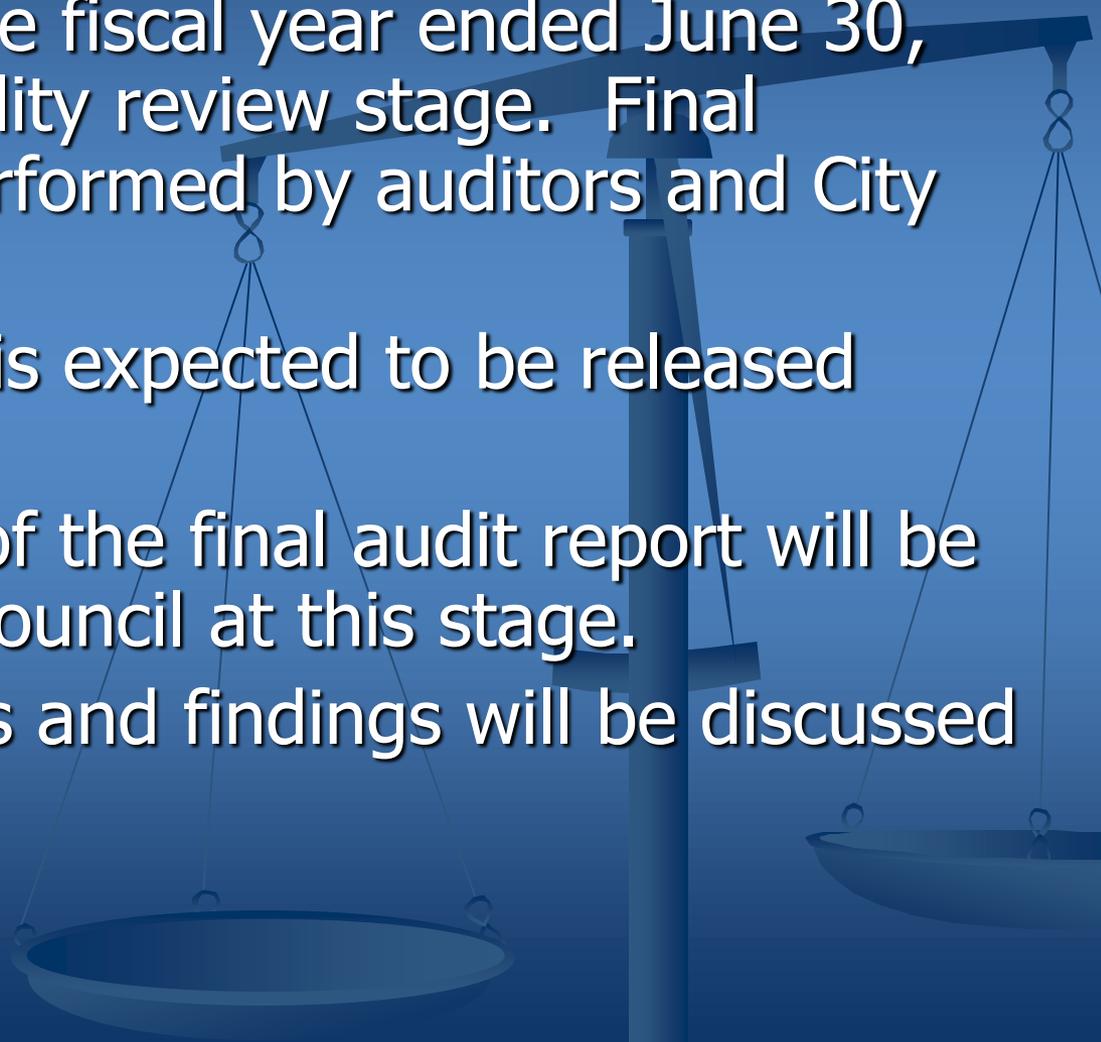


Preliminary Audit Report – City of Oak Ridge

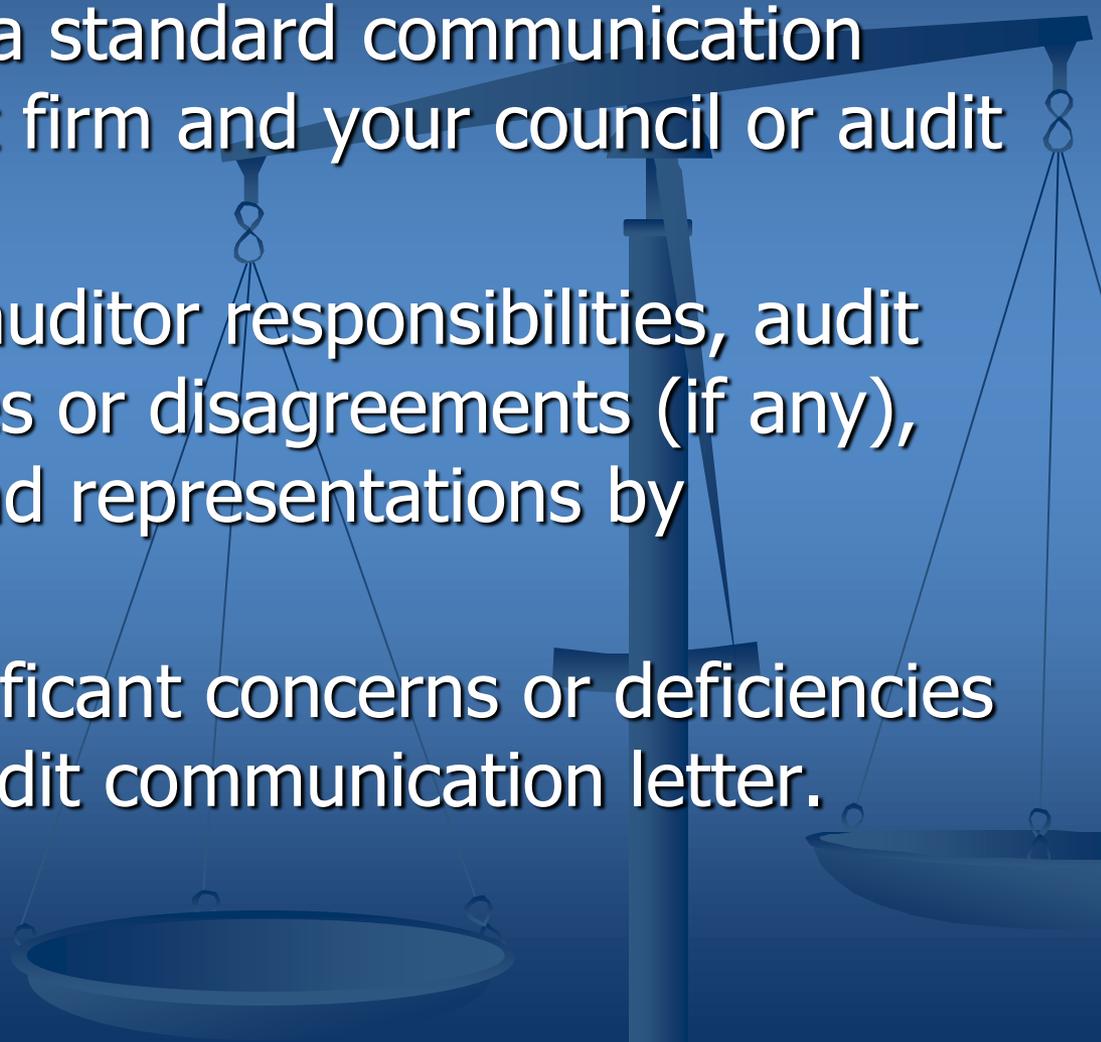
City Council Meeting – January 10, 2011

Audit Status



- Audit report for the fiscal year ended June 30, 2010 is in the quality review stage. Final reviews will be performed by auditors and City Finance staff.
- Final audit report is expected to be released later this month.
- Electronic copies of the final audit report will be available to City Council at this stage.
- Preliminary figures and findings will be discussed this evening.

Audit Communication Letter



- Letter represents a standard communication between the audit firm and your council or audit committee.
- Letter addresses auditor responsibilities, audit findings, difficulties or disagreements (if any), misstatements, and representations by management.
- There are no significant concerns or deficiencies reported in the audit communication letter.

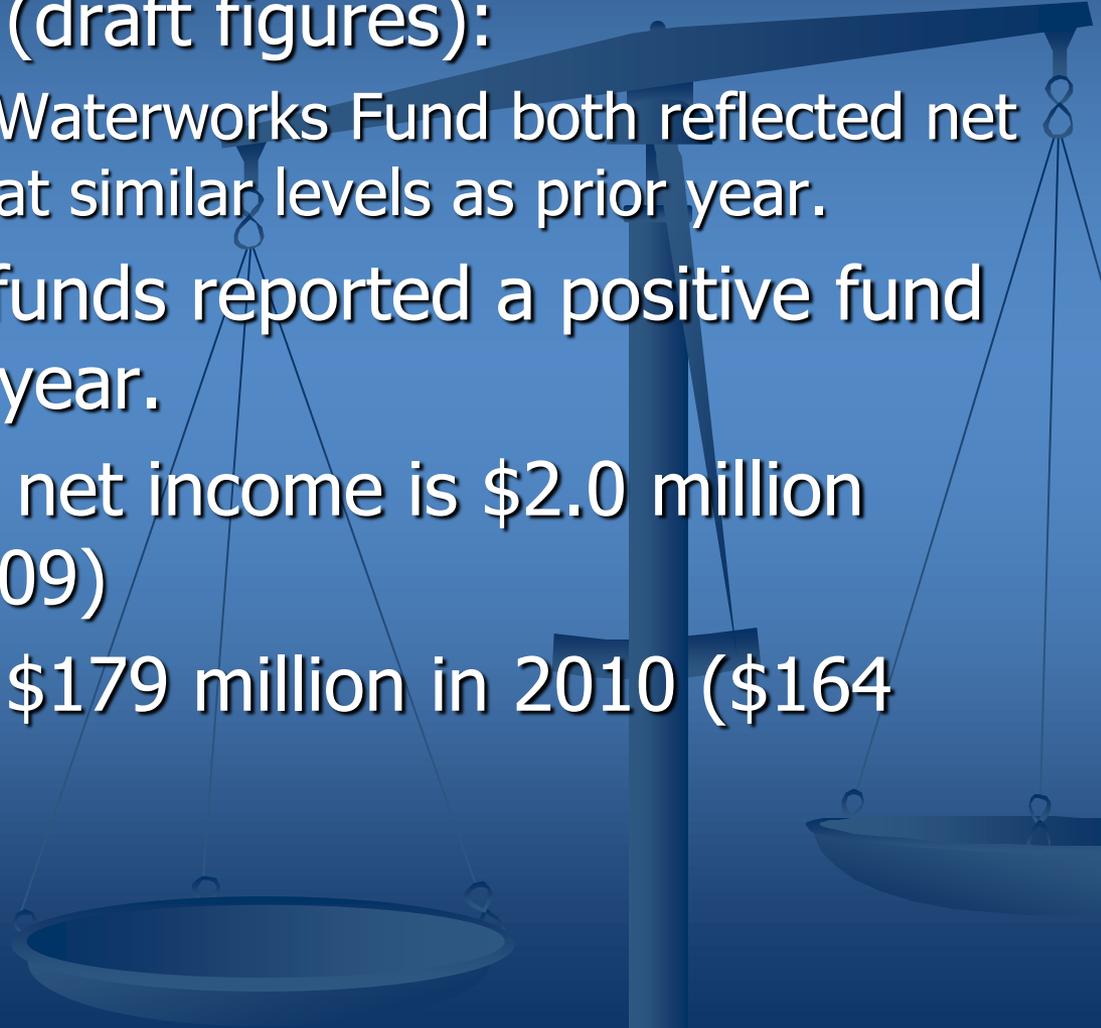
Compliance Report (DRAFT)

- The compliance report addresses findings related to your internal control structure, laws and regulations, and federal grant requirements.
- Last year (2009), the City had 8 findings associated with internal controls. Of these findings, 6 of these were resolved during the year ended June 30, 2010. The remaining 2 findings were also being addressed by the City.
- This year (2010), there are 2 new findings related to the CDBG program and capital asset recordkeeping.
- It is common to have audit compliance findings. It is important to address such findings which the City did during the 2010 audit year.

Key Financial Figures (DRAFT)

- General Fund (draft figures):
 - Total Revenues \$37.0 million (\$35.0m last year-2009)
 - Total Expenditures \$18.6 million (\$18.2m last year)
 - Transfers Out \$19.3 million/ Transfers In \$2.5 million (net of \$16.7m last year)
 - Excess Revenue over Expenditures/ Transfers = \$1.6 million (\$47k last year)
 - Unreserved Fund Balance \$9.0 million (\$7.2m last year)
 - Net reserve (unreserved fund balance vs. expenditures + transfers out):
 - 2.86 months as of 6-30-10
 - 2.3 months in prior 2 years

Key Financial Figures (DRAFT)

- Proprietary Funds (draft figures):
 - Electric Fund and Waterworks Fund both reflected net operating income at similar levels as prior year.
 - All individual City funds reported a positive fund balance at end of year.
 - Government Wide net income is \$2.0 million (\$2.6 million in 2009)
 - Long term debt is \$179 million in 2010 (\$164 million in 2009)
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Wrapup

- Thank you for the opportunity for Pugh & Company, P.C. to serve the City of Oak Ridge.
- Final reports will be available shortly.
- Will be glad to field any questions.

