



Comprehensive Annual Financial Report  
City of Oak Ridge, Tennessee

For the Fiscal Year Ended  
June 30, 2008

**CITY OF OAK RIDGE, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2008

Prepared by  
FINANCE DEPARTMENT

**City of Oak Ridge, Tennessee  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2008**

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# CITY OF OAK RIDGE



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February 27, 2009

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

State law requires that all general-purpose municipal governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Oak Ridge for the fiscal year ended June 30, 2008.

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, 2008, 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, 2008 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

February 27, 2009

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

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

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

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

The City of Oak Ridge is empowered to levy a property tax on both real and personal property located within its boundaries. The City receives an annual in-lieu of tax payment from DOE on the acreage owned by the federal government, subject to annual congressional appropriation. The calculation is based on the land's usage prior to ownership by the federal government and is therefore valued as if it were residential farmland. Federal buildings located on this property are currently not subject to taxation by the City, with the exception of four new facilities located at the Oak Ridge National Laboratory (ORNL) and the Y-12 complex.

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

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

Industrial Development Board and the Oak Ridge Health and Educational Facilities Board have not met the established criteria for inclusion; and, accordingly, are excluded from this report.

The annual budget serves as the foundation for the City of Oak Ridge's financial planning and control. The budget preparation process begins in the late summer when City departments begin the preparation of six-year Capital Improvements Program (CIP) requests for submission to the Oak Ridge Municipal Planning Commission for review. The program identifies anticipated capital projects, establishes priorities and identifies the anticipated source of funding. The CIP, as modified and approved by the Planning Commission, is submitted for Council's consideration prior to budget deliberations.

City Council's Budget and Finance Committee begin meetings at the first of the calendar year to develop City Council's adopted guidance to the City Manager for development of the current year's budget. City departments make presentations to the Budget and Finance Committee to outline their requirements and challenges related to their departments operating budget. The Finance Department quantifies preliminary budget information, including revenue projections, for preparation of the City Manager's proposed budget. The City Manager presents this proposed budget for the upcoming fiscal year to City Council at a work session or council meeting by mid-May. The Board of Education also presents the School Fund budget at this meeting, including a request for appropriation of City funds to meet program obligations. Budget work sessions are held with City Council during budget deliberations to provide a detailed review of the proposed operating and capital improvements budgets. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget and tax rate prior to the start of the City's fiscal year on July 1.

The budget is presented by fund, function (e.g., public safety), and department (e.g., police). The budget is legally appropriated at the fund level. Department heads may make transfers of appropriations within a department and the City Manager may make transfers of appropriations between departments. Transfers of appropriation between funds, however, require approval of City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and school fund, this comparison is presented on pages 22-23 as part of the basic financial statements for the governmental funds. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 78. The comparison for the capital projects and debt service funds are presented on page 109 and 111, 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 favorable economic environment with several major development projects ongoing or in the initial stages of construction. Developments in the federal sector include the recently completed \$1.4 billion Spallation Neutron Source (SNS) accelerator project. At full power, SNS provides the most intense pulsed neutron beams in the world for scientific research and industrial development. Up to 2,000 scientists are expected to visit each year to study materials that will form the basis for new technologies in telecommunications, manufacturing, transportation, information, biotechnology and health. The Y-12 and Oak Ridge National Laboratory (ORNL) facilities located within Oak Ridge are currently undergoing a major modernization program. 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 or near completion 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 2008, the real property taxes on these facilities were \$1,513,206.

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

There are numerous residential developments in various planning and construction phases in Oak Ridge. Under construction is Rarity Ridge, which is an approximate 1,200 acre development with both commercial and open spaces within walking distance of a pedestrian-friendly town center. Plans call for the community to ultimately consist of 3,060 residential units and 507,994 square-feet of commercial development. Recently completed is a clubhouse and wellness center, which includes a pool. To date, 121 building permits have been issued and 678 lots have been platted. In April 2004, the 277 remaining acres owned by the City surrounding the Tennessee Centennial Golf Course were sold to a private residential and commercial developer. Currently under construction on the site, is 13-acres that will contain 17 town homes, and a 40-acre development on the site titled Centennial Bluff that is designed for the active adult age 55 and over. Centennial Bluff will contain 405 1 to 3-bedroom luxury residences and a 12,000 square-foot clubhouse, fitness center, pool and spa. Building permits have been issued for the clubhouse and first condominium building. Also planned for this site, is Harbour Pointe at Centennial Village for which the final plat for 62 lots has been approved.

Other new residential subdivisions are in the planning stages or initial stages of construction include, Rarity Oaks is a 421-acre site on which 643 single-family dwelling units and 50,000 square-feet of commercial development are planned. Phase I has 93 single-family units with completion targeted for 2009. The Crossroads at Wolf Creek, for which 12 building permits have been issued, is a 73-acre site on which 102 single-family and 76 multi-family dwelling units are planned. Groves Park Commons, the most recently approved development utilizing traditional neighborhood design is underway with 7 building permits being issued. When complete the development will have approximately 355 dwelling units, with surrounding open space areas and a small neighborhood commercial area. The final plat for the first phase of Clark's Preserve, a development planned for 79 homes, has been issued.

Three new apartment complexes have just been completed, Hillside Townhomes with 20 units, Royce Circle Apartments with 52 units and Hallmark Apartments with 72 units. A new 28,000 square foot mixed-use commercial development has been completed at 150 Cairo Lane, with 9,100 square feet of office space and 18,900 square feet for self-storage warehouse use. The site plan for a 65-unit Best Western hotel has been approved and construction is expected to begin early in 2009. The Woodland Town Center commercial planned unit development was approved in 2008 for a 4-acre retail and restaurant project on S. Illinois Avenue.

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

revenue fund, was established by the City to account for the operations of the ETPP fire station. The City received \$2,384,582 from BJC in fiscal 2008.

The City also entered into a 5-year agreement with DOE, under which the City assumed responsibility for water and wastewater services to the ETPP site. The City acquired the ETPP 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 ETPP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETPP 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 ETPP site. On May 29, 2008, the City assumed water and wastewater operations to the ETPP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. In the first year of the contract, the City will receive a base of \$1,740,000 from DOE, 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.

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

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge overwhelmingly voted to increase the local sales tax option from 2.25% to the state maximum of 2.75%, with the additional tax proceeds funding the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax rate increase became effective with sales beginning on October 1, 2004. 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.

The ORHS project is anticipated to cost \$65,000,000 over a four-year period. \$57,641,190 in long-term debt has been issued for this project. At year-end there was \$2,806,300 available from an issued loan from the Tennessee Municipal Bond Fund (TMBF) to fund school capital projects, including the ORHS project. An additional debt issuance will be required in fiscal 2009 to complete construction of the ORHS project. Funding for the debt service on these issuances will be provided from the additional .50% sales tax proceeds in the Anderson County portion of Oak Ridge, private donations and from revenues generated from the existing property tax base. City Council has authorized the issuance of up to \$20,000,000 in long-term debt for completion of the ORHS project, miscellaneous city and school capital projects, as well as, planned electric, water and wastewater projects.

The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City has spent approximately \$30 million since the project began in 1997 to upgrade, expand and rehabilitate the wastewater treatment plant and wastewater collection system. The upgrades and expansion to the wastewater treatment plant increased capacity from 6 mgd to 9 mgd, a 33% increase in capacity to service new customers. The City recently completed construction of a new wastewater plant at the Rarity Ridge development site. The City has \$3,095,914 available from an authorized loan from the Tennessee State Revolving Fund to finance the 2009 and 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. In fiscal 2006, the City began a 5-year approximate \$4 million upgrade to the water treatment plant facilities. During fiscal 2008, the City issued loans through the Tennessee Municipal Bond Fund (TMBF) to fund electric, water and wastewater projects over a three-year period. This is a draw loan in which the funds are drawn as expenditures occur. \$781,855 is available for draw at fiscal year end for waterworks projects. Water rates increased 20% in June 2007 and increased an additional 20% in June of 2008. The large increase is due in part to a major consumption

reduction by the U.S. Department of Energy, the City's largest water customer. Wastewater rates were increased in May of 2008 by approximately 20%. The next water and wastewater rate review is scheduled for the spring of 2010.

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

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

**Risk management.** Insurance coverage for City and schools assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for City and school system employees is through a public entity risk pool operated as a risk sharing program by the Tennessee Municipal League (TML). The City has per occurrence deductibles as outlined in Note 20 of the notes to the financial statements. The City is self-insured for the deductible with resources being accumulated in the insurance fund, an internal service fund, to meet potential losses. The City has a \$50,000 per occurrence deductible for workers' compensation claims. The City has held employee accident prevention training classes.

**Pension and other postemployment benefits.** Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS acts as a common investment and administrative agent for political subdivisions in the State. TCRS provides retirement benefits as well as death and disability benefits. The City's plan is noncontributory and has assumed employee contributions of up to 5% of annual covered payroll. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008 was 11.86% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Non-teaching employees working in the Oak Ridge School system are covered in a separate retirement plan administered by the TCRS. This plan is similar to the City's with the exception that it is a contributory plan whereby the employee contributes 5% of earnable compensation with the Schools responsible for the remaining contribution. The school fund is required to contribute at an actuarially determined rate which was 9.83% of annual covered payroll for the fiscal year ending June 30, 2008.

The Oak Ridge Schools contribute to the State Employees, Teachers and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan also administered by the TCRS. The plan description is the same as for non-teaching school employees. Most teachers are required by State statute to contribute 5% of salary to the plan. The school fund is required to contribute at an actuarially determined rate which was 6.24% of annual covered payroll for the fiscal year ending June 30, 2008.

The City and Schools also provide postretirement health benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 43 employees receiving these

benefits, which are financed on a pay-as-you-go basis. A liability has been included in the financial statements in conjunction with the obligation for these benefits for Oak Ridge School employees. The liability for these benefits for City employees will be included in the fiscal 2009 financial statements.

Additional information on the City's pension arrangements and postemployment benefits can be found in Notes 4 through 7 in the notes to the financial statements.

### **Awards and Acknowledgements**

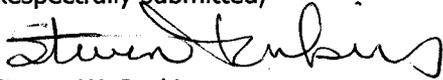
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This is the forty-seventh consecutive year that 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.

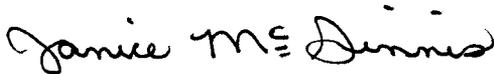
In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past twenty-five consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several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

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

Respectfully submitted,



Steven W. Jenkins  
Deputy City Manager



Janice E. McGinnis  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Ridge  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. Post".

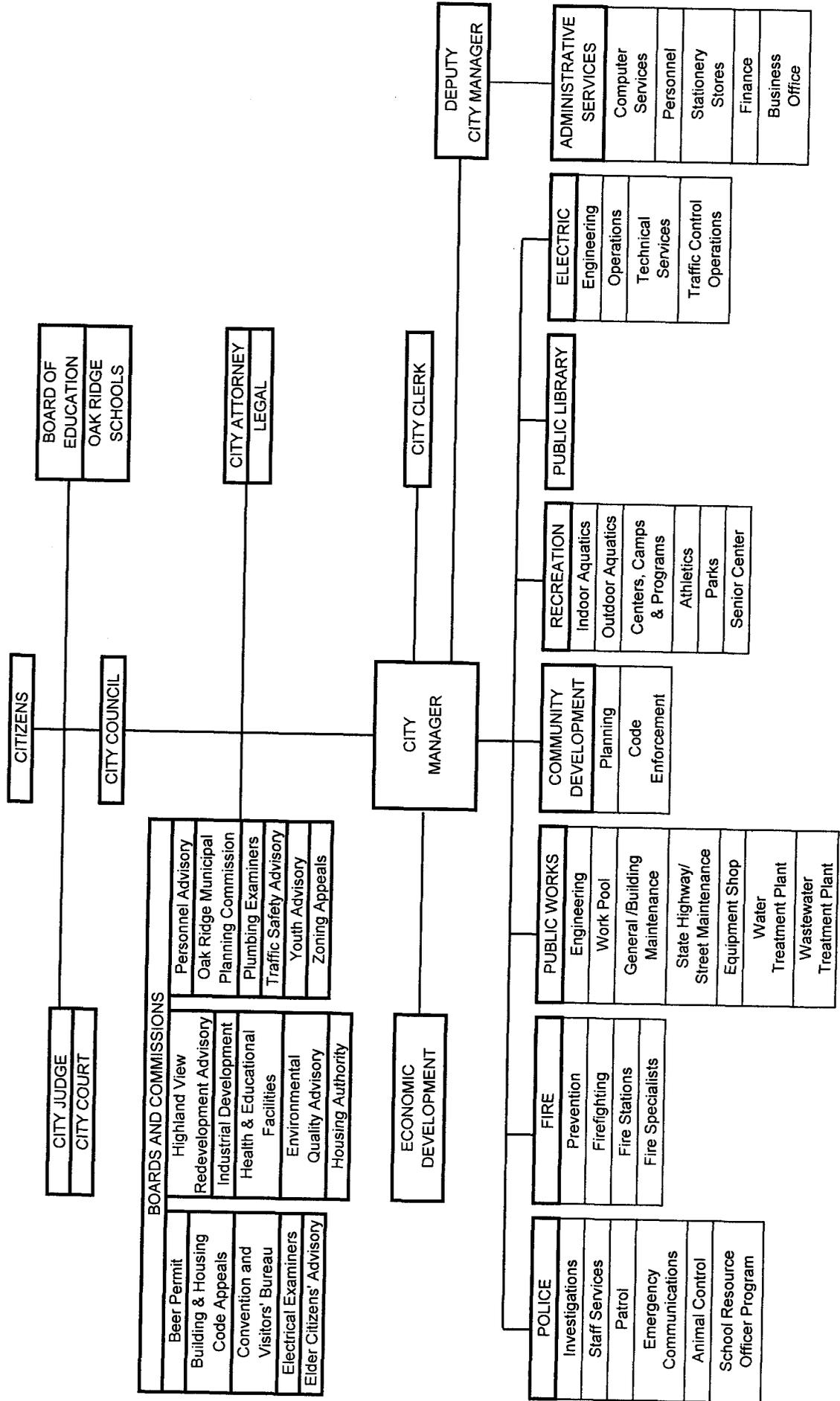
President

A handwritten signature in black ink, appearing to read "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**

Willie Golden, Jr.  
Thomas W. Hayes  
L. Charles Hensley

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

**City Manager**

James R O'Connor

**Department Directors**

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

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

**City Attorney**

Kenneth R. Krushenski

**City Judge**

Robert A. McNeas III

**City Clerk**

Jacquelyn J. Bernard

**Board of Education**

John Smith, Jr., Chairman  
Jennifer Richter, Vice-Chair  
Keyes Fillauer, Parliamentarian  
Angi Agle, Treasurer  
Dan DiGregorio

**Superintendent of Schools**

Thomas E. Bailey, Ed.D.

**Assistant Superintendent of Schools**

Ken Green

# PUGH & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

WILL J. PUGH, CPA  
RONNIE G. GATE, CPA  
C. LARRY ELMORE, CPA  
W. JAMES PUGH, JR., CPA  
DANIEL C. FRANKLIN, CPA  
JAMES H. JONES, CPA  
LISA W. HILL, CPA  
SUSAN R. FOARD, CPA  
ANDREW R. HARPER, CPA  
R.E. FOUST, CPA  
A. TED HOTZ, CPA

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KNOXVILLE, TENNESSEE 37923

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

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MEMBERS

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S 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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Schools, a blended component unit reported as a governmental fund, and the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as they relate to the amounts included for the Oak Ridge Schools and the Oak Ridge Public Schools Education Foundation, Inc. are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 above 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, 2008, and the respective changes in financial position and cash flows, where applicable, 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 27, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 14 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 and the Oak Ridge City School Employee's Postretirement Benefits on page 76 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, combining and individual fund financial statements and schedules, miscellaneous schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the miscellaneous schedules as of and for the years ended June 30, 2008 and 2007, where applicable, have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not audit the data included in the introductory or statistical sections of the report and, accordingly, we express no opinion on such data.

*Pugh & Company, P.C.*

Certified Public Accountants  
February 27, 2009

## 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, 2008. 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 \$135,269,723 (*net assets*). Of this amount, \$14,657,202 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets increased by \$17,605,283, an increase of 14.9% over fiscal 2007. The City of Oak Ridge's changes in net assets are detailed on page seven of this report. Total revenues increased \$20,003,896, which included an additional \$6,457,451 in charges for services primarily due to electric, water and wastewater rate increases during fiscal 2008 and \$10,067,348 in grants and contributions, primarily for education and donated assets from the US Department of Energy for Fire and Waterworks functions. Expenses increased \$6,450,740, of which \$2,299,193 was for electrical expenses primarily due to increased costs for purchased power, \$2,596,918 for public safety primarily for the addition of a new fire station for the far west end of Oak Ridge and \$1,585,000 for education.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$21,999,370, a decrease of \$9,769,239 in comparison with the prior year. 9.1% is reserved for specific purposes, and the remaining 90.9%, or \$19,988,283, is *available for spending* at the City's discretion (*unreserved fund balance*). The decrease in fund balance is due to the utilization of \$8,437,063 in prior year long-term debt proceeds during fiscal 2008 for the renovation and construction of the Oak Ridge High School.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,939,442, or 40.2% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$18,554,441 in the City's general fund.
- Overall, the City's total debt increased by \$2,057,998 (1.3 percent) during the current fiscal year. During fiscal year 2008, the City borrowed \$5,678,467 for school projects including continuation of the construction and renovation of the Oak Ridge High School and \$2,367,034 in loans to finance electric and waterworks capital projects.

### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change 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 16-17 of this report.

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

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

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

The City of Oak Ridge maintains 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, capital projects fund and debt service fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 18-23 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution operation, water and wastewater treatment, collection and distribution, 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 24-27 of this report.

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

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-75 of this report.

**Other information.** The *required supplementary information* presented on page 76 pertains to the City of Oak Ridge's and the school's progress in funding their obligation to provide pension 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 78-112 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 \$135,269,723 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net assets (89.1 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	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Current and other assets	\$ 53,758,364	\$ 61,840,439	\$ 7,723,097	\$ 7,500,377	\$ 61,481,461	\$ 69,340,816
Capital assets	151,652,288	128,190,209	126,099,417	118,185,764	277,751,705	246,375,973
Total assets	205,410,652	190,030,648	133,822,514	125,686,141	339,233,166	315,716,789
Long-term liabilities outstanding	109,342,090	104,423,241	55,222,562	55,164,684	164,564,652	159,587,925
Other liabilities	30,163,699	28,508,173	9,235,092	7,681,276	39,398,791	36,189,449
Total liabilities	139,505,789	132,931,414	64,457,654	62,845,960	203,963,443	195,777,374
Net assets:						
Invested in capital assets net of related debt	48,509,856	35,621,496	71,964,232	63,965,893	120,474,088	99,587,389
Restricted	-	8,437,063	138,433	135,365	138,433	8,572,428
Unrestricted	17,395,007	13,040,675	(2,737,805)	(1,261,077)	14,657,202	11,779,598
Total net assets	\$ 65,904,863	\$ 57,099,234	\$ 69,364,860	\$ 62,840,181	\$ 135,269,723	\$ 119,939,415

An additional portion of the City of Oak Ridge's net assets (0.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$14,657,202) 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 activities. However, unrestricted net assets for business-type activities had a negative balance of \$2,736,805 at the end of the current fiscal year in comparison to a \$1,261,077 negative balance at the end of the prior fiscal year. The \$1,475,728 decrease is due to increases in capital assets being funded from other sources rather than by the issuance of long-term debt. These other sources include cash, short-term borrowings from other City funds and donations of capital assets by private developers.

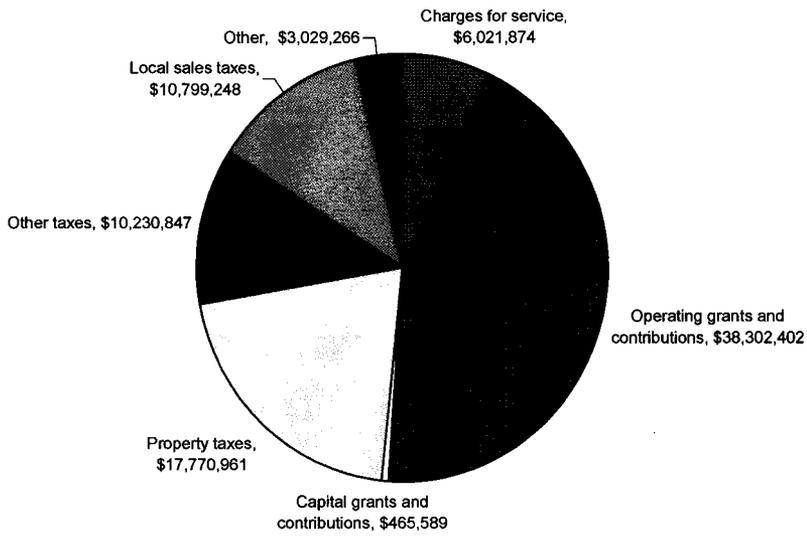
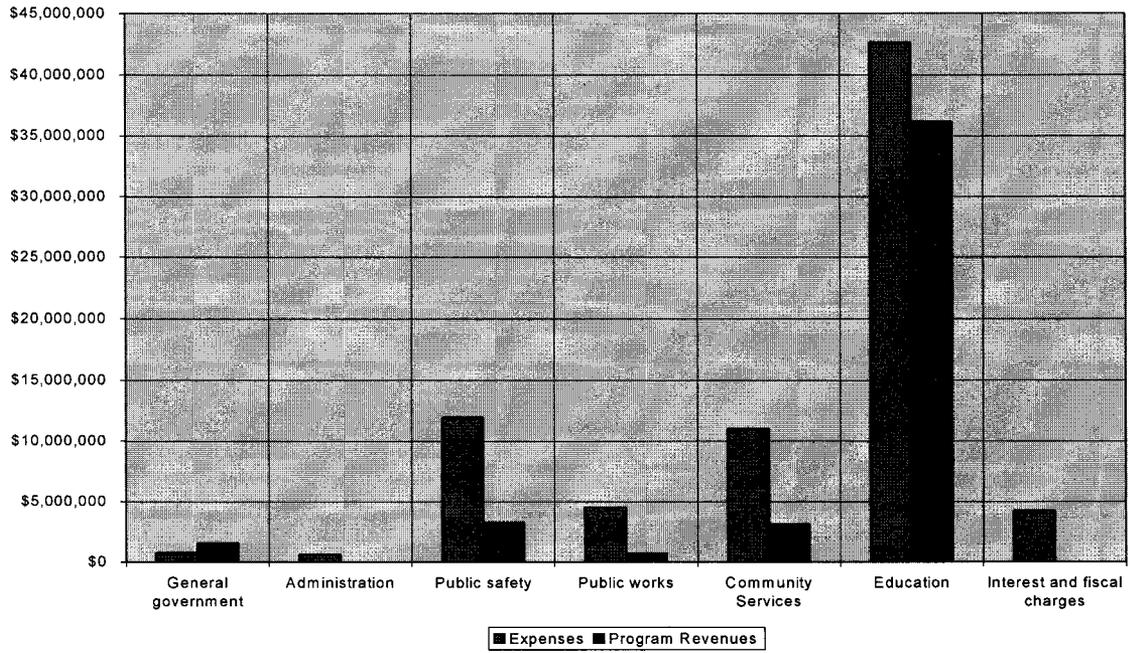
**Governmental activities.** Governmental activities increased the City of Oak Ridge's net assets by \$11,080,604, thereby accounting for 62.9% of the total growth in the net assets of the City of Oak Ridge. Revenues from operating and capital grants and contributions increased \$6,038,280 primarily for educational and fire department operations. During fiscal year 2008, the City entered into an agreement with the U.S. Department of Energy and Bechtel Jacobs (BJC) to assume fire and emergency medical response duties for the federal East Tennessee Technology Park (ETTP) located in Oak Ridge. The City received \$2,384,582 from BJC in fiscal year 2008 to operate a new west end fire station, along with the transfer of a fire station and fire fighting and emergency medical vehicles and equipment from DOE. Refer to Note 3, in the notes to financial statements for additional information about this transition. Property tax collections increased \$1,487,520 from the prior year due to a 10-cent property tax rate increase and assessment growth. Other taxes increased \$1,064,001 primarily from sales and use tax collections from federal contractors located in Oak Ridge. Other miscellaneous revenues increased \$960,462.

The beginning net assets of government activities for fiscal 2008 was reduced by \$2,274,975 for the inclusion of the beginning balance of the Schools OPEB obligation due to their adoption of GASB 50. Refer to the notes to the financial statements, Note 5, Note 22 and Note 25.

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

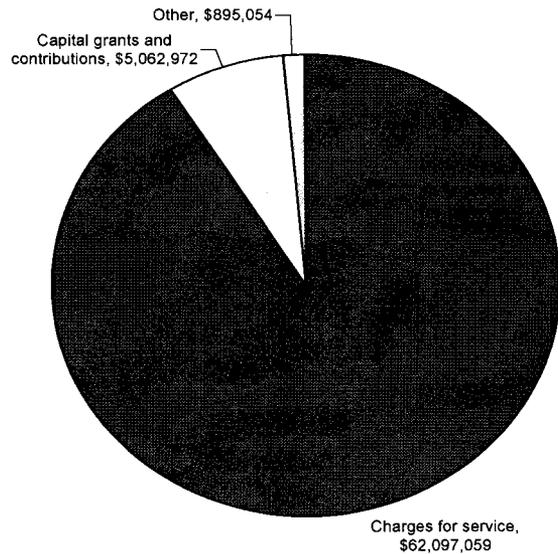
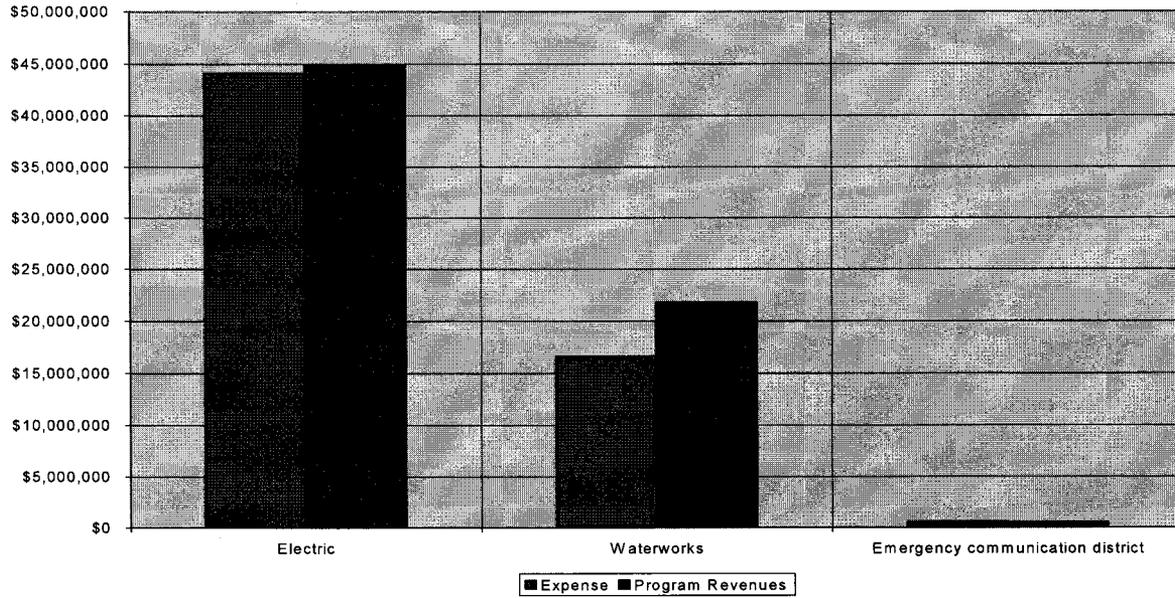
	Governmental activities		Business-type activities		Total	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Revenues:						
Program revenues:						
Charges for service	\$ 6,021,874	\$ 5,811,079	\$ 62,097,059	\$ 55,850,403	\$ 68,118,933	\$ 61,661,482
Operating grants and contributions	38,302,402	32,698,403	---	30,848	38,302,402	32,729,251
Capital grants and contributions	465,589	31,308	5,062,972	1,003,056	5,528,561	1,034,364
General revenues:						
Property taxes	17,770,961	16,283,441	---	---	17,770,961	16,283,441
Other taxes	21,030,095	19,966,094	---	---	21,030,095	19,966,094
Other	3,029,266	2,068,804	895,054	927,940	3,924,320	2,996,744
Total Revenues:	86,620,187	76,859,129	68,055,085	57,812,247	154,675,272	134,671,376
Expenses:						
General government	787,908	341,550	---	---	787,908	341,550
Administration	630,209	617,258	---	---	630,209	617,258
Public safety	11,951,624	9,354,706	---	---	11,951,624	9,354,706
Public works	4,551,008	4,245,565	---	---	4,551,008	4,245,565
Community services	11,026,261	10,944,438	---	---	11,026,261	10,944,438
Education	42,637,039	44,222,039	---	---	42,637,039	44,222,039
Interest and fiscal charges	4,244,444	2,974,889	---	---	4,244,444	2,974,889
Electric	---	---	44,072,861	41,773,668	44,072,861	41,773,668
Waterworks	---	---	16,615,370	15,788,355	16,615,370	15,788,355
Emergency communication district	---	---	553,265	---	553,265	---
Total expenses	75,828,493	72,700,445	61,241,496	57,918,804	137,069,989	130,619,249
Increase in net assets before transfer	10,791,694	4,158,684	6,813,589	(106,557)	17,605,283	4,052,127
Transfers	288,910	277,530	(288,910)	(277,530)	---	---
Increase in net assets	11,080,604	4,436,214	6,524,679	(384,087)	17,605,283	4,052,127
Net assets – July 1, 2007 (as restated)	54,824,259	52,663,020	62,840,181	63,224,268	117,664,440	115,887,288
Net assets – June 30, 2008	\$ 65,904,863	\$ 57,099,234	\$ 69,364,860	\$ 62,840,181	\$ 135,269,723	\$ 119,939,415

**Expenses and Program Revenues - Governmental Activities**



**Business-type activities.** Business-type activities increased the City of Oak Ridge's net assets by \$6,524,679, accounting for 37.1% of the total growth in the government's net assets. The increase is primarily from charges for services from rate increases during the fiscal year for electric, water and wastewater services and capital grants and contributions.

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



The net assets of the electric fund increased by \$1,378,375 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 each quarter for a fuel cost adjustment (FCA). These FCA cost adjustments are passed through in electric rate adjustments to the City's customers each quarter. The FCA can fluctuate the City's electric rates up or down each quarter. TVA increased its base wholesale power costs to the City by 7% in April 2008. The City also increased electric rates at that time for an additional 3% inflationary factor to fund the City's costs for capital, maintenance and operation of the electric system.

The net assets of the waterworks fund increased by \$5,159,952 from fiscal 2007. \$5,062,972 of the increase was from capital contributions, primarily from the US Department of Energy (DOE). In May 2008, the City entered into a 5-year agreement with DOE under which the City assumed responsibility for water and wastewater services to the federal ETPP site. As part of the transition, a water plant and water and wastewater infrastructure located at ETPP was donated to the City. Refer to Note 3, in the notes to financial statements for additional information about this transition.

### **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$21,999,370, a decrease of \$9,769,239 in comparison to the prior year. Approximately 90.9% of this total amount (\$19,988,283) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,635,368), 2) advances to other funds (\$112,500), or 3) for a variety of other restricted purposes (\$263,219).

The general fund is the chief operating fund of the City of Oak Ridge. At the end of the current fiscal year, unreserved fund balance of the general fund was \$6,939,442, while total fund balance reaching \$7,488,277. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40.2% of total general fund expenditures, while total fund balance represents 43.4% of that same amount. However, unreserved fund balance only represents 19.4% when compared to total fund expenditures and transfers to other funds (e.g. school and debt service funds).

The fund balance of the City of Oak Ridge's general fund increased by \$1,715,987 during the current fiscal year. The general fund had a budgeted fund balance decrease of \$1,685,109. The positive results were primarily due to increased revenues. In 1986, the City received \$23.1 million from the U.S. Department of Energy that ended the City's annual financial assistance from that entity. Since that time, the City has budgeted annual fund balance draws from those proceeds. Budgeted fund balance draws in the City's general fund will cease when the unreserved fund balance of the general fund reaches \$5 million.

General fund revenues increased overall \$2,399,665 from the preceding fiscal year and were \$2,065,254 above budget. Intergovernmental revenues increased by \$820,314 in comparison to the prior year primarily due to an additional \$787,021 in local sales and use tax collections primarily from federal contractors located in Oak Ridge. Property tax collections were up \$1,487,520, due to a 10-cent property tax rate increase and the completion of a large taxable facility at the Oak Ridge National Laboratory.

There were no budgetary amendments to the general fund during fiscal 2008.

The debt service fund has a total fund balance of \$7,082,125, all of which is designated for the payment of debt service. The net decrease in fund balance in the debt service fund during the current year of \$1,267,476 was due to an increase in interest charges for debt issued during the past few years for the construction and renovation of the Oak Ridge High School (ORHS). The local sales tax collections were generated from a .50% increase in the local sales tax rate effective October 1, 2004 to finance a portion of the debt service associated with the ORHS project renovations. These additional sales tax collections will be applied toward funding of the ORHS project until the long-term debt issued for this project is fully extinguished.

The capital projects fund has a total fund balance of \$935,476. The net decrease in fund balance of \$9,738,500 is due to the utilization in fiscal 2008 of \$8,437,063 in proceeds from long-term debt issued in fiscal 2005 and 2006 for the construction and renovation of the Oak Ridge High School.

**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 (\$1,401,687) for the electric fund, (\$2,010,317) for the waterworks fund, and \$674,199 for the emergency communications district fund. The negative unrestricted net asset balance is due to increases in capital assets being funded from other sources rather than by the issuance of long-term debt. These other sources include cash, short-term borrowings from other City Funds and donations of capital assets by private developers.

### 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, 2008, amounts to \$277,751,705 (net of accumulated depreciation), which is a \$31,375,732 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	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Land	\$ 3,038,784	\$ 2,920,722	\$ 755,193	\$ 654,873	\$ 3,793,977	\$ 3,575,595
Buildings	44,538,059	32,205,223	19,252,861	15,248,939	63,790,920	47,454,162
Improvements other than buildings	7,313,575	17,008,864	8,247,270	8,454,301	15,560,845	25,463,165
Machinery and equipment	5,990,989	5,466,809	96,763,276	92,724,289	102,754,265	98,191,098
Infrastructure	29,411,087	25,828,811	---	---	29,411,087	25,828,811
Construction in progress	61,359,794	44,759,780	1,080,817	1,103,362	62,440,611	45,863,142
<b>Total</b>	<b>\$ 151,652,288</b>	<b>\$ 128,190,209</b>	<b>\$ 126,099,417</b>	<b>\$ 118,185,764</b>	<b>\$ 277,751,705</b>	<b>\$ 246,375,973</b>

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

- Public Safety activities added \$3,479,964 in capital assets for a west end fire station donated by the U.S. Department of Energy to the City. Refer to Note 3, in the notes to financial statements for additional information about this transition.
- Public Works activities added \$4,609,251 in capital assets, which included \$4,402,327 in donated infrastructure (streets, stormwater and sidewalk systems) in new residential developments. Other projects included \$52,317 in stormwater system improvements, \$140,569 for sidewalks and \$14,038 in equipment.
- Community Services and Development activities added \$790,429, including \$36,642 for building improvements at the Civic Center, \$164,726 for equipment and improvements at the outdoor pool, \$274,584 for improvements at City parks, \$43,477 for construction of the Emory Valley Greenway and \$271,000 for the donated practice facility at the City owned golf course.
- Educational activities added \$19,157,737, primarily from the renovation and reconstruction of the Oak Ridge High School.
- \$9,783,195 in school building improvements was reclassified from improvements other than buildings to buildings.
- Business-type activities added \$7,913,653 in total capital assets. \$3,746,369 in electrical capital assets was added, primarily from routine replacement of overhead and underground distribution systems along with expansion projects on the west end of Oak Ridge. \$9,187,399 in waterworks capital assets was added, which included \$5,062,972 in assets donated by DOE to the City for the provision of water and wastewater service to the Federal ETPP site in Oak Ridge, with the remainder continuing the rehabilitation and upgrades to the water plant and wastewater collection system. Refer to Note 3, in the notes to financial statements for additional information about this DOE asset transition.
- The value of land owned by the City increased by \$218,382 from assets donated by residential developers to the City and from DOE for the west end fire station and water plant sites located at ETPP.

Additional information on the City of Oak Ridge's capital assets can be found in Note 13 on pages 55 - 56 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 \$156,905,862. Of this amount, \$102,262,192 comprises debt backed solely by the full faith and credit of the City. \$35,934,513 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 \$18,165,000 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	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
General obligation bonds	\$ 24,870,000	\$ 27,650,000	\$ 3,410,000	\$ 3,780,000	\$ 28,280,000	\$ 31,430,000
Qualified Zone Academy Bonds (QZAB)	6,622,439	7,131,857	-	-	6,622,439	7,131,857
Long-term notes and loans	70,769,753	65,882,765	31,450,975	30,191,887	102,220,728	96,074,652
Revenue debt	-	-	18,165,000	19,045,000	18,165,000	19,045,000
Capital leases	544,147	-	1,073,538	1,166,355	1,617,685	1,166,355
<b>Total</b>	<b>\$ 102,806,339</b>	<b>\$ 100,664,622</b>	<b>\$ 54,099,513</b>	<b>\$ 54,183,242</b>	<b>\$ 156,905,852</b>	<b>\$ 154,847,864</b>

The City of Oak Ridge's total debt increased by \$2,057,998 (1.3%) during the current fiscal year. During fiscal 2008, the City borrowed \$5,678,467 for school projects including continuation of the construction and renovation of the Oak Ridge High School and \$2,367,034 in loans to finance electric and waterworks capital projects. At fiscal year end, the City had \$8,127,192 in authorized and issued loans from which funds could be drawn to finance school, electric, water and wastewater projects over the next three years. Of that amount, \$3,095,914 was restricted to wastewater projects. The City has \$20,000,000 in authorized but unissued debt to complete the Oak Ridge High School project, fund miscellaneous school and city capital improvements and electric and waterworks capital projects.

During fiscal year 2005, the City entered into an interest rate swap agreement for the \$10,000,000 outstanding local government public improvement bonds, Series VI-D-3. The City has entered into an interest rate swap agreement on the \$15,675,000 outstanding local government public improvement bonds, Series VI-H-1 with the counterparty DEPFA Bank PLC, effective September 1, 2007. 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.

Additional information on the City of Oak Ridge's long-term debt can be found in Note 14 on pages 57-68 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. Previously, the City Charter limited the amount of general obligation debt the City could issue to 10 percent of its total assessed valuation. Revisions to the City Charter effective October 4, 2004 removed this City debt limitation.

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

- The unemployment rate for the City of Oak Ridge in census year 2000 was 3.2%. Data for Oak Ridge is only available in census years. Oak Ridge's unemployment rate has historically been well below that of Anderson County, State and national levels.
- While numerous major projects in Oak Ridge are in the planning and early construction phase, including the Rarity Ridge, 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 2010 and beyond. Therefore, moderate sales and assessment growth is anticipated for fiscal 2009.

- Property tax collections are budgeted to grow 5.8% for fiscal 2009. Fiscal 2009 revenues from property taxes are anticipated to be significantly impacted by the completion of a large facility located on federal property. The first of these type facilities was completed in fiscal 2005, which resulted in \$604,147 in taxable revenues to the City. This was the first facility in Oak Ridge located on federal property that was subject to taxation by the City. The allowance of taxation by the City of these type facilities located on federal property represents a significant new revenue stream to the City.
- Inflationary trends in the region compare with national indices. A major driver of increased expenses continues to be medical and retirement costs, which mirrors national trends. Increased costs for fuel, electricity and natural gas also impacted the fiscal 2009 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. There is no fund balance projected to be drawn in fiscal 2009, but that is expected to resume in fiscal 2010 with the resumption of \$1,400,000 in operating transfers from the General Fund to the Capital Projects Fund to finance capital maintenance projects. Future property taxes will be impacted by approximately 18-cents if revenue growth does not occur to finance this operating transfer.

All of these factors were considered in preparing the City of Oak Ridge's budget for the 2009 fiscal year.

During the current fiscal year, the unreserved fund balance in the general fund increased by \$1,590,090 to \$6,939,442. This increase was above budgeted projections due to higher than anticipated revenue collections during fiscal 2008. Management has again been conservative in estimating revenues for 2009, especially local sales and use tax collections which can fluctuate due to use tax collections from one-time major construction projects on the federal reservation in Oak Ridge. In fiscal 2008, sales and use tax collections in the general fund were up \$880,808 over the preceding fiscal year primarily related to use tax collections from federal contractors located in Oak Ridge. The City's fiscal 2009 property tax rate increased by 12-cents over the 2008 rate to \$2.77 per hundred dollars of assessment. The tax increase allowed for the maintenance, and some program enhancements, to City and School service levels.

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge voted overwhelmingly to increase the local sales tax option from 2.25% to 2.75%, with the additional sales tax proceeds providing funding for the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax increase became effective October 1, 2004. New construction and renovation of the ORHS is anticipated to cost \$65 million over a four-year period. \$57,641,190 in debt proceeds has been issued for this project since fiscal 2005, with the remainder to be issued in fiscal 2009. Project funding will be provided from the additional .50% sales tax increase, private donations and from revenues generated from the existing property tax base. 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.

### **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, 2008**

	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	\$ 23,127,527	\$ 664,277	\$ 23,791,804	\$ 8,275	\$ 290,995	\$ 24,091,074
Investments	-	-	-	-	5,152,942	5,152,942
Receivables, net	18,918,206	7,923,244	26,841,450	-	1,400,724	28,242,174
Internal balances	6,145,769	(6,133,769)	12,000	-	-	12,000
Due from other governments	5,452,558	11,021	5,463,579	-	-	5,463,579
Inventory, at cost	33,632	2,658,176	2,691,808	-	-	2,691,808
Prepaid items	76,078	-	76,078	-	-	76,078
Restricted assets:						
Deposits	-	1,515,214	1,515,214	-	-	1,515,214
Current debt service account	-	138,433	138,433	-	-	138,433
Deferred charges	4,594	946,501	951,095	-	-	951,095
Capital assets nondepreciable	64,398,578	1,836,010	66,234,588	-	-	66,234,588
Capital assets depreciable	87,253,710	124,263,407	211,517,117	-	-	211,517,117
<b>Total assets</b>	<b>205,410,652</b>	<b>133,822,514</b>	<b>339,233,166</b>	<b>8,275</b>	<b>6,844,661</b>	<b>346,086,102</b>
<b>Liabilities</b>						
Accounts payable	5,984,104	7,444,346	13,428,450	-	-	13,428,450
Claims payable	150,000	-	150,000	-	-	150,000
Accrued liabilities	3,877,344	182,708	4,060,052	-	1,581	4,061,633
Deposits	465,886	1,441,164	1,907,050	-	-	1,907,050
Due to other governments	122,649	-	122,649	-	-	122,649
Unearned revenue	18,929,802	-	18,929,802	-	-	18,929,802
Matured interest payable	145,603	-	145,603	-	-	145,603
Restricted liabilities:						
Contracts payable	-	74,050	74,050	-	-	74,050
Accrued interest payable	488,311	92,824	581,135	-	-	581,135
Long-term liabilities:						
Due within one year	6,161,493	3,315,204	9,476,697	-	-	9,476,697
Due in more than one year	103,180,597	51,907,358	155,087,955	-	-	155,087,955
<b>Total liabilities</b>	<b>139,505,789</b>	<b>64,457,654</b>	<b>203,963,443</b>	<b>-</b>	<b>1,581</b>	<b>203,965,024</b>
<b>Net assets</b>						
Invested in capital assets net of related debt	48,509,856	71,964,232	120,474,088	-	-	120,474,088
Restricted for:						
Net assets - restricted for debt service	-	138,433	138,433	-	-	138,433
Net assets - restricted for education grants	-	-	-	-	6,843,080	6,843,080
Unrestricted	17,395,007	(2,737,805)	14,657,202	8,275	-	14,665,477
<b>Total net assets</b>	<b>\$ 65,904,863</b>	<b>\$ 69,364,860</b>	<b>\$ 135,269,723</b>	<b>\$ 8,275</b>	<b>\$ 6,843,080</b>	<b>\$ 142,121,078</b>

**CITY OF OAK RIDGE, TENNESSEE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2008**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Convention and Visitors Bureau		Education Foundation	Total Reporting Unit
					Governmental Activities	Business-type Activities	Total	Bureau		
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 787,908	\$ 1,069,158	\$ 482,136	\$ -	\$ 763,386	\$ -	\$ -	\$ -	\$ -	\$ 763,386
Administration	630,209	-	-	-	(630,209)	-	-	-	-	(630,209)
Public safety	11,951,624	406,046	2,391,163	465,589	(8,688,826)	-	-	-	-	(8,688,826)
Public works	4,551,008	-	709,413	-	(3,841,595)	-	-	-	-	(3,841,595)
Community services	11,026,261	2,481,141	632,462	-	(7,912,658)	-	-	-	-	(7,912,658)
Education	42,637,039	2,065,529	34,087,228	-	(6,484,282)	-	-	-	-	(6,484,282)
Interest and fiscal charges	4,244,444	-	-	-	(4,244,444)	-	-	-	-	(4,244,444)
Total governmental activities	75,828,493	6,021,874	38,302,402	465,589	(31,038,628)	-	-	-	-	(31,038,628)
Business-type activities:										
Electric	44,072,861	44,844,650	-	-	771,789	771,789	-	-	-	771,789
Waterworks	16,615,370	16,734,346	-	5,062,972	5,181,948	5,181,948	-	-	-	5,181,948
Emergency communication district	553,265	518,063	-	-	(35,202)	(35,202)	-	-	-	(35,202)
Total business-type activities	61,241,496	62,097,059	-	5,062,972	5,918,535	5,918,535	-	-	-	5,918,535
<b>Total primary government</b>	<b>\$ 137,069,989</b>	<b>\$ 68,118,933</b>	<b>\$ 38,302,402</b>	<b>\$ 5,528,561</b>	<b>(31,038,628)</b>	<b>5,918,535</b>	<b>(25,120,093)</b>	<b>-</b>	<b>-</b>	<b>(25,120,093)</b>
<b>Component units:</b>										
Convention and Visitors Bureau	\$ 399,423	\$ -	\$ 22,500	\$ -	-	-	(376,923)	-	-	(376,923)
Education Foundation	349,428	-	529,710	-	-	-	-	180,282	-	180,282
<b>Total component units</b>	<b>\$ 748,851</b>	<b>\$ -</b>	<b>\$ 552,210</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>(376,923)</b>	<b>180,282</b>	<b>-</b>	<b>(196,641)</b>
<b>General revenues:</b>										
Real & personal property taxes					17,770,961					17,770,961
In-lieu of tax payments					3,988,922					3,988,922
Sales taxes					10,799,248					10,799,248
Unrestricted state shared taxes					4,010,334					4,010,334
Business taxes					849,823					849,823
Occupancy taxes					542,126					542,126
Wholesale beer & liquor taxes					839,642					839,642
Gain on sale of capital assets					43,940					43,940
Interest					975,309				104	1,325,542
Miscellaneous					2,010,017				375,252	3,222,823
Transfers					288,910				-	-
Total general revenues and transfers					42,119,232				375,356	43,393,361
Change in net assets					11,080,604				(1,567)	18,076,627
Net assets - beginning (as restated)					54,824,259				9,842	124,044,451
Net assets - ending					65,904,863				8,275	142,121,078

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, 2008**

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 2,417,086	\$ 4,976,297	\$ 5,189,413	\$ 5,808,664	\$ 2,478,809	\$ 20,870,269
Receivables, net	18,700,366	44,448	-	-	131,376	18,876,190
Due from other funds	9,379,376	12,000	3,419,575	4,482,206	717,743	18,010,900
Due from other governments	2,631,250	2,057,568	144,102	357,433	261,754	5,452,107
Advances to other funds	112,500	-	-	-	-	112,500
Inventories, at cost	-	-	-	-	33,632	33,632
Prepaid items	41,292	5,280	-	-	29,506	76,078
Total assets	<u>\$ 33,281,870</u>	<u>\$ 7,095,593</u>	<u>\$ 8,753,090</u>	<u>\$ 10,648,303</u>	<u>\$ 3,652,820</u>	<u>\$ 63,431,676</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 391,726	\$ 586,746	\$ 4,472,828	\$ 1,000	\$ 452,970	\$ 5,905,270
Accrued liabilities	740,686	3,082,585	-	-	45,067	3,868,338
Deposits	465,886	-	-	-	-	465,886
Due to other funds	5,211,810	5,266	3,344,786	3,419,575	13,321	11,994,758
Due to other governments	63,609	59,040	-	-	-	122,649
Deferred revenue	18,919,876	-	-	-	9,926	18,929,802
Matured interest payable	-	-	-	145,603	-	145,603
Total liabilities	<u>25,793,593</u>	<u>3,733,637</u>	<u>7,817,614</u>	<u>3,566,178</u>	<u>521,284</u>	<u>41,432,306</u>
<b>Fund balances:</b>						
Reserved for special programs	-	27,650	-	-	125,859	153,509
Reserved for encumbrances	395,043	402,922	537,403	-	300,000	1,635,368
Reserved - prepaid expenditures	41,292	5,280	-	-	29,506	76,078
Reserved for advances to other funds	112,500	-	-	-	-	112,500
Reserved for inventories	-	-	-	-	33,632	33,632
<b>Unreserved, designated for:</b>						
Subsequent years' expenditures	-	19,259	-	-	-	19,259
Debt service	-	-	-	7,082,125	-	7,082,125
Capital projects	-	-	398,073	-	-	398,073
<b>Unreserved, undesignated, reported in:</b>						
General fund	6,939,442	-	-	-	-	6,939,442
School fund	-	2,906,845	-	-	-	2,906,845
Special revenue	-	-	-	-	2,642,539	2,642,539
Total fund balances	<u>7,488,277</u>	<u>3,361,956</u>	<u>935,476</u>	<u>7,082,125</u>	<u>3,131,536</u>	<u>21,999,370</u>
Total liabilities and fund balances	<u>\$ 33,281,870</u>	<u>\$ 7,095,593</u>	<u>\$ 8,753,090</u>	<u>\$ 10,648,303</u>	<u>\$ 3,652,820</u>	<u>\$ 63,431,676</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

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

Ending fund balance - governmental funds	\$	21,999,370
 <i>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</i>		 147,461,910
 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.		  5,372,061
 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	\$	(24,071,000)
Qualified Zone Academy Bonds (QZAB)		(6,622,439)
Capital Lease Obligation		(544,147)
Notes Payable		(70,769,753)
Discounts and Premiums (net)		(338,915)
Compensated Absences		(3,118,649)
Termination Benefits		(501,325)
OPEB Obligation		(2,476,305)
Accrued Interest		(485,945)
		(108,928,478)
 Net assets of governmental activities	 \$	 65,904,863

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, 2008**

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 22,464,336	\$ -	\$ -	\$ 2,079,096	\$ 542,126	\$ 25,085,558
Licenses and permits	271,002	-	-	-	-	271,002
Intergovernmental	13,188,533	34,087,228	121,102	-	4,620,586	52,017,449
Charges for services	371,685	1,886,084	-	1,010,777	1,994,909	5,263,455
Fines and forfeitures	343,259	-	-	-	53,971	397,230
Interest	439,369	-	106,481	279,717	90,206	915,773
Other	442,325	343,651	1,000,000	150,954	89,711	2,026,641
Total revenues	<u>37,520,509</u>	<u>36,316,963</u>	<u>1,227,583</u>	<u>3,520,544</u>	<u>7,391,509</u>	<u>85,977,108</u>
<b>Expenditures</b>						
Current:						
General government	805,413	-	-	-	-	805,413
Administration	622,983	-	-	-	-	622,983
Public safety	9,523,913	-	-	-	2,193,409	11,717,322
Public works	1,827,693	-	-	-	1,502,993	3,330,686
Community services	4,470,079	-	-	-	5,856,160	10,326,239
Education	-	50,627,491	-	-	-	50,627,491
Capital outlay	-	-	17,180,904	-	-	17,180,904
Debt service:						
Principal retirement	-	-	-	2,745,954	59,000	2,804,954
Interest and fiscal charges	-	-	-	4,186,467	24,499	4,210,966
Bond issuance costs	-	-	86,766	-	-	86,766
Total expenditures	<u>17,250,081</u>	<u>50,627,491</u>	<u>17,267,670</u>	<u>6,932,421</u>	<u>9,636,061</u>	<u>101,713,724</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>20,270,428</u>	<u>(14,310,528)</u>	<u>(16,040,087)</u>	<u>(3,411,877)</u>	<u>(2,244,552)</u>	<u>(15,736,616)</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	12,988,482	3,419,575	5,563,976	2,354,869	24,326,902
Transfers out	(18,554,441)	-	(2,063,976)	(3,419,575)	-	(24,037,992)
Loan issuance	-	-	4,945,988	-	-	4,945,988
Capital lease issuance	-	732,479	-	-	-	732,479
Total other financing sources (uses)	<u>(18,554,441)</u>	<u>13,720,961</u>	<u>6,301,587</u>	<u>2,144,401</u>	<u>2,354,869</u>	<u>5,967,377</u>
<b>Net change in fund balances</b>	1,715,987	(589,567)	(9,738,500)	(1,267,476)	110,317	(9,769,239)
<b>Fund balance - beginning (as restated)</b>	5,772,290	3,951,523	10,673,976	8,349,601	3,021,219	31,768,609
<b>Fund balance - ending</b>	<u>\$ 7,488,277</u>	<u>\$ 3,361,956</u>	<u>\$ 935,476</u>	<u>\$ 7,082,125</u>	<u>\$ 3,131,536</u>	<u>\$ 21,999,370</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, 2008**

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

Net change in fund balances - total governmental funds	\$ (9,769,239)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$26,900,913) exceed the depreciation expenses (\$3,644,669).	23,256,244
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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 issuance exceeded the payments.	(2,850,726)
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The internal service fund is used by management to charge the costs of insurance.	(17,733)
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The net gain of the equipment replacement fund of the internal service fund is reported with governmental activities.	466,882
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The net revenue of the school equipment replacement fund of the internal service fund is reported with governmental activities.	<u>(4,824)</u>
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Change in net assets of governmental activities	<u><u>\$ 11,080,604</u></u>
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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 AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL**  
**For the Fiscal Year Ended June 30, 2008**

	General Fund					Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	
<b>Revenues</b>						
Taxes	\$ 22,099,824	\$ 22,099,824	\$ 22,464,336	\$ -	\$ 22,464,336	\$ 364,512
Licenses and permits	223,000	223,000	271,002	-	271,002	48,002
Intergovernmental	11,810,431	11,810,431	13,188,533	-	13,188,533	1,378,102
Charges for services	330,500	330,500	371,685	-	371,685	41,185
Fines and forfeitures	338,000	338,000	343,259	-	343,259	5,259
Interest	250,000	250,000	439,369	-	439,369	189,369
Other	403,500	403,500	442,325	-	442,325	38,825
Total revenues	<u>35,455,255</u>	<u>35,455,255</u>	<u>37,520,509</u>	<u>-</u>	<u>37,520,509</u>	<u>2,065,254</u>
<b>Expenditures</b>						
Current						
General government	829,512	829,512	805,413	-	805,413	24,099
Administration	738,468	738,468	622,983	90,000	712,983	25,485
Public safety	9,452,664	9,452,664	9,523,913	-	9,523,913	(71,249)
Public works	1,823,599	1,823,599	1,827,693	-	1,827,693	(4,094)
Community services	4,501,474	4,501,474	4,470,079	1,475	4,471,554	29,920
Education	-	-	-	-	-	-
Total expenditures	<u>17,345,717</u>	<u>17,345,717</u>	<u>17,250,081</u>	<u>91,475</u>	<u>17,341,556</u>	<u>4,161</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>18,109,538</u>	<u>18,109,538</u>	<u>20,270,428</u>	<u>(91,475)</u>	<u>20,178,953</u>	<u>2,069,415</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(19,794,647)	(19,794,647)	(18,554,441)	-	(18,554,441)	1,240,206
Capital lease issuance	-	-	-	-	-	-
Total other financing sources (uses)	<u>(19,794,647)</u>	<u>(19,794,647)</u>	<u>(18,554,441)</u>	<u>-</u>	<u>(18,554,441)</u>	<u>1,240,206</u>
<b>Net change in fund balances</b>	<u>(1,685,109)</u>	<u>(1,685,109)</u>	<u>1,715,987</u>	<u>(91,475)</u>	<u>1,624,512</u>	<u>3,309,621</u>
<b>Fund balance - beginning</b>	<u>5,772,290</u>	<u>5,772,290</u>	<u>5,772,290</u>	<u>-</u>	<u>5,772,290</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 4,087,181</u>	<u>\$ 4,087,181</u>	<u>\$ 7,488,277</u>	<u>\$ (91,475)</u>	<u>\$ 7,396,802</u>	<u>\$ 3,309,621</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL**  
**For the Fiscal Year Ended June 30, 2008**

	School Fund					Variance
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	With Final Positive (Negative)
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	32,701,651	33,888,605	34,087,228	-	34,087,228	198,623
Charges for services	1,895,679	1,895,679	1,886,084	-	1,886,084	(9,595)
Fines and forfeitures	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	382,160	382,160	343,651	-	343,651	(38,509)
<b>Total revenues</b>	<u>34,979,490</u>	<u>36,166,444</u>	<u>36,316,963</u>	<u>-</u>	<u>36,316,963</u>	<u>150,519</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Education	49,445,899	51,450,332	50,627,491	305,326	50,932,817	517,515
<b>Total expenditures</b>	<u>49,445,899</u>	<u>51,450,332</u>	<u>50,627,491</u>	<u>305,326</u>	<u>50,932,817</u>	<u>517,515</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(14,466,409)</u>	<u>(15,283,888)</u>	<u>(14,310,528)</u>	<u>(305,326)</u>	<u>(14,615,854)</u>	<u>668,034</u>
<b>Other financing sources (uses)</b>						
Transfers in	12,988,482	12,988,482	12,988,482	-	12,988,482	-
Transfers out	-	-	-	-	-	-
Capital lease issuance	-	-	732,479	-	732,479	732,479
<b>Total other financing sources (uses)</b>	<u>12,988,482</u>	<u>12,988,482</u>	<u>13,720,961</u>	<u>-</u>	<u>13,720,961</u>	<u>732,479</u>
<b>Net change in fund balances</b>	(1,477,927)	(2,295,406)	(589,567)	(305,326)	(894,893)	1,400,513
<b>Fund balance - beginning (as restated)</b>	<u>3,951,523</u>	<u>3,951,523</u>	<u>3,951,523</u>	<u>-</u>	<u>3,951,523</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,473,596</u>	<u>\$ 1,656,117</u>	<u>\$ 3,361,956</u>	<u>\$ (305,326)</u>	<u>\$ 3,056,630</u>	<u>\$ 1,400,513</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

	<u>Enterprise Funds</u>				
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund</u>		<u>Internal Service Funds</u>
			<u>Emergency Communication District Fund</u>	<u>Totals</u>	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 664,277	\$ 664,277	\$ 2,257,258
Receivables, net	7,522,696	371,721	28,827	7,923,244	42,016
Due from other funds	-	-	-	-	17,127
Due from other governments	-	-	11,021	11,021	451
Inventory, at cost	-	-	-	-	2,658,176
Total current unrestricted assets	<u>7,522,696</u>	<u>371,721</u>	<u>704,125</u>	<u>8,598,542</u>	<u>4,975,028</u>
<b>Restricted assets</b>					
Deposits	1,441,164	74,050	-	1,515,214	-
Current debt service account	138,433	-	-	138,433	-
Total current restricted assets	<u>1,579,597</u>	<u>74,050</u>	<u>-</u>	<u>1,653,647</u>	<u>-</u>
Total current assets	<u>9,102,293</u>	<u>445,771</u>	<u>704,125</u>	<u>10,252,189</u>	<u>4,975,028</u>
<b>Noncurrent assets</b>					
Capital assets, net	45,147,135	79,876,130	1,076,152	126,099,417	4,190,378
Advances to other funds	1,500,000	700,000	-	2,200,000	-
Deferred charges	256,789	689,712	-	946,501	4,594
Total noncurrent assets	<u>46,903,924</u>	<u>81,265,842</u>	<u>1,076,152</u>	<u>129,245,918</u>	<u>4,194,972</u>
Total assets	<u>56,006,217</u>	<u>81,711,613</u>	<u>1,780,277</u>	<u>139,498,107</u>	<u>9,170,000</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	6,352,823	964,722	3,167	7,320,712	202,468
Claims payable	-	-	-	-	150,000
Accrued liabilities	76,815	105,893	-	182,708	9,006
Deposits	1,441,164	-	-	1,441,164	-
Due to other funds	3,854,137	1,945,062	28	5,799,227	222,042
Advances from other funds	-	-	-	-	2,312,500
Current portion of long-term debt	1,259,621	1,958,144	97,439	3,315,204	263,777
Contracts payable	-	74,050	-	74,050	-
Accrued interest payable	55,372	10,721	26,731	92,824	2,366
Total current liabilities	<u>13,039,932</u>	<u>5,058,592</u>	<u>127,365</u>	<u>18,225,889</u>	<u>3,162,159</u>
<b>Noncurrent liabilities</b>					
Vacation benefits payable	96,025	209,352	-	305,377	29,029
Notes and loans payable	13,079,330	30,602,097	976,099	44,657,526	-
Bonds payable	6,944,455	-	-	6,944,455	606,751
Total noncurrent liabilities	<u>20,119,810</u>	<u>30,811,449</u>	<u>976,099</u>	<u>51,907,358</u>	<u>635,780</u>
Total liabilities	<u>33,159,742</u>	<u>35,870,041</u>	<u>1,103,464</u>	<u>70,133,247</u>	<u>3,797,939</u>
<b>NET ASSETS</b>					
Invested in capital assets net of related debt	24,109,729	47,851,889	2,614	71,964,232	3,394,200
Net assets - restricted for debt service	138,433	-	-	138,433	-
Unrestricted	(1,401,687)	(2,010,317)	674,199	(2,737,805)	1,977,861
Total net assets	<u>\$ 22,846,475</u>	<u>\$ 45,841,572</u>	<u>\$ 676,813</u>	<u>\$ 69,364,860</u>	<u>\$ 5,372,061</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, 2008**

	<u>Enterprise Funds</u>				
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
			<u>Emergency Communication District Fund</u>		
<b>Operating revenues</b>					
Charges for services	\$ 44,844,650	\$ 16,734,346	\$ 518,063	\$ 62,097,059	\$ 8,464,799
Other	729,152	108,402	-	837,554	-
Employer's contributions	-	-	-	-	2,840,789
Employees' contributions	-	-	-	-	807,968
Total operating revenues	<u>45,573,802</u>	<u>16,842,748</u>	<u>518,063</u>	<u>62,934,613</u>	<u>12,113,556</u>
<b>Operating expenses</b>					
Maintenance and administrative	6,738,627	10,048,979	426,487	17,214,093	1,116,251
Purchased power and water	34,364,532	2,262,947	-	36,627,479	-
Depreciation	2,057,426	3,046,361	126,778	5,230,565	962,938
Materials	-	-	-	-	3,430,296
Medical/liability claims	-	-	-	-	319,345
Insurance premiums	-	-	-	-	6,357,323
Total operating expenses	<u>43,160,585</u>	<u>15,358,287</u>	<u>553,265</u>	<u>59,072,137</u>	<u>12,186,153</u>
<b>Operating income (loss)</b>	<u>2,413,217</u>	<u>1,484,461</u>	<u>(35,202)</u>	<u>3,862,476</u>	<u>(72,597)</u>
<b>Nonoperating revenue (expense)</b>					
Gain on sale of capital assets	-	-	-	-	24,824
Intergovernmental revenue	-	-	-	-	451
Interest revenue	35,024	922	21,554	57,500	59,536
Interest expense	(912,276)	(1,257,083)	-	(2,169,359)	(33,478)
Total nonoperating revenue (expense)	<u>(877,252)</u>	<u>(1,256,161)</u>	<u>21,554</u>	<u>(2,111,859)</u>	<u>51,333</u>
<b>Income (loss) before transfers and contributions</b>	1,535,965	228,300	(13,648)	1,750,617	(21,264)
Transfers out	(157,590)	(131,320)	-	(288,910)	-
Capital contributions	-	5,062,972	-	5,062,972	465,589
<b>Change in net assets</b>	<u>1,378,375</u>	<u>5,159,952</u>	<u>(13,648)</u>	<u>6,524,679</u>	<u>444,325</u>
<b>Total net assets - beginning</b>	<u>21,468,100</u>	<u>40,681,620</u>	<u>690,461</u>	<u>62,840,181</u>	<u>4,927,736</u>
<b>Total net assets - ending</b>	<u>\$ 22,846,475</u>	<u>\$ 45,841,572</u>	<u>\$ 676,813</u>	<u>\$ 69,364,860</u>	<u>\$ 5,372,061</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, 2008**

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund		Internal Service Funds
			Emergency Communication District Fund	Totals	
<b>Operating activities</b>					
Cash received from customers	\$ 44,582,320	\$ 17,013,837	\$ 518,078	\$ 62,114,235	\$ 12,071,540
Cash paid to employees	(6,756,392)	(10,053,467)	-	(16,809,859)	-
Cash paid to suppliers	(33,426,991)	(1,843,990)	(386,474)	(35,657,455)	(11,436,247)
<b>Net cash provided by operating activities</b>	<b>4,398,937</b>	<b>5,116,380</b>	<b>131,604</b>	<b>9,646,921</b>	<b>635,293</b>
<b>Noncapital financing activities</b>					
Transfers from other funds	1,979,953	(47,559)	-	1,932,394	(125,510)
Transfers to other funds	(157,590)	(131,320)	28	(288,882)	7,573
Advances from (to) other funds	(250,000)	(75,000)	-	(325,000)	325,000
Federal grant proceeds	-	-	-	-	42,858
<b>Net cash provided by (used in) by noncapital financing activities</b>	<b>1,572,363</b>	<b>(253,879)</b>	<b>28</b>	<b>1,318,512</b>	<b>249,921</b>
<b>Capital and related financing activities</b>					
Net proceeds from the issuance of long-term debt	513,761	3,295,329	(92,817)	3,716,273	-
Contributed capital	-	5,062,972	-	5,062,972	465,589
Acquisition and construction of capital assets	(3,877,932)	(9,266,286)	-	(13,144,218)	(1,143,949)
Principal paid on long-term debt	(1,486,446)	(2,750,763)	-	(4,237,209)	(174,142)
Interest paid on long-term debt	(922,147)	(1,258,007)	26,731	(2,153,423)	(33,940)
<b>Net cash used in capital and related financing activities</b>	<b>(5,772,764)</b>	<b>(4,916,755)</b>	<b>(66,086)</b>	<b>(10,755,605)</b>	<b>(886,442)</b>
<b>Investing activities</b>					
Interest and dividends on investments	35,024	922	21,554	57,500	59,536
<b>Net cash provided by investing activities</b>	<b>35,024</b>	<b>922</b>	<b>21,554</b>	<b>57,500</b>	<b>59,536</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>233,560</b>	<b>(53,332)</b>	<b>87,100</b>	<b>267,328</b>	<b>58,308</b>
<b>Cash and cash equivalents</b>					
<b>Beginning of year</b>	<b>1,346,037</b>	<b>127,382</b>	<b>577,177</b>	<b>2,050,596</b>	<b>2,198,950</b>
<b>End of year</b>	<b>\$ 1,579,597</b>	<b>\$ 74,050</b>	<b>\$ 664,277</b>	<b>\$ 2,317,924</b>	<b>\$ 2,257,258</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, 2008**

	<u>Enterprise Funds</u>				
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund Emergency Communication District Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income (loss)</b>					
<b>to net cash provided by</b>					
<b>(used in) operating activities</b>					
Operating income (loss)	\$ 2,413,217	\$ 1,484,461	\$ (35,202)	\$ 3,862,476	\$ (72,597)
Adjustments to reconcile operating income (loss)					
to net cash provided by (used in) operating					
activities:					
Depreciation	2,057,426	3,046,361	126,778	5,230,565	962,938
Change in assets and liabilities					
(Increase) decrease in accounts receivable	(1,233,234)	171,089	15	(1,062,130)	(42,016)
(Increase) decrease in inventory, at cost	-	-	-	-	(248,819)
(Increase) decrease in due from other governments	-	-	41,479	41,479	-
Increase (decrease) in accounts payable	921,584	393,410	(1,466)	1,313,528	36,970
Increase (decrease) in accrued liabilities	15,957	25,547	-	41,504	471
Increase (decrease) in accrued vacation	(17,765)	(4,488)	-	(22,253)	(1,654)
Increase in customer deposits	241,752	-	-	241,752	-
Total adjustments	<u>1,985,720</u>	<u>3,631,919</u>	<u>166,806</u>	<u>5,784,445</u>	<u>707,890</u>
<b>Net cash provided by (used in) operating</b>					
<b>activities</b>	<u>\$ 4,398,937</u>	<u>\$ 5,116,380</u>	<u>\$ 131,604</u>	<u>\$ 9,646,921</u>	<u>\$ 635,293</u>

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**June 30, 2008 and 2007**

	<b>Private-purpose Trust Fund</b>	
	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 283,336	\$ 53,180
Investments, at fair value	101,659	311,132
Total assets	384,995	364,312
<b>Liabilities</b>		
Accounts payable	-	7,190
Due to other funds	12,000	-
Total liabilities	12,000	7,190
<b>Net assets</b>		
Held in Trust for:		
Reserved for endowment	372,995	357,122
Total net assets	\$ 372,995	\$ 357,122

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, 2008 and June 30, 2007**

	<b>Private-purpose Trust Fund</b>	
	<b>2008</b>	<b>2007</b>
<b>Additions</b>		
Contributions	\$ 500	\$ 6,500
Investment income (loss)	28,377	24,222
Total additions	<u>28,877</u>	<u>30,722</u>
<b>Deductions</b>		
Scholarship awards	13,004	22,765
Total deductions	<u>13,004</u>	<u>22,765</u>
<b>Change in net assets</b>	15,873	7,957
<b>Total net assets - beginning</b>	<u>357,122</u>	<u>349,165</u>
<b>Total net assets - ending</b>	<u><u>\$ 372,995</u></u>	<u><u>\$ 357,122</u></u>

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 2008**

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

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

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

**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

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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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, 2007. 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 unit. 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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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, longevity pay 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its governmental activities, business-type activities and proprietary operations.

d. Budgets and Budgetary Accounting

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

- 1) By mid-May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is presented in conjunction with the operating budget.
- 2) A public hearing is conducted at the Municipal Building to obtain taxpayer comments.
- 3) Prior to July 1, the budgets for all governmental funds are legally enacted through passage of an ordinance by City Council.
- 4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.
- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Budgetary control is also achieved for the Debt Service Fund through general obligation bond indenture provisions.
- 6) The budgets for all governmental funds are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that in the General, Special Revenue, and Capital Projects Funds, encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred.
- 7) All appropriations which are not expended or encumbered lapse at year end.
- 8) During the year, supplementary appropriations were necessary for the School Fund and the Drug Fund, both special revenue funds. Refer to Note 21.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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e. Cash and Cash Equivalents

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

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

f. Investments

Investments are stated at the fair value based upon quoted market price.

g. Unbilled Accounts Receivable

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

h. Allowances for Doubtful Accounts

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

i. Pledges Receivables

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

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

j. Inventories and Prepaid Items

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

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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k. Compensated Absences

Employees of the City are granted general and emergency leave in varying amounts. In the event of termination, an employee is paid for accumulated general leave; however, accumulated emergency leave is not paid. Upon retirement, the accumulated emergency leave is credited to time of employment for calculating years of service under Tennessee Consolidated Retirement System benefits. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

l. Capital Assets

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

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

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

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

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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m. Long-term Obligations

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

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

n. Interfund Transactions

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

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

o. Net Assets/Fund Balance

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

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Refer to Note 18.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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p. Encumbrances

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

q. Deferred Revenues

Deferred revenue represents amounts that have been collected or billed in advance of revenue recognition. In the General Fund, revenue from the June 1 tax levy is recognized in the following fiscal year beginning on July 1. Refer to Note 2. Grant revenues are recognized when an expenditure is made and any grant proceeds received in excess of amounts expended are deferred until a qualifying expenditure is made.

r. Estimates

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

s. Comparative Data

Comparative total data for the prior year, which was summarized from the 2007 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 2007 data comparable to that of 2008.

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, 2008 is \$18,982,700.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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

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

The last reappraisal was completed for the list as of January 1, 2005 (recognized in the fiscal year beginning July 1, 2005). The assessed value for the list as of January 1, 2007, was \$669,524,098. The appraised value was \$2,226,439,343 making the total assessed value approximately 30 percent of the total appraised value.

Taxes were levied at a rate of \$2.65 per \$100 of assessed value. Taxes are due in one payment on June 1 (levy date) and delinquent on August 1 (lien date) each tax year. Current tax collections of \$17,303,022 for the fiscal year ended June 30, 2008 were approximately 98 percent of the tax levy.

3. DEPARTMENT OF ENERGY

The Department of Energy (DOE) has three major facilities in Oak Ridge that represent the largest activity at any one location within the nationwide DOE complex. Oak Ridge National Laboratory (ORNL), one of the nation's largest multipurpose research centers, develops safe, economic, and environmentally acceptable technologies for efficient production and use of energy. ORNL enhances area wide economic growth and development through its technology transfer program to private sector industries, as well as, sophisticated needs and uses for federal and private environmental/hazardous waste management, metals and ceramics technologies, and space-age tool and die industries. The former Oak Ridge 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, the contractors that operate the three major facilities, are the major employers in Oak Ridge. DOE plants account for 40% of total water sales and 28% of wastewater revenues.

From incorporation through 1986, the City received financial assistance and in-lieu of tax payments from DOE or its predecessor agencies. In fiscal year 1986, the City received a settlement of \$23,184,600 from DOE that ended the financial assistance and represented a ten-year lump sum settlement for in-lieu of tax. In the last quarter of fiscal 1996, the annual in-lieu of tax payments from DOE resumed. The City received \$1,413,801 from DOE in tax payments in fiscal 2008. The annual payments are subject to congressional appropriation.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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During fiscal 2008, the City entered into an agreement with DOE and Bechtel Jacobs (BJC) to assume fire and emergency medical response duties for the ETPP 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 ETPP 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 ETPP fire station. The City received \$2,384,582 from BJC in fiscal 2008.

The City has entered into a 5-year agreement with DOE, under which the City assumed responsibility for water and wastewater services to the ETPP site. The City acquired the ETPP 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 ETPP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETPP 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 ETPP site. On May 29, 2008, the City assumed water and wastewater operations to the ETPP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. In the first year of the contract, the City will receive a base of \$1,740,000 from DOE, 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.

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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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.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

The City's plan is noncontributory and has assumed employee contributions up to 5.0% of annual covered payroll. A small number of employees whose contribution rate was greater than 5.0% prior to the change to the adoption to noncontributory still contribute the excess over 5.0%. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2008 was 11.86% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2008, the City's annual pension cost of \$2,037,667 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2005 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005 was 10 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 2,037,667	100.00%	\$ 0
6/30/07	1,856,864	100.00%	0
6/30/06	1,658,487	100.00%	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 89.01% funded. The actuarial accrued liability for benefits was \$72.36 million, and the actuarial value of assets was \$64.42 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$7.95 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15.46 million, and the ratio of the UAAL to the covered payroll was 51.44%.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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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.

Oak Ridge School System Employees - Retirement Plan

Non-Teaching Personnel

Plan Description

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

The 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 can be accessed at <http://www.treasury.state.tn.us/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, 2008, was 9.83% 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.

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

Annual Pension Cost

For the year ending June 30, 2008, Oak Ridge Schools' annual pension cost of \$620,195 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Amortized book value was used for fixed income securities. Oak Ridge Schools' unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 10 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 620,195	100.00%	\$ 0
6/30/07	596,443	100.00%	0
6/30/06	415,652	100.00%	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 88.25% funded. The actuarial accrued liability for benefits was \$21.65 million, and the actuarial value of assets was \$19.10 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.54 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.18 million, and the ratio of the UAAL to the covered payroll was 41.18%.

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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Teaching Personnel

Plan Description

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

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

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, 2008, was 6.24% 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, 2008, 2007, and 2006 were \$1,509,165, 1,394,916, and \$1,208,226, respectively, equal to the required contributions for each year.

5. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

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

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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)	\$ 328,892
Interest on net OPEB Obligation	-
Adjustment to the ARC	-
Annual OPEB Cost	328,892
Contributions Made	(127,562)
Increase in OPEB Obligation	201,330
Net OPEB Obligation, Beginning of Year	2,274,975
Net OPEB Obligation, End of Year	\$ 2,476,305

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 328,892	38.8%	\$ 2,476,305
6/30/2007	N/A	N/A	N/A
6/30/2006	N/A	N/A	N/A

Since 2008 is the first year of implementation of GASB 45, prior year data is not available.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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Funded Status and Progress

Actuarial Valuation Date	<u>7/1/2007</u>
Actuarial Accrued Liability (AAL)	\$ 2,476,305
Actuarial Value of Plan Assets	<u>-</u>
Total Unfunded AAL	<u>\$ 2,476,305</u>
Funded Ratio (Actuarial Value of Assets as a Percentage of the AAL)	0.0%
Annual Covered Payroll	\$ 24,185,337
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	10.2%

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, 2007, 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 11% initially, reduced by decrements to a ultimate rate of 6% after ten years. 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 July 1, 2007.

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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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 2008 was \$48,025 and has been recorded as a revenue and expenditure in the general purpose 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 2008 was \$127,562 and has been recorded as a revenue and expenditure in the general purpose 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 75% of the premium costs. During fiscal 2008, the City contributed \$18,701 toward retiree's insurance premium costs with 15 retirees receiving the benefit at fiscal year end. The City funds its contribution of the retiree's insurance premiums on a pay-as-you-go basis.

The Schools will provide voluntary termination benefits for professional employees who agree to retire before age 65. Employees who retire at age 60, or after 30 years of creditable service in the Tennessee Consolidated Retirement System (TCRS) with at least 10 years as a teacher in the Oak Ridge Schools, 85% of the retirees' individual health insurance premium will be paid by the schools for 5 years or until the retiree reaches age 65. During fiscal 2008, the Schools reimbursed approximately \$63,813 to 28 retirees. The Schools funds its contribution of the retirees' individual insurance premium on a pay-as-you-go basis.

The estimated liability and expense of school employee termination benefits is \$501,325 at June 30, 2008. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 4.94% and a projected healthcare cost trend rate of 12.9% were used to estimate the effect of making these payments over a five-year period.

8. ACCOUNTS RECEIVABLE

For collection economy, the Electric Fund purchases the utility customer receivables from the Waterworks Fund and accounts receivable from the Solid Waste Fund for charges on residential refuse service. The Electric Fund is reimbursed by these funds for their uncollectible accounts. Billing and collecting expenses or expenditures are allocated among the three funds. Customers are billed for services monthly on a cyclical basis. Unbilled revenue for utility services rendered but not yet billed as of the close of the fiscal year in the amount of \$2,022,319 was recorded in the Electric Fund at June 30, 2008.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

Receivables at June 30, 2008 consist of the following:

Fund	Taxes	Customer Accounts	Other	Allowance For Uncollectibles	Net Receivable Per Governmental- wide Financial Statements
General	\$ 19,024,485	\$ 800,426	\$ 831,711	\$ (1,956,256)	\$ 18,700,366
School	-	44,448	-	-	44,448
Electric	-	8,749,474	-	(1,226,778)	7,522,696
Waterworks	-	371,721	-	-	371,721
Nonmajor	-	-	160,203	-	160,203
Internal Service	-	-	42,016	-	42,016
<b>Total</b>	<b>\$ 19,024,485</b>	<b>\$ 9,966,069</b>	<b>\$ 1,033,930</b>	<b>\$ (3,183,034)</b>	<b>\$ 26,841,450</b>

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 \$9,052,283 and the bank balance was \$10,331,888. 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, 2008, all deposits were fully insured or held in financial institutions that participate in the Tennessee Bank Collateral Pool administered by the Treasurer's Office of the State of Tennessee. Financial institutions participating in the bank collateral pool determine the aggregate balance of their public funds and report that to the Treasurer's Office. The amount of collateral required to secure these deposits must be equal to the average daily balance of public deposits held. Participating financial institutions pledge the collateral securities required to protect their public fund accounts to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

Investments

The City's investments at fiscal year end, excluding that of the Scholarship Fund, a Fiduciary Fund and investments held by trustees, were in the State Local Government Investment Pool (LGIP). The responsibility for conducting the LGIP's investment program resides with the State Treasurer and investments are made in instruments authorized by Tennessee Code Annotated, Section 9-4-602. The LGIP is a SEC 2a-7-like fund and the carrying value of the City's investment held by the LGIP at fiscal year end of \$16,368,197 is based on the LGIP share price. The City is exempted from sharing in any unrealized gains or losses of the LGIP.

The Oak Ridge Schools held, as trustee, federal agency debt securities in the Scholarship Fund, a Fiduciary Fund, with a carrying value of \$101,659 at year-end as shown below. The carrying value of the investment was presented at fair value. The investments are held by the Schools in the School's name. These investments were purchased prior to the Schools adoption of GASB Statement 40, *Deposits and Investment Risk Disclosures* and the School's revised Investment Policy.

<u>Description</u>	<u>Maturity Date</u>	<u>Callable Date</u>	<u>Fair Value</u>
Federal Agencies:			
Federal National Mortgage Association – 5.35%	5/03/2024	5/3/2004	\$ 38,754
Federal Home Loan Mortgage Corporation – 5.5%	10/15/2023	10/15/2004	<u>62,905</u>
Total			<u>\$ 101,659</u>

Investment income in the Scholarship Fund for 2008 consisted of the following:

Interest and dividend income	\$ 15,855
Unrealized gain on market value	<u>12,522</u>
Total	<u>\$ 28,377</u>

Investment Policies

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

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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**Credit Risk:** State statutes authorize the City and Schools to invest in obligations of the federal government, federal agency securities, state government, state investment pool, municipal bonds issued in Tennessee, Certificates of Deposit and other time deposits and repurchase agreements. Nonconvertible debt securities issued by the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank and the Student Loan Marketing Association must be rated in the highest category by at least two nationally recognized rating services.

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

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

Component Unit - Foundation

At June 30, 2008, the Foundation had the following deposits and investments:

<u>Description</u>	<u>Fair Value</u>
Deposits:	
Bank Deposits, Certificates of Deposit and	<u>\$ 2,564,594</u>
Investments:	
U.S. Treasury Notes and Bonds	2,583,574
Corporate Bonds	91,807
Common Stock	<u>203,962</u>
	<u>2,879,343</u>
Total	<u>\$ 5,443,937</u>

Deposit Custodial Credit Risk

At year-end, the amount of deposits subject to custodial credit risk was \$175,308. The primary cause of credit risk is lack of FDIC coverage; the Foundation does not require pledged collateral. These deposits are considered uninsured and uncollateralized for purpose of custodial credit risk disclosure.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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Investments at Fair Value

Investment income (loss) for 2008 consisted of the following:

Interest and Dividends	\$ 82,564
Unrealized Gain (loss) on Market Values	<u>55,905</u>
	<u>\$ 138,469</u>

At June 30, 2008, the majority of the Foundation's investments were rated as AAA by Standard and Poor's and Aa3 by Moody's Investor Services. The Foundation is presently using an investment broker-dealer who is registered with the SPIC.

10. PLEDGES RECEIVABLE

Component Unit- Foundation

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

	Amount
Due Within One Year	\$ 1,002,754
Due in One to Five Years	<u>553,884</u>
Gross Receivable	1,556,638
Less: Discount to Net Present Value	(62,516)
Allowance for Uncollectible	<u>(93,398)</u>
Total Net	<u>\$ 1,400,724</u>
	Amount
Due Within One Year	\$ 901,954
Due in One to Five Years	<u>498,770</u>
Total-Net	<u>\$ 1,400,724</u>

The discount rate used to compute the net present value adjustment was 3.64%.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

11. POOLED CASH AND INVESTMENTS

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

12. RESTRICTED ASSETS

The Electric Fund's restricted assets include customer utility deposits and funds set aside to satisfy legal covenants regarding debt service on Electric Fund long-term debt issuances. The Waterworks Fund's restricted assets include contractor retainage deposits. The "current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The governmental and proprietary funds restricted assets at June 30, 2008 are as indicated below:

	Business-type Activities		Total Per Government- wide Financial Statements
	Electric Fund	Waterworks Fund	
Deposits	\$ 1,441,164	\$ 74,050	\$ 1,515,214
Current debt service account	138,433	-	138,433
Total	\$ 1,579,597	\$ 74,050	\$ 1,653,647

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

13. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2008 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Adjustments</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,920,722	\$ 118,062	\$ -	\$ 3,038,784
Construction in progress	<u>44,759,780</u>	<u>17,736,482</u>	<u>(1,136,468)</u>	<u>61,359,794</u>
Total capital assets not being depreciated	<u>47,680,502</u>	<u>17,854,544</u>	<u>(1,136,468)</u>	<u>64,398,578</u>
Capital assets being depreciated:				
Infrastructure	41,354,374	4,499,351	-	45,853,725
Buildings	54,782,780	4,529,461	19,323,049	78,635,290
Improvements other than buildings	31,200,893	537,787	(19,323,049)	12,415,631
Machinery and equipment	<u>16,253,074</u>	<u>1,785,009</u>	<u>(155,544)</u>	<u>17,882,539</u>
Total capital assets being depreciated	<u>143,591,121</u>	<u>11,351,608</u>	<u>(155,544)</u>	<u>154,787,185</u>
Less accumulated depreciation for:				
Infrastructure	(15,525,563)	(917,075)	-	(16,442,638)
Buildings	(22,577,557)	(1,979,821)	(9,539,854)	(34,097,232)
Improvements other than buildings	(14,192,029)	(449,881)	9,539,854	(5,102,056)
Machinery and equipment	<u>(10,786,265)</u>	<u>(1,260,828)</u>	<u>155,544</u>	<u>(11,891,549)</u>
Total accumulated depreciation	<u>(63,081,414)</u>	<u>(4,607,605)</u>	<u>155,544</u>	<u>(67,533,475)</u>
Total capital assets being depreciated, net	<u>80,509,707</u>	<u>6,744,003</u>	<u>-</u>	<u>87,253,710</u>
Governmental activities capital assets, net	<u>\$ 128,190,209</u>	<u>\$ 24,598,547</u>	<u>\$ (1,136,468)</u>	<u>\$ 151,652,288</u>

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

General government	\$ 62,183
Public safety	598,583
Public works	1,429,499
Community service	796,194
Education	<u>1,721,146</u>
Total depreciation expense	<u>\$ 4,607,605</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

Capital Asset activity for the business-type activities for the year ended June 30, 2008 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 654,873	\$ 100,320	\$ -	\$ 755,193
Construction in progress	1,103,362	7,989,990	(8,012,534)	1,080,818
Total capital assets not being depreciated	<u>1,758,235</u>	<u>8,090,310</u>	<u>(8,012,534)</u>	<u>1,836,011</u>
Capital assets being depreciated:				
Buildings	24,515,493	588,228	-	25,103,721
Improvements other than buildings	11,810,896	168,205	-	11,979,101
Machinery and equipment	142,452,154	12,112,987	(313,940)	154,251,201
Total capital assets being depreciated	<u>178,778,543</u>	<u>12,869,420</u>	<u>(313,940)</u>	<u>191,334,023</u>
Less accumulated depreciation for:				
Buildings	(9,266,554)	(739,562)	-	(10,006,116)
Improvements other than buildings	(3,356,595)	(574,488)	-	(3,931,083)
Machinery and equipment	(49,727,865)	(3,916,515)	510,962	(53,133,418)
Total accumulated depreciation	<u>(62,351,014)</u>	<u>(5,230,565)</u>	<u>510,962</u>	<u>(67,070,617)</u>
Total capital assets being depreciated, net	<u>116,427,529</u>	<u>7,638,855</u>	<u>197,022</u>	<u>124,263,406</u>
Business-type activities capital assets, net	<u>\$ 118,185,764</u>	<u>\$ 15,729,165</u>	<u>\$ (7,815,512)</u>	<u>\$ 126,099,417</u>

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

Electric	\$ 2,057,426
Waterworks	3,046,361
Emergency Communications	126,778
Total depreciation expenses	<u>\$ 5,230,565</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

**14. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2008:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
General Obligation Bonds	\$ 26,666,000	\$ -	\$ (2,595,000)	\$ 24,071,000	\$ 2,705,000
Qualified Zone Academy Bonds (QZAB)	7,131,857	-	(509,418)	6,622,439	509,418
Notes Payable	65,882,765	4,945,988	(59,000)	70,769,753	62,000
Unamortized Debt Discount	(140,230)	-	24,623	(115,607)	(24,623)
Unamortized Debt Premium	484,780	-	(30,258)	454,522	30,258
Capital Lease Obligations	-	732,479	(188,332)	544,147	177,893
Compensated Absences	2,904,213	2,488,043	(2,273,607)	3,118,649	2,363,423
School Termination Benefits	417,569	147,569	(63,813)	501,325	74,347
School OPEB Obligation	2,274,975	328,892	(127,562)	2,476,305	-
<b>City Equipment Replacement Rental Fund:</b>					
General Obligation Bonds	984,000	-	(185,000)	799,000	190,000
Unamortized Bond Discount	(11,050)	-	1,867	(9,183)	(1,867)
Unamortized Reoffering Premium	7,654	-	(1,293)	6,361	1,294
Compensated Absences	95,683	76,588	(68,892)	103,379	74,350
<b>Total Long-term Liabilities - Governmental Activities:</b>	<b>\$ 106,698,216</b>	<b>\$ 8,719,559</b>	<b>\$ (6,075,685)</b>	<b>\$ 109,342,090</b>	<b>\$ 6,161,493</b>
<b>Business-type Activities:</b>					
<b>Electric Fund:</b>					
Revenue Bonds	\$ 8,665,000	\$ -	\$ (880,000)	\$ 7,785,000	\$ 900,000
Notes Payable	13,282,995	10,173	(104,751)	13,188,417	109,087
Unamortized Debt Discount	(143,801)	-	19,965	(123,836)	(19,965)
Unamortized Reoffering Premium	212,324	-	(24,499)	187,825	24,499
Compensated Absences	358,790	241,564	(258,329)	342,025	246,000
<b>Waterworks Fund:</b>					
General Obligation Bonds	3,780,000	-	(370,000)	3,410,000	380,000
Notes Payable	10,730,357	1,429,561	(341,155)	11,818,763	356,201
State Revolving Fund Program Loan	16,558,535	927,300	(662,040)	16,823,795	689,520
Unamortized Debt Discount	(36,133)	-	4,052	(32,081)	(4,052)
Unamortized Reoffering Premium	4,239	-	(475)	3,764	475
Compensated Absences	678,840	555,277	(488,765)	745,352	536,000
<b>Emergency Communications Fund:</b>					
Capital Lease Obligations	1,166,355	-	(92,817)	1,073,538	97,439
<b>Total Long-term Liabilities - Business-type Activities</b>	<b>\$ 55,257,501</b>	<b>\$ 3,163,875</b>	<b>\$ (3,198,814)</b>	<b>\$ 55,222,562</b>	<b>\$ 3,315,204</b>

Compensated absences are generally liquidated by the General Fund, School, 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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General Obligation Debt Refunding

In March 2003, the City issued \$14,720,000 in General Obligation Refunding Bonds Series 2003 to refund outstanding general obligation debt whose annual debt service payment was to be funded by, the General Fund and Equipment Replacement Rental Fund, both governmental-type activities, and debt to be funded by the Waterworks Fund, a business-type activity. At fiscal year end, the unamortized discount on the bonds was \$43,158 and the unamortized gain on sale was \$60,566. These costs are being amortized over a 14-year life in the government-wide statements.

A. Long-Term Debt – Governmental Activities

Oak Ridge High School (ORHS) Project

The Oak Ridge High School is nearing completion of a major renovation and expansion of the school facility. The ORHS project is anticipated to cost \$65,000,000 with debt issuances occurring in phases over a three to four year period to finance construction of the project. As of June 30, 2008, \$49,559,330 in debt has been issued through a Tennessee Public Building Authority and \$8,081,860 in Qualified Zone Academy Bonds (QZAB) to finance the ORHS project. \$1,138,693 is available from existing debt issuances, with the remainder of the funding to complete the project to be provided from debt anticipated to be issued during fiscal 2009. In May 2008, City Council adopted an initial debt resolution for up to \$20,000,000, a portion of which will be used to complete the ORHS project with the remainder to be used for general and utility capital projects.

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge overwhelmingly voted to increase the local sales tax option from 2.25% to the state maximum of 2.75%, with the additional tax proceeds being legally restricted to fund the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax rate increase became effective with sales beginning on October 1, 2004. 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.

Funding for the debt service on the ORHS project debt issuances will be provided from the additional .50% sales tax proceeds in Oak Ridge Anderson County, private donations and from revenues generated from the existing property tax base. During fiscal 2008, \$2,079,096 in sales tax collections reserved for the ORHS project was recorded in the Debt Service Fund. These funds will be invested and utilized for future debt service payments on debt issued for this project.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

General Obligation Bonds – General Fund

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2008, are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2009	\$ 2,705,000	\$ 1,134,095	\$ 3,839,095
2010	2,613,000	1,019,460	3,632,460
2011	2,738,000	884,030	3,622,030
2012	3,040,000	752,935	3,792,935
2013	3,005,000	602,435	3,607,435
2014-2018	7,425,000	1,311,030	8,736,030
2019-2023	2,545,000	386,145	2,931,145
Total	<u>\$ 24,071,000</u>	<u>\$ 6,090,130</u>	<u>\$ 30,161,130</u>

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, 2008:

	Governmental Activities			Balance 6/30/08
	Balance 7/1/07	Additions/ Transfers	Retirements	
Series 1998, GO Refunding Bonds Issue: \$7,275,000, Maturing 2023 Interest Rate: 4.40% - 4.90%	\$ 6,055,000	\$ -	\$ 245,000	\$ 5,810,000
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Rate: 3.56% - 4.83%	15,620,000	-	1,910,000	13,710,000
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Rate: 2.00% - 4.00%	4,991,000	-	440,000	4,551,000
Total General Obligation Bonded Debt	<u>\$ 26,666,000</u>	<u>\$ -</u>	<u>\$ 2,595,000</u>	<u>\$ 24,071,000</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

Qualified Zone Academy Bonds (QZAB) – General Fund

The City issued \$7,049,360 in Qualified Zone Academy Bonds (QZAB) in fiscal 2005 and \$1,032,500 in fiscal 2006. QZAB's are a federal program, administered through state department of educations, which provide interest free loans to finance eligible school renovations. The Tennessee Department of Education and the State Comptroller's Office are administrators of the loan. The QZAB program requires a 10% private contribution toward annual debt service payments. The Oak Ridge Education Foundation funded the City's required private contribution. A \$511,864 annual loan payment is scheduled each year through December 2020. The actual payment required by the City will be adjusted by the State each year, reflecting an adjustment for interest earned on the bond escrow account.

Projected amortization schedule for QZAB are as follows:

Governmental Activities			
Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2009	\$ 509,419	\$ 2,445	\$ 511,864
2010	509,418	2,445	511,863
2011	509,418	2,445	511,863
2012	509,419	2,445	511,864
2013	509,418	2,445	511,863
2014-2018	2,547,092	12,224	2,559,316
2019-2021	1,528,255	7,335	1,535,590
Total	\$ 6,622,439	\$ 31,784	\$ 6,654,223

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, 2008. Annual interest payments are amortized below using a 1.85% interest rate, which was the actual weekly rate at June 30, 2008.

In May 2001, the City issued \$18,570,000 in variable rate debt through the TN-LOANS program to refund all the outstanding General Obligation Refunding Bonds Series 1992 and refund \$9,600,000 of the outstanding General Obligation School Bonds Series 1995. Principal payments begin in 2015 with maturity in 2022. Annual interest payments are amortized below using a 5.48% interest rate, which was the actual weekly rate at June 30, 2008.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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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, 2008, the outstanding principal balance of the loan was \$685,000. Annual interest payments are amortized below using a 2.95% interest rate, which was the actual weekly rate at June 30, 2008.

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. Upon issuance, the City entered into an interest rate swap agreement on this issue with the counterparty AMBAC Financial Services, LLC (AFS). The intention of the swap was to effectively change the City's variable rate of the notes to a synthetic fixed rate to protect against the potential of rising interest rates and to balance the City's mixture of variable and fixed rate debt.

Based on loan and swap agreements, the City owes interest at an effective fixed rate of 4.2% on each Series of the bonds. In return, the counterparty owes the City interest based on a variable rate that is calculated at 63.5% of the 5-year LIBOR (London InterBank Offered Rate). Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged; it is used as the basis on which the interest payments are calculated.

The City, through the Bond Trustee, continues to pay interest to the bondholders at the adjustable rate provided by the bonds. However, during the term of the swap agreements, the City effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due to the bondholders and the variable rate received from the counterparty. The debt service requirements to maturity presented for these bonds are based solely on the fixed rate. The City would be exposed to variable interest rates if the counterparty to the swap defaults, if the variable rate received from the counterparty is less than that due to bondholders or if the swaps are terminated. The bonds are pre-payable at any time with 30 days advance notice. If the bonds are pre-paid prior to maturity and the City decides to terminate the swaps, a termination fee may be owed either to the counterparty by the City, or to the City by the counterparty, depending upon current market conditions. Other than the net interest expenditures resulting from these agreements, no other amounts are recorded in the financial statements. Annual interest payments are amortized below using a 6.85% interest rate, which was the actual weekly rate at June 30, 2008.

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. The interest rate on the fixed rate loan is between 3.0% and 4.125%, with maturity in fiscal 2025. Principal payments begin in fiscal 2010.

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**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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On November 22, 2006, the City entered into a \$15,675,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the ORHS Project. Principal payments are to occur on the loan from 2026 to 2036. The City has entered into an interest rate swap agreement on this loan with the counterparty DEPFA Bank PLC, effective September 1, 2007. The interest rate on the loan will vary daily until the effective date of the swap. Annual interest payments are amortized below using a 6.32% interest rate, which was the actual weekly rate at June 30, 2008.

Based on the swap agreements, the City will owe interest at an effective fixed rate of 3.99% on each Series of the bonds. In return, the counterparty will owe the City interest based on a variable rate that is calculated at 63% of the 5-year LIBOR (London InterBank Offered Rate). Only the net difference in interest payments will actually be exchanged with the counterparty. The bond principal is not exchanged; it is used as the basis on which the interest payments are calculated.

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

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.

On April 16 2008, the City executed a loan agreement with the TMBF for \$11,000,000 of which \$4,945,988 had been drawn at the end of fiscal 2008 to fund costs for renovation and new construction of the ORHS project and other school capital projects. Funds are drawn from the loan as expenditures occur. The loan proceeds will also be used to fund electric and waterworks projects. Principal payments begin in 2014 with maturity in 2026. Annual interest payments are amortized below using a 2.81% interest rate, which was the actual weekly rate at June 30, 2008.

The interest rate varies on a weekly basis and is paid monthly for the TMBF loans and quarterly for the TN-LOANS. Annual interest payments on variable interest rate loans are amortized using the actual weekly rate at June 30, 2008. For budgeting purposes, the City uses a 4.50% interest rate for variable rate loans.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

Projected debt service requirements to maturity for notes payable are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2009	\$62,000	\$3,762,757	\$3,824,757
2010	165,000	3,760,920	3,925,920
2011	219,000	3,755,993	3,974,993
2012	272,000	3,749,075	4,021,075
2013	326,000	3,739,942	4,065,942
2014-2018	11,242,048	17,923,976	29,166,024
2019-2023	19,297,717	13,935,775	33,233,492
2024-2028	12,760,988	9,718,939	22,479,927
2029-2033	13,975,000	6,741,524	20,716,524
2034-2038	12,450,000	1,927,323	14,377,323
Total	<u>\$70,769,753</u>	<u>\$69,016,224</u>	<u>\$139,785,977</u>

City Equipment Replacement Rental Fund

On September 30, 1999, the City executed a general obligation loan agreement through the TMBF loan program for \$2,326,575 for the acquisition of four fire trucks and year 2000 compliant computer hardware and software. The outstanding principal balance of this loan was paid in its entirety from the proceeds of the General Obligation Refunding Bonds Series 2003. The debt service on the \$1,898,733 portion of the bonds required to refund the outstanding loan is to be repaid from revenues in the City Equipment Replacement Rental Fund, an internal service fund, a governmental type activity. At year-end, the bonds had a principal balance of \$799,000. Interest rates range from 2% to 4% with debt service requirements to maturity as of June 30, 2008 as follows:

Fiscal Year Ending June 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2009	\$190,000	\$28,390	\$218,390
2010	157,000	22,690	179,690
2011	177,000	17,195	194,195
2012	205,000	11,000	216,000
2013	70,000	2,800	72,800
Total	<u>\$799,000</u>	<u>\$82,075</u>	<u>\$881,075</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

Capital Leases Obligations

On July 10, 2007, the Schools financed the purchases of approximately 500 Apple computers for \$732,479 from Apple Computers, Inc. Terms of the capital leases required an initial payment of \$188,322 and three annual payments of \$188,332 at 1.9% through July 10, 2010. The principal balance was \$544,157 at year-end.

B. Long-term Debt – Business-type Activities

Electric Revenue Bonds

In March 2003, the City issued \$12,425,000 in Electric Revenue Refunding Bonds, Series 2003 to refund portions of outstanding Electric Fund debt. This bond issuance is payable solely from and secured by the income and revenues from the operation of the electric power distribution system, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring said system. Interest rates on the bonds range from 2% to 4% with debt service requirements to maturity as of June 30, 2008 as follows:

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2009	\$ 900,000	\$ 322,350	\$ 1,222,350
2010	930,000	290,850	1,220,850
2011	965,000	258,300	1,223,300
2012	1,000,000	219,700	1,219,700
2013	1,010,000	169,700	1,179,700
2014-2016	2,980,000	233,000	3,213,000
Total	<u>\$ 7,785,000</u>	<u>\$ 1,493,900</u>	<u>\$ 9,278,900</u>

Electric System Notes Payable

During fiscal 2001, the City executed a \$15,000,000 loan agreement through TN-LOANs payable solely from and secured by a pledge of Net Revenues derived from the operations of the Electric System. This loan refunded the outstanding Series 1993 revenue bonds, refunded the outstanding bonds sold at private sale to TVA, and provided funding for electric system rehabilitation and expansion. The 2003 to 2016 maturities of this loan were paid from the proceeds of the Electric Revenue Refunding Bonds, Series 2003. The loan had an outstanding balance of \$10,380,000 at June 30, 2008. The loan is to be repaid from Electric system revenues and accordingly, has been recorded as a long-term liability of the Electric Fund. Terms of the loan agreements provide for annual principal and quarterly interest installments, with the interest rate varying on a weekly basis. Annual interest payments are amortized below using a 3.34% interest rate, which was the actual weekly rate at June 30, 2008.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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 \$2,798,244 at June 30, 2008. Annual interest payments are amortized below using a 2.74% interest rate, which was the actual weekly rate at June 30, 2008.

In April 2008, the City executed a \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. Loan proceeds are drawn as work is completed. The outstanding principal balance of the Electric Fund loan liability was \$10,173 at June 30, 2008. Annual interest payments are amortized below using a 2.81% interest rate, which was the actual weekly rate at June 30, 2008.

The interest rate varies on a weekly basis for these three loans. Annual interest payments are amortized below using the actual weekly rate at June 30, 2008. Projected debt service requirements to maturity as of June 30, 2008 as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2009	\$109,087	\$423,460	\$532,547
2010	113,424	420,461	533,885
2011	118,095	417,342	535,437
2012	122,765	414,096	536,861
2013	127,769	410,721	538,490
2014-2018	1,324,082	1,985,858	3,309,940
2019-2023	4,144,701	1,575,630	5,720,331
2024-2028	4,988,494	833,583	5,822,077
2029-2030	2,140,000	102,358	2,242,358
Total	<u>\$13,188,417</u>	<u>\$6,583,509</u>	<u>\$19,771,926</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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

Interest rates range from 2% to 4% with debt service requirements to maturity for the fiscal year ended June 30, 2008 as follows:

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2009	\$380,000	\$128,650	\$508,650
2010	390,000	117,250	507,250
2011	400,000	103,600	503,600
2012	420,000	89,600	509,600
2013	435,000	72,800	507,800
2014-2016	1,385,000	112,200	1,497,200
Total	<u>\$3,410,000</u>	<u>\$624,100</u>	<u>\$4,034,100</u>

Notes Payable – Waterworks Fund

The City executed loan agreements for \$6,152,006 and \$3,000,000 during fiscal 1995 and 2001, respectively, with the TMBF to fund water and wastewater system rehabilitation and expansion. The 2003 to 2016 maturities of the 1995 loan were paid from the proceeds of the General Obligation Refunding Bonds Series 2003. The remaining portion of the 1995 loan matures in 2023 and the 2001 loan matures in 2021. The outstanding principal balance on these loans at June 30, 2008 was \$5,186,735. Annual interest payments are amortized below using a 1.85% and 2.91% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2008.

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$5,589,756 at June 30, 2008. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 2.74% interest rate, which was the actual weekly rate at June 30, 2008.

In April 2008, the City executed a \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. Loan proceeds are drawn as work is completed. The outstanding principal balance of the Waterworks Fund portion of the loan was \$1,012,561 at June 30, 2008. Principal payments will occur from 2017 through 2027. Annual interest payments are amortized below using a 2.81% interest rate, which was the actual weekly rate at June 30, 2008.

At June 30, 2008, the City had outstanding fixed rate notes payable to the Tennessee Local Development Authority of \$29,711 that mature in fiscal 2010.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

The TMBF loans are to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. Terms of the loan agreements provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Annual interest payments are amortized below using the actual weekly rate at June 30, 2008, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2009	\$356,201	\$273,594	\$629,795
2010	366,999	264,065	631,064
2011	369,905	254,097	624,002
2012	386,235	243,696	629,931
2013	403,231	232,834	636,065
2014-2018	3,124,742	976,923	4,101,665
2019-2023	4,812,665	493,333	5,305,998
2024-2027	1,998,785	70,517	2,069,302
Total	<u>\$11,818,763</u>	<u>\$2,809,059</u>	<u>\$14,627,822</u>

Tennessee State Revolving Fund Loan – Waterworks Fund

During fiscal 1998 and 1999, the City executed a \$11,197,000 loan and a \$5,000,000 loan through the Tennessee State Revolving Fund (SRF) administered by the Tennessee Department of Environment and Conservation (TDEC) to finance improvements and expansion of the Wastewater Treatment Plant, wastewater collection system rehabilitation and wastewater lift station replacements. Terms of both 20-year loans call for monthly principal and interest payments, using a 4.09% and a 4.04% fixed interest rate, respectively. Debt service payments will be funded by Waterworks Fund revenues from residential and commercial wastewater fees. The City, as do all governmental entities in the SRF loan program, pledged first its State-shared tax revenues (State sales, gasoline, beer, TVA replacement, mixed drinks, alcoholic beverages and income tax) and then the City's taxing authority as collateral for the loan. It is not anticipated that revenues from these sources will be required to fund the debt service on these loans. The outstanding principal balance of these loans was \$9,054,267 and \$3,865,442, respectively, at June 30, 2008. During fiscal 2003, a third loan from the SRF program for \$7,000,000 was approved that will provide financing for the fiscals 2005 to 2009 phase of the wastewater system rehabilitation project, which includes sanitary sewer replacement, slip-lining, cured-in-place and pipe bursting, and manhole and pump station rehabilitation and replacement. Terms of the loan are the same as outlined above with the exception that the fixed interest rate for this loan is 3.83%. Loan proceeds are drawn as work is completed. \$3,904,086 in loan proceeds had been drawn as of June 30, 2008. A projected amortization schedule for outstanding SRF loans as of June 30, 2008 is as follows:

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2009	\$689,520	\$663,222	\$1,352,742
2010	850,664	632,281	1,482,945
2011	885,649	597,308	1,482,957
2012	922,071	560,874	1,482,945
2013	959,998	522,946	1,482,944
2014-2018	5,425,783	1,988,929	7,414,712
2019-2023	5,592,809	794,919	6,387,728
2024-2028	1,223,301	175,283	1,398,584
2029	274,000	5,718	279,718
Total	<u>\$16,823,795</u>	<u>\$5,941,480</u>	<u>\$22,765,275</u>

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 900 MHz radio system to allow for digital capabilities. At June 30, 2008, the leased equipment is carried in the Emergency Communications Fund at its fair market value of \$1,049,718. Terms of the 10-year lease agreement call for annual principal and interest payments of \$150,902 beginning on January 1, 2008. The interest rate on the lease is 4.98%.

The future principal and interest payments on these capital lease obligations as of June 30, 2008 are as follows:

Year Ending June 30,	
2009	\$ 150,902
2010	150,902
2011	150,902
2012	150,902
2013-2017	<u>754,506</u>
Total Future Minimum Lease Payments	1,358,114
Less:	
Amount representing interest at 4.98%	284,577
Current portion of capital lease	<u>97,439</u>
Long-term capitalized lease obligation	<u>\$ 976,098</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

15. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Due to and from accounts represent short-term loans between funds. The composition of due to / due from balances as of June 30, 2008, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 3,344,786
	Nonmajor governmental funds	13,321
	Internal services funds	222,042
	Electric Fund	3,854,137
	Waterworks Fund	1,945,062
	Emergency Communication District Fund	28
School Fund	Scholarship Fund	12,000
Capital Projects fund	Nonmajor governmental funds	3,419,575
Internal service funds	School Fund	5,266
	General Fund	11,861
Nonmajor governmental funds	General Fund	5,199,949
<b>Total</b>		<b><u>\$ 18,028,027</u></b>

Advances to/from other funds:

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

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

16. TRANSFERS

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

<u>Transfer Out</u>	<u>Transfer In</u>			<u>Total</u>
	<u>School Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ 12,988,482	\$ -	\$ 5,565,959	\$ 18,554,441
Capital Projects Fund	-	-	2,063,976	2,063,976
Nonmajor Funds	-	3,419,575	-	3,419,575
Electric Fund	-	-	157,590	157,590
Waterworks Fund	-	-	131,320	131,320
<b>Total</b>	<b><u>\$ 12,988,482</u></b>	<b><u>\$ 3,419,575</u></b>	<b><u>\$ 7,918,845</u></b>	<b><u>\$ 24,326,902</u></b>

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

17. COMMITMENTS

At June 30, 2008, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$4,702,237 for the following projects:

Projects	Spent To-Date	Commitment Remaining	Committed Fund
Oak Ridge High School Project	\$ 54,480,565	\$ 683,288	Capital Projects
Parking Lot Repaving	-	94,634	General/Capital Projects
Legal Services	77,085	80,715	Economic Diversification
Roadway Improvements	-	268,113	State Street Aid
Line Construction	2,344,888	579,962	Electric
Substation Expansion	-	508,675	Electric
Water Treatment Plant Improvements	357,222	539,778	Waterworks
Wastewater Treatment Plant Improvements	-	558,557	Waterworks
Wastewater Distribution System Rehab.	1,528,685	398,367	Waterworks
Water Tank Improvements	20,278	271,611	Waterworks
West End Waterworks Expansion	653,286	250,667	Waterworks
Equipment	-	252,405	Waterworks
Equipment	-	215,465	Equipment Replacement Rental
<b>TOTAL</b>	<b>\$ 59,462,009</b>	<b>\$ 4,702,237</b>	

Funding for Capital Projects Fund commitments will primarily be provided by existing cash in the Fund generated through annual operating transfers from the General Fund to finance major maintenance projects and long-term debt issuances to finance the Oak Ridge High School renovation and construction project. Roadway improvements and repaving costs will be funded from existing cash in the General Fund. The Economic Diversification Fund, whose operations are funded by transfers from the General, Electric and Waterworks Funds, will provide funding for contacted legal services whose goal is to enhance remuneration from the federal government. Electrical and Waterworks projects will be funded from \$2,224,978 in available debt proceeds from the 2008 TMBF loan. Loan proceeds are drawn as expenditures occur. There is an additional \$3,095,914 available for wastewater projects from an approved TDEC loan. The equipment will be purchased from existing cash in the Waterworks and Equipment Replacement Rental Fund.

18. RESERVES AND DESIGNATIONS

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

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Reserved for Special Programs. City Special Revenue Funds had statutory reserves of fund balance totaling \$153,509 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$125,859 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$27,650 for the Career Ladder Program.

Reserved For Encumbrances. Encumbrances outstanding at year-end represent the estimated amount the City intends to honor as a commitment regardless of the lapse in the appropriation. At June 30, 2008, the following amounts were reserved:

	Amount
General Fund	\$ 395,043
School Fund	402,922
Capital Projects Fund	537,403
Nonmajor Funds	300,000
Total	\$ 1,635,368

Reserved For Prepaid Expenditures. The General Fund has reserves for prepaids of \$41,292 at fiscal year end for warranties on emergency fire equipment. The Schools Fund had miscellaneous prepaids of \$5,280 and other City Special Revenue Funds had reserves for prepaids totaling \$29,506 at fiscal year end. The State Street Aid Fund had reserves for prepaids of \$7,601 for the City's share of State street resurfacing projects within Oak Ridge. The Economic Diversification Fund had reserves for prepaids of \$19,002 for the City's share of the State roadway project for a road extension at Bethel Valley Industrial Park. The Drug Fund had miscellaneous prepaids of \$2,903.

Reserved For Advance to Other Funds. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. Advances to Internal Service Funds at June 30, 2008 from the General Fund totaled \$112,500.

Reserved for Endowment. The Scholarship Fund, a Private Purpose Trust Fund, was established to account for trust funds that are legally restricted for endowment purposes. The interest on the trust principal is used to award college scholarships to high school seniors. The Reserve for Endowment for the Scholarship Fund at June 30, 2008 was \$372,995.

Reserved for Inventories. The Golf Course Fund, a Special Revenue Fund, has \$33,632 reserved for inventories at the pro shop and grill located at Tennessee Centennial Golf Course.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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Unreserved Fund Balance - Designated for Subsequent Years' Expenditures. Designations of fund balances of governmental funds are used to indicate tentative plans for financial resource utilization in a future period. The School Fund, a Special Revenue Fund, designated \$19,259 of fund balance of which \$10,335 was for the Family Resource Center and \$8,924 was for various other School projects.

Unreserved Fund Balance - Designated for Debt Retirement. This designation was established by City Council action to accumulate funds from General Fund revenues for retirement of existing general obligation debt. The amount designated at June 30, 2008 totaled \$7,082,125.

Unreserved Fund Balance - Designated for Capital Projects. This designation was established to accumulate funds for major City and School capital projects. The amount designated at June 30, 2008 totaled \$398,073.

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

Insurance coverage for city and schools assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for city and school system employees is through public entity risk pools operated as a risk sharing programs by the Tennessee Municipal League (TML) for the City coverage and the Tennessee 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2008**

Other risks of loss are covered by commercial insurance with the City being self-insured for the per occurrence deductible. The annual per occurrence deductible for each insurance policy covered by the School Fund for fiscal 2008 is \$500 except for boiler and machinery which is \$1,000. The Schools incurred net claim losses of \$377,556, which were submitted to the TNRMT insurance pool during fiscal 2008. In fiscal 2008, the city paid \$152,805 in deductibles to the TML for workers compensation and property liability claims of \$127,719 and \$25,086, respectively. The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2008 is as outlined below:

<u>Insurance Plan</u>	<u>Annual Per Occurrence Deductible</u>
General Liability	\$ 1,000
Auto Liability	1,000
Auto Physical Damage	5,000
Errors and Omissions	0
Buildings and Personal Property	10,000
Equipment Breakdowns	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, 2007 and June 30, 2008 were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2007	\$ 205,157	\$ 186,154	(\$ 194,668)	\$ 196,643
2008	\$ 196,643	\$ 319,345	(\$ 351,926)	\$ 164,062

**21. BUDGET AMENDMENTS**

Amendments to the fiscal 2008 budgeted expenditures are as follows:

<u>Governmental Fund</u>	<u>Original Budget</u>	<u>Additional Appropriations</u>	<u>Final Budget</u>
School Fund	\$ 49,445,899	\$ 2,004,433	\$ 51,450,332
Drug Fund	124,450	75,550	200,000

The School Fund's budget was amended to allow for the expenditure from increased funding from the Lottery for Education After School Programs (LEAPS), Pre-Kindergarten programs, the proceeds from capitalized lease obligations and additional funds received for federal programs.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

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The Drug Fund budget was amended to allow for the expenditure from unanticipated additional revenues received during fiscal 2007 and 2008 from federal revenue sharing programs by the U.S. Department of Justice, U.S. Marshals and IRS for drug enforcement activities.

22. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

During fiscal 2008, the Schools adopted the following:

1. GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which requires the Schools to record and disclose various actuarial information related to retired teachers healthcare benefits obligations under the State Group Insurance Plan. The City will adopt GASB No. 45 when required in fiscal 2009.
2. GASB No. 50, *Pension Disclosures*, which more closely aligns current pension disclosures requirements for governments with those that governments are beginning to implement for retiree health insurance and other post-employment benefits (OPEB).

23. SUBSEQUENT EVENTS

The Oak Ridge Schools entered into a capitalized lease agreement with California First National Bank (Cal First) on August 4, 2008 for \$471,515 for the purchase of approximately 210 computers for the ORHS project. Terms of the lease require an initial payment of \$124,550 and three annual payments of \$124,550 at 3.9% interest through July 15, 2011.

On February 3, 2009, the City issued \$27,285,000 in General Obligation Refunding Bonds, Series 2009. This issue refunded the outstanding \$18,570,000 Series A-1-B loan agreement balance between the City and The Public Building Authority of Blount County, Tennessee, dated May 1, 2001, and the outstanding \$10,380,000 Series II-E-1 loan agreement balance between the City and The Public Building Authority of Sevier County, Tennessee, dated April 1, 2001. Both the refunded issues were variable interest rate debt, with the A-1-B loan issued to fund general capital projects and the II-E-1 loan issued to fund electric system capital projects. The refunding reduced the maturity of the II-E-1 loan from 2030 to 2025.

The \$27,285,000 Series 2009 refunding issue is fixed interest rate debt with principal payments beginning on June 1, 2015 and ending on June 1, 2025. The interest rate on the debt ranges from 3% to 5%. The refunding bonds were issued at a \$1,931,559.40 premium. The \$29,216,559.40 sale proceeds were used to refund the outstanding \$28,950,000 balance of the A-1-B and II-E-1 loans, pay a \$190,995 underwriter's discount and \$75,564.40 in issuance costs. The refunding bonds are backed by the full faith and credit of the City. The Electric Fund will continue to fund the portion of the refunding bonds related to the original debt issued to fund electric system expansion and improvements. Assuming a 5% interest rate on the refunded variable interest rate debt, there was a reduction of \$5,814,322 in the cash flows required to fund the new debt versus the refunded debt, \$2,761,068 related to the refunded A-1-B loan and \$3,053,254 related to the refunded II-E-1 loan.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2008**

24. NEW FUND

The West End Fund, a special revenue fund, was established in fiscal 2008 to account for the operations of Fire Station number 4 located at the ETPP site in Oak Ridge. On October 1, 2007, the City entered into an estimated \$10,000,000 4-year contract with Bechtel Jacobs Co. LLC (BJC) and the US Department of Energy (DOE) to provide fire and emergency medical response to the ETPP site. DOE transferred 2.23 acres of land, the ETPP 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. DOE funds the operations of this station through its contractor BJC. The City received \$2,384,582 from BJC in fiscal 2008. A budget for this fund was not adopted by City Council for fiscal 2008, due to uncertainties about the contract execution date and expenditures levels at the time of the adoption of the fiscal 2008 budget. A budget for the West End Fund was adopted by City Council for fiscal 2009.

25. RESTATEMENT OF NET ASSETS

On the Statement of Activities, the net assets, beginning balance was restated as follows:

	Primary Government	Component Units	Total
	Governmental Activities	Education Foundation	Reporting Unit
Net assets - beginning	\$ 57,099,234	\$ -	\$ 119,949,257
Restatement	(2,274,975)	6,370,169	4,095,194
Net assets - beginning (as restated)	<u>\$ 54,824,259</u>	<u>\$ 6,370,169</u>	<u>\$ 124,044,451</u>

The beginning net assets of government activities were reduced by \$2,274,975 for the inclusion of the beginning balance of the Schools OPEB obligation due to their adoption of GASB 50. Refer to Note 5 and Note 22.

The beginning net assets of component units were increased by \$6,370,169 for the inclusion of the Education Foundation as a component unit of the City. 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 Foundations efforts increased dramatically over the past few years to support the renovation and construction efforts of the Oak Ridge High School.

**CITY OF OAK RIDGE, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2008**

**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)
	(a)	(b)	(b)-(a)	(a/b)	(c)	
7/01/07	\$ 64,415	\$ 72,365	\$ 7,950	89.01%	\$ 15,456	51.44%

**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)
	(a)	(b)	(b)-(a)	(a/b)	(c)	
7/01/07	\$ 19,103	\$ 21,646	\$ 2,543	88.25%	\$ 6,177	41.18%

The Governmental Accounting Standards Board (GASB) requires the plans to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was made during the year and therefore only the most current year is presented.

**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)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	
7/01/07	\$ -	\$ 2,476	\$ 2,476	0.00%	\$ 24,185	10.24%

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. 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 transfers from the General, Electric and Waterworks Funds.

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

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

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

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

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

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

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

**CITY OF OAK RIDGE, TENNESSEE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2008**

**SPECIAL REVENUE FUNDS**

	Economic Diversification	State		Street and Public Transportation		Grant	Solid Waste		Drug Enforcement Program		Golf Course	West End		Total Nonmajor Governmental Funds
		Street Aid	Street	Transportation	Public		Waste	Program	End	Funds				
Cash and cash equivalents	\$ 1,165,709	\$ 214,087	\$ 60,642	\$ -	\$ -	\$ -	\$ 150,675	\$ 887,896	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,478,809
Receivables, net	55,365	-	-	-	-	-	-	76,011	-	-	-	-	-	131,376
Due from other funds	45	-	-	130,139	205,125	-	-	-	-	-	-	382,434	-	717,743
Due from other governments	-	128,660	19,964	113,130	-	-	-	-	-	-	-	-	-	261,754
Inventories, at cost	-	-	-	-	-	-	-	33,632	-	-	-	-	-	33,632
Prepaid items	19,002	7,601	-	-	-	-	2,903	-	-	-	-	-	-	29,506
Total assets	\$ 1,240,121	\$ 350,348	\$ 80,606	\$ 243,269	\$ 205,125	\$ 153,578	\$ 997,339	\$ 382,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,652,820

**Assets**

Cash and cash equivalents  
Receivables, net  
Due from other funds  
Due from other governments  
Inventories, at cost  
Prepaid items  
Total assets

**Liabilities and fund balances**

Liabilities:  
Accounts payable  
Accrued liabilities  
Due to other funds  
Deferred revenue  
Total liabilities

\$ 21,342	\$ 10,324	\$ 15,776	\$ 175,395	\$ 205,125	\$ 24,714	\$ -	\$ 294	\$ 452,970
1,426	-	-	1,263	-	-	-	42,378	45,067
-	13,219	-	-	-	102	-	-	13,321
-	-	-	9,926	-	-	-	-	9,926
22,768	23,543	15,776	186,584	205,125	24,816	-	42,672	521,284

Fund balances:

Reserved for special programs  
Reserved for encumbrances  
Reserved - prepaid expenditures  
Reserved for inventories  
Unreserved - undesignated  
Total fund balances

-	-	-	-	-	125,859	-	-	125,859
-	300,000	-	-	-	-	-	-	300,000
19,002	7,601	-	-	2,903	-	-	-	29,506
-	-	-	-	-	-	33,632	-	33,632
1,198,351	19,204	64,830	56,685	-	-	963,707	339,762	2,642,539
1,217,353	326,805	64,830	56,685	-	128,762	997,339	339,762	3,131,536

Total liabilities and fund balances

\$ 1,240,121	\$ 350,348	\$ 80,606	\$ 243,269	\$ 205,125	\$ 153,578	\$ 997,339	\$ 382,434	\$ 3,652,820
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**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, 2008**

	SPECIAL REVENUE FUNDS										Total Nonmajor Governmental Funds
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Golf Course	West End			
<b>Revenues</b>											
Taxes	\$ 542,126	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 542,126
Intergovernmental	-	767,962	164,473	1,242,535	-	61,034	-	2,384,582	-	-	4,620,586
Charges for services	-	-	-	-	716,691	-	1,278,218	-	-	-	1,994,909
Fines and forfeitures	-	-	-	-	-	53,971	-	-	-	-	53,971
Interest	43,537	8,758	2,670	-	-	5,765	29,476	-	-	-	90,206
Other	78,868	-	-	-	-	143	10,700	-	-	-	89,711
Total revenues	664,531	776,720	167,143	1,242,535	716,691	120,913	1,318,394	2,384,582	-	-	7,391,509
<b>Expenditures</b>											
Current											
Public safety	-	-	-	4,698	-	143,891	-	2,044,820	-	-	2,193,409
Public works	-	1,502,752	241	-	-	-	-	-	-	-	1,502,993
Community services	1,141,122	-	209,593	1,317,351	1,964,300	-	1,223,794	-	-	-	5,866,160
Debt service:											
Principal retirement	-	-	-	59,000	-	-	-	-	-	-	59,000
Interest and fiscal charges	-	-	-	24,499	-	-	-	-	-	-	24,499
Total expenditures	1,141,122	1,502,752	209,834	1,405,548	1,964,300	143,891	1,223,794	2,044,820	-	-	9,636,061
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(476,591)	(726,032)	(42,691)	(163,013)	(1,247,609)	(22,978)	94,600	339,762	-	-	(2,244,552)
<b>Other financing sources (uses)</b>											
Transfers in	338,910	588,770	11,230	168,350	1,247,609	-	-	-	-	-	2,354,869
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	338,910	588,770	11,230	168,350	1,247,609	-	-	-	-	-	2,354,869
<b>Net change in fund balances</b>	(137,681)	(137,262)	(31,461)	5,337	-	(22,978)	94,600	339,762	-	-	110,317
<b>Fund balance - beginning</b>	1,355,034	464,067	96,291	51,348	-	151,740	902,739	-	-	-	3,021,219
<b>Fund balance - ending</b>	\$ 1,217,353	\$ 326,805	\$ 64,830	\$ 56,685	\$ -	\$ 128,762	\$ 997,339	\$ 339,762	\$ -	\$ -	\$ 3,131,536

**CITY OF OAK RIDGE, TENNESSEE  
ECONOMIC DIVERSIFICATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,165,709	\$ 1,382,359
Receivables, net	55,365	41,268
Due from other funds	45	-
Prepaid items	19,002	18,241
Total assets	<u>\$ 1,240,121</u>	<u>\$ 1,441,868</u>
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 21,342	\$ 19,734
Accrued liabilities	1,426	2,502
Due to other funds	-	64,598
Total liabilities	<u>22,768</u>	<u>86,834</u>
 Fund balances:		
Reserved - prepaid expenditures	19,002	18,241
Unreserved - undesignated	<u>1,198,351</u>	<u>1,336,793</u>
Total fund balances	<u>1,217,353</u>	<u>1,355,034</u>
Total liabilities and fund balances	<u>\$ 1,240,121</u>	<u>\$ 1,441,868</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**ECONOMIC DIVERSIFICATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**For the Fiscal Year Ended June 30, 2008**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Taxes	\$ 542,126	\$ -	\$ 542,126	\$ 550,000	\$ (7,874)
Intergovernmental	-	-	-	1,000,000	(1,000,000)
Interest	43,537	-	43,537	25,000	18,537
Other	78,868	-	78,868	65,000	13,868
Total revenues	<u>664,531</u>	<u>-</u>	<u>664,531</u>	<u>1,640,000</u>	<u>(975,469)</u>
<b>Expenditures</b>					
Current:					
Community services	1,141,122	760	1,141,882	3,223,598	2,081,716
Total expenditures	<u>1,141,122</u>	<u>760</u>	<u>1,141,882</u>	<u>3,223,598</u>	<u>2,081,716</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(476,591)</u>	<u>(760)</u>	<u>(477,351)</u>	<u>(1,583,598)</u>	<u>1,106,247</u>
<b>Other financing sources (uses)</b>					
Transfers in	338,910	-	338,910	338,910	-
Total other financing sources (uses)	<u>338,910</u>	<u>-</u>	<u>338,910</u>	<u>338,910</u>	<u>-</u>
<b>Net change in fund balances</b>	(137,681)	(760)	(138,441)	(1,244,688)	1,106,247
<b>Fund balance - beginning</b>	<u>1,355,034</u>	<u>-</u>	<u>1,355,034</u>	<u>1,355,034</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,217,353</u>	<u>\$ (760)</u>	<u>\$ 1,216,593</u>	<u>\$ 110,346</u>	<u>\$ 1,106,247</u>

**CITY OF OAK RIDGE, TENNESSEE  
STATE STREET AID FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 214,087	\$ 183,362
Due from other governments	128,660	137,062
Prepaid items	7,601	156,344
Total assets	<u>\$ 350,348</u>	<u>\$ 476,768</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 10,324	\$ 12,701
Due to other funds	13,219	-
Total liabilities	<u>23,543</u>	<u>12,701</u>
Fund balances:		
Reserved for encumbrances	300,000	250,990
Reserved - prepaid expenditures	7,601	156,344
Unreserved - undesignated	19,204	56,733
Total fund balances	<u>326,805</u>	<u>464,067</u>
 Total liabilities and fund balances	 <u>\$ 350,348</u>	 <u>\$ 476,768</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, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 767,962	\$ -	\$ 767,962	\$ 780,000	\$ (12,038)
Interest	8,758	-	8,758	12,000	(3,242)
Total revenues	<u>776,720</u>	<u>-</u>	<u>776,720</u>	<u>792,000</u>	<u>(15,280)</u>
<b>Expenditures</b>					
Current:					
Public works	1,502,752	(99,733)	1,403,019	1,422,345	19,326
Total expenditures	<u>1,502,752</u>	<u>(99,733)</u>	<u>1,403,019</u>	<u>1,422,345</u>	<u>19,326</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(726,032)</u>	<u>99,733</u>	<u>(626,299)</u>	<u>(630,345)</u>	<u>4,046</u>
<b>Other financing sources (uses)</b>					
Transfers in	588,770	-	588,770	588,770	-
Total other financing sources (uses)	<u>588,770</u>	<u>-</u>	<u>588,770</u>	<u>588,770</u>	<u>-</u>
<b>Net change in fund balances</b>	(137,262)	99,733	(37,529)	(41,575)	4,046
<b>Fund balance - beginning</b>	<u>464,067</u>	<u>-</u>	<u>464,067</u>	<u>464,067</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 326,805</u>	<u>\$ 99,733</u>	<u>\$ 426,538</u>	<u>\$ 422,492</u>	<u>\$ 4,046</u>

**CITY OF OAK RIDGE, TENNESSEE  
STREET AND PUBLIC TRANSPORTATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 60,642	\$ 105,393
Due from other governments	19,964	43,664
Total assets	<u>\$ 80,606</u>	<u>\$ 149,057</u>
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 15,776	\$ 52,766
Total liabilities	<u>15,776</u>	<u>52,766</u>
 Fund balances:		
Unreserved - undesignated	<u>64,830</u>	<u>96,291</u>
Total fund balances	<u>64,830</u>	<u>96,291</u>
Total liabilities and fund balances	<u>\$ 80,606</u>	<u>\$ 149,057</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, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 164,473	\$ -	\$ 164,473	\$ 195,000	\$ (30,527)
Interest	2,670	-	2,670	2,000	670
Total revenues	<u>167,143</u>	<u>-</u>	<u>167,143</u>	<u>197,000</u>	<u>(29,857)</u>
<b>Expenditures</b>					
Current:					
Public works	241	-	241	-	(241)
Community services	209,593	-	209,593	266,000	56,407
Total expenditures	<u>209,834</u>	<u>-</u>	<u>209,834</u>	<u>266,000</u>	<u>56,166</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(42,691)</u>	<u>-</u>	<u>(42,691)</u>	<u>(69,000)</u>	<u>26,309</u>
<b>Other financing sources (uses)</b>					
Transfers in	11,230	-	11,230	11,230	-
Total other financing sources (uses)	<u>11,230</u>	<u>-</u>	<u>11,230</u>	<u>11,230</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(31,461)</u>	<u>-</u>	<u>(31,461)</u>	<u>(57,770)</u>	<u>26,309</u>
<b>Fund balance - beginning</b>	<u>96,291</u>	<u>-</u>	<u>96,291</u>	<u>96,291</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 64,830</u>	<u>\$ -</u>	<u>\$ 64,830</u>	<u>\$ 38,521</u>	<u>\$ 26,309</u>

**CITY OF OAK RIDGE, TENNESSEE  
GRANT FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Due from other funds	\$ 130,139	\$ -
Due from other governments	113,130	218,213
Total assets	<u>\$ 243,269</u>	<u>\$ 218,213</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 175,395	\$ 47,190
Accrued liabilities	1,263	1,061
Due to other funds	-	118,614
Deferred revenue	9,926	-
Total liabilities	<u>186,584</u>	<u>166,865</u>
Fund balances:		
Unreserved - undesignated	<u>56,685</u>	<u>51,348</u>
Total fund balances	<u>56,685</u>	<u>51,348</u>
 Total liabilities and fund balances	 <u>\$ 243,269</u>	 <u>\$ 218,213</u>

**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, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 1,242,535	\$ -	\$ 1,242,535	\$ 3,506,900	\$ (2,264,365)
Total revenues	<u>1,242,535</u>	<u>-</u>	<u>1,242,535</u>	<u>3,506,900</u>	<u>(2,264,365)</u>
<b>Expenditures</b>					
Current:					
Public safety	4,698	-	4,698	80,000	75,302
Community services	1,317,351	-	1,317,351	500,250	(817,101)
Capital outlay	-	-	-	3,000,000	3,000,000
Principal retirement	59,000	-	59,000	59,000	-
Interest and fiscal charges	24,499	-	24,499	36,000	11,501
Total expenditures	<u>1,405,548</u>	<u>-</u>	<u>1,405,548</u>	<u>3,675,250</u>	<u>2,269,702</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(163,013)</u>	<u>-</u>	<u>(163,013)</u>	<u>(168,350)</u>	<u>5,337</u>
<b>Other financing sources (uses)</b>					
Transfers in	168,350	-	168,350	168,350	-
Total other financing sources (uses)	<u>168,350</u>	<u>-</u>	<u>168,350</u>	<u>168,350</u>	<u>-</u>
<b>Net change in fund balances</b>	5,337	-	5,337	-	5,337
<b>Fund balance - beginning</b>	<u>51,348</u>	<u>-</u>	<u>51,348</u>	<u>51,348</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 56,685</u>	<u>\$ -</u>	<u>\$ 56,685</u>	<u>\$ 51,348</u>	<u>\$ 5,337</u>

**CITY OF OAK RIDGE, TENNESSEE  
SOLID WASTE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Due from other funds	\$ 205,125	\$ 190,064
Total assets	\$ 205,125	\$ 190,064
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 205,125	\$ 190,064
Total liabilities	205,125	190,064
 Fund balances:		
Unreserved - undesignated	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ 205,125	\$ 190,064

**CITY OF OAK RIDGE, TENNESSEE**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Charges for services	\$ 716,691	\$ -	\$ 716,691	\$ 702,400	\$ 14,291
Total revenues	<u>716,691</u>	<u>-</u>	<u>716,691</u>	<u>702,400</u>	<u>14,291</u>
<b>Expenditures</b>					
Current:					
Community services	1,964,300	-	1,964,300	1,990,215	25,915
Total expenditures	<u>1,964,300</u>	<u>-</u>	<u>1,964,300</u>	<u>1,990,215</u>	<u>25,915</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,247,609)</u>	<u>-</u>	<u>(1,247,609)</u>	<u>(1,287,815)</u>	<u>40,206</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,247,609	-	1,247,609	1,287,815	(40,206)
Total other financing sources (uses)	<u>1,247,609</u>	<u>-</u>	<u>1,247,609</u>	<u>1,287,815</u>	<u>(40,206)</u>
<b>Net change in fund balances</b>	-	-	-	-	-
<b>Fund balance - beginning</b>	-	-	-	-	-
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF OAK RIDGE, TENNESSEE  
 DRUG ENFORCEMENT PROGRAM FUND  
 COMPARATIVE BALANCE SHEETS  
 June 30, 2008 and 2007**

	2008	2007
<b>Assets</b>		
Cash and cash equivalents	\$ 150,675	\$ 150,643
Prepaid items	2,903	3,344
Total assets	\$ 153,578	\$ 153,987
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 24,714	\$ 2,247
Due to other funds	102	-
Total liabilities	24,816	2,247
Fund balances:		
Reserved for special programs	125,859	148,396
Reserved - prepaid expenditures	2,903	3,344
Total fund balances	128,762	151,740
Total liabilities and fund balances	\$ 153,578	\$ 153,987

**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, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 61,034	\$ -	\$ 61,034	\$ 100,000	\$ (38,966)
Fines and forfeitures	53,971	-	53,971	65,000	(11,029)
Interest	5,765	-	5,765	3,000	2,765
Other	143	-	143	1,000	(857)
<b>Total revenues</b>	<u>120,913</u>	<u>-</u>	<u>120,913</u>	<u>169,000</u>	<u>(48,087)</u>
<b>Expenditures</b>					
Current:					
Public safety	143,891	-	143,891	200,000	56,109
<b>Total expenditures</b>	<u>143,891</u>	<u>-</u>	<u>143,891</u>	<u>200,000</u>	<u>56,109</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(22,978)</u>	<u>-</u>	<u>(22,978)</u>	<u>(31,000)</u>	<u>8,022</u>
<b>Net change in fund balances</b>	<u>(22,978)</u>	<u>-</u>	<u>(22,978)</u>	<u>(31,000)</u>	<u>8,022</u>
<b>Fund balance - beginning</b>	<u>151,740</u>	<u>-</u>	<u>151,740</u>	<u>151,740</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 128,762</u>	<u>\$ -</u>	<u>\$ 128,762</u>	<u>\$ 120,740</u>	<u>\$ 8,022</u>

**CITY OF OAK RIDGE, TENNESSEE  
GOLF COURSE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 887,696	\$ 800,615
Receivables, net	76,011	66,148
Inventories, at cost	33,632	35,976
Total assets	\$ 997,339	\$ 902,739
 <b>Fund balances</b>		
Fund balances:		
Reserved for inventories	\$ 33,632	\$ 35,976
Unreserved - undesignated	963,707	866,763
Total fund balances	997,339	902,739
Total liabilities and fund balances	\$ 997,339	\$ 902,739

**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, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Charges for services	\$ 1,278,218	\$ -	\$ 1,278,218	\$ 1,355,000	\$ (76,782)
Interest	29,476	-	29,476	10,000	19,476
Other	10,700	-	10,700	-	10,700
Total revenues	<u>1,318,394</u>	<u>-</u>	<u>1,318,394</u>	<u>1,365,000</u>	<u>(46,606)</u>
<b>Expenditures</b>					
Current:					
Community services	1,223,794	-	1,223,794	1,350,000	126,206
Total expenditures	<u>1,223,794</u>	<u>-</u>	<u>1,223,794</u>	<u>1,350,000</u>	<u>126,206</u>
<b>Net change in fund balances</b>	94,600	-	94,600	15,000	79,600
<b>Fund balance - beginning</b>	<u>902,739</u>	<u>-</u>	<u>902,739</u>	<u>902,739</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 997,339</u>	<u>\$ -</u>	<u>\$ 997,339</u>	<u>\$ 917,739</u>	<u>\$ 79,600</u>

**CITY OF OAK RIDGE, TENNESSEE  
WEST END FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	2008	2007
<b>Assets</b>		
Due from other funds	\$ 382,434	\$ -
Total assets	\$ 382,434	\$ -
 <b>Fund balances</b>		
Accounts payable	\$ 294	\$ -
Accrued liabilities	42,378	-
Total liabilities	42,672	-
Fund balances:		
Unreserved - undesignated	339,762	-
Total fund balances	339,762	-
Total liabilities and fund balances	\$ 382,434	\$ -

**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, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 2,384,582	\$ -	\$ 2,384,582	\$ -	\$ 2,384,582
Total revenues	<u>2,384,582</u>	<u>-</u>	<u>2,384,582</u>	<u>-</u>	<u>2,384,582</u>
<b>Expenditures</b>					
Current:					
Public safety	2,044,820	-	2,044,820	-	(2,044,820)
Total expenditures	<u>2,044,820</u>	<u>-</u>	<u>2,044,820</u>	<u>-</u>	<u>(2,044,820)</u>
<b>Net change in fund balances</b>	339,762	-	339,762	-	339,762
<b>Fund balance - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 339,762</u>	<u>\$ -</u>	<u>\$ 339,762</u>	<u>\$ -</u>	<u>\$ 339,762</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, 2008 and 2007**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>ASSETS</b>										
Current assets										
Cash and cash equivalents	\$ 1,222,646	\$ 1,325,126	\$ -	\$ -	\$ 178,040	\$ 11,572	\$ 856,572	\$ 862,252	\$ 2,257,258	\$ 2,198,950
Receivables, net	42,016	-	-	-	-	-	-	-	42,016	-
Due from other funds	10,150	-	-	-	1,711	9,284	5,266	-	17,127	9,284
Due from other governments	-	-	-	-	451	42,858	-	-	451	42,858
Inventory, at cost	-	-	2,658,176	2,409,357	-	-	-	-	2,658,176	2,409,357
Total current assets	1,274,812	1,325,126	2,658,176	2,409,357	180,202	63,714	861,838	862,252	4,975,028	4,660,449
Noncurrent assets										
Capital assets, net	-	-	-	-	2,948,136	2,737,891	1,242,242	1,246,652	4,190,378	3,984,543
Deferred charges	-	-	-	-	4,594	5,528	-	-	4,594	5,528
Total noncurrent assets	-	-	-	-	2,952,730	2,743,419	1,242,242	1,246,652	4,194,972	3,990,071
Total assets	1,274,812	1,325,126	2,658,176	2,409,357	3,132,932	2,807,133	2,104,080	2,108,904	9,170,000	8,650,520
<b>LIABILITIES</b>										
Current liabilities										
Accounts payable	14,062	46,643	123,634	89,721	64,772	29,134	-	-	202,468	165,498
Claims payable	150,000	150,000	-	-	-	-	-	-	150,000	150,000
Accrued liabilities	-	-	-	-	9,006	8,535	-	-	9,006	8,535
Due to other funds	-	-	222,042	332,136	-	-	-	-	222,042	332,136
Advances from other funds	-	-	2,312,500	1,987,500	-	-	-	-	2,312,500	1,987,500
Current portion of long-term debt	-	-	-	-	263,777	249,427	-	-	263,777	249,427
Accrued interest payable	-	-	-	-	2,366	2,828	-	-	2,366	2,828
Total current liabilities	164,062	196,643	2,658,176	2,409,357	339,921	289,924	-	-	3,162,159	2,895,924
Noncurrent liabilities										
Vacation benefits payable	-	-	-	-	29,029	30,683	-	-	29,029	30,683
Bonds payable	-	-	-	-	606,751	796,177	-	-	606,751	796,177
Total noncurrent liabilities	-	-	-	-	635,780	826,860	-	-	635,780	826,860
Total liabilities	164,062	196,643	2,658,176	2,409,357	975,701	1,116,784	-	-	3,797,939	3,722,784
<b>NET ASSETS</b>										
Invested in capital assets net of related debt	-	-	-	-	2,151,958	1,757,287	1,242,242	1,246,652	3,394,200	3,003,939
Unrestricted	1,110,750	1,128,483	-	-	5,273	(66,938)	861,838	862,252	1,977,861	1,923,797
Total net assets	\$ 1,110,750	\$ 1,128,483	\$ -	\$ -	\$ 2,157,231	\$ 1,690,349	\$ 2,104,080	\$ 2,108,904	\$ 5,372,061	\$ 4,927,736

**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, 2008 and June 30, 2007

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Operating revenues</b>										
Charges for services	\$ 2,955,009	\$ 2,898,844	\$ 2,615,621	\$ 2,597,887	\$ 2,714,724	\$ 2,691,130	\$ 179,445	\$ 15,000	\$ 8,464,799	\$ 8,202,861
Employer's contributions	2,840,789	2,339,255	-	-	-	-	-	-	2,840,789	2,339,255
Employees' contributions	807,968	709,196	-	-	-	-	-	-	807,968	709,196
Total operating revenues	6,603,766	5,947,295	2,615,621	2,597,887	2,714,724	2,691,130	179,445	15,000	12,113,556	11,251,312
<b>Operating expenses</b>										
Maintenance and administrative	-	-	-	-	1,110,571	1,441,681	5,680	-	1,116,251	1,441,681
Depreciation	-	-	-	-	782,370	723,090	180,568	197,560	962,938	920,650
Materials	-	-	2,615,621	2,597,887	814,675	651,786	-	-	3,430,296	3,249,673
Medical/liability claims	319,345	211,154	-	-	-	-	-	-	319,345	211,154
Insurance premiums	6,357,323	5,706,584	-	-	-	-	-	-	6,357,323	5,706,584
Total operating expenses	6,676,668	5,917,738	2,615,621	2,597,887	2,707,616	2,816,557	186,248	197,560	12,186,163	11,529,742
<b>Operating income (loss)</b>	(72,902)	29,557	-	-	7,108	(125,427)	(6,803)	(182,560)	(72,597)	(278,430)
<b>Nonoperating revenue (expense)</b>										
Gain on sale of capital assets	-	-	-	-	22,845	37,964	1,979	(11,112)	24,824	26,852
Intergovernmental revenue	-	-	-	-	451	42,858	-	-	451	42,858
Interest revenue	55,169	70,685	-	-	4,367	6,804	-	-	59,536	77,489
Interest expense	-	-	-	-	(33,478)	(37,905)	-	(316)	(33,478)	(38,221)
Total nonoperating revenue (expense)	55,169	70,685	-	-	(5,815)	49,721	1,979	(11,428)	51,333	108,978
<b>Income (loss) before transfers and contributions</b>	(17,733)	100,242	-	-	1,293	(75,706)	(4,824)	(193,988)	(21,264)	(169,452)
Capital contributions	-	-	-	-	465,589	-	-	-	465,589	-
<b>Change in net assets</b>	(17,733)	100,242	-	-	466,882	(75,706)	(4,824)	(193,988)	444,325	(169,452)
<b>Total net assets - beginning</b>	1,128,483	1,028,241	-	-	1,690,349	1,766,055	2,108,904	2,302,892	4,927,736	5,097,188
<b>Total net assets - ending</b>	\$ 1,110,750	\$ 1,128,483	\$ -	\$ -	\$ 2,157,231	\$ 1,690,349	\$ 2,104,080	\$ 2,108,904	\$ 5,372,061	\$ 4,927,736

**CITY OF OAK RIDGE, TENNESSEE  
COMBINING STATEMENTS OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

**For the Fiscal Years Ended June 30, 2008 and June 30, 2007**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2008	2007	2008	2007	2008	2007	2008	2007	June 30, 2008	June 30, 2007
<b>Operating activities</b>										
Cash received from customers	\$ 6,561,750	\$ 5,947,295	\$ 2,615,621	\$ 2,597,887	\$ 2,714,724	\$ 2,691,130	\$ 179,445	\$ 15,000	\$ 12,071,540	\$ 11,251,312
Cash paid to suppliers	(6,709,249)	(5,926,252)	(2,830,527)	(2,660,380)	(1,890,791)	(2,079,393)	(5,680)	-	(11,436,247)	(10,666,025)
<b>Net cash provided by (used in) operating activities</b>	(147,499)	21,043	(214,906)	(62,493)	823,933	611,737	173,765	15,000	635,293	585,287
<b>Noncapital financing activities</b>										
Transfers from other funds	(10,150)	-	(110,094)	62,493	-	-	(5,266)	-	(125,510)	62,493
Transfers to other funds	-	(10,000)	-	-	7,573	(2,594)	-	-	7,573	(12,594)
Advances from (to) other funds	-	-	325,000	-	-	-	-	-	325,000	-
Federal grant proceeds	-	-	-	-	42,858	-	-	-	42,858	-
<b>Net cash provided by (used in) noncapital financing activities</b>	(10,150)	(10,000)	214,906	62,493	50,431	(2,594)	(5,266)	-	249,921	49,899
<b>Capital and related financing activities</b>										
Contributed capital	-	-	-	-	465,589	-	-	-	465,589	-
Acquisition and construction of capital assets	-	-	-	-	(969,770)	(459,309)	(174,179)	(2,627)	(1,143,949)	(461,936)
Principal paid on long-term debt	-	-	-	-	(174,142)	(160,493)	-	-	(174,142)	(160,493)
Interest paid on long-term debt	-	-	-	-	(33,940)	(38,270)	-	(316)	(33,940)	(38,586)
<b>Net cash used in capital and related financing activities</b>	-	-	-	-	(712,263)	(658,072)	(174,179)	(2,943)	(886,442)	(661,015)
<b>Investing activities</b>										
Interest and dividends on investments	55,169	70,685	-	-	4,367	6,804	-	-	59,536	77,489
<b>Net cash provided by investing activities</b>	55,169	70,685	-	-	4,367	6,804	-	-	59,536	77,489
<b>Net increase (decrease) in cash and cash equivalents</b>	(102,480)	81,728	-	-	166,468	(42,125)	(5,680)	12,057	58,308	51,660
<b>Cash and cash equivalents</b>										
Beginning of year	1,325,126	1,243,398	-	-	11,572	53,697	862,252	850,195	2,198,950	2,147,290
End of year	\$ 1,222,646	\$ 1,325,126	\$ -	\$ -	\$ 178,040	\$ 11,572	\$ 856,572	\$ 862,252	\$ 2,257,258	\$ 2,198,950

Continued.

Reconciliation of operating income (loss)

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Years Ended June 30, 2008 and June 30, 2007**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2008	2007	2008	2007	2008	2007	2008	2007	June 30, 2008	June 30, 2007
	\$ (72,902)	\$ 29,557	\$ -	\$ -	\$ 7,108	\$ (125,427)	\$ (6,803)	\$ (182,560)	\$ (72,597)	\$ (278,430)
<b>to net cash provided by (used in) operating activities</b>										
Operating income (loss)	-	-	-	-	-	-	-	-	-	-
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation	-	-	-	-	782,370	723,090	180,568	197,560	962,938	920,650
Change in assets and liabilities										
(Increase) decrease in accounts receivable	(42,016)	-	-	-	-	-	-	-	(42,016)	-
(Increase) decrease in inventory, at cost	-	-	(248,819)	(94,980)	-	-	-	-	(248,819)	(94,980)
Increase (decrease) in accounts payable	(32,581)	16,486	33,913	32,487	35,638	14,452	-	-	36,970	63,425
Increase (decrease) in claims payable	-	(25,000)	-	-	-	-	-	-	-	(25,000)
Increase (decrease) in accrued liabilities	-	-	-	-	471	1,355	-	-	471	1,355
Increase (decrease) in accrued vacation	-	-	-	-	(1,654)	(1,733)	-	-	(1,654)	(1,733)
Total adjustments	(74,597)	(8,514)	(214,906)	(62,493)	816,825	737,164	180,568	197,560	707,890	863,717
<b>Net cash provided by (used in) operating activities</b>	\$ (147,499)	\$ 21,043	\$ (214,906)	\$ (62,493)	\$ 823,933	\$ 611,737	\$ 173,765	\$ 15,000	\$ 635,283	\$ 585,287



**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	2008	2007
<b>Assets</b>		
Cash and cash equivalents	\$ 2,417,086	\$ 349,925
Receivables, net	18,700,366	16,832,666
Due from other funds	9,379,376	4,413,001
Due from other governments	2,631,250	3,103,986
Advances to other funds	112,500	112,500
Prepaid items	41,292	6,870
Total assets	\$ 33,281,870	\$ 24,818,948
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 391,726	\$ 246,499
Accrued liabilities	740,686	642,093
Deposits	465,886	389,555
Due to other funds	5,211,810	199,348
Due to other governments	63,609	117,952
Deferred revenue	18,919,876	17,451,211
Total liabilities	25,793,593	19,046,658
 Fund balances:		
Reserved for encumbrances	395,043	303,568
Reserved - prepaid expenditures	41,292	6,870
Reserved for advances to other funds	112,500	112,500
Unreserved - undesignated	6,939,442	5,349,352
Total fund balances	7,488,277	5,772,290
Total liabilities and fund balances	\$ 33,281,870	\$ 24,818,948

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2008**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>TAXES</u>			
<u>General Property Taxes</u>			
Real Property	\$ 16,311,339	\$ 16,014,000	\$ 297,339
Personal Property	1,117,732	1,056,000	61,732
Public Utilities	244,633	293,000	(48,367)
Interest & Penalties	97,257	110,000	(12,743)
Total General Property Taxes	<u>17,770,961</u>	<u>17,473,000</u>	<u>297,961</u>
<u>Other Property Taxes</u>			
Other than assessed	93,198	46,000	47,198
Tax Equiv. - Electric Fund	1,148,830	1,287,000	(138,170)
Tax Equiv. - Waterworks Fund	1,333,093	1,320,824	12,269
Total Other Property Taxes	<u>2,575,121</u>	<u>2,653,824</u>	<u>(78,703)</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	601,829	585,000	16,829
Liquor Wholesale	237,813	225,000	12,813
Sales Tax - Local	428,789	273,000	155,789
Min. & Gross Receipts	813,920	880,000	(66,080)
Pen. & Int. on Bus. Tax	9,186	10,000	(814)
Rec. Fee on Bus. Tax	26,717	-	26,717
Total Gross Receipts Taxes	<u>2,118,254</u>	<u>1,973,000</u>	<u>145,254</u>
TOTAL TAXES	<u>22,464,336</u>	<u>22,099,824</u>	<u>364,512</u>
<u>LICENSES &amp; PERMITS</u>			
Retail Beer	8,831	20,000	(11,169)
Liquor Licenses & Permits	10,440	-	10,440
Bldg., Zoning & Exam.	192,880	130,000	62,880
Electrical & Exam.	18,153	23,000	(4,847)
Plumbing Exam.	19,630	25,000	(5,370)
Grading and Zoning Permits	14,595	-	14,595
Animal Registration	6,205	15,000	(8,795)
Other Licenses & Permits	268	10,000	(9,732)
TOTAL LICENSES & PERMITS	<u>271,002</u>	<u>223,000</u>	<u>48,002</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,965,836	1,970,000	(4,164)
Income Tax	789,957	400,000	389,957
Excise Tax	66,904	60,000	6,904
Beer Barrelage	14,980	15,000	(20)
Mixed Drink Tax	87,489	91,500	(4,011)
<u>County Shared</u>			
Sales Tax - Roane	2,122,503	1,442,000	680,503
Sales Tax - Refunds	6,168,860	5,886,000	282,860
<u>State Grants in Aid</u>			
	673	800	(127)
<u>Federal</u>			
TVA Replacement	257,530	230,000	27,530
DOE In-Lieu of Taxes	1,413,801	1,415,131	(1,330)
DOE Grants	300,000	300,000	-
TOTAL INTERGOVERNMENTAL	<u>\$ 13,188,533</u>	<u>\$ 11,810,431</u>	<u>\$ 1,378,102</u>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2008**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
Repro. of Maps & Documents	\$ 711	\$ 35,000	\$ (34,289)
General & Admin. Cost	39,728	23,000	16,728
<u>Public Safety</u>			
Police and Fire Reports	28,601	-	28,601
Animal Shelter Fees	23,500	28,000	(4,500)
<u>Library</u>			
Lost Library Books	4,177	-	4,177
Total General Services	<u>96,717</u>	<u>86,000</u>	<u>10,717</u>
<u>Use of Property</u>			
Youth and Adult Activities	6,597	3,000	3,597
Outdoor Pool	77,477	70,000	7,477
Indoor Pool	60,712	55,000	5,712
Rental of Lands	55,506	88,500	(32,994)
Marina Rental	6,600	-	6,600
Restaurant Rental	33,752	-	33,752
Community Centers Rental	34,324	28,000	6,324
Total Use of Property	<u>274,968</u>	<u>244,500</u>	<u>30,468</u>
TOTAL CHARGES FOR SERVICES	<u>371,685</u>	<u>330,500</u>	<u>41,185</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	64,208	70,000	(5,792)
City Court Costs	71,936	60,000	11,936
Bail Forfeitures	156,107	150,000	6,107
Misc. Court Revenues	451	5,000	(4,549)
Library Fines	50,557	53,000	(2,443)
TOTAL FINES AND FORFEITURES	<u>343,259</u>	<u>338,000</u>	<u>5,259</u>
<u>INTEREST</u>	439,369	250,000	189,369
<u>OTHER REVENUES</u>			
CATV Franchise	375,312	340,000	35,312
Right of Way	60,000	60,000	-
Miscellaneous	7,013	3,500	3,513
TOTAL OTHER REVENUES	<u>442,325</u>	<u>403,500</u>	<u>38,825</u>
TOTAL REVENUES	<u>\$ 37,520,509</u>	<u>\$ 35,455,255</u>	<u>\$ 2,065,254</u>

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2008**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<b>GENERAL GOVERNMENT:</b>					
<u>Legislative</u>					
City Council	\$ 91,649	\$ -	\$ 91,649	\$ 82,391	\$ (9,258)
Total Legislative	<u>91,649</u>	<u>-</u>	<u>91,649</u>	<u>82,391</u>	<u>(9,258)</u>
<u>Executive</u>					
City Clerk	111,758	-	111,758	117,037	5,279
City Manager	239,093	-	239,093	274,877	35,784
Total Executive	<u>350,851</u>	<u>-</u>	<u>350,851</u>	<u>391,914</u>	<u>41,063</u>
<u>Judicial</u>					
Legal	212,460	-	212,460	208,415	(4,045)
City Court	150,453	-	150,453	146,792	(3,661)
Total Judicial	<u>362,913</u>	<u>-</u>	<u>362,913</u>	<u>355,207</u>	<u>(7,706)</u>
 TOTAL GENERAL GOVERNMENT	 <u>805,413</u>	 <u>-</u>	 <u>805,413</u>	 <u>829,512</u>	 <u>24,099</u>
 <b>ADMINISTRATION:</b>					
Computer Services	196,436	90,000	286,436	287,681	1,245
Personnel	184,605	-	184,605	204,637	20,032
Stationery Stores	69,274	-	69,274	69,092	(182)
Finance	101,428	-	101,428	105,606	4,178
Utilities Business Office	71,240	-	71,240	71,452	212
 TOTAL ADMINISTRATION	 <u>622,983</u>	 <u>90,000</u>	 <u>712,983</u>	 <u>738,468</u>	 <u>25,485</u>
 <b>PUBLIC SAFETY:</b>					
<u>Police</u>					
Supervision	215,184	-	215,184	205,918	(9,266)
Investigations	712,457	-	712,457	660,702	(51,755)
Staff Services	359,949	-	359,949	362,127	2,178
Patrol	3,500,909	-	3,500,909	3,483,289	(17,620)
Emergency Communications	264,106	-	264,106	270,099	5,993
Animal Control	266,303	-	266,303	266,679	376
School Resource Officer Program	146,972	-	146,972	143,287	(3,685)
Total Police	<u>\$ 5,465,880</u>	<u>\$ -</u>	<u>\$ 5,465,880</u>	<u>\$ 5,392,101</u>	<u>\$ (73,779)</u>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2008**

	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	\$ 201,197	\$ -	\$ 201,197	\$ 198,788	\$ (2,409)
Prevention	116,848	-	116,848	124,168	7,320
Firefighting	3,523,893	-	3,523,893	3,473,018	(50,875)
Fire Stations	102,223	-	102,223	105,506	3,283
Fire Specialists	113,872	-	113,872	159,083	45,211
Total Fire	<u>4,058,033</u>	<u>-</u>	<u>4,058,033</u>	<u>4,060,563</u>	<u>2,530</u>
TOTAL PUBLIC SAFETY	<u>9,523,913</u>	<u>-</u>	<u>9,523,913</u>	<u>9,452,664</u>	<u>(71,249)</u>
<u>PUBLIC WORKS:</u>					
Supervision	72,651	-	72,651	73,388	737
Engineering	128,621	-	128,621	126,885	(1,736)
State Highway Maintenance	53,402	-	53,402	59,089	5,687
General Maintenance	356,497	-	356,497	344,665	(11,832)
Central Service Building	113,852	-	113,852	119,232	5,380
Municipal Building	130,186	-	130,186	145,040	14,854
Traffic Control and Lights	972,484	-	972,484	955,300	(17,184)
TOTAL PUBLIC WORKS	<u>1,827,693</u>	<u>-</u>	<u>1,827,693</u>	<u>1,823,599</u>	<u>(4,094)</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	131,705	-	131,705	130,907	(798)
Planning	113,425	-	113,425	108,548	(4,877)
Office of Neighborhood Development	362,457	-	362,457	373,431	10,974
Total Community Development	<u>607,587</u>	<u>-</u>	<u>607,587</u>	<u>612,886</u>	<u>5,299</u>
<u>Recreation</u>					
Supervision	213,657	-	213,657	218,331	4,674
Indoor Aquatics	173,798	-	173,798	185,401	11,603
Outdoor Aquatics	240,953	-	240,953	244,010	3,057
Centers, Camps & Programs	677,694	-	677,694	662,538	(15,156)
Athletics	120,025	-	120,025	121,356	1,331
Parks	717,928	1,475	719,403	725,220	5,817
Senior Center	433,079	-	433,079	440,921	7,842
Total Recreation	<u>2,577,134</u>	<u>1,475</u>	<u>2,578,609</u>	<u>2,597,777</u>	<u>19,168</u>
<u>Library</u>	<u>1,285,358</u>	<u>-</u>	<u>1,285,358</u>	<u>1,290,811</u>	<u>5,453</u>
TOTAL COMMUNITY SERVICES	<u>4,470,079</u>	<u>1,475</u>	<u>4,471,554</u>	<u>4,501,474</u>	<u>29,920</u>
TOTAL EXPENDITURES	<u>\$ 17,250,081</u>	<u>\$ 91,475</u>	<u>\$ 17,341,556</u>	<u>\$ 17,345,717</u>	<u>\$ 4,161</u>

**CITY OF OAK RIDGE, TENNESSEE  
SCHOOL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,976,297	\$ 5,618,010
Receivables, net	44,448	122,695
Due from other funds	12,000	-
Due from other governments	2,057,568	1,561,250
Prepaid items	5,280	12,070
Total assets	\$ 7,095,593	\$ 7,314,025
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 586,746	\$ 338,703
Accrued liabilities	3,082,585	2,968,762
Due to other funds	5,266	-
Due to other governments	59,040	55,037
Total liabilities	3,733,637	3,362,502
Fund balances:		
Reserved for special programs	27,650	112,587
Reserved for encumbrances	402,922	97,597
Reserved - prepaid expenditures	5,280	12,070
Subsequent years' expenditures	19,259	48,622
Unreserved - undesignated	2,906,845	3,680,647
Total fund balances	3,361,956	3,951,523
Total liabilities and fund balances	\$ 7,095,593	\$ 7,314,025

**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, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 34,087,228	\$ -	\$ 34,087,228	\$ 33,888,605	\$ 198,623
Charges for services	1,886,084	-	1,886,084	1,895,679	(9,595)
Other	343,651	-	343,651	382,160	(38,509)
Total revenues	<u>36,316,963</u>	<u>-</u>	<u>36,316,963</u>	<u>36,166,444</u>	<u>150,519</u>
<b>Expenditures</b>					
Current:					
Education	50,627,491	305,326	50,932,817	51,450,332	517,515
Total expenditures	<u>50,627,491</u>	<u>305,326</u>	<u>50,932,817</u>	<u>51,450,332</u>	<u>517,515</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(14,310,528)</u>	<u>(305,326)</u>	<u>(14,615,854)</u>	<u>(15,283,888)</u>	<u>668,034</u>
<b>Other financing sources (uses)</b>					
Transfers in	12,988,482	-	12,988,482	12,988,482	-
Capital lease issuance	732,479	-	732,479	-	732,479
Total other financing sources (uses)	<u>13,720,961</u>	<u>-</u>	<u>13,720,961</u>	<u>12,988,482</u>	<u>732,479</u>
<b>Net change in fund balances</b>	(589,567)	(305,326)	(894,893)	(2,295,406)	1,400,513
<b>Fund balance - beginning</b>	3,951,523	-	3,951,523	3,951,523	-
<b>Fund balance - ending</b>	<u>\$ 3,361,956</u>	<u>\$ (305,326)</u>	<u>\$ 3,056,630</u>	<u>\$ 1,656,117</u>	<u>\$ 1,400,513</u>

**CITY OF OAK RIDGE, TENNESSEE  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,189,413	\$ 5,207,932
Receivables, net	-	2,309,215
Due from other funds	3,419,575	-
Due from other governments	144,102	25,896
Assets held in trust	-	8,437,063
Total assets	\$ 8,753,090	\$ 15,980,106
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 4,472,828	\$ 5,277,133
Due to other funds	3,344,786	28,997
Total liabilities	7,817,614	5,306,130
 Fund balances:		
Reserved for encumbrances	537,403	632,081
Reserved for capital outlay	-	8,437,063
Capital projects	398,073	1,604,832
Total fund balances	935,476	10,673,976
Total liabilities and fund balances	\$ 8,753,090	\$ 15,980,106

**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, 2008**

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Revenues</b>						
Intergovernmental	\$ 650,000	\$ 650,000	\$ 121,102	\$ -	\$ 121,102	\$ (528,898)
Interest	100,000	100,000	106,481	-	106,481	6,481
Other	2,965,000	2,965,000	1,000,000	-	1,000,000	(1,965,000)
Total revenues	<u>3,715,000</u>	<u>3,715,000</u>	<u>1,227,583</u>	<u>-</u>	<u>1,227,583</u>	<u>(2,487,417)</u>
<b>Expenditures</b>						
Current:						
Capital outlay	35,000,000	35,000,000	17,180,904	(94,678)	17,086,226	17,913,774
Debt service:						
Bond issuance costs	-	-	86,766	-	86,766	(86,766)
Total expenditures	<u>35,000,000</u>	<u>35,000,000</u>	<u>17,267,670</u>	<u>(94,678)</u>	<u>17,172,992</u>	<u>17,827,008</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(31,285,000)</u>	<u>(31,285,000)</u>	<u>(16,040,087)</u>	<u>94,678</u>	<u>(15,945,409)</u>	<u>15,339,591</u>
<b>Other financing sources (uses)</b>						
Transfers in	1,200,000	1,200,000	3,419,575	-	3,419,575	2,219,575
Transfers out	(2,500,000)	(2,500,000)	(2,063,976)	-	(2,063,976)	436,024
Bond issuance	32,500,000	32,500,000	-	-	-	(32,500,000)
Loan issuance	-	-	4,945,988	-	4,945,988	4,945,988
Total other financing sources (uses)	<u>31,200,000</u>	<u>31,200,000</u>	<u>6,301,587</u>	<u>-</u>	<u>6,301,587</u>	<u>(24,898,413)</u>
<b>Net change in fund balances</b>	(85,000)	(85,000)	(9,738,500)	94,678	(9,643,822)	(9,558,822)
<b>Fund balance - beginning</b>	<u>10,673,976</u>	<u>10,673,976</u>	<u>10,673,976</u>	<u>-</u>	<u>10,673,976</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 10,588,976</u>	<u>\$ 10,588,976</u>	<u>\$ 935,476</u>	<u>\$ 94,678</u>	<u>\$ 1,030,154</u>	<u>\$ (9,558,822)</u>

**CITY OF OAK RIDGE, TENNESSEE  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2008 and 2007**

	<b>2008</b>	<b>2007</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,808,664	\$ 8,020,361
Due from other funds	4,482,206	-
Due from other governments	357,433	331,091
Total assets	\$ 10,648,303	\$ 8,351,452
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 1,000	\$ -
Due to other funds	3,419,575	1,851
Matured interest payable	145,603	-
Total liabilities	3,566,178	1,851
 Fund balances:		
Unreserved, designated for:		
Debt service	7,082,125	8,349,601
Total fund balances	7,082,125	8,349,601
Total liabilities and fund balances	\$ 10,648,303	\$ 8,351,452

**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, 2008**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Taxes	\$ 2,079,096	\$ -	\$ 2,079,096	\$ 2,003,600	\$ 75,496
Charges for services	1,010,777	-	1,010,777	1,010,777	-
Interest	279,717	-	279,717	275,000	4,717
Other	150,954	-	150,954	1,504,888	(1,353,934)
Total revenues	<u>3,520,544</u>	<u>-</u>	<u>3,520,544</u>	<u>4,794,265</u>	<u>(1,273,721)</u>
<b>Expenditures</b>					
Debt service:					
Principal retirement	2,745,954	-	2,745,954	3,106,863	360,909
Interest and fiscal charges	4,186,467	-	4,186,467	5,593,137	1,406,670
Total expenditures	<u>6,932,421</u>	<u>-</u>	<u>6,932,421</u>	<u>8,700,000</u>	<u>1,767,579</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(3,411,877)</u>	<u>-</u>	<u>(3,411,877)</u>	<u>(3,905,735)</u>	<u>493,858</u>
<b>Other financing sources (uses)</b>					
Transfers in	5,563,976	-	5,563,976	6,000,000	(436,024)
Transfers out	(3,419,575)	-	(3,419,575)	-	(3,419,575)
Total other financing sources (uses)	<u>2,144,401</u>	<u>-</u>	<u>2,144,401</u>	<u>6,000,000</u>	<u>(3,855,599)</u>
<b>Net change in fund balances</b>	<u>(1,267,476)</u>	<u>-</u>	<u>(1,267,476)</u>	<u>2,094,265</u>	<u>(3,361,741)</u>
<b>Fund balance - beginning</b>	<u>8,349,601</u>	<u>-</u>	<u>8,349,601</u>	<u>8,349,601</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 7,082,125</u>	<u>\$ -</u>	<u>\$ 7,082,125</u>	<u>\$ 10,443,866</u>	<u>\$ (3,361,741)</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE(1)**  
**June 30, 2008 and 2007**

	2008	2007
Governmental funds capital assets:		
Land	\$ 3,038,784	\$ 2,920,722
Construction in progress	61,359,794	44,759,780
Buildings	78,635,290	54,782,780
Improvements other than buildings	12,415,631	31,200,893
Infrastructure	45,853,725	41,354,374
Machinery and equipment	5,165,046	4,548,808
Total governmental funds capital assets:	\$ 206,468,270	\$ 179,567,357
 Investments in governmental fund capital assets:		
Total investment in governmental funds capital assets:	\$ 206,468,270	\$ 179,567,357

(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, 2008**

Function and Activity	Capital Assets	Land	Construction In Progress	Buildings	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
<b>General Government:</b>							
Executive	\$ 9,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	-	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
<b>Administration:</b>							
Data Services	20,131	-	-	-	-	-	20,131
Finance	26,424	-	-	-	-	-	26,424
Total Administration	<u>46,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,555</u>
<b>Public Safety:</b>							
Police	1,231,513	122	-	146,413	10,044	-	1,074,934
Fire	5,233,758	33,287	-	4,704,583	156,540	-	339,348
Total Public Safety	<u>6,465,271</u>	<u>33,409</u>	<u>-</u>	<u>4,850,996</u>	<u>166,584</u>	<u>-</u>	<u>1,414,282</u>
<b>Public Works:</b>							
Engineering	9,952	-	-	-	-	-	9,952
Municipal Building	2,018,372	534	-	1,763,950	132,694	-	121,194
Central Service Center Complex	13,169,674	626,139	-	12,529,497	-	-	14,038
Other Buildings	86,355	29,049	-	57,306	-	-	-
Streets, Sidewalks, and Stormwater Maintenance	46,889,304	1,035,579	-	-	-	45,853,725	-
	7,321	-	-	-	-	-	7,321
Total Public Works	<u>62,180,978</u>	<u>1,691,301</u>	<u>-</u>	<u>14,350,753</u>	<u>132,694</u>	<u>45,853,725</u>	<u>152,505</u>
<b>Community Services &amp; Development:</b>							
Planning	5,949	-	-	-	-	-	5,949
Economic Development	2,133,633	197,900	-	1,251,044	684,689	-	-
Recreation & Parks	21,648,570	959,819	-	8,805,473	11,409,668	-	473,610
Library	1,325,149	-	-	929,305	21,996	-	373,848
Total Community Services	<u>25,113,301</u>	<u>1,157,719</u>	<u>-</u>	<u>10,985,822</u>	<u>12,116,353</u>	<u>-</u>	<u>853,407</u>
Education	<u>112,642,937</u>	<u>156,355</u>	<u>61,359,794</u>	<u>48,447,719</u>	<u>-</u>	<u>-</u>	<u>2,679,069</u>
Total Governmental Fund Capital Assets	<u>\$ 206,468,270</u>	<u>\$ 3,038,784</u>	<u>\$ 61,359,794</u>	<u>\$ 78,635,290</u>	<u>\$ 12,415,631</u>	<u>\$ 45,853,725</u>	<u>\$ 5,165,046</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, 2008**

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>General Government:</b>				
Executive	\$ 9,728	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
<b>Administration:</b>				
Data Services	20,131	-	-	20,131
Finance	26,424	-	-	26,424
Total Administration	<u>46,555</u>	<u>-</u>	<u>-</u>	<u>46,555</u>
<b>Public Safety:</b>				
Police	1,231,513	-	-	1,231,513
Fire	1,753,794	3,479,964	-	5,233,758
Total Public Safety	<u>2,985,307</u>	<u>3,479,964</u>	<u>-</u>	<u>6,465,271</u>
<b>Public Works:</b>				
Engineering	9,952	-	-	9,952
Municipal Building	2,018,372	-	-	2,018,372
Central Service Center Complex	13,155,636	14,038	-	13,169,674
Other Buildings	86,355	-	-	86,355
Streets, Sidewalks, and Stormwater Maintenance	42,294,091 7,321	4,595,213 -	- -	46,889,304 7,321
Total Public Works	<u>57,571,727</u>	<u>4,609,251</u>	<u>-</u>	<u>62,180,978</u>
<b>Community Services &amp; Development:</b>				
Planning	5,949	-	-	5,949
Economic Development	2,133,633	-	-	2,133,633
Recreation & Parks	20,858,141	790,429	-	21,648,570
Library	1,325,149	-	-	1,325,149
Total Community Services	<u>24,322,872</u>	<u>790,429</u>	<u>-</u>	<u>25,113,301</u>
Education	<u>94,621,668</u>	<u>19,157,737</u>	<u>1,136,468</u>	<u>112,642,937</u>
Total Governmental Fund Capital Assets	<u>\$ 179,567,357</u>	<u>\$ 28,037,381</u>	<u>\$ 1,136,468</u>	<u>\$ 206,468,270</u>

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

# Statistical Section

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

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

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Governmental activities</b>						
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
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
<b>Total governmental activities net assets</b>	<b>\$ 42,868,465</b>	<b>\$ 43,621,722</b>	<b>\$ 50,234,953</b>	<b>\$ 52,663,020</b>	<b>\$ 57,099,234</b>	<b>\$ 65,904,863</b>
<b>Business-type activities</b>						
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
Restricted	136,362	144,094	136,824	137,467	135,365	138,433
Unrestricted	1,536,903	3,617,784	(812,669)	731,699	(1,261,077)	(2,737,805)
<b>Total business-type activities net assets</b>	<b>\$ 60,977,281</b>	<b>\$ 62,219,940</b>	<b>\$ 63,252,849</b>	<b>\$ 63,224,268</b>	<b>\$ 62,840,181</b>	<b>\$ 69,364,860</b>
<b>Primary government</b>						
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
Restricted	136,362	144,094	31,387,574	16,391,614	8,572,428	138,433
Unrestricted	20,903,580	23,363,976	(15,014,203)	5,600,032	11,779,598	14,657,202
<b>Total primary government net assets</b>	<b>\$ 103,845,746</b>	<b>\$ 105,841,662</b>	<b>\$ 113,487,802</b>	<b>\$ 115,887,288</b>	<b>\$ 119,939,415</b>	<b>\$ 135,269,723</b>

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Governmental activities:						
General government	\$ 1,383,174	\$ 273,179	\$ 2,142,857	\$ 1,719,874	\$ 341,550	\$ 787,908
Administration	705,764	658,782	661,942	577,081	617,258	630,209
Public safety	8,117,808	7,839,973	8,044,813	8,609,654	9,354,706	11,951,624
Public works	2,383,800	2,669,071	4,080,500	4,042,211	4,245,565	4,551,008
Community services (1)	9,331,657	8,714,166	8,331,681	9,907,380	10,944,438	11,026,261
Education	39,642,525	42,325,347	41,056,629	45,823,972	44,222,039	42,637,039
Interest and fiscal charges	1,927,382	1,593,696	2,290,550	2,316,963	2,974,889	4,244,444
Total governmental activities expenses	\$ 63,492,110	\$ 64,074,214	\$ 66,608,972	\$ 72,997,135	\$ 72,700,445	\$ 75,828,493
Business-type activities:						
Electric	\$ 33,916,143	\$ 36,004,534	\$ 35,094,294	\$ 37,926,429	\$ 41,773,668	\$ 44,072,861
Waterworks	12,414,120	12,116,274	12,774,404	13,776,337	15,788,355	16,615,370
Emergency Communication District	285,099	399,182	390,131	347,391	356,781	553,265
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
Total primary government expenses	\$ 111,725,887	\$ 114,288,746	\$ 116,527,938	\$ 125,047,292	\$ 130,619,249	\$ 137,069,989
<b>Program Revenues</b>						
Governmental activities:						
Charges for services	\$ 41,181	\$ 53,534	\$ 1,064,844	\$ 1,050,931	\$ 1,068,902	\$ 1,069,158
General government	385,537	423,988	309,132	414,184	445,986	406,046
Public safety	1,072,590	1,052,044	1,225,819	2,558,599	2,505,024	2,481,141
Community services (1)	1,415,934	1,504,131	1,669,657	1,853,765	1,791,167	2,065,529
Operating grants and contributions	27,933,166	29,235,660	30,012,921	31,365,321	32,698,403	38,302,402
Capital grant and contributions	1,295,056	367,329	3,723,502	240,814	31,308	465,589
Total governmental activities program revenues	\$ 32,143,464	\$ 32,636,686	\$ 38,005,875	\$ 37,483,614	\$ 38,540,790	\$ 44,789,865
Business-type activities:						
Charges for services	\$ 34,097,676	\$ 35,245,680	\$ 35,051,657	\$ 38,227,318	\$ 41,184,246	\$ 44,844,650
Electric	12,368,240	11,941,129	11,908,497	12,800,009	14,138,838	16,734,346
Waterworks	334,469	442,362	433,727	436,143	527,319	518,063
Emergency Communication District	1,164,059	1,154,697	1,149,015	-	-	-
Golf course (1)	-	-	-	11,526	30,848	-
Operating grants and contributions	1,653,294	522,961	1,569,130	122,436	1,003,056	5,062,972
Capital grant and contributions	49,617,738	49,306,829	50,112,026	51,597,432	56,884,307	67,160,031
Total business-type activities program revenues	\$ 81,761,202	\$ 81,943,515	\$ 88,117,901	\$ 89,081,046	\$ 95,425,097	\$ 111,949,896

(Continued)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<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)
Business-type activities	1,383,961	(907,703)	193,060	(452,725)	(1,034,497)	5,918,535
<b>Total primary governmental net expense</b>	<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>
<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
In-lieu of tax payments	3,767,668	3,758,201	3,826,332	3,860,930	3,903,756	3,988,922
Sales taxes	7,132,719	7,224,109	9,032,154	9,904,536	9,810,033	10,799,248
State shared taxes	2,295,886	2,121,518	3,144,403	3,492,328	4,071,325	4,010,334
Business taxes	704,225	767,714	841,718	999,362	913,226	849,823
Occupancy taxes	366,023	363,789	397,925	427,608	455,744	542,126
Wholesale beer & liquor taxes	708,589	746,472	761,905	774,866	812,010	839,642
Gain (loss) on sale of capital assets	547,202	-	171,713	254,595	(17,362)	43,940
Interest	284,166	185,766	629,166	752,673	1,147,655	975,309
Miscellaneous	1,090,299	2,355,649	924,210	1,382,109	938,511	2,010,017
Transfers	(308,284)	(248,109)	(42,800)	357,963	277,530	288,910
<b>Total governmental activities</b>	<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>
Business-type activities:						
Interest	\$ 40,545	\$ 47,575	\$ 78,765	\$ 52,996	\$ 80,328	\$ 57,500
Miscellaneous	718,377	1,854,678	718,284	729,111	847,612	837,554
Transfers	308,284	248,109	42,800	(357,963)	(277,530)	(288,910)
<b>Total business-type activities:</b>	<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>
<b>Total primary government</b>	<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>
<b>Change in Net Assets</b>						
Governmental activities	\$ 539,850	\$ 753,257	\$ 6,613,231	\$ 2,428,067	\$ 4,436,214	\$ 11,080,604
Business-type activities	2,451,167	1,242,659	1,032,909	(28,581)	(384,087)	6,524,679
<b>Total primary government</b>	<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>

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 286,954	\$ 386,599	\$ 568,154	\$ 487,334	\$ 439,018	\$ 522,954	\$ 453,839	\$ 423,518	\$ 422,938	\$ 548,835
Unreserved	9,408,525	9,166,049	7,901,882	6,023,484	5,250,633	4,915,690	4,660,255	5,057,758	5,349,352	6,939,442
Total general fund	\$ 9,695,479	\$ 9,552,648	\$ 8,470,036	\$ 6,510,818	\$ 5,689,651	\$ 5,438,644	\$ 5,114,094	\$ 5,481,276	\$ 5,772,290	\$ 7,488,277
All Other Governmental Funds										
Reserved	\$ 1,299,679	\$ 1,582,291	\$ 1,677,492	\$ 2,368,868	\$ 1,260,853	\$ 1,833,153	\$ 34,182,819 (1)	\$ 17,738,377	\$ 9,904,689	\$ 1,462,252
Unreserved, reported in										
Special revenue funds	2,179,975	3,904,945	6,467,964	7,448,023	7,036,584	6,956,167	6,717,456	7,299,423	6,137,197	5,568,643
Capital projects funds	(87,851)	7,574,766	5,738,826	3,732,409	2,778,902	2,424,090	(710,174)	2,158,115	1,604,832	398,073
Debt services funds	-	-	-	-	1,239,747	1,720,796	3,886,972	6,402,404	8,349,601	7,082,125
Total all other governmental funds	\$ 3,391,803	\$ 13,062,002	\$ 13,884,282	\$ 13,549,300	\$ 12,316,086	\$ 12,934,206	\$ 44,077,073	\$ 33,598,319	\$ 25,996,319	\$ 14,511,093

(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)*

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes	\$ 13,428,755	\$ 15,102,649	\$ 16,753,443	\$ 17,442,567	\$ 19,776,290	\$ 19,497,314	\$ 22,122,240	\$ 23,137,472	\$ 23,312,693	\$ 25,085,558
Licenses and permits	141,617	251,324	223,135	173,790	197,357	173,514	340,802	465,364	272,409	271,002
Intergovernmental	34,442,298	35,857,301	39,142,428	38,091,857	39,887,937	41,485,191	41,555,706	43,682,911	45,623,695	52,017,449
Charges for services	3,552,269	3,473,407	3,486,933	3,505,195	3,493,647	3,597,812	3,760,492	4,990,381	5,172,706	5,263,455
Fines and forfeitures	444,899	329,798	380,438	315,880	356,599	397,281	283,826	391,570	429,453	397,230
Interest	951,994	1,323,270	1,449,119	601,063	255,266	166,416	599,462	696,241	1,070,165	915,773
Other	346,035	969,631	1,650,284	504,319	1,287,694	701,033	958,272	1,518,029	1,124,325	2,026,641
<b>Total Revenues</b>	<b>\$ 53,307,867</b>	<b>\$ 57,307,380</b>	<b>\$ 63,095,780</b>	<b>\$ 60,634,671</b>	<b>\$ 65,254,790</b>	<b>\$ 66,020,561</b>	<b>\$ 69,620,800</b>	<b>\$ 74,881,968</b>	<b>\$ 77,005,446</b>	<b>\$ 85,977,108</b>
<b>Expenditures</b>										
General Government	\$ 601,652	\$ 500,225	\$ 532,967	\$ 735,874	\$ 668,580	\$ 653,026	\$ 743,082	\$ 722,370	\$ 734,797	\$ 805,413
Administration	647,496	652,626	633,336	637,149	684,778	625,253	682,853	588,960	610,439	622,983
Public Safety	6,612,607	7,106,905	7,160,283	7,477,238	7,888,433	7,567,199	7,971,991	8,524,042	9,201,187	11,717,322
Public Works	2,692,532	2,748,497	2,775,844	2,505,253	2,621,163	3,006,575	3,149,133	3,059,468	3,101,813	3,330,686
Community Services	5,700,028	6,214,930	6,331,493	6,747,811	7,521,630	7,950,349	7,877,890	9,269,663	10,239,087	10,326,239
Education	34,340,158	34,257,433	36,369,497	37,825,252	38,985,004	41,392,925	42,399,884	44,009,380	46,138,202	50,627,491
Capital Outlay	1,241,625	2,843,117	5,045,877	2,644,373	4,138,439	2,257,873	4,378,599	16,058,967	29,658,532	17,180,994
Debt Service										
Principal	1,355,637	1,975,387	2,196,868	2,382,150	1,981,813	2,085,289	2,146,000	2,756,042	2,624,468	2,804,954
Interest	2,400,695	2,346,695	2,876,186	1,929,200	1,886,179	1,546,228	1,943,304	2,275,531	2,936,984	4,210,966
Other Charges										
<b>Total Expenditures</b>	<b>\$ 55,592,450</b>	<b>\$ 58,645,815</b>	<b>\$ 63,922,351</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>\$ 86,766</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (2,284,583)</b>	<b>\$ (1,338,435)</b>	<b>\$ (826,571)</b>	<b>\$ (2,249,629)</b>	<b>\$ (1,121,229)</b>	<b>\$ (1,074,156)</b>	<b>\$ (1,671,946)</b>	<b>\$ (12,402,455)</b>	<b>\$ (28,548,579)</b>	<b>\$ (15,736,616)</b>
<b>Other Financing Sources (Uses)</b>										
Bonds issuance	\$ -	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ 32,533,063	\$ 1,032,500	\$ -	\$ -
Refunding bonds issued	-	-	41,244,385	-	-	-	-	-	-	-
Payments to escrow agent	-	-	(41,244,385)	-	-	-	-	-	-	-
Loan issuance	-	-	-	-	197,263	797,737	-	-	21,000,000	4,945,988
Loan discount	-	-	-	-	-	-	-	-	(39,937)	-
Capital lease issuance	-	-	-	-	-	891,641	-	-	-	732,479
Transfers in	13,539,579	15,547,793	18,651,459	18,560,303	18,893,928	18,202,388	17,814,432	19,356,881	19,554,689	24,326,902
Transfers Out	(13,612,579)	(15,399,552)	(18,085,220)	(18,604,874)	(20,024,343)	(18,450,497)	(17,857,232)	(18,098,498)	(19,277,159)	(24,037,992)
<b>Total other financing sources (uses)</b>	<b>\$ 484,590</b>	<b>\$ 10,865,803</b>	<b>\$ 566,239</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>\$ 5,987,377</b>
<b>Net changes in fund balances</b>	<b>\$ (1,799,973)</b>	<b>\$ 9,527,368</b>	<b>\$ (260,332)</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>Debt service as a percentage of noncapital expenditures</b>	6.9%	7.7%	8.6%	7.2%	6.2%	5.6%	6.1%	7.1%	7.7%	8.4%

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

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Gross Receipts	Wholesale Beer/Liquor	Room Occupancy	Total
1999	\$ 10,446,583	\$ 78,741	\$ 1,837,560	\$ 5,684,424	\$ 642,441	\$ 601,672	\$ 316,284	\$ 19,607,705
2000	11,574,263	94,284	2,535,061	6,025,613	610,338	626,753	320,513	21,786,825
2001	12,890,998	84,298	3,173,843	5,921,241	597,162	639,133	316,808	23,623,483
2002	13,208,701	158,223	3,353,773	6,561,754	721,069	672,583	309,826	24,985,929
2003	14,997,982	302,021	3,767,668	7,132,719	704,225	708,589	366,023	27,979,227
2004	14,756,203	159,473	3,758,201	7,224,109	767,715	746,472	363,789	27,775,962
2005	15,341,027	188,575	3,826,332	9,032,154	841,718	761,905	397,925	30,389,636
2006	15,520,774	213,844	3,860,930	9,904,536	999,362	774,866	427,608	31,701,920
2007	16,105,953	177,488	3,903,756	9,810,033	913,226	812,010	455,744	32,178,210
2008	17,673,704	97,257	3,988,922	10,799,248	849,823	839,642	542,126	34,790,722
Change								
1999-2008	69.18%	23.52%	117.08%	89.98%	32.28%	39.55%	71.40%	77.43%

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
1999	\$ 260,871,645 (2)	\$ 178,703,065 (2)	\$ 46,459,688 (2)	\$ 15,617,983 (2)	\$ 501,652,381 (2)	\$ 2.09 (2)	\$ 1,673,506,202 (2)	30% (2)
2000	262,710,100	179,955,600	46,722,298	15,549,682	504,937,680	2.31	1,684,742,542	30%
2001	263,184,875	180,144,563	45,668,874	14,732,079	503,730,391	2.57	1,682,116,086	30%
2002	267,561,648	184,417,400	48,161,886	12,829,722	512,970,656	2.65	1,715,156,479	30%
2003	270,610,350	183,899,840	52,745,175	11,512,784	518,768,149	2.94	1,738,940,585	30%
2004	272,157,350	192,772,040	51,254,776	10,267,203	526,451,369	2.87	1,760,076,395	30%
2005	274,953,825	204,247,360	52,679,630	10,153,519	542,034,334	2.87	1,804,493,410	30%
2006	322,792,500 (2)	226,548,000 (2)	51,803,055 (2)	11,390,458 (2)	612,534,013 (2)	2.55 (2)	2,050,926,774 (2)	30% (2)
2007	334,908,739	234,388,880	57,737,741	11,091,196	638,126,556	2.55	2,138,232,104	30%
2008	348,129,559	268,018,440	44,106,186	9,269,913	669,524,098	2.65	2,226,439,343	30%

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

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

**CITY OF OAK RIDGE, TENNESSEE  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS**

Fiscal Year	Anderson County, Tennessee			Roane County, Tennessee		
	City	Overlapping County Rate	Combined Tax Rate	City	Overlapping County Rate	Combined Tax Rate
1999	\$ 2.09 (1)	\$ 2.59 (1)	\$ 4.68 (1)	\$ 2.09 (1)	\$ 2.12	\$ 4.21
2000	2.31	2.97	5.28	2.31	2.32	4.63
2001	2.57	3.14	5.71	2.57	2.11	4.68
2002	2.65	3.14	5.79	2.65	2.11	4.76
2003	2.94	3.14	6.08	2.94	2.11	5.05
2004	2.87	3.14	6.01	2.87	2.445	5.32
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

Notes: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane. Approximately 15.7 percent of the taxable real parcels (2,005 of 12,788) 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 - 1999 and 2006; Roane County - 2006).

**CITY OF OAK RIDGE, TENNESSEE  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT TAX YEAR 2007 AND NINE YEARS AGO  
(For Fiscal Year 2008 and 1999)**

Taxpayer	Type of Business	2007			1998		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor (ORNL)	\$ 39,076,646	1	5.84%	\$ -	-	-
Oak Ridge Projects LLC	Real Estate Developer	21,011,720	2	3.14%	-	-	-
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	13,034,833	3	1.95%	10,077,560	4	2.01%
R&R Properties/Richard Chinn	Entrepreneur	10,709,820	4	1.60%	4,073,085	9	0.81%
Methodist Medical Center of Oak Ridge	Health Services	9,397,560	5	1.40%	8,118,365	5	1.62%
Boeing Tennessee Inc.	Manufacturing and Engineering	8,630,216	6	1.29%	16,196,107	1	3.23%
BellSouth	Communications	6,571,709	7	0.98%	14,705,248	2	2.93%
Wilkinson Realty	Apartment Complexes	6,434,419	8	0.96%	-	-	-
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	5,336,656	9	0.80%	5,910,363	7	1.18%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	3,681,102	10	0.55%	7,069,935	6	1.41%
Oak Ridge Mall	Shopping Mall/Misc. Development	-	-	-	13,049,882	3	2.60%
Wal-Mart	Retail	-	-	-	-	-	-
M-4 Environmental- LP	Office Complex	-	-	-	5,757,170	8	1.15%
Seward Norris Construction	Real Estate Developer	-	-	-	3,885,335	10	0.77%
<b>TOTAL</b>		<b>\$ 123,884,681</b>		<b>18.50%</b>	<b>\$ 88,843,050</b>		<b>17.71%</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	Percentage of Levy	Amount (1)	Percentage of Levy
1999	\$ 10,484,463	97.7%	\$ 10,245,066	97.7%	\$ 229,256	\$ 10,474,322	99.9%	\$ 10,141	0.1%
2000	11,663,970	96.7%	11,283,542	96.7%	243,087	11,526,629	98.8%	137,341	1.2%
2001	12,946,120	97.2%	12,585,185	97.2%	252,249	12,837,434	99.2%	108,686	0.8%
2002	13,593,678	95.1%	12,921,156	95.1%	558,896	13,480,052	99.2%	113,626	0.8%
2003	15,248,908	96.9%	14,768,834	96.9%	328,924	15,097,758	99.0%	151,150	1.0%
2004	15,011,939	96.3%	14,460,793	96.3%	436,297	14,897,090	99.2%	114,849	0.8%
2005	15,570,382	95.9%	14,934,125	95.9%	448,827	15,382,952	98.8%	187,430	1.2%
2006	15,636,316	97.7%	15,280,442	97.7%	186,910	15,467,352	98.9%	168,964	1.1%
2007	16,269,002	97.7%	15,901,543	97.7%	77,445	15,978,988	98.2%	290,014	1.8%
2008	17,742,389	97.5%	17,303,022	97.5%	-	17,303,022	97.5%	439,367	2.5%

(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, 2008**

Tax Year	Property Tax Receivable Balance June 30, 2007	Property Tax Levied	Abatements & Adjustments	Collections	Allowance For Uncollectibles (1)	Net Receivable Balance June 30, 2008
1998	\$ 10,604	\$ -	\$ (72)	\$ 391	\$ (10,141)	\$ -
1999	137,853	-	(80)	432	(134,152)	3,189
2000	108,450	-	244	8	(105,000)	3,686
2001	114,031	-	(33)	372	(110,000)	3,626
2002	153,844	-	650	3,344	(140,000)	11,150
2003	220,030	-	(99,113)	6,068	(100,000)	14,849
2004	208,411	-	2,900	23,881	(155,000)	32,430
2005	191,122	-	7,554	29,712	(125,000)	43,964
2006	370,684	-	(3,225)	77,445	(201,000)	89,014
2007	15,793,096	-	(3,566)	15,350,163	(50,000)	389,367
2008	-	18,981,001	-	1,678,084	(45,000)	17,257,917
<b>Totals</b>	<b>\$ 17,308,125</b>	<b>\$ 18,981,001</b>	<b>\$ (94,741)</b>	<b>\$ 17,169,900</b>	<b>\$ (1,175,293)</b>	<b>\$ 17,849,192</b>

(1) The Allowance for Uncollectibles includes \$220,044 for the Oak Ridge Mall, for which the final ruling was received in October 2008.

Note: The levy for the 2008 tax year is recorded as a deferred revenue at fiscal year end June 30, 2008.

Table 11

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007
Building materials	\$ 8,078,058	\$ 10,397,087	\$ 27,236,769	\$ 33,161,236	\$ 36,619,633	\$ 39,673,175	\$ 40,776,983	\$ 37,880,776	\$ 35,481,658
General merchandise	96,697,686	95,637,929	105,352,653	119,827,335	125,090,959	127,395,302	124,051,789	123,663,006	124,791,075
Food stores	63,283,284	62,723,250	54,060,030	50,336,043	49,207,201	47,469,754	48,120,643	48,976,457	51,694,210
Autos, Boats, Aircrafts	105,603,922	100,827,902	113,249,512	117,412,599	117,679,886	112,106,399	103,902,534	94,622,000	79,474,112
Apparel	6,763,842	5,416,300	4,602,724	4,581,100	4,747,894	4,929,433	3,949,972	3,173,228	2,819,117
Furniture and Home Décor	5,747,908	9,321,650	9,206,351	9,097,840	8,806,076	8,873,574	8,440,156	9,136,238	8,339,378
Eating and Drinking Places	40,978,364	42,398,599	42,672,865	45,876,116	48,750,254	54,382,199	57,691,722	59,495,118	63,019,291
Miscellaneous Retail	45,542,330	39,887,199	36,435,868	39,382,365	40,978,986	48,575,457	53,497,507	51,826,964	56,124,638
<b>Total</b>	<b>\$ 372,695,394</b>	<b>\$ 366,609,916</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>

Oak Ridge/Anderson County local sales tax rate 2.25%

Oak Ridge/Roane County local sales tax rate 2.75%

Source: Tennessee Department of Revenue, Research Division

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

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

Fiscal Year	Oak Ridge/ Anderson County	Anderson County	Oak Ridge/ Roane County	Roane County
1999	2.25%	2.25%	2.75%	2.50%
2000	2.25%	2.25%	2.75%	2.50%
2001	2.25%	2.25%	2.75%	2.50%
2002	2.25%	2.25%	2.75%	2.50%
2003	2.25%	2.25%	2.75%	2.50%
2004	2.25%	2.25%	2.75%	2.50%
2005	2.75%	(1)	2.75%	2.50%
2006	2.75%	2.25%	2.75%	2.50%
2007	2.75%	2.75% (1)	2.75%	2.50%
2008	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			
1999	\$ 47,725,000	\$ -	\$ 5,732,488	\$ 915,439	\$ 14,565,000	\$ -	\$ 9,895,541	\$ -	\$ 78,833,468	11.46%	\$ 2,887
2000	56,020,000	-	6,336,585	540,080	17,965,000	-	15,590,775	-	96,452,440	14.20%	3,522
2001	36,565,000	-	24,951,186	411,560	19,065,056	-	20,735,621	-	101,728,423	14.30%	3,714
2002	34,200,000	-	24,803,474	275,990	21,512,348	-	23,570,451	-	104,362,263	14.17%	3,811
2003	37,645,000	-	19,295,028	132,977	22,360,000	5,125,000	18,997,695	-	103,555,700	13.67%	3,781
2004	35,265,000	-	20,043,765	719,243	21,550,000	4,800,000	19,890,589	-	102,268,597	13.06%	3,734
2005	32,820,000	7,049,360	44,992,765	445,193	20,730,000	4,470,000	21,927,521	-	132,434,839	16.67%	4,836
2006	30,285,000	7,641,275	44,938,765	228,476	19,895,000	4,130,000	27,442,240	-	134,560,756	16.26%	4,913
2007	27,650,000	7,131,857	65,882,765	-	19,045,000	3,780,000	30,191,887	1,166,355	154,847,864	(1)	5,654
2008	24,870,000	6,622,439	70,769,753	544,157	18,165,000	3,410,000	31,450,975	1,073,538	156,905,862	(1)	5,729

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

(1) Data Not Available.

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

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

Fiscal Year	Total Governmental Debt Outstanding	Actual Taxable Value of Property	Population	Percentage of Actual taxable Value of Property	Debt Per Capita
1999	\$ 54,372,927	\$ 1,673,506,202	27,310	3.2%	\$ 1,991
2000	62,896,665	1,684,742,542	27,387	3.7%	2,297
2001	61,927,746	1,682,116,086	27,387	3.7%	2,261
2002	59,279,464	1,715,156,479	27,387	3.5%	2,165
2003	57,073,005	1,738,940,585	27,387	3.3%	2,084
2004	56,028,008	1,760,076,395	27,387	3.2%	2,046
2005	85,307,318	1,804,493,410	27,387	4.7%	3,115
2006	83,093,516	2,050,926,774	27,387	4.1%	3,034
2007	100,664,622	2,138,232,104	27,387	4.7%	3,676
2008	102,806,349	2,226,439,343	27,387	4.6%	3,754

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, 2008**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable To the City</u>	<u>City's Share of Debt</u>
<b>Direct:</b>			
City of Oak Ridge -			
General Obligation Bonds	\$ 24,870,000	100%	\$ 24,870,000
Notes Payable	70,769,753	100%	70,769,753
Qualified Zone Academy Bonds (QZAB)	6,622,439	100%	6,622,439
Capital Lease	544,157	100%	544,157
Debt Service Fund	<u>(7,082,125)</u>		<u>(7,082,125)</u>
<b>Total Direct Debt</b>	<u>95,724,224</u>		<u>95,724,224</u>
<b>Overlapping:</b>			
Anderson County, Tennessee	34,251,380	42.49% *	14,553,411
Roane County, Tennessee	<u>34,911,406</u>	13.63% *	<u>4,758,425</u>
<b>Total Overlapping Debt</b>	<u>69,162,786</u>		<u>19,311,836</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 164,887,010</u>		<u>\$ 115,036,060</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	
1999	\$ 30,317,007	\$ 27,773,119	\$ 2,543,888	\$ 480,000	\$ 740,858	\$ 1,220,858	2.08
2000	30,654,173	28,784,333	1,869,840	600,000	767,181	1,367,181	1.37
2001	33,291,474	29,404,337	3,887,137	899,944	1,275,692	2,175,636	1.79
2002	33,434,251	30,414,099	3,020,152	660,000	699,127	1,359,127	2.22
2003	34,689,697	31,647,977	3,041,720	730,000	740,151	1,470,151	2.07
2004	35,913,653	33,623,285	2,290,368	810,000	580,229	1,390,229	1.65
2005	35,724,771	32,545,257	3,179,514	820,000	694,765	1,514,765	2.10
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

(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
1999	27,310	687,693,110	25,181	(3)	3.6%	4,639
2000	27,387	679,005,891	24,793 (1)	43.4 (1)	3.2% (1)	4,491
2001	27,387	711,569,034	25,982	(3)	4.1%	4,398
2002	27,387	736,409,043	26,889	(3)	4.0%	4,391
2003	27,387	757,743,516	27,668	(3)	4.7%	4,323
2004	27,387	782,939,556	28,588	(3)	4.9%	4,285
2005	27,387	794,414,709	29,007	(3)	5.1%	4,280
2006	27,387	827,580,366	30,218	(3)	4.7%	4,306
2007	27,387	(3)	(3)	(3)	4.2%	4,394
2008	27,387	(3)	(3)	(3)	(3)	4,362

(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>	2008			1999		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
BWXT Y-12	4,500	1	12.29%	N/A	N/A	N/A
UT-Battelle	4,200	2	11.47%	N/A	N/A	N/A
Methodist Medical Center	1,350	3	3.69%	1,300	2	3.60%
Bechtel Jacobs Co. LLC	1,337	4	3.65%	650	9	1.80%
Wackenhut-Oak Ridge Team	902	5	2.46%	N/A	N/A	N/A
Science Applications Int'l Corp. (SAIC)	800	6	2.18%	400	10	1.11%
Oak Ridge Schools	697	7	1.90%	662	8	1.83%
Oak Ridge Associated Universities	600	8	1.64%	932	5	N/A
Sitel (Client Logic)	575	9	1.57%	N/A	N/A	N/A
City of Oak Ridge	454	10	1.24%	N/A	N/A	N/A
Lockheed Martin Energy Systems Inc (LMES) (1)	N/A	N/A	N/A	14,772	1	40.92%
Scientific Ecology Group, Inc (AKA Duratek)	N/A	N/A	N/A	1,300	3	3.60%
MK Ferguson Company	N/A	N/A	N/A	970	4	2.69%
Boeing Defense and Space	N/A	N/A	N/A	780	6	2.16%
Department of Energy (DOE)	N/A	N/A	N/A	680	7	1.88%
	<u>15,415</u>		<u>42.09%</u>	<u>22,446</u>		<u>59.59%</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 1997, 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**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Full-time Equivalent Employees at June 30										
<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	3.50	4.00	3.00	3.00	3.00	3.00	3.00	4.00
City Court	2.14	2.14	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Legal	3.50	3.50	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<b>Administrative services</b>										
Computer services	7.00	7.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00
Personnel	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Stationery Stores	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	11.00	11.00	11.00	11.00	10.00	8.00	8.00	8.00	8.00	8.00
Business Office	14.00	14.00	14.00	14.00	13.00	15.00	15.00	15.00	15.00	15.00
<b>Police</b>										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Investigations	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	11.00
Staff services	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
Patrol	44.39	44.39	44.39	44.39	44.39	41.00	47.00	47.00	47.00	44.00
Emergency communications	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Animal control	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
School resource officer program	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.35
<b>Fire</b>										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.00
Prevention	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fighting	40.00	40.00	40.00	40.00	40.00	42.00	42.00	42.00	42.00	71.00
<b>Public works</b>										
Supervision	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00
Engineering	4.38	4.38	4.38	4.38	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	42.00	56.00	46.00	46.00	46.00	44.00	44.00	44.00	40.00	43.50
Water plant	0.00	0.00	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Wastewater treatment plant	14.00	15.00	15.00	14.00	14.00	16.00	16.00	16.00	20.00	20.00
<b>Community Development</b>										
Supervision	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Code Enforcement	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Grant fund	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00

(Continued)

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Full-time Equivalent Employees at June 30										
Recreation and parks										
Supervision	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00
Indoor aquatics	3.93	3.93	3.93	3.93	3.93	4.18	4.18	4.18	4.18	4.18
Outdoor aquatics	6.28	6.28	6.28	6.28	6.28	6.27	6.27	6.27	6.27	6.27
Centers, camp, & programs	11.40	11.40	12.78	12.78	12.78	11.02	11.02	11.02	11.02	11.02
Athletics	2.38	2.38	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Parks	6.76	6.76	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Scarboro Center	0.00	0.00	0.00	0.00	0.00	1.39	1.39	1.39	1.39	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	16.50	16.50	17.00	17.00	17.00	16.68	16.68	16.68	17.00	17.00
Electric	33.00	33.00	33.00	33.00	34.00	34.00	34.00	34.00	34.00	34.00
Economic Development	3.50	3.50	3.50	3.50	2.50	1.00	1.00	1.00	1.00	1.00
Subtotal	341.16	354.16	357.36	356.86	354.48	348.64	354.64	353.64	354.96	390.81
Education										
Teachers	367.00	363.30	360.85	362.15	360.30	401.30	396.10	401.20	406.70	414.90
Non-Teachers	294.30	280.30	288.90	301.50	309.45	305.08	302.20	273.39	266.14	282.39
Subtotal	661.30	643.60	649.75	663.65	669.75	706.38	698.30	674.59	672.84	697.29
Total	1,002.46	997.76	1,007.11	1,020.51	1,024.23	1,055.02	1,052.94	1,028.23	1,027.80	1,088.10

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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>General government</b>										
Ordinances Adopted	16	29	21	21	23	20	15	17	22	31
Resolutions Adopted	194	229	199	173	177	127	144	127	108	107
Number of court cases-city violations	4,767	2,827	3,785	2,989	3,882	3,429	1,709	2,881	3,483	3,566
<b>Administrative services</b>										
Applications received and processed	712	757	837	682	930	653	891	784	839	804
Purchase Orders issued for departments	5,800	2,492	1,894	2,044	2,044	2,254	4,524	4,525	4,106	4,106
Purchase Orders issued for stock purchases	1,700	1,424	1,554	1,259	1,259	1,420	1,219	1,350	1,328	1,328
Business licenses issued	N/A	N/A	1,736	N/A	N/A	1,282	1,345	1,392	1,344	1,339
<b>Police</b>										
Serious crimes	1,851	1,785	543	511	662	620	544	539	551	475
Burglaries	225	133	202	331	301	383	394	394	348	378
Total arrests	N/A	N/A	2,032	2,243	2,511	2,975	2,691	2,938	2,871	2,780
Total calls for services	36,742	47,520	32,237	33,672	36,291	32,854	32,854	35,544	37,055	35,159
Animal apprehensions	1,200	941	1,381	1,958	2,116	2,708	2,500	2,850	2,342	1,805
Registered animals	5,000	4,553	3,871	5,012	4,659	4,040	4,400	4,200	4,000	2,000
<b>Fire</b>										
Number of calls	3,423	3,411	3,339	3,339	3,497	3,264	3,560	3,743	3,721	4,095
Public fire education	6,945	6,945	6,450	8,400	10,983	10,983	10,983	9,000	10,750	11,000
Violations reported by department inspection	1,539	1,539	1,441	1,150	850	850	850	900	1,060	1,642
Average response time (mins)	3.1	3.1	3.3	4.5	3.5	4.0	4.0	4.0	4.3	4.5
Average control time (mins)	1.1	1.1	3.3	4.8	3.6	4.0	4.0	4.0	4.0	4.5
<b>Community Development</b>										
Site plans reviewed	26	28	19	21	19	19	18	19	6	9
Non-Residential	33	44	48	52	65	76	110	112	108	39
Residential	453	510	426	474	494	582	582	599	567	552
Building permits	236	322	424	424	348	400	400	518	584	474
Plumbing permits	376	405	1,038	347	438	530	530	643	629	507
Electrical permits	1,207	1,252	1,501	1,387	969	1,691	1,691	757	620	733
Nuisance Abatement	214	228	605	364	112	416	416	416	150	127
Abandoned vehicles	219	259	279	110	86	48	48	66	62	64
Housing inspections										
<b>Park and Recreation</b>										
City-wide special events	8	8	7	7	7	7	7	7	7	7
Cold Facts Program participants	1,948	2,037	2,038	2,123	2,174	2,325	2,341	2,327	2,353	2,387
Pool attendance	109,853	104,336	104,094	104,069	87,435	78,938	60,775	75,741	77,153	78,689
Summer camp enrollment	960	960	960	960	880	860	1,100	870	949	997
<b>Athletic activities</b>										
Youth participants	166	156	135	218	234	212	186	147	155	166
Adult participants	471	828	1,047	1,200	1,280	1,496	1,845	1,784	1,579	1,707
Youth teams	15	14	13	22	21	20	18	16	17	16
Adult teams	32	52	74	82	95	106	138	129	113	124

(Continued)

Table 20

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Library</b>										
Total volume	103,000	103,500	106,440	109,434	118,320	118,411	114,707	114,707	112,550	113,890
Total non-print material	19,000	19,200	21,099	22,973	48,993	51,892	52,415	52,415	57,241	57,673
Total circulation	222,670	229,255	215,748	224,967	220,269	204,681	204,585	182,400	186,215	180,293
Registered patrons	14,758	12,474	23,937	24,836	22,477	27,604	23,735	23,455	22,171	20,209
Reference questions and reader service	33,394	38,902	37,008	38,117	37,433	33,029	35,622	33,217	29,883	31,170
Storytime attendance	2,891	2,781	3,506	4,978	5,432	5,395	5,355	4,167	5,262	5,335
<b>Public Works</b>										
Street sign maintenance and installation	181	400	379	201	394	341	412	259	370	275
Traffic control and school flashing signals inventory	377	377	371	371	371	390	390	390	390	390
hours for maintenance and installation	3,450	2,186	2,341	2,451	2,278	2,508	2,508	1,865	2,147	2,000
<b>Public street lights</b>										
inventory	5,227	5,256	5,319	5,362	5,397	5,431	5,426	5,426	5,447	5,447
hours for maintenance and installation	2,027	2,327	1,971	1,985	2,250	1,536	1,606	2,082	1,807	1,050
Mowing of ROW (acres)	15	15	15	15	15	15	15	15	15	15
<b>Electric</b>										
Purchased Power										
Kilowatts-hours purchased	513,530,713	519,097,909	533,000,199	544,096,058	561,424,804	551,468,429	534,063,705	539,597,265	547,543,621	557,257,006
Amount	\$ 23,452,599	\$ 24,190,547	\$ 24,457,044	\$ 25,226,618	\$ 26,066,753	\$ 27,615,311	\$ 26,543,605	\$ 28,833,331	\$ 32,063,010	\$ 34,364,532
<b>Electric Sales</b>										
Kilowatts-hours sold	488,753,799	501,779,583	518,579,537	516,146,986	543,449,683	525,327,120	514,560,835	505,272,128	521,693,354	528,247,375
Amount	\$ 29,688,123	\$ 29,982,926	\$ 32,613,495	\$ 32,859,895	\$ 34,097,674	\$ 35,245,630	\$ 35,051,657	\$ 38,227,317	\$ 41,184,247	\$ 44,844,650
Cost per kilowatt-hour purchases	\$0.0457	\$0.0466	\$0.0459	\$0.0464	\$0.0464	\$0.0501	\$0.0497	\$0.0534	\$0.0586	\$0.0617
% losses and unaccounted for KH purchases	4.82%	3.34%	2.71%	5.14%	3.20%	4.74%	3.65%	6.36%	4.72%	5.21%
<b>Water</b>										
Gallons treated (thousands)	-	249,787	4,374,438	4,258,710	4,048,248	3,907,730	3,700,000	4,045,928	3,367,518	3,732,957
Gallons purchased (thousands)	1,530,487	1,242,710	-	-	-	-	-	-	34,445	23,282
Gallons pumped (thousands)	-	-	-	-	-	-	-	-	3,370,193	3,673,932
Gallons sold (thousands)	1,257,053	1,104,053	3,994,925	3,897,471	3,686,142	3,680,361	3,521,730	3,699,823	2,870,928	3,249,385
Line losses and gallons unaccounted for (thousands)	N/A	533,710	424,547							
Percentage of losses and unaccounted for gallons to total provided (thousands)	N/A	15.7%	11.6%							
Average daily consumption (thousands of gallons)	1,716	1,900	10,945	10,678	10,099	10,083	9,649	10,137	7,866	8,902
<b>Wastewater</b>										
Clinch River Industrial Park Plant										
Gallons treated (thousands)	1,716	1,900	1,500	1,500	2,400	1,724	1,600	1,600	1,200	1,021
West End Plant										
Gallons treated (thousands)	1,766,710	1,800,000	1,500,000	1,674,920	2,200,000	1,942,491	2,100,000	2,100,000	1,600,000	1,579,946
<b>Schools</b>										
Enrollment	4,636	4,616	4,398	4,391	4,323	4,285	4,280	4,306	4,394	4,362
Average Daily Membership	4,679	4,559	4,451	4,418	4,346	4,279	4,284	4,348	4,364	4,407
Average Daily Attendance	4,428	4,331	4,213	4,190	4,127	4,066	4,061	4,127	4,142	4,185
Average Test Scores (ACT)	23.0	23.4	23.6	23.8	23.6	24.4	24.5	24.3	23.6	23.6

\* 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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	18	19	23	23	23	23	23	23	23	18
Unmarked Vehicles	6	6	5	5	5	5	6	6	6	8
Animal Control	2	2	2	2	2	2	2	2	2	2
Other Vehicles	8	9	9	9	9	9	9	9	9	8
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	4
Fire trucks (Pumpers and ladder)	6	6	6	6	6	6	6	6	6	9
Rescue vehicles - radio equipped	2	2	2	2	2	2	2	2	2	3
Sedans - radio equipped	3	3	3	3	4	4	4	4	4	6
Fire Specialists' vehicles	5	5	5	5	5	5	5	5	5	5
<b>Park and Recreation</b>										
Parks	14	14	14	14	14	14	14	14	14	14
Parks (total acres)	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,237
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	22	22	22	22	22	22	22	22	22	22
Baseball parks	4	5	5	5	5	5	5	5	5	5
Softball parks	6	6	6	6	6	6	6	6	6	6
Gymnasium	1	1	1	1	1	1	1	1	1	2
Golf course	1	1	1	1	1	1	1	1	1	1
Soccer fields	9	9	9	9	9	9	9	9	9	9
Community Centers	3	3	3	3	3	3	3	3	3	3
Disc Golf Courses	-	-	-	-	-	-	-	-	-	1
Library	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Miles of roads and streets	208.62	208.62	211.02	211.42	211.42	217.75	222.33	226.00	226.00	227.72
Miles of sidewalks	98.73	98.73	98.73	98.73	98.73	98.73	100.61	100.61	100.61	100.61
<b>Electric</b>										
Miles of electric lines	270.36	270.84	270.84	272.66	281.35	282.00	282.00	286.00	286.00	286.00
Number of regular street lights	5,059	5,256	5,319	5,362	5,397	5,431	5,426	5,447	5,463	5,463
Number of private outdoor lights	1,509	1,520	1,530	1,530	1,564	1,577	1,577	1,577	1,568	1,574
<b>Water</b>										
Miles of water main	218.94	220.00	222.00	222.00	225.40	225.77	225.77	231.90	231.90	240.86
Number of fire hydrants	2,427	2,450	2,481	2,489	2,501	2,500	2,700	2,580	2,574	2,683
<b>Wastewater</b>										
Miles of sewer main	236.63	240.00	240.00	240.00	244.50	245.87	245.87	245.87	250.00	259.78
Treatment plants	2	2	2	2	2	2	2	2	2	3
Treatment capacity (thousand of gallons)	5,680	9,900	5,880	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
Middle schools	2	2	2	2	2	2	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1

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

Table 22

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

Fiscal Year	Electric Revenue	Waterworks		Total
		Water Revenue	Wastewater Revenue	
1999	\$ 30,317,007	\$ 3,892,742	\$ 4,313,286	\$ 38,523,035
2000	30,654,173	4,212,892	4,433,351	39,300,416
2001	33,291,474	6,699,307 (1)	4,993,032	44,983,813
2002	33,434,251	6,666,355	4,759,119	44,859,725
2003	34,689,697	6,569,522	5,906,475	47,165,694
2004	35,913,653	6,343,489	5,704,123	47,961,265
2005	35,724,771	6,225,551	5,756,389	47,706,711
2006	38,922,932	7,088,332	5,788,969	51,800,233
2007	41,971,757	7,867,191	6,377,350	56,216,298
2008	45,608,826	9,925,588	6,774,328	62,308,742

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

(1) In May 2000, the City acquired a water treatment plant from the US Department of Energy (DOE). At that time, the City began selling water to DOE instead of purchasing treated water from DOE for resale to the City's water customers. Waterworks revenue does not include Bechtel contracts for West End operations.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Electric (1)</b>										
<b>Residential</b>										
Base Charge	\$ 5.50	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	\$ 6.57	\$ 7.30	\$ 7.37	\$ 7.46	\$ 7.70
All kWh	0.05915	0.06240	0.06240	0.06240	0.06240	0.06544	0.06790	0.07732	0.07622	0.08800
<b>Commercial</b>										
GSA1	\$ 12.50	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 17.00	\$ 17.17	\$ 17.37	\$ 17.93
All kWh	0.06493	0.06756	0.06756	0.06756	0.06756	0.07178	0.07382	0.08571	0.08432	0.09686
GSA2	\$ 25.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 55.00	\$ 55.56	\$ 56.20	\$ 58.00
1st 15,000 kWh	0.06848	0.07000	0.07000	0.07000	0.07000	0.07421	0.07746	0.08938	0.08803	0.10069
Additional kWh	0.03407	0.03587	0.03587	0.03587	0.03587	0.03823	0.03935	0.04601	0.04557	0.05463
KW, 51-1,000	9.42	9.94	9.94	9.94	9.94	10.67	10.93	12.55	12.25	13.31
GSA3	\$ 75.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 150.00	\$ 151.52	\$ 153.28	\$ 158.19
All kWh	0.03474	0.03655	0.03655	0.03655	0.03665	0.03901	0.04087	0.04754	0.04712	0.05623
KW, 0 - 1,000	8.92	9.41	9.41	9.41	9.41	10.09	10.09	11.95	11.61	12.69
KW, 1,001 - 5,000	10.01	10.56	10.56	10.56	10.56	12.02	12.02	14.27	13.88	15.17
Outdoor Light	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04622	\$ 0.05265	\$ 0.05166	\$ 0.05943
All kWh										
<b>Water</b>										
Minimum Bill (0-2,000 gallons)	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 9.65	\$ 11.50
Next 8,000 gallons per 1,000 gallons	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.75	4.55
Next 40,000 gallons per 1,000 gallons	2.77	2.77	2.77	2.77	2.77	2.77	2.77	2.77	3.35	4.05
Next 150,000 gallons per 1,000 gallons	2.29	2.29	2.29	2.29	2.29	2.29	2.29	2.29	2.75	3.20
Next 800,000 gallons per 1,000 gallons	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	2.30	3.20
Next 1,000,000 gallons per 1,000 gallons	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	2.30	3.20
<b>Wastewater</b>										
Minimum Bill (0-2,000 gallons)	\$ 9.85	\$ 10.25	\$ 10.25	\$ 10.25	\$ 10.50	\$ 10.50	\$ 10.50	\$ 11.50	\$ 11.50	\$ 12.50
Next 8,000 gallons per 1,000 gallons	2.15	2.94	2.94	2.94	3.75	3.75	3.75	4.13	4.13	5.15
Next 40,000 gallons per 1,000 gallons	3.78	4.38	4.38	4.38	5.05	5.05	5.05	5.55	5.55	6.45
Next 50,000 gallons per 1,000 gallons	3.55	4.20	4.20	4.20	5.05	5.05	5.05	5.55	5.55	6.45
Next 4,999,900 gallons per 1,000 gallons	3.28	4.20	4.20	4.20	5.05	5.05	5.05	5.55	5.55	6.45
All over 5,000,000 gallons per 1,000 gallons	3.28	4.20	4.20	4.20	5.90	5.90	5.90	5.55	5.55	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
1999	12,575	1,497	333	60	10,667	1,394	10,400	1,184
2000	12,700	1,558	366	61	10,826	1,416	10,745	1,407
2001	12,648	1,564	412	62	10,747	1,429	10,468	1,195
2002	12,676	1,586	421	60	10,769	1,429	10,492	1,191
2003	12,937	1,654	383	61	10,914	1,425	10,633	1,179
2004	12,964	1,698	360	62	10,955	1,425	10,671	1,167
2005	13,042	1,731	346	61	11,019	1,492	10,740	1,169
2006	13,096	1,797	339	64	11,160	1,518	10,866	1,167
2007	13,542	1,817	345	61	11,285	1,568	11,007	1,190
2008	13,556	1,787	342	60	11,313	1,561	11,032	1,176

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

Customer	2008				1999					
	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	116,622	63,246,622	\$ 4,728,808	1	10.51%	34,799	14,402,007	\$ 1,029,848	4	3.47%
Methodist Medical Center	97,292	50,301,572	3,826,623	2	8.50%	42,152	20,597,639	1,120,249	2	3.77%
Oak Ridge Board Of Education	84,768	33,013,032	2,750,638	3	6.11%	38,332	12,648,644	815,365	5	1.99%
Oak Ridge Project LLC	61,720	29,324,000	2,227,877	4	4.95%	-	-	-	-	-
USEC Inc	54,710	19,794,600	1,802,642	5	4.01%	-	-	-	-	-
US Department of Energy	37,344	17,645,102	1,389,437	6	3.09%	22,617	8,079,132	557,900	8	1.88%
Scientific Ecology Group (SEG) (AKA GTS Duratek)	(1)	22,015,662	1,377,724	7	3.06%	(1)	32,022,213	1,154,212	1	3.89%
Advanced Measurement	29,958	16,486,600	1,189,137	8	2.64%	-	-	-	-	-
COORS Tek	26,184	14,951,200	1,108,435	9	2.46%	-	-	-	-	-
R&R Properties	31,152	13,262,440	1,083,452	10	2.41%	-	-	-	-	-
Boeing	-	-	-	-	-	(1)	25,577,007	1,057,398	3	3.56%
Manufacturing Sciences	-	-	-	-	-	33,016	14,191,053	809,903	6	2.73%
BNFL	-	-	-	-	-	21,935	9,977,473	591,612	7	1.99%
Crown American	-	-	-	-	-	21,496	10,602,187	433,645	9	1.46%
Lockheed-Martin	-	-	-	-	-	17,205	6,620,580	390,310	10	1.31%
<b>Total</b>			<b>\$ 21,484,774</b>		<b>47.74%</b>			<b>\$ 7,960,442</b>		<b>26.05%</b>

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



**City of Oak Ridge, Tennessee**  
**Single Audit Report and Findings and Recommendations**  
**For the Fiscal Year Ended June 30, 2008**

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CITY OF OAK RIDGE, TENNESSEE  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY  
For the Fiscal Year Ended June 30, 2008

Grantor Agency	Program Name	CFDA	Grant/ Contract Number	Accrued (Deferred) Revenues July 1, 2007	Revenues Received	Adjustments	Expenditures	Accrued (Deferred) Revenues July 1, 2008
<b>DIRECT FEDERAL FINANCIAL ASSISTANCE</b>								
U.S. Department of Education	FIE Eamark Grant Award	84.215	U215K050382	\$ 2,896	\$ 2,896	\$ -	\$ -	\$ -
U.S. Department of Energy	Police Patrolling Services	81.502	DE-FG05-05OR23196	74,812	374,812	-	300,000	-
U. S. Department of Energy	Manhattan Project Heritage (ETTP) Historic Preservation	81.502	DE-FG05-06OR23251	34,525	138,748	-	127,431	23,208
U.S. Department of Housing and Urban Development	Community Development Block Grant (HUD)	14.218	N/A	152,110	410,845	-	293,861	35,127
U. S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	14,745	-	-	-	14,745
<b>TOTAL DIRECT FEDERAL FINANCIAL ASSISTANCE</b>				<b>279,088</b>	<b>927,301</b>	<b>-</b>	<b>721,292</b>	<b>73,080</b>
<b>INDIRECT FEDERAL FINANCIAL ASSISTANCE</b>								
Federal Highway Administration Through TN Department of Transportation	Transportation Enhancement Program Scarboro Comm. Collection Pedestrian Pathway Greenway Development	20.205 20.205	STP-EA-9115(8) HPP-9115(11)	23,000 -	- -	- -	92,000 29,102	115,000 29,102
Institute of Museum and Library Services Through TN State Library and Archives	TELINET Interlibrary Loan Program	45.310	GG0712777	-	673	-	673	-
U. S. Department of Energy Through CROET	Global Nuclear Energy Partnership (GNEP) Site Analysis	81.121	N/A	33,162	33,162	-	-	-
U.S. Department of Housing and Urban Development Through TN Department of Human Services	Homeless Emergency Shelter Grants Homeless Emergency Shelter Grants HOME Grant	14.231 14.231 14.239	Z07031501 Z08022628 HM-05-38/DG0820729	1,367 23,966 -	1,367 23,966 73,500	- -	- 25,200 73,500	- 1,234
U. S. Department of Energy Through TN Department of Military	Emergency Management Planning. Fire Department	81.502 81.502	GG072148700 GG082529400	11,456 -	15,000 -	1,432 -	2,112 2,586	- 2,586
<b>TOTAL INDIRECT FEDERAL FINANCIAL ASSISTANCE</b>				<b>68,985</b>	<b>147,668</b>	<b>1,432</b>	<b>225,173</b>	<b>147,922</b>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>				<b>348,073</b>	<b>1,074,969</b>	<b>1,432</b>	<b>946,465</b>	<b>221,001</b>
<b>STATE ASSISTANCE PROGRAMS</b>								
Tennessee Emergency Communications Board	Wireless Phase II Mapping		N/A	42,374	42,374	-	-	-
Tennessee Department of Economic & Community Development	Fast Track Infrastructure Development Program		GG0712919	-	673,162	-	709,412	36,230
Tennessee Department of Environment & Conservation	Alternative Fuel Innovations Grant		Z-07-038474-00	-	-	-	451	451
Tennessee Department of State	Community Enhancement Grant-50th Anniversary Celebration Community Enhancement Grant-Fire Community Enhancement Grant-Senior Center Community Enhancement Grant-Scarboro Computer Lab Radiation Grant		4890047 & 4925622 4890048 492562 4925624 4925623	- - - - -	2,000 2,000 1,000 2,000 4,000	- -	- 1,000 2,000 -	(2,000) (2,000) - - (4,000)
Tennessee Department of Transportation	Governor's Highway Safety		Z07035922	4,010	5,936	-	-	(1,926)
Tennessee Department of Transportation	An Operating Assistance Project		GG0712852 Z-06-21345-00	33,653 -	33,653 94,716	- -	104,797 -	10,081 -
<b>TOTAL STATE ASSISTANCE PROGRAMS</b>				<b>80,037</b>	<b>860,861</b>	<b>-</b>	<b>817,660</b>	<b>36,836</b>
<b>TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS</b>				<b>\$ 428,110</b>	<b>\$ 1,935,830</b>	<b>\$ 1,432</b>	<b>\$ 1,764,125</b>	<b>\$ 257,837</b>

**CITY OF OAK RIDGE, TENNESSEE**

Note to the Schedule of Federal and State Financial Assistance Activity  
For the Year Ended June 30, 2008

**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 and 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.

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## **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 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 27, 2009. We did not audit the financial statements of the Oak Ridge Schools, a blended component unit reported as a governmental fund and the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit. 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 Schools and 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.

### 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies referenced as 08-1 and 08-5 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### 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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 08-2, 08-3 and 08-4.

We noted certain other matters that were reported to management of the City of Oak Ridge in a separate letter dated February 27, 2009.

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, 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

February 27, 2009

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL 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 compliance of the City of Oak Ridge, Tennessee ("the City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 reported federal awards expenditures of \$3,422,745. Our audit, described below, did not include the operations of the Oak Ridge Schools because the Oak Ridge Schools engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, 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

February 27, 2009

**CITY OF OAK RIDGE, TENNESSEE**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

**I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? \_\_\_\_\_ yes  X  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  X  yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes  X  no

Federal Awards

Internal control over major federal programs:

- Material weakness identified? \_\_\_\_\_ yes  X  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

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

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

Major federal programs for the City of Oak Ridge for the fiscal year ended June 30, 2008 are:

Program Name	<u>CFDA#</u>
U.S. Housing and Urban Development: Community Development Block Grant	14.218

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

II. Findings related to the audit of the financial statements of the City of Oak Ridge

Current Year Audit Findings:

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

Criteria: The cash receipts procedures in the Utility Billing Office should allow for proper segregation of duties in relation to the collection of payments, preparation of bank deposits, and access to customer accounts.

Condition: The procedures in the Utility Billing Office create an opportunity for the cashiers to accept cash payments either from customers directly or through the mail, and post the amounts to the billing system and prepare the bank deposit.

Context: The City's Utility Billing Office collects virtually all the utility service revenues during the year.

Effect: The current system is not sufficient to deter the risk of fraud through theft of cash and manipulating the system and the reports to cover the missing cash.

Cause: The cash collection process has not been 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:

Controls over the cash receipts system in the Utility Business Office will be strengthened as follows. Currently, front counter employees cannot adjust their own cash receipt entries, but employees in supervisory and other positions can. Programming enhancements will be made to ensure that no employee can adjust their own cash receipt entries. To reallocate duties to the billing employee will not provide sufficient segregation of duties as this employee is also a primary back up to the front counter and performs duties in that capacity on a somewhat routine basis. In order to serve the public, all employees in the office perform functions that require taking cash receipts in either a primary or backup capacity, which makes a true segregation of duties difficult to maintain and still serve the customer in a timely manner and allocate a balanced work load among employees.

II. Findings related to the audit of the financial statements of the City of Oak Ridge (continued)

Current Year Audit Findings (continued):

<b>Finding 08-2:</b>	Controls over Purchase Card Payments
Criteria:	All purchases made with procurement cards should have adequate documentation supporting the expenditure.
Condition:	We found several instances where the documentation submitted with the credit card statement was insufficient. Some of the purchases were not supported with an invoice. On other occasions, only part of the expenditures had supporting documentation.
Context:	Credit card purchases totaling \$10,558 did not have complete documentation.
Effect:	Adequate supporting documentation must be submitted for management to evaluate if purchases made with procurement cards are proper, are approved, and are for the benefit of the City and not a misuse of funds.
Cause:	City employees are not complying with the established purchasing procedures.
Recommendation:	We recommend management review the current policies regarding the submission of receipts and other documentation with those employees who have been issued a purchase card. The City should implement steps to monitor the submission of receipts prior to payment of the bill.
Management's Response:	Employees with credit cards will be advised that they need to document the purpose of the purchase and provide receipts to support the purchase in order to retain usage of their credit card.

II. Findings related to the audit of the financial statements of the City of Oak Ridge (continued)

Current Year Audit Findings (continued):

**Finding 08-3:** Compliance with the Travel Policy

Criteria: According to the City's Policy and Procedure Manual regarding the regulations and restrictions governing travel expense, all out of town travel should be documented by an approved Travel Request Report and a Travel Expense Report supported by paid receipts. The Travel Expense Report should be filed within five days of returning from the trip.

Condition: In the sample expenditures we tested, we noted two instances in which no Request for Travel was submitted, therefore, we noted no evidence the travel expenses were approved. We noted one instance where expenditures made during the trip did not have adequate receipts attached. We noted eight instances where the actual expense report was not submitted within the specified time period.

Context: Travel expenses totaling \$950 did not have complete documentation. Travel expenses totaling \$7,165 were not submitted within the specified time period.

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

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

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

Management's Response: A review and update will be made to the city's travel policy including extending the length of time to file the return travel to a more reasonable time frame. The revised policy will clarify the requirements to support travel reimbursements including the necessity of receipts to support charges.

II. Findings related to the audit of the financial statements of the City of Oak Ridge (continued)

Current Year Audit Findings (continued):

<b>Finding 08-4:</b>	Per Diem Allowances
Criteria:	Employees are expected minimize the costs of necessary business travel to best utilize the resources available to the City.
Condition:	During the test of controls, we noted four instances of meal reimbursements for travel to be over a reasonable amount when compared to the established per diem in the City's travel policy.
Context:	The total amount of expenditures examined was \$570 for a total of eleven meals.
Effect:	The reimbursements were properly supported with receipts and documentation. The policy allows for reimbursement of per diem or actual costs incurred, however, based on the number of attendees noted, the amount per person appears to be excessive when compared to the standard of the travel policy per diem.
Cause:	The travel policy is vague in setting the maximum amounts for actual reimbursement.
Recommendation:	We recommend the Rules Committee of the City Council review the travel policy for the City Manager and City Council to determine if the policy could be improved regarding reimbursement for meals.
Management's Response:	This finding will be communicated with City Council for their review and action.

II. Findings related to the audit of the financial statements of the City of Oak Ridge (continued)

Current Year Audit Findings (continued):

**Finding 08-5:** End Use Billing System - Utilities

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

Condition: The billing system did not appropriately bill and report certain commercial customers' usage during the period from July 1, 2007 to June 30, 2008.

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

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

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

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

Management's Response: The programming for the utility system has been changed to correct this issue.

**III. Findings and questioned costs related to the audit of Federal awards**

There were no findings related to the audit of federal awards

**IV. Status of prior year findings**

There were no prior year findings



**Corrective Action Plan**

**Finding 2008-1:** Cash Collections in the Utility Billing Office

**Name of contact person:** Janice McGinnis, Finance Director

**Corrective action:** Programming enhancements will be made to ensure that no employee can adjust their own cash receipt entries.

**Anticipated  
Completion Date:** June 30, 2009

**Finding 2008-2:** Controls over Purchase Card Payments

**Name of contact person:** Janice McGinnis, Finance Director

**Corrective action:** Employees with credit cards will be advised that they need to document the purpose of the purchase and provide receipts to support the purchase in order to retain usage of their credit card.

**Anticipated  
Completion Date:** June 30, 2009

**Finding 2008-3:** Compliance with the Travel Policy

**Name of contact person:** Janice McGinnis, Finance Director

**Corrective action:** A review and update will be made to the city's travel policy including extending the length of time to file the return travel to a more reasonable time frame. The revised policy will clarify the requirements to support travel reimbursements including the necessity of receipts to support charges.

**Anticipated  
Completion Date:** December 31, 2009