



Comprehensive Annual Financial Report  
City of Oak Ridge, Tennessee  
For the Fiscal Year Ended  
June 30, 2005

**CITY OF OAK RIDGE, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2005

Prepared by  
FINANCE DEPARTMENT



**City of Oak Ridge, Tennessee  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2005**

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December 31, 2005

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, 2005.

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, 2005, 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, 2005 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 owned 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, with the exception of a new facility located at ORNL. 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 who's 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 prior to budget deliberations. All City departments are required to submit operating budget requests to the Finance Department by February 28. 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 a work session or council meeting by mid-May. 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 budget deliberations to provide a 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 prior 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 22-23 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 68. The comparison for the capital projects fund is presented on page 97.

### **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 receives real property tax payments based on the appraised value of the building. In fiscal 2005, the property taxes on this facility were \$568,014.

With four similar type facilities planned for ORNL and the Y-12 complex, the construction of these taxable facilities on federal property represent a significant revenue stream for the City.

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. The transfer of this property from federal ownership allows 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. The first phase of construction will include 60 townhomes and 82 single-family homes. Forty-seven building permits have been issued and 15 homes have been issued a certificate of occupancy. Final plats have been processed on 291 lots. Located in the far west section of Oak Ridge, development of water and wastewater infrastructure to this site by the City is nearing completion.

In April 2004, the 277 remaining acres owned by the City surrounding the Tennessee Centennial Golf Course were sold to a private residential and commercial developer. The current plan provides for construction of 855 new single and multi-family dwelling units, including a 370-unit luxury apartment complex. The site also includes a 24-acre general business area.

The Oak Ridge mall has been sold to private developer who plans a \$15 million renovation of the facility toward an open-air town center type development.

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

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge overwhelmingly voted to increase the local sales tax option from 2.25% to the state maximum of 2.75%, with the additional tax proceeds funding the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax rate increase became effective with sales beginning on October 1, 2004. The ORHS project is anticipated to cost \$61,000,000 over a four-year period. \$32,049,360 in long-term debt was issued for this project in fiscal 2005. Additional debt issuances will occur in phases over the next two to three years to finance completion of construction of the ORHS project. Funding for the debt service on these issuances will be provided from the additional .50% sales tax proceeds in the Anderson County portion of Oak Ridge, private donations and from revenues generated from the existing property tax base.

The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City has spent approximately \$26 million since the project began in 1997 to upgrade, expand and rehabilitate the wastewater treatment plant and wastewater collection system. The upgrades and expansion to the wastewater treatment plant increased capacity from 6 mgd to 9 mgd, a 33% increase in capacity to service new customers. The City has \$5,494,696 available from an authorized loan from the Tennessee State Revolving Fund to finance the 2006 to 2009 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. During fiscal 2004, the City began an approximate \$4 million upgrade to the water treatment plant facilities. On December 13, 2004, City Council approved long-term debt issuances of up to \$5,000,000 in loans through the Tennessee Municipal Bond Fund (TMBF) to fund electric, water and wastewater projects over the next three to five years. These are draw loans in which the funds are drawn as expenditures occur and are anticipated to fund a portion of the expenditures to upgrade the water treatment plant. The next water and wastewater rate review is scheduled for the fall of 2006. 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 2006 and another 12% increase in 2008. The last water rate increase was in 1997. It is anticipated that a water rate increase will also be required in 2006.

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. City costs for this project will be funded through the TMBF loan mentioned above.

**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 17 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, 2005 was 11.53% 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 it 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 7.02% of annual covered payroll for the fiscal year ending June 30, 2005.

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 5.50% of annual covered payroll for the fiscal year ending June 30, 2005.

The City also provides postretirement health benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 49 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**

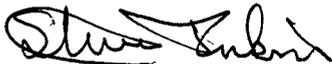
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2004. This is the forty-fourth consecutive year that 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 twenty-one 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 unflinching 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, 2004

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.



*Nancy L. Zielle*

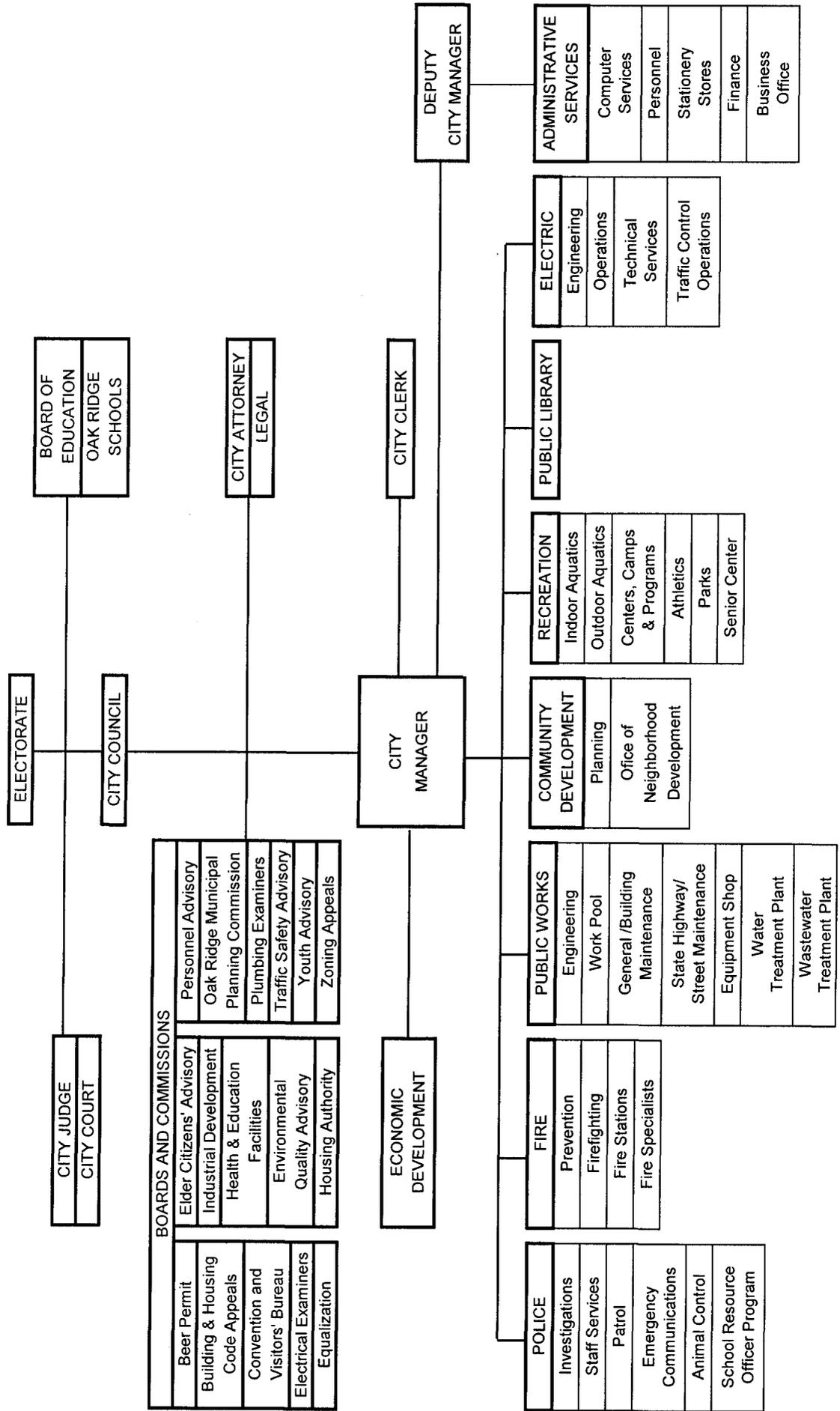
President

*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

**City Manager**

James R O'Connor

**Department Directors**

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

Deputy City Manager  
Community Development Director  
Economic Development Director  
Electrical Director  
Finance Director  
Fire Chief  
Library Director  
Parks & Recreation Director  
Personnel Director  
Police Chief  
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, Ed.D.



## INDEPENDENT AUDITOR'S REPORT

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, 2005, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Schools, a blended component unit reported 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the school fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

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 as of and for the years ended June 30, 2005 and 2004 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 13, 2005

## 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, 2005. 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 \$113,487,802 (*net assets*). Of this amount, \$16,236,547 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets increased by \$7,646,140, an increase of 7.2% over fiscal 2004. The City of Oak Ridge's changes in net assets are detailed on page seven of this report. Total revenues increased \$7,889,416, which included an additional \$4,402,342 in capital grants and contributions and \$2,804,198 in tax collections, primarily sales and property taxes in governmental-type activities.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$49,191,167, an increase of \$30,818,317 in comparison with the prior year. 70.4% is reserved for specific purposes, and the remaining 29.6%, or \$14,554,509, is *available for spending* at the City's discretion (*unreserved fund balance*). The increase in fund balance is due to \$31,250,750 reserved for capital outlay, which is remaining debt proceeds held by bond trustees at fiscal year end for the renovation and construction of the Oak Ridge High School.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,660,255, or 31.5 percent of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$17,503,411 in the City's general fund.
- Overall, the City's total debt increased by \$30,166,242 (29.5 percent) during the current fiscal year due to the issuance of \$32,049,360 in general obligation debt for the renovation and new construction to the Oak Ridge High School. During fiscal 2005, the City also drew \$2,737,300 from previously authorized loans for waterworks rehabilitation projects. Draws from these loans were made as expenditures occurred.

### 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 16-17 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, school fund and capital projects fund, all of which are considered to be major funds. Data from the other seven 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 18-23 of this report.

**Proprietary funds.** The City of Oak Ridge maintains two different types of proprietary funds: enterprise funds and internal service 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 24-27 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 28-29 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 30-67 of this report.

**Other information.** In the notes to financial statements, note 4, pages 40 to 43 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 68-97 of this report.

### **Government-wide Financial 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 \$113,487,802 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net assets (58.0 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		Business-type activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
Current and other assets	\$ 76,381,868	\$ 42,614,243	\$ 6,798,495	\$ 11,292,603	\$ 83,180,363	\$ 53,906,846
Capital assets	81,276,056	73,272,729	117,454,132	112,081,184	198,730,188	185,353,913
Total assets	157,657,924	115,886,972	124,252,627	123,373,787	281,910,551	239,260,759
Long-term liabilities outstanding	81,880,997	50,663,529	54,283,030	53,103,045	136,164,027	103,766,574
Other liabilities	25,541,974	21,601,721	6,716,748	8,050,802	32,258,722	29,652,523
Total liabilities	107,422,971	72,265,250	60,999,778	61,153,847	168,422,749	133,419,097
Net assets:						
Invested in capital assets net of related debt	1,934,987	23,875,530	63,928,694	58,458,062	65,863,681	82,333,592
Restricted	31,250,750	—	136,824	144,094	31,387,574	144,094
Unrestricted	17,049,216	19,746,192	(812,669)	3,617,784	16,236,547	23,363,976
Total net assets	\$ 50,234,953	\$ 43,621,722	\$ 63,252,849	\$ 62,219,940	\$ 113,487,802	\$ 105,841,662

An additional portion of the City of Oak Ridge's net assets (27.6 percent) represents resources that are subject to external restrictions on how they may be used. Governmental activities had restricted assets of \$31,250,750 at fiscal year-end, which is the remaining balance of bond proceeds held by the bond trustees for the \$32,049,360 in long-term debt issued by the City during fiscal 2005 for the renovation and new construction at the Oak Ridge High School (ORHS). These funds are legally restricted to the ORHS project and are being draw by the City from the trustee as expenditures occur. The remaining balance of *unrestricted net assets* (\$16,236,547) 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 for both the government as a whole as well as for its separate governmental-type activities. The same situation held true for the prior fiscal year. However, unrestricted net assets for business-type activities had a negative balance of \$812,669 at the current end of the fiscal year in comparison to a \$3,617,784 positive balance at the end of the prior fiscal year. This is due to increases in capital assets being funded from other sources rather than by the issuance of long-term debt. These other sources include cash, short-term borrowings from other City Funds and donations of capital assets by private developers.

**Governmental activities.** Governmental activities increased the City of Oak Ridge's net assets by \$6,613,231, thereby accounting for 86.5% of the total growth in the net assets of the City of Oak Ridge. Capital grants and contributions increased by \$3,356,173 related to infrastructure donated to the City by private developers during the fiscal year. Property tax collections increased \$613,926 from the prior year due to assessment growth. Other tax collections increased by \$2,190,272, primarily from local sales tax collections, which went up by \$1,808,045. The additional sales tax revenues were generated by the .50% local sales tax increase that was effective with sales occurring on October 1, 2004, which will be applied toward funding the renovations of the Oak Ridge High School

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

	Governmental activities		Business-type activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for service	\$ 4,269,452	\$ 3,033,697	\$ 48,542,896	\$ 48,783,868	\$ 52,812,348	\$ 51,817,565
Operating grants and contributions	30,012,921	29,235,660	—	—	30,012,921	29,235,660
Capital grants and contributions	3,723,502	367,329	1,569,130	522,961	5,292,632	890,290
<b>General revenues:</b>						
Property taxes	15,529,602	14,915,676	—	—	15,529,602	14,756,202
Other taxes	18,004,437	15,814,165	—	—	18,004,437	15,141,277
Other	1,725,089	1,709,053	797,049	1,902,253	2,522,138	4,443,668
<b>Total Revenues:</b>	<b>73,265,003</b>	<b>65,075,580</b>	<b>50,909,075</b>	<b>51,209,082</b>	<b>124,174,078</b>	<b>116,284,662</b>
<b>Expenses:</b>						
General government	2,142,857	273,179	—	—	2,142,857	273,179
Administration	661,942	658,782	—	—	661,942	658,782
Public Safety	8,044,813	7,839,973	—	—	8,044,813	7,839,973
Public Works	4,080,500	2,669,071	—	—	4,080,500	2,669,071
Community Services	8,331,681	8,714,166	—	—	8,331,681	8,714,166
Education	41,056,629	42,325,347	—	—	41,056,629	42,325,347
Interest and fiscal charges	2,290,550	1,593,696	—	—	2,290,550	1,593,696
Electric	—	—	35,094,294	36,004,534	35,094,294	36,004,534
Waterworks	—	—	12,774,404	12,116,274	12,774,404	12,116,274
Emergency communication district	—	—	390,131	399,182	390,131	399,182
Golf Course	—	—	1,660,137	1,694,542	1,660,137	1,694,542
<b>Total expenses</b>	<b>66,608,972</b>	<b>64,074,214</b>	<b>49,918,966</b>	<b>50,214,532</b>	<b>116,527,938</b>	<b>114,288,746</b>
Increase in net assets before transfer	6,656,031	1,001,366	990,109	994,550	7,646,140	1,995,916
Transfers	(42,800)	(248,109)	42,800	248,109	—	—
<b>Increase in net assets</b>	<b>6,613,231</b>	<b>753,257</b>	<b>1,032,909</b>	<b>1,242,659</b>	<b>7,646,140</b>	<b>1,995,916</b>
<b>Net assets – July 1, 2004</b>	<b>43,621,722</b>	<b>42,868,465</b>	<b>62,219,940</b>	<b>60,977,281</b>	<b>105,841,662</b>	<b>103,845,746</b>
<b>Net assets – June 30, 2005</b>	<b>\$ 50,234,953</b>	<b>\$ 43,621,722</b>	<b>\$ 63,252,849</b>	<b>\$ 62,219,940</b>	<b>\$ 113,487,802</b>	<b>\$ 105,841,662</b>

The net assets of the electric fund increased by \$490,177 from the prior fiscal year. The City of Oak Ridge is a distributor of electrical power that is purchased from the Tennessee Valley Authority (TVA) and then transmitted and sold by the City to its residential and commercial customers. Effective November 1, 2004, the City increased its electrical rates by approximately 3.5% to finance increased purchase power costs, capital, maintenance and operational costs of the electric system.

The net assets of the waterworks fund increased by \$659,804 from fiscal 2004. This increase is primarily related to grant proceeds that are funding a portion of the infrastructure costs related to the development of the Rarity Ridge site and capital asset contributions from private developers.

The net assets of the golf course fund declined by \$165,609 from the prior year reflecting the utilization of cash reserves generated from the sale of land surrounding the golf course in prior fiscal years to fund a portion of the interest expense on long-term debt to construction the golf course.

### **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 \$49,191,167, an increase of \$30,818,317 in comparison to the prior year. Approximately 29.6% of this total amount (\$14,554,509) 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 (\$2,949,708), 2) advances to other funds (\$112,500), 3) restricted to capital outlay, specifically for the renovation and construction of the Oak Ridge High School (\$31,250,750), or 4) for a variety of other restricted purposes (\$323,700).

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 \$4,660,255, while total fund balance reached \$5,114,094. 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 31.5% of total general fund expenditures, while total fund balance represents 34.5% of that same amount. However, unreserved fund balance only represents 14.4% 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 \$324,550 during the current fiscal year. This was inline with the general fund's budgeted fund balance decrease of \$250,442. 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.

General fund revenues decreased overall \$247,389 from the preceding fiscal year. However, the decline resulted from \$1,374,565 in revenues accounted for in the general fund in fiscal 2004 that were accounted for in other governmental funds during fiscal 2005. In 2004 and prior fiscal years, these revenues were flowing into the general fund and then being transferred out to other governmental funds. In fiscal 2005, the accounting for Room Occupancy tax collections was moved to the Economic Diversification Fund since these collections were being transferred there to support the City's economic development endeavors. The revenues from rentals from the Central Service Center Complex, Municipal Building and City radio system are now accounted for in the Debt Service Fund. The rentals provided funding toward the annual debt service payment on long-term debt issued to construct, renovate or purchase the rented property and comprised a portion of the general fund's transfer to the Debt Service Fund in prior fiscal years. The general fund transfers to other governmental funds was correspondingly reduced in fiscal 2005 to reflect these revenue accounting changes.

Comparable general fund revenues increased \$1,127,176, primarily from an additional \$955,621 in tax collections, which included \$613,926 in property taxes, \$68,132 from in-lieu of property taxes, \$184,707 in state-shared taxes and \$74,003 in business taxes. Increases in property tax collections were from a 3% growth in the tax assessment base. The fiscal 2005 property tax rate remained at the fiscal 2004 rate. State-shared taxes are based on collections statewide and then allocated out to local governments. Overall, local sales tax collections remained flat due to a \$176,000 reduction in remittances from the state from the refund of sales collections from prior fiscal years based on state legal settlements.

There were no budgetary amendments to the general fund during fiscal 2005.

The debt service fund has a total fund balance of \$3,886,972, all of which is designated for the payment of debt service. The net increase in fund balance in the debt service fund during the current year of \$2,166,176 was due \$1,808,627 in local sales tax collections and low interest rates on the city's variable rate loans. The local sales tax collections were generated from a .50% increase in the local sales tax rate effective October 1, 2004 to finance a portion of the debt service associated with the Oak Ridge High School (ORHS) project renovations. These additional sales tax collections will be applied toward funding of the ORHS project until the long-term debt issued for this project is fully extinguished.

**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 \$(212,059) for the electric fund, (\$1,940,850) for the waterworks fund, \$1,008,007 for the golf course fund and \$332,233 for the emergency communications district fund. Negative unrestricted asset balance are due to increases in capital assets being funded from other sources rather than by the issuance of long-term debt. These other sources include cash, short-term borrowings from other City Funds and donations of capital assets by private developers.

### **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, 2005, amounts to \$198,730,188 (net of accumulated depreciation), which is a \$13,376,275 increase over last fiscal year. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, and infrastructure.

### City of Oak Ridge's Capital Assets

	Governmental activities		Business-type activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
Land	\$ 2,290,909	\$ 2,188,961	\$ 1,169,241	\$ 1,169,241	\$ 3,460,150	\$ 3,358,202
Buildings	34,163,896	35,088,953	16,164,648	16,321,595	50,328,544	51,410,548
Improvements other than buildings	14,072,542	14,441,801	14,576,825	14,134,417	28,649,367	28,576,218
Machinery and equipment	6,132,204	5,802,758	84,675,734	78,271,412	90,807,938	84,074,170
Infrastructure	21,782,915	15,569,012	—	—	21,782,915	15,569,012
Construction in progress	2,833,590	181,244	867,684	2,184,519	3,701,274	2,365,763
<b>Total</b>	<b>\$ 81,276,056</b>	<b>\$ 73,272,729</b>	<b>\$ 117,454,132</b>	<b>\$ 112,081,184</b>	<b>\$ 198,730,188</b>	<b>\$ 185,353,913</b>

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

- Public Works activities added \$7,128,844 in capital assets, which including \$6,778,691 in donated infrastructure (streets, stormwater and sidewalk systems) primarily located in the Horizon Center Industrial Park. Other projects included \$138,714 in street improvements, primarily toward the alignment of Rutgers and Manhattan Avenues, \$130,880 in stormwater system improvements, \$47,444 for sidewalks and \$33,115 for improvements to the Municipal Building.
- Community Services and Development activities added \$469,782, including \$109,702 for building upgrades to the Civic Center, \$73,953 for bleachers and fencing at Carl Yearwood Park and \$24,804 to complete the expansion of the Scarboro Center. \$204,461 was expended toward construction of the Emory Valley Greenway, of which \$136,875 was funded by a state grant.
- Educational activities added \$3,263,596, primarily for the initial phase of the \$61,000,000 renovation and reconstruction of the Oak Ridge High School project.
- Business-type activities added \$10,073,711 in capital assets. \$3,228,232 in electrical capital assets was added, primarily from routine replacement of overhead and underground distribution systems along with expansion projects on the west end of Oak Ridge, \$6,838,372 in waterworks capital assets, which continued the rehabilitation and upgrades to the water plant and wastewater collection system and \$7,107 in equipment for golf course purposes.
- The value of land owned by the City increased by \$101,948 from assets donated in the Horizon Center Industrial Park.

Additional information on the City of Oak Ridge's capital assets can be found in note 10 on pages 48 - 49 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 \$132,434,839. Of this amount, \$78,862,318 comprises debt backed solely by the full faith and credit of the City. \$32,842,521 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 \$20,730,000 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		Business-type Activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
General obligation bonds	\$48,424,360	\$28,640,000	\$10,915,000	\$11,425,000	\$ 52,290,000	\$ 40,065,000
Long-term notes and loans	29,992,765	20,043,765	21,927,521	19,890,589	58,969,646	39,934,354
Revenue debt	--	--	20,730,000	21,550,000	20,730,000	21,550,000
Capital leases	445,193	719,243	--	--	445,193	719,243
<b>Total</b>	<b>\$78,862,318</b>	<b>\$49,403,008</b>	<b>\$53,572,521</b>	<b>\$52,865,589</b>	<b>\$132,434,839</b>	<b>\$102,268,597</b>

The City of Oak Ridge's total debt increased by \$30,166,242 (29.5%) during the current fiscal year. In fiscal 2005, the City issued \$32,049,360 in long-term debt for the renovation and reconstruction of the Oak Ridge High School. Also during the fiscal year, the City drew \$2,737,300 from previously authorized loans for water and wastewater rehabilitation projects. At fiscal year end, the City had \$5,494,696 in authorized loans from which funds could be drawn to finance wastewater rehabilitation over the next five years. The City has \$20,000,000 in authorized but unissued debt to fund Oak Ridge High School project and electric and waterworks capital improvements.

During the fiscal year, the City entered into an interest rate swap agreement for the \$10,000,000 outstanding local government public improvement bonds, Series VI-D-3. During the term of the swap agreement, the city effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due to the bondholders and the variable rate received from the counterparty.

The City of Oak Ridge maintains an "Aa3" from Moody's and an "A+" rating from Standard & Poor's for general obligation debt.

State statutes do not limit the amount of general obligation debt a governmental entity may issue. Previously, the City Charter limited the amount of general obligation debt the City could issue to 10 percent of its total assessed valuation. Revisions to the City Charter effective October 4, 2004 removed this City debt limitation.

Additional information on the City of Oak Ridge's long-term debt can be found in note 11 on pages 50-62 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 and early construction phase, including the Rarity Ridge and Centennial Village developments, enhanced revenues to the City are not anticipated from these projects until fiscal 2007. Therefore, moderate sales and assessment growth is anticipated for fiscal 2006.
- Property tax collections are budgeted to grow 1% for fiscal 2006. Real property will be reappraised in fiscal 2006 as part of the normal reappraisal cycle. Fiscal 2007 and 2008

revenues from property taxes are anticipated to be significantly impacted by the construction of four planned facilities located on federal property. The first of these type facilities was completed in fiscal 2005, which resulted in \$568,014 in taxable revenues to the City. This is the first facility in Oak Ridge located on federal property that was subject to taxation by the City. The allowance of taxation by the City of these type facilities located on federal property represents a significant new revenue stream to the City.

- 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 2006, the City budgeted a \$1,071,931 fund balance draw in the general fund. Future property taxes will be impacted by approximately 16-cents if revenue growth or expense 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 2006 fiscal year.

During the current fiscal year, the unreserved fund balance in the general fund decreased by \$255,435 to \$4,660,255. This decrease was inline with budgeted projections. Management has again been conservative in estimating revenues for 2006, especially local sales tax collections as the state economy begins to rebound. The City's property tax rate remained at the certified property tax rate of \$2.55 per hundred dollars of assessment.

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge voted overwhelmingly to increase the local sales tax option from 2.25% to 2.75%, with the additional sales tax proceeds providing funding for the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax increase became effective October 1, 2004. New construction and renovation of the ORHS is anticipated to cost \$61 million over a four-year period. \$32,049,360 in debt was issued for this project during fiscal 2005 with the remainder to be issued in phases over the next two to three years. Project funding will be provided from the additional .50% sales tax increase, private donations and from revenues generated from the existing property tax base.

### **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, 2005

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>	<u>Convention and Visitors Bureau</u>	<u>Total Reporting Unit</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 18,572,471	\$ 1,793,826	\$ 20,366,297	\$ 1,014	\$ 20,367,311
Receivables, net	15,658,332	5,597,133	21,255,465	-	21,255,465
Internal balances	5,686,260	(5,686,260)	-	-	-
Due from other governments	4,994,652	1,156,379	6,151,031	-	6,151,031
Inventory, at cost	-	1,950,248	1,950,248	-	1,950,248
Prepaid items	212,007	-	212,007	-	212,007
Restricted assets:					
Deposits	-	1,335,404	1,335,404	-	1,335,404
Construction account	31,250,750	-	31,250,750	-	31,250,750
Current debt service account	-	136,824	136,824	-	136,824
Deferred charges	7,396	514,941	522,337	-	522,337
Capital assets nondepreciable	5,124,499	2,036,925	7,161,424	-	7,161,424
Capital assets depreciable	76,151,557	115,417,207	191,568,764	-	191,568,764
<b>Total assets</b>	<u>157,657,924</u>	<u>124,252,627</u>	<u>281,910,551</u>	<u>1,014</u>	<u>281,911,565</u>
<b>Liabilities</b>					
Accounts payable	5,118,000	5,133,767	10,251,767	-	10,251,767
Claims payable	230,000	-	230,000	-	230,000
Accrued liabilities	3,060,442	152,149	3,212,591	-	3,212,591
Deposits	432,989	963,370	1,396,359	-	1,396,359
Due to other governments	731,611	-	731,611	-	731,611
Unearned revenue	15,463,435	-	15,463,435	-	15,463,435
Restricted liabilities:					
Contracts payable	-	372,034	372,034	-	372,034
Accrued interest payable	505,497	95,428	600,925	-	600,925
Long-term liabilities:					
Due within one year	4,737,310	2,533,872	7,271,182	-	7,271,182
Due in more than one year	77,143,687	51,749,158	128,892,845	-	128,892,845
<b>Total liabilities</b>	<u>107,422,971</u>	<u>60,999,778</u>	<u>168,422,749</u>	<u>-</u>	<u>168,422,749</u>
<b>Net assets</b>					
Invested in capital assets net of related debt	1,934,987	63,928,694	65,863,681	-	65,863,681
Restricted for:					
Net assets - restricted for construction	31,250,750	-	31,250,750	-	31,250,750
Net assets - restricted for debt service	-	136,824	136,824	-	136,824
Unrestricted	17,049,216	(812,669)	16,236,547	1,014	16,237,561
<b>Total net assets</b>	<u>\$ 50,234,953</u>	<u>\$ 63,252,849</u>	<u>\$ 113,487,802</u>	<u>\$ 1,014</u>	<u>\$ 113,488,816</u>

**CITY OF OAK RIDGE, TENNESSEE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2005**

Functions/Programs Primary government:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Total Reporting Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Convention and Visitors Bureau	
Governmental activities:							
Administration	\$ 1,705,437	\$ 12,026	\$ 3,592,516	\$ 2,963,949	\$ -	\$ -	\$ 2,963,949
Public safety	661,942	-	-	(661,942)	-	-	(661,942)
Public works	8,044,813	36,410	-	(7,699,271)	-	-	(7,699,271)
Community services	4,080,500	-	-	(4,080,500)	-	-	(4,080,500)
Education	8,331,681	633,194	130,986	(6,341,682)	-	-	(6,341,682)
Interest and fiscal charges	41,056,629	28,331,291	-	(10,055,681)	-	-	(10,055,681)
Capital Outlay (TBA)	2,290,550	-	-	(2,290,550)	-	-	(2,290,550)
Capital Outlay (TBA)	437,420	-	-	(437,420)	-	-	(437,420)
Total governmental activities	66,608,972	30,012,921	3,723,502	(28,603,097)	-	-	(28,603,097)
Business-type activities:							
Electric	35,094,294	-	-	-	(42,637)	-	(42,637)
Waterworks	12,774,404	-	1,568,130	-	703,223	-	703,223
Emergency communication district	390,131	-	-	-	43,596	-	43,596
Golf course	1,660,137	-	-	-	(511,122)	-	(511,122)
Total business-type activities	49,918,966	-	1,568,130	-	193,060	-	193,060
Total primary government	116,527,938	30,012,921	5,292,632	(28,603,097)	193,060	-	(28,410,037)
Component units:							
Visitors Bureau	367,548	-	-	-	-	(367,548)	(367,548)
Total component units	367,548	-	-	-	-	(367,548)	(367,548)
General revenues:							
Real & personal property taxes				15,529,602	-	-	15,529,602
In-lieu of tax payments				3,826,332	-	-	3,826,332
Sales taxes				9,032,154	-	-	9,032,154
State shared taxes				3,144,403	-	-	3,144,403
Business taxes				841,718	-	-	841,718
Occupancy taxes				397,925	-	-	397,925
Wholesale beer & liquor taxes				761,905	-	-	761,905
Gain on sale of capital assets				171,713	-	-	171,713
Interest				629,166	78,765	-	707,931
Miscellaneous				924,210	718,284	-	1,642,494
Transfers				(42,800)	42,800	-	-
Total general revenues and transfers				35,216,328	839,849	368,498	36,056,177
Change in net assets				6,613,231	1,032,909	950	7,646,140
Net assets - beginning				43,621,722	62,219,940	64	105,841,726
Net assets - ending				\$ 50,234,953	\$ 63,252,849	\$ 1,014	\$ 113,488,816

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

**CITY OF OAK RIDGE, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005**

	<b>General Fund</b>	<b>School Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 5,968,446	\$ 3,449,024	\$ 6,609,242	\$ 16,026,712
Receivables, net	14,990,628	579,813	-	87,891	15,658,332
Due from other funds	8,003,396	-	-	172,407	8,175,803
Due from other governments	1,636,667	893,481	136,875	2,327,629	4,994,652
Advances to other funds	112,500	-	-	-	112,500
Prepaid items	-	13,386	134,101	64,520	212,007
Restricted assets - construction account	-	-	31,250,750	-	31,250,750
Total assets	<u>\$ 24,743,191</u>	<u>\$ 7,455,126</u>	<u>\$ 34,970,750</u>	<u>\$ 9,261,689</u>	<u>\$ 76,430,756</u>
<b>Liabilities and fund balances</b>					
Liabilities:					
Accounts payable	\$ 3,172,587	\$ 436,493	\$ 1,060,893	\$ 281,297	\$ 4,951,270
Accrued liabilities	375,609	2,670,072	-	4,340	3,050,021
Deposits	432,989	-	-	-	432,989
Due to other funds	180,627	-	784,363	1,645,273	2,610,263
Due to other governments	99,315	170,500	461,796	-	731,611
Deferred revenue	15,367,970	11,944	-	83,521	15,463,435
Total liabilities	<u>19,629,097</u>	<u>3,289,009</u>	<u>2,307,052</u>	<u>2,014,431</u>	<u>27,239,589</u>
Fund balances:					
Reserved for special programs	-	55,334	-	56,359	111,693
Reserved for encumbrances	341,339	52,115	1,989,021	567,233	2,949,708
Reserved - prepaid expenditures	-	13,386	134,101	64,520	212,007
Reserved for capital outlay	-	-	31,250,750	-	31,250,750
Reserved for advances to other funds	112,500	-	-	-	112,500
Unreserved, designated for:					
Subsequent years' expenditures	-	27,060	-	-	27,060
Debt service	-	-	-	3,886,972	3,886,972
Capital projects	-	-	(710,174)	-	(710,174)
Unreserved, undesignated, reported in:					
General fund	4,660,255	-	-	-	4,660,255
School fund	-	4,018,222	-	-	4,018,222
Special revenue	-	-	-	2,672,174	2,672,174
Total fund balances	<u>5,114,094</u>	<u>4,166,117</u>	<u>32,663,698</u>	<u>7,247,258</u>	<u>49,191,167</u>
Total liabilities and fund balances	<u>\$ 24,743,191</u>	<u>\$ 7,455,126</u>	<u>\$ 34,970,750</u>	<u>\$ 9,261,689</u>	<u>\$ 76,430,756</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2005**

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

Ending fund balance - governmental funds	\$	49,191,167
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		76,997,124
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.		5,020,318
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>(80,973,656)</u>
Net assets of governmental activities	\$	<u>50,234,953</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, 2005**

	<b>General Fund</b>	<b>School Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Taxes	\$ 19,915,688	\$ -	\$ -	\$ 2,206,552	\$ 22,122,240
Licenses and permits	340,802	-	-	-	340,802
Intergovernmental	10,574,555	29,331,291	136,875	1,512,985	41,555,706
Charges for services	388,577	1,669,657	-	1,702,258	3,760,492
Fines and forfeitures	238,503	-	-	45,323	283,826
Interest	137,567	-	364,139	97,756	599,462
Other	390,122	373,870	-	194,280	958,272
<b>Total revenues</b>	<b>31,985,814</b>	<b>31,374,818</b>	<b>501,014</b>	<b>5,759,154</b>	<b>69,620,800</b>
<b>Expenditures</b>					
Current:					
General government	743,092	-	-	-	743,092
Administration	682,853	-	-	-	682,853
Public safety	7,869,430	-	-	102,561	7,971,991
Public works	1,588,082	-	-	1,561,051	3,149,133
Community services	3,923,496	-	-	3,954,394	7,877,890
Education	-	42,399,884	-	-	42,399,884
Capital outlay	-	-	3,917,565	23,614	3,941,179
Debt service:					
Principal retirement	-	-	-	2,146,000	2,146,000
Interest and fiscal charges	-	-	-	1,943,304	1,943,304
Bond issuance costs	-	-	437,420	-	437,420
<b>Total expenditures</b>	<b>14,806,953</b>	<b>42,399,884</b>	<b>4,354,985</b>	<b>9,730,924</b>	<b>71,292,746</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>17,178,861</b>	<b>(11,025,066)</b>	<b>(3,853,971)</b>	<b>(3,971,770)</b>	<b>(1,671,946)</b>
<b>Other financing sources (uses)</b>					
Transfers in	-	11,186,541	1,080,000	5,547,891	17,814,432
Transfers out	(17,503,411)	-	(353,821)	-	(17,857,232)
Bond issuance	-	-	32,049,360	-	32,049,360
Bond premiums	-	-	483,703	-	483,703
<b>Total other financing sources (uses)</b>	<b>(17,503,411)</b>	<b>11,186,541</b>	<b>33,259,242</b>	<b>5,547,891</b>	<b>32,490,263</b>
<b>Net change in fund balances</b>	<b>(324,550)</b>	<b>161,475</b>	<b>29,405,271</b>	<b>1,576,121</b>	<b>30,818,317</b>
<b>Fund balance - beginning</b>	<b>5,438,644</b>	<b>4,004,642</b>	<b>3,258,427</b>	<b>5,671,137</b>	<b>18,372,850</b>
<b>Fund balance - ending</b>	<b>\$ 5,114,094</b>	<b>\$ 4,166,117</b>	<b>\$ 32,663,698</b>	<b>\$ 7,247,258</b>	<b>\$ 49,191,167</b>

**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, 2005**

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

Net change in fund balances - total governmental funds	\$ 30,818,317
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.	7,354,935
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.	(31,645,048)
The internal service fund is used by management to charge the costs of insurance.	320,867
The net loss of the equipment replacement fund of the internal service fund is reported with governmental activities.	(124,594)
The net revenue of the school equipment replacement fund of the internal service fund is reported with governmental activities.	<u>(111,246)</u>
Change in net assets of governmental activities	<u><u>\$ 6,613,231</u></u>

**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, 2005**

	General Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
<b>Revenues</b>						
Taxes	\$ 19,805,482	\$ 19,805,482	\$ 19,915,688	\$ -	\$ 19,915,688	\$ 110,206
Licenses and permits	220,000	220,000	340,802	-	340,802	120,802
Intergovernmental	10,637,995	10,637,995	10,574,555	-	10,574,555	(63,440)
Charges for services	386,000	386,000	388,577	-	388,577	2,577
Fines and forfeitures	339,000	339,000	238,503	-	238,503	(100,497)
Interest	100,000	100,000	137,567	-	137,567	37,567
Other	342,500	342,500	390,122	-	390,122	47,622
Total revenues	<u>31,830,977</u>	<u>31,830,977</u>	<u>31,985,814</u>	<u>-</u>	<u>31,985,814</u>	<u>154,837</u>
<b>Expenditures</b>						
Current:						
General government	693,704	693,704	743,092	(32,476)	710,616	(16,912)
Administration	702,442	702,442	682,853	(14,000)	668,853	33,589
Public safety	7,830,917	7,830,917	7,869,430	(19,873)	7,849,557	(18,640)
Public works	1,689,855	1,689,855	1,588,082	43,500	1,631,582	58,273
Community services	3,914,197	3,914,197	3,923,496	(46,267)	3,877,229	36,968
Education	-	-	-	-	-	-
Total expenditures	<u>14,831,115</u>	<u>14,831,115</u>	<u>14,806,953</u>	<u>(69,116)</u>	<u>14,737,837</u>	<u>93,278</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>16,999,862</u>	<u>16,999,862</u>	<u>17,178,861</u>	<u>69,116</u>	<u>17,247,977</u>	<u>248,115</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(17,250,304)	(17,250,304)	(17,503,411)	-	(17,503,411)	(253,107)
Capital lease issuance	-	-	-	-	-	-
Total other financing sources (uses)	<u>(17,250,304)</u>	<u>(17,250,304)</u>	<u>(17,503,411)</u>	<u>-</u>	<u>(17,503,411)</u>	<u>(253,107)</u>
<b>Net change in fund balances</b>	<u>(250,442)</u>	<u>(250,442)</u>	<u>(324,550)</u>	<u>69,116</u>	<u>(255,434)</u>	<u>(4,992)</u>
<b>Fund balance - beginning</b>	<u>-</u>	<u>-</u>	<u>5,438,644</u>	<u>-</u>	<u>5,438,644</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ (250,442)</u>	<u>\$ (250,442)</u>	<u>\$ 5,114,094</u>	<u>\$ 69,116</u>	<u>\$ 5,183,210</u>	<u>\$ (4,992)</u>

**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, 2005**

	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	28,638,594	28,988,441	29,331,291	-	29,331,291	342,850
Charges for services	1,699,698	1,699,698	1,669,657	-	1,669,657	(30,041)
Fines and forfeitures	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	390,503	390,503	373,870	-	373,870	(16,633)
<b>Total revenues</b>	<u>30,728,795</u>	<u>31,078,642</u>	<u>31,374,818</u>	<u>-</u>	<u>31,374,818</u>	<u>296,176</u>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Education	42,422,415	42,884,220	42,399,884	(139,046)	42,260,838	623,382
<b>Total expenditures</b>	<u>42,422,415</u>	<u>42,884,220</u>	<u>42,399,884</u>	<u>(139,046)</u>	<u>42,260,838</u>	<u>623,382</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(11,693,620)</u>	<u>(11,805,578)</u>	<u>(11,025,066)</u>	<u>139,046</u>	<u>(10,886,020)</u>	<u>919,558</u>
<b>Other financing sources (uses)</b>						
Transfers in	11,186,541	11,186,541	11,186,541	-	11,186,541	-
Transfers out	-	-	-	-	-	-
Capital lease issuance	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>11,186,541</u>	<u>11,186,541</u>	<u>11,186,541</u>	<u>-</u>	<u>11,186,541</u>	<u>-</u>
<b>Net change in fund balances</b>	(507,079)	(619,037)	161,475	139,046	300,521	919,558
<b>Fund balance - beginning</b>	-	-	4,004,642	-	4,004,642	-
<b>Fund balance - ending</b>	<u>\$ (507,079)</u>	<u>\$ (619,037)</u>	<u>\$ 4,166,117</u>	<u>\$ 139,046</u>	<u>\$ 4,305,163</u>	<u>\$ 919,558</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2005**

	<u>Enterprise Funds</u>						
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Golf Course Fund</u>	<u>Nonmajor Fund</u>		<u>Total</u>	<u>Internal Service Funds Totals</u>
				<u>Emergency</u>	<u>Communication District Fund</u>		
<b>ASSETS</b>							
Current assets							
Cash and cash equivalents	\$ 598,099	\$ -	\$ 907,102	\$ 288,625	\$ 1,793,826	\$ 2,545,759	
Receivables, net	5,177,009	348,410	40,524	31,190	5,597,133	-	8,220
Due from other funds	-	-	-	-	-	-	-
Due from other governments	500,000	640,469	-	15,910	1,156,379	-	-
Inventory, at cost	-	-	44,547	-	44,547	1,905,701	-
Total current assets	<u>6,275,108</u>	<u>988,879</u>	<u>992,173</u>	<u>335,725</u>	<u>8,591,885</u>	<u>4,459,680</u>	
Restricted assets							
Deposits	963,370	372,034	-	-	1,335,404	-	-
Current debt service account	136,824	-	-	-	136,824	-	-
Total restricted assets	<u>1,100,194</u>	<u>372,034</u>	<u>-</u>	<u>-</u>	<u>1,472,228</u>	<u>-</u>	<u>-</u>
Noncurrent assets							
Capital assets, net	41,452,922	70,547,504	5,443,118	10,588	117,454,132	4,278,932	-
Advances to other funds	950,000	600,000	-	-	1,550,000	-	-
Deferred charges	270,910	203,093	40,938	-	514,941	7,396	-
Total noncurrent assets	<u>42,673,832</u>	<u>71,350,597</u>	<u>5,484,056</u>	<u>10,588</u>	<u>119,519,073</u>	<u>4,286,328</u>	<u>-</u>
Total assets	<u>50,049,134</u>	<u>72,711,510</u>	<u>6,476,229</u>	<u>346,313</u>	<u>129,583,186</u>	<u>8,746,008</u>	
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable	4,665,564	341,702	-	3,492	5,010,758	289,739	-
Claims payable	-	-	-	-	-	230,000	-
Accrued liabilities	63,957	88,192	-	-	152,149	10,421	-
Deposits	963,370	-	-	-	963,370	-	-
Due to other funds	2,651,771	2,801,797	-	-	5,453,568	120,192	-
Advances from other funds	-	-	-	-	-	1,662,500	-
Current portion of notes and bonds payable	1,001,534	1,360,010	172,328	-	2,533,872	220,427	-
Contracts payable	-	372,034	-	-	372,034	-	-
Accrued interest payable	57,380	12,942	25,106	-	95,428	3,476	-
Total current liabilities	<u>9,403,576</u>	<u>4,976,677</u>	<u>197,434</u>	<u>3,492</u>	<u>14,581,179</u>	<u>2,536,755</u>	<u>-</u>
Noncurrent liabilities							
Vacation benefits payable	107,405	195,276	-	-	302,681	33,906	-
Notes and loans payable	10,380,000	25,291,378	-	-	35,671,378	-	-
Bonds payable	9,588,057	-	6,187,042	-	15,775,099	1,155,029	-
Total noncurrent liabilities	<u>20,075,462</u>	<u>25,486,654</u>	<u>6,187,042</u>	<u>-</u>	<u>51,749,158</u>	<u>1,188,935</u>	<u>-</u>
Total liabilities	<u>29,479,038</u>	<u>30,463,331</u>	<u>6,384,476</u>	<u>3,492</u>	<u>66,330,337</u>	<u>3,725,690</u>	<u>-</u>
<b>NET ASSETS</b>							
Invested in capital assets net of related debt	20,645,331	44,189,029	(916,254)	10,588	63,928,694	2,954,476	-
Net assets - restricted for debt service	136,824	-	-	-	136,824	-	-
Unrestricted	(212,059)	(1,940,850)	1,008,007	332,233	(812,669)	2,065,842	-
Total net assets	<u>\$ 20,570,096</u>	<u>\$ 42,248,179</u>	<u>\$ 91,753</u>	<u>\$ 342,821</u>	<u>\$ 63,252,849</u>	<u>\$ 5,020,318</u>	<u>-</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2005**

<b>Enterprise Funds</b>						
	<b>Electric Fund</b>	<b>Waterworks Fund</b>	<b>Golf Course Fund</b>	<b>Nonmajor Fund Emergency Communication District Fund</b>	<b>Totals</b>	<b>Internal Service Funds Totals</b>
<b>Operating revenues</b>						
Charges for services	\$ 35,051,657	\$ 11,908,497	\$ -	\$ 433,727	\$ 47,393,881	\$ 7,388,445
Golf course fees and sales	-	-	1,149,015	-	1,149,015	-
Other	620,040	70,404	27,840	-	718,284	-
Employer's contributions	-	-	-	-	-	2,350,124
Employees' contributions	-	-	-	-	-	680,393
Total operating revenues	<u>35,671,697</u>	<u>11,978,901</u>	<u>1,176,855</u>	<u>433,727</u>	<u>49,261,180</u>	<u>10,418,962</u>
<b>Operating expenses</b>						
Maintenance and administrative	6,001,652	8,174,179	1,196,386	379,103	15,751,320	1,621,712
Purchased power and water	26,543,605	939,644	-	-	27,483,249	-
Depreciation	1,839,827	2,690,671	155,216	11,028	4,696,742	799,145
Materials	-	-	-	-	-	2,760,165
Medical/liability claims	-	-	-	-	-	289,403
Insurance premiums	-	-	-	-	-	4,869,199
Total operating expenses	<u>34,385,084</u>	<u>11,804,494</u>	<u>1,351,602</u>	<u>390,131</u>	<u>47,931,311</u>	<u>10,339,624</u>
<b>Operating income (loss)</b>	<u>1,286,613</u>	<u>174,407</u>	<u>(174,747)</u>	<u>43,596</u>	<u>1,329,869</u>	<u>79,338</u>
<b>Nonoperating revenue (expense)</b>						
Gain on sale of capital assets	-	-	-	-	-	21,983
Intergovernmental revenue	-	640,469	-	-	640,469	-
Interest revenue	53,074	3,077	17,673	4,941	78,765	29,704
Interest expense	(709,210)	(969,910)	(308,535)	-	(1,987,655)	(45,998)
Total nonoperating revenue (expense)	<u>(656,136)</u>	<u>(326,364)</u>	<u>(290,862)</u>	<u>4,941</u>	<u>(1,268,421)</u>	<u>5,689</u>
<b>Income (loss) before transfers and contributions</b>	630,477	(151,957)	(465,609)	48,537	61,448	85,027
Transfers in	-	-	300,000	-	300,000	-
Transfers out	(140,300)	(116,900)	-	-	(257,200)	-
Capital contributions	-	928,661	-	-	928,661	-
<b>Change in net assets</b>	490,177	659,804	(165,609)	48,537	1,032,909	85,027
<b>Total net assets - beginning</b>	<u>20,079,919</u>	<u>41,588,375</u>	<u>257,362</u>	<u>294,284</u>	<u>62,219,940</u>	<u>4,935,291</u>
<b>Total net assets - ending</b>	<u>\$ 20,570,096</u>	<u>\$ 42,248,179</u>	<u>\$ 91,753</u>	<u>\$ 342,821</u>	<u>\$ 63,252,849</u>	<u>\$ 5,020,318</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2005

	Enterprise Funds					Internal Service Funds
	Electric Fund	Waterworks Fund	Golf Course Fund	Nonmajor Fund Emergency Communication District Fund	Totals	
<b>Operating activities</b>						
Cash received from customers	\$ 35,867,378	\$ 11,938,528	\$ 1,199,981	\$ 442,310	\$ 49,448,197	\$10,418,962
Cash paid to employees	(9,905)	11,329	(1,196,386)	-	(1,194,962)	-
Cash paid to suppliers	(31,426,731)	(7,713,907)	3,852	(385,729)	(39,522,515)	(9,465,286)
<b>Net cash provided by (used in) operating activities</b>	<u>4,430,742</u>	<u>4,235,950</u>	<u>7,447</u>	<u>56,581</u>	<u>8,730,720</u>	<u>953,676</u>
<b>Noncapital financing activities</b>						
Transfers in	-	-	300,000	-	300,000	-
Transfers out	(140,300)	(116,900)	-	-	(257,200)	-
Federal grant proceeds	-	640,469	-	-	640,469	-
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(140,300)</u>	<u>523,569</u>	<u>300,000</u>	<u>-</u>	<u>683,269</u>	<u>-</u>
<b>Capital and related financing activities</b>						
Net proceeds from the issuance of long-term debt	-	2,737,300	-	-	2,737,300	-
Capital contributed	-	928,661	-	-	928,661	-
Acquisition and construction of capital assets	(3,225,418)	(6,837,873)	(6,399)	-	(10,069,690)	(1,425,554)
Principal paid on long-term debt	(662,534)	(733,877)	(162,988)	-	(1,559,399)	(186,902)
Interest paid on long-term debt	(694,765)	(868,746)	(306,251)	-	(1,869,762)	(45,347)
<b>Net cash used in capital and related financing activities</b>	<u>(4,582,717)</u>	<u>(4,774,535)</u>	<u>(475,638)</u>	<u>-</u>	<u>(9,832,890)</u>	<u>(1,657,803)</u>
<b>Investing activities</b>						
Interest and dividends on investments	53,074	3,077	17,673	4,941	78,765	29,704
<b>Net cash provided by investing activities</b>	<u>53,074</u>	<u>3,077</u>	<u>17,673</u>	<u>4,941</u>	<u>78,765</u>	<u>29,704</u>
<b>Net increase in cash and cash equivalents/investments</b>	(239,201)	(11,939)	(150,518)	61,522	(340,136)	(674,423)
<b>Cash and cash equivalents/investments Beginning of year</b>	<u>1,937,494</u>	<u>383,973</u>	<u>1,057,620</u>	<u>227,103</u>	<u>3,606,190</u>	<u>3,220,182</u>
<b>End of year</b>	<u>\$ 1,698,293</u>	<u>\$ 372,034</u>	<u>\$ 907,102</u>	<u>\$ 288,625</u>	<u>\$ 3,266,054</u>	<u>\$ 2,545,759</u>

**CITY OF OAK RIDGE, TENNESSEE  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2005**

	<u>Enterprise Funds</u>					<u>Internal Service Funds</u>
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Golf Course Fund</u>	<u>Nonmajor Fund Emergency Communication District Fund</u>	<u>Totals</u>	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ 1,286,613	\$ 174,407	\$ (174,747)	\$ 43,596	\$ 1,329,869	\$ 79,338
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,839,827	2,690,671	155,216	11,028	4,696,742	799,145
Change in assets and liabilities						
(Increase) decrease in Accounts receivable	118,896	(40,373)	23,126	8,583	110,232	-
(Increase) decrease in Due from other funds	-	-	-	-	-	(6,639)
(Increase) decrease in Inventory, at cost	-	-	3,852	-	3,852	35,370
(Increase) decrease in Due from other governments	-	(229,490)	-	(1,017)	(230,507)	-
Increase (decrease) in Accounts payable	(1,146,548)	(300,499)	-	(5,609)	(1,452,656)	104,185
Increase (decrease) in Accrued Liabilities	20,001	6,056	-	-	26,057	(2,846)
Increase (decrease) in Due to other funds	2,245,073	1,923,849	-	-	4,168,922	(52,340)
Increase (decrease) in Accrued vacation	(9,905)	11,329	-	-	1,424	(2,537)
Increase in Customer deposits	76,785	-	-	-	76,785	-
Total adjustments	<u>3,144,129</u>	<u>4,061,543</u>	<u>182,194</u>	<u>12,985</u>	<u>7,400,851</u>	<u>874,338</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 4,430,742</u>	<u>\$ 4,235,950</u>	<u>\$ 7,447</u>	<u>\$ 56,581</u>	<u>\$ 8,730,720</u>	<u>\$ 953,676</u>

**CITY OF OAK RIDGE, TENNESSEE  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2005 and 2004**

	<b>Private-purpose Trust Fund</b>	
	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 43,947	\$ 257,460
Investments, at fair value	322,592	96,791
Accrued interest	4	7
Total assets	<u>366,543</u>	<u>354,258</u>
<b>Liabilities</b>		
Accounts payable	<u>1,800</u>	<u>5,360</u>
Total liabilities	<u>1,800</u>	<u>5,360</u>
<b>Net assets</b>		
Held in Trust for:		
Reserved for endowment	<u>364,743</u>	<u>348,898</u>
Total net assets	<u>\$ 364,743</u>	<u>\$ 348,898</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**For the Fiscal Years Ended June 30, 2005 and June 30, 2004**

	<b>Private-purpose Trust Fund</b>	
	<b>2005</b>	<b>2004</b>
<b>Additions</b>		
Contributions	\$ 6,370	\$ 4,000
Investment income (loss)	17,014	(585)
Total additions	<u>23,384</u>	<u>3,415</u>
<b>Deductions</b>		
Scholarship awards	7,539	14,880
Total deductions	<u>7,539</u>	<u>14,880</u>
<b>Change in net assets</b>	15,845	(11,465)
<b>Total net assets - beginning</b>	<u>348,898</u>	<u>360,363</u>
<b>Total net assets - ending</b>	<u>\$ 364,743</u>	<u>\$ 348,898</u>

CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For The Fiscal Year Ended June 30 2005

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

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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 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

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

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**Related Organizations**

Oak Ridge City Council is responsible for all board appointments of the Oak Ridge Housing Authority, Oak Ridge Utility District, Oak Ridge Industrial Development Board and the 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. Government-wide and Fund Financial Statements

*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 financial statements are provided for governmental funds, proprietary funds and fiduciary funds, although the fiduciary funds are excluded from the government-wide financial statements. 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 revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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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.

Capital Projects Fund

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

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 proceeds from the operations of the golf course and transfers from the General Fund.

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.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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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 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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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 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.

- 1) By mid-May, 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.
- 8) During the year, supplementary appropriations were necessary for the School Fund, a special revenue fund. The effect of the amendments was to increase budgeted revenues and expenditures by \$461,805. These modifications were necessary to allow for the expenditure of unanticipated federal grant revenues

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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

f. Investments

Investments 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. Upon retirement, the accumulated sick leave is credited to time of employment for calculating years of service under Tennessee Consolidated Retirement System benefits. 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

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

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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.

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".

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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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.

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, 2005, deferred revenue from grant proceeds was \$83,521 recorded in the Grant Fund, a special revenue fund. School Fund deferred revenues also includes \$11,944 in collections to fund special projects in fiscal 2005.

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, 2005**

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r. Comparative Data

Comparative total data for the prior year, which was summarized from the 2004 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 2004 data comparable to that of 2005.

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, 2005 is \$15,404,459.

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, 2004, was \$540,617,351. The appraised value was \$1,803,861,440 making the total assessed value approximately 30 percent of the total appraised value.

Taxes were levied at a rate of \$2.87 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 \$14,934,125 for the fiscal year ended June 30, 2005 were approximately 96 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

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**CITY OF OAK RIDGE, TENNESSEE  
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For the Fiscal Year Ended June 30, 2005**

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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 26% 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 \$1,265,963 from DOE in tax payments in fiscal 2005. The annual payments are subject to congressional appropriation.

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%.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2005 was 11.53% 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, 2005, the City's annual pension cost of \$1,601,371 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2003 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 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, 2003 was 12 years. An actuarial valuation was performed as of July 1, 2003, which established contribution rates effectively July 1, 2004.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 1,601,371	100.00%	\$ 0
6/30/04	1,188,137	100.00%	0
6/30/03	1,206,855	100.00%	0

Required Supplementary Information

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
7/01/03	\$ 54,703	\$ 56,972	\$ 2,269	96.02%	\$ 13,623	16.66%
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%

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

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Oak Ridge School System Employees - Retirement Plan

Non-Teaching Personnel

Plan Description

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

The Comprehensive Annual Financial Report of the TCRS for the year ended June 30, 2005, 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, 2005, was 7.02% 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, 2005, Oak Ridge Schools' annual pension cost of \$405,405 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2003, 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, 2003, was 12 years.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 405,405	100.00%	\$ 0
6/30/04	271,599	100.00%	0
6/30/03	264,180	100.00%	0

Required Supplementary Information

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	
7/01/03	\$ 15,549	\$ 16,227	\$ 678	95.82%	\$ 5,305	12.78%
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%

Teaching Personnel

Plan Description

The Oak Ridge Schools contribute to the State Employees, Teachers and Higher Education Employees Pension Plan (SETHEEPP), 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 SETHEEPP. 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, 2005, was 5.50% 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, 2005, 2004, and 2003 were \$1,159,600, \$702,435, and \$679,142, respectively, equal to the required contributions for each year.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

**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 2005, the City contributed \$26,472 toward retirees insurance premium costs with 17 retirees receiving the benefit at fiscal year end. The City funds its contribution of the retirees insurance premiums on a pay-as-you-go basis.

The Schools will provide post-retirement health benefits for retired professional employees for a period of up to 5 consecutive years following retirement if required criteria has been satisfied. With proper notification, for professional employees retiring at age 60, or after 30 years of creditable service in the Tennessee Consolidated Retirement System (TCRS) with at least 10 years as a teacher in the Oak Ridge Schools, a portion of the individual insurance premium will be paid by the schools for 5 years or until the retiree reaches age 65.

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 85% of qualified retirees individual out-of-pocket health insurance premium costs. During fiscal 2005, the Schools reimbursed approximately \$87,089 to 32 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 \$886,203 was recorded in the Electric Fund at June 30, 2005.

Receivables at June 30, 2005 consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Customer Accounts</u>	<u>Other</u>	<u>Allowance For Uncollectibles</u>	<u>Net Receivable Per Governmental- wide Financial Statement</u>
General	\$ 15,472,768	\$ 525,925	\$ 686,276	\$ (1,694,341)	\$ 14,990,628
School Fund	---	105,595	474,218	---	579,813
Electric	---	6,145,089	---	(968,080)	5,177,009
Waterworks	---	348,410	---	---	348,410
Golf Course	---	---	40,524	---	40,524
Nonmajor	---	---	119,081	---	119,081
<b>Total</b>	<b>\$ 15,472,768</b>	<b>\$ 7,125,019</b>	<b>\$ 1,320,099</b>	<b>\$ (2,662,421)</b>	<b>\$ 21,255,465</b>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

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7. DEPOSITS AND INVESTMENTS

The unrestricted cash of the City's various funds, excluding the School Fund, are pooled for investment purposes as described in Note 8.

Deposits

At year-end, the carrying amount of the City's deposits was \$7,744,677 and the bank balance was \$8,059,550. Deposits include a certificate of deposit accounted for in the General Fund recorded at its fair value of \$59,205 at year-end. Deposit policies authorize the City to maintain their operating and excess funds in bank accounts and certificates of deposit with banks or credit unions that have a branch located within the Oak Ridge city limits. Banks or credit unions shall be fully insured by the Federal Depositary Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). In addition, accounts with balances in excess of FDIC or NCUA insurance levels must participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

At June 30, 2005, all deposits were fully insured or 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 City's investments at fiscal year end, excluding that of the Scholarship Fund, a Fiduciary Fund and investments held by trustees, were 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 \$11,388,857 is based on the LGIP share price. The City is exempted from sharing in any unrealized gains or losses of the LGIP.

The Oak Ridge Schools held, as trustee, federal agency debt securities in the Scholarship Fund, a Fiduciary Fund, with a carrying value of \$322,592 at year-end as shown below. The carry value of the investment was presented at fair value. The investments are held by the Schools in the School's name. At June 30, 2005, all of the school's investments were rated AAA by Standard and Poor's and Aaa by Moody's Investor Service. These investments were purchased prior to the Schools adoption of GASB Statement 40, *Deposits and Investment Risk Disclosures* and the School's revised Investment Policy.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

<u>Description</u>	<u>Maturity Date</u>	<u>Callable Date</u>	<u>Fair Value</u>
Federal Agencies:			
Federal National Mortgage Association – 5.35%	5/03/2024	5/3/2004	\$ 39,527
Federal Home Loan Mortgage Corporation – 4%	11/15/2010	11/15/2005	219,161
Federal Home Loan Mortgage Corporation – 5.5%	10/15/2023	10/15/2004	<u>63,904</u>
Total			<u>\$ 322,592</u>

Investment income in the Scholarship Fund for 2005 consisted of the following:

Interest and dividend income	\$ 12,985
Unrealized Gain on market value	<u>4,029</u>
Total	<u>\$ 17,014</u>

Investments Held by Trustees

\$31,250,750 in unspent bond proceeds held by trustees from debt issued by the City during fiscal 2005 was recorded as a restricted asset at fiscal year end. Of this amount, \$24,145,092 was held by the Public Building Authority of Blount County Tennessee and was invested by Regions Bank, trustee, under terms authorized in the bond indenture and in accordance with state and federal laws. Investments were in securities rated in the highest category and guaranteed by federal agencies, however, the securities were not held in the City's name. The remaining \$7,105,658 was held and invested by the State of Tennessee, with the City is exempted from sharing in any unrealized gains or losses.

Investment Policies

The City and Oak Ridge Schools maintain similar investment policies with any variances between policies noted below. The City's investment policies are in accordance with state law which outlines authorized municipal government investments in Tennessee Code Annotated (TCA) Section 6-56-06. The investment policies exclude investment of bond proceeds held by trustees.

**Interest Rate Risk:** Investments are based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If they yield of the portfolio can be improved upon by the sale of an investment prior to its maturity, then this provision is allowed. The City restricts investment length as outlined in TCA 6-56-106, which generally restricts maturity of not greater than four years from date of investment. The Schools further limits the weighted-average maturity of its investment portfolio in the governmental and proprietary funds to one year or less. No security, at the time of purchase in the Scholarship Fund, a Fiduciary Fund, shall have maturity exceeding ten years.

**Credit Risk:** State statutes authorize the City and Schools to invest in obligations of the federal government, federal agency securities, state government, state investment pool, municipal bonds issued in Tennessee, Certificates of Deposit and other time deposits and repurchase agreements. Nonconvertible debt securities issued by the federal home loan bank, federal national mortgage association, federal farm credit bank and the student loan marketing association must be rated in the highest category by at least two nationally recognized rating services.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

**Custodial Credit Risk:** All safekeeping receipts for investment instruments are to be held in accounts in the City's name. The School's investment policy requires that investment securities be registered in the name of the Oak Ridge Schools.

**Concentration of Credit Risk:** The City, excluding the Schools, limits its investment concentration to 40% of the total portfolio in any one investment type, excluding US Treasury securities and the State Local Government Investment Pool (LGIP), which may be at 100%. The City also restricts investment purchases from any one financial institution to 60% or less of the City's total portfolio.

**8. POOLED CASH AND INVESTMENTS**

The City maintains a pooled cash and investment account that is available for use by all funds, except the School Fund and 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 restrict assets in construction accounts for governmental activities are for unspent bond proceeds held by the trustees for debt issued during fiscal 2005 for the construction and renovation of the Oak Ridge High School project that is accounted for in the Capital Projects Fund. Refer to Notes 7 and 11.

The Electric Fund's restricted assets include customer utility deposits 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 "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, 2005 are as indicated below:

	<u>Governmental-type Activities</u>	<u>Business-type Activities</u>		<u>Total Per</u>
	<u>Capital Projects Fund</u>	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Government-wide Financial Statement</u>
Deposits	\$ ---	\$ 963,370	\$ 372,034	\$ 1,335,404
Construction account	31,250,750	---	---	31,250,750
Current debt service account	---	136,824	---	136,824
<b>Total</b>	<b>\$ 31,250,750</b>	<b>\$ 1,100,194</b>	<b>\$ 372,034</b>	<b>\$ 32,722,978</b>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

10. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2005 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,188,961	\$ 166,879	\$ (64,931)	\$ -	\$ 2,290,909
Construction in progress	181,244	3,052,297	-	(399,951)	2,833,590
Total capital assets not being depreciated	<u>2,370,205</u>	<u>3,219,176</u>	<u>(64,931)</u>	<u>(399,951)</u>	<u>5,124,499</u>
Capital assets being depreciated:					-
Infrastructure	28,818,490	6,928,850	-	-	35,747,340
Buildings	54,752,471	177,419	-	-	54,929,890
Improvements other than buildings	26,778,428	315,798	-	394,857	27,489,083
Machinery and equipment	14,560,036	1,671,031	(626,310)	5,094	15,609,851
Total capital assets being depreciated	<u>124,909,425</u>	<u>9,093,098</u>	<u>(626,310)</u>	<u>399,951</u>	<u>133,776,164</u>
Less accumulated depreciation for:					-
Infrastructure	(13,249,478)	(714,947)	-	-	(13,964,425)
Buildings	(19,663,518)	(1,102,476)	-	-	(20,765,994)
Improvements other than buildings	(12,336,627)	(1,079,914)	-	-	(13,416,541)
Machinery and equipment	(8,757,278)	(1,100,457)	380,088	-	(9,477,647)
Total accumulated depreciation	<u>(54,006,901)</u>	<u>(3,997,794)</u>	<u>380,088</u>	<u>-</u>	<u>(57,624,607)</u>
Total capital assets being depreciated, net	<u>70,902,524</u>	<u>5,095,304</u>	<u>(246,222)</u>	<u>399,951</u>	<u>76,151,557</u>
Governmental activities capital assets, net	<u>\$ 73,272,729</u>	<u>\$ 8,314,480</u>	<u>\$ (311,153)</u>	<u>\$ -</u>	<u>\$ 81,276,056</u>

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

General government	\$ 106,556
Public safety	420,063
Public works	1,161,810
Community service	556,739
Education	1,752,626
Total depreciation expense	<u>\$ 3,997,794</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

Capital Asset activity for the business type activities for the year ended June 30, 2005 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Ending Balances
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 1,169,241	\$ -	\$ -	\$ 1,169,241
Construction in progress	2,184,519	-	(1,316,835)	867,684
Total capital assets not being depreciated	<u>3,353,760</u>	<u>-</u>	<u>(1,316,835)</u>	<u>2,036,925</u>
Capital assets being depreciated:				
Buildings	23,781,234	597,649	-	24,378,883
Improvements other than buildings	17,713,739	962,174	(706)	18,675,207
Machinery and equipment	118,727,980	9,830,722	(353,077)	128,205,625
Total capital assets being depreciated	<u>160,222,953</u>	<u>11,390,545</u>	<u>(353,783)</u>	<u>171,259,715</u>
Buildings	(7,459,639)	(754,596)	-	(8,214,235)
Improvements other than buildings	(3,579,322)	(519,060)	-	(4,098,382)
Machinery and equipment	(40,456,568)	(3,423,086)	349,763	(43,529,891)
Total accumulated depreciation	<u>(51,495,529)</u>	<u>(4,696,742)</u>	<u>349,763</u>	<u>(55,842,508)</u>
Total capital assets being depreciated, net	<u>108,727,424</u>	<u>6,693,803</u>	<u>(4,020)</u>	<u>115,417,207</u>
Business-type activities capital assets, net	<u>\$ 112,081,184</u>	<u>\$ 6,693,803</u>	<u>\$ (1,320,855)</u>	<u>\$ 117,454,132</u>

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

Electric	\$ 1,839,827
Waterworks	2,690,671
Golf Course	155,216
Emergency Communications	11,028
Total depreciation expense	<u>\$ 4,696,742</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

**11. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2005:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Current Portion of Long-term Liabilities
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
General Obligation Bonds	\$ 27,141,000	\$ 15,000,000	\$ (2,095,000)	\$ 40,046,000	\$ 2,175,000
Unamortized Bond Discount	(67,680)	-	5,679	(62,001)	(5,679)
Unamortized Bond Premium	75,927	483,703	(14,334)	545,296	30,258
Qualified Zone Academy Bonds (QZAB)	-	7,049,360	-	7,049,360	440,585
TN Municipal Bond Fund Loan	1,473,765	-	(51,000)	1,422,765	54,000
TN-LOANS	18,570,000	10,000,000	-	28,570,000	-
Capital Lease Obligations	650,768	-	(205,575)	445,193	216,719
Vacation Benefits	1,220,948	2,734,735	(1,500,661)	2,455,022	1,606,000
<b>City Equipment Replacement</b>					
<b>Rental Fund:</b>					
General Obligation Bonds	1,499,000	-	(170,000)	1,329,000	170,000
Unamortized Bond Discount	(16,653)	-	1,867	(14,786)	(1,867)
Unamortized Reoffering Premium	11,536	-	(1,294)	10,242	1,294
Vacation Benefits	36,443	48,463	-	84,906	51,000
<b>School Equipment Replacement</b>					
<b>Rental Fund:</b>					
Capital Lease Obligations	68,475	-	(68,475)	-	-
<b>Total Long-term Liabilities - Governmental Activities:</b>	<b>\$ 50,663,529</b>	<b>\$ 35,316,261</b>	<b>\$ (4,098,793)</b>	<b>\$ 81,880,997</b>	<b>\$ 4,737,310</b>
<b>Business-type Activities:</b>					
<b>Electric Fund:</b>					
Revenue Bonds	\$ 11,170,000	\$ -	\$ (820,000)	\$ 10,350,000	\$ 835,000
Unamortized Bond Discount	(112,454)	-	9,437	(103,017)	(9,437)
Unamortized Reoffering Premium	285,821	-	(24,499)	261,322	24,499
TN-LOANS	10,380,000	-	-	10,380,000	-
Unamortized Bond Discount	(91,242)	-	10,528	(80,714)	(10,528)
Vacation Benefits	117,310	152,095	-	269,405	162,000
<b>Waterworks Fund:</b>					
General Obligation Bonds	4,800,000	-	(330,000)	4,470,000	340,000
Unamortized Bond Discount	(48,291)	-	4,053	(44,238)	(4,052)
Unamortized Reoffering Premium	5,666	-	(475)	5,191	475
TN Municipal Bond Fund Loan	4,385,739	1,231,996	(100,000)	5,517,735	105,000
TN Local Development Authority Notes	91,205	-	(14,408)	76,797	15,377
State Revolving Fund Program Loan	15,413,645	1,505,304	(585,960)	16,332,989	610,296
Vacation Benefits	183,948	304,242	-	488,190	292,914
<b>Golf Course Fund:</b>					
General Obligation Bonds	6,625,000	-	(180,000)	6,445,000	190,000
Unamortized Bond Discount	(103,302)	-	17,672	(85,630)	(17,672)
<b>Total Long-term Liabilities - Business-type Activities:</b>	<b>\$ 53,103,045</b>	<b>\$ 3,193,637</b>	<b>\$ (2,013,652)</b>	<b>\$ 54,283,030</b>	<b>\$ 2,533,872</b>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

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General Obligation Debt Refunding

In March 2003, the City issued \$14,720,000 in General Obligation Refunding Bonds Series 2003 to refund outstanding general obligation 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. At fiscal year end, the unamortized discount on the bonds was \$121,024, the unamortized bond issuance costs were \$60,574 and the unamortized gain on sale was \$84,989. These costs are being amortized over a 14-year life in the government-wide statements.

A. Long-Term Debt – Governmental Activities

Oak Ridge High School (ORHS) Project

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge overwhelmingly voted to increase the local sales tax option from 2.25% to the state maximum of 2.75%, with the additional tax proceeds being legally restricted to fund the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax rate increase became effective with sales beginning on October 1, 2004. The ORHS project is anticipated to cost \$61,000,000 over a four-year period. Debt issuances will occur in phases over the next two to three years to finance construction of the ORHS project. Funding for the debt service on these issuances will be provided from the additional .50% sales tax proceeds in Oak Ridge Anderson County, private donations and from revenues generated from the existing property tax base. During fiscal 2005, \$1,808,627 in sales tax collections restricted for the ORHS project was recorded in the Debt Service Fund. These funds will be invested and utilized for future debt service payments on debt issued for this project.

On October 4, 2004, City Council authorized the issuance of not to exceed \$46,000,000 in debt for the ORHS project through a Tennessee Public Building Authority. On December 13, 2004, City Council authorized the issuance of not to exceed \$20,000,000 in debt through the Tennessee Municipal Bond Fund (TMBF) loan program, with \$15,000,000 estimated for the ORHS project and \$5,000,000 estimated for electric, water and wastewater projects. The intent is for the financing of the ORHS project not to exceed \$61,000,000 from the various debt instruments outlined above. While the estimated \$5,000,000 in funding for electric, water and wastewater projects is backed by the full faith and credit of the city, the debt service on these issuances will be funded by the revenues generated from the operation of the electric, water and wastewater systems.

During fiscal 2005, \$32,049,360 in general obligation debt was issued to finance a portion of the costs for the ORHS project. Of this \$15,000,000 was issued in General Obligation Bonds, \$10,000,000 in bonds through the Public Building Authority of Sevier County Tennessee as part of the TN-LOANS program and \$7,049,360 in Qualified Zone Academy Bonds (QZAB). Bond proceeds were immediately deposited with bond trustees with funds drawn by the City as expenditures occur. Interest earnings on the bond proceeds held by the trustee are applied against the annual interest payments due by the City on the debt.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

General Obligation Bonds – General Fund

On February 25, 2005, the City issued \$15,000,000 in General Obligation Bonds, Series B-9-A, to fund a portion of the costs for renovation and new construction of the ORHS Project. There was a premium on the issue of \$483,703, with an underwriter's discount of \$135,000 and issuance costs of \$108,703. Upon issue, \$15,240,000 was deposited with the bond trustee, with funds drawn by the City from the trustee as expenditures occur. During fiscal 2005, the City drew \$1,123,916 in bond proceeds. The bond escrow account balance was \$14,244,670 at fiscal year end.

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2005, are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total Requirements
2006	\$ 2,175,000	\$ 1,796,910	\$ 3,971,910
2007	2,260,000	1,712,823	3,972,823
2008	2,350,000	1,618,935	3,968,935
2009	2,440,000	1,526,948	3,966,948
2010	2,438,000	1,423,973	3,861,973
2011	2,603,000	1,297,643	3,900,643
2012	2,940,000	1,174,213	4,114,213
2013	2,940,000	1,030,213	3,970,213
2014	2,920,000	888,488	3,808,488
2015	1,950,000	752,838	2,702,838
2016	1,780,000	672,763	2,452,763
2017	450,000	603,563	1,053,563
2018	500,000	587,250	1,087,250
2019	550,000	568,500	1,118,500
2020	500,000	547,875	1,047,875
2021	550,000	527,875	1,077,875
2022	2,600,000	505,875	3,105,875
2023	3,100,000	382,375	3,482,375
2024	3,300,000	235,125	3,535,125
2025	<u>1,700,000</u>	<u>70,125</u>	<u>1,770,125</u>
Total	<u>\$ 40,046,000</u>	<u>\$ 17,924,310</u>	<u>\$ 57,970,310</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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, 2005:

	Governmental Activities			Balance 6/30/05
	Balance 7/01/04	Additions	Retirements	
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	\$ 615,000	\$ ---	\$ 190,000	\$ 425,000
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Yield: 3.56% - 4.83%	20,270,000	---	1,490,000	18,780,000
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Yield: 2.00% - 4.00%	6,256,000	---	415,000	5,841,000
Series B-9-A, General Obligation Bonds Issue: \$15,000,000, Maturing 2025 Interest Rate: 3.00% - 5.00% Construction and Renovation to ORHS	---	15,000,000	---	15,000,000
<b>Total General Obligation Bonded Debt</b>	<u>\$ 27,141,000</u>	<u>\$ 15,000,000</u>	<u>\$ 2,095,000</u>	<u>\$ 40,046,000</u>

Qualified Zone Academy Bonds (QZAB) – General Fund

On November 24, 2004, the City issued \$7,049,360 in Qualified Zone Academy Bonds (QZAB). QZAB's is a federal program, administered through state department of educations, which provide interest free loans to finance eligible school renovations. The Tennessee Department of Education and the State Comptroller's Office are administrators of the loan. The QZAB program requires a 10% private contribution toward annual debt service payments. The Oak Ridge Education Foundation will fund the City's required private contribution. Immediately upon issuance, \$49,360 was paid in issuance costs with the remaining bond proceeds of \$7,000,000 deposited with the State to be drawn by the City as expenditures occur. There were no bond proceeds drawn by the City during fiscal 2005. The bond escrow account balance held by the State was \$7,105,628 at fiscal year end. A \$442,700 annual loan payment is scheduled each year, beginning in November 2005 and ending in November 2020. The actual payment required by the City will be adjusted by the State each year, reflecting an adjustment for interest earned on the bond escrow account.

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. The loan had a principal balance of \$568,765 at June 30, 2005.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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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.

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. At June 30, 2005, the outstanding principal balance of the loan was \$854,000.

On December 16, 2004, the City issued \$10,000,000 in public improvement bonds through the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the ORHS Project. Immediately upon issuance, \$143,707 was paid in issuance costs with the remaining bond proceeds of \$9,856,293 deposited with the bond trustee to be drawn by the City as expenditures occur. There were no bond proceeds drawn by the City during fiscal 2005. The bond escrow account balance held by the trustee was \$9,856,293 at fiscal year end. Upon issuance, the City entered into an interest rate swap agreement on this issue with the counterparty AMBAC Financial Services, LLC (AFS). Based on loan and swap agreements, the City owes interest at an effective fixed rate of 4.2% on each Series of the bonds. In return, the counterparty owes the City interest based on a variable rate that is calculated at 70% of the 1-month LIBOR (London InterBank Offered Rate). Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is used as the basis on which the interest payments are calculated.

The City, through the Bond Trustee, continues to pay interest to the bondholders at the adjustable rate provided by the bonds. However, during the term of the swap agreements, the City effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due to the bondholders and the variable rate received from the counterparty. The debt service requirements to maturity presented for these bonds are based solely on the fixed rate. The City would be exposed to variable interest rates if the counterparty to the swap defaults, if the variable rate received from the counterparty is less than that due to bondholders or if the swaps are terminated. The bonds are pre-payable at any time with 30 days advance notice. If the bonds are pre-paid prior to maturity and the City decides to terminate the swaps, a termination fee may be owed either to the counterparty by the City, or to the City by the counterparty, depending upon current market conditions. Other than the net interest expenditures resulting from these agreements, no other amounts are recorded in the financial statements.

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 2.75% interest rate, which was the actual weekly rate at June 30, 2005. For budgeting purposes, the City uses a 3.8% interest rate for these loans. The exception is the bonds under the swap agreement where a 4.2% interest rate is used below and for budgeting purposes.

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

Projected debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total Requirements
2006	\$ 54,000	\$ 969,677	\$ 1,023,677
2007	56,000	968,188	1,024,188
2008	59,000	966,641	1,025,641
2009	62,000	965,011	1,027,011
2010	65,000	963,300	1,028,300
2011	69,000	961,503	1,030,503
2012	72,000	959,599	1,031,599
2013	76,000	957,609	1,033,609
2014	79,000	955,512	1,034,512
2015	1,223,000	950,719	2,173,719
2016	1,572,000	916,286	2,488,286
2017	3,102,722	869,548	3,972,270
2018	3,145,326	784,126	3,929,452
2019	2,890,251	698,213	3,588,464
2020	3,010,512	618,456	3,628,968
2021	3,146,145	535,357	3,681,502
2022	1,212,183	453,269	1,665,452
2023	98,626	422,486	521,112
2024	--	420,000	420,000
2025	--	420,000	420,000
2026	--	420,000	420,000
2027	--	420,000	420,000
2028	--	420,000	420,000
2029	--	420,000	420,000
2030	--	420,000	420,000
2031	1,200,000	415,800	1,615,800
2032	4,300,000	354,550	4,654,550
2033	4,500,000	173,250	4,673,250
Total	<u>\$ 29,992,765</u>	<u>\$ 18,799,100</u>	<u>\$ 48,791,865</u>

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,

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

an internal service fund, a governmental type activity. At year-end, the bonds had a principal balance of \$1,329,000. Interest rates range from 2% to 4% with debt service requirements to maturity as of June 30, 2005 as follows:

Fiscal Year	Governmental Activities		Total Requirements
	Principal	Interest	
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	70,000	2,800	72,800
Total	<u>\$ 1,329,000</u>	<u>\$ 196,045</u>	<u>\$ 1,525,045</u>

Capital Leases Obligations

During fiscal year 2004, the Schools financed the purchases of two apple computer systems for \$891,640 from Apple Computer, Inc. and California First Leasing Corporation (CalFirst) through the School Fund. Terms of these two capital leases required an initial payment of \$240,873 and three annual payments of \$245,872 at 5.49% and 4.04% interest through July 14, 2006 and January 31, 2007, respectively. The amount outstanding at June 30, 2005 was \$445,193.

The future principal and interest payments on these capital lease obligations as of June 30, 2005 are as follows:

2006	\$ 240,872
2007	240,872
Total Minimum Lease Payments	481,744
Less: Amount Representing Interest	36,551
Present Value of Minimum Lease Payment	<u>\$ 445,193</u>

B. Long-term Debt – Business-type Activities

Electric Revenue Bonds

In March 2003, the City issued \$12,425,000 in Electric Revenue Refunding Bonds, Series 2003 to refund portions of outstanding Electric Fund debt. At fiscal year end, the unamortized bond issuance costs were \$68,873. These costs were recorded as a Deferred Charge and are being amortized over the 14-year life of the new debt. The \$316,445 difference between the

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
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reacquisition price and the net carrying amount of the refunded debt has been deferred and is being amortized straight-line over a 14-year life. At year-end, the deferral balance of \$261,322 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 \$103,017 at June 30, 2005.

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, 2005 as follows:

Fiscal Year	Business-type Activities		
	Principal	Interest	Total Requirements
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>\$ 10,350,000</u>	<u>\$ 2,616,200</u>	<u>\$ 12,966,200</u>

Electric System Variable Interest Rate Loan

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 \$202,037 at June 30, 2005. 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 \$80,714 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, 2005.

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**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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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 3.05% interest rate, which was the actual weekly rate at June 30, 2005. Projected debt service requirements to maturity as of June 30, 2005 as follows:

Fiscal Year	Business-type Activities		Total Requirements
	Principal	Interest	
2006	\$ ---	\$ 316,590	\$ 316,590
2007	---	316,590	316,590
2008	---	316,590	316,590
2009	---	316,590	316,590
2010	---	316,590	316,590
2011	---	316,590	316,590
2012	---	316,590	316,590
2013	---	316,590	316,590
2014	---	316,590	316,590
2015	---	316,590	316,590
2016	---	316,590	316,590
2017	290,000	315,863	605,863
2018	305,000	306,980	611,980
2019	580,000	296,989	876,989
2020	615,000	279,211	894,211
2021	650,000	260,365	910,365
2022	690,000	240,440	930,440
2023	735,000	219,282	954,282
2024	775,000	196,765	971,765
2025	825,000	173,002	998,002
2026	870,000	147,727	1,017,727
2027	925,000	121,054	1,046,054
2028	980,000	92,703	1,072,703
2029	1,040,000	62,663	1,102,663
2030	<u>1,100,000</u>	<u>30,792</u>	<u>1,130,792</u>
Total	<u>\$ 10,380,000</u>	<u>\$ 6,226,326</u>	<u>\$ 16,606,326</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

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 and the 2003 through 2016 maturities of the variable interest rate TMBF loan issued in 1995. The unamortized issuance costs for the Waterworks Fund portion of this issue, recorded as a Deferred Charge, was \$22,129 at fiscal year end. The net of the unamortized discount of \$44,238 and the unamortized gain on issuance of \$5,191 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, 2005. Interest rate range from 2% to 4% with debt service requirements to maturity for the fiscal year ended June 30, 2005 as follows:

Fiscal Year	Business-type Activities		Total Requirements
	Principal	Interest	
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>\$ 4,470,000</u>	<u>\$ 1,067,650</u>	<u>\$ 5,537,650</u>

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. 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 \$37,765 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, 2005 was \$5,517,735. 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 2.75% interest rate, which was the actual weekly rate at June 30, 2005, with projected debt service requirements to maturity as follows:

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

Fiscal Year	Business-type Activities		
	Principal	Interest	Total Requirements
2006	\$ 105,000	\$ 151,497	\$ 256,497
2007	110,000	148,598	258,598
2008	116,000	145,560	261,560
2009	121,000	142,358	263,358
2010	128,000	139,015	267,015
2011	134,000	135,481	269,481
2012	141,000	131,780	272,780
2013	148,000	127,886	275,886
2014	155,000	123,800	278,800
2015	163,000	119,519	282,519
2016	171,000	115,019	286,019
2017	503,978	109,553	613,531
2018	535,674	95,621	631,295
2019	568,949	80,814	649,763
2020	604,888	65,085	669,973
2021	642,655	48,364	691,019
2022	683,417	30,598	714,015
2023	486,174	12,256	498,430
Total	<u>\$ 5,517,735</u>	<u>\$ 1,922,804</u>	<u>\$ 7,440,539</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
2006	\$ 15,377	\$ 795	\$ 16,172
2007	15,935	75	16,010
2008	16,550	---	16,550
2009	17,155	---	17,155
2010	11,780	---	11,780
Total	<u>\$ 76,797</u>	<u>\$ 870</u>	<u>\$ 77,667</u>

Tennessee State Revolving Fund Loan – Waterworks Fund

During fiscal 1998 and 1999, the City executed a \$11,197,000 loan and a \$5,000,000 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

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

replacements. Terms of both 20-year loans call for monthly principal and interest payments, using a 4.09% and a 4.04% fixed interest rate, respectively. 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 these loans. The outstanding principal balance of these loans was \$10,407,891 and \$4,491,794, respectively, at June 30, 2005. During fiscal 2003, a third loan from the SRF program for \$7,000,000 was approved that will provide financing for the fiscals 2005 to 2009 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%. Loan proceeds are drawn as work is completed. \$1,505,304 in loan proceeds had been drawn as of June 30, 2005. A projected amortization schedule for outstanding SRF loans as of June 30, 2005 is as follows:

Fiscal Year	Business-type Activities		Total Requirements
	Principal	Interest	
2006	\$ 610,296	\$ 650,573	\$ 1,260,869
2007	635,640	625,241	1,260,881
2008	662,040	598,841	1,260,881
2009	689,520	571,349	1,260,869
2010	769,252	541,827	1,311,079
2011	801,064	510,027	1,311,091
2012	834,189	476,890	1,311,079
2013	868,690	442,388	1,311,078
2014	904,620	406,459	1,311,079
2015	942,028	369,051	1,311,079
2016	980,980	330,087	1,311,067
2017	1,021,560	289,519	1,311,079
2018	1,063,811	247,267	1,311,078
2019	1,107,807	203,272	1,311,079
2020	1,153,624	157,443	1,311,067
2021	1,201,340	109,727	1,311,067
2022	1,250,983	60,051	1,311,034
2023	258,229	25,922	284,151
2024	87,261	20,590	107,851
2025	90,662	17,188	107,850
2026	94,196	13,655	107,851
2027	97,868	9,983	107,851
2028	101,703	6,168	107,871
2029	105,626	2,204	107,830
<b>Total</b>	<b>\$ 16,332,989</b>	<b>\$ 6,685,722</b>	<b>\$ 23,018,711</b>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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, 2005 is \$57,956. 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 \$85,630 has been shown on the balance sheet for the Golf Course Fund as a deduction to the liability for the outstanding bonds.

The general obligation bonds are primarily payable from the net revenues of the operation of the golf course and sale of land surrounding the course for residential development. Accordingly, the bonds have been recorded as a liability of the Golf Course Fund. Interest rates range from 4.4% - 4.9% and final maturity is June 1, 2023. Debt service requirements to maturity for the bonds as of June 30, 2005, are as follows:

Fiscal Year	Business-type Activities		
	Principal	Interest	Total Requirements
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>\$ 6,445,000</b>	<b>\$ 3,396,735</b>	<b>\$ 9,841,735</b>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

12. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Due to and from accounts represent short-term loans between funds. The composition of due to / due from balances as of June 30, 2005, is as follows:

Due from Other Funds	Due to Other Funds					Total
	General Fund	Nonmajor Funds	Internal Service	Electric Fund	Waterworks Fund	
General Fund	\$ -	\$ 2,429,636	\$ 120,192	\$ 2,651,771	\$ 2,801,797	\$ 8,003,396
Internal Service Funds	8,220	-	-	-	-	8,220
Nonmajor Funds	172,407	-	-	-	-	172,407
<b>Total</b>	<b>\$ 180,627</b>	<b>\$ 2,429,636</b>	<b>\$ 120,192</b>	<b>\$ 2,651,771</b>	<b>\$ 2,801,797</b>	<b>\$ 8,184,023</b>

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	600,000
<b>Total</b>		<b>\$ 1,662,500</b>

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

13. TRANSFERS

Transfers 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>	Transfer In			Total
	School Fund	Nonmajor Funds	Golf Course Fund	
General Fund	\$ 11,186,541	\$ 6,370,691	\$ 300,000	\$ 17,857,232
Electric Fund	-	140,300	-	140,300
Waterworks Fund	-	116,900	-	116,900
<b>Total</b>	<b>\$ 11,186,541</b>	<b>\$ 6,627,891</b>	<b>\$ 300,000</b>	<b>\$ 18,114,432</b>

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:

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

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Reserved for Special Programs. City Special Revenue Funds had statutory reserves of fund balance totaling \$111,693 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$56,359 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$55,334 for the Career Ladder Program.

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, 2005, the following amounts were reserved:

	<u>Amount</u>
General Fund	\$ 341,339
School Fund	52,115
Nonmajor Funds	<u>2,556,254</u>
Total	<u>\$ 2,949,768</u>

Reserved For Prepaid Expenditures. City Special Revenue Funds had reserves of fund balance for prepaids totaling \$212,007 at fiscal year end. The Economic Diversification Fund had reserves for prepaids of \$62,489 for the City's share of the State roadway project for a road extension at Bethel Valley Industrial Park. The Drug Fund and School Fund had miscellaneous prepaids of \$2,031 and \$13,386, respectively at year-end. The Capital Projects Fund reserves for prepaids totaled \$134,101 for the City's share of the State roadway project to realign Manhattan and Rutgers Avenues in Oak Ridge.

Reserved for Capital Outlay. The Capital Projects Fund had reserves of capital outlay of \$31,250,750 at fiscal year end. This is the remaining proceeds of long-term debt issued during the fiscal year that is held by bond trustees, which is legally restricted to the construction and renovation of school facilities that will be utilized for the Oak Ridge High School project.

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, 2005 from the General Fund totaled \$112,500.

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, 2005 was \$364,743.

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 \$27,060 of fund balance of which \$6,985 was for the Family Resource Center, \$16,000 for the extended school program and \$4,075 for miscellaneous other projects.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2005**

Designated for Capital Projects. The Capital Projects Fund had a negative fund balance designation of \$710,174 for capital projects. This is due to reserves for encumbrances related to the Oak Ridge High School project, which will be funded by long-debt debt proceeds that will be drawn by the City from the trustee as expenditures occur.

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, 2005 totaled \$3,886,972.

15. COMMITMENTS

At June 30, 2005, the City had remaining contractual commitments for engineering, construction contracts and equipment purchases totaling \$10,061,176 for the following projects:

<u>Projects</u>	<u>Spent To-Date</u>	<u>Commitment Remaining</u>	<u>Committed Fund</u>
Emory Valley Greenway	\$ 327,004	\$ 330,593	Capital Projects
Storm Water Regulations Study	31,484	36,216	Capital Projects
Building Improvements	136,125	333,950	Capital Projects
Roadway Improvements	494,974	450,203	Capital Projects State Street Aid
Oak Ridge High School Project	2,022,198	4,154,143	Capital Projects
Legal Services	56,000	67,000	Economic Diversification
Professional Services for Electric	405,023	3,098,668	Electric
Waterworks Treatment Plant Improvements	42,146	100,076	Waterworks
Wastewater Distribution System Rehab.	2,445,163	1,082,391	Waterworks
West End Waterworks Expansion	1,723,510	218,783	Waterworks
Utility Relocation - Turnpike Widening	63,027	38,673	Waterworks
Equipment	<u>0</u>	<u>150,480</u>	Equipment Replacement Rental
<b>TOTAL</b>	<b><u>\$ 7,746,654</u></b>	<b><u>\$ 10,061,176</u></b>	

Funding for Capital Projects Fund commitments will primarily be provided by existing cash in the Fund generated through annual operating transfers from the General Fund to finance major maintenance projects and long-term debt issuance to finance the Oak Ridge High School renovation and construction project. The State Street Aid Fund, whose revenues are derived from

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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State-share taxes and operating transfers from the General Fund, will provide additional funding for roadway projects. The Economic Diversification Fund, whose operations are funded by transfers from the General, Electric and Waterworks Funds, will provide funding for contracted legal services whose goal is to enhance remuneration from the federal government. Electrical project costs will be funded from current available revenues in the Electric Fund. Waterworks projects will be funded by the \$5,494,696 in available proceeds from an approved TDEC loan and current waterworks revenues. The equipment will be purchased from existing cash in the Equipment Replacement Rental Fund.

16. 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.

17. 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 public entity risk pools operated as a risk sharing programs by the Tennessee Municipal League (TML) for the City coverage and the Tennessee School Board Risk Management Trust (TSB-RMT) for school coverage. These pools are 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 TSB-RMT in fiscal 2005. The City has per occurrence deductibles as outlined below. The city paid \$183,298 in deductibles to the TML in fiscal 2005 for workers compensation and property liability claims of \$116,316 and \$66,982, respectively.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2005**

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 2005 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, 2004 and June 30, 2005 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>
2004	\$ 157,704	\$ 285,592	(\$ 178,185)	\$ 265,111
2005	\$ 265,111	\$ 289,403	(\$ 276,165)	\$ 278,349

**18. SALES TAX REFUND**

In fiscal 1998, the City received \$1,281,500 in local option sales taxes through the State from a local federal government contractor based upon an audit assessment by the Tennessee Department of Revenue. The taxpayer contested the audit assessment and filed legal action to obtain a refund of the remitted sales taxes. In May 2004, the City received notification from the State that the City would be required to refund the local option sales taxes received by the City in fiscal 1998 plus an additional amount for interest. The City will refund the taxes to the State over a 24-month period. The \$1,281,500 had previously been accounted for as Deferred Revenue. At June 30, 2005, \$461,796 and \$170,500 was recorded as an accrued liability in the Capital Projects Fund and the School Fund, respectively.



## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

The Special Revenue Funds are used to account for the proceeds of specific revenues that 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 and the engineering & design of the planned major renovation/construction of the Oak Ridge High School. Major renovation projects for the Schools included roof replacements, heating/cooling equipment replacements, kitchen equipment replacement, and asbestos removal. Major City renovation projects included storm water and sidewalk improvements, roof replacements, miscellaneous recreation and park improvements, as well as the construction of the Emory Valley Greenway.

**CITY OF OAK RIDGE, TENNESSEE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2005**

	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	
<b>Assets</b>								
Cash and cash equivalents	\$ 2,295,942	\$ 597,475	\$ 138,559	\$ -	\$ -	\$ 57,130	\$ 3,520,136	\$ 6,609,242
Receivables, net	87,891	-	-	-	-	-	-	87,891
Due from other funds	-	-	-	-	172,407	-	-	172,407
Due from other governments	-	134,012	54,132	1,772,649	-	-	366,836	2,327,629
Prepaid items	62,489	-	-	-	-	2,031	-	64,520
Total assets	<u>\$ 2,446,322</u>	<u>\$ 731,487</u>	<u>\$ 192,691</u>	<u>\$ 1,772,649</u>	<u>\$ 172,407</u>	<u>\$ 59,161</u>	<u>\$ 3,886,972</u>	<u>\$ 9,261,689</u>
<b>Liabilities and fund balances</b>								
Liabilities:								
Accounts payable	\$ 53,834	\$ 7,370	\$ 40,594	\$ 6,321	\$ 172,407	\$ 771	\$ -	\$ 281,297
Accrued liabilities	3,082	-	-	1,258	-	-	-	4,340
Due to other funds	34,843	-	-	1,610,430	-	-	-	1,645,273
Deferred revenue	-	-	-	83,521	-	-	-	83,521
Total liabilities	<u>91,759</u>	<u>7,370</u>	<u>40,594</u>	<u>1,701,530</u>	<u>172,407</u>	<u>771</u>	<u>-</u>	<u>2,014,431</u>
Fund balances:								
Reserved for special programs	-	-	-	-	-	56,359	-	56,359
Reserved for encumbrances	-	567,233	-	-	-	-	-	567,233
Reserved - prepaid expenditures	62,489	-	-	-	-	2,031	-	64,520
Designated for debt service	-	-	-	-	-	-	3,886,972	3,886,972
Undesignated	2,292,074	156,884	152,097	71,119	-	-	-	2,672,174
Total fund balances	<u>2,354,563</u>	<u>724,117</u>	<u>152,097</u>	<u>71,119</u>	<u>-</u>	<u>58,390</u>	<u>3,886,972</u>	<u>7,247,258</u>
Total liabilities and fund balances	<u>\$ 2,446,322</u>	<u>\$ 731,487</u>	<u>\$ 192,691</u>	<u>\$ 1,772,649</u>	<u>\$ 172,407</u>	<u>\$ 59,161</u>	<u>\$ 3,886,972</u>	<u>\$ 9,261,689</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2005**

	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	
<b>Revenues</b>								
Taxes	\$ 397,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,808,627	\$ 2,206,552
Intergovernmental	-	776,586	134,542	589,831	-	12,026	-	1,512,985
Charges for services	-	-	-	-	691,481	-	1,010,777	1,702,258
Fines and forfeitures	-	-	-	-	-	45,323	-	45,323
Interest	42,059	9,874	2,534	-	-	779	42,510	97,756
Other	169,553	-	1,085	-	-	22,907	735	194,280
Total revenues	609,537	786,460	138,161	589,831	691,481	81,035	2,862,649	5,759,154
<b>Expenditures</b>								
Current:								
Public safety	-	-	-	36,411	-	66,150	-	102,561
Public works	-	1,508,006	1,681	51,364	-	-	-	1,561,051
Community services	1,385,239	-	182,372	631,895	1,754,888	-	-	3,954,394
Capital outlay	-	-	-	23,614	-	-	-	23,614
Debt service:								
Principal retirement	-	-	-	51,000	-	-	2,095,000	2,146,000
Interest and fiscal charges	-	-	-	21,150	-	-	1,922,154	1,943,304
Total expenditures	1,385,239	1,508,006	184,053	815,434	1,754,888	66,150	4,017,154	9,730,924
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(775,702)	(721,546)	(45,892)	(225,603)	(1,063,407)	14,885	(1,154,505)	(3,971,770)
<b>Other financing sources (uses)</b>								
Transfers in	428,200	500,000	10,000	225,603	1,063,407	-	3,320,681	5,547,891
Total other financing sources (uses)	428,200	500,000	10,000	225,603	1,063,407	-	3,320,681	5,547,891
<b>Net change in fund balances</b>	(347,502)	(221,546)	(35,892)	-	-	14,885	2,166,176	1,576,121
<b>Fund balance - beginning</b>	2,702,065	945,663	187,989	71,119	-	43,505	1,720,796	5,671,137
<b>Fund balance - ending</b>	\$ 2,354,563	\$ 724,117	\$ 152,097	\$ 71,119	\$ -	\$ 58,390	\$ 3,886,972	\$ 7,247,258

**CITY OF OAK RIDGE, TENNESSEE  
ECONOMIC DIVERSIFICATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,295,942	\$ 2,684,994
Receivables, net	87,891	-
Due from other funds	-	40,473
Prepaid items	62,489	-
Total assets	<u>\$ 2,446,322</u>	<u>\$ 2,725,467</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 53,834	\$ 20,753
Accrued liabilities	3,082	2,649
Due to other funds	34,843	-
Total liabilities	<u>91,759</u>	<u>23,402</u>
Fund balances:		
Reserved for encumbrances	-	11,613
Reserved - prepaid expenditures	62,489	-
Undesignated	2,292,074	2,690,452
Total fund balances	<u>2,354,563</u>	<u>2,702,065</u>
Total liabilities and fund balances	<u>\$ 2,446,322</u>	<u>\$ 2,725,467</u>

**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, 2005**

	<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>					
Taxes	\$ 397,925	\$ -	\$ 397,925	\$ 355,000	\$ 397,925
Intergovernmental	-	-	-	1,000,000	(1,000,000)
Interest	42,059	-	42,059	25,000	17,059
Other	169,553	-	169,553	-	169,553
Total revenues	<u>609,537</u>	<u>-</u>	<u>609,537</u>	<u>1,380,000</u>	<u>(415,463)</u>
<b>Expenditures</b>					
Current:					
Community services	1,385,239	50,875	1,436,114	2,998,746	1,562,632
Total expenditures	<u>1,385,239</u>	<u>50,875</u>	<u>1,436,114</u>	<u>2,998,746</u>	<u>1,562,632</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(775,702)</u>	<u>(50,875)</u>	<u>(826,577)</u>	<u>(1,618,746)</u>	<u>1,147,169</u>
<b>Other financing sources (uses)</b>					
Transfers in	428,200	-	428,200	427,850	350
Total other financing sources (uses)	<u>428,200</u>	<u>-</u>	<u>428,200</u>	<u>427,850</u>	<u>350</u>
<b>Net change in fund balances</b>	(347,502)	(50,875)	(398,377)	(1,190,896)	1,147,519
<b>Fund balance - beginning</b>	<u>2,702,065</u>	<u>-</u>	<u>2,702,065</u>	<u>2,702,065</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,354,563</u>	<u>\$ (50,875)</u>	<u>\$ 2,303,688</u>	<u>\$ 1,511,169</u>	<u>\$ 1,147,519</u>

**CITY OF OAK RIDGE, TENNESSEE  
STATE STREET AID FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 597,475	\$ 624,467
Due from other governments	134,012	131,044
Prepaid items	-	206,834
Total assets	<u>\$ 731,487</u>	<u>\$ 962,345</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 7,370	\$ 16,682
Total liabilities	<u>7,370</u>	<u>16,682</u>
Fund balances:		
Reserved for encumbrances	567,233	640,000
Undesignated	156,884	305,663
Total fund balances	<u>724,117</u>	<u>945,663</u>
Total liabilities and fund balances	<u>\$ 731,487</u>	<u>\$ 962,345</u>

**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, 2005**

	<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	\$ 776,586	\$ -	\$ 776,586	\$ 760,000	\$ 16,586
Interest	9,874	-	9,874	10,000	(126)
Total revenues	<u>786,460</u>	<u>-</u>	<u>786,460</u>	<u>770,000</u>	<u>16,460</u>
<b>Expenditures</b>					
Current:					
Public works	1,508,006	(72,767)	1,435,239	1,444,610	9,371
Total expenditures	<u>1,508,006</u>	<u>(72,767)</u>	<u>1,435,239</u>	<u>1,444,610</u>	<u>9,371</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(721,546)</u>	<u>72,767</u>	<u>(648,779)</u>	<u>(674,610)</u>	<u>25,831</u>
<b>Other financing sources (uses)</b>					
Transfers in	500,000	-	500,000	500,000	-
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(221,546)	72,767	(148,779)	(174,610)	25,831
<b>Fund balance - beginning</b>	945,663	-	945,663	945,663	-
<b>Fund balance - ending</b>	<u>\$ 724,117</u>	<u>\$ 72,767</u>	<u>\$ 796,884</u>	<u>\$ 771,053</u>	<u>\$ 25,831</u>

**CITY OF OAK RIDGE, TENNESSEE  
STREET AND PUBLIC TRANSPORTATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 138,559	\$ 171,530
Due from other funds	-	4,150
Due from other governments	54,132	38,787
Total assets	<u>\$ 192,691</u>	<u>\$ 214,467</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 40,594	\$ 26,478
Total liabilities	<u>40,594</u>	<u>26,478</u>
Fund balances:		
Undesignated	152,097	187,989
Total fund balances	<u>152,097</u>	<u>187,989</u>
Total liabilities and fund balances	<u>\$ 192,691</u>	<u>\$ 214,467</u>

**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, 2005**

	<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	\$ 134,542	\$ -	\$ 134,542	\$ 169,000	\$ (34,458)
Interest	2,534	-	2,534	2,000	534
Other	1,085	-	1,085	-	1,085
Total revenues	<u>138,161</u>	<u>-</u>	<u>138,161</u>	<u>171,000</u>	<u>(32,839)</u>
<b>Expenditures</b>					
Current:					
Public works	1,681	-	1,681	-	(1,681)
Community services	182,372	-	182,372	266,000	83,628
Total expenditures	<u>184,053</u>	<u>-</u>	<u>184,053</u>	<u>266,000</u>	<u>81,947</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(45,892)</u>	<u>-</u>	<u>(45,892)</u>	<u>(95,000)</u>	<u>49,108</u>
<b>Other financing sources (uses)</b>					
Transfers in	10,000	-	10,000	10,000	-
Total other financing sources (uses)	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(35,892)	-	(35,892)	(85,000)	49,108
<b>Fund balance - beginning</b>	<u>187,989</u>	<u>-</u>	<u>187,989</u>	<u>187,989</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 152,097</u>	<u>\$ -</u>	<u>\$ 152,097</u>	<u>\$ 102,989</u>	<u>\$ 49,108</u>

**CITY OF OAK RIDGE, TENNESSEE  
GRANT FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 58,251
Due from other governments	1,772,649	2,139,042
Total assets	\$ 1,772,649	\$ 2,197,293
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 6,321	\$ 14,579
Accrued liabilities	1,258	-
Due to other funds	1,610,430	2,032,533
Deferred revenue	83,521	20,811
Contracts payable	-	58,251
Total liabilities	1,701,530	2,126,174
Fund balances:		
Undesignated	71,119	71,119
Total fund balances	71,119	71,119
Total liabilities and fund balances	\$ 1,772,649	\$ 2,197,293

**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, 2005**

	<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	\$ 589,831	\$ -	\$ 589,831	\$ 3,484,784	\$ (2,894,953)
Total revenues	<u>589,831</u>	<u>-</u>	<u>589,831</u>	<u>3,484,784</u>	<u>(2,894,953)</u>
<b>Expenditures</b>					
Current:					
Public safety	36,411	-	36,411	65,000	28,589
Public works	51,364	-	51,364	-	(51,364)
Community services	631,895	-	631,895	324,784	(307,111)
Capital outlay	23,614	-	23,614	3,000,000	2,976,386
Principal retirement	51,000	-	51,000	51,000	51,000
Interest and fiscal charges	21,150	-	21,150	44,000	21,150
Total expenditures	<u>815,434</u>	<u>-</u>	<u>815,434</u>	<u>3,484,784</u>	<u>2,718,650</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(225,603)</u>	<u>-</u>	<u>(225,603)</u>	<u>-</u>	<u>(176,303)</u>
<b>Other financing sources (uses)</b>					
Transfers in	225,603	-	225,603	-	225,603
Total other financing sources (uses)	<u>225,603</u>	<u>-</u>	<u>225,603</u>	<u>-</u>	<u>225,603</u>
<b>Net change in fund balances</b>	-	-	-	-	49,300
<b>Fund balance - beginning</b>	<u>71,119</u>	<u>-</u>	<u>71,119</u>	<u>71,119</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 71,119</u>	<u>\$ -</u>	<u>\$ 71,119</u>	<u>\$ 71,119</u>	<u>\$ 49,300</u>

**CITY OF OAK RIDGE, TENNESSEE  
SOLID WASTE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Due from other funds	\$ 172,407	\$ 169,539
Total assets	<u>\$ 172,407</u>	<u>\$ 169,539</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 172,407	\$ 169,539
Total liabilities	<u>172,407</u>	<u>169,539</u>
Fund balances:		
Undesignated	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>
 Total liabilities and fund balances	 <u>\$ 172,407</u>	 <u>\$ 169,539</u>

**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, 2005**

	<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	\$ 691,481	\$ -	\$ 691,481	\$ 690,800	\$ 681
Total revenues	<u>691,481</u>	<u>-</u>	<u>691,481</u>	<u>690,800</u>	<u>681</u>
<b>Expenditures</b>					
Current:					
Community services	1,754,888	-	1,754,888	1,801,450	46,562
Total expenditures	<u>1,754,888</u>	<u>-</u>	<u>1,754,888</u>	<u>1,801,450</u>	<u>46,562</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,063,407)</u>	<u>-</u>	<u>(1,063,407)</u>	<u>(1,110,650)</u>	<u>47,243</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,063,407	-	1,063,407	1,110,650	(47,243)
Total other financing sources (uses)	<u>1,063,407</u>	<u>-</u>	<u>1,063,407</u>	<u>1,110,650</u>	<u>(47,243)</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>

**CITY OF OAK RIDGE, TENNESSEE  
 DRUG ENFORCEMENT PROGRAM FUND  
 COMPARATIVE BALANCE SHEETS  
 June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 57,130	\$ 41,770
Prepaid items	2,031	1,765
Total assets	<u>\$ 59,161</u>	<u>\$ 43,535</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 771	\$ 30
Total liabilities	<u>771</u>	<u>30</u>
Fund balances:		
Reserved for special programs	56,359	43,505
Reserved - prepaid expenditures	2,031	-
Total fund balances	<u>58,390</u>	<u>43,505</u>
Total liabilities and fund balances	<u>\$ 59,161</u>	<u>\$ 43,535</u>

**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, 2005**

	<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	\$ 12,026	\$ -	\$ 12,026	\$ -	\$ 12,026
Fines and forfeitures	45,323	-	45,323	58,500	(13,177)
Interest	779	-	779	2,500	(1,721)
Other	22,907	-	22,907	10,000	12,907
Total revenues	<u>81,035</u>	<u>-</u>	<u>81,035</u>	<u>71,000</u>	<u>10,035</u>
<b>Expenditures</b>					
Current:					
Public safety	66,150	-	66,150	98,450	32,300
Total expenditures	<u>66,150</u>	<u>-</u>	<u>66,150</u>	<u>98,450</u>	<u>32,300</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>14,885</u>	<u>-</u>	<u>14,885</u>	<u>(27,450)</u>	<u>42,335</u>
<b>Net change in fund balances</b>	14,885	-	14,885	(27,450)	42,335
<b>Fund balance - beginning</b>	<u>43,505</u>	<u>-</u>	<u>43,505</u>	<u>43,505</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 58,390</u>	<u>\$ -</u>	<u>\$ 58,390</u>	<u>\$ 16,055</u>	<u>\$ 42,335</u>

**CITY OF OAK RIDGE, TENNESSEE  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,520,136	\$ 1,722,029
Due from other governments	366,836	-
Total assets	<u>\$ 3,886,972</u>	<u>\$ 1,722,029</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ -	\$ 1,233
Total liabilities	<u>-</u>	<u>1,233</u>
Fund balances:		
Designated for debt service	<u>3,886,972</u>	<u>1,720,796</u>
Total fund balances	<u>3,886,972</u>	<u>1,720,796</u>
Total liabilities and fund balances	<u>\$ 3,886,972</u>	<u>\$ 1,722,029</u>

**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, 2005**

	<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>					
Taxes	\$ 1,808,627	\$ -	\$ 1,808,627	\$ -	\$ 1,808,627
Charges for services	1,010,777	-	1,010,777	1,011,437	(660)
Interest	42,510	-	42,510	25,000	17,510
Other	735	-	735	1,000,000	(999,265)
Total revenues	<u>2,862,649</u>	<u>-</u>	<u>2,862,649</u>	<u>2,036,437</u>	<u>826,212</u>
<b>Expenditures</b>					
Debt service:					
Principal retirement	2,095,000	-	2,095,000	2,095,000	-
Interest and fiscal charges	1,922,154	-	1,922,154	3,140,550	1,218,396
Total expenditures	<u>4,017,154</u>	<u>-</u>	<u>4,017,154</u>	<u>5,235,550</u>	<u>1,218,396</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,154,505)</u>	<u>-</u>	<u>(1,154,505)</u>	<u>(3,199,113)</u>	<u>2,044,608</u>
<b>Other financing sources (uses)</b>					
Transfers in	3,320,681	-	3,320,681	3,224,113	96,568
Total other financing sources (uses)	<u>3,320,681</u>	<u>-</u>	<u>3,320,681</u>	<u>3,224,113</u>	<u>96,568</u>
<b>Net change in fund balances</b>	2,166,176	-	2,166,176	25,000	2,141,176
<b>Fund balance - beginning</b>	<u>1,720,796</u>	<u>-</u>	<u>1,720,796</u>	<u>1,720,796</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 3,886,972</u>	<u>\$ -</u>	<u>\$ 3,886,972</u>	<u>\$ 1,745,796</u>	<u>\$ 2,141,176</u>



## **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, 2005 and 2004**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2005	2004	2005	2004	2005	2004	2005	2004	June 30, 2005	June 30, 2004
<b>ASSETS</b>										
Current assets										
Cash and cash equivalents	\$ 1,153,241	\$ 825,775	\$ -	\$ -	\$ 522,595	\$ 885,588	\$ 869,923	\$ 1,508,819	\$ 2,545,759	\$ 3,220,182
Due from other funds	8,220	1,581	-	-	-	-	-	-	8,220	1,581
Inventory, at cost	-	-	1,905,701	1,941,071	-	-	-	-	1,905,701	1,941,071
Total current assets	1,161,461	827,356	1,905,701	1,941,071	522,595	885,588	869,923	1,508,819	4,459,680	5,162,834
Noncurrent assets										
Capital assets, net	-	-	-	-	2,784,150	2,591,419	1,494,782	1,039,121	4,278,932	3,630,540
Deferred charges	-	-	-	-	7,396	8,331	-	-	7,396	8,331
Total noncurrent assets	-	-	-	-	2,791,546	2,599,750	1,494,782	1,039,121	4,286,328	3,638,871
Total assets	1,161,461	827,356	1,905,701	1,941,071	3,314,141	3,485,338	2,364,705	2,547,940	8,746,008	8,801,705
<b>LIABILITIES</b>										
Current liabilities										
Accounts payable	48,349	35,111	123,009	106,039	118,381	44,404	-	-	289,739	185,554
Claims payable	230,000	230,000	-	-	-	-	-	-	230,000	230,000
Accrued liabilities	-	-	-	-	10,421	9,753	-	3,514	10,421	13,267
Due to other funds	-	-	120,192	172,532	-	-	-	-	120,192	172,532
Advances from other funds	-	-	1,662,500	1,662,500	-	-	-	-	1,662,500	1,662,500
Current portion of notes and bonds	-	-	-	-	220,427	169,427	-	68,475	220,427	237,902
Accrued interest payable	-	-	-	-	3,476	3,760	-	-	3,476	3,760
Total current liabilities	278,349	265,111	1,905,701	1,941,071	352,705	227,344	-	71,989	2,536,755	2,505,515
Noncurrent liabilities										
Vacation benefits payable	-	-	-	-	33,906	36,443	-	-	33,906	36,443
Bonds payable	-	-	-	-	1,155,029	1,324,456	-	-	1,155,029	1,324,456
Total noncurrent liabilities	-	-	-	-	1,188,935	1,360,899	-	-	1,188,935	1,360,899
Total liabilities	278,349	265,111	1,905,701	1,941,071	1,541,640	1,588,243	-	71,989	3,725,690	3,866,414
<b>NET ASSETS</b>										
Invested in capital assets net of	-	-	-	-	1,459,694	1,097,536	1,494,782	970,646	2,954,476	2,068,182
Unrestricted	883,112	562,245	-	-	312,807	799,559	869,923	1,505,305	2,065,842	2,867,109
Total net assets	\$ 883,112	\$ 562,245	\$ -	\$ -	\$ 1,772,501	\$ 1,897,095	\$ 2,364,705	\$ 2,475,951	\$ 5,020,318	\$ 4,935,291

**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, 2005 and June 30, 2004**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2005	2004	2005	2004	2005	2004	2005	2004	June 30, 2005	June 30, 2004
<b>Operating revenues</b>										
Charges for services	\$ 2,434,330	\$ 477,001	\$ 2,259,796	\$ 1,928,863	\$ 2,642,110	\$ 2,505,545	\$ 52,209	\$ 187,133	\$ 7,388,445	\$ 5,098,542
Employer's contributions	2,350,124	2,221,011	-	-	-	-	-	-	2,350,124	2,221,011
Employees' contributions	680,393	638,858	-	-	-	-	-	-	680,393	638,858
Total operating revenues	5,464,847	3,336,870	2,259,796	1,928,863	2,642,110	2,505,545	52,209	187,133	10,418,962	7,958,411
<b>Operating expenses</b>										
Maintenance and administrative	-	-	-	-	1,621,712	1,545,800	-	-	1,621,712	1,545,800
Depreciation	-	-	-	-	634,702	775,115	164,443	160,157	799,145	935,272
Materials	-	-	2,259,796	1,928,863	500,369	493,098	-	-	2,760,165	2,421,961
Medical/liability claims	289,403	285,592	-	-	-	-	-	-	289,403	285,592
Insurance premiums	4,869,199	3,053,834	-	-	-	-	-	-	4,869,199	3,053,834
Total operating expenses	5,158,602	3,339,426	2,259,796	1,928,863	2,756,783	2,814,013	164,443	160,157	10,339,624	8,242,459
<b>Operating income (loss)</b>	306,245	(2,556)	-	-	(114,673)	(308,468)	(112,234)	26,976	79,338	(284,048)
<b>Nonoperating revenue (expense)</b>										
Gain on sale of capital assets	-	-	-	-	19,823	15,446	2,160	-	21,983	15,446
Interest revenue	14,622	8,013	-	-	15,082	9,337	-	-	29,704	17,350
Interest expense	-	-	-	-	(44,826)	(47,468)	(1,172)	(4,878)	(45,998)	(52,346)
Total nonoperating revenue (expense)	14,622	8,013	-	-	(9,921)	(22,685)	988	(4,878)	5,689	(19,550)
<b>Income (loss) before transfers and contribution</b>	320,867	5,457	-	-	(124,594)	(331,153)	(111,246)	22,098	85,027	(303,598)
Capital contributions	-	-	-	-	-	32,999	-	-	-	32,999
<b>Change in net assets</b>	320,867	5,457	-	-	(124,594)	(298,154)	(111,246)	22,098	85,027	(270,599)
<b>Total net assets - beginning</b>	562,245	556,788	-	-	1,897,095	2,195,249	2,475,951	2,453,853	4,935,291	5,205,890
<b>Total net assets - ending</b>	\$ 883,112	\$ 562,245	\$ -	\$ -	\$ 1,772,501	\$ 1,897,095	\$ 2,364,705	\$ 2,475,951	\$ 5,020,318	\$ 4,935,291

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Years Ended June 30, 2005 and June 30, 2004**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
<b>Operating activities</b>										
Cash received from customers	\$ 5,464,847	\$ 3,336,870	\$ 2,259,796	\$ 1,928,863	\$ 2,642,110	\$ 2,505,545	\$ 52,209	\$ 187,133	\$ 10,418,962	\$ 7,958,411
Cash paid to suppliers	(5,152,003)	(3,233,600)	(2,259,796)	(2,023,863)	(2,049,973)	(2,211,050)	(3,514)	(77,224)	(9,465,286)	(7,545,737)
<b>Net cash provided by (used in) operating activities</b>	312,844	103,270	-	(95,000)	592,137	294,495	48,695	109,909	953,676	412,674
<b>Noncapital financing activities</b>										
Advances from other funds	-	-	-	95,000	-	-	-	-	-	95,000
<b>Net cash provided (used) by noncapital financing activities</b>	-	-	-	95,000	-	-	-	-	-	95,000
<b>Capital and related financing activities</b>										
Capital contributed	-	-	-	-	-	32,999	-	-	-	32,999
Acquisition and construction of capital assets	-	-	-	-	(807,610)	(265,582)	(617,944)	(28,785)	(1,425,554)	(294,367)
Principal paid on long-term debt	-	-	-	-	(118,427)	(169,427)	(68,475)	(64,502)	(186,902)	(233,929)
Interest paid on long-term debt	-	-	-	-	(44,175)	(46,817)	(1,172)	(4,878)	(45,347)	(51,695)
<b>Net cash provided (used) by capital and related financing activities</b>	-	-	-	-	(970,212)	(448,827)	(687,591)	(98,165)	(1,657,803)	(546,992)
<b>Investing activities</b>										
Interest and dividends on investments	14,622	8,013	-	-	15,082	9,337	-	-	29,704	17,350
<b>Net cash provided (used) in investing activities</b>	14,622	8,013	-	-	15,082	9,337	-	-	29,704	17,350
<b>Net increase in cash and cash equivalents/investments</b>	327,466	111,283	-	-	(362,993)	(144,995)	(638,896)	11,744	(674,423)	(21,968)
<b>Cash and cash equivalents/investments</b>										
Beginning of year	825,775	714,492	-	-	885,588	1,030,583	1,508,819	1,497,075	3,220,182	3,242,150
<b>End of year</b>	\$ 1,153,241	\$ 825,775	\$ -	\$ -	\$ 522,595	\$ 885,588	\$ 869,923	\$ 1,508,819	\$ 2,545,759	\$ 3,220,182

**CITY OF OAK RIDGE, TENNESSEE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Years Ended June 30, 2005 and June 30, 2004**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2005	2004	2005	2004	2005	2004	2005	2004	June 30, 2005	June 30, 2004
\$ 306,245	\$ (2,556)	\$ -	\$ -	\$ -	\$ (114,673)	\$ (308,468)	\$ (112,234)	\$ 26,976	\$ 79,338	\$ (284,048)
-	-	-	-	-	634,702	775,115	164,443	160,157	799,145	935,272
(6,639)	(1,581)	-	-	-	-	-	-	-	(6,639)	(1,581)
13,238	17,407	35,370	(210,942)	-	-	-	-	-	35,370	(210,942)
-	90,000	16,970	(4,688)	73,977	45,541	-	-	(73,912)	104,185	(15,652)
-	-	-	-	-	-	-	-	-	-	90,000
-	-	-	-	-	668	2,348	(3,514)	(3,312)	(2,846)	(964)
-	-	(52,340)	120,630	-	(223,129)	3,088	-	-	(52,340)	(102,499)
-	-	-	-	-	(2,537)	3,088	-	-	(2,537)	3,088
6,599	105,826	-	(95,000)	706,810	602,963	160,929	82,933	874,338	696,772	
\$ 312,844	\$ 103,270	\$ -	\$ (95,000)	\$ 592,137	\$ 294,495	\$ 48,695	\$ 109,909	\$ 953,676	\$ 412,674	

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

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 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, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 1,566,287
Receivables, net	14,990,628	14,878,082
Due from other funds	8,003,396	3,653,765
Due from other governments	1,636,667	1,681,979
Advances to other funds	112,500	112,500
Prepaid items	-	4,800
Total assets	<u>\$ 24,743,191</u>	<u>\$ 21,897,413</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 3,172,587	\$ 259,776
Accrued liabilities	375,609	332,375
Deposits	432,989	345,052
Due to other funds	180,627	215,743
Due to other governments	99,315	37,510
Deferred revenue	15,367,970	15,268,313
Total liabilities	<u>19,629,097</u>	<u>16,458,769</u>
Fund balances:		
Reserved for encumbrances	341,339	410,454
Reserved for advances to other funds	112,500	112,500
Undesignated	4,660,255	4,915,690
Total fund balances	<u>5,114,094</u>	<u>5,438,644</u>
Total liabilities and fund balances	<u>\$ 24,743,191</u>	<u>\$ 21,897,413</u>

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2005**

	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>TAXES</u></b>			
<b><u>General Property Taxes</u></b>			
Real Property	\$ 13,641,339	\$ 13,779,000	\$ (137,661)
Personal Property	1,409,926	1,358,000	51,926
Public Utilities	289,762	270,000	19,762
Interest & Penalties	<u>188,575</u>	<u>110,000</u>	<u>78,575</u>
Total General Property Taxes	<u>15,529,602</u>	<u>15,517,000</u>	<u>12,602</u>
<b><u>Other Property Taxes</u></b>			
Other than assessed	51,815	21,000	30,815
Tax Equiv. - Electric Fund	1,200,507	1,246,687	(46,180)
Tax Equiv. - Waterworks Fund	<u>1,308,047</u>	<u>1,280,795</u>	<u>27,252</u>
Total Other Property Taxes	<u>2,560,369</u>	<u>2,548,482</u>	<u>11,887</u>
<b><u>Gross Receipts Taxes</u></b>			
Beer Wholesale	556,596	540,000	16,596
Liquor Wholesale	205,309	190,000	15,309
Sales Tax - Local	222,094	202,000	20,094
Min. & Gross Receipts	805,057	800,000	5,057
Pen. & Int. on Bus. Tax	9,769	8,000	1,769
Rec. Fee on Bus. Tax	<u>26,892</u>	<u>-</u>	<u>26,892</u>
Total Gross Receipts Taxes	<u>1,825,717</u>	<u>1,740,000</u>	<u>85,717</u>
<b>TOTAL TAXES</b>	<b><u>19,915,688</u></b>	<b><u>19,805,482</u></b>	<b><u>110,206</u></b>
<b><u>LICENSES &amp; PERMITS</u></b>			
Retail Beer	7,650	20,000	(12,350)
Liquor Licenses & Permits	11,840	-	11,840
Bldg., Zoning & Exam.	256,825	125,000	131,825
Electrical & Exam.	20,150	26,000	(5,850)
Plumbing Exam.	21,805	22,000	(195)
Grading and Zoning Permits	9,884	-	9,884
Animal Registration	11,576	17,000	(5,424)
Other Licenses & Permits	<u>1,072</u>	<u>10,000</u>	<u>(8,928)</u>
<b>TOTAL LICENSES &amp; PERMITS</b>	<b><u>340,802</u></b>	<b><u>220,000</u></b>	<b><u>120,802</u></b>
<b><u>INTERGOVERNMENTAL</u></b>			
<b><u>State Shared</u></b>			
Sales Tax	1,668,873	1,638,000	30,873
Income Tax	274,127	323,000	(48,873)
Excise Tax	74,653	40,000	34,653
Beer Barrelage	13,428	15,000	(1,572)
Mixed Drink Tax	77,907	73,000	4,907
<b><u>County Shared</u></b>			
Sales Tax - Roane	1,275,338	1,002,000	273,338
Sales Tax - Anderson	5,902,095	6,095,000	(192,905)
Sales Tax - Refunds	(176,000)	-	(176,000)
<b>State Grants in Aid</b>	<b>935</b>	<b>-</b>	<b>935</b>
<b><u>Federal</u></b>			
TVA Replacement	197,236	185,000	12,236
DOE In-Lieu of Taxes	<u>1,265,963</u>	<u>1,266,995</u>	<u>(1,032)</u>
<b>TOTAL INTERGOVERNMENTAL</b>	<b><u>\$ 10,574,555</u></b>	<b><u>\$ 10,637,995</u></b>	<b><u>\$ (63,440)</u></b>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2005**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
Repro. of Maps & Documents	\$ 1,384	\$ 35,000	\$ (33,616)
General & Admin. Cost	31,473	20,000	11,473
<u>Public Safety</u>			
Police and Fire Reports	38,205	-	38,205
Animal Shelter Fees	29,331	38,000	(8,669)
<u>Library</u>			
Lost Library Books	2,583	3,000	(417)
Total General Services	<u>102,976</u>	<u>96,000</u>	<u>6,976</u>
<u>Use of Property</u>			
Youth and Adult Activities	8,570	10,000	(1,430)
Outdoor Pool	66,948	75,000	(8,052)
Indoor Pool	62,422	55,000	7,422
Rental of Lands	87,648	125,000	(37,352)
Marina Rental	6,050	-	6,050
Restaurant Rental	28,020	-	28,020
Community Centers Rental	25,943	25,000	943
Total Use of Property	<u>285,601</u>	<u>290,000</u>	<u>(4,399)</u>
TOTAL CHARGES FOR SERVICES	<u>388,577</u>	<u>386,000</u>	<u>2,577</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	66,220	70,000	(3,780)
City Court Costs	33,247	40,000	(6,753)
Bail Forfeitures	80,798	165,000	(84,202)
Misc. Court Revenues	6,117	4,000	2,117
Library Fines	52,121	60,000	(7,879)
TOTAL FINES AND FORFEITURES	<u>238,503</u>	<u>339,000</u>	<u>(100,497)</u>
<u>INTEREST</u>	<u>137,567</u>	<u>100,000</u>	<u>37,567</u>
<u>OTHER REVENUES</u>			
CATV Franchise	312,587	280,000	32,587
Right Of Way	60,000	60,000	-
Miscellaneous	18,371	2,500	15,871
TOTAL OTHER REVENUES	<u>390,122</u>	<u>342,500</u>	<u>47,622</u>
TOTAL REVENUES	<u>\$ 31,985,814</u>	<u>\$ 31,830,977</u>	<u>\$ 154,837</u>

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2005**

	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	\$ 106,823	\$ (10,510)	\$ 96,313	\$ 75,466	\$ (20,847)
Total Legislative	<u>106,823</u>	<u>(10,510)</u>	<u>96,313</u>	<u>75,466</u>	<u>(20,847)</u>
<u>Executive</u>					
City Clerk	100,474	(5,000)	95,474	108,844	13,370
City Manager	245,369	(11,666)	233,703	221,534	(12,169)
Total Executive	<u>345,843</u>	<u>(16,666)</u>	<u>329,177</u>	<u>330,378</u>	<u>1,201</u>
<u>Judicial</u>					
Legal	178,561	(4,100)	174,461	177,881	3,420
City Court	111,865	(1,200)	110,665	109,979	(686)
Total Judicial	<u>290,426</u>	<u>(5,300)</u>	<u>285,126</u>	<u>287,860</u>	<u>2,734</u>
<b>TOTAL GENERAL GOVERNMENT</b>	<u>743,092</u>	<u>(32,476)</u>	<u>710,616</u>	<u>693,704</u>	<u>(16,912)</u>
 <b>ADMINISTRATION:</b>					
Computer Services	206,536	-	206,536	217,270	10,734
Personnel	165,485	-	165,485	199,946	34,461
Stationery Stores	84,429	-	84,429	80,829	(3,600)
Finance	162,212	(4,000)	158,212	144,585	(13,627)
Utilities Business Office	64,191	(10,000)	54,191	59,812	5,621
<b>TOTAL ADMINISTRATION</b>	<u>682,853</u>	<u>(14,000)</u>	<u>668,853</u>	<u>702,442</u>	<u>33,589</u>
 <b>PUBLIC SAFETY:</b>					
<u>Police</u>					
Supervision	179,414	-	179,414	176,477	(2,937)
Investigations	567,851	-	567,851	517,698	(50,153)
Staff Services	371,139	-	371,139	384,871	13,732
Patrol	2,649,055	(19,873)	2,629,182	2,715,076	85,894
Emergency Communications	215,109	-	215,109	235,869	20,760
Animal Control	222,960	-	222,960	222,921	(39)
School Resource Officer Program	127,779	-	127,779	117,773	(10,006)
Total Police	<u>\$ 4,333,307</u>	<u>\$ (19,873)</u>	<u>\$ 4,313,434</u>	<u>\$ 4,370,685</u>	<u>\$ 57,251</u>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2005**

	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	\$ 172,431	-	\$ 172,431	\$ 169,982	\$ (2,449)
Prevention	109,613	-	109,613	103,536	(6,077)
Firefighting	3,021,118	-	3,021,118	2,942,606	(78,512)
Fire Stations	97,039	-	97,039	87,151	(9,888)
Fire Specialists	135,922	-	135,922	156,957	21,035
Total Fire	<u>3,536,123</u>	<u>-</u>	<u>3,536,123</u>	<u>3,460,232</u>	<u>(75,891)</u>
<b>TOTAL PUBLIC SAFETY</b>	<u>7,869,430</u>	<u>(19,873)</u>	<u>7,849,557</u>	<u>7,830,917</u>	<u>(18,640)</u>
<b><u>PUBLIC WORKS:</u></b>					
Supervision	71,698	(5,000)	66,698	79,818	13,120
Engineering	149,954	5,000	154,954	157,768	2,814
State Highway Maintenance	55,564	-	55,564	55,809	245
General Maintenance	172,627	25,000	197,627	205,920	8,293
Central Service Building	85,376	19,000	104,376	105,140	764
Municipal Building	131,568	(500)	131,068	130,920	(148)
Traffic Control and Lights	921,295	-	921,295	954,480	33,185
<b>TOTAL PUBLIC WORKS</b>	<u>1,588,082</u>	<u>43,500</u>	<u>1,631,582</u>	<u>1,689,855</u>	<u>58,273</u>
<b><u>COMMUNITY SERVICES:</u></b>					
<b><u>Community Development</u></b>					
Supervision	110,025	-	110,025	112,892	2,867
Planning	94,174	-	94,174	94,390	216
Office of Neighborhood Development	299,173	(1,332)	297,841	307,808	9,967
Total Community Development	<u>503,372</u>	<u>(1,332)</u>	<u>502,040</u>	<u>515,090</u>	<u>13,050</u>
<b><u>Recreation</u></b>					
Supervision	251,743	-	251,743	251,960	217
Indoor Aquatics	163,725	(9,687)	154,038	180,288	26,250
Outdoor Aquatics	245,171	(4,276)	240,895	219,010	(21,885)
Centers, Camps & Programs	605,314	(6,014)	599,300	591,467	(7,833)
Athletics	53,032	(1,236)	51,796	62,699	10,903
Parks	614,689	2,813	617,502	620,779	3,277
Senior Center	377,799	(7,529)	370,270	359,639	(10,631)
Total Recreation	<u>2,311,473</u>	<u>(25,929)</u>	<u>2,285,544</u>	<u>2,285,842</u>	<u>298</u>
<b>Library</b>	<u>1,108,651</u>	<u>(19,006)</u>	<u>1,089,645</u>	<u>1,113,265</u>	<u>23,620</u>
<b>TOTAL COMMUNITY SERVICES</b>	<u>3,923,496</u>	<u>(46,267)</u>	<u>3,877,229</u>	<u>3,914,197</u>	<u>36,968</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 14,806,953</u>	<u>\$ (69,116)</u>	<u>\$ 14,737,837</u>	<u>\$ 14,831,115</u>	<u>\$ 93,278</u>

**CITY OF OAK RIDGE, TENNESSEE  
SCHOOL FUND  
COMPARATIVE BALANCE SHEET  
June 30, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,968,446	\$ 5,581,287
Receivables, net	579,813	140,452
Due from other governments	893,481	1,542,162
Prepaid items	13,386	6,778
Total assets	\$ 7,455,126	\$ 7,270,679
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 436,493	\$ 364,268
Accrued liabilities	2,670,072	2,521,835
Due to other governments	170,500	350,572
Deferred revenue	11,944	29,362
Total liabilities	3,289,009	3,266,037
Fund balances:		
Reserved for special programs	55,334	49,221
Reserved for encumbrances	52,115	191,161
Reserved - prepaid expenditures	13,386	-
Subsequent years' expenditures	27,060	63,316
Undesignated	4,018,222	3,700,944
Total fund balances	4,166,117	4,004,642
Total liabilities and fund balances	\$ 7,455,126	\$ 7,270,679

**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, 2005**

	<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	\$ 29,331,291	\$ -	\$ 29,331,291	\$ 28,988,441	\$ 342,850
Charges for services	1,669,657	-	1,669,657	1,699,698	(30,041)
Other	373,870	-	373,870	390,503	(16,633)
Total revenues	<u>31,374,818</u>	<u>-</u>	<u>31,374,818</u>	<u>31,078,642</u>	<u>296,176</u>
<b>Expenditures</b>					
Current:					
Education	42,399,884	(139,046)	42,260,838	42,884,220	623,382
Total expenditures	<u>42,399,884</u>	<u>(139,046)</u>	<u>42,260,838</u>	<u>42,884,220</u>	<u>623,382</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(11,025,066)</u>	<u>139,046</u>	<u>(10,886,020)</u>	<u>(11,805,578)</u>	<u>919,558</u>
<b>Other financing sources (uses)</b>					
Transfers in	11,186,541	-	11,186,541	11,186,541	-
Total other financing sources (uses)	<u>11,186,541</u>	<u>-</u>	<u>11,186,541</u>	<u>11,186,541</u>	<u>-</u>
<b>Net change in fund balances</b>	161,475	139,046	300,521	(619,037)	919,558
<b>Fund balance - beginning</b>	<u>4,004,642</u>	<u>-</u>	<u>4,004,642</u>	<u>4,004,642</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 4,166,117</u>	<u>\$ 139,046</u>	<u>\$ 4,305,163</u>	<u>\$ 3,385,605</u>	<u>\$ 919,558</u>

**CITY OF OAK RIDGE, TENNESSEE  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,449,024	\$ 4,584,405
Due from other governments	136,875	-
Prepaid items	134,101	461
Restricted assets - construction account	<u>31,250,750</u>	<u>-</u>
Total assets	<u>\$ 34,970,750</u>	<u>\$ 4,584,866</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 1,060,893	\$ 93,707
Due to other funds	784,363	164,054
Due to other governments	<u>461,796</u>	<u>1,068,678</u>
Total liabilities	<u>2,307,052</u>	<u>1,326,439</u>
Fund balances:		
Reserved for special programs	-	456
Reserved for encumbrances	1,989,021	833,881
Reserved - prepaid expenditures	134,101	-
Reserved for capital outlay	31,250,750	-
Designated for capital projects	<u>(710,174)</u>	<u>2,424,090</u>
Total fund balances	<u>32,663,698</u>	<u>3,258,427</u>
 Total liabilities and fund balances	 <u>\$ 34,970,750</u>	 <u>\$ 4,584,866</u>

**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, 2005**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Adjustment to Budgetary Basis</b>	<b>Actual on Budgetary Basis</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
Intergovernmental	\$ 376,240	\$ 376,240	\$ 136,875	\$ -	\$ 136,875	\$ (239,365)
Interest	25,000	25,000	364,139	-	364,139	339,139
Other	2,000,000	2,000,000	-	-	-	(2,000,000)
Total revenues	<u>2,401,240</u>	<u>2,401,240</u>	<u>501,014</u>	<u>-</u>	<u>501,014</u>	<u>(1,900,226)</u>
<b>Expenditures</b>						
Current:						
Capital outlay	6,897,624	6,897,624	3,917,565	1,289,240	5,206,805	1,690,819
Bond issuance costs	-	-	437,420	-	(437,420)	-
Total expenditures	<u>6,897,624</u>	<u>6,897,624</u>	<u>4,354,985</u>	<u>1,289,240</u>	<u>4,769,385</u>	<u>1,690,819</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(4,496,384)</u>	<u>(4,496,384)</u>	<u>(3,853,971)</u>	<u>(1,289,240)</u>	<u>(4,268,371)</u>	<u>(209,407)</u>
<b>Other financing sources (uses)</b>						
Transfers in	1,080,000	1,080,000	1,080,000	-	1,080,000	-
Transfers out	(200,000)	(200,000)	(353,821)	-	(353,821)	(153,821)
Bond issuance	2,000,000	2,000,000	32,049,360	-	32,049,360	30,049,360
Bond premiums	-	-	483,703	-	483,703	-
Total other financing sources (uses)	<u>2,880,000</u>	<u>2,880,000</u>	<u>33,259,242</u>	<u>-</u>	<u>33,259,242</u>	<u>29,895,539</u>
<b>Net change in fund balances</b>	(1,616,384)	(1,616,384)	29,405,271	(1,289,240)	28,990,871	29,686,132
<b>Fund balance - beginning</b>	<u>3,258,427</u>	<u>3,258,427</u>	<u>3,258,427</u>	<u>-</u>	<u>3,258,427</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,642,043</u>	<u>\$ 1,642,043</u>	<u>\$ 32,663,698</u>	<u>\$ (1,289,240)</u>	<u>\$ 32,249,298</u>	<u>\$ 29,686,132</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE(1)**  
**June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Governmental funds capital assets:		
Land	\$ 2,290,909	\$ 2,188,961
Construction in progress	2,833,590	181,244
Buildings	54,929,890	54,752,471
Improvements other than buildings	27,489,083	26,778,428
Infrastructure	35,747,340	28,818,490
Machinery and equipment	<u>4,155,287</u>	<u>4,200,000</u>
Total governmental funds capital assets:	<u>\$ 127,446,099</u>	<u>\$ 116,919,594</u>
Investments in governmental fund capital assets:		
Total investment in governmental funds capital assets:	<u>\$ 127,446,099</u>	<u>\$ 116,919,594</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 BY FUNCTION AND ACTIVITY (1)**  
**June 30, 2005**

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	19,228	-	-	-	-	-	19,228
<b>Administration:</b>							
Data Services	12,445	-	-	-	-	-	12,445
Finance	26,424	-	-	-	-	-	26,424
Total Administration	38,869	-	-	-	-	-	38,869
<b>Public Safety:</b>							
Police	1,224,563	122	-	146,413	10,044	-	1,067,984
Fire	1,674,188	11,087	-	1,515,713	101,540	-	45,848
Total Public Safety	2,898,751	11,209	-	1,662,126	111,584	-	1,113,832
<b>Public Works:</b>							
Engineering	9,952	-	-	-	-	-	9,952
Municipal Building	2,014,957	534	-	1,760,535	132,694	-	121,194
Central Service Center Complex	13,155,636	626,139	-	12,529,497	-	-	-
Other Buildings	86,355	29,049	-	57,306	-	-	-
Streets, Sidewalks, and Stormwater Maintenance	36,571,612	824,272	-	-	-	35,747,340	-
Maintenance	7,321	-	-	-	-	-	7,321
Total Public Works	51,845,833	1,479,994	-	14,347,338	132,694	35,747,340	138,467
<b>Community Services &amp; Development:</b>							
Planning	5,949	-	-	-	-	-	5,949
Economic Development	1,729,535	197,899	-	1,251,044	280,592	-	-
Recreation & Parks	12,156,813	445,452	-	7,214,050	4,472,781	-	24,530
Library	1,264,719	-	-	878,875	21,996	-	363,848
Total Community Services	15,157,016	643,351	-	9,343,969	4,775,369	-	394,327
Education	57,486,402	156,355	2,833,590	29,576,457	22,469,436	-	2,450,564
Total Governmental Fund Capital Assets	\$ 127,446,099	\$ 2,290,909	\$ 2,833,590	\$ 54,929,890	\$ 27,489,083	\$ 35,747,340	\$ 4,155,287

(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, 2005**

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Executive	\$ 9,728	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
Administration:				
Data Services	12,445	-	-	12,445
Finance	26,424	-	-	26,424
Total Administration	<u>38,869</u>	<u>-</u>	<u>-</u>	<u>38,869</u>
Public Safety:				
Police	1,224,563	-	-	1,224,563
Fire	1,674,188	-	-	1,674,188
Total Public Safety	<u>2,898,751</u>	<u>-</u>	<u>-</u>	<u>2,898,751</u>
Public Works:				
Engineering	9,952	-	-	9,952
Municipal Building	1,981,842	33,115	-	2,014,957
Central Service Center Complex	13,155,636	-	-	13,155,636
Other Buildings	86,355	-	-	86,355
Streets, Sidewalks, and Stormwater Maintenance	29,475,883	7,095,729	-	36,571,612
Maintenance	7,321	-	-	7,321
Total Public Works	<u>44,716,989</u>	<u>7,128,844</u>	<u>-</u>	<u>51,845,833</u>
Community Services & Development:				
Planning	5,949	-	-	5,949
Economic Development	1,794,466	-	64,931	1,729,535
Recreation & Parks	11,696,711	460,102	-	12,156,813
Library	1,255,039	9,680	-	1,264,719
Total Community Services	<u>14,752,165</u>	<u>469,782</u>	<u>64,931</u>	<u>15,157,016</u>
Education	54,493,592	3,263,596	270,786	57,486,402
Total Governmental Fund Capital Assets	<u>\$ 116,919,594</u>	<u>\$ 10,862,222</u>	<u>\$ 335,717</u>	<u>\$ 127,446,099</u>

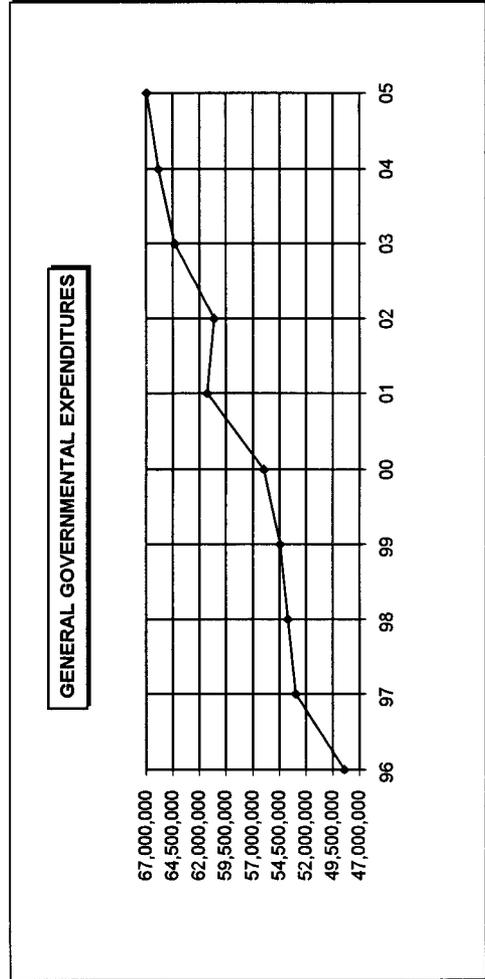
(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement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

CITY OF OAK RIDGE, TENNESSEE

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

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Expenditures:</b>										
General Government	\$ 463,049	\$ 455,046	\$ 506,416	\$ 601,652	\$ 500,225	\$ 532,967	\$ 735,874	\$ 668,580	\$ 653,026	\$ 743,092
Administration	546,719	701,924	568,489	647,496	652,626	633,336	637,149	684,778	625,253	682,853
Public Safety	5,538,542	5,770,000	6,397,020	6,612,607	7,106,905	7,160,283	7,477,238	7,888,433	7,567,199	7,971,991
Public Works	2,585,906	2,964,343	2,555,642	2,692,532	2,748,497	2,775,844	2,505,253	2,621,163	3,006,575	3,149,133
Community Services	4,617,462	5,052,556	5,498,965	5,700,028	6,214,930	6,331,493	6,747,811	7,521,630	7,950,349	7,877,890
Education	31,914,788	33,743,502	33,648,120	34,340,158	34,257,433	36,369,497	37,825,252	38,985,004	41,392,925	42,399,884
Capital Outlay	351,375	1,231,309	634,297	16,567	-	2,241,618	97,165	2,114,144	987,800	23,614
Debt Service	2,244,505	2,878,798	3,705,327	3,756,332	4,322,082	5,073,054	4,311,350	3,867,992	3,641,517	4,089,304
Operating Transfers Out - to component units	127,003	167,349	161,664	73,000	150,000	196,719	296,202	-	-	-
<b>Total Expenditures</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>\$ 64,351,724</b>	<b>\$ 65,824,644</b>	<b>\$ 66,937,761</b>

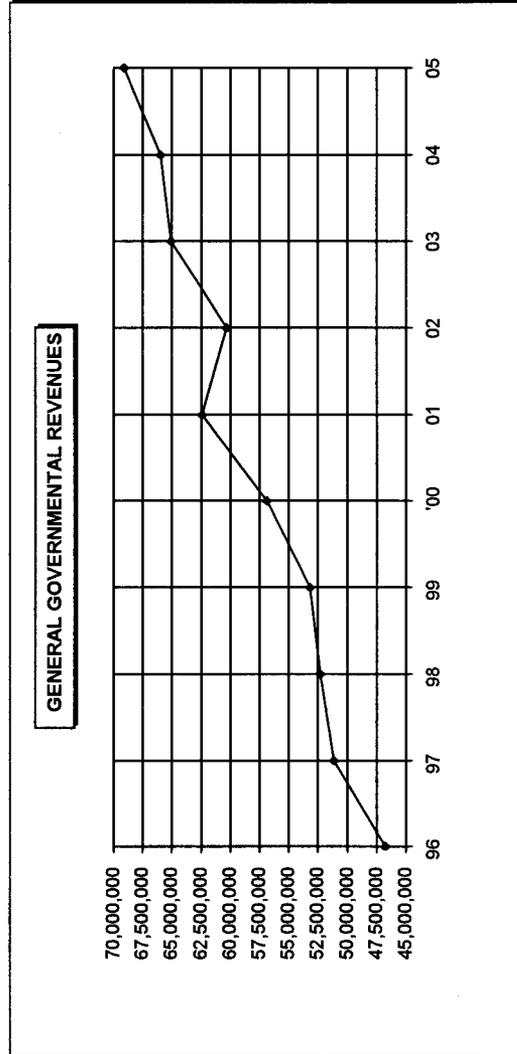
\*Includes General, Special Revenue and Debt Service Funds.



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

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Revenues:</b>										
Taxes	\$ 10,681,625	\$ 11,976,651	\$ 12,691,156	\$ 13,428,755	\$ 15,102,649	\$ 16,753,443	\$ 17,442,567	\$ 19,776,290	\$ 19,497,314	\$ 22,122,240
Licenses and Permits	155,618	116,750	143,627	141,617	251,324	223,135	173,790	197,357	173,514	340,802
Intergovernmental	32,320,132	34,434,602	34,829,158	34,442,298	35,756,766	38,905,204	37,947,915	39,887,937	41,485,191	41,418,831
Charges for Services	2,049,809	3,003,413	2,949,076	3,552,269	3,473,407	3,486,933	3,505,195	3,493,647	3,597,812	3,760,492
Fines and Forfeitures	406,688	368,837	443,673	444,899	329,798	380,438	315,880	356,599	397,281	283,826
Interest	830,704	908,420	935,597	849,219	1,017,194	987,737	436,378	164,236	115,683	235,323
Other	312,566	353,666	292,161	346,035	969,631	1,660,284	504,319	1,179,774	701,033	958,272
<b>Total Revenues</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>	<b>\$ 65,967,828</b>	<b>\$ 69,119,786</b>

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



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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Total Collections as Percentage of Tax Levy	Outstanding Delinquent Taxes (2)	Outstanding Delinquent Taxes as Percentage of Tax Levy
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%
2004	15,059,042	14,460,793	96%	262,348	14,723,141	98%	837,127	6%
2005	15,515,718	14,934,125	96%	522,534	15,456,659	100%	641,836	4%

Note:

- (1) Each amount includes collections for any prior year's delinquent taxes received in the year presented.
- (2) On September 20, 2004, City Council authorized the Anderson County Delinquent Tax Attorney to collect City of Oak Ridge delinquent real property taxes in consolidation with the collection of Anderson County delinquent taxes. As real property becomes eligible for a delinquent property tax sale under Tennessee State law, the City is turning those delinquencies over to the Anderson County Delinquent Tax Attorney for collection.

**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	
1996	\$ 361,427,703	\$ 1,201,690,700	\$ 32,524,330	\$ 108,414,433	\$ 16,339,725	\$ 29,708,590	\$ 410,291,758	\$ 1,339,813,723	31%
1997	369,397,050	1,225,056,500	36,707,763	122,359,210	19,080,767	34,692,304	425,185,580	1,382,108,014	31%
1998	371,299,256	1,234,949,502	39,346,941	131,172,126	12,087,566 (3)	21,977,393 (3)	422,733,763	1,388,099,021	30%
1999	439,574,710 (2)	1,488,553,300 (2)	46,459,688 (2)	154,865,627 (2)	15,617,983 (2)	28,396,333 (2)	501,652,381 (2)	1,671,815,260 (2)	30%
2000	443,329,438	1,491,097,145	48,111,477	160,371,590	15,549,682	28,272,151	506,990,597	1,679,740,886	30%
2001	443,712,065	1,503,891,804	46,228,403	154,094,464	14,732,079	26,785,601	504,672,547	1,684,771,869	30%
2002	452,459,608	1,532,308,228	47,009,498	156,698,171	12,948,598	23,542,906	512,417,704	1,712,549,305	30%
2003	454,787,962	1,541,654,110	46,245,603	154,152,010	11,449,272	20,816,860	512,482,837	1,716,622,980	30%
2004	466,890,078	1,576,995,410	48,281,222	160,937,406	9,534,000	17,334,546	524,705,300	1,755,267,362	30%
2005	479,769,525	1,610,022,500	50,694,286	175,377,996	10,153,540	18,460,944	540,617,351	1,803,861,440	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, 2005**

Tax Year (1)	Property Taxes Receivable At June 30, 2004	Add Taxes Levied	Deduct Collections	Net Adjustments	Property Taxes Receivable At June 30, 2005	Deduct Allowance for Uncollectable	Net Property Taxes Receivable At June 30, 2005
2005 (1)	\$ -	\$ 15,485,578	\$ 1,635,098	\$ (81,119)	\$ 13,769,361	\$ 51,640	\$ 13,717,721
2004	13,603,660	291,406	13,284,952	(46,954)	563,160	194,375	368,785
2003	598,249	-	240,531	28,948	386,666	228,000	158,666
2002	335,109	-	163,019	34,590	206,680	199,950	6,730
2001	242,804	-	99,850	18,484	161,438	132,820	28,618
2000	166,861	-	10,831	1,931	150,137	131,765	18,372
1999	193,417	-	23,956	(234)	182,352	149,610	32,742
1998	54,338	-	1,928	(1,037)	30,382	12,790	17,592
1997	12,689	-	1,553	-	9,724	4,175	5,549
1996	8,270	-	629	-	6,717	2,553	4,164
1995	4,747	-	603	-	4,118	3,500	618
1994	2,049	-	466	(500)	1,446	1,446	-
1993	1,553	-	-	-	587	587	-
<b>Total</b>	<b>\$ 15,223,746</b>	<b>\$ 15,776,984</b>	<b>\$ 15,482,071</b>	<b>\$ (45,891)</b>	<b>\$ 15,472,768</b>	<b>\$ 1,113,211</b>	<b>\$ 14,359,557</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.

Table 6

## 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
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
2004	2.87	3.14	6.01	2.87	2.445	5.315
2005	2.87	3.22	6.09	2.87	2.445	5.315

Note: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane. Approximately 11 percent of the taxable real parcels (1,372 of 12,019) 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 - 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
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
2004	27,387	524,705,300	49,403,008	1,720,796	47,682,212	9.09%	1,741
2005	27,387	540,617,351	78,862,318	3,886,972	74,975,346	13.87%	2,738

\*Source: U.S. Census

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

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

Table 8

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

<u>INDEBTEDNESS</u>	2001	2002	2003	2004	2005
<b>GENERAL OBLIGATION DEBT:</b>					
General Obligation Bonds	\$ 29,515,000	\$ 27,235,000	\$ 29,176,000	\$ 27,141,000	\$ 40,046,000
Qualified Zone Academy Bonds (QZAB)	0	0	0	0	7,049,360
Capital Outlay Notes	160,592	82,255	0	0	0
Tennessee Municipal Bond Fund Loan	1,167,296	1,143,483	725,028	1,473,765	1,422,765
TN-LOANS	21,783,000	21,783,000	18,570,000	18,570,000	28,570,000
General Obligation Bonds City Equipment Replacement Rental Fund	2,000,890	1,876,991	1,669,000	1,499,000	1,329,000
Capital Leases	250,968	193,735	132,977	719,243	445,193
<b>TOTAL GENERAL OBLIGATION DEBT</b>	<b>54,877,746</b>	<b>52,314,464</b>	<b>50,273,005</b>	<b>49,403,008</b>	<b>78,862,318</b>
<b>REVENUE SUPPORTED DEBT:</b>					
Waterworks Fund General Obligation Bonds	0	0	5,125,000	4,800,000	4,470,000
Waterworks Fund TLDA Bonds and Notes	130,370	117,921	104,846	91,205	76,797
Waterworks Fund Tennessee Municipal Bond Fund Loan	5,754,204	6,493,316	4,174,572	4,365,739	5,517,735
Waterworks Fund TN-LOANS	2,432,000	2,432,000	0	0	0
Waterworks Fund State Revolving Program Loan	12,419,047	14,527,214	14,718,277	15,413,645	16,332,989
Golf Course Fund Bonds	7,050,000	6,965,000	6,800,000	6,625,000	6,445,000
Electric Fund Bonds	6,020,000	5,745,000	11,980,000	11,170,000	10,350,000
Electric TN-LOANS	13,045,056	15,767,348	10,380,000	10,380,000	10,380,000
<b>TOTAL REVENUE SUPPORTED DEBT</b>	<b>46,850,677</b>	<b>52,047,799</b>	<b>53,282,695</b>	<b>52,865,589</b>	<b>53,572,521</b>
<b>TOTAL LONG-TERM DEBT</b>	<b>101,728,423</b>	<b>104,362,263</b>	<b>103,555,700</b>	<b>102,268,597</b>	<b>132,434,839</b>
Less: Debt Service Fund	(85,765)	(783,398)	(1,239,747)	(1,720,796)	(3,886,972)
Less: Revenue Supported	(46,850,677)	(52,047,799)	(53,282,695)	(52,865,589)	(53,572,521)
<b>NET GENERAL OBLIGATION DEBT</b>	<b>54,791,981</b>	<b>51,531,066</b>	<b>49,033,258</b>	<b>47,682,212</b>	<b>74,975,346</b>
<b>OVERLAPPING DEBT - (1)</b>	<b>10,358,037</b>	<b>8,970,008</b>	<b>9,906,522</b>	<b>14,945,752</b>	<b>15,270,314</b>
<b>NET GENERAL OBLIGATION &amp; OVERLAPPING DEBT</b>	<b>\$ 65,150,018</b>	<b>\$ 60,501,074</b>	<b>\$ 58,939,780</b>	<b>\$ 62,627,964</b>	<b>\$ 90,245,660</b>
<b>TOTAL PROPERTY TAXES</b>					
Actual Value	\$ 1,782,261,577	\$ 1,864,303,620	\$ 1,868,738,276	\$ 1,910,807,056	\$ 2,056,620,043
Appraised Value	1,684,771,869	1,712,549,305	1,716,622,980	1,755,267,362	1,803,861,440
Assessed Value	504,672,547	512,417,704	512,482,837	524,705,300	540,617,351

(Continued)

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

	2001	2002	2003	2004	2005
<b>DEBT RATIOS</b>					
TOTAL LONG TERM DEBT to Actual Value	5.71%	5.60%	5.54%	5.35%	6.44%
TOTAL LONG TERM DEBT to Appraised Value	6.04%	6.09%	6.03%	5.83%	7.34%
TOTAL LONG TERM DEBT to Assessed Value	20.16%	20.37%	20.21%	19.49%	24.50%
NET GENERAL OBLIGATION DEBT to Actual Value	3.07%	2.76%	2.62%	2.50%	3.65%
NET GENERAL OBLIGATION DEBT to Appraised Value	3.25%	3.01%	2.86%	2.72%	4.16%
NET GENERAL OBLIGATION DEBT to Assessed Value	10.86%	10.06%	9.57%	9.09%	13.87%
OVERLAPPING DEBT to Actual Value	0.58%	0.48%	0.53%	0.78%	0.74%
OVERLAPPING DEBT to Appraised Value	0.61%	0.52%	0.58%	0.85%	0.85%
OVERLAPPING DEBT to Assessed Value	2.05%	1.75%	1.93%	2.85%	2.82%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Actual Value	3.66%	3.25%	3.15%	3.28%	4.39%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Appraised Value	3.87%	3.53%	3.43%	3.57%	5.00%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Assessed Value	12.91%	11.81%	11.50%	11.94%	16.69%
<b>PER CAPITA RATIOS</b>					
POPULATION (2)	27,387	27,387	27,387	27,387	27,387
PER CAPITA PERSONAL INCOME (2)	\$ 25,982	\$ 26,889	\$ 27,668	\$ 27,668	\$ 27,668
Actual Value to POPULATION	\$ 65,077	\$ 68,073	\$ 68,235	\$ 69,771	\$ 75,095
Assessed Value to POPULATION	\$ 18,427	\$ 18,710	\$ 18,713	\$ 19,159	\$ 19,740
TOTAL LONG TERM DEBT to POPULATION	\$ 3,714	\$ 3,811	\$ 3,781	\$ 3,734	\$ 4,836
NET GENERAL OBLIGATION DEBT to POPULATION	\$ 2,001	\$ 1,882	\$ 1,790	\$ 1,741	\$ 2,738
OVERLAPPING DEBT to POPULATION	\$ 378	\$ 328	\$ 362	\$ 546	\$ 558
NET GENERAL OBLIGATION & OVERLAPPING DEBT to POPULATION	\$ 2,379	\$ 2,209	\$ 2,152	\$ 2,287	\$ 3,295
Total Long-Term Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	14.30%	14.17%	13.67%	13.50%	17.48%
NET GENERAL OBLIGATION DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	7.70%	7.00%	6.47%	6.29%	9.89%
OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.46%	1.22%	1.31%	1.97%	2.02%
NET GENERAL OBLIGATION & OVERLAPPING DEBT Capita as a % of PER CAPITA PERSONAL INCOME	9.16%	8.22%	7.78%	8.27%	11.91%

(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 DIRECT AND OVERLAPPING DEBT

June 30, 2005

<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	\$ 37,488,028	100%	\$ 37,488,028
Tennessee Municipal Bond Fund Loan	1,422,765	100%	1,422,765
TN-LOANS	28,570,000	100%	28,570,000
Qualified Zone Academy Bonds (QZAB)	7,049,360	100%	7,049,360
Capital Lease	445,193	100%	445,193
	<u>74,975,346</u>		<u>74,975,346</u>
Overlapping:			
Anderson County, Tennessee	26,278,871	45.83%	* 12,043,607
Roane County, Tennessee	24,152,000	13.36%	* 3,226,707
	<u>50,430,871</u>		<u>15,270,314</u>
Total Overlapping Debt	<u>50,430,871</u>		<u>15,270,314</u>
Total Direct and Overlapping Debt	<u>\$ 125,406,217</u>		<u>\$ 90,245,660</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	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
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	64,351,724	6.0%
2004	2,035,000	1,546,228	3,581,228	65,824,644	5.4%
2005	2,095,000	1,922,154	4,017,154	66,573,761	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	
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
2004	35,913,653	33,623,285	2,290,368	810,000	580,229	1,390,229	1.65
2005	35,724,771	32,545,257	3,179,514	820,000	694,765	1,514,765	2.10

## 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	
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
2004	582	19,386,502	1,755,267,362
2005	599	67,543,926	1,803,861,440

## 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 2004**  
**(FOR FISCAL YEAR 2005)**

Taxpayer	Type of Business	2004 Assessed Valuation	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor (ORNL)	\$ 24,743,044	4.58%
Boeing Tennessee Inc.	Manufacturing and Engineering	12,699,771	2.35%
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	10,838,880	2.00%
BellSouth	Communications	7,406,636	1.37%
Methodist Medical Center of Oak Ridge	Health Services	7,291,840	1.35%
Richard Chinn	Entrepreneur	7,241,320	1.34%
Oak Ridge City Center LLC	Shopping Mall/Misc. Development	5,693,600	1.05%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	5,057,257	0.94%
BNFL, Inc.	Environmental Services	5,010,305	0.93%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	<u>4,091,334</u>	<u>0.76%</u>
<b>TOTAL</b>		<b><u>\$ 90,073,987</u></b>	<b><u>16.66%</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, 2005**

Customer	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Percentage Of Total Sales
City of Oak Ridge	58,950	11,584,841	\$ 1,886,662	5.38%
Methodist Medical Center	43,938	12,087,109	1,371,242	3.91%
Scientific Ecology Group (SEG) (AKA GTS Duratek)	(1)	21,811,514	1,105,856	3.15%
Boeing	(1)	21,466,016	1,033,415	2.95%
BNFL Inc.	30,302	6,520,000	1,010,098	2.88%
Oak Ridge Board Of Education	33,222	2,565,001	862,065	2.46%
US Department of Energy	17,092	8,173,180	500,710	1.43%
Advanced Measurement	15,450	8,307,500	492,638	1.41%
BWXT Y-12	17,432	8,169,238	475,962	1.36%
Rogers Group Inc.	22,680	4,511,167	<u>442,468</u>	<u>1.26%</u>
Total			<u>\$ 9,181,117</u>	<u>26.19%</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, 2005**

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 06	7/01/04 - 7/01/05	General Liability	\$250,000/\$600,000/\$85,000	\$ 170,898
			Law Enforcement	\$250,000/\$600,000/\$85,000	38,787
			Errors and Omissions	Vaires - Maximum \$3,000,000	49,888
			Auto Liability	\$250,000/\$600,000/\$85,000	37,777
			Auto Physical Damage	\$250,000/\$600,000/\$85,000	6,308
	TWC 0050 01	7/01/04 - 7/01/05	Worker's Compensation	Statutory	154,266
	TMP-8050-05	7/01/04 - 7/01/05	Property, Casualty & Boiler	Maximum \$161,643,185	207,947
Employee Fidelity Assurance Center	441CF0050	12/02/04 - 12/02/07	Employee Fidelity	\$500,000 Blanket Bond	1,881
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	0650-334	7/1/04 - 7/1/05	Unemployment Compensation		1,375
<u>Schools:</u>					
Comprehensive General Liability/ TN School Board Risk Management Trust		7/01/04 - 7/01/05	General Liability	\$1,000,000	48,782
			Auto Liability & Physical	\$1,000,000	13,280
		7/01/04 - 7/01/05	Worker's Compensation	Statutory	302,653
		7/01/04 - 7/01/05	School - All Other Risks	Maximum \$77,470,550	97,945
Boiler and Machinery/ CNA Insurance Company	BM 1098726827	7/01/04 - 7/01/05	Boilers	10,000,000 each Accident	6,000
Inland Marine/ Travelers Indemnity Company		7/1/04 - 7/1/05	Physical Damage	\$500,000	Note 1
Surety Bond - Thomas E. Bailey, Ed.D. Cincinnati Insurance Company	8312975	7/01/04 - 7/01/05	Dishonesty	\$855,932 Aggregate	2,795
Student Accident Insurance - Preschool Hartford Accident and Indemnity Co.	83SR190324	2/01/04 - 02/01/05	Student Accident	\$5,000/\$10,000/\$10,000	851
Total Premium					<u>\$ 1,170,749</u>

Note 1: Premium is included in the TSB-RMT property and casualty coverage.

**CITY OF OAK RIDGE, TENNESSEE**  
**CHANGES IN ENTERPRISE FUND CAPITAL ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Capital Assets June 30, 2004	Additions (1)	Reductions (1)	Capital Assets June 30, 2005	Accumulated Depreciation	Net Capital Assets June 30, 2005
<b>Electric Fund</b>						
Land	\$ 517,855	\$ -	\$ -	\$ 517,855	\$ -	\$ 517,855
Buildings	316,041	-	-	316,041	218,206	97,835
Machinery and equipment	56,643,818	4,467,313	264,250	60,846,881	20,860,501	39,986,380
Construction in progress	2,089,933	-	1,239,081	850,852	-	850,852
<b>Total Electric Fund</b>	<b>\$ 59,567,647</b>	<b>\$ 4,467,313</b>	<b>\$ 1,503,331</b>	<b>\$ 62,531,629</b>	<b>\$ 21,078,707</b>	<b>\$ 41,452,922</b>
<b>Waterworks Fund</b>						
Land	\$ 137,018	\$ -	\$ -	\$ 137,018	\$ -	\$ 137,018
Buildings	22,533,613	597,649	-	23,131,262	7,793,276	15,337,986
Improvements other than buildings	11,943,942	962,174	-	12,906,116	2,523,713	10,382,403
Machinery and equipment	61,523,799	5,356,302	76,102	66,803,999	22,130,735	44,673,264
Construction in progress	94,586	-	77,753	16,833	-	16,833
<b>Total Waterworks Fund</b>	<b>\$ 96,232,958</b>	<b>\$ 6,916,125</b>	<b>\$ 153,855</b>	<b>\$ 102,995,228</b>	<b>\$ 32,447,724</b>	<b>\$ 70,547,504</b>
<b>Golf Course Fund</b>						
Land	\$ 514,368	\$ -	\$ -	\$ 514,368	\$ -	\$ 514,368
Buildings	902,605	-	-	902,605	177,426	725,179
Improvements other than buildings	5,769,797	-	706	5,769,091	1,574,670	4,194,421
Machinery and equipment	356,525	7,107	-	363,632	354,482	9,150
<b>Total Golf Course Fund</b>	<b>\$ 7,543,295</b>	<b>\$ 7,107</b>	<b>\$ 706</b>	<b>\$ 7,549,696</b>	<b>\$ 2,106,578</b>	<b>\$ 5,443,118</b>
<b>Emergency Communications District Fund</b>						
Buildings	\$ 28,975	\$ -	\$ -	\$ 28,975	\$ 25,327	\$ 3,648
Machinery and equipment	203,838	-	12,726	191,112	184,172	6,940
<b>Total Emergency Communications District Fund</b>	<b>\$ 232,813</b>	<b>\$ -</b>	<b>\$ 12,726</b>	<b>\$ 220,087</b>	<b>\$ 209,499</b>	<b>\$ 10,588</b>
<b>Total Enterprise Funds</b>	<b>\$ 163,576,713</b>	<b>\$ 11,390,545</b>	<b>\$ 1,670,618</b>	<b>\$ 173,296,640</b>	<b>\$ 55,842,508</b>	<b>\$ 117,454,132</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, 2005**

RESIDENTIAL RATE

Energy Charge Per Month: 6.679 cents per kilowatt-hour	Customer Charge: \$7.30 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: 7.382 cents per kWh per month	Customer Charge: \$17.00 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 \$10.93 per kW	Customer Charge: \$55.00 per delivery point per month
---	--

Energy Charge per Month:  
First 15,000 kilowatt-hours at 7.746 cents per kWh  
Additional kilowatt-hours at 3.935 cents per kWh

Customers with demand exceeding 1,000 kilowatts:

Demand Charge Per Month: First 1,000 kilowatts at \$10.09 per kW Next 4,000 kilowatts at \$12.02 per kW	Customer Charge: \$150.00 per delivery point per month
---	---

Energy Charge Per Month:  
4.087 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, 2005**

CLASS OF SERVICE:	Consumers - June		Electric Sales This Year	
	This Year	Last Year	Kilowatt Hours	Amount
Residential	13,042	12,964	160,182,885	\$ 11,636,205
Small lighting and power	1,731	1,698	38,931,229	3,183,836
Large lighting and power	346	360	308,416,971	19,150,002
Street and outdoor lighting	61	62	7,029,750	1,081,614
Totals	<u>15,180</u>	<u>15,084</u>	<u>514,560,835</u>	<u>\$ 35,051,657</u>

	Purchased Power This Year	
	Kilowatt Hours	Amount
Power billings for the year	<u>534,063,705</u>	<u>\$ 26,543,605</u>

LINE LOSSES AND COST PER KILOWATT-HOUR PURCHASED

Kilowatt-hours purchased (per above)	534,063,705
Kilowatt-hours sold (per above)	<u>514,560,835</u>
Line losses and kilowatt-hours unaccounted for	<u>19,502,870</u>
Percentage of losses and unaccounted for kilowatt-hours to purchases	<u>3.65%</u>
Cost per kilowatt-hour purchases	<u>\$0.0497</u>

OTHER STATISTICS

Miles of electric lines	<u>282.00</u>
Number of regular street lights	<u>5,426</u>
Number of private outdoor lights	<u>1,577</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**WATER SYSTEM DATA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

## 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	\$ 0.658 per thousand
Raw Water	0.165 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, 2005**

CLASS OF SERVICE:	Consumers - June		Water Sales
	This Year	Last Year	Fiscal Year 2005
Residential	11,019	10,955	\$ 2,110,294
Commercial	1,490	1,423	1,271,759
U.S. Department of Energy (DOE)	1	1	1,854,239
Public fire protection (fire hydrants)	1	1	43,670
Totals	<u>12,512</u>	<u>12,381</u>	<u>\$ 5,279,961</u>

LINE LOSSES AND COST PER GALLON

Gallons treated (Thousands)	3,700,000
Treated gallons sold to DOE (Thousands)	2,345,427
Gallons sold - residential and commercial customers (Thousands)	<u>1,176,303</u>
Line losses and gallons unaccounted for (Thousands)	<u>178,270</u>
Percentage of losses and unaccounted for gallons to purchases	<u>4.82%</u>

OTHER STATISTICS

Average daily water consumption (gallons)	<u>9,648,575</u>
Miles of water mains	<u>225.77</u>
Number of fire hydrants	<u>2,700</u>

## CITY OF OAK RIDGE, TENNESSEE

**WASTEWATER TREATMENT SYSTEM DATA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<u>CLASS OF SERVICE:</u>	<u>Consumers - June</u>		<u>Wastewater Fees</u>
	<u>This Year</u>	<u>Last Year</u>	<u>Fiscal Year 2005</u>
Residential	10,740	10,671	\$ 2,488,010
Commercial	1,169	1,167	3,226,537
<b>Totals</b>	<b>11,909</b>	<b>11,838</b>	<b>\$ 5,714,547</b>

WASTEWATER TREATMENT:

Clinch River Industrial Park Plant:	
Capacity daily (gallons)	<u>10,000</u>
Treatment during Fiscal Year 2005 (gallons)	<u>1,600,000</u>
West End Plant:	
Capacity daily (gallons)	<u>30,000,000</u>
Treatment during Fiscal Year 2005 (gallons)	<u>2,100,000,000</u>

COLLECTION SYSTEM:

Miles of sewer mains	<u>245.87</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

## 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
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	25,982	(3)	4.1%	4,398
2002	27,387	26,889	(3)	4.0%	4,391
2003	27,387	27,668	(3)	4.7%	4,323
2004	27,387	(3)	(3)	4.9%	4,285
2005	27,387	(3)	(3)	(3)	4,280

## NOTE:

- (1) Source: U. S. Census Bureau. Statistic is for the City of Oak Ridge
- (2) Source: East Tennessee Development District/Bureau of Economic Analysis. 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**

Table 21

**OTHER STATISTICAL DATA  
JUNE 30, 2005**

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	319
Seasonal Full-Time	35
Regular Part-Time	8
Seasonal Part-Time	7
Temporary Part-Time	<u>21</u>
Total	390
Area of City	92 square miles
Miles of roads and streets:	
Asphalt	197.81
Bituminous	24.52
Miles of sidewalks:	
Asphalt	55.12
Concrete	45.49
<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	2,700

(continued)

**CITY OF OAK RIDGE, TENNESSEE**

Table 21  
(Cont.)

**OTHER STATISTICAL DATA  
JUNE 30, 2005**

**POLICE PROTECTION:**

Number of stations	1
Number of employees:	
Police Officers	54
Records and support personnel	4
Emergency dispatchers	8
Animal Control Officers	3
Number of vehicles:	
Marked	23
Unmarked	6
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	1,390	1,308	1 to 12.90
Middle Schools (Grade 5 through 8)	2	1,339	1,272	1 to 12.00
Elementary Schools (Grade K through 4)	4	1,475	1,408	1 to 11.70
Other (special education)		<u>80</u>	<u>73</u>	
Total Students		<u>4,284</u>	<u>4,061</u>	
Certified Staff	399			
Non-certified Personnel	<u>307</u>			
Total Personnel	<u>706</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).

