

CITY OF OAK RIDGE, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2002

Prepared by
FINANCE DEPARTMENT

Janice E. McGinnis, Finance Administrator



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TENNESSEE

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December 30, 2002

Honorable Mayor,
Members of City Council and
Citizens of the City of Oak Ridge, Tennessee

The Comprehensive Annual Financial Report of the City of Oak Ridge, Tennessee for the fiscal year ended June 30, 2002, has been prepared by the Finance Department and is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a full understanding of the significant aspects of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections - Introductory, Financial, and Statistical:

- 1) The Introductory Section includes an overview of the City's economic condition and major initiatives, the organizational structure of the City, and the City's accounting and budgeting systems. This section also presents summarized financial information about the City; including an analysis of the operations of general government and an overview of enterprise activities, a list of principal officials, and information on government financial reporting achievements.
- 2) The Financial Section includes the audited financial statements and schedules of the City, as well as the auditor's report on the financial statements and schedules. The Financial Section is presented in accordance with the financial reporting pyramid set forth by the National Council on Governmental Accounting and adopted by the Governmental Accounting Standards Board. The combined statements in this section present an overview of the City's entire financial operations. Individual Fund and Account Group Statements and Schedules are presented, along with Combining Statements. Individual Statements present prior year and/or budgetary comparisons for each of the individual funds and account groups in the City. The schedules provide certain other information and additional details of data summarized in the financial statements.
- 3) The Statistical Section includes selected historical financial data, insurance schedules, debt statistics, and miscellaneous economic and social data. The selected data is generally presented on a multi-year basis.

The City of Oak Ridge is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of state and federal financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings is included in a separately issued single audit report.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds and account groups of the City, as well as all of its component units. The operations and accounts of the Oak Ridge Schools are presented as part of the primary government. The City provides a wide range of services including public safety, education, refuse collection, parks-recreation, a public library, street maintenance, public improvements, planning and zoning, economic development and general administrative services. The City also provides electric, water treatment and distribution and wastewater collection and treatment services.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. The City currently has no blended component units. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Oak Ridge Convention and Visitors' Bureau is reported as a discretely presented component unit.

ECONOMIC CONDITION AND OUTLOOK

During fiscal 2002, a slight increase in economic growth and development occurred in the City of Oak Ridge. Announcements and completions were experienced in the industrial, residential, and commercial sectors as the City continued to capitalize upon its attractiveness as a place to live, work, and raise a family.

Local sales tax collections increased by \$640,541 or 10.8% over the prior fiscal year. Collections in the Anderson County portion of Oak Ridge increased by \$578,732, primarily related to the opening of a 108,000 square-foot Home Depot in late February 2001, expansion of the Wal-Mart to a super center in June 2001 and the modernization efforts at the US Department of Energy's (DOE) Y-12 plant. The Home Depot store is to employ approximately 150 people and the company had estimated it's first year sales at \$20 million with \$225,000 in projected annual sales tax revenues to the City. There are five attractive parcels abutting the Home Depot site that have been purchased by H&C Oak Ridge, L.P. for future retail development. Wal-Mart completed a \$7 million expansion and renovation to the exiting store with projected sale increases of \$30 million annually at this store, which would result in an additional \$300,000 in sales tax revenues to the City. The Y-12 facility is in the initial stages of a major modernization program. The City receives use tax collections on materials purchased for this program. Projects include a \$250 million Highly Enriched Uranium Material Facility that will be constructed from 2005 to 2008.

Local sales tax collections in the Roane County portion of Oak Ridge increased \$61,782 over the prior fiscal year. The collections in Roane County are primarily from use tax collections from federal contractors at DOE's K-25 plant and the Oak Ridge National Laboratory (ORNL). Collections had declined approximately \$440,000 annually for the past two years due to changes in the structure of the federal contractors at DOE's facilities. ORNL is in the initial stages of a \$300 million modernization effort that will provide increased use tax collections during the construction period. Projects include construction of a new \$54 million private sector funded three-story complex to house a new supercomputer capable of 10

trillion calculations per second and engineering technology and research facilities. The facility will house the Fusion Energy Division that will conduct a new fusion energy experiment, the Quasi-Poloidal Stellarator. Other federal and state funded projects at the Lab include facilities for biological and neutron sciences in addition to parking and utilities upgrades.

ORNL's efforts in advanced materials, robotics, environmental science, information sciences and management, and energy management are world renown. A proactive program to transfer these technologies to the private sector continues to create new business opportunities and to draw entrepreneurs to the Oak Ridge area. Licenses have been granted to existing firms as well as start-up firms to manufacture commercial products using state-of-the-art technology in robotics, ceramics and nuclear medicine.

Residential growth increased slightly in fiscal 2002, which saw 52 new homes being built, up from fiscal 2001's total of 48. Approximately \$18 million in construction permits were issued during fiscal 2002, which was consistent with fiscal 2001 levels.

MAJOR INITIATIVES

During fiscal 2002, the City continued its emphasis on enhancing the quality of life through the continuation and implementation of many initiatives and programs directly benefiting the community both today and in the future. In recent years, there has been a surge of interest in local economic development and planning, particularly to diversify the City's economy with less dependency on the federal government as the City's major employer. In the past year, the City has continued to implement and develop plans to enhance the economic status.

Transfer of Properties from Department of Energy - The City continues to work with the Department of Energy (DOE) toward the transfer of an approximately 20-acre site on Bethel Valley Road identified as Parcel G. In the spring of 2000, the City of Oak Ridge had an appraisal completed on this parcel. A formal request for a less than fair market value transfer of Parcel G to the City has been forwarded to DOE.

Partners for Progress - The eight partners of this initiative (City of Oak Ridge, Roane County, Anderson County, United States Department of Energy, Tennessee Valley Authority, State of Tennessee, Boeing-Oak Ridge Company and the Community Reuse Organization of East Tennessee) continued to work together to find sources of funding which would provide installation of infrastructure (projected at \$15.2 million) to five parcels of vacant land in the Roane County portion of the City of Oak Ridge. These parcels include Rarity Ridge, Horizon Center and Heritage Center. With the installation of infrastructure, it is expected that the land will be much more attractive to industries, and the entire region will therefore benefit from this investment. To date, the City has obtained over \$4 million in federal and state grants to supplement the costs of infrastructure development to these sites.

It is expected that preparing these five parcels with utilities, etc. will help secure a regional industrial/commercial complex that is:

1. significantly more marketable,
2. more cost-effective due to an expansion of the rate base, utilization of excess capacity, and economies of scale, and
3. the source of new jobs that will help offset the losses due to federal downsizing.

In addition, the proposed project can help support existing and new missions of the federal government such as the Spallation Neutron Source. By adding utility capacity and providing it at competitive costs, the ability to attract and maintain compatible businesses are greatly enhanced.

Construction has begun on a new electrical substation that will serve as a fundamental component of providing electric service by the City to these five parcels in the west end of Oak Ridge. Construction of the new substation is estimated to cost \$4.2 million, with approximately 50 percent of the funding being provided by three state and federal grants.

The Horizon Center - The Horizon Center (formerly ED-1) has completed Phase I construction of roads and bridges into the 1,000 acre industrial park. The Community Reuse Organization of East Tennessee, a non-profit development corporation, holds a long-term lease on the property from DOE. Officials are working on this project to provide the infrastructure (one of the five tracts to which infrastructure is being planned by the Partners for Progress discussed above) in order to attract and to support continued industrial growth and diversification of the regional economy.

Rarity Ridge - Approximately 1,200 acres has been sold by Boeing to a private developer to construct a pedestrian-friendly town center with both commercial and open spaces within walking distance named Rarity Ridge. Plans call for the community to ultimately consist of 3,975 residential units and 1,250,000 square-feet of commercial development. Ground breaking on the development occurred on June 7, 2002 with model homes under construction. The first phase of construction will include 60 townhomes and 82 single-family homes. Development of water and wastewater infrastructure to this site is underway.

Spallation Neutron Source - It is expected that the Spallation Neutron Source (SNS) accelerator project will have an enormous effect on the economy of Oak Ridge in the next several years, with construction expected to be completed by 2006. It is projected to cost \$1.36 billion, employ 2,300 workers during construction, and add several hundred permanent employees after completion. Additionally, the SNS expects up to 3,000 scientists to visit each year for varying periods of time, and numerous small industries to be spun off from the experiments and findings. Each job created is expected to have an impact on housing, retail, banking, automobile and transportation, hotels, restaurants, hospitals, and business services. The medical field will be highly impacted with new drugs and medicines expected from experiments at the SNS. Initial construction contracts have been awarded for this project.

Conference Center - In an effort to enhance the City's attraction for regional connections, an Oak Ridge Conference Center has been planned. Scope of the project includes upgrading and refurbishing the existing Pollard Auditorium, including the installation of new equipment and systems for state-of-the art networking and video-teleconferencing. Estimated costs for the project are \$5 million, with \$1 million in funded being provided through a federal grant.

American Museum of Science and Energy (AMSE) - A report has been developed to determine the financial stability of AMSE in response to DOE's request that UT-Battelle, as part of its management and operations contract for the Oak Ridge National Laboratory, provide a plan for the museum's long-term financial stability. The need for the plan arose from the elimination of approximately \$1.2 million in federal funds that were annually available to operate the museum. DOE has offered to transfer ownership of AMSE to the City of Oak Ridge. The City is currently reviewing the feasibility of assuming responsibility for operations of AMSE. AMSE's financial stability plan must employ a combination of several revenue sources. AMSE should serve as a focal point for the history of Oak Ridge, a mission showcase for DOE's major contractors and a repository for historical records and artifacts of DOE. AMSE was recently officially designated an affiliate of the Smithsonian Institute, which will not only allow AMSE to borrow objects from the Smithsonian's collections, but it will also allow the Oak Ridge museum to incorporate the outreach services the institution offers for curriculum development in local schools, lectures, traveling exhibitions, workshops and similar programmatic activities.

Parcel A – The City is currently soliciting proposals for design and development of a residential neighborhood on 278 acres of city-owned property near the Tennessee Centennial Golf Course. Proposed land uses include a mix of single-family detached homes, townhouses and garden apartments. The City would sell the land to the developer(s) who submits the best design proposal.

Infrastructure expansion and upgrades – Nearing completion is a \$17 million project to improve and expand the wastewater treatment plant and wastewater collection system and wastewater lift station rehabilitation and replacement. The wastewater treatment plant capacity increased from 6 mgd to 9 mgd, a 33% increase in capacity to service new customers. Additionally, the City acquired a water treatment plant valued at \$12,500,000 from the DOE on May 1, 2000. Previously, the City had purchased potable water from DOE for distribution in Oak Ridge. The City now sells potable and raw water to DOE for use in its facilities. Current water production and sales are less than 50% of the water treatment plant's maximum capacity. The City will begin an approximate \$4 million upgrade to the water treatment plant facilities in fiscal 2003.

DEPARTMENTAL FOCUS

Each year the government selects a department to highlight for its efforts and accomplishments. For fiscal 2002, the City's Fire Department has been selected for review. The Oak Ridge Fire Department provides protection to the citizens of the City from the destruction of fire or other emergencies through a comprehensive program of citizen education, fire prevention inspections, training and effective emergency response. Department personnel includes three staff officers, a secretary, 40 uniformed fire fighters and 26 fire specialists. On-duty fire fighters are supplemented at the scene of structural fires by four fire specialists per shift. Fire specialists are off-duty fire fighters or other City employees who are trained to support on-duty personnel with structural fire fighting operations. Each specialist is equipped with a vehicle, radio pager and basic fire fighting equipment. The Department has earned an excellent "Class 3" rating from the Insurance Services Organization (ISO). The Fire Department has mutual aid agreements with the U.S. Department of Energy and with most surrounding agencies. The Department maintains the City's current disaster plan and holds community-wide exercises utilizing assets from at least three agencies outside the Oak Ridge city government.

The Department operates from three fire stations located in the east, central and west sections of the City. Three shifts with 13 on-duty fire fighters staff each of the City's three fire stations. Fire fighting equipment consists of five pumpers, one aerial ladder truck, two rescue vehicles and five fire specialist trucks. The Department received 3,339 calls for service during fiscal 2002. The average response time was approximately 3.2 minutes. A goal of the department is to maintain an environment free from the devastating effects of fire and other potential hazards of a disastrous nature and the confinement of damage from hostile fires to the room of origin. There were 144 structural fires in fiscal 2002.

In addition to responding to fire alarms, the Department performs a wide range of other emergency services, including first response capabilities for medical emergencies, extrication of victims of severe vehicle accidents, trench and confined space rescue, hazardous materials response and other natural disasters. Eight department employees are trained to the level of Paramedic, 25 to the level of EMT and 2 to First Responder. All Fire Department personnel are certified in CPR. Approximately 70% of the time the in-service engine companies provide the advanced life support level of emergency medical care. The department responded to 1,866 emergency medical calls in fiscal 2002.

The fire prevention, inspection and education activities of the Department are a key factor in maintaining a fire-safe city. Fire prevention activities include building plan review, initial compliance inspections for Certificate of Occupancy permits, fire code enforcement and public safety education. The Department has 14 company officers certified as Fire Inspectors through the State Fire Marshall's Office as well as 10

other employees who perform follow-up fire inspections. All commercial properties are inspected twice annually, with 79% of hazards found during the fiscal year corrected within 90 days. Department personnel conducted 1,861 commercial fire inspections in fiscal 2002.

An aggressive in-service training program is at the forefront of the Department's emergency response activities. Monthly training is conducted to ensure a high level of proficiency is maintained. Advanced training is also provided in handling hazardous materials, first aid, Cardiopulmonary Resuscitation (CPR), operating fire apparatus, rescue practices, and fire fighting.

FINANCIAL INFORMATION

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurances regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and the evaluation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the activity level by the review of estimated purchase amounts prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance at June 30, 2002.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues for general governmental functions, which include General, all Special Revenue and Debt Service Funds totaled \$60,326,044 in fiscal 2002, a decrease of \$2,071,130 or 3.3% over fiscal 2001.

In fiscal 2002, revenues from taxes and penalties increased \$689,124 or 4.1% from the prior fiscal year. General property tax collections of \$13,366,925 were up from \$12,975,297 in the previous year, an increase of \$391,628 or 3.0%. Assessed property valuations of \$512,417,704 represented an increase of \$7,745,157 or 1.5% over the preceding fiscal year. The increase is primarily related to the construction of a Home Depot, the expansion of Wal-Mart and the construction and renovation of office space during the past tax year. The property tax rate increased from \$2.57 to \$2.65 in fiscal 2002, an 8-cent or a 3.1% increase. Revenues of \$2,177,475 from Other Property Taxes, primarily tax equivalents from City utilities, increased 7.3% or \$147,464 from the prior year. The increase in tax equivalent payments from the City's utility Funds is due to the continuing major capital improvement programs in the Electric and Waterworks Funds. Revenues from Gross Receipt Taxes increased \$150,032 or 8.6%, due to a \$123,906 increase in collections from Business Taxes. Beer/Liquor wholesale taxes increased by \$33,451 or 5.2% during the year.

Licenses and Permits totaling \$173,790 decreased \$49,345 or 22.1% from the prior year due to collections for building related permits. Collections were up in fiscal 2001 due to the issuance of permits for larger projects including the expansion of Wal-Mart.

Intergovernmental revenues totaled \$37,947,915 in fiscal 2002 compared with \$38,905,204 in fiscal 2001, a decrease of \$957,289 or 2.5%. Intergovernmental revenues in the Grant Fund decreased \$1,722,820 primarily due to one-time state/federal grant proceeds received in fiscal 2001, including grant awards to

mitigate natural hazards, including sinkholes, in the Mona Lane area of Oak Ridge and to construct infrastructure at the Horizon Center. State shared taxes accounted for in the General Fund declined \$284,111 in fiscal 2002, primarily for a \$242,538 decrease in Income Tax collections related to fluctuations in the national economy. These decreases were offset by a \$640,857 increase in intergovernmental revenues from sales and use tax collections in Oak Ridge and a \$32,465 increase in lieu of tax payments from the Department of Energy, both accounted for in the General Fund. The increase in sales tax collections is related to the opening of a Home Depot in late February 2001, expansion of Wal-Mart completed in July 2001 and use tax collections from the revitalization of the Oak Ridge National Laboratory and the Y-12 plant. Intergovernmental revenues in the School Fund increased \$370,696 from federal awards, primarily for Head Start and the Tech Literacy Challenge program.

Charges for Services went up \$18,262 or 0.5% primarily due to increased collections for usage of the indoor and outdoor pools. Fines and forfeitures declined \$64,558 or 17.0% related to decreased collections through City Court primarily for traffic violations and drug violation fines and forfeitures.

Interest income decreased \$551,359 or 55.8% related to lower interest rates and a declining fund balance in the General Fund. Other revenues, which include proceeds from land sales, cable television, miscellaneous school revenues and right-of-way access charges, decreased \$1,155,965 primarily due to the sale of two buildings and other land that was no longer required by the City in fiscal 2001.

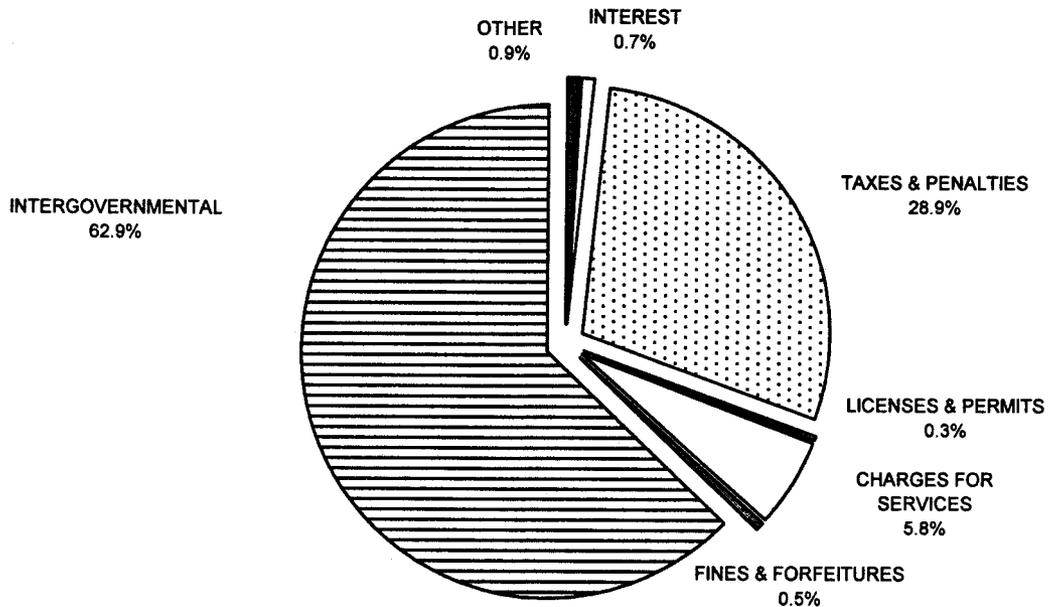
General Governmental Revenues
General Fund, All Special Revenue Funds and Debt Service Fund

	<u>Amount</u>	<u>Percentage Of Total</u>	<u>Increase (Decrease) From FY 2001</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Taxes and Penalties	\$ 17,442,567	28.9	\$ 689,124	4.1
Licenses and Permits	173,790	0.3	(49,345)	(22.1)
Intergovernmental	37,947,915	62.9	(957,289)	(2.5)
Charges for Services	3,505,195	5.8	18,262	0.5
Fines and Forfeitures	315,880	0.5	(64,558)	(17.0)
Interest	436,378	0.7	(551,359)	(55.8)
Other	<u>504,319</u>	<u>0.9</u>	<u>(1,155,965)</u>	<u>(69.6)</u>
Total Revenues	<u>\$ 60,326,044</u>	<u>100.0</u>	<u>\$ (2,071,130)</u>	<u>(3.3)</u>

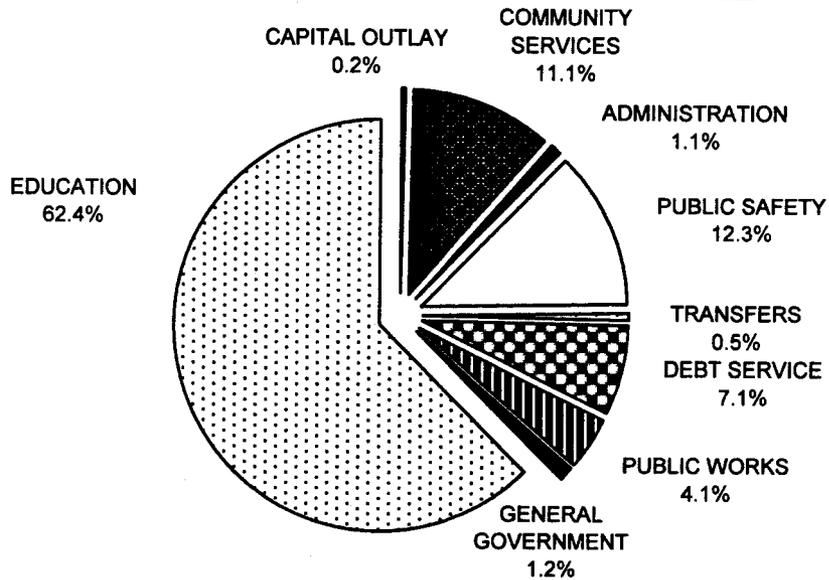
General governmental expenditures and transfers to component units totaled \$60,633,294, a decrease of \$681,517 or 1.1% compared to fiscal 2001. Expenditures for general government increased \$202,907 or 38.1%. Increases were related to expenditures of \$81,888 for a city compensation plan review and update, \$95,100 for a feasibility study regarding the City acquiring the American Museum of Science and Energy from the US Department of Energy, and staffing changes in the Legal Department. Administrative costs of \$637,149 were basically flat with fiscal 2001 levels, with a slight increase of \$3,813.

Expenditures for police and fire protection increased \$316,955 or 4.4%, related to salary and fringe benefit costs and equipment purchases that were primarily funded by state and federal grants. Major equipment purchased from grant proceeds included a fire safety trailer and mobile data equipment, including PC's for the police cars.

**CITY OF OAK RIDGE
GENERAL GOVERNMENTAL REVENUES**



**CITY OF OAK RIDGE
GENERAL GOVERNMENTAL EXPENDITURES
AND TRANSFERS TO COMPONENT UNIT**



Expenditures for public works projects declined \$270,591 or 9.7%, primarily for decreased City funding for street resurfacing. In fiscal 2002, the City utilized available state funding for the resurfacing of City streets. Under this program, the City pays the state 20% of the resurfacing cost and the state contracts with the vendor for the resurfacing.

Community services expenditures increased \$416,318 or 6.6% from the prior fiscal year. This was comprised of \$110,064 from variances between fiscal years in expenditures from routine state and federal grants, \$50,386 for residential solid waste collection from inflationary contractual increases, and \$115,765 for economic development endeavors that including contracted services for a housing design study and City marketing plan. The remaining increase resulted from fluctuations in staffing and routine expenditures between the two fiscal years. Expenditures for education increased \$1,455,755 or 4.0% over fiscal 2001, primarily for salary and benefit expenditures for teachers and support service employees.

Expenditures for capital outlays were \$97,165 in fiscal 2002. This is a \$2,144,453 reduction over the prior fiscal year, whose expenditures were primarily from one-time grant proceeds. These include grants for hazard mitigation, including sinkholes, around the Mona Lane area of Oak Ridge and funding toward infrastructure construction at the Horizon Center, which were accounted for in the Grant Fund. The City's major capital expenditures are recorded in the Capital Projects Fund.

In fiscal 2002, expenditures for debt service decreased \$761,704 or 15.0% from the prior year. The decrease resulted from lower interest rates on the City's variable rate debt and a refunding and restructuring of the City's outstanding long-term debt in late fiscal 2001.

Operating Transfers-Out to the component unit Convention and Visitors Bureau increased \$99,483 or 50.6%. Funding for the Bureau is set each year by City Council during budget deliberations and was established at the projected level of Room Occupancy Tax collections during fiscal 2001.

General Governmental Expenditures and Transfers to Component Units
General Fund, All Special Revenue Funds and Debt Service Fund

	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From FY 2001</u>	
			<u>Amount</u>	<u>Percentage</u>
Expenditures:				
General Government	\$ 735,874	1.2	\$ 202,907	38.1
Administration	637,149	1.1	3,813	0.6
Public Safety	7,477,238	12.3	316,955	4.4
Public Works	2,505,253	4.1	(270,591)	(9.7)
Community Services	6,747,811	11.1	416,318	6.6
Education	37,825,252	62.4	1,455,755	4.0
Capital Outlay	97,165	0.2	(2,144,453)	100.0
Debt Service	4,311,350	7.1	(761,704)	(15.0)
Operating Transfers Out to component units	<u>296,202</u>	<u>0.5</u>	<u>99,483</u>	<u>50.6</u>
Total Expenditures	<u>\$ 60,633,294</u>	<u>100.0</u>	<u>\$ (681,517)</u>	<u>(1.1)</u>

Fund balances of general governmental Funds were maintained at adequate levels at the end of fiscal 2002 as shown in the table below along with the change in fund balance from the previous year. The \$1,959,218 or 23.1% reduction in the fund balance of the General Fund was planned and is programmed into the City's multi-year model, which is the City's long-term forecasting model for revenues, expenditures and transfers of the General Fund correlated to projected future property tax rates. The City has set a future target fund balance of \$5 million for the General Fund combined with the legally reserved fund balance of the School Fund. The General Fund had a fund balance of \$6,510,818 at the end of fiscal 2002, still well above the \$5 million final target.

Under Tennessee State law, the fund balance of the 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 of the School Fund 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. The School Fund had a fund balance of \$4,904,992 at the end of fiscal 2002. This is a \$192,465 increase over the prior fiscal year due to lower than budgeted expenditure levels for routine operations.

The fund balance of the Economic Diversification Fund increased \$485,728 during fiscal 2002. The revenue stream for this fund is comprised of operating transfers from the General, Electric and Waterworks Funds, along with any proceeds from the sale of City property. In fiscal 2002, the Economic Diversification Fund received a one-time \$300,000 increased operating transfer from the General Fund. This increased funding level was to support a proposed redevelopment of the City's Center City, which subsequently failed at referendum in early fiscal 2003. Actual expenditure levels and resulting fund balance for the Economic Diversification Fund will vary between fiscal years as economic development opportunities occur. Major projects for fiscal 2002 included \$86,400 in location incentives to Home Depot and \$135,000 for a City marketing plan.

The fund balance of the State Street Aid Fund increased \$157,605 from fiscal 2001 levels. Variances in expenditures and related fund balance are due to fluctuations in maintenance costs for items such as snow removal and street maintenance. Street resurfacing expenditures declined in fiscal 2002 due to the utilization of available state monies rather than local funding for these projects.

The fund balances of the Street and Public Transportation, Grant and Debt Service Funds should remain relatively constant from year-to-year. The \$697,633 increase in the fund balance of the Debt Service Fund was related to significantly lower interest rates on the City's variable rate debt in fiscal 2002. The annual operating transfer from the General Fund to the Debt Service Fund is based on a 4.5% interest rate for variable rate debt. During much of fiscal 2002, the actual variable interest rate was between 2 and 2.5%. At the end of fiscal 2002, the City had \$22,926,483 in outstanding variable rate debt for which principal and interest payments are accounted for in the Debt Service Fund.

The fund balance of the Drug Enforcement Program Fund decreased by \$7,972 during fiscal 2002. The fund balance of this Fund will fluctuate annually based on revenue levels from drug fines and forfeitures.

In compliance with Governmental Accounting Standards Board (GASB) statement number 33, Accounting for Financial Reporting for Nonexchange Transactions, School Fund revenues from county property taxes was accrued if collected within 60 days after year-end. Compliance with GASB 33 was obtained in the other applicable City Funds in fiscal 2001. The fiscal 2001 fund balance in the table below for the School Fund is as restated. For more information refer to Note 23 in the Notes to Financial Statements of this document.

General Governmental – Fund Balances

	<u>FY 2002</u>	<u>FY 2001</u>	<u>Increase (Decrease)</u> <u>From FY 2001</u>	
			<u>Amount</u>	<u>Percentage</u>
General	\$ 6,510,818	\$ 8,470,036	(\$ 1,959,218)	(23.1)
Economic Diversification	2,358,303	1,872,575	485,728	25.9
State Street Aid	464,853	307,248	157,605	51.3
Street and Public				
Transportation	258,666	286,166	(27,500)	(9.6)
Grant	383	106	277	0.0
Solid Waste	---	---	---	0.0
Drug Enforcement Program	52,410	60,382	(7,972)	(13.2)
School	4,904,992	4,712,527	192,465	4.1
Debt Service	<u>783,398</u>	<u>85,765</u>	<u>697,633</u>	<u>813.4</u>
Total Fund Balances	<u>\$ 15,333,823</u>	<u>\$ 15,794,805</u>	<u>(\$ 460,982)</u>	<u>(2.9)</u>

CAPITAL PROJECTS FUNDS

The Capital Projects Fund accounts for all major capital improvement projects of the City other than those accounted for in the Enterprise Funds. Expenditures for capital improvement projects in fiscal 2002 totaled \$2,547,208. Major projects in fiscal 2002 included the renovation of various City and School buildings. School projects included roof replacements, window replacements at Robertsville Middle School, system wide phone and technological upgrades and new auditorium seating, cooling tower and boiler replacement at the High School. Major City projects included completion of Phases II and III of the Melton Lake greenway, HVAC replacements and storm water improvements. The primary financing source for these capital improvements was the remaining proceeds of a January 2000 \$10,000,000 bond issuance. \$143,942 in state grant proceeds were applied toward construction of greenways in fiscal 2002.

As the City's physical facilities continue to age, it has become more apparent that the City cannot continue to borrow the funds necessary for the maintenance and replacement of these facilities at the current pace. Over the past 10 years, the City has committed over \$50 million in tax-supported debt to pay for capital improvements, maintenance and replacement of facilities. Capital maintenance and facility replacement will continue to be a major drain on the City's resources in the future. Prior to fiscal 2001, there were no reserves being set aside for this purpose. Without this reserve, the full cost of maintaining and replacing major assets must be paid through the use of borrowed funds. With annual General Fund debt service payments approaching \$5 million, equal to about \$1.00 on the property tax rate, City staff has expressed the concern that it will be difficult for the City to continue borrowing at this pace. In fiscal 2001, \$410,000 was transferred from the General Fund to the Capital Projects Fund to establish a revenue stream for capital maintenance funding. The intent is for this to be an annual transfer that gradually increases in amount to approximately \$1.5 million per year. In fiscal 2002, \$617,000 was transferred. The Capital Projects Fund had a fund balance of \$4,726,295 at year-end comprised primarily from unspent bond proceeds and the \$1,034,000 transferred to fund future capital maintenance projects. The capital maintenance funds will be spent once all remaining bond proceeds have been exhausted.

ENTERPRISE FUNDS

Total net income for the City's Enterprise Funds increased by \$536,141 from the previous year. The Electric Fund posted a net income of \$2,102,503 for fiscal 2002 compared to a net income of \$1,206,395 for fiscal 2001. Capital expansion and rehabilitation efforts are continuing in the Electric Fund with funding provided from an up to \$15,000,000 long-term debt issuance through the TN-LOANS program in fiscal 2001. Over \$10 million of the debt proceeds were utilized to refund outstanding prior debt issuances. TN-LOANS is a draw loan program whereby funds are drawn from the trustee as expenditures occur. \$1,652,652 was available at fiscal year end to fund future capital projects, which include completion of the construction of a new substation and upgrades and rehabilitation of two existing substations. Approximately 50% of the costs to construct a new substation to serve the far west end of Oak Ridge will be funded through grant proceeds. The Electric Fund received \$1,431,543 in grant proceeds for this project in fiscal 2002. Operating expenses, excluding purchased power, increased \$299,151 or 4.6% over the prior fiscal year. Interest expense decreased \$431,506 in comparison with the preceding year, due to lower interest rates on the Electric Funds outstanding \$15,767,348 in variable rate debt.

The Waterworks Fund, which accounts for water treatment and distribution and wastewater collection and treatment functions, had a net income of \$884,663 compared to a net income of \$1,625,546 in prior fiscal year. During fiscal 2002, the City expended over \$2.3 million for upgrades to the wastewater treatment plant and wastewater line and lift station rehabilitation. The upgrades and improvements to the wastewater treatment plant are nearing completion, however the rehabilitation of the wastewater distribution system is expected to continue for several years. The City has received approval of \$16,970,000 in loans from the Tennessee State Revolving Fund (SRF) to finance wastewater capital projects. Draws on the SRF loans are processed once actual expenditures have occurred. At June 30, 2002, the City had drawn \$14,527,214 to date from the approved SRF loans for waterworks projects. City Council has authorized the application for an additional \$7 million in funding from the SRF to finance wastewater rehabilitation projects for the next 5 years. Wastewater rates were increased an average of 11.5% for residential customers and 17% for commercial customers effective August 1, 2002. These rate increases were necessary to fund the City's ongoing major wastewater system capital improvement projects.

On May 1, 2000, the U.S. Department of Energy (DOE) transferred ownership of a water treatment plant located within Oak Ridge to the City. Upon transfer of the water plant, the City began selling potable and raw water to DOE facilities. The rate charged by the City for water utilized by DOE is outlined under a ten-year contract and includes inflationary rate escalators. Water sales to DOE account for approximately 35 percent of water sale revenues. The City anticipates expending approximately \$1.4 million annually for the next 4 fiscal years to upgrade the water treatment plant. On November 19, 2001, City Council authorized the issuance of \$3 million in debt through the Tennessee Municipal Bond Fund to finance a portion of these planned capital improvements. \$856,499 of the loan proceeds had been drawn as of June 30, 2002.

The Emergency Communications District Fund accounts for the proceeds from the 911 emergency telephone surcharge billed and collected for the City by the telephone carrier, which is primarily South Central Bell. Beginning in late fiscal 2000, the City began receiving surcharges on cellular phones through the State. Revenues from cell phone surcharges are allocated to the 100 Emergency Communication Districts in the state based on population. The Fund had a net loss of \$75,932 for fiscal year 2002 compared to a net loss of \$96,867 in the preceding fiscal year. The reduction in the net loss is primarily related to lower depreciation expense. A rate increase to 65 cents and \$2.00 per month for each residential and commercial landline telephone, respectively, was effective on June 1, 2002. The City is petitioning the State 911 Board for an increase to the State maximum of \$1.50 and \$3.00 per month for each residential and commercial landline telephone, respectively, effective in early calendar 2003. These rate increases are necessary to continue funding current expenditure levels and support future 911

equipment requirements. Due to the proliferation of cellular phones, the City's revenues from landlines telephones has been declining over the past couple of years.

During fiscal 1995, the Golf Course Fund was established to account for the construction and operation of a City owned golf course. The course opened for play on June 23, 1997. On August 1, 1998, the City issued \$7,275,000 in Golf Course Revenue and Tax Bonds for the advance refunding of \$6,100,000 in outstanding Capital Outlay Notes and for completion of construction and equipping of the course. The Golf Course Fund had a loss of \$397,513 in fiscal 2002 compared to a net loss of \$757,494 for fiscal 2001. The fund had a negative \$2,938,618 retained earnings at fiscal year end. Positive operations of the fund are dependent on revenues from the sale of land surrounding the golf course. Due to the impact of federal downsizing, land sales have not reached projected levels. The City is currently reviewing options to enhance the revenue stream of the Golf Course Fund in order to restore a positive retained earnings to the Fund within a reasonable time frame. \$200,000 was transferred from the General Fund to the Golf Course Fund in fiscal 2002 to fund debt service payments during the fiscal year.

Comparative data for all enterprise funds for the past two fiscal years is presented in the following tabulation:

	<u>June 30, 2002</u>	<u>June 30, 2001</u>	<u>Increase (Decrease)</u> <u>From FY 2001</u>	
			<u>Amount</u>	<u>Percentage</u>
Gross Revenues	\$ 48,067,380	\$ 46,671,261	\$ 1,396,119	3.0
Gross Expenditures	46,419,647	45,434,948	984,699	2.2
Net Operating Transfers In (Out)	<u>(199,016)</u>	<u>(323,737)</u>	<u>(124,721)</u>	<u>(38.5)</u>
Net Income	<u>\$ 1,448,717</u>	<u>\$ 912,576</u>	<u>\$ 536,141</u>	<u>58.8</u>

INTERNAL SERVICE FUNDS

The City maintains four internal service funds - a City Insurance Fund, an Inventory Fund, and a City and a School Equipment Replacement Rental Fund.

The City's Insurance Fund, which operated at a net loss of \$135,988 for fiscal 2002, is used to account for the cost of maintaining property and liability insurance for the protection of City assets not utilized by the School system. The net loss is the result of a 30% increase in insurance premiums for employee medical costs that was effective January 1, 2002. City employee group medical insurance is fully provided through an independent insurance carrier with the City and employees contributing toward payment of the premiums. Also included in this Fund, is the cost of the employee dental and vision reimbursement program, which is self-insured. Commercial insurance is utilized for workers compensation, but there is a \$50,000 per incident deductible on the plan. Revenues to the Fund are provided from charges to other City Funds and medical insurance contributions by employees and retirees. Expenditures related to property and liability insurance and employee medical benefits for school assets and employees are accounted for in the School Fund.

The Inventory Fund is used to account for the costs of maintaining a central inventory of materials and supplies for use by all departments, excluding schools, of the City on a cost reimbursement basis. Inventory on hand at the end of fiscal 2002 totaled \$1,631,907 compared to \$1,528,928 in fiscal 2001.

The City Equipment Replacement Rental Fund accounts for equipment such as automobiles, lawn mowers, tractors, and trucks for all City departments, other than Enterprise Fund and School activities, and accounts for the accumulation of funds to replace these assets. Rents are charged to the various departments and are accumulated to fund replacement of the equipment. At the end of fiscal 2002, the net book value of all equipment totaled \$3,496,812, compared to \$3,618,421 for fiscal 2001. The Fund had a net loss of \$324,582 for fiscal 2002 related to computer equipment and maintenance costs. Fees charged to user departments will be increased in fiscal 2004 to offset these increased costs.

The School Equipment Replacement Rental Fund accounts for equipment such as buses and other vehicles used by the school departments and accounts for the accumulation of funds to replace these assets. Rents are charged to the School Fund and are accumulated to fund replacement of the equipment. At the end of fiscal 2002, the net book value of all equipment totaled \$1,113,154 compared to \$1,182,354 for fiscal 2001. Revenues totaled \$338,848 compared to total costs of providing services of \$171,278 for fiscal 2002.

NONEXPENDABLE TRUST FUND

The Scholarship Fund was established to account for principal trust amounts received and related interest income. The interest portion of the trust is used for college scholarship awards to high school seniors. The principal amount is invested but must remain intact. In fiscal 2002, \$11,065 was disbursed for scholarship awards. The fund balance of the Scholarship Fund was \$355,825 at the end of fiscal 2002.

CASH MANAGEMENT

Cash temporarily idle in all funds at the end of fiscal 2002 was invested in the following investment instruments with maturity dates ranging from one day to two years. On June 30, 2002, the City's cash resources were divided as follows:

<u>Investment Instrument</u>	<u>Percent</u>
Demand Deposits	38.2
Local Government Investment Pool	<u>61.8</u>
Total	<u>100.0</u>

Investments are made in accordance with the laws of the State of Tennessee, which allow the purchase of U.S. government obligations and limit the maturity of the investment to a two-year period.

The amount of interest received during the fiscal year ending June 30, 2002 totaled \$717,692 in all funds, a \$1,065,536 decrease over the previous fiscal year. The decrease is primarily the result of significantly lower interest rates and decreased cash levels in the General Fund. A comparison of investment income earned during the past four years is presented on the following table:

Comparison of Interest Income Earned

	<u>FY 2002</u>	<u>FY 2001</u>	<u>FY 2000</u>	<u>FY 1999</u>
Governmental Fund:				
General Fund	\$ 178,695	\$ 634,849	\$ 689,270	\$ 618,967
Special Revenue Funds	218,793	336,502	284,711	198,546
Debt Service Fund	38,890	16,386	43,213	31,706
Capital Projects Fund	<u>164,685</u>	<u>461,382</u>	<u>306,076</u>	<u>102,775</u>
Total Governmental Funds	<u>601,063</u>	<u>1,449,119</u>	<u>1,323,270</u>	<u>951,994</u>
Proprietary Funds:				
Enterprise Funds	47,825	161,714	216,419	220,707
Internal Service Funds	<u>50,762</u>	<u>138,655</u>	<u>127,363</u>	<u>113,911</u>
Total Proprietary Funds	<u>98,587</u>	<u>300,369</u>	<u>343,782</u>	<u>334,618</u>
Fiduciary Funds:				
Nonexpendable Trust Fund	<u>18,042</u>	<u>33,742</u>	<u>(4,598)</u>	<u>15,062</u>
Total Interest Earnings	<u>\$ 717,692</u>	<u>\$ 1,783,230</u>	<u>\$ 1,662,454</u>	<u>\$ 1,301,674</u>

RISK MANAGEMENT

The Risk Management activity is a function of the Personnel Department and is responsible for managing the City's risks in order to minimize the loss of human, physical, and financial resources. Management employees in the School system are responsible for managing and minimizing the risks for loss to school property and resources.

The City obtains property, liability, and workers' compensation coverage through the Tennessee Municipal League Risk Management Pool. A continuous analysis of loss exposures and loss funding mechanisms is conducted, particularly those programs which are primarily self-funded which includes employee dental and vision reimbursement.

GENERAL FIXED ASSETS

The general fixed assets of the City are those used in the performance of general governmental functions and exclude the fixed assets of Enterprise and Internal Service Funds. As of June 30, 2002, the general fixed assets of the City amounted to \$80,644,633. This amount represents the original cost of the assets and is considerably less than their replacement value. Depreciation of general fixed assets is not recognized

GENERAL LONG-TERM DEBT

During the fiscal year, the City made payments against debt service requirements totaling \$4,311,350. Of this amount, \$2,382,150 was contributed to retire principal and \$1,929,200 was applied to interest and fiscal charges. At the end of fiscal 2002, \$783,398 was on hand for the eventual retirement of existing debt.

General long-term debt also includes the change in the long-term portion of earned-but-unused vacation benefits expected to be paid from future resources. At the end of fiscal 2002, earned-but-unused benefits totaled \$1,119,656.

The ratios of general obligation debt to assessed and market valuation per capita are useful indicators of the City's debt position to municipal management, citizens, and investors.

	<u>Net Amount</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Ratio of Debt to Market Value</u>	<u>Debt Per Capital</u>
Net bonded debt	\$ 26,451,602	5.16%	1.55%	\$966
Capital outlay notes	82,255	0.02	0.00	3
Loans	24,803,474	4.84	1.45	906
Capital leases	<u>193,735</u>	<u>0.04</u>	<u>.01</u>	<u>7</u>
Total General Obligation Debt	<u>\$ 51,531,066</u>	<u>10.06%</u>	<u>3.01%</u>	<u>\$1,882</u>

In 2002, the City's general obligation bond ratings were "Aa3" by Moody's Investors Service, and "A+" by Standard & Poor's Corporation.

INDEPENDENT AUDIT

The City Charter requires an audit at the end of each fiscal year covering the operations of the past fiscal year to be performed by a certified public accountant selected by the City Council. This requirement has been complied with and the independent auditors have issued an "unqualified opinion" on the City's financial statements. Such an opinion indicates there was no limitation on the scope of the auditors examination and the financial statements were prepared in accordance with accounting principals generally accepted in the United States of America.

AWARDS

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report for the fiscal year ended June 30, 2001. This is the forty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

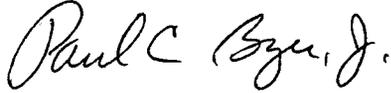
DISTINGUISHED BUDGET AWARD

For the eighteenth straight year, the City received the GFOA's Distinguished Budget Presentation Award. The award program, which was started by GFOA in fiscal 1984, is designed to recognize government organizations that prepare and submit a budget that is informative, useful as a decision-making tool to management and easily readable.

ACKNOWLEDGMENTS

Preparation of this report was accomplished through the dedicated services of the Finance Department. We express our appreciation to all who contributed to its preparation. We also thank the members of City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Paul C. Boyer, Jr.
City Manager



Janice E. McGinnis
Finance Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Ridge,
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Imelda Aruete
President

Jeffrey L. Essler
Executive Director

CITY OF OAK RIDGE, TENNESSEE

CITY OFFICIALS

Mayor

David R. Bradshaw

Members of City Council

Leonard A. Abbatiello
Tom Beehan
Ray N. Evans, Jr.

Willie Golden, Jr.
A.J. "Jerry" Kuhaida, Jr.
David N. Mosby

City Manager

Paul C. Boyer, Jr.

Department Directors

Steven W. Jenkins
Kathryn Baldwin
Frank D. Robinson
Jack L. Suggs
Janice E. McGinnis
W. Mack Bailey
Kathy McNeilly
E. Joshua Collins, Jr.
Penelope H. Sissom
David H. Beams
Gary M. Cinder

Asst. City Manager, Admin. Services
Community Development Director
Economic Development Director
Electrical Director
Finance Administrator
Fire Chief
Library Director
Parks & Recreation Director
Personnel Administrator
Police Chief
Public Works Director

City Attorney

Kenneth R. Krushenski

City Judge

Robert A. McNees III

City Clerk

Jacquelyn J. Bernard

Board of Education

Ann McNees, Chairperson
John W. Smith, Jr., Vice-Chairperson
Tracy Larabee, Treasurer
Karen Richter

Superintendent of Schools

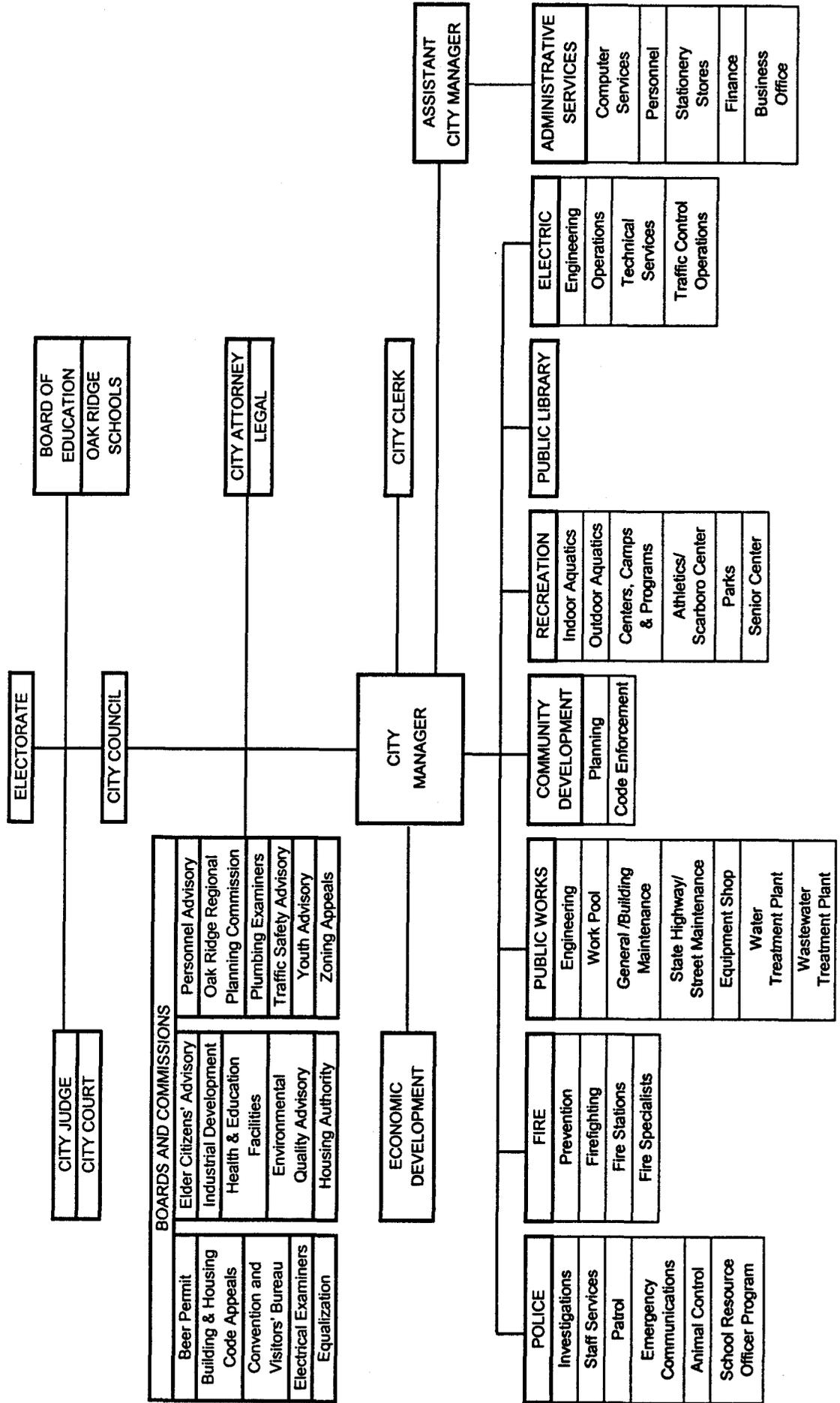
Dr. Randy McCoy

Assistant Superintendent of Schools

John W. Dobbs

ORGANIZATION CHART

City of Oak Ridge, Tennessee





REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor, City Council and City Manager
City of Oak Ridge, Tennessee

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the City of Oak Ridge, Tennessee, as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the City of Oak Ridge's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Schools which statements reflect total assets of \$59,014,929 as of June 30, 2002, and total revenues of \$28,154,446 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Oak Ridge Schools, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Oak Ridge, Tennessee, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above (other than the Oak Ridge Schools, whose financial statements were audited by other auditors whose report expressed an unqualified opinion) present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Oak Ridge, Tennessee, at June 30, 2002, and the results of operations of such funds and the cash flows of individual proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor, City Council and City Manager
City of Oak Ridge, Tennessee

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements and on the combining, individual fund, and account group financial statements taken as a whole. The accompanying financial information presented as Schedules A-4, A-5, H-3 and H-4 are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Oak Ridge, Tennessee. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, combining, individual fund, and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose, combining, individual fund, and account group financial statements taken as a whole.

The Introductory and Statistical Section listed in the table of contents are not required parts of the basic financial statements, and we did not audit and do not express an opinion on such information.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2002, on our consideration of the City of Oak Ridge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Cherry, Bekeert & Holland, L.L.P.

Knoxville, Tennessee
December 3, 2002

**CITY OF OAK RIDGE, TENNESSEE
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
June 30, 2002**

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Component Unit
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust	General Fixed Assets	Long-Term Debt	Convention & Visitors Bureau		
ASSETS AND OTHER DEBITS												
Assets:												
Cash and cash equivalents	\$ 1,333,627	\$ 9,466,291	\$ 785,076	\$ 6,343,184	\$ 134,073	\$ 2,068,798	\$ 308,961	\$ -	\$ -	\$ -	\$ 10,893	
Investments	-	-	-	-	-	-	54,801	-	-	-	-	
Receivables, net	14,403,834	33,057	-	-	6,803,076	-	473	-	-	-	-	
Due from other funds	4,523,962	270,537	-	-	5,538	1,492	-	-	-	-	-	
Advances to other funds	1,966,517	2,381,071	-	-	34,774	-	-	-	-	-	-	
Inventory, at cost	112,500	-	-	-	1,210,000	-	-	-	-	-	-	
Prepaid items	-	6,039	-	-	43,887	1,631,907	-	-	-	-	-	
Deferred charges	-	-	-	-	710,334	8,656	-	-	-	-	-	
Restricted assets	-	-	-	-	2,590,105	-	-	-	-	-	-	
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-	-	4,608,966	-	80,644,633	-	-	-	11,805
Other Debits:												
Amount available for retirement of general obligation debt	-	-	-	-	-	-	-	-	-	783,398	-	
Amount to be provided for payment of earned vacation benefits	-	-	-	-	-	-	-	-	-	1,119,656	-	
Amount to be provided for retirement of notes and loans payable	-	-	-	-	-	-	-	-	-	23,008,738	-	
Amount to be provided for retirement of general obligation bonds	-	-	-	-	-	-	-	-	-	26,451,602	-	
Total Assets and Other Debits	\$ 22,340,440	\$ 12,156,995	\$ 785,076	\$ 6,343,184	\$ 120,703,688	\$ 8,320,821	\$ 364,235	\$ 80,644,633	\$ 51,363,394	\$ -	\$ 22,698	
LIABILITIES, EQUITY AND OTHER CREDITS												
Liabilities:												
Accounts payable	\$ 213,277	\$ 434,100	\$ 943	\$ 667,094	\$ 5,099,527	\$ 163,983	\$ 6,410	\$ -	\$ -	\$ -	\$ -	
Claims payable	-	-	-	-	-	192,846	-	-	-	-	-	
Accrued liabilities	237,726	2,538,933	-	-	139,371	16,418	-	-	-	-	-	
Deposits	186,250	-	-	-	-	-	-	-	-	-	-	
Due to other funds	277,567	738,666	-	9,295	3,555,731	220,270	-	-	-	-	-	
Due to other governments	7,947	-	-	-	-	-	-	-	-	-	-	
Advances from other funds	-	-	-	-	-	1,322,500	-	-	-	-	-	
Deferred revenue	14,904,855	405,689	-	940,500	-	-	-	-	-	-	-	
Matured interest payable	-	-	735	-	-	-	-	-	-	-	-	
Payable from restricted assets	-	-	-	-	1,497,825	31,127	-	-	-	1,119,656	-	
Vacation benefits payable	-	-	-	264,362	-	132,976	-	-	-	-	-	
Capital leases payable	-	-	-	-	39,216,132	1,937,750	-	-	-	23,008,738	-	
Notes and loans payable	-	-	-	-	12,404,626	-	-	-	-	27,235,000	-	
Bonds payable	-	-	-	-	-	-	-	-	-	-	-	
Total Liabilities	15,829,622	4,117,388	1,678	1,616,889	62,177,574	4,017,070	6,410	\$ 80,644,633	\$ 51,363,394	\$ -	\$ 22,698	
Equity and Other Credits:												
Contributed capital	-	-	-	-	32,607,566	1,683,018	-	80,644,633	-	-	-	11,805
Investment in general fixed assets	-	-	-	-	-	-	-	-	-	-	-	
Retained earnings	-	-	-	-	25,918,548	2,619,933	-	-	-	-	-	
Fund balances:												
Reserved:												
Reserved for special programs	-	105,253	-	207,130	-	-	-	-	-	-	-	
Reserved for encumbrances	374,834	486,331	-	786,756	-	-	-	-	-	-	-	
Reserved for endowment	-	-	-	-	-	-	355,825	-	-	-	-	
Reserved for debt retirement	-	-	-	-	-	-	-	-	-	-	-	
Reserved for advance to other funds	-	-	-	-	-	-	-	-	-	-	-	
Unreserved:												
Designated for subsequent years' expenditures	-	978,967	-	3,732,409	-	-	-	-	-	-	-	
Undesignated	6,023,464	6,469,056	-	4,726,295	56,526,114	4,302,951	355,825	80,644,633	-	-	10,893	
Total Equity and Other Credits	6,510,818	8,039,607	783,398	4,726,295	56,526,114	4,302,951	355,825	80,644,633	\$ 51,363,394	\$ -	\$ 22,698	
Total Liabilities, Equity and Other Credits	\$ 22,340,440	\$ 12,156,995	\$ 785,076	\$ 6,343,184	\$ 120,703,688	\$ 8,320,821	\$ 364,235	\$ 80,644,633	\$ 51,363,394	\$ 22,698	\$ -	

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
For the Fiscal Year Ended June 30, 2002**

	Governmental Fund Types				Component Unit Convention & Visitors Bureau
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$ 17,442,567	\$ -	\$ -	\$ -	\$ -
Licenses and permits	173,790	-	-	-	-
Intergovernmental	9,920,111	28,027,804	-	143,942	10,000
Charges for services	1,390,694	2,114,501	-	-	-
Fines and forfeitures	285,514	30,366	-	-	-
Interest	178,695	218,793	38,890	164,685	459
Other	298,192	206,127	-	-	-
Total Revenues	29,689,563	30,597,591	38,890	308,627	10,459
Expenditures:					
Current:					
General government	735,874	-	-	-	-
Administration	637,149	-	-	-	-
Public safety	7,248,704	228,534	-	-	-
Public works	1,567,730	937,523	-	-	-
Community services	3,501,271	3,246,540	-	-	300,077
Education	-	37,825,252	-	-	-
Capital outlay	-	97,165	-	2,547,208	-
Debt service:					
Principal retirement	-	-	2,382,150	-	-
Interest and fiscal charges	-	-	1,929,200	-	-
Total Expenditures	13,690,728	42,335,014	4,311,350	2,547,208	300,077
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,998,835	(11,737,423)	(4,272,460)	(2,238,581)	(289,618)
Other Financing Sources (Uses):					
Operating transfers in	-	12,920,595	4,970,093	617,000	-
Operating transfers in - from primary government	-	-	-	-	296,202
Operating transfers out	(17,958,053)	(86,367)	-	(264,252)	-
Operating transfers out - to component units	-	(296,202)	-	-	-
Total Other Financing Sources (Uses)	(17,958,053)	12,538,026	4,970,093	352,748	296,202
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,959,218)	800,603	697,633	(1,885,833)	6,584
Fund Balances - July 1	8,470,036	7,186,389	85,765	6,612,128	4,309
As Previously Reported					
Prior Period Adjustment	-	52,615	-	-	-
Fund Balances - July 1 As Restated	8,470,036	7,239,004	85,765	6,612,128	4,309
Fund Balances - June 30	\$ 6,510,818	\$ 8,039,607	\$ 783,398	\$ 4,726,295	\$ 10,893

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL, SPECIAL REVENUE, DEBT SERVICE AND CAPITAL PROJECT FUNDS
For the Fiscal Year Ended June 30, 2002**

	General Fund			Special Revenue Funds			Debt Service Fund			Capital Project Fund		
	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Revenues:												
Taxes	\$ 17,442,567	\$ 17,820,500	\$ (377,933)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	173,790	252,000	(78,210)	-	-	-	-	-	-	-	-	-
Intergovernmental	9,920,111	9,663,000	51,111	28,027,804	34,379,290	(6,351,486)	-	-	-	143,942	1,316,740	(1,172,798)
Charges for services	1,390,694	1,323,721	64,973	2,114,501	2,126,920	(12,419)	-	-	-	-	-	-
Fines and forfeitures	285,514	400,000	(114,486)	30,366	55,000	(24,634)	-	-	-	-	-	-
Interest	176,695	675,000	(496,305)	218,793	298,500	(79,707)	38,890	2,000	36,890	164,665	175,000	(10,315)
Other	298,192	295,500	2,692	206,127	223,050	(16,923)	-	-	-	-	-	-
Total Revenues	29,689,593	30,637,721	(948,128)	30,597,591	37,092,760	(6,485,169)	38,890	2,000	36,890	308,627	1,491,740	(1,183,113)
Expenditures:												
Current:												
General government	625,416	688,913	63,497	-	-	-	-	-	-	-	-	-
Administration	666,639	710,984	44,045	-	-	-	-	-	-	-	-	-
Public safety	7,540,819	7,540,764	256,945	228,534	135,250	(93,284)	-	-	-	-	-	-
Public works	1,569,310	1,699,806	130,496	976,623	1,430,065	453,442	-	-	-	-	-	-
Community services	3,551,091	3,671,504	120,413	3,140,052	4,937,008	1,796,956	-	-	-	-	-	-
Education	-	-	-	37,857,425	39,156,850	1,299,425	-	-	-	-	-	-
Capital outlay	-	-	-	97,165	6,510,021	6,412,856	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	2,382,150	2,307,150	(75,000)	-	-	-
Principal retirement	-	-	-	-	-	-	1,929,200	3,160,522	1,231,322	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	4,311,350	5,467,672	1,156,322	-	-	-
Total Expenditures	13,696,275	14,311,671	615,396	42,299,799	52,169,194	9,869,395	4,311,350	5,467,672	1,156,322	2,762,150	13,286,184	10,524,034
Excess (Deficiency) of Revenues over (under) Expenditures	15,993,288	16,326,050	(332,762)	(11,702,208)	(15,066,434)	3,384,226	(4,272,460)	(5,465,672)	1,193,212	(2,453,523)	(11,794,444)	9,340,921
Other Financing Sources (Uses):												
Proceeds of bonds or loans	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	12,920,595	13,048,057	(127,462)	4,970,093	5,467,672	(497,579)	617,000	7,900,000	(7,900,000)
Operating transfers out	(17,958,053)	(18,033,281)	75,228	(86,367)	(86,367)	-	-	-	-	(264,252)	(314,065)	49,813
Operating transfers out to component units	-	-	-	(296,202)	(296,202)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(17,958,053)	(18,033,281)	75,228	12,538,026	12,665,488	(127,462)	4,970,093	5,467,672	(497,579)	352,748	8,202,935	(7,850,187)
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(1,964,765)	(1,707,231)	(257,534)	835,818	(2,420,946)	3,256,764	697,633	2,000	695,633	(2,100,775)	(3,591,509)	1,490,734
Adjustments to conform with Generally Accepted Accounting Principles (GAAP)												
Add: Encumbrances at the End of the Year	374,834	-	374,834	486,331	-	486,331	-	-	-	786,756	-	786,756
Less: Encumbrances at the Beginning of the Year	(389,287)	-	(389,287)	(521,546)	-	(521,546)	-	-	-	(571,814)	-	(571,814)
Total adjustments to conform with GAAP	5,547	-	5,547	(35,215)	-	(35,215)	-	-	-	214,942	-	214,942
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses (GAAP Basis)	(1,959,218)	(1,707,231)	(251,967)	800,603	(2,420,946)	3,221,549	697,633	2,000	695,633	(1,885,833)	(3,591,509)	1,705,676
Fund Balances - July 1 As Previously Reported	8,470,036	8,470,036	-	7,186,389	7,186,389	-	85,765	85,765	-	6,612,128	6,612,128	-
Prior Period Adjustment	-	-	-	52,615	-	(52,615)	-	-	-	-	-	-
Fund Balances - July 1 As Restated	8,470,036	8,470,036	-	7,239,004	7,186,389	52,615	85,765	85,765	-	6,612,128	6,612,128	-
Fund Balances - June 30	\$ 6,510,818	\$ 6,762,805	\$ (251,987)	\$ 8,039,607	\$ 4,765,443	\$ 3,274,164	\$ 783,398	\$ 87,765	\$ 695,633	\$ 4,726,295	\$ 3,020,619	\$ 1,705,676

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Operating Revenues:			
Charges for services	\$ 44,349,112	\$ 4,613,100	\$ -
Golf course fees and sales	1,240,054	-	-
Contributions	-	1,487,492	3,735
Investment income	-	-	18,042
Other	648,461	-	-
Total Operating Revenues	<u>46,237,627</u>	<u>6,100,592</u>	<u>21,777</u>
Operating Expenses:			
Maintenance and administrative	14,117,667	1,372,509	-
Purchased power and water	26,230,462	-	-
Depreciation	4,282,049	900,240	-
Materials	-	1,843,120	-
Medical/liability claims	-	350,960	-
Insurance premiums	-	1,938,255	-
Scholarship awards	-	-	11,065
Total Operating Expenses	<u>44,630,178</u>	<u>6,405,084</u>	<u>11,065</u>
Operating Income (Loss)	<u>1,607,449</u>	<u>(304,492)</u>	<u>10,712</u>
Nonoperating Revenues (Expenses):			
Gain on sale of fixed assets	34,401	18,894	-
Intergovernmental revenue	1,466,317	-	-
Capital Contributions	281,210	-	-
Interest revenue	47,825	50,762	-
Interest expense	(1,789,469)	(58,164)	-
Total Nonoperating Revenues (Expenses)	<u>40,284</u>	<u>11,492</u>	<u>-</u>
Net Income (Loss) Before Operating Transfers	<u>1,647,733</u>	<u>(293,000)</u>	<u>10,712</u>
Operating Transfers In (Out):			
Operating transfers in	200,000	-	-
Operating transfers out	(399,016)	-	-
Total Operating Transfers In (Out)	<u>(199,016)</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>1,448,717</u>	<u>(293,000)</u>	<u>10,712</u>
Add: Depreciation on fixed assets acquired by EPA and DOE grants	<u>1,065,004</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Retained Earnings/Fund Balance	<u>2,513,721</u>	<u>(293,000)</u>	<u>10,712</u>
Retained Earnings/Fund Balances - July 1	<u>23,404,827</u>	<u>2,912,933</u>	<u>345,113</u>
Retained Earnings/Fund Balances - June 30	<u>\$ 25,918,548</u>	<u>\$ 2,619,933</u>	<u>\$ 355,825</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Operating Income (Loss)	\$ 1,607,449	\$ (304,492)	\$ 10,712
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash:			
Depreciation	4,282,049	900,240	-
Interest on investments	-	-	(18,042)
Provision for uncollectable accounts	102,000	-	-
Unrealized increase in fair market value of investments	-	-	(7,768)
Changes in Assets and Liabilities:			
Accounts receivable	(1,494,944)	-	9,686
Due from other funds	80,904	(280)	1,738
Due from other governments	(34,774)	-	-
Inventory	10,986	(102,979)	-
Amortization of deferred charges	82,806	794	-
Accounts payable	546,503	70,160	(7,307)
Claims payable	-	72,335	-
Deposits	40,159	-	-
Accrued liabilities	21,059	350	-
Due to other funds	625,144	(115,409)	-
Accrued vacation	(4,105)	1,491	-
Net Cash Provided (Used) by Operating Activities	<u>5,865,236</u>	<u>522,210</u>	<u>(10,981)</u>
Cash Flows from Noncapital Financing Activities:			
Federal grant proceeds	217,689	-	-
Advances from other funds	200,000	190,000	-
Advances to other funds	(190,000)	-	-
Transfers to other funds	(399,016)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(171,327)</u>	<u>190,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Net proceeds from issuance of long-term debt	6,056,958	-	-
Acquisition and construction of capital assets	(8,848,139)	(784,954)	-
Proceeds from sale of capital assets	37,528	42,028	-
Proceeds from insurance recoveries	-	52,388	-
Principal paid on long-term debt	(874,836)	(181,132)	-
Interest paid on long-term debt	(1,847,575)	(61,102)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,476,064)</u>	<u>(932,772)</u>	<u>-</u>
Cash Flows from Investing Activities:			
Purchase of investments	-	-	(1,890)
Proceeds from maturity of investments	-	-	283,902
Interest and dividends on investments	47,825	50,762	18,042
Net Cash Provided (Used) by Investing Activities	<u>47,825</u>	<u>50,762</u>	<u>300,054</u>
Net Increase (Decrease) in Cash and Cash Equivalents	265,670	(169,800)	289,073
Cash and Cash Equivalents, July 1	<u>2,458,508</u>	<u>2,238,598</u>	<u>19,888</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,724,178</u>	<u>\$ 2,068,798</u>	<u>\$ 308,961</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:			
Cash equivalents per the balance sheet	\$ 134,073	\$ 2,068,798	\$ 308,961
Restricted assets:			
Deposits	1,256,894	-	-
Construction account	1,085,868	-	-
Current debt service account	247,343	-	-
Cash and Cash Equivalents, June 30	<u>\$ 2,724,178</u>	<u>\$ 2,068,798</u>	<u>\$ 308,961</u>

The notes to financial statements are an integral part of this statement.

(Continued)

**CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 2002**

Noncash investing, capital and financing activities:

Amortized in the Electric Fund in fiscal 2002 were \$12,266 in Debt Issuance Costs, \$3,983 in Bond Discounts and \$10,528 of the difference between the reacquisition price and the net carrying value of bonds refunded in fiscal 2001. \$11,081 was also amortized for a prior service area acquisition.

In the Waterworks Fund, \$45,364 in costs related to the acquisition of the water plant from the United States Department of Energy (DOE) and \$4,596 in debt issuance costs were amortized in fiscal 2002. The Waterworks Fund had \$281,210 in facilities, recorded as revenue, donated by private developers to the City in fiscal 2002.

Amortized in the Golf Course Fund in fiscal 2002 were \$2,283 in Bond Issuance costs, \$3,233 in Bond Discounts and \$14,439 of the difference between the reacquisition price and the net carrying value of notes refunded in fiscal 1999.

In the City Equipment Replacement Rental Fund, \$794 in Bond Issuance costs were amortized in fiscal 2002.

The Scholarship Fund had \$7,768 in unrealized gains in fair market value of investments in fiscal 2002.

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30 2002

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CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Oak Ridge, Tennessee, conform to accounting principles generally accepted in the United States of America applicable to governmental units. The following is a summary of the more significant policies:

a. Reporting Entity

The City of Oak Ridge, Tennessee was incorporated June 16, 1959, under Chapters 30 through 36 of Title 6, Tennessee Code Annotated, which chapters became the Home Rule Charter of the City, as the result of an election held November 7, 1962. The City operates under a Modified City Manager-Council form of government and provides services as authorized by its charter.

The basic criteria for determining whether another governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes (1) the appointment of a voting majority of the organization's governing body, (2) the ability of the primary government to impose its will on the organization, or (3) if there is a financial benefit/burden relationship. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Oak Ridge (the primary government) and its component units, entities for which the City is considered to be financially accountable. The operations of the Oak Ridge Schools are included as a part of the primary government. Discretely presented component units are reported in separate columns in the combined financial statements to emphasize they are legally separate from the City. The accounting principles and policies utilized by the discretely presented component units are the same as those of the City unless stated otherwise in the following Notes to the Financial Statements. All discretely presented component units have a June 30 year-end.

Discretely Presented Component Unit

Oak Ridge Convention and Visitors Bureau. The Convention and Visitors Bureau promotes tourism activities and operates a tourist information center within Oak Ridge. The Bureau's seven Board members are appointed by City Council. Bureau operations are virtually entirely funded from City appropriations. The Bureau is presented as a governmental fund type. Complete financial statements for the Oak Ridge Convention and Visitors Bureau may be obtained at the entity's administrative offices at the following address:

Oak Ridge Convention and Visitors Bureau
302 South Tulane
Oak Ridge, Tennessee 37830

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Related Organizations

Oak Ridge City Council is responsible for all board appointments of the following:

Oak Ridge Housing Authority
Oak Ridge Utility District
Oak Ridge Industrial Development Board
Oak Ridge Health and Education Facilities Board

However, the City has no further accountability for any of these organizations. The City cannot impose its will on these boards since it does not have the ability to modify or approve their budgets or overrule or modify decisions of the boards. The boards are fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, they are not included in the City's financial statements.

b. Fund Accounting

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government 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 account groups are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded in the funds. Account groups are concerned only with the measurement of financial position and do not measure results of operations.

The following fund categories, fund types and account groups are used by the City.

GOVERNMENTAL FUNDS

General Fund

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, recreation, public works, general government, etc.).

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The Debt Service Fund is used to account for the payment of principal and interest on long-term general obligation debt. It does not include debt issued for services provided by a proprietary fund. Transfers from the General Fund primarily service this debt obligation.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Capital Project Fund

Capital Project Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by proprietary operations. The primary funding source for the Capital Project Fund is proceeds from general obligation debt issuances and operating transfers from the General Fund.

PROPRIETARY FUNDS

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds

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-reimbursement basis.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Trust Funds

When assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. The Scholarship Fund, a nonexpendable type trust fund, is used to account for principal trust amounts received and related interest income. The interest portion of the trust is used for college scholarship awards. The principal amount is invested but must be preserved intact.

ACCOUNT GROUPS

General Fixed Assets Account Group

This account group is used to account for fixed assets not accounted for in proprietary funds.

General Long-Term Debt Account Group

This account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary funds.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

c. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds and nonexpendable trust funds are accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are included on the balance sheet. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (when they become measurable and available as net current assets). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales, gasoline and motor fuel, beer and liquor wholesale, room occupancy and mixed drink taxes are considered "measurable" at the point of sale and are recognized as revenue at that time. All other intergovernmental revenues are measurable when received and are recorded as revenue at that time. Property taxes are levied June 1 and the revenue from that levy is recognized in the following fiscal year beginning July 1, the year in which the tax revenues are intended to finance (see Note 2). Licenses and permits, charges for services, fines and forfeitures, and other revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, an exception to this general rule would include principal and interest on general long-term debt which is recognized when due.

All proprietary and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized at the time liabilities are incurred. The reserve method is used to estimate the allowance for doubtful accounts for electric, water and sewer service receivables. The City applies all Financial Accounting Standards Board (FASB) pronouncements issued on or before

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

November 30, 1989, unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The City has elected not to adopt the FASB Statements and Interpretations issued after November 30, 1989, in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting".

In accordance with GASB Statement Number 31, investment income in the Scholarship Fund consists of interest and dividend income and unrealized gains (losses) in marketable securities. Due to the nature and purpose of the Scholarship Fund, investment income is classified as operating revenues.

d. Budgets and Budgetary Accounting

The City follows the procedures outlined below in establishing the budgetary data reflected in the financial statements.

- 1) Prior to April 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is presented in conjunction with the operating budget.
- 2) A public hearing is conducted at the Municipal Building to obtain taxpayer comments.
- 3) Prior to July 1, the budgets for all governmental funds are legally enacted through passage of an ordinance by City Council.
- 4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Budgetary control is also achieved for the Debt Service Fund through general obligation bond indenture provisions.
- 6) The budgets for all governmental funds are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that in the General, Special Revenue, and Capital Projects Funds, encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. The budget and actual comparisons presented in Exhibit 3 in the accompanying financial report includes all governmental funds whose budgets were legally enacted by City Council through passage of the appropriation ordinance. The adjustments necessary to convert budgetary basis to GAAP in Exhibit 3 represent the net change in encumbrances outstanding at the beginning and end of the fiscal year. Budgeted amounts reflected in the accompanying budget and actual

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

comparison are as originally adopted or as amended by the City Council. The effect of the amendments on the original budget is disclosed in Note 20.

7) All appropriations which are not expended or encumbered lapse at year end.

e. Cash and Cash Equivalents

Cash and cash equivalents include deposits in the State of Tennessee's Local Government Investment Pool (LGIP) as well as cash on hand and on deposit. Withdrawals in excess of \$500,000 generally require 24-hour notice to the LGIP. The LGIP is a SEC 2a-7-like fund and the amount stated is based on the LGIP share price. The fund is reported at its amortized book value and the City is exempted from sharing in any realized gains or losses of the fund.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be a cash equivalent.

f. Investments

Investments are comprised of corporate stock held in the Scholarship Fund, a nonexpendable trust fund, and are stated at the fair value based upon quoted market price.

g. Unbilled Accounts Receivable

In the Electric Fund, an enterprise fund, an estimated amount has been recorded for services rendered but not yet billed as of the close of the fiscal year. The receivable was computed by taking the cycle billings the City sent to customers in July and prorating the amount of days applicable to the current fiscal year.

h. Inventories and Prepaid Items

Inventories are valued, maintained, and issued using the average cost method. The costs of inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

i. Compensated Absences

Employees of the City are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave; however, accumulated sick pay is not paid.

The total earned but unused vacation benefits for the City is \$1,415,145 at the end of fiscal 2002. Of the earned but unused amount, no portion required recording as a current liability; however, expected future demands of \$1,119,656 on financial resources have been recorded in the General Long-Term Debt Account Group.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Vacation benefits are accrued in the period they are earned in proprietary funds and reported as a fund liability. The proprietary funds financial statements include \$295,489 of long-term vacation benefits payable at June 30, 2002.

j. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings including; roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and other assets that are immovable and of value only to the City, are not capitalized along with other general fixed assets. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Assets in the general fixed assets account group are not depreciated.

Fixed assets of the proprietary funds are recorded at cost, if purchased, and at fair market value at date of gift, if donated, except in the Electric Fund, an Enterprise Fund, where in accordance with the Federal Energy Regulatory Commission contributed assets are recorded at zero cost. Depreciation of all exhaustible property, plant and equipment used by proprietary funds are charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Depreciation recognized on assets acquired or constructed through grants externally restricted for capital acquisitions are closed to the appropriate contributed capital account. Net income (loss) adjusted by the amount of depreciation on fixed assets acquired in this manner is closed to Retained Earnings.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	33 1/3 - 50 years
Improvements	12 1/2 - 40 years
Equipment	1 - 20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not included in the general fixed assets account group or capitalized in the proprietary funds. Improvements that materially add to the value of an asset are capitalized and in proprietary funds depreciated over the remaining useful life of the related fixed asset.

For proprietary fund assets, interest is capitalized on construction costs incurred with tax-exempt debt using the interest rate on borrowed funds. The amount of interest cost incurred on tax-exempt debt is reduced by the amount of interest earnings for the year. Interest is capitalized on construction costs incurred with taxable debt using the average interest rate on the borrowed funds. The capitalization period is from the date of the borrowing until the construction period is complete.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

The long-term debt of governmental funds is recorded at face value in the general long-term debt account group. Other governmental fund obligations not expected to be financed with current available financial resources are also recorded in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are recorded as liabilities in the appropriate funds.

k. Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year which are not due within one year are referred to as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. Nonrecurring or nonroutine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or reductions from fund balance or retained earnings, as applicable. All other transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

l. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from other funds, developers or customers in prior fiscal years.

m. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Project Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

n. Deferred Revenues

Deferred revenue represents amounts that have been collected or billed in advance of revenue recognition. In the General Fund, revenue from the June 1 tax levy is recognized in the following fiscal year beginning on July 1. Refer to Note 2. Grant revenues are recognized when an expenditure is made and any grant proceeds received in excess of amounts expended are deferred until a qualifying expenditure is made. At June 30, 2002, deferred revenue from grant proceeds included \$13,628 recorded in the School Fund and \$51,061 recorded in the Grant Fund, both special revenue funds. Other deferred revenues consisted of amounts collected before June 30, 2002 for fiscal 2003 comprised of \$9,230 in miscellaneous collections accounted for in the General Fund.

\$1,281,500 in local option sales taxes has been received from a local federal government contractor based upon an audit assessment by the Tennessee Department of Revenue. The taxpayer has contested the audit assessment and has filed legal action to obtain a refund of the remitted sales taxes. If the court rules in the taxpayer's favor, the City would be required to refund its share of the sales tax collections back to the State. Due to the uncertainty of this matter, the City awaiting final resolution by the courts has recorded the contested sales tax collections as deferred revenue. At fiscal year end, \$940,500 and \$341,000 in local sales tax collections were recorded as deferred revenue in the Capital Projects Fund and the School Fund, respectively.

o. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

p. Comparative Data

Comparative total data for the prior year, which was summarized from the 2001 Comprehensive Annual Financial Report, have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations and is not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles. Comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to make 2001 data comparable to that of 2002.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

2. PROPERTY TAX

The City's property tax is levied each June 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. The revenue from that levy is recognized in the following fiscal year beginning July 1, the year in which it is intended to finance, and is reflected as deferred revenue on the current year's General Fund balance sheet. The amount of property taxes recorded as deferred revenue in the General Fund at June 30, 2002 is \$14,895,625.

Assessed values are reviewed and approved by the State of Tennessee at the following rates of assumed market value:

Public Utility Property	55%	(Telecommunications & Railroads 40%)
Industrial and Commercial Property		
Real	40%	
Personal	30%	
Residential Property	25%	

The last reappraisal was completed for the list as of January 1, 1998 (recognized in the fiscal year beginning July 1, 1998). The assessed value for the list as of January 1, 2001, was \$512,417,704. The appraised value was \$1,712,549,305 making the total assessed value approximately 30 percent of the total appraised value.

Taxes were levied at a rate of \$2.65 per \$100 of assessed value. Taxes are due in one payment on June 1 (levy date) and delinquent on August 1 (lien date) each tax year. Current tax collections of \$12,921,156 for the fiscal year ended June 30, 2002 were approximately 95 percent of the tax levy.

3. DEPARTMENT OF ENERGY

DOE has three major facilities in Oak Ridge that represent the largest activity at any one location within the nationwide DOE complex. Oak Ridge National Laboratory (ORNL), one of the nation's largest multipurpose research centers, develops safe, economic, and environmentally acceptable technologies for efficient production and use of energy. ORNL enhances area wide economic growth and development through its technology transfer program to private sector industries, as well as, sophisticated needs and uses for federal and private environmental/hazardous waste management, metals and ceramics technologies, and space-age tool and die industries. The former Oak Ridge Gaseous Diffusion Plant is a focal point for developing hazardous waste management impoundment and storage. Oak Ridge Y-12 plant is a highly sophisticated manufacturing and developmental engineering organization engaged primarily in programs vital to national defense. BWXT, Inc., UT-Battelle and Bechtel Jacobs, the contractors that operate the three major facilities, are the major employers in Oak Ridge. DOE plants account for 35% of total water sales and 20% of wastewater revenues.

From incorporation through 1986, the City of Oak Ridge received financial assistance and in-lieu of tax payments from the United States Department of Energy (DOE) or its predecessor agencies. In fiscal year 1986, the City received a settlement of \$23,184,600 from DOE that ended the financial

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

assistance and represented a ten-year lump sum settlement for in-lieu of tax. In the last quarter of fiscal 1996, the annual in-lieu of tax payments from DOE resumed. The City received \$1,176,297 from DOE in tax payments in fiscal 2002. The annual payments are subject to congressional appropriation.

4. RETIREMENT PLAN

Plan Description

Employees of the City of Oak Ridge are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Employees working in the school system are members of a separate plan administered by the TCRS. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with 5 years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Active members on June 1, 1994 became vested after 5 years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increase is less than .50%. The maximum annual COLA is capped at 3.0%. Political subdivisions such as the City of Oak Ridge participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

Funding Status and Progress

The City's plan is noncontributory and has assumed employee contributions up to 5.0% of annual covered payroll. A small number of employees whose contribution rate was greater than 5.0% prior to the change to the adoption to noncontributory still contribute the excess over 5.0%.

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2002 was 6.80% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City of Oak Ridge is established and may be amended by the TCRS Board of Trustees.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Annual Pension Cost

For the year ending June 30, 2002, the City's annual pension cost of \$912,552 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 1999 actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 5.5% annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 4.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 1999 was 16 years.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/02	\$ 912,552	100.00%	\$ 0
6/30/01	\$ 893,521	100.00%	\$ 0
6/30/00	\$ 726,802	100.00%	\$ 0

Required Supplementary Information

The Schedule of Funding Progress is presented below (dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<u> </u>	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
7/01/01	\$ 51,844	\$ 54,289	\$ 2,445	95.50%	\$ 12,996	18.81%
7/01/99	\$ 46,449	\$ 46,795	\$ 346	99.26%	\$ 12,086	2.86%
6/30/97	\$ 40,209	\$ 40,209	\$ 0	100.00%	\$ 10,825	0.00%

Changes in Actuarial Assumptions

An actuarial valuation was performed as of July 1, 2001, which established contribution rates effective July 1, 2002. As a result of the June 30, 2000 experience study, changes were made to two of the significant actuarial assumptions as follows: 1) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and 2) projected 3.5 percent annual increase in the Social Security wage base.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Oak Ridge School System Employees - Retirement Plan

Non-Teaching Personnel

Plan Description

Non-teaching employees working in the Oak Ridge School system are covered in a separate retirement plan administered by the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer Political Subdivision Pension Plan (PSPP) that acts as a common investment and administrative agent for political subdivisions in the State. The plan description is the same as the one outlined above for City employees not working in the school system with the exception that a reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service and members joining the system prior to July 1, 1979 were vested after four years of service. Benefit improvements are not applicable to employees in the School system unless approved by the Board of Education.

The Comprehensive Annual Financial Report of the TCRS for the year ended June 30, 2002, may be obtained at the following address: Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10th Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

Funding Policy

The Oak Ridge Schools plan is a contributory plan whereby the employee contributes 5% of earnable compensation and the employer is responsible for the remaining contribution. The School Fund is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2002, was 3.96% of annual covered payroll. The contribution requirements of plan members are set by State statute. Contribution requirements for the Schools are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2002, Oak Ridge Schools' annual pension cost of \$204,035 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 1999, actuarial valuation using the frozen initial liability actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 5.5% annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 4.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a five-year period. Amortized book value was used for fixed income securities. Oak Ridge Schools' unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 1999, was 16 years.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/02	\$ 204,035	100.00%	\$ 0
6/30/01	\$ 185,579	100.00%	\$ 0
6/30/00	\$ 152,813	100.00%	\$ 0

Required Supplementary Information

The Schedule of Funding Progress is presented below (dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
	(a)	(b)	(b)-(a)	(a/b)	(c)	
7/01/01	\$ 14,594	\$ 15,446	\$ 852	94.48%	\$ 4,697	18.14%
7/01/99	\$ 12,816	\$ 13,365	\$ 549	95.89%	\$ 4,473	12.27%
6/30/97	\$ 10,974	\$ 10,974	\$ 0	100.00%	\$ 4,156	0.00%

Changes in Actuarial Assumptions

An actuarial valuation was performed as of July 1, 2001, which established contribution rates effective July 1, 2002. As a result of the June 30, 2000 experience study, changes were made to two of the significant actuarial assumptions as follows: 1) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), and 2) projected 3.5 percent annual increase in the Social Security wage base.

Teaching Personnel

Plan Description

The Oak Ridge Schools contribute to the State Employees, Teachers and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The plan description is the same as the one outlined above for non-teaching school employees. Benefit provisions are established by State statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. That report may be obtained at the following address: Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10th Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Funding Policy

Most teachers are required by State statute to contribute 5.0% of salary to the plan. The Oak Ridge Schools are required to contribute at an actuarially determined rate. The rate for the fiscal year ending June 30, 2002, was 3.72% of annual covered payroll. The contribution requirements of the Schools are established and may be amended by the TCRS Board of Trustees. The Schools' contributions to TCRS for the years ending June 30, 2002, 2001 and 2000 were \$724,897, \$717,326 and \$991,904, respectively, equal to the required contributions for each year.

5. POST-RETIREMENT BENEFITS

Retired employees from the City, excluding employees working in the school system, may continue their individual or family hospitalization insurance coverage through the City, but must reimburse the City at 75% of the premium costs. During fiscal 2002, the City contributed \$22,715 toward retirees insurance premium costs with 23 retirees receiving the benefit at fiscal year end. The City funds its contribution of the retirees insurance premiums on a pay-as-you-go basis.

The Schools will provide post-retirement health benefits for retired professional employees for a period of up to 5 consecutive years following retirement if required criteria has been satisfied. With proper notification, for professional employees retiring at age 60, or after 30 years of creditable service in the Tennessee Consolidated Retirement System with at least 10 years as a teacher in the Oak Ridge Schools, the individual out-of-pocket insurance premium will be paid by the schools for 5 years or until the retiree reaches age 65. Qualified retired employees requiring family coverage must pay the additional premium costs. Retired employees not meeting the required criteria may continue in the Schools hospitalization insurance program until age 65; however, the retiree must pay the full premium cost.

Retirees have health insurance premiums deducted directly from their TCRS monthly pension benefits. TCRS will pay the following percentage of the individual premium based on years of service. With 30 years or more of service TCRS pays 45% of the premium, 20 to 29 years of service TCRS pays 35% of the premium and with less than 20 years of service TCRS pays 25% of the premium. The Schools will reimburse up to 80% of qualified retirees individual out-of-pocket health insurance premium costs. During fiscal 2002, the Schools reimbursed approximately \$57,545 to 28 retirees. The Schools funds its contribution of the retirees individual insurance premium on a pay-as-you-go basis.

6. ACCOUNTS RECEIVABLE

For collection economy, the Electric Fund purchases the utility customer receivables from the Waterworks Fund and accounts receivable from the Solid Waste Fund for charges on residential refuse service. The Electric Fund is reimbursed by these funds for their uncollectible accounts. Billing and collecting expenses or expenditures are allocated among the three funds. Customers are billed for services monthly on a cyclical basis. Unbilled revenue for utility services rendered but not yet billed as of the close of the fiscal year in the amount of \$1,078,955 was recorded in the Electric Fund at June 30, 2002.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Receivables at June 30, 2002 consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Customer Accounts</u>	<u>Interest</u>	<u>Gross Receivables</u>	<u>Allowance For Uncollectibles</u>	<u>Net Receivables</u>
General	\$14,438,747	\$ 489,078	\$268,189	\$15,196,014	\$ (792,180)	\$14,403,834
Special Revenue	---	33,057	---	33,057	---	33,057
Enterprise	---	7,373,697	---	7,373,697	(570,621)	6,803,076
Nonexpendable Trust	---	---	473	473	---	473
Total	<u>\$14,438,747</u>	<u>\$7,895,832</u>	<u>\$268,662</u>	<u>\$22,603,241</u>	<u>\$ (1,362,801)</u>	<u>\$21,240,440</u>

7. DEPOSITS AND INVESTMENTS

The unrestricted cash of the City's various funds are pooled for investment purposes as described in Note 8. State statutes authorize the City and Oak Ridge Schools to invest in obligations of the Federal government, State government, State investment pool, Certificates of Deposit and other time deposits, and repurchase agreements.

Deposits

At year-end, the carrying amount of the City's deposits was \$8,802,690. Deposits include a certificate of deposit accounted for in the General Fund recorded at its fair value of \$56,879 at year-end. At June 30, 2002, all City deposits were held in financial institutions that participate in the Tennessee Bank Collateral Pool administered by the Treasurer's Office of the State of Tennessee. Financial institutions participating in the bank collateral pool determine the aggregate balance of their public funds and report that to the Treasurer's Office. The amount of collateral required to secure these deposits must be equal to the average daily balance of public deposits held. Participating financial institutions pledge the collateral securities required to protect their public fund accounts to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. Since the bank collateral pool covered all City deposits at year-end, they are classified in category 1 as insured.

Investments

The Oak Ridge Schools held, as trustee, 752 shares of donated common stock of Bank of America Corporation at fiscal year end. The carry value of the stock was presented at its fair value of \$52,911 at June 30, 2002 and is accounted for in the Scholarship Fund. During fiscal 2002, the Bank of America common stock increased by \$7,768. The unrealized gain in market value has been recorded as part of the investment income in the Scholarship Fund. The level of risk assumed by the City for this investment is Category 1 since the investment is registered and held by an agent in the School's name.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

The City's remaining investments at fiscal year end were held in the State Local Government Investment Pool (LGIP). The responsibility for conducting the LGIP's investment program resides with the State Treasurer and investments are made in instruments authorized by Tennessee Code Annotated, Section 9-4-602. The LGIP is a SEC 2a-7-like fund and the carrying value of the City's investment held by the LGIP at fiscal year end of \$14,238,318 is based on the LGIP share price. The City is exempted from sharing in any unrealized gains or losses of the LGIP.

8. POOLED CASH AND INVESTMENTS

The City maintains a pooled cash and investment account that is available for use by all funds, except those restricted by state statutes or other legal requirements. Each fund's positive equity in the pooled cash and investment account is presented as "Cash and Cash Equivalents" or "Investments" on the balance sheet as applicable. Negative equity balances have been reclassified and are reflected as due to/from other funds. Interest income and expense are allocated to the various funds based upon their average monthly equity balances.

9. RESTRICTED ASSETS

The Electric Fund's restricted assets include customer utility deposits, contractor retainage deposit, construction funds for system expansion and rehabilitation and funds set aside to satisfy legal covenants regarding debt service on Electric Fund long-term debt issuances. The Waterworks Fund's restricted assets include contractor retainage deposits, the City's share of funding for water and wastewater construction surrounding a state roadway project within Oak Ridge and funds set aside to satisfy legal covenants regarding debt service on Waterworks Fund long-term debt issuances.

The "construction account" is used to report those proceeds of debt issuances that are restricted for use in construction projects as outlined in the corresponding issuing debt resolution. The "current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The Enterprise Funds restricted assets at June 30, 2002 are as indicated below:

	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Total</u>
Deposits	\$ 818,751	\$ 438,143	\$ 1,256,894
Construction account	1,032,390	53,478	1,085,868
Current debt service account	<u>246,109</u>	<u>1,234</u>	<u>247,343</u>
Total	<u>\$ 2,097,250</u>	<u>\$ 492,855</u>	<u>\$ 2,590,105</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

10. FIXED ASSETS

A summary of changes in the general fixed asset account group for the City for the year ended June 30, 2002 is as follows:

	<u>Balance</u> <u>7/01/01</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/02</u>
Land	\$ 1,616,981	\$ —	\$ 3,621	\$ 1,613,360
Buildings	61,955,864	1,611,165	111,684	63,455,345
Improvements Other Than Buildings	6,267,279	734,723	13,347	6,988,655
Machinery and Equipment	<u>7,977,919</u>	<u>1,151,353</u>	<u>541,999</u>	<u>8,587,273</u>
Total	<u>\$ 77,818,043</u>	<u>\$ 3,497,241</u>	<u>\$ 670,651</u>	<u>\$ 80,644,633</u>

The following is a summary of proprietary fund type fixed assets for the City at June 30, 2002:

	<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	<u>Total</u>
Land	\$ 1,877,066	\$ ---	\$ 1,877,066
Buildings	22,669,980	---	22,669,980
Improvements Other Than Buildings	17,629,433	---	17,629,433
Machinery and Equipment	102,068,339	9,816,834	111,885,173
Construction-In-Progress	<u>8,462,665</u>	<u>---</u>	<u>8,462,665</u>
Total	152,707,483	9,816,834	162,524,317
Less Accumulated Depreciation	<u>43,535,582</u>	<u>5,206,868</u>	<u>48,742,450</u>
Total	<u>\$ 109,171,901</u>	<u>\$ 4,609,966</u>	<u>\$ 113,781,867</u>

Depreciation expense amounted to \$5,182,289 in the proprietary fund types with \$4,282,049 in the Enterprise Funds and \$900,240 in the Internal Service Funds for the fiscal year ended June 30, 2002.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

11. LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended June 30, 2002:

	<u>Balance</u> <u>7/01/01</u>	<u>Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance</u> <u>6/30/02</u>
General Long-Term Debt				
Account Group:				
General Obligation Bonds	\$ 29,515,000	\$ ---	\$ 2,280,000	\$ 27,235,000
Capital Outlay Notes	160,592	---	78,337	82,255
TN Municipal Bond Fund Loan	1,167,296	---	23,813	1,143,483
TN-LOANS	21,783,000	---	---	21,783,000
Vacation Benefits	<u>1,062,541</u>	<u>746,888</u>	<u>689,773</u>	<u>1,119,656</u>
Total General Long-Term Debt Account Group	<u>53,688,429</u>	<u>746,888</u>	<u>3,071,923</u>	<u>51,363,394</u>
Proprietary Funds:				
Electric Fund:				
Revenue Bonds	6,020,000	---	275,000	5,745,000
TN-LOANS	13,045,056	3,107,292	385,000	15,767,348
Waterworks Fund:				
TN Local Development Authority Notes	130,370	---	12,449	117,921
TN Municipal Bond Fund Loan	5,754,204	856,499	117,387	6,493,316
TN-LOANS	2,432,000	---	---	2,432,000
State Revolving Fund Program Loan	12,419,047	2,108,167	---	14,527,214
Golf Course Fund:				
General Obligation Bonds	7,050,000	---	85,000	6,965,000
City Equipment Replacement Rental Fund:				
TN Municipal Bond Fund Loan	2,000,890	---	123,899	1,876,991
School Equipment Replacement Rental Fund:				
Capital Lease Obligations	<u>250,968</u>	<u>---</u>	<u>57,233</u>	<u>193,735</u>
Total Proprietary Funds	<u>49,102,535</u>	<u>6,071,958</u>	<u>1,055,968</u>	<u>54,118,525</u>
Total Changes in Long-Term Debt	<u>\$102,790,964</u>	<u>\$ 6,818,846</u>	<u>\$ 4,127,891</u>	<u>\$ 105,481,919</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

The annual requirement to amortize all bonds and notes outstanding as of June 30, 2002, including interest payments (which total \$55,876,258), are as follows:

Year Ending June 30,	General Long-Term Debt		Proprietary		Total
	Bonds	Notes And Loans	Revenue Bonds	Notes, Loans Other Bonds	
2003	\$ 3,153,665	\$ 1,143,409	\$ 587,802	\$ 3,407,593	\$ 8,292,469
2004	3,081,715	1,057,691	588,196	3,545,194	8,272,796
2005	3,121,170	1,058,362	587,821	3,547,252	8,314,605
2006	3,124,515	1,059,063	586,678	3,558,287	8,328,543
2007	3,123,585	1,059,841	589,765	3,557,618	8,330,809
2008	3,123,823	1,060,689	591,828	3,602,678	8,379,018
2009	3,122,275	1,061,565	592,865	3,618,643	8,395,348
2010	3,123,840	1,062,513	592,585	3,604,361	8,383,299
2011	3,114,215	1,063,525	596,060	3,477,311	8,251,111
2012	3,113,500	1,064,609	593,005	3,484,012	8,255,126
2013	2,711,500	1,065,757	598,549	3,488,990	7,864,796
2014	2,072,750	1,702,079	597,480	3,262,311	7,634,620
2015	309,750	3,429,964	599,940	3,713,614	8,053,268
2016	---	3,733,809	600,780	3,726,827	8,061,416
2017	---	3,753,542	---	2,985,827	6,739,369
2018	---	3,752,642	---	3,012,459	6,765,101
2019	---	3,356,005	---	3,056,687	6,412,692
2020	---	3,346,181	---	3,072,287	6,418,468
2021	---	3,346,315	---	3,095,983	6,442,298
2022	---	1,270,749	---	3,112,084	4,382,833
2023	---	102,615	---	2,374,667	2,477,282
2024	---	---	---	990,939	990,939
2025	---	---	---	1,005,879	1,005,879
2026	---	---	---	1,013,587	1,013,587
2027	---	---	---	1,029,234	1,029,234
2028	---	---	---	1,042,405	1,042,405
2029	---	---	---	507,475	507,475
Total	\$ 36,296,303	\$ 39,550,925	\$ 8,303,354	\$ 75,894,204	\$ 160,044,786

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

A. General Long-Term Debt

General Obligation Bonds

The following is a summary of the City's general obligation bonded debt transactions for the year ended June 30, 2002:

	<u>General Obligation Bonds</u>			<u>Balance 6/30/02</u>
	<u>Balance 7/01/01</u>	<u>Additions</u>	<u>Retirements</u>	
Series 1993, GO Refunding Bonds Issue: \$3,600,000, Maturing 2011 Interest Rate: 4.10% - 5.05% Part refund Series 1991 GO Bond Issue	\$ 3,485,000	---	\$ 280,000	\$ 3,205,000
Series 1995, School Bonds Portions Advance Refunded FY 2001 Interest Rate 4.9%-5%, Mature 2003 Renovation of High and 2 Middle Schools	710,000	---	345,000	365,000
Series 1996, Public Improvement Bonds Portions Advance Refunded FY 2001 Interest Rate: 5.00%, Mature 2004 Construction of a Central Service Center Complex, street construction, recreation and building improvements	1,905,000	---	605,000	1,300,000
Series 2000, General Obligation Bonds Portions Advance Refunded FY 2001 Interest Rate: 4.40% - 4.95%, Mature 2007 City and School miscellaneous building, recreational and street improvements	935,000	---	50,000	885,000
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Yield: 3.56% - 4.83% Refund Series 1996 & 2000 GO Bond Issue	22,480,000	---	1,000,000	21,480,000
Total General Obligation Bonded Debt	<u>\$ 29,515,000</u>	<u>\$ ---</u>	<u>\$ 2,280,000</u>	<u>\$ 27,235,000</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2002, are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2003	\$ 1,870,000	\$ 1,283,665	\$ 3,153,665
2004	1,875,000	1,206,715	3,081,715
2005	2,000,000	1,121,170	3,121,170
2006	2,090,000	1,034,515	3,124,515
2007	2,180,000	943,585	3,123,585
2008	2,280,000	843,823	3,123,823
2009	2,375,000	747,275	3,122,275
2010	2,485,000	638,840	3,123,840
2011	2,610,000	504,215	3,114,215
2012	2,740,000	373,500	3,113,500
2013	2,475,000	236,500	2,711,500
2014	1,960,000	112,750	2,072,750
2015	295,000	14,750	309,750
Total	<u>\$ 27,235,000</u>	<u>\$ 9,061,303</u>	<u>\$ 36,296,303</u>

Capital Outlay Notes

During fiscal year 1996, the City borrowed \$499,752, classified as capital outlay notes, through the Tennessee Department of Economic & Community Development for energy efficiency improvements to Oak Ridge School buildings. The capital outlay notes were issued for seven years at an annual interest rate of 5%. Permission for the issuance of capital outlay notes was obtained from the State Director of Local Finance as required by state law. The final debt service payment on these notes of \$86,367 will be made on July 1, 2002, comprised of \$82,255 principal and \$4,112 interest.

Variable Interest Rate Loans

In fiscal 1995, the City executed a loan agreement with the Tennessee Municipal Bond Fund for \$1,247,994 to fund a grant to the Roane State Foundation for the purpose of purchasing land for a permanent Roane State Community College campus in Oak Ridge and storm drainage improvements. Terms of the loan provide for annual principal and monthly interest payments with the loan maturing in 2023. The loan had a principal balance of \$1,143,483 at June 30, 2002.

In fiscal 1998, the City executed a loan agreement through the TN-LOANS program for \$3,213,000 for street resurfacing, demolition and remediation of the old central service center site and City and School building renovation projects. Principal payments begin in 2014 with maturity in 2016. In

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

May 2001, the City issued \$18,570,000 in variable rate debt through the TN-LOANS program to refund all the outstanding General Obligation Refunding Bonds Series 1992 and refund \$9,600,000 of the outstanding General Obligation School Bonds Series 1995. Principal payments begin in 2015 with maturity in 2022. Interest in the TN-LOANS program is paid quarterly.

The loans are to be repaid from General Fund revenues and accordingly, have been recorded in the General Long-Term Debt Account Group. The interest rate varies on a weekly basis and is estimated at a 4.5% interest rate. Projected debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2003	\$ 25,466	\$ 1,031,576	\$ 1,057,042
2004	27,270	1,030,421	1,057,691
2005	29,176	1,029,186	1,058,362
2006	31,200	1,027,863	1,059,063
2007	33,392	1,026,449	1,059,841
2008	35,753	1,024,936	1,060,689
2009	38,249	1,023,316	1,061,565
2010	40,931	1,021,582	1,062,513
2011	43,798	1,019,727	1,063,525
2012	46,867	1,017,742	1,064,609
2013	50,139	1,015,618	1,065,757
2014	691,124	1,010,955	1,702,079
2015	2,452,442	977,522	3,429,964
2016	2,866,911	866,898	3,733,809
2017	3,010,722	742,820	3,753,542
2018	3,145,326	607,316	3,752,642
2019	2,890,251	465,754	3,356,005
2020	3,010,512	335,669	3,346,181
2021	3,146,145	200,170	3,346,315
2022	1,212,183	58,566	1,270,749
2023	98,626	3,989	102,615
Total	<u>\$ 22,926,483</u>	<u>\$ 16,538,075</u>	<u>\$ 39,464,558</u>

On August 20, 2001, City Council authorized the issuance of \$1,000,000 in general obligation debt through the Tennessee Municipal Bond Fund to finance the expansion, renovation and equipping of the Scarboro Center. The interest rate varies on a weekly basis with monthly interest payments. Principal payments will occur annually from fiscals 2003 to 2017. The United States Department of Housing and Urban Development (HUD) has approved a \$75,000 annual grant award from 2003 to 2017 to fund a portion of the debt service payments. The City would fund any difference between the actual debt service amount and the HUD contribution. It is anticipated that the City's share of the debt service payment on this loan would be \$20,000 or less annually. This is a draw loan in which funds are drawn from the authorized debt amount as expenditures occur. No loan proceeds had been drawn as of June 30, 2002.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

B. Enterprise Fund Notes and Bonds Payable

Electric System Revenue Bonds

On October 1, 1996, the City issued \$7,000,000 in Electric System Revenue Bonds to refund \$3,700,000 in revenue bonds previously sold at private sale to the Tennessee Valley Authority, with the remainder utilized for upgrades and expansion of the electric system. Interest rates ranged from 5.125% to 5.40% and final maturity is March 1, 2016. The unamortized discount on the bonds at June 30, 2002 is \$54,431.

These bond issuances are payable solely from and secured by the income and revenues from the operation of the electric power distribution system, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring said system. Debt service requirements to maturity on the Electric System Revenue Bond issuances are projected as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2003	\$ 285,000	\$ 302,802	\$ 587,802
2004	300,000	288,196	588,196
2005	315,000	272,821	587,821
2006	330,000	256,678	586,678
2007	350,000	239,765	589,765
2008	370,000	221,828	591,828
2009	390,000	202,865	592,865
2010	410,000	182,585	592,585
2011	435,000	161,060	596,060
2012	455,000	138,005	593,005
2013	485,000	113,549	598,549
2014	510,000	87,480	597,480
2015	540,000	59,940	599,940
2016	<u>570,000</u>	<u>30,780</u>	<u>600,780</u>
Total	<u>\$ 5,745,000</u>	<u>\$ 2,558,354</u>	<u>\$ 8,303,354</u>

Electric System Variable Interest Rate Loans

During fiscal 1998, the City executed a general obligation loan agreement through the TN-LOANS program for \$3,000,000 for electric system rehabilitation and expansion. During fiscal 2001, the City executed a \$15,000,000 loan agreement through TN-LOANS payable solely from and secured by a pledge of Net Revenues derived from the operations of the Electric System. This loan refunded the outstanding Series 1993 revenue bonds, refunded the outstanding bonds sold at private sale to TVA, and provided funding for electric system rehabilitation and expansion. \$235,936 was disbursed for issuance costs, which were recorded as a Deferred

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Charge and are being amortized straight-lined over the 29-year life of the new debt. The unamortized issuance costs were \$226,445 at June 30, 2002. The \$124,580 difference between the reacquisition price and the net carrying amount of the Series 1993 bonds has been deferred and will be straight-line amortized as a component of interest-expense over the remaining life of the Series 1993 bonds. At year-end, the deferral balance of \$112,298 has been shown on the balance sheet for the Electric Fund as a deduction to the liability for the outstanding long-term debt. TN-LOANS is a draw loan program and the City will draw funds as expenditures occur. There was \$1,652,652 remaining available for draw under this loan at fiscal year end.

Both loans are to be repaid from Electric system revenues and accordingly, has been recorded as a long-term liability of the Electric Fund. Terms of the loan agreements provide for annual principal and quarterly interest installments, with the interest rate varying on a weekly basis. Interest is estimated using a 4.5% interest rate with projected debt service requirements to maturity as of June 30, 2002 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2003	\$ 430,000	\$ 707,939	\$ 1,137,939
2004	450,000	688,516	1,138,516
2005	470,000	668,191	1,138,191
2006	495,000	646,949	1,141,949
2007	510,000	624,619	1,134,619
2008	535,000	601,577	1,136,577
2009	560,000	577,409	1,137,409
2010	580,000	552,135	1,132,135
2011	610,000	525,924	1,135,924
2012	635,000	498,382	1,133,382
2013	660,000	469,714	1,129,714
2014	200,000	441,715	641,715
2015	210,000	432,679	642,679
2016	220,000	423,191	643,191
2017	520,000	412,181	932,181
2018	550,000	388,671	938,671
2019	580,000	363,810	943,810
2020	615,000	337,580	952,580
2021	650,000	309,776	959,776
2022	690,000	280,378	970,378
2023	735,000	249,161	984,161
2024	775,000	215,939	990,939
2025	825,000	180,879	1,005,879
2026	870,000	143,587	1,013,587
2027	925,000	104,234	1,029,234
2028	980,000	62,405	1,042,405
2029	487,348	20,127	507,475
Total	<u>\$ 15,767,348</u>	<u>\$ 10,927,668</u>	<u>\$ 26,695,016</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

Waterworks Fund

Tennessee Local Development Authority Note

Debt service requirements to maturity for the Tennessee Local Development Authority Waterworks Fund note payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2003	\$ 13,075	\$ 2,888	\$ 15,963
2004	13,641	2,247	15,888
2005	14,407	1,553	15,960
2006	15,377	795	16,172
2007	15,936	75	16,011
2008	16,550	---	16,550
2009	17,155	---	17,155
2010	<u>11,780</u>	<u>---</u>	<u>11,780</u>
Total	<u>\$ 117,921</u>	<u>\$ 7,558</u>	<u>\$ 125,479</u>

Variable Interest Rate Loan

The City executed loan agreements for \$6,152,006 and \$3,000,000 during fiscal 1995 and 2001, respectively, with the Tennessee Municipal Bond Fund to fund water and wastewater system rehabilitation and expansion. These are draw loans in which funds are drawn from the authorized debt amount as expenditures occur. There was \$2,143,501 of the remaining proceeds from the 2001 loan available for draw at June 30, 2002. Terms of the loan agreements provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. The 1995 loan matures in 2023 and the 2001 loan matures in 2021.

During fiscal 1998, the City executed a general obligation loan agreement through the TN-LOANS program for \$2,432,000 to fund water and wastewater system rehabilitation and expansion. Terms of the loan agreements provide for quarterly interest installments with the interest rate varying on a weekly basis. Principal payments begin in 2014 with maturity in 2016.

The loans are to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. The outstanding principal balance on these loans at June 30, 2002 was \$8,925,316. Interest is estimated using a 4.5% interest rate with projected debt service requirements to maturity as follows:

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

Fiscal Year	Principal	Interest	Total Requirements
2003	\$ 216,534	\$ 400,651	\$ 617,185
2004	229,430	390,849	620,279
2005	243,824	380,458	624,282
2006	258,800	369,418	628,218
2007	274,608	357,700	632,308
2008	292,247	345,262	637,509
2009	309,551	332,032	641,583
2010	320,268	318,054	638,322
2011	215,902	304,118	520,020
2012	231,033	294,333	525,366
2013	247,161	283,863	531,024
2014	746,976	270,852	1,017,828
2015	1,232,958	235,401	1,468,359
2016	1,302,289	179,641	1,481,930
2017	323,978	124,690	448,668
2018	346,674	110,008	456,682
2019	370,949	94,297	465,246
2020	396,888	77,486	474,374
2021	424,655	59,499	484,154
2022	454,417	40,254	494,671
2023	486,174	19,660	505,834
Total	<u>\$ 8,925,316</u>	<u>\$ 4,988,526</u>	<u>\$ 13,913,842</u>

Tennessee State Revolving Fund Loan

During fiscal 1998, the City executed a \$11,197,000 loan through the Tennessee State Revolving Fund (SRF) administered by the Tennessee Department of Environment and Conservation (TDEC) to finance improvements and expansion of the Wastewater Treatment Plant, wastewater collection system rehabilitation and wastewater lift station replacements. Terms of the 20-year loan call for monthly principal and interest payments, using a 4.09% fixed interest rate. Loan proceeds are drawn as work is completed with principal payments beginning after the final loan draw. Debt service payments will be funded by Waterworks Fund revenues from residential and commercial wastewater fees. The City, as do all governmental entities in the SRF loan program, pledged first its state-shared tax revenues (state sales, gasoline, beer, TVA replacement, mixed drinks, alcoholic beverages and income tax) and then the City's taxing authority as collateral for the loan. It is not anticipated that revenues from these sources will be required to fund the debt service on the loan. \$10,525,780 has been drawn on the loan as of June 30, 2002. Principal payments will not begin until all loan proceeds are drawn. It is anticipated that all loan proceeds will be drawn by June 30, 2003.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

During fiscal 1999, the City received approval of a second loan for \$5,000,000 from the SRF program to complete the Wastewater Treatment Plant and wastewater collection system rehabilitation. Terms of the loan are the same as outlined above with the exception that the fixed interest rate for this loan is 4.04%. As of June 30, 2002, \$4,001,434 of loan proceeds had been drawn. It is anticipated that all loan proceeds will be drawn by June 30, 2003.

On October 22, 2001, City Council authorized staff to apply for a third loan from the SRF program for \$7,000,000 that will provide financing for the fiscals 2003 to 2007 phase of the wastewater system rehabilitation project, which includes sanitary sewer replacement, slip-lining, cured-in-place and pipe bursting, and manhole and pump station rehabilitation and replacement. TDEC is expected to review the 20-year loan for approval at its January 2003 board meeting, with the interest rate anticipated to be between 3.5% and 4.0%.

A projected amortization schedule for the approved two loans as of June 30, 2002 is as follows:

Fiscal Year	Principal	Interest	Total Requirements
2003	\$ 347,376	\$ 585,702	\$ 933,078
2004	494,619	568,777	1,063,396
2005	515,167	548,241	1,063,408
2006	536,564	526,844	1,063,408
2007	558,844	504,552	1,063,396
2008	582,063	481,333	1,063,396
2009	606,244	457,164	1,063,408
2010	631,421	431,987	1,063,408
2011	657,642	405,754	1,063,396
2012	684,965	378,443	1,063,408
2013	713,414	349,982	1,063,396
2014	743,049	320,359	1,063,408
2015	773,908	289,488	1,063,396
2016	806,052	257,344	1,063,396
2017	839,542	223,866	1,063,408
2018	874,405	188,991	1,063,396
2019	910,728	152,668	1,063,396
2020	948,563	114,845	1,063,408
2021	987,961	75,447	1,063,408
2022	1,028,992	34,388	1,063,380
2023	285,695	6,292	291,987
Total	<u>\$ 14,527,214</u>	<u>\$ 6,902,467</u>	<u>\$ 21,429,681</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Golf Course Fund

On August 1, 1998, the City issued \$7,275,000 in Golf Course Revenue and Tax Bonds for the refunding of \$6,100,000 in outstanding Capital Outlay Notes issued to construct and equip the Golf Course and for capital improvements. The unamortized discount on the bonds at June 30, 2002 is \$67,656. The \$126,388 difference between the reacquisition price and the net carrying amount of the capital outlay notes has been deferred and is being straight-line amortized as a component of interest expense over the original remaining 9-year life of the notes. At year-end, the deferral balance of \$70,990 has been shown on the balance sheet for the Golf Course Fund as a deduction to the liability for the outstanding bonds.

The general obligation bonds are primarily payable from the net revenues of the operation of the golf course and sale of land surrounding the course for residential development. Accordingly, the bonds have been recorded as a liability of the Golf Course Fund. Interest rates range from 4.4% - 4.9% and final maturity is June 1, 2023. Debt service requirements to maturity for the bonds as of June 30, 2002, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2003	\$ 165,000	\$ 324,155	\$ 489,155
2004	175,000	316,895	491,895
2005	180,000	309,195	489,195
2006	190,000	301,275	491,275
2007	200,000	292,915	492,915
2008	245,000	284,115	529,115
2009	265,000	273,335	538,335
2010	275,000	261,675	536,675
2011	285,000	249,575	534,575
2012	300,000	237,035	537,035
2013	315,000	223,535	538,535
2014	330,000	209,360	539,360
2015	345,000	194,180	539,180
2016	360,000	178,310	538,310
2017	380,000	161,570	541,570
2018	410,000	143,710	553,710
2019	460,000	124,235	584,235
2020	480,000	101,925	581,925
2021	510,000	78,645	588,645
2022	530,000	53,655	583,655
2023	<u>565,000</u>	<u>27,685</u>	<u>592,685</u>
TOTAL	<u>\$ 6,965,000</u>	<u>\$ 4,346,980</u>	<u>\$ 11,311,980</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

C. Internal Service Fund Notes Payable

On September 30, 1999, the City executed a general obligation loan agreement through the Tennessee Municipal Bond Fund loan program for \$2,326,575 for the acquisition of four fire trucks and year 2000 compliant computer hardware and software. The loan is to be repaid from revenues in the City Equipment Replacement Rental Fund, an internal service fund, an accordingly a long-term liability for the \$1,876,991 outstanding loan balance at June 30, 2002 has been recorded in that Fund. Terms of the loan agreement provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Interest is estimated using a 4.5% interest rate with projected debt service requirements to maturity as of June 30, 2002 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2003	\$ 130,403	\$ 83,870	\$ 214,273
2004	137,250	77,970	215,220
2005	144,455	71,761	216,216
2006	152,039	65,226	217,265
2007	160,021	58,348	218,369
2008	168,422	51,109	219,531
2009	177,264	43,489	220,753
2010	186,571	35,470	222,041
2011	196,366	27,030	223,396
2012	206,675	18,146	224,821
2013	<u>217,525</u>	<u>8,796</u>	<u>226,321</u>
Total	<u>\$ 1,876,991</u>	<u>\$ 541,215</u>	<u>\$ 2,418,206</u>

12. CAPITAL LEASES

During fiscal year 1998, the Oak Ridge Schools financed the purchase of nine school buses for a principal amount of \$503,502 through the School Equipment Replacement Rental Fund. Terms of the capital lease required an initial payment of \$100,000 and seven annual payments of \$72,693 at 6.16% interest. The accumulated depreciation on the nine school buses was \$162,236 at June 30, 2002. The future principal and interest payments as of June 30, 2002, are as follows:

Total Minimum Lease Payments	\$ 218,079
Less: Amount Representing Interest	<u>24,344</u>
Present Value of Minimum Lease Payment	<u>\$ 193,735</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

13. CHANGES IN CONTRIBUTED CAPITAL

The changes in the City's contributed capital accounts for its proprietary funds were as follows:

	Enterprise Funds		Internal Service Funds		Totals
	Waterworks Fund	Golf Course Fund	City Equipment Replacement Rental Fund	School Equipment Replacement Rental Fund	
Balance 7/1/01	\$ 31,876,130	\$ 1,796,440	\$ 838,908	\$ 844,110	\$ 35,355,588
Amortization of Contributions	(1,065,004)	---	---	---	(1,065,004)
Balance 6/30/02	<u>\$ 30,811,126</u>	<u>\$ 1,796,440</u>	<u>\$ 838,908</u>	<u>\$ 844,110</u>	<u>\$ 34,290,584</u>

14. OPERATING TRANSFERS

Interfund operating transfers for the current fiscal year were as follows:

Operating Transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Economic Diversification Fund	General Fund	\$ 1,331,688
Economic Diversification Fund	Waterworks Fund	181,371
Economic Diversification Fund	Electric Fund	217,645
State Street Aid Fund	General Fund	265,000
Grant Fund	Capital Projects Fund	1,831
Solid Waste Fund	General Fund	973,422
School Fund	General Fund	9,949,638
Debt Service Fund	General Fund	4,621,305
Debt Service Fund	School Fund	86,367
Debt Service Fund	Capital Projects Fund	262,421
Capital Projects Fund	General Fund	617,000
Golf Course Fund	General Fund	200,000
Total		<u>\$ 18,707,688</u>

Transfers Between Primary Government and Component Units:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Component Unit: Convention & Visitors Bureau	Primary Government: Economic Diversification Fund	\$ 296,202

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

15. INTERFUND RECEIVABLE AND PAYABLE BALANCES

The composition of interfund balances as of June 30, 2002, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	State Street Aid	\$ 248
General	Street and Public Transportation	21,711
General	Grant	630,456
General	School	86,251
General	Capital Projects	9,295
General	Electric	1,257,434
General	Waterworks	1,158,070
General	Golf Course	1,140,227
General	Inventory	220,270
Solid Waste	General	270,537
Emergency Communications District	General	5,538
City Equipment Replacement Rental	General	<u>1,492</u>
Total		<u>\$ 4,801,529</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Inventory	\$ 112,500
Electric	Inventory	780,000
Waterworks	Inventory	<u>430,000</u>
Total		<u>\$ 1,322,500</u>

16. SEGMENT INFORMATION

The City maintains four Enterprise Funds that provide electric, water, sewer and emergency communication services and operation of a golf course. Operations accounted for in the Enterprise Funds are financed and operated in a manner similar to private business enterprises and it is generally intended that the costs of providing services to the general public on a continuing basis be recovered primarily through user charges. Certain segments of the City's enterprise operations have incurred net operating losses as projected. In fiscal 2002, cash reserves were adequate to finance these losses as well as to finance capital maintenance programs in accordance with City policy. Selected segment information for the year ended June 30, 2002, is as follows:

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

	Electric Fund	Waterworks Fund	Emergency Communication District Fund	Golf Course Fund	Totals
Operating revenues	\$ 33,391,603	\$ 11,388,699	\$ 193,271	\$ 1,264,054	\$ 46,237,627
Operating expenses:					
Depreciation	1,498,206	2,431,092	24,250	328,501	4,282,049
Other	30,414,099	8,479,122	248,129	1,206,779	40,348,129
Operating Income (Loss)	1,479,298	478,485	(79,108)	(271,226)	1,607,449
Net nonoperating revenue (expense)	840,850	(477,455)	3,176	(326,287)	40,284
Operating transfers in	-	-	-	200,000	200,000
Operating transfers out	(217,645)	(181,371)	-	-	(399,016)
Net Income (Loss)	<u>\$ 2,102,503</u>	<u>\$ (180,341)</u>	<u>\$ (75,932)</u>	<u>\$ (397,513)</u>	<u>\$ 1,448,717</u>
Current assets	\$ 6,443,600	\$ 202,462	\$ 157,381	\$ 217,905	\$ 7,021,348
Current liabilities	6,898,385	1,803,469	4,853	1,332,240	10,038,947
Net working capital	<u>\$ (454,785)</u>	<u>\$ (1,601,007)</u>	<u>\$ 152,528</u>	<u>\$ (1,114,335)</u>	<u>\$ (3,017,599)</u>
Total assets	\$ 47,678,217	\$ 65,971,378	\$ 202,677	\$ 6,851,416	\$ 120,703,688
Total liabilities	28,674,198	25,504,929	4,853	7,993,594	62,177,574
Fund equity	<u>\$ 19,004,019</u>	<u>\$ 40,466,449</u>	<u>\$ 197,824</u>	<u>\$ (1,142,178)</u>	<u>\$ 58,526,114</u>
Capital contributions	<u>\$ -</u>	<u>\$ 281,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,210</u>
Property, plant, and equipment:					
Additions	\$ 6,557,061	\$ 3,714,613	\$ -	\$ 8,008	\$ 10,279,682
Deletions	(352,059)	(2,230,374)	-	-	(2,582,433)
Net additions (deletions) to property, plant, and equipment	<u>\$ 6,205,002</u>	<u>\$ 1,484,239</u>	<u>\$ -</u>	<u>\$ 8,008</u>	<u>\$ 7,697,249</u>
Long-term liabilities	<u>\$ 20,718,551</u>	<u>\$ 23,260,897</u>	<u>\$ -</u>	<u>\$ 6,661,354</u>	<u>\$ 50,640,802</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

17. RESERVES AND DESIGNATIONS

The City records a number of reserves and designations of fund balance which are maintained for specific purposes. The nature and purpose of these reserves and designations is explained as follows:

Reserved for Special Programs. City Special Revenue Funds had statutory reserves of fund balance totaling \$105,253 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$52,410 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$52,843 for the Career Ladder Program. The Capital Projects Fund reserves totaled \$207,130 for the City's share of the state roadway project to expand Tuskegee Drive in Oak Ridge.

Reserved For Encumbrances. Encumbrances outstanding at year-end represent the estimated amount the City intends to honor as a commitment regardless of the lapse in the appropriation. At June 30, 2002, the following amounts were reserved:

	<u>Amount</u>
General Fund	\$ 374,834
Special Revenue Funds:	
Economic Diversification	\$ 4,500
State Street Aid	200,000
School Fund	281,831
Total Special Revenue Funds	\$ 486,331
Capital Projects Fund	\$ 786,756
Total	\$ 1,647,921

Reserved for Endowment. The Scholarship Fund, a Nonexpendable Trust Fund, was established to account for trust funds that are legally restricted to endowment purposes. The interest on the trust principal is used to award college scholarships to high school seniors. The Reserve for Endowment for the Scholarship Fund at June 30, 2002 was \$355,825.

Reserved for Debt Retirement. This reserve was established by City Council action to accumulate funds from General Fund revenues for retirement of existing general obligation debt. The amount reserved at June 30, 2002 totaled \$783,398.

Reserved For Advance to Other Funds. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. Advances to Internal Service Funds at June 30, 2002 from the General Fund totaled \$112,500.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Unreserved Fund Balance - Designated for Subsequent Years' Expenditures. Designations of fund balances of governmental funds are used to indicate tentative plans for financial resource utilization in a future period. The School Fund, a Special Revenue Fund, designated \$978,967 of fund balance of which \$33,000 was for textbooks, \$29,196 was for extended childcare programs, \$909,484 for capital maintenance and \$7,287 for miscellaneous other projects. The Capital Projects Fund designated \$3,732,409 of fund balance for major capital projects.

18. COMMITMENTS

At June 30, 2002, the City had remaining contractual commitments for engineering, construction contracts and equipment purchases totaling \$3,447,035 for the following projects:

<u>Projects</u>	<u>Spent To-Date</u>	<u>Commitment Remaining</u>	<u>Committed Fund</u>
Scarboro Center Expansion Engineering	\$ 61,085	\$ 21,225	Grant
Greenways Construction	545,395	57,763	Capital Projects
Storm Water Regulations Study	27,268	40,432	Capital Projects
Building Improvements	73,645	100,285	Capital Projects
Roadway Improvements	136,029	103,286	State Street Aid
Legal Services	61,274	92,726	Economic Diversification
Substation Expansion/Construction	3,213,382	538,456	Electric
69kV Line/Power Improvements	503,166	141,487	Electric
Transformers	55,195	19,805	Electric
Waterworks Treatment Plant Improvements	52,104	165,117	Waterworks
Wastewater Distribution System Rehab.	4,181,516	2,064,793	Waterworks
Equipment	<u>288,710</u>	<u>101,660</u>	Equipment Replacement Rental
TOTAL	<u>\$ 9,198,769</u>	<u>\$ 3,447,035</u>	

Funding for the engineering costs for the Scarboro expansion will be funded through the CDBG grant from the US Department of Housing and Urban Development. Funding for Capital Projects Fund commitments will primarily be provided by the remaining proceeds from the January 2000 \$10,000,000 bond issuance. Roadway projects will be funded by the State Street Aid Fund, whose revenues are derived from state-share taxes and operating transfers from the General Fund. The Economic Diversification Fund, whose operations are funded by transfers from the General, Electric

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

and Waterworks Funds, will provide funding for contacted legal services whose goal is to enhance remuneration from the federal government. Approximately \$195,000 of the substation costs will be funded from a state and federal grant award for the construction of a new substation to serve the far west end of Oak Ridge. The remaining substation and other electrical project costs will be funded from the remaining proceeds of the April 2001 \$15,000,000 Electric Fund long-term debt issuance through the TN-LOANS program. Waterworks projects will be funded by the remaining proceeds of the \$16,970,000 TDEC loans and waterworks revenues. The equipment will be purchased from existing cash in the Equipment Replacement Rental Fund.

19. DEFICIT RETAINED EARNINGS

At fiscal year end, the Golf Course Fund, an Enterprise Fund, had a deficit retained earnings of \$2,938,618. This is a \$397,513 increase from the \$2,541,105 retained earnings deficit at the end of fiscal 2001. Revenues for the Golf Course Fund are provided from the operation of a municipal owned golf course and the sale of land surround the course. The City initially owned 700 acres of land that was to be developed into a 200 acre municipally owned golf course, with the remaining acreage to be sold in phases to private developers for ultimate construction of residential housing. July 1997 was the first full month of operation of the golf course. A positive retained earnings in the Golf Course Fund is dependent on the sale of land surrounding the golf course. Due to the downsizing of federal operations in Oak Ridge and the resulting employment uncertainties, land sales were slower than anticipated in the initial phases of the project. The City is currently reviewing options to enhance the revenue stream of the Golf Course Fund in order to restore positive retained earnings to the Fund within a reasonable time frame. A \$713,000 operating transfer from the General Fund was budgeted in fiscal 2003 to maintain cash flows in the Golf Course Fund.

20. BUDGET AMENDMENTS

The fiscal 2002 budget for the School Fund, a special revenue fund, was amended by an increase of \$511,141 to a total of \$39,156,850. The original budget of \$38,645,709 was increased to allow for expenditures related to federal grants that were awarded after the budget process was completed.

21. RISK MANAGEMENT

The City Insurance Fund, an internal service fund, is used to account for risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; injuries to employees; and employee medical insurance plans. The City Insurance Fund does not account for risks related to the City School system assets or employees. Funding for the City Insurance Fund is provided by the General, Electric and Waterworks Funds through an allocation for insurance coverage based on each Fund's pro rata share of services provided. The School Fund, a Special Revenue Fund, is used to account for School system risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; injuries to employees; and employee medical insurance plans.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2002

City employee group medical insurance is fully provided through an independent insurance carrier with the City and employees contributing to payment of the premiums. Dental and vision benefits provided to employees by the City are self-funded from the revenues of the City Insurance Fund. School employee medical insurance is fully provided through an independent insurance carrier with the School Fund and the employees contributing to payment of the premiums.

Insurance coverage for city and schools assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for city and school system employees is through a public entity risk pool operated as a risk sharing program by the Tennessee Municipal League (TML). This pool is sustained by member premiums and the City and Schools pay an annual premium for its coverage. Losses for risk related to the school system were paid in full by the TML in fiscal 2002. The City has per occurrence deductibles as outlined below. The city paid \$264,177 in deductibles to the TML in fiscal 2002 for workers compensation and property liability claims of \$231,443 and \$32,734, respectively.

Other school risks of loss are covered by commercial insurance. The remaining risks accounted for in the City Insurance Fund are covered by commercial insurance purchased from independent third parties with the City being self-insured for the per occurrence deductible under each insurance policy. The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2002 is as outlined below:

Insurance Plan	Annual Per Occurrence Deductible
General Liability	\$ 5,000
Auto Liability	5,000
Auto Physical Damage	5,000
Errors and Omissions	5,000
Boiler and Machinery	10,000 or 2% of KVA
Electronic Data Processing	2,500
Property	5,000
Property-Natural Disaster (Flood/Earthquake)	50,000
Worker's Compensation	50,000

There have been no liabilities in excess of commercial insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability amount for the City Insurance Funds for the fiscal years ended June 30, 2001 and June 30, 2002 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2001	\$ 125,608	\$ 245,064	(\$ 250,161)	\$ 120,511
2002	\$ 120,511	\$ 423,295	(\$ 350,960)	\$ 192,846

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

22. LITIGATION

The City generally follows the practice of recording liabilities from claims and legal actions only when it is probable that both (1) an asset has been impaired or a liability has been incurred, and (2) the amount of loss can be reasonably estimated. Settlement of all potential claims from various lawsuits in which the City is involved would not, in management's estimation, materially affect the financial statements of the City.

23. PRIOR PERIOD ADJUSTMENTS

In compliance with Governmental Accounting Standards Board (GASB) statement number 33, Accounting for Financial Reporting for Nonexchange Transactions, the revenue recognition policy for the accrual of County property taxes was changed in the School Fund, a special revenue fund. To comply with GASB 33, revenues from County property taxes were accrued if collected within 60 days after year-end. Compliance with GASB 33 was obtained in the other applicable City Funds in fiscal 2001. Restatement of financial statements for prior years were not presented as this would make the statements unduly complex and difficult to read. The cumulative effect of this application was recorded as a restatement of the beginning fund balances at July 1, 2001 for the School Fund, a special revenue fund, for revenues from County property taxes as follows:

	<u>School Fund</u>
Fund Balance - July 1, 2001 As Previously Reported	\$ 4,659,912
Prior Period Adjustments	<u>52,615</u>
Fund Balance - July 1, 2001 As Restated	<u>\$ 4,712,527</u>



GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General fund accounts for the normal recurring activities of the City (i.e. police, fire, recreation, public works, general government, etc.). These activities are funded principally by property taxes on individuals and businesses and sales tax proceeds.

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	2002	2001
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,333,627	\$ 3,131,213
Receivables, net	14,403,834	13,226,273
Due from other funds	4,523,962	4,956,973
Due from other governments	1,966,517	2,082,501
Prepaid items	-	86,367
Advance to Internal Service Fund	112,500	112,500
 Total Assets	 \$ 22,340,440	 \$ 23,595,827
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 213,277	\$ 188,704
Accrued liabilities	237,726	218,440
Deposits	188,250	141,724
Due to other funds	277,567	369,594
Due to other governments	7,947	12,529
Deferred revenue	14,904,855	14,194,800
 Total Liabilities	 15,829,622	 15,125,791
Fund Balances:		
Reserved for encumbrances	374,834	369,287
Reserved for prepaid items	-	86,367
Reserved for advance to Internal Service Fund	112,500	112,500
Unreserved, undesignated	6,023,484	7,901,882
 Total Fund Balances	 6,510,818	 8,470,036
 Total Liabilities and Fund Balances	 \$ 22,340,440	 \$ 23,595,827

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Taxes	\$ 17,442,567	\$ 16,753,443
Licenses and Permits	173,790	223,135
Intergovernmental	9,920,111	9,528,710
Charges for Services	1,390,694	1,377,231
Fines and Forfeitures	285,514	339,987
Interest	178,695	634,849
Other	<u>298,192</u>	<u>347,547</u>
Total Revenues	<u>29,689,563</u>	<u>29,204,902</u>
Expenditures:		
General Government:		
Legislative	65,115	76,921
Executive	432,715	231,188
Judicial	<u>238,044</u>	<u>224,858</u>
Total General Government	<u>735,874</u>	<u>532,967</u>
Administration	<u>637,149</u>	<u>633,336</u>
Public Safety:		
Police	4,148,603	3,963,244
Fire	<u>3,100,101</u>	<u>3,141,794</u>
Total Public Safety	<u>7,248,704</u>	<u>7,105,038</u>
Public Works	<u>1,567,730</u>	<u>1,626,292</u>
Community Services:		
Community Development	495,651	411,997
Recreation	2,014,120	1,965,486
Library	<u>991,500</u>	<u>947,308</u>
Total Community Services	<u>3,501,271</u>	<u>3,324,791</u>
Total Expenditures	<u>13,690,728</u>	<u>13,222,424</u>
Excess of Revenues Over Expenditures	<u>15,998,835</u>	<u>15,982,478</u>
Other Financing Uses:		
Operating transfers out	<u>(17,958,053)</u>	<u>(17,434,334)</u>
Deficiency of Revenues Under Expenditures and Other Financing Uses	<u>(1,959,218)</u>	<u>(1,451,856)</u>
Fund Balances - July 1 As Previously Reported	8,470,036	9,552,648
Prior Period Adjustment	<u>-</u>	<u>96,505</u>
Fund Balances - July 1 As Restated	8,470,036	9,649,153
Residual Equity Transfer In	<u>-</u>	<u>272,739</u>
Fund Balances - June 30	<u>\$ 6,510,818</u>	<u>\$ 8,470,036</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2002

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Revenues:					
Taxes	\$ 17,442,567	-	\$ 17,442,567	\$ 17,820,500	\$ (377,933)
Licenses and Permits	173,790	-	173,790	252,000	(78,210)
Intergovernmental	9,920,111	-	9,920,111	9,869,000	51,111
Charges for Services	1,390,694	-	1,390,694	1,325,721	64,973
Fines and Forfeitures	285,514	-	285,514	400,000	(114,486)
Interest	178,695	-	178,695	675,000	(496,305)
Other	298,192	-	298,192	295,500	2,692
Total Revenues	29,689,563	-	29,689,563	30,637,721	(948,158)
Expenditures:					
General Government:					
Legislative	65,115	-	65,115	98,887	33,772
Executive	432,715	(118,458)	314,257	334,901	20,644
Judicial	238,044	8,000	246,044	255,125	9,081
Total General Government	735,874	(110,458)	625,416	688,913	63,497
Administration	637,149	29,490	666,639	710,684	44,045
Public Safety:					
Police	4,148,603	(39,030)	4,109,573	4,245,160	135,587
Fire	3,100,101	74,145	3,174,246	3,295,604	121,358
Total Public Safety	7,248,704	35,115	7,283,819	7,540,764	256,945
Public Works	1,567,730	1,580	1,569,310	1,699,806	130,496
Community Services:					
Community Development	495,651	6,400	502,051	504,923	2,872
Recreation	2,014,120	16,981	2,031,101	2,153,479	122,378
Library	991,500	26,439	1,017,939	1,013,102	(4,837)
Total Community Services	3,501,271	49,820	3,551,091	3,671,504	120,413
Total Expenditures	13,690,728	5,547	13,696,275	14,311,671	615,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,998,835	(5,547)	15,993,288	16,326,050	(332,762)
Other Financing Uses:					
Operating transfers out	(17,958,053)	-	(17,958,053)	(18,033,281)	75,228
Deficiency of Revenues Under Expenditures and Other Financing Uses	(1,959,218)	(5,547)	(1,964,765)	(1,707,231)	(257,534)
Fund Balances - July 1	8,470,036	-	8,470,036	8,470,036	-
Fund Balances - June 30	\$ 6,510,818	\$ (5,547)	\$ 6,505,271	\$ 6,762,805	\$ (257,534)

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2002

	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<u>TAXES</u>			
<u>General Property Taxes</u>			
Real Property	\$ 11,731,021	\$ 11,976,000	\$ (244,979)
Personal Property	1,152,890	1,188,000	(35,110)
Public Utilities	324,790	394,000	(69,210)
Interest & Penalties	158,224	75,000	83,224
Total General Property Taxes	<u>13,366,925</u>	<u>13,633,000</u>	<u>(266,075)</u>
<u>Other Property Taxes</u>			
Other than assessed	21,102	49,000	(27,898)
Tax Equiv. - Electric Fund	984,262	1,067,000	(82,738)
Tax Equiv. - Waterworks Fund	1,172,111	1,197,000	(24,889)
Total Other Property Taxes	<u>2,177,475</u>	<u>2,313,000</u>	<u>(135,525)</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	490,050	475,000	15,050
Liquor Wholesale	182,533	177,000	5,533
Room Occupancy	309,826	315,000	(5,174)
Sales Tax - Local	194,689	275,000	(80,311)
Min. & Gross Receipts	692,914	610,000	82,914
Pen. & Int. on Bus. Tax	19,758	14,000	5,758
Rec. Fee on Bus. Tax	8,397	8,500	(103)
Total Gross Receipts Taxes	<u>1,898,167</u>	<u>1,874,500</u>	<u>23,667</u>
TOTAL TAXES	<u>17,442,567</u>	<u>17,820,500</u>	<u>(377,933)</u>
<u>LICENSES & PERMITS</u>			
Retail Beer	8,575	10,000	(1,425)
Liquor Licenses & Permits	10,592	10,000	592
Bldg., Zoning & Exam.	90,237	160,000	(69,763)
Electrical & Exam.	18,986	26,000	(7,014)
Plumbing Exam.	21,275	22,000	(725)
Grading and Zoning Permits	7,420	5,500	1,920
Animal Registration	15,243	17,000	(1,757)
Other Licenses & Permits	1,462	1,500	(38)
TOTAL LICENSES & PERMITS	<u>173,790</u>	<u>252,000</u>	<u>(78,210)</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,649,441	1,785,000	(135,559)
Income Tax	408,766	605,000	(196,234)
Excise Tax	37,099	50,000	(12,901)
Beer Barrelage	13,384	14,000	(616)
Mixed Drink Tax	79,568	77,000	2,568
<u>County Shared</u>			
Sales Tax - Roane	963,708	1,350,000	(386,292)
Sales Tax - Anderson	5,403,357	4,780,000	623,357
<u>State Grants in Aid</u>			
	1,625	-	1,625
<u>Federal</u>			
TVA Replacement	186,866	187,000	(134)
DOE In-Lieu of Taxes	1,176,297	1,021,000	155,297
TOTAL INTERGOVERNMENTAL	<u>\$ 9,920,111</u>	<u>\$ 9,869,000</u>	<u>\$ 51,111</u>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2002**

	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
Repro. of Maps & Documents	\$ 1,483	\$ 1,500	\$ (17)
General & Admin. Cost	23,599	17,500	6,099
<u>Public Safety</u>			
Police and Fire Reports	14,072	14,000	72
Animal Shelter Fees	38,337	40,000	(1,663)
<u>Library</u>			
Lost Library Books	3,039	3,000	39
Total General Services	<u>80,530</u>	<u>76,000</u>	<u>4,530</u>
<u>Use of Property</u>			
Youth and Adult Activities	3,996	6,600	(2,604)
Outdoor Pool	76,224	70,000	6,224
Indoor Pool	53,663	45,000	8,663
Rental of Lands	86,249	50,000	36,249
Rental of Service Center & Municipal Bldg.	892,732	892,732	-
Rental of Other Buildings	13,846	-	13,846
Marina Rental	4,650	6,000	(1,350)
Restaurant Rental	27,826	30,684	(2,858)
City Owned Radios	118,045	118,705	(660)
Community Centers Rental	32,933	30,000	2,933
Total Use of Property	<u>1,310,164</u>	<u>1,249,721</u>	<u>60,443</u>
TOTAL CHARGES FOR SERVICES	<u>1,390,694</u>	<u>1,325,721</u>	<u>64,973</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	52,433	75,000	(22,567)
City Court Costs	31,505	47,000	(15,495)
Bail Forfeitures	138,474	215,000	(76,526)
Misc. Court Revenues	6,647	5,000	1,647
Library Fines	56,455	58,000	(1,545)
TOTAL FINES AND FORFEITURES	<u>285,514</u>	<u>400,000</u>	<u>(114,486)</u>
<u>INTEREST</u>	<u>178,695</u>	<u>675,000</u>	<u>(496,305)</u>
<u>OTHER REVENUES</u>			
CATV Franchise	270,533	232,000	38,533
Right Of Way	60,000	61,000	(1,000)
Salvage Sales	2,568	1,000	1,568
Miscellaneous	(34,909)	1,500	(36,409)
TOTAL OTHER REVENUES	<u>298,192</u>	<u>295,500</u>	<u>2,692</u>
TOTAL REVENUES	<u>\$ 29,689,563</u>	<u>\$ 30,637,721</u>	<u>\$ (948,158)</u>

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2002**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<u>GENERAL GOVERNMENT:</u>					
<u>Legislative</u>					
City Council	\$ 65,115	\$ -	\$ 65,115	\$ 98,887	\$ 33,772
<u>Executive</u>					
City Clerk	111,963	-	111,963	105,942	(6,021)
City Manager	320,752	(118,458)	202,294	228,959	26,665
Total Executive	432,715	(118,458)	314,257	334,901	20,644
<u>Judicial</u>					
Legal	146,362	8,000	154,362	157,248	2,886
City Court	91,682	-	91,682	97,877	6,195
Total Judicial	238,044	8,000	246,044	255,125	9,081
TOTAL GENERAL GOVERNMENT	735,874	(110,458)	625,416	688,913	63,497
<u>ADMINISTRATION:</u>					
Computer Services	159,958	10,000	169,958	184,900	14,942
Personnel	182,600	-	182,600	193,594	10,994
Stationery Stores	74,980	-	74,980	80,220	5,240
Finance	182,155	9,490	191,645	202,511	10,866
Utilities Business Office	37,456	10,000	47,456	49,459	2,003
TOTAL ADMINISTRATION	637,149	29,490	666,639	710,684	44,045
<u>PUBLIC SAFETY:</u>					
<u>Police</u>					
Supervision	145,091	-	145,091	153,902	8,811
Investigations	501,560	-	501,560	453,042	(48,518)
Staff Services	329,757	-	329,757	319,475	(10,282)
Patrol	2,567,079	(40,600)	2,526,479	2,641,413	114,934
Emergency Communications	281,122	-	281,122	291,860	10,738
Animal Control	197,900	1,570	199,470	232,058	32,588
School Resource Officer Program	126,094	-	126,094	153,410	27,316
Total Police	\$ 4,148,603	\$ (39,030)	\$ 4,109,573	\$ 4,245,160	\$ 135,587

(Continued)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2002

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<u>PUBLIC SAFETY (Continued):</u>					
<u>Fire</u>					
Supervision	\$ 165,433	\$ -	\$ 165,433	\$ 158,966	\$ (6,467)
Prevention	91,828	-	91,828	96,804	4,976
Firefighting	2,606,362	62,145	2,668,507	2,784,878	116,371
Fire Stations	89,502	12,000	101,502	82,256	(19,246)
Fire Specialists	146,976	-	146,976	172,700	25,724
Total Fire	<u>3,100,101</u>	<u>74,145</u>	<u>3,174,246</u>	<u>3,295,604</u>	<u>121,358</u>
TOTAL PUBLIC SAFETY	<u>7,248,704</u>	<u>35,115</u>	<u>7,283,819</u>	<u>7,540,764</u>	<u>256,945</u>
<u>PUBLIC WORKS:</u>					
Supervision	88,440	-	88,440	91,425	2,985
Engineering	129,204	(400)	128,804	143,873	15,069
State Highway Maintenance	53,605	-	53,605	56,015	2,410
General Maintenance	233,323	(8,000)	225,323	281,981	56,658
Central Service Building	80,429	10,880	91,309	99,638	8,329
Municipal Building	119,215	4,500	123,715	131,187	7,472
102 Robertsville Road Bldg.	6,683	-	6,683	25,087	18,404
Traffic Control and Lights	856,831	(5,400)	851,431	870,600	19,169
TOTAL PUBLIC WORKS	<u>1,567,730</u>	<u>1,580</u>	<u>1,569,310</u>	<u>1,699,806</u>	<u>130,496</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	136,233	(38,600)	97,633	106,815	9,182
Planning	90,313	45,000	135,313	110,622	(24,691)
Code Enforcement	269,105	-	269,105	287,486	18,381
Total Community Development	<u>495,651</u>	<u>6,400</u>	<u>502,051</u>	<u>504,923</u>	<u>2,872</u>
<u>Recreation</u>					
Supervision	226,563	200	226,763	245,803	19,040
Indoor Aquatics	174,511	1,380	175,891	202,342	26,451
Outdoor Aquatics	157,977	-	157,977	182,568	24,591
Centers, Camps & Programs	626,286	(2,800)	623,486	630,935	7,449
Athletics	44,113	6,336	50,449	58,064	7,615
Parks	587,603	11,265	598,868	597,612	(1,256)
Senior Center	197,067	600	197,667	236,155	38,488
Total Recreation	<u>2,014,120</u>	<u>16,981</u>	<u>2,031,101</u>	<u>2,153,479</u>	<u>122,378</u>
Library	<u>991,500</u>	<u>26,439</u>	<u>1,017,939</u>	<u>1,013,102</u>	<u>(4,837)</u>
TOTAL COMMUNITY SERVICES	<u>3,501,271</u>	<u>49,820</u>	<u>3,551,091</u>	<u>3,671,504</u>	<u>120,413</u>
TOTAL EXPENDITURES	<u>\$ 13,690,728</u>	<u>\$ 5,547</u>	<u>\$ 13,696,275</u>	<u>\$ 14,311,671</u>	<u>\$ 615,396</u>



SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenues which are legally restricted to finance specific functions or activities of government and which, therefore, cannot be diverted to other uses.

Economic Diversification Fund: This fund was established in fiscal 2000 to account for the economic diversification efforts of the City. Economic Diversification Fund expenditures are primarily funded from operating transfers from the General, Electric and Waterworks Funds.

State Street Aid Fund: This fund accounts for maintenance of all non-State streets in the City. Revenues are provided from a portion of the State of Tennessee gasoline and motor fuels tax.

Street and Public Transportation Fund: This fund accounts for the Transportation Assistance for the Elderly Program and the Public Transportation Program. Revenues are provided from a special one-cent-per-gallon inspection fee levied on all petroleum products bought, sold or stored in Tennessee and an operating assistance grant from the Tennessee Department of Transportation.

Grant Fund: This fund is used to account for programs and expenditures funded by state and federal grants. Annually awarded grants are primarily from the Tennessee and United States Departments of Housing and Urban Development and the Tennessee Department of Human Services. Other grants accounted for in this fund are generally one-time project specific awards.

Solid Waste Fund: This fund was established in accordance with Tennessee State Law, Public Chapter Number 759, which requires the use of a Special Revenue Fund to account for the financial activities related to the collection and transportation of solid waste.

Drug Enforcement Program Fund: This fund is used to account for investigations of violations of controlled substance laws and is funded primarily from the receipt of fines and forfeitures related to drug enforcement cases.

School Fund: This fund is used to account for the revenues and expenditures of the City of Oak Ridge public school system.

**CITY OF OAK RIDGE, TENNESSEE
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

June 30, 2002

With Comparative Totals for June 30, 2001

	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	School	Totals	
								June 30, 2002	June 30, 2001
ASSETS									
Cash and cash equivalents	\$ 2,369,799	\$ 349,832	\$ 219,799	\$ -	\$ -	\$ 47,098	\$ 6,479,763	\$ 9,466,291	\$ 8,761,497
Accounts receivable, net	-	-	-	-	-	5,374	27,683	33,057	22,901
Due from other funds	-	-	-	-	270,537	-	-	270,537	281,940
Due from other governments	-	133,303	66,738	702,867	-	-	1,478,163	2,381,071	3,214,095
Prepaid items	-	-	-	-	-	-	6,039	6,039	-
Total Assets	\$ 2,369,799	\$ 483,135	\$ 286,537	\$ 702,867	\$ 270,537	\$ 52,472	\$ 7,991,648	\$ 12,156,995	\$ 12,280,433

LIABILITIES AND FUND BALANCES

Liabilities:									
Accounts payable	\$ 7,933	\$ 18,034	\$ 6,160	\$ 18,967	\$ 270,537	\$ 62	\$ 112,407	\$ 434,100	\$ 749,676
Accrued liabilities	3,563	-	-	2,000	-	-	2,533,370	2,538,933	2,476,205
Due to other funds	-	248	21,711	630,456	-	-	86,251	738,666	1,435,982
Deferred revenue	-	-	-	51,061	-	-	354,628	405,689	432,181
Total Liabilities	11,496	18,282	27,871	702,484	270,537	62	3,086,656	4,117,388	5,094,044
Fund Balances:									
Reserved:									
Special programs	-	-	-	-	-	52,410	52,843	105,253	196,879
Encumbrances	4,500	200,000	-	-	-	-	281,831	486,331	521,546
Unreserved:									
Designated for subsequent years' expenditures	-	-	-	-	-	-	978,967	978,967	794,172
Undesignated	2,353,803	264,853	258,666	383	-	-	3,591,351	6,469,056	5,673,792
Total Fund Balances	2,358,303	464,853	258,666	383	-	52,410	4,904,992	8,039,607	7,186,389
Total Liabilities and Fund Balances	\$ 2,369,799	\$ 483,135	\$ 286,537	\$ 702,867	\$ 270,537	\$ 52,472	\$ 7,991,648	\$ 12,156,995	\$ 12,280,433

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2002
With Comparative Totals for June 30, 2001

	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	School	Totals
	June 30, 2002	June 30, 2002	June 30, 2002	June 30, 2002	June 30, 2002	June 30, 2002	June 30, 2002	June 30, 2001
Revenues:								
Intergovernmental	\$ -	\$ 765,319	\$ 114,567	\$ 752,218	\$ -	\$ -	\$ 26,395,700	\$ 29,376,494
Charges for services	-	-	-	-	681,750	-	1,432,751	2,109,702
Fines and forfeitures	-	-	-	-	-	30,366	-	40,451
Interest	40,789	8,129	5,267	-	-	1,054	163,554	336,502
Other:								
Sale of assets	4,001	-	-	-	-	494	17,915	1,141,122
Miscellaneous	39,191	-	-	-	-	-	144,526	171,615
Total Revenues	83,981	773,448	119,834	752,218	681,750	31,914	28,154,446	33,175,886
Expenditures:								
Public safety	-	-	-	188,648	-	39,886	-	228,534
Public works	-	880,843	6,680	50,000	-	-	-	1,149,552
Community services	1,032,755	-	140,654	417,959	1,655,172	-	-	3,006,702
Education	-	-	-	-	-	-	37,825,252	36,369,497
Capital outlay	-	-	-	97,165	-	-	-	2,241,618
Total Expenditures	1,032,755	880,843	147,334	753,772	1,655,172	39,886	37,825,252	42,822,614
Excess (Deficiency) of Revenues Over (Under) Expenditures	(948,774)	(107,395)	(27,500)	(1,554)	(973,422)	(7,972)	(9,670,806)	(9,646,728)
Other Financing Sources (Uses):								
Operating transfers in	1,730,704	265,000	-	1,831	973,422	-	9,949,638	12,693,569
Operating transfers out	-	-	-	-	-	-	(86,367)	(145,183)
Operating transfers out - to component units	(296,202)	-	-	-	-	-	-	(196,719)
Total Other Financing Sources (Uses)	1,434,502	265,000	(27,500)	1,831	973,422	(7,972)	9,863,271	12,351,687
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	485,728	157,605	(27,500)	277	-	(7,972)	800,603	2,704,959
Fund Balances - July 1	1,872,575	307,248	286,166	106	-	60,382	4,659,912	4,411,453
As Previously Reported	1,872,575	307,248	286,166	106	-	60,382	4,712,527	4,481,430
As Restated	2,358,303	464,853	258,666	383	-	52,410	4,904,992	7,186,389
Fund Balances - June 30	2,358,303	464,853	258,666	383	-	52,410	8,039,607	8,039,607

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ALL SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2002**

	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	School	Total
INTERGOVERNMENTAL:								
Federal:								
CDBG	\$ -	\$ -	\$ -	\$ 406,630	\$ -	\$ -	\$ -	\$ 406,630
US DOE grants	-	-	-	21,638	-	-	-	21,638
FEMA	-	-	-	48,198	-	-	-	48,198
US Dept. of Justice grants	-	-	-	135,450	-	-	-	135,450
Headstart program	-	-	-	-	692,412	-	-	692,412
Vocational improvement	-	-	-	-	61,318	-	-	61,318
ESEA Title I	-	-	-	-	360,820	-	-	360,820
IDEA Part B	-	-	-	-	558,781	-	-	558,781
Title II, V, and VI	-	-	-	-	159,510	-	-	159,510
Tech Literacy Challenge	-	-	-	-	182,107	-	-	182,107
USDA programs	-	-	-	-	564,615	-	-	564,615
Impact Aid - 874	-	-	-	290	97,887	-	-	97,887
Other federal programs	-	-	-	290	143,073	-	-	143,363
Total Federal	-	-	-	612,206	-	-	2,820,523	3,432,729
State:								
Gasoline and other fuels tax	-	765,319	-	-	-	-	-	765,319
Special tax on petroleum prod.	-	-	63,150	-	-	-	-	63,150
TN DOT	-	-	51,417	50,000	-	-	-	101,417
TEMA	-	-	-	16,833	-	-	-	16,833
THDA grant	-	-	-	48,651	-	-	-	48,651
Emergency Shelter grant	-	-	-	24,528	-	-	-	24,528
Basic Education Program	-	-	-	-	13,087,358	-	-	13,087,358
Career Ladder Program	-	-	-	-	736,550	-	-	736,550
Other state revenue	-	-	-	-	141,506	-	-	141,506
Total State	-	765,319	114,567	140,012	-	-	13,965,414	14,985,312
County:								
Property taxes	-	-	-	-	-	-	6,644,922	6,644,922
Local sales tax	-	-	-	-	-	-	2,963,376	2,963,376
Other County	-	-	-	-	-	-	1,465	1,465
Total County	-	-	-	-	-	-	9,609,763	9,609,763
TOTAL INTERGOVERNMENTAL	-	765,319	114,567	752,218	-	-	26,395,700	28,027,804
CHARGES FOR SERVICES:								
Residential Solid Waste Fee	-	-	-	-	681,750	-	-	681,750
Tuition	-	-	-	-	-	-	395,433	395,433
Sale of meals	-	-	-	-	-	-	745,030	745,030
Extended child care	-	-	-	-	-	-	292,288	292,288
TOTAL CHARGES FOR SERVICES	-	-	-	-	681,750	-	1,432,751	2,114,501
FINES AND FORFEITURES								
INTEREST	40,789	8,129	5,267	-	-	30,366	163,554	218,793
OTHER:								
Sales of assets	4,001	-	-	-	-	494	17,915	22,410
Miscellaneous revenues	39,191	-	-	-	-	-	144,526	183,717
TOTAL OTHER	43,192	-	-	-	-	494	162,441	206,127
TOTAL REVENUES	\$ 83,981	\$ 773,448	\$ 119,834	\$ 752,218	\$ 681,750	\$ 31,914	\$ 28,154,446	\$ 30,597,591

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,369,799	\$ 1,888,203
Due from other funds	-	2,000
	<u>2,369,799</u>	<u>1,890,203</u>
Total Assets	\$ <u>2,369,799</u>	\$ <u>1,890,203</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 7,933	\$ 16,327
Accrued liabilities	<u>3,563</u>	<u>1,301</u>
Total Liabilities	<u>11,496</u>	<u>17,628</u>
Fund Balances:		
Reserved for encumbrances	4,500	110,988
Unreserved, undesignated	<u>2,353,803</u>	<u>1,761,587</u>
Total Fund Balances	<u>2,358,303</u>	<u>1,872,575</u>
Total Liabilities and Fund Balances	\$ <u>2,369,799</u>	\$ <u>1,890,203</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2002

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,000,000	\$ (1,000,000)
Interest	40,789	-	40,789	40,000	789
Other Revenue:					
Land sale proceeds	4,001	-	4,001	-	4,001
Rental of property	39,191	-	39,191	28,992	10,199
Total Revenues	83,981	-	83,981	1,068,992	(985,011)
Expenditures:					
Community services	1,032,755	(106,488)	926,267	2,675,630	1,749,363
Capital outlay	-	-	-	1,000,000	1,000,000
Total Expenditures	1,032,755	(106,488)	926,267	3,675,630	2,749,363
Excess (Deficiency) of Revenues Over (Under) Expenditures	(948,774)	106,488	(842,286)	(2,606,638)	1,764,352
Other Financing Sources (Uses):					
Operating transfers in	1,730,704	-	1,730,704	1,430,704	300,000
Operating transfers out - to component units	(296,202)	-	(296,202)	(296,202)	-
Total Other Financing Sources (Uses)	1,434,502	-	1,434,502	1,134,502	300,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	485,728	106,488	592,216	(1,472,136)	2,064,352
Fund Balances - July 1	1,872,575	-	1,872,575	1,872,575	-
Fund Balances - June 30	<u>\$ 2,358,303</u>	<u>\$ 106,488</u>	<u>\$ 2,464,791</u>	<u>\$ 400,439</u>	<u>\$ 2,064,352</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	2002	2001
<u>ASSETS</u>		
Cash and cash equivalents	\$ 349,832	\$ 439,206
Due from other governments	133,303	125,913
Total Assets	\$ 483,135	\$ 565,119
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 18,034	\$ 257,871
Due to other funds	248	-
Total Liabilities	18,282	257,871
Fund Balances:		
Reserved for encumbrances	200,000	160,900
Unreserved, undesignated	264,853	146,348
Total Fund Balances	464,853	307,248
Total Liabilities and Fund Balances	\$ 483,135	\$ 565,119

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2002

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental	\$ 765,319	\$ -	\$ 765,319	\$ 772,000	\$ (6,681)
Interest	8,129	-	8,129	3,000	5,129
Total Revenues	<u>773,448</u>	<u>-</u>	<u>773,448</u>	<u>775,000</u>	<u>(1,552)</u>
Expenditures:					
Public works:					
Maintenance of streets	676,361	(24,900)	651,461	829,065	177,604
Traffic signs	15,165	-	15,165	25,000	9,835
Sidewalks	30,259	-	30,259	30,000	(259)
Street resurfacing	159,058	64,000	223,058	540,000	316,942
Total Expenditures	<u>880,843</u>	<u>39,100</u>	<u>919,943</u>	<u>1,424,065</u>	<u>504,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,395)	(39,100)	(146,495)	(649,065)	502,570
Other Financing Sources:					
Operating transfers in	265,000	-	265,000	619,065	(354,065)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	157,605	(39,100)	118,505	(30,000)	148,505
Fund Balances - July 1	307,248	-	307,248	307,248	-
Fund Balances - June 30	<u>\$ 464,853</u>	<u>\$ (39,100)</u>	<u>\$ 425,753</u>	<u>\$ 277,248</u>	<u>\$ 148,505</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	2002	2001
<u>ASSETS</u>		
Cash and cash equivalents	\$ 219,799	\$ 261,628
Due from other governments	66,738	25,897
 Total Assets	 \$ 286,537	 \$ 287,525
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 6,160	\$ 1,359
Due to other funds	21,711	-
 Total Liabilities	 27,871	 1,359
Fund Balances:		
Unreserved, undesignated	258,666	286,166
 Total Liabilities and Fund Balances	 \$ 286,537	 \$ 287,525

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2002

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental	\$ 114,567	\$ -	\$ 114,567	\$ 144,800	\$ (30,233)
Interest	5,267	-	5,267	13,000	(7,733)
Total Revenues	119,834	-	119,834	157,800	(37,966)
Expenditures:					
Public works:					
Traffic signs	6,680	-	6,680	6,000	(680)
Community services:					
Transportation assistance	140,654	-	140,654	182,000	41,346
Total Expenditures	147,334	-	147,334	188,000	40,666
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,500)	-	(27,500)	(30,200)	2,700
Fund Balances - July 1	286,166	-	286,166	286,166	-
Fund Balances - June 30	\$ 258,666	\$ -	\$ 258,666	\$ 255,966	\$ 2,700

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	2002	2001
<u>ASSETS</u>		
Due from other governments	\$ <u>702,867</u>	\$ <u>1,509,648</u>
Total Assets	\$ <u><u>702,867</u></u>	\$ <u><u>1,509,648</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 18,967	\$ 21,889
Accrued liabilities	2,000	-
Due to other funds	630,456	1,434,244
Deferred revenue	<u>51,061</u>	<u>53,409</u>
Total Liabilities	<u>702,484</u>	<u>1,509,542</u>
Fund Balances:		
Unreserved, undesignated	<u>383</u>	<u>106</u>
Total Liabilities and Fund Balances	\$ <u><u>702,867</u></u>	\$ <u><u>1,509,648</u></u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2002

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental	\$ 752,218	\$ -	\$ 752,218	\$ 5,891,749	\$ (5,139,531)
Total Revenues	<u>752,218</u>	<u>-</u>	<u>752,218</u>	<u>5,891,749</u>	<u>(5,139,531)</u>
Expenditures:					
Public works	50,000	-	50,000	-	(50,000)
Public safety	188,648	-	188,648	40,000	(148,648)
Community services	417,959	-	417,959	341,728	(76,231)
Capital outlay	97,165	-	97,165	5,510,021	5,412,856
Total Expenditures	<u>753,772</u>	<u>-</u>	<u>753,772</u>	<u>5,891,749</u>	<u>5,137,977</u>
Deficiency of Revenues Under Expenditures	(1,554)	-	(1,554)	-	(1,554)
Other Financing Sources:					
Operating transfers in	1,831	-	1,831	-	1,831
Excess of Revenues and Other Financing Sources Over Expenditures	277	-	277	-	277
Fund Balances - July 1	106	-	106	106	-
Fund Balances - June 30	<u>\$ 383</u>	<u>\$ -</u>	<u>\$ 383</u>	<u>\$ 106</u>	<u>\$ 277</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
SOLID WASTE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
Due from other funds	\$ <u>270,537</u>	\$ <u>279,940</u>
Total Assets	\$ <u><u>270,537</u></u>	\$ <u><u>279,940</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ <u>270,537</u>	\$ <u>279,940</u>
Fund Balance:		
Unreserved, undesignated	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u><u>270,537</u></u>	\$ <u><u>279,940</u></u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2002

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Charges for services	\$ 681,750	\$ -	\$ 681,750	\$ 689,000	\$ (7,250)
Expenditures:					
Community services	1,655,172	-	1,655,172	1,737,650	82,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	(973,422)	-	(973,422)	(1,048,650)	75,228
Other Financing Sources:					
Operating transfers in	973,422	-	973,422	1,048,650	(75,228)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balances - July 1	-	-	-	-	-
Fund Balances - June 30	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
DRUG ENFORCEMENT PROGRAM FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	2002	2001
<u>ASSETS</u>		
Cash and cash equivalents	\$ 47,098	\$ 52,581
Accounts receivable, net	5,374	7,863
 Total Assets	 \$ 52,472	 \$ 60,444
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 62	\$ 62
Fund Balances:		
Reserved for special programs	52,410	60,382
 Total Liabilities and Fund Balances	 \$ 52,472	 \$ 60,444

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
 DRUG ENFORCEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET (BUDGETARY BASIS) AND ACTUAL
 For the Fiscal Year Ended June 30, 2002**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Fines and forfeitures	\$ 30,366	\$ -	\$ 30,366	\$ 55,000	\$ (24,634)
Interest	1,054	-	1,054	2,500	(1,446)
Sale of assets	494	-	494	15,000	(14,506)
Total Revenues	<u>31,914</u>	<u>-</u>	<u>31,914</u>	<u>72,500</u>	<u>(40,586)</u>
Expenditures:					
Public safety	<u>39,886</u>	<u>-</u>	<u>39,886</u>	<u>95,250</u>	<u>55,364</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (7,972)	 -	 (7,972)	 (22,750)	 14,778
 Fund Balances - July 1	 <u>60,382</u>	 <u>-</u>	 <u>60,382</u>	 <u>60,382</u>	 <u>-</u>
 Fund Balances - June 30	 <u>\$ 52,410</u>	 <u>\$ -</u>	 <u>\$ 52,410</u>	 <u>\$ 37,632</u>	 <u>\$ 14,778</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
SCHOOL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

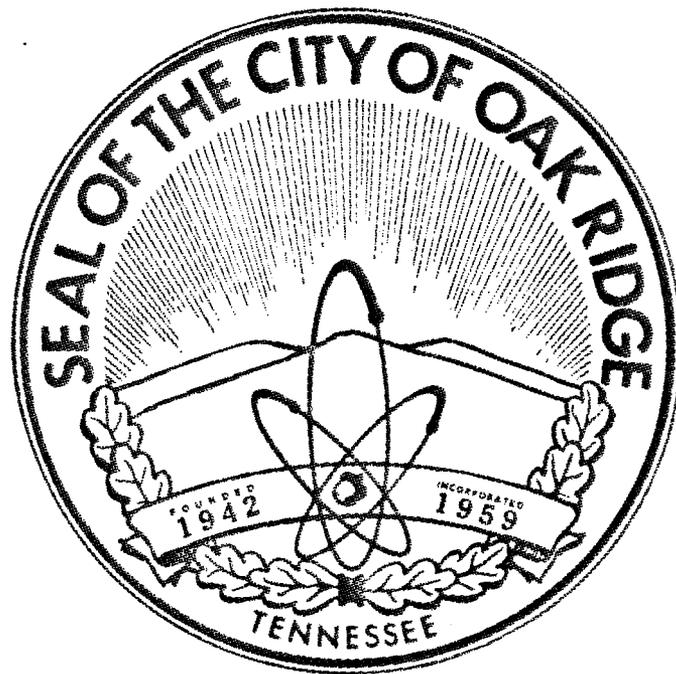
	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 6,479,763	\$ 6,119,879
Accounts receivable, net	27,683	15,038
Due from other governments	1,478,163	1,552,637
Prepaid items	<u>6,039</u>	<u>-</u>
 Total Assets	 \$ <u>7,991,648</u>	 \$ <u>7,687,554</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 112,407	\$ 172,228
Accrued liabilities	2,533,370	2,474,904
Due to other funds	86,251	1,738
Deferred revenue	<u>354,628</u>	<u>378,772</u>
 Total Liabilities	 <u>3,086,656</u>	 <u>3,027,642</u>
Fund Balances:		
Reserved for special programs	52,843	136,497
Reserved for encumbrances	281,831	249,658
Unreserved:		
Designated for subsequent years' expenditures	978,967	794,172
Undesignated	<u>3,591,351</u>	<u>3,479,585</u>
 Total Fund Balances	 <u>4,904,992</u>	 <u>4,659,912</u>
 Total Liabilities and Fund Balances	 \$ <u>7,991,648</u>	 \$ <u>7,687,554</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
SCHOOL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2002**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Revenues:					
Intergovernmental	\$ 26,395,700	\$ -	\$ 26,395,700	\$ 26,570,741	\$ (175,041)
Charges for services	1,432,751	-	1,432,751	1,437,920	(5,169)
Interest	163,554	-	163,554	240,000	(76,446)
Other	162,441	-	162,441	179,058	(16,617)
Total Revenues	28,154,446	-	28,154,446	28,427,719	(273,273)
Expenditures:					
Education:					
General school purpose	35,663,239	31,774	35,695,013	36,774,199	1,079,186
Other programs	2,162,013	399	2,162,412	2,382,651	220,239
Total Expenditures	37,825,252	32,173	37,857,425	39,156,850	1,299,425
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,670,806)	(32,173)	(9,702,979)	(10,729,131)	1,026,152
Other Financing Sources (Uses):					
Operating transfers in	9,949,638	-	9,949,638	9,949,638	-
Operating transfers out	(86,367)	-	(86,367)	(86,367)	-
Total Other Financing Sources (Uses)	9,863,271	-	9,863,271	9,863,271	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	192,465	(32,173)	160,292	(865,860)	1,026,152
Fund Balances - July 1 As Previously Reported	4,659,912	-	4,659,912	4,659,912	-
Prior Period Adjustment	52,615	-	52,615	-	52,615
Fund Balances - July 1 As Restated	4,712,527	-	4,712,527	4,659,912	52,615
Fund Balances - June 30	\$ 4,904,992	\$ (32,173)	\$ 4,872,819	\$ 3,794,052	\$ 1,078,767

The notes to financial statements are an integral part of this statement.



DEBT SERVICE FUND

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

**CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ <u>785,076</u>	\$ <u>86,500</u>
Total Assets	\$ <u>785,076</u>	\$ <u>86,500</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 943	\$ -
Matured interest payable	<u>735</u>	<u>735</u>
Total Liabilities	<u>1,678</u>	<u>735</u>
Fund Balance:		
Reserved for debt retirement	<u>783,398</u>	<u>85,765</u>
Total Liabilities and Fund Balance	\$ <u>785,076</u>	\$ <u>86,500</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Interest	\$ <u>38,890</u>	\$ <u>16,386</u>
Expenditures:		
Principal retirement	2,382,150	2,196,869
Interest and fiscal charges	<u>1,929,200</u>	<u>2,876,185</u>
Total Expenditures	<u>4,311,350</u>	<u>5,073,054</u>
Deficiency of Revenues Under Expenditures	<u>(4,272,460)</u>	<u>(5,056,668)</u>
Other Financing Sources (Uses):		
Proceeds of refunding bonds	-	41,244,385
Payment to refunding bond escrow agent	-	(41,244,385)
Operating transfers in	<u>4,970,093</u>	<u>5,100,766</u>
Total Other Financing Sources (Uses)	<u>4,970,093</u>	<u>5,100,766</u>
Excess (Deficiency) of Revenues And Other Financing Sources Over (Under) Expenditures	697,633	44,098
Fund Balances - July 1	<u>85,765</u>	<u>41,667</u>
Fund Balances - June 30	\$ <u>783,398</u>	\$ <u>85,765</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Years Ended June 30, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
Revenues:						
Interest	\$ 38,890	\$ 2,000	\$ 36,890	\$ 16,386	\$ 185	\$ 16,201
Expenditures:						
Principal retirement	2,382,150	2,307,150	(75,000)	2,196,869	2,196,869	-
Interest and fiscal charges	1,929,200	3,160,522	1,231,322	2,876,185	3,454,787	578,602
Total Expenditures	<u>4,311,350</u>	<u>5,467,672</u>	<u>1,156,322</u>	<u>5,073,054</u>	<u>5,651,656</u>	<u>578,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,272,460)</u>	<u>(5,465,672)</u>	<u>1,193,212</u>	<u>(5,056,668)</u>	<u>(5,651,471)</u>	<u>594,803</u>
Other Financing Sources:						
Proceeds of refunding bonds	-	-	41,244,385	41,244,385	-	41,244,385
Payment to refunding bond escrow agent	-	-	(41,244,385)	(41,244,385)	-	(41,244,385)
Operating transfers in	4,970,093	5,467,672	(497,579)	5,100,766	5,651,656	(550,890)
Total Other Financing Sources (Uses)	<u>4,970,093</u>	<u>5,467,672</u>	<u>(497,579)</u>	<u>5,100,766</u>	<u>5,651,656</u>	<u>(550,890)</u>
Excess (Deficiency) of Revenues And Other Financing Sources Over (Under) Expenditures	697,633	2,000	695,633	44,098	185	43,913
Fund Balances - July 1	<u>85,765</u>	<u>85,765</u>	<u>-</u>	<u>41,667</u>	<u>41,667</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 783,398</u>	<u>\$ 87,765</u>	<u>\$ 695,633</u>	<u>\$ 85,765</u>	<u>\$ 41,852</u>	<u>\$ 43,913</u>

The notes to financial statements are an integral part of this statement.



CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital assets of the City other than those financed by proprietary funds. During fiscal 2002, funding for these capital projects was primarily provided from the remaining proceeds of the fiscal 2000 \$10,000,000 General Obligation Bond Issuance. Current projects included the renovation of various City and School buildings. Major projects for the Schools included roof replacements, window replacements at Robertsville Middle School, system wide phone and technological upgrades and new auditorium seating, cooling tower and boiler replacement at the High School. Major City projects included completion of Phases II and III of the Melton Lake greenway, HVAC replacements and storm water improvements.

In fiscal 2002, the General Fund transferred \$617,000 to the Capital Projects Fund to finance future building and recreational capital maintenance projects. This is the second year of an annual transfer program to reduce the City's dependency on long-term debt proceeds to finance capital maintenance projects.

**CITY OF OAK RIDGE, TENNESSEE
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 6,343,184	\$ 6,736,532
Accounts receivable, net	-	35,000
Due from other governments	-	<u>183,524</u>
 Total Assets	 <u>\$ 6,343,184</u>	 <u>\$ 6,955,056</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 667,094	\$ 86,465
Due to other funds	9,295	256,463
Deferred revenue	<u>940,500</u>	<u>-</u>
 Total Liabilities	 <u>1,616,889</u>	 <u>342,928</u>
Fund Balances:		
Reserved for special programs	207,130	301,488
Reserved for encumbrances	786,756	571,814
Unreserved:		
Designated for subsequent years' expenditures	<u>3,732,409</u>	<u>5,738,826</u>
 Total Fund Balances	 <u>4,726,295</u>	 <u>6,612,128</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,343,184</u>	 <u>\$ 6,955,056</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2002

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental revenues	\$ 143,942	\$ -	\$ 143,942	\$ 1,316,740	\$ (1,172,798)
Interest	164,685	-	164,685	175,000	(10,315)
Total Revenues	<u>308,627</u>	<u>-</u>	<u>308,627</u>	<u>1,491,740</u>	<u>(1,183,113)</u>
Expenditures:					
Capital outlay	2,547,208	214,942	2,762,150	13,286,184	10,524,034
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,238,581)</u>	<u>(214,942)</u>	<u>(2,453,523)</u>	<u>(11,794,444)</u>	<u>9,340,921</u>
Other Financing Sources (Uses):					
Proceeds from sale of bonds	-	-	-	7,900,000	(7,900,000)
Operating transfers in	617,000	-	617,000	617,000	-
Operating transfers out	(264,252)	-	(264,252)	(314,065)	49,813
Total Other Financing Sources (Uses)	<u>352,748</u>	<u>-</u>	<u>352,748</u>	<u>8,202,935</u>	<u>(7,850,187)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,885,833)</u>	<u>(214,942)</u>	<u>(2,100,775)</u>	<u>(3,591,509)</u>	<u>1,490,734</u>
Fund Balances - July 1	<u>6,612,128</u>	<u>-</u>	<u>6,612,128</u>	<u>6,612,128</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 4,726,295</u>	<u>\$ (214,942)</u>	<u>\$ 4,511,353</u>	<u>\$ 3,020,619</u>	<u>\$ 1,490,734</u>

The notes to financial statements are an integral part of this statement.

ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges.

Electric Fund: This fund is used to account for the provision of electric service to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

Waterworks Fund: This fund is used to account for the provision of water and sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

Emergency Communications District Fund: This fund is used to account for the provision of emergency communication service to the residents of the City and some surrounding areas. Activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance and financing.

Golf Course Fund: This fund is used to account for the construction and operation of a municipal golf course. The course opened for play in late June 1997. The fund's operations are financed from the sale of land surrounding the golf course and proceeds from the operations of the golf course.

**CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 2002 and 2001**

	Electric		Waterworks		Emergency Communication District		Golf Course		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	June 30, 2002	June 30, 2001
ASSETS										
Current Assets:										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 134,073	\$ 194,856	\$ -	\$ -	\$ 134,073	\$ 194,856
Accounts receivable, net	6,443,600	5,061,143	167,688	335,449	17,770	13,540	174,018	-	6,803,076	5,410,132
Due from other funds	-	86,442	-	-	5,538	-	-	-	5,538	86,442
Due from other governments	-	-	34,774	-	-	-	-	-	34,774	-
Inventory, at cost	-	-	-	-	-	-	43,887	54,873	43,887	54,873
Total current assets	6,443,600	5,147,585	202,462	335,449	157,381	208,396	217,905	54,873	7,021,348	5,746,303
Restricted assets:										
Deposits	818,751	644,525	438,143	572,210	-	-	-	-	1,256,894	1,216,735
Construction account	1,032,390	659,444	53,478	59,148	-	-	-	-	1,085,868	718,592
Current debt service account	246,109	327,239	1,234	1,086	-	-	-	-	247,343	328,325
Total restricted assets	2,097,250	1,631,208	492,855	632,444	-	-	-	-	2,590,105	2,263,652
Fixed assets:										
Land	517,855	517,855	137,018	137,018	-	-	1,222,193	1,222,193	1,877,066	1,877,066
Buildings	316,041	316,041	21,445,301	20,937,667	28,975	28,975	879,663	878,855	22,669,980	22,161,538
Improvements other than buildings	-	-	11,865,245	11,333,527	-	-	5,764,188	5,764,188	17,629,433	17,097,715
Machinery and equipment	45,723,968	44,927,496	55,802,630	55,347,703	193,161	193,161	348,580	341,380	102,068,339	100,809,740
Construction in progress	8,447,757	3,039,227	14,908	24,948	-	-	-	-	8,462,665	3,064,175
Total fixed assets	55,005,621	48,800,619	89,265,102	87,780,863	222,136	222,136	8,214,624	8,206,616	152,707,483	145,010,234
Less accumulated depreciation	16,935,565	15,592,296	24,794,276	24,874,768	176,840	152,590	1,628,901	1,300,400	43,535,582	41,920,054
Net fixed assets	38,070,056	33,208,323	64,470,826	62,906,095	45,296	69,546	6,585,723	6,906,216	109,171,901	103,090,180
Other assets:										
Advance to Internal Service Fund	780,000	690,000	430,000	330,000	-	-	-	-	1,210,000	1,020,000
Deferred charges	287,311	299,577	375,235	410,195	-	-	47,788	50,072	710,334	759,844
Total other assets	1,067,311	989,577	805,235	740,195	-	-	47,788	50,072	1,920,334	1,779,844
Total Assets	\$ 47,676,217	\$ 40,976,693	\$ 65,971,378	\$ 64,614,183	\$ 202,677	\$ 277,942	\$ 6,851,416	\$ 7,011,161	\$ 120,703,688	\$ 112,879,979

(Continued)

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 2002 and 2001**

	Electric		Waterworks		Emergency Communication District		Golf Course		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	June 30, 2002	June 30, 2001
LIABILITIES AND FUND EQUITY										
Liabilities:										
Current Liabilities										
(payable from current assets):										
Accounts payable	\$ 4,994,163	\$ 4,210,751	\$ 100,511	\$ 335,228	\$ 4,853	\$ 4,186	\$ -	\$ 2,859	\$ 5,098,527	\$ 4,553,024
Accrued liabilities	53,455	39,428	58,903	51,559	-	-	27,013	27,325	139,371	118,312
Due to other funds	1,257,434	-	1,158,070	2,098,627	-	-	1,140,227	831,960	3,555,731	2,930,587
Current portion of notes and bonds payable	593,333	525,256	485,985	210,579	-	-	165,000	85,000	1,244,318	820,835
Total current liabilities (payable from current assets)	6,898,385	4,775,435	1,803,469	2,695,993	4,853	4,186	1,332,240	947,144	10,038,947	8,422,758
Current liabilities (payable from restricted assets):										
Contracts payable	142,242	-	438,143	572,210	-	-	-	-	580,385	572,210
Customer deposits payable	676,509	644,525	-	-	-	-	-	-	676,509	644,525
Bonds and notes payable	121,867	134,744	-	-	-	-	-	-	121,867	134,744
Accrued interest payable	116,844	197,747	2,420	4,590	-	-	-	-	119,264	202,337
Total current liabilities (payable from restricted assets)	1,057,262	977,016	440,563	576,800	-	-	-	-	1,497,825	1,553,816
Long-term liabilities:										
Vacation benefits payable	87,931	98,909	176,431	169,558	-	-	-	-	284,362	268,467
Notes payable, net of unamortized discounts	15,337,348	12,660,056	23,084,466	20,525,042	-	-	-	-	38,421,614	33,185,098
Bonds payable, net of unamortized discounts	5,283,272	5,563,761	-	-	-	-	6,661,354	6,808,682	11,954,628	12,372,443
Total long-term liabilities	20,718,551	18,322,726	23,260,897	20,694,600	-	-	6,661,354	6,808,682	50,640,802	45,828,008
Total Liabilities	28,674,198	24,075,177	25,504,929	23,967,393	4,853	4,186	7,993,594	7,755,828	62,177,574	55,602,562
Fund Equity:										
Contributed capital:										
Investments of municipality	-	-	4,448,188	4,448,188	-	-	1,796,440	1,796,440	6,244,628	6,244,628
Contributions in aid of construction	-	-	8,092,289	8,092,289	-	-	-	-	8,092,289	8,092,289
Capital grants	-	-	27,984,892	27,984,892	-	-	-	-	27,984,892	27,984,892
Less depreciation	-	-	(9,714,243)	(8,649,239)	-	-	-	-	(9,714,243)	(8,649,239)
Total contributed capital	-	-	30,811,126	31,876,130	-	-	1,796,440	1,796,440	32,607,566	33,672,570
Retained earnings (deficit)	19,004,019	16,901,516	9,655,323	8,770,660	197,824	273,756	(2,938,618)	(2,541,105)	25,918,548	23,404,827
Total Fund Equity	19,004,019	16,901,516	40,466,449	40,646,790	197,824	273,756	(1,142,178)	(744,665)	58,526,114	57,077,397
Total Liabilities and Fund Equity	\$ 47,678,217	\$ 40,976,693	\$ 65,971,378	\$ 64,614,183	\$ 202,677	\$ 277,942	\$ 6,851,416	\$ 7,011,161	\$ 120,703,688	\$ 112,679,979

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Years Ended June 30, 2002 and 2001**

	Electric		Waterworks		Emergency Communication District		Golf Course		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	June 30, 2002	June 30, 2001
Operating Revenues:										
Charges for services	\$ 32,859,895	\$ 32,613,495	\$ 11,295,946	\$ 11,582,463	\$ 193,271	\$ 193,431	\$ -	\$ -	\$ 44,349,112	\$ 44,389,389
Golf course fees and sales	-	-	-	-	-	-	1,240,054	1,193,824	1,240,054	1,193,824
Other	531,708	537,193	92,753	99,572	-	-	24,000	24,000	648,461	660,765
Total Operating Revenues	33,391,603	33,150,688	11,388,699	11,682,035	193,271	193,431	1,264,054	1,217,824	46,237,627	46,243,978
Operating Expenses:										
Maintenance and administrative	5,187,481	4,947,293	7,475,278	6,954,934	248,129	246,107	1,206,779	1,284,699	14,117,667	13,433,033
Purchased power and water	25,226,618	24,457,044	1,003,644	971,291	-	-	-	-	26,230,462	25,428,335
Depreciation	1,498,206	1,439,243	2,431,092	2,423,455	24,250	54,815	328,501	328,019	4,282,049	4,245,532
Total Operating Expenses	31,912,305	30,843,580	10,910,214	10,349,680	272,379	300,922	1,535,280	1,612,718	44,630,178	43,106,900
Operating Income (Loss)	1,479,298	2,307,108	478,485	1,332,355	(79,108)	(107,491)	(271,226)	(394,894)	1,607,449	3,137,078
Nonoperating Revenues (Expenses):										
Gain on sale of fixed assets	-	-	-	-	-	-	34,401	14,657	34,401	14,657
Intergovernmental revenue	1,431,543	-	34,774	-	-	-	-	-	1,466,317	-
Capital contributions	-	-	281,210	250,912	-	-	-	-	281,210	250,912
Interest revenue	42,648	140,786	2,001	10,304	3,176	10,624	-	-	47,825	161,714
Interest expense	(633,341)	(1,064,847)	(795,440)	(885,944)	-	-	(360,688)	(377,257)	(1,789,469)	(2,328,048)
Total Nonoperating Revenues (Expenses)	840,850	(924,061)	(477,455)	(624,728)	3,176	10,624	(326,287)	(362,600)	40,284	(1,900,765)
Net Income (Loss) Before Operating Transfers	2,320,148	1,383,047	1,030	707,627	(75,932)	(96,867)	(597,513)	(757,494)	1,647,733	1,236,313
Operating Transfers In (Out):										
Operating transfers in	-	-	-	-	-	-	200,000	-	200,000	-
Operating transfers out	(217,645)	(176,652)	(181,371)	(147,085)	-	-	-	-	(399,016)	(323,737)
Total Operating Transfers In (Out)	(217,645)	(176,652)	(181,371)	(147,085)	-	-	200,000	-	(199,016)	(323,737)
Net Income (Loss)	2,102,503	1,206,395	(180,341)	560,542	(75,932)	(96,867)	(397,513)	(757,494)	1,448,717	912,576
Add: Depreciation on fixed assets acquired by EPA and DOE grants	-	-	1,065,004	1,065,004	-	-	-	-	1,065,004	1,065,004
Increase (Decrease) in Retained Earnings	2,102,503	1,206,395	884,663	1,625,546	(75,932)	(96,867)	(397,513)	(757,494)	2,513,721	1,977,580
Retained Earnings (Deficit) - July 1	16,901,516	15,695,121	8,770,660	7,145,114	273,756	370,623	(2,541,105)	(1,783,611)	23,404,827	21,427,247
Retained Earnings (Deficit) - June 30	\$ 19,004,019	\$ 16,901,516	\$ 9,655,323	\$ 8,770,660	\$ 197,824	\$ 273,756	\$ (2,938,618)	\$ (2,541,105)	\$ 25,918,548	\$ 23,404,827

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2002 and 2001

	Electric		Waternworks		Emergency Communication District		Golf Course		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Operating Income (Loss)	\$ 1,479,298	\$ 2,307,108	\$ 478,485	\$ 1,332,355	\$ (79,108)	\$ (107,491)	\$ (271,226)	\$ (394,894)	\$ 1,607,449	\$ 3,137,078
Adjustments to Reconcile Operating Income (Loss) to Net Cash:										
Depreciation	1,488,206	1,439,243	2,431,092	2,423,455	24,250	54,815	328,501	328,019	4,282,049	4,245,532
Provision for uncollectible accounts	102,000	102,000	-	-	-	-	-	-	102,000	102,000
Changes in Assets and Liabilities:										
Accounts receivable	(1,484,457)	145,182	167,761	(156,059)	(4,230)	15,120	(174,018)	51,456	(1,494,944)	55,699
Due from other funds	86,442	(86,442)	(34,774)	-	(5,538)	3,321	-	-	80,904	(83,121)
Due from other governments	-	-	-	-	-	3,699	-	-	(34,774)	3,699
Inventory, at cost	-	-	-	-	-	-	10,966	(624)	10,966	(624)
Amortization of deferred charges	27,330	25,585	49,960	49,835	-	-	5,516	5,516	82,806	80,936
Accounts payable	783,412	(256,350)	(234,717)	(261,233)	667	(1,354)	(2,859)	2,604	546,503	(516,333)
Deposits	174,226	25,990	(134,067)	229,845	-	-	-	-	40,159	255,835
Accrued liabilities	14,027	2,794	7,344	(2,210)	-	-	(312)	(293)	21,059	281
Due to other funds	1,257,434	(2,137,378)	(940,557)	418,637	-	-	308,267	437,228	625,144	(1,281,513)
Accrued vacation	(10,978)	(4,728)	6,873	(16,265)	-	-	-	-	(4,105)	(20,993)
Net Cash Provided (Used) by Operating Activities	3,926,940	1,563,004	1,797,400	4,018,360	(63,959)	(31,890)	204,855	428,012	5,965,236	5,978,486
Cash Flows From Noncapital Financing Activities:										
Federal grant proceeds	182,915	-	34,774	-	-	-	-	-	217,689	-
Transfers from other funds	-	-	-	-	-	-	200,000	-	200,000	-
Advance to other funds	(90,000)	-	(100,000)	-	-	-	-	-	(190,000)	-
Transfers to other funds	(217,645)	(176,652)	(181,371)	(147,085)	-	-	-	-	(399,016)	(323,737)
Net Cash Provided (Used) by Noncapital Financing Activities	(124,730)	(176,652)	(246,597)	(147,085)	-	-	200,000	-	(171,327)	(323,737)
Cash Flows From Capital and Related Financing Activities:										
Net proceeds from issuance of long-term debt	3,107,282	2,000,000	2,949,666	5,266,444	-	-	-	-	6,056,958	7,266,444
Acquisition and construction of capital assets	(5,125,518)	(3,023,691)	(3,714,613)	(8,157,993)	-	-	(8,008)	(851)	(8,948,139)	(11,182,535)
Proceeds from sale of capital assets	3,127	9,262	-	-	-	-	34,401	14,657	37,528	23,919
Principal paid on long-term debt	(660,000)	(699,944)	(129,636)	(121,596)	-	-	(85,000)	(80,000)	(874,836)	(1,101,542)
Interest paid on long-term debt	(703,717)	(1,352,884)	(787,610)	(699,155)	-	-	(346,248)	(362,818)	(1,847,575)	(2,604,857)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,378,816)	(3,267,257)	(1,692,393)	(3,902,302)	-	-	(404,855)	(428,012)	(5,476,064)	(7,598,571)
Cash Flows from Investing Activities:										
Interest and dividends on investments	42,648	140,786	2,001	10,304	3,176	10,624	-	-	47,825	161,714
Net Increase (Decrease) in Cash and Cash Equivalents	466,042	(1,740,119)	(139,589)	(20,723)	(60,783)	(21,266)	-	-	265,670	(1,762,108)
Cash and Cash Equivalents, July 1	1,831,208	3,371,327	632,444	653,167	194,856	216,122	-	-	2,458,508	4,240,616
Cash and Cash Equivalents, June 30	\$ 2,097,250	\$ 1,631,208	\$ 492,855	\$ 632,444	\$ 134,073	\$ 194,856	\$ -	\$ -	\$ 2,724,178	\$ 2,458,508
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:										
Cash and cash equivalents in current assets	\$ -	\$ -	\$ -	\$ -	\$ 134,073	\$ 194,856	\$ -	\$ -	\$ 134,073	\$ 194,856
Restricted assets:										
Deposits	818,751	644,525	438,143	572,210	-	-	-	-	1,256,894	1,216,735
Construction account	1,032,390	659,444	53,478	59,148	-	-	-	-	1,085,868	718,592
Current debt service account	246,109	327,239	1,234	1,096	-	-	-	-	247,343	328,325
Cash and Cash Equivalents, June 30	\$ 2,097,250	\$ 1,631,208	\$ 492,855	\$ 632,444	\$ 134,073	\$ 194,856	\$ -	\$ -	\$ 2,724,178	\$ 2,458,508

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2002 and 2001

Noncash investing, capital and financing activities:

Amortized in fiscal 2002 in the Electric Fund were \$12,266 in Debt Issuance Costs, \$3,983 in Bond Discounts and \$10,528 of the difference between the reacquisition price and the net carrying value of bonds refunded in fiscal 2001. \$11,081 was also amortized for a prior service area acquisition.

On May 1, 2000, the United States Department of Energy (DOE) transferred ownership of a water treatment facility located in Oak Ridge to the City of Oak Ridge. Upon transfer, the water treatment plant was recorded as a fixed asset in the Waterworks Fund at its fair market value of \$12,500,000. No cash or other asset was exchanged by the City with DOE to acquire the water plant. The City incurred \$80,266 in legal fees and other incidental costs related to this transaction that were recorded as a Deferred Charge and are being amortized over 5 years. The acquisition was contingent on the City purchasing an environmental insurance policy on the water plant that is in effect for 10 years. The \$293,162 policy purchase price was recorded as a Deferred Charge and is being amortized over 10 years.

In the Waterworks Fund, \$45,364 in acquisition costs for the water treatment plant and \$4,596 in debt issuance costs were amortized in fiscal 2002. The Waterworks Fund had \$281,210 in facilities, recorded as revenue, donated by private developers to the City in fiscal 2002.

Amortized in the Golf Course Fund in fiscal 2002 were \$2,283 in Bond Issuance Costs, \$3,233 in Bond Discounts and \$14,439 of the difference between the reacquisition price and the net carrying value of notes refunded in fiscal 1999.

The notes to financial statements are an integral part of this statement.



INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

City Insurance Fund: This fund is used to account for contributions from operating funds and the related payments and accruals for dental, property and liability claims, other than those related to the schools. This fund receives the employee and the City's contribution for the payment of the employee's medical premiums. School property and liability claims and the School's contribution toward employee medical benefits are accounted for in the School Fund, a special revenue fund.

Inventory Fund: This fund is used to account for the costs of maintaining a central inventory of materials and supplies for use by all activities of the City.

City Equipment Replacement Rental Fund: This fund is used to account for the assets used in providing a pool of equipment for use by all City departments. Rents charged to the various departments are used to fund replacement of the equipment.

School Equipment Replacement Rental Fund: This fund is used to account for the assets used in providing a pool of equipment for the schools' use. Rents charged to the various school departments are used to fund replacement of the equipment.

**CITY OF OAK RIDGE, TENNESSEE
ALL INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2002 and 2001**

	Insurance		Inventory		City		Equipment Replacement Rental		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	June 30, 2002	June 30, 2001
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 664,077	\$ 727,730	\$ -	\$ -	\$ 895,988	\$ 1,194,527	\$ 508,733	\$ 316,341	\$ 2,068,798	\$ 2,238,598
Due from other funds	-	-	-	-	1,492	1,212	-	-	1,492	1,212
Inventory, at cost	-	-	1,631,907	1,528,928	-	-	-	-	1,631,907	1,528,928
Total current assets	664,077	727,730	1,631,907	1,528,928	897,480	1,195,739	508,733	316,341	3,702,197	3,768,738
Fixed assets:										
Machinery and equipment	-	-	-	-	7,577,708	7,282,234	2,239,126	2,246,808	9,816,834	9,529,042
Less accumulated depreciation	-	-	-	-	4,080,896	3,663,813	1,125,972	1,064,454	5,206,868	4,728,267
Net fixed assets	-	-	-	-	3,496,812	3,618,421	1,113,154	1,182,354	4,609,966	4,800,775
Other Assets:										
Deferred Charges	-	-	-	-	8,658	9,451	-	-	8,658	9,451
Total Assets	\$ 664,077	\$ 727,730	\$ 1,631,907	\$ 1,528,928	\$ 4,402,950	\$ 4,823,611	\$ 1,621,887	\$ 1,498,695	\$ 8,320,821	\$ 8,578,964
LIABILITIES AND FUND EQUITY										
Liabilities:										
Current liabilities:										
Accounts payable	\$ -	\$ -	\$ 89,137	\$ 60,749	\$ 59,053	\$ 33,074	\$ 15,793	\$ 12,883	\$ 163,983	\$ 106,706
Claims payable	192,846	120,511	-	-	-	-	-	-	192,846	120,511
Accrued liabilities	-	-	-	-	6,473	6,123	9,945	-	16,418	6,123
Due to other funds	-	-	220,270	335,679	-	-	-	-	220,270	335,679
Current portion of long-term obligations	-	-	-	-	130,403	123,899	60,759	57,233	191,162	181,132
Total current liabilities	192,846	120,511	309,407	396,428	195,929	163,096	86,497	70,116	784,679	750,151
Long-term liabilities:										
Vacation benefits payable	-	-	-	-	31,127	29,636	-	-	31,127	29,636
Advances from other funds	-	-	1,322,500	1,132,500	-	-	-	-	1,322,500	1,132,500
Capital lease obligations	-	-	-	-	-	-	132,976	193,735	132,976	193,735
Notes payable	-	-	-	-	1,746,588	1,876,991	-	-	1,746,588	1,876,991
Total long-term liabilities	-	-	1,322,500	1,132,500	1,777,715	1,906,627	132,976	193,735	3,233,191	3,232,862
Total Liabilities	192,846	120,511	1,631,907	1,528,928	1,973,644	2,069,723	219,473	263,851	4,017,870	3,983,013
Fund Equity:										
Contributed capital	-	-	-	-	838,908	838,908	844,110	844,110	1,683,018	1,683,018
Retained earnings	471,231	607,219	-	-	1,590,398	1,914,980	558,304	390,734	2,619,933	2,912,933
Total Fund Equity	471,231	607,219	-	-	2,429,306	2,753,888	1,402,414	1,234,844	4,302,951	4,595,951
Total Liabilities and Fund Equity	\$ 664,077	\$ 727,730	\$ 1,631,907	\$ 1,528,928	\$ 4,402,950	\$ 4,823,611	\$ 1,621,887	\$ 1,498,695	\$ 8,320,821	\$ 8,578,964

The notes to the financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Years Ended June 30, 2002 and 2001

	Insurance		Inventory		City		Equipment Replacement Rental		School		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
Operating Revenues:												
Charges for services	\$ 649,980	\$ 651,977	\$ 1,485,438	\$ 1,610,436	\$ 2,169,682	\$ 2,092,464	\$ 308,000	\$ 447,693	\$ 4,613,100	\$ 4,802,570		
Contributions:												
Employer's contributions	1,149,200	1,135,600	-	-	-	-	-	-	1,149,200	1,135,600		
Employees' contributions	338,292	284,448	-	-	-	-	-	-	338,292	284,448		
Other	-	-	-	-	-	-	-	-	-	-		
Total Operating Revenues	2,137,472	2,072,025	1,485,438	1,610,436	2,169,682	2,092,464	308,000	447,693	6,100,592	6,222,618		
Operating Expenses:												
Maintenance and administrative	-	-	-	-	1,372,509	1,284,419	-	-	1,372,509	1,284,419		
Depreciation	-	-	-	-	741,483	699,563	158,757	139,645	900,240	839,208		
Materials	-	-	1,485,438	1,610,436	357,682	416,699	-	29	1,843,120	2,027,164		
Medical/liability claims	350,960	250,161	-	-	-	-	-	-	350,960	250,161		
Insurance premiums	1,938,255	1,696,509	-	-	-	-	-	-	1,938,255	1,696,509		
Total Operating Expenses	2,289,215	1,946,670	1,485,438	1,610,436	2,471,674	2,400,681	158,757	139,674	6,405,084	6,097,461		
Operating Income (Loss)	(151,743)	125,355	-	-	(301,992)	(308,217)	149,243	308,019	(304,492)	125,157		
Nonoperating Revenues (Expenses):												
Gain on sale of fixed assets	-	-	-	-	2,557	56,023	16,337	1,350	18,894	57,373		
Interest revenue	15,755	47,890	-	-	20,496	66,498	14,511	24,267	50,762	138,655		
Interest expense	-	-	-	-	(45,643)	(85,939)	(12,521)	(16,012)	(58,164)	(101,951)		
Total Nonoperating Revenues (Expenses)	15,755	47,890	-	-	(22,590)	36,582	18,327	9,605	11,492	94,077		
Net Income (Loss)	(135,988)	173,245	-	-	(324,582)	(271,635)	167,570	317,624	(293,000)	219,234		
Retained Earnings - July 1	607,219	433,974	-	-	1,914,980	2,186,615	390,734	73,110	2,912,933	2,693,699		
Retained Earnings - June 30	\$ 471,231	\$ 607,219	\$ -	\$ -	\$ 1,590,398	\$ 1,914,980	\$ 558,304	\$ 390,734	\$ 2,619,933	\$ 2,912,933		

The notes to the financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2002 and 2001**

	Insurance		Inventory		City		Equipment Replacement Rental		Totals	
	2002	2001	2002	2001	2002	2001	2002	2001	June 30, 2002	June 30, 2001
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating Income (Loss)	(151,743)	125,355	-	-	(301,992)	(308,217)	149,243	308,019	(304,492)	125,157
Adjustments to Reconcile Operating Income (Loss) to Net Cash:										
Depreciation	-	-	-	-	741,483	699,563	158,757	139,645	900,240	839,208
Changes to Assets and Liabilities:										
Accounts receivable	-	-	-	-	(280)	(1,212)	-	-	(280)	(1,212)
Due from other funds	-	-	-	-	794	794	-	-	794	794
Amortization of deferred charges	-	-	-	-	-	-	-	-	-	-
Inventory, at cost	-	-	(102,979)	(215,963)	-	-	-	-	(102,979)	(215,963)
Accounts payable	-	-	28,388	4,770	25,979	4,649	15,793	-	70,160	9,419
Claims payable	72,335	(5,097)	-	-	-	-	-	-	72,335	(5,097)
Accrued Liabilities	-	-	-	-	350	320	-	-	350	320
Due to other funds	-	-	(115,409)	211,193	-	-	-	-	(115,409)	211,193
Accrued Vacation	-	-	-	-	1,491	2,196	-	-	1,491	2,196
Net Cash Provided (Used) By Operating Activities	(79,408)	120,258	(190,000)	-	467,825	398,093	323,793	447,664	522,210	966,015
Cash Flow From Noncapital Financing Activities:										
Advances from other funds	-	-	190,000	-	-	-	-	-	190,000	-
Cash Flow From Capital and Related Financing Activities:										
Net proceeds from the issuance of long-term debt	-	-	-	-	-	184,580	-	-	-	184,580
Acquisition and construction of capital assets	-	-	-	-	(643,009)	(680,235)	(141,945)	(291,382)	(784,954)	(971,617)
Proceeds from the sale of capital assets	-	-	-	-	25,691	56,023	16,337	1,350	42,028	57,373
Proceeds from insurance recoveries	-	-	-	-	-	-	52,388	-	52,388	-
Capital Contributed	-	(272,739)	-	-	-	24,159	-	-	-	(248,580)
Principal paid on long-term debt	-	-	-	-	(123,899)	(117,718)	(57,233)	(53,912)	(181,132)	(171,630)
Interest paid on long-term debt	-	-	-	-	(45,643)	(85,939)	(15,459)	(18,780)	(61,102)	(104,719)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(272,739)	-	-	(786,860)	(619,130)	(145,912)	(362,724)	(932,772)	(1,254,593)
Cash Flows from Investing Activities:										
Interest and dividends on investments	15,755	47,890	-	-	20,496	66,498	14,511	24,287	50,762	138,655
Net Increase (Decrease) in Cash and Cash Equivalents	(63,653)	(104,591)	-	-	(298,539)	(154,539)	192,392	109,207	(169,800)	(149,923)
Cash and Cash Equivalents, July 1	727,730	832,321	-	-	1,194,527	1,349,066	316,341	207,134	2,238,598	2,388,521
Cash and Cash Equivalents, June 30	664,077	727,730	\$	\$	895,988	1,194,527	508,733	316,341	2,068,798	2,238,598

The notes to financial statements are an integral part of this statement.

(Continued)

CITY OF OAK RIDGE, TENNESSEE
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2002 and 2001

Noncash investing, capital, and financing activities:

In the City Equipment Replacement Rental Fund, \$794 in debt issuance costs were amortized during fiscal 2002.

TRUST FUND

Trust Funds are used to account for assets held by the City in a trustee capacity. The terms "expendable" and "nonexpendable" refer to whether or not the government is under an obligation to maintain the trust principal.

Scholarship Fund: This fund is a Nonexpendable Trust Fund used to account for principal trust amounts received and related interest income. The interest portion of the trust is used for college scholarship awards. The principal amount is invested by the City, but must be preserved intact.

**CITY OF OAK RIDGE, TENNESSEE
SCHOLARSHIP NONEXPENDABLE TRUST FUND
COMPARATIVE BALANCE SHEETS
June 30, 2002 and 2001**

<u>ASSETS</u>	<u>2002</u>	<u>2001</u>
Cash and cash equivalents	\$ 308,961	\$ 19,888
Investments, at fair value	54,801	329,045
Accrued interest	473	10,159
Due from other funds	<u>-</u>	<u>1,738</u>
 Total Assets	 <u>\$ 364,235</u>	 <u>\$ 360,830</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ <u>8,410</u>	\$ <u>15,717</u>
Fund Balances:		
Reserved for endowment	<u>355,825</u>	<u>345,113</u>
 Total Liabilities and Fund Balances	 <u>\$ 364,235</u>	 <u>\$ 360,830</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHOLARSHIP NONEXPENDABLE TRUST FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating Revenues:		
Contributions	\$ 3,735	\$ -
Investment Income	<u>18,042</u>	<u>33,742</u>
Total Operating Revenues	<u>21,777</u>	<u>33,742</u>
Operating Expenses:		
Scholarship awards	<u>11,065</u>	<u>18,442</u>
Net Income (Loss)	10,712	15,300
Fund Balance - July 1	<u>345,113</u>	<u>329,813</u>
Fund Balance - June 30	<u>\$ 355,825</u>	<u>\$ 345,113</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
SCHOLARSHIP NONEXPENDABLE TRUST FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
Operating Income	\$ 10,712	\$ 15,300
Adjustments to Reconcile Operating Income to Net Cash:		
Unrealized increase in fair market value of investments	(7,768)	(12,619)
Interest on investments	(18,042)	(33,742)
Changes in Assets and Liabilities:		
Interest receivable	9,686	(1,546)
Due from other funds	1,738	3,921
Accounts payable	<u>(7,307)</u>	<u>2,812</u>
Net Cash Provided (Used) By Operating Activities	<u>(10,981)</u>	<u>(25,874)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(1,890)	(283,902)
Maturity of investments	283,902	293,894
Interest on investments	<u>18,042</u>	<u>33,742</u>
Net Cash Provided (Used) By Investing Activities	<u>300,054</u>	<u>43,734</u>
Net Increase (Decrease) in Cash and Cash Equivalents	289,073	17,860
Cash and Cash Equivalents, July 1	<u>19,888</u>	<u>2,028</u>
Cash and Cash Equivalents, June 30	\$ <u>308,961</u>	\$ <u>19,888</u>
Noncash Investing Activities:		
Unrealized gains in fair value of investments	\$ <u>7,768</u>	\$ <u>12,619</u>

The notes to financial statements are an integral part of this statement.



ACCOUNT GROUPS

General Fixed Assets Account Group: The General Fixed Assets Account Group is a self-balancing group of accounts used to account for fixed assets acquired for general governmental purposes. These include all fixed assets except those of the Enterprise and Internal Service Funds.

General Long-Term Debt Account Group: The General Long-Term Debt Account Group is used to account for the outstanding principal balances of the general obligation debt of the City.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES
June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
General Fixed Assets:		
Land	\$ 1,613,360	\$ 1,616,981
Buildings	63,455,345	61,955,864
Improvements other than buildings	6,988,655	6,267,279
Machinery and equipment	<u>8,587,273</u>	<u>7,977,919</u>
Total General Fixed Assets	<u>\$ 80,644,633</u>	<u>\$ 77,818,043</u>
Investments in General		
Fixed Assets From:		
Long-term debt issuances	\$ 45,746,130	\$ 43,651,622
General Fund revenues	3,164,353	3,177,700
Special Revenue Fund revenues	22,436,258	22,019,169
Grants and Gifts	<u>9,297,892</u>	<u>8,969,552</u>
Total Investment in General Fixed Assets	<u>\$ 80,644,633</u>	<u>\$ 77,818,043</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY SOURCES
For the Fiscal Year Ended June 30, 2002

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
General Fixed Assets, July 1, 2001	\$ 1,616,981	\$ 61,955,864	\$ 6,267,279	\$ 7,977,919	\$ 77,818,043
Additions:					
Special Revenue Funds	-	48,069	41,905	869,114	959,088
Long-term debt proceeds	-	1,484,246	548,876	136,060	2,169,182
Other government/private sources	-	78,850	143,942	146,179	368,971
Deductions:					
Fixed Assets sold or retired	<u>3,621</u>	<u>111,684</u>	<u>13,347</u>	<u>541,999</u>	<u>670,651</u>
General Fixed Assets, June 30, 2002	<u>\$ 1,613,360</u>	<u>\$ 63,455,345</u>	<u>\$ 6,988,655</u>	<u>\$ 8,587,273</u>	<u>\$ 80,644,633</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
June 30, 2002

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
General Government:					
Executive	\$ -	\$ -	\$ -	\$ 9,728	\$ 9,728
Judicial	-	-	-	9,500	9,500
Total General Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,228</u>	<u>19,228</u>
Administration:					
Data Services	-	-	-	19,959	19,959
Finance	-	-	-	37,104	37,104
Total Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,063</u>	<u>57,063</u>
Public Safety:					
Police	122	144,046	10,044	1,050,307	1,204,519
Fire	11,087	1,513,800	101,540	45,848	1,672,275
Total Public Safety	<u>11,209</u>	<u>1,657,846</u>	<u>111,584</u>	<u>1,096,155</u>	<u>2,876,794</u>
Public Works:					
Engineering	-	-	-	9,952	9,952
Municipal Building	534	1,713,921	132,694	121,194	1,968,343
Central Service Center Complex	626,139	12,474,497	-	-	13,100,636
Other Buildings	29,049	57,306	-	-	86,355
Streets and Highways	57,806	-	-	-	57,806
Maintenance	-	-	-	7,321	7,321
Total Public Works	<u>713,528</u>	<u>14,245,724</u>	<u>132,694</u>	<u>138,467</u>	<u>15,230,413</u>
Community Services & Development:					
Planning	-	-	-	5,949	5,949
Economic Development	263,567	1,456,564	828,923	-	2,549,054
Recreation	205,052	5,117,360	537,710	5,670	5,865,792
Parks	240,400	716,742	3,414,707	18,860	4,390,709
Library	-	868,083	21,996	354,168	1,244,247
Senior Center	-	83,315	-	-	83,315
Total Community Services	<u>709,019</u>	<u>8,242,064</u>	<u>4,803,336</u>	<u>384,647</u>	<u>14,139,066</u>
Education	<u>179,604</u>	<u>39,309,711</u>	<u>1,941,041</u>	<u>6,891,713</u>	<u>48,322,069</u>
Total General Fixed Assets	<u>\$ 1,613,360</u>	<u>\$ 63,455,345</u>	<u>\$ 6,988,655</u>	<u>\$ 8,587,273</u>	<u>\$ 80,644,633</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2002

	General Fixed Assets 06/30/2001	Additions	Deductions	General Fixed Assets 06/30/2002
General Government:				
Executive	\$ 9,728	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
Administration:				
Data Services	19,959	-	-	19,959
Finance	37,104	-	-	37,104
Total Administration	<u>57,063</u>	<u>-</u>	<u>-</u>	<u>57,063</u>
Public Safety:				
Police	1,079,351	125,168	-	1,204,519
Fire	1,530,621	141,654	-	1,672,275
Total Public Safety	<u>2,609,972</u>	<u>266,822</u>	<u>-</u>	<u>2,876,794</u>
Public Works:				
Engineering	9,952	-	-	9,952
Municipal Building	1,943,165	25,178	-	1,968,343
Central Service Center Complex	13,100,636	-	-	13,100,636
Other Buildings	210,335	2,512	126,492	86,355
Streets and Highways	57,806	-	-	57,806
Maintenance	7,321	-	-	7,321
Total Public Works	<u>15,329,215</u>	<u>27,690</u>	<u>126,492</u>	<u>15,230,413</u>
Community Services & Development:				
Planning	5,949	-	-	5,949
Economic Development	2,551,214	-	2,160	2,549,054
Recreation	5,673,500	192,292	-	5,865,792
Parks	3,666,155	724,554	-	4,390,709
Library	1,229,217	15,030	-	1,244,247
Senior Center	30,270	53,045	-	83,315
Total Community Services	<u>13,156,305</u>	<u>984,921</u>	<u>2,160</u>	<u>14,139,066</u>
Education	<u>46,646,260</u>	<u>2,217,808</u>	<u>541,999</u>	<u>48,322,069</u>
Total General Fixed Assets	<u>\$ 77,818,043</u>	<u>\$ 3,497,241</u>	<u>\$ 670,651</u>	<u>\$ 80,644,633</u>

NOTE: Additions and deductions include transfers from one activity to another.

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Fiscal Year Ended June 30, 2002

	<u>Balance June 30, 2001</u>	<u>Additions</u>	<u>Debt Service Fund Operations</u>	<u>Payments/ Reductions</u>	<u>Balance June 30, 2002</u>
Amount available for retirement of general obligation debt in Debt Service Fund	\$ 85,765	\$ -	\$ 697,633	\$ -	\$ 783,398
Amount to be provided for payment of earned vacation benefits	1,062,541	746,888	-	689,773	1,119,656
Amount to be provided for retirement of capital outlay notes	160,592	-	-	78,337	82,255
Amount to be provided for retirement of Tennessee Municipal Bond Fund Loan	1,167,296	-	-	23,813	1,143,483
Amount to be provided for TN-LOANS	21,783,000	-	-	-	21,783,000
Amount to be provided for retirement of general obligation bonds	<u>29,429,235</u>	<u>-</u>	<u>(697,633)</u>	<u>2,280,000</u>	<u>26,451,602</u>
Total To Be Provided	<u>53,602,664</u>	<u>746,888</u>	<u>(697,633)</u>	<u>3,071,923</u>	<u>50,579,996</u>
Total Available and To Be Provided	<u>\$ 53,688,429</u>	<u>\$ 746,888</u>	<u>\$ -</u>	<u>\$ 3,071,923</u>	<u>\$ 51,363,394</u>
Long-term debt payable:					
Vacation benefits	\$ 1,062,541	\$ 746,888	\$ -	\$ 689,773	\$ 1,119,656
Capital outlay notes	160,592	-	-	78,337	82,255
Tennessee Municipal Bond Fund Loan	1,167,296	-	-	23,813	1,143,483
TN-LOANS	21,783,000	-	-	-	21,783,000
General obligation bonds	<u>29,515,000</u>	<u>-</u>	<u>-</u>	<u>2,280,000</u>	<u>27,235,000</u>
Total Long-Term Debt Payable	<u>\$ 53,688,429</u>	<u>\$ 746,888</u>	<u>\$ -</u>	<u>\$ 3,071,923</u>	<u>\$ 51,363,394</u>

The notes to financial statements are an integral part of this statement.

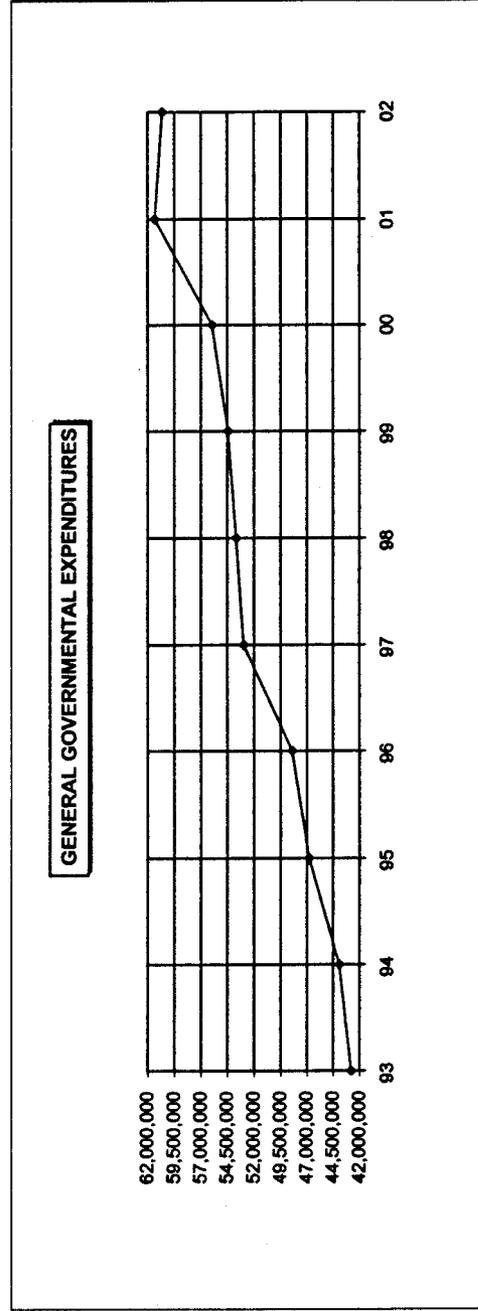


CITY OF OAK RIDGE, TENNESSEE

GENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION*
LAST TEN FISCAL YEARS

	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Expenditures:										
General Government	\$ 488,418	\$ 453,959	\$ 486,477	\$ 463,049	\$ 455,046	\$ 506,416	\$ 601,652	\$ 500,225	\$ 532,967	\$ 735,874
Administration	797,267	743,208	820,229	546,719	701,924	568,489	647,496	652,626	633,336	637,149
Public Safety	4,690,371	4,881,151	5,399,095	5,538,542	5,770,000	6,397,020	6,612,607	7,106,905	7,160,283	7,477,238
Public Works	1,934,983	1,700,767	2,472,804	2,585,906	2,964,343	2,555,642	2,692,532	2,748,497	2,775,844	2,505,253
Community Services	3,796,192	4,564,687	4,652,753	4,617,462	5,052,556	5,498,965	5,700,028	6,214,930	6,331,493	6,747,811
Education	26,399,205	28,184,481	30,033,219	31,914,788	33,743,502	33,648,120	34,340,158	34,257,433	36,369,497	37,825,252
Capital Outlay	2,317,246	1,233,025	1,020,340	351,375	1,231,309	634,297	16,567	-	2,241,618	97,165
Debt Service	2,256,733	2,072,160	1,761,185	2,244,505	2,878,798	3,705,327	3,756,332	4,322,082	5,073,054	4,311,350
Operating Transfers Out - to component units	116,056	96,015	115,357	127,003	167,349	161,664	73,000	150,000	196,719	296,202
Total Expenditures	\$ 42,796,471	\$ 43,929,453	\$ 46,761,459	\$ 48,389,349	\$ 52,964,827	\$ 53,675,940	\$ 54,440,372	\$ 55,952,698	\$ 61,314,811	\$ 60,633,294

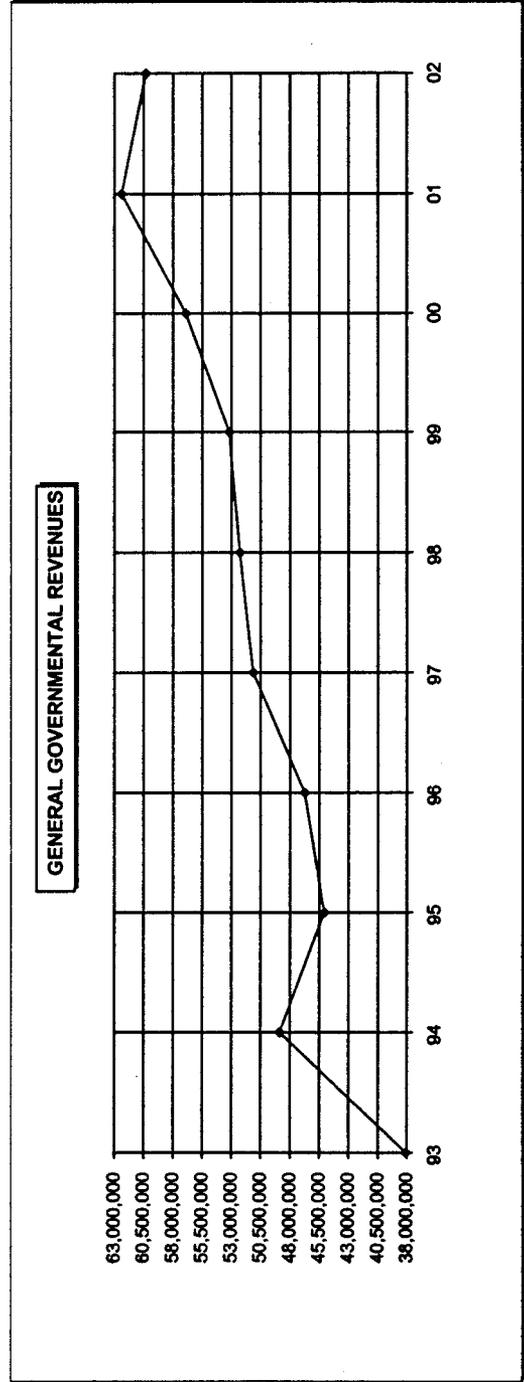
*Includes General, Special Revenue and Debt Service Funds.



CITY OF OAK RIDGE, TENNESSEE
GENERAL REVENUES BY SOURCE*
LAST TEN FISCAL YEARS

	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
Revenues:										
Taxes	\$ 7,588,189	\$ 9,282,301	\$ 10,123,279	\$ 10,681,625	\$ 11,976,651	\$ 12,691,156	\$ 13,428,755	\$ 15,102,649	\$ 16,753,443	\$ 17,442,567
Licenses and Permits	177,510	199,019	182,436	155,618	116,750	143,627	141,617	251,324	223,135	173,790
Intergovernmental	26,801,007	36,402,554	31,264,467	32,320,132	34,434,602	34,829,158	34,442,298	35,756,766	38,905,204	37,947,915
Charges for Services	1,828,196	1,774,742	1,977,342	2,049,809	3,003,413	2,949,076	3,552,269	3,473,407	3,486,933	3,505,195
Fines and Forfeitures	284,839	295,862	327,432	406,688	368,837	443,673	444,899	329,798	380,438	315,880
Interest	703,528	528,640	669,417	830,704	908,420	935,597	849,219	1,017,194	987,737	436,378
Other	702,843	391,724	546,245	312,566	353,666	292,161	346,035	969,631	1,660,284	504,319
Total Revenues	\$ 38,086,112	\$ 48,874,842	\$ 45,090,618	\$ 46,757,142	\$ 51,162,339	\$ 52,284,448	\$ 53,205,092	\$ 56,900,769	\$ 62,397,174	\$ 60,326,044

*Includes General, Special Revenue and Debt Service Funds.



CITY OF OAK RIDGE, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Total Collections as Percentage of Tax Levy	Outstanding Delinquent Taxes (2)	Outstanding Delinquent Taxes as Percentage of Tax Levy
1993	\$ 5,596,798	\$ 5,494,117	98%	\$ 109,656	\$ 5,603,773	100%	\$ 130,148	2%
1994	6,751,192	6,657,080	99%	75,429	6,732,509	100%	152,576	2%
1995	7,608,640	7,501,655	99%	177,362	7,679,017	101%	177,020	2%
1996	8,123,777	7,994,789	98%	79,855	8,074,644	99%	200,410	2%
1997	9,311,579	9,112,842	98%	96,972	9,209,814	99%	245,811	3%
1998	9,891,970	9,684,743	98%	163,498	9,848,241	100%	330,146	3%
1999	10,484,535	10,245,066	98%	177,715	10,422,781	99%	350,094	3%
2000	11,710,850	11,283,542	96%	156,992	11,440,534	98%	641,362	5%
2001	12,970,084	12,585,185	97%	133,108	12,718,293	98%	776,716	6%
2002	13,579,083	12,921,156	95%	281,803	13,202,959	97%	773,142	6%

Note:

(1) Each amount includes collections for any prior year's delinquent taxes received in the year presented.

(2) Delinquent real property taxes through fiscal year 1995 have been filed with the applicable county Clerk and Master as a delinquent tax lien.

CITY OF OAK RIDGE, TENNESSEE
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property		Personal Property		Public Utility Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
1993	\$ 328,430,851	\$ 1,094,783,757	\$ 26,530,244	\$ 88,434,004	\$ 15,687,809	\$ 28,523,293	\$ 370,648,904	\$ 1,211,741,054	31%
1994	341,522,144	1,136,311,163	32,617,179	108,723,814	16,102,906	29,278,011	390,242,229	1,274,312,988	31%
1995	351,725,682	1,167,707,212	33,274,114	110,913,528	15,453,574	28,097,407	400,453,370	1,306,718,147	31%
1996	361,427,703	1,201,690,700	32,524,330	108,414,433	16,339,725	29,708,590	410,291,758	1,339,813,723	31%
1997	369,397,050	1,225,056,500	36,707,763	122,359,210	19,080,767	34,692,304	425,185,580	1,382,108,014	31%
1998	371,299,256	1,234,949,502	39,346,941	131,172,126	12,087,566 (3)	21,977,393 (3)	422,733,763	1,388,099,021	30%
1999	439,574,710 (2)	1,488,553,300 (2)	46,459,688 (2)	154,865,627 (2)	15,617,983 (2)	28,396,333 (2)	501,652,381 (2)	1,671,815,260 (2)	30%
2000	443,329,438	1,491,097,145	48,111,477	160,371,590	15,549,682	28,272,151	506,990,597	1,679,740,886	30%
2001	443,712,065	1,503,891,804	46,228,403	154,094,464	14,732,079	26,785,601	504,672,547	1,684,771,869	30%
2002	452,459,608	1,532,308,228	47,009,498	156,698,171	12,948,598	23,542,906	512,417,704	1,712,549,305	30%

Notes:

- (1) Overall assessment ratios and effective rates for 1973 and thereafter are weighted averages due to varying constitutional assessment ratios which became effective statewide January 1, 1973. Assessment ratios are Residential Property, Real at 25 percent with all bank accounts and \$7,500 of all other items in the hands of a taxpayer exempt; Commercial and Industrial - Real at 40 percent and Personal at 30 percent except that the Personal Property of eligible Banks is 40 percent; Public Utilities (excluding Railroads and Telecommunications) - All Property both Real and Personal at 55 percent; Railroads and Telecommunications - Real and Personal at 40 percent.
- (2) All properties were reappraised in tax year 1998 (fiscal year 1999).
- (3) The assessed value for Public Utility properties declined in fiscal 1998 due to a statewide court awarded reduction in the assessment ratio from 55 percent to 40 percent for specific public utilities. Additionally, after several years of appeals, the final determination of value for Bellisouth properties resulted in a reduced assessment for those properties, both in the City and statewide.

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Tax Year (1)	Property Taxes Receivable At June 30, 2001	Add Taxes Levied	Deduct Collections	Net Adjustments	Property Taxes Receivable At June 30, 2002	Deduct Allowance for Uncollectable	Net Property Taxes Receivable At June 30, 2002
2002 (1)	\$ -	\$ 14,980,794	\$ 1,765,963	\$ (85,169)	\$ 13,129,662	\$ -	\$ 13,129,662
2001	11,814,719	343,138	11,484,579	(23,133)	650,145	142,400	507,745
2000	410,858	-	184,628	(1,060)	225,170	106,200	118,970
1999	164,116	-	44,868	7,619	126,867	50,000	76,867
1998	100,908	-	19,908	-	81,000	40,000	41,000
1997	45,401	-	12,953	(10)	32,438	16,000	16,438
1996	25,704	-	10,947	-	14,757	7,000	7,757
1995	10,953	-	5,104	-	5,849	2,500	3,349
1994	9,664	-	3,395	-	6,269	5,253	1,016
1993	4,865	-	-	-	4,865	4,865	-
1992	4,247	-	-	(4,247)	-	-	-
Total	\$ 12,591,435	\$ 15,323,932	\$ 13,532,345	\$ (106,000)	\$ 14,277,022	\$ 374,218	\$ 13,902,804

(1) The City's real and personal property taxes are levied each June 1 on the assessed valuation listed as of the prior January 1. The revenue from that levy is recognized in the following fiscal year beginning July 1, the year in which it is intended to finance. Taxes are due in one payment on June 1 (levy date) and delinquent on August 1 (lien date) each tax year. Public utility taxes are mailed after the roll is received from the state, generally around February 1 of each year.

CITY OF OAK RIDGE, TENNESSEE

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

Fiscal Year	Anderson County, Tennessee			Roane County, Tennessee		
	City	County	Total	City	County	Total
1993	1.51	2.72	4.23	1.51	3.12	4.63
1994	1.73	2.72	4.45	1.73	3.045	4.775
1995	1.90	2.84	4.74	1.90	2.365	4.265
1996	1.98	2.84	4.82	1.98	2.365	4.345
1997	2.19	3.00	5.19	2.19	2.465	4.655
1998	2.34	3.00	5.34	2.34	2.465	4.805
1999	2.09	2.59	4.68	2.09	2.12	4.21
2000	2.31	2.97	5.28	2.31	2.32	4.63
2001	2.57	3.14	5.71	2.57	2.11	4.68
2002	2.65	3.14	5.79	2.65	2.11	4.76

Note: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane. Approximately 11 percent of the taxable parcels (1,425 of 13,072) are located in the Roane County portion of the City. In addition, each governmental unit operates under different property tax assessment rolls which were certified at the time of their most recent reappraisal programs (Oak Ridge and Anderson County - 1992 and 1999; and Roane County - 1997)

CITY OF OAK RIDGE, TENNESSEE

**RATIO OF NET GENERAL OBLIGATION DEBT (1)
TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA**

LAST TEN FISCAL YEARS

Fiscal Year	Population*	Assessed Value	General Obligation (1) Debt	Debt Service Monies Available	Net General Obligation Debt	Ratio of Net General Obligation Debt to Assessed Value	Net General Obligation Debt Per Capita
1993	27,310	\$ 370,648,904 (2)	\$ 19,274,648	\$ 284,790	\$ 18,989,858	5.12%	\$ 695
1994	27,310	390,242,229	18,816,127	138,255	18,677,872	4.79%	684
1995	27,310	400,453,370	30,362,606	2,194	30,360,412	7.58%	1112
1996	27,310	410,291,758	29,996,636	18,139	29,978,497	7.31%	1,098
1997	27,310	425,185,580	44,936,930	21,492	44,915,438	10.56%	1,645
1998	27,310	422,733,763	45,987,130	30,008	45,957,122	10.87%	1,683
1999	27,310	501,652,381 (2)	47,167,927	9,761	47,158,166	9.40%	1,727
2000	27,387	506,990,597	55,766,665	41,667	55,724,998	10.99%	2,035
2001	27,387	504,672,547	54,877,746	85,765	54,791,981	10.86%	2,001
2002	27,387	512,417,704	52,314,464	783,398	51,531,066	10.06%	1,882

*Source: U.S. Census

(1) This excludes general obligation debt in which debt service is to be funded through an Enterprise Fund.

(2) The assessed value reflects a reappraisal of real property.

Table 8

**CITY OF OAK RIDGE, TENNESSEE
LONG-TERM INDEBTEDNESS AND DEBT RATIOS
FOR THE LAST FIVE FISCAL YEARS**

	1998	1999	2000	2001	2002
INDEBTEDNESS					
GENERAL OBLIGATION DEBT:					
General Obligation Bonds	\$ 41,535,000	\$ 40,520,000	\$ 48,890,000	\$ 29,515,000	\$ 27,235,000
Capital Outlay Notes	880,966	559,774	235,199	160,592	82,255
Tennessee Municipal Bond Fund Loan	1,229,814	1,210,369	1,189,558	1,167,296	1,143,483
TN-LOANS	1,937,848	2,495,438	3,213,000	21,783,000	21,783,000
Tennessee Municipal Bond Fund Equipment Loan	-	2,026,681	1,934,027	2,000,890	1,876,991
Capital Leases	403,502	355,665	304,881	250,968	193,735
TOTAL GENERAL OBLIGATION DEBT	\$ 45,987,130	\$ 47,167,927	\$ 55,766,665	\$ 54,877,746	\$ 52,314,464
REVENUE SUPPORTED DEBT:					
Waterworks Fund TLDA Bonds and Notes	\$ 1,154,710	\$ 564,283	\$ 142,230	\$ 130,370	\$ 117,921
Waterworks Fund Tennessee Municipal Bond Fund Loan	6,062,386	5,966,531	5,863,942	5,754,204	6,493,316
Waterworks Fund TN-LOANS	2,089,651	2,432,000	2,432,000	2,432,000	2,432,000
Waterworks Fund State Revolving Program Loan	-	932,727	7,152,603	12,419,047	14,527,214
Golf Course Fund Notes	6,100,000	7,205,000	7,130,000	7,050,000	6,965,000
Electric Fund Bonds	12,045,000	11,565,000	15,060,000	6,020,000	5,745,000
Electric TN-LOANS	2,627,514	3,000,000	2,905,000	13,045,056	15,767,348
TOTAL REVENUE SUPPORTED DEBT	\$ 30,079,261	\$ 31,665,541	\$ 40,685,775	\$ 46,850,677	\$ 52,047,799
TOTAL LONG-TERM DEBT	\$ 76,066,391	\$ 78,833,468	\$ 96,452,440	\$ 101,728,423	\$ 104,362,263
Less: Debt Service Fund	(30,008)	(9,761)	(41,667)	(85,765)	(783,398)
Less: Revenue Supported	(30,079,261)	(31,665,541)	(40,685,775)	(46,850,677)	(52,047,799)
NET GENERAL OBLIGATION DEBT	\$ 45,957,122	\$ 47,158,166	\$ 55,724,998	\$ 54,791,981	\$ 51,531,066
OVERLAPPING DEBT - (1)	10,583,669	9,814,754	10,358,037	8,970,008	9,906,522
NET GENERAL OBLIGATION & OVERLAPPING DEBT	\$ 56,540,791	\$ 56,972,920	\$ 66,083,035	\$ 63,761,989	\$ 61,437,588
TOTAL PROPERTY TAXES					
Actual Value	\$ 1,614,068,629	\$ 1,671,815,260	\$ 1,679,740,886	\$ 1,834,064,739	\$ 1,864,303,620
Appraised Value	1,388,099,021	1,671,815,260	1,679,740,886	1,684,771,869	1,712,549,305
Assessed Value	422,733,763	501,652,381	506,990,597	504,672,547	512,417,704

(Continued)

**CITY OF OAK RIDGE, TENNESSEE
LONG-TERM INDEBTEDNESS AND DEBT RATIOS
FOR THE LAST FIVE FISCAL YEARS**

	1998	1999	2000	2001	2002
DEBT RATIOS					
TOTAL LONG TERM DEBT to Actual Value	4.71%	4.72%	5.74%	5.55%	5.60%
TOTAL LONG TERM DEBT to Appraised Value	5.48%	4.72%	5.74%	6.04%	6.09%
TOTAL LONG TERM DEBT to Assessed Value	17.99%	15.71%	19.02%	20.16%	20.37%
NET GENERAL OBLIGATION DEBT to Actual Value	2.85%	2.82%	3.32%	2.99%	2.76%
NET GENERAL OBLIGATION DEBT to Appraised Value	3.31%	2.82%	3.32%	3.25%	3.01%
NET GENERAL OBLIGATION DEBT to Assessed Value	10.87%	9.40%	10.99%	10.86%	10.06%
OVERLAPPING DEBT to Actual Value	0.66%	0.59%	0.62%	0.49%	0.53%
OVERLAPPING DEBT to Appraised Value	0.76%	0.59%	0.62%	0.53%	0.58%
OVERLAPPING DEBT to Assessed Value	2.50%	1.96%	2.04%	1.78%	1.93%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Actual Value	3.50%	3.41%	3.93%	3.48%	3.30%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Appraised Value	4.07%	3.41%	3.93%	3.78%	3.59%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Assessed Value	13.38%	11.36%	13.03%	12.63%	11.99%
PER CAPITA RATIOS					
POPULATION (2)	27,310	27,310	27,387	27,387	27,387
PER CAPITA PERSONAL INCOME (2)	\$ 24,793	\$ 24,793	\$ 24,793	\$ 24,793	\$ 24,793
Actual Value to POPULATION	\$ 59,102	\$ 61,216	\$ 61,334	\$ 66,968	\$ 68,073
Assessed Value to POPULATION	\$ 15,479	\$ 18,369	\$ 18,512	\$ 18,427	\$ 18,710
TOTAL LONG TERM DEBT to POPULATION	\$ 2,785	\$ 2,887	\$ 3,522	\$ 3,714	\$ 3,811
NET GENERAL OBLIGATION DEBT to POPULATION	\$ 1,683	\$ 1,727	\$ 2,035	\$ 2,001	\$ 1,882
OVERLAPPING DEBT to POPULATION	\$ 388	\$ 359	\$ 378	\$ 328	\$ 362
NET GENERAL OBLIGATION & OVERLAPPING DEBT to POPULATION	\$ 2,070	\$ 2,086	\$ 2,413	\$ 2,328	\$ 2,243
Total Long-Term Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	11.23%	11.64%	14.20%	14.98%	15.37%
NET GENERAL OBLIGATION DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	6.79%	6.96%	8.21%	8.07%	7.59%
OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.56%	1.45%	1.53%	1.32%	1.46%
NET GENERAL OBLIGATION & OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	8.35%	8.41%	9.73%	9.39%	9.05%

(1) OVERLAPPING DEBT includes that portion of debt for those portions of Anderson and Roane Counties located within the City boundaries.

(2) Per Capita computations are based upon population data according to the 1990 and 2000 U.S. Census.

CITY OF OAK RIDGE, TENNESSEE
COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2002

Appraised Value	<u>\$ 1,712,549,305</u>
Debt Limit 10 Percent of Appraised Value	<u>\$ 171,254,931</u>
Less Debt Applicable to Debt Limit:	
GO Refunding Bonds, Series 1993	3,205,000
GO School Bonds, Series 1995	365,000
GO Public Improvement Bonds, Series 1996	1,300,000
GO Refunding Bonds, Series 2000	885,000
GO Refunding Bonds, Series 2001	21,480,000
TMBF Loan, 1994	6,780,300
School Energy Loan	82,255
Golf Course Fund Series 1998	6,965,000
TN-LOANS, 1998	8,345,000
TN-LOANS, 2001	18,570,000
State Revolving Program Loan	14,527,214
TMBF Equipment Loan, 1998	1,876,991
TMBF Loan, 2002	<u>856,499</u>
Total General Obligation Debt (1)	<u>85,238,259</u>
Legal Debt Margin	<u>\$ 86,016,672</u>

Note: Limitation on Borrowing Power: Home Rule Charter - Article IV, Section 12.

"The total amount of bonds or other evidence of indebtedness secured by the full faith and credit of the City that shall be outstanding at any one time shall not exceed 10% of the total appraised valuation of all real estate lying within the city limits."

- (1) Not listed above is authorized and available lines of credit of \$4,589,287 to fund water and wastewater projects and \$1,000,000 to fund the expansion of the Scarboro Center.
- (2) The above includes debt that is scheduled to be funded through the revenues of a Proprietary Fund, but is legally secured by the full faith and credit of the City.

CITY OF OAK RIDGE, TENNESSEE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2002

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable To the City</u>	<u>City's Share of Debt</u>
Direct:			
City of Oak Ridge -			
General Obligation Bonds	\$ 26,451,602	100%	\$ 26,451,602
Capital Outlay Notes	82,255	100%	82,255
Tennessee Municipal Bond Fund Loan	3,020,474	100%	3,020,474
TN-LOANS	21,783,000	100%	21,783,000
Capital Lease	193,735	100%	193,735
Total Direct Debt	<u>51,531,066</u>		<u>51,531,066</u>
Overlapping:			
Anderson County, Tennessee	16,450,900	47.43%	* 7,802,662
Roane County, Tennessee	<u>20,809,692</u>	10.11%	* <u>2,103,860</u>
Total Overlapping Debt	<u>37,260,592</u>		<u>9,906,522</u>
Total Direct and Overlapping Debt	<u>\$ 88,791,658</u>		<u>\$ 61,437,588</u>

* Applicable percentage is determined by ratio of assessed valuation of real property subject to taxation in overlapping unit to valuation of real property subject to taxation in reporting unit.

CITY OF OAK RIDGE, TENNESSEE

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
OBLIGATION DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest and Fiscal Charges	Arbitrage Rebate	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1993	\$ 1,073,521	\$ 962,351	\$ 5,268	\$ 2,041,140	\$ 42,796,471	4.8%
1994	1,093,521	974,638	4,001	2,072,160	43,929,453	4.7%
1995	818,521	942,664	-	1,761,185	46,761,459	3.8%
1996	898,521	1,345,984	-	2,244,505	48,389,349	4.6%
1997	1,059,901	1,818,897	-	2,878,798	52,964,827	5.4%
1998	1,291,150	2,414,177	-	3,705,327	53,675,940	6.9%
1999	1,355,637	2,400,695	-	3,756,332	54,440,372	6.9%
2000	1,975,387	2,346,695	-	4,322,082	55,952,698	7.7%
2001	2,196,869	2,876,185	-	5,073,054	61,314,811	8.3%
2002	2,382,150	1,929,200	-	4,311,350	60,633,294	7.1%

(1) This excludes general obligation debt in which debt service will be funded through a Proprietary Fund.

(2) Includes General, Special Revenue and Debt Service Funds.

CITY OF OAK RIDGE, TENNESSEE

REVENUE BOND COVERAGE
ELECTRIC SYSTEM BONDS

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1993	\$ 24,628,922	\$ 23,351,800	\$ 1,277,122	\$ 100,000	\$ 224,782	\$ 324,782	3.93
1994	26,336,296	24,315,416	2,020,880	200,000	266,640	466,640	4.33
1995	25,883,506	23,831,585	2,051,921	205,000	311,168	516,168	3.98
1996	28,554,493	25,758,587	2,795,906	215,000	774,274	989,274	2.83
1997	27,576,939	25,622,088	1,954,851	225,000	732,621	957,621	2.04
1998	30,171,408	27,718,138	2,453,270	460,000	701,162	1,161,162	2.11
1999	30,317,007	27,773,119	2,543,888	480,000	740,858	1,220,858	2.08
2000	30,654,173	28,784,333	1,869,840	600,000	767,181	1,367,181	1.37
2001	33,291,474	29,404,337	3,887,137	899,944	1,275,692	2,175,636	1.79
2002	33,434,251	30,414,099	3,020,152	660,000	699,127	1,359,127	2.22

NOTE:

- (1) Includes operating and nonoperating revenues.
(2) Total operating expenses exclusive of depreciation.

CITY OF OAK RIDGE, TENNESSEE
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS

Fiscal Year	Residential and Commercial Construction (1)		Property Value (2) (3)
	Number of Units	Value	
1993	1,117	\$ 31,696,321	\$ 1,211,741,054
1994	948	34,699,037	1,274,312,988
1995	826	40,625,694	1,306,718,147
1996	838	26,559,519	1,339,813,723
1997	588	12,670,012	1,382,108,014
1998	479	26,469,935	1,388,099,021
1999	453	25,702,368	1,671,815,260
2000	510	27,806,864	1,679,740,886
2001	426	17,997,402	1,684,771,869
2002	474	18,157,979	1,712,549,305

Notes:

- (1) Based on building permits issued by the City's Permit Office of which values are estimated construction cost.
- (2) Estimated Actual Value.
- (3) Includes Residential and Commercial.

CITY OF OAK RIDGE, TENNESSEE
PRINCIPAL TAXPAYERS
TAX YEAR 2001
(FOR FISCAL YEAR 2002)

Taxpayer	Type of Business	2001 Assessed Valuation	Percentage of Total Assessed Valuation
Boeing Tennessee Inc.	Manufacturing and Engineering	\$ 13,243,184	2.58%
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	10,838,880	2.12%
BellSouth	Communications	9,781,954	1.91%
Crown America	Shopping Mall/Misc. Development	9,732,138	1.90%
Methodist Medical Center of Oak Ridge	Health Services	8,517,344	1.66%
Southern Management Development	Apartment Complexes	5,192,430	1.01%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	4,934,967	0.96%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	4,884,069	0.95%
Richard Chinn	Entrepreneur	4,807,110	0.94%
The Home Depot	Retail	<u>3,231,858</u>	<u>0.63%</u>
TOTAL		<u>\$ 75,163,934</u>	<u>14.67%</u>

*Does not include in-lieu of tax payments.

CITY OF OAK RIDGE, TENNESSEE
TEN LARGEST ELECTRIC CUSTOMERS
For the Fiscal Year Ending June 30, 2002

Customer	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Percentage Of Total Sales
City of Oak Ridge	58,082	31,124,605	\$ 1,758,066	5.35%
Scientific Ecology Group (SEG) (AKA GTS Duratek)	(1)	26,064,158	1,273,166	3.87%
BNFL Inc.	46,915	21,509,356	1,251,370	3.81%
Boeing	(1)	22,547,374	1,141,104	3.47%
Methodist Medical Center	37,557	22,596,248	1,207,162	3.67%
Oak Ridge Board Of Education	35,254	12,113,136	803,501	2.45%
International Environmental Resources (AKA Manufacturing Sciences)	19,247	9,540,240	540,565	1.65%
US Department of Energy	19,271	8,409,468	505,282	1.54%
Advanced Measurement	15,962	8,406,600	462,124	1.41%
BWXY Y-12	16,998	6,751,416	<u>411,287</u>	<u>1.25%</u>
Total			<u>\$ 9,353,627</u>	<u>28.47%</u>

(1) This customer is on the ESP program offered through the Tennessee Valley Authority.

CITY OF OAK RIDGE, TENNESSEE
INSURANCE IN FORCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Type of Coverage/ Insurance Carrier	Policy Number	Policy Period	Details of Coverage	Claim Dollar Limits	Annual Premium
<u>City, Excluding Schools:</u>					
Comprehensive General Liabilities/ TN Municipal League Insurance Pool	TML 079 03	7/01/01 - 7/01/02	General Liability	\$ 2,000,000	\$ 144,854
			Auto Liability	2,000,000	
			Auto Physical Damage	20,000 to 110,000	
			Errors and Omissions	2,000,000	
	TWC 0050 01	7/01/01 - 7/01/02	Worker's Compensation	N/A	55,860
Employee Fidelity Assurance Center	441CF0050	12/02/01 - 12/02/04	Employee Fidelity	\$500,000 Blanket Bond	2,147
Environmental Policy- Water Treatment Plant Greenwich Insurance Company	PEC0002643	5/1/00 - 4/31/10	Pollution Policy	\$ 25,000,000	293,162
Unemployment Compensation Self Insured					
<u>Schools:</u>					
Comprehensive General Liability/ TN Municipal League	TML 0078-03	7/01/00 - 7/01/03	General Liability	\$130,000/350,000/50,000	5,151
			Auto Liability & Physical	130,000/350,000/50,000	30,091
			Errors and Omissions	50,000	6,131
	TWC 0049-00	7/01/00 - 7/01/03	Worker's Compensation	Statutory	215,410
	TML 303-01	7/01/01 - 7/01/02	Driver's Education	130,000/350,000/50,000	3,076
Surety Bond - Dr. Randy McCoy Cincinnati Insurance Company	8312975	7/01/01 - 7/01/02	Dishonesty	\$767,200 Aggregate	2,384
Surety - Public Employee Blanket Bond St. Paul Insurance Company	441CF0122	7/01/99 - 7/01/02	Dishonesty - All Employees	\$250,000 Per Incident	2,598
Student Accident Insurance - Preschool Hartford Accident and Indemnity Co.	83SR190324	2/01/01 - 02/01/02	Student Accident	5,000/10,000/10,000	809
<u>City and School Property</u>					
Boiler and Machinery The Traveler's Insurance Company	M5J-BMG-436X3023	7/01/01 - 7/01/02	Boilers	\$ 10,000,000	27,556
Property and Casualty The Traveler's Insurance Company	Y-630-649X9991	7/01/01 - 7/01/02	School - All Risks	\$ 74,667,197	54,276
The Traveler's Insurance Company	Y-630-438X9991	7/01/01 - 7/01/02	City - All Risks	\$ 88,437,824	59,400
Total Premium					<u>\$ 902,905</u>

CITY OF OAK RIDGE, TENNESSEE

DEMOGRAPHIC STATISTICS

1980 AND 1990 CENSUS YEAR INFORMATION AND LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Per Capita Income</u>	<u>(2) Median Age</u>	<u>(2) Unemployment Rate</u>	<u>School Enrollment</u>
1980	27,662	\$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	17,661 (1)	39.6 (1)	4.9% (1)	4,432
1993	27,310	19,076	(3)	4.9%	4,667
1994	27,310	19,836	(3)	3.9%	4,769
1995	27,310	21,621	(3)	4.0%	4,810
1996	27,310	22,292	(3)	4.8%	4,965
1997	27,310	22,130	(3)	5.6%	4,845
1998	27,310	24,337	(3)	3.6%	4,801
1999	27,310	25,181	(3)	3.6%	4,639
2000	27,387	24,793 (1)	43.4 (1)	3.2% (1)	4,491
2001	27,387	(3)	(3)	(3)	4,398
2002	27,387	(3)	(3)	(3)	4,391

NOTE:

- (1) Source: U. S. Census Bureau. Statistic is for the City of Oak Ridge
- (2) Source: East Tennessee Development District. Statistic is for Anderson County. Information is maintained on a county basis and is unavailable for the City of Oak Ridge as a separate entity in a non-census year. The City comprises approximately 38% of Anderson County.
- (3) Data Not Available.

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN ENTERPRISE FUND FIXED ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Fixed Assets June 30, 2001	Additions (1)	Reductions (1)	Fixed Assets June 30, 2002	Accumulated Depreciation	Net Fixed Assets June 30, 2002
Electric Fund						
Land	\$ 517,855	\$ -	\$ -	\$ 517,855	\$ -	\$ 517,855
Buildings	316,041	-	-	316,041	190,301	125,740
Machinery and equipment	44,927,496	1,148,531	352,059	45,723,968	16,745,264	28,978,704
Construction in progress	3,039,227	6,557,061	1,148,531	8,447,757	-	8,447,757
Total Electric Fund	\$ 48,800,619	\$ 7,705,592	\$ 1,500,590	\$ 55,005,621	\$ 16,935,565	\$ 38,070,056
Waterworks Fund						
Land	\$ 137,018	\$ -	\$ -	\$ 137,018	\$ -	\$ 137,018
Buildings	20,937,667	507,634	-	21,445,301	5,500,519	15,944,782
Improvements other than buildings	11,333,527	531,718	-	11,865,245	1,369,041	10,496,204
Machinery and equipment	55,347,703	2,685,301	2,230,374	55,802,630	17,924,716	37,877,914
Construction in progress	24,948	3,714,613	3,724,653	14,908	-	14,908
Total Waterworks Fund	\$ 87,780,863	\$ 7,439,266	\$ 5,955,027	\$ 89,265,102	\$ 24,794,276	\$ 64,470,826
Emergency Communications District Fund						
Buildings	\$ 28,975	\$ -	\$ -	\$ 28,975	\$ 21,871	\$ 7,104
Machinery and equipment	193,161	-	-	193,161	154,969	38,192
Total Emergency Communications District Fund	\$ 222,136	\$ -	\$ -	\$ 222,136	\$ 176,840	\$ 45,296
Golf Course Fund						
Land	\$ 1,222,193	\$ -	\$ -	\$ 1,222,193	\$ -	\$ 1,222,193
Buildings	878,855	808	-	879,663	109,779	769,884
Improvements other than buildings	5,764,188	-	-	5,764,188	1,181,927	4,582,261
Machinery and equipment	341,380	7,200	-	348,580	337,195	11,385
Total Golf Course Fund	\$ 8,206,616	\$ 8,008	\$ -	\$ 8,214,624	\$ 1,628,901	\$ 6,585,723
Total Enterprise Funds	\$ 145,010,234	\$ 15,152,866	\$ 7,455,617	\$ 152,707,483	\$ 43,535,582	\$ 109,171,901

(1) Additions and reductions include transfers between asset types.

CITY OF OAK RIDGE, TENNESSEE
ELECTRICAL SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

RESIDENTIAL RATE

Energy Charge Per Month:
 6.240 cents per kilowatt-hour

Customer Charge:
 \$5.80 per delivery point per month

COMMERCIAL RATE

Customers with a demand of less than 50 kilowatts and with energy takings less than 15,000 kilowatt-hours:

Energy Charge per Month:
 6.756 cents per kWh per month

Customer Charge:
 \$15.00 per delivery point per month

Customers with a demand of (a) greater than 50 kilowatts but less than 1,000 kilowatts or (b) a demand of less than 50 kilowatts but with energy takings exceeding 15,000 kilowatt-hours:

Demand Charge Per Month:
 First 50 kilowatt-hours at no demand charge
 Excess over 50 kilowatts at \$9.94 per kW

Customer Charge:
 \$30.00 per delivery point per month

Energy Charge per Month:
 First 15,000 kilowatt-hours at 7.000 cents per kWh
 Additional kilowatt-hours at 3.587 cents per kWh

Customers with demand exceeding 1,000 kilowatts:

Demand Charge Per Month:
 First 1,000 kilowatts at \$9.41 per kW
 Next 1,500 kilowatts at \$10.56 per kW
 Excess over 2,500 kilowatts at \$10.98 per kW

Customer Charge:
 \$80.00 per delivery point per month

Energy Charge Per Month:
 3.665 cents per kilowatt-hour

Note: Bills on all above rates are subject to certain adjustments. The above rates are net, the gross rates being 5 percent higher.

CITY OF OAK RIDGE, TENNESSEE

ELECTRICAL SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

CLASS OF SERVICE:	Consumers - June		Electric Sales This Year	
	This Year	Last Year	Kilowatt Hours	Amount
Residential	12,676	12,648	156,048,708	\$ 10,622,472
Small lighting and power	1,586	1,564	33,921,154	2,578,150
Large lighting and power	421	412	322,466,399	18,796,750
Street and outdoor lighting	60	62	3,710,725	862,523
Totals	<u>14,743</u>	<u>14,686</u>	<u>516,146,986</u>	<u>\$ 32,859,895</u>

	Purchased Power This Year	
	Kilowatt Hours	Amount
Power billings for the year	<u>544,096,058</u>	<u>\$ 25,226,618</u>

LINE LOSSES AND COST PER KILOWATT-HOUR PURCHASED

Kilowatt-hours purchased (per above)	544,096,058
Kilowatt-hours sold (per above)	<u>516,146,986</u>
Line losses and kilowatt-hours unaccounted for	<u>27,949,072</u>
Percentage of losses and unaccounted for kilowatt-hours to purchases	<u>5.14%</u>
Cost per kilowatt-hour purchases	<u>\$0.0464</u>

OTHER STATISTICS

Miles of electric lines	<u>272.66</u>
Number of regular street lights	<u>5,362</u>
Number of private outdoor lights	<u>1,530</u>

CITY OF OAK RIDGE, TENNESSEE
WATER SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

1. Commodity charge:

First 2,000 gallons or any part thereof	\$ 8.01 per month
Next 8,000 gallons	3.10 per thousand
Next 40,000 gallons	2.77 per thousand
Next 150,000 gallons	2.29 per thousand
Next 800,000 gallons	1.90 per thousand
Next 1,000,000 gallons	1.56 per thousand
United States Department of Energy:	
Treated Water	\$ 0.62 per thousand
Raw Water	0.155 per thousand

2. Minimum monthly billings:

For customers using 5/8" or 3/4" meter	\$ 8.01 per month
For customers using 1" or 1-1/4" meter	20.80 per month
For customers using 1-1/2" meter	37.68 per month
For customers using 2" meter	69.67 per month
For customers using 3" meter	117.22 per month
For customers using 4" meter or larger meter	166.68 per month

Note: Bills on all above rates are subject to certain adjustments. The above rates are net; the gross rates being 5 percent higher.

CITY OF OAK RIDGE, TENNESSEE
WATER SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

CLASS OF SERVICE:	<u>Consumers - June</u>		<u>Water Sales</u>
	<u>This Year</u>	<u>Last Year</u>	<u>Fiscal</u> <u>Year 2002</u>
Residential	10,769	10,747	\$ 2,255,677
Commercial	1,427	1,427	1,333,109
U.S. Department of Energy (DOE)	1	1	1,970,682
Public fire protection (fire hydrants)	1	1	43,745
Totals	<u>12,199</u>	<u>12,177</u>	<u>\$ 5,603,213</u>

LINE LOSSES AND COST PER GALLON

Gallons treated (Thousands)	4,258,710
Treated gallons sold to DOE (Thousands)	2,725,157
Gallons sold - residential and commercial customers (Thousands)	<u>1,172,314</u>
Line losses and gallons unaccounted for (Thousands)	<u>361,239</u>
Percentage of losses and unaccounted for gallons to purchases	<u>8.48%</u>

OTHER STATISTICS

Average daily water consumption (gallons)	<u>10,678,003</u>
Miles of water mains	<u>222.00</u>
Number of fire hydrants	<u>2,489</u>

CITY OF OAK RIDGE, TENNESSEE

WASTEWATER TREATMENT SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

<u>CLASS OF SERVICE:</u>	<u>Consumers - June</u>		<u>Wastewater Fees</u>
	<u>This Year</u>	<u>Last Year</u>	<u>Fiscal Year 2002</u>
Residential	10,492	10,468	\$ 2,195,983
Commercial	1,191	1,195	2,513,743
Totals	11,683	11,663	\$ 4,709,726

WASTEWATER TREATMENT:

Clinch River Industrial Park Plant:	
Capacity daily (gallons)	<u>10,000</u>
Treatment during Fiscal Year 2002 (gallons)	<u>1,500,000</u>
West End Plant:	
Capacity daily (gallons)	<u>30,000,000</u>
Treatment during Fiscal Year 2002 (gallons)	<u>1,674,920,000</u>

COLLECTION SYSTEM:

Miles of sewer mains	<u>240.00</u>
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WASTEWATER TREATMENT RATE:

Recover of Total Cost:	
First 2,000 gallons per month or any part thereof	\$10.50 flat rate
Next 8,000 gallons per month	\$3.75 per thousand gallons
Next 4,999,990 gallons per month	\$5.05 per thousand gallons
Over 5,000,000 gallons per month	\$5.90 per thousand gallons

Minimum Charge per Month

The total wastewater charge shall be no less than \$10.50 per month.

Maximum Charge per Month

The following terms are defined:

- Winter Period - November 2 through May 1.
- Summer Period - May 2 through November 1.

Residential meter readings taken during the Summer Period shall be subject to a maximum monthly charge. The maximum charge shall be computed using the rates in effect applied to the highest monthly meter reading taken during the preceding Winter Period.

The maximum charge set forth herein is not applicable unless a residential customer has maintained water service at the metered location continuously during the preceding Winter Period.

Note: Bills on all above rates are subject to certain adjustments. The above rates are net, the gross rated being 5 percent higher.

CITY OF OAK RIDGE, TENNESSEE

Table 22

**OTHER STATISTICAL DATA
JUNE 30, 2002**

Population (2000 Census)	27,387
Date of incorporation	June 16, 1959
Date of adoption of City Charter	May 5, 1959
Date City took over operations from U. S. Atomic Energy Commission	June 1, 1960
Form of government	Modified City Manager-Council
Number of Council Members (elected at large for a four-year term, staggered so that approximately half of the Council is elected every two years.)	7
Mayor (Council elects one of their members for a two-year term)	
City employees (not including schools):	
Regular Full-Time	337
Seasonal Full-Time	35
Regular Part-Time	5
Seasonal Part-Time	9
Temporary Part-Time	35
Total	421
Area of City	92 square miles
Miles of roads and streets:	
Asphalt	186.9
Bituminous	24.52
Miles of sidewalks:	
Asphalt	55.12
Concrete	43.61
FIRE PROTECTION:	
Classification	Class 3
Number of stations	3
Number of full-time employees	43
Number of on-call Fire Specialists	26
Number of fire trucks (pumpers and ladder) radio equipped	6
Number of rescue vehicles - radio equipped	2
Number of sedans - radio equipped	3
Number of Fire Specialists' pickup trucks	5
Number of fire hydrants	2,489

(continued)

CITY OF OAK RIDGE, TENNESSEE

Table 22
(Cont.)

**OTHER STATISTICAL DATA
JUNE 30, 2002**

POLICE PROTECTION:

Number of stations	1
Number of employees:	
Police Officers	59
Records and support personnel	4
Emergency dispatchers	8
Animal Control Officers	3
School crossing guards (part-time)	2
Number of vehicles:	
Marked	23
Unmarked	5
Animal control	2
Other	9

EDUCATION - PUBLIC SCHOOL SYSTEM:

	<u>Number</u>	<u>ADM</u>	<u>ADA</u>	<u>Teacher/Pupil Ratio</u>
Senior High (Grade 9 through 12)	1	1,402	1,318	1 to 14.80
Middle Schools (Grade 5 through 8)	2	1,413	1,346	1 to 13.90
Elementary Schools (Grade K through 4)	4	1,531	1,461	1 to 12.30
Other (special education)		<u>72</u>	<u>65</u>	
Total Students		<u>4,418</u>	<u>4,190</u>	
Certified Staff	415			
Non-certified Personnel	<u>281</u>			
Total Personnel	<u>696</u>			

RECREATION:

Parks (total acres)	2,237
Number developed	12
Number undeveloped	2
Number of playground (summer)	1
Number of swimming pools	2
Number of tennis courts	22
Number of baseball parks	5
Number of softball parks	6
Number of gymnasiums	1
Number of golf courses	2
Number of soccer fields	9
Number of marina slips	30

UTILITIES:

Electric -	City-owned (statements and statistics are included in this report).
Water -	City-owned (statements and statistics are included in this report).
Sewer -	City-owned (statements and statistics are included in this report).
Gas -	Natural gas system owned and operated by the Oak Ridge Utility District.
Telephone -	Oak Ridge is served by South Central Bell Telephone Company.
Railroads -	Oak Ridge is served by two railroads - Seaboard System and Southern (freight only).
Airports -	Limousine service to McGhee-Tyson Airport at Knoxville (40 minute drive).