

CITY OF OAK RIDGE, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

Prepared by
FINANCE DEPARTMENT

**City of Oak Ridge, Tennessee
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

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CITY OF OAK RIDGE



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January 26, 2011

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, 2010.

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 Pugh & Company, PC, 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, 2010, 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, 2010 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 contained in section four of this report titled "Single Audit Report and Findings Recommendations."

GAAP requires 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 the 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, subject to annual congressional appropriation. The calculation is based on the land's usage prior to ownership by the federal government and is therefore valued as if it were residential farmland. Federal buildings located on this property are currently not subject to taxation by the City, with the exception of four new facilities located at the Oak Ridge National Laboratory (ORNL) and the Y-12 complex.

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

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

Foundation, Inc. whose primary mission is to enhance, promote and support the City of Oak Ridge Schools. 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 the 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.

City Council's Budget and Finance Committee begin meetings at the first of the calendar year to develop City Council's guidance to the City Manager for development of the current year's budget. City departments make presentations to the Budget and Finance Committee to outline their requirements and challenges related to their departments operating budget. 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 to the start of the City's fiscal year on July 1.

The budget is presented by fund, function (e.g., public safety), and department (e.g., police). The budget is legally appropriated at the fund level. Department heads may make transfers of appropriations within a department and the City Manager may make transfers of appropriations between departments. Transfers of appropriation between funds, however, require approval of City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and school fund, this comparison is presented on pages 21-22 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 85. The comparison for the capital projects and debt service funds are presented on page 116 and 118, respectively.

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 moderate economic environment with several major development projects ongoing or in the initial stages of construction. The development pace has slowed, in part due to the economic issues that are currently occurring nationwide. Oak Ridge has not been impacted as much as many areas in the country due to the large presence of the federal government in Oak Ridge and the federal stimulus money awarded to these entities.

In 2006, construction was completed on the \$1.4 billion Spallation Neutron Source (SNS) accelerator project. In the past year, the SNS has repeatedly sustained a megawatt of power. At full power, SNS provides the most intense pulsed neutron beams in the world for scientific research and industrial development. Up to 2,000 scientists are expected to visit each year to study materials that will form the basis for new technologies in telecommunications, manufacturing, transportation, information, biotechnology and health. The Y-12 and Oak Ridge National Laboratory (ORNL) facilities located within Oak Ridge are currently undergoing a major modernization program, which provides use tax collections to the City during construction and in some cases property taxes. In 2005, construction of a \$50 million private sector funded complex was completed at ORNL to house a new supercomputer. This was the first privately owned facility to be located on the federal reservation on which the City received real property tax payments based on the appraised value of the building. With three similar type facilities completed at ORNL and the Y-12 complex, the construction of taxable facilities on federal property represents a significant revenue stream for the City. In fiscal 2010, the real property taxes on these facilities were \$1,994,818.

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 and then in 2005 the Horizon Center was transferred to the City of Oak Ridge Industrial Development Board. The transfer of this property from federal ownership allows the land in the Horizon Center to be sold for private industrial development.

There are numerous residential developments in various planning and construction phases in Oak Ridge. Under construction is Rarity Ridge, which is an approximate 1,200 acre development with both commercial and open spaces within walking distance of a pedestrian-friendly town center. Plans call for the community to ultimately consist of 3,060 residential units and 507,994 square-feet of commercial development. Recently completed is a clubhouse and wellness center, which includes a pool. To date, 125 building permits have been issued and 678 lots have been platted. 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. At this site, construction is underway on Centennial Village apartments, a 252-unit complex. Also under construction on 40-acres of this site is a development titled Centennial Bluff that is designed for the active adult age 55 and over. Centennial Bluff will contain 336 residences offering a mix of condominiums, duplex townhouses and detached single-family units. Amenities include a 12,000 square-foot clubhouse, fitness center, pool and spa. The clubhouse and first condominium building are complete and the second condominium building is under completion. Also planned as part of the Centennial Village development is Harbour Pointe, for which the final plat for 62 lots has been approved.

Other new residential subdivisions are in the planning stages or initial stages of construction. These include Rarity Oaks, a 421-acre site on which 643 single-family dwelling units and 50,000 square-feet of commercial development are planned. Phase I has 93 single-family platted lots. The Crossroads at Wolf Creek, for which 44 building permits have been issued, is a 73-acre site on which 102 single-family and 76 multi-family dwelling units are planned. Groves Park Commons, the most recently approved development utilizing traditional neighborhood design is underway with 11 building permits being issued. When complete the development will have approximately 355 dwelling units, with surrounding open space areas and a small neighborhood commercial area. The final plats for the Clark's Preserve have been approved, a development planned for 38 homes. The Courtyards at Briarcliff, an assisted living facility on Briarcliff Avenue is under construction and Canterfield, an additional assisted living facility on Bus Terminal Road, is expected to start construction in 2011.

The Woodland Town Center commercial planned unit development was approved in 2008 for a 4-acre retail and restaurant project on S. Illinois Avenue. The site plan for a 65-unit Best Western hotel has been approved and construction is expected to begin early in 2011.

A new 113,839 square foot office building has been completed on the Oak Ridge National Laboratory campus and is now being occupied. Two speculative industrial buildings have been completed at the Heritage Center and Omega Consultants is expected to move into the larger of the two buildings in 2011.

U.S. Department of Energy. During fiscal 2008, the City entered into two contracts with the U.S. Department of Energy to provide services to areas previously served by federal contractors. The City entered into an agreement with DOE and Bechtel Jacobs (BJC) to assume fire and emergency medical response duties for the federal East Tennessee Technology Park (ETTP) site. Under the agreement with DOE, through its contractor BJC, the City will receive an estimated \$10,000,000 in funding over the four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and fire fighting and ambulance vehicles and equipment to the City to operate this facility. The City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETTP fire station. The City received \$2,346,278 from BJC in fiscal 2010.

The City also entered into a 5-year agreement with DOE and BJC, under which the City assumed responsibility for water and wastewater services to the ETTP site. The City acquired the ETTP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETTP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETTP water plant is near the end of its useful life. Under terms of the contract, DOE will provide funding to fully operate the water plant and provide \$500,000 each year of the contract for the City to build new infrastructure from the City's main water plant to serve the ETTP site. On May 29, 2008, the City assumed water and wastewater operations to the ETTP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. In the first year of the contract, the City will receive a base of \$1,740,000 from DOE through its contractor BJC, reduced by revenues the City receives from other City customers that are serviced by the ETTP water plant and the Rarity Ridge wastewater plant during that time frame. In fiscal 2010, the City received \$1,605,393 from BJC under terms of this contract.

Long-term financial planning

The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City has spent approximately \$34 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 and construction of a new wastewater plant at the Rarity Ridge development site. The City has \$2,401,294 available from an authorized loan from the Tennessee State Revolving Fund to finance the 2011 and 2012 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.

On September 27, 2010, the City received an administrative order (AO) from the United States Environmental Protection Agency. The City was found to be in violation of Section 301 of the Clean Water Act (CWA), 33 U.S.C. Section 1311. The City has been given a timetable and

actions to be made to remedy the violations. Costs necessary to meet the AO requirements are not known at this time.

In fiscal 2006, the City began a 6-year approximate \$4 million upgrade to the water treatment plant facilities. Water and wastewater rates increased by approximately 20% each in June and May of 2008, respectively. The next water and wastewater rate review is scheduled for the spring of 2011.

Over the next two 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. To date, the City has paid the State nearly \$2.2 million toward its share of the costs for this project.

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, 2009. This is the forty-ninth 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.

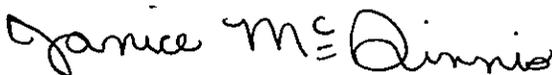
In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past twenty-seven consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several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

Preparation of this report was accomplished through the dedicated services of the Finance Department. We express our appreciation to all who contributed to its preparation. Credit also must be given to the mayor and governing city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Oak Ridge's finances.

Respectfully submitted,



Steven W. Jenkins
Deputy City Manager



Janice E. McGinnis
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Ridge
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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.

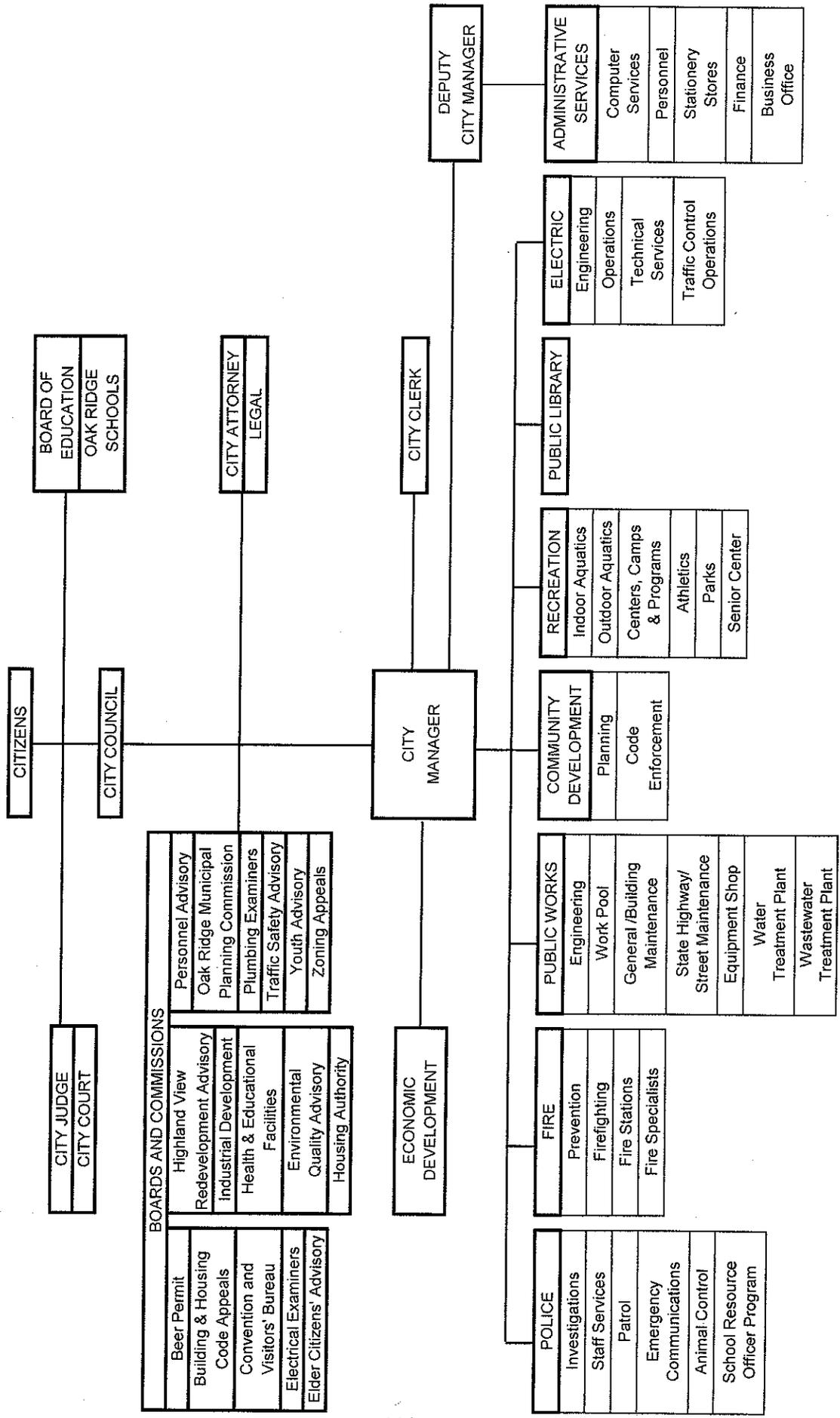


President

Executive Director

ORGANIZATION CHART

City of Oak Ridge, Tennessee



CITY OF OAK RIDGE, TENNESSEE

CITY OFFICIALS

Mayor

Thomas L. Beehan

Members of City Council

Anne Garcia Garland
Thomas W. Hayes
L. Charles Hensley

D. Jane Miller
David N. Mosby
Ellen D. Smith

City Manager

Mark S. Watson

Department Directors

Steven W. Jenkins
Kathryn Baldwin
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
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 Smith, Jr., Chairman
Jennifer Richter, Vice-Chair
Keyes Fillauer, Parliamentarian
Angi Agle, Treasurer
Dan DiGregorio

Superintendent of Schools

Thomas E. Bailey, Ed.D.

Assistant Superintendent of Schools

Ken Green

PUGH & COMPANY, P.C.

WILL J. PUGH, CPA
RONNIE G. CATE, CPA
C. LARRY ELMORE, CPA
W. JAMES PUGH, JR., CPA
DANIEL C. FRANKLIN, CPA
JAMES H. JONES, CPA
LISA W. HILL, CPA
SUSAN R. FOARD, CPA
ANDREW R. HARPER, CPA
R.E. FOUST, CPA
A. TED HOTZ, CPA
BARRETT V. SIMONIS, CPA
JOHN W. BACON, CPA
CALVIN C. HOWARD, CPA

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 31409
KNOXVILLE, TENNESSEE 37930-1409

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OFFICES

HOME FEDERAL PLAZA - SUITE 200
315 NORTH CEDAR BLUFF ROAD
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
TOLL FREE 800-332-7021
TELECOPIER 865-769-1660

100 E. TENNESSEE AVENUE
OAK RIDGE, TENNESSEE 37830
TELEPHONE 865-483-5634
TELECOPIER 865-483-9781

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (the "City"), as of and for the year ended June 30, 2010, 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, and the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit. The Oak Ridge Schools fund comprises 13 percent of assets, 12 percent of net assets, and 46 percent of revenues of the total governmental funds. The Oak Ridge Public Schools Education Foundation, Inc. comprises 100 percent of assets, 100 percent of net assets and 57 percent of revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oak Ridge Schools and the Oak Ridge Public Schools Education Foundation, Inc. is based on the reports 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of 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 January 26, 2011, 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 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 and the schedules of funding progress for the City Employee's Political Subdivision Pension Plan, the Oak Ridge City School Non-Teaching Employee's Political Subdivision Pension Plan, the Oak Ridge City School Employee's Postretirement Benefits, and the Oak Ridge City Employee's Postemployment Benefits on pages 82 and 83 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors 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 on it.

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, the combining and individual fund financial statements and schedules, miscellaneous schedules, the statistical section, as well as the accompanying schedule of federal and state financial assistance activity as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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, the miscellaneous schedules as of and for the years ended June 30, 2010 and 2009, where applicable, and the schedule of federal and state awards 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 reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of the report have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pugh & Company, P.C.

Certified Public Accountants

Knoxville, Tennessee

January 26, 2011

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, 2010. 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 \$137,002,907 (*net assets*). Of this amount, \$25,734,381 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets increased by \$2,045,540, an increase of 1.52% over fiscal 2009. The City of Oak Ridge's changes in net assets are detailed on page seven of this report. Total revenues decreased \$2,942,611, which included reductions of \$3,582,382 in charges for services primarily from an average 9.4% decrease in electric rates due to fluctuations in the monthly fuel cost adjustment and usage reductions in water and wastewater during fiscal 2010 and a \$972,796 reduction in capital grants and contributions. There were additions of \$729,230 in operating grants and contributions and \$883,337 in other general revenues. Expenses decreased \$2,420,791. Reductions in expenses include \$3,586,957 for electrical expenses primarily due to decreased costs for purchased power, \$1,029,486 in general government and \$875,683 for community services related to reduction in spending from grant proceeds. Expenses for education increased \$4,237,396.
- The City's property tax rate remained at the fiscal 2009 rate of \$2.77 per \$100 of assessed valuation.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$31,391,999, an increase of \$9,427,771 in comparison with the prior year. 4.1% is reserved for specific purposes, and the remaining 95.9%, or \$30,099,274, is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9,033,940, or 48.5% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$19,275,357 in the City's general fund.
- Overall, the City's total debt increased by \$14,107,091 (9.1 percent) during the current fiscal year. During fiscal year 2010, the City issued \$20,000,000 in taxable general obligation Build America Bonds (BABS) for various city and school capital projects, including \$6.4 million for completion of financing for the Oak Ridge High School renovation, \$5,000,000 for Electric Fund capital improvements and \$5,000,000 for Waterworks Fund capital improvements. The City also borrowed an additional \$436,984 for wastewater rehabilitation projects.

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 four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) single audit report and findings and recommendations. 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 occur, *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, culture and recreation. The business-type activities of the City of Oak Ridge include electric distribution operation, water and wastewater treatment, distribution and collection 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 the legally separate Convention and Visitors Bureau for which the City of Oak Ridge is financially accountable and the Oak Ridge Public Schools Education Foundation, Inc. whose main purpose is to provide financial support to the schools. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-16 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 twelve 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 debt service fund, all of which are considered to be major funds and the capital projects fund. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17-20 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, 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 and benefit 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, both 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 23-26 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 27-28 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 30-81 of this report.

Other information. The *required supplementary information* presented on pages 82-83 pertains to the City of Oak Ridge's and the school's progress in funding their obligation to provide pension and other post-employment benefits to their 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 85-121 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 \$137,002,907 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net assets (81.2 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	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Current and other assets	\$ 63,616,174	\$ 51,413,578	\$ 16,015,126	\$ 7,988,833	\$ 79,631,300	\$ 59,402,411
Capital assets	144,377,678	148,017,257	132,396,759	129,178,089	276,774,437	277,195,346
Total assets	207,993,852	199,430,835	148,411,885	137,166,922	356,405,737	336,597,757
Long-term liabilities outstanding	119,519,673	108,932,677	62,778,498	54,986,016	182,298,171	163,918,693
Other liabilities	26,699,136	27,174,507	10,405,523	9,267,833	37,104,659	36,442,340
Total liabilities	146,218,809	136,107,184	73,184,021	64,253,849	219,402,830	200,361,033
Net assets:						
Invested in capital assets net of related debt	36,306,869	45,110,444	74,961,657	75,244,455	111,268,526	120,354,899
Restricted	-	-	-	417,473	-	417,473
Unrestricted	25,468,174	18,213,207	266,207	(2,748,855)	25,734,381	15,464,352
Total net assets	\$ 61,775,043	\$ 63,323,651	\$ 75,227,864	\$ 72,913,073	\$137,002,907	\$136,236,724

The remaining balance of *unrestricted net assets* (\$25,734,381) may be used to meet the government's ongoing obligations to citizens and creditors.

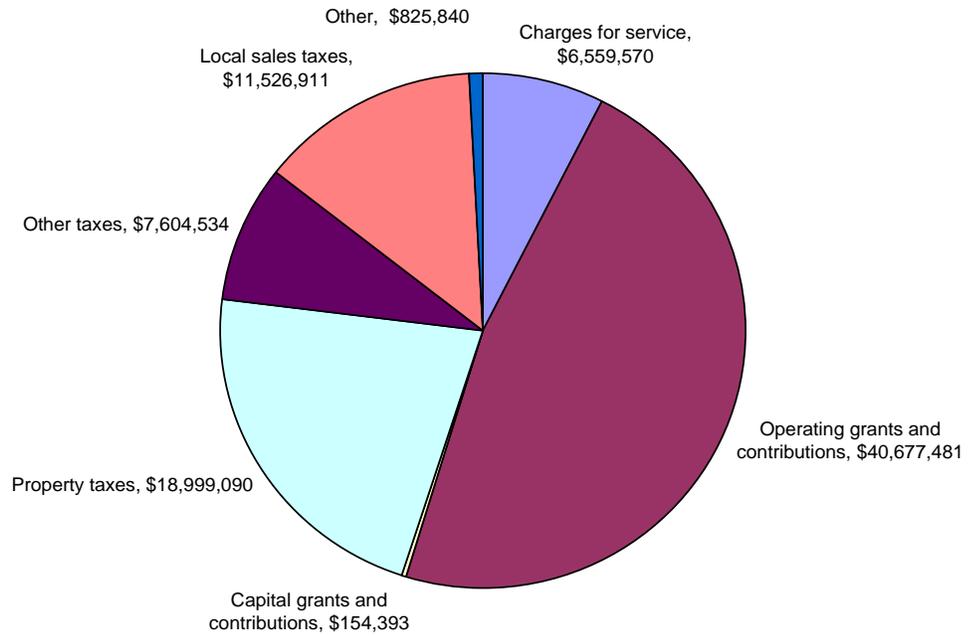
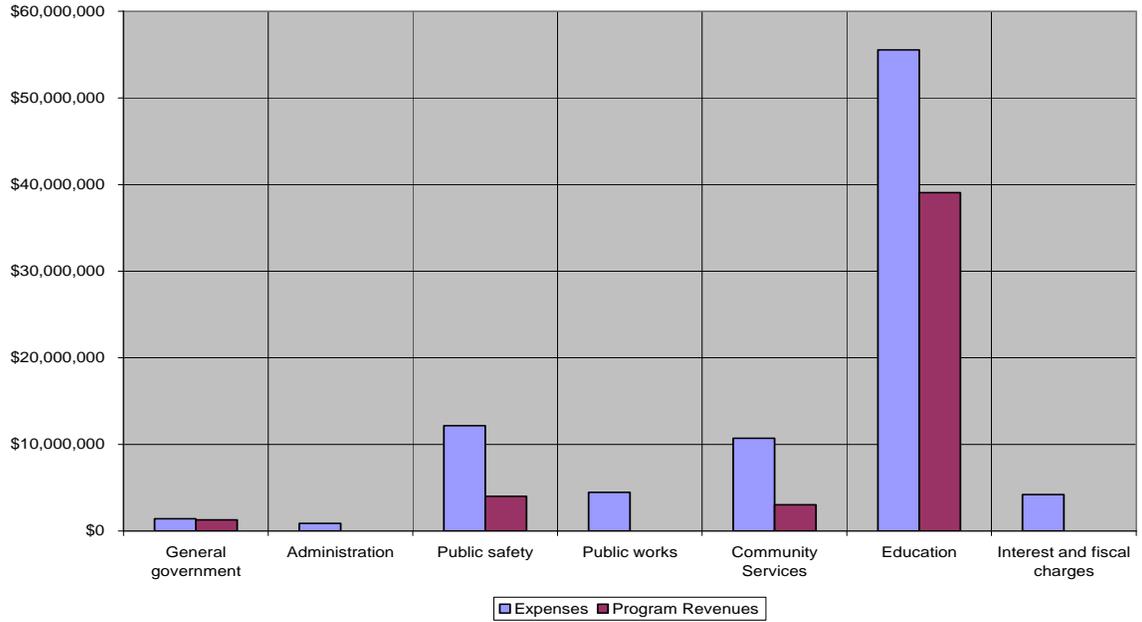
At the end of the current fiscal year, the City of Oak Ridge is able to report positive balances in all three categories of net assets for both the government as a whole, as well as for its separate governmental and business-type activities. The unrestricted net assets for business-type activities had a positive balance of \$266,207 at the end of the current fiscal year in comparison to a \$2,748,855 negative balance at the end of the prior fiscal year.

Governmental activities. Governmental activities decreased the City of Oak Ridge's net assets by \$269,251. Revenues from charges for services increased \$839,680, mainly from public safety fines. Operating and capital grants and contributions increased \$639,305 primarily for educational and public works operations. Property tax collections decreased \$170,217 primarily due a reduction in the personal and public utility tax rolls. Other taxes increased \$1,506,815 primarily from an increase in sales taxes collections generated from stimulus spending by federal contractors located in Oak Ridge. Miscellaneous revenues decreased \$413,727 from an investment income change in the fair value of an interest rate swap.

City of Oak Ridge's Changes in Net Assets

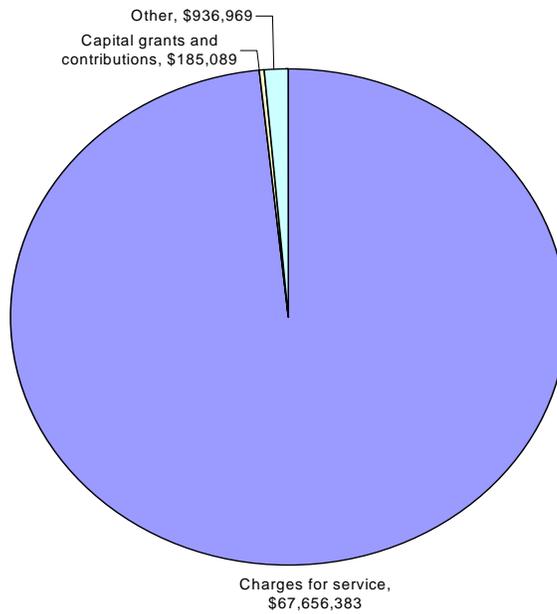
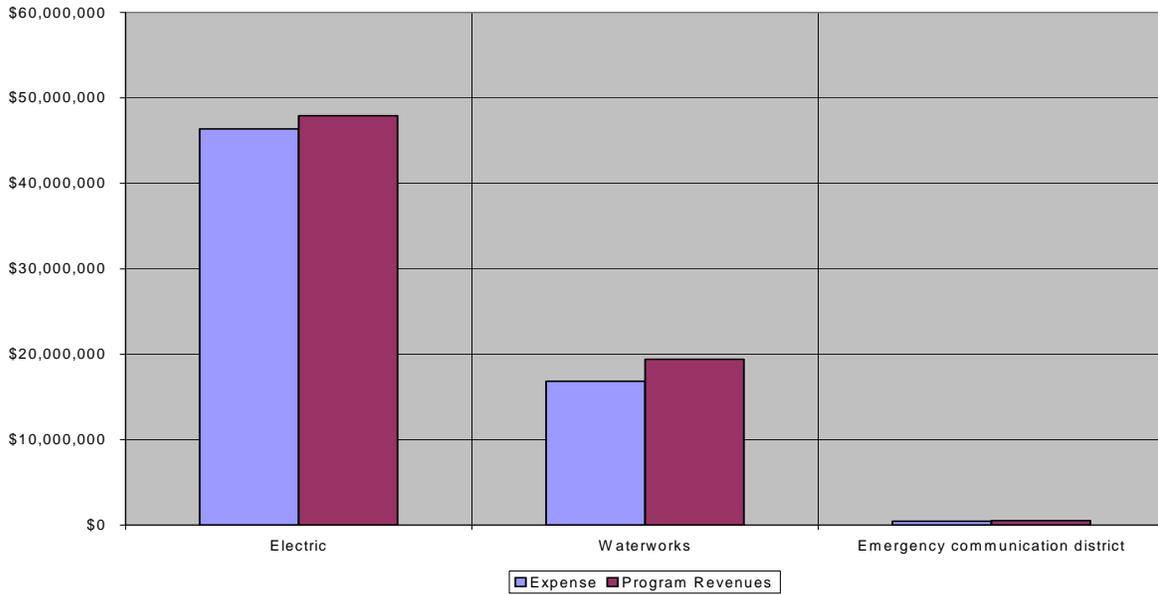
	Governmental activities		Business-type activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Revenues:						
Program revenues:						
Charges for service	\$ 6,559,570	\$ 5,719,890	\$ 67,656,383	\$ 72,078,445	\$ 74,215,953	\$ 77,798,335
Operating grants and contributions	40,677,481	39,948,251	---	---	40,677,481	39,948,251
Capital grants and contributions	154,393	244,318	185,089	1,067,960	339,482	1,312,278
General revenues:						
Property taxes	18,999,090	19,169,307	---	---	18,999,090	19,169,307
Other taxes	19,131,445	17,624,630	---	---	19,131,445	17,624,630
Other	825,840	1,239,567	936,969	976,503	1,762,809	2,216,070
Total Revenues:	86,347,819	83,945,963	68,778,441	74,122,908	155,126,260	158,068,871
Expenses:						
General government	1,410,659	2,440,145	---	---	1,410,659	2,440,145
Administration	889,136	897,870	---	---	889,136	897,870
Public safety	12,170,498	12,293,756	---	---	12,170,498	12,293,756
Public works	4,470,805	4,380,741	---	---	4,470,805	4,380,741
Community services	10,716,684	11,592,367	---	---	10,716,684	11,592,367
Education	55,550,747	51,313,351	---	---	55,550,747	51,313,351
Interest and fiscal charges	4,205,056	4,840,057	---	---	4,205,056	4,840,057
Electric	---	---	46,365,601	49,952,558	46,365,601	49,952,558
Waterworks	---	---	16,845,380	17,222,147	16,845,380	17,222,147
Emergency communication district	---	---	456,154	568,519	456,154	568,519
Total expenses	89,413,585	87,758,287	63,667,135	67,743,224	153,080,720	155,501,511
(Decrease) Increase in net assets before transfer	(3,065,766)	(3,812,324)	5,111,306	6,379,684	2,045,540	2,567,360
Transfers	2,796,515	2,831,471	(2,796,515)	(2,831,471)	---	---
Increase (decrease) in net assets	(269,251)	(980,853)	2,314,791	3,548,213	2,045,540	2,567,360
Net assets – July 1, 2009 (as restated)	62,044,294	64,304,504	72,913,073	69,364,860	134,957,367	133,669,364
Net assets – June 30, 2010	\$ 61,775,043	\$ 63,323,651	\$ 75,227,864	\$ 72,913,073	\$ 137,002,907	\$ 136,236,724

Expenses and Program Revenues - Governmental Activities



Business-type activities. Business-type activities increased the City of Oak Ridge's net assets by \$2,314,791. Charges for services decreased \$4,422,062 primarily from fluctuations in electric rates due to the monthly fuel cost adjustment and lower usage for water and wastewater services.

Expenses and Program Revenues - Business-type Activities



The net assets of the electric fund increased by \$976,957 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. In October 2006, TVA began adjusting the wholesale power costs to the City for a fuel cost adjustment (FCA). These FCA cost adjustments are passed through in electric rate adjustments to the City's customers each month and can fluctuate the City's electric rates either up or down.

The net assets of the waterworks fund increased by \$1,270,893 from fiscal 2009. Contributing to the increase was a \$312,507 reduction in operating expenses, from routine maintenance and a \$218,965 reduction in purchased water costs, a \$64,260 reduction in interest expense and \$185,089 in capital contributions.

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 \$31,391,999, an increase of \$9,427,771 in comparison to the prior year. Approximately 95.9% of this total amount (\$30,099,274) 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 (\$410,200), 2) advances to other funds (\$112,500), or 3) for a variety of other restricted purposes (\$770,025).

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 \$9,033,940, while total fund balance reaching \$9,169,606. 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 48.5% of total general fund expenditures, while total fund balance represents 49.2% of that same amount. However, unreserved fund balance only represents 23.8% 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 increased by \$1,633,831 during the current fiscal year. The general fund had a budgeted fund balance decrease of \$1,385,104.

General fund revenues increased overall \$2,094,126 from the preceding fiscal year and were \$1,364,711 above budget. Intergovernmental revenues increased by \$1,040,621 in comparison to the prior year due to an increase in collections from sales taxes generated from stimulus spending from federal contractors located within Oak Ridge. Fines and forfeitures are up \$944,281 due to fines generated from photo enforcement cameras which became operational beginning in June 2009. Interest earnings declined \$177,492 due to lower interest rates.

There were no budgetary amendments to the legal expenditure appropriation of the General Fund during fiscal 2010.

The debt service fund has a total fund balance of \$12,313,862, 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 \$6,200,063 was primarily due to the transfer of funds from the Capital Projects Fund to be utilized for future debt service payments.

The capital projects fund has a total fund balance of \$2,388,176. The net increase in fund balance of \$598,278 is from the remaining proceeds of \$9,300,000 in Build America Bonds issued for City and School capital projects.

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

Unrestricted net assets at the end of the year amounted to \$1,121,739 for the electric fund, a negative \$1,602,835 for the waterworks fund, and \$747,303 for the emergency communications district fund.

Capital Asset and Debt Administration

Capital assets. The City of Oak Ridge's investment in capital assets for its governmental and business type activities as of June 30, 2010, amounts to \$276,774,437 (net of accumulated depreciation), which is a \$420,909 decrease over last fiscal year. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress and infrastructure.

City of Oak Ridge's Capital Assets

	Governmental activities		Business-type activities		Total	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
Land	\$ 3,095,244	\$ 3,043,126	\$ 755,193	\$ 755,193	\$ 3,850,437	\$ 3,798,319
Construction in progress	---	---	3,946,468	1,868,943	3,946,468	1,868,943
Buildings	90,764,226	92,885,361	---	---	90,764,226	92,885,361
Improvements	6,793,742	6,984,878	---	---	6,793,742	6,984,878
Infrastructure	29,003,761	28,825,795	---	---	29,003,761	28,825,795
Equipment	14,720,705	16,278,097	2,681,634	2,704,222	17,402,339	18,982,319
Electric Plant	---	---	43,271,929	43,068,030	43,271,929	43,068,030
Waterworks Plant	---	---	81,741,535	80,781,701	81,741,535	80,781,701
Total	\$ 144,377,678	\$ 148,017,257	\$ 132,396,759	\$ 129,178,089	\$ 276,774,437	\$ 277,195,346

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

- Public Works activities added \$1,176,415 in capital assets, which included \$803,610 in donated infrastructure (streets, stormwater and sidewalk systems) in new residential developments. Other projects included \$317,461 in roadway improvements and \$55,344 in stormwater system improvements.
- Community Services and Development activities added \$515,487, including \$264,621 for indoor pool equipment and improvements, \$157,534 for parking lot construction at the Soccer Complex, Highland View and LaSalle Parks and engineering on a new parking lot at Elza Gate Park, \$67,000 for bleachers at Grey-Strange and Pinewood Parks and \$26,332 for improvements at various City parks which included security cameras and park fencing.
- Educational activities decreased \$851,538 primarily from the renovation and reconstruction of the Oak Ridge High School.

- Business-type activities added \$9,334,787 in capital assets. \$3,077,119 in electrical capital assets was added, primarily from routine replacement of overhead and underground distribution systems. \$6,257,668 in waterworks capital assets was added, which included \$1,154,852 toward capacity upgrades in water and sewer lines in conjunction with the widening of State Route 95 and \$185,089 in donated assets, with the remainder continuing the rehabilitation and upgrades to the water plant and wastewater collection system.

Additional information on the City of Oak Ridge's capital assets can be found in Note 13 on pages 57 - 58 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 \$168,948,716. Of this amount, \$107,392,731 comprises debt backed solely by the full faith and credit of the City. \$55,600,985 in long-term debt is secured by specified revenue sources (electric and waterworks debt); however, in the event of default, the full faith and credit of the City are irrevocably pledged. The \$5,955,000 in remaining debt is 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	
	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009
General obligation and Revenue bonds	\$ 46,390,000	\$ 39,190,000	\$ 28,665,000	\$ 19,985,000	\$ 75,055,000	\$ 59,175,000
Qualified Zone Academy Bonds (OZAB)	5,603,602	6,113,020	-	-	5,603,602	6,113,020
Long-term notes and loans	54,979,053	55,084,053	32,017,179	32,780,315	86,996,232	87,864,368
Capital leases	420,076	713,139	873,806	976,098	1,293,882	1,689,237
Total	\$ 107,392,731	\$ 101,100,212	\$ 61,555,985	\$ 53,741,413	\$ 168,948,716	\$ 154,841,625

The City of Oak Ridge's total debt increased by \$14,107,091 (9.1%) during the current fiscal year. In November 2009, the City issued \$20,000,000 in taxable general obligation Build America Bonds (BABS) for various city and school capital projects, including approximately \$6.4 million for completion of funding for the Oak Ridge High School renovation. The federal government provides a 35% subsidy on the interest payment due on these bonds. \$5,000,000 of the bond proceeds will be utilized for Electric Fund capital projects and \$5,000,000 for Waterworks Fund capital projects, both funds are a business-type activity. The annual debt service on this \$10,000,000 portion of the debt will be provided by the Electric and Waterworks Funds, respectively.

In January 2010, the City refunded \$4,675,000 of the outstanding debt under the swap agreements to enhance remarketing of the underlying bonds at a cost of \$105,000.

In April 2010, the City issued \$5,240,000 in General Obligation Refunding Bonds Series 2010 for a current refunding of \$5,270,000 in outstanding general obligation debt. The debt was refunded to both reduce future debt service payments and reduce the debt term by two years.

During fiscal 2003, a \$7,000,000 loan was approved through the Tennessee State Revolving Fund (SRF) administered by the Tennessee Department of Environment and Conservation (TDEC) to finance the fiscals 2005 to 2011 phase of the wastewater system rehabilitation project. At June 30, 2010, there was \$2,401,294 remaining available funding from this loan.

The City has \$25,875,000 in outstanding debt for which the City has entered into an interest rate swap agreement. During the term of these 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. For additional information regarding these swaps refer to Note 14.

Additional information on the City of Oak Ridge's long-term debt can be found in Note 14 on pages 59-76 of this report.

The City of Oak Ridge maintains an "Aa3" from Moody's and an "AA" 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.

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 construction phase, including the Rarity Ridge, Rarity Oaks, Grove Park Commons, Crossroads at Wolf Creek, Clark's Preserve, and Centennial Village developments, enhanced revenues to the City are not anticipated from these projects until fiscal 2011 and beyond. These projects are continuing to move forward, however, progress on some has slowed considerably due to nationwide housing and construction lending trends. Therefore, moderate assessment growth is anticipated for fiscal 2011.
- Property tax collections are budgeted to grow 2.5% for fiscal 2011.
- Local sales and use tax collections continued to exceed budgeted amounts in fiscal 2010 due to stimulus funding spending by the federal contractors located within Oak Ridge. The budgeted sales and use tax collections continue to be budgeted very conservatively for fiscal 2011 in anticipation of a gradual slowing in the stimulus spending in over the next couple of years.
- 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. Increased costs for fuel, electricity and natural gas also impacted the fiscal 2011 budget.
- 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 \$5 million fund balance target for the general fund, which will end the utilization of fund balance draws to support operations. \$1,424,000 in fund balance is budgeted to be drawn in fiscal 2011, primarily to fund a \$476,271 operating transfer to the Capital Projects Fund and maintain the property tax rate at the fiscal 2010 level. Future property taxes will be impacted by approximately 17-cents if revenue growth does not occur to offset the fund balance draw in future fiscal years.

All of these factors were considered in preparing the City of Oak Ridge's budget for the 2011 fiscal year.

During the current fiscal year, the unreserved fund balance in the general fund increased by \$1,841,822 to \$9,033,940. This increase was primarily from local sales and use tax collections, which were \$1,197,421 above budgeted projections due to stimulus spending by federal contractors located within Oak Ridge and \$951,915 generated from Photo Enforcement Cameras that became operation in late June 2009. A budget was not established for the Photo Enforcement Camera revenue for fiscal 2010 due to uncertainty of collection levels. The Special Programs Fund, a special revenue fund, was established for fiscal 2011 to account for the Photo Enforcement revenues and expenditures. These increases were offset by lower than anticipated revenue collections, primarily \$600,358 in property taxes due to higher than normal outstanding delinquent tax levels, primarily from new residential property developers, at fiscal year end. Management has again been conservative in estimating revenues for 2011, especially local sales and use tax collections which can fluctuate due to use tax collections from one-time major construction projects on the federal reservation in Oak Ridge. The City's fiscal 2011 property tax rate remained at the state certified 2010 rate of \$2.39 per hundred dollars of assessment.

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, 2010

	Component Units					
	Governmental Activities	Business Type Activities	Total Primary Government	Convention and Visitors Bureau	Education Foundation	Total Reporting Unit
Assets						
Cash and cash equivalents	\$ 30,298,752	\$ 3,419,791	\$ 33,718,543	\$ 15,507	\$ 271,235	\$ 34,005,285
Investments	1,301,183	-	1,301,183	-	5,764,717	7,065,900
Receivables, net	20,014,386	8,980,718	28,995,104	-	94,373	29,089,477
Internal balances	4,082,941	(4,082,941)	-	-	-	-
Due from other governments	4,867,971	35,560	4,903,531	-	-	4,903,531
Inventory, at cost	24,492	2,781,170	2,805,662	-	-	2,805,662
Prepaid items	239,725	-	239,725	-	-	239,725
Deferred outflow of resources - interest rate swaps	1,603,450	-	1,603,450	-	-	1,603,450
Restricted assets:						
Cash and cash equivalents	1,176,777	4,432,167	5,608,944	-	-	5,608,944
Deferred charges	6,497	448,661	455,158	-	-	455,158
Capital assets nondepreciable	3,095,244	4,701,661	7,796,905	-	-	7,796,905
Capital assets depreciable, net	141,282,434	127,695,098	268,977,532	-	-	268,977,532
Total assets	207,993,852	148,411,885	356,405,737	15,507	6,130,325	362,551,569
Liabilities						
Accounts payable	2,021,393	8,370,104	10,391,497	-	-	10,391,497
Claims payable	100,000	-	100,000	-	-	100,000
Accrued liabilities	4,144,602	247,009	4,391,611	-	1,462	4,393,073
Deposits	420,616	1,602,305	2,022,921	-	-	2,022,921
Due to other governments	66,324	5,808	72,132	-	-	72,132
Unearned revenue	19,563,391	-	19,563,391	-	-	19,563,391
Contracts payable	-	58,787	58,787	-	-	58,787
Accrued interest payable	382,810	121,510	504,320	-	-	504,320
Long-term liabilities:						
Due within one year	6,763,618	3,522,112	10,285,730	-	-	10,285,730
Due in more than one year	109,112,633	59,256,386	168,369,019	-	-	168,369,019
Derivative instrument - interest rate swaps	3,643,422	-	3,643,422	-	-	3,643,422
Total liabilities	146,218,809	73,184,021	219,402,830	-	1,462	219,404,292
Net assets						
Invested in capital assets net of related debt	36,306,869	74,961,657	111,268,526	-	-	111,268,526
Restricted for:						
Education grants	-	-	-	-	6,128,863	6,128,863
Unrestricted	25,468,174	266,207	25,734,381	15,507	-	25,749,888
Total net assets	\$ 61,775,043	\$ 75,227,864	\$ 137,002,907	\$ 15,507	\$ 6,128,863	\$ 143,147,277

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total Reporting Unit
					Governmental Activities	Business-type Activities	Total	Convention and Visitors Bureau	Education Foundation	
Primary government:										
Governmental activities:										
General government	\$ 1,410,659	\$ 931,544	\$ 354,327	\$ -	\$ (124,788)	\$ -	\$ (124,788)	\$ -	\$ -	\$ (124,788)
Administration	889,136	-	-	-	(889,136)	-	(889,136)	-	-	(889,136)
Public safety	12,170,498	1,404,083	2,440,822	154,393	(8,171,200)	-	(8,171,200)	-	-	(8,171,200)
Public works	4,470,805	-	-	-	(4,470,805)	-	(4,470,805)	-	-	(4,470,805)
Community services	10,716,684	2,508,040	526,171	-	(7,682,473)	-	(7,682,473)	-	-	(7,682,473)
Education	55,550,747	1,715,903	37,356,161	-	(16,478,683)	-	(16,478,683)	-	-	(16,478,683)
Interest and fiscal charges	4,205,056	-	-	-	(4,205,056)	-	(4,205,056)	-	-	(4,205,056)
Total governmental activities	89,413,585	6,559,570	40,677,481	154,393	(42,022,141)	-	(42,022,141)	-	-	(42,022,141)
Business-type activities:										
Electric	46,365,601	47,916,470	-	-	-	1,550,869	1,550,869	-	-	1,550,869
Waterworks	16,845,380	19,218,854	-	185,089	-	2,558,563	2,558,563	-	-	2,558,563
Emergency communication district	456,154	521,059	-	-	-	64,905	64,905	-	-	64,905
Total business-type activities	63,667,135	67,656,383	-	185,089	-	4,174,337	4,174,337	-	-	4,174,337
Total primary government	\$ 153,080,720	\$ 74,215,953	\$ 40,677,481	\$ 339,482	(42,022,141)	4,174,337	(37,847,804)	-	-	(37,847,804)
Component units:										
Convention and Visitors Bureau	\$ 404,916	\$ -	\$ 15,000	\$ -	-	-	-	(389,916)	-	(389,916)
Education Foundation	703,712	-	73,814	-	-	-	-	-	(629,898)	(629,898)
Total component units	\$ 1,108,628	\$ -	\$ 88,814	\$ -	-	-	-	(389,916)	(629,898)	(1,019,814)
General revenues:										
Real & personal property taxes					18,999,090	-	18,999,090	-	-	18,999,090
In-lieu of tax payments					1,914,745	-	1,914,745	-	-	1,914,745
Sales taxes					11,526,911	-	11,526,911	-	-	11,526,911
Unrestricted state shared taxes					3,571,878	-	3,571,878	-	-	3,571,878
Business taxes					802,606	-	802,606	-	-	802,606
Occupancy taxes					489,976	-	489,976	-	-	489,976
Wholesale beer & liquor taxes					825,329	-	825,329	-	-	825,329
Gain on disposal of capital assets					4,149	-	4,149	-	-	4,149
Investment earnings					108,194	54,083	162,277	1	526,164	688,442
Investment income - change in fair value of interest rate swap					(760,615)	-	(760,615)	-	-	(760,615)
Miscellaneous					1,474,112	882,886	2,356,998	404,208	-	2,761,206
Transfers					2,796,515	(2,796,515)	-	-	-	-
Total general revenues and transfers					41,752,890	(1,859,546)	39,893,344	404,209	526,164	40,823,717
Change in net assets					(269,251)	2,314,791	2,045,540	14,293	(103,734)	1,956,099
Net assets - beginning (as restated) (See Note 14)					62,044,294	72,913,073	134,957,367	1,214	6,232,597	141,191,178
Net assets - ending					\$ 61,775,043	\$ 75,227,864	\$ 137,002,907	\$ 15,507	\$ 6,128,863	\$ 143,147,277

CITY OF OAK RIDGE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 5,194,447	\$ 4,540,529	\$ 2,111,232	\$ 11,959,246	\$ 3,178,518	\$ 26,983,972
Investments	-	1,301,183	-	-	-	1,301,183
Receivables, net	19,609,198	74,266	-	128,016	202,906	20,014,386
Due from other funds	4,370,229	-	-	-	196,695	4,566,924
Due from other governments	2,292,502	1,832,169	40,392	226,600	476,308	4,867,971
Advances to other funds	112,500	-	-	-	-	112,500
Inventories, at cost	-	-	-	-	24,492	24,492
Prepaid items	23,166	63,385	-	-	153,174	239,725
Restricted Assets:						
Cash and cash equivalents	-	-	732,836	-	-	732,836
Total assets	<u>\$ 31,602,042</u>	<u>\$ 7,811,532</u>	<u>\$ 2,884,460</u>	<u>\$ 12,313,862</u>	<u>\$ 4,232,093</u>	<u>\$ 58,843,989</u>
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 453,485	\$ 656,306	\$ 496,284	\$ -	\$ 302,819	\$ 1,908,894
Accrued liabilities	857,219	3,213,438	-	-	60,814	4,131,471
Deposits	420,616	-	-	-	-	420,616
Due to other funds	371,547	-	-	-	222,644	594,191
Due to other governments	462	65,862	-	-	-	66,324
Deferred revenue	20,329,107	787	-	-	600	20,330,494
Total liabilities	<u>22,432,436</u>	<u>3,936,393</u>	<u>496,284</u>	<u>-</u>	<u>586,877</u>	<u>27,451,990</u>
Fund balances:						
Reserved for special programs	-	171,115	-	-	334,693	505,808
Reserved for encumbrances	-	-	-	-	410,200	410,200
Reserved - prepaid expenditures	23,166	63,385	-	-	153,174	239,725
Reserved for advances to other funds	112,500	-	-	-	-	112,500
Reserved for inventories	-	-	-	-	24,492	24,492
Unreserved, designated for:						
Subsequent years' expenditures	-	47,673	-	-	-	47,673
Debt service	-	-	-	12,313,862	-	12,313,862
Capital projects	-	-	2,388,176	-	-	2,388,176
Unreserved, undesignated, reported in:						
General fund	9,033,940	-	-	-	-	9,033,940
School fund	-	3,592,966	-	-	-	3,592,966
Special revenue	-	-	-	-	2,722,657	2,722,657
Total fund balances	<u>9,169,606</u>	<u>3,875,139</u>	<u>2,388,176</u>	<u>12,313,862</u>	<u>3,645,216</u>	<u>31,391,999</u>
Total liabilities and fund balances	<u>\$ 31,602,042</u>	<u>\$ 7,811,532</u>	<u>\$ 2,884,460</u>	<u>\$ 12,313,862</u>	<u>\$ 4,232,093</u>	<u>\$ 58,843,989</u>

CITY OF OAK RIDGE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2010

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

Ending fund balance - governmental funds	\$	31,391,999
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		140,452,844
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 these internal service funds are included in governmental activities in the statement of net assets.		6,209,212
Property tax revenues that have been deferred in the balance sheet of the governmental funds because they were not available to pay current liabilities of the period are recognized as revenue in the statement of activities and therefore are not included in the statement of net assets.		767,103
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.		
General Obligation Debt	\$	(45,238,000)
Qualified Zone Academy Bonds (QZAB)		(5,603,602)
Capital Lease Obligation		(420,076)
Notes Payable		(54,979,053)
Discounts and Premiums (net)		(1,859,154)
Compensated Absences		(2,814,118)
Termination Benefits		(312,918)
OPEB Obligation		(3,399,338)
Derivative Liability - Ineffective Interest Rate Swap		(2,039,972)
Accrued Interest		(379,884)
		(117,046,115)
Net assets of governmental activities	\$	61,775,043

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2010

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 21,251,049	\$ -	\$ -	\$ 2,129,490	\$ 489,976	\$ 23,870,515
Licenses and permits	243,947	-	-	-	-	243,947
Intergovernmental	13,402,358	37,356,161	-	-	3,807,535	54,566,054
Charges for services	308,894	1,650,818	-	892,732	2,077,112	4,929,556
Fines and forfeitures	1,325,167	-	-	-	85,603	1,410,770
Interest	49,477	-	10,239	30,206	10,426	100,348
Other	464,632	398,066	-	402,146	102,008	1,366,852
Total revenues	<u>37,045,524</u>	<u>39,405,045</u>	<u>10,239</u>	<u>3,454,574</u>	<u>6,572,660</u>	<u>86,488,042</u>
Expenditures						
Current:						
General government	942,585	-	-	-	-	942,585
Administration	836,966	-	-	-	-	836,966
Public safety	10,287,751	-	-	-	2,601,605	12,889,356
Public works	1,922,605	-	-	-	1,196,565	3,119,170
Community services	4,646,944	-	-	-	5,274,771	9,921,715
Education	-	52,243,216	-	-	-	52,243,216
Capital outlay	-	-	2,094,333	-	-	2,094,333
Debt service:						
Principal retirement	-	-	-	3,115,146	65,000	3,180,146
Interest and fiscal charges	-	-	-	3,986,885	5,373	3,992,258
Bond issuance costs	-	-	-	187,802	-	187,802
Total expenditures	<u>18,636,851</u>	<u>52,243,216</u>	<u>2,094,333</u>	<u>7,289,833</u>	<u>9,143,314</u>	<u>89,407,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,408,673</u>	<u>(12,838,171)</u>	<u>(2,084,094)</u>	<u>(3,835,259)</u>	<u>(2,570,654)</u>	<u>(2,919,505)</u>
Other financing sources (uses)						
Transfers in	2,500,515	13,980,802	79,975	9,847,520	2,010,580	28,419,392
Transfers out	(19,275,357)	-	(6,347,520)	-	-	(25,622,877)
Issuance of refunding bonds	-	-	-	10,133,002	410,265	10,543,267
Loan issuance	-	-	8,889,735	-	-	8,889,735
Bond premium	-	-	60,182	112,802	2,777	175,761
Refunded bonds redeemed	-	-	-	(10,058,002)	-	(10,058,002)
Total other financing sources (uses)	<u>(16,774,842)</u>	<u>13,980,802</u>	<u>2,682,372</u>	<u>10,035,322</u>	<u>2,423,622</u>	<u>12,347,276</u>
Net change in fund balances	1,633,831	1,142,631	598,278	6,200,063	(147,032)	9,427,771
Fund balance - beginning	<u>7,535,775</u>	<u>2,732,508</u>	<u>1,789,898</u>	<u>6,113,799</u>	<u>3,792,248</u>	<u>21,964,228</u>
Fund balance - ending	<u>\$ 9,169,606</u>	<u>\$ 3,875,139</u>	<u>\$ 2,388,176</u>	<u>\$ 12,313,862</u>	<u>\$ 3,645,216</u>	<u>\$ 31,391,999</u>

CITY OF OAK RIDGE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds	\$ 9,427,771
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 the depreciation expenses (\$5,353,080) and net loss on disposal of fixed assets (\$1,067,273) exceed capital outlay (\$2,893,883) .	(3,526,470)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	371,447
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 debt payments exceeded the debt issuance.	(6,412,706)
Change in fair value of ineffective derivative - interest rate swap	(760,615)
Accrued interest associated with long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds.	8,035
The net change of the insurance fund of the internal service funds is reported with governmental activities.	285,144
The net change of the equipment replacement fund of the internal service funds is reported with governmental activities.	455,091
The net change of the school equipment replacement fund of the internal service funds is reported with governmental activities.	<u>(116,948)</u>
Change in net assets of governmental activities	<u><u>\$ (269,251)</u></u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2010

	General Fund					Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	
Revenues						
Taxes	\$ 21,466,590	\$ 21,466,590	\$ 21,251,049	\$ -	\$ 21,251,049	\$ (215,541)
Licenses and permits	225,000	225,000	243,947	-	243,947	18,947
Intergovernmental	12,622,723	12,622,723	13,402,358	-	13,402,358	779,635
Charges for services	335,000	335,000	308,894	-	308,894	(26,106)
Fines and forfeitures	343,000	343,000	1,325,167	-	1,325,167	982,167
Interest	250,000	250,000	49,477	-	49,477	(200,523)
Other	438,500	438,500	464,632	-	464,632	26,132
Total revenues	<u>35,680,813</u>	<u>35,680,813</u>	<u>37,045,524</u>	<u>-</u>	<u>37,045,524</u>	<u>1,364,711</u>
Expenditures						
Current:						
General government	952,564	952,564	942,585	-	942,585	9,979
Administration	796,015	796,015	836,966	(64,000)	772,966	23,049
Public safety	10,248,032	10,248,032	10,287,751	-	10,287,751	(39,719)
Public works	1,993,895	1,993,895	1,922,605	(65,400)	1,857,205	136,690
Community services	4,706,259	4,706,259	4,646,944	(70,068)	4,576,876	129,383
Total expenditures	<u>18,696,765</u>	<u>18,696,765</u>	<u>18,636,851</u>	<u>(199,468)</u>	<u>18,437,383</u>	<u>259,382</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,984,048</u>	<u>16,984,048</u>	<u>18,408,673</u>	<u>199,468</u>	<u>18,608,141</u>	<u>1,624,093</u>
Other financing sources (uses)						
Transfers in	2,775,000	2,775,000	2,500,515	-	2,500,515	(274,485)
Transfers out	(21,144,152)	(21,144,152)	(19,275,357)	-	(19,275,357)	1,868,795
Total other financing sources (uses)	<u>(18,369,152)</u>	<u>(18,369,152)</u>	<u>(16,774,842)</u>	<u>-</u>	<u>(16,774,842)</u>	<u>1,594,310</u>
Net change in fund balances	<u>(1,385,104)</u>	<u>(1,385,104)</u>	<u>1,633,831</u>	<u>199,468</u>	<u>1,833,299</u>	<u>3,218,403</u>
Fund balance - beginning	<u>7,535,775</u>	<u>7,535,775</u>	<u>7,535,775</u>	<u>-</u>	<u>7,535,775</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,150,671</u>	<u>\$ 6,150,671</u>	<u>\$ 9,169,606</u>	<u>\$ 199,468</u>	<u>\$ 9,369,074</u>	<u>\$ 3,218,403</u>

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL FUND
For the Fiscal Year Ended June 30, 2010

	School Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
Revenues						
Intergovernmental	\$ 35,189,466	\$ 37,604,649	\$ 37,356,161	\$ -	\$ 37,356,161	\$ (248,488)
Charges for services	1,878,414	1,878,414	1,650,818	-	1,650,818	(227,596)
Other	399,000	477,424	398,066	-	398,066	(79,358)
Total revenues	<u>37,466,880</u>	<u>39,960,487</u>	<u>39,405,045</u>	<u>-</u>	<u>39,405,045</u>	<u>(555,442)</u>
Expenditures						
Current:						
Education	51,576,180	54,068,788	52,243,216	-	52,243,216	1,825,572
Total expenditures	<u>51,576,180</u>	<u>54,068,788</u>	<u>52,243,216</u>	<u>-</u>	<u>52,243,216</u>	<u>1,825,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,109,300)</u>	<u>(14,108,301)</u>	<u>(12,838,171)</u>	<u>-</u>	<u>(12,838,171)</u>	<u>1,270,130</u>
Other financing sources (uses)						
Transfers in	13,980,802	13,980,802	13,980,802	-	13,980,802	-
Total other financing sources (uses)	<u>13,980,802</u>	<u>13,980,802</u>	<u>13,980,802</u>	<u>-</u>	<u>13,980,802</u>	<u>-</u>
Net change in fund balances	(128,498)	(127,499)	1,142,631	-	1,142,631	1,270,130
Fund balance - beginning	<u>2,732,508</u>	<u>2,732,508</u>	<u>2,732,508</u>	<u>-</u>	<u>2,732,508</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,604,010</u>	<u>\$ 2,605,009</u>	<u>\$ 3,875,139</u>	<u>\$ -</u>	<u>\$ 3,875,139</u>	<u>\$ 1,270,130</u>

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2010

	<u>Enterprise Funds</u>				
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
			<u>Emergency Communication District Fund</u>		
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	\$ 2,703,386	\$ -	\$ 716,405	\$ 3,419,791	\$ 3,314,780
Receivables, net	6,850,501	2,108,261	21,956	8,980,718	-
Due from other funds	1,246,867	174,852	-	1,421,719	-
Due from other governments	-	-	35,560	35,560	-
Inventory, at cost	-	-	-	-	2,781,170
Total current unrestricted assets	<u>10,800,754</u>	<u>2,283,113</u>	<u>773,921</u>	<u>13,857,788</u>	<u>6,095,950</u>
Restricted assets					
Cash and cash equivalents	1,975,202	2,456,965	-	4,432,167	443,941
Total current restricted assets	<u>1,975,202</u>	<u>2,456,965</u>	<u>-</u>	<u>4,432,167</u>	<u>443,941</u>
Total current assets	<u>12,775,956</u>	<u>4,740,078</u>	<u>773,921</u>	<u>18,289,955</u>	<u>6,539,891</u>
Noncurrent assets					
Capital assets, net	47,287,323	84,280,991	828,445	132,396,759	3,924,834
Advances to other funds	1,500,000	700,000	-	2,200,000	-
Deferred charges	115,575	333,086	-	448,661	6,497
Total noncurrent assets	<u>48,902,898</u>	<u>85,314,077</u>	<u>828,445</u>	<u>135,045,420</u>	<u>3,931,331</u>
Total assets	<u>61,678,854</u>	<u>90,054,155</u>	<u>1,602,366</u>	<u>153,335,375</u>	<u>10,471,222</u>
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable	7,652,646	679,293	4,860	8,336,799	145,804
Claims payable	-	-	-	-	100,000
Accrued liabilities	95,049	151,960	-	247,009	13,131
Deposits	1,602,305	-	-	1,602,305	-
Due to other funds	1,656,743	3,300,052	-	4,956,795	437,657
Due to other governments	5,808	-	-	5,808	-
Advances from other funds	-	-	-	-	2,312,500
Current portion of long-term debt	1,351,357	2,063,369	107,386	3,522,112	250,406
Contracts payable	-	58,787	-	58,787	-
Accrued interest payable	75,296	24,456	21,758	121,510	2,926
Total current liabilities	<u>12,439,204</u>	<u>6,277,917</u>	<u>134,004</u>	<u>18,851,125</u>	<u>3,262,424</u>
Noncurrent liabilities					
Vacation benefits payable	79,523	176,114	-	255,637	24,045
Notes and loans payable	3,910,934	26,933,311	766,420	31,610,665	-
Bonds payable	20,172,701	7,161,777	-	27,334,478	971,570
OPEB liability	17,377	38,229	-	55,606	3,971
Total noncurrent liabilities	<u>24,180,535</u>	<u>34,309,431</u>	<u>766,420</u>	<u>59,256,386</u>	<u>999,586</u>
Total liabilities	<u>36,619,739</u>	<u>40,587,348</u>	<u>900,424</u>	<u>78,107,511</u>	<u>4,262,010</u>
<u>NET ASSETS</u>					
Invested in capital assets net of related debt	23,937,376	51,069,642	(45,361)	74,961,657	3,221,074
Unrestricted	1,121,739	(1,602,835)	747,303	266,207	2,988,138
Total net assets	<u>\$ 25,059,115</u>	<u>\$ 49,466,807</u>	<u>\$ 701,942</u>	<u>\$ 75,227,864</u>	<u>\$ 6,209,212</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, 2010

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund	Totals	Internal Service Funds
			Emergency Communication District Fund		
Operating revenues					
Charges for services	\$ 47,916,470	\$ 19,218,854	\$ 521,059	\$ 67,656,383	\$ 9,504,345
Other	775,331	107,555	-	882,886	-
Employer's contributions	-	-	-	-	3,517,500
Employees' contributions	-	-	-	-	934,202
Total operating revenues	<u>48,691,801</u>	<u>19,326,409</u>	<u>521,059</u>	<u>68,539,269</u>	<u>13,956,047</u>
Operating expenses					
Maintenance and administrative	6,522,737	9,838,271	286,600	16,647,608	1,223,108
Purchased power and water	36,808,220	2,119,993	-	38,928,213	-
Depreciation	2,146,302	3,927,586	123,491	6,197,379	996,163
Materials	-	-	-	-	3,582,814
Medical/liability claims	-	-	-	-	323,849
Insurance premiums	-	-	-	-	7,357,655
Total operating expenses	<u>45,477,259</u>	<u>15,885,850</u>	<u>410,091</u>	<u>61,773,200</u>	<u>13,483,589</u>
Operating income (loss)	<u>3,214,542</u>	<u>3,440,559</u>	<u>110,968</u>	<u>6,766,069</u>	<u>472,458</u>
Nonoperating revenue (expense)					
Gain on sale of capital assets	-	-	-	-	21,621
Interest revenue	45,465	6,582	2,036	54,083	7,846
Interest expense	(888,342)	(959,530)	(46,063)	(1,893,935)	(33,031)
Total nonoperating revenue (expense)	<u>(842,877)</u>	<u>(952,948)</u>	<u>(44,027)</u>	<u>(1,839,852)</u>	<u>(3,564)</u>
Income (loss) before transfers and contributions	2,371,665	2,487,611	66,941	4,926,217	468,894
Transfers out	(1,394,708)	(1,401,807)	-	(2,796,515)	-
Capital contributions	-	185,089	-	185,089	154,393
Change in net assets	<u>976,957</u>	<u>1,270,893</u>	<u>66,941</u>	<u>2,314,791</u>	<u>623,287</u>
Total net assets - beginning	<u>24,082,158</u>	<u>48,195,914</u>	<u>635,001</u>	<u>72,913,073</u>	<u>5,585,925</u>
Total net assets - ending	<u>\$ 25,059,115</u>	<u>\$ 49,466,807</u>	<u>\$ 701,942</u>	<u>\$ 75,227,864</u>	<u>\$ 6,209,212</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	<u>Enterprise Funds</u>				
	Electric Fund	Waterworks Fund	<u>Nonmajor Fund</u>	Totals	Internal Service Funds
			Emergency Communication District Fund		
Operating activities					
Cash received from customers	\$ 49,169,542	\$ 17,632,228	\$ 528,351	\$ 67,330,121	\$ 13,953,210
Cash paid to employees	(1,280,697)	(2,648,891)	-	(3,929,588)	-
Cash paid to suppliers	(41,070,199)	(9,091,911)	(285,690)	(50,447,800)	(12,830,157)
Net cash provided by operating activities	<u>6,818,646</u>	<u>5,891,426</u>	<u>242,661</u>	<u>12,952,733</u>	<u>1,123,053</u>
Noncapital financing activities					
Transfers from other funds	-	195,656	-	195,656	289,173
Transfers to other funds	(3,968,969)	(631,960)	-	(4,600,929)	(38,972)
Net cash provided by (used in) noncapital financing activities	<u>(3,968,969)</u>	<u>(436,304)</u>	<u>-</u>	<u>(4,405,273)</u>	<u>250,201</u>
Capital and related financing activities					
Net proceeds from the issuance of long-term debt	4,937,324	5,439,599	-	10,376,923	700,000
Contributed capital	-	185,089	-	185,089	154,393
Acquisition and construction of capital assets	(3,172,687)	(6,243,362)	-	(9,416,049)	(861,433)
Principal paid on long-term debt	(1,062,261)	(1,456,134)	(102,292)	(2,620,687)	(159,848)
Interest paid on long-term debt	(874,654)	(944,845)	(48,609)	(1,868,108)	(31,996)
Net cash used in capital and related financing activities	<u>(172,278)</u>	<u>(3,019,653)</u>	<u>(150,901)</u>	<u>(3,342,832)</u>	<u>(198,884)</u>
Investing activities					
Interest and dividends on investments	45,465	6,582	2,036	54,083	7,846
Net cash provided by investing activities	<u>45,465</u>	<u>6,582</u>	<u>2,036</u>	<u>54,083</u>	<u>7,846</u>
Net increase (decrease) in cash and cash equivalents	<u>2,722,864</u>	<u>2,442,051</u>	<u>93,796</u>	<u>5,258,711</u>	<u>1,182,216</u>
Cash and cash equivalents					
Beginning of year	<u>1,955,724</u>	<u>14,914</u>	<u>622,609</u>	<u>2,593,247</u>	<u>2,576,505</u>
End of year	<u>\$ 4,678,588</u>	<u>\$ 2,456,965</u>	<u>\$ 716,405</u>	<u>\$ 7,851,958</u>	<u>\$ 3,758,721</u>

(Continued)

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2010

	<u>Enterprise Funds</u>				
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund Emergency Communication District Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
Reconciliation of operating income (loss)					
to net cash provided by					
(used in) operating activities					
Operating income (loss)	\$ 3,214,542	\$ 3,440,559	\$ 110,968	\$ 6,766,069	\$ 472,458
Adjustments to reconcile operating income (loss)					
to net cash provided by (used in) operating					
activities:					
Depreciation	2,146,302	3,927,586	123,491	6,197,379	996,163
Change in assets and liabilities					
(Increase) decrease in accounts receivable	430,834	(1,699,961)	2,410	(1,266,717)	-
(Increase) decrease in amortization of deferred charges	(17,147)	5,780	-	(11,367)	(2,837)
(Increase) decrease in inventory, at cost	-	-	-	-	(174,795)
(Increase) decrease in due from other governments	-	-	4,882	4,882	-
Increase (decrease) in accounts payable	968,910	176,676	910	1,146,496	(159,964)
Increase (decrease) in accrued liabilities	(1,541)	17,232	-	15,691	1,312
Increase (decrease) in accrued vacation	509	(3,248)	-	(2,739)	(12,067)
Increase in customer deposits	64,054	-	-	64,054	-
Increase (decrease) in OPEB liability	12,183	26,802	-	38,985	2,783
Total adjustments	<u>3,604,104</u>	<u>2,450,867</u>	<u>131,693</u>	<u>6,186,664</u>	<u>650,595</u>
Net cash provided by (used in) operating activities	<u>\$ 6,818,646</u>	<u>\$ 5,891,426</u>	<u>\$ 242,661</u>	<u>\$ 12,952,733</u>	<u>\$ 1,123,053</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2010 and 2009

	Private-purpose Trust Fund	
	2010	2009
Assets		
Cash and cash equivalents	\$ 331,094	\$ 270,915
Investments, at fair value	40,327	103,184
Accounts receivable	500	-
Total assets	371,921	374,099
Liabilities		
Accounts payable	1,000	1,000
Total liabilities	1,000	1,000
Net assets		
Held in Trust for:		
Reserved for endowment	370,921	373,099
Total net assets	\$ 370,921	\$ 373,099

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Fiscal Years Ended June 30, 2010 and June 30, 2009

	Private-purpose Trust Fund	
	2010	2009
Additions		
Contributions	\$ 6,500	\$ 22,675
Investment income	11,302	15,258
Total additions	17,802	37,933
Deductions		
Scholarship awards	19,980	37,829
Total deductions	19,980	37,829
Change in net assets	(2,178)	104
Total net assets - beginning	373,099	372,995
Total net assets - ending	\$ 370,921	\$ 373,099

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30 2010**

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**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

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.

Discretely Presented Component Units

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 has a June 30 year-end and 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, 2010

Oak Ridge Public Schools Education Foundation, Inc. (Education Foundation). The Foundation is a not-for profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Foundation's primary mission is to enhance, promote and support the City of Oak Ridge Schools. The Foundation receives donations and pledges from individuals, corporations and other donors. The Schools do not appoint or approve the Foundation's budget or Board of Directors. However, since the Foundation's main purpose is to provide financial support to the schools, this meets the definition of a component unit in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, paragraph five.

The Foundation has been audited by a separate certified public accounting firm for the year ending December 31, 2009. The Foundation's results have been presented with a different year-end in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, paragraph 59.

The Foundation publishes separate financial statements, which may be obtained at the entity's administrative offices at the following address:

Ms. Lila Metcalf
Oak Ridge Public Schools Education Foundation, Inc.
MS-22, P.O. Box 117
Oak Ridge, TN 37831
(865) 241-3667

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.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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 fund, although the fiduciary fund is 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.

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.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Debt Service Fund

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

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.

The City also 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.

Activities accounted for in internal service funds include: (1) medical benefits and retirement plan contributions for City employees, unemployment, worker's compensation and general liability claims and premiums, (2) providing for the purchase and cost of maintaining a central inventory of materials and supplies for use by City departments and (3) providing for the leasing of equipment and vehicles to City and Schools departments along with accounting for fuel and maintenance of these vehicles.

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.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

c. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. 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.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both 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 recorded only when payment is due. 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.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal ongoing operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services provided. Operating revenues in the Waterworks Fund includes the portion of the tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. Refer to Note 21.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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. The LGIP is a SEC 2a-7-like fund and the amount stated is based on the LGIP share price. The fund is reported at its amortized book value and the City is exempted from sharing in any realized gains or losses of the fund.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with 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. Pledges Receivables

Unconditional pledges, less an allowance for uncollectable amounts, of the component unit, Education Foundation, are recognized as contribution revenue in the period received. The Foundation uses the allowance method to determine a collectable amount based upon prior years' experience and management's estimates.

Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue.

j. 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.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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k. Compensated Absences

Employees of the City are granted general and emergency leave in varying amounts. In the event of termination, an employee is paid for accumulated general leave; however, accumulated emergency leave is not paid. Upon retirement, the accumulated emergency 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.

l. Capital Assets

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

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

Property under capital leases is stated at the lower of the present value of minimum lease payments or the fair market value at the inception of the lease. Once placed in use, such property is amortized using the straight-line method over the shorter of the economic useful life of the asset or the remaining term of the lease.

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. The City capitalized interest in business type funds totaling \$51,608 for the year ended June 30, 2010.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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m. 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.

n. Interfund Transactions

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

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. All other interfund transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

o. 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 18.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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p. 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 Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

q. 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.

r. 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.

s. Comparative Data

Comparative total data for the prior year, which was summarized from the 2009 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 2009 data comparable to that of 2010.

t. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized

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under GASB Statement No. 51. The implementation of GASB 51 had no significant impact on the City's financial statements as of and for the year ending June 30, 2010.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by city governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with the City's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the statement of net assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment income or loss in the statement of activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the statement of net assets as deferrals. Note 14, Long-term Liabilities, describes derivative transactions of the City as of and for the year ended June 30, 2010.

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, 2010 is \$20,323,787.

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, 2005 (recognized in the fiscal year beginning July 1, 2005). The assessed value for the list as of January 1, 2009, was \$685,788,563. The appraised value was \$2,284,105,945 making the total assessed value approximately 30 percent of the total appraised value.

CITY OF OAK RIDGE, TENNESSEE
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Taxes were levied at a rate of \$2.77 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 \$18,120,891 for the fiscal year ended June 30, 2010 were approximately 95.6 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 K-25 Gaseous Diffusion Plant site, now known as East Tennessee Technology Park (ETTP), is a focal point for developing hazardous waste management impoundment and storage. Oak Ridge Y-12 plant is a highly sophisticated manufacturing and developmental engineering organization engaged primarily in programs vital to national defense. BWXT, Inc., UT-Battelle and Bechtel Jacobs (BJC), the contractors that operate the three major facilities, are the major employers in Oak Ridge. DOE plants account for 40% of total water sales and 29% of wastewater revenues. Since DOE purchases electricity directly from TVA, DOE does not purchase power from the City.

The City receives financial assistance and in-lieu of tax payments from DOE. The City received \$1,475,379 from DOE in tax payments in fiscal 2010. The annual payments are subject to congressional appropriation.

During fiscal 2008, the City entered into an agreement with DOE and BJC to assume fire and emergency medical response duties for the ETTP site. Under the agreement with DOE, through its contractor BJC, the City will receive an estimated \$10,000,000 in funding over the four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and fire fighting and ambulance vehicles and equipment to the City to operate this facility. The City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETTP fire station. The City received \$2,346,278 from BJC in fiscal 2010.

The City has entered into a 5-year agreement with DOE and BJC, under which the City assumed responsibility for water and wastewater services to the ETTP site. The City acquired the ETTP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETTP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETTP water plant is near the end of its useful life. Under terms of the contract, DOE through its contractor BJC will provide funding to fully operate the water plant and provide \$500,000 each year of the contract for the City to build new infrastructure from the City's main water plant to serve the ETTP site. On May 29, 2008, the City assumed water and wastewater operations to the ETTP site. These operations are accounted for in

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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the City's Waterworks Fund, an enterprise fund. Under terms of the contract, the City will receive a base amount from BJC, reduced by revenues the City receives from other City customers that are serviced by the ETPP water plant and the Rarity Ridge wastewater plant during that time frame. The City received \$1,605,393 from BJC in fiscal 2010.

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, Tennessee Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

The City's plan is noncontributory. The City assumed the employees' contributions and contributes up to 5.0% of employee annual covered payroll. A small number of employees whose contribution rate was greater than 5.0% prior to the change to the adoption to noncontributory still contribute the excess over 5.0%. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010 was 13.07% 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.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Annual Pension Cost

For the year ending June 30, 2010, the City's annual pension cost of \$2,306,713 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 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, 2007 was 28 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 2,306,713	100.00%	\$ 0
6/30/09	2,457,611	100.00%	0
6/30/08	2,037,667	100.00%	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 82.07% funded. The actuarial accrued liability for benefits was \$79.50 million, and the actuarial value of assets was \$65.24 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$14.25 million. The covered payroll (annual payroll of active employees covered by the plan) was \$18.69 million, and the ratio of the UAAL to the covered payroll was 76.26%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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 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 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 the Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10th Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or at <http://www.tn.gov/treasury/tcrs/PS/>.

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, 2010, was 10.16% 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, 2010, Oak Ridge Schools' annual pension cost of \$677,824 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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. 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, 2007, was 8 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$ 677,824	100.00%	\$ 0
6/30/09	646,133	100.00%	0
6/30/08	620,195	100.00%	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.08% funded. The actuarial accrued liability for benefits was \$22.45 million, and the actuarial value of assets was \$19.55 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.90 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.21 million, and the ratio of the UAAL to the covered payroll was 46.68%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

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 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. 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, 10th Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs>.

CITY OF OAK RIDGE, TENNESSEE
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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, 2010, was 6.42% 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, 2010, 2009, and 2008 were \$1,595,194, \$1,574,674, and \$1,509,165, respectively, equal to the required contributions for each year.

5. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description – City Employee Other Than Schools

The City participates in the state administered Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by TCA 8-27-207. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in that state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The State does not provide a subsidy to local governments participants.

Eligibility

The City will pay 50% of the medical insurance premium for eligible retired employees and their spouses for 7 years or until the employee/spouse becomes Medicare eligible, whichever is earlier. To be eligible, employees must have 30 years of service and must have been on the insurance plan for one full year prior to retirement or 20 years of service and age 55 and on the insurance plan one full year prior to retirement or 10 years of service and age 55 and on the insurance plan three full years prior to retirement. The City will pay 100% of a surviving spouse's medical premium for 6 months.

**CITY OF OAK RIDGE, TENNESSEE
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For the Fiscal Year Ended June 30, 2010**

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of governmental accounting standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost and net OPEB obligation for the current year was as follows:

Annual Required Contribution (ARC)	\$	231,057
Interest on net OPEB Obligation		5,858
Adjustment to the ARC		<u>(6,133)</u>
Annual OPEB Cost		230,782
Contributions Made		<u>(90,431)</u>
Increase in OPEB Obligation		140,351
Net OPEB Obligation, Beginning of Year		<u>146,456</u>
Net OPEB Obligation, End of Year	\$	<u><u>286,807</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

<u>Three-Year Trend Information</u>			
<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 230,782	39.2%	\$ 286,807
6/30/2009	219,655	33.3%	146,456
6/30/2008	N/A	N/A	N/A

Since 2009 is the first year of implementation of GASB 45 for the City, 2008 data is not available.

**CITY OF OAK RIDGE, TENNESSEE
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Funded Status and Progress

The funded status on the plan as of June 30, 2010, was as follows:

Actuarial valuation date	July 1, 2008
Actuarial accrued liability (AAL)	\$ 2,180,627
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 2,180,627
Actuarial value of assets as a percentage of AAL	0.0%
Covered Payroll (active plan members)	\$ 8,878,049
UAAL as a percentage of covered payroll	24.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

In the July 1, 2008 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.0% funding interest rate. The 2008 medical cost trend rate used was 10% with an ultimate medical cost trend rate of 5% projected to be reached in 2013. The annual payroll growth rate is assumed to be 2.5%. The remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2009 is 29 years.

Plan Description – Schools

The Oak Ridge Schools participates in the state-administered Teacher Group Insurance Plan (the Plan) for healthcare benefits. For accounting purposes, the Plan is an agent multiple-employer defined benefit other postemployment benefits (OPEB) plan. Benefits are established and amended by an insurance committee created by TCA 8-27-302 for teachers.

Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in TCRS may participate in state-administered Medicare supplement plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the State's website at <http://tennessee.gov/finance/act/cafr.html>.

**CITY OF OAK RIDGE, TENNESSEE
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Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The State does provide a partial subsidy to Board's or Education pre-age 65 teachers and a full subsidy based on years of service for post-age 65 teachers in the Medicare Supplement Plan.

Annual OPEB Cost and Net OPEB Obligation

The Schools' annual OPEB cost and net OPEB obligation for the current year was as follows:

	Teacher Group Insurance Plan
Annual Required Contribution (ARC)	\$ 874,000
Interest on net OPEB Obligation	120,697
Adjustment to the ARC	(114,324)
Annual OPEB Cost	880,373
Contributions Made	(358,328)
Increase in OPEB Obligation	522,045
Net OPEB Obligation, Beginning of Year	2,682,145
Net OPEB Obligation, End of Year	\$ 3,204,190

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Costs Contributed	Net OPEB Obligation
6/30/2010	\$ 880,373	40.7%	\$ 3,204,190
6/30/2009	339,035	39.3%	2,682,145
6/30/2008	328,892	38.8%	2,476,305

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Funded Status and Progress

Actuarial Valuation Date	<u>7/1/2009</u>
Actuarial Accrued Liability (AAL)	\$ 6,716,000
Actuarial Value of Plan Assets	<u>-</u>
Total Unfunded AAL	<u>\$ 6,716,000</u>
Funded Ratio (Actuarial Value of Assets as a Percentage of the AAL)	0.0%
Annual Covered Payroll	\$ 24,847,259
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	27.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of cost between employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 4% for 2010. The trend will rise to 10% in 2011 and then be reduced by decrements to an ultimate rate of 5% by 2021. Both rates include a 3% inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with June 30, 2008.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

6. ON-BEHALF PAYMENTS

As required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the following on-behalf payments have been recorded.

Medicare Supplement Plan

Since Teachers are considered state employees per state statutes, the State of Tennessee makes a contribution (on-behalf payments) for retired teachers to this Plan through the TCRS. The on-behalf payment for 2010 was \$52,042 and has been recorded as a revenue and expenditure in the school fund.

Teacher Group Insurance Plan

The State of Tennessee makes a contribution (on-behalf payment) for retired teachers who participate in the State-administered Teacher Group Insurance Plan through TCRS as described in Note 6. The on-behalf payment for 2010 was \$142,296 and has been recorded as a revenue and expenditure in the school fund.

7. TERMINATION 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 50% of the premium costs. During fiscal 2010, the City contributed \$50,635 toward retiree's insurance premium costs with 15 retirees receiving the benefit at fiscal year end. The City funds its contribution of the retiree's insurance premiums on a pay-as-you-go basis.

The Schools will provide voluntary termination benefits for professional employees who agree to retire before age 65. Employees who retire 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, 85% of the retirees' individual health insurance premium will be paid by the schools for 5 years or until the retiree reaches age 65. During fiscal 2010, the Schools reimbursed approximately \$50,108 to 20 retirees. The Schools funds its contribution of the retirees' individual insurance premium on a pay-as-you-go basis.

At June 30, 2010, the estimated liability and expense of school employee termination benefits reported in the government-wide financial statements is \$312,918. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 1.79% and a projected healthcare cost trend rate of 10.0% were used to estimate the effect of making these payments over a five-year period.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

8. ACCOUNTS RECEIVABLE

For collection economy, the Electric Fund purchases and collects the utility customer receivables for 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 \$2,065,653 was recorded in the Electric Fund at June 30, 2010.

Receivables at June 30, 2010 consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Customer Accounts</u>	<u>Other</u>	<u>Gross Receivables</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General	\$ 20,168,555	\$ 567,097	\$ 1,132,746	\$ 21,868,398	\$ (2,259,200)	\$ 19,609,198
School	-	74,266	-	74,266	-	74,266
Debt Service	-	-	128,016	128,016	-	128,016
Electric	-	8,144,534	-	8,144,534	(1,294,033)	6,850,501
Waterworks	-	2,276,412	-	2,276,412	(168,151)	2,108,261
Nonmajor	-	-	224,862	224,862	-	224,862
Total	<u>\$ 20,168,555</u>	<u>\$ 11,062,309</u>	<u>\$ 1,485,624</u>	<u>\$ 32,716,488</u>	<u>\$ (3,721,384)</u>	<u>\$ 28,995,104</u>

9. 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 11.

Deposits

At year-end, the carrying amount of the City's deposits was \$7,228,378 and the bank balance was \$7,933,171. 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 Depository 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, 2010, 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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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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

Investments

The City's investments at fiscal year end, excluding that of the Scholarship Fund, a Fiduciary Fund, were in the State of Tennessee Local Government Investment Pool (LGIP) and Certificates of Deposit. 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 \$32,445,712 is based on the LGIP share price.

The Oak Ridge Schools maintain investments in certificates of deposit. Banks or credit unions holding the certificates of deposit shall be fully insured by the Federal Depository 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.

The Oak Ridge Schools held, as trustee, federal agency debt securities in the Scholarship Fund, a Fiduciary Fund, with a carrying value of \$40,327 at year-end as shown below. The carrying value of the investment was presented at fair value. The investments are held by the Schools in the School's name.

As of June 30, 2010 the City had the following investments and maturities:

	Fair Value	Investment maturities	
		Less than 1 year	More than 1 year
State of Tennessee Local Government Investment Pool	\$ 32,445,712	\$ 32,445,712	\$ -
Certificates of Deposit	1,301,183	1,301,183	-
Federal Agencies:			
Federal National Mortgage Association - 5.35%	40,327	-	40,327
Total Investment and Maturities	\$ 33,787,222	\$ 33,746,895	\$ 40,327

Investment income in the Scholarship Fund for 2010 consisted of the following:

Interest and dividend income	\$ 10,975
Unrealized gain on market value	<u>327</u>
Total	<u>\$ 11,302</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

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 the 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.

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.

Component Unit – Education Foundation

At June 30, 2010, the Education Foundation had the following deposits and investments:

<u>Description</u>	<u>Fair Value</u>
Deposits:	
Bank Deposits, Certificates of Deposit and Money Market Accounts	<u>\$ 403,655</u>
Investments:	
U.S. Treasury Notes and Bonds	4,385,785
Corporate Bonds	117,360
Common Stock	<u>1,129,152</u>
	<u>5,632,297</u>
Total	<u><u>\$ 6,035,952</u></u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Investments at Fair Value

Investment income for 2010 consisted of the following:

Interest and Dividends	\$	215,084
Unrealized Gain on Market Values		311,080
		526,164
	\$	526,164

At June 30, 2010, the majority of the Foundation's investments were invested in direct obligations of the U.S. Government, or money market mutual funds which are also invested in direct obligations of the U.S. Government.

10. PLEDGES RECEIVABLE

Component Unit- Education Foundation

The Education Foundation had the following pledge receivables at year-end:

		Amount
Due Within One Year	\$	112,008
Due in One to Five Years		-
Gross Receivable		112,008
Less: Discount to Net Present Value		(834)
Allowance for Uncollectible		(16,801)
Total Net	\$	94,373

		Amount
Due Within One Year	\$	94,373
Due in One to Five Years		-
Total-Net	\$	94,373

The discount rate used to compute the net present value adjustment ranged from 2.76% to 5.23%.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

11. 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.

12. RESTRICTED ASSETS

Restricted bond proceeds are the remaining funds from the proceeds of \$20,000,000 in Build America Bonds issued in November 2009. These bond proceeds are restricted to the capital projects identified in the issuing bond resolution. 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 governmental and proprietary funds restricted assets at June 30, 2010 are as indicated below:

	Governmental- type Activities		Business-type Activities		Total Per Government- wide Financial Statements
	Capital Projects Fund	Equipment Replacement Rental Fund	Electric Fund	Waterworks Fund	
Capital Projects					
Bond proceeds	\$ 732,836	\$ 443,941	\$ 1,837,119	\$ 2,398,178	\$ 5,412,074
Retainage	-	-	-	58,787	58,787
Current debt service account	-	-	138,083	-	138,083
Total	\$ 732,836	\$ 443,941	\$ 1,975,202	\$ 2,456,965	\$ 5,608,944

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

13. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Adjustments</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,043,126	\$ 52,118	\$ -	\$ 3,095,244
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>3,043,126</u>	<u>52,118</u>	<u>-</u>	<u>3,095,244</u>
Capital assets being depreciated:				
Infrastructure	46,192,279	1,124,297	-	47,316,576
Buildings	129,773,638	871,447	-	130,645,085
Improvements other than buildings	12,543,193	279,076	-	12,822,269
Machinery and equipment	<u>31,382,682</u>	<u>1,525,026</u>	<u>(3,320,668)</u>	<u>29,587,040</u>
Total capital assets being depreciated	<u>219,891,792</u>	<u>3,799,846</u>	<u>(3,320,668)</u>	<u>220,370,970</u>
Less accumulated depreciation for:				
Infrastructure	(17,366,484)	(946,331)	-	(18,312,815)
Buildings	(36,888,277)	(2,992,582)	-	(39,880,859)
Improvements other than buildings	(5,558,315)	(470,212)	-	(6,028,527)
Machinery and equipment	<u>(15,104,586)</u>	<u>(2,034,546)</u>	<u>2,272,797</u>	<u>(14,866,335)</u>
Total accumulated depreciation	<u>(74,917,662)</u>	<u>(6,443,671)</u>	<u>2,272,797</u>	<u>(79,088,536)</u>
Total capital assets being depreciated, net	<u>144,974,130</u>	<u>(2,643,825)</u>	<u>(1,047,871)</u>	<u>141,282,434</u>
Governmental activities capital assets, net	<u>\$ 148,017,256</u>	<u>\$ (2,591,707)</u>	<u>\$ (1,047,871)</u>	<u>\$ 144,377,678</u>

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

General government	\$ 76,376
Public safety	591,341
Public works	1,446,342
Community service	803,369
Education	<u>3,431,818</u>
Total depreciation expense	<u>\$ 6,349,246</u>

Total increases for accumulated depreciation in the table above includes transfers of equipment totaling \$94,425.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Capital asset activity for the business-type activities for the year ended June 30, 2010 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 755,193	\$ -	\$ -	\$ 755,193
Construction in progress	1,868,943	7,000,718	(4,923,193)	3,946,468
Total capital assets not being depreciated	<u>2,624,136</u>	<u>7,000,718</u>	<u>(4,923,193)</u>	<u>4,701,661</u>
Capital assets being depreciated:				
Electric plant in service				
Transmission	9,221,796	-	-	9,221,796
Distribution	59,407,426	2,118,177	(177,561)	61,348,042
Water plant in service	54,276,760	2,485,312	(112,315)	56,649,757
Wastewater plant in service	69,312,156	2,382,103	-	71,694,259
Equipment	7,004,898	271,670	(179,439)	7,097,129
Total capital assets being depreciated	<u>199,223,036</u>	<u>7,257,262</u>	<u>(469,315)</u>	<u>206,010,983</u>
Less accumulated depreciation for:				
Electric plant in service				
Transmission	(3,042,351)	(276,654)	-	(3,319,005)
Distribution	(22,518,841)	(1,744,641)	284,578	(23,978,904)
Water plant in service	(18,784,255)	(2,165,483)	114,170	(20,835,568)
Wastewater plant in service	(24,168,743)	(1,598,170)	-	(25,766,913)
Equipment	(4,154,893)	(421,411)	160,809	(4,415,495)
Total accumulated depreciation	<u>(72,669,083)</u>	<u>(6,206,359)</u>	<u>559,557</u>	<u>(78,315,885)</u>
Total capital assets being depreciated, net	<u>126,553,953</u>	<u>1,050,903</u>	<u>90,242</u>	<u>127,695,098</u>
Business-type activities capital assets, net	<u>\$ 129,178,089</u>	<u>\$ 8,051,621</u>	<u>\$ (4,832,951)</u>	<u>\$ 132,396,759</u>

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

Electric	\$ 2,141,112
Waterworks	3,941,756
Emergency Communications	123,491
Total depreciation expenses	<u>\$ 6,206,359</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

14. LONG-TERM LIABILITIES AND PRIOR PERIOD ADJUSTMENT

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2010:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
Governmental Activities:					
General Fund:					
General Obligation Bonds	\$ 38,581,000	\$ 14,540,000	\$ (7,883,000)	\$ 45,238,000	\$ 2,833,000
Qualified Zone Academy Bonds (QZAB)	6,113,020	-	(509,418)	5,603,602	509,418
Notes Payable	55,084,053	4,735,000	(4,840,000)	54,979,053	219,000
Unamortized Debt Discount	(90,984)	-	21,893	(69,091)	(6,951)
Unamortized Debt Premium	1,899,843	175,761	(147,359)	1,928,245	156,673
Capital Lease Obligations	713,139	-	(293,063)	420,076	300,371
Compensated Absences	2,831,259	2,419,546	(2,436,687)	2,814,118	2,224,126
School Termination Benefits	300,488	62,538	(50,108)	312,918	48,621
OPEB Obligation	2,781,735	1,037,501	(419,898)	3,399,338	228,954
City Equipment Replacement					
Rental Fund:					
General Obligation Bonds	609,000	700,000	(157,000)	1,152,000	177,000
Unamortized Bond Discount	(7,315)	(7,535)	2,330	(12,520)	(2,661)
Unamortized Reoffering Premium	5,067	4,739	(1,585)	8,221	1,792
Compensated Absences	109,247	75,825	(88,891)	96,181	72,136
OPEB Obligation	3,125	4,910	(1,925)	6,110	2,139
Total Long-term Liabilities - Governmental Activities:	\$ 108,932,677	\$ 23,748,285	\$ (16,804,711)	\$ 115,876,251	\$ 6,763,618
Business-type Activities:					
Electric Fund:					
Bonds	\$ 16,955,000	\$ 5,000,000	\$ (930,000)	\$ 21,025,000	\$ 965,000
Notes Payable	4,142,453	-	(113,424)	4,029,029	118,095
Unamortized Debt Discount	(133,962)	(62,676)	15,035	(181,603)	(15,951)
Unamortized Reoffering Premium	350,923	-	(36,285)	314,638	36,285
Compensated Absences	316,054	250,773	(248,733)	318,094	238,571
OPEB Obligation	13,669	21,482	(8,417)	26,734	9,357
Waterworks Fund:					
General Obligation Bonds	3,030,000	5,000,000	(390,000)	7,640,000	400,000
Notes Payable	12,245,951	-	(368,532)	11,877,419	369,905
State Revolving Fund Program Loan	16,391,911	436,984	(718,164)	16,110,731	747,984
Unamortized Debt Discount	(28,029)	(53,819)	5,584	(76,264)	(6,678)
Unamortized Reoffering Premium	3,289	56,434	(2,082)	57,641	3,228
Compensated Absences	692,587	555,368	(543,496)	704,459	528,345
OPEB Obligation	30,072	47,261	(18,519)	58,814	20,585
Emergency Communications Fund:					
Capital Lease Obligations	976,098	-	(102,292)	873,806	107,386
Total Long-term Liabilities - Business-type Activities	\$ 54,986,016	\$ 11,251,807	\$ (3,459,325)	\$ 62,778,498	\$ 3,522,112

Compensated absences are generally liquidated by the General Fund, School Fund, City Equipment Replacement Rental Fund, Electric Fund and Waterworks Fund. The State of Tennessee makes on-behalf payments for the other postemployment benefits (OPEB) obligation as described in Note 6.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

General Obligation Debt Issuances and Refundings

In November 2009, the City issued \$20,000,000 in taxable general obligation Build America Bonds (BABS) for various city and school capital projects, including completion of the Oak Ridge High School renovation. The federal government provides a 35% subsidy on the interest payment due on these bonds. \$5,000,000 of the bond proceeds will be utilized for Electric Fund capital projects and \$5,000,000 for Waterworks Fund capital projects, both funds are a business-type activity. The annual debt service on this \$10,000,000 portion of the debt will be provided by the Electric and Waterworks Funds, respectively. The bonds mature in 2041 with interest rates ranging from 2.875% to 6.5%, before the 35% federal subsidy is applied.

In April 2010, the City issued \$5,240,000 in General Obligation Refunding Bonds Series 2010 for a current refunding of \$5,270,000 in outstanding general obligation debt. The bonds mature in 2021 with interest rates ranging from 3.0% to 4.0%. The refunding was done to reduce the total future debt service payments and reduced the term of the bonds by two years. The refunding bonds were issued at a premium of \$112,802, which is being amortized over the 11-year life of the new bonds in the government-wide statements. The transaction resulted in an economic gain of \$603,227 and a reduction of \$906,858 in future debt service payments.

A. Long-Term Debt – Governmental Activities

General Obligation Bonds – General Fund

The debt amortized below includes \$9,300,000 in taxable general obligation Build America Bonds (BABS) issued in November 2009 for various city capital projects, including completion of the Oak Ridge High School renovation. The federal government provides a 35% subsidy on the interest payment due on these bonds. The bonds mature in 2041.

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2010, are as follows:

Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2011	\$ 2,833,000	\$ 2,169,577	\$ (202,059)	\$ 1,967,518	\$ 4,800,518
2012	3,145,000	2,024,756	(202,059)	1,822,697	4,967,697
2013	3,110,000	1,875,606	(202,059)	1,673,547	4,783,547
2014	3,055,000	1,730,656	(202,059)	1,528,597	4,583,597
2015	3,050,000	1,593,206	(202,059)	1,391,147	4,441,147
2016-2020	16,345,000	6,015,044	(1,010,297)	5,004,747	21,349,747
2021-2025	4,950,000	3,124,944	(1,010,297)	2,114,647	7,064,647
2026-2030	2,250,000	2,410,625	(843,719)	1,566,906	3,816,906
2031-2035	-	2,068,750	(724,063)	1,344,687	1,344,687
2036-2040	5,000,000	1,915,000	(670,250)	1,244,750	6,244,750
2041	1,500,000	97,500	(34,125)	63,375	1,563,375
Total	<u>\$ 45,238,000</u>	<u>\$ 25,025,664</u>	<u>\$ (5,303,046)</u>	<u>\$ 19,722,618</u>	<u>\$ 64,960,618</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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, 2010:

	Governmental Activities			Balance 6/30/10
	Balance 7/1/09	Additions/ Transfers	Retirements	
Series 1998, GO Refunding Bonds Issue: \$7,275,000, Maturing 2023 Interest Rate: 4.40% - 4.90%	\$ 5,545,000	\$ -	\$ 5,545,000	\$ -
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Rate: 3.56% - 4.83%	11,725,000	-	2,075,000	9,650,000
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Rate: 2.00% - 4.00%	4,096,000	-	263,000	3,833,000
Series 2009, GO Refunding Bonds Issue: \$17,215,000, Maturing 2022 Interest Rate: 3.00% - 5.00%	17,215,000	-	-	17,215,000
Series 2009B, Build America Bonds (BABS) Issue: \$9,300,000, Maturing 2041 Interest Rate: 5.63% - 6.50% Interest Treasury Rebate: 3.5%	-	9,300,000	-	9,300,000
Series 2010, GO Refunding Bonds Issue: \$5,240,000, Maturing 2021 Interest Rate: 3.00% - 4.00%	-	5,240,000	-	5,240,000
Total General Obligation Bonded Debt	\$ 38,581,000	\$ 14,540,000	\$ 7,883,000	\$ 45,238,000

Qualified Zone Academy Bonds (QZAB) – General Fund

The City issued \$7,049,360 in Qualified Zone Academy Bonds (QZAB) in fiscal 2005 and \$1,032,500 in fiscal 2006. QZAB's are 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 funded the City's required private contribution. A \$511,864 annual loan payment is scheduled each year through December 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.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Projected amortization schedule for QZAB are as follows:

Governmental Activities			
Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2011	\$ 509,418	\$ 2,445	\$ 511,863
2012	509,419	2,445	511,864
2013	509,418	2,445	511,863
2014	509,418	2,445	511,863
2015	509,419	2,445	511,864
2016-2020	2,547,091	12,224	2,559,315
2021	509,419	2,445	511,864
Total	\$ 5,603,602	\$ 26,894	\$ 5,630,496

Notes Payable – General Fund

In fiscal 1995, the City executed a loan agreement with the Tennessee Municipal Bond Fund (TMBF) 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. Remaining principal payments occur from 2017 through 2023. The loan had a principal balance of \$568,765 at June 30, 2010. Annual interest payments are amortized below using a 0.97% interest rate, which was the actual weekly rate at June 30, 2010.

In August 2001, City Council authorized the issuance of \$1,000,000 in general obligation debt through the TMBF 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 to finance the annual principal and interest payments through the loans maturity in 2017. At June 30, 2010, the outstanding principal balance of the loan was \$558,000. Annual interest payments are amortized below using a 0.86% interest rate, which was the actual weekly rate at June 30, 2010.

On February 25, 2005, the City entered into a \$15,000,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for the ORHS project. At June 30, 2010, the outstanding principal balance of the loan was \$14,900,000. The interest rate on the fixed rate loan is between 3.0% and 4.125%, with maturity in fiscal 2025. Principal payments begin in fiscal 2010.

On December 21, 2006, the City entered into a \$5,325,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for renovation and new construction of the ORHS Project. This is a fixed interest rate issuance at 4.375% with principal payments occurring in 2037 and 2038.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

On April 16 2008, the City executed a loan agreement with the TMBF for \$11,000,000 of which \$7,752,288 was used to fund costs for renovation and new construction of the ORHS project and other school capital projects. The remaining loan proceeds were used to fund electric and waterworks projects. Principal payments begin in 2014 with maturity in 2027. Annual interest payments are amortized below using a 0.59% interest rate, which was the actual weekly rate at June 30, 2010.

Notes payable also includes \$25,875,000 in outstanding debt issued to fund costs for renovation and construction of the ORHS project for which the City has entered into an interest rate swap agreement as outlined beginning on page 64 of the notes to financial statements. During fiscal 2010, the City refunded \$4,675,000 of the outstanding debt under the Series VI-D-3 swap agreements to replace Ambac Assurance Corporation as the holder of a Financial Guarantee Insurance Policy. The purpose of the refunding was to enhance remarketing of the underlying bonds at a cost of \$105,000. See details of Series VI-D-3 swap agreement for additional information.

Projected debt service requirements to maturity for notes payable are as outlined below. The interest rate varies on a weekly basis and is paid monthly for the TMBF loans. Annual interest payments on variable interest rate loans are amortized using the actual weekly rate at June 30, 2010. For budgeting purposes, the City uses a 4.50% interest rate for variable rate loans.

<u>Fiscal Year</u> <u>Ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total Requirements
2011	\$ 219,000	\$ 1,932,604	\$ 2,151,604
2012	272,000	1,927,134	2,199,134
2013	326,000	1,919,512	2,245,512
2014	449,000	1,909,447	2,358,447
2015	478,000	1,897,114	2,375,114
2016-2020	2,950,811	9,242,499	12,193,310
2021-2025	15,461,954	7,988,039	23,449,993
2026-2030	11,672,288	5,507,960	17,180,248
2031-2035	15,335,000	3,341,179	18,676,179
2036-2038	7,815,000	679,278	8,494,278
Total	\$ 54,979,053	\$ 36,344,766	\$ 91,323,819

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Notes Payable - Swap Agreements

As of June 30, 2010 the City had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Maturity Date	Term
Series VI-D-3 ¹	Pay-fixed Interest Rate Swap	Variable to Synthetic Fixed Rate	\$ 10,000,000	2033	Pay 3.725% Receive 63.5% of LIBOR
Series VI-H-1 ²	Pay-fixed Interest Rate Swap	Variable to Synthetic Fixed Rate	\$ 15,675,000	2036	Pay 3.536% Receive 63.0% of LIBOR

¹Refunded to Series VII-E-1 in 2009

²Refunded to Series VII-E-1 bonds and Series VI-M-1 bonds

The fair value balance and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type and the changes in fair value of such derivative instruments for the years then ended are as follows:

Associated Debt Issue	Changes in Fair Value		Fair Value at June 30, 2010		June 30, 2010 Notional Amount
	Classification	Amount	Classification	Amount	Amount
Governmental Activities					
Cash Flow Hedge:					
Pay-fixed Interest Rate Swap					
Series VI-D-3 ¹	Deferred Outflow	\$ (505,847)	Debt	\$ (1,603,450)	\$ 10,000,000
Investment Derivative:					
Pay-fixed Interest Rate Swap					
Series VI-H-1 ²	Interest and Investment Earnings	\$ (760,615)	Debt	\$ (2,039,972)	\$ 15,675,000

¹Refunded to Series VII-E-1 in 2009

²Refunded to Series VII-E-1 bonds and Series VI-M-1 bonds

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Derivative Swap Agreement Details

Swap - Local Government Improvement Bonds, Series VI-D-3 (Refunded by Series VII-E-1 bonds)

On December 1, 2004, the City entered into a \$10,000,000 loan agreement with 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. Principal payments are to occur on the loan from 2031 to 2033. Under its loan agreement, the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-D-3.

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The swap Series VI-D-3 met that criteria and therefore is classified as a cash flow hedge. The City recorded an asset and a liability for the derivative totaling the negative fair value of \$1,603,450 in the statement of activities.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series VI-D-3 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. The Series VI-D-3 bonds have since been refunded with a portion of the proceeds of the Series VII-E-1 bonds and the interest rate swap is now associated with the Series VII-E-1 bonds.

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.725 percent and receives a variable payment computed as 63.50 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2010, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.725%
Variable payment from counterparty	%LIBOR	-1.711%
Net interest rate swap payments		<u>2.014%</u>
Variable rate bond coupon payments		0.290%
On-going variable rate bond payments		<u>1.120%</u>
Effective synthetic interest rate on bonds		<u><u>3.424%</u></u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Fair value: As of June 30, 2010, the swap had a negative fair value of \$(1,603,450). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows to their present value. The model derives the fair value based on assumptions of anticipated future market changes and is not based on quoted prices or recent trades of similar transactions in active markets or other observable inputs.

Credit risk: As of June 30, 2010, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") was rated "A+" by Standard and Poor's as of June 30, 2010, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard & Poor's and Fitch, respectively.

Basis risk: As noted above, the swap exposes the City to basis risk should the rate on the Bonds increase to above 63.5% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63.5% of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	Total
	Principal	Interest	Swap Payment	
2011	\$ -	\$ 29,000	\$ 201,431	\$ 230,431
2012	-	29,000	201,431	230,431
2013	-	29,000	201,431	230,431
2014	-	29,000	201,431	230,431
2015	-	29,000	201,431	230,431
2016-2020	-	145,000	1,007,155	1,152,155
2021-2025	-	145,000	1,007,155	1,152,155
2026-2030	-	145,000	1,007,155	1,152,155
2031-2033	10,000,000	67,570	469,334	10,536,904
	<u>\$10,000,000</u>	<u>\$647,570</u>	<u>\$ 4,497,954</u>	<u>\$ 15,145,524</u>

Swap - Local Government Improvement Bonds, Series VI-H-1 (Refunded to Series VII-E-1 bonds and Series VI-M-1 bonds)

On November 22, 2006, the City entered into a \$15,675,000 loan agreement with 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. Principal payments are to occur on the loan from 2026 to 2036. Under its loan agreement, the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-H-1.

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The swap Series VI-H-1 did not meet that criteria and therefore is classified as an investment derivative. The City recorded a liability for the investment derivative totaling the negative fair value of \$2,039,972 in the statement of net assets. The city also recorded the current year changes in fair value of \$760,615 in the statement of activities as an investment loss.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$15.675 million Series VI-H-1 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. \$11,000,000 of the Series VI-H-1 bonds have since been refunded with a portion of the proceeds of the Series VII-E-1 bonds and the related portion of the interest rate swap is now associated with the Series VII-E-1 bonds. The remaining \$4,675,000 of the Series VI-H-1 bonds have since been refunded with a portion of the Series VI-M-1 bonds and the related portion of the interest rate swap is now associated with the Series VI-M-1 bonds.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.536 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$15.675 million and the associated variable-rate bond has a \$15.675 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds and/or Series VI-M-1. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2036. As of June 30, 2010, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.536%
Variable payment from counterparty	%LIBOR	<u>-1.697%</u>
Net interest rate swap payments		1.839%
Variable rate bond coupon payments		0.329%
On-going variable rate bond payments		<u>1.121%</u>
Effective synthetic interest rate on bonds		<u><u>3.289%</u></u>

Fair value: As of June 30, 2010, the swap had a negative fair value of \$(2,039,972). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows to their present value. The model derives the fair value based on assumptions of anticipated future market changes and is not based on quoted prices or recent trades of similar transactions in active markets or other observable inputs.

Credit risk: As of June 30, 2010, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, entered into the interest rate swap agreement with Depfa Bank, who was rated "A+" by Standard and Poor's, AA- by Fitch Ratings and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2010, Depfa's credit rating had been downgraded and was rated "BBB" by Standard and Poor's (Positive Outlook), "A3" by Moody's Investors Service (Negative Outlook) and A- by Fitch Ratings (Stable Outlook). The counterparty has posted all collateral requirements with a third-party custodian.

Basis risk: As noted above, the swap exposes the City to basis risk should the rate on the Bonds increase to above 63% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63% of LIBOR, then the synthetic rate on the bonds will decrease.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Termination risk: The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value. The fair value previously stated does not take into account other costs that the City may incur to terminate the swap.

Swap payments and associated debt. As of June 30, 2010, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	Total
	Principal	Interest	Swap Payment	
2011	\$ -	\$ 51,535	\$ 288,229	\$ 339,764
2012	-	51,535	288,229	339,764
2013	-	51,535	288,229	339,764
2014	-	51,535	288,229	339,764
2015	-	51,535	288,229	339,764
2016-2020	-	257,675	1,441,144	1,698,819
2021-2025	-	257,675	1,441,144	1,698,819
2026-2030	7,950,000	207,619	1,161,190	9,318,809
2031-2035	5,250,000	95,673	535,085	5,880,758
2036	2,475,000	8,137	45,508	2,528,645
	<u>\$ 15,675,000</u>	<u>\$ 1,084,454</u>	<u>\$ 6,065,216</u>	<u>\$ 22,824,670</u>

During fiscal 2010, the City adopted GASB No. 53 Accounting and Financial Reporting for Derivative Instruments. The required disclosures provide a summary of the government's derivative instrument activity and the information necessary to assess the government's objectives for derivative instruments, their significant terms and the risks associated with the derivative instruments. To implement the provisions of this statement required restating liabilities of the prior year by \$1,279,357 to recognize the negative fair value of an interest rate swap agreement. The net assets of the government-wide governmental activities as of the beginning of this fiscal year have been restated as follows:

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

	Governmental Activities
Net assets, as previously reported	\$ 63,323,651
Adjustment for derivative instruments – interest rate swap	<u>(1,279,357)</u>
Net assets, as restated	<u>\$ 62,044,294</u>

City Equipment Replacement Rental Fund

On September 30, 1999, the City executed a general obligation loan agreement through the TMBF loan program for \$2,326,575 for the acquisition of four fire trucks and year 2000 compliant computer hardware and software. The outstanding principal balance of this loan was paid in its entirety from the proceeds of the General Obligation Refunding Bonds Series 2003. The debt service on the \$1,898,733 portion of the bonds required to refund the outstanding loan is to be repaid from revenues in the City Equipment Replacement Rental Fund, an internal service fund, a governmental type activity. At year-end, the bonds had a principal balance of \$452,000. Interest rates range from 2% to 4%.

The debt amortized below includes \$700,000 in taxable general obligation Build America Bonds (BABS) issued in November 2009 used to purchase computer hardware. The federal government provides a 35% subsidy on the interest payment due on these bonds. The bonds mature in 2019.

Debt service requirements to maturity for Equipment Replacement Rental Fund general obligation debt for the fiscal year ended June 30, 2010, are as follows:

Fiscal Year Ending June 30,	Governmental Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2011	\$ 177,000	\$ 44,758	\$ (9,647)	\$ 35,111	\$ 212,111
2012	205,000	38,563	(9,647)	28,916	233,916
2013	70,000	30,363	(9,647)	20,716	90,716
2014	50,000	27,563	(9,647)	17,916	67,916
2015	200,000	26,125	(9,144)	16,981	216,981
2016-2019	450,000	67,498	(23,624)	43,874	493,874
Total	\$ 1,152,000	\$ 234,870	\$ (71,356)	\$ 163,514	\$ 1,315,514

Capital Leases Obligations

On July 10, 2008, the Schools financed the purchases of approximately 500 Apple computers for \$732,479 from Apple Computers, Inc. Terms of the capital leases required an initial payment of \$188,322 and three annual payments of \$188,322 at 1.9% through July 10, 2010. The principal balance was \$184,963 at year-end.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

On August 1, 2008, the Schools financed the purchases of approximately 210 computers for \$471,515 from California First National Bank. Terms of the capital leases required an initial payment of \$124,550 and three annual payments of \$124,550 at 2.24% through July 10, 2011. The principal balance was \$235,113 at year-end.

Year Ending June 30,	
2011	\$ 312,872
2012	<u>124,550</u>
Total Future Minimum Lease Payments	437,422
Less: Amount representing interest	<u>(17,346)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 420,076</u></u>

B. Long-term Debt – Business-type Activities

Bonds

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. 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. Principal payments will occur through 2016. Interest rates on the bonds range from 4% to 5%. The principal balance of the bonds is \$5,955,000 at June 30, 2010.

General Obligation Bonds

In February 2009, the City issued \$27,285,000 in General Obligation Refunding Bonds Series 2009 which included a current refunding of \$10,380,000 in outstanding Electric Fund variable interest rate revenue debt. The bonds are to be repaid from Electric Fund revenues and accordingly, have been recorded as a long-term liability of the Electric Fund. Principal payments will occur from 2017 through 2025. Interest rates on the bonds range from 2% to 4%. The reacquisition price was \$192,508 less than the net carrying amount of the old debt. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. The principal balance of the bonds is \$10,070,000 at June 30, 2010.

In November 2009, the City issued \$20,000,000 in taxable general obligation Build America Bonds (BABS) for various city capital projects. \$5,000,000 of the bond proceeds will be utilized for Electric Fund capital projects. The annual debt service requirement on this portion of the BABS is to be repaid from Electric Fund revenues and accordingly, have been recorded as a long-term liability of the Electric Fund. This portion of the bonds matures in 2038. The principal balance of the bonds is \$5,000,000 at June 30, 2010.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Debt service requirements to maturity for bonds funded by the Electric Fund for the fiscal year ended June 30, 2010, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2011	\$ 965,000	\$ 1,009,519	\$ (105,971)	\$ 903,548	\$ 1,868,548
2012	1,000,000	970,919	(105,971)	864,948	1,864,948
2013	1,010,000	920,919	(105,971)	814,948	1,824,948
2014	1,095,000	870,419	(105,971)	764,448	1,859,448
2015	925,000	826,619	(105,971)	720,648	1,645,648
2016-2020	5,195,000	3,518,695	(529,856)	2,988,839	8,183,839
2021-2025	5,835,000	2,270,051	(529,856)	1,740,195	7,575,195
2026-2030	1,350,000	1,432,875	(501,506)	931,369	2,281,369
2031-2035	2,250,000	838,875	(293,606)	545,269	2,795,269
2036-2038	1,400,000	173,737	(60,810)	112,927	1,512,927
Total	\$ 21,025,000	\$ 12,832,628	\$ (2,445,489)	\$ 10,387,139	\$ 31,412,139

Electric System Notes Payable

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Electric Fund loan liability was \$2,575,733 at June 30, 2010. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.69% interest rate, which was the actual weekly rate at June 30, 2010.

In April 2008, the City executed an \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. The outstanding principal balance of the Electric Fund loan liability was \$1,453,296 at June 30, 2010. Principal payments will occur from 2015 through 2027. Annual interest payments are amortized below using a 0.59% interest rate, which was the actual weekly rate at June 30, 2010.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

The interest rate varies on a weekly basis for these two loans. Annual interest payments are amortized below using the actual weekly rate at June 30, 2010. Projected debt service requirements to maturity as of June 30, 2010 as follows:

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2011	\$ 118,095	\$ 26,280	\$ 144,375
2012	122,765	25,463	148,228
2013	127,769	24,613	152,382
2014	132,773	23,728	156,501
2015	163,111	22,797	185,908
2016-2020	882,289	96,276	978,565
2021-2025	1,581,426	62,971	1,644,397
2026-2027	900,801	7,039	907,840
Total	<u>\$ 4,029,029</u>	<u>\$ 289,167</u>	<u>\$ 4,318,196</u>

General Obligation Bonds – Waterworks Fund:

In March 2003, the City issued \$14,720,000 in General Obligation Refunding Bonds Series 2003, a portion of which paid all the outstanding Waterworks Fund variable interest rate debt for the TN-LOANs H-1 loan issued in 1997 and Tennessee Municipal Bond Fund (TMBF) loan issued in 1998 and the 2003 through 2016 maturities of the variable interest rate TMBF loan issued in 1995. Interest rates range from 2% to 4% with the bonds maturing in 2016. The principal balance of the bonds outstanding at June 30, 2010 was \$2,640,000.

In November 2009, the City issued \$20,000,000 in taxable general obligation Build America Bonds (BABS) for various city capital projects. \$5,000,000 of the bond proceeds will be utilized for Waterworks Fund capital projects. The annual debt service requirement on this portion of the BABS is to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. This portion of the bonds matures in 2038. The principal balance of the bonds is \$5,000,000 at June 30, 2010.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Debt service requirements to maturity for bonds funded by the Waterworks Fund for the fiscal year ended June 30, 2010, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2011	\$ 400,000	\$ 395,725	\$ (102,244)	\$ 293,481	\$ 693,481
2012	420,000	381,725	(102,244)	279,481	699,481
2013	435,000	364,925	(102,244)	262,681	697,681
2014	445,000	347,525	(102,244)	245,281	690,281
2015	460,000	329,725	(102,244)	227,481	687,481
2016-2020	480,000	1,479,825	(511,219)	968,606	1,448,606
2021-2025	1,100,000	1,415,875	(495,556)	920,319	2,020,319
2026-2030	3,900,000	774,125	(270,942)	503,183	4,403,183
Total	<u>\$ 7,640,000</u>	<u>\$ 5,489,450</u>	<u>\$ (1,788,937)</u>	<u>\$ 3,700,513</u>	<u>\$ 11,340,513</u>

Notes Payable – Waterworks Fund

The City executed loan agreements for \$6,152,006 and \$3,000,000 during fiscal 1995 and 2001, respectively, with the TMBF 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 outstanding principal balance on these loans at June 30, 2010 was \$4,937,735. Annual interest payments are amortized below using a 0.97% and 0.77% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2010.

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$5,145,268 at June 30, 2010. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.69% interest rate, which was the actual weekly rate at June 30, 2010.

In April 2008, the City executed an \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$1,794,416 at June 30, 2010. Principal payments will occur from 2017 through 2027. Annual interest payments are amortized below using a 0.59% interest rate, which was the actual weekly rate at June 30, 2010.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

The TMBF loans are to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. Terms of the loan agreements provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Annual interest payments are amortized below using the actual weekly rate at June 30, 2010, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2011	\$ 369,905	\$ 89,499	\$ 459,404
2012	386,235	86,830	473,065
2013	403,231	84,042	487,273
2014	420,227	81,131	501,358
2015	438,889	78,096	516,985
2016-2020	4,217,199	316,337	4,533,536
2021-2025	4,532,820	123,873	4,656,693
2026-2027	1,108,913	8,456	1,117,369
Total	\$ 11,877,419	\$ 868,264	\$ 12,745,683

Tennessee State Revolving Fund Loan – Waterworks Fund

During fiscal 1998 and 1999, the City executed an \$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 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 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 \$8,055,219 and \$3,456,806, respectively, at June 30, 2010. 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 2010 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. \$4,598,706 in loan proceeds had been drawn as of June 30, 2010. A projected amortization schedule for outstanding SRF loans as of June 30, 2010 is as follows:

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

<u>Fiscal Year Ending June 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011	\$ 747,984	\$ 631,386	\$ 1,379,370
2012	935,114	597,598	1,532,712
2013	973,551	559,161	1,532,712
2014	1,013,567	519,145	1,532,712
2015	1,055,223	477,490	1,532,713
2016-2020	5,963,480	1,700,059	7,663,539
2021-2025	3,924,693	634,913	4,559,606
2026-2030	1,497,119	150,302	1,647,421
Total	\$ 16,110,731	\$ 5,270,054	\$ 21,380,785

Capital Leases Obligations – Business-type Activities

On December 19, 2006, the City entered into a capital lease agreement with Motorola to upgrade the City's 800 MHz radio system to allow for digital capabilities. Terms of the 10-year lease agreement call for annual principal and interest payments of \$150,902 beginning on January 1, 2008. The interest rate on the lease is 4.98%.

The future principal and interest payments on these capital lease obligations as of June 30, 2010 are as follows:

Year Ending June 30,	
2011	\$ 150,902
2012	150,902
2013	150,902
2014	150,902
2015	150,902
2016-2017	301,801
Total Future Minimum Lease Payments	1,056,311
Less:	
Amount representing interest at 4.98%	182,505
Current portion of capital lease	107,386
Long-term capitalized lease obligation	\$ 766,420

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

15. 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, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 222,644
	Electric Fund	1,656,743
	Waterworks Fund	2,053,185
	Internal service funds	437,657
Electric Fund	Waterworks Fund	1,246,867
Waterworks Fund	General Fund	174,852
Nonmajor governmental funds	General Fund	196,695
Total		<u>\$ 5,988,643</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Inventory	\$ 112,500
Electric	Inventory	1,500,000
Waterworks	Inventory	700,000
Total		<u>\$ 2,312,500</u>

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

16. TRANSFERS

Transfers were primarily to support capital projects, debt service and operations of the funds. Interfund transfers for the current fiscal year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>					<u>Total</u>
	<u>General Fund</u>	<u>School Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 13,980,802	\$ 79,975	\$ 3,500,000	\$ 1,714,580	\$ 19,275,357
Capital Projects Fund	-	-	-	6,347,520	-	6,347,520
Electric Fund	1,230,708	-	-	-	164,000	1,394,708
Waterworks Fund	1,269,807	-	-	-	132,000	1,401,807
Total	<u>\$ 2,500,515</u>	<u>\$ 13,980,802</u>	<u>\$ 79,975</u>	<u>\$ 9,847,520</u>	<u>\$ 2,010,580</u>	<u>\$ 28,419,392</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

17. COMMITMENTS

At June 30, 2010, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$3,567,455 for the following projects:

Projects	Spent To-Date	Commitment Remaining	Committed Fund
Roadway Improvements	\$ -	\$ 260,198	State Street Aid
Line Construction	4,453,106	1,396,594	Electric
Equipment	-	114,054	Electric
Substation 800 Expansion	-	422,199	Electric
Water Treatment Plant Improvements	135,785	161,215	Waterworks
Wastewater Distribution System Rehab.	1,851,583	119,821	Waterworks
Water Tank Improvements	418,794	792,739	Waterworks
West End Waterworks Expansion	699,540	227,180	Waterworks
Equipment	-	31,636	Waterworks
Equipment	83,637	41,819	Drug Fund
TOTAL	\$ 7,642,445	\$ 3,567,455	

Funding for the State Street Aid Fund commitments will primarily be provided by existing cash in the Fund and from annual operating transfers from the General Fund. Electrical and Waterworks projects will be funded from the proceeds of \$10,000,000 in Build America Bonds (BABS) issued in November 2009. There is an additional \$2,401,294 available for wastewater projects from an approved State Revolving Fund loan.

18. RESERVES AND DESIGNATIONS

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

Reserved for Special Programs. City Special Revenue Funds had statutory reserves of fund balance totaling \$505,808 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$334,693 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$171,115 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. The State Street Aid Fund, a special revenue fund, had encumbrances totaling \$410,200 for street resurfacing projects at June 30, 2010.

Reserved For Prepaid Expenditures. The General Fund had miscellaneous prepaids of \$23,166 at fiscal year end. The School Fund had miscellaneous prepaids of \$63,385 and other City Special

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Revenue Funds had reserves for prepaids totaling \$153,174 at fiscal year end. The Economic Diversification Fund and State Street Aid Fund had reserves for prepaids of \$19,379 and \$130,568, respectively, for the City's share of the State roadway projects. The Drug Fund had miscellaneous prepaids of \$3,227.

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, 2010 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 for 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, 2010 was \$370,921.

Reserved for Inventories. The Golf Course Fund, a Special Revenue Fund, has \$24,492 reserved for inventories at the pro shop and grill located at Tennessee Centennial Golf Course.

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 \$47,673 of fund balance of which \$34,768 was for extended school programs, \$7,269 for the Family Resource Center and \$5,636 was for various other School projects.

Unreserved Fund Balance - 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, 2010 totaled \$12,313,862.

Unreserved Fund Balance - Designated for Capital Projects. This designation was established to accumulate funds for major City and School capital projects. The amount designated at June 30, 2010 totaled \$2,388,176.

19. 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.

20. 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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

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-insured and 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 School 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 Risk Management Trust (TNRMT) for school coverage. These pools are sustained by member premiums and the City and Schools pay an annual premium for its coverage. Coverage through the Pool is for payment of damage claims and to defend the City in any damage suit that is included in the coverage, up to the policy's applicable limits, at the Pool's expense. This includes any other necessary costs relating to the defense. The City has the responsibility of following any reporting requirements, including timely reporting of any incidents that might result in a damage claim. The City is to do everything necessary to protect the rights of recovery of the Pool and enforcement of these rights by complying with all terms of the policy. The Pool has the right to apply premium rate changes as necessary.

Other risks of loss are covered by commercial insurance with the City being responsible for the per occurrence deductible. The annual per occurrence deductible for each insurance policy covered by the School Fund for fiscal 2010 is \$500 except for boiler and machinery, which is \$1,000. In fiscal 2010, the city paid \$136,963 in deductibles to the TML for workers compensation and property liability claims. The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2010 is as outlined below:

<u>Insurance Plan</u>	<u>Annual Per Occurrence Deductible</u>
General Liability	\$ 1,000
Auto Liability	1,000
Auto Physical Damage	5,000
Errors and Omissions	5,000
Buildings and Personal Property	10,000
Equipment Breakdowns	10,000
Electronic Data Processing Equipment	2,500
Worker's Compensation	50,000

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

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, 2009 and June 30, 2010 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>
2010	\$ 149,388	\$ 323,848	(\$ 331,608)	\$ 141,629
2009	\$ 164,061	\$ 237,319	(\$ 251,993)	\$ 149,388

21. BUDGET AMENDMENTS

Amendments to the fiscal 2010 budgeted expenditures are as follows:

<u>Governmental Fund</u>	<u>Original Budget</u>	<u>Additional Appropriations</u>	<u>Final Budget</u>
School Fund	\$ 51,576,180	\$ 2,492,608	\$ 54,068,788

The School Fund's budget was increased by \$2,492,608 to allow for expenditures from additional funding for school programs from state and federal funding sources.

22. SUBSEQUENT EVENTS

On September 27, 2010, the City received an administrative order (AO) from the United States Environmental Protection Agency (EPA). The City was found to be in violation of Section 301 of the Clean Water Act (CWA), 33 U.S.C. Section 1311. The City has been given a timetable and actions to be made to remedy the violations with various deadlines from two to twenty-four months. The AO requires the City to provide additional information regarding the violations, develop plans to evaluate and resolve the issues described, and based on the plans, make changes to policies and construct assets if necessary. The plans must be approved by the EPA. Failure to comply with the AO may subject the City to certain penalties. Costs necessary to meet the AO requirements cannot be estimated at this time.

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2010**

**City Employee's Political Subdivision Pension Plan
Schedule of Funding Progress
(dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u> </u>	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
7/01/09	\$ 65,245	\$ 79,499	\$ 14,254	82.07%	\$ 18,692	76.26%
7/01/07	64,415	72,364	7,949	89.01%	15,456	51.43%

**Oak Ridge City School Non-Teaching Employee's Political Subdivision Pension Plan
Schedule of Funding Progress
(dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u> </u>	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
7/01/09	\$ 19,549	\$ 22,450	\$ 2,901	87.08%	\$ 6,215	46.68%
7/01/07	19,103	21,646	2,543	88.25%	6,177	41.17%

The Governmental Accounting Standards Board (GASB) requires the plans to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method went into affect during the year of 2007 actuarial valuation, therefore only the two most recent valuations are presented.

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2010**

**Oak Ridge City School Employee's Postemployment Benefits
Schedule of Funding Progress
(dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
7/01/09	\$ -	\$ 6,716	\$ 6,716	0.00%	\$ 24,847	27.0%
7/01/07	\$ -	\$ 2,506	\$ 2,506	0.00%	\$ 24,528	10.2%

The July 1, 2007 actuarial valuation is the first valuation for the Teacher Group Insurance Plan as required by GASB Statement No. 45 and was prepared using the projected unit credit actuarial cost method.

**Oak Ridge City Employee's Postemployment Benefits
Schedule of Funding Progress
(dollar amounts in thousands)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
7/01/08	\$ -	\$ 2,181	\$ 2,181	0.00%	\$ 8,878,	24.6%

The July 1, 2008 actuarial valuation is the first valuation for City employee postemployment benefits as required by GASB Statement No. 45 and was prepared using the entry age normal actuarial cost method. Additional valuations will be added in future years.

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 Hotel/Motel taxes and transfers from the 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.

Golf Course Fund: The Golf Course Fund is used to account for 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

West End Fund: This fund is used to account for the City's fire and ambulance services located at the East Tennessee Technology Park (ETTP) site, which is currently being funded under a contract with Bechtel Jacobs.

CITY OF OAK RIDGE, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2010

	SPECIAL REVENUE FUNDS							Total Nonmajor Governmental Funds	
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Golf Course		West End
Assets									
Cash and cash equivalents	\$ 839,428	\$ 403,754	\$ -	\$ -	\$ -	\$ 335,202	\$ 920,830	\$ 679,304	\$ 3,178,518
Receivables, net	87,994	-	-	-	-	-	114,912	-	202,906
Due from other funds	-	-	-	-	196,695	-	-	-	196,695
Due from other governments	-	133,657	104,750	223,175	-	-	-	14,726	476,308
Inventories, at cost	-	-	-	-	-	-	24,492	-	24,492
Prepaid items	19,379	130,568	-	-	-	3,227	-	-	153,174
Total assets	<u>\$ 946,801</u>	<u>\$ 667,979</u>	<u>\$ 104,750</u>	<u>\$ 223,175</u>	<u>\$ 196,695</u>	<u>\$ 338,429</u>	<u>\$ 1,060,234</u>	<u>\$ 694,030</u>	<u>\$ 4,232,093</u>
Liabilities and fund balances									
Liabilities:									
Accounts payable	\$ 22,402	\$ 7,563	\$ 18,126	\$ 22,063	\$ 196,695	\$ 509	\$ -	\$ 35,461	\$ 302,819
Accrued liabilities	2,574	-	-	2,672	-	-	-	55,568	60,814
Due to other funds	-	-	62,958	159,686	-	-	-	-	222,644
Deferred revenue	-	-	-	600	-	-	-	-	600
Total liabilities	<u>24,976</u>	<u>7,563</u>	<u>81,084</u>	<u>185,021</u>	<u>196,695</u>	<u>509</u>	<u>-</u>	<u>91,029</u>	<u>586,877</u>
Fund balances:									
Reserved for special programs	-	-	-	-	-	334,693	-	-	334,693
Reserved for encumbrances	-	410,200	-	-	-	-	-	-	410,200
Reserved - prepaid expenditures	19,379	130,568	-	-	-	3,227	-	-	153,174
Reserved for inventories	-	-	-	-	-	-	24,492	-	24,492
Unreserved - undesignated	902,446	119,648	23,666	38,154	-	-	1,035,742	603,001	2,722,657
Total fund balances	<u>921,825</u>	<u>660,416</u>	<u>23,666</u>	<u>38,154</u>	<u>-</u>	<u>337,920</u>	<u>1,060,234</u>	<u>603,001</u>	<u>3,645,216</u>
Total liabilities and fund balances	<u>\$ 946,801</u>	<u>\$ 667,979</u>	<u>\$ 104,750</u>	<u>\$ 223,175</u>	<u>\$ 196,695</u>	<u>\$ 338,429</u>	<u>\$ 1,060,234</u>	<u>\$ 694,030</u>	<u>\$ 4,232,093</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, 2010

	SPECIAL REVENUE FUNDS							Total Nonmajor Governmental Funds	
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Golf Course		West End
Revenues									
Taxes	\$ 489,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 489,976
Intergovernmental	-	727,411	161,494	518,025	-	54,327	-	2,346,278	3,807,535
Charges for services	-	-	-	-	1,004,904	-	1,072,208	-	2,077,112
Fines and forfeitures	-	-	-	-	-	85,603	-	-	85,603
Interest	3,084	1,363	(4)	-	-	1,067	2,780	2,136	10,426
Other	101,079	-	-	-	-	929	-	-	102,008
Total revenues	594,139	728,774	161,490	518,025	1,004,904	141,926	1,074,988	2,348,414	6,572,660
Expenditures									
Current:									
Public safety	-	-	-	94,544	-	148,095	-	2,358,966	2,601,605
Public works	-	1,181,345	668	14,552	-	-	-	-	1,196,565
Community services	1,172,643	-	205,380	506,906	2,297,405	-	1,092,437	-	5,274,771
Debt service:									
Principal retirement	-	-	-	65,000	-	-	-	-	65,000
Interest and fiscal charges	-	-	-	5,373	-	-	-	-	5,373
Total expenditures	1,172,643	1,181,345	206,048	686,375	2,297,405	148,095	1,092,437	2,358,966	9,143,314
Excess (deficiency) of revenues over (under) expenditures	(578,504)	(452,571)	(44,558)	(168,350)	(1,292,501)	(6,169)	(17,449)	(10,552)	(2,570,654)
Other financing sources (uses)									
Transfers in	296,000	223,729	30,000	168,350	1,292,501	-	-	-	2,010,580
Issuance of refunding bonds	-	410,265	-	-	-	-	-	-	410,265
Bond premium	-	2,777	-	-	-	-	-	-	2,777
Total other financing sources (uses)	296,000	636,771	30,000	168,350	1,292,501	-	-	-	2,423,622
Net change in fund balances	(282,504)	184,200	(14,558)	-	-	(6,169)	(17,449)	(10,552)	(147,032)
Fund balance - beginning	1,204,329	476,216	38,224	38,154	-	344,089	1,077,683	613,553	3,792,248
Fund balance - ending	\$ 921,825	\$ 660,416	\$ 23,666	\$ 38,154	\$ -	\$ 337,920	\$ 1,060,234	\$ 603,001	\$ 3,645,216

**CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 839,428	\$ 1,087,614
Receivables, net	87,994	107,347
Due from other funds	-	1,298
Prepaid items	19,379	19,310
Total assets	<u>\$ 946,801</u>	<u>\$ 1,215,569</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 22,402	\$ 9,942
Accrued liabilities	2,574	1,298
Total liabilities	<u>24,976</u>	<u>11,240</u>
 Fund balances:		
Reserved - prepaid expenditures	19,379	19,310
Unreserved - undesignated	902,446	1,185,019
Total fund balances	<u>921,825</u>	<u>1,204,329</u>
Total liabilities and fund balances	<u>\$ 946,801</u>	<u>\$ 1,215,569</u>

CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Taxes	\$ 489,976	\$ -	\$ 489,976	\$ 580,000	\$ (90,024)
Intergovernmental	-	-	-	1,000,000	(1,000,000)
Interest	3,084	-	3,084	25,000	(21,916)
Other	101,079	-	101,079	75,465	25,614
Total revenues	<u>594,139</u>	<u>-</u>	<u>594,139</u>	<u>1,680,465</u>	<u>(1,086,326)</u>
Expenditures					
Current:					
Community services	1,172,643	69	1,172,712	2,860,000	1,687,288
Total expenditures	<u>1,172,643</u>	<u>69</u>	<u>1,172,712</u>	<u>2,860,000</u>	<u>1,687,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(578,504)</u>	<u>(69)</u>	<u>(578,573)</u>	<u>(1,179,535)</u>	<u>600,962</u>
Other financing sources (uses)					
Transfers in	296,000	-	296,000	296,000	-
Total other financing sources (uses)	<u>296,000</u>	<u>-</u>	<u>296,000</u>	<u>296,000</u>	<u>-</u>
Net change in fund balances	(282,504)	(69)	(282,573)	(883,535)	600,962
Fund balance - beginning	<u>1,204,329</u>	<u>-</u>	<u>1,204,329</u>	<u>1,204,329</u>	<u>-</u>
Fund balance - ending	<u>\$ 921,825</u>	<u>\$ (69)</u>	<u>\$ 921,756</u>	<u>\$ 320,794</u>	<u>\$ 600,962</u>

**CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009**

	2010	2009
Assets		
Cash and cash equivalents	\$ 403,754	\$ 385,221
Due from other governments	133,657	131,031
Prepaid items	130,568	21
Total assets	\$ 667,979	\$ 516,273
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 7,563	\$ 40,057
Total liabilities	7,563	40,057
Fund balances:		
Reserved for encumbrances	410,200	430,000
Reserved - prepaid expenditures	130,568	21
Unreserved - undesignated	119,648	46,195
Total fund balances	660,416	476,216
Total liabilities and fund balances	\$ 667,979	\$ 516,273

CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 727,411	\$ -	\$ 727,411	\$ 715,000	\$ 12,411
Interest	1,363	-	1,363	500	863
Total revenues	<u>728,774</u>	<u>-</u>	<u>728,774</u>	<u>715,500</u>	<u>13,274</u>
Expenditures					
Current:					
Public works	1,181,345	110,747	1,292,092	1,353,470	61,378
Total expenditures	<u>1,181,345</u>	<u>110,747</u>	<u>1,292,092</u>	<u>1,353,470</u>	<u>61,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(452,571)</u>	<u>(110,747)</u>	<u>(563,318)</u>	<u>(637,970)</u>	<u>74,652</u>
Other financing sources (uses)					
Transfers in	223,729	-	223,729	630,000	(406,271)
Issuance of refunding bonds	410,265	-	410,265	-	410,265
Bond premium	2,777	-	2,777	-	2,777
Total other financing sources (uses)	<u>636,771</u>	<u>-</u>	<u>636,771</u>	<u>630,000</u>	<u>6,771</u>
Net change in fund balances	184,200	(110,747)	73,453	(7,970)	81,423
Fund balance - beginning	<u>476,216</u>	<u>-</u>	<u>476,216</u>	<u>476,216</u>	<u>-</u>
Fund balance - ending	<u>\$ 660,416</u>	<u>\$ (110,747)</u>	<u>\$ 549,669</u>	<u>\$ 468,246</u>	<u>\$ 81,423</u>

CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ -	\$ 36,504
Due from other governments	104,750	29,109
Total assets	<u>\$ 104,750</u>	<u>\$ 65,613</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 18,126	\$ 27,389
Due to other funds	62,958	-
Total liabilities	<u>81,084</u>	<u>27,389</u>
Fund balances:		
Unreserved - undesignated	23,666	38,224
Total fund balances	<u>23,666</u>	<u>38,224</u>
 Total liabilities and fund balances	 <u>\$ 104,750</u>	 <u>\$ 65,613</u>

CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 161,494	\$ -	\$ 161,494	\$ 188,850	\$ (27,356)
Interest	(4)	-	(4)	500	(504)
Other	-	-	-	10,000	(10,000)
Total revenues	<u>161,490</u>	<u>-</u>	<u>161,490</u>	<u>199,350</u>	<u>(37,860)</u>
Expenditures					
Current:					
Public works	668	-	668	-	(668)
Community services	205,380	-	205,380	260,000	54,620
Total expenditures	<u>206,048</u>	<u>-</u>	<u>206,048</u>	<u>260,000</u>	<u>53,952</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,558)</u>	<u>-</u>	<u>(44,558)</u>	<u>(60,650)</u>	<u>16,092</u>
Other financing sources (uses)					
Transfers in	30,000	-	30,000	30,000	-
Total other financing sources (uses)	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balances	(14,558)	-	(14,558)	(30,650)	16,092
Fund balance - beginning	<u>38,224</u>	<u>-</u>	<u>38,224</u>	<u>38,224</u>	<u>-</u>
Fund balance - ending	<u>\$ 23,666</u>	<u>\$ -</u>	<u>\$ 23,666</u>	<u>\$ 7,574</u>	<u>\$ 16,092</u>

CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
Assets		
Due from other governments	\$ 223,175	\$ 247,561
Total assets	\$ 223,175	\$ 247,561
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 22,063	\$ 81,334
Accrued liabilities	2,672	1,483
Due to other funds	159,686	124,664
Deferred revenue	600	1,926
Total liabilities	185,021	209,407
 Fund balances:		
Unreserved - undesignated	38,154	38,154
Total fund balances	38,154	38,154
Total liabilities and fund balances	\$ 223,175	\$ 247,561

CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 518,025	\$ -	\$ 518,025	\$ 4,331,650	\$ (3,813,625)
Total revenues	518,025	-	518,025	4,331,650	(3,813,625)
Expenditures					
Current:					
Public safety	94,544	-	94,544	130,000	35,456
Public works	14,552	-	14,552	250,000	235,448
Community services	506,906	-	506,906	2,275,000	1,768,094
Capital outlay	-	-	-	1,750,000	1,750,000
Principal retirement	65,000	-	65,000	65,000	-
Interest and fiscal charges	5,373	-	5,373	30,000	24,627
Total expenditures	686,375	-	686,375	4,500,000	3,813,625
Excess (deficiency) of revenues over (under) expenditures	(168,350)	-	(168,350)	(168,350)	-
Other financing sources (uses)					
Transfers in	168,350	-	168,350	168,350	-
Total other financing sources (uses)	168,350	-	168,350	168,350	-
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	38,154	-	38,154	38,154	-
Fund balance - ending	\$ 38,154	\$ -	\$ 38,154	\$ 38,154	\$ -

CITY OF OAK RIDGE, TENNESSEE
SOLID WASTE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Due from other funds	\$ 196,695	\$ 189,294
Total assets	<u>\$ 196,695</u>	<u>\$ 189,294</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 196,695	\$ 189,294
Total liabilities	<u>196,695</u>	<u>189,294</u>
 Fund balances:		
Unreserved - undesignated	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 196,695</u>	<u>\$ 189,294</u>

CITY OF OAK RIDGE, TENNESSEE
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Charges for services	\$ 1,004,904	\$ -	\$ 1,004,904	\$ 1,000,000	\$ 4,904
Total revenues	<u>1,004,904</u>	<u>-</u>	<u>1,004,904</u>	<u>1,000,000</u>	<u>4,904</u>
Expenditures					
Current:					
Community services	2,297,405	-	2,297,405	2,435,000	137,595
Total expenditures	<u>2,297,405</u>	<u>-</u>	<u>2,297,405</u>	<u>2,435,000</u>	<u>137,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,292,501)</u>	<u>-</u>	<u>(1,292,501)</u>	<u>(1,435,000)</u>	<u>142,499</u>
Other financing sources (uses)					
Transfers in	1,292,501	-	1,292,501	1,435,000	(142,499)
Total other financing sources (uses)	<u>1,292,501</u>	<u>-</u>	<u>1,292,501</u>	<u>1,435,000</u>	<u>(142,499)</u>
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF OAK RIDGE, TENNESSEE
 DRUG ENFORCEMENT PROGRAM FUND
 COMPARATIVE BALANCE SHEETS
 June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 335,202	\$ 335,151
Prepaid items	3,227	10,585
Total assets	<u>\$ 338,429</u>	<u>\$ 345,736</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 509	\$ 1,647
Total liabilities	<u>509</u>	<u>1,647</u>
Fund balances:		
Reserved for special programs	334,693	333,504
Reserved - prepaid expenditures	3,227	10,585
Total fund balances	<u>337,920</u>	<u>344,089</u>
Total liabilities and fund balances	<u>\$ 338,429</u>	<u>\$ 345,736</u>

CITY OF OAK RIDGE, TENNESSEE
 DRUG ENFORCEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 54,327	\$ -	\$ 54,327	\$ 200,000	\$ (145,673)
Fines and forfeitures	85,603	-	85,603	65,000	20,603
Interest	1,067	-	1,067	3,000	(1,933)
Other	929	-	929	1,000	(71)
Total revenues	<u>141,926</u>	<u>-</u>	<u>141,926</u>	<u>269,000</u>	<u>(127,074)</u>
Expenditures					
Current:					
Public safety	148,095	-	148,095	438,000	289,905
Total expenditures	<u>148,095</u>	<u>-</u>	<u>148,095</u>	<u>438,000</u>	<u>289,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,169)</u>	<u>-</u>	<u>(6,169)</u>	<u>(169,000)</u>	<u>162,831</u>
Net change in fund balances	(6,169)	-	(6,169)	(169,000)	162,831
Fund balance - beginning	<u>344,089</u>	<u>-</u>	<u>344,089</u>	<u>344,089</u>	<u>-</u>
Fund balance - ending	<u>\$ 337,920</u>	<u>\$ -</u>	<u>\$ 337,920</u>	<u>\$ 175,089</u>	<u>\$ 162,831</u>

CITY OF OAK RIDGE, TENNESSEE
 GOLF COURSE FUND
 COMPARATIVE BALANCE SHEETS
 June 30, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	\$ 920,830	\$ 893,214
Receivables, net	114,912	152,735
Inventories, at cost	24,492	31,734
Total assets	\$ 1,060,234	\$ 1,077,683
 Fund balances		
Fund balances:		
Reserved for inventories	\$ 24,492	\$ 31,734
Unreserved - undesignated	1,035,742	1,045,949
Total fund balances	1,060,234	1,077,683
Total liabilities and fund balances	\$ 1,060,234	\$ 1,077,683

CITY OF OAK RIDGE, TENNESSEE
GOLF COURSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Charges for services	\$ 1,072,208	\$ -	\$ 1,072,208	\$ 1,398,640	\$ (326,432)
Interest	2,780	-	2,780	20,000	(17,220)
Total revenues	<u>1,074,988</u>	<u>-</u>	<u>1,074,988</u>	<u>1,418,640</u>	<u>(343,652)</u>
Expenditures					
Current:					
Community services	1,092,437	-	1,092,437	1,395,000	302,563
Total expenditures	<u>1,092,437</u>	<u>-</u>	<u>1,092,437</u>	<u>1,395,000</u>	<u>302,563</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,449)</u>	<u>-</u>	<u>(17,449)</u>	<u>23,640</u>	<u>(41,089)</u>
Net change in fund balances	<u>(17,449)</u>	<u>-</u>	<u>(17,449)</u>	<u>23,640</u>	<u>(41,089)</u>
Fund balance - beginning	<u>1,077,683</u>	<u>-</u>	<u>1,077,683</u>	<u>1,077,683</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,060,234</u>	<u>\$ -</u>	<u>\$ 1,060,234</u>	<u>\$ 1,101,323</u>	<u>\$ (41,089)</u>

CITY OF OAK RIDGE, TENNESSEE
WEST END FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	\$ 679,304	\$ 585,117
Receivables, net	-	67,359
Due from other funds	-	12,316
Due from other governments	14,726	-
Total assets	\$ 694,030	\$ 664,792
 Fund balances		
Accounts payable	\$ 35,461	\$ 1,451
Accrued liabilities	55,568	49,788
Total liabilities	91,029	51,239
Fund balances:		
Unreserved - undesignated	603,001	613,553
Total fund balances	603,001	613,553
Total liabilities and fund balances	\$ 694,030	\$ 664,792

CITY OF OAK RIDGE, TENNESSEE
WEST END FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 2,346,278	\$ -	\$ 2,346,278	\$ 2,391,276	\$ (44,998)
Interest	2,136	-	2,136	-	2,136
Total revenues	<u>2,348,414</u>	<u>-</u>	<u>2,348,414</u>	<u>2,391,276</u>	<u>(42,862)</u>
Expenditures					
Current:					
Public safety	2,358,966	-	2,358,966	2,750,000	391,034
Total expenditures	<u>2,358,966</u>	<u>-</u>	<u>2,358,966</u>	<u>2,750,000</u>	<u>391,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,552)</u>	<u>-</u>	<u>(10,552)</u>	<u>(358,724)</u>	<u>348,172</u>
Net change in fund balances	<u>(10,552)</u>	<u>-</u>	<u>(10,552)</u>	<u>(358,724)</u>	<u>348,172</u>
Fund balance - beginning	<u>613,553</u>	<u>-</u>	<u>613,553</u>	<u>613,553</u>	<u>-</u>
Fund balance - ending	<u>\$ 603,001</u>	<u>\$ -</u>	<u>\$ 603,001</u>	<u>\$ 254,829</u>	<u>\$ 348,172</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 STATEMENTS OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2010 and 2009

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2010	2009	2010	2009	2010	2009	2010	2009	June 30, 2010	June 30, 2009
	<u>ASSETS</u>									
Current assets										
Cash and cash equivalents	\$ 1,453,088	\$ 1,175,703	\$ -	\$ -	\$ 993,084	\$ 538,964	\$ 868,608	\$ 861,838	\$ 3,314,780	\$ 2,576,505
Inventory, at cost	-	-	2,781,170	2,606,375	-	-	-	-	2,781,170	2,606,375
Restricted assets:										
Cash and cash equivalents	-	-	-	-	443,941	-	-	-	443,941	-
Total current assets	1,453,088	1,175,703	2,781,170	2,606,375	1,437,025	538,964	868,608	861,838	6,539,891	5,182,880
Noncurrent assets										
Capital assets, net	-	-	-	-	2,991,001	2,980,392	933,833	1,057,551	3,924,834	4,037,943
Deferred charges	-	-	-	-	6,497	3,660	-	-	6,497	3,660
Total noncurrent assets	-	-	-	-	2,997,498	2,984,052	933,833	1,057,551	3,931,331	4,041,603
Total assets	1,453,088	1,175,703	2,781,170	2,606,375	4,434,523	3,523,016	1,802,441	1,919,389	10,471,222	9,224,483
<u>LIABILITIES</u>										
Current liabilities										
Accounts payable	41,629	49,388	33,305	147,683	70,870	108,697	-	-	145,804	305,768
Claims payable	100,000	100,000	-	-	-	-	-	-	100,000	100,000
Accrued liabilities	-	-	-	-	13,131	11,819	-	-	13,131	11,819
Due to other funds	-	-	435,365	146,192	2,292	41,264	-	-	437,657	187,456
Advances from other funds	-	-	2,312,500	2,312,500	-	-	-	-	2,312,500	2,312,500
Current portion of long-term debt	-	-	-	-	250,406	231,499	-	-	250,406	231,499
Accrued interest payable	-	-	-	-	2,926	1,891	-	-	2,926	1,891
Total current liabilities	141,629	149,388	2,781,170	2,606,375	339,625	395,170	-	-	3,262,424	3,150,933
Noncurrent liabilities										
Vacation benefits payable	-	-	-	-	24,045	36,112	-	-	24,045	36,112
Bonds payable	-	-	-	-	971,570	450,325	-	-	971,570	450,325
OPEB liability	-	-	-	-	3,971	1,188	-	-	3,971	1,188
Total noncurrent liabilities	-	-	-	-	999,586	487,625	-	-	999,586	487,625
Total liabilities	141,629	149,388	2,781,170	2,606,375	1,339,211	882,795	-	-	4,262,010	3,638,558
<u>NET ASSETS</u>										
Invested in capital assets net of related debt	-	-	-	-	2,287,241	2,373,640	933,833	1,057,551	3,221,074	3,431,191
Unrestricted	1,311,459	1,026,315	-	-	808,071	266,581	868,608	861,838	2,988,138	2,154,734
Total net assets	\$ 1,311,459	\$ 1,026,315	\$ -	\$ -	\$ 3,095,312	\$ 2,640,221	\$ 1,802,441	\$ 1,919,389	\$ 6,209,212	\$ 5,585,925

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2010 and June 30, 2009

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2010	2009	2010	2009	2010	2009	2010	2009	June 30, 2010	June 30, 2009
	Operating revenues									
Charges for services	\$ 3,511,217	\$ 3,175,754	\$ 2,823,433	\$ 2,486,846	\$ 3,104,610	\$ 2,990,618	\$ 65,085	\$ -	\$ 9,504,345	\$ 8,653,218
Employer's contributions	3,517,500	3,328,758	-	-	-	-	-	-	3,517,500	3,328,758
Employees' contributions	934,202	891,088	-	-	-	-	-	-	934,202	891,088
Total operating revenues	<u>7,962,919</u>	<u>7,395,600</u>	<u>2,823,433</u>	<u>2,486,846</u>	<u>3,104,610</u>	<u>2,990,618</u>	<u>65,085</u>	<u>-</u>	<u>13,956,047</u>	<u>12,873,064</u>
Operating expenses										
Maintenance and administrative	-	-	-	-	1,223,108	1,206,254	-	-	1,223,108	1,206,254
Depreciation	-	-	-	-	809,981	747,509	186,182	184,691	996,163	932,200
Materials	-	-	2,823,433	2,486,846	759,381	769,353	-	-	3,582,814	3,256,199
Medical/liability claims	323,849	287,320	-	-	-	-	-	-	323,849	287,320
Insurance premiums	7,357,655	7,211,167	-	-	-	-	-	-	7,357,655	7,211,167
Total operating expenses	<u>7,681,504</u>	<u>7,498,487</u>	<u>2,823,433</u>	<u>2,486,846</u>	<u>2,792,470</u>	<u>2,723,116</u>	<u>186,182</u>	<u>184,691</u>	<u>13,483,589</u>	<u>12,893,140</u>
Operating income (loss)	<u>281,415</u>	<u>(102,887)</u>	<u>-</u>	<u>-</u>	<u>312,140</u>	<u>267,502</u>	<u>(121,097)</u>	<u>(184,691)</u>	<u>472,458</u>	<u>(20,076)</u>
Nonoperating revenue (expense)										
Gain on sale of capital assets	-	-	-	-	17,472	3,265	4,149	-	21,621	3,265
Intergovernmental revenue	-	-	-	-	-	298	-	-	-	298
Interest revenue	3,729	18,452	-	-	4,117	6,966	-	-	7,846	25,418
Interest expense	-	-	-	-	(33,031)	(27,915)	-	-	(33,031)	(27,915)
Total nonoperating revenue (expense)	<u>3,729</u>	<u>18,452</u>	<u>-</u>	<u>-</u>	<u>(11,442)</u>	<u>(17,386)</u>	<u>4,149</u>	<u>-</u>	<u>(3,564)</u>	<u>1,066</u>
Income (loss) before transfers and contributions	<u>285,144</u>	<u>(84,435)</u>	<u>-</u>	<u>-</u>	<u>300,698</u>	<u>250,116</u>	<u>(116,948)</u>	<u>(184,691)</u>	<u>468,894</u>	<u>(19,010)</u>
Capital contributions	-	-	-	-	154,393	232,874	-	-	154,393	232,874
Change in net assets	<u>285,144</u>	<u>(84,435)</u>	<u>-</u>	<u>-</u>	<u>455,091</u>	<u>482,990</u>	<u>(116,948)</u>	<u>(184,691)</u>	<u>623,287</u>	<u>213,864</u>
Total net assets - beginning	<u>1,026,315</u>	<u>1,110,750</u>	<u>-</u>	<u>-</u>	<u>2,640,221</u>	<u>2,157,231</u>	<u>1,919,389</u>	<u>2,104,080</u>	<u>5,585,925</u>	<u>5,372,061</u>
Total net assets - ending	<u>\$ 1,311,459</u>	<u>\$ 1,026,315</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,095,312</u>	<u>\$ 2,640,221</u>	<u>\$ 1,802,441</u>	<u>\$ 1,919,389</u>	<u>\$ 6,209,212</u>	<u>\$ 5,585,925</u>

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2010 and June 30, 2009

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2010	2009	2010	2009	2010	2009	2010	2009	June 30, 2010	June 30, 2009
Operating activities										
Cash received from customers	\$ 7,962,919	\$ 7,437,616	\$ 2,823,433	\$ 2,486,846	\$ 3,101,773	\$ 2,991,552	\$ 65,085	\$ -	\$ 13,953,210	\$ 12,916,014
Cash paid to suppliers	(7,689,263)	(7,513,161)	(3,112,606)	(2,410,996)	(2,028,288)	(1,920,598)	-	-	(12,830,157)	(11,844,755)
Net cash provided by (used in) operating activities	<u>273,656</u>	<u>(75,545)</u>	<u>(289,173)</u>	<u>75,850</u>	<u>1,073,485</u>	<u>1,070,954</u>	<u>65,085</u>	<u>-</u>	<u>1,123,053</u>	<u>1,071,259</u>
Noncapital financing activities										
Transfers from other funds	-	10,150	289,173	(75,850)	-	1,711	-	5,266	289,173	(58,723)
Transfers to other funds	-	-	-	-	(38,972)	41,264	-	-	(38,972)	41,264
Federal grant proceeds	-	-	-	-	-	749	-	-	-	749
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>10,150</u>	<u>289,173</u>	<u>(75,850)</u>	<u>(38,972)</u>	<u>43,724</u>	<u>-</u>	<u>5,266</u>	<u>250,201</u>	<u>(16,710)</u>
Capital and related financing activities										
Net proceeds from the issuance of long-term debt	-	-	-	-	700,000	-	-	-	700,000	-
Contributed capital	-	-	-	-	154,393	232,874	-	-	154,393	232,874
Acquisition and construction of capital assets	-	-	-	-	(803,118)	(776,500)	(58,315)	-	(861,433)	(776,500)
Principal paid on long-term debt	-	-	-	-	(159,848)	(188,704)	-	-	(159,848)	(188,704)
Interest paid on long-term debt	-	-	-	-	(31,996)	(28,390)	-	-	(31,996)	(28,390)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(140,569)</u>	<u>(760,720)</u>	<u>(58,315)</u>	<u>-</u>	<u>(198,884)</u>	<u>(760,720)</u>
Investing activities										
Interest and dividends on investments	3,729	18,452	-	-	4,117	6,966	-	-	7,846	25,418
Net cash provided by investing activities	<u>3,729</u>	<u>18,452</u>	<u>-</u>	<u>-</u>	<u>4,117</u>	<u>6,966</u>	<u>-</u>	<u>-</u>	<u>7,846</u>	<u>25,418</u>
Net increase (decrease) in cash and cash equivalents	<u>277,385</u>	<u>(46,943)</u>	<u>-</u>	<u>-</u>	<u>898,061</u>	<u>360,924</u>	<u>6,770</u>	<u>5,266</u>	<u>1,182,216</u>	<u>319,247</u>
Cash and cash equivalents										
Beginning of year	1,175,703	1,222,646	-	-	538,964	178,040	861,838	856,572	2,576,505	2,257,258
End of year	<u>\$ 1,453,088</u>	<u>\$ 1,175,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,437,025</u>	<u>\$ 538,964</u>	<u>\$ 868,608</u>	<u>\$ 861,838</u>	<u>\$ 3,758,721</u>	<u>\$ 2,576,505</u>

Continued:

CITY OF OAK RIDGE, TENNESSEE
 COMBINING STATEMENTS OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Fiscal Years Ended June 30, 2010 and June 30, 2009

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2010	2009	2010	2009	2010	2009	2010	2009	June 30, 2010	June 30, 2009
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities										
Operating income (loss)	\$ 281,415	\$ (102,887)	\$ -	\$ -	\$ 312,140	\$ 267,502	\$ (121,097)	\$ (184,691)	\$ 472,458	\$ (20,076)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation	-	-	-	-	809,981	747,509	186,182	184,691	996,163	932,200
Change in assets and liabilities										
(Increase) decrease in accounts receivable	-	42,016	-	-	-	-	-	-	-	42,016
(Increase) decrease in amortization of deferred charges	-	-	-	-	(2,837)	934	-	-	(2,837)	934
(Increase) decrease in inventory, at cost	-	-	(174,795)	51,801	-	-	-	-	(174,795)	51,801
Increase (decrease) in accounts payable	(7,759)	35,326	(114,378)	24,049	(37,827)	43,925	-	-	(159,964)	103,300
Increase (decrease) in claims payable	-	(50,000)	-	-	-	-	-	-	-	(50,000)
Increase (decrease) in accrued liabilities	-	-	-	-	1,312	2,813	-	-	1,312	2,813
Increase (decrease) in accrued vacation	-	-	-	-	(12,067)	7,083	-	-	(12,067)	7,083
Increase (decrease) in OPEB liability	-	-	-	-	2,783	1,188	-	-	2,783	1,188
Total adjustments	(7,759)	27,342	(289,173)	75,850	761,345	803,452	186,182	184,691	650,595	1,091,335
Net cash provided by (used in) operating activities	\$ 273,656	\$ (75,545)	\$ (289,173)	\$ 75,850	\$ 1,073,485	\$ 1,070,954	\$ 65,085	\$ -	\$ 1,123,053	\$ 1,071,259

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009**

	2010	2009
Assets		
Cash and cash equivalents	\$ 5,194,447	\$ 2,814,057
Receivables, net	19,609,198	18,501,937
Due from other funds	4,370,229	6,127,382
Due from other governments	2,292,502	2,242,811
Advances to other funds	112,500	112,500
Prepaid items	23,166	31,689
Total assets	\$ 31,602,042	\$ 29,830,376
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 453,485	\$ 641,145
Accrued liabilities	857,219	676,650
Deposits	420,616	436,685
Due to other funds	371,547	660,616
Due to other governments	462	82,607
Deferred revenue	20,329,107	19,796,898
Total liabilities	22,432,436	22,294,601
Fund balances:		
Reserved for encumbrances	-	199,468
Reserved - prepaid expenditures	23,166	31,689
Reserved for advances to other funds	112,500	112,500
Unreserved - undesignated	9,033,940	7,192,118
Total fund balances	9,169,606	7,535,775
 Total liabilities and fund balances	\$ 31,602,042	\$ 29,830,376

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2010

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>TAXES</u>			
<u>General Property Taxes</u>			
Real Property	\$ 17,071,683	\$ 17,712,000	\$ (640,317)
Personal Property	1,124,049	1,162,000	(37,951)
Public Utilities	248,654	259,000	(10,346)
Interest & Penalties	183,257	95,000	88,257
Total General Property Taxes	<u>18,627,643</u>	<u>19,228,000</u>	<u>(600,357)</u>
<u>Other Property Taxes</u>			
Other than assessed	439,366	152,990	286,376
Total Other Property Taxes	<u>439,366</u>	<u>152,990</u>	<u>286,376</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	583,911	602,000	(18,089)
Liquor Wholesale	241,418	238,000	3,418
Sales Tax - Local	556,105	365,600	190,505
Min. & Gross Receipts	758,608	870,000	(111,392)
Pen. & Int. on Bus. Tax	2,046	10,000	(7,954)
Rec. Fee on Bus. Tax	41,952	-	41,952
Total Gross Receipts Taxes	<u>2,184,040</u>	<u>2,085,600</u>	<u>98,440</u>
 TOTAL TAXES	 <u>21,251,049</u>	 <u>21,466,590</u>	 <u>(215,541)</u>
<u>LICENSES & PERMITS</u>			
Retail Beer & Liquor Licenses & Permits	21,165	20,000	1,165
Bldg., Zoning & Exam.	171,193	144,000	27,193
Electrical & Exam.	20,650	20,000	650
Plumbing Exam.	15,027	20,000	(4,973)
Animal Registration	7,351	8,000	(649)
Other Licenses & Permits	8,561	13,000	(4,439)
 TOTAL LICENSES & PERMITS	 <u>243,947</u>	 <u>225,000</u>	 <u>18,947</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,754,488	1,950,000	(195,512)
Income Tax	366,785	625,000	(258,215)
Excise Tax	42,575	60,000	(17,425)
Beer Barrelage	13,572	15,000	(1,428)
Mixed Drink Tax	90,931	96,500	(5,569)
TVA Replacement	304,554	265,000	39,554
TVA Impact	212,758	-	212,758
<u>County Shared</u>			
Sales Tax - Roane	2,752,718	1,809,400	943,318
Sales Tax - Anderson	6,088,598	6,025,000	63,598
<u>State Grants in Aid</u>			
Federal	-	800	(800)
<u>Federal</u>			
DOE In-Lieu of Taxes	1,475,379	1,476,023	(644)
DOE Grants	300,000	300,000	-
 TOTAL INTERGOVERNMENTAL	 <u>\$ 13,402,358</u>	 <u>\$ 12,622,723</u>	 <u>\$ 779,635</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2010

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
General & Admin. Cost	\$ 17,187	\$ 25,000	\$ (7,813)
<u>Public Safety</u>			
Police and Fire Reports	22,344	30,000	(7,656)
Animal Shelter Fees	14,073	23,000	(8,927)
Total General Services	<u>53,604</u>	<u>78,000</u>	<u>(24,396)</u>
<u>Use of Property</u>			
Youth and Adult Activities	3,047	5,000	(1,953)
Outdoor Pool	89,028	72,000	17,028
Indoor Pool	35,721	58,000	(22,279)
Rental of Lands and Buildings	96,388	90,000	6,388
Community Centers Rental	31,106	32,000	(894)
Total Use of Property	<u>255,290</u>	<u>257,000</u>	<u>(1,710)</u>
TOTAL CHARGES FOR SERVICES	<u>308,894</u>	<u>335,000</u>	<u>(26,106)</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	74,873	65,000	9,873
City Court Costs	87,548	70,000	17,548
Bail Forfeitures	157,346	150,000	7,346
Photo Enforcement	951,915	-	951,915
Misc. Court Revenues	3,905	3,000	905
Library Fines	49,580	55,000	(5,420)
TOTAL FINES AND FORFEITURES	<u>1,325,167</u>	<u>343,000</u>	<u>982,167</u>
<u>INTEREST</u>			
	<u>49,477</u>	<u>250,000</u>	<u>(200,523)</u>
<u>OTHER REVENUES</u>			
CATV Franchise	395,832	375,000	20,832
Right of Way	60,000	60,000	-
Miscellaneous	8,800	3,500	5,300
TOTAL OTHER REVENUES	<u>464,632</u>	<u>438,500</u>	<u>26,132</u>
TOTAL REVENUES	<u>\$ 37,045,524</u>	<u>\$ 35,680,813</u>	<u>\$ 1,364,711</u>

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>GENERAL GOVERNMENT:</u>					
<u>Legislative</u>					
City Council	\$ 125,226	\$ -	\$ 125,226	\$ 98,719	\$ (26,507)
Total Legislative	<u>125,226</u>	<u>-</u>	<u>125,226</u>	<u>98,719</u>	<u>(26,507)</u>
<u>Executive</u>					
City Clerk	117,095	-	117,095	123,046	5,951
City Manager	<u>278,300</u>	<u>-</u>	<u>278,300</u>	<u>314,906</u>	<u>36,606</u>
Total Executive	<u>395,395</u>	<u>-</u>	<u>395,395</u>	<u>437,952</u>	<u>42,557</u>
<u>Judicial</u>					
Legal	223,569	-	223,569	220,663	(2,906)
City Court	<u>198,395</u>	<u>-</u>	<u>198,395</u>	<u>195,230</u>	<u>(3,165)</u>
Total Judicial	<u>421,964</u>	<u>-</u>	<u>421,964</u>	<u>415,893</u>	<u>(6,071)</u>
TOTAL GENERAL GOVERNMENT	<u>942,585</u>	<u>-</u>	<u>942,585</u>	<u>952,564</u>	<u>9,979</u>
<u>ADMINISTRATION:</u>					
Computer Services	307,297	-	307,297	308,392	1,095
Personnel	208,556	-	208,556	217,499	8,943
Stationery Stores	72,468	-	72,468	70,793	(1,675)
Finance	122,250	(14,000)	108,250	118,656	10,406
Utilities Business Office	<u>126,395</u>	<u>(50,000)</u>	<u>76,395</u>	<u>80,675</u>	<u>4,280</u>
TOTAL ADMINISTRATION	<u>836,966</u>	<u>(64,000)</u>	<u>772,966</u>	<u>796,015</u>	<u>23,049</u>
<u>PUBLIC SAFETY:</u>					
<u>Police</u>					
Supervision	274,404	-	274,404	264,636	(9,768)
Investigations	932,021	-	932,021	872,257	(59,764)
Staff Services	386,704	-	386,704	389,798	3,094
Patrol	3,711,405	-	3,711,405	3,629,700	(81,705)
Emergency Communications	290,252	-	290,252	288,850	(1,402)
Animal Control	343,084	-	343,084	294,717	(48,367)
School Resource Officer Program	<u>163,871</u>	<u>-</u>	<u>163,871</u>	<u>180,797</u>	<u>16,926</u>
Total Police	<u>\$ 6,101,741</u>	<u>\$ -</u>	<u>\$ 6,101,741</u>	<u>\$ 5,920,755</u>	<u>\$ (180,986)</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY (Continued):</u>					
<u>Fire</u>					
Supervision	\$ 217,782	\$ -	\$ 217,782	\$ 211,149	\$ (6,633)
Prevention	128,873	-	128,873	127,380	(1,493)
Firefighting	3,645,785	-	3,645,785	3,734,759	88,974
Fire Stations	105,943	-	105,943	113,238	7,295
Fire Specialists	87,627	-	87,627	140,751	53,124
Total Fire	<u>4,186,010</u>	<u>-</u>	<u>4,186,010</u>	<u>4,327,277</u>	<u>141,267</u>
TOTAL PUBLIC SAFETY	<u>10,287,751</u>	<u>-</u>	<u>10,287,751</u>	<u>10,248,032</u>	<u>(39,719)</u>
<u>PUBLIC WORKS:</u>					
Supervision	84,163	-	84,163	97,442	13,279
Engineering	116,320	-	116,320	133,142	16,822
State Highway Maintenance	42,254	-	42,254	60,299	18,045
General Maintenance	447,974	(61,900)	386,074	371,218	(14,856)
Central Service Building	116,153	-	116,153	129,719	13,566
Municipal Building	148,399	(3,500)	144,899	154,775	9,876
Traffic Control and Lights	967,342	-	967,342	1,047,300	79,958
TOTAL PUBLIC WORKS	<u>1,922,605</u>	<u>(65,400)</u>	<u>1,857,205</u>	<u>1,993,895</u>	<u>136,690</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	161,060	-	161,060	139,294	(21,766)
Planning	150,932	(45,000)	105,932	96,566	(9,366)
Code Enforcement	404,108	-	404,108	388,201	(15,907)
Total Community Development	<u>716,100</u>	<u>(45,000)</u>	<u>671,100</u>	<u>624,061</u>	<u>(47,039)</u>
<u>Recreation</u>					
Supervision	229,238	-	229,238	232,438	3,200
Indoor Aquatics	194,918	-	194,918	193,415	(1,503)
Outdoor Aquatics	251,121	-	251,121	273,873	22,752
Centers, Camps & Programs	647,065	-	647,065	698,359	51,294
Athletics	132,788	-	132,788	133,410	622
Parks	737,728	(16,500)	721,228	747,481	26,253
Scarboro Center	168,500	(8,568)	159,932	172,235	12,303
Senior Center	264,178	-	264,178	276,938	12,760
Total Recreation	<u>2,625,536</u>	<u>(25,068)</u>	<u>2,600,468</u>	<u>2,728,149</u>	<u>127,681</u>
<u>Library</u>	<u>1,305,308</u>	<u>-</u>	<u>1,305,308</u>	<u>1,354,049</u>	<u>48,741</u>
TOTAL COMMUNITY SERVICES	<u>4,646,944</u>	<u>(70,068)</u>	<u>4,576,876</u>	<u>4,706,259</u>	<u>129,383</u>
TOTAL EXPENDITURES	<u>\$ 18,636,851</u>	<u>\$ (199,468)</u>	<u>\$ 18,437,383</u>	<u>\$ 18,696,765</u>	<u>\$ 259,382</u>

CITY OF OAK RIDGE, TENNESSEE
SCHOOL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	\$ 4,540,529	\$ 2,227,088
Investments	1,301,183	2,505,635
Receivables, net	74,266	120,197
Due from other governments	1,832,169	1,708,320
Prepaid items	63,385	369,933
Total assets	\$ 7,811,532	\$ 6,931,173
Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 656,306	\$ 648,666
Accrued liabilities	3,213,438	3,490,239
Due to other governments	65,862	58,957
Deferred revenue	787	803
Total liabilities	3,936,393	4,198,665
Fund balances:		
Reserved for special programs	171,115	191,434
Reserved - prepaid expenditures	63,385	369,933
Subsequent years' expenditures	47,673	7,908
Unreserved - undesignated	3,592,966	2,163,233
Total fund balances	3,875,139	2,732,508
Total liabilities and fund balances	\$ 7,811,532	\$ 6,931,173

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, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 37,356,161	\$ -	\$ 37,356,161	\$ 37,604,649	\$ (248,488)
Charges for services	1,650,818	-	1,650,818	1,878,414	(227,596)
Other	398,066	-	398,066	477,424	(79,358)
Total revenues	<u>39,405,045</u>	<u>-</u>	<u>39,405,045</u>	<u>39,960,487</u>	<u>(555,442)</u>
Expenditures					
Current:					
Education	52,243,216	-	52,243,216	54,068,788	1,825,572
Total expenditures	<u>52,243,216</u>	<u>-</u>	<u>52,243,216</u>	<u>54,068,788</u>	<u>1,825,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,838,171)</u>	<u>-</u>	<u>(12,838,171)</u>	<u>(14,108,301)</u>	<u>1,270,130</u>
Other financing sources (uses)					
Transfers in	13,980,802	-	13,980,802	13,980,802	-
Total other financing sources (uses)	<u>13,980,802</u>	<u>-</u>	<u>13,980,802</u>	<u>13,980,802</u>	<u>-</u>
Net change in fund balances	1,142,631	-	1,142,631	(127,499)	1,270,130
Fund balance - beginning	<u>2,732,508</u>	<u>-</u>	<u>2,732,508</u>	<u>2,732,508</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,875,139</u>	<u>\$ -</u>	<u>\$ 3,875,139</u>	<u>\$ 2,605,009</u>	<u>\$ 1,270,130</u>

**CITY OF OAK RIDGE, TENNESSEE
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009**

	2010	2009
Assets		
Cash and cash equivalents	\$ 2,111,232	\$ 2,334,343
Due from other funds	-	87,200
Due from other governments	40,392	40,545
Restricted assets:		
Cash and cash equivalents	732,836	-
Total assets	\$ 2,884,460	\$ 2,462,088
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 496,284	\$ 672,190
Total liabilities	496,284	672,190
Fund balances:		
Reserved for encumbrances	-	930,878
Capital projects	2,388,176	859,020
Total fund balances	2,388,176	1,789,898
Total liabilities and fund balances	\$ 2,884,460	\$ 2,462,088

CITY OF OAK RIDGE, TENNESSEE
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 650,000	\$ 611,000	\$ -	\$ -	\$ -	\$ (611,000)
Interest	75,000	75,000	10,239	-	10,239	(64,761)
Other	10,050,000	3,701,000	-	-	-	(3,701,000)
Total revenues	<u>10,775,000</u>	<u>4,387,000</u>	<u>10,239</u>	<u>-</u>	<u>10,239</u>	<u>(4,376,761)</u>
Expenditures						
Current:						
Capital outlay	19,315,000	7,000,000	2,094,333	(930,878)	1,163,455	5,836,545
Total expenditures	<u>19,315,000</u>	<u>7,000,000</u>	<u>2,094,333</u>	<u>(930,878)</u>	<u>1,163,455</u>	<u>5,836,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,540,000)</u>	<u>(2,613,000)</u>	<u>(2,084,094)</u>	<u>930,878</u>	<u>(1,153,216)</u>	<u>1,459,784</u>
Other financing sources (uses)						
Transfers in	-	1,400,000	79,975	-	79,975	(1,320,025)
Transfers out	(2,596,000)	(6,785,882)	(6,347,520)	-	(6,347,520)	438,362
Loan issuance	11,046,000	7,919,882	8,889,735	-	8,889,735	969,853
Bond premium	-	-	60,182	-	60,182	60,182
Total other financing sources (uses)	<u>8,450,000</u>	<u>2,534,000</u>	<u>2,682,372</u>	<u>-</u>	<u>2,682,372</u>	<u>148,372</u>
Net change in fund balances	(90,000)	(79,000)	598,278	930,878	1,529,156	1,608,156
Fund balance - beginning	<u>1,789,898</u>	<u>1,789,898</u>	<u>1,789,898</u>	<u>-</u>	<u>1,789,898</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,699,898</u>	<u>\$ 1,710,898</u>	<u>\$ 2,388,176</u>	<u>\$ 930,878</u>	<u>\$ 3,319,054</u>	<u>\$ 1,608,156</u>

CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2010 and 2009

	2010	2009
Assets		
Cash and cash equivalents	\$ 11,959,246	\$ 6,082,686
Receivables, net	128,016	118,312
Due from other governments	226,600	213,721
Total assets	\$ 12,313,862	\$ 6,414,719
 Liabilities and fund balances		
Liabilities:		
Due to other funds	\$ -	\$ 300,920
Total liabilities	-	300,920
 Fund balances:		
Unreserved, designated for:		
Debt service	12,313,862	6,113,799
Total fund balances	12,313,862	6,113,799
Total liabilities and fund balances	\$ 12,313,862	\$ 6,414,719

CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Taxes	\$ 2,129,490	\$ -	\$ 2,129,490	\$ 2,030,000	\$ 99,490
Charges for services	892,732	-	892,732	892,732	-
Interest	30,206	-	30,206	275,000	(244,794)
Other	402,146	-	402,146	2,242,179	(1,840,033)
Total revenues	<u>3,454,574</u>	<u>-</u>	<u>3,454,574</u>	<u>5,439,911</u>	<u>(1,985,337)</u>
Expenditures					
Debt service:					
Principal retirement	3,115,146	-	3,115,146	3,224,863	109,717
Interest and fiscal charges	3,986,885	-	3,986,885	4,544,821	557,936
Bond issuance costs	187,802	-	187,802	-	(187,802)
Total expenditures	<u>7,289,833</u>	<u>-</u>	<u>7,289,833</u>	<u>7,769,684</u>	<u>479,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,835,259)</u>	<u>-</u>	<u>(3,835,259)</u>	<u>(2,329,773)</u>	<u>(1,505,486)</u>
Other financing sources (uses)					
Transfers in	9,847,520	-	9,847,520	10,285,882	(438,362)
Issuance of refunding bonds	10,133,002	-	10,133,002	-	10,133,002
Bond premium	112,802	-	112,802	-	112,802
Refunded bonds redeemed	(10,058,002)	-	(10,058,002)	-	(10,058,002)
Total other financing sources (uses)	<u>10,035,322</u>	<u>-</u>	<u>10,035,322</u>	<u>10,285,882</u>	<u>(250,560)</u>
Net change in fund balances	6,200,063	-	6,200,063	7,956,109	(1,756,046)
Fund balance - beginning	<u>6,113,799</u>	<u>-</u>	<u>6,113,799</u>	<u>6,113,799</u>	<u>-</u>
Fund balance - ending	<u>\$ 12,313,862</u>	<u>\$ -</u>	<u>\$ 12,313,862</u>	<u>\$ 14,069,908</u>	<u>\$ (1,756,046)</u>

CITY OF OAK RIDGE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE(1)
June 30, 2010 and 2009

	2010	2009
Governmental funds capital assets:		
Land	\$ 3,043,126	\$ 3,043,126
Buildings	130,645,085	129,773,638
Improvements other than buildings	12,822,269	12,543,193
Infrastructure	46,565,084	46,192,279
Machinery and equipment	18,507,185	17,968,395
Total governmental funds capital assets:	\$ 211,582,749	\$ 209,520,631
 Investments in governmental fund capital assets:		
Total investment in governmental funds capital assets:	\$ 211,582,749	\$ 209,520,631

(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, 2010

Function and Activity	Capital Assets	Land	Buildings	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
General Government:						
Executive	\$ 9,728	\$ -	\$ -	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
Administration:						
Computer Services	12,445	-	-	-	-	12,445
Finance	13,167	-	-	-	-	13,167
Total Administration	<u>25,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,612</u>
Public Safety:						
Police	1,247,912	122	146,413	10,044	-	1,091,333
Fire	5,241,108	33,287	4,704,583	163,890	-	339,348
Total Public Safety	<u>6,489,020</u>	<u>33,409</u>	<u>4,850,996</u>	<u>173,934</u>	<u>-</u>	<u>1,430,681</u>
Public Works:						
Engineering	9,952	-	-	-	-	9,952
Municipal Building	2,018,372	534	1,763,950	132,694	-	121,194
Central Service Center Complex	13,194,606	626,139	12,529,497	-	-	38,970
Other Buildings	86,355	29,049	57,306	-	-	-
Streets, Sidewalks, and Stormwater Maintenance	47,605,254 7,321	1,040,170 -	- -	- -	46,565,084 -	- 7,321
Total Public Works	<u>62,921,860</u>	<u>1,695,892</u>	<u>14,350,753</u>	<u>132,694</u>	<u>46,565,084</u>	<u>177,437</u>
Community Services & Development:						
Planning	5,949	-	-	-	-	5,949
Economic Development	2,150,288	197,651	1,251,044	701,593	-	-
Recreation & Parks	22,310,720	959,819	8,824,973	11,792,052	-	733,876
Library	1,340,420	-	929,305	21,996	-	389,119
Total Community Services	<u>25,807,377</u>	<u>1,157,470</u>	<u>11,005,322</u>	<u>12,515,641</u>	<u>-</u>	<u>1,128,944</u>
Education	<u>116,319,652</u>	<u>156,355</u>	<u>100,438,014</u>	<u>-</u>	<u>-</u>	<u>15,725,283</u>
Total Governmental Fund Capital Assets	<u>\$ 211,582,749</u>	<u>\$ 3,043,126</u>	<u>\$ 130,645,085</u>	<u>\$ 12,822,269</u>	<u>\$ 46,565,084</u>	<u>\$ 18,507,185</u>

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

CITY OF OAK RIDGE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
For the Fiscal Year Ended June 30, 2010

<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:				
Computer Services	12,445	-	-	12,445
Finance	13,167	-	-	13,167
Total Administration	<u>25,612</u>	<u>-</u>	<u>-</u>	<u>25,612</u>
Public Safety:				
Police	1,247,912	-	-	1,247,912
Fire	5,241,108	-	-	5,241,108
Total Public Safety	<u>6,489,020</u>	<u>-</u>	<u>-</u>	<u>6,489,020</u>
Public Works:				
Engineering	9,952	-	-	9,952
Municipal Building	2,018,372	-	-	2,018,372
Central Service Center Complex	13,194,606	-	-	13,194,606
Other Buildings	86,355	-	-	86,355
Streets, Sidewalks, and Stormwater	47,232,449	372,805	-	47,605,254
Maintenance	7,321	-	-	7,321
Total Public Works	<u>62,549,055</u>	<u>372,805</u>	<u>-</u>	<u>62,921,860</u>
Community Services & Development:				
Planning	5,949	-	-	5,949
Economic Development	2,133,384	16,904	-	2,150,288
Recreation & Parks	21,812,137	498,736	153	22,310,720
Library	1,340,420	-	-	1,340,420
Total Community Services	<u>25,291,890</u>	<u>515,640</u>	<u>153</u>	<u>25,807,377</u>
Education	<u>115,145,826</u>	<u>851,537</u>	<u>(322,289)</u>	<u>116,319,652</u>
Total Governmental Fund Capital Assets	<u>\$ 209,520,631</u>	<u>\$ 1,739,982</u>	<u>\$ (322,136)</u>	<u>\$ 211,582,749</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. Additions and deductions include transfers from one activity to another.

Statistical Section

This part of the City of Oak Ridge's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City Implemented GASB Statement No. 34 effective for the fiscal year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF OAK RIDGE, TENNESSEE
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 23,501,788	\$ 23,875,530	\$ 33,185,737	\$ 31,540,540	\$ 35,621,496	\$ 48,509,856	\$ 45,110,444	\$ 36,306,869
Restricted	-	-	31,250,750	16,254,147	8,437,063	-	-	-
Unrestricted	19,366,677	19,746,192	(14,201,534)	4,868,333	13,040,675	17,395,007	18,213,217	25,468,174
Total governmental activities net assets	\$ 42,868,465	\$ 43,621,722	\$ 50,234,953	\$ 52,663,020	\$ 57,099,234	\$ 65,904,863	\$ 63,323,661	\$ 61,775,043
Business-type activities								
Invested in capital assets, net of related debt	\$ 59,304,016	\$ 58,458,062	\$ 63,928,694	\$ 62,355,102	\$ 63,965,893	\$ 71,964,232	\$ 75,244,455	\$ 74,961,657
Restricted	136,362	144,094	136,824	137,467	135,365	138,433	417,473	-
Unrestricted	1,536,903	3,617,784	(812,669)	731,699	(1,261,077)	(2,737,805)	(2,748,855)	266,207
Total business-type activities net assets	\$ 60,977,281	\$ 62,219,940	\$ 63,252,849	\$ 63,224,268	\$ 62,840,181	\$ 69,364,860	\$ 72,913,073	\$ 75,227,864
Primary government								
Invested in capital assets, net of related debt	\$ 82,805,804	\$ 82,333,592	\$ 97,114,431	\$ 93,895,642	\$ 99,587,389	\$ 120,474,088	\$ 120,354,899	\$ 111,268,526
Restricted	136,362	144,094	31,387,574	16,391,614	8,572,428	138,433	417,473	-
Unrestricted	20,903,580	23,363,976	(15,014,203)	5,600,032	11,779,598	14,657,202	15,464,362	25,734,381
Total primary government net assets	\$ 103,845,746	\$ 105,841,662	\$ 113,487,802	\$ 115,887,288	\$ 119,939,415	\$ 135,269,723	\$ 136,236,734	\$ 137,002,907

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**CITY OF OAK RIDGE, TENNESSEE
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 1,383,174	\$ 273,179	\$ 2,142,857	\$ 1,719,874	\$ 341,550	\$ 787,908	\$ 2,440,145	\$ 1,410,659
Administration	705,764	658,782	661,942	577,081	617,258	630,209	897,870	889,136
Public safety	8,117,808	7,839,973	8,044,813	8,609,654	9,354,706	11,951,624	12,293,756	12,170,498
Public works	2,383,800	2,669,071	4,080,500	4,042,211	4,245,565	4,551,008	4,380,741	4,470,805
Community services (1)	9,331,657	8,714,166	8,331,681	9,907,380	10,944,438	11,026,261	11,592,367	10,716,684
Education	39,642,525	42,325,347	41,056,629	45,823,972	44,222,039	42,637,039	51,313,351	55,550,747
Interest and fiscal charges	1,927,382	1,593,696	2,290,550	2,316,963	2,974,889	4,244,444	4,840,057	4,205,056
Total governmental activities expenses	\$ 63,492,110	\$ 64,074,214	\$ 66,608,972	\$ 72,997,135	\$ 72,700,445	\$ 75,828,493	\$ 87,758,287	\$ 89,413,585
Business-type activities:								
Electric	\$ 33,916,143	\$ 36,004,534	\$ 35,094,294	\$ 37,926,429	\$ 41,773,668	\$ 44,072,861	\$ 49,952,558	\$ 46,365,601
Waterworks	12,414,120	12,116,274	12,774,404	13,776,337	15,788,355	16,615,370	17,222,147	16,845,380
Emergency Communication District	285,099	399,182	390,131	347,391	356,781	553,265	568,519	456,154
Golf Course (1)	1,618,415	1,694,542	1,660,137	-	-	-	-	-
Total business-type activities expenses	\$ 48,233,777	\$ 50,214,532	\$ 49,918,966	\$ 52,050,157	\$ 57,918,804	\$ 61,241,496	\$ 67,743,224	\$ 63,667,135
Total primary government expenses	\$ 111,725,887	\$ 114,288,746	\$ 116,527,938	\$ 125,047,292	\$ 130,619,249	\$ 137,069,989	\$ 155,501,511	\$ 153,080,720
Program Revenues								
Governmental activities:								
Charges for services								
General government	\$ 41,181	\$ 53,534	\$ 1,064,844	\$ 1,050,931	\$ 1,068,902	\$ 1,069,158	\$ 1,058,252	\$ 931,544
Public safety	385,537	423,988	309,132	414,184	445,986	406,046	433,075	1,404,083
Community services (1)	1,072,590	1,052,044	1,225,819	2,558,599	2,505,024	2,481,141	2,417,965	2,508,040
Education	1,415,934	1,504,131	1,669,657	1,853,765	1,791,167	2,065,529	1,810,598	1,715,903
Operating grants and contributions	27,933,166	29,235,660	30,012,921	31,365,321	32,698,403	38,302,402	39,948,251	40,677,481
Capital grant and contributions	1,295,056	367,329	3,723,502	240,814	31,308	465,589	244,318	154,393
Total governmental activities program revenues	\$ 32,143,464	\$ 32,636,686	\$ 38,005,875	\$ 37,483,614	\$ 38,540,790	\$ 44,789,865	\$ 45,912,459	\$ 47,391,444
Business-type activities:								
Charges for services								
Electric	\$ 34,097,676	\$ 35,245,680	\$ 35,051,657	\$ 38,227,318	\$ 41,184,246	\$ 44,844,650	\$ 51,764,998	\$ 47,916,470
Waterworks	12,368,240	11,941,129	11,908,497	12,800,009	14,138,838	16,734,346	19,819,808	19,218,854
Emergency Communication District	334,469	442,362	433,727	436,143	527,319	518,063	493,639	521,059
Golf course (1)	1,164,059	1,154,697	1,149,015	-	-	-	-	-
Operating grants and contributions	-	-	-	11,526	30,848	-	-	-
Capital grant and contributions	1,653,294	522,961	1,569,130	122,436	1,003,056	5,062,972	1,067,960	185,089
Total business-type activities program revenues	\$ 49,617,738	\$ 49,306,829	\$ 50,112,026	\$ 51,597,432	\$ 56,884,307	\$ 67,160,031	\$ 73,146,405	\$ 67,841,472
Total primary government program revenues	\$ 81,761,202	\$ 81,943,515	\$ 88,117,901	\$ 89,081,046	\$ 95,425,097	\$ 111,949,896	\$ 119,058,864	\$ 115,232,916

(Continued)

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue								
Governmental activities	\$ (31,348,646)	\$ (31,437,528)	\$ (28,603,097)	\$ (35,513,521)	\$ (34,159,655)	\$ (31,038,628)	\$ (41,845,828)	\$ (42,022,141)
Business-type activities	1,385,961	(907,703)	193,060	(452,725)	(1,034,497)	5,918,535	5,403,181	4,174,337
Total primary governmental net expense	\$ (29,964,685)	\$ (32,345,231)	\$ (28,410,037)	\$ (35,966,246)	\$ (35,194,152)	\$ (25,120,093)	\$ (36,442,647)	\$ (37,847,804)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Real & personal property taxes	\$ 15,300,003	\$ 14,915,676	\$ 15,529,602	\$ 15,734,618	\$ 16,283,441	\$ 17,770,961	\$ 19,169,307	\$ 18,999,090
In-lieu of tax payments	3,767,668	3,758,201	3,826,332	3,860,930	3,903,756	3,988,922	1,657,594	1,914,745
Sales taxes	7,132,719	7,224,109	9,032,154	9,904,536	9,810,033	10,799,248	10,110,993	11,526,911
State shared taxes	2,295,886	2,121,518	3,144,403	3,492,328	4,071,325	4,010,334	3,653,748	3,571,878
Business taxes	704,225	767,714	841,718	999,362	913,226	849,823	791,480	802,606
Occupancy taxes	366,023	363,789	397,925	427,608	455,744	542,126	558,612	489,976
Wholesale beer & liquor taxes	708,589	746,472	761,905	774,866	812,010	839,642	852,203	825,329
Gain (loss) on sale of capital assets	547,202	-	171,713	254,595	(17,362)	43,940	(623,323)	4,149
Interest	284,166	185,766	629,166	752,673	1,147,655	975,309	428,472	108,194
Investment income - change in fair value of of interest rate swap	-	-	-	-	-	-	-	(760,615)
Miscellaneous	1,090,299	2,355,649	924,210	1,382,109	938,511	2,010,017	1,434,418	1,474,112
Transfers	(308,284)	(248,109)	(42,800)	357,963	277,530	288,910	2,831,471	2,796,515
Total governmental activities	\$ 31,888,496	\$ 32,190,785	\$ 35,216,328	\$ 37,941,588	\$ 38,595,869	\$ 42,119,232	\$ 40,864,975	\$ 41,752,890
Business-type activities:								
Interest	\$ 40,545	\$ 47,575	\$ 78,765	\$ 52,996	\$ 80,328	\$ 57,500	\$ 41,179	\$ 54,083
Miscellaneous	718,377	1,854,678	718,284	729,111	847,612	837,554	935,324	882,886
Transfers	308,284	248,109	42,800	(357,963)	(277,530)	(288,910)	(2,831,471)	(2,796,515)
Total business-type activities:	\$ 1,067,206	\$ 2,150,362	\$ 839,849	\$ 424,144	\$ 650,410	\$ 606,144	\$ (1,854,968)	\$ (1,859,546)
Total primary government	\$ 32,955,702	\$ 34,341,147	\$ 36,056,177	\$ 38,365,732	\$ 39,246,279	\$ 42,725,376	\$ 39,010,007	\$ 39,893,344
Change in Net Assets								
Governmental activities	\$ 539,850	\$ 753,257	\$ 6,613,231	\$ 2,428,067	\$ 4,436,214	\$ 11,080,604	\$ (980,853)	\$ (269,251)
Business-type activities	2,451,167	1,242,659	1,032,909	(28,581)	(384,087)	6,524,679	3,548,213	2,314,791
Total primary government	\$ 2,991,017	\$ 1,995,916	\$ 7,646,140	\$ 2,399,486	\$ 4,052,127	\$ 17,605,283	\$ 2,567,360	\$ 2,045,540

Notes: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

(1) At the beginning of fiscal 2006, the Golf Course Fund was reclassified from an enterprise fund, a business-type activity, to a special revenue fund, a governmental-type activity.

CITY OF OAK RIDGE, TENNESSEE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 568,154	\$ 487,334	\$ 439,018	\$ 522,954	\$ 453,839	\$ 423,518	\$ 422,938	\$ 548,835	\$ 343,657	\$ 135,666
Unreserved	7,901,882	6,023,484	5,250,633	4,915,690	4,660,255	5,057,758	5,349,352	6,939,442	7,192,118	9,033,940
Total general fund	\$ 8,470,036	\$ 6,510,818	\$ 5,689,651	\$ 5,438,644	\$ 5,114,094	\$ 5,481,276	\$ 5,772,290	\$ 7,488,277	\$ 7,535,775	\$ 9,169,606
All Other Governmental Funds										
Reserved	\$ 1,677,492	\$ 2,366,868	\$ 1,260,853	\$ 1,833,153	\$ 34,182,819 (1)	\$ 17,738,377	\$ 9,904,689	\$ 1,462,252	\$ 2,317,399	\$ 1,157,059
Unreserved, reported in										
Special revenue funds	6,467,964	7,448,023	7,036,584	6,956,167	6,717,456	7,299,423	6,137,197	5,568,643	5,138,235	6,363,296
Capital projects funds	5,738,826	3,732,409	2,778,902	2,424,090	(710,174)	2,158,115	1,604,832	398,073	859,020	2,388,176
Debt services funds	-	-	1,239,747	1,720,796	3,886,972	6,402,404	8,349,601	7,082,125	6,113,799	12,313,862
Total all other governmental funds	\$ 13,884,282	\$ 13,549,300	\$ 12,316,086	\$ 12,934,206	\$ 44,077,073	\$ 33,598,319	\$ 25,996,319	\$ 14,511,093	\$ 14,428,453	\$ 22,222,393

(1) The substantial increase in reserved fund balance in 2005 is due to unspent proceeds from the issuance of long-term debt on hand at fiscal year end.

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 16,753,443	\$ 17,442,567	\$ 19,776,290	\$ 19,497,314	\$ 22,122,240	\$ 23,137,472	\$ 23,312,693	\$ 25,085,558	\$ 23,557,540	\$ 23,870,515
Licenses and permits	223,135	173,790	197,357	173,514	340,802	465,364	272,409	271,002	269,593	243,947
Intergovernmental	39,142,428	38,091,857	39,887,937	41,485,191	41,555,706	43,662,911	45,623,695	52,017,449	52,800,138	54,566,054
Charges for services	3,486,933	3,505,195	3,493,647	3,597,812	3,760,492	4,990,381	5,172,706	5,263,455	5,103,858	4,929,556
Fines and forfeitures	380,438	315,880	356,599	397,281	283,826	391,570	429,453	397,230	427,921	1,410,770
Interest	1,449,119	601,063	255,266	168,416	599,462	696,241	1,070,165	915,773	403,054	100,348
Other	1,660,284	504,319	1,287,694	701,033	958,272	1,518,029	1,124,325	2,026,641	1,390,671	1,366,852
Total Revenues	\$ 63,095,780	\$ 60,634,671	\$ 65,254,790	\$ 66,020,561	\$ 69,620,800	\$ 74,861,968	\$ 77,005,446	\$ 85,977,108	\$ 83,952,775	\$ 86,488,042
Expenditures										
General Government	\$ 532,967	\$ 735,874	\$ 668,580	\$ 653,026	\$ 743,092	\$ 722,370	\$ 734,797	\$ 805,413	\$ 883,736	\$ 942,585
Administration	633,336	637,149	684,778	625,253	682,853	598,960	610,439	622,983	885,840	836,966
Public Safety	7,160,263	7,477,238	7,888,433	7,567,199	7,971,991	8,524,042	9,201,187	11,717,322	12,389,138	12,889,356
Public Works	2,775,844	2,505,253	2,621,163	3,006,575	3,149,133	3,059,468	3,101,813	3,330,686	3,109,202	3,119,170
Community Services	6,331,493	6,747,811	7,521,630	7,950,349	7,877,890	9,269,663	10,239,087	10,326,239	10,881,008	9,921,715
Education	36,369,497	37,825,252	38,985,004	41,392,925	42,399,884	44,009,380	46,138,202	50,627,491	49,912,738	52,243,216
Capital Outlay	5,045,877	2,644,373	4,138,439	2,257,873	4,376,599	16,058,967	29,658,592	17,180,904	4,302,395	2,094,333
Debt Service										
Principal	2,196,868	2,382,150	1,981,813	2,095,289	2,146,000	2,756,042	2,624,468	2,804,954	3,128,567	3,180,146
Interest	2,876,186	1,929,200	1,886,179	1,546,228	1,943,304	2,275,531	2,936,984	4,210,966	4,604,579	3,992,258
Other Charges							308,516	86,766	305,589	187,802
Total Expenditures	\$ 63,922,351	\$ 62,884,300	\$ 66,376,019	\$ 67,094,717	\$ 71,292,746	\$ 87,264,423	\$ 105,554,025	\$ 101,713,724	\$ 90,402,792	\$ 89,407,547
Excess (deficiency) of revenues over (under) expenditures	\$ (826,571)	\$ (2,249,629)	\$ (1,121,229)	\$ (1,074,156)	\$ (1,671,946)	\$ (12,402,455)	\$ (28,548,579)	\$ (15,736,616)	\$ (6,450,017)	\$ (2,919,505)
Other Financing Sources (Uses)										
Bonds issuance	\$ -	\$ -	\$ -	\$ -	\$ 32,533,063	\$ 1,032,500	\$ -	\$ -	\$ -	\$ -
Bond premium	-	-	-	-	-	-	-	-	1,523,179	175,761
Refunding bonds issued	41,244,385	-	-	-	-	-	-	-	38,355,000	10,543,267
Payments to refund bonds	-	-	-	-	-	-	-	-	-	(10,058,002)
Payments to escrow agent	(41,244,385)	-	-	-	-	-	-	-	-	-
Loan issuance	-	-	197,263	797,737	-	-	21,000,000	4,945,988	2,806,300	8,889,735
Loan discount	-	-	-	-	-	-	(39,937)	-	-	-
Capital lease issuance	-	-	-	891,641	-	-	732,479	-	471,515	-
Transfers in	18,651,459	18,560,303	18,893,928	18,202,388	17,814,432	19,356,881	19,554,689	24,326,902	27,619,160	28,419,992
Transfers Out	(18,085,220)	(18,604,874)	(20,024,343)	(18,450,497)	(17,857,232)	(18,098,498)	(19,277,159)	(24,037,992)	(24,787,688)	(25,622,877)
Total other financing sources (uses)	\$ 566,239	\$ (44,571)	\$ (933,152)	\$ 1,441,269	\$ 32,490,263	\$ 2,290,883	\$ 21,237,593	\$ 5,967,377	\$ 6,414,875	\$ 12,347,276
Net changes in fund balances	\$ (260,332)	\$ (2,294,200)	\$ (2,054,381)	\$ 367,113	\$ 30,818,317	\$ (10,111,572)	\$ (7,310,986)	\$ (9,769,239)	\$ (35,142)	\$ 9,427,771
Debt service as a percentage of noncapital expenditures	8.6%	7.2%	6.2%	5.6%	6.1%	7.1%	7.3%	8.3%	9.0%	8.2%

**CITY OF OAK RIDGE, TENNESSEE
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Gross Receipts	Wholesale Beer/Liquor	Room Occupancy	Total
2001	\$ 12,890,998	\$ 84,298	\$ 1,191,972	\$ 5,921,241	\$ 597,162	\$ 639,133	\$ 316,808	\$ 21,641,612
2002	13,208,701	158,223	1,197,400	6,561,754	721,069	672,583	309,826	22,829,556
2003	14,997,982	302,021	1,313,325	7,132,719	704,225	708,589	366,023	25,524,884
2004	14,756,203	159,473	1,281,816	7,224,109	767,715	746,472	363,789	25,299,577
2005	15,341,027	188,575	1,317,779	9,032,154	841,718	761,905	397,925	27,881,083
2006	15,520,774	213,844	1,405,994	9,904,536	999,362	774,866	427,608	29,246,984
2007	16,105,953	177,488	1,401,412	9,810,033	913,226	812,010	455,744	29,675,866
2008	17,673,704	97,257	1,506,999	10,799,248	849,823	839,642	542,126	32,308,799
2009	18,624,249	149,402	1,657,594	10,110,993	791,480	852,203	558,612	32,744,533
2010	18,444,385	183,257	1,914,745	11,526,911	802,607	825,330	489,976	34,187,211
Change								
2001-2010	43.08%	117.39%	60.64%	94.67%	34.40%	29.13%	54.66%	57.97%

Note: On October 1, 2004, the Oak Ridge/Anderson County local sales tax rate increased .50 % to finance a portion of the annual debt service payment for the Oak Ridge High School Project. In July 2006, the .50% increase in the local sales tax option become countywide. The City was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

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

Fiscal Year	Real Residential Property		Real Commercial Property		Personal Property	Public Utilities	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Real Residential Property	Real Commercial Property	Real Residential Property	Real Commercial Property						
2001	\$ 263,184,875	\$ 180,376,742	\$ 45,668,874	\$ 14,732,079	\$ 503,962,570	\$ 2.57	\$ 1,682,696,533	30%		
2002	267,561,648	184,627,513	48,161,886	12,829,722	513,180,769	2.65	1,715,681,762	30%		
2003	270,610,350	183,974,432	52,745,175	11,512,784	518,842,741	2.94	1,739,127,065	30%		
2004	272,157,350	191,091,293	51,253,014	10,267,203	524,768,860	2.87	1,755,868,654	30%		
2005	274,953,825	200,940,065	53,452,186	10,153,519	539,499,595	2.87	1,798,800,359	30%		
2006	322,792,500 (2)	224,568,232 (2)	52,163,372 (2)	11,390,458 (2)	610,914,562 (2)	2.55 (2)	2,047,178,410 (2)	30% (2)		
2007	334,908,739	232,023,953	58,066,034	11,091,196	636,089,922	2.55	2,133,414,096	30%		
2008	348,129,559	268,680,515	44,406,428	9,269,913	670,486,415	2.65	2,229,095,337	30%		
2009	355,123,650	280,813,481	43,858,479	9,427,296	689,222,906	2.77	2,285,863,771	30%		
2010	360,936,650	275,346,400	40,908,992	8,596,521	685,788,563	2.77	2,284,105,945	30%		

(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 2005 (fiscal year 2006).

**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	Overlapping County Rate	Combined Tax Rate	City	Overlapping County Rate	Combined Tax Rate
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	5.32
2005	2.87	3.22	6.09	2.87	2.445	5.32
2006	2.55 (1)	2.68 (1)	5.23 (1)	2.55 (1)	2.02 (1)	4.57 (1)
2007	2.55	2.68	5.23	2.55	2.02	4.57
2008	2.65	2.68	5.33	2.65	2.27	4.92
2009	2.77	2.68	5.45	2.77	2.27	5.04
2010	2.77	2.68	5.45	2.77	2.36	5.13

Notes: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane. Approximately 17 percent of the taxable real parcels (2,218 of 13,304) are located in the Roane County portion of the City. The City's basic property tax rate may be increased only by a majority vote of the Oak Ridge City Council.

The City's base tax rate is the total direct rate.

(1) 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 - 2006; Roane County - 2006).

**CITY OF OAK RIDGE, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT TAX YEAR 2009 AND NINE YEARS AGO
(For Fiscal Year 2010 and 2000)**

Taxpayer	Type of Business	Tax Year 2009			Tax Year 2000		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Oak Ridge Projects LLC	Real Estate Developer	\$ 37,781,664	1	5.51%	\$ -	-	-
UT-Battelle	Management Contractor (ORNL)	36,390,184	2	5.31%	-	-	-
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	13,031,858	3	1.90%	10,676,040	3	2.12%
R&R Properties/Richard Chinn	Entrepreneur	9,667,656	4	1.41%	4,081,005	9	0.81%
Methodist Medical Center of Oak Ridge	Health Services	8,370,400	5	1.22%	8,628,040	5	1.71%
BellSouth	Communications	6,024,353	7	0.88%	11,365,778	2	2.25%
Wilkinson Realty	Apartment Complexes	6,027,248	6	0.88%	-	-	-
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	5,910,152	8	0.86%	5,437,061	7	1.08%
A & M Enterprises Inc	Real Estate Developer	4,461,074	9	0.65%	-	-	-
Wal-Mart	Retail	3,780,286	10	0.55%	-	-	-
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	-	-	-	6,698,925	6	1.33%
Boeing Tennessee Inc.	Manufacturing and Engineering	-	-	-	14,707,219	1	2.91%
Oak Ridge Mall	Shopping Mall/Misc. Development	-	-	-	9,808,689	4	1.94%
Southern Management Development	Apartment Complexes	-	-	-	5,201,311	8	1.03%
Seward Norris Construction	Real Estate Developer	-	-	-	3,267,135	10	0.65%
TOTAL		\$ 131,444,875		19.17%	\$ 79,871,203		15.83%

Note: Does not include in-lieu of tax payments.

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

Fiscal Year Ended June 30,	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years		Total Collections to Date		Outstanding Delinquent Taxes	
	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Amount	Amount	Percentage of Levy	Amount (1)	Percentage of Levy
2001	\$ 12,951,838	\$ 12,585,185	97.2%	\$ 253,517	\$ 12,838,702	99.1%	\$ 113,136	0.9%
2002	13,599,291	12,921,156	95.0%	560,852	13,482,008	99.1%	117,283	0.9%
2003	15,253,977	14,768,834	96.8%	330,311	15,099,145	99.0%	154,832	1.0%
2004	15,060,866	14,460,793	96.0%	440,665	14,901,458	98.9%	159,408	1.1%
2005	15,483,638	14,934,125	96.5%	468,694	15,402,819	99.5%	80,819	0.5%
2006	15,578,321	15,280,442	98.1%	247,413	15,527,855	99.7%	50,466	0.3%
2007	16,220,293	15,901,543	98.0%	264,947	16,166,490	99.7%	53,803	0.3%
2008	17,767,890	17,303,022	97.4%	387,522	17,690,544	99.6%	77,346	0.4%
2009	19,091,475	18,519,409	97.0%	345,828	18,865,237	98.8%	226,238	1.2%
2010	18,959,485	18,120,891	95.6%	-	18,120,891	95.6%	838,594	4.4%

(1) 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
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLES
June 30, 2010

Tax Year	Property Tax Receivable Balance June 30, 2009	Property Tax Levied	Abatements & Adjustments	Collections	Allowance For Uncollectibles	Net Receivable Balance June 30, 2010
2000	\$ 113,786	\$ -	\$ -	\$ 650	\$ (113,136)	\$ -
2001	119,239	-	-	1,956	(117,283)	-
2002	155,861	-	227	1,029	(155,059)	-
2003	158,637	-	927	73	(158,552)	939
2004	81,804	-	-	59	(80,878)	867
2005	51,717	-	-	156	(50,622)	939
2006	77,667	-	407	23,864	(53,944)	266
2007	148,121	-	2,204	70,776	(78,173)	1,376
2008	572,065	-	(28,977)	345,828	(77,000)	120,260
2009	16,802,962	238,125	(274,601)	15,927,892	(63,053)	775,541
2010	-	19,116,110	228	1,371,950	-	17,744,388
Totals	\$ 18,281,859	\$ 19,354,235	\$ (299,585)	\$ 17,744,233	\$ (947,700)	\$ 18,644,576

Note: The levy for the 2010 tax year is recorded as a deferred revenue at fiscal year end June 30, 2010.

Table 11

**CITY OF OAK RIDGE, TENNESSEE
LOCAL TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Building materials	\$ 10,397,087	\$ 27,236,769	\$ 33,161,236	\$ 36,619,633	\$ 39,673,175	\$ 40,776,983	\$ 37,880,776	\$ 35,481,658	\$ 34,138,282	\$ 30,745,142
General merchandise	95,637,929	105,352,653	119,827,335	125,090,959	127,395,302	124,051,789	123,663,006	124,791,075	118,728,929	110,798,271
Food stores	62,723,250	54,060,030	50,336,043	49,207,201	47,469,754	48,120,643	48,976,457	51,694,210	54,720,524	52,434,001
Autos, Boats, Aircrafts	100,827,902	113,249,512	117,412,599	117,679,886	112,106,399	103,902,534	94,622,000	79,474,112	60,212,915	41,885,747
Apparel	5,416,300	4,602,724	4,581,100	4,747,894	4,929,433	3,949,972	3,173,228	2,819,117	2,495,202	968,129
Furniture and Home Décor	9,321,650	9,206,351	9,097,840	8,806,076	8,873,574	8,440,156	9,136,238	8,339,378	7,136,115	6,939,017
Eating and Drinking Places	42,398,599	42,672,865	45,876,116	48,750,254	54,382,199	57,691,722	59,485,118	63,019,291	63,915,240	62,371,582
Miscellaneous Retail	39,887,199	36,435,868	39,382,365	40,978,996	48,575,457	53,497,507	51,826,964	56,124,638	52,747,534	50,724,180
Total	\$ 366,609,916	\$ 392,816,772	\$ 419,674,634	\$ 431,880,899	\$ 443,405,293	\$ 440,431,306	\$ 428,773,787	\$ 421,743,479	\$ 394,094,741	\$ 356,866,069

Oak Ridge/Anderson County local sales tax rate	2.25%	2.25%	2.25%	2.25%	2.25%	2.75%	2.75%	2.75%	2.75%	2.75%
Oak Ridge/Roane County local sales tax rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

Source: Tennessee Department of Revenue, Research Division

Note: On October 1, 2004, the Oak Ridge/Anderson County local sales tax rate increased .50 % to finance a portion of the annual debt service payment for the Oak Ridge High School Project. In July 2006, the .50% increase in the local sales tax option became countywide. The City was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

**CITY OF OAK RIDGE, TENNESSEE
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Oak Ridge/ Anderson County	Anderson County	Oak Ridge/ Roane County	Roane County
2001	2.25%	2.25%	2.75%	2.50%
2002	2.25%	2.25%	2.75%	2.50%
2003	2.25%	2.25%	2.75%	2.50%
2004	2.25%	2.25%	2.75%	2.50%
2005	2.75%	(1)	2.75%	2.50%
2006	2.75%	2.25%	2.75%	2.50%
2007	2.75%	2.75%	(1)	2.50%
2008	2.75%	2.75%	2.75%	2.50%
2009	2.75%	2.75%	2.75%	2.50%
2010	2.75%	2.75%	2.75%	2.50%

Notes: The maximum local sales tax rate allowed by Tennessee State law is 2.75%.
 (1) On October 1, 2004, the Oak Ridge/Anderson County local sales tax rate increased .50% to be used to finance a portion of the annual debt service payment for the Oak Ridge High School Project. In July 2006, the .50% increase in the local sales tax option became countywide. The City was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

**CITY OF OAK RIDGE, TENNESSEE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental-type Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	QZAB	Notes Payable	Capital Leases	Electric Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases			
2001	\$ 36,565,000	\$ -	\$ 24,951,186	\$ 411,560	\$ 19,065,056	\$ -	\$ 20,735,621	\$ -	\$ 101,728,423	14.30%	\$ 3,714
2002	34,200,000	-	24,803,474	275,990	21,512,348	-	23,570,451	-	104,362,263	14.17%	3,811
2003	37,645,000	-	19,295,028	132,977	22,360,000	5,125,000	18,997,695	-	103,555,700	13.67%	3,781
2004	35,265,000	-	20,043,765	719,243	21,550,000	4,800,000	19,890,589	-	102,268,597	13.06%	3,734
2005	32,820,000	7,049,360	44,992,765	445,193	20,730,000	4,470,000	21,927,521	-	132,434,839	16.67%	4,836
2006	30,285,000	7,641,275	44,938,765	228,476	19,895,000	4,130,000	27,442,240	-	134,560,756	16.26%	4,913
2007	27,650,000	7,131,857	65,882,765	-	19,045,000	3,780,000	30,191,887	1,166,355	154,847,864	18.19%	5,654
2008	24,870,000	6,622,439	70,769,753	544,157	18,165,000	3,410,000	31,450,975	1,073,538	156,905,862	(1)	5,729
2009	39,190,000	6,113,020	55,084,053	713,129	6,885,000	13,100,000	32,780,315	976,098	154,841,615	(1)	5,654
2010	46,390,000	5,603,602	54,979,053	420,076	5,955,000	22,710,000	32,017,179	873,806	168,948,716	(1)	6,169

Notes: Under Tennessee State law, the City's outstanding general obligation debt is not limited.

(1) Data Not Available.

(2) See Table 17 for personal income and population data.

**CITY OF OAK RIDGE, TENNESSEE
RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING, GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS**

Fiscal Year	Total Governmental Debt Outstanding	Actual Taxable Value of Property	Population	Percentage of Actual taxable Value of Property	Debt Per Capita
2001	\$ 61,927,746	\$ 1,682,696,533	27,387	3.7%	\$ 2,261
2002	59,279,464	1,715,681,762	27,387	3.5%	2,165
2003	57,073,005	1,739,127,065	27,387	3.3%	2,084
2004	56,028,008	1,755,868,654	27,387	3.2%	2,046
2005	85,307,318	1,798,800,359	27,387	4.7%	3,115
2006	83,093,516	2,047,178,410	27,387	4.1%	3,034
2007	100,664,622	2,133,414,096	27,387	4.7%	3,676
2008	102,806,349	2,229,095,337	27,387	4.6%	3,754
2009	101,100,202	2,285,863,771	27,387	4.4%	3,692
2010	107,392,731	2,284,105,945	27,387	4.7%	3,921

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF OAK RIDGE, TENNESSEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2010

<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	\$ 46,390,000	100%	\$ 46,390,000
Notes Payable	54,979,053	100%	54,979,053
Qualified Zone Academy Bonds (QZAB)	5,603,602	100%	5,603,602
Capital Lease	420,076	100%	420,076
Debt Service Fund	<u>(12,313,862)</u>		<u>(12,313,862)</u>
Total Direct Debt	<u>95,078,869</u>		<u>95,078,869</u>
Overlapping:			
Anderson County, Tennessee	26,912,234	41.56% *	11,184,724
Roane County, Tennessee	<u>34,967,724</u>	14.37% *	<u>5,024,862</u>
Total Overlapping Debt	<u>61,879,958</u>		<u>16,209,586</u>
Total Direct and Overlapping Debt	<u>\$ 156,958,827</u>		<u>\$ 111,288,455</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Oak Ridge. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

* 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
REVENUE DEBT COVERAGE
ELECTRIC SYSTEM DEBT
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	
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
2006	38,922,932	35,131,961	3,790,971	835,000	764,318	1,599,318	2.37
2007	41,971,757	38,798,182	3,173,575	992,673	923,836	1,916,509	1.66
2008	45,608,826	41,103,159	4,505,667	984,750	854,487	1,839,237	2.45
2009	52,597,386	46,957,765	5,639,621	1,009,087	862,630	1,871,717	3.01
2010	48,737,266	43,330,957	5,406,309	1,043,424	883,244	1,926,668	2.81

(1) Includes operating and nonoperating revenues.

(2) Total operating expenses exclusive of depreciation.

**CITY OF OAK RIDGE, TENNESSEE
DEMOGRAPHIC STATISTICS
1980, 1990 and 2000 CENSUS YEAR INFORMATION AND LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(2) Median Age	(2) Unemployment Rate	School Enrollment
1980	27,662	\$ 255,707,528	\$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	482,321,910	17,661 (1)	39.6 (1)	4.9% (1)	4,432
2000	27,387	679,005,891	24,793 (1)	43.4 (1)	3.2% (1)	4,491
2001	27,387	711,569,034	25,982	(3)	4.1%	4,398
2002	27,387	736,409,043	26,889	(3)	4.0%	4,391
2003	27,387	757,743,516	27,668	(3)	4.7%	4,323
2004	27,387	782,939,556	28,588	(3)	4.9%	4,285
2005	27,387	794,414,709	29,007	(3)	5.1%	4,280
2006	27,387	827,580,366	30,218	(3)	4.7%	4,306
2007	27,387	851,105,799	31,077	(3)	4.2%	4,394
2008	27,387	(3)	(3)	(3)	5.7%	4,362
2009	27,387	(3)	(3)	(3)	9.9%	4,411
2010	27,387	(3)	(3)	(3)	(3)	4,472

(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
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
BWXT Y-12	4,600	1	12.79%	N/A	N/A	N/A
UT-Battelle	4,200	2	11.68%	N/A	N/A	N/A
Methodist Medical Center	1,350	3	3.75%	1,300	2	3.74%
Bechtel Jacobs Co. LLC	1,337	4	3.72%	650	9	1.87%
Science Applications Int'l Corp. (SAIC)	1,000	5	2.78%	N/A	N/A	N/A
Oak Ridge Associated Universities	1,000	6	2.78%	932	5	N/A
Wackenhut-Oak Ridge Team	902	7	2.51%	N/A	N/A	N/A
Scientific Ecology Group, Inc (AKA Duratek)	710	8	1.97%	1,300	3	3.74%
Oak Ridge Schools	692	9	1.92%	649	8	1.87%
City of Oak Ridge	458	10	1.27%	417	10	1.20%
Sitel (Client Logic)	N/A	N/A	N/A	N/A	N/A	N/A
Lockheed Martin Energy Systems Inc (LMES) (1)	N/A	N/A	N/A	14,772	1	42.53%
MK Ferguson Company	N/A	N/A	N/A	970	4	2.79%
Boeing Defense and Space	N/A	N/A	N/A	780	6	2.25%
Department of Energy (DOE)	N/A	N/A	N/A	680	7	1.96%
	<u>16,249</u>		<u>45.17%</u>	<u>22,450</u>		<u>61.95%</u>

Source: Oak Ridge Chamber of Commerce and Tennessee Department of Labor and Workforce Development

Notes: The City of Oak Ridge resides in two counties, Anderson and Roane. For the Percentage of Total City Employment, Anderson County's Civilian Workforce was used.

(1) In 2001, LMES Inc was the primary contractor at all three main federal facilities located within Oak Ridge. When the contracts for these facilities were last awarded, they went to three different contractors rather than a single contractor. BWXT, UT-Battelle and Bechtel Jacobs are the current primary contractors at the three main federal sites.

CITY OF OAK RIDGE, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Full-time Equivalent Employees at June 30										
General government										
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager	3.50	4.00	3.00	3.00	3.00	3.00	3.00	4.00	3.50	3.50
City Court	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Legal	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative services										
Computer services	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Personnel	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Stationery Stores	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	11.00	11.00	10.00	8.00	8.00	8.00	8.00	8.00	8.00	10.00
Business Office	14.00	14.00	13.00	15.00	15.00	15.00	15.00	15.00	15.00	13.00
Police										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.50	3.00
Investigations	8.00	8.00	8.00	8.00	8.00	8.00	8.00	11.00	11.00	11.00
Staff services	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
Patrol	44.39	44.39	44.39	41.00	47.00	47.00	47.00	44.00	44.00	45.00
Emergency communications	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Animal control	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
School resource officer program	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.35	3.35	3.35
Fire										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00
Prevention	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fighting	40.00	40.00	40.00	42.00	42.00	42.00	42.00	71.00	71.00	71.00
Public works										
Supervision	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50
Engineering	4.38	4.38	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Equipment shop	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Work pool	46.00	46.00	46.00	44.00	44.00	44.00	40.00	43.50	40.00	40.00
Water plant	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Wastewater treatment plant	15.00	14.00	14.00	16.00	16.00	16.00	20.00	20.00	19.00	19.00
West End Waterworks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.00	8.00
Community Development										
Supervision	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Planning	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Code Enforcement	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Grant fund	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(Continued)

CITY OF OAK RIDGE, TENNESSEE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Full-time Equivalent Employees at June 30										
Recreation and parks										
Supervision	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Indoor aquatics	3.93	3.93	3.93	4.18	4.18	4.18	4.18	4.18	4.18	4.18
Outdoor aquatics	6.28	6.28	6.28	6.27	6.27	6.27	6.27	6.27	6.27	6.27
Centers, camp, & programs	12.78	12.78	12.78	11.02	11.02	11.02	11.02	11.02	11.02	11.02
Athletics	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Scarboro Center	0.00	0.00	0.00	1.39	1.39	1.39	1.39	2.39	2.39	2.39
Senior Center	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Library	17.00	17.00	17.00	16.68	16.68	16.68	17.00	17.00	17.00	17.75
Electric	33.00	33.00	34.00	34.00	34.00	34.00	34.00	34.00	35.00	35.00
Economic Development	3.50	3.50	2.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Subtotal	357.36	356.86	354.48	348.64	354.64	353.64	354.96	390.81	393.31	397.06
Education										
Teachers	360.85	362.15	360.30	401.30	396.10	401.20	406.70	414.90	390.00	398.70
Non-Teachers	288.90	301.50	309.45	305.08	302.20	273.39	266.14	282.39	296.70	306.10
Subtotal	649.75	663.65	669.75	706.38	698.30	674.59	672.84	697.29	686.70	704.80
Total	1,007.11	1,020.51	1,024.23	1,055.02	1,052.94	1,028.23	1,027.80	1,088.10	1,080.01	1,101.86

Note: A full-time employee is scheduled to work 2,080 hours per year (including general and emergency leave) except for firefighters who are scheduled to work 2,912 hours per year and City School certified staff.

Table 20

**CITY OF OAK RIDGE, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Ordinances Adopted	21	21	23	20	15	17	22	31	20	17
Resolutions Adopted	199	173	177	127	144	127	108	107	113	108
Number of court cases-city violations	3,785	2,989	3,882	3,429	1,709	2,881	3,483	3,566	4,198	4,861
Administrative services										
Applications received and processed	837	682	930	653	891	784	839	804	1,527	774
Purchase Orders issued for departments	1,894	2,044	2,044	2,254	4,524	4,525	4,106	4,619	4,720	4,778
Purchase Orders issued for stock purchases	1,554	1,259	1,259	1,420	1,219	1,328	1,350	1,138	706	836
Business licenses issued	1,736	N/A	N/A	1,282	1,345	1,392	1,344	1,339	1,295	N/A
Police										
Serious crimes	543	511	662	620	544	539	551	475	481	437
Burglaries	202	301	331	383	394	394	348	378	426	417
Total arrests	2,032	2,243	2,511	2,975	2,691	2,938	2,871	2,780	3,571	3,228
Total calls for services	32,237	33,672	36,291	32,854	32,854	35,544	37,055	35,159	38,660	30,999
Animal apprehensions	1,381	1,958	2,116	2,708	2,500	2,342	2,342	1,805	2,341	2,077
Registered animals	3,871	5,012	4,659	4,040	4,400	4,200	4,000	2,000	2,515	1,592
Fire										
Number of calls	3,339	3,339	3,497	3,264	3,560	3,743	3,721	4,095	4,489	4,457
Public fire education	6,450	8,400	10,993	10,993	10,993	9,000	10,750	11,000	11,000	11,000
Violations reported by department inspection	1,441	1,150	850	850	850	900	1,060	1,642	520	941
Average response time (mins)	3.3	4.5	3.5	4.0	4.0	4.0	4.3	4.5	4.1	4.1
Average control time (mins)	3.3	4.8	3.6	4.0	4.0	4.0	4.0	4.5	4.0	10.4
Community Development										
Site plans reviewed	19	21	19	19	18	19	6	9	15	13
Non-Residential	48	52	65	76	110	112	108	39	45	0
Residential	426	474	494	582	582	599	567	552	488	497
Building permits	456	424	348	400	400	518	584	474	440	390
Plumbing permits	1,038	347	438	530	530	643	629	507	434	520
Electrical permits	1,501	1,387	969	1,691	1,691	757	620	733	726	1,076
Nuisance Abatement	605	364	112	416	416	416	150	127	289	219
Abandoned vehicles	279	110	86	48	48	66	62	64	149	101
Housing inspections										
Park and Recreation										
City-wide special events	7	7	7	7	7	7	7	7	7	7
Cold Facts Program participants	2,038	2,123	2,174	2,325	2,341	2,327	2,353	2,387	2,401	2,409
Pool attendance	104,094	104,069	87,435	78,938	60,775	75,741	77,153	78,689	70,759	66,182
Summer camp enrollment	960	960	880	860	1,100	870	949	997	1,000	1,050
Athletic activities										
Youth participants	135	218	234	212	186	147	155	166	189	223
Adult participants	1,047	1,200	1,280	1,496	1,845	1,784	1,579	1,707	1,898	1,774
Youth teams	13	22	21	20	18	16	17	16	19	21
Adult teams	74	82	95	106	138	129	113	124	142	125

(Continued)

Table 20

**CITY OF OAK RIDGE, TENNESSEE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Library										
Total volume	106,440	109,434	118,320	118,411	114,707	114,707	112,550	113,890	115,159	117,310
Total non-print material	21,099	22,973	48,993	51,692	52,415	52,415	57,241	57,673	59,258	60,683
Total circulation	215,748	224,967	220,269	204,681	204,585	182,400	186,215	180,293	181,826	174,906
Registered patrons	23,937	24,836	22,477	27,604	23,735	23,455	22,171	20,209	22,301	22,520
Reference questions and reader service	37,008	38,117	37,433	33,029	35,622	33,217	29,883	31,170	30,914	33,011
Storytime attendance	3,506	4,978	5,432	5,395	5,355	4,167	5,262	5,335	4,699	4,797
Public Works										
Street sign maintenance and installation	379	201	394	341	412	259	370	286	388	300
Traffic control and school flashing signals inventory	371	371	371	390	390	390	390	390	390	390
hours for maintenance and installation	2,341	2,451	2,278	2,508	2,508	1,865	2,147	2,040	2,080	2,062
Public streetlights										
inventory	5,319	5,362	5,397	5,431	5,426	5,426	5,447	5,426	5,426	5,447
hours for maintenance and installation	1,971	1,985	2,250	1,536	1,606	2,082	1,807	1,133	1,627	1,400
Mowing of ROW (acres)	15	15	15	15	15	15	15	15	15	15
Electric										
Purchased Power										
Kilowatts-hours purchased	533,000,199	544,096,058	561,424,804	551,468,429	534,063,705	539,597,265	547,543,621	557,257,006	545,153,900	550,862,526
Amount	\$ 24,457,044	\$ 25,226,618	\$ 26,066,753	\$ 27,615,311	\$ 26,543,605	\$ 28,833,331	\$ 32,063,010	\$ 34,364,532	\$ 40,786,288	\$ 36,808,216
Electric Sales										
Kilowatts-hours sold	518,579,537	516,146,986	543,449,683	525,327,120	514,560,835	505,272,128	521,693,354	528,247,375	522,075,626	520,702,657
Amount	\$ 32,613,495	\$ 32,859,895	\$ 34,097,674	\$ 35,245,630	\$ 35,051,657	\$ 38,227,317	\$ 41,184,247	\$ 44,844,650	\$ 51,764,998	\$ 47,916,469
Cost per kilowatt-hour purchases	\$0.0459	\$0.0464	\$0.0464	\$0.0501	\$0.0497	\$0.0534	\$0.0586	\$0.0617	\$0.0748	\$0.0668
% losses and unaccounted for KH purchases	2.71%	5.14%	3.20%	4.74%	3.65%	6.36%	4.72%	5.21%	4.23%	5.48%
Water										
Gallons treated (thousands)	4,374,438	4,258,710	4,048,248	3,907,730	3,700,000	4,045,928	3,367,518	3,732,957	3,921,905	3,687,716
Gallons purchased (thousands)	-	-	-	-	-	-	34,445	23,282	16,025	16,313
Gallons pumped (thousands)	-	-	-	-	-	-	3,370,193	3,673,932	3,937,930	3,704,029
Gallons sold (thousands)	3,994,925	3,897,471	3,686,142	3,680,361	3,521,730	3,699,823	2,870,928	3,249,385	3,346,471	3,166,137
Line losses and gallons unaccounted for (thousands)	N/A	N/A	N/A	N/A	N/A	N/A	533,710	424,547	591,459	537,892
Percentage of losses and unaccounted for gallons to total provided (thousands)	N/A	N/A	N/A	N/A	N/A	N/A	15.7%	11.6%	15.0%	14.5%
Average daily consumption (thousands of gallons)	10,945	10,678	10,099	10,083	9,649	10,137	7,866	8,902	9,168	8,674
Wastewater										
Clinch River Industrial Park Plant										
Gallons treated (thousands)	1,500	1,500	2,400	1,724	1,600	1,600	1,200	1,021	1,448	1,890
West End Plant										
Gallons treated (thousands)	1,500,000	1,674,920	2,200,000	1,942,491	2,100,000	2,100,000	1,600,000	1,579,946	1,589,821	1,997,308
Schools										
Enrollment	4,398	4,391	4,323	4,285	4,280	4,306	4,394	4,362	4,411	4,472
Average Daily Membership	4,451	4,418	4,346	4,279	4,284	4,348	4,364	4,407	4,452	4,472
Average Daily Attendance	4,213	4,190	4,127	4,066	4,061	4,127	4,142	4,185	4,220	4,214
Average Test Scores (ACT)	23.6	23.8	23.6	24.4	24.5	24.3	23.6	23.6	24.7	23.0

* Some information is not available due to system changes.

City of Oak Ridge, Tennessee Capital Assets Statistic by Function/Program Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	23	23	23	23	23	23	23	23	25	30
Unmarked Vehicles	5	5	5	5	6	6	6	8	8	8
Animal Control	2	2	2	2	2	2	2	2	2	2
Other Vehicles	9	9	9	9	9	9	9	8	8	8
Fire										
Stations	3	3	3	3	3	3	3	4	4	4
Fire trucks (Pumpers and ladder)	6	6	6	6	6	6	6	9	9	9
Rescue vehicles - radio equipped	2	2	2	2	2	2	2	3	3	3
Sedans - radio equipped	3	3	4	4	4	4	4	6	6	8
Fire Specialists' vehicles	5	5	5	5	5	5	5	5	5	4
Park and Recreation										
Parks	14	14	14	14	14	14	14	14	14	15
Parks (total acres)	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,300
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	22	22	22	22	22	22	22	22	22	22
Baseball parks	5	5	5	5	5	5	5	5	5	5
Softball parks	6	6	6	6	6	6	6	6	6	6
Gymnasium	1	1	1	1	1	1	1	2	2	2
Golf course	1	1	1	1	1	1	1	1	1	1
Soccer fields	9	9	9	9	9	9	9	9	9	9
Community Centers	3	3	3	3	3	3	3	3	3	3
Disc Golf Courses	-	-	-	-	-	-	-	-	-	-
Library	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of roads and streets	211.02	211.42	211.42	217.75	222.33	226.00	226.00	227.72	227.87	229.59
Miles of sidewalks	98.73	98.73	98.73	98.73	100.61	100.61	100.61	100.61	100.61	100.92
Electric										
Miles of electric lines	270.84	272.66	281.35	282.00	282.00	286.00	286.00	286.00	286.00	286.00
Number of regular street lights	5,319	5,362	5,397	5,431	5,426	5,447	5,463	5,463	5,463	5,784
Number of private outdoor lights	1,530	1,530	1,564	1,577	1,577	1,577	1,568	1,574	1,385	1,385
Water										
Miles of water main	222.00	222.00	225.40	225.77	225.77	231.90	231.90	240.86	241.35	243.12
Number of fire hydrants	2,481	2,489	2,501	2,500	2,700	2,580	2,574	2,683	2,845	2,845
Wastewater										
Miles of sewer main	240.00	240.00	244.50	245.87	245.87	245.87	250.00	259.78	260.07	260.59
Treatment plants	2	2	2	2	2	2	2	3	3	3
Treatment capacity (thousand of gallons)	5,880	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010
Schools										
Elementary schools	4	4	4	4	4	4	4	4	4	4
Middle schools	2	2	2	2	2	2	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1

Note: No capital asset indicators are available for general government function.

**CITY OF OAK RIDGE, TENNESSEE
REVENUES FOR ELECTRIC AND WATERWORKS FUNDS
LAST TEN FISCAL YEARS**

Fiscal Year	Waterworks (1)			Total
	Electric Revenue	Water Revenue	Wastewater Revenue	
2001	\$ 33,291,474	\$ 6,699,307	\$ 4,993,032	\$ 44,983,813
2002	33,434,251	6,666,355	4,759,119	44,859,725
2003	34,689,697	6,569,522	5,906,475	47,165,694
2004	35,913,653	6,343,489	5,704,123	47,961,265
2005	35,724,771	6,225,551	5,756,389	47,706,711
2006	38,922,932	7,088,332	5,788,969	51,800,233
2007	41,971,757	7,867,191	6,377,350	56,216,298
2008	45,608,826	9,925,588	6,774,328	62,308,742
2009	52,597,386	10,713,173	7,632,541	70,943,100
2010	48,737,266	10,225,818	7,501,780	66,464,864

Note: Revenues exclude one-time grant proceeds and capital contributions by developers.

(1) Waterworks revenue does not include payments from Bechtel contracts for operation of utilities on the west end of Oak Ridge, including the federal East Tennessee Technology Park.

**CITY OF OAK RIDGE, TENNESSEE
ELECTRIC, WATER AND WASTEWATER RATES
LAST TEN FISCAL YEARS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electric (1)										
Residential										
Base Charge	\$ 5.80	\$ 5.80	\$ 5.80	\$ 6.57	\$ 7.30	\$ 7.37	\$ 7.46	\$ 7.70	\$ 7.70	\$ 7.70
All kWh	0.06240	0.06240	0.06240	0.06544	0.66790	0.07732	0.07622	0.08800	0.09300	0.09250
Commercial										
GSA1 Base Charge	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 17.00	\$ 17.17	\$ 17.37	\$ 17.93	\$ 17.93	\$ 17.93
All kWh	0.06756	0.06756	0.06756	0.07178	0.07382	0.08571	0.08432	0.09686	0.10211	0.10250
GSA2 Base Charge	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 55.00	\$ 55.56	\$ 56.20	\$ 58.00	\$ 58.00	\$ 58.00
1st 15,000 kWh	0.07000	0.07000	0.07000	0.07421	0.07746	0.08938	0.08803	0.10069	0.10594	0.10633
Additional kWh	0.03587	0.03587	0.03587	0.03823	0.03935	0.04601	0.04557	0.05463	0.05873	0.05624
kWh, 51-1,000	9.94	9.94	9.94	10.67	10.93	12.55	12.25	13.31	13.65	14.58
GSA3 Base Charge	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 150.00	\$ 151.52	\$ 153.28	\$ 158.19	\$ 158.19	\$ 158.19
All kWh	0.03655	0.03665	0.03665	0.03901	0.04087	0.04754	0.04712	0.05623	0.06033	0.05784
kWh, 0 - 1,000	9.41	9.41	9.41	10.09	10.09	11.95	11.61	12.69	13.05	14.03
kWh, 1,001 - 5,000	10.56	10.56	10.56	12.02	12.02	14.27	13.88	15.17	15.59	16.75
Outdoor Light	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04622	\$ 0.05265	\$ 0.05166	\$ 0.05943	\$ 0.06368	\$ 0.06110
All kWh										
Water										
Minimum Bill (0-2,000 gallons)	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 9.65	\$ 11.50	\$ 11.50	\$ 11.50
Next 8,000 gallons per 1,000 gallons	3.10	3.10	3.10	3.10	3.10	3.10	3.75	4.55	4.55	4.55
Next 40,000 gallons per 1,000 gallons	2.77	2.77	2.77	2.77	2.77	2.77	3.35	4.05	4.05	4.05
Next 150,000 gallons per 1,000 gallons	2.29	2.29	2.29	2.29	2.29	2.29	2.75	3.20	3.20	3.20
Next 800,000 gallons per 1,000 gallons	1.90	1.90	1.90	1.90	1.90	1.90	2.30	3.20	3.20	3.20
Next 1,000,000 gallons per 1,000 gallons	1.56	1.56	1.56	1.56	1.56	1.56	2.30	3.20	3.20	3.20
Wastewater										
Minimum Bill (0-2,000 gallons)	\$ 10.25	\$ 10.25	\$ 10.50	\$ 10.50	\$ 10.50	\$ 11.50	\$ 11.50	\$ 13.50	\$ 13.50	\$ 13.50
Next 8,000 gallons per 1,000 gallons	2.94	2.94	3.75	3.75	3.75	4.13	4.13	5.15	5.15	5.15
Next 40,000 gallons per 1,000 gallons	4.38	4.38	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45
Next 50,000 gallons per 1,000 gallons	4.20	4.20	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45
Next 4,999,900 gallons per 1,000 gallons	4.20	4.20	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45
All over 5,000,000 gallons per 1,000 gallons	4.20	4.20	5.90	5.90	5.90	5.55	5.55	6.45	6.45	6.45

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

(1) Electric may change on a quarterly basis due to a pass-through fuel cost adjustment (FCA) on the energy charges from the Tennessee Valley Authority.

CITY OF OAK RIDGE, TENNESSEE
ELECTRIC, WATER AND WASTEWATER SOLD BY TYPE OF CUSTOMERS
LAST TEN FISCAL YEARS

Fiscal Year	Electric			Water		Wastewater		
	Residential	Small lighting and power	Large lighting and power	Street and outdoor lighting	Residential	Commercial	Residential	Commercial
2001	12,648	1,564	412	62	10,747	1,429	10,468	1,195
2002	12,676	1,586	421	60	10,769	1,429	10,492	1,191
2003	12,937	1,654	383	61	10,914	1,425	10,633	1,179
2004	12,964	1,698	360	62	10,955	1,425	10,671	1,167
2005	13,042	1,731	346	61	11,019	1,492	10,740	1,169
2006	13,096	1,797	339	64	11,160	1,518	10,866	1,167
2007	13,542	1,817	345	61	11,285	1,568	11,007	1,190
2008	13,556	1,787	342	60	11,313	1,561	11,032	1,176
2009	13,608	1,840	354	61	11,260	1,634	10,990	1,197
2010	13,673	1,869	367	61	11,285	1,634	11,017	1,201

**CITY OF OAK RIDGE, TENNESSEE
TEN LARGEST ELECTRIC CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO**

Customer	2010				2001					
	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Rank	Percentage Of Total Sales	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Rank	Percentage Of Total Sales
City of Oak Ridge	99,553	32,066,100	\$ 3,168,042	1	6.61%	35,880	19,263,749	\$ 1,665,311	1	5.11%
Methodist Medical Center	51,869	26,015,901	2,141,179	2	4.47%	39,899	18,862,587	1,100,895	4	3.38%
USEC Inc	44,665	22,699,718	1,903,763	3	3.97%	-	-	-	-	-
Energy Solutions (AKA GTS Duratek)	7,617	25,447,133	1,752,051	4	3.66%	(1)	29,260,372	1,192,419	2	3.66%
Oak Ridge Board Of Education	45,759	16,254,350	1,535,095	5	3.20%	37,355	13,307,638	868,499	6	2.66%
Oak Ridge Project LLC	30,750	14,308,000	1,184,278	6	2.47%	-	-	-	-	-
US Department of Energy	18,689	9,331,320	790,633	7	1.65%	20,260	9,652,941	558,064	9	1.71%
Oak Ridge Technical Centers	19,057	7,854,864	690,277	8	1.44%	-	-	-	-	-
Advanced Measurement	14,759	8,117,850	639,162	9	1.33%	-	-	-	-	-
Oak Ridge Associated Universities	15,632	6,575,708	582,203	10	1.22%	-	-	-	-	-
Boeing	-	-	-	-	-	(1)	26,897,088	1,164,941	3	3.57%
BNFL	-	-	-	-	-	42,509	18,183,109	1,098,871	5	3.37%
Manufacturing Sciences	-	-	-	-	-	20,457	11,399,520	623,577	8	1.91%
Perkin-Elmer Instruments	-	-	-	-	-	16,462	8,846,920	483,322	10	1.48%
UT-Battelle LLC	-	-	-	-	-	21,809	11,471,349	634,108	7	1.94%
M4 Environmental	-	-	-	-	-	-	-	-	-	-
Total			\$ 14,386,683		30.02%			\$ 9,390,007		28.79%

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

CITY OF OAK RIDGE, TENNESSEE
Schedule of Unaccounted for Water
For the Year Ended June 30, 2010

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (potable)	3,687,716	
C	Water Purchased	16,313	
D	Total Water Treated and Purchased		3,704,029
	(Sum Lines B and C)		
E	Accounted for Water:		
F	Water Sold	3,095,914	
G	Metered for Consumption (in house usage)	0	
H	Fire Department(s) Usage	2,300	
I	Flushing	4,558	
J	Tank Cleaning / Filling	0	
K	Street Cleaning	33	
L	Bulk Sales	0	
M	Water Bill Adjustments	9,453	
N	Total Accounted For Water		3,112,258
	(Sum Lines F thru M)		
O	Unaccounted for Water		591,771
	(Line D minus Line N)		
P	Percent Unaccounted for Water		15.976%
	(Line O divided by Line D times 100)		
Q	Other (explain)	See Below	
Explain Other:	Public work usage for sewer line cleaning, water main breaks and repairs.		53,879

All amounts included in this schedule are supported by documentation on file at the water system. If no support is on file for an item or if the line item is not applicable, a "0" is shown.

CITY OF OAK RIDGE, TENNESSEE
Single Audit Report and Findings and Recommendations
For the Fiscal Year Ended June 30, 2010

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CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2010

Grantor Agency	CFDA	Grant/ Contract Number	(Accrued) Deferred July 1, 2009	Revenues Received	Expenditures	(Accrued) Deferred July 1, 2010
<u>DIRECT FEDERAL FINANCIAL ASSISTANCE</u>						
U.S. Department of Energy	81.502	DE-FG05-05OR23196	\$ (29,231)	\$ 306,295	\$ 300,000	\$ (22,936)
U.S. Department of Energy	81.502	DE-FG05-06OR23251	(9,835)	9,835	-	-
U.S. Department of Energy	81.049	DE-SC0000033	-	-	84,662	(84,662)
U.S. Department of Homeland Security	97.044	FO0805894	(1,999)	1,999 *	-	-
U.S. Department of Housing and Urban Development	14.218	N/A	(185,486)	363,945	192,144	(13,685)
U.S. Department of Housing and Urban Development - ARRA	14.253	B09-MY-14-0010	-	50,000	50,000	-
U.S. Department of the Interior	15.929	47-08-AP-4038	(31,686)	-	8,974	(40,660)
U.S. Department of Justice	16.738	2007-DJ-BX-1388	(2,227)	-	3,182	(5,409)
U.S. Department of Justice - ARRA	16.804	2009-SB-B9-1559	-	-	38,197	(38,197)
TOTAL DIRECT FEDERAL FINANCIAL ASSISTANCE			<u>(260,464)</u>	<u>732,074</u>	<u>677,159</u>	<u>(205,549)</u>
<u>INDIRECT FEDERAL FINANCIAL ASSISTANCE</u>						
Federal Highway Administration Through TN Department of Transportation	20.205	HPP-9115(11)	(40,545)	153 *	-	(40,392)
U.S. Department of Housing and Urban Development Through TN Housing Development Agency	14.231	DG0924555	(6,303)	37,104	33,960	(3,159)
U.S. Department of Housing and Urban Development Through TN Department of Human Services	14.218	NSP-09-012	-	39,789	39,189	600
U. S. Department of Energy Through TN Department of Military	81.502	GG082529400	(146)	15,000	14,854	-
TOTAL INDIRECT FEDERAL FINANCIAL ASSISTANCE			<u>(46,994)</u>	<u>92,046</u>	<u>88,003</u>	<u>(42,951)</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>(307,458)</u>	<u>824,120</u>	<u>765,162</u>	<u>(248,500)</u>
<u>STATE ASSISTANCE PROGRAMS</u>						
Tennessee Department of Agriculture		Z0820131700	(9,880)	9,880	-	-
Tennessee Department of Transportation		Z07035922	1,926	-	1,926	-
Tennessee Department of Transportation		12500	-	13,533	36,385	(22,852)
Tennessee Department of Transportation		SRTS-9115(13)	-	-	14,552	(14,552)
Tennessee Department of Transportation		Z-09-213802-00	(19,305)	19,305	-	-
Tennessee Department of Transportation		GG 11-3-09	-	7,739	102,690	(94,951)
TOTAL STATE ASSISTANCE PROGRAMS			<u>(27,259)</u>	<u>50,457</u>	<u>155,553</u>	<u>(132,355)</u>
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS			<u>\$ (334,717)</u>	<u>\$ 874,577</u>	<u>\$ 920,715</u>	<u>\$ (380,854)</u>

* - Includes adjustment totaling \$2,152

CITY OF OAK RIDGE, TENNESSEE
Notes to the Schedule of Federal and State Financial Assistance Activity
For the Year Ended June 30, 2010

Note 1 - Basis of Presentation

The accompanying schedule of federal and state financial assistance activity includes the federal and state grant activity of the City of Oak Ridge. The schedule excludes the Oak Ridge City Schools federal and state grant activity which is presented in a separate report. The schedule of federal and state financial activity is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Loans Outstanding

At June 30, 2010, the City of Oak Ridge had outstanding loans obtained through the State Revolving Loan Fund. These loans were funded by federal and state sources as noted in the schedule below. Loan proceeds totaled \$436,984 from state sources and loan payments totaled \$718,164 during the fiscal year.

<u>State Revolving Fund Loan</u>	<u>Balance</u>	<u>Federal Funding</u>	<u>State Funding</u>
SRF97-102	\$ 8,055,219	2%	98%
SRF98-117	3,456,806	0%	100%
SRF02-159	4,598,706	42%	58%
	<u>\$ 16,110,731</u>		

PUGH & COMPANY, P.C.

WILL J. PUGH, CPA
RONNIE G. CATE, CPA
C. LARRY ELMORE, CPA
W. JAMES PUGH, JR., CPA
DANIEL C. FRANKLIN, CPA
JAMES H. JONES, CPA
LISA W. HILL, CPA
SUSAN R. FOARD, CPA
ANDREW R. HARPER, CPA
R.E. FOUST, CPA
A. TED HOTZ, CPA
BARRETT V. SIMONIS, CPA
JOHN W. BACON, CPA
CALVIN C. HOWARD, CPA

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 31409
KNOXVILLE, TENNESSEE 37930-1409

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

OFFICES

HOME FEDERAL PLAZA - SUITE 200
315 NORTH CEDAR BLUFF ROAD
KNOXVILLE, TENNESSEE 37923
TELEPHONE 865-769-0660
TOLL FREE 800-332-7021
TELECOPIER 865-769-1660

100 E. TENNESSEE AVENUE
OAK RIDGE, TENNESSEE 37830
TELEPHONE 865-483-5634
TELECOPIER 865-483-9781

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee ("the City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 26, 2011. Our report includes a reference to 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. Other auditors audited the financial statements of the Oak Ridge Schools, a blended component unit reported as a governmental fund and the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies referenced as 09-1 and 09-3 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies referenced as 10-1, 09-1, 09-3, and 08-1 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Management's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit management's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, the governing board, the Comptroller of the Treasury of the State of Tennessee, Division of Municipal Audit of the State of Tennessee, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 26, 2011

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TELECOPIER 865-483-9781

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the City of Oak Ridge, Tennessee's ("the City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Oak Ridge Schools, which received \$5,255,407 in federal awards which is not included in the schedule during the year ended June 30, 2010. Our audit, described below, did not include the operations of the Oak Ridge Schools because the Oak Ridge Schools engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 10-2.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 10-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the audit committee, management, the governing board, the Comptroller of the Treasury of the State of Tennessee, Division of Municipal Audit of the State of Tennessee, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 26, 2011

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 yes X no

Major federal programs for the City of Oak Ridge for the fiscal year ended June 30, 2010 are:

Program Name	CFDA#
U.S. Housing and Urban Development cluster:	
Community Development Block Grant	14.218
Neighborhood Stabilization Program	14.218
Community Development Block Grant – Recovery Act	14.253
U.S. Department of Energy:	
Police Patrolling Services	81.502
Emergency Management Planning, Fire Department	81.502

Dollar threshold used to distinguish between Type A & Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes X no

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

II. Findings Related to the Audit of the Financial Statements of the City of Oak Ridge

Unresolved Prior Year Audit Findings:

Finding 08-1:	Cash Collections in the Utility Billing Office
Criteria:	The cash receipts procedures in the Utility Billing Office should allow for proper segregation of duties in relation to the collection of payments, preparation of bank deposits, and access to customer accounts.
Condition:	The procedures in the Utility Billing Office create an opportunity for the cashiers to accept cash payments either from customers directly or through the mail, and post the amounts to the billing system and prepare the bank deposit.
Context:	The City's Utility Billing Office collects virtually all the utility service revenues during the year.
Effect:	The current system is not sufficient to deter the risk of fraud through theft of cash and manipulating the system and the reports to cover the missing cash.
Cause:	The cash collection process has not been significantly updated in some time.
Recommendation:	We recommend the billing supervisor reconcile the cash receipts posted and the deposits prepared for the bank. We also recommend management add program controls to restrict the user from adjusting any cash receipts posted by the user to a customer account. These two steps would provide additional assurance the cash collected is properly remitted to the bank.
Current Status:	Subsequent to June 30, 2010, the cash reconciliation process has been redistributed to an individual that is not in the Utility Business Office. The finance director is reviewing the log of all daily adjustments on a regular basis.
Management's Response:	Changes have been made as outlined above.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

II. Findings Related to the Audit of the Financial Statements of the City of Oak Ridge (Continued)

Unresolved Prior Year Audit Findings (continued):

Finding 09-1:	Controls over Programming Changes
Criteria:	Procedures for program development or modification should allow for proper segregation of duties between the ability to make modification to the program code, testing of the modifications, and placing the modifications into the live production environments. If segregation of duties cannot be achieved sufficient mitigating controls should be in place to prevent unauthorized changes to the computer program's source code.
Condition:	Changes to the City's computer program's source code are not being formally authorized or reviewed by City personnel independent of the process. This could allow erroneous or fraudulent changes to go undetected.
Context:	We noted that changes to the computer program's source code are not being formally authorized or reviewed by appropriate personnel.
Effect:	Changes could be made to the computer systems without management's knowledge. These changes could go undetected or be reversed after the computing process was complete, but before anyone detected a change resulting in potential erroneous or fraudulent transactions being processed through the City's computer system.
Cause:	The City does not have sufficient procedures in place to properly segregate and document code modification, testing and placement into a live environment.
Recommendation:	Procedures should be developed to properly authorize and document changes to the programming code. Procedures should also be developed to monitor and review changes to program code. The procedures should be performed by qualified personnel that are independent of the processes being reviewed.
Current Status:	This finding has not been resolved as of June 30, 2010.
Management's Response:	As a result of additional programming support from contacted services, the City will begin a signoff process on future programming changes.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

II. Findings Related to the Audit of the Financial Statements of the City of Oak Ridge (Continued)

Unresolved Prior Year Audit Findings (continued):

Finding 09-3	Information Technology Policies and Procedures
Criteria:	Formal policies and procedures for information technology that conform to best practices are essential to protect important, and in some cases, confidential data from unauthorized access and provide for appropriate disaster recovery.
Condition:	The City does not have adequate formal policies and procedures related to passwords, user ID's, new user access privileges, external vulnerability/penetration testing, and testing of backup media.
Context:	Formal policies and procedures are necessary to ensure all personnel utilize information technology assets as intended, systems are periodically tested and available to authorized users, access is restricted to only users who have a valid business reason for such access, and backup data files are available in the event of a disaster.
Effect:	Unauthorized users could gain access to information technology systems. In the event of a disaster, backup data files may not recoverable.
Cause:	The City does not have sufficient policies and procedures in place to properly protect important data from unauthorized access and provide for appropriate disaster recovery.
Recommendation:	Procedures should be developed to properly ensure all personnel utilize information technology assets as intended, systems are periodically tested and available to authorized users, access is restricted to only users who have a valid business reason for such access, and backup data files are available in the event of a disaster.
Current Status:	This finding has not been resolved as of June 30, 2010.
Management's Response:	Policies have been developed and are in final review. The review process should be completed by March 31, 2011.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

II. Findings Related to the Audit of the Financial Statements of the City of Oak Ridge (Continued)

Current Year Audit Findings:

Finding 10-1	Capital Asset Recordkeeping
Criteria:	Capital asset records are to be accounted for in a complete and accurate manner.
Condition:	Extensive Excel spreadsheets are used for the maintenance of capital asset records. These spreadsheets have no controls to protect the hardcoded data or formulas from intentional or unintentional modifications. These spreadsheets are also subject to limited review.
Context:	The use of a computer software program designed specifically for the maintenance of capital assets recordkeeping would increase the integrity of the capital asset records.
Effect:	The opportunity exists for significant errors due to the complexity of the current spreadsheets for capital assets given the large number of individual assets maintained.
Cause:	The significant number of individual fixed asset records, lack of controls to protect data from modifications, and limited review of the capital asset spreadsheets create the potential risk.
Recommendation:	We recommend that the City utilize a software program specifically designed for capital asset record maintenance and incorporate sufficient review procedures of such recordkeeping.
Management's Response:	The City is currently reviewing financial software options, which would include capital asset tracking and reporting.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2010

III. Findings and Questioned Costs Related to the Audit of Federal Awards

Current Year Audit Findings:

Finding 10-2	Monitoring of CDBG Grant Program
Criteria:	The City is required perform a field audit of subrecipients each fiscal year.
Condition:	The City does not have adequate subrecipient monitoring procedures.
Context:	Formal policies and procedures are necessary to ensure compliance with grant requirements by subrecipients.
Effect:	The City did not perform a field audit of CDBG program subrecipients during the fiscal year ended June 30, 2010.
Cause:	The City does not have complete checks and balances in place to ensure appropriate field audit procedures.
Recommendation:	We recommend that the City conduct a field audit of CDBG program subrecipients each year.
Management's Response:	During fiscal 2010, the responsibility for the CDBG grant was in transit between City departments and the field audits were not performed. Field audits, as applicable, will be performed each fiscal year. The fiscal 2011 field audits are being scheduled at this time.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Corrected Prior Audit Findings
For the Year Ended June 30, 2010

Finding 08-2:	Controls over Purchase Card Payments
Criteria:	All purchases made with procurement cards should have adequate documentation supporting the expenditure.
Condition:	In 2008, we found several instances where the documentation submitted with the credit card statement was insufficient. Some of the purchases were not supported with an invoice. On other occasions, only part of the expenditures had supporting documentation.
Context:	Credit card purchases totaling \$10,558 did not have complete documentation during the year ended June 30, 2008.
Effect:	Adequate supporting documentation must be submitted for management to evaluate if purchases made with procurement cards are proper, are approved, and are for the benefit of the City and not a misuse of funds.
Cause:	City employees are not complying with the established purchasing procedures.
Recommendation:	We recommend management review the current policies regarding the submission of receipts and other documentation with those employees who have been issued a purchase card. The City should implement steps to monitor the submission of receipts prior to payment of all bills.
Management's Response:	Items purchased were consistent with the job functions of the individual/department for the credit card holder. In general, most monthly statements were also approved by the departmental director of the credit card holder. However, we concur that overall there needs to be additional information provided for a more detailed explanation of the credit card purchases. Card holders will be required to submit an explanation summary for the item and/or reason/event the items were purchased.
Current Status:	This finding is resolved. Appropriate documentation was submitted with credit card statements based on our sample tested for the year ended June 30, 2010.
Finding 08-3:	Compliance with the Travel Policy
Criteria:	According to the City's Policy and Procedure Manual regarding the regulations and restrictions governing travel expense, all out of town travel should be documented by an approved Travel Request Report and a Travel Expense Report supported by paid receipts.
Condition:	In the sample expenditures we tested in 2008, we noted two instances in which no Request for Travel was submitted, therefore, we noted no evidence the travel expenses were approved. We noted one instance where expenditures made during the trip did not have adequate receipts attached. We noted eight instances where the actual expense report was not submitted within the specified time period.
Context:	Travel expenses did not have complete documentation. Travel expenses were not submitted within the specified time period.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Corrected Prior Audit Findings (Continued)
For the Year Ended June 30, 2010

Effect: The lack of proper documentation and filing the travel requests late violate the City's travel policy and procedures.

Cause: Some of the City's personnel did not comply with the City's established procedure.

Recommendation: We recommend the City evaluate the travel policy related to the time requirements of submitting an actual expense report upon return. We also recommend the City communicate the travel policy to the departmental managers so they can reiterate the policy to those who may be traveling in the future.

Management's Response: The individual who approved their own travel reimbursement for \$661 was the City Manager who has administrative authority over travel for the City. Additionally, the City Managers' contract with the City requires the City pay the travel and subsistence expenses of the City Manager for professional and official travel, meetings, and occasions adequate to continue the professional development for the City Manager and to adequately pursue necessary official and other functions for the City.

Current Status: This finding has been resolved during the year ended June 30, 2010.

Finding 08-5: End Use Billing System - Utilities

Criteria: The City's utility billing system should properly calculate the usage and proper bill for its commercial customers.

Condition: The billing system did not appropriately bill and report certain commercial customers' usage during the period from July 1, 2007 to June 30, 2009.

Context: Commercial customers who fluctuate between a GSA1 and a GSA2 classification based on actual usage were subject to billing discrepancies.

Effect: The revenues were understated for the customers who were changed to a lower tier too soon.

Cause: The discrepancies were primarily caused by programming errors in the billing software.

Recommendation: We recommend that management institute a program change to properly process the customers whose classification fluctuates between tiers.

Management's Response: The programming for this issue was operationally changed on May 19, 2008. Under the electric rate schedule for commercial customers, they remain at the highest billing class code for 12 months once that class has been obtained. The programming retained the customer in the higher class for 12 months, but did not maintain a rolling 12 month period. It did not look at each time the higher billing class was obtained and retain the higher billing class for the next 11 months. The programming change was made to correct future billings only. The occurrences that were found primarily related to issues that were already in effect when the programming was changed.

Current Status: This finding is resolved.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Corrected Prior Audit Findings (Continued)
For the Year Ended June 30, 2010

Finding 09-2	Segregation of Duties
Criteria:	Segregation of conflicting duties within accounting functions is a basic internal control.
Condition:	The City does not have adequate segregation of duties related to the Materials Manager position.
Context:	In general, the same person should not be responsible for initiating, recording and reconciling any area of the accounting function.
Effect:	The concern is that intentional or unintentional errors could be made and not detected.
Cause:	The Materials Manager has access to the master vendor file to make changes and add new vendors. The manager also has the ability to authorize and prepare checks for disbursement.
Recommendation:	We recommend that, to the extent possible, management should attempt to redistribute the Materials Manager duties. In areas where duties cannot be redistributed, closer supervision from management may be required in order to achieve proper control.
Management's Response:	A function of the Materials Manager position is to supervise, train and assist employees with the computer software the City utilizes to pay vendors. Due to the size of City staff, it is not always possible for the Materials Manager to be excluded from performing these functions. There are three employees under the Manager's supervision that would generally process checks before the Manager. In a review of checks processed during fiscal year 2009, the Materials Manager prepared two checks on the same date during this time frame. The Manager has not prepared any checks to date in fiscal 2010. The Finance Director will review all checks processed by the Materials Manager.
Current Status:	This finding has been resolved during the fiscal year ended June 30, 2010.
Finding 09-4	Prior Period Adjustment
Criteria:	The City is required to include all component units in its financial statements. Financial information related to component units that are not maintained by the City must be obtained from other sources and incorporated into the City's financial statements.
Condition:	The City does not have adequate policies and procedures related to the review of component unit information provided to the City from other sources.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Corrected Prior Audit Findings (Continued)
For the Year Ended June 30, 2010

Context:	The Oak Ridge Schools is a component unit of the City that maintains their own financial records and produces a separate financial statement. The City incorporates the component unit into the City's financial statements. We noted an error in the School's report which directly impacted the City's financial statements for fiscal year ending June 30, 2009 and required a prior period adjustment to the net assets of the City.
Effect:	Errors or omissions related to information provided by other sources could directly and materially misstate the City's financial statements.
Cause:	The City does not have sufficient policies and procedures in place to identify errors or omissions in financial information provided by other sources that is required to be included in the City's financial statements.
Recommendation:	Procedures should be developed to properly ensure all information provided to the City from other sources is reviewed to determine if it is complete and appropriate for inclusion in the City's financial statements.
Management's Response:	Staff will perform a more diligent technical review of the annual financial reports for the City's component units prepared by outside sources to ensure that information presented in the City's CAFR obtained from these reports is in conformance with GASB standards.
Current Status:	This finding is resolved. No issues were noted related to the review of component unit financial information provided to the City from other sources for the year ended June 30, 2010.



Corrective Action Plan

Finding 08-1: Cash Collections in the Utility Billing Office

Name of contact person: Janice McGinnis, Finance Director

Corrective action: During all of fiscal 2010 adjustments were reviewed on a regular basis by the Finance Director. On September 20, 2010, the cash reconciliation process was redistributed to an individual that is not in the Utility Business Office.

Anticipated Completion Date: September 20, 2010

Finding 09-1: Controls over Programming Changes

Name of contact person: Steven Jenkins, Deputy City Manager

Corrective action: The City has obtained additional programming support from a contracted programmer who will review and signoff on future programming changes.

Anticipated Completion Date: February 1, 2011

Finding 09-3 Information Technology Policies and Procedures

Name of contact person: Steven Jenkins, Deputy City Manager

Corrective action: Policies have been developed and are in final review.

Anticipated Completion Date: March 31, 2011

Finding 10-1: Capital Asset Recordkeeping

Name of contact person: Janice McGinnis, Finance Director

Corrective action: The City is currently reviewing financial software options for all accounting functions, which would include capital asset tracking and reporting. This process will take several months for vendor selection and implementation. Prior to new software implementation, fixed asset recording will be reviewed for enhancements and simplification of the current system.

Anticipated Completion Date: City Correction June 30, 2012

Corrective Action Plan (continued:)

Finding 10-2: Monitoring of CDBG Grant Program

Name of contact person: Kathryn Baldwin, Community Development Director

Corrective action: Field audits, as applicable, will be performed each fiscal year. The fiscal 2011 field audits are being scheduled at this time.

Anticipated Completion Date: June 30, 2011