

**CITY OF OAK RIDGE, TENNESSEE**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2007

Prepared by  
FINANCE DEPARTMENT

**City of Oak Ridge, Tennessee  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2007**

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January 22, 2008

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, 2007.

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, 2007, 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, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP 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. 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 69. The comparison for the capital projects fund is presented on page 100.

### **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 will provide 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. Projects include a \$250 million Highly Enriched Uranium Material Facility that will be under construction until 2008. 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 for which the City will receive real property tax payments based on the appraised value of the building. In fiscal 2007, the property taxes on this facility were \$604,147. With three similar type facilities to be completed in fiscal 2008 and 2009 at ORNL and the Y-12 complex, the construction of these taxable facilities on federal property represent a significant revenue stream for the City.

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

Approximately 1,200 acres is under development to construct a pedestrian-friendly town center with both commercial and open spaces within walking distance named Rarity Ridge. Plans call for the community to ultimately consist of 3,060 residential units and 507,994 square-feet of commercial development. 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. Just announced is a 40-acre development on the site titled Centennial Bluff that is designed for the active adult age 55 and over. The development will contain 400 1 to 3-bedroom luxury residences and a 12,000 square-foot clubhouse, fitness center, pool and spa. There are three other new residential subdivisions in the planning stages or initial stages of construction. 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 is a 73-acre site on which 102 single-family and 76 multi-family dwelling units are planned. Grove Park Commons is a 109-acre site on which preliminary plans call for 450 residential units comprised of a mix of single-family and multi-family units along with 40,000 square-feet of commercial development.

Recently completed are a hotel, 208-unit luxury apartment complex with garages named Bristol Park, a National Fitness Center and adjoining strip center for small retail or restaurants, and a new lakeside restaurant with docks. Another new hotel is currently in the planning stages and a shopping center on the east end of Oak Ridge is being redeveloped and will contain a Tractor Supply Store.

### **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 \$61,000,000 over a four-year period. \$54,081,860 in long-term debt has been issued for this project. Additional debt issuances will occur over the next two years to finance completion of construction of the ORHS project. Funding for the debt service on these issuances will be provided from the additional .50% sales tax proceeds in the Anderson County portion of Oak Ridge, private donations and from revenues generated from the existing property tax base.

The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City has spent approximately \$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 has \$4,023,214 available from an authorized loan from the Tennessee State Revolving Fund to finance the 2008 and 2009 phases of the wastewater system rehabilitation project, which includes sanitary sewer replacement, slip-lining, cured-in-place and pipe bursting, and manhole and pump station rehabilitation and replacement. During fiscal 2006, the City began a 5-year approximate \$4 million upgrade to the water treatment plant facilities. During fiscal 2006, the City issued \$9,000,000 in loans through the Tennessee Municipal Bond Fund (TMBF) to fund electric, water and wastewater projects over a three-year period. \$8,583,000 has been drawn through fiscal 2007 to finance these projects. This is a draw loan in which the funds are drawn as expenditures occur. Water rates increase 20% in June 2007 and will increase 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 April of 2006 by approximately 10%. The next wastewater rate review is scheduled for the spring of 2008.

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

**Pension and other postemployment benefits.** Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS acts as a common investment and administrative agent for political subdivisions in the State. TCRS provides retirement benefits as well as death and disability benefits. The City's plan is noncontributory and has assumed employee contributions of up to 5% of annual covered payroll. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2007 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 9.82% of annual covered payroll for the fiscal year ending June 30, 2007.

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 6.13% of annual covered payroll for the fiscal year ending June 30, 2007.

The City also provides postretirement health benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 52 employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

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

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This is the forty-sixth 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-four consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Steven W. Jenkins  
Deputy City Manager



Janice E. McGinnis  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Ridge  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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.



*Chloe S. Cox*

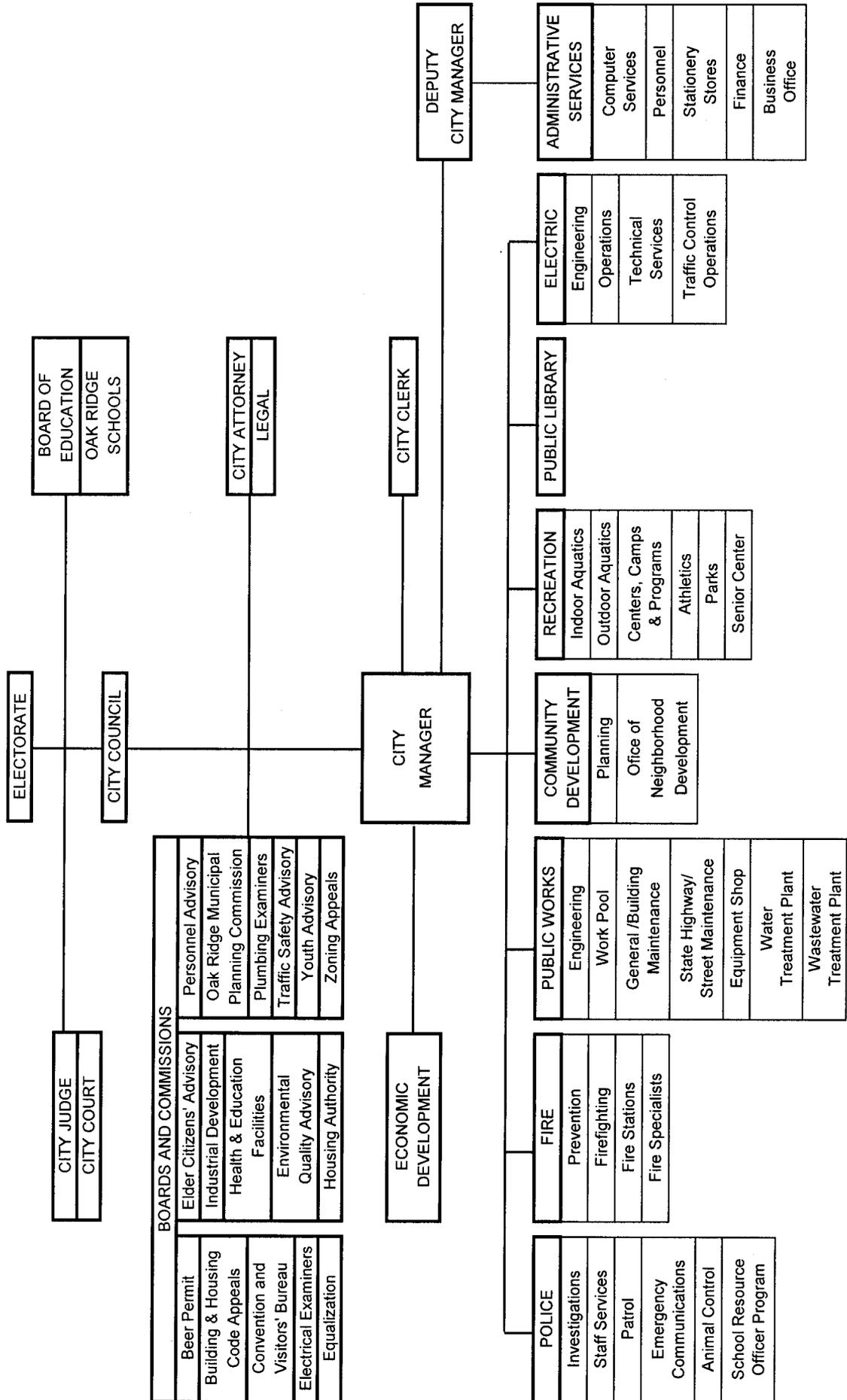
President

*Jeffrey R. Emer*

Executive Director

# ORGANIZATION CHART

## City of Oak Ridge, Tennessee



**CITY OF OAK RIDGE, TENNESSEE**

**CITY OFFICIALS**

**Mayor**

Thomas L. Beehan

**Members of City Council**

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

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

**City Attorney**

Kenneth R. Krushenski

**City Judge**

Robert A. McNees III

**City Clerk**

Jacquelyn J. Bernard

**Board of Education**

John 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. CATE, CPA  
C. LARRY ELMORE, CPA  
W. JAMES PUGH, JR., CPA  
DANIEL C. FRANKLIN, CPA  
JAMES H. JONES, CPA  
LISA W. HILL, CPA  
SUSAN R. FOARD, CPA  
ANDREW R. HARPER, CPA  
R.E. FOUST, CPA  
A. TED HOTZ, CPA

HOME FEDERAL PLAZA - SUITE 200  
315 NORTH CEDAR BLUFF ROAD  
KNOXVILLE, TENNESSEE 37923

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

865-769-0660 800-332-7021  
TELECOPIER 865-769-1660

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 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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Schools, a blended component unit reported as a governmental fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oak Ridge Schools, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report 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 unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2007, 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 January 22, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion 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, 2007 and 2006, 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  
January 22, 2008

## 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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

### Financial Highlights

- The assets of the City of Oak Ridge exceeded its liabilities at the close of the most recent fiscal year by \$119,939,415 (*net assets*). Of this amount, \$11,779,598 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets increased by \$4,052,127, an increase of 3.5% over fiscal 2006. The City of Oak Ridge's changes in net assets are detailed on page seven of this report. Total revenues increased \$7,224,598, which included an additional \$4,295,757 in charges for services due to electric, water and wastewater rate increases and \$2,023,518 in grants and contributions. Expenses increased \$5,571,957, of which \$3,847,239 was for electrical expenses primarily due to increased costs for purchased power and \$2,012,018 for waterworks expenses of which \$1,675,444 was for water expenses, which included higher purchased water costs, and \$336,574 for wastewater expenses.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$31,768,609, a decrease of \$7,310,986 in comparison with the prior year. 32.5% is reserved for specific purposes, and the remaining 67.5%, or \$21,440,982, is *available for spending* at the City's discretion (*unreserved fund balance*). The decrease in fund balance is due to the utilization of \$7,817,084 in prior year long-term debt proceeds during fiscal 2007 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 \$5,349,352, or 32.8 percent of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$18,498,851 in the City's general fund.
- Overall, the City's total debt increased by \$20,287,108 (15.1 percent) during the current fiscal year. During fiscal 2007, the City borrowed \$21,000,000 in for the construction and renovation of the Oak Ridge High School, \$3,809,090 in loans to finance electric and waterworks capital projects and \$1,166,355 to upgrade the City's 900 MHz radio system.

### 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 a legally separate Convention and Visitors Bureau for which the City of Oak Ridge is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 16-17 of this report.

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

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

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

The City of Oak Ridge maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, school fund and capital projects fund, all of which are considered to be major funds. Data from the other 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 30-67 of this report.

**Other information.** In the notes to financial statements, Note 4, pages 41 to 44 there is presented certain *required supplementary information* concerning the City of Oak Ridge's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 69-104 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 \$119,939,415 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net assets (83.0 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Oak Ridge uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Oak Ridge's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Oak Ridge's Net Assets

|  | Governmental activities |               | Business-type activities |               | Total          |                |
|--|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
|  | FY2007                  | FY2006        | FY2007                   | FY2006        | FY2007         | FY2006         |
| Current and other assets                       | \$ 61,840,439           | \$ 66,397,802 | \$ 7,500,377             | \$ 9,114,502  | \$ 69,340,816  | \$ 75,512,304  |
| Capital assets                                 | 128,190,209             | 98,766,698    | 118,185,764              | 113,859,929   | 246,375,973    | 212,626,627    |
| Total assets                                   | 190,030,648             | 165,164,500   | 125,686,141              | 122,974,431   | 315,716,789    | 288,138,931    |
| Long-term liabilities outstanding              | 104,423,241             | 86,751,367    | 55,164,684               | 52,369,379    | 159,587,925    | 139,120,746    |
| Other liabilities                              | 28,508,173              | 25,750,113    | 7,681,276                | 7,380,784     | 36,189,449     | 33,130,897     |
| Total liabilities                              | 132,931,414             | 112,501,480   | 62,845,960               | 59,750,163    | 195,777,374    | 172,251,643    |
| Net assets:                                    |                         |               |                          |               |                |                |
| Invested in capital assets net of related debt | 35,621,496              | 31,540,540    | 63,965,893               | 62,355,102    | 99,587,389     | 93,895,642     |
| Restricted                                     | 8,437,063               | 16,254,147    | 135,365                  | 137,467       | 8,572,428      | 16,391,614     |
| Unrestricted                                   | 13,040,675              | 4,868,333     | (1,261,077)              | 731,699       | 11,779,598     | 5,600,032      |
| Total net assets                               | \$ 57,099,234           | \$ 52,663,020 | \$ 62,840,181            | \$ 63,224,268 | \$ 119,939,415 | \$ 115,887,288 |

An additional portion of the City of Oak Ridge's net assets (7.1 percent) represents resources that are subject to external restrictions on how they may be used. Governmental activities had restricted assets of \$8,437,063 at fiscal year-end, which is the remaining balance of bond proceeds held by the bond trustees for long-term debt issued by the City during fiscal 2006 and 2007 for the renovation and new construction at the Oak Ridge High School (ORHS). These funds are legally restricted to the ORHS project and are being drawn by the City from the trustee as expenditures occur. The remaining balance of *unrestricted net assets* (\$11,779,598) may be used to meet the government's ongoing obligations to citizens and creditors.

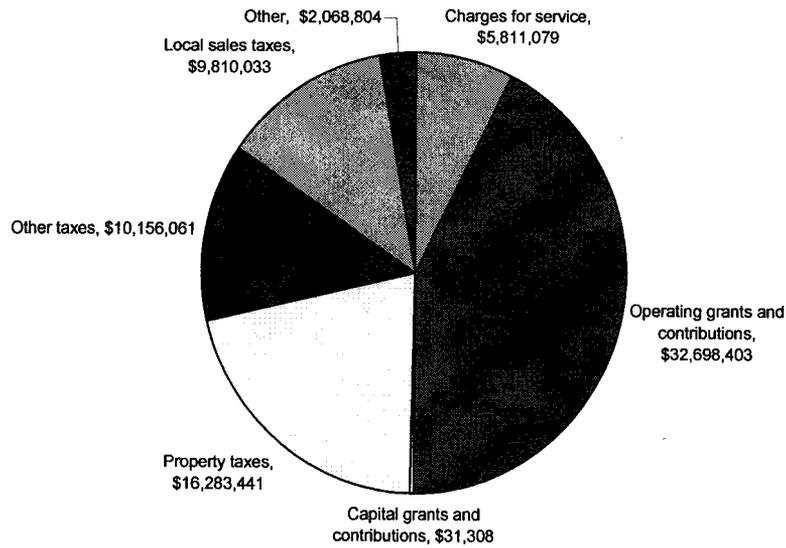
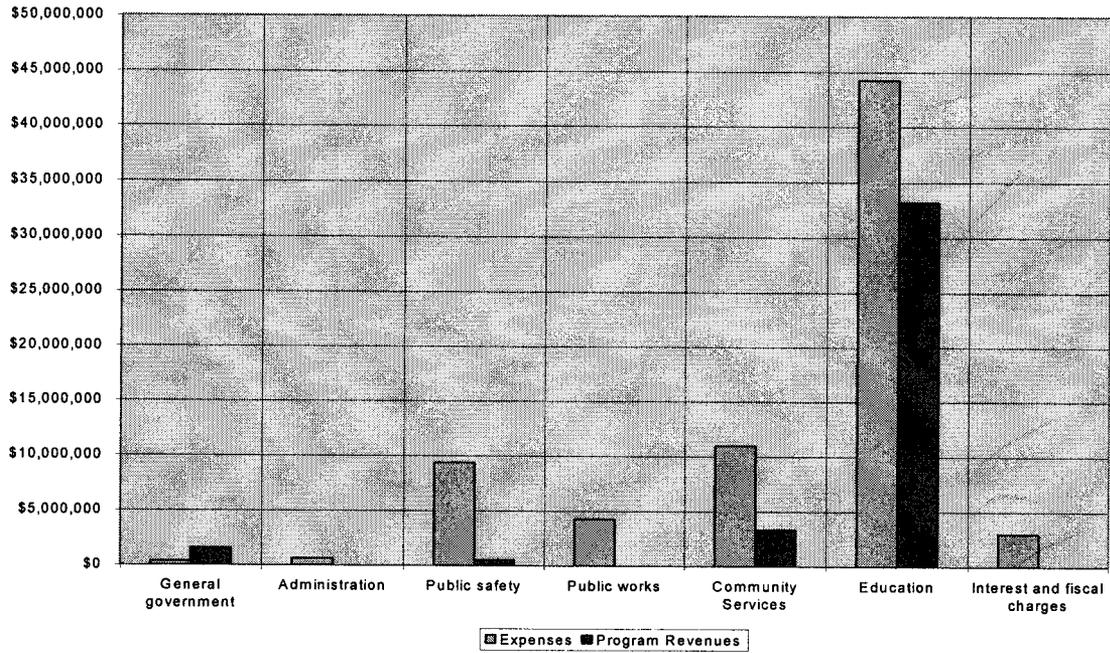
At the end of the current fiscal year, the City of Oak Ridge is able to report positive balances in all three categories of net assets for both the government as a whole, as well as for its separate governmental activities. However, unrestricted net assets for business-type activities had a negative balance of \$1,261,077 at the end of the current fiscal year in comparison to a \$731,699 positive balance at the end of the prior fiscal year. The \$1,992,776 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 \$4,436,214, thereby accounting for 109.5% of the total growth in the net assets of the City of Oak Ridge. Revenues from operating grants and contributions increased \$1,333,082 for educational operations. Property tax collections increased \$548,823 from the prior year due to assessment growth. Other tax collections increased by \$506,464, primarily from state-shared tax remittances. State-shared tax collections increased due to the restoration of the full allocation of collections to local entities, which includes the City of Oak Ridge. State-shared taxes are based on collections statewide and then allocated out to local governments.

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

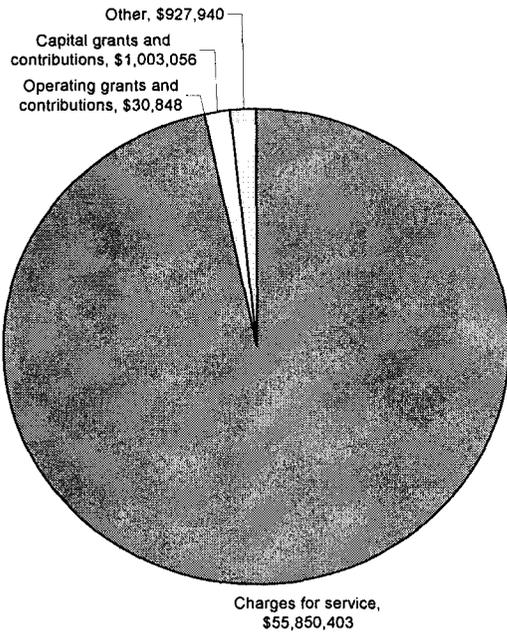
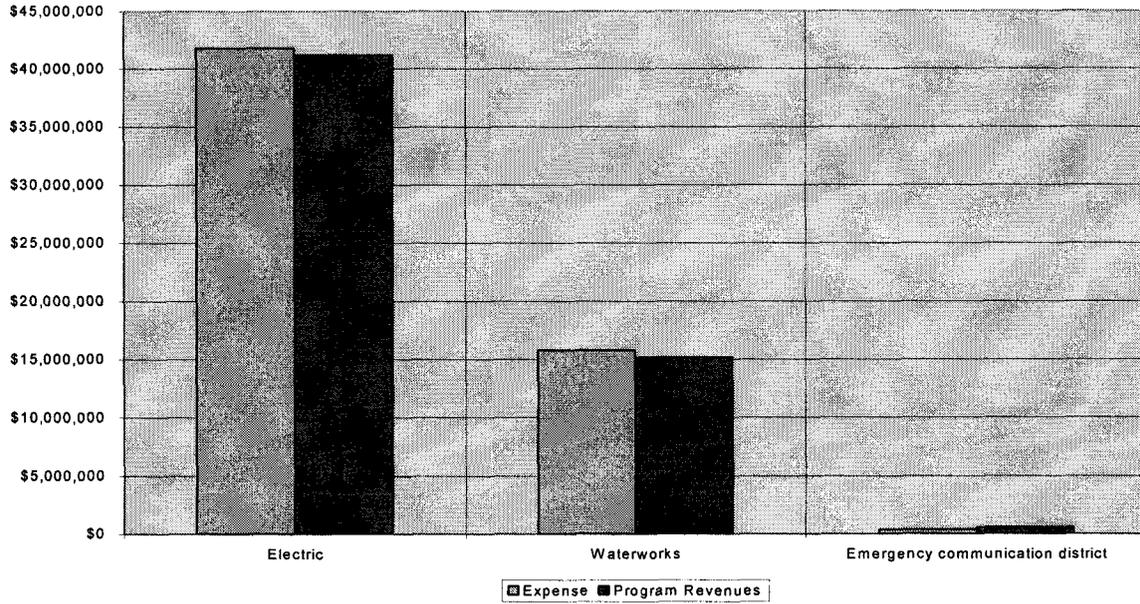
|   | Governmental activities |                      | Business-type activities |                      | Total                 |                       |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|   | FY2007                  | FY2006               | FY2007                   | FY2006               | FY2007                | FY2006                |
| <b>Revenues:</b>                              |                         |                      |                          |                      |                       |                       |
| <b>Program revenues:</b>                      |                         |                      |                          |                      |                       |                       |
| Charges for service                           | \$ 5,811,079            | \$ 5,877,479         | \$ 55,850,403            | \$ 51,463,470        | \$ 61,661,482         | \$ 57,340,949         |
| Operating grants and contributions            | 32,698,403              | 31,365,321           | 30,848                   | 11,526               | 32,729,251            | 31,376,847            |
| Capital grants and contributions              | 31,308                  | 240,814              | 1,003,056                | 122,436              | 1,034,364             | 363,250               |
| <b>General revenues:</b>                      |                         |                      |                          |                      |                       |                       |
| Property taxes                                | 16,283,441              | 15,734,618           | —                        | —                    | 16,283,441            | 15,734,618            |
| Other taxes                                   | 19,966,094              | 19,459,630           | —                        | —                    | 19,966,094            | 19,459,630            |
| Other   | 2,068,804               | 2,389,377            | 927,940                  | 782,107              | 2,996,744             | 3,171,484             |
| <b>Total Revenues:</b>                        | <b>76,859,129</b>       | <b>75,067,239</b>    | <b>57,812,247</b>        | <b>52,379,539</b>    | <b>134,671,376</b>    | <b>127,446,778</b>    |
| <b>Expenses:</b>                              |                         |                      |                          |                      |                       |                       |
| General government                            | 341,550                 | 1,719,874            | —                        | —                    | 341,550               | 1,719,874             |
| Administration                                | 617,258                 | 577,081              | —                        | —                    | 617,258               | 577,081               |
| Public safety                                 | 9,354,706               | 8,609,654            | —                        | —                    | 9,354,706             | 8,609,654             |
| Public works                                  | 4,245,565               | 4,042,211            | —                        | —                    | 4,245,565             | 4,042,211             |
| Community services                            | 10,944,438              | 9,907,380            | —                        | —                    | 10,944,438            | 9,907,380             |
| Education                                     | 44,222,039              | 45,823,972           | —                        | —                    | 44,222,039            | 45,823,972            |
| Interest and fiscal charges                   | 2,974,889               | 2,316,963            | —                        | —                    | 2,974,889             | 2,316,963             |
| Electric                                      | —                       | —                    | 41,773,668               | 37,926,429           | 41,773,668            | 37,926,429            |
| Waterworks                                    | —                       | —                    | 15,788,355               | 13,776,337           | 15,788,355            | 13,776,337            |
| Emergency communication district              | —                       | —                    | 356,781                  | 347,391              | 356,781               | 347,391               |
| <b>Total expenses</b>                         | <b>72,700,445</b>       | <b>72,997,135</b>    | <b>57,918,804</b>        | <b>52,050,157</b>    | <b>130,619,249</b>    | <b>125,047,292</b>    |
| <b>Increase in net assets before transfer</b> | <b>4,158,684</b>        | <b>2,070,104</b>     | <b>(106,557)</b>         | <b>329,382</b>       | <b>4,052,127</b>      | <b>2,399,486</b>      |
| <b>Transfers</b>                              | <b>277,530</b>          | <b>357,963</b>       | <b>(277,530)</b>         | <b>(357,963)</b>     | <b>—</b>              | <b>—</b>              |
| <b>Increase in net assets</b>                 | <b>4,436,214</b>        | <b>2,428,067</b>     | <b>(384,087)</b>         | <b>(28,581)</b>      | <b>4,052,127</b>      | <b>2,399,486</b>      |
| <b>Net assets – July 1, 2006</b>              | <b>52,663,020</b>       | <b>50,234,953</b>    | <b>63,224,268</b>        | <b>63,252,849</b>    | <b>115,887,288</b>    | <b>113,487,802</b>    |
| <b>Net assets – June 30, 2007</b>             | <b>\$ 57,099,234</b>    | <b>\$ 52,663,020</b> | <b>\$ 62,840,181</b>     | <b>\$ 63,224,268</b> | <b>\$ 119,939,415</b> | <b>\$ 115,887,288</b> |

**Expenses and Program Revenues - Governmental Activities**



**Business-type activities.** Business-type activities decreased the City of Oak Ridge's net assets by \$384,087. This is primarily due to higher costs for purchased power and water, for utilities to operate the water and wastewater treatment plants and interest expense.

Expenses and Program Revenues - Business-type Activities



The net assets of the electric fund increased by \$46,709 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. TVA

increased its wholesale power costs to the City by 7.5% in October 2005 and 9.95% in April 2006. TVA reduced wholesale power cost by 2.5% in October 2006 and began a quarterly adjustment program to wholesale power costs. These wholesale costs adjustments have been passed through in rate adjustments to the City's customers.

The net assets of the waterworks fund decreased by \$666,908 from fiscal 2006. The decrease is related to lower revenues from the City's largest water customer, the US Department of Energy, due to reduced consumption coupled with increased utility costs to operate the water and wastewater treatment plants and higher interest charges from \$3,295,329 in long-term debt issued during fiscal 2007 for waterworks plant and system rehabilitation.

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

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

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

As of the end of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$31,768,609, a decrease of \$7,310,986 in comparison to the prior year. Approximately 67.5% of this total amount (\$21,440,982) 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 (\$1,284,236), 2) advances to other funds (\$112,500), 3) restricted to capital outlay, specifically for the renovation and construction of the Oak Ridge High School (\$8,437,063), or 4) for a variety of other restricted purposes (\$493,828).

The general fund is the chief operating fund of the City of Oak Ridge. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,349,352, while total fund balance reaching \$5,772,290. 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 32.8% of total general fund expenditures, while total fund balance represents 35.3% of that same amount. However, unreserved fund balance only represents 15.3% 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 \$291,014 during the current fiscal year. The general fund had a budgeted fund balance decrease of \$1,251,521. 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 \$3 million.

General fund revenues increased overall \$1,496,678 from the preceding fiscal year and were \$1,539,271 above budget. Intergovernmental revenues increased by \$842,498 in comparison to the prior year primarily due to the State's restoration of state-shared tax allocations to the City of \$547,875 and an additional \$301,624 in local sales and use tax collections in the Roane County portion of Oak Ridge. Property tax collections were up \$548,823, in part due to the completion of

a taxable facility at the Oak Ridge National Laboratory, and interest earnings were up \$142,471 due to higher interest rates.

There were no budgetary amendments to the general fund during fiscal 2007.

The debt service fund has a total fund balance of \$8,349,601, all of which is designated for the payment of debt service. The net increase in fund balance in the debt service fund during the current year of \$1,947,197 was due to \$1,970,689 in local sales tax collections. The local sales tax collections were generated from a .50% increase in the local sales tax rate effective October 1, 2004 to finance a portion of the debt service associated with the Oak Ridge High School (ORHS) project renovations. These additional sales tax collections will be applied toward funding of the ORHS project until the long-term debt issued for this project is fully extinguished.

The capital projects fund has a total fund balance of \$10,673,976, of which \$8,437,063 is reserved for capital outlay. The net decrease in fund balance of \$8,399,103 is due to the utilization in fiscal 2007 of \$7,817,084 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 \$22,624 for the electric fund, (\$1,937,587) for the waterworks fund, and \$653,886 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, 2007, amounts to \$246,375,973 (net of accumulated depreciation), which is a \$33,749,345 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                 |                       |
|-----------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                                   | FY2007                  | FY2006               | FY2007                   | FY2006                | FY2007                | FY2006                |
| Land                              | \$ 2,920,722            | \$ 2,822,409         | \$ 654,873               | \$ 654,873            | \$ 3,575,595          | \$ 3,477,282          |
| Buildings                         | 32,205,223              | 34,171,520           | 15,248,939               | 15,850,740            | 47,454,162            | 50,022,260            |
| Improvements other than buildings | 17,008,864              | 18,204,521           | 8,454,301                | 9,447,313             | 25,463,165            | 27,651,834            |
| Machinery and equipment           | 5,466,809               | 6,052,599            | 92,724,289               | 86,679,977            | 98,191,098            | 92,732,576            |
| Infrastructure                    | 25,828,811              | 22,004,065           | —                        | —                     | 25,828,811            | 22,004,065            |
| Construction in progress          | 44,759,780              | 15,511,585           | 1,103,362                | 1,227,026             | 45,863,142            | 16,738,611            |
| <b>Total</b>                      | <b>\$ 128,190,209</b>   | <b>\$ 98,766,699</b> | <b>\$ 118,185,764</b>    | <b>\$ 113,859,929</b> | <b>\$ 246,375,973</b> | <b>\$ 212,626,628</b> |

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

- Public Works activities added \$4,750,146 in capital assets, which included \$4,716,529 in donated infrastructure (streets, stormwater and sidewalk systems). Other projects included \$6,725 in street improvements, \$6,023 in stormwater system improvements and \$20,869 for sidewalks.
- Community Services and Development activities added \$852,333, including \$98,825 for building and improvements to the Civic Center, \$70,510 for equipment and improvements at the indoor and outdoor pool, \$17,950 in improvements to the tennis court site at Jackson Square, \$86,624 for improvements at city parks, \$560,738 for improvements at Melton Lake and \$17,686 for Library equipment
- Educational activities added \$31,373,389, primarily toward the renovation and reconstruction of the Oak Ridge High School.
- Business-type activities added \$4,325,835 in total capital assets. \$2,880,780 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, and \$6,892,285 in waterworks capital assets, which continued the rehabilitation and upgrades to the water plant and wastewater collection system. \$1,200,630 in emergency communication equipment was added for upgrades to the City's 900 MHz radio system.
- The value of land owned by the City increased by \$98,313 from assets donated by residential developers to the City.

Additional information on the City of Oak Ridge's capital assets can be found in note 10 on pages 49 - 50 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 \$154,847,864. Of this amount, \$100,664,622 comprises debt backed solely by the full faith and credit of the City. \$35,138,242 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 \$19,045,000 in remaining debt is solely backed by the income and revenues from the operation of the electric power distribution system.

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

|                                     | Governmental Activities |                     | Business-type Activities |                     | Total                |                      |
|-------------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                     | FY2007                  | FY2006              | FY2007                   | FY2006              | FY2007               | FY2006               |
| General obligation bonds            | \$27,650,000            | \$30,285,000        | \$3,780,000              | \$4,130,000         | \$31,430,000         | \$34,415,000         |
| Qualified Zone Academy Bonds (QZAB) | 7,131,857               | 7,641,275           | -                        | -                   | 7,131,857            | 7,641,275            |
| Long-term notes and loans           | 65,882,765              | 44,938,765          | 30,191,887               | 27,442,240          | 96,074,652           | 72,381,005           |
| Revenue debt                        | -                       | -                   | 19,045,000               | 19,895,000          | 19,045,000           | 19,895,000           |
| Capital leases                      | -                       | 228,476             | 1,166,355                | -                   | 1,166,355            | 228,476              |
| <b>Total</b>                        | <b>\$100,664,622</b>    | <b>\$83,093,516</b> | <b>\$54,183,242</b>      | <b>\$51,467,240</b> | <b>\$154,847,864</b> | <b>\$134,560,756</b> |

The City of Oak Ridge's total debt increased by \$20,287,108 (15.1%) during the current fiscal year. In fiscal 2007, the City issued \$21,000,000 in long-term debt for the renovation and reconstruction of the Oak Ridge High School. Also during the fiscal year, the City drew \$3,809,090 from previously authorized loans for electric, water and wastewater expansion and rehabilitation projects. At fiscal year end, the City had \$4,440,214 in authorized loans from which funds could be drawn to finance electric, water and wastewater projects over the next three years. The City

has \$11,000,000 in authorized but unissued debt to fund the Oak Ridge High School project and electric and waterworks capital improvements. During fiscal 2007, the City also, entered into a capital lease agreement with Motorola for \$1,166,355 to upgrade the City's 900 MHz radio system.

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 11 on pages 51-62 of this report.

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

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

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

- The unemployment rate for the City of Oak Ridge in census year 2000 was 3.2%. Data for Oak Ridge is only available in census years. Oak Ridge's unemployment rate has historically been well below that of Anderson County, State and national levels.
- While numerous major projects in Oak Ridge are in the planning and early construction phase, including the Rarity Ridge and Centennial Village developments, enhanced revenues to the City are not anticipated from these projects until fiscal 2009 and beyond. Therefore, moderate sales and assessment growth is anticipated for fiscal 2008.
- Property tax collections are budgeted to grow 5.6% for fiscal 2008. Fiscal 2008 and 2009 revenues from property taxes are anticipated to be significantly impacted by the construction of two planned facilities 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 is the first facility in Oak Ridge located on federal property that was subject to taxation by the City. The allowance of taxation by the City of these type facilities located on federal property represents a significant new revenue stream to the City.
- Inflationary trends in the region compare with national indices. A major driver of increased expenses continues to be medical and retirement costs, which mirrors national trends. Increased costs for fuel, electricity and natural gas also impacted the fiscal 2008 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 \$3 million fund balance target for the general fund, which will end the utilization of fund balance draws to support operations. In fiscal 2008, the City budgeted a \$1,685,109 fund balance draw in the general fund. Future property taxes will be impacted by approximately 24-cents if revenue growth or expense reduction does not occur to replace these funds.

All of these factors were considered in preparing the City of Oak Ridge's budget for the 2008 fiscal year.

During the current fiscal year, the unreserved fund balance in the general fund increased by \$291,594 to \$5,349,352. This increase was above budgeted projections due to higher than anticipated revenue collections during fiscal 2007. Management has again been conservative in estimating revenues for 2008, especially local sales and use tax collections which can fluctuate due to use tax collections from one-time major construction projects on the federal reservation in Oak Ridge. The City's fiscal 2008 property tax rate increased by 10-cents over the 2007 rate to \$2.65 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 \$61 million over a four-year period. \$54,081,860 in debt has been issued for this project since fiscal 2005, with the remainder to be issued in phases over the next two years. Project funding will be provided from the additional .50% sales tax increase, private donations and from revenues generated from the existing property tax base. 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, 2007**

|  | <b>Governmental<br/>Activities</b> | <b>Business<br/>Type<br/>Activities</b> | <b>Total<br/>Primary<br/>Government</b> | <b>Convention<br/>and Visitors<br/>Bureau</b> | <b>Total<br/>Reporting<br/>Unit</b> |
|--|------------------------------------|---|---|---|-------------------------------------|
| <b>Assets</b>                                  |                                    |   |   |   |                                     |
| Cash and cash equivalents                      | \$ 24,017,550                      | \$ 588,437                              | \$ 24,605,987                           | \$ 9,842                                      | \$ 24,615,829                       |
| Receivables, net                               | 19,371,992                         | 6,861,114                               | 26,233,106                              | -   | 26,233,106                          |
| Internal balances                              | 4,311,441                          | (4,311,441)                             | -                                       | -   | -                                   |
| Due from other governments                     | 5,464,020                          | 52,500                                  | 5,516,520                               | -   | 5,516,520                           |
| Inventory, at cost                             | 35,976                             | 2,409,357                               | 2,445,333                               | -   | 2,445,333                           |
| Prepaid items                                  | 196,869                            | -                                       | 196,869                                 | -   | 196,869                             |
| Restricted assets:                             |                                    |   |   |   |                                     |
| Deposits                                       | -                                  | 1,326,794                               | 1,326,794                               | -   | 1,326,794                           |
| Construction account                           | 8,437,063                          | -                                       | 8,437,063                               | -   | 8,437,063                           |
| Current debt service account                   | -                                  | 135,365                                 | 135,365                                 | -   | 135,365                             |
| Deferred charges                               | 5,528                              | 438,251                                 | 443,779                                 | -   | 443,779                             |
| Capital assets nondepreciable                  | 47,680,502                         | 1,758,235                               | 49,438,737                              | -   | 49,438,737                          |
| Capital assets depreciable                     | 80,509,707                         | 116,427,529                             | 196,937,236                             | -   | 196,937,236                         |
| <b>Total assets</b>                            | <b>190,030,648</b>                 | <b>125,686,141</b>                      | <b>315,716,789</b>                      | <b>9,842</b>                                  | <b>315,726,631</b>                  |
| <b>Liabilities</b>                             |                                    |   |   |   |                                     |
| Accounts payable                               | 6,262,814                          | 6,043,573                               | 12,306,387                              | -   | 12,306,387                          |
| Claims payable                                 | 150,000                            | -                                       | 150,000                                 | -   | 150,000                             |
| Accrued liabilities                            | 3,622,953                          | 141,204                                 | 3,764,157                               | -   | 3,764,157                           |
| Deposits                                       | 389,555                            | 1,199,412                               | 1,588,967                               | -   | 1,588,967                           |
| Due to other governments                       | 172,989                            | -                                       | 172,989                                 | -   | 172,989                             |
| Unearned revenue                               | 17,451,211                         | -                                       | 17,451,211                              | -   | 17,451,211                          |
| Restricted liabilities:                        |                                    |   |   |   |                                     |
| Contracts payable                              | -                                  | 127,382                                 | 127,382                                 | -   | 127,382                             |
| Accrued interest payable                       | 458,651                            | 76,888                                  | 535,539                                 | -   | 535,539                             |
| Long-term liabilities:                         |                                    |   |   |   |                                     |
| Due within one year                            | 5,561,271                          | 3,162,364                               | 8,723,635                               | -   | 8,723,635                           |
| Due in more than one year                      | 98,861,970                         | 52,095,137                              | 150,957,107                             | -   | 150,957,107                         |
| <b>Total liabilities</b>                       | <b>132,931,414</b>                 | <b>62,845,960</b>                       | <b>195,777,374</b>                      | <b>-</b>                                      | <b>195,777,374</b>                  |
| <b>Net assets</b>                              |                                    |   |   |   |                                     |
| Invested in capital assets net of related debt | 35,621,496                         | 63,965,893                              | 99,587,389                              | -   | 99,587,389                          |
| Restricted for:                                |                                    |   |   |   |                                     |
| Net assets - restricted for construction       | 8,437,063                          | -                                       | 8,437,063                               | -   | 8,437,063                           |
| Net assets - restricted for debt service       | -                                  | 135,365                                 | 135,365                                 | -   | 135,365                             |
| Unrestricted                                   | 13,040,675                         | (1,261,077)                             | 11,779,598                              | 9,842   | 11,789,440                          |
| <b>Total net assets</b>                        | <b>\$ 57,099,234</b>               | <b>\$ 62,840,181</b>                    | <b>\$ 119,939,415</b>                   | <b>\$ 9,842</b>                               | <b>\$ 119,949,257</b>               |

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

**CITY OF OAK RIDGE, TENNESSEE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2007**

| Functions/Programs                   | Net (Expense) Revenue and Changes in Net Assets |                      |                                    |                                  |                         |                          |                     |                                |                  |                      |
|--------------------------------------|---|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|---------------------|--------------------------------|------------------|----------------------|
|                                      | Program Revenues                                |                      |                                    |                                  | Primary Government      |                          |                     | Convention and Visitors Bureau |                  | Total Reporting Unit |
|                                      | Expenses  | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total               | Bureau                         | Unit             |                      |
| <b>Primary government:</b>           |   |                      |                                    |                                  |                         |                          |                     |                                |                  |                      |
| Governmental activities:             |   |                      |                                    |                                  |                         |                          |                     |                                |                  |                      |
| General government                   | \$ 341,550                                      | \$ 1,068,902         | \$ 469,735                         | \$ -                             | \$ 1,197,087            | \$ -                     | \$ 1,197,087        | \$ -                           | \$ -             | \$ 1,197,087         |
| Administration                       | 617,258   | -                    | -                                  | -                                | (617,258)               | -                        | (617,258)           | -                              | -                | (617,258)            |
| Public safety                        | 9,354,706                                       | 445,986              | 87,917                             | -                                | (8,820,803)             | -                        | (8,820,803)         | -                              | -                | (8,820,803)          |
| Public works                         | 4,245,565                                       | -                    | -                                  | 8,308                            | (4,237,257)             | -                        | (4,237,257)         | -                              | -                | (4,237,257)          |
| Community services                   | 10,944,438                                      | 2,505,024            | 782,821                            | 23,000                           | (7,633,593)             | -                        | (7,633,593)         | -                              | -                | (7,633,593)          |
| Education                            | 44,222,039                                      | 1,791,167            | 31,357,930                         | -                                | (11,072,942)            | -                        | (11,072,942)        | -                              | -                | (11,072,942)         |
| Interest and fiscal charges          | 2,974,889                                       | -                    | -                                  | -                                | (2,974,889)             | -                        | (2,974,889)         | -                              | -                | (2,974,889)          |
| Total governmental activities        | 72,700,445                                      | 5,811,079            | 32,698,403                         | 31,308                           | (34,159,655)            | -                        | (34,159,655)        | -                              | -                | (34,159,655)         |
| <b>Business-type activities:</b>     |   |                      |                                    |                                  |                         |                          |                     |                                |                  |                      |
| Electric                             | 41,773,668                                      | 41,184,246           | -                                  | -                                | -                       | (589,422)                | (589,422)           | -                              | -                | (589,422)            |
| Waterworks                           | 15,788,355                                      | 14,138,838           | -                                  | 1,003,056                        | -                       | (646,461)                | (646,461)           | -                              | -                | (646,461)            |
| Emergency communication district     | 356,781   | 527,319              | 30,848                             | -                                | -                       | 201,386                  | 201,386             | -                              | -                | 201,386              |
| Total business-type activities       | 57,918,804                                      | 55,850,403           | 30,848                             | 1,003,056                        | -                       | (1,034,497)              | (1,034,497)         | -                              | -                | (1,034,497)          |
| <b>Total primary government</b>      | <b>\$ 130,619,249</b>                           | <b>\$ 61,661,462</b> | <b>\$ 32,729,251</b>               | <b>\$ 1,034,364</b>              | <b>(34,159,655)</b>     | <b>(1,034,497)</b>       | <b>(35,194,152)</b> | <b>-</b>                       | <b>-</b>         | <b>(35,194,152)</b>  |
| <b>Component unit:</b>               |   |                      |                                    |                                  |                         |                          |                     |                                |                  |                      |
| Convention and Visitors Bureau       | \$ 405,537                                      | \$ -                 | \$ -                               | \$ -                             | \$ -                    | \$ -                     | \$ -                | (405,537)                      | (405,537)        | (405,537)            |
| <b>Total component units</b>         | <b>\$ 405,537</b>                               | <b>\$ -</b>          | <b>\$ -</b>                        | <b>\$ -</b>                      | <b>\$ -</b>             | <b>\$ -</b>              | <b>\$ -</b>         | <b>(405,537)</b>               | <b>(405,537)</b> | <b>(405,537)</b>     |
| <b>General revenues:</b>             |   |                      |                                    |                                  |                         |                          |                     |                                |                  |                      |
| Real & personal property taxes       |   |                      |                                    |                                  | 16,283,441              | -                        | 16,283,441          | -                              | -                | 16,283,441           |
| In-lieu of tax payments              |   |                      |                                    |                                  | 3,903,756               | -                        | 3,903,756           | -                              | -                | 3,903,756            |
| Sales taxes                          |   |                      |                                    |                                  | 9,810,033               | -                        | 9,810,033           | -                              | -                | 9,810,033            |
| Unrestricted state shared taxes      |   |                      |                                    |                                  | 4,071,325               | -                        | 4,071,325           | -                              | -                | 4,071,325            |
| Business taxes                       |   |                      |                                    |                                  | 913,226                 | -                        | 913,226             | -                              | -                | 913,226              |
| Occupancy taxes                      |   |                      |                                    |                                  | 455,744                 | -                        | 455,744             | -                              | -                | 455,744              |
| Wholesale beer & liquor taxes        |   |                      |                                    |                                  | 812,010                 | -                        | 812,010             | -                              | -                | 812,010              |
| Loss on sale of capital assets       |   |                      |                                    |                                  | (17,362)                | -                        | (17,362)            | -                              | -                | (17,362)             |
| Interest                             |   |                      |                                    |                                  | 1,147,655               | 80,328                   | 1,227,983           | 1,263                          | 1,263            | 1,229,246            |
| Miscellaneous                        |   |                      |                                    |                                  | 938,511                 | 847,612                  | 1,786,123           | 410,382                        | 410,382          | 2,196,505            |
| Transfers                            |   |                      |                                    |                                  | 277,530                 | (277,530)                | -                   | -                              | -                | -                    |
| Total general revenues and transfers |   |                      |                                    |                                  | 38,595,869              | 650,410                  | 39,246,279          | 411,645                        | 411,645          | 39,657,924           |
| Change in net assets                 |   |                      |                                    |                                  | 4,436,214               | (384,087)                | 4,052,127           | 6,108                          | 6,108            | 4,058,235            |
| Net assets - beginning               |   |                      |                                    |                                  | 52,663,020              | 63,224,268               | 115,887,288         | 3,734                          | 3,734            | 115,891,022          |
| Net assets - ending                  |   |                      |                                    |                                  | \$ 57,099,234           | \$ 62,840,181            | \$ 119,939,415      | \$ 9,842                       | \$ 9,842         | \$ 119,949,257       |

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, 2007**

|  | General<br>Fund      | School<br>Fund      | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                          |                      |                     |                             |                                |                                |
| Cash and cash equivalents              | \$ 349,925           | \$ 5,618,010        | \$ 5,207,932                | \$ 10,642,733                  | \$ 21,818,600                  |
| Receivables, net                       | 16,832,666           | 122,695             | 2,309,215                   | 107,416                        | 19,371,992                     |
| Due from other funds                   | 4,413,001            | -                   | -                           | 190,064                        | 4,603,065                      |
| Due from other governments             | 3,103,986            | 1,561,250           | 25,896                      | 730,030                        | 5,421,162                      |
| Advances to other funds                | 112,500              | -                   | -                           | -                              | 112,500                        |
| Inventories, at cost                   | -                    | -                   | -                           | 35,976                         | 35,976                         |
| Prepaid items                          | 6,870                | 12,070              | -                           | 177,929                        | 196,869                        |
| Assets held in trust                   | -                    | -                   | 8,437,063                   | -                              | 8,437,063                      |
| Total assets                           | <u>\$ 24,818,948</u> | <u>\$ 7,314,025</u> | <u>\$ 15,980,106</u>        | <u>\$ 11,884,148</u>           | <u>\$ 59,997,227</u>           |
| <b>Liabilities and fund balances</b>   |                      |                     |                             |                                |                                |
| Liabilities:                           |                      |                     |                             |                                |                                |
| Accounts payable                       | \$ 246,499           | \$ 338,703          | \$ 5,277,133                | \$ 324,702                     | \$ 6,187,037                   |
| Accrued liabilities                    | 642,093              | 2,968,762           | -                           | 3,563                          | 3,614,418                      |
| Deposits                               | 389,555              | -                   | -                           | -                              | 389,555                        |
| Due to other funds                     | 199,348              | -                   | 28,997                      | 185,063                        | 413,408                        |
| Due to other governments               | 117,952              | 55,037              | -                           | -                              | 172,989                        |
| Deferred revenue                       | 17,451,211           | -                   | -                           | -                              | 17,451,211                     |
| Total liabilities                      | <u>19,046,658</u>    | <u>3,362,502</u>    | <u>5,306,130</u>            | <u>513,328</u>                 | <u>28,228,618</u>              |
| Fund balances:                         |                      |                     |                             |                                |                                |
| Reserved for special programs          | -                    | 112,587             | -                           | 148,396                        | 260,983                        |
| Reserved for encumbrances              | 303,568              | 97,597              | 632,081                     | 250,990                        | 1,284,236                      |
| Reserved - prepaid expenditures        | 6,870                | 12,070              | -                           | 177,929                        | 196,869                        |
| Reserved for capital outlay            | -                    | -                   | 8,437,063                   | -                              | 8,437,063                      |
| Reserved for advances to other funds   | 112,500              | -                   | -                           | -                              | 112,500                        |
| Reserved for inventories               | -                    | -                   | -                           | 35,976                         | 35,976                         |
| Unreserved, designated for:            |                      |                     |                             |                                |                                |
| Subsequent years' expenditures         | -                    | 48,622              | -                           | -                              | 48,622                         |
| Debt service                           | -                    | -                   | -                           | 8,349,601                      | 8,349,601                      |
| Capital projects                       | -                    | -                   | 1,604,832                   | -                              | 1,604,832                      |
| Unreserved, undesignated, reported in: |                      |                     |                             |                                |                                |
| General fund                           | 5,349,352            | -                   | -                           | -                              | 5,349,352                      |
| School fund                            | -                    | 3,680,647           | -                           | -                              | 3,680,647                      |
| Special revenue                        | -                    | -                   | -                           | 2,407,928                      | 2,407,928                      |
| Total fund balances                    | <u>5,772,290</u>     | <u>3,951,523</u>    | <u>10,673,976</u>           | <u>11,370,820</u>              | <u>31,768,609</u>              |
| Total liabilities and fund balances    | <u>\$ 24,818,948</u> | <u>\$ 7,314,025</u> | <u>\$ 15,980,106</u>        | <u>\$ 11,884,148</u>           | <u>\$ 59,997,227</u>           |

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

**CITY OF OAK RIDGE, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

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

|  |    |            |
|--|----|------------|
| Ending fund balance - governmental funds | \$ | 31,768,609 |
|--|----|------------|

|   |  |             |
|---|--|-------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. |  | 124,205,666 |
|---|--|-------------|

|  |  |           |
|--|--|-----------|
| 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. |  | 4,927,736 |
|--|--|-----------|

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             | \$ (26,666,000) |               |
| Qualified Zone Academy Bonds (QZAB) | (7,131,857)     |               |
| Notes Payable                       | (65,882,765)    |               |
| Discounts and Premiums (net)        | (344,550)       |               |
| Compensated Absences                | (2,904,213)     |               |
| Termination Benefits                | (417,569)       |               |
| Accrued Interest                    | (455,823)       |               |
|                                     | (103,802,777)   | (103,802,777) |

|                                       |    |            |
|---------------------------------------|----|------------|
| Net assets of governmental activities | \$ | 57,099,234 |
|---------------------------------------|----|------------|

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, 2007**

|  | General<br>Fund     | School<br>Fund      | Capital<br>Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------|-----------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                     |                     |                             |                                |                                |
| Taxes  | \$ 20,886,260       | \$ -                | \$ -                        | \$ 2,426,433                   | \$ 23,312,693                  |
| Licenses and permits   | 272,409             | -                   | -                           | -                              | 272,409                        |
| Intergovernmental  | 12,368,219          | 31,357,930          | 132,212                     | 1,765,334                      | 45,623,695                     |
| Charges for services   | 333,617             | 1,776,167           | -                           | 3,062,922                      | 5,172,706                      |
| Fines and forfeitures  | 347,480             | -                   | -                           | 81,973                         | 429,453                        |
| Interest   | 471,388             | -                   | 103,978                     | 494,800                        | 1,070,166                      |
| Other  | 441,471             | 522,802             | -                           | 160,051                        | 1,124,324                      |
| Total revenues   | <u>35,120,844</u>   | <u>33,656,899</u>   | <u>236,190</u>              | <u>7,991,513</u>               | <u>77,005,446</u>              |
| <b>Expenditures</b>  |                     |                     |                             |                                |                                |
| Current:   |                     |                     |                             |                                |                                |
| General government   | 734,797             | -                   | -                           | -                              | 734,797                        |
| Administration   | 610,439             | -                   | -                           | -                              | 610,439                        |
| Public safety  | 9,037,132           | -                   | -                           | 164,055                        | 9,201,187                      |
| Public works   | 1,645,893           | -                   | -                           | 1,455,920                      | 3,101,813                      |
| Community services   | 4,302,718           | -                   | -                           | 5,936,369                      | 10,239,087                     |
| Education  | -                   | 46,138,202          | -                           | -                              | 46,138,202                     |
| Capital outlay   | -                   | -                   | 29,658,532                  | -                              | 29,658,532                     |
| Debt service:  |                     |                     |                             |                                |                                |
| Principal retirement   | -                   | -                   | -                           | 2,624,468                      | 2,624,468                      |
| Interest and fiscal charges  | -                   | -                   | -                           | 2,936,984                      | 2,936,984                      |
| Bond issuance costs  | -                   | -                   | 308,516                     | -                              | 308,516                        |
| Total expenditures   | <u>16,330,979</u>   | <u>46,138,202</u>   | <u>29,967,048</u>           | <u>13,117,796</u>              | <u>105,554,025</u>             |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>18,789,865</u>   | <u>(12,481,303)</u> | <u>(29,730,858)</u>         | <u>(5,126,283)</u>             | <u>(28,548,579)</u>            |
| <b>Other financing sources (uses)</b>                                |                     |                     |                             |                                |                                |
| Transfers in   | -                   | 12,070,143          | 1,150,000                   | 6,334,546                      | 19,554,689                     |
| Transfers out  | (18,498,851)        | -                   | (778,308)                   | -                              | (19,277,159)                   |
| Loan issuance  | -                   | -                   | 21,000,000                  | -                              | 21,000,000                     |
| Bond discounts   | -                   | -                   | (39,937)                    | -                              | (39,937)                       |
| Total other financing sources (uses)                                 | <u>(18,498,851)</u> | <u>12,070,143</u>   | <u>21,331,755</u>           | <u>6,334,546</u>               | <u>21,237,593</u>              |
| <b>Net change in fund balances</b>                                   | 291,014             | (411,160)           | (8,399,103)                 | 1,208,263                      | (7,310,986)                    |
| <b>Fund balance - beginning</b>                                      | <u>5,481,276</u>    | <u>4,362,683</u>    | <u>19,073,079</u>           | <u>10,162,557</u>              | <u>39,079,595</u>              |
| <b>Fund balance - ending</b>   | <u>\$ 5,772,290</u> | <u>\$ 3,951,523</u> | <u>\$ 10,673,976</u>        | <u>\$ 11,370,820</u>           | <u>\$ 31,768,609</u>           |

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

**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, 2007**

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

|   |                            |
|---|----------------------------|
| Net change in fund balances - total governmental funds  | \$ (7,310,986)             |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.  | 29,855,372                 |
| The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, the issuance of debt increases long-term liabilities in the statement of net assets and the principal payment of these liabilities decreases them. This is the amount by which the payments exceeded the debt issuance. | (17,938,720)               |
| The internal service fund is used by management to charge the costs of insurance.   | 100,242                    |
| The net loss of the equipment replacement fund of the internal service fund is reported with governmental activities.   | (75,706)                   |
| The net revenue of the school equipment replacement fund of the internal service fund is reported with governmental activities.   | <u>193,988</u>             |
| Change in net assets of governmental activities   | <u><u>\$ 4,436,214</u></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, 2007**

|  | General Fund        |                     |                     |                                     |                                 | Variance<br>With Final<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|-------------------------------------|---------------------------------|--|
|  | Original<br>Budget  | Final<br>Budget     | Actual              | Adjustment to<br>Budgetary<br>Basis | Actual on<br>Budgetary<br>Basis |  |
| <b>Revenues</b>  |                     |                     |                     |                                     |                                 |  |
| Taxes  | \$ 20,436,810       | \$ 20,436,810       | \$ 20,886,260       | \$ -                                | \$ 20,886,260                   | \$ 449,450                                       |
| Licenses and permits   | 220,000             | 220,000             | 272,409             | -                                   | 272,409                         | 52,409   |
| Intergovernmental  | 11,731,263          | 11,731,263          | 12,368,219          | -                                   | 12,368,219                      | 636,956  |
| Charges for services   | 346,000             | 346,000             | 333,617             | -                                   | 333,617                         | (12,383)   |
| Fines and forfeitures  | 289,000             | 289,000             | 347,480             | -                                   | 347,480                         | 58,480   |
| Interest   | 175,000             | 175,000             | 471,388             | -                                   | 471,388                         | 296,388  |
| Other  | 383,500             | 383,500             | 441,471             | -                                   | 441,471                         | 57,971   |
| <b>Total revenues</b>  | <u>33,581,573</u>   | <u>33,581,573</u>   | <u>35,120,844</u>   | <u>-</u>                            | <u>35,120,844</u>               | <u>1,539,271</u>                                 |
| <b>Expenditures</b>  |                     |                     |                     |                                     |                                 |  |
| <b>Current:</b>  |                     |                     |                     |                                     |                                 |  |
| General government   | 763,761             | 763,761             | 734,797             | -                                   | 734,797                         | 28,964   |
| Administration   | 663,731             | 663,731             | 610,439             | (8,000)                             | 602,439                         | 61,292   |
| Public safety  | 8,990,927           | 8,990,927           | 9,037,132           | -                                   | 9,037,132                       | (46,205)   |
| Public works   | 1,686,614           | 1,686,614           | 1,645,893           | 21,950                              | 1,667,843                       | 18,771   |
| Community services   | 4,221,733           | 4,221,733           | 4,302,718           | (21,400)                            | 4,281,318                       | (59,585)   |
| Education  | -                   | -                   | -                   | -                                   | -                               | -  |
| <b>Total expenditures</b>  | <u>16,326,766</u>   | <u>16,326,766</u>   | <u>16,330,979</u>   | <u>(7,450)</u>                      | <u>16,323,529</u>               | <u>3,237</u>                                     |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>17,254,807</u>   | <u>17,254,807</u>   | <u>18,789,865</u>   | <u>7,450</u>                        | <u>18,797,315</u>               | <u>1,542,508</u>                                 |
| <b>Other financing sources (uses)</b>                                |                     |                     |                     |                                     |                                 |  |
| Transfers in   | -                   | -                   | -                   | -                                   | -                               | -  |
| Transfers out  | (18,506,328)        | (18,506,328)        | (18,498,851)        | -                                   | (18,498,851)                    | 7,477  |
| <b>Total other financing sources (uses)</b>                          | <u>(18,506,328)</u> | <u>(18,506,328)</u> | <u>(18,498,851)</u> | <u>-</u>                            | <u>(18,498,851)</u>             | <u>7,477</u>                                     |
| <b>Net change in fund balances</b>                                   | <u>(1,251,521)</u>  | <u>(1,251,521)</u>  | <u>291,014</u>      | <u>7,450</u>                        | <u>298,464</u>                  | <u>1,549,985</u>                                 |
| <b>Fund balance - beginning</b>                                      | <u>5,481,276</u>    | <u>5,481,276</u>    | <u>5,481,276</u>    | <u>-</u>                            | <u>5,481,276</u>                | <u>-</u>   |
| <b>Fund balance - ending</b>   | <u>\$ 4,229,755</u> | <u>\$ 4,229,755</u> | <u>\$ 5,772,290</u> | <u>\$ 7,450</u>                     | <u>\$ 5,779,740</u>             | <u>\$ 1,549,985</u>                              |

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL**  
**For the Fiscal Year Ended June 30, 2007**

|  | School Fund         |                     |                     |                                     |                                 |  |
|--|---------------------|---------------------|---------------------|-------------------------------------|---------------------------------|--|
|  | Original<br>Budget  | Final<br>Budget     | Actual              | Adjustment to<br>Budgetary<br>Basis | Actual on<br>Budgetary<br>Basis | Variance<br>With Final<br>Positive<br>(Negative) |
| <b>Revenues</b>  |                     |                     |                     |                                     |                                 |  |
| Taxes  | \$ -                | \$ -                | \$ -                | \$ -                                | \$ -                            | \$ -   |
| Licenses and permits   | -                   | -                   | -                   | -                                   | -                               | -  |
| Intergovernmental  | 31,576,571          | 32,020,144          | 31,357,930          | -                                   | 31,357,930                      | (662,214)  |
| Charges for services   | 1,886,212           | 1,886,212           | 1,776,167           | -                                   | 1,776,167                       | (110,045)  |
| Fines and forfeitures  | -                   | -                   | -                   | -                                   | -                               | -  |
| Interest   | -                   | -                   | -                   | -                                   | -                               | -  |
| Other  | 298,060             | 298,060             | 522,802             | -                                   | 522,802                         | 224,742  |
| Total revenues   | <u>33,760,843</u>   | <u>34,204,416</u>   | <u>33,656,899</u>   | <u>-</u>                            | <u>33,656,899</u>               | <u>(547,517)</u>                                 |
| <b>Expenditures</b>  |                     |                     |                     |                                     |                                 |  |
| Current:   |                     |                     |                     |                                     |                                 |  |
| General government   | -                   | -                   | -                   | -                                   | -                               | -  |
| Administration   | -                   | -                   | -                   | -                                   | -                               | -  |
| Public safety  | -                   | -                   | -                   | -                                   | -                               | -  |
| Public works   | -                   | -                   | -                   | -                                   | -                               | -  |
| Community services   | -                   | -                   | -                   | -                                   | -                               | -  |
| Education  | 46,546,833          | 47,104,701          | 46,138,202          | (6,090)                             | 46,132,112                      | 972,589  |
| Total expenditures   | <u>46,546,833</u>   | <u>47,104,701</u>   | <u>46,138,202</u>   | <u>(6,090)</u>                      | <u>46,132,112</u>               | <u>972,589</u>                                   |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(12,785,990)</u> | <u>(12,900,285)</u> | <u>(12,481,303)</u> | <u>6,090</u>                        | <u>(12,475,213)</u>             | <u>425,072</u>                                   |
| <b>Other financing sources (uses)</b>                                |                     |                     |                     |                                     |                                 |  |
| Transfers in   | 12,070,143          | 12,070,143          | 12,070,143          | -                                   | 12,070,143                      | -  |
| Transfers out  | -                   | -                   | -                   | -                                   | -                               | -  |
| Total other financing sources (uses)                                 | <u>12,070,143</u>   | <u>12,070,143</u>   | <u>12,070,143</u>   | <u>-</u>                            | <u>12,070,143</u>               | <u>-</u>   |
| <b>Net change in fund balances</b>                                   | <u>(715,847)</u>    | <u>(830,142)</u>    | <u>(411,160)</u>    | <u>6,090</u>                        | <u>(405,070)</u>                | <u>425,072</u>                                   |
| <b>Fund balance - beginning</b>                                      | <u>4,362,683</u>    | <u>4,362,683</u>    | <u>4,362,683</u>    | <u>-</u>                            | <u>4,362,683</u>                | <u>-</u>   |
| <b>Fund balance - ending</b>   | <u>\$ 3,646,836</u> | <u>\$ 3,532,541</u> | <u>\$ 3,951,523</u> | <u>\$ 6,090</u>                     | <u>\$ 3,957,613</u>             | <u>\$ 425,072</u>                                |

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2007**

Enterprise Funds

|  | <u>Enterprise Funds</u> |                        |  |                      |                                   |
|--|-------------------------|------------------------|--|----------------------|-----------------------------------|
|  | <u>Electric Fund</u>    | <u>Waterworks Fund</u> | <u>Nonmajor Fund<br/>Emergency<br/>Communication<br/>District Fund</u> | <u>Totals</u>        | <u>Internal Service<br/>Funds</u> |
| <u>ASSETS</u>                                  |                         |                        |  |                      |                                   |
| Current assets                                 |                         |                        |  |                      |                                   |
| Cash and cash equivalents                      | \$ 11,260               | \$ -                   | \$ 577,177   | \$ 588,437           | \$ 2,198,950                      |
| Receivables, net                               | 6,289,462               | 542,810                | 28,842   | 6,861,114            | -                                 |
| Due from other funds                           | -                       | -                      | -  | -                    | 9,284                             |
| Due from other governments                     | -                       | -                      | 52,500   | 52,500               | 42,858                            |
| Inventory, at cost                             | -                       | -                      | -  | -                    | 2,409,357                         |
| Total current unrestricted assets              | <u>6,300,722</u>        | <u>542,810</u>         | <u>658,519</u>   | <u>7,502,051</u>     | <u>4,660,449</u>                  |
| Restricted assets                              |                         |                        |  |                      |                                   |
| Deposits                                       | 1,199,412               | 127,382                | -  | 1,326,794            | -                                 |
| Current debt service account                   | 135,365                 | -                      | -  | 135,365              | -                                 |
| Total current restricted assets                | <u>1,334,777</u>        | <u>127,382</u>         | <u>-</u>   | <u>1,462,159</u>     | <u>-</u>                          |
| Total current assets                           | <u>7,635,499</u>        | <u>670,192</u>         | <u>658,519</u>   | <u>8,964,210</u>     | <u>4,660,449</u>                  |
| Noncurrent assets                              |                         |                        |  |                      |                                   |
| Capital assets, net                            | 43,326,629              | 73,656,205             | 1,202,930  | 118,185,764          | 3,984,543                         |
| Advances to other funds                        | 1,250,000               | 625,000                | -  | 1,875,000            | -                                 |
| Deferred charges                               | 262,216                 | 176,035                | -  | 438,251              | 5,528                             |
| Total noncurrent assets                        | <u>44,838,845</u>       | <u>74,457,240</u>      | <u>1,202,930</u>   | <u>120,499,015</u>   | <u>3,990,071</u>                  |
| Total assets                                   | <u>52,474,344</u>       | <u>75,127,432</u>      | <u>1,861,449</u>   | <u>129,463,225</u>   | <u>8,650,520</u>                  |
| <u>LIABILITIES</u>                             |                         |                        |  |                      |                                   |
| Current liabilities                            |                         |                        |  |                      |                                   |
| Accounts payable                               | 5,431,239               | 517,980                | 4,633  | 5,953,852            | 165,498                           |
| Claims payable                                 | -                       | -                      | -  | -                    | 150,000                           |
| Accrued liabilities                            | 60,858                  | 80,346                 | -  | 141,204              | 8,535                             |
| Deposits                                       | 1,199,412               | -                      | -  | 1,199,412            | -                                 |
| Due to other funds                             | 1,874,184               | 1,992,621              | -  | 3,866,805            | 332,136                           |
| Advances from other funds                      | -                       | -                      | -  | -                    | 1,987,500                         |
| Current portion of notes and bonds payable     | 1,240,666               | 1,828,881              | 92,817   | 3,162,364            | 249,427                           |
| Contracts payable                              | -                       | 127,382                | -  | 127,382              | -                                 |
| Accrued interest payable                       | 65,243                  | 11,645                 | -  | 76,888               | 2,828                             |
| Total current liabilities                      | <u>9,871,602</u>        | <u>4,558,855</u>       | <u>97,450</u>  | <u>14,527,907</u>    | <u>2,895,924</u>                  |
| Noncurrent liabilities                         |                         |                        |  |                      |                                   |
| Vacation benefits payable                      | 113,790                 | 213,840                | -  | 327,630              | 30,683                            |
| Notes and loans payable                        | 10,380,000              | 29,673,117             | 1,073,538  | 41,126,655           | -                                 |
| Bonds payable                                  | 10,640,852              | -                      | -  | 10,640,852           | 796,177                           |
| Total noncurrent liabilities                   | <u>21,134,642</u>       | <u>29,886,957</u>      | <u>1,073,538</u>   | <u>52,095,137</u>    | <u>826,860</u>                    |
| Total liabilities                              | <u>31,006,244</u>       | <u>34,445,812</u>      | <u>1,170,988</u>   | <u>66,623,044</u>    | <u>3,722,784</u>                  |
| <u>NET ASSETS</u>                              |                         |                        |  |                      |                                   |
| Invested in capital assets net of related debt | 21,310,111              | 42,619,207             | 36,575   | 63,965,893           | 3,003,939                         |
| Net assets - restricted for debt service       | 135,365                 | -                      | -  | 135,365              | -                                 |
| Unrestricted                                   | 22,624                  | (1,937,587)            | 653,886  | (1,261,077)          | 1,923,797                         |
| Total net assets                               | <u>\$ 21,468,100</u>    | <u>\$ 40,681,620</u>   | <u>\$ 690,461</u>  | <u>\$ 62,840,181</u> | <u>\$ 4,927,736</u>               |

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

|   | <u>Enterprise Funds</u> |                        |                                |                      |                               |
|---|-------------------------|------------------------|--------------------------------|----------------------|-------------------------------|
|   | <u>Electric Fund</u>    | <u>Waterworks Fund</u> | <u>Nonmajor Fund</u>           |                      | <u>Internal Service Funds</u> |
|   |                         |                        | <u>Emergency Communication</u> |                      |                               |
|   |                         |                        | <u>District Fund</u>           | <u>Totals</u>        |                               |
| <u>2007</u>   | <u>2007</u>             | <u>2007</u>            | <u>2007</u>                    | <u>2007</u>          |                               |
| <b>Operating revenues</b>                               |                         |                        |                                |                      |                               |
| Charges for services                                    | \$ 41,184,246           | \$ 14,138,838          | \$ 527,319                     | \$ 55,850,403        | \$ 8,202,861                  |
| Other   | 730,820                 | 104,608                | 12,184                         | 847,612              | -                             |
| Employer's contributions                                | -                       | -                      | -                              | -                    | 2,339,255                     |
| Employees' contributions                                | -                       | -                      | -                              | -                    | 709,196                       |
| Total operating revenues                                | <u>41,915,066</u>       | <u>14,243,446</u>      | <u>539,503</u>                 | <u>56,698,015</u>    | <u>11,251,312</u>             |
| <b>Operating expenses</b>                               |                         |                        |                                |                      |                               |
| Maintenance and administrative                          | 6,735,172               | 9,709,308              | 351,780                        | 16,796,260           | 1,441,681                     |
| Purchased power and water                               | 32,063,010              | 1,840,468              | -                              | 33,903,478           | -                             |
| Depreciation  | 2,000,877               | 2,926,757              | 5,001                          | 4,932,635            | 920,650                       |
| Materials   | -                       | -                      | -                              | -                    | 3,249,673                     |
| Medical/liability claims                                | -                       | -                      | -                              | -                    | 211,154                       |
| Insurance premiums                                      | -                       | -                      | -                              | -                    | 5,706,584                     |
| Total operating expenses                                | <u>40,799,059</u>       | <u>14,476,533</u>      | <u>356,781</u>                 | <u>55,632,373</u>    | <u>11,529,742</u>             |
| <b>Operating income (loss)</b>                          | <u>1,116,007</u>        | <u>(233,087)</u>       | <u>182,722</u>                 | <u>1,065,642</u>     | <u>(278,430)</u>              |
| <b>Nonoperating revenue (expense)</b>                   |                         |                        |                                |                      |                               |
| Gain on sale of capital assets                          | -                       | -                      | -                              | -                    | 26,852                        |
| Intergovernmental revenue                               | -                       | -                      | 30,848                         | 30,848               | 42,858                        |
| Interest revenue  | 56,691                  | 1,095                  | 22,542                         | 80,328               | 77,489                        |
| Interest expense  | (974,609)               | (1,311,822)            | -                              | (2,286,431)          | (38,221)                      |
| Total nonoperating revenue (expense)                    | <u>(917,918)</u>        | <u>(1,310,727)</u>     | <u>53,390</u>                  | <u>(2,175,255)</u>   | <u>108,978</u>                |
| <b>Income (loss) before transfers and contributions</b> | <u>198,089</u>          | <u>(1,543,814)</u>     | <u>236,112</u>                 | <u>(1,109,613)</u>   | <u>(169,452)</u>              |
| Transfers out   | (151,380)               | (126,150)              | -                              | (277,530)            | -                             |
| Capital contributions                                   | -                       | 1,003,056              | -                              | 1,003,056            | -                             |
| <b>Change in net assets</b>                             | <u>46,709</u>           | <u>(666,908)</u>       | <u>236,112</u>                 | <u>(384,087)</u>     | <u>(169,452)</u>              |
| <b>Total net assets - beginning</b>                     | <u>21,421,391</u>       | <u>41,348,528</u>      | <u>454,349</u>                 | <u>63,224,268</u>    | <u>5,097,188</u>              |
| <b>Total net assets - ending</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>           |

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2007

|  | Enterprise Funds    |                    |   |                     |                        |
|--|---------------------|--------------------|---|---------------------|------------------------|
|  | Electric Fund       | Waterworks Fund    | Nonmajor Fund                               |                     | Internal Service Funds |
|  |                     |                    | Emergency<br>Communication<br>District Fund | Totals              |                        |
| <b>Operating activities</b>  |                     |                    |   |                     |                        |
| Cash received from customers   | \$ 41,905,876       | \$ 13,864,003      | \$ 541,807                                  | \$ 56,311,686       | \$ 11,251,312          |
| Cash paid to employees   | (6,743,358)         | (9,704,044)        | -   | (16,447,402)        | -                      |
| Cash paid to suppliers   | (32,138,980)        | (1,691,080)        | (380,965)                                   | (34,211,025)        | (10,666,025)           |
| <b>Net cash provided by (used in) operating activities</b>               | <b>3,023,538</b>    | <b>2,468,879</b>   | <b>160,842</b>                              | <b>5,653,259</b>    | <b>585,287</b>         |
| <b>Noncapital financing activities</b>                                   |                     |                    |   |                     |                        |
| Transfers from other funds   | 1,098,634           | 1,062,220          | 10,385                                      | 2,171,239           | 62,493                 |
| Transfers to other funds   | (151,380)           | (126,150)          | -   | (277,530)           | (12,594)               |
| Federal grant proceeds   | -                   | -                  | 30,848                                      | 30,848              | -                      |
| <b>Net cash provided by (used in) by noncapital financing activities</b> | <b>947,254</b>      | <b>936,070</b>     | <b>41,233</b>                               | <b>1,924,557</b>    | <b>49,899</b>          |
| <b>Capital and related financing activities</b>                          |                     |                    |   |                     |                        |
| Net proceeds from the issuance of long-term debt                         | 513,761             | 3,295,329          | 1,166,355                                   | 4,975,445           | -                      |
| Capital contributed  | -                   | 1,003,056          | -   | 1,003,056           | -                      |
| Acquisition and construction of capital assets                           | (2,742,482)         | (5,315,358)        | (1,200,630)                                 | (9,258,470)         | (461,936)              |
| Principal paid on long-term debt   | (917,787)           | (1,115,804)        | -   | (2,033,591)         | (160,493)              |
| Interest paid on long-term debt  | (971,636)           | (1,312,552)        | -   | (2,284,188)         | (38,586)               |
| <b>Net cash used in capital and related financing activities</b>         | <b>(4,118,144)</b>  | <b>(3,445,329)</b> | <b>(34,275)</b>                             | <b>(7,597,748)</b>  | <b>(661,015)</b>       |
| <b>Investing activities</b>  |                     |                    |   |                     |                        |
| Interest and dividends on investments                                    | 56,691              | 1,095              | 22,542                                      | 80,328              | 77,489                 |
| <b>Net cash provided by investing activities</b>                         | <b>56,691</b>       | <b>1,095</b>       | <b>22,542</b>                               | <b>80,328</b>       | <b>77,489</b>          |
| <b>Net increase (decrease) in cash and cash equivalents</b>              | <b>(90,661)</b>     | <b>(39,285)</b>    | <b>190,342</b>                              | <b>60,396</b>       | <b>51,660</b>          |
| <b>Cash and cash equivalents</b>   |                     |                    |   |                     |                        |
| <b>Beginning of year</b>   | <b>1,436,698</b>    | <b>166,667</b>     | <b>386,835</b>                              | <b>1,990,200</b>    | <b>2,147,290</b>       |
| <b>End 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>    |

(Continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2007

|  | <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>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>  |                         |                        |  |                     |                               |
| Operating income (loss)  | \$ 1,116,007            | \$ (233,087)           | \$ 182,722                                   | \$ 1,065,642        | \$ (278,430)                  |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                         |                        |  |                     |                               |
| Depreciation   | 2,000,877               | 2,926,757              | 5,001  | 4,932,635           | 920,650                       |
| Change in assets and liabilities   |                         |                        |  |                     |                               |
| (Increase) decrease in accounts receivable   | (105,956)               | (379,443)              | 2,304  | (483,095)           | -                             |
| (Increase) decrease in inventory, at cost  | -                       | -                      | -  | -                   | (94,980)                      |
| (Increase) decrease in due from other governments  | -                       | -                      | (31,946)                                     | (31,946)            | -                             |
| Increase (decrease) in accounts payable  | (78,057)                | 142,811                | 2,761  | 67,515              | 63,425                        |
| Increase (decrease) in claims payable  | -                       | -                      | -  | -                   | (25,000)                      |
| Increase (decrease) in accrued liabilities   | 2,087                   | 6,577                  | -  | 8,664               | 1,355                         |
| Increase (decrease) in accrued vacation  | (8,186)                 | 5,264                  | -  | (2,922)             | (1,733)                       |
| Increase in customer deposits  | 96,766                  | -                      | -  | 96,766              | -                             |
| Total adjustments  | <u>1,907,531</u>        | <u>2,701,966</u>       | <u>(21,880)</u>                              | <u>4,587,617</u>    | <u>863,717</u>                |
| <b>Net cash provided by (used in) operating activities</b>   | <u>\$ 3,023,538</u>     | <u>\$ 2,468,879</u>    | <u>\$ 160,842</u>                            | <u>\$ 5,653,259</u> | <u>\$ 585,287</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, 2007 and 2006**

|                            | Private-purpose Trust Fund |            |
|----------------------------|----------------------------|------------|
|                            | 2007                       | 2006       |
| <b>Assets</b>              |                            |            |
| Cash and cash equivalents  | \$ 53,180                  | \$ 44,594  |
| Investments, at fair value | 311,132                    | 304,571    |
| Total assets               | 364,312                    | 349,165    |
| <b>Liabilities</b>         |                            |            |
| Accounts payable           | 7,190                      | -          |
| Total liabilities          | 7,190                      | -          |
| <b>Net assets</b>          |                            |            |
| Held in Trust for:         |                            |            |
| Reserved for endowment     | 357,122                    | 349,165    |
| Total net assets           | \$ 357,122                 | \$ 349,165 |

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, 2007 and June 30, 2006**

|                                     | Private-purpose Trust Fund |            |
|-------------------------------------|----------------------------|------------|
|                                     | 2007                       | 2006       |
| <b>Additions</b>                    |                            |            |
| Contributions                       | \$ 6,500                   | \$ 10,000  |
| Investment income (loss)            | 24,222                     | (1,116)    |
| Total additions                     | 30,722                     | 8,884      |
| <b>Deductions</b>                   |                            |            |
| Scholarship awards                  | 22,765                     | 24,462     |
| Total deductions                    | 22,765                     | 24,462     |
| <b>Change in net assets</b>         | 7,957                      | (15,578)   |
| <b>Total net assets - beginning</b> | 349,165                    | 364,743    |
| <b>Total net assets - ending</b>    | \$ 357,122                 | \$ 349,165 |

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 2007

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**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

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

As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. The operations of the Oak Ridge Schools are included as a part of the primary government. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize they are legally separate from the City. The accounting principles and policies utilized by the discretely presented component units are the same as those of the City unless stated otherwise in the following Notes to the Financial Statements. All discretely presented component units have a June 30 year-end.

**Discretely Presented Component Unit**

Oak Ridge Convention and Visitors Bureau. The Convention and Visitors Bureau promotes tourism activities and operates a tourist information center within the City. The Bureau's seven Board members are appointed by City Council. Bureau operations are virtually entirely funded from City appropriations. The Bureau is presented as a governmental fund type. Complete financial statements for the Oak Ridge Convention and Visitors Bureau may be obtained at the entity's administrative offices at the following address:

Oak Ridge Convention and Visitors Bureau  
302 South Tulane  
Oak Ridge, Tennessee 37830

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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**Related Organizations**

Oak Ridge City Council is responsible for all board appointments of the Oak Ridge Housing Authority, Oak Ridge Utility District, Oak Ridge Industrial Development Board and the Oak Ridge Health and Education Facilities Board. However, the City has no further accountability for any of these organizations. The City cannot impose its will on these boards since it does not have the ability to modify or approve their budgets or overrule or modify decisions of the boards. The boards are fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, they are not included in the City's financial statements.

The Oak Ridge Schools Foundation Inc. (Foundation) is a nonprofit organization whose primary purpose is to enhance, promote and support the Schools. The Foundation controls its own operations, administration and finances without significant relationships with the Schools. The Schools do not appoint or approve the Foundation's Board of Directors. Therefore, the Foundation is 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.

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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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.

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 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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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.

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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revenue at that time. Property taxes are levied June 1 and the revenue from that levy is recognized in the following fiscal year beginning July 1, the year in which the tax revenues are intended to finance (see Note 2).

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. 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. During fiscal 2007, the expenditures in the Drug Fund, a special revenue fund, exceeded budgeted expenditures by \$20,546 (see Note 18).

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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- 5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Budgetary control is also achieved for the Debt Service Fund through general obligation bond indenture provisions.
- 6) The budgets for all governmental funds are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that in the General, Special Revenue, and Capital Projects Funds, encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred.
- 7) All appropriations which are not expended or encumbered lapse at year end.
- 8) During the year, supplementary appropriations were necessary for the School Fund, a special revenue fund. The budgeted expenditures of the School Fund were increased by \$557,868 to allow for the expenditure of unanticipated federal and state grant revenues.

e. Cash and Cash Equivalents

Cash and cash equivalents include deposits in the State of Tennessee's Local Government Investment Pool (LGIP) as well as cash on hand and on deposit. Withdrawals in excess of \$500,000 generally require 24-hour notice to the LGIP. The LGIP is a SEC 2a-7-like fund and the amount stated is based on the LGIP share price. The fund is reported at its amortized book value and the City is exempted from sharing in any realized gains or losses of the fund. 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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i. Inventories and Prepaid Items

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

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

j. Compensated Absences

Employees of the City are granted 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.

k. Capital Assets

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

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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

**i. Long-term Obligations**

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

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

**m. Interfund Transactions**

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

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

**n. Net Assets/Fund Balance**

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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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 15.

o. Encumbrances

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

p. Deferred Revenues

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

q. Estimates

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

r. Comparative Data

Comparative total data for the prior year, which was summarized from the 2006 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 2006 data comparable to that of 2007.

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, 2007 is \$17,505,055.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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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, 2006, was \$638,126,556. The appraised value was \$2,138,232,104 making the total assessed value approximately 30 percent of the total appraised value.

Taxes were levied at a rate of \$2.55 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 \$15,901,543 for the fiscal year ended June 30, 2007 were approximately 98 percent of the tax levy.

3. DEPARTMENT OF ENERGY

The Department of Energy (DOE) has three major facilities in Oak Ridge that represent the largest activity at any one location within the nationwide DOE complex. Oak Ridge National Laboratory (ORNL), one of the nation's largest multipurpose research centers, develops safe, economic, and environmentally acceptable technologies for efficient production and use of energy. ORNL enhances area wide economic growth and development through its technology transfer program to private sector industries, as well as, sophisticated needs and uses for federal and private environmental/hazardous waste management, metals and ceramics technologies, and space-age tool and die industries. The former Oak Ridge Gaseous Diffusion Plant is a focal point for developing hazardous waste management impoundment and storage. Oak Ridge Y-12 plant is a highly sophisticated manufacturing and developmental engineering organization engaged primarily in programs vital to national defense. BWXT, Inc., UT-Battelle and Bechtel Jacobs, the contractors that operate the three major facilities, are the major employers in Oak Ridge. DOE plants account for 30% of total water sales and 26% of wastewater revenues.

From incorporation through 1986, the City received financial assistance and in-lieu of tax payments from DOE or its predecessor agencies. In fiscal year 1986, the City received a settlement of \$23,184,600 from DOE that ended the financial assistance and represented a ten-year lump sum settlement for in-lieu of tax. In the last quarter of fiscal 1996, the annual in-lieu of tax payments from DOE resumed. The City received \$1,361,175 from DOE in tax payments in fiscal 2007. 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, 2007**

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4. RETIREMENT PLAN

Plan Description

Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Employees working in the school system are members of a separate plan administered by the TCRS. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with 5 years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Active members on June 1, 1994 became vested after 5 years of service. Benefit provisions are established in State statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increase is less than .50%. The maximum annual COLA is capped at 3.0%. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us). Copies of footnotes in PDF format can be accessed at <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Status and Progress

The City's plan is noncontributory and has assumed employee contributions up to 5.0% of annual covered payroll. A small number of employees whose contribution rate was greater than 5.0% prior to the change to the adoption to noncontributory still contribute the excess over 5.0%. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2007 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, 2007, the City's annual pension cost of \$1,856,864 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%

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

(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, 2005, which established contribution rates effective July 1, 2006.

Trend Information

| <u>Fiscal Year<br/>Ending</u> | <u>Annual Pension<br/>Cost (APC)</u> | <u>Percentage of<br/>APC Contributed</u> | <u>Net Pension<br/>Obligation</u> |
|-------------------------------|--------------------------------------|--|-----------------------------------|
| 6/30/07                       | \$ 1,856,864                         | 100.00%                                  | \$ 0                              |
| 6/30/06                       | 1,658,487                            | 100.00%                                  | 0                                 |
| 6/30/05                       | 1,601,371                            | 100.00%                                  | 0                                 |

Required Supplementary Information

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

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</u> | <u>Unfunded<br/>AAL<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a<br/>Percentage<br/>of Covered<br/>Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| <u>                    </u>             | <u>(a)</u>                               | <u>(b)</u>   | <u>(b)-(a)</u>                     | <u>(a/b)</u>            | <u>(c)</u>                 | <u>((b-a)/c)</u>   |
| 7/01/05                                 | \$ 58,085                                | \$ 64,072  | \$ 5,987                           | 90.66%                  | \$ 13,821                  | 43.32%   |
| 7/01/03                                 | 54,703                                   | 56,972   | 2,269                              | 96.02%                  | 13,623                     | 16.66%   |
| 7/01/01                                 | 51,844                                   | 54,289   | 2,445                              | 95.50%                  | 12,996                     | 18.81%   |

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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The Comprehensive Annual Financial Report of the TCRS for the year ended June 30, 2007, may be obtained at the following address: Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10<sup>th</sup> Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at [www.treasury.state.tn.us](http://www.treasury.state.tn.us).

Funding Policy

The Oak Ridge Schools plan is a contributory plan whereby the employee contributes 5% of earnable compensation and the employer is responsible for the remaining contribution. The School Fund is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2007, was 9.82% of annual covered payroll. The contribution requirements of plan members are set by State statute. Contribution requirements for the Schools are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2007, Oak Ridge Schools' annual pension cost of \$596,443 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 equities over a five-year period. Amortized book value was used for fixed income securities. Oak Ridge Schools' unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

| <u>Fiscal Year<br/>Ending</u> | <u>Annual Pension<br/>Cost (APC)</u> | <u>Percentage of<br/>APC Contributed</u> | <u>Net Pension<br/>Obligation</u> |
|-------------------------------|--------------------------------------|--|-----------------------------------|
| 6/30/07                       | \$ 596,443                           | 100.00%                                  | \$ 0                              |
| 6/30/06                       | 415,652                              | 100.00%                                  | 0                                 |
| 6/30/05                       | 405,405                              | 100.00%                                  | 0                                 |

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

Required Supplementary Information

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

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>AAL<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>Percentage<br>of Covered<br>Payroll |
|--------------------------------|---------------------------------|--|---------------------------|-----------------|--------------------|--|
|                                | (a)                             | (b)  | (b)-(a)                   | (a/b)           | (c)                | ((b-a)/c)  |
| 7/01/05                        | \$ 16,912                       | \$ 17,514                                  | \$ 602                    | 96.56%          | \$ 5,699           | 10.56%   |
| 7/01/03                        | 15,549                          | 16,227                                     | 678                       | 95.82%          | 5,305              | 12.78%   |
| 7/01/01                        | 14,594                          | 15,446                                     | 852                       | 94.48%          | 4,697              | 18.14%   |

Teaching Personnel

Plan Description

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

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

Funding Policy

Most teachers are required by State statute to contribute 5.0% of salary to the plan. The Oak Ridge Schools are required to contribute at an actuarially determined rate. The rate for the fiscal year ending June 30, 2007, was 6.13% 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, 2007, 2006, and 2005 were \$1,394,916, \$1,208,226, and \$1,159,600, respectively, equal to the required contributions for each year.

5. POST-RETIREMENT BENEFITS

Retired employees from the City, excluding employees working in the school system, may continue their individual or family hospitalization insurance coverage through the City, but must reimburse the City at 75% of the premium costs. During fiscal 2007, the City contributed \$22,232 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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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

Retirees have health insurance premiums deducted directly from their TCRS monthly pension benefits. TCRS will pay the following percentage of the individual premium based on years of service. With 30 years or more of service TCRS pays 45% of the premium, 20 to 29 years of service TCRS pays 35% of the premium and with less than 20 years of service TCRS pays 25% of the premium. The Schools will reimburse up to 85% of qualified retirees individual out-of-pocket health insurance premium costs. During fiscal 2007, the Schools reimbursed approximately \$71,954 to 37 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 \$417,569 at June 30, 2007. 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% was used to estimate the effect of making these payments over a five-year period.

**6. ACCOUNTS RECEIVABLE**

For collection economy, the Electric Fund purchases the utility customer receivables from the Waterworks Fund and accounts receivable from the Solid Waste Fund for charges on residential refuse service. The Electric Fund is reimbursed by these funds for their uncollectible accounts. Billing and collecting expenses or expenditures are allocated among the three funds. Customers are billed for services monthly on a cyclical basis. Unbilled revenue for utility services rendered but not yet billed as of the close of the fiscal year in the amount of \$1,390,189 was recorded in the Electric Fund at June 30, 2007.

Receivables at June 30, 2007 consist of the following:

| <u>Fund</u>      | <u>Taxes</u>         | <u>Customer<br/>Accounts</u> | <u>Other</u>        | <u>Allowance For<br/>Uncollectibles</u> | <u>Net Receivable Per<br/>Governmental- wide<br/>Financial Statement</u> |
|------------------|----------------------|------------------------------|---------------------|---|--|
| General          | \$ 17,049,058        | \$ 815,211                   | \$ 777,931          | \$ (1,809,534)                          | \$ 16,832,666  |
| School           | —                    | 122,695                      | —                   | —                                       | 122,695  |
| Capital Projects | —                    | —                            | 2,309,215           | —                                       | 2,309,215  |
| Electric         | —                    | 7,371,674                    | —                   | (1,082,212)                             | 6,289,462  |
| Waterworks       | —                    | 542,810                      | —                   | —                                       | 542,810  |
| Nonmajor         | —                    | —                            | 136,258             | —                                       | 136,258  |
| <b>Total</b>     | <b>\$ 17,049,058</b> | <b>\$ 8,852,390</b>          | <b>\$ 3,223,404</b> | <b>\$ (2,891,746)</b>                   | <b>\$ 26,233,106</b>   |

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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7. DEPOSITS AND INVESTMENTS

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

Deposits

At year-end, the carrying amount of the City's deposits was \$9,129,783 and the bank balance was \$9,650,407. 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, 2007, 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

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 \$17,175,968 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 \$311,132 at year-end as shown below. The carry value of the investment was presented at fair value. The investments are held by the Schools in the School's name. These investments were purchased prior to the Schools adoption of GASB Statement 40, *Deposits and Investment Risk Disclosures* and the School's revised Investment Policy.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

| <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             | \$ 37,150         |
| Federal Home Loan Mortgage Corporation – 4%   | 11/15/2010           | 11/15/2005           | 213,651           |
| Federal Home Loan Mortgage Corporation – 5.5% | 10/15/2023           | 10/15/2004           | <u>60,331</u>     |
| Total   |                      |                      | <u>\$ 311,132</u> |

Investment income in the Scholarship Fund for 2007 consisted of the following:

|                                 |                  |
|---------------------------------|------------------|
| Interest and dividend income    | \$ 17,673        |
| Unrealized gain on market value | <u>6,549</u>     |
| Total                           | <u>\$ 24,222</u> |

Investments Held by Trustees

\$8,437,063 in unspent bond proceeds held by trustees from debt issued by the City during fiscal 2006 and 2007 was recorded as a restricted asset at fiscal year end. Of this amount, \$7,027,471 was held by the Public Building Authority's of Blount and Sevier Counties of Tennessee and was invested by Regions Bank, trustee, under terms authorized in the bond indenture and in accordance with state and federal laws. Investments were in securities rated in the highest category and guaranteed by federal agencies, however, the securities were not held in the City's name. The remaining \$1,409,592 was held and invested by the State of Tennessee, with the City exempted from sharing in any unrealized gains or losses.

Investment Policies

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

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

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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

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

**8. POOLED CASH AND INVESTMENTS**

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

**9. RESTRICTED ASSETS**

The restricted assets in the construction accounts for governmental activities are for unspent bond proceeds held by the trustees for debt issued during fiscal 2006 and 2007 for the construction and renovation of the Oak Ridge High School project that is accounted for in the Capital Projects Fund. Refer to Notes 7 and 11.

The Electric Fund's restricted assets include customer utility deposits and funds set aside to satisfy legal covenants regarding debt service on Electric Fund long-term debt issuances. The Waterworks Fund's restricted assets include contractor retainage deposits. The "current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The governmental and proprietary funds restricted assets at June 30, 2007 are as indicated below:

|                              | <u>Governmental-type<br/>Activities</u> | <u>Business-type Activities</u> |                            | <u>Total Per</u>                               |
|------------------------------|---|---------------------------------|----------------------------|--|
|                              | <u>Capital Projects<br/>Fund</u>        | <u>Electric<br/>Fund</u>        | <u>Waterworks<br/>Fund</u> | <u>Government-wide<br/>Financial Statement</u> |
| Deposits                     | \$ ---                                  | \$ 1,199,412                    | \$ 127,382                 | \$ 1,326,794                                   |
| Construction account         | 8,437,063                               | ---                             | ---                        | 8,437,063                                      |
| Current debt service account | ---                                     | 135,365                         | ---                        | 135,365  |
| <b>Total</b>                 | <b>\$ 8,437,063</b>                     | <b>\$ 1,334,777</b>             | <b>\$ 127,382</b>          | <b>\$ 9,899,222</b>                            |

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

10. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2007 was as follows:

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u>     | <u>Decreases and<br/>Adjustments</u> | <u>Ending Balances</u> |
|--|-------------------------------|----------------------|--------------------------------------|------------------------|
| Governmental activities:                       |                               |                      |                                      |                        |
| Capital assets not being depreciated:          |                               |                      |                                      |                        |
| Land   | \$ 2,822,409                  | \$ 98,313            | \$ -                                 | \$ 2,920,722           |
| Construction in progress                       | <u>15,511,585</u>             | <u>30,265,911</u>    | <u>(1,017,716)</u>                   | <u>44,759,780</u>      |
| Total capital assets<br>not being depreciated  | <u>18,333,994</u>             | <u>30,364,224</u>    | <u>(1,017,716)</u>                   | <u>47,680,502</u>      |
| Capital assets being depreciated:              |                               |                      |                                      |                        |
| Infrastructure                                 | 36,702,541                    | 4,651,833            | -                                    | 41,354,374             |
| Buildings                                      | 56,248,297                    | 98,825               | (1,564,342)                          | 54,782,780             |
| Improvements other than buildings              | 34,456,628                    | 1,730,167            | (4,985,902)                          | 31,200,893             |
| Machinery and equipment                        | <u>16,317,318</u>             | <u>652,998</u>       | <u>(717,242)</u>                     | <u>16,253,074</u>      |
| Total capital assets<br>being depreciated      | <u>143,724,784</u>            | <u>7,133,823</u>     | <u>(7,267,486)</u>                   | <u>143,591,121</u>     |
| Less accumulated depreciation for:             |                               |                      |                                      |                        |
| Infrastructure                                 | (14,698,476)                  | (827,087)            | -                                    | (15,525,563)           |
| Buildings                                      | (22,076,777)                  | (1,104,048)          | 603,268                              | (22,577,557)           |
| Improvements other than buildings              | (16,252,107)                  | (1,150,435)          | 3,210,513                            | (14,192,029)           |
| Machinery and equipment                        | <u>(10,264,719)</u>           | <u>(1,205,397)</u>   | <u>683,851</u>                       | <u>(10,786,265)</u>    |
| Total accumulated depreciation                 | <u>(63,292,079)</u>           | <u>(4,286,967)</u>   | <u>4,497,632</u>                     | <u>(63,081,414)</u>    |
| Total capital assets<br>being depreciated, net | <u>80,432,705</u>             | <u>2,846,856</u>     | <u>(2,769,854)</u>                   | <u>80,509,707</u>      |
| Governmental activities<br>capital assets, net | <u>\$ 98,766,699</u>          | <u>\$ 33,211,080</u> | <u>\$ (3,787,570)</u>                | <u>\$ 128,190,209</u>  |

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

|                            |                     |
|----------------------------|---------------------|
| General government         | \$ 57,398           |
| Public safety              | 471,807             |
| Public works               | 1,312,709           |
| Community service          | 797,336             |
| Education                  | <u>1,647,717</u>    |
| Total depreciation expense | <u>\$ 4,286,967</u> |

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

Capital Asset activity for the business-type activities for the year ended June 30, 2007 was as follows:

|   | Beginning<br>Balances | Increases           | Decreases and<br>Adjustments | Ending Balances       |
|---|-----------------------|---------------------|------------------------------|-----------------------|
| Business-type activities:                       |                       |                     |                              |                       |
| Capital assets not being depreciated:           |                       |                     |                              |                       |
| Land  | \$ 654,873            | \$ -                | \$ -                         | \$ 654,873            |
| Construction in progress                        | 1,227,026             | 190,672             | (314,336)                    | 1,103,362             |
| Total capital assets<br>not being depreciated   | <u>1,881,899</u>      | <u>190,672</u>      | <u>(314,336)</u>             | <u>1,758,235</u>      |
| Capital assets being depreciated:               |                       |                     |                              |                       |
| Buildings                                       | 24,075,769            | 768,203             | (328,479)                    | 24,515,493            |
| Improvements other than buildings               | 12,932,751            | -                   | (1,121,855)                  | 11,810,896            |
| Machinery and equipment                         | 132,696,844           | 10,014,820          | (259,510)                    | 142,452,154           |
| Total capital assets<br>being depreciated       | <u>169,705,364</u>    | <u>10,783,023</u>   | <u>(1,709,844)</u>           | <u>178,778,543</u>    |
| Less accumulated depreciation for:              |                       |                     |                              |                       |
| Buildings                                       | (8,511,352)           | (755,202)           | -                            | (9,266,554)           |
| Improvements other than buildings               | (2,941,306)           | (415,289)           | -                            | (3,356,595)           |
| Machinery and equipment                         | (46,274,676)          | (3,800,313)         | 347,124                      | (49,727,865)          |
| Total accumulated depreciation                  | <u>(57,727,334)</u>   | <u>(4,970,804)</u>  | <u>347,124</u>               | <u>(62,351,014)</u>   |
| Total capital assets<br>being depreciated, net  | <u>111,978,030</u>    | <u>5,812,219</u>    | <u>(1,362,720)</u>           | <u>116,427,529</u>    |
| Business-type activities<br>capital assets, net | <u>\$ 113,859,929</u> | <u>\$ 6,002,891</u> | <u>\$ (1,677,056)</u>        | <u>\$ 118,185,764</u> |

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

|                             |                     |
|-----------------------------|---------------------|
| Electric                    | \$ 1,998,377        |
| Waterworks                  | 2,967,426           |
| Emergency Communications    | 5,001               |
| Total depreciation expenses | <u>\$ 4,970,804</u> |

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

**11. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2007:

|  | Beginning<br>Balances | Additions            | Retirements/<br>Reductions | Ending Balances       | Due Within<br>One Year |
|--|-----------------------|----------------------|----------------------------|-----------------------|------------------------|
| <b>Governmental Activities:</b>                                    |                       |                      |                            |                       |                        |
| General Fund:  |                       |                      |                            |                       |                        |
| General Obligation Bonds   | \$ 29,126,000         | \$ -                 | \$ (2,460,000)             | \$ 26,666,000         | \$ 2,595,000           |
| Qualified Zone Academy Bonds (QZAB)                                | 7,641,275             | -                    | (509,418)                  | 7,131,857             | 509,418                |
| Notes Payable  | 44,938,765            | 21,000,000           | (56,000)                   | 65,882,765            | 59,000                 |
| Unamortized Debt Discount  | (124,280)             | (39,937)             | 23,987                     | (140,230)             | (24,623)               |
| Unamortized Debt Premium   | 515,038               | -                    | (30,258)                   | 484,780               | 30,258                 |
| Capital Lease Obligations  | 228,476               | -                    | (228,476)                  | -                     | -                      |
| Compensated Absences   | 2,818,556             | 2,282,626            | (2,196,969)                | 2,904,213             | 2,088,105              |
| School Termination Benefits  | 368,090               | 121,433              | (71,954)                   | 417,569               | 54,686                 |
| City Equipment Replacement Rental Fund:                            |                       |                      |                            |                       |                        |
| General Obligation Bonds   | 1,159,000             | -                    | (175,000)                  | 984,000               | 185,000                |
| Unamortized Bond Discount  | (12,918)              | -                    | 1,868                      | (11,050)              | (1,867)                |
| Unamortized Reoffering Premium                                     | 8,948                 | -                    | (1,294)                    | 7,654                 | 1,294                  |
| Compensated Absences   | 84,416                | 68,670               | (57,403)                   | 95,683                | 65,000                 |
| <b>Total Long-term Liabilities -<br/>Governmental Activities:</b>  | <b>\$ 86,751,366</b>  | <b>\$ 23,432,792</b> | <b>\$ (5,760,917)</b>      | <b>\$ 104,423,241</b> | <b>\$ 5,561,271</b>    |
| <b>Business-type Activities:</b>                                   |                       |                      |                            |                       |                        |
| Electric Fund:   |                       |                      |                            |                       |                        |
| Revenue Bonds  | \$ 9,515,000          | \$ -                 | \$ (850,000)               | \$ 8,665,000          | \$ 880,000             |
| Notes Payable  | 12,903,953            | 513,761              | (134,719)                  | 13,282,995            | 111,132                |
| Unamortized Debt Discount  | (163,766)             | -                    | 19,965                     | (143,801)             | (19,965)               |
| Unamortized Reoffering Premium                                     | 236,823               | -                    | (24,499)                   | 212,324               | 24,499                 |
| Compensated Absences   | 318,976               | 256,718              | (216,904)                  | 358,790               | 245,000                |
| Waterworks Fund:   |                       |                      |                            |                       |                        |
| General Obligation Bonds   | 4,130,000             | -                    | (350,000)                  | 3,780,000             | 370,000                |
| Notes Payable  | 8,533,202             | 2,486,239            | (289,084)                  | 10,730,357            | 335,418                |
| State Revolving Fund Program Loan                                  | 16,385,085            | 809,090              | (635,640)                  | 16,558,535            | 662,040                |
| Unamortized Debt Discount  | (40,185)              | -                    | 4,052                      | (36,133)              | (4,052)                |
| Unamortized Reoffering Premium                                     | 4,715                 | -                    | (476)                      | 4,239                 | 475                    |
| Compensated Absences   | 545,576               | 504,256              | (370,992)                  | 678,840               | 465,000                |
| Emergency Communications Fund:                                     |                       |                      |                            |                       |                        |
| Capital Lease Obligations  | -                     | 1,166,355            | -                          | 1,166,355             | 92,817                 |
| <b>Total Long-term Liabilities -<br/>Business-type Activities:</b> | <b>\$ 52,369,379</b>  | <b>\$ 5,736,419</b>  | <b>\$ (2,848,297)</b>      | <b>\$ 55,257,501</b>  | <b>\$ 3,162,364</b>    |

Compensated absences are generally liquidated by the General Fund, City Equipment Replacement Rental Fund, Electric Fund and Waterworks Fund.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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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 \$97,826 and the unamortized gain on sale was \$68,707. 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 currently undergoing a major renovation and expansion of the school facility. The ORHS project is anticipated to cost \$61,000,000 with debt issuances to occur in phases over a three to four year period to finance construction of the project. As of June 30, 2007, \$46,000,000 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. Debt proceeds were immediately deposited with trustees, with funds drawn by the City as expenditures occurred. Interest earnings on the bond proceeds held by the trustee are applied against the annual interest payments due by the City on the debt. On December 13, 2004, City Council authorized the issuance of debt not to exceed \$20,000,000 through the Tennessee Municipal Bond Fund (TMBF) loan program, with \$11,000,000 for the ORHS and other school capital projects to be issued during fiscal 2008.

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 2007, \$1,970,689 in sales tax collections restricted for the ORHS project was recorded in the Debt Service Fund. These funds will be invested and utilized for future debt service payments on debt issued for this project.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

General Obligation Bonds – General Fund

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2007, are as follows:

| Fiscal Year<br>Ending June 30, | Governmental Activities |                     |                       |
|--------------------------------|-------------------------|---------------------|-----------------------|
|                                | Principal               | Interest            | Total<br>Requirements |
| 2008                           | \$ 2,595,000            | \$ 1,236,863        | \$ 3,831,863          |
| 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             |
| 2013-2017                      | 10,020,000              | 1,769,755           | 11,789,755            |
| 2018-2022                      | 2,390,000               | 502,170             | 2,892,170             |
| 2023                           | 565,000                 | 27,685              | 592,685               |
| <b>Total</b>                   | <b>\$ 26,666,000</b>    | <b>\$ 7,326,993</b> | <b>\$ 33,992,993</b>  |

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, 2007:

|  | Governmental Activities |                         |                     |                      |
|--|-------------------------|-------------------------|---------------------|----------------------|
|  | Balance 7/1/06          | Additions/<br>Transfers | Retirements         | Balance 6/30/07      |
| Series 1998, GO Refunding Bonds<br>Issue: \$7,275,000, Maturing 2023<br>Interest Rate: 4.40% - 4.90%   | \$ 6,255,000            | \$ -                    | \$ 200,000          | \$ 6,055,000         |
| Series 2000, General Obligation Bonds<br>Portions Advance Refunded FY 2001<br>Interest Rate: 4.40% - 4.95%, Mature 2007<br>City and School miscellaneous building,<br>recreational and street improvements | 225,000                 | -                       | 225,000             | -                    |
| Series 2001, GO Refunding Bonds<br>Issue: \$22,480,000, Maturing 2015<br>Interest Rate: 3.56% - 4.83%  | 17,225,000              | -                       | 1,605,000           | 15,620,000           |
| Series 2003, GO Refunding Bonds<br>Issue: \$7,485,709, Maturing 2016<br>Interest Rate: 2.00% - 4.00%   | 5,421,000               | -                       | 430,000             | 4,991,000            |
| <b>Total General Obligation Bonded Debt</b>  | <b>\$ 29,126,000</b>    | <b>\$ -</b>             | <b>\$ 2,460,000</b> | <b>\$ 26,666,000</b> |

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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 will fund the City's required private contribution. Immediately upon issuance, the debt proceeds were deposited with the State to be drawn by the City as expenditures occur. The bond escrow account balance held by the State was \$1,409,592 at fiscal year end. A \$511,863 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:

| Fiscal Year<br>Ending June 30, | Governmental Activities |                  |                     |
|--------------------------------|-------------------------|------------------|---------------------|
|                                | Principal               | Interest         | Total Requirements  |
| 2008                           | \$ 509,418              | \$ 2,445         | \$ 511,863          |
| 2009                           | 509,418                 | 2,445            | 511,863             |
| 2010                           | 509,418                 | 2,445            | 511,863             |
| 2011                           | 509,418                 | 2,445            | 511,863             |
| 2012                           | 509,418                 | 2,445            | 511,863             |
| 2013-2017                      | 2,547,093               | 12,224           | 2,559,317           |
| 2018-2021                      | <u>2,037,674</u>        | <u>9,779</u>     | <u>2,047,453</u>    |
| Total                          | <u>\$ 7,131,857</u>     | <u>\$ 34,228</u> | <u>\$ 7,166,085</u> |

Notes Payable – General Fund

In fiscal 1995, the City executed a loan agreement with the Tennessee Municipal Bond Fund (TMBF) for \$1,247,994 to fund a grant to the Roane State Foundation for the purpose of purchasing land for a permanent Roane State Community College campus in Oak Ridge and storm drainage improvements. Remaining principal payments occur from 2017 through 2023. The loan had a principal balance of \$568,765 at June 30, 2007. Annual interest payments are amortized below using a 4.05% interest rate, which was the actual weekly rate at June 30, 2007.

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 4.20% interest rate, which was the actual weekly rate at June 30, 2007.

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**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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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, 2007, the outstanding principal balance of the loan was \$744,000. Annual interest payments are amortized below using a 4.42% interest rate, which was the actual weekly rate at June 30, 2007.

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 4.33% interest rate, which was the actual weekly rate at June 30, 2007.

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.

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. Immediately upon issuance, the net loan proceeds were deposited with Regions Bank, trustee, with funds to be drawn as expenditures occur. The trustee held \$3,000,944 in unspent bond proceeds at fiscal year end. Principal payments are to

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**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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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 4.16% interest rate, which was the actual weekly rate at June 30, 2007.

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. Immediately upon issuance, the net loan proceeds were deposited with Regions Bank, trustee, with funds to be drawn as expenditures occur. The trustee held \$4,026,527 in unspent bond proceeds at fiscal year end. This is a fixed interest rate issuance at 4.375% with principal payments occurring in 2037 and 2038.

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, 2007. For budgeting purposes, the City uses a 4.50% interest rate for variable rate loans.

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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

| Fiscal Year<br>Ending June 30, | Governmental Activities |                      |                       |
|--------------------------------|-------------------------|----------------------|-----------------------|
|                                | Principal               | Interest             | Total<br>Requirements |
| 2008                           | \$ 59,000               | \$ 2,819,882         | \$ 2,878,882          |
| 2009                           | 62,000                  | 2,817,263            | 2,879,263             |
| 2010                           | 165,000                 | 2,814,512            | 2,979,512             |
| 2011                           | 219,000                 | 2,808,624            | 3,027,624             |
| 2012                           | 272,000                 | 2,800,688            | 3,072,688             |
| 2013-2017                      | 7,802,722               | 13,628,152           | 21,430,874            |
| 2018-2022                      | 18,104,417              | 10,836,786           | 28,941,203            |
| 2023-2027                      | 11,173,626              | 7,211,043            | 18,384,669            |
| 2028-2032                      | 11,075,000              | 5,240,208            | 16,315,208            |
| 2033-2037                      | 14,225,000              | 2,216,837            | 16,441,837            |
| 2038                           | 2,725,000               | 119,218              | 2,844,218             |
| Total                          | <u>\$ 65,882,765</u>    | <u>\$ 53,313,213</u> | <u>\$ 119,195,978</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 \$984,000. Interest rates range from 2% to 4% with debt service requirements to maturity as of June 30, 2007 as follows:

| Fiscal Year<br>Ending June 30, | Governmental Activities |                   |                       |
|--------------------------------|-------------------------|-------------------|-----------------------|
|                                | Principal               | Interest          | Total<br>Requirements |
| 2008                           | \$ 185,000              | \$ 33,940         | \$ 218,940            |
| 2009                           | 190,000                 | 28,390            | 218,390               |
| 2010                           | 157,000                 | 22,690            | 179,690               |
| 2011                           | 177,000                 | 17,195            | 194,195               |
| 2012                           | 205,000                 | 11,000            | 216,000               |
| 2013                           | 70,000                  | 2,800             | 72,800                |
| Total                          | <u>\$ 984,000</u>       | <u>\$ 116,015</u> | <u>\$ 1,100,015</u>   |

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

Capital Leases Obligations – Governmental Activities

During fiscal year 2004, the Schools financed the purchases of two apple computer systems for \$891,640 from Apple Computer, Inc. and California First Leasing Corporation (CalFirst) through the School Fund. Terms of these two capital leases required an initial payment of \$240,873 and three annual payments of \$245,872 at 5.49% and 4.04% interest through July 14, 2006 and January 31, 2007, respectively. The amount outstanding at June 30, 2007 was \$0.

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, 2007 as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Business-type Activities</u> |                     | <u>Total<br/>Requirements</u> |
|--|---------------------------------|---------------------|-------------------------------|
|  | <u>Principal</u>                | <u>Interest</u>     |                               |
| 2008                                   | \$ 880,000                      | \$ 348,750          | \$ 1,228,750                  |
| 2009                                   | 900,000                         | 322,350             | 1,222,350                     |
| 2010                                   | 930,000                         | 290,850             | 1,220,850                     |
| 2011                                   | 965,000                         | 258,300             | 1,223,300                     |
| 2012                                   | 1,000,000                       | 219,700             | 1,219,700                     |
| 2013-2016                              | <u>3,990,000</u>                | <u>402,700</u>      | <u>4,392,700</u>              |
| Total                                  | <u>\$ 8,665,000</u>             | <u>\$ 1,842,650</u> | <u>\$ 10,507,650</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, 2007. 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 4.31% interest rate, which was the actual weekly rate at June 30, 2007.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

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 \$2,902,995 at June 30, 2007. Annual interest payments are amortized below using a 4.20% interest rate, which was the actual weekly rate at June 30, 2007.

The interest rate varies on a weekly basis for both loans. Annual interest payments are amortized below using the actual weekly rate at June 30, 2007. Projected debt service requirements to maturity as of June 30, 2007 as follows:

| Fiscal Year<br>Ending June 30, | Business-type Activities |                     |                       |
|--------------------------------|--------------------------|---------------------|-----------------------|
|                                | Principal                | Interest            | Total<br>Requirements |
| 2008                           | \$ 111,132               | \$ 568,920          | \$ 680,052            |
| 2009                           | 115,733                  | 564,237             | 679,970               |
| 2010                           | 120,334                  | 559,360             | 679,694               |
| 2011                           | 125,288                  | 554,289             | 679,577               |
| 2012                           | 130,243                  | 549,010             | 679,253               |
| 2013-2017                      | 1,023,680                | 2,657,166           | 3,680,846             |
| 2018-2022                      | 3,732,238                | 2,209,658           | 5,941,896             |
| 2023-2027                      | 4,804,347                | 1,271,311           | 6,075,658             |
| 2028-2030                      | <u>3,120,000</u>         | <u>263,064</u>      | <u>3,383,064</u>      |
| Total                          | <u>\$ 13,282,995</u>     | <u>\$ 9,197,015</u> | <u>\$ 22,480,010</u>  |

**General Obligation Bonds – Waterworks Fund:**

In March 2003, the City issued \$14,720,000 in General Obligation Refunding Bonds Series 2003, a portion of which paid all the outstanding Waterworks Fund variable interest rate debt for the TN-LOANs H-1 loan issued in 1997 and Tennessee Municipal Bond Fund (TMBF) loan issued in 1998 and the 2003 through 2016 maturities of the variable interest rate TMBF loan issued in 1995.

Interest rates range from 2% to 4% with debt service requirements to maturity for the fiscal year ended June 30, 2007 as follows:

| Fiscal Year<br>Ending June 30, | Business-type Activities |                   |                       |
|--------------------------------|--------------------------|-------------------|-----------------------|
|                                | Principal                | Interest          | Total<br>Requirements |
| 2008                           | \$ 370,000               | \$ 139,750        | \$ 509,750            |
| 2009                           | 380,000                  | 128,650           | 508,650               |
| 2010                           | 390,000                  | 117,250           | 507,250               |
| 2011                           | 400,000                  | 103,600           | 503,600               |
| 2012                           | 420,000                  | 89,600            | 509,600               |
| 2013-2016                      | <u>1,820,000</u>         | <u>185,000</u>    | <u>2,005,000</u>      |
| Total                          | <u>\$ 3,780,000</u>      | <u>\$ 763,850</u> | <u>\$ 4,543,850</u>   |

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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, 2007 was \$5,302,735. Annual interest payments are amortized below using a 4.05% and 4.32% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2007.

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The unamortized issuance costs for the Waterworks Fund portion of this issue, recorded as a Deferred Charge, was \$39,640 at fiscal year end. Loan proceeds are drawn as work is completed. The outstanding principal balance of the Waterworks Fund portion of the loan was \$5,382,005 at June 30, 2007. Annual interest payments are amortized below using a 4.20% interest rate, which was the actual weekly rate at June 30, 2007.

At June 30, 2007, the City had outstanding fixed rate notes payable to the Tennessee Local Development Authority of \$45,617 that mature in fiscal 2010.

The TMBF loans are to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. Terms of the loan agreements provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Annual interest payments are amortized below using the actual weekly rate at June 30, 2007, with projected debt service requirements to maturity as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Business-type Activities</u> |                     |                               |
|--|---------------------------------|---------------------|-------------------------------|
|  | <u>Principal</u>                | <u>Interest</u>     | <u>Total<br/>Requirements</u> |
| 2008                                   | \$ 335,419                      | \$ 446,440          | \$ 781,859                    |
| 2009                                   | 349,555                         | 432,862             | 782,417                       |
| 2010                                   | 359,445                         | 418,707             | 778,152                       |
| 2011                                   | 362,712                         | 403,899             | 766,611                       |
| 2012                                   | 378,757                         | 388,448             | 767,205                       |
| 2013-2017                              | 2,480,297                       | 1,684,622           | 4,164,919                     |
| 2018-2022                              | 4,664,345                       | 961,496             | 5,625,841                     |
| 2023-2026                              | <u>1,799,827</u>                | <u>139,556</u>      | <u>1,939,383</u>              |
| Total                                  | <u>\$ 10,730,357</u>            | <u>\$ 4,876,030</u> | <u>\$ 15,606,387</u>          |

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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 it's 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 \$9,524,019 and \$4,057,730, respectively, at June 30, 2007. 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. \$2,976,786 in loan proceeds had been drawn as of June 30, 2007. A projected amortization schedule for outstanding SRF loans as of June 30, 2007 is as follows:

| Fiscal Year<br>Ending June 30, | Business-type Activities |                     | Total<br>Requirements |
|--------------------------------|--------------------------|---------------------|-----------------------|
|                                | Principal                | Interest            |                       |
| 2008                           | \$ 662,040               | \$ 693,444          | \$ 1,355,484          |
| 2009                           | 689,520                  | 685,824             | 1,375,344             |
| 2010                           | 819,193                  | 597,314             | 1,416,507             |
| 2011                           | 852,951                  | 563,567             | 1,416,518             |
| 2012                           | 888,098                  | 528,408             | 1,416,506             |
| 2013-2017                      | 5,020,634                | 2,061,886           | 7,082,520             |
| 2018-2022                      | 6,144,109                | 938,354             | 7,082,463             |
| 2023-2027                      | 1,071,990                | 170,702             | 1,242,692             |
| 2028-2029                      | 410,000                  | 16,557              | 426,557               |
| Total                          | <u>\$ 16,558,535</u>     | <u>\$ 6,256,056</u> | <u>\$ 22,814,591</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, 2007, the leased equipment is carried in the Emergency Communications Fund at its fair market value of \$1,166,355. Depreciation expense will begin in fiscal 2008 when the system becomes operational. 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%.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

The future principal and interest payments on these capital lease obligations as of June 30, 2007 are as follows:

|  |    |                         |
|--|----|-------------------------|
| Year Ending June 30,                   |    |                         |
| 2008                                   | \$ | 150,902                 |
| 2009                                   |    | 150,902                 |
| 2010                                   |    | 150,902                 |
| 2011                                   |    | 150,902                 |
| 2012                                   |    | 150,902                 |
| 2013-2017                              |    | <u>754,506</u>          |
| Total Future Minimum Lease Payments    |    | 1,509,016               |
| Less:                                  |    |                         |
| Amount representing interest at 4.98%  |    | 342,661                 |
| Current portion of capital lease       |    | <u>92,817</u>           |
| Long-term capitalized lease obligation | \$ | <u><u>1,073,538</u></u> |

**12. INTERFUND RECEIVABLE AND PAYABLE BALANCES**

Due to and from accounts represent short-term loans between funds. The composition of due to / due from balances as of June 30, 2007, is as follows:

| Due from Other Funds        | Due to Other Funds |                             |                   |                              |                     |                     | Total               |
|-----------------------------|--------------------|-----------------------------|-------------------|------------------------------|---------------------|---------------------|---------------------|
|                             | General<br>Fund    | Capital<br>Projects<br>Fund | Nonmajor<br>Funds | Internal<br>Service<br>Funds | Electric<br>Fund    | Waterworks<br>Fund  |                     |
| General Fund                | \$ -               | \$ 28,997                   | \$ 185,063        | \$ 332,136                   | \$ 1,874,184        | \$ 1,992,621        | \$ 4,413,001        |
| Internal Service Funds      | 9,284              | -                           | -                 | -                            | -                   | -                   | 9,284               |
| Nonmajor Governmental Funds | 190,064            | -                           | -                 | -                            | -                   | -                   | 190,064             |
| <b>Total</b>                | <u>\$ 199,348</u>  | <u>\$ 28,997</u>            | <u>\$ 185,063</u> | <u>\$ 332,136</u>            | <u>\$ 1,874,184</u> | <u>\$ 1,992,621</u> | <u>\$ 4,612,349</u> |

Advances to/from other funds:

| Receivable Fund | Payable Fund | Amount                     |
|-----------------|--------------|----------------------------|
| General         | Inventory    | \$ 112,500                 |
| Electric        | Inventory    | 1,250,000                  |
| Waterworks      | Inventory    | 625,000                    |
| <b>Total</b>    |              | <u><u>\$ 1,987,500</u></u> |

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

**13. 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          | \$ 12,070,143        | \$ 1,150,000                 | \$ 5,278,708          | \$ 18,498,851        |
| Capital Projects Fund | -                    | -                            | 778,308               | 778,308              |
| Electric Fund         | -                    | -                            | 151,380               | 151,380              |
| Waterworks Fund       | -                    | -                            | 126,150               | 126,150              |
| <b>Total</b>          | <b>\$ 12,070,143</b> | <b>\$ 1,150,000</b>          | <b>\$ 6,334,546</b>   | <b>\$ 19,554,689</b> |

**14. COMMITMENTS**

At June 30, 2007, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$17,113,388 for the following projects:

| <u>Projects</u>                         | <u>Spent To-Date</u> | <u>Commitment Remaining</u> | <u>Committed Fund</u>        |
|---|----------------------|-----------------------------|------------------------------|
| Storm Water Regulations Study           | \$ 31,484            | \$ 36,216                   | Capital Projects             |
| Oak Ridge School Improvements           | 113,410              | 676,430                     | Capital Projects             |
| Oak Ridge High School Project           | 40,882,567           | 12,968,427                  | Capital Projects             |
| Legal Services                          | 69,750               | 32,550                      | Economic Diversification     |
| Line Construction                       | 1,705,497            | 1,219,353                   | Electric                     |
| Transformers and Other Equipment        | -                    | 581,223                     | Electric                     |
| Waterworks Treatment Plant Improvements | 17,963               | 42,037                      | Waterworks                   |
| Wastewater Distribution System Rehab.   | 2,472,980            | 706,994                     | Waterworks                   |
| West End Waterworks Expansion           | 1,341,590            | 407,903                     | Waterworks                   |
| Equipment                               | -                    | 122,974                     | Waterworks                   |
| Equipment                               | 47,359               | 319,281                     | Equipment Replacement Rental |
| <b>TOTAL</b>                            | <b>\$ 46,682,600</b> | <b>\$ 17,113,388</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. 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 project costs will be funded from current available revenues in the Electric Fund.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

Waterworks projects will be funded by the \$4,023,214 in available proceeds from an approved TDEC loan and current waterworks revenues. The equipment will be purchased from existing cash in the Equipment Replacement Rental Fund.

**15. RESERVES AND DESIGNATIONS**

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

Reserved for Special Programs. City Special Revenue Funds had statutory reserves of fund balance totaling \$260,983 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$148,396 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$112,587 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, 2007, the following amounts were reserved:

|                       | Amount       |
|-----------------------|--------------|
| General Fund          | \$ 303,568   |
| School Fund           | 97,597       |
| Capital Projects Fund | 632,081      |
| Nonmajor Funds        | 250,990      |
| Total                 | \$ 1,284,236 |

Reserved For Prepaid Expenditures. City Special Revenue Funds had reserves of fund balance for prepaids totaling \$189,999 at fiscal year end. The Drug Fund and School Fund had miscellaneous prepaids of \$3,344 and \$12,070, respectively at year-end. The State Street Aid Fund had reserves for prepaids of \$156,344 for the City's share of State street resurfacing projects within Oak Ridge. The Economic Diversification Fund had reserves for prepaids of \$18,241 for the City's share of the State roadway project for a road extension at Bethel Valley Industrial Park. The General Fund has reserves for prepaids of \$6,870.

Reserved for Capital Outlay. The Capital Projects Fund had reserves for capital outlay of \$8,437,063 at fiscal year end. This is the remaining proceeds of long-term debt issued during fiscal years 2006 and 2007 that is held by bond trustees, which is legally restricted to the construction and renovation of school facilities that will be utilized for the Oak Ridge High School project.

Reserved For Advance to Other Funds. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. Advances to Internal Service Funds at June 30, 2007 from the General Fund totaled \$112,500.

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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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, 2007 was \$357,122.

Reserved for Inventories. The Golf Course Fund, a Special Revenue Fund, has \$35,976 reserved for inventories at the pro shop and grill located at Tennessee Centennial Golf Course.

Unreserved Fund Balance - Designated for Subsequent Years' Expenditures. Designations of fund balances of governmental funds are used to indicate tentative plans for financial resource utilization in a future period. The School Fund, a Special Revenue Fund, designated \$48,622 of fund balance of which \$5,132 was for the Family Resource Center and \$43,490 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, 2007 totaled \$8,349,601.

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, 2007 totaled \$1,604,832.

16. LITIGATION

The City generally follows the practice of recording liabilities from claims and legal actions only when it is probable that both (1) an asset has been impaired or a liability has been incurred, and (2) the amount of loss can be reasonably estimated. Settlement of all potential claims from various lawsuits in which the City is involved would not, in management's estimation, materially affect the financial statements of the City.

17. RISK MANAGEMENT

The City Insurance Fund, an internal service fund, is used to account for risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; injuries to employees; and employee medical insurance plans. The City Insurance Fund does not account for risks related to the City School system assets or employees. Funding for the City Insurance Fund is provided by the General, Electric and Waterworks Funds through an allocation for insurance coverage based on each Fund's pro rata share of services provided. The School Fund, a Special Revenue Fund, is used to account for School system risks of loss related to torts; theft of, damage to, and destruction of assets; natural disasters; errors and omissions; injuries to employees; and employee medical insurance plans.

City employee group medical insurance is fully provided through an independent insurance carrier with the City and employees contributing to payment of the premiums. Dental and vision benefits provided to employees by the City are self-funded from the revenues of the City Insurance Fund.

(continued)

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2007**

School employee medical insurance is fully provided through an independent insurance carrier with the School Fund and the employees contributing to payment of the premiums.

Insurance coverage for city and schools assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for city and school system employees is through public entity risk pools operated as a risk sharing programs by the Tennessee Municipal League (TML) for the City coverage and the Tennessee School Board Risk Management Trust (TSB-RMT) for school coverage. These pools are sustained by member premiums and the City and Schools pay an annual premium for its coverage.

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 2007 is \$500 except for boiler and machinery which is \$1,000. The Schools incurred net claim losses of \$226,863, which were submitted to the TSB-RMT insurance pool during fiscal 2007. The city paid \$84,220 in deductibles to the TML in fiscal 2007 for workers compensation and property liability claims of \$28,752 and \$55,468, respectively. The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2007 is as outlined below:

| <u>Insurance Plan</u>                | <u>Annual<br/>Per Occurrence<br/>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, 2006 and June 30, 2007 were as follows:

|      | <u>Beginning of<br/>Fiscal Year<br/>Liability</u> | <u>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</u> | <u>Claims<br/>Payments</u> | <u>Balance at<br/>Fiscal<br/>Year End</u> |
|------|---|---|----------------------------|---|
| 2006 | \$ 278,349  | \$ 164,006  | (\$ 237,198)               | \$ 205,157                                |
| 2007 | \$ 205,157  | \$ 186,154  | (\$ 194,668)               | \$ 196,643                                |

(continued)

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2007**

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18. EXCESS EXPENDITURES

In fiscal 2007, budgeted expenditures for the Drug Fund, a special revenue fund, were \$98,450. Actual expenditures in this fund totaled \$118,996, which exceeded the budgeted expenditures by \$20,546. During fiscal 2007, unanticipated revenues of approximately \$90,000 were received from federal revenue sharing programs. The revenues in this fund are legally restricted to drug enforcement activities and expenditures during the fiscal year occurred for drug enforcement activities.

19. GASB 47

During fiscal 2006, the Schools adopted GASB No. 47, *Accounting for Termination Benefits*. The City will adopt GASB No. 47 for other City operations in fiscal 2008.

20. SUBSEQUENT EVENTS

The Oak Ridge Schools entered into a capitalized lease agreement with Apple Computer, Inc. on July 10, 2007 for \$732,479. Terms of the lease require an initial payment of \$188,322 and three annual payments of \$188,332 at 1.9% interest through July 10, 2010.



## **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

### **Debt Services Fund**

The Debt Service Fund is used for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

**CITY OF OAK RIDGE, TENNESSEE  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2007**

**SPECIAL REVENUE FUNDS**

| Economic<br>Diversification | State             |  | Street<br>and Public                   |  | Grant             | Solid<br>Waste    | Drug<br>Enforcement<br>Program | Golf<br>Course       | Debt Service<br>Fund | Total Nonmajor<br>Governmental<br>Funds |
|-----------------------------|-------------------|--|--|--|-------------------|-------------------|--------------------------------|----------------------|----------------------|---|
|                             | State<br>Aid      | Street<br>and Public<br>Transportation | Street<br>and Public<br>Transportation | Street<br>and Public<br>Transportation |                   |                   |                                |                      |                      |   |
| \$ 1,382,359                | \$ 183,362        | \$ 105,393                             | \$ -                                   | \$ -                                   | \$ 800,615        | \$ 150,643        | \$ 8,020,361                   | \$ 10,642,733        |                      |   |
| 41,268                      | -                 | -                                      | -                                      | -                                      | 66,148            | -                 | -                              | 107,416              |                      |   |
| -                           | -                 | -                                      | -                                      | 190,064                                | -                 | -                 | -                              | 190,064              |                      |   |
| -                           | 137,062           | 43,664                                 | 218,213                                | -                                      | -                 | -                 | 331,091                        | 730,030              |                      |   |
| -                           | -                 | -                                      | -                                      | -                                      | 35,976            | -                 | -                              | 35,976               |                      |   |
| 18,241                      | 156,344           | -                                      | -                                      | -                                      | -                 | 3,344             | -                              | 177,929              |                      |   |
| <b>\$ 1,441,868</b>         | <b>\$ 476,768</b> | <b>\$ 149,057</b>                      | <b>\$ 218,213</b>                      | <b>\$ 190,064</b>                      | <b>\$ 902,739</b> | <b>\$ 153,987</b> | <b>\$ 8,351,452</b>            | <b>\$ 11,884,148</b> |                      |   |

**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  
 Total liabilities

Fund balances:

Reserved for special programs  
 Reserved for encumbrances  
 Reserved - prepaid expenditures  
 Reserved for inventories  
 Unreserved, designated for:  
 Debt service  
 Unreserved - undesignated  
 Total fund balances

Total liabilities and fund balances

**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, 2007**

|  | SPECIAL REVENUE FUNDS       |                        |  |           |                |                                |                |                      |    |  | Total Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|------------------------|--|-----------|----------------|--------------------------------|----------------|----------------------|----|--|---|
|  | Economic<br>Diversification | State<br>Street<br>Aid | Street<br>and Public<br>Transportation | Grant     | Solid<br>Waste | Drug<br>Enforcement<br>Program | Golf<br>Course | Debt Service<br>Fund |    |  |   |
| <b>Revenues</b>  |                             |                        |  |           |                |                                |                |                      |    |  |   |
| Taxes  | \$ 455,744                  | \$ -                   | \$ -                                   | \$ -      | \$ -           | \$ -                           | \$ -           | \$ 1,970,689         | \$ |  | 2,426,433                               |
| Intergovernmental  | -                           | 774,461                | 160,937                                | 726,555   | -              | 103,381                        | -              | -                    | -  |  | 1,765,334                               |
| Charges for services   | -                           | -                      | -                                      | -         | 709,482        | -                              | 1,342,663      | 1,010,777            | -  |  | 3,062,922                               |
| Fines and forfeitures  | -                           | -                      | -                                      | -         | -              | 81,973                         | -              | -                    | -  |  | 81,973                                  |
| Interest   | 88,725                      | 20,740                 | 5,317                                  | -         | -              | 6,852                          | 34,943         | 338,223              | -  |  | 494,800                                 |
| Other  | 29,464                      | -                      | -                                      | -         | -              | 10,300                         | -              | 120,287              | -  |  | 160,051                                 |
| Total revenues   | 573,933                     | 795,201                | 166,254                                | 726,555   | 709,482        | 202,506                        | 1,377,606      | 3,439,976            |    |  | 7,991,513                               |
| <b>Expenditures</b>  |                             |                        |  |           |                |                                |                |                      |    |  |   |
| Current:   |                             |                        |  |           |                |                                |                |                      |    |  |   |
| Public safety  | -                           | -                      | -                                      | 45,059    | -              | 118,996                        | -              | -                    | -  |  | 164,055                                 |
| Public works   | -                           | 1,455,272              | 648                                    | -         | -              | -                              | -              | -                    | -  |  | 1,455,920                               |
| Community services   | 1,773,358                   | -                      | 201,202                                | 759,481   | 1,885,340      | -                              | 1,316,988      | -                    | -  |  | 5,936,369                               |
| Debt service:  |                             |                        |  |           |                |                                |                |                      |    |  |   |
| Principal retirement   | -                           | -                      | -                                      | 56,000    | -              | -                              | -              | 2,568,468            | -  |  | 2,624,468                               |
| Interest and fiscal charges  | -                           | -                      | -                                      | 34,365    | -              | -                              | -              | 2,902,619            | -  |  | 2,936,984                               |
| Total expenditures   | 1,773,358                   | 1,455,272              | 201,850                                | 894,905   | 1,885,340      | 118,996                        | 1,316,988      | 5,471,087            |    |  | 13,117,796                              |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | (1,199,425)                 | (660,071)              | (35,596)                               | (168,350) | (1,175,858)    | 83,510                         | 60,618         | (2,031,111)          |    |  | (5,126,283)                             |
| <b>Other financing sources (uses)</b>                                |                             |                        |  |           |                |                                |                |                      |    |  |   |
| Transfers in   | 462,030                     | 539,210                | 10,790                                 | 168,350   | 1,175,858      | -                              | -              | 3,978,308            |    |  | 6,334,546                               |
| Total other financing sources (uses)                                 | 462,030                     | 539,210                | 10,790                                 | 168,350   | 1,175,858      | -                              | -              | 3,978,308            |    |  | 6,334,546                               |
| <b>Net change in fund balances</b>                                   | (737,395)                   | (120,861)              | (24,806)                               | -         | -              | 83,510                         | 60,618         | 1,947,197            |    |  | 1,208,263                               |
| <b>Fund balance - beginning</b>                                      | 2,092,429                   | 584,928                | 121,097                                | 51,348    | -              | 68,230                         | 842,121        | 6,402,404            |    |  | 10,162,557                              |
| <b>Fund balance - ending</b>   | \$ 1,355,034                | \$ 464,067             | \$ 96,291                              | \$ 51,348 | \$ -           | \$ 151,740                     | \$ 902,739     | \$ 8,349,601         | \$ |  | \$ 11,370,820                           |

**CITY OF OAK RIDGE, TENNESSEE  
ECONOMIC DIVERSIFICATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|                                      | 2007         | 2006         |
|--------------------------------------|--------------|--------------|
| <b>Assets</b>                        |              |              |
| Cash and cash equivalents            | \$ 1,382,359 | \$ 2,016,111 |
| Receivables, net                     | 41,268       | 37,627       |
| Due from other funds                 | -            | 2,383        |
| Prepaid items                        | 18,241       | 58,958       |
| Total assets                         | \$ 1,441,868 | \$ 2,115,079 |
| <b>Liabilities and fund balances</b> |              |              |
| Liabilities:                         |              |              |
| Accounts payable                     | \$ 19,734    | \$ 20,267    |
| Accrued liabilities                  | 2,502        | 2,383        |
| Due to other funds                   | 64,598       | -            |
| Total liabilities                    | 86,834       | 22,650       |
| Fund balances:                       |              |              |
| Reserved - prepaid expenditures      | 18,241       | 58,958       |
| Unreserved - undesignated            | 1,336,793    | 2,033,471    |
| Total fund balances                  | 1,355,034    | 2,092,429    |
| Total liabilities and fund balances  | \$ 1,441,868 | \$ 2,115,079 |

**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, 2007**

|  | <u>Actual</u>       | <u>Adjustment to<br/>Budgetary Basis</u> | <u>Actual on Budgetary<br/>Basis</u> | <u>Budget</u>      | <u>Variance Positive<br/>(Negative)</u> |
|--|---------------------|--|--------------------------------------|--------------------|---|
| <b>Revenues</b>  |                     |  |                                      |                    |   |
| Taxes  | \$ 455,744          | \$ -                                     | \$ 455,744                           | \$ 450,000         | \$ 5,744                                |
| Intergovernmental  | -                   | -  | -                                    | 1,000,000          | (1,000,000)                             |
| Interest   | 88,725              | -  | 88,725                               | 50,000             | 38,725                                  |
| Other  | 29,464              | -  | 29,464                               | 35,714             | (6,250)                                 |
| Total revenues   | <u>573,933</u>      | <u>-</u>                                 | <u>573,933</u>                       | <u>1,535,714</u>   | <u>(961,781)</u>                        |
| <b>Expenditures</b>  |                     |  |                                      |                    |   |
| Current:   |                     |  |                                      |                    |   |
| Community services   | 1,773,358           | (40,717)                                 | 1,732,641                            | 3,167,000          | 1,434,359                               |
| Total expenditures   | <u>1,773,358</u>    | <u>(40,717)</u>                          | <u>1,732,641</u>                     | <u>3,167,000</u>   | <u>1,434,359</u>                        |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(1,199,425)</u>  | <u>40,717</u>                            | <u>(1,158,708)</u>                   | <u>(1,631,286)</u> | <u>472,578</u>                          |
| <b>Other financing sources (uses)</b>                                |                     |  |                                      |                    |   |
| Transfers in   | 462,030             | -  | 462,030                              | 462,030            | -                                       |
| Total other financing sources (uses)                                 | <u>462,030</u>      | <u>-</u>                                 | <u>462,030</u>                       | <u>462,030</u>     | <u>-</u>                                |
| <b>Net change in fund balances</b>                                   | (737,395)           | 40,717                                   | (696,678)                            | (1,169,256)        | 472,578                                 |
| <b>Fund balance - beginning</b>                                      | <u>2,092,429</u>    | <u>-</u>                                 | <u>2,092,429</u>                     | <u>2,092,429</u>   | <u>-</u>                                |
| <b>Fund balance - ending</b>   | <u>\$ 1,355,034</u> | <u>\$ 40,717</u>                         | <u>\$ 1,395,751</u>                  | <u>\$ 923,173</u>  | <u>\$ 472,578</u>                       |

**CITY OF OAK RIDGE, TENNESSEE  
STATE STREET AID FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|                                      | 2007       | 2006       |
|--------------------------------------|------------|------------|
| <b>Assets</b>                        |            |            |
| Cash and cash equivalents            | \$ 183,362 | \$ 308,737 |
| Due from other governments           | 137,062    | 132,285    |
| Prepaid items                        | 156,344    | 150,976    |
| Total assets                         | \$ 476,768 | \$ 591,998 |
| <b>Liabilities and fund balances</b> |            |            |
| Liabilities:                         |            |            |
| Accounts payable                     | \$ 12,701  | \$ 7,070   |
| Total liabilities                    | 12,701     | 7,070      |
| Fund balances:                       |            |            |
| Reserved for encumbrances            | 250,990    | 369,300    |
| Reserved - prepaid expenditures      | 156,344    | 150,976    |
| Unreserved - undesignated            | 56,733     | 64,652     |
| Total fund balances                  | 464,067    | 584,928    |
| Total liabilities and fund balances  | \$ 476,768 | \$ 591,998 |

**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, 2007**

|  | <u>Actual</u>     | <u>Adjustment to<br/>Budgetary Basis</u> | <u>Actual on<br/>Budgetary Basis</u> | <u>Budget</u>     | <u>Variance Positive<br/>(Negative)</u> |
|--|-------------------|--|--------------------------------------|-------------------|---|
| <b>Revenues</b>  |                   |  |                                      |                   |   |
| Intergovernmental  | \$ 774,461        | \$ -                                     | \$ 774,461                           | \$ 795,000        | \$ (20,539)                             |
| Interest   | 20,740            | -  | 20,740                               | 2,250             | 18,490                                  |
| Total revenues   | <u>795,201</u>    | <u>-</u>                                 | <u>795,201</u>                       | <u>797,250</u>    | <u>(2,049)</u>                          |
| <b>Expenditures</b>  |                   |  |                                      |                   |   |
| Current:   |                   |  |                                      |                   |   |
| Public works   | 1,455,272         | (112,942)                                | 1,342,330                            | 1,424,795         | 82,465                                  |
| Total expenditures   | <u>1,455,272</u>  | <u>(112,942)</u>                         | <u>1,342,330</u>                     | <u>1,424,795</u>  | <u>82,465</u>                           |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(660,071)</u>  | <u>112,942</u>                           | <u>(547,129)</u>                     | <u>(627,545)</u>  | <u>80,416</u>                           |
| <b>Other financing sources (uses)</b>                                |                   |  |                                      |                   |   |
| Transfers in   | 539,210           | -  | 539,210                              | 539,210           | -                                       |
| Total other financing sources (uses)                                 | <u>539,210</u>    | <u>-</u>                                 | <u>539,210</u>                       | <u>539,210</u>    | <u>-</u>                                |
| <b>Net change in fund balances</b>                                   | (120,861)         | 112,942                                  | (7,919)                              | (88,335)          | 80,416                                  |
| <b>Fund balance - beginning</b>                                      | <u>584,928</u>    | <u>-</u>                                 | <u>584,928</u>                       | <u>584,928</u>    | <u>-</u>                                |
| <b>Fund balance - ending</b>   | <u>\$ 464,067</u> | <u>\$ 112,942</u>                        | <u>\$ 577,009</u>                    | <u>\$ 496,593</u> | <u>\$ 80,416</u>                        |

**CITY OF OAK RIDGE, TENNESSEE  
STREET AND PUBLIC TRANSPORTATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|  | <b>2007</b> | <b>2006</b> |
|--|-------------|-------------|
| <b>Assets</b>                            |             |             |
| Cash and cash equivalents                | \$ 105,393  | \$ 107,697  |
| Due from other governments               | 43,664      | 26,259      |
| Total assets                             | \$ 149,057  | \$ 133,956  |
| <br><b>Liabilities and fund balances</b> |             |             |
| Liabilities:                             |             |             |
| Accounts payable                         | \$ 52,766   | \$ 12,859   |
| Total liabilities                        | 52,766      | 12,859      |
| Fund balances:                           |             |             |
| Unreserved - undesignated                | 96,291      | 121,097     |
| Total fund balances                      | 96,291      | 121,097     |
| Total liabilities and fund balances      | \$ 149,057  | \$ 133,956  |

**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, 2007**

|  | <u>Actual</u>    | <u>Adjustment to<br/>Budgetary Basis</u> | <u>Actual on<br/>Budgetary Basis</u> | <u>Budget</u>    | <u>Variance Positive<br/>(Negative)</u> |
|--|------------------|--|--------------------------------------|------------------|---|
| <b>Revenues</b>  |                  |  |                                      |                  |   |
| Intergovernmental  | \$ 160,937       | \$ -                                     | \$ 160,937                           | \$ 195,000       | \$ (34,063)                             |
| Interest   | 5,317            | -  | 5,317                                | 2,000            | 3,317                                   |
| Total revenues   | <u>166,254</u>   | <u>-</u>                                 | <u>166,254</u>                       | <u>197,000</u>   | <u>(30,746)</u>                         |
| <b>Expenditures</b>  |                  |  |                                      |                  |   |
| Current:   |                  |  |                                      |                  |   |
| Public works   | 648              | -  | 648                                  | -                | (648)                                   |
| Community services   | 201,202          | -  | 201,202                              | 266,000          | 64,798                                  |
| Total expenditures   | <u>201,850</u>   | <u>-</u>                                 | <u>201,850</u>                       | <u>266,000</u>   | <u>64,150</u>                           |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(35,596)</u>  | <u>-</u>                                 | <u>(35,596)</u>                      | <u>(69,000)</u>  | <u>33,404</u>                           |
| <b>Other financing sources (uses)</b>                                |                  |  |                                      |                  |   |
| Transfers in   | 10,790           | -  | 10,790                               | 10,790           | -                                       |
| Total other financing sources (uses)                                 | <u>10,790</u>    | <u>-</u>                                 | <u>10,790</u>                        | <u>10,790</u>    | <u>-</u>                                |
| <b>Net change in fund balances</b>                                   | <u>(24,806)</u>  | <u>-</u>                                 | <u>(24,806)</u>                      | <u>(58,210)</u>  | <u>33,404</u>                           |
| <b>Fund balance - beginning</b>                                      | <u>121,097</u>   | <u>-</u>                                 | <u>121,097</u>                       | <u>121,097</u>   | <u>-</u>                                |
| <b>Fund balance - ending</b>   | <u>\$ 96,291</u> | <u>\$ -</u>                              | <u>\$ 96,291</u>                     | <u>\$ 62,887</u> | <u>\$ 33,404</u>                        |

**CITY OF OAK RIDGE, TENNESSEE  
GRANT FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|  | 2007       | 2006       |
|--|------------|------------|
| <b>Assets</b>                            |            |            |
| Due from other governments               | \$ 218,213 | \$ 228,075 |
| Total assets                             | \$ 218,213 | \$ 228,075 |
| <br><b>Liabilities and fund balances</b> |            |            |
| Liabilities:                             |            |            |
| Accounts payable                         | \$ 47,190  | \$ 53,936  |
| Accrued liabilities                      | 1,061      | 916        |
| Due to other funds                       | 118,614    | 113,080    |
| Deferred revenue                         | -          | 8,795      |
| Total liabilities                        | 166,865    | 176,727    |
| <br>Fund balances:                       |            |            |
| Unreserved - undesignated                | 51,348     | 51,348     |
| Total fund balances                      | 51,348     | 51,348     |
| Total liabilities and fund balances      | \$ 218,213 | \$ 228,075 |

**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, 2007**

|  | <u>Actual</u>    | <u>Adjustment to<br/>Budgetary Basis</u> | <u>Actual on<br/>Budgetary Basis</u> | <u>Budget</u>    | <u>Variance Positive<br/>(Negative)</u> |
|--|------------------|--|--------------------------------------|------------------|---|
| <b>Revenues</b>  |                  |  |                                      |                  |   |
| Intergovernmental  | \$ 726,555       | \$ -                                     | \$ 726,555                           | \$ 3,506,900     | \$ (2,780,345)                          |
| Total revenues   | <u>726,555</u>   | <u>-</u>                                 | <u>726,555</u>                       | <u>3,506,900</u> | <u>(2,780,345)</u>                      |
| <b>Expenditures</b>  |                  |  |                                      |                  |   |
| Current:   |                  |  |                                      |                  |   |
| Public safety  | 45,059           | -  | 45,059                               | 80,000           | 34,941                                  |
| Community services   | 759,481          | -  | 759,481                              | 500,250          | (259,231)                               |
| Capital outlay   | -                | -  | -                                    | 3,000,000        | 3,000,000                               |
| Principal retirement   | 56,000           | -  | 56,000                               | 56,000           | -                                       |
| Interest and fiscal charges  | 34,365           | -  | 34,365                               | 39,000           | 4,635                                   |
| Total expenditures   | <u>894,905</u>   | <u>-</u>                                 | <u>894,905</u>                       | <u>3,675,250</u> | <u>2,780,345</u>                        |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(168,350)</u> | <u>-</u>                                 | <u>(168,350)</u>                     | <u>(168,350)</u> | <u>-</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>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>\$ 51,348</u> | <u>\$ -</u>                              | <u>\$ 51,348</u>                     | <u>\$ 51,348</u> | <u>\$ -</u>                             |

**CITY OF OAK RIDGE, TENNESSEE  
SOLID WASTE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|  | <u>2007</u>       | <u>2006</u>       |
|--|-------------------|-------------------|
| <b>Assets</b>                            |                   |                   |
| Due from other funds                     | \$ 190,064        | \$ 161,663        |
| Total assets                             | <u>\$ 190,064</u> | <u>\$ 161,663</u> |
| <br><b>Liabilities and fund balances</b> |                   |                   |
| Liabilities:                             |                   |                   |
| Accounts payable                         | \$ 190,064        | \$ 161,663        |
| Total liabilities                        | <u>190,064</u>    | <u>161,663</u>    |
| <br>Fund balances:                       |                   |                   |
| Unreserved - undesignated                | <u>-</u>          | <u>-</u>          |
| Total fund balances                      | <u>-</u>          | <u>-</u>          |
| Total liabilities and fund balances      | <u>\$ 190,064</u> | <u>\$ 161,663</u> |

**CITY OF OAK RIDGE, TENNESSEE**  
**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**For the Fiscal Year Ended June 30, 2007**

|  | <u>Actual</u>      | <u>Adjustment to<br/>Budgetary Basis</u> | <u>Actual on<br/>Budgetary Basis</u> | <u>Budget</u>      | <u>Variance Positive<br/>(Negative)</u> |
|--|--------------------|--|--------------------------------------|--------------------|---|
| <b>Revenues</b>  |                    |  |                                      |                    |   |
| Charges for services   | \$ 709,482         | \$ -                                     | \$ 709,482                           | \$ 702,000         | \$ 7,482                                |
| Total revenues   | <u>709,482</u>     | <u>-</u>                                 | <u>709,482</u>                       | <u>702,000</u>     | <u>7,482</u>                            |
| <b>Expenditures</b>  |                    |  |                                      |                    |   |
| Current:   |                    |  |                                      |                    |   |
| Community services   | 1,885,340          | -  | 1,885,340                            | 1,885,340          | -                                       |
| Total expenditures   | <u>1,885,340</u>   | <u>-</u>                                 | <u>1,885,340</u>                     | <u>1,885,340</u>   | <u>-</u>                                |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(1,175,858)</u> | <u>-</u>                                 | <u>(1,175,858)</u>                   | <u>(1,183,340)</u> | <u>7,482</u>                            |
| <b>Other financing sources (uses)</b>                                |                    |  |                                      |                    |   |
| Transfers in   | 1,175,858          | -  | 1,175,858                            | 1,183,340          | (7,482)                                 |
| Total other financing sources (uses)                                 | <u>1,175,858</u>   | <u>-</u>                                 | <u>1,175,858</u>                     | <u>1,183,340</u>   | <u>(7,482)</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, 2007 and 2006**

|  | 2007       | 2006      |
|--|------------|-----------|
| <b>Assets</b>                            |            |           |
| Cash and cash equivalents                | \$ 150,643 | \$ 63,612 |
| Prepaid items                            | 3,344      | 5,576     |
| Total assets                             | \$ 153,987 | \$ 69,188 |
| <br><b>Liabilities and fund balances</b> |            |           |
| Liabilities:                             |            |           |
| Accounts payable                         | \$ 2,247   | \$ 958    |
| Total liabilities                        | 2,247      | 958       |
| Fund balances:                           |            |           |
| Reserved for special programs            | 148,396    | 62,654    |
| Reserved - prepaid expenditures          | 3,344      | 5,576     |
| Total fund balances                      | 151,740    | 68,230    |
| Total liabilities and fund balances      | \$ 153,987 | \$ 69,188 |

**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, 2007**

|  | <u>Actual</u>     | <u>Adjustment to<br/>Budgetary Basis</u> | <u>Actual on<br/>Budgetary Basis</u> | <u>Budget</u>    | <u>Variance Positive<br/>(Negative)</u> |
|--|-------------------|--|--------------------------------------|------------------|---|
| <b>Revenues</b>  |                   |  |                                      |                  |   |
| Intergovernmental  | \$ 103,381        | \$ -                                     | \$ 103,381                           | \$ 15,000        | \$ 88,381                               |
| Fines and forfeitures  | 81,973            | -  | 81,973                               | 65,000           | 16,973                                  |
| Interest   | 6,852             | -  | 6,852                                | 1,000            | 5,852                                   |
| Other  | 10,300            | -  | 10,300                               | 10,000           | 300                                     |
| Total revenues   | <u>202,506</u>    | <u>-</u>                                 | <u>202,506</u>                       | <u>91,000</u>    | <u>111,506</u>                          |
| <b>Expenditures</b>  |                   |  |                                      |                  |   |
| Current:   |                   |  |                                      |                  |   |
| Public safety  | 118,996           | -  | 118,996                              | 98,450           | (20,546)                                |
| Total expenditures   | <u>118,996</u>    | <u>-</u>                                 | <u>118,996</u>                       | <u>98,450</u>    | <u>(20,546)</u>                         |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>83,510</u>     | <u>-</u>                                 | <u>83,510</u>                        | <u>(7,450)</u>   | <u>90,960</u>                           |
| <b>Net change in fund balances</b>                                   | 83,510            | -  | 83,510                               | (7,450)          | 90,960                                  |
| <b>Fund balance - beginning</b>                                      | <u>68,230</u>     | <u>-</u>                                 | <u>68,230</u>                        | <u>68,230</u>    | <u>-</u>                                |
| <b>Fund balance - ending</b>   | <u>\$ 151,740</u> | <u>\$ -</u>                              | <u>\$ 151,740</u>                    | <u>\$ 60,780</u> | <u>\$ 90,960</u>                        |

**CITY OF OAK RIDGE, TENNESSEE  
GOLF COURSE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|   | <u>2007</u>           | <u>2006</u>           |
|---|-----------------------|-----------------------|
| <b>Assets</b>                           |                       |                       |
| Cash and cash equivalents               | \$ 800,615            | \$ 737,618            |
| Receivables, net                        | 66,148                | 55,576                |
| Inventories, at cost                    | 35,976                | 48,927                |
| Total assets                            | <u>\$ 902,739</u>     | <u>\$ 842,121</u>     |
| <br><b>Fund balances</b>                |                       |                       |
| Fund balances:                          |                       |                       |
| Reserved for inventories                | \$ 35,976             | \$ 48,927             |
| Unreserved - undesignated               | 866,763               | 793,194               |
| Total fund balances                     | <u>902,739</u>        | <u>842,121</u>        |
| <br>Total liabilities and fund balances | <br><u>\$ 902,739</u> | <br><u>\$ 842,121</u> |

**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, 2007**

|  | <u>Actual</u>     | <u>Adjustment to<br/>Budgetary<br/>Basis</u> | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Budget</u>     | <u>Variance Positive<br/>(Negative)</u> |
|--|-------------------|--|--|-------------------|---|
| <b>Revenues</b>  |                   |  |  |                   |   |
| Charges for services   | \$ 1,342,663      | \$ -   | \$ 1,342,663                             | \$1,276,598       | \$ 66,065                               |
| Interest   | 34,943            | -  | 34,943                                   | 10,000            | 24,943                                  |
| Total revenues   | <u>1,377,606</u>  | <u>-</u>                                     | <u>1,377,606</u>                         | <u>1,286,598</u>  | <u>91,008</u>                           |
| <b>Expenditures</b>  |                   |  |  |                   |   |
| Current:   |                   |  |  |                   |   |
| Community services   | 1,316,988         | -  | 1,316,988                                | 1,389,383         | 72,395                                  |
| Interest and fiscal charges  | -                 | -  | -  | 292,182           | 292,182                                 |
| Total expenditures   | <u>1,316,988</u>  | <u>-</u>                                     | <u>1,316,988</u>                         | <u>1,681,565</u>  | <u>364,577</u>                          |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>60,618</u>     | <u>-</u>                                     | <u>60,618</u>                            | <u>(394,967)</u>  | <u>455,585</u>                          |
| Transfers in   | -                 | -  | -  | 300,000           | (300,000)                               |
| Total other financing sources (uses)                                 | <u>-</u>          | <u>-</u>                                     | <u>-</u>                                 | <u>300,000</u>    | <u>(300,000)</u>                        |
| <b>Net change in fund balances</b>                                   | <u>60,618</u>     | <u>-</u>                                     | <u>60,618</u>                            | <u>(94,967)</u>   | <u>155,585</u>                          |
| <b>Fund balance - beginning</b>                                      | <u>842,121</u>    | <u>-</u>                                     | <u>842,121</u>                           | <u>842,121</u>    | <u>-</u>                                |
| <b>Fund balance - ending</b>   | <u>\$ 902,739</u> | <u>\$ -</u>                                  | <u>\$ 902,739</u>                        | <u>\$ 747,154</u> | <u>\$ 155,585</u>                       |

**CITY OF OAK RIDGE, TENNESSEE  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|                                      | <u>2007</u>         | <u>2006</u>         |
|--------------------------------------|---------------------|---------------------|
| <b>Assets</b>                        |                     |                     |
| Cash and cash equivalents            | \$ 8,020,361        | \$ 5,983,725        |
| Due from other governments           | 331,091             | 421,179             |
| Total assets                         | <u>\$ 8,351,452</u> | <u>\$ 6,404,904</u> |
| <b>Liabilities and fund balances</b> |                     |                     |
| Liabilities:                         |                     |                     |
| Accounts payable                     | \$ -                | \$ 2,500            |
| Due to other funds                   | 1,851               | -                   |
| Total liabilities                    | <u>1,851</u>        | <u>2,500</u>        |
| Fund balances:                       |                     |                     |
| Unreserved, designated for:          |                     |                     |
| Debt service                         | <u>8,349,601</u>    | <u>6,402,404</u>    |
| Total fund balances                  | <u>8,349,601</u>    | <u>6,402,404</u>    |
| Total liabilities and fund balances  | <u>\$ 8,351,452</u> | <u>\$ 6,404,904</u> |

**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, 2007**

|  | <u>Actual</u>       | <u>Adjustment to<br/>Budgetary Basis</u> | <u>Actual on<br/>Budgetary Basis</u> | <u>Budget</u>        | <u>Variance Positive<br/>(Negative)</u> |
|--|---------------------|--|--------------------------------------|----------------------|---|
| <b>Revenues</b>  |                     |  |                                      |                      |   |
| Taxes  | \$ 1,970,689        | \$ -                                     | \$ 1,970,689                         | \$ 2,403,000         | \$ (432,311)                            |
| Charges for services   | 1,010,777           | -  | 1,010,777                            | 1,010,777            | -                                       |
| Interest   | 338,223             | -  | 338,223                              | 125,000              | 213,223                                 |
| Other  | 120,287             | -  | 120,287                              | 2,351,235            | (2,230,948)                             |
| Total revenues   | <u>3,439,976</u>    | <u>-</u>                                 | <u>3,439,976</u>                     | <u>5,890,012</u>     | <u>(2,450,036)</u>                      |
| <b>Expenditures</b>  |                     |  |                                      |                      |   |
| Debt service:  |                     |  |                                      |                      |   |
| Principal retirement   | 2,568,468           | -  | 2,568,468                            | 2,769,749            | 201,281                                 |
| Interest and fiscal charges  | 2,902,619           | -  | 2,902,619                            | 3,401,136            | 498,517                                 |
| Total expenditures   | <u>5,471,087</u>    | <u>-</u>                                 | <u>5,471,087</u>                     | <u>6,170,885</u>     | <u>699,798</u>                          |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(2,031,111)</u>  | <u>-</u>                                 | <u>(2,031,111)</u>                   | <u>(280,873)</u>     | <u>(1,750,238)</u>                      |
| <b>Other financing sources (uses)</b>                                |                     |  |                                      |                      |   |
| Transfers in   | 3,978,308           | -  | 3,978,308                            | 4,549,765            | (571,457)                               |
| Total other financing sources (uses)                                 | <u>3,978,308</u>    | <u>-</u>                                 | <u>3,978,308</u>                     | <u>4,549,765</u>     | <u>(571,457)</u>                        |
| <b>Net change in fund balances</b>                                   | 1,947,197           | -  | 1,947,197                            | 4,268,892            | (2,321,695)                             |
| <b>Fund balance - beginning</b>                                      | <u>6,402,404</u>    | <u>-</u>                                 | <u>6,402,404</u>                     | <u>6,402,404</u>     | <u>-</u>                                |
| <b>Fund balance - ending</b>   | <u>\$ 8,349,601</u> | <u>\$ -</u>                              | <u>\$ 8,349,601</u>                  | <u>\$ 10,671,296</u> | <u>\$ (2,321,695)</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, 2007 and 2006**

|  | Insurance    |              | Inventory |           | City Equipment Replacement |              | School Equipment Replacement |              | Totals        |               |
|--|--------------|--------------|-----------|-----------|----------------------------|--------------|------------------------------|--------------|---------------|---------------|
|  | 2007         | 2006         | 2007      | 2006      | 2007                       | 2006         | 2007                         | 2006         | June 30, 2007 | June 30, 2006 |
| <b>ASSETS</b>                                  |              |              |           |           |                            |              |                              |              |               |               |
| Current assets                                 |              |              |           |           |                            |              |                              |              |               |               |
| Cash and cash equivalents                      | \$ 1,325,126 | \$ 1,243,398 | \$ -      | \$ -      | \$ 11,572                  | \$ 53,697    | \$ 862,252                   | \$ 850,195   | \$ 2,198,950  | \$ 2,147,290  |
| Due from other funds                           | -            | -            | -         | -         | 9,284                      | 6,690        | -                            | -            | 9,284         | 6,690         |
| Due from other governments                     | -            | -            | -         | -         | 42,858                     | -            | -                            | -            | 42,858        | -             |
| Inventory, at cost                             | -            | -            | 2,409,357 | 2,314,377 | -                          | -            | -                            | -            | 2,409,357     | 2,314,377     |
| Total current assets                           | 1,325,126    | 1,243,398    | 2,409,357 | 2,314,377 | 63,714                     | 60,387       | 862,252                      | 850,195      | 4,660,449     | 4,468,357     |
| Noncurrent assets                              |              |              |           |           |                            |              |                              |              |               |               |
| Capital assets, net                            | -            | -            | -         | -         | 2,737,891                  | 2,963,708    | 1,246,652                    | 1,452,697    | 3,984,543     | 4,416,405     |
| Deferred charges                               | -            | -            | -         | -         | 5,528                      | 6,462        | -                            | -            | 5,528         | 6,462         |
| Total noncurrent assets                        | -            | -            | -         | -         | 2,743,419                  | 2,970,170    | 1,246,652                    | 1,452,697    | 3,990,071     | 4,422,867     |
| Total assets                                   | 1,325,126    | 1,243,398    | 2,409,357 | 2,314,377 | 2,807,133                  | 3,030,557    | 2,108,904                    | 2,302,892    | 8,650,520     | 8,891,224     |
| <b>LIABILITIES</b>                             |              |              |           |           |                            |              |                              |              |               |               |
| Current liabilities                            |              |              |           |           |                            |              |                              |              |               |               |
| Accounts payable                               | 46,643       | 30,157       | 89,721    | 57,234    | 29,134                     | 14,682       | -                            | -            | 165,498       | 102,073       |
| Claims payable                                 | 150,000      | 175,000      | -         | -         | -                          | -            | -                            | -            | 150,000       | 175,000       |
| Accrued liabilities                            | -            | -            | -         | -         | 8,535                      | 7,180        | -                            | -            | 8,535         | 7,180         |
| Due to other funds                             | -            | 10,000       | 332,136   | 269,643   | -                          | -            | -                            | -            | 332,136       | 279,643       |
| Advances from other funds                      | -            | -            | 1,987,500 | 1,987,500 | -                          | -            | -                            | -            | 1,987,500     | 1,987,500     |
| Current portion of notes and bonds payable     | -            | -            | -         | -         | 249,427                    | 226,427      | -                            | -            | 249,427       | 226,427       |
| Accrued interest payable                       | -            | -            | -         | -         | 2,828                      | 3,193        | -                            | -            | 2,828         | 3,193         |
| Total current liabilities                      | 196,643      | 215,157      | 2,409,357 | 2,314,377 | 289,924                    | 251,482      | -                            | -            | 2,895,924     | 2,781,016     |
| Noncurrent liabilities                         |              |              |           |           |                            |              |                              |              |               |               |
| Vacation benefits payable                      | -            | -            | -         | -         | 30,683                     | 32,416       | -                            | -            | 30,683        | 32,416        |
| Bonds payable                                  | -            | -            | -         | -         | 796,177                    | 980,604      | -                            | -            | 796,177       | 980,604       |
| Total noncurrent liabilities                   | -            | -            | -         | -         | 826,860                    | 1,013,020    | -                            | -            | 826,860       | 1,013,020     |
| Total liabilities                              | 196,643      | 215,157      | 2,409,357 | 2,314,377 | 1,116,784                  | 1,264,502    | -                            | -            | 3,722,784     | 3,794,036     |
| <b>NET ASSETS</b>                              |              |              |           |           |                            |              |                              |              |               |               |
| Invested in capital assets net of related debt | -            | -            | -         | -         | 1,757,287                  | 1,808,677    | 1,246,652                    | 1,452,697    | 3,003,939     | 3,261,374     |
| Unrestricted                                   | 1,128,483    | 1,028,241    | -         | -         | (66,938)                   | (42,622)     | 862,252                      | 850,195      | 1,923,797     | 1,835,814     |
| Total net assets                               | \$ 1,128,483 | \$ 1,028,241 | \$ -      | \$ -      | \$ 1,690,349               | \$ 1,766,055 | \$ 2,108,904                 | \$ 2,302,892 | \$ 4,927,736  | \$ 5,097,188  |

**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, 2007 and June 30, 2006

|                                       | Insurance    |              | Inventory    |              | City Equipment Replacement |              | School Equipment Replacement |              | Totals        |               |
|---------------------------------------|--------------|--------------|--------------|--------------|----------------------------|--------------|------------------------------|--------------|---------------|---------------|
|                                       | 2007         | 2006         | 2007         | 2006         | 2007                       | 2006         | 2007                         | 2006         | June 30, 2007 | June 30, 2006 |
| <b>Operating revenues</b>             |              |              |              |              |                            |              |                              |              |               |               |
| Charges for services                  | \$ 2,898,844 | \$ 2,398,777 | \$ 2,597,887 | \$ 2,508,131 | \$ 2,691,130               | \$ 2,956,053 | \$ 15,000                    | \$ 113,719   | \$ 8,202,861  | \$ 7,976,680  |
| Employer's contributions              | 2,339,255    | 2,408,328    | -            | -            | -                          | -            | -                            | -            | 2,339,255     | 2,408,328     |
| Employees' contributions              | 709,196      | 716,000      | -            | -            | -                          | -            | -                            | -            | 709,196       | 716,000       |
| Other                                 | -            | -            | -            | -            | -                          | -            | -                            | 7,500        | -             | 7,500         |
| Total operating revenues              | 5,947,295    | 5,523,105    | 2,597,887    | 2,508,131    | 2,691,130                  | 2,956,053    | 15,000                       | 121,219      | 11,251,312    | 11,108,508    |
| <b>Operating expenses</b>             |              |              |              |              |                            |              |                              |              |               |               |
| Maintenance and administrative        | -            | -            | -            | -            | 1,441,681                  | 1,660,136    | -                            | -            | 1,441,681     | 1,660,136     |
| Depreciation                          | -            | -            | -            | -            | 723,090                    | 711,574      | 197,560                      | 194,823      | 920,650       | 906,397       |
| Materials                             | -            | -            | 2,597,887    | 2,508,131    | 651,786                    | 577,469      | -                            | -            | 3,249,673     | 3,085,600     |
| Medical/liability claims              | 211,154      | 219,005      | -            | -            | -                          | -            | -                            | -            | 211,154       | 219,005       |
| Insurance premiums                    | 5,706,584    | 5,201,446    | -            | -            | -                          | -            | -                            | -            | 5,706,584     | 5,201,446     |
| Total operating expenses              | 5,917,738    | 5,420,451    | 2,597,887    | 2,508,131    | 2,816,557                  | 2,949,179    | 197,560                      | 194,823      | 11,529,742    | 11,072,584    |
| <b>Operating income (loss)</b>        | 29,557       | 102,654      | -            | -            | (125,427)                  | 6,874        | (182,560)                    | (73,604)     | (278,430)     | 35,924        |
| <b>Nonoperating revenue (expense)</b> |              |              |              |              |                            |              |                              |              |               |               |
| Gain on sale of capital assets        | -            | -            | -            | -            | 37,964                     | 14,155       | (11,112)                     | 13,465       | 26,852        | 27,620        |
| Intergovernmental revenue             | -            | -            | -            | -            | 42,858                     | -            | -                            | -            | 42,858        | -             |
| Interest revenue                      | 70,685       | 42,475       | -            | -            | 6,804                      | 13,957       | -                            | -            | 77,489        | 56,432        |
| Interest expense                      | -            | -            | -            | -            | (37,905)                   | (41,432)     | (316)                        | (1,674)      | (38,221)      | (43,106)      |
| Total nonoperating revenue (expense)  | 70,685       | 42,475       | -            | -            | 49,721                     | (13,320)     | (11,428)                     | 11,791       | 108,978       | 40,946        |
| <b>Change in net assets</b>           | 100,242      | 145,129      | -            | -            | (75,706)                   | (6,446)      | (193,988)                    | (61,813)     | (169,452)     | 76,870        |
| <b>Total net assets - beginning</b>   | 1,028,241    | 883,112      | -            | -            | 1,766,055                  | 1,772,501    | 2,302,892                    | 2,364,705    | 5,097,188     | 5,020,318     |
| <b>Total net assets - ending</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  |

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Years Ended June 30, 2007 and June 30, 2006**

|   | Insurance    |              | Inventory    |              | City Equipment Replacement |              | School Equipment Replacement |            | Totals        |               |
|---|--------------|--------------|--------------|--------------|----------------------------|--------------|------------------------------|------------|---------------|---------------|
|   | 2007         | 2006         | 2007         | 2006         | 2007                       | 2006         | 2007                         | 2006       | June 30, 2007 | June 30, 2006 |
| <b>Operating activities</b>   |              |              |              |              |                            |              |                              |            |               |               |
| Cash received from customers  | \$ 5,947,295 | \$ 5,523,105 | \$ 2,597,887 | \$ 2,508,131 | \$ 2,691,130               | \$ 2,956,053 | \$ 15,000                    | \$ 121,219 | \$ 11,251,312 | \$ 11,108,508 |
| Cash paid to suppliers  | (5,926,252)  | (5,493,643)  | (2,660,380)  | (2,982,582)  | (2,079,393)                | (2,346,035)  | -                            | -          | (10,666,025)  | (10,822,260)  |
| <b>Net cash provided by (used in) operating activities</b>            | 21,043       | 29,462       | (62,493)     | (474,451)    | 611,737                    | 610,018      | 15,000                       | 121,219    | 585,287       | 286,248       |
| <b>Noncapital financing activities</b>                                |              |              |              |              |                            |              |                              |            |               |               |
| Transfers from other funds  | -            | 18,220       | 62,493       | 149,451      | -                          | -            | -                            | -          | 62,493        | 167,671       |
| Transfers to other funds  | (10,000)     | -            | -            | -            | (2,594)                    | (6,690)      | -                            | -          | (12,594)      | (6,690)       |
| Advances from (to) other funds  | -            | -            | -            | 325,000      | -                          | -            | -                            | -          | -             | 325,000       |
| <b>Net cash provided by (used in) noncapital financing activities</b> | (10,000)     | 18,220       | 62,493       | 474,451      | (2,594)                    | (6,690)      | -                            | -          | 49,899        | 485,981       |
| <b>Capital and related financing activities</b>                       |              |              |              |              |                            |              |                              |            |               |               |
| Acquisition and construction of capital assets                        | -            | -            | -            | -            | (459,309)                  | (876,977)    | (2,627)                      | (139,273)  | (461,936)     | (1,016,250)   |
| Principal paid on long-term debt                                      | -            | -            | -            | -            | (160,493)                  | (167,491)    | -                            | -          | (160,493)     | (167,491)     |
| Interest paid on long-term debt                                       | -            | -            | -            | -            | (38,270)                   | (41,715)     | (316)                        | (1,674)    | (38,586)      | (43,389)      |
| <b>Net cash used in capital and related financing activities</b>      | -            | -            | -            | -            | (658,072)                  | (1,086,183)  | (2,943)                      | (140,947)  | (661,015)     | (1,227,130)   |
| <b>Investing activities</b>   |              |              |              |              |                            |              |                              |            |               |               |
| Interest and dividends on investments                                 | 70,685       | 42,475       | -            | -            | 6,804                      | 13,957       | -                            | -          | 77,489        | 56,432        |
| <b>Net cash provided by investing activities</b>                      | 70,685       | 42,475       | -            | -            | 6,804                      | 13,957       | -                            | -          | 77,489        | 56,432        |
| <b>Net increase (decrease) in cash and cash equivalents</b>           | 81,728       | 90,157       | -            | -            | (42,125)                   | (468,898)    | 12,057                       | (19,728)   | 51,660        | (398,469)     |
| <b>Cash and cash equivalents</b>                                      |              |              |              |              |                            |              |                              |            |               |               |
| Beginning of year   | 1,243,398    | 1,153,241    | -            | -            | 53,697                     | 522,595      | 850,195                      | 869,923    | 2,147,290     | 2,545,759     |
| <b>End of year</b>  | \$ 1,325,126 | \$ 1,243,398 | \$ -         | \$ -         | \$ 11,572                  | \$ 53,697    | \$ 862,252                   | \$ 850,195 | \$ 2,198,950  | \$ 2,147,290  |

Continued.

**CITY OF OAK RIDGE, TENNESSEE  
COMBINING STATEMENTS OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Fiscal Years Ended June 30, 2007 and June 30, 2006**

|  | Insurance        |                  | Inventory          |                     | City Equipment Replacement |                   | School Equipment Replacement |                   | Totals            |                   |
|--|------------------|------------------|--------------------|---------------------|----------------------------|-------------------|------------------------------|-------------------|-------------------|-------------------|
|  | 2007             | 2006             | 2007               | 2006                | 2007                       | 2006              | 2007                         | 2006              | June 30, 2007     | June 30, 2006     |
| Operating income (loss)  | \$ 29,557        | \$ 102,654       | \$ -               | \$ -                | \$ (125,427)               | \$ 6,874          | \$ (182,560)                 | \$ (73,604)       | \$ (278,430)      | \$ 35,924         |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                  |                  |                    |                     |                            |                   |                              |                   |                   |                   |
| Depreciation   | -                | -                | -                  | -                   | 723,090                    | 711,574           | 197,560                      | 194,823           | 920,650           | 906,397           |
| Change in assets and liabilities   |                  |                  |                    |                     |                            |                   |                              |                   |                   |                   |
| (Increase) decrease in inventory, at cost  | -                | -                | (94,980)           | (408,676)           | -                          | -                 | -                            | -                 | (94,980)          | (408,676)         |
| Increase (decrease) in accounts payable  | 16,486           | (18,192)         | 32,487             | (65,775)            | 14,452                     | (103,699)         | -                            | -                 | 63,425            | (187,666)         |
| Increase (decrease) in claims payable  | (25,000)         | (55,000)         | -                  | -                   | -                          | -                 | -                            | -                 | (25,000)          | (55,000)          |
| Increase (decrease) in accrued liabilities   | -                | -                | -                  | -                   | 1,355                      | (3,241)           | -                            | -                 | 1,355             | (3,241)           |
| Increase (decrease) in accrued vacation  | -                | -                | -                  | -                   | (1,733)                    | (1,490)           | -                            | -                 | (1,733)           | (1,490)           |
| Total adjustments  | (8,514)          | (73,192)         | (62,493)           | (474,451)           | 737,164                    | 603,144           | 197,560                      | 194,823           | 863,717           | 250,324           |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ 21,043</b> | <b>\$ 29,462</b> | <b>\$ (62,493)</b> | <b>\$ (474,451)</b> | <b>\$ 611,737</b>          | <b>\$ 610,018</b> | <b>\$ 15,000</b>             | <b>\$ 121,219</b> | <b>\$ 585,287</b> | <b>\$ 286,248</b> |

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

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

Change in assets and liabilities  
(Increase) decrease in inventory, at cost  
Increase (decrease) in accounts payable  
Increase (decrease) in claims payable  
Increase (decrease) in accrued liabilities  
Increase (decrease) in accrued vacation  
Total adjustments

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



**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|                                      | <u>2007</u>          | <u>2006</u>          |
|--------------------------------------|----------------------|----------------------|
| <b>Assets</b>                        |                      |                      |
| Cash and cash equivalents            | \$ 349,925           | \$ 2,731,268         |
| Receivables, net                     | 16,832,666           | 15,379,001           |
| Due from other funds                 | 4,413,001            | 2,677,097            |
| Due from other governments           | 3,103,986            | 1,892,694            |
| Advances to other funds              | 112,500              | 112,500              |
| Prepaid items                        | 6,870                | -                    |
| Total assets                         | <u>\$ 24,818,948</u> | <u>\$ 22,792,560</u> |
| <b>Liabilities and fund balances</b> |                      |                      |
| Liabilities:                         |                      |                      |
| Accounts payable                     | \$ 246,499           | \$ 168,499           |
| Accrued liabilities                  | 642,093              | 555,928              |
| Deposits                             | 389,555              | 412,018              |
| Due to other funds                   | 199,348              | 181,121              |
| Due to other governments             | 117,952              | 62,316               |
| Deferred revenue                     | 17,451,211           | 15,931,402           |
| Total liabilities                    | <u>19,046,658</u>    | <u>17,311,284</u>    |
| Fund balances:                       |                      |                      |
| Reserved for encumbrances            | 303,568              | 311,018              |
| Reserved - prepaid expenditures      | 6,870                | -                    |
| Reserved for advances to other funds | 112,500              | 112,500              |
| Unreserved - undesignated            | 5,349,352            | 5,057,758            |
| Total fund balances                  | <u>5,772,290</u>     | <u>5,481,276</u>     |
| Total liabilities and fund balances  | <u>\$ 24,818,948</u> | <u>\$ 22,792,560</u> |

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2007**

|                               | Actual<br>on<br>Budgetary<br>Basis | Budget                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-------------------------------|------------------------------------|--------------------------|---|
| <u>TAXES</u>                  |                                    |                          |   |
| <u>General Property Taxes</u> |                                    |                          |   |
| Real Property                 | \$ 14,467,122                      | \$ 14,152,000            | \$ 315,122  |
| Personal Property             | 1,357,025                          | 1,411,000                | (53,975)  |
| Public Utilities              | 281,806                            | 266,000                  | 15,806  |
| Interest & Penalties          | 177,488                            | 110,000                  | 67,488  |
| Total General Property Taxes  | <u>16,283,441</u>                  | <u>15,939,000</u>        | <u>344,441</u>  |
| <u>Other Property Taxes</u>   |                                    |                          |   |
| Other than assessed           | 40,237                             | 46,000                   | (5,763)   |
| Tax Equiv. - Electric Fund    | 1,243,606                          | 1,247,750                | (4,144)   |
| Tax Equiv. - Waterworks Fund  | 1,258,738                          | 1,244,060                | 14,678  |
| Total Other Property Taxes    | <u>2,542,581</u>                   | <u>2,537,810</u>         | <u>4,771</u>  |
| <u>Gross Receipts Taxes</u>   |                                    |                          |   |
| Beer Wholesale                | 583,452                            | 565,000                  | 18,452  |
| Liquor Wholesale              | 228,558                            | 215,000                  | 13,558  |
| Sales Tax - Local             | 335,002                            | 290,000                  | 45,002  |
| Min. & Gross Receipts         | 867,584                            | 880,000                  | (12,416)  |
| Pen. & Int. on Bus. Tax       | 19,235                             | 10,000                   | 9,235   |
| Rec. Fee on Bus. Tax          | 26,407                             | -                        | 26,407  |
| Total Gross Receipts Taxes    | <u>2,060,238</u>                   | <u>1,960,000</u>         | <u>100,238</u>  |
| <br>TOTAL TAXES               | <br><u>20,886,260</u>              | <br><u>20,436,810</u>    | <br><u>449,450</u>                                      |
| <u>LICENSES &amp; PERMITS</u> |                                    |                          |   |
| Retail Beer                   | 8,758                              | 20,000                   | (11,242)  |
| Liquor Licenses & Permits     | 12,480                             | -                        | 12,480  |
| Bldg., Zoning & Exam.         | 169,526                            | 130,000                  | 39,526  |
| Electrical & Exam.            | 31,428                             | 23,000                   | 8,428   |
| Plumbing Exam.                | 23,362                             | 22,000                   | 1,362   |
| Grading and Zoning Permits    | 15,230                             | -                        | 15,230  |
| Animal Registration           | 11,365                             | 15,000                   | (3,635)   |
| Other Licenses & Permits      | 260                                | 10,000                   | (9,740)   |
| <br>TOTAL LICENSES & PERMITS  | <br><u>272,409</u>                 | <br><u>220,000</u>       | <br><u>52,409</u>                                       |
| <u>INTERGOVERNMENTAL</u>      |                                    |                          |   |
| <u>State Shared</u>           |                                    |                          |   |
| Sales Tax                     | 1,983,332                          | 1,900,000                | 83,332  |
| Income Tax                    | 842,574                            | 300,000                  | 542,574   |
| Excise Tax                    | 69,523                             | 50,000                   | 19,523  |
| Beer Barrelage                | 14,702                             | 15,000                   | (298)   |
| Mixed Drink Tax               | 95,846                             | 91,500                   | 4,346   |
| <u>County Shared</u>          |                                    |                          |   |
| Sales Tax - Roane             | 1,658,261                          | 1,510,000                | 148,261   |
| Sales Tax - Refunds           | 5,846,081                          | 6,095,000                | (248,919)   |
| <u>State Grants in Aid</u>    |                                    |                          |   |
|                               | 9,032                              | 800                      | 8,232   |
| <u>Federal</u>                |                                    |                          |   |
| TVA Replacement               | 230,551                            | 203,000                  | 27,551  |
| DOE In-Lieu of Taxes          | 1,361,175                          | 1,265,963                | 95,212  |
| DOE Grants                    | 257,142                            | 300,000                  | (42,858)  |
| <br>TOTAL INTERGOVERNMENTAL   | <br><u>\$ 12,368,219</u>           | <br><u>\$ 11,731,263</u> | <br><u>\$ 636,956</u>                                   |

(Continued)

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2007**

|                              | Actual<br>on<br>Budgetary<br>Basis | Budget               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------|------------------------------------|----------------------|---|
| <u>CHARGES FOR SERVICES</u>  |                                    |                      |   |
| <u>General Government</u>    |                                    |                      |   |
| Repro. of Maps & Documents   | \$ 1,651                           | \$ 35,000            | \$ (33,349)   |
| General & Admin. Cost        | 34,514                             | 23,000               | 11,514  |
| <u>Public Safety</u>         |                                    |                      |   |
| Police and Fire Reports      | 31,125                             | -                    | 31,125  |
| Animal Shelter Fees          | 27,603                             | 35,000               | (7,397)   |
| <u>Library</u>               |                                    |                      |   |
| Lost Library Books           | 2,433                              | 3,000                | (567)   |
| Total General Services       | <u>97,326</u>                      | <u>96,000</u>        | <u>1,326</u>  |
| <u>Use of Property</u>       |                                    |                      |   |
| Youth and Adult Activities   | 5,573                              | 10,000               | (4,427)   |
| Outdoor Pool                 | 68,728                             | 70,000               | (1,272)   |
| Indoor Pool                  | 49,558                             | 60,000               | (10,442)  |
| Rental of Lands              | 45,195                             | 85,000               | (39,805)  |
| Marina Rental                | 6,050                              | -                    | 6,050   |
| Restaurant Rental            | 33,294                             | -                    | 33,294  |
| Community Centers Rental     | 27,893                             | 25,000               | 2,893   |
| Total Use of Property        | <u>236,291</u>                     | <u>250,000</u>       | <u>(13,709)</u>   |
| TOTAL CHARGES FOR SERVICES   | <u>333,617</u>                     | <u>346,000</u>       | <u>(12,383)</u>   |
| <u>FINES AND FORFEITURES</u> |                                    |                      |   |
| City Court Fines             | 62,261                             | 70,000               | (7,739)   |
| City Court Costs             | 74,005                             | 40,000               | 34,005  |
| Bail Forfeitures             | 152,760                            | 125,000              | 27,760  |
| Misc. Court Revenues         | 6,797                              | 4,000                | 2,797   |
| Library Fines                | 51,657                             | 50,000               | 1,657   |
| TOTAL FINES AND FORFEITURES  | <u>347,480</u>                     | <u>289,000</u>       | <u>58,480</u>   |
| <u>INTEREST</u>              | <u>471,388</u>                     | <u>175,000</u>       | <u>296,388</u>  |
| <u>OTHER REVENUES</u>        |                                    |                      |   |
| CATV Franchise               | 350,502                            | 320,000              | 30,502  |
| Right of Way                 | 85,000                             | 60,000               | 25,000  |
| Salvage Sales                | 1,968                              | -                    | 1,968   |
| Miscellaneous                | 4,001                              | 3,500                | 501   |
| TOTAL OTHER REVENUES         | <u>441,471</u>                     | <u>383,500</u>       | <u>57,971</u>   |
| TOTAL REVENUES               | <u>\$ 35,120,844</u>               | <u>\$ 33,581,573</u> | <u>\$ 1,539,271</u>                                     |

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2007**

|                                   | Actual              | Adjustment<br>to<br>Budgetary<br>Basis | Actual<br>on<br>Budgetary<br>Basis | Budget              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|---------------------|--|------------------------------------|---------------------|---|
| <b><u>GENERAL GOVERNMENT:</u></b> |                     |  |                                    |                     |   |
| <b><u>Legislative</u></b>         |                     |  |                                    |                     |   |
| City Council                      | \$ 88,929           | \$ -                                   | \$ 88,929                          | \$ 82,238           | \$ (6,691)  |
| Total Legislative                 | <u>88,929</u>       | <u>-</u>                               | <u>88,929</u>                      | <u>82,238</u>       | <u>(6,691)</u>  |
| <b><u>Executive</u></b>           |                     |  |                                    |                     |   |
| City Clerk                        | 110,833             | -                                      | 110,833                            | 113,825             | 2,992   |
| City Manager                      | 209,851             | -                                      | 209,851                            | 243,505             | 33,654  |
| Total Executive                   | <u>320,684</u>      | <u>-</u>                               | <u>320,684</u>                     | <u>357,330</u>      | <u>36,646</u>   |
| <b><u>Judicial</u></b>            |                     |  |                                    |                     |   |
| Legal                             | 197,828             | -                                      | 197,828                            | 203,753             | 5,925   |
| City Court                        | 127,356             | -                                      | 127,356                            | 120,440             | (6,916)   |
| Total Judicial                    | <u>325,184</u>      | <u>-</u>                               | <u>325,184</u>                     | <u>324,193</u>      | <u>(991)</u>  |
| <b>TOTAL GENERAL GOVERNMENT</b>   | <u>734,797</u>      | <u>-</u>                               | <u>734,797</u>                     | <u>763,761</u>      | <u>28,964</u>   |
| <b><u>ADMINISTRATION:</u></b>     |                     |  |                                    |                     |   |
| Computer Services                 | 224,658             | (8,000)                                | 216,658                            | 229,682             | 13,024  |
| Personnel                         | 150,271             | -                                      | 150,271                            | 191,641             | 41,370  |
| Stationery Stores                 | 69,478              | -                                      | 69,478                             | 67,724              | (1,754)   |
| Finance                           | 101,936             | -                                      | 101,936                            | 110,126             | 8,190   |
| Utilities Business Office         | 64,096              | -                                      | 64,096                             | 64,558              | 462   |
| <b>TOTAL ADMINISTRATION</b>       | <u>610,439</u>      | <u>(8,000)</u>                         | <u>602,439</u>                     | <u>663,731</u>      | <u>61,292</u>   |
| <b><u>PUBLIC SAFETY:</u></b>      |                     |  |                                    |                     |   |
| <b><u>Police</u></b>              |                     |  |                                    |                     |   |
| Supervision                       | 200,869             | -                                      | 200,869                            | 198,079             | (2,790)   |
| Investigations                    | 651,870             | -                                      | 651,870                            | 617,404             | (34,466)  |
| Staff Services                    | 353,631             | -                                      | 353,631                            | 419,836             | 66,205  |
| Patrol                            | 3,267,425           | -                                      | 3,267,425                          | 3,172,456           | (94,969)  |
| Emergency Communications          | 255,498             | -                                      | 255,498                            | 247,552             | (7,946)   |
| Animal Control                    | 253,727             | -                                      | 253,727                            | 253,385             | (342)   |
| School Resource Officer Program   | 136,848             | -                                      | 136,848                            | 127,455             | (9,393)   |
| Total Police                      | <u>\$ 5,119,868</u> | <u>\$ -</u>                            | <u>\$ 5,119,868</u>                | <u>\$ 5,036,167</u> | <u>\$ (83,701)</u>                                      |

(Continued)

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2007**

|  | Actual               | Adjustment<br>to<br>Budgetary<br>Basis | Actual<br>on<br>Budgetary<br>Basis | Budget               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|--|------------------------------------|----------------------|---|
| <b><u>PUBLIC SAFETY (Continued):</u></b> |                      |  |                                    |                      |   |
| <b><u>Fire</u></b>                       |                      |  |                                    |                      |   |
| Supervision                              | \$ 184,132           | \$ -                                   | \$ 184,132                         | \$ 191,483           | \$ 7,351  |
| Prevention                               | 115,256              | -                                      | 115,256                            | 120,482              | 5,226   |
| Firefighting                             | 3,390,985            | -                                      | 3,390,985                          | 3,365,380            | (25,605)  |
| Fire Stations                            | 107,857              | -                                      | 107,857                            | 102,106              | (5,751)   |
| Fire Specialists                         | 119,034              | -                                      | 119,034                            | 175,309              | 56,275  |
| Total Fire                               | <u>3,917,264</u>     | <u>-</u>                               | <u>3,917,264</u>                   | <u>3,954,760</u>     | <u>37,496</u>   |
| TOTAL PUBLIC SAFETY                      | <u>9,037,132</u>     | <u>-</u>                               | <u>9,037,132</u>                   | <u>8,990,927</u>     | <u>(46,205)</u>   |
| <b><u>PUBLIC WORKS:</u></b>              |                      |  |                                    |                      |   |
| Supervision                              | 68,426               | -                                      | 68,426                             | 70,075               | 1,649   |
| Engineering                              | 129,922              | (13,500)                               | 116,422                            | 121,937              | 5,515   |
| State Highway Maintenance                | 58,816               | -                                      | 58,816                             | 59,089               | 273   |
| General Maintenance                      | 186,607              | 41,450                                 | 228,057                            | 224,480              | (3,577)   |
| Central Service Building                 | 115,395              | (3,500)                                | 111,895                            | 115,279              | 3,384   |
| Municipal Building                       | 135,144              | (2,500)                                | 132,644                            | 140,454              | 7,810   |
| Traffic Control and Lights               | 951,583              | -                                      | 951,583                            | 955,300              | 3,717   |
| TOTAL PUBLIC WORKS                       | <u>1,645,893</u>     | <u>21,950</u>                          | <u>1,667,843</u>                   | <u>1,686,614</u>     | <u>18,771</u>   |
| <b><u>COMMUNITY SERVICES:</u></b>        |                      |  |                                    |                      |   |
| <b><u>Community Development</u></b>      |                      |  |                                    |                      |   |
| Supervision                              | 125,147              | -                                      | 125,147                            | 126,198              | 1,051   |
| Planning                                 | 106,726              | -                                      | 106,726                            | 107,163              | 437   |
| Office of Neighborhood Development       | 339,030              | (11,000)                               | 328,030                            | 345,505              | 17,475  |
| Total Community Development              | <u>570,903</u>       | <u>(11,000)</u>                        | <u>559,903</u>                     | <u>578,866</u>       | <u>18,963</u>   |
| <b><u>Recreation</u></b>                 |                      |  |                                    |                      |   |
| Supervision                              | 205,257              | (400)                                  | 204,857                            | 209,907              | 5,050   |
| Indoor Aquatics                          | 179,817              | -                                      | 179,817                            | 191,034              | 11,217  |
| Outdoor Aquatics                         | 253,823              | -                                      | 253,823                            | 233,753              | (20,070)  |
| Centers, Camps & Programs                | 674,646              | -                                      | 674,646                            | 627,734              | (46,912)  |
| Athletics                                | 116,923              | -                                      | 116,923                            | 116,444              | (479)   |
| Parks                                    | 691,992              | -                                      | 691,992                            | 693,876              | 1,884   |
| Senior Center                            | 380,940              | -                                      | 380,940                            | 384,511              | 3,571   |
| Total Recreation                         | <u>2,503,398</u>     | <u>(400)</u>                           | <u>2,502,998</u>                   | <u>2,457,259</u>     | <u>(45,739)</u>   |
| <b><u>Library</u></b>                    | <u>1,228,417</u>     | <u>(10,000)</u>                        | <u>1,218,417</u>                   | <u>1,185,608</u>     | <u>(32,809)</u>   |
| TOTAL COMMUNITY SERVICES                 | <u>4,302,718</u>     | <u>(21,400)</u>                        | <u>4,281,318</u>                   | <u>4,221,733</u>     | <u>(59,585)</u>   |
| TOTAL EXPENDITURES                       | <u>\$ 16,330,979</u> | <u>\$ (7,450)</u>                      | <u>\$ 16,323,529</u>               | <u>\$ 16,326,766</u> | <u>\$ 3,237</u>   |

**CITY OF OAK RIDGE, TENNESSEE  
SCHOOL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|                                      | <b>2007</b>  | <b>2006</b>  |
|--------------------------------------|--------------|--------------|
| <b>Assets</b>                        |              |              |
| Cash and cash equivalents            | \$ 5,618,010 | \$ 5,896,188 |
| Receivables, net                     | 122,695      | 205,952      |
| Due from other governments           | 1,561,250    | 1,521,571    |
| Prepaid items                        | 12,070       | 10,484       |
| Total assets                         | \$ 7,314,025 | \$ 7,634,195 |
| <b>Liabilities and fund balances</b> |              |              |
| Liabilities:                         |              |              |
| Accounts payable                     | \$ 338,703   | \$ 442,781   |
| Accrued liabilities                  | 2,968,762    | 2,807,747    |
| Due to other governments             | 55,037       | -            |
| Deferred revenue                     | -            | 20,984       |
| Total liabilities                    | 3,362,502    | 3,271,512    |
| Fund balances:                       |              |              |
| Reserved for special programs        | 112,587      | 61,779       |
| Reserved for encumbrances            | 97,597       | 103,686      |
| Reserved - prepaid expenditures      | 12,070       | 10,484       |
| Subsequent years' expenditures       | 48,622       | 51,169       |
| Unreserved - undesignated            | 3,680,647    | 4,135,565    |
| Total fund balances                  | 3,951,523    | 4,362,683    |
| Total liabilities and fund balances  | \$ 7,314,025 | \$ 7,634,195 |

**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, 2007**

|  | Actual              | Adjustment to<br>Budgetary Basis | Actual on<br>Budgetary Basis | Budget              | Variance Positive<br>(Negative) |
|--|---------------------|----------------------------------|------------------------------|---------------------|---------------------------------|
| <b>Revenues</b>  |                     |                                  |                              |                     |                                 |
| Intergovernmental  | \$ 31,357,930       | \$ -                             | \$ 31,357,930                | \$ 32,020,144       | \$ (662,214)                    |
| Charges for services   | 1,776,167           | -                                | 1,776,167                    | 1,886,212           | (110,045)                       |
| Other  | 522,802             | -                                | 522,802                      | 298,060             | 224,742                         |
| Total revenues   | <u>33,656,899</u>   | <u>-</u>                         | <u>33,656,899</u>            | <u>34,204,416</u>   | <u>(547,517)</u>                |
| <b>Expenditures</b>  |                     |                                  |                              |                     |                                 |
| Current:   |                     |                                  |                              |                     |                                 |
| Education  | 46,138,202          | (6,090)                          | 46,132,112                   | 47,104,701          | 972,589                         |
| Total expenditures   | <u>46,138,202</u>   | <u>(6,090)</u>                   | <u>46,132,112</u>            | <u>47,104,701</u>   | <u>972,589</u>                  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(12,481,303)</u> | <u>6,090</u>                     | <u>(12,475,213)</u>          | <u>(12,900,285)</u> | <u>425,072</u>                  |
| <b>Other financing sources (uses)</b>                                |                     |                                  |                              |                     |                                 |
| Transfers in   | 12,070,143          | -                                | 12,070,143                   | 12,070,143          | -                               |
| Total other financing sources (uses)                                 | <u>12,070,143</u>   | <u>-</u>                         | <u>12,070,143</u>            | <u>12,070,143</u>   | <u>-</u>                        |
| <b>Net change in fund balances</b>                                   | (411,160)           | 6,090                            | (405,070)                    | (830,142)           | 425,072                         |
| <b>Fund balance - beginning</b>                                      | <u>4,362,683</u>    | <u>-</u>                         | <u>4,362,683</u>             | <u>4,362,683</u>    | <u>-</u>                        |
| <b>Fund balance - ending</b>   | <u>\$ 3,951,523</u> | <u>\$ 6,090</u>                  | <u>\$ 3,957,613</u>          | <u>\$ 3,532,541</u> | <u>\$ 425,072</u>               |

**CITY OF OAK RIDGE, TENNESSEE  
CAPITAL PROJECTS FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2007 and 2006**

|  | <u>2007</u>          | <u>2006</u>          |
|--|----------------------|----------------------|
| <b>Assets</b>                            |                      |                      |
| Cash and cash equivalents                | \$ 5,207,932         | \$ 3,554,041         |
| Receivables, net                         | 2,309,215            | 4,183,410            |
| Due from other governments               | 25,896               | 89,188               |
| Prepaid items                            | -                    | 65,458               |
| Assets held in trust                     | 8,437,063            | 16,254,147           |
| Total assets                             | <u>\$ 15,980,106</u> | <u>\$ 24,146,244</u> |
| <br><b>Liabilities and fund balances</b> |                      |                      |
| Liabilities:                             |                      |                      |
| Accounts payable                         | \$ 5,277,133         | \$ 4,494,742         |
| Due to other funds                       | 28,997               | 578,423              |
| Due to other governments                 | -                    | -                    |
| Total liabilities                        | <u>5,306,130</u>     | <u>5,073,165</u>     |
| <br>Fund balances:                       |                      |                      |
| Reserved for encumbrances                | 632,081              | 595,359              |
| Reserved - prepaid expenditures          | -                    | 65,458               |
| Reserved for capital outlay              | 8,437,063            | 16,254,147           |
| Capital projects                         | 1,604,832            | 2,158,115            |
| Total fund balances                      | <u>10,673,976</u>    | <u>19,073,079</u>    |
| Total liabilities and fund balances      | <u>\$ 15,980,106</u> | <u>\$ 24,146,244</u> |

**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, 2007**

|  | Original<br>Budget   | Final Budget         | Actual               | Adjustment to<br>Budgetary Basis | Actual on<br>Budgetary Basis | Variance<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|----------------------------------|------------------------------|------------------------------------|
| <b>Revenues</b>  |                      |                      |                      |                                  |                              |                                    |
| Intergovernmental  | \$ 650,000           | \$ 650,000           | \$ 132,212           | \$ -                             | \$ 132,212                   | \$ (517,788)                       |
| Interest   | 100,000              | 100,000              | 103,978              | -                                | 103,978                      | 3,978                              |
| Other  | 2,000,000            | 2,000,000            | -                    | -                                | -                            | (2,000,000)                        |
| Total revenues   | <u>2,750,000</u>     | <u>2,750,000</u>     | <u>236,190</u>       | <u>-</u>                         | <u>236,190</u>               | <u>(2,513,810)</u>                 |
| <b>Expenditures</b>  |                      |                      |                      |                                  |                              |                                    |
| Current:   |                      |                      |                      |                                  |                              |                                    |
| Capital outlay   | 44,800,000           | 44,800,000           | 29,658,532           | (28,736)                         | 29,629,796                   | 15,170,204                         |
| Debt service:  |                      |                      |                      |                                  |                              |                                    |
| Bond issuance costs  | -                    | -                    | 308,516              | -                                | 308,516                      | (308,516)                          |
| Total expenditures   | <u>44,800,000</u>    | <u>44,800,000</u>    | <u>29,967,048</u>    | <u>(28,736)</u>                  | <u>29,938,312</u>            | <u>14,861,688</u>                  |
| <b>Excess (deficiency) of revenues<br/>over (under) expenditures</b> | <u>(42,050,000)</u>  | <u>(42,050,000)</u>  | <u>(29,730,858)</u>  | <u>28,736</u>                    | <u>(29,702,122)</u>          | <u>12,347,878</u>                  |
| <b>Other financing sources (uses)</b>                                |                      |                      |                      |                                  |                              |                                    |
| Transfers in   | 1,150,000            | 1,150,000            | 1,150,000            | -                                | 1,150,000                    | -                                  |
| Transfers out  | (1,649,765)          | (1,649,765)          | (778,308)            | -                                | (778,308)                    | 871,457                            |
| Bond issuance  | 41,648,765           | 41,648,765           | -                    | -                                | -                            | (41,648,765)                       |
| Loan issuance  | -                    | -                    | 21,000,000           | -                                | 21,000,000                   | 21,000,000                         |
| Bond discounts   | -                    | -                    | (39,937)             | -                                | (39,937)                     | (39,937)                           |
| Total other financing sources (uses)                                 | <u>41,149,000</u>    | <u>41,149,000</u>    | <u>21,331,755</u>    | <u>-</u>                         | <u>21,331,755</u>            | <u>(19,817,245)</u>                |
| <b>Net change in fund balances</b>                                   | (901,000)            | (901,000)            | (8,399,103)          | 28,736                           | (8,370,367)                  | (7,469,367)                        |
| <b>Fund balance - beginning</b>                                      | <u>19,073,079</u>    | <u>19,073,079</u>    | <u>19,073,079</u>    | <u>-</u>                         | <u>19,073,079</u>            | <u>-</u>                           |
| <b>Fund balance - ending</b>   | <u>\$ 18,172,079</u> | <u>\$ 18,172,079</u> | <u>\$ 10,673,976</u> | <u>\$ 28,736</u>                 | <u>\$ 10,702,712</u>         | <u>\$ (7,469,367)</u>              |

**CITY OF OAK RIDGE, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE(1)**  
**June 30, 2007 and 2006**

|  | <u>2007</u>           | <u>2006</u>           |
|--|-----------------------|-----------------------|
| Governmental funds capital assets:                     |                       |                       |
| Land   | \$ 2,920,722          | \$ 2,822,409          |
| Construction in progress                               | 44,759,780            | 15,511,585            |
| Buildings  | 54,782,780            | 56,248,297            |
| Improvements other than buildings                      | 31,200,893            | 34,456,628            |
| Infrastructure   | 41,354,374            | 36,702,541            |
| Machinery and equipment                                | <u>4,548,808</u>      | <u>4,457,932</u>      |
| Total governmental funds capital assets:               | <u>\$ 179,567,357</u> | <u>\$ 150,199,392</u> |
| Investments in governmental fund capital assets:       |                       |                       |
| Total investment in governmental funds capital assets: | <u>\$ 179,567,357</u> | <u>\$ 150,199,392</u> |

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

**CITY OF OAK RIDGE, TENNESSEE**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (1)**  
**June 30, 2007**

| Function and Activity                             | Capital<br>Assets            | Land                       | Construction<br>In Progress | Buildings                   | Improvements<br>Other Than<br>Buildings | Infrastructure              | Machinery<br>and<br>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   | <u>26,424</u>                | <u>-</u>                   | <u>-</u>                    | <u>-</u>                    | <u>-</u>                                | <u>-</u>                    | <u>26,424</u>                 |
| 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  | <u>1,753,794</u>             | <u>11,087</u>              | <u>-</u>                    | <u>1,595,319</u>            | <u>101,540</u>                          | <u>-</u>                    | <u>45,848</u>                 |
| Total Public Safety                               | <u>2,985,307</u>             | <u>11,209</u>              | <u>-</u>                    | <u>1,741,732</u>            | <u>111,584</u>                          | <u>-</u>                    | <u>1,120,782</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                    | 13,155,636                   | 626,139                    | -                           | 12,529,497                  | -                                       | -                           | -                             |
| Other Buildings                                   | 86,355                       | 29,049                     | -                           | 57,306                      | -                                       | -                           | -                             |
| Streets, Sidewalks, and Stormwater<br>Maintenance | <u>42,294,091</u><br>7,321   | <u>939,717</u><br>-        | <u>-</u><br>-               | <u>-</u><br>-               | <u>-</u><br>-                           | <u>41,354,374</u><br>-      | <u>-</u><br>7,321             |
| Total Public Works                                | <u>57,571,727</u>            | <u>1,595,439</u>           | <u>-</u>                    | <u>14,350,753</u>           | <u>132,694</u>                          | <u>41,354,374</u>           | <u>138,467</u>                |
| <b>Community Services<br/>&amp; Development:</b>  |                              |                            |                             |                             |   |                             |                               |
| Planning  | 5,949                        | -                          | -                           | -                           | -                                       | -                           | 5,949                         |
| Economic Development                              | 2,133,633                    | 197,900                    | -                           | 1,251,044                   | 684,689                                 | -                           | -                             |
| Recreation & Parks                                | 20,858,141                   | 959,819                    | -                           | 8,497,831                   | 10,926,881                              | -                           | 473,610                       |
| Library   | <u>1,325,149</u>             | <u>-</u>                   | <u>-</u>                    | <u>929,305</u>              | <u>21,996</u>                           | <u>-</u>                    | <u>373,848</u>                |
| Total Community Services                          | <u>24,322,872</u>            | <u>1,157,719</u>           | <u>-</u>                    | <u>10,678,180</u>           | <u>11,633,566</u>                       | <u>-</u>                    | <u>853,407</u>                |
| Education   | <u>94,621,668</u>            | <u>156,355</u>             | <u>44,759,780</u>           | <u>28,012,115</u>           | <u>19,323,049</u>                       | <u>-</u>                    | <u>2,370,369</u>              |
| <b>Total Governmental Fund<br/>Capital Assets</b> | <u><b>\$ 179,567,357</b></u> | <u><b>\$ 2,920,722</b></u> | <u><b>\$ 44,759,780</b></u> | <u><b>\$ 54,782,780</b></u> | <u><b>\$ 31,200,893</b></u>             | <u><b>\$ 41,354,374</b></u> | <u><b>\$ 4,548,808</b></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, 2007**

| <u>Function and Activity</u>                      | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Deductions</u>   | <u>Ending<br/>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                                     | 12,445                       | 7,686                | -                   | 20,131                    |
| Finance   | 26,424                       | -                    | -                   | 26,424                    |
| Total Administration                              | <u>38,869</u>                | <u>7,686</u>         | <u>-</u>            | <u>46,555</u>             |
| <b>Public Safety:</b>                             |                              |                      |                     |                           |
| Police  | 1,231,513                    | -                    | -                   | 1,231,513                 |
| Fire  | 1,753,794                    | -                    | -                   | 1,753,794                 |
| Total Public Safety                               | <u>2,985,307</u>             | <u>-</u>             | <u>-</u>            | <u>2,985,307</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                   | -                    | -                   | 13,155,636                |
| Other Buildings                                   | 86,355                       | -                    | -                   | 86,355                    |
| Streets, Sidewalks, and Stormwater<br>Maintenance | 37,543,945                   | 4,750,146            | -                   | 42,294,091                |
|   | 7,321                        | -                    | -                   | 7,321                     |
| Total Public Works                                | <u>52,821,581</u>            | <u>4,750,146</u>     | <u>-</u>            | <u>57,571,727</u>         |
| <b>Community Services &amp; Development:</b>      |                              |                      |                     |                           |
| Planning  | 5,949                        | -                    | -                   | 5,949                     |
| Economic Development                              | 1,729,535                    | 404,098              | -                   | 2,133,633                 |
| Recreation & Parks                                | 20,427,592                   | 430,549              | -                   | 20,858,141                |
| Library   | 1,315,149                    | 10,000               | -                   | 1,325,149                 |
| Total Community Services                          | <u>23,478,225</u>            | <u>844,647</u>       | <u>-</u>            | <u>24,322,872</u>         |
| Education   | <u>70,856,182</u>            | <u>31,373,389</u>    | <u>7,607,903</u>    | <u>94,621,668</u>         |
| Total Governmental Fund Capital Assets            | <u>\$ 150,199,392</u>        | <u>\$ 36,975,868</u> | <u>\$ 7,607,903</u> | <u>\$ 179,567,357</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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## Demographic and Economic Information

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

|                        |     |
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## Operating Information

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

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

|  | Fiscal Year           |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2003                  | 2004                  | 2005                  | 2006                  | 2007                  |
| <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         |
| 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            |
| <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>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         |
| Restricted                                       | 136,362               | 144,094               | 136,824               | 137,467               | 135,365               |
| Unrestricted                                     | 1,536,903             | 3,617,784             | (812,669)             | 731,699               | (1,261,077)           |
| <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>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         |
| Restricted                                       | 136,362               | 144,094               | 31,387,574            | 16,391,614            | 8,572,428             |
| Unrestricted                                     | 20,903,580            | 23,363,976            | (15,014,203)          | 5,600,032             | 11,779,598            |
| <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> |

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

|   | Fiscal Year    |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
|   | 2003           | 2004           | 2005           | 2006           | 2007           |
| <b>Expenses</b>                                 |                |                |                |                |                |
| Governmental activities:                        |                |                |                |                |                |
| General government                              | \$ 1,383,174   | \$ 273,179     | \$ 2,142,857   | \$ 1,719,874   | \$ 341,550     |
| Administration                                  | 705,764        | 658,782        | 661,942        | 577,081        | 617,258        |
| Public safety                                   | 8,117,808      | 7,839,973      | 8,044,813      | 8,609,654      | 9,354,706      |
| Public works                                    | 2,383,800      | 2,669,071      | 4,080,500      | 4,042,211      | 4,245,565      |
| Community services (1)                          | 9,331,657      | 8,714,166      | 8,331,681      | 9,907,380      | 10,944,438     |
| Education                                       | 39,642,525     | 42,325,347     | 41,056,629     | 45,823,972     | 44,222,039     |
| Interest and fiscal charges                     | 1,927,382      | 1,593,696      | 2,290,550      | 2,316,963      | 2,974,889      |
| Total governmental activities expenses          | \$ 63,492,110  | \$ 64,074,214  | \$ 66,608,972  | \$ 72,997,135  | \$ 72,700,445  |
| Business-type activities:                       |                |                |                |                |                |
| Electric  | \$ 33,916,143  | \$ 36,004,534  | \$ 35,094,294  | \$ 37,926,429  | \$ 41,773,668  |
| Waterworks                                      | 12,414,120     | 12,116,274     | 12,774,404     | 13,776,337     | 15,788,355     |
| Emergency Communication District                | 285,099        | 399,182        | 390,131        | 347,391        | 356,781        |
| 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  |
| Total primary government expenses               | \$ 111,725,887 | \$ 114,288,746 | \$ 116,527,938 | \$ 125,047,292 | \$ 130,619,249 |
| <b>Program Revenues</b>                         |                |                |                |                |                |
| Governmental activities:                        |                |                |                |                |                |
| Charges for services                            | \$ 41,181      | \$ 53,534      | \$ 1,064,844   | \$ 1,050,931   | \$ 1,068,902   |
| General government                              | 385,537        | 423,988        | 309,132        | 414,184        | 445,986        |
| Public safety                                   | 1,072,590      | 1,052,044      | 1,225,819      | 2,558,599      | 2,505,024      |
| Community services (1)                          | 1,415,934      | 1,504,131      | 1,669,657      | 1,853,765      | 1,791,167      |
| Education                                       | 27,933,166     | 29,235,660     | 30,012,921     | 31,365,321     | 32,698,403     |
| Operating grants and contributions              | 1,295,056      | 367,329        | 3,723,502      | 240,814        | 31,308         |
| Capital grant and contributions                 |                |                |                |                |                |
| Total governmental activities program revenues  | \$ 32,143,464  | \$ 32,636,666  | \$ 38,005,875  | \$ 37,483,614  | \$ 38,540,790  |
| Business-type activities:                       |                |                |                |                |                |
| Charges for services                            | \$ 34,097,676  | \$ 35,245,680  | \$ 35,051,657  | \$ 38,227,318  | \$ 41,184,246  |
| Electric  | 12,368,240     | 11,941,129     | 11,908,497     | 12,800,009     | 14,138,838     |
| Waterworks                                      | 334,469        | 442,362        | 433,727        | 436,143        | 527,319        |
| 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      |
| Capital grant and contributions                 | \$ 49,617,738  | \$ 49,306,829  | \$ 50,112,026  | \$ 51,597,432  | \$ 56,884,307  |
| Total business-type activities program revenues | \$ 81,761,202  | \$ 81,943,515  | \$ 88,117,901  | \$ 89,081,046  | \$ 95,425,097  |
| Total primary government program revenues       |                |                |                |                |                |

(Continued)

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

|   | Fiscal Year     |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2003            | 2004            | 2005            | 2006            | 2007            |
| <b>Net (Expense)/Revenue</b>                            |                 |                 |                 |                 |                 |
| Governmental activities                                 | \$ (31,348,646) | \$ (31,437,528) | \$ (28,603,097) | \$ (35,513,521) | \$ (34,159,655) |
| Business-type activities                                | 1,383,961       | (907,703)       | 193,060         | (452,725)       | (1,034,497)     |
| Total primary governmental net expense                  | \$ (29,964,685) | \$ (32,345,231) | \$ (28,410,037) | \$ (35,966,246) | \$ (35,194,152) |
| <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   |
| In-lieu of tax payments                                 | 3,767,668       | 3,758,201       | 3,826,332       | 3,860,930       | 3,903,756       |
| Sales taxes   | 7,132,719       | 7,224,109       | 9,032,154       | 9,904,536       | 9,810,033       |
| State shared taxes                                      | 2,295,886       | 2,121,518       | 3,144,403       | 3,492,328       | 4,071,325       |
| Business taxes  | 704,225         | 767,714         | 841,718         | 999,362         | 913,226         |
| Occupancy taxes   | 366,023         | 363,789         | 397,925         | 427,608         | 455,744         |
| Wholesale beer & liquor taxes                           | 708,589         | 746,472         | 761,905         | 774,866         | 812,010         |
| Gain (loss) on sale of capital assets                   | 547,202         | -               | 171,713         | 254,595         | (17,362)        |
| Interest  | 284,166         | 185,766         | 629,166         | 752,673         | 1,147,655       |
| Miscellaneous   | 1,090,299       | 2,355,649       | 924,210         | 1,382,109       | 938,511         |
| Transfers   | (308,284)       | (248,109)       | (42,800)        | 357,963         | 277,530         |
| Total governmental activities                           | \$ 31,888,496   | \$ 32,190,785   | \$ 35,216,328   | \$ 37,941,588   | \$ 38,595,869   |
| Business-type activities:                               |                 |                 |                 |                 |                 |
| Interest  | \$ 40,545       | \$ 47,575       | \$ 78,765       | \$ 52,996       | \$ 80,328       |
| Miscellaneous   | 718,377         | 1,854,678       | 718,284         | 729,111         | 847,612         |
| Transfers   | 308,284         | 248,109         | 42,800          | (357,963)       | (277,530)       |
| Total business-type activities:                         | \$ 1,067,206    | \$ 2,150,362    | \$ 839,849      | \$ 424,144      | \$ 650,410      |
| Total primary government                                | \$ 32,955,702   | \$ 34,341,147   | \$ 36,056,177   | \$ 38,365,732   | \$ 39,246,279   |
| <b>Change in Net Assets</b>                             |                 |                 |                 |                 |                 |
| Governmental activities                                 | \$ 539,850      | \$ 753,257      | \$ 6,613,231    | \$ 2,428,067    | \$ 4,436,214    |
| Business-type activities                                | 2,451,167       | 1,242,659       | 1,032,909       | (28,581)        | (384,087)       |
| Total primary government                                | \$ 2,991,017    | \$ 1,995,916    | \$ 7,646,140    | \$ 2,399,486    | \$ 4,052,127    |

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          |                     |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 1998                 | 1999                | 2000                 | 2001                 | 2002                 | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 |
| <b>General Fund</b>                       |                      |                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                                  | \$ 285,513           | \$ 286,954          | \$ 386,599           | \$ 568,154           | \$ 487,334           | \$ 439,018           | \$ 522,954           | \$ 453,839           | \$ 423,518           | \$ 422,938           |
| Unreserved                                | 10,139,136           | 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            |
| <b>Total general fund</b>                 | <b>\$ 10,424,649</b> | <b>\$ 9,695,479</b> | <b>\$ 9,552,648</b>  | <b>\$ 8,470,036</b>  | <b>\$ 6,510,818</b>  | <b>\$ 5,689,651</b>  | <b>\$ 5,438,644</b>  | <b>\$ 5,114,094</b>  | <b>\$ 5,481,276</b>  | <b>\$ 5,772,290</b>  |
| <b>All Other Governmental Funds</b>       |                      |                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                                  | \$ 1,052,653         | \$ 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         |
| Unreserved, reported in                   |                      |                     |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds                     | 1,958,356            | 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            |
| Capital projects funds                    | 1,451,597            | (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            |
| Debt services funds                       | -                    | -                   | -                    | -                    | -                    | 1,239,747            | 1,720,796            | 3,886,972            | 6,402,404            | 8,349,601            |
| <b>Total all other governmental funds</b> | <b>\$ 4,462,606</b>  | <b>\$ 3,391,803</b> | <b>\$ 13,062,002</b> | <b>\$ 13,884,282</b> | <b>\$ 13,549,300</b> | <b>\$ 12,316,086</b> | <b>\$ 12,934,206</b> | <b>\$ 44,077,073</b> | <b>\$ 33,598,319</b> | <b>\$ 25,996,319</b> |

(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.

Table 4

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

|  | 1998                  | 1999                  | 2000                  | 2001                 | 2002                  | 2003                  | 2004                  | 2005                  | 2006                   | 2007                   |
|--|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
| <b>Revenues</b>  |                       |                       |                       |                      |                       |                       |                       |                       |                        |                        |
| Taxes  | \$ 12,691,156         | \$ 13,428,755         | \$ 15,102,649         | \$ 16,753,443        | \$ 17,442,567         | \$ 19,776,290         | \$ 19,497,314         | \$ 22,122,240         | \$ 23,137,472          | \$ 23,312,683          |
| Licenses and permits   | 143,827               | 141,617               | 251,324               | 223,135              | 173,790               | 197,357               | 173,514               | 340,802               | 465,364                | 272,409                |
| Intergovernmental  | 34,983,699            | 34,442,298            | 35,857,301            | 39,142,428           | 38,091,857            | 39,887,937            | 41,485,191            | 41,555,706            | 43,662,911             | 45,623,685             |
| Charges for services   | 2,949,076             | 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              |
| Fines and forfeitures  | 443,673               | 444,899               | 329,798               | 380,438              | 315,880               | 356,599               | 397,281               | 283,826               | 391,570                | 429,453                |
| Interest   | 1,067,207             | 951,994               | 1,323,270             | 1,449,119            | 601,063               | 255,266               | 168,416               | 599,462               | 696,241                | 1,070,165              |
| Other  | 299,753               | 346,035               | 969,631               | 1,660,284            | 504,319               | 1,287,694             | 701,033               | 958,272               | 1,518,029              | 1,124,325              |
| <b>Total Revenues</b>  | <b>\$ 52,578,191</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>\$ 74,861,968</b>   | <b>\$ 77,005,446</b>   |
| <b>Expenditures</b>  |                       |                       |                       |                      |                       |                       |                       |                       |                        |                        |
| General Government   | \$ 506,416            | \$ 601,652            | \$ 500,225            | \$ 532,967           | \$ 735,874            | \$ 668,590            | \$ 653,026            | \$ 743,092            | \$ 722,370             | \$ 734,787             |
| Administration   | 568,489               | 647,496               | 652,626               | 633,336              | 637,149               | 684,778               | 625,253               | 682,853               | 588,960                | 610,439                |
| Public Safety  | 6,397,020             | 6,612,607             | 7,106,905             | 7,160,283            | 7,477,238             | 7,898,433             | 7,567,199             | 7,971,991             | 8,524,042              | 9,201,187              |
| Public Works   | 2,555,842             | 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              |
| Community Services   | 5,498,965             | 5,700,028             | 6,214,930             | 6,331,493            | 6,747,811             | 7,621,630             | 7,950,349             | 7,877,890             | 9,269,663              | 10,239,087             |
| Education  | 33,648,120            | 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             |
| Capital Outlay   | 4,258,313             | 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             |
| Debt Service   | 1,291,150             | 1,355,637             | 1,975,387             | 2,196,868            | 2,382,150             | 1,981,813             | 2,095,289             | 2,146,000             | 2,756,042              | 2,624,468              |
| Principal  | 2,414,177             | 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              |
| Interest   | -                     | -                     | -                     | -                    | -                     | -                     | -                     | -                     | -                      | -                      |
| Other Charges  | -                     | -                     | -                     | -                    | -                     | -                     | -                     | -                     | -                      | -                      |
| <b>Total Expenditures</b>  | <b>\$ 57,138,292</b>  | <b>\$ 55,592,430</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>Excess (deficiency) of revenues over (under) expenditures</b> | <b>\$ (4,560,101)</b> | <b>\$ (2,284,563)</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>Other Financing Sources (Uses)</b>                            |                       |                       |                       |                      |                       |                       |                       |                       |                        |                        |
| Bonds issuance   | -                     | -                     | \$ 10,000,000         | -                    | -                     | -                     | -                     | -                     | \$ 1,032,500           | -                      |
| Refunding bonds issued   | -                     | -                     | -                     | 41,244,385           | -                     | -                     | -                     | -                     | -                      | -                      |
| Payments to escrow agent   | -                     | -                     | -                     | (41,244,385)         | -                     | -                     | -                     | -                     | -                      | -                      |
| Loan issuance  | 1,937,848             | 557,590               | 717,562               | -                    | -                     | 197,263               | 797,737               | -                     | -                      | 21,000,000             |
| Loan discount  | -                     | -                     | -                     | -                    | -                     | -                     | -                     | -                     | -                      | (39,937)               |
| Capital lease issuance   | -                     | -                     | -                     | -                    | -                     | -                     | 891,641               | -                     | -                      | -                      |
| Transfers in   | 15,242,976            | 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             |
| Transfers Out  | (15,404,640)          | (13,612,579)          | (15,399,552)          | (18,085,220)         | (18,604,874)          | (20,024,343)          | (18,450,497)          | (17,857,232)          | (18,098,488)           | (19,277,159)           |
| <b>Total other financing sources (uses)</b>                      | <b>\$ 1,776,184</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>\$ 2,230,863</b>    | <b>\$ 21,237,593</b>   |
| <b>Net changes in fund balances</b>                              | <b>\$ (2,783,917)</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>Debt service as a percentage of noncapital expenditures</b>   | <b>7.0%</b>           | <b>6.9%</b>           | <b>7.7%</b>           | <b>8.6%</b>          | <b>7.2%</b>           | <b>6.2%</b>           | <b>5.6%</b>           | <b>6.1%</b>           | <b>7.1%</b>            | <b>7.7%</b>            |

**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         |
|------------------|--------------|--------------------|--------------|--------------|----------------|-----------------------|----------------|---------------|
| 1998             | \$ 9,898,888 | \$ 98,523          | \$ 1,739,392 | \$ 6,132,437 | \$ 563,663     | \$ 602,841            | \$ 319,116     | \$ 19,354,860 |
| 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    |
| Change 1998-2007 | 62.70%       | 80.15%             | 124.43%      | 59.97%       | 62.02%         | 34.70%                | 42.81%         | 66.25%        |

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 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 |
|-------------|----------------------|---------------------|-------------------|----------------|------------------|----------------------------------|-----------------------|--------------------------------|--|
|             | Residential Property | Commercial Property | Personal Property |                |                  |                                  |                       |                                |  |
| 1998        | \$ 204,355,700       | \$ 166,497,438      | \$ 39,346,941     | \$ 12,087,566  | \$ 422,287,645   | \$ 2.34                          | \$ 1,386,800,258      | 30%                            |  |
| 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        | 274,963,825          | 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%                            |  |

(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 |
| 1998        | \$ 2.34                    | \$ 3.00                 | \$ 5.34           | \$ 2.34                 | \$ 2.12 (1)             | \$ 4.46 (1)       |
| 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              |

Notes: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane. Approximately 12.4 percent of the taxable real parcels (1,513 of 12,184) 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 - 1998 and 2006).

**CITY OF OAK RIDGE, TENNESSEE**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT TAX YEAR 2006 AND NINE YEARS AGO**  
**(For Fiscal Year 2007 and 1998)**

| Taxpayer   | Type of Business                | 2006                       |      |  | 1997                       |      |  |
|--|---------------------------------|----------------------------|------|--|----------------------------|------|--|
|  |                                 | Taxable Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Taxable Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| UT-Battelle  | Management Contractor (ORNL)    | \$ 35,122,726              | 1    | 5.50%                                  | \$ -                       | -    | -                                      |
| Boeing Tennessee Inc.  | Manufacturing and Engineering   | 13,115,590                 | 2    | 2.06%                                  | 13,773,010                 | 1    | 3.26%                                  |
| Oak Ridge Tech Center  | Office Complex                  | 13,021,080                 | 3    | 2.04%                                  | 4,590,840                  | 7    | 1.09%                                  |
| Oak Ridge Corp Partners  |                                 |                            |      |  | 4,400,040                  | 8    | 1.04%                                  |
| R&R Properties/Richard Chinn                                       | Entrepreneur                    | 9,759,345                  | 4    | 1.53%                                  | 3,916,435                  | 9    | 0.93%                                  |
| Methodist Medical Center of Oak Ridge                              | Health Services                 | 8,393,320                  | 5    | 1.32%                                  | 6,460,260                  | 5    | 1.53%                                  |
| BellSouth  | Communications                  | 7,664,916                  | 6    | 1.20%                                  | 10,554,041                 | 3    | 2.50%                                  |
| Scientific Ecology Group (AKA GTS Duratek)                         | Environmental Services          | 6,083,519                  | 7    | 0.95%                                  | 7,230,465                  | 4    | 1.71%                                  |
| Oak Ridge Mail   | Shopping Mall/Misc. Development | 5,702,600                  | 8    | 0.89%                                  | 12,611,432                 | 2    | 2.98%                                  |
| International Environmental Resources (AKA Manufacturing Sciences) | Environmental Services          | 3,856,698                  | 9    | 0.60%                                  | -                          | -    | -                                      |
| Wal-Mart   | Retail                          | 3,748,450                  | 10   | 0.59%                                  | -                          | -    | -                                      |
| M-4 Environmental- LP  | Office Complex                  | -                          | -    | -                                      | 5,895,142                  | 6    | 1.39%                                  |
| McKinley Oak Ridge LTD   | Office Complex                  | -                          | -    | -                                      | 3,308,291                  | 10   | 0.78%                                  |
| <b>TOTAL</b>   |                                 | <b>\$ 106,468,244</b>      |      | <b>16.68%</b>                          | <b>\$ 72,739,956</b>       |      | <b>17.21%</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 |
| 1998                       | \$ 9,881,531                     | 98%                | \$ 9,684,743                                 | 98%                | \$ 192,557                      | \$ 9,877,300              | 100.0%             | \$ 4,231                     | 0.0%               |
| 1999                       | 10,484,535                       | 98%                | 10,245,066                                   | 98%                | 228,865                         | 10,473,931                | 99.9%              | 10,604                       | 0.1%               |
| 2000                       | 11,664,050                       | 97%                | 11,283,542                                   | 97%                | 242,655                         | 11,526,197                | 98.8%              | 137,853                      | 1.2%               |
| 2001                       | 12,945,876                       | 97%                | 12,585,185                                   | 97%                | 252,241                         | 12,837,426                | 99.2%              | 108,450                      | 0.8%               |
| 2002                       | 13,593,711                       | 95%                | 12,921,156                                   | 95%                | 558,524                         | 13,479,680                | 99.2%              | 114,031                      | 0.8%               |
| 2003                       | 15,248,258                       | 97%                | 14,768,834                                   | 97%                | 325,580                         | 15,094,414                | 99.0%              | 153,844                      | 1.0%               |
| 2004                       | 15,111,052                       | 96%                | 14,460,793                                   | 96%                | 430,229                         | 14,891,022                | 98.5%              | 220,030                      | 1.5%               |
| 2005                       | 15,567,482                       | 96%                | 14,934,125                                   | 96%                | 424,946                         | 15,359,071                | 98.7%              | 208,411                      | 1.3%               |
| 2006                       | 15,628,762                       | 98%                | 15,280,442                                   | 98%                | 157,198                         | 15,437,640                | 98.8%              | 191,122                      | 1.2%               |
| 2007                       | 16,272,227                       | 98%                | 15,901,543                                   | 98%                | -                               | 15,901,543                | 97.7%              | 370,684                      | 2.3%               |

(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.

Table 10

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

|                            | 1998                  | 1999                  | 2000                  | 2001                  | 2002                  | 2003                  | 2004                  | 2005                  | 2006                  |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Building materials         | \$ 8,078,058          | \$ 9,891,130          | \$ 10,397,087         | \$ 27,236,769         | \$ 33,161,236         | \$ 36,619,653         | \$ 39,673,175         | \$ 40,776,983         | \$ 37,880,776         |
| General merchandise        | 96,697,686            | 94,001,413            | 95,637,929            | 105,352,653           | 119,827,335           | 125,090,959           | 127,395,302           | 124,051,789           | 123,663,006           |
| Food stores                | 63,283,284            | 64,464,938            | 62,723,250            | 54,060,030            | 50,336,043            | 49,207,201            | 47,469,754            | 48,120,643            | 48,976,457            |
| Autos, Boats, Aircrafts    | 105,603,922           | 107,045,113           | 100,827,902           | 113,249,512           | 117,412,599           | 117,679,886           | 112,106,399           | 103,902,534           | 94,622,000            |
| Apparel                    | 6,763,842             | 9,663,121             | 5,416,300             | 4,602,724             | 4,581,100             | 4,747,894             | 4,929,433             | 3,949,972             | 3,173,228             |
| Furniture and Home Décor   | 5,747,908             | 9,003,833             | 9,321,650             | 9,206,351             | 9,097,840             | 8,806,076             | 8,873,574             | 8,440,156             | 9,136,238             |
| Eating and Drinking Places | 40,978,364            | 43,331,406            | 42,398,599            | 42,672,865            | 45,876,116            | 48,750,254            | 54,382,199            | 57,691,722            | 59,495,118            |
| Miscellaneous Retail       | 45,542,330            | 40,785,436            | 39,887,199            | 36,435,868            | 39,382,365            | 40,978,996            | 48,575,457            | 53,497,507            | 51,826,964            |
| <b>Total</b>               | <b>\$ 372,695,394</b> | <b>\$ 378,186,390</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> |

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

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/<br>Anderson<br>County | Anderson<br>County | Oak<br>Ridge/<br>Roane<br>County | Roane<br>County |
|-------------|----------------------------------|--------------------|----------------------------------|-----------------|
| 1998        | 2.25%                            | 2.25%              | 2.75%                            | 2.50%           |
| 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%           |

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     | OZAB      | Notes Payable | Capital Leases | Electric Revenue Bonds   | General Obligation Bonds | Notes Payable | Capital Leases |                          |                                   |                |
| 1998        | \$ 47,635,000                | \$ -      | \$ 3,167,662  | \$ 1,284,468   | \$ 14,672,514            | \$ -                     | \$ 9,306,747  | \$ -           | \$ 76,086,391            | 11.44%                            | \$ 2,785       |
| 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    | -              | 134,560,766              | (1)                               | 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          |

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

(1) Data Not Available.

(2) See Table 16 for personal income and population data.

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

| Fiscal<br>Year | Total<br>Governmental<br>Debt<br>Outstanding | Actual Taxable<br>Value of Property | Population | Percentage of<br>Actual taxable<br>Value of<br>Property | Debt<br>Per<br>Capita |
|----------------|--|-------------------------------------|------------|---|-----------------------|
| 1998           | \$ 52,087,130                                | \$ 1,386,800,258                    | 27,310     | 3.8%  | \$ 1,907              |
| 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                 |

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, 2007**

| <u>Jurisdiction</u>                      | <u>Net Debt<br/>Outstanding</u> | <u>Percentage<br/>of Debt<br/>Applicable<br/>To the City</u> | <u>City's<br/>Share of Debt</u> |
|--|---------------------------------|--|---------------------------------|
| <b>Direct:</b>                           |                                 |  |                                 |
| City of Oak Ridge -                      |                                 |  |                                 |
| General Obligation Bonds                 | \$ 27,650,000                   | 100%   | \$ 27,650,000                   |
| Notes Payable                            | 65,882,765                      | 100%   | 65,882,765                      |
| Qualified Zone Academy Bonds (QZAB)      | 7,131,857                       | 100%   | 7,131,857                       |
| <b>Total Direct Debt</b>                 | <u>100,664,622</u>              |  | <u>100,664,622</u>              |
| <b>Overlapping:</b>                      |                                 |  |                                 |
| Anderson County, Tennessee               | 37,765,584                      | 42.05% *   | 15,880,428                      |
| Roane County, Tennessee                  | 36,532,814                      | 12.86% *   | 4,698,120                       |
| <b>Total Overlapping Debt</b>            | <u>74,298,398</u>               |  | <u>20,578,548</u>               |
| <b>Total Direct and Overlapping Debt</b> | <u>\$ 174,963,020</u>           |  | <u>\$ 121,243,170</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        |                |
| 1998        | \$ 30,171,408      | \$ 27,718,138          | \$ 2,453,270                           | \$ 460,000                | \$ 701,162 | \$ 1,161,162 | 2.11           |
| 1999        | 30,317,007         | 27,773,119             | 2,543,888                              | 480,000                   | 740,858    | 1,220,858    | 2.08           |
| 2000        | 30,654,173         | 28,784,333             | 1,869,840                              | 600,000                   | 767,181    | 1,367,181    | 1.37           |
| 2001        | 33,291,474         | 29,404,337             | 3,887,137                              | 899,944                   | 1,275,692  | 2,175,636    | 1.79           |
| 2002        | 33,434,251         | 30,414,099             | 3,020,152                              | 660,000                   | 699,127    | 1,359,127    | 2.22           |
| 2003        | 34,689,697         | 31,647,977             | 3,041,720                              | 730,000                   | 740,151    | 1,470,151    | 2.07           |
| 2004        | 35,913,653         | 33,623,285             | 2,290,368                              | 810,000                   | 580,229    | 1,390,229    | 1.65           |
| 2005        | 35,724,771         | 32,545,257             | 3,179,514                              | 820,000                   | 694,765    | 1,514,765    | 2.10           |
| 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                              | 850,000                   | 923,836    | 1,773,836    | 1.79           |

(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)        | Personal Income | (2)               | (2)        | Unemployment Rate | School Enrollment |
|-------------|------------|-----------------|-------------------|------------|-------------------|-------------------|
|             | Population |                 | Per Capita Income | Median Age |                   |                   |
| 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             |
| 1998        | 27,310     | 664,643,470     | 24,337            | (3)        | 3.6%              | 4,801             |
| 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     | (3)             | (3)               | (3)        | 4.7%              | 4,306             |
| 2007        | 27,387     | (3)             | (3)               | (3)        | (3)               | 4,394             |

(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**

| Employer                                      | 2007          |      |                                     | 1998          |      |                                     |
|---|---------------|------|-------------------------------------|---------------|------|-------------------------------------|
|   | Employees     | Rank | Percentage of Total City Employment | Employees     | Rank | Percentage of Total City Employment |
| BWXT Y-12                                     | 4,500         | 1    | 12.22%                              | N/A           | N/A  | N/A                                 |
| UT-Battelle                                   | 4,200         | 2    | 11.41%                              | N/A           | N/A  | N/A                                 |
| Methodist Medical Center                      | 1,350         | 3    | 3.67%                               | 1,300         | 2    | 3.59%                               |
| Bechtel Jacobs Co. LLC                        | 1,337         | 4    | 3.63%                               | 650           | 9    | 1.79%                               |
| Science Applications Int'l Corp. (SAIC)       | 1,000         | 5    | 2.72%                               | 400           | 10   | 1.10%                               |
| Wackenhut-Oak Ridge Team                      | 902           | 6    | 2.45%                               | N/A           | N/A  | N/A                                 |
| Oak Ridge Schools                             | 673           | 7    | 1.83%                               | 674           | 8    | 1.86%                               |
| Oak Ridge Associated Universities             | 600           | 8    | 1.63%                               | 932           | 5    | N/A                                 |
| City of Oak Ridge                             | 411           | 9    | 1.12%                               | N/A           | N/A  | N/A                                 |
| Client Logic                                  | 387           | 10   | 1.05%                               | N/A           | N/A  | N/A                                 |
| Lockheed Martin Energy Systems Inc (LMES) (1) | N/A           | N/A  | N/A                                 | 14,772        | 1    | 40.75%                              |
| Scientific Ecology Group, Inc (AKA Duratek)   | N/A           | N/A  | N/A                                 | 1,300         | 3    | 3.59%                               |
| MK Ferguson Company                           | N/A           | N/A  | N/A                                 | 970           | 4    | 2.68%                               |
| Boeing Defense and Space                      | N/A           | N/A  | N/A                                 | 780           | 6    | 2.15%                               |
| Department of Energy (DOE)                    | N/A           | N/A  | N/A                                 | 680           | 7    | 1.88%                               |
|   | <u>15,360</u> |      | <u>41.73%</u>                       | <u>22,458</u> |      | <u>59.39%</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**

|                                 | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <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                    | 3.00  | 4.00  | 3.00  | 3.50  | 4.00  | 3.00  | 3.00  | 3.00  | 3.00  | 3.00  |
| City Court                      | 2.14  | 2.14  | 2.14  | 2.60  | 2.60  | 2.60  | 2.60  | 2.60  | 2.60  | 2.60  |
| Legal                           | 3.00  | 3.50  | 3.50  | 4.00  | 3.00  | 3.00  | 3.00  | 3.00  | 3.00  | 3.00  |
| <b>Administrative services</b>  |       |       |       |       |       |       |       |       |       |       |
| Computer services               | 5.00  | 7.00  | 7.00  | 8.00  | 8.00  | 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                         | 12.00 | 11.00 | 11.00 | 11.00 | 11.00 | 10.00 | 8.00  | 8.00  | 8.00  | 8.00  |
| Business Office                 | 15.00 | 14.00 | 14.00 | 14.00 | 14.00 | 13.00 | 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  | 2.00  |
| Investigations                  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  | 8.00  |
| Staff services                  | 5.00  | 6.00  | 6.00  | 6.00  | 6.00  | 6.00  | 6.00  | 6.00  | 5.00  | 5.00  |
| Patrol                          | 45.39 | 44.39 | 44.39 | 44.39 | 44.39 | 44.39 | 41.00 | 47.00 | 47.00 | 47.00 |
| 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 | 2.00  | 3.00  | 3.00  | 3.00  | 3.00  | 3.00  | 2.00  | 2.00  | 2.00  | 2.00  |
| <b>Fire</b>                     |       |       |       |       |       |       |       |       |       |       |
| Supervision                     | 2.00  | 2.00  | 2.00  | 2.00  | 2.00  | 2.00  | 2.00  | 2.00  | 2.00  | 3.00  |
| 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 | 40.00 | 42.00 | 42.00 | 42.00 | 42.00 |
| <b>Public works</b>             |       |       |       |       |       |       |       |       |       |       |
| Supervision                     | 7.00  | 5.00  | 5.00  | 5.00  | 5.00  | 5.00  | 4.00  | 4.00  | 4.00  | 4.00  |
| Engineering                     | 4.38  | 4.38  | 4.38  | 4.38  | 4.38  | 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 | 42.00 | 56.00 | 46.00 | 46.00 | 46.00 | 44.00 | 44.00 | 44.00 | 40.00 |
| Water plant                     | 0.00  | 0.00  | 0.00  | 10.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Wastewater treatment plant      | 14.00 | 14.00 | 15.00 | 15.00 | 14.00 | 14.00 | 16.00 | 16.00 | 16.00 | 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                        | 2.00  | 3.00  | 3.00  | 3.00  | 3.00  | 3.00  | 2.00  | 2.00  | 2.00  | 2.00  |
| Code Enforcement                | 6.00  | 6.00  | 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  | 0.50  | 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**

|   | 1998     | 1999     | 2000   | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     |
|---|----------|----------|--------|----------|----------|----------|----------|----------|----------|----------|
| Full-time Equivalent Employees at June 30 |          |          |        |          |          |          |          |          |          |          |
| Recreation and parks                      |          |          |        |          |          |          |          |          |          |          |
| Supervision                               | 3.00     | 3.00     | 3.00   | 3.00     | 3.00     | 3.00     | 3.00     | 2.00     | 2.00     | 2.00     |
| Indoor aquatics                           | 3.93     | 3.93     | 3.93   | 3.93     | 3.93     | 3.93     | 4.18     | 4.18     | 4.18     | 4.18     |
| Outdoor aquatics                          | 6.28     | 6.28     | 6.28   | 6.28     | 6.28     | 6.28     | 6.27     | 6.27     | 6.27     | 6.27     |
| Centers, camp, & programs                 | 11.40    | 11.40    | 11.40  | 12.78    | 12.78    | 12.78    | 11.02    | 11.02    | 11.02    | 11.02    |
| Athletics                                 | 2.38     | 2.38     | 2.38   | 1.00     | 1.00     | 1.00     | 1.00     | 2.00     | 2.00     | 2.00     |
| Parks                                     | 6.76     | 6.76     | 6.76   | 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     | 0.00     | 1.39     | 1.39     | 1.39     | 1.39     |
| Senior Center                             | 2.50     | 2.50     | 2.50   | 2.50     | 2.50     | 2.50     | 2.50     | 2.50     | 2.50     | 2.50     |
| Library                                   | 16.27    | 16.50    | 16.50  | 17.00    | 17.00    | 17.00    | 16.68    | 16.68    | 16.68    | 17.00    |
| Electric                                  | 33.00    | 33.00    | 33.00  | 33.00    | 33.00    | 34.00    | 34.00    | 34.00    | 34.00    | 34.00    |
| Economic Development                      | 3.50     | 3.50     | 3.50   | 3.50     | 3.50     | 2.50     | 1.00     | 1.00     | 1.00     | 1.00     |
| Subtotal                                  | 339.43   | 341.16   | 354.16 | 357.36   | 356.86   | 354.48   | 348.64   | 354.64   | 353.64   | 354.96   |
| Education                                 |          |          |        |          |          |          |          |          |          |          |
| Teachers                                  | 371.80   | 367.00   | 363.30 | 360.85   | 362.15   | 360.30   | 401.30   | 396.10   | 401.20   | 406.70   |
| Non-Teachers                              | 293.25   | 294.30   | 280.30 | 288.90   | 301.50   | 309.45   | 305.08   | 302.20   | 273.39   | 266.14   |
| Subtotal                                  | 665.05   | 661.30   | 643.60 | 649.75   | 663.65   | 669.75   | 706.38   | 698.30   | 674.59   | 672.84   |
| Total                                     | 1,004.48 | 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 |

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

Table 19

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

| Function/Program                             | 1998    | 1999    | 2000    | 2001    | 2002    | 2003   | 2004   | 2005   | 2006   | 2007   |
|--|---------|---------|---------|---------|---------|--------|--------|--------|--------|--------|
| <b>General government</b>                    |         |         |         |         |         |        |        |        |        |        |
| Ordinances Adopted                           | 29      | 16      | 29      | 21      | 21      | 23     | 20     | 15     | 17     | 22     |
| Resolutions Adopted                          | 195     | 194     | 229     | 199     | 173     | 177    | 127    | 144    | 127    | 108    |
| Number of court cases-city violations        | 3,826   | 4,767   | 2,827   | 3,785   | 2,989   | 3,882  | 3,429  | 1,709  | 2,881  | 3,483  |
| <b>Administrative services</b>               |         |         |         |         |         |        |        |        |        |        |
| Applications received and processed          | 862     | 712     | 757     | 837     | 682     | 930    | 653    | 891    | 784    | 839    |
| Purchase Orders issued for departments       | 5,856   | 5,800   | 2,482   | 1,894   | 2,044   | 2,044  | 2,254  | 4,524  | 4,525  | 4,106  |
| Purchase Orders issued for stock purchases   | 1,774   | 1,700   | 1,424   | 1,554   | 1,259   | 1,259  | 1,420  | 1,219  | 1,350  | 1,328  |
| Business licenses issued                     | 1,541   | N/A     | N/A     | 1,736   | N/A     | N/A    | 1,282  | 1,345  | 1,392  | 1,344  |
| <b>Police</b>                                |         |         |         |         |         |        |        |        |        |        |
| Serious crimes                               | 1,851   | 1,851   | 1,785   | N/A     | N/A     | 2,360  | 3,710  | 3,595  | 2,204  | N/A    |
| Burglaries                                   | 225     | 225     | 133     | 202     | 301     | 331    | 383    | 394    | 394    | N/A    |
| Total arrests                                | N/A     | N/A     | N/A     | 2,032   | 1,984   | 1,875  | 1,483  | 2,377  | 2,500  | N/A    |
| Total calls for services                     | 36,742  | 36,742  | 47,520  | 37,237  | 33,672  | 36,291 | 32,854 | 32,854 | 35,000 | N/A    |
| Animal apprehensions                         | 1,300   | 1,200   | 941     | 1,381   | 1,958   | 2,116  | 2,708  | 2,500  | 2,850  | N/A    |
| Registered animals                           | 4,591   | 5,000   | 4,553   | 3,871   | 5,012   | 4,659  | 4,040  | 4,400  | 4,200  | N/A    |
| <b>Fire</b>                                  |         |         |         |         |         |        |        |        |        |        |
| Number of calls                              | 3,028   | 3,423   | 3,411   | 3,339   | 3,339   | 3,497  | 3,264  | 3,560  | 3,743  | 3,721  |
| Public fire education                        | 10,039  | 6,945   | 6,945   | 6,450   | 8,400   | 10,993 | 10,993 | 10,993 | 9,000  | 10,750 |
| Violations reported by department inspection | 800     | 1,539   | 1,539   | 1,441   | 1,150   | 850    | 850    | 850    | 900    | 1,060  |
| Average response time (mins)                 | 4.0     | 3.1     | 3.1     | 3.3     | 4.5     | 3.5    | 4.0    | 4.0    | 4.0    | 4.3    |
| Average control time (mins)                  | 4.0     | 1.1     | 1.1     | 3.3     | 4.8     | 3.6    | 4.0    | 4.0    | 4.0    | 4.0    |
| <b>Community Development</b>                 |         |         |         |         |         |        |        |        |        |        |
| Site plans reviewed                          | 27      | 26      | 28      | 19      | 21      | 19     | 19     | 18     | 19     | 6      |
| Non-Residential                              | 39      | 33      | 44      | 48      | 52      | 65     | 76     | 110    | 112    | 108    |
| Residential                                  | 479     | 453     | 510     | 426     | 474     | 494    | 582    | 582    | 599    | 567    |
| Building permits                             | 190     | 236     | 322     | 456     | 424     | 348    | 400    | 400    | 518    | 584    |
| Plumbing permits                             | 452     | 376     | 405     | 1,038   | 438     | 438    | 530    | 530    | 643    | 629    |
| Electrical permits                           | 1,091   | 1,207   | 1,252   | 1,501   | 1,387   | 969    | 1,691  | 1,691  | 757    | 620    |
| Nuisance Abatement                           | 188     | 214     | 228     | 605     | 364     | 112    | 416    | 416    | 416    | 150    |
| Abandoned vehicles                           | 174     | 219     | 259     | 279     | 110     | 86     | 48     | 48     | 66     | 62     |
| Housing inspections                          |         |         |         |         |         |        |        |        |        |        |
| <b>Park and Recreation</b>                   |         |         |         |         |         |        |        |        |        |        |
| City-wide special events                     | 8       | 8       | 8       | 7       | 7       | 7      | 7      | 7      | 7      | 7      |
| Cold Facts Program participants              | 1,886   | 1,948   | 2,037   | 2,038   | 2,123   | 2,174  | 2,325  | 2,341  | 2,327  | 2,353  |
| Pool attendance                              | 115,349 | 109,853 | 104,336 | 104,094 | 104,069 | 87,435 | 78,938 | 60,775 | 75,741 | 77,153 |
| Summer camp enrollment                       | 820     | 960     | 960     | 960     | 960     | 880    | 860    | 1,100  | 870    | 949    |
| Athletic activities                          |         |         |         |         |         |        |        |        |        |        |
| Youth participants                           | 135     | 166     | 156     | 135     | 218     | 234    | 212    | 186    | 147    | 155    |
| Adult participants                           | 712     | 471     | 826     | 1,047   | 1,280   | 1,280  | 1,496  | 1,845  | 1,784  | 1,579  |
| Youth teams                                  | 14      | 15      | 14      | 13      | 22      | 21     | 20     | 18     | 16     | 17     |
| Adult teams                                  | 43      | 32      | 52      | 74      | 82      | 95     | 106    | 138    | 129    | 113    |

(Continued)

Table 19

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

|  | 1998        | 1999        | 2000        | 2001        | 2002        | 2003        | 2004        | 2005        | 2006        | 2007        |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Library</b>   |             |             |             |             |             |             |             |             |             |             |
| Total volume   | 109,872     | 103,000     | 103,500     | 106,440     | 109,434     | 118,320     | 118,411     | 114,707     | 114,707     | 112,550     |
| Total non-print material   | N/A         | 19,000      | 19,200      | 21,099      | 22,973      | 48,993      | 51,692      | 52,415      | 52,415      | 57,241      |
| Total circulation  | 253,850     | 222,670     | 229,255     | 215,748     | 224,967     | 220,269     | 204,681     | 204,585     | 182,400     | 186,215     |
| Registered patrons   | 16,596      | 14,758      | 12,474      | 23,937      | 24,836      | 22,477      | 27,604      | 23,735      | 23,455      | 22,171      |
| Reference questions and reader service   | 38,249      | 33,394      | 38,902      | 37,008      | 38,117      | 37,433      | 33,029      | 35,622      | 33,217      | 29,883      |
| Storytime attendance   | 4,147       | 2,891       | 2,781       | 3,506       | 4,978       | 5,432       | 5,395       | 5,355       | 4,167       | 5,262       |
| <b>Public Works</b>  |             |             |             |             |             |             |             |             |             |             |
| Street sign maintenance and installation                                       | 331         | 181         | 400         | 379         | 201         | 394         | 341         | 412         | 259         | 370         |
| Traffic control and school flashing signals                                    | 375         | 377         | 377         | 371         | 371         | 371         | 390         | 390         | 390         | 390         |
| hours for maintenance and installation   | 3634        | 3,450       | 2,186       | 2,341       | 2,451       | 2,278       | 2,508       | 2,508       | 1,865       | 2,147       |
| Public street lights   |             |             |             |             |             |             |             |             |             |             |
| inventory  | 5,029       | 5,227       | 5,256       | 5,319       | 5,362       | 5,397       | 5,431       | 5,426       | 5,426       | 5,447       |
| hours for maintenance and installation   | 2,241       | 2,027       | 2,327       | 1,971       | 1,985       | 2,250       | 1,536       | 1,606       | 2,082       | 2,095       |
| Mowing of ROW (acres)  | 15          | 15          | 15          | 15          | 15          | 15          | 15          | 15          | 15          | 15          |
| <b>Electric</b>  |             |             |             |             |             |             |             |             |             |             |
| Purchased Power  | 510,921,070 | 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 |
| Kilowatts-hours purchased  | 23,616,218  | 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  |
| Amount   |             |             |             |             |             |             |             |             |             |             |
| Electric Sales   | 477,381,167 | 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 |
| Kilowatts-hours sold   | 29,565,423  | 29,688,123  | 29,982,926  | 32,613,495  | 32,859,895  | 34,097,674  | 35,245,630  | 35,051,657  | 38,227,317  | 41,096,029  |
| Amount   | \$0.0462    | \$0.0457    | \$0.0466    | \$0.0459    | \$0.0464    | \$0.0464    | \$0.0501    | \$0.0497    | \$0.0534    | \$0.0586    |
| Cost per kilowatt-hour purchases   | 6.56%       | 4.82%       | 3.34%       | 2.71%       | 5.14%       | 3.20%       | 4.74%       | 3.65%       | 6.36%       | 4.72%       |
| % losses and unaccounted for KH purchases                                      |             |             |             |             |             |             |             |             |             |             |
| <b>Water</b>   |             |             |             |             |             |             |             |             |             |             |
| Gallons treated (thousands)  | 1,497,800   | 1,530,487   | 1,242,710   | 4,374,438   | 4,258,710   | 4,048,248   | 3,907,730   | 3,700,000   | 4,045,928   | 3,367,518   |
| Gallons purchased (thousands)  |             |             |             |             |             |             |             |             |             | 34,445      |
| Gallons pumped (thousands)   |             |             |             |             |             |             |             |             |             | 3,370,193   |
| Gallons sold (thousands)   | 1,099,178   | 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   |
| Line losses and gallons unaccounted for (thousands)                            | N/A         | 533,710     |
| Percentage of losses and unaccounted for gallons to total provided (thousands) | N/A         | 15.7%       |
| Average daily consumption (thousands of gallons)                               | N/A         | N/A         | N/A         | 10,945      | 10,678      | 10,099      | 10,083      | 9,649       | 10,137      | 7,866       |
| <b>Wastewater</b>  |             |             |             |             |             |             |             |             |             |             |
| Clinch River Industrial Park Plant   |             |             |             |             |             |             |             |             |             |             |
| Gallons treated (thousands)  | 1,036       | 1,716       | 1,900       | 1,500       | 1,500       | 2,400       | 1,724       | 1,600       | 1,600       | 1,200       |
| West End Plant   |             |             |             |             |             |             |             |             |             |             |
| Gallons treated (thousands)  | 1,881,200   | 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   |
| <b>Schools</b>   |             |             |             |             |             |             |             |             |             |             |
| Enrollment   | 4,714       | 4,636       | 4,616       | 4,398       | 4,391       | 4,323       | 4,285       | 4,280       | 4,306       | 4,394       |
| Average Daily Membership   | 4,752       | 4,679       | 4,559       | 4,451       | 4,418       | 4,346       | 4,279       | 4,284       | 4,348       | 4,364       |
| Average Daily Attendance   | 4,520       | 4,428       | 4,331       | 4,213       | 4,190       | 4,127       | 4,066       | 4,061       | 4,127       | 4,142       |
| Average Test Scores (ACT)  | 23.7        | 23.0        | 23.4        | 23.6        | 23.8        | 23.6        | 24.4        | 24.5        | 24.3        | 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                         | 1998   | 1999   | 2000   | 2001   | 2002   | 2003   | 2004   | 2005   | 2006   | 2007   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Police</b>                            |        |        |        |        |        |        |        |        |        |        |
| Stations                                 | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Marked Vehicles                          | 17     | 18     | 19     | 23     | 23     | 23     | 23     | 23     | 23     | 23     |
| Unmarked Vehicles                        | 6      | 6      | 6      | 5      | 5      | 5      | 5      | 6      | 6      | 6      |
| Animal Control                           | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Other Vehicles                           | 8      | 8      | 9      | 9      | 9      | 9      | 9      | 9      | 9      | 9      |
| <b>Fire</b>                              |        |        |        |        |        |        |        |        |        |        |
| Stations                                 | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      |
| Fire trucks (Pumpers and ladder)         | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      | 6      |
| Rescue vehicles - radio equipped         | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Sedans - radio equipped                  | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 4      | 4      | 4      |
| 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      | 4      | 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      | 1      |
| 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                        | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Library                                  | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| <b>Public Works</b>                      |        |        |        |        |        |        |        |        |        |        |
| Miles of roads and streets               | 208.62 | 208.62 | 208.62 | 211.02 | 211.42 | 211.42 | 217.75 | 222.33 | 226.00 | 226.00 |
| Miles of sidewalks                       | 98.73  | 98.73  | 98.73  | 98.73  | 98.73  | 98.73  | 98.73  | 100.61 | 100.61 | 100.61 |
| <b>Electric</b>                          |        |        |        |        |        |        |        |        |        |        |
| Miles of electric lines                  | 267.03 | 270.36 | 270.84 | 270.84 | 272.66 | 281.35 | 282.00 | 282.00 | 286.00 | 286.00 |
| Number of regular street lights          | 5,059  | 5,059  | 5,256  | 5,319  | 5,362  | 5,397  | 5,431  | 5,426  | 5,447  | 5,463  |
| Number of private outdoor lights         | 1,484  | 1,509  | 1,520  | 1,530  | 1,530  | 1,564  | 1,577  | 1,577  | 1,577  | 1,568  |
| <b>Water</b>                             |        |        |        |        |        |        |        |        |        |        |
| Miles of water main                      | 218.94 | 218.94 | 220.00 | 222.00 | 222.00 | 225.40 | 225.77 | 225.77 | 231.90 | 231.90 |
| Number of fire hydrants                  | 2,424  | 2,427  | 2,450  | 2,481  | 2,489  | 2,501  | 2,500  | 2,700  | 2,560  | 2,574  |
| <b>Wastewater</b>                        |        |        |        |        |        |        |        |        |        |        |
| Miles of sewer main                      | 236.63 | 236.63 | 240.00 | 240.00 | 240.00 | 244.50 | 245.87 | 245.87 | 245.87 | 250.00 |
| Treatment plants                         | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |
| Treatment capacity (thousand of gallons) | 5,680  | 5,680  | 9,900  | 5,880  | 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 21

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

| Fiscal<br>Year | Waterworks          |                  |                       | Total         |
|----------------|---------------------|------------------|-----------------------|---------------|
|                | Electric<br>Revenue | Water<br>Revenue | Wastewater<br>Revenue |               |
| 1998           | \$ 30,171,408       | \$ 3,414,703     | \$ 3,962,104          | \$ 37,548,215 |
| 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    |

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.

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

|  | 1998       | 1999       | 2000       | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Electric (1)</b>                          |            |            |            |            |            |            |            |            |            |            |
| <b>Residential</b>                           |            |            |            |            |            |            |            |            |            |            |
| Base Charge                                  | \$ 5.50    | \$ 5.50    | \$ 5.80    | \$ 5.80    | \$ 5.80    | \$ 5.80    | \$ 6.57    | \$ 7.30    | \$ 7.37    | \$ 7.46    |
| All kWh                                      | 0.05915    | 0.05915    | 0.06240    | 0.06240    | 0.06240    | 0.06240    | 0.06544    | 0.06790    | 0.07732    | 0.07622    |
| <b>Commercial</b>                            |            |            |            |            |            |            |            |            |            |            |
| <b>GSA1</b>                                  |            |            |            |            |            |            |            |            |            |            |
| Base Charge                                  | \$ 12.50   | \$ 12.50   | \$ 15.00   | \$ 15.00   | \$ 15.00   | \$ 15.00   | \$ 15.00   | \$ 17.00   | \$ 17.17   | \$ 17.37   |
| All kWh                                      | 0.06493    | 0.06493    | 0.06756    | 0.06756    | 0.06756    | 0.06756    | 0.07178    | 0.07382    | 0.08571    | 0.08432    |
| <b>GSA2</b>                                  |            |            |            |            |            |            |            |            |            |            |
| Base Charge                                  | \$ 25.00   | \$ 25.00   | \$ 30.00   | \$ 30.00   | \$ 30.00   | \$ 30.00   | \$ 30.00   | \$ 55.00   | \$ 55.56   | \$ 56.20   |
| 1st 15,000 kWh                               | 0.06648    | 0.06648    | 0.07000    | 0.07000    | 0.07000    | 0.07000    | 0.07421    | 0.07746    | 0.08938    | 0.08803    |
| Additional kWh                               | 0.03407    | 0.03407    | 0.03587    | 0.03587    | 0.03587    | 0.03587    | 0.03823    | 0.03935    | 0.04601    | 0.04557    |
| KW, 51-1,000                                 | 9.42       | 9.42       | 9.94       | 9.94       | 9.94       | 9.94       | 10.67      | 10.93      | 12.55      | 12.25      |
| <b>GSA3</b>                                  |            |            |            |            |            |            |            |            |            |            |
| Base Charge                                  | \$ 75.00   | \$ 75.00   | \$ 80.00   | \$ 80.00   | \$ 80.00   | \$ 80.00   | \$ 80.00   | \$ 150.00  | \$ 151.52  | \$ 153.28  |
| All kWh                                      | 0.03474    | 0.03474    | 0.03655    | 0.03655    | 0.03655    | 0.03665    | 0.03901    | 0.04087    | 0.04754    | 0.04712    |
| KW, 0 - 1,000                                | 8.92       | 8.92       | 9.41       | 9.41       | 9.41       | 9.41       | 10.09      | 10.09      | 11.95      | 11.61      |
| KW, 1,001 - 5,000                            | 10.01      | 10.01      | 10.56      | 10.56      | 10.56      | 10.56      | 12.02      | 12.02      | 14.27      | 13.88      |
| <b>Outdoor Light</b>                         |            |            |            |            |            |            |            |            |            |            |
| All kWh                                      | \$ 0.04377 | \$ 0.04377 | \$ 0.04377 | \$ 0.04377 | \$ 0.04377 | \$ 0.04377 | \$ 0.04377 | \$ 0.04622 | \$ 0.05265 | \$ 0.05166 |
| <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    | \$ 8.01    | \$ 9.65    |
| Next 8,000 gallons per 1,000 gallons         | 3.10       | 3.10       | 3.10       | 3.10       | 3.10       | 3.10       | 3.10       | 3.10       | 3.10       | 3.75       |
| Next 40,000 gallons per 1,000 gallons        | 2.77       | 2.77       | 2.77       | 2.77       | 2.77       | 2.77       | 2.77       | 2.77       | 2.77       | 3.35       |
| Next 150,000 gallons per 1,000 gallons       | 2.29       | 2.29       | 2.29       | 2.29       | 2.29       | 2.29       | 2.29       | 2.29       | 2.29       | 2.75       |
| Next 800,000 gallons per 1,000 gallons       | 1.90       | 1.90       | 1.90       | 1.90       | 1.90       | 1.90       | 1.90       | 1.90       | 1.90       | 2.30       |
| 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       | 1.56       | 2.30       |
| <b>Wastewater</b>                            |            |            |            |            |            |            |            |            |            |            |
| Minimum Bill (0-2,000 gallons)               | \$ 9.85    | \$ 9.85    | \$ 10.25   | \$ 10.25   | \$ 10.25   | \$ 10.50   | \$ 10.50   | \$ 10.50   | \$ 11.50   | \$ 11.50   |
| Next 8,000 gallons per 1,000 gallons         | 2.15       | 2.15       | 2.94       | 2.94       | 2.94       | 3.75       | 3.75       | 3.75       | 4.13       | 4.13       |
| Next 40,000 gallons per 1,000 gallons        | 3.78       | 3.78       | 4.38       | 4.38       | 4.38       | 5.05       | 5.05       | 5.05       | 5.55       | 5.55       |
| Next 50,000 gallons per 1,000 gallons        | 3.55       | 3.55       | 4.20       | 4.20       | 4.20       | 5.05       | 5.05       | 5.05       | 5.55       | 5.55       |
| Next 4,999,900 gallons per 1,000 gallons     | 3.28       | 3.28       | 4.20       | 4.20       | 4.20       | 5.05       | 5.05       | 5.05       | 5.55       | 5.55       |
| All over 5,000,000 gallons per 1,000 gallons | 3.28       | 3.28       | 4.20       | 4.20       | 4.20       | 5.90       | 5.90       | 5.90       | 5.55       | 5.55       |

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 |
| 1998        | 12,744      | 1,477                    | 336                      | 60                          | 10,676      | 1,378      | 10,414      | 1,175      |
| 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      |

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

| Customer  | 2007          |                  |                      |      |                           | 1998          |                  |                      |      |                           |
|---|---------------|------------------|----------------------|------|---------------------------|---------------|------------------|----------------------|------|---------------------------|
|   | 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                                   | 57,851        | 31,591,057       | \$ 2,223,269         | 1    | 5.41%                     | 32,828        | 12,020,938       | \$ 904,207           | 4    | 3.06%                     |
| Methodist Medical Center                            | 44,692        | 22,861,747       | 1,641,510            | 2    | 3.99%                     | 40,041        | 18,822,489       | 1,012,826            | 3    | 3.43%                     |
| Scientific Ecology Group (SEG)<br>(AKA GTS Duratek) | (1)           | 22,056,228       | 1,308,879            | 3    | 3.18%                     | (1)           | 29,897,121       | 1,358,616            | 2    | 4.60%                     |
| Boeing  | (1)           | 21,017,512       | 1,162,594            | 4    | 2.83%                     | 53,226        | 27,926,619       | 1,449,810            | 1    | 4.90%                     |
| Oak Ridge Board Of Education                        | 32,171        | 12,364,496       | 991,079              | 5    | 2.41%                     | 33,512        | 10,182,690       | 662,774              | 6    | 2.24%                     |
| US Department of Energy                             | 17,863        | 8,428,363        | 628,516              | 6    | 1.53%                     | 17,738        | 7,577,473        | 473,071              | 8    | 1.43%                     |
| Advanced Measurement                                | 15,548        | 8,756,900        | 590,265              | 7    | 1.44%                     | -             | -                | -                    | -    | -                         |
| BWXT Y-12   | 17,036        | 7,835,200        | 572,342              | 8    | 1.39%                     | -             | -                | -                    | -    | -                         |
| USEC Inc  | 19,183        | 6,237,337        | 531,835              | 9    | 1.29%                     | -             | -                | -                    | -    | -                         |
| Rogers Group Inc.                                   | 24,539        | 4,664,213        | 527,714              | 10   | 1.28%                     | -             | -                | -                    | -    | -                         |
| COORS Tek   | -             | -                | -                    | -    | -                         | -             | -                | -                    | -    | -                         |
| Manufacturing Sciences                              | -             | -                | -                    | -    | -                         | 30,391        | 14,804,407       | 682,486              | 5    | 2.31%                     |
| Lockheed-Martin                                     | -             | -                | -                    | -    | -                         | 27,124        | 7,200,209        | 476,076              | 7    | 1.61%                     |
| Crown American                                      | -             | -                | -                    | -    | -                         | 20,706        | 6,975,889        | 428,776              | 9    | 1.45%                     |
| M4 Environmental                                    | -             | -                | -                    | -    | -                         | 14,952        | 5,644,000        | 341,929              | 10   | 1.16%                     |
| <b>Total</b>  |               |                  | <u>\$ 10,178,003</u> |      | <u>24.75%</u>             |               |                  | <u>\$ 7,790,571</u>  |      | <u>26.19%</u>             |

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