

CITY OF OAK RIDGE, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2009

Prepared by
FINANCE DEPARTMENT

**City of Oak Ridge, Tennessee
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009**

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CITY OF OAK RIDGE



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April 26, 2010

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, 2009.

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, 2009, 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, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Oak Ridge

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

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

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

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

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

Foundation, Inc. whose primary mission is to enhance, promote and support the City of Oak Ridge Schools. However, the Oak Ridge Housing Authority, Oak Ridge Utility District, Oak Ridge Industrial Development Board and the Oak Ridge Health and Educational Facilities Board have not met the established criteria for inclusion; and, accordingly, are excluded from this report.

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

City Council's Budget and Finance Committee begin meetings at the first of the calendar year to develop City Council's 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 21-22 as part of the basic financial statements for the governmental funds. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 83. The comparison for the capital projects and debt service funds are presented on page 113 and 115, respectively.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Oak Ridge operates.

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

Developments in the federal sector include the recently completed \$1.4 billion Spallation Neutron Source (SNS) accelerator project. At full power, SNS provides the most intense pulsed neutron beams in the world for scientific research and industrial development. Up to 2,000 scientists are

expected to visit each year to study materials that will form the basis for new technologies in telecommunications, manufacturing, transportation, information, biotechnology and health. The Y-12 and Oak Ridge National Laboratory (ORNL) facilities located within Oak Ridge are currently undergoing a major modernization program, which provides use tax collections to the City during construction and in some cases property taxes. In 2005, construction of a \$50 million private sector funded complex was completed at ORNL to house a new supercomputer. This was the first privately owned facility to be located on the federal reservation on which the City received real property tax payments based on the appraised value of the building. With three similar type facilities completed at ORNL and the Y-12 complex, the construction of taxable facilities on federal property represents a significant revenue stream for the City. In fiscal 2009, the real property taxes on these facilities were \$1,994,818.

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

There are numerous residential developments in various planning and construction phases in Oak Ridge. Under construction is Rarity Ridge, which is an approximate 1,200 acre development with both commercial and open spaces within walking distance of a pedestrian-friendly town center. Plans call for the community to ultimately consist of 3,060 residential units and 507,994 square-feet of commercial development. Recently completed is a clubhouse and wellness center, which includes a pool. To date, 121 building permits have been issued and 678 lots have been platted. In April 2004, the 277 remaining acres owned by the City surrounding the Tennessee Centennial Golf Course were sold to a private residential and commercial developer. Within Centennial Village, a site plan for a 252-unit apartment complex has been approved, and construction is continuing on a 40-acre development on the site titled Centennial Bluff that is designed for the active adult age 55 and over. Centennial Bluff will contain 405 1 to 3-bedroom luxury residences and a 12,000 square-foot clubhouse, fitness center, pool and spa. The clubhouse and first condominium building are complete and the second condominium building is under construction. Also planned as part of the Centennial Village development is Harbour Pointe, for which the final plat for 62 lots has been approved.

Other new residential subdivisions are in the planning stages or initial stages of construction include, Rarity Oaks is a 421-acre site on which 643 single-family dwelling units and 50,000 square-feet of commercial development are planned. Phase I has 93 single-family units with completion targeted for 2010. The Crossroads at Wolf Creek, for which 27 building permits have been issued, is a 73-acre site on which 102 single-family and 76 multi-family dwelling units are planned. Groves Park Commons, the most recently approved development utilizing traditional neighborhood design is underway with 10 building permits being issued. When complete the development will have approximately 355 dwelling units, with surrounding open space areas and a small neighborhood commercial area. The final plats for the Clark's Preserve have been approved, a development planned for 38 homes. The Courtyards at Briarcliff, an assisted living facility on Briarcliff Avenue is expected to start construction in 2010.

The Woodland Town Center commercial planned unit development was approved in 2008 for a 4-acre retail and restaurant project on S. Illinois Avenue. The site plan for a 65-unit Best Western hotel has been approved and construction is expected to begin early in 2009.

A new 113,839 square foot office building has been completed on the Oak Ridge National Laboratory campus and is now being occupied. A 50,000 square foot speculative industrial building is under construction at the Heritage Center and the site plan for another speculative building on an adjacent parcel has also been approved. During the past year a new Dollar

General store was built and is now open on the Oak Ridge Turnpike and a new sporting goods store, Hibbett Sports, has opened in a shopping center on South Illinois Avenue.

U.S. Department of Energy. During fiscal 2008, the City entered into two contracts with the U.S. Department of Energy to provide services to areas previously served by federal contractors. The City entered into an agreement with DOE and Bechtel Jacobs (BJC) to assume fire and emergency medical response duties for the federal East Tennessee Technology Park (ETTP) site. Under the agreement with DOE, through its contractor BJC, the City will receive an estimated \$10,000,000 in funding over the four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and fire fighting and ambulance vehicles and equipment to the City to operate this facility. The City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETTP fire station. The City received \$2,546,940 from BJC in fiscal 2009.

The City also entered into a 5-year agreement with DOE and BJC, under which the City assumed responsibility for water and wastewater services to the ETTP site. The City acquired the ETTP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETTP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETTP water plant is near the end of its useful life. Under terms of the contract, DOE will provide funding to fully operate the water plant and provide \$500,000 each year of the contract for the City to build new infrastructure from the City's main water plant to serve the ETTP site. On May 29, 2008, the City assumed water and wastewater operations to the ETTP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. In the first year of the contract, the City will receive a base of \$1,740,000 from DOE through its contractor BJC, reduced by revenues the City receives from other City customers that are serviced by the ETTP water plant and the Rarity Ridge wastewater plant during that time frame. In fiscal 2009, the City received \$1,585,141 from BJC under terms of this contract.

Long-term financial planning

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge overwhelmingly voted to increase the local sales tax option from 2.25% to the state maximum of 2.75%, with the additional tax proceeds funding the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax rate increase became effective with sales beginning on October 1, 2004. In July 2006, the .50% increase in the local sales tax option became countywide. The City was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

The ORHS project is anticipated to cost \$67,000,000 over a four-year period. \$59,315,219 in long-term debt has been issued for this project. An additional \$6.4 million debt issuance will be required in fiscal 2010 to complete construction of the ORHS project. Funding for the debt service on these issuances will be provided from the additional .50% sales tax proceeds in the Anderson County portion of Oak Ridge, private donations and from revenues generated from the existing property tax base. City Council has authorized the issuance of up to \$20,000,000 in long-term debt for completion of the ORHS project, miscellaneous city and school capital projects, as well as, planned electric, water and wastewater projects.

The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City has spent approximately \$32 million since the project began in 1997 to upgrade, expand and rehabilitate the wastewater treatment plant and wastewater collection system. The upgrades and expansion to the wastewater treatment plant increased capacity from 6 mgd to 9 mgd, a 33% increase in capacity to service new customers

and construction of a new wastewater plant at the Rarity Ridge development site. The City has \$2,838,278 available from an authorized loan from the Tennessee State Revolving Fund to finance the 2010 and 2011 phase of the wastewater system rehabilitation project, which includes sanitary sewer replacement, slip-lining, cured-in-place and pipe bursting, and manhole and pump station rehabilitation and replacement. In fiscal 2006, the City began a 5-year approximate \$4 million upgrade to the water treatment plant facilities. Water and wastewater rates increased by approximately 20% each in June and May of 2008, respectively. The next water and wastewater rate review is scheduled for the spring of 2010.

Over the next three years, the State plans to widen State Route 95 from two to four lanes from the State 95/58 interchange to State Route 62 (South Illinois Avenue) in Oak Ridge. City water, wastewater, electric and street lighting infrastructure will need to be relocated along the State route at an estimated cost of \$2.7 million. New State legislation provides for the State to fund the cost of utility relocation costs. The City plans to upgrade the capacity of the infrastructure along this State route, which will not be funded by the State. To date, the City has paid the State nearly \$2.2 million toward its share of the costs for this project.

Awards and Acknowledgements

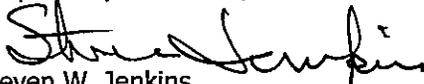
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This is the forty-eighth consecutive year that 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.

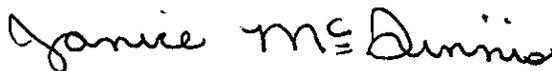
In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past twenty-six consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, 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, 2008

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



A stylized, handwritten signature in black ink.

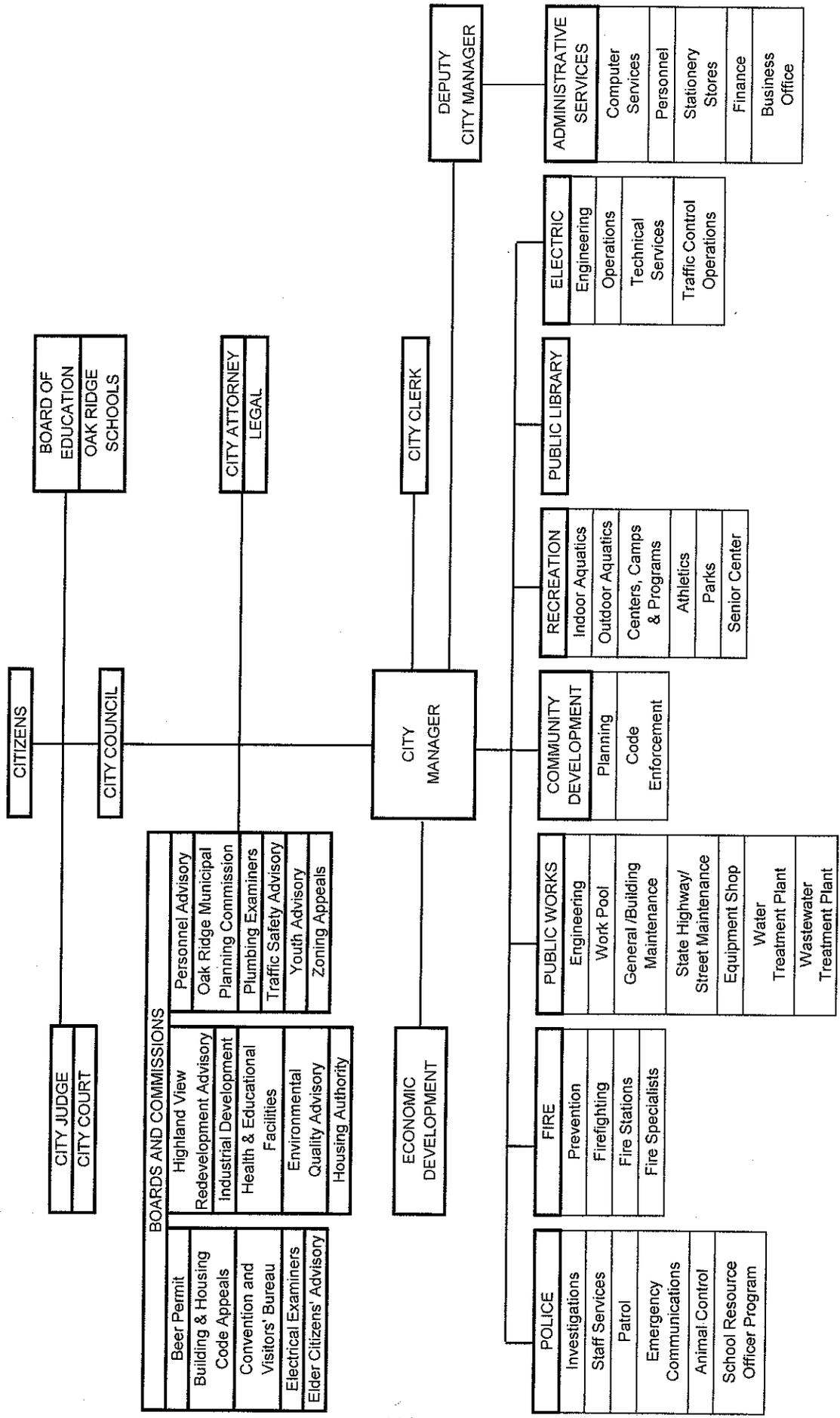
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

ORGANIZATION CHART

City of Oak Ridge, Tennessee



CITY OF OAK RIDGE, TENNESSEE

CITY OFFICIALS

Mayor

Thomas L. Beehan

Members of City Council

Anne Garcia Garland
Thomas W. Hayes
L. Charles Hensley

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

City Manager

James R O'Connor

Department Directors

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

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

City Attorney

Kenneth R. Krushenski

City Judge

Robert A. McNees III

City Clerk

Jacquelyn J. Bernard

Board of Education

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

Superintendent of Schools

Thomas E. Bailey, Ed.D.

Assistant Superintendent of Schools

Ken Green

PUGH & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

WILL J. PUGH, CPA
RONNIE G. CATE, CPA
C. LARRY ELMORE, CPA
W. JAMES PUGH, JR., CPA
DANIEL C. FRANKLIN, CPA
JAMES H. JONES, CPA
LISA W. HILL, CPA
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MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

TENNESSEE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Schools, a blended component unit reported as a governmental fund, and the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit. These component units comprise 28 percent of assets, 7 percent of net assets, 36 percent of revenues, and 38 percent of expenditures of the total reporting unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oak Ridge Schools and the Oak Ridge Public Schools Education Foundation, Inc. is based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the general fund and the school fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 14 and the schedules of funding progress for the City Employee's Political Subdivision Pension Plan, the Oak Ridge City School Non-Teaching Employee's Political Subdivision Pension Plan, the Oak Ridge City School Employee's Postretirement Benefits, and the Oak Ridge City Employee's Postemployment Benefits on pages 80 and 81 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, miscellaneous schedules, the statistical section, as well as the accompanying schedule of federal and state financial assistance activity as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, the miscellaneous schedules as of and for the years ended June 30, 2009 and 2008, where applicable, and the schedule of federal and state awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory or statistical sections of the report have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pugh & Company, P.C.

Certified Public Accountants

April 26, 2010

Management's Discussion and Analysis

As management of the City of Oak Ridge, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

Financial Highlights

- The assets of the City of Oak Ridge exceeded its liabilities at the close of the most recent fiscal year by \$136,236,724 (*net assets*). Of this amount, \$15,464,352 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets increased by \$2,567,360, an increase of 1.92% over fiscal 2008 net assets. The City of Oak Ridge's changes in net assets are detailed on page seven of this report. Total revenues increased \$5,875,522, which included an additional \$9,679,402 in charges for services primarily due to electric, water and wastewater rate increases that impacted during fiscal 2009 and a \$1,645,849 increase in operating grants and contributions. There were reductions of \$4,216,283 in capital grants and contributions and \$1,708,520 in other general revenues. Expenses increased \$20,913,445, of which \$7,028,526 was for electrical expenses primarily due to increased costs for purchased power, \$1,939,871 for wastewater expenses primarily for costs related to providing service to the west end of Oak Ridge, and \$8,676,312 for education.
- The City's property tax rate increased 12-cents to \$2.77 per \$100 of assessed valuation.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$21,964,228, a decrease of \$35,142 in comparison with the prior year. 12.0% is reserved for specific purposes, and the remaining 88.0%, or \$19,303,172, is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,192,118, or 39.5% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$19,238,997 in the City's general fund.
- Overall, the City's total debt decreased by \$2,064,227 (1.3 percent) during the current fiscal year. During fiscal year 2009, the City borrowed \$5,288,914 comprised of \$2,806,300 for school projects including continuation of the construction and renovation of the Oak Ridge High School and \$2,482,614 in loans to finance electric and waterworks capital projects.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Oak Ridge's basic financial statements. The City of Oak Ridge's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements and 4) single audit report and findings and recommendations. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net assets* presents information on all the City of Oak Ridge's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or

decreases in net assets may serve as a useful indicator of whether the financial position of the City of Oak Ridge is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Oak Ridge that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Oak Ridge include general government, public safety, highways and streets, residential solid waste collection, economic development, culture and recreation. The business-type activities of the City of Oak Ridge include electric distribution operation, water and wastewater treatment, distribution and collection and operation of an Emergency Communications District.

The government-wide financial statements include not only the City of Oak Ridge itself (known as the *primary government*) and the operations of the Oak Ridge Schools, but also the legally separate Convention and Visitors Bureau for which the City of Oak Ridge is financially accountable and the Oak Ridge Public Schools Education Foundation, Inc. whose main purpose is to provide financial support to the schools. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

The City of Oak Ridge maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, school fund, capital projects fund and debt service fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual

fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 19-22 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution operation, water and wastewater treatment, collection and distribution, both of which are considered to be major funds of the City of Oak Ridge, and emergency communication. Conversely, all four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

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

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-79 of this report.

Other information. The *required supplementary information* presented on pages 80-81 pertains to the City of Oak Ridge's and the school's progress in funding their obligation to provide pension and other post employment benefits to their employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 83-116 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Oak Ridge, assets exceeded liabilities by \$136,236,724 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net assets (88.3 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Oak Ridge uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Oak Ridge's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Oak Ridge's Net Assets

	Governmental activities		Business-type activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Current and other assets	\$ 51,413,578	\$ 53,758,364	\$ 7,988,833	\$ 7,723,097	\$ 59,402,411	\$ 61,481,461
Capital assets	148,017,257	151,652,288	129,178,089	126,099,417	277,195,346	277,751,705
Total assets	199,430,835	205,410,652	137,166,922	133,822,514	336,597,757	339,233,166
Long-term liabilities outstanding	108,932,677	109,342,090	54,986,016	55,222,562	163,918,693	164,564,652
Other liabilities	27,174,507	30,163,699	9,267,833	9,235,092	36,442,340	39,398,791
Total liabilities	136,107,184	139,505,789	64,253,849	64,457,654	200,361,033	203,963,443
Net assets:						
Invested in capital assets net of related debt	45,110,444	48,509,856	75,244,455	71,964,232	120,354,899	120,474,088
Restricted	-	-	417,473	138,433	417,473	138,433
Unrestricted	18,213,207	17,395,007	(2,748,855)	(2,737,805)	15,464,352	14,657,202
Total net assets	\$ 63,323,651	\$ 65,904,863	\$ 72,913,073	\$ 69,364,860	\$136,236,724	\$135,269,723

An additional portion of the City of Oak Ridge's net assets (0.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$15,464,352) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Oak Ridge is able to report positive balances in all three categories of net assets for both the government as a whole, as well as for its separate governmental activities. However, unrestricted net assets for business-type activities had a negative balance of \$2,748,855 at the end of the current fiscal year in comparison to a \$2,737,805 negative balance at the end of the prior fiscal year. The negative balance is due to capital assets being funded from other sources rather than by the issuance of long-term debt, including cash, short-term borrowings from other City funds and donations of capital assets by private developers.

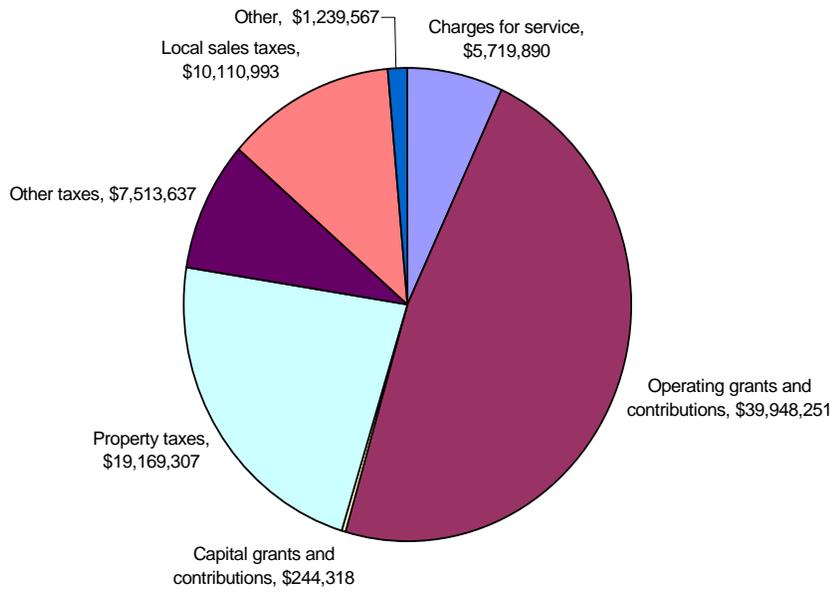
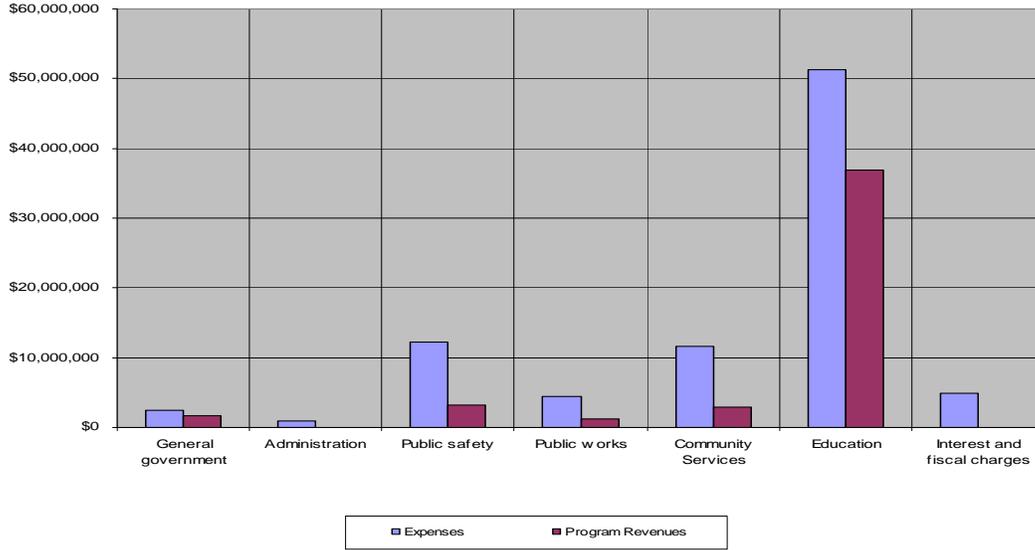
Governmental activities. Governmental activities decreased the City of Oak Ridge's net assets by \$980,853. Revenues from operating and capital grants and contributions increased \$1,424,578 primarily for educational and public safety operations. Property tax collections increased \$1,398,346 from the prior year due to a 12-cent property tax rate increase and assessment growth. Other taxes decreased \$923,542 primarily from reduced sales and state-shared taxes. Other general revenues decreased \$1,789,699 from reduced interest earnings due to lower interest rates and loss on disposal of school capital assets.

The beginning net assets of government activities for fiscal year 2009 were reduced by \$1,600,359 for erroneously capitalizing interest on the School Fund's construction and renovation project of the Oak Ridge High School and equipment purchases that were not captured on the financial statements of the City for the School Fund. Refer to the notes to the financial statements, Note 13 and Note 24.

City of Oak Ridge's Changes in Net Assets

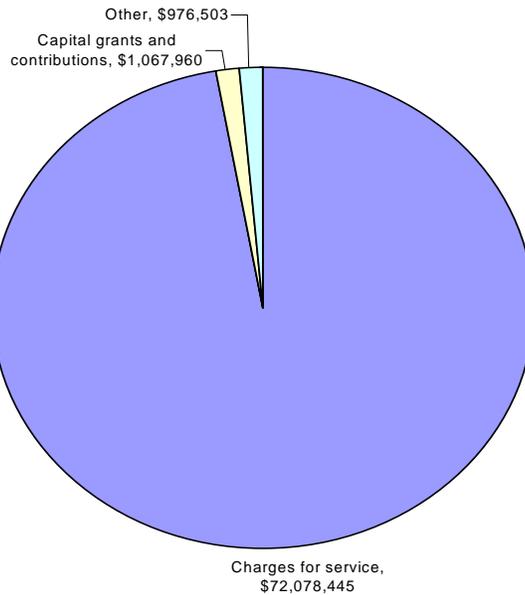
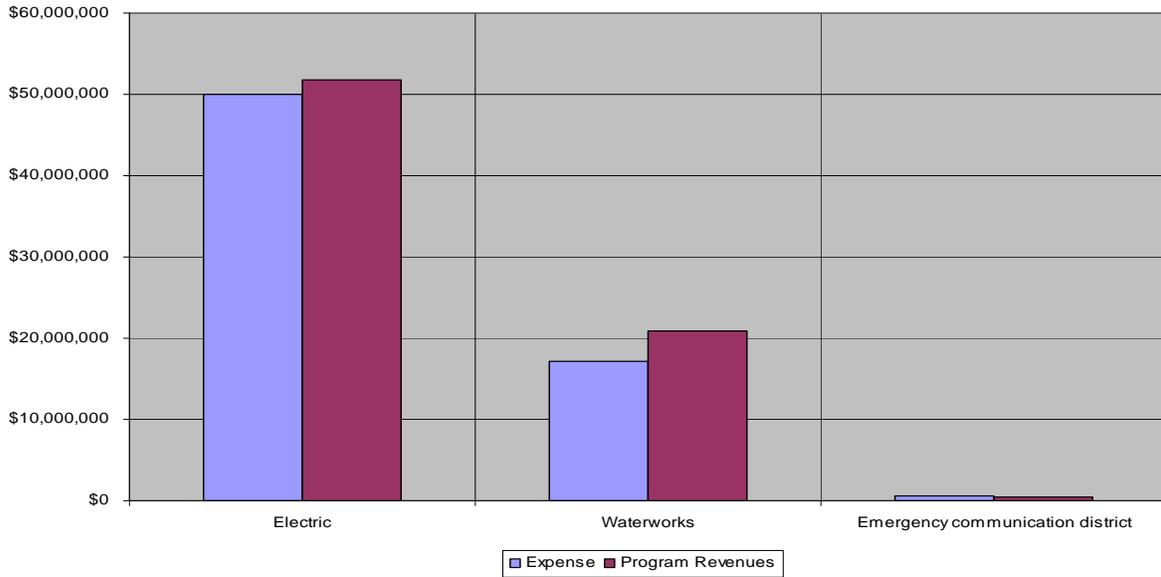
	Governmental activities		Business-type activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Revenues:						
Program revenues:						
Charges for service	\$ 5,719,890	\$ 6,021,874	\$ 72,078,445	\$ 62,097,059	\$ 77,798,335	\$ 68,118,933
Operating grants and contributions	39,948,251	38,302,402	---	---	39,948,251	38,302,402
Capital grants and contributions	244,318	465,589	1,067,960	5,062,972	1,312,278	5,528,561
General revenues:						
Property taxes	19,169,307	17,770,961	---	---	19,169,307	17,770,961
Other taxes	17,624,630	18,548,172	---	---	17,624,630	18,548,172
Other	1,239,567	3,029,266	976,503	895,054	2,216,070	3,924,320
Total Revenues:	83,945,963	84,138,264	74,122,908	68,055,085	158,068,871	152,193,349
Expenses:						
General government	2,440,145	787,908	---	---	2,440,145	787,908
Administration	897,870	630,209	---	---	897,870	630,209
Public safety	12,293,756	11,951,624	---	---	12,293,756	11,951,624
Public works	4,380,741	4,551,008	---	---	4,380,741	4,551,008
Community services	11,592,367	11,026,261	---	---	11,592,367	11,026,261
Education	51,313,351	42,637,039	---	---	51,313,351	42,637,039
Interest and fiscal charges	4,840,057	4,244,444	---	---	4,840,057	4,244,444
Electric	---	---	49,952,558	42,924,032	49,952,558	42,924,032
Waterworks	---	---	17,222,147	15,282,276	17,222,147	15,282,276
Emergency communication district	---	---	568,519	553,265	568,519	553,265
Total expenses	87,758,287	75,828,493	67,743,224	58,759,573	155,501,511	134,588,066
(Decrease) Increase in net assets before transfers	(3,812,324)	8,309,771	6,379,684	9,295,512	2,567,360	17,605,283
Transfers	2,831,471	2,770,833	(2,831,471)	(2,770,833)	---	---
Increase in net assets	(980,853)	11,080,604	3,548,213	6,524,679	2,567,360	17,605,283
Net assets – July 1, 2008 (as restated)	64,304,504	54,824,259	69,364,860	62,840,181	133,669,364	117,664,440
Net assets – June 30, 2009	\$ 63,323,651	\$ 65,904,863	\$ 72,913,073	\$ 69,364,860	\$ 136,236,724	\$ 135,269,723

Expenses and Program Revenues - Governmental Activities



Business-type activities. Business-type activities increased the City of Oak Ridge’s net assets by \$3,548,213. Charges for services increased \$9,981,386 primarily from rate increases for electric, water and wastewater services that impacted in fiscal 2009. This was offset by a \$3,995,012 reduction in capital grants and contributions from fiscal 2008 levels which resulted from the transfer of water and wastewater infrastructure located in the west in of Oak Ridge from the US Department of Energy to the City.

Expenses and Program Revenues - Business-type Activities



The net assets of the electric fund increased by \$1,235,683 from the prior fiscal year. The City of Oak Ridge is a distributor of electrical power that is purchased from the Tennessee Valley Authority (TVA) and then transmitted and sold by the City to its residential and commercial customers. In October 2006, TVA began adjusting the wholesale power costs to the City each quarter for a fuel cost adjustment (FCA). These FCA cost adjustments are passed through in electric rate adjustments to the City's customers each quarter. The FCA can fluctuate the City's electric rates up or down each quarter.

The net assets of the waterworks fund increased by \$2,354,342 from fiscal 2008. The increase was from water and wastewater rate increases that were effective in late fiscal 2008 and from \$1,067,960 in capital contributions.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$21,964,228, a decrease of \$35,142 in comparison to the prior year. Approximately 88.0% of this total amount (\$19,303,172) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,560,346), 2) advances to other funds (\$112,500), or 3) for a variety of other restricted purposes (\$988,210).

The general fund is the chief operating fund of the City of Oak Ridge. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,192,118, while total fund balance reached \$7,535,775. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 39.5% of total general fund expenditures, while total fund balance represents 41.4% of that same amount. However, unreserved fund balance only represents 19.2% when compared to total fund expenditures and transfers to other funds (e.g. school and debt service funds).

The fund balance of the City of Oak Ridge's general fund increased by \$47,498 during the current fiscal year. The general fund had a budgeted fund balance increase of \$455,779.

General fund revenues decreased overall \$87,188 from the preceding fiscal year and were \$372,059 below budget. Intergovernmental revenues decreased by \$826,796 in comparison to the prior year due to reduced collections from sales and state-shared taxes. Interest earnings declined \$212,400 due to lower interest rates. Property tax collections were up \$1,002,690, due to a 12-cent property tax rate increase.

There were no budgetary amendments to the legal expenditure appropriation of the General Fund during fiscal 2009.

The debt service fund has a total fund balance of \$6,113,799, all of which is designated for the payment of debt service. The net decrease in fund balance in the debt service fund during the current year of \$968,326 was due to an increase in interest charges for debt issued during the past few years for the construction and renovation of the Oak Ridge High School (ORHS). The local sales tax collections were generated from a .50% increase in the local sales tax rate effective October 1, 2004 to finance a portion of the debt service associated with the ORHS project renovations. These additional sales tax collections will be applied toward funding of the ORHS project until the long-term debt issued for this project is fully extinguished.

The capital projects fund has a total fund balance of \$1,789,898. The net increase in fund balance of \$854,422 is from \$2,806,300 in loan proceeds for the construction and renovation of the Oak Ridge High School and other School capital projects and operating transfers from other funds.

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

Unrestricted net assets at the end of the year amounted to (\$1,281,839) for the electric fund, (\$2,126,179) for the waterworks fund, and \$659,163 for the emergency communications district fund. The negative unrestricted net asset balance is due to increases in capital assets being funded from other sources rather than by the issuance of long-term debt. These other sources include cash, short-term borrowings from other City Funds and donations of capital assets by private developers.

Capital Asset and Debt Administration

Capital assets. The City of Oak Ridge’s investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$277,195,346 (net of accumulated depreciation), which is a \$556,359 decrease from originally reported balances for 2008. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress and infrastructure.

City of Oak Ridge’s Capital Assets

	Governmental activities		Business-type activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
Land	\$ 3,043,126	\$ 3,038,784	\$ 755,193	\$ 755,193	\$ 3,798,319	\$ 3,793,977
Construction in progress	---	61,359,794	1,868,943	1,080,818	1,868,943	62,440,611
Buildings	92,885,361	44,538,059	---	---	92,885,361	44,538,059
Improvements	6,984,878	7,313,575	---	---	6,984,878	7,313,575
Infrastructure	28,825,795	29,411,087	---	---	28,825,795	29,411,087
Equipment	16,278,097	5,990,989	2,704,222	2,673,232	18,982,319	8,664,221
Electric Plant	---	---	43,068,030	42,805,538	43,068,030	42,805,538
Waterworks Plant	---	---	80,781,701	78,784,636	80,781,701	78,784,636
Total	\$ 148,017,257	\$151,652,288	\$129,178,089	\$126,099,417	\$ 277,195,346	\$277,751,705

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

- Public Safety activities added \$23,750 in capital assets for equipment and improvements.
- Public Works activities added \$368,077 in capital assets, which included \$207,683 in donated infrastructure (streets, stormwater and sidewalk systems) in new residential developments. Other projects included \$100,835 in stormwater system improvements, \$34,627 for sidewalks and \$24,932 in equipment.

- Community Services and Development activities added \$171,152, including \$39,453 for equipment and improvements at the indoor and outdoor pools, \$98,407 for improvements at City parks which included new playground equipment at Elm Grove Park, \$14,305 for construction on the Emory Valley Greenway Phase IV and the remainder in miscellaneous recreational facility improvements.
- Educational activities added \$3,739,417, primarily from the renovation and reconstruction of the Oak Ridge High School.
- Business-type activities added \$9,207,621 in total capital assets. \$3,132,287 in electrical capital assets was added, primarily from routine replacement of underground distribution systems and initial work on the addition of a 13.2 kv bay at substation 800. \$6,075,334 in waterworks capital assets was added, which included \$1,067,960 in donated assets with the remainder continuing the rehabilitation and upgrades to the water plant and wastewater collection system.
- The beginning balances of capital assets for governmental activities for fiscal year 2009 were reduced by \$1,600,359 for erroneously capitalizing interest on the School Fund's construction and renovation project of the Oak Ridge High School and equipment purchases that were not captured on the financial statements of the City for the School Fund. Refer to the notes to the financial statements, Note 13 and Note 24.

Additional information on the City of Oak Ridge's capital assets can be found in Note 13 on pages 56-57 of this report.

Long-term debt. At the end of the current fiscal year, the City of Oak Ridge had total long-term debt outstanding of \$154,841,625. Of this amount, \$101,100,212 comprises debt backed solely by the full faith and credit of the City. \$46,856,413 in long-term debt is secured by specified revenue sources (electric and waterworks debt); however, in the event of default, the full faith and credit of the City are irrevocably pledged. The \$6,885,000 in remaining debt is backed by the income and revenues from the operation of the electric power distribution system.

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

	Governmental activities		Business-type activities		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
General obligation and Revenue bonds	\$ 39,190,000	\$ 24,870,000	\$ 19,985,000	\$ 11,195,000	\$ 59,175,000	\$ 36,065,000
Qualified Zone Academy Bonds (QZAB)	6,113,020	6,622,439	-	-	6,113,020	6,622,439
Long-term notes and loans	55,084,053	70,769,753	32,780,315	41,830,975	87,864,368	112,600,728
Capital leases	713,139	544,147	976,098	1,073,538	1,689,237	1,617,685
Total	\$ 101,100,212	\$ 102,806,339	\$ 53,741,413	\$ 54,099,513	\$ 154,841,625	\$ 156,905,852

The City of Oak Ridge's total debt decreased by \$2,064,237 (1.3%) during the current fiscal year. During fiscal 2009, the City borrowed \$2,806,300 for school projects including continuation of the construction and renovation of the Oak Ridge High School and \$2,482,614 in loans to finance electric and waterworks capital projects. At fiscal year end, the City had \$2,838,278 in authorized and issued loans from which funds could be drawn for wastewater projects. The City has \$20,000,000 in authorized debt to complete the Oak Ridge High School project, fund miscellaneous school and city capital improvements and electric and waterworks capital projects.

During fiscal 2009, the City refunded \$18,570,000 in general obligation loans and \$10,380,000 in electric system revenue loans with \$27,285,000 in general obligation bonds. Of this, the debt service on \$10,070,000 of the bonds will be paid by the Electric Fund.

The City has \$25,815,000 in outstanding debt for which the City has entered into interest rate swap agreements. During the term of these swap agreements, the city effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due to the bondholders and the variable rate received from the counterparty. For additional information regarding these swaps refer to Note 14.

Additional information on the City of Oak Ridge's long-term debt can be found in Note 14 on pages 58-73 of this report.

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

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

Economic Factors and Next Year's Budgets and Rates

- Oak Ridge's unemployment rate has historically been well below that of Anderson County, State and national levels.
- While numerous major projects in Oak Ridge are in the planning and early construction phase, including the Rarity Ridge, Rarity Oaks, Grove Park Commons, Crossroads at Wolf Creek, Clark's Preserve, and Centennial Village developments, enhanced revenues to the City are not anticipated from these projects until fiscal 2011 and beyond. Therefore, moderate sales tax and property tax assessment growth is anticipated for fiscal 2010.
- Property tax collections are budgeted to grow 2.4% for fiscal 2010.
- Inflationary trends in the region compare with national indices. A major driver of increased expenses continues to be medical and retirement costs, which mirrors national trends. Increased costs for fuel, electricity and natural gas also impacted the fiscal 2010 budget.
- \$1,385,104 in fund balance is budgeted to be drawn in fiscal 2010, primarily to fund a \$1,400,000 operating transfer to the Capital Projects Fund. It has been a goal of the City to maintain an annual operating transfer at this level to the Capital Projects Fund to fund capital maintenance projects under \$300,000 (e.g. roof, HVAC's, boilers, etc.). However, revenues have not grown sufficiently to maintain this transfer on an ongoing annual basis. Future property taxes will be impacted by approximately 18-cents per \$100 of assessed value if revenue growth does not occur to finance this operating transfer.

All of these factors were considered in preparing the City of Oak Ridge's budget for the 2010 fiscal year.

During the current fiscal year, the unreserved fund balance in the general fund increased by \$252,676 to \$7,192,118. This increase was below budgeted projections due to lower than anticipated revenue collections during fiscal 2009, primarily from property taxes due to slower than anticipated development from planned and ongoing projects. Management has again been conservative in estimating revenues for 2010, especially local sales and use tax collections which can fluctuate due to use tax collections from one-time major construction projects on the federal reservation in Oak Ridge. In fiscal 2009, sales and use tax collections in the general fund were down \$688,255 from the preceding fiscal year primarily related to use tax collections from federal

contractors located in Oak Ridge. The City's fiscal 2010 property tax rate remains at the 2009 rate of \$2.77 per hundred dollars of assessment.

On August 5, 2004, the citizens in the Anderson County portion of Oak Ridge voted overwhelmingly to increase the local sales tax option from 2.25% to 2.75%, with the additional sales tax proceeds providing funding for the renovation, construction and related debt service of the Oak Ridge High School (ORHS) project. The sales tax increase became effective October 1, 2004. New construction and renovation of the ORHS is anticipated to cost \$65 million over a four-year period. \$59,315,219 in debt proceeds has been issued for this project since fiscal 2005, with the remainder to be issued in fiscal 2010. Project funding will be provided from the additional .50% sales tax increase, private donations and from revenues generated from the existing property tax base. In July 2006, the .50% increase in the local sales tax option became countywide. The City was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

Requests for Information

This financial report is designed to provide a general overview of the City of Oak Ridge's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Oak Ridge, Office of the Finance Director, P.O. Box 1, Oak Ridge, TN 37831-0001.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF NET ASSETS
June 30, 2009

	Component Units					
	Governmental Activities	Business Type Activities	Total Primary Government	Convention and Visitors Bureau	Education Foundation	Total Reporting Unit
Assets						
Cash and cash equivalents	\$ 19,357,500	\$ 622,609	\$ 19,980,109	\$ 1,214	\$ 331,871	\$ 20,313,194
Investments	2,505,635	-	2,505,635	-	5,477,652	7,983,287
Receivables, net	19,067,887	7,714,001	26,781,888	-	424,204	27,206,092
Internal balances	5,402,526	(5,402,526)	-	-	-	-
Due from other governments	4,613,098	40,442	4,653,540	-	-	4,653,540
Inventory, at cost	31,734	2,606,375	2,638,109	-	-	2,638,109
Prepaid items	431,538	-	431,538	-	-	431,538
Restricted assets:						
Deposits	-	1,553,165	1,553,165	-	-	1,553,165
Current debt service account	-	417,473	417,473	-	-	417,473
Deferred charges	3,660	437,294	440,954	-	-	440,954
Capital assets nondepreciable	3,043,126	2,624,136	5,667,262	-	-	5,667,262
Capital assets depreciable, net	144,974,131	126,553,953	271,528,084	-	-	271,528,084
Total assets	199,430,835	137,166,922	336,597,757	1,214	6,233,727	342,832,698
Liabilities						
Accounts payable	2,471,200	7,381,858	9,853,058	-	-	9,853,058
Claims payable	100,000	-	100,000	-	-	100,000
Accrued liabilities	4,231,277	231,318	4,462,595	-	1,130	4,463,725
Deposits	436,685	1,538,251	1,974,936	-	-	1,974,936
Due to other governments	141,564	5,808	147,372	-	-	147,372
Unearned revenue	19,403,971	-	19,403,971	-	-	19,403,971
Restricted liabilities:						
Contracts payable	-	14,914	14,914	-	-	14,914
Accrued interest payable	389,810	95,684	485,494	-	-	485,494
Long-term liabilities:						
Due within one year	6,301,129	3,418,754	9,719,883	-	-	9,719,883
Due in more than one year	102,631,548	51,567,262	154,198,810	-	-	154,198,810
Total liabilities	136,107,184	64,253,849	200,361,033	-	1,130	200,362,163
Net assets						
Invested in capital assets net of related debt	45,110,444	75,244,455	120,354,899	-	-	120,354,899
Restricted for:						
Debt service	-	417,473	417,473	-	-	417,473
Education grants	-	-	-	-	6,232,597	6,232,597
Unrestricted	18,213,207	(2,748,855)	15,464,352	1,214	-	15,465,566
Total net assets	\$ 63,323,651	\$ 72,913,073	\$ 136,236,724	\$ 1,214	\$ 6,232,597	\$ 142,470,535

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total Reporting Unit
					Governmental Activities	Business-type Activities	Total	Convention and Visitors Bureau	Education Foundation	
Primary government:										
Governmental activities:										
General government	\$ 2,440,145	\$ 1,058,252	\$ 598,522	\$ -	\$ (783,371)	\$ -	\$ (783,371)	\$ -	\$ -	\$ (783,371)
Administration	897,870	-	-	-	(897,870)	-	(897,870)	-	-	(897,870)
Public safety	12,293,756	433,075	2,613,405	232,874	(9,014,402)	-	(9,014,402)	-	-	(9,014,402)
Public works	4,380,741	-	1,257,588	-	(3,123,153)	-	(3,123,153)	-	-	(3,123,153)
Community services	11,592,367	2,417,965	468,177	11,444	(8,694,781)	-	(8,694,781)	-	-	(8,694,781)
Education	51,313,351	1,810,598	35,010,559	-	(14,492,194)	-	(14,492,194)	-	-	(14,492,194)
Interest and fiscal charges	4,840,057	-	-	-	(4,840,057)	-	(4,840,057)	-	-	(4,840,057)
Total governmental activities	87,758,287	5,719,890	39,948,251	244,318	(41,845,828)	-	(41,845,828)	-	-	(41,845,828)
Business-type activities:										
Electric	49,952,558	51,764,998	-	-	-	1,812,440	1,812,440	-	-	1,812,440
Waterworks	17,222,147	19,819,808	-	1,067,960	-	3,665,621	3,665,621	-	-	3,665,621
Emergency communication district	568,519	493,639	-	-	-	(74,880)	(74,880)	-	-	(74,880)
Total business-type activities	67,743,224	72,078,445	-	1,067,960	-	5,403,181	5,403,181	-	-	5,403,181
Total primary government	\$ 155,501,511	\$ 77,798,335	\$ 39,948,251	\$ 1,312,278	(41,845,828)	5,403,181	(36,442,647)	-	-	(36,442,647)
Component units:										
Convention and Visitors Bureau	\$ 405,601	\$ -	\$ 8,000	\$ -	-	-	-	(397,601)	-	(397,601)
Education Foundation	831,400	-	174,406	-	-	-	-	-	(656,994)	(656,994)
Total component units	\$ 1,237,001	\$ -	\$ 182,406	\$ -	-	-	-	(397,601)	(656,994)	(1,054,595)
General revenues:										
Real & personal property taxes					19,169,307	-	19,169,307	-	-	19,169,307
In-lieu of tax payments					1,657,594	-	1,657,594	-	-	1,657,594
Sales taxes					10,110,993	-	10,110,993	-	-	10,110,993
Unrestricted state shared taxes					3,653,748	-	3,653,748	-	-	3,653,748
Business taxes					791,480	-	791,480	-	-	791,480
Occupancy taxes					558,612	-	558,612	-	-	558,612
Wholesale beer & liquor taxes					852,203	-	852,203	-	-	852,203
Loss on disposal of capital assets					(623,323)	-	(623,323)	-	-	(623,323)
Investment earnings					428,472	41,179	469,651	1	46,511	516,163
Miscellaneous					1,434,418	935,324	2,369,742	390,539	-	2,760,281
Transfers					2,831,471	(2,831,471)	-	-	-	-
Total general revenues and transfers					40,864,975	(1,854,968)	39,010,007	390,540	46,511	39,447,058
Change in net assets					(980,853)	3,548,213	2,567,360	(7,061)	(610,483)	1,949,816
Net assets - beginning (as restated)					64,304,504	69,364,860	133,669,364	8,275	6,843,080	140,520,719
Net assets - ending					\$ 63,323,651	\$ 72,913,073	\$ 136,236,724	\$ 1,214	\$ 6,232,597	\$ 142,470,535

CITY OF OAK RIDGE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 2,814,057	\$ 2,227,088	\$ 2,334,343	\$ 6,082,686	\$ 3,322,821	\$ 16,780,995
Investments	-	2,505,635	-	-	-	2,505,635
Receivables, net	18,501,937	120,197	-	118,312	327,441	19,067,887
Due from other funds	6,127,382	-	87,200	-	202,908	6,417,490
Due from other governments	2,242,811	1,708,320	40,545	213,721	407,701	4,613,098
Advances to other funds	112,500	-	-	-	-	112,500
Inventories, at cost	-	-	-	-	31,734	31,734
Prepaid items	31,689	369,933	-	-	29,916	431,538
Total assets	<u>\$ 29,830,376</u>	<u>\$ 6,931,173</u>	<u>\$ 2,462,088</u>	<u>\$ 6,414,719</u>	<u>\$ 4,322,521</u>	<u>\$ 49,960,877</u>
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 641,145	\$ 648,666	\$ 672,190	\$ -	\$ 351,114	\$ 2,313,115
Accrued liabilities	676,650	3,490,239	-	-	52,569	4,219,458
Deposits	436,685	-	-	-	-	436,685
Due to other funds	660,616	-	-	300,920	124,664	1,086,200
Due to other governments	82,607	58,957	-	-	-	141,564
Deferred revenue	19,796,898	803	-	-	1,926	19,799,627
Total liabilities	<u>22,294,601</u>	<u>4,198,665</u>	<u>672,190</u>	<u>300,920</u>	<u>530,273</u>	<u>27,996,649</u>
Fund balances:						
Reserved for special programs	-	191,434	-	-	333,504	524,938
Reserved for encumbrances	199,468	-	930,878	-	430,000	1,560,346
Reserved - prepaid expenditures	31,689	369,933	-	-	29,916	431,538
Reserved for advances to other funds	112,500	-	-	-	-	112,500
Reserved for inventories	-	-	-	-	31,734	31,734
Unreserved, designated for:						
Subsequent years' expenditures	-	7,908	-	-	-	7,908
Debt service	-	-	-	6,113,799	-	6,113,799
Capital projects	-	-	859,020	-	-	859,020
Unreserved, undesignated, reported in:						
General fund	7,192,118	-	-	-	-	7,192,118
School fund	-	2,163,233	-	-	-	2,163,233
Special revenue	-	-	-	-	2,967,094	2,967,094
Total fund balances	<u>7,535,775</u>	<u>2,732,508</u>	<u>1,789,898</u>	<u>6,113,799</u>	<u>3,792,248</u>	<u>21,964,228</u>
Total liabilities and fund balances	<u>\$ 29,830,376</u>	<u>\$ 6,931,173</u>	<u>\$ 2,462,088</u>	<u>\$ 6,414,719</u>	<u>\$ 4,322,521</u>	<u>\$ 49,960,877</u>

CITY OF OAK RIDGE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2009

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

Ending fund balance - governmental funds	\$	21,964,228
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		143,979,314
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.		5,585,925
Property tax revenues that have been deferred in the balance sheet of the governmental funds because they were not available to pay current liabilities of the period are recognized as revenue in the statement of activities and therefore are not included in the statement of net assets.		395,656
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	\$	(38,581,000)
Qualified Zone Academy Bonds (QZAB)		(6,113,020)
Capital Lease Obligation		(713,139)
Notes Payable		(55,084,053)
Discounts and Premiums (net)		(1,808,859)
Compensated Absences		(2,831,259)
Termination Benefits		(300,488)
OPEB Obligation		(2,781,735)
Accrued Interest		(387,919)
		(108,601,472)
Net assets of governmental activities	\$	63,323,651

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, 2009

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 20,978,051	\$ -	\$ -	\$ 2,020,877	\$ 558,612	\$ 23,557,540
Licenses and permits	269,593	-	-	-	-	269,593
Intergovernmental	12,361,737	35,010,559	11,444	-	5,416,398	52,800,138
Charges for services	340,890	1,810,598	-	1,010,777	1,941,593	5,103,858
Fines and forfeitures	380,886	-	-	-	47,035	427,921
Interest	226,969	-	32,192	102,115	41,778	403,054
Other	393,272	278,018	204,263	364,563	150,555	1,390,671
Total revenues	<u>34,951,398</u>	<u>37,099,175</u>	<u>247,899</u>	<u>3,498,332</u>	<u>8,155,971</u>	<u>83,952,775</u>
Expenditures						
Current:						
General government	883,736	-	-	-	-	883,736
Administration	885,840	-	-	-	-	885,840
Public safety	9,908,694	-	-	-	2,480,444	12,389,138
Public works	1,920,662	-	-	-	1,188,540	3,109,202
Community services	4,601,442	-	-	-	6,279,566	10,881,008
Education	-	51,708,158	-	-	-	51,708,158
Capital outlay	-	-	2,506,975	-	-	2,506,975
Debt service:						
Principal retirement	-	-	-	3,066,567	62,000	3,128,567
Interest and fiscal charges	-	-	-	4,592,893	11,686	4,604,579
Bond issuance costs	-	-	-	305,589	-	305,589
Total expenditures	<u>18,200,374</u>	<u>51,708,158</u>	<u>2,506,975</u>	<u>7,965,049</u>	<u>10,022,236</u>	<u>90,402,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,751,024</u>	<u>(14,608,983)</u>	<u>(2,259,076)</u>	<u>(4,466,717)</u>	<u>(1,866,265)</u>	<u>(6,450,017)</u>
Other financing sources (uses)						
Transfers in	2,535,471	13,508,020	2,927,945	6,120,747	2,526,977	27,619,160
Transfers out	(19,238,997)	-	(2,620,747)	(2,927,945)	-	(24,787,689)
Issuance of refunding bonds	-	-	-	38,355,000	-	38,355,000
Loan issuance	-	-	2,806,300	-	-	2,806,300
Capital lease issuance	-	471,515	-	-	-	471,515
Bond premium	-	-	-	1,523,179	-	1,523,179
Refunded bonds redeemed	-	-	-	(39,572,590)	-	(39,572,590)
Total other financing sources (uses)	<u>(16,703,526)</u>	<u>13,979,535</u>	<u>3,113,498</u>	<u>3,498,391</u>	<u>2,526,977</u>	<u>6,414,875</u>
Net change in fund balances	47,498	(629,448)	854,422	(968,326)	660,712	(35,142)
Fund balance - beginning	<u>7,488,277</u>	<u>3,361,956</u>	<u>935,476</u>	<u>7,082,125</u>	<u>3,131,536</u>	<u>21,999,370</u>
Fund balance - ending	<u>\$ 7,535,775</u>	<u>\$ 2,732,508</u>	<u>\$ 1,789,898</u>	<u>\$ 6,113,799</u>	<u>\$ 3,792,248</u>	<u>\$ 21,964,228</u>

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, 2009

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

Net change in fund balances - total governmental funds	\$ (35,142)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expenses (\$5,561,309) and net loss on disposal of fixed assets (\$623,323) exceed capital outlay (\$4,302,395) .	(1,882,237)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	395,656
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, the issuance of debt increases long-term liabilities in the statement of net assets and the principal payment of these liabilities decreases them. This is the amount by which the debt payments exceeded the debt issuance.	228,980
Accrued interest associated with long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds.	98,026
The net change of the insurance fund of the internal service funds is reported with governmental activities.	(84,435)
The net change of the equipment replacement fund of the internal service funds is reported with governmental activities.	482,990
The net change of the school equipment replacement fund of the internal service funds is reported with governmental activities.	<u>(184,691)</u>
Change in net assets of governmental activities	<u><u>\$ (980,853)</u></u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2009

	General Fund					Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	
Revenues						
Taxes	\$ 21,435,000	\$ 21,435,000	\$ 20,978,051	\$ -	\$ 20,978,051	\$ (456,949)
Licenses and permits	223,000	223,000	269,593	-	269,593	46,593
Intergovernmental	12,345,457	12,345,457	12,361,737	-	12,361,737	16,280
Charges for services	318,000	318,000	340,890	-	340,890	22,890
Fines and forfeitures	338,000	338,000	380,886	-	380,886	42,886
Interest	250,000	250,000	226,969	-	226,969	(23,031)
Other	414,000	414,000	393,272	-	393,272	(20,728)
Total revenues	<u>35,323,457</u>	<u>35,323,457</u>	<u>34,951,398</u>	<u>-</u>	<u>34,951,398</u>	<u>(372,059)</u>
Expenditures						
Current:						
General government	887,317	887,317	883,736	-	883,736	3,581
Administration	775,279	775,278	885,840	(125,000)	760,840	14,438
Public safety	9,831,511	9,831,511	9,908,694	-	9,908,694	(77,183)
Public works	1,882,038	1,882,038	1,920,662	(39,100)	1,881,562	476
Community services	4,688,363	4,688,363	4,601,442	(31,475)	4,569,967	118,396
Total expenditures	<u>18,064,508</u>	<u>18,064,507</u>	<u>18,200,374</u>	<u>(195,575)</u>	<u>18,004,799</u>	<u>59,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,258,949</u>	<u>17,258,950</u>	<u>16,751,024</u>	<u>195,575</u>	<u>16,946,599</u>	<u>(312,351)</u>
Other financing sources (uses)						
Transfers in	2,600,000	2,600,000	2,535,471	-	2,535,471	(64,529)
Transfers out	(19,192,370)	(19,403,171)	(19,238,997)	-	(19,238,997)	164,174
Total other financing sources (uses)	<u>(16,592,370)</u>	<u>(16,803,171)</u>	<u>(16,703,526)</u>	<u>-</u>	<u>(16,703,526)</u>	<u>99,645</u>
Net change in fund balances	666,579	455,779	47,498	195,575	243,073	(212,706)
Fund balance - beginning	<u>7,488,277</u>	<u>7,488,277</u>	<u>7,488,277</u>	<u>-</u>	<u>7,488,277</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,154,856</u>	<u>\$ 7,944,056</u>	<u>\$ 7,535,775</u>	<u>\$ 195,575</u>	<u>\$ 7,731,350</u>	<u>\$ (212,706)</u>

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL FUND
For the Fiscal Year Ended June 30, 2009

	School Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
Revenues						
Intergovernmental	\$ 34,940,777	\$ 35,293,223	\$ 35,010,559	\$ -	\$ 35,010,559	\$ (282,664)
Charges for services	1,822,126	1,822,126	1,810,598	-	1,810,598	(11,528)
Other	511,726	509,896	278,018	-	278,018	(231,878)
Total revenues	<u>37,274,629</u>	<u>37,625,245</u>	<u>37,099,175</u>	<u>-</u>	<u>37,099,175</u>	<u>(526,070)</u>
Expenditures						
Current:						
Education	51,146,317	51,496,933	51,708,158	(402,622)	51,305,536	191,397
Total expenditures	<u>51,146,317</u>	<u>51,496,933</u>	<u>51,708,158</u>	<u>(402,622)</u>	<u>51,305,536</u>	<u>191,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,871,688)</u>	<u>(13,871,688)</u>	<u>(14,608,983)</u>	<u>402,622</u>	<u>(14,206,361)</u>	<u>(334,673)</u>
Other financing sources (uses)						
Transfers in	13,508,020	13,508,020	13,508,020	-	13,508,020	-
Capital lease issuance	-	471,515	471,515	-	471,515	-
Total other financing sources (uses)	<u>13,508,020</u>	<u>13,979,535</u>	<u>13,979,535</u>	<u>-</u>	<u>13,979,535</u>	<u>-</u>
Net change in fund balances	(363,668)	107,847	(629,448)	402,622	(226,826)	(334,673)
Fund balance - beginning	<u>3,361,956</u>	<u>3,361,956</u>	<u>3,361,956</u>	<u>-</u>	<u>3,361,956</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,998,288</u>	<u>\$ 3,469,803</u>	<u>\$ 2,732,508</u>	<u>\$ 402,622</u>	<u>\$ 3,135,130</u>	<u>\$ (334,673)</u>

CITY OF OAK RIDGE, TENNESSEE
 STATEMENTS OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2009

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund		Internal Service Funds
			Emergency Communication District Fund	Totals	
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ 622,609	\$ 622,609	\$ 2,576,505
Receivables, net	7,281,335	408,300	24,366	7,714,001	-
Due from other funds	-	370,508	-	370,508	-
Due from other governments	-	-	40,442	40,442	-
Inventory, at cost	-	-	-	-	2,606,375
Total current unrestricted assets	7,281,335	778,808	687,417	8,747,560	5,182,880
Restricted assets					
Deposits	1,538,251	14,914	-	1,553,165	-
Current debt service account	417,473	-	-	417,473	-
Total current restricted assets	1,955,724	14,914	-	1,970,638	-
Total current assets	9,237,059	793,722	687,417	10,718,198	5,182,880
Noncurrent assets					
Capital assets, net	46,260,938	81,965,215	951,936	129,178,089	4,037,943
Advances to other funds	1,500,000	700,000	-	2,200,000	-
Deferred charges	98,428	338,866	-	437,294	3,660
Total noncurrent assets	47,859,366	83,004,081	951,936	131,815,383	4,041,603
Total assets	57,096,425	83,797,803	1,639,353	142,533,581	9,224,483
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable	6,683,736	546,490	3,949	7,234,175	305,768
Claims payable	-	-	-	-	100,000
Accrued liabilities	96,590	134,728	-	231,318	11,819
Deposits	1,538,251	-	-	1,538,251	-
Due to other funds	2,984,137	2,530,205	-	5,514,342	187,456
Due to other governments	5,808	-	-	5,808	-
Advances from other funds	-	-	-	-	2,312,500
Current portion of long-term debt	1,311,472	2,004,990	102,292	3,418,754	231,499
Contracts payable	-	14,914	-	14,914	-
Accrued interest payable	61,608	9,771	24,305	95,684	1,891
Total current liabilities	12,681,602	5,241,098	130,546	18,053,246	3,150,933
Noncurrent liabilities					
Vacation benefits payable	79,014	179,362	-	258,376	36,112
Notes and loans payable	4,029,029	27,551,165	873,806	32,454,000	-
Bonds payable	16,219,428	2,618,837	-	18,838,265	450,325
OPEB liability	5,194	11,427	-	16,621	1,188
Total noncurrent liabilities	20,332,665	30,360,791	873,806	51,567,262	487,625
Total liabilities	33,014,267	35,601,889	1,004,352	69,620,508	3,638,558
<u>NET ASSETS</u>					
Invested in capital assets net of related debt	24,946,524	50,322,093	(24,162)	75,244,455	3,431,191
Restricted for debt service	417,473	-	-	417,473	-
Unrestricted	(1,281,839)	(2,126,179)	659,163	(2,748,855)	2,154,734
Total net assets	\$ 24,082,158	\$ 48,195,914	\$ 635,001	\$ 72,913,073	\$ 5,585,925

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund	Totals	Internal Service Funds
			Emergency Communication District Fund		
Operating revenues					
Charges for services	\$ 51,764,998	\$ 19,819,808	\$ 493,639	\$ 72,078,445	\$ 8,653,218
Other	800,382	110,647	24,295	935,324	-
Employer's contributions	-	-	-	-	3,328,758
Employees' contributions	-	-	-	-	891,088
Total operating revenues	<u>52,565,380</u>	<u>19,930,455</u>	<u>517,934</u>	<u>73,013,769</u>	<u>12,873,064</u>
Operating expenses					
Maintenance and administrative	6,171,477	10,054,294	444,303	16,670,074	1,206,254
Purchased power and water	40,786,288	2,338,958	-	43,125,246	-
Depreciation	2,109,427	3,805,105	124,216	6,038,748	932,200
Materials	-	-	-	-	3,256,199
Medical/liability claims	-	-	-	-	287,320
Insurance premiums	-	-	-	-	7,211,167
Total operating expenses	<u>49,067,192</u>	<u>16,198,357</u>	<u>568,519</u>	<u>65,834,068</u>	<u>12,893,140</u>
Operating income (loss)	<u>3,498,188</u>	<u>3,732,098</u>	<u>(50,585)</u>	<u>7,179,701</u>	<u>(20,076)</u>
Nonoperating revenue (expense)					
Gain on sale of capital assets	-	-	-	-	3,265
Intergovernmental revenue	-	-	-	-	298
Interest revenue	32,006	400	8,773	41,179	25,418
Interest expense	(885,366)	(1,023,790)	-	(1,909,156)	(27,915)
Total nonoperating revenue (expense)	<u>(853,360)</u>	<u>(1,023,390)</u>	<u>8,773</u>	<u>(1,867,977)</u>	<u>1,066</u>
Income (loss) before transfers and contributions	2,644,828	2,708,708	(41,812)	5,311,724	(19,010)
Transfers out	(1,409,145)	(1,422,326)	-	(2,831,471)	-
Capital contributions	-	1,067,960	-	1,067,960	232,874
Change in net assets	<u>1,235,683</u>	<u>2,354,342</u>	<u>(41,812)</u>	<u>3,548,213</u>	<u>213,864</u>
Total net assets - beginning	<u>22,846,475</u>	<u>45,841,572</u>	<u>676,813</u>	<u>69,364,860</u>	<u>5,372,061</u>
Total net assets - ending	<u>\$ 24,082,158</u>	<u>\$ 48,195,914</u>	<u>\$ 635,001</u>	<u>\$ 72,913,073</u>	<u>\$ 5,585,925</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	<u>Enterprise Funds</u>				
	Electric Fund	Waterworks Fund	Nonmajor Fund	Totals	Internal Service Funds
			Emergency Communication District Fund		
Operating activities					
Cash received from customers	\$ 53,067,997	\$ 20,244,722	\$ 522,395	\$ 73,835,114	\$ 12,916,014
Cash paid to employees	(6,183,294)	(10,072,857)	-	(16,256,151)	-
Cash paid to suppliers	(40,435,600)	(2,787,491)	(472,942)	(43,696,033)	(11,844,755)
Net cash provided by operating activities	<u>6,449,103</u>	<u>7,384,374</u>	<u>49,453</u>	<u>13,882,930</u>	<u>1,071,259</u>
Noncapital financing activities					
Transfers from other funds	-	(370,508)	-	(370,508)	(58,723)
Transfers to other funds	(2,279,145)	(837,183)	(28)	(3,116,356)	41,264
Federal grant proceeds	-	-	-	-	749
Net cash provided by (used in) by noncapital financing activities	<u>(2,279,145)</u>	<u>(1,207,691)</u>	<u>(28)</u>	<u>(3,486,864)</u>	<u>(16,710)</u>
Capital and related financing activities					
Net proceeds from the issuance of long-term debt	11,635,141	1,039,491	-	12,674,632	-
Contributed capital	-	1,067,960	-	1,067,960	232,874
Acquisition and construction of capital assets	(3,223,230)	(5,894,190)	-	(9,117,420)	(776,500)
Principal paid on long-term debt	(11,358,618)	(1,424,740)	(97,440)	(12,880,798)	(188,704)
Interest paid on long-term debt	(879,130)	(1,024,740)	(2,426)	(1,906,296)	(28,390)
Net cash used in capital and related financing activities	<u>(3,825,837)</u>	<u>(6,236,219)</u>	<u>(99,866)</u>	<u>(10,161,922)</u>	<u>(760,720)</u>
Investing activities					
Interest and dividends on investments	32,006	400	8,773	41,179	25,418
Net cash provided by investing activities	<u>32,006</u>	<u>400</u>	<u>8,773</u>	<u>41,179</u>	<u>25,418</u>
Net increase (decrease) in cash and cash equivalents	376,127	(59,136)	(41,668)	275,323	319,247
Cash and cash equivalents					
Beginning of year	<u>1,579,597</u>	<u>74,050</u>	<u>664,277</u>	<u>2,317,924</u>	<u>2,257,258</u>
End of year	<u>\$ 1,955,724</u>	<u>\$ 14,914</u>	<u>\$ 622,609</u>	<u>\$ 2,593,247</u>	<u>\$ 2,576,505</u>

(Continued)

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2009

	<u>Enterprise Funds</u>				
	Electric Fund	Waterworks Fund	Nonmajor Fund	Totals	Internal Service Funds
			Emergency Communication District Fund		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 3,498,188	\$ 3,732,098	\$ (50,585)	\$ 7,179,701	\$ (20,076)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,109,427	3,805,105	124,216	6,038,748	932,200
Change in assets and liabilities					
(Increase) decrease in accounts receivable	241,361	(36,579)	4,461	209,243	42,016
Decrease in amortization of deferred charges	158,361	350,846	-	509,207	934
(Increase) decrease in inventory, at cost	-	-	-	-	51,801
(Increase) decrease in due from other governments	5,808	-	(29,421)	(23,613)	-
Increase (decrease) in accounts payable	330,913	(477,368)	782	(145,673)	103,300
Increase (decrease) in claims payable	-	-	-	-	(50,000)
Increase (decrease) in accrued liabilities	19,775	28,835	-	48,610	2,813
Increase (decrease) in accrued vacation	(17,011)	(29,990)	-	(47,001)	7,083
Increase in customer deposits	97,087	-	-	97,087	-
Increase (decrease) in OPEB liability	5,194	11,427	-	16,621	1,188
Total adjustments	<u>2,950,915</u>	<u>3,652,276</u>	<u>100,038</u>	<u>6,703,229</u>	<u>1,091,335</u>
Net cash provided by (used in) operating activities	<u>\$ 6,449,103</u>	<u>\$ 7,384,374</u>	<u>\$ 49,453</u>	<u>\$ 13,882,930</u>	<u>\$ 1,071,259</u>

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

CITY OF OAK RIDGE, TENNESSEE
 STATEMENTS OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2009 and 2008

	Private-purpose Trust Fund	
	2009	2008
Assets		
Cash and cash equivalents	\$ 270,915	\$ 283,336
Investments, at fair value	103,184	101,659
Total assets	374,099	384,995
Liabilities		
Accounts payable	1,000	-
Due to other funds	-	12,000
Total liabilities	1,000	12,000
Net assets		
Held in Trust for:		
Reserved for endowment	373,099	372,995
Total net assets	\$ 373,099	\$ 372,995

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, 2009 and June 30, 2008

	Private-purpose Trust Fund	
	2009	2008
Additions		
Contributions	\$ 22,675	\$ 500
Investment income	15,258	28,377
Total additions	37,933	28,877
Deductions		
Scholarship awards	37,829	13,004
Total deductions	37,829	13,004
Change in net assets	104	15,873
Total net assets - beginning	372,995	357,122
Total net assets - ending	\$ 373,099	\$ 372,995

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, 2009

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**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

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

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

Discretely Presented Component Units

Oak Ridge Convention and Visitors Bureau. The Convention and Visitors Bureau promotes tourism activities and operates a tourist information center within the City. The Bureau's seven Board members are appointed by City Council. Bureau operations are virtually entirely funded from City appropriations. The Bureau has a June 30 year-end and complete financial statements for the Oak Ridge Convention and Visitors Bureau may be obtained at the entity's administrative offices at the following address:

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

The Foundation has been audited by a separate certified public accounting firm for the year ending December 31, 2008. The Foundation's results have been presented with a different year-end in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, paragraph 59.

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

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

Related Organizations

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

b. Government-wide and Fund Financial Statements

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

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

The City reports the following major governmental funds:

General Fund

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, recreation, public works, general government, etc.).

School Fund

The School Fund is a special revenue fund. This fund is used to account for the revenues and expenditures of the City's public school system.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources segregated for the acquisition, construction or renovation of major capital facilities other than those financed by proprietary operations. The primary funding source is proceeds from general obligation debt issuances and transfers from the General Fund.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Debt Service Fund

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

The City reports the following major enterprise funds:

Electric Fund

The Electric Fund is used to account for the provision of electric service to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

Waterworks Fund

The Waterworks Fund is used to account for the provision of water and sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection.

The City also reports the following fund types:

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

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

Private Purpose Trust Fund

The Scholarship Fund, a private purpose trust fund, is used to account for principal trust amounts received and related interest income. The interest portion of the trust is used for college scholarship awards. The principal amount is invested but must be preserved intact.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

c. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 60 days after year-end. Sales, gasoline and motor fuel, beer and liquor wholesale, room occupancy and mixed drink taxes are considered "measurable" at the point of sale and are recognized as revenue at that time. All other intergovernmental revenues, licenses and permits, charges for services, fines and forfeitures, and other revenues are measurable when received and are recorded as revenue at that time. Property taxes are levied June 1 and the revenue from that levy is recognized in the following fiscal year beginning July 1, the year in which the tax revenues are intended to finance (see Note 2).

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

The principal ongoing operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services provided. Operating revenues in the Waterworks Fund includes the portion of the tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

d. Budgets and Budgetary Accounting

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

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

CITY OF OAK RIDGE, TENNESSEE
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For the Fiscal Year Ended June 30, 2009

e. Cash and Cash Equivalents

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

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

f. Investments

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

g. Unbilled Accounts Receivable

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

h. Allowances for Doubtful Accounts

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

i. Pledges Receivables

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

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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j. Inventories and Prepaid Items

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

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

k. Compensated Absences

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

l. Capital Assets

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

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

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

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

CITY OF OAK RIDGE, TENNESSEE
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For proprietary fund assets, interest is capitalized on construction costs incurred with tax-exempt debt using the interest rate on borrowed funds. The amount of interest cost incurred on tax-exempt debt is reduced by the amount of interest earnings for the year. Interest is capitalized on construction costs incurred with taxable debt using the average interest rate on the borrowed funds. The capitalization period is from the date of the borrowing until the construction period is complete. No interest was capitalized for the year ended June 30, 2009.

m. Long-term Obligations

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

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

n. Interfund Transactions

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

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

o. Net Assets/Fund Balance

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

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

p. Encumbrances

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

q. Deferred Revenues

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

r. Estimates

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

s. Comparative Data

Comparative total data for the prior year, which was summarized from the 2008 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 2008 data comparable to that of 2009.

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, 2009 is \$19,791,477.

CITY OF OAK RIDGE, TENNESSEE
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Assessed values are reviewed and approved by the State of Tennessee at the following rates of assumed market value:

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

The last reappraisal was completed for the list as of January 1, 2005 (recognized in the fiscal year beginning July 1, 2005). The assessed value for the list as of January 1, 2008, was \$689,222,906. The appraised value was \$2,285,863,771 making the total assessed value approximately 30 percent of the total appraised value.

Taxes were levied at a rate of \$2.77 per \$100 of assessed value. Taxes are due in one payment on June 1 (levy date) and delinquent on August 1 (lien date) each tax year. Current tax collections of \$18,519,409 for the fiscal year ended June 30, 2009 were approximately 97 percent of the tax levy.

3. DEPARTMENT OF ENERGY

The Department of Energy (DOE) has three major facilities in Oak Ridge that represent the largest activity at any one location within the nationwide DOE complex. Oak Ridge National Laboratory (ORNL), one of the nation's largest multipurpose research centers, develops safe, economic, and environmentally acceptable technologies for efficient production and use of energy. ORNL enhances area wide economic growth and development through its technology transfer program to private sector industries, as well as, sophisticated needs and uses for federal and private environmental/hazardous waste management, metals and ceramics technologies, and space-age tool and die industries. The former Oak Ridge K-25 Gaseous Diffusion Plant site, now known as East Tennessee Technology Park (ETTP), is a focal point for developing hazardous waste management impoundment and storage. Oak Ridge Y-12 plant is a highly sophisticated manufacturing and developmental engineering organization engaged primarily in programs vital to national defense. BWXT, Inc., UT-Battelle and Bechtel Jacobs, the contractors that operate the three major facilities, are the major employers in Oak Ridge. DOE plants account for 39% of total water sales and 29% of wastewater revenues. Since the DOE generates their own electricity, DOE does not purchase power from the City.

The City receives financial assistance and in-lieu of tax payments from DOE. The City received \$1,476,023 from DOE in tax payments in fiscal 2009. The annual payments are subject to congressional appropriation.

During fiscal 2008, the City entered into an agreement with DOE and Bechtel Jacobs (BJC) to assume fire and emergency medical response duties for the ETTP site. Under the agreement with DOE, through its contractor BJC, the City will receive an estimated \$10,000,000 in funding over the four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and fire fighting and ambulance vehicles and equipment to the City to operate this facility. The

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City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETPP fire station. The City received \$2,546,940 from BJC in fiscal 2009.

The City has entered into a 5-year agreement with DOE and Bechtel Jacobs (BJC), under which the City assumed responsibility for water and wastewater services to the ETPP site. The City acquired the ETPP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETPP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETPP water plant is near the end of its useful life. Under terms of the contract, DOE through its contractor BJC will provide funding to fully operate the water plant and provide \$500,000 each year of the contract for the City to build new infrastructure from the City's main water plant to serve the ETPP site. On May 29, 2008, the City assumed water and wastewater operations to the ETPP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. Under terms of the contract, the City will receive a base amount from BJC, reduced by revenues the City receives from other City customers that are serviced by the ETPP water plant and the Rarity Ridge wastewater plant during that time frame. The City received \$1,585,141 from BJC in fiscal 2009.

4. RETIREMENT PLAN

Plan Description

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

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

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Funding Policy

The City's plan is noncontributory. The City assumed the employees' contributions and contributes up to 5.0% of employee annual covered payroll. A small number of employees whose contribution rate was greater than 5.0% prior to the change to the adoption to noncontributory still contribute the excess over 5.0%. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 13.07% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2009, the City's annual pension cost of \$2,457,611 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 28 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 2,457,611	100.00%	\$ 0
6/30/08	2,037,667	100.00%	0
6/30/07	1,856,864	100.00%	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 89.02% funded. The actuarial accrued liability for benefits was \$72.36 million, and the actuarial value of assets was \$64.41 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$7.95 million. The covered payroll (annual payroll of active employees covered by the plan) was \$15 million, and the ratio of the UAAL to the covered payroll was 51.43%.

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

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

Oak Ridge School System Employees - Retirement Plan

Non-Teaching Personnel

Plan Description

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

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

Funding Policy

The Oak Ridge Schools plan is a contributory plan whereby the employee contributes 5% of earnable compensation and the employer is responsible for the remaining contribution. The School Fund is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009, was 10.16% of annual covered payroll. The contribution requirements of plan members are set by State statute. Contribution requirements for the Schools are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2009, Oak Ridge Schools' annual pension cost of \$646,133 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2007, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on

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investment of present and future assets of 7.5% a year compounded annually, (b) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Oak Ridge Schools' unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007, was 8 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 646,133	100.00%	\$ 0
6/30/08	620,195	100.00%	0
6/30/07	596,443	100.00%	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 88.25% funded. The actuarial accrued liability for benefits was \$21.64 million, and the actuarial value of assets was \$19.10 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2.54 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6 million, and the ratio of the UAAL to the covered payroll was 41.17%.

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

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

Teaching Personnel

Plan Description

The Oak Ridge Schools contribute to the State Employees, Teachers and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The plan description is the same as the one outlined above for non-teaching school employees with the exception that a reduced retirement benefit is available to vested members who are at least 55 years of age or have

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25 years of service. Benefit provisions are established by State statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly.

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

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, 2009, was 6.42% of annual covered payroll. The contribution requirements of the Oak Ridge Schools are established and may be amended by the TCRS Board of Trustees. The Oak Ridge Schools' contributions to TCRS for the years ending June 30, 2009, 2008, and 2007 were \$1,574,674, \$1,509,165, and \$1,394,916, respectively, equal to the required contributions for each year.

5. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description – City Employee Other Than Schools

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

Funding Policy

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

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Eligibility

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution (ARC)	\$ 219,655
Interest on net OPEB Obligation	-
Adjustment to the ARC	-
Annual OPEB Cost	<u>219,655</u>
Contributions Made	<u>(73,199)</u>
Increase in OPEB Obligation	146,456
Net OPEB Obligation, Beginning of Year	-
Net OPEB Obligation, End of Year	<u><u>\$ 146,456</u></u>

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

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 219,655	33.3%	\$ 146,456
6/30/2008	N/A	N/A	N/A
6/30/2007	N/A	N/A	N/A

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

Funded Status and Progress

The funded status on the plan as of June 30, 2009, was as follows:

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

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

Actuarial Methods and Assumptions

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

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Plan Description – Schools

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

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

	<u>Teacher Group Insurance Plan</u>
Annual Required Contribution (ARC)	\$ 336,059
Interest on net OPEB Obligation	111,434
Adjustment to the ARC	<u>(108,458)</u>
Annual OPEB Cost	339,035
Contributions Made	<u>(133,195)</u>
Increase in OPEB Obligation	205,840
Net OPEB Obligation, Beginning of Year	<u>2,476,305</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,682,145</u></u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Costs Contributed	Net OPEB Obligation
6/30/2009	\$ 339,035	39.3%	\$ 2,682,145
6/30/2008	328,892	38.8%	2,476,305
6/30/2007	N/A	N/A	N/A

Since 2008 was the first year of implementation of GASB 45 for the Schools, three years of data is not available.

Funded Status and Progress

Actuarial Valuation Date	7/1/2007
Actuarial Accrued Liability (AAL)	\$ 2,506,169
Actuarial Value of Plan Assets	-
Total Unfunded AAL	<u>\$ 2,506,169</u>
Percentage of the AAL)	0.0%
Annual Covered Payroll	\$ 24,527,632
Covered Payroll	10.2%

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

Actuarial Methods and Assumptions

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

In the July 1, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11% initially, reduced by decrements to a ultimate rate of 6% after ten years. Both rates include a 3% inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

6. ON-BEHALF PAYMENTS

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

Medicare Supplement Plan

Since Teachers are considered state employees per state statutes, the State of Tennessee makes a contribution (on-behalf payments) for retired teachers to this Plan through the TCRS. The on-behalf payment for 2009 was \$49,504 and has been recorded as a revenue and expenditure in the general purpose school fund.

Teacher Group Insurance Plan

The State of Tennessee makes a contribution (on-behalf payment) for retired teachers who participate in the State-administered Teacher Group Insurance Plan through TCRS as described in Note 5. The on-behalf payment for 2009 was \$133,195 and has been recorded as a revenue and expenditure in the general purpose school fund.

7. TERMINATION BENEFITS

Retired employees from the City, excluding employees working in the school system, may continue their individual or family hospitalization insurance coverage through the City, but must reimburse the City at 50% of the premium costs. During fiscal 2009, the City contributed \$17,896 toward retiree's insurance premium costs with 13 retirees receiving the benefit at fiscal year end. The City funds its contribution of the retiree's insurance premiums on a pay-as-you-go basis.

The Schools will provide voluntary termination benefits for professional employees who agree to retire before age 65. Employees who retire at age 60, or after 30 years of creditable service in the Tennessee Consolidated Retirement System (TCRS) with at least 10 years as a teacher in the Oak Ridge Schools, 85% of the retirees' individual health insurance premium will be paid by the schools for 5 years or until the retiree reaches age 65. During fiscal 2009, the Schools reimbursed approximately \$36,876 to 16 retirees. The Schools funds its contribution of the retirees' individual insurance premium on a pay-as-you-go basis.

At June 30, 2009, the estimated liability and expense of school employee termination benefits reported in the government-wide financial statements is \$300,488 at June 30, 2009. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 2.56% and a projected healthcare cost trend rate of 10.0% were used to estimate the effect of making these payments over a five-year period.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

8. ACCOUNTS RECEIVABLE

For collection economy, the Electric Fund collects the utility customer receivables for the Waterworks Fund and accounts receivable from the Solid Waste Fund for charges on residential refuse service. The Electric Fund is reimbursed by these funds for their uncollectible accounts. Billing and collecting expenses or expenditures are allocated among the three funds.

Customers are billed for services monthly on a cyclical basis. Unbilled revenue for utility services rendered but not yet billed as of the close of the fiscal year in the amount of \$1,627,273 was recorded in the Electric Fund at June 30, 2009.

Receivables at June 30, 2009 consist of the following:

Fund	Taxes	Customer Accounts	Other	Allowance For Uncollectibles	Net Receivable Per Governmental- wide Financial Statements
General	\$ 18,829,201	\$ 631,150	\$ 924,816	\$ (1,883,230)	\$ 18,501,937
School	-	120,197	-	-	120,197
Debt Service	-	-	118,312	-	118,312
Electric	-	8,619,556	-	(1,338,221)	7,281,335
Waterworks	-	408,300	-	-	408,300
Nonmajor	107,347	-	244,460	-	351,807
Total	\$ 18,936,548	\$ 9,779,203	\$ 1,287,588	\$ (3,221,451)	\$ 26,781,888

9. DEPOSITS AND INVESTMENTS

Pooled Investments

The unrestricted cash of the City's various funds, excluding the School Fund, are pooled for investment purposes as described in Note 11.

Deposits

At year-end, the carrying amount of the City's deposits was \$4,660,614 and the bank balance was \$4,197,407. Deposit policies authorize the City to maintain their operating and excess funds in bank accounts and certificates of deposit with banks or credit unions that have a branch located within the Oak Ridge city limits. Banks or credit unions shall be fully insured by the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). In addition, accounts with balances in excess of FDIC or NCUA insurance levels must participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

At June 30, 2009, 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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

required to secure these deposits must be equal to the average daily balance of public deposits held. Participating financial institutions pledge the collateral securities required to protect their public fund accounts to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities.

Investments

The City's investments at fiscal year end, excluding that of the Scholarship Fund, a Fiduciary Fund, were in the State of Tennessee Local Government Investment Pool (LGIP) and Certificates of Deposit. The responsibility for conducting the LGIP's investment program resides with the State Treasurer and investments are made in instruments authorized by Tennessee Code Annotated, Section 9-4-602. The LGIP is a SEC 2a-7-like fund and the carrying value of the City's investment held by the LGIP at fiscal year end of \$18,563,340 is based on the LGIP share price.

The Oak Ridge Schools maintain investments in certificates of deposit. Banks or credit unions holding the certificates of deposit shall be fully insured by the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). In addition, accounts with balances in excess of FDIC or NCUA insurance levels must participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

The Oak Ridge Schools held, as trustee, federal agency debt securities in the Scholarship Fund, a Fiduciary Fund, with a carrying value of \$103,184 at year-end as shown below. The carrying value of the investment was presented at fair value. The investments are held by the Schools in the School's name. These investments were purchased prior to the Schools adoption of GASB Statement 40, *Deposits and Investment Risk Disclosures* and the School's revised Investment Policy.

As of June 30, 2009 the City had the following investments and maturities:

	Fair Value	Investment maturities	
		Less than 1 year	More than 10 years
State of Tennessee Local Government Investment Pool	\$ 18,563,340	\$ 18,563,340	\$ -
Certificates of Deposit	1,504,557	1,504,557	-
Federal Agencies:			
Federal National Mortgage Association - 5.35%	39,441	-	39,441
Federal Home Loan Mortgage Corporation - 5.5%	63,743	-	63,743
Total Investment and Maturities	\$ 20,171,081	\$ 20,067,897	\$ 103,184

Investment income in the Scholarship Fund for 2009 consisted of the following:

Interest and dividend income	\$ 13,733
Unrealized gain on market value	<u>1,525</u>
Total	<u>\$ 15,258</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

Investment Policies

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

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

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

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

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

Component Unit – Education Foundation

At June 30, 2009, the Education Foundation had the following deposits and investments:

<u>Description</u>	<u>Fair Value</u>
Deposits:	
Bank Deposits, Certificates of Deposit and Money Market Accounts	\$ 462,621
Investments:	
U.S. Treasury Notes and Bonds	4,290,645
Corporate Bonds	94,290
Common Stock	961,967
	<u>5,346,902</u>
Total	<u>\$ 5,809,523</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

Investments at Fair Value

Investment income (loss) for 2009 consisted of the following:

Interest and Dividends	\$ 212,031
Unrealized Gain (Loss) on Market Values	<u>(165,520)</u>
	<u><u>\$ 46,511</u></u>

At June 30, 2009, the majority of the Foundation's investments were rated as AAA by Standard and Poor's and Aa3 by Moody's Investor Services. The Foundation is presently using an investment broker-dealer who is registered with the SIPC.

10. PLEDGES RECEIVABLE

Component Unit- Education Foundation

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

	Amount
Due Within One Year	\$ 504,054
Due in One to Five Years	<u>14,077</u>
Gross Receivable	518,131
Less: Discount to Net Present Value	(16,193)
Allowance for Uncollectible	<u>(77,734)</u>
Total Net	<u><u>\$ 424,204</u></u>
	Amount
Due Within One Year	\$ 412,604
Due in One to Five Years	<u>11,600</u>
Total-Net	<u><u>\$ 424,204</u></u>

The discount rate used to compute the net present value adjustment ranged from 3.64% to 5.23%.

11. POOLED CASH AND INVESTMENTS

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

12. RESTRICTED ASSETS

The Electric Fund's restricted assets include customer utility deposits and funds set aside to satisfy legal covenants regarding debt service on Electric Fund long-term debt issuances. The Waterworks Fund's restricted assets include contractor retainage deposits. The "current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The proprietary funds restricted assets at June 30, 2009 are as indicated below:

	Business-type Activities		Total Per Government- wide Financial Statements
	Electric Fund	Waterworks Fund	
Deposits	\$ 1,538,251	\$ 14,914	\$ 1,553,165
Current debt service account	417,473	-	417,473
Total	\$ 1,955,724	\$ 14,914	\$ 1,970,638

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

13. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2009 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,038,784	\$ 4,591	\$ (249)	\$ 3,043,126
Construction in progress	58,517,193	3,617,997	(62,135,190)	-
Total capital assets not being depreciated	<u>61,555,977</u>	<u>3,622,588</u>	<u>(62,135,439)</u>	<u>3,043,126</u>
Capital assets being depreciated:				
Infrastructure	45,853,725	338,554	-	46,192,279
Buildings	78,635,289	52,035,028	(896,679)	129,773,638
Improvements other than buildings	12,415,631	127,562	-	12,543,193
Machinery and equipment	20,606,478	11,093,619	(317,415)	31,382,682
Total capital assets being depreciated	<u>157,511,123</u>	<u>63,594,763</u>	<u>(1,214,094)</u>	<u>219,891,792</u>
Less accumulated depreciation for:				
Infrastructure	(16,442,638)	(923,846)	-	(17,366,484)
Buildings	(34,097,232)	(3,076,131)	285,086	(36,888,277)
Improvements other than buildings	(5,102,056)	(456,259)	-	(5,558,315)
Machinery and equipment	(13,373,245)	(2,037,274)	305,934	(15,104,585)
Total accumulated depreciation	<u>(69,015,171)</u>	<u>(6,493,510)</u>	<u>591,020</u>	<u>(74,917,661)</u>
Total capital assets being depreciated, net	<u>88,495,952</u>	<u>57,101,253</u>	<u>(623,074)</u>	<u>144,974,131</u>
Governmental activities capital assets, net	<u>\$ 150,051,929</u>	<u>\$ 60,723,841</u>	<u>\$ (62,758,513)</u>	<u>\$ 148,017,257</u>

Beginning balances have been adjusted in the above table for prior period adjustments (see Note 24).

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

General government	\$ 68,502
Public safety	500,100
Public works	1,438,647
Community service	797,744
Education	3,688,517
Total depreciation expense	<u>\$ 6,493,510</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Capital Asset activity for the business-type activities for the year ended June 30, 2009 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 755,193	\$ -	\$ -	\$ 755,193
Construction in progress	1,080,818	972,036	(183,911)	1,868,943
Total capital assets not being depreciated	<u>1,836,011</u>	<u>972,036</u>	<u>(183,911)</u>	<u>2,624,136</u>
Capital assets being depreciated:				
Electric plant in service				
Transmission	9,221,796	-	-	9,221,796
Distribution	57,449,387	2,147,523	(189,484)	59,407,426
Water plant in service	51,177,832	3,401,425	(63,572)	54,515,685
Wastewater plant in service	67,189,022	2,354,010	-	69,543,032
Equipment	6,295,986	332,627	(93,516)	6,535,097
Total capital assets being depreciated	<u>191,334,023</u>	<u>8,235,585</u>	<u>(346,572)</u>	<u>199,223,036</u>
Less accumulated depreciation for:				
Electric plant in service				
Transmission	(2,765,697)	(276,654)	-	(3,042,351)
Distribution	(21,099,948)	(1,699,320)	280,427	(22,518,841)
Water plant in service	(16,950,897)	(2,076,409)	66,339	(18,960,967)
Wastewater plant in service	(22,631,321)	(1,684,728)	-	(24,316,049)
Equipment	(3,622,754)	(301,637)	93,516	(3,830,875)
Total accumulated depreciation	<u>(67,070,617)</u>	<u>(6,038,748)</u>	<u>440,282</u>	<u>(72,669,083)</u>
Total capital assets being depreciated, net	<u>124,263,406</u>	<u>2,196,837</u>	<u>93,710</u>	<u>126,553,953</u>
Business-type activities capital assets, net	<u>\$ 126,099,417</u>	<u>\$ 3,168,873</u>	<u>\$ (90,201)</u>	<u>\$ 129,178,089</u>

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

Electric	\$ 2,109,427
Waterworks	3,805,105
Emergency Communications	124,216
Total depreciation expenses	<u>\$ 6,038,748</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

14. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2009:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
Governmental Activities:					
General Fund:					
General Obligation Bonds	\$ 24,071,000	\$ 17,215,000	\$ (2,705,000)	\$ 38,581,000	\$ 2,613,000
Qualified Zone Academy Bonds (QZAB)	6,622,439	-	(509,419)	6,113,020	509,418
Notes Payable	70,769,753	23,946,300	(39,632,000)	55,084,053	165,000
Unamortized Debt Discount	(115,607)	-	24,623	(90,984)	(24,623)
Unamortized Debt Premium	454,522	1,523,178	(77,857)	1,899,843	144,497
Capital Lease Obligations	544,147	471,515	(302,523)	713,139	293,000
Compensated Absences	3,118,649	2,309,606	(2,596,996)	2,831,259	2,233,281
School Termination Benefits	501,325	-	(200,837)	300,488	45,626
OPEB Obligation	2,476,305	488,400	(182,970)	2,781,735	90,431
City Equipment Replacement Rental Fund:					
General Obligation Bonds	799,000	-	(190,000)	609,000	157,000
Unamortized Bond Discount	(9,183)	-	1,868	(7,315)	(1,867)
Unamortized Reoffering Premium	6,361	-	(1,294)	5,067	1,294
Compensated Absences	103,379	79,793	(73,925)	109,247	73,135
OPEB Obligation	-	4,686	(1,561)	3,125	1,937
Total Long-term Liabilities - Governmental Activities:	\$ 109,342,090	\$ 46,038,478	\$ (46,447,891)	\$ 108,932,677	\$ 6,301,129
Business-type Activities:					
Electric Fund:					
Bonds	\$ 7,785,000	\$ 10,070,000	\$ (900,000)	\$ 16,955,000	\$ 930,000
Notes Payable	13,188,417	1,443,123	(10,489,087)	4,142,453	113,424
Unamortized Debt Discount	(123,836)	(70,490)	60,364	(133,962)	(13,752)
Unamortized Reoffering Premium	187,825	192,508	(29,410)	350,923	36,285
Compensated Absences	342,025	239,607	(265,578)	316,054	237,040
OPEB Obligation	-	20,501	(6,832)	13,669	8,475
Waterworks Fund:					
General Obligation Bonds	3,410,000	-	(380,000)	3,030,000	390,000
Notes Payable	11,818,763	781,855	(354,667)	12,245,951	368,533
State Revolving Fund Program Loan	16,823,795	257,636	(689,520)	16,391,911	718,164
Unamortized Debt Discount	(32,081)	-	4,052	(28,029)	(4,052)
Unamortized Reoffering Premium	3,764	-	(475)	3,289	475
Compensated Absences	745,352	518,780	(571,545)	692,587	513,225
OPEB Obligation	-	45,102	(15,030)	30,072	18,645
Emergency Communications Fund:					
Capital Lease Obligations	1,073,538	-	(97,440)	976,098	102,292
Total Long-term Liabilities - Business-type Activities	\$ 55,222,562	\$ 13,498,622	\$ (13,735,168)	\$ 54,986,016	\$ 3,418,754

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

General Obligation Debt Refundings

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 \$37,352 and the unamortized gain on sale was \$52,425. These costs are being amortized over a 14-year life in the government-wide statements.

In February 2009, the City issued \$27,285,000 in General Obligation Refunding Bonds Series 2009 for a current refunding of \$18,570,000 in outstanding general obligation debt whose annual debt service payment was to be funded by the General Fund, a governmental-type activity, and \$10,380,000 in revenue debt to be funded by the Electric Fund, a business-type activity. The refunding was done to reduce total future debt service payments and to replace variable interest rate debt with fixed interest rate debt. Principal payments will occur from 2015 through 2025. Interest rates on the bonds range from 3% to 5%. The reacquisition price was \$1,715,687 less than the net carrying amount of the old debt. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. Using an estimated 5% interest rate on the refunded variable interest rate debt, the transaction resulted in an economic gain of \$3,421,749 and a reduction of \$5,814,321 in future debt service payments.

A. Long-Term Debt – Governmental Activities

Oak Ridge High School (ORHS) Project

Over the past five years, the City has issued a series of long-term debt issuances to finance the renovation and expansion of the Oak Ridge High School. As of June 30, 2009, \$51,900,652 in debt had been issued through a Tennessee Public Building Authority and \$8,081,860 in Qualified Zone Academy Bonds (QZAB) to finance the ORHS project. In November 2009, the City issued \$20,000,000 in Build America Bonds, with approximately \$6.4 million of those proceeds to be used to reimburse the City for funds expended during fiscal 2009 for completion of the 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 was required to split the additional .50% in local sales tax collections with Anderson County effective with July 2006 sale transactions.

Funding for the debt service on the ORHS project debt issuances will be provided from the additional .50% sales tax proceeds in Oak Ridge Anderson County, private donations and from revenues generated from the existing property tax base. During fiscal 2009, \$2,020,877 in sales tax collections were recorded in the Debt Service Fund. These funds will be invested and utilized for future debt service payments on debt issued for this project.

**CITY OF OAK RIDGE, TENNESSEE
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General Obligation Bonds – General Fund

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2010	\$ 2,613,000	\$ 1,795,160	\$ 4,408,160
2011	2,738,000	1,659,730	4,397,730
2012	3,040,000	1,528,635	4,568,635
2013	3,005,000	1,378,135	4,383,135
2014	2,950,000	1,231,610	4,181,610
2015-2019	15,610,000	4,143,205	19,753,205
2020-2023	8,625,000	797,860	9,422,860
Total	<u>\$ 38,581,000</u>	<u>\$ 12,534,335</u>	<u>\$ 51,115,335</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, 2009:

	Governmental Activities			
	Balance 7/1/08	Additions/ Transfers	Retirements	Balance 6/30/09
Series 1998, GO Refunding Bonds Issue: \$7,275,000, Maturing 2023 Interest Rate: 4.40% - 4.90%	\$ 5,810,000	\$ -	\$ 265,000	\$ 5,545,000
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Rate: 3.56% - 4.83%	13,710,000	-	1,985,000	11,725,000
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Rate: 2.00% - 4.00%	4,551,000	-	455,000	4,096,000
Series 2009, GO Refunding Bonds Issue: \$17,215,000, Maturing 2022 Interest Rate: 3.00% - 5.00%	-	17,215,000	-	17,215,000
Total General Obligation Bonded Debt	<u>\$ 24,071,000</u>	<u>\$ 17,215,000</u>	<u>\$ 2,705,000</u>	<u>\$ 38,581,000</u>

CITY OF OAK RIDGE, TENNESSEE
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For the Fiscal Year Ended June 30, 2009

Qualified Zone Academy Bonds (QZAB) – General Fund

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

Projected amortization schedule for QZAB are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2010	\$ 509,418	\$ 2,445	\$ 511,863
2011	509,418	2,445	511,863
2012	509,419	2,445	511,864
2013	509,418	2,445	511,863
2014	509,418	2,445	511,863
2015-2019	2,547,092	12,224	2,559,316
2020-2021	1,018,837	4,890	1,023,727
Total	<u>\$ 6,113,020</u>	<u>\$ 29,339</u>	<u>\$ 6,142,359</u>

Notes Payable – General Fund

In fiscal 1995, the City executed a loan agreement with the Tennessee Municipal Bond Fund (TMBF) for \$1,247,994 to fund a grant to the Roane State Foundation for the purpose of purchasing land for a permanent Roane State Community College campus in Oak Ridge and storm drainage improvements. Remaining principal payments occur from 2017 through 2023. The loan had a principal balance of \$568,765 at June 30, 2009. Annual interest payments are amortized below using a 0.87% interest rate, which was the actual weekly rate at June 30, 2009.

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 an annual grant award up to \$95,000 that is to finance the annual principal and interest payments through the loans maturity in 2017. At June 30, 2009, the outstanding principal balance of the loan was \$623,000. Annual interest payments are amortized below using a 0.97% interest rate, which was the actual weekly rate at June 30, 2009.

CITY OF OAK RIDGE, TENNESSEE
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On February 25, 2005, the City entered into a \$15,000,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for the ORHS project. The interest rate on the fixed rate loan is between 3.0% and 4.125%, with maturity in fiscal 2025. Principal payments begin in fiscal 2010.

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

On April 16 2008, the City executed a loan agreement with the TMBF for \$11,000,000 of which \$7,752,288 was used to fund costs for renovation and new construction of the ORHS project and other school capital projects. The remaining loan proceeds were used to fund electric and waterworks projects. Principal payments begin in 2014 with maturity in 2027. Annual interest payments are amortized below using a 0.71% interest rate, which was the actual weekly rate at June 30, 2009.

Notes payable also includes \$25,815,000 in outstanding debt issued to fund costs for renovation and construction of the ORHS project for which the City has entered into an interest rate swap agreement as outlined beginning on page 64 of the notes to financial statements.

Projected debt service requirements to maturity for notes payable are as outlined below. The interest rate varies on a weekly basis and is paid monthly for the TMBF loans. Annual interest payments on variable interest rate loans are amortized using the actual weekly rate at June 30, 2009. For budgeting purposes, the City uses a 4.50% interest rate for variable rate loans.

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2010	\$165,000	\$1,984,600	\$2,149,600
2011	219,000	1,980,966	2,199,966
2012	272,000	1,975,420	2,247,420
2013	326,000	1,967,718	2,293,718
2014	449,000	1,957,563	2,406,563
2015-2019	2,773,299	9,568,825	12,342,124
2020-2024	12,862,466	8,721,220	21,583,686
2025-2029	13,122,288	5,740,939	18,863,227
2030-2034	14,690,000	3,488,427	18,178,427
2035-2038	10,205,000	1,046,008	11,251,008
Total	<u>\$55,084,053</u>	<u>\$38,431,686</u>	<u>\$93,515,739</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

Notes Payable - Swap Agreements

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

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

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.725 percent and receives a variable payment computed as 63.50 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2009, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.725%
Variable payment from counterparty	%LIBOR	-1.873%
Net interest rate swap payments		1.852%
Variable rate bond coupon payments		0.350%
On-going Variable rate bond payments		1.120%
Effective Synthetic interest rate on bonds.		3.322%

Fair value: As of June 30, 2009, the swap had a negative fair value of (\$1,100,014). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows to their present value. The model derives the fair value based on assumptions of anticipated future market changes and is not based on quoted prices or recent trades of similar transactions in active markets or other observable inputs.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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Credit risk: As of June 30, 2009, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated "AAA" by Standard and Poor's and Fitch and "Aaa" by Moody's Investor Service at the time the interest rate swap agreement was entered into. As of June 30, 2009, Ambac's credit rating had been severely downgraded and was rated "BBB" by Standard and Poor's and "Ba3" by Moody's Investors Service. The counterparty has posted all collateral requirements with a third-party custodian. Subsequent to year-end, the counterparty has been further downgraded by the bond rating agencies.

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

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

Swap payments and associated debt: As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2010	\$ -	\$ 35,000	\$ 185,239	\$ 220,239
2011	-	35,000	185,239	220,239
2012	-	35,000	185,239	220,239
2013	-	35,000	185,239	220,239
2014	-	35,000	185,239	220,239
2015-2019	-	175,000	926,193	1,101,193
2020-2024	-	175,000	926,193	1,101,193
2025-2029	-	175,000	926,193	1,101,193
2030-2033	10,000,000	116,550	616,840	10,733,390
	<u>\$ 10,000,000</u>	<u>\$ 816,550</u>	<u>\$ 4,321,614</u>	<u>\$ 15,138,164</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

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

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.536 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$15.675 million and the associated variable-rate bond has a \$15.675 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds and/or Series VI-H-1. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2036. As of June 30, 2009, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	3.536%
Variable payment from counterparty	%LIBOR	<u>-1.858%</u>
Net interest rate swap payments		1.678%
Variable rate bond coupon payments		1.737%
On-going Variable rate bond payments		<u>0.921%</u>
Effective Synthetic interest rate on bonds.		<u><u>4.336%</u></u>

Fair value: As of June 30, 2009, the swap had a negative fair value of (\$1,382,366). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows to their present value. The model derives the fair value based on assumptions of anticipated future market changes and is not based on quoted prices or recent trades of similar transactions in active markets or other observable inputs.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Credit risk: As of June 30, 2009, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, entered into the interest rate swap agreement with Depfa Bank, who was rated "A+" by Standard and Poor's, AA- by Fitch Ratings and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2009, Depfa's credit rating had been downgraded and was rated "BBB" by Standard and Poor's (Positive Outlook), "A3" by Moody's Investors Service (Negative Outlook) and A- by Fitch Ratings (Stable Outlook). The counterparty has posted all collateral requirements with a third-party custodian. Subsequent to year-end, the counterparty has been further downgraded by the bond rating agencies.

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

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

Swap payments and associated debt: As of June 30, 2009, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2010	\$ -	\$ 272,250	\$ 263,047	\$ 535,297
2011	-	272,250	263,047	535,297
2012	-	272,250	263,047	535,297
2013	-	272,250	263,047	535,297
2014	-	272,250	263,047	535,297
2015-2019	-	1,361,250	1,315,234	2,676,484
2020-2024	-	1,361,250	1,315,234	2,676,484
2025-2029	6,225,000	1,204,934	1,164,203	8,594,137
2030-2034	4,600,000	545,803	527,352	5,673,155
2035-2036	4,850,000	127,224	122,923	5,100,147
	<u>\$ 15,675,000</u>	<u>\$ 5,961,711</u>	<u>\$ 5,760,181</u>	<u>\$ 27,396,892</u>

City Equipment Replacement Rental Fund

On September 30, 1999, the City executed a general obligation loan agreement through the TMBF loan program for \$2,326,575 for the acquisition of four fire trucks and year 2000 compliant computer hardware and software. The outstanding principal balance of this loan was paid in its entirety from the proceeds of the General Obligation Refunding Bonds Series 2003. The debt service on the \$1,898,733 portion of the bonds required to refund the outstanding loan is to be repaid from revenues in the City Equipment Replacement Rental Fund, an internal service fund, a governmental type activity. At year-end, the bonds had a principal balance of \$609,000. Interest rates range from 2% to 4% with debt service requirements to maturity as of June 30, 2009 as follows:

Fiscal Year Ending June 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2010	\$ 157,000	\$ 22,690	\$ 179,690
2011	177,000	17,195	194,195
2012	205,000	11,000	216,000
2013	70,000	2,800	72,800
Total	<u>\$ 609,000</u>	<u>\$ 53,685</u>	<u>\$ 662,685</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

Capital Leases Obligations

On July 10, 2008, the Schools financed the purchases of approximately 500 Apple computers for \$732,479 from Apple Computers, Inc. Terms of the capital leases required an initial payment of \$188,322 and three annual payments of \$188,322 at 1.9% through July 10, 2010. The principal balance was \$366,264 at year-end.

On August 1, 2008, the Schools financed the purchases of approximately 210 computers for \$471,515 from California First National Bank. Terms of the capital leases required an initial payment of \$124,550 and three annual payments of \$124,550 at 2.24% through July 10, 2011. The principal balance was \$346,875 at year-end.

Year Ending June 30,		
2010	\$	312,872
2011		312,872
2012		<u>124,550</u>
Total Future Minimum Lease Payments		750,294
Less: Amount representing interest		<u>(37,155)</u>
Present Value of Minimum Lease Payments	\$	<u><u>713,139</u></u>

B. Long-term Debt – Business-type Activities

Bonds

Revenue Bonds

In March 2003, the City issued \$12,425,000 in Electric Revenue Refunding Bonds, Series 2003 to refund portions of outstanding Electric Fund debt. This bond issuance is payable solely from and secured by the income and revenues from the operation of the electric power distribution system, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring said system. Principal payments will occur through 2016. Interest rates on the bonds range from 4% to 5%. The refunding was done to reduce total future debt service payments and to replace variable interest rate debt with fixed interest rate debt. The reacquisition price was \$103,392 less than the net carrying amount of the old debt.

General Obligation Bonds

In February 2009, the City issued \$27,285,000 in General Obligation Refunding Bonds Series 2009 which included a current refunding of \$10,380,000 in outstanding Electric Fund variable interest rate revenue debt. The bonds are to be repaid from Electric Fund revenues and accordingly, have been recorded as a long-term liability of the Electric Fund. Principal payments will occur from 2017 through 2025. Interest rates on the bonds range from 2% to 4%. The refunding was done to reduce total future debt service payments and to replace variable interest rate debt with fixed interest rate debt. The reacquisition price was \$192,508 less than the net carrying amount of the old debt. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. Using an estimated 5% interest rate on the refunded variable interest rate debt, the transaction resulted in an economic gain of \$1,555,780 and a reduction of \$3,053,254 in future debt service payments.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

Debt service requirements to maturity for bonds funded by the Electric Fund for the fiscal year ended June 30, 2009, are as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2010	\$ 930,000	\$ 739,294	\$ 1,669,294
2011	965,000	706,744	1,671,744
2012	1,000,000	668,144	1,668,144
2013	1,010,000	618,144	1,628,144
2014	1,095,000	567,644	1,662,644
2015-2019	4,985,000	2,214,220	7,199,220
2020-2024	5,860,000	1,020,670	6,880,670
2025	1,110,000	49,950	1,159,950
Total	<u>\$ 16,955,000</u>	<u>\$ 6,584,810</u>	<u>\$ 23,539,810</u>

Electric System Notes Payable

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Electric Fund loan liability was \$2,689,157 at June 30, 2009. Annual interest payments are amortized below using a 0.81% interest rate, which was the actual weekly rate at June 30, 2009.

In April 2008, the City executed a \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. The outstanding principal balance of the Electric Fund loan liability was \$1,453,296 at June 30, 2009. Annual interest payments are amortized below using a 0.71% interest rate, which was the actual weekly rate at June 30, 2009.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
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The interest rate varies on a weekly basis for these two loans. Annual interest payments are amortized below using the actual weekly rate at June 30, 2009. Projected debt service requirements to maturity as of June 30, 2009 are as follows (excluding amounts that have not been drawn):

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2010	\$113,424	\$32,025	\$145,449
2011	118,095	31,103	149,198
2012	122,765	30,144	152,909
2013	127,769	29,146	156,915
2014	132,773	28,108	160,881
2015-2019	877,599	121,190	998,789
2020-2024	1,239,729	84,900	1,324,629
2025-2027	1,410,299	18,546	1,428,845
Total	<u>\$4,142,453</u>	<u>\$375,162</u>	<u>\$4,517,615</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. The refunding was done to reduce total future debt service payments and to replace variable interest rate debt with fixed interest rate debt. The reacquisition price was \$316,445 less than the net carrying amount of the old debt.

Interest rates range from 2% to 4% with debt service requirements to maturity for the fiscal year ended June 30, 2009 as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2010	\$390,000	\$117,250	\$507,250
2011	400,000	103,600	503,600
2012	420,000	89,600	509,600
2013	435,000	72,800	507,800
2014	445,000	55,400	500,400
2015-2016	940,000	56,800	996,800
Total	<u>\$3,030,000</u>	<u>\$495,450</u>	<u>\$3,525,450</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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, 2009 was \$5,065,735. Annual interest payments are amortized below using a 0.87% and 0.89% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2009.

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$5,371,843 at June 30, 2009. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.81% interest rate, which was the actual weekly rate at June 30, 2009.

In April 2008, the City executed a \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$1,794,416 at June 30, 2009. Principal payments will occur from 2017 through 2027. Annual interest payments are amortized below using a 0.71% interest rate, which was the actual weekly rate at June 30, 2009.

At June 30, 2009, the City had outstanding fixed rate notes payable to the Tennessee Local Development Authority of \$13,957 that mature in fiscal 2010.

The TMBF loans are to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. Terms of the loan agreements provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Annual interest payments are amortized below using the actual weekly rate at June 30, 2009, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2010	\$368,533	\$100,532	\$469,065
2011	369,905	97,547	467,452
2012	386,235	94,432	480,667
2013	403,231	91,179	494,410
2014	420,227	87,783	508,010
2015-2019	3,656,001	371,374	4,027,375
2020-2024	4,809,404	179,008	4,988,412
2025-2027	1,832,415	23,484	1,855,899
Total	<u>\$12,245,951</u>	<u>\$1,045,339</u>	<u>\$13,291,290</u>

CITY OF OAK RIDGE, TENNESSEE
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For the Fiscal Year Ended June 30, 2009

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 pledged first its State-shared tax revenues (State sales, gasoline, beer, TVA replacement, mixed drinks, alcoholic beverages and income tax) and then the City's taxing authority as collateral for the loan.

It is not anticipated that revenues from these sources will be required to fund the debt service on these loans. The outstanding principal balance of these loans was \$8,564,943 and \$3,665,246, respectively, at June 30, 2009. During fiscal 2003, a third loan from the SRF program for \$7,000,000 was approved that will provide financing for the fiscals 2005 to 2010 phase of the wastewater system rehabilitation project, which includes sanitary sewer replacement, slip-lining, cured-in-place and pipe bursting, and manhole and pump station rehabilitation and replacement. Terms of the loan are the same as outlined above with the exception that the fixed interest rate for this loan is 3.83%. Loan proceeds are drawn as work is completed. \$4,161,722 in loan proceeds had been drawn as of June 30, 2009. A projected amortization schedule for outstanding SRF loans as of June 30, 2009 is as follows (excluding amounts that have not been drawn):

Fiscal Year Ending June 30,	Business-type Activities		Total Requirements
	Principal	Interest	
2010	\$718,164	\$644,459	\$1,362,623
2011	889,228	612,188	1,501,416
2012	925,790	575,614	1,501,404
2013	963,862	537,542	1,501,404
2014	1,003,501	497,903	1,501,404
2015-2019	5,671,502	1,835,505	7,507,007
2020-2024	4,623,755	653,039	5,276,794
2025-2029	1,304,028	186,850	1,490,878
2030	292,081	6,094	298,175
Total	\$16,391,911	\$5,549,194	\$21,941,105

Capital Leases Obligations – Business-type Activities

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

The future principal and interest payments on these capital lease obligations as of June 30, 2009 are as follows:

Year Ending June 30,			
2010	\$	150,902	
2011		150,902	
2012		150,902	
2013		150,902	
2014		150,902	
2015-2017		452,702	
Total Future Minimum Lease Payments		1,207,212	
Less:			
Amount representing interest at 4.98%		231,114	
Current portion of capital lease		102,292	
Long-term capitalized lease obligation	\$	873,806	

15. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Due to and from accounts represent short-term loans between funds. The composition of due to / due from balances as of June 30, 2009, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 300,920
	Nonmajor governmental funds	124,664
	Electric Fund	2,984,137
	Waterworks Fund	2,530,205
	Internal service funds	187,456
Capital Projects fund	General Fund	87,200
Waterworks Fund	General Fund	370,508
Nonmajor governmental funds	General Fund	202,908
Total		\$ 6,787,998

Advances to/from other funds:

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

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

16. TRANSFERS

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

Transfer Out	Transfer In					Total
	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	
General Fund	\$ -	\$ 13,508,020	\$ -	\$ 3,500,000	\$ 2,230,977	\$ 19,238,997
Capital Projects Fund	-	-	-	2,620,747	-	2,620,747
Debt Service Fund	-	-	2,927,945	-	-	2,927,945
Electric Fund	1,245,145	-	-	-	164,000	1,409,145
Waterworks Fund	1,290,326	-	-	-	132,000	1,422,326
Total	\$ 2,535,471	\$ 13,508,020	\$ 2,927,945	\$ 6,120,747	\$ 2,526,977	\$ 27,619,160

17. COMMITMENTS

At June 30, 2009, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$5,266,589 for the following projects:

Projects	Spent To-Date	Commitment Remaining	Committed Fund
Oak Ridge High School Project	\$ 55,629,220	\$ 125,442	Capital Projects
Parking Lot Repaving	-	40,288	Capital Projects
Indoor Pool Improvements	4,797	222,704	Capital Projects
Roadway Improvements	-	256,449	State Street Aid
Line Construction	2,983,492	2,866,208	Electric
Equipment	-	23,753	Electric
Water Treatment Plant Improvements	227,431	144,569	Waterworks
Water Pump Station Improvements	-	141,576	Waterworks
Wastewater Distribution System Rehab.	1,775,611	320,793	Waterworks
Wastewater Pump Station Improvements	298,270	276,730	Waterworks
Water Tank Improvements	200,319	421,214	Waterworks
West End Waterworks Expansion	354,619	65,581	Waterworks
Equipment	-	103,025	Waterworks
Equipment	41,819	83,637	Drug Fund
Equipment	-	174,620	Equipment Replacement Rental
TOTAL	\$ 61,515,578	\$ 5,266,589	

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

Funding for Capital Projects Fund and the State Street Aid Fund commitments for major maintenance projects will primarily be provided by long-term debt issuances and the existing cash in the Funds generated from annual operating transfers from the General Fund. Electrical and Waterworks projects will be funded from \$10,000,000 in long-term debt proceeds planned for issuance in fiscal 2010. There is an additional \$2,838,278 available for wastewater projects from an approved State Revolving Fund loan. The equipment will be purchased from existing cash in the Drug, Electric, Waterworks and Equipment Replacement Rental Funds.

18. RESERVES AND DESIGNATIONS

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

Reserved for Special Programs. City Special Revenue Funds had statutory reserves of fund balance totaling \$524,938 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$333,504 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$191,434 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, 2009, the following amounts were reserved:

	Amount
General Fund	\$ 199,468
Capital Projects Fund	930,878
Nonmajor Funds	430,000
Total	\$ 1,560,346

Reserved For Prepaid Expenditures. The General Fund had prepaids of \$31,689, the Schools Fund had miscellaneous prepaids of \$369,933 and other City Special Revenue Funds had reserves for prepaids totaling \$29,916 at fiscal year end. The Economic Diversification Fund and State Street Aid Fund had reserves for prepaids of \$19,310 and \$21, respectively, for the City's share of the State roadway projects. The Drug Fund had miscellaneous prepaids of \$10,585.

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, 2009 from the General Fund totaled \$112,500.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

Reserved for Endowment. The Scholarship Fund, a Private Purpose Trust Fund, was established to account for trust funds that are legally restricted for endowment purposes. The interest on the trust principal is used to award college scholarships to high school seniors. The Reserve for Endowment for the Scholarship Fund at June 30, 2009 was \$373,099.

Reserved for Inventories. The Golf Course Fund, a Special Revenue Fund, has \$31,734 reserved for inventories at the pro shop and grill located at Tennessee Centennial Golf Course.

Unreserved Fund Balance - Designated for Subsequent Years' Expenditures. Designations of fund balances of governmental funds are used to indicate tentative plans for financial resource utilization in a future period. The School Fund, a Special Revenue Fund, designated \$7,908 of fund balance of which \$6,959 was for the Family Resource Center and \$949 was for various other School projects.

Unreserved Fund Balance - Designated for Debt Retirement. This designation was established by City Council action to accumulate funds from General Fund revenues for retirement of existing general obligation debt. The amount designated at June 30, 2009 totaled \$6,113,799.

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, 2009 totaled \$859,020.

19. LITIGATION

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

20. RISK MANAGEMENT

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

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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

Other risks of loss are covered by commercial insurance with the City being responsible for the per occurrence deductible. The annual per occurrence deductible for each insurance policy covered by the School Fund for fiscal 2009 is \$500 except for boiler and machinery, which is \$1,000. The Schools incurred net claim losses of \$151,910, which were submitted to the TNRMT insurance pool during fiscal 2009. In fiscal 2009, the city paid \$115,443 in deductibles to the TML for workers compensation and property liability claims of \$56,007 and \$59,436, respectively. The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2009 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, 2008 and June 30, 2009 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>
2008	\$ 196,643	\$ 319,345	(\$ 351,926)	\$ 164,062
2009	\$ 164,062	\$ 237,319	(\$ 251,993)	\$ 149,388

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

21. BUDGET AMENDMENTS

Amendments to the fiscal 2009 budgeted expenditures are as follows:

<u>Governmental Fund</u>	<u>Original Budget</u>	<u>Additional Appropriations</u>	<u>Final Budget</u>
School Fund	\$ 51,146,317	\$ 350,616	\$ 51,496,933
Solid Waste Fund	2,039,200	210,800	2,250,000

The School Fund's budget was increased by \$350,616 to allow for expenditures from additional funding for school programs from state and federal funding sources and to account for the proceeds and expenditures related to new capitalized lease obligations. In the spring of 2009, the City began an enhanced curbside recycle program at an additional cost of \$2 per household. The budget for the Solid Waste Fund was increased by \$210,800 to allow for the additional costs for this program.

22. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

During fiscal 2009, the City adopted the following:

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

The Oak Ridge Schools adopted these GASB statements in fiscal 2008.

23. SUBSEQUENT EVENTS

On May 19, 2008, City Council approved an initial resolution for the issuance of not to exceed \$20,000,000 in long-term debt for general, electric and waterworks capital improvements. On November 24, 2009, the City issued \$20,000,000 in General Obligation Bonds, Series 2009B. Approximately \$10,000,000 of the bond proceeds will be used to fund general capital projects, with \$6.4 million of this amount being used to reimburse the City for expenditures to complete the Oak Ridge High School project. The remaining bond proceeds are to be used for electric, water and wastewater capital improvements with the annual debt service payments for this portion of the debt to be funded by the Electric and Waterworks Funds, as applicable.

The debt issuance was taxable Build America Bonds. The American Recovery and Reinvestment Act of 2009 created the Build America Bond program, which authorizes state and local governments to

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009**

issue Build America Bonds as taxable bonds in 2009 and 2010 to finance any capital expenditures for which they otherwise could issue tax-exempt governmental bonds. State and local governments receive a direct federal subsidy payment for a portion of their borrowing costs on Build America Bonds equal to 35 percent of the total coupon interest paid to investors.

The Series 2009B issue is fixed interest rate debt with principal payments beginning on June 1, 2014 and ending on June 1, 2041. The blended interest rate to the City on the debt is 3.986%. The bonds were issued at a \$124,132 reoffering premium. The City received \$19,787,650 in bond proceeds, which was net a \$215,275 underwriter's discount and \$121,207 in issuance costs.

24. RESTATEMENT OF NET ASSETS

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

	Primary Government	Total
	<u>Governmental Activities</u>	<u>Reporting Unit</u>
Net assets - beginning	\$ 65,904,863	\$ 135,269,723
Restatement	<u>(1,600,359)</u>	<u>(1,600,359)</u>
Net assets - beginning (as restated)	<u>\$ 64,304,504</u>	<u>\$ 133,669,364</u>

The beginning net assets of government activities were reduced by \$1,600,359 for the prior year primarily due to erroneously capitalizing interest on the School Fund's construction and renovation project of the Oak Ridge High School and equipment purchases that were not captured on the financial statements of the City for the School Fund. See Note 13 for the detail of the capital assets of the governmental funds.

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2009**

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (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)
7/01/07	\$ 64,415	\$ 72,364	\$ 7,949	89.02%	\$ 15,456	51.43%

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (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)
7/01/07	\$ 19,103	\$ 21,646	\$ 2,543	88.25%	\$ 6,177	41.17%

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

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2009**

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenues that are legally restricted to finance specific functions or activities of government and which, therefore, cannot be diverted to other uses.

Economic Diversification Fund: This fund was established in fiscal 2000 to account for the economic diversification efforts of the City. Economic Diversification Fund expenditures are primarily funded from transfers from the General, Electric and Waterworks Funds.

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

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

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

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

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

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

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

CITY OF OAK RIDGE, TENNESSEE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	SPECIAL REVENUE FUNDS								
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Golf Course	West End	Total Nonmajor Governmental Funds
Assets									
Cash and cash equivalents	\$ 1,087,614	\$ 385,221	\$ 36,504	\$ -	\$ -	\$ 335,151	\$ 893,214	\$ 585,117	\$ 3,322,821
Receivables, net	107,347	-	-	-	-	-	152,735	67,359	327,441
Due from other funds	1,298	-	-	-	189,294	-	-	12,316	202,908
Due from other governments	-	131,031	29,109	247,561	-	-	-	-	407,701
Inventories, at cost	-	-	-	-	-	-	31,734	-	31,734
Prepaid items	19,310	21	-	-	-	10,585	-	-	29,916
Total assets	<u>\$ 1,215,569</u>	<u>\$ 516,273</u>	<u>\$ 65,613</u>	<u>\$ 247,561</u>	<u>\$ 189,294</u>	<u>\$ 345,736</u>	<u>\$ 1,077,683</u>	<u>\$ 664,792</u>	<u>\$ 4,322,521</u>
Liabilities and fund balances									
Liabilities:									
Accounts payable	\$ 9,942	\$ 40,057	\$ 27,389	\$ 81,334	\$ 189,294	\$ 1,647	\$ -	\$ 1,451	\$ 351,114
Accrued liabilities	1,298	-	-	1,483	-	-	-	49,788	52,569
Due to other funds	-	-	-	124,664	-	-	-	-	124,664
Deferred revenue	-	-	-	1,926	-	-	-	-	1,926
Total liabilities	<u>11,240</u>	<u>40,057</u>	<u>27,389</u>	<u>209,407</u>	<u>189,294</u>	<u>1,647</u>	<u>-</u>	<u>51,239</u>	<u>530,273</u>
Fund balances:									
Reserved for special programs	-	-	-	-	-	333,504	-	-	333,504
Reserved for encumbrances	-	430,000	-	-	-	-	-	-	430,000
Reserved - prepaid expenditures	19,310	21	-	-	-	10,585	-	-	29,916
Reserved for inventories	-	-	-	-	-	-	31,734	-	31,734
Unreserved - undesignated	1,185,019	46,195	38,224	38,154	-	-	1,045,949	613,553	2,967,094
Total fund balances	<u>1,204,329</u>	<u>476,216</u>	<u>38,224</u>	<u>38,154</u>	<u>-</u>	<u>344,089</u>	<u>1,077,683</u>	<u>613,553</u>	<u>3,792,248</u>
Total liabilities and fund balances	<u>\$ 1,215,569</u>	<u>\$ 516,273</u>	<u>\$ 65,613</u>	<u>\$ 247,561</u>	<u>\$ 189,294</u>	<u>\$ 345,736</u>	<u>\$ 1,077,683</u>	<u>\$ 664,792</u>	<u>\$ 4,322,521</u>

CITY OF OAK RIDGE, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2009

	SPECIAL REVENUE FUNDS								Total Nonmajor Governmental Funds
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	Golf Course	West End	
Revenues									
Taxes	\$ 558,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 558,612
Intergovernmental	-	722,029	168,066	1,680,841	-	298,522	-	2,546,940	5,416,398
Charges for services	-	-	-	-	813,961	-	1,127,632	-	1,941,593
Fines and forfeitures	-	-	-	-	-	47,035	-	-	47,035
Interest	15,590	3,012	552	-	-	2,843	12,230	7,551	41,778
Other	148,051	-	-	-	-	504	2,000	-	150,555
Total revenues	<u>722,253</u>	<u>725,041</u>	<u>168,618</u>	<u>1,680,841</u>	<u>813,961</u>	<u>348,904</u>	<u>1,141,862</u>	<u>2,554,491</u>	<u>8,155,971</u>
Expenditures									
Current:									
Public safety	-	-	-	66,167	-	133,577	-	2,280,700	2,480,444
Public works	-	1,188,540	-	-	-	-	-	-	1,188,540
Community services	1,081,277	-	217,314	1,727,869	2,191,588	-	1,061,518	-	6,279,566
Debt service:									
Principal retirement	-	-	-	62,000	-	-	-	-	62,000
Interest and fiscal charges	-	-	-	11,686	-	-	-	-	11,686
Total expenditures	<u>1,081,277</u>	<u>1,188,540</u>	<u>217,314</u>	<u>1,867,722</u>	<u>2,191,588</u>	<u>133,577</u>	<u>1,061,518</u>	<u>2,280,700</u>	<u>10,022,236</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(359,024)</u>	<u>(463,499)</u>	<u>(48,696)</u>	<u>(186,881)</u>	<u>(1,377,627)</u>	<u>215,327</u>	<u>80,344</u>	<u>273,791</u>	<u>(1,866,265)</u>
Other financing sources (uses)									
Transfers in	346,000	612,910	22,090	168,350	1,377,627	-	-	-	2,526,977
Total other financing sources (uses)	<u>346,000</u>	<u>612,910</u>	<u>22,090</u>	<u>168,350</u>	<u>1,377,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,526,977</u>
Net change in fund balances	(13,024)	149,411	(26,606)	(18,531)	-	215,327	80,344	273,791	660,712
Fund balance - beginning	1,217,353	326,805	64,830	56,685	-	128,762	997,339	339,762	3,131,536
Fund balance - ending	<u>\$ 1,204,329</u>	<u>\$ 476,216</u>	<u>\$ 38,224</u>	<u>\$ 38,154</u>	<u>\$ -</u>	<u>\$ 344,089</u>	<u>\$ 1,077,683</u>	<u>\$ 613,553</u>	<u>\$ 3,792,248</u>

**CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008**

	2009	2008
Assets		
Cash and cash equivalents	\$ 1,087,614	\$ 1,165,709
Receivables, net	107,347	55,365
Due from other funds	1,298	45
Prepaid items	19,310	19,002
Total assets	\$ 1,215,569	\$ 1,240,121
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 9,942	\$ 21,342
Accrued liabilities	1,298	1,426
Total liabilities	11,240	22,768
 Fund balances:		
Reserved - prepaid expenditures	19,310	19,002
Unreserved - undesignated	1,185,019	1,198,351
Total fund balances	1,204,329	1,217,353
Total liabilities and fund balances	\$ 1,215,569	\$ 1,240,121

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, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Taxes	\$ 558,612	\$ -	\$ 558,612	\$ 525,000	\$ 33,612
Intergovernmental	-	-	-	1,000,000	(1,000,000)
Interest	15,590	-	15,590	25,000	(9,410)
Other	148,051	-	148,051	71,278	76,773
Total revenues	<u>722,253</u>	<u>-</u>	<u>722,253</u>	<u>1,621,278</u>	<u>(899,025)</u>
Expenditures					
Current:					
Community services	1,081,277	-	1,081,277	2,530,000	1,448,723
Total expenditures	<u>1,081,277</u>	<u>-</u>	<u>1,081,277</u>	<u>2,530,000</u>	<u>1,448,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(359,024)</u>	<u>-</u>	<u>(359,024)</u>	<u>(908,722)</u>	<u>549,698</u>
Other financing sources (uses)					
Transfers in	346,000	-	346,000	346,000	-
Total other financing sources (uses)	<u>346,000</u>	<u>-</u>	<u>346,000</u>	<u>346,000</u>	<u>-</u>
Net change in fund balances	(13,024)	-	(13,024)	(562,722)	549,698
Fund balance - beginning	<u>1,217,353</u>	<u>-</u>	<u>1,217,353</u>	<u>1,217,353</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,204,329</u>	<u>\$ -</u>	<u>\$ 1,204,329</u>	<u>\$ 654,631</u>	<u>\$ 549,698</u>

CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 385,221	\$ 214,087
Due from other governments	131,031	128,660
Prepaid items	21	7,601
Total assets	\$ 516,273	\$ 350,348
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 40,057	\$ 10,324
Due to other funds	-	13,219
Total liabilities	40,057	23,543
Fund balances:		
Reserved for encumbrances	430,000	300,000
Reserved - prepaid expenditures	21	7,601
Unreserved - undesignated	46,195	19,204
Total fund balances	476,216	326,805
Total liabilities and fund balances	\$ 516,273	\$ 350,348

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, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 722,029	\$ -	\$ 722,029	\$ 780,400	\$ (58,371)
Interest	3,012	-	3,012	12,000	(8,988)
Total revenues	<u>725,041</u>	<u>-</u>	<u>725,041</u>	<u>792,400</u>	<u>(67,359)</u>
Expenditures					
Current:					
Public works	1,188,540	130,000	1,318,540	1,403,470	84,930
Total expenditures	<u>1,188,540</u>	<u>130,000</u>	<u>1,318,540</u>	<u>1,403,470</u>	<u>84,930</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(463,499)</u>	<u>(130,000)</u>	<u>(593,499)</u>	<u>(611,070)</u>	<u>17,571</u>
Other financing sources (uses)					
Transfers in	612,910	-	612,910	612,910	-
Total other financing sources (uses)	<u>612,910</u>	<u>-</u>	<u>612,910</u>	<u>612,910</u>	<u>-</u>
Net change in fund balances	149,411	(130,000)	19,411	1,840	17,571
Fund balance - beginning	<u>326,805</u>	<u>-</u>	<u>326,805</u>	<u>326,805</u>	<u>-</u>
Fund balance - ending	<u>\$ 476,216</u>	<u>\$ (130,000)</u>	<u>\$ 346,216</u>	<u>\$ 328,645</u>	<u>\$ 17,571</u>

CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 36,504	\$ 60,642
Due from other governments	<u>29,109</u>	<u>19,964</u>
Total assets	<u><u>\$ 65,613</u></u>	<u><u>\$ 80,606</u></u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	<u>\$ 27,389</u>	<u>\$ 15,776</u>
Total liabilities	<u>27,389</u>	<u>15,776</u>
 Fund balances:		
Unreserved - undesignated	<u>38,224</u>	<u>64,830</u>
Total fund balances	<u>38,224</u>	<u>64,830</u>
 Total liabilities and fund balances	<u><u>\$ 65,613</u></u>	<u><u>\$ 80,606</u></u>

CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 168,066	\$ -	\$ 168,066	\$ 195,000	\$ (26,934)
Interest	552	-	552	2,000	(1,448)
Total revenues	<u>168,618</u>	<u>-</u>	<u>168,618</u>	<u>197,000</u>	<u>(28,382)</u>
Expenditures					
Current:					
Community services	217,314	-	217,314	263,000	45,686
Total expenditures	<u>217,314</u>	<u>-</u>	<u>217,314</u>	<u>263,000</u>	<u>45,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,696)</u>	<u>-</u>	<u>(48,696)</u>	<u>(66,000)</u>	<u>17,304</u>
Other financing sources (uses)					
Transfers in	22,090	-	22,090	22,090	-
Total other financing sources (uses)	<u>22,090</u>	<u>-</u>	<u>22,090</u>	<u>22,090</u>	<u>-</u>
Net change in fund balances	(26,606)	-	(26,606)	(43,910)	17,304
Fund balance - beginning	<u>64,830</u>	<u>-</u>	<u>64,830</u>	<u>64,830</u>	<u>-</u>
Fund balance - ending	<u>\$ 38,224</u>	<u>\$ -</u>	<u>\$ 38,224</u>	<u>\$ 20,920</u>	<u>\$ 17,304</u>

CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
Assets		
Due from other funds	\$ -	\$ 130,139
Due from other governments	247,561	113,130
Total assets	\$ 247,561	\$ 243,269
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 81,334	\$ 175,395
Accrued liabilities	1,483	1,263
Due to other funds	124,664	-
Deferred revenue	1,926	9,926
Total liabilities	209,407	186,584
Fund balances:		
Unreserved - undesignated	38,154	56,685
Total fund balances	38,154	56,685
 Total liabilities and fund balances	\$ 247,561	\$ 243,269

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, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 1,680,841	\$ -	\$ 1,680,841	\$ 3,999,650	\$ (2,318,809)
Total revenues	<u>1,680,841</u>	<u>-</u>	<u>1,680,841</u>	<u>3,999,650</u>	<u>(2,318,809)</u>
Expenditures					
Current:					
Public safety	66,167	-	66,167	80,000	13,833
Community services	1,727,869	-	1,727,869	2,788,062	1,060,193
Capital outlay	-	-	-	1,204,938	1,204,938
Principal retirement	62,000	-	62,000	62,000	-
Interest and fiscal charges	11,686	-	11,686	33,000	21,314
Total expenditures	<u>1,867,722</u>	<u>-</u>	<u>1,867,722</u>	<u>4,168,000</u>	<u>2,300,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,881)</u>	<u>-</u>	<u>(186,881)</u>	<u>(168,350)</u>	<u>(18,531)</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	(18,531)	-	(18,531)	-	(18,531)
Fund balance - beginning	<u>56,685</u>	<u>-</u>	<u>56,685</u>	<u>56,685</u>	<u>-</u>
Fund balance - ending	<u>\$ 38,154</u>	<u>\$ -</u>	<u>\$ 38,154</u>	<u>\$ 56,685</u>	<u>\$ (18,531)</u>

CITY OF OAK RIDGE, TENNESSEE
SOLID WASTE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Due from other funds	\$ 189,294	\$ 205,125
Total assets	<u>\$ 189,294</u>	<u>\$ 205,125</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 189,294	\$ 205,125
Total liabilities	<u>189,294</u>	<u>205,125</u>
 Fund balances:		
Unreserved - undesignated	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 189,294</u>	<u>\$ 205,125</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, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Charges for services	\$ 813,961	\$ -	\$ 813,961	\$ 708,200	\$ 105,761
Total revenues	<u>813,961</u>	<u>-</u>	<u>813,961</u>	<u>708,200</u>	<u>105,761</u>
Expenditures					
Current:					
Community services	2,191,588	-	2,191,588	2,250,000	58,412
Total expenditures	<u>2,191,588</u>	<u>-</u>	<u>2,191,588</u>	<u>2,250,000</u>	<u>58,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,377,627)</u>	<u>-</u>	<u>(1,377,627)</u>	<u>(1,541,800)</u>	<u>164,173</u>
Other financing sources (uses)					
Transfers in	1,377,627	-	1,377,627	1,541,800	(164,173)
Total other financing sources (uses)	<u>1,377,627</u>	<u>-</u>	<u>1,377,627</u>	<u>1,541,800</u>	<u>(164,173)</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, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 335,151	\$ 150,675
Prepaid items	10,585	2,903
Total assets	<u>\$ 345,736</u>	<u>\$ 153,578</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 1,647	\$ 24,714
Due to other funds	-	102
Total liabilities	<u>1,647</u>	<u>24,816</u>
Fund balances:		
Reserved for special programs	333,504	125,859
Reserved - prepaid expenditures	10,585	2,903
Total fund balances	<u>344,089</u>	<u>128,762</u>
 Total liabilities and fund balances	 <u>\$ 345,736</u>	 <u>\$ 153,578</u>

CITY OF OAK RIDGE, TENNESSEE
 DRUG ENFORCEMENT PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Fiscal Year Ended June 30, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 298,522	\$ -	\$ 298,522	\$ 200,000	\$ 98,522
Fines and forfeitures	47,035	-	47,035	65,000	(17,965)
Interest	2,843	-	2,843	3,000	(157)
Other	504	-	504	1,000	(496)
Total revenues	<u>348,904</u>	<u>-</u>	<u>348,904</u>	<u>269,000</u>	<u>79,904</u>
Expenditures					
Current:					
Public safety	133,577	-	133,577	300,000	166,423
Total expenditures	<u>133,577</u>	<u>-</u>	<u>133,577</u>	<u>300,000</u>	<u>166,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>215,327</u>	<u>-</u>	<u>215,327</u>	<u>(31,000)</u>	<u>246,327</u>
Net change in fund balances	215,327	-	215,327	(31,000)	246,327
Fund balance - beginning	<u>128,762</u>	<u>-</u>	<u>128,762</u>	<u>128,762</u>	<u>-</u>
Fund balance - ending	<u>\$ 344,089</u>	<u>\$ -</u>	<u>\$ 344,089</u>	<u>\$ 97,762</u>	<u>\$ 246,327</u>

CITY OF OAK RIDGE, TENNESSEE
 GOLF COURSE FUND
 COMPARATIVE BALANCE SHEETS
 June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 893,214	\$ 887,696
Receivables, net	152,735	76,011
Inventories, at cost	31,734	33,632
Total assets	\$ 1,077,683	\$ 997,339
 Fund balances		
Fund balances:		
Reserved for inventories	\$ 31,734	\$ 33,632
Unreserved - undesignated	1,045,949	963,707
Total fund balances	1,077,683	997,339
Total liabilities and fund balances	\$ 1,077,683	\$ 997,339

CITY OF OAK RIDGE, TENNESSEE
 GOLF COURSE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Fiscal Year Ended June 30, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Charges for services	\$ 1,127,632	\$ -	\$ 1,127,632	\$ 1,398,763	\$ (271,131)
Interest	12,230	-	12,230	20,000	(7,770)
Other	2,000	-	2,000	-	2,000
Total revenues	<u>1,141,862</u>	<u>-</u>	<u>1,141,862</u>	<u>1,418,763</u>	<u>(276,901)</u>
Expenditures					
Current:					
Community services	1,061,518	-	1,061,518	1,395,000	333,482
Total expenditures	<u>1,061,518</u>	<u>-</u>	<u>1,061,518</u>	<u>1,395,000</u>	<u>333,482</u>
Net change in fund balances	80,344	-	80,344	23,763	56,581
Fund balance - beginning	<u>997,339</u>	<u>-</u>	<u>997,339</u>	<u>997,339</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 1,077,683</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,077,683</u></u>	<u><u>\$ 1,021,102</u></u>	<u><u>\$ 56,581</u></u>

CITY OF OAK RIDGE, TENNESSEE
WEST END FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 585,117	\$ -
Receivables, net	67,359	-
Due from other funds	12,316	382,434
Total assets	\$ 664,792	\$ 382,434
 Fund balances		
Accounts payable	\$ 1,451	\$ 294
Accrued liabilities	49,788	42,378
Total liabilities	51,239	42,672
Fund balances:		
Unreserved - undesignated	613,553	339,762
Total fund balances	613,553	339,762
Total liabilities and fund balances	\$ 664,792	\$ 382,434

CITY OF OAK RIDGE, TENNESSEE
WEST END FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 2,546,940	\$ -	\$ 2,546,940	\$ 2,546,940	\$ -
Interest	7,551	-	7,551	-	7,551
Total revenues	<u>2,554,491</u>	<u>-</u>	<u>2,554,491</u>	<u>2,546,940</u>	<u>7,551</u>
Expenditures					
Current:					
Public safety	2,280,700	-	2,280,700	2,750,000	469,300
Total expenditures	<u>2,280,700</u>	<u>-</u>	<u>2,280,700</u>	<u>2,750,000</u>	<u>469,300</u>
over (under) expenditures	<u>273,791</u>	<u>-</u>	<u>273,791</u>	<u>(203,060)</u>	<u>476,851</u>
Net change in fund balances	<u>273,791</u>	<u>-</u>	<u>273,791</u>	<u>(203,060)</u>	<u>476,851</u>
Fund balance - beginning	<u>339,762</u>	<u>-</u>	<u>339,762</u>	<u>339,762</u>	<u>-</u>
Fund balance - ending	<u>\$ 613,553</u>	<u>\$ -</u>	<u>\$ 613,553</u>	<u>\$ 136,702</u>	<u>\$ 476,851</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, 2009 and 2008

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2009	2008	2009	2008	2009	2008	2009	2008	June 30, 2009	June 30, 2008
	<u>ASSETS</u>									
Current assets										
Cash and cash equivalents	\$ 1,175,703	\$ 1,222,646	\$ -	\$ -	\$ 538,964	\$ 178,040	\$ 861,838	\$ 856,572	\$ 2,576,505	\$ 2,257,258
Receivables, net	-	42,016	-	-	-	-	-	-	-	42,016
Due from other funds	-	10,150	-	-	-	1,711	-	5,266	-	17,127
Due from other governments	-	-	-	-	-	451	-	-	-	451
Inventory, at cost	-	-	2,606,375	2,658,176	-	-	-	-	2,606,375	2,658,176
Total current assets	<u>1,175,703</u>	<u>1,274,812</u>	<u>2,606,375</u>	<u>2,658,176</u>	<u>538,964</u>	<u>180,202</u>	<u>861,838</u>	<u>861,838</u>	<u>5,182,880</u>	<u>4,975,028</u>
Noncurrent assets										
Capital assets, net	-	-	-	-	2,980,392	2,948,136	1,057,551	1,242,242	4,037,943	4,190,378
Deferred charges	-	-	-	-	3,660	4,594	-	-	3,660	4,594
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,984,052</u>	<u>2,952,730</u>	<u>1,057,551</u>	<u>1,242,242</u>	<u>4,041,603</u>	<u>4,194,972</u>
Total assets	<u>1,175,703</u>	<u>1,274,812</u>	<u>2,606,375</u>	<u>2,658,176</u>	<u>3,523,016</u>	<u>3,132,932</u>	<u>1,919,389</u>	<u>2,104,080</u>	<u>9,224,483</u>	<u>9,170,000</u>
<u>LIABILITIES</u>										
Current liabilities										
Accounts payable	49,388	14,062	147,683	123,634	108,697	64,772	-	-	305,768	202,468
Claims payable	100,000	150,000	-	-	-	-	-	-	100,000	150,000
Accrued liabilities	-	-	-	-	11,819	9,006	-	-	11,819	9,006
Due to other funds	-	-	146,192	222,042	41,264	-	-	-	187,456	222,042
Advances from other funds	-	-	2,312,500	2,312,500	-	-	-	-	2,312,500	2,312,500
Current portion of long-term debt	-	-	-	-	231,499	263,777	-	-	231,499	263,777
Accrued interest payable	-	-	-	-	1,891	2,366	-	-	1,891	2,366
Total current liabilities	<u>149,388</u>	<u>164,062</u>	<u>2,606,375</u>	<u>2,658,176</u>	<u>395,170</u>	<u>339,921</u>	<u>-</u>	<u>-</u>	<u>3,150,933</u>	<u>3,162,159</u>
Noncurrent liabilities										
Vacation benefits payable	-	-	-	-	36,112	29,029	-	-	36,112	29,029
Bonds payable	-	-	-	-	450,325	606,751	-	-	450,325	606,751
OPEB liability	-	-	-	-	1,188	-	-	-	1,188	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>487,625</u>	<u>635,780</u>	<u>-</u>	<u>-</u>	<u>487,625</u>	<u>635,780</u>
Total liabilities	<u>149,388</u>	<u>164,062</u>	<u>2,606,375</u>	<u>2,658,176</u>	<u>882,795</u>	<u>975,701</u>	<u>-</u>	<u>-</u>	<u>3,638,558</u>	<u>3,797,939</u>
<u>NET ASSETS</u>										
Invested in capital assets net of related debt	-	-	-	-	2,373,640	2,151,958	1,057,551	1,242,242	3,431,191	3,394,200
Unrestricted	1,026,315	1,110,750	-	-	266,581	5,273	861,838	861,838	2,154,734	1,977,861
Total net assets	<u>\$ 1,026,315</u>	<u>\$ 1,110,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,640,221</u>	<u>\$ 2,157,231</u>	<u>\$ 1,919,389</u>	<u>\$ 2,104,080</u>	<u>\$ 5,585,925</u>	<u>\$ 5,372,061</u>

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, 2009 and June 30, 2008

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2009	2008	2009	2008	2009	2008	2009	2008	June 30, 2009	June 30, 2008
	Operating revenues									
Charges for services	\$ 3,175,754	\$ 2,955,009	\$ 2,486,846	\$ 2,615,621	\$ 2,990,618	\$ 2,714,724	\$ -	\$ 179,445	\$ 8,653,218	\$ 8,464,799
Employer's contributions	3,328,758	2,840,789	-	-	-	-	-	-	3,328,758	2,840,789
Employees' contributions	891,088	807,968	-	-	-	-	-	-	891,088	807,968
Total operating revenues	<u>7,395,600</u>	<u>6,603,766</u>	<u>2,486,846</u>	<u>2,615,621</u>	<u>2,990,618</u>	<u>2,714,724</u>	<u>-</u>	<u>179,445</u>	<u>12,873,064</u>	<u>12,113,556</u>
Operating expenses										
Maintenance and administrative	-	-	-	-	1,206,254	1,110,571	-	5,680	1,206,254	1,116,251
Depreciation	-	-	-	-	747,509	782,370	184,691	180,568	932,200	962,938
Materials	-	-	2,486,846	2,615,621	769,353	814,675	-	-	3,256,199	3,430,296
Medical/liability claims	287,320	319,345	-	-	-	-	-	-	287,320	319,345
Insurance premiums	7,211,167	6,357,323	-	-	-	-	-	-	7,211,167	6,357,323
Total operating expenses	<u>7,498,487</u>	<u>6,676,668</u>	<u>2,486,846</u>	<u>2,615,621</u>	<u>2,723,116</u>	<u>2,707,616</u>	<u>184,691</u>	<u>186,248</u>	<u>12,893,140</u>	<u>12,186,153</u>
Operating income (loss)	<u>(102,887)</u>	<u>(72,902)</u>	<u>-</u>	<u>-</u>	<u>267,502</u>	<u>7,108</u>	<u>(184,691)</u>	<u>(6,803)</u>	<u>(20,076)</u>	<u>(72,597)</u>
Nonoperating revenue (expense)										
Gain on sale of capital assets	-	-	-	-	3,265	22,845	-	1,979	3,265	24,824
Intergovernmental revenue	-	-	-	-	298	451	-	-	298	451
Interest revenue	18,452	55,169	-	-	6,966	4,367	-	-	25,418	59,536
Interest expense	-	-	-	-	(27,915)	(33,478)	-	-	(27,915)	(33,478)
Total nonoperating revenue (expense)	<u>18,452</u>	<u>55,169</u>	<u>-</u>	<u>-</u>	<u>(17,386)</u>	<u>(5,815)</u>	<u>-</u>	<u>1,979</u>	<u>1,066</u>	<u>51,333</u>
Income (loss) before transfers and contributions	<u>(84,435)</u>	<u>(17,733)</u>	<u>-</u>	<u>-</u>	<u>250,116</u>	<u>1,293</u>	<u>(184,691)</u>	<u>(4,824)</u>	<u>(19,010)</u>	<u>(21,264)</u>
Capital contributions	-	-	-	-	232,874	465,589	-	-	232,874	465,589
Change in net assets	<u>(84,435)</u>	<u>(17,733)</u>	<u>-</u>	<u>-</u>	<u>482,990</u>	<u>466,882</u>	<u>(184,691)</u>	<u>(4,824)</u>	<u>213,864</u>	<u>444,325</u>
Total net assets - beginning	<u>1,110,750</u>	<u>1,128,483</u>	<u>-</u>	<u>-</u>	<u>2,157,231</u>	<u>1,690,349</u>	<u>2,104,080</u>	<u>2,108,904</u>	<u>5,372,061</u>	<u>4,927,736</u>
Total net assets - ending	<u>\$ 1,026,315</u>	<u>\$ 1,110,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,640,221</u>	<u>\$ 2,157,231</u>	<u>\$ 1,919,389</u>	<u>\$ 2,104,080</u>	<u>\$ 5,585,925</u>	<u>\$ 5,372,061</u>

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2009 and June 30, 2008

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2009	2008	2009	2008	2009	2008	2009	2008	June 30, 2009	June 30, 2008
Operating activities										
Cash received from customers	\$ 7,437,616	\$ 6,561,750	\$ 2,486,846	\$ 2,615,621	\$ 2,991,552	\$ 2,714,724	\$ -	\$ 179,445	\$ 12,916,014	\$ 12,071,540
Cash paid to suppliers	(7,513,161)	(6,709,249)	(2,410,996)	(2,830,527)	(1,920,598)	(1,890,791)	-	(5,680)	(11,844,755)	(11,436,247)
Net cash provided by (used in) operating activities	<u>(75,545)</u>	<u>(147,499)</u>	<u>75,850</u>	<u>(214,906)</u>	<u>1,070,954</u>	<u>823,933</u>	<u>-</u>	<u>173,765</u>	<u>1,071,259</u>	<u>635,293</u>
Noncapital financing activities										
Transfers from other funds	10,150	(10,150)	(75,850)	(110,094)	1,711	-	5,266	(5,266)	(58,723)	(125,510)
Transfers to other funds	-	-	-	-	41,264	7,573	-	-	41,264	7,573
Advances from (to) other funds	-	-	-	325,000	-	-	-	-	-	325,000
Federal grant proceeds	-	-	-	-	749	42,858	-	-	749	42,858
Net cash provided by (used in) noncapital financing activities	<u>10,150</u>	<u>(10,150)</u>	<u>(75,850)</u>	<u>214,906</u>	<u>43,724</u>	<u>50,431</u>	<u>5,266</u>	<u>(5,266)</u>	<u>(16,710)</u>	<u>249,921</u>
Capital and related financing activities										
Contributed capital	-	-	-	-	232,874	465,589	-	-	232,874	465,589
Acquisition and construction of capital assets	-	-	-	-	(776,500)	(969,770)	-	(174,179)	(776,500)	(1,143,949)
Principal paid on long-term debt	-	-	-	-	(188,704)	(174,142)	-	-	(188,704)	(174,142)
Interest paid on long-term debt	-	-	-	-	(28,390)	(33,940)	-	-	(28,390)	(33,940)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(760,720)</u>	<u>(712,263)</u>	<u>-</u>	<u>(174,179)</u>	<u>(760,720)</u>	<u>(886,442)</u>
Investing activities										
Interest and dividends on investments	18,452	55,169	-	-	6,966	4,367	-	-	25,418	59,536
Net cash provided by investing activities	<u>18,452</u>	<u>55,169</u>	<u>-</u>	<u>-</u>	<u>6,966</u>	<u>4,367</u>	<u>-</u>	<u>-</u>	<u>25,418</u>	<u>59,536</u>
Net increase (decrease) in cash and cash equivalents	<u>(46,943)</u>	<u>(102,480)</u>	<u>-</u>	<u>-</u>	<u>360,924</u>	<u>166,468</u>	<u>5,266</u>	<u>(5,680)</u>	<u>319,247</u>	<u>58,308</u>
Cash and cash equivalents										
Beginning of year	1,222,646	1,325,126	-	-	178,040	11,572	856,572	862,252	2,257,258	2,198,950
End of year	<u>\$ 1,175,703</u>	<u>\$ 1,222,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 538,964</u>	<u>\$ 178,040</u>	<u>\$ 861,838</u>	<u>\$ 856,572</u>	<u>\$ 2,576,505</u>	<u>\$ 2,257,258</u>

Continued:

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2009 and June 30, 2008

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2009	2008	2009	2008	2009	2008	2009	2008	June 30, 2009	June 30, 2008
Reconciliation of operating income (loss)										
to net cash provided by										
(used in) operating activities										
Operating income (loss)	\$ (102,887)	\$ (72,902)	\$ -	\$ -	\$ 267,502	\$ 7,108	\$ (184,691)	\$ (6,803)	\$ (20,076)	\$ (72,597)
Adjustments to reconcile operating income (loss)										
to net cash provided by (used in) operating										
activities:										
Depreciation	-	-	-	-	747,509	782,370	184,691	180,568	932,200	962,938
Change in assets and liabilities										
(Increase) decrease in accounts receivable	42,016	(42,016)	-	-	-	-	-	-	42,016	(42,016)
Decrease in amortization of deferred charges	-	-	-	-	934	-	-	-	934	-
(Increase) decrease in inventory, at cost	-	-	51,801	(248,819)	-	-	-	-	51,801	(248,819)
Increase (decrease) in accounts payable	35,326	(32,581)	24,049	33,913	43,925	35,638	-	-	103,300	36,970
Increase (decrease) in claims payable	(50,000)	-	-	-	-	-	-	-	(50,000)	-
Increase (decrease) in accrued liabilities	-	-	-	-	2,813	471	-	-	2,813	471
Increase (decrease) in accrued vacation	-	-	-	-	7,083	(1,654)	-	-	7,083	(1,654)
Increase (decrease) in OPEB liability	-	-	-	-	1,188	-	-	-	1,188	-
Total adjustments	27,342	(74,597)	75,850	(214,906)	803,452	816,825	184,691	180,568	1,091,335	707,890
Net cash provided by (used in) operating										
activities	\$ (75,545)	\$ (147,499)	\$ 75,850	\$ (214,906)	\$ 1,070,954	\$ 823,933	\$ -	\$ 173,765	\$ 1,071,259	\$ 635,293

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008**

	2009	2008
Assets		
Cash and cash equivalents	\$ 2,814,057	\$ 2,417,086
Receivables, net	18,501,937	18,700,366
Due from other funds	6,127,382	9,379,376
Due from other governments	2,242,811	2,631,250
Advances to other funds	112,500	112,500
Prepaid items	31,689	41,292
Total assets	\$ 29,830,376	\$ 33,281,870
Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 641,145	\$ 391,726
Accrued liabilities	676,650	740,686
Deposits	436,685	465,886
Due to other funds	660,616	5,211,810
Due to other governments	82,607	63,609
Deferred revenue	19,796,898	18,919,876
Total liabilities	22,294,601	25,793,593
Fund balances:		
Reserved for encumbrances	199,468	395,043
Reserved - prepaid expenditures	31,689	41,292
Reserved for advances to other funds	112,500	112,500
Unreserved - undesignated	7,192,118	6,939,442
Total fund balances	7,535,775	7,488,277
Total liabilities and fund balances	\$ 29,830,376	\$ 33,281,870

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2009

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>TAXES</u>			
<u>General Property Taxes</u>			
Real Property	\$ 17,210,348	\$ 17,753,000	\$ (542,652)
Personal Property	1,159,157	1,189,220	(30,063)
Public Utilities	254,744	256,780	(2,036)
Interest & Penalties	149,402	110,000	39,402
Total General Property Taxes	<u>18,773,651</u>	<u>19,309,000</u>	<u>(535,349)</u>
<u>Other Property Taxes</u>			
Other than assessed	181,571	115,000	66,571
Total Other Property Taxes	<u>181,571</u>	<u>115,000</u>	<u>66,571</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	606,794	590,000	16,794
Liquor Wholesale	245,409	230,000	15,409
Sales Tax - Local	379,146	311,000	68,146
Min. & Gross Receipts	739,869	870,000	(130,131)
Pen. & Int. on Bus. Tax	24,169	10,000	14,169
Rec. Fee on Bus. Tax	27,442	-	27,442
Total Gross Receipts Taxes	<u>2,022,829</u>	<u>2,011,000</u>	<u>11,829</u>
 TOTAL TAXES	 <u>20,978,051</u>	 <u>21,435,000</u>	 <u>(456,949)</u>
<u>LICENSES & PERMITS</u>			
Retail Beer & Liquor Licenses & Permits	23,513	20,000	3,513
Bldg., Zoning & Exam.	195,659	130,000	65,659
Electrical & Exam.	19,258	23,000	(3,742)
Plumbing Exam.	18,592	25,000	(6,408)
Animal Registration	4,699	12,000	(7,301)
Other Licenses & Permits	7,872	13,000	(5,128)
 TOTAL LICENSES & PERMITS	 <u>269,593</u>	 <u>223,000</u>	 <u>46,593</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,796,579	2,015,000	(218,421)
Income Tax	563,982	676,000	(112,018)
Excise Tax	66,306	60,000	6,306
Beer Barrelage	14,285	15,000	(715)
Mixed Drink Tax	91,937	96,500	(4,563)
TVA Replacement	265,914	260,000	5,914
TVA Impact	73,876	-	73,876
<u>County Shared</u>			
Sales Tax - Roane	1,876,772	1,539,000	337,772
Sales Tax - Anderson	5,834,198	5,900,000	(65,802)
<u>State Grants in Aid</u>			
	1,865	800	1,065
<u>Federal</u>			
DOE In-Lieu of Taxes	1,476,023	1,483,157	(7,134)
DOE Grants	300,000	300,000	-
 TOTAL INTERGOVERNMENTAL	 <u>\$ 12,361,737</u>	 <u>\$ 12,345,457</u>	 <u>\$ 16,280</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2009

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
Repro. of Maps & Documents	\$ 311	\$ 30,000	\$ (29,689)
General & Admin. Cost	22,827	25,000	(2,173)
<u>Public Safety</u>			
Police and Fire Reports	26,588	-	26,588
Animal Shelter Fees	24,625	25,000	(375)
Total General Services	<u>74,351</u>	<u>80,000</u>	<u>(5,649)</u>
<u>Use of Property</u>			
Youth and Adult Activities	4,115	5,000	(885)
Outdoor Pool	87,207	70,000	17,207
Indoor Pool	51,689	55,000	(3,311)
Rental of Lands and Buildings	88,632	80,000	8,632
Community Centers Rental	34,896	28,000	6,896
Total Use of Property	<u>266,539</u>	<u>238,000</u>	<u>28,539</u>
TOTAL CHARGES FOR SERVICES	<u>340,890</u>	<u>318,000</u>	<u>22,890</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	65,586	70,000	(4,414)
City Court Costs	84,579	60,000	24,579
Bail Forfeitures	177,280	150,000	27,280
Misc. Court Revenues	3,591	5,000	(1,409)
Library Fines	49,850	53,000	(3,150)
TOTAL FINES AND FORFEITURES	380,886	338,000	42,886
<u>INTEREST</u>	226,969	250,000	(23,031)
<u>OTHER REVENUES</u>			
CATV Franchise	390,229	350,500	39,729
Right of Way	-	60,000	(60,000)
Miscellaneous	3,043	3,500	(457)
TOTAL OTHER REVENUES	<u>393,272</u>	<u>414,000</u>	<u>(20,728)</u>
TOTAL REVENUES	<u>\$ 34,951,398</u>	<u>\$ 35,323,457</u>	<u>\$ (372,059)</u>

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>GENERAL GOVERNMENT:</u>					
<u>Legislative</u>					
City Council	\$ 100,812	\$ -	\$ 100,812	\$ 93,066	\$ (7,746)
Total Legislative	<u>100,812</u>	<u>-</u>	<u>100,812</u>	<u>93,066</u>	<u>(7,746)</u>
<u>Executive</u>					
City Clerk	115,639	-	115,639	120,921	5,282
City Manager	<u>273,425</u>	<u>-</u>	<u>273,425</u>	<u>283,302</u>	<u>9,877</u>
Total Executive	<u>389,064</u>	<u>-</u>	<u>389,064</u>	<u>404,223</u>	<u>15,159</u>
<u>Judicial</u>					
Legal	215,473	-	215,473	216,494	1,021
City Court	<u>178,387</u>	<u>-</u>	<u>178,387</u>	<u>173,534</u>	<u>(4,853)</u>
Total Judicial	<u>393,860</u>	<u>-</u>	<u>393,860</u>	<u>390,028</u>	<u>(3,832)</u>
TOTAL GENERAL GOVERNMENT	<u>883,736</u>	<u>-</u>	<u>883,736</u>	<u>887,317</u>	<u>3,581</u>
<u>ADMINISTRATION:</u>					
Computer Services	426,499	(125,000)	301,499	297,996	(3,503)
Personnel	212,857	-	212,857	213,941	1,084
Stationery Stores	71,559	-	71,559	70,137	(1,422)
Finance	101,449	-	101,449	113,961	12,512
Utilities Business Office	<u>73,476</u>	<u>-</u>	<u>73,476</u>	<u>79,243</u>	<u>5,767</u>
TOTAL ADMINISTRATION	<u>885,840</u>	<u>(125,000)</u>	<u>760,840</u>	<u>775,278</u>	<u>14,438</u>
<u>PUBLIC SAFETY:</u>					
<u>Police</u>					
Supervision	247,142	-	247,142	257,039	9,897
Investigations	868,050	-	868,050	837,872	(30,178)
Staff Services	382,093	-	382,093	367,847	(14,246)
Patrol	3,534,228	-	3,534,228	3,455,306	(78,922)
Emergency Communications	272,283	-	272,283	281,380	9,097
Animal Control	287,139	-	287,139	274,454	(12,685)
School Resource Officer Program	<u>150,667</u>	<u>-</u>	<u>150,667</u>	<u>156,153</u>	<u>5,486</u>
Total Police	<u>\$ 5,741,602</u>	<u>\$ -</u>	<u>\$ 5,741,602</u>	<u>\$ 5,630,051</u>	<u>\$ (111,551)</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2009

	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	\$ 210,208	\$ -	\$ 210,208	\$ 204,903	\$ (5,305)
Prevention	130,620	-	130,620	125,344	(5,276)
Firefighting	3,625,862	-	3,625,862	3,617,509	(8,353)
Fire Stations	101,251	-	101,251	112,016	10,765
Fire Specialists	99,151	-	99,151	141,688	42,537
Total Fire	<u>4,167,092</u>	<u>-</u>	<u>4,167,092</u>	<u>4,201,460</u>	<u>34,368</u>
TOTAL PUBLIC SAFETY	<u>9,908,694</u>	<u>-</u>	<u>9,908,694</u>	<u>9,831,511</u>	<u>(77,183)</u>
<u>PUBLIC WORKS:</u>					
Supervision	76,162	-	76,162	77,762	1,600
Engineering	127,315	-	127,315	131,272	3,957
State Highway Maintenance	42,311	-	42,311	60,579	18,268
General Maintenance	357,086	(19,100)	337,986	349,180	11,194
Central Service Building	134,446	-	134,446	125,096	(9,350)
Municipal Building	158,333	(20,000)	138,333	151,849	13,516
Traffic Control and Lights	1,025,009	-	1,025,009	986,300	(38,709)
TOTAL PUBLIC WORKS	<u>1,920,662</u>	<u>(39,100)</u>	<u>1,881,562</u>	<u>1,882,038</u>	<u>476</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	135,847	-	135,847	136,265	418
Planning	116,286	-	116,286	119,320	3,034
Code Enforcement	355,218	-	355,218	366,679	11,461
Total Community Development	<u>607,351</u>	<u>-</u>	<u>607,351</u>	<u>622,264</u>	<u>14,913</u>
<u>Recreation</u>					
Supervision	231,484	-	231,484	236,240	4,756
Indoor Aquatics	174,037	-	174,037	190,078	16,041
Outdoor Aquatics	242,609	-	242,609	260,958	18,349
Centers, Camps & Programs	673,847	-	673,847	701,606	27,759
Athletics	123,610	-	123,610	128,860	5,250
Parks	769,033	(31,475)	737,558	770,215	32,657
Scarboro Center	175,836	-	175,836	165,669	(10,167)
Senior Center	261,250	-	261,250	281,119	19,869
Total Recreation	<u>2,651,706</u>	<u>(31,475)</u>	<u>2,620,231</u>	<u>2,734,745</u>	<u>114,514</u>
<u>Library</u>	<u>1,342,385</u>	<u>-</u>	<u>1,342,385</u>	<u>1,331,354</u>	<u>(11,031)</u>
TOTAL COMMUNITY SERVICES	<u>4,601,442</u>	<u>(31,475)</u>	<u>4,569,967</u>	<u>4,688,363</u>	<u>118,396</u>
TOTAL EXPENDITURES	<u>\$ 18,200,374</u>	<u>\$ (195,575)</u>	<u>\$ 18,004,799</u>	<u>\$ 18,064,507</u>	<u>\$ 59,708</u>

CITY OF OAK RIDGE, TENNESSEE
SCHOOL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 2,227,088	\$ 4,976,297
Investments	2,505,635	-
Receivables, net	120,197	44,448
Due from other funds	-	12,000
Due from other governments	1,708,320	2,057,568
Prepaid items	369,933	5,280
Total assets	\$ 6,931,173	\$ 7,095,593
Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 648,666	\$ 586,746
Accrued liabilities	3,490,239	3,082,585
Due to other funds	-	5,266
Due to other governments	58,957	59,040
Deferred revenue	803	-
Total liabilities	4,198,665	3,733,637
Fund balances:		
Reserved for special programs	191,434	27,650
Reserved for encumbrances	-	402,922
Reserved - prepaid expenditures	369,933	5,280
Subsequent years' expenditures	7,908	19,259
Unreserved - undesignated	2,163,233	2,906,845
Total fund balances	2,732,508	3,361,956
Total liabilities and fund balances	\$ 6,931,173	\$ 7,095,593

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, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	\$ 35,010,559	\$ -	\$ 35,010,559	\$ 35,293,223	\$ (282,664)
Charges for services	1,810,598	-	1,810,598	1,822,126	(11,528)
Other	278,018	-	278,018	509,896	(231,878)
Total revenues	<u>37,099,175</u>	<u>-</u>	<u>37,099,175</u>	<u>37,625,245</u>	<u>(526,070)</u>
Expenditures					
Current:					
Education	51,708,158	(402,622)	51,305,536	51,496,933	191,397
Total expenditures	<u>51,708,158</u>	<u>(402,622)</u>	<u>51,305,536</u>	<u>51,496,933</u>	<u>191,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,608,983)</u>	<u>402,622</u>	<u>(14,206,361)</u>	<u>(13,871,688)</u>	<u>(334,673)</u>
Other financing sources (uses)					
Transfers in	13,508,020	-	13,508,020	13,508,020	-
Capital lease issuance	471,515	-	471,515	471,515	-
Total other financing sources (uses)	<u>13,979,535</u>	<u>-</u>	<u>13,979,535</u>	<u>13,979,535</u>	<u>-</u>
Net change in fund balances	(629,448)	402,622	(226,826)	107,847	(334,673)
Fund balance - beginning	<u>3,361,956</u>	<u>-</u>	<u>3,361,956</u>	<u>3,361,956</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,732,508</u>	<u>\$ 402,622</u>	<u>\$ 3,135,130</u>	<u>\$ 3,469,803</u>	<u>\$ (334,673)</u>

CITY OF OAK RIDGE, TENNESSEE
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEETS
 June 30, 2009 and 2008

	2009	2008
Assets		
Cash and cash equivalents	\$ 2,334,343	\$ 5,189,413
Due from other funds	87,200	3,419,575
Due from other governments	40,545	144,102
Total assets	\$ 2,462,088	\$ 8,753,090
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ 672,190	\$ 4,472,828
Due to other funds	-	3,344,786
Total liabilities	672,190	7,817,614
Fund balances:		
Reserved for encumbrances	930,878	537,403
Capital projects	859,020	398,073
Total fund balances	1,789,898	935,476
 Total liabilities and fund balances	\$ 2,462,088	\$ 8,753,090

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, 2009

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 650,000	\$ 650,000	\$ 11,444	\$ -	\$ 11,444	\$ (638,556)
Interest	75,000	75,000	32,192	-	32,192	(42,808)
Other	10,050,000	10,050,000	204,263	-	204,263	(9,845,737)
Total revenues	<u>10,775,000</u>	<u>10,775,000</u>	<u>247,899</u>	<u>-</u>	<u>247,899</u>	<u>(10,527,101)</u>
Expenditures						
Current:						
Capital outlay	19,315,000	19,315,000	2,506,975	393,475	2,900,450	16,414,550
Total expenditures	<u>19,315,000</u>	<u>19,315,000</u>	<u>2,506,975</u>	<u>393,475</u>	<u>2,900,450</u>	<u>16,414,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,540,000)</u>	<u>(8,540,000)</u>	<u>(2,259,076)</u>	<u>(393,475)</u>	<u>(2,652,551)</u>	<u>5,887,449</u>
Other financing sources (uses)						
Transfers in	-	-	2,927,945	-	2,927,945	2,927,945
Transfers out	(2,596,000)	(2,596,000)	(2,620,747)	-	(2,620,747)	(24,747)
Loan issuance	11,046,000	11,046,000	2,806,300	-	2,806,300	(8,239,700)
Total other financing sources (uses)	<u>8,450,000</u>	<u>8,450,000</u>	<u>3,113,498</u>	<u>-</u>	<u>3,113,498</u>	<u>(5,336,502)</u>
Net change in fund balances	(90,000)	(90,000)	854,422	(393,475)	460,947	550,947
Fund balance - beginning	<u>935,476</u>	<u>935,476</u>	<u>935,476</u>	<u>-</u>	<u>935,476</u>	<u>-</u>
Fund balance - ending	<u>\$ 845,476</u>	<u>\$ 845,476</u>	<u>\$ 1,789,898</u>	<u>\$ (393,475)</u>	<u>\$ 1,396,423</u>	<u>\$ 550,947</u>

**CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 6,082,686	\$ 5,808,664
Receivables, net	118,312	-
Due from other funds	-	4,482,206
Due from other governments	213,721	357,433
Total assets	<u>\$ 6,414,719</u>	<u>\$ 10,648,303</u>
 Liabilities and fund balances		
Liabilities:		
Accounts payable	\$ -	\$ 1,000
Due to other funds	300,920	3,419,575
Matured interest payable	-	145,603
Total liabilities	<u>300,920</u>	<u>3,566,178</u>
 Fund balances:		
Unreserved, designated for:		
Debt service	<u>6,113,799</u>	<u>7,082,125</u>
Total fund balances	<u>6,113,799</u>	<u>7,082,125</u>
 Total liabilities and fund balances	<u>\$ 6,414,719</u>	<u>\$ 10,648,303</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, 2009

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Taxes	\$ 2,020,877	\$ -	\$ 2,020,877	\$ 2,015,000	\$ 5,877
Charges for services	1,010,777	-	1,010,777	1,010,777	-
Interest	102,115	-	102,115	275,000	(172,885)
Other	364,563	-	364,563	2,012,154	(1,647,591)
Total revenues	<u>3,498,332</u>	<u>-</u>	<u>3,498,332</u>	<u>5,312,931</u>	<u>(1,814,599)</u>
Expenditures					
Debt service:					
Principal retirement	3,066,567	-	3,066,567	3,216,863	150,296
Interest and fiscal charges	4,592,893	-	4,592,893	6,183,137	1,590,244
Bond issuance costs	305,589	-	305,589	-	(305,589)
Total expenditures	<u>7,965,049</u>	<u>-</u>	<u>7,965,049</u>	<u>9,400,000</u>	<u>1,434,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,466,717)</u>	<u>-</u>	<u>(4,466,717)</u>	<u>(4,087,069)</u>	<u>(379,648)</u>
Other financing sources (uses)					
Transfers in	6,120,747	-	6,120,747	6,096,000	24,747
Transfers out	(2,927,945)	-	(2,927,945)	-	(2,927,945)
Issuance of refunding bonds	38,355,000	-	38,355,000	-	38,355,000
Bond premium	1,523,179	-	1,523,179	-	1,523,179
Refunded bonds redeemed	(39,572,590)	-	(39,572,590)	-	(39,572,590)
Total other financing sources (uses)	<u>3,498,391</u>	<u>-</u>	<u>3,498,391</u>	<u>6,096,000</u>	<u>(2,597,609)</u>
Net change in fund balances	(968,326)	-	(968,326)	2,008,931	(2,977,257)
Fund balance - beginning	<u>7,082,125</u>	<u>-</u>	<u>7,082,125</u>	<u>7,082,125</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,113,799</u>	<u>\$ -</u>	<u>\$ 6,113,799</u>	<u>\$ 9,091,056</u>	<u>\$ (2,977,257)</u>

CITY OF OAK RIDGE, TENNESSEE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE(1)
June 30, 2009 and 2008

	2009	2008
Governmental funds capital assets:		
Land	\$ 3,043,126	\$ 3,038,784
Construction in progress	-	61,359,794
Buildings	129,773,638	78,635,290
Improvements other than buildings	12,543,193	12,415,631
Infrastructure	46,192,279	45,853,725
Machinery and equipment	17,968,395	5,165,046
Total governmental funds capital assets:	\$ 209,520,631	\$ 206,468,270
 Investments in governmental fund capital assets:		
Total investment in governmental funds capital assets:	\$ 209,520,631	\$ 206,468,270

(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, 2009

<u>Function and Activity</u>	<u>Capital Assets</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Infrastructure</u>	<u>Machinery and Equipment</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>-</u>	<u>-</u>	<u>19,228</u>
Administration:						
Computer Services	12,445	-	-	-	-	12,445
Finance	13,167	-	-	-	-	13,167
Total Administration	<u>25,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,612</u>
Public Safety:						
Police	1,247,912	122	146,413	10,044	-	1,091,333
Fire	5,241,108	33,287	4,704,583	163,890	-	339,348
Total Public Safety	<u>6,489,020</u>	<u>33,409</u>	<u>4,850,996</u>	<u>173,934</u>	<u>-</u>	<u>1,430,681</u>
Public Works:						
Engineering	9,952	-	-	-	-	9,952
Municipal Building	2,018,372	534	1,763,950	132,694	-	121,194
Central Service Center Complex	13,194,606	626,139	12,529,497	-	-	38,970
Other Buildings	86,355	29,049	57,306	-	-	-
Streets, Sidewalks, and Stormwater Maintenance	47,232,449 7,321	1,040,170 -	- -	- -	46,192,279 -	- 7,321
Total Public Works	<u>62,549,055</u>	<u>1,695,892</u>	<u>14,350,753</u>	<u>132,694</u>	<u>46,192,279</u>	<u>177,437</u>
Community Services & Development:						
Planning	5,949	-	-	-	-	5,949
Economic Development	2,133,384	197,651	1,251,044	684,689	-	-
Recreation & Parks	21,812,137	959,819	8,824,973	11,529,880	-	497,465
Library	1,340,420	-	929,305	21,996	-	389,119
Total Community Services	<u>25,291,890</u>	<u>1,157,470</u>	<u>11,005,322</u>	<u>12,236,565</u>	<u>-</u>	<u>892,533</u>
Education	115,145,826	156,355	99,566,567	-	-	15,422,904
Total Governmental Fund Capital Assets	<u>\$ 209,520,631</u>	<u>\$ 3,043,126</u>	<u>\$ 129,773,638</u>	<u>\$ 12,543,193</u>	<u>\$ 46,192,279</u>	<u>\$ 17,968,395</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, 2009

<u>Function and Activity</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
General Government:				
Executive	\$ 9,728	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
Administration:				
Computer Services	12,445	-	-	12,445
Finance	26,424	-	13,257	13,167
Total Administration	<u>38,869</u>	<u>-</u>	<u>13,257</u>	<u>25,612</u>
Public Safety:				
Police	1,231,513	16,399	-	1,247,912
Fire	5,233,758	7,350	-	5,241,108
Total Public Safety	<u>6,465,271</u>	<u>23,749</u>	<u>-</u>	<u>6,489,020</u>
Public Works:				
Engineering	9,952	-	-	9,952
Municipal Building	2,018,372	-	-	2,018,372
Central Service Center Complex	13,169,674	24,932	-	13,194,606
Other Buildings	86,355	-	-	86,355
Streets, Sidewalks, and Stormwater Maintenance	46,889,304	343,145	-	47,232,449
	7,321	-	-	7,321
Total Public Works	<u>62,180,978</u>	<u>368,077</u>	<u>-</u>	<u>62,549,055</u>
Community Services & Development:				
Planning	5,949	-	-	5,949
Economic Development	2,133,633	-	249	2,133,384
Recreation & Parks	21,648,570	163,567	-	21,812,137
Library	1,332,835	7,585	-	1,340,420
Total Community Services	<u>25,120,987</u>	<u>171,152</u>	<u>249</u>	<u>25,291,890</u>
Education	112,524,274	3,739,417	1,117,865	115,145,826
Total Governmental Fund Capital Assets	<u>\$ 206,349,607</u>	<u>\$ 4,302,395</u>	<u>\$ 1,131,371</u>	<u>\$ 209,520,631</u>

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

STATISTICAL SECTION

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

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

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

(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 23,501,788	\$ 23,875,530	\$ 33,185,737	\$ 31,540,540	\$ 35,621,496	\$ 48,509,856	\$ 45,110,444
Restricted	-	-	31,250,750	16,254,147	8,437,063	-	-
Unrestricted	19,366,677	19,746,192	(14,201,534)	4,868,333	13,040,675	17,395,007	18,213,207
Total governmental activities net assets	<u>\$ 42,868,465</u>	<u>\$ 43,621,722</u>	<u>\$ 50,234,953</u>	<u>\$ 52,663,020</u>	<u>\$ 57,099,234</u>	<u>\$ 65,904,863</u>	<u>\$ 63,323,651</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 59,304,016	\$ 58,458,062	\$ 63,928,694	\$ 62,355,102	\$ 63,965,893	\$ 71,964,232	\$ 75,244,455
Restricted	136,362	144,094	136,824	137,467	135,365	138,433	417,473
Unrestricted	1,536,903	3,617,784	(812,669)	731,699	(1,261,077)	(2,737,805)	(2,748,855)
Total business-type activities net assets	<u>\$ 60,977,281</u>	<u>\$ 62,219,940</u>	<u>\$ 63,252,849</u>	<u>\$ 63,224,268</u>	<u>\$ 62,840,181</u>	<u>\$ 69,364,860</u>	<u>\$ 72,913,073</u>
Primary government							
Invested in capital assets, net of related debt	\$ 82,805,804	\$ 82,333,592	\$ 97,114,431	\$ 93,895,642	\$ 99,587,389	\$ 120,474,088	\$ 120,354,899
Restricted	136,362	144,094	31,387,574	16,391,614	8,572,428	138,433	417,473
Unrestricted	20,903,580	23,363,976	(15,014,203)	5,600,032	11,779,598	14,657,202	15,464,352
Total primary government net assets	<u>\$ 103,845,746</u>	<u>\$ 105,841,662</u>	<u>\$ 113,487,802</u>	<u>\$ 115,887,288</u>	<u>\$ 119,939,415</u>	<u>\$ 135,269,723</u>	<u>\$ 136,236,724</u>

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

(1) This table presents amounts as originally reported. No adjustments are made for the effects of prior period adjustments.

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

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

(Continued)

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Net (Expense)/Revenue							
Governmental activities	\$ (31,348,646)	\$ (31,437,528)	\$ (28,603,097)	\$ (35,513,521)	\$ (34,159,655)	\$ (31,038,628)	\$ (41,845,828)
Business-type activities	1,383,961	(907,703)	193,060	(452,725)	(1,034,497)	5,918,535	5,403,181
Total primary governmental net expense	<u>\$ (29,964,685)</u>	<u>\$ (32,345,231)</u>	<u>\$ (28,410,037)</u>	<u>\$ (35,966,246)</u>	<u>\$ (35,194,152)</u>	<u>\$ (25,120,093)</u>	<u>\$ (36,442,647)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Real & personal property taxes	\$ 15,300,003	\$ 14,915,676	\$ 15,529,602	\$ 15,734,618	\$ 16,283,441	\$ 17,770,961	\$ 19,169,307
In-lieu of tax payments	3,767,668	3,758,201	3,826,332	3,860,930	3,903,756	3,988,922	1,657,594
Sales taxes	7,132,719	7,224,109	9,032,154	9,904,536	9,810,033	10,799,248	10,110,993
State shared taxes	2,295,886	2,121,518	3,144,403	3,492,328	4,071,325	4,010,334	3,653,748
Business taxes	704,225	767,714	841,718	999,362	913,226	849,823	791,480
Occupancy taxes	366,023	363,789	397,925	427,608	455,744	542,126	558,612
Wholesale beer & liquor taxes	708,589	746,472	761,905	774,866	812,010	839,642	852,203
Gain (loss) on sale of capital assets	547,202	-	171,713	254,595	(17,362)	43,940	(623,323)
Interest	284,166	185,766	629,166	752,673	1,147,655	975,309	428,472
Miscellaneous	1,090,299	2,355,649	924,210	1,382,109	938,511	2,010,017	1,434,418
Transfers	(308,284)	(248,109)	(42,800)	357,963	277,530	288,910	2,831,471
Total governmental activities	<u>\$ 31,888,496</u>	<u>\$ 32,190,785</u>	<u>\$ 35,216,328</u>	<u>\$ 37,941,588</u>	<u>\$ 38,595,869</u>	<u>\$ 42,119,232</u>	<u>\$ 40,864,975</u>
Business-type activities:							
Interest	\$ 40,545	\$ 47,575	\$ 78,765	\$ 52,996	\$ 80,328	\$ 57,500	\$ 41,179
Miscellaneous	718,377	1,854,678	718,284	729,111	847,612	837,554	935,324
Transfers	308,284	248,109	42,800	(357,963)	(277,530)	(288,910)	(2,831,471)
Total business-type activities:	<u>\$ 1,067,206</u>	<u>\$ 2,150,362</u>	<u>\$ 839,849</u>	<u>\$ 424,144</u>	<u>\$ 650,410</u>	<u>\$ 606,144</u>	<u>\$ (1,854,968)</u>
Total primary government	<u>\$ 32,955,702</u>	<u>\$ 34,341,147</u>	<u>\$ 36,056,177</u>	<u>\$ 38,365,732</u>	<u>\$ 39,246,279</u>	<u>\$ 42,725,376</u>	<u>\$ 39,010,007</u>
Change in Net Assets							
Governmental activities	\$ 539,850	\$ 753,257	\$ 6,613,231	\$ 2,428,067	\$ 4,436,214	\$ 11,080,604	\$ (980,853)
Business-type activities	2,451,167	1,242,659	1,032,909	(28,581)	(384,087)	6,524,679	3,548,213
Total primary government	<u>\$ 2,991,017</u>	<u>\$ 1,995,916</u>	<u>\$ 7,646,140</u>	<u>\$ 2,399,486</u>	<u>\$ 4,052,127</u>	<u>\$ 17,605,283</u>	<u>\$ 2,567,360</u>

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

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

(2) This table presents amounts as originally reported. No adjustments are made for the effects of prior period adjustments.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 386,599	\$ 568,154	\$ 487,334	\$ 439,018	\$ 522,954	\$ 453,839	\$ 423,518	\$ 422,938	\$ 548,835	\$ 343,657
Unreserved	9,166,049	7,901,882	6,023,484	5,250,633	4,915,690	4,660,255	5,057,758	5,349,352	6,939,442	7,192,118
Total general fund	\$ 9,552,648	\$ 8,470,036	\$ 6,510,818	\$ 5,689,651	\$ 5,438,644	\$ 5,114,094	\$ 5,481,276	\$ 5,772,290	\$ 7,488,277	\$ 7,535,775
All Other Governmental Funds										
Reserved	\$ 1,582,291	\$ 1,677,492	\$ 2,368,868	\$ 1,260,853	\$ 1,833,153	\$ 34,182,819 (1)	\$ 17,738,377	\$ 9,904,689	\$ 1,462,252	\$ 2,317,399
Unreserved, reported in										
Special revenue funds	3,904,945	6,467,964	7,448,023	7,036,584	6,956,167	6,717,456	7,299,423	6,137,197	5,568,643	5,138,235
Capital projects funds	7,574,766	5,738,826	3,732,409	2,778,902	2,424,090	(710,174)	2,158,115	1,604,832	398,073	859,020
Debt services funds	-	-	-	1,239,747	1,720,796	3,886,972	6,402,404	8,349,601	7,082,125	6,113,799
Total all other governmental funds	\$ 13,062,002	\$ 13,884,282	\$ 13,549,300	\$ 12,316,086	\$ 12,934,206	\$ 44,077,073	\$ 33,598,319	\$ 25,996,319	\$ 14,511,093	\$ 14,428,453

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 15,102,649	\$ 16,753,443	\$ 17,442,567	\$ 19,776,290	\$ 19,497,314	\$ 22,122,240	\$ 23,137,472	\$ 23,312,693	\$ 25,085,558	\$ 23,557,540
Licenses and permits	251,324	223,135	173,790	197,357	173,514	340,802	465,364	272,409	271,002	269,593
Intergovernmental	35,857,301	39,142,428	38,091,857	39,887,937	41,485,191	41,555,706	43,662,911	45,623,695	52,017,449	52,800,138
Charges for services	3,473,407	3,486,933	3,505,195	3,493,647	3,597,812	3,760,492	4,990,381	5,172,706	5,263,455	5,103,858
Fines and forfeitures	329,798	380,438	315,880	356,599	397,281	283,826	391,570	429,453	397,230	427,921
Interest	1,323,270	1,449,119	601,063	255,266	168,416	599,462	696,241	1,070,165	915,773	403,054
Other	969,631	1,660,284	504,319	1,287,694	701,033	958,272	1,518,029	1,124,325	2,026,641	1,390,671
Total Revenues	\$ 57,307,380	\$ 63,095,780	\$ 60,634,671	\$ 65,254,790	\$ 66,020,561	\$ 69,620,800	\$ 74,861,968	\$ 77,005,446	\$ 85,977,108	\$ 83,952,775
Expenditures										
General Government	\$ 500,225	\$ 532,967	\$ 735,874	\$ 668,580	\$ 653,026	\$ 743,092	\$ 722,370	\$ 734,797	\$ 805,413	\$ 883,736
Administration	652,626	633,336	637,149	684,778	625,253	682,853	588,960	610,439	622,983	885,840
Public Safety	7,106,905	7,160,283	7,477,238	7,888,433	7,567,199	7,971,991	8,524,042	9,201,187	11,717,322	12,389,138
Public Works	2,748,497	2,775,844	2,505,253	2,621,163	3,006,575	3,149,133	3,059,468	3,101,813	3,330,686	3,109,202
Community Services	6,214,930	6,331,493	6,747,811	7,521,630	7,950,349	7,877,890	9,269,663	10,239,087	10,326,239	10,881,008
Education	34,257,433	36,369,497	37,825,252	38,985,004	41,392,925	42,399,884	44,009,380	46,138,202	50,627,491	49,912,738
Capital Outlay	2,843,117	5,045,877	2,644,373	4,138,439	2,257,873	4,378,599	16,058,967	29,658,552	17,180,904	4,302,395
Debt Service										
Principal	1,975,387	2,196,868	2,382,150	1,981,813	2,095,289	2,146,000	2,756,042	2,624,468	2,804,954	3,128,567
Interest	2,346,695	2,876,186	1,929,200	1,886,179	1,546,228	1,943,304	2,275,531	2,936,984	4,210,966	4,604,579
Other Charges	-	-	-	-	-	-	-	-	86,766	305,589
Total Expenditures	\$ 58,645,815	\$ 63,922,351	\$ 62,884,300	\$ 66,376,019	\$ 67,094,717	\$ 71,292,746	\$ 87,264,423	\$ 105,554,025	\$ 101,713,724	\$ 90,402,792
Excess (deficiency) of revenues over (under) expenditures	\$ (1,338,435)	\$ (826,571)	\$ (2,249,629)	\$ (1,121,229)	\$ (1,074,156)	\$ (1,671,946)	\$ (12,402,455)	\$ (28,548,579)	\$ (15,736,616)	\$ (6,450,017)
Other Financing Sources (Uses)										
Bonds issuance	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ 32,533,063	\$ 1,032,500	\$ -	\$ -	\$ -
Bond premium	-	-	-	-	-	-	-	-	-	1,523,179
Refunding bonds issued	-	41,244,385	-	-	-	-	-	-	-	38,355,000
Payments to refund bonds	-	-	-	-	-	-	-	-	-	(39,572,590)
Payments to escrow agent	-	(41,244,385)	-	-	-	-	-	-	-	-
Loan issuance	717,562	-	-	197,263	797,737	-	-	21,000,000	4,945,988	2,806,300
Loan discount	-	-	-	-	-	-	-	(39,937)	-	-
Capital lease issuance	-	-	-	-	891,641	-	-	-	732,479	471,515
Transfers in	15,547,793	18,651,459	18,560,303	18,893,928	18,202,388	17,814,432	19,356,881	19,554,689	24,326,902	27,619,160
Transfers Out	(15,399,552)	(18,085,220)	(18,604,874)	(20,024,343)	(18,450,497)	(17,857,232)	(18,098,498)	(19,277,159)	(24,037,992)	(24,767,689)
Total other financing sources (uses)	\$ 10,865,803	\$ 566,239	\$ (44,571)	\$ (933,152)	\$ 1,441,269	\$ 32,490,263	\$ 2,290,863	\$ 21,237,593	\$ 5,967,377	\$ 6,414,875
Net changes in fund balances	\$ 9,527,368	\$ (250,332)	\$ (2,294,200)	\$ (2,054,381)	\$ 367,113	\$ 30,818,317	\$ (10,111,572)	\$ (7,310,986)	\$ (9,769,239)	\$ (35,142)
Debt service as a percentage of noncapital expenditures	7.7%	8.6%	7.2%	6.2%	5.6%	6.1%	7.1%	7.7%	8.4%	9.3%

**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
2000	\$ 11,574,263	\$ 94,284	\$ 951,146	\$ 6,025,613	\$ 610,338	\$ 626,753	\$ 320,513	\$ 20,202,910
2001	12,890,998	84,298	1,191,972	5,921,241	597,162	639,133	316,808	21,641,612
2002	13,208,701	158,223	1,197,400	6,561,754	721,069	672,583	309,826	22,829,556
2003	14,997,982	302,021	1,313,325	7,132,719	704,225	708,589	366,023	25,524,884
2004	14,756,203	159,473	1,281,816	7,224,109	767,715	746,472	363,789	25,299,577
2005	15,341,027	188,575	1,317,779	9,032,154	841,718	761,905	397,925	27,881,083
2006	15,520,774	213,844	1,405,994	9,904,536	999,362	774,866	427,608	29,246,984
2007	16,105,953	177,488	1,401,412	9,810,033	913,226	812,010	455,744	29,675,866
2008	17,673,704	97,257	1,506,999	10,799,248	849,823	839,642	542,126	32,308,799
2009	18,624,249	149,402	1,657,594	10,110,993	791,480	852,203	558,612	32,744,533
Change								
2000-2009	60.91%	58.46%	74.27%	67.80%	29.68%	35.97%	74.29%	62.08%

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

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

Fiscal Year	Real Residential Property	Real Commercial Property	Personal Property	Public Utilities	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2000	\$ 262,710,100	\$ 179,951,704	\$ 46,722,298	\$ 15,549,682	\$ 504,933,784	\$ 2.31	\$ 1,684,732,802	30%
2001	263,184,875	180,376,742	45,668,874	14,732,079	503,962,570	2.57	1,682,696,533	30%
2002	267,561,648	184,627,513	48,161,886	12,829,722	513,180,769	2.65	1,715,681,762	30%
2003	270,610,350	183,974,432	52,745,175	11,512,784	518,842,741	2.94	1,739,127,065	30%
2004	272,157,350	191,091,293	51,253,014	10,267,203	524,768,860	2.87	1,755,868,654	30%
2005	274,953,825	200,940,065	53,452,186	10,153,519	539,499,595	2.87	1,798,800,359	30%
2006	322,792,500 (2)	224,568,232 (2)	52,163,372 (2)	11,390,458 (2)	610,914,562 (2)	2.55 (2)	2,047,178,410 (2)	30% (2)
2007	334,908,739	232,023,953	58,066,034	11,091,196	636,089,922	2.55	2,133,414,096	30%
2008	348,129,559	268,680,515	44,406,428	9,269,913	670,486,415	2.65	2,229,095,337	30%
2009	355,123,650	280,813,481	43,858,479	9,427,296	689,222,906	2.77	2,285,863,771	30%

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

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

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

Fiscal Year	Anderson County, Tennessee			Roane County, Tennessee		
	City	Overlapping County Rate	Combined Tax Rate	City	Overlapping County Rate	Combined Tax Rate
2001	2.57	3.14	5.71	2.57	2.11	4.68
2002	2.65	3.14	5.79	2.65	2.11	4.76
2003	2.94	3.14	6.08	2.94	2.11	5.05
2004	2.87	3.14	6.01	2.87	2.445	5.32
2005	2.87	3.22	6.09	2.87	2.445	5.32
2006	2.55 (1)	2.68 (1)	5.23 (1)	2.55 (1)	2.02 (1)	4.57 (1)
2007	2.55	2.68	5.23	2.55	2.02	4.57
2008	2.65	2.68	5.33	2.65	2.27	4.92
2009	2.77	2.68	5.45	2.77	2.27	5.04

Notes: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane. Approximately 17 percent of the taxable real parcels (2,213 of 13,042) are located in the Roane County portion of the City.

The City's basic property tax rate may be increased only by a majority vote of the Oak Ridge City Council.

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

(1) Each governmental unit operates under different property tax assessment rolls which were certified at the time of their most recent reappraisal programs (Oak Ridge and Anderson County - 1999 and 2006; Roane County - 2006).

Table 8

**CITY OF OAK RIDGE, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT TAX YEAR 2008 AND NINE YEARS AGO
(For Fiscal Year 2009 and 2000)**

Taxpayer	Type of Business	Tax Year 2008			Tax Year 1999		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Oak Ridge Projects LLC	Real Estate Developer	\$ 38,194,743	1	5.54%	\$ -	-	-
UT-Battelle	Management Contractor (ORNL)	37,433,664	2	5.43%	-	-	-
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	13,037,315	3	1.89%	10,077,560	4	1.99%
R&R Properties/Richard Chinn	Entrepreneur	9,411,280	4	1.37%	4,081,057	9	0.80%
Methodist Medical Center of Oak Ridge	Health Services	9,388,280	5	1.36%	9,183,363	5	1.81%
BellSouth	Communications	6,513,284	6	0.95%	12,256,863	3	2.42%
Wilkinson Realty	Apartment Complexes	6,027,259	7	0.87%	-	-	-
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	5,746,694	8	0.83%	5,776,899	8	1.14%
Wal-Mart	Retail	3,941,678	9	0.57%	-	-	-
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	3,768,584	10	0.55%	6,601,566	7	1.30%
Boeing Tennessee Inc.	Manufacturing and Engineering	-	-	-	16,126,212	1	3.18%
Oak Ridge Mall	Shopping Mall/Misc. Development	-	-	-	15,874,824	2	3.13%
Southern Management Development	Apartment Complexes	-	-	-	7,708,617	6	1.52%
Seward Norris Construction	Real Estate Developer	-	-	-	3,444,007	10	0.68%
TOTAL		\$ 133,462,781		19.36%	\$ 91,130,968		17.97%

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

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

Fiscal Year Ended June 30,	Collected within the Fiscal Year of the Levy		Total Collections to Date		Outstanding Delinquent Taxes		
	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount (1)	Percentage of Levy
2000	\$ 11,663,970	\$ 11,283,542	96.7%	\$ 11,526,629	98.8%	\$ 137,341	1.2%
2001	12,951,838	12,585,185	97.2%	12,838,052	99.1%	113,786	0.9%
2002	13,599,291	12,921,156	95.0%	13,480,052	99.1%	119,239	0.9%
2003	15,253,977	14,768,834	96.8%	15,098,116	99.0%	155,861	1.0%
2004	15,060,866	14,460,793	96.0%	14,902,229	98.9%	158,637	1.1%
2005	15,483,638	14,934,125	96.5%	15,401,834	99.5%	81,804	0.5%
2006	15,578,321	15,280,442	98.1%	15,526,604	99.7%	51,717	0.3%
2007	16,220,293	15,901,543	98.0%	16,142,626	99.5%	77,667	0.5%
2008	17,767,890	17,303,022	97.4%	17,619,769	99.2%	148,121	0.8%
2009	19,091,475	18,519,409	97.0%	18,519,409	97.0%	572,066	3.0%

(1) On September 20, 2004, City Council authorized the Anderson County Delinquent Tax Attorney to collect City of Oak Ridge delinquent real property taxes in consolidation with the collection of Anderson County delinquent taxes. As real property becomes eligible for a delinquent property tax sale under Tennessee State law, the City is turning those delinquencies over to the Anderson County Delinquent Tax Attorney for collection.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLES
June 30, 2009

<u>Tax Year</u>	<u>Property Tax Receivable Balance June 30, 2008</u>	<u>Property Tax Levied</u>	<u>Abatements & Adjustments</u>	<u>Collections</u>	<u>Allowance For Uncollectibles (1)</u>	<u>Net Receivable Balance June 30, 2009</u>
2000	\$ 108,686	\$ -	\$ 5,100	\$ -	\$ (113,786)	\$ -
2001	113,626	-	5,613	-	(119,239)	-
2002	151,150	-	5,068	357	(155,861)	-
2003	114,849	-	48,927	5,139	(158,637)	-
2004	187,430	-	(86,744)	18,882	(81,804)	-
2005	168,964	-	(57,995)	59,252	(48,390)	3,327
2006	290,014	-	(48,709)	163,638	(50,892)	26,775
2007	439,367	-	25,501	316,747	(75,000)	73,121
2008	17,302,917	-	110,473	16,841,325	(75,300)	496,765
2009	-	18,995,961	-	2,192,999	-	16,802,962
Totals	<u>\$ 18,877,003</u>	<u>\$ 18,995,961</u>	<u>\$ 7,234</u>	<u>\$ 19,598,339</u>	<u>\$ (878,909)</u>	<u>\$ 17,402,950</u>

Note: The levy for the 2009 tax year is recorded as a deferred revenue at fiscal year end June 30, 2009.

Table 11

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Building materials	\$ 9,891,130	\$ 10,397,087	\$ 27,236,769	\$ 33,161,236	\$ 36,619,633	\$ 39,673,175	\$ 40,776,983	\$ 37,880,776	\$ 35,481,658	\$ 34,138,282
General merchandise	94,001,413	95,637,929	105,352,653	119,827,335	125,090,959	127,395,302	124,051,789	123,863,006	124,791,075	118,728,929
Food stores	64,464,938	62,723,250	54,060,030	50,336,043	49,207,201	47,469,754	48,120,643	48,976,457	51,694,210	54,720,524
Autos, Boats, Aircrafts	107,045,113	100,827,902	113,249,512	117,412,599	117,679,886	112,106,399	103,902,534	94,622,000	79,474,112	60,212,915
Apparel	9,663,121	5,416,300	4,602,724	4,581,100	4,747,894	4,929,433	3,949,972	3,173,228	2,819,117	2,495,202
Furniture and Home Décor	9,003,833	9,321,650	9,206,351	9,097,840	8,806,076	8,873,574	8,440,156	9,136,238	8,339,378	7,136,115
Eating and Drinking Places	43,331,406	42,398,599	42,672,865	45,876,116	48,750,254	54,382,199	57,691,722	59,495,118	63,019,291	63,915,240
Miscellaneous Retail	40,785,436	39,887,199	36,435,868	39,382,365	40,978,996	48,575,457	53,497,507	51,826,964	56,124,638	52,747,534
Total	\$ 378,186,390	\$ 366,609,916	\$ 392,816,772	\$ 419,674,634	\$ 431,880,899	\$ 443,405,293	\$ 440,431,306	\$ 428,773,787	\$ 421,743,479	\$ 394,094,741
Oak Ridge/Anderson County local sales tax rate	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.75%	2.75%	2.75%	2.75%
Oak Ridge/Roane County local sales tax rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

Source: Tennessee Department of Revenue, Research Division

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

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

Fiscal Year	Oak Ridge/ Anderson County	Anderson County	Oak Ridge/ Roane County	Roane County
2000	2.25%	2.25%	2.75%	2.50%
2001	2.25%	2.25%	2.75%	2.50%
2002	2.25%	2.25%	2.75%	2.50%
2003	2.25%	2.25%	2.75%	2.50%
2004	2.25%	2.25%	2.75%	2.50%
2005	2.75%	(1)	2.75%	2.50%
2006	2.75%	2.25%	2.75%	2.50%
2007	2.75%	2.75%	(1)	2.50%
2008	2.75%	2.75%	2.75%	2.50%
2009	2.75%	2.75%	2.75%	2.50%

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

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

Fiscal Year	Governmental-type Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	QZAB	Notes Payable	Capital Leases	Electric Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases			
2000	\$ 56,020,000	\$ -	\$ 6,336,585	\$ 540,080	\$ 17,965,000	\$ -	\$ 15,590,775	\$ -	\$ 96,452,440	14.20%	\$ 3,522
2001	36,565,000	-	24,951,186	411,560	19,065,056	-	20,735,621	-	101,728,423	14.30%	3,714
2002	34,200,000	-	24,803,474	275,990	21,512,348	-	23,570,451	-	104,362,263	14.17%	3,811
2003	37,645,000	-	19,295,028	132,977	22,360,000	5,125,000	18,997,695	-	103,555,700	13.67%	3,781
2004	35,265,000	-	20,043,765	719,243	21,550,000	4,800,000	19,890,589	-	102,268,597	13.06%	3,734
2005	32,820,000	7,049,360	44,992,765	445,193	20,730,000	4,470,000	21,927,521	-	132,434,839	16.67%	4,836
2006	30,285,000	7,641,275	44,938,765	228,476	19,895,000	4,130,000	27,442,240	-	134,560,756	16.26%	4,913
2007	27,650,000	7,131,857	65,882,765	-	19,045,000	3,780,000	30,191,887	1,166,355	154,847,864	(1)	5,654
2008	24,870,000	6,622,439	70,769,753	544,157	18,165,000	3,410,000	31,450,975	1,073,538	156,905,862	(1)	5,729
2009	39,190,000	6,113,020	55,084,053	713,139	6,885,000	13,100,000	32,780,315	976,098	154,841,625	(1)	5,654

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

(1) Data Not Available.

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

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

Fiscal Year	Total Governmental Debt Outstanding	Actual Taxable Value of Property	Population	Percentage of Actual taxable Value of Property	Debt Per Capita
2000	\$ 62,896,665	\$ 1,684,732,802	27,387	3.7%	\$ 2,297
2001	61,927,746	1,682,696,533	27,387	3.7%	2,261
2002	59,279,464	1,715,681,762	27,387	3.5%	2,165
2003	57,073,005	1,739,127,065	27,387	3.3%	2,084
2004	56,028,008	1,755,868,654	27,387	3.2%	2,046
2005	85,307,318	1,798,800,359	27,387	4.7%	3,115
2006	83,093,516	2,047,178,410	27,387	4.1%	3,034
2007	100,664,622	2,133,414,096	27,387	4.7%	3,676
2008	102,806,349	2,229,095,337	27,387	4.6%	3,754
2009	101,100,212	2,285,863,771	27,387	4.4%	3,692

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, 2009**

<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	\$ 39,190,000	100%	\$ 39,190,000
Notes Payable	55,084,053	100%	55,084,053
Qualified Zone Academy Bonds (QZAB)	6,113,020	100%	6,113,020
Capital Lease	713,139	100%	713,139
Debt Service Fund	<u>(6,113,799)</u>		<u>(6,113,799)</u>
Total Direct Debt	<u>94,986,413</u>		<u>94,986,413</u>
Overlapping:			
Anderson County, Tennessee	29,114,798	42.51% *	12,376,701
Roane County, Tennessee	<u>34,189,210</u>	13.69% *	<u>4,680,503</u>
Total Overlapping Debt	<u>63,304,008</u>		<u>17,057,204</u>
Total Direct and Overlapping Debt	<u>\$ 158,290,421</u>		<u>\$ 112,043,617</u>

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

* Applicable percentage is determined by ratio of assessed valuation of real property subject to taxation in overlapping unit to valuation of real property subject to taxation in reporting unit.

**CITY OF OAK RIDGE, TENNESSEE
REVENUE DEBT COVERAGE
ELECTRIC SYSTEM DEBT
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2000	\$ 30,654,173	\$ 28,784,333	\$ 1,869,840	\$ 600,000	\$ 767,181	\$ 1,367,181	1.37
2001	33,291,474	29,404,337	3,887,137	899,944	1,275,692	2,175,636	1.79
2002	33,434,251	30,414,099	3,020,152	660,000	699,127	1,359,127	2.22
2003	34,689,697	31,647,977	3,041,720	730,000	740,151	1,470,151	2.07
2004	35,913,653	33,623,285	2,290,368	810,000	580,229	1,390,229	1.65
2005	35,724,771	32,545,257	3,179,514	820,000	694,765	1,514,765	2.10
2006	38,922,932	35,131,961	3,790,971	835,000	764,318	1,599,318	2.37
2007	41,971,757	38,798,182	3,173,575	992,673	923,836	1,916,509	1.66
2008	45,608,826	41,103,159	4,505,667	984,750	854,487	1,839,237	2.45
2009	52,597,386	46,957,765	5,639,621	1,009,087	862,630	1,871,717	3.01

(1) Includes operating and nonoperating revenues.

(2) Total operating expenses exclusive of depreciation.

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

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

(1) Source: U. S. Census Bureau. Statistic is for the City of Oak Ridge

(2) Source: East Tennessee Development District/Bureau of Economic Analysis. Statistic is for Anderson County. Information is maintained on a county basis and is unavailable for the City of Oak Ridge as a separate entity in a non-census year. The City comprises approximately 38% of Anderson County.

(3) Data Not Available.

**CITY OF OAK RIDGE, TENNESSEE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
BWXT Y-12	4,600	1	12.84%	N/A	N/A	N/A
UT-Battelle	4,200	2	11.73%	N/A	N/A	N/A
Methodist Medical Center	1,350	3	3.77%	1,300	2	3.77%
Bechtel Jacobs Co. LLC	1,337	4	3.73%	650	9	1.88%
Science Applications Int'l Corp. (SAIC)	1,100	5	3.07%	400	10	1.16%
Wackenhut-Oak Ridge Team	902	6	2.52%	N/A	N/A	N/A
Oak Ridge Associated Universities	850	7	2.37%	932	5	N/A
Oak Ridge Schools	687	8	1.92%	662	8	1.92%
Sitel (Client Logic)	500	9	1.40%	N/A	N/A	N/A
City of Oak Ridge	457	10	1.28%	N/A	N/A	N/A
Lockheed Martin Energy Systems Inc (LMES) (1)	N/A	N/A	N/A	14,772	1	42.82%
Scientific Ecology Group, Inc (AKA Duratek)	N/A	N/A	N/A	1,300	3	3.77%
MK Ferguson Company	N/A	N/A	N/A	970	4	2.81%
Boeing Defense and Space	N/A	N/A	N/A	780	6	2.26%
Department of Energy (DOE)	N/A	N/A	N/A	680	7	1.97%
	<u>15,983</u>		<u>44.63%</u>	<u>22,446</u>		<u>62.36%</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 2000, 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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Full-time Equivalent Employees at June 30										
General government										
City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager	3.00	3.50	4.00	3.00	3.00	3.00	3.00	3.00	4.00	3.50
City Court	2.14	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Legal	3.50	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative services										
Computer services	7.00	8.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Personnel	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Stationery Stores	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	11.00	11.00	11.00	10.00	8.00	8.00	8.00	8.00	8.00	8.00
Business Office	14.00	14.00	14.00	13.00	15.00	15.00	15.00	15.00	15.00	15.00
Police										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.50
Investigations	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	11.00	11.00
Staff services	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
Patrol	44.39	44.39	44.39	44.39	41.00	47.00	47.00	47.00	44.00	44.00
Emergency communications	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Animal control	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
School resource officer program	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	3.35	3.35
Fire										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	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	42.00	42.00	42.00	42.00	71.00	71.00
Public works										
Supervision	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Engineering	4.38	4.38	4.38	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Equipment shop	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Work pool	56.00	46.00	46.00	46.00	44.00	44.00	44.00	40.00	43.50	40.00
Water plant	0.00	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Wastewater treatment plant	15.00	15.00	14.00	14.00	16.00	16.00	16.00	20.00	20.00	19.00
West End Waterworks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.00
Community Development										
Supervision	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Planning	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
Code Enforcement	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Grant fund	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00

(Continued)

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Full-time Equivalent Employees at June 30										
Recreation and parks										
Supervision	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00
Indoor aquatics	3.93	3.93	3.93	3.93	4.18	4.18	4.18	4.18	4.18	4.18
Outdoor aquatics	6.28	6.28	6.28	6.28	6.27	6.27	6.27	6.27	6.27	6.27
Centers, camp. & programs	11.40	12.78	12.78	12.78	11.02	11.02	11.02	11.02	11.02	11.02
Athletics	2.38	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Parks	6.76	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Scarboro Center	0.00	0.00	0.00	0.00	1.39	1.39	1.39	1.39	2.39	2.39
Senior Center	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Library	16.50	17.00	17.00	17.00	16.68	16.68	16.68	17.00	17.00	17.00
Electric	33.00	33.00	33.00	34.00	34.00	34.00	34.00	34.00	34.00	35.00
Economic Development	3.50	3.50	3.50	2.50	1.00	1.00	1.00	1.00	1.00	1.00
Subtotal	354.16	357.36	356.86	354.48	348.64	354.64	353.64	354.96	390.81	393.31
Education										
Teachers	363.30	360.85	362.15	360.30	401.30	396.10	401.20	406.70	414.90	390.00
Non-Teachers	280.30	288.90	301.50	309.45	305.08	302.20	273.39	266.14	282.39	296.70
Subtotal	643.60	649.75	663.65	669.75	706.38	698.30	674.59	672.84	697.29	686.70
Total	997.76	1,007.11	1,020.51	1,024.23	1,055.02	1,052.94	1,028.23	1,027.80	1,088.10	1,080.01

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

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

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Ordinances Adopted	29	21	15	17	20	15	17	22	31	20
Resolutions Adopted	229	199	173	177	127	144	127	108	107	113
Number of court cases-city violations	2,827	3,785	2,989	3,882	3,429	1,709	2,881	3,483	3,566	4,198
Administrative services										
Applications received and processed	757	837	682	930	653	891	784	839	804	1,527
Purchase Orders issued for departments	2,492	1,894	2,044	2,044	2,254	4,524	4,524	4,106	4,619	4,720
Purchase Orders issued for stock purchases	1,424	1,554	1,259	1,259	1,420	1,219	1,350	1,328	1,138	706
Business licenses issued	N/A	1,736	N/A	N/A	1,282	1,345	1,392	1,344	1,339	1,295
Police										
Serious crimes	1,785	543	511	662	620	544	539	551	475	481
Burglaries	133	202	301	331	383	394	394	348	378	426
Total arrests	N/A	2,032	2,243	2,511	2,975	2,691	2,938	2,871	2,780	3,571
Total calls for services	47,520	32,237	33,672	36,291	32,854	32,854	35,544	37,055	35,159	38,660
Animal apprehensions	941	1,381	1,958	2,116	2,708	2,500	2,850	2,342	1,805	2,341
Registered animals	4,553	3,871	5,012	4,659	4,040	4,400	4,200	4,000	2,000	2,515
Fire										
Number of calls	3,411	3,339	3,339	3,497	3,264	3,560	3,743	3,721	4,095	4,489
Public fire education	6,945	6,450	8,400	10,993	10,993	10,993	9,000	10,750	11,000	11,000
Violations reported by department inspection	1,539	1,441	1,150	850	850	850	900	1,060	1,642	520
Average response time (mins)	3.1	3.3	4.5	3.5	4.0	4.0	4.0	4.3	4.5	4.1
Average control time (mins)	1.1	3.3	4.8	3.6	4.0	4.0	4.0	4.0	4.5	4.0
Community Development										
Site plans reviewed	28	19	21	19	19	18	19	6	9	15
Non-Residential	44	48	52	65	76	110	112	108	39	45
Residential	510	426	474	494	582	582	599	567	552	488
Building permits	322	456	424	348	400	400	518	584	474	440
Plumbing permits	405	1,038	347	438	530	530	643	629	507	434
Electrical permits	1,252	1,501	1,387	969	1,691	1,691	757	620	733	726
Nuisance Abatement	228	605	364	112	416	416	416	150	127	289
Abandoned vehicles	259	279	110	86	48	48	66	62	64	149
Housing inspections										
Park and Recreation										
City-wide special events	8	7	7	7	7	7	7	7	7	7
Cold Facts Program participants	2,037	2,038	2,123	2,174	2,325	2,341	2,327	2,353	2,387	2,401
Pool attendance	104,336	104,094	104,069	87,435	78,938	60,775	75,741	77,153	78,689	70,759
Summer camp enrollment	960	960	960	880	860	1,100	870	949	997	1,000
Athletic activities										
Youth participants	156	135	218	234	212	186	147	155	166	189
Adult participants	826	1,047	1,200	1,280	1,496	1,845	1,784	1,579	1,707	1,898
Youth teams	14	13	22	21	20	18	16	17	16	19
Adult teams	52	74	82	95	106	138	129	113	124	142

(Continued)

Table 20

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Library										
Total volume	103,500	106,440	109,434	118,320	118,411	114,707	114,707	112,550	113,890	115,159
Total non-print material	19,200	21,099	22,973	48,993	51,692	52,415	52,415	57,241	57,673	59,258
Total circulation	229,255	215,748	224,967	220,269	204,681	204,585	182,400	186,215	180,293	181,826
Registered patrons	12,474	23,937	24,836	22,477	27,604	23,735	23,455	22,171	20,209	22,301
Reference questions and reader service	38,902	37,008	38,117	37,433	33,029	35,622	33,217	29,883	31,170	30,914
Storytime attendance	2,781	3,506	4,978	5,432	5,395	5,355	4,167	5,262	5,335	4,699
Public Works										
Street sign maintenance and installation	400	379	201	394	341	412	259	370	275	375
Traffic control and school flashing signals inventory	377	371	371	371	390	390	390	390	390	390
hours for maintenance and installation	2,186	2,341	2,451	2,278	2,508	2,508	1,865	2,147	2,000	2,050
Public streetlights										
inventory	5,256	5,319	5,362	5,397	5,431	5,426	5,426	5,447	5,447	5,447
hours for maintenance and installation	2,327	1,971	1,985	2,250	1,536	1,606	2,082	1,807	1,050	1,520
Mowing of ROW (acres)	15	15	15	15	15	15	15	15	15	15
Electric										
Purchased Power										
Kilowatts-hours purchased	519,097,909	533,000,199	544,096,058	561,424,804	551,468,429	534,063,705	539,597,265	547,543,621	557,257,006	545,153,900
Amount	\$ 24,190,547	\$ 24,457,044	\$ 25,226,618	\$ 26,066,753	\$ 27,615,311	\$ 26,543,605	\$ 28,833,331	\$ 32,063,010	\$ 34,364,532	\$ 40,786,288
Electric Sales										
Kilowatts-hours sold	501,779,583	518,579,537	516,146,986	543,449,683	525,327,120	514,560,835	505,272,128	521,693,354	528,247,375	522,075,626
Amount	\$ 29,982,926	\$ 32,613,495	\$ 32,859,895	\$ 34,097,674	\$ 35,245,630	\$ 35,051,657	\$ 38,227,317	\$ 41,184,247	\$ 44,844,650	\$ 51,764,998
Cost per kilowatt-hour purchases	\$0.0466	\$0.0459	\$0.0464	\$0.0484	\$0.0501	\$0.0497	\$0.0534	\$0.0586	\$0.0617	\$0.0748
% losses and unaccounted for KH purchases	3.34%	2.71%	5.14%	3.20%	4.74%	3.65%	6.36%	4.72%	5.21%	4.23%
Water										
Gallons treated (thousands)	249,787	4,374,438	4,258,710	4,048,248	3,907,730	3,700,000	4,045,928	3,367,518	3,732,957	3,921,905
Gallons purchased (thousands)	1,242,710	-	-	-	-	-	-	34,445	23,282	16,025
Gallons pumped (thousands)	-	-	-	-	-	-	-	3,370,193	3,673,932	3,937,930
Gallons sold (thousands)	1,104,053	3,994,925	3,897,471	3,686,142	3,680,361	3,521,730	3,699,823	2,870,928	3,249,385	3,346,471
Line losses and gallons unaccounted for (thousands)	N/A	533,710	424,547	591,459						
Percentage of losses and unaccounted for gallons to total provided (thousands)	N/A	15.7%	11.6%	15.0%						
Average daily consumption (thousands of gallons)	N/A	10,945	10,678	10,099	10,083	9,649	10,137	7,866	8,902	9,168
Wastewater										
Clinch River Industrial Park Plant										
Gallons treated (thousands)	1,900	1,500	1,500	2,400	1,724	1,600	1,600	1,200	1,021	1,448
West End Plant										
Gallons treated (thousands)	1,800,000	1,500,000	1,674,920	2,200,000	1,942,491	2,100,000	2,100,000	1,600,000	1,579,946	1,589,821
Schools										
Enrollment	4,616	4,398	4,391	4,323	4,285	4,280	4,306	4,394	4,362	4,411
Average Daily Membership	4,559	4,451	4,418	4,346	4,279	4,284	4,348	4,364	4,407	4,452
Average Daily Attendance	4,331	4,213	4,190	4,127	4,066	4,061	4,127	4,142	4,185	4,220
Average Test Scores (ACT)	23.4	23.6	23.8	23.6	24.4	24.5	24.3	23.6	23.6	24.7

* Some information is not available due to system changes.

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

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police											
Stations	1	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	18	19	23	23	23	23	23	23	23	23	25
Unmarked Vehicles	6	6	5	5	5	5	6	6	6	8	8
Animal Control	2	2	2	2	2	2	2	2	2	2	2
Other Vehicles	8	9	9	9	9	9	9	9	9	8	8
Fire											
Stations	3	3	3	3	3	3	3	3	3	4	4
Fire trucks (Pumpers and ladder)	6	6	6	6	6	6	6	6	6	9	9
Rescue vehicles - radio equipped	2	2	2	2	2	2	2	2	2	3	3
Sedans - radio equipped	3	3	3	3	4	4	4	4	4	6	6
Fire Specialists' vehicles	5	5	5	5	5	5	5	5	5	5	5
Park and Recreation											
Parks	14	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	2,237
Swimming pools	2	2	2	2	2	2	2	2	2	2	2
Tennis courts	22	22	22	22	22	22	22	22	22	22	22
Baseball parks	4	5	5	5	5	5	5	5	5	5	5
Softball parks	6	6	6	6	6	6	6	6	6	6	6
Gymnasium	1	1	1	1	1	1	1	1	1	2	2
Golf course	1	1	1	1	1	1	1	1	1	1	1
Soccer fields	9	9	9	9	9	9	9	9	9	9	9
Community Centers	3	3	3	3	3	3	3	3	3	3	3
Disc Golf Courses	-	-	-	-	-	-	-	-	-	1	2
Library	1	1	1	1	1	1	1	1	1	1	1
Public Works											
Miles of roads and streets	208.62	208.62	211.02	211.42	211.42	217.75	222.33	226.00	226.00	227.72	227.87
Miles of sidewalks	98.73	98.73	98.73	98.73	98.73	98.73	100.61	100.61	100.61	100.61	100.61
Electric											
Miles of electric lines	270.36	270.84	270.84	272.66	281.35	282.00	282.00	286.00	286.00	286.00	286.00
Number of regular street lights	5,059	5,256	5,319	5,362	5,397	5,431	5,426	5,447	5,463	5,463	5,463
Number of private outdoor lights	1,509	1,520	1,530	1,530	1,564	1,577	1,577	1,577	1,568	1,574	1,385
Water											
Miles of water main	218.94	220.00	222.00	222.00	225.40	225.77	225.77	231.90	231.90	240.86	241.35
Number of fire hydrants	2,427	2,450	2,481	2,489	2,501	2,500	2,700	2,580	2,574	2,683	2,845
Wastewater											
Miles of sewer main	236.63	240.00	240.00	240.00	244.50	245.87	245.87	245.87	250.00	259.78	260.07
Treatment plants	2	2	2	2	2	2	2	2	2	3	3
Treatment capacity (thousand of gallons)	5,680	9,900	5,880	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010
Schools											
Elementary schools	4	4	4	4	4	4	4	4	4	4	4
Middle schools	2	2	2	2	2	2	2	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1	1

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

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

Fiscal Year	Waterworks (2)			Total
	Electric Revenue	Water Revenue	Wastewater Revenue	
2000	\$ 30,654,173	\$ 4,212,892	\$ 4,433,351	\$ 39,300,416
2001	33,291,474	6,699,307 (1)	4,993,032	44,983,813
2002	33,434,251	6,666,355	4,759,119	44,859,725
2003	34,689,697	6,569,522	5,906,475	47,165,694
2004	35,913,653	6,343,489	5,704,123	47,961,265
2005	35,724,771	6,225,551	5,756,389	47,706,711
2006	38,922,932	7,088,332	5,788,969	51,800,233
2007	41,971,757	7,867,191	6,377,350	56,216,298
2008	45,608,826	9,925,588	6,774,328	62,308,742
2009	52,597,386	10,713,173	7,632,541	70,943,100

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.

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Electric (1)											
Residential											
Base Charge	\$ 5.50	\$ 5.80	\$ 5.80	\$ 5.80	\$ 5.80	\$ 6.57	\$ 7.30	\$ 7.37	\$ 7.46	\$ 7.70	\$ 7.70
All kWh	0.05915	0.06240	0.06240	0.06240	0.06240	0.06544	0.66790	0.07732	0.07622	0.08800	0.09300
Commercial											
Base Charge	\$ 12.50	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 17.00	\$ 17.17	\$ 17.37	\$ 17.93	\$ 17.93
All kWh	0.06493	0.06756	0.06756	0.06756	0.06756	0.07178	0.07382	0.08571	0.08432	0.09686	0.10211
Base Charge	\$ 25.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 55.00	\$ 55.56	\$ 56.20	\$ 58.00	\$ 58.00
1st 15,000 kWh	0.06648	0.07000	0.07000	0.07000	0.07000	0.07421	0.07746	0.08938	0.08803	0.10069	0.10594
Additional kWh	0.03407	0.03587	0.03587	0.03587	0.03587	0.03823	0.03935	0.04601	0.04557	0.05463	0.05873
kWh, 51-1,000	9.42	9.94	9.94	9.94	9.94	10.67	10.93	12.55	12.25	13.31	13.65
Base Charge	\$ 75.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 150.00	\$ 151.52	\$ 153.28	\$ 158.19	\$ 158.19
All kWh	0.03474	0.03655	0.03655	0.03665	0.03665	0.03901	0.04087	0.04754	0.04712	0.05623	0.06033
kWh, 0 - 1,000	8.92	9.41	9.41	9.41	9.41	10.09	10.09	11.95	11.61	12.69	13.05
kWh, 1,001 - 5,000	10.01	10.56	10.56	10.56	10.56	12.02	12.02	14.27	13.88	15.17	15.59
Outdoor Light	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04377	\$ 0.04622	\$ 0.05265	\$ 0.05166	\$ 0.05943	\$ 0.06368
All kWh											
Water											
Minimum Bill (0-2,000 gallons)	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 9.65	\$ 11.50	\$ 11.50
Next 8,000 gallons per 1,000 gallons	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.75	4.55	4.55
Next 40,000 gallons per 1,000 gallons	2.77	2.77	2.77	2.77	2.77	2.77	2.77	2.77	3.35	4.05	4.05
Next 150,000 gallons per 1,000 gallons	2.29	2.29	2.29	2.29	2.29	2.29	2.29	2.29	2.75	3.20	3.20
Next 800,000 gallons per 1,000 gallons	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	2.30	3.20	3.20
Next 1,000,000 gallons per 1,000 gallons	1.56	1.56	1.56	1.56	1.56	1.56	1.56	1.56	2.30	3.20	3.20
Wastewater											
Minimum Bill (0-2,000 gallons)	\$ 9.85	\$ 10.25	\$ 10.25	\$ 10.25	\$ 10.50	\$ 10.50	\$ 10.50	\$ 11.50	\$ 11.50	\$ 13.50	\$ 13.50
Next 8,000 gallons per 1,000 gallons	2.15	2.94	2.94	2.94	3.75	3.75	3.75	4.13	4.13	5.15	5.15
Next 40,000 gallons per 1,000 gallons	3.78	4.38	4.38	4.38	5.05	5.05	5.05	5.55	5.55	6.45	6.45
Next 50,000 gallons per 1,000 gallons	3.55	4.20	4.20	4.20	5.05	5.05	5.05	5.55	5.55	6.45	6.45
Next 4,999,900 gallons per 1,000 gallons	3.28	4.20	4.20	4.20	5.05	5.05	5.05	5.55	5.55	6.45	6.45
All over 5,000,000 gallons per 1,000 gallons	3.28	4.20	4.20	4.20	5.90	5.90	5.90	5.55	5.55	6.45	6.45

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

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

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

Fiscal Year	Electric			Water		Wastewater		
	Residential	Small lighting and power	Large lighting and power	Street and outdoor lighting	Residential	Commercial	Residential	Commercial
	2000	12,700	1,558	366	61	10,826	1,416	10,745
2001	12,648	1,564	412	62	10,747	1,429	10,468	1,195
2002	12,676	1,586	421	60	10,769	1,429	10,492	1,191
2003	12,937	1,654	383	61	10,914	1,425	10,633	1,179
2004	12,964	1,698	360	62	10,955	1,425	10,671	1,167
2005	13,042	1,731	346	61	11,019	1,492	10,740	1,169
2006	13,096	1,797	339	64	11,160	1,518	10,866	1,167
2007	13,542	1,817	345	61	11,285	1,568	11,007	1,190
2008	13,556	1,787	342	60	11,313	1,561	11,032	1,176
2009	13,608	1,840	354	61	11,260	1,634	10,990	1,197

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

Customer	2009				2000					
	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	63,236	32,980,250	\$ 2,987,286	1	5.77%	33,151	17,776,644	\$ 1,531,443	1	5.11%
Methodist Medical Center	50,641	25,315,635	2,288,820	2	4.42%	41,031	18,994,024	1,062,779	4	3.54%
USEC Inc	49,511	22,524,759	2,157,497	3	4.17%	-	-	-	-	-
Oak Ridge Board Of Education	50,427	17,632,948	1,813,601	4	3.50%	34,911	11,776,362	754,236	5	2.52%
Scientific Ecology Group (SEG) (AKA GTS Duratek)	47,460	23,174,021	1,567,035	5	3.03%	(1)	34,680,330	1,298,505	2	4.33%
Oak Ridge Project LLC	30,880	15,474,000	1,378,934	6	2.66%	-	-	-	-	-
US Department of Energy	18,453	8,924,491	826,695	7	1.60%	20,181	9,152,910	516,743	8	1.72%
Advanced Measurement	15,484	8,506,000	740,678	8	1.43%	-	-	-	-	-
Oak Ridge Technical Centers	18,329	7,366,884	714,835	9	1.38%	-	-	-	-	-
R&R Properties	15,755	6,659,743	653,517	10	1.26%	-	-	-	-	-
Boeing	-	-	-	-	-	(1)	28,246,012	1,214,343	3	4.05%
BNFL	-	-	-	-	-	26,246	12,819,101	700,064	6	2.33%
Manufacturing Sciences	-	-	-	-	-	25,037	11,746,720	650,511	7	2.17%
Perkin-Elmer Instruments	-	-	-	-	-	15,908	8,925,365	462,187	9	1.54%
UT-Battelle LLC	-	-	-	-	-	16,212	8,210,258	445,548	10	1.49%
Total			\$ 15,128,898		29.22%			\$ 8,636,359		28.80%

Note:

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

CITY OF OAK RIDGE, TENNESSEE
Schedule of Unaccounted for Water
For the Year Ended June 30, 2009

(All amounts in gallons)

A	Water Treated and Purchased:		
B	Water Pumped (potable)	3,921,905	
C	Water Purchased	16,025	
D	Total Water Treated and Purchased		3,937,930
	(Sum Lines B and C)		
E	Accounted for Water:		
F	Water Sold	3,248,402	
G	Metered for Consumption (in house usage)	0	
H	Fire Department(s) Usage	3,305	
I	Flushing	6,927	
J	Tank Cleaning / Filling	0	
K	Street Cleaning	31	
L	Bulk Sales	0	
M	Water Bill Adjustments	14,771	
N	Total Accounted For Water		3,273,436
	(Sum Lines F thru M)		
O	Unaccounted for Water		664,494
	(Line D minus Line N)		
P	Percent Unaccounted for Water		16.874%
	(Line O divided by Line D times 100)		

Q Other (explain) See Below

Explain Other:

Public Work usage for sewer line cleaning, water main breaks and repairs.
73,035

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

CITY OF OAK RIDGE, TENNESSEE
Single Audit Report and Findings and Recommendations
For the Fiscal Year Ended June 30, 2009

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CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2009

Federal Grantor / Pas-Through Grantor	CFDA NUMBER	Contract Number	(Accrued) Deferred July 1, 2008	Cash Receipts	Expenditures	(Accrued) Deferred July 1, 2009
<u>DIRECT FEDERAL FINANCIAL ASSISTANCE</u>						
U.S. Department of Commerce	11.300	EDA 04-01-05881	-	1,217,000	1,217,000	-
U.S. Department of Energy	81.502	DE-FG05-05OR23196	-	270,769	300,000	(29,231)
U.S. Department of Energy	81.502	DE-FG05-06OR23251	(23,208)	30,068	16,695	(9,835)
U.S. Department of Homeland Security	97.044	FO0805894	-	44,721	46,720	(1,999)
U.S. Department of Housing and Urban Development	14.218	N/A	(35,127)	108,072	258,431	(185,486)
U.S. Department of the Interior	15.929	47-08-AP-4038	-	-	31,686	(31,686)
U.S. Department of Justice	16.738	N/A	(14,745)	14,745	2,227	(2,227)
TOTAL DIRECT FEDERAL FINANCIAL ASSISTANCE			(73,080)	1,685,375	1,872,759	(260,464)
<u>INDIRECT FEDERAL FINANCIAL ASSISTANCE</u>						
Federal Highway Administration Through TN Department of Transportation	20.205	STP-EN-9115(8)	(115,000)	115,000	-	-
	20.205	HPP-9115(11)	(29,102)	-	11,444	(40,546)
Institute of Museum and Library Services Through TN State Library and Archives	45.310	GG0712777	-	865	865	-
U.S. Department of Housing and Urban Development Through TN Department of Human Services	14.231	Z08022628	(1,233)	1,233	-	-
	14.231	DG0924555	-	27,553	33,856	(6,303)
U. S. Department of Energy Through TN Department of Military	81.502	GG082529400	(2,586)	13,661	11,220	(145)
TOTAL INDIRECT FEDERAL FINANCIAL ASSISTANCE			(147,921)	158,312	57,385	(46,994)
TOTAL FEDERAL FINANCIAL ASSISTANCE			(221,001)	1,843,687	1,930,144	(307,458)
<u>STATE ASSISTANCE PROGRAMS</u>						
Tennessee Department of Agriculture		Z0820131700	-	5,538	15,418	(9,880)
Tennessee Department of Economic & Community Development		GG0712919	(36,230)	76,818	40,588	-
Tennessee Department of Environment & Conservation		Z-07-038474-00	(451)	749	298	-
Tennessee Department of State		4890047 & 4925622	2,000	-	2,000	-
		4890048	2,000	-	2,000	-
		4925623	4,000	-	4,000	-
Tennessee Department of Transportation		Z07035922	1,926	-	-	1,926
Tennessee Department of Transportation		Z-08-21345-00	(10,081)	10,081	-	-
		Z-09-213802-00	-	89,921	109,226	(19,305)
TOTAL STATE ASSISTANCE PROGRAMS			(36,836)	183,107	173,530	(27,259)
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS			\$ (257,837)	\$ 2,026,794	\$ 2,103,674	\$ (334,717)

CITY OF OAK RIDGE, TENNESSEE
Notes to the Schedule of Federal and State Financial Assistance Activity
For the Year Ended June 30, 2009

Note 1 - Basis of Presentation

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

Note 2 - Loans Outstanding

At June 30, 2009, the City of Oak Ridge had outstanding loans obtained through the State Revolving Loan Fund. These loans were funded by federal and state sources as noted in the schedule below. Loan proceeds totaled \$257,636 from state sources and loan payments totaled \$689,520 during the fiscal year.

<u>State Revolving Fund Loan</u>	<u>Balance</u>	<u>Federal Funding</u>	<u>State Funding</u>
SRF97-102	\$ 8,564,943	2%	98%
SRF98-117	3,665,246	0%	100%
SRF02-159	<u>4,161,722</u>	46%	54%
	<u>\$ 16,391,911</u>		

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee ("the City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 26, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Oak Ridge Schools, a blended component unit reported as a governmental fund and the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies referenced as 09-1, 09-2, 09-3, 09-4, 08-1, 08-2, 08-3, and 08-5 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above we consider items 09-1, 09-2, 09-3, and 09-4 to be material weaknesses.

Compliance and Other Matters

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

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

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

Pugh & Company, P.C.

Certified Public Accountants

April 26, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Oak Ridge, Tennessee ("the City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Oak Ridge Schools, which received \$3,881,110 in federal awards which is not included in the schedule during the year ended June 30, 2009. Our audit, described below, did not include the operations of the Oak Ridge Schools because the Oak Ridge Schools engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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

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

In our opinion the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Pugh & Company, P.C.

Certified Public Accountants

April 26, 2010

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

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

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

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

Major federal programs for the City of Oak Ridge for the fiscal year ended June 30, 2009 are:

<u>Program Name</u>	<u>CFDA#</u>
U.S. Department of Commerce: Investments for Public Works and Economic Development Facilities	11.300

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

Auditee qualified as low-risk auditee? yes no

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

Unresolved Prior Year Audit Findings:

Finding 08-1:	Cash Collections in the Utility Billing Office
Criteria:	The cash receipts procedures in the Utility Billing Office should allow for proper segregation of duties in relation to the collection of payments, preparation of bank deposits, and access to customer accounts.
Condition:	The procedures in the Utility Billing Office create an opportunity for the cashiers to accept cash payments either from customers directly or through the mail, and post the amounts to the billing system and prepare the bank deposit.
Context:	The City's Utility Billing Office collects virtually all the utility service revenues during the year.
Effect:	The current system is not sufficient to deter the risk of fraud through theft of cash and manipulating the system and the reports to cover the missing cash.
Cause:	The cash collection process has not been updated in some time.
Recommendation:	We recommend the billing supervisor reconcile the cash receipts posted and the deposits prepared for the bank. We also recommend management add program controls to restrict the user from adjusting any cash receipts posted by the user to a customer account. These two steps would provide additional assurance the cash collected is properly remitted to the bank.
Current Status:	Certain duties have been redistributed to the billing supervisor. However, sufficient segregation of duties has not been fully accomplished due to cash being received by the billing supervisor when performing backup duties for cashiers. The billing supervisor has access to the cash, accounting records and the reconciliation process. We recommend that the reconciliation be reviewed on a random and surprise basis by a qualified individual independent of the process. The reviews should be conducted on a regular basis. We also recommend that a person independent of the cash collection process review a log of all daily adjustments on a regular basis.
Management's Response:	Programming enhancements were made during the prior fiscal year to strengthen the controls in the cash processing system. The programming for this process is still under review and additional programming changes are planned. The cash reconciliation process will be reviewed by an employee independent of the process. Cash adjustments are currently being reviewed by the Finance Director on a monthly basis. Cash adjustments can be initiated from several sources and the system is being assessed to ensure that all cash adjustments are being reviewed.

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

Unresolved Prior Year Audit Findings (continued):

Finding 08-2:	Controls over Purchase Card Payments
Criteria:	All purchases made with procurement cards should have adequate documentation supporting the expenditure.
Condition:	In 2008, we found several instances where the documentation submitted with the credit card statement was insufficient. Some of the purchases were not supported with an invoice. On other occasions, only part of the expenditures had supporting documentation.
Context:	Credit card purchases totaling \$10,558 did not have complete documentation.
Effect:	Adequate supporting documentation must be submitted for management to evaluate if purchases made with procurement cards are proper, are approved, and are for the benefit of the City and not a misuse of funds.
Cause:	City employees are not complying with the established purchasing procedures.
Recommendation:	We recommend management review the current policies regarding the submission of receipts and other documentation with those employees who have been issued a purchase card. The City should implement steps to monitor the submission of receipts prior to payment of the bill.
Current Status:	This finding has not been resolved. During the June 30, 2009 audit we noted that there were several instances totaling \$23,160 where the documentation submitted with the credit card statement was insufficient.
Management's Response:	Items purchased were consistent with the job functions of the individual/department for the credit card holder. In general, most monthly statements were also approved by the departmental director of the credit card holder. However, we concur that overall there needs to be additional information provided for a more detailed explanation of the credit card purchases. Card holders will be required to submit an explanation summary for the item and/or reason/event the items were purchased.

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

Unresolved Prior Year Audit Findings (continued):

Finding 08-3:	Compliance with the Travel Policy
Criteria:	According to the City's Policy and Procedure Manual regarding the regulations and restrictions governing travel expense, all out of town travel should be documented by an approved Travel Request Report and a Travel Expense Report supported by paid receipts. The Travel Expense Report should be filed within five days of returning from the trip.
Condition:	In the sample expenditures we tested, we noted two instances in which no Request for Travel was submitted, therefore, we noted no evidence the travel expenses were approved. We noted one instance where expenditures made during the trip did not have adequate receipts attached. We noted eight instances where the actual expense report was not submitted within the specified time period.
Context:	Travel expenses totaling \$950 did not have complete documentation. Travel expenses totaling \$7,165 were not submitted within the specified time period.
Effect:	The lack of proper documentation and filing the travel requests late violate the City's travel policy and procedures.
Cause:	Some of the City's personnel did not comply with the City's established procedure.
Recommendation:	We recommend the City evaluate the travel policy related to the time requirements of submitting an actual expense report upon return. We also recommend the City communicate the travel policy to the departmental managers so they can reiterate the policy to those who may be traveling in the future.
Current Status:	This finding has not been resolved. In the sample expenditures we tested, during the June 30, 2009 audit, we noted two instances in which the individual being reimbursed also approved the expenses. We noted two instances where expenditures made during the trip did not have adequate receipts attached. We noted eleven instances where the actual expense reports were not submitted within the specified time period. Travel expenses totaling \$711 did not have complete documentation. Travel expenses totaling \$11,734 were not submitted within the specified time period.
Management's Response:	<p>The individual who approved their own travel reimbursement for \$661 was the City Manager who has administrative authority over travel for the City. Additionally, the City Managers' contract with the City requires the City pay the travel and subsistence expenses of the City Manager for professional and official travel, meetings, and occasions adequate to continue the professional development for the City Manager and to adequately pursue necessary official and other functions for the City.</p> <p>The two instances where receipts were not attached total \$50, one of which was a receipt that was lost and the other was for a meal that was split between several attendants at a function and the receipt was not available.</p> <p>The City employee's travel policy does not specify a time frame in which the traveler has to submit his travel expense report once the travel has occurred, however, the travel expense report indicates that it should be submitted within 5 days of return. This will be changed immediately with a more reasonable time period. City Council members have 10 days under their policy to remit travel expense reports and changes to these policies and procedures would need to be reviewed by City Council.</p>

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

Unresolved Prior Year Audit Findings (continued):

Finding 08-5:	End Use Billing System - Utilities
Criteria:	The City's utility billing system should properly calculate the usage and proper bill for its commercial customers.
Condition:	The billing system did not appropriately bill and report certain commercial customers' usage during the period from July 1, 2007 to June 30, 2008.
Context:	Commercial customers who fluctuate between a GSA1 and a GSA2 classification based on actual usage were subject to billing discrepancies.
Effect:	The revenues were understated for the customers who were changed to a lower tier too soon.
Cause:	The discrepancies were primarily caused by programming errors in the billing software.
Recommendation:	We recommend that management institute a program change to properly process the customers whose classification fluctuates between tiers.
Current Status:	The finding has not been resolved. The billing system did not appropriately bill and report certain commercial customers' usage during the period from July 1, 2008 to June 30, 2009.
Management's Response:	The programming for this issue was operationally changed on May 19, 2008. Under the electric rate schedule for commercial customers, they remain at the highest billing class code for 12 months once that class has been obtained. The programming retained the customer in the higher class for 12 months, but did not maintain a rolling 12 month period. It did not look at each time the higher billing class was obtained and retain the higher billing class for the next 11 months. The programming change was made to correct future billings only. The occurrences that were found primarily related to issues that were already in effect when the programming was changed.

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

Current Year Audit Findings:

Finding 09-1:	Controls over Programming Changes
Criteria:	Procedures for program development or modification should allow for proper segregation of duties between the ability to make modification to the program code, testing of the modifications, and placing the modifications into the live production environments. If segregation of duties cannot be achieved sufficient mitigating controls should be in place to prevent unauthorized changes to the computer program's source code.
Condition:	Changes to the City's computer program's source code are not being formally authorized or reviewed by City personnel independent of the process. This could allow erroneous or fraudulent changes to go undetected.
Context:	We noted that changes to the computer program's source code are not being formally authorized or reviewed by appropriate personnel.
Effect:	Changes could be made to the computer systems without management's knowledge. These changes could go undetected or be reversed after the computing process was complete, but before anyone detected a change resulting in potential erroneous or fraudulent transactions being processed through the City's computer system.
Cause:	The City does not have sufficient procedures in place to properly segregate and document code modification, testing and placement into a live environment.
Recommendation:	Procedures should be developed to properly authorize and document changes to the programming code. Procedures should also be developed to monitor and review changes to program code. The procedures should be performed by qualified personnel that are independent of the processes being reviewed.
Management's Response:	The City has one programmer to monitor and make changes to the business systems that are running on the AS400 (the City's mainframe). At this point, it is not practical for the City to hire someone to monitor system changes. Staff does monitor outcomes of system changes. In the future, the City will be purchasing new business software that should eliminate the need for internal system changes.

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

Current Year Audit Findings (continued):

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

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

Current Year Audit Findings (continued):

09-3	Information Technology Policies and Procedures
Criteria:	Formal policies and procedures for information technology that conform to best practices are essential to protect important, and in some cases, confidential data from unauthorized access and provide for appropriate disaster recovery.
Condition:	The City does not have adequate formal policies and procedures related to passwords, user ID's, new user access privileges, external vulnerability/penetration testing, and testing of backup media.
Context:	Formal policies and procedures are necessary to ensure all personnel utilize information technology assets as intended, systems are periodically tested and available to authorized users, access is restricted to only users who have a valid business reason for such access, and backup data files are available in the event of a disaster.
Effect:	Unauthorized users could gain access to information technology systems. In the event of a disaster, backup data files may not recoverable.
Cause:	The City does not have sufficient policies and procedures in place to properly protect important data from unauthorized access and provide for appropriate disaster recovery.
Recommendation:	Procedures should be developed to properly ensure all personnel utilize information technology assets as intended, systems are periodically tested and available to authorized users, access is restricted to only users who have a valid business reason for such access, and backup data files are available in the event of a disaster.
Management's Response:	Policies are under development. Changes have to reflect federal guidelines for SAS70, FACTA, credit cards, protection of children, use of systems, security, etc. In addition to the policies, the City has spent over \$300,000 and rising for system improvements related to these unfunded mandates. Our goal is to complete these polices by the end of the fiscal year.

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

Current Year Audit Findings (continued):

09-4 Prior Period Adjustment

Criteria: The City is required to include all component units in its financial statements. Financial information related to component units that are not maintained by the City must be obtained from other sources and incorporated into the City's financial statements.

Condition: The City does not have adequate policies and procedures related to the review of component unit information provided to the City from other sources.

Context: The Oak Ridge Schools is a component unit of the City that maintains their own financial records and produces a separate financial statement. The City incorporates the component unit into the City's financial statements. We noted an error in the School's report which directly impacted the City's financial statements for fiscal year ending June 30, 2009 and required a prior period adjustment to the net assets of the City.

Effect: Errors or omissions related to information provided by other sources could directly and materially misstate the City's financial statements.

Cause: The City does not have sufficient policies and procedures in place to identify errors or omissions in financial information provided by other sources that is required to be included in the City's financial statements.

Recommendation: Procedures should be developed to properly ensure all information provided to the City from other sources is reviewed to determine if it is complete and appropriate for inclusion in the City's financial statements.

Management's Response: Staff will perform a more diligent technical review of the annual financial reports for the City's component units prepared by outside sources to ensure that information presented in the City's CAFR obtained from these reports is in conformance with GASB standards.

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

There were no findings related to the audit of federal awards.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Corrected Prior Audit Findings
For the Year Ended June 30, 2009

Finding 08-4:	Per Diem Allowances
Criteria:	Employees are expected minimize the costs of necessary business travel to best utilize the resources available to the City.
Condition:	During the test of controls, we noted four instances of meal reimbursements for travel to be over a reasonable amount when compared to the established per diem in the City's travel policy.
Context:	The total amount of expenditures examined was \$570 for a total of eleven meals.
Effect:	The reimbursements were properly supported with receipts and documentation. The policy allows for reimbursement of per diem or actual costs incurred, however, based on the number of attendees noted, the amount per person appears to be excessive when compared to the standard of the travel policy per diem.
Cause:	The travel policy is vague in setting the maximum amounts for actual reimbursement.
Recommendation:	We recommend the Rules Committee of the City Council review the travel policy for the City Manager and City Council to determine if the policy could be improved regarding reimbursement for meals.
Management's Response:	This finding will be communicated with City Council for their review and action.
Current Status:	This finding is resolved. During the June 30, 2009 audit in the sample expenditures we tested, there were no indications of meal reimbursements for travel that were inconsistent with the established policy of the City.



Corrective Action Plan

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

Name of contact person: Janice McGinnis, Finance Director

Corrective action: The cash reconciliation process will be reviewed by an employee independent of the process. Some programming enhancements were made during fiscal 2009. Other cash controls and additional programming enhancements will be reviewed, including programming related to an independent review of all cash adjustments.

**Anticipated
Completion Date:** December 31, 2010

Finding 08-2: Controls over Purchase Card Payments

Name of contact person: Janice McGinnis, Finance Director

Corrective action: Card holders will be required to submit an explanation summary for the item and/or reason/event the items were purchased.

**Anticipated
Completion Date:** June 30, 2010

Finding 08-3: Compliance with the Travel Policy

Name of contact person: Gary M. Cinder, Interim City Manager

Corrective action: The City employees' travel policy does not specify a time frame in which the traveler has to submit his travel expense report once the travel has occurred; however, the travel expense report indicates that it should be submitted within 5 days of return. This will be changed immediately with a more reasonable time period. City Council members have 10 days under their policy to remit travel expense reports and changes to these policies and procedures would need to be reviewed by City Council.

**Anticipated
Completion Date:** April 30, 2010

Corrective Action Plan (continued:)

Finding 08-5: End Use Billing System - Utilities

Name of contact person: Steven Jenkins, Deputy City Manager

Corrective action: The programming was operationally changed on May 19, 2008 to prevent future occurrences of the issue that caused this problem. The change was not retroactively corrective, so billing errors could continue to occur into fiscal 2009 until they cycled out.

Anticipated Completion Date: December 31, 2009

Finding 09-1: Controls over Programming Changes

Name of contact person: Steven Jenkins, Deputy City Manager

Corrective action: Corrective action is dependant on the funding and selection of software to replace existing systems. The cost for this is estimated to be in excess of \$500,000.

Anticipated Completion Date: As funds become available.

Finding 09-2: Segregation of Duties

Name of contact person: Janice McGinnis, Finance Director

Corrective action: The Materials Manager will only process accounts payable checks if no backup is available. The Finance Director will review all checks processed by the Materials Manager.

Anticipated Completion Date: March 31, 2010

Finding 09-3: Information Technology Policies and Procedures

Name of contact person: Steven Jenkins, Deputy City Manager

Corrective action: Policies are under development.

Anticipated Completion Date: December 31, 2010

Corrective Action Plan (continued:)

Finding 09-4: Prior Period Adjustment

Name of contact person: Janice McGinnis, Finance Director

Corrective action: A more in-depth review of City component unit external financial reports will be made to insure that information presented in the City's CAFR in regard to these component units is in conformance to GASB standards.

**Anticipated
Completion Date:** June 30, 2010

