



Comprehensive Annual Financial Report
City of Oak Ridge, Tennessee

For the Fiscal Year Ended
June 30, 2006

CITY OF OAK RIDGE, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2006

Prepared by
FINANCE DEPARTMENT



**City of Oak Ridge, Tennessee
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006**

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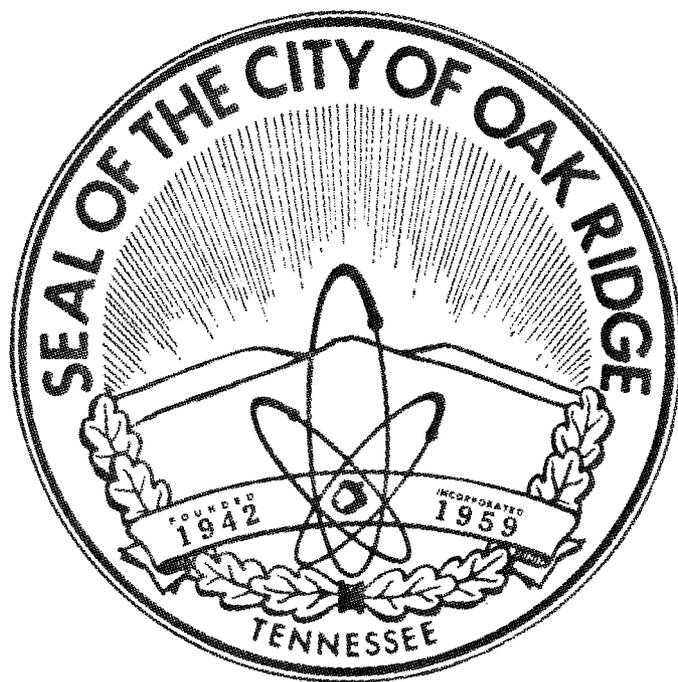
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February 20, 2007

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, 2006.

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, 2006, 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, 2006 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. The annual payment is subject to 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 two new facilities located at the Oak Ridge National Laboratory (ORNL). Additional new buildings are planned or are under construction on DOE property that will be subject to taxation by the City.

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 67. The comparison for the capital projects fund is presented on page 96.

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. The SNS expects up to 2,000 scientists 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 three-story complex was completed at ORNL to house a new supercomputer capable of 10 trillion calculations per second and engineering

technology and research facilities. 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 2006, the property taxes on this facility were \$604,147. With four similar type facilities planned or under construction for ORNL and the Y-12 complex, the construction of these taxable facilities on federal property represent a significant revenue stream for the City.

In April 2003, the Department of Energy transferred ownership of 490 acres in the Horizon Center Industrial Park to a subsidiary of the Community Reuse Organization of East Tennessee (CROET), a non-profit development corporation. The transfer of this property from federal ownership allows 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 3,975 residential units and 1,250,000 square-feet of commercial development. The first phase of construction will include 60 townhomes and 82 single-family homes. Eighty-six building permits have been issued and 40 homes have been issued a certificate of occupancy. Final plats have been processed on 494 lots. Located in the far west section of Oak Ridge, development of water and wastewater infrastructure to this site by the City is nearing completion.

In April 2004, the 277 remaining acres owned by the City surrounding the Tennessee Centennial Golf Course were sold to a private residential and commercial developer. The current plan provides for construction of 485 new single and multi-family dwelling units. The site also includes a 24-acre general business area.

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 is 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. South Hills Development 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.

Under construction or 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.

Long-term financial planning

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge overwhelmingly voted to increase the local sales tax option from 2.25% to the state maximum of 2.75%, with the additional tax proceeds funding the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax rate increase became effective with sales beginning on October 1, 2004. The ORHS project is anticipated to cost \$61,000,000 over a four-year period. \$33,081,860 in long-term debt was issued for this project in fiscal years 2005 and 2006. Additional debt issuances will occur in phases over the next two to three years to finance completion of construction of the ORHS project. Funding for the debt service on these issuances will be provided from the additional .50% sales tax proceeds in the Anderson County portion of Oak Ridge, private donations and from revenues generated from the existing property tax base.

The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City has spent approximately \$27 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 \$4,832,304 available from an authorized loan from the Tennessee State Revolving Fund to finance the 2007 to 2009 phase of the wastewater system rehabilitation project, which includes sanitary sewer replacement, slip-lining, cured-in-place and pipe bursting, and manhole and pump station rehabilitation and replacement. During fiscal 2004, the City began an approximate \$4 million upgrade to the water treatment plant facilities. 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 the next three years. \$5,583,000 was drawn in fiscal 2006 to finance these projects. This is a draw loan in which the funds are drawn as expenditures occur and are anticipated to fund a portion of the expenditures to upgrade the water treatment plant. Wastewater rates were increased in April of 2006 by approximately 10%. The next water and wastewater rate review is scheduled for the spring of 2007. It is anticipated that water rates will be increased at that time to finance the debt service on these capital projects. The last water rate increase was in 1998.

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

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

Risk management. Insurance coverage for city and schools assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for city and school system employees is through a public entity risk pool operated as a risk sharing program by the Tennessee Municipal League (TML). The City has per occurrence deductibles as outlined in Note 17 of the notes to the financial statements. The City is self-insured for the deductible with resources being accumulated in the insurance fund, an internal service fund, to meet potential losses. The City has a \$50,000 per occurrence deductible for workers' compensation claims. The City has held employee accident prevention training classes.

Pension and other postemployment benefits. Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS acts as a common investment and administrative agent for political subdivisions in the State. TCRS provides retirement benefits as well as death and disability benefits. The City's plan is noncontributory and has assumed employee contributions of up to 5% of annual covered payroll. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2006 was 11.53% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Non-teaching employees working in the Oak Ridge School system are covered in a separate retirement plan administered by the TCRS. This plan is similar to the City's with the exception that it is a contributory plan whereby the employee contributes 5% of earnable compensation with the Schools responsible for the remaining contribution. The school fund is required to

contribute at an actuarially determined rate; which was 7.02% of annual covered payroll for the fiscal year ending June 30, 2006.

The Oak Ridge Schools contribute to the State Employees, Teachers and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple employer defined benefit pension plan also administered by the TCRS. The plan description is the same as for non-teaching school employees. Most teachers are required by State statute to contribute 5% of salary to the plan. The school fund is required to contribute at an actuarially determined rate; which was 5.50% of annual covered payroll for the fiscal year ending June 30, 2006.

The City also provides postretirement health benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 53 employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

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

Awards and Acknowledgements

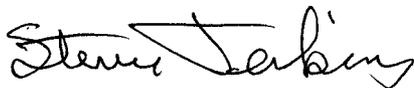
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This is the forty-fifth consecutive year that 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.

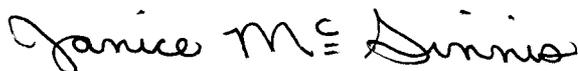
In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past twenty-three consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several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

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

Respectfully submitted,



Steven W. Jenkins
Deputy City Manager



Janice E. McGinnis
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Ridge
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

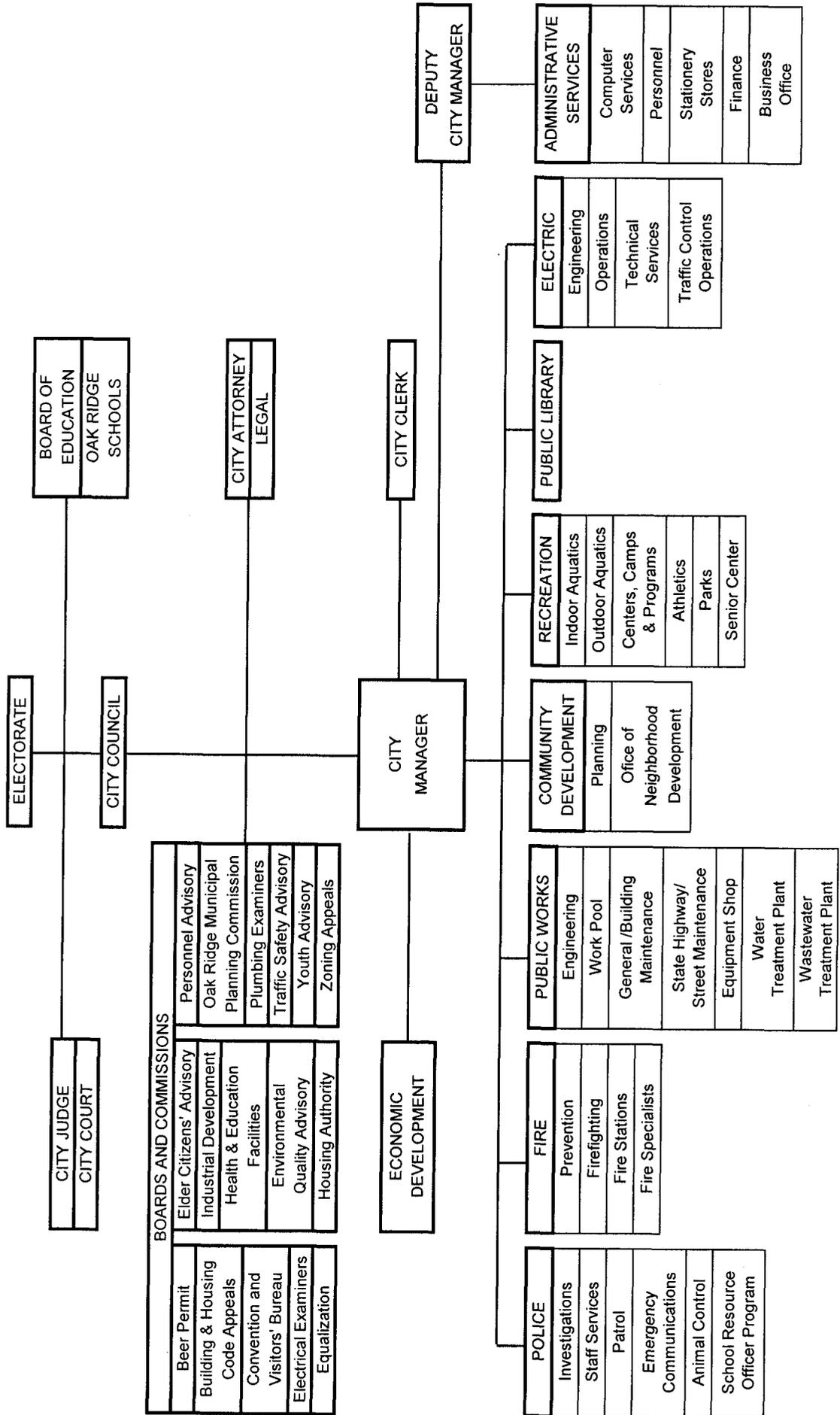


President

Executive Director

ORGANIZATION CHART

City of Oak Ridge, Tennessee



CITY OF OAK RIDGE, TENNESSEE

CITY OFFICIALS

Mayor

David R. Bradshaw

Members of City Council

Leonard A. Abbatiello
Tom Beehan
Louise Dunlap

Willie Golden, Jr.
D. Jane Miller
David N. Mosby

City Manager

James R O'Connor

Department Directors

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

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

City Attorney

Kenneth R. Krushenski

City Judge

Robert A. McNees III

City Clerk

Jacquelyn J. Bernard

Board of Education

John W. Smith, Jr., Chairperson
Jennifer Richter, Vice Chairperson
Keyes Fillauer, Parliamentarian
Angi Agle, Treasurer
Dan DiGregorio

Director of Schools

Thomas E. Bailey, Ed.D.

Assistant Director of Schools

John D. Dobbs, Ed.D.



PUGH & COMPANY, P.C.

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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, 2006, 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the general fund and 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 10, 2007 on our consideration of the City's internal control over financial reporting and 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, 2006 and 2005 have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not audit the data included in the introductory or statistical sections of this report and, accordingly, we express no opinion on such data.

Pugh & Company, P.C.

Certified Public Accountants

January 10, 2007



CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2006

	Governmental Activities	Business Type Activities	Total Primary Government	Convention and Visitors Bureau	Total Reporting Unit
Assets					
Cash and cash equivalents	\$ 23,546,287	\$ 583,420	\$ 24,129,707	\$ 3,734	\$ 24,133,441
Receivables, net	19,861,566	6,378,019	26,239,585	-	26,239,585
Internal balances	2,077,709	(2,077,709)	-	-	-
Due from other governments	4,311,251	20,554	4,331,805	-	4,331,805
Inventory, at cost	48,927	2,314,377	2,363,304	-	2,363,304
Prepaid items	291,452	-	291,452	-	291,452
Restricted assets:					
Deposits	-	1,269,313	1,269,313	-	1,269,313
Construction account	16,254,147	-	16,254,147	-	16,254,147
Current debt service account	-	137,467	137,467	-	137,467
Deferred charges	6,462	489,061	495,523	-	495,523
Capital assets nondepreciable	18,333,994	1,881,899	20,215,893	-	20,215,893
Capital assets depreciable	80,432,705	111,978,030	192,410,735	-	192,410,735
Total assets	165,164,500	122,974,431	288,138,931	3,734	288,142,665
Liabilities					
Accounts payable	5,410,114	5,904,286	11,314,400	-	11,314,400
Claims payable	175,000	-	175,000	-	175,000
Accrued liabilities	3,374,154	132,540	3,506,694	-	3,506,694
Deposits	412,018	1,102,646	1,514,664	-	1,514,664
Due to other governments	62,316	-	62,316	-	62,316
Unearned revenue	15,961,181	-	15,961,181	-	15,961,181
Restricted liabilities:					
Contracts payable	-	166,667	166,667	-	166,667
Accrued interest payable	355,330	74,645	429,975	-	429,975
Long-term liabilities:					
Due within one year	5,378,005	2,794,534	8,172,539	-	8,172,539
Due in more than one year	81,373,362	49,574,845	130,948,207	-	130,948,207
Total liabilities	112,501,480	59,750,163	172,251,643	-	172,251,643
Net assets					
Invested in capital assets net of related debt	31,540,540	62,355,102	93,895,642	-	93,895,642
Restricted for:					
Net assets - restricted for construction	16,254,147	-	16,254,147	-	16,254,147
Net assets - restricted for debt service	-	137,467	137,467	-	137,467
Unrestricted	4,868,333	731,699	5,600,032	3,734	5,603,766
Total net assets	\$ 52,663,020	\$ 63,224,268	\$ 115,887,288	\$ 3,734	\$ 115,891,022

**CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006**

Functions/Programs Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	Convention and Visitors Bureau	Total Reporting Unit
			Grants and Contributions	Capital Grants and Contributions				
Governmental activities:								
General government	\$ 1,719,874	\$ 1,050,931	\$ 423,298	\$ -	\$ (245,645)	\$ -	\$ (245,645)	\$ (245,645)
Administration	577,081	-	-	-	(577,081)	-	(577,081)	(577,081)
Public safety	8,609,654	414,184	33,885	-	(8,161,585)	-	(8,161,585)	(8,161,585)
Public works	4,042,211	-	-	-	(4,042,211)	-	(4,042,211)	(4,042,211)
Community services	9,907,380	2,558,599	556,173	240,814	(6,551,794)	-	(6,551,794)	(6,551,794)
Education	45,823,972	1,853,765	30,351,965	-	(13,618,242)	-	(13,618,242)	(13,618,242)
Interest and fiscal changes	2,316,963	-	-	-	(2,316,963)	-	(2,316,963)	(2,316,963)
Total governmental activities	72,997,135	5,877,479	31,365,321	240,814	(35,513,521)	-	(35,513,521)	(35,513,521)
Business-type activities:								
Electric	37,926,429	38,227,318	-	-	-	300,889	300,889	300,889
Waterworks	13,776,337	12,800,009	-	122,436	-	(853,892)	(853,892)	(853,892)
Emergency communication district	347,391	436,143	11,526	-	-	100,278	100,278	100,278
Total business-type activities	52,050,157	51,463,470	11,526	122,436	-	(452,725)	(452,725)	(452,725)
Total primary government	\$ 125,047,292	\$ 57,340,949	\$ 31,376,847	\$ 363,250	\$ (35,513,521)	\$ -	\$ (35,966,246)	\$ (35,966,246)
Component units:								
Visitors Bureau	\$ 395,787	\$ -	\$ 45,077	\$ -	\$ -	\$ -	\$ (350,710)	\$ (350,710)
Total component units	\$ 395,787	\$ -	\$ 45,077	\$ -	\$ -	\$ -	\$ (350,710)	\$ (350,710)
General revenues:								
Real & personal property taxes					15,734,618		15,734,618	15,734,618
In-lieu of tax payments					3,860,930		3,860,930	3,860,930
Sales taxes					9,904,536		9,904,536	9,904,536
State shared taxes					3,492,328		3,492,328	3,492,328
Business taxes					999,362		999,362	999,362
Occupancy taxes					427,608		427,608	427,608
Wholesale beer & liquor taxes					774,866		774,866	774,866
Gain on sale of capital assets					254,595		254,595	254,595
Interest					752,673	52,996	805,669	805,669
Miscellaneous					1,382,109	729,111	2,111,220	2,111,220
Transfers					357,963	(357,963)	-	-
Total general revenues and transfers					37,941,568	424,144	38,365,732	38,719,162
Change in net assets					2,428,067	(28,581)	2,399,486	2,402,206
Net assets - beginning					50,234,953	63,252,849	113,487,802	113,488,616
Net assets - ending					\$ 52,663,020	\$ 63,224,268	\$ 115,887,288	\$ 115,891,022

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, 2006

	General Fund	School Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,731,268	\$ 5,896,188	\$ 3,554,041	\$ 9,217,500	\$ 21,398,997
Receivables, net	15,379,001	205,952	4,183,410	93,203	19,861,566
Due from other funds	2,677,097	-	-	164,046	2,841,143
Due from other governments	1,892,694	1,521,571	89,188	807,798	4,311,251
Advances to other funds	112,500	-	-	-	112,500
Inventory, at cost	-	-	-	48,927	48,927
Prepaid items	-	10,484	65,458	215,510	291,452
Assets held in trust	-	-	16,254,147	-	16,254,147
Total assets	<u>\$ 22,792,560</u>	<u>\$ 7,634,195</u>	<u>\$ 24,146,244</u>	<u>\$ 10,546,984</u>	<u>\$ 65,119,983</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 168,499	\$ 442,781	\$ 4,494,742	\$ 259,253	\$ 5,365,275
Accrued liabilities	555,928	2,807,747	-	3,299	3,366,974
Deposits	412,018	-	-	-	412,018
Due to other funds	181,121	-	578,423	113,080	872,624
Due to other governments	62,316	-	-	-	62,316
Deferred revenue	15,931,402	20,984	-	8,795	15,961,181
Total liabilities	<u>17,311,284</u>	<u>3,271,512</u>	<u>5,073,165</u>	<u>384,427</u>	<u>26,040,388</u>
Fund balances:					
Reserved for special programs	-	61,779	-	62,654	124,433
Reserved for encumbrances	311,018	103,686	595,359	369,300	1,379,363
Reserved - prepaid expenditures	-	10,484	65,458	215,510	291,452
Reserved for capital outlay	-	-	16,254,147	-	16,254,147
Reserved for advances to other funds	112,500	-	-	-	112,500
Unreserved, designated for:					
Subsequent years' expenditures	-	51,169	-	-	51,169
Designated for debt service	-	-	-	6,402,404	6,402,404
Designated for capital projects	-	-	2,158,115	-	2,158,115
Unreserved, undesignated, reported in:					
General fund	5,057,758	-	-	-	5,057,758
School fund	-	4,135,565	-	-	4,135,565
Special revenue	-	-	-	3,112,689	3,112,689
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 22,792,560</u>	<u>\$ 7,634,195</u>	<u>\$ 24,146,244</u>	<u>\$ 10,546,984</u>	<u>\$ 65,119,983</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, 2006

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

Ending fund balance - governmental funds	\$	39,079,595
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		94,350,294
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Internal service funds are used by management to charge the costs of insurance and equipment replacement costs to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.		5,097,188
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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	\$	(29,126,000)	
Qualified Zone Academy Bonds (QZAB)		(7,641,275)	
Capital Outlay Notes		(228,476)	
Notes Payable		(44,938,765)	
Discounts and Premiums (net)		(390,758)	
Compensated Absences		(2,818,556)	
Termination Benefits		(368,090)	
Accrued Interest		(352,137)	
		(85,864,057)	(85,864,057)

Net assets of governmental activities	\$	52,663,020
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The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

	General Fund	School Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 20,273,472	\$ -	\$ -	\$ 2,864,000	\$ 23,137,472
Licenses and permits	465,364	-	-	-	465,364
Intergovernmental	11,525,721	30,351,965	328,553	1,456,672	43,662,911
Charges for services	323,556	1,740,046	-	2,926,779	4,990,381
Fines and forfeitures	321,364	-	-	70,206	391,570
Interest	328,917	-	135,711	231,613	696,241
Other	385,772	535,865	-	596,392	1,518,029
Total revenues	<u>33,624,166</u>	<u>32,627,876</u>	<u>464,264</u>	<u>8,145,662</u>	<u>74,861,968</u>
Expenditures					
Current:					
General government	722,370	-	-	-	722,370
Administration	588,960	-	-	-	588,960
Public safety	8,379,282	-	-	144,760	8,524,042
Public works	1,613,405	-	-	1,446,063	3,059,468
Community services	4,032,885	-	-	5,236,778	9,269,663
Education	-	44,009,380	-	-	44,009,380
Capital outlay	-	-	16,058,967	-	16,058,967
Debt service:					
Principal retirement	-	-	-	2,756,042	2,756,042
Interest and fiscal charges	-	-	-	2,275,531	2,275,531
Total expenditures	<u>15,336,902</u>	<u>44,009,380</u>	<u>16,058,967</u>	<u>11,859,174</u>	<u>87,264,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,287,264</u>	<u>(11,381,504)</u>	<u>(15,594,703)</u>	<u>(3,713,512)</u>	<u>(12,402,455)</u>
Other financing sources (uses)					
Transfers in	-	11,578,070	1,150,000	6,628,811	19,356,881
Transfers out	(17,920,082)	-	(178,416)	-	(18,098,498)
Bond issuance	-	-	1,032,500	-	1,032,500
Total other financing sources (uses)	<u>(17,920,082)</u>	<u>11,578,070</u>	<u>2,004,084</u>	<u>6,628,811</u>	<u>2,290,883</u>
Net change in fund balances	367,182	196,566	(13,590,619)	2,915,299	(10,111,572)
Fund balance - beginning	<u>5,114,094</u>	<u>4,166,117</u>	<u>32,663,698</u>	<u>7,247,258</u>	<u>49,191,167</u>
Fund balance - ending	<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>

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, 2006

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

Net change in fund balances - total governmental funds	\$ (10,111,572)
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.	17,353,170
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.	(4,890,401)
The internal service fund is used by management to charge the costs of insurance.	145,129
The net loss of the equipment replacement fund of the internal service fund is reported with governmental activities.	(6,446)
The net revenue of the school equipment replacement fund of the internal service fund is reported with governmental activities.	<u>(61,813)</u>
Change in net assets of governmental activities	<u><u>\$ 2,428,067</u></u>

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL FUND
For the Fiscal Year Ended June 30, 2006

	General Fund					Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	
Revenues						
Taxes	\$ 20,080,703	\$ 20,080,703	\$ 20,273,472	\$ -	\$ 20,273,472	\$ 192,769
Licenses and permits	220,000	220,000	465,364	-	465,364	245,364
Intergovernmental	10,726,163	11,026,163	11,525,721	-	11,525,721	499,558
Charges for services	386,000	386,000	323,556	-	323,556	(62,444)
Fines and forfeitures	314,000	314,000	321,364	-	321,364	7,364
Interest	135,000	135,000	328,917	-	328,917	193,917
Other	368,500	368,500	385,772	-	385,772	17,272
Total revenues	32,230,366	32,530,366	33,624,166	-	33,624,166	1,093,800
Expenditures						
Current:						
General government	718,847	718,847	722,370	(11,300)	711,070	7,777
Administration	747,660	747,660	588,960	(1,000)	587,960	159,700
Public safety	8,187,210	8,487,210	8,379,282	-	8,379,282	107,928
Public works	1,689,565	1,689,565	1,613,405	13,550	1,626,955	62,610
Community services	4,019,065	4,019,065	4,032,885	(31,572)	4,001,313	17,752
Education	-	-	-	-	-	-
Total expenditures	15,362,347	15,662,347	15,336,902	(30,322)	15,306,580	355,767
Excess (deficiency) of revenues over (under) expenditures	16,868,019	16,868,019	18,287,264	30,322	18,317,586	1,449,567
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(17,939,950)	(17,939,950)	(17,920,082)	-	(17,920,082)	19,868
Total other financing sources (uses)	(17,939,950)	(17,939,950)	(17,920,082)	-	(17,920,082)	19,868
Net change in fund balances	(1,071,931)	(1,071,931)	367,182	30,322	397,504	1,469,435
Fund balance - beginning	5,114,094	5,114,094	5,114,094	-	5,114,094	-
Fund balance - ending	\$ 4,042,163	\$ 4,042,163	\$ 5,481,276	\$ 30,322	\$ 5,511,598	\$ 1,469,435

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL FUND
For the Fiscal Year Ended June 30, 2006

	School Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	28,846,918	29,039,350	30,351,965	-	30,351,965	1,312,615
Charges for services	3,274,979	3,298,103	1,740,046	-	1,740,046	(1,558,057)
Fines and forfeitures	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	390,503	390,503	535,865	-	535,865	145,362
Total revenues	<u>32,512,400</u>	<u>32,727,956</u>	<u>32,627,876</u>	<u>-</u>	<u>32,627,876</u>	<u>(100,080)</u>
Expenditures						
Current:						
General government	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Education	44,850,941	45,066,497	44,009,380	51,571	44,060,951	1,005,546
Total expenditures	<u>44,850,941</u>	<u>45,066,497</u>	<u>44,009,380</u>	<u>51,571</u>	<u>44,060,951</u>	<u>1,005,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,338,541)</u>	<u>(12,338,541)</u>	<u>(11,381,504)</u>	<u>(51,571)</u>	<u>(11,433,075)</u>	<u>905,466</u>
Other financing sources (uses)						
Transfers in	11,186,542	11,186,542	11,578,070	-	11,578,070	391,528
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>11,186,542</u>	<u>11,186,542</u>	<u>11,578,070</u>	<u>-</u>	<u>11,578,070</u>	<u>391,528</u>
Net change in fund balances	(1,151,999)	(1,151,999)	196,566	(51,571)	144,995	1,296,994
Fund balance - beginning	<u>4,166,117</u>	<u>4,166,117</u>	<u>4,166,117</u>	<u>-</u>	<u>4,166,117</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,014,118</u>	<u>\$ 3,014,118</u>	<u>\$ 4,362,683</u>	<u>\$ (51,571)</u>	<u>\$ 4,311,112</u>	<u>\$ 1,296,994</u>

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

Enterprise Funds

	<u>Enterprise Funds</u>				<u>Internal Service Funds</u>
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund Emergency Communication District Fund</u>	<u>Totals</u>	
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	\$ 196,585	\$ -	\$ 386,835	\$ 583,420	\$ 2,147,290
Receivables, net	6,183,506	163,367	31,146	6,378,019	-
Due from other funds	-	-	10,385	10,385	6,690
Due from other governments	-	-	20,554	20,554	-
Inventory, at cost	-	-	-	-	2,314,377
Total current unrestricted assets	<u>6,380,091</u>	<u>163,367</u>	<u>448,920</u>	<u>6,992,378</u>	<u>4,468,357</u>
Restricted assets					
Deposits	1,102,646	166,667	-	1,269,313	-
Current debt service account	137,467	-	-	137,467	-
Total current restricted assets	<u>1,240,113</u>	<u>166,667</u>	<u>-</u>	<u>1,406,780</u>	<u>-</u>
Total current assets	<u>7,620,204</u>	<u>330,034</u>	<u>448,920</u>	<u>8,399,158</u>	<u>4,468,357</u>
Noncurrent assets					
Capital assets , net	42,585,024	71,267,604	7,301	113,859,929	4,416,405
Advances to other funds	1,250,000	625,000	-	1,875,000	-
Deferred charges	285,682	203,379	-	489,061	6,462
Total noncurrent assets	<u>44,120,706</u>	<u>72,095,983</u>	<u>7,301</u>	<u>116,223,990</u>	<u>4,422,867</u>
Total assets	<u>51,740,910</u>	<u>72,426,017</u>	<u>456,221</u>	<u>124,623,148</u>	<u>8,891,224</u>
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable	5,509,296	335,884	1,872	5,847,052	102,073
Claims payable	-	-	-	-	175,000
Accrued liabilities	58,771	73,769	-	132,540	7,180
Deposits	1,102,646	-	-	1,102,646	-
Due to other funds	775,550	930,401	-	1,705,951	279,643
Advances from other funds	-	-	-	-	1,987,500
Current portion of notes and bonds payable	1,186,253	1,608,281	-	2,794,534	226,427
Contracts payable	-	166,667	-	166,667	-
Accrued interest payable	62,270	12,375	-	74,645	3,193
Total current liabilities	<u>8,694,786</u>	<u>3,127,377</u>	<u>1,872</u>	<u>11,824,035</u>	<u>2,781,016</u>
Noncurrent liabilities					
Vacation benefits payable	121,976	208,576	-	330,552	32,416
Notes and loans payable	10,380,000	27,741,536	-	38,121,536	-
Bonds payable	11,122,757	-	-	11,122,757	980,604
Total noncurrent liabilities	<u>21,624,733</u>	<u>27,950,112</u>	<u>-</u>	<u>49,574,845</u>	<u>1,013,020</u>
Total liabilities	<u>30,319,519</u>	<u>31,077,489</u>	<u>1,872</u>	<u>61,398,880</u>	<u>3,794,036</u>
<u>NET ASSETS</u>					
Invested in capital assets net of related debt	20,093,014	42,254,787	7,301	62,355,102	3,261,374
Net assets - restricted for debt service	137,467	-	-	137,467	-
Unrestricted	1,190,910	(906,259)	447,048	731,699	1,835,814
Total net assets	<u>\$ 21,421,391</u>	<u>\$ 41,348,528</u>	<u>\$ 454,349</u>	<u>\$ 63,224,268</u>	<u>\$ 5,097,188</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, 2006

Enterprise Funds						
	Electric Fund	Waterworks Fund	Golf Course Fund	Nonmajor Fund Emergency Communication District Fund	Totals	Internal Service Funds
Operating revenues						
Charges for services	\$ 38,227,318	\$ 12,800,009	\$ -	\$ 436,143	\$ 51,463,470	\$ 7,976,680
Other	654,170	74,941	-	-	729,111	-
Employer's contributions	-	-	-	-	-	2,408,328
Employees' contributions	-	-	-	-	-	716,000
Other	-	-	-	-	-	7,500
Total operating revenues	<u>38,881,488</u>	<u>12,874,950</u>	<u>-</u>	<u>436,143</u>	<u>52,192,581</u>	<u>11,108,508</u>
Operating expenses						
Maintenance and administrative	6,298,630	8,906,218	-	344,104	15,548,952	1,660,136
Purchased power and water	28,833,331	1,158,465	-	-	29,991,796	-
Depreciation	1,970,249	2,549,220	-	3,287	4,522,756	906,397
Materials	-	-	-	-	-	3,085,600
Medical/liability claims	-	-	-	-	-	219,005
Insurance premiums	-	-	-	-	-	5,201,446
Total operating expenses	<u>37,102,210</u>	<u>12,613,903</u>	<u>-</u>	<u>347,391</u>	<u>50,063,504</u>	<u>11,072,584</u>
Operating income (loss)	<u>1,779,278</u>	<u>261,047</u>	<u>-</u>	<u>88,752</u>	<u>2,129,077</u>	<u>35,924</u>
Nonoperating revenue (expense)						
Gain on sale of capital assets	-	-	-	-	-	27,620
Intergovernmental revenue	-	31,124	-	11,526	42,650	-
Interest revenue	41,446	300	-	11,250	52,996	56,432
Interest expense	(824,219)	(1,162,434)	-	-	(1,986,653)	(43,106)
Total nonoperating revenue (expense)	<u>(782,773)</u>	<u>(1,131,010)</u>	<u>-</u>	<u>22,776</u>	<u>(1,891,007)</u>	<u>40,946</u>
Income (loss) before transfers and contributions	996,505	(869,963)	-	111,528	238,070	76,870
Transfers out	(145,210)	(121,000)	(91,753)	-	(357,963)	-
Capital contributions	-	91,312	-	-	91,312	-
Change in net assets	<u>851,295</u>	<u>(899,651)</u>	<u>(91,753)</u>	<u>111,528</u>	<u>(28,581)</u>	<u>76,870</u>
Total net assets - beginning	<u>20,570,096</u>	<u>42,248,179</u>	<u>91,753</u>	<u>342,821</u>	<u>63,252,849</u>	<u>5,020,318</u>
Total net assets - ending	<u>\$ 21,421,391</u>	<u>\$ 41,348,528</u>	<u>\$ -</u>	<u>\$ 454,349</u>	<u>\$ 63,224,268</u>	<u>\$ 5,097,188</u>

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2006

	Enterprise Funds					
	Electric Fund	Waterworks Fund	Golf Course Fund	Nonmajor Fund		Internal Service Funds
				Emergency Communication District Fund	Totals	
Operating activities						
Cash received from customers	\$ 38,014,267	\$ 13,059,993	\$ -	\$ 436,187	\$ 51,510,447	\$ 11,108,508
Cash paid to employees	(6,284,059)	(8,892,918)	-	-	(15,176,977)	-
Cash paid to suppliers	(27,489,895)	(743,604)	-	(350,368)	(28,583,867)	(10,822,260)
Net cash provided by (used in) operating activities	<u>4,240,313</u>	<u>3,423,471</u>	<u>-</u>	<u>85,819</u>	<u>7,749,603</u>	<u>286,248</u>
Noncapital financing activities						
Transfers in	-	-	-	-	-	167,671
Transfers out	(2,021,431)	(121,000)	(907,102)	(10,385)	(3,059,918)	(6,690)
Advances from (to) other funds	(300,000)	(1,896,396)	-	-	(2,196,396)	325,000
Federal grant proceeds	-	31,124	-	11,526	42,650	-
Net cash provided by (used in) by noncapital financing activities	<u>(2,321,431)</u>	<u>(1,986,272)</u>	<u>(907,102)</u>	<u>1,141</u>	<u>(5,213,664)</u>	<u>485,981</u>
Capital and related financing activities						
Capital contributed	-	91,312	-	-	91,312	-
Acquisition and construction of capital assets	(3,102,351)	(3,269,320)	-	-	(6,371,671)	(1,016,250)
Principal paid on long-term debt	1,719,419	2,698,429	-	-	4,417,848	(167,491)
Interest paid on long-term debt	(838,991)	(1,163,287)	-	-	(2,002,278)	(43,389)
Net cash used in capital and related financing activities	<u>(2,221,923)</u>	<u>(1,642,866)</u>	<u>-</u>	<u>-</u>	<u>(3,864,789)</u>	<u>(1,227,130)</u>
Investing activities						
Interest and dividends on investments	41,446	300	-	11,250	52,996	56,432
Net cash provided by investing activities	<u>41,446</u>	<u>300</u>	<u>-</u>	<u>11,250</u>	<u>52,996</u>	<u>56,432</u>
Net increase (decrease) in cash and cash equivalents	<u>(261,595)</u>	<u>(205,367)</u>	<u>(907,102)</u>	<u>98,210</u>	<u>(1,275,854)</u>	<u>(398,469)</u>
Cash and cash equivalents						
Beginning of year	<u>1,698,293</u>	<u>372,034</u>	<u>907,102</u>	<u>288,625</u>	<u>3,266,054</u>	<u>2,545,759</u>
End of year	<u>\$ 1,436,698</u>	<u>\$ 166,667</u>	<u>\$ -</u>	<u>\$ 386,835</u>	<u>\$ 1,990,200</u>	<u>\$ 2,147,290</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2006

	Enterprise Funds					
	Electric Fund	Waterworks Fund	Golf Course Fund	Nonmajor Fund		Internal Service Funds
				Emergency Communication District Fund	Totals	
Reconciliation of operating income (loss)						
to net cash provided by						
(used in) operating activities						
Operating income (loss)	\$ 1,779,278	\$ 261,047	\$ -	\$ 88,752	\$ 2,129,077	\$ 35,924
Adjustments to reconcile operating income (loss)						
to net cash provided by (used in) operating activities:						
Depreciation	1,970,249	2,549,220	-	3,287	4,522,756	906,397
Change in assets and liabilities						
(Increase) decrease in Accounts receivable	(1,006,497)	185,043	-	44	(821,410)	-
(Increase) decrease in Inventory, at cost	-	-	-	-	-	(408,676)
(Increase) decrease in Due from other governments	500,000	640,469	-	(4,644)	1,135,825	-
Increase (decrease) in Accounts payable	843,732	(211,185)	-	(1,620)	630,927	(187,666)
Increase (decrease) in Claims payable	-	-	-	-	-	(55,000)
Increase (decrease) in Accrued Liabilities	(296)	(14,423)	-	-	(14,719)	(3,241)
Increase (decrease) in Accrued vacation	14,571	13,300	-	-	27,871	(1,490)
Increase in Customer deposits	139,276	-	-	-	139,276	-
Total adjustments	<u>2,461,035</u>	<u>3,162,424</u>	<u>-</u>	<u>(2,933)</u>	<u>5,620,526</u>	<u>250,324</u>
Net cash provided by (used in) operating activities	<u>\$ 4,240,313</u>	<u>\$ 3,423,471</u>	<u>\$ -</u>	<u>\$ 85,819</u>	<u>\$ 7,749,603</u>	<u>\$ 286,248</u>
Noncash investing, capital, and financing activities:						
Transfer of other current assets to special revenue fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,071</u>	<u>\$ -</u>	<u>\$ 85,071</u>	<u>\$ -</u>
Transfer of capital assets to governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,443,118</u>	<u>\$ -</u>	<u>\$ 5,443,118</u>	<u>\$ -</u>
Transfer of long-term liabilities to governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,343,538</u>	<u>\$ -</u>	<u>\$ 6,343,538</u>	<u>\$ -</u>

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2006 and 2005

	Private-purpose Trust Fund	
	2006	2005
Assets		
Cash and cash equivalents	\$ 44,594	\$ 43,947
Investments, at fair value	304,571	322,592
Accrued interest	-	4
Total assets	349,165	366,543
Liabilities		
Accounts payable	-	1,800
Total liabilities	-	1,800
Net assets		
Held in Trust for:		
Reserved for endowment	349,165	364,743
Total net assets	\$ 349,165	\$ 364,743

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, 2006 and June 30, 2005

	Private-purpose Trust Fund	
	2006	2005
Additions		
Contributions	\$ 10,000	\$ 6,370
Investment income (loss)	(1,116)	17,014
Total additions	<u>8,884</u>	<u>23,384</u>
Deductions		
Scholarship awards	24,462	7,539
Total deductions	<u>24,462</u>	<u>7,539</u>
Change in net assets	(15,578)	15,845
Total net assets - beginning	<u>364,743</u>	<u>348,898</u>
Total net assets - ending	<u><u>\$ 349,165</u></u>	<u><u>\$ 364,743</u></u>

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30 2006

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**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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, 2006**

Related Organizations

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

b. Government-wide and Fund Financial Statements

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, although the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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.

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.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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 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,

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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.
- 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. The exception is the Golf Course Fund, a special revenue fund, which did not have a legally appropriated budget in fiscal 2006. Budgetary control is also achieved for the Debt Service Fund through general obligation bond indenture provisions.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

- 6) The budgets for all governmental funds, with the exception of the Golf Course Fund, 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 General Fund and the School Fund, a special revenue fund. The budgeted revenues and expenditures of the General Fund were increased by \$300,000 and those of the School Fund were increased by \$215,556 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.
- 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.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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

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.

l. 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,

(continued)

CITY OF OAK RIDGE, TENNESSEE
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For the Fiscal Year Ended June 30, 2006

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.

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.

(continued)

CITY OF OAK RIDGE, TENNESSEE
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For the Fiscal Year Ended June 30, 2006

p. Deferred Revenues

Deferred revenue represents amounts that have been collected or billed in advance of revenue recognition. In the General Fund, revenue from the June 1 tax levy is recognized in the following fiscal year beginning on July 1. Refer to Note 2. Grant revenues are recognized when an expenditure is made and any grant proceeds received in excess of amounts expended are deferred until a qualifying expenditure is made. At June 30, 2006, deferred revenue from grant proceeds was \$20,984 in the School Fund and \$8,795 recorded in the Grant Fund, a special revenue fund.

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 2005 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 2005 data comparable to that of 2006.

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, 2006 is \$15,975,557.

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

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

The last reappraisal was completed for the list as of January 1, 1998 (recognized in the fiscal year beginning July 1, 1998). The assessed value for the list as of January 1, 2005, was \$612,534,014. The appraised value was \$2,050,926,830 making the total assessed value approximately 30 percent of the total appraised value.

(continued)

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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 \$15,280,442 for the fiscal year ended June 30, 2006 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 35% of total water sales and 25% 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 \$1,361,730 from DOE in tax payments in fiscal 2006. The annual payments are subject to congressional appropriation.

4. RETIREMENT PLAN

Plan Description

Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Employees working in the school system are members of a separate plan administered by the TCRS. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with 5 years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Active members on June 1, 1994 became vested after 5 years of service. Benefit provisions are established in State statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage

(continued)

**CITY OF OAK RIDGE, TENNESSEE
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For the Fiscal Year Ended June 30, 2006**

change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increase is less than .50%. The maximum annual COLA is capped at 3.0%. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at 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, 2006 was 11.53% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2006, the City's annual pension cost of \$1,658,487 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2003 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 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 Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 1,658,487	100.00%	\$ 0
6/30/05	1,601,371	100.00%	0
6/30/04	1,188,137	100.00%	0

(continued)

CITY OF OAK RIDGE, TENNESSEE
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For the Fiscal Year Ended June 30, 2006

Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
7/01/05	\$ 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.

The Comprehensive Annual Financial Report of the TCRS for the year ended June 30, 2006, may be obtained at the following address: Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10th Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at 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, 2006, was 7.02% of annual covered payroll. The contribution requirements of plan members are set by State statute. Contribution requirements for the Schools are established and may be amended by the TCRS Board of Trustees.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Annual Pension Cost

For the year ending June 30, 2006, Oak Ridge Schools' annual pension cost of \$415,652 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</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/06	\$ 415,652	100.00%	\$ 0
6/30/05	405,405	100.00%	0
6/30/04	271,599	100.00%	0

Required Supplementary Information

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

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(b)-(a)</u>	<u>(a/b)</u>	<u>(c)</u>	
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.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained at the following address: Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10th Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at 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, 2006, was 5.50% of annual covered payroll. The contribution requirements of the Oak Ridge Schools are established and may be amended by the TCRS Board of Trustees. The Oak Ridge Schools' contributions to TCRS for the years ending June 30, 2006, 2005, and 2004 were \$1,208,226, \$1,159,600, and \$702,435, 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 2006, the City contributed \$19,862 toward retirees insurance premium costs with 16 retirees receiving the benefit at fiscal year end. The City funds its contribution of the retirees insurance premiums on a pay-as-you-go basis.

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

Retirees have health insurance premiums deducted directly from their TCRS monthly pension benefits. TCRS will pay the following percentage of the individual premium based on years of service. With 30 years or more of service TCRS pays 45% of the premium, 20 to 29 years of service TCRS pays 35% of the premium and with less than 20 years of service TCRS pays 25% of the premium. The Schools will reimburse up to 85% of qualified retirees individual out-of-pocket health insurance premium costs. During fiscal 2006, the Schools reimbursed approximately \$73,887 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 \$368,090 at June 30, 2006. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 5.10% 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.

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**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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 \$1,654,299 was recorded in the Electric Fund at June 30, 2006.

Receivables at June 30, 2006 consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Customer Accounts</u>	<u>Other</u>	<u>Allowance For Uncollectibles</u>	<u>Net Receivable Per Governmental- wide Financial Statement</u>
General	\$ 15,720,436	\$ 625,239	\$ 653,533	\$ (1,620,207)	\$ 15,379,001
School	---	109,299	96,653	---	205,952
Capital Projects	---	---	4,183,410	---	4,183,410
Electric	---	7,135,761	---	(952,255)	6,183,506
Waterworks	---	163,367	---	---	163,367
Nonmajor	---	---	124,349	---	124,349
Total	\$ 15,720,436	\$ 8,033,666	\$ 5,057,945	\$ (2,572,462)	\$ 26,239,585

7. DEPOSITS AND INVESTMENTS

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

Deposits

At year-end, the carrying amount of the City's deposits was \$7,656,011 and the bank balance was \$8,397,616. Deposits include a certificate of deposit accounted for in the General Fund recorded at its fair value of \$60,695 at year-end. Deposit policies authorize the City to maintain their operating and excess funds in bank accounts and certificates of deposit with banks or credit unions that have a branch located within the Oak Ridge city limits. Banks or credit unions shall be fully insured by the Federal 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, 2006, 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

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**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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 \$18,204,195 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 \$304,571 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.

<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	\$ 36,388
Federal Home Loan Mortgage Corporation – 4%	11/15/2010	11/15/2005	208,984
Federal Home Loan Mortgage Corporation – 5.5%	10/15/2023	10/15/2004	<u>59,199</u>
Total			<u>\$ 304,571</u>

Investment income in the Scholarship Fund for 2006 consisted of the following:

Interest and dividend income	\$ 16,914
Unrealized Loss on market value	<u>(18,030)</u>
Total	<u>\$ (1,116)</u>

Investments Held by Trustees

\$16,254,147 in unspent bond proceeds held by trustees from debt issued by the City during fiscal 2005 and 2006 was recorded as a restricted asset at fiscal year end. Of this amount, \$10,850,149 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 \$5,403,998 was held and invested by the State of Tennessee, with the City exempted from sharing in any unrealized gains or losses.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Investment Policies

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

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

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

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

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

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

9. RESTRICTED ASSETS

The restrict assets in construction accounts for governmental activities are for unspent bond proceeds held by the trustees for debt issued during fiscal 2005 and 2006 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, 2006 are as indicated below:

	<u>Governmental-type Activities</u>	<u>Business-type Activities</u>		<u>Total Per</u>
	<u>Capital Projects Fund</u>	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Government-wide Financial Statement</u>
Deposits	\$ ---	\$ 1,102,646	\$ 166,667	\$ 1,269,313
Construction account	16,254,147	---	---	16,254,147
Current debt service account	---	137,467	---	137,467
Total	<u>\$ 16,254,147</u>	<u>\$ 1,240,113</u>	<u>\$ 166,667</u>	<u>\$ 17,660,927</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

10. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2006 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,290,909	\$ 17,132	\$ -	\$ 514,368	\$ 2,822,409
Construction in progress	2,833,590	13,892,602	(1,214,607)	-	15,511,585
Total capital assets not being depreciated	<u>5,124,499</u>	<u>13,909,734</u>	<u>(1,214,607)</u>	<u>514,368</u>	<u>18,333,994</u>
Capital assets being depreciated:					
Infrastructure	35,747,340	955,201	-	-	36,702,541
Buildings	54,929,890	415,802	-	902,605	56,248,297
Improvements other than buildings	27,489,083	1,198,453	-	5,769,092	34,456,628
Machinery and equipment	15,609,851	1,136,936	(793,101)	363,632	16,317,318
Total capital assets being depreciated	<u>133,776,164</u>	<u>3,706,392</u>	<u>(793,101)</u>	<u>7,035,329</u>	<u>143,724,784</u>
Less accumulated depreciation for:					
Infrastructure	(13,964,425)	(734,051)	-	-	(14,698,476)
Buildings	(20,765,994)	(1,133,357)	-	(177,426)	(22,076,777)
Improvements other than buildings	(13,416,541)	(1,260,894)	-	(1,574,672)	(16,252,107)
Machinery and equipment	(9,477,647)	(1,211,974)	779,383	(354,481)	(10,264,719)
Total accumulated depreciation	<u>(57,624,607)</u>	<u>(4,340,276)</u>	<u>779,383</u>	<u>(2,106,579)</u>	<u>(63,292,079)</u>
Total capital assets being depreciated, net	<u>76,151,557</u>	<u>(633,884)</u>	<u>(13,718)</u>	<u>4,928,750</u>	<u>80,432,705</u>
Governmental activities capital assets, net	<u>\$ 81,276,056</u>	<u>\$ 13,275,850</u>	<u>\$ (1,228,325)</u>	<u>\$ 5,443,118</u>	<u>\$ 98,766,699</u>

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

General government	\$ 82,338
Public safety	457,184
Public works	1,258,616
Community service	670,325
Education	1,871,813
Total depreciation expense	<u>\$ 4,340,276</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Capital Asset activity for the business type activities for the year ended June 30, 2006 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 1,169,241	\$ -	\$ -	\$ (514,368)	\$ 654,873
Construction in progress	867,684	6,246,980	(5,887,638)	-	1,227,026
Total capital assets not being depreciated	<u>2,036,925</u>	<u>6,246,980</u>	<u>(5,887,638)</u>	<u>(514,368)</u>	<u>1,881,899</u>
Capital assets being depreciated:					
Buildings	24,378,883	599,491	-	(902,605)	24,075,769
Improvements other than buildings	18,675,207	26,636	-	(5,769,092)	12,932,751
Machinery and equipment	128,205,625	5,313,929	(459,078)	(363,632)	132,696,844
Total capital assets being depreciated	<u>171,259,715</u>	<u>5,940,056</u>	<u>(459,078)</u>	<u>(7,035,329)</u>	<u>169,705,364</u>
Buildings	(7,938,601)	(463,854)	-	177,426	(8,225,029)
Improvements other than buildings	(4,487,650)	(584,318)	11,858	1,574,672	(3,485,438)
Machinery and equipment	(43,416,257)	(3,474,584)	519,493	354,481	(46,016,867)
Total accumulated depreciation	<u>(55,842,508)</u>	<u>(4,522,756)</u>	<u>531,351</u>	<u>2,106,579</u>	<u>(57,727,334)</u>
Total capital assets being depreciated, net	<u>115,417,207</u>	<u>1,417,300</u>	<u>72,273</u>	<u>(4,928,750)</u>	<u>111,978,030</u>
Business-type activities capital assets, net	<u>\$ 117,454,132</u>	<u>\$ 7,664,280</u>	<u>\$ (5,815,365)</u>	<u>\$ (5,443,118)</u>	<u>\$ 113,859,929</u>

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

Electric	\$ 1,970,249
Waterworks	2,549,220
Emergency Communications	3,287
Total depreciation expense	<u>\$ 4,522,756</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

11. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2006:

	Beginning Balances	Additions	Retirements/ Reductions	Transfers	Ending Balances	Due Within One Year
Governmental Activities:						
General Fund:						
General Obligation Bonds	\$ 25,046,000	\$ -	\$ (2,365,000)	\$ 6,445,000	\$ 29,126,000	\$ 2,460,000
Qualified Zone Academy Bonds (QZAB)	7,049,360	1,032,500	(440,585)	-	7,641,275	509,418
Notes Payable	44,992,765	-	(54,000)	-	44,938,765	56,000
Unamortized Debt Discount	(62,001)	-	23,351	(85,630)	(124,280)	(23,351)
Unamortized Debt Premium	545,296	-	(30,258)	-	515,038	30,258
Capital Lease Obligations	445,193	-	(216,717)	-	228,476	228,476
Compensated Absences	2,455,022	2,090,145	(1,726,611)	-	2,818,556	1,827,305
School Termination Benefits	-	441,977	(73,887)	-	368,090	63,472
City Equipment Replacement						
Rental Fund:						
General Obligation Bonds	1,329,000	-	(170,000)	-	1,159,000	175,000
Unamortized Bond Discount	(14,786)	-	1,868	-	(12,918)	(1,867)
Unamortized Reoffering Premium	10,242	-	(1,294)	-	8,948	1,294
Compensated Absences	84,906	51,897	(52,387)	-	84,416	52,000
Total Long-term Liabilities - Governmental Activities:	\$ 81,880,997	\$ 3,616,519	\$ (5,105,520)	\$ 6,359,370	\$ 86,751,366	\$ 5,378,005
Business-type Activities:						
Electric Fund:						
Revenue Bonds	\$ 10,350,000	\$ -	\$ (835,000)	\$ -	\$ 9,515,000	\$ 850,000
Notes Payable	10,380,000	2,523,953	-	-	12,903,953	134,719
Unamortized Debt Discount	(183,731)	-	19,965	-	(163,766)	(19,965)
Unamortized Reoffering Premium	261,322	-	(24,499)	-	236,823	24,499
Compensated Absences	269,405	215,794	(166,223)	-	318,976	197,000
Waterworks Fund:						
General Obligation Bonds	4,470,000	-	(340,000)	-	4,130,000	350,000
Notes Payable	5,594,532	3,059,047	(120,377)	-	8,533,202	289,218
State Revolving Fund Program Loan	16,332,989	662,392	(610,296)	-	16,385,085	635,640
Unamortized Debt Discount	(44,238)	-	4,053	-	(40,185)	(4,052)
Unamortized Reoffering Premium	5,191	-	(476)	-	4,715	475
Compensated Absences	488,190	358,599	(301,213)	-	545,576	337,000
Golf Course Fund:						
General Obligation Bonds	6,445,000	-	-	(6,445,000)	-	-
Unamortized Debt Discount	(85,630)	-	-	85,630	-	-
Total Long-term Liabilities - Business-type Activities	\$ 54,283,030	\$ 6,819,785	\$ (2,374,066)	\$ (6,359,370)	\$ 52,369,379	\$ 2,794,534

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, 2006

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 \$109,425, the unamortized bond issuance costs were \$54,768 and the unamortized gain on sale was \$76,848. These costs are being amortized over a 14-year life in the government-wide statements.

A. Long-Term Debt – Governmental Activities

Oak Ridge High School (ORHS) Project

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge overwhelmingly voted to increase the local sales tax option from 2.25% to the state maximum of 2.75%, with the additional tax proceeds being legally restricted to fund the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax rate increase became effective with sales beginning on October 1, 2004. In July 2006, the .50% increase in the local sales tax option became countywide. The City will be 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. Debt issuances will occur in phases over the next two to three years to finance construction of the ORHS project. Funding for the debt service on these issuances will be provided from the additional .50% sales tax proceeds in Oak Ridge Anderson County, private donations and from revenues generated from the existing property tax base. During fiscal 2006, \$2,436,392 in sales tax collections restricted for the ORHS project was recorded in the Debt Service Fund. These funds will be invested and utilized for future debt service payments on debt issued for this project.

On October 4, 2004, City Council authorized the issuance of not to exceed \$46,000,000 in debt for the ORHS project through a Tennessee Public Building Authority. On December 13, 2004, City Council authorized the issuance of not to exceed \$20,000,000 in debt through the Tennessee Municipal Bond Fund (TMBF) loan program, with \$11,000,000 estimated for the ORHS project and \$9,000,000 for electric, water and wastewater projects. As of June 30, 2006, \$25,000,000 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 occur. Interest earnings on the bond proceeds held by the trustee are applied against the annual interest payments due by the City on the debt.

(continued)

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

General Obligation Bonds – General Fund

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2006, are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2007	\$ 2,460,000	\$ 1,339,550	\$ 3,799,550
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
2012-2016	12,680,000	2,361,120	15,041,120
2017-2021	2,240,000	610,085	2,850,085
2022-2023	<u>1,095,000</u>	<u>81,340</u>	<u>1,176,340</u>
Total	<u>\$ 29,126,000</u>	<u>\$ 8,666,543</u>	<u>\$ 37,792,543</u>

The following is a summary of the City's general obligation bonded debt transactions funded by the General Fund for the year ended June 30, 2006:

	Governmental Activities			Balance 6/30/06
	Balance 7/01/05	Additions/ Transfers	Retirements	
Series 1998, GO Refunding Bonds Issue: \$7,275,000, Maturing 2023 Interest Rate: 4.40% - 4.90%	\$ ---	\$ 6,445,000	\$ 190,000	\$ 6,255,000
Series 2000, General Obligation Bonds Portions Advance Refunded FY 2001 Interest Rate: 4.40% - 4.95%, Mature 2007 City and School miscellaneous building, recreational and street improvements	425,000	---	200,000	225,000
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Yield: 3.56% - 4.83%	18,780,000	---	1,555,000	17,225,000
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Yield: 2.00% - 4.00%	5,841,000	---	420,000	5,421,000
Total General Obligation Bonded Debt	<u>\$ 25,046,000</u>	<u>\$ 6,445,000</u>	<u>\$ 2,365,000</u>	<u>\$ 29,126,000</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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 \$5,403,998 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.

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, 2006.

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.

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, 2006, the outstanding principal balance of the loan was \$800,000.

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. Immediately upon issuance, the net loan proceeds were deposited with Regions Bank, trustee, with funds to be drawn as expenditures occur. There were no loan proceeds drawn by the City at fiscal year end. 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

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

that is calculated at 70% of the 1-month LIBOR (London InterBank Offered Rate). Beginning December 1, 2006, the calculation for the counterparty's payment will be based on 63.5% of the 5-year LIBOR. 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.

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.

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 are amortized below using a 4.45% interest rate, which was the actual weekly rate at June 30, 2006. For budgeting purposes, the City uses a 4.50% interest rate for variable rate loans.

Projected debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2007	\$ 56,000	\$ 1,973,255	\$ 2,029,255
2008	59,000	1,970,752	2,029,752
2009	62,000	1,968,116	2,030,116
2010	165,000	1,965,345	2,130,345
2011	219,000	1,959,438	2,178,438
2012-2016	4,522,000	9,571,369	14,093,369
2017-2021	17,844,956	7,209,743	25,054,699
2022-2026	12,010,809	3,351,359	15,362,168
2027-2031	1,200,000	2,095,800	3,295,800
2032-2033	8,800,000	527,800	9,327,800
Total	\$ 44,938,765	\$ 32,592,977	\$ 77,531,742

(continued)

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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 \$1,159,000. Interest rates range from 2% to 4% with debt service requirements to maturity as of June 30, 2006 as follows:

Fiscal Year Ending June 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2007	\$ 175,000	\$ 38,315	\$ 213,315
2008	185,000	33,940	218,940
2009	190,000	28,390	218,390
2010	157,000	22,690	179,690
2011	177,000	17,195	194,195
2012-2013	275,000	13,800	288,800
Total	<u>\$ 1,159,000</u>	<u>\$ 154,330</u>	<u>\$ 1,313,330</u>

Capital Leases Obligations

During fiscal year 2004, the Schools financed the purchases of two apple computer systems for \$891,640 from Apple Computer, Inc. and California First Leasing Corporation (CalFirst) through the School Fund. Terms of these two capital leases required an initial payment of \$240,873 and three annual payments of \$245,872 at 5.49% and 4.04% interest through July 14, 2006 and January 31, 2007, respectively. The amount outstanding at June 30, 2006 was \$228,476.

The future principal and interest payments on these capital lease obligations as of June 30, 2006 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	<u>\$ 228,476</u>	<u>\$ 12,398</u>	<u>\$ 240,874</u>

(continued)

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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, 2006 as follows:

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2007	\$ 850,000	\$ 374,250	\$ 1,224,250
2008	880,000	348,750	1,228,750
2009	900,000	322,350	1,222,350
2010	930,000	290,850	1,220,850
2011	965,000	258,300	1,223,300
2012-2016	<u>4,990,000</u>	<u>622,400</u>	<u>5,612,400</u>
Total	<u>\$ 9,515,000</u>	<u>\$ 2,216,900</u>	<u>\$ 11,731,900</u>

Electric System Notes Payable

During fiscal 2001, the City executed a \$15,000,000 loan agreement through TN-LOANs payable solely from and secured by a pledge of Net Revenues derived from the operations of the Electric System. This loan refunded the outstanding Series 1993 revenue bonds, refunded the outstanding bonds sold at private sale to TVA, and provided funding for electric system rehabilitation and expansion. The 2003 to 2016 maturities of this loan were paid from the proceeds of the Electric Revenue Refunding Bonds, Series 2003. The loan had an outstanding balance of \$10,380,000 at June 30, 2006. 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.

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 Electric Fund portion of this issue, recorded as a Deferred Charge, was \$29,218 at fiscal year end. Loan proceeds are drawn as work is completed. The outstanding principal balance of the loan was \$2,523,953 at June 30, 2006.

The interest rate varies on a weekly basis for both loans. Annual interest payments are amortized below using a 4.45% interest rate, which was the actual weekly rate at June 30, 2006. Projected debt service requirements to maturity as of June 30, 2006 as follows:

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2007	\$ 134,719	\$ 573,726	\$ 708,445
2008	141,953	567,705	709,658
2009	147,830	561,366	709,196
2010	153,707	554,766	708,473
2011	160,036	547,902	707,938
2012-2016	900,992	2,626,460	3,527,452
2017-2021	3,324,716	2,229,161	5,553,877
2022-2026	3,895,000	1,425,774	5,320,774
2027-2030	4,045,000	448,228	4,493,228
Total	<u>\$ 12,903,953</u>	<u>\$ 9,535,088</u>	<u>\$ 22,439,041</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, 2006 as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2007	\$ 350,000	\$ 148,500	\$ 498,500
2008	370,000	139,750	509,750
2009	380,000	128,650	508,650
2010	390,000	117,250	507,250
2011	400,000	103,600	503,600
2012-2016	2,240,000	274,600	2,514,600
Total	<u>\$ 4,130,000</u>	<u>\$ 912,350</u>	<u>\$ 5,042,350</u>

Notes Payable – Waterworks Fund

The City executed loan agreements for \$6,152,006 and \$3,000,000 during fiscal 1995 and 2001, respectively, with the TMBF to fund water and wastewater system rehabilitation and expansion. The 2003 to 2016 maturities of the 1995 loan were paid from the proceeds of the General Obligation Refunding Bonds Series 2003. The remaining portion of the 1995 loan matures in 2023 and the 2001 loan matures in 2021. The outstanding principal balance on these loans at June 30, 2006 was \$5,412,735.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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 \$33,782 at fiscal year end. Loan proceeds are drawn as work is completed. The outstanding principal balance of the loan was \$3,059,047 at June 30, 2006.

At June 30, 2006, the City had outstanding fixed rate notes payable to the Tennessee Local Development Authority of \$61,420 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. Interest is estimated using a 4.45% interest rate, which was the actual weekly rate at June 30, 2006, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2007	\$ 289,218	\$ 376,055	\$ 665,273
2008	304,597	363,765	668,362
2009	317,325	350,902	668,227
2010	326,072	337,492	663,564
2011	327,965	323,455	651,420
2012-2016	1,870,007	1,384,137	3,254,144
2017-2021	3,928,427	767,395	4,695,822
2022-2023	<u>1,169,591</u>	<u>69,344</u>	<u>1,238,935</u>
Total	<u>\$ 8,533,202</u>	<u>\$ 3,972,545</u>	<u>\$ 12,505,747</u>

Tennessee State Revolving Fund Loan – Waterworks Fund

During fiscal 1998 and 1999, the City executed a \$11,197,000 loan and a \$5,000,000 loan through the Tennessee State Revolving Fund (SRF) administered by the Tennessee Department of Environment and Conservation (TDEC) to finance improvements and expansion of the Wastewater Treatment Plant, wastewater collection system rehabilitation and wastewater lift station replacements. Terms of both 20-year loans call for monthly principal and interest payments, using a 4.09% and a 4.04% fixed interest rate, respectively. Debt service payments will be funded by Waterworks Fund revenues from residential and commercial wastewater fees. The City, as do all governmental entities in the SRF loan program, pledged first its State-shared tax revenues (State sales, gasoline, beer, TVA replacement, mixed drinks, alcoholic beverages and income tax) and then the City's taxing authority as collateral for the loan. It is not anticipated that revenues from these sources will be required to fund the debt service on these loans. The outstanding principal balance of these loans was \$9,974,979 and \$4,242,410, respectively, at June 30, 2006. 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

(continued)

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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. \$2,167,696 in loan proceeds had been drawn as of June 30, 2006. A projected amortization schedule for outstanding SRF loans as of June 30, 2006 is as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2007	\$ 635,640	\$ 655,402	\$ 1,291,042
2008	662,040	629,002	1,291,042
2009	689,520	601,510	1,291,030
2010	791,733	566,804	1,358,537
2011	824,421	534,128	1,358,549
2012-2016	4,661,680	2,130,996	6,792,676
2017-2021	5,706,953	1,085,710	6,792,663
2022-2026	1,973,603	182,426	2,156,029
2027-2029	439,495	26,433	465,928
Total	<u>\$ 16,385,085</u>	<u>\$ 6,412,411</u>	<u>\$ 22,797,496</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, 2006, is as follows:

Due from Other Funds	Due to Other Funds						Total
	General Fund	Capital Projects Fund	Nonmajor Funds	Internal Service Funds	Electric Fund	Waterworks Fund	
General Fund	\$ -	\$ 578,423	\$ 113,080	\$ 279,643	\$ 775,550	\$ 930,401	\$ 2,677,097
Internal Service Funds	6,690	-	-	-	-	-	6,690
Nonmajor Governmental Funds	164,046	-	-	-	-	-	164,046
Nonmajor Enterprise Funds	10,385	-	-	-	-	-	10,385
Total	<u>\$ 181,121</u>	<u>\$ 578,423</u>	<u>\$ 113,080</u>	<u>\$ 279,643</u>	<u>\$ 775,550</u>	<u>\$ 930,401</u>	<u>\$ 2,858,218</u>

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Inventory	\$ 112,500
Electric	Inventory	1,250,000
Waterworks	Inventory	625,000
Total		<u>\$ 1,987,500</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, 2006

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	\$ 11,578,070	\$ 1,150,000	\$ 5,192,012	\$ 17,920,082
Capital Projects Fund	-	-	178,416	178,416
Golf Course Fund	-	-	992,173	992,173
Electric Fund	-	-	145,210	145,210
Waterworks Fund	-	-	121,000	121,000
Total	\$ 11,578,070	\$ 1,150,000	\$ 6,628,811	\$ 19,356,881

The Golf Course Enterprise Fund transfer out differs from the amount transferred to the special revenue fund because the capital assets and long-term liabilities of the enterprise fund are not reported at the fund level in the special revenue fund.

14. COMMITMENTS

At June 30, 2006, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$40,356,251 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
Roadway Improvements	989,846	442,951	Capital Projects State Street Aid
Oak Ridge High School Project	10,622,500	36,523,318	Capital Projects
Legal Services	101,200	41,300	Economic Diversification
Professional Services for Electric	1,597,815	1,932,936	Electric
Waterworks Treatment Plant Improvements	58,809	51,191	Waterworks
Wastewater Distribution System Rehab.	1,318,456	1,169,917	Waterworks
West End Waterworks Expansion	343,384	35,434	Waterworks
Utility Relocation - Turnpike Widening	128,316	100,384	Waterworks
Equipment	22,605	22,604	Equipment Replacement Rental
TOTAL	\$ 15,214,415	\$ 40,356,251	

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

(continued)

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

maintenance projects and long-term debt issuances to finance the Oak Ridge High School renovation and construction project. The State Street Aid Fund, whose revenues are derived from State-share taxes and operating transfers from the General Fund, will provide additional funding for roadway projects. The Economic Diversification Fund, whose operations are funded by transfers from the General, Electric and Waterworks Funds, will provide funding for 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. Waterworks projects will be funded by the \$4,832,304 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 \$124,433 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$62,654 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$61,779 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, 2006, the following amounts were reserved:

	<u>Amount</u>
General Fund	\$ 311,018
School Fund	103,686
Capital Projects Fund	595,359
Nonmajor Funds	369,300
Total	<u>\$ 1,379,363</u>

Reserved For Prepaid Expenditures. City Special Revenue Funds had reserves of fund balance for prepaids totaling \$225,994 at fiscal year end. The Drug Fund and School Fund had miscellaneous prepaids of \$5,576 and \$10,484, respectively at year-end. The State Street Aid Fund had reserves for prepaids of \$150,976 for the City's share of State street resurfacing projects within Oak Ridge. The Economic Diversification Fund had reserves for prepaids of \$58,958 for the City's share of the State roadway project for a road extension at Bethel Valley Industrial Park. The Capital Projects Fund reserves for prepaids totaled \$65,458 for the City's share of the State roadway project to realign Manhattan and Rutgers Avenues in Oak Ridge.

Reserved for Capital Outlay. The Capital Projects Fund had reserves for capital outlay of \$16,254,147 at fiscal year end. This is the remaining proceeds of long-term debt issued during fiscal years 2005 and 2006 that is held by bond trustees, which is legally restricted to the

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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, 2006 from the General Fund totaled \$112,500.

Reserved for Endowment. The Scholarship Fund, a Private Purpose Trust Fund, was established to account for trust funds that are legally restricted to endowment purposes. The interest on the trust principal is used to award college scholarships to high school seniors. The Reserve for Endowment for the Scholarship Fund at June 30, 2006 was \$349,165.

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 \$51,169 of fund balance of which \$35,169 was for technology and \$16,000 for the extended school program.

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, 2006 totaled \$6,402,404.

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, 2006 totaled \$2,158,115.

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.

(continued)

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006**

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

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

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 2006 is \$500 except for boiler and machinery which is \$1,000. The Schools incurred net claim losses of \$172,009, which were submitted to the TSB-RMT insurance pool during fiscal 2006. The city paid \$102,126 in deductibles to the TML in fiscal 2006 for workers compensation and property liability claims of \$58,552 and \$43,574, respectively. The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2006 is as outlined below:

<u>Insurance Plan</u>	<u>Annual Per Occurrence Deductible</u>
General Liability	\$ 1,000
Auto Liability	1,000
Auto Physical Damage	5,000
Errors and Omissions	0
Buildings and Personal Property	10,000
Equipment Breakdowns	10,000
Electronic Data Processing Equipment	2,500
Worker's Compensation	50,000

There have been no liabilities in excess of commercial insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability amount for the City Insurance Funds for the fiscal years ended June 30, 2005 and June 30, 2006 were as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2005	\$ 265,111	\$ 289,403	(\$ 276,165)	\$ 278,349
2006	\$ 278,349	\$ 164,006	(\$ 237,198)	\$ 205,157

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

18. TRANSFER OF THE GOLF COURSE FUND

The City's management has determined that the Golf Course Fund should be reclassified from a proprietary fund to a special revenue fund. In 1995, the Golf Course Fund was established as an enterprise fund to account for the construction and operation of a golf course. Fund revenues were to be derived from the operation of the golf course and the proceeds from the sale of City-owned land surrounding the course for residential and commercial development. While revenues are sufficient to meet the operational expenses for the golf course, they are insufficient to fund the annual debt service payment on the debt issued to construct the course. Annual transfers from the General Fund have been necessary to provide funding for the annual debt service payment. User fees cannot be increased to a sufficient level to fully fund the expenses of the Golf Course Fund and still maintain a viable operation of the golf course. Accordingly, a transfer of \$91,753 was recorded as a transfer out of the enterprise fund to the special revenue fund. A transfer of \$992,173 was recorded as a transfer into the special revenue fund from the enterprise fund.

19. NEW GASB

In May 2004, the Governmental Accounting Standards Board, (GASB) issued Statement No. 44, *Economic Condition Reporting: The Statistical Section*. GASB 44's objective is to provide guidance on the schedules and narrative explanations in the statistical section. The City of Oak Ridge is implementing GASB No. 44 in the current fiscal year.

During fiscal 2006, the Schools adopted GASB No. 47, *Accounting for Termination Benefits*. The City did not adopt GASB No. 47 for other City operations.

20. SUBSEQUENT EVENTS

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, refer to Note 11. Immediately upon issuance, the net loan proceeds were deposited with Regions Bank, trustee, with funds to be drawn as expenditures occur. Principal payments are to occur on the loan from 2026 to 2036. The City has entered into an interest rate swap agreement on this loan with the counterparty DEPFA Bank PLC, effective September 1, 2007. The interest rate on the loan will vary daily until the effective date of the swap.

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

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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 \$5,675,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for renovation and new construction of the ORHS Project. This is a fixed interest rate issuance at 4.375% with principal payments occurring in 2037 and 2038.

On December 19, 2006, the City entered into a capital lease agreement with Motorola for \$1,166,355 to upgrade the City's 900 MHz radio system to allow for digital capabilities. Terms of the 10-year lease agreement call for annual principal and interest payments of \$150,902 beginning on January 1, 2008. The interest rate on the lease is 4.98%.

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, 2006**

	SPECIAL REVENUE FUNDS										Total Nonmajor Governmental Funds
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Golf Course	Debt Service Fund			
Assets											
Cash and cash equivalents	\$ 2,016,111	\$ 308,737	\$ 107,697	\$ -	\$ -	\$ 63,612	\$ 737,618	\$ 5,983,725			\$ 9,217,500
Receivables, net	37,627	-	-	-	-	-	55,576	-			93,203
Due from other funds	2,383	-	-	-	161,663	-	-	-			164,046
Due from other governments	-	132,285	26,259	228,075	-	-	-	421,179			807,798
Inventory, at cost	-	-	-	-	-	-	48,927	-			48,927
Prepaid items	58,958	150,976	-	-	-	5,576	-	-			215,510
Total assets	\$ 2,115,079	\$ 591,998	\$ 133,956	\$ 228,075	\$ 161,663	\$ 69,188	\$ 842,121	\$ 6,404,904			\$ 10,546,984
Liabilities and fund balances											
Liabilities:											
Accounts payable	\$ 20,267	\$ 7,070	\$ 12,859	\$ 53,936	\$ 161,663	\$ 958	\$ -	\$ 2,500			\$ 259,253
Accrued liabilities	2,383	-	-	916	-	-	-	-			3,299
Due to other funds	-	-	-	113,080	-	-	-	-			113,080
Deferred revenue	-	-	-	8,795	-	-	-	-			8,795
Total liabilities	22,650	7,070	12,859	176,727	161,663	958	-	2,500			384,427
Fund balances:											
Reserved for special programs	-	-	-	-	-	62,654	-	-			62,654
Reserved for encumbrances	-	369,300	-	-	-	-	-	-			369,300
Reserved - prepaid expenditures	58,958	150,976	-	-	-	5,576	-	-			215,510
Designated for debt service	-	-	-	-	-	-	-	6,402,404			6,402,404
Undesignated	2,033,471	64,652	121,097	51,348	-	-	842,121	-			3,112,689
Total fund balances	2,092,429	584,928	121,097	51,348	-	68,230	842,121	6,402,404			10,162,557
Total liabilities and fund balances	\$ 2,115,079	\$ 591,998	\$ 133,956	\$ 228,075	\$ 161,663	\$ 69,188	\$ 842,121	\$ 6,404,904			\$ 10,546,984

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, 2006

	SPECIAL REVENUE FUNDS										Total Nonmajor Governmental Funds
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Golf Course	Debt Service Fund			
Revenues											
Taxes	\$ 427,608	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,436,392	\$ -	\$ -	\$ 2,864,000
Intergovernmental	-	770,947	166,089	485,526	-	34,110	-	-	-	-	1,456,672
Charges for services	-	-	-	-	699,751	-	1,216,251	1,010,777	-	-	2,926,779
Fines and forfeitures	-	-	-	-	-	70,206	-	-	-	-	70,206
Interest	69,698	16,600	3,817	-	-	2,183	30,395	108,920	-	-	231,613
Other	241,130	-	-	-	-	4,300	13,920	337,042	-	-	596,392
Total revenues	738,436	787,547	169,906	485,526	699,751	110,799	1,260,566	3,893,131	-	-	8,145,662
Expenditures											
Current:											
Public safety	-	-	-	43,801	-	100,959	-	-	-	-	144,760
Public works	-	1,444,236	885	942	-	-	-	-	-	-	1,446,063
Community services	1,443,780	-	210,371	544,720	1,818,563	-	1,219,344	-	-	-	5,236,778
Debt service:											
Principal retirement	-	-	-	54,000	-	-	190,000	2,512,042	-	-	2,756,042
Interest and fiscal charges	-	-	-	30,184	-	-	301,274	1,944,073	-	-	2,275,531
Total expenditures	1,443,780	1,444,236	211,256	673,647	1,818,563	100,959	1,710,618	4,456,115	-	-	11,859,174
Excess (deficiency) of revenues over (under) expenditures	(705,344)	(656,689)	(41,350)	(188,121)	(1,118,812)	9,840	(450,052)	(562,984)	-	-	(3,713,512)
Other financing sources (uses)											
Transfers in	443,210	517,500	10,350	168,350	1,118,812	-	1,292,173	3,078,416	-	-	6,628,811
Total other financing sources (uses)	443,210	517,500	10,350	168,350	1,118,812	-	1,292,173	3,078,416	-	-	6,628,811
Net change in fund balances	(262,134)	(139,189)	(31,000)	(19,771)	-	9,840	842,121	2,515,432	-	-	2,915,299
Fund balance - beginning	2,354,563	724,117	152,097	71,119	-	58,390	-	3,886,972	-	-	7,247,258
Fund balance - ending	\$ 2,092,429	\$ 584,928	\$ 121,097	\$ 51,348	\$ -	\$ 68,230	\$ 842,121	\$ 6,402,404	\$ -	\$ -	\$ 10,162,557

**CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	2006	2005
Assets		
Cash and cash equivalents	\$ 2,016,111	\$ 2,295,942
Receivables, net	37,627	87,891
Due from other funds	2,383	-
Prepaid items	58,958	62,489
Total assets	\$ 2,115,079	\$ 2,446,322
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 20,267	\$ 53,834
Accrued liabilities	2,383	3,082
Due to other funds	-	34,843
Total liabilities	22,650	91,759
Fund balances:		
Reserved - prepaid expenditures	58,958	62,489
Undesignated	2,033,471	2,292,074
Total fund balances	2,092,429	2,354,563
 Total liabilities and fund balances	\$ 2,115,079	\$ 2,446,322

**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, 2006**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Taxes	\$ 427,608	\$ -	\$ 427,608	\$ 380,000	\$ 47,608
Intergovernmental	-	-	-	1,000,000	(1,000,000)
Interest	69,698	-	69,698	35,000	34,698
Other	241,130	-	241,130	48,214	192,916
Total revenues	<u>738,436</u>	<u>-</u>	<u>738,436</u>	<u>1,463,214</u>	<u>(724,778)</u>
Expenditures					
Current:					
Community services	1,443,780	3,532	1,447,312	3,066,000	1,618,688
Total expenditures	<u>1,443,780</u>	<u>3,532</u>	<u>1,447,312</u>	<u>3,066,000</u>	<u>1,618,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(705,344)</u>	<u>(3,532)</u>	<u>(708,876)</u>	<u>(1,602,786)</u>	<u>893,910</u>
Other financing sources (uses)					
Transfers in	443,210	-	443,210	443,210	-
Total other financing sources (uses)	<u>443,210</u>	<u>-</u>	<u>443,210</u>	<u>443,210</u>	<u>-</u>
Net change in fund balances	(262,134)	(3,532)	(265,666)	(1,159,576)	893,910
Fund balance - beginning	<u>2,354,563</u>	<u>-</u>	<u>2,354,563</u>	<u>2,354,563</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,092,429</u>	<u>\$ (3,532)</u>	<u>\$ 2,088,897</u>	<u>\$ 1,194,987</u>	<u>\$ 893,910</u>

**CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	2006	2005
Assets		
Cash and cash equivalents	\$ 308,737	\$ 597,475
Due from other governments	132,285	134,012
Prepaid items	150,976	-
Total assets	\$ 591,998	\$ 731,487
Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 7,070	\$ 7,370
Total liabilities	7,070	7,370
Fund balances:		
Reserved for encumbrances	369,300	567,233
Reserved - prepaid expenditures	150,976	-
Undesignated	64,652	156,884
Total fund balances	584,928	724,117
Total liabilities and fund balances	\$ 591,998	\$ 731,487

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, 2006

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 770,947	\$ -	\$ 770,947	\$ 790,000	\$ (19,053)
Interest	16,600	-	16,600	10,000	6,600
Total revenues	<u>787,547</u>	<u>-</u>	<u>787,547</u>	<u>800,000</u>	<u>(12,453)</u>
Expenditures					
Current:					
Public works	1,444,236	46,957	1,491,193	1,412,170	(79,023)
Total expenditures	<u>1,444,236</u>	<u>46,957</u>	<u>1,491,193</u>	<u>1,412,170</u>	<u>(79,023)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(656,689)</u>	<u>(46,957)</u>	<u>(703,646)</u>	<u>(612,170)</u>	<u>(91,476)</u>
Other financing sources (uses)					
Transfers in	517,500	-	517,500	517,500	-
Total other financing sources (uses)	<u>517,500</u>	<u>-</u>	<u>517,500</u>	<u>517,500</u>	<u>-</u>
Net change in fund balances	(139,189)	(46,957)	(186,146)	(94,670)	(91,476)
Fund balance - beginning	<u>724,117</u>	<u>-</u>	<u>724,117</u>	<u>724,117</u>	<u>-</u>
Fund balance - ending	<u>\$ 584,928</u>	<u>\$ (46,957)</u>	<u>\$ 537,971</u>	<u>\$ 629,447</u>	<u>\$ (91,476)</u>

**CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	2006	2005
Assets		
Cash and cash equivalents	\$ 107,697	\$ 138,559
Due from other governments	26,259	54,132
Total assets	\$ 133,956	\$ 192,691
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 12,859	\$ 40,594
Total liabilities	12,859	40,594
 Fund balances:		
Undesignated	121,097	152,097
Total fund balances	121,097	152,097
Total liabilities and fund balances	\$ 133,956	\$ 192,691

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, 2006

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 166,089	\$ -	\$ 166,089	\$ 169,000	\$ (2,911)
Interest	3,817	-	3,817	2,000	1,817
Total revenues	<u>169,906</u>	<u>-</u>	<u>169,906</u>	<u>171,000</u>	<u>(1,094)</u>
Expenditures					
Current:					
Public works	885	-	885	-	(885)
Community services	210,371	-	210,371	266,000	55,629
Total expenditures	<u>211,256</u>	<u>-</u>	<u>211,256</u>	<u>266,000</u>	<u>54,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,350)</u>	<u>-</u>	<u>(41,350)</u>	<u>(95,000)</u>	<u>53,650</u>
Other financing sources (uses)					
Transfers in	10,350	-	10,350	10,350	-
Total other financing sources (uses)	<u>10,350</u>	<u>-</u>	<u>10,350</u>	<u>10,350</u>	<u>-</u>
Net change in fund balances	(31,000)	-	(31,000)	(84,650)	53,650
Fund balance - beginning	<u>152,097</u>	<u>-</u>	<u>152,097</u>	<u>152,097</u>	<u>-</u>
Fund balance - ending	<u>\$ 121,097</u>	<u>\$ -</u>	<u>\$ 121,097</u>	<u>\$ 67,447</u>	<u>\$ 53,650</u>

**CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Due from other governments	\$ 228,075	\$ 1,772,649
Total assets	<u>\$ 228,075</u>	<u>\$ 1,772,649</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 53,936	\$ 6,321
Accrued liabilities	916	1,258
Due to other funds	113,080	1,610,430
Deferred revenue	8,795	83,521
Total liabilities	<u>176,727</u>	<u>1,701,530</u>
 Fund balances:		
Undesignated	<u>51,348</u>	<u>71,119</u>
Total fund balances	<u>51,348</u>	<u>71,119</u>
Total liabilities and fund balances	<u>\$ 228,075</u>	<u>\$ 1,772,649</u>

CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2006

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 485,526	\$ -	\$ 485,526	\$ 3,469,123	\$ (2,983,597)
Total revenues	<u>485,526</u>	<u>-</u>	<u>485,526</u>	<u>3,469,123</u>	<u>(2,983,597)</u>
Expenditures					
Current:					
Public safety	43,801	-	43,801	65,000	21,199
Public works	942	-	942	-	(942)
Community services	544,720	-	544,720	477,473	(67,247)
Capital outlay	-	-	-	3,000,000	3,000,000
Principal retirement	54,000	-	54,000	54,000	-
Interest and fiscal charges	30,184	-	30,184	41,000	10,816
Total expenditures	<u>673,647</u>	<u>-</u>	<u>673,647</u>	<u>3,637,473</u>	<u>2,963,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(188,121)</u>	<u>-</u>	<u>(188,121)</u>	<u>(168,350)</u>	<u>(19,771)</u>
Other financing sources (uses)					
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>
Net change in fund balances	<u>(19,771)</u>	<u>-</u>	<u>(19,771)</u>	<u>-</u>	<u>(19,771)</u>
Fund balance - beginning	<u>71,119</u>	<u>-</u>	<u>71,119</u>	<u>71,119</u>	<u>-</u>
Fund balance - ending	<u>\$ 51,348</u>	<u>\$ -</u>	<u>\$ 51,348</u>	<u>\$ 71,119</u>	<u>\$ (19,771)</u>

**CITY OF OAK RIDGE, TENNESSEE
SOLID WASTE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Due from other funds	\$ 161,663	\$ 172,407
Total assets	<u>\$ 161,663</u>	<u>\$ 172,407</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 161,663	\$ 172,407
Total liabilities	<u>161,663</u>	<u>172,407</u>
 Fund balances:		
Undesignated	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 161,663</u>	<u>\$ 172,407</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, 2006

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Charges for services	\$ 699,751	\$ -	\$ 699,751	\$ 694,000	\$ 5,751
Total revenues	<u>699,751</u>	<u>-</u>	<u>699,751</u>	<u>694,000</u>	<u>5,751</u>
Expenditures					
Current:					
Community services	1,818,563	-	1,818,563	1,832,680	14,117
Total expenditures	<u>1,818,563</u>	<u>-</u>	<u>1,818,563</u>	<u>1,832,680</u>	<u>14,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,118,812)</u>	<u>-</u>	<u>(1,118,812)</u>	<u>(1,138,680)</u>	<u>19,868</u>
Other financing sources (uses)					
Transfers in	1,118,812	-	1,118,812	1,138,680	(19,868)
Total other financing sources (uses)	<u>1,118,812</u>	<u>-</u>	<u>1,118,812</u>	<u>1,138,680</u>	<u>(19,868)</u>
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF OAK RIDGE, TENNESSEE
 DRUG ENFORCEMENT PROGRAM FUND
 COMPARATIVE BALANCE SHEETS
 June 30, 2006 and 2005**

	2006	2005
Assets		
Cash and cash equivalents	\$ 63,612	\$ 57,130
Prepaid items	5,576	2,031
Total assets	\$ 69,188	\$ 59,161
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 958	\$ 771
Total liabilities	958	771
 Fund balances:		
Reserved for special programs	62,654	56,359
Reserved - prepaid expenditures	5,576	2,031
Total fund balances	68,230	58,390
Total liabilities and fund balances	\$ 69,188	\$ 59,161

**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, 2006**

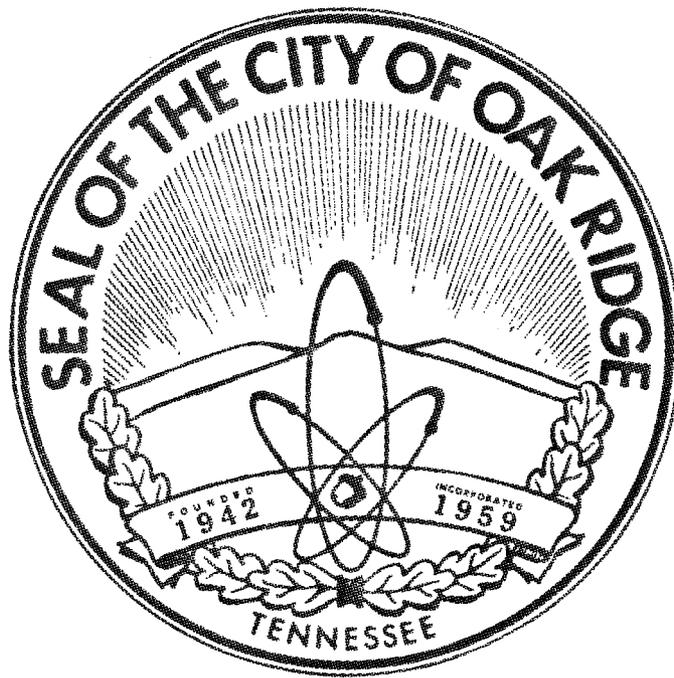
	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 34,110	\$ -	\$ 34,110	\$ 5,000	\$ 29,110
Fines and forfeitures	70,206	-	70,206	60,000	10,206
Interest	2,183	-	2,183	1,000	1,183
Other	4,300	-	4,300	10,000	(5,700)
Total revenues	<u>110,799</u>	<u>-</u>	<u>110,799</u>	<u>76,000</u>	<u>34,799</u>
Expenditures					
Current:					
Public safety	100,959	-	100,959	98,450	(2,509)
Total expenditures	<u>100,959</u>	<u>-</u>	<u>100,959</u>	<u>98,450</u>	<u>(2,509)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,840</u>	<u>-</u>	<u>9,840</u>	<u>(22,450)</u>	<u>32,290</u>
Net change in fund balances	9,840	-	9,840	(22,450)	32,290
Fund balance - beginning	<u>58,390</u>	<u>-</u>	<u>58,390</u>	<u>58,390</u>	<u>-</u>
Fund balance - ending	<u>\$ 68,230</u>	<u>\$ -</u>	<u>\$ 68,230</u>	<u>\$ 35,940</u>	<u>\$ 32,290</u>

**CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents	\$ 5,983,725	\$ 3,520,136
Due from other governments	421,179	366,836
Total assets	<u>\$ 6,404,904</u>	<u>\$ 3,886,972</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 2,500	\$ -
Total liabilities	<u>2,500</u>	<u>-</u>
 Fund balances:		
Designated for debt service	<u>6,402,404</u>	<u>3,886,972</u>
Total fund balances	<u>6,402,404</u>	<u>3,886,972</u>
Total liabilities and fund balances	<u>\$ 6,404,904</u>	<u>\$ 3,886,972</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, 2006

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Taxes	\$ 2,436,392	\$ -	\$ 2,436,392	\$ 2,380,000	\$ 56,392
Charges for services	1,010,777	-	1,010,777	1,010,777	-
Interest	108,920	-	108,920	80,000	28,920
Other	337,042	-	337,042	4,001,005	(3,663,963)
Total revenues	<u>3,893,131</u>	<u>-</u>	<u>3,893,131</u>	<u>7,471,782</u>	<u>(3,578,651)</u>
Expenditures					
Debt service:					
Principal retirement	2,512,042	-	2,512,042	2,175,000	(337,042)
Interest and fiscal charges	1,944,073	-	1,944,073	5,861,000	3,916,927
Total expenditures	<u>4,456,115</u>	<u>-</u>	<u>4,456,115</u>	<u>8,036,000</u>	<u>3,579,885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(562,984)</u>	<u>-</u>	<u>(562,984)</u>	<u>(564,218)</u>	<u>1,234</u>
Other financing sources (uses)					
Transfers in	3,078,416	-	3,078,416	2,900,000	178,416
Total other financing sources (uses)	<u>3,078,416</u>	<u>-</u>	<u>3,078,416</u>	<u>2,900,000</u>	<u>178,416</u>
Net change in fund balances	2,515,432	-	2,515,432	2,335,782	179,650
Fund balance - beginning	3,886,972	-	3,886,972	3,886,972	-
Fund balance - ending	<u>\$ 6,402,404</u>	<u>\$ -</u>	<u>\$ 6,402,404</u>	<u>\$ 6,222,754</u>	<u>\$ 179,650</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, 2006 and 2005**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2006	2005	2006	2005	2006	2005	2006	2005	June 30, 2006	June 30, 2005
ASSETS										
Current assets										
Cash and cash equivalents	\$ 1,243,398	\$ 1,153,241	\$ -	\$ -	\$ 53,697	\$ 522,595	\$ 850,195	\$ 869,923	\$ 2,147,290	\$ 2,545,759
Due from other funds	-	8,220	-	-	6,690	-	-	-	6,690	8,220
Inventory, at cost	-	-	2,314,377	1,905,701	-	-	-	-	2,314,377	1,905,701
Total current assets	1,243,398	1,161,461	2,314,377	1,905,701	60,387	522,595	850,195	869,923	4,468,357	4,459,680
Noncurrent assets										
Capital assets, net	-	-	-	-	2,963,708	2,784,150	1,452,697	1,494,782	4,416,405	4,278,932
Deferred charges	-	-	-	-	6,462	7,396	-	-	6,462	7,396
Total noncurrent assets	-	-	-	-	2,970,170	2,791,546	1,452,697	1,494,782	4,422,867	4,286,328
Total assets	1,243,398	1,161,461	2,314,377	1,905,701	3,030,557	3,314,141	2,302,892	2,364,705	8,891,224	8,746,008
LIABILITIES										
Current liabilities										
Accounts payable	30,157	48,349	57,234	123,009	14,682	118,381	-	-	102,073	289,739
Claims payable	175,000	230,000	-	-	-	-	-	-	175,000	230,000
Accrued liabilities	-	-	-	-	7,180	10,421	-	-	7,180	10,421
Due to other funds	10,000	-	269,643	120,192	-	-	-	-	279,643	120,192
Advances from other funds	-	-	1,987,500	1,662,500	-	-	-	-	1,987,500	1,662,500
Current portion of notes and bonds payable	-	-	-	-	226,427	220,427	-	-	226,427	220,427
Accrued interest payable	-	-	-	-	3,193	3,476	-	-	3,193	3,476
Total current liabilities	215,157	278,349	2,314,377	1,905,701	251,482	352,705	-	-	2,781,016	2,536,755
Noncurrent liabilities										
Vacation benefits payable	-	-	-	-	32,416	33,906	-	-	32,416	33,906
Bonds payable	-	-	-	-	980,604	1,155,029	-	-	980,604	1,155,029
Total noncurrent liabilities	-	-	-	-	1,013,020	1,188,935	-	-	1,013,020	1,188,935
Total liabilities	215,157	278,349	2,314,377	1,905,701	1,264,502	1,541,640	-	-	3,794,036	3,725,690
NET ASSETS										
Invested in capital assets net of related debt	-	-	-	-	1,808,677	1,459,694	1,452,697	1,494,782	3,261,374	2,954,476
Unrestricted	1,028,241	883,112	-	-	(42,622)	312,807	850,195	869,923	1,835,814	2,065,842
Total net assets	\$ 1,028,241	\$ 883,112	\$ -	\$ -	\$ 1,766,055	\$ 1,772,501	\$ 2,302,892	\$ 2,364,705	\$ 5,097,188	\$ 5,020,318

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, 2006 and June 30, 2005

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Operating revenues										
Charges for services	\$ 2,398,777	\$ 2,434,330	\$ 2,508,131	\$ 2,259,796	\$ 2,956,053	\$ 2,642,110	\$ 113,719	\$ 52,209	\$ 7,976,680	\$ 7,388,445
Employer's contributions	2,408,328	2,350,124	-	-	-	-	-	-	2,408,328	2,350,124
Employees' contributions	716,000	680,393	-	-	-	-	-	-	716,000	680,393
Other	-	-	-	-	-	-	7,500	-	7,500	-
Total operating revenues	5,523,105	5,464,847	2,508,131	2,259,796	2,956,053	2,642,110	121,219	52,209	11,108,508	10,418,962
Operating expenses										
Maintenance and administrative	-	-	-	-	1,660,136	1,621,712	-	-	1,660,136	1,621,712
Depreciation	-	-	-	-	711,574	634,702	194,823	164,443	906,397	799,145
Materials	-	-	2,508,131	2,259,796	577,469	500,369	-	-	3,085,600	2,760,165
Medical/liability claims	219,005	289,403	-	-	-	-	-	-	219,005	289,403
Insurance premiums	5,201,446	4,869,199	-	-	-	-	-	-	5,201,446	4,869,199
Total operating expenses	5,420,451	5,158,602	2,508,131	2,259,796	2,949,179	2,756,783	194,823	164,443	11,072,584	10,339,624
Operating income (loss)	102,654	306,245	-	-	6,874	(114,673)	(73,604)	(112,234)	35,924	79,338
Nonoperating revenue (expense)										
Gain on sale of capital assets	-	-	-	-	14,155	19,823	13,465	2,160	27,620	21,983
Interest revenue	42,475	14,622	-	-	13,957	15,082	-	-	56,432	29,704
Interest expense	-	-	-	-	(41,432)	(44,826)	(1,674)	(1,172)	(43,106)	(45,998)
Total nonoperating revenue (expense)	42,475	14,622	-	-	(13,320)	(9,921)	11,791	988	40,946	5,689
Change in net assets	145,129	320,867	-	-	(6,446)	(124,594)	(61,813)	(111,246)	76,870	85,027
Total net assets - beginning	883,112	562,245	-	-	1,772,501	1,897,095	2,364,705	2,475,951	5,020,318	4,935,291
Total net assets - ending	\$ 1,028,241	\$ 883,112	\$ -	\$ -	\$ 1,766,055	\$ 1,772,501	\$ 2,302,892	\$ 2,364,705	\$ 5,097,188	\$ 5,020,318

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2006 and June 30, 2005

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Operating activities										
Cash received from customers	\$ 5,523,105	\$ 5,464,847	\$ 2,508,131	\$ 2,259,796	\$ 2,956,053	\$ 2,642,110	\$ 121,219	\$ 52,209	\$ 11,108,508	\$ 10,418,962
Cash paid to suppliers	(5,493,643)	(5,145,364)	(2,982,582)	(2,207,456)	(2,346,035)	(2,049,973)	-	(3,514)	(10,822,260)	(9,406,307)
Net cash provided by (used in) operating activities	29,462	319,483	(474,451)	52,340	610,018	592,137	121,219	48,695	286,248	1,012,655
Noncapital financing activities										
Transfers in	18,220	-	149,451	-	-	-	-	-	167,671	-
Transfers out	-	(6,639)	-	(52,340)	(6,690)	-	-	-	(6,690)	(58,979)
Advances from (to) other funds	-	-	325,000	-	-	-	-	-	325,000	-
Net cash provided by (used in) noncapital financing activities	18,220	(306,639)	474,451	(352,340)	(6,690)	(300,000)	-	(300,000)	485,981	(1,258,979)
Capital and related financing activities										
Acquisition and construction of capital assets	-	-	-	-	(876,977)	(807,610)	(139,273)	(617,944)	(1,016,250)	(1,425,554)
Principal paid on long-term debt	-	-	-	-	(167,491)	(118,427)	-	(68,475)	(167,491)	(186,902)
Interest paid on long-term debt	-	-	-	-	(41,715)	(44,175)	(1,674)	(1,172)	(43,389)	(45,347)
Net cash used in capital and related financing activities	-	-	-	-	(1,086,183)	(970,212)	(140,947)	(687,591)	(1,227,130)	(1,657,803)
Investing activities										
Interest and dividends on investments	42,475	14,622	-	-	13,957	15,082	-	-	56,432	29,704
Net cash provided by investing activities	42,475	14,622	-	-	13,957	15,082	-	-	56,432	29,704
Net increase (decrease) in cash and cash equivalents	90,157	27,466	-	(300,000)	(468,898)	(662,993)	(19,728)	(938,896)	(398,469)	(1,874,423)
Cash and cash equivalents										
Beginning of year	1,153,241	825,775	-	-	522,595	885,588	869,923	1,508,819	2,545,759	3,220,182
End of year	\$ 1,243,398	\$ 853,241	\$ -	\$ (300,000)	\$ 53,697	\$ 222,595	\$ 850,195	\$ 569,923	\$ 2,147,290	\$ 1,345,759

Continued:

**CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2006 and June 30, 2005**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2006	2005	2006	2005	2006	2005	2006	2005	June 30, 2006	June 30, 2005
\$ 102,654	\$ 306,245	\$ -	\$ -	\$ -	\$ 6,874	\$ (114,673)	\$ (73,604)	\$ (112,234)	\$ 35,924	\$ 79,338
-	-	-	-	-	711,574	634,702	194,823	164,443	906,397	799,145
(18,192)	13,238	(408,676)	35,370	-	-	-	-	-	(408,676)	35,370
(55,000)	-	(65,775)	16,970	(103,699)	73,977	-	-	-	(187,666)	104,185
-	-	-	-	-	-	-	-	-	(55,000)	-
-	-	-	-	(3,241)	668	-	-	(3,514)	(3,241)	(2,846)
-	-	-	-	(1,490)	(2,537)	-	-	-	(1,490)	(2,537)
(73,192)	13,238	(474,451)	52,340	706,810	603,144	194,823	160,929	250,324	933,317	
\$ 29,462	\$ 319,483	\$ (474,451)	\$ 52,340	\$ 610,018	\$ 592,137	\$ 121,219	\$ 48,695	\$ 286,248	\$ 1,012,655	

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

Operating income (loss) \$ 79,338

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

Depreciation 799,145

Change in assets and liabilities

(Increase) decrease in Inventory, at cost (35,370)

Increase (decrease) in Accounts payable (104,185)

Increase (decrease) in Claims payable (104,185)

Increase (decrease) in Accrued Liabilities (2,846)

Increase (decrease) in Accrued vacation (2,537)

Total adjustments 933,317

Net cash provided by (used in) operating activities \$ 1,012,655



**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents	\$ 2,731,268	\$ -
Receivables, net	15,379,001	14,990,628
Due from other funds	2,677,097	8,003,396
Due from other governments	1,892,694	1,636,667
Advances to other funds	112,500	112,500
Total assets	<u>\$ 22,792,560</u>	<u>\$ 24,743,191</u>
Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 168,499	\$ 3,172,587
Accrued liabilities	555,928	375,609
Deposits	412,018	432,989
Due to other funds	181,121	180,627
Due to other governments	62,316	99,315
Deferred revenue	15,931,402	15,367,970
Total liabilities	<u>17,311,284</u>	<u>19,629,097</u>
Fund balances:		
Reserved for encumbrances	311,018	341,339
Reserved for advances to other funds	112,500	112,500
Undesignated	5,057,758	4,660,255
Total fund balances	<u>5,481,276</u>	<u>5,114,094</u>
 Total liabilities and fund balances	 <u>\$ 22,792,560</u>	 <u>\$ 24,743,191</u>

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2006**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>TAXES</u>			
<u>General Property Taxes</u>			
Real Property	\$ 13,956,467	\$ 13,777,000	\$ 179,467
Personal Property	1,273,933	1,466,225	(192,292)
Public Utilities	290,375	292,417	(2,042)
Interest & Penalties	213,843	110,000	103,843
Total General Property Taxes	<u>15,734,618</u>	<u>15,645,642</u>	<u>88,976</u>
<u>Other Property Taxes</u>			
Other than assessed	44,264	46,000	(1,736)
Tax Equiv. - Electric Fund	1,206,649	1,247,750	(41,101)
Tax Equiv. - Waterworks Fund	1,248,287	1,321,311	(73,024)
Total Other Property Taxes	<u>2,499,200</u>	<u>2,615,061</u>	<u>(115,861)</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	557,106	575,000	(17,894)
Liquor Wholesale	217,760	205,000	12,760
Sales Tax - Local	265,426	230,000	35,426
Min. & Gross Receipts	950,727	800,000	150,727
Pen. & Int. on Bus. Tax	12,707	10,000	2,707
Rec. Fee on Bus. Tax	35,928	-	35,928
Total Gross Receipts Taxes	<u>2,039,654</u>	<u>1,820,000</u>	<u>219,654</u>
TOTAL TAXES	<u>20,273,472</u>	<u>20,080,703</u>	<u>192,769</u>
<u>LICENSES & PERMITS</u>			
Retail Beer	9,416	20,000	(10,584)
Liquor Licenses & Permits	12,180	-	12,180
Bldg., Zoning & Exam.	367,752	125,000	242,752
Electrical & Exam.	21,755	26,000	(4,245)
Plumbing Exam.	28,284	22,000	6,284
Grading and Zoning Permits	10,873	-	10,873
Animal Registration	14,850	17,000	(2,150)
Other Licenses & Permits	254	10,000	(9,746)
TOTAL LICENSES & PERMITS	<u>465,364</u>	<u>220,000</u>	<u>245,364</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,847,806	1,665,000	182,806
Income Tax	445,566	205,000	240,566
Excise Tax	62,006	40,000	22,006
Beer Barrelage	13,619	15,000	(1,381)
Mixed Drink Tax	89,105	73,000	16,105
<u>County Shared</u>			
Sales Tax - Roane	1,313,859	1,225,000	88,859
Sales Tax - Refunds	5,888,859	6,040,000	(151,141)
<u>State Grants in Aid</u>			
	796	-	796
<u>Federal</u>			
TVA Replacement	202,375	197,200	5,175
DOE In-Lieu of Taxes	1,361,730	1,265,963	95,767
DOE Grants	300,000	300,000	-
TOTAL INTERGOVERNMENTAL	<u>\$ 11,525,721</u>	<u>\$ 11,026,163</u>	<u>\$ 499,558</u>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2006**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
Repro. of Maps & Documents	\$ 1,406	\$ 35,000	\$ (33,594)
General & Admin. Cost	16,892	20,000	(3,108)
<u>Public Safety</u>			
Police and Fire Reports	29,924	-	29,924
Animal Shelter Fees	28,375	38,000	(9,625)
<u>Library</u>			
Lost Library Books	2,117	3,000	(883)
Total General Services	<u>78,714</u>	<u>96,000</u>	<u>(17,286)</u>
<u>Use of Property</u>			
Youth and Adult Activities	2,975	10,000	(7,025)
Outdoor Pool	72,450	70,000	2,450
Indoor Pool	50,294	60,000	(9,706)
Rental of Lands	56,399	125,000	(68,601)
Marina Rental	7,150	-	7,150
Restaurant Rental	27,156	-	27,156
Community Centers Rental	28,418	25,000	3,418
Total Use of Property	<u>244,842</u>	<u>290,000</u>	<u>(45,158)</u>
TOTAL CHARGES FOR SERVICES	<u>323,556</u>	<u>386,000</u>	<u>(62,444)</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	65,335	70,000	(4,665)
City Court Costs	57,094	40,000	17,094
Bail Forfeitures	143,346	150,000	(6,654)
Misc. Court Revenues	5,938	4,000	1,938
Library Fines	49,651	50,000	(349)
TOTAL FINES AND FORFEITURES	<u>321,364</u>	<u>314,000</u>	<u>7,364</u>
<u>INTEREST</u>	<u>328,917</u>	<u>135,000</u>	<u>193,917</u>
<u>OTHER REVENUES</u>			
CATV Franchise	324,706	305,000	19,706
Right Of Way	60,000	60,000	-
Salvage Sales	1,062	-	1,062
Miscellaneous	4	3,500	(3,496)
TOTAL OTHER REVENUES	<u>385,772</u>	<u>368,500</u>	<u>17,272</u>
TOTAL REVENUES	<u>\$ 33,624,166</u>	<u>\$ 32,530,366</u>	<u>\$ 1,093,800</u>

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2006**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT:					
<u>Legislative</u>					
City Council	\$ 76,262	\$ -	\$ 76,262	\$ 80,817	\$ 4,555
Total Legislative	<u>76,262</u>	<u>-</u>	<u>76,262</u>	<u>80,817</u>	<u>4,555</u>
<u>Executive</u>					
City Clerk	96,853	-	96,853	112,032	15,179
City Manager	232,001	-	232,001	227,880	(4,121)
Total Executive	<u>328,854</u>	<u>-</u>	<u>328,854</u>	<u>339,912</u>	<u>11,058</u>
<u>Judicial</u>					
Legal	191,237	(7,500)	183,737	183,731	(6)
City Court	126,017	(3,800)	122,217	114,387	(7,830)
Total Judicial	<u>317,254</u>	<u>(11,300)</u>	<u>305,954</u>	<u>298,118</u>	<u>(7,836)</u>
TOTAL GENERAL GOVERNMENT	<u>722,370</u>	<u>(11,300)</u>	<u>711,070</u>	<u>718,847</u>	<u>7,777</u>
ADMINISTRATION:					
Computer Services	197,952	-	197,952	229,100	31,148
Personnel	155,473	-	155,473	208,479	53,006
Stationery Stores	69,687	-	69,687	81,233	11,546
Finance	105,161	(1,000)	104,161	168,826	64,665
Utilities Business Office	60,687	-	60,687	60,022	(665)
TOTAL ADMINISTRATION	<u>588,960</u>	<u>(1,000)</u>	<u>587,960</u>	<u>747,660</u>	<u>159,700</u>
PUBLIC SAFETY:					
<u>Police</u>					
Supervision	177,773	-	177,773	182,108	4,335
Investigations	649,743	-	649,743	528,394	(121,349)
Staff Services	327,973	-	327,973	393,913	65,940
Patrol	2,981,175	-	2,981,175	3,124,761	143,586
Emergency Communications	200,361	-	200,361	231,940	31,579
Animal Control	252,485	-	252,485	245,010	(7,475)
School Resource Officer Program	120,359	-	120,359	124,611	4,252
Total Police	<u>\$ 4,709,869</u>	<u>\$ -</u>	<u>\$ 4,709,869</u>	<u>\$ 4,830,737</u>	<u>\$ 120,868</u>

(Continued)

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2006**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY (Continued):</u>					
<u>Fire</u>					
Supervision	\$ 178,203	\$ -	\$ 178,203	\$ 177,065	\$ (1,138)
Prevention	106,952	-	106,952	110,621	3,669
Firefighting	3,142,656	-	3,142,656	3,110,120	(32,536)
Fire Stations	113,094	-	113,094	91,976	(21,118)
Fire Specialists	128,508	-	128,508	166,691	38,183
Total Fire	<u>3,669,413</u>	<u>-</u>	<u>3,669,413</u>	<u>3,656,473</u>	<u>(12,940)</u>
TOTAL PUBLIC SAFETY	<u>8,379,282</u>	<u>-</u>	<u>8,379,282</u>	<u>8,487,210</u>	<u>107,928</u>
<u>PUBLIC WORKS:</u>					
Supervision	68,155	(5,000)	63,155	63,448	293
Engineering	105,193	8,500	113,693	159,916	46,223
State Highway Maintenance	57,478	-	57,478	55,409	(2,069)
General Maintenance	193,403	14,550	207,953	208,525	572
Central Service Building	132,787	(16,500)	116,287	109,985	(6,302)
Municipal Building	1,056,389	12,000	1,068,389	1,092,282	23,893
TOTAL PUBLIC WORKS	<u>1,613,405</u>	<u>13,550</u>	<u>1,626,955</u>	<u>1,689,565</u>	<u>62,610</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	115,151	-	115,151	116,662	1,511
Planning	95,368	-	95,368	98,382	3,014
Office of Neighborhood Development	303,643	7,000	310,643	321,951	11,308
Total Community Development	<u>514,162</u>	<u>7,000</u>	<u>521,162</u>	<u>536,995</u>	<u>15,833</u>
<u>Recreation</u>					
Supervision	219,021	400	219,421	259,184	39,763
Indoor Aquatics	158,015	-	158,015	184,556	26,541
Outdoor Aquatics	242,625	-	242,625	229,943	(12,682)
Centers, Camps & Programs	623,731	(7,300)	616,431	598,076	(18,355)
Athletics	90,901	(5,675)	85,226	66,363	(18,863)
Parks	664,436	(3,893)	660,543	636,289	(24,254)
Senior Center	381,607	(22,104)	359,503	369,749	10,246
Total Recreation	<u>2,380,336</u>	<u>(38,572)</u>	<u>2,341,764</u>	<u>2,344,160</u>	<u>2,396</u>
Library	<u>1,138,387</u>	<u>-</u>	<u>1,138,387</u>	<u>1,137,910</u>	<u>(477)</u>
TOTAL COMMUNITY SERVICES	<u>4,032,885</u>	<u>(31,572)</u>	<u>4,001,313</u>	<u>4,019,065</u>	<u>17,752</u>
TOTAL EXPENDITURES	<u>\$ 15,336,902</u>	<u>\$ (30,322)</u>	<u>\$ 15,306,580</u>	<u>\$ 15,662,347</u>	<u>\$ 355,767</u>

**CITY OF OAK RIDGE, TENNESSEE
SCHOOL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	2006	2005
Assets		
Cash and cash equivalents	\$ 5,896,188	\$ 5,968,446
Receivables, net	205,952	579,813
Due from other governments	1,521,571	893,481
Prepaid items	10,484	13,386
Total assets	\$ 7,634,195	\$ 7,455,126
Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 442,781	\$ 436,493
Accrued liabilities	2,807,747	2,670,072
Due to other governments	-	170,500
Deferred revenue	20,984	11,944
Total liabilities	3,271,512	3,289,009
Fund balances:		
Reserved for special programs	61,779	55,334
Reserved for encumbrances	103,686	52,115
Reserved - prepaid expenditures	10,484	13,386
Subsequent years' expenditures	51,169	27,060
Undesignated	4,135,565	4,018,222
Total fund balances	4,362,683	4,166,117
Total liabilities and fund balances	\$ 7,634,195	\$ 7,455,126

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, 2006

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 30,351,965	\$ -	\$ 30,351,965	\$ 29,039,350	\$ 1,312,615
Charges for services	1,740,046	-	1,740,046	3,298,103	(1,558,057)
Other	535,865	-	535,865	390,503	145,362
Total revenues	<u>32,627,876</u>	<u>-</u>	<u>32,627,876</u>	<u>32,727,956</u>	<u>(100,080)</u>
Expenditures					
Current:					
Education	44,009,380	51,571	44,060,951	45,066,497	1,005,546
Total expenditures	<u>44,009,380</u>	<u>51,571</u>	<u>44,060,951</u>	<u>45,066,497</u>	<u>1,005,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,381,504)</u>	<u>(51,571)</u>	<u>(11,433,075)</u>	<u>(12,338,541)</u>	<u>905,466</u>
Other financing sources (uses)					
Transfers in	11,578,070	-	11,578,070	11,186,542	391,528
Total other financing sources (uses)	<u>11,578,070</u>	<u>-</u>	<u>11,578,070</u>	<u>11,186,542</u>	<u>391,528</u>
Net change in fund balances	196,566	(51,571)	144,995	(1,151,999)	1,296,994
Fund balance - beginning	<u>4,166,117</u>	<u>-</u>	<u>4,166,117</u>	<u>4,166,117</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,362,683</u>	<u>\$ (51,571)</u>	<u>\$ 4,311,112</u>	<u>\$ 3,014,118</u>	<u>\$ 1,296,994</u>

**CITY OF OAK RIDGE, TENNESSEE
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2006 and 2005**

	<u>2006</u>	<u>2005</u>
Assets		
Cash and cash equivalents	\$ 3,554,041	\$ 3,449,024
Receivables, net	4,183,410	-
Due from other governments	89,188	136,875
Prepaid items	65,458	134,101
Assets held in trust	16,254,147	31,250,750
Total assets	<u>\$ 24,146,244</u>	<u>\$ 34,970,750</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 4,494,742	\$ 1,060,893
Due to other funds	578,423	784,363
Due to other governments	-	461,796
Total liabilities	<u>5,073,165</u>	<u>2,307,052</u>
 Fund balances:		
Reserved for encumbrances	595,359	1,989,021
Reserved - prepaid expenditures	65,458	134,101
Reserved for capital outlay	16,254,147	31,250,750
Designated for capital projects	2,158,115	(710,174)
Total fund balances	<u>19,073,079</u>	<u>32,663,698</u>
Total liabilities and fund balances	<u>\$ 24,146,244</u>	<u>\$ 34,970,750</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, 2006

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ -	\$ -	\$ 328,553	\$ -	\$ 328,553	\$ 328,553
Interest	50,000	50,000	135,711	-	135,711	85,711
Other	2,000,000	2,000,000	-	-	-	(2,000,000)
Total revenues	<u>2,050,000</u>	<u>2,050,000</u>	<u>464,264</u>	<u>-</u>	<u>464,264</u>	<u>(1,585,736)</u>
Expenditures						
Current:						
Capital outlay	43,425,000	43,425,000	16,058,967	1,462,305	17,521,272	25,903,728
Total expenditures	<u>43,425,000</u>	<u>43,425,000</u>	<u>16,058,967</u>	<u>1,462,305</u>	<u>17,521,272</u>	<u>25,903,728</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(41,375,000)</u>	<u>(41,375,000)</u>	<u>(15,594,703)</u>	<u>(1,462,305)</u>	<u>(17,057,008)</u>	<u>24,317,992</u>
Other financing sources (uses)						
Transfers in	1,150,000	1,150,000	1,150,000	-	1,150,000	-
Transfers out	-	-	(178,416)	-	(178,416)	(178,416)
Bond issuance	40,000,000	40,000,000	1,032,500	-	1,032,500	(38,967,500)
Total other financing sources (uses)	<u>41,150,000</u>	<u>41,150,000</u>	<u>2,004,084</u>	<u>-</u>	<u>2,004,084</u>	<u>(39,145,916)</u>
Net change in fund balances	(225,000)	(225,000)	(13,590,619)	(1,462,305)	(15,052,924)	(14,827,924)
Fund balance - beginning	<u>32,663,698</u>	<u>32,663,698</u>	<u>32,663,698</u>	<u>-</u>	<u>32,663,698</u>	<u>-</u>
Fund balance - ending	<u>\$ 32,438,698</u>	<u>\$ 32,438,698</u>	<u>\$ 19,073,079</u>	<u>\$ (1,462,305)</u>	<u>\$ 17,610,774</u>	<u>\$ (14,827,924)</u>

CITY OF OAK RIDGE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE(1)
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Governmental funds capital assets:		
Land	\$ 2,822,409	\$ 2,290,909
Construction in progress	15,511,585	2,833,590
Buildings	56,248,297	54,929,890
Improvements other than buildings	34,456,628	27,489,083
Infrastructure	36,702,541	35,747,340
Machinery and equipment	<u>4,457,932</u>	<u>4,155,287</u>
 Total governmental funds capital assets:	 <u>\$ 150,199,392</u>	 <u>\$ 127,446,099</u>
 Investments in governmental fund capital assets:		
 Total investment in governmental funds capital assets:	 <u>\$ 150,199,392</u>	 <u>\$ 127,446,099</u>

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

CITY OF OAK RIDGE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
June 30, 2006

Function and Activity	Capital Assets	Land	Construction In Progress	Buildings	Improvements Other Than Buildings	Infrastructure	Machinery and Equipment
General Government:							
Executive	\$ 9,728	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	-	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
Administration:							
Data Services	12,445	-	-	-	-	-	12,445
Finance	26,424	-	-	-	-	-	26,424
Total Administration	<u>38,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,869</u>
Public Safety:							
Police	1,231,513	122	-	146,413	10,044	-	1,074,934
Fire	1,753,794	11,087	-	1,595,319	101,540	-	45,848
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>
Public Works:							
Engineering	9,952	-	-	-	-	-	9,952
Municipal Building	2,018,372	534	-	1,763,950	132,694	-	121,194
Central Service Center Complex	13,155,636	626,139	-	12,529,497	-	-	-
Other Buildings	86,355	29,049	-	57,306	-	-	-
Streets, Sidewalks, and Stormwater Maintenance	37,543,945	841,404	-	-	-	36,702,541	-
	7,321	-	-	-	-	-	7,321
Total Public Works	<u>52,821,581</u>	<u>1,497,126</u>	<u>-</u>	<u>14,350,753</u>	<u>132,694</u>	<u>36,702,541</u>	<u>138,467</u>
Community Services & Development:							
Planning	5,949	-	-	-	-	-	5,949
Economic Development	1,729,536	197,900	-	1,251,044	280,592	-	-
Recreation & Parks	20,427,591	959,819	-	8,399,006	10,656,041	-	412,725
Library	1,315,149	-	-	929,305	21,996	-	363,848
Total Community Services	<u>23,478,225</u>	<u>1,157,719</u>	<u>-</u>	<u>10,579,355</u>	<u>10,958,629</u>	<u>-</u>	<u>782,522</u>
Education	<u>70,856,182</u>	<u>156,355</u>	<u>15,511,585</u>	<u>29,576,457</u>	<u>23,253,721</u>	<u>-</u>	<u>2,358,064</u>
Total Governmental Fund Capital Assets	<u>\$ 150,199,392</u>	<u>\$ 2,822,409</u>	<u>\$ 15,511,585</u>	<u>\$ 56,248,297</u>	<u>\$ 34,456,628</u>	<u>\$ 36,702,541</u>	<u>\$ 4,457,932</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, 2006

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Executive	\$ 9,728	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
Administration:				
Data Services	12,445	-	-	12,445
Finance	26,424	-	-	26,424
Total Administration	<u>38,869</u>	<u>-</u>	<u>-</u>	<u>38,869</u>
Public Safety:				
Police	1,224,563	6,950	-	1,231,513
Fire	1,674,188	79,606	-	1,753,794
Total Public Safety	<u>2,898,751</u>	<u>86,556</u>	<u>-</u>	<u>2,985,307</u>
Public Works:				
Engineering	9,952	-	-	9,952
Municipal Building	2,014,957	3,415	-	2,018,372
Central Service Center Complex	13,155,636	-	-	13,155,636
Other Buildings	86,355	-	-	86,355
Streets, Sidewalks, and Stormwater	36,571,612	972,333	-	37,543,945
Maintenance	7,321	-	-	7,321
Total Public Works	<u>51,845,833</u>	<u>975,748</u>	<u>-</u>	<u>52,821,581</u>
Community Services & Development:				
Planning	5,949	-	-	5,949
Economic Development	1,729,535	-	-	1,729,535
Recreation & Parks	12,156,813	8,270,779	-	20,427,592
Library	1,264,719	50,430	-	1,315,149
Total Community Services	<u>15,157,016</u>	<u>8,321,209</u>	<u>-</u>	<u>23,478,225</u>
Education	<u>57,486,402</u>	<u>13,520,491</u>	<u>150,711</u>	<u>70,856,182</u>
Total Governmental Fund Capital Assets	<u>\$ 127,446,099</u>	<u>\$ 22,904,004</u>	<u>\$ 150,711</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. Additions and deductions include transfers from one activity to another.

**CITY OF OAK RIDGE, TENNESSEE
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS**

(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 23,501,788	\$ 23,875,530	\$ 33,185,737	\$ 31,540,540
Restricted	-	-	31,250,750	16,254,147
Unrestricted	19,366,677	19,746,192	(14,201,534)	4,868,333
Total governmental activities net assets	\$ 42,868,465	\$ 43,621,722	\$ 50,234,953	\$ 52,663,020
Business-type activities				
Invested in capital assets, net of related debt	\$ 59,304,016	\$ 58,458,062	\$ 63,928,694	\$ 62,355,102
Restricted	136,362	144,094	136,824	137,467
Unrestricted	1,536,903	3,617,784	(812,669)	731,699
Total business-type activities net assets	\$ 60,977,281	\$ 62,219,940	\$ 63,252,849	\$ 63,224,268
Primary government				
Invested in capital assets, net of related debt	\$ 82,805,804	\$ 82,333,592	\$ 97,114,431	\$ 93,895,642
Restricted	136,362	144,094	31,387,574	16,391,614
Unrestricted	20,903,580	23,363,976	(15,014,203)	5,600,032
Total primary government net assets	\$ 103,845,746	\$ 105,841,662	\$ 113,487,802	\$ 115,887,288

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 FOUR FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 1,383,174	\$ 273,179	\$ 2,142,857	\$ 1,719,874
Administration	705,764	658,782	661,942	577,081
Public safety	8,117,808	7,839,973	8,044,813	8,609,654
Public works	2,383,800	2,669,071	4,080,500	4,042,211
Community services	9,331,657	8,714,166	8,331,681	9,907,380
Education	39,642,525	42,325,347	41,056,629	45,823,972
Interest and fiscal charges	1,927,382	1,593,696	2,290,550	2,316,963
Total governmental activities expenses	<u>\$ 63,492,110</u>	<u>\$ 64,074,214</u>	<u>\$ 66,608,972</u>	<u>\$ 72,997,135</u>
Business-type activities:				
Electric	\$ 33,916,143	\$ 36,004,534	\$ 35,094,294	\$ 37,926,429
Waterworks	12,414,120	12,116,274	12,774,404	13,776,337
Emergency Communication District	265,099	399,182	390,131	347,391
Golf Course (1)	1,618,415	1,694,542	1,660,137	-
Total business-type activities expenses	<u>\$ 48,233,777</u>	<u>\$ 50,214,532</u>	<u>\$ 49,918,966</u>	<u>\$ 52,050,157</u>
Total primary government expenses	<u>\$ 111,725,887</u>	<u>\$ 114,288,746</u>	<u>\$ 116,527,938</u>	<u>\$ 125,047,292</u>
Program Revenues				
Governmental activities:				
Charges for services	\$ 41,181	\$ 53,534	\$ 1,064,844	\$ 1,050,931
General government	385,537	423,988	309,132	414,184
Public safety	1,072,590	1,052,044	1,225,819	2,558,599
Community services	1,415,934	1,504,131	1,669,657	1,853,765
Education	27,933,166	29,235,660	30,012,921	31,365,321
Operating grants and contributions	1,295,056	367,329	3,723,502	240,814
Capital grant and contributions	-	-	-	-
Total governmental activities program revenues	<u>\$ 32,143,464</u>	<u>\$ 32,636,686</u>	<u>\$ 38,005,875</u>	<u>\$ 37,483,614</u>
Business-type activities:				
Charges for services	\$ 34,097,676	\$ 35,245,680	\$ 35,051,657	\$ 38,227,318
Electric	12,368,240	11,941,129	11,908,497	12,800,009
Waterworks	334,469	442,362	433,727	436,143
Emergency communication district	1,164,059	1,154,697	1,149,015	-
Golf course	-	-	-	11,526
Operating grants and contributions	1,653,294	522,961	1,569,130	122,436
Capital grant and contributions	49,617,738	49,306,829	50,112,026	51,597,432
Total business-type activities program revenues	<u>\$ 81,761,202</u>	<u>\$ 81,943,515</u>	<u>\$ 88,117,901</u>	<u>\$ 89,081,046</u>
Total primary government revenues	<u>\$ 113,904,666</u>	<u>\$ 114,580,201</u>	<u>\$ 126,123,776</u>	<u>\$ 126,564,660</u>

(Continued)

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

	Fiscal Year		
	2003	2004	2005
Net (Expense)/Revenue			
Governmental activities	\$ (31,348,646)	\$ (31,437,528)	\$ (28,603,097)
Business-type activities	1,383,961	(907,703)	193,060
Total primary governmental net expense	<u>\$ (29,964,685)</u>	<u>\$ (32,345,231)</u>	<u>\$ (28,410,037)</u>
			<u>\$ (35,966,246)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Real & personal property taxes	\$ 15,300,003	\$ 14,915,676	\$ 15,529,602
In-lieu of tax payments	3,767,668	3,758,201	3,826,332
Sales taxes	7,132,719	7,224,109	9,032,154
State shared taxes	2,295,886	2,121,518	3,144,403
Business taxes	704,225	767,714	841,718
Occupancy taxes	366,023	363,789	397,925
Wholesale beer & liquor taxes	708,589	746,472	761,905
Gain on sale of capital assets	547,202	-	171,713
Interest	284,166	185,766	629,166
Miscellaneous	1,090,299	2,355,649	924,210
Transfers	(308,284)	(248,109)	(42,800)
Total governmental activities	<u>\$ 31,888,496</u>	<u>\$ 32,190,785</u>	<u>\$ 35,216,328</u>
Business-type activities:			
Interest	\$ 40,545	\$ 47,575	\$ 78,765
Miscellaneous	718,377	1,854,678	718,284
Transfers	308,284	248,109	42,800
Total business-type activities:	<u>\$ 1,067,206</u>	<u>\$ 2,150,362</u>	<u>\$ 839,849</u>
Total primary government	<u>\$ 32,955,702</u>	<u>\$ 34,341,147</u>	<u>\$ 36,056,177</u>
			<u>\$ 38,365,732</u>
Change in Net Assets			
Governmental activities	\$ 539,850	\$ 753,257	\$ 6,613,231
Business-type activities	2,451,167	1,242,659	1,032,909
Total primary government	<u>\$ 2,991,017</u>	<u>\$ 1,995,916</u>	<u>\$ 7,646,140</u>
			<u>\$ 2,399,486</u>

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

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									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 158,192	\$ 285,513	\$ 286,954	\$ 386,599	\$ 568,154	\$ 487,334	\$ 439,018	\$ 522,954	\$ 453,839	\$ 423,518
Unreserved	11,399,538	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
Total general fund	\$ 11,557,730	\$ 10,424,649	\$ 9,695,479	\$ 9,552,648	\$ 8,470,036	\$ 6,510,818	\$ 5,689,651	\$ 5,438,644	\$ 5,114,094	\$ 5,481,276
All Other Governmental Funds										
Reserved	\$ 2,721,292	\$ 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
Unreserved, reported in										
Special revenue funds	1,740,856	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
Capital projects funds	1,651,294	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
Debt services funds	-	-	-	-	-	-	1,239,747	1,720,796	3,886,972	6,402,404
Total all other governmental funds	\$ 6,113,442	\$ 4,462,606	\$ 3,391,803	\$ 13,062,002	\$ 13,884,282	\$ 13,549,300	\$ 12,316,086	\$ 12,934,206	\$ 44,077,073	\$ 33,598,319

(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)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 11,976,651	\$ 12,681,156	\$ 13,428,755	\$ 15,102,649	\$ 16,753,443	\$ 17,442,567	\$ 19,776,290	\$ 19,497,314	\$ 22,122,240	\$ 23,137,472
Licenses and permits	116,760	143,627	141,617	251,324	223,135	173,790	197,357	173,514	340,802	465,364
Intergovernmental	34,408,282	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
Charges for services	3,003,413	2,949,076	3,552,269	3,473,407	3,486,933	3,505,195	3,493,647	3,597,812	3,760,492	4,990,381
Fines and forfeitures	326,081	443,673	444,889	329,798	380,438	315,880	356,599	397,281	283,826	391,570
Interest	1,096,694	1,067,207	951,994	1,323,270	1,449,119	601,063	255,266	168,416	599,462	696,241
Other	379,933	299,753	346,035	969,631	1,660,284	504,319	1,287,694	701,033	959,279	1,519,029
Total Revenues	\$ 51,307,804	\$ 52,578,191	\$ 53,307,867	\$ 57,307,380	\$ 63,095,780	\$ 60,834,671	\$ 65,254,790	\$ 66,020,561	\$ 69,620,800	\$ 74,861,968
Expenditures										
General Government	\$ 455,046	\$ 506,416	\$ 601,652	\$ 500,225	\$ 532,867	\$ 735,874	\$ 668,580	\$ 653,026	\$ 743,092	\$ 722,370
Administration	701,924	568,489	647,496	652,626	633,336	637,149	684,778	625,253	682,853	588,960
Public Safety	5,689,353	6,397,020	6,612,607	7,106,905	7,160,283	7,477,238	7,888,433	7,567,199	7,971,991	8,524,042
Public Works	2,964,343	2,555,642	2,682,532	2,748,497	2,775,844	2,505,253	2,621,163	3,006,575	3,149,133	3,059,468
Community Services	5,052,556	5,498,965	5,700,028	6,214,930	6,331,493	6,747,811	7,521,630	7,950,349	7,877,890	9,269,663
Education	33,743,502	33,648,120	34,340,158	34,257,433	36,369,497	37,825,252	38,985,004	41,392,925	42,399,884	44,009,380
Capital Outlay	2,340,816	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
Debt Service	1,818,897	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
Interest	1,059,901	1,291,150	1,355,637	1,975,387	2,196,868	2,392,150	1,981,813	2,095,289	2,146,000	2,756,042
Principal	53,826,338	57,138,292	55,592,430	58,645,815	63,922,951	62,884,300	66,376,019	67,094,717	71,292,746	87,264,423
Total Expenditures	\$ (2,518,534)	\$ (4,560,101)	\$ (2,284,563)	\$ (1,338,435)	\$ (826,571)	\$ (2,249,629)	\$ (1,121,229)	\$ (1,074,156)	\$ (1,671,946)	\$ (12,402,455)
Excess (deficiency) of revenues over (under) expenditures	\$ 3,700,000	\$ -	\$ -	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ 32,533,063	\$ 1,032,500
Other Financing Sources (Uses)										
Bonds issuance	-	-	-	-	41,244,385	-	-	-	-	-
Refunding bonds issued	-	-	-	-	(41,244,385)	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
Loan issuance	195	1,937,848	557,590	717,562	-	-	197,263	797,737	-	-
Capital lease issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	12,846,021	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
Transfers Out	(13,148,370)	(15,404,640)	(13,612,579)	(15,399,552)	(18,085,220)	(18,604,874)	(20,024,343)	(18,450,497)	(17,857,232)	(18,098,498)
Total other financing sources (uses)	\$ 3,397,846	\$ 1,776,184	\$ 484,590	\$ 10,865,803	\$ 566,239	\$ (44,571)	\$ (933,152)	\$ 1,441,269	\$ 32,490,263	\$ 2,230,883
Net changes in fund balances	\$ 879,312	\$ (2,783,917)	\$ (1,799,973)	\$ 9,527,368	\$ (260,332)	\$ (2,294,200)	\$ (2,054,381)	\$ 967,113	\$ 30,818,317	\$ (10,111,572)
Debt service as a percentage of noncapital expenditures	5.6%	7.0%	6.9%	7.7%	8.6%	7.2%	6.2%	5.6%	6.1%	7.1%

Table 5

**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
1997	\$ 9,247,627	\$ 53,024	\$ 1,664,317	\$ 6,392,303	\$ 601,913	\$ 598,368	\$ 327,254	\$ 18,884,806
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
Change 1997-2006	67.84%	303.30%	131.98%	54.94%	66.03%	29.50%	30.67%	67.87%

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.

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

Fiscal Year	Total Taxable Assessed Value (1)				Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
	Real Residential Property	Real Commercial Property	Personal Property	Public Utilities			
1997	\$ 200,115,933	\$ 169,281,117	\$ 36,707,763	\$ 19,080,767	\$ 2.19	\$ 1,380,718,038	31%
1998	204,355,700	166,497,438	39,346,941	12,087,566	2.34	1,386,800,258 (3)	30% (3)
1999	260,871,645 (2)	178,703,065 (2)	46,459,688 (2)	15,617,983 (2)	2.09 (2)	1,673,506,202 (2)	30% (2)
2000	262,710,100	179,955,600	46,722,298	15,549,682	2.31	1,684,742,542	30%
2001	263,184,875	180,144,563	45,668,874	14,732,079	2.57	1,682,116,086	30%
2002	267,561,648	184,417,400	48,161,886	12,829,722	2.65	1,715,156,479	30%
2003	270,610,350	183,899,840	52,745,175	11,512,784	2.94	1,738,940,585	30%
2004	272,157,350	192,772,040	51,254,776	10,267,203	2.87	1,760,076,395	30%
2005	274,953,825	204,247,360	52,679,630	10,153,519	2.87	1,804,493,410	30%
2006	322,792,500 (2)	226,548,000 (2)	51,803,055 (2)	11,390,458 (2)	2.55 (2)	2,050,926,774 (2)	30% (2)

(1) Overall assessment ratios and effective rates for 1973 and thereafter are weighted averages due to varying constitutional assessment ratios which became effective statewide January 1, 1973.

Assessment ratios are Residential Property, Real at 25 percent with all bank accounts and \$7,500 of all other items in the hands of a taxpayer exempt; Commercial and Industrial - Real at 40 percent and Personal at 30 percent except that the Personal Property of eligible Banks is 40 percent; Public Utilities (excluding Railroads and Telecommunications) - All Property both Real and Personal at 55 percent; Railroads and Telecommunications - Real and Personal at 40 percent.

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

(3) The assessed value for Public Utility properties declined in fiscal 1998 due to a statewide court awarded reduction in the assessment ratio from 55 percent to 40 percent for specific public utilities. Additionally, after several years of appeals, the final determination of value for Bellsouth properties resulted in a reduced assessment for those properties, both in the City and statewide.

**CITY OF OAK RIDGE, TENNESSEE
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
1997	\$ 2.19	\$ 3.00	\$ 5.19	\$ 2.19	\$ 2.465	\$ 4.66
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)

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 2005 AND NINE YEARS AGO
(For Fiscal Year 2006 and 1997)**

Taxpayer	Type of Business	2005			1996		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor (ORNL)	\$ 26,719,825	1	4.36%	\$ -	-	-
Oak Ridge Tech Center	Office Complex	13,441,322	2	2.19%	4,590,840	6	1.08%
Oak Ridge Corp Partners					4,400,040	7	1.03%
Boeing Tennessee Inc.	Manufacturing and Engineering	11,691,029	3	1.91%	13,993,864	2	0.03%
Methodist Medical Center of Oak Ridge	Health Services	8,748,772	4	1.43%	4,772,109	5	1.12%
R&R Properties/Richard Chinn	Entrepreneur	8,570,840	5	1.40%	4,066,735	8	0.96%
BellSouth	Communications	7,664,103	6	1.25%	13,225,371	3	3.11%
Oak Ridge Mall	Shopping Mall/Misc. Development	7,472,680	7	1.22%	15,869,072	1	3.73%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	5,895,507	8	0.96%	8,536,720	4	2.01%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	3,988,912	9	0.65%	-	-	-
Wal-Mart	Retail	3,807,259	10	0.62%	-	-	-
McKintley Oak Ridge LTD	Office Complex	-	-	-	3,308,477	9	0.78%
Hilloak Realty	Apartment Complex	-	-	-	3,083,088	10	0.73%
TOTAL		<u>\$ 98,000,249</u>		<u>16.00%</u>	<u>\$ 75,846,316</u>		<u>18.05%</u>

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
1997	\$ 9,311,564	98%	\$ 9,112,842	98%	\$ 192,650	\$ 9,305,492	99.9%	\$ 6,072	0.1%
1998	9,881,531	98%	9,684,743	98%	188,808	9,873,551	99.9%	7,980	0.1%
1999	10,484,535	98%	10,245,066	98%	223,406	10,468,472	99.8%	16,063	0.2%
2000	11,664,060	97%	11,283,542	97%	237,780	11,521,322	98.8%	142,738	1.2%
2001	12,945,871	97%	12,585,185	97%	251,209	12,836,394	99.2%	109,477	0.8%
2002	13,593,722	95%	12,921,156	95%	555,570	13,476,726	99.1%	116,996	0.9%
2003	15,251,784	97%	14,768,834	97%	332,060	15,100,894	99.0%	150,890	1.0%
2004	15,109,154	96%	14,460,793	96%	406,427	14,867,220	98.4%	241,934	1.6%
2005	15,556,385	96%	14,934,125	96%	367,986	15,302,111	98.4%	254,274	1.6%
2006	15,619,617	98%	15,280,442	98%	-	15,280,442	97.8%	339,175	2.2%

(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 EIGHT CALENDAR YEARS**

	1998	1999	2000	2001	2002	2003	2004	2005
Building materials	\$ 8,078,058	\$ 9,891,130	\$ 10,397,087	\$ 27,236,769	\$ 33,161,236	\$ 36,619,633	\$ 39,673,175	\$ 40,776,983
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
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
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
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
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
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
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
Total	\$ 372,695,394	\$ 378,186,390	\$ 366,609,916	\$ 392,816,772	\$ 419,674,634	\$ 431,880,899	\$ 443,405,293	\$ 440,431,306

Oak Ridge/Anderson County
local sales tax rate

Oak Ridge/Roane County
local sales tax rate

	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	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.

Table 11

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

Fiscal Year	Oak Ridge			Roane County		
	Oak Ridge/Anderson County	Anderson County	Oak Ridge/Roane County	Anderson County	Oak Ridge/Roane County	Roane County
1997	2.25%	2.25%	2.75%	2.25%	2.75%	2.50%
1998	2.25%	2.25%	2.75%	2.25%	2.75%	2.50%
1999	2.25%	2.25%	2.75%	2.25%	2.75%	2.50%
2000	2.25%	2.25%	2.75%	2.25%	2.75%	2.50%
2001	2.25%	2.25%	2.75%	2.25%	2.75%	2.50%
2002	2.25%	2.25%	2.75%	2.25%	2.75%	2.50%
2003	2.25%	2.25%	2.75%	2.25%	2.75%	2.50%
2004	2.25%	2.25%	2.75%	2.25%	2.75%	2.50%
2005	2.75%	(1)	2.75%	2.25%	2.75%	2.50%
2006	2.75%		2.75%	2.25%	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.

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

Fiscal Year	Governmental-type Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	QZAB	Notes Payable	Capital Leases	Electric Revenue Bonds	General Obligation Bonds			
1997	\$ 48,690,000	\$ -	\$ 1,247,994	\$ 1,198,936	\$ 12,520,016	\$ -	\$ 71,502,659	11.83%	\$ 2,618
1998	47,635,000	-	3,167,662	1,284,468	14,672,514	-	76,066,391	11.44%	2,785
1999	47,725,000	-	5,732,488	915,439	14,565,000	-	78,833,468	11.46%	2,887
2000	56,020,000	-	6,336,585	540,080	17,965,000	-	96,452,440	14.20%	3,522
2001	36,565,000	-	24,951,186	411,560	19,065,056	-	101,728,423	14.30%	3,714
2002	34,200,000	-	24,803,474	275,990	21,512,348	-	104,362,263	14.17%	3,811
2003	37,645,000	-	19,295,028	132,977	22,360,000	5,125,000	103,555,700	13.67%	3,781
2004	35,265,000	-	20,043,765	719,243	21,550,000	4,800,000	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	132,434,839	(1)	4,836
2006	30,285,000	7,641,275	44,938,765	228,476	19,895,000	4,130,000	134,560,756	(1)	4,913

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 Year	Total Governmental Debt Outstanding	Actual Taxable Value of Property	Population	Percentage of Actual taxable Value of Property	Debt Per Capita
1997	\$ 51,136,930	\$ 1,380,718,038	27,310	3.7%	\$ 1,872
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

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, 2006**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable To the City</u>	<u>City's Share of Debt</u>
Direct:			
City of Oak Ridge -			
General Obligation Bonds	\$ 30,285,000	100%	\$ 30,285,000
Notes Payable	44,938,765	100%	44,938,765
Qualified Zone Academy Bonds (QZAB)	7,641,275	100%	7,641,275
Capital Lease	228,476	100%	228,476
Total Direct Debt	83,093,516		83,093,516
Overlapping:			
Anderson County, Tennessee	26,713,571	45.83% *	12,242,830
Roane County, Tennessee	23,752,247	13.36% *	3,173,300
Total Overlapping Debt	50,465,818		15,416,130
Total Direct and Overlapping Debt	\$ 133,559,334		\$ 98,509,646

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 BOND COVERAGE
ELECTRIC SYSTEM BONDS
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1997	\$ 27,576,939	\$ 25,622,088	\$ 1,954,851	\$ 225,000	\$ 732,621	\$ 957,621	2.04
1998	30,171,408	27,718,138	2,453,270	460,000	701,162	1,161,162	2.11
1999	30,317,007	27,773,119	2,543,888	480,000	740,858	1,220,858	2.08
2000	30,654,173	28,784,333	1,869,840	600,000	767,181	1,367,181	1.37
2001	33,291,474	29,404,337	3,887,137	899,944	1,275,692	2,175,636	1.79
2002	33,434,251	30,414,099	3,020,152	660,000	699,127	1,359,127	2.22
2003	34,689,697	31,647,977	3,041,720	730,000	740,151	1,470,151	2.07
2004	35,913,653	33,623,285	2,290,368	810,000	580,229	1,390,229	1.65
2005	35,724,771	32,545,257	3,179,514	820,000	694,765	1,514,765	2.10
2006	38,922,932	35,131,961	3,790,971	835,000	764,318	1,599,318	2.37

(1) Includes operating and nonoperating revenues.

(2) Total operating expenses exclusive of depreciation.

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

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(2) Median Age	Unemployment Rate	School Enrollment
1980	27,662	\$ 255,707,528	\$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	482,321,910	17,661 (1)	39.6 (1)	4.9% (1)	4,432
1997	27,310	604,370,300	22,130	(3)	5.6%	4,845
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	(3)	(3)	(3)	5.1%	4,280
2006	27,387	(3)	(3)	(3)	(3)	4,306

(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**

	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
<u>Employer</u>						
BWXT Y-12	4,600	1	12.55%	N/A	N/A	N/A
UT-Battelle	4,045	2	11.04%	N/A	N/A	N/A
Methodist Medical Center	1,350	3	3.68%	1,300	2	3.58%
Bechtel Jacobs Co. LLC	1,337	4	3.65%	650	9	1.79%
Science Applications Int'l Corp. (SAIC)	1,000	5	2.73%	400	10	1.10%
Wackenhut-Oak Ridge Team	900	6	2.46%	932	5	2.57%
Oak Ridge Schools	674	7	1.84%	674	8	1.86%
Oak Ridge Associated Universities	600	8	1.64%	N/A	N/A	N/A
Scientific Ecology Group, Inc (AKA Duratek)	600	9	1.64%	1,300	3	3.58%
Client Logic	450	10	1.23%	N/A	N/A	N/A
Lockheed Martin Energy Systems Inc (LMES) (1)	N/A		N/A	14,772	1	40.68%
MK Ferguson Company	N/A		N/A	970	4	2.67%
Boeing Defense and Space	N/A		N/A	780	6	2.15%
Department of Energy (DOE)	N/A		N/A	680	7	1.87%
	<u>15,556</u>		<u>42.46%</u>	<u>22,458</u>		<u>61.85%</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**

	Full-time Equivalent Employees at June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager	3.00	3.00	4.00	3.00	3.50	4.00	3.00	3.00	3.00	3.00
City Court	2.14	2.14	2.14	2.14	2.60	2.60	2.60	2.60	2.60	2.60
Legal	3.00	3.00	3.50	3.50	4.00	3.00	3.00	3.00	3.00	3.00
Administrative services										
Computer services	6.00	5.00	7.00	7.00	8.00	8.00	9.00	9.00	9.00	9.00
Personnel	5.00	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	13.00	12.00	11.00	11.00	11.00	11.00	10.00	8.00	8.00	8.00
Business Office	15.00	15.00	14.00	14.00	14.00	14.00	13.00	15.00	15.00	15.00
Police										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Investigations	6.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Staff services	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00
Patrol	39.39	45.39	44.39	44.39	44.39	44.39	44.39	41.00	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	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Fire										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Prevention	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fighting	40.00	40.00	40.00	40.00	40.00	40.00	40.00	42.00	42.00	42.00
Public works										
Supervision	5.00	7.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Engineering	4.00	4.38	4.38	4.38	4.38	4.38	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	37.00	42.00	42.00	56.00	46.00	46.00	46.00	44.00	44.00	44.00
Water plant	0.00	0.00	0.00	0.00	10.00	11.00	11.00	11.00	11.00	11.00
Wastewater treatment plant	19.00	14.00	14.00	15.00	15.00	14.00	14.00	16.00	16.00	16.00
Community Development										
Supervision	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning	3.50	2.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Code Enforcement	6.00	6.00	6.00	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	0.50	1.00	1.00	1.00

(Continued)

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
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	3.00	2.00	2.00
Indoor aquatics	3.93	3.93	3.93	3.93	3.93	3.93	3.93	4.18	4.18	4.18
Outdoor aquatics	6.28	6.28	6.28	6.28	6.28	6.28	6.28	6.27	6.27	6.27
Centers, camp, & programs	11.01	11.40	11.40	11.40	12.78	12.78	12.78	11.02	11.02	11.02
Athletics	2.38	2.38	2.38	2.38	1.00	1.00	1.00	1.00	2.00	2.00
Parks	6.76	6.76	6.76	6.76	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	0.00	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	16.27	16.50	16.50	17.00	17.00	17.00	16.68	16.68	16.68
Electric	33.00	33.00	33.00	33.00	33.00	33.00	34.00	34.00	34.00	34.00
Economic Development	1.00	3.50	3.50	3.50	3.50	3.50	2.50	1.00	1.00	1.00
Subtotal	331.66	339.43	341.16	354.16	357.36	356.86	354.48	348.64	354.64	353.64
Education										
Teachers										
High School	105.00	104.40	105.00	105.00	105.40	105.30	104.70	107.10	107.10	109.20
Robertsville MS	57.50	57.50	57.20	57.60	56.00	55.30	55.50	55.50	55.50	56.75
Jefferson MS	54.80	54.80	55.00	54.00	53.10	52.60	52.50	54.40	53.40	52.75
Glennwood Elementary	33.30	33.30	29.80	30.70	28.00	29.00	29.00	27.70	26.70	26.80
Linden Elem.	36.70	36.70	32.40	31.40	30.90	30.90	32.10	30.90	31.90	32.50
Woodland Elem.	36.90	36.90	35.55	34.55	32.80	35.90	35.90	35.40	34.40	32.70
Willowbrook Elem.	34.20	34.20	34.95	32.95	36.15	35.05	35.60	37.10	36.30	35.85
Preschool	14.00	14.00	17.10	17.10	18.50	18.10	15.00	19.60	20.60	15.50
Principals	14.00	14.00	14.00	14.00	15.00	15.50	15.50	15.50	15.50	16.00
Secretaries	38.00	38.00	38.50	38.50	39.70	41.70	41.70	41.70	41.70	41.70
Custodians	56.50	56.50	57.30	57.30	58.80	58.80	57.80	59.30	61.30	57.77
Administrative	19.00	19.00	20.40	20.40	23.00	23.00	23.00	23.00	23.00	23.00
Bus Drivers	26.00	26.00	19.50	19.50	19.50	21.60	21.50	26.10	26.10	25.60
Regular Teacher Assistants	72.40	73.90	75.30	66.30	65.40	65.40	78.30	73.10	73.10	58.34
Special Ed Teacher Assistants	35.50	35.55	37.50	32.50	35.50	43.50	38.90	45.35	45.38	48.35
Food Service	30.30	30.30	31.80	31.80	32.00	32.00	32.75	32.75	32.75	20.00
Subtotal	664.10	665.05	661.30	643.60	649.75	663.65	669.75	684.50	684.73	652.81
Total	995.76	1,004.48	1,002.46	997.76	1,007.11	1,020.51	1,024.23	1,033.14	1,039.37	1,006.45

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	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
Ordinances Adopted	N/A	29	16	29	21	21	23	20	15	15
Resolutions Adopted	N/A	195	194	229	199	173	177	127	144	100
Number of court cases-city violations	4,232	3,926	4,767	2,827	3,785	2,989	3,882	3,429	1,709	2,093
Administrative services										
Applications received and processed	897	862	712	757	837	682	930	653	891	850
Purchase Orders issued for departments	5,766	5,856	5,800	2,492	1,894	2,044	2,044	2,254	4,524	4,000
Purchase Orders issued for stock purchases	1,932	1,774	1,700	1,424	1,554	1,259	1,259	1,420	1,219	1,350
Business licenses issued	1,633	1,541	N/A	N/A	1,736	N/A	N/A	1,282	1,345	1,392
Police										
Serious crimes	1,903	1,851	1,851	1,785	N/A	N/A	2,360	3,710	3,595	4,000
Burglaries	230	225	225	133	202	301	331	383	394	325
Total arrests	N/A	N/A	N/A	N/A	2,032	1,994	1,875	1,483	2,377	2,500
Total calls for services	32,342	36,742	36,742	47,520	37,237	33,672	36,291	32,854	32,854	40,000
Animal apprehensions	858	1,300	1,200	941	1,381	1,958	2,116	2,708	2,500	2,850
Registered animals	4,409	4,591	5,000	4,553	3,871	5,012	4,659	4,040	4,400	4,200
Fire										
Number of calls	3,102	3,028	3,423	3,411	3,339	3,339	3,497	3,264	3,560	3,700
Public fire education	12,000	10,039	6,945	6,945	6,400	8,400	10,993	10,993	10,993	9,000
Violations reported by department inspection	650	800	1,539	1,539	1,441	1,150	850	850	850	900
Average response time (mins)	3.6	3.1	3.1	3.1	3.3	4.5	3.5	4.0	4.0	4.2
Average control time (mins)	0.1	4.0	1.1	1.1	3.3	4.8	3.6	4.0	4.0	4.0
Community Development										
Site plans reviewed	21	27	26	28	19	21	19	19	18	18
Non-Residential	94	39	33	44	48	52	65	76	110	119
Residential	588	479	453	510	426	474	494	582	582	487
Building permits	220	190	236	322	456	424	348	400	400	400
Plumbing permits	505	452	376	405	1,038	347	438	530	530	425
Electrical permits	1,435	1,091	1,207	1,252	1,501	1,387	969	1,691	1,691	2,000
Nuisance Abatement	132	188	214	228	605	364	112	416	416	615
Abandoned vehicles	361	174	219	259	279	110	86	48	48	200
Housing inspections										
Park and Recreation										
City-wide special events	8	8	8	8	7	7	7	7	7	7
Cold Facts Program participants	1,618	1,886	1,948	2,037	2,038	2,123	2,174	2,325	2,341	2,360
Pool attendance	104,299	115,349	109,853	104,336	104,094	104,069	87,435	78,938	60,775	75,000
Summer camp enrollment	690	820	960	960	960	960	880	860	1,100	1,110
Athletic activities										
Youth participants	130	135	166	156	135	218	234	212	186	147
Adult participants	840	712	471	826	1,047	1,200	1,280	1,496	1,845	1,784
Youth teams	13	14	15	14	13	22	21	20	18	16
Adult teams	42	43	32	52	74	82	95	106	138	129

(Continued)

Table 19

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

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Library										
Total volume	96,794	109,872	103,000	103,500	106,440	109,434	118,320	118,411	114,707	114,707
Total non-print material	N/A	N/A	19,000	19,200	21,099	22,973	48,993	51,692	52,415	52,415
Total circulation	269,864	253,850	222,670	229,255	215,748	224,967	220,269	204,681	204,585	175,000
Registered patrons	3,234	16,596	14,758	12,474	23,937	24,836	22,477	27,604	23,735	23,000
Reference questions and reader service	40,899	38,249	33,394	38,902	37,008	38,117	37,433	33,029	35,622	35,000
Storytime attendance	4,301	4,147	2,891	2,781	3,506	4,978	5,432	5,395	5,355	3,300
Public Works										
Street sign maintenance and installation	463	331	181	400	379	201	394	341	412	259
Traffic control and school flashing signals inventory	367	375	377	377	371	371	371	390	390	390
hours for maintenance and installation	3,761	3634	3450	2186	2341	2451	2278	2508	2508	1,601
Public street lights inventory	4,985	5,029	5,227	5,256	5,319	5,362	5,397	5,431	5,426	5,500
hours for maintenance and installation	2,307	2,241	2,027	2,327	1,971	1,985	2,250	1,536	1,606	2,100
Mowing of ROW (acres)	15	15	15	15	15	15	15	15	15	15
Electric										
Purchased Power	498,477,149	510,921,070	513,530,713	519,097,909	533,000,199	544,096,058	561,424,804	551,466,429	534,063,705	539,597,265
Kilowatts-hours purchased	21,935,110	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
Amount	474,929,348	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
Kilowatts-hours sold	27,000,737	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
Amount	\$0.0440	\$0.0462	\$0.0457	\$0.0466	\$0.0459	\$0.0464	\$0.0464	\$0.0501	\$0.0497	\$0.0534
Cost per kilowatt-hour purchases	4.72%	6.56%	4.82%	3.34%	2.71%	5.14%	3.20%	4.74%	3.65%	6.36%
% losses and unaccounted for KH purchases										
Water										
Gallons purchased (thousands)	1,515,272	1,497,800	1,530,487	1,242,710	-	4,258,710	4,048,248	3,907,730	3,700,000	4,045,928
Gallons treated (thousands)	-	-	-	249,787	4,374,438	2,729,408	2,547,885	2,528,875	2,345,427	2,625,722
Gallons sold - DOE (thousands)	-	-	-	-	2,829,408	1,172,314	1,138,257	1,151,486	1,176,303	1,074,101
Gallons sold - residential & commercial (thousands)	1,352,293	1,099,178	1,257,053	11,040,553	1,165,517	1,172,314	1,138,257	1,151,486	1,176,303	1,074,101
Average daily consumption (gallons)	4,151,430	4,103,562	4,193,115	4,089,033	10,945,000	10,678,003	10,099,019	10,063,181	9,648,575	15,080,000
Wastewater										
Clinch River Industrial Park Plant	1,608,452	1,036,363	1,716,200	1,900,000	1,500,000	1,500,000	2,400,000	1,724,000	1,600,000	1,600,000
Gallons treated	2,088,400	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
West End Plant										
Gallons treated (thousands)										
Schools										
Enrollment	4,765	4,714	4,636	4,616	4,398	4,391	4,323	4,285	4,280	4,306
Average Daily Membership	4,812	4,752	4,679	4,559	4,451	4,418	4,346	4,279	4,284	4,348
Average Daily Attendance	4,586	4,520	4,428	4,331	4,213	4,190	4,127	4,066	4,061	4,127
Average Test Scores (ACT)	23.1	23.7	23.0	23.4	23.6	23.8	23.6	24.4	24.5	24.3

* 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	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	14	17	18	19	23	23	23	23	23	23
Unmarked Vehicles	6	6	6	6	5	5	5	5	6	6
Animal Control	2	2	2	2	2	2	2	2	2	2
Other Vehicles	8	8	8	9	9	9	9	9	9	9
Fire										
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	4	4	4	4
Fire Specialists' vehicles	5	5	5	5	5	5	5	5	5	5
Park and Recreation										
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	4	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
Public Works										
Miles of roads and streets	205.89	208.62	208.62	208.62	211.02	211.42	211.42	217.75	222.33	226.00
Miles of sidewalks	97.47	98.73	98.73	98.73	98.73	98.73	98.73	98.73	100.61	100.61
Electric										
Miles of electric lines	264.48	267.03	270.36	270.84	270.84	272.66	281.35	282.00	282.00	286.00
Number of regular street lights	4,925	5,059	5,059	5,256	5,319	5,362	5,397	5,431	5,426	5,500
Number of private outdoor lights	1,469	1,484	1,509	1,520	1,530	1,530	1,564	1,577	1,577	1,577
Water										
Miles of water main	214.63	218.94	218.94	220.00	222.00	222.00	225.40	225.77	225.77	231.90
Number of fire hydrants	2,356	2,424	2,427	2,450	2,481	2,489	2,501	2,500	2,700	2,700
Wastewater										
Miles of sewer main	239.38	236.63	236.63	240.00	240.00	240.00	244.50	245.87	245.87	245.87
Treatment plants	2	2	2	2	2	2	2	2	2	2
Treatment capacity (thousand of gallons)	5,880	5,680	5,680	9,900	5,880	30,010	30,010	30,010	30,010	30,010
Schools										
Elementary schools	4	4	4	4	4	4	4	4	4	4
Middle schools	2	2	2	2	2	2	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1

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

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

Fiscal Year	Electric Revenue	Waterworks		Total
		Water Revenue	Wastewater Revenue	
1997	\$ 27,576,939	\$ 2,961,074	\$ 3,878,993	\$ 34,417,006
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

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**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Electric (1)										
Residential										
Base Charge	\$ 4.29	\$ 5.50	\$ 5.50	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	\$ 6.57	\$ 7.30	\$ 7.37
All kWh	0.05504	0.05915	0.05915	0.06240	0.06240	0.06240	0.06240	0.06544	0.06790	0.07732
Commercial										
GSA1	\$ 7.99	\$ 12.50	\$ 12.50	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 17.00	\$ 17.17
All kWh	0.06128	0.06493	0.06493	0.06756	0.06756	0.06756	0.06756	0.07178	0.07382	0.08571
GSA2	\$ 7.99	\$ 25.00	\$ 25.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 55.00	\$ 55.56
1st 15,000 kWh	0.06128	0.06648	0.06648	0.07000	0.07000	0.07000	0.07000	0.07421	0.07746	0.08938
Additional kWh	0.03122	0.03407	0.03407	0.03587	0.03587	0.03587	0.03587	0.03823	0.03935	0.04601
kWh, 51-1,000	8.71	9.42	9.42	9.94	9.94	9.94	9.94	10.67	10.93	12.55
GSA3	\$ 7.99	\$ 75.00	\$ 75.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 150.00	\$ 151.52
All kWh	0.03172	0.03474	0.03474	0.03655	0.03655	0.03655	0.03655	0.03901	0.04087	0.04754
kWh, 0 - 1,000	8.18	8.92	8.92	9.41	9.41	9.41	9.41	10.09	10.09	11.95
kWh, 1,001 - 5,000	9.13	10.01	10.01	10.56	10.56	10.56	10.56	12.02	12.02	14.27
Outdoor Light	\$ 0.04160	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04622	\$ 0.05265
All kWh										
Water										
Minimum Bill (0-2,000 gallons)	\$ 7.09	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01
Next 8,000 gallons per 1,000 gallons	2.75	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10
Next 40,000 gallons per 1,000 gallons	2.45	2.77	2.77	2.77	2.77	2.77	2.77	2.77	2.77	2.77
Next 150,000 gallons per 1,000 gallons	2.02	2.29	2.29	2.29	2.29	2.29	2.29	2.29	2.29	2.29
Next 800,000 gallons per 1,000 gallons	1.68	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90
Next 1,000,000 gallons per 1,000 gallons	1.38	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56
Wastewater										
Minimum Bill (0-2,000 gallons)	\$ 8.64	\$ 9.85	\$ 9.85	\$ 10.25	\$ 10.25	\$ 10.25	\$ 10.50	\$ 10.50	\$ 10.50	\$ 11.50
Next 8,000 gallons per 1,000 gallons	1.89	2.15	2.15	2.94	2.94	2.94	3.75	3.75	3.75	4.13
Next 40,000 gallons per 1,000 gallons	3.31	3.78	3.78	4.38	4.38	4.38	5.05	5.05	5.05	5.55
Next 50,000 gallons per 1,000 gallons	3.12	3.55	3.55	4.20	4.20	4.20	5.05	5.05	5.05	5.55
Next 4,999,900 gallons per 1,000 gallons	2.88	3.28	3.28	4.20	4.20	4.20	5.05	5.05	5.05	5.55
All over 5,000,000 gallons per 1,000 gallons	2.88	3.28	3.28	4.20	4.20	4.20	5.90	5.90	5.90	5.90

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
	1997	12,789	1,492	320	58	10,677	1,402	10,413
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

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

Customer	2006				1997					
	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	57,753	31,118,623	\$ 2,076,112	1	5.43%	38,701	15,959,870	\$ 832,274	3	3.08%
Methodist Medical Center	44,369	22,107,814	1,498,563	2	3.92%	46,230	21,123,825	721,974	4	2.67%
Scientific Ecology Group (SEG) (AKA GTS Duratek)	(1)	22,049,072	1,223,924	3	3.20%	(1)	37,138,307	1,370,042	1	5.07%
Boeing	(1)	22,271,938	1,177,076	4	3.08%	(1)	30,356,455	1,140,845	2	4.23%
Oak Ridge Board Of Education	33,559	12,833,187	962,942	5	2.52%	39,094	11,072,383	423,357	8	1.57%
US Department of Energy	17,344	8,086,211	567,627	6	1.48%	21,103	9,844,508	336,873	9	1.25%
BWXT Y-12	17,814	8,152,812	558,832	7	1.46%	-	-	-	-	-
Advanced Measurement	15,495	8,569,500	547,149	8	1.43%	-	-	-	-	-
Rogers Group Inc.	24,547	4,851,528	506,478	9	1.32%	-	-	-	-	-
COORS Tek	13,418	7,192,000	482,426	10	1.26%	-	-	-	-	-
Manufacturing Sciences	-	-	-	-	-	49,969	16,123,161	511,586	5	1.89%
Crown American	-	-	-	-	-	27,199	13,482,004	499,028	6	1.85%
Lockheed-Martin	-	-	-	-	-	34,490	12,370,967	459,064	7	1.70%
M4 Environmental	-	-	-	-	-	18,507	7,725,250	259,118	10	0.96%
Total			\$ 9,601,130		25.12%			\$ 6,554,161		24.27%

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

