

CITY OF OAK RIDGE, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2001

Prepared by
FINANCE DEPARTMENT

Janice E. McGinnis, Finance Administrator



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TENNESSEE

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December 19, 2001

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

The Comprehensive Annual Financial Report of the City of Oak Ridge, Tennessee for the fiscal year ended June 30, 2001, has been prepared by the Finance Department and is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a full understanding of the significant aspects of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is presented in three sections - Introductory, Financial, and Statistical:

- 1) The Introductory Section includes an overview of the City's economic condition and major initiatives, the organizational structure of the City, and the City's accounting and budgeting systems. This section also presents summarized financial information about the City; including an analysis of the operations of general government and an overview of enterprise activities, a list of principal officials, and information on government financial reporting achievements.
- 2) The Financial Section includes the audited financial statements and schedules of the City, as well as the auditor's report on the financial statements and schedules. The Financial Section is presented in accordance with the financial reporting pyramid set forth by the National Council on Governmental Accounting and adopted by the Governmental Accounting Standards Board. The combined statements in this section present an overview of the City's entire financial operations. Individual Fund and Account Group Statements and Schedules are presented, along with Combining Statements. Individual Statements present prior year and/or budgetary comparisons for each of the individual funds and account groups in the City. The schedules provide certain other information and additional details of data summarized in the financial statements.
- 3) The Statistical Section includes selected historical financial data, insurance schedules, debt statistics, and miscellaneous economic and social data. The selected data is generally presented on a multi-year basis.

The City of Oak Ridge is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of state and federal financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings is included in a separately issued single audit report.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds and account groups of the City, as well as all of its component units. The operations and accounts of the Oak Ridge Schools are presented as part of the primary government. The City provides a wide range of services including public safety, education, refuse collection, parks-recreation, a public library, street maintenance, public improvements, planning and zoning, economic development and general administrative services. The City also provides electric, water treatment and distribution and wastewater collection and treatment services.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. The City currently has no blended component units. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Oak Ridge Convention and Visitors' Bureau is reported as a discretely presented component unit.

ECONOMIC CONDITION AND OUTLOOK

During fiscal 2001, a slight increase in economic growth and development occurred in the City of Oak Ridge despite continued downsizing in Federal employment. Announcements and completions were experienced in the industrial, residential, and commercial sectors as the City continued to capitalize upon its attractiveness as a place to live, work, and raise a family

The prestigious Oak Ridge National Laboratory's (ORNL) efforts in advanced materials, robotics, environmental science, information sciences and management, and energy management are world renown. A proactive program to transfer these technologies to the private sector continues to create new business opportunities and to draw entrepreneurs to the Oak Ridge area. Licenses have been granted to existing firms as well as start-up firms to manufacture commercial products using state-of-the-art technology in robotics, ceramics and nuclear medicine.

During fiscal 2000, the Industrial Development Board constructed a 60,000 square-foot shell speculative building on a Board-owned parcel in Bethel Valley Industrial Park. Advanced Labelworx purchased the building, completed the finishing and relocated into the facility from adjacent Knox County in December 2000. The company has 125 employees. The building has the capacity to expand to 100,000 square-feet, allowing it to grow along with the company.

In early fiscal 2001, Theragenics, Inc., a leader in the production and sale of implantable radiation devices used in the treatment of cancer, was the first industry to locate in the newly constructed Horizon Center. Employment is projected to reach 250.

During fiscal 2001, Home Depot completed construction of a 108,000 square-foot store that opened in late February 2001. The store employs approximately 150 people with estimated first year sales of \$20 million generating approximately \$225,000 in sales tax revenues to the City. There are five attractive parcels abutting the Home Depot site that have been purchased by H&C Oak Ridge, L.P. for future retail development.

In June 2001, Wal-Mart completed a \$7 million expansion and renovation to the existing store. Wal-Mart projects sales to increase by \$30 million annually at this store, resulting in over \$300,000 in annual sales tax revenues to the City.

Also under construction in fiscal 2001, were two new office buildings and a new main TNBank branch, which also contains office space for lease.

Residential growth increased slightly in fiscal 2001, which saw 48 new homes being built, up from fiscal 2000's total of 43. The inventory of available lots ready for development increased by 28 new, mostly single-family residential lots, down from the prior year's total of 36. These platted lots came from Southwood and Donner Place, with 17 and 11 new lots respectively. Approximately \$18 million in construction permits were issued during fiscal 2001, a decrease from the \$27.8 million in permits issued in fiscal 2000.

In October 2000, the contractor changed at DOE's K-25 facility resulting in an approximately \$425,000 reduction in the City's annual sales tax revenues. Previously, the same contractor was responsible for both DOE's K-25 and Y-12 facilities and sales taxes were paid at the point of consumption in Oak Ridge for both facilities. Beginning in October 2000, the DOE facilities were awarded to two different contractors. Since the K-25 facility is not a manufacturing facility, sales tax payments are now made by the contractor at the point of sale rather than at the point of consumption in Oak Ridge. The new contractor at the Y-12 facility continues to pay sales taxes at the point of consumption in Oak Ridge. Overall, local sales tax collections, excluding one-time adjustments, were down \$182,773 in fiscal 2001. It is anticipated that the loss of sales tax revenues due to the federal contractor changes at DOE facilities will be offset by the sales tax growth related to the opening of Home Depot and expansion of Wal-Mart.

MAJOR INITIATIVES

During fiscal 2001, the City continued its emphasis on enhancing the quality of life through the continuation and implementation of many initiatives and programs directly benefiting the community both today and in the future. In recent years, there has been a surge of interest in local economic development and planning, particularly to diversify the City's economy with less dependency on the federal government as the City's major employer. In the past year, the City has continued to implement and develop plans to enhance the economic status.

Transfer of Properties from Department of Energy - The City continues to work with the Department of Energy (DOE) toward the transfer of an approximately 20-acre site on Bethel Valley Road identified as Parcel G. In the spring of 2000, the City of Oak Ridge had an appraisal completed on this parcel. A formal request for a less than fair market value transfer of Parcel G to the City has been forwarded to DOE.

Partners for Progress - The eight partners of this initiative (City of Oak Ridge, Roane County, Anderson County, United States Department of Energy, Tennessee Valley Authority, State of Tennessee, Boeing-Oak Ridge Company and the Community Reuse Organization of East Tennessee) continued to work

together to find sources of funding which would provide installation of infrastructure (projected at \$15.2 million) to five parcels of vacant land in the Roane County portion of the City of Oak Ridge. With the installation of infrastructure, it is expected that the land will be much more attractive to industries, and the entire region will therefore benefit from this investment. To date, the City has obtained over \$5 million in federal and state grants to supplement the costs of infrastructure development to these sites.

It is expected that preparing these five parcels with utilities, etc. will help secure a regional industrial/commercial complex that is:

1. significantly more marketable,
2. more cost-effective due to an expansion of the rate base, utilization of excess capacity, and economies of scale, and
3. the source of new jobs that will help offset the losses due to federal downsizing.

In addition, the proposed project can help support existing and new missions of the federal government such as the Spallation Neutron Source. By adding utility capacity and providing it at competitive costs, the ability to attract and maintain compatible businesses are greatly enhanced.

In March 2001, design work began for a new electrical substation that serves as a fundamental component of providing electric service by the City to these five parcels in the west end of Oak Ridge, this includes the Horizon Center, Heritage Center and the Boeing Site. Construction of the new substation is estimated to cost \$4.2 million, with approximately 50 percent of the funding being provided by three state and federal grants.

The Horizon Center - The Horizon Center (formerly ED-1) has completed Phase I construction of roads and bridges into the 1,000 acre industrial park. The Community Reuse Organization of East Tennessee, a non-profit development corporation, holds a long-term lease on the property from DOE. Officials are working on this project to provide the infrastructure (one of the five tracts to which infrastructure is being planned by the Partners for Progress discussed above) in order to attract and to support continued industrial growth and diversification of the regional economy.

Spallation Neutron Source - It is expected that the impending Spallation Neutron Source (SNS) accelerator project will have an enormous effect on the economy of Oak Ridge in the next several years, with construction expected to be completed by 2006. It is projected to cost \$1.36 billion, employ 2,300 workers during construction, and add several hundred permanent employees after completion. Additionally, the SNS expects up to 3,000 scientists to visit each year for varying periods of time, and numerous small industries to be spun off from the experiments and findings. Each job created is expected to have an impact on housing, retail, banking, automobile and transportation, hotels, restaurants, hospitals, and business services. The medical field will be highly impacted with new drugs and medicines expected from experiments at the SNS. During fiscal 2001, DOE awarded some of the initial construction contracts for this project.

City Center Master Plan - In 1998 Oak Ridge identified, via a community visioning process, its goals for the future including the development of a Master Plan for the City Center. The resulting document, *Operation: Oak Ridge*, which was accepted and approved by City Council, identified the need for this Master Plan which is intended to revitalize an area bordered by the Oak Ridge Turnpike on the north, South Illinois to Rutgers Avenue, and Rutgers north to the Oak Ridge Turnpike. The City Center Master Plan was then initiated on April 17, 2000 with a work session for City Council and a presentation to the 27-member City Center Steering Committee. The progress of the Plan was intended to be phased over a strategically chosen time period to maximize the planning efforts for uncertainty. The initial phase is redevelopment of the mall.

Beginning in May 2000, the City featured this project on its web site; all maps and graphics developed for the project were published on the site along with newsletters and press releases. Press releases were also submitted to local and regional media on a regular basis between May and September 2000. Numerous meetings and interviews were conducted by Lose and Associates, Inc., the consultant, during this period, to gather information and statistics concerning views of individual citizens and particular focus groups. The consultant's final proposal regarding the master plan for development of the Center City was presented to City Council in late November 2000 and approved in early 2001.

Conference Center – In an effort to enhance the City's attraction for regional connections, an Oak Ridge Conference Center has been proposed. Scope of the project includes upgrading and refurbishing the existing Pollard Auditorium, including the installation of new equipment and systems for state-of-the-art networking and video-teleconferencing. Estimated costs for the project are \$5 million. Staff has submitted grant requests for \$1 million and other revenue sources are being sought.

American Museum of Science and Energy (AMSE) – A report has been developed to determine the financial stability of AMSE in response to DOE's request that UT-Battelle, as part of its management and operations contract for the Oak Ridge National Laboratory, provide a plan for the museum's long-term financial stability. The need for the plan arose from the elimination as of October 2000 of approximately \$1.2 million in federal funds that were annually available to operate the museum. DOE recently approved a proposal to relinquish ownership of AMSE to the City of Oak Ridge. The City is currently reviewing the feasibility of assuming responsibility for operations of AMSE. AMSE's financial stability plan must employ a combination of several revenue sources. ASME should serve as a focal point for the history of Oak Ridge, a mission showcase for DOE's major contractors and a repository for historical records and artifacts of DOE. AMSE was recently officially designated an affiliate of the Smithsonian Institute, which will not only allow AMSE to borrow objects from the Smithsonian's collections, but it will also allow the Oak Ridge museum to incorporate the outreach services the institution offers for curriculum development in local schools, lectures, traveling exhibitions, workshops and similar programmatic activities.

Parcel A – The City is currently soliciting proposals for design and development of a residential neighborhood on 278 acres of city-owned property near the Tennessee Centennial Golf Course. Proposed land uses include a mix of single-family detached homes, townhouses and garden apartments. The City would sell the land to the developer(s) who submits the best design proposal.

Rarity Ridge – Approximately 1,200 acres, previously identified as the Boeing site, have recently been sold to a private developer to construct a pedestrian-friendly town center with both commercial and open spaces within walking distance named Rarity Ridge. Plans call for the construction of approximately 1,500 homes with ground breaking to begin in April 2002.

Infrastructure expansion and upgrades – Nearing completion is a \$17 million project to improve and expand the wastewater treatment plant and wastewater collection system and wastewater lift station rehabilitation and replacement. The wastewater treatment plant capacity increased from 6 mgd to 9 mgd, a 33% increase in capacity to service new customers. Additionally, the City acquired a water treatment plant valued at \$12,500,000 from the DOE on May 1, 2000. Previously, the City had purchased potable water from DOE for distribution in Oak Ridge. The City now sells potable and raw water to DOE for use in its facilities. Current water production and sales are less than 50% of the water treatment plant's maximum capacity.

DEPARTMENTAL FOCUS

Each year the government selects a department to highlight for its efforts and accomplishments. For fiscal 2001, the City's Library has been selected for review. The Oak Ridge Public Library provides informational and recreational materials for the community. In addition to serving as a repository for printed and non-printed materials and organizing them for convenient use, the Library staff is reaching out to provide special programs for children, for senior citizens, for people interested in learning more about the Oak Ridge history or for people just interested in learning.

In fiscal 2001, the Library had 23,937 registered active patrons, and had an annual circulation of 215,748 books and audiovisual materials. The Library has 23 employees with a FTE of 17. The Library is open 65 hours a week during the school year, and 61 hours a week during the summer.

The Library has an up-to date comprehensive reference collection and a trained reference staff-member is on duty at all times to help patrons find materials or information in the Library. The reference staff handle inquires in person or over the phone and last year answered 37,008 reference questions. In addition, the Library initiated an email reference service providing 24-hour access for the public in fiscal 2001.

The Library offers the public a variety of computer and on-line services. The first public Internet workstations became available in 1997. Currently 12 stations are available in the Main Library and an additional 2 in the Children's Room. Reference staff is always available to assist the public in on-line search strategy and general reference assistance. The Library's collection became automated in 1998, and is also available on the Internet. Public classes on beginning Internet are offered in the Library on a regular basis. Word processing, genealogical searching, and CD ROM reference materials round out some of the services the public enjoys.

The Library also houses the Oak Ridge room, which is a collection of materials pertaining to the history and development of the Oak Ridge area. The Oak Ridge Room has 1,000 copies of photographs of early Oak Ridge, 1942-1945, donated by the Department of Energy. Negatives have been made from these prints, which are cataloged into notebooks under general subject headings, such as churches, social life, recreation, etc. and are available for viewing by the public. The collection also contains books by Oak Ridge authors, past city budgets and comprehensive annual financial reports and City Council and School Board meeting minutes and many other items of historical interest to Oak Ridgers.

The Children's Room provides materials and services to children through the sixth grade. The Children's Room circulated 61,546 books in fiscal 2001. During school months, the Library offers Storytime for two age groups of children. Monday morning programming is for the Toddler-aged (up to 3 1/2 years old) children. Tuesday is Preschool Storytime (3 1/2 to 5 year olds). Picture books, puppets, action songs and favorite stories are available to the children and their parents. Last year 3,506 children attended the Toddler and Preschool Storytimes. In the summer, children of all ages are welcome to enjoy the exciting variety of programs scheduled by the Friends of the Library. A summer reading program is open to children in grades 1 to 8, promoting independent reading. A summer listening program is available for the younger child. 704 children registered for the two programs last year.

Other programs include the Interlibrary Loan Service in which patrons borrowed 337 books from other libraries in fiscal 2001. In addition, the Library loaned 454 books to users in other libraries. The Service to Seniors Program provides large print books to six health care and retirement centers located in Oak Ridge. Each month new books are taken and exchanged with those previously placed at local centers.

The Library has a dedicated corps of volunteers who can assist in various areas. The Library utilized the services of 103 volunteers during fiscal 2001. These 103 people donated a total of 5,360 hours or an

average of 50 hours each. Their contributions enhance the services the Library is able to provide to the public.

These are just a few of the services that the Library offers to the taxpayers of Oak Ridge. The staff works hard to provide the highest quality in customer service. In the Oak Ridge Citizen Survey conducted in Fall 2000, 98% of the respondents rated the Library at excellent or good in customer service, and #1 in facility usage for the City. The Library looks forward to continuing to provide excellent library service for all citizens of Oak Ridge.

FINANCIAL INFORMATION

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurances regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and the evaluation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the activity level by the review of estimated purchase amounts prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance at June 30, 2001.

GENERAL GOVERNMENTAL FUNCTIONS

Revenues for general governmental functions, which include General, all Special Revenue and Debt Service Funds totaled \$62,397,174 in fiscal 2001, an increase of \$5,496,405 or 9.7 percent over fiscal 2000.

In fiscal 2001, revenues from taxes and penalties increased \$1,650,794 or 10.9 percent from the prior fiscal year. General property tax collections of \$12,975,297 were up from \$11,668,547 in the previous year, an increase of \$1,306,750 or 11.2 percent. Assessed property valuations of \$504,672,547 represented a decrease of \$2,318,050 or .4 percent over the preceding fiscal year. The decrease is primarily related to personal property that has been relocated outside of Oak Ridge. The property tax rate increased from \$2.31 to \$2.57 in fiscal 2001, a 26-cent or a 11.3 percent increase. Revenues of \$2,030,011 from Other Property Taxes, primarily tax equivalents from City utilities, increased 24.4 percent or \$397,595 from the prior year. \$176,687 of the increase is for tax equivalents on the water treatment plant the City acquired from the United State Department of Energy (DOE) in May 2000. The remaining increase in tax equivalent payments from the City's utility Funds is due to the continuing major capital improvement programs in the Electric and Waterworks Funds. Revenues from Gross Receipt Taxes decreased \$53,551 or 3.0 percent, due to a \$73,361 decrease in collections from local sales taxes in the Roane County portion of Oak Ridge and a \$13,175 decrease in Business Taxes. These decreases were offset in part by a \$12,379 increase in beer/liquor wholesales taxes and a \$20,606 increase in room occupancy taxes. The decline in local sales tax collections were related to contractor changes at DOE's K-25 facility in October 2000 and the slight decline in Business Taxes is attributable to the impact of federal downsizing on the local economy.

Licenses and Permits totaling \$223,135 decreased \$28,189 or 11.2 percent from the prior year due to collections for building related permits. The value of construction permits decreased from \$27.8 million in fiscal 2000 to \$18 million in fiscal 2001.

Intergovernmental revenues totaled \$38,905,204 in fiscal 2001 compared with \$35,756,766 in fiscal 2000, an increase of \$3,148,438 or 8.8 percent. Intergovernmental revenues in the Grant Fund increased \$2,241,041 primarily due to state/federal grant proceeds. \$1,403,795 of this increase is from grant awards related to the mitigation of natural hazards, including sinkholes, in the Mona Lane area of Oak Ridge and \$750,000 in grant funds to construct infrastructure at the Horizon Center. The remaining increase of \$87,246 in the Grant Fund is related to variances in expenditure levels between fiscal years for routine grant awards. Intergovernmental revenues in the School Fund increased \$743,958 primarily from the school's share of county property and sales tax collections. In the General Fund, state shared Income Tax collections increased \$45,594 and proceeds from DOE's in-lieu of tax payment (PILT) increased \$241,188. The PILT increase is related to the 26-cent tax rate increase in fiscal 2001 and an increase in the per acre appraised value for the 33,420 acres occupied by DOE within Oak Ridge from \$4,610 to \$5,327 per acre.

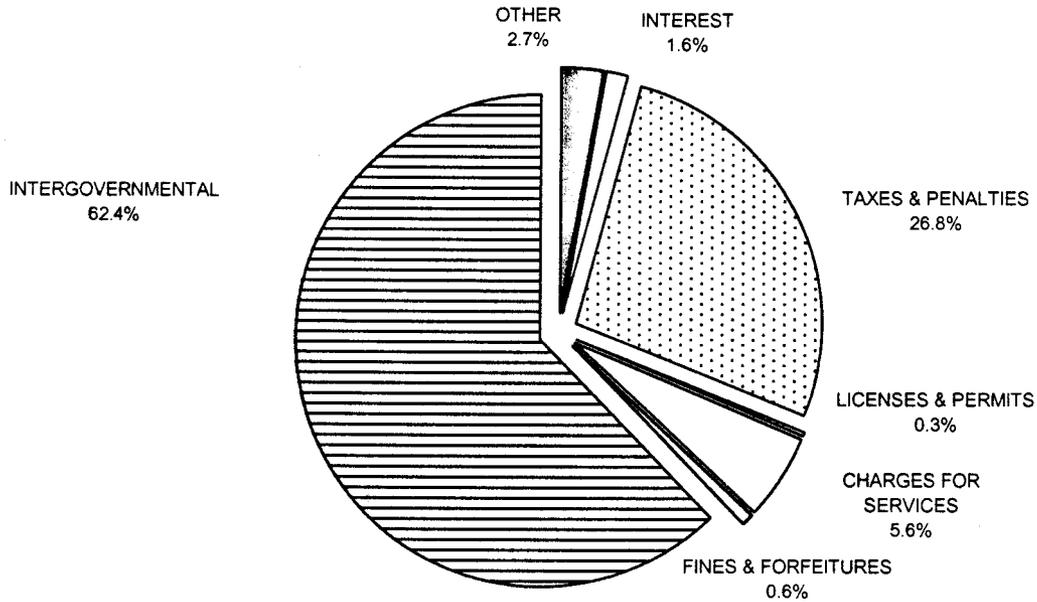
Charges for Services increased \$13,526 or .4 percent primarily due to group fees related to utilization of the indoor pool. Fines and forfeitures increased \$50,640 or 15.4 percent related to increased collections through City Court primarily for traffic violations and drug violation fines and forfeitures.

Interest income decreased \$29,457 or 2.9 percent related to lower interest rates in the latter part of fiscal 2001. Other revenues, which includes proceeds from land sales, cable television, miscellaneous school revenues and right-of-way access charges, increased \$690,653 primarily due to the proceeds from the sale of two buildings no longer required by the City and land for development.

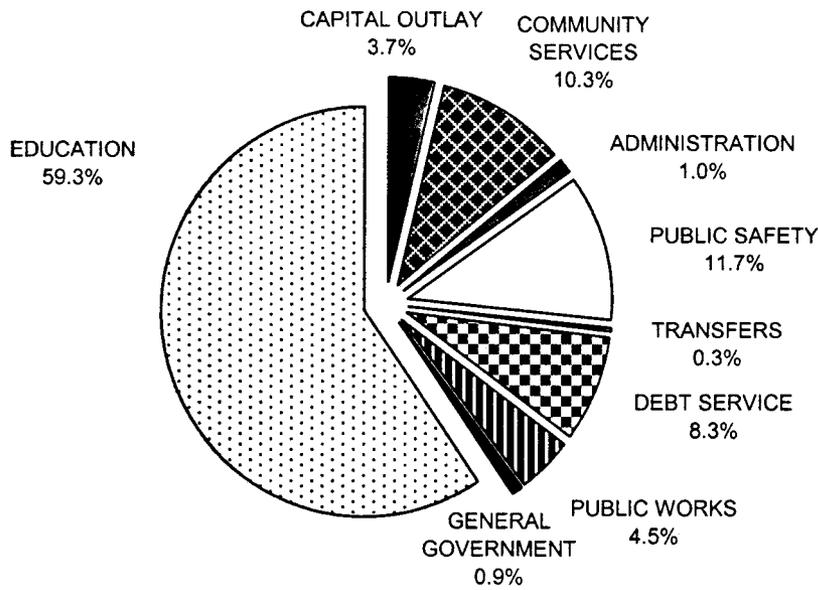
General Governmental Revenues
General Fund, All Special Revenue Funds and Debt Service Fund

	<u>Amount</u>	<u>Percentage Of Total</u>	<u>Increase (Decrease) From FY 2000</u>	
			<u>Amount</u>	<u>Percentage</u>
Revenues:				
Taxes and Penalties	\$ 16,753,443	26.8	\$ 1,650,794	10.9
Licenses and Permits	223,135	.3	(28,189)	(11.2)
Intergovernmental	38,905,204	62.4	3,148,438	8.8
Charges for Services	3,486,933	5.6	13,526	0.4
Fines and Forfeitures	380,438	.6	50,640	15.4
Interest	987,737	1.6	(29,457)	(2.9)
Other	<u>1,660,284</u>	<u>2.7</u>	<u>690,653</u>	<u>71.2</u>
Total Revenues	<u>\$ 62,397,174</u>	<u>100.0</u>	<u>\$ 5,496,405</u>	<u>9.7</u>

**CITY OF OAK RIDGE
GENERAL GOVERNMENTAL REVENUES**



**CITY OF OAK RIDGE
GENERAL GOVERNMENTAL EXPENDITURES
AND TRANSFERS TO COMPONENT UNIT**



General governmental expenditures and transfers to component units totaled \$61,314,811, an increase of \$5,362,113 or 9.6 percent compared to fiscal 2000. Expenditures for general government increased \$32,742, 6.5 percent, related to staffing changes in the legal department. Administrative costs of \$633,336 were basically flat with fiscal 2000 levels, with a slight decrease of \$19,290 related to staff vacancies.

Expenditures for police and fire protection increased \$53,378 or .8 percent, primarily for salary and fringe benefit costs and maintenance contracts on new equipment, including the vision software system used by the Police Department. Expenditures for public works projects increased \$27,347 or 1.0 percent, primarily related to charges for street lighting upgrades and expansion.

Community services expenditures increased \$116,563 or 1.9 percent from the prior fiscal year, primarily for variances between fiscal years in expenditures from state and federal grant proceeds to benefit low-income persons and expenditures for residential solid waste collection based on contractual inflation increases. Expenditures for education increased \$2,112,064 or 6.2 percent over fiscal 2001, primarily for salary and benefit expenditures for teachers and support service employees.

Expenditures for capital outlays were \$2,241,618 in fiscal 2001. These expenditures were accounted for in the Grant Fund and were for hazard mitigation, including sinkholes, around the Mona Lane area of Oak Ridge and funding toward infrastructure construction at the Horizon Center. Both of these capital projects were primarily funded through state and federal grant awards. There were no capital outlays in these Funds during fiscal 2000. The City's major capital expenditures are recorded in the Capital Projects Fund.

In fiscal 2001, expenditures for debt service increased \$750,972 or 17.4 percent from the prior year. The increase is for debt service payments on the \$10,000,000 in general obligation bonds issued in fiscal 2000 and planned debt service step increases on previously existing long-term debt issuances

Operating Transfer-Out to the component unit Convention and Visitors Bureau increased \$46,719 or 31.5 percent. Funding for the Bureau is set each year by City Council during budget deliberations and was established at the actual level of Room Occupancy Tax collections during fiscal 2000.

General Governmental Expenditures and Transfers to Component Units
General Fund, All Special Revenue Funds and Debt Service Fund

	Amount	Percentage of Total	Increase (Decrease) From FY 2000	
			Amount	Percentage
Expenditures:				
General Government	\$ 532,967	0.9	\$ 32,742	6.5
Administration	633,336	1.0	(19,290)	(3.0)
Public Safety	7,160,283	11.7	53,378	.8
Public Works	2,775,844	4.5	27,347	1.0
Community Services	6,331,493	10.3	116,563	1.9
Education	36,369,497	59.3	2,112,064	6.2
Capital Outlay	2,241,618	3.7	2,241,618	100.0
Debt Service	5,073,054	8.3	750,972	17.4
Operating Transfers Out to component units	<u>196,719</u>	<u>.3</u>	<u>46,719</u>	<u>31.5</u>
Total Expenditures	<u>\$ 61,314,811</u>	<u>100.0</u>	<u>\$ 5,362,113</u>	<u>9.6</u>

Fund balances of general governmental Funds were maintained at adequate levels at the end of fiscal 2001 as shown in the table below along with the change in fund balance from the previous year. The \$1,179,117 or 12.2 percent reduction in the fund balance of the General Fund was planned and is programmed into the City's multi-year model, which is the City's long-term forecasting model for revenues, expenditures and transfers of the General Fund correlated to projected future property tax rates. The City has set a future target fund balance of \$5 million for the General Fund combined with the legally reserved fund balance of the School Fund. The General Fund had a fund balance of \$8,470,036 at the end of fiscal 2001, still well above the \$5 million final target.

Under Tennessee State law, the fund balance of the School Fund can only be expended in the event of a revenue shortfall or unforeseen expenditure until the fund balance exceeds three percent of operating expenditures. The accumulated fund balance of the School Fund in excess of three percent of budgeted annual operating expenditures may be budgeted and expended for nonrecurring purposes, but shall not be used to satisfy appropriation requirements for recurring annual operating expenditures. The fund balance of the School Fund should remain relatively stable from year-to-year. The \$958,511 increase in fund balance is the result of higher than anticipated revenue collections from property and sales tax collections and interest earnings and expenditure levels of 2.4 percent below budget.

The fund balance of the Economic Diversification Fund increased by \$1,660,575 during fiscal 2001 related to one-time proceeds from land and building sales. The parcels sold included the land that housed the former City Central Service Center Complex (CSCC) and the building that the Roane State Community College (RSCC) previously occupied. New facilities at different locations have been constructed to house the CSCC and RSCC. Other parcels sold included the Executive Seminar Building and a tract of land to be utilized for commercial development. The Executive Seminar Building had been leased to the federal government through early 1995. The property was deemed surplus for the City's usage and therefore sold. The proceeds from these property sales will be utilized for future major economic development projects.

The fund balance of the State Street Aid Fund increased \$71,683 from fiscal 2000 levels. Variances in expenditures and related fund balance are due to fluctuations in maintenance costs for items such as snow removal and street maintenance.

The fund balances of the Streets and Public Transportation, Grant and Debt Service Funds should remain relatively constant from year-to-year. The \$44,098 increase in the fund balance of the Debt Service Fund was related to interest earnings.

The fund balance of the Drug Enforcement Program Fund decreased by \$16,095 during fiscal 2001. The fund balance of this Fund will fluctuate annually based on revenue levels from drug fines and forfeitures.

In compliance with Governmental Accounting Standards Board (GASB) statement number 33, Accounting for Financial Reporting for Nonexchange Transactions, the City reviewed its revenues for consistent accrual of nonexchange transactions. To fully comply with GASB 33 in fiscal 2001, the City began accruing beer and liquor wholesale, room occupancy, gasoline and motor fuel and mixed drink taxes at the point of sale. The fiscal 2000 fund balance in the table below is as restated. For more information refer to Note 23 in the Notes to Financial Statements of this document.

General Governmental – Fund Balances

	FY 2001	FY 2000 As Restated	Increase (Decrease) From FY 2000	
			Amount	Percentage
General	\$ 8,470,036	\$ 9,649,153	(\$ 1,179,117)	(12.2)
Economic Diversification	1,872,575	212,000	1,660,575	783.3
State Street Aid	307,248	235,565	71,683	30.4
Streets and Public Transportation	286,166	288,071	(1,905)	(0.7)
Grant	106	106	---	0.0
Solid Waste	---	---	---	0.0
Drug Enforcement Program	60,382	44,287	16,095	36.3
School	4,659,912	3,701,401	958,511	25.9
Debt Service	85,765	41,667	44,098	105.8
Total Fund Balances	<u>\$ 15,742,190</u>	<u>\$ 14,172,250</u>	<u>\$ 1,569,940</u>	<u>11.1</u>

CAPITAL PROJECTS FUNDS

The Capital Projects Fund accounts for all major capital improvement projects of the City other than those accounted for in the Enterprise Funds. Expenditures for capital improvement projects in fiscal 2001 totaled \$2,804,259. Major projects in fiscal 2001 included the renovation of various City and School buildings, including those enhancements to comply with the Americans with Disabilities Act (ADA), major roof replacements on city and school buildings and replacement of the chiller at Linden Elementary School. Other projects included improvements to various City and School recreational facilities, including completion of Phase II and start of Phase III of the Melton Lake greenways project and construction of an elevated finish line tower for rowing regattas.

The primary financing source for the City's capital improvements program was the proceeds of a January 2000 \$10,000,000 bond issuance. \$183,524 in state grant proceeds were applied toward construction of greenways in fiscal 2001. The Capital Projects Fund had a fund balance of \$6,612,128 at year-end comprised primarily from unspent bond proceeds.

As the City's physical facilities continue to age, it has become more apparent that the City cannot continue to borrow the funds necessary for the maintenance and replacement of these facilities at the current pace. Over the past 10 years, the City has committed over \$50 million in tax-supported debt to pay for capital improvements, maintenance and replacement of facilities. Capital maintenance and facility replacement will continue to be a major drain on the City's resources in the future. Prior to fiscal 2001, there were no reserves being set aside for this purpose. Without this reserve, the full cost of maintaining and replacing major assets must be paid through the use of borrowed funds. With annual General Fund debt service payments approaching \$5 million, equal to about \$1.00 on the property tax rate, City staff has expressed the concern that it will be difficult for the City to continue borrowing at this pace. In fiscal 2001, \$410,000 was transferred from the General Fund to the Capital Projects Fund to establish a revenue stream to finance future capital maintenance. The intent is for this to be an annual transfer that gradually increases in amount to approximately \$1.5 million per year.

ENTERPRISE FUNDS

Total net income for the City's Enterprise Funds increased by \$2,270,244 from the previous year. The Electric Fund posted a net income of \$1,206,395 for fiscal 2001 compared to a net loss of \$596,480 for fiscal 2000. A 5 percent electric rate increase was effective May 1, 2000. Capital expansion and rehabilitation efforts are continuing in the Electric Fund with funding provided from an up to \$15,000,000 long-term debt issuance through the TN-LOANS program in fiscal 2001. Over \$10 million of the debt proceeds were utilized to refund outstanding prior debt issuances. TN-LOANS is a draw loan program whereby funds are drawn from the trustee as expenditures occur. \$4,759,944 was available at fiscal year end to fund future capital projects, which include construction of a new substation and upgrades and rehabilitation of two existing substations. In fiscal 2001, operating expenses, excluding purchased power, increased \$440,502 or 7.4 percent and interest expense for the year increased \$113,452 in comparison with the preceding year.

The Waterworks Fund, which accounts for water treatment and distribution and wastewater collection and treatment functions, had a net income of \$560,542 compared to a net income of \$12,401 in fiscal 2000. Wastewater rates were increased an average of 17 percent for residential customers and 23 percent for commercial customers effective May 1, 2000. These rate increases were necessary to fund the City's ongoing major wastewater system capital improvement projects. During fiscal 2001, the City expended over \$7 million for upgrades to the wastewater treatment plant and wastewater line and lift station rehabilitation. The upgrades and improvements to the wastewater treatment plant are nearing completion, however the rehabilitation of the wastewater distribution system is expected to continue for several years. The City has received approval of \$16,970,000 in loans from the Tennessee State Revolving Fund (SRF) to finance wastewater capital projects. Draws on the SRF loans are processed once actual expenditures have occurred. At June 30, 2001, the City had drawn \$12,419,047 to date from the approved SRF loans for waterworks projects. City Council has authorized the application for an additional \$7 million in funding from the SRF to finance wastewater rehabilitation projects for the next 5 years.

On May 1, 2000, the U.S. Department of Energy (DOE) transferred ownership of a water treatment plant located within Oak Ridge to the City. The water plant had a fair market value of \$12,500,000 at the time of acquisition. The asset value of the water plant is being depreciated over the remaining 20-year useful life of the plant on a straight-line basis. Depreciation expense on the water plant is being closed out to contributed capital rather than retained earnings. Previously, the City purchased water from DOE to provide the potable water supply distributed by the City to commercial and residential water customers located within Oak Ridge. Upon transfer of the water plant, the City began selling potable and raw water to DOE facilities. The rate charged by the City for water utilized by DOE is outlined under a ten-year contract and includes inflationary rate escalators. Water sales to DOE account for approximately 35 percent of water sale revenues. The City anticipates expending approximately \$1.4 million annually for the next 4 fiscal years to upgrade the water treatment plant. On November 19, 2001, City Council authorized the issuance of \$3 million in debt through the Tennessee Municipal Bond Fund to finance a portion of these planned capital improvements.

The Emergency Communications District Fund accounts for the proceeds from the 911 emergency telephone surcharge billed and collected for the City by South Central Bell. Beginning in late fiscal 2000, new revenues were received by the City from surcharges on cell phones. The Fund had a net loss of \$96,867 for fiscal year 2001 compared to a net loss of \$30,396 in the preceding fiscal year. It is anticipated that a rate increase will be recommended to City Council during fiscal 2002 to offset system losses.

During fiscal 1995, the Golf Course Fund was established to account for the construction and operation of a City owned golf course. The course opened for play on June 23, 1997. On August 1, 1998, the City issued \$7,275,000 in Golf Course Revenue and Tax Bonds for the advance refunding of \$6,100,000 in outstanding Capital Outlay Notes and for completion of construction and equipping of the course. The

Golf Course Fund had a loss of \$757,494 in fiscal 2001 compared to a net loss of \$743,193 for fiscal 2000. The fund had a negative \$2,541,105 retained earnings at fiscal year end. Positive operations of the fund are dependent on revenues from the sale of land surrounding the golf course. Due to the impact of federal downsizing, land sales have not reached projected levels. The City is currently reviewing options to enhance the revenue stream of the Golf Course Fund in order to restore a positive retained earnings to the Fund within a reasonable time frame.

Comparative data for all enterprise funds for the past two fiscal years is presented in the following tabulation:

	<u>June 30, 2001</u>	<u>June 30, 2000</u>	<u>Increase (Decrease)</u> <u>From FY 2000</u>	
			<u>Amount</u>	<u>Percentage</u>
Gross Revenues	\$ 46,671,261	\$ 40,761,896	\$ 5,909,365	14.5
Gross Expenditures	45,434,948	41,821,323	3,613,625	8.6
Net Operating Transfers In (Out)	<u>(323,737)</u>	<u>(298,241)</u>	<u>25,496</u>	<u>8.5</u>
Net Income	<u>\$ 912,576</u>	<u>\$ (1,357,668)</u>	<u>\$ 2,270,244</u>	<u>167.2</u>

INTERNAL SERVICE FUNDS

The City maintains four internal service funds - a City Insurance Fund, an Inventory Fund, and a City and a School Equipment Replacement Rental Fund.

The City's Insurance Fund, which operated at a net income of \$173,245 for fiscal 2001, is used to account for the cost of maintaining property and liability insurance for the protection of City assets not utilized by the School system. Also included in this Fund is the cost of maintaining City employee health insurance, which is self-funded for the dental and vision reimbursement program. City employee group medical insurance is fully provided through an independent insurance carrier with the City and employees contributing toward payment of the premiums. Commercial insurance is utilized for workers compensation, but there is a \$50,000 per incident deductible on the plan. Revenues to the Fund are provided from charges to other City Funds and medical insurance contributions by employees and retirees. Expenditures related to property and liability insurance and employee medical benefits for school assets and employees are accounted for in the School Fund.

The Inventory Fund is used to account for the costs of maintaining a central inventory of materials and supplies for use by all departments, excluding schools, of the City on a cost reimbursement basis. Inventory on hand at the end of fiscal 2001 totaled \$1,528,928 compared to \$1,312,965 in fiscal 2000.

The City Equipment Replacement Rental Fund accounts for equipment such as automobiles, lawn mowers, tractors, and trucks for all City departments, other than Enterprise Fund and School activities, and accounts for the accumulation of funds to replace these assets. Rents are charged to the various departments and are accumulated to fund replacement of the equipment. At the end of fiscal 2001, the net book value of all equipment totaled \$3,618,421, compared to \$3,661,909 for fiscal 2000. The Fund had a net loss of \$271,635 for fiscal 2001 due to the unanticipated increase in fuel costs and higher depreciation charges related to the purchase of new police and fire vehicles in the preceding fiscal year. Fees charged to user departments will be increased in fiscal 2002 to offset these increased costs.

The School Equipment Replacement Rental Fund accounts for equipment such as buses and other vehicles used by the school departments and accounts for the accumulation of funds to replace these assets. Rents are charged to the School Fund and are accumulated to fund replacement of the equipment. At the end of fiscal 2001, the net book value of all equipment totaled \$1,182,354 compared to \$1,030,618 for fiscal 2000. Revenues totaled \$473,310 compared to total costs of providing services of \$155,686 for fiscal 2001.

NONEXPENDABLE TRUST FUND

The Scholarship Fund was established to account for principal trust amounts received and related interest income. The interest portion of the trust is used for college scholarship awards to high school seniors. The principal amount is invested but must remain intact. In fiscal 2001, \$18,442 was disbursed for scholarship awards. The fund balance of the Scholarship Fund was \$345,113 at the end of fiscal 2001.

CASH MANAGEMENT

Cash temporarily idle in all funds at the end of fiscal 2001 was invested in the following investment instruments with maturity dates ranging from one day to two years. On June 30, 2001, the City's cash resources were divided as follows:

<u>Investment Instrument</u>	<u>Percent</u>
Demand Deposits	33.9
Local Government Investment Pool	<u>66.1</u>
Total	<u>100.0</u>

Investments are made in accordance with the laws of the State of Tennessee, which allow the purchase of U.S. government obligations and limit the maturity of the investment to a two-year period.

The amount of interest received during the fiscal year ending June 30, 2001 totaled \$1,783,230 in all funds, a \$120,776 increase over the previous fiscal year. The increase is primarily the result of increased cash levels in the Capital Projects Fund due to the proceeds from the \$10 million debt issuance in mid-fiscal 2000. A comparison of investment income earned during the past four years is presented on the following table:

Comparison of Interest Income Earned

	<u>FY 2001</u>	<u>FY 2000</u>	<u>FY 1999</u>	<u>FY 1998</u>
Governmental Fund:				
General Fund	\$ 634,849	\$ 689,270	\$ 618,967	\$ 685,222
Special Revenue Funds	336,502	284,711	198,546	186,965
Debt Service Fund	16,386	43,213	31,706	63,410
Capital Projects Fund	<u>461,382</u>	<u>306,076</u>	<u>102,775</u>	<u>131,610</u>
Total Governmental Funds	<u>1,449,119</u>	<u>1,323,270</u>	<u>951,994</u>	<u>1,067,207</u>
Proprietary Funds:				
Enterprise Funds	161,714	216,419	220,707	218,538
Internal Service Funds	<u>138,655</u>	<u>127,363</u>	<u>113,911</u>	<u>80,724</u>
Total Proprietary Funds	<u>300,369</u>	<u>343,782</u>	<u>334,618</u>	<u>299,262</u>
Fiduciary Funds:				
Nonexpendable Trust Fund	<u>33,742</u>	<u>(4,598)</u>	<u>15,062</u>	<u>24,609</u>
Total Interest Earnings	<u>\$ 1,783,230</u>	<u>\$ 1,662,454</u>	<u>\$ 1,301,674</u>	<u>\$ 1,391,078</u>

RISK MANAGEMENT

The Risk Management activity is a function of the Personnel Department and is responsible for managing the City's risks in order to minimize the loss of human, physical, and financial resources. Management employees in the School system are responsible for managing and minimizing the risks for loss to school property and resources.

The City obtains property, liability, and workers' compensation coverage through the Tennessee Municipal League Risk Management Pool. A continuous analysis of loss exposures and loss funding mechanisms is conducted, particularly those programs which are primarily self-funded which includes employee dental and vision insurance.

GENERAL FIXED ASSETS

The general fixed assets of the City are those used in the performance of general governmental functions and exclude the fixed assets of Enterprise and Internal Service Funds. As of June 30, 2001, the general fixed assets of the City amounted to \$77,818,043. This amount represents the original cost of the assets and is considerably less than their replacement value. Depreciation of general fixed assets is not recognized

GENERAL LONG-TERM DEBT

During the fiscal year, the City made payments against debt service requirements totaling \$5,073,054. Of this amount, \$2,196,868 was contributed to retire principal and \$2,876,186 was applied to interest and fiscal charges. At the end of fiscal 2001, \$85,765 was on hand for the eventual retirement of existing debt.

General long-term debt also includes the change in the long-term portion of earned-but-unused vacation benefits expected to be paid from future resources. At the end of fiscal 2001, earned-but-unused benefits totaled \$1,062,541.

The ratios of general obligation debt to assessed and market valuation per capita are useful indicators of the City's debt position to municipal management, citizens, and investors.

	<u>Net Amount</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Ratio of Debt to Market Value</u>	<u>Debt Per Capital</u>
Net bonded debt	\$ 29,429,235	5.83%	1.75%	\$1,075
Capital outlay notes	160,592	.03	.01	6
Loans	24,951,186	4.95	1.48	911
Capital leases	<u>250,968</u>	<u>.05</u>	<u>.01</u>	<u>9</u>
Total General Obligation Debt	<u>\$ 54,791,981</u>	<u>10.86%</u>	<u>3.25%</u>	<u>\$2,001</u>

In 2001, the City's general obligation bond ratings were "Aa3" by Moody's Investors Service, and "A+" by Standard & Poor's Corporation.

INDEPENDENT AUDIT

The City Charter requires an audit at the end of each fiscal year covering the operations of the past fiscal year to be performed by a certified public accountant selected by the City Council. This requirement has been complied with and the independent auditors have issued an "unqualified opinion" on the City's financial statements. Such an opinion indicates there was no limitation on the scope of the auditors examination and the financial statements were prepared in accordance with accounting principals generally accepted in the United States of America.

AWARDS

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report for the fiscal year ended June 30, 2000. This is the fortieth 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 comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

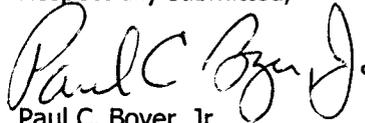
DISTINGUISHED BUDGET AWARD

For the seventeenth straight year, the City received the GFOA's Distinguished Budget Presentation Award. The award program, which was started by GFOA in fiscal 1984, is designed to recognize government organizations that prepare and submit a budget that is informative, useful as a decision-making tool to management and easily readable.

ACKNOWLEDGMENTS

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. We also thank the members of City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Paul C. Boyer, Jr.
City Manager



Janice E. McGinnis
Finance Administrator

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, 2000

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.



Timothy A. Crave
President

Jeffrey L. Esser
Executive Director

CITY OF OAK RIDGE, TENNESSEE

CITY OFFICIALS

Mayor

David R. Bradshaw

Members of City Council

Leonard A. Abbatiello
Tom Beehan
Ray N. Evans, Jr.

Willie Golden, Jr.
A.J. "Jerry" Kuhaida, Jr.
David N. Mosby

City Manager

Paul C. Boyer, Jr.

Department Directors

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

Asst. City Manager, Admin. Services
Community Development Director
Economic Development Director
Electrical Director
Finance Administrator
Fire Chief
Library Director
Parks & Recreation Director
Personnel Administrator
Police Chief
Public Works Director

City Attorney

Kenneth R. Krushenski

City Judge

Robert A. McNees III

City Clerk

Jacquelyn J. Bernard

Board of Education

Ann McNees, Chairperson
Barbara Phelps, Vice Chairperson
Tracy Larabee
Jennifer Richter
John W. Smith, Jr.

Director of Schools

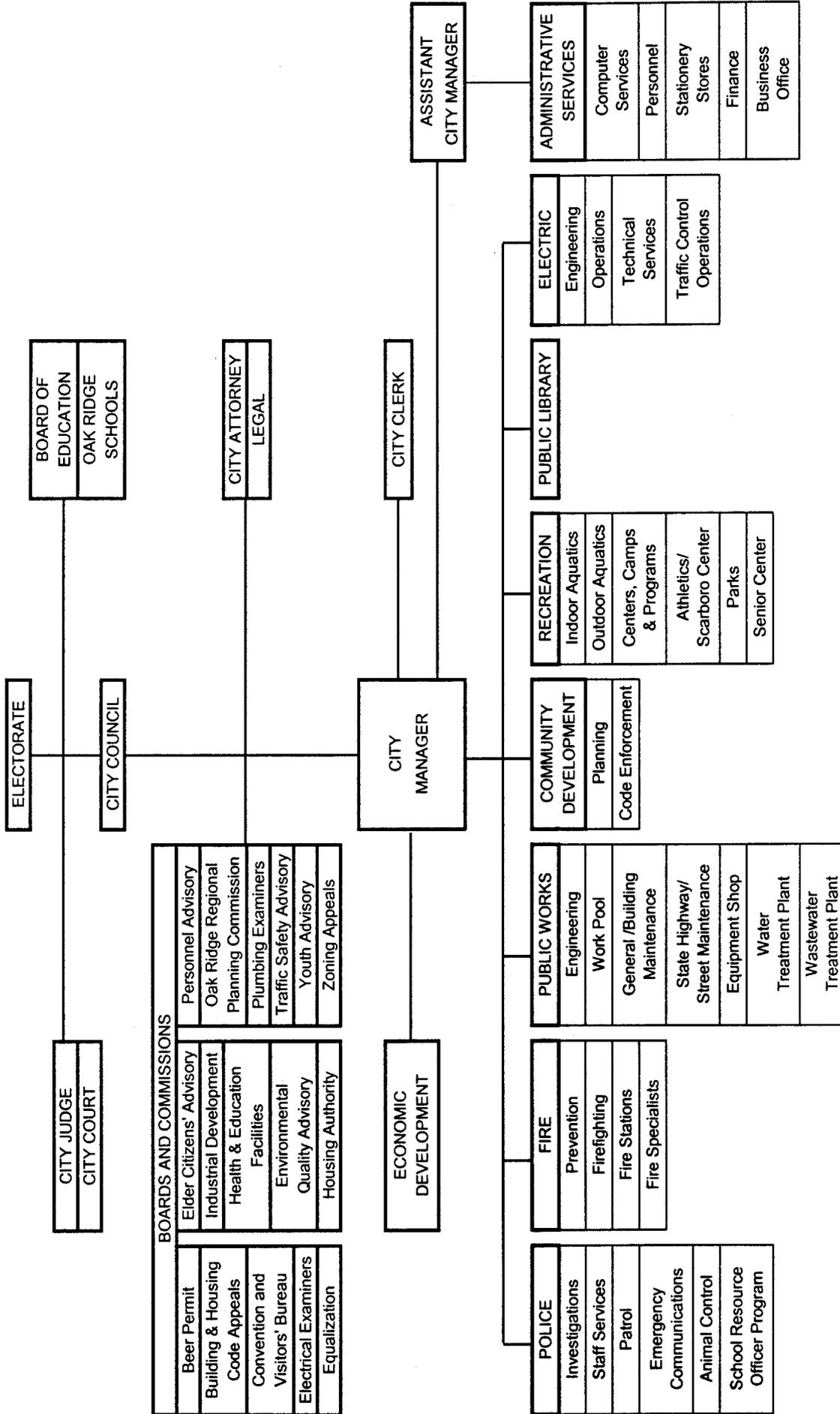
Dr. Randy McCoy

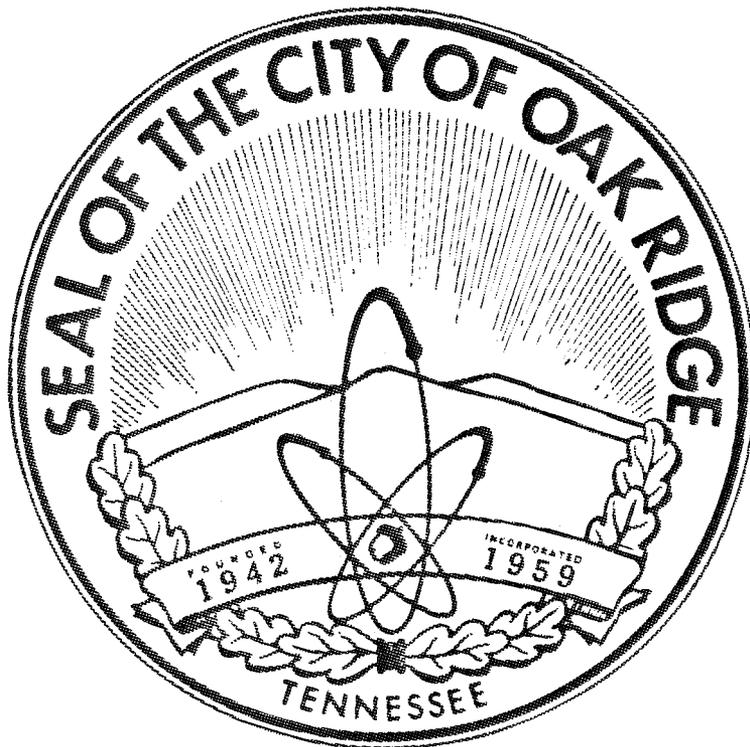
Assistant Director of Schools

Dr. William Burris

ORGANIZATION CHART

City of Oak Ridge, Tennessee







REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the City of Oak Ridge, Tennessee, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Oak Ridge's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Schools which statements reflect total assets of \$56,806,972 as of June 30, 2001, and total revenues of \$27,862,329 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Oak Ridge Schools, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Oak Ridge, Tennessee, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above (other than the Oak Ridge Schools, whose financial statements were audited by other auditors whose report expressed an unqualified opinion) present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Oak Ridge, Tennessee, at June 30, 2001, and the results of operations of such funds and the cash flows of individual proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements and on the combining, individual fund, and account group financial statements taken as a whole. The accompanying financial information presented as Schedules A-4, A-5, H-3 and H-4 are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Oak Ridge, Tennessee. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, combining, individual fund, and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose, combining, individual fund, and account group financial statements taken as a whole.

The Introductory and Statistical Section listed in the table of contents are not required parts of the basic financial statements, and we did not audit and do not express an opinion on such information.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2001, on our consideration of the City of Oak Ridge's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Cherry, Behart & Holland, L.L.P.

Knoxville, Tennessee
September 27, 2001

**CITY OF OAK RIDGE, TENNESSEE
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
June 30, 2001**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Component Unit
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust	General Fixed Assets	General Long-Term Debt	Convention & Visitors Bureau	
ASSETS AND OTHER DEBITS											
Assets:											
Cash and cash equivalents	\$ 3,131,213	\$ 8,761,497	\$ 86,500	\$ 6,736,532	\$ 194,856	\$ 2,238,598	\$ 19,888	\$ -	\$ -	\$ -	\$ 4,309
Investments	-	-	-	-	-	-	329,045	-	-	-	-
Receivables, net	13,226,273	22,901	-	35,000	5,410,132	-	10,159	-	-	-	-
Due from other funds	4,956,973	281,940	-	86,442	1,212	-	1,738	-	-	-	-
Due from other governments	2,082,501	3,214,095	-	183,524	-	-	-	-	-	-	-
Advances to other funds	112,500	-	-	-	1,020,000	-	-	-	-	-	-
Inventory, at cost	-	-	-	-	54,873	-	-	-	-	-	-
Prepaid items	86,367	-	-	-	759,844	-	-	-	-	-	-
Deferred charges	-	-	-	-	2,263,652	-	-	-	-	-	-
Restricted assets	-	-	-	-	-	-	-	-	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-	103,090,180	4,800,775	-	77,818,043	-	-	11,805
Other Debits:											
Amount available for retirement of general obligation debt	-	-	-	-	-	-	-	-	-	85,765	-
Amount to be provided for payment of earned vacation benefits	-	-	-	-	-	-	-	-	-	1,062,541	-
Amount to be provided for retirement of notes and loans payable	-	-	-	-	-	-	-	-	-	23,110,888	-
Amount to be provided for retirement of general obligation bonds	-	-	-	-	-	-	-	-	-	29,429,235	-
Total Assets and Other Debits	\$ 23,595,827	\$ 12,280,433	\$ 86,500	\$ 6,955,056	\$ 112,879,979	\$ 8,578,964	\$ 360,830	\$ 77,818,043	\$ 53,688,429	\$ 16,114	
LIABILITIES, EQUITY AND OTHER CREDITS											
Liabilities:											
Accounts payable	\$ 188,704	\$ 749,676	\$ -	\$ 86,465	\$ 4,553,024	\$ 106,706	\$ 15,717	\$ -	\$ -	\$ -	\$ -
Claims payable	-	-	-	-	-	120,511	-	-	-	-	-
Accrued liabilities	218,440	2,476,205	-	-	118,312	6,123	-	-	-	-	-
Deposits	141,724	-	-	-	-	-	-	-	-	-	-
Due to other funds	369,594	1,435,982	-	256,463	2,930,587	335,679	-	-	-	-	-
Due to other governments	12,529	-	-	-	-	-	-	-	-	-	-
Advances from other funds	14,194,800	432,181	-	-	-	1,132,500	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Matured interest payable	-	-	735	-	-	-	-	-	-	-	-
Payable from restricted assets	-	-	-	-	1,553,816	29,636	-	-	1,062,541	-	-
Vacation benefits payable	-	-	-	-	268,467	-	-	-	-	-	-
Capital leases payable	-	-	-	-	-	250,968	-	-	-	-	-
Notes and loans payable	-	-	-	-	33,645,933	2,000,890	-	-	23,110,888	-	-
Bonds payable	-	-	-	-	12,732,443	-	-	-	29,515,000	-	-
Total Liabilities	15,125,791	5,094,044	735	342,928	55,802,582	3,983,013	15,717	-	53,688,429	-	-
Equity and Other Credits:											
Contributed capital	-	-	-	-	-	1,683,018	-	-	-	-	-
Investment in general fixed assets	-	-	-	-	33,672,570	-	-	77,818,043	-	-	11,805
Retained earnings	-	-	-	-	23,404,827	2,912,933	-	-	-	-	-
Fund balances:											
Reserved:											
Reserved for special programs	-	196,873	-	301,488	-	-	-	-	-	-	-
Reserved for encumbrances	369,287	521,552	-	571,814	-	-	-	-	-	-	-
Reserved for prepaid items	86,367	-	-	-	-	-	-	-	-	-	-
Reserved for endowment	-	-	-	-	-	-	345,113	-	-	-	-
Reserved for debt retirement	-	-	-	-	-	-	-	-	-	-	-
Reserved for advance to other funds	-	-	-	-	-	-	-	-	-	-	-
Unreserved:											
Designated for subsequent years' expenditures	-	794,172	-	5,738,826	-	-	-	-	-	-	-
Undesignated	7,901,682	5,673,792	-	-	-	-	-	-	-	-	4,309
Total Equity and Other Credits	8,470,036	7,196,389	85,765	6,612,128	57,077,397	4,595,951	345,113	77,818,043	-	-	16,114
Total Liabilities, Equity and Other Credits	\$ 23,595,827	\$ 12,280,433	\$ 86,500	\$ 6,955,056	\$ 112,879,979	\$ 8,578,964	\$ 360,830	\$ 77,818,043	\$ 53,688,429	\$ 16,114	

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types				Component Unit Convention & Visitors Bureau
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$ 16,753,443	\$ -	\$ -	\$ -	\$ -
Licenses and permits	223,135	-	-	-	-
Intergovernmental	9,528,710	29,376,494	-	237,224	-
Charges for services	1,377,231	2,109,702	-	-	-
Fines and forfeitures	339,987	40,451	-	-	-
Interest	634,849	336,502	16,386	461,382	349
Other	347,547	1,312,737	-	-	7,510
Total Revenues	29,204,902	33,175,886	16,386	698,606	7,859
Expenditures:					
Current:					
General government	532,967	-	-	-	-
Administration	633,336	-	-	-	204,476
Public safety	7,105,038	55,245	-	-	-
Public works	1,626,292	1,149,552	-	-	-
Community services	3,324,791	3,006,702	-	-	-
Education	-	36,369,497	-	-	-
Capital outlay	-	2,241,618	-	2,804,259	-
Debt service:					
Principal retirement	-	-	2,196,868	-	-
Interest and fiscal charges	-	-	2,876,186	-	-
Total Expenditures	13,222,424	42,822,614	5,073,054	2,804,259	204,476
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,982,478	(9,646,728)	(5,056,668)	(2,105,653)	(196,617)
Other Financing Sources (Uses):					
Proceeds of refunding bonds	-	-	41,244,385	-	-
Payments to refunding bond escrow agent	-	-	(41,244,385)	-	-
Operating transfers in	-	12,693,589	5,100,766	417,883	-
Operating transfers in - from primary government	-	(145,183)	-	(308,984)	196,719
Operating transfers out	(17,434,334)	-	-	-	-
Operating transfers out - to component units	-	(196,719)	-	-	-
Total Other Financing Sources (Uses)	(17,434,334)	12,351,687	5,100,766	108,899	196,719
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,451,856)	2,704,959	44,098	(1,996,754)	102
Fund Balances - July 1 As Previously Reported	9,552,648	4,411,453	41,667	8,608,882	4,207
Prior Period Adjustment	96,505	69,977	-	-	-
Fund Balances - July 1 As Restated	9,649,153	4,481,430	41,667	8,608,882	4,207
Residual Equity Transfers In	272,739	-	-	-	-
Fund Balances - June 30	\$ 8,470,036	\$ 7,186,369	\$ 85,765	\$ 6,612,128	\$ 4,309

**CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL, SPECIAL REVENUE, DEBT SERVICE AND CAPITAL PROJECT FUNDS
For the Fiscal Year Ended June 30, 2001**

	General Fund			Special Revenue Funds			Debt Service Fund			Capital Project Fund		
	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Revenues:												
Taxes	\$ 16,753,443	\$ 16,984,407	\$ (240,964)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	223,135	181,500	41,635	-	-	-	-	-	-	-	-	-
Intergovernmental	9,528,710	9,763,328	(234,618)	28,376,494	32,864,718	(3,508,224)	-	-	-	237,224	804,240	(567,016)
Charges for services	1,377,231	1,397,756	(20,525)	2,109,702	2,116,325	(6,623)	-	-	-	-	-	-
Fines and forfeitures	339,987	400,000	(60,013)	40,451	50,000	(9,549)	-	-	-	-	-	-
Interest	634,849	575,000	59,849	336,502	138,592	197,910	16,396	185	16,201	461,382	175,000	286,382
Other	347,547	238,500	109,047	1,312,737	168,925	1,143,812	-	-	-	-	-	-
Total Revenues	29,204,902	29,550,492	(345,590)	33,175,866	35,358,560	(2,182,694)	16,386	185	16,201	688,606	979,240	(280,634)
Expenditures:												
Current:												
General government	554,922	683,855	128,933	-	-	-	-	-	-	-	-	-
Administration	664,146	686,782	22,636	-	-	-	-	-	-	-	-	-
Public safety	7,187,558	7,161,913	25,645	55,245	100,000	44,755	-	-	-	-	-	-
Public works	1,640,685	1,747,095	106,410	1,269,241	1,398,020	128,779	-	-	-	-	-	-
Community services	3,356,668	3,508,221	151,553	2,918,461	3,341,853	423,392	-	-	-	-	-	-
Education	-	-	-	36,542,155	37,423,610	881,455	-	-	-	-	-	-
Capital outlay	-	-	-	2,241,618	6,365,167	4,123,549	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	2,196,869	2,196,869	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	2,876,185	3,454,787	578,602	-	-	-
Total Expenditures	13,403,979	13,787,866	383,887	43,026,720	48,628,650	5,601,930	5,073,054	5,651,656	578,602	2,713,833	7,611,377	4,897,444
Excess (Deficiency) of Revenues over (under) Expenditures	15,800,923	15,762,626	38,297	(9,850,854)	(13,270,090)	3,419,256	(5,056,668)	(5,651,471)	594,803	(2,015,327)	(6,632,137)	4,616,810
Other Financing Sources (Uses):												
Proceeds of bonds or loans	-	-	-	-	180,000	(180,000)	-	-	-	-	1,000,000	(1,000,000)
Payments of refunding bonds	-	-	-	-	-	-	41,244,385	-	41,244,385	-	-	-
Operating transfers in	-	-	-	12,693,589	12,483,931	229,658	5,100,766	5,651,656	(550,890)	417,883	417,883	-
Operating transfers out - to component units	(17,434,334)	(17,042,499)	(391,835)	(145,163)	(184,250)	39,067	-	-	-	(308,984)	(465,000)	156,016
Total Other Financing Sources (Uses)	(17,434,334)	(17,042,499)	(391,835)	(196,719)	(196,719)	88,725	5,100,766	5,651,656	(550,890)	108,899	952,883	(843,984)
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(1,633,411)	(1,279,873)	(353,538)	2,500,853	(1,007,128)	3,507,981	44,098	185	43,913	(1,906,428)	(5,679,254)	3,772,826
Adjustments to conform with Generally Accepted Accounting Principles (GAAP)												
Add: Encumbrances at the End of the Year	389,287	-	389,287	521,552	-	521,552	-	-	-	571,814	-	571,814
Less: Encumbrances at the Beginning of the Year	(187,732)	-	(187,732)	(317,446)	-	(317,446)	-	-	-	(682,140)	-	(682,140)
Total adjustments to conform with GAAP	181,555	-	181,555	204,106	-	204,106	-	-	-	(90,326)	-	(90,326)
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses (GAAP Basis)	(1,451,856)	(1,279,873)	(171,983)	2,704,959	(1,007,128)	3,712,067	44,098	185	43,913	(1,996,754)	(5,679,254)	3,682,500
Fund Balances - July 1	9,552,648	9,552,648	-	4,411,453	4,411,453	-	41,667	41,667	-	8,608,882	8,608,882	-
As Previously Reported	96,505	96,505	-	69,977	69,977	-	41,667	41,667	-	8,608,882	8,608,882	-
Prior Period Adjustment	9,648,153	9,552,648	96,505	4,481,430	4,411,453	69,977	41,667	41,667	-	8,608,882	8,608,882	-
Residual Equity Transfers In	272,739	-	272,739	-	-	-	-	-	-	-	-	-
Fund Balances - June 30	\$ 8,470,036	\$ 8,272,775	\$ 197,261	\$ 7,188,389	\$ 3,404,325	\$ 3,782,064	\$ 85,765	\$ 41,852	\$ 43,913	\$ 6,612,128	\$ 2,929,628	\$ 3,682,500

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Operating Revenues:			
Charges for services	\$ 44,389,389	\$ 4,802,570	\$ -
Golf course fees and sales	1,193,824	-	-
Contributions	-	1,420,048	-
Investment income	-	-	33,742
Other	660,765	-	-
Total Operating Revenues	<u>46,243,978</u>	<u>6,222,618</u>	<u>33,742</u>
Operating Expenses:			
Maintenance and administrative	13,433,033	1,284,419	-
Purchased power and water	25,428,335	-	-
Depreciation	4,245,532	839,208	-
Materials	-	2,027,164	-
Medical/liability claims	-	250,161	-
Insurance premiums	-	1,696,509	-
Scholarship awards	-	-	18,442
Total Operating Expenses	<u>43,106,900</u>	<u>6,097,461</u>	<u>18,442</u>
Operating Income (Loss)	<u>3,137,078</u>	<u>125,157</u>	<u>15,300</u>
Nonoperating Revenues (Expenses):			
Gain on sale of fixed assets	14,657	57,373	-
Capital Contributions	250,912	-	-
Interest revenue	161,714	138,655	-
Interest expense	(2,328,048)	(101,951)	-
Total Nonoperating Revenues (Expenses)	<u>(1,900,765)</u>	<u>94,077</u>	<u>-</u>
Net Income (Loss) Before Operating Transfers	1,236,313	219,234	15,300
Operating transfers out	<u>(323,737)</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	912,576	219,234	15,300
Add: Depreciation on fixed assets acquired by EPA and DOE grants	<u>1,065,004</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Retained Earnings/Fund Balance	1,977,580	219,234	15,300
Retained Earnings/Fund Balances - July 1	<u>21,427,247</u>	<u>2,693,699</u>	<u>329,813</u>
Retained Earnings/Fund Balances - June 30	<u>\$ 23,404,827</u>	<u>\$ 2,912,933</u>	<u>\$ 345,113</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Nonexpendable Trust
Operating Income (Loss)	\$ 3,137,078	\$ 125,157	\$ 15,300
Adjustments to Reconcile			
Operating Income (Loss) to Net Cash:			
Depreciation	4,245,532	839,208	-
Provision for uncollectable accounts	102,000	-	-
Unrealized increase in market value of investments	-	-	(12,619)
Changes in Assets and Liabilities:			
Accounts receivable	55,699	-	(1,546)
Due from other funds	(83,121)	(1,212)	3,921
Due from other governments	3,699	-	-
Inventory	(624)	(215,963)	-
Amortization of deferred charges	80,936	794	-
Accounts payable	(516,333)	9,419	2,812
Claims payable	-	(5,097)	-
Deposits	255,835	-	-
Accrued liabilities	291	320	-
Due to other funds	(1,281,513)	211,193	-
Accrued vacation	(20,993)	2,196	-
Net Cash Provided (Used) by Operating Activities	<u>5,978,486</u>	<u>966,015</u>	<u>7,868</u>
Cash Flows from Noncapital Financing Activities:			
Transfers to other funds	<u>(323,737)</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Net proceeds from issuance of long-term debt	7,266,444	184,580	-
Acquisition and construction of capital assets	(11,182,535)	(971,617)	-
Proceeds from sale of capital assets	23,919	57,373	-
Contributed Capital	-	(248,580)	-
Principal paid on long-term debt	(1,101,542)	(171,630)	-
Interest paid on long-term debt	(2,604,857)	(104,719)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,598,571)</u>	<u>(1,254,593)</u>	<u>-</u>
Cash Flows from Investing Activities:			
Purchase of investments	-	-	(283,902)
Proceeds from maturity of investments	-	-	293,894
Interest and dividends on investments	161,714	138,655	-
Net Cash Provided (Used) by Investing Activities	<u>161,714</u>	<u>138,655</u>	<u>9,992</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,782,108)	(149,923)	17,860
Cash and Cash Equivalents, July 1	<u>4,240,616</u>	<u>2,388,521</u>	<u>2,028</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,458,508</u>	<u>\$ 2,238,598</u>	<u>\$ 19,888</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:			
Cash equivalents per the balance sheet	\$ 194,856	\$ 2,238,598	\$ 19,888
Restricted assets:			
Deposits	1,216,735	-	-
Construction account	718,592	-	-
Current debt service account	328,325	-	-
Cash and Cash Equivalents, June 30	<u>\$ 2,458,508</u>	<u>\$ 2,238,598</u>	<u>\$ 19,888</u>

The notes to financial statements are an integral part of this statement.

(Continued)

**CITY OF OAK RIDGE, TENNESSEE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended June 30, 2001**

Noncash investing, capital and financing activities:

During fiscal 2001, the City issued \$10,004,120 in debt through the TN-LOANs program for the refunding of \$10,515,000 in outstanding Electric system revenue bonds. The debt proceeds went immediately to the trustee for payment of the outstanding bonds. The City remitted \$609,547 to the trustee that was being held by the City as a required reserve for future debt service payments on the refunded bonds. Debt issuance costs of \$235,936, recorded as a Deferred Charge, were deducted from the debt proceeds and are being amortized over the debt repayment period. The \$124,580 difference between the reacquisition price and the net carrying amount of the bonds was deferred and is being amortized over the remaining 12-year life of the old debt.

Amortized in the Electric Fund in fiscal 2001 was \$7,398 in Debt Issuance Costs, \$7,106 in Bond Discounts and \$1,775 of the difference between the reacquisition price and the net carrying value of bonds refunded in fiscal 2001. \$11,081 was also amortized for a prior service area acquisition.

In the Waterworks Fund, \$45,364 in costs related to the acquisition of the water plant from the United States Department of Energy (DOE) and \$4,470 in debt issuance costs were amortized in fiscal 2001. The Waterworks Fund had \$250,912 in facilities, recorded as revenue, donated by private developers to the City in fiscal 2001.

Amortized in the Golf Course Fund in fiscal 2001 were \$2,283 in Bond Issuance costs, \$3,233 in Bond Discounts and \$14,439 of the difference between the reacquisition price and the net carrying value of notes refunded in fiscal 1999.

In the City Equipment Replacement Rental Fund, \$794 in Bond Issuance costs were amortized in fiscal 2001.

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30 2001

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CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Oak Ridge, Tennessee, 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 of Oak Ridge, Tennessee 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 general purpose 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 of Oak Ridge (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 combined financial statements to emphasize they are legally separate from the City. The accounting principles and policies utilized by the discretely presented component units are the same as those of the City unless stated otherwise in the following Notes to the Financial Statements. All discretely presented component units have a June 30 year-end.

Discretely Presented Component Unit

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

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

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Related Organizations

Oak Ridge City Council is responsible for all board appointments of the following:

Oak Ridge Housing Authority
Oak Ridge Utility District
Oak Ridge Industrial Development Board
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. Fund Accounting

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The account groups are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded in the funds. Account groups are concerned only with the measurement of financial position and do not measure results of operations.

The following fund categories, fund types and account groups are used by the City.

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.).

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

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. In fiscal 2001, the General Fund and the proceeds from the 1992 Anderson County bond issuance primarily serviced this debt obligation.

Capital Project Fund

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

PROPRIETARY FUNDS

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Trust Funds

When assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. The Scholarship Fund, a nonexpendable type trust fund, is used to account for principal trust amounts received and related interest income. The interest portion of the trust is used for college scholarship awards. The principal amount is invested but must be preserved intact.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

ACCOUNT GROUPS

General Fixed Assets Account Group

This account group is used to account for fixed assets not accounted for in proprietary funds.

General Long-Term Debt Account Group

This account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary funds.

c. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds and nonexpendable trust funds are accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are included on the balance sheet. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (when they become measurable and available as net current assets). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 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). Licenses and permits, charges for services, fines and forfeitures, and other revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, an exception to this general rule would include principal and interest on general long-term debt which is recognized when due.

All proprietary and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized at the time liabilities are incurred. The reserve method is used to estimate the allowance for doubtful accounts for electric, water and sewer service receivables. The City applies all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The City has elected not to adopt the FASB Statements and Interpretations issued after November 30, 1989, in accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting".

d. Budgets and Budgetary Accounting

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

- 1) Prior to April 1, 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. The budget and actual comparisons presented in Exhibit 3 in the accompanying financial report includes all governmental funds whose budgets

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

were legally enacted by City Council through passage of the appropriation ordinance. The adjustments necessary to convert budgetary basis to GAAP in Exhibit 3 represent the net change in encumbrances outstanding at the beginning and end of the fiscal year. Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted or as amended by the City Council. There were no supplemental appropriations required during fiscal 2001.

- 7) All appropriations which are not expended or encumbered lapse at year end.

e. Cash and Cash Equivalents

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

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

f. Investments

Investments are comprised of corporate stock held in the Scholarship Fund, a nonexpendable trust fund, and 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. 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.

i. Compensated Absences

Employees of the City are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave; however, accumulated sick pay is not paid.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

The total earned but unused vacation benefits for the City is \$1,360,644 at the end of fiscal 2001. Of the earned but unused amount, no portion required recording as a current liability; however, expected future demands of \$1,062,541 on financial resources have been recorded in the General Long-Term Debt Account Group.

Vacation benefits are accrued in the period they are earned in proprietary funds and reported as a fund liability.

j. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings including; roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and other assets that are immovable and of value only to the City, are not capitalized along with other general fixed assets. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Assets in the general fixed assets account group are not depreciated.

Fixed assets of the proprietary funds are recorded at cost, if purchased, and at fair market value at date of gift, if donated, except in the Electric Fund, an Enterprise Fund, where in accordance with the Federal Energy Regulatory Commission contributed assets are recorded at zero cost. Depreciation of all exhaustible property, plant and equipment used by proprietary funds are charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Depreciation recognized on assets acquired or constructed through grants externally restricted for capital acquisitions are closed to the appropriate contributed capital account. Net income (loss) adjusted by the amount of depreciation on fixed assets acquired in this manner is closed to Retained Earnings.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	33 1/3 - 50 years
Improvements	12 1/2 - 40 years
Equipment	1 - 20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets life are not included in the general fixed assets account group or capitalized in the proprietary funds. Improvements that materially add to the value of an asset are capitalized and in proprietary funds depreciated over the remaining useful life of the related fixed asset.

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CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

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.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Because of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

The long-term debt of governmental funds is recorded at face value in the general long-term debt account group. Other governmental fund obligations not expected to be financed with current available financial resources are also recorded in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are recorded as liabilities in the appropriate funds.

k. 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. Nonrecurring or nonroutine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or reductions from fund balance or retained earnings, as applicable. All other transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

l. Fund Equity

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. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from other funds, developers or customers in prior fiscal years.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

m. 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 Project Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

n. Deferred Revenues

Deferred revenue represents amounts that have been collected or billed in advance of revenue recognition. In the General Fund, revenue from the June 1 tax levy is recognized in the following fiscal year beginning on July 1. Refer to Note 2. Grant revenues are recognized when an expenditure is made and any grant proceeds received in excess of amounts expended are deferred until a qualifying expenditure is made. At June 30, 2001, deferred revenue from grant proceeds included \$30,194 recorded in the School Fund and \$53,409 recorded in the Grant Fund, both special revenue funds. Other deferred revenues consisted of amounts collected before June 30, 2001 for fiscal 2002 comprised of \$17,270 in miscellaneous collections accounted for in the General Fund and \$7,578 for school tuition recorded in the School Fund.

\$1,281,500 in local option sales taxes has been received from a local federal government contractor based upon an audit assessment by the Tennessee Department of Revenue. The taxpayer has contested the audit assessment and has filed legal action to obtain a refund of the remitted sales taxes. If the court rules in the taxpayer's favor, the City would be required to refund its share of the sales tax collections back to the State. Due to the uncertainty of this matter, the City awaiting final resolution by the courts has recorded the contested sales tax collections as deferred revenue. At fiscal year end, \$940,500 and \$341,000 in local sales tax collections were recorded as deferred revenue in the General Fund and the School Fund, respectively.

o. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

p. Comparative Data

Comparative total data for the prior year, which was summarized from the 2000 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

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

City's financial position and operations and is not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles. Comparative (i.e. presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain reclassifications have been made to make 2000 data comparable to that of 2001.

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, 2001 is \$13,237,030.

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

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

The last reappraisal was completed for the list as of January 1, 1998 (recognized in the fiscal year beginning July 1, 1998). The assessed value for the list as of January 1, 2000, was \$504,672,547. The appraised value was \$1,684,771,869 making the total assessed value approximately 30 percent of the total appraised value.

Taxes were levied at a rate of \$2.57 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 \$12,585,185 for the fiscal year ended June 30, 2001 were approximately 97 percent of the tax levy.

3. DEPARTMENT OF ENERGY

DOE has three major facilities in Oak Ridge that represent the largest activity at any one location within the nationwide DOE complex. Oak Ridge National Laboratory (ORNL), one of the nation's largest multipurpose research centers, develops safe, economic, and environmentally acceptable technologies for efficient production and use of energy. ORNL enhances area wide economic growth and development through its technology transfer program to private sector industries, as well as, sophisticated needs and uses for federal and private environmental/hazardous waste management, metals and ceramics technologies, and space-age tool and die industries. The former Oak Ridge Gaseous Diffusion Plant is a focal point for developing hazardous waste management impoundment and storage. Oak Ridge Y-12 plant is a highly sophisticated

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CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

manufacturing and developmental engineering organization engaged primarily in programs vital to national defense. A significant number of the City's residents are employed by BWXT, Inc., UT-Battelle and Bechtel Jacobs, the contractors which operate the three major facilities.

From incorporation through 1986, the City of Oak Ridge received financial assistance and in-lieu of tax payments from the United States Department of Energy (DOE) or its predecessor agencies. The annual payments were provided by contractual agreement, subject to congressional appropriation. In fiscal year 1986, the City received a settlement of \$23,184,600 from DOE which ended the financial assistance and represented a ten-year lump sum settlement for in-lieu of tax. In the last quarter of fiscal 1996, the annual in-lieu of tax payments from DOE resumed. The City received \$1,143,832 from DOE in tax payments in fiscal 2001.

On May 1, 2000, DOE transferred ownership of a water treatment plant located within Oak Ridge to the City Of Oak Ridge. Upon transfer of the water plant, the City began selling potable and raw water to DOE facilities. The rate charged by the City for water utilized by DOE is outlined under a ten-year contract and includes inflationary rate escalators. Water sales to DOE account for approximately 35% of the City's total water revenues.

4. RETIREMENT PLAN

Plan Description

Employees of the City of Oak Ridge 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 of Oak Ridge participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

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, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

Funding Status and Progress

The City's plan is noncontributory and has assumed employee contributions up to 5.0% of annual covered payroll. A small number of employees whose contribution rate was greater than 5.0% prior to the change to the adoption to noncontributory still contribute the excess over 5.0%.

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2001 was 6.80% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City of Oak Ridge is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2001, the City's annual pension cost of \$893,521 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1999 actuarial valuation using the frozen initial liability 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 5.5% annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 4.5% 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 June 30, 1999 was 16 years.

An actuarial valuation will be performed as of July 1, 2001 which will establish subsequent contribution rates. Actuarial assumptions used in this valuation will be determined as of the June 30, 2000 experience study.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$ 893,521	100.00%	\$ 0
6/30/00	\$ 726,802	100.00%	\$ 0
6/30/99	\$ 699,953	100.00%	\$ 0

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
_____	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
7/01/99	\$ 46,449	\$ 46,795	\$ 346	99.26%	\$ 12,086	2.86%
6/30/97	\$ 40,209	\$ 40,209	\$ 0	100.00%	\$ 10,825	0.00%
6/30/95	\$ 32,352	\$ 32,650	\$ 298	99.09%	\$ 10,165	2.93%

Oak Ridge School System Employees - Retirement Plan

Non-Teaching Personnel

Plan Description

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

The Comprehensive Annual Financial Report of the TCRS for the year ended June 30, 2001, may be obtained at the following address: Tennessee Treasury Department, Tennessee Consolidated Retirement System, 10th Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

Funding Policy

The Oak Ridge Schools plan is a contributory plan whereby the employee contributes 5% of earnable compensation and the employer is responsible for the remaining contribution. The School Fund is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2001, was 3.96% of annual covered payroll. The contribution requirements of plan members are set by State statute. Contribution requirements for the Schools are established and may be amended by the TCRS Board of Trustees.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Annual Pension Cost

For the year ending June 30, 2001, Oak Ridge Schools' annual pension cost of \$185,579 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the June 30, 1999, actuarial valuation using the frozen initial liability 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 5.5% annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 4.5% annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of equities over a five-year period. Amortized book value was used for fixed income securities. Oak Ridge Schools' unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 1999, was 16 years.

An actuarial valuation will be performed as of July 1, 2001 which will establish subsequent contribution rates. Actuarial assumptions used in this valuation will be determined as of the June 30, 2000 experience study.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$ 185,579	100.00%	\$ 0
6/30/00	\$ 152,813	100.00%	\$ 0
6/30/99	\$ 158,295	100.00%	\$ 0

Required Supplementary Information

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
	(a)	(b)	(b)-(a)	(a/b)	(c)	
6/30/99	\$ 12,816	\$ 13,365	\$ 549	95.89%	\$ 4,473	12.27%
6/30/97	\$ 10,974	\$ 10,974	\$ 0	100.00%	\$ 4,156	0.00%
6/30/95	\$ 8,820	\$ 9,034	\$ 215	97.62%	\$ 3,413	6.29%

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Teaching Personnel

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the 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 www.treasury.state.tn.us.

Funding Policy

Most teachers are required by State statute to contribute 5.0% of salary to the plan. The Oak Ridge Schools are required to contribute at an actuarially determined rate. The rate for the fiscal year ending June 30, 2001, was 3.72% of annual covered payroll. The contribution requirements of the Schools are established and may be amended by the TCRS Board of Trustees. The Schools' contributions to TCRS for the years ending June 30, 2001, 2000 and 1999 were \$717,326, \$991,904, and \$973,858, respectively, equal to the required contributions for each year.

5. POST-RETIREMENT BENEFITS

Retired employees from the City, excluding employees working in the school system, may continue their individual or family hospitalization insurance coverage through the City, but must reimburse the City at 75% of the premium costs. During fiscal 2001, the City contributed \$21,753 toward retirees insurance premium costs with 19 retirees receiving the benefit at fiscal year end. The City funds its contribution of the retirees insurance premiums on a pay-as-you-go basis.

The Schools will provide post-retirement health benefits for retired professional employees for a period of up to 5 consecutive years following retirement if required criteria has been satisfied. With proper notification, for professional employees retiring at age 60, or after 30 years of creditable service in the Tennessee Consolidated Retirement System with at least 10 years as a teacher in the Oak Ridge Schools, the individual insurance premium will be paid by the schools for 5 years or until the retiree reaches age 65. Qualified retired employees requiring family coverage must pay the additional premium costs. Retired employees not meeting the required criteria may continue in the Schools hospitalization insurance program until age 65; however, the retiree must pay the full premium cost.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Beginning January 1, 2000, the Schools joined the State of Tennessee Group Health Insurance Plan. Retirees have health insurance premiums deducted directly from their TCRS monthly pension benefits. TCRS will pay the following percentage of the individual premium based on years of service. With 30 years or more of service TCRS pays 45% of the premium, 20 to 29 years of service TCRS pays 35% of the premium and with less than 20 years of service TCRS pays 25% of the premium. The Schools will reimburse qualified retirees their individual premium costs. During fiscal 2001, the Schools reimbursed approximately \$48,510 to 31 retirees.

6. ACCOUNTS RECEIVABLE

For collection economy, the Electric Fund purchases the utility customer receivables from the Waterworks Fund and accounts receivable from the Solid Waste Fund for charges on residential refuse service. The Electric Fund is reimbursed by these funds for their uncollectible accounts. Billing and collecting expenses or expenditures are allocated among the three funds. Customers are billed for services monthly on a cyclical basis. Unbilled revenue for utility services rendered but not yet billed as of the close of the fiscal year in the amount of \$1,089,797 was recorded in the Electric Fund at June 30, 2001.

Receivables at June 30, 2001 consist of the following:

<u>Fund</u>	<u>Taxes</u>	<u>Customer Accounts</u>	<u>Interest</u>	<u>Gross Receivables</u>	<u>Allowance For Uncollectibles</u>	<u>Net Receivables</u>
General	\$12,806,658	\$ 677,370	\$225,245	\$13,709,273	\$ (483,000)	\$13,226,273
Special Revenue	---	22,901	---	22,901	---	22,901
Capital Projects	---	35,000	---	35,000	---	35,000
Enterprise	---	5,847,392	---	5,847,392	(437,260)	5,410,132
Nonexpendable Trust	---	---	10,159	10,159	---	10,159
Total	<u>\$12,806,658</u>	<u>\$6,582,663</u>	<u>\$235,404</u>	<u>\$19,624,725</u>	<u>\$ (920,260)</u>	<u>\$18,704,465</u>

7. DEPOSITS AND INVESTMENTS

The unrestricted cash of the City's various funds are pooled for investment purposes as described in Note 8. State statutes authorize the City and Oak Ridge Schools to invest in obligations of the Federal government, State government, State investment pool, Certificates of Deposit and other time deposits, and repurchase agreements.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Deposits

At year-end, the carrying amount of the City's deposits was \$7,946,196. Deposits include a certificate of deposit accounted for in the Scholarship Fund, a nonexpendable trust fund, recorded at its fair value of \$283,903 at year-end. At June 30, 2001, all City deposits were held in financial institutions that participate in the Tennessee Bank Collateral Pool administered by the Treasurer's Office of the State of Tennessee. Financial institutions participating in the bank collateral pool determine the aggregate balance of their public funds and report that to the Treasurer's Office. The amount of collateral required to secure these deposits must be equal to the average daily balance of public deposits held. Participating financial institutions pledge the collateral securities required to protect their public fund accounts to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. Since the bank collateral pool covered all City deposits at year-end, they are classified in category 1 as insured.

Investments

The Oak Ridge Schools held, as trustee, 752 shares of donated common stock of Bank of America Corporation at fiscal year end. The carry value of the stock was presented at its fair value of \$45,142 at June 30, 2001 and is accounted for in the Scholarship Fund. During fiscal 2001, the Bank of America common stock increased by \$12,619. The unrealized gain in market value has been recorded as part of the investment income in the Scholarship Fund. The level of risk assumed by the City for this investment is Category 1 since the investment is registered and held by an agent in the School's name.

The City's remaining investments at fiscal year end were held in the State Local Government Investment Pool (LGIP). The responsibility for conducting the LGIP's investment program resides with the State Treasurer and investments are made in instruments authorized by Tennessee Code Annotated, Section 9-4-602. The LGIP is a SEC 2a-7-like fund and the carrying value of the City's investment held by the LGIP at fiscal year end of \$15,510,880 is based on the LGIP share price. The City is exempted from sharing in any unrealized gains or losses of the LGIP.

8. POOLED CASH AND INVESTMENTS

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

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

9. LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended June 30, 2001:

	<u>Balance</u> <u>7/01/00</u>	<u>Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance</u> <u>6/30/01</u>
General Long-Term Debt				
Account Group:				
General Obligation Bonds	\$ 48,890,000	\$ 22,480,000	\$ 41,855,000	\$ 29,515,000
Capital Outlay Notes	235,199	—	74,607	160,592
TN Municipal Bond Fund Loan	1,189,558	—	22,262	1,167,296
TN-LOANS	3,213,000	18,570,000	—	21,783,000
Vacation Benefits	<u>1,024,232</u>	<u>695,118</u>	<u>656,809</u>	<u>1,062,541</u>
Total General Long-Term Debt Account Group	<u>54,551,989</u>	<u>41,745,118</u>	<u>42,608,678</u>	<u>53,688,429</u>
Proprietary Funds:				
Electric Fund:				
Revenue Bonds	11,060,000	—	5,040,000	6,020,000
Revenue Bonds Sold to TVA	4,000,000	2,000,000	6,000,000	—
TN-LOANS	2,905,000	10,240,056	100,000	13,045,056
Waterworks Fund:				
TN Local Development Authority Notes	142,230	—	11,860	130,370
TN Municipal Bond Fund Loan	5,863,942	—	109,738	5,754,204
TN-LOANS	2,432,000	—	—	2,432,000
State Revolving Fund Program Loan	7,152,603	5,266,444	—	12,419,047
Golf Course Fund:				
General Obligation Bonds	7,130,000	—	80,000	7,050,000
City Equipment Replacement Rental Fund:				
TN Municipal Bond Fund Loan	1,934,027	184,581	117,718	2,000,890
School Equipment Replacement Rental Fund:				
Capital Lease Obligations	<u>304,881</u>	<u>—</u>	<u>53,913</u>	<u>250,968</u>
Total Proprietary Funds	<u>42,924,683</u>	<u>17,691,081</u>	<u>11,513,229</u>	<u>49,102,535</u>
Total Changes in Long-Term Debt	<u>\$ 97,476,672</u>	<u>\$ 59,436,199</u>	<u>\$ 54,121,907</u>	<u>\$ 102,790,964</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

The annual requirement to amortize all bonds and notes outstanding as of June 30, 2001, including interest payments (which total \$57,397,862), are as follows:

Year Ending June 30,	General Long-Term Debt		Proprietary		Total
	Bonds	Notes And Loans	Revenue Bonds	Notes, Loans Other Bonds	
2002	\$ 3,641,474	\$ 1,176,835	\$ 591,896	\$ 2,596,707	\$ 8,006,912
2003	3,153,665	1,143,409	587,802	3,017,770	7,902,646
2004	3,081,715	1,057,691	588,196	3,024,993	7,752,595
2005	3,121,170	1,058,362	587,821	3,026,378	7,793,731
2006	3,124,515	1,059,063	586,678	3,037,192	7,807,448
2007	3,123,585	1,059,841	589,765	3,038,331	7,811,522
2008	3,123,823	1,060,689	591,828	3,082,981	7,859,321
2009	3,122,275	1,061,565	592,865	3,098,424	7,875,129
2010	3,123,840	1,062,513	592,585	3,094,769	7,873,707
2011	3,114,215	1,063,525	596,060	3,090,697	7,864,497
2012	3,113,500	1,064,609	593,005	3,097,345	7,868,459
2013	2,711,500	1,065,757	598,549	3,104,162	7,479,968
2014	2,072,750	1,702,079	597,480	3,034,428	7,406,737
2015	309,750	3,429,964	599,940	3,485,743	7,825,397
2016	---	3,733,809	600,780	3,498,956	7,833,545
2017	---	3,753,542	---	2,666,259	6,419,801
2018	---	3,752,642	---	2,692,301	6,444,943
2019	---	3,356,005	---	2,653,942	6,009,947
2020	---	3,346,181	---	2,666,747	6,012,928
2021	---	3,346,315	---	2,688,160	6,034,475
2022	---	1,270,749	---	2,518,841	3,789,590
2023	---	102,615	---	1,821,147	1,923,762
2024	---	---	---	727,255	727,255
2025	---	---	---	737,454	737,454
2026	---	---	---	742,716	742,716
2027	---	---	---	753,398	753,398
2028	---	---	---	762,390	762,390
2029	---	---	---	773,092	773,092
2030	---	---	---	781,952	781,952
Total	\$ 39,937,777	\$ 40,727,760	\$ 8,895,250	\$ 69,314,530	\$ 158,875,317

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

A. General Long-Term Debt

General Obligation Bonds

The following is a summary of the City's general obligation bonded debt transactions for the year ended June 30, 2001:

	<u>General Obligation Bonds</u>			<u>Balance 6/30/01</u>
	<u>Balance 7/01/00</u>	<u>Additions</u>	<u>Retirements</u>	
Series 1992, GO Refunding Bonds Refunded in Fiscal 2001	\$ 9,055,000	\$ ---	\$ 9,055,000	\$ ---
Series 1993, GO Refunding Bonds Issue: \$3,600,000, Maturing 2011 Interest Rate: 4.10% - 5.05% Part refund Series 1991 GO Bond Issue	3,600,000	---	115,000	3,485,000
Series 1994, GO Refunding Bonds	150,000	---	150,000	---
Series 1995, School Bonds Part Advance Refund FY 2001 Interest Rate 4.9%-5%, Mature 2003 Renovation of High and 2 Middle Schools	10,635,000	---	9,925,000	710,000
Series 1996, Public Improvement Bonds Part Advance Refund FY 2001 Interest Rate: 5.00%, Mature 2004 Construction of a Central Service Center Complex, street construction, recreation and building improvements	15,450,000	---	13,545,000	1,905,000
Series 2000, General Obligation Bonds Part Advance Refund FY 2001 Interest Rate: 4.40% - 4.95%, Mature 2007 City and School miscellaneous building, recreational and street improvements	10,000,000	---	9,065,000	935,000
Series 2001, GO Refunding Bonds Issue: \$22,480,000, Maturing 2015 Interest Yield: 3.56% - 4.83% Part refund Series 1996 & 2000 GO Bond Issue	---	22,480,000	---	22,480,000
Total General Obligation Bonded Debt	<u>\$ 48,890,000</u>	<u>\$ 22,480,000</u>	<u>\$ 41,855,000</u>	<u>\$ 29,515,000</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

General Obligation Bonds

General Obligation Bond Refundings

In late fiscal 2001, the City refunded portions of four outstanding general obligation bond series to restructure future annual debt service payments while achieving an economic cost savings. Overall, the refunding is estimated to result in an increase of \$5,081,736 in the City's aggregate debt service payments and an economic gain, the difference between the present value of the old and new debt service payments, of \$1,333,384. The debt service amortization was restructured to reduce the estimated annual debt service payment by \$250,000 in fiscal 2002, \$800,000 in fiscal 2003, \$900,000 in fiscals 2004 to 2012, and by \$1,300,000 in fiscals 2013 to 2015. The reduction in the annual debt service payment in those fiscal years from that of the prior debt was accomplished by an overall six-year extension in the life of the debt. The annual debt service payments in fiscals 2016 to 2022 increased accordingly in a level pattern. The original bond proceeds were primarily used to construct, expand or renovate City and School facilities, including the construction of a new Elementary School and a new Central Service Center Complex. The life of the projects continues to exceed the life of the extended debt. The details of the two refunding transactions are as outlined below.

In April 2001, the City issued \$22,480,000 in fixed rate General Obligation Refunding Bonds Series 2001 for the advance refunding of portions of the outstanding fixed rate General Obligation Public Improvement Bonds Series 1996 and Series 2000. The proceeds of this issue, net an underwriter's discount of \$168,600, were deposited immediately into an irrevocable trust for the legal defeasance of the debt. The proceeds include a premium of \$642,574. The Bond Trustee immediately disbursed \$66,460 in issuance costs and \$47,251 for bond insurance. The advance refunding resulted in a reduction of the City's aggregate debt service payments by \$3,724,346 over the next 15 years and an economic gain of \$808,174. Accordingly, the refunded bonds have been removed from the City's financial statements. The principal outstanding at June 30, 2001 on the bonds refunded was \$22,035,000, with \$12,970,000 of the Series 1996 being called for redemption on March 1, 2003 at 101% of par value and \$9,065,000 of the Series 2000 being called for redemption on April 1, 2006 at 100% of par value.

In May 2001, the City issued \$18,570,000 in variable rate debt through the TN-LOANS program for the current refunding of all the outstanding General Obligation Refunding Bonds Series 1992 and the advance refunding of \$9,600,000 of outstanding General Obligation School Bonds Series 1995. The proceeds of this issue were deposited immediately into an irrevocable trust for the legal defeasance of the debt. The Bond Trustee immediately disbursed \$91,929 in issuance costs and \$73,949 for bond insurance. Assuming a 4.25% variable interest rate, the refunding is estimated to result in an increase of the City's aggregate debt service payments by \$8,806,082 over the next 21 years and an economic gain estimated at \$525,210. The average TN-LOANS interest rate, including fees, has averaged slightly below 4.25% since 1989. Accordingly, the refunded bonds have been removed from the City's financial statements. The \$8,120,000 in outstanding Series 1992 bonds was redeemed on June 18, 2001. The principal outstanding at June 30, 2001 on the advance refunded Series 1995 bonds was \$9,060,000 with call date of July 1, 2002.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2001, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 2,280,000	\$ 1,361,474	\$ 3,641,474
2003	1,870,000	1,283,665	3,153,665
2004	1,875,000	1,206,715	3,081,715
2005	2,000,000	1,121,170	3,121,170
2006	2,090,000	1,034,515	3,124,515
2007	2,180,000	943,585	3,123,585
2008	2,280,000	843,823	3,123,823
2009	2,375,000	747,275	3,122,275
2010	2,485,000	638,840	3,123,840
2011	2,610,000	504,215	3,114,215
2012	2,740,000	373,500	3,113,500
2013	2,475,000	236,500	2,711,500
2014	1,960,000	112,750	2,072,750
2015	295,000	14,750	309,750
Total	<u>\$ 29,515,000</u>	<u>\$ 10,422,777</u>	<u>\$ 39,937,777</u>

Capital Outlay Notes

During fiscal year 1996, the City borrowed \$499,752, classified as capital outlay notes, through the Tennessee Department of Economic & Community Development for energy efficiency improvements to Oak Ridge School buildings. The capital outlay notes were issued for seven years at an annual interest rate of 5%. Permission for the issuance of capital outlay notes was obtained from the State Director of Local Finance as required by state law. The notes had a principal balance of \$160,592 at June 30, 2001 with debt service requirements to maturity as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 78,337	\$ 8,030	\$ 86,367
2003	82,255	4,112	86,367
Total	<u>\$ 160,592</u>	<u>\$ 12,142</u>	<u>\$ 172,734</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Variable Interest Rate Loans:

In fiscal 1995, the City executed a loan agreement with the Tennessee Municipal Bond Fund 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. Terms of the loan provide for annual principal and monthly interest payments with the loan maturing in 2023. The loan had a principal balance of \$1,167,296 at June 30, 2001.

In fiscal 1998, the City executed a loan agreement through the TN-LOANS program for \$3,213,000 for street resurfacing, demolition and remediation of the old central service center site and City and School building renovation projects. Principal payments begin in 2014 with maturity in 2016. In May 2001, the City issued \$18,570,000 in variable rate debt through the TN-LOANS program to refund all the outstanding General Obligation Refunding Bonds Series 1992 and refund \$9,600,000 of the outstanding General Obligation School Bonds Series 1995. Principal payments begin in 2015 with maturity in 2022. Interest in the TN-LOANS program is paid quarterly.

The loans are to be repaid from General Fund revenues and accordingly, have been recorded in the General Long-Term Debt Account Group. The interest rate varies on a weekly basis and is estimated at a 4.5% interest rate. Projected debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2002	\$ 23,813	\$ 1,066,655	\$ 1,090,468
2003	25,466	1,031,576	1,057,042
2004	27,270	1,030,421	1,057,691
2005	29,176	1,029,186	1,058,362
2006	31,200	1,027,863	1,059,063
2007	33,392	1,026,449	1,059,841
2008	35,753	1,024,936	1,060,689
2009	38,249	1,023,316	1,061,565
2010	40,931	1,021,582	1,062,513
2011	43,798	1,019,727	1,063,525
2012	46,867	1,017,742	1,064,609
2013	50,139	1,015,618	1,065,757
2014	691,124	1,010,955	1,702,079
2015	2,452,442	977,522	3,429,964
2016	2,866,911	866,898	3,733,809
2017	3,010,722	742,820	3,753,542
2018	3,145,326	607,316	3,752,642
2019	2,890,251	465,754	3,356,005
2020	3,010,512	335,669	3,346,181
2021	3,146,145	200,170	3,346,315
2022	1,212,183	58,566	1,270,749
2023	98,626	3,989	102,615
Total	<u>\$ 22,950,296</u>	<u>\$ 17,604,730</u>	<u>\$ 40,555,026</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Vacation Benefits

The City records in the General Long-Term Debt Account Group (GLTDAG) that portion of earned but unused vacation benefits expected to be paid from future resources. Expected future demands of \$1,062,541 for vacation benefits have been recorded in the General Long-Term Debt Account Group.

The proprietary funds financial statements, which require the recording of vacation benefits as earned, include \$298,103 of long-term vacation benefits payable.

B. Enterprise Fund Notes and Bonds Payable

Electric Fund

Electric System Revenue Bond Refunding

In April 2001, the City issued \$15,000,000 in variable rate debt through the TN-LOANS program for the current refunding of all the outstanding fixed rate Electric System Revenue Refunding and Improvement Bonds Series 1993 and all the variable rate Electric System Revenue Bonds sold at private sale to the Tennessee Valley Authority (TVA) during fiscal 2000 and 2001, and for capital improvements. The entire proceeds of the issue were immediately deposited with the Bond Trustee. The City remitted \$609,547 being held as reserve funds for future debt service payments on the Series 1993 bonds to the Bond Trustee. Of the proceeds, \$112,500 was disbursed for issuance costs and \$123,436 for bond insurance and surety fees. These costs were recorded as a Deferred Charge and are being amortized straight-lined over the 29-year life of the new debt. Of the remaining proceeds, \$6,017,606 was immediately utilized to redeem the bonds sold to TVA, \$4,596,061 was utilized to refund the Series 1993 bonds which were redeemed on May 19, 2001, and \$4,759,944 was held by the trustee in the construction account to fund future capital projects. TN-LOANS is a draw loan program and the City will draw funds from the trustee as expenditures occur.

Overall, the refunding is estimated to result in a decrease of \$3,343,540 in the City's aggregate debt service payments and an economic gain, the difference between the present value of the old and new debt service payments, of \$2,143,377. This calculation assumes a 4.25% interest rate on the TN-LOANS and 6.5% interest rate on the bonds sold to TVA. The average TN-LOANS interest rate, including fees, has averaged slightly below 4.25% since 1989. The interest rate on the bonds sold to TVA varied quarterly based on the weighted average short-term borrowing rate for TVA plus .5%. The 6.5% calculation rate for the bonds sold to TVA was based on the City's experience during the time frame the bonds were outstanding.

Assuming a 4.25% variable interest rate on the TN-LOANS, the refunding of the fixed rate Series 1993 bonds is estimated to result in a decrease of \$234,328 in the City's aggregate debt service payments and an economic gain of \$228,314. The \$124,580 difference between the reacquisition price and the net carrying amount of the Series 1993 bonds have been deferred and will be straight-line amortized as a component of interest-expense over the remaining 12-year life of the Series 1993 bonds. At year-end, the deferral balance of \$122,826 has been

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

shown on the balance sheet for the Electric Fund as a deduction to the liability for the outstanding long-term debt.

Assuming a 4.25% variable interest rate on the TN-LOANS and a 6.5% interest rate on the bonds sold to TVA, the refunding of the bonds sold to TVA is estimated to result in a decrease of \$3,109,212 in the City's aggregate debt service payments and an economic gain of \$1,915,063. There was no difference between the reacquisition price and the net carrying amount of the bonds sold to TVA.

Electric System Revenue Bonds

On October 1, 1996, the City issued \$7,000,000 in Electric System Revenue Bonds to refund \$3,700,000 in revenue bonds previously sold at private sale to the Tennessee Valley Authority, with the remainder utilized for upgrades and expansion of the electric system. Interest rates ranged from 5.125% to 5.40% and final maturity is March 1, 2016. The unamortized discount on the bonds at June 30, 2001 is \$58,414.

These bond issuances are 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. Debt service requirements to maturity on the Electric System Revenue Bond issuances are projected as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 275,000	\$ 316,896	\$ 591,896
2003	285,000	302,802	587,802
2004	300,000	288,196	588,196
2005	315,000	272,821	587,821
2006	330,000	256,678	586,678
2007	350,000	239,765	589,765
2008	370,000	221,828	591,828
2009	390,000	202,865	592,865
2010	410,000	182,585	592,585
2011	435,000	161,060	596,060
2012	455,000	138,005	593,005
2013	485,000	113,549	598,549
2014	510,000	87,480	597,480
2015	540,000	59,940	599,940
2016	570,000	30,780	600,780
Total	<u>\$ 6,020,000</u>	<u>\$ 2,875,250</u>	<u>\$ 8,895,250</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

Electric System Variable Interest Rate Loan

During fiscal 1998, the City executed a general obligation loan agreement through the TN-LOANS program for \$3,000,000 for electric system rehabilitation and expansion. The loan is to be repaid from Electric system revenues and accordingly, has been recorded as a long-term liability of the Electric Fund. During fiscal 2001, executed a \$15,000,000 loan agreement through TN-LOANS payable solely from and secured by a pledge of Net Revenues derived from the operations of the Electric System. This loan refunded the outstanding Series 1993 revenue bonds, refunded the outstanding bonds sold to TVA and provided funding for electric system rehabilitation and expansion.

Terms of both loan agreements provide for annual principal and quarterly interest installments, with the interest rate varying on a weekly basis. Interest is estimated using a 4.5% interest rate with projected debt service requirements to maturity as of June 30, 2001 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 296,148	\$ 585,932	\$ 882,080
2003	328,455	572,486	900,941
2004	343,695	557,650	901,345
2005	358,935	542,126	901,061
2006	379,175	525,900	905,075
2007	391,001	508,793	899,794
2008	411,241	491,123	902,364
2009	429,895	472,548	902,443
2010	446,722	453,141	899,863
2011	470,375	432,951	903,326
2012	489,028	411,715	900,743
2013	509,268	389,634	898,902
2014	200,000	367,860	567,860
2015	210,000	358,824	568,824
2016	220,000	349,336	569,336
2017	427,974	338,667	766,641
2018	453,214	319,315	772,529
2019	395,949	299,132	695,081
2020	419,842	281,226	701,068
2021	443,736	262,245	705,981
2022	471,043	242,176	713,219
2023	501,763	220,865	722,628
2024	529,070	198,185	727,255
2025	563,203	174,251	737,454
2026	593,923	148,793	742,716
2027	631,470	121,928	753,398
2028	669,017	93,373	762,390
2029	709,977	63,115	773,092
2030	750,937	31,015	781,952
Total	<u>\$ 13,045,056</u>	<u>\$ 9,814,305</u>	<u>\$ 22,859,361</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

Waterworks Fund

Tennessee Local Development Authority Note

Debt service requirements to maturity for the Tennessee Local Development Authority Waterworks Fund note payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 12,450	\$ 3,511	\$ 15,961
2003	13,075	2,888	15,963
2004	13,641	2,247	15,888
2005	14,407	1,553	15,960
2006	15,377	795	16,172
2007	15,936	75	16,011
2008	16,550	---	16,550
2009	17,155	---	17,155
2010	<u>11,779</u>	<u>---</u>	<u>11,779</u>
Total	<u>\$ 130,370</u>	<u>\$ 11,069</u>	<u>\$ 141,439</u>

Variable Interest Rate Loan

During fiscal 1995, the City executed a general obligation loan agreement with the Tennessee Municipal Bond Fund for \$6,152,006 to fund water and wastewater system rehabilitation and expansion. Terms of the loan agreement provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. The loan matures in 2023.

During fiscal 1998, the City executed a general obligation loan agreement through the TN-LOANS program for \$2,432,000 to fund water and wastewater system rehabilitation and expansion. Terms of the loan agreements provide for quarterly interest installments with the interest rate varying on a weekly basis. Principal payments begin in 2014 with maturity in 2016.

The loans are to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. The outstanding principal balance on these loans at June 30, 2001 was \$8,186,204. Interest is estimated using a 4.5% interest rate with projected debt service requirements to maturity as follows:

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 117,387	\$ 367,844	\$ 485,231
2003	125,534	362,524	488,058
2004	134,430	356,835	491,265
2005	143,824	350,742	494,566
2006	153,800	344,225	498,025
2007	164,608	337,254	501,862
2008	176,247	329,794	506,041
2009	188,551	321,807	510,358
2010	201,769	313,262	515,031
2011	215,902	304,118	520,020
2012	231,033	294,333	525,366
2013	247,161	283,863	531,024
2014	746,976	270,852	1,017,828
2015	1,232,958	235,401	1,468,359
2016	1,302,289	179,641	1,481,930
2017	323,978	124,690	448,668
2018	346,674	110,008	456,682
2019	370,949	94,297	465,246
2020	396,888	77,486	474,374
2021	424,655	59,499	484,154
2022	454,417	40,254	494,671
2023	486,174	19,660	505,834
Total	<u>\$ 8,186,204</u>	<u>\$ 5,178,389</u>	<u>\$ 13,364,593</u>

Tennessee State Revolving Fund Loan

During fiscal 1998, the City executed a \$11,197,000 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 the 20-year loan call for monthly principal and interest payments, using a 4.09% fixed interest rate. Loan proceeds are drawn as work is completed with principal payments beginning after the final loan draw. Debt service payments will be funded by Waterworks Fund revenues from residential and commercial wastewater fees. The City, as do all governmental entities in the SRF loan program, pledged first it's state-shared tax revenues (state sales, gasoline, beer, TVA replacement, mixed drinks, alcoholic beverages and income tax) and then the City's taxing authority as collateral for the loan. It is not anticipated that revenues from these sources will be required to fund the debt service on the loan. \$9,937,873 has been drawn on the loan as of June 30, 2001. Principal payments will not begin until all loan proceeds are drawn. It is anticipated that all loan proceeds will be drawn by June 30, 2002.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

During fiscal 1999, the City received approval of a second loan for \$5,000,000 from the SRF program to complete the Wastewater Treatment Plant and wastewater collection system rehabilitation. Terms of the loan are the same as outlined above with the exception that the fixed interest rate for this loan is 4.04%. As of June 30, 2001, \$2,481,174 of loan proceeds had been drawn. It is anticipated that all loan proceeds will be drawn by June 30, 2002.

A projected amortization schedule for the two loans as of June 30, 2001 is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 80,742	\$ 506,424	\$ 587,166
2003	413,662	495,718	909,380
2004	430,859	478,521	909,380
2005	448,771	460,609	909,380
2006	467,427	441,953	909,380
2007	486,859	422,521	909,380
2008	507,100	402,280	909,380
2009	528,181	381,199	909,380
2010	550,139	359,241	909,380
2011	573,010	336,370	909,380
2012	596,831	312,549	909,380
2013	621,643	287,737	909,380
2014	647,486	261,894	909,380
2015	674,403	234,977	909,380
2016	702,441	206,939	909,380
2017	731,642	177,738	909,380
2018	762,059	147,321	909,380
2019	793,740	115,640	909,380
2020	826,738	82,642	909,380
2021	861,108	48,272	909,380
2022	<u>714,206</u>	<u>13,090</u>	<u>727,296</u>
Total	<u>\$ 12,419,047</u>	<u>\$ 6,173,635</u>	<u>\$ 18,592,682</u>

Golf Course Fund

On August 1, 1998, the City issued \$7,275,000 in Golf Course Revenue and Tax Bonds for the advance refunding of \$6,100,000 in outstanding Capital Outlay Notes issued to construct and equip the Golf Course and for capital improvements. The entire proceeds of the issue, net of an underwriter's discount of \$80,025, were immediately deposited with the Bond Trustee. Of the proceeds, \$56,516 was disbursed for issuance costs and \$914,087 was disbursed to the City for capital improvements. The remaining proceeds of \$6,224,372 was used to purchase U.S. government securities which were deposited into an irrevocable trust for retirement of all the refunded notes. As a result of the advance refunding, the refunded notes were considered

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

defeased and the liability for those notes were removed from the Golf Course Fund, an Enterprise Fund. The remaining outstanding refunded notes were redeemed on June 1, 2001.

The \$126,388 difference between the reacquisition price and the net carrying amount of the capital outlay notes has been deferred and is being straight-line amortized as a component of interest expense over the original remaining 9-year life of the notes. At year-end, the deferral balance of \$85,428 has been shown on the balance sheet for the Golf Course Fund as a deduction to the liability for the outstanding bonds.

The general obligation bonds are primarily payable from the net revenues of the operation of the golf course and sale of land surrounding the course for residential development. Accordingly, the bonds have been recorded as a liability of the Golf Course Fund. Interest rates range from 4.4% - 4.9% and final maturity is June 1, 2023. The unamortized discount on the bonds at June 30, 2001 is \$70,890. Debt service requirements to maturity for the bonds as of June 30, 2001, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 85,000	\$ 327,895	\$ 412,895
2003	165,000	324,155	489,155
2004	175,000	316,895	491,895
2005	180,000	309,195	489,195
2006	190,000	301,275	491,275
2007	200,000	292,915	492,915
2008	245,000	284,115	529,115
2009	265,000	273,335	538,335
2010	275,000	261,675	536,675
2011	285,000	249,575	534,575
2012	300,000	237,035	537,035
2013	315,000	223,535	538,535
2014	330,000	209,360	539,360
2015	345,000	194,180	539,180
2016	360,000	178,310	538,310
2017	380,000	161,570	541,570
2018	410,000	143,710	553,710
2019	460,000	124,235	584,235
2020	480,000	101,925	581,925
2021	510,000	78,645	588,645
2022	530,000	53,655	583,655
2023	<u>565,000</u>	<u>27,685</u>	<u>592,685</u>
TOTAL	<u>\$ 7,050,000</u>	<u>\$ 4,674,875</u>	<u>\$ 11,724,875</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

C. Internal Service Fund Notes Payable

On September 30, 1999, the City executed a general obligation loan agreement through the Tennessee Municipal Bond Fund loan program for \$2,326,575 for the acquisition of four fire trucks and year 2000 compliant computer hardware and software. The loan is to be repaid from revenues in the City Equipment Replacement Rental Fund, an internal service fund, an accordingly a long-term liability for the \$2,000,890 outstanding loan balance at June 30, 2001 has been recorded in that Fund. Terms of the loan agreement provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Interest is estimated using a 4.5% interest rate with projected debt service requirements to maturity as of June 30, 2001 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2002	\$ 123,899	\$ 89,475	\$ 213,374
2003	130,403	83,870	214,273
2004	137,250	77,970	215,220
2005	144,455	71,761	216,216
2006	152,039	65,226	217,265
2007	160,021	58,348	218,369
2008	168,422	51,109	219,531
2009	177,264	43,489	220,753
2010	186,571	35,470	222,041
2011	196,366	27,030	223,396
2012	206,675	18,146	224,821
2013	<u>217,525</u>	<u>8,796</u>	<u>226,321</u>
Total	<u>\$ 2,000,890</u>	<u>\$ 630,690</u>	<u>\$ 2,631,580</u>

10. CAPITAL LEASES

During fiscal year 1998, the Oak Ridge Schools financed the purchase of nine school buses for a principal amount of \$503,502 through the School Equipment Replacement Rental Fund. Terms of the capital lease required an initial payment of \$100,000 and seven annual payments of \$72,693 at 6.16% interest. The accumulated depreciation on the nine school buses was \$128,671 at June 30, 2001. The future principal and interest payments as of June 30, 2001, are as follows:

Total Minimum Lease Payments	\$ 290,772
Less: Amount Representing Interest	<u>39,804</u>
Present Value of Minimum Lease Payment	<u>\$ 250,968</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

11. FIXED ASSETS

A summary of changes in the general fixed asset account group for the City for the year ended June 30, 2001 is as follows:

	<u>Balance 7/01/00</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/01</u>
Land	\$ 1,723,002	\$ 833	\$ 106,854	\$ 1,616,981
Buildings	61,732,700	1,388,980	1,165,816	61,955,864
Improvements Other Than Buildings	5,565,993	701,286	---	6,267,279
Machinery and Equipment	<u>7,419,007</u>	<u>740,799</u>	<u>181,887</u>	<u>7,977,919</u>
Total	<u>\$ 76,440,702</u>	<u>\$ 2,831,898</u>	<u>\$ 1,454,557</u>	<u>\$ 77,818,043</u>

The following is a summary of proprietary fund type fixed assets for the City at June 30, 2001:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Land	\$ 1,877,066	\$ ---	\$ 1,877,066
Buildings	22,161,538	---	22,161,538
Improvements Other Than Buildings	17,097,715	---	17,097,715
Machinery and Equipment	100,809,740	9,529,042	110,338,782
Construction-In-Progress	<u>3,064,175</u>	<u>---</u>	<u>3,064,175</u>
Total	145,010,234	9,529,042	154,539,276
Less Accumulated Depreciation	<u>41,920,054</u>	<u>4,728,267</u>	<u>46,648,321</u>
Total	<u>\$ 103,090,180</u>	<u>\$ 4,800,775</u>	<u>\$ 107,890,955</u>

Depreciation expense amounted to \$5,084,740 in the proprietary fund types with \$4,245,532 in the Enterprise Funds and \$839,208 in the Internal Service Funds for the fiscal year ending June 30, 2001.

12. RESTRICTED ASSETS

The Electric Fund's restricted assets include customer utility deposits, construction funds for system expansion and rehabilitation 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 City's share of funding for water and wastewater construction

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

surrounding a state roadway project within Oak Ridge and funds set aside to satisfy legal covenants regarding debt service on Waterworks Fund long-term debt issuances.

The "construction account" is used to report those proceeds of debt issuances that are restricted for use in construction projects as outlined in the corresponding issuing debt resolution. The "current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The Enterprise Funds restricted assets at June 30, 2001 are as indicated below:

	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Total</u>
Deposits	\$ 644,525	\$ 572,210	\$ 1,216,735
Construction account	659,444	59,148	718,592
Current debt service account	<u>327,239</u>	<u>1,086</u>	<u>328,325</u>
Total	<u>\$ 1,631,208</u>	<u>\$ 632,444</u>	<u>\$ 2,263,652</u>

13. INTERFUND RECEIVABLE AND PAYABLE BALANCES

The composition of interfund balances as of June 30, 2001, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Grant	\$ 1,434,244
General	Capital Projects	256,463
General	Waterworks	2,098,627
General	Golf Course	831,960
General	Inventory	335,679
Economic Diversification	General	2,000
Solid Waste	General	279,940
Electric	General	86,442
City Equipment Replacement Rental	General	1,212
Scholarship	School	<u>1,738</u>
Total		<u>\$ 5,328,305</u>

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Inventory	\$ 112,500
Electric	Inventory	690,000
Waterworks	Inventory	<u>330,000</u>
Total		<u>\$ 1,132,500</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

14. OPERATING TRANSFERS

Interfund operating transfers for the current fiscal year were as follows:

Operating Transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Economic Diversification Fund	General Fund	\$ 1,305,098
Economic Diversification Fund	Waterworks Fund	147,085
Economic Diversification Fund	Electric Fund	176,652
State Street Aid Fund	General Fund	500,000
Grant Fund	Capital Projects Fund	92,823
Solid Waste Fund	General Fund	918,163
School Fund	General Fund	9,553,768
Debt Service Fund	General Fund	4,747,305
Debt Service Fund	State Street Aid Fund	57,094
Debt Service Fund	School Fund	80,206
Debt Service Fund	Capital Projects Fund	216,161
Capital Projects Fund	General Fund	410,000
Capital Projects Fund	School Fund	<u>7,883</u>
Total		<u>\$ 18,212,238</u>

Transfers Between Primary Government and Component Units:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Component Unit:	Primary Government:	
Convention & Visitors Bureau	Economic Diversification Fund	\$ 196,719

15. SEGMENT INFORMATION

The City maintains four Enterprise Funds that provide electric, water, sewer and emergency communication services and operation of a golf course. Operations accounted for in the Enterprise Funds are financed and operated in a manner similar to private business enterprises and it is generally intended that the costs of providing services to the general public on a continuing basis be recovered primarily through user charges. Certain segments of the City's enterprise operations have incurred net operating losses as projected. In fiscal 2001, cash reserves were adequate to finance these losses as well as to finance capital maintenance programs in accordance with City policy. Selected segment information for the year ended June 30, 2001, is as follows:

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CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

	Electric Fund	Waterworks Fund	Emergency Communication District Fund	Golf Course Fund	Totals
Operating revenues	\$ 33,150,688	\$ 11,682,035	\$ 193,431	\$ 1,217,824	\$ 46,243,978
Operating expenses:					
Depreciation	1,439,243	2,423,455	54,815	328,019	4,245,532
Other	<u>29,404,337</u>	<u>7,926,225</u>	<u>246,107</u>	<u>1,284,699</u>	<u>38,861,368</u>
Operating Income (Loss)	2,307,108	1,332,355	(107,491)	(394,894)	3,137,078
Net nonoperating revenue (expense)	(924,061)	(624,728)	10,624	(362,600)	(1,900,765)
Operating transfers out	<u>(176,652)</u>	<u>(147,085)</u>	<u>-</u>	<u>-</u>	<u>(323,737)</u>
Net Income (Loss)	<u>\$ 1,206,395</u>	<u>\$ 560,542</u>	<u>\$ (96,867)</u>	<u>\$ (757,494)</u>	<u>\$ 912,576</u>
Current assets	\$ 5,147,585	\$ 335,449	\$ 208,396	\$ 54,873	\$ 5,746,303
Current liabilities	<u>4,775,435</u>	<u>2,695,993</u>	<u>4,186</u>	<u>947,144</u>	<u>8,422,758</u>
Net working capital	<u>\$ 372,150</u>	<u>\$ (2,360,544)</u>	<u>\$ 204,210</u>	<u>\$ (892,271)</u>	<u>\$ (2,676,455)</u>
Total assets	\$ 40,976,693	\$ 64,614,183	\$ 277,942	\$ 7,011,161	\$ 112,879,979
Total liabilities	<u>24,075,177</u>	<u>23,967,393</u>	<u>4,186</u>	<u>7,755,826</u>	<u>55,802,582</u>
Fund equity	<u>\$ 16,901,516</u>	<u>\$ 40,646,790</u>	<u>\$ 273,756</u>	<u>\$ (744,665)</u>	<u>\$ 57,077,397</u>
Capital contributions	<u>\$ -</u>	<u>\$ 250,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,912</u>
Property, plant, and equipment:					
Additions	\$ 3,023,691	\$ 8,408,905	\$ -	\$ 852	\$ 11,433,448
Deletions	<u>(308,274)</u>	<u>(19,695)</u>	<u>(22,705)</u>	<u>-</u>	<u>(350,674)</u>
Net additions (deletions) to property, plant, and equipment	<u>\$ 2,715,417</u>	<u>\$ 8,389,210</u>	<u>\$ (22,705)</u>	<u>\$ 852</u>	<u>\$ 11,082,774</u>
Long-term liabilities	<u>\$ 18,322,726</u>	<u>\$ 20,694,600</u>	<u>\$ -</u>	<u>\$ 6,808,682</u>	<u>\$ 45,826,008</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

16. CHANGES IN CONTRIBUTED CAPITAL

The changes in the City's contributed capital accounts for its proprietary funds were as follows:

	<u>Enterprise Funds</u>		<u>Internal Service Funds</u>			<u>Totals</u>
	<u>Waterworks Fund</u>	<u>Golf Course Fund</u>	<u>City Insurance Fund</u>	<u>City Equipment Replacement Rental Fund</u>	<u>School Equipment Replacement Rental Fund</u>	
Balance 7/1/00	\$32,941,134	\$ 1,796,440	\$ 272,739	\$ 838,908	\$ 844,110	\$36,693,331
Return of Capital To General Fund	—	—	(272,739)	—	—	(272,739)
Amortization of Contributions	(1,065,004)	—	—	—	—	(1,065,004)
Balance 6/30/01	<u>\$31,876,130</u>	<u>\$ 1,796,440</u>	<u>\$ —</u>	<u>\$ 838,908</u>	<u>\$ 844,110</u>	<u>\$35,355,588</u>

In fiscal 1989, the General Fund contributed capital to startup the Insurance Fund. In fiscal 2001, it was determined that the Insurance Fund has sufficient reserves to return the startup capital to the General Fund.

17. 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 \$498,361 at fiscal year end for special programs. The fund balance of the Drug Enforcement Program Fund, \$60,382 at fiscal year end, is legally restricted for use in investigations of drug-related violations. The School Fund had reserves totaling \$136,491 for the Career Ladder Program. The Capital Projects Fund reserves totaled \$301,488 for the City's share of the state roadway project to expand Tuskegee Drive in Oak Ridge.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

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, 2001, the following amounts were reserved:

	<u>Amount</u>
General Fund	\$ 369,287
Special Revenue Funds:	
Economic Diversification	\$ 110,988
State Street Aid	160,900
School Fund	249,664
Total Special Revenue Funds	\$ 521,552
Capital Projects Fund	\$ 571,814
Total	\$ 1,462,653

Reserved for Prepaid Items. The General Fund had \$86,367 of fund balance reserved at fiscal year end for prepaid debt service.

Reserved for Endowment. The Scholarship Fund, a Nonexpendable Trust Fund, was established to account for trust funds that are legally restricted to endowment purposes. The interest on the trust principal is used to award college scholarships to high school seniors. The Reserve for Endowment for the Scholarship Fund at June 30, 2001 was \$345,113.

Reserved for Debt Retirement. This reserve was established by City Council action to accumulate funds from General Fund revenues for retirement of existing general obligation debt. The amount reserved at June 30, 2001 totaled \$85,765.

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, 2001 from the General Fund totaled \$112,500.

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 \$794,172 of fund balance of which \$40,000 was for textbooks, \$35,191 was for extended childcare programs, \$709,484 for capital maintenance and \$9,497 for miscellaneous other projects. The Capital Projects Fund designated \$5,738,826 of fund balance of which \$261,362 was for future debt service requirements on existing School bond issuances and \$5,477,464 for major capital projects.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

18. COMMITMENTS

At June 30, 2001, the City had remaining contractual commitments for engineering, construction contracts and equipment purchases totaling \$7,118,261 for the following projects:

<u>Projects</u>	<u>Spent To-Date</u>	<u>Commitment Remaining</u>	<u>Committed Fund</u>
Greenways Construction	\$ 223,031	\$ 267,517	Capital Projects
Irrigation Pump Engineering	13,560	28,440	Capital Projects
Storm Water Regulations Study	0	67,700	Capital Projects
Library/Civic Center Roofs	50,000	85,033	Capital Projects
Senior Center Design	20,600	82,400	Capital Projects
Animal Shelter Addition	55,711	17,938	Capital Projects
Roadway Improvements	29,573	185,687	State Street Aid Grant
Location Incentives	0	163,400	Economic Diversification
Substation 900 Construction	46,571	1,043,720	Electric
Engineering Services	0	132,487	Electric
69kV Line Relocations & Installation	427,234	79,766	Electric
Transformers & Regulators	0	562,474	Electric
Electric Maintenance	20,204	120,607	Electric
Treatment Plant Improvements	1,782	230,923	Waterworks
Wastewater Treatment Plant Expansion	6,042,342	594,175	Waterworks
Wastewater System Rehabilitation	4,212,253	3,138,394	Waterworks
Mobile Data System	<u>0</u>	<u>317,600</u>	Equipment Replacement Rental
TOTAL	<u>\$ 11,142,861</u>	<u>\$ 7,118,261</u>	

Funding for Capital Projects Fund commitments will primarily be provided by the remaining proceeds from the January 2000 \$10,000,000 bond issuance. Roadway projects will be funded by a \$50,000 grant from the Tennessee Department of Transportation and the State Street Aid Fund, whose revenues are derived from state-share taxes and operating transfers from the General Fund.

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

The Economic Diversification Fund, whose operations are funded by transfers from the General, Electric and Waterworks Funds, will provide funding for location/expansion incentives commitments to two major retailers. Approximately 50% of the substation 900 construction costs will be funded by three state and federal grants. The remaining substation 900 construction costs and other electrical project costs will be funded from the remaining proceeds of the April 2001 \$15,000,000 Electric Fund long-term debt issuance through the TN-LOANS program. Waterworks projects will be funded by the remaining proceeds of the \$16,970,000 TDEC loans and waterworks revenues. The mobile data equipment will be purchased from existing cash in the Equipment Replacement Rental Fund.

19. DEFICIT RETAINED EARNINGS

At fiscal year end, the Golf Course Fund, an Enterprise Fund, had a deficit retained earnings of \$2,541,105. This is a \$757,494 increase from the \$1,783,611 retained earnings deficit at the end of fiscal 2000. Revenues for the Golf Course Fund are provided from the operation of a municipal owned golf course and the sale of land surround the course. The City initially owned 700 acres of land that was to be developed into a 200 acre municipally owned golf course, with the remaining acreage to be sold in phases to private developers for ultimate construction of residential housing. July 1997 was the first full month of operation of the golf course. A positive retained earnings in the Golf Course Fund is dependent on the sale of land surrounding the golf course. Due to the downsizing of federal operations in Oak Ridge and the resulting employment uncertainties, land sales were slower than anticipated in the initial phases of the project. The City is currently reviewing options to enhance the revenue stream of the Golf Course Fund in order to restore positive retained earnings to the Fund within a reasonable time frame. A \$200,000 operating transfer from the General Fund was budgeted in fiscal 2002 to maintain cash flows in the Golf Course Fund.

20. RESIDUAL EQUITY TRANSFERS

During fiscal 1989, the General Fund transferred \$272,739 to the Insurance Fund as startup capital for that Fund. This transfer was recorded as Contributed Capital in the Insurance Fund. During fiscal 2001, it was determined that since employee medical benefits were no longer primarily self-insured, there was sufficient reserves in the Insurance Fund to return the original \$272,739 in startup capital back to the General Fund. This transaction was recorded in the Insurance Fund as a reduction in contributed capital and in the General Fund as a residual equity transfer in. Accordingly, residual equity transfers in will not equal residual equity transfers out in the combined statements overview.

(continued)

CITY OF OAK RIDGE, TENNESSEE
 NOTES TO FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2001

21. RISK MANAGEMENT

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

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

Insurance coverage for city and schools assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for city and school system employees is through a public entity risk pool operated as a risk sharing program by the Tennessee Municipal League (TML). This pool is sustained by member premiums and the City and Schools pay an annual premium for its coverage. Losses for risk related to the school system were paid in full by the TML in fiscal 2001. The City has per occurrence deductibles as outlined below. The city paid \$140,050 in deductibles to the TML in fiscal 2001 for workers compensation and property liability claims of \$101,726 and \$38,324, respectively.

Other school risks of loss are covered by commercial insurance. The remaining risks accounted for in the City Insurance Fund are covered by commercial insurance purchased from independent third parties with the City being self-insured for the per occurrence deductible under each insurance policy. The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2001 is as outlined below:

<u>Insurance Plan</u>	<u>Annual Per Occurrence Deductible</u>
General Liability	\$ 5,000
Auto Liability	5,000
Auto Physical Damage	5,000
Errors and Omissions	5,000
Boiler and Machinery	10,000 or 2% of KVA
Electronic Data Processing	2,500
Property	5,000
Property-Natural Disaster (Flood/Earthquake)	50,000
Worker's Compensation	50,000

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

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, 2000 and June 30, 2001 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>
2000	\$ 113,556	\$ 275,771	(\$ 263,719)	\$ 125,608
2001	\$ 125,608	\$ 245,064	(\$ 250,161)	\$ 120,511

22. 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.

23. PRIOR PERIOD ADJUSTMENTS

In compliance with Governmental Accounting Standards Board (GASB) statement number 33, Accounting for Financial Reporting for Nonexchange Transactions, the City reviewed its revenues for consistent accrual of nonexchange transactions. To fully comply with GASB 33 in fiscal 2001, the City began accruing beer and liquor wholesale, room occupancy, gasoline and motor fuel and mixed drink taxes at the point of sale. Restatement of financial statements for prior years were not presented as this would make the statements unduly complex and difficult to read. The cumulative effect of this application was recorded as a restatement of the beginning fund balances at July 1, 2000 for the General Fund for revenues from beer and liquor wholesale, room occupancy and mixed drink taxes and for the State Street Aid Fund and the Streets and Public Transportation Fund, both special revenue funds, for revenues from gasoline and motor fuel taxes as follows:

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Streets and Public Transportation Fund</u>
Fund Balance - July 1, 2000			
As Previously Reported	\$ 9,552,648	\$ 171,059	\$ 282,600
Prior Period Adjustments	<u>96,505</u>	<u>64,506</u>	<u>5,471</u>
Fund Balance - July 1, 2000			
As Restated	<u>\$ 9,649,153</u>	<u>\$ 235,565</u>	<u>\$ 288,071</u>

(continued)

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

24. SUBSEQUENT EVENTS

On August 20, 2001, City Council authorized the issuance of \$1,000,000 in general obligation debt through the Tennessee Municipal Bond Fund to finance the expansion, renovation and equipping of the Scarboro Center. This is a draw loan in which funds are drawn from the authorized debt amount as expenditures occur. The interest rate varies on a weekly basis with monthly interest payments. Principal payments will occur annually from fiscals 2003 to 2017. The United States Department of Housing and Urban Development (HUD) has approved a \$75,000 annual grant award from 2003 to 2017 to fund a portion of the debt service payments. The City would fund any difference between the actual debt service amount and the HUD contribution. It is anticipated that the City's share of the debt service payment on this loan would be \$20,000 or less annually.

On October 22, 2001, City Council authorized staff to apply for a \$7,000,000 loan with the Tennessee State Revolving Fund (SRF) administered by the Tennessee Department of Environment and Conservation (TDEC) that will provide financing for the fiscals 2002 to 2006 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. This is a reimbursement loan whereby monies are drawn from the loan as the project progresses with monthly interest payments beginning when the first funds are drawn. The interest rate paid by local governments on loans from the SRF is based on an ability to pay index (ATPI) assessed by TDEC depending on the community's per capita income, taxable sales and taxable property values. The ATPI for the City of Oak Ridge is 80%. The fixed interest rate the City would pay on the loan is 80% of the 20-year municipal bond rate listed in the Bond Buyers Index and is set at the meeting TDEC approves the loan. TDEC is expected to review the loan for approval at its January 2002 board meeting, with the interest rate anticipated to be between 4.04% and 4.8%. This is a 20-year loan with principal payments to begin approximately 90-120 days after the project is completed. Debt service payments for the loan will be funded from the revenues of the Waterworks Fund from wastewater fees to residential and commercial customers. The City, as do all governmental entities in the SRF loan program, must pledge first its state-shared tax revenues (sales, gasoline, beer, TVA replacement, mixed drink, alcoholic beverage and income tax) and then its 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 this loan. The City has a biennially wastewater rate review with the next review scheduled to be effective May 1, 2002. The last rate review projected this rate increase to be an average of 16%, which encompassed a rate sufficient to fund debt service on this loan.

On November 19, 2001, City Council authorized the issuance of \$3,000,000 in general obligation debt through the Tennessee Municipal Bond Fund to finance water and wastewater capital improvements and expansion. While the full faith and credit of the City back this loan, the principal and interest payments on the loan will be made from the water and wastewater rates, as applicable. This is a draw loan in which funds are drawn from the authorized debt amount as expenditures occur. The interest rate varies on a weekly basis with monthly interest payments. Principal payments will occur annually from fiscals 2003 to 2021.



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.). These activities are funded principally by property taxes on individuals and businesses and sales tax proceeds.

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

	2001	2000
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,131,213	\$ 5,286,066
Receivables, net	13,226,273	12,218,415
Due from other funds	4,956,973	4,634,816
Due from other governments	2,082,501	1,962,544
Prepaid items	86,367	86,367
Advance to Internal Service Fund	112,500	112,500
 Total Assets	 \$ 23,595,827	 \$ 24,300,708
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 188,704	\$ 268,066
Accrued liabilities	218,440	230,438
Deposits	141,724	107,958
Due to other funds	369,594	375,856
Due to other governments	12,529	107,669
Deferred revenue	14,194,800	13,658,073
 Total Liabilities	 15,125,791	 14,748,060
Fund Balances:		
Reserved for encumbrances	369,287	187,732
Reserved for prepaid items	86,367	86,367
Reserved for advance to Internal Service Fund	112,500	112,500
Unreserved, undesignated	7,901,882	9,166,049
 Total Fund Balances	 8,470,036	 9,552,648
 Total Liabilities and Fund Balances	 \$ 23,595,827	 \$ 24,300,708

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Revenues:		
Taxes	\$ 16,753,443	\$ 15,102,649
Licenses and Permits	223,135	251,324
Intergovernmental	9,528,710	9,354,396
Charges for Services	1,377,231	1,366,592
Fines and Forfeitures	339,987	301,216
Interest	634,849	689,270
Other	<u>347,547</u>	<u>753,030</u>
Total Revenues	<u>29,204,902</u>	<u>27,818,477</u>
Expenditures:		
General Government:		
Legislative	76,921	80,705
Executive	231,188	222,535
Judicial	<u>224,858</u>	<u>196,985</u>
Total General Government	<u>532,967</u>	<u>500,225</u>
Administration	<u>633,336</u>	<u>652,626</u>
Public Safety:		
Police	3,963,244	3,950,754
Fire	<u>3,141,794</u>	<u>3,110,503</u>
Total Public Safety	<u>7,105,038</u>	<u>7,061,257</u>
Public Works	<u>1,626,292</u>	<u>1,564,201</u>
Community Services:		
Community Development	411,997	436,399
Recreation	1,965,486	1,922,144
Library	947,308	1,010,644
Community Services	-	187,441
Total Community Services	<u>3,324,791</u>	<u>3,556,628</u>
Total Expenditures	<u>13,222,424</u>	<u>13,334,937</u>
Excess of Revenues Over Expenditures	<u>15,982,478</u>	<u>14,483,540</u>
Other Financing Uses:		
Operating transfers out	<u>(17,434,334)</u>	<u>(14,626,371)</u>
Deficiency of Revenues Under Expenditures and Other Financing Uses	<u>(1,451,856)</u>	<u>(142,831)</u>
Fund Balances - July 1 As Previously Reported	9,552,648	9,695,479
Prior Period Adjustment	<u>96,505</u>	<u>-</u>
Fund Balances - July 1 As Restated	9,649,153	9,695,479
Residual Equity Transfer In	<u>272,739</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 8,470,036</u>	<u>\$ 9,552,648</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2001**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Revenues:					
Taxes	\$ 16,753,443	\$ -	\$ 16,753,443	\$ 16,994,407	\$ (240,964)
Licenses and Permits	223,135	-	223,135	181,500	41,635
Intergovernmental	9,528,710	-	9,528,710	9,763,329	(234,619)
Charges for Services	1,377,231	-	1,377,231	1,397,756	(20,525)
Fines and Forfeitures	339,987	-	339,987	400,000	(60,013)
Interest	634,849	-	634,849	575,000	59,849
Other	347,547	-	347,547	238,500	109,047
Total Revenues	<u>29,204,902</u>	<u>-</u>	<u>29,204,902</u>	<u>29,550,492</u>	<u>(345,590)</u>
Expenditures:					
General Government:					
Legislative	76,921	-	76,921	106,162	29,241
Executive	231,188	25,765	256,953	318,176	61,223
Judicial	224,858	(3,810)	221,048	259,517	38,469
Total General Government	<u>532,967</u>	<u>21,955</u>	<u>554,922</u>	<u>683,855</u>	<u>128,933</u>
Administration	<u>633,336</u>	<u>30,810</u>	<u>664,146</u>	<u>686,782</u>	<u>22,636</u>
Public Safety:					
Police	3,963,244	82,748	4,045,992	4,083,788	37,796
Fire	3,141,794	(228)	3,141,566	3,078,125	(63,441)
Total Public Safety	<u>7,105,038</u>	<u>82,520</u>	<u>7,187,558</u>	<u>7,161,913</u>	<u>(25,645)</u>
Public Works	<u>1,626,292</u>	<u>14,393</u>	<u>1,640,685</u>	<u>1,747,095</u>	<u>106,410</u>
Community Services:					
Community Development	411,997	50,000	461,997	473,281	11,284
Recreation	1,965,486	(16,792)	1,948,694	2,054,667	105,973
Library	947,308	(1,331)	945,977	980,273	34,296
Total Community Services	<u>3,324,791</u>	<u>31,877</u>	<u>3,356,668</u>	<u>3,508,221</u>	<u>151,553</u>
Total Expenditures	<u>13,222,424</u>	<u>181,555</u>	<u>13,403,979</u>	<u>13,787,866</u>	<u>383,887</u>
Excess of Revenues Over Expenditures	<u>15,982,478</u>	<u>(181,555)</u>	<u>15,800,923</u>	<u>15,762,626</u>	<u>38,297</u>
Other Financing Uses:					
Operating transfers out	(17,434,334)	-	(17,434,334)	(17,042,499)	(391,835)
Deficiency of Revenues Under Expenditures and Other Financing Uses	<u>(1,451,856)</u>	<u>(181,555)</u>	<u>(1,633,411)</u>	<u>(1,279,873)</u>	<u>(353,538)</u>
Fund Balances - July 1 As Previously Reported	<u>9,552,648</u>	<u>-</u>	<u>9,552,648</u>	<u>9,552,648</u>	<u>-</u>
Prior Period Adjustment	<u>96,505</u>	<u>-</u>	<u>96,505</u>	<u>-</u>	<u>96,505</u>
Fund Balances - July 1 As Restated	<u>9,649,153</u>	<u>-</u>	<u>9,649,153</u>	<u>9,552,648</u>	<u>96,505</u>
Residual Equity Transfer In	<u>272,739</u>	<u>-</u>	<u>272,739</u>	<u>-</u>	<u>272,739</u>
Fund Balances - June 30	<u>\$ 8,470,036</u>	<u>\$ (181,555)</u>	<u>\$ 8,288,481</u>	<u>\$ 8,272,775</u>	<u>\$ 15,706</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2001**

<u>TAXES</u>	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<u>General Property Taxes</u>			
Real Property	\$ 11,385,871	\$ 11,530,000	\$ (144,129)
Personal Property	1,131,571	1,198,000	(66,429)
Public Utilities	373,557	399,000	(25,443)
Interest & Penalties	84,298	75,000	9,298
Total General Property Taxes	<u>12,975,297</u>	<u>13,202,000</u>	<u>(226,703)</u>
<u>Other Property Taxes</u>			
Other than assessed	48,140	48,862	(722)
Tax Equiv. - Electric Fund	935,253	930,000	5,253
Tax Equiv. - Waterworks Fund	1,046,618	1,000,045	46,573
Total Other Property Taxes	<u>2,030,011</u>	<u>1,978,907</u>	<u>51,104</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	467,772	438,000	29,772
Liquor Wholesale	171,360	164,000	7,360
Room Occupancy	316,808	315,000	1,808
Sales Tax - Local	195,032	275,000	(79,968)
Min. & Gross Receipts	571,447	600,000	(28,553)
Pen. & Int. on Bus. Tax	17,649	13,000	4,649
Rec. Fee on Bus. Tax	8,067	8,500	(433)
Total Gross Receipts Taxes	<u>1,748,135</u>	<u>1,813,500</u>	<u>(65,365)</u>
TOTAL TAXES	<u>16,753,443</u>	<u>16,994,407</u>	<u>(240,964)</u>
<u>LICENSES & PERMITS</u>			
Retail Beer	8,783	10,000	(1,217)
Liquor Licenses & Permits	9,150	10,000	(850)
Bldg., Zoning & Exam.	133,875	110,000	23,875
Electrical & Exam.	21,740	18,000	3,740
Plumbing Exam.	22,265	12,500	9,765
Grading Permits	2,545	2,500	45
Animal Registration	19,226	13,500	5,726
Other Licenses & Permits	5,551	5,000	551
TOTAL LICENSES & PERMITS	<u>223,135</u>	<u>181,500</u>	<u>41,635</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,707,981	1,745,000	(37,019)
Income Tax	651,304	550,000	101,304
Excise Tax	21,440	50,000	(28,560)
Beer Barrelage	13,975	14,000	(25)
Mixed Drink Tax	77,669	75,000	2,669
<u>County Shared</u>			
Sales Tax - Roane	901,583	1,350,000	(448,417)
Sales Tax - Anderson	4,824,625	4,725,000	99,625
<u>State Grants in Aid</u>			
Federal	-	35,000	(35,000)
TVA Replacement	186,301	185,000	1,301
DOE In-Lieu of Taxes	1,143,832	1,004,329	139,503
Dept. of Justice Grants	-	30,000	(30,000)
TOTAL INTERGOVERNMENTAL	<u>\$ 9,528,710</u>	<u>\$ 9,763,329</u>	<u>\$ (234,619)</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2001

	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
Repro. of Maps & Documents	\$ 1,527	\$ 1,500	\$ 27
General & Admin. Cost	25,022	17,500	7,522
<u>Public Safety</u>			
Accident and Fire Reports	10,085	14,000	(3,915)
Police Records	5,626	-	5,626
Animal Shelter Fees	33,779	40,000	(6,221)
<u>Library</u>			
Lost Library Books	2,022	3,000	(978)
Total General Services	<u>78,061</u>	<u>76,000</u>	<u>2,061</u>
<u>Use of Property</u>			
Youth Activities	2,757	2,600	157
Adult Activities	1,839	4,000	(2,161)
Outdoor Pool	66,901	70,000	(3,099)
Indoor Pool	50,059	45,000	5,059
Rental of Lands	89,876	86,950	2,926
Rental of Service Center & Municipal Bldg.	892,732	892,732	-
Rental of Other Buildings	9,360	17,088	(7,728)
Marina Rental	6,000	6,000	-
Restaurant Rental	30,681	30,681	-
City Owned Radios	118,045	118,705	(660)
Community Centers Rental	30,920	48,000	(17,080)
Total Use of Property	<u>1,299,170</u>	<u>1,321,756</u>	<u>(22,586)</u>
TOTAL CHARGES FOR SERVICES	<u>1,377,231</u>	<u>1,397,756</u>	<u>(20,525)</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	61,231	75,000	(13,769)
City Court Costs	35,163	47,000	(11,837)
Bail Forfeitures	181,110	215,000	(33,890)
Misc. Court Revenues	3,396	5,000	(1,604)
Library Fines	59,087	58,000	1,087
TOTAL FINES AND FORFEITURES	<u>339,987</u>	<u>400,000</u>	<u>(60,013)</u>
<u>INTEREST</u>	<u>634,849</u>	<u>575,000</u>	<u>59,849</u>
<u>OTHER REVENUES</u>			
CATV Franchise	237,480	175,000	62,480
Right Of Way	60,000	61,000	(1,000)
Land Sales	-	-	-
Salvage Sales	3,530	1,000	2,530
Miscellaneous	46,537	1,500	45,037
TOTAL OTHER REVENUES	<u>347,547</u>	<u>238,500</u>	<u>109,047</u>
TOTAL REVENUES	<u>\$ 29,204,902</u>	<u>\$ 29,550,492</u>	<u>\$ (345,590)</u>

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2001

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
<u>GENERAL GOVERNMENT:</u>					
<u>Legislative</u>					
City Council	\$ 76,921	\$ -	\$ 76,921	\$ 106,162	\$ 29,241
<u>Executive</u>					
City Clerk	90,632	-	90,632	95,029	4,397
City Manager	140,556	25,765	166,321	223,147	56,826
Total Executive	231,188	25,765	256,953	318,176	61,223
<u>Judicial</u>					
Legal	130,853	-	130,853	165,019	34,166
City Court	94,005	(3,810)	90,195	94,498	4,303
Total Judicial	224,858	(3,810)	221,048	259,517	38,469
TOTAL GENERAL GOVERNMENT	532,967	21,955	554,922	683,855	128,933
<u>ADMINISTRATION:</u>					
Data Services	167,129	-	167,129	172,727	5,598
Personnel	191,559	-	191,559	194,163	2,604
Stationery Stores	71,553	-	71,553	74,691	3,138
Finance	158,064	30,810	188,874	198,511	9,637
Utilities Business Office	45,031	-	45,031	46,690	1,659
TOTAL ADMINISTRATION	633,336	30,810	664,146	686,782	22,636
<u>PUBLIC SAFETY:</u>					
<u>Police</u>					
Supervision	150,648	-	150,648	147,174	(3,474)
Investigations	442,154	-	442,154	447,285	5,131
Staff Services	316,284	-	316,284	309,863	(6,421)
Patrol	2,433,429	73,101	2,506,530	2,560,524	53,994
Emergency Communications	268,480	-	268,480	269,385	905
Animal Control	213,251	10,000	223,251	206,596	(16,655)
School Resource Officer Program	138,998	(353)	138,645	142,961	4,316
Total Police	\$ 3,963,244	\$ 82,748	\$ 4,045,992	\$ 4,083,788	\$ 37,796

(Continued)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2001

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<u>PUBLIC SAFETY (Continued):</u>					
<u>Fire</u>					
Supervision	\$ 154,331	\$ -	\$ 154,331	\$ 146,509	\$ (7,822)
Prevention	97,074	-	97,074	89,298	(7,776)
Firefighting	2,650,162	-	2,650,162	2,589,245	(60,917)
Fire Stations	75,337	(228)	75,109	80,770	5,661
Fire Specialists	164,890	-	164,890	172,303	7,413
Total Fire	<u>3,141,794</u>	<u>(228)</u>	<u>3,141,566</u>	<u>3,078,125</u>	<u>(63,441)</u>
TOTAL PUBLIC SAFETY	<u>7,105,038</u>	<u>82,520</u>	<u>7,187,558</u>	<u>7,161,913</u>	<u>(25,645)</u>
<u>PUBLIC WORKS:</u>					
Supervision	84,326	-	84,326	85,171	845
Engineering	134,826	(1,000)	133,826	139,819	5,993
State Highway Maintenance	68,863	-	68,863	56,933	(11,930)
General Maintenance	259,568	7,935	267,503	313,035	45,532
Central Service Building	87,051	4,615	91,666	92,182	516
301/303 Broadway Building	16,365	-	16,365	26,350	9,985
Municipal Building	121,818	(591)	121,227	128,380	7,153
Roane State Comm. College Bldg.	8,912	(1,966)	6,946	33,785	26,839
102 Robertsville Road Bldg.	10,345	-	10,345	21,340	10,995
Traffic Control and Lights	834,218	5,400	839,618	850,100	10,482
TOTAL PUBLIC WORKS	<u>1,626,292</u>	<u>14,393</u>	<u>1,640,685</u>	<u>1,747,095</u>	<u>106,410</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	64,600	50,000	114,600	99,853	(14,747)
Planning	96,743	-	96,743	98,496	1,753
Code Enforcement	250,654	-	250,654	274,932	24,278
Total Community Development	<u>411,997</u>	<u>50,000</u>	<u>461,997</u>	<u>473,281</u>	<u>11,284</u>
<u>Recreation</u>					
Supervision	237,388	-	237,388	232,875	(4,513)
Indoor Aquatics	170,376	-	170,376	190,608	20,232
Outdoor Aquatics	148,369	(7,039)	141,330	181,484	40,154
Centers, Camps & Programs	573,112	12,559	585,671	597,427	11,756
Athletics	62,242	(23,812)	38,430	53,946	15,516
Parks	553,762	1,500	555,262	568,662	13,400
Senior Center	220,237	-	220,237	229,665	9,428
Total Recreation	<u>1,965,486</u>	<u>(16,792)</u>	<u>1,948,694</u>	<u>2,054,667</u>	<u>105,973</u>
Library	<u>947,308</u>	<u>(1,331)</u>	<u>945,977</u>	<u>980,273</u>	<u>34,296</u>
TOTAL COMMUNITY SERVICES	<u>3,324,791</u>	<u>31,877</u>	<u>3,356,668</u>	<u>3,508,221</u>	<u>151,553</u>
TOTAL EXPENDITURES	<u>\$ 13,222,424</u>	<u>\$ 181,555</u>	<u>\$ 13,403,979</u>	<u>\$ 13,787,866</u>	<u>\$ 383,887</u>



SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenues which 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 operating 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.

School Fund: This fund is used to account for the revenues and expenditures of the City of Oak Ridge public school system.

**CITY OF OAK RIDGE, TENNESSEE
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

June 30, 2001

With Comparative Totals for June 30, 2000

	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	School	Totals	
								June 30, 2001	June 30, 2000
ASSETS									
Cash and cash equivalents	\$ 1,888,203	\$ 439,206	\$ 261,628	\$ -	\$ -	\$ 52,581	\$ 6,119,879	\$ 8,761,497	\$ 6,430,451
Accounts receivable, net	-	-	-	-	-	7,863	15,038	22,901	560,394
Due from other funds	2,000	-	-	-	279,940	-	-	281,940	372,534
Due from other governments	-	125,913	25,897	1,509,648	-	-	1,552,637	3,214,095	1,027,009
Total Assets	\$ 1,890,203	\$ 565,119	\$ 287,525	\$ 1,509,648	\$ 279,940	\$ 60,444	\$ 7,687,554	\$ 12,280,433	\$ 8,390,388

LIABILITIES AND FUND BALANCES

Liabilities:									
Accounts payable	\$ 16,327	\$ 257,871	\$ 1,359	\$ 21,889	\$ 279,940	\$ 62	\$ 172,228	\$ 749,676	\$ 696,780
Accrued liabilities	1,301	-	-	-	-	-	2,474,904	2,476,205	2,862,153
Due to other funds	-	-	-	1,434,244	-	-	1,738	1,435,982	40,035
Deferred revenue	-	-	-	53,409	-	-	378,772	432,181	379,967
Total Liabilities	17,628	257,871	1,359	1,509,542	279,940	62	3,027,642	5,094,044	3,978,935
Fund Balances:									
Reserved:									
Special programs	-	-	-	-	-	60,382	136,491	196,873	189,062
Encumbrances	110,988	160,900	-	-	-	-	249,664	521,552	317,446
Unreserved:									
Designated for subsequent years' expenditures	-	-	-	-	-	-	794,172	794,172	785,777
Undesignated	1,761,587	146,348	286,166	106	-	-	3,479,585	5,673,792	3,119,168
Total Fund Balances	1,872,575	307,248	286,166	106	-	60,382	4,659,912	7,186,389	4,411,453
Total Liabilities and Fund Balances	\$ 1,890,203	\$ 565,119	\$ 287,525	\$ 1,509,648	\$ 279,940	\$ 60,444	\$ 7,687,554	\$ 12,280,433	\$ 8,390,388

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2001
With Comparative Totals for June 30, 2000**

	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	School	Totals	
								June 30, 2001	June 30, 2000
Revenues:									
Intergovernmental	\$ -	\$ 760,234	\$ 116,218	\$ 2,475,038	\$ -	\$ -	\$ 26,025,004	\$ 29,376,494	\$ 28,402,370
Charges for services	-	-	-	-	686,623	-	1,423,079	2,109,702	2,106,815
Fines and forfeitures	-	-	-	-	-	40,451	-	40,451	28,582
Interest	34,800	13,644	13,268	-	-	2,583	272,207	336,502	284,711
Other:									
Sale of assets	1,131,164	-	-	-	-	9,958	-	1,141,122	-
Miscellaneous	29,576	-	-	-	-	-	142,039	171,615	216,601
Total Revenues	1,195,540	773,878	129,486	2,475,038	686,623	52,992	27,862,329	33,175,886	29,039,079
Expenditures:									
Public safety	-	-	-	18,348	-	36,897	-	55,245	45,648
Public works	-	1,145,101	4,451	-	-	-	-	1,149,552	1,184,296
Community services	967,081	-	126,940	307,895	1,604,786	-	-	3,006,702	2,658,302
Education	-	-	-	-	-	-	36,369,497	36,369,497	34,257,433
Capital outlay	-	-	-	2,241,618	-	-	-	2,241,618	-
Total Expenditures	967,081	1,145,101	131,391	2,567,861	1,604,786	36,897	36,369,497	42,822,614	38,145,679
Excess (Deficiency) of Revenues Over (Under) Expenditures	228,459	(371,223)	(1,905)	(92,823)	(918,163)	16,095	(8,507,168)	(9,646,728)	(9,106,600)
Other Financing Sources (Uses):									
Operating transfers in	1,628,835	500,000	-	92,823	918,163	-	9,553,768	12,693,589	11,229,135
Operating transfers out	-	(57,094)	-	-	-	-	(88,089)	(145,183)	(139,720)
Operating transfers out - to component units	(196,719)	-	-	-	-	-	-	(196,719)	(150,000)
Total Other Financing Sources (Uses)	1,432,116	442,906	-	92,823	918,163	-	9,465,679	12,351,687	10,939,415
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,680,575	71,683	(1,905)	-	-	16,095	958,511	2,704,959	1,832,815
Fund Balances - July 1 As Previously Reported	212,000	171,059	282,600	106	-	44,287	3,701,401	4,411,453	2,578,638
Prior Period Adjustment	-	64,506	5,471	-	-	-	-	69,977	-
Fund Balances - July 1 As Restated	212,000	235,565	288,071	106	-	44,287	3,701,401	4,481,430	2,578,638
Fund Balances - June 30	\$ 1,872,575	\$ 307,248	\$ 286,166	\$ 106	\$ -	\$ 60,382	\$ 4,659,912	\$ 7,186,389	\$ 4,411,453

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ALL SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2001**

	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Solid Waste	Drug Enforcement Program	School	Total
INTERGOVERNMENTAL:								
Federal:								
CDBG	\$ -	\$ -	\$ -	235,768	\$ -	\$ -	-	235,768
US DOE grants	-	-	-	22,935	-	-	-	22,935
FEMA	-	-	-	1,119,036	-	-	-	1,119,036
US Dept. of Justice grants	-	-	-	13,348	-	-	-	13,348
Headstart program	-	-	-	-	-	-	567,793	567,793
Vocational improvement	-	-	-	-	-	-	67,972	67,972
ESEA Title I	-	-	-	-	-	-	354,247	354,247
IDEA Part B	-	-	-	-	-	-	494,347	494,347
Title II, V, and VI	-	-	-	-	-	-	135,820	135,820
Goals 2000	-	-	-	-	-	-	87,234	87,234
USDA programs	-	-	-	-	-	-	518,494	518,494
Impact Aid - 874	-	-	-	-	-	-	67,311	67,311
Other federal programs	-	-	-	-	-	-	317,599	317,599
Total Federal				<u>1,391,087</u>			<u>2,610,817</u>	<u>4,001,904</u>
State:								
Gasoline and other fuels tax	-	760,234	-	-	-	-	-	760,234
Special tax on petroleum prod.	-	-	65,443	-	-	-	-	65,443
TN DOT grants	-	-	50,775	750,000	-	-	-	800,775
TEMA	-	-	-	186,506	-	-	-	186,506
THDA grant	-	-	-	24,905	-	-	-	24,905
Emergency Shelter grant	-	-	-	24,287	-	-	-	24,287
Basic Education Program	-	-	-	-	-	-	12,983,602	12,983,602
Career Ladder Program	-	-	-	-	-	-	883,321	883,321
Other state revenue	-	-	-	-	-	-	89,062	89,062
Total State		<u>760,234</u>	<u>116,218</u>	<u>985,698</u>			<u>13,955,985</u>	<u>15,818,135</u>
County:								
Property taxes	-	-	-	-	-	-	6,645,598	6,645,598
Local sales tax	-	-	-	-	-	-	2,772,578	2,772,578
Other County	-	-	-	98,253	-	-	40,026	138,279
Total County				<u>98,253</u>			<u>9,458,202</u>	<u>9,556,455</u>
TOTAL INTERGOVERNMENTAL		<u>760,234</u>	<u>116,218</u>	<u>2,475,038</u>			<u>26,025,004</u>	<u>29,376,494</u>
CHARGES FOR SERVICES:								
Residential Solid Waste Fee	-	-	-	-	686,623	-	-	686,623
Tuition	-	-	-	-	-	-	349,805	349,805
Sale of meals	-	-	-	-	-	-	766,787	766,787
Extended child care	-	-	-	-	-	-	306,487	306,487
TOTAL CHARGES FOR SERVICES					<u>686,623</u>		<u>1,423,079</u>	<u>2,109,702</u>
FINES AND FORFEITURES								
INTEREST								
	34,800	13,644	13,268	-	-	40,451	272,207	336,502
OTHER:								
Sales of assets	1,131,164	-	-	-	-	9,958	-	1,141,122
Miscellaneous revenues	29,576	-	-	-	-	-	142,039	171,615
TOTAL OTHER	<u>1,160,740</u>					<u>9,958</u>	<u>142,039</u>	<u>1,312,737</u>
TOTAL REVENUES	<u>\$ 1,195,540</u>	<u>\$ 773,878</u>	<u>\$ 129,486</u>	<u>\$ 2,475,038</u>	<u>\$ 686,623</u>	<u>\$ 52,992</u>	<u>\$ 27,862,329</u>	<u>\$ 33,175,886</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 1,888,203	\$ 188,222
Due from other funds	<u>2,000</u>	<u>92,603</u>
 Total Assets	 \$ <u><u>1,890,203</u></u>	 \$ <u><u>280,825</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 16,327	\$ 68,825
Accrued liabilities	<u>1,301</u>	<u>-</u>
 Total Liabilities	 <u>17,628</u>	 <u>68,825</u>
Fund Balances:		
Reserved for encumbrances	110,988	199,229
Unreserved, undesignated	<u>1,761,587</u>	<u>12,771</u>
 Total Fund Balances	 <u>1,872,575</u>	 <u>212,000</u>
 Total Liabilities and Fund Balances	 \$ <u><u>1,890,203</u></u>	 \$ <u><u>280,825</u></u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2001**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,000,000	\$ (1,000,000)
Interest	34,800	-	34,800	3,092	31,708
Other Revenue:					
Land Sale Proceeds	1,131,164	-	1,131,164	-	1,131,164
Rental of Property	29,576	-	29,576	-	29,576
Total Revenues	<u>1,195,540</u>	<u>-</u>	<u>1,195,540</u>	<u>1,003,092</u>	<u>192,448</u>
Expenditures:					
Community services	967,081	(88,241)	878,840	1,136,894	258,054
Capital outlay	-	-	-	1,000,000	1,000,000
Total Expenditures	<u>967,081</u>	<u>(88,241)</u>	<u>878,840</u>	<u>2,136,894</u>	<u>1,258,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>228,459</u>	<u>88,241</u>	<u>316,700</u>	<u>(1,133,802)</u>	<u>1,450,502</u>
Other Financing Sources (Uses):					
Operating transfers in	1,628,835	-	1,628,835	1,255,613	373,222
Operating transfers out - to component units	(196,719)	-	(196,719)	(196,719)	-
Total Other Financing Sources (Uses)	<u>1,432,116</u>	<u>-</u>	<u>1,432,116</u>	<u>1,058,894</u>	<u>373,222</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,660,575	88,241	1,748,816	(74,908)	1,823,724
Fund Balances - July 1	<u>212,000</u>	<u>-</u>	<u>212,000</u>	<u>212,000</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 1,872,575</u>	<u>\$ 88,241</u>	<u>\$ 1,960,816</u>	<u>\$ 137,092</u>	<u>\$ 1,823,724</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

	2001	2000
<u>ASSETS</u>		
Cash and cash equivalents	\$ 439,206	\$ 312,586
Due from other funds	-	114,965
Due from other governments	125,913	61,202
Total Assets	\$ 565,119	\$ 488,753
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 257,871	\$ 317,694
Total Liabilities	257,871	317,694
Fund Balances:		
Reserved for encumbrances	160,900	41,211
Unreserved, undesignated	146,348	129,848
Total Fund Balances	307,248	171,059
Total Liabilities and Fund Balances	\$ 565,119	\$ 488,753

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2001

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental	\$ 760,234	\$ -	\$ 760,234	\$ 775,000	\$ (14,766)
Interest	13,644	-	13,644	10,000	3,644
Total Revenues	<u>773,878</u>	<u>-</u>	<u>773,878</u>	<u>785,000</u>	<u>(11,122)</u>
Expenditures:					
Public works:					
Maintenance of streets	659,923	12,689	672,612	797,020	124,408
Traffic signs	28,060	(4,000)	24,060	25,000	940
Sidewalks	28,138	-	28,138	30,000	1,862
Street resurfacing	428,980	111,000	539,980	540,000	20
Total Expenditures	<u>1,145,101</u>	<u>119,689</u>	<u>1,264,790</u>	<u>1,392,020</u>	<u>127,230</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(371,223)</u>	<u>(119,689)</u>	<u>(490,912)</u>	<u>(607,020)</u>	<u>116,108</u>
Other Financing Sources (Uses):					
Proceeds from loans	-	-	-	180,000	(180,000)
Operating transfers in	500,000	-	500,000	500,000	-
Operating transfers out	(57,094)	-	(57,094)	(90,000)	32,906
Total Other Financing Sources (Uses)	<u>442,906</u>	<u>-</u>	<u>442,906</u>	<u>590,000</u>	<u>(147,094)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>71,683</u>	<u>(119,689)</u>	<u>(48,006)</u>	<u>(17,020)</u>	<u>(30,986)</u>
Fund Balances - July 1 As Previously Reported	171,059	-	171,059	171,059	-
Prior Period Adjustment	<u>64,506</u>	<u>-</u>	<u>64,506</u>	<u>-</u>	<u>64,506</u>
Fund Balances - July 1 As Restated	<u>235,565</u>	<u>-</u>	<u>235,565</u>	<u>171,059</u>	<u>64,506</u>
Fund Balances - June 30	<u>\$ 307,248</u>	<u>\$ (119,689)</u>	<u>\$ 187,559</u>	<u>\$ 154,039</u>	<u>\$ 33,520</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
STREETS AND PUBLIC TRANSPORTATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

	2001	2000
<u>ASSETS</u>		
Cash and cash equivalents	\$ 261,628	\$ 277,427
Due from other funds	-	7,306
Due from other governments	25,897	25,335
 Total Assets	 \$ 287,525	 \$ 310,068
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 1,359	\$ 27,468
Fund Balances:		
Unreserved, undesignated	286,166	282,600
 Total Liabilities and Fund Balances	 \$ 287,525	 \$ 310,068

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
STREETS AND PUBLIC TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2001

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental	\$ 116,218	\$ -	\$ 116,218	\$ 144,800	\$ (28,582)
Interest	13,268	-	13,268	13,000	268
Total Revenues	<u>129,486</u>	<u>-</u>	<u>129,486</u>	<u>157,800</u>	<u>(28,314)</u>
Expenditures:					
Public works:					
Traffic signs	4,451	-	4,451	6,000	1,549
Community services:					
Transportation assistance	126,940	-	126,940	182,000	55,060
Total Expenditures	<u>131,391</u>	<u>-</u>	<u>131,391</u>	<u>188,000</u>	<u>56,609</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,905)</u>	<u>-</u>	<u>(1,905)</u>	<u>(30,200)</u>	<u>28,295</u>
Fund Balances - July 1 As Previously Reported	282,600	-	282,600	282,600	-
Prior Period Adjustment	<u>5,471</u>	<u>-</u>	<u>5,471</u>	<u>-</u>	<u>5,471</u>
Fund Balances - July 1 As Restated	<u>288,071</u>	<u>-</u>	<u>288,071</u>	<u>282,600</u>	<u>5,471</u>
Fund Balances - June 30	<u>\$ 286,166</u>	<u>\$ -</u>	<u>\$ 286,166</u>	<u>\$ 252,400</u>	<u>\$ 33,766</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

	2001	2000
<u>ASSETS</u>		
Due from other governments	\$ <u>1,509,648</u>	\$ <u>77,513</u>
Total Assets	\$ <u><u>1,509,648</u></u>	\$ <u><u>77,513</u></u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 21,889	\$ 43,031
Due to other funds	1,434,244	34,376
Deferred revenue	<u>53,409</u>	<u>-</u>
Total Liabilities	<u>1,509,542</u>	<u>77,407</u>
Fund Balances:		
Unreserved, undesignated	<u>106</u>	<u>106</u>
Total Liabilities and Fund Balances	\$ <u><u>1,509,648</u></u>	\$ <u><u>77,513</u></u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2001

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental	\$ 2,475,038	\$ -	\$ 2,475,038	\$ 5,551,976	\$ (3,076,938)
Total Revenues	<u>2,475,038</u>	<u>-</u>	<u>2,475,038</u>	<u>5,551,976</u>	<u>(3,076,938)</u>
Expenditures:					
Public safety	18,348	-	18,348	-	(18,348)
Community services	307,895	-	307,895	356,809	48,914
Capital outlay	2,241,618	-	2,241,618	5,365,167	3,123,549
Total Expenditures	<u>2,567,861</u>	<u>-</u>	<u>2,567,861</u>	<u>5,721,976</u>	<u>3,154,115</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,823)	-	(92,823)	(170,000)	77,177
Other Financing Sources:					
Operating transfers in	92,823	-	92,823	170,000	(77,177)
Excess of Revenues and Other Financing Sources Over Expenditures	-	-	-	-	-
Fund Balances - July 1	106	-	106	106	-
Fund Balances - June 30	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 106</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
SOLID WASTE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

		<u>2001</u>		<u>2000</u>
<u>ASSETS</u>				
Due from other funds	\$	<u>279,940</u>	\$	<u>157,660</u>
Total Assets	\$	<u>279,940</u>	\$	<u>157,660</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$	<u>279,940</u>	\$	<u>157,660</u>
Fund Balance:				
Unreserved, undesignated		<u>-</u>		<u>-</u>
Total Liabilities and Fund Balance	\$	<u>279,940</u>	\$	<u>157,660</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2001

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Charges for Services	\$ 686,623	\$ -	\$ 686,623	\$ 681,600	\$ 5,023
Expenditures:					
Community services	1,604,786	-	1,604,786	1,666,150	61,364
Excess (Deficiency) of Revenues Over (Under) Expenditures	(918,163)	-	(918,163)	(984,550)	66,387
Other Financing Sources:					
Operating transfers in	918,163	-	918,163	984,550	(66,387)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balances - July 1	-	-	-	-	-
Fund Balances - June 30	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
DRUG ENFORCEMENT PROGRAM FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

	2001	2000
<u>ASSETS</u>		
Cash and cash equivalents	\$ 52,581	\$ 41,981
Accounts Receivable, net	7,863	2,666
 Total Assets	 \$ 60,444	 \$ 44,647
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts Payable	\$ 62	\$ 360
Fund Balances:		
Reserved for special programs	60,382	44,287
 Total Liabilities and Fund Balances	 \$ 60,444	 \$ 44,647

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
DRUG ENFORCEMENT PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2001

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Fines and forfeitures	\$ 40,451	\$ -	\$ 40,451	\$ 50,000	\$ (9,549)
Interest	2,583	-	2,583	2,500	83
Sale of assets	9,958	-	9,958	8,500	1,458
Total Revenues	<u>52,992</u>	<u>-</u>	<u>52,992</u>	<u>61,000</u>	<u>(8,008)</u>
Expenditures:					
Public safety	36,897	-	36,897	100,000	63,103
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 16,095	 -	 16,095	 (39,000)	 55,095
 Fund Balances - July 1	 <u>44,287</u>	 <u>-</u>	 <u>44,287</u>	 <u>44,287</u>	 <u>-</u>
Fund Balances - June 30	<u>\$ 60,382</u>	<u>\$ -</u>	<u>\$ 60,382</u>	<u>\$ 5,287</u>	<u>\$ 55,095</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
SCHOOL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

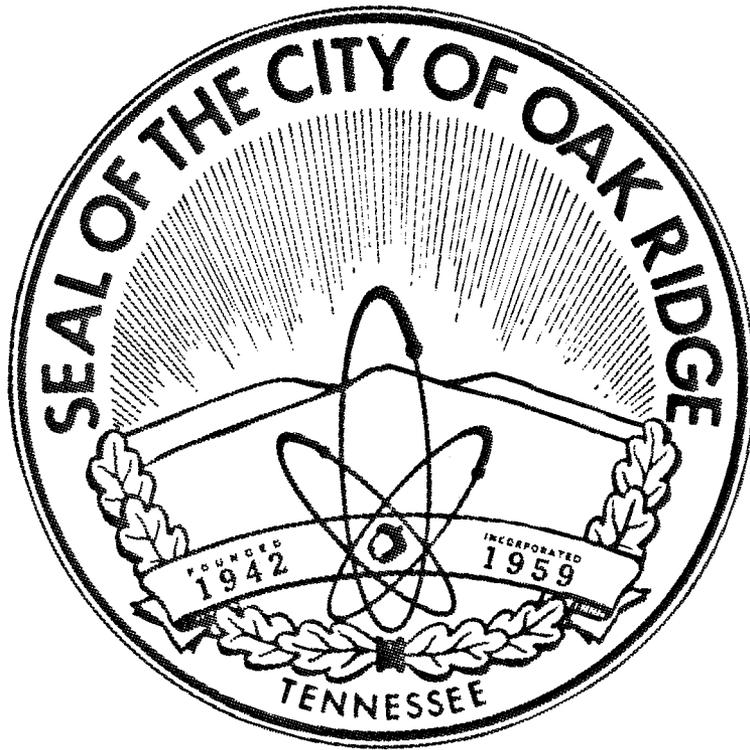
	2001	2000
<u>ASSETS</u>		
Cash and cash equivalents	\$ 6,119,879	\$ 5,610,235
Accounts receivable, net	15,038	557,728
Due from other governments	1,552,637	862,959
 Total Assets	 \$ 7,687,554	 \$ 7,030,922
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 172,228	\$ 81,742
Accrued liabilities	2,474,904	2,862,153
Due to other funds	1,738	5,659
Deferred revenue	378,772	379,967
 Total Liabilities	 3,027,642	 3,329,521
Fund Balances:		
Reserved for special programs	136,491	144,775
Reserved for encumbrances	249,664	77,006
Unreserved:		
Designated for subsequent years' expenditures	794,172	785,777
Undesignated	3,479,585	2,693,843
 Total Fund Balances	 4,659,912	 3,701,401
 Total Liabilities and Fund Balances	 \$ 7,687,554	 \$ 7,030,922

The notes to financial statements are an integral part of this statement.

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, 2001

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental	\$ 26,025,004	\$ -	\$ 26,025,004	\$ 25,412,942	\$ 612,062
Charges for services	1,423,079	-	1,423,079	1,434,725	(11,646)
Interest	272,207	-	272,207	110,000	162,207
Other	142,039	-	142,039	160,425	(18,386)
Total Revenues	<u>27,862,329</u>	<u>-</u>	<u>27,862,329</u>	<u>27,118,092</u>	<u>744,237</u>
Expenditures:					
Education:					
General school purpose	34,504,664	145,957	34,650,621	35,356,467	705,846
Other programs	1,864,833	26,701	1,891,534	2,067,143	175,609
Total Expenditures	<u>36,369,497</u>	<u>172,658</u>	<u>36,542,155</u>	<u>37,423,610</u>	<u>881,455</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,507,168)</u>	<u>(172,658)</u>	<u>(8,679,826)</u>	<u>(10,305,518)</u>	<u>1,625,692</u>
Other Financing Sources (Uses):					
Operating transfers in	9,553,768	-	9,553,768	9,553,768	-
Operating transfers out	(88,089)	-	(88,089)	(94,250)	6,161
Total Other Financing Sources (Uses)	<u>9,465,679</u>	<u>-</u>	<u>9,465,679</u>	<u>9,459,518</u>	<u>6,161</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	958,511	(172,658)	785,853	(846,000)	1,631,853
Fund Balances - July 1	<u>3,701,401</u>	<u>-</u>	<u>3,701,401</u>	<u>3,701,401</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 4,659,912</u>	<u>\$ (172,658)</u>	<u>\$ 4,487,254</u>	<u>\$ 2,855,401</u>	<u>\$ 1,631,853</u>

The notes to financial statements are an integral part of this statement.



DEBT SERVICE FUND

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

**CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 86,500	\$ 25,561
Interest receivable	<u>-</u>	<u>34,825</u>
 Total Assets	 \$ <u>86,500</u>	 \$ <u>60,386</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accrued interest payable	\$ -	\$ 17,984
Matured interest payable	<u>735</u>	<u>735</u>
 Total Liabilities	 <u>735</u>	 <u>18,719</u>
Fund Balance:		
Reserved for debt retirement	<u>85,765</u>	<u>41,667</u>
 Total Liabilities and Fund Balance	 \$ <u>86,500</u>	 \$ <u>60,386</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Years Ended June 30, 2001 and 2000

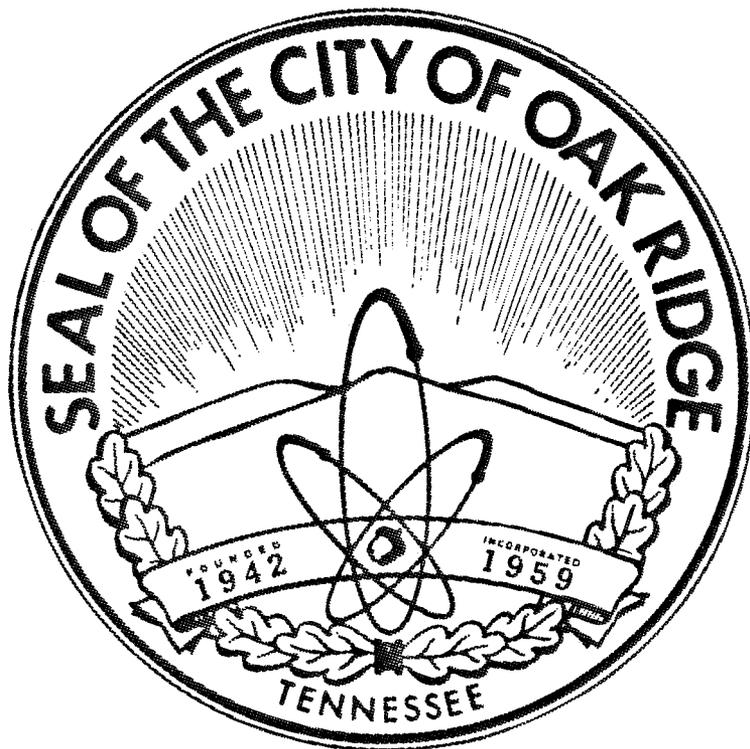
	<u>2001</u>	<u>2000</u>
Revenues:		
Interest	\$ <u>16,386</u>	\$ <u>43,213</u>
Expenditures:		
Principal retirement	2,196,869	1,975,387
Interest and fiscal charges	<u>2,876,185</u>	<u>2,346,695</u>
Total Expenditures	<u>5,073,054</u>	<u>4,322,082</u>
Deficiency of Revenues Under Expenditures	<u>(5,056,668)</u>	<u>(4,278,869)</u>
Other Financing Sources (Uses):		
Proceeds of refunding bonds	41,244,385	-
Payment to refunding bond escrow agent	(41,244,385)	-
Operating transfers in	<u>5,100,766</u>	<u>4,310,775</u>
Total Other Financing Sources (Uses)	<u>5,100,766</u>	<u>4,310,775</u>
Excess (Deficiency) of Revenues And Other Financing Sources Over (Under) Expenditures	44,098	31,906
Fund Balances - July 1	<u>41,667</u>	<u>9,761</u>
Fund Balances - June 30	\$ <u>85,765</u>	\$ <u>41,667</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Years Ended June 30, 2001 and 2000

	2001			2000		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
Revenues:						
Interest	\$ 16,386	\$ 185	\$ 16,201	\$ 43,213	\$ 185	\$ 43,028
Expenditures:						
Principal retirement	2,196,869	2,196,869	-	1,975,387	1,975,386	(1)
Interest and fiscal charges	2,876,185	3,454,787	578,602	2,346,695	3,359,828	1,013,133
Total Expenditures	5,073,054	5,651,656	578,602	4,322,082	5,335,214	1,013,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,056,668)	(5,651,471)	594,803	(4,278,869)	(5,335,029)	1,056,160
Other Financing Sources:						
Proceeds of refunding bonds	41,244,385	-	41,244,385	-	-	-
Payment to refunding bond escrow agent	(41,244,385)	-	(41,244,385)	-	-	-
Operating transfers in	5,100,766	5,651,656	(550,890)	4,310,775	5,335,214	(1,024,439)
Total Other Financing Sources (Uses)	5,100,766	5,651,656	(550,890)	4,310,775	5,335,214	(1,024,439)
Excess (Deficiency) of Revenues And Other Financing Sources Over (Under) Expenditures	44,098	185	43,913	31,906	185	31,721
Fund Balances - July 1	41,667	41,667	-	9,761	9,761	-
Fund Balances - June 30	\$ 85,765	\$ 41,852	\$ 43,913	\$ 41,667	\$ 9,946	\$ 31,721

The notes to financial statements are an integral part of this statement.



CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the acquisition and construction of major capital assets of the City other than those financed by proprietary funds. During fiscal 2001, funding for these capital projects was primarily provided from the proceeds of the fiscal 2000 \$10,000,000 General Obligation Bond Issuance. Current projects included the renovation of various City and School buildings, including those enhancements to comply with the Americans with Disabilities Act, major roof replacements and replacement of the chiller at Linden Elementary School. Other projects included improvements to various City and School recreational facilities, including construction of an elevated finish tower for rowing events at the Marina.

In fiscal 2001, the General Fund transferred \$410,000 to the Capital Projects Fund to finance future building and recreational capital maintenance projects. This is the first year of an annual transfer program to reduce the City's dependency on long-term debt proceeds to finance capital maintenance projects.

**CITY OF OAK RIDGE, TENNESSEE
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

	2001	2000
<u>ASSETS</u>		
Cash and cash equivalents	\$ 6,736,532	\$ 9,132,235
Accounts receivable, net	35,000	-
Due from other governments	183,524	100,535
Total Assets	\$ 6,955,056	\$ 9,232,770
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 86,465	\$ 360,035
Due to other funds	256,463	263,853
Total Liabilities	342,928	623,888
Fund Balances:		
Reserved for special programs	301,488	371,976
Reserved for encumbrances	571,814	662,140
Unreserved:		
Designated for subsequent years' expenditures	5,738,826	7,574,766
Total Fund Balances	6,612,128	8,608,882
Total Liabilities and Fund Balances	\$ 6,955,056	\$ 9,232,770

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2001

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Intergovernmental revenues	\$ 237,224	\$ -	\$ 237,224	\$ 804,240	\$ (567,016)
Interest	461,382	-	461,382	175,000	286,382
Total Revenues	<u>698,606</u>	<u>-</u>	<u>698,606</u>	<u>979,240</u>	<u>(280,634)</u>
Expenditures:					
Capital outlay	2,804,259	(90,326)	2,713,933	7,611,377	4,897,444
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,105,653)</u>	<u>90,326</u>	<u>(2,015,327)</u>	<u>(6,632,137)</u>	<u>4,616,810</u>
Other Financing Sources (Uses):					
Proceeds from sale of bonds	-	-	-	1,000,000	(1,000,000)
Operating transfers in	417,883	-	417,883	417,883	-
Operating transfers out	(308,984)	-	(308,984)	(465,000)	156,016
Total Other Financing Sources (Uses)	<u>108,899</u>	<u>-</u>	<u>108,899</u>	<u>952,883</u>	<u>(843,984)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,996,754)</u>	<u>90,326</u>	<u>(1,906,428)</u>	<u>(5,679,254)</u>	<u>3,772,826</u>
Fund Balances - July 1	<u>8,608,882</u>	<u>-</u>	<u>8,608,882</u>	<u>8,608,882</u>	<u>-</u>
Fund Balances - June 30	<u>\$ 6,612,128</u>	<u>\$ 90,326</u>	<u>\$ 6,702,454</u>	<u>\$ 2,929,628</u>	<u>\$ 3,772,826</u>

The notes to financial statements are an integral part of this statement.

ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominantly self-supporting by user charges.

Electric Fund: This 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: This 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.

Emergency Communications District Fund: This fund is used to account for the provision of emergency communication service to the residents of the City and some surrounding areas. Activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance and financing.

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

**CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 2001 and 2000**

	Electric		Waterworks		Emergency Communication District		Golf Course		Totals	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
ASSETS										
Current Assets:										
Cash and cash equivalents	\$ -	\$ 109,552	\$ -	\$ 36,499	\$ 194,856	\$ 216,122	\$ -	\$ -	\$ 194,856	\$ 362,173
Accounts receivable, net	5,061,143	5,308,325	335,449	179,390	13,540	28,660	-	51,456	5,410,132	5,567,831
Due from other funds	86,442	-	-	-	-	3,321	-	-	86,442	3,321
Due from other governments	-	-	-	-	-	3,699	-	-	-	3,699
Inventory, at cost	-	-	-	-	-	-	-	54,249	54,873	54,249
Total current assets	5,147,585	5,417,877	335,449	215,889	208,396	251,802	54,873	105,705	5,746,303	5,991,273
Restricted assets:										
Accounts receivable	-	23,302	-	-	-	-	-	-	-	23,302
Deposits	644,525	618,535	572,210	342,365	-	-	-	-	1,216,735	960,900
Construction account	659,444	1,153,763	59,148	273,470	-	-	-	-	718,592	1,427,233
Current debt service account	327,239	368,703	1,086	833	-	-	-	-	328,325	369,536
Revenue bond future debt service account	-	1,120,774	-	-	-	-	-	-	-	1,120,774
Total restricted assets	1,631,208	3,285,077	632,444	616,668	-	-	-	-	2,263,652	3,901,745
Fixed assets:										
Land	517,855	241,055	137,018	137,018	-	-	1,222,193	1,222,193	1,877,066	1,600,266
Buildings	316,041	316,041	20,937,867	20,836,261	28,975	28,975	878,855	878,855	22,181,538	22,062,132
Improvements other than buildings	-	-	11,333,527	6,862,164	-	-	5,764,188	5,763,336	17,097,715	12,625,500
Machinery and equipment	44,927,496	43,129,357	55,347,703	51,536,055	193,161	215,866	341,360	341,360	100,809,740	95,222,658
Construction in progress	3,039,227	2,398,749	24,948	18,155	-	-	-	-	3,064,175	2,416,904
Total fixed assets	48,800,619	46,085,202	87,780,863	79,391,653	222,136	244,841	8,206,616	8,205,764	145,010,234	133,927,460
Less accumulated depreciation	15,592,296	14,440,984	24,874,768	22,471,008	152,590	120,481	1,300,400	972,381	41,920,054	38,004,854
Net fixed assets	33,208,323	31,644,218	62,906,095	56,920,645	69,546	124,360	6,906,216	7,233,383	103,090,180	95,922,606
Other assets:										
Advance to Internal Service Fund	690,000	690,000	330,000	330,000	-	-	-	-	1,020,000	1,020,000
Deferred charges	299,577	99,884	410,195	460,030	-	-	50,072	52,356	759,844	612,270
Total other assets	989,577	789,884	740,195	790,030	-	-	50,072	52,356	1,779,844	1,632,270
Total Assets	\$ 40,976,693	\$ 41,137,056	\$ 64,614,183	\$ 58,543,232	\$ 277,942	\$ 376,162	\$ 7,011,161	\$ 7,391,444	\$ 112,879,979	\$ 107,447,894

The notes to financial statements are an integral part of this statement.

(Continued)

**CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 2001 and 2000**

	Electric		Waterworks		Emergency Communication District		Golf Course		Totals	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
LIABILITIES AND FUND EQUITY										
Liabilities:										
Current Liabilities										
(payable from current assets):										
Accounts payable	\$ 4,210,751	\$ 4,467,101	\$ 335,228	\$ 596,461	\$ 4,186	\$ 5,539	\$ 2,859	\$ 255	\$ 4,553,024	\$ 5,089,356
Accrued liabilities	39,428	36,634	51,559	53,789	-	-	27,325	27,618	118,312	118,021
Due to other funds	-	2,137,378	2,098,627	1,679,990	-	-	831,960	394,732	2,930,587	4,212,100
Current portion of notes and bonds payable	525,256	100,000	210,579	121,599	-	-	85,000	80,000	820,835	301,599
Total current liabilities (payable from current assets)	4,775,435	6,741,113	2,695,993	2,451,819	4,186	5,539	947,144	502,605	8,422,758	9,701,076
Current liabilities (payable from restricted assets):										
Contracts payable	-	23,302	572,210	342,365	-	-	-	-	572,210	365,667
Customer deposits payable	644,525	618,535	-	-	-	-	-	-	644,525	618,535
Bonds and notes payable	134,744	525,000	-	-	-	-	-	-	134,744	525,000
Accrued interest payable	197,747	202,990	4,590	7,901	-	-	-	-	202,337	210,791
Total current liabilities (payable from restricted assets)	977,016	1,369,827	576,800	350,166	-	-	-	-	1,553,816	1,719,993
Long-term liabilities:										
Vacation benefits payable	98,909	103,637	169,558	185,823	-	-	-	-	268,467	289,460
Notes payable, net of unamortized discounts	12,660,056	2,805,000	20,525,042	15,469,176	-	-	-	-	33,185,098	18,274,176
Bonds payable, net of unamortized discounts	5,563,761	14,422,358	-	-	-	-	6,808,682	6,876,010	12,372,443	21,298,368
Total long-term liabilities	18,322,726	17,330,995	20,694,600	15,654,999	-	-	6,808,682	6,876,010	45,826,008	39,862,004
Total Liabilities	24,075,177	25,441,935	23,987,393	18,456,984	4,186	5,539	7,755,826	7,378,615	55,802,582	51,283,073
Fund Equity:										
Contributed capital:										
Investments of municipality	-	-	4,448,188	4,448,188	-	-	1,796,440	1,796,440	6,244,628	6,244,628
Contributions in aid of construction	-	-	8,082,289	8,082,289	-	-	-	-	8,082,289	8,082,289
Capital grants	-	-	27,984,892	27,984,892	-	-	-	-	27,984,892	27,984,892
Less depreciation	-	-	(8,649,239)	(7,584,235)	-	-	-	-	(8,649,239)	(7,584,235)
Total contributed capital	-	-	31,876,130	32,941,134	-	-	1,796,440	1,796,440	33,672,570	34,737,574
Retained earnings (deficit)	16,901,516	15,695,121	8,770,660	7,145,114	273,756	370,623	(2,541,105)	(1,783,611)	23,404,827	21,427,247
Total Fund Equity	16,901,516	15,695,121	40,646,790	40,086,248	273,756	370,623	(744,665)	12,828	57,077,397	56,164,821
Total Liabilities and Fund Equity	\$ 40,976,693	\$ 41,137,056	\$ 64,614,183	\$ 58,543,232	\$ 277,942	\$ 376,162	\$ 7,011,161	\$ 7,391,444	\$ 112,879,979	\$ 107,447,894

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
For the Fiscal Years Ended June 30, 2001 and 2000

	Electric		Waterworks		Emergency Communication District		Golf Course		Totals	
	2001	2000	2001	2000	2001	2000	2001	2000	June 30, 2001	June 30, 2000
Operating Revenues:										
Charges for services	\$ 32,613,495	\$ 29,982,926	\$ 11,582,463	\$ 8,469,001	\$ 193,431	\$ 189,035	\$ -	\$ -	\$ 44,389,389	\$ 38,640,962
Golf course fees and sales	-	-	-	-	-	-	1,193,824	1,222,592	1,193,824	1,222,592
Other	537,193	547,920	99,572	98,060	-	-	24,000	24,000	660,765	669,980
Total Operating Revenues	33,150,688	30,530,846	11,682,035	8,567,061	193,431	189,035	1,217,824	1,246,592	46,243,978	40,533,534
Operating Expenses:										
Maintenance and administrative	4,947,293	4,593,786	6,954,934	5,451,795	246,107	210,426	1,284,699	1,332,113	13,433,033	11,588,120
Purchased power and water	24,457,044	24,190,547	971,291	924,244	-	-	-	-	25,428,335	25,114,791
Depreciation	1,439,243	1,352,248	2,423,455	1,571,984	54,815	20,609	328,019	327,572	4,245,532	3,272,413
Total Operating Expenses	30,843,580	30,136,581	10,349,680	7,948,023	300,922	231,035	1,612,718	1,659,685	43,106,900	39,975,324
Operating Income (Loss)	2,307,108	394,265	1,332,355	619,038	(107,491)	(42,000)	(394,894)	(413,093)	3,137,078	558,210
Nonoperating Revenues (Expenses):										
Gain on sale of fixed assets	-	-	-	-	-	-	14,657	11,943	14,657	11,943
Capital contributions	-	-	250,912	-	-	-	-	-	250,912	-
Interest revenue	140,786	123,327	10,304	79,182	10,624	11,604	-	2,306	161,714	216,419
Interest expense	(1,084,847)	(951,395)	(885,944)	(550,255)	-	-	(377,257)	(344,349)	(2,328,048)	(1,845,999)
Total Nonoperating Revenues (Expenses)	(924,061)	(828,068)	(624,728)	(471,073)	10,624	11,604	(362,600)	(330,100)	(1,900,765)	(1,617,637)
Net Income (Loss) Before Operating Transfers	1,383,047	(433,803)	707,627	147,965	(96,867)	(30,396)	(757,494)	(743,193)	1,236,313	(1,059,427)
Operating Transfers Out	(176,652)	(162,677)	(147,085)	(135,564)	-	-	-	-	(323,737)	(298,241)
Net Income (Loss)	1,206,395	(596,480)	560,542	12,401	(96,867)	(30,396)	(757,494)	(743,193)	912,576	(1,357,668)
Add: Depreciation on fixed assets acquired by EPA and DOE grants	-	-	1,065,004	544,171	-	-	-	-	1,065,004	544,171
Increase (Decrease) in Retained Earnings	1,206,395	(596,480)	1,625,546	556,572	(96,867)	(30,396)	(757,494)	(743,193)	1,977,580	(813,497)
Retained Earnings (Deficit) - July 1	15,695,121	16,291,601	7,145,114	6,588,542	370,623	401,019	(1,783,611)	(1,040,418)	21,427,247	22,240,744
Retained Earnings (Deficit) - June 30	\$ 16,901,516	\$ 15,695,121	\$ 8,770,660	\$ 7,145,114	\$ 273,756	\$ 370,623	\$ (2,541,105)	\$ (1,783,611)	\$ 23,404,827	\$ 21,427,247

The notes to financial statements are an integral part of this statement.

**CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2001 and 2000**

	Electric		Waterworks		Emergency Communication District		Golf Course		Totals	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Operating Income (Loss)	\$ 2,307,108	\$ 394,265	\$ 1,332,355	\$ 619,038	\$ (107,491)	\$ (42,000)	\$ (394,894)	\$ (413,093)	\$ 3,137,078	\$ 558,210
Adjustments to Reconcile Operating Income (Loss) to Net Cash:										
Depreciation	1,439,243	1,352,248	2,423,455	1,571,984	54,815	20,609	328,019	327,572	4,245,532	3,272,413
Provision for uncollectible accounts	102,000	100,000	-	-	-	-	-	-	102,000	100,000
Changes in Assets and Liabilities:										
Accounts receivable	145,182	(105,092)	(158,059)	(179,229)	15,120	(14,177)	51,456	(22,238)	55,899	(320,736)
Due from other funds	(86,442)	-	-	10,700	3,321	38,213	-	-	(83,121)	48,913
Due from other governments	-	-	-	-	3,699	(3,699)	-	-	3,699	(3,699)
Inventory, at cost	-	-	-	-	-	-	(624)	(4,014)	(624)	(4,014)
Prepaid items	-	-	-	(373,428)	-	-	-	-	-	(373,428)
Amortization of deferred charges	25,585	25,466	49,835	12,030	-	-	5,516	19,955	80,936	57,451
Accounts payable	(256,350)	1,123,261	(261,233)	177,075	(1,354)	2,324	2,604	(3,753)	(516,333)	1,298,907
Deposits	25,990	32,367	229,845	315,151	-	-	-	-	255,835	347,518
Accrued liabilities	2,794	12,772	(2,210)	28,909	-	-	(283)	-	291	41,681
Due to other funds	(2,137,378)	(880,751)	419,637	1,553,079	-	-	437,228	394,732	(1,281,513)	1,067,060
Accrued vacation	(4,728)	9,106	(16,265)	9,121	-	-	-	-	(20,993)	18,227
Net Cash Provided (Used) by Operating Activities	1,563,004	2,083,642	4,019,360	3,744,430	(31,890)	1,270	429,012	299,161	5,978,486	6,108,503
Cash Flows From Noncapital Financing Activities:										
Advances to other funds	-	(80,000)	-	(40,000)	-	-	-	-	-	(120,000)
Transfers to other funds	(176,652)	(162,677)	(147,085)	(135,564)	-	-	-	-	(323,737)	(298,241)
Net Cash Provided (Used) by Noncapital Financing Activities	(176,652)	(242,677)	(147,085)	(175,564)	-	-	-	-	(323,737)	(418,241)
Cash Flows From Capital and Related Financing Activities:										
Net proceeds from issuance of long-term debt	2,000,000	4,000,000	5,266,444	6,219,876	-	-	-	-	7,266,444	10,219,876
Acquisition and construction of capital assets	(3,023,691)	(3,140,368)	(8,157,993)	(9,087,806)	-	-	(851)	(33,585)	(11,182,535)	(12,261,779)
Proceeds from sale of capital assets	9,262	30,977	-	14,657	-	-	14,657	11,943	23,919	42,920
Principal paid on long-term debt	(899,944)	(600,000)	(121,598)	(524,642)	-	-	(80,000)	(75,000)	(1,101,542)	(1,199,642)
Interest paid on long-term debt	(1,352,884)	(954,514)	(889,155)	(546,011)	-	-	(362,818)	(344,624)	(2,604,857)	(1,845,149)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,267,257)	(663,925)	(3,902,302)	(3,938,583)	-	-	(429,012)	(441,266)	(7,598,571)	(5,043,774)
Cash Flows from Investing Activities:										
Interest and dividends on investments	140,786	123,327	10,304	79,182	10,624	11,604	-	2,308	161,714	216,419
Net Increase (Decrease) in Cash and Cash Equivalents	(1,740,119)	1,280,367	(20,723)	(290,535)	(21,266)	12,874	(138,799)	(178,210)	(1,782,106)	862,907
Cash and Cash Equivalents, July 1	3,371,327	2,090,980	653,167	943,702	216,122	203,248	-	139,799	4,240,616	3,377,709
Cash and Cash Equivalents, June 30	\$ 1,631,208	\$ 3,371,327	\$ 632,444	\$ 653,167	\$ 194,856	\$ 216,122	\$ -	\$ -	\$ 2,458,508	\$ 4,240,616
Reconciliation of Cash and Cash Equivalents to the Balance Sheet:										
Cash and cash equivalents in current assets	\$ -	\$ 109,552	\$ -	\$ 36,499	\$ 194,856	\$ 216,122	\$ -	\$ -	\$ 194,856	\$ 362,173
Restricted assets:										
Deposits	644,525	618,535	572,210	342,365	-	-	-	-	1,216,735	960,900
Construction account	659,444	1,153,763	59,148	273,470	-	-	-	-	718,592	1,427,233
Current debt service account	327,239	368,703	1,086	833	-	-	-	-	328,325	369,536
Revenue bond future debt service account	-	1,120,774	-	-	-	-	-	-	-	1,120,774
Cash and Cash Equivalents, June 30	\$ 1,631,208	\$ 3,371,327	\$ 632,444	\$ 653,167	\$ 194,856	\$ 216,122	\$ -	\$ -	\$ 2,458,508	\$ 4,240,616

The notes to financial statements are an integral part of this statement.

(Continued)

CITY OF OAK RIDGE, TENNESSEE
ALL ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2001 and 2000

Noncash investing, capital and financing activities:

During fiscal 2001, the City issued \$10,004,120 in debt through the TN-LOANS program for the refunding of \$10,515,000 in outstanding Electric revenue bonds. The debt proceeds went immediately to the trustee for payment of the outstanding bonds. The City remitted \$609,547 to the trustee that was being held by the City as a required reserve for future debt service payments on the refunded bonds. Debt issuance costs of \$235,936, recorded as a Deferred Charge, were deducted from the debt proceeds and are being amortized over the debt repayment period. The \$124,580 difference between the reacquisition price and the net carrying amount of the bonds was deferred and is being amortized over the remaining 12-year life of the old debt. Amortized in the Electric Fund in fiscal 2001 was \$7,398 in Debt Issuance Costs, \$7,106 in Bond Discounts and \$1,775 of the difference between the reacquisition price and the net carrying value of bonds refunded in fiscal 2001. \$11,081 was also amortized for a prior service area acquisition.

On May 1, 2000, the United States Department of Energy (DOE) transferred ownership of a water treatment facility located in Oak Ridge to the City of Oak Ridge. Upon transfer, the water treatment plant was recorded as a fixed asset in the Waterworks Fund at its fair market value of \$12,500,000. No cash or other asset was exchanged by the City with DOE to acquire the water plant. The City incurred \$80,266 in legal fees and other incidental costs related to this transaction that were recorded as a Deferred Charge and are being amortized over 5 years. The acquisition was contingent on the City purchasing an environmental insurance policy on the water plant that is in effect for 10 years. The \$293,162 policy purchase price was recorded as a Deferred Charge and is being amortized over 10 years.

In the Waterworks Fund, \$45,364 in acquisition costs for the water treatment plant and \$4,470 in debt issuance costs were amortized in fiscal 2001. The Waterworks Fund had \$250,912 in facilities, recorded as revenue, donated by private developers to the City in fiscal 2001.

Amortized in the Golf Course Fund in fiscal 2001 were \$2,283 in Bond Issuance Costs, \$3,233 in Bond Discounts and \$14,439 of the difference between the reacquisition price and the net carrying value of notes refunded in fiscal 1999.

The notes to financial statements are an integral part of this statement.



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
ALL INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
June 30, 2001 and 2000**

	Insurance		Inventory		City		School		Totals	
	2001	2000	2001	2000	2001	2000	2001	2000	June 30, 2001	June 30, 2000
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 727,730	\$ 832,321	\$ -	\$ -	\$ 1,194,527	\$ 1,349,066	\$ 316,341	\$ 207,134	\$ 2,238,598	\$ 2,388,521
Due from other funds	-	-	-	-	1,212	-	-	-	1,212	-
Inventory, at cost	-	-	1,528,928	1,312,965	-	-	-	-	1,528,928	1,312,965
Total current assets	727,730	832,321	1,528,928	1,312,965	1,195,739	1,349,066	316,341	207,134	3,768,738	3,701,486
Fixed assets:										
Machinery and equipment	-	-	-	-	7,282,234	7,761,703	2,246,808	2,040,727	9,529,042	9,802,430
Less accumulated depreciation	-	-	-	-	3,663,813	4,099,794	1,064,454	1,010,109	4,728,267	5,109,903
Net fixed assets	-	-	-	-	3,618,421	3,661,909	1,182,354	1,030,618	4,800,775	4,692,527
Other Assets:										
Deferred Charges	-	-	-	-	9,451	10,244	-	-	9,451	10,244
Total Assets	\$ 727,730	\$ 832,321	\$ 1,528,928	\$ 1,312,965	\$ 4,823,611	\$ 5,021,219	\$ 1,498,695	\$ 1,237,752	\$ 8,578,964	\$ 8,404,257

LIABILITIES AND FUND EQUITY

Liabilities:										
Current liabilities:										
Accounts payable	\$ -	\$ -	\$ 60,749	\$ 55,979	\$ 33,074	\$ 28,425	\$ 12,883	\$ 15,651	\$ 106,706	\$ 100,055
Claims payable	120,511	125,608	-	-	-	-	-	-	120,511	125,608
Accrued liabilities	-	-	-	-	6,123	5,803	-	-	6,123	5,803
Due to other funds	-	-	335,679	124,486	-	-	-	-	335,679	124,486
Current portion of long-term obligations	-	-	-	-	123,899	117,718	57,233	53,912	181,132	171,630
Total current liabilities	120,511	125,608	396,428	180,465	163,096	151,946	70,116	69,563	750,151	527,582
Long-term liabilities:										
Vacation benefits payable	-	-	-	-	29,636	27,440	-	-	29,636	27,440
Advances from other funds	-	-	1,132,500	1,132,500	-	-	-	-	1,132,500	1,132,500
Capital lease obligations	-	-	-	-	-	-	193,735	250,969	193,735	250,969
Notes payable	-	-	-	-	1,876,991	1,816,310	-	-	1,876,991	1,816,310
Total long-term liabilities	-	-	1,132,500	1,132,500	1,906,627	1,843,750	193,735	250,969	3,232,862	3,227,219
Total Liabilities	120,511	125,608	1,528,928	1,312,965	2,069,723	1,995,696	263,851	320,532	3,983,013	3,754,801
Fund Equity:										
Contributed capital	-	272,739	-	-	838,908	838,908	844,110	844,110	1,683,018	1,955,757
Retained earnings	607,219	433,974	-	-	1,914,980	2,186,615	390,734	73,110	2,912,933	2,693,699
Total Fund Equity	607,219	706,713	-	-	2,753,888	3,025,523	1,234,844	917,220	4,595,951	4,649,456
Total Liabilities and Fund Equity	\$ 727,730	\$ 832,321	\$ 1,528,928	\$ 1,312,965	\$ 4,823,611	\$ 5,021,219	\$ 1,498,695	\$ 1,237,752	\$ 8,578,964	\$ 8,404,257

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

**CITY OF OAK RIDGE, TENNESSEE
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the Fiscal Years Ended June 30, 2001 and 2000**

	Insurance		Inventory		City		School		Totals	
	2001	2000	2001	2000	2001	2000	2001	2000	June 30, 2001	June 30, 2000
Operating Revenues:										
Charges for services	\$ 651,977	\$ 633,342	\$ 1,610,436	\$ 1,505,305	\$ 2,092,464	\$ 1,933,783	\$ 447,693	\$ 214,696	\$ 4,802,570	\$ 4,287,126
Contributions:										
Employer's contributions	1,135,600	1,047,661	-	-	-	-	-	-	1,135,600	1,047,661
Employees' contributions	284,448	263,633	-	-	-	-	-	-	284,448	263,633
Other	-	-	-	15,863	-	-	-	-	-	15,863
Total Operating Revenues	2,072,025	1,944,636	1,610,436	1,505,305	2,092,464	1,949,646	447,693	214,696	6,222,618	5,614,283
Operating Expenses:										
Maintenance and administrative	-	-	-	-	1,284,419	1,170,829	-	-	1,284,419	1,170,829
Depreciation	-	-	-	-	699,563	628,740	139,645	137,712	839,208	766,452
Materials	-	-	1,610,436	1,505,305	416,699	413,384	29	-	2,027,164	1,918,689
Medical/liability claims	250,161	263,719	-	-	-	-	-	-	250,161	263,719
Insurance premiums	1,696,509	1,475,113	-	-	-	-	-	-	1,696,509	1,475,113
Total Operating Expenses	1,946,670	1,738,832	1,610,436	1,505,305	2,400,681	2,212,953	139,674	137,712	6,097,461	5,594,802
Operating Income (Loss)	125,355	205,804	-	-	(308,217)	(263,307)	308,019	76,984	125,157	19,481
Nonoperating Revenues (Expenses):										
Gain on sale of fixed assets	-	-	-	-	56,023	-	1,350	-	57,373	-
Interest revenue	47,890	40,417	-	-	66,498	75,330	24,267	11,616	138,655	127,363
Interest expense	-	-	-	-	(85,939)	(87,177)	(16,012)	(19,301)	(101,951)	(106,478)
Total Nonoperating Revenues (Expenses)	47,890	40,417	-	-	36,582	(11,847)	9,605	(7,685)	94,077	20,885
Net Income (Loss)	173,245	246,221	-	-	(271,635)	(275,154)	317,624	69,299	219,234	40,366
Retained Earnings - July 1	433,974	187,753	-	-	2,186,615	2,461,769	73,110	3,811	2,693,699	2,653,333
Retained Earnings - June 30	\$ 607,219	\$ 433,974	\$ -	\$ -	\$ 1,914,980	\$ 2,186,615	\$ 390,734	\$ 73,110	\$ 2,912,933	\$ 2,693,699

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

**CITY OF OAK RIDGE, TENNESSEE
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2001 and 2000**

	Insurance		Inventory		City		Equipment Replacement Rental		Totals	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
Operating Income (Loss)	\$ 125,355	\$ 205,804	\$ -	\$ -	\$ (308,217)	\$ (263,307)	\$ 308,019	\$ 76,984	\$ 125,157	\$ 19,481
Adjustments to Reconcile Operating Income (Loss) to Net Cash:										
Depreciation	-	-	-	-	699,563	628,740	139,645	137,712	839,208	766,452
Changes to Assets and Liabilities:										
Accounts receivable	-	5,767	-	-	-	-	-	-	-	5,767
Due from other funds	-	-	-	-	(1,212)	-	-	-	(1,212)	-
Amortization of deferred charges	-	-	-	-	794	794	-	-	794	794
Inventory, at cost	-	-	(215,963)	(97,315)	-	-	-	-	(215,963)	(97,315)
Accounts payable	-	-	4,770	(43,016)	4,649	(47,322)	-	-	9,419	(90,338)
Claims payable	(5,097)	12,052	-	-	-	-	-	-	(5,097)	12,052
Accrued Liabilities	-	-	-	-	320	2,495	-	-	320	2,495
Due to other funds	-	(14,596)	211,193	20,331	-	(41,534)	-	-	211,193	(35,799)
Accrued Vacation	-	-	-	-	2,196	1,061	-	-	2,196	1,061
Net Cash Provided (Used) By Operating Activities	120,258	209,027	-	(120,000)	398,093	280,927	447,664	214,696	966,015	584,650
Cash Flow From Noncapital Financing Activities:										
Advances from other funds	-	-	-	120,000	-	-	-	-	-	120,000
Cash Flow From Capital and Related Financing Activities:										
Net proceeds from the issuance of long-term debt	-	-	-	-	184,580	19,193	-	-	184,580	19,193
Acquisition and construction of capital assets	-	-	(680,235)	(552,715)	(291,362)	(119,712)	(291,362)	(119,712)	(971,617)	(672,427)
Proceeds from the sale of capital assets	-	-	56,023	-	1,350	-	1,350	-	57,373	-
Capital Contributed	(272,739)	-	24,159	-	(117,718)	(111,847)	(53,912)	(50,784)	(248,580)	-
Principal paid on long-term debt	-	-	-	-	(85,939)	(87,177)	(18,780)	(21,908)	(104,719)	(162,631)
Interest paid on long-term debt	-	-	-	-	-	-	-	-	-	(109,085)
Net Cash Provided (Used) by Capital and Related Financing Activities	(272,739)	-	-	-	(619,130)	(732,546)	(362,724)	(192,404)	(1,254,593)	(924,950)
Cash Flows from Investing Activities:										
Interest and dividends on investments	47,890	40,417	-	-	66,498	75,330	24,267	11,616	138,655	127,363
Net Increase (Decrease) in Cash and Cash Equivalents	(104,591)	249,444	-	-	(154,539)	(376,289)	109,207	33,908	(149,923)	(92,937)
Cash and Cash Equivalents, July 1	832,321	582,877	-	-	1,349,066	1,725,355	207,134	173,226	2,388,521	2,481,458
Cash and Cash Equivalents, June 30	\$ 727,730	\$ 832,321	\$ -	\$ -	\$ 1,194,527	\$ 1,349,066	\$ 316,341	\$ 207,134	\$ 2,238,598	\$ 2,388,521

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
ALL INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30, 2001 and 2000

Noncash investing, capital, and financing activities:

In the City Equipment Replacement Rental Fund, \$794 in debt issuance costs were amortized during fiscal 2001.

The notes to financial statements are an integral part of this statement.

TRUST FUND

Trust Funds are used to account for assets held by the City in a trustee capacity. The terms "expendable" and "nonexpendable" refer to whether or not the government is under an obligation to maintain the trust principal.

Scholarship Fund: This fund is a Nonexpendable Trust Fund 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 by the City, but must be preserved intact.

**CITY OF OAK RIDGE, TENNESSEE
SCHOLARSHIP NONEXPENDABLE TRUST FUND
COMPARATIVE BALANCE SHEETS
June 30, 2001 and 2000**

<u>ASSETS</u>	<u>2001</u>	<u>2000</u>
Cash and cash equivalents	\$ 19,888	\$ 2,028
Investments, at fair value	329,045	326,418
Accrued interest	10,159	8,613
Due from other funds	<u>1,738</u>	<u>5,659</u>
 Total Assets	 <u>\$ 360,830</u>	 <u>\$ 342,718</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ <u>15,717</u>	\$ <u>12,905</u>
Fund Balances:		
Reserved for endowment	<u>345,113</u>	<u>329,813</u>
 Total Liabilities and Fund Balances	 <u>\$ 360,830</u>	 <u>\$ 342,718</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHOLARSHIP NONEXPENDABLE TRUST FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating Revenues:		
Contributions	\$ -	\$ 1,000
Investment Income (Loss)	<u>33,742</u>	<u>(4,598)</u>
 Total Operating Revenues	 <u>33,742</u>	 <u>(3,598)</u>
 Operating Expenses:		
Scholarship awards	<u>18,442</u>	<u>14,690</u>
 Net Income (Loss)	 15,300	 (18,288)
 Fund Balance - July 1	 <u>329,813</u>	 <u>348,101</u>
Fund Balance - June 30	\$ <u>345,113</u>	\$ <u>329,813</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHOLARSHIP NONEXPENDABLE TRUST FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating Income (Loss)	\$ 15,300	\$ (18,288)
Adjustments to Reconcile Operating Income (Loss) to Net Cash:		
Unrealized (increase) decrease in market value of investments	(12,619)	22,607
Changes in Assets and Liabilities:		
Interest receivable	(1,546)	2,104
Due from other funds	3,921	(739)
Accounts payable	<u>2,812</u>	<u>(6,488)</u>
Net Cash Provided (Used) By Operating Activities	<u>7,868</u>	<u>(804)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(283,902)	(293,894)
Maturity of investments	<u>293,894</u>	<u>282,924</u>
Net Cash Provided (Used) By Investing Activities	<u>9,992</u>	<u>(10,970)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	17,860	(11,774)
Cash and Cash Equivalents, July 1	<u>2,028</u>	<u>13,802</u>
Cash and Cash Equivalents, June 30	\$ <u>19,888</u>	\$ <u>2,028</u>

The notes to financial statements are an integral part of this statement.



ACCOUNT GROUPS

General Fixed Assets Account Group: The General Fixed Assets Account Group is a self-balancing group of accounts used to account for fixed assets acquired for general governmental purposes. These include all fixed assets except those of the Enterprise and Internal Service Funds.

General Long-Term Debt Account Group: The General Long-Term Debt Account Group is used to account for the outstanding principal balances of the general obligation debt of the City.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCES
June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
General Fixed Assets:		
Land	\$ 1,616,981	\$ 1,723,002
Buildings	61,955,864	61,732,700
Improvements other than buildings	6,267,279	5,565,993
Machinery and equipment	<u>7,977,919</u>	<u>7,419,007</u>
 Total General Fixed Assets	 <u>\$ 77,818,043</u>	 <u>\$ 76,440,702</u>
 Investments in General		
Fixed Assets From:		
Long-term debt issuances	\$ 43,651,622	\$ 42,033,150
General Fund revenues	3,177,700	3,954,709
Special Revenue Fund revenues	22,019,169	21,458,178
Grants and Gifts	<u>8,969,552</u>	<u>8,994,665</u>
 Total Investment in General Fixed Assets	 <u>\$ 77,818,043</u>	 <u>\$ 76,440,702</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY SOURCES
For the Fiscal Year Ended June 30, 2001

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
General Fixed Assets, July 1, 2000	\$ 1,723,002	\$ 61,732,700	\$ 5,565,993	\$ 7,419,007	\$ 76,440,702
Additions:					
General Fund	833	-	-	10,002	10,835
Special Revenue Funds	-	-	-	730,797	730,797
Long-term debt proceeds	-	1,338,980	417,228	-	1,756,208
Other government/private sources	-	50,000	284,058	-	334,058
Deductions:					
Fixed Assets sold or retired	<u>106,854</u>	<u>1,165,816</u>	<u>-</u>	<u>181,887</u>	<u>1,454,557</u>
General Fixed Assets, June 30, 2001	<u>\$ 1,616,981</u>	<u>\$ 61,955,864</u>	<u>\$ 6,267,279</u>	<u>\$ 7,977,919</u>	<u>\$ 77,818,043</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
June 30, 2001

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Total</u>
General Government:					
Executive	\$ -	\$ -	\$ -	\$ 9,728	\$ 9,728
Judicial	-	-	-	9,500	9,500
Total General Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,228</u>	<u>19,228</u>
Administration:					
Data Services	-	-	-	19,959	19,959
Finance	-	-	-	37,104	37,104
Total Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,063</u>	<u>57,063</u>
Public Safety:					
Police	122	119,209	10,044	949,976	1,079,351
Fire	11,087	1,417,994	101,540	-	1,530,621
Total Public Safety	<u>11,209</u>	<u>1,537,203</u>	<u>111,584</u>	<u>949,976</u>	<u>2,609,972</u>
Public Works:					
Engineering	-	-	-	9,952	9,952
Municipal Building	534	1,688,743	132,694	121,194	1,943,165
Central Service Center Complex	626,139	12,474,497	-	-	13,100,636
Other Buildings	30,510	166,478	13,347	-	210,335
Streets and Highways	57,806	-	-	-	57,806
Maintenance	-	-	-	7,321	7,321
Total Public Works	<u>714,989</u>	<u>14,329,718</u>	<u>146,041</u>	<u>138,467</u>	<u>15,329,215</u>
Community Services & Development:					
Planning	-	-	-	5,949	5,949
Economic Development	265,727	1,456,564	828,923	-	2,551,214
Recreation	205,052	4,925,068	537,710	5,670	5,673,500
Parks	240,400	685,006	2,721,889	18,860	3,666,155
Library	-	853,053	21,996	354,168	1,229,217
Senior Center	-	30,270	-	-	30,270
Total Community Services	<u>711,179</u>	<u>7,949,961</u>	<u>4,110,518</u>	<u>384,647</u>	<u>13,156,305</u>
Education	<u>179,604</u>	<u>38,138,982</u>	<u>1,899,136</u>	<u>6,428,538</u>	<u>46,646,260</u>
Total General Fixed Assets	<u>\$ 1,616,981</u>	<u>\$ 61,955,864</u>	<u>\$ 6,267,279</u>	<u>\$ 7,977,919</u>	<u>\$ 77,818,043</u>

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
For the Fiscal Year Ended June 30, 2001

	General Fixed Assets 06/30/2000	Additions	Deductions	General Fixed Assets 06/30/2001
General Government:				
Executive	\$ 9,728	\$ -	\$ -	\$ 9,728
Judicial	9,500	-	-	9,500
Total General Government	<u>19,228</u>	<u>-</u>	<u>-</u>	<u>19,228</u>
Administration:				
Data Services	19,959	-	-	19,959
Finance	37,104	-	-	37,104
Total Administration	<u>57,063</u>	<u>-</u>	<u>-</u>	<u>57,063</u>
Public Safety:				
Police	1,056,266	53,899	30,814	1,079,351
Fire	1,530,621	-	-	1,530,621
Total Public Safety	<u>2,586,887</u>	<u>53,899</u>	<u>30,814</u>	<u>2,609,972</u>
Public Works:				
Engineering	-	9,952	-	9,952
Municipal Building	1,908,099	35,066	-	1,943,165
Central Service Center Complex	13,100,636	-	-	13,100,636
Other Buildings	1,460,251	13,385	1,263,301	210,335
Streets and Highways	56,973	833	-	57,806
Maintenance	7,321	-	-	7,321
Total Public Works	<u>16,533,280</u>	<u>59,236</u>	<u>1,263,301</u>	<u>15,329,215</u>
Community Services & Development:				
Planning	5,949	-	-	5,949
Economic Development	2,560,583	-	9,369	2,551,214
Recreation	5,529,543	143,957	-	5,673,500
Parks	2,834,474	831,681	-	3,666,155
Library	1,218,041	11,176	-	1,229,217
Senior Center	5,000	25,270	-	30,270
Total Community Services	<u>12,153,590</u>	<u>1,012,084</u>	<u>9,369</u>	<u>13,156,305</u>
Education	<u>45,090,654</u>	<u>1,706,679</u>	<u>151,073</u>	<u>46,646,260</u>
Total General Fixed Assets	<u>\$ 76,440,702</u>	<u>\$ 2,831,898</u>	<u>\$ 1,454,557</u>	<u>\$ 77,818,043</u>

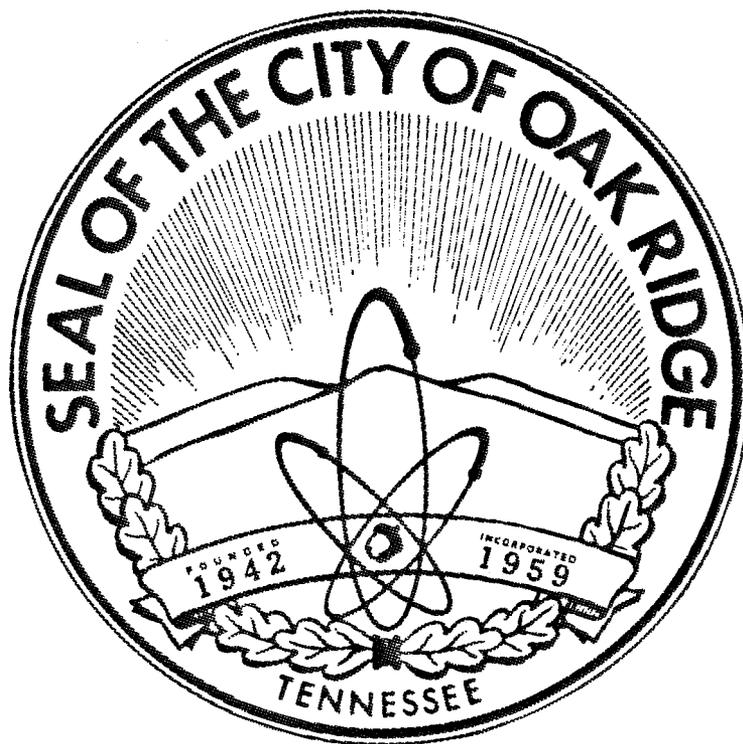
NOTE: Additions and deductions include transfers from one activity to another.

The notes to financial statements are an integral part of this statement.

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT
For the Fiscal Year Ended June 30, 2001

	<u>Balance June 30, 2000</u>	<u>Additions</u>	<u>Debt Service Fund Operations</u>	<u>Payments/ Reductions</u>	<u>Balance June 30, 2001</u>
Amount available for retirement of general obligation debt in Debt Service Fund	\$ 41,667	\$ -	\$ 44,098	\$ -	\$ 85,765
Amount to be provided for payment of earned vacation benefits	1,024,232	695,118	-	656,809	1,062,541
Amount to be provided for retirement of capital outlay notes	235,199	-	-	74,607	160,592
Amount to be provided for retirement of Tennessee Municipal Bond Fund Loan	1,189,558	-	-	22,262	1,167,296
Amount to be provided for TN-LOANS	3,213,000	18,570,000	-	-	21,783,000
Amount to be provided for retirement of general obligation bonds	<u>48,848,333</u>	<u>22,480,000</u>	<u>(44,098)</u>	<u>41,855,000</u>	<u>29,429,235</u>
Total To Be Provided	<u>54,510,322</u>	<u>41,745,118</u>	<u>(44,098)</u>	<u>42,608,678</u>	<u>53,602,664</u>
Total Available and To Be Provided	<u>\$ 54,551,989</u>	<u>\$ 41,745,118</u>	<u>\$ -</u>	<u>\$ 42,608,678</u>	<u>\$ 53,688,429</u>
Long-term debt payable:					
Vacation benefits	\$ 1,024,232	\$ 695,118	\$ -	\$ 656,809	\$ 1,062,541
Capital outlay notes	235,199	-	-	74,607	160,592
Tennessee Municipal Bond Fund Loan	1,189,558	-	-	22,262	1,167,296
TN-LOANS	3,213,000	18,570,000	-	-	21,783,000
General obligation bonds	<u>48,890,000</u>	<u>22,480,000</u>	<u>-</u>	<u>41,855,000</u>	<u>29,515,000</u>
Total Long-Term Debt Payable	<u>\$ 54,551,989</u>	<u>\$ 41,745,118</u>	<u>\$ -</u>	<u>\$ 42,608,678</u>	<u>\$ 53,688,429</u>

The notes to financial statements are an integral part of this statement.

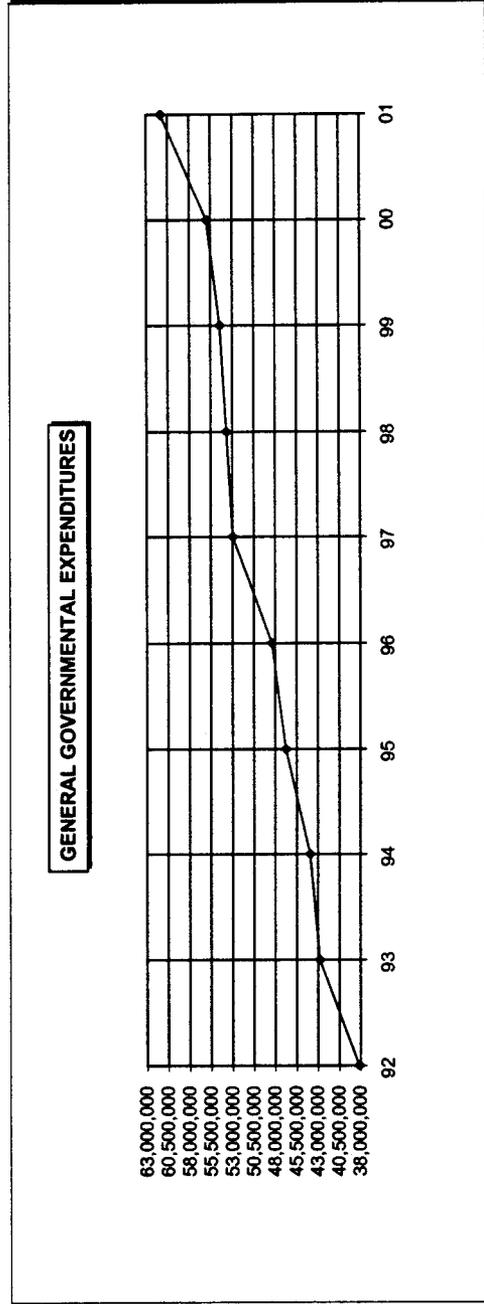


CITY OF OAK RIDGE, TENNESSEE

GENERAL GOVERNMENTAL EXPENDITURES AND OTHER USES BY FUNCTION*
LAST TEN FISCAL YEARS

	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Expenditures:										
General Government	\$ 441,470	\$ 488,418	\$ 453,959	\$ 486,477	\$ 463,049	\$ 455,046	\$ 506,416	\$ 601,652	\$ 500,225	\$ 532,967
Administration	778,631	797,267	743,208	820,229	546,719	701,924	568,489	647,496	652,626	633,336
Public Safety	4,507,618	4,690,371	4,881,151	5,399,095	5,538,542	5,770,000	6,397,020	6,612,607	7,106,905	7,160,283
Public Works	1,946,891	1,934,983	1,700,767	2,472,804	2,585,906	2,964,343	2,555,642	2,692,532	2,748,497	2,775,844
Community Services	3,484,769	3,796,192	4,564,687	4,652,753	4,617,462	5,052,556	5,498,965	5,700,028	6,214,930	6,331,493
Education	23,797,208	26,399,205	28,184,481	30,033,219	31,914,788	33,743,502	33,648,120	34,340,158	34,257,433	36,369,497
Capital Outlay	797,320	2,317,246	1,233,025	1,020,340	351,375	1,231,309	634,297	16,567	-	2,241,618
Debt Service	2,292,485	2,256,733	2,072,160	1,761,185	2,244,505	2,878,798	3,705,327	3,756,332	4,322,082	5,073,054
Operating Transfers Out - to component units	90,185	116,056	96,015	115,357	127,003	167,349	161,664	73,000	150,000	196,719
Total Expenditures	\$ 38,136,577	\$ 42,796,471	\$ 43,929,453	\$ 46,761,459	\$ 48,389,349	\$ 52,964,827	\$ 53,675,940	\$ 54,440,372	\$ 55,952,698	\$ 61,314,811

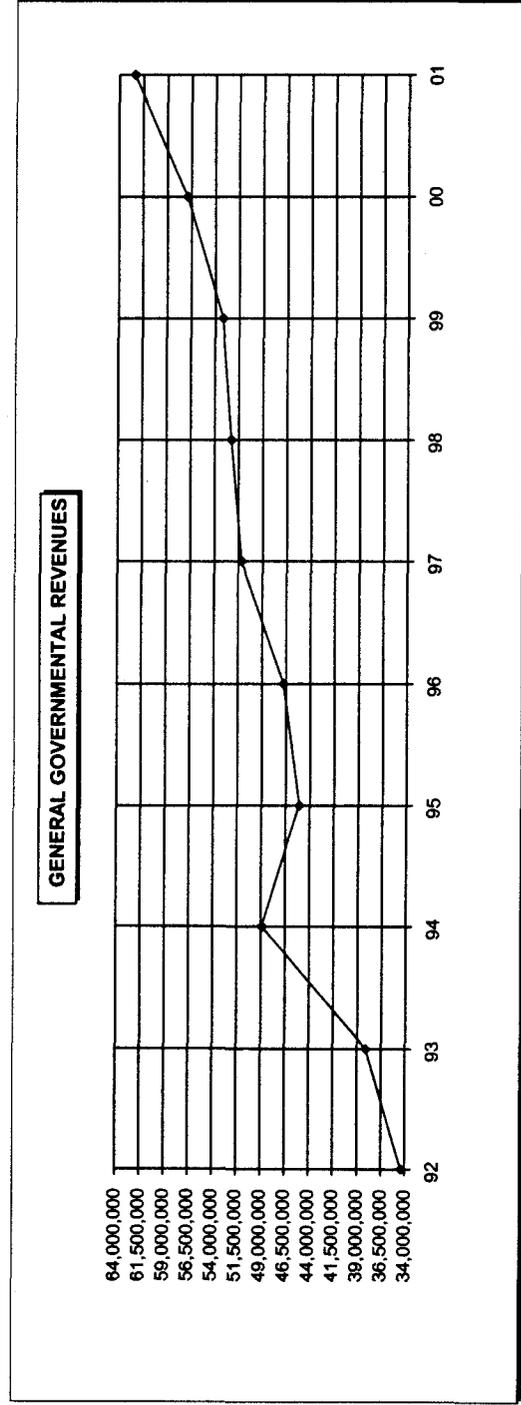
*Includes General, Special Revenue and Debt Service Funds.



**CITY OF OAK RIDGE, TENNESSEE
GENERAL REVENUES BY SOURCE*
LAST TEN FISCAL YEARS**

	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Revenues:										
Taxes	\$ 7,543,472	\$ 7,588,189	\$ 9,282,301	\$ 10,123,279	\$ 10,681,625	\$ 11,976,651	\$ 12,691,156	\$ 13,428,755	\$ 15,102,649	\$ 16,753,443
Licenses and Permits	181,856	177,510	199,019	182,436	155,618	116,750	143,627	141,617	251,324	223,135
Intergovernmental	22,859,032	26,801,007	36,402,554	31,264,467	32,320,132	34,434,602	34,829,158	34,442,298	35,756,766	38,905,204
Charges for Services	1,701,934	1,828,196	1,774,742	1,977,342	2,049,809	3,003,413	2,949,076	3,552,269	3,473,407	3,486,933
Fines and Forfeitures	276,372	284,839	295,862	327,432	406,688	368,837	443,673	444,899	329,798	380,438
Interest	1,482,143	703,528	528,640	669,417	830,704	908,420	935,597	849,219	1,017,194	987,737
Other	338,469	702,843	391,724	546,245	312,566	353,666	292,161	346,035	969,631	1,660,284
Total Revenues	\$ 34,383,278	\$ 38,086,112	\$ 48,874,842	\$ 45,090,618	\$ 46,757,142	\$ 51,162,339	\$ 52,284,448	\$ 53,205,092	\$ 56,900,769	\$ 62,397,174

*Includes General, Special Revenue and Debt Service Funds.



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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Total Collections as Percentage of Tax Levy	Outstanding Delinquent Taxes (2)	Outstanding Delinquent Taxes as Percentage of Tax Levy
1992	\$ 5,372,402	\$ 5,177,470	96%	\$ 270,764	\$ 5,448,234	101%	\$ 131,842	2%
1993	5,596,798	5,494,117	98%	109,656	5,603,773	100%	130,148	2%
1994	6,751,192	6,657,080	99%	75,429	6,732,509	100%	152,576	2%
1995	7,608,640	7,501,655	99%	177,362	7,679,017	101%	177,020	2%
1996	8,123,777	7,994,789	98%	79,855	8,074,644	99%	200,410	2%
1997	9,311,579	9,112,842	98%	96,972	9,209,814	99%	245,811	3%
1998	9,891,970	9,684,743	98%	163,498	9,848,241	100%	330,146	3%
1999	10,484,535	10,245,066	98%	177,715	10,422,781	99%	350,094	3%
2000	11,710,850	11,283,542	96%	156,992	11,440,534	98%	641,362	5%
2001	12,970,084	12,585,185	97%	133,108	12,718,293	98%	776,716	6%

Note:

(1) Each amount includes collections for any prior year's delinquent taxes received in the year presented.

(2) Delinquent real property taxes through fiscal year 1995 have been filed with the applicable county Clerk and Master as a delinquent tax lien.

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

Fiscal Year	Real Property		Personal Property		Public Utility Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
1992	\$ 227,381,709	\$ 762,954,761	\$ 19,307,507	\$ 64,358,357	\$ 11,599,345	\$ 21,089,719	\$ 258,288,561	\$ 848,402,837	30%
1993	328,430,851 (2)	1,094,783,757 (2)	26,530,244 (2)	88,434,004 (2)	15,687,809 (2)	28,523,293 (2)	370,648,904 (2)	1,211,741,054 (2)	31%
1994	341,522,144	1,136,311,163	32,617,179	108,723,814	16,102,906	29,278,011	390,242,229	1,274,312,988	31%
1995	351,725,682	1,167,707,212	33,274,114	110,913,528	15,453,574	28,097,407	400,453,370	1,306,718,147	31%
1996	361,427,703	1,201,690,700	32,524,330	108,414,433	16,339,725	29,708,590	410,291,758	1,339,813,723	31%
1997	369,397,050	1,225,056,500	36,707,763	122,359,210	19,080,767	34,692,304	425,185,580	1,382,108,014	31%
1998	371,299,256	1,234,949,502	39,346,941	131,172,126	12,087,566 (3)	21,977,393 (3)	422,733,763	1,388,099,021	30%
1999	439,574,710 (2)	1,488,553,300 (2)	46,459,688 (2)	154,865,627 (2)	15,617,983 (2)	28,396,333 (2)	501,652,381 (2)	1,671,815,260 (2)	30%
2000	443,329,438	1,491,097,145	48,111,477	160,371,590	15,549,682	28,272,151	506,990,597	1,679,740,886	30%
2001	443,712,065	1,503,891,804	46,228,403	154,094,464	14,732,079	26,785,601	504,672,547	1,684,771,869	30%

Notes:

- (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 1992 (fiscal year 1993) and 1998 (fiscal year 1999).
- (3) The assessed value for Public Utility properties declined in fiscal 1998 due to a statewide court awarded reduction in the assessment ratio from 55 percent to 40 percent for specific public utilities. Additionally, after several years of appeals, the final determination of value for Belisouth properties resulted in a reduced assessment for those properties, both in the City and statewide.

Table 5

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	County	Total	City	County	Total
1992	\$ 2.08	\$ 2.95	\$ 5.03	\$ 2.08	\$ 3.24	\$ 5.32
1993	1.51	2.72	4.23	1.51	3.12	4.63
1994	1.73	2.72	4.45	1.73	3.045	4.775
1995	1.90	2.84	4.74	1.90	2.365	4.265
1996	1.98	2.84	4.82	1.98	2.365	4.345
1997	2.19	3.00	5.19	2.19	2.465	4.655
1998	2.34	3.00	5.34	2.34	2.465	4.805
1999	2.09	2.59	4.68	2.09	2.12	4.21
2000	2.31	2.97	5.28	2.31	2.32	4.63
2001	2.57	3.14	5.71	2.57	2.11	4.68

Note: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane. As of June 30, 2001, approximately 11 percent of the taxable parcels (1,425 of 13,072) are located in the Roane County portion of the City. In addition, 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 - 1992 and 1999; and Roane County - 1997)

Table 6

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Tax Year (1)	Property Taxes Receivable At June 30, 2000	Add Taxes Levied	Deduct Collections	Net Adjustments	Property Taxes Receivable At June 30, 2001	Deduct Allowance for Uncollectable	Net Property Taxes Receivable At June 30, 2001
2001 (1)	\$ -	\$ 13,251,296	\$ 1,436,577	\$ -	\$ 11,814,719	\$ -	\$ 11,814,719
2000	11,390,624	395,461	11,326,216	(6,575)	453,294	42,436	410,858
1999	382,625	-	92,327	19,591	309,889	145,773	164,116
1998	130,955	-	24,180	8,920	115,695	14,787	100,908
1997	58,881	-	8,266	1,704	52,319	6,918	45,401
1996	27,085	-	4,369	4,044	26,760	1,056	25,704
1995	15,851	-	1,851	(58)	13,942	2,989	10,953
1994	11,118	-	829	-	10,289	625	9,664
1993	6,003	-	638	-	5,365	500	4,865
1992	4,745	-	498	139	4,386	139	4,247
1991	3,088	-	150	(2,938)	-	-	-
1990	1,511	-	-	(1,511)	-	-	-
Total	\$ 12,032,486	\$ 13,646,757	\$ 12,895,901	\$ 23,316	\$ 12,806,658	\$ 215,223	\$ 12,591,435

(1) The City's real and personal property taxes are levied each June 1 on the assessed valuation listed as of the prior January 1. The revenue from that levy is recognized in the following fiscal year beginning July 1, the year in which it is intended to finance. Taxes are due in one payment on June 1 (levy date) and delinquent on August 1 (lien date) each tax year. Public utility taxes are mailed after the roll is received from the state, generally around February 1 of each year.

**CITY OF OAK RIDGE, TENNESSEE
LONG-TERM INDEBTEDNESS AND DEBT RATIOS
FOR THE LAST FIVE FISCAL YEARS**

	1997	1998	1999	2000	2001
<u>INDEBTEDNESS</u>					
GENERAL OBLIGATION DEBT:					
General Obligation Bonds	\$ 42,490,000	\$ 41,535,000	\$ 40,520,000	\$ 48,890,000	\$ 29,515,000
Capital Outlay Notes	1,198,936	880,966	559,774	235,199	160,592
Tennessee Municipal Bond Fund Loan	1,247,994	1,229,814	1,210,369	1,189,558	1,167,296
TN-LOANS	-	1,937,848	2,495,438	3,213,000	21,783,000
Tennessee Municipal Bond Fund Equipment Loan	-	-	2,026,681	1,934,027	2,000,890
Capital Leases	-	403,502	355,665	304,881	250,968
TOTAL GENERAL OBLIGATION DEBT	\$ 44,936,930	\$ 45,987,130	\$ 47,167,927	\$ 55,766,665	\$ 54,877,746
REVENUE SUPPORTED DEBT:					
Waterworks Fund TLDA Bonds and Notes	\$ 1,693,707	\$ 1,154,710	\$ 564,283	\$ 142,230	\$ 130,370
Waterworks Fund Tennessee Municipal Bond Fund Loan	6,152,006	6,062,386	5,966,531	5,863,942	5,754,204
Waterworks Fund TN-LOANS	-	2,089,651	2,432,000	2,432,000	2,432,000
Waterworks Fund State Revolving Program Loan	-	-	932,727	7,152,603	12,419,047
Golf Course Fund Notes	6,200,000	6,100,000	7,205,000	7,130,000	7,050,000
Electric Fund Bonds	12,520,016	12,045,000	11,565,000	15,060,000	6,020,000
Electric TN-LOANS	-	2,627,514	3,000,000	2,905,000	13,045,056
TOTAL REVENUE SUPPORTED DEBT	\$ 26,565,729	\$ 30,079,261	\$ 31,665,541	\$ 40,685,775	\$ 46,850,677
TOTAL LONG-TERM DEBT	\$ 71,502,659	\$ 76,066,391	\$ 78,833,468	\$ 96,452,440	\$ 101,728,423
Less: Debt Service Fund	(21,492)	(30,008)	(9,761)	(41,667)	(85,765)
Less: Revenue Supported	(26,565,729)	(30,079,261)	(31,665,541)	(40,685,775)	(46,850,677)
NET GENERAL OBLIGATION DEBT	\$ 44,915,438	\$ 45,957,122	\$ 47,158,166	\$ 55,724,998	\$ 54,791,981
OVERLAPPING DEBT - (1)	10,274,457	10,583,669	9,814,754	10,358,037	8,970,008
NET GENERAL OBLIGATION & OVERLAPPING DEBT	\$ 55,189,895	\$ 56,540,791	\$ 56,972,920	\$ 66,083,035	\$ 63,761,989
<u>TOTAL PROPERTY TAXES</u>					
Actual Value	\$ 1,607,102,342	\$ 1,614,068,629	\$ 1,671,815,260	\$ 1,679,740,886	\$ 1,834,064,739
Appraised Value	1,382,108,014	1,388,099,021	1,671,815,260	1,679,740,886	1,684,771,869
Assessed Value	425,185,580	422,733,763	501,652,381	506,990,597	504,672,547

(Continued)

**CITY OF OAK RIDGE, TENNESSEE
LONG-TERM INDEBTEDNESS AND DEBT RATIOS
FOR THE LAST FIVE FISCAL YEARS**

	1997	1998	1999	2000	2001
DEBT RATIOS					
TOTAL LONG TERM DEBT to Actual Value	4.45%	4.71%	4.72%	5.74%	5.55%
TOTAL LONG TERM DEBT to Appraised Value	5.17%	5.48%	4.72%	5.74%	6.04%
TOTAL LONG TERM DEBT to Assessed Value	16.82%	17.99%	15.71%	19.02%	20.16%
NET GENERAL OBLIGATION DEBT to Actual Value	2.79%	2.85%	2.82%	3.32%	2.99%
NET GENERAL OBLIGATION DEBT to Appraised Value	3.25%	3.31%	2.82%	3.32%	3.25%
NET GENERAL OBLIGATION DEBT to Assessed Value	10.56%	10.87%	9.40%	10.99%	10.86%
OVERLAPPING DEBT to Actual Value	0.64%	0.66%	0.59%	0.62%	0.49%
OVERLAPPING DEBT to Appraised Value	0.74%	0.76%	0.59%	0.62%	0.53%
OVERLAPPING DEBT to Assessed Value	2.42%	2.50%	1.96%	2.04%	1.78%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Actual Value	3.43%	3.50%	3.41%	3.93%	3.48%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Appraised Value	3.99%	4.07%	3.41%	3.93%	3.78%
NET GENERAL OBLIGATION & OVERLAPPING DEBT to Assessed Value	12.98%	13.38%	11.36%	13.03%	12.63%
PER CAPITA RATIOS					
POPULATION (2)	27,310	27,310	27,310	27,387	27,387
PER CAPITA PERSONAL INCOME (3)	\$ 22,130	\$ 24,337	\$ 25,181	\$ 25,181	\$ 25,181
Actual Value to POPULATION	\$ 58,847	\$ 59,102	\$ 61,216	\$ 61,334	\$ 66,968
Assessed Value to POPULATION	\$ 15,569	\$ 15,479	\$ 18,369	\$ 18,512	\$ 18,427
TOTAL LONG TERM DEBT to POPULATION	\$ 2,618	\$ 2,785	\$ 2,887	\$ 3,522	\$ 3,714
NET GENERAL OBLIGATION DEBT to POPULATION	\$ 1,645	\$ 1,683	\$ 1,727	\$ 2,035	\$ 2,001
OVERLAPPING DEBT to POPULATION	\$ 376	\$ 388	\$ 359	\$ 378	\$ 328
NET GENERAL OBLIGATION & OVERLAPPING DEBT to POPULATION	\$ 2,021	\$ 2,070	\$ 2,086	\$ 2,413	\$ 2,328
Total Long-Term Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	11.83%	11.44%	11.46%	13.99%	14.75%
NET GENERAL OBLIGATION DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	7.43%	6.91%	6.86%	8.08%	7.95%
OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	1.70%	1.59%	1.43%	1.50%	1.30%
NET GENERAL OBLIGATION & OVERLAPPING DEBT Capita as a % of PER CAPITA PERSONAL INCOME	9.13%	8.51%	8.28%	9.58%	9.25%

(1) OVERLAPPING DEBT includes that portion of debt for those portions of Anderson and Roane Counties located within the City boundaries.

(2) Per Capita computations are based upon population data according to the 1990 and 2000 U.S. Census.

(3) PER CAPITA PERSONAL INCOME is based upon most current data available from the U.S. Department of Commerce for Anderson County.

CITY OF OAK RIDGE, TENNESSEE

RATIO OF NET GENERAL OBLIGATION DEBT (1)
TO ASSESSED VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	Population*	Assessed Value	General Obligation (1) Debt	Debt Service Monies Available	Net General Obligation Debt	Ratio of Net General Obligation Debt to Assessed Value	Net General Obligation Debt Per Capita
1992	27,310	\$ 258,288,561	\$ 19,453,169	\$ 555,290	\$ 18,897,879	7.32%	\$ 692
1993	27,310	370,648,904 (2)	19,274,648	284,790	18,989,858	5.12%	695
1994	27,310	390,242,229	18,816,127	138,255	18,677,872	4.79%	684
1995	27,310	400,453,370	30,362,606	2,194	30,360,412	7.58%	1112
1996	27,310	410,291,758	29,996,636	18,139	29,978,497	7.31%	1,098
1997	27,310	425,185,580	44,936,930	21,492	44,915,438	10.56%	1,645
1998	27,310	422,733,763	45,987,130	30,008	45,957,122	10.87%	1,683
1999	27,310	501,652,381 (2)	47,167,927	9,761	47,158,166	9.40%	1,727
2000	27,387	506,990,597	55,766,665	41,667	55,724,998	10.99%	2,035
2001	27,387	504,672,547	54,877,746	85,765	54,791,981	10.86%	2,001

*Source: U.S. Census

(1) This excludes general obligation debt in which debt service is to be funded through an Enterprise Fund.

(2) The assessed value reflects a reappraisal of real property.

CITY OF OAK RIDGE, TENNESSEE
COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2001

Appraised Value	\$ 1,684,771,869
Debt Limit 10 Percent of Appraised Value	\$ 168,477,187
Less Debt Applicable to Debt Limit:	
GO Refunding Bonds, Series 1993	3,485,000
GO School Bonds, Series 1995	710,000
GO Public Improvement Bonds, Series 1996	1,905,000
GO Refunding Bonds, Series 2000	935,000
GO Refunding Bonds, Series 2001	22,480,000
TMBF Loan, 1994	6,921,500
School Energy Loan	160,592
Golf Course Fund Series 1998	7,050,000
TN-LOANS, 1998	8,450,000
TN-LOANS, 2001	18,570,000
State Revolving Program Loan	12,419,047
TMBF Equipment Loan, 1998	2,000,890
Total General Obligation Debt (1)	85,087,029
Legal Debt Margin	\$ 83,390,158

Note: Limitation on Borrowing Power: Home Rule Charter - Article IV, Section 12.

"The total amount of bonds or other evidence of indebtedness secured by the full faith and credit of the City that shall be outstanding at any one time shall not exceed 10% of the total appraised valuation of all real estate lying within the city limits."

- (1) Not listed above is authorized and available lines of credit of \$4,550,953 through the State Revolving Loan Program for future wastewater projects. Subsequent to June 30, 2001, City Council authorized the issuance of \$1,000,000 in debt to fund the expansion of the Scarboro Center and \$3,000,000 in debt to fund future water and wastewater projects.
- (2) The above includes debt that is scheduled to be funded through the revenues of a Proprietary Fund, but is legally secured by the full faith and credit of the City.

CITY OF OAK RIDGE, TENNESSEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2001

<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	\$ 29,429,235	100%	\$ 29,429,235
Capital Outlay Notes	160,592	100%	160,592
Tennessee Municipal Bond Fund Loan	3,168,186	100%	3,168,186
TN-LOANS	21,783,000	100%	21,783,000
Capital Lease	<u>250,968</u>	100%	<u>250,968</u>
Total Direct Debt	<u>54,791,981</u>		<u>54,791,981</u>
Overlapping:			
Anderson County, Tennessee	15,260,000	46.93%	• 7,161,060
Roane County, Tennessee	<u>19,514,000</u>	9.27%	• <u>1,808,948</u>
Total Overlapping Debt	<u>34,774,000</u>		<u>8,970,008</u>
Total Direct and Overlapping Debt	<u>\$ 89,565,981</u>		<u>\$ 63,761,989</u>

- 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

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
OBLIGATION DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES (1)

LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest and Fiscal Charges	Arbitrage Rebate	Total Debt Service	Total General Governmental Expenditures (2)	Ratio of Debt Service to General Governmental Expenditures
1992	\$ 983,521	\$ 1,300,165	\$ 8,799	\$ 2,292,485	\$ 38,136,577	6.0%
1993	1,073,521	962,351	5,268	2,041,140	42,796,471	4.8%
1994	1,093,521	974,638	4,001	2,072,160	43,929,453	4.7%
1995	818,521	942,664	-	1,761,185	46,761,459	3.8%
1996	898,521	1,345,984	-	2,244,505	48,389,349	4.6%
1997	1,059,901	1,818,897	-	2,878,798	52,964,827	5.4%
1998	1,291,150	2,414,177	-	3,705,327	53,675,940	6.9%
1999	1,355,637	2,400,695	-	3,756,332	54,440,372	6.9%
2000	1,975,387	2,346,695	-	4,322,082	55,952,698	7.7%
2001	2,196,869	2,876,185	-	5,073,054	61,314,811	8.3%

(1) This excludes general obligation debt in which debt service will be funded through a Proprietary Fund.

(2) Includes General, Special Revenue and Debt Service Funds.

CITY OF OAK RIDGE, TENNESSEE

REVENUE BOND COVERAGE
ELECTRIC SYSTEM BONDS

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
1992	\$ 23,239,408	\$ 22,515,711	\$ 723,697	\$ 95,000	\$ 230,672	\$ 325,672	2.22
1993	24,628,922	23,351,800	1,277,122	100,000	224,782	324,782	3.93
1994	26,336,296	24,315,416	2,020,880	200,000	266,640	466,640	4.33
1995	25,883,506	23,831,585	2,051,921	205,000	311,168	516,168	3.98
1996	28,554,493	25,758,587	2,795,906	215,000	774,274	989,274	2.83
1997	27,576,939	25,622,088	1,954,851	225,000	732,621	957,621	2.04
1998	30,171,408	27,718,138	2,453,270	460,000	701,162	1,161,162	2.11
1999	30,317,007	27,773,119	2,543,888	480,000	740,858	1,220,858	2.08
2000	30,654,173	28,784,333	1,869,840	600,000	767,181	1,367,181	1.37
2001	33,291,474	29,404,337	3,887,137	899,944	1,275,692	2,175,636	1.79

NOTE:

- (1) Includes operating and nonoperating revenues.
(2) Total operating expenses exclusive of depreciation.

CITY OF OAK RIDGE, TENNESSEE

PROPERTY VALUE AND CONSTRUCTION

LAST TEN FISCAL YEARS

Fiscal Year	Residential and Commercial Construction (1)		Property Value (2) (3)
	Number of Units	Value	
1992	1,003	\$ 43,528,517	\$ 848,402,837
1993	1,117	31,696,321	1,211,741,054
1994	948	34,699,037	1,274,312,988
1995	826	40,625,694	1,306,718,147
1996	838	26,559,519	1,339,813,723
1997	588	12,670,012	1,382,108,014
1998	479	26,469,935	1,388,099,021
1999	453	25,702,368	1,671,815,260
2000	510	27,806,864	1,679,740,886
2001	426	17,997,402	1,684,771,869

Notes:

- (1) Based on building permits issued by the City's Permit Office of which values are estimated construction cost.
- (2) Estimated Actual Value.
- (3) Includes Residential and Commercial.

CITY OF OAK RIDGE, TENNESSEE
PRINCIPAL TAXPAYERS
TAX YEAR 2000
(FOR FISCAL YEAR 2001)

Taxpayer	Type of Business	2000 Assessed Valuation	Percentage of Total Assessed Valuation
Boeing Tennessee Inc.	Manufacturing and Engineering	\$ 14,707,219	2.91%
BellSouth	Communications	11,365,778	2.25%
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	10,676,040	2.12%
Crown America	Shopping Mall/Misc. Development	9,808,689	1.94%
Methodist Medical Center of Oak Ridge	Health Services	8,628,040	1.71%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	6,698,925	1.33%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	5,437,061	1.08%
Southern Management Development	Apartment Complexes	5,201,311	1.03%
Richard Chinn	Entrepreneur	4,081,005	0.81%
Seward Norris Construction (AKA Rivers Run & Castlewood)	Real Estate Developer	<u>3,267,135</u>	<u>0.65%</u>
TOTAL		<u>\$ 79,871,203</u>	<u>15.83%</u>

*Does not include in-lieu of tax payments.

CITY OF OAK RIDGE, TENNESSEE
TEN LARGEST ELECTRIC CUSTOMERS
For the Fiscal Year Ending June 30, 2001

Customer	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Percentage Of Total Sales
City of Oak Ridge	35,880	19,263,749	\$ 1,665,311	5.11%
Scientific Ecology Group (SEG) (AKA GTS Duratek)	(1)	29,260,372	1,192,419	3.66%
Boeing	(1)	26,897,088	1,164,941	3.57%
Methodist Medical Center	39,899	18,862,587	1,100,895	3.38%
BNFL Inc.	42,509	18,183,109	1,098,871	3.37%
Oak Ridge Board Of Education	37,355	13,307,638	868,499	2.66%
UT-Battelle LLC	21,809	11,471,349	634,108	1.94%
International Environmental Resources (AKA Manufacturing Sciences)	20,457	11,399,520	623,577	1.91%
US Department of Energy	20,260	9,652,941	558,064	1.71%
Perkinelmer Instruments	16,462	8,846,920	<u>483,322</u>	<u>1.48%</u>
Total			<u>\$ 9,390,007</u>	<u>28.79%</u>

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

CITY OF OAK RIDGE, TENNESSEE
INSURANCE IN FORCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

Type of Coverage/ Insurance Carrier	Policy Number	Policy Period	Details of Coverage	Claim Dollar Limits	Annual Premium
<u>City, Excluding Schools:</u>					
Comprehensive General Liabilities/ TN Municipal League Insurance Pool	TML 079 03	7/1/00 - 6/30/01	General Liability	\$ 2,000,000	\$ 138,330
			Auto Liability	2,000,000	
			Auto Physical Damage	20,000 to 110,000	
			Errors and Omissions	2,000,000	
	TWC 0050 01	7/1/00 - 6/30/01	Worker's Compensation	N/A	55,200
Employee Fidelity Assurance Center	441CF0050	7/1/00 - 6/30/01	Employee Fidelity	\$500,000 Blanket Bond	1,911
Environmental Policy- Water Treatment Plant Greenwich Insurance Company	PEC0002643	5/1/00 - 4/31/10	Pollution Policy	\$ 25,000,000	293,162
Unemployment Compensation Self Insured					
<u>Schools:</u>					
Comprehensive General Liability/ TN Municipal League	TML 0078-03	7/01/00 - 7/01/03	General Liability	\$130,000/350,000/50,000	6,143
			Auto Liability & Physical	130,000/350,000/50,000	19,603
			Errors and Omissions	50,000	6,637
	TWC 0049-00	7/01/00 - 7/01/03	Worker's Compensation	Statutory	200,244
	TML 303-01	12/03/00 - 12/03/01	Driver's Education	130,000/350,000/50,000	1,029
Surety Bond - Dr. Randy McCoy Cincinnati Insurance Company	8312975	7/01/00 - 7/01/01	Dishonesty	\$767,200 Aggregate	2,301
Surety - Public Employee Blanket Bond St. Paul Insurance Company	441CF0122	7/01/99 - 7/01/02	Dishonesty - All Employees	\$250,000 Per Incident	2,598
<u>City and School Property</u>					
Boiler and Machinery The Traveler's Insurance Company	P-630-438X5992	7/01/00 - 7/01/01	Boilers	\$ 10,000,000	23,963
Property and Casualty The Traveler's Insurance Company	P-630-438X5992	7/01/00 - 7/01/01	City & School Facilities All Risks	\$ 50,000,000	<u>100,314</u>
Total Premium					<u>\$ 851,435</u>

CITY OF OAK RIDGE, TENNESSEE

DEMOGRAPHIC STATISTICS

1980 AND 1990 CENSUS YEAR INFORMATION AND LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	(2) Per Capita Income	(2) Median Age	(2) Unemployment Rate	School Enrollment
1980	27,662	\$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	17,661 (1)	39.6 (1)	4.9% (1)	4,432
1992	27,310	18,587	(3)	5.7%	4,627
1993	27,310	19,076	(3)	4.9%	4,667
1994	27,310	19,836	(3)	3.9%	4,769
1995	27,310	21,621	(3)	4.0%	4,810
1996	27,310	22,292	(3)	4.8%	4,965
1997	27,310	22,130	(3)	5.6%	4,845
1998	27,310	24,337	(3)	3.6%	4,801
1999	27,310	25,181	(3)	3.6%	4,639
2000	27,387	(3)	43.4 (1)	(3)	4,491
2001	27,387	(3)	(3)	(3)	4,398

NOTE:

- (1) Source: U. S. Census Bureau. Statistic is for the City of Oak Ridge
- (2) Source: East Tennessee Development District. 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
CHANGES IN ENTERPRISE FUND FIXED ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Fixed Assets June 30, 2000	Additions (1)	Reductions (1)	Fixed Assets June 30, 2001	Accumulated Depreciation	Net Fixed Assets June 30, 2001
Electric Fund						
Land	\$ 241,055	\$ 276,800	\$ -	\$ 517,855	\$ -	\$ 517,855
Buildings	316,041	-	-	316,041	184,821	131,220
Machinery and equipment	43,129,357	2,106,413	308,274	44,927,496	15,407,475	29,520,021
Construction in progress	2,398,749	640,478	-	3,039,227	-	3,039,227
Total Electric Fund	\$ 46,085,202	\$ 3,023,691	\$ 308,274	\$ 48,800,619	\$ 15,592,296	\$ 33,208,323
Waterworks Fund						
Land	\$ 137,018	\$ -	\$ -	\$ 137,018	\$ -	\$ 137,018
Buildings	20,838,261	99,406	-	20,937,667	4,831,930	16,105,737
Improvements other than buildings	6,862,164	4,471,363	-	11,333,527	1,003,032	10,330,495
Machinery and equipment	51,536,055	3,856,277	44,629	55,347,703	19,039,806	36,307,897
Construction in progress	18,155	8,167,558	8,160,765	24,948	-	24,948
Total Waterworks Fund	\$ 79,391,653	\$ 16,594,604	\$ 8,205,394	\$ 87,780,863	\$ 24,874,768	\$ 62,906,095
Emergency Communications District Fund						
Buildings	\$ 28,975	\$ -	\$ -	\$ 28,975	\$ 20,719	\$ 8,256
Machinery and equipment	215,866	-	22,705	193,161	131,871	61,290
Total Emergency Communications District Fund	\$ 244,841	\$ -	\$ 22,705	\$ 222,136	\$ 152,590	\$ 69,546
Golf Course Fund						
Land	\$ 1,222,193	\$ -	\$ -	\$ 1,222,193	\$ -	\$ 1,222,193
Buildings	878,855	-	-	878,855	87,806	791,049
Improvements other than buildings	5,763,336	852	-	5,764,188	944,325	4,819,863
Machinery and equipment	341,380	-	-	341,380	268,269	73,111
Total Golf Course Fund	\$ 8,205,764	\$ 852	\$ -	\$ 8,206,616	\$ 1,300,400	\$ 6,906,216
Total Enterprise Funds	\$ 133,927,460	\$ 19,619,147	\$ 8,536,373	\$ 145,010,234	\$ 41,920,054	\$ 103,090,180

(1) Additions and reductions include transfers between asset types.

CITY OF OAK RIDGE, TENNESSEE

ELECTRICAL SYSTEM DATA

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

RESIDENTIAL RATE

Energy Charge Per Month:
6.240 cents per kilowatt-hour

Customer Charge:
\$5.80 per delivery point per month

COMMERCIAL RATE

Customers with a demand of less than 50 kilowatts and with energy takings less than 15,000 kilowatt-hours:

Energy Charge per Month:
6.756 cents per kWh per month

Customer Charge:
\$15.00 per delivery point per month

Customers with a demand of (a) greater than 50 kilowatts but less than 1,000 kilowatts or (b) a demand of less than 50 kilowatts but with energy takings exceeding 15,000 kilowatt-hours:

Demand Charge Per Month:
First 50 kilowatt-hours at no demand charge
Excess over 50 kilowatts at \$9.94 per kW

Customer Charge:
\$30.00 per delivery point per month

Energy Charge per Month:
First 15,000 kilowatt-hours at 7.000 cents per kWh
Additional kilowatt-hours at 3.587 cents per kWh

Customers with demand exceeding 1,000 kilowatts:

Demand Charge Per Month:
First 1,000 kilowatts at \$9.41 per kW
Next 1,500 kilowatts at \$10.56 per kW
Excess over 2,500 kilowatts at \$10.98 per kW

Customer Charge:
\$80.00 per delivery point per month

Energy Charge Per Month:
3.665 cents per kilowatt-hour

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

CITY OF OAK RIDGE, TENNESSEE

**ELECTRICAL SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

CLASS OF SERVICE:	<u>Consumers - June</u>		<u>Electric Sales This Year</u>	
	<u>This Year</u>	<u>Last Year</u>	<u>Kilowatt Hours</u>	<u>Amount</u>
Residential	12,648	12,700	164,735,264	\$ 11,019,943
Small lighting and power	1,564	1,558	35,280,511	2,664,985
Large lighting and power	412	366	308,855,860	17,836,007
Street and outdoor lighting	62	61	9,707,902	1,092,560
Totals	<u>14,686</u>	<u>14,685</u>	<u>518,579,537</u>	<u>\$ 32,613,495</u>

	<u>Purchased Power This Year</u>	
	<u>Kilowatt Hours</u>	<u>Amount</u>
Power billings for the year	<u>533,000,199</u>	<u>\$ 24,457,044</u>

LINE LOSSES AND COST PER KILOWATT-HOUR PURCHASED

Kilowatt-hours purchased (per above)	533,000,199
Kilowatt-hours sold (per above)	<u>518,579,537</u>
Line losses and kilowatt-hours unaccounted for	<u>14,420,662</u>
Percentage of losses and unaccounted for kilowatt-hours to purchases	<u>2.71%</u>
Cost per kilowatt-hour purchases	<u>\$0.0459</u>

OTHER STATISTICS

Miles of electric lines	<u>270.84</u>
Number of regular street lights	<u>5,319</u>
Number of private outdoor lights	<u>1,530</u>

CITY OF OAK RIDGE, TENNESSEE
WATER SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

1. Commodity charge:

First 2,000 gallons or any part thereof	\$ 8.01 per month
Next 8,000 gallons	3.10 per thousand
Next 40,000 gallons	2.77 per thousand
Next 150,000 gallons	2.29 per thousand
Next 800,000 gallons	1.90 per thousand
Next 1,000,000 gallons	1.56 per thousand
United States Department of Energy:	
Treated Water	\$ 0.62 per thousand
Raw Water	0.155 per thousand

2. Minimum monthly billings:

For customers using 5/8" or 3/4" meter	\$ 8.01 per month
For customers using 1" or 1-1/4" meter	20.80 per month
For customers using 1-1/2" meter	37.68 per month
For customers using 2" meter	69.67 per month
For customers using 3" meter	117.22 per month
For customers using 4" meter or larger meter	166.68 per month

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

CITY OF OAK RIDGE, TENNESSEE
WATER SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

CLASS OF SERVICE:	Consumers - June		Water Sales
	This Year	Last Year	Fiscal Year 2001
Residential	10,747	10,745	\$ 2,315,806
Commercial	1,427	1,407	1,325,445
U.S. Department of Energy (DOE)	1	1	1,997,357
Public fire protection (fire hydrants)	1	1	42,590
Totals	12,177	12,155	\$ 5,681,198

LINE LOSSES AND COST PER GALLON

Gallons treated (Thousands)	4,374,438
Treated gallons sold to DOE (Thousands)	2,829,408
Gallons sold - residential and commercial customers (Thousands)	<u>1,165,517</u>
Line losses and gallons unaccounted for (Thousands)	<u>379,513</u>
Percentage of losses and unaccounted for gallons to purchases	<u>8.68%</u>

OTHER STATISTICS

Average daily water consumption (gallons)	<u>10,945,000</u>
Miles of water mains	<u>222.00</u>
Number of fire hydrants	<u>2,481</u>

CITY OF OAK RIDGE, TENNESSEE

**WASTEWATER TREATMENT SYSTEM DATA
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<u>CLASS OF SERVICE:</u>	<u>Consumers - June</u>		<u>Wastewater Fees</u>
	<u>This Year</u>	<u>Last Year</u>	<u>Fiscal Year 2001</u>
Residential	10,468	10,481	\$ 2,241,469
Commercial	1,195	1,191	2,701,878
Totals	11,663	11,672	\$ 4,943,347

WASTEWATER TREATMENT:

Clinch River Industrial Park Plant:	
Capacity daily (gallons)	<u>10,000</u>
Treatment during Fiscal Year 2001 (gallons)	<u>1,500,000</u>
West End Plant:	
Capacity daily (gallons)	<u>5,870,000</u>
Treatment during Fiscal Year 2001 (gallons)	<u>1,500,000,000</u>

COLLECTION SYSTEM:

Miles of sewer mains	<u>240.00</u>
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WASTEWATER TREATMENT RATE:

Recover of Total Cost:	
First 2,000 gallons per month or any part thereof	\$10.25 flat rate
Next 8,000 gallons per month	\$2.94 per thousand gallons
Next 40,000 gallons per month	\$4.38 per thousand gallons
Next 50,000 gallons per month	\$4.20 per thousand gallons

Minimum Charge per Month

The total wastewater charge shall be no less than \$10.25 per month.

Maximum Charge per Month

The following terms are defined:

 Winter Period - November 2 through May 1.

 Summer Period - May 2 through November 1.

Residential meter readings taken during the Summer Period shall be subject to a maximum monthly charge. The maximum charge shall be computed using the rates in effect applied to the highest monthly meter reading taken during the preceding Winter Period.

The maximum charge set forth herein is not applicable unless a residential customer has maintained water service at the metered location continuously during the preceding Winter Period.

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

CITY OF OAK RIDGE, TENNESSEE

Table 22

**OTHER STATISTICAL DATA
JUNE 30, 2001**

Population (2000 Census)	27,387
Date of incorporation	June 16, 1959
Date of adoption of City Charter	May 5, 1959
Date City took over operations from U. S. Atomic Energy Commission	June 1, 1960
Form of government	Modified City Manager-Council
Number of Council Members (elected at large for a four-year term, staggered so that approximately half of the Council is elected every two years Mayor (Council elects one of their members for a two-year term)	7
City employees (not including schools):	
Regular Full-Time	339
Seasonal Full-Time	35
Temporary Full-Time	0
Regular Part-Time	4
Seasonal Part-Time	9
Temporary Part-Time	25
Total	412
Area of City	92 square miles
Miles of roads and streets:	
Asphalt	186.5
Bituminous	24.52
Miles of sidewalks:	
Asphalt	55.12
Concrete	43.61
ELECTIONS - (June 5, 2001 general election):	
Registered voters	18,513
Number of registered voters voting	4,239
Percentage of registered voters voting	22.90
FIRE PROTECTION:	
Classification	Class 3
Number of stations	3
Number of full-time employees	43
Number of on-call Fire Specialists	27
Number of fire trucks (pumpers and ladder) radio equipped	6
Number of rescue vehicles - radio equipped	2
Number of sedans - radio equipped	3
Number of Fire Specialists' pickup trucks	5
Number of fire hydrants	2,481
Per-capita fire loss	\$19.53

(continued)

CITY OF OAK RIDGE, TENNESSEE

Table 22
(Cont.)

**OTHER STATISTICAL DATA
JUNE 30, 2001**

POLICE PROTECTION:

Number of stations	1
Number of employees:	
Police Officers	59
Records and support personnel	4
Emergency dispatchers	8
Animal Control Officers	3
School crossing guards (part-time)	2
Criminal offenses:	
Serious	1,998
Minor	11,702
Total calls for service	32,258
Number of vehicles:	
Marked	23
Unmarked	5
Animal control	2
Other	9

EDUCATION - PUBLIC SCHOOL SYSTEM:

	<u>Number</u>	<u>ADM</u>	<u>ADA</u>	<u>Teacher - Pupil Ratio</u>
Senior High (Grades 9, through 12)	1	1,549	1,474	1 to 13.70
Middle Schools (Grades 5 through 8)	2	1,417	1,349	1 to 12.90
Elementary Schools (Grade K through 4)	4	1,434	1,344	1 to 15.20
Other (special education)		<u>51</u>	<u>46</u>	
Total Students		<u>4,451</u>	<u>4,213</u>	
Certified Staff	423			
Non-certified Personnel	<u>276</u>			
Total Personnel	<u>699</u>			

RECREATION:

Parks (total acres)	2,237
Number developed	12
Number undeveloped	2
Number of playground (summer)	1
Number of swimming pools	2
Number of tennis courts	22
Number of baseball parks	5
Number of softball parks	6
Number of gymnasiums	1
Number of golf courses	2
Number of soccer fields	9
Number of marina slips	30

UTILITIES:

Electric -	City-owned (statements and statistics are included in this report).
Water -	City-owned (statements and statistics are included in this report).
Sewer -	City-owned (statements and statistics are included in this report).
Gas -	Natural gas system owned and operated by the Oak Ridge Utility District.
Telephone -	Oak Ridge is served by South Central Bell Telephone Company.
Railroads -	Oak Ridge is served by two railroads - Seaboard System and Southern (freight only).
Airports -	Limousine service to McGhee-Tyson Airport at Knoxville (40 minute drive).