAY (MINOR)</b>			
54.2301	Furniture and fixtures	\$ -	\$ 3,000	\$ 750
54.2401	Computers	\$ 1,339	\$ 1,500	\$ 1,600
54.2501	Other	\$ 6,039	\$ 14,000	\$ 10,800
54.0000	<b>TOTAL CAPITAL OUTLAY (MINOR)</b>	\$ 7,377	\$ 18,500	\$ 13,150
55	<b>INTERFUND/DEPT. CHARGES</b>			
55.1001	Indirect Cost for Meter Reader	\$ -	\$ -	\$ 46,954
55.2401	Self-funded Insurance (Medical)	\$ 63,496	\$ 66,808	\$ 65,976
55.2402	Life and Disability	\$ 1,072	\$ 1,200	\$ 2,418
55.0000	<b>TOTAL INTERFUND/INTERDEP'T.</b>	\$ 64,568	\$ 68,008	\$ 115,348
56	<b>DEPRECIATION &amp; AMORTIZATION</b>			
56.1001	Depreciation	\$ 159,232	\$ 158,341	\$ 151,240
56.0000	<b>TOTAL DEPREC. AND AMORT.</b>	\$ 159,232	\$ 158,341	\$ 151,240

**CITY OF STATESBORO**

**FUND 515 - NATURAL GAS FUND**

**DEPT - 4700 - GAS**

<b>Account Number</b>	<b>Account Description or Title</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Budget</b>	<b>FY 2008 Recommended</b>
57	OTHER COSTS			
57.1101	Screven County Property Taxes	\$ 619	\$ 619	\$ 619
57.1201	State Sales Taxes	\$ 424,241	\$ 573,424	\$ 479,213
57.1202	Franchise Fees - Metter	\$ 7,059	\$ 13,000	\$ 10,000
57.3202	Customer Assistance Program	\$ 37,822	\$ 49,000	\$ 41,250
57.3203	Cust. Assist. Prog. Grant	\$ 3,436	\$ 6,000	\$ -
57.3300	Solid Waste Disposal Fees	\$ 101	\$ 250	\$ 250
57.3401	Miscellaneous Expenses	\$ 608	\$ 500	\$ 500
57.4001	Bad Debts	\$ 26,283	\$ 27,000	\$ 22,000
57.4101	Collection Costs	\$ 1,526	\$ 1,500	\$ 1,500
57.0000	TOTAL OTHER COSTS	\$ 501,694	\$ 671,293	\$ 555,332
<b>TOTAL OPERATING EXPENSES</b>		<b>\$ 7,420,830</b>	<b>\$ 7,987,608</b>	<b>\$ 6,460,732</b>
<b>OPERATING INCOME</b>		<b>\$ 473,945</b>	<b>\$ 848,186</b>	<b>\$ 913,628</b>
<b>NON-OPERATING REVENUES</b>				
INVESTMENT INCOME				
36.1001	Interest Income	\$ 59,064	\$ 60,000	\$ 40,000
36.0000	TOTAL INVESTMENT INCOME	\$ 59,064	\$ 60,000	\$ 40,000
MISCELLANEOUS REVENUE				
38.9002	SONAT Marketing Refund	\$ -	\$ 4,800	\$ 4,800
38.9003	MGAG Portfolio Refund	\$ 187,722	\$ 165,000	\$ 180,000
38.9004	C.A.P. Reimbursement	\$ 1,660	\$ 6,000	\$ -
38.9010	Miscellaneous Income	\$ 2,909	\$ 2,500	\$ 2,500
38.9020	Sale of Pipe	\$ 307	\$ -	\$ -
38.9055	MGAG Contrib. From County	\$ 45,131	\$ 45,131	\$ 45,131
38.0000	TOTAL MISCELLANEOUS	\$ 237,728	\$ 223,431	\$ 232,431
OTHER FINANCING SOURCES				
39.2200	Sale of Assets	\$ 3,958	\$ -	\$ -
39.0000	TOTAL OTHER FINANCING SOURCES	\$ 3,958	\$ -	\$ -
<b>TOTAL NON-OPERATING REVENUE</b>		<b>\$ 300,750</b>	<b>\$ 283,431</b>	<b>\$ 272,431</b>
<b>NON-OPERATING EXPENSES</b>				
58.2301	Other Debt (MGAG loans)	\$ 20,459	\$ 14,566	\$ 10,017
58.2302	One Georgia Loan Interest	\$ 12,865	\$ 12,438	\$ 11,804
61.1001	Transfer to General Fund	\$ 860,000	\$ 850,000	\$ 900,000
61.1003	Transfer to CIP for Police Station	\$ 263,000	\$ 450,000	\$ -
<b>TOTAL NON-OPERATING EXPENSE</b>		<b>\$ 1,156,324</b>	<b>\$ 1,327,004</b>	<b>\$ 921,821</b>
<b>NET INCOME</b>		<b>\$ (381,629)</b>	<b>\$ (195,387)</b>	<b>\$ 264,238</b>

BUDGETED CASH FLOW STATEMENT	
	BUDGETED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Income (loss)	\$ 913,628.00
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	\$ 151,240.00
Amortization	
Loss (gain) on sale of assets	
(Increase) decrease in operating assets:	
Accounts receivable	
Unbilled accounts receivable	
Interest receivable	
Intergovernmental receivable	
Other receivables	
Due from General Fund	
Other assets (Inventory)	
Increase (decrease) in operating liabilities:	
Accounts payable	
Accrued payroll	
Accrued interest payable	
Compensated absences payable	
Sales tax payable	
Due to other funds	
Due to other governments	
Customer deposits	
Net cash provided (used) by operating activities	\$ 1,064,868.00
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Operating transfers in (out) to the CIP Fund for the Police Station	
Operating transfers in (out) to the General Fund	\$ (900,000.00)
Net cash provided (used) by noncapital financing activities	\$ (900,000.00)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>	
Acquisition and construction of fixed assets:	
Equipment	
Construction Work in Progress	
NGD-11 System Expansion Projects: 6 Miles of 4"	\$ (123,040.00)
NGD-12 3/4 Ton Truck	\$ (27,000.00)
NGD-17 GA 67, Langston Chapel, Cawana Expansion	
NGD-21 New Industrial Park Lines	
NGD-39 Retail Appliance Store and Service Department	
NGD-40 US 301 North Bridge Crossing Replacement	
NGD-41 1/2 Ton Pickup Truck	\$ (20,000.00)
NGD-43 Corrosion Abatement Program	\$ (19,000.00)
Proceeds from long-term borrowing	

BUDGETED CASH FLOW STATEMENT	
	BUDGETED
Proceeds from leases	
Proceeds from sale of assets	
Principal payments on notes payable: Briggs and Stratton	\$ (80,248.00)
Principal payments: Metter Project - One Georgia	\$ (21,534.00)
Principal payments on capital leases	
Interest payments	\$ (21,821.00)
Amortization of bond issue cost	
Capital contributions	
Contributed capital: Intergovernmental	
Net cash used by capital and related financing activities	\$ (312,643.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	\$ 40,000.00
Miscellaneous Revenue	\$ 187,300.00
Bulloch County Contribution for Briggs and Stratton Line Debt Service	\$ 45,131.00
Net cash provided by investing activities	\$ 272,431.00
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ 124,656.00</b>
<b>ESTIMATED CASH AT JUNE 30, 2006</b>	<b>\$ 260,049.00</b>
<b>PROJECTED CASH AT JUNE 30, 2007</b>	<b>\$ 384,705.00</b>

SUMMARY OF PROJECTS BY FISCAL YEAR:  
NATURAL GAS FUND

Project Number	Project	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	TOTALS
NGD-8	Highway 301 North Widening (GDOT)			\$ 1,715,000				\$ 1,715,000
NGD-10	Highway 301 North River Crossing			\$ 450,000				\$ 450,000
NGD-11	System Expansion Projects: 6 Miles of 4"	\$ 123,040	\$ 246,080					\$ 369,120
NGD-12	3/4 ton truck	\$ 27,000						\$ 27,000
NGD-13	Brooklet Project							Not funded
NGD-15	System Expansion Projects				\$ 246,080	\$ 123,040	\$ 123,040	\$ 492,160
NGD-19	Heavy Duty Service Truck			\$ 70,000	\$ 38,500			\$ 38,500
NGD-30	Crew Truck & Air Compressor, Gen., Welder							\$ 70,000
NGD-37	1/2-Ton Pickup Truck				\$ 15,600			\$ 15,600
NGD-38	F450 Service Truck Replacement					38500		\$ 38,500
NGD-41	1/2 Ton Pickup Truck	\$ 20,000						\$ 20,000
NGD-42	400' x 30' Equipment Shelter at Hill Street (Look at joint warehousing instead)		\$ 80,000					\$ 80,000
NGD-43	Corrosion Abatement Program	\$ 19,000						\$ 19,000
	Proposed Uses of Cash	\$ 189,040	\$ 326,080	\$ 2,235,000	\$ 300,180	\$ 161,540	\$ 123,040	\$ 3,334,880
	Transfer to CIP Fund for Police Station							\$ -
	Total Proposed Uses of Cash	\$ 189,040	\$ 326,080	\$ 2,235,000	\$ 300,180	\$ 161,540	\$ 123,040	\$ 3,334,880
	Existing Uses of Cash							
	Debt Service: MGAG Loan for B & S Line	\$ 90,265	\$ 90,265	\$ 43,015				\$ 223,545
	Debt Service: One Georgia Loan: NGD-1	\$ 33,338	\$ 33,338	\$ 33,338	\$ 33,338	\$ 33,338	\$ 33,338	\$ 200,028
	Transfers to General Fund	\$ 900,000	\$ 900,000	\$ 950,000	\$ 950,000	\$ 1,000,000	\$ 1,000,000	\$ 5,700,000
	<b>Total Uses of Cash</b>	<b>\$ 1,212,643</b>	<b>\$ 1,349,683</b>	<b>\$ 3,261,353</b>	<b>\$ 1,283,518</b>	<b>\$ 1,194,878</b>	<b>\$ 1,156,378</b>	<b>\$ 9,458,453</b>
	<b>Sources of Cash</b>							
	Operating Income	\$ 913,628	\$ 913,628	\$ 913,628	\$ 913,628	\$ 913,628	\$ 913,628	\$ 5,481,768
	Additional Operating Income: Expansions		\$ 20,000	\$ 40,000	\$ 60,000	\$ 80,000	\$ 100,000	\$ 300,000
	Non-operating Income	\$ 227,300	\$ 227,300	\$ 227,300	\$ 227,300	\$ 227,300	\$ 227,300	\$ 1,363,800
	Contribution from Bulloch County	\$ 45,131	\$ 45,132	\$ 22,566				\$ 112,829
	Depreciation	\$ 151,240	\$ 151,240	\$ 151,240	\$ 151,240	\$ 151,240	\$ 151,240	\$ 907,440
	Loan Proceeds							\$ -
	Other Grants (GDOT)			\$ 1,715,000				\$ 1,715,000
	Project Reimbursements from the CIP Fund							\$ -
	<b>Total Sources of Cash</b>	<b>\$ 1,337,299</b>	<b>\$ 1,357,300</b>	<b>\$ 3,069,734</b>	<b>\$ 1,352,168</b>	<b>\$ 1,372,168</b>	<b>\$ 1,392,168</b>	<b>\$ 9,880,837</b>
	<b>Increase (decrease) in Cash</b>	<b>\$ 124,656</b>	<b>\$ 7,617</b>	<b>\$ (191,619)</b>	<b>\$ 68,650</b>	<b>\$ 177,290</b>	<b>\$ 235,790</b>	<b>\$ 422,384</b>