



Comprehensive Annual Financial Report  
City of Oak Ridge, Tennessee

For the Fiscal Year Ended  
June 30, 2011

# **CITY OF OAK RIDGE, TENNESSEE**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2011

Prepared by  
FINANCE DEPARTMENT

**City of Oak Ridge, Tennessee  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

**Table of Contents**

**Introductory Section - Unaudited**

	<u>Page</u>
Letter of Transmittal	i
GFOA Certificate of Achievement	viii
Organizational Charts	ix
City Officials	x

**Financial Section**

Independent Auditor's Report	1
Management Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	18
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Fund – School Fund	21
Statements of Net Assets – Proprietary Funds	23
Statements of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	24
Statements of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Assets – Fiduciary Funds	27
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	28
Notes to Financial Statements	30
Required Supplementary Information	84
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	88
Economic Diversification Fund:	
Comparative Balance Sheets	89
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	90

	<u>Page</u>
State Street Aid Fund:	
Comparative Balance Sheets	91
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	92
Street and Public Transportation Fund:	
Comparative Balance Sheets	93
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	94
Grant Fund:	
Comparative Balance Sheets	95
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	96
Drug Enforcement Program Fund:	
Comparative Balance Sheets	97
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	98
Golf Course Fund:	
Comparative Balance Sheets	99
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	100
West End Fund:	
Comparative Balance Sheets	101
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	102
Special Programs Fund:	
Comparative Balance Sheets	103
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	104
Combining Statement of Net Assets – Internal Service Funds	106
Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets – Internal Service Funds	107
Combining Statement of Cash Flows – Internal Service Funds	108
General Fund:	
Comparative Balance Sheets	110
Schedule of Revenues	111
Schedule of Expenditures by Function	113
School Fund:	
Comparative Balance Sheets	115
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	116
Capital Projects Fund:	
Comparative Balance Sheets	117
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	118
Debt Service Fund:	
Comparative Balance Sheets	119
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	120

	<u>Page</u>
Capital Assets used in the Operation of Governmental Funds:	
Comparative Schedules By Sources	121
Schedules by Function and Activity	122
Schedules of Changes by Function and Activity	123
Bond Principal and Interest – Requirements by Fiscal Year:	
Electric Fund	124
Waterworks Fund	125
Note Principal and Interest Requirements by Fiscal Year:	
Electric Fund	126
Waterworks Fund	127

### **Statistical Section - Unaudited**

	<u>Table</u>	
Table of Content		128-129
Net Assets by Component – Last Nine Fiscal Years	1	130
Changes in Net Assets – Last Nine Years	2	131-132
Fund Balances, Governmental Funds – Last Ten Fiscal Years	3	133
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	4	134
Tax Revenue By Source, Governmental Funds – Last Ten Fiscal Years	5	135
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	6	136
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	7	137
Principal Property Taxpayers – Current and Nine Years Ago	8	138
Property Tax Levies and Collections – Last Ten Fiscal Years	9	139
Schedule of Changes in Property Tax Receivables	10	140
Local Taxable Sales By Category – Last Ten Calendar Years	11	141
Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years	12	142
Ratio Outstanding Debt by Type – Last Ten Fiscal Years	13	143
Ratio of General Obligation Debt Outstanding, Governmental Activities – Last Ten Fiscal Years	14	144
Computation of Direct and Overlapping Debt	15	145
Revenue Debt Coverage – Electric System Debts – Last Ten Fiscal Years	16	146
Demographic Statistics	17	147
Principal Employers – Current and Nine Years Ago	18	148
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	19	149-150
Operating Indicators by Function/Program – Last Ten Fiscal Years	20	151-152
Capital Assets Statistic by Function/Program – Last Ten Fiscal Years	21	153
Revenues for Electric and Waterworks Funds – Last Ten Fiscal Years	22	154
Electric, Water and Wastewater Rates	23	155
Electric, Water and Wastewater Sold by Type of Customers – Last Ten Fiscal Years	24	156
Ten Largest Electric Customers – Current and Nine Years Ago	25	157
Schedule of Unaccounted for Water	26	158

	<u>Page</u>
<b>Single Audit Report and Findings and Recommendations</b>	
Schedule of Federal and State Financial Assistance Activity	159
Note to the Schedule of Federal and State Financial Assistance Activity	160
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	161-162
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	163-164
Schedule of Findings and Questioned Costs	165-168
Schedule of Corrected Prior Audit Findings	169-170
Corrective Action Plan	171



February 29, 2012

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

The Comprehensive Annual Financial Report (CAFR) of the City of Oak Ridge, Tennessee, for the fiscal year ended June 30, 2011, is hereby submitted. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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, 2011, 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, 2011 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 2010 census is 29,330.

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 newer 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 has directed the City Manager to present a proposed budget that supports current council policies. Any additional programs or major modifications recommended by the City Manager are presented separately to City Council during budget deliberations. As part of the budget preparation, the City Manager meets with City departments who outline requirements and challenges related to their departmental operating budgets. The Finance Department quantifies preliminary budget information, including revenue projections, for preparation of the City Manager's proposed budget. The City Manager presents the 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 may be 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 87. The comparison for the capital projects and debt service funds are presented on page 117 and 119, 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. SNS was built by a partnership of six U.S. Department of Energy laboratories and provides the most intense pulsed neutron beams in the world for scientific research and industrial development. At full power, SNS will deliver 1.4 million watts (1.4 MW) of beam power onto the target. 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 sales and 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 2011, the real property taxes on these facilities were \$1,909,660.

Recently completed on the Oak Ridge National Laboratory (ORNL) campus is the \$9.2 million Joint Institute for Neutron Sciences, a 32,000 square foot facility supporting users who come to Oak Ridge for experiments at the Spallation Neutron Source and the High Flux Isotope Reactor. In May 2011, construction was completed on the \$8.85 million guest house at ORNL, providing an on-site hotel for scientists conducting experiments at the ORNL facilities.

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. The most recent project to be completed within the Horizon Center is the multi-million dollar Carbon Fiber Technology Facility. The facility will demonstrate low-cost carbon fiber technology for use in composite materials and in association with Roane State Community College will train and educate workers for the new carbon fiber field. The pilot plant will be capable of producing 25 tons of new low-cost carbon fiber materials per year.

Omega Technical Consultants have occupied a new 51,000 square-foot building at the Heritage Center, providing 34 new jobs. The Heritage Center is the site of reindustrialization activities being carried out by the Community Reuse Organization of East Tennessee (CROET) transforming the former K-25 Uranium Processing Plant to a private sector based brownfield industrial complex.

In 2011 an expansion of Canberra at Union Valley Industrial Park provided 45 new jobs, expansion of Appalachian Underwriters at Jackson Plaza provided 50 new jobs and ATC Nuclear refurbished a 75,000 square-foot facility and provided 25 new jobs. Construction was started on a new Holiday Inn Suites and the Courtyards at Briarcliff Phase I, a new assisted living facility was completed on Briarcliff Road. Phase II of the Courtyards at Briarcliff should start construction in 2012, providing independent living apartments for the elderly. Dogwood Manor on Adams Lane is another independent living apartment complex for the elderly expected to be completed in 2012. Two new restaurants in the Woodland Town Center on South Illinois Avenue are expected to start construction in spring of 2012.

2011 also saw the completion of Centennial Village apartments, a 252-unit complex. Other new residential subdivisions approved within the past five years where construction is ongoing include Crossroads at Wolf Creek, a 73-acre site on which 102 single-family and 76 multi-family dwelling units are planned. Forty-nine homes have been built at this development. Groves Park

Commons, the most recently approved development utilizing traditional neighborhood design is underway with 12 homes. When complete the development will have approximately 355 dwelling units, with surrounding open space areas and a small neighborhood commercial area. Clark's Preserve, a development with 38 lots has 2 homes. Centennial Bluff, a development for adults 55 and over, has completed a clubhouse, 51 condominium units, and has started a new section for duplex units

**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, through their site contractor, 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 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 \$2,305,108 under this contract in fiscal 2011. The contract was renewed in for an additional four years through September 30, 2015.

The City also entered into a 5-year agreement with DOE 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. The City receives a base of amount from DOE, through their site contractor, 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 2011, the City received \$1,616,696 under terms of this contract.

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

A major focus at this time is the water and wastewater infrastructure systems. The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City began the project 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 \$1,403,435 available from an authorized loan from the Tennessee State Revolving Fund to finance the 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. The City has projected to spend over \$22,000,000 over the next four years for wastewater capital projects. A new approach to managing maintenance and operation through a computer based information management system is being

instituted. The additional manpower requirements to meet the AO are nine new positions costing approximately \$400,000 per year.

Upgrades and improvements are also planned to the water system. The City has projected to spend over \$17,000,000 in water capital improvements, particularly to the water treatment plant and raw water intake system, over the next four years.

Water and wastewater capital improvements will be funded through the issuance of long-term debt. On September 29, 2011, the City issued \$9,810,000 in bonds to fund the first phase of these improvements. Additional debt issuances are planned to fund this capital over the next four years. Significant rate increases to fund the waterworks systems capital projects and increased maintenance costs related to the EPA AO are planned in the spring of 2012. The last water and wastewater rate increases were in the spring of 2008.

City revenues from local sales and use tax collections have been unusually high for the past two fiscal years due to expenditures by federal contractors from stimulus grant awards. As federal funding to local contractors from stimulus awards diminish, the City anticipates reductions in local sales and use tax collections if the stimulus spending is not replaced by spending for new or expanded federal programs or through expansion in the retail sector in Oak Ridge. The City will be placing focus on pursuing expansion opportunities in the local retail sector. The City is also embarking on a new program "Not in Our City" to deal with housing and housing related issues, particularly in the legacy WWII neighborhoods, making Oak Ridge a better place to live and invest.

### **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, 2010. This is the fiftieth 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-eight 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,

Handwritten signature of Mark S. Watson in black ink.

Mark S. Watson  
Deputy City Manager

Handwritten signature of Janice E. McGinnis in black ink.

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, 2010

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.



*Linda C. Danison*

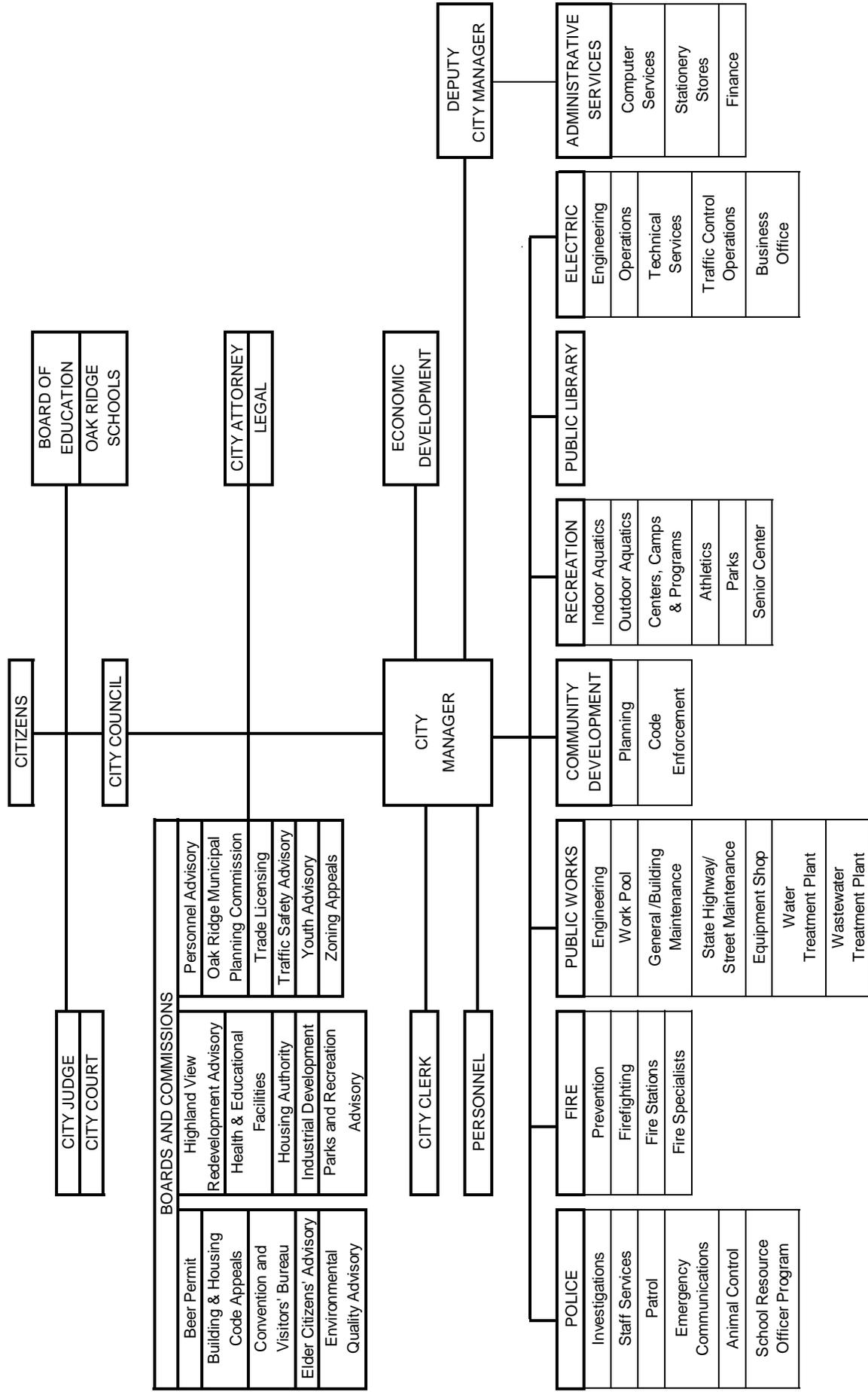
President

*Jeffrey R. Emer*

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  
R. Darryl Kerley  
Kathy McNeilly  
E. Joshua Collins, Jr.  
Penelope H. Sissom  
James T. Akagi  
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**

Diana Stanley

**Board of Education**

Keyes Fillauer, Chairman  
Robert Eby, Vice-Chair  
Jennifer Richter, Parliamentarian  
Angi Agle, Treasurer  
Dan DiGregorio

**Superintendent of Schools**

Thomas E. Bailey, Ed.D.

**Assistant Superintendent of Schools**

Ken Green

315 NORTH CEDAR BLUFF ROAD – SUITE 200  
KNOXVILLE, TENNESSEE 37923  
TELEPHONE 865-769-0660  
TELECOPIER 865-769-1660



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

P.O. BOX 31409  
KNOXVILLE, TENNESSEE 37930-1409  
TOLL FREE 800-332-7021

## 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, 2011, 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 Public Schools Education Foundation, Inc., a discretely presented component unit. The Oak Ridge Public Schools Education Foundation, Inc. comprises 100 percent of assets, 100 percent of net assets and 55 percent of revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oak Ridge Public Schools Education Foundation, Inc. is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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, 2011, 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 February 29, 2012, 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 84 and 85 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 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, 2011 and 2010, 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  
February 29, 2012

## 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, 2011. 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-vii 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 \$144,384,802 (*net assets*). Of this amount, \$30,694,180 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets increased by \$7,381,895, an increase of 5.39% over fiscal 2010. The City of Oak Ridge's changes in net assets are detailed on page seven of this report. Total revenues increased \$11,900,855, which included additions of \$5,041,325 in charges for services, primarily from increased electric rates due to fluctuations in the monthly fuel cost adjustment, a 1.9% rate increase in October 2010 and a major restructuring of rates by TVA effective April 1, 2011. Capital grants and contributions increased \$5,028,468, primarily from capital infrastructure that was donated to the City by the State of Tennessee in conjunction with the widening of the Oak Ridge Turnpike, which is also a state route. There were additions of \$742,365 in operating grants and contributions and \$1,088,697 in other general revenues. Expenses increased \$6,564,500. Additions in expenses include \$5,731,069 for electrical and waterworks expenses, \$246,799 in public safety and \$377,326 for public works.
- Property values were reappraised for the current tax year as part of the normal property reappraisal cycle. Property values are reappraised every 5 years. The property tax rate was tax rate \$2.39 per \$100 of assessed valuation. This is the certified tax rate equivalent of the prior year's \$2.77 property tax rate.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$32,675,438, an increase of \$1,283,439 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,846,302, or 13.4% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$19,446,082 in the City's general fund.
- At June 30, 2011, the General Fund had a nonspendable fund balance of \$5,127,143. This includes a \$5,000,000 long-term note receivable from the City's Waterworks Fund.
- At the end of the current fiscal year, the School Fund had an assigned fund balance of \$5,503,321. This is 10.5% of expenditures for fiscal 2011.
- Overall, the City's total debt decreased by \$799,136 (0.47%) during the current fiscal year. During fiscal year 2011, the City issued \$7,420,000 in general obligation refunding bonds.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement changes the terminology of fund balance descriptions and the definitions within governmental funds. Note 18 details the fund balance of governmental funds by classification. In addition, GASB statement No. 54 also changes the criteria for the creation and financial reporting of individual special revenue funds. Due to the adoption of this standard, the Solid Waste Fund, previously reported as a Special Revenue Fund, was combined with the General Fund for reporting purposes for fiscal 2011.
- The Special Programs Fund was added as a new fund in fiscal 2011 to account for the receipts from Photo Enforcement Camera traffic citations.

## 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 17-22 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 30-83 of this report.

**Other information.** The *required supplementary information* presented on pages 84-85 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 86-123 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 \$144,384,802 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net assets (78.7 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	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Current and other assets	\$ 63,051,368	\$ 63,616,174	\$ 11,112,277	\$ 16,015,126	\$ 74,163,645	\$ 79,631,300
Capital assets	143,210,693	144,377,678	140,132,720	132,396,759	283,343,413	276,774,437
Total assets	<u>206,262,061</u>	<u>207,993,852</u>	<u>151,244,997</u>	<u>148,411,885</u>	<u>357,507,058</u>	<u>356,405,737</u>
Long-term liabilities outstanding	108,837,844	119,519,673	61,091,719	62,778,498	169,929,563	182,298,171
Other liabilities	32,221,730	26,699,136	10,970,963	10,405,523	43,192,693	37,104,659
Total liabilities	<u>141,059,574</u>	<u>146,218,809</u>	<u>72,062,682</u>	<u>73,184,021</u>	<u>213,122,256</u>	<u>219,402,830</u>
Net assets:						
Invested in capital assets net of related debt	38,500,904	36,306,869	75,189,718	74,961,657	113,690,622	111,268,526
Restricted	-	-	-	-	-	-
Unrestricted	<u>26,701,583</u>	<u>25,468,174</u>	<u>3,992,597</u>	<u>266,207</u>	<u>30,694,180</u>	<u>25,734,381</u>
Total net assets	<u>\$ 65,202,487</u>	<u>\$ 61,775,043</u>	<u>\$ 79,182,315</u>	<u>\$ 75,227,864</u>	<u>\$144,384,802</u>	<u>\$137,002,907</u>

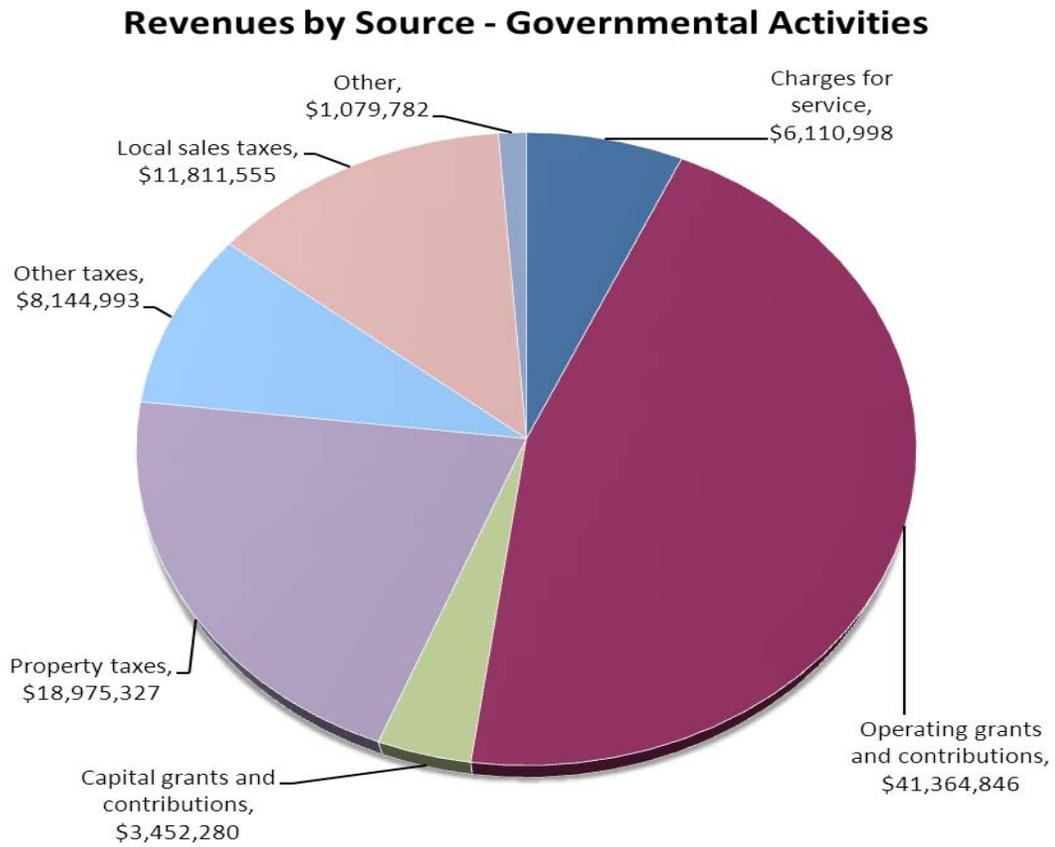
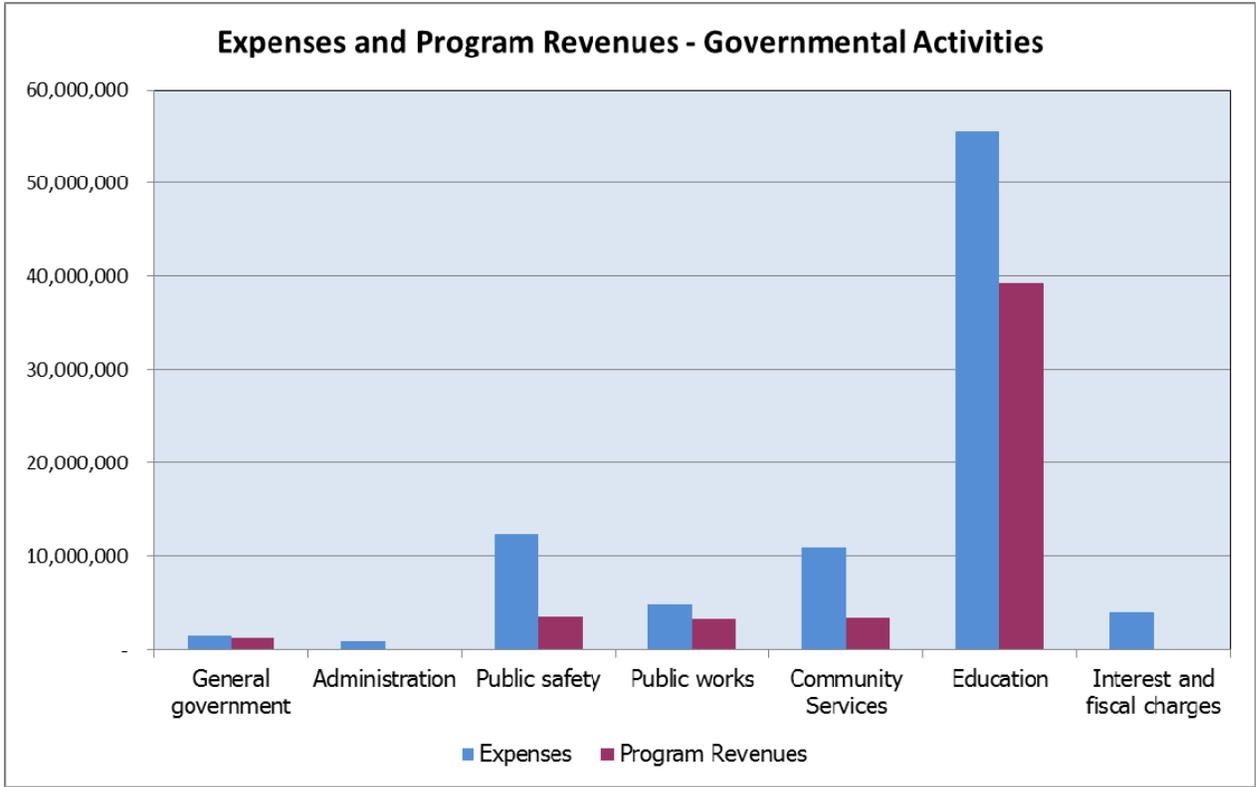
The remaining balance of *unrestricted net assets* (\$30,694,180) may be used to meet the government's ongoing obligations to citizens and creditors.

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.

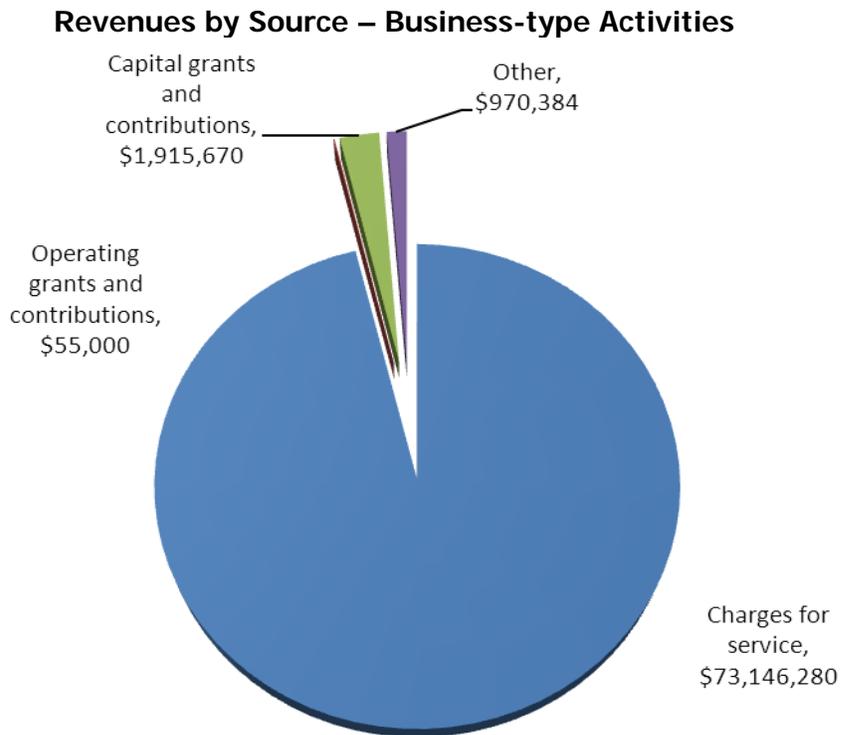
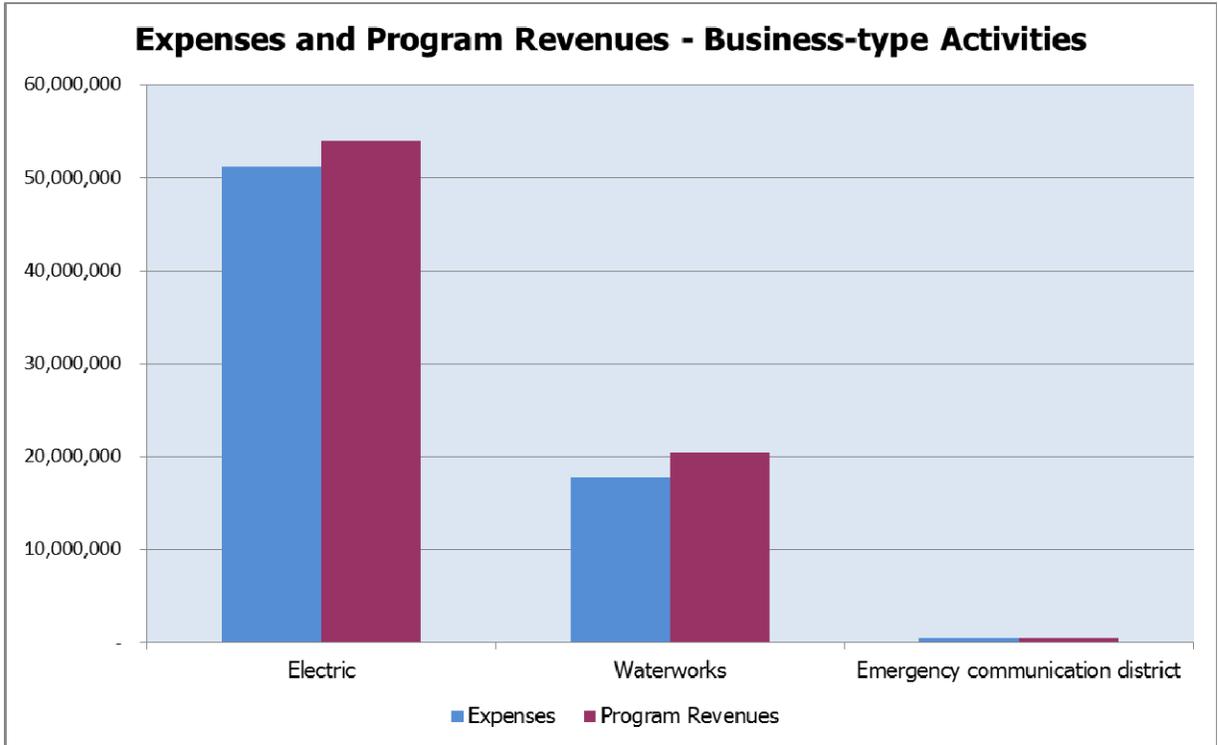
**Governmental activities.** Governmental activities increased the City of Oak Ridge's net assets by \$3,427,444. Revenues from charges for services decreased \$448,572, mainly from public safety fines. Operating and capital grants and contributions increased \$3,985,252 primarily for capital contributed to the City by the State of Tennessee in conjunction with the widening of the Oak Ridge Turnpike. Property tax collections decreased \$23,763 and other taxes increased \$825,103, primarily from an increase in sales taxes collections and in-lieu of tax payments. Miscellaneous revenues increased \$253,942 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	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Revenues:						
Program revenues:						
Charges for service	\$ 6,110,998	\$ 6,559,570	\$73,146,280	\$67,656,383	\$ 79,257,278	\$ 74,215,953
Operating grants and contributions	41,364,846	40,677,481	55,000	-	41,419,846	40,677,481
Capital grants and contributions	3,452,280	154,393	1,915,670	185,089	5,367,950	339,482
General revenues:						
Property taxes	18,975,327	18,999,090	-	-	18,975,327	18,999,090
Other taxes	19,956,548	19,131,445	-	-	19,956,548	19,131,445
Other	1,079,782	825,840	970,384	936,969	2,050,166	1,762,809
Total Revenues	<u>90,939,781</u>	<u>86,347,819</u>	<u>76,087,334</u>	<u>68,778,441</u>	<u>167,027,115</u>	<u>155,126,260</u>
Expenses:						
General government	1,534,057	1,410,659	-	-	1,534,057	1,410,659
Administration	939,662	889,136	-	-	939,662	889,136
Public Safety	12,417,297	12,170,498	-	-	12,417,297	12,170,498
Public Works	4,848,131	4,470,805	-	-	4,848,131	4,470,805
Community Services	10,911,603	10,716,684	-	-	10,911,603	10,716,684
Education	55,542,535	55,550,747	-	-	55,542,535	55,550,747
Interest and fiscal charges	4,004,334	4,205,056	-	-	4,004,334	4,205,056
Electric	-	-	51,171,287	46,365,601	51,171,287	46,365,601
Waterworks	-	-	17,770,763	16,845,380	17,770,763	16,845,380
Emergency communication district	-	-	505,551	456,154	505,551	456,154
Total expenses	<u>90,197,619</u>	<u>89,413,585</u>	<u>69,447,601</u>	<u>63,667,135</u>	<u>159,645,220</u>	<u>153,080,720</u>
Increase (decrease) in net assets before transfer	742,162	(3,065,766)	6,639,733	5,111,306	7,381,895	2,045,540
Transfers	<u>2,685,282</u>	<u>2,796,515</u>	<u>(2,685,282)</u>	<u>(2,796,515)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	3,427,444	(269,251)	3,954,451	2,314,791	7,381,895	2,045,540
Net assets – July 1, 2010	<u>61,775,043</u>	<u>62,044,294</u>	<u>75,227,864</u>	<u>72,913,073</u>	<u>137,002,907</u>	<u>134,957,367</u>
Net assets – June 30, 2011	<u>\$65,202,487</u>	<u>\$61,775,043</u>	<u>\$79,182,315</u>	<u>\$75,227,864</u>	<u>\$144,384,802</u>	<u>\$137,002,907</u>



**Business-type activities.** Business-type activities increased the City of Oak Ridge's net assets by \$3,954,451. Charges for services increased \$5,489,897 primarily from fluctuations in electric rates due to the monthly fuel cost adjustment and a 1.9% rate increase effective October 1, 2010.



The net assets of the electric fund increased by \$2,379,436 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. TVA did a major restructuring to the wholesale power billing structure to distributors effective April 1, 2011. The City raised electric rates 1.9% in October 2010 in preparation for the new rate structure changes.

The net assets of the waterworks fund increased by \$1,501,707 from fiscal 2010. Contributing to the increase was \$1,915,670 in capital contributions. This was offset by a \$610,252 reduction in operating revenues compared to the prior fiscal year, primarily from reduced sales of treated and raw water and wastewater charges for US Department of Energy facilities.

### **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, *unassigned 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 \$32,675,438, an increase of \$1,283,439 in comparison to the prior year. Of this amount, \$5,342,050 is nonspendable and is comprised of a \$5,000,000 long-term interfund note receivable, advances to other funds and prepaid items, \$10,917,510 is restricted with externally enforceable limitations on use, \$310,114 is committed, \$13,259,462 is assigned as designated usage and \$2,846,302 is unassigned.

The general fund is the chief operating fund of the City of Oak Ridge. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2,846,302, while total fund balance reaching \$9,468,748. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 13.4% of total general fund expenditures. However, unassigned fund balance only represents 7.0% 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 \$299,142 during the current fiscal year. The general fund had a budgeted fund balance decrease of \$1,424,000. Expenditures were \$538,079 below budget, primarily due to retirements of long-term employees.

General fund revenues increased overall \$172,006 from the preceding fiscal year and were \$1,074,611 above budget. Intergovernmental revenues increased by \$482,978 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 down \$992,362 due to fines generated from photo enforcement cameras being moved to the new Special Programs Fund for fiscal 2011. Interest earnings declined \$24,443 due to lower interest rates. Property tax collections were up \$449,951.

There were no budgetary amendments to the legal expenditure appropriation of the General Fund during fiscal 2011.

The debt service fund has a total fund balance of \$11,993,611, of which \$10,028,267 is restricted to debt service on Oak Ridge High School debt issuances and \$1,965,344 is assigned for the payment of debt service. The net decrease in fund balance of the debt service fund during the current year was \$320,251.

The capital projects fund has a total fund balance of \$1,376,440. The net decrease in fund balance of \$1,011,736 is due to the utilization of the remaining proceeds of \$9,300,000 in Build America Bonds issued in 2009 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 \$1,035,883 for the electric fund, \$2,119,998 for the waterworks fund, and \$836,716 for the emergency communications district fund. Unrestricted net assets decreased \$85,856 in the electric fund and increased \$89,413 in emergency communications fund from the prior fiscal year. The unrestricted net assets of the waterworks fund increased by \$3,722,833; from a negative \$1,602,835 in the prior year to \$2,119,998 at the end of fiscal 2011. The change is due to an interfund loan from the City's General 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, 2011, amounts to \$283,343,413 (net of accumulated depreciation), which is a \$6,568,976 increase 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	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Land	\$ 3,095,244	\$ 3,095,244	\$ 755,193	\$ 755,193	\$ 3,850,437	\$ 3,850,437
Construction in progress	-	-	3,018,225	3,946,468	3,018,225	3,946,468
Buildings	88,276,568	90,764,226	-	-	88,276,568	90,764,226
Improvements	6,806,912	6,793,742	-	-	6,806,912	6,793,742
Infrastructure	31,390,970	29,003,761	-	-	31,390,970	29,003,761
Equipment	13,640,999	14,720,705	3,130,786	2,681,634	16,771,785	17,402,339
Electric Plant	-	-	45,794,916	43,271,929	45,794,916	43,271,929
Waterworks Plant	-	-	87,433,600	81,741,535	87,433,600	81,741,535
<b>Total</b>	<b>\$143,210,693</b>	<b>\$144,377,678</b>	<b>\$140,132,720</b>	<b>\$ 132,396,759</b>	<b>\$283,343,413</b>	<b>\$276,774,437</b>

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

- Public Works activities added \$3,538,600 in capital assets, which included \$3,343,178 in donated infrastructure (streets, stormwater and sidewalk systems) from the State of Tennessee related to the widening of the Oak Ridge Turnpike, which is also a state route. Other projects included \$112,189 in equipment, \$45,306 in stormwater system improvements, \$24,840 for new doors at Municipal Building and \$13,087 in roadway improvements.
- Community Services and Development activities added \$534,902, including \$191,139 for a community rebuild of the Cedar Hill Park playground, \$74,688 for continuing construction of the Melton Lake Greenway Phase IV, \$72,350 for parking lot construction at Elza Gate Park, \$77,528 for playground equipment at LaSalle Park, \$68,279 for miscellaneous recreational facility improvements and \$50,918 in equipment.
- Educational activities increased \$593,607.
- Administration added \$336,581 for network and other technology equipment.
- Business-type activities added \$14,622,698 in capital assets. \$5,892,758 in electrical capital assets was added, primarily for routine replacement of overhead and underground distribution systems. \$8,729,940 in waterworks capital assets was added, which included \$3,011,254 in water improvements, including the replacement of the Orchard water tank, and \$3,803,016 in wastewater improvements, including \$2,198,186 for capital projects required to meet the Administrative Order by the Environmental Protection Agency (EAP). Refer to Note 22. There was also \$1,915,670 in donated water and wastewater assets during the fiscal year.

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 \$168,149,580. Of this amount, \$103,304,106 comprises debt backed solely by the full faith and credit of the City. \$59,855,474 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 \$4,990,000 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	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
General obligation and Revenue bonds	\$ 43,330,000	\$ 46,390,000	\$27,300,000	\$28,665,000	\$ 70,630,000	\$ 75,055,000
Qualified Zone Academy Bonds(QZAB)	5,094,184	5,603,602	-	-	5,094,184	5,603,602
Long-term notes and loans	54,760,053	54,979,053	36,779,054	32,017,179	91,539,107	86,996,232
Capital leases	119,869	420,076	766,420	873,806	886,289	1,293,882
<b>Total</b>	<b>\$103,304,106</b>	<b>\$107,392,731</b>	<b>\$64,845,474</b>	<b>\$61,555,985</b>	<b>\$168,149,580</b>	<b>\$168,948,716</b>

The City of Oak Ridge’s total debt decreased by \$799,136 (0.47%) during the current fiscal year.

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.

Effective November 1, 2010, the waterworks fund entered into a \$5,000,000 interfund loan with the General Fund. Under Tennessee State Law, this is in the form of a capital outlay note issuance by the waterworks fund. The note will be repaid over a 3 year period.

In September 29, 2011, the City issued \$9,810,000 in General Obligation Bonds to fund water and wastewater capital improvements, including the first phase of capital required by the EPA Administrative Order. See Note 22.

During fiscal 2003, a \$7,000,000 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, 2011, there was \$1,403,435 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 59-77 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 2010 was 8.2%. 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 2013 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 2012 from actual fiscal 2011 levels.
- Property tax collections are budgeted to drop 1.2% for fiscal 2012.
- Local sales and use tax collections continued to exceed budgeted amounts in fiscal 2011 due to stimulus funding spending by the federal contractors located within Oak Ridge. The fiscal 2012 budgeted sales and use tax collections were budgeted 1.5% below actual 2011. It is anticipation that a gradual slowing in the stimulus spending will occur in late fiscal 2012.
- 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 2012 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. \$1,495,303 in fund balance is budgeted to be drawn in fiscal 2012, primarily to fund a \$2,012,000 operating transfer to the Capital Projects Fund and maintain the property tax rate at the fiscal 2011 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 2012 fiscal year.

During the current fiscal year, the unassigned fund balance in the general fund decreased by \$4,763,638 to \$2,846,302. This decrease was primarily from the \$5,000,000 interfund loan from the general fund to the City's waterworks Fund. This \$5,000,000 loan amount is classified as nonspendable fund balance at year end in the general fund. It will be repaid by the waterworks fund over a three year period.

The Housing Fund, a special revenue fund, was established for fiscal 2012 to account for the City's new housing initiative programs. The addition of the Housing Fund is part of the City's developing "Not in Our City" campaign to accelerate the City's response to crime and code violations in the City, in particular in legacy WWII housing areas, to prevent further blighting and decline in property values.

Management has again been conservative in estimating revenues for 2012. The City's fiscal 2012 property tax rate remained at the fiscal 2011 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, 2011

	Governmental Activities	Business Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				Convention and Visitors Bureau	Education Foundation	
<b>Assets</b>						
Cash and cash equivalents	\$ 31,812,533	\$ 4,119,471	\$ 35,932,004	\$ 6,305	\$ 388,811	\$ 36,327,120
Investments	-	-	-	-	5,792,820	5,792,820
Receivables, net	19,465,790	8,729,697	28,195,487	-	25,355	28,220,842
Internal balances	112,500	(112,500)	-	-	-	-
Due from other governments	5,980,917	35,676	6,016,593	-	-	6,016,593
Inventory, at cost	25,077	2,741,774	2,766,851	-	-	2,766,851
Prepaid items	204,473	-	204,473	-	-	204,473
Restricted assets:						
Cash and cash equivalents	444,938	167,897	612,835	-	-	612,835
Deferred charges	5,140	430,262	435,402	-	-	435,402
Long-term internal note receivable	5,000,000	(5,000,000)	-	-	-	-
Capital assets nondepreciable	3,095,244	3,773,418	6,868,662	-	-	6,868,662
Capital assets depreciable, net	140,115,449	136,359,302	276,474,751	-	-	276,474,751
<b>Total assets</b>	<b>206,262,061</b>	<b>151,244,997</b>	<b>357,507,058</b>	<b>6,305</b>	<b>6,206,986</b>	<b>363,720,349</b>
<b>Liabilities</b>						
Accounts payable	2,079,197	8,693,171	10,772,368	-	-	10,772,368
Claims payable	300,000	-	300,000	-	-	300,000
Accrued liabilities	3,442,808	104,749	3,547,557	-	818	3,548,375
Deposits	417,380	1,959,049	2,376,429	-	-	2,376,429
Due to other governments	70,598	-	70,598	-	-	70,598
Unearned revenue	19,629,663	-	19,629,663	-	-	19,629,663
Contracts payable	-	66,208	66,208	-	-	66,208
Accrued interest payable	282,084	147,786	429,870	-	-	429,870
Long-term liabilities:						
Due within one year	6,619,792	5,336,222	11,956,014	-	-	11,956,014
Due in more than one year	105,763,433	55,755,497	161,518,930	-	-	161,518,930
Derivative instrument - interest rate swaps	2,454,619	-	2,454,619	-	-	2,454,619
<b>Total liabilities</b>	<b>141,059,574</b>	<b>72,062,682</b>	<b>213,122,256</b>	<b>-</b>	<b>818</b>	<b>213,123,074</b>
<b>Net assets</b>						
Invested in capital assets net of related debt	38,500,904	75,189,718	113,690,622	-	-	113,690,622
Restricted for:						
Education grants	-	-	-	-	6,206,168	6,206,168
Unrestricted	26,701,583	3,992,597	30,694,180	6,305	-	30,700,485
<b>Total net assets</b>	<b>\$ 65,202,487</b>	<b>\$ 79,182,315</b>	<b>\$ 144,384,802</b>	<b>\$ 6,305</b>	<b>\$ 6,206,168</b>	<b>\$ 150,597,275</b>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets					
		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	
<b>Primary government:</b>										
<b>Governmental activities:</b>										
General government	\$ 1,534,057	\$ 940,076	\$ 329,080	\$ -	\$ (264,901)	\$ -	\$ (264,901)	\$ -	\$ -	\$ (264,901)
Administration	939,662	-	-	-	(939,662)	-	(939,662)	-	-	(939,662)
Public safety	12,417,297	1,046,023	2,403,861	109,102	(8,858,311)	-	(8,858,311)	-	-	(8,858,311)
Public works	4,848,131	-	-	3,343,178	(1,504,953)	-	(1,504,953)	-	-	(1,504,953)
Community services	10,911,603	2,580,572	854,187	-	(7,476,844)	-	(7,476,844)	-	-	(7,476,844)
Education	55,542,535	1,544,327	37,777,718	-	(16,220,490)	-	(16,220,490)	-	-	(16,220,490)
Interest and fiscal charges	4,004,334	-	-	-	(4,004,334)	-	(4,004,334)	-	-	(4,004,334)
Total governmental activities	90,197,619	6,110,998	41,364,846	3,452,280	(39,269,495)	-	(39,269,495)	-	-	(39,269,495)
<b>Business-type activities:</b>										
Electric	51,171,287	53,998,664	-	-	-	2,827,377	2,827,377	-	-	2,827,377
Waterworks	17,770,763	18,625,204	-	1,915,670	-	2,770,111	2,770,111	-	-	2,770,111
Emergency communication district	505,551	522,412	55,000	-	-	71,861	71,861	-	-	71,861
Total business-type activities	69,447,601	73,146,280	55,000	1,915,670	-	5,669,349	5,669,349	-	-	5,669,349
Total primary government	\$ 159,645,220	\$ 79,257,278	\$ 41,419,846	\$ 5,367,950	(39,269,495)	5,669,349	(33,600,146)	-	-	(33,600,146)
<b>Component units:</b>										
Convention and Visitors Bureau	\$ 428,410	\$ -	\$ 15,000	\$ -	-	-	-	(413,410)	-	(413,410)
Education Foundation	847,166	-	240,546	-	-	-	-	-	(606,620)	(606,620)
Total component units	\$ 1,275,576	\$ -	\$ 255,546	\$ -	-	-	-	(413,410)	(606,620)	(1,020,030)
<b>General revenues:</b>										
Real & personal property taxes					18,975,327	-	18,975,327	-	-	18,975,327
In-lieu of tax payments					2,154,611	-	2,154,611	-	-	2,154,611
Sales taxes					11,811,555	-	11,811,555	-	-	11,811,555
Unrestricted state shared taxes					3,664,292	-	3,664,292	-	-	3,664,292
Business taxes					957,007	-	957,007	-	-	957,007
Occupancy taxes					531,416	-	531,416	-	-	531,416
Wholesale beer & liquor taxes					837,667	-	837,667	-	-	837,667
Gain on disposal of capital assets					1,704	-	1,704	-	-	1,704
Investment earnings					69,411	55,470	124,881	-	495,899	620,780
Investment income - change in fair value of interest rate swaps, net					(414,647)	-	(414,647)	-	-	(414,647)
Miscellaneous					1,423,314	914,914	2,338,228	404,208	-	2,742,436
Transfers					2,685,282	(2,685,282)	-	-	-	-
Total general revenues and transfers					42,696,939	(1,714,898)	40,982,041	404,208	495,899	41,882,148
Change in net assets					3,427,444	3,954,451	7,381,895	(9,202)	(110,721)	7,261,972
Net assets - beginning (as restated) (See Note 25)					61,775,043	75,227,864	137,002,907	15,507	6,316,889	143,335,303
Net assets - ending					\$ 65,202,487	\$ 79,182,315	\$ 144,384,802	\$ 6,305	\$ 6,206,168	\$ 150,597,275

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

CITY OF OAK RIDGE, TENNESSEE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 4,067,154	\$ 7,080,525	\$ 1,534,586	\$ 11,640,514	\$ 3,719,445	\$ 28,042,224
Receivables, net	19,008,143	38,302	-	130,859	288,486	19,465,790
Due from other governments	2,621,158	2,659,480	56,403	222,238	421,638	5,980,917
Advances to other funds	112,500	-	-	-	-	112,500
Inventories, at cost	-	-	-	-	25,077	25,077
Prepaid items	14,643	53,580	-	-	136,250	204,473
Restricted assets:						
Cash and cash equivalents	-	-	82	-	-	82
Long-term interfund note receivable	5,000,000	-	-	-	-	5,000,000
Total assets	<u>\$ 30,823,598</u>	<u>\$ 9,831,887</u>	<u>\$ 1,591,071</u>	<u>\$ 11,993,611</u>	<u>\$ 4,590,896</u>	<u>\$ 58,831,063</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 501,709	\$ 837,918	\$ 214,631	\$ -	\$ 381,131	\$ 1,935,389
Accrued liabilities	192,952	3,223,948	-	-	20,859	3,437,759
Deposits	417,380	-	-	-	-	417,380
Due to other governments	3,429	65,544	-	-	1,625	70,598
Deferred revenue	20,239,380	15,796	-	-	39,323	20,294,499
Total liabilities	<u>21,354,850</u>	<u>4,143,206</u>	<u>214,631</u>	<u>-</u>	<u>442,938</u>	<u>26,155,625</u>
<b>Fund balances:</b>						
Nonspendable	5,127,143	53,580	-	-	161,327	5,342,050
Restricted	-	71,666	82	10,028,267	817,495	10,917,510
Committed	-	60,114	-	-	250,000	310,114
Assigned	1,495,303	5,503,321	1,376,358	1,965,344	2,919,136	13,259,462
Unassigned	2,846,302	-	-	-	-	2,846,302
Total fund balances	<u>9,468,748</u>	<u>5,688,681</u>	<u>1,376,440</u>	<u>11,993,611</u>	<u>4,147,958</u>	<u>32,675,438</u>
<b>Total liabilities and fund balances</b>	<u>\$ 30,823,598</u>	<u>\$ 9,831,887</u>	<u>\$ 1,591,071</u>	<u>\$ 11,993,611</u>	<u>\$ 4,590,896</u>	<u>\$ 58,831,063</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

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

Ending fund balance - governmental funds	\$	32,675,438
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		139,534,990
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.		6,402,024
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.		664,836
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	\$	(42,355,000)
Qualified Zone Academy Bonds (QZAB)		(5,094,184)
Capital Lease Obligation		(119,869)
Notes Payable		(54,760,053)
Discounts and Premiums (net)		(1,854,051)
Compensated Absences		(2,759,654)
Termination Benefits		(375,331)
OPEB Obligation		(4,022,366)
Derivative Liability - Ineffective Interest Rate Swap		(2,454,619)
Accrued Interest		(279,674)
		(114,074,801)
Net assets of governmental activities	\$	65,202,487

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, 2011

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 21,947,796	\$ -	\$ -	\$ 2,163,082	\$ 531,416	\$ 24,642,294
Licenses and permits	207,479	-	-	-	-	207,479
Intergovernmental	13,885,336	37,777,718	-	-	4,202,742	55,865,796
Charges for services	1,352,979	1,514,327	-	892,732	1,158,837	4,918,875
Fines and forfeitures	332,805	-	-	-	699,579	1,032,384
Interest	25,034	-	3,791	25,890	6,702	61,417
Other	471,005	354,551	-	403,367	106,029	1,334,952
Total revenues	<u>38,222,434</u>	<u>39,646,596</u>	<u>3,791</u>	<u>3,485,071</u>	<u>6,705,305</u>	<u>88,063,197</u>
<b>Expenditures</b>						
Current:						
General government	969,826	-	-	-	-	969,826
Administration	889,831	-	-	-	-	889,831
Public safety	10,219,162	-	-	-	2,565,809	12,784,971
Public works	1,931,858	-	-	-	1,573,895	3,505,753
Community services	7,151,815	-	-	-	2,943,591	10,095,406
Education	-	52,643,880	-	-	-	52,643,880
Capital outlay	-	-	1,491,798	-	-	1,491,798
Debt service:						
Principal retirement	-	-	-	3,386,366	69,000	3,455,366
Interest and fiscal charges	-	-	-	3,963,956	4,947	3,968,903
Bond issuance costs	-	-	-	101,047	-	101,047
Total expenditures	<u>21,162,492</u>	<u>52,643,880</u>	<u>1,491,798</u>	<u>7,451,369</u>	<u>7,157,242</u>	<u>89,906,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,059,942</u>	<u>(12,997,284)</u>	<u>(1,488,007)</u>	<u>(3,966,298)</u>	<u>(451,937)</u>	<u>(1,843,584)</u>
<b>Other financing sources (uses)</b>						
Transfers in	2,685,282	14,470,132	476,271	3,545,000	954,679	22,131,364
Transfers out	(19,446,082)	-	-	-	-	(19,446,082)
Issuance of refunding bonds	-	-	-	7,420,000	-	7,420,000
Capital lease issuance	-	340,694	-	-	-	340,694
Bond premium	-	-	-	151,047	-	151,047
Refunded bonds redeemed	-	-	-	(7,470,000)	-	(7,470,000)
Total other financing sources (uses)	<u>(16,760,800)</u>	<u>14,810,826</u>	<u>476,271</u>	<u>3,646,047</u>	<u>954,679</u>	<u>3,127,023</u>
Net change in fund balances	299,142	1,813,542	(1,011,736)	(320,251)	502,742	1,283,439
Fund balance - beginning	9,169,606	3,875,139	2,388,176	12,313,862	3,645,216	31,391,999
Fund balance - ending	<u>\$ 9,468,748</u>	<u>\$ 5,688,681</u>	<u>\$ 1,376,440</u>	<u>\$ 11,993,611</u>	<u>\$ 4,147,958</u>	<u>\$ 32,675,438</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, 2011

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

Net change in fund balances - total governmental funds	\$ 1,283,439
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 (\$5,503,271) exceed net gain on disposal of fixed assets (\$38,400) and capital outlay (\$4,547,017) .	(917,854)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(102,267)
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 issuances.	3,285,751
Change in fair value of ineffective derivative - interest rate swap	(414,647)
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.	100,210
The net change of the insurance fund of the internal service funds is reported with governmental activities.	30,280
The net change of the equipment replacement fund of the internal service funds is reported with governmental activities.	319,385
The net change of the school equipment replacement fund of the internal service funds is reported with governmental activities.	(156,853)
Change in net assets of governmental activities	<u>\$ 3,427,444</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, 2011

	General Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
<b>Revenues</b>						
Taxes	\$ 22,100,168	\$ 22,100,168	\$ 21,947,796	\$ -	\$ 21,947,796	\$ (152,372)
Licenses and permits	227,000	227,000	207,479	-	207,479	(19,521)
Intergovernmental	12,535,655	12,535,655	13,885,336	-	13,885,336	1,349,681
Charges for services	1,320,000	1,320,000	1,352,979	-	1,352,979	32,979
Fines and forfeitures	362,000	362,000	332,805	-	332,805	(29,195)
Interest	150,000	150,000	25,034	-	25,034	(124,966)
Other	453,000	453,000	471,005	-	471,005	18,005
Total revenues	<u>37,147,823</u>	<u>37,147,823</u>	<u>38,222,434</u>	<u>-</u>	<u>38,222,434</u>	<u>1,074,611</u>
<b>Expenditures</b>						
Current:						
General government	958,645	958,645	969,826	-	969,826	(11,181)
Administration	887,546	887,546	889,831	-	889,831	(2,285)
Public safety	10,497,483	10,497,483	10,219,162	-	10,219,162	278,321
Public works	2,029,739	2,029,739	1,931,858	-	1,931,858	97,881
Community services	7,327,158	7,327,158	7,151,815	-	7,151,815	175,343
Total expenditures	<u>21,700,571</u>	<u>21,700,571</u>	<u>21,162,492</u>	<u>-</u>	<u>21,162,492</u>	<u>538,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,447,252</u>	<u>15,447,252</u>	<u>17,059,942</u>	<u>-</u>	<u>17,059,942</u>	<u>1,612,690</u>
<b>Other financing sources (uses)</b>						
Transfers in	2,500,000	2,500,000	2,685,282	-	2,685,282	185,282
Transfers out	(19,371,252)	(19,371,252)	(19,446,082)	-	(19,446,082)	(74,830)
Total other financing sources (uses)	<u>(16,871,252)</u>	<u>(16,871,252)</u>	<u>(16,760,800)</u>	<u>-</u>	<u>(16,760,800)</u>	<u>110,452</u>
Net change in fund balances	(1,424,000)	(1,424,000)	299,142	-	299,142	1,723,142
Fund balance - beginning	9,169,606	9,169,606	9,169,606	-	9,169,606	-
Fund balance - ending	<u>\$ 7,745,606</u>	<u>\$ 7,745,606</u>	<u>\$ 9,468,748</u>	<u>\$ -</u>	<u>\$ 9,468,748</u>	<u>\$ 1,723,142</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, 2011

	School Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
<b>Revenues</b>						
Intergovernmental	\$ 38,300,395	\$ 38,181,296	\$ 37,777,718	\$ -	\$ 37,777,718	\$ (403,578)
Charges for services	1,698,748	1,747,086	1,514,327	-	1,514,327	(232,759)
Other	269,900	258,800	354,551	-	354,551	95,751
Total revenues	<u>40,269,043</u>	<u>40,187,182</u>	<u>39,646,596</u>	<u>-</u>	<u>39,646,596</u>	<u>(540,586)</u>
<b>Expenditures</b>						
Current:						
Education	55,035,408	55,150,931	52,643,880	-	52,643,880	2,507,051
Total expenditures	<u>55,035,408</u>	<u>55,150,931</u>	<u>52,643,880</u>	<u>-</u>	<u>52,643,880</u>	<u>2,507,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,766,365)</u>	<u>(14,963,749)</u>	<u>(12,997,284)</u>	<u>-</u>	<u>(12,997,284)</u>	<u>1,966,465</u>
<b>Other financing sources (uses)</b>						
Transfers in	14,470,130	14,470,130	14,470,132	-	14,470,132	2
Capital lease issuance	-	-	340,694	-	340,694	340,694
Total other financing sources (uses)	<u>14,470,130</u>	<u>14,470,130</u>	<u>14,810,826</u>	<u>-</u>	<u>14,810,826</u>	<u>340,696</u>
Net change in fund balances	(296,235)	(493,619)	1,813,542	-	1,813,542	2,307,161
Fund balance - beginning	<u>3,875,139</u>	<u>3,875,139</u>	<u>3,875,139</u>	<u>-</u>	<u>3,875,139</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,578,904</u>	<u>\$ 3,381,520</u>	<u>\$ 5,688,681</u>	<u>\$ -</u>	<u>\$ 5,688,681</u>	<u>\$ 2,307,161</u>

CITY OF OAK RIDGE, TENNESSEE  
 STATEMENTS OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2011

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund		Internal Service Funds
			Emergency Communication District Fund	Totals	
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	\$ 2,768,100	\$ 565,384	\$ 785,987	\$ 4,119,471	\$ 3,770,309
Receivables, net	6,727,960	1,967,600	34,137	8,729,697	-
Due from other governments	-	-	35,676	35,676	-
Inventory, at cost	-	-	-	-	2,741,774
Total current unrestricted assets	<u>9,496,060</u>	<u>2,532,984</u>	<u>855,800</u>	<u>12,884,844</u>	<u>6,512,083</u>
Restricted assets					
Cash and cash equivalents	101,689	66,208	-	167,897	444,856
Total current restricted assets	<u>101,689</u>	<u>66,208</u>	<u>-</u>	<u>167,897</u>	<u>444,856</u>
Total current assets	<u>9,597,749</u>	<u>2,599,192</u>	<u>855,800</u>	<u>13,052,741</u>	<u>6,956,939</u>
Noncurrent assets					
Capital assets, net	50,486,303	88,941,463	704,954	140,132,720	3,675,703
Advances to other funds	1,540,000	979,917	-	2,519,917	-
Deferred charges	105,000	325,262	-	430,262	5,140
Total noncurrent assets	<u>52,131,303</u>	<u>90,246,642</u>	<u>704,954</u>	<u>143,082,899</u>	<u>3,680,843</u>
Total assets	<u>61,729,052</u>	<u>92,845,834</u>	<u>1,560,754</u>	<u>156,135,640</u>	<u>10,637,782</u>
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable	7,843,587	740,227	-	8,583,814	253,165
Claims payable	-	-	-	-	300,000
Accrued liabilities	45,293	59,456	-	104,749	5,049
Deposits	1,889,049	70,000	-	1,959,049	-
Advances from other funds	-	-	-	-	2,632,417
Current portion of long-term liabilities	1,401,432	3,822,056	112,734	5,336,222	254,738
Contracts payable	-	66,208	-	66,208	-
Accrued interest payable	72,079	56,623	19,084	147,786	2,410
Total current liabilities	<u>11,251,440</u>	<u>4,814,570</u>	<u>131,818</u>	<u>16,197,828</u>	<u>3,447,779</u>
Noncurrent liabilities					
Vacation benefits payable	60,597	134,539	-	195,136	11,872
Notes and loans payable	3,788,169	30,036,178	653,686	34,478,033	-
Bonds payable	19,152,368	6,808,276	-	25,960,644	767,439
OPEB liability	37,927	83,757	-	121,684	8,668
Total noncurrent liabilities	<u>23,039,061</u>	<u>37,062,750</u>	<u>653,686</u>	<u>60,755,497</u>	<u>787,979</u>
Total liabilities	<u>34,290,501</u>	<u>41,877,320</u>	<u>785,504</u>	<u>76,953,325</u>	<u>4,235,758</u>
<u>NET ASSETS</u>					
Invested in capital assets net of related debt	26,402,668	48,848,516	(61,466)	75,189,718	3,148,989
Unrestricted	1,035,883	2,119,998	836,716	3,992,597	3,253,035
Total net assets	<u>\$ 27,438,551</u>	<u>\$ 50,968,514</u>	<u>\$ 775,250</u>	<u>\$ 79,182,315</u>	<u>\$ 6,402,024</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, 2011**

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund	Totals	Internal Service Funds
			Emergency Communication District Fund		
<b>Operating revenues</b>					
Charges for services	\$ 53,998,664	\$ 18,625,204	\$ 522,412	\$ 73,146,280	\$ 10,496,282
Other	823,961	90,953	-	914,914	-
Employer's contributions	-	-	-	-	3,750,000
Employees' contributions	-	-	-	-	906,307
Total operating revenues	<u>54,822,625</u>	<u>18,716,157</u>	<u>522,412</u>	<u>74,061,194</u>	<u>15,152,589</u>
<b>Operating expenses</b>					
Maintenance and administrative	6,770,981	10,585,459	382,060	17,738,500	1,298,563
Purchased power and water	41,266,396	2,097,155	-	43,363,551	-
Depreciation	2,263,229	4,059,371	123,491	6,446,091	960,677
Materials	-	-	-	-	4,162,097
Medical/liability claims	-	-	-	-	712,011
Insurance premiums	-	-	-	-	4,640,154
Other benefits	-	-	-	-	3,172,001
Total operating expenses	<u>50,300,606</u>	<u>16,741,985</u>	<u>505,551</u>	<u>67,548,142</u>	<u>14,945,503</u>
<b>Operating income (loss)</b>	<u>4,522,019</u>	<u>1,974,172</u>	<u>16,861</u>	<u>6,513,052</u>	<u>207,086</u>
<b>Nonoperating revenue (expense)</b>					
Gain on sale of capital assets	-	-	-	-	12,326
Intergovernmental revenue	-	-	55,000	55,000	-
Interest revenue	45,859	8,164	1,447	55,470	7,994
Interest expense	(870,681)	(1,028,778)	-	(1,899,459)	(34,594)
Total nonoperating revenue (expense)	<u>(824,822)</u>	<u>(1,020,614)</u>	<u>56,447</u>	<u>(1,788,989)</u>	<u>(14,274)</u>
<b>Income (loss) before transfers and contributions</b>	<u>3,697,197</u>	<u>953,558</u>	<u>73,308</u>	<u>4,724,063</u>	<u>192,812</u>
Transfers out	(1,317,761)	(1,367,521)	-	(2,685,282)	-
Capital contributions	-	1,915,670	-	1,915,670	-
<b>Change in net assets</b>	<u>2,379,436</u>	<u>1,501,707</u>	<u>73,308</u>	<u>3,954,451</u>	<u>192,812</u>
<b>Total net assets - beginning</b>	<u>25,059,115</u>	<u>49,466,807</u>	<u>701,942</u>	<u>75,227,864</u>	<u>6,209,212</u>
<b>Total net assets - ending</b>	<u>\$ 27,438,551</u>	<u>\$ 50,968,514</u>	<u>\$ 775,250</u>	<u>\$ 79,182,315</u>	<u>\$ 6,402,024</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, 2011

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund	Totals	Internal Service Funds
			Emergency Communication District Fund		
<b>Operating activities</b>					
Cash received from customers	\$ 55,236,677	\$ 18,934,642	\$ 510,231	\$ 74,681,550	\$ 15,153,946
Cash paid to employees	(1,459,354)	(2,763,482)	-	(4,222,836)	-
Cash paid to suppliers	(46,424,810)	(9,914,694)	(387,036)	(56,726,540)	(13,677,296)
<b>Net cash provided by operating activities</b>	<b>7,352,513</b>	<b>6,256,466</b>	<b>123,195</b>	<b>13,732,174</b>	<b>1,476,650</b>
<b>Noncapital financing activities</b>					
Transfers to other funds	(1,317,761)	(1,367,521)	-	(2,685,282)	-
Advances from (to) other funds	(449,876)	(3,405,117)	-	(3,854,993)	(117,740)
Federal grant proceeds	-	-	55,000	55,000	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,767,637)</b>	<b>(4,772,638)</b>	<b>55,000</b>	<b>(6,485,275)</b>	<b>(117,740)</b>
<b>Capital and related financing activities</b>					
Net proceeds from the issuance of long-term debt	-	5,997,859	-	5,997,859	-
Contributed capital	-	1,915,670	-	1,915,670	-
Acquisition and construction of capital assets	(5,462,209)	(8,719,843)	-	(14,182,052)	(698,350)
Principal paid on long-term debt	(1,083,095)	(1,517,889)	(107,386)	(2,708,370)	(177,000)
Interest paid on long-term debt	(894,230)	(993,162)	(2,674)	(1,890,066)	(35,110)
<b>Net cash used in capital and related financing activities</b>	<b>(7,439,534)</b>	<b>(3,317,365)</b>	<b>(110,060)</b>	<b>(10,866,959)</b>	<b>(910,460)</b>
<b>Investing activities</b>					
Interest and dividends on investments	45,859	8,164	1,447	55,470	7,994
<b>Net cash provided by investing activities</b>	<b>45,859</b>	<b>8,164</b>	<b>1,447</b>	<b>55,470</b>	<b>7,994</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,808,799)</b>	<b>(1,825,373)</b>	<b>69,582</b>	<b>(3,564,590)</b>	<b>456,444</b>
<b>Cash and cash equivalents</b>					
Beginning of year	4,678,588	2,456,965	716,405	7,851,958	3,758,721
End of year	<b>\$ 2,869,789</b>	<b>\$ 631,592</b>	<b>\$ 785,987</b>	<b>\$ 4,287,368</b>	<b>\$ 4,215,165</b>

(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, 2011

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund Emergency Communication District Fund	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 4,522,019	\$ 1,974,172	\$ 16,861	\$ 6,513,052	\$ 207,086
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,263,229	4,059,371	123,491	6,446,091	960,677
Change in assets and liabilities					
(Increase) decrease in accounts receivable	122,541	140,661	(12,181)	251,021	-
(Increase) decrease in amortization of deferred charges	10,575	7,824	-	18,399	1,357
(Increase) decrease in inventory, at cost	-	-	-	-	39,396
(Increase) decrease in due to other governments	(5,808)	-	(116)	(5,924)	-
Increase (decrease) in accounts payable	190,941	68,355	(4,860)	254,436	107,361
Increase (decrease) in claims payable	-	-	-	-	200,000
Increase (decrease) in accrued liabilities	(49,756)	(92,504)	-	(142,260)	(8,082)
Increase (decrease) in accrued vacation	835	3,644	-	4,479	(33,703)
Increase in customer deposits	286,744	70,000	-	356,744	-
Increase (decrease) in OPEB liability	11,193	24,943	-	36,136	2,558
Total adjustments	2,830,494	4,282,294	106,334	7,219,122	1,269,564
Net cash provided by (used in) operating activities	\$ 7,352,513	\$ 6,256,466	\$ 123,195	\$ 13,732,174	\$ 1,476,650

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, 2011 and 2010

	Private-purpose Trust Fund	
	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 133,739	\$ 331,094
Investments, at fair value	238,304	40,327
Accounts receivable	-	500
Total assets	372,043	371,921
<b>Liabilities</b>		
Accounts payable	-	1,000
Total liabilities	-	1,000
<b>Net assets</b>		
Held in Trust for:		
Reserved for endowment	372,043	370,921
Total net assets	\$ 372,043	\$ 370,921

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, 2011 and June 30, 2010

	Private-purpose Trust Fund	
	2011	2010
<b>Additions</b>		
Contributions	\$ 10,115	\$ 6,500
Investment income	6,245	11,302
Total additions	16,360	17,802
<b>Deductions</b>		
Scholarship awards	15,238	19,980
Total deductions	15,238	19,980
Change in net assets	1,122	(2,178)
Total net assets - beginning	370,921	373,099
Total net assets - ending	\$ 372,043	\$ 370,921

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 2011**

---

INDEX TO NOTES

	<u>Page</u>	
Note 1	Summary of Significant Accounting Policies	30
Note 2	Property Tax	40
Note 3	Department of Energy	41
Note 4	Retirement Plan	42
Note 5	Postemployment Healthcare Plan	46
Note 6	On-behalf Payments	51
Note 7	Termination Benefits	51
Note 8	Accounts Receivable	51
Note 9	Deposits and Investments	52
Note 10	Pledges Receivable	55
Note 11	Pooled Cash and Investments	55
Note 12	Restricted Assets	56
Note 13	Capital Assets	57
Note 14	Long-term Liabilities	59
Note 15	Interfund Receivable and Payable Balances	77
Note 16	Transfers	78
Note 17	Commitments	78
Note 18	Fund Balance	79
Note 19	Litigation	80
Note 20	Risk Management	80
Note 21	Budget Amendments	81
Note 22	Environmental Protection Agency Administrative Order	82
Note 23	New Fund	82
Note 24	Prior Period Adjustment and Reclassification Due to Adoption of New Accounting Standard	82
Note 25	Prior Period Adjustment – Correction of an Accounting Error in Component Unit – Education Foundation	83
Note 26	Subsequent Events	83

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

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, 2011**

---

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, 2010. 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, 2011**

---

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, 2011**

---

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, 2011**

---

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.

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.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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. The adjustments necessary to convert the basis of budgeting to GAAP represent the net change in encumbrances outstanding at the beginning and ending of the fiscal year.
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, 2011**

---

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. Investments in the LGIP are reported at amortized cost.

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 and Waterworks Funds, both enterprise funds, an estimated amount has been recorded for electric, water and wastewater 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. At June 30, 2011, unbilled revenue was estimated at \$1,600,996 in the Electric Fund and \$385,196 in the Waterworks Fund.

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**  
**For the Fiscal Year Ended June 30, 2011**

---

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 \$90,232 for the year ended June 30, 2011.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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 recorded as nonspendable fund balance 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.

State statutes require the School Fund to maintain a minimum unrestricted fund balance of 3% of current year's expenditures. For the current fiscal year ending June 30, 2011, the Schools met the minimum fund balance as required by state law.

Governmental fund equity is classified as fund balance. During the year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance and Governmental Fund Type Definitions*. Under this statement fund balances are classified into the following categories:

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

**Nonspendable Fund Balance** – This is comprised of amounts that cannot be spent due to their form or funds that legally or contractually are required to be maintained intact. Fund balances reported as nonspendable in the accompanying financial statements represent amounts for inventory, prepaid expenditures, encumbrances, advances to other funds and noncurrent notes receivables.

**Restricted Fund Balance** – Fund balances reported as restricted are the result of externally imposed restrictions placed upon current resources by external parties, constitutional provisions or enabling legislations. Examples include state statutes, creditors, bond covenants, donors or grantors.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

**Committed Fund Balance** – This is comprised of amounts that are set aside for specific purposes by the City's highest level of decision making authority (City Council or Board of Education for School Fund) through its highest level of formal action. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

**Assigned Fund Balance** – Fund balances reported as assigned are intended for certain purposes as approved by the City's highest level of decision making body or management. The Board of Education has a fund balance policy that allows assigned amounts to be re-assigned by the Board of Education, or management. The City does not have a fund balance policy.

**Unassigned Fund Balance** – In accordance with GAAP, the general fund is the only governmental fund that reports an unassigned fund balance. The unassigned fund balance has not been restricted, committed, or assigned to a specific purpose within the general fund.

When committed, assigned or unassigned fund balance amounts are available for use, it is the School's policy to use the committed fund balance first; the assigned fund balance second; and then the unassigned fund balance as they are needed.

Fund balances as of June 30, 2010 have been reclassified to conform to GASB Statement 54.

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 nonspendable fund balances.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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 2010 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 2010 data comparable to that of 2011.

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, 2011 is \$20,233,863.

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 City is on a 5 year reappraisal cycle. The last reappraisal was completed for the list as of January 1, 2010 (recognized in the fiscal year beginning July 1, 2010). The assessed value for the list as of January 1, 2010, was \$808,147,512. The appraised value was \$2,704,952,946 making the total assessed value approximately 30 percent of the total appraised value.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

Taxes were levied at a rate of \$2.39 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 \$18,322,654 for the fiscal year ended were approximately 94.9 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 37% of total water sales and 27% 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 \$1,662,773 from DOE in tax payments in fiscal 2011. 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 \$2,305,108 from BJC in fiscal 2011.

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 the City's Waterworks Fund, an enterprise fund. Under terms of the contract, the City will receive

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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 \$1,616,696 from BJC in fiscal 2011.

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, 10<sup>th</sup> 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, 2011 was 14.99% 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, 2011**

---

Annual Pension Cost

For the year ending June 30, 2011, the City's annual pension cost of \$2,888,931 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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 3% annual rate of inflation, (c) 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), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% 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 ten-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, 2009 was 20 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 2,888,931	100.00%	\$ -
June 30, 2010	2,306,713	100.00%	-
June 30, 2009	2,457,611	100.00%	-

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 \$65.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$14.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$18.7 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, 2011**

---

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, 10<sup>th</sup> 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, 2011, was 10.36% 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, 2011, Oak Ridge Schools' annual pension cost of \$655,080 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 2.5% 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 ten-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, 2009, was 6 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  
For the Fiscal Year Ended June 30, 2011**

---

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 655,080	100.00%	\$ -
June 30, 2010	677,824	100.00%	-
June 30, 2009	646,133	100.00%	-

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 \$22.5 million, and the actuarial value of assets was \$19.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.2 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, 10<sup>th</sup> 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**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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, 2011, was 9.05% 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, 2011, 2010, and 2009 were \$2,262,292, \$1,595,194, and \$1,574,674, 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. In previous years, prior to reaching the age of 65 all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010 the insurance plan structure was changed and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

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)	\$	232,892
Interest on net OPEB Obligation		11,472
Adjustment to the ARC		<u>(12,836)</u>
Annual OPEB Cost		231,528
Contributions Made		<u>(110,968)</u>
Increase in OPEB Obligation		120,560
Net OPEB Obligation, Beginning of Year		<u>286,807</u>
Net OPEB Obligation, End of Year	\$	<u><u>407,367</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>			
Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$231,528	47.9%	\$407,367
June 30, 2010	230,782	39.2%	286,807
June 30, 2009	219,655	33.3%	146,456

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

Funded Status and Progress

The funded status on the plan as of June 30, 2011, was as follows:

Annual OPEB Cost Funded Status and Progress

Actuarial Valuation Date	July 1, 2010
Actuarial Accrued Liability (AAL)	\$ 2,370,162
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,370,162
Actuarial Value of Assets as a Percentage of AAL	0.0%
Covered Payroll (active plan members)	\$ 9,100,000
UAAL as a Percentage of Covered Payroll	26.0%

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 costs between employer and plan members to that point. Actuarial calculations reflect a long-term perspective. In the July 1, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.0% funding interest rate and an annual healthcare trend rate of 10% for 2011. The healthcare trend rate will decrease by 1% annually to an ultimate medical cost trend rate of 5% by 2015. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis with the remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2011 of 28 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.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO) 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>.

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)	887,000
Interest on net OPEB Obligation	144,189
Adjustment to the ARC	(136,575)
Annual OPEB Cost	894,614
Contributions Made	(353,452)
Increase in OPEB Obligation	541,162
Net OPEB Obligation, Beginning of Year	3,204,190
Net OPEB Obligation, End of Year	\$ 3,745,352

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 894,614	39.5%	\$ 3,745,352
June 30, 2010	880,373	40.7%	3,204,190
June 30, 2009	339,035	39.3%	2,682,145

Funded Status and Progress

Actuarial Valuation Date	July 1, 2010
Actuarial Accrued Liability (AAL)	\$ 6,815,000
Actuarial Value of Plan Assets	-
Total Unfunded AAL	\$ 6,815,000
Funded Ratio (Actuarial Value of Assets as a Percentage of the AAL)	0.0%
Annual Covered Payroll	\$ 24,997,702
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	27.3%

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, 2010, 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 10% for 2011. The trend will decrease to 9.5% in 2012 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, 2011**

---

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 2011 was \$52,738 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 5. The on-behalf payment for 2011 was \$125,341 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 2011, the City contributed \$62,276 toward retiree's insurance premium costs with 16 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 of service with the 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. The Schools fund their contributions on a pay-as-you-go basis. During fiscal 2011, the Schools reimbursed approximately \$59,097 to 27 retirees, which has been recorded as an expenditure in the School Fund.

At June 30, 2011, the estimated liability and expense of school employee termination benefits reported in the government-wide financial statements is \$375,331. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 1.75% 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.

8. ACCOUNTS RECEIVABLE

Customers are billed for electric and waterworks services monthly on a cyclical basis. Unbilled revenue for utility services rendered but not yet billed as of the close of the fiscal year in the amount of \$1,600,996 was recorded in the Electric Fund and \$385,196 in Waterworks Fund at June 30, 2011.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

Receivables at June 30, 2011 consist of the following:

Fund	Taxes	Customer Accounts	Other	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$19,834,675	\$ 594,638	\$1,069,237	\$21,498,550	\$(2,490,407)	\$19,008,143
School	-	38,302	-	38,302	-	38,302
Debt Service	-	-	130,859	130,859	-	130,859
Electric	-	8,252,960	-	8,252,960	(1,525,000)	6,727,960
Waterworks	-	1,967,600	-	1,967,600	-	1,967,600
Nonmajor	163,797	-	192,148	355,945	(33,322)	322,623
Total	<u>\$19,998,472</u>	<u>\$10,853,500</u>	<u>\$1,392,244</u>	<u>\$ 32,244,216</u>	<u>\$(4,048,729)</u>	<u>\$ 28,195,487</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 \$8,530,420. 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, 2011, 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. Banks may use one of three different security pledges (90%, 100% or 105%) depending on the specific bank holding the deposit. Financial institutions participating in the bank collateral pool determine the aggregate balance of their public funds and report that to the Treasurer's Office. 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. The members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Investments

The City's investments at fiscal year end 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

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

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 \$28,181,476 is based on the LGIP share price. The shares in the Local Government Investment Pool are constant dollar. Therefore, the fair value of the position in the Pool is the same as the value of the Pool shares.

The Oak Ridge Schools maintain investments in certificates of deposits. 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.

As of June 30, 2011 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	\$28,181,476	\$28,181,476	-
Certificates of Deposit	238,304	-	238,304
<b>Total Investments and Maturities</b>	<b>\$28,419,780</b>	<b>\$28,181,476</b>	<b>\$ 238,304</b>

Investment income (loss) in the Scholarship Fund for 2011 consisted of the following.

Interest and Dividend Income	\$ 6,572
Unrealized Gain (Loss) on Market Values	(327)
<b>Total</b>	<b>\$ 6,245</b>

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 6-56-106. 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, with the reinvestment of the proceeds, 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.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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 shall have a maturity exceeding one year. The Schools manage its interest rate risk by limiting the weighted-average maturity of its investment portfolio in the Scholarship Fund to ten years 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 local government investment pool (LGIP), 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 and municipal bonds 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, 2011, the Education Foundation had the following deposits and investments.

Description	Fair Value
Deposits:	
Bank Deposits, Certificates of Deposit and Money Market Accounts	<u>\$ 493,186</u>
Investments:	
U.S. Treasury Notes and Bonds	3,248,127
Federal Agency Debt Securities	1,071,501
Corporate Bonds	13,944
Mutual Funds	105,072
Common Stock	<u>1,249,801</u>
	<u>5,688,445</u>
Total	<u><u>\$ 6,181,631</u></u>

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

Investments at Fair Value

Investment income for 2011 consisted of the following:

Interest and Dividends	\$	321,745
Unrealized gain on market value		174,154
Total	\$	495,899

At June 30, 2011, 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	\$	29,830
Due in One to Five Years		-
Gross Receivable		29,830
Less: Allowance for Uncollectible		(4,475)
Total Net	\$	25,355

		Amount
Due Within One Year	\$	25,355

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.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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 is comprised of 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, 2011 are as indicated below:

	<u>Governmental-type Activities</u>		<u>Business-type Activities</u>		Total Per Government- wide Financial Statements
	<u>Capital Projects Fund</u>	<u>Equipment Replacement Rental Fund</u>	<u>Electric Fund</u>	<u>Waterworks Fund</u>	
Capital Projects					
Bond Proceeds	\$ 82	\$ 444,856	\$ -	\$ -	\$ 444,938
Retainage	-	-	-	66,208	66,208
Current Debt Service Account	-	-	101,689	-	101,689
Total	<u>\$ 82</u>	<u>\$ 444,856</u>	<u>\$ 101,689</u>	<u>\$ 66,208</u>	<u>\$ 612,835</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

13. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2011 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 3,095,244	\$ -	\$ -	\$ 3,095,244
Construction in Progress	-	557,398	(557,398)	-
Total capital assets not being depreciated	<u>3,095,244</u>	<u>557,398</u>	<u>(557,398)</u>	<u>3,095,244</u>
Capital assets being depreciated:				
Infrastructure	47,316,576	3,401,571	-	50,718,147
Buildings	130,645,085	497,398	-	131,142,483
Improvements other than buildings	12,822,269	508,824	-	13,331,093
Machinery and Equipment	29,587,040	906,751	(339,259)	30,154,532
Total capital assets being depreciated	<u>220,370,970</u>	<u>5,314,544</u>	<u>(339,259)</u>	<u>225,346,255</u>
Less accumulated depreciation for:				
Infrastructure	(18,312,815)	(1,014,362)	-	(19,327,177)
Buildings	(39,880,859)	(3,023,455)	38,399	(42,865,915)
Improvements other than buildings	(6,028,527)	(495,654)	-	(6,524,181)
Machinery and Equipment	(14,866,335)	(1,926,457)	279,259	(16,513,533)
Total accumulated depreciation	<u>(79,088,536)</u>	<u>(6,459,928)</u>	<u>317,658</u>	<u>(85,230,806)</u>
Total capital assets being depreciated, net	<u>141,282,434</u>	<u>(1,145,384)</u>	<u>(21,601)</u>	<u>140,115,449</u>
Governmental activities capital assets, net	<u>\$144,377,678</u>	<u>\$ (587,986)</u>	<u>\$ (578,999)</u>	<u>\$143,210,693</u>

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

General government	\$ 138,606
Public safety	531,066
Public works	1,516,901
Community service	816,274
Education	3,457,081
Total depreciation expense	<u>\$ 6,459,928</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

Capital asset activity for the business-type activities for the year ended June 30, 2011 was as follows:

	Beginning Balances	Increases	Decreases and Reclassifications	Ending Balances
<b>Business-type Activities:</b>				
Capital Assets not being depreciated				
Land	\$ 755,193	\$ -	\$ -	\$ 755,193
Construction in Progress	3,946,468	6,880,583	(7,808,826)	3,018,225
Total capital assets not being depreciated	<u>4,701,661</u>	<u>6,880,583</u>	<u>(7,808,826)</u>	<u>3,773,418</u>
Capital assets being depreciated				
Electric plant in service				
Transmission	9,221,796	89,947	-	9,311,743
Distribution	61,348,042	4,949,702	(315,419)	65,982,325
Water plant in service	56,649,757	5,666,146	(94,271)	62,221,632
Wastewater plant in service	71,694,259	3,902,721	-	75,596,980
Equipment	7,097,129	942,424	(191,815)	7,847,738
Total capital assets being depreciated	<u>206,010,983</u>	<u>15,550,940</u>	<u>(601,505)</u>	<u>220,960,418</u>
Less accumulated depreciation for:				
Electric plant in service				
Transmission	(3,319,005)	(276,879)	-	(3,595,884)
Distribution	(23,978,904)	(1,809,239)	(115,125)	(25,903,268)
Water plant in service	(20,719,144)	(2,171,036)	95,549	(22,794,631)
Wastewater plant in service	(25,883,337)	(1,707,044)	-	(27,590,381)
Equipment	(4,415,495)	(481,893)	180,436	(4,716,952)
Total accumulated depreciation	<u>(78,315,885)</u>	<u>(6,446,091)</u>	<u>160,860</u>	<u>(84,601,116)</u>
Total capital assets being depreciated, net	<u>127,695,098</u>	<u>9,104,849</u>	<u>(440,645)</u>	<u>136,359,302</u>
Business-type activities capital assets, net	<u>\$132,396,759</u>	<u>\$15,985,432</u>	<u>\$ (8,249,471)</u>	<u>\$140,132,720</u>

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

Electric	\$ 2,263,229
Waterworks	4,059,371
Emergency Communications	123,491
Total depreciation expense	<u>\$ 6,446,091</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

**14. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2011:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
General Obligation Bonds	\$ 45,238,000	\$ 7,420,000	\$(10,303,000)	\$ 42,355,000	\$2,890,000
Qualified Zone Academy Bonds (QZAB)	5,603,602	-	(509,418)	5,094,184	509,419
Notes Payable	54,979,053	-	(219,000)	54,760,053	272,000
Unamortized Debt Discount	(69,091)	-	6,950	(62,141)	(6,951)
Unamortized Debt Premium	1,928,245	151,047	(163,100)	1,916,192	195,238
Capital Lease Obligations	420,076	-	(300,207)	119,869	119,869
Compensated Absences	2,814,118	2,398,762	(2,453,226)	2,759,654	2,327,090
School Termination Benefits	312,918	121,512	(59,099)	375,331	58,389
OPEB Obligation	3,399,338	1,051,832	(428,804)	4,022,366	-
<b>City Equipment Replacement</b>					
<b>Rental Fund:</b>					
General Obligation Bonds	1,152,000	-	(177,000)	975,000	205,000
Unamortized Bond Discount	(12,520)	-	2,661	(9,859)	(2,661)
Unamortized Reoffering Premium	8,221	-	(1,791)	6,430	1,792
Compensated Absences	96,181	50,604	(84,307)	62,478	50,607
OPEB Obligation	6,110	4,913	(2,355)	8,668	-
<b>Total Long-term Liabilities - Governmental Activities:</b>	<b>\$115,876,251</b>	<b>\$11,198,670</b>	<b>\$(14,691,696)</b>	<b>\$112,383,225</b>	<b>\$6,619,792</b>
<b>Business-type Activities:</b>					
<b>Electric Fund:</b>					
Bonds	\$ 21,025,000	\$ -	\$ (965,000)	\$ 20,060,000	\$1,000,000
Notes Payable	4,029,029	-	(118,095)	3,910,934	122,765
Unamortized Bond Discount	(181,603)	-	15,951	(165,652)	(15,951)
Unamortized Reoffering Premium	314,638	-	(36,285)	278,353	36,285
Compensated Absences	318,094	266,567	(265,732)	318,929	258,333
OPEB Obligation	26,734	21,495	(10,302)	37,927	-
<b>Waterworks Fund:</b>					
General Obligation Bonds	7,640,000	-	(400,000)	7,240,000	420,000
Notes Payable	11,877,419	5,000,000	(369,905)	16,507,514	2,052,902
State Revolving Fund Program Loan	16,110,731	997,859	(747,984)	16,360,606	779,040
Unamortized Bond Discount	(76,264)	-	6,678	(69,586)	(6,678)
Unamortized Reoffering Premium	57,641	-	(3,227)	54,414	3,228
Compensated Absences	704,459	593,634	(589,990)	708,103	573,564
OPEB Obligation	58,814	47,902	(22,959)	83,757	-
<b>Emergency Communications Fund:</b>					
Capital Lease Obligation	873,806	-	(107,386)	766,420	112,734
<b>Total Long-term Liabilities - Business-type Activities</b>	<b>\$ 62,778,498</b>	<b>\$ 6,927,457</b>	<b>\$(3,614,236)</b>	<b>\$ 66,091,719</b>	<b>\$5,336,222</b>

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

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.

General Obligation Debt Issuances and Refundings

In May 2011, the City issued \$7,420,000 in General Obligation Refunding Bonds Series 2011 for a current refunding of \$7,470,000 in outstanding general obligation debt. The bonds mature in 2015. The interest rate is at 2%. The refunding was done to reduce the total future debt service payments. The refunding bonds were issued at a premium of \$151,047, which is being amortized over the 4-year life of the new bonds in the government-wide statements. The transaction resulted in an economic gain of \$500,783 and a reduction of \$455,214 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 with interest rates ranging from 5.63% to 6.5%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Interest subsidies received totaled \$202,059 during the year ended June 30, 2011.

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2012	\$ 2,890,000	\$ 1,783,580	\$ (202,059)	\$ 1,581,521	\$ 4,471,521
2013	3,245,000	1,737,806	(202,059)	1,535,747	4,780,747
2014	3,120,000	1,664,406	(202,059)	1,462,347	4,582,347
2015	3,055,000	1,584,456	(202,059)	1,382,397	4,437,397
2016	3,165,000	1,482,756	(202,059)	1,280,697	4,445,697
2017-2021	16,645,000	5,310,581	(1,010,297)	4,300,284	20,945,284
2022-2026	2,135,000	2,893,025	(999,469)	1,893,556	4,028,556
2027-2031	1,600,000	2,278,000	(797,300)	1,480,700	3,080,700
2032-2036	-	2,068,750	(724,063)	1,344,687	1,344,687
2037-2041	6,500,000	1,598,750	(559,563)	1,039,187	7,539,187
Total	<u>\$ 42,355,000</u>	<u>\$ 22,402,110</u>	<u>\$ (5,100,987)</u>	<u>\$ 17,301,123</u>	<u>\$ 59,656,123</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

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, 2011:

	Governmental Activities			Balance 6/30/11
	Balance 7/1/10	Additions / Transfers	Retirements	
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Rate: 3.56% - 4.83%	\$ 9,650,000	\$ -	\$ 9,650,000	\$ -
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Rate: 2.00% - 4.00%	3,833,000	-	273,000	3,560,000
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 Subsidy: 35% of Interest Payment	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	-	380,000	4,860,000
Series 2011, GO Refunding Bonds Issue: \$7,420,000, Maturing 2015 Interest Rate: 2.00%	-	7,420,000	-	7,420,000
<b>Total General Obligation Bonded Debt</b>	<b>\$45,238,000</b>	<b>\$7,420,000</b>	<b>\$10,303,000</b>	<b>\$42,355,000</b>

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 \$509,419 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, 2011**

---

Projected amortization schedule for QZAB are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Total Requirements
	Principal	Interest	
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	509,418	2,445	511,863
2017-2021	2,547,092	12,224	2,559,316
Total	<u>\$ 5,094,184</u>	<u>\$ 24,449</u>	<u>\$ 5,118,633</u>

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, 2011. Annual interest payments are amortized below using a 0.71% interest rate, which was the actual weekly rate at June 30, 2011.

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, 2011, the outstanding principal balance of the loan was \$489,000. Annual interest payments are amortized below using a 0.76% interest rate, which was the actual weekly rate at June 30, 2011.

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, 2011, the outstanding principal balance of the loan was \$14,750,000. The interest rate on the fixed rate loan is between 3.0% and 4.125%, with maturity in fiscal 2025. Principal payments began 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, 2011**

---

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 0.47% interest rate, which was the actual weekly rate at June 30, 2011.

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, 2011. For budgeting purposes, the City uses a 4.50% interest rate for variable rate loans.

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2012	\$ 272,000	\$ 1,931,152	\$ 2,203,152
2013	326,000	1,924,105	2,250,105
2014	449,000	1,914,123	2,363,123
2015	478,000	1,901,951	2,379,951
2016	492,000	1,887,997	2,379,997
2017-2021	3,129,956	9,173,427	12,303,383
2022-2026	18,160,809	7,474,282	25,635,091
2027-2031	10,122,288	5,265,605	15,387,893
2032-2036	16,005,000	2,799,532	18,804,532
2037-2038	5,325,000	352,188	5,677,188
Total	<u>\$ 54,760,053</u>	<u>\$ 34,624,362</u>	<u>\$ 89,384,415</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

*Notes Payable - Swap Agreements*

As of June 30, 2011 the City had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Maturity Date	Term
Series VI-D-3 <sup>1</sup>	Pay-fixed Interest Rate Swap	Variable to Synthetic Fixed Rate	\$10,000,000	2033	Pay 3.725% Receive 63.5% of LIBOR
Series VI-D-H1 <sup>2</sup>	Pay-fixed Interest Rate Swap	Variable to Synthetic Fixed Rate	\$15,675,000	2036	Pay 3.536% Receive 63.0% of LIBOR

<sup>1</sup>Refunded to Series VII-E-1 in 2009

<sup>2</sup>Refunded to Series VII-E-1bonds and Series VI-M-1 bonds

The fair value balance and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type and the changes in fair value of such derivative instruments for the years then ended are as follows:

Associated Debt Name	Changes in Fair Value		Fair Value at June 30, 2011		June 30, 2011 Notional Amount
	Classification	Amount	Classification	Amount	Amount
Governmental Activities					
Cash Flow Hedge:					
Pay-fixed Interest Rate Swap Series VI-D-3 <sup>1</sup>	Interest & Investment Earnings	\$(1,120,116)	Debt	\$(1,120,116)	\$ 10,000,000
Investment Derivative:					
Pay-fixed Interest Rate Swap Series VI-H-1 <sup>2</sup>	Interest & Investment Earnings	\$ 705,469	Debt	\$(1,334,503)	\$ 15,675,000

<sup>1</sup>Refunded to Series VII-E-1 in 2009

<sup>2</sup>Refunded to Series VII-E-1bonds and Series VI-M-1 bonds

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

*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-H-1 did not meet that criteria and therefore is classified as an investment derivative during the year ended June 30, 2011. The City recorded a liability for the investment derivative totaling the negative fair value of \$1,120,116 in the statement of net assets. The City also recorded the cumulative change in fair value of \$1,120,116 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 \$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, 2011, rates were as follows

	Terms	Rates
Interest Rate Swap:		
Fixed payments to counterparty	Fixed	3.725%
Variable payment from counterparty	% LIBOR	-1.244%
Net interest rate swap payments		2.481%
Variable rate bond coupon payments		0.140%
On-going variable rate bond payments		1.120%
Effective synthetic interest rate on bonds		3.741%

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

*Fair value:* As of June 30, 2011, the swap had a negative fair value of \$1,120,116. 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.

*Credit risk:* As of June 30, 2011, 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 swap's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") was rated "A+" by Standard and Poor's as of June 30, 2011, 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, 2011, 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, 2011**

Fiscal Year Ending June 30,	Variable Rate Bonds		Net Interest Rate	Total
	Principal	Interest	Swap Payment	
2012	\$ -	\$ 14,000	\$ 248,104	\$ 262,104
2013	-	14,000	248,104	262,104
2014	-	14,000	248,104	262,104
2015	-	14,000	248,104	262,104
2016	-	14,000	248,104	262,104
2017-2021	-	70,000	1,240,518	1,310,518
2022-2026	-	70,000	1,240,518	1,310,518
2027-2031	1,200,000	70,000	1,240,518	2,510,518
2032-2033	8,800,000	18,620	329,978	9,148,598
<b>Total</b>	<b>\$ 10,000,000</b>	<b>\$ 298,620</b>	<b>\$ 5,292,052</b>	<b>\$ 15,590,672</b>

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 2025 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 in a prior year and therefore is classified as an investment derivative. The City recorded a liability for the investment derivative totaling the negative fair value of \$1,334,503 in the statement of net assets. The City also recorded the current year changes in fair value of \$705,469 in the statement of activities as an investment gain.

*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, 2011**

---

*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, 2011, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payments to counterparty	Fixed	3.536%
Variable payment from counterparty	% LIBOR	<u>-1.234%</u>
Net interest rate swap payments		2.302%
Variable rate bond coupon payments		0.146%
On-going variable rate bond payments		<u>1.121%</u>
Effective synthetic interest rate on bonds		<u><u>3.569%</u></u>

*Fair value:* As of June 30, 2011, the swap had a negative fair value of \$1,334,503. 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.

*Credit risk:* As of June 30, 2011, 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 swap'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, 2011, Depfa's credit rating had been downgraded and was rated "BBB" by Standard and Poor's (Stable Outlook), "Baa3" by Moody's Investors Service (Stable Outlook) and BBB+ by Fitch Ratings (Negative 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  
For the Fiscal Year Ended June 30, 2011**

---

*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, 2011, 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 Swap Payment	Total
	Principal	Interest		
2012	\$ -	\$ 22,880	\$ 360,812	\$ 383,692
2013	-	22,880	360,812	383,692
2014	-	22,880	360,812	383,692
2015	-	22,880	360,812	383,692
2016	-	22,880	360,812	383,692
2017-2021	-	114,400	1,804,059	1,918,459
2022-2026	1,450,000	114,400	1,804,059	3,368,459
2027-2031	7,100,000	80,573	1,270,610	8,451,183
2032-2036	7,125,000	38,279	603,655	7,766,934
<b>Total</b>	<b>\$ 15,675,000</b>	<b>\$ 462,052</b>	<b>\$ 7,286,443</b>	<b>\$ 23,423,495</b>

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 \$275,000. Interest rates range from 2% to 4%.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

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 with interest rates ranging from 2.875% to 4.63%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Interest subsidies received totaled \$9,647 during the year ended June 30, 2011.

Debt service requirements to maturity for Equipment Replacement Rental Fund general obligation debt for the fiscal year ended June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Governmental Activities				
	Principal	Coupon Interest	BABS		Total Requirements
			Treasury Rebate	Net Interest	
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	-	19,875	(6,956)	12,919	12,919
2017-2019	450,000	47,625	(16,669)	30,956	480,956
Total	\$ 975,000	\$ 190,114	\$ (61,710)	\$ 128,404	\$ 1,103,404

Capital Leases Obligations

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 August 1, 2011. The principal balance was \$119,869 at year-end.

Year Ending June 30, 2012	\$ 124,550
Total Future Minimum Lease Payments	124,550
Less: Amount representing interest	(4,681)
Present Value of Minimum Lease Payments	\$ 119,869

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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 \$4,990,000 at June 30, 2011.

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, 2011.

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. The federal government provides a 35% subsidy on the interest payment due on these bonds. Principal payments will occur from 2028 to 2038 with interest rates ranging from 6% to 6.15%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Interest subsidies received totaled \$105,971 during the year ended June 30, 2011.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

Debt service requirements to maturity for bonds funded by the Electric Fund for the fiscal year ended June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
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	960,000	789,619	(105,971)	683,648	1,643,648
2017-2021	5,385,000	3,289,545	(529,856)	2,759,689	8,144,689
2022-2026	4,685,000	2,012,357	(529,856)	1,482,501	6,167,501
2027-2031	1,800,000	1,351,875	(473,156)	878,719	2,678,719
2032-2036	2,250,000	703,200	(246,120)	457,080	2,707,080
2037-2038	950,000	87,637	(30,673)	56,964	1,006,964
Total	<u>\$ 20,060,000</u>	<u>\$ 11,823,109</u>	<u>\$ (2,339,516)</u>	<u>\$ 9,483,593</u>	<u>\$ 29,543,593</u>

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 \$2,457,638 at June 30, 2011. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.57% interest rate, which was the actual weekly rate at June 30, 2011.

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, 2011. Principal payments will occur from 2015 through 2027. Annual interest payments are amortized below using a 0.47% interest rate, which was the actual weekly rate at June 30, 2011.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

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, 2011. Projected debt service requirements to maturity as of June 30, 2011 as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2012	\$ 122,765	\$ 20,782	\$ 143,547
2013	127,769	20,079	147,848
2014	132,773	19,349	152,122
2015	163,111	18,580	181,691
2016	213,448	17,655	231,103
2017-2021	883,648	73,420	957,068
2022-2026	1,934,124	42,438	1,976,562
2027	333,296	1,438	334,734
Total	<u>\$ 3,910,934</u>	<u>\$ 213,741</u>	<u>\$ 4,124,675</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, 2011 was \$2,240,000.

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. The federal government provides a 35% subsidy on the interest payment due on these bonds. Principal payments will occur from 2023 to 2030 with interest rates ranging from 5% to 6%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Interest subsidies received totaled \$102,244 during the year ended June 30, 2011.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

Debt service requirements to maturity for bonds funded by the Waterworks Fund for the fiscal year ended June 30, 2011, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				Total Requirements
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	
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	480,000	311,325	(102,244)	\$ 209,081	689,081
2017-2021	-	1,460,625	(511,219)	\$ 949,406	949,406
2022-2026	1,500,000	1,355,813	(474,534)	\$ 881,279	2,381,279
2027-2030	3,500,000	542,063	(189,722)	\$ 352,341	3,852,341
<b>Total</b>	<b>\$ 7,240,000</b>	<b>\$ 5,093,726</b>	<b>\$ (1,686,695)</b>	<b>\$ 3,407,031</b>	<b>\$ 10,647,031</b>

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, 2011 was \$4,803,735. Annual interest payments are amortized below using a 0.71% and 0.65% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2011.

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 \$4,909,363 at June 30, 2011. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.57% interest rate, which was the actual weekly rate at June 30, 2011.

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, 2011. Principal payments will occur from 2017 through 2027. Annual interest payments are amortized below using a 0.47% interest rate, which was the actual weekly rate at June 30, 2011.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

During fiscal 2011, the General Fund loaned the Waterworks Fund \$5,000,000 for bridge financing of waterworks capital improvements. Under Tennessee State Law, these type loans between City funds are required to be in the form of capital outlay notes. State law requires City Council to adopt a resolution authorizing the obligation and obtain the approval from the Comptroller of the Treasury or Comptroller's designee in accordance with the requirements of Title 9, Chapter 21, Part 6, Tennessee Code Annotated. The interfund loan is dated November 1, 2010. On July 11, 2011, City Council retroactively authorized the issuance of \$5,000,000 in capital outlay notes as of November 1, 2010 and on August 8, 2011 the City received notification of the retroactive approval of the capital outlay notes by the Comptroller's Office. In accordance with State law the notes have a maximum maturity of three fiscal years. Annual principal payments are due in three equal installments with interest at 1% per annum. The capital outlay notes were recorded as a long-term note receivable in the City's General Fund and as liability for notes payable in the Waterworks Fund.

The TMBF loans and capital outlay notes 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 TMBF 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, 2011, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total Requirements
2012	\$ 2,052,902	\$ 119,133	\$ 2,172,035
2013	2,069,898	100,144	2,170,042
2014	2,086,893	81,051	2,167,944
2015	438,889	61,857	500,746
2016	457,552	59,216	516,768
2017-2021	4,811,495	222,866	5,034,361
2022-2026	4,240,469	71,763	4,312,232
2027	349,416	1,507	350,923
Total	\$ 16,507,514	\$ 717,537	\$ 17,225,051

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

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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 \$7,524,255 and \$3,239,786, respectively, at June 30, 2011. 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. \$5,596,565 in loan proceeds had been drawn as of June 30, 2011. A projected amortization schedule for outstanding SRF loans as of June 30, 2011 is as follows:

Fiscal Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total Requirements
2012	\$ 779,040	\$ 638,536	\$ 1,417,576
2013	1,001,333	602,873	1,604,206
2014	1,042,433	561,773	1,604,206
2015	1,085,213	518,993	1,604,206
2016	1,129,745	474,449	1,604,194
2017-2021	6,383,610	1,637,397	8,021,007
2022-2026	2,792,829	591,545	3,384,374
2027-2031	1,753,620	251,272	2,004,892
2032	392,783	8,196	400,979
Total	\$ 16,360,606	\$ 5,285,034	\$ 21,645,640

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%.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

The future principal and interest payments on these capital lease obligations as of June 30, 2011 are as follows:

Year Ending June 30,		
2012	\$	150,901
2013		150,902
2014		150,901
2015		150,902
2016		150,901
2017		<u>150,902</u>
Total Future Minimum Lease Payments		905,409
Less:		
Amount presenting interest at 4.98%		(138,989)
Current portion of capital lease		<u>(112,734)</u>
Long-term capitalized lease obligation	\$	<u><u>653,686</u></u>

15. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Due to and from accounts represent short-term loans between funds. There were no due to / due from account balances as of June 30, 2011.

Advances to and from accounts represent long-term loans between funds. During fiscal 2011, the General Fund advanced the Waterworks Fund \$5,000,000 for bridge financing for Waterworks capital improvements. Under Tennessee State Law, these type loans between City funds are required to be in the form of capital outlay notes. Annual principal payments are due in three equal installments with interest at 1% per annum. The capital outlay notes were recorded as a long-term note receivable in the City's General Fund and as liability for notes payable in the Waterworks Fund.

Receivable Fund	Payable Fund	Amount
General	Waterworks Fund	\$ 5,000,000
General	Inventory	112,500
Electric	Inventory	1,540,000
Waterworks	Inventory	<u>979,917</u>
Total		<u><u>\$ 7,632,417</u></u>

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

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:

Transfer Out	Transfer In					Total
	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	
General Fund	\$ -	\$ 14,470,132	\$ 476,271	\$ 3,545,000	\$ 954,679	\$19,446,082
Electric Fund	1,317,761	-	-	-	-	1,317,761
Waterworks Fund	1,367,521	-	-	-	-	1,367,521
<b>Total</b>	<b>\$ 2,685,282</b>	<b>\$ 14,470,132</b>	<b>\$ 476,271</b>	<b>\$ 3,545,000</b>	<b>\$ 954,679</b>	<b>\$ 22,131,364</b>

17. COMMITMENTS

At June 30, 2011, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$5,648,111 for the following projects:

Projects	Spent-To-Date	Commitment Remaining	Committed Fund
CSC HVAC Retrofit & Lighting	\$ 48,425	\$ 92,759	Capital Projects
Roane State Community College	-	500,000	Capital Projects
Greenway Phase IV	66,338	600,748	Capital Projects
Line Construction	221,376	2,878,052	Electric
Substation 800 Expansion	618,308	141,692	Electric
Water Treatment Plant Improvements	182,292	114,708	Waterworks
Wastewater Distribution System Rehab	2,151,264	17,181	Waterworks
Water Tank Improvements	758,088	376,785	Waterworks
West End Waterworks Expansion	73,637	80,363	Waterworks
Administrative Order EPA	583,797	845,823	Waterworks
<b>TOTAL</b>	<b>\$ 4,703,525</b>	<b>\$ 5,648,111</b>	

\$95,000 of the CSC HVAC retrofit will be funded by a grant from the Tennessee Department of Economic and Community Development Energy Policy Office. A grant from the Tennessee Department of Transportation will fund 80% of the Greenway Phase IV expenditures. The remaining expenditures for these two programs, along with the City's contribution toward the expansion of the Oak Ridge Roane State Community College campus, will be funded through the Capital Projects Fund by operating transfers from the General Fund. Electric and Waterworks Fund

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

projects will be funded through debt issuances during fiscal 2012 and revenues generated through the respective rate structure. Electric rates increased approximately 1.9% in October 2010 and significant rate increases are anticipated for both water and wastewater services in fiscal 2012. In September 2011, the City issued \$9,810,000 in bonds to fund for water and wastewater capital improvements. An additional \$1,403,435 is available for wastewater projects from an approved State Revolving Fund loan.

18. FUND BALANCE

At June 30, 2011, fund balance is classified as follows:

	Major Governmental Funds				Nonmajor Governmental Funds	Totals
	General Fund	School Fund	Capital Projects Fund	Debt Service Fund		
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 25,077	\$ 25,077
Prepays	14,643	53,580	-	-	136,250	204,473
Advances to Other Funds	5,112,500	-	-	-	-	5,112,500
Restricted To:						
Education programs	-	67,261	-	-	-	67,261
Debt Service	-	-	-	10,028,267	-	10,028,267
Capital Projects	-	-	82	-	-	82
Drug Enforcement	-	-	-	-	252,165	252,165
Grant Projects	-	4,405	-	-	2,500	6,905
Street Improvements	-	-	-	-	531,444	531,444
Public Transportation	-	-	-	-	31,386	31,386
Committed To:						
Education programs	-	60,114	-	-	-	60,114
Economic Development	-	-	-	-	250,000	250,000
Assigned To:						
2012 Budgeted Fund Balance Draw	1,495,303	-	-	-	-	1,495,303
Education	-	5,503,321	-	-	-	5,503,321
Debt Service	-	-	-	1,965,344	-	1,965,344
Capital Projects	-	-	1,376,358	-	-	1,376,358
Economic Development	-	-	-	-	492,681	492,681
Grant projects	-	-	-	-	110,377	110,377
Recreation	-	-	-	-	1,059,663	1,059,663
Fire and Emergency Services	-	-	-	-	636,796	636,796
Special Programs	-	-	-	-	619,619	619,619
Unassigned	2,846,302	-	-	-	-	2,846,302
<b>Total</b>	<b>\$ 9,468,748</b>	<b>\$ 5,688,681</b>	<b>\$ 1,376,440</b>	<b>\$ 11,993,611</b>	<b>\$ 4,147,958</b>	<b>\$ 32,675,438</b>

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

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 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 2011 is \$500 except for boiler and machinery, which is \$1,000. In fiscal 2011, the city paid \$323,330 in net deductibles to the TML for workers compensation and property liability claims. The per occurrence deductible for each insurance policy covered by the City

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

Insurance Fund for fiscal 2011 is as outlined below:

Insurance Plan	Annual Per Occurrence Deductible
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 Breakdown	10,000
Electronic Data Processing Equipment	2,500
Worker's Compensation	50,000

There have been no liabilities in excess of commercial insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability amount for the City Insurance Funds for the fiscal years ended June 30, 2010 and June 30, 2011 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year End
2011	\$ 141,629	\$ 712,010	\$ (481,101)	\$ 372,538
2010	\$ 149,388	\$ 323,848	\$ (331,608)	\$ 141,629

21. BUDGET AMENDMENTS

Amendments to the fiscal 2011 budgeted expenditures are as follows:

Governmental Fund	Original Budget	Additional Appropriations	Final Budget
School Fund	\$ 55,035,408	\$ 115,523	\$55,150,931

The School Fund's budget was increased by \$115,523 to allow for expenditures from additional funding for school programs from state and federal funding sources.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

---

22. ENVIRONMENTAL PROTECTION AGENCY ADMINISTRATIVE ORDER

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. Projections include approximately \$23,000,000 in wastewater capital expenditures over the next four years. On September 29, 2011, \$9,810,000 in debt was issued to fund water and wastewater projects, including the first phase of EPA mandated capital expenditures. A rate study is planned for fiscal 2012, with significant wastewater rate increases expected to fund this program.

23. NEW FUND

The Special Programs Fund, a special revenue fund, was established in fiscal 2011 to account for the revenues from photo enforcement cameras. For fiscal 2011, the Special Programs Fund was established with a budgeted appropriation of \$900,000 with City Council to determine the purpose for which the funds were to be spent during the fiscal year. On April 11, 2011, City Council adopted resolution number 4-30-11 which authorized the use of Special Programs Funds for transportation enhancement projects for traffic capacity/safety improvements, school crossing and bicycle/pedestrian safety improvements. There were no expenditures in the Special Programs Fund during fiscal 2011.

24. PRIOR PERIOD ADJUSTMENT AND RECLASSIFICATION DUE TO ADOPTION OF NEW ACCOUNTING STANDARD

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* changes the terminology of fund balance descriptions and the definitions within governmental funds. In addition, GASB statement No. 54 also changes the criteria for the creation and financial reporting of individual special revenue funds. During fiscal 2011, management reevaluated the effect of implementing GASB Statement No. 54 and as a result, the Solid Waste Fund was combined with the General Fund as of July 1, 2010. Since the former Solid Waste Fund did not have an ending fund balance as of June 30, 2010, there was no effect upon the beginning of year fund balance for the General Fund as of July 1, 2010.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2011**

---

25. PRIOR PERIOD ADJUSTMENT – CORRECTION OF AN ACCOUNTING ERROR IN COMPONENT UNIT-  
EDUCATION FOUNDATION

On the statement of net activities, the beginning net asset balance was restated as follows:

July 1, 2010	Component Unit Education Foundation
Net Assets, Beginning of Year as Originally Reported	\$ 6,128,863
Effect of Prior Period Adjustment	<u>188,026</u>
Net Assets (Deficit), Beginning of Year, as Restated	<u>\$ 6,316,889</u>

The beginning net assets of the component unit – education foundation was increased due to an error in reporting the fair value of investments by \$188,026. The error was discovered in 2011, but prior to the release of the current year's audited financial statements. The effect was to restate the 2010 financial statements by increasing investments, net assets, investment income and changed in net assets by \$188,026.

26. SUBSEQUENT EVENTS

On September 29, 2011, the City issued \$9,810,000 in General Obligation Bonds, Series 2011B to fund water and wastewater capital improvements. This includes funding for wastewater capital expenditures required by the EPA administrative order as outlined in Note 22. The \$9,810,000 issue is fixed interest rate debt with principal payments beginning on June 1, 2013 and ending on June 1, 2028. The interest rate on the debt ranges from 2% to 3%. Annual debt service payments on the bond issue will be funded through revenues generated by the Waterworks rates. The bonds were issued at a premium of \$88,018, with costs of issuance of \$78,248 and underwriter's discount of \$77,370.

**CITY OF OAK RIDGE, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2011**

---

**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	89.02%	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 frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen 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, 2011**

---

**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)
7/01/10	\$ -	\$ 2,370	\$ 2,370	0.00%	\$ 9,100	26.0%
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.

**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.

**Special Programs:** During fiscal 2011, the City established the Special Programs Fund, a special revenue fund to account for special programs as determined by City Council. Revenues for this Fund come from the photo red light enforcement program fines.

CITY OF OAK RIDGE, TENNESSEE  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2011

	SPECIAL REVENUE FUNDS							Total Nonmajor Governmental Funds	
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End		Special Programs
<b>Assets</b>									
Cash and cash equivalents	\$ 659,373	\$ 513,698	\$ -	\$ -	\$ 257,130	\$ 916,394	\$ 667,268	\$ 705,582	\$ 3,719,445
Receivables, net	130,475	-	-	-	-	143,269	-	14,742	288,486
Due from other governments	-	133,224	61,490	226,924	-	-	-	-	421,638
Inventories, at cost	-	-	-	-	-	25,077	-	-	25,077
Prepaid items	19,419	115,350	-	-	1,481	-	-	-	136,250
<b>Total assets</b>	<b>\$ 809,267</b>	<b>\$ 762,272</b>	<b>\$ 61,490</b>	<b>\$ 226,924</b>	<b>\$ 258,611</b>	<b>\$ 1,084,740</b>	<b>\$ 667,268</b>	<b>\$ 720,324</b>	<b>\$ 4,590,896</b>
<b>Liabilities and fund balances</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 10,344	\$ 115,478	\$ 30,104	\$ 110,549	\$ 3,340	\$ -	\$ 10,611	\$ 100,705	\$ 381,131
Accrued liabilities	-	-	-	998	-	-	19,861	-	20,859
Due to other governments	-	-	-	-	1,625	-	-	-	1,625
Deferred revenue	36,823	-	-	2,500	-	-	-	-	39,323
<b>Total liabilities</b>	<b>47,167</b>	<b>115,478</b>	<b>30,104</b>	<b>114,047</b>	<b>4,965</b>	<b>-</b>	<b>30,472</b>	<b>100,705</b>	<b>442,938</b>
<b>Fund balances:</b>									
Nonspendable	19,419	115,350	-	-	1,481	25,077	-	-	161,327
Restricted	-	531,444	31,386	2,500	252,165	-	-	-	817,495
Committed	250,000	-	-	-	-	-	-	-	250,000
Assigned	492,681	-	-	110,377	-	1,059,663	636,796	619,619	2,919,136
<b>Total fund balances</b>	<b>762,100</b>	<b>646,794</b>	<b>31,386</b>	<b>112,877</b>	<b>253,646</b>	<b>1,084,740</b>	<b>636,796</b>	<b>619,619</b>	<b>4,147,958</b>
<b>Total liabilities and fund balances</b>	<b>\$ 809,267</b>	<b>\$ 762,272</b>	<b>\$ 61,490</b>	<b>\$ 226,924</b>	<b>\$ 258,611</b>	<b>\$ 1,084,740</b>	<b>\$ 667,268</b>	<b>\$ 720,324</b>	<b>\$ 4,590,896</b>

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, 2011

	SPECIAL REVENUE FUNDS								Total Nonmajor Governmental Funds
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End	Special Programs	
<b>Revenues</b>									
Taxes	\$ 531,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 531,416
Intergovernmental	296,001	748,207	165,209	659,137	29,080	-	2,305,108	-	4,202,742
Charges for services	-	-	-	-	-	1,158,837	-	-	1,158,837
Fines and forfeitures	-	-	-	-	80,345	-	-	619,234	699,579
Interest	1,459	1,100	21	-	575	1,802	1,360	385	6,702
Other	105,920	-	-	-	109	-	-	-	106,029
<b>Total revenues</b>	<b>934,796</b>	<b>749,307</b>	<b>165,230</b>	<b>659,137</b>	<b>110,109</b>	<b>1,160,639</b>	<b>2,306,468</b>	<b>619,619</b>	<b>6,705,305</b>
<b>Expenditures</b>									
<b>Current:</b>									
Public safety	-	-	-	98,753	194,383	-	2,272,673	-	2,565,809
Public works	-	1,415,929	-	157,966	-	-	-	-	1,573,895
Community services	1,094,521	-	212,616	500,321	-	1,136,133	-	-	2,943,591
<b>Debt service:</b>									
Principal retirement	-	-	-	69,000	-	-	-	-	69,000
Interest and fiscal charges	-	-	-	4,947	-	-	-	-	4,947
<b>Total expenditures</b>	<b>1,094,521</b>	<b>1,415,929</b>	<b>212,616</b>	<b>830,987</b>	<b>194,383</b>	<b>1,136,133</b>	<b>2,272,673</b>	<b>-</b>	<b>7,157,242</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(159,725)</b>	<b>(666,622)</b>	<b>(47,386)</b>	<b>(171,850)</b>	<b>(84,274)</b>	<b>24,506</b>	<b>33,795</b>	<b>619,619</b>	<b>(451,937)</b>
<b>Other financing sources (uses)</b>									
Transfers in	-	653,000	55,106	246,573	-	-	-	-	954,679
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>653,000</b>	<b>55,106</b>	<b>246,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>954,679</b>
<b>Net change in fund balances</b>	<b>(159,725)</b>	<b>(13,622)</b>	<b>7,720</b>	<b>74,723</b>	<b>(84,274)</b>	<b>24,506</b>	<b>33,795</b>	<b>619,619</b>	<b>502,742</b>
<b>Fund balance - beginning</b>	<b>921,825</b>	<b>660,416</b>	<b>23,666</b>	<b>38,154</b>	<b>337,920</b>	<b>1,060,234</b>	<b>603,001</b>	<b>-</b>	<b>3,645,216</b>
<b>Fund balance - ending</b>	<b>\$ 762,100</b>	<b>\$ 646,794</b>	<b>\$ 31,386</b>	<b>\$ 112,877</b>	<b>\$ 253,646</b>	<b>\$ 1,084,740</b>	<b>\$ 636,796</b>	<b>\$ 619,619</b>	<b>\$ 4,147,958</b>

CITY OF OAK RIDGE, TENNESSEE  
ECONOMIC DIVERSIFICATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 659,373	\$ 839,428
Receivables, net	130,475	87,994
Prepaid items	19,419	19,379
<b>Total assets</b>	<b>\$ 809,267</b>	<b>\$ 946,801</b>
 <b>Liabilities and fund balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 10,344	\$ 22,402
Accrued liabilities	-	2,574
Deferred revenue	36,823	-
<b>Total liabilities</b>	<b>47,167</b>	<b>24,976</b>
<b>Fund balances:</b>		
<b>Nonspendable</b>		
Prepaid items	19,419	19,379
<b>Committed</b>		
Economic development	250,000	250,000
<b>Assigned</b>		
Economic development	492,681	652,446
<b>Total fund balances</b>	<b>762,100</b>	<b>921,825</b>
<b>Total liabilities and fund balances</b>	<b>\$ 809,267</b>	<b>\$ 946,801</b>

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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Taxes	\$ 531,416	\$ -	\$ 531,416	\$ 550,000	\$ (18,584)
Intergovernmental	296,001	-	296,001	1,296,000	(999,999)
Interest	1,459	-	1,459	15,000	(13,541)
Other	105,920	-	105,920	104,715	1,205
Total revenues	<u>934,796</u>	<u>-</u>	<u>934,796</u>	<u>1,965,715</u>	<u>(1,030,919)</u>
<b>Expenditures</b>					
Current:					
Community services	1,094,521	-	1,094,521	2,837,000	1,742,479
Total expenditures	<u>1,094,521</u>	<u>-</u>	<u>1,094,521</u>	<u>2,837,000</u>	<u>1,742,479</u>
Excess (deficiency) of revenues over (under) expenditures	(159,725)	-	(159,725)	(871,285)	711,560
Fund balance - beginning	<u>921,825</u>	<u>-</u>	<u>921,825</u>	<u>921,825</u>	<u>-</u>
Fund balance - ending	<u>\$ 762,100</u>	<u>\$ -</u>	<u>\$ 762,100</u>	<u>\$ 50,540</u>	<u>\$ 711,560</u>

CITY OF OAK RIDGE, TENNESSEE  
STATE STREET AID FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 513,698	\$ 403,754
Due from other governments	133,224	133,657
Prepaid items	115,350	130,568
Total assets	<u>\$ 762,272</u>	<u>\$ 667,979</u>
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 115,478	\$ 7,563
Total liabilities	<u>115,478</u>	<u>7,563</u>
 Fund balances:		
Nonspendable		
Prepaid items	115,350	130,568
Restricted		
Street improvements	531,444	529,848
Total fund balances	<u>646,794</u>	<u>660,416</u>
 Total liabilities and fund balances	<u>\$ 762,272</u>	<u>\$ 667,979</u>

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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 748,207	\$ -	\$ 748,207	\$ 715,000	\$ 33,207
Interest	1,100	-	1,100	500	600
Total revenues	<u>749,307</u>	<u>-</u>	<u>749,307</u>	<u>715,500</u>	<u>33,807</u>
<b>Expenditures</b>					
Current:					
Public works	1,415,929	(410,200)	1,005,729	1,383,000	377,271
Total expenditures	<u>1,415,929</u>	<u>(410,200)</u>	<u>1,005,729</u>	<u>1,383,000</u>	<u>377,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(666,622)</u>	<u>410,200</u>	<u>(256,422)</u>	<u>(667,500)</u>	<u>411,078</u>
<b>Other financing sources (uses)</b>					
Transfers in	653,000	-	653,000	653,000	-
Total other financing sources (uses)	<u>653,000</u>	<u>-</u>	<u>653,000</u>	<u>653,000</u>	<u>-</u>
Net change in fund balances	(13,622)	410,200	396,578	(14,500)	411,078
Fund balance - beginning	<u>660,416</u>	<u>-</u>	<u>660,416</u>	<u>660,416</u>	<u>-</u>
Fund balance - ending	<u>\$ 646,794</u>	<u>\$ 410,200</u>	<u>\$ 1,056,994</u>	<u>\$ 645,916</u>	<u>\$ 411,078</u>

CITY OF OAK RIDGE, TENNESSEE  
STREET AND PUBLIC TRANSPORTATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Due from other governments	\$ 61,490	\$ 104,750
Total assets	<u>\$ 61,490</u>	<u>\$ 104,750</u>
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 30,104	\$ 18,126
Due to other funds	-	62,958
Total liabilities	<u>30,104</u>	<u>81,084</u>
 Fund balances:		
Restricted		
Public transportation	<u>31,386</u>	<u>23,666</u>
Total fund balances	<u>31,386</u>	<u>23,666</u>
Total liabilities and fund balances	<u>\$ 61,490</u>	<u>\$ 104,750</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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 165,209	\$ -	\$ 165,209	\$ 188,850	\$ (23,641)
Interest	21	-	21	50	(29)
Other	-	-	-	10,000	(10,000)
Total revenues	<u>165,230</u>	<u>-</u>	<u>165,230</u>	<u>198,900</u>	<u>(33,670)</u>
<b>Expenditures</b>					
Current:					
Community services	212,616	-	212,616	260,000	47,384
Total expenditures	<u>212,616</u>	<u>-</u>	<u>212,616</u>	<u>260,000</u>	<u>47,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,386)</u>	<u>-</u>	<u>(47,386)</u>	<u>(61,100)</u>	<u>13,714</u>
<b>Other financing sources (uses)</b>					
Transfers in	55,106	-	55,106	55,000	106
Total other financing sources (uses)	<u>55,106</u>	<u>-</u>	<u>55,106</u>	<u>55,000</u>	<u>106</u>
Net change in fund balances	7,720	-	7,720	(6,100)	13,820
Fund balance - beginning	<u>23,666</u>	<u>-</u>	<u>23,666</u>	<u>23,666</u>	<u>-</u>
Fund balance - ending	<u>\$ 31,386</u>	<u>\$ -</u>	<u>\$ 31,386</u>	<u>\$ 17,566</u>	<u>\$ 13,820</u>

CITY OF OAK RIDGE, TENNESSEE  
GRANT FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Due from other governments	\$ 226,924	\$ 223,175
Total assets	\$ 226,924	\$ 223,175
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 110,549	\$ 22,063
Accrued liabilities	998	2,672
Due to other funds	-	159,686
Deferred revenue	2,500	600
Total liabilities	114,047	185,021
 Fund balances:		
Restricted		
Grant projects	2,500	-
Assigned		
Grant projects	110,377	38,154
Total fund balances	112,877	38,154
Total liabilities and fund balances	\$ 226,924	\$ 223,175

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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 659,137	\$ -	\$ 659,137	\$ 4,328,150	\$ (3,669,013)
Total revenues	<u>659,137</u>	<u>-</u>	<u>659,137</u>	<u>4,328,150</u>	<u>(3,669,013)</u>
<b>Expenditures</b>					
Current:					
Public safety	98,753	-	98,753	145,396	46,643
Public works	157,966	-	157,966	238,095	80,129
Community services	500,321	-	500,321	1,431,022	930,701
Capital outlay	-	-	-	2,590,487	2,590,487
Debt service:					
Principal retirement	69,000	-	69,000	69,000	-
Interest and fiscal charges	4,947	-	4,947	26,000	21,053
Total expenditures	<u>830,987</u>	<u>-</u>	<u>830,987</u>	<u>4,500,000</u>	<u>3,669,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(171,850)</u>	<u>-</u>	<u>(171,850)</u>	<u>(171,850)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	246,573	-	246,573	171,850	74,723
Total other financing sources (uses)	<u>246,573</u>	<u>-</u>	<u>246,573</u>	<u>171,850</u>	<u>74,723</u>
Net change in fund balances	74,723	-	74,723	-	74,723
Fund balance - beginning	<u>38,154</u>	<u>-</u>	<u>38,154</u>	<u>38,154</u>	<u>-</u>
Fund balance - ending	<u>\$ 112,877</u>	<u>\$ -</u>	<u>\$ 112,877</u>	<u>\$ 38,154</u>	<u>\$ 74,723</u>

CITY OF OAK RIDGE, TENNESSEE  
 DRUG ENFORCEMENT PROGRAM FUND  
 COMPARATIVE BALANCE SHEETS  
 June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 257,130	\$ 335,202
Prepaid items	1,481	3,227
Total assets	\$ 258,611	\$ 338,429
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 3,340	\$ 509
Due to other governments	1,625	-
Total liabilities	4,965	509
Fund balances:		
Nonspendable		
Prepaid items	1,481	3,227
Restricted		
Drug enforcement	252,165	334,693
Total fund balances	253,646	337,920
Total liabilities and fund balances	\$ 258,611	\$ 338,429

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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 29,080	\$ -	\$ 29,080	\$ 110,000	\$ (80,920)
Fines and forfeitures	80,345	-	80,345	55,000	25,345
Interest	575	-	575	1,500	(925)
Other	109	-	109	1,000	(891)
Total revenues	<u>110,109</u>	<u>-</u>	<u>110,109</u>	<u>167,500</u>	<u>(57,391)</u>
<b>Expenditures</b>					
Current:					
Public safety	194,383	-	194,383	363,000	168,617
Total expenditures	<u>194,383</u>	<u>-</u>	<u>194,383</u>	<u>363,000</u>	<u>168,617</u>
Excess (deficiency) of revenues over (under) expenditures	(84,274)	-	(84,274)	(195,500)	111,226
Fund balance - beginning	<u>337,920</u>	<u>-</u>	<u>337,920</u>	<u>337,920</u>	<u>-</u>
Fund balance - ending	<u>\$ 253,646</u>	<u>\$ -</u>	<u>\$ 253,646</u>	<u>\$ 142,420</u>	<u>\$ 111,226</u>

CITY OF OAK RIDGE, TENNESSEE  
 GOLF COURSE FUND  
 COMPARATIVE BALANCE SHEETS  
 June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 916,394	\$ 920,830
Receivables, net	143,269	114,912
Inventories, at cost	25,077	24,492
Total assets	\$ 1,084,740	\$ 1,060,234
 <b>Fund balances</b>		
Fund balances:		
Nonspendable		
Inventory	\$ 25,077	\$ 24,492
Assigned		
Recreation	1,059,663	1,035,742
Total fund balances	1,084,740	1,060,234
 Total liabilities and fund balances	\$ 1,084,740	\$ 1,060,234

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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Charges for services	\$ 1,158,837	\$ -	\$ 1,158,837	\$ 1,330,000	\$ (171,163)
Interest	1,802	-	1,802	8,000	(6,198)
Total revenues	<u>1,160,639</u>	<u>-</u>	<u>1,160,639</u>	<u>1,338,000</u>	<u>(177,361)</u>
<b>Expenditures</b>					
Current:					
Community services	1,136,133	-	1,136,133	1,335,000	198,867
Total expenditures	<u>1,136,133</u>	<u>-</u>	<u>1,136,133</u>	<u>1,335,000</u>	<u>198,867</u>
Excess (deficiency) of revenues over (under) expenditures	24,506	-	24,506	3,000	21,506
Fund balance - beginning	<u>1,060,234</u>	<u>-</u>	<u>1,060,234</u>	<u>1,060,234</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,084,740</u>	<u>\$ -</u>	<u>\$ 1,084,740</u>	<u>\$ 1,063,234</u>	<u>\$ 21,506</u>

CITY OF OAK RIDGE, TENNESSEE  
WEST END FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 667,268	\$ 679,304
Due from other governments	-	14,726
Total assets	\$ 667,268	\$ 694,030
<b>Liabilities and fund balances</b>		
Accounts payable	\$ 10,611	\$ 35,461
Accrued liabilities	19,861	55,568
Total liabilities	30,472	91,029
<b>Fund balances:</b>		
Assigned		
Fire and emergency services	636,796	603,001
Total fund balances	636,796	603,001
Total liabilities and fund balances	\$ 667,268	\$ 694,030

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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 2,305,108	\$ -	\$ 2,305,108	\$ 2,258,049	\$ 47,059
Interest	1,360	-	1,360	2,000	(640)
Total revenues	<u>2,306,468</u>	<u>-</u>	<u>2,306,468</u>	<u>2,260,049</u>	<u>46,419</u>
<b>Expenditures</b>					
Current:					
Public safety	2,272,673	-	2,272,673	2,750,000	477,327
Total expenditures	<u>2,272,673</u>	<u>-</u>	<u>2,272,673</u>	<u>2,750,000</u>	<u>477,327</u>
Excess (deficiency) of revenues over (under) expenditures	33,795	-	33,795	(489,951)	523,746
Fund balance - beginning	<u>603,001</u>	<u>-</u>	<u>603,001</u>	<u>603,001</u>	<u>-</u>
Fund balance - ending	<u>\$ 636,796</u>	<u>\$ -</u>	<u>\$ 636,796</u>	<u>\$ 113,050</u>	<u>\$ 523,746</u>

CITY OF OAK RIDGE, TENNESSEE  
SPECIAL PROGRAMS FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 705,582	\$ -
Receivables, net	14,742	-
Total assets	\$ 720,324	\$ -
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 100,705	\$ -
Total liabilities	100,705	-
Fund balances:		
Assigned		
Special programs	619,619	-
Total fund balances	619,619	-
Total liabilities and fund balances	\$ 720,324	\$ -

CITY OF OAK RIDGE, TENNESSEE  
SPECIAL PROGRAMS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Fines and forfeitures	\$ 619,234	\$ -	\$ 619,234	\$ 900,000	\$ (280,766)
Interest	385	-	385	5,000	(4,615)
Total revenues	<u>619,619</u>	<u>-</u>	<u>619,619</u>	<u>905,000</u>	<u>(285,381)</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	900,000	900,000
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>900,000</u>
Excess (deficiency) of revenues over (under) expenditures	619,619	-	619,619	5,000	614,619
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 619,619</u>	<u>\$ -</u>	<u>\$ 619,619</u>	<u>\$ 5,000</u>	<u>\$ 614,619</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, 2011 and 2010

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2011	2010	2011	2010	2011	2010	2011	2010	June 30, 2011	June 30, 2010
	<b>ASSETS</b>									
Current assets										
Cash and cash equivalents	\$ 1,714,276	\$ 1,453,088	\$ -	\$ -	\$ 1,167,001	\$ 993,084	\$ 889,032	\$ 868,608	\$ 3,770,309	\$ 3,314,780
Inventory, at cost	-	-	2,741,774	2,781,170	-	-	-	-	2,741,774	2,781,170
Restricted assets:										
Cash and cash equivalents	-	-	-	-	444,856	443,941	-	-	444,856	443,941
Total current assets	1,714,276	1,453,088	2,741,774	2,781,170	1,611,857	1,437,025	889,032	868,608	6,956,939	6,539,891
Noncurrent assets										
Capital assets, net	-	-	-	-	2,917,855	2,991,001	757,848	933,833	3,675,703	3,924,834
Deferred charges	-	-	-	-	5,140	6,497	-	-	5,140	6,497
Total noncurrent assets	-	-	-	-	2,922,995	2,997,498	757,848	933,833	3,680,843	3,931,331
Total assets	1,714,276	1,453,088	2,741,774	2,781,170	4,534,852	4,434,523	1,646,880	1,802,441	10,637,782	10,471,222
<b>LIABILITIES</b>										
Current liabilities										
Accounts payable	72,537	41,629	109,357	33,305	69,979	70,870	1,292	-	253,165	145,804
Claims payable	300,000	100,000	-	-	-	-	-	-	300,000	100,000
Accrued liabilities	-	-	-	-	5,049	13,131	-	-	5,049	13,131
Due to other funds	-	-	-	435,365	-	2,292	-	-	-	437,657
Advances from other funds	-	-	2,632,417	2,312,500	-	-	-	-	2,632,417	2,312,500
Current portion of long-term liabilities	-	-	-	-	254,738	250,406	-	-	254,738	250,406
Accrued interest payable	-	-	-	-	2,410	2,926	-	-	2,410	2,926
Total current liabilities	372,537	141,629	2,741,774	2,781,170	332,176	339,625	1,292	-	3,447,779	3,262,424
Noncurrent liabilities										
Vacation benefits payable	-	-	-	-	11,872	24,045	-	-	11,872	24,045
Bonds payable	-	-	-	-	767,439	971,570	-	-	767,439	971,570
OPEB liability	-	-	-	-	8,668	3,971	-	-	8,668	3,971
Total noncurrent liabilities	-	-	-	-	787,979	999,586	-	-	787,979	999,586
Total liabilities	372,537	141,629	2,741,774	2,781,170	1,120,155	1,339,211	1,292	-	4,235,758	4,262,010
<b>NET ASSETS</b>										
Invested in capital assets net of related debt	-	-	-	-	2,391,141	2,287,241	757,848	933,833	3,148,989	3,221,074
Unrestricted	1,341,739	1,311,459	-	-	1,023,556	808,071	887,740	868,608	3,253,035	2,988,138
Total net assets	\$ 1,341,739	\$ 1,311,459	\$ -	\$ -	\$ 3,414,697	\$ 3,095,312	\$ 1,645,588	\$ 1,802,441	\$ 6,402,024	\$ 6,209,212

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, 2011 and June 30, 2010

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2011	2010	2011	2010	2011	2010	2011	2010	June 30, 2011	June 30, 2010
	Operating revenues									
Charges for services	\$ 3,895,164	\$ 3,511,217	\$ 3,180,310	\$ 2,823,433	\$ 3,390,808	\$ 3,104,610	\$ 30,000	\$ 65,085	\$ 10,496,282	\$ 9,504,345
Employer's contributions	3,750,000	3,517,500	-	-	-	-	-	-	3,750,000	3,517,500
Employees' contributions	906,307	934,202	-	-	-	-	-	-	906,307	934,202
Total operating revenues	<u>8,551,471</u>	<u>7,962,919</u>	<u>3,180,310</u>	<u>2,823,433</u>	<u>3,390,808</u>	<u>3,104,610</u>	<u>30,000</u>	<u>65,085</u>	<u>15,152,589</u>	<u>13,956,047</u>
Operating expenses										
Maintenance and administrative	-	-	-	-	1,285,991	1,223,108	12,572	-	1,298,563	1,223,108
Depreciation	-	-	-	-	784,692	809,981	175,985	186,182	960,677	996,163
Materials	-	-	3,180,310	2,823,433	981,787	759,381	-	-	4,162,097	3,582,814
Medical/liability claims	712,011	323,849	-	-	-	-	-	-	712,011	323,849
Insurance premiums	4,640,154	4,707,281	-	-	-	-	-	-	4,640,154	4,707,281
Other benefits	3,172,001	2,650,374	-	-	-	-	-	-	3,172,001	2,650,374
Total operating expenses	<u>8,524,166</u>	<u>7,681,504</u>	<u>3,180,310</u>	<u>2,823,433</u>	<u>3,052,470</u>	<u>2,792,470</u>	<u>188,557</u>	<u>186,182</u>	<u>14,945,503</u>	<u>13,483,589</u>
Operating income (loss)	27,305	281,415	-	-	338,338	312,140	(158,557)	(121,097)	207,086	472,458
Nonoperating revenue (expense)										
Gain on sale of capital assets	-	-	-	-	10,622	17,472	1,704	4,149	12,326	21,621
Interest revenue	2,975	3,729	-	-	5,019	4,117	-	-	7,994	7,846
Interest expense	-	-	-	-	(34,594)	(33,031)	-	-	(34,594)	(33,031)
Total nonoperating revenue (expense)	<u>2,975</u>	<u>3,729</u>	<u>-</u>	<u>-</u>	<u>(18,953)</u>	<u>(11,442)</u>	<u>1,704</u>	<u>4,149</u>	<u>(14,274)</u>	<u>(3,564)</u>
Income (loss) before transfers and contributions	30,280	285,144	-	-	319,385	300,698	(156,853)	(116,948)	192,812	468,894
Capital contributions	-	-	-	-	-	154,393	-	-	-	154,393
Change in net assets	30,280	285,144	-	-	319,385	455,091	(156,853)	(116,948)	192,812	623,287
Total net assets - beginning	1,311,459	1,026,315	-	-	3,095,312	2,640,221	1,802,441	1,919,389	6,209,212	5,585,925
Total net assets - ending	<u>\$ 1,341,739</u>	<u>\$ 1,311,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,414,697</u>	<u>\$ 3,095,312</u>	<u>\$ 1,645,588</u>	<u>\$ 1,802,441</u>	<u>\$ 6,402,024</u>	<u>\$ 6,209,212</u>

CITY OF OAK RIDGE, TENNESSEE  
 COMBINING STATEMENTS OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Years Ended June 30, 2011 and June 30, 2010

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2011	2010	2011	2010	2011	2010	2011	2010	June 30, 2011	June 30, 2010
<b>Operating activities</b>										
Cash received from customers	\$ 8,551,471	\$ 7,962,919	\$ 3,180,310	\$ 2,823,433	\$ 3,392,165	\$ 3,101,773	\$ 30,000	\$ 65,085	\$ 15,153,946	\$ 13,953,210
Cash paid to suppliers	(8,293,258)	(7,689,263)	(3,064,862)	(3,112,606)	(2,307,896)	(2,028,288)	(11,280)	-	(13,677,296)	(12,830,157)
Net cash provided by (used in) operating activities	258,213	273,656	115,448	(289,173)	1,084,269	1,073,485	18,720	65,085	1,476,650	1,123,053
<b>Noncapital financing activities</b>										
Advances from (to) other funds	-	-	(115,448)	289,173	(2,292)	(38,972)	-	-	(117,740)	250,201
Net cash provided by (used in) noncapital financing activities	-	-	(115,448)	289,173	(2,292)	(38,972)	-	-	(117,740)	250,201
<b>Capital and related financing activities</b>										
Net proceeds from the issuance of long-term debt	-	-	-	-	-	700,000	-	-	-	700,000
Contributed capital	-	-	-	-	-	154,393	-	-	-	154,393
Acquisition and construction of capital assets	-	-	-	-	(700,054)	(803,118)	1,704	(58,315)	(698,350)	(861,433)
Principal paid on long-term debt	-	-	-	-	(177,000)	(159,848)	-	-	(177,000)	(159,848)
Interest paid on long-term debt	-	-	-	-	(35,110)	(31,996)	-	-	(35,110)	(31,996)
Net cash used in capital and related financing activities	-	-	-	-	(912,164)	(140,569)	1,704	(58,315)	(910,460)	(198,884)
<b>Investing activities</b>										
Interest and dividends on investments	2,975	3,729	-	-	5,019	4,117	-	-	7,994	7,846
Net cash provided by investing activities	2,975	3,729	-	-	5,019	4,117	-	-	7,994	7,846
<b>Net increase (decrease) in cash and cash equivalents</b>	261,188	277,385	-	-	174,832	898,061	20,424	6,770	456,444	1,182,216
<b>Cash and cash equivalents</b>										
Beginning of year	1,453,088	1,175,703	-	-	1,437,025	538,964	868,608	861,838	3,758,721	2,576,505
End of year	\$ 1,714,276	\$ 1,453,088	\$ -	\$ -	\$ 1,611,857	\$ 1,437,025	\$ 889,032	\$ 868,608	\$ 4,215,165	\$ 3,758,721

Continued:

CITY OF OAK RIDGE, TENNESSEE  
 COMBINING STATEMENTS OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Years Ended June 30, 2011 and June 30, 2010

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2011	2010	2011	2010	2011	2010	2011	2010	June 30, 2011	June 30, 2010
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities										
Operating income (loss)	\$ 27,305	\$ 281,415	\$ -	\$ -	\$ 338,338	\$ 312,140	\$ (158,557)	\$ (121,097)	\$ 207,086	\$ 472,458
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation	-	-	-	-	784,692	809,981	175,985	186,182	960,677	996,163
Change in assets and liabilities										
(Increase) decrease in amortization of deferred charges	-	-	-	-	1,357	(2,837)	-	-	1,357	(2,837)
(Increase) decrease in inventory, at cost	-	-	39,396	(174,795)	-	-	-	-	39,396	(174,795)
Increase (decrease) in accounts payable	30,908	(7,759)	76,052	(114,378)	(891)	(37,827)	1,292	-	107,361	(159,964)
Increase (decrease) in claims payable	200,000	-	-	-	-	-	-	-	200,000	-
Increase (decrease) in accrued liabilities	-	-	-	-	(8,082)	1,312	-	-	(8,082)	1,312
Increase (decrease) in accrued vacation	-	-	-	-	(33,703)	(12,067)	-	-	(33,703)	(12,067)
Increase (decrease) in OPEB liability	-	-	-	-	2,558	2,783	-	-	2,558	2,783
Total adjustments	230,908	(7,759)	115,448	(289,173)	745,931	761,345	177,277	186,182	1,269,564	650,595
Net cash provided by (used in) operating activities	\$ 258,213	\$ 273,656	\$ 115,448	\$ (289,173)	\$ 1,084,269	\$ 1,073,485	\$ 18,720	\$ 65,085	\$ 1,476,650	\$ 1,123,053

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 4,067,154	\$ 5,194,447
Receivables, net	19,008,143	19,609,198
Due from other funds	-	4,566,924
Due from other governments	2,621,158	2,292,502
Advances to other funds	112,500	112,500
Prepaid items	14,643	23,166
Long-term interfund note receivable	5,000,000	-
Total assets	\$ 30,823,598	\$ 31,798,737
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 501,709	\$ 650,180
Accrued liabilities	192,952	857,219
Deposits	417,380	420,616
Due to other funds	-	371,547
Due to other governments	3,429	462
Deferred revenue	20,239,380	20,329,107
Total liabilities	21,354,850	22,629,131
Fund balances:		
Nonspendable		
Advances to other funds	5,112,500	112,500
Prepaid items	14,643	23,166
Assigned		
Budgeted fund balance draw for next year	1,495,303	1,424,000
Unassigned		
Total fund balances	9,468,748	9,169,606
Total liabilities and fund balances	\$ 30,823,598	\$ 31,798,737

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2011

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>TAXES</u>			
<u>General Property Taxes</u>			
Real Property	\$ 17,563,281	\$ 18,005,000	\$ (441,719)
Personal Property	1,124,926	1,333,000	(208,074)
Public Utilities	250,562	285,000	(34,438)
Interest & Penalties	138,825	95,000	43,825
Total General Property Taxes	<u>19,077,594</u>	<u>19,718,000</u>	<u>(640,406)</u>
<u>Other Property Taxes</u>			
Other than assessed	491,838	416,000	75,838
Total Other Property Taxes	<u>491,838</u>	<u>416,000</u>	<u>75,838</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	592,964	580,000	12,964
Liquor Wholesale	244,703	243,000	1,703
Sales Tax - Local	583,690	420,168	163,522
Min. & Gross Receipts	866,037	723,000	143,037
Pen. & Int. on Bus. Tax	(128)	-	(128)
Rec. Fee on Bus. Tax	91,098	-	91,098
Total Gross Receipts Taxes	<u>2,378,364</u>	<u>1,966,168</u>	<u>412,196</u>
TOTAL TAXES	<u>21,947,796</u>	<u>22,100,168</u>	<u>(152,372)</u>
<u>LICENSES &amp; PERMITS</u>			
Retail Beer & Liquor Licenses & Permits	22,122	20,000	2,122
Bldg., Zoning & Exam.	128,709	150,000	(21,291)
Electrical & Exam.	21,527	20,000	1,527
Plumbing Exam.	19,673	20,000	(327)
Animal Registration	9,553	7,000	2,553
Other Licenses & Permits	5,895	10,000	(4,105)
TOTAL LICENSES & PERMITS	<u>207,479</u>	<u>227,000</u>	<u>(19,521)</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,828,532	1,750,000	78,532
Income Tax	377,931	564,000	(186,069)
Excise Tax	7,769	60,000	(52,231)
Beer Barrelage	14,288	14,000	288
Mixed Drink Tax	99,423	91,000	8,423
TVA Replacement	311,492	300,000	11,492
TVA Impact	217,749	-	217,749
<u>County Shared</u>			
Sales Tax - Roane	2,889,267	2,079,832	809,435
Sales Tax - Anderson	6,175,516	5,900,000	275,516
<u>State Grants in Aid</u>			
	596	800	(204)
<u>Federal</u>			
DOE In-Lieu of Taxes	1,662,773	1,476,023	186,750
DOE Grants	300,000	300,000	-
TOTAL INTERGOVERNMENTAL	<u>\$ 13,885,336</u>	<u>\$ 12,535,655</u>	<u>\$ 1,349,681</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2011

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
General & Admin. Cost	\$ 24,875	\$ 23,000	\$ 1,875
<u>Public Safety</u>			
Police and Fire Reports	19,145	28,000	(8,855)
Animal Shelter Fees	31,936	23,000	8,936
<u>Community Services</u>			
Solid Waste	1,006,756	1,000,000	6,756
Total General Services	<u>1,082,712</u>	<u>1,074,000</u>	<u>8,712</u>
<u>Use of Property</u>			
Youth and Adult Activities	5,035	4,000	1,035
Outdoor Pool	105,159	75,000	30,159
Indoor Pool	41,441	45,000	(3,559)
Rental of Lands and Buildings	84,340	90,000	(5,660)
Community Centers Rental	34,292	32,000	2,292
Total Use of Property	<u>270,267</u>	<u>246,000</u>	<u>24,267</u>
TOTAL CHARGES FOR SERVICES	<u>1,352,979</u>	<u>1,320,000</u>	<u>32,979</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	64,815	65,000	(185)
City Court Costs	74,807	85,000	(10,193)
Bail Forfeitures	144,061	160,000	(15,939)
Misc. Court Revenues	2,771	2,000	771
Library Fines	46,351	50,000	(3,649)
TOTAL FINES AND FORFEITURES	<u>332,805</u>	<u>362,000</u>	<u>(29,195)</u>
<u>INTEREST</u>	<u>25,034</u>	<u>150,000</u>	<u>(124,966)</u>
<u>OTHER REVENUES</u>			
CATV Franchise	394,187	390,000	4,187
Right of Way	60,000	60,000	-
Miscellaneous	16,818	3,000	13,818
TOTAL OTHER REVENUES	<u>471,005</u>	<u>453,000</u>	<u>18,005</u>
TOTAL REVENUES	<u>\$ 38,222,434</u>	<u>\$ 37,147,823</u>	<u>\$ 1,074,611</u>

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2011

	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	\$ 124,812	\$ -	\$ 124,812	\$ 110,735	\$ (14,077)
Total Legislative	124,812	-	124,812	110,735	(14,077)
<u>Executive</u>					
City Clerk	122,657	-	122,657	126,080	3,423
City Manager	289,224	-	289,224	294,084	4,860
Total Executive	411,881	-	411,881	420,164	8,283
<u>Judicial</u>					
Legal	227,659	-	227,659	226,747	(912)
City Court	205,474	-	205,474	200,999	(4,475)
Total Judicial	433,133	-	433,133	427,746	(5,387)
TOTAL GENERAL GOVERNMENT	969,826	-	969,826	958,645	(11,181)
<u>ADMINISTRATION:</u>					
Computer Services	362,428	-	362,428	358,437	(3,991)
Personnel	217,352	-	217,352	222,962	5,610
Stationery Stores	78,823	-	78,823	74,673	(4,150)
Finance	160,979	-	160,979	160,420	(559)
Utilities Business Office	70,249	-	70,249	71,054	805
TOTAL ADMINISTRATION	889,831	-	889,831	887,546	(2,285)
<u>PUBLIC SAFETY:</u>					
<u>Police</u>					
Supervision	254,186	-	254,186	271,894	17,708
Investigations	928,129	-	928,129	900,423	(27,706)
Staff Services	396,431	-	396,431	388,879	(7,552)
Patrol	3,775,930	-	3,775,930	3,803,450	27,520
Emergency Communications	313,222	-	313,222	302,130	(11,092)
Animal Control	288,673	-	288,673	301,868	13,195
School Resource Officer Program	101,383	-	101,383	131,125	29,742
Total Police	\$ 6,057,954	\$ -	\$ 6,057,954	\$ 6,099,769	\$ 41,815

(Continued)

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2011

	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	\$ 220,934	\$ -	\$ 220,934	\$ 226,555	\$ 5,621
Prevention	112,697	-	112,697	132,140	19,443
Firefighting	3,624,393	-	3,624,393	3,780,885	156,492
Fire Stations	110,164	-	110,164	114,800	4,636
Fire Specialists	93,020	-	93,020	143,334	50,314
Total Fire	<u>4,161,208</u>	<u>-</u>	<u>4,161,208</u>	<u>4,397,714</u>	<u>236,506</u>
TOTAL PUBLIC SAFETY	<u>10,219,162</u>	<u>-</u>	<u>10,219,162</u>	<u>10,497,483</u>	<u>278,321</u>
<u>PUBLIC WORKS:</u>					
Supervision	86,470	-	86,470	88,552	2,082
Engineering	124,920	-	124,920	138,309	13,389
State Highway Maintenance	53,269	-	53,269	61,709	8,440
General Maintenance	387,419	-	387,419	375,433	(11,986)
Central Service Building	122,688	-	122,688	130,790	8,102
Municipal Building	146,905	-	146,905	154,946	8,041
Traffic Control and Lights	<u>1,010,187</u>	<u>-</u>	<u>1,010,187</u>	<u>1,080,000</u>	<u>69,813</u>
TOTAL PUBLIC WORKS	<u>1,931,858</u>	<u>-</u>	<u>1,931,858</u>	<u>2,029,739</u>	<u>97,881</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	185,200	-	185,200	180,244	(4,956)
Planning	121,854	-	121,854	124,882	3,028
Code Enforcement	<u>374,839</u>	<u>-</u>	<u>374,839</u>	<u>400,916</u>	<u>26,077</u>
Total Community Development	<u>681,893</u>	<u>-</u>	<u>681,893</u>	<u>706,042</u>	<u>24,149</u>
<u>Recreation</u>					
Supervision	235,025	-	235,025	237,899	2,874
Indoor Aquatics	183,739	-	183,739	198,787	15,048
Outdoor Aquatics	248,457	-	248,457	274,684	26,227
Centers, Camps & Programs	697,834	-	697,834	708,146	10,312
Athletics	135,771	-	135,771	137,505	1,734
Parks	753,755	-	753,755	759,771	6,016
Scarboro Center	178,721	-	178,721	175,778	(2,943)
Senior Center	<u>273,287</u>	<u>-</u>	<u>273,287</u>	<u>278,928</u>	<u>5,641</u>
Total Recreation	<u>2,706,589</u>	<u>-</u>	<u>2,706,589</u>	<u>2,771,498</u>	<u>64,909</u>
<u>Library</u>	<u>1,349,761</u>	<u>-</u>	<u>1,349,761</u>	<u>1,389,318</u>	<u>39,557</u>
<u>Solid Waste</u>	<u>2,413,572</u>	<u>-</u>	<u>2,413,572</u>	<u>2,460,300</u>	<u>46,728</u>
TOTAL COMMUNITY SERVICES	<u>7,151,815</u>	<u>-</u>	<u>7,151,815</u>	<u>7,327,158</u>	<u>175,343</u>
TOTAL EXPENDITURES	<u>\$ 21,162,492</u>	<u>\$ -</u>	<u>\$ 21,162,492</u>	<u>\$ 21,700,571</u>	<u>\$ 538,079</u>

CITY OF OAK RIDGE, TENNESSEE  
SCHOOL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 7,080,525	\$ 4,540,529
Investments	-	1,301,183
Receivables, net	38,302	74,266
Due from other governments	2,659,480	1,832,169
Prepaid items	53,580	63,385
Total assets	\$ 9,831,887	\$ 7,811,532
 <b>Liabilities and fund balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 837,918	\$ 656,306
Accrued liabilities	3,223,948	3,213,438
Due to other governments	65,544	65,862
Deferred revenue	15,796	787
Total liabilities	4,143,206	3,936,393
<b>Fund balances:</b>		
Nonspendable	53,580	63,385
Restricted	71,666	171,115
Committed	60,114	47,673
Assigned	5,503,321	3,592,966
Total fund balances	5,688,681	3,875,139
Total liabilities and fund balances	\$ 9,831,887	\$ 7,811,532

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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 37,777,718	\$ -	\$ 37,777,718	\$ 38,181,296	\$ (403,578)
Charges for services	1,514,327	-	1,514,327	1,747,086	(232,759)
Other	354,551	-	354,551	258,800	95,751
Total revenues	<u>39,646,596</u>	<u>-</u>	<u>39,646,596</u>	<u>40,187,182</u>	<u>(540,586)</u>
<b>Expenditures</b>					
Current:					
Education	52,643,880	-	52,643,880	55,150,931	2,507,051
Total expenditures	<u>52,643,880</u>	<u>-</u>	<u>52,643,880</u>	<u>55,150,931</u>	<u>2,507,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,997,284)</u>	<u>-</u>	<u>(12,997,284)</u>	<u>(14,963,749)</u>	<u>1,966,465</u>
<b>Other financing sources (uses)</b>					
Transfers in	14,470,132	-	14,470,132	14,470,130	2
Capital lease issuance	340,694	-	340,694	-	340,694
Total other financing sources (uses)	<u>14,810,826</u>	<u>-</u>	<u>14,810,826</u>	<u>14,470,130</u>	<u>340,696</u>
Net change in fund balances	1,813,542	-	1,813,542	(493,619)	2,307,161
Fund balance - beginning	<u>3,875,139</u>	<u>-</u>	<u>3,875,139</u>	<u>3,875,139</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,688,681</u>	<u>\$ -</u>	<u>\$ 5,688,681</u>	<u>\$ 3,381,520</u>	<u>\$ 2,307,161</u>

CITY OF OAK RIDGE, TENNESSEE  
 CAPITAL PROJECTS FUND  
 COMPARATIVE BALANCE SHEETS  
 June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 1,534,586	\$ 2,111,232
Due from other governments	56,403	40,392
Restricted assets:		
Cash and cash equivalents	82	732,836
<b>Total assets</b>	<b>\$ 1,591,071</b>	<b>\$ 2,884,460</b>
 <b>Liabilities and fund balances</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 214,631	\$ 496,284
<b>Total liabilities</b>	<b>214,631</b>	<b>496,284</b>
<b>Fund balances:</b>		
Restricted		
Capital projects	82	732,836
Assigned		
Capital projects	1,376,358	1,655,340
<b>Total fund balances</b>	<b>1,376,440</b>	<b>2,388,176</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,591,071</b>	<b>\$ 2,884,460</b>

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, 2011

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Revenues</b>						
Intergovernmental	\$ 80,000	\$ 80,000	\$ -	\$ -	\$ -	\$ (80,000)
Interest	35,000	35,000	3,791	-	3,791	(31,209)
Other	1,911,000	1,911,000	-	-	-	(1,911,000)
Total revenues	<u>2,026,000</u>	<u>2,026,000</u>	<u>3,791</u>	<u>-</u>	<u>3,791</u>	<u>(2,022,209)</u>
<b>Expenditures</b>						
Current:						
Capital outlay	4,139,000	4,139,000	1,491,798	-	1,491,798	2,647,202
Total expenditures	<u>4,139,000</u>	<u>4,139,000</u>	<u>1,491,798</u>	<u>-</u>	<u>1,491,798</u>	<u>2,647,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,113,000)</u>	<u>(2,113,000)</u>	<u>(1,488,007)</u>	<u>-</u>	<u>(1,488,007)</u>	<u>624,993</u>
<b>Other financing sources (uses)</b>						
Transfers in	476,271	476,271	476,271	-	476,271	-
Total other financing sources (uses)	<u>476,271</u>	<u>476,271</u>	<u>476,271</u>	<u>-</u>	<u>476,271</u>	<u>-</u>
Net change in fund balances	(1,636,729)	(1,636,729)	(1,011,736)	-	(1,011,736)	624,993
Fund balance - beginning	2,388,176	2,388,176	2,388,176	-	2,388,176	-
Fund balance - ending	<u>\$ 751,447</u>	<u>\$ 751,447</u>	<u>\$ 1,376,440</u>	<u>\$ -</u>	<u>\$ 1,376,440</u>	<u>\$ 624,993</u>

CITY OF OAK RIDGE, TENNESSEE  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 11,640,514	\$ 11,959,246
Receivables, net	130,859	128,016
Due from other governments	222,238	226,600
Total assets	\$ 11,993,611	\$ 12,313,862
 <b>Liabilities and fund balances</b>		
Total liabilities	\$ -	\$ -
 Fund balances:		
Restricted		
Debt service	10,028,267	10,212,377
Assigned		
Debt service	1,965,344	2,101,485
Total fund balances	11,993,611	12,313,862
Total liabilities and fund balances	\$ 11,993,611	\$ 12,313,862

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, 2011

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Taxes	\$ 2,163,082	\$ -	\$ 2,163,082	\$ 2,021,000	\$ 142,082
Charges for services	892,732	-	892,732	892,732	-
Interest	25,890	-	25,890	110,000	(84,110)
Other	403,367	-	403,367	1,241,322	(837,955)
Total revenues	<u>3,485,071</u>	<u>-</u>	<u>3,485,071</u>	<u>4,265,054</u>	<u>(779,983)</u>
<b>Expenditures</b>					
Debt service:					
Principal retirement	3,386,366	-	3,386,366	3,492,418	106,052
Interest and fiscal charges	3,963,956	-	3,963,956	4,433,123	469,167
Bond issuance costs	101,047	-	101,047	-	(101,047)
Contingency	-	-	-	729,459	729,459
Total expenditures	<u>7,451,369</u>	<u>-</u>	<u>7,451,369</u>	<u>8,655,000</u>	<u>1,203,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,966,298)</u>	<u>-</u>	<u>(3,966,298)</u>	<u>(4,389,946)</u>	<u>423,648</u>
<b>Other financing sources (uses)</b>					
Transfers in	3,545,000	-	3,545,000	3,545,000	-
Issuance of refunding bonds	7,420,000	-	7,420,000	-	7,420,000
Bond premium	151,047	-	151,047	-	151,047
Refunded bonds redeemed	(7,470,000)	-	(7,470,000)	-	(7,470,000)
Total other financing sources (uses)	<u>3,646,047</u>	<u>-</u>	<u>3,646,047</u>	<u>3,545,000</u>	<u>101,047</u>
Net change in fund balances	(320,251)	-	(320,251)	(844,946)	524,695
Fund balance - beginning	<u>12,313,862</u>	<u>-</u>	<u>12,313,862</u>	<u>12,313,862</u>	<u>-</u>
Fund balance - ending	<u>\$ 11,993,611</u>	<u>\$ -</u>	<u>\$ 11,993,611</u>	<u>\$ 11,468,916</u>	<u>\$ 524,695</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE(1)**  
**June 30, 2011 and 2010**

	2011	2010
Governmental funds capital assets:		
Land	\$ 3,095,244	\$ 3,095,244
Construction in progress	-	-
Buildings	131,142,483	130,645,085
Improvements other than buildings	13,331,093	12,822,269
Infrastructure	50,718,147	47,316,576
Machinery and equipment	18,514,006	18,507,185
Total governmental funds capital assets:	\$ 216,800,973	\$ 212,386,359
 Investments in governmental fund capital assets:		
Total investment in governmental funds capital assets:	\$ 216,800,973	\$ 212,386,359

(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, 2011**

Function and Activity	Capital Assets	Land	Buildings	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
<b>General Government:</b>						
Executive	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Judicial	9,500	-	-	-	-	9,500
Total General Government	<u>9,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,500</u>
<b>Administration:</b>						
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>
<b>Public Safety:</b>						
Police	1,190,716	122	146,413	10,044	-	1,034,137
Fire	5,241,108	33,287	4,704,583	163,890	-	339,348
Total Public Safety	<u>6,431,824</u>	<u>33,409</u>	<u>4,850,996</u>	<u>173,934</u>	<u>-</u>	<u>1,373,485</u>
<b>Public Works:</b>						
Engineering	9,952	-	-	-	-	9,952
Municipal Building	2,043,212	534	1,763,950	157,534	-	121,194
Central Service Center Complex	13,239,955	626,139	12,529,497	-	-	84,319
Other Buildings	86,355	29,049	57,306	-	-	-
Streets, Sidewalks, and Stormwater Maintenance	51,810,435 7,321	1,092,288 -	- -	- -	50,718,147 -	- 7,321
Total Public Works	<u>67,197,230</u>	<u>1,748,010</u>	<u>14,350,753</u>	<u>157,534</u>	<u>50,718,147</u>	<u>222,786</u>
<b>Community Services &amp; Development:</b>						
Planning	5,949	-	-	-	-	5,949
Economic Development	2,150,288	197,651	1,251,044	701,593	-	-
Recreation & Parks	22,794,704	959,819	8,824,973	12,276,036	-	733,876
Library	1,381,844	-	929,305	21,996	-	430,543
Total Community Services	<u>26,332,785</u>	<u>1,157,470</u>	<u>11,005,322</u>	<u>12,999,625</u>	<u>-</u>	<u>1,170,368</u>
Education	<u>116,804,022</u>	<u>156,355</u>	<u>100,935,412</u>	<u>-</u>	<u>-</u>	<u>15,712,255</u>
Total Governmental Fund Capital Assets	<u>\$ 216,800,973</u>	<u>\$ 3,095,244</u>	<u>\$ 131,142,483</u>	<u>\$ 13,331,093</u>	<u>\$ 50,718,147</u>	<u>\$ 18,514,006</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, 2011**

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>General Government:</b>				
Executive	\$ 9,728	\$ -	\$ 9,728	\$ -
Judicial	9,500	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>9,728</u>	<u>9,500</u>
<b>Administration:</b>				
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>
<b>Public Safety:</b>				
Police	1,247,912	16,244	73,440	1,190,716
Fire	5,241,108	-	-	5,241,108
Total Public Safety	<u>6,489,020</u>	<u>16,244</u>	<u>73,440</u>	<u>6,431,824</u>
<b>Public Works:</b>				
Engineering	9,952	-	-	9,952
Municipal Building	2,018,372	24,840	-	2,043,212
Central Service Center Complex	13,194,606	45,349	-	13,239,955
Other Buildings	86,355	-	-	86,355
Streets, Sidewalks, and Stormwater	48,408,864	3,401,571	-	51,810,435
Maintenance	7,321	-	-	7,321
Total Public Works	<u>63,725,470</u>	<u>3,471,760</u>	<u>-</u>	<u>67,197,230</u>
<b>Community Services &amp; Development:</b>				
Planning	5,949	-	-	5,949
Economic Development	2,150,288	-	-	2,150,288
Recreation & Parks	22,310,720	483,984	-	22,794,704
Library	1,340,420	41,424	-	1,381,844
Total Community Services	<u>25,807,377</u>	<u>525,408</u>	<u>-</u>	<u>26,332,785</u>
Education	116,319,652	533,607	49,237	116,804,022
Total Governmental Fund Capital Assets	<u>\$ 212,386,359</u>	<u>\$ 4,547,019</u>	<u>\$ 132,405</u>	<u>\$ 216,800,973</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.

**CITY OF OAK RIDGE, TENNESSEE  
BOND PRINCIPAL AND INTEREST  
REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND  
June 30, 2011**

Fiscal Year	Electric Revenue Bonds Refunding Series 2003		General Obligation Bonds Refunding Series 2003		2009B Build America Bonds				Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Net Interest	
2012	\$ 1,000,000	\$ 219,700	\$ -	\$ 448,444	\$ -	\$ 302,775	\$ (105,971)	\$ 196,804	\$ 1,000,000	\$ 864,948	\$ 1,864,948
2013	1,010,000	169,700	-	448,444	-	302,775	(105,971)	196,804	1,010,000	814,948	1,824,948
2014	1,095,000	119,200	-	448,444	-	302,775	(105,971)	196,804	1,095,000	764,448	1,859,448
2015	925,000	75,400	-	448,444	-	302,775	(105,971)	196,804	925,000	720,648	1,645,648
2016	960,000	38,400	-	448,444	-	302,775	(105,971)	196,804	960,000	683,648	1,643,648
2017	-	-	1,000,000	448,444	-	302,775	(105,971)	196,804	1,000,000	645,248	1,645,248
2018	-	-	1,045,000	398,444	-	302,775	(105,971)	196,804	1,045,000	595,248	1,640,248
2019	-	-	1,055,000	356,644	-	302,775	(105,971)	196,804	1,055,000	553,448	1,608,448
2020	-	-	1,135,000	314,444	-	302,775	(105,971)	196,804	1,135,000	511,248	1,646,248
2021	-	-	1,150,000	257,694	-	302,775	(105,971)	196,804	1,150,000	454,498	1,604,498
2022	-	-	1,210,000	200,194	-	302,775	(105,971)	196,804	1,210,000	396,998	1,606,998
2023	-	-	1,300,000	151,794	-	302,775	(105,971)	196,804	1,300,000	348,598	1,648,598
2024	-	-	1,065,000	96,544	-	302,775	(105,971)	196,804	1,065,000	293,348	1,358,348
2025	-	-	1,110,000	49,950	-	302,775	(105,971)	196,804	1,110,000	246,754	1,356,754
2026	-	-	-	-	-	302,775	(105,971)	196,804	-	196,804	196,804
2027	-	-	-	-	-	302,775	(105,971)	196,804	-	196,804	196,804
2028	-	-	-	-	450,000	302,775	(105,971)	196,804	450,000	196,804	646,804
2029	-	-	-	-	450,000	275,775	(96,521)	179,254	450,000	179,254	629,254
2030	-	-	-	-	450,000	248,775	(87,071)	161,704	450,000	161,704	611,704
2031	-	-	-	-	450,000	221,775	(77,621)	144,154	450,000	144,154	594,154
2032	-	-	-	-	450,000	194,775	(68,171)	126,604	450,000	126,604	576,604
2033	-	-	-	-	450,000	167,775	(58,721)	109,054	450,000	109,054	559,054
2034	-	-	-	-	450,000	140,775	(49,271)	91,504	450,000	91,504	541,504
2035	-	-	-	-	450,000	113,775	(39,821)	73,954	450,000	73,954	523,954
2036	-	-	-	-	450,000	86,100	(30,135)	55,965	450,000	55,965	505,965
2037	-	-	-	-	475,000	58,425	(20,449)	37,976	475,000	37,976	512,976
2038	-	-	-	-	475,000	29,212	(10,224)	18,988	475,000	18,988	493,988
<b>Total</b>	<b>\$ 4,990,000</b>	<b>\$ 622,400</b>	<b>\$ 10,070,000</b>	<b>\$ 4,516,372</b>	<b>\$ 5,000,000</b>	<b>\$ 6,684,337</b>	<b>\$ (2,339,516)</b>	<b>\$ 4,344,821</b>	<b>\$ 20,060,000</b>	<b>\$ 9,483,593</b>	<b>\$ 29,543,593</b>

(1) The federal government provides a 35% subsidy on the interest payment due on these bonds.  
The City has no assurance that the United States government will continue to make direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments.

**CITY OF OAK RIDGE, TENNESSEE  
BOND PRINCIPAL AND INTEREST  
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND  
June 30, 2011**

Fiscal Year	General Obligation Bonds Refunding Series 2003		2009B Build America Bonds				Total		Total Requirements
	Principal	Interest	Principal	Coupon	Treasury	Net Interest	Principal	Net Interest	
				Interest	Rebate (1)				
2012	\$ 420,000	\$ 89,600	\$ -	\$ 292,125	\$ (102,244)	\$ 189,881	\$ 420,000	\$ 279,481	\$ 699,481
2013	435,000	72,800	-	292,125	(102,244)	189,881	435,000	262,681	697,681
2014	445,000	55,400	-	292,125	(102,244)	189,881	445,000	245,281	690,281
2015	460,000	37,600	-	292,125	(102,244)	189,881	460,000	227,481	687,481
2016	480,000	19,200	-	292,125	(102,244)	189,881	480,000	209,081	689,081
2017	-	-	-	292,125	(102,244)	189,881	-	189,881	189,881
2018	-	-	-	292,125	(102,244)	189,881	-	189,881	189,881
2019	-	-	-	292,125	(102,244)	189,881	-	189,881	189,881
2020	-	-	-	292,125	(102,244)	189,881	-	189,881	189,881
2021	-	-	-	292,125	(102,244)	189,881	-	189,881	189,881
2022	-	-	-	292,125	(102,244)	189,881	-	189,881	189,881
2023	-	-	200,000	292,125	(102,244)	189,881	200,000	189,881	389,881
2024	-	-	450,000	282,125	(98,744)	183,381	450,000	183,381	633,381
2025	-	-	450,000	257,375	(90,081)	167,294	450,000	167,294	617,294
2026	-	-	400,000	232,063	(81,222)	150,841	400,000	150,841	550,841
2027	-	-	750,000	209,063	(73,172)	135,891	750,000	135,891	885,891
2028	-	-	900,000	165,000	(57,750)	107,250	900,000	107,250	1,007,250
2029	-	-	900,000	111,000	(38,850)	72,150	900,000	72,150	972,150
2030	-	-	950,000	56,999	(19,950)	37,049	950,000	37,049	987,049
<b>Total</b>	<b>\$ 2,240,000</b>	<b>\$ 274,600</b>	<b>\$ 5,000,000</b>	<b>\$ 4,819,125</b>	<b>\$ (1,686,694)</b>	<b>\$ 3,132,431</b>	<b>\$ 7,240,000</b>	<b>\$ 3,407,031</b>	<b>\$ 10,647,031</b>

(1) The federal government provides a 35% subsidy on the interest payment due on these bonds. The City has no assurance that the United States government will continue to make direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTE PRINCIPAL AND INTEREST**  
**REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND**  
**June 30, 2011**

Fiscal Year	Public Building Authority of Clarksville, TN TMBF Series 2005 (1)		Public Building Authority of Clarksville, TN TMBF Series 2008 (1)		Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
	2012	\$ 122,765	\$ 13,952	\$ -	\$ 6,830	\$ 122,765	
2013	127,769	13,249	-	6,830	127,769	20,079	147,848
2014	132,773	12,519	-	6,830	132,773	19,349	152,122
2015	138,111	11,759	25,000	6,821	163,111	18,580	181,691
2016	143,448	10,969	70,000	6,686	213,448	17,655	231,103
2017	149,453	10,149	-	6,384	149,453	16,533	165,986
2018	155,124	9,294	-	6,384	155,124	15,678	170,802
2019	161,463	8,407	35,000	6,370	196,463	14,777	211,240
2020	167,801	7,484	-	6,219	167,801	13,703	181,504
2021	174,807	6,524	40,000	6,205	214,807	12,729	227,536
2022	181,812	5,524	-	6,031	181,812	11,555	193,367
2023	188,818	4,485	-	6,031	188,818	10,516	199,334
2024	196,491	3,405	290,000	5,920	486,491	9,325	495,816
2025	204,498	2,281	305,000	4,551	509,498	6,832	516,330
2026	212,505	1,112	355,000	3,098	567,505	4,210	571,715
2027	-	-	333,296	1,438	333,296	1,438	334,734
<b>Total</b>	<b>\$ 2,457,638</b>	<b>\$ 121,113</b>	<b>\$ 1,453,296</b>	<b>\$ 92,628</b>	<b>\$ 3,910,934</b>	<b>\$ 213,741</b>	<b>\$ 4,124,675</b>

- (1) The interest rate varies on a weekly basis on loans through the Public Building Authority of Clarksville, TN (TMBF). The amortization schedules are based on the interest rate in effect on June 30, 2011. The interest rate for the 2005 loan is .57% and 2008 loan .47%.

**CITY OF OAK RIDGE, TENNESSEE  
NOTE PRINCIPAL AND INTEREST  
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND  
June 30, 2011**

Fiscal Year	Public Building Authority of Clarksville, TN TMBF Series 1994 (1)		Public Building Authority of Clarksville, TN TMBF Series 2001 (1)		Public Building Authority of Clarksville, TN TMBF Series 2005 (1)		Public Building Authority of Clarksville, TN TMBF Series 2008 (1)		Capital Outlay Notes Interfund Loan From General Fund (2)		State Revolving Loan Fund Interest at 4.09%		State Revolving Loan Fund Interest at 4.04%		State Revolving Loan Fund Interest at 3.83% (3)		Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Fees/Interest	
2012	\$ -	\$ 19,907	\$ 141,000	\$ 12,925	\$ 245,235	\$ 27,868	\$ -	\$ 8,434	\$ 1,666,667	\$ 50,000	\$ 553,092	\$ 297,456	\$ 225,948	\$ 126,732	\$ -	\$ 214,348	\$ 2,831,942	\$ 757,669	\$ 3,589,611
2013	-	19,907	148,000	12,004	255,231	26,466	-	8,434	1,666,667	33,333	576,144	274,404	235,248	117,432	189,941	211,037	3,071,231	703,017	3,774,248
2014	-	19,907	155,000	11,039	265,227	25,006	0	8,434	1,666,666	16,667	600,156	250,392	244,932	107,748	197,345	203,633	3,129,326	642,825	3,772,151
2015	-	19,907	163,000	10,027	275,889	23,490	0	8,434	-	-	625,164	225,384	255,012	97,668	205,037	195,941	1,524,102	580,850	2,104,952
2016	-	19,907	171,000	8,963	286,552	21,912	0	8,434	-	-	651,216	199,320	265,500	87,180	213,029	187,949	1,587,297	533,665	2,120,961
2017	323,978	19,717	180,000	7,847	298,547	20,273	75,000	8,405	-	-	678,360	172,188	276,432	76,248	221,334	179,645	2,053,651	484,323	2,537,974
2018	346,674	17,404	189,000	6,672	309,876	18,566	85,000	8,048	-	-	706,632	143,916	287,808	64,872	229,961	171,018	2,154,951	430,497	2,585,447
2019	370,949	14,928	198,000	5,439	322,537	16,794	60,000	7,659	-	-	736,080	114,468	299,652	53,028	238,924	162,053	2,226,142	374,369	2,600,511
2020	396,888	12,280	208,000	4,146	335,199	14,949	60,000	7,377	-	-	766,752	83,784	311,988	40,692	248,238	152,741	2,327,065	315,969	2,643,034
2021	424,655	9,445	218,000	2,789	349,193	13,032	60,000	7,095	-	-	798,708	51,828	324,828	27,852	257,913	143,064	2,433,297	255,105	2,688,402
2022	454,417	6,413	229,000	1,366	363,188	11,035	0	6,836	-	-	831,951	18,552	338,196	14,484	267,968	133,011	2,484,720	191,697	2,676,417
2023	486,174	3,168	-	-	377,182	8,959	160,000	6,774	-	-	-	-	174,242	2,058	278,412	122,566	1,476,010	143,525	1,619,535
2024	-	-	-	-	392,509	6,802	295,000	5,970	-	-	-	-	-	-	289,265	111,713	976,774	124,484	1,101,258
2025	-	-	-	-	408,503	4,557	315,000	4,576	-	-	-	-	-	-	300,540	100,438	1,024,043	109,570	1,133,613
2026	-	-	-	-	424,497	2,221	335,000	3,087	-	-	-	-	-	-	312,255	88,723	1,071,752	94,031	1,165,783
2027	-	-	-	-	-	-	349,416	1,507	-	-	-	-	-	-	324,427	76,552	673,843	78,059	751,902
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	337,073	63,906	337,073	63,906	400,979
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	350,211	50,766	350,211	50,766	400,979
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	363,863	37,116	363,863	37,116	400,979
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	378,046	22,932	378,046	22,932	400,979
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	392,783	8,196	392,783	8,196	400,979
<b>Total</b>	<b>\$ 2,803,735</b>	<b>\$ 182,889</b>	<b>\$ 2,000,000</b>	<b>\$ 83,217</b>	<b>\$ 4,909,363</b>	<b>\$ 241,931</b>	<b>\$ 1,794,416</b>	<b>\$ 109,501</b>	<b>\$ 5,000,000</b>	<b>\$ 100,000</b>	<b>\$ 7,524,255</b>	<b>\$ 1,831,692</b>	<b>\$ 3,239,786</b>	<b>\$ 815,994</b>	<b>\$ 5,596,565</b>	<b>\$ 2,637,348</b>	<b>\$ 32,868,120</b>	<b>\$ 6,002,571</b>	<b>\$ 38,870,691</b>

- (1) The interest rate varies on a weekly basis on loans through the Public Building Authority of Clarksville, TN (TMBF). The amortization schedules are based on the interest rate in effect on June 30, 2011. For the 1994 loan this is .71%, 2001 loan .65%, 2005 loan .57%, and 2008 loan .47%.
- (2) In accordance with Tennessee State Law, an interfund loan between the waterworks fund and general fund was issued in the form of capital outlay notes. Interest on the loan was set at 1%.
- (3) The City is still drawing funds as capital projects occur on this loan through the State Revolving Loan Fund. At June 30, 2011, \$1,403,435 remains available for draw on this loan. Principal payments will begin when the projects have been completed and the loan is closed by the state for future draws. The amortization schedule is based on the annual payments that would occur if the loan had been closed at the current outstanding principal amount.

# 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.

<b><u>Contents</u></b>	<b><u>Page Numbers</u></b>
<b>Financial Trends</b>	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Net Assets by Component	130
Changes in Net Assets	131-132
Fund Balances, Governmental Funds	133
Changes in Fund Balances, Governmental Funds	134
<b>Revenue Capacity</b>	
<i>These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and local sales tax.</i>	
Tax Revenue by Source, Governmental Funds	135
Assessed and Estimates Actual Value of Taxable Property	136
Property Tax Rates - Direct and Overlapping Governments	137
Principal Property Taxpayers	138
Property Tax Levies and Collection	139
Schedule of Changes in Property Tax Receivables	140
Local Taxable Sales by Category	141
Direct and Overlapping Sales Tax Rates	142
<b>Debt Capacity</b>	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Ratio Outstanding Debt by Type	143
Ratios of General Obligation Debt Outstanding, Governmental Activities	144
Computation of Direct and Overlapping Debt	145
Revenue Debt Coverage - Electric System Debt	146

## Demographic and Economic Information

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

Demographic Statistics	147
Principal Employers	148

## Operating Information

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

Full-Time Equivalent City Government Employees by Function	149-150
Operating Indicators by Function/Program	151-152
Capital Assets Statistic by Function/Program	153
Revenues for Electric and Waterworks Funds	154
Electric, Water and Wastewater Rates	155
Electric, Water and Wastewater Sold by Type of Customers	156
Ten Largest Electric Customers	157
Schedule of Unaccounted for Water	158

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 NINE FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 38,500,904
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	26,701,583
Total governmental activities net assets	<u>\$ 42,868,465</u>	<u>\$ 43,621,722</u>	<u>\$ 50,234,953</u>	<u>\$ 52,663,020</u>	<u>\$ 57,099,234</u>	<u>\$ 65,904,863</u>	<u>\$ 63,323,661</u>	<u>\$ 61,775,043</u>	<u>\$ 65,202,487</u>
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	\$ 75,189,718
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	3,992,597
Total business-type activities net assets	<u>\$ 60,977,281</u>	<u>\$ 62,219,940</u>	<u>\$ 63,252,849</u>	<u>\$ 63,224,268</u>	<u>\$ 62,840,181</u>	<u>\$ 69,364,860</u>	<u>\$ 72,913,073</u>	<u>\$ 75,227,864</u>	<u>\$ 79,182,315</u>
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	\$ 113,690,622
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	30,694,180
Total primary government net assets	<u>\$ 103,845,746</u>	<u>\$ 105,841,662</u>	<u>\$ 113,487,802</u>	<u>\$ 115,887,288</u>	<u>\$ 119,939,415</u>	<u>\$ 135,269,723</u>	<u>\$ 136,236,734</u>	<u>\$ 137,002,907</u>	<u>\$ 144,384,802</u>

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 NINE FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
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	\$ 1,534,057
Administration	705,764	658,782	661,942	577,081	617,258	630,209	897,870	889,136	939,662
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	12,417,297
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	4,848,131
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	10,911,603
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	55,542,535
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	4,004,334
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	\$ 90,197,619
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	\$ 51,171,287
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	17,770,763
Emergency Communication District	285,099	399,182	390,131	347,391	356,781	553,265	568,519	456,154	505,551
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	\$ 69,447,601
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	\$ 159,645,220
<b>Program Revenues</b>									
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	\$ 940,076
Public safety	385,537	423,988	309,132	414,184	445,986	406,046	433,075	1,404,083	1,046,023
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	2,580,572
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	1,544,327
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	41,364,846
Capital grant and contributions	1,295,056	367,329	3,723,502	240,814	31,308	465,589	244,318	154,393	3,452,280
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	\$ 50,928,124
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	\$ 53,998,664
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	18,625,204
Emergency Communication District	334,469	442,362	433,727	436,143	527,319	518,063	493,639	521,059	522,412
Golf course (1)	1,164,059	1,154,697	1,149,015	-	-	-	-	-	-
Operating grants and contributions	-	-	-	11,526	30,848	-	-	-	55,000
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	1,915,670
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	\$ 75,116,950
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	\$ 126,045,074

(Continued)

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>									
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)	\$ (39,269,495)
Business-type activities	1,383,961	(907,703)	193,060	(452,725)	(1,034,497)	5,918,535	5,403,181	4,174,337	5,669,349
Total primary governmental net expense	<u>\$ (29,964,685)</u>	<u>\$ (32,345,231)</u>	<u>\$ (28,410,037)</u>	<u>\$ (35,966,246)</u>	<u>\$ (35,194,152)</u>	<u>\$ (25,120,093)</u>	<u>\$ (36,442,647)</u>	<u>\$ (37,847,804)</u>	<u>\$ (33,600,146)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
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	\$ 18,975,327
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	2,154,611
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	11,811,555
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	3,664,292
Business taxes	704,225	767,714	841,718	999,362	913,226	849,823	791,480	802,606	957,007
Occupancy taxes	366,023	363,789	397,925	427,608	455,744	542,126	558,612	489,976	531,416
Wholesale beer & liquor taxes	708,589	746,472	761,905	774,866	812,010	839,642	852,203	825,329	837,667
Gain (loss) on sale of capital assets	547,202	-	171,713	254,595	(17,362)	43,940	(623,323)	4,149	1,704
Interest	284,166	185,766	629,166	752,673	1,147,655	975,309	428,472	108,194	69,411
Investment Income - change in fair value of interest rate swap	-	-	-	-	-	-	-	(760,615)	(414,647)
Miscellaneous	1,090,299	2,355,649	924,210	1,382,109	938,511	2,010,017	1,434,418	1,474,112	1,423,314
Transfers	(308,284)	(248,109)	(42,800)	357,963	277,530	288,910	2,831,471	2,796,515	2,685,282
Total governmental activities	<u>\$ 31,888,496</u>	<u>\$ 32,190,785</u>	<u>\$ 35,216,328</u>	<u>\$ 37,941,588</u>	<u>\$ 38,595,869</u>	<u>\$ 42,119,232</u>	<u>\$ 40,864,975</u>	<u>\$ 41,752,890</u>	<u>\$ 42,696,939</u>
Business-type activities:									
Interest	\$ 40,545	\$ 47,575	\$ 78,765	\$ 52,996	\$ 80,328	\$ 57,500	\$ 41,179	\$ 54,083	\$ 55,470
Miscellaneous	718,377	1,854,678	718,284	729,111	847,612	837,554	935,324	882,886	914,914
Transfers	308,284	248,109	42,800	(357,963)	(277,530)	(288,910)	(2,831,471)	(2,796,515)	(2,685,282)
Total business-type activities:	<u>\$ 1,067,206</u>	<u>\$ 2,150,362</u>	<u>\$ 839,849</u>	<u>\$ 424,144</u>	<u>\$ 650,410</u>	<u>\$ 606,144</u>	<u>\$ (1,854,968)</u>	<u>\$ (1,859,546)</u>	<u>\$ (1,714,898)</u>
Total primary government	<u>\$ 32,955,702</u>	<u>\$ 34,341,147</u>	<u>\$ 36,056,177</u>	<u>\$ 38,365,732</u>	<u>\$ 39,246,279</u>	<u>\$ 42,725,376</u>	<u>\$ 39,010,007</u>	<u>\$ 39,893,344</u>	<u>\$ 40,982,041</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ 539,850	\$ 753,257	\$ 6,613,231	\$ 2,428,067	\$ 4,436,214	\$ 11,080,604	\$ (980,853)	\$ (269,251)	\$ 3,427,444
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	3,954,451
Total primary government	<u>\$ 2,991,017</u>	<u>\$ 1,995,916</u>	<u>\$ 7,646,140</u>	<u>\$ 2,399,486</u>	<u>\$ 4,052,127</u>	<u>\$ 17,605,283</u>	<u>\$ 2,567,360</u>	<u>\$ 2,045,540</u>	<u>\$ 7,381,895</u>

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>FUND BALANCE PRIOR TO IMPLEMENTATION OF GASB 54:</b>										
General Fund										
Reserved	\$ 487,334	\$ 439,018	\$ 522,954	\$ 453,839	\$ 423,518	\$ 422,938	\$ 548,835	\$ 343,657	\$ 135,666	\$ -
Unreserved	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	<u>\$ 6,510,818</u>	<u>\$ 5,689,651</u>	<u>\$ 5,438,644</u>	<u>\$ 5,114,094</u>	<u>\$ 5,481,276</u>	<u>\$ 5,772,290</u>	<u>\$ 7,488,277</u>	<u>\$ 7,535,775</u>	<u>\$ 9,169,606</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 2,368,868	\$ 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	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	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	<u>\$ 13,549,300</u>	<u>\$ 12,316,086</u>	<u>\$ 12,934,206</u>	<u>\$ 44,077,073</u>	<u>\$ 33,598,319</u>	<u>\$ 25,996,319</u>	<u>\$ 14,511,093</u>	<u>\$ 14,428,453</u>	<u>\$ 22,222,393</u>	<u>\$ -</u>
<b>FUND BALANCE UNDER GASB 54:</b>										
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,127,143
Assigned	-	-	-	-	-	-	-	-	-	1,495,303
Unassigned	-	-	-	-	-	-	-	-	-	2,846,302
Total general fund	<u>\$ -</u>	<u>\$ 9,468,748</u>								
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,907
Restricted	-	-	-	-	-	-	-	-	-	10,917,510
Committed	-	-	-	-	-	-	-	-	-	310,114
Assigned	-	-	-	-	-	-	-	-	-	11,764,159
Total all other governmental funds	<u>\$ -</u>	<u>\$ 23,206,690</u>								

(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)*

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>										
Taxes	\$ 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	\$ 24,642,294
Licenses and permits	173,790	197,357	173,514	340,802	465,364	272,409	271,002	269,593	243,947	207,479
Intergovernmental	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	55,865,796
Charges for services	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	4,918,875
Fines and forfeitures	315,880	356,599	397,281	283,826	391,570	429,453	397,230	427,921	1,410,770	1,032,384
Interest	601,063	255,266	168,416	599,462	696,241	1,070,165	915,773	403,054	100,348	61,417
Other	504,319	1,287,694	701,033	958,272	1,518,029	1,124,325	2,026,641	1,390,671	1,366,852	1,334,952
<b>Total Revenues</b>	<b>\$ 60,634,671</b>	<b>\$ 65,254,790</b>	<b>\$ 66,020,561</b>	<b>\$ 69,620,800</b>	<b>\$ 74,861,968</b>	<b>\$ 77,005,446</b>	<b>\$ 85,977,108</b>	<b>\$ 83,952,775</b>	<b>\$ 86,488,042</b>	<b>\$ 88,063,197</b>
<b>Expenditures</b>										
General Government	\$ 735,874	\$ 668,580	\$ 653,026	\$ 743,092	\$ 722,370	\$ 734,797	\$ 805,413	\$ 883,736	\$ 942,585	\$ 969,826
Administration	637,149	684,778	625,253	682,853	588,960	610,439	622,983	885,840	836,966	889,831
Public Safety	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	12,784,971
Public Works	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	3,505,753
Community Services	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	10,095,406
Education	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	52,643,880
Capital Outlay	2,644,373	4,138,439	2,257,873	4,378,599	16,058,967	29,658,532	17,180,904	4,302,395	2,094,333	1,491,798
Debt Service										
Principal	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	3,455,366
Interest	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	3,968,903
Other Charges	-	-	-	-	-	308,516	86,766	305,589	187,802	101,047
<b>Total Expenditures</b>	<b>\$ 62,884,300</b>	<b>\$ 66,376,019</b>	<b>\$ 67,094,717</b>	<b>\$ 71,292,746</b>	<b>\$ 87,264,423</b>	<b>\$ 105,554,025</b>	<b>\$ 101,713,724</b>	<b>\$ 90,402,792</b>	<b>\$ 89,407,547</b>	<b>\$ 89,906,781</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (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)	\$ (1,843,584)
<b>Other Financing Sources (Uses)</b>										
Bonds issuance	\$ -	\$ -	\$ -	\$ 32,533,063	\$ 1,032,500	\$ -	\$ -	\$ -	\$ -	\$ -
Bond premium	-	-	-	-	-	-	-	1,523,179	175,761	151,047
Refunding bonds issued	-	-	-	-	-	-	-	38,355,000	10,543,267	7,420,000
Payments to refund bonds	-	-	-	-	-	-	-	(39,572,590)	(10,058,002)	(7,470,000)
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
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	-	340,694
Transfers in	18,560,303	18,893,928	18,202,388	17,814,432	19,356,881	19,554,689	24,326,902	27,619,160	28,419,392	22,131,364
Transfers Out	(18,604,874)	(20,024,343)	(18,450,497)	(17,857,232)	(18,098,498)	(19,277,159)	(24,037,992)	(24,787,689)	(25,622,877)	(19,446,082)
<b>Total other financing sources (uses)</b>	<b>\$ (44,571)</b>	<b>\$ (933,152)</b>	<b>\$ 1,441,269</b>	<b>\$ 32,490,263</b>	<b>\$ 2,290,883</b>	<b>\$ 21,237,593</b>	<b>\$ 5,967,377</b>	<b>\$ 6,414,875</b>	<b>\$ 12,347,276</b>	<b>\$ 3,127,023</b>
<b>Net changes in fund balances</b>	<b>\$ (2,294,200)</b>	<b>\$ (2,054,381)</b>	<b>\$ 367,113</b>	<b>\$ 30,818,317</b>	<b>\$ (10,111,572)</b>	<b>\$ (7,310,986)</b>	<b>\$ (9,769,239)</b>	<b>\$ (35,142)</b>	<b>\$ 9,427,771</b>	<b>\$ 1,283,439</b>
Debt service as a percentage of noncapital expenditures	7.2%	6.2%	5.6%	6.1%	7.1%	7.3%	8.3%	9.0%	8.2%	8.4%

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Interest &amp; Penalty</u>	<u>In lieu</u>	<u>Local Sales</u>	<u>Gross Receipts</u>	<u>Wholesale Beer/Liquor</u>	<u>Room Occupancy</u>	<u>Total</u>
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
2011	18,938,769	138,825	2,154,611	11,811,555	957,007	837,667	531,416	35,369,850
Change 2000-2009	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
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%
2011	435,048,500 (2)	315,578,280 (2)	47,011,864 (2)	10,508,868 (2)	808,147,512 (2)	2.39 (2)	2,704,952,946 (2)	30% (2)

(1) Overall assessment ratios and effective rates for 1973 and thereafter are weighted averages due to varying constitutional assessment ratios which became effective statewide January 1, 1973. Assessment ratios are Residential Property, Real at 25 percent with all bank accounts and \$7,500 of all other items in the hands of a taxpayer exempt; Commercial and Industrial - Real at 40 percent and Personal at 30 percent except that the Personal Property of eligible Banks is 40 percent; Public Utilities (excluding Railroads and Telecommunications) - All Property both Real and Personal at 55 percent; Railroads and Telecommunications - Real and Personal at 40 percent.

(2) All properties were reappraised in tax year 1998 (fiscal year 1999); in tax year 2005 (fiscal year 2006) and in tax year 2010 (fiscal year 2011).

**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
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
2011	2.39	2.26	4.65	2.39	1.9051	4.30

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 2010 AND NINE YEARS AGO  
(For Fiscal Year 2011 and 2002)**

Taxpayer	Type of Business	Tax Year 2010			Tax Year 2001		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor (ORNL)	\$ 44,489,056	1	5.51%	\$ -		-
Oak Ridge Projects LLC	Real Estate Developer	37,778,018	2	4.67%	-		-
Oak Ridge Tech Center	Office Complex	13,388,273	3	1.66%	10,838,880	2	2.12%
R&R Properties/Richard Chinn	Entrepreneur	11,508,382	4	1.42%	4,807,110	9	0.94%
Methodist Medical Center of Oak Ridge	Health Services	10,546,000	5	1.30%	8,517,344	5	1.66%
Wilkinson Realty	Apartment Complexes	7,434,309	6	0.92%	-		-
BellSouth	Communications	6,998,297	7	0.87%	9,781,954	3	1.91%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	6,576,066	8	0.81%	4,934,967	7	0.96%
A & M Enterprises Inc	Real Estate Developer	5,074,560	9	0.63%	-		-
Advanced Measurement Technology	Global Manufacturer	4,332,541	10	0.54%	-		-
Boeing Tennessee Inc.	Manufacturing and Engineering	-		-	13,243,184	1	2.58%
Oak Ridge Mall	Shopping Mall/Misc. Development	-		-	9,732,138	4	1.90%
Southern Management Development	Apartment Complexes	-		-	5,192,430	6	1.01%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	-		-	4,884,069	8	0.95%
Seward Norris Construction	Real Estate Developer	-		-	3,231,858	10	0.63%
<b>TOTAL</b>		<b>\$ 148,125,502</b>		<b>18.33%</b>	<b>\$ 75,163,934</b>		<b>14.67%</b>

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,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount (1)	Percentage of Levy
2002	\$ 13,599,224	\$ 12,921,156	95.0%	\$ 560,852	\$ 13,482,008	99.1%	\$ 117,216	0.9%
2003	15,254,129	14,768,834	96.8%	330,540	15,099,374	99.0%	154,755	1.0%
2004	15,060,790	14,460,793	96.0%	440,900	14,901,693	98.9%	159,097	1.1%
2005	15,484,361	14,934,125	96.4%	470,066	15,404,191	99.5%	80,170	0.5%
2006	15,575,281	15,280,442	98.1%	248,788	15,529,230	99.7%	46,051	0.3%
2007	16,218,564	15,901,543	98.0%	266,230	16,167,773	99.7%	50,791	0.3%
2008	17,767,022	17,303,022	97.4%	411,537	17,714,559	99.7%	52,463	0.3%
2009	19,059,547	18,519,409	97.2%	443,742	18,963,151	99.5%	96,396	0.5%
2010	18,974,279	18,120,891	95.5%	386,735	18,507,626	97.5%	466,653	2.5%
2011	19,314,726	18,322,654	94.9%	-	18,322,654	94.9%	992,072	5.1%

- (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, 2011**

<u>Tax Year</u>	Property Tax Receivable Balance June 30, 2010	Property Tax Levied	Abatements & Adjustments	Collections	Allowance For Uncollectibles (1)	Net Receivable Balance June 30, 2011
2001	\$ 117,283	\$ -	\$ (67)	\$ -	\$ (117,216)	\$ -
2002	155,059	-	(75)	229	(153,072)	1,683
2003	159,491	-	(159)	235	(158,218)	879
2004	81,745	-	(203)	1,372	(80,170)	-
2005	51,561	-	(4,135)	1,375	(45,792)	259
2006	54,210	-	(2,136)	1,283	(50,791)	-
2007	79,549	-	(3,071)	24,015	(51,474)	989
2008	197,260	-	(2,950)	97,914	(50,018)	46,378
2009	838,594	-	14,794	386,735	(300,000)	166,653
2010	17,744,388	251,162	110,897	17,114,376	(300,000)	692,071
2011	<u>-</u>	<u>19,143,549</u>	<u>(18,207)</u>	<u>1,974,123</u>	<u>(9,500)</u>	<u>17,141,719</u>
Totals	<u>\$ 19,479,140</u>	<u>\$ 19,394,711</u>	<u>\$ 94,688</u>	<u>\$ 19,601,657</u>	<u>\$ (1,316,251)</u>	<u>\$ 18,050,631</u>

Note: The levy for the 2011 tax year is recorded as a deferred revenue at fiscal year end June 30, 2011.

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Building materials	\$ 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	\$ 31,099,957
General merchandise	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	108,715,888
Food stores	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	52,396,812
Autos, Boats, Aircrafts	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	38,755,289
Apparel	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	369,009
Furniture and Home Décor	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	6,692,774
Eating and Drinking Places	42,672,865	45,876,116	48,750,254	54,382,199	57,691,722	59,495,118	63,019,291	63,915,240	62,371,582	61,244,467
Miscellaneous Retail	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	54,468,249
<b>Total</b>	<b>\$ 392,816,772</b>	<b>\$ 419,674,634</b>	<b>\$ 431,880,899</b>	<b>\$ 443,405,293</b>	<b>\$ 440,431,306</b>	<b>\$ 428,773,787</b>	<b>\$ 421,743,479</b>	<b>\$ 394,094,741</b>	<b>\$ 356,866,069</b>	<b>\$ 353,742,445</b>
Oak Ridge/Anderson County local sales tax rate	2.25%	2.25%	2.25%	2.25%	2.75%	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**

<u>Fiscal Year</u>	<u>Oak Ridge/ Anderson County</u>	<u>Anderson County</u>	<u>Oak Ridge/ Roane County</u>	<u>Roane County</u>
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)	2.25%	2.75%	2.50%
2006	2.75%	2.25%	2.75%	2.50%
2007	2.75%	2.75% (1)	2.75%	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%
2011	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			
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	17.17%	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)	5,760
2011	43,330,000	5,094,184	54,760,053	119,869	4,990,000	22,310,000	36,779,054	766,420	168,149,580	(1)	5,733

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**

<u>Fiscal Year</u>	<u>Total Governmental Debt Outstanding</u>	<u>Actual Taxable Value of Property</u>	<u>Population</u>	<u>Percentage of Actual taxable Value of Property</u>	<u>Debt Per Capita</u>
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	29,330	4.7%	3,662
2011	103,304,106	2,704,952,946	29,330	3.8%	3,522

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, 2011**

<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	\$ 43,330,000	100%	\$ 43,330,000
Notes Payable	54,760,053	100%	54,760,053
Qualified Zone Academy Bonds (QZAB)	5,094,184	100%	5,094,184
Capital Lease	119,869	100%	119,869
Debt Service Fund	<u>(11,993,611)</u>		<u>(11,993,611)</u>
Total Direct Debt	<u>91,310,495</u>		<u>91,310,495</u>
Overlapping:			
Anderson County, Tennessee	38,789,148	40.48% *	15,701,847
Roane County, Tennessee	<u>32,485,000</u>	13.38% *	<u>4,346,493</u>
Total Overlapping Debt	<u>71,274,148</u>		<u>20,048,340</u>
Total Direct and Overlapping Debt	<u>\$ 162,584,643</u>		<u>\$ 111,358,835</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	
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
2011	54,868,484	48,037,377	6,831,107	1,083,095	927,875	2,010,970	3.40

(1) Includes operating and nonoperating revenues.

(2) Total operating expenses exclusive of depreciation.

**CITY OF OAK RIDGE, TENNESSEE**  
**DEMOGRAPHIC STATISTICS**  
**1980 AND 1990 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
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	913,822,029	33,367	(3)	5.7%	4,362
2009	27,387	927,077,337	33,851	(3)	9.9%	4,411
2010	29,330	(3)	(3)	43.5 (1)	8.7%	4,472
2011	29,330	(3)	(3)	(3)	9.4%	4,458

(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>2011</u>			<u>2002</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>
UT-Battelle	4,900	1	13.47%	4,500	1	12.62%
BWXT Y-12	4,600	2	12.64%	4,300	2	12.06%
Methodist Medical Center	1,350	3	3.71%	1,250	3	3.51%
Bechtel Jacobs Co. LLC	1,337	4	3.68%	652	9	1.83%
Science Applications Int'l Corp. (SAIC)	1,000	5	2.75%	867	5	2.43%
Oak Ridge Associated Universities	1,000	6	2.75%	430	10	1.21%
Wackenhut-Oak Ridge Team	921	7	2.53%	N/A	N/A	N/A
Oak Ridge Schools	680	8	1.87%	700	8	1.96%
Energy Solutions (AKA Duratek, Scientific Ecology & Technology)	678	9	1.86%	N/A	N/A	N/A
Sitel (Client Logic)	600	10	1.65%	777	6	2.18%
BNFL, Inc	N/A	N/A	N/A	900	4	2.52%
Boeing Defense and Space	N/A	N/A	N/A	760	7	2.13%
	<u>17,066</u>		<u>46.91%</u>	<u>15,136</u>		<u>42.45%</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**

		Full-time Equivalent Employees at June 30									
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General government</b>											
	City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	City Manager	4.00	3.00	3.00	3.00	3.00	3.00	4.00	3.50	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	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Administrative services</b>											
	Computer services	8.00	9.00	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	10.00	8.00	8.00	8.00	8.00	8.00	8.00	10.00	10.00
	Business Office	14.00	13.00	15.00	15.00	15.00	15.00	15.00	15.00	13.00	13.00
<b>Police</b>											
	Supervision	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.50	3.00	3.00
	Investigations	8.00	8.00	8.00	8.00	8.00	8.00	11.00	11.00	11.00	11.00
	Staff services	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
	Patrol	44.39	44.39	41.00	47.00	47.00	47.00	44.00	44.00	45.00	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	2.00	2.00	2.00	2.00	3.35	3.35	3.35	3.35
<b>Fire</b>											
	Supervision	2.00	2.00	2.00	2.00	2.00	3.00	2.00	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	42.00	42.00	42.00	42.00	71.00	71.00	71.00	71.00
<b>Public works</b>											
	Supervision	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.50
	Engineering	4.38	4.00	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	44.00	44.00	44.00	40.00	43.50	40.00	40.00	40.00
	Water plant	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
	Wastewater treatment plant	14.00	14.00	16.00	16.00	16.00	20.00	20.00	19.00	19.00	19.00
	West End Waterworks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.00	8.00	8.00
<b>Community Development</b>											
	Supervision	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
	Planning	3.00	3.00	2.00	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	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

149

(Continued)

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

	Full-time Equivalent Employees at June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Recreation and parks										
Supervision	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Indoor aquatics	3.93	3.93	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18
Outdoor aquatics	6.28	6.28	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27
Centers, camp, & programs	12.78	12.78	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02
Athletics	1.00	1.00	1.00	2.00	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	1.39	1.39	1.39	1.39	2.39	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	16.68	16.68	16.68	17.00	17.00	17.00	17.75	17.75
Electric	33.00	34.00	34.00	34.00	34.00	34.00	34.00	35.00	35.00	35.00
Economic Development	3.50	2.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Subtotal	356.86	354.48	348.64	354.64	353.64	354.96	390.81	393.31	397.06	397.06
Education										
Teachers	362.15	360.30	401.30	396.10	401.20	406.70	414.90	390.00	398.70	420.50
Non-Teachers	301.50	309.45	305.08	302.20	273.39	266.14	282.39	296.70	306.10	271.47
Subtotal	663.65	669.75	706.38	698.30	674.59	672.84	697.29	686.70	704.80	691.97
Total	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	1,089.03

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.

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General government</b>										
Ordinances Adopted	21	23	20	15	17	22	31	20	17	22
Resolutions Adopted	173	177	127	144	127	108	107	113	108	120
Number of court cases-city violations	2,989	3,882	3,429	1,709	2,881	3,483	3,566	4,198	4,861	4,412
<b>Administrative services</b>										
Applications received and processed	682	930	653	891	784	839	804	1,527	774	1,122
Purchase Orders issued for departments	2,044	2,044	2,254	4,524	4,525	4,106	4,619	4,720	4,778	4,992
Purchase Orders issued for stock purchases	1,259	1,259	1,420	1,219	1,350	1,328	1,138	706	836	861
Business licenses issued	N/A	N/A	1,282	1,345	1,392	1,344	1,339	1,295	N/A	N/A
<b>Police</b>										
Serious crimes	511	662	620	544	539	551	475	481	437	438
Burglaries	301	331	383	394	394	348	378	426	417	319
Total arrests	2,243	2,511	2,975	2,691	2,938	2,871	2,780	3,571	3,228	3,075
Total calls for services	33,672	36,291	32,854	32,854	35,544	37,055	35,159	38,660	30,999	31,157
Animal apprehensions	1,958	2,116	2,708	2,500	2,850	2,342	1,805	2,341	2,077	2,592
Registered animals	5,012	4,659	4,040	4,400	4,200	4,000	2,000	2,515	1,592	1,466
<b>Fire</b>										
Number of calls	3,339	3,497	3,264	3,560	3,743	3,721	4,095	4,489	4,457	4,528
Public fire education	8,400	10,993	10,993	10,993	9,000	10,750	11,000	11,000	11,000	5,000
Violations reported by department inspection	1,150	850	850	850	900	1,060	1,642	520	941	1,405
Average response time (mins)	4.5	3.5	4.0	4.0	4.0	4.3	4.5	4.1	4.1	5.38
Average control time (mins)	4.8	3.6	4.0	4.0	4.0	4.0	4.5	4.0	10.4	6.45
<b>Community Development</b>										
Site plans reviewed										
Non-Residential	21	19	19	18	19	6	9	15	13	11
Residential	52	65	76	110	112	108	39	45	0	22
Building permits	474	494	582	582	599	567	552	488	497	440
Plumbing permits	424	348	400	400	518	584	474	440	390	376
Electrical permits	347	438	530	530	643	629	507	434	520	492
Nuisance Abatement	1,387	969	1,691	1,691	757	620	733	726	1,076	1,285
Abandoned vehicles	364	112	416	416	416	150	127	289	219	234
Housing inspections	110	86	48	48	66	62	64	149	101	109
<b>Park and Recreation</b>										
City-wide special events	7	7	7	7	7	7	7	7	7	7
Cold Facts Program participants	2,123	2,174	2,325	2,341	2,327	2,353	2,387	2,401	2,409	2,429
Pool attendance	104,069	87,435	78,938	60,775	75,741	77,153	78,689	70,759	66,182	82,861
Summer camp enrollment	960	880	860	1,100	870	949	997	1,000	1,050	1,093
<b>Athletic activities</b>										
Youth participants	218	234	212	186	147	155	166	189	223	196
Adult participants	1,200	1,280	1,496	1,845	1,784	1,579	1,707	1,898	1,774	1,562
Youth teams	22	21	20	18	16	17	16	19	21	20
Adult teams	82	95	106	138	129	113	124	142	125	118

(Continued)

151

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Library</b>										
Total volume	109,434	118,320	118,411	114,707	114,707	112,550	113,890	115,159	117,310	122,250
Total non-print material	22,973	48,993	51,692	52,415	52,415	57,241	57,673	59,258	60,683	60,386
Total circulation	224,967	220,269	204,681	204,585	182,400	186,215	180,293	181,826	174,906	174,292
Registered patrons	24,836	22,477	27,604	23,735	23,455	22,171	20,209	22,301	22,520	24,111
Reference questions and reader service	38,117	37,433	33,029	35,622	33,217	29,883	31,170	30,914	33,011	34,539
Storytime attendance	4,978	5,432	5,395	5,355	4,167	5,262	5,335	4,699	4,797	4,022
<b>Public Works</b>										
Street sign maintenance and installation	201	394	341	412	259	370	286	388	296	300
Traffic control and school flashing signals inventory	371	371	390	390	390	390	390	390	390	390
hours for maintenance and installation	2,451	2,278	2,508	2,508	1,865	2,147	2,040	2,080	2,214	2,062
Public street lights inventory	5,362	5,397	5,431	5,426	5,426	5,447	5,426	5,426	5,784	5,784
hours for maintenance and installation	1,985	2,250	1,536	1,606	2,082	1,807	1,133	1,627	1,479	1,400
Mowing of ROW (acres)	15	15	15	15	15	15	15	15	15	15
<b>Electric</b>										
<b>Purchased Power</b>										
Kilowatts-hours purchased	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	558,180,714
Amount	\$ 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	\$ 41,266,396
<b>Electric Sales</b>										
Kilowatts-hours sold	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	532,192,597
Amount	\$ 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	\$ 53,998,663
Cost per kilowatt-hour purchases	\$0.0464	\$0.0464	\$0.0501	\$0.0497	\$0.0534	\$0.0586	\$0.0617	\$0.0748	\$0.0668	\$0.0739
% losses and unaccounted for KH purchases	5.14%	3.20%	4.74%	3.65%	6.36%	4.72%	5.21%	4.23%	5.48%	4.66%
<b>Water</b>										
Gallons treated (thousands)	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	3,438,372
Gallons purchased (thousands)	-	-	-	-	-	34,445	23,282	16,025	16,313	18,014
Gallons pumped (thousands)	-	-	-	-	-	3,370,193	3,673,932	3,937,930	3,704,029	3,456,386
Gallons sold (thousands)	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	2,987,370
Line losses and gallons unaccounted for (thousands)	N/A	N/A	N/A	N/A	N/A	533,710	424,547	591,459	537,892	469,016
Percentage of losses and unaccounted for gallons to total provided (thousands)	N/A	N/A	N/A	N/A	N/A	15.7%	11.6%	15.0%	14.5%	13.6%
Average daily consumption (thousands of gallons)	10,678	10,099	10,083	9,649	10,137	7,866	8,902	9,168	8,674	8,185
<b>Wastewater</b>										
<b>Clinch River Industrial Park Plant</b>										
Gallons treated (thousands)	1,500	2,400	1,724	1,600	1,600	1,200	1,021	1,448	1,890	57
<b>West End Plant</b>										
Gallons treated (thousands)	-	-	-	-	-	-	2,433	37,841	37,662	33,138
<b>West End Plant</b>										
Gallons treated (thousands)	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	1,790,493
<b>Schools</b>										
Enrollment	4,391	4,323	4,285	4,280	4,306	4,394	4,362	4,411	4,472	4,532
Average Daily Membership	4,418	4,346	4,279	4,284	4,348	4,364	4,407	4,452	4,472	4,532
Average Daily Attendance	4,190	4,127	4,066	4,061	4,127	4,142	4,185	4,220	4,214	4,288
Average Test Scores (ACT)	23.8	23.6	24.4	24.5	24.3	23.6	23.6	24.7	23.0	23.4

\* 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	2011
<b>Police</b>											
Stations	1	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	23	23	23	23	23	23	23	23	25	30	35
Unmarked Vehicles	5	5	5	5	6	6	6	8	8	8	11
Animal Control	2	2	2	2	2	2	2	2	2	2	3
Other Vehicles	9	9	9	9	9	9	9	8	8	8	6
<b>Fire</b>											
Stations	3	3	3	3	3	3	3	4	4	4	4
Fire trucks (Pumpers and ladder)	6	6	6	6	6	6	6	9	9	9	9
Rescue vehicles - radio equipped	2	2	2	2	2	2	2	3	3	3	3
Sedans - radio equipped	3	3	4	4	4	4	4	6	6	8	8
Fire Specialists' vehicles	5	5	5	5	5	5	5	5	5	4	4
<b>Park and Recreation</b>											
Parks	14	14	14	14	14	14	14	14	14	15	15
Parks (total acres)	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,300	2,300
Swimming pools	2	2	2	2	2	2	2	2	2	2	2
Tennis courts	22	22	22	22	22	22	22	22	22	22	22
Baseball parks	5	5	5	5	5	5	5	5	5	5	5
Softball parks	6	6	6	6	6	6	6	6	6	6	6
Gymnasium	1	1	1	1	1	1	1	2	2	2	2
Golf course	1	1	1	1	1	1	1	1	1	1	1
Soccer fields	9	9	9	9	9	9	9	9	9	9	9
Community Centers	3	3	3	3	3	3	3	3	3	3	3
Disc Golf Courses	-	-	-	-	-	-	1	2	2	2	2
<b>Library</b>	1	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>											
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	229.59
Miles of sidewalks	98.73	98.73	98.73	100.92	103.64	104.29	108.36	110.76	110.92	111.23	119.68
<b>Electric</b>											
Miles of electric lines	270.84	272.66	281.35	282.00	282.00	286.00	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	5,802
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	1,393
<b>Water</b>											
Miles of water main	222.00	222.00	225.40	225.77	225.77	231.90	231.90	240.86	241.35	243.12	244.00
Number of fire hydrants	2,481	2,489	2,501	2,500	2,700	2,580	2,574	2,683	2,845	2,845	2,845
Treatment plants	1	1	1	1	1	1	1	1	2	2	2
<b>Wastewater</b>											
Miles of sewer main	240.00	240.00	244.50	245.87	245.87	245.87	250.00	259.78	260.07	260.59	261.27
Treatment plants	2	2	2	2	2	2	2	3	3	3	2
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	30,010
<b>Schools</b>											
Elementary schools	4	4	4	4	4	4	4	4	4	4	4
Middle schools	2	2	2	2	2	2	2	2	2	2	2
High schools	1	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	Electric Revenue	Waterworks (1)		Total
		Water Revenue	Wastewater Revenue	
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
2011	54,868,483	9,829,932	7,274,937	71,973,352

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

(1) Waterworks revenue does not include payments from US Department of Energy 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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Electric (1)</b>										
<u>Residential</u>										
Base Charge	\$ 5.80	\$ 5.80	\$ 6.57	\$ 7.30	\$ 7.37	\$ 7.46	\$ 7.70	\$ 7.70	\$ 7.70	\$ 9.70
All kWh	0.06240	0.06240	0.06544	0.66790	0.07732	0.07622	0.08800	0.09300	0.09250	0.09589
<u>Commercial</u>										
GSA1 Base Charge	\$ 15.00	\$ 15.00	\$ 15.00	\$ 17.00	\$ 17.17	\$ 17.37	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93
All kWh	0.06756	0.06756	0.07178	0.07382	0.08571	0.08432	0.09686	0.10211	0.10250	0.10805
GSA2 Base Charge	\$ 30.00	\$ 30.00	\$ 30.00	\$ 55.00	\$ 55.56	\$ 56.20	\$ 58.00	\$ 58.00	\$ 58.00	\$ 80.00
1st 15,000 kWh	0.07000	0.07000	0.07421	0.07746	0.08938	0.08803	0.10069	0.10594	0.10633	0.10967
Additional kWh	0.03587	0.03587	0.03823	0.03935	0.04601	0.04557	0.05463	0.05873	0.05624	0.06139
kWh, 51-1,000	9.94	9.94	10.67	10.93	12.55	12.25	13.31	13.65	14.58	14.58
GSA3 Base Charge	\$ 80.00	\$ 80.00	\$ 80.00	\$ 150.00	\$ 151.52	\$ 153.28	\$ 158.19	\$ 158.19	\$ 158.19	\$ 200.00
All kWh	0.03665	0.03665	0.03901	0.04087	0.04754	0.04712	0.05623	0.06033	0.05784	0.06277
kWh, 0 - 1,000	9.41	9.41	10.09	10.09	11.95	11.61	12.69	13.05	14.03	14.03
kWh, 1,001 - 5,000	10.56	10.56	12.02	12.02	14.27	13.88	15.17	15.59	16.75	16.75
<u>Outdoor Light</u>										
All kWh	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04622	\$ 0.05265	\$ 0.05166	\$ 0.05943	\$ 0.06368	\$ 0.06110	\$ 0.06429
<u>Water</u>										
Minimum Bill (0-2,000 gallons)	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 9.65	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50
Next 8,000 gallons per 1,000 gallons	3.10	3.10	3.10	3.10	3.10	3.75	4.55	4.55	4.55	4.55
Next 40,000 gallons per 1,000 gallons	2.77	2.77	2.77	2.77	2.77	3.35	4.05	4.05	4.05	4.05
Next 150,000 gallons per 1,000 gallons	2.29	2.29	2.29	2.29	2.29	2.75	3.20	3.20	3.20	3.20
Next 800,000 gallons per 1,000 gallons	1.90	1.90	1.90	1.90	1.90	2.30	3.20	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	2.30	3.20	3.20	3.20	3.20
<u>Wastewater</u>										
Minimum Bill (0-2,000 gallons)	\$ 10.25	\$ 10.50	\$ 10.50	\$ 10.50	\$ 11.50	\$ 11.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50
Next 8,000 gallons per 1,000 gallons	2.94	3.75	3.75	3.75	4.13	4.13	5.15	5.15	5.15	5.15
Next 40,000 gallons per 1,000 gallons	4.38	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45
Next 50,000 gallons per 1,000 gallons	4.20	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45
Next 4,999,900 gallons per 1,000 gallons	4.20	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45
All over 5,000,000 gallons per 1,000 gallons	4.20	5.90	5.90	5.90	5.90	5.55	6.45	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
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
2011	14,004	1,793	377	61	11,285	1,661	11,022	1,209

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

157

Customer	2011					2002				
	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	62,093	31,798,324	\$ 2,928,127	1	5.42%	58,082	31,124,605	\$ 1,758,066	1	5.35%
Methodist Medical Center	54,452	26,688,511	2,656,349	2	4.92%	37,557	22,596,248	1,207,162	4	3.67%
USEC Inc	41,456	21,235,225	1,973,891	3	3.66%					
Energy Solutions (AKA GTS Duratek)	63,500	24,577,972	1,818,128	4	3.37%	(1)	26,064,158	1,273,166	2	3.87%
Oak Ridge Board Of Education	44,035	14,890,244	1,592,329	5	2.95%	35,254	12,113,136	803,501	6	2.45%
Oak Ridge Project LLC	31,170	14,239,000	1,334,710	6	2.47%					
US Department of Energy	26,574	13,372,617	1,224,561	7	2.27%	19,271	8,409,468	505,282	8	1.54%
Oak Ridge Technical Centers	19,109	8,130,784	793,553	8	1.47%					
Advanced Measurement	14,707	8,151,450	717,844	9	1.33%	15,962	8,406,600	462,124	9	1.41%
Oak Ridge Associated Universities	16,160	6,847,722	673,284	10	1.25%					
BNFL	-	-	-		-	46,915	21,509,356	1,251,370	3	3.81%
Boeing	-	-	-		-	(1)	22,547,374	1,141,104	5	3.47%
Manufacturing Sciences	-	-	-		-	19,247	9,540,240	540,565	7	1.65%
BWXT Y-12					0.00%	16,998	6,751,416	411,287	10	1.25%
<b>Total</b>			<u>\$ 15,712,776</u>		<u>29.11%</u>			<u>\$ 9,353,627</u>		<u>28.47%</u>

**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  
June 30, 2011**

(All amounts in 000's gallons)

<b>A</b>	<b>Water Treated and Purchased:</b>		
<b>B</b>	Water Pumped (potable)	3,438,372	
<b>C</b>	Water Purchased	18,014	
<b>D</b>	<b>Total Water Treated and Purchased</b>		3,456,386
	<b>(Sum Lines B and C)</b>		
<b>E</b>	<b>Accounted for Water</b>		
<b>F</b>	Water Sold	2,889,037	
<b>G</b>	Metered for Consumption (in house usage)	0	
<b>H</b>	Fire Department Usage	1,775	
<b>I</b>	Flushing	6,813	
<b>J</b>	Tank Cleaning/Filling	0	
<b>K</b>	Street Cleaning	30	
<b>L</b>	Bulk Sales	0	
<b>M</b>	Water Bill Adjustments	8,964	
<b>N</b>	<b>Total Accounted for Water</b>		2,906,619
	<b>(Sum Lines F thru M)</b>		
<b>O</b>	<b>Unaccounted for Water</b>		549,767
	<b>(Lines D minus Line N)</b>		
<b>P</b>	<b>Percent Unaccounted for Water</b>		15.91%
	<b>(Line O divided by Line D times 100)</b>		

**Q Other (explain)** See Below

Explain Other:

Public Work Usage for sewer line cleaning, water main breaks and repairs.	80,751
---	--------

**CITY OF OAK RIDGE, TENNESSEE**  
**Single Audit Report and Findings and Recommendations**  
**For the Fiscal Year Ended June 30, 2011**

**Table of Contents**

	Page
Schedule of Federal and State Financial Assistance Activity .....	159
Notes to the Schedule of Federal and State Financial Assistance Activity .....	160
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 .....	161-162
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 .....	163-164
Schedule of Findings and Questions Costs .....	165-168
Schedule of Corrected Prior Audit Findings.....	169-170
Corrective Action Plan.....	171

**CITY OF OAK RIDGE, TENNESSEE**  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY**  
**For the Fiscal Year Ended June 30, 2011**

Grantor Agency	Program Name	CFDA	Grant/ Contract Number	Accrued (Deferred) Revenues July 1, 2010	Revenues Received	Expenditures	Accrued (Deferred) Revenues July 1, 2011	
<b><u>DIRECT FEDERAL FINANCIAL ASSISTANCE</u></b>								
U.S. Department of Energy	Police Patrolling Services	81.502	DE-FG05-05OR23196	\$ 22,936	\$ 22,936	\$ 300,000	\$ 300,000	
U.S. Department of Energy	Center for Oak Ridge Oral History	81.049	DE-SC0000033	84,662	156,671	109,399	37,390	
U.S. Department of Housing and Urban Development	Community Development Block Grant (HUD)	14.218	N/A	13,685	190,842	186,999	9,842	
	Community Development Block Grant (HUD)-Recovery Act	14.253	B09-MY-14-0010	-	13,998	13,998	-	
U.S. Department of Housing and Urban Development	Economic Development Initiative-Special Projects (EDI-SP)	14.251	B-09-SP-TN-0160	-	-	1,350	1,350	
U.S. Department of the Interior	Preserve America Grant	15.929	47-08-AP-4038	40,660	40,660	1,127	1,127	
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant	16.738	2007-DJ-BX-1388	5,409	17,604	12,195	-	
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance-Recovery Act	16.804	2009-SB-B9-1559	38,197	68,686	30,489	-	
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX0992	-	8,995	10,891	1,896	
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0059	-	-	3,011	3,011	
U.S. Department of Justice	Grants Admin Div.- Law Enforcement Technology	16.580	2008-DD-BX-0186	-	55,000	55,000	-	
TOTAL DIRECT FEDERAL FINANCIAL ASSISTANCE				<u>205,549</u>	<u>575,392</u>	<u>724,459</u>	<u>354,616</u>	
159	Federal Highway Administration Through TN Department of Transportation	20.205	Transportation Enhancement Program Greenway Development	HPP-9115(11)	40,392	43,740	59,751	56,403
	Institute of Museum and Library Services Through TN State Library and Archives	45.310	TELINET Interlibrary Loan Program	GG0712777	-	596	596	-
	U.S. Department of Housing and Urban Development Through TN Housing Development Agency	14.231	Homeless Emergency Shelter Grants	DG0924555	3,159	30,593	34,102	6,668
	U.S. Department of Housing and Urban Development Through TN Department of Human Services	14.218	Neighborhood Stabilization Program (NSP)	NSP-09-012	(600)	54,842	55,442	-
	U.S. Department of Energy Through TN Department of Economic and Community Development	81.128	Energy Efficiency and Conversation Block Grant (EECBG)	GG1133468	-	20,637	48,864	28,227
	U. S. Department of Energy Through TN Department of Military	81.502	Emergency Management Planning, Fire Department	DE-FG05-96OR22522	-	16,000	16,000	-
TOTAL INDIRECT FEDERAL FINANCIAL ASSISTANCE				<u>42,951</u>	<u>166,408</u>	<u>214,755</u>	<u>91,298</u>	
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>248,500</u>	<u>741,800</u>	<u>939,214</u>	<u>445,914</u>	
	Tennessee Department of Agriculture		Farmers Market Grant	2,875	-	2,500	-	(2,500)
	Tennessee Department of Transportation		Governor's Highway Safety	12500	22,852	24,421	1,569	-
	Tennessee Department of Transportation		Governor's Highway Safety	Z11GHS283	-	10,840	24,598	13,758
	Tennessee Department of Transportation		Safe Routes to School	SRTS-9115(13)	14,552	-	109,102	123,654
	Tennessee Department of Transportation		An Operating Assistance Project	GG 11-3-09 GG 11-33710-00	94,951 -	94,951 54,735	- 106,308	- 51,573
TOTAL STATE ASSISTANCE PROGRAMS				<u>132,355</u>	<u>187,447</u>	<u>241,577</u>	<u>186,485</u>	
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS				<u>\$ 380,855</u>	<u>\$ 929,247</u>	<u>\$ 1,180,791</u>	<u>\$ 632,399</u>	

**CITY OF OAK RIDGE, TENNESSEE**  
Notes to the Schedule of Federal and State Financial Assistance Activity  
For the Year Ended June 30, 2011

**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, 2011, 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 \$997,859 from state sources and loan payments totaled \$747,984 during the fiscal year.

<u>State Revolving Fund Loan</u>	<u>Balance</u>	<u>Federal Funding</u>	<u>State Funding</u>
SRF97-102	\$ 7,524,255	2%	98%
SRF98-117	3,239,786	0%	100%
SRF02-159	<u>5,596,565</u>	42%	58%
	<u>\$ 16,360,606</u>		

315 NORTH CEDAR BLUFF ROAD – SUITE 200  
KNOXVILLE, TENNESSEE 37923  
TELEPHONE 865-769-0660  
TELECOPIER 865-769-1660



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

P.O. BOX 31409  
KNOXVILLE, TENNESSEE 37930-1409  
TOLL FREE 800-332-7021

**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, 2011, which collectively comprise the City’s basic financial statements and have issued our report thereon dated February 29, 2012. 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 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

Management of the City is responsible for establishing and maintaining effective 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 a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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 deficiency referenced as 09-3 in the accompanying schedule of findings and questioned costs to be a material weakness.



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 deficiency referenced as 10-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

### 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  
February 29, 2012

315 NORTH CEDAR BLUFF ROAD – SUITE 200  
KNOXVILLE, TENNESSEE 37923  
TELEPHONE 865-769-0660  
TELECOPIER 865-769-1660



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

P.O. BOX 31409  
KNOXVILLE, TENNESSEE 37930-1409  
TOLL FREE 800-332-7021

**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, 2011. 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 \$7,098,920 in federal awards which is not included in the schedule during the year ended June 30, 2011. Our audit, described below, did not include the operations of the Oak Ridge Schools because we were separately engaged to perform the Oak Ridge Schools' 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, 2011.

## 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.

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  
February 29, 2012

**CITY OF OAK RIDGE, TENNESSEE**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  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  no

Major federal programs for the City of Oak Ridge for the fiscal year ended June 30, 2011 are:

Program Name	<u>CFDA#</u>
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  no

**CITY OF OAK RIDGE, TENNESSEE**

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2011

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

Unresolved Prior Year Audit Findings:

<b>Finding 09-3</b>	Information Technology Policies and Procedures
<b>Criteria:</b>	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.
<b>Condition:</b>	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.
<b>Context:</b>	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.
<b>Effect:</b>	Unauthorized users could gain access to information technology systems. In the event of a disaster, backup data files may not recoverable.
<b>Cause:</b>	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.
<b>Recommendation:</b>	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.
<b>Current Status:</b>	This finding has not been resolved as of June 30, 2011.
<b>Management's Response:</b>	Policies and procedures have been developed but not approved and placed into service. The Computer Services department is currently being restructured and once that process is completed policies and procedures will be redeveloped and placed into service.

**CITY OF OAK RIDGE, TENNESSEE**

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2011

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

Unresolved Prior Year Audit Findings (continued):

<b>Finding 10-1</b>	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.
Current Status:	This finding has not been resolved as of June 30, 2011. Software has been purchased but has not yet been implemented.
Management's Response:	The City has purchased software to be used for asset cost and maintenance tracking as required by the US Department of Environmental Protection Agency (EPA) Administrative Order (AO). An equipment module is part of this system. Due to the expediency mandated by the EPA, City priorities and resources have been allocated toward those modules that will be specifically used in conjunction with meeting AO requirements. The equipment module is expected to be evaluated by Finance Department staff during the City's fiscal 2013.

**CITY OF OAK RIDGE, TENNESSEE**

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2011

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

None.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Corrected Prior Audit Findings  
For the Year Ended June 30, 2011

<b>Finding 08-1:</b>	<b>Cash Collections in the Utility Billing Office</b>
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.
Management's Response:	Changes have been made as outlined above.
Current Status:	This finding has been resolved during the fiscal year ended June 30, 2011.
<b>Finding 09-1:</b>	<b>Controls over Programming Changes</b>
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.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Corrected Prior Audit Findings (Continued)  
For the Year Ended June 30, 2011

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.

Management's Response: As a result of additional programming support from contacted services, the City will begin a signoff process on future programming changes.

Current Status: This finding has been resolved during the fiscal year ended June 30, 2011.

**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.

Current Status: This finding has been resolved during the fiscal year ended June 30, 2011.



### Corrective Action Plan

- Finding 09-3** Information Technology Policies and Procedures
- Name of contact person:** Amy Fitzgerald Ph.D., Governmental and Public Affairs Coordinator
- Corrective action:** The Computer Services Department is current being restructured. Once that process is completed, information technology policies and procedures will be developed and placed into service.
- Anticipated Completion Date:** June 30, 2013
- 
- Finding 10-1:** Capital Asset Recordkeeping
- Name of contact person:** Janice McGinnis, Finance Director
- Corrective action:** To meet requirements of a US Department of Environmental Protection Agency (EPA) Administrative Order (AO), the City purchased new software specifically designed to track asset and equipment costs. During fiscal 2013, the Finance Department will be evaluating the system to determine if it will meet the City's capital asset recordkeeping requirements.
- Anticipated Completion Date:** June 30, 2013

