

**CITY OF OAK RIDGE, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2003

Prepared by

FINANCE DEPARTMENT

Janice E. McGinnis, Finance Director



**City of Oak Ridge, Tennessee  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2003**

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# CITY OF OAK RIDGE



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December 31, 2003

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

State law requires that all general-purpose municipal governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Oak Ridge for the fiscal year ended June 30, 2003.

This report consists of management's representations concerning the finances of the City of Oak Ridge. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Oak Ridge has established a comprehensive internal control framework that is designed both to protect the city's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Oak Ridge's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Oak Ridge's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Oak Ridge's financial statements have been audited by Cherry, Bekaert and Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Oak Ridge, for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Oak Ridge's financial statements, for the fiscal year ended June 30, 2003 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Oak Ridge was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City of Oak Ridge's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Oak Ridge's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Oak Ridge's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Oak Ridge**

The City of Oak Ridge, incorporated on June 16, 1959, is located in the eastern part of the State, occupying the southern portion of Anderson County and an eastern portion of Roane County. The population of Oak Ridge according to the 2000 census is 27,387.

The City of Oak Ridge has a unique history. This area was selected by the United States government in 1942 as the location for its production plants for uranium 235, a component of the first atomic bomb. Constructed by the U.S. Corps of Engineers as part of the secret World War II "Manhattan Project", the early task of the plant was the separation of fissionable uranium-235 from the more stable uranium-238 by an electro-magnetic process. Some 80,000 workers were hired for emergency construction of the laboratories and offices in the then 56,000-acre site. The original townsite was built during World War II to house and furnish necessary facilities for the employees of the uranium plants. In 1955 Congress passed Public Law 22, which allowed the Atomic Energy Commission to sell the homes and land to the residents, and to give the City all municipal facilities if it voted to incorporate. Oak Ridge is approximately 92 square miles in area and includes the plant and facilities of the U.S. Department of Energy (DOE). Residential, commercial and municipal owned portions of the City make up nearly 30 square miles. The remaining area of the city is owned by the U.S. Department of Energy (DOE).

The City of Oak Ridge is empowered to levy a property tax on both real and personal property located within its boundaries. The City receives an annual in-lieu of tax payment from DOE on the acreage owed by the federal government. The calculation is based on the land's usage prior to ownership by the federal government and is therefore valued as if were residential farmland. Federal buildings located on this property are currently not subject to taxation by the City. The annual payment is subject to congressional appropriation.

The City is governed by a modified City Manager-Council form of government. The governing body of the City is a seven member City Council. Approximately, half of the City Council is elected on a non-partisan basis every two years for a four-year term of office. Following each regular City election, the City Council elects one of its members as mayor to serve for a two-year period as ceremonial head of the City and presiding officer of the City Council. Policy-making and legislative authority are vested in City Council. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the City's day-to-day operations, and for appointing heads of the various departments.

The City provides a full range of services, which includes police and fire protection; electric, water and wastewater services; residential solid waste collection; the construction and maintenance of highways, streets and infrastructure; public library, recreational activities and cultural events. The Oak Ridge Schools operate under the City Charter and are considered part of the City and therefore, has been included as an integral part of the City of Oak Ridge's financial statements. In addition to general government activities, the City is financially accountable for the Convention and Visitors' Bureau whose activities are reported separately within the City of Oak Ridge's financial statements. However, the Oak Ridge Housing Authority, Oak Ridge Utility District, Oak Ridge Industrial Development Board and the Oak Ridge Health and Educational Facilities Board

have not met the established criteria for inclusion; and, accordingly, are excluded from this report.

The annual budget serves as the foundation for the City of Oak Ridge's financial planning and control. The budget preparation process begins in late summer when City departments begin the preparation of six-year Capital Improvements Program (CIP) requests for submission to the Oak Ridge Municipal Planning Commission for review. The program identifies anticipated capital projects, establishes priorities and identifies the anticipated source of funding. The CIP, as modified and approved by the Planning Commission, is submitted for Council's consideration by December 1. All City departments are required to submit operating budget requests to the Finance Department by January 1. The Finance Department quantifies preliminary budget information, including revenue projections, for preparation of the City Manager's proposed budget. The City Manager presents this proposed budget for the upcoming fiscal year to City Council at its first scheduled meeting in March. The Board of Education also presents the School Fund budget at this meeting, including a request for appropriation of City funds to meet program obligations. Budget work sessions are held with City Council during March and April to provide detailed review of the proposed operating and capital improvements budgets. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget and tax rate by 90 days prior to the start of the City's fiscal year on July 1. The budget is presented by fund, function (e.g., public safety), and department (e.g., police). The budget is legally appropriated at the fund level. Department heads may make transfers of appropriations within a department and the City Manager may make transfers of appropriations between departments. Transfers of appropriation between funds, however, require approval of City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and school fund, this comparison is presented on pages 20-21 as part of the basic financial statements for the governmental funds. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 69.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Oak Ridge operates.

**Local economy.** The City of Oak Ridge currently enjoys a favorable economic environment with several major development projects ongoing or in the initial stages of construction. Developments in the federal sector include the ongoing construction of the Spallation Neutron Source (SNS) accelerator project. The SNS is projected to cost \$1.36 billion, employ 2,300 workers during construction, and add several hundred permanent employees after construction is completed in 2006. 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. The Y-12 and Oak Ridge National Laboratory (ORNL) facilities located within Oak Ridge are currently in the initial stages of a major modernization program. Projects include a \$250 million Highly Enriched Uranium Material Facility that will be constructed from 2005 to 2008. At ORNL, construction of a \$50 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 has just been completed. This is the first privately owned facility to be located on the federal reservation on which the City will receive real property tax payments based on the appraised value of the building.

In April 2003, the Department of Energy transferred ownership of 490 acres in the Horizon Center industrial Park to a subsidiary of the Community Reuse Organization of East Tennessee (CROET), a non-profit development corporation. This transfer of this property from federal ownership will allow this land in the Horizon Center to be sold for private industrial development.

Approximately 1,200 acres is under development 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. Model homes are expected to be completed by the spring of 2004. The first phase of construction will include 60 townhomes and 82 single-family homes. Located in the far west section of Oak Ridge, development of water and wastewater infrastructure to this site by the City is currently underway.

The City solicited proposals for the design and development of the 277 remaining acres owned by the City surrounding the Tennessee Centennial Golf Course. City Council has authorized staff to enter negotiations with the developer of the selected proposal and final sale of the property is expected to occur by April 2004. The proposal includes 855 new single and multi-family dwelling units, including a 370-unit luxury apartment complex. The proposal also includes a 24-acre general business site.

In June 2003, the Oak Ridge mall was sold to private developers who plan a \$15 million renovation of the facility toward an open-air town center type development. Other major projects include a \$1.3 million renovation to Oak Ridge Associated Universities (ORAU) Pollard Auditorium, including systems for state-of-the art networking and video-teleconferencing. Also under construction at ORAU is a new \$8.4 million three-story facility adjacent and connected to Pollard Auditorium via an enclosed walkway. Among other things, this facility will house a computer center and two programs from the Oak Ridge Institute for Science and Education.

### **Long-term financial planning.**

The City is continuing in its efforts to diversify the City's economy with less dependency on the federal government as the City's major employer. In this regard, the City has hired the legal firm of Baker, Donelson, Bearman & Caldwell to investigate and offer recommendations, in the form of an action plan, of possible avenues for increased remuneration to the City from the federal and state government. The firm has been retained to represent the City in pursuing items outlined in the action plan, including reinstating annual assistance payments from DOE, expedite transfer of land from DOE and lobbying efforts at the state and federal levels.

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. The City has an authorized loan of \$7,000,000 from the Tennessee State Revolving Fund to finance the 2004 to 2008 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. Additionally in fiscal 2004, the City will begin an approximate \$4 million upgrade to the water treatment plant facilities. Additional funds will need to be borrowed to finance the water plant upgrades. The next water and wastewater rate review is scheduled for the spring of 2005. It is anticipated that both water and wastewater rates will be increased to finance the debt service on these capital projects. The last wastewater rate review projected a 12% rate increase in 2005 and another 12% increase in 2007. The last water rate increase was in 1997. It is anticipated that a water rate increase will also be required in 2005.

Over the next three years, the State plans to widen State Route 95 from two to four lanes from the State 95/58 interchange to State Route 62 (South Illinois Avenue) in Oak Ridge. City water, wastewater, electric and street lighting infrastructure will need to be relocated along the State route at an estimated cost of \$2.7 million. New State legislation provides for the State to fund the cost of utility relocation costs. The City plans to upgrade the capacity of the infrastructure along this State route, which will not be funded by the State. The projected City costs for this project are not known at this time. A long-term debt issuance is anticipated to fund the City's share of the costs for this project.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit and the State of Tennessee's local government investment pool (LGIP). The LGIP is a SEC 2a-7-like fund with the City exempted from sharing in any unrealized gains or losses of the LGIP. The maturities of the investments are two years or less in accordance with State law.

**Risk management.** 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). The City has per occurrence deductibles as outlined in Note 18 of the notes to the financial statements. The City is self-insured for the deductible with resources being accumulated in the insurance fund, an internal service fund, to meet potential losses. The City has a \$50,000 per occurrence deductible for workers' compensation claims. The City has held employee accident prevention training classes.

**Pension and other postemployment benefits.** Employees of the City 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). The TCRS acts as a common investment and administrative agent for political subdivisions in the State. TCRS provides retirement benefits as well as death and disability benefits. The City's plan is noncontributory and has assumed employee contributions of up to 5% of annual covered payroll. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2003 was 8.86% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Non-teaching employees working in the Oak Ridge School system are covered in a separate retirement plan administered by the TCRS. This plan is similar to the City's with the exception that is a contributory plan whereby the employee contributes 5% of earnable compensation with the Schools responsible for the remaining contribution. The school fund is required to contribute at an actuarially determined rate; which was 4.92% of annual covered payroll for the fiscal year ending June 30, 2003.

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 also administered by the TCRS. The plan description is the same as for non-teaching school employees. Most teachers are required by State statute to contribute 5% of salary to the plan. The school fund is required to contribute at an actuarially determined rate; which was 3.4% of annual covered payroll for the fiscal year ending June 30, 2003.

The City also provides postretirement health benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 51 employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City's pension arrangements and postemployment benefits can be found in Notes 4 and 5 in the notes to the financial statements.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2002. This is the forty-second 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 CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past nineteen consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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. Credit also must be given to the mayor and governing city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Oak Ridge's finances.

Respectfully submitted,



Steven W. Jenkins  
Deputy City Manager



Janice E. McGinnis  
Finance Director

# 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, 2002

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.



*Edward Haney*

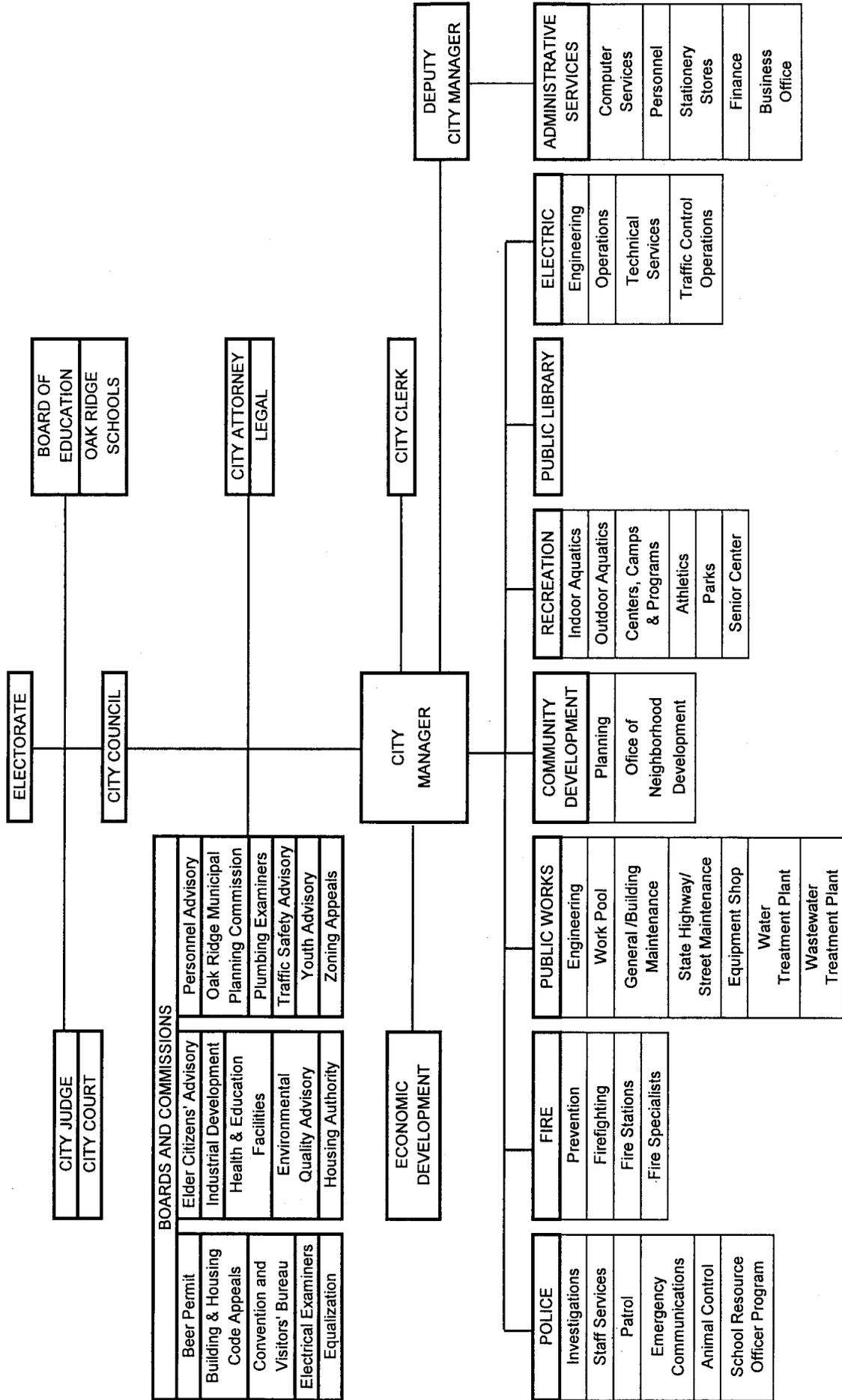
President

*Jeffrey R. Emer*

Executive Director

# ORGANIZATION CHART

## City of Oak Ridge, Tennessee



**CITY OF OAK RIDGE, TENNESSEE**

**CITY OFFICIALS**

**Mayor**

David R. Bradshaw

**Members of City Council**

Leonard A. Abbatiello  
Tom Beehan  
Louise Dunlap

Willie Golden, Jr.  
D. Jane Miller  
David N. Mosby

**Interim City Manager**

Gary M. Cinder

**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  
Steven Byrd

Deputy City Manager  
Community Development Director  
Economic Development Director  
Electrical Director  
Finance Director  
Fire Chief  
Library Director  
Parks & Recreation Director  
Personnel Director  
Police Chief  
Acting Public Works Director

**City Attorney**

Kenneth R. Krushenski

**City Judge**

Robert A. McNees III

**City Clerk**

Jacquelyn J. Bernard

**Board of Education**

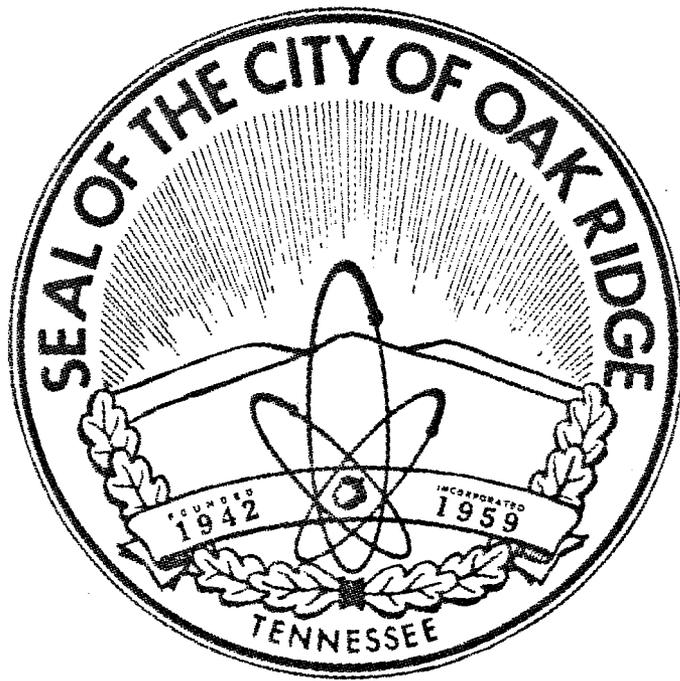
John W. Smith, Jr., Chairperson  
Tracy Larabee, Vice Chairperson  
Jennifer Richter, Treasurer  
Keyes Fillauer, Parliamentarian  
Angi Agle

**Director of Schools**

Thomas E. Bailey, Ed.D.

**Assistant Director of Schools**

John D. Dobbs





## REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Oak Ridge, Tennessee ("City"), as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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, a blended component unit as a governmental fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of the City as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the annually budgeted major special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement Number 34 and related statements during the year ended June 30, 2003.

Management's Discussion and Analysis on pages 3 through 13 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2003 on our consideration of the City's internal control over financial reporting and 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, miscellaneous schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the miscellaneous schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory or statistical sections of this report and, accordingly, we express no opinion on such data.

*Cherry, Behaert & Holland, L.L.P.*

Knoxville, Tennessee  
December 18, 2003

## Management's Discussion and Analysis

As management of the City of Oak Ridge, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

### Financial Highlights

- The assets of the City of Oak Ridge exceeded its liabilities at the close of the most recent fiscal year by \$103,845,746 (*net assets*). Of this amount, \$20,253,541 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$18,005,737. Only 9.4% is reserved for specific purposes, and the remaining 90.6%, or \$16,305,866, is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,250,633, or 35.8 percent of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$18,922,778 in the City's general fund.
- The City's total debt increased by \$806,563 (.7 percent) during the current fiscal year. During fiscal 2003, the City drew \$3,074,484 from previously authorized loans. Draws from these loans are made as expenditures occur. Of this amount, \$1,652,652 was for electric projects, \$1,219,569 for waterworks projects and \$202,263 for the expansion of the Scarboro Recreational Center. Debt also increased by \$135,209 during the fiscal year due to the refunding of \$27,009,791 of outstanding governmental type and business type activity debt.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Oak Ridge's basic financial statements. The City of Oak Ridge's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Oak Ridge's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the City of Oak Ridge's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Oak Ridge is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Oak Ridge that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Oak Ridge include general government, public safety, highways and streets, residential solid waste collection, economic development, and culture and recreation. The business-type activities of the City of Oak Ridge include electric distribution operation, water and wastewater treatment, distribution and collection, operation of the Tennessee Centennial Golf Course and operation of an Emergency Communications District.

The government-wide financial statements include not only the City of Oak Ridge itself (known as the *primary government*) and the operations of the Oak Ridge Schools, but also a legally separate Convention and Visitors for which the City of Oak Ridge is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-15 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Oak Ridge, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Oak Ridge can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Oak Ridge maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the school fund, both of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Oak Ridge adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-21 of this report.

**Proprietary funds.** The City of Oak Ridge maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Oak Ridge uses enterprise funds to account for its electric, water and wastewater, golf course and emergency communications district operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Oak Ridge's various functions. The City uses internal service funds to account for its City and School fleet of vehicles and insurance functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The City also uses internal service funds to account for inventory functions. Because this service predominantly benefits business-type functions, they have been included within *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution operation, water and wastewater treatment, collection and distribution, and golf course operation, all three of which are considered to be major funds of the City of Oak Ridge, and emergency communication. Conversely, all four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Oak Ridge's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-67 of this report.

**Other information.** In the notes to financial statements, note 4, pages 39 to 42 there is presented certain *required supplementary information* concerning the City of Oak Ridge's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 69-97 of this report.

### **Government-wide Financial Analysis**

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Oak Ridge, assets exceeded liabilities by \$103,820,662 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net assets (79.8% percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Oak Ridge uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Oak Ridge's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Oak Ridge's Net Assets

	Governmental activities 2003	Business-type activities 2003	Total 2003
Current and other assets	\$ 41,794,787	\$ 9,159,136	\$ 50,953,923
Capital assets	73,778,042	111,457,213	185,235,255
Total assets	115,572,829	120,616,349	236,189,178
Long-term liabilities outstanding	51,449,496	53,447,804	104,897,300
Other liabilities	21,254,868	6,191,264	27,446,132
Total liabilities	72,704,364	59,639,068	132,343,432
Net assets:			
Invested in capital assets net of related debt	23,501,788	59,304,016	82,805,804
Restricted	---	786,401	786,401
Unrestricted	19,366,677	886,864	20,253,541
Total net assets	\$ 42,868,465	\$ 60,977,281	\$ 103,820,662

An additional portion of the City of Oak Ridge's net assets (.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$20,253,541) may be used to meet the government's ongoing obligations to citizens and creditors.

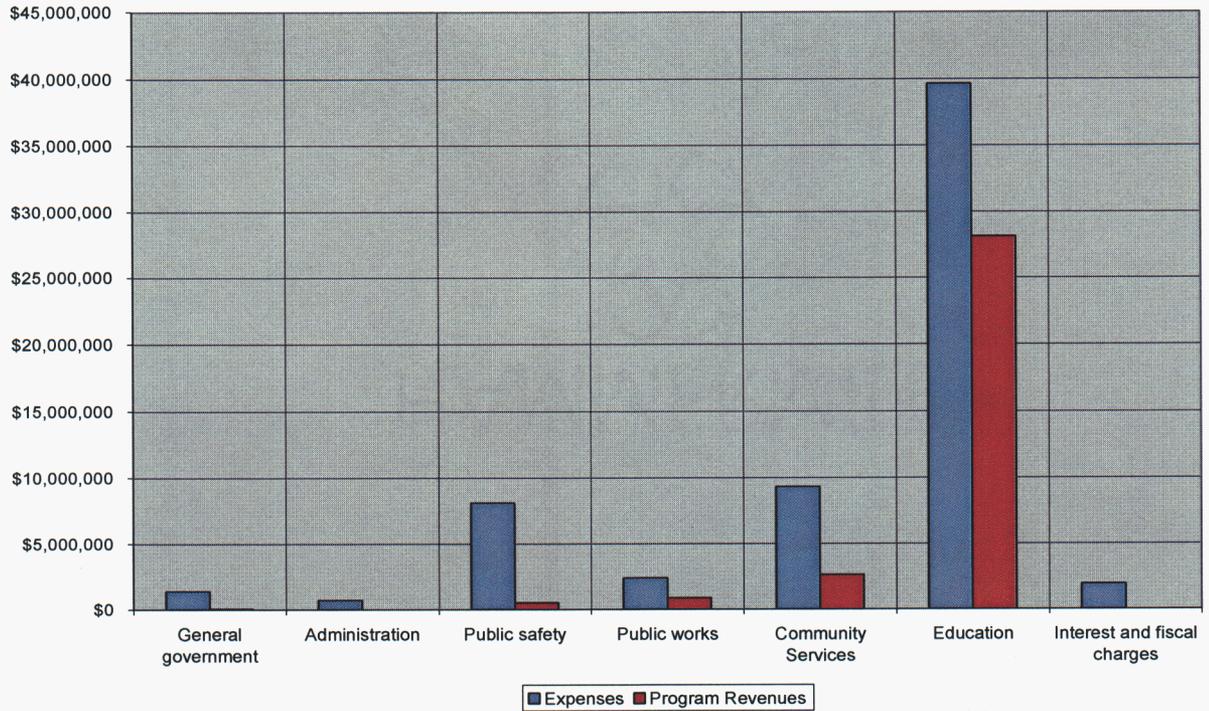
At the end of the current fiscal year, the City of Oak Ridge is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental activities.** Governmental activities increased the City of Oak Ridge's net assets by \$539,850, thereby accounting for 18% of the total growth in the net assets of the City of Oak Ridge. The City's property tax rate increased from \$2.65 to \$2.94 per \$100 of assessed valuation in fiscal year 2003, which raised an additional \$1.5 million. Without presentation of multi-year data, it is not possible to make revenue and expense comparisons to the previous year.

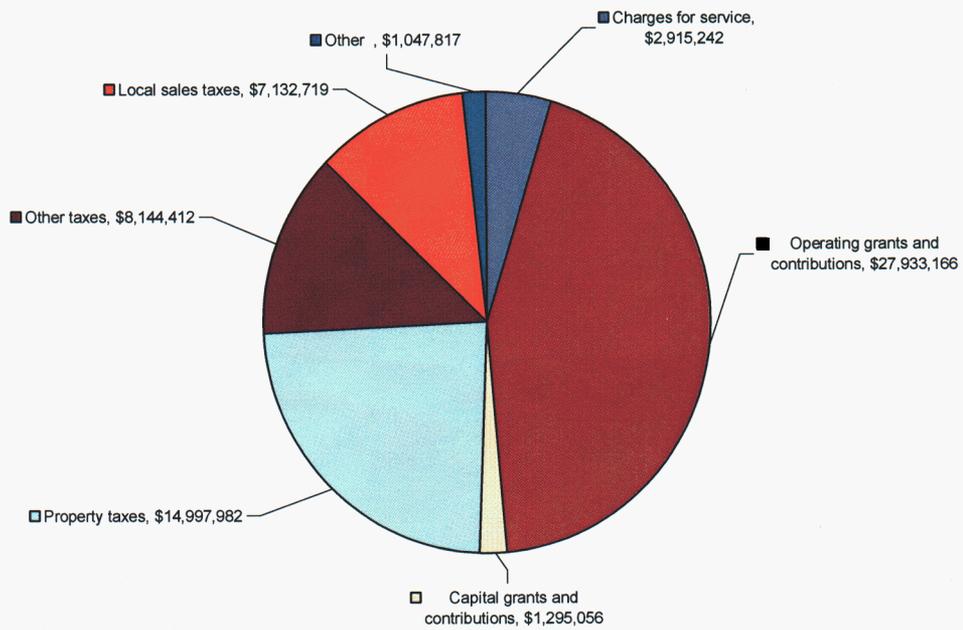
**City of Oak Ridge's Changes in Net Assets**

	Governmental activities 2003	Business-type activities 2003	Total 2003
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charges for service	\$ 2,915,242	\$ 47,964,444	\$ 50,879,686
Operating grants and contributions	27,933,166	---	27,933,166
Capital grants and contributions	1,295,056	1,653,294	2,948,350
<b>General revenues:</b>			
Property taxes	14,997,982	---	14,997,982
Other taxes	15,277,131	---	15,277,131
Other	1,921,667	758,922	2,680,589
<b>Total Revenues:</b>	<b>64,340,244</b>	<b>50,376,660</b>	<b>114,716,904</b>
<b>Expenses:</b>			
General government	1,383,174	---	1,383,174
Administration	705,764	---	705,764
Public Safety	8,117,808	---	8,117,808
Public Works	2,383,800	---	2,383,800
Community Services	9,331,657	---	9,331,657
Education	39,642,525	---	39,642,525
Interest and fiscal charges	1,927,382	---	1,927,382
Electric	---	33,916,143	33,916,143
Waterworks	---	12,414,120	12,414,120
Emergency communication district	---	285,099	285,099
Golf Course	---	1,618,415	1,618,415
<b>Total expenses</b>	<b>63,492,110</b>	<b>48,233,777</b>	<b>111,725,887</b>
Increase in net assets before transfer	848,134	2,759,451	3,607,585
Transfers	(308,284)	308,284	---
<b>Increase in net assets</b>	<b>539,850</b>	<b>2,451,167</b>	<b>2,991,017</b>
<b>Net assets – July 1, 2002</b>	<b>42,328,615</b>	<b>58,526,114</b>	<b>100,854,729</b>
<b>Net assets – June 30, 2003</b>	<b>\$ 42,868,465</b>	<b>\$ 60,977,281</b>	<b>\$ 103,845,746</b>

### Expenses and Program Revenues - Governmental Activities

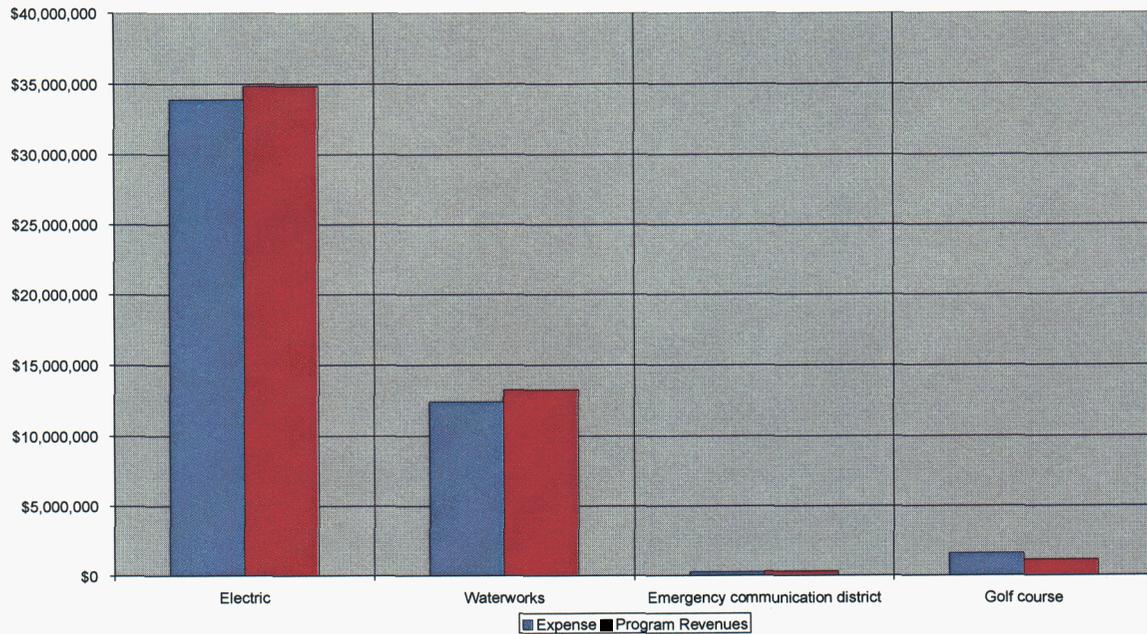


### Revenue by Source - Governmental Activities

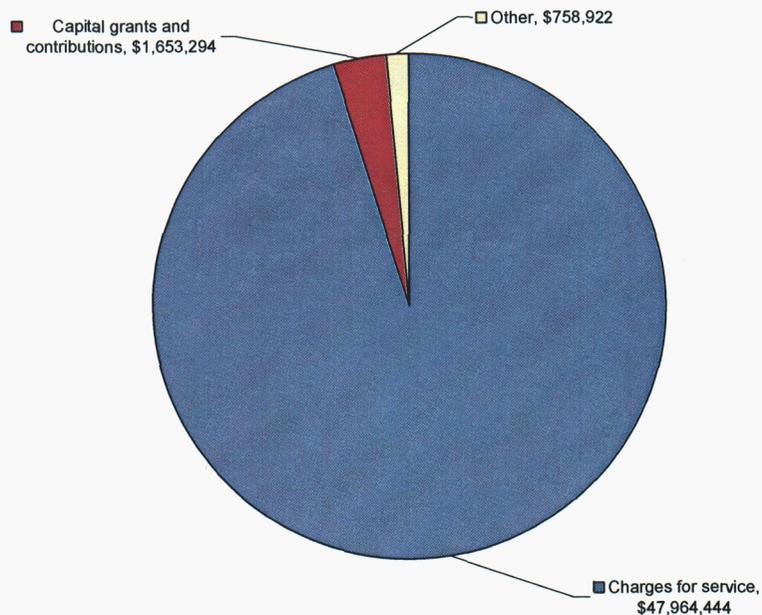


**Business-type activities.** Business-type activities increased the City of Oak Ridge's net assets by \$2,451,167, accounting for 82.7% of the total growth in the government's net assets. This increase is primarily the result of lower cost of interest on the City's variable rate long-term debt and grant revenues to construct substation 900.

**Expenses and Program Revenues - Business-type Activities**



**Revenue by Source - Business-type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the City of Oak Ridge uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Oak Ridge's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Oak Ridge's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$18,005,737. Approximately 90.6% of this total amount (\$16,305,866) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,342,237), 2) advances to other funds (\$112,500), or 3) for a variety of other restricted purposes (\$213,448).

The general fund is the chief operating fund of the City of Oak Ridge. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,250,633, while total fund balance reached \$5,689,651. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 35.8% of total general fund expenditures, while total fund balance represents 38.8% of that same amount. However, unreserved fund balance only represents 15.6% when compared to total fund expenditures and transfers to other funds (e.g. school and debt service funds).

The fund balance of the City of Oak Ridge's general fund decreased by \$821,167 during the current fiscal year. This was \$926,045 less than \$1,747,212 fund balance reduction budgeted for the general fund for fiscal 2003. In 1986, the City received \$23.1 million from the U.S. Department of Energy that ended the City's annual financial assistance from that entity. Since that time, the City has budgeted annual fund balance draws from those proceeds. Budgeted fund balance draws in the City's general fund will cease when the unreserved fund balance of the General Fund reaches \$3 million. Key factors in this growth are as follows:

- Local sales and use tax collections exceeded projections by \$822,719. This was primarily the result of increased stimulus in the retail section from the recent openings of Home Depot and expansion of Wal-Mart into a super center and major modernization programs that have begun at the federal Y-12 and ORNL facilities. Use tax collections are generated from the major capital upgrades at these two federal facilities.
- General property tax collections were up \$355,003, primarily from an additional \$217,022 in collections from interest and penalties on past due taxes. Historically, the City has experienced a 98% of tax roll collection level. In fiscal 2000, this collection percentage began to drop slightly. In fiscal 2003, the City began a more aggressive pursuit of the collection of past due property taxes.
- There were no budgetary amendments to the general fund during fiscal 2003.

The fund balance of the school fund decreased by \$846,805 during the current fiscal year. Included in this decrease is a \$822,131 transfer from the school fund to the school equipment replacement rental fund, an internal service fund, to provide financing for future purchases of buses.

The debt service fund has a total fund balance of \$1,239,747, all of which is designated for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$456,349 due to lower interest rates on the city's variable rate loans.

**Proprietary funds.** The City of Oak Ridge's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amounted to \$1,971,391 for the electric fund, (\$405,225) for the waterworks fund, (\$604,730) for the golf course fund and \$222,935 for the emergency communications district fund.

### Capital Asset and Debt Administration

**Capital assets.** The City of Oak Ridge's investment in capital assets for its governmental and business type activities as of June 30, 2003, amounts to \$185,235,255 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and infrastructure. The total increase in the City of Oak Ridge's investment in capital assets for the current fiscal year was .9% (a .9% decrease for governmental activities and a 2% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Public Works activities added \$935,546 in capital assets primarily for \$926,467 in infrastructure (streets and stormwater systems) donated by residential property developers to the City.
- Economic Development activities included the sale of Parcel 412 and the small business incubator building, which resulted in a \$653,851 removal of capital asset value.
- Community Services and Development activities added \$852,763, including \$666,069 for the expansion of the Scarboro Center, \$82,240 in upgrades to the Civic Center and its indoor pool, and \$75,909 in improvements to the facilities at various City recreational facilities.
- Educational activities added \$1,521,962 primarily for building improvements and telecommunications equipment.
- Business-type activities added \$6,047,036 in capital assets. \$2,714,538 in electrical capital assets were added, including the completion of the construction of a new substation to serve the west end of Oak Ridge, and \$3,296,002 in waterworks capital assets, which continued to the rehabilitation and upgrades to the wastewater plant and collection system.

### City of Oak Ridge's Capital Assets

	Governmental activities 2003	Business-type activities 2003	Total 2003
Land	\$ 1,589,374	\$ 1,877,066	\$ 3,466,440
Buildings	35,630,334	16,234,022	51,864,356
Improvements other than buildings	14,790,046	14,630,605	29,420,651
Machinery and equipment	6,572,805	76,463,607	83,036,412
Infrastructure	14,939,832	---	14,939,832
Construction in progress	255,651	2,251,913	2,507,564
<b>Total</b>	<b>\$ 73,778,042</b>	<b>\$ 111,457,213</b>	<b>\$ 185,235,255</b>

Additional information on the City of Oak Ridge's capital assets can be found in note 10 on pages 46- 47 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Oak Ridge had total long-term debt outstanding of \$103,555,700. Of this amount, \$50,273,005 comprises debt backed solely by the full faith and credit of the City. \$30,922,695 in long-term debt is secured by specified revenue sources (waterworks and golf course fund debt); however, in the event of default, the full faith and credit of the City are irrevocable pledged. The \$22,360,000 in remaining debt is solely backed by the income and revenues from the operation of the electric power distribution system.

**City of Oak Ridge's Outstanding Debt**  
General Obligation and Revenue Long-Term Debt

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
General obligation bonds	\$ 30,845,000	\$ 11,925,000	\$ 42,770,000
Long-term notes and loans	19,295,028	18,997,695	38,292,723
Revenue debt	---	22,360,000	22,360,000
Capital leases	132,977	---	132,977
<b>Total</b>	<b>\$ 50,273,005</b>	<b>\$ 53,282,695</b>	<b>\$ 103,555,700</b>

The City of Oak Ridge's total debt increased by \$806,563 (.7%) during the current fiscal year. The key factors in this increase were draws on previously authorized loans for construction progress on electric, water and wastewater projects. At fiscal year end, the City had \$10,780,120 in authorized loans from which funds could be drawn to finance water and wastewater projects and completion of construction of the Scarboro Center. These funds are anticipated to be drawn over the next 5 years. During the current fiscal year, the government refinanced some of its existing debt to take advantage of favorable interest rates.

- The City of Oak Ridge issued general obligation bonds to refinance previously outstanding long-term debt for general, water and wastewater functions. The result is expected to be a decrease in future debt service payments of \$1,520,282.
- The City of Oak Ridge also entered into a electric revenue bond refinancing that is expected to decrease future debt service payments by \$964,513.

The City of Oak Ridge maintains an "Aa3" from Moody's and an "A+" rating from Standard & Poor's for general obligation debt. The revenue bonds of the electric system have been rated "A2" by Moody's and "A-" from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Oak Ridge is \$171,662,298, which is significantly in excess of the City of Oak Ridge's outstanding general obligation debt.

Additional information on the City of Oak Ridge's long-term debt can be found in note 11 on pages 48-61 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City of Oak Ridge in census year 2000 was 3.2%. Data for Oak Ridge is only available in census years. Oak Ridge's unemployment rate has historically been well below that of Anderson County, State and national levels.
- While numerous major projects in Oak Ridge are in the planning phase, enhanced revenues to the City are not anticipated from these projects until fiscal 2005. Therefore, moderately low sales and assessment growth is anticipated for fiscal 2004.
- Inflationary trends in the region compare with national indices. A major driver of increased expenses continues to be medical and retirement costs, which mirrors national trends.
- Since 1986 when the City received \$23.1 million from the U.S. Department of Energy, the City has relied on fund balance draws to support operations. The City is nearing its \$3 million fund balance target for the General Fund, which will end the utilization of fund balance draws to support operations. In fiscal 2003, the City budgeted a \$1,747,212 fund balance draw in the General Fund. Future property taxes will be impacted if sufficient revenue growth or expenses reduction does not occur to replace these funds.

All of these factors were considered in preparing the City of Oak Ridge's budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$5,250,633. In fiscal 2003, a 29-cent property tax rate increase was necessary to fund ongoing operations, including \$696,604 for school operations, \$513,000 for debt service on construction of the golf course, \$314,977 for economic development endeavors, \$171,846 for retirement and \$211,004 for medical, workers' compensation and other employee benefits. The City also had to replace the loss of \$615,000 in sales and use tax collections, which equated to 11-cents on the property tax rate, due to a change in the structure of the contractors that operate the three major federal facilities in Oak Ridge.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Oak Ridge's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Oak Ridge, Office of the Finance Director, P.O. Box 1, Oak Ridge, TN 37831-0001.

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF NET ASSETS**  
June 30, 2003

	Governmental Activities	Business Type Activities	Total Primary Government	Convention and Visitors Bureau	Total Reporting Unit
<b>Assets</b>					
Cash and cash equivalents	\$ 18,135,891	\$ 1,188,856	\$ 19,324,747	\$ 2,324	\$ 19,327,071
Receivables, net	15,203,504	5,948,365	21,151,869	-	21,151,869
Internal balances	3,046,995	(3,046,995)	-	-	-
Due from other governments	5,276,576	12,825	5,289,401	-	5,289,401
Inventory, at cost	-	1,770,106	1,770,106	-	1,770,106
Prepaid items	88,533	-	88,533	-	88,533
Restricted assets:					
Deposits	-	1,401,513	1,401,513	-	1,401,513
Construction account	-	1,048,981	1,048,981	-	1,048,981
Current debt service account	-	136,362	136,362	-	136,362
Deferred charges	43,288	699,123	742,411	-	742,411
Capital assets nondepreciable	1,845,025	4,128,979	5,974,004	-	5,974,004
Capital assets depreciable	71,933,017	107,328,234	179,261,251	-	179,261,251
<b>Total assets</b>	<b>115,572,829</b>	<b>120,616,349</b>	<b>236,189,178</b>	<b>2,324</b>	<b>236,191,502</b>
<b>Liabilities</b>					
Accounts payable	1,551,302	4,597,988	6,149,290	-	6,149,290
Claims payable	140,000	-	140,000	-	140,000
Accrued liabilities	2,754,870	112,279	2,867,149	-	2,867,149
Deposits	285,456	751,474	1,036,930	-	1,036,930
Due to other governments	80,346	-	80,346	-	80,346
Unearned revenue	16,103,740	-	16,103,740	-	16,103,740
Matured interest payable	735	-	735	-	735
Restricted liabilities:					
Contracts payable	55,002	650,039	705,041	-	705,041
Accrued interest payable	283,417	79,484	362,901	-	362,901
Long-term liabilities:					
Due within one year	3,491,980	2,164,555	5,656,535	-	5,656,535
Due in more than one year	47,957,516	51,283,249	99,240,765	-	99,240,765
<b>Total liabilities</b>	<b>72,704,364</b>	<b>59,639,068</b>	<b>132,343,432</b>	<b>-</b>	<b>132,343,432</b>
<b>Net assets</b>					
Invested in capital assets net of related debt	23,501,788	59,304,016	82,805,804	-	82,805,804
Restricted for:					
Net assets - restricted for deposits	-	650,039	650,039	-	650,039
Net assets - restricted for debt service	-	136,362	136,362	-	136,362
Unrestricted	19,366,677	886,864	20,253,541	2,324	20,255,865
<b>Total net assets</b>	<b>\$ 42,868,465</b>	<b>\$ 60,977,281</b>	<b>\$ 103,845,746</b>	<b>\$ 2,324</b>	<b>\$ 103,848,070</b>

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2003**

Functions/Programs Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Total Reporting Unit
	Expenses	Charges for Services	Capital		Governmental Activities	Primary Government Business-type Activities	Convention and Visitors Bureau	
			Operating Grants and Contributions	Grants and Contributions				
Governmental activities:								
General government	\$ 1,383,174	\$ 41,181	\$ -	\$ -	\$ (1,341,993)	\$ -	\$ -	\$ (1,341,993)
Administration	705,764	-	-	-	(705,764)	-	-	(705,764)
Public safety	8,117,808	385,537	50,111	65,998	(7,616,162)	-	-	(7,616,162)
Public works	2,383,800	-	765,898	113,805	(1,504,097)	-	-	(1,504,097)
Community services	9,331,657	1,072,590	425,060	1,115,253	(6,718,754)	-	-	(6,718,754)
Education	39,642,525	1,415,934	26,692,097	-	(11,534,494)	-	-	(11,534,494)
Interest and fiscal charges	1,927,382	-	-	-	(1,927,382)	-	-	(1,927,382)
Total governmental activities	63,492,110	2,915,242	27,933,166	1,285,056	(31,348,646)	-	-	(31,348,646)
Business-type activities:								
Electric	33,916,143	34,097,676	-	751,372	-	932,905	-	932,905
Waterworks	12,414,120	12,366,240	-	901,922	-	856,042	-	856,042
Emergency communication district	285,099	334,469	-	-	-	49,370	-	49,370
Golf course	1,618,415	1,164,059	-	-	-	(454,356)	-	(454,356)
Total business-type activities	48,233,777	47,964,444	-	1,653,294	-	1,383,961	-	1,383,961
Total primary government	111,725,887	50,879,686	27,933,166	2,948,350	(31,348,646)	1,383,961	-	(29,964,685)
Component units:								
Visitors Bureau	326,896	-	31,053	-	-	-	(295,843)	(295,843)
Total component units	\$ 326,896	\$ -	\$ 31,053	\$ -	\$ -	\$ -	(295,843)	(295,843)
General revenues:								
Taxes								
Gain on sale of capital assets					30,275,113			30,275,113
Interest					547,202			547,202
Miscellaneous					284,166	40,545	234	324,945
Transfers					1,090,299	718,377	287,040	2,095,716
Total general revenues and transfers					(308,284)	308,284	-	-
Change in net assets					31,888,496	1,067,206	287,274	33,242,976
Net assets - beginning					539,850	2,451,167	(8,569)	2,982,448
Net assets - ending					42,328,615	58,526,114	10,893	100,865,622
					\$ 42,868,465	\$ 60,977,281	\$ 2,324	\$ 103,848,070

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

**CITY OF OAK RIDGE, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2003**

	General Fund	School Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 5,443,397	\$ 9,450,344	\$ 14,893,741
Receivables, net	15,140,045	57,689	-	15,197,734
Due from other funds	5,305,615	388,811	739,670	6,434,096
Due from other governments	2,035,502	1,412,887	1,828,187	5,276,576
Advances to other funds	112,500	-	-	112,500
Prepaid items	4,800	82,633	1,100	88,533
Total assets	<u>\$ 22,598,462</u>	<u>\$ 7,385,417</u>	<u>\$ 12,019,301</u>	<u>\$ 42,003,180</u>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 754,754	\$ 116,779	\$ 589,290	\$ 1,460,823
Accrued liabilities	264,322	2,474,218	2,099	2,740,639
Deposits	285,456	-	-	285,456
Due to other funds	739,670	383,041	2,147,991	3,270,702
Due to other governments	80,346	-	-	80,346
Deferred revenue	14,784,263	353,192	966,285	16,103,740
Matured interest payable	-	-	735	735
Contracts payable	-	-	55,002	55,002
Total liabilities	<u>16,908,811</u>	<u>3,327,230</u>	<u>3,761,402</u>	<u>23,997,443</u>
<b>Fund balances:</b>				
Reserved for special programs	-	171,752	41,696	213,448
Reserved for encumbrances	326,518	81,004	934,715	1,342,237
Reserved for advances to other funds	112,500	-	-	112,500
Designated for subsequent years' expenditures	-	31,686	-	31,686
Designated for debt service	-	-	1,239,747	1,239,747
Designated for capital projects	-	-	2,778,902	2,778,902
Undesignated	5,250,633	3,773,745	-	9,024,378
Unreserved, reported in nonmajor:				
Special revenue	-	-	3,262,839	3,262,839
Total fund balances	<u>5,689,651</u>	<u>4,058,187</u>	<u>8,257,899</u>	<u>18,005,737</u>
Total liabilities and fund balances	<u>\$ 22,598,462</u>	<u>\$ 7,385,417</u>	<u>\$ 12,019,301</u>	<u>\$ 42,003,180</u>

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

**CITY OF OAK RIDGE, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2003**

Amounts reported for governmental activities in the statement of net assets are different because:

Ending fund balance - governmental funds	\$ 18,005,737
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	69,522,043
Internal service funds are used by management to charge the costs of insurance and equipment replacement costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	5,205,890
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	<u>(49,865,205)</u>
Net assets of governmental activities	<u>\$ 42,868,465</u>

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2003**

	<u>General Fund</u>	<u>School Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 19,776,290	\$ -	\$ -	\$ 19,776,290
Licenses and permits	197,357	-	-	197,357
Intergovernmental	10,614,208	26,692,097	2,581,632	39,887,937
Charges for services	1,393,282	1,415,934	684,431	3,493,647
Fines and forfeitures	331,068	-	25,531	356,599
Interest	96,755	-	158,511	255,266
Other	340,264	292,308	655,122	1,287,694
<b>Total revenues</b>	<u>32,749,224</u>	<u>28,400,339</u>	<u>4,105,227</u>	<u>65,254,790</u>
<b>Expenditures</b>				
Current:				
General government	668,580	-	-	668,580
Administration	684,778	-	-	684,778
Public Safety	7,801,036	-	87,397	7,888,433
Public Works	1,763,365	-	857,798	2,621,163
Community services	3,729,854	-	3,791,776	7,521,630
Education	-	38,985,004	-	38,985,004
Capital outlay	-	-	4,138,439	4,138,439
Debt service:				
Principal retirement	-	-	1,981,813	1,981,813
Interest and fiscal charges	-	-	1,886,179	1,886,179
<b>Total expenditures</b>	<u>14,647,613</u>	<u>38,985,004</u>	<u>12,743,402</u>	<u>66,376,019</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>18,101,611</u>	<u>(10,584,665)</u>	<u>(8,638,175)</u>	<u>(1,121,229)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	10,646,242	8,247,686	18,893,928
Transfers out	(18,922,778)	(908,382)	(193,183)	(20,024,343)
Loan issuance	-	-	197,263	197,263
Capital lease issuance	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(18,922,778)</u>	<u>9,737,860</u>	<u>8,251,766</u>	<u>(933,152)</u>
<b>Net change in fund balances</b>	(821,167)	(846,805)	(386,409)	(2,054,381)
<b>Fund balance - beginning</b>	<u>6,510,818</u>	<u>4,904,992</u>	<u>8,644,308</u>	<u>20,060,118</u>
<b>Fund balance - ending</b>	<u>\$ 5,689,651</u>	<u>\$ 4,058,187</u>	<u>\$ 8,257,899</u>	<u>\$ 18,005,737</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2003**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (2,054,381)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.	570,655
Loss on the disposal of capital assets	(873,850)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(9,227)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, the issuance of debt increases long-term liabilities in the statement of net assets and the principal payment of these liabilities decreases them. This is the amount by which the payments exceeded the debt issuance.	2,003,714
The internal service fund is used by management to charge the costs of insurance.	85,557
The net loss of the equipment replacement fund of the internal service fund is reported with governmental activities.	(234,057)
The net revenue of the school equipment replacement fund of the internal service fund is reported with governmental activities.	1,051,439
Change in net assets of governmental activities	\$ 539,850

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

**CITY OF OAK RIDGE, TENNESSEE**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL FUND**

**For the Fiscal Year Ended June 30, 2003**

	General Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
<b>Revenues</b>						
Taxes	\$ 19,142,969	\$ 19,142,969	\$ 19,776,290	\$ -	\$ 19,776,290	\$ 633,321
Licenses and permits	232,000	232,000	197,357	-	197,357	(34,643)
Intergovernmental	10,098,024	10,098,024	10,614,208	-	10,614,208	516,184
Charges for services	1,393,421	1,393,421	1,393,282	-	1,393,282	(139)
Fines and forfeitures	381,900	381,900	331,068	-	331,068	(50,832)
Interest	300,000	300,000	96,755	-	96,755	(203,245)
Other	632,500	632,500	340,264	-	340,264	(292,236)
<b>Total revenues</b>	<b>32,180,814</b>	<b>32,180,814</b>	<b>32,749,224</b>	<b>-</b>	<b>32,749,224</b>	<b>568,410</b>
<b>Expenditures</b>						
Current:						
General government	682,992	682,992	668,580	(6,403)	662,177	20,815
Administration	745,545	745,545	684,778	28,095	712,873	32,672
Public Safety	7,899,884	7,899,884	7,801,036	(106,015)	7,695,021	204,863
Public Works	1,719,578	1,719,578	1,763,365	(10,055)	1,753,310	(33,732)
Community services	3,851,298	3,851,298	3,729,854	46,062	3,775,916	75,382
Education	-	-	-	-	-	-
<b>Total expenditures</b>	<b>14,899,297</b>	<b>14,899,297</b>	<b>14,647,613</b>	<b>(48,316)</b>	<b>14,599,297</b>	<b>300,000</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>17,281,517</b>	<b>17,281,517</b>	<b>18,101,611</b>	<b>48,316</b>	<b>18,149,927</b>	<b>868,410</b>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(19,028,729)	(19,028,729)	(18,922,778)	-	(18,922,778)	105,951
<b>Total other financing sources (uses)</b>	<b>(19,028,729)</b>	<b>(19,028,729)</b>	<b>(18,922,778)</b>	<b>-</b>	<b>(18,922,778)</b>	<b>105,951</b>
<b>Net change in fund balances</b>	<b>(1,747,212)</b>	<b>(1,747,212)</b>	<b>(821,167)</b>	<b>48,316</b>	<b>(772,851)</b>	<b>974,361</b>
<b>Fund balance - beginning</b>	<b>-</b>	<b>-</b>	<b>6,510,818</b>	<b>-</b>	<b>6,510,818</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ (1,747,212)</b>	<b>\$ (1,747,212)</b>	<b>\$ 5,689,651</b>	<b>\$ 48,316</b>	<b>\$ 5,737,967</b>	<b>\$ 974,361</b>

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

**CITY OF OAK RIDGE, TENNESSEE**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL FUND**

**For the Fiscal Year Ended June 30, 2003**

	School Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	26,547,113	26,547,113	26,692,097	-	26,692,097	144,984
Charges for services	1,545,184	1,545,184	1,415,934	-	1,415,934	(129,250)
Fines and forfeitures	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	315,800	315,800	292,308	-	292,308	(23,492)
<b>Total revenues</b>	<u>28,408,097</u>	<u>28,408,097</u>	<u>28,400,339</u>	<u>-</u>	<u>28,400,339</u>	<u>(7,758)</u>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Education	39,961,692	39,961,692	38,985,004	200,832	39,185,836	775,856
<b>Total expenditures</b>	<u>39,961,692</u>	<u>39,961,692</u>	<u>38,985,004</u>	<u>200,832</u>	<u>39,185,836</u>	<u>775,856</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(11,553,595)</u>	<u>(11,553,595)</u>	<u>(10,584,665)</u>	<u>(200,832)</u>	<u>(10,785,497)</u>	<u>768,098</u>
<b>Other financing sources (uses)</b>						
Transfers in	10,646,242	10,646,242	10,646,242	-	10,646,242	-
Transfers out	(86,367)	(86,367)	(908,382)	-	(908,382)	(822,015)
<b>Total other financing sources (uses)</b>	<u>10,559,875</u>	<u>10,559,875</u>	<u>9,737,860</u>	<u>-</u>	<u>9,737,860</u>	<u>(822,015)</u>
<b>Net change in fund balances</b>	<u>(993,720)</u>	<u>(993,720)</u>	<u>(846,805)</u>	<u>(200,832)</u>	<u>(1,047,637)</u>	<u>(53,917)</u>
<b>Fund balance - beginning</b>	<u>-</u>	<u>-</u>	<u>4,904,992</u>	<u>-</u>	<u>4,904,992</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ (993,720)</u>	<u>\$ (993,720)</u>	<u>\$ 4,058,187</u>	<u>\$ (200,832)</u>	<u>\$ 3,857,355</u>	<u>\$ (53,917)</u>

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

**CITY OF OAK RIDGE, TENNESSEE  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2003 and 2002**

Enterprise Funds																
	Electric Fund				Waterworks Fund				Golf Course Fund				Nonmajor Fund		Internal Service Funds	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>ASSETS</b>																
Current assets																
Cash and cash equivalents	\$ 1,000,840	\$ 6,443,600	\$ 320,380	\$ 167,688	\$ 116,602	\$ 174,018	\$ 189,016	\$ 134,073	\$ 1,186,856	\$ 6,803,077	\$ 134,073	\$ 3,242,150	\$ 2,068,798			
Receivables, net	5,475,015	-	-	-	-	-	-	-	5,949,365	-	-	-	-	1,492		
Due from other funds	-	-	-	34,774	-	-	-	5,538	-	-	-	-	-	-		
Due from other governments	-	-	-	-	-	-	-	-	12,825	34,774	-	-	-	-		
Inventory, at cost	-	-	-	-	39,977	43,887	-	-	39,977	43,887	1,730,129	-	1,631,906			
Total current assets	6,475,855	6,443,600	320,380	202,462	156,579	217,905	237,209	157,362	7,190,023	7,021,349	4,972,279	3,702,196				
Restricted assets																
Deposits	963,370	818,752	438,143	438,143	-	-	-	-	1,401,513	1,256,895	-	-	-			
Construction account	1,048,981	1,032,390	-	53,478	-	-	-	-	1,046,981	1,085,868	-	-	-			
Current debt service account	136,362	246,109	-	3,234	-	-	-	-	136,362	247,343	-	-	-			
Total restricted assets	2,148,713	2,097,251	438,143	492,855	-	-	-	-	2,586,856	2,590,106	-	-	-			
Noncurrent assets																
Capital assets, net	39,683,731	38,070,056	65,292,857	64,470,826	6,454,560	6,585,723	26,065	45,296	111,457,213	109,171,901	4,255,999	4,609,967				
Advances to other funds	950,000	780,000	505,000	430,000	-	-	-	-	1,455,000	1,210,000	-	-	-			
Deferred charges	299,800	287,311	353,818	375,235	45,505	47,788	-	-	699,123	710,334	9,265	9,265	8,658			
Total noncurrent assets	40,933,531	39,137,367	66,151,675	65,276,061	6,500,065	6,633,511	26,065	45,296	113,611,336	111,092,235	4,265,264	4,618,625				
Total assets	49,558,099	47,678,218	66,910,198	65,971,378	6,656,644	6,851,416	263,274	202,678	123,388,215	120,703,690	9,237,943	8,320,821				
<b>LIABILITIES</b>																
Current liabilities																
Accounts payable	4,304,910	4,994,165	167,577	100,511	500	-	14,274	4,854	4,487,261	5,099,530	201,206	216,829				
Claims payable	-	-	-	-	-	-	-	-	-	-	140,000	140,000				
Accrued liabilities	45,382	53,456	66,897	58,903	-	-	-	-	112,279	112,359	14,231	16,418				
Deposits	751,474	676,509	-	-	-	-	-	-	751,474	676,509	-	-	-			
Due to other funds	1,375,722	1,257,434	736,965	1,158,070	779,906	1,140,227	-	-	2,882,593	3,555,731	275,031	220,270				
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-			
Current portion of notes and bonds payable	742,500	593,333	948,401	438,143	157,328	165,000	-	-	1,848,229	758,333	1,567,500	1,322,500				
Contracts payable	211,896	142,242	438,143	-	-	-	-	-	650,039	580,385	234,086	191,162				
Bonds and notes payable	67,500	121,667	-	-	-	-	-	-	67,500	121,667	-	-	-			
Accrued interest payable	39,043	116,843	14,033	2,420	26,408	27,013	-	-	79,484	146,276	4,043	-				
Total current liabilities	7,538,427	7,953,649	2,362,016	1,758,047	964,142	1,332,240	14,274	4,854	10,878,859	11,050,790	2,436,097	2,107,179				
Noncurrent liabilities																
Vacation benefits payable	74,818	87,931	170,808	176,431	-	-	-	-	245,626	264,362	33,355	31,127				
Capital leases payable	-	-	-	-	-	-	-	-	-	-	68,475	132,976				
Notes and loans payable	10,383,200	15,337,348	23,128,092	23,570,451	-	-	-	-	33,511,292	38,907,799	1,493,726	1,746,588				
Bonds payable	11,253,459	5,293,271	-	-	6,521,698	6,661,354	-	-	17,775,157	11,954,625	1,493,726	1,910,691				
Total noncurrent liabilities	21,711,477	20,718,550	23,298,900	23,746,882	6,521,698	6,661,354	-	-	51,532,075	51,126,786	1,595,556	1,910,691				
Total liabilities	29,249,904	28,674,199	25,660,916	25,504,929	7,485,840	7,993,594	14,274	4,854	62,410,934	62,177,576	4,031,653	4,017,870				
<b>NET ASSETS</b>																
Invested in capital assets net of related debt	18,286,053	18,290,827	41,216,364	40,900,375	(224,466)	(75,631)	26,065	45,296	59,304,016	59,160,867	2,459,712	2,539,241				
Net assets - restricted for deposits	211,896	142,242	438,143	438,143	-	-	-	-	650,039	580,386	-	-				
Net assets - restricted for debt service	136,362	246,109	-	-	-	-	-	-	136,362	246,109	-	-				
Unrestricted	1,673,884	324,840	(405,225)	(872,069)	(604,730)	(1,066,647)	222,935	152,528	886,864	(1,461,248)	2,746,178	1,763,710				
Total net assets	20,308,195	19,004,019	41,249,282	40,466,449	(323,196)	(1,142,178)	249,000	197,824	60,977,281	58,526,114	5,205,890	4,302,951				

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Years Ended June 30, 2003 and June 30, 2002**

	Enterprise Funds											
	Electric Fund		Waterworks Fund		Golf Course Fund		Nonmajor Fund Emergency Communication District Fund		Totals		Internal Service Funds Totals	
	2003	2002	2003	2002	2003	2002	2003	2002	June 30, 2003	June 30, 2002	June 30, 2003	June 30, 2002
<b>Operating revenues</b>												
Charges for services	\$ 34,097,676	\$ 32,859,895	\$ 12,368,240	\$ 11,295,946	\$ -	\$ -	\$ 334,469	\$ 193,271	\$ 46,800,385	\$ 44,349,112	\$ 4,894,625	\$ 3,127,664
Golf course fees and sales					1,164,059	1,240,054			1,164,059	1,240,054		
Other	557,936	531,708	106,103	92,753	24,000	24,000			688,039	648,461		
Employer's contributions											1,999,031	1,149,200
Employees' contributions											411,406	338,293
Total operating revenues	34,655,612	33,291,603	12,474,343	11,388,699	1,188,059	1,264,054	334,469	193,271	48,652,483	46,237,627	7,305,062	4,615,157
<b>Operating expenses</b>												
Maintenance and administrative	5,581,225	5,187,481	8,055,610	7,475,279	1,119,911	1,201,262	265,868	248,129	15,022,614	14,112,151	1,557,131	1,371,719
Purchased power and water	26,066,752	25,226,618	1,005,250	1,003,844					27,072,002	26,230,462		
Depreciation	1,540,504	1,498,206	2,530,530	1,366,088	167,659	334,018	19,231	24,250	4,257,924	3,222,562	951,012	901,033
Materials											1,982,131	357,679
Medical/liability claims											323,157	350,962
Insurance premiums											2,458,916	1,938,255
Total operating expenses	33,188,481	31,912,305	11,591,390	9,845,211	1,287,570	1,535,280	285,099	272,379	46,352,540	43,565,175	7,272,347	4,919,648
<b>Operating income (loss)</b>	1,467,131	1,479,298	882,953	1,543,488	(99,511)	(271,226)	49,370	(79,108)	2,299,943	2,672,452	32,715	(304,491)
<b>Nonoperating revenue (expense)</b>												
Gain on sale of capital assets					30,338	34,401			30,338	34,401	1,333	2,556
Intergovernmental revenue	751,372	1,431,543		34,774					751,372	1,466,317		
Interest revenue	34,085	42,648	4,654	2,000			1,806	3,176	40,545	47,824	28,900	50,762
Interest expense	(727,662)	(633,341)	(822,730)	(795,439)	(330,845)	(360,688)			(1,881,237)	(1,789,468)	(48,138)	(58,164)
Total nonoperating revenue (expense)	57,795	840,850	(818,076)	(758,665)	(300,507)	(326,287)	1,806	3,176	(1,058,982)	(240,926)	(17,905)	(4,846)
<b>Income (loss) before transfers and contributions</b>	1,524,926	2,320,148	64,877	784,823	(400,018)	(597,513)	51,176	(75,932)	1,240,961	2,431,526	14,810	(309,337)
Transfers in												
Transfers out					713,000	200,000			713,000	200,000	822,131	16,337
Capital contributions	(220,750)	(217,644)	(183,966)	(181,370)					(404,716)	(399,014)	65,998	
Change in net assets	1,304,176	2,102,504	782,833	884,663	312,982	(397,513)	51,176	(75,932)	2,451,167	2,513,722	902,939	(293,000)
<b>Total net assets - beginning</b>	19,004,019	16,901,515	40,466,449	39,581,786	(1,142,178)	(744,665)	197,824	273,756	58,526,114	56,012,392	4,302,951	4,595,951
<b>Total net assets - ending</b>	\$ 20,308,195	\$ 19,004,019	\$ 41,249,282	\$ 40,466,449	\$ (829,196)	\$ (1,142,178)	\$ 249,000	\$ 197,824	\$ 60,977,281	\$ 58,526,114	\$ 5,205,890	\$ 4,302,951

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

**CITY OF OAK RIDGE, TENNESSEE  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS**  
For the Fiscal Years Ended June 30, 2003 and June 30, 2002

	Enterprise Funds						Nonmajor Fund		Internal Service Funds	
	Electric Fund		Waterworks Fund		Golf Course Fund		Emergency Communication District Fund		Totals	
	2003	2002	2003	2002	2003	2002	2003	2002	June 30, 2003	June 30, 2002
<b>Operating activities</b>										
Cash received from customers	\$ 35,699,162	\$ 32,183,372	\$ 12,321,651	\$ 11,387,619	\$ 1,245,475	\$ 1,090,036	\$ 315,872	\$ 183,503	\$ 49,582,160	\$ 44,844,530
Cash paid to employees	(13,113)	(10,978)	(5,623)	6,873	(1,119,911)	-	-	-	(1,138,647)	(4,105)
Cash paid to suppliers	(32,405,164)	(28,245,454)	(9,382,131)	(9,597,093)	(355,911)	(879,664)	(263,735)	(247,462)	(38,969,673)	(38,969,673)
Net cash provided by (used in) operating activities	3,280,885	3,926,940	2,933,897	1,797,399	(230,347)	210,372	52,137	(63,959)	6,036,572	5,870,752
<b>Noncapital financing activities</b>										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(220,750)	(217,645)	(183,966)	(181,371)	713,000	200,000	-	-	713,000	200,000
Advances to other funds	-	(90,000)	(75,000)	(100,000)	-	-	-	-	(404,716)	(399,016)
Federal grant proceeds	751,372	182,915	-	34,774	-	-	-	-	(25,000)	(190,000)
Net cash provided (used) by noncapital financing activities	530,622	(124,730)	(258,966)	(246,597)	713,000	200,000	-	-	984,656	(171,327)
<b>Capital and related financing activities</b>										
Net proceeds from the issuance of long-term debt	-	3,107,292	-	2,949,666	-	-	-	-	-	6,056,958
Proceeds from the sale of capital assets	-	3,127	-	-	-	34,401	-	-	-	37,528
Proceeds from insurance recoveries	-	-	-	-	-	-	-	-	-	-
Capital contributed	-	-	901,972	-	-	-	-	-	901,972	65,998
Acquisition and construction of capital assets	(3,154,279)	(5,125,518)	(3,352,561)	(3,714,613)	(6,158)	(13,525)	-	-	(6,512,896)	(8,853,656)
Principal paid on long-term debt	1,101,040	(660,000)	506,042	(129,896)	(147,953)	(85,000)	-	-	1,459,149	(874,836)
Interest paid on long-term debt	(740,151)	(703,717)	(789,700)	(797,610)	(328,562)	(346,248)	-	-	(1,847,575)	(1,847,575)
Net cash used in capital and related financing activities	(2,793,290)	(3,378,816)	(2,734,297)	(1,692,393)	(482,653)	(410,372)	-	-	(6,010,240)	(5,481,581)
<b>Investing activities</b>										
Interest and dividends on investments	34,085	42,648	4,654	2,002	-	-	1,806	3,176	40,545	47,826
Net cash provided by investing activities	34,085	42,648	4,654	2,002	-	-	1,806	3,176	40,545	47,826
<b>Cash and cash equivalents/investments</b>										
Net increase in cash and cash equivalents/investments	1,057,302	466,042	(54,712)	(139,589)	-	-	53,943	(60,783)	1,051,533	265,670
<b>Cash and cash equivalents/investments</b>										
Beginning of year	2,097,251	1,631,209	492,855	632,444	-	-	134,073	194,856	2,724,179	2,458,509
End of year	\$ 3,149,553	\$ 2,097,251	\$ 438,143	\$ 492,855	\$ -	\$ -	\$ 188,016	\$ 134,073	\$ 3,775,712	\$ 2,724,179
									\$ 3,242,150	\$ 2,068,798

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



**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2003 and 2002**

	<b>Private-purpose Trust Fund</b>	
	<b>2003</b>	<b>2002</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 306,636	\$ 308,961
Investments, at fair value	61,380	54,801
Accounts receivable	570	473
Accrued interest	627	-
Total assets	<u>369,213</u>	<u>364,235</u>
<b>Liabilities</b>		
Accounts payable	3,080	8,410
Due to other funds	5,770	-
Total liabilities	<u>8,850</u>	<u>8,410</u>
<b>Net assets</b>		
Held in Trust for:		
Reserved for endowment	360,363	355,825
Total net assets	<u>\$ 360,363</u>	<u>\$ 355,825</u>

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
For the Fiscal Years Ended June 30, 2003 and June 30, 2002

	<b>Private-purpose Trust Fund</b>	
	<b>2003</b>	<b>2002</b>
<b>Additions</b>		
Contributions	\$ 2,325	\$ 3,735
Investment income	13,588	18,042
Total additions	<u>15,913</u>	<u>21,777</u>
<b>Deductions</b>		
Scholarship awards	11,375	11,065
Total deductions	<u>11,375</u>	<u>11,065</u>
<b>Change in net assets</b>	4,538	10,712
<b>Total net assets - beginning</b>	<u>355,825</u>	<u>345,113</u>
<b>Total net assets - ending</b>	<u>\$ 360,363</u>	<u>\$ 355,825</u>

CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30 2003

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**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Oak Ridge, Tennessee (the "City"), 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 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 basic 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 (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, a blended component unit, are included as a part of the primary government. Discretely presented component units are reported in separate columns in the government-wide 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 the City. 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

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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**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. Basis of Presentation

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major 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.).

School Fund

The School Fund is a special revenue fund. This fund is used to account for the revenues and expenditures of the City's public school system.

The City reports the following major enterprise funds:

Electric Fund

The Electric 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

The Waterworks 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.

Golf Course Fund

The Golf Course 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 the proceeds from the operations of the golf course.

The City reports the following fund types:

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.

Private Purpose Trust Fund

The Scholarship Fund, a private purpose trust fund, is used to account for principal trust amounts received and related interest income. The interest portion of the trust is used

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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for college scholarship awards. The principal amount is invested but must be preserved intact.

c. Measurement Focus and Basis of Accounting

*Government-wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 60 days after year-end. 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, licenses and permits, charges for services, fines and forfeitures, and other 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).

Grant revenues, which are unearned at year-end, are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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do not contradict GASB pronouncements in its accounting and reporting practices for its governmental activities, business-type activities and proprietary operations.

d. Budgets and Budgetary Accounting

The City follows the procedures outlined below in establishing the budgetary data reflected in the financial statements. There were no supplementary appropriation amendments to the fiscal 2003 budget.

- 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.
- 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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f. Investments

Investments are comprised of corporate stock held in the Scholarship 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. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

i. 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.

j. 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. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

k. Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost greater than \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002, consist of the road network and storm water system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

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Depreciation has been provided over the estimated useful lives using the straight-line method for assets used by the Schools and equipment used by all governmental activities and the composite method is being used for other City assets. The estimated useful lives are as follows:

Infrastructure	50 years	2% composite method
Buildings	33 1/3 - 50 years	2% - 3% composite method
Improvements	15 - 40 years	2.5% - 6.67% composite method
Equipment	3 - 20 years	6% - 8% composite method

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.

**i. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**m. 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. All other interfund transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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n. Net Assets/Fund Balance

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through State statute.

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. Refer to Note 14.

o. 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.

p. 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, 2003, deferred revenue from grant proceeds included \$12,192 recorded in the School Fund and \$25,785 recorded in the Grant Fund, both special revenue funds.

\$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.

q. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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r. Comparative Data

Comparative total data for the prior year, which was summarized from the 2002 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 accounting principles generally accepted in the United States of America. Certain reclassifications have been made to make 2002 data comparable to that of 2003.

s. New GASB Statements

The City has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This new standard provides for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

In addition, the City adopted GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, which amended GASB Statements No. 21 and 34. Finally, the City adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which modified disclosure requirements related to significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions, debt and lease obligations, short term debt, disaggregating of receivable and payable balances and interfund balances and transfers.

t. Early Application of GASB Statement No. 42

The City early applied GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement provides guidance for accounting and reporting for the impairment of capital assets. Asset impairment is a *significant, unexpected decline in the service utility of a capital asset*. There was no impact on the financial statements that resulted from the early application of this statement.

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, 2003 is \$14,784,263.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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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, 2002, was \$512,482,837. The appraised value was \$1,716,622,980 making the total assessed value approximately 30 percent of the total appraised value.

Taxes were levied at a rate of \$2.94 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 \$14,768,834 for the fiscal year ended June 30, 2003 were approximately 98 percent of the tax levy.

3. DEPARTMENT OF ENERGY

The 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 24% of wastewater revenues.

From incorporation through 1986, the City received financial assistance and in-lieu of tax payments from DOE or its predecessor agencies. In fiscal year 1986, the City received a settlement of \$23,184,600 from DOE that ended the financial 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 \$1,297,898 from DOE in tax payments in fiscal 2003. The annual payments are subject to congressional appropriation.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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4. RETIREMENT PLAN

Plan Description

Employees of the City 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 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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://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, 2003 was 8.86% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2003, the City's annual pension cost of \$1,206,855 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2001 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% 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, 2001 was 14 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>
6/30/03	\$1,206,855	100.00%	\$ 0
6/30/02	\$ 912,552	100.00%	\$ 0
6/30/01	\$ 893,521	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>
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
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%

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

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

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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, 2003, may be obtained at the following address: Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://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, 2003, was 4.92% 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, 2003, Oak Ridge Schools' annual pension cost of \$264,180 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2001, actuarial valuation using the frozen entry age 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 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% 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, 2001, was 14 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>
6/30/03	\$ 264,180	100.00%	\$ 0
6/30/02	\$ 204,035	100.00%	\$ 0
6/30/01	\$ 185,579	100.00%	\$ 0

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/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%

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, 10<sup>th</sup> Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

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, 2003, was 3.4% of annual covered payroll. The contribution requirements of the Oak Ridge Schools are established and may be amended by the TCRS Board of Trustees. The Oak Ridge Schools' contributions to TCRS for the years ending June 30, 2003, 2002 and 2001 were \$679,142, \$724,897, and \$717,32, 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 2003, the City contributed \$43,899 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

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 (TCRS) 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 2003, the Schools reimbursed approximately \$57,442 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 \$861,473 was recorded in the Electric Fund at June 30, 2003.

Receivables at June 30, 2003 consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Customer Accounts</u>	<u>Other</u>	<u>Allowance For Uncollectibles</u>	<u>Net Receivables</u>	<u>Adjustments to Full Accrual</u>	<u>Net Receivable Per Governmental- wide Financial Statement</u>
General	\$15,177,968	\$ 483,960	\$ ---	\$ (521,883)	\$15,140,045	\$ 5,770	\$ 15,145,815
School Fund	---	57,689	---	---	57,689	---	57,689
Electric	---	5,340,153	834,732	(699,870)	5,475,015	---	5,475,015
Waterworks	---	317,296	3,084	---	320,380	---	320,380
Golf Course	---	116,602	---	---	116,602	---	116,602
Emergency Communi- cation District	---	---	36,368	---	36,368	---	36,368
<b>Total</b>	<u>\$15,177,968</u>	<u>\$6,315,700</u>	<u>\$879,954</u>	<u>\$ (1,221,753)</u>	<u>\$21,146,099</u>	<u>\$ 5,770</u>	<u>\$ 21,151,869</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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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 \$5,873,797 and the bank balance was \$8,470,317. Deposits include a certificate of deposit accounted for in the General Fund recorded at its fair value of \$57,962 at year-end. At June 30, 2003, 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 \$61,380 at June 30, 2003 and is accounted for in the Scholarship Fund a Fiduciary Fund. During fiscal 2003, the Bank of America common stock increased by \$6,520. 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.

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 \$13,453,274 is based on the LGIP share price. The City is exempted from sharing in any unrealized gains or losses of the LGIP.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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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 "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, 2003 are as indicated below:

	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Total</u>
Deposits	\$ 963,370	\$ 438,143	\$ 1,401,513
Construction account	1,048,981	---	1,048,981
Current debt service account	<u>136,362</u>	<u>---</u>	<u>136,362</u>
Total	<u>\$ 2,148,713</u>	<u>\$ 438,143</u>	<u>\$ 2,586,856</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

10. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2003 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,590,111	\$ -	\$ (737)	\$ -	\$ 1,589,374
Construction in progress	12,039	1,447,317	-	(1,203,705)	255,651
Total capital assets not being depreciated	<u>1,602,150</u>	<u>1,447,317</u>	<u>(737)</u>	<u>(1,203,705)</u>	<u>1,845,025</u>
Capital assets being depreciated:					
Infrastructure	26,686,473	926,467	-	-	27,612,940
Buildings	53,722,091	764,552	(291,719)	-	54,194,924
Improvements other than buildings	26,107,931	90,778	(563,200)	444,661	26,080,170
Machinery and equipment	13,028,589	675,729	(54,870)	759,044	14,408,492
Total capital assets being depreciated	<u>119,545,084</u>	<u>2,457,526</u>	<u>(909,789)</u>	<u>1,203,705</u>	<u>122,296,526</u>
Less accumulated depreciation for:					
Infrastructure	(12,263,028)	(410,080)	-	-	(12,673,108)
Buildings	(17,476,813)	(1,087,777)	-	-	(18,564,590)
Improvements other than buildings	(10,291,181)	(998,943)	-	-	(11,290,124)
Machinery and equipment	(6,681,008)	(1,186,021)	31,342	-	(7,835,687)
Total accumulated depreciation	<u>(46,712,030)</u>	<u>(3,682,821)</u>	<u>31,342</u>	<u>-</u>	<u>(50,363,509)</u>
Total capital assets being depreciated, net	<u>72,833,054</u>	<u>(1,225,295)</u>	<u>(878,447)</u>	<u>1,203,705</u>	<u>71,933,017</u>
Governmental activities capital assets, net	<u>\$ 74,435,204</u>	<u>\$ 222,022</u>	<u>\$ (879,184)</u>	<u>\$ -</u>	<u>\$ 73,778,042</u>

Depreciation was charged to functions of the primary government as follows:

General government	\$ 795,798
Public safety	121,898
Public works	718,122
Community service	427,862
Education	1,619,141
Total depreciation expense	<u>\$ 3,682,821</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

Capital Asset activity for the business type activities for the year ended June 30, 2003 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Ending Balances
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,877,066	\$ -	\$ -	\$ 1,877,066
Construction in progress	8,462,665	2,812,154	(9,022,906)	2,251,913
Total capital assets not being depreciated	<u>10,339,731</u>	<u>2,812,154</u>	<u>(9,022,906)</u>	<u>4,128,979</u>
Capital assets being depreciated:				-
Buildings	22,669,980	314,024	-	22,984,004
Improvements other than buildings	17,629,433	65,429	-	17,694,862
Machinery and equipment	102,068,339	12,419,962	(541,627)	113,946,674
Total capital assets being depreciated	<u>142,367,752</u>	<u>12,799,415</u>	<u>(541,627)</u>	<u>154,625,540</u>
Buildings	(6,040,388)	(709,594)	-	(6,749,982)
Improvements other than buildings	(2,550,968)	(513,289)	-	(3,064,257)
Machinery and equipment	(34,944,226)	(3,035,041)	496,200	(37,483,067)
Total accumulated depreciation	<u>(43,535,582)</u>	<u>(4,257,924)</u>	<u>496,200</u>	<u>(47,297,306)</u>
Total capital assets being depreciated, net	<u>98,832,170</u>	<u>8,541,491</u>	<u>(45,427)</u>	<u>107,328,234</u>
Business-type activities capital assets, net	<u>\$ 109,171,901</u>	<u>\$ 11,353,645</u>	<u>\$ (9,068,333)</u>	<u>\$ 111,457,213</u>

Depreciation was charged to activities of the primary government as follows:

Electric	\$ 1,540,504
Waterworks	2,530,530
Golf Course	167,659
Emergency Communications	19,231
Total depreciation expense	<u>\$ 4,257,924</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

**11. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2003:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Current Portion of Long-term Liabilities
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
General Obligation Bonds	\$ 27,235,000	\$ 7,485,709	\$ (5,544,709)	\$ 29,176,000	\$ 2,035,000
Unamortized Bond Discount	-	(74,857)	1,497	(73,360)	(5,347)
Unamortized Reoffering Premium	-	83,979	(1,680)	82,299	5,999
TN Municipal Bond Fund Loan	1,143,483	202,263	(620,718)	725,028	49,000
TN-LOANS	21,783,000	-	(3,213,000)	18,570,000	-
Capital Outlay Notes	82,255	-	(82,255)	-	-
Vacation Benefits	1,119,656	1,198,928	(1,178,697)	1,139,887	1,139,887
<b>City Equipment Replacement</b>					
<b>Rental Fund:</b>					
General Obligation Bonds	-	1,898,733	(229,733)	1,669,000	170,000
Unamortized Bond Discount	-	(18,987)	467	(18,520)	(1,356)
Unamortized Reoffering Premium	-	21,216	(8,386)	12,830	940
TN Municipal Bond Fund Loan	1,876,991	-	(1,876,991)	-	-
Vacation Benefits	31,127	33,330	(31,102)	33,355	33,355
<b>School Equipment Replacement</b>					
<b>Rental Fund:</b>					
Capital Lease Obligations	193,735	-	(60,758)	132,977	64,502
<b>Total Long-term Liabilities - Governmental Activities:</b>	<b>\$ 53,465,247</b>	<b>\$ 10,830,314</b>	<b>\$ (12,846,065)</b>	<b>\$ 51,449,496</b>	<b>\$ 3,491,980</b>
<b>Business-type Activities:</b>					
<b>Electric Fund:</b>					
Revenue Bonds	\$ 5,745,000	\$ 12,425,000	\$ (6,190,000)	\$ 11,980,000	\$ 810,000
Unamortized Bond Discount	(54,431)	(124,250)	56,790	(121,891)	(8,875)
Unamortized Reoffering Premium	-	316,445	(6,125)	310,320	22,603
TN-LOANS	15,767,348	1,652,652	(7,040,000)	10,380,000	-
Unamortized Bond Discount	(112,298)	-	10,528	(101,770)	(10,528)
Vacation Benefits	87,931	94,156	(107,269)	74,818	74,818
<b>Waterworks Fund:</b>					
General Obligation Bonds	-	5,335,558	(210,558)	5,125,000	325,000
Unamortized Bond Discount	-	(53,356)	1,013	(52,343)	(3,811)
Unamortized Reoffering Premium	-	59,830	(53,689)	6,141	447
TN Local Development Authority Notes	117,921	-	(13,075)	104,846	13,641
TN Municipal Bond Fund Loan	6,493,316	605,338	(2,924,082)	4,174,572	95,000
TN-LOANS	2,432,000	-	(2,432,000)	-	-
State Revolving Fund Program Loan	14,527,214	614,231	(423,168)	14,718,277	518,124
Vacation Benefits	176,431	188,922	(194,545)	170,808	170,808
<b>Golf Course Fund:</b>					
General Obligation Bonds	6,965,000	-	(165,000)	6,800,000	175,000
Unamortized Bond Discount	(138,646)	-	17,672	(120,974)	(17,672)
<b>Total Long-term Liabilities - Business-type Activities</b>	<b>\$ 52,006,786</b>	<b>\$ 21,114,526</b>	<b>\$ (19,673,508)</b>	<b>\$ 53,447,804</b>	<b>\$ 2,164,555</b>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

General Obligation Debt Refunding

In March 2003, the City issued \$14,720,000 in General Obligation Refunding Bonds Series 2003 to refund all the outstanding General Obligation Refunding Bonds Series 1993, General Obligation Public Improvement Bonds Series 1996, variable interest rate debt for the TN-LOANS H-1 loan issued in 1997 and Tennessee Municipal Bond Fund (TMBF) loan issued in 1998. It also refunded the 2003 through 2016 maturities of the variable interest rate TMBF loan issued in 1995. The outstanding general obligation debt refunded was comprised of debt whose annual debt service payment was to be funded by, the General Fund and Equipment Replacement Rental Fund, both governmental-type activities, and debt to be funded by the Waterworks Fund, a business-type activity.

The proceeds of the \$14,720,000 issuance, net an underwriter's discount of \$147,200, were deposited immediately into an irrevocable trust for the legal defeasance of the debt. Also deposited was a premium of \$165,025. The Bond Trustee immediately disbursed \$32,692 in issuance costs and \$40,944 for bond insurance. These costs are being amortized over a 14-year life in the government-wide statements. Both the refunded debt and the General Obligation Refunding Bonds, Series 2003 had a 14-year remaining life. The remaining bond proceeds were disbursed to fund the outstanding principal and interest on the refunded debt. All the outstanding debt refunded by this issuance was callable with a 30-day notice. Accordingly, the refunded debt has been removed from the City's financial statements. The unamortized discount on the bonds was \$144,405 at June 30, 2003.

Overall, the refunding is estimated to result in a decrease of \$1,520,282 in the City's aggregate debt service payments and an economic gain, the difference between the present value of the old and new debt service payments, of \$855,431. For purposes of this analysis, an interest rate of 4.50% was used for the refunded variable rate debt. This is the historical average rate, including fees, experienced on these variable debt programs. The original business-type activity debt had large balloon payments in fiscals 2015 and 2016. Due to the achievement of lower interest rates, principal payments were restructured to achieve a more leveled amortization schedule, which enhanced the City's economic gain on the refunding.

The \$103,392 difference between the reacquisition price and the net carrying amount of the refunded debt has been deferred and will be straight-line amortized over a 14-year life in the government-wide statements. Details of the refunding transaction are as summarized below:

	Governmental Activities	Business Activities	Total
Outstanding Principal Refunded	\$ 9,244,709	\$ 5,265,082	\$14,509,791
Principal Refunding Bonds, Series 2003	9,384,442	5,335,558	14,720,000
Underwriter's Discount	93,844	53,356	147,200
Issuance Costs and Bond Insurance	46,945	26,691	73,636
Premium	105,195	59,830	165,025
Unamortized Gain on Sale	97,132	6,260	103,392
Decrease in aggregate debt service payments	630,651	889,631	1,520,282
Economic gain	484,792	370,639	855,431

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

A. Long-Term Debt – Governmental Activities

General Obligation Bonds – General Fund

The following is a summary of the City's general obligation bonded debt transactions funded by the General Fund for the year ended June 30, 2003:

	Governmental Activities			Balance 6/30/03
	Balance 7/01/02	Additions	Retirements	
Series 1993, GO Refunding Bonds Issue: \$3,600,000, Maturing 2011 Interest Rate: 4.10% - 5.05%	\$ 3,205,000	\$ ---	\$ 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	365,000	---	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	1,300,000	---	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	885,000	---	110,000	775,000
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Yield: 3.56% - 4.83%	21,480,000	---	470,000	21,010,000
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Yield: 2.00% - 4.00%	---	7,485,709	94,709	7,391,000
<b>Total General Obligation Bonded Debt</b>	<b><u>\$ 27,235,000</u></b>	<b><u>\$ 7,485,709</u></b>	<b><u>\$ 5,544,709</u></b>	<b><u>\$ 29,176,000</u></b>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2003, are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total Requirements
2004	\$ 2,035,000	\$ 1,272,788	\$ 3,307,788
2005	2,095,000	1,211,278	3,306,278
2006	2,175,000	1,130,722	3,305,722
2007	2,260,000	1,046,635	3,306,635
2008	2,350,000	952,747	3,302,747
2009	2,440,000	860,760	3,300,760
2010	2,338,000	757,785	3,095,785
2011	2,453,000	634,455	3,087,455
2012	2,740,000	515,900	3,255,900
2013	2,690,000	378,900	3,068,900
2014	2,620,000	246,550	2,866,550
2015	1,600,000	122,150	1,722,150
2016	<u>1,380,000</u>	<u>55,200</u>	<u>1,435,200</u>
Total	<u>\$ 29,176,000</u>	<u>\$ 9,185,870</u>	<u>\$ 38,361,870</u>

Variable Interest Rate Loans – General Fund

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. In fiscal 2003, the 2003 through 2016 principal payments for this loan were paid from the proceeds of the 2003 General Obligation Refunding Bonds. Remaining annual principal payments are due on this loan in fiscal years 2017 through 2023. The loan had a principal balance of \$568,765 at June 30, 2003.

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. During fiscal 2003, the outstanding principal balance of this loan was paid in its entirety from the proceeds of the 2003 General Obligation Refunding Bonds.

In 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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 United States Department of Housing and Urban Development (HUD) has approved a \$95,000 annual grant award that is anticipated to finance the annual principal and interest payments through the loans maturity in 2017. This is a draw loan in which funds are drawn from the authorized debt amount as expenditures occur. At June 30, 2003, the outstanding principal balance of the loan was \$156,263, with \$797,737 in remaining funds available for draw from the authorized loan amount.

The loans are to be repaid from General Fund revenues, with the exception of the loan for the Scarboro expansion that is to be paid from grant proceeds from HUD as outlined above. The interest rate varies on a weekly basis and is paid monthly for the Tennessee Municipal Bond Fund loans and quarterly for the TN-LOANS. Annual interest payments are amortized below using a 1.5% interest rate, which was the actual weekly rate at June 30, 2003. For budgeting purposes, the City uses a 3.8% interest rate for these loans. Projected debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total Requirements
2004	\$ 49,000	\$ 289,364	\$ 338,364
2005	51,000	288,626	339,626
2006	54,000	287,858	341,858
2007	2,263	287,112	289,375
2008	---	287,081	287,081
2009	---	287,081	287,081
2010	---	287,081	287,081
2011	---	287,081	287,081
2012	---	287,081	287,081
2013	---	287,081	287,081
2014	---	287,081	287,081
2015	1,140,000	285,656	1,425,656
2016	1,485,000	268,125	1,753,125
2017	3,010,722	243,943	3,254,665
2018	3,145,326	198,613	3,343,939
2019	2,890,251	151,752	3,042,003
2020	3,010,512	108,249	3,118,761
2021	3,146,145	62,921	3,209,066
2022	1,212,183	18,146	1,230,329
2023	98,626	1,356	99,982
Total	<u>\$ 19,295,028</u>	<u>\$ 4,501,288</u>	<u>\$ 23,796,316</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

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 was made on July 1, 2002, comprised of \$82,255 principal and \$4,112 interest.

City Equipment Replacement Rental Fund

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 outstanding principal balance of this loan was paid in its entirety from the proceeds of the General Obligation Refunding Bonds Series 2003. The debt service on the \$1,898,733 portion of the bonds required to refund the outstanding loan is to be repaid from revenues in the City Equipment Replacement Rental Fund, an internal service fund, a governmental type activity. The bonds had a principal balance of \$1,669,000. Interest rates range from 2% to 4% with debt service requirements to maturity as of June 30, 2003 as follows:

Fiscal Year	Governmental Activities		Total Requirements
	Principal	Interest	
2004	\$ 170,000	\$ 48,515	\$ 218,515
2005	170,000	45,115	215,115
2006	170,000	41,715	211,715
2007	175,000	38,315	213,315
2008	185,000	33,940	218,940
2009	190,000	28,390	218,390
2010	157,000	22,690	179,690
2011	177,000	17,195	194,195
2012	205,000	11,000	216,000
2013	<u>70,000</u>	<u>2,800</u>	<u>72,800</u>
Total	<u>\$ 1,669,000</u>	<u>\$ 289,675</u>	<u>\$ 1,958,675</u>

Capital Leases – School Equipment Replacement Rental Fund

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 \$195,802 at June 30, 2003. The future principal and interest payments as of June 30, 2003, are as follows:

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

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2004		\$ 72,693
2005		72,694
Total Minimum Lease Payments		145,387
Less: Amount Representing Interest		12,410
Present Value of Minimum Lease Payment		\$ 132,977

**B. Long-term Debt – Business-type Activities**

Electric Revenue Debt Refunding

In March 2003, the City issued \$12,425,000 in Electric Revenue Refunding Bonds, Series 2003 to refund all the outstanding Electric Revenue Refunding and Improvement Bonds Series 1996 and variable interest rate debt for the TN-LOANS H-2 loan issued in 1997. It also refunded the 2003 through 2016 maturities of the variable interest rate TN-LOANS loan issued in 2001.

The proceeds of the \$12,425,000 issuance, net an underwriter's discount of \$124,250, were deposited immediately into an irrevocable trust for the legal defeasance of the debt. Also deposited was a premium of \$409,053. The Bond Trustee immediately disbursed \$39,148 in issuance costs and \$43,920 for bond insurance. These costs were recorded as a Deferred Charge and are being amortized over the 14-year life of the new debt. The unamortized issuance costs were \$81,491 at June 30, 2003. The remaining bond proceeds were disbursed to fund the outstanding principal and interest on the refunded debt. All the outstanding debt refunded by this issuance was callable with a 30-day notice. Accordingly, the refunded debt has been removed from the City's financial statements.

Overall, the refunding is estimated to result in a decrease of \$964,514 in the City's aggregate debt service payments and an economic gain, the difference between the present value of the old and new debt service payments of \$843,523. For purposes of this analysis, an interest rate of 4.50% was used for the refunded variable rate debt. This is the historical average rate, including fees, experienced on these variable debt programs. The overall life of the debt was shortened by two years. The \$316,445 difference between the reacquisition price and the net carrying amount of the refunded debt has been deferred and will be straight-line amortized over a 14-year life. At year-end, the deferral balance of \$310,320 has been shown on the balance sheet for the Electric Fund as an increase to the liability for the outstanding long-term debt. The unamortized discount on the bonds was \$121,891 at June 30, 2003.

This bond issuance is 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. Interest rates on the bonds range from 2% to 4% with debt service requirements to maturity as of June 30, 2003 as follows:

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

Fiscal Year	Business-type Activities		
	Principal	Interest	Total Requirements
2004	\$ 810,000	\$ 431,900	\$ 1,241,900
2005	820,000	415,700	1,235,700
2006	835,000	399,300	1,234,300
2007	850,000	374,250	1,224,250
2008	880,000	348,750	1,228,750
2009	900,000	322,350	1,222,350
2010	930,000	290,850	1,220,850
2011	965,000	258,300	1,223,300
2012	1,000,000	219,700	1,219,700
2013	1,010,000	169,700	1,179,700
2014	1,095,000	119,200	1,214,200
2015	925,000	75,400	1,000,400
2016	960,000	38,400	998,400
Total	<u>\$ 11,980,000</u>	<u>\$ 3,463,800</u>	<u>\$ 15,443,800</u>

Electric System Variable Interest Rate Loan

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 2003, the outstanding principal balance of this loan was paid in its entirety from the proceeds of the 2003 General Obligation Refunding Bonds.

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 Charge and are being amortized straight-line over the 29-year life of the new debt. The unamortized issuance costs were \$218,309 at June 30, 2003. 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 \$101,770 has been shown on the balance sheet for the Electric Fund as a deduction to the liability for the outstanding long-term debt. The 2003 to 2016 maturities of this loan were paid from the proceeds of the Electric Revenue Refunding Bonds, Series 2003. The loan had an outstanding balance of \$10,380,000 at June 30, 2003.

The loan is 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. Annual interest payments are amortized below using a 1.5% interest rate, which was the actual weekly

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

rate at June 30, 2003. Projected debt service requirements to maturity as of June 30, 2003 as follows:

Fiscal Year	Business-type Activities		Total Requirements
	Principal	Interest	
2004	\$ ---	\$ 155,700	\$ 155,700
2005	---	155,700	155,700
2006	---	155,700	155,700
2007	---	155,700	155,700
2008	---	155,700	155,700
2009	---	155,700	155,700
2010	---	155,700	155,700
2011	---	155,700	155,700
2012	---	155,700	155,700
2013	---	155,700	155,700
2014	---	155,700	155,700
2015	---	155,700	155,700
2016	---	155,700	155,700
2017	290,000	155,337	445,337
2018	305,000	150,969	455,969
2019	580,000	146,050	726,050
2020	615,000	137,306	752,306
2021	650,000	128,038	778,038
2022	690,000	118,238	808,238
2023	735,000	107,831	842,831
2024	775,000	96,756	871,756
2025	825,000	85,069	910,069
2026	870,000	72,638	942,638
2027	925,000	59,519	984,519
2028	980,000	45,575	1,025,575
2029	1,040,000	30,800	1,070,800
2030	<u>1,100,000</u>	<u>15,125</u>	<u>1,115,125</u>
Total	<u>\$ 10,380,000</u>	<u>\$ 3,373,351</u>	<u>\$ 13,753,351</u>

General Obligation Bonds – Waterworks Fund:

In March 2003, the City issued \$14,720,000 in General Obligation Refunding Bonds Series 2003 a portion of which paid all the outstanding Waterworks Fund variable interest rate debt for the TN-LOANS H-1 loan issued in 1997 and Tennessee Municipal Bond Fund (TMBF) loan issued in 1998. It also refunded the 2003 through 2016 maturities of the variable interest rate TMBF loan issued in 1995. The details of this refunding are described on page 49 of these notes. The unamortized issuance costs on this issue, recorded as a Deferred Charge, was \$26,184 at fiscal year end. The net of the unamortized discount of \$52,343 and the unamortized gain on issuance of \$6,142 has been shown on the balance sheet for the Waterworks Fund as a reduction to the liability for the outstanding long-term debt at June 30, 2003.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

Interest rate range from 2% to 4% with debt service requirements to maturity for the fiscal year ended June 30, 2003 as follows:

Fiscal Year	Business-type Activities		
	Principal	Interest	Total Requirements
2004	\$ 325,000	\$ 168,400	\$ 493,400
2005	330,000	161,900	491,900
2006	340,000	155,300	495,300
2007	350,000	148,500	498,500
2008	370,000	139,750	509,750
2009	380,000	128,650	508,650
2010	390,000	117,250	507,250
2011	400,000	103,600	503,600
2012	420,000	89,600	509,600
2013	435,000	72,800	507,800
2014	445,000	55,400	500,400
2015	460,000	37,600	497,600
2016	480,000	19,200	499,200
Total	<u>\$ 5,125,000</u>	<u>\$ 1,397,950</u>	<u>\$ 6,522,950</u>

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:

Fiscal Year	Business-type Activities		
	Principal	Interest	Total Requirement
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	11,780	---	11,780
Total	<u>\$ 104,846</u>	<u>\$ 4,670</u>	<u>\$ 109,516</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

Variable Interest Rate Loan – Waterworks Fund

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 \$1,538,163 of the remaining proceeds from the 2001 loan available for draw at June 30, 2003. The 2003 to 2016 maturities of the 1995 loan were paid from the proceeds of the General Obligation Refunding Bonds Series 2003. The remaining portion of the 1995 loan matures in 2023 and the 2001 loan matures in 2021. The unamortized issuance costs for these loans, recorded as a Deferred Charge, was \$42,072 at year-end.

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, 2003 was \$4,174,572. Terms of the loan agreements provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Interest is estimated using a 1.5% interest rate, which was the actual weekly rate at June 30, 2003, with projected debt service requirements to maturity as follows:

Fiscal Year	Business-type Activities		
	Principal	Interest	Total Requirements
2004	\$ 95,000	\$ 62,500	\$ 157,500
2005	100,000	61,069	161,069
2006	105,000	59,563	164,563
2007	110,000	57,982	167,982
2008	116,000	56,324	172,324
2009	121,000	54,578	175,578
2010	128,000	52,754	180,754
2011	134,000	50,827	184,827
2012	141,000	48,808	189,808
2013	148,000	46,684	194,684
2014	155,000	44,455	199,455
2015	17,837	42,302	60,139
2016	---	42,056	42,056
2017	323,978	41,651	365,629
2018	346,674	36,763	383,437
2019	370,949	31,533	402,482
2020	396,888	25,936	422,824
2021	424,655	19,948	444,603
2022	454,417	13,541	467,958
2023	486,174	6,685	492,859
Total	\$ 4,174,572	\$ 855,959	\$ 5,030,531

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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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. During fiscal 2003, the outstanding balance of this loan was paid from the proceeds of General Obligation Refunding Bonds Series 2003.

Tennessee State Revolving Fund Loan – Waterworks Fund

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 when 90% of the loan proceeds have been drawn. 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. As of June 30, 2003, \$10,525,780 of loan proceeds had been drawn with an outstanding principal balance of \$10,178,416. Principal payments began in July 2002. It is anticipated that all loan proceeds will be drawn by June 30, 2004.

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 expansion and upgrade and continue the 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%. Principal payments on the 20-year loan began in December 2002. As of June 30, 2003, \$4,615,665 of loan proceeds had been drawn with an outstanding principal balance of \$4,539,861. It is anticipated that all loan proceeds will be drawn by June 30, 2004.

During fiscal 2003, the City received approval for a third loan from the SRF program for \$7,000,000 that will provide financing for the fiscals 2004 to 2008 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. Terms of the loan are the same as outlined above with the exception that the fixed interest rate for this loan is 3.83%. No loan proceeds had been draw as of June 30,2003.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

A projected amortization schedule for outstanding SRF loans as of June 30, 2003 is as follows:

Fiscal Year	Business-type Activities		Total Requirements
	Principal	Interest	
2004	\$ 518,124	\$ 590,100	\$ 1,108,224
2005	539,640	568,596	1,108,236
2006	562,044	546,192	1,108,236
2007	585,372	522,852	1,108,224
2008	609,672	498,540	1,108,212
2009	634,992	473,232	1,108,224
2010	661,356	446,868	1,108,224
2011	688,812	419,412	1,108,224
2012	717,408	390,816	1,108,224
2013	747,204	361,020	1,108,224
2014	778,224	330,000	1,108,224
2015	810,528	297,684	1,108,212
2016	844,188	264,036	1,108,224
2017	879,240	228,984	1,108,224
2018	915,744	192,480	1,108,224
2019	953,760	154,452	1,108,212
2020	993,372	114,864	1,108,236
2021	1,034,616	73,620	1,108,236
2022	1,077,568	30,640	1,108,208
2023	166,413	1,968	168,381
Total	<u>\$ 14,718,277</u>	<u>\$ 6,506,356</u>	<u>\$ 21,224,633</u>

General Obligation Bonds - 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, 2003 is \$64,423. 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 \$56,551 has been shown on the balance sheet for the Golf Course Fund as a deduction to the liability for the outstanding bonds.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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, 2003, are as follows:

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

12. INTERFUND RECEIVABLE AND PAYABLE BALANCES

The composition of due to / due from balances as of June 30, 2003, is as follows:

Due to Other Funds					
Due from Other Funds	General Fund	School Fund	Nonmajor Funds	Internal Service	Electric Fund
General Fund	\$ -	\$ -	\$ 2,147,991	\$ 275,031	\$ 1,375,722
School Fund	-	383,041	-	-	-
Nonmajor Funds	739,670	-	-	-	-
Total	\$ 739,670	\$ 383,041	\$ 2,147,991	\$ 275,031	\$ 1,375,722

Continued:

Due to Other Funds				
Due from Other Funds	Waterworks Fund	Golf Course Fund	Private- purpose Trust Fund	Total
General Fund	\$ 726,965	\$ 779,906	\$ -	\$ 5,305,615
School Fund	-	-	5,770	388,811
Nonmajor Funds	-	-	-	739,670
Total	\$ 726,965	\$ 779,906	\$ 5,770	\$ 6,434,096

Due to and from accounts represent short-term loans between funds.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Inventory	\$ 112,500
Electric	Inventory	950,000
Waterworks	Inventory	505,000
Total		\$ 1,567,500

Advances to and from accounts represent long-term loans between funds.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

13. TRANSFERS

Transfers between the major funds, other nonmajor governmental and enterprise funds, internal service funds and component unit were primarily to support the capital projects and operations of the funds. Interfund transfers for the current fiscal year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>				<u>Total</u>
	<u>School Fund</u>	<u>Nonmajor Funds</u>	<u>Golf Course Fund</u>	<u>Internal Service</u>	
General Fund	\$ 10,646,242	\$ 7,563,536	\$ 713,000	\$ -	\$ 18,922,778
School Fund	-	86,251	-	822,131	908,382
Electric Fund	-	220,750	-	-	220,750
Waterworks Fund	-	183,966	-	-	183,966
Nonmajor Funds	-	193,183	-	-	193,183
<b>Total</b>	<b>\$ 10,646,242</b>	<b>\$ 8,247,686</b>	<b>\$ 713,000</b>	<b>\$ 822,131</b>	<b>\$ 20,429,059</b>

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	\$ 287,040

14. 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 \$213,448 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$41,240 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$171,752 for the Career Ladder Program and prepaid items. The Capital Projects Fund reserves totaled \$456 for the City's remaining share of the recently completed phase of the State roadway project to expand Tuskegee Drive in Oak Ridge.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

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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, 2003, the following amounts were reserved:

	<u>Amount</u>
General Fund	\$ 326,518
School Fund	81,004
Nonmajor Funds	934,715
Total	<u>\$ 1,342,237</u>

Reserved for Endowment. The Scholarship Fund, a Private Purpose 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, 2003 was \$360,363.

Designated for Debt Retirement. This designation was established by City Council action to accumulate funds from General Fund revenues for retirement of existing general obligation debt. The amount designated at June 30, 2003 totaled \$1,239,747.

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, 2003 from the General Fund totaled \$112,500.

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 \$31,686 of fund balance of which \$1,475 was for textbooks, \$23,173 was for extended childcare programs and \$7,038 for miscellaneous other projects. The Capital Projects Fund designated \$2,778,902 of fund balance for capital projects.

**15. DEFICIT FUND BALANCE AND NET ASSETS**

At fiscal year end, the Grant Fund, a Special Revenue Fund, had a deficit fund balance of \$440,350. The deficit was created by timing differences between expenditures and drawing of authorized loan proceeds to finance the expenditures. The deficit was eliminated in early fiscal 2004.

At fiscal year end, the Golf Course Fund, an Enterprise Fund, had a deficit net assets of \$829,196. This is a \$312,983 decrease from the \$1,142,177 net asset deficit at the end of fiscal 2002. 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

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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 net asset in the Golf Course Fund was 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. Proposals are currently being reviewed by the City for the sale of the remaining 277 acres on this tract. In order to restore positive net assets to the Fund within a reasonable time frame and maintain cash flows, there was a \$713,000 operating transfer from the General Fund to the Golf Course Fund in fiscal 2003 and a \$500,000 operating transfer budgeted for fiscal 2004.

16. COMMITMENTS

At June 30, 2003, the City had remaining contractual commitments for engineering, construction contracts and equipment purchases totaling \$3,944,639 for the following projects:

<u>Projects</u>	<u>Spent To-Date</u>	<u>Commitment Remaining</u>	<u>Committed Fund</u>
Scarboro Center Expansion	\$ 719,227	\$ 375,707	Grant
Sidewalk Construction Engineering	106,127	6,483	Capital Projects
Storm Water Regulations Study	31,484	36,216	Capital Projects
Building Improvements	37,080	111,955	Capital Projects
Roadway Improvements	129,713	240,154	Capital Projects State Street Aid
Legal Services	60,000	89,000	Economic Diversification
Miscellaneous Professional Services	90,288	13,102	General
Substation Expansion/Construction	838,360	253,352	Electric
69kV Line/Power Improvements	448,636	1,012,438	Electric
Transformers	-	162,121	Electric
Waterworks Treatment Plant Improvements	126,429	191,171	Waterworks
Wastewater Distribution System Rehab.	869,974	1,400,249	Waterworks
Equipment	<u>10,960</u>	<u>52,691</u>	Equipment Replacement Rental
<b>TOTAL</b>	<b><u>\$ 3,468,278</u></b>	<b><u>\$ 3,944,639</u></b>	

Funding for the Scarboro Center 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

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**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

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issuance and existing cash in the Fund generated through annual operating transfers from the General Fund to finance major maintenance projects. The State Street Aid Fund, whose revenues are derived from State-share taxes and operating transfers from the General Fund, will fund roadway projects. The Economic Diversification Fund, whose operations are funded by transfers from the General, Electric and Waterworks Funds, will provide funding for contacted legal services whose goal is to enhance remuneration from the federal government. The \$13,102 remaining to complete the Citywide Compensation Study will be funded from current available revenues in the General Fund. Electrical project costs will be funded from current available revenues in the Electric Fund. Waterworks projects will be funded by the \$9,982,383 in available proceeds from approved TDEC and TMBF loans and waterworks revenues. The equipment will be purchased from existing cash in the Equipment Replacement Rental Fund.

17. 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.

18. 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.

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 2003. The City has per occurrence deductibles as outlined below. The city

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**

paid \$213,171 in deductibles to the TML in fiscal 2003 for workers compensation and property liability claims of \$165,184 and \$47,987, 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 2003 is as outlined below:

<u>Insurance Plan</u>	<u>Annual Per Occurrence Deductible</u>
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, 2002 and June 30, 2003 were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2002	\$ 120,511	\$ 423,295	(\$ 350,960)	\$ 192,846
2003	\$ 192,846	\$ 323,157	(\$ 358,299)	\$ 157,704

19. SUBSEQUENT EVENTS

In July 2003, a capital lease was entered into with Apple Computer, Inc. for the purchase of a wireless educational network system for all four elementary schools. The lease is for a principal amount of \$774,768 at a 5.49% interest rate, payable in annual installments of \$209,872 through July 2006.



## **NONMAJOR GOVERNMENTAL FUNDS**

### **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 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.

### **Debt Services 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.

### **Capital Projects Fund**

The Capital Projects Fund is used to account for the acquisition, construction and major maintenance of capital assets of the City other than those financed by proprietary funds. Projects are funded through a combination of long-term debt proceeds and annual transfers from the General Fund. Current projects included the renovation of various City and School buildings. Major projects for the Schools included roof replacements, heating/cooling equipment replacements and system wide phone and technological upgrades. Major City projects included completion of roadway improvements on Rutgers Avenue and at Tuskegee Drive, boiler replacements, storm water and sidewalk improvements, and miscellaneous recreation and park improvements.

**CITY OF OAK RIDGE, TENNESSEE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2003**

	SPECIAL REVENUE FUNDS										Total Nonmajor Governmental Funds
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Debt Service Fund	Capital Projects Fund			
<b>Assets</b>											
Cash and cash equivalents	\$ 2,887,377	\$ 752,027	\$ 189,786	\$ 55,002	\$ -	\$ 40,727	\$ 667,152	\$ 4,858,273	\$ -	\$ -	\$ 9,450,344
Due from other funds	1,200	-	313	-	164,827	-	573,330	-	-	-	739,670
Due from other governments	-	134,346	48,643	1,645,198	-	-	-	-	-	-	1,828,187
Prepaid items	-	-	-	-	-	644	-	-	-	456	1,100
Total assets	\$ 2,888,577	\$ 886,373	\$ 238,742	\$ 1,700,200	\$ 164,827	\$ 41,371	\$ 1,240,482	\$ 4,858,729	\$ -	\$ -	\$ 12,019,301
<b>Liabilities and fund balances</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 2,009	\$ 4,725	\$ 6,364	\$ 107,534	\$ 164,827	\$ 131	\$ -	\$ 303,700	\$ -	\$ -	\$ 589,290
Accrued liabilities	2,099	-	-	-	-	-	-	-	-	-	2,099
Due to other funds	-	-	-	1,952,229	-	-	-	195,762	-	-	2,147,991
Deferred revenue	-	-	-	25,785	-	-	-	940,500	-	-	966,285
Matured interest payable	-	-	-	-	-	-	735	-	-	-	735
Contracts payable	-	-	-	55,002	-	-	-	-	-	-	55,002
Total liabilities	4,108	4,725	6,364	2,140,550	164,827	131	735	1,439,962	-	-	3,761,402
<b>Fund balances:</b>											
Reserved for special programs	-	-	-	-	-	41,240	-	456	-	-	41,696
Reserved for encumbrances	20,306	275,000	-	-	-	-	-	639,409	-	-	934,715
Designated for debt service	-	-	-	-	-	-	1,239,747	-	-	-	1,239,747
Designated for capital projects	-	-	-	-	-	-	-	2,778,902	-	-	2,778,902
Undesignated	2,864,163	606,648	232,378	(440,350)	-	-	-	-	-	-	3,262,839
Total fund balances	2,884,469	881,648	232,378	(440,350)	-	41,240	1,239,747	3,418,767	-	-	8,257,899
Total liabilities and fund balances	\$ 2,888,577	\$ 886,373	\$ 238,742	\$ 1,700,200	\$ 164,827	\$ 41,371	\$ 1,240,482	\$ 4,858,729	\$ -	\$ -	\$ 12,019,301

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

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2003**

	SPECIAL REVENUE FUNDS								Capital Projects Fund	Total Nonmajor Governmental Funds
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Debt Service Fund	Total		
<b>Revenues</b>										
Intergovernmental	\$ -	\$ 765,898	\$ 122,270	\$ 1,693,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,581,632
Charges for services	-	-	-	-	684,431	-	-	-	-	684,431
Fines and forfeitures	-	-	-	-	-	25,531	-	-	-	25,531
Interest	32,344	6,825	2,842	-	-	586	-	24,884	91,030	158,511
Other	547,202	-	-	-	-	-	-	-	107,920	655,122
Total revenues	579,546	772,723	125,112	1,693,464	684,431	26,117	-	24,884	198,950	4,105,227
<b>Expenditures</b>										
Current:										
Public Safety	-	-	-	50,110	-	37,287	-	-	-	87,397
Public Works	-	855,928	1,870	-	-	-	-	-	-	857,798
Community services	1,604,761	-	149,530	360,390	1,677,095	-	-	-	-	3,791,776
Capital outlay	-	-	-	2,114,144	-	-	-	-	2,024,295	4,138,439
Debt service:										
Principal retirement	-	-	-	-	-	-	1,981,813	-	-	1,981,813
Interest and fiscal charges	-	-	-	-	-	-	1,886,179	-	-	1,886,179
Total expenditures	1,604,761	855,928	151,400	2,524,644	1,677,095	37,287	3,867,992	2,024,295	2,024,295	12,743,402
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,025,215)	(83,205)	(26,288)	(831,180)	(992,664)	(11,170)	(3,843,108)	(1,825,345)	(1,825,345)	(8,638,175)
<b>Other financing sources (uses)</b>										
Transfers in	1,551,381	500,000	-	193,184	992,664	-	4,299,457	711,000	711,000	8,247,686
Transfers out	-	-	-	-	-	-	-	(193,183)	(193,183)	(193,183)
Loan issuance	-	-	-	197,263	-	-	-	-	-	197,263
Total other financing sources (uses)	1,551,381	500,000	-	390,447	992,664	-	4,299,457	517,817	517,817	8,251,766
<b>Net change in fund balances</b>	526,166	416,795	(26,288)	(440,733)	-	(11,170)	456,349	(1,307,528)	(1,307,528)	(386,409)
<b>Fund balance - beginning</b>	2,358,303	464,853	258,666	383	-	52,410	783,398	4,726,295	4,726,295	8,644,308
<b>Fund balance - ending</b>	\$ 2,884,469	\$ 881,648	\$ 232,378	\$ (440,350)	\$ -	\$ 41,240	\$ 1,239,747	\$ 3,418,767	\$ 3,418,767	\$ 8,257,899

**CITY OF OAK RIDGE, TENNESSEE  
ECONOMIC DIVERSIFICATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,887,377	\$ 2,369,799
Due from other funds	1,200	-
Total assets	<u>\$ 2,888,577</u>	<u>\$ 2,369,799</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 2,009	\$ 7,933
Accrued liabilities	2,099	3,563
Total liabilities	<u>4,108</u>	<u>11,496</u>
Fund balances:		
Reserved for encumbrances	20,306	4,500
Undesignated	2,864,163	2,353,803
Total fund balances	<u>2,884,469</u>	<u>2,358,303</u>
Total liabilities and fund balances	<u>\$ 2,888,577</u>	<u>\$ 2,369,799</u>

The notes to the 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, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -
Interest	32,344	-	32,344	65,000	32,344
Other	547,202	-	547,202	-	547,202
Total revenues	<u>579,546</u>	<u>-</u>	<u>579,546</u>	<u>1,065,000</u>	<u>579,546</u>
<b>Expenditures</b>					
Current:					
Community services	<u>1,604,761</u>	<u>15,806</u>	<u>1,620,567</u>	<u>2,342,284</u>	<u>1,604,761</u>
Total expenditures	<u>1,604,761</u>	<u>15,806</u>	<u>1,620,567</u>	<u>2,342,284</u>	<u>1,604,761</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,025,215)</u>	<u>(15,806)</u>	<u>(1,041,021)</u>	<u>(1,277,284)</u>	<u>(1,025,215)</u>
<b>Other financing sources (uses)</b>					
Transfers in	<u>1,551,381</u>	<u>-</u>	<u>1,551,381</u>	<u>1,751,381</u>	<u>1,551,381</u>
Total other financing sources (uses)	<u>1,551,381</u>	<u>-</u>	<u>1,551,381</u>	<u>1,751,381</u>	<u>1,551,381</u>
<b>Net change in fund balances</b>	526,166	(15,806)	510,360	474,097	526,166
<b>Fund balance - beginning</b>	<u>2,358,303</u>	<u>2,358,303</u>	<u>2,358,303</u>	<u>(474,097)</u>	<u>2,358,303</u>
<b>Fund balance - ending</b>	<u>\$ 2,884,469</u>	<u>\$ 2,342,497</u>	<u>\$ 2,868,663</u>	<u>\$ -</u>	<u>\$ 2,884,469</u>

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

**CITY OF OAK RIDGE, TENNESSEE  
STATE STREET AID FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 752,027	\$ 349,832
Due from other governments	134,346	133,303
Total assets	<u>\$ 886,373</u>	<u>\$ 483,135</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 4,725	\$ 18,034
Due to other funds	-	248
Total liabilities	<u>4,725</u>	<u>18,282</u>
Fund balances:		
Reserved for encumbrances	275,000	200,000
Undesignated	606,648	264,853
Total fund balances	<u>881,648</u>	<u>464,853</u>
Total liabilities and fund balances	<u>\$ 886,373</u>	<u>\$ 483,135</u>

The notes to the 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, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 765,898	\$ -	\$ 765,898	\$ 760,000	\$ 765,898
Interest	6,825	-	6,825	3,000	6,825
Total revenues	<u>772,723</u>	<u>-</u>	<u>772,723</u>	<u>763,000</u>	<u>772,723</u>
<b>Expenditures</b>					
Current:					
Public Works	855,928	75,000	930,928	1,130,925	855,928
Total expenditures	<u>855,928</u>	<u>75,000</u>	<u>930,928</u>	<u>1,130,925</u>	<u>855,928</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(83,205)</u>	<u>(75,000)</u>	<u>(158,205)</u>	<u>(367,925)</u>	<u>(83,205)</u>
<b>Other financing sources (uses)</b>					
Transfers in	500,000	-	500,000	300,000	500,000
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>300,000</u>	<u>500,000</u>
<b>Net change in fund balances</b>	416,795	(75,000)	341,795	(67,925)	416,795
<b>Fund balance - beginning</b>	<u>464,853</u>	<u>-</u>	<u>464,853</u>	<u>67,925</u>	<u>464,853</u>
<b>Fund balance - ending</b>	<u>\$ 881,648</u>	<u>\$ (75,000)</u>	<u>\$ 806,648</u>	<u>\$ -</u>	<u>\$ 881,648</u>

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

**CITY OF OAK RIDGE, TENNESSEE  
STREET AND PUBLIC TRANSPORTATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 189,786	\$ 219,799
Due from other funds	313	-
Due from other governments	48,643	66,738
Total assets	\$ 238,742	\$ 286,537
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 6,364	\$ 6,160
Due to other funds	-	21,711
Total liabilities	6,364	27,871
 Fund balances:		
Undesignated	232,378	258,666
Total fund balances	232,378	258,666
Total liabilities and fund balances	\$ 238,742	\$ 286,537

The notes to the 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, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 122,270	\$ -	\$ 122,270	\$ 152,800	\$ 122,270
Interest	2,842	-	2,842	13,000	2,842
Total revenues	<u>125,112</u>	<u>-</u>	<u>125,112</u>	<u>165,800</u>	<u>125,112</u>
<b>Expenditures</b>					
Current:					
Public Works	1,870	-	1,870	-	1,870
Community services	149,530	-	149,530	208,000	149,530
Total expenditures	<u>151,400</u>	<u>-</u>	<u>151,400</u>	<u>208,000</u>	<u>151,400</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(26,288)</u>	<u>-</u>	<u>(26,288)</u>	<u>(42,200)</u>	<u>(26,288)</u>
<b>Net change in fund balances</b>	<u>(26,288)</u>	<u>-</u>	<u>(26,288)</u>	<u>(42,200)</u>	<u>(26,288)</u>
<b>Fund balance - beginning</b>	<u>258,666</u>	<u>-</u>	<u>258,666</u>	<u>42,200</u>	<u>258,666</u>
<b>Fund balance - ending</b>	<u>\$ 232,378</u>	<u>\$ -</u>	<u>\$ 232,378</u>	<u>\$ -</u>	<u>\$ 232,378</u>

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

**CITY OF OAK RIDGE, TENNESSEE  
GRANT FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 55,002	\$ -
Due from other governments	1,645,198	702,867
Total assets	<u>\$ 1,700,200</u>	<u>\$ 702,867</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 107,534	\$ 20,967
Due to other funds	1,952,229	630,456
Deferred revenue	25,785	51,061
Total liabilities	<u>2,140,550</u>	<u>702,484</u>
Fund balances:		
Undesignated	(440,350)	383
Total fund balances	<u>(440,350)</u>	<u>383</u>
Total liabilities and fund balances	<u>\$ 1,700,200</u>	<u>\$ 702,867</u>

The notes to the 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, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 1,693,464	\$ -	\$ 1,693,464	\$ 5,752,102	\$ 1,693,464
Total revenues	<u>1,693,464</u>	<u>-</u>	<u>1,693,464</u>	<u>5,752,102</u>	<u>1,693,464</u>
<b>Expenditures</b>					
Current:					
Public Safety	50,110	-	50,110	33,000	50,110
Community services	360,390	-	360,390	284,310	360,390
Capital outlay	<u>2,114,144</u>	<u>-</u>	<u>2,114,144</u>	<u>5,798,042</u>	<u>2,114,144</u>
Total expenditures	<u>2,524,644</u>	<u>-</u>	<u>2,524,644</u>	<u>6,115,352</u>	<u>2,524,644</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(831,180)</u>	<u>-</u>	<u>(831,180)</u>	<u>(363,250)</u>	<u>(831,180)</u>
<b>Other financing sources (uses)</b>					
Transfers in	193,184	-	193,184	363,250	193,184
Loan issuance	<u>197,263</u>	<u>-</u>	<u>197,263</u>	<u>-</u>	<u>197,263</u>
Total other financing sources (uses)	<u>390,447</u>	<u>-</u>	<u>390,447</u>	<u>363,250</u>	<u>390,447</u>
<b>Net change in fund balances</b>	<u>(440,733)</u>	<u>-</u>	<u>(440,733)</u>	<u>-</u>	<u>(440,733)</u>
<b>Fund balance - beginning</b>	<u>383</u>	<u>-</u>	<u>383</u>	<u>-</u>	<u>383</u>
<b>Fund balance - ending</b>	<u>\$ (440,350)</u>	<u>\$ -</u>	<u>\$ (440,350)</u>	<u>\$ -</u>	<u>\$ (440,350)</u>

**CITY OF OAK RIDGE, TENNESSEE  
SOLID WASTE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>Assets</b>		
Due from other funds	\$ 164,827	\$ 270,537
Total assets	\$ 164,827	\$ 270,537
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 164,827	\$ 270,537
Total liabilities	164,827	270,537
 Fund balances:		
Undesignated	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ 164,827	\$ 270,537

The notes to the 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, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Charges for services	\$ 684,431	\$ -	\$ 684,431	\$ 689,000	\$ 684,431
Total revenues	<u>684,431</u>	<u>-</u>	<u>684,431</u>	<u>689,000</u>	<u>684,431</u>
<b>Expenditures</b>					
Current:					
Community services	1,677,095	-	1,677,095	1,787,615	1,677,095
Total expenditures	<u>1,677,095</u>	<u>-</u>	<u>1,677,095</u>	<u>1,787,615</u>	<u>1,677,095</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(992,664)</u>	<u>-</u>	<u>(992,664)</u>	<u>(1,098,615)</u>	<u>(992,664)</u>
<b>Other financing sources (uses)</b>					
Transfers in	992,664	-	992,664	1,098,615	992,664
Total other financing sources (uses)	<u>992,664</u>	<u>-</u>	<u>992,664</u>	<u>1,098,615</u>	<u>992,664</u>
<b>Net change in fund balances</b>	-	-	-	-	-
<b>Fund balance - beginning</b>	-	-	-	-	-
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**CITY OF OAK RIDGE, TENNESSEE  
 DRUG ENFORCEMENT PROGRAM FUND  
 COMPARATIVE BALANCE SHEETS  
 June 30, 2003 and 2002**

	2003	2002
<b>Assets</b>		
Cash and cash equivalents	\$ 40,727	\$ 47,099
Prepaid items	644	5,374
Total assets	\$ 41,371	\$ 52,473
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 131	\$ 63
Total liabilities	131	63
Fund balances:		
Reserved for special programs	41,240	52,410
Total fund balances	41,240	52,410
Total liabilities and fund balances	\$ 41,371	\$ 52,473

The notes to the 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, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Fines and forfeitures	\$ 25,531	\$ -	\$ 25,531	\$ 58,500	\$ 25,531
Interest	586	-	586	2,500	586
Other	-	-	-	10,000	-
Total revenues	<u>26,117</u>	<u>-</u>	<u>26,117</u>	<u>71,000</u>	<u>26,117</u>
<b>Expenditures</b>					
Current:					
Public Safety	37,287	-	37,287	98,450	37,287
Total expenditures	<u>37,287</u>	<u>-</u>	<u>37,287</u>	<u>98,450</u>	<u>37,287</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(11,170)</u>	<u>-</u>	<u>(11,170)</u>	<u>(27,450)</u>	<u>(11,170)</u>
<b>Net change in fund balances</b>	<u>(11,170)</u>	<u>-</u>	<u>(11,170)</u>	<u>(27,450)</u>	<u>(11,170)</u>
<b>Fund balance - beginning</b>	<u>52,410</u>	<u>-</u>	<u>52,410</u>	<u>27,450</u>	<u>52,410</u>
<b>Fund balance - ending</b>	<u>\$ 41,240</u>	<u>\$ -</u>	<u>\$ 41,240</u>	<u>\$ -</u>	<u>\$ 41,240</u>

**CITY OF OAK RIDGE, TENNESSEE  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 667,152	\$ 785,076
Due from other funds	573,330	-
Total assets	\$ 1,240,482	\$ 785,076
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ -	\$ 943
Matured interest payable	735	735
Total liabilities	735	1,678
Fund balances:		
Designated for debt service	1,239,747	783,398
Total fund balances	1,239,747	783,398
Total liabilities and fund balances	\$ 1,240,482	\$ 785,076

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

**CITY OF OAK RIDGE, TENNESSEE**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET (BUDGETARY BASIS) AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Interest	\$ 24,884	\$ -	\$ 24,884	\$ 38,000	\$ 24,884
Other	-	-	-	1,500,000	-
Total revenues	<u>24,884</u>	<u>-</u>	<u>24,884</u>	<u>1,538,000</u>	<u>24,884</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	1,500,000	-
Debt service:					
Principal retirement	1,981,813	-	1,981,813	1,977,720	1,981,813
Interest and fiscal charges	1,886,179	-	1,886,179	2,321,854	1,886,179
Total expenditures	<u>3,867,992</u>	<u>-</u>	<u>3,867,992</u>	<u>5,799,574</u>	<u>3,867,992</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(3,843,108)</u>	<u>-</u>	<u>(3,843,108)</u>	<u>(4,261,574)</u>	<u>(3,843,108)</u>
<b>Other financing sources (uses)</b>					
Transfers in	4,299,457	-	4,299,457	4,299,574	4,299,457
Total other financing sources (uses)	<u>4,299,457</u>	<u>-</u>	<u>4,299,457</u>	<u>4,299,574</u>	<u>4,299,457</u>
<b>Net change in fund balances</b>	456,349	-	456,349	38,000	456,349
<b>Fund balance - beginning</b>	<u>783,398</u>	<u>-</u>	<u>783,398</u>	<u>(38,000)</u>	<u>783,398</u>
<b>Fund balance - ending</b>	<u>\$ 1,239,747</u>	<u>\$ -</u>	<u>\$ 1,239,747</u>	<u>\$ -</u>	<u>\$ 1,239,747</u>

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

**CITY OF OAK RIDGE, TENNESSEE  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2003 and 2002**

	<b>2003</b>	<b>2002</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,858,273	\$ 6,136,054
Prepaid items	456	207,130
Total assets	\$ 4,858,729	\$ 6,343,184
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 303,700	\$ 667,094
Due to other funds	195,762	9,295
Deferred revenue	940,500	940,500
Total liabilities	1,439,962	1,616,889
Fund balances:		
Reserved for special programs	456	207,130
Reserved for encumbrances	639,409	786,756
Designated for capital projects	2,778,902	3,732,409
Total fund balances	3,418,767	4,726,295
Total liabilities and fund balances	\$ 4,858,729	\$ 6,343,184

The notes to the 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, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ 470,300	\$ -
Interest	91,030	-	91,030	65,000	91,030
Other	107,920	-	107,920	2,000,000	107,920
Total revenues	<u>198,950</u>	<u>-</u>	<u>198,950</u>	<u>2,535,300</u>	<u>198,950</u>
<b>Expenditures</b>					
Current:					
Capital outlay	2,024,295	(147,347)	1,876,948	28,721,405	2,024,295
Total expenditures	<u>2,024,295</u>	<u>(147,347)</u>	<u>1,876,948</u>	<u>28,721,405</u>	<u>2,024,295</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,825,345)</u>	<u>147,347</u>	<u>(1,677,998)</u>	<u>(26,186,105)</u>	<u>(1,825,345)</u>
<b>Other financing sources (uses)</b>					
Transfers in	711,000	-	711,000	23,911,000	711,000
Transfers out	(193,183)	-	(193,183)	(363,250)	(193,183)
Total other financing sources (uses)	<u>517,817</u>	<u>-</u>	<u>517,817</u>	<u>23,547,750</u>	<u>517,817</u>
<b>Net change in fund balances</b>	(1,307,528)	147,347	(1,160,181)	(2,638,355)	(1,307,528)
<b>Fund balance - beginning</b>	<u>4,726,295</u>	<u>-</u>	<u>4,726,295</u>	<u>2,638,355</u>	<u>4,726,295</u>
<b>Fund balance - ending</b>	<u>\$ 3,418,767</u>	<u>\$ 147,347</u>	<u>\$ 3,566,114</u>	<u>\$ -</u>	<u>\$ 3,418,767</u>

The notes to the 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  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2003 and 2002**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2003	2002	2003	2002	2003	2002	2003	2002	June 30, 2003	June 30, 2002
<b>ASSETS</b>										
Current assets										
Cash and cash equivalents	\$ 714,492	\$ 664,077	\$ -	\$ -	\$ 1,030,583	\$ 895,988	\$ 1,497,075	\$ 508,733	\$ 3,242,150	\$ 2,068,798
Due from other funds	-	-	-	-	-	1,492	-	-	-	1,492
Inventory, at cost	-	-	1,730,129	1,631,906	-	-	-	-	1,730,129	1,631,906
Total current assets	714,492	664,077	1,730,129	1,631,906	1,030,583	897,480	1,497,075	508,733	4,972,279	3,702,196
Noncurrent assets										
Capital assets, net	-	-	-	-	3,085,506	3,496,813	1,170,493	1,113,154	4,255,999	4,609,967
Deferred charges	-	-	-	-	9,265	8,658	-	-	9,265	8,658
Total noncurrent assets	-	-	-	-	3,094,771	3,505,471	1,170,493	1,113,154	4,265,264	4,618,625
Total assets	714,492	664,077	1,730,129	1,631,906	4,125,354	4,402,951	2,667,568	1,621,887	9,237,543	8,320,821
<b>LIABILITIES</b>										
Current liabilities										
Accounts payable	17,704	52,846	110,727	89,136	(1,137)	59,054	73,912	15,793	201,206	216,829
Claims payable	140,000	140,000	-	-	-	-	-	-	140,000	140,000
Accrued liabilities	-	-	-	-	7,405	6,473	6,826	9,945	14,231	16,418
Due to other funds	-	-	51,902	220,270	223,129	-	-	-	275,031	220,270
Advances from other funds	-	-	1,567,500	1,322,500	-	-	-	-	1,567,500	1,322,500
Current portion of notes and bonds	-	-	-	-	169,584	130,403	64,502	60,759	234,086	191,162
Accrued interest payable	-	-	-	-	4,043	-	-	-	4,043	-
Total current liabilities	157,704	192,846	1,730,129	1,631,906	403,024	195,930	145,240	86,497	2,436,097	2,107,179
Noncurrent liabilities										
Vacation benefits payable	-	-	-	-	33,355	31,127	-	-	33,355	31,127
Capital leases payable	-	-	-	-	-	-	68,475	132,976	68,475	132,976
Notes and loans payable	-	-	-	-	-	1,746,588	-	-	-	1,746,588
Bonds payable	-	-	-	-	1,493,726	-	-	-	1,493,726	-
Total noncurrent liabilities	-	-	-	-	1,527,081	1,777,715	68,475	132,976	1,595,556	1,910,691
Total liabilities	157,704	192,846	1,730,129	1,631,906	1,930,105	1,973,645	213,715	219,473	4,031,653	4,017,870
<b>NET ASSETS</b>										
Invested in capital assets net of	-	-	-	-	1,422,196	1,619,822	1,037,516	919,419	2,459,712	2,539,241
Unrestricted	556,788	471,231	-	-	773,053	809,484	1,416,337	482,995	2,746,178	1,763,710
Total net assets	\$ 556,788	\$ 471,231	\$ -	\$ -	\$ 2,195,249	\$ 2,429,306	\$ 2,453,853	\$ 1,402,414	\$ 5,205,890	\$ 4,302,951

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

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Years Ended June 30, 2003 and June 30, 2002**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>Operating revenues</b>										
Charges for services	\$ 448,480	\$ 649,981	\$ 1,597,997	\$ 1,485,438	\$ 2,464,098	\$ 2,169,683	\$ 384,050	\$ 308,000	\$ 4,894,625	\$ 4,613,102
Employer's contributions	1,999,031	1,149,200	-	-	-	-	-	-	1,999,031	1,149,200
Employees' contributions	411,406	338,293	-	-	-	-	-	-	411,406	338,293
Total operating revenues	2,858,917	2,137,474	1,597,997	1,485,438	2,464,098	2,169,683	384,050	308,000	7,305,062	6,100,595
<b>Operating expenses</b>										
Maintenance and administrative	-	-	-	-	1,557,062	1,371,719	69	-	1,557,131	1,371,719
Depreciation	-	-	-	-	797,093	742,276	153,919	158,757	951,012	901,033
Materials	-	-	1,597,997	1,485,438	384,134	357,679	-	-	1,982,131	1,843,117
Medical/liability claims	323,157	350,962	-	-	-	-	-	-	323,157	350,962
Insurance premiums	2,458,916	1,938,255	-	-	-	-	-	-	2,458,916	1,938,255
Total operating expenses	2,782,073	2,289,217	1,597,997	1,485,438	2,738,289	2,471,674	153,988	158,757	7,272,347	6,405,086
<b>Operating income (loss)</b>	76,844	(151,743)	-	-	(274,191)	(301,991)	230,062	149,243	32,715	(304,491)
<b>Nonoperating revenue (expense)</b>										
Gain on sale of capital assets	-	-	-	-	1,333	2,556	-	-	1,333	2,556
Interest revenue	8,713	15,755	-	-	12,127	20,496	8,060	14,511	28,900	50,762
Interest expense	-	-	-	-	(39,324)	(45,643)	(8,814)	(12,521)	(48,138)	(58,164)
Total nonoperating revenue (expense)	8,713	15,755	-	-	(25,864)	(22,591)	(754)	1,990	(17,905)	(4,846)
<b>Income (loss) before transfers and contribution</b>	85,557	(135,988)	-	-	(300,055)	(324,582)	229,308	151,233	14,810	(309,337)
Transfers in	-	-	-	-	-	-	-	-	-	-
Capital contributions	-	-	-	-	65,998	-	822,131	16,337	822,131	16,337
<b>Change in net assets</b>	85,557	(135,988)	-	-	(234,057)	(324,582)	1,051,439	167,570	902,939	(293,000)
<b>Total net assets - beginning</b>	471,231	607,219	-	-	2,429,306	2,753,888	1,402,414	1,234,844	4,302,951	4,595,951
<b>Total net assets - ending</b>	\$ 556,788	\$ 471,231	\$ -	\$ -	\$ 2,195,249	\$ 2,429,306	\$ 2,453,853	\$ 1,402,414	\$ 5,205,890	\$ 4,302,951

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Years Ended June 30, 2003 and June 30, 2002**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
<b>Operating activities</b>										
Cash received from customers	\$ 2,858,917	\$ 2,137,472	\$ 1,597,997	\$ 1,485,438	\$ 2,464,098	\$ 2,169,682	\$ 384,050	\$ 308,000	\$ 7,305,062	\$ 6,100,592
Cash paid to suppliers	(2,817,215)	(2,216,880)	(1,842,957)	(1,675,438)	(1,773,606)	(1,701,857)	54,931	15,793	(6,378,887)	(5,578,382)
<b>Net cash provided by (used in) operating activities</b>	41,702	(79,408)	(245,000)	(190,000)	690,492	467,825	438,981	323,793	926,175	522,210
<b>Noncapital financing activities</b>										
Transfers out	-	-	-	-	-	-	822,131	-	822,131	-
Advances from other funds	-	-	245,000	190,000	-	-	-	-	245,000	190,000
<b>Net cash provided (used) by noncapital financing activities</b>	-	-	245,000	190,000	-	-	822,131	-	1,067,131	190,000
<b>Capital and related financing activities</b>										
Net proceeds from the issuance of long-term debt	-	-	-	-	1,493,726	-	-	-	1,493,726	-
Proceeds from the sale of capital assets	-	-	-	-	(385,786)	-	-	16,337	(385,786)	16,337
Proceeds from insurance recoveries	-	-	-	-	-	25,691	-	52,388	-	78,079
Capital contributed	-	-	-	-	65,998	-	-	-	65,998	-
Acquisition and construction of capital assets	-	-	-	-	1,333	(643,009)	(211,258)	(141,945)	(209,925)	(784,954)
Principal paid on long-term debt	-	-	-	-	(1,707,407)	(123,899)	(60,758)	(57,233)	(1,768,165)	(181,132)
Interest paid on long-term debt	-	-	-	-	(35,888)	(45,643)	(8,814)	(15,459)	(44,702)	(61,102)
<b>Net cash provided (used) by capital and related financing activities</b>	-	-	-	-	(568,024)	(786,860)	(280,830)	(145,912)	(848,854)	(932,772)
<b>Investing activities</b>										
Interest and dividends on investments	8,713	15,755	-	-	12,127	20,496	8,060	14,511	28,900	50,762
<b>Net cash provided (used) in investing activities</b>	8,713	15,755	-	-	12,127	20,496	8,060	14,511	28,900	50,762
<b>Net increase in cash and cash equivalents/investments</b>	50,415	(63,653)	-	-	134,595	(298,539)	988,342	192,392	1,173,352	(169,800)
<b>Cash and cash equivalents/investments</b>										
Beginning of year	664,077	727,730	-	-	895,988	1,194,527	508,733	316,341	2,068,798	2,238,598
End of year	\$ 714,492	\$ 664,077	\$ -	\$ -	\$ 1,030,583	\$ 895,988	\$ 1,497,075	\$ 508,733	\$ 3,242,150	\$ 2,068,798

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

**CITY OF OAK RIDGE, TENNESSEE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Years Ended June 30, 2003 and June 30, 2002**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2003	2002	2003	2002	2003	2002	2003	2002	June 30, 2003	June 30, 2002
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities										
Operating income (loss)	\$ 76,844	\$ (151,743)	\$ -	\$ -	\$ (274,191)	\$ (301,991)	\$ 230,062	\$ 149,243	\$ 32,715	\$ (304,491)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation	-	-	-	-	797,093	742,276	153,919	158,757	951,012	901,033
Change in assets and liabilities										
(Increase) decrease in Due from other funds	-	-	-	-	1,492	(280)	-	-	1,492	(280)
(Increase) decrease in Amortization of deferred charges	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in Inventory, at cost	-	-	(98,223)	(102,979)	-	-	-	-	(98,223)	(102,979)
Increase (decrease) in Accounts payable	(35,142)	-	21,591	28,388	(60,191)	25,979	58,119	15,793	(15,623)	70,160
Increase (decrease) in Claims payable	-	72,335	-	-	-	-	-	-	-	72,335
Increase (decrease) in Accrued Liabilities	-	-	-	-	932	350	(3,119)	-	(2,187)	350
Increase (decrease) in Due to other funds	-	-	(168,368)	(115,409)	223,129	-	-	-	54,761	(115,409)
Increase (decrease) in Accrued vacation	-	-	-	-	2,228	1,491	-	-	2,228	1,491
Total adjustments	(35,142)	72,335	(245,000)	(190,000)	964,683	769,816	208,919	174,550	893,460	826,701
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 41,702</b>	<b>\$ (79,408)</b>	<b>\$ (245,000)</b>	<b>\$ (190,000)</b>	<b>\$ 690,492</b>	<b>\$ 467,825</b>	<b>\$ 438,981</b>	<b>\$ 323,793</b>	<b>\$ 926,175</b>	<b>\$ 522,210</b>

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities

Operating income (loss)

Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:

Depreciation

Change in assets and liabilities

(Increase) decrease in Due from other funds

(Increase) decrease in Amortization of deferred charges

(Increase) decrease in Inventory, at cost

Increase (decrease) in Accounts payable

Increase (decrease) in Claims payable

Increase (decrease) in Accrued Liabilities

Increase (decrease) in Due to other funds

Increase (decrease) in Accrued vacation

Total adjustments

**Net cash provided by (used in) operating activities**



**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 1,333,627
Receivables, net	15,140,045	14,403,834
Due from other funds	5,305,615	4,523,962
Due from other governments	2,035,502	1,966,518
Advances to other funds	112,500	112,500
Prepaid items	4,800	-
Total assets	<u>\$ 22,598,462</u>	<u>\$ 22,340,441</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 754,754	\$ 213,277
Accrued liabilities	264,322	237,726
Deposits	285,456	188,250
Due to other funds	739,670	277,567
Due to other governments	80,346	7,947
Deferred revenue	14,784,263	14,904,856
Total liabilities	<u>16,908,811</u>	<u>15,829,623</u>
Fund balances:		
Reserved for encumbrances	326,518	374,834
Reserved for advances to other funds	112,500	112,500
Undesignated	5,250,633	6,023,484
Total fund balances	<u>5,689,651</u>	<u>6,510,818</u>
Total liabilities and fund balances	<u>\$ 22,598,462</u>	<u>\$ 22,340,441</u>

The notes to the 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, 2003**

<u>TAXES</u>	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>General Property Taxes</u>			
Real Property	\$ 13,302,682	\$ 13,197,000	\$ 105,682
Personal Property	1,363,014	1,283,000	80,014
Public Utilities	332,285	380,000	(47,715)
Interest & Penalties	<u>302,022</u>	<u>85,000</u>	<u>217,022</u>
Total General Property Taxes	<u>15,300,003</u>	<u>14,945,000</u>	<u>355,003</u>
<u>Other Property Taxes</u>			
Other than assessed	15,427	49,000	(33,573)
Tax Equiv. - Electric Fund	1,154,452	1,085,000	69,452
Tax Equiv. - Waterworks Fund	<u>1,299,891</u>	<u>1,285,469</u>	<u>14,422</u>
Total Other Property Taxes	<u>2,469,770</u>	<u>2,419,469</u>	<u>50,301</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	519,676	480,000	39,676
Liquor Wholesale	188,913	177,000	11,913
Room Occupancy	366,023	315,000	51,023
Sales Tax - Local	227,680	168,000	59,680
Min. & Gross Receipts	682,037	615,000	67,037
Pen. & Int. on Bus. Tax	8,264	15,000	(6,736)
Rec. Fee on Bus. Tax	<u>13,924</u>	<u>8,500</u>	<u>5,424</u>
Total Gross Receipts Taxes	<u>2,006,517</u>	<u>1,778,500</u>	<u>228,017</u>
TOTAL TAXES	<u>19,776,290</u>	<u>19,142,969</u>	<u>633,321</u>
<u>LICENSES &amp; PERMITS</u>			
Retail Beer	8,325	10,000	(1,675)
Liquor Licenses & Permits	10,820	10,000	820
Bldg., Zoning & Exam.	107,590	140,000	(32,410)
Electrical & Exam.	25,719	26,000	(281)
Plumbing Exam.	20,058	22,000	(1,942)
Grading and Zoning Permits	8,021	2,000	6,021
Animal Registration	16,402	17,000	(598)
Other Licenses & Permits	<u>422</u>	<u>5,000</u>	<u>(4,578)</u>
TOTAL LICENSES & PERMITS	<u>197,357</u>	<u>232,000</u>	<u>(34,643)</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,657,368	1,705,000	(47,632)
Income Tax	317,971	625,000	(307,029)
Excise Tax	39,053	40,000	(947)
Beer Barrelage	14,232	14,000	232
Mixed Drink Tax	85,619	80,000	5,619
<u>County Shared</u>			
Sales Tax - Roane	1,127,016	842,000	285,016
Sales Tax - Anderson	5,778,023	5,300,000	478,023
<u>State Grants in Aid</u>			
	115,385	-	115,385
<u>Federal</u>			
TVA Replacement	181,643	187,000	(5,357)
DOE In-Lieu of Taxes	<u>1,297,898</u>	<u>1,305,024</u>	<u>(7,126)</u>
TOTAL INTERGOVERNMENTAL	<u>\$ 10,614,208</u>	<u>\$ 10,098,024</u>	<u>\$ 516,184</u>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2003**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<b><u>CHARGES FOR SERVICES</u></b>			
<b><u>General Government</u></b>			
Repro. of Maps & Documents	\$ 840	\$ 1,500	\$ (660)
General & Admin. Cost	23,390	20,000	3,390
<b><u>Public Safety</u></b>			
Police and Fire Reports	34,192	14,000	20,192
Animal Shelter Fees	37,608	38,000	(392)
<b><u>Library</u></b>			
Lost Library Books	2,514	3,000	(486)
Total General Services	<u>98,544</u>	<u>76,500</u>	<u>22,044</u>
<b><u>Use of Property</u></b>			
Youth and Adult Activities	10,585	6,800	3,785
Outdoor Pool	75,876	82,000	(6,124)
Indoor Pool	53,581	62,500	(8,919)
Rental of Lands	89,253	80,000	9,253
Rental of Service Center & Municipal Bldg.	892,732	892,732	-
Rental of Other Buildings	1,568	-	1,568
Marina Rental	550	6,000	(5,450)
Restaurant Rental	30,763	30,684	79
City Owned Radios	118,045	118,705	(660)
Community Centers Rental	21,785	37,500	(15,715)
Total Use of Property	<u>1,294,738</u>	<u>1,316,921</u>	<u>(22,183)</u>
TOTAL CHARGES FOR SERVICES	<u>1,393,282</u>	<u>1,393,421</u>	<u>(139)</u>
<b><u>FINES AND FORFEITURES</u></b>			
City Court Fines	51,394	65,000	(13,606)
City Court Costs	39,660	35,000	4,660
Bail Forfeitures	174,691	200,000	(25,309)
Misc. Court Revenues	4,000	4,000	-
Library Fines	61,323	77,900	(16,577)
TOTAL FINES AND FORFEITURES	<u>331,068</u>	<u>381,900</u>	<u>(50,832)</u>
<b><u>INTEREST</u></b>	<u>96,755</u>	<u>300,000</u>	<u>(203,245)</u>
<b><u>OTHER REVENUES</u></b>			
CATV Franchise	276,810	265,000	11,810
Right Of Way	60,000	60,000	-
Land Sales	-	-	-
Salvage Sales	-	1,000	(1,000)
Miscellaneous	3,454	306,500	(303,046)
TOTAL OTHER REVENUES	<u>340,264</u>	<u>632,500</u>	<u>(292,236)</u>
TOTAL REVENUES	<u>\$ 32,749,224</u>	<u>\$ 32,180,814</u>	<u>\$ 568,410</u>

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2003**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT:</b>					
<u>Legislative</u>					
City Council	\$ 75,512	\$ 5,000	\$ 80,512	\$ 86,568	\$ 6,056
Total Legislative	<u>75,512</u>	<u>5,000</u>	<u>80,512</u>	<u>86,568</u>	<u>6,056</u>
<u>Executive</u>					
City Clerk	119,382	-	119,382	114,645	(4,737)
City Manager	203,991	(12,003)	191,988	207,522	15,534
Total Executive	<u>323,373</u>	<u>(12,003)</u>	<u>311,370</u>	<u>322,167</u>	<u>10,797</u>
<u>Judicial</u>					
Legal	168,909	600	169,509	169,438	(71)
City Court	100,786	-	100,786	104,819	4,033
Total Judicial	<u>269,695</u>	<u>600</u>	<u>270,295</u>	<u>274,257</u>	<u>3,962</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>668,580</u>	<u>(6,403)</u>	<u>662,177</u>	<u>682,992</u>	<u>20,815</u>
 <b>ADMINISTRATION:</b>					
Computer Services	161,430	33,000	194,430	208,742	14,312
Personnel	193,893	395	194,288	201,888	7,600
Stationery Stores	76,112	-	76,112	79,670	3,558
Finance	209,664	(5,300)	204,364	207,047	2,683
Utilities Business Office	43,679	-	43,679	48,198	4,519
<b>TOTAL ADMINISTRATION</b>	<u>684,778</u>	<u>28,095</u>	<u>712,873</u>	<u>745,545</u>	<u>32,672</u>
 <b>PUBLIC SAFETY:</b>					
<u>Police</u>					
Supervision	158,539	-	158,539	169,847	11,308
Investigations	500,489	-	500,489	504,516	4,027
Staff Services	366,852	-	366,852	353,263	(13,589)
Patrol	2,635,191	1,000	2,636,191	2,762,324	126,133
Emergency Communications	319,672	(25,900)	293,772	272,729	(21,043)
Animal Control	205,896	(6,970)	198,926	220,877	21,951
School Resource Officer Program	180,855	-	180,855	164,552	(16,303)
Total Police	<u>\$ 4,367,494</u>	<u>\$ (31,870)</u>	<u>\$ 4,335,624</u>	<u>\$ 4,448,108</u>	<u>\$ 112,484</u>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2003**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<b><u>PUBLIC SAFETY (Continued):</u></b>					
<b><u>Fire</u></b>					
Supervision	\$ 164,196	\$ -	\$ 164,196	\$ 167,949	\$ 3,753
Prevention	100,619	-	100,619	100,396	(223)
Firefighting	2,914,675	(62,145)	2,852,530	2,939,678	87,148
Fire Stations	102,909	(12,000)	90,909	91,193	284
Fire Specialists	151,143	-	151,143	152,560	1,417
Total Fire	<u>3,433,542</u>	<u>(74,145)</u>	<u>3,359,397</u>	<u>3,451,776</u>	<u>92,379</u>
TOTAL PUBLIC SAFETY	<u>7,801,036</u>	<u>(106,015)</u>	<u>7,695,021</u>	<u>7,899,884</u>	<u>204,863</u>
<b><u>PUBLIC WORKS:</u></b>					
Supervision	92,929	-	92,929	97,464	4,535
Engineering	137,195	-	137,195	151,569	14,374
State Highway Maintenance	82,770	-	82,770	53,669	(29,101)
General Maintenance	355,221	-	355,221	282,188	(73,033)
Central Service Building	115,393	(20,880)	94,513	100,443	5,930
Municipal Building	105,720	10,825	116,545	137,645	21,100
Traffic Control and Lights	874,137	-	874,137	896,600	22,463
TOTAL PUBLIC WORKS	<u>1,763,365</u>	<u>(10,055)</u>	<u>1,753,310</u>	<u>1,719,578</u>	<u>(33,732)</u>
<b><u>COMMUNITY SERVICES:</u></b>					
<b><u>Community Development</u></b>					
Supervision	113,101	(8,245)	104,856	107,445	2,589
Planning	111,120	-	111,120	117,535	6,415
Office of Neighborhood Development	285,446	-	285,446	310,070	24,624
Total Community Development	<u>509,667</u>	<u>(8,245)</u>	<u>501,422</u>	<u>535,050</u>	<u>33,628</u>
<b><u>Recreation</u></b>					
Supervision	246,439	(200)	246,239	248,265	2,026
Indoor Aquatics	145,766	3,739	149,505	179,476	29,971
Outdoor Aquatics	199,052	4,519	203,571	205,006	1,435
Centers, Camps & Programs	683,823	(1,850)	681,973	670,067	(11,906)
Athletics	54,546	(5,552)	48,994	61,078	12,084
Parks	615,993	65,822	681,815	623,302	(58,513)
Senior Center	209,648	7,230	216,878	246,069	29,191
Total Recreation	<u>2,155,267</u>	<u>73,708</u>	<u>2,228,975</u>	<u>2,233,263</u>	<u>4,288</u>
<b><u>Library</u></b>	<u>1,064,920</u>	<u>(19,401)</u>	<u>1,045,519</u>	<u>1,082,985</u>	<u>37,466</u>
TOTAL COMMUNITY SERVICES	<u>3,729,854</u>	<u>46,062</u>	<u>3,775,916</u>	<u>3,851,298</u>	<u>75,382</u>
TOTAL EXPENDITURES	<u>\$ 14,647,613</u>	<u>\$ (48,316)</u>	<u>\$ 14,599,297</u>	<u>\$ 14,899,297</u>	<u>\$ 300,000</u>

**CITY OF OAK RIDGE, TENNESSEE  
SCHOOL FUND  
COMPARATIVE BALANCE SHEET  
June 30, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,443,397	\$ 6,479,763
Receivables, net	57,689	27,683
Due from other funds	388,811	-
Due from other governments	1,412,887	1,478,163
Prepaid items	82,633	6,039
Total assets	<u>\$ 7,385,417</u>	<u>\$ 7,991,648</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 116,779	\$ 112,407
Accrued liabilities	2,474,218	2,533,370
Due to other funds	383,041	86,251
Deferred revenue	353,192	354,628
Total liabilities	<u>3,327,230</u>	<u>3,086,656</u>
Fund balances:		
Reserved for special programs	171,752	52,843
Reserved for encumbrances	81,004	281,831
Designated for subsequent years' expenditures	31,686	978,967
Undesignated	3,773,745	3,591,351
Total fund balances	<u>4,058,187</u>	<u>4,904,992</u>
Total liabilities and fund balances	<u>\$ 7,385,417</u>	<u>\$ 7,991,648</u>

The notes to the 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, 2003**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 26,692,097	\$ -	\$ 26,692,097	\$ 26,547,113	\$ 26,692,097
Charges for services	1,415,934	-	1,415,934	1,545,184	1,415,934
Other	292,308	-	292,308	315,800	292,308
Total revenues	<u>28,400,339</u>	<u>-</u>	<u>28,400,339</u>	<u>28,408,097</u>	<u>28,400,339</u>
<b>Expenditures</b>					
Current:					
Education	38,985,004	200,832	39,185,836	39,961,692	38,985,004
Debt service:					
Total expenditures	<u>38,985,004</u>	<u>200,832</u>	<u>39,185,836</u>	<u>39,961,692</u>	<u>38,985,004</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(10,584,665)</u>	<u>(200,832)</u>	<u>(10,785,497)</u>	<u>(11,553,595)</u>	<u>(10,584,665)</u>
<b>Other financing sources (uses)</b>					
Transfers in	10,646,242	-	10,646,242	10,646,242	10,646,242
Transfers out	(908,382)	-	(908,382)	(86,367)	(908,382)
Total other financing sources (uses)	<u>9,737,860</u>	<u>-</u>	<u>9,737,860</u>	<u>10,559,875</u>	<u>9,737,860</u>
<b>Net change in fund balances</b>	(846,805)	(200,832)	(1,047,637)	(993,720)	(846,805)
<b>Fund balance - beginning</b>	<u>4,904,992</u>	<u>4,904,992</u>	<u>4,904,992</u>	<u>993,720</u>	<u>4,904,992</u>
<b>Fund balance - ending</b>	<u>\$ 4,058,187</u>	<u>\$ 4,704,160</u>	<u>\$ 3,857,355</u>	<u>\$ -</u>	<u>\$ 4,058,187</u>

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

**CITY OF OAK RIDGE, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE(1)**  
**June 30, 2003 and 2002**

	2003	2002
Governmental funds capital assets:		
Land	\$ 1,589,374	\$ 1,590,111
Construction in progress	255,651	12,039
Buildings	54,194,924	53,722,091
Improvements other than buildings	26,080,170	26,107,931
Infrastructure	27,612,940	26,686,473
Machinery and equipment	4,027,250	3,211,755
Total governmental funds capital assets:	\$ 113,760,309	\$ 111,330,400
Investments in governmental fund capital assets:		
Total investment in governmental funds capital assets:	\$ 113,760,309	\$ 111,330,400

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF OAK RIDGE, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (1)**  
**June 30, 2003**

Function and Activity	Capital Assets	Land	Construction In Progress	Buildings	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
<b>General Government:</b>							
Executive	\$ 9,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	-	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
<b>Administration:</b>							
Data Services	12,445	-	-	-	-	-	12,445
Finance	26,424	-	-	-	-	-	26,424
Total Administration	<u>38,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,869</u>
<b>Public Safety:</b>							
Police	1,206,886	122	-	146,413	10,044	-	1,050,307
Fire	1,674,188	11,087	-	1,515,713	101,540	-	45,848
Total Public Safety	<u>2,881,074</u>	<u>11,209</u>	<u>-</u>	<u>1,662,126</u>	<u>111,584</u>	<u>-</u>	<u>1,096,155</u>
<b>Public Works:</b>							
Engineering	9,952	-	-	-	-	-	9,952
Municipal Building	1,977,422	534	-	1,723,000	132,694	-	121,194
Central Service Center Complex	13,100,636	626,139	-	12,474,497	-	-	-
Other Buildings	86,355	29,049	-	57,306	-	-	-
Streets, Sidewalks, and Stormwater Maintenance	27,670,746	57,806	-	-	-	27,612,940	-
	7,321	-	-	-	-	-	7,321
Total Public Works	<u>42,852,432</u>	<u>713,528</u>	<u>-</u>	<u>14,254,803</u>	<u>132,694</u>	<u>27,612,940</u>	<u>138,467</u>
<b>Community Services &amp; Development:</b>							
Planning	5,949	-	-	-	-	-	5,949
Economic Development	1,794,466	262,830	-	1,251,044	280,592	-	-
Recreation	6,679,218	205,052	-	5,854,877	613,619	-	5,670
Parks	4,390,709	240,400	-	716,742	3,414,707	-	18,860
Library	1,255,039	-	-	878,875	21,996	-	354,168
Total Community Services	<u>14,125,381</u>	<u>708,282</u>	<u>-</u>	<u>8,701,538</u>	<u>4,330,914</u>	<u>-</u>	<u>384,647</u>
Education	<u>53,843,325</u>	<u>156,355</u>	<u>255,651</u>	<u>29,576,457</u>	<u>21,504,978</u>	<u>-</u>	<u>2,349,884</u>
<b>Total Governmental Fund Capital Assets</b>	<u>\$113,760,309</u>	<u>\$1,589,374</u>	<u>\$ 255,651</u>	<u>\$54,194,924</u>	<u>\$26,080,170</u>	<u>\$27,612,940</u>	<u>\$4,027,250</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF OAK RIDGE, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)**  
**For the Fiscal Year Ended June 30, 2003**

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>General Government:</b>				
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>
<b>Administration:</b>				
Data Services	19,959	-	7,514	12,445
Finance	37,104	-	10,680	26,424
Total Administration	<u>57,063</u>	<u>-</u>	<u>18,194</u>	<u>38,869</u>
<b>Public Safety:</b>				
Police	1,204,519	2,367	-	1,206,886
Fire	1,672,275	1,913	-	1,674,188
Total Public Safety	<u>2,876,794</u>	<u>4,280</u>	<u>-</u>	<u>2,881,074</u>
<b>Public Works:</b>				
Engineering	9,952	-	-	9,952
Municipal Building	1,968,343	9,079	-	1,977,422
Central Service Center Complex	13,100,636	-	-	13,100,636
Other Buildings	86,355	-	-	86,355
Streets, Sidewalks, and Stormwater Maintenance	26,744,279	926,467	-	27,670,746
	7,321	-	-	7,321
Total Public Works	<u>41,916,886</u>	<u>935,546</u>	<u>-</u>	<u>42,852,432</u>
<b>Community Services &amp; Development:</b>				
Planning	5,949	-	-	5,949
Economic Development	2,549,054	14,869	769,457	1,794,466
Recreation	5,865,792	824,218	10,792	6,679,218
Parks	4,390,709	-	-	4,390,709
Library	1,244,247	10,792	-	1,255,039
Senior Center	83,315	2,884	86,199	-
Total Community Services	<u>14,139,066</u>	<u>852,763</u>	<u>866,448</u>	<u>14,125,381</u>
Education	<u>52,321,363</u>	<u>1,521,962</u>	<u>-</u>	<u>53,843,325</u>
Total Governmental Fund Capital Assets	<u>\$ 111,330,400</u>	<u>\$ 3,314,551</u>	<u>\$ 884,642</u>	<u>\$ 113,760,309</u>

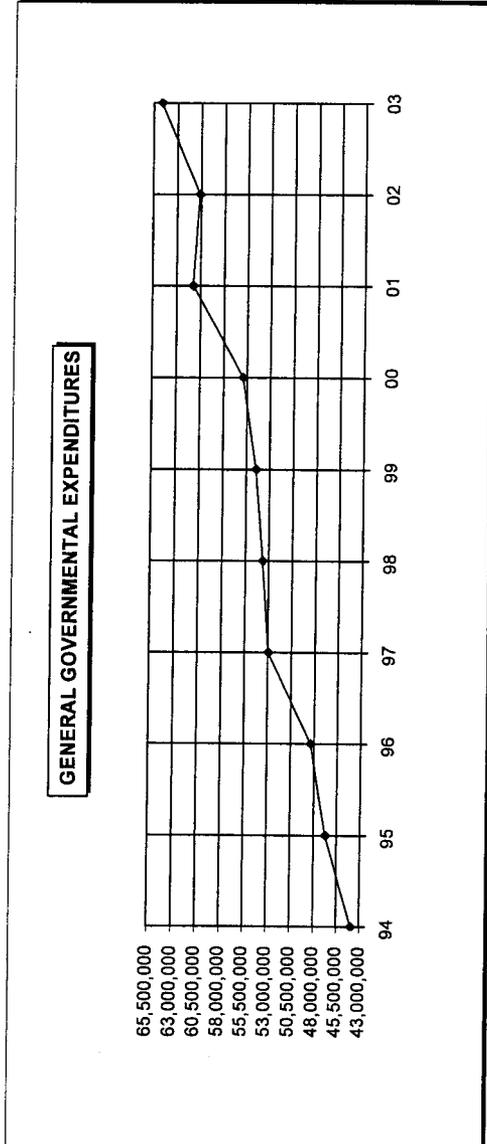
(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF OAK RIDGE, TENNESSEE

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

	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Expenditures:										
General Government	\$ 453,959	\$ 486,477	\$ 463,049	\$ 455,046	\$ 506,416	\$ 601,652	\$ 500,225	\$ 532,967	\$ 735,874	\$ 668,580
Administration	743,208	820,229	546,719	701,924	568,489	647,496	652,626	633,336	637,149	684,778
Public Safety	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	7,888,433
Public Works	1,700,767	2,472,804	2,585,906	2,984,343	2,555,642	2,692,532	2,748,497	2,775,844	2,505,253	2,621,163
Community Services	4,564,687	4,652,753	4,617,462	5,052,556	5,488,965	5,700,028	6,214,930	6,331,493	6,747,811	7,521,630
Education	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	38,985,004
Capital Outlay	1,233,025	1,020,340	351,375	1,231,309	634,297	16,567	-	2,241,618	97,165	2,114,144
Debt Service	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	3,867,992
Operating Transfers Out - to component units	96,015	115,357	127,003	167,349	161,664	73,000	150,000	196,719	296,202	287,040
<b>Total Expenditures</b>	<b>\$ 43,929,453</b>	<b>\$ 46,761,459</b>	<b>\$ 48,389,349</b>	<b>\$ 52,964,827</b>	<b>\$ 53,675,940</b>	<b>\$ 54,440,372</b>	<b>\$ 55,952,698</b>	<b>\$ 61,314,811</b>	<b>\$ 60,633,294</b>	<b>\$ 64,638,764</b>

\*Includes General, Special Revenue and Debt Service Funds.



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

Revenues:	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Taxes	\$ 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	\$ 19,776,290
Licenses and Permits	199,019	182,436	155,618	116,750	143,627	141,617	251,324	223,135	173,790	197,357
Intergovernmental	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	39,887,937
Charges for Services	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	3,493,647
Fines and Forfeitures	295,862	327,432	406,888	368,837	443,673	444,899	329,798	380,438	315,880	356,599
Interest	528,640	669,417	830,704	908,420	935,597	849,219	1,017,194	987,737	436,378	164,236
Other	391,724	546,245	312,566	353,666	292,161	346,035	969,631	1,660,284	504,319	1,179,774
<b>Total Revenues</b>	<b>\$ 48,874,842</b>	<b>\$ 45,090,618</b>	<b>\$ 46,757,142</b>	<b>\$ 51,162,339</b>	<b>\$ 52,284,448</b>	<b>\$ 53,205,092</b>	<b>\$ 56,900,769</b>	<b>\$ 62,397,174</b>	<b>\$ 60,326,044</b>	<b>\$ 65,055,840</b>

\*Includes General, Special Revenue and Debt Service Funds.

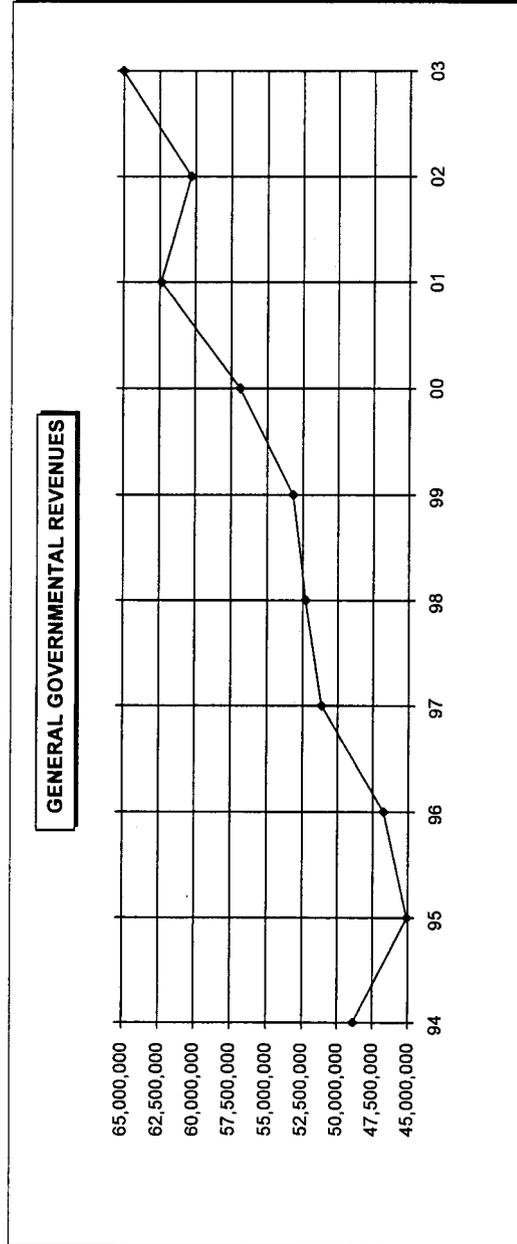


Table 3

**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
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%
2003	15,066,995	14,768,834	98%	482,851	15,251,685	101%	589,856	4%

## 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	
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	26,765,601	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%
2003	454,787,962	1,541,654,110	46,245,603	154,152,010	11,449,272	20,816,860	512,482,637	1,716,622,980	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 Bellsouth 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, 2003**

Tax Year (1)	Property Taxes Receivable At June 30, 2002	Add Taxes Levied	Deduct Collections	Net Adjustments	Property Taxes Receivable At June 30, 2003	Deduct Allowance for Uncollectable	Net Property Taxes Receivable At June 30, 2003
2003 (1)	\$ -	\$ 14,784,263	\$ 709,851	\$ -	\$ 14,074,412	\$ 125,000	\$ 13,949,412
2002	13,129,662	342,128	13,002,871	(170,758)	298,161	100,000	198,161
2001	650,145	-	345,840	(37,088)	267,217	100,000	167,217
2000	225,170	-	54,895	(4,235)	166,040	55,000	111,040
1999	126,867	-	33,187	(7,567)	86,113	35,000	51,113
1998	81,000	-	24,451	-	56,549	25,000	31,549
1997	32,438	-	16,719	-	15,719	5,000	10,719
1996	14,757	-	3,639	-	11,118	2,500	8,618
1995	5,849	-	867	(196)	4,786	400	4,386
1994	6,269	-	1,797	(28)	4,444	400	4,044
1993	4,865	-	1,455	-	3,410	400	3,010
<b>Total</b>	<b>\$ 14,277,022</b>	<b>\$ 15,126,391</b>	<b>\$ 14,195,573</b>	<b>\$ (219,872)</b>	<b>\$ 14,987,968</b>	<b>\$ 448,700</b>	<b>\$ 14,539,268</b>

(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
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
2003	2.94	3.14	6.08	2.94	2.11	5.05

Note: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane. Approximately 11 percent of the taxable real parcels (1,354 of 11,942) 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
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
2003	27,387	512,482,837	50,273,005	1,239,747	49,033,258	9.57%	1,790

\*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.

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

<u>INDEBTEDNESS</u>	1999	2000	2001	2002	2003
<b>GENERAL OBLIGATION DEBT:</b>					
General Obligation Bonds	\$ 40,520,000	\$ 48,890,000	\$ 29,515,000	\$ 27,235,000	\$ 29,176,000
Capital Outlay Notes	559,774	235,199	160,592	82,255	-
Tennessee Municipal Bond Fund Loan	1,210,369	1,189,558	1,167,296	1,143,483	725,028
TN-LOANS	2,495,438	3,213,000	21,783,000	21,783,000	18,570,000
General Obligation Bonds City Equipment Replacement Rental Fund	2,026,681	1,934,027	2,000,890	1,876,991	1,669,000
Capital Leases	355,665	304,881	250,968	193,735	132,977
<b>TOTAL GENERAL OBLIGATION DEBT</b>	<b>\$ 47,167,927</b>	<b>\$ 55,766,665</b>	<b>\$ 54,877,746</b>	<b>\$ 52,314,464</b>	<b>\$ 50,273,005</b>
<b>REVENUE SUPPORTED DEBT:</b>					
Waterworks Fund General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ 5,125,000
Waterworks Fund TLDA Bonds and Notes	564,283	142,230	130,370	117,921	104,846
Waterworks Fund Tennessee Municipal Bond Fund Loan	5,966,531	5,863,942	5,754,204	6,493,316	4,174,572
Waterworks Fund TN-LOANS	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	14,718,277
Golf Course Fund Notes	7,205,000	7,130,000	7,050,000	6,965,000	6,800,000
Electric Fund Bonds	11,565,000	15,060,000	6,020,000	5,745,000	11,980,000
Electric TN-LOANS	3,000,000	2,905,000	13,045,056	15,767,348	10,380,000
<b>TOTAL REVENUE SUPPORTED DEBT</b>	<b>\$ 31,665,541</b>	<b>\$ 40,685,775</b>	<b>\$ 46,850,677</b>	<b>\$ 52,047,799</b>	<b>\$ 53,282,695</b>
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 78,833,468</b>	<b>\$ 96,452,440</b>	<b>\$ 101,728,423</b>	<b>\$ 104,362,263</b>	<b>\$ 103,555,700</b>
Less: Debt Service Fund	(9,761)	(41,667)	(85,765)	(783,398)	(1,239,747)
Less: Revenue Supported	(31,665,541)	(40,685,775)	(46,850,677)	(52,047,799)	(53,282,695)
<b>NET GENERAL OBLIGATION DEBT</b>	<b>\$ 47,158,166</b>	<b>\$ 55,724,998</b>	<b>\$ 54,791,981</b>	<b>\$ 51,531,066</b>	<b>\$ 49,033,258</b>
<b>OVERLAPPING DEBT - (1)</b>	<b>9,814,754</b>	<b>10,358,037</b>	<b>8,970,008</b>	<b>9,906,522</b>	<b>14,945,752</b>
<b>NET GENERAL OBLIGATION &amp; OVERLAPPING DEBT</b>	<b>\$ 56,972,920</b>	<b>\$ 66,083,035</b>	<b>\$ 63,761,989</b>	<b>\$ 61,437,588</b>	<b>\$ 63,979,010</b>
<b>TOTAL PROPERTY TAXES</b>					
Actual Value	\$ 1,671,815,260	\$ 1,679,740,886	\$ 1,834,064,739	\$ 1,864,303,620	\$ 1,868,738,276
Appraised Value	1,671,815,260	1,679,740,886	1,684,771,869	1,712,549,305	1,716,622,980
Assessed Value	501,652,381	506,990,597	504,672,547	512,417,704	512,482,837

(Continued)

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

	1999	2000	2001	2002	2003
<b>DEBT RATIOS</b>					
TOTAL LONG TERM DEBT to Actual Value	4.72%	5.74%	5.55%	5.60%	5.54%
TOTAL LONG TERM DEBT to Appraised Value	4.72%	5.74%	6.04%	6.09%	6.03%
TOTAL LONG TERM DEBT to Assessed Value	15.71%	19.02%	20.16%	20.37%	20.21%
NET GENERAL OBLIGATION DEBT to Actual Value	2.82%	3.32%	2.99%	2.76%	2.62%
NET GENERAL OBLIGATION DEBT to Appraised Value	2.82%	3.32%	3.25%	3.01%	2.86%
NET GENERAL OBLIGATION DEBT to Assessed Value	9.40%	10.99%	10.86%	10.06%	9.57%
OVERLAPPING DEBT to Actual Value	0.59%	0.62%	0.49%	0.53%	0.80%
OVERLAPPING DEBT to Appraised Value	0.59%	0.62%	0.53%	0.58%	0.87%
OVERLAPPING DEBT to Assessed Value	1.96%	2.04%	1.78%	1.93%	2.92%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Actual Value	3.41%	3.93%	3.48%	3.30%	3.42%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Appraised Value	3.41%	3.93%	3.78%	3.59%	3.73%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Assessed Value	11.36%	13.03%	12.63%	11.99%	12.48%
<b>PER CAPITA RATIOS</b>					
POPULATION (2)	27,310	27,387	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	\$ 61,216	\$ 61,334	\$ 66,968	\$ 68,073	\$ 68,235
Assessed Value to POPULATION	\$ 18,369	\$ 18,512	\$ 18,427	\$ 18,710	\$ 18,713
TOTAL LONG TERM DEBT to POPULATION	\$ 2,887	\$ 3,522	\$ 3,714	\$ 3,811	\$ 3,781
NET GENERAL OBLIGATION DEBT to POPULATION	\$ 1,727	\$ 2,035	\$ 2,001	\$ 1,882	\$ 1,790
OVERLAPPING DEBT to POPULATION	\$ 359	\$ 378	\$ 328	\$ 362	\$ 546
NET GENERAL OBLIGATION & OVERLAPPING DEBT to POPULATION	\$ 2,086	\$ 2,413	\$ 2,328	\$ 2,243	\$ 2,336
Total Long-Term Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	11.64%	14.20%	14.98%	15.37%	15.25%
NET GENERAL OBLIGATION DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	6.96%	8.21%	8.07%	7.59%	7.22%
OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.45%	1.53%	1.32%	1.46%	2.20%
NET GENERAL OBLIGATION & OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	8.41%	9.73%	9.39%	9.05%	9.42%

(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 2000 U.S. Census.

**CITY OF OAK RIDGE, TENNESSEE**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**June 30, 2003**

Appraised Value	\$ 1,716,622,980
Debt Limit 10 Percent of Appraised Value	\$ 171,662,298
Less Debt Applicable to Debt Limit:	
GO Refunding Bonds, Series 2000	775,000
GO Refunding Bonds, Series 2001	21,010,000
GO Refunding Bonds, Series 2003	14,185,000
TMBF Loan, 1994	3,372,500
TMBF Loan, 2002	1,527,100
Golf Course Fund Series 1998	6,800,000
TN-LOANS, 2001	18,570,000
State Revolving Program Loan	14,718,277
Capital Lease	132,977
Total General Obligation Debt (1)	81,090,854
Legal Debt Margin	\$ 90,571,444

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 \$9,982,383 to fund water and wastewater projects and \$797,737 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, 2003**

<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	\$ 29,605,253	100%	\$ 29,605,253
Tennessee Municipal Bond Fund Loan	725,028	100%	725,028
TN-LOANS	18,570,000	100%	18,570,000
Capital Lease	<u>132,977</u>	100%	<u>132,977</u>
Total Direct Debt	<u>49,033,258</u>		<u>49,033,258</u>
Overlapping:			
Anderson County, Tennessee	27,126,392	46.71%	*
Roane County, Tennessee	<u>23,214,429</u>	9.80%	<u>2,275,014</u>
Total Overlapping Debt	<u>50,340,821</u>		<u>14,945,752</u>
Total Direct and Overlapping Debt	<u>\$ 99,374,079</u>		<u>\$ 63,979,010</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
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%
2003	1,981,813	1,886,179	-	3,867,992	64,638,764	6.0%

(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	
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
2003	34,689,697	31,647,977	3,041,720	730,000	740,151	1,470,151	2.07

## 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	
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
2003	494	60,311,753	1,716,622,980

## 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 2002**  
**(FOR FISCAL YEAR 2003)**

Taxpayer	Type of Business	2002 Assessed Valuation	Percentage of Total Assessed Valuation
Boeing Tennessee Inc.	Manufacturing and Engineering	\$ 14,707,542	2.87%
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	10,838,880	2.11%
BellSouth	Communications	8,638,280	1.69%
Methodist Medical Center of Oak Ridge	Health Services	8,636,987	1.69%
Crown America	Shopping Mall/Misc. Development	7,976,814	1.56%
Richard Chinn	Entrepreneur	5,389,880	1.05%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	5,175,274	1.01%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	5,057,257	0.99%
BNFL, Inc	Environmental Services	4,854,660	0.95%
Wal-Mart	Retail	<u>3,800,690</u>	<u>0.74%</u>
<b>TOTAL</b>		<b><u>\$ 75,076,263</u></b>	<b><u>14.65%</u></b>

\*Does not include in-lieu of tax payments.

**CITY OF OAK RIDGE, TENNESSEE**  
**TEN LARGEST ELECTRIC CUSTOMERS**  
**For the Fiscal Year Ending June 30, 2003**

Customer	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Percentage Of Total Sales
City of Oak Ridge	61,892	28,137,825	\$ 1,658,485	4.86%
BNFL Inc.	43,832	22,048,069	1,322,921	3.88%
Scientific Ecology Group (SEG) (AKA GTS Duratek)	(1)	23,204,076	1,198,250	3.51%
Boeing	(1)	22,193,878	1,122,828	3.29%
Methodist Medical Center	43,231	22,646,356	1,279,024	3.75%
Oak Ridge Board Of Education	34,647	13,018,678	825,823	2.42%
International Environmental Resources (AKA Manufacturing Sciences)	19,710	8,514,080	507,370	1.49%
US Department of Energy	18,417	8,610,172	502,941	1.48%
BWXT Y-12	16,071	7,925,422	446,889	1.31%
Advanced Measurement	14,375	8,074,400	<u>433,595</u>	<u>1.27%</u>
Total			<u>\$ 9,298,127</u>	<u>27.27%</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, 2003

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	7/01/02 - 7/01/03	General Liability	\$ 2,000,000	\$ 179,933
			Auto Liability	2,000,000	
			Auto Physical Damage	20,000 to 110,000	
			Errors and Omissions	2,000,000	
			Law Enforcement		
	TWC 0050 01	7/01/02 - 7/01/03	Worker's Compensation	N/A	92,507
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	29,316
Unemployment Compensation Self Insured					
<u>Schools:</u>					
Comprehensive General Liability/ TN Municipal League	TML 0078-03	7/01/02 - 7/01/03	General Liability	\$250,000/600,000/85,000	6,593
			Auto Liability & Physical	250,000/600,000/85,001	36,518
			Errors and Omissions	600,000	6,644
	TWC 0049-03	7/01/02 - 7/01/03	Worker's Compensation	Statutory	212,533
	TML 303-04	7/01/02 - 7/01/03	Driver's Education	250,000/600,000/85,000	4,088
	TML 50-108440	7/01/02 - 7/01/03	Boilers	250,000/600,000/85,000	4,000
Surety Bond - Thomas E. Bailey, Ed.D. Cincinnati Insurance Company	8312975	7/01/02 - 7/01/03	Dishonesty	\$823,400 Aggregate	2,742
Surety - Public Employee Blanket Bond St. Paul Insurance Company	441CF0122	7/01/02 - 7/01/05	Dishonesty - All Employees	\$250,000 Per Incident	2,947
Student Accident Insurance - Preschool Hartford Accident and Indemnity Co.	83SR190324	2/01/02 - 02/01/03	Student Accident	5,000/10,000/10,000	830
<u>City and School Property</u>					
Boiler and Machinery Associated Insurers TN Municipal League	TMP-8050-05	7/01/02 - 7/01/03	Property & Boilers	\$ 10,000,000	98,617
	TML 50-108440	7/01/02 - 7/01/03	Boilers	250,000/600,000/85,000	4,000
Property and Casualty TN Municipal League	TML 50-108440	7/01/02 - 7/01/03	School - All Risks	\$ 77,350,549	74,671
TN Municipal League	TMP-8050-05	7/01/02 - 7/01/03	City - All Risks	\$ 86,833,822	179,933
Total Premium					<u>\$ 938,019</u>

## CITY OF OAK RIDGE, TENNESSEE

## DEMOGRAPHIC STATISTICS

## 1980 AND 1990 CENSUS YEAR INFORMATION AND LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	(2) Per Capita Income	(2) Median Age	(2) Unemployment Rate	School Enrollment
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
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	27,194	(3)	4.1%	4,398
2002	27,387	(3)	(3)	4.0%	4,391
2003	27,387	(3)	(3)	(3)	4,323

## 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 CAPITAL ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Capital Assets June 30, 2002	Additions (1)	Reductions (1)	Capital Assets June 30, 2003	Accumulated Depreciation	Net Capital Assets June 30, 2003
<b>Electric Fund</b>						
Land	\$ 517,855	\$ -	\$ -	\$ 517,855	\$ -	\$ 517,855
Buildings	316,041	-	-	316,041	199,602	116,439
Machinery and equipment	45,723,968	9,471,316	487,608	54,707,676	17,836,826	36,870,850
Construction in progress	8,447,757	-	6,269,170	2,178,587	-	2,178,587
<b>Total Electric Fund</b>	<b>\$ 55,005,621</b>	<b>\$ 9,471,316</b>	<b>\$ 6,756,778</b>	<b>\$ 57,720,159</b>	<b>\$ 18,036,428</b>	<b>\$ 39,683,731</b>
<b>Waterworks Fund</b>						
Land	\$ 137,018	\$ -	\$ -	\$ 137,018	\$ -	\$ 137,018
Buildings	21,445,301	291,082	-	21,736,383	6,395,061	15,341,322
Improvements other than buildings	11,865,245	59,820	-	11,925,065	1,751,316	10,173,749
Machinery and equipment	55,802,630	2,940,702	54,019	58,689,312	19,121,870	39,567,442
Construction in progress	14,908	2,812,154	2,753,736	73,326	-	73,326
<b>Total Waterworks Fund</b>	<b>\$ 89,265,102</b>	<b>\$ 6,103,757</b>	<b>\$ 2,807,755</b>	<b>\$ 92,561,104</b>	<b>\$ 27,268,247</b>	<b>\$ 65,292,857</b>
<b>Golf Course Fund</b>						
Land	\$ 1,222,193	\$ -	\$ -	\$ 1,222,193	\$ -	\$ 1,222,193
Buildings	879,663	22,942	-	902,605	132,296	770,309
Improvements other than buildings	5,764,188	5,609	-	5,769,797	1,312,941	4,456,856
Machinery and equipment	348,580	7,945	-	356,525	351,323	5,202
<b>Total Golf Course Fund</b>	<b>\$ 8,214,624</b>	<b>\$ 36,496</b>	<b>\$ -</b>	<b>\$ 8,251,120</b>	<b>\$ 1,796,560</b>	<b>\$ 6,454,560</b>
<b>Emergency Communications District Fund</b>						
Buildings	\$ 28,975	\$ -	\$ -	\$ 28,975	\$ 23,023	\$ 5,952
Machinery and equipment	193,161	-	-	193,161	173,048	20,113
<b>Total Emergency Communications District Fund</b>	<b>\$ 222,136</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 222,136</b>	<b>\$ 196,071</b>	<b>\$ 26,065</b>
<b>Total Enterprise Funds</b>	<b>\$ 152,707,483</b>	<b>\$ 15,611,569</b>	<b>\$ 9,564,533</b>	<b>\$ 158,754,519</b>	<b>\$ 47,297,306</b>	<b>\$ 111,457,213</b>

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

**CITY OF OAK RIDGE, TENNESSEE**  
**ELECTRICAL SYSTEM DATA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

RESIDENTIAL RATE

Energy Charge Per Month: 6.240 cents per kilowatt-hour	Customer Charge: \$5.80 per delivery point per month
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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
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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, 2003

CLASS OF SERVICE:	Consumers - June		Electric Sales This Year	
	This Year	Last Year	Kilowatt Hours	Amount
Residential	12,937	12,676	168,062,522	\$ 11,305,606
Small lighting and power	1,654	1,586	36,616,238	2,769,637
Large lighting and power	383	421	332,005,172	19,010,982
Street and outdoor lighting	61	60	6,765,751	1,011,449
Totals	<u>15,035</u>	<u>14,743</u>	<u>543,449,683</u>	<u>\$ 34,097,674</u>

	Purchased Power This Year	
	Kilowatt Hours	Amount
Power billings for the year	<u>561,424,804</u>	<u>\$ 26,066,753</u>

LINE LOSSES AND COST PER KILOWATT-HOUR PURCHASED

Kilowatt-hours purchased (per above)	561,424,804
Kilowatt-hours sold (per above)	<u>543,449,683</u>
Line losses and kilowatt-hours unaccounted for	<u>17,975,121</u>
Percentage of losses and unaccounted for kilowatt-hours to purchases	<u>3.20%</u>
Cost per kilowatt-hour purchases	<u>\$0.0464</u>

OTHER STATISTICS

Miles of electric lines	<u>281.35</u>
Number of regular street lights	<u>5,397</u>
Number of private outdoor lights	<u>1,564</u>

## CITY OF OAK RIDGE, TENNESSEE

**WATER SYSTEM DATA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

## 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, 2003**

CLASS OF SERVICE:	<u>Consumers - June</u>		<u>Water Sales</u>
	<u>This Year</u>	<u>Last Year</u>	<u>Fiscal</u> <u>Year 2003</u>
Residential	10,914	10,769	\$ 2,246,689
Commercial	1,423	1,427	1,261,304
U.S. Department of Energy (DOE)	1	1	1,970,871
Public fire protection (fire hydrants)	<u>1</u>	<u>1</u>	<u>43,645</u>
Totals	<u>12,340</u>	<u>12,199</u>	<u>\$ 5,522,509</u>

LINE LOSSES AND COST PER GALLON

Gallons treated (Thousands)	4,048,248
Treated gallons sold to DOE (Thousands)	2,547,885
Gallons sold - residential and commercial customers (Thousands)	<u>1,138,257</u>
Line losses and gallons unaccounted for (Thousands)	<u>362,106</u>
Percentage of losses and unaccounted for gallons to purchases	<u>8.94%</u>

OTHER STATISTICS

Average daily water consumption (gallons)	<u>10,099,019</u>
Miles of water mains	<u>225.40</u>
Number of fire hydrants	<u>2,501</u>

## CITY OF OAK RIDGE, TENNESSEE

**WASTEWATER TREATMENT SYSTEM DATA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

<u>CLASS OF SERVICE:</u>	<u>Consumers - June</u>		<u>Wastewater Fees</u>
	<u>This Year</u>	<u>Last Year</u>	<u>Fiscal Year 2003</u>
Residential	10,633	10,492	\$ 2,565,765
Commercial	1,179	1,191	3,298,583
<b>Totals</b>	<b>11,812</b>	<b>11,683</b>	<b>\$ 5,864,348</b>

WASTEWATER TREATMENT:

Clinch River Industrial Park Plant:	
Capacity daily (gallons)	<u>10,000</u>
Treatment during Fiscal Year 2003 (gallons)	<u>2,400,000</u>
West End Plant:	
Capacity daily (gallons)	<u>30,000,000</u>
Treatment during Fiscal Year 2003 (gallons)	<u>2,200,000,000</u>

COLLECTION SYSTEM:

Miles of sewer mains	<u>244.50</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, 2003**

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	321
Seasonal Full-Time	35
Regular Part-Time	7
Seasonal Part-Time	8
Temporary Part-Time	17
Total	388
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
<b>FIRE PROTECTION:</b>	
Classification	Class 3/9/10
Number of stations	3
Number of full-time employees	45
Number of on-call Fire Specialists	24
Number of fire trucks (pumpers and ladder) radio equipped	6
Number of rescue vehicles - radio equipped	2
Number of sedans - radio equipped	4
Number of Fire Specialists' vehicles	5
Number of fire hydrants	2,501

(continued)

**CITY OF OAK RIDGE, TENNESSEE**

Table 22  
(Cont.)

**OTHER STATISTICAL DATA  
JUNE 30, 2003**

**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	1,444	1,367	1 to 13.50
Middle Schools (Grade 5 through 8)	2	1,374	1,305	1 to 12.40
Elementary Schools (Grade K through 4)	4	1,476	1,407	1 to 12.40
Other (special education)		<u>52</u>	<u>48</u>	
Total Students		<u>4,346</u>	<u>4,127</u>	
Certified Staff	397			
Non-certified Personnel	<u>297</u>			
Total Personnel	<u>694</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).