



Comprehensive Annual Financial Report
City of Oak Ridge, Tennessee

For the Fiscal Year Ended
June 30, 2013

CITY OF OAK RIDGE, TENNESSEE

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2013

**Prepared by
FINANCE DEPARTMENT**

**City of Oak Ridge, Tennessee
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

Table of Contents

	<u>Page</u>
Introductory Section - Unaudited	
Letter of Transmittal	i
GFOA Certificate of Achievement	viii
Organizational Chart	ix
City Officials	x
Financial Section	
Independent Auditor's Report	1
Management Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and Annually Budgeted Major Special Revenue Fund – School Fund	21
Statements of Net Position – Proprietary Funds	23
Statements of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	24
Statements of Cash Flows – Proprietary Funds	25
Statement of Fiduciary Net Position – Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	28
Notes to Financial Statements	30
Required Supplementary Information	81

	<u>Page</u>
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	85
Economic Diversification Fund:	
Comparative Balance Sheets	86
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	87
State Street Aid Fund:	
Comparative Balance Sheets	88
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	89
Street and Public Transportation Fund:	
Comparative Balance Sheets	90
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	91
Grant Fund:	
Comparative Balance Sheets	92
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	93
Drug Enforcement Program Fund:	
Comparative Balance Sheets	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	95
Golf Course Fund:	
Comparative Balance Sheets	96
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	97
West End Fund:	
Comparative Balance Sheets	98
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	99
Special Programs Fund:	
Comparative Balance Sheets	100
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	101
Combining Statement of Net Position – Internal Service Funds	103
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position – Internal Service Funds	104
Combining Statement of Cash Flows – Internal Service Funds	105

	<u>Page</u>
General Fund:	
Comparative Balance Sheets	107
Schedule of Revenues	108
Schedule of Expenditures by Function	110
School Fund:	
Comparative Balance Sheets	112
Schedule of Revenues Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	113
Capital Projects Fund:	
Comparative Balance Sheets	114
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	115
Debt Service Fund:	
Comparative Balance Sheets	116
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (Budgetary Basis) and Actual	117
Other Supplementary Information:	
Governmental Activities Principal and Interest - Requirements by Fiscal Year:	
General Obligation Bonds	118
Notes Payable	119
Bond Principal and Interest - Requirements by Fiscal Year:	
Electric Fund	120
Waterworks Fund	121
Note Principal and Interest - Requirements by Fiscal Year:	
Electric Fund	122
Waterworks Fund	123
Emergency Communications District Fund	
Capital Lease Amortization - Principal and Interest	124

Statistical Section - Unaudited

	<u>Table</u>	
Table of Content		125-126
Net Position by Component – Last Ten Fiscal Years	1	127
Changes in Net Position – Last Ten Years	2	128-129
Fund Balances, Governmental Funds – Last Ten Fiscal Years	3	130
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	4	131
Tax Revenue By Source, Governmental Funds – Last Ten Fiscal Years	5	132
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	6	133
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	7	134
Principal Property Taxpayers – Current and Nine Years Ago	8	135
Property Tax Levies and Collections – Last Ten Fiscal Years	9	136
Schedule of Changes in Property Tax Receivables	10	137
Local Taxable Sales By Category – Last Ten Calendar Years	11	138
Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years	12	139
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	13	140

	<u>Table</u>	<u>Page</u>
Table of Content		
Ratios of General Bonded Debt Outstanding– Last Ten Fiscal Years	14	141
Computation of Direct and Overlapping Debt	15	142
Pledged - Revenue Coverage – Last Ten Fiscal Years	16	143
Demographic Statistics	17	144
Principal Employers – Current and Nine Years Ago	18	145
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years	19	146-147
Operating Indicators by Function/Program – Last Ten Fiscal Years	20	148-149
Capital Assets Statistic by Function/Program – Last Ten Fiscal Years	21	150
Revenues for Electric and Waterworks Funds – Last Ten Fiscal Years	22	151
Electric, Water and Wastewater Rates	23	152
Electric, Water and Wastewater Sold by Type of Customers – Last Ten Fiscal Years	24	153
Ten Largest Electric Customers – Current and Nine Years Ago	25	154
AWWA Water Audit Reporting Worksheet for the Year Ended June 30, 2013	26	155

Single Audit Report and Findings and Recommendations

Schedule of Federal and State Financial Assistance Activity	156
Notes to the Schedule of Federal and State Financial Assistance Activity	157
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	158-159
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	160-161
Schedule of Findings and Questioned Costs	162-165
Corrective Action Plan	166

CITY OF OAK RIDGE



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January 31, 2014

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

The Comprehensive Annual Financial Report (CAFR) of the City of Oak Ridge, Tennessee, for the fiscal year ended June 30, 2013, is hereby submitted. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and have been audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Oak Ridge. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Oak Ridge has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Oak Ridge's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Oak Ridge's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Oak Ridge's financial statements have been audited by Pugh & Company, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Oak Ridge, for the fiscal year ended June 30, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Oak Ridge's financial statements for the fiscal year ended June 30, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Oak Ridge

The City of Oak Ridge, incorporated on June 16, 1959, is located in the eastern part of the State, occupying the southern portion of Anderson County and an eastern portion of Roane County. The population of Oak Ridge according to the 2010 census is 29,330.

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

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

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

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

Industrial Development Board and the Oak Ridge Health and Educational Facilities Board have not met the established criteria for inclusion; and, accordingly, are excluded from this report.

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

After one or more council meetings devoted to guidance to the city manager with respect to the budget to be submitted, the City Manager submits to the council a proposed budget for the next fiscal year. As part of the budget preparation, the City Manager meets with City departments who outline requirements and challenges related to their departmental operating budgets. The Finance Department quantifies preliminary budget information, including revenue projections, for preparation of the City Manager's proposed budget. Prior to the first reading of the budget ordinance, the City Manager presents the proposed budget for the upcoming fiscal year to City Council at a work session or council meeting. The Board of Education also presents the School Fund budget prior to final reading of the budget ordinance which includes a request for appropriation of City funds to meet program obligations. Budget work sessions may be held with City Council during budget deliberations to provide a detailed review of the proposed operating and capital improvements budgets. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget and tax rate prior to the start of the City's fiscal year on July 1.

The budget is presented by fund, function (e.g., public safety), and department (e.g., police). The budget is legally appropriated at the fund level. Department heads may make transfers of appropriations within a department and the City Manager may make transfers of appropriations between departments. Transfers of appropriation between funds, however, require approval of City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and school fund, this comparison is presented on pages 21-22 as part of the basic financial statements for the governmental funds. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 86. The comparison for the capital projects and debt service funds are presented on pages 115 and 117, respectively.

Factors Affecting Financial Condition

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

Local economy. The City of Oak Ridge currently enjoys a stronger economic environment with several major development projects in the planning or in the initial stages of construction. Recently, the development pace has escalated, particularly in the retail sector. Oak Ridge has not been impacted as much as many areas in the country during the recent nationwide economic downturn due to the large presence of the federal government in Oak Ridge and the federal stimulus money awarded to those entities.

Located at Oak Ridge National Laboratory (ORNL), is the Spallation Neutron Source (SNS) accelerator project which was built by a partnership of six U.S. Department of Energy laboratories and provides the most intense pulsed neutron beams in the world for scientific research and industrial development. At full power, SNS will deliver 1.4 million watts (1.4 MW) of

beam power onto the target. Scientists from around the world visit each year to study materials that will form the basis for new technologies in telecommunications, manufacturing, transportation, information, biotechnology and health. The complex includes the Joint Institute for Neutron Sciences, a 32,000 square-foot facility supporting users who come to Oak Ridge for experiments at the SNS and the High Flux Isotope Reactor and a guest house, providing an on-site hotel for scientists conducting experiments at the ORNL facilities.

In 2005, construction of a \$50 million private sector funded complex was completed at ORNL to house a new supercomputer. This was the first privately owned facility to be located on the federal reservation on which the City received real property tax payments based on the appraised value of the building. With three similar type facilities completed at ORNL and the Y-12 complex, the construction of taxable facilities on federal property represents a significant revenue stream for the City. In fiscal 2013, the real property taxes on these facilities were \$1,909,660.

Phase I of the Science and Technology Park on the ORNL campus is complete and two buildings totaling 155,000 square feet are now occupied by more than 15 companies. Future development phases will enable the S&T Park to grow to nearly 30 acres and up to 350,000 square feet of offices and laboratories to help meet ORNL's goal of successful technology transfer and commercialization.

Design and site work is underway for the estimated \$6.5 billion Uranium Processing Facility (UPF) at the Y-12 Complex in Oak Ridge. The UPF is a multibillion dollar project that will take nearly ten years to complete. The project is already generating increased employment with at least 20 companies involved in design work and other preparations. The project is expected to generate significant sales and use taxes for the City during the construction phase of the UPF.

The Department of Energy (DOE) is funding a five-year project to design, license and help commercialize small, modular nuclear reactors (SMR's) in the US. DOE will fund up to half the cost of the \$450 million project under a cost-share agreement with Babcock & Wilcox (B & W), the lead company selected to implement it. The Tennessee Valley Authority and Bechtel are also partners. DOE says it expects Nuclear Regulatory Commission licensing and achievement of commercial operations by 2022. TVA is preparing an application to the Nuclear Regulatory Commission to license up to four B & W mPower SMRs at its Clinch River site in Oak Ridge. This project will create a significant number of new jobs at the Clinch River site and at manufacturing and supplier facilities.

In April 2003, the Department of Energy transferred ownership of 490 acres in the Horizon Center Industrial Park to a subsidiary of the Community Reuse Organization of East Tennessee (CROET), a non-profit development corporation, and then in 2005 the Horizon Center was transferred to the City of Oak Ridge Industrial Development Board. The transfer of this property from federal ownership allows the land in the Horizon Center to be sold for private industrial development.

The most recent project to be completed within the Horizon Center is the multi-million dollar Carbon Fiber Technology Facility. The facility will demonstrate low-cost carbon fiber technology for use in composite materials and in association with Roane State Community College will train and educate workers for the new carbon fiber field. The pilot plant will be capable of producing 25 tons of new low-cost carbon fiber materials per year. Omega Technical Consultants has occupied a new 51,000 square-foot building at the Heritage Center, providing 34 new jobs.

In 2013, there has been a significant upturn in economic activity in Oak Ridge. Recent commercial projects in Oak Ridge that have been completed or are underway include an expansion of Roane State Community College, multiple restaurants, Weigel's store and a new Kroger's shopping center.

There currently is an option for the sale of the Oak Ridge Mall site to Crosland Southeast developers, a retail and mixed-use development firm. This sale of the Mall site will be a major economic development accomplishment that will allow for redevelopment of the underutilized 65 acre site located in the center of Oak Ridge. It is anticipated that demolition of the current mall and redevelopment of the site could begin by mid-2014. Plans currently call for new retail shops, an office complex, housing and a hotel along with several outparcel options.

In the fall of 2012, the first phase of Woodland Town Center was completed with the opening of a relocated and expanded Panera Bread restaurant and a new Aubrey's restaurant. A McAlister's Deli opened in the prior Panera Bread site. Aldi's, a specialty grocery store, opened in November 2013 at this center. A newly constructed Bojangles restaurant just opened across the street from this site.

In the fall of 2012, Kroger announced the purchase of approximately 25 acres in Oak Ridge which will be the location of a 123,000 square-foot Kroger Marketplace along with a 12,000 square-foot strip center and 5 outparcels for additional development. The project slated for opening in the summer of 2014 is expected to generate 250 new jobs.

Protomet is undergoing an expansion to its corporate location in Bethel Valley Commerce Park. A new 91-unit assisted living facility has been completed. Methodist Medical Center of Oak Ridge is a partner in the venture, which is three stories and features 18 memory-care residences. Under construction is Dogwood Manor on Adams Lane to provide an independent living apartment complex for the low-to-moderate seniors. The historic Alexander Inn is currently being renovated for assisted living.

New residential subdivisions approved within the past five years where construction is ongoing include Crossroads at Wolf Creek, a 73-acre site on which 102 single-family and 76 multi-family dwelling units are planned. Forty-nine homes have been built at this development. Groves Park Commons, the most recently approved development utilizing traditional neighborhood design is underway with 12 homes. When complete the development will have approximately 355 dwelling units, with surrounding open space areas and a small neighborhood commercial area. Clark's Preserve, a development with 38 lots has 2 homes. Centennial Bluff has completed a clubhouse and 51 condominium units. Construction of homes is occurring in Crossroads at Wolf Creek and Clarks Preserve.

U.S. Department of Energy. During fiscal 2008, the City entered into two contracts with the U.S. Department of Energy to provide services to areas previously served by federal contractors. The City entered into an agreement with DOE, through their site contractor, to assume fire and emergency medical response duties for the federal East Tennessee Technology Park (ETTP) site. Under the agreement with DOE, through its contractor the City received over \$10,000,000 in funding over the first four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and fire fighting and ambulance vehicles and equipment to the City to operate this facility. The City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETTP fire station. The City received \$2,360,505 under this contract in fiscal 2013. The contract was renewed for an additional four years through September 30, 2015.

The City also entered into a 5-year agreement with DOE under which the City assumed responsibility for water and wastewater services to the ETTP site. The City acquired the ETTP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETTP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETTP water plant is near the end of its useful life. Under terms of the contract, DOE will provide funding to fully operate the water plant and provide \$500,000 each year of the contract for the City to build new infrastructure from

the City's main water plant to serve the ETPP site. On May 29, 2008, the City assumed water and wastewater operations to the ETPP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. The City receives a base amount from DOE, through their site contractor, reduced by revenues the City receives from other City customers that are serviced by the ETPP water plant and the Rarity Ridge wastewater plant during that time frame. In fiscal 2013, the City received \$1,572,585 under terms of this contract. The current term of the contract ends in September 2014.

Long-term financial planning

A major focus at this time is the water and wastewater infrastructure systems. The City is continuing its improvement to the wastewater collection system and wastewater lift station rehabilitation and replacement. The City began the project in 1997 to upgrade, expand and rehabilitate the wastewater treatment plant and wastewater collection system. The upgrades and expansion to the wastewater treatment plant increased capacity from 6 mgd to 9 mgd, a 33% increase in capacity to service new customers and construction of a new wastewater plant at the Rarity Ridge development site.

On September 27, 2010, the City received an administrative order (AO) from the United States Environmental Protection Agency. The City was found to be in violation of Section 301 of the Clean Water Act (CWA), 33 U.S.C. Section 1311. The City has been given a timetable and actions to be made to remedy the violations. The City's approved mediation plan is projected to cost \$23,090,000 over the next two years for wastewater capital projects. A new approach to managing maintenance and operation through a computer based information management system has been instituted. The additional manpower requirements to meet the AO include nine new positions costing approximately \$400,000 per year.

Upgrades and improvements are also planned to the water system. The City has projected to spend over \$16,000,000 in water capital improvements, particularly to the water treatment plant and raw water intake system, over the next six years.

Water and wastewater capital improvements will be funded through the issuance of long-term debt. On September 29, 2011, the City issued \$9,810,000 in bonds to fund the first phase of these improvements and an additional \$5,000,000 loan was closed in December 2012. In late June 2013, the City was approved for two low-interest rate loans totaling \$18,000,000 from the Tennessee State Revolving Fund (SRF) Loan program. The SFR loans include a \$400,000 principal forgiveness. The City is in the process of applying for a \$3,000,000 amendment to one of the SFR loans to provide funding to complete the capital improvement projects required to meet the AO. As part of an overall debt refunding and restructuring, the City received \$3,585,000 in new debt proceeds to fund water and wastewater projects.

Significant rate increases have been adopted for both water and wastewater rates with the first phase effective May 1, 2012 and the second phase effective January 1, 2013. A new water and wastewater rate review was conducted in the summer 2013 which resulted in the adoption of rate increases effective January 1, 2014 and January 2015.

City revenues from local sales and use tax collections had been unusually high in fiscals 2010 and 2011 due to expenditures by federal contractors from stimulus grant awards. As federal funding to local contractors from stimulus awards diminished, the City experienced an \$861,573 decline in local sales and use tax collections in fiscal 2012 and an additional decline of \$43,048 in fiscal 2013 from the prior fiscal year. Sales tax collections are expected to continue to decline into fiscal 2014, until the impact of the many retail projects in the construction and planning states are completed and then sales tax collections are expected to begin growing.

The City has also embarked on a new program "Not in Our City" to deal with housing and housing related issues, particularly in the legacy WWII neighborhoods, making Oak Ridge a better place to live and invest.

Awards and Acknowledgements

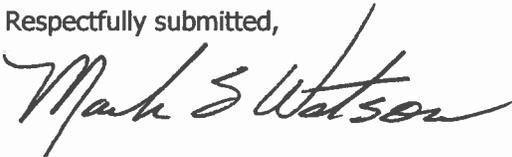
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This is the fifty-second consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

Respectfully submitted,



Mark S. Watson
City Manager



Janice E. McGinnis
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Oak Ridge
Tennessee**

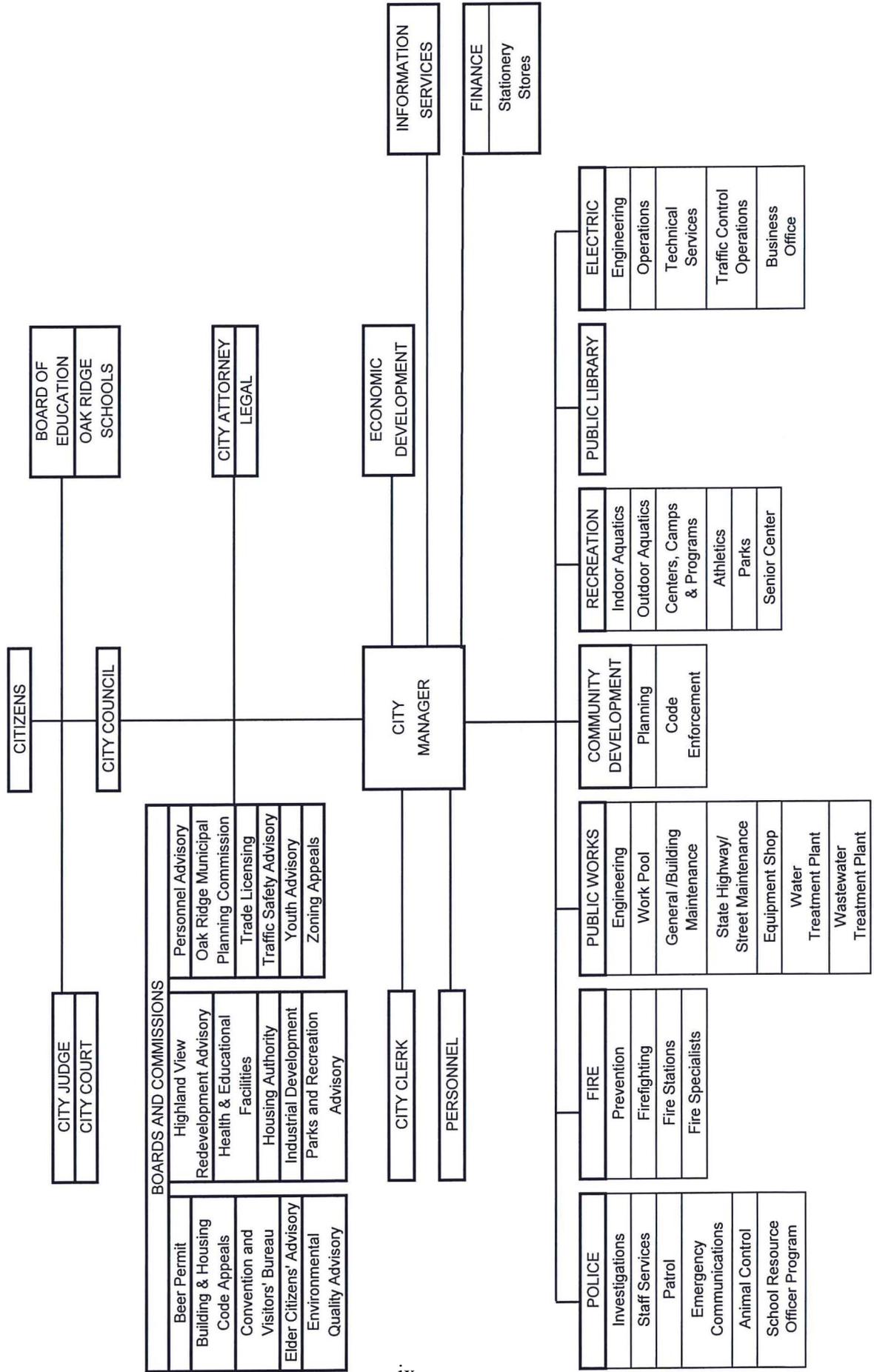
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

ORGANIZATION CHART

City of Oak Ridge, Tennessee



CITY OF OAK RIDGE, TENNESSEE

CITY OFFICIALS

Mayor

Thomas L. Beehan

Members of City Council

Trina Baughn
Anne Garcia Garland
L. Charles Hensley

Charles J Hope, Jr.
D. Jane Miller
David N. Mosby

City Manager

Mark S. Watson

Department Directors

Kathryn Baldwin
Jack L. Suggs
Janice E. McGinnis
R. Darryl Kerley
Kathy McNeilly
E. Joshua Collins, Jr.
Penelope H. Sissom
James T. Akagi
Gary M. Cinder

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

City Attorney

Kenneth R. Krushenski

City Judge

Robert A. McNeas III

City Clerk

Diana Stanley

Board of Education

Keyes Fillauer, Chairman
Robert Eby, Vice-Chair
Jennifer Richter, Parliamentarian
Angi Agle, Treasurer
Dan DiGregorio

Superintendent of Schools

Richard Smallridge, Ed.D.

Assistant Superintendent of Schools

Christopher Marczak, Ed.D

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (the "City") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit. The Oak Ridge Public Schools Education Foundation, Inc. comprises 99% of assets, 99% of net position and 48% of revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oak Ridge Public Schools Education Foundation, Inc. is based solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and the school fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules of funding progress on pages 3 through 14 and 81 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, other supplementary information, and statistical section and the schedule of federal and state financial assistance activity, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations on page 156 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the combining and individual fund financial statements and schedules on pages 84 to 117, the other supplementary information on pages 118 to 124, and the schedule of federal and state financial assistance activity, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the combining and individual fund financial statements and schedules on pages 84 to 117, the other supplementary information on pages 118 to 124, and schedule of federal and state financial assistance activity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information included in the introductory and statistical sections as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 31, 2014

Management's Discussion and Analysis

As management of the City of Oak Ridge, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

Financial Highlights

- The assets of the City of Oak Ridge exceeded its liabilities at the close of the most recent fiscal year by \$149,545,127 (*net position*). Of this amount, \$30,947,662 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net position increased by \$8,813,239 compared to last fiscal year's ending net position. Net position increased \$9,076,138 related to current operations. During fiscal 2013, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Adoption of this Statement resulted in a prior period adjustment that decreased the net position of business-type activities by \$262,899 as of July 1, 2012 for unamortized debt issuance costs prior to fiscal year 2013. The City of Oak Ridge's changes in net position are detailed on page 7 of this report.
- Total revenues increased \$12,007,442, which included an addition of \$1,695,618 in capital grants and contributions, primarily for waterworks capital infrastructure that was donated to the City by private developers for recently completed commercial construction projects. Charges for services increased \$1,789,972, primarily due to the wastewater rate increases that were effective May 1, 2012 and January 1, 2013 to fund debt for capital projects and increased operating costs related to the Administrative Order from the US Environmental Protection Agency. There was an additional \$806,524 in operating grants and contributions and reduction of \$1,043,293 in property tax and \$141,653 in other taxes. The decline in property taxes was due to a large payment for delinquent taxes that was received in fiscal 2012 that caused that year's collections to be above normal levels. Other general revenues in governmental activities were a positive \$8,026,980 due the positive change in fair value of interest rate swap derivative instruments. Refer to the Notes to Financial Statements for more information on the City's notes payable for swap agreements. Expenses decreased \$721,610, primarily from a \$708,748 reduction in educational expenses.
- The City's property tax rate remained at the fiscal 2012 rate of \$2.39 per \$100 of assessed valuation.
- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$31,453,125, a decrease of \$1,352,045 in comparison with the prior year. The reductions were planned and included those in the Capital Projects and Debt Service Funds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,475,637, or 30.0% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$19,622,497 in the City's general fund.
- At June 30, 2013, the General Fund had a nonspendable fund balance of \$1,852,008. This includes a \$1,666,667 long-term note receivable from the City's Waterworks Fund.
- At the end of the current fiscal year, the School Fund had an assigned fund balance of \$5,800,554. This is 10.7% of expenditures for fiscal 2013.
- Overall, the City's total debt decreased by \$4,823,536 (2.91%) during the current fiscal year. During fiscal year 2013, the City drew \$3,571,456 from a \$5,000,000 loan from the Tennessee Municipal Bond Fund that closed in December 2012 for waterworks capital projects and \$350,248 from the State Revolving Loan Fund for wastewater capital projects.
- At the end of fiscal 2013, the City closed two funds; the Economic Diversification Fund, a special revenue fund, due to an insufficient sustainable revenue stream and the Inventory Fund, an internal service fund. Inventory on hand is now carried as an asset on the applicable fund that has ownership of the inventory.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all the City of Oak Ridge's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Oak Ridge is improving or deteriorating.

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

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

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

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

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

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

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

The City of Oak Ridge maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, school fund, and debt service fund, all of which are considered to be major funds and the capital projects fund. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. One nonmajor governmental fund, the Economic Diversification Fund was closed at the end of fiscal 2013.

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

The basic governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary funds. The City of Oak Ridge maintains two different types of proprietary funds: enterprise funds and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Oak Ridge uses enterprise funds to account for its electric, water and wastewater, and emergency communications district operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Oak Ridge's various functions. The City uses internal service funds to account for its City and School fleet of vehicles and insurance and benefit functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The City also used an internal service funds to account for inventory functions. Because this service predominantly benefits business-type functions, it has been included within *business-type activities* in the government-wide financial statements. The Inventory Fund was closed at the end of fiscal 2013.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-80 of this report.

Other information. The *required supplementary information* presented on pages 81-82 pertains to the City of Oak Ridge's and the school's progress in funding their obligation to provide pension benefits to their employees.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 84-117 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Oak Ridge, assets exceeded liabilities by \$149,545,127 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net position (79.3%) reflects its net investment in capital assets (e.g., land, building, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Oak Ridge uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Oak Ridge's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Oak Ridge's Net Position

	Governmental activities		Business-type activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Current and other assets	\$ 63,539,937	\$ 65,063,320	\$ 18,570,350	\$ 16,189,950	\$ 82,110,287	\$ 81,253,270
Capital assets	137,073,043	139,880,563	148,685,965	143,815,487	285,759,008	283,696,050
Total assets	200,612,980	204,943,883	167,256,315	160,005,437	367,869,295	364,949,320
Long-term liabilities outstanding	106,062,351	116,849,467	69,173,524	68,247,620	175,235,875	185,097,087
Other liabilities	26,691,450	27,514,192	12,280,516	11,606,153	38,971,966	39,120,345
Total liabilities	132,753,801	144,363,659	81,454,040	79,853,773	214,207,841	224,217,432
Deferred inflows in resources	4,116,327	7,285,492	-	-	4,116,327	7,285,492
Net position:						
Net investment in capital assets	39,509,172	39,810,637	79,088,293	73,448,261	118,597,465	113,258,898
Restricted	-	-	-	-	-	-
Unrestricted	24,233,680	20,769,587	6,713,982	6,703,403	30,947,662	27,472,990
Total net position	\$ 63,742,852	\$ 60,580,224	\$ 85,802,275	\$ 80,151,664	\$149,545,127	\$140,731,888

The remaining balance of *unrestricted net position* \$30,947,662 may be used to meet the government's ongoing obligations to citizens and creditors.

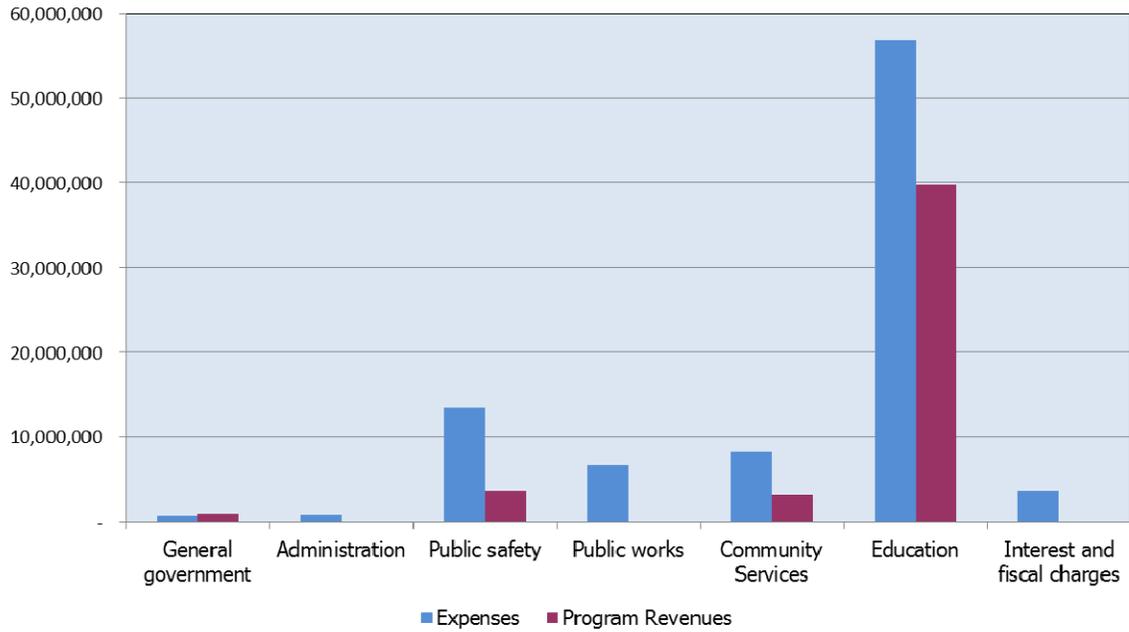
At the end of the current fiscal year, the City of Oak Ridge is able to report positive balances in all three categories of net position for both the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City of Oak Ridge's net position by \$3,162,628. Revenues from charges for services decreased \$398,340, mainly from education and golf course fees and operating grants and contributions increased \$797,049 primarily from Public Safety and School grants. Capital grants and contributions decreased \$118,686. These revenues are primarily from infrastructure donated to the City and vary from year to year. Property tax collections decreased \$1,043,293, due to an unusually large amount of delinquent property taxes collections in the prior fiscal year. Other taxes decreased \$141,653, mainly from business taxes due to the timing of collections. Miscellaneous revenues increased \$8,026,980 from an investment income change in the fair value of an interest rate swap.

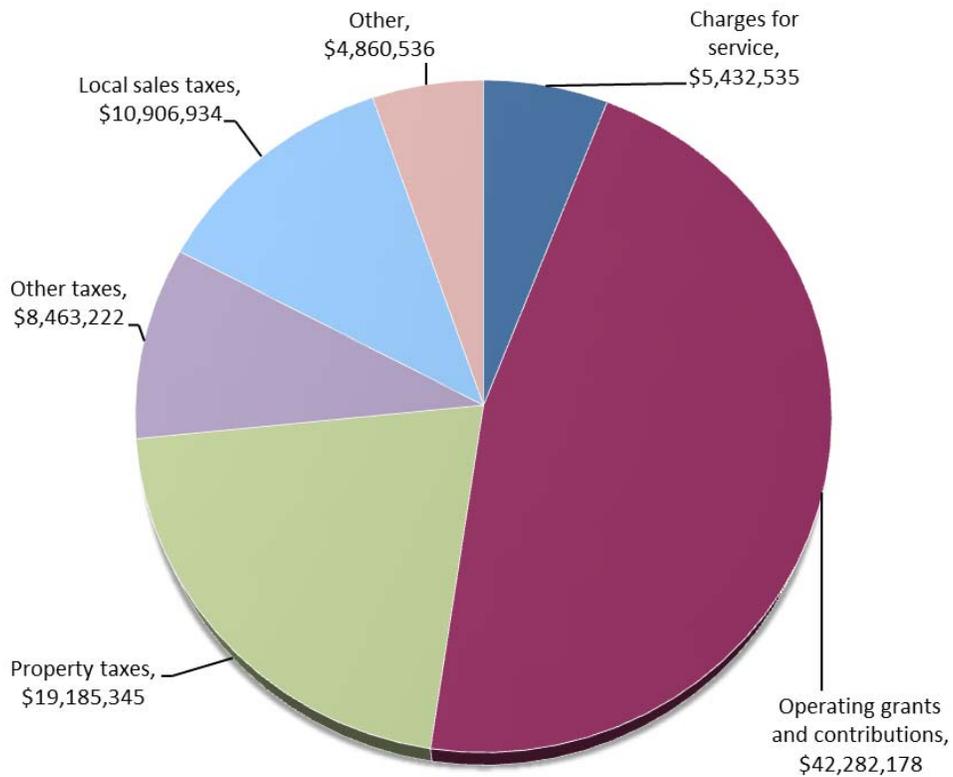
City of Oak Ridge's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Revenues:						
Program revenues:						
Charges for service	\$ 5,432,535	\$ 5,830,875	\$73,895,440	\$71,707,128	\$ 79,327,975	\$ 77,538,003
Operating grants and contributions	42,282,178	41,485,129	33,931	24,456	42,316,109	41,509,585
Capital grants and contributions	-	118,686	2,510,060	695,756	2,510,060	814,442
General revenues:						
Property taxes	19,185,345	20,228,638	-	-	19,185,345	20,228,638
Other taxes	19,370,156	19,511,809	-	-	19,370,156	19,511,809
Other	4,860,536	(3,166,444)	3,324,146	2,450,852	8,184,682	(715,592)
Total Revenues	91,130,750	84,008,693	79,763,577	74,878,192	170,894,327	158,886,885
Expenses:						
General government	982,489	666,017	-	-	982,489	666,017
Administration	894,210	968,733	-	-	894,210	968,733
Public Safety	13,228,802	12,798,262	-	-	13,228,802	12,798,262
Public Works	7,060,805	7,221,150	-	-	7,060,805	7,221,150
Community Services	8,088,462	8,541,374	-	-	8,088,462	8,541,374
Education	56,876,776	57,585,524	-	-	56,876,776	57,585,524
Interest and fiscal charges	3,747,845	3,705,803	-	-	3,747,845	3,705,803
Electric	-	-	51,452,426	51,952,938	51,452,426	51,952,938
Waterworks	-	-	19,069,463	18,621,033	19,069,463	18,621,033
Emergency communication district	-	-	416,911	478,965	416,911	478,965
Total expenses	90,879,389	91,486,863	70,938,800	71,052,936	161,818,189	162,539,799
Increase (decrease) in net position before transfer	251,361	(7,478,170)	8,824,777	3,825,256	9,076,138	(3,652,914)
Transfers	2,911,267	2,855,907	(2,911,267)	(2,855,907)	-	-
Increase (decrease) in net position	3,162,628	(4,622,263)	5,913,510	969,349	9,076,138	(3,652,914)
Net position, beginning of period	60,580,224	65,202,487	80,151,664	79,182,315	140,731,888	144,384,802
Prior period adjustment	-	-	(262,899)	-	(262,899)	-
Net position, end of period	\$ 63,742,852	\$ 60,580,224	\$85,802,275	\$80,151,664	\$ 149,545,127	\$ 140,731,888

Expenses and Program Revenues - Governmental Activities

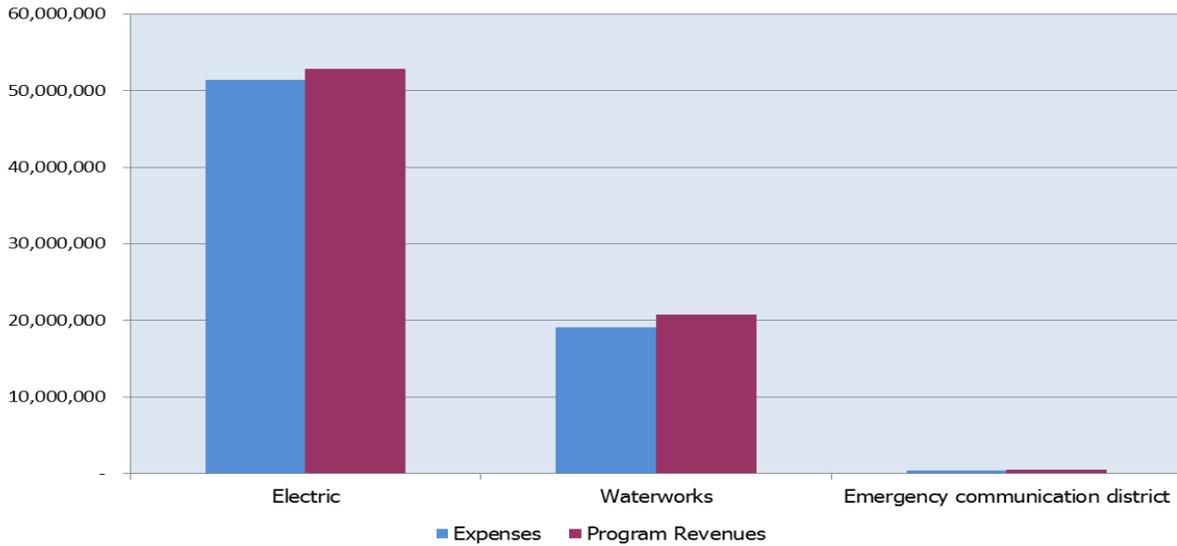


Revenues by Source - Governmental Activities

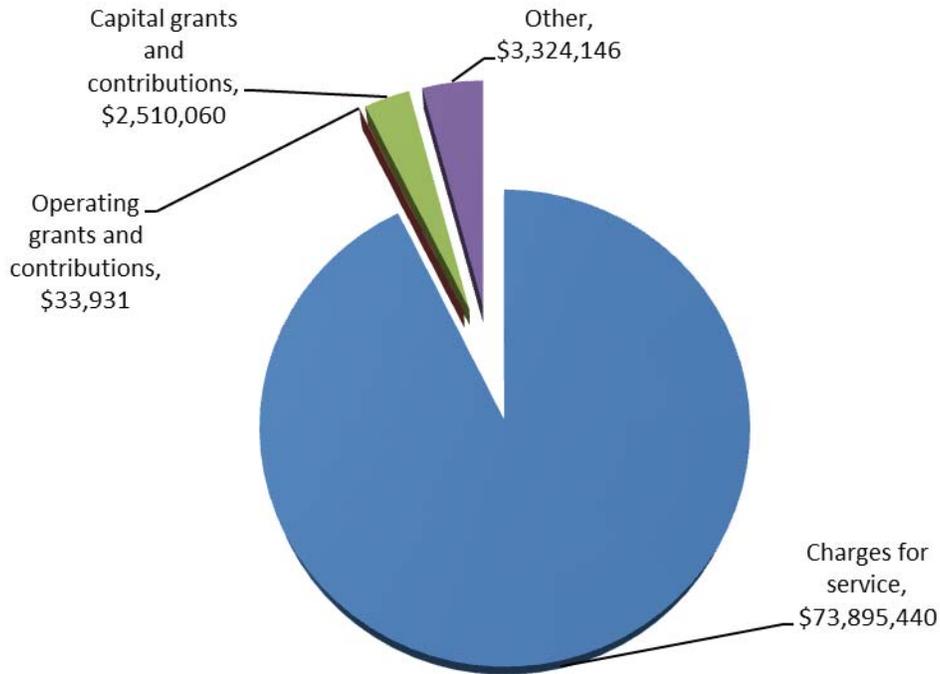


Business-type activities. Business-type activities increased the City of Oak Ridge's net position by \$5,650,611. Charges for services increased \$2,188,312, primarily due to increases in waterworks rates and other general revenues increased \$873,294 in part due to billings to the US Department of Energy. Capital grants and contributions increased \$1,814,304 due to higher capital asset contributions by private developers and a federal grant for construction of a water line.

Expenses and Program Revenues - Business-type Activities



Revenues by Source – Business-type Activities



The net position of the electric fund increased by \$2,821,369 from the prior fiscal year. The City of Oak Ridge is a distributor of electrical power that is purchased from the Tennessee Valley Authority (TVA) and then transmitted and sold by the City to its residential and commercial customers. In October 2006, TVA began adjusting the wholesale power costs to the City for a fuel cost adjustment (FCA). These FCA cost adjustments are passed through in electric rate adjustments to the City's customers each month and can fluctuate the City's electric rates either up or down.

The net position of the waterworks fund increased by \$2,969,608 from fiscal 2012. This is up from a reduction in net position of \$727,292 in the prior fiscal year. The change is primarily from increases in revenues from waterworks rates effective May 1, 2012 and January 1, 2013, \$553,085 in federal grant proceeds used to construct a water line and higher capital contributions of \$1,375,420 related to the donation of infrastructure to the City from commercial developers. Net position was decreased during the year by a \$700,137 increase in operating expenses.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of \$31,453,125, a decrease of \$1,352,045 in comparison to the prior year. Of this amount, \$1,990,754 is nonspendable and is comprised of a \$1,666,667 long-term interfund note receivable, inventory and prepaid items, \$10,022,584 is restricted with externally enforceable limitations on use, \$219,106 is committed, \$12,745,044 is assigned as designated usage and \$6,475,637 is unassigned.

The general fund is the chief operating fund of the City of Oak Ridge. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$6,475,637, while total fund balance was \$10,060,140. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 30.0% of total general fund expenditures. However, unassigned fund balance only represents 15.7% when compared to total fund expenditures and transfers to other funds (e.g. school and debt service funds).

The fund balance of the City of Oak Ridge's general fund increased by \$843,091 during the current fiscal year. The general fund had a budgeted fund balance decrease of \$697,871. Revenues were \$523,429 above budget, primarily due to higher than anticipated sales and use tax collections generated from federal spending. Transfers In are up \$479,546 from budget due to the transfer of the remaining funds to the General Fund from the Economic Diversification Fund, which was closed at the end of fiscal 2013. Expenditures were \$544,332 below budget, primarily due to retirements and employee turnover in public safety and community services.

Actual General Fund revenues decreased overall \$384,346 from the preceding fiscal year. Taxes decreased \$1,257,507 primarily due to an unusually large collection of delinquent taxes in the prior fiscal year and declines in business tax collections due to the timing of payments received. This decrease was offset by an increase of \$790,813 in Intergovernmental revenues, primarily from an additional \$430,692 in local and state-shared sales tax collections and \$300,000 in federal grant proceeds.

There were no budgetary amendments to the legal expenditure appropriation of the General Fund during fiscal 2013.

The debt service fund has a total fund balance of \$10,297,194, of which \$8,687,735 is restricted to debt service on Oak Ridge High School debt issuances and \$1,609,459 is assigned for the payment of debt service. The net decrease in fund balance of the debt service fund during the current year was \$732,643.

The capital projects fund has a total fund balance of \$1,547,444. The net decrease in fund balance during the year was \$585,948 due to expenditures on capital projects funded from prior year operating transfers from the general fund.

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

Unrestricted net position at the end of the year amounted to \$2,972,295 for the electric fund, \$2,723,370 for the waterworks fund, and \$1,018,317 for the emergency communications district fund. Unrestricted net position increased \$1,220,704 in the electric fund and \$120,820 in emergency communications fund from the prior fiscal year. The unrestricted net position of the waterworks fund decreased by \$1,330,945.

Capital Asset and Debt Administration

Capital assets. The City of Oak Ridge's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$285,759,008 (net of accumulated depreciation), which is a \$2,062,958 increase over last fiscal year. This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, construction in progress and infrastructure.

City of Oak Ridge's Capital Assets

	Governmental activities		Business-type activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Land	\$ 3,362,844	\$ 3,172,244	\$ 755,193	\$ 755,193	\$ 4,118,037	\$ 3,927,437
Construction in progress	99,325	972,616	1,882,930	3,635,309	1,982,255	4,607,925
Buildings	83,821,262	85,566,235	-	-	83,821,262	85,566,235
Improvements	7,218,825	7,061,396	-	-	7,218,825	7,061,396
Infrastructure	31,013,077	30,655,062	-	-	31,013,077	30,655,062
Equipment	11,557,710	12,453,010	3,115,776	3,440,984	14,673,486	15,893,994
Electric Plant	-	-	47,655,324	45,333,521	47,655,324	45,333,521
Waterworks Plant	-	-	95,276,742	90,650,480	95,276,742	90,650,480
Total	\$137,073,043	\$139,880,563	\$148,685,965	\$ 143,815,487	\$285,759,008	\$283,696,050

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

- Public Works activities added \$1,750,647 in capital assets, which included \$1,406,185 in streets, stormwater and sidewalk systems improvements, including donated assets. Other projects \$344,462 for remodel and security upgrades to Municipal Building primarily in the Police Department area.

- Community Services and Development activities added \$602,957, including \$186,969 in improvements at Melton Lake Park, which included a new pavilion, \$132,328 in golf course improvements, \$27,158 to complete construction of the Melton Lake Greenway Phase IV, \$21,135 to start the grant funded Jackson Square Revitalization project and \$7,462 for initial costs to construct a dog park utilizing donated funding, \$24,833 in recreational building improvements, \$12,472 in miscellaneous park improvements and \$190,600 additions in land for the land bank.
- Public Safety added \$467,149 in equipment, including police cars and an ambulance.
- Educational activities increased \$770,635 and General Government added \$52,015.
- Business-type activities added \$13,604,354 in capital assets. \$4,110,108 in electrical capital assets was added, primarily for routine replacement of overhead and underground distribution systems. \$9,494,246 in waterworks capital assets was added, which included \$4,304,262 in water improvements and \$5,030,417 in wastewater improvements. Wastewater capital projects included those required to meet the Administrative Order by the Environmental Protection Agency (EPA). The above includes \$1,956,975 in donated water and wastewater assets during the fiscal year.

Additional information on the City of Oak Ridge's capital assets can be found in Note 12 on pages 56 - 57 of this report.

Long-term debt. At the end of the current fiscal year, the City of Oak Ridge had total long-term debt outstanding of \$165,612,521. Of this amount, \$96,088,136 comprises debt backed solely by the full faith and credit of the City. \$66,544,385 in long-term debt is secured by specified revenue sources (electric and waterworks debt); however, in the event of default, the full faith and credit of the City are irrevocably pledged. The \$2,980,000 in remaining debt is backed by the income and revenues from the operation of the electric power distribution system.

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

	Governmental Activities		Business-type Activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
General obligation and Revenue bonds	\$ 36,920,000	\$ 40,235,000	\$34,145,000	\$35,690,000	\$ 71,065,000	\$ 75,925,000
Qualified Zone Academy Bonds (QZAB)	4,075,347	4,584,765	-	-	4,075,347	4,584,765
Long-term notes and loans	54,162,053	54,488,053	34,844,047	33,932,728	89,006,100	88,420,781
Capital leases	930,736	851,825	535,338	653,686	1,466,074	1,505,511
Total	\$ 96,088,136	\$100,159,643	\$69,524,385	\$70,276,414	\$165,612,521	\$170,436,057

The City of Oak Ridge's total debt decreased by \$4,823,536 (2.91%) during the current fiscal year.

Effective November 1, 2010, the waterworks fund entered into a \$5,000,000 interfund loan with the General Fund. Under Tennessee State Law, this is in the form of a capital outlay note issuance by the waterworks fund. The note will be repaid over a 6 year period. The balance at June 30, 2013 was \$1,666,667.

In December 26, 2012, the city closed on a \$5,000,000 draw loan through the Tennessee Municipal Bond Fund to fund water and wastewater capital improvements. During fiscal 2013, the City drew \$3,571,456 on the loan leaving \$1,428,544 available to draw.

In late June 2013, the City was approved for an \$18,000,000 loan through the State Revolving Fund Loan Program (SRF). Loan proceeds will be used for wastewater capital projects that are required under the EPA Administrative Order. No funds were drawn on the loan as of June 30, 2013.

The City has \$25,875,000 in outstanding debt for which the City has entered into an interest rate swap agreement. Under terms of the swap agreements, the city effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due to the bondholders and the variable rate received from the counterparty. For additional information regarding these swaps refer to Note 13.

Additional information on the City of Oak Ridge's long-term debt can be found in Note 13 on pages 58-75 of this report.

The City of Oak Ridge maintains an "Aa2" from Moody's and an "AA" rating from Standard & Poor's for general obligation debt. State statutes do not limit the amount of general obligation debt a governmental entity may issue.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Oak Ridge in census year 2010 was 8.2%. Data for Oak Ridge is only available in census years. Oak Ridge's unemployment rate has historically been well below that of Anderson County, State and national levels.
- While numerous major projects in Oak Ridge are in the planning and construction phase, including the 123,000 square-foot Kroger Marketplace, along with a 12,000 square-foot strip center and 5 outparcels, sale and redevelopment of the 65 acre Oak Ridge mall site and other retail and economic developments endeavors, enhanced revenues to the City are not anticipated from these projects until fiscal 2015 and beyond. Therefore, level or lower revenues are anticipated for fiscal 2014 from actual fiscal 2013 levels.
- Property tax collections are budgeted to rise slightly at 0.8% for fiscal 2014.
- Local sales and use tax collections are anticipated to continue to decline due to reduced stimulus funded spending by the federal contractors located within Oak Ridge. The fiscal 2014 local sales and use tax collections were budgeted 2.8% below budget 2013.
- Inflationary trends in the region compare with national indices. Pressures generally come from drivers such as medical, retirement, fuel and utilities. Medical costs, while still increasing, have stabilized somewhat due to a restructuring of plans offered by the City. Retirement rates change biennially and the rate was flat for fiscal 2014. At the time of budget development, electric rates increases were expected in fiscal 2014 from both TVA and City. Water and wastewater rate increases were adopted effective January 1, 2014.
- \$1,199,351 in fund balance is budgeted to be drawn in fiscal 2014, primarily to maintain the property tax rate at the fiscal 2013 level. Future property taxes will be impacted by approximately 13.3-cents if revenue growth does not occur to offset the fund balance draw in future fiscal years. The City anticipates revenue growth, particularly from sales taxes, to begin in early fiscal 2015.

All of these factors were considered in preparing the City of Oak Ridge's budget for the 2014 fiscal year.

During the fiscal 2013, the unassigned fund balance in the general fund increased by \$1,433,412 to \$6,475,637. This increase was primarily from the second payment of the \$5,000,000 interfund loan from the general fund to the City's waterworks Fund. This \$5,000,000 loan amount is classified as nonspendable fund balance at year end in the general fund. It will be repaid by the waterworks fund over a six year period. The interfund loan balance at June 30, 2013 is \$1,666,667.

Management has again been conservative in estimating revenues for 2014. The City's fiscal 2014 property tax rate remained at the fiscal 2013 rate of \$2.39 per hundred dollars of assessment.

Requests for Information

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				Convention and Visitors Bureau	Education Foundation	
Assets						
Cash and Cash Equivalents	\$ 34,601,608	\$ 7,310,321	\$ 41,911,929	\$ 51,289	\$ 155,385	\$ 42,118,603
Investments	-	-	-	-	5,793,632	5,793,632
Receivables, Net	20,514,132	8,481,731	28,995,863	-	192,838	29,188,701
Due from Other Governments	6,306,857	329,878	6,636,735	-	-	6,636,735
Inventory, at Cost	361,520	2,796,691	3,158,211	-	-	3,158,211
Prepaid Items	89,153	26,116	115,269	-	-	115,269
Restricted Assets:						
Cash and Cash Equivalents	-	1,289,526	1,289,526	-	-	1,289,526
Deferred Charges	-	2,754	2,754	-	-	2,754
Long-Term Internal Note Receivable	1,666,667	(1,666,667)	-	-	-	-
Capital Assets Nondepreciable	3,462,169	2,638,123	6,100,292	-	-	6,100,292
Capital Assets Depreciable, Net	133,610,874	146,047,842	279,658,716	-	-	279,658,716
Total Assets	200,612,980	167,256,315	367,869,295	51,289	6,141,855	374,062,439
Liabilities						
Accounts Payable	2,061,704	8,284,225	10,345,929	-	-	10,345,929
Claims Payable	300,000	-	300,000	-	-	300,000
Accrued Liabilities	3,958,274	131,171	4,089,445	-	513	4,089,958
Deposits	459,189	2,542,262	3,001,451	-	-	3,001,451
Due to Other Governments	4,351	-	4,351	-	-	4,351
Unearned Revenue	19,624,093	1,044,622	20,668,715	-	-	20,668,715
Contracts Payable	-	143,702	143,702	-	-	143,702
Accrued Interest Payable	283,839	134,534	418,373	-	-	418,373
Long-Term Liabilities:						
Due Within One Year	7,017,577	4,609,440	11,627,017	-	-	11,627,017
Due in More Than One Year	99,044,774	64,564,084	163,608,858	-	-	163,608,858
Total Liabilities	132,753,801	81,454,040	214,207,841	-	513	214,208,354
Deferred Inflows of Resources						
Derivative Instruments - Interest Rate Swaps	4,116,327	-	4,116,327	-	-	4,116,327
Net Position						
Net Investment in Capital Assets	39,509,172	79,088,293	118,597,465	-	-	118,597,465
Restricted for:						
Education Grants	-	-	-	-	6,141,342	6,141,342
Unrestricted	24,233,680	6,713,982	30,947,662	51,289	-	30,998,951
Total Net Position	\$ 63,742,852	\$ 85,802,275	\$ 149,545,127	\$ 51,289	\$ 6,141,342	\$ 155,737,758

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total Reporting Unit
					Governmental Activities	Business-type Activities	Total	Convention and Visitors Bureau	Education Foundation	
Primary Government:										
Governmental Activities:										
General Government	\$ 982,489	\$ 937,120	\$ 48,727	\$ -	\$ 3,358	\$ -	\$ 3,358	\$ -	\$ -	\$ 3,358
Administration	894,210	-	-	-	(894,210)	-	(894,210)	-	-	(894,210)
Public Safety	13,228,802	940,256	2,806,885	-	(9,481,661)	-	(9,481,661)	-	-	(9,481,661)
Public Works	7,060,805	-	-	-	(7,060,805)	-	(7,060,805)	-	-	(7,060,805)
Community Services	8,088,462	2,358,126	856,419	-	(4,873,917)	-	(4,873,917)	-	-	(4,873,917)
Education	56,876,776	1,197,033	38,570,147	-	(17,109,596)	-	(17,109,596)	-	-	(17,109,596)
Interest and Fiscal Charges	3,747,845	-	-	-	(3,747,845)	-	(3,747,845)	-	-	(3,747,845)
Total Governmental Activities	90,879,389	5,432,535	42,282,178	-	(43,164,676)	-	(43,164,676)	-	-	(43,164,676)
Business-type Activities:										
Electric	51,452,426	52,891,247	-	-	-	1,438,821	1,438,821	-	-	1,438,821
Waterworks	19,069,463	20,500,542	-	2,510,060	-	3,941,139	3,941,139	-	-	3,941,139
Emergency Communication District	416,911	503,651	33,931	-	-	120,671	120,671	-	-	120,671
Total Business-type Activities	70,938,800	73,895,440	33,931	2,510,060	-	5,500,631	5,500,631	-	-	5,500,631
Total Primary Government	\$ 161,818,189	\$ 79,327,975	\$ 42,316,109	\$ 2,510,060	(43,164,676)	5,500,631	(37,664,045)	-	-	(37,664,045)
Component Units:										
Convention and Visitors Bureau	\$ 396,873	\$ -	\$ 3,807	\$ -	-	-	-	(393,066)	-	(393,066)
Education Foundation	45,995	-	-	-	-	-	-	-	(253,263)	(253,263)
Total Component Units	\$ 442,868	\$ -	\$ 3,807	\$ -	-	-	-	(393,066)	(253,263)	(646,329)
General Revenues:										
Real & Personal Property Taxes					19,185,345	-	19,185,345	-	-	19,185,345
In-Lieu of Tax Payments					2,278,350	-	2,278,350	-	-	2,278,350
Sales Taxes					10,906,934	-	10,906,934	-	-	10,906,934
Unrestricted State Shared Taxes					4,033,802	-	4,033,802	-	-	4,033,802
Business Taxes					764,685	-	764,685	-	-	764,685
Occupancy Taxes					532,309	-	532,309	-	-	532,309
Wholesale Beer & Liquor Taxes					854,076	-	854,076	-	-	854,076
Investment Earnings					81,431	16,499	97,930	3	382,791	480,724
Investment Income - Change in Fair Value on Interest Rate Swaps					3,169,165	-	3,169,165	-	-	3,169,165
Miscellaneous					1,609,940	3,307,647	4,917,587	409,826	-	5,327,413
Transfers					2,911,267	(2,911,267)	-	-	-	-
Total General Revenues and Transfers					46,327,304	412,879	46,740,183	409,829	382,791	47,532,803
Change in Net Position					3,162,628	5,913,510	9,076,138	16,763	129,528	9,222,429
Net Position - Beginning of Year, as Previously Reported					60,580,224	80,151,664	140,731,888	34,526	6,011,814	146,778,228
Prior Period Adjustment					-	(262,899)	(262,899)	-	-	(262,899)
Net Position - Beginning of Year, as Restated					60,580,224	79,888,765	140,468,989	34,526	6,011,814	146,515,329
Net Position - Ending					\$ 63,742,852	\$ 85,802,275	\$ 149,545,127	\$ 51,289	\$ 6,141,342	\$ 155,737,758

CITY OF OAK RIDGE, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 5,792,291	\$ 8,348,013	\$ 1,568,579	\$ 10,067,509	\$ 3,558,345	\$ 29,334,737
Receivables, Net	20,352,313	7,205	-	-	124,672	20,484,190
Due from Other Funds	91,332	-	-	-	-	91,332
Due from Other Governments	3,762,763	1,814,174	-	229,685	500,235	6,306,857
Inventories, at Cost	165,872	-	-	-	69,062	234,934
Prepaid Items	19,469	63,305	-	-	6,379	89,153
Long-Term Interfund Note Receivable	1,666,667	-	-	-	-	1,666,667
Total Assets	<u>\$ 31,850,707</u>	<u>\$ 10,232,697</u>	<u>\$ 1,568,579</u>	<u>\$ 10,297,194</u>	<u>\$ 4,258,693</u>	<u>\$ 58,207,870</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ 661,304	\$ 345,312	\$ 21,135	\$ -	\$ 866,841	\$ 1,894,592
Accrued Liabilities	334,154	3,579,172	-	-	38,591	3,951,917
Deposits	459,189	-	-	-	-	459,189
Due to Other Funds	-	-	-	-	91,332	91,332
Due to Other Governments	1,334	-	-	-	3,017	4,351
Deferred Revenue	20,334,586	18,778	-	-	-	20,353,364
Total Liabilities	<u>21,790,567</u>	<u>3,943,262</u>	<u>21,135</u>	<u>-</u>	<u>999,781</u>	<u>26,754,745</u>
Fund Balances:						
Nonspendable	1,852,008	63,305	-	-	75,441	1,990,754
Restricted	-	206,470	-	8,687,735	1,128,379	10,022,584
Committed	-	219,106	-	-	-	219,106
Assigned	1,732,495	5,800,554	1,547,444	1,609,459	2,055,092	12,745,044
Unassigned	6,475,637	-	-	-	-	6,475,637
Total Fund Balances	<u>10,060,140</u>	<u>6,289,435</u>	<u>1,547,444</u>	<u>10,297,194</u>	<u>3,258,912</u>	<u>31,453,125</u>
Total Liabilities and Fund Balances	<u>\$ 31,850,707</u>	<u>\$ 10,232,697</u>	<u>\$ 1,568,579</u>	<u>\$ 10,297,194</u>	<u>\$ 4,258,693</u>	<u>\$ 58,207,870</u>

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

CITY OF OAK RIDGE, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2013

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

Ending Fund Balance - Governmental Funds		\$ 31,453,125
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		134,395,450
Internal service funds are used by management to charge the costs of insurance and equipment replacement costs to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.		6,840,207
Property tax revenues that have been deferred in the balance sheet of the governmental funds because they were not available to pay current liabilities of the period are recognized as revenue in the statement of activities and therefore are not included in the statement of net assets.		729,271
Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Debt	\$ (36,220,000)	
Qualified Zone Academy Bonds (QZAB)	(4,075,347)	
Capital Lease Obligation	(930,736)	
Notes Payable	(54,162,053)	
Discounts and Premiums (net)	(1,477,477)	
Compensated Absences	(2,655,817)	
Termination Benefits	(486,380)	
OPEB Obligation	(5,268,788)	
Derivative Liability - Ineffective Interest Rate Swap	(4,116,327)	
Accrued Interest	(282,276)	<u>(109,675,201)</u>
Net Position of Governmental Activities		<u>\$ 63,742,852</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 21,915,100	\$ -	\$ -	\$ 1,272,061	\$ 532,309	\$ 23,719,470
Licenses and Permits	167,826	-	-	-	-	167,826
Intergovernmental	14,187,861	38,570,147	-	-	4,227,031	56,985,039
Charges for Services	1,370,919	1,197,033	-	892,732	994,074	4,454,758
Fines and Forfeitures	419,490	-	-	-	499,588	919,078
Interest	52,964	-	2,430	14,849	4,397	74,640
Other	509,715	400,259	140,838	402,611	103,939	1,557,362
Total Revenues	<u>38,623,875</u>	<u>40,167,439</u>	<u>143,268</u>	<u>2,582,253</u>	<u>6,361,338</u>	<u>87,878,173</u>
Expenditures						
Current:						
General Government	854,416	-	-	-	-	854,416
Administration	927,140	-	-	-	-	927,140
Public Safety	10,335,807	-	-	-	3,135,400	13,471,207
Public Works	4,552,683	-	-	-	1,435,424	5,988,107
Community Services	4,881,872	-	-	-	3,060,796	7,942,668
Education	-	54,200,956	-	-	-	54,200,956
Capital Outlay	-	-	1,529,216	-	-	1,529,216
Debt Service:						
Principal Retirement	-	-	-	3,897,611	76,000	3,973,611
Interest and Fiscal Charges	-	-	-	3,728,755	4,521	3,733,276
Total Expenditures	<u>21,551,918</u>	<u>54,200,956</u>	<u>1,529,216</u>	<u>7,626,366</u>	<u>7,712,141</u>	<u>92,620,597</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,071,957</u>	<u>(14,033,517)</u>	<u>(1,385,948)</u>	<u>(5,044,113)</u>	<u>(1,350,803)</u>	<u>(4,742,424)</u>
Other Financing Sources (Uses)						
Transfers In	3,393,631	13,862,832	800,000	4,311,470	948,195	23,316,128
Transfers Out	(19,622,497)	-	-	-	(782,364)	(20,404,861)
Capital Lease Issuance	-	479,112	-	-	-	479,112
Total Other Financing Sources (Uses)	<u>(16,228,866)</u>	<u>14,341,944</u>	<u>800,000</u>	<u>4,311,470</u>	<u>165,831</u>	<u>3,390,379</u>
Net Change in Fund Balances	843,091	308,427	(585,948)	(732,643)	(1,184,972)	(1,352,045)
Fund Balance - Beginning	<u>9,217,049</u>	<u>5,981,008</u>	<u>2,133,392</u>	<u>11,029,837</u>	<u>4,443,884</u>	<u>32,805,170</u>
Fund Balance - Ending	<u>\$ 10,060,140</u>	<u>\$ 6,289,435</u>	<u>\$ 1,547,444</u>	<u>\$ 10,297,194</u>	<u>\$ 3,258,912</u>	<u>\$ 31,453,125</u>

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

CITY OF OAK RIDGE, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

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

Net Change in Fund Balances - Total Governmental Funds	\$ (1,352,045)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense (\$5,657,099) exceed net gain on disposal of fixed assets (\$46,704) and capital outlay (\$3,218,551).	(2,391,844)
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Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	29,917
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, the issuance of debt increases long-term liabilities in the statement of net assets and the principal payment of these liabilities decreases them. This is the amount by which the debt payments exceeded the debt issuances.	3,501,624
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Change in Fair Value of Ineffective Derivative - Interest Rate Swap	3,169,165
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Accrued interest associated with long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds.	6,403
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The net change of the insurance fund of the internal service funds is reported with governmental activities.	129,305
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The net change of the equipment replacement fund of the internal service funds is reported with governmental activities.	148,734
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The net change of the school equipment replacement fund of the internal service funds is reported with governmental activities.	<u>(78,631)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 3,162,628</u></u>
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The notes to the financial statements are an integral part of these financial statements.

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended June 30, 2013

	General Fund					Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	
Revenues						
Taxes	\$ 22,190,000	\$ 22,190,000	\$ 21,915,100	\$ -	\$ 21,915,100	\$ (274,900)
Licenses and Permits	203,000	203,000	167,826	-	167,826	(35,174)
Intergovernmental	13,463,113	13,463,113	14,187,861	-	14,187,861	724,748
Charges for Services	1,354,000	1,354,000	1,370,919	-	1,370,919	16,919
Fines and Forfeitures	362,000	362,000	419,490	-	419,490	57,490
Interest	63,333	63,333	52,964	-	52,964	(10,369)
Other	465,000	465,000	509,715	-	509,715	44,715
Total Revenues	<u>38,100,446</u>	<u>38,100,446</u>	<u>38,623,875</u>	<u>-</u>	<u>38,623,875</u>	<u>523,429</u>
Expenditures						
Current:						
General Government	906,236	906,236	854,416	-	854,416	51,820
Administration	970,567	970,567	927,140	-	927,140	43,427
Public Safety	10,558,915	10,558,915	10,335,807	-	10,335,807	223,108
Public Works	4,631,292	4,631,292	4,552,683	-	4,552,683	78,609
Community Services	5,029,240	5,029,240	4,881,872	25,780	4,907,652	121,588
Total Expenditures	<u>22,096,250</u>	<u>22,096,250</u>	<u>21,551,918</u>	<u>25,780</u>	<u>21,577,698</u>	<u>518,552</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,004,196</u>	<u>16,004,196</u>	<u>17,071,957</u>	<u>(25,780)</u>	<u>17,046,177</u>	<u>1,041,981</u>
Other Financing Sources (Uses)						
Transfers In	2,914,085	2,914,085	3,393,631	-	3,393,631	479,546
Transfers Out	(19,616,152)	(19,616,152)	(19,622,497)	-	(19,622,497)	(6,345)
Total Other Financing Sources (Uses)	<u>(16,702,067)</u>	<u>(16,702,067)</u>	<u>(16,228,866)</u>	<u>-</u>	<u>(16,228,866)</u>	<u>473,201</u>
Net Change in Fund Balances	(697,871)	(697,871)	843,091	(25,780)	817,311	1,515,182
Fund Balance - Beginning	<u>9,217,049</u>	<u>9,217,049</u>	<u>9,217,049</u>	<u>-</u>	<u>9,217,049</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 8,519,178</u>	<u>\$ 8,519,178</u>	<u>\$ 10,060,140</u>	<u>\$ (25,780)</u>	<u>\$ 10,034,360</u>	<u>\$ 1,515,182</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL FUND
For the Fiscal Year Ended June 30, 2013

	School Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
Revenues						
Intergovernmental	\$ 38,880,023	\$ 38,880,023	\$ 38,570,147	\$ -	\$ 38,570,147	\$ (309,876)
Charges for Services	1,436,412	1,436,412	1,197,033	-	1,197,033	(239,379)
Other	437,813	437,813	400,259	-	400,259	(37,554)
Total Revenues	<u>40,754,248</u>	<u>40,754,248</u>	<u>40,167,439</u>	<u>-</u>	<u>40,167,439</u>	<u>(586,809)</u>
Expenditures						
Current:						
Education	56,535,325	56,535,325	54,200,956	-	54,200,956	2,334,369
Total Expenditures	<u>56,535,325</u>	<u>56,535,325</u>	<u>54,200,956</u>	<u>-</u>	<u>54,200,956</u>	<u>2,334,369</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,781,077)</u>	<u>(15,781,077)</u>	<u>(14,033,517)</u>	<u>-</u>	<u>(14,033,517)</u>	<u>1,747,560</u>
Other Financing Sources (Uses)						
Transfers In	13,862,832	13,862,832	13,862,832	-	13,862,832	-
Capital Lease Issuance	479,145	479,145	479,112	-	479,112	(33)
Total Other Financing Sources (Uses)	<u>14,341,977</u>	<u>14,341,977</u>	<u>14,341,944</u>	<u>-</u>	<u>14,341,944</u>	<u>(33)</u>
Net Change in Fund Balances	(1,439,100)	(1,439,100)	308,427	-	308,427	1,747,527
Fund Balance - Beginning	5,981,008	5,981,008	5,981,008	-	5,981,008	-
Fund Balance - Ending	<u>\$ 4,541,908</u>	<u>\$ 4,541,908</u>	<u>\$ 6,289,435</u>	<u>\$ -</u>	<u>\$ 6,289,435</u>	<u>\$ 1,747,527</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund	Totals	Internal Service Funds
			Emergency Communication District Fund		
<u>ASSETS</u>					
Current Assets					
Cash and Cash Equivalents	\$ 5,397,392	\$ 933,989	\$ 978,940	\$ 7,310,321	\$ 5,266,871
Receivables, Net	6,482,961	1,978,657	20,113	8,481,731	29,942
Due from Other Governments	45,772	248,001	36,105	329,878	-
Prepaid Items	26,116	-	-	26,116	-
Inventory, at Cost	1,615,005	1,181,686	-	2,796,691	126,586
Total Current Unrestricted Assets	<u>13,567,246</u>	<u>4,342,333</u>	<u>1,035,158</u>	<u>18,944,737</u>	<u>5,423,399</u>
Restricted Assets					
Cash and Cash Equivalents	101,201	143,703	1,044,622	1,289,526	-
Total Current Restricted Assets	<u>101,201</u>	<u>143,703</u>	<u>1,044,622</u>	<u>1,289,526</u>	<u>-</u>
Total Current Assets	<u>13,668,447</u>	<u>4,486,036</u>	<u>2,079,780</u>	<u>20,234,263</u>	<u>5,423,399</u>
Noncurrent Assets					
Capital Assets, Net	50,620,536	97,598,886	466,543	148,685,965	2,677,593
Deferred Charges	-	2,754	-	2,754	-
Total Noncurrent Assets	<u>50,620,536</u>	<u>97,601,640</u>	<u>466,543</u>	<u>148,688,719</u>	<u>2,677,593</u>
Total Assets	<u>64,288,983</u>	<u>102,087,676</u>	<u>2,546,323</u>	<u>168,922,982</u>	<u>8,100,992</u>
<u>LIABILITIES</u>					
Current Liabilities					
Accounts Payable	7,753,211	527,503	3,511	8,284,225	167,112
Claims Payable	-	-	-	-	300,000
Accrued Liabilities	52,005	79,166	-	131,171	6,357
Deposits	2,472,262	70,000	-	2,542,262	-
Advances from Other Funds	-	-	-	-	-
Deferred Revenue	-	-	1,044,622	1,044,622	-
Current Portion of Long-Term Liabilities	1,480,158	3,005,040	124,242	4,609,440	109,430
Contracts Payable	-	143,702	-	143,702	1,563
Accrued Interest Payable	64,472	56,732	13,330	134,534	-
Total Current Liabilities	<u>11,822,108</u>	<u>3,882,143</u>	<u>1,185,705</u>	<u>16,889,956</u>	<u>584,462</u>
Noncurrent Liabilities					
Vacation Benefits Payable	65,450	167,799	-	233,249	16,398
Notes and Loans Payable	3,527,627	29,315,721	411,096	33,254,444	-
Bonds Payable	17,006,699	15,554,064	-	32,560,763	646,966
OPEB Liability	56,701	125,594	-	182,295	12,959
Total Noncurrent Liabilities	<u>20,656,477</u>	<u>45,163,178</u>	<u>411,096</u>	<u>66,230,751</u>	<u>676,323</u>
Total Liabilities	<u>32,478,585</u>	<u>49,045,321</u>	<u>1,596,801</u>	<u>83,120,707</u>	<u>1,260,785</u>
<u>NET POSITION</u>					
Net Investment in Capital Assets	28,838,103	50,318,985	(68,795)	79,088,293	1,979,335
Unrestricted	2,972,295	2,723,370	1,018,317	6,713,982	4,860,872
Total Net Position	<u>\$ 31,810,398</u>	<u>\$ 53,042,355</u>	<u>\$ 949,522</u>	<u>\$ 85,802,275</u>	<u>\$ 6,840,207</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund		Internal Service Funds
			Emergency Communication District Fund	Totals	
Operating Revenues					
Charges for Services	\$ 52,891,247	\$ 20,500,542	\$ 503,651	\$ 73,895,440	\$ 7,009,239
Other	2,817,424	490,223	-	3,307,647	-
Employer's Contributions	-	-	-	-	4,034,364
Employees' Contributions	-	-	-	-	1,021,580
Total Operating Revenues	<u>55,708,671</u>	<u>20,990,765</u>	<u>503,651</u>	<u>77,203,087</u>	<u>12,065,183</u>
Operating Expenses					
Maintenance and Administrative	7,093,911	11,390,912	270,669	18,755,492	1,341,801
Purchased Power and Water	41,620,223	1,924,528	-	43,544,751	-
Depreciation	2,057,575	4,809,882	116,635	6,984,092	789,123
Materials	-	-	-	-	954,976
Medical/Liability Claims	-	-	-	-	512,835
Insurance Premiums	-	-	-	-	5,265,027
Other Benefits	-	-	-	-	3,034,536
Total Operating Expenses	<u>50,771,709</u>	<u>18,125,322</u>	<u>387,304</u>	<u>69,284,335</u>	<u>11,898,298</u>
Operating Income (Loss)	<u>4,936,962</u>	<u>2,865,443</u>	<u>116,347</u>	<u>7,918,752</u>	<u>166,885</u>
Nonoperating Revenue (Expense)					
Gain on Sale of Capital Assets	-	-	-	-	46,704
Intergovernmental Revenue	-	553,085	33,931	587,016	-
Interest Revenue	3,988	10,649	1,862	16,499	6,791
Interest Expense	(680,717)	(944,141)	(29,607)	(1,654,465)	(20,972)
Total Nonoperating Revenue (Expense)	<u>(676,729)</u>	<u>(380,407)</u>	<u>6,186</u>	<u>(1,050,950)</u>	<u>32,523</u>
Income (Loss) before Transfers and Contributions	4,260,233	2,485,036	122,533	6,867,802	199,408
Transfers Out	(1,438,864)	(1,472,403)	-	(2,911,267)	-
Capital Contributions	-	1,956,975	-	1,956,975	-
Change in Net Position	<u>2,821,369</u>	<u>2,969,608</u>	<u>122,533</u>	<u>5,913,510</u>	<u>199,408</u>
Net Position - Beginning of Year as Previously Reported	29,083,453	50,241,222	826,989	80,151,664	6,640,799
Prior Period Adjustment	<u>(94,424)</u>	<u>(168,475)</u>	<u>-</u>	<u>(262,899)</u>	<u>-</u>
Net Position - Beginning of Year as Restated	<u>28,989,029</u>	<u>50,072,747</u>	<u>826,989</u>	<u>79,888,765</u>	<u>6,640,799</u>
Total Net Position - Ending	<u>\$ 31,810,398</u>	<u>\$ 53,042,355</u>	<u>\$ 949,522</u>	<u>\$ 85,802,275</u>	<u>\$ 6,840,207</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013
125

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund Emergency Communication District Fund	Totals	Internal Service Funds
Operating Activities					
Cash Received from Customers	\$ 55,852,456	\$ 21,266,209	\$ 505,387	\$ 77,624,052	\$ 15,136,002
Cash Paid to Employees	(2,584,165)	(2,966,545)	-	(5,550,710)	(479,973)
Cash Paid to Suppliers	(47,918,514)	(11,686,241)	(292,247)	(59,897,002)	(10,676,334)
Net Cash Provided by Operating Activities	<u>5,349,777</u>	<u>6,613,423</u>	<u>213,140</u>	<u>12,176,340</u>	<u>3,979,695</u>
Noncapital Financing Activities					
Transfers to Other Funds	(1,438,864)	(1,472,403)	-	(2,911,267)	-
Advances from (to) Other Funds	1,815,000	1,012,915	-	2,827,915	(3,100,761)
Federal Grant Proceeds	-	553,085	1,078,553	1,631,638	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>376,136</u>	<u>93,597</u>	<u>1,078,553</u>	<u>1,548,286</u>	<u>(3,100,761)</u>
Capital and Related Financing Activities					
Proceeds from the Sale of Capital Assets	-	-	-	-	46,704
Net Proceeds from the Issuance of Long-Term Debt	-	3,921,704	-	3,921,704	-
Contributed Capital	-	1,956,975	-	1,956,975	-
Acquisition and Construction of Capital Assets	(2,259,600)	(9,115,179)	-	(11,374,779)	(309,322)
Principal Paid on Long-Term Debt	(1,137,769)	(3,417,616)	(118,349)	(4,673,734)	(70,000)
Interest Paid on Long-Term Debt	(850,604)	(1,284,018)	(32,554)	(2,167,176)	(21,135)
Net Cash Used in Capital and Related Financing Activities	<u>(4,247,973)</u>	<u>(7,938,134)</u>	<u>(150,903)</u>	<u>(12,337,010)</u>	<u>(353,753)</u>
Investing Activities					
Interest and Dividends on Investments	3,988	10,649	1,862	16,499	6,791
Net Cash Provided by Investing Activities	<u>3,988</u>	<u>10,649</u>	<u>1,862</u>	<u>16,499</u>	<u>6,791</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,481,928	(1,220,465)	1,142,652	1,404,115	531,972
Cash and Cash Equivalents, Beginning of Year	<u>4,016,665</u>	<u>2,298,157</u>	<u>880,910</u>	<u>7,195,732</u>	<u>4,734,899</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,498,593</u>	<u>\$ 1,077,692</u>	<u>\$ 2,023,562</u>	<u>\$ 8,599,847</u>	<u>\$ 5,266,871</u>

(Continued)

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013
125

	<u>Enterprise Funds</u>				
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
			<u>Emergency Communication District Fund</u>		
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$ 4,936,962	\$ 2,865,443	\$ 116,347	\$ 7,918,752	\$ 166,885
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Depreciation	2,057,575	4,809,882	116,635	6,984,092	789,123
Change in Assets and Liabilities					
(Increase) Decrease in Accounts Receivable	62,155	280,464	2,734	345,353	(29,942)
Decrease in Amortization of Deferred Charges	-	(1,325)	-	(1,325)	3,783
Increase in Prepaid Items	(26,116)	-	-	(26,116)	-
(Increase) Decrease in Inventory, at Cost	(1,615,005)	(1,181,686)	-	(2,796,691)	3,099,291
Increase in Due from Other Governments	(115,979)	(3,695)	(998)	(120,672)	-
Decrease in Accounts Payable	(129,433)	(207,225)	(21,578)	(358,236)	(55,326)
Increase (Decrease) in Accrued Liabilities	(3,822)	8,604	-	4,782	6
Increase (Decrease) in Accrued Vacation	(23,290)	22,637	-	(653)	3,790
Increase in Customer Deposits	197,609	-	-	197,609	-
Increase in OPEB Liability	9,121	20,324	-	29,445	2,085
Total Adjustments	<u>412,815</u>	<u>3,747,980</u>	<u>96,793</u>	<u>4,257,588</u>	<u>3,812,810</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 5,349,777</u>	<u>\$ 6,613,423</u>	<u>\$ 213,140</u>	<u>\$ 12,176,340</u>	<u>\$ 3,979,695</u>

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013 and 2012

	Private-purpose Trust Fund	
	2013	2012
Assets		
Cash and Cash Equivalents	\$ 318,787	\$ 82,311
Investments, at Fair Value	-	240,555
Total Assets	318,787	322,866
Liabilities		
Accounts Payable	-	-
Total Liabilities	-	-
Net Position		
Held in Trust for:		
Reserved for Endowment	318,787	322,866
Total Net Position	\$ 318,787	\$ 322,866

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

CITY OF OAK RIDGE, TENNESSEE
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Years Ended June 30, 2013 and 2012

	Private-purpose Trust Fund	
	2013	2012
Additions		
Contributions	\$ 1,350	\$ 2,900
Investment Income	3,111	7,703
Total Additions	<u>4,461</u>	<u>10,603</u>
Deductions		
Scholarship Awards	<u>8,540</u>	<u>59,780</u>
Total Deductions	<u>8,540</u>	<u>59,780</u>
Change in Net Position	(4,079)	(49,177)
Total Net Position - Beginning	<u>322,866</u>	<u>372,043</u>
Total Net Position - Ending	<u>\$ 318,787</u>	<u>\$ 322,866</u>

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

INDEX TO NOTES

		<u>Page</u>	
Note	1	Summary of Significant Accounting Policies	30
Note	2	Property Tax	40
Note	3	Department of Energy	41
Note	4	Retirement Plan	42
Note	5	Postemployment Healthcare Plan	46
Note	6	On-behalf Payments	50
Note	7	Termination Benefits	50
Note	8	Accounts Receivable	51
Note	9	Deposits and Investments	51
Note	10	Pooled Cash and Investments	54
Note	11	Restricted Assets	55
Note	12	Capital Assets	56
Note	13	Long-term Liabilities	58
Note	14	Interfund Receivable and Payable Balances	75
Note	15	Transfers	76
Note	16	Commitments	76
Note	17	Fund Balance	77
Note	18	Litigation	78
Note	19	Risk Management	78
Note	20	Environmental Protection Agency Administrative Order	79
Note	21	Fund Closures	80
Note	22	Subsequent Events	80
Note	23	Prior Period Adjustment	80

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

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

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

Discretely Presented Component Units

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

Oak Ridge Convention and Visitors Bureau
102 Robertsville Road, Suite C
Oak Ridge, Tennessee 37830

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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

The Foundation has been audited by a separate certified public accounting firm for the year ending December 31, 2012. The Foundation's results have been presented with a different year-end in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, paragraph 59.

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

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

Related Organizations

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

b. Government-wide and Fund Financial Statements

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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

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

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

The City reports the following major governmental funds:

General Fund

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

School Fund

The School Fund is a special revenue fund. This fund is used to account for the revenues and expenditures of the City's public school system. Revenues are received from local taxes, state and federal revenues, and charges for services.

Capital Projects Fund

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

Debt Service Fund

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

The City reports the following major enterprise funds:

Electric Fund

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

Waterworks Fund

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

The City also reports the following fund types:

Internal Service Funds

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

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

Private Purpose Trust Fund

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

c. Measurement Focus and Basis of Accounting

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

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenditures generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal ongoing operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services provided. Operating revenues in the Waterworks Fund includes the portion of the tap fees intended to cover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

d. Budgets and Budgetary Accounting

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

1. By mid-May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is developed and presented to City Council prior to preparation of the upcoming annual 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 adjustments necessary to convert the basis of budgeting to GAAP represent the net change in encumbrances outstanding at the beginning and ending of the fiscal year.
7. All appropriations which are not expended or encumbered lapse at year end.
8. There were no supplementary appropriations during fiscal 2013.

e. Cash and Cash Equivalents

Cash and cash equivalents include deposits in the State of Tennessee's Local Government Investment Pool (LGIP) as well as cash on hand and on deposit. The LGIP is a SEC 2a-7-like fund and the amount stated is based on the LGIP share price. Investments in the LGIP are reported at amortized cost.

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

f. Investments

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

g. Unbilled Accounts Receivable

In the Electric Fund and Waterworks Funds, both enterprise funds, an estimated amount has been recorded for electric, water and wastewater 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. At June 30, 2013, unbilled revenue was estimated at \$1,727,941 in the Electric Fund and \$511,936 in the Waterworks Fund.

h. Allowances for Doubtful Accounts

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

i. Pledges Receivables

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

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

j. Inventories and Prepaid Items

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

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

k. Compensated Absences

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

I. Capital Assets

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

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

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

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

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. Capitalized interest in the City's business type funds totaled \$234,416 for fiscal year 2013.

m. Long-term Obligations

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

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

n. Interfund Transactions

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

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

o. Net Position

The City's net position is classified as follows:

Net Investment in Capital Assets: This represents the City's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted Net Position: Restricted net position reflects the resources that are subject to restricted use and have been externally imposed by creditors, grantors or contributors, or by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Unrestricted net position includes resources that are available for transactions relating to the general operations of the City and may be used at the discretion of the City to meet current expenses for any purpose.

p. Fund Equity

Effective July 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Governmental fund equity is classified as fund balance. As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances of the City's governmental funds are classified into the following categories:

Nonspendable Fund Balance – This is comprised of amounts that cannot be spent due to their form or funds that legally or contractually are required to be maintained intact. Fund balances reported as nonspendable in the accompanying financial statements represent amounts for inventory, prepaid expenditures, advances to other funds and noncurrent notes receivables.

Restricted Fund Balance – Fund balances reported as restricted are the result of externally imposed restrictions placed upon current resources by external parties, constitutional provisions or enabling legislations. Examples include state statutes, creditors, bond covenants, donors or grantors.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Committed Fund Balance – This is comprised of amounts that are set aside for specific purposes by the City's highest level of decision making authority (City Council or Board of Education for School Fund) through its highest level of formal action (Ordinance adoption by City Council or formal approval by Board of Education for School Fund). Formal action must be taken prior to the end of the fiscal year. Commitments may be changed or removed by the same authority taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – Fund balances reported as assigned are intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by City Council for the City. The Board of Education has a fund balance policy that allows assigned amounts to be re-assigned by the Board of Education or School management. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted or committed.

Unassigned Fund Balance – In accordance with GAAP, the general fund is the only governmental fund that reports an unassigned fund balance. The unassigned fund balance has not been restricted, committed, or assigned to a specific purpose within the general fund.

When committed, assigned or unassigned fund balance amounts are available for use, it is the School's policy to use the committed fund balance first; the assigned fund balance second; and then the unassigned fund balance as it is needed.

State statutes require the School Fund to maintain a minimum unrestricted fund balance of 3% of current year's expenditures. For the current fiscal year ending June 30, 2013, the Schools met the minimum fund balance as required by state law.

q. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year-end are reported as assigned fund balances. Prior to June 30, 2013, City Council adopted by resolution the encumbrance of \$50,780 in the General Fund; \$25,000 for economic development endeavors and \$25,780 for equipment and other upgrades to the City courtroom.

r. 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.

s. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

t. Comparative Data

Comparative total data for the prior year, which was summarized from the 2012 Comprehensive Annual Financial Report, have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations and is not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. Certain reclassifications have been made to make 2012 data comparable to that of 2013.

u. New GASB Standards

For fiscal year 2013, the City early implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Prior to the adoption of GASB No. 65, in government-wide and proprietary fund types, debt issuances costs were reported as deferred charges and amortized over the term of the debt. See Note 23 for related prior period adjustment due to adoption of new accounting standard.

For fiscal year 2013, the City implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance, included in certain FASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements.

For fiscal year 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes guidance for reporting the statements of net position and activities.

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, 2013 is \$20,340,415.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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 City is on a 5 year reappraisal cycle. The last reappraisal was completed for the list as of January 1, 2010 (recognized in the fiscal year beginning July 1, 2010). The assessed value for the list as of January 1, 2012, was \$797,475,565. The appraised value was \$2,666,634,267 making the total assessed value approximately 30% of the total appraised value.

Taxes were levied at a rate of \$2.39 per \$100 of assessed value. Taxes are due in one payment on June 1 (levy date) and delinquent on August 1 (lien date) each tax year. Current tax collections of \$18,350,887 for the fiscal year ended were approximately 96.3% of the tax levy.

3. DEPARTMENT OF ENERGY

The Department of Energy (DOE) has three major facilities in Oak Ridge that represent the largest activity at any one location within the nationwide DOE complex. Oak Ridge National Laboratory (ORNL), one of the nation's largest multipurpose research centers, develops safe, economic, and environmentally acceptable technologies for efficient production and use of energy. ORNL enhances area wide economic growth and development through its technology transfer program to private sector industries, as well as, sophisticated needs and uses for federal and private environmental/hazardous waste management, metals and ceramics technologies, and space-age tool and die industries. The former Oak Ridge K-25 Gaseous Diffusion Plant site, now known as East Tennessee Technology Park (ETTP), is a focal point for developing hazardous waste management impoundment and storage. Oak Ridge Y-12 plant is a highly sophisticated manufacturing and developmental engineering organization engaged primarily in programs vital to national defense. BWXT, Inc., UT-Battelle and URS/CH2M Hill Oak Ridge (UCOR), the contractors that operate the three major facilities, are the major employers in Oak Ridge. DOE plants account for 29% of total water sales and 22% of wastewater revenues. Since DOE purchases electricity directly from TVA, DOE does not purchase power from the City.

The City receives financial assistance and in-lieu of tax payments from DOE. The City received \$1,660,945 from DOE in tax payments in fiscal 2013. The annual payments are subject to congressional appropriation.

During fiscal 2008, the City entered into an agreement with DOE and DOE's ETTP site contractor to assume fire and emergency medical response duties for the ETTP site. Under the agreement with DOE, through its contractor, the City received over \$10,000,000 in funding over the four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and firefighting and ambulance vehicles and equipment to the City to operate this facility. The City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETTP fire station. During fiscal 2012, the contact was extended through September 30, 2015. The City received \$2,360,505 from DOE in fiscal 2013.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

In 2008, the City entered into a 5-year agreement with DOE and DOE's ETPP site contractor, under which the City assumed responsibility for water and wastewater services to the ETPP site. The City acquired the ETPP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETPP site. The ETPP water plant is near the end of its useful life. Under terms of the contract, DOE through its contractor will provide funding to fully operate the water plant and provide \$500,000 each year of the contract for the City to build new infrastructure from the City's main water plant to serve the ETPP site. On May 29, 2008, the City assumed water and wastewater operations to the ETPP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. Under terms of the contract, the City will receive a base amount from each year, reduced by revenues the City receives from other City customers that are serviced by the ETPP water plant and the City's Rarity Ridge wastewater plant during that time frame. During fiscal 2013, the contract was extended to September 30, 2014. The City received \$1,572,585 under this contact in fiscal 2013.

4. RETIREMENT PLAN

Plan Description

Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Employees working in the school system are members of a separate plan administered by the TCRS. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with 5 years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Active members joining the system after July 1, 1979 became vested after 5 years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in State statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increase is less than .50%. The maximum annual COLA is capped at 3.0%. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Funding Policy

The City's plan is noncontributory. The City assumed the employees' contributions and contributes up to 5.0% of employee annual covered payroll. A small number of employees whose contribution rate was greater than 5.0% prior to the change to the adoption to noncontributory still contribute the excess over 5.0%. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013 was 14.87% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2013, the City's annual pension cost of \$2,721,830 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected 3% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% 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 ten-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2012 was 10 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2013	\$ 2,721,830	100.00%	\$ -
June 30, 2012	2,699,388	100.00%	-
June 30, 2011	2,888,931	100.00%	-

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 88.09% funded. The actuarial accrued liability for benefits was \$85.96 million, and the actuarial value of assets was \$75.72 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$10.24 million. The covered payroll (annual payroll of active employees covered by the plan) was \$18.99 million, and the ratio of the UAAL to the covered payroll was 53.94%.

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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

Oak Ridge School System Employees - Retirement Plan

Non-Teaching Personnel

Plan Description

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

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

Funding Policy

The Oak Ridge Schools plan is a contributory plan whereby the employee contributes 5% of earnable compensation and the employer is responsible for the remaining contribution. The School Fund is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2013, was 10.18% of annual covered payroll. The contribution requirements of plan members are set by State statute. Contribution requirements for the Schools are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2013, Oak Ridge Schools' annual pension cost of \$624,635 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% a year compounded annually, (b) projected 3.0% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% 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 ten-year period. Oak Ridge Schools' unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was 1 year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 624,635	100.00%	\$ -
June 30, 2012	662,054	100.00%	-
June 30, 2011	655,080	100.00%	-

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.74% funded. The actuarial accrued liability for benefits was \$23.25 million, and the actuarial value of assets was \$22.96 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.29 million. The covered payroll (annual payroll of active employees covered by the plan) was \$6.24 million, and the ratio of the UAAL to the covered payroll was 4.70%.

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

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

Teaching Personnel

Plan Description

The Oak Ridge Schools contribute to the State Employees, Teachers and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). The plan description is the same as the one outlined above for non-teaching school employees with the exception that a reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Benefit provisions are established by State statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly.

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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, 2013, was 9.05% of annual covered payroll. The contribution requirements of the Oak Ridge Schools are established and may be amended by the TCRS Board of Trustees. The Oak Ridge Schools' contributions to TCRS for the years ending June 30, 2013, 2012, and 2011 were \$2,261,737, \$2,347,755, and \$2,262,292, respectively, equal to the required contributions for each year.

5. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description – City Employee Other Than Schools

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

Funding Policy

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

Eligibility

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution (ARC)	\$	296,563
Interest on Net OPEB Obligation		20,454
Adjustment to the ARC		<u>(23,724)</u>
Annual OPEB Cost		293,293
Contributions Made		<u>(195,053)</u>
Increase in OPEB Obligation		98,240
Net OPEB Obligation, Beginning of Year		<u>511,343</u>
Net OPEB Obligation, End of Year	\$	<u><u>609,583</u></u>

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

<u>Three-Year Trend Information</u>			
Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$293,293	66.5%	\$609,583
June 30, 2012	237,736	56.3%	511,343
June 30, 2011	231,528	47.9%	407,367

Funded Status and Progress

The funded status on the plan as of June 30, 2013, was as follows:

Actuarial Valuation Date		<u>July 1, 2012</u>
Actuarial Accrued Liability (AAL)	\$	3,022,184
Actuarial Value of Plan Assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>3,022,184</u></u>
Actuarial Value of Assets as a Percentage of AAL		0.00%
Covered Payroll (active plan members)	\$	9,048,780
UAAL as a Percentage of Covered Payroll		33.4%

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between employer and plan members to that point. Actuarial calculations reflect a long-term perspective. In the July 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.0% funding interest rate and an annual healthcare trend rate of 9% for 2013. The healthcare trend rate will decrease by 1% annually to an ultimate medical cost trend rate of 5% by 2016. Both rates include a 2.5% inflation assumption. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis with the remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2013 of 26 years.

Plan Description – Schools

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

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

Funding Policy

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

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Annual OPEB Cost and Net OPEB Obligation

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

	Teacher Group Insurance Plan	
	June 30, 2013	June 30, 2012
Annual Required Contribution (ARC)	\$ 922,000	\$ 914,000
Interest on net OPEB Obligation	173,395	149,815
Adjustment to the ARC	(184,056)	(159,026)
Annual OPEB Cost	911,339	904,789
Contributions Made	(391,765)	(315,256)
Increase in OPEB Obligation	519,574	589,533
Net OPEB Obligation, Beginning of Year	4,334,885	3,745,352
Net OPEB Obligation, End of Year	\$ 4,854,459	\$ 4,334,885

Three-Year Trend Information

Fiscal Year Ending	Annual OBEB Cost	Percentage of OBEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 911,339	42.9%	\$ 4,854,459
June 30, 2012	904,789	34.8%	4,334,885
June 30, 2011	894,613	39.5%	3,745,352

Funded Status and Progress

Actuarial Valuation Date	July 1, 2011
Actuarial Accrued Liability (AAL)	\$ 7,109,000
Actuarial Value of Plan Assets	-
Total Unfunded AAL	\$ 7,109,000
Funded Ratio (Actuarial Value of Assets as a Percentage of the AAL)	0.0%
Annual Covered Payroll	\$ 25,942,044
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	27.4%

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Actuarial Methods and Assumptions

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

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.75% for 2013. The trend will be reduced by decrements to an ultimate rate of 5% by 2021. The annual healthcare premium trend rate for the Medicare Supplement plan was 6.25% for fiscal year 2013. The trend will be reduced by decrements to an ultimate rate of 5% by fiscal year 2018. Both rates include a 2.5% inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007.

6. ON-BEHALF PAYMENTS

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

Medicare Supplement Plan

Since Teachers are considered state employees per state statutes, the State of Tennessee makes a contribution (on-behalf payments) for retired teachers to this Plan through the TCRS. The on-behalf payment for 2013 was \$69,220 and has been recorded as a revenue and expenditure in the school fund.

Teacher Group Insurance Plan

The State of Tennessee makes a contribution (on-behalf payment) for retired teachers who participate in the State-administered Teacher Group Insurance Plan through TCRS as described in Note 5. The on-behalf payment for 2013 was \$109,209 and has been recorded as a revenue and expenditure in the school fund.

7. TERMINATION BENEFITS

Retired employees from the City, excluding employees working in the school system, may continue their individual or family hospitalization insurance coverage through the City. The City will pay 50% of the premium costs, up to 7 years after retirement or until the retiree reaches age 65. To receive this benefit at retirement, the employee must be age 55 with 10 years of service and at least three full years of insurance coverage immediately prior to retirement or age 55 with 20 years of service and one full year of insurance coverage. The election to continue insurance coverage must be made at the time of retirement from the City. During fiscal 2013, the City contributed \$106,820 toward retiree's insurance premium costs with 21 retirees receiving the benefit at fiscal year-end. At fiscal year-end, there were 364 active members in the plan. The City funds its contribution of the retiree's insurance premiums on a pay-as-you-go basis.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

The Schools will provide voluntary termination benefits for professional employees who agree to retire before age 65. Employees who retire at age 60, or after 30 years of creditable service in the Tennessee Consolidated Retirement System (TCRS) with at least 10 years of service with the Schools, 85% of the retirees' individual health insurance premium will be paid by the Schools for 5 years or until the retiree reaches age 65. The Schools fund their contributions on a pay-as-you-go basis. During fiscal 2013, the Schools reimbursed approximately \$62,340 to 24 retirees, which has been recorded as an expenditure in the School Fund. At fiscal year-end, there were 604 active members in the plan.

At June 30, 2013, the estimated liability and expense of school employee termination benefits reported in the government-wide financial statements is \$486,380. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 1.38% and a projected healthcare cost trend rate of 12.0% were used to estimate the effect of making these payments over a five-year period.

8. ACCOUNTS RECEIVABLE

Customers are billed for electric and waterworks 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 \$1,727,941 was recorded in the Electric Fund and \$511,936 in Waterworks Fund at June 30, 2013.

Receivables at June 30, 2013 consist of the following:

Fund	Taxes	Customer Accounts	Other	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$ 20,534,679	\$ 555,111	\$ 726,107	\$ 21,815,897	\$ (1,463,584)	\$ 20,352,313
School	-	7,205	-	7,205	-	7,205
Electric	-	8,049,891	-	8,049,891	(1,566,930)	6,482,961
Waterworks	-	1,978,657	-	1,978,657	-	1,978,657
Nonmajor	-	-	174,727	174,727	-	174,727
Total	<u>\$ 20,534,679</u>	<u>\$ 10,590,864</u>	<u>\$ 900,834</u>	<u>\$ 32,026,377</u>	<u>\$ (3,030,514)</u>	<u>\$ 28,995,863</u>

9. DEPOSITS AND INVESTMENTS

The unrestricted cash of the City's various funds, excluding the School Fund, are pooled for investment purposes as described in Note 10.

Deposits

At year-end, the carrying amount of the City's deposits was \$10,780,124. Deposit policies authorize the City to maintain their operating and excess funds in bank accounts and certificates of deposit with banks or credit unions that have a branch located within the Oak Ridge city limits. Banks or credit unions shall be fully insured by the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). In addition, accounts with balances in excess of FDIC or NCUA insurance levels must participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

At June 30, 2013, all deposits were fully insured or held in financial institutions that participate in the Tennessee Bank Collateral Pool administered by the Treasurer's Office of the State of Tennessee. Banks may use one of three different security pledges (90%, 100% or 105%) depending on the specific bank holding the deposit. Financial institutions participating in the bank collateral pool determine the aggregate balance of their public funds and report that to the Treasurer's Office. 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. The members of the pool may be required by agreement to pay an assessment to cover any deficiency.

Investments

The City's investments at fiscal year-end were in the State of Tennessee Local Government Investment Pool (LGIP) and Certificates of Deposit. The responsibility for conducting the LGIP's investment program resides with the State Treasurer and investments are made in instruments authorized by Tennessee Code Annotated, Section 9-4-602. The LGIP is a SEC 2a-7-like fund and the carrying value of the City's investment held by the LGIP at fiscal year-end of \$32,793,512 is based on the LGIP share price. The shares in the Local Government Investment Pool are constant dollar. Therefore, the fair value of the position in the Pool is the same as the value of the Pool shares.

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

As of June 30, 2013 the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>Less than 1 year</u>	<u>More than 1 year</u>
State of TN Local Government Investment Pool	<u>\$ 32,772,487</u>	<u>\$ 32,772,487</u>	<u>\$ -</u>

Investment income (loss) in the Scholarship Fund for 2013 consisted of the following:

Interest and Dividends	<u>\$ 3,111</u>
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**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Investment Policies

The City and Oak Ridge Schools maintain similar investment policies with any variances between policies noted below. The City's investment policies are in accordance with state law which outlines authorized municipal government investments in Tennessee Code Annotated (TCA) Section 6-56-106. The investment policies exclude investment of bond proceeds held by trustees.

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

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

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

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Component Unit – Education Foundation

At June 30, 2013, the Education Foundation had the following deposits and investments.

Description	Fair Value
Deposits:	
Bank Deposits and Certificates of Deposit	\$ 180,853
Investments:	
U.S. Treasury Notes Bonds	3,138,239
Mutual Funds	2,629,925
	5,768,164
Total	\$ 5,949,017

Investments at Fair Value

Investment income (loss) for 2013 consisted of the following:

Interest and Dividends	\$ 78,815
Realized Gains on Investments	62,367
Unrealized Losses on Investments	241,609
Total	\$ 382,791

At June 30, 2013, the majority of the Foundation's investments were invested in direct obligations of the U.S. Government, or money market mutual funds which are also invested in direct obligations of the U.S. Government.

10. POOLED CASH AND INVESTMENTS

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

11. RESTRICTED ASSETS

Restricted assets in the Emergency Communications District Fund of \$1,044,622 are from unspent grant proceeds on deposit at the City for upgrades to the City's radio communications system. A corresponding liability amount of \$1,044,622 is shown on the balance sheet of the Emergency Communications District Fund as unearned revenue. The Waterworks Fund's restricted assets are for contractor retainage deposits. A corresponding liability amount of \$143,703 is included in accounts payable on the balance sheet of the Waterworks Fund. The Electric Fund's restricted assets is comprised of funds set aside to satisfy legal covenants regarding debt service on Electric Fund long-term debt issuances. The "current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The governmental and proprietary funds restricted assets at June 30, 2013 are as indicated below:

	Business-type Activities			Total Per Government- wide Financial Statements
	Electric Fund	Waterworks Fund	Emergency Communication District Fund	
Capital Projects				
Grant Proceeds	\$ -	\$ -	\$ 1,044,622	\$ 1,044,622
Retainage	-	143,703	-	143,703
Current Debt Service Account	101,201	-	-	101,201
Total	\$ 101,201	\$ 143,703	\$ 1,044,622	\$ 1,289,526

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

12. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases and Reclassifications	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 3,172,244	\$ 190,600	\$ -	\$ 3,362,844
Construction in Progress	972,616	87,388	(960,679)	99,325
Total Capital Assets Not Being Depreciated	<u>4,144,860</u>	<u>277,988</u>	<u>(960,679)</u>	<u>3,462,169</u>
Capital Assets Being Depreciated:				
Infrastructure	51,002,285	1,406,185	-	52,408,470
Buildings	131,476,127	378,672	960,679	132,815,478
Improvements Other than Buildings	14,120,725	722,049	(534,389)	14,308,385
Machinery and Equipment	30,213,424	858,509	(586,784)	30,485,149
Total Capital Assets Being Depreciated	<u>226,812,561</u>	<u>3,365,415</u>	<u>(160,494)</u>	<u>230,017,482</u>
Less Accumulated Depreciation for:				
Infrastructure	(20,347,223)	(1,048,170)	-	(21,395,393)
Buildings	(45,909,892)	(3,084,324)	-	(48,994,216)
Improvements Other than Buildings	(7,059,329)	(564,620)	534,389	(7,089,560)
Machinery and Equipment	(17,760,414)	(1,749,107)	582,082	(18,927,439)
Total Accumulated Depreciation	<u>(91,076,858)</u>	<u>(6,446,221)</u>	<u>1,116,471</u>	<u>(96,406,608)</u>
Total Capital Assets Being Depreciated, Net	<u>135,735,703</u>	<u>(3,080,806)</u>	<u>955,977</u>	<u>133,610,874</u>
Governmental Activities Capital Assets, Net	<u>\$ 139,880,563</u>	<u>\$ (2,802,818)</u>	<u>\$ (4,702)</u>	<u>\$ 137,073,043</u>

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

General Government	\$ 181,709
Public Safety	413,098
Public Works	1,575,917
Community Service	843,423
Education	3,432,074
Total Depreciation Expense	<u>\$ 6,446,221</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Capital asset activity for the business-type activities for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balances</u>
Business-type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 755,193	\$ -	\$ -	\$ 755,193
Construction in Progress	<u>3,635,309</u>	<u>9,737,390</u>	<u>(11,489,769)</u>	<u>1,882,930</u>
Total Capital Assets Not Being Depreciated	<u>4,390,502</u>	<u>9,737,390</u>	<u>(11,489,769)</u>	<u>2,638,123</u>
Capital Assets Being Depreciated				
Electric Plant in Service				
Transmission	9,311,743	2,081,147	(46,897)	11,345,993
Distribution	67,571,795	2,014,286	(180,678)	69,405,403
Water Plant in Service	64,912,973	4,304,262	(37,945)	69,179,290
Wastewater Plant in Service	80,568,834	5,030,417	-	85,599,251
Equipment	<u>8,686,299</u>	<u>174,242</u>	<u>(51,642)</u>	<u>8,808,899</u>
Total Capital Assets Being Depreciated	<u>231,051,644</u>	<u>13,604,354</u>	<u>(317,162)</u>	<u>244,338,836</u>
Less Accumulated Depreciation for:				
Electric Plant in Service				
Transmission	(3,875,236)	(279,235)	46,897	(4,107,574)
Distribution	(27,674,781)	(1,621,842)	308,125	(28,988,498)
Water Plant in Service	(25,271,544)	(2,537,297)	(60,242)	(27,869,083)
Wastewater Plant in Service	(29,559,783)	(2,072,933)	-	(31,632,716)
Equipment	<u>(5,245,315)</u>	<u>(472,785)</u>	<u>24,977</u>	<u>(5,693,123)</u>
Total Accumulated Depreciation	<u>(91,626,659)</u>	<u>(6,984,092)</u>	<u>319,757</u>	<u>(98,290,994)</u>
Total Capital Assets Being Depreciated, Net	<u>139,424,985</u>	<u>6,620,262</u>	<u>2,595</u>	<u>146,047,842</u>
Business-type Activities				
Capital Assets, Net	<u>\$ 143,815,487</u>	<u>\$ 16,357,652</u>	<u>\$ (11,487,174)</u>	<u>\$ 148,685,965</u>

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

Electric	\$ 2,057,575
Waterworks	4,809,882
Emergency Communications	<u>116,635</u>
Total Depreciation Expense	<u>\$ 6,984,092</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

13. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2013:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
Governmental Activities:					
General Fund:					
General Obligation Bonds	\$ 39,465,000	\$ -	\$ (3,245,000)	\$ 36,220,000	\$ 3,120,000
Qualified Zone Academy Bonds (QZAB)	4,584,765	-	(509,418)	4,075,347	509,418
Notes Payable	54,488,053	-	(326,000)	54,162,053	449,000
Unamortized Debt Discount	(55,190)	-	6,951	(48,239)	(6,951)
Unamortized Debt Premium	1,720,954	-	(195,238)	1,525,716	195,238
Capital Lease Obligations	851,825	479,112	(400,201)	930,736	398,948
Compensated Absences	2,592,929	1,740,509	(1,677,621)	2,655,817	2,170,786
School Termination Benefits	384,075	164,645	(62,340)	486,380	73,294
OPEB Obligation	4,682,505	1,110,498	(524,215)	5,268,788	-
City Equipment Replacement					
Rental Fund:					
General Obligation Bonds	770,000	-	(70,000)	700,000	50,000
Unamortized Bond Discount	(7,198)	-	2,505	(4,693)	(793)
Unamortized Reoffering Premium	4,637	-	(1,686)	2,951	499
Compensated Absences	70,746	57,506	(53,716)	74,536	58,138
OPEB Obligation	10,874	6,224	(4,139)	12,959	-
Total Long-term Liabilities - Governmental Activities:	\$ 109,563,975	\$ 3,558,494	\$ (7,060,118)	\$ 106,062,351	\$ 7,017,577
Business-type Activities:					
Electric Fund:					
Bonds	\$ 19,060,000	\$ -	\$ (1,010,000)	\$ 18,050,000	\$ 1,095,000
Notes Payable	3,788,169	-	(127,769)	3,660,400	132,773
Unamortized Bond Discount	(149,701)	-	15,951	(133,750)	(15,951)
Unamortized Reoffering Premium	242,068	-	(36,285)	205,783	36,285
Compensated Absences	320,791	234,865	(258,155)	297,501	232,051
OPEB Obligation	47,580	27,293	(18,172)	56,701	-
Waterworks Fund:					
General Obligation Bonds	16,630,000	-	(535,000)	16,095,000	545,000
Notes Payable	14,454,612	3,571,456	(2,069,898)	15,956,170	817,332
State Revolving Fund Program Loan	15,689,947	350,248	(812,718)	15,227,477	1,050,594
Unamortized Bond Discount	(136,797)	-	11,320	(125,477)	(11,320)
Unamortized Reoffering Premium	135,242	-	(8,511)	126,731	8,510
Compensated Absences	740,086	602,138	(579,501)	762,723	594,924
OPEB Obligation	105,269	60,378	(40,053)	125,594	-
Emergency Communications Fund:					
Capital Lease Obligation	653,687	-	(118,349)	535,338	124,242
Total Long-term Liabilities - Business-type Activities	\$ 71,580,953	\$ 4,846,378	\$ (5,587,140)	\$ 70,840,191	\$ 4,609,440

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

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

A. Long-Term Debt – Governmental Activities

General Obligation Bonds – General Fund

The debt amortized below includes \$9,300,000 in taxable general obligation Build America Bonds (BABS) issued in November 2009 for various city capital projects, including completion of the Oak Ridge High School renovation. The federal government provides a 35% subsidy on the interest payment due on these bonds. The bonds mature in 2041 with interest rates ranging from 5.63% to 6.5%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's June 2013 interest subsidy payment was reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2014. Interest subsidies received totaled \$193,269 during the year ended June 30, 2013.

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2013, are as follows:

Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2014	\$ 3,120,000	\$ 1,664,407	\$ (184,480)	\$ 1,479,928	\$ 4,599,928
2015	3,055,000	1,584,456	(202,059)	1,382,397	4,437,397
2016	3,165,000	1,482,756	(202,059)	1,280,697	4,445,697
2017	3,260,000	1,347,506	(202,059)	1,145,447	4,405,447
2018	3,420,000	1,194,006	(202,059)	991,947	4,411,947
2019-2023	10,900,000	3,961,093	(1,010,297)	2,950,796	13,850,796
2024-2028	2,200,000	2,683,750	(939,313)	1,744,437	3,944,437
2029-2033	600,000	2,122,750	(742,963)	1,379,788	1,979,788
2034-2038	0	2,068,750	(724,063)	1,344,688	1,344,688
2038-2041	6,500,000	771,249	(269,938)	501,312	7,001,312
Total	<u>\$ 36,220,000</u>	<u>\$ 18,880,723</u>	<u>\$ (4,679,289)</u>	<u>\$ 14,201,435</u>	<u>\$ 50,421,435</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

The following is a summary of the City's general obligation bonded debt transactions funded by the General Fund for the year ended June 30, 2013:

	Governmental Activities			Balance 6/30/13
	Balance 7/1/12	Additions / Transfers	Retirements	
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Rate: 2.00% - 4.00%	\$ 3,560,000	\$ -	\$ 215,000	\$ 3,345,000
Series 2009, GO Refunding Bonds Issue: \$17,215,000, Maturing 2022 Interest Rate: 3.00% - 5.00%	17,215,000	-	-	17,215,000
Series 2009B, Build America Bonds (BABS) Issue: \$9,300,000, Maturing 2041 Interest Rate: 5.63% - 6.50% Interest Treasury Subsidy: 35% of Interest Payment	9,300,000	-	-	9,300,000
Series 2010, GO Refunding Bonds Issue: \$5,240,000, Maturing 2021 Interest Rate: 3.00% - 4.00%	4,455,000	-	420,000	4,035,000
Series 2011, GO Refunding Bonds Issue: \$7,420,000, Maturing 2015 Interest Rate: 2.00%	4,935,000	-	2,610,000	2,325,000
Total General Obligation Bonded Debt	\$ 39,465,000	\$ -	\$ 3,245,000	\$ 36,220,000

Qualified Zone Academy Bonds (QZAB) – General Fund

The City issued \$7,049,360 in Qualified Zone Academy Bonds (QZAB) in fiscal 2005 and \$1,032,500 in fiscal 2006. QZAB's are a federal program, administered through state department of educations, which provide interest free loans to finance eligible school renovations. The Tennessee Department of Education and the State Comptroller's Office are administrators of the loan. The QZAB program requires a 10% private contribution toward annual debt service payments. The Oak Ridge Education Foundation funded the City's required private contribution. A \$509,418 annual loan payment is scheduled each year through December 2020. The actual payment required by the City will be adjusted by the State each year, reflecting an adjustment for interest earned on the bond escrow account.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Projected amortization schedule for QZAB are as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2014	\$ 509,418	\$ 2,445	\$ 511,863
2015	509,419	2,445	511,864
2016	509,418	2,445	511,863
2017	509,418	2,445	511,863
2018	509,419	2,445	511,864
2019-2021	1,528,255	7,335	1,535,590
Total	<u>\$ 4,075,347</u>	<u>\$ 19,560</u>	<u>\$ 4,094,907</u>

Notes Payable – General Fund

In fiscal 1995, the City executed a loan agreement with the Tennessee Municipal Bond Fund (TMBF) for \$1,247,994 to fund a grant to the Roane State Foundation for the purpose of purchasing land for a permanent Roane State Community College campus in Oak Ridge and storm drainage improvements. Remaining principal payments occur from 2017 through 2023. The loan had a principal balance of \$568,765 at June 30, 2013. Annual interest payments are amortized below using a .98% interest rate, which was the actual weekly rate at June 30, 2013.

In August 2001, City Council authorized the issuance of \$1,000,000 in general obligation debt through the TMBF to finance the expansion, renovation and equipping of the Scarborough Center. The United States Department of Housing and Urban Development (HUD) has approved a \$95,000 annual grant award that is to finance the annual principal and interest payments through the loans maturity in 2017. At June 30, 2013, the outstanding principal balance of the loan was \$341,000. Annual interest payments are amortized below using a 1.12% interest rate, which was the actual weekly rate at June 30, 2013.

On February 25, 2005, the City entered into a \$15,000,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for the ORHS project. At June 30, 2013, the outstanding principal balance of the loan was \$14,300,000. The interest rate on the fixed rate loan is between 3.0% and 4.125%, with maturity in fiscal 2025. Principal payments began in fiscal 2010.

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

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

On April 16 2008, the City executed a loan agreement with the TMBF for \$11,000,000 of which \$7,752,288 was used to fund costs for renovation and new construction of the ORHS project and other school capital projects. The remaining loan proceeds were used to fund electric and waterworks projects. Principal payments begin in 2014 with maturity in 2027. Annual interest payments are amortized below using a 0.91% interest rate, which was the actual weekly rate at June 30, 2013.

Notes payable also includes \$25,875,000 in outstanding debt issued to fund costs for renovation and construction of the ORHS project for which the City has entered into an interest rate swap agreement as outlined beginning on page 63 of the notes to financial statements. During fiscal 2010, the City refunded \$4,675,000 of the outstanding debt under the Series VI-D-3 swap agreements to replace Ambac Assurance Corporation as the holder of a Financial Guarantee Insurance Policy. The purpose of the refunding was to enhance remarketing of the underlying bonds. See details of Series VI-D-3 swap agreement for additional information.

Projected debt service requirements to maturity for notes payable are as outlined below. The interest rate varies on a weekly basis and is paid monthly for the TMBF loans. Annual interest payments on variable interest rate loans are amortized using the actual weekly rate at June 30, 2013. For budgeting purposes, the City uses a 4.50% interest rate for variable rate loans.

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total Requirements
2014	\$ 449,000	\$ 1,886,687	\$ 2,335,687
2015	478,000	1,873,930	2,351,930
2016	492,000	1,859,493	2,351,493
2017	607,722	1,844,422	2,452,144
2018	570,326	1,826,519	2,396,845
2019-2023	9,412,717	8,709,201	18,121,918
2024-2028	15,572,288	6,114,401	21,686,689
2029-2033	14,080,000	4,276,862	18,356,862
2034-2038	12,500,000	1,575,323	14,075,323
Total	<u>\$ 54,162,053</u>	<u>\$ 29,966,838</u>	<u>\$ 84,128,891</u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Notes Payable - Swap Agreements

As of June 30, 2013 the City had the following derivative instruments outstanding:

Instrument	Type	Objective	Original Notional Amount	Maturity Date	Term
Series VI-D-3 ¹	Pay-fixed Interest Rate Swap	Variable to Synthetic Fixed Rate	\$10,000,000	2033	Pay 3.725% Receive 63.5% of LIBOR
Series VI-D-H1 ²	Pay-fixed Interest Rate Swap	Variable to Synthetic Fixed Rate	\$15,675,000	2036	Pay 3.536% Receive 63.0% of LIBOR

¹Refunded to Series VII-E-1 in 2009

²Refunded to Series VII-E-1bonds and Series VI-M-1 bonds

The fair value balance and notional amounts of derivative instruments outstanding at June 30, 2013, classified by type and the changes in fair value of such derivative instruments for the years then ended are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2013		June 30, 2013
	Classification	Amount	Classification	Amount	Notational Amount
Governmental Activities					
Investment Derivative:					
Pay-fixed Interest Rate Swap Series VI-D-3 ¹	Investment Revenue	\$ 1,287,328	Debt	\$ (1,788,475)	\$10,000,000
Investment Derivative:					
Pay-fixed Interest Rate Swap Series VI-H-1 ²	Investment Revenue	1,881,837	Debt	(2,327,852)	\$15,675,000
		<u>\$ 3,169,165</u>		<u>\$ (4,116,327)</u>	

¹Refunded to Series VII-E-1 in 2009

²Refunded to Series VII-E-1bonds and Series VI-M-1 bonds

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Derivative Swap Agreement Details

Swap - Local Government Improvement Bonds, Series VI-D-3 (Refunded by Series VII-E-1 bonds)

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

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The swap Series VI-D-3 did not meet that criteria and therefore is classified as an investment derivative. The City recorded a liability for the investment derivative totaling the negative fair value of \$1,788,475 in the statement of net position. The city also recorded the current year change in fair value of \$1,287,328 in the statement of activities as an investment gain.

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

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.725% and receives a variable payment computed as 63.50% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2013, rates were as follows:

	Terms	Rates
Interest Rate Swap:		
Fixed Payments to Counterparty	Fixed	3.725%
Variable Payment from Counterparty	% LIBOR	-1.010%
Net Interest Rate Swap Payments		2.715%
Variable Rate Bond Coupon Payments		0.633%
On-going Variable Rate Bond Payments		0.200%
Effective Synthetic Interest Rate on Bonds		3.548%

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Fair Value: As of June 30, 2013, the swap had a negative fair value of (\$1,788,475). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit Risk: As of June 30, 2013, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") was rated "A+" by Standard and Poor's as of June 30, 2013, with its Credit Support Provider, Deutsche Bank, rated A2/A+/A+ by Moody's, Standard & Poor's and Fitch, respectively.

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

Termination Risk: The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

Swap Payments and Associated Debt: As of June 30, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2014	\$ -	\$ 63,300	\$ 271,535	\$ 334,835
2015	-	63,300	271,535	334,835
2016	-	63,300	271,535	334,835
2017	-	63,300	271,535	334,835
2018	-	63,300	271,535	334,835
2019-2023	-	316,500	1,357,675	1,674,175
2024-2028	-	316,500	1,357,675	1,674,175
2029-2033	10,000,000	274,089	1,175,747	11,449,836
Total	\$ 10,000,000	\$ 1,223,589	\$ 5,248,772	\$ 16,472,361

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Swap - Local Government Improvement Bonds, Series VI-H-1 (Refunded to Series VII-E-1 bonds and Series VI-M-1 bonds)

On November 22, 2006, the City entered into a \$15,675,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the ORHS Project. Principal payments are to occur on the loan from 2025 to 2036. Under its loan agreement, the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-H-1.

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The swap Series VI-H-1 did not meet that criteria and therefore is classified as an investment derivative. The City recorded a liability for the investment derivative totaling the negative fair value of \$2,327,852 in the statement of net position. The city also recorded the current year changes in fair value of \$1,881,837 in the statement of activities as an investment gain.

Objective of the Interest Rate Swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$15.675 million Series VI-H-1 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. \$11,000,000 of the Series VI-H-1 bonds have since been refunded with a portion of the proceeds of the Series VII-E-1 bonds and the related portion of the interest rate swap is now associated with the Series VII-E-1 bonds. The remaining \$4,675,000 of the Series VI-H-1 bonds have since been refunded with a portion of the Series VI-M-1 bonds and the related portion of the interest rate swap is now associated with the Series VI-M-1 bonds.

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.536% and receives a variable payment computed as 63% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$15.675 million and the associated variable-rate bond has a \$15.675 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds and/or Series VI-M-1. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2036. As of June 30, 2013, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed Payments to Counterparty	Fixed	3.536%
Variable Payment from Counterparty	% LIBOR	-1.002%
Net Interest Rate Swap Payments		<u>2.534%</u>
Variable Rate Bond Coupon Payments		0.633%
On-going Variable Rate Bond Payments		<u>0.200%</u>
Effective Synthetic Interest Rate on Bonds		<u><u>3.367%</u></u>

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Fair Value: As of June 30, 2013, the swap had a negative fair value of (\$2,327,852). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows to their present value.

Credit Risk: As of June 30, 2013, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, entered into the interest rate swap agreement with Depfa Bank, who was rated "A+" by Standard and Poor's, "AA-" by Fitch Ratings and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2013, Depfa's credit rating had been downgraded and was rated "BBB" by Standard and Poor's (Stable Outlook), "Baa3" by Moody's Investors Service (Stable Outlook) and "BBB+" by Fitch Ratings (Negative Outlook). The counterparty has posted all collateral requirements with a third-party custodian.

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

Termination Risk: The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

Swap Payments and Associated Debt: As of June 30, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Variable Rate Bonds				
Fiscal Year Ending June 30,	Principal	Interest	Net Interest Rate Swap Payment	Total
2014	\$ -	\$ 99,223	\$ 397,252	\$ 496,475
2015	-	99,223	397,252	496,475
2016	-	99,223	397,252	496,475
2017	-	99,223	397,252	496,475
2018	-	99,223	397,252	496,475
2019-2023	-	496,114	1,986,258	2,482,372
2024-2028	4,575,000	468,104	1,874,115	6,917,219
2029-2033	3,975,000	269,183	1,077,711	5,321,894
2034-2036	7,125,000	91,469	366,206	7,582,675
Total	\$ 15,675,000	\$ 1,820,985	\$ 7,290,550	\$ 24,786,535

City Equipment Replacement Rental Fund

The debt amortized below includes \$700,000 in taxable general obligation Build America Bonds (BABS) issued in November 2009 used to purchase computer hardware. The federal government provides a 35% subsidy on the interest payment due on these bonds. The bonds mature in 2019 with interest rates ranging from 2.875% to 4.63%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's June 2013 interest subsidy payment was reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2014. Interest subsidies received totaled \$9,227 during the year ended June 30, 2013.

Debt service requirements to maturity for Equipment Replacement Rental Fund general obligation debt for the fiscal year ended June 30, 2013, are as follows:

Fiscal Year Ending June 30,	Governmental Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2014	\$ 50,000	\$ 27,563	\$ (8,808)	\$ 18,755	\$ 68,755
2015	200,000	26,125	(9,144)	16,981	216,981
2016	-	19,875	(6,956)	12,919	12,919
2017	150,000	19,875	(6,956)	12,919	162,919
2018	-	13,875	(4,856)	9,019	9,019
2019	300,000	13,875	(4,856)	9,019	309,019
Total	\$ 700,000	\$ 121,188	\$ (41,576)	\$ 79,612	\$ 779,612

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Capital Leases Obligations

On August 9, 2011, the Schools entered into a \$1,152,844 capitalized lease purchase agreement with California First National Bank for the purchase of approximately 390 computers. Since each individual computer cost less than \$5,000, these were expensed in accordance with the Schools' capitalization policy. Terms of the capital leases required an initial payment of \$301,019 and three annual payments of \$301,019 at 2.97% interest through August 10, 2014. The principal balance was \$576,174 at year-end.

On July 10, 2012, the Schools entered into a \$479,112 capitalized lease purchase agreement with California First National Bank for the purchase of technology equipment. Of the technology equipment included in the lease purchase agreement, only software of \$25,000 was capitalized, as all other equipment cost less than \$5,000, individually, and these were expensed in accordance with the School's capitalization policy as described in Note 1. Terms of the lease require initial payment of \$124,550 and three annual payments of \$124,550 at 2.668% interest through July 10, 2015. The principal balance was \$354,652 at year-end.

Fiscal Year Ending June 30,		
2014	\$	425,569
2015		425,569
2016		124,550
Total Future Minimum Lease Payments		975,688
Less: Amount Representing Interest		(44,952)
Present Value of Minimum Lease Payments	\$	930,736

B. Long-term Debt – Business-type Activities

Bonds

Revenue Bonds

In March 2003, the City issued \$12,425,000 in Electric Revenue Refunding Bonds, Series 2003 to refund portions of outstanding Electric Fund debt. This bond issuance is payable solely from and secured by the income and revenues from the operation of the electric power distribution system, subject only to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring said system. Principal payments will occur through 2016. Interest rates on the bonds range from 4% to 5%. The principal balance of the bonds is \$2,980,000 at June 30, 2013.

General Obligation Bonds

In February 2009, the City issued \$27,285,000 in General Obligation Refunding Bonds Series 2009 which included a current refunding of \$10,380,000 in outstanding Electric Fund variable interest rate revenue debt. The bonds are to be repaid from Electric Fund revenues and accordingly, have been recorded as a long-term liability of the Electric Fund. Principal payments will occur from 2017 through 2025. Interest rates on the bonds range from 2% to 4%. The reacquisition price was \$192,508 less than the net carrying amount of the old debt. This amount is being netted against the new debt and amortized over the new debt's life, which is shorter than the refunded debt. The principal balance of the bonds is \$10,070,000 at June 30, 2013.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

In November 2009, the City issued \$20,000,000 in taxable general obligation Build America Bonds (BABS) for various city capital projects. \$5,000,000 of the bond proceeds will be utilized for Electric Fund capital projects. The annual debt service requirement on this portion of the BABS is to be repaid from Electric Fund revenues and accordingly, have been recorded as a long-term liability of the Electric Fund. The federal government provides a 35% subsidy on the interest payment due on these bonds. Principal payments will occur from 2028 to 2038 with interest rates ranging from 6% to 6.15%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's June 2013 interest subsidy payment was reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2014. Interest subsidies received totaled \$101,361 during the year ended June 30, 2013.

Debt service requirements to maturity for bonds funded by the Electric Fund for the fiscal year ended June 30, 2013, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2014	\$ 1,095,000	\$ 870,419	\$ (96,752)	\$ 773,667	\$ 1,868,667
2015	925,000	826,619	(105,971)	720,648	1,645,648
2016	960,000	789,619	(105,971)	683,648	1,643,648
2017	1,000,000	751,219	(105,971)	645,248	1,645,248
2018	1,045,000	701,219	(105,971)	595,248	1,640,248
2019-2023	5,850,000	2,794,645	(529,856)	2,264,789	8,114,789
2024-2028	2,625,000	1,660,369	(529,856)	1,130,513	3,755,513
2029-2033	2,250,000	1,108,875	(388,106)	720,769	2,970,769
2034-2038	2,300,000	428,287	(149,901)	278,386	2,578,386
Total	\$ 18,050,000	\$ 9,931,271	\$ (2,118,355)	\$ 7,812,916	\$ 25,862,916

Electric System Notes Payable

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Electric Fund loan liability was \$2,207,104 at June 30, 2013. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.92% interest rate, which was the actual weekly rate at June 30, 2013.

In April 2008, the City executed an \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. The outstanding principal balance of the Electric Fund loan liability was \$1,453,296 at June 30, 2013. Principal payments will occur from 2015 through 2027. Annual interest payments are amortized below using a 0.91% interest rate, which was the actual weekly rate at June 30, 2013.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

The interest rate varies on a weekly basis for these two loans. Annual interest payments are amortized below using the actual weekly rate at June 30, 2013. Projected debt service requirements to maturity as of June 30, 2013 as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2014	\$ 132,773	\$ 33,377	\$ 166,150
2015	163,111	32,136	195,247
2016	213,448	30,603	244,051
2017	149,453	28,698	178,151
2018	155,124	27,322	182,446
2019-2023	949,701	111,940	1,061,641
2024-2027	1,896,790	39,996	1,936,786
Total	<u>\$ 3,660,400</u>	<u>\$ 304,073</u>	<u>\$ 3,964,473</u>

General Obligation Bonds – Waterworks Fund:

In March 2003, the City issued \$14,720,000 in General Obligation Refunding Bonds Series 2003, a portion of which paid all the outstanding Waterworks Fund variable interest rate debt for the TN-LOANS H-1 loan issued in 1997 and Tennessee Municipal Bond Fund (TMBF) loan issued in 1998 and the 2003 through 2016 maturities of the variable interest rate TMBF loan issued in 1995. Interest rates range from 2% to 4% with the bonds maturing in 2016. The principal balance of the bonds outstanding at June 30, 2013 was \$1,385,000.

In November 2009, the City issued \$20,000,000 in taxable general obligation Build America Bonds (BABS) for various city capital projects. \$5,000,000 of the bond proceeds will be utilized for Waterworks Fund capital projects. The annual debt service requirement on this portion of the BABS is to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. The federal government provides a 35% subsidy on the interest payment due on these bonds. Principal payments will occur from 2023 to 2030 with interest rates ranging from 5% to 6%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's June 2013 interest subsidy payment was reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2014. Interest subsidies received totaled \$97,796 during the year ended June 30, 2013.

On September 29, 2011, the City issued \$9,810,000 in General Obligation Bonds Series 2011B for capital improvements to the City's water and wastewater system. The annual debt service payments are to be funded through the applicable water and wastewater rates. Interest rates range from 2% to 3% with the bonds maturing in 2028. The principal balance of the bonds outstanding at June 30, 2013 was \$9,710,000.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

Debt service requirements to maturity for bonds funded by the Waterworks Fund for the fiscal year ended June 30, 2013, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2014	\$ 545,000	\$ 605,075	\$ (93,349)	\$ 511,726	\$ 1,056,726
2015	560,000	585,275	(102,244)	483,031	1,043,031
2016	580,000	564,875	(102,244)	462,631	1,042,631
2017	200,000	543,675	(102,244)	441,431	641,431
2018	200,000	539,675	(102,244)	437,431	637,431
2019-2023	2,125,000	2,631,688	(511,219)	2,120,469	4,245,469
2024-2028	10,035,000	1,763,625	(400,969)	1,362,656	11,397,656
2029-2030	1,850,000	168,000	(58,800)	109,200	1,959,200
Total	<u>\$ 16,095,000</u>	<u>\$ 7,401,888</u>	<u>\$ (1,473,311)</u>	<u>\$ 5,928,576</u>	<u>\$ 22,023,576</u>

Notes Payable – Waterworks Fund

The City executed loan agreements for \$6,152,006 and \$3,000,000 during fiscal 1995 and 2001, respectively, with the TMBF to fund water and wastewater system rehabilitation and expansion. The 2003 to 2016 maturities of the 1995 loan were paid from the proceeds of the General Obligation Refunding Bonds Series 2003. The remaining portion of the 1995 loan matures in 2023 and the 2001 loan matures in 2022. The outstanding principal balance on these loans at June 30, 2013 was \$4,514,735. Annual interest payments are amortized below using a .98% and .95% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2013.

In June 2006, the City executed a \$9,000,000 loan agreement through the TMBF for electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$4,408,897 at June 30, 2013. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.92% interest rate, which was the actual weekly rate at June 30, 2013.

In April 2008, the City executed an \$11,000,000 loan agreement through the TMBF for school, electric and waterworks improvements. The outstanding principal balance of the Waterworks Fund portion of the loan was \$1,794,416 at June 30, 2013. Principal payments will occur from 2017 through 2027. Annual interest payments are amortized below using a 0.91% interest rate, which was the actual weekly rate at June 30, 2013.

In December 2012, the City executed a \$5,000,000 loan agreement through the TMBF waterworks improvements. The outstanding principal balance of the loan was \$3,571,456 at June 30, 2013. This is a draw loan whereby funds are drawn as work is performed. There is \$1,428,544 available for draw on this loan at year-end. The loan is for a 20-year term with principal payments beginning in 2014. Annual interest payments are amortized below using a 1.01% interest rate, which was the actual weekly rate at June 30, 2013.

CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

During fiscal 2011, the General Fund loaned the Waterworks Fund \$5,000,000 for bridge financing of waterworks capital improvements. Under Tennessee State Law, these type loans between City funds are required to be in the form of capital outlay notes. State law requires City Council to adopt a resolution authorizing the obligation and obtainment of approval from the Comptroller of the Treasury or Comptroller's designee in accordance with the requirements of Title 9, Chapter 21, Part 6, Tennessee Code Annotated. The interfund loan is dated November 1, 2010. On July 11, 2011, City Council retroactively authorized the issuance of \$5,000,000 in capital outlay notes as of November 1, 2010, and on August 8, 2011 the City received notification of the retroactive approval of the capital outlay notes by the Comptroller's Office. The notes were originally issued for a three year term. Approval must be obtained from the Comptroller in increments of three year periods for a maximum total of nine years. In June 2013, City Council approved an extension of the loan with the expectation that the loan will mature in November 2019. The Comptroller has approved a three year extension of the loan through November 2016. A request to the Comptroller for an additional three year extension will be made at that time. The loan has a 1% interest rate. The capital outlay notes were recorded as an advance to other funds in the City's General Fund and as liability for notes payable in the Waterworks Fund. The capital outlay notes had an outstanding balance of \$1,666,667 at June 30, 2013.

The TMBF loans and capital outlay notes are to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. Terms of the TMBF loan agreements provide for annual principal and monthly interest installments, with the interest rate varying on a weekly basis. Annual interest payments are amortized below using the actual weekly rate at June 30, 2013, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total Requirements
2014	\$ 817,332	\$ 152,926	\$ 970,258
2015	842,984	145,004	987,988
2016	869,647	135,765	1,005,412
2017	1,297,621	126,905	1,424,526
2018	1,358,645	114,322	1,472,967
2019-2023	6,598,802	376,904	6,975,706
2024-2028	3,873,925	107,324	3,981,249
2029-2033	297,215	2,755	299,970
Total	<u>\$ 15,956,170</u>	<u>\$ 1,161,905</u>	<u>\$ 17,118,075</u>

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Tennessee State Revolving Fund Loan – Waterworks Fund

During fiscal 1998 and 1999, the City executed an \$11,197,000 loan and a \$5,000,000 loan through the Tennessee State Revolving Fund (SRF) administered by the Tennessee Department of Environment and Conservation (TDEC) to finance improvements and expansion of the Wastewater Treatment Plant, wastewater collection system rehabilitation and wastewater lift station replacements. Terms of both 20-year loans call for monthly principal and interest payments, using a 4.09% and a 4.04% fixed interest rate, respectively. Debt service payments will be funded by Waterworks Fund revenues from residential and commercial wastewater fees. The City pledged its State-shared tax revenues (State sales, gasoline, beer, TVA replacement, mixed drinks, alcoholic beverages and income tax) as collateral for the loan. It is not anticipated that revenues from these sources will be required to fund the debt service on these loans. The outstanding principal balance of these loans was \$6,393,693 and \$2,778,590, respectively, at June 30, 2013. During fiscal 2003, a third loan from the SRF program for \$7,000,000 was approved that will provide financing for the fiscals 2005 to 2010 phase of the wastewater system rehabilitation project, which includes sanitary sewer replacement, slip-lining, cured-in-place and pipe bursting, and manhole and pump station rehabilitation and replacement. Terms of the loan are the same as outlined above with the exception that the fixed interest rate for this loan is 3.83%. Loan proceeds are drawn as work is completed. \$6,055,194 in loan proceeds had been drawn as of June 30, 2013. A projected amortization schedule for outstanding SRF loans as of June 30, 2013 is as follows:

Fiscal Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total Requirements
2014	\$ 1,050,594	\$ 586,471	\$ 1,637,065
2015	1,093,693	543,373	1,637,066
2016	1,138,556	498,498	1,637,054
2017	1,185,279	451,786	1,637,065
2018	1,233,911	403,155	1,637,066
2019-2023	5,925,937	1,231,068	7,157,006
2024-2028	1,628,223	540,965	2,169,188
2029-2033	1,971,284	197,906	2,169,190
Total	\$ 15,227,477	\$ 4,453,223	\$ 19,680,700

In late June 2013, the State approved the City's application for an \$18,000,000 loan through the SRF to fund wastewater projects mandated to meet terms of an Administrative Order (AO) from the United States Environmental Protection Agency (EPA). The State approved issuance of a \$14,000,000 SRF loan and a \$4,000,000 SRF loan that contains a 10% principal forgiveness. These are draw loans whereby funding draws occur after expenditures for projects are made by the City. The interest rate, including fees, is 1.23%. The City will require an additional \$3,000,000 to complete the projects required by EPA. A loan modification will be requested for an additional \$3,000,000 in funding from this program in fiscal 2014.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Capital Leases Obligations – Business-type Activities

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

The future principal and interest payments on these capital lease obligations as of June 30, 2013 are as follows:

<u>Year Ending June 30,</u>		
2014	\$	150,901
2015		150,902
2016		150,902
2017		<u>150,901</u>
Total Future Minimum Lease Payments		603,606
Less:		
Amount Presenting Interest at 4.98%		(68,268)
Current Portion of Capital Lease		<u>(124,242)</u>
Long-term Capitalized Lease Obligation	\$	<u><u>411,096</u></u>

14. INTERFUND RECEIVABLE AND PAYABLE BALANCES

Due to and from accounts represent short-term loans between funds. At June 30, the Grant Fund had a \$89,346 and the Street and Public Transportation Fund a \$1,986 due to the General Fund. The Due To/From's resulted from timing between cash disbursements for grant eligible items and cash reimbursement from grant awards.

Advances to and from accounts represent long-term loans between funds. During fiscal 2012, the General Fund advanced the Waterworks Fund \$5,000,000 for bridge financing for Waterworks capital improvements. Under Tennessee State Law, these type loans between City funds are required to be in the form of capital outlay notes. Annual principal payments are anticipated to be due in seven remaining equal installments with interest at 1% per annum. Approval must be obtained from the Comptroller's office in 2016 for another three year loan extension through November 2019. The capital outlay notes were recorded as an advance to other funds in the City's General Fund and as liability for notes payable in the Waterworks Fund. The balance at June 30, 2013 was \$1,666,667.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

15. TRANSFERS

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

Transfer Out	Transfer In					Total
	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	
General Fund	\$ -	\$ 13,862,832	\$ 500,000	\$ 4,311,470	\$ 948,195	\$ 19,622,497
Electric Fund	1,438,864	-	-	-	-	1,438,864
Waterworks Fund	1,472,403	-	-	-	-	1,472,403
Nonmajor Funds	482,364	-	300,000	-	-	782,364
Total	\$ 3,393,631	\$ 13,862,832	\$ 800,000	\$ 4,311,470	\$ 948,195	\$ 23,316,128

16. COMMITMENTS

At June 30, 2013, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$7,615,312 for the following projects:

Projects	Spent-To-Date	Commitment Remaining	Committed Fund
Jackson Square Project Phase I	\$ 21,135	\$ 131,810	Capital Projects
Equipment	-	194,421	General
Line Construction	1,627,100	1,472,328	Electric
Substation 800 Expansion	-	472,199	Electric
Water Treatment Plant Improvements	182,292	114,708	Waterworks
Wastewater Distribution System Rehab	2,151,264	17,181	Waterworks
Water Tank Improvements	403,486	29,486	Waterworks
West End Waterworks Expansion	1,861,204	137,711	Waterworks
Administrative Order EPA	6,063,547	5,045,468	Waterworks
Total	\$ 12,310,028	\$ 7,615,312	

Electric projects will be funded through existing cash reserves and a 1.2% rate increase adopted in October 2013. Waterworks Fund projects will be funded through debt issuances during fiscal 2013 and 2014 and revenues generated through the respective rate structure. In December 2012, the City issued a \$5,000,000 loan through the TMBF for water and wastewater projects. An \$18,000,000 State Revolving Fund Loan has been approved for projects under the EPA Administrative Order. In October 2013, the City restructured debt and issued an additional approximate \$3,585,000 for waterworks projects. Rate increases for both water and wastewater services were adopted by City Council in April 2012 with effective dates of May 2012 and January 2013. Subsequently, City has adopted rate increases with effective dates of January 2014 and January 2015.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

17. FUND BALANCE

At June 30, 2013, fund balance is classified as follows:

	Major Governmental Funds				Nonmajor Governmental Funds	Totals
	General Fund	School Fund	Capital Projects Fund	Debt Service Fund		
Nonspendable						
Inventory	\$ 165,872	\$ -	\$ -	\$ -	\$ 69,062	\$ 234,934
Prepays	19,469	63,305	-	-	6,379	89,153
Advances to Other Funds	1,666,667	-	-	-	-	1,666,667
Restricted To:						
Education Programs	-	206,470	-	-	-	206,470
Debt Service	-	-	-	8,687,735	-	8,687,735
Drug Enforcement	-	-	-	-	219,470	219,470
Street Improvements	-	-	-	-	845,930	845,930
Public Transportation	-	-	-	-	62,979	62,979
Committed To:						
Education Programs	-	219,106	-	-	-	219,106
Assigned To:						
2013 Budgeted						
Fund Balance Draw	1,199,351	-	-	-	-	1,199,351
Education	-	5,800,554	-	-	-	5,800,554
Debt Service	-	-	-	1,609,459	-	1,609,459
Capital Projects	-	-	1,547,444	-	-	1,547,444
Economic Development	507,364	-	-	-	-	507,364
Grant Projects	-	-	-	-	112,877	112,877
General Government	25,780	-	-	-	-	25,780
Recreation	-	-	-	-	984,519	984,519
Fire and Emergency Services	-	-	-	-	153,984	153,984
Special Programs	-	-	-	-	803,712	803,712
Unassigned	6,475,637	-	-	-	-	6,475,637
Total	\$ 10,060,140	\$ 6,289,435	\$ 1,547,444	\$ 10,297,194	\$ 3,258,912	\$ 31,453,125

Nonspendable fund balances include \$234,934 in inventory, comprised of \$165,872 in the General Fund, \$40,241 in the State Street Aid Fund and \$28,821 in the Golf Course Fund and \$89,153 in miscellaneous prepaids. The General Fund has an outstanding advance to the Waterworks Fund for capital improvements in the amount of \$1,666,667.

Restrictions in the School Fund of \$206,470 were primarily for the Career Ladder Program, extended contracts and for the Central Cafeteria. The \$8,687,735 restricted fund balance in the Debt Service Fund is from that portion of local sales tax collections that resulted from a .50% increase in the sales tax approved by Oak Ridge voters at referendum. These sales tax proceeds are restricted to paying the debt issued for the renovation and construction at the ORHS until all the debt is extinguished. Restrictions in the Drug, State Street Aid and Street and Public Transportation Fund are due to state law restrictions on the revenues accounted for in those funds.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

The committed fund balance of \$219,106 in the School Fund is primarily for extended school programs.

In the General Fund, \$1,199,351 has been assigned as the budgeted fund balance draw for fiscal 2014. City Council assigned \$507,364 for economic development endeavors and \$25,780 for renovation of the courtroom.

18. 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.

19. RISK MANAGEMENT

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

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

Insurance coverage for City and School assets related to general liability, auto liability, auto physical damage, errors and omissions and workers compensation for city and school system employees is through public entity risk pools operated as a risk sharing programs by the Tennessee Municipal League (TML) for the City coverage and the Tennessee Risk Management Trust (TNRMT) for school coverage. These pools are sustained by member premiums and the City and Schools pay an annual premium for its coverage. Coverage through the Pool is for payment of damage claims and to defend the City in any damage suit that is included in the coverage, up to the policy's applicable limits, at the Pool's expense. This includes any other necessary costs relating to the defense. The City has the responsibility of following any reporting requirements, including timely reporting of any incidents that might result in a damage claim. The City is to do everything necessary to protect the rights of recovery of the Pool and enforcement of these rights by complying with all terms of the policy. The Pool has the right to apply premium rate changes as necessary.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

Other risks of loss are covered by commercial insurance with the City being responsible for the per occurrence deductible. The annual per occurrence deductible for each insurance policy covered by the School Fund for fiscal 2013 is \$500 except for boiler and machinery, which is \$1,000. In fiscal 2013, the city paid \$321,032 in net deductibles to the TML for workers compensation and property liability claims. The per occurrence deductible for each insurance policy covered by the City Insurance Fund for fiscal 2013 is as outlined below:

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

There have been no liabilities in excess of commercial insurance coverage for the past three fiscal years. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability amount for the City Insurance Funds for the fiscal years ended June 30, 2013 and June 30, 2012 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year End
2013	\$ 355,167	\$ 512,834	\$ (509,591)	\$ 358,410
2012	\$ 372,538	\$ 544,996	\$ (562,367)	\$ 355,167

20. ENVIRONMENTAL PROTECTION AGENCY ADMINISTRATIVE ORDER

On September 27, 2010, the City received an administrative order (AO) from the United States Environmental Protection Agency (EPA). The City was found to be in violation of Section 301 of the Clean Water Act (CWA), 33 U.S.C. Section 1311. Failure to comply with the AO may subject the City to certain penalties. The City has been given a timetable and actions to be made to remedy the violations with various deadlines through 2015. The City's remediation plans must be approved by the EPA. In August 2012, the City's Wastewater Collection System Remediation Plan Report was submitted to EPA which outlines the construction project schedule to meet the requirements of the AO. At that time, construction project costs were estimated at \$23,090,800 with an estimated completion date of August 2015.

Wastewater rates increased effective May 1, 2012 and again effective on January 1, 2013. During fiscal 2014, City Council approved wastewater increases effective January 1, 2014 and January 1, 2015. Rate increases were necessary to fund the debt and increased level of ongoing maintenance costs required for the City to meet the requirements of the AO. The next wastewater rate review is planned for the summer of 2014.

**CITY OF OAK RIDGE, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013**

21. FUND CLOSURES

At the end of fiscal 2013, the City closed the Economic Diversification Fund, a special revenue fund, due to an insufficient sustainable revenue stream. By resolution, City Council approved closure of the Economic Diversification Fund with the remaining fund balance to be transferred to the General Fund and assigned for future economic development endeavors. At year end, \$482,364 was transferred to the General Fund resulting in a zero fund balance in the Economic Diversification Fund.

At the end of fiscal 2013, the Inventory Fund, an internal service fund, was closed by resolution of City Council. The Inventory Fund was an Internal Service Fund that was used to account for the stock items located in the City's central warehouse that are primarily used to maintain electric and waterworks operations, but also contained items such as fuel, that are used by all City departments. Inventory balances will now be recorded in the applicable City fund, predominately Electric, Waterworks, General, Equipment Rental and State Street Aid Funds. This change was made after discussions with the State Comptroller's Office in order to avoid appeared conflicts with State law regarding Advances between City Funds.

22. SUBSEQUENT EVENTS

On August 15, 2014, the City issued \$23,205,000 in General Obligation Bonds, Series 2013 which refunded the outstanding Series 2003 General Obligation Bonds and the outstanding 1997, 1998 and 2002 State Revolving Fund (SRF) Loans and provided an approximate \$3,000,000 in additional funding for sewer projects and \$600,000 for water projects. The bonds revised the City's annual waterworks debt service payments into a more manageable structure. There has been considerable pressure on the wastewater rates since the Administrative Order was received from EPA in 2010.

The Series 2013 Bonds refunded \$19,881,973 in outstanding debt, including \$15,112,030 in SRF wastewater loans. The bonds were issued at a \$608,521 premium. The underwriters discount was \$194,315 and there was \$152,233 in other issuance costs.

In December 2013, the City entered into an agreement with Leasing 2, Inc. for the lease purchase of two fire pumper trucks. Terms of the lease call for annual lease payments of \$98,937 from November 2014 to November 2025. Interest is at 3.35%. It will take approximately 9 months for the manufacturer to build the fire pumper trucks. The \$964,291 principal amount of the lease was placed in escrow upon execution of the lease agreement. Funds will be released by the escrow agent to purchase the trucks from the manufacturer once the City has inspected and accepted delivery of the fire trucks.

23. PRIOR PERIOD ADJUSTMENT

Adoption of New Accounting Standard

During 2013, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which reclassifies as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Per the new standard, debt issuance costs are recorded as an expense in the period incurred. Therefore, net unamortized debt issuance costs prior to fiscal year 2013 have been recorded as a prior period adjustment by decreasing net position of business type activities by \$262,899 as of July 1, 2012.

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2013**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	\$ 75,720	\$ 85,962	\$ 10,242	88.09%	\$ 18,988	53.94%
7/1/2009	\$ 65,245	\$ 79,499	\$ 14,254	82.07%	\$ 18,692	76.26%
7/1/2007	\$ 64,415	\$ 70,282	\$ 5,867	91.65%	\$ 15,456	37.96%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	\$ 22,960	\$ 23,254	\$ 294	98.74%	\$ 6,243	4.71%
7/1/2009	\$ 19,549	\$ 19,961	\$ 412	97.94%	\$ 6,215	6.63%
7/1/2007	\$ 19,103	\$ 19,617	\$ 514	97.38%	\$ 6,177	8.32%

The Governmental Accounting Standards Board (GASB) requires the plans to prepare the Schedule of Funding Progress using the frozen entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the frozen entry age actuarial cost method went into effect during the year of 2007 actuarial valuation, therefore only the three most recent valuations are presented. Additional valuations will be added in future years.

**CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2013**

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2011	\$ -	\$ 7,109	\$ 7,109	0.00%	\$ 25,942	27.40%
7/1/2010	\$ -	\$ 6,815	\$ 6,815	0.00%	\$ 24,998	27.26%
7/1/2009	\$ -	\$ 6,716	\$ 6,716	0.00%	\$ 24,847	27.03%
7/1/2007	\$ -	\$ 2,506	\$ 2,506	0.00%	\$ 24,528	10.22%

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2012	\$ -	\$ 3,022	\$ 3,022	0.00%	\$ 9,049	33.40%
7/1/2011	\$ -	\$ 2,481	\$ 2,481	0.00%	\$ 14,095	17.60%
7/1/2010	\$ -	\$ 2,370	\$ 2,370	0.00%	\$ 9,100	26.04%
7/1/2008	\$ -	\$ 2,181	\$ 2,181	0.00%	\$ 8,878	24.57%

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Economic Diversification Fund: This fund was established in fiscal 2000 to account for the economic diversification efforts of the City. Due to an insufficient sustainable revenue stream, this fund was closed at the end of fiscal 2013. The remaining funds were transferred to the General Fund at year end.

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.

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

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

West End Fund: This fund is used to account for the City's fire and ambulance services located at the East Tennessee Technology Park (ETTP) site, which is currently being funded under a contract between the City and the US Department of Energy (DOE) and DOE's ETTP site contractor.

Special Programs Fund: This fund is used to account for special programs. Revenues come from the photo red light enforcement program fine.

**CITY OF OAK RIDGE, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013**

SPECIAL REVENUE FUNDS

	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End	Special Programs	Total Nonmajor Governmental Funds
Assets									
Cash and Cash Equivalents	\$ -	\$ 1,383,345	\$ -	\$ -	\$ 221,720	\$ 899,976	\$ 225,024	\$ 828,280	\$ 3,558,345
Receivables, Net	-	-	-	1,416	-	84,543	-	38,713	124,672
Due from Other Governments	-	137,258	94,460	268,517	-	-	-	-	500,235
Inventories, at Cost	-	40,241	-	-	-	28,821	-	-	69,062
Prepaid Items	-	1,453	-	-	4,926	-	-	-	6,379
Total Assets	\$ -	\$ 1,562,297	\$ 94,460	\$ 269,933	\$ 226,646	\$ 1,013,340	\$ 225,024	\$ 866,993	\$ 4,258,693
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable	\$ -	\$ 674,673	\$ 29,495	\$ 64,334	\$ 2,250	\$ -	\$ 32,808	\$ 63,281	\$ 866,841
Accrued Liabilities	-	-	-	359	-	-	38,232	-	38,591
Due to Other Funds	-	-	1,986	89,346	-	-	-	-	91,332
Due to Other Governments	-	-	-	3,017	-	-	-	-	3,017
Deferred Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	-	674,673	31,481	157,056	2,250	-	71,040	63,281	999,781
Fund Balances:									
Nonspendable	-	41,694	-	-	4,926	28,821	-	-	75,441
Restricted	-	845,930	62,979	-	219,470	-	-	-	1,128,379
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	112,877	-	984,519	153,984	803,712	2,055,092
Total Fund Balances	-	887,624	62,979	112,877	224,396	1,013,340	153,984	803,712	3,258,912
Total Liabilities and Fund Balances	\$ -	\$ 1,562,297	\$ 94,460	\$ 269,933	\$ 226,646	\$ 1,013,340	\$ 225,024	\$ 866,993	\$ 4,258,693

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

SPECIAL REVENUE FUNDS

	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End	Special Programs	Total Nonmajor Governmental Funds
Revenues									
Taxes	\$ 532,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 532,309
Intergovernmental	296,000	754,903	158,389	608,507	48,727	-	2,360,505	-	4,227,031
Charges for Services	-	-	-	-	-	994,074	-	-	994,074
Fines and Forfeitures	-	-	-	-	88,046	-	-	411,542	499,588
Interest	619	1,382	39	-	275	1,079	350	653	4,397
Other	103,253	-	-	-	686	-	-	-	103,939
Total Revenues	932,181	756,285	158,428	608,507	137,734	995,153	2,360,855	412,195	6,361,338
Expenditures									
Current:									
Public Safety	-	-	-	146,380	138,119	-	2,623,646	227,255	3,135,400
Public Works	-	1,435,424	-	-	-	-	-	-	1,435,424
Community Services	1,144,910	-	196,629	559,801	-	1,159,456	-	-	3,060,796
Debt Service:									
Principal Retirement	-	-	-	76,000	-	-	-	-	76,000
Interest and Fiscal Charges	-	-	-	4,521	-	-	-	-	4,521
Total Expenditures	1,144,910	1,435,424	196,629	786,702	138,119	1,159,456	2,623,646	227,255	7,712,141
Excess (Deficiency) of Revenues Over (Under) Expenditures	(212,729)	(679,139)	(38,201)	(178,195)	(385)	(164,303)	(262,791)	184,940	(1,350,803)
Other Financing Sources (Uses)									
Transfers In	50,000	660,000	60,000	178,195	-	-	-	-	948,195
Transfers Out	(482,364)	-	-	-	-	-	-	(300,000)	(782,364)
Total Other Financing Sources (Uses)	(432,364)	660,000	60,000	178,195	-	-	-	(300,000)	165,831
Net Change in Fund Balances	(645,093)	(19,139)	21,799	-	(385)	(164,303)	(262,791)	(115,060)	(1,184,972)
Fund Balance - Beginning	645,093	906,763	41,180	112,877	224,781	1,177,643	416,775	918,772	4,443,884
Fund Balance - Ending	\$ -	\$ 887,624	\$ 62,979	\$ 112,877	\$ 224,396	\$ 1,013,340	\$ 153,984	\$ 803,712	\$ 3,258,912

**CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ -	\$ 597,253
Receivables, Net	-	189,907
Prepaid Items	-	19,443
Total Assets	\$ -	\$ 806,603
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ -	\$ 54,836
Deferred Revenue	-	106,674
Total Liabilities	-	161,510
Fund Balances:		
Nonspendable		
Prepaid Items	-	19,443
Assigned		
Economic Development	-	625,650
Total Fund Balances	-	645,093
Total Liabilities and Fund Balances	\$ -	\$ 806,603

**CITY OF OAK RIDGE, TENNESSEE
ECONOMIC DIVERSIFICATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Taxes	\$ 532,309	\$ -	\$ 532,309	\$ 540,000	\$ (7,691)
Intergovernmental	296,000	-	296,000	1,296,000	(1,000,000)
Interest	619	-	619	1,000	(381)
Other	103,253	-	103,253	106,675	(3,422)
Total Revenues	<u>932,181</u>	<u>-</u>	<u>932,181</u>	<u>1,943,675</u>	<u>(1,011,494)</u>
Expenditures					
Current:					
Community Services	1,144,910	(19,443)	1,125,467	2,385,000	1,259,533
Total Expenditures	<u>1,144,910</u>	<u>(19,443)</u>	<u>1,125,467</u>	<u>2,385,000</u>	<u>1,259,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(212,729)</u>	<u>19,443</u>	<u>(193,286)</u>	<u>(441,325)</u>	<u>248,039</u>
Other Financing Sources (Uses)					
Transfers In	50,000	-	50,000	50,000	-
Transfers Out	(482,364)	-	(482,364)	-	(482,364)
Total Other Financing Sources (Uses)	<u>(432,364)</u>	<u>-</u>	<u>(432,364)</u>	<u>50,000</u>	<u>(482,364)</u>
Net Change in Fund Balances	(645,093)	19,443	(625,650)	(391,325)	(234,325)
Fund Balance - Beginning	<u>645,093</u>	<u>-</u>	<u>645,093</u>	<u>645,093</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 19,443</u>	<u>\$ 19,443</u>	<u>\$ 253,768</u>	<u>\$ (234,325)</u>

**CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 1,383,345	\$ 779,739
Due from Other Governments	137,258	134,993
Inventories, at Cost	40,241	-
Prepaid Items	1,453	1,450
Total Assets	\$ 1,562,297	\$ 916,182
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 674,673	\$ 9,419
Total Liabilities	674,673	9,419
 Fund Balances:		
Nonspendable		
Inventories	40,241	-
Prepaid Items	1,453	1,450
Restricted		
Street Improvements	845,930	905,313
Total Fund Balances	887,624	906,763
Total Liabilities and Fund Balances	\$ 1,562,297	\$ 916,182

CITY OF OAK RIDGE, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 754,903	\$ -	\$ 754,903	\$ 755,000	\$ (97)
Interest	1,382	-	1,382	200	1,182
Total Revenues	<u>756,285</u>	<u>-</u>	<u>756,285</u>	<u>755,200</u>	<u>1,085</u>
Expenditures					
Current:					
Public Works	1,435,424	3	1,435,427	2,064,000	628,573
Total Expenditures	<u>1,435,424</u>	<u>3</u>	<u>1,435,427</u>	<u>2,064,000</u>	<u>628,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(679,139)</u>	<u>(3)</u>	<u>(679,142)</u>	<u>(1,308,800)</u>	<u>629,658</u>
Other Financing Sources (Uses)					
Transfers In	660,000	-	660,000	660,000	-
Total Other Financing Sources (Uses)	<u>660,000</u>	<u>-</u>	<u>660,000</u>	<u>660,000</u>	<u>-</u>
Net Change in Fund Balances	(19,139)	(3)	(19,142)	(648,800)	629,658
Fund Balance - Beginning	<u>906,763</u>	<u>-</u>	<u>906,763</u>	<u>906,763</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 887,624</u>	<u>\$ (3)</u>	<u>\$ 887,621</u>	<u>\$ 257,963</u>	<u>\$ 629,658</u>

CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012

	2013	2012
Assets		
Cash and Cash Equivalents	\$ -	\$ 32,553
Due from Other Governments	94,460	38,800
Total Assets	\$ 94,460	\$ 71,353
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 29,495	\$ 30,173
Due to Other Funds	1,986	-
Total Liabilities	31,481	30,173
 Fund Balances:		
Restricted		
Public Transportation	62,979	41,180
Total Fund Balances	62,979	41,180
Total Liabilities and Fund Balances	\$ 94,460	\$ 71,353

CITY OF OAK RIDGE, TENNESSEE
STREET AND PUBLIC TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 158,389	\$ -	\$ 158,389	\$ 190,125	\$ (31,736)
Interest	39	-	39	-	39
Other	-	-	-	10,000	(10,000)
Total Revenues	<u>158,428</u>	<u>-</u>	<u>158,428</u>	<u>200,125</u>	<u>(41,697)</u>
Expenditures					
Current:					
Community Services	196,629	-	196,629	260,000	63,371
Total Expenditures	<u>196,629</u>	<u>-</u>	<u>196,629</u>	<u>260,000</u>	<u>63,371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,201)</u>	<u>-</u>	<u>(38,201)</u>	<u>(59,875)</u>	<u>21,674</u>
Other Financing Sources (Uses)					
Transfers In	60,000	-	60,000	60,000	-
Total Other Financing Sources (Uses)	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net Change in Fund Balances	21,799	-	21,799	125	21,674
Fund Balance - Beginning	<u>41,180</u>	<u>-</u>	<u>41,180</u>	<u>41,180</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 62,979</u>	<u>\$ -</u>	<u>\$ 62,979</u>	<u>\$ 41,305</u>	<u>\$ 21,674</u>

**CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Receivables, Net	\$ 1,416	\$ -
Due from Other Governments	268,517	239,042
Total Assets	\$ 269,933	\$ 239,042
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 64,334	\$ 8,227
Accrued Liabilities	359	-
Due to other Funds	89,346	117,938
Due to Other Governments	3,017	-
Total Liabilities	157,056	126,165
Fund Balances:		
Assigned		
Grant Projects	112,877	112,877
Total Fund Balances	112,877	112,877
Total Liabilities and Fund Balances	\$ 269,933	\$ 239,042

CITY OF OAK RIDGE, TENNESSEE
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 608,507	\$ -	\$ 608,507	\$ 3,578,150	\$ (2,969,643)
Total Revenues	<u>608,507</u>	<u>-</u>	<u>608,507</u>	<u>3,578,150</u>	<u>(2,969,643)</u>
Expenditures					
Current:					
Public Safety	146,380	-	146,380	188,000	41,620
Community Services	559,801	-	559,801	3,467,000	2,907,199
Debt Service:					
Principal Retirement	76,000	-	76,000	76,000	-
Interest and Fiscal Charges	4,521	-	4,521	19,000	14,479
Total Expenditures	<u>786,702</u>	<u>-</u>	<u>786,702</u>	<u>3,750,000</u>	<u>2,963,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>(178,195)</u>	<u>-</u>	<u>(178,195)</u>	<u>(171,850)</u>	<u>(6,345)</u>
Other Financing Sources (Uses)					
Transfers In	178,195	-	178,195	171,850	6,345
Total Other Financing Sources (Uses)	<u>178,195</u>	<u>-</u>	<u>178,195</u>	<u>171,850</u>	<u>6,345</u>
Net Change in Fund Balances					
	-	-	-	-	-
Fund Balance - Beginning					
	<u>112,877</u>	<u>-</u>	<u>112,877</u>	<u>112,877</u>	<u>-</u>
Fund Balance - Ending					
	<u>\$ 112,877</u>	<u>\$ -</u>	<u>\$ 112,877</u>	<u>\$ 112,877</u>	<u>\$ -</u>

**CITY OF OAK RIDGE, TENNESSEE
 DRUG ENFORCEMENT PROGRAM FUND
 COMPARATIVE BALANCE SHEETS
 June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 221,720	\$ 228,748
Prepaid Items	4,926	1,933
Total Assets	\$ 226,646	\$ 230,681
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 2,250	\$ 5,900
Total Liabilities	2,250	5,900
Fund Balances:		
Nonspendable		
Prepaid Items	4,926	1,933
Restricted		
Drug Enforcement	219,470	222,848
Total Fund Balances	224,396	224,781
 Total Liabilities and Fund Balances	\$ 226,646	\$ 230,681

**CITY OF OAK RIDGE, TENNESSEE
DRUG ENFORCEMENT PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 48,727	\$ -	\$ 48,727	\$ 60,000	\$ (11,273)
Fines and Forfeitures	88,046	-	88,046	55,000	33,046
Interest	275	-	275	750	(475)
Other	686	-	686	1,000	(314)
Total Revenues	<u>137,734</u>	<u>-</u>	<u>137,734</u>	<u>116,750</u>	<u>20,984</u>
Expenditures					
Current:					
Public Safety	138,119	2,993	141,112	300,000	158,888
Total Expenditures	<u>138,119</u>	<u>2,993</u>	<u>141,112</u>	<u>300,000</u>	<u>158,888</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(385)	(2,993)	(3,378)	(183,250)	179,872
Fund Balance - Beginning	<u>224,781</u>	<u>-</u>	<u>224,781</u>	<u>224,781</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 224,396</u>	<u>\$ (2,993)</u>	<u>\$ 221,403</u>	<u>\$ 41,531</u>	<u>\$ 179,872</u>

**CITY OF OAK RIDGE, TENNESSEE
GOLF COURSE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 899,976	\$ 915,002
Receivables, Net	84,543	241,647
Inventories, at Cost	28,821	20,994
Total Assets	\$ 1,013,340	\$ 1,177,643
 Liabilities and Fund Balances		
Total Liabilities	\$ -	\$ -
 Fund Balances:		
Nonspendable		
Inventory	28,821	20,994
Assigned		
Recreation	984,519	1,156,649
Total Fund Balances	1,013,340	1,177,643
Total Liabilities and Fund Balances	\$ 1,013,340	\$ 1,177,643

CITY OF OAK RIDGE, TENNESSEE
GOLF COURSE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Charges for Services	\$ 994,074	\$ -	\$ 994,074	\$ 1,345,000	\$ (350,926)
Interest	1,079	-	1,079	2,000	(921)
Total Revenues	<u>995,153</u>	<u>-</u>	<u>995,153</u>	<u>1,347,000</u>	<u>(351,847)</u>
Expenditures					
Current:					
Community Services	1,159,456	7,827	1,167,283	1,335,000	167,717
Total Expenditures	<u>1,159,456</u>	<u>7,827</u>	<u>1,167,283</u>	<u>1,335,000</u>	<u>167,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(164,303)	(7,827)	(172,130)	12,000	(184,130)
Fund Balance - Beginning	<u>1,177,643</u>	<u>-</u>	<u>1,177,643</u>	<u>1,177,643</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,013,340</u>	<u>\$ (7,827)</u>	<u>\$ 1,005,513</u>	<u>\$ 1,189,643</u>	<u>\$ (184,130)</u>

**CITY OF OAK RIDGE, TENNESSEE
WEST END FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 225,024	\$ 544,418
Total Assets	\$ 225,024	\$ 544,418
 Liabilities and Fund Balances		
Accounts Payable	\$ 32,808	\$ 102,672
Accrued Liabilities	38,232	24,971
Total Liabilities	71,040	127,643
Fund Balances:		
Assigned		
Fire and Emergency Services	153,984	416,775
Total Fund Balances	153,984	416,775
Total Liabilities and Fund Balances	\$ 225,024	\$ 544,418

CITY OF OAK RIDGE, TENNESSEE
WEST END FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 2,360,505	\$ -	\$ 2,360,505	\$ 2,360,514	\$ (9)
Interest	350	-	350	1,500	(1,150)
Total Revenues	<u>2,360,855</u>	<u>-</u>	<u>2,360,855</u>	<u>2,362,014</u>	<u>(1,159)</u>
Expenditures					
Current:					
Public Safety	<u>2,623,646</u>	-	<u>2,623,646</u>	<u>2,918,000</u>	<u>294,354</u>
Total Expenditures	<u>2,623,646</u>	<u>-</u>	<u>2,623,646</u>	<u>2,918,000</u>	<u>294,354</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(262,791)	-	(262,791)	(555,986)	293,195
Fund Balance - Beginning	<u>416,775</u>	-	<u>416,775</u>	<u>416,775</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 153,984</u>	<u>\$ -</u>	<u>\$ 153,984</u>	<u>\$ (139,211)</u>	<u>\$ 293,195</u>

**CITY OF OAK RIDGE, TENNESSEE
SPECIAL PROGRAMS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 828,280	\$ 1,072,615
Receivables, Net	38,713	37,898
Total Assets	\$ 866,993	\$ 1,110,513
 Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 63,281	\$ 191,741
Total Liabilities	63,281	191,741
Fund Balances:		
Assigned		
Special Programs	803,712	918,772
Total Fund Balances	803,712	918,772
Total Liabilities and Fund Balances	\$ 866,993	\$ 1,110,513

CITY OF OAK RIDGE, TENNESSEE
SPECIAL PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2013

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Fines and Forfeitures	\$ 411,542	\$ -	\$ 411,542	\$ 435,000	\$ (23,458)
Interest	653	-	653	125	528
Total Revenues	<u>412,195</u>	<u>-</u>	<u>412,195</u>	<u>435,125</u>	<u>(22,930)</u>
Expenditures					
Current:					
Public Safety	<u>227,255</u>	-	<u>227,255</u>	918,302	691,047
Total Expenditures	<u>227,255</u>	<u>-</u>	<u>227,255</u>	<u>918,302</u>	<u>691,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	184,940	-	184,940	(483,177)	668,117
Other Financing Sources (Uses)					
Transfers Out	<u>(300,000)</u>	-	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balances	(115,060)	-	(115,060)	(783,177)	668,117
Fund Balance - Beginning	<u>918,772</u>	-	<u>918,772</u>	<u>918,772</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 803,712</u>	<u>\$ -</u>	<u>\$ 803,712</u>	<u>\$ 135,595</u>	<u>\$ 668,117</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

City Insurance Fund: This fund is used to account for contributions from operating funds and the related payments and accruals for dental, property and liability claims, other than those related to the schools. This fund receives the employee and the City's contribution for the payment of the employee's medical premiums. School property and liability claims and the School's contribution toward employee medical benefits are accounted for in the School Fund, a special revenue fund.

Inventory Fund: This fund is used to account for the costs of maintaining a central inventory of materials and supplies for use by all activities of the City. This fund was closed at the end of fiscal 2013. At year end, inventory on hand was shown as an asset on the balance sheet of the applicable fund that owns the inventory.

City Equipment Replacement Rental Fund: This fund is used to account for the assets used in providing a pool of equipment for use by all City departments. Rents charged to the various departments are used to fund replacement of the equipment.

School Equipment Replacement Rental Fund: This fund is used to account for the assets used in providing a pool of equipment for the schools' use. Rents charged to the various school departments are used to fund replacement of the equipment.

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013 and 2012

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2013	2012	2013	2012	2013	2012	2013	2012	June 30, 2013	June 30, 2012
ASSETS										
Current Assets										
Cash and Cash Equivalents	\$ 1,831,297	\$ 1,698,749	\$ -	\$ -	\$ 2,531,860	\$ 2,152,306	\$ 903,714	\$ 883,844	\$ 5,266,871	\$ 4,734,899
Receivables, Net	-	-	-	-	27,189	-	2,753	-	29,942	-
Inventory, at Cost	-	-	-	3,225,877	126,586	-	-	-	126,586	3,225,877
Restricted Assets:										
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-
Total Current Assets	<u>1,831,297</u>	<u>1,698,749</u>	<u>-</u>	<u>3,225,877</u>	<u>2,685,635</u>	<u>2,152,306</u>	<u>906,467</u>	<u>883,844</u>	<u>5,423,399</u>	<u>7,960,776</u>
Noncurrent Assets										
Capital Assets, Net	-	-	-	-	2,142,632	2,520,359	534,961	636,215	2,677,593	3,156,574
Deferred Charges	-	-	-	-	-	3,783	-	-	-	3,783
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,142,632</u>	<u>2,524,142</u>	<u>534,961</u>	<u>636,215</u>	<u>2,677,593</u>	<u>3,160,357</u>
Total Assets	<u>1,831,297</u>	<u>1,698,749</u>	<u>-</u>	<u>3,225,877</u>	<u>4,828,267</u>	<u>4,676,448</u>	<u>1,441,428</u>	<u>1,520,059</u>	<u>8,100,992</u>	<u>11,121,133</u>
LIABILITIES										
Current Liabilities										
Accounts Payable	58,410	55,167	-	125,116	108,702	42,155	-	-	167,112	222,438
Claims Payable	300,000	300,000	-	-	-	-	-	-	300,000	300,000
Accrued Liabilities	-	-	-	-	6,357	6,351	-	-	6,357	6,351
Advances from Other Funds	-	-	-	3,100,761	-	-	-	-	-	3,100,761
Current Portion of Long-Term Liabilities	-	-	-	-	109,430	126,435	-	-	109,430	126,435
Accrued Interest Payable	-	-	-	-	1,563	1,726	-	-	1,563	1,726
Total Current Liabilities	<u>358,410</u>	<u>355,167</u>	<u>-</u>	<u>3,225,877</u>	<u>226,052</u>	<u>176,667</u>	<u>-</u>	<u>-</u>	<u>584,462</u>	<u>3,757,711</u>
Noncurrent Liabilities										
Vacation Benefits Payable	-	-	-	-	16,398	13,442	-	-	16,398	13,442
Bonds Payable	-	-	-	-	646,966	698,307	-	-	646,966	698,307
OPEB Liability	-	-	-	-	12,959	10,874	-	-	12,959	10,874
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>676,323</u>	<u>722,623</u>	<u>-</u>	<u>-</u>	<u>676,323</u>	<u>722,623</u>
Total Liabilities	<u>358,410</u>	<u>355,167</u>	<u>-</u>	<u>3,225,877</u>	<u>902,375</u>	<u>899,290</u>	<u>-</u>	<u>-</u>	<u>1,260,785</u>	<u>4,480,334</u>
NET POSITION										
Net Investment in Capital Assets	-	-	-	-	1,444,374	1,752,920	534,961	636,215	1,979,335	2,389,135
Unrestricted	1,472,887	1,343,582	-	-	2,481,518	2,024,238	906,467	883,844	4,860,872	4,251,664
Total Net Position	<u>\$ 1,472,887</u>	<u>\$ 1,343,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,925,892</u>	<u>\$ 3,777,158</u>	<u>\$ 1,441,428</u>	<u>\$ 1,520,059</u>	<u>\$ 6,840,207</u>	<u>\$ 6,640,799</u>

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2013 and 2012

	<u>Insurance</u>		<u>Inventory</u>		<u>City Equipment Replacement</u>		<u>School Equipment Replacement</u>		<u>Totals</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Operating Revenues										
Charges for Services	\$ 3,883,744	\$ 3,938,846	\$ -	\$ 2,747,466	\$ 3,101,256	\$ 3,510,578	\$ 24,239	\$ 26,200	\$ 7,009,239	\$ 10,223,090
Employer's Contributions	4,034,364	3,740,000	-	-	-	-	-	-	4,034,364	3,740,000
Employees' Contributions	1,021,580	944,827	-	-	-	-	-	-	1,021,580	944,827
Total Operating Revenues	<u>8,939,688</u>	<u>8,623,673</u>	<u>-</u>	<u>2,747,466</u>	<u>3,101,256</u>	<u>3,510,578</u>	<u>24,239</u>	<u>26,200</u>	<u>12,065,183</u>	<u>14,907,917</u>
Operating Expenses										
Maintenance and Administrative	-	-	-	-	1,341,801	1,348,335	-	-	1,341,801	1,348,335
Depreciation	-	-	-	-	663,631	764,727	125,492	151,729	789,123	916,456
Materials	-	-	-	2,747,466	954,976	1,024,970	-	-	954,976	3,772,436
Medical/Liability Claims	512,835	544,996	-	-	-	-	-	-	512,835	544,996
Insurance Premiums	5,265,027	4,907,007	-	-	-	-	-	-	5,265,027	4,907,007
Other Benefits	3,034,536	3,172,001	-	-	-	-	-	-	3,034,536	3,172,001
Total Operating Expenses	<u>8,812,398</u>	<u>8,624,004</u>	<u>-</u>	<u>2,747,466</u>	<u>2,960,408</u>	<u>3,138,032</u>	<u>125,492</u>	<u>151,729</u>	<u>11,898,298</u>	<u>14,661,231</u>
Operating Income (Loss)	<u>127,290</u>	<u>(331)</u>	<u>-</u>	<u>-</u>	<u>140,848</u>	<u>372,546</u>	<u>(101,253)</u>	<u>(125,529)</u>	<u>166,885</u>	<u>246,686</u>
Nonoperating Revenue (Expense)										
Gain on Sale of Capital Assets	-	-	-	-	24,082	9,455	22,622	-	46,704	9,455
Interest Revenue	2,015	2,174	-	-	4,776	4,520	-	-	6,791	6,694
Interest Expense	-	-	-	-	(20,972)	(28,232)	-	-	(20,972)	(28,232)
Total Nonoperating Revenue (Expense)	<u>2,015</u>	<u>2,174</u>	<u>-</u>	<u>-</u>	<u>7,886</u>	<u>(14,257)</u>	<u>22,622</u>	<u>-</u>	<u>32,523</u>	<u>(12,083)</u>
Income (Loss) before Transfers and Contributions	<u>129,305</u>	<u>1,843</u>	<u>-</u>	<u>-</u>	<u>148,734</u>	<u>358,289</u>	<u>(78,631)</u>	<u>(125,529)</u>	<u>199,408</u>	<u>234,603</u>
Capital Contributions	-	-	-	-	-	4,172	-	-	-	4,172
Change in Net Position	<u>129,305</u>	<u>1,843</u>	<u>-</u>	<u>-</u>	<u>148,734</u>	<u>362,461</u>	<u>(78,631)</u>	<u>(125,529)</u>	<u>199,408</u>	<u>238,775</u>
Total Net Position - Beginning	<u>1,343,582</u>	<u>1,341,739</u>	<u>-</u>	<u>-</u>	<u>3,777,158</u>	<u>3,414,697</u>	<u>1,520,059</u>	<u>1,645,588</u>	<u>6,640,799</u>	<u>6,402,024</u>
Total Net Position - Ending	<u>\$ 1,472,887</u>	<u>\$ 1,343,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,925,892</u>	<u>\$ 3,777,158</u>	<u>\$ 1,441,428</u>	<u>\$ 1,520,059</u>	<u>\$ 6,840,207</u>	<u>\$ 6,640,799</u>

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2013 and 2012

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2013	2012	2013	2012	2013	2012	2013	2012	June 30, 2013	June 30, 2012
Operating Activities										
Cash Received from Customers	\$ 8,939,688	\$ 8,623,673	\$ 3,100,761	\$ 2,747,466	\$ 3,074,067	\$ 3,511,935	\$ 21,486	\$ 26,200	\$ 15,136,002	\$ 14,909,274
Cash Paid to Employees	-	-	-	-	(479,973)	(479,520)	-	-	(479,973)	(479,520)
Cash Paid to Suppliers	(8,809,155)	(8,641,374)	-	(3,215,810)	(1,867,179)	(1,918,421)	-	(1,292)	(10,676,334)	(13,776,897)
Net Cash Provided by (Used in) Operating Activities	<u>130,533</u>	<u>(17,701)</u>	<u>3,100,761</u>	<u>(468,344)</u>	<u>726,915</u>	<u>1,113,994</u>	<u>21,486</u>	<u>24,908</u>	<u>3,979,695</u>	<u>652,857</u>
Noncapital Financing Activities										
Advances from (to) Other Funds	-	-	(3,100,761)	468,344	-	-	-	-	(3,100,761)	468,344
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(3,100,761)</u>	<u>468,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,100,761)</u>	<u>468,344</u>
Capital and Related Financing Activities										
Proceeds from the Sale of Capital Assets	-	-	-	-	24,082	-	22,622	-	46,704	-
Contributed Capital	-	-	-	-	-	4,172	-	-	-	4,172
Acquisition and Construction of Capital Assets	-	-	-	-	(285,084)	(348,321)	(24,238)	(30,096)	(309,322)	(378,417)
Principal Paid on Long-Term Debt	-	-	-	-	(70,000)	(205,000)	-	-	(70,000)	(205,000)
Interest Paid on Long-Term Debt	-	-	-	-	(21,135)	(28,916)	-	-	(21,135)	(28,916)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(352,137)</u>	<u>(578,065)</u>	<u>(1,616)</u>	<u>(30,096)</u>	<u>(353,753)</u>	<u>(608,161)</u>
Investing Activities										
Interest and Dividends on Investments	2,015	2,174	-	-	4,776	4,520	-	-	6,791	6,694
Net Cash Provided by Investing Activities	<u>2,015</u>	<u>2,174</u>	<u>-</u>	<u>-</u>	<u>4,776</u>	<u>4,520</u>	<u>-</u>	<u>-</u>	<u>6,791</u>	<u>6,694</u>
Net Increase (Decrease) in Cash and Cash Equivalents	132,548	(15,527)	-	-	379,554	540,449	19,870	(5,188)	531,972	519,734
Cash and Cash Equivalents Beginning of Year	<u>1,698,749</u>	<u>1,714,276</u>	<u>-</u>	<u>-</u>	<u>2,152,306</u>	<u>1,611,857</u>	<u>883,844</u>	<u>889,032</u>	<u>4,734,899</u>	<u>4,215,165</u>
End of Year	<u>\$ 1,831,297</u>	<u>\$ 1,698,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,531,860</u>	<u>\$ 2,152,306</u>	<u>\$ 903,714</u>	<u>\$ 883,844</u>	<u>\$ 5,266,871</u>	<u>\$ 4,734,899</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Fiscal Years Ended June 30, 2013 and 2012

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2013	2012	2013	2012	2013	2012	2013	2012	June 30, 2013	June 30, 2012
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in)										
Operating Activities										
Operating Income (Loss)	\$ 127,290	\$ (331)	\$ -	\$ -	\$ 140,848	\$ 372,546	\$ (101,253)	\$ (125,529)	\$ 166,885	\$ 246,686
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in)										
Operating Activities:										
Depreciation	-	-	-	-	663,631	764,727	125,492	151,729	789,123	916,456
Gain on sale of assets	-	-	-	-	-	(9,455)	-	-	-	(9,455)
Change in Assets and Liabilities										
(Increase) Decrease in Amortization of Deferred Charges	-	-	-	-	3,783	2,224	-	-	3,783	2,224
(Increase) Decrease in Receivables	-	-	-	-	(27,189)	-	(2,753)	-	(29,942)	-
(Increase) Decrease in Inventory, at Cost	-	-	3,225,877	(484,103)	(126,586)	-	-	-	3,099,291	(484,103)
Increase (Decrease) in Accounts Payable	3,243	(17,370)	(125,116)	15,759	66,547	(27,824)	-	(1,292)	(55,326)	(30,727)
Increase (Decrease) in Claims Payable	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Accrued Liabilities	-	-	-	-	6	1,302	-	-	6	1,302
Increase (Decrease) in Accrued Vacation	-	-	-	-	3,790	8,268	-	-	3,790	8,268
Increase (Decrease) in OPEB Liability	-	-	-	-	2,085	2,206	-	-	2,085	2,206
Total Adjustments	3,243	(17,370)	3,100,761	(468,344)	586,067	741,448	122,739	150,437	3,812,810	406,171
Net Cash Provided by (Used in) Operating Activities	\$ 130,533	\$ (17,701)	\$ 3,100,761	\$ (468,344)	\$ 726,915	\$ 1,113,994	\$ 21,486	\$ 24,908	\$ 3,979,695	\$ 652,857

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 5,792,291	\$ 5,638,077
Receivables, Net	20,352,313	18,669,799
Due from Other Funds	91,332	117,938
Due from Other Governments	3,762,763	2,612,617
Advances to Other Funds	-	112,500
Inventories, at Cost	165,872	-
Prepaid Items	19,469	6,120
Long-Term Interfund Note Receivable	1,666,667	3,333,333
Total Assets	\$ 31,850,707	\$ 30,490,384
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 661,304	\$ 550,488
Accrued Liabilities	334,154	257,139
Deposits	459,189	457,520
Due to Other Governments	1,334	2,864
Deferred Revenue	20,334,586	20,005,324
Total Liabilities	21,790,567	21,273,335
Fund Balances:		
Nonspendable		
Advances to Other Funds	1,666,667	3,445,833
Inventories	165,872	-
Prepaid Items	19,469	6,120
Assigned		
Budgeted Fund Balance Draw for Next Year	1,199,351	697,871
Economic Development	507,364	-
General Government	25,780	-
Recreation	-	25,000
Unassigned	6,475,637	5,042,225
Total Fund Balances	10,060,140	9,217,049
Total Liabilities and Fund Balances	\$ 31,850,707	\$ 30,490,384

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES
For the Fiscal Year Ended June 30, 2013**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>TAXES</u>			
<u>General Property Taxes</u>			
Real Property	\$ 17,599,875	\$ 17,900,000	\$ (300,125)
Personal Property	1,050,658	1,115,000	(64,342)
Public Utilities	248,964	238,000	10,964
Interest and Penalties	255,931	125,000	130,931
Total General Property Taxes	19,155,428	19,378,000	(222,572)
<u>Other Property Taxes</u>			
Other than Assessed	514,152	492,000	22,152
Total Other Property Taxes	514,152	492,000	22,152
<u>Gross Receipts Taxes</u>			
Beer Wholesale	613,677	592,000	21,677
Liquor Wholesale	240,399	243,000	(2,601)
Sales Tax - Local	626,759	505,000	121,759
Min. & Gross Receipts	690,146	980,000	(289,854)
Rec. Fee on Bus. Tax	74,539	-	74,539
Total Gross Receipts Taxes	2,245,520	2,320,000	(74,480)
TOTAL TAXES	21,915,100	22,190,000	(274,900)
<u>LICENSES & PERMITS</u>			
Retail Beer and Liquor Licenses & Permits	19,670	22,000	(2,330)
Bldg., Zoning and Exam.	104,728	125,000	(20,272)
Electrical and Exam.	15,595	20,000	(4,405)
Plumbing Exam.	11,917	20,000	(8,083)
Animal Registration	8,707	9,000	(293)
Other Licenses and Permits	7,209	7,000	209
TOTAL LICENSES & PERMITS	167,826	203,000	(35,174)
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	2,029,969	1,990,000	39,969
Income Tax	476,902	381,000	95,902
Excise Tax	6,432	10,000	(3,568)
Beer Barrelage	14,501	14,500	1
Mixed Drink Tax	114,696	100,000	14,696
TVA Replacement	337,756	350,000	(12,244)
TVA Impact	238,546	100,000	138,546
<u>County Shared</u>			
Sales Tax - Roane	3,102,455	2,500,000	602,455
Sales Tax - Anderson	5,905,659	6,055,000	(149,341)
<u>State Grants in Aid</u>			
Federal	-	500	(500)
<u>DOE</u>			
DOE In-Lieu of Taxes	1,660,945	1,662,113	(1,168)
DOE Grants	300,000	300,000	-
TOTAL INTERGOVERNMENTAL	14,187,861	13,463,113	724,748

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF REVENUES (Continued)
For the Fiscal Year Ended June 30, 2013**

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
General and Admin. Cost	\$ 17,509	\$ 23,000	\$ (5,491)
<u>Public Safety</u>			
Police and Fire Reports	20,487	20,000	487
Animal Shelter Fees	28,603	32,000	(3,397)
<u>Community Services</u>			
Solid Waste	1,003,836	1,007,000	(3,164)
Total General Services	<u>1,070,435</u>	<u>1,082,000</u>	<u>(11,565)</u>
<u>Use of Property</u>			
Youth and Adult Activities	15,627	5,000	10,627
Outdoor Pool	90,374	100,000	(9,626)
Indoor Pool	51,690	40,000	11,690
Rental of Lands and Buildings	109,127	92,000	17,127
Community Centers Rental	33,666	35,000	(1,334)
Total Use of Property	<u>300,484</u>	<u>272,000</u>	<u>28,484</u>
TOTAL CHARGES FOR SERVICES	<u>1,370,919</u>	<u>1,354,000</u>	<u>16,919</u>
<u>FINES AND FORFEITURES</u>			
City Court Fines	59,216	65,000	(5,784)
City Court Costs	121,277	85,000	36,277
Bail Forfeitures	193,924	160,000	33,924
Misc. Court Revenues	8,454	2,000	6,454
Library Fines	36,619	50,000	(13,381)
TOTAL FINES AND FORFEITURES	<u>419,490</u>	<u>362,000</u>	<u>57,490</u>
<u>INTEREST</u>			
	<u>52,964</u>	<u>63,333</u>	<u>(10,369)</u>
<u>OTHER REVENUES</u>			
CATV Franchise	432,309	400,000	32,309
Right of Way	60,000	60,000	-
Miscellaneous	17,406	5,000	12,406
TOTAL OTHER REVENUES	<u>509,715</u>	<u>465,000</u>	<u>44,715</u>
TOTAL REVENUES	<u>\$ 38,623,875</u>	<u>\$ 38,100,446</u>	<u>\$ 523,429</u>

**CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION
For the Fiscal Year Ended June 30, 2013**

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>GENERAL GOVERNMENT:</u>					
<u>Legislative</u>					
City Council	\$ 112,205	\$ -	\$ 112,205	\$ 112,205	\$ -
Total Legislative	112,205	-	112,205	112,205	-
<u>Executive</u>					
City Clerk	103,348	-	103,348	110,524	7,176
City Manager	194,722	-	194,722	239,635	44,913
Total Executive	298,070	-	298,070	350,159	52,089
<u>Judicial</u>					
Legal	237,507	-	237,507	236,264	(1,243)
City Court	206,634	-	206,634	207,608	974
Total Judicial	444,141	-	444,141	443,872	(269)
TOTAL GENERAL GOVERNMENT	854,416	-	854,416	906,236	51,820
<u>ADMINISTRATION:</u>					
Computer Services	362,744	-	362,744	396,180	33,436
Personnel	233,577	-	233,577	238,949	5,372
Stationery Stores	80,112	-	80,112	78,018	(2,094)
Finance	181,129	-	181,129	187,974	6,845
Utilities Business Office	69,578	-	69,578	69,446	(132)
TOTAL ADMINISTRATION	927,140	-	927,140	970,567	43,427
<u>PUBLIC SAFETY:</u>					
<u>Police</u>					
Supervision	313,085	-	313,085	299,890	(13,195)
Investigations	997,065	-	997,065	970,032	(27,033)
Staff Services	380,848	-	380,848	381,583	735
Patrol	3,700,860	-	3,700,860	3,854,835	153,975
Emergency Communications	306,657	-	306,657	317,829	11,172
Animal Control	300,643	-	300,643	284,658	(15,985)
School Resource Officer Program	88,923	-	88,923	109,614	20,691
Total Police	6,088,081	-	6,088,081	6,218,441	130,360

(Continued)

CITY OF OAK RIDGE, TENNESSEE
GENERAL FUND
SCHEDULE OF EXPENDITURES BY FUNCTION (Continued)
For the Fiscal Year Ended June 30, 2013

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>PUBLIC SAFETY (Continued):</u>					
<u>Fire</u>					
Supervision	\$ 206,598	\$ -	\$ 206,598	\$ 205,744	\$ (854)
Prevention	113,461	-	113,461	117,353	3,892
Firefighting	3,668,632	-	3,668,632	3,749,120	80,488
Fire Stations	184,195	-	184,195	123,658	(60,537)
Fire Specialists	74,840	-	74,840	144,599	69,759
Total Fire	<u>4,247,726</u>	<u>-</u>	<u>4,247,726</u>	<u>4,340,474</u>	<u>92,748</u>
TOTAL PUBLIC SAFETY	<u>10,335,807</u>	<u>-</u>	<u>10,335,807</u>	<u>10,558,915</u>	<u>223,108</u>
<u>PUBLIC WORKS:</u>					
Supervision	26,407	-	26,407	22,845	(3,562)
Engineering	125,563	-	125,563	135,679	10,116
State Highway Maintenance	81,035	-	81,035	84,104	3,069
General Maintenance	377,900	-	377,900	374,638	(3,262)
Central Service Building	110,334	-	110,334	128,139	17,805
Municipal Building	197,302	-	197,302	152,487	(44,815)
Traffic Control and Lights	1,036,782	-	1,036,782	1,090,400	53,618
Solid Waste	2,597,360	-	2,597,360	2,643,000	45,640
TOTAL PUBLIC WORKS	<u>4,552,683</u>	<u>-</u>	<u>4,552,683</u>	<u>4,631,292</u>	<u>78,609</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	189,954	-	189,954	192,302	2,348
Planning	127,341	-	127,341	128,903	1,562
Code Enforcement	344,334	-	344,334	388,177	43,843
Total Community Development	<u>661,629</u>	<u>-</u>	<u>661,629</u>	<u>709,382</u>	<u>47,753</u>
<u>Recreation</u>					
Supervision	217,239	25,780	243,019	256,506	13,487
Indoor Aquatics	186,477	-	186,477	205,980	19,503
Outdoor Aquatics	294,749	-	294,749	279,747	(15,002)
Centers, Camps & Programs	754,803	-	754,803	744,836	(9,967)
Athletics	141,318	-	141,318	143,599	2,281
Parks	810,041	-	810,041	797,573	(12,468)
Scarboro Center	176,636	-	176,636	182,641	6,005
Senior Center	276,568	-	276,568	282,129	5,561
Total Recreation	<u>2,857,831</u>	<u>25,780</u>	<u>2,883,611</u>	<u>2,893,011</u>	<u>9,400</u>
<u>Library</u>	<u>1,362,412</u>	<u>-</u>	<u>1,362,412</u>	<u>1,426,847</u>	<u>64,435</u>
TOTAL COMMUNITY SERVICES	<u>4,881,872</u>	<u>25,780</u>	<u>4,907,652</u>	<u>5,029,240</u>	<u>121,588</u>
TOTAL EXPENDITURES	<u>\$21,551,918</u>	<u>\$ 25,780</u>	<u>\$21,577,698</u>	<u>\$22,096,250</u>	<u>\$ 518,552</u>

**CITY OF OAK RIDGE, TENNESSEE
SCHOOL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 8,348,013	\$ 9,589,960
Receivables, Net	7,205	21,805
Due from Other Governments	1,814,174	1,806,602
Prepaid Items	63,305	88,167
Total Assets	\$ 10,232,697	\$ 11,506,534
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 345,312	\$ 1,677,784
Accrued Liabilities	3,579,172	3,520,115
Due to Other Governments	0	326,949
Deferred Revenue	18,778	678
Total Liabilities	3,943,262	5,525,526
Fund Balances:		
Nonspendable	63,305	88,167
Restricted	206,470	141,603
Committed	219,106	74,825
Assigned	5,800,554	5,676,413
Total Fund Balances	6,289,435	5,981,008
Total Liabilities and Fund Balances	\$ 10,232,697	\$ 11,506,534

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, 2013

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Intergovernmental	\$ 38,570,147	\$ -	\$ 38,570,147	\$ 38,880,023	\$ (309,876)
Charges for Services	1,197,033	-	1,197,033	1,436,412	(239,379)
Other	400,259	-	400,259	437,813	(37,554)
Total Revenues	<u>40,167,439</u>	<u>-</u>	<u>40,167,439</u>	<u>40,754,248</u>	<u>(586,809)</u>
Expenditures					
Current:					
Education	54,200,956	-	54,200,956	56,535,325	2,334,369
Total Expenditures	<u>54,200,956</u>	<u>-</u>	<u>54,200,956</u>	<u>56,535,325</u>	<u>2,334,369</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,033,517)</u>	<u>-</u>	<u>(14,033,517)</u>	<u>(15,781,077)</u>	<u>1,747,560</u>
Other Financing Sources (Uses)					
Transfers In	13,862,832	-	13,862,832	13,862,832	-
Capital Lease Issuance	479,112	-	479,112	479,145	(33)
Total Other Financing Sources (Uses)	<u>14,341,944</u>	<u>-</u>	<u>14,341,944</u>	<u>14,341,977</u>	<u>(33)</u>
Net Change in Fund Balances	308,427	-	308,427	(1,439,100)	1,747,527
Fund Balance - Beginning	<u>5,981,008</u>	<u>-</u>	<u>5,981,008</u>	<u>5,981,008</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,289,435</u>	<u>\$ -</u>	<u>\$ 6,289,435</u>	<u>\$ 4,541,908</u>	<u>\$ 1,747,527</u>

**CITY OF OAK RIDGE, TENNESSEE
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 1,568,579	\$ 2,063,873
Due from Other Governments	-	221,409
Restricted Assets:		
Cash and Cash Equivalents	-	34,104
Total Assets	\$ 1,568,579	\$ 2,319,386
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	\$ 21,135	\$ 45,156
Deposits	-	140,838
Total Liabilities	21,135	185,994
Fund Balances:		
Restricted		
Capital Projects	-	34,104
Assigned		
Capital Projects	1,547,444	2,099,288
Total Fund Balances	1,547,444	2,133,392
Total Liabilities and Fund Balances	\$ 1,568,579	\$ 2,319,386

**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, 2013**

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Positive (Negative)
Revenues						
Intergovernmental	\$ 1,167,973	\$ 1,167,973	\$ -	\$ -	\$ -	\$ (1,167,973)
Interest	5,000	5,000	2,430	-	2,430	(2,570)
Other	1,000,496	1,000,496	140,838	-	140,838	(859,658)
Total Revenues	<u>2,173,469</u>	<u>2,173,469</u>	<u>143,268</u>	<u>-</u>	<u>143,268</u>	<u>(2,030,201)</u>
Expenditures						
Current:						
Capital Outlay	3,685,000	3,685,000	1,529,216	-	1,529,216	2,155,784
Total Expenditures	<u>3,685,000</u>	<u>3,685,000</u>	<u>1,529,216</u>	<u>-</u>	<u>1,529,216</u>	<u>2,155,784</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,511,531)</u>	<u>(1,511,531)</u>	<u>(1,385,948)</u>	<u>-</u>	<u>(1,385,948)</u>	<u>125,583</u>
Other Financing Sources (Uses)						
Transfers In	800,000	800,000	800,000	-	800,000	-
Total Other Financing Sources (Uses)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>-</u>
Net Change in Fund Balances	(711,531)	(711,531)	(585,948)	-	(585,948)	125,583
Fund Balance - Beginning	<u>2,133,392</u>	<u>2,133,392</u>	<u>2,133,392</u>	<u>-</u>	<u>2,133,392</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,421,861</u>	<u>\$ 1,421,861</u>	<u>\$ 1,547,444</u>	<u>\$ -</u>	<u>\$ 1,547,444</u>	<u>\$ 125,583</u>

**CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2013 and 2012**

	2013	2012
Assets		
Cash and Cash Equivalents	\$ 10,067,509	\$ 10,329,573
Receivables, Net	-	469,124
Due from Other Governments	229,685	231,140
Total Assets	\$ 10,297,194	\$ 11,029,837
 Liabilities and Fund Balances		
Total Liabilities	\$ -	\$ -
 Fund Balances:		
Restricted		
Debt service	8,687,735	9,294,733
Assigned		
Debt Service	1,609,459	1,735,104
Total Fund Balances	10,297,194	11,029,837
Total Liabilities and Fund Balances	\$ 10,297,194	\$ 11,029,837

CITY OF OAK RIDGE, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (BUDGETARY BASIS) AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
Revenues					
Taxes	\$ 1,272,061	\$ -	\$ 1,272,061	\$ 1,367,530	\$ (95,469)
Charges for Services	892,732	-	892,732	892,732	-
Interest	14,849	-	14,849	25,000	(10,151)
Other	402,611	-	402,611	725,251	(322,640)
Total Revenues	<u>2,582,253</u>	<u>-</u>	<u>2,582,253</u>	<u>3,010,513</u>	<u>(428,260)</u>
Expenditures					
Current:					
Debt Service:					
Principal Retirement	3,897,611	-	3,897,611	4,004,418	106,807
Interest and Fiscal Charges	3,728,755	-	3,728,755	4,082,194	353,439
Contingency	-	-	-	213,388	213,388
Total Expenditures	<u>7,626,366</u>	<u>-</u>	<u>7,626,366</u>	<u>8,300,000</u>	<u>673,634</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,044,113)</u>	<u>-</u>	<u>(5,044,113)</u>	<u>(5,289,487)</u>	<u>245,374</u>
Other Financing Sources (Uses)					
Transfers In	4,311,470	-	4,311,470	4,311,470	-
Total Other Financing Sources (Uses)	<u>4,311,470</u>	<u>-</u>	<u>4,311,470</u>	<u>4,311,470</u>	<u>-</u>
Net Change in Fund Balances	(732,643)	-	(732,643)	(978,017)	245,374
Fund Balance - Beginning	<u>11,029,837</u>	<u>-</u>	<u>11,029,837</u>	<u>11,029,837</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 10,297,194</u>	<u>\$ -</u>	<u>\$ 10,297,194</u>	<u>\$ 10,051,820</u>	<u>\$ 245,374</u>

**CITY OF OAK RIDGE, TENNESSEE
GENERAL OBLIGATION BONDS PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES
June 30, 2013**

Fiscal Year	Refunding Bonds Series 2003		2009B Build America Bonds				Refunding Bonds Series 2009		Refunding Bonds Series 2010		Refunding Bonds Series 2011		Total		Total Requirements
	Principal	Interest	Principal (2)	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Net Interest	
2014	\$ 660,000	\$ 133,800	\$ 50,000	\$ 604,876	\$ (193,288)	\$ 411,588	\$ -	\$ 775,700	\$ 435,000	\$ 131,094	\$ 2,025,000	\$ 46,500	\$ 3,170,000	\$ 1,498,681	\$ 4,668,681
2015	1,305,000	107,400	200,000	603,438	(211,203)	392,234	1,005,000	775,700	445,000	118,044	300,000	6,000	3,255,000	1,399,378	4,654,378
2016	1,380,000	55,200	-	597,188	(209,015)	388,172	1,325,000	745,550	460,000	104,694	-	-	3,165,000	1,293,616	4,458,616
2017	-	-	150,000	597,188	(209,015)	388,172	2,785,000	679,300	475,000	90,894	-	-	3,410,000	1,158,365.62	4,568,366
2018	-	-	-	591,188	(206,915)	384,272	2,920,000	540,050	500,000	76,644	-	-	3,420,000	1,000,965.62	4,420,966
2019	-	-	300,000	591,188	(206,915)	384,272	2,640,000	423,250	555,000	56,644	-	-	3,495,000	864,165.62	4,359,166
2020	-	-	-	577,313	(202,059)	375,253	2,735,000	317,650	570,000	38,606	-	-	3,305,000	731,509.12	4,036,509
2021	-	-	-	577,313	(202,059)	375,253	2,870,000	180,900	595,000	20,081	-	-	3,465,000	576,234.13	4,041,234
2022	-	-	-	577,313	(202,059)	375,253	935,000	37,400	-	-	-	-	935,000	412,653	1,347,653
2023	-	-	-	577,313	(202,059)	375,253	-	-	-	-	-	-	-	375,253	375,253
2024	-	-	-	577,313	(202,059)	375,253	-	-	-	-	-	-	-	375,253	375,253
2025	-	-	550,000	577,313	(202,059)	375,253	-	-	-	-	-	-	550,000	375,253	925,253
2026	-	-	650,000	546,375	(191,231)	355,144	-	-	-	-	-	-	650,000	355,144	1,005,144
2027	-	-	600,000	509,000	(178,150)	330,850	-	-	-	-	-	-	600,000	330,850	930,850
2028	-	-	400,000	473,750	(165,813)	307,938	-	-	-	-	-	-	400,000	307,938	707,938
2029	-	-	300,000	449,750	(157,413)	292,338	-	-	-	-	-	-	300,000	292,338	592,338
2030	-	-	300,000	431,750	(151,113)	280,638	-	-	-	-	-	-	300,000	280,638	580,638
2031	-	-	-	413,750	(144,813)	268,938	-	-	-	-	-	-	-	268,938	268,938
2032	-	-	-	413,750	(144,813)	268,938	-	-	-	-	-	-	-	268,938	268,938
2033	-	-	-	413,750	(144,813)	268,938	-	-	-	-	-	-	-	268,938	268,938
2034	-	-	-	413,750	(144,813)	268,938	-	-	-	-	-	-	-	268,938	268,938
2035	-	-	-	413,750	(144,813)	268,938	-	-	-	-	-	-	-	268,938	268,938
2036	-	-	-	413,750	(144,813)	268,938	-	-	-	-	-	-	-	268,938	268,938
2037	-	-	-	413,750	(144,813)	268,938	-	-	-	-	-	-	-	268,938	268,938
2038	-	-	-	413,750	(144,813)	268,938	-	-	-	-	-	-	-	268,938	268,938
2039	-	-	2,500,000	413,750	(144,812)	268,937	-	-	-	-	-	-	2,500,000	268,937	2,768,937
2040	-	-	2,500,000	260,000	(91,000)	169,000	-	-	-	-	-	-	2,500,000	169,000	2,669,000
2041	-	-	1,500,000	97,500	(34,125)	63,375	-	-	-	-	-	-	1,500,000	63,375	1,563,375
Total	\$ 3,345,000	\$ 296,400	\$ 10,000,000	\$ 13,540,813	\$ (4,720,865)	\$ 8,819,947	\$ 17,215,000	\$ 4,475,500	\$ 4,035,000	\$ 636,699	\$ 2,325,000	\$ 52,500	\$ 36,920,000	\$ 14,281,046	\$ 51,201,046

118

- (1) The federal government provides a 35% subsidy on the interest payment due on these bonds.
The City has no assurance that the United States government will continue to make direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments.
A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.
- (2) The 2009B Build America Bonds includes \$700,000 reported in the Equipment Replacement Rental Fund (internal service fund).

**CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES
June 30, 2013**

Fiscal Year	Public Building Authority of Clarksville, TN TMFB Series 1994 (1)		Public Building Authority of Clarksville, TN TMFB Series 2001 (1)		Public Building Authority of Clarksville, TN TMFB Series 2008 (1)		Public Building Authority Blount County, TN Series B-11-A (2)		Public Building Authority Blount County, TN Series B-9-A (2)		Public Building Authority Sevier County, TN Series VII-E-1 (3)		Public Building Authority Sevier County, TN Series VI-M-1 (3)		Tennessee School Bond Authority QZAB Series 2004 (4)		Tennessee School Bond Authority QZAB Series 2005 (4)		Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Fees	Principal	Fees	Principal	Interest			
2014	\$ -	\$ 5,563	\$ 79,000	\$ 3,737	\$ 70,000	\$ 70,745	\$ -	\$ 232,969	\$ 300,000	\$ 641,938	\$ -	\$ 761,926	\$ -	\$ 169,809	\$ 440,585	\$ 2,115	\$ 68,833	\$ 330	\$ 958,418	\$ 1,889,132	\$ 2,847,550
2015	-	5,563	83,000	2,851	45,000	70,125	-	232,969	350,000	630,688	-	761,926	-	169,809	440,585	2,115	68,834	330	987,419	1,876,375	2,863,794
2016	-	5,563	87,000	1,920	5,000	69,744	-	232,969	400,000	617,563	-	761,926	-	169,809	440,585	2,115	68,833	330	1,001,418	1,861,938	2,863,356
2017	65,722	5,510	92,000	943	-	69,702	-	232,969	450,000	603,563	-	761,926	-	169,809	440,585	2,115	68,833	330	1,117,140	1,846,867	2,964,007
2018	70,326	4,863	-	-	-	69,702	-	232,969	500,000	587,250	-	761,926	-	169,809	440,585	2,115	68,834	330	1,079,745	1,828,964	2,908,709
2019	75,251	4,172	-	-	-	69,702	-	232,969	550,000	568,500	-	761,926	-	169,809	440,585	2,115	68,833	330	1,134,669	1,809,522	2,944,191
2020	80,512	3,431	-	-	75,000	69,646	-	232,969	500,000	547,875	-	761,926	-	169,809	440,585	2,115	68,833	330	1,164,930	1,788,101	2,953,031
2021	86,145	2,639	-	-	35,000	68,991	-	232,969	550,000	527,875	-	761,926	-	169,809	440,585	2,115	68,834	330	1,180,564	1,766,654	2,947,218
2022	92,183	1,792	-	-	470,000	68,345	-	232,969	2,600,000	505,875	-	761,926	-	169,809	-	-	-	-	3,162,183	1,740,716	4,902,899
2023	98,626	885	-	-	1,100,000	63,580	-	232,969	3,100,000	382,375	-	761,926	-	169,809	-	-	-	-	4,298,626	1,611,544	5,910,170
2024	-	-	-	-	775,000	53,778	-	232,969	3,300,000	235,125	-	761,926	-	169,809	-	-	-	-	4,075,000	1,453,606	5,528,606
2025	-	-	-	-	1,555,000	46,115	-	232,969	1,700,000	70,125	-	761,926	-	169,809	-	-	-	-	3,255,000	1,280,943	4,535,943
2026	-	-	-	-	1,905,000	31,651	-	232,969	-	-	-	761,926	1,465,000	169,809	-	-	-	-	3,370,000	1,196,354	4,566,354
2027	-	-	-	-	1,717,288	14,394	-	232,969	-	-	-	761,926	1,540,000	117,270	-	-	-	-	3,257,288	1,126,559	4,383,847
2028	-	-	-	-	-	-	-	232,969	-	-	-	761,926	1,615,000	62,042	-	-	-	-	1,615,000	1,056,937	2,671,937
2029	-	-	-	-	-	-	-	232,969	-	-	1,570,000	761,926	115,000	4,124	-	-	-	-	1,685,000	999,019	2,684,019
2030	-	-	-	-	-	-	-	232,969	-	-	1,745,000	705,340	-	-	-	-	-	-	1,745,000	938,309	2,683,309
2031	-	-	-	-	-	-	-	232,969	-	-	1,820,000	642,447	-	-	-	-	-	-	1,820,000	875,416	2,695,416
2032	-	-	-	-	-	-	-	232,969	-	-	4,315,000	576,851	-	-	-	-	-	-	4,315,000	809,820	5,124,820
2033	-	-	-	-	-	-	-	232,969	-	-	4,515,000	421,330	-	-	-	-	-	-	4,515,000	654,299	5,169,299
2034	-	-	-	-	-	-	-	232,969	-	-	2,295,000	258,601	-	-	-	-	-	-	2,295,000	491,570	2,786,570
2035	-	-	-	-	-	-	-	232,969	-	-	2,390,000	175,885	-	-	-	-	-	-	2,390,000	408,853	2,798,853
2036	-	-	-	-	-	-	-	232,969	-	-	2,490,000	89,744	-	-	-	-	-	-	2,490,000	322,713	2,812,713
2037	-	-	-	-	-	-	2,600,000	232,969	-	-	-	-	-	-	-	-	-	-	2,600,000	232,969	2,832,969
2038	-	-	-	-	-	-	2,725,000	119,219	-	-	-	-	-	-	-	-	-	-	2,725,000	119,219	2,844,219
Total	\$ 568,765	\$ 39,981	\$ 341,000	\$ 9,452	\$ 7,752,288	\$ 836,219	\$ 5,325,000	\$ 5,710,469	\$ 14,300,000	\$ 5,918,750	\$ 21,140,000	\$15,061,016	\$ 4,735,000	\$ 2,390,952	\$ 3,524,680	\$ 16,920	\$ 550,667	\$ 2,640	\$ 58,237,400	\$ 29,986,398	\$ 88,223,798

- (1) The interest rate varies on a weekly basis on loans through the Public Building Authority of Clarksville, TN (TMBF). The amortization schedules are based on the interest rate in effect on June 30, 2013. For the 1994 loan this is .98%, 2001 loan 1.12%, and 2008 loan 1.12%.
- (2) The interest rate is fixed on the loans through the Public Building Authority of Blount County. Interest on the B-9-A loan is at 4.375%. Interest on the B-11-A loan ranges from 3.0% to 4.125%
- (3) The loans through the Public Building Authority of Sevier County are under interest rate swap agreements. Refer to Note 13.
- (4) Qualified Zone Academy Bonds (QZAB) is a federal program which provide interest free loans to finance eligible school renovations. The QZAB programs are administered through the state department of educations.

CITY OF OAK RIDGE, TENNESSEE
BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND
June 30, 2013

Fiscal Year	Electric Revenue Bonds Refunding Series 2003		General Obligation Bonds Refunding Series 2003		2009B Build America Bonds				Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Net Interest	
2014	\$ 1,095,000	\$ 119,200	\$ -	\$ 448,444	\$ -	\$ 302,775	\$ (96,752)	\$ 206,023	\$ 1,095,000	\$ 773,667	\$ 1,868,667
2015	925,000	75,400	-	448,444	-	302,775	(105,971)	196,804	925,000	720,648	1,645,648
2016	960,000	38,400	-	448,444	-	302,775	(105,971)	196,804	960,000	683,648	1,643,648
2017	-	-	1,000,000	448,444	-	302,775	(105,971)	196,804	1,000,000	645,248	1,645,248
2018	-	-	1,045,000	398,444	-	302,775	(105,971)	196,804	1,045,000	595,248	1,640,248
2019	-	-	1,055,000	356,644	-	302,775	(105,971)	196,804	1,055,000	553,448	1,608,448
2020	-	-	1,135,000	314,444	-	302,775	(105,971)	196,804	1,135,000	511,248	1,646,248
2021	-	-	1,150,000	257,694	-	302,775	(105,971)	196,804	1,150,000	454,498	1,604,498
2022	-	-	1,210,000	200,194	-	302,775	(105,971)	196,804	1,210,000	396,998	1,606,998
2023	-	-	1,300,000	151,794	-	302,775	(105,971)	196,804	1,300,000	348,598	1,648,598
2024	-	-	1,065,000	96,544	-	302,775	(105,971)	196,804	1,065,000	293,348	1,358,348
2025	-	-	1,110,000	49,950	-	302,775	(105,971)	196,804	1,110,000	246,754	1,356,754
2026	-	-	-	-	-	302,775	(105,971)	196,804	-	196,804	196,804
2027	-	-	-	-	-	302,775	(105,971)	196,804	-	196,804	196,804
2028	-	-	-	-	450,000	302,775	(105,971)	196,804	450,000	196,804	646,804
2029	-	-	-	-	450,000	275,775	(96,521)	179,254	450,000	179,254	629,254
2030	-	-	-	-	450,000	248,775	(87,071)	161,704	450,000	161,704	611,704
2031	-	-	-	-	450,000	221,775	(77,621)	144,154	450,000	144,154	594,154
2032	-	-	-	-	450,000	194,775	(68,171)	126,604	450,000	126,604	576,604
2033	-	-	-	-	450,000	167,775	(58,721)	109,054	450,000	109,054	559,054
2034	-	-	-	-	450,000	140,775	(49,271)	91,504	450,000	91,504	541,504
2035	-	-	-	-	450,000	113,775	(39,821)	73,954	450,000	73,954	523,954
2036	-	-	-	-	450,000	86,100	(30,135)	55,965	450,000	55,965	505,965
2037	-	-	-	-	475,000	58,425	(20,449)	37,976	475,000	37,976	512,976
2038	-	-	-	-	475,000	29,212	(10,224)	18,988	475,000	18,988	493,988
Total	\$ 2,980,000	\$ 233,000	\$ 10,070,000	\$ 3,619,484	\$ 5,000,000	\$ 6,078,787	\$ (2,118,355)	\$ 3,960,432	\$ 18,050,000	\$ 7,812,916	\$ 25,862,916

120

(1) The federal government provides a 35% subsidy on the interest payment due on these bonds.

The City has no assurance that the United States government will continue to make direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments.

A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.

**CITY OF OAK RIDGE, TENNESSEE
BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND
June 30, 2013**

Fiscal Year	General Obligation Bonds Refunding Series 2003		2009B Build America Bonds				General Obligation Bonds Refunding Series 2011 B		Total		Total Requirements
	Principal	Interest	Principal	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Interest	Principal	Net Interest	
2014	\$ 445,000	\$ 55,400	\$ -	\$ 292,125	\$ (93,349)	\$ 198,776	\$ 100,000	\$ 257,550	\$ 545,000	\$ 511,726	\$ 1,056,726
2015	460,000	37,600	-	292,125	(102,244)	189,881	100,000	255,550	560,000	483,031	1,043,031
2016	480,000	19,200	-	292,125	(102,244)	189,881	100,000	253,550	580,000	462,631	1,042,631
2017	-	-	-	292,125	(102,244)	189,881	200,000	251,550	200,000	441,431	641,431
2018	-	-	-	292,125	(102,244)	189,881	200,000	247,550	200,000	437,431	637,431
2019	-	-	-	292,125	(102,244)	189,881	225,000	243,550	225,000	433,431	658,431
2020	-	-	-	292,125	(102,244)	189,881	225,000	239,050	225,000	428,931	653,931
2021	-	-	-	292,125	(102,244)	189,881	225,000	234,550	225,000	424,431	649,431
2022	-	-	-	292,125	(102,244)	189,881	275,000	230,050	275,000	419,931	694,931
2023	-	-	200,000	292,125	(102,244)	189,881	975,000	223,863	1,175,000	413,744	1,588,744
2024	-	-	450,000	282,125	(98,744)	183,381	1,325,000	199,488	1,775,000	382,869	2,157,869
2025	-	-	450,000	257,375	(90,081)	167,294	1,375,000	166,363	1,825,000	333,656	2,158,656
2026	-	-	400,000	232,063	(81,222)	150,841	1,500,000	128,550	1,900,000	279,391	2,179,391
2027	-	-	750,000	209,063	(73,172)	135,891	1,650,000	86,550	2,400,000	222,441	2,622,441
2028	-	-	900,000	165,000	(57,750)	107,250	1,235,000	37,050	2,135,000	144,300	2,279,300
2029	-	-	900,000	111,000	(38,850)	72,150	-	-	900,000	72,150	972,150
2030	-	-	950,000	56,999	(19,950)	37,049	-	-	950,000	37,049	987,049
Total	\$ 1,385,000	\$ 112,200	\$ 5,000,000	\$ 4,234,875	\$ (1,473,311)	\$ 2,761,564	\$ 9,710,000	\$ 3,054,813	\$ 16,095,000	\$ 5,928,576	\$ 22,023,576

(1) The federal government provides a 35% subsidy on the interest payment due on these bonds.

The City has no assurance that the United States government will continue to make direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments.

A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND
June 30, 2013

Fiscal Year	Public Building Authority of Clarksville, TN TMBF Series 2005 (1)		Public Building Authority of Clarksville, TN TMBF Series 2008 (1)		Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
	2014	\$ 132,773	\$ 20,152	\$ -	\$ 13,225	\$ 132,773	
2015	138,111	18,929	25,000	13,206	163,111	32,136	195,247
2016	143,448	17,658	70,000	12,945	213,448	30,603	244,051
2017	149,453	16,337	-	12,360	149,453	28,698	178,151
2018	155,124	14,962	-	12,360	155,124	27,322	182,446
2019	161,463	13,534	35,000	12,334	196,463	25,868	222,331
2020	167,801	12,047	-	12,042	167,801	24,089	191,890
2021	174,807	10,502	40,000	12,012	214,807	22,514	237,321
2022	181,812	8,893	-	11,678	181,812	20,571	202,383
2023	188,818	7,219	-	11,678	188,818	18,897	207,715
2024	196,491	5,481	290,000	11,461	486,491	16,942	503,433
2025	204,498	3,672	305,000	8,811	509,498	12,483	521,981
2026	212,505	1,790	355,000	5,998	567,505	7,788	575,293
2027	-	-	333,296	2,784	333,296	2,784	336,080
Total	\$ 2,207,104	\$ 151,177	\$ 1,453,296	\$ 152,895	\$ 3,660,400	\$ 304,073	\$ 3,964,473

- (1) The interest rate varies on a weekly basis on loans through the Public Building Authority of Clarksville, TN (TMBF). The amortization schedules are based on the interest rate in effect on June 30, 2013. The interest rate for the 2005 loan is .92% and 2008 loan .91%.

**CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND
June 30, 2013**

Fiscal Year	Public Building Authority of Clarksville, TN TMBF Series 1994 (1)		Public Building Authority of Clarksville, TN TMBF Series 2001 (1)		Public Building Authority of Clarksville, TN TMBF Series 2005 (1)		Public Building Authority of Clarksville, TN TMBF Series 2008 (1)		Public Building Authority of Clarksville, TN TMBF Series 2012 (1)		Capital Outlay Notes Interfund Loan From General Fund (2)		State Revolving Loan Fund Interest at 4.09%		State Revolving Loan Fund Interest at 4.04%		State Revolving Loan Fund Interest at 3.83% (3)		Total		Total Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Fees/Interest	
2014	\$ -	\$ 27,477	\$ 155,000	\$ 16,133	\$ 265,227	\$ 40,361	\$ -	\$ 16,329	\$ 159,000	\$ 35,958	\$ 238,095	\$ 16,667	\$ 600,156	\$ 250,392	\$ 244,932	\$ 107,748	\$ 205,506	\$ 228,331	\$ 1,867,916	\$ 739,397	\$ 2,607,313
2015	-	27,477	163,000	14,655	275,889	37,913	-	16,329	166,000	34,345	238,095	14,286	625,164	225,384	255,012	97,668	213,517	220,321	1,936,677	688,377	2,625,054
2016	-	27,477	171,000	13,100	286,552	35,367	-	16,329	174,000	32,659	238,095	10,833	651,216	199,320	265,500	87,180	221,840	211,998	2,008,202	634,263	2,642,465
2017	323,978	27,216	180,000	11,468	298,547	32,722	75,000	16,273	182,000	30,893	238,096	8,333	678,360	172,188	276,432	76,248	230,487	203,350	2,482,900	578,691	3,061,591
2018	346,674	24,022	189,000	9,751	309,876	29,966	85,000	15,583	190,000	29,046	238,095	5,952	706,632	143,916	287,808	64,872	239,471	194,367	2,592,556	517,477	3,110,032
2019	370,949	20,605	198,000	7,949	322,537	27,106	60,000	14,828	199,000	27,118	238,095	3,571	736,080	114,468	299,652	53,028	248,806	185,032	2,673,119	453,705	3,126,824
2020	396,888	16,949	208,000	6,060	335,199	24,129	60,000	14,282	208,000	25,098	238,096	1,190	766,752	83,784	311,988	40,692	258,504	175,334	2,783,427	387,519	3,170,946
2021	424,655	13,037	218,000	4,076	349,193	21,035	60,000	13,736	217,000	22,988	-	-	798,708	51,828	324,828	27,852	268,580	165,257	2,660,964	319,810	2,980,774
2022	454,417	8,852	229,000	1,997	363,188	17,811	-	13,235	227,000	20,786	-	-	830,625	18,552	338,196	14,484	279,049	154,788	2,721,475	250,505	2,971,980
2023	486,174	4,373	-	-	377,182	14,460	160,000	13,116	198,230	18,515	-	-	-	-	174,242	2,058	289,927	143,911	1,685,755	196,432	1,882,187
2024	-	-	-	-	392,509	10,978	295,000	11,559	248,000	16,472	-	-	-	-	-	-	301,228	132,610	1,236,737	171,618	1,408,355
2025	-	-	-	-	408,503	7,355	315,000	8,859	259,000	13,958	-	-	-	-	-	-	312,970	120,868	1,295,472	151,039	1,446,512
2026	-	-	-	-	424,497	3,584	335,000	5,978	270,000	11,333	-	-	-	-	-	-	325,169	108,669	1,354,666	129,563	1,484,229
2027	-	-	-	-	-	-	349,416	2,918	282,000	8,596	-	-	-	-	-	-	337,844	95,994	969,260	107,508	1,076,768
2028	-	-	-	-	-	-	-	-	295,000	5,737	-	-	-	-	-	-	351,013	82,825	646,013	88,561	734,574
2029	-	-	-	-	-	-	-	-	297,226	2,755	-	-	-	-	-	-	364,695	69,142	661,921	71,898	733,819
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	378,911	54,927	378,911	54,927	433,838
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	393,681	40,157	393,681	40,157	433,838
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	409,026	24,812	409,026	24,812	433,838
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	424,971	8,867	424,971	8,867	433,839
Total	\$ 2,803,735	\$ 197,485	\$ 1,711,000	\$ 85,190	\$ 4,408,897	\$ 302,787	\$ 1,794,416	\$ 179,355	\$ 3,571,456	\$ 336,257	\$ 1,666,667	\$ 60,832	\$ 6,393,693	\$ 1,259,832	\$ 2,778,590	\$ 571,830	\$ 6,055,194	\$ 2,621,561	\$ 31,183,648	\$ 5,615,128	\$ 36,798,776

- (1) The interest rate varies on a weekly basis on loans through the Public Building Authority of Clarksville, TN (TMBF). The amortization schedules are based on the interest rate in effect on June 30, 2013. For the 1994 loan this is .91%, 2001 loan .95%, 2005 loan .92%, 2008 loan .91% and 2012 loan 1.01%.
- (2) In accordance with Tennessee State Law, an interfund loan between the waterworks fund and general fund was issued in the form of capital outlay notes. Interest on the loan was set at 1%.
- (3) The City is still drawing funds as capital projects occur on this loan through the State Revolving Loan Fund . At June 30, 2013, \$944,806 remains available for draw on this loan. Principal payments will begin when the projects have been completed and the loan is closed by the state for future draws. The amortization schedule is based on the annual payments that would occur if the loan had been closed at the current outstanding principal amount.

CITY OF OAK RIDGE, TENNESSEE
CAPITAL LEASE AMORTIZATION - PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - EMERGENCY COMMUNICATIONS DISTRICT FUND
June 30, 2013

Fiscal Year	Principal	Interest	Total Requirements
2014	\$ 124,242	\$ 26,659	\$ 150,901
2015	130,429	20,473	150,902
2016	136,924	13,978	150,902
2017	143,743	7,158	150,901
Total	<u>\$ 535,338</u>	<u>\$ 68,268</u>	<u>\$ 603,606</u>

Statistical Section

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

<u>Contents</u>	<u>Page Numbers</u>
Financial Trends	
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Net Position by Component	127
Changes in Net Position	128
Fund Balances, Governmental Funds	130
Changes in Fund Balances, Governmental Funds	131
Revenue Capacity	
<i>These schedules contain information to help the reader assess the government's most significant local revenue sources, the property tax and local sales tax.</i>	
Tax Revenue by Source, Governmental Funds	132
Assessed and Estimates Actual Value of Taxable Property	133
Property Tax Rates - Direct and Overlapping Governments	134
Principal Property Taxpayers	135
Property Tax Levies and Collection	136
Schedule of Changes in Property Tax Receivables	137
Local Taxable Sales by Category	138
Direct and Overlapping Sales Tax Rates	139
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Ratios of Outstanding Debt by Type	140
Ratios of General Bonded Debt Outstanding	141
Computation of Direct and Overlapping Debt	142
Pledged - Revenue Coverage	143

Demographic and Economic Information

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

Demographic Statistics	144
Principal Employers	145

Operating Information

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

Full-Time Equivalent City Government Employees by Function	146
Operating Indicators by Function/Program	148
Capital Assets Statistic by Function/Program	150
Revenues for Electric and Waterworks Funds	151
Electric, Water and Wastewater Rates	152
Electric, Water and Wastewater Sold by Type of Customers	153
Ten Largest Electric Customers	154
AWWA Water Audit Reporting Worksheet	155

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

CITY OF OAK RIDGE, TENNESSEE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 23,875,530	\$ 33,185,737	\$ 31,540,540	\$ 35,621,496	\$ 48,509,856	\$ 45,110,444	\$ 36,306,869	\$ 38,500,904	\$ 39,810,637	\$ 38,686,034
Restricted	-	31,250,750	16,254,147	8,437,063	-	-	-	-	-	-
Unrestricted	19,746,192	(14,201,534)	4,868,333	13,040,675	17,395,007	18,213,217	25,468,174	26,701,583	20,769,587	25,056,818
Total Governmental Activities Net Position	<u>\$ 43,621,722</u>	<u>\$ 50,234,953</u>	<u>\$ 52,663,020</u>	<u>\$ 57,099,234</u>	<u>\$ 65,904,863</u>	<u>\$ 63,323,661</u>	<u>\$ 61,775,043</u>	<u>\$ 65,202,487</u>	<u>\$ 60,580,224</u>	<u>\$ 63,742,852</u>
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 58,458,062	\$ 63,928,694	\$ 62,355,102	\$ 63,965,893	\$ 71,964,232	\$ 75,244,455	\$ 74,961,657	\$ 75,189,718	\$ 73,448,261	\$ 79,088,293
Restricted	144,094	136,824	137,467	135,365	138,433	417,473	-	-	-	-
Unrestricted	3,617,784	(812,669)	731,699	(1,261,077)	(2,737,805)	(2,748,855)	266,207	3,992,597	6,703,403	6,713,982
Total Business-type Activities Net Position	<u>\$ 62,219,940</u>	<u>\$ 63,252,849</u>	<u>\$ 63,224,268</u>	<u>\$ 62,840,181</u>	<u>\$ 69,364,860</u>	<u>\$ 72,913,073</u>	<u>\$ 75,227,864</u>	<u>\$ 79,182,315</u>	<u>\$ 80,151,664</u>	<u>\$ 85,802,275</u>
Primary Government										
Invested in Capital Assets, Net of Related Debt	\$ 82,333,592	\$ 97,114,431	\$ 93,895,642	\$ 99,587,389	\$ 120,474,088	\$ 120,354,899	\$ 111,268,526	\$ 113,690,622	\$ 113,258,898	\$ 117,774,327
Restricted	144,094	31,387,574	16,391,614	8,572,428	138,433	417,473	-	-	-	-
Unrestricted	23,363,976	(15,014,203)	5,600,032	11,779,598	14,657,202	15,464,362	25,734,381	30,694,180	27,472,990	31,770,800
Total Primary Government Net Position	<u>\$ 105,841,662</u>	<u>\$ 113,487,802</u>	<u>\$ 115,887,288</u>	<u>\$ 119,939,415</u>	<u>\$ 135,269,723</u>	<u>\$ 136,236,734</u>	<u>\$ 137,002,907</u>	<u>\$ 144,384,802</u>	<u>\$ 140,731,888</u>	<u>\$ 149,545,127</u>

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	\$ 273,179	\$ 2,142,857	\$ 1,719,874	\$ 341,550	\$ 787,908	\$ 2,440,145	\$ 1,410,659	\$ 1,534,057	\$ 666,017	\$ 982,489
Administration	658,782	661,942	577,081	617,258	630,209	897,870	889,136	939,662	968,733	894,210
Public Safety	7,839,973	8,044,813	8,609,654	9,354,706	11,951,624	12,293,756	12,170,498	12,417,297	12,798,262	13,228,802
Public Works	2,669,071	4,080,500	4,042,211	4,245,565	4,551,008	4,380,741	4,470,805	4,848,131	7,221,150	7,060,805
Community Services (1)	8,714,166	8,331,681	9,907,380	10,944,438	11,026,261	11,592,367	10,716,684	10,911,603	8,541,374	8,088,462
Education	42,325,347	41,056,629	45,823,972	44,222,039	42,637,039	51,313,351	55,550,747	55,542,535	57,585,524	56,876,776
Interest and Fiscal Charges	1,593,696	2,290,550	2,316,963	2,974,889	4,244,444	4,840,057	4,205,056	4,004,334	3,705,803	3,747,845
Total Governmental Activities Expenses	64,074,214	66,608,972	72,997,135	72,700,445	75,828,493	87,758,287	89,413,585	90,197,619	91,486,863	90,879,389
Business-type Activities:										
Electric	36,004,534	35,094,294	37,926,429	41,773,668	44,072,861	49,952,558	46,365,601	51,171,287	51,952,938	51,452,426
Waterworks	12,116,274	12,774,404	13,776,337	15,788,355	16,615,370	17,222,147	16,845,380	17,770,763	18,621,033	19,069,463
Emergency Communication District	399,182	390,131	347,391	356,781	553,265	568,519	456,154	505,551	478,965	416,911
Golf Course (1)	1,694,542	1,660,137	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses	50,214,532	49,918,966	52,050,157	57,918,804	61,241,496	67,743,224	63,667,135	69,447,601	71,052,936	70,938,800
Total Primary Government Expenses	\$ 114,288,746	\$ 116,527,938	\$ 125,047,292	\$ 130,619,249	\$ 137,069,989	\$ 155,501,511	\$ 153,080,720	\$ 159,645,220	\$ 162,539,799	\$ 161,818,189
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	\$ 53,534	\$ 1,064,844	\$ 1,050,931	\$ 1,068,902	\$ 1,069,158	\$ 1,058,252	\$ 931,544	\$ 940,076	\$ 935,280	\$ 937,120
Public Safety	423,988	309,132	414,184	445,986	406,046	433,075	1,404,083	1,046,023	895,676	940,256
Community Services (1)	1,052,044	1,225,819	2,558,599	2,505,024	2,481,141	2,417,965	2,508,040	2,580,572	2,572,394	2,358,126
Education	1,504,131	1,669,657	1,853,765	1,791,167	2,065,529	1,810,598	1,715,903	1,544,327	1,427,525	1,197,033
Operating Grants and Contributions	29,235,660	30,012,921	31,365,321	32,698,403	38,302,402	39,948,251	40,677,481	41,364,846	41,485,129	42,282,178
Capital Grant and Contributions	367,329	3,723,502	240,814	31,308	465,589	244,318	154,393	3,452,280	118,686	-
Total Governmental Activities Program Revenues	32,636,686	38,005,875	37,483,614	38,540,790	44,789,865	45,912,459	47,391,444	50,928,124	47,434,690	47,714,713
Business-type Activities:										
Charges for Services										
Electric	35,245,680	35,051,657	38,227,318	41,184,246	44,844,650	51,764,998	47,916,470	53,998,664	52,650,987	52,891,247
Waterworks	11,941,129	11,908,497	12,800,009	14,138,838	16,734,346	19,819,808	19,218,854	18,625,204	18,551,034	20,500,542
Emergency Communication District	442,362	433,727	436,143	527,319	518,063	493,639	521,059	522,412	505,107	503,651
Golf Course (1)	1,154,697	1,149,015	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	11,526	30,848	-	-	-	55,000	24,456	33,931
Capital grant and contributions	522,961	1,569,130	122,436	1,003,056	5,062,972	1,067,960	185,089	1,915,670	695,756	2,510,060
Total business-type activities program revenues	49,306,829	50,112,026	51,597,432	56,884,307	67,160,031	73,146,405	67,841,472	75,116,950	72,427,340	76,439,431
Total primary government program revenues	\$ 81,943,515	\$ 88,117,901	\$ 89,081,046	\$ 95,425,097	\$ 111,949,896	\$ 119,058,864	\$ 115,232,916	\$ 126,045,074	\$ 119,862,030	\$ 124,154,144

(Continued)

CITY OF OAK RIDGE, TENNESSEE
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental Activities	\$ (31,437,528)	\$ (28,603,097)	\$ (35,513,521)	\$ (34,159,655)	\$ (31,038,628)	\$ (41,845,828)	\$ (42,022,141)	\$ (39,269,495)	\$ (44,052,173)	\$ (43,164,676)
Business-type Activities	(907,703)	193,060	(452,725)	(1,034,497)	5,918,535	5,403,181	4,174,337	5,669,349	1,374,404	5,500,631
Total Primary Governmental Net Expense	<u>\$ (32,345,231)</u>	<u>\$ (28,410,037)</u>	<u>\$ (35,966,246)</u>	<u>\$ (35,194,152)</u>	<u>\$ (25,120,093)</u>	<u>\$ (36,442,647)</u>	<u>\$ (37,847,804)</u>	<u>\$ (33,600,146)</u>	<u>\$ (42,677,769)</u>	<u>\$ (37,664,045)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Real & Personal Property Taxes	\$ 14,915,676	\$ 15,529,602	\$ 15,734,618	\$ 16,283,441	\$ 17,770,961	\$ 19,169,307	\$ 18,999,090	\$ 18,975,327	\$ 20,228,638	\$ 19,185,345
In-lieu of Tax Payments	3,758,201	3,826,332	3,860,930	3,903,756	3,988,922	1,657,594	1,914,745	2,154,611	2,182,332	2,278,350
Sales Taxes	7,224,109	9,032,154	9,904,536	9,810,033	10,799,248	10,110,993	11,526,911	11,811,555	10,949,982	10,906,934
State Shared Taxes	2,121,518	3,144,403	3,492,328	4,071,325	4,010,334	3,653,748	3,571,878	3,664,292	3,934,144	4,033,802
Business Taxes	767,714	841,718	999,362	913,226	849,823	791,480	802,606	957,007	1,118,107	764,685
Occupancy Taxes	363,789	397,925	427,608	455,744	542,126	558,612	489,976	531,416	482,365	532,309
Wholesale Beer & Liquor Taxes	746,472	761,905	774,866	812,010	839,642	852,203	825,329	837,667	844,879	854,076
Gain (Loss) on Sale of Capital Assets	-	171,713	254,595	(17,362)	43,940	(623,323)	4,149	1,704	-	-
Interest	185,766	629,166	752,673	1,147,655	975,309	428,472	108,194	69,411	91,463	81,431
Investment Income - Change in Fair Value of Interest Rate Swap							(760,615)	(414,647)	(4,830,873)	3,169,165
Miscellaneous	2,355,649	924,210	1,382,109	938,511	2,010,017	1,434,418	1,474,112	1,423,314	1,572,966	1,609,940
Transfers	(248,109)	(42,800)	357,963	277,530	288,910	2,831,471	2,796,515	2,685,282	2,855,907	2,911,267
Total Governmental Activities	<u>32,190,785</u>	<u>35,216,328</u>	<u>37,941,588</u>	<u>38,595,869</u>	<u>42,119,232</u>	<u>40,864,975</u>	<u>41,752,890</u>	<u>42,696,939</u>	<u>39,429,910</u>	<u>46,327,304</u>
Business-type Activities:										
Interest	47,575	78,765	52,996	80,328	57,500	41,179	54,083	55,470	56,362	16,499
Miscellaneous	1,854,678	718,284	729,111	847,612	837,554	935,324	882,886	914,914	2,394,490	3,307,647
Transfers	248,109	42,800	(357,963)	(277,530)	(288,910)	(2,831,471)	(2,796,515)	(2,685,282)	(2,855,907)	(2,911,267)
Total Business-type Activities:	<u>2,150,362</u>	<u>839,849</u>	<u>424,144</u>	<u>650,410</u>	<u>606,144</u>	<u>(1,854,968)</u>	<u>(1,859,546)</u>	<u>(1,714,898)</u>	<u>(405,055)</u>	<u>412,879</u>
Total Primary Government	<u>\$ 34,341,147</u>	<u>\$ 36,056,177</u>	<u>\$ 38,365,732</u>	<u>\$ 39,246,279</u>	<u>\$ 42,725,376</u>	<u>\$ 39,010,007</u>	<u>\$ 39,893,344</u>	<u>\$ 40,982,041</u>	<u>\$ 39,024,855</u>	<u>\$ 46,740,183</u>
Change in Net Positions										
Governmental Activities	\$ 753,257	\$ 6,613,231	\$ 2,428,067	\$ 4,436,214	\$ 11,080,604	\$ (980,853)	\$ (269,251)	\$ 3,427,444	\$ (4,622,263)	\$ 3,162,628
Business-type Activities	1,242,659	1,032,909	(28,581)	(384,087)	6,524,679	3,548,213	2,314,791	3,954,451	969,349	5,913,510
Total Primary Government	<u>\$ 1,995,916</u>	<u>\$ 7,646,140</u>	<u>\$ 2,399,486</u>	<u>\$ 4,052,127</u>	<u>\$ 17,605,283</u>	<u>\$ 2,567,360</u>	<u>\$ 2,045,540</u>	<u>\$ 7,381,895</u>	<u>\$ (3,652,914)</u>	<u>\$ 9,076,138</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. All changes in Net Position are exclusive of any prior period adjustments

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FUND BALANCE PRIOR TO IMPLEMENTATION OF GASB 54:										
General Fund										
Reserved	\$ 522,954	\$ 453,839	\$ 423,518	\$ 422,938	\$ 548,835	\$ 343,657	\$ 135,666	\$ -	\$ -	\$ -
Unreserved	4,915,690	4,660,255	5,057,758	5,349,352	6,939,442	7,192,118	9,033,940	-	-	-
Total General Fund	<u>\$ 5,438,644</u>	<u>\$ 5,114,094</u>	<u>\$ 5,481,276</u>	<u>\$ 5,772,290</u>	<u>\$ 7,488,277</u>	<u>\$ 7,535,775</u>	<u>\$ 9,169,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All Other Governmental Funds										
Reserved	\$ 1,833,153	\$ 34,182,819 (1)	\$ 17,738,377	\$ 9,904,689	\$ 1,462,252	\$ 2,317,399	\$ 1,157,059	\$ -	\$ -	\$ -
Unreserved, Reported in										
Special Revenue Funds	6,956,167	6,717,456	7,299,423	6,137,197	5,568,643	5,138,235	6,363,296	-	-	-
Capital Projects Funds	2,424,090	(710,174)	2,158,115	1,604,832	398,073	859,020	2,388,176	-	-	-
Debt Services Funds	1,720,796	3,886,972	6,402,404	8,349,601	7,082,125	6,113,799	12,313,862	-	-	-
Total All Other Governmental Funds	<u>\$ 12,934,206</u>	<u>\$ 44,077,073</u>	<u>\$ 33,598,319</u>	<u>\$ 25,996,319</u>	<u>\$ 14,511,093</u>	<u>\$ 14,428,453</u>	<u>\$ 22,222,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE UNDER GASB 54:										
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,127,143	\$ 3,451,953	\$ 1,852,008
Assigned	-	-	-	-	-	-	-	1,495,303	722,871	1,732,495
Unassigned	-	-	-	-	-	-	-	2,846,302	5,042,225	6,475,637
Total General Fund	<u>\$ -</u>	<u>\$ 9,468,748</u>	<u>\$ 9,217,049</u>	<u>\$ 10,060,140</u>						
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,907	\$ 131,987	\$ 138,746
Restricted	-	-	-	-	-	-	-	10,917,510	10,639,781	10,022,584
Committed	-	-	-	-	-	-	-	310,114	74,825	219,106
Assigned	-	-	-	-	-	-	-	11,764,159	12,741,528	11,012,549
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ 23,206,690</u>	<u>\$ 23,588,121</u>	<u>\$ 21,392,985</u>						

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 19,497,314	\$ 22,122,240	\$ 23,137,472	\$ 23,312,693	\$ 25,085,558	\$ 23,557,540	\$ 23,870,515	\$ 24,642,294	\$ 25,493,765	\$ 23,719,470
Licenses and Permits	173,514	340,802	465,364	272,409	271,002	269,593	243,947	207,479	173,179	167,826
Intergovernmental	41,485,191	41,555,706	43,662,911	45,623,695	52,017,449	52,800,138	54,566,054	55,865,796	55,811,807	56,985,039
Charges for Services	3,597,812	3,760,492	4,990,381	5,172,706	5,263,455	5,103,858	4,929,556	4,918,875	4,864,632	4,454,758
Fines and Forfeitures	397,281	283,826	391,570	429,453	397,230	427,921	1,410,770	1,032,384	864,838	919,078
Interest	168,416	599,462	696,241	1,070,165	915,773	403,054	100,348	61,417	84,769	74,640
Other	701,033	958,272	1,518,029	1,124,325	2,026,641	1,390,671	1,366,852	1,334,952	1,465,537	1,557,362
Total Revenues	66,020,561	69,620,800	74,861,968	77,005,446	85,977,108	83,952,775	86,488,042	88,063,197	88,758,527	87,878,173
Expenditures										
General Government	653,026	743,092	722,370	734,797	805,413	883,736	942,585	969,826	759,000	854,416
Administration	625,253	682,853	588,960	610,439	622,983	885,840	836,966	889,831	917,059	927,140
Public Safety	7,567,199	7,971,991	8,524,042	9,201,187	11,717,322	12,389,138	12,889,356	12,784,971	13,175,763	13,471,207
Public Works	3,006,575	3,149,133	3,059,468	3,101,813	3,330,686	3,109,202	3,119,170	3,505,753	5,827,027	5,988,107
Community Services	7,950,349	7,877,890	9,269,663	10,239,087	10,326,239	10,881,008	9,921,715	10,095,406	7,724,713	7,942,668
Education	41,392,925	42,399,884	44,009,380	46,138,202	50,627,491	49,912,738	52,243,216	52,643,880	54,153,457	54,200,956
Capital Outlay	2,257,873	4,378,599	16,058,967	29,658,532	17,180,904	4,302,395	2,094,333	1,491,798	2,740,542	1,529,216
Debt Service										
Principal	2,095,289	2,146,000	2,756,042	2,624,468	2,804,954	3,128,567	3,180,146	3,455,366	3,671,419	3,973,611
Interest	1,546,228	1,943,304	2,275,531	2,936,984	4,210,966	4,604,579	3,992,258	3,968,903	3,668,566	3,733,276
Other Charges	-	-	-	308,516	86,766	305,589	187,802	101,047	-	-
Total Expenditures	67,094,717	71,292,746	87,264,423	105,554,025	101,713,724	90,402,792	89,407,547	89,906,781	92,637,546	92,620,597
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,074,156)	(1,671,946)	(12,402,455)	(28,548,579)	(15,736,616)	(6,450,017)	(2,919,505)	(1,843,584)	(3,879,019)	(4,742,424)
Other Financing Sources (Uses)										
Bonds Issuance	-	32,533,063	1,032,500	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	1,523,179	175,761	151,047	-	-
Refunding Bonds Issued	-	-	-	-	-	38,355,000	10,543,267	7,420,000	-	-
Payments to Refund Bonds	-	-	-	-	-	(39,572,590)	(10,058,002)	(7,470,000)	-	-
Payments to Escrow Agent	-	-	-	-	-	-	-	-	-	-
Loan Issuance	797,737	-	-	21,000,000	4,945,988	2,806,300	8,889,735	-	-	-
Loan Discount	-	-	-	(39,937)	-	-	-	-	-	-
Capital Lease Issuance	891,641	-	-	-	732,479	471,515	-	340,694	1,152,844	479,112
Transfers In	18,202,388	17,814,432	19,356,881	19,554,689	24,326,902	27,619,160	28,419,392	22,131,363	23,474,300	23,316,128
Transfers Out	(18,450,497)	(17,857,232)	(18,098,498)	(19,277,159)	(24,037,992)	(24,787,689)	(25,622,877)	(19,446,081)	(20,618,393)	(20,404,861)
Total Other Financing Sources (Uses)	1,441,269	32,490,263	2,290,883	21,237,593	5,967,377	6,414,875	12,347,276	3,127,023	4,008,751	3,390,379
Net Changes in Fund Balances	\$ 367,113	\$ 30,818,317	\$ (10,111,572)	\$ (7,310,986)	\$ (9,769,239)	\$ (35,142)	\$ 9,427,771	\$ 1,283,439	\$ 129,732	\$ (1,352,045)
Debt Service as a Percentage of Noncapital Expenditures	5.6%	6.1%	7.1%	7.3%	8.3%	9.0%	8.2%	8.4%	8.2%	8.5%

CITY OF OAK RIDGE, TENNESSEE
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property</u>	<u>Interest & Penalty</u>	<u>In lieu</u>	<u>Local Sales</u>	<u>Gross Receipts</u>	<u>Wholesale Beer/Liquor</u>	<u>Room Occupancy</u>	<u>Total</u>
2004	\$ 14,756,203	\$ 159,473	\$ 1,281,816	\$ 7,224,109	\$ 767,715	\$ 746,472	\$ 363,789	\$ 25,299,577
2005	15,341,027	188,575	1,317,779	9,032,154	841,718	761,905	397,925	27,881,083
2006	15,520,774	213,844	1,405,994	9,904,536	999,362	774,866	427,608	29,246,984
2007	16,105,953	177,488	1,401,412	9,810,033	913,226	812,010	455,744	29,675,866
2008	17,673,704	97,257	1,542,713	10,799,248	849,823	839,642	542,126	32,344,513
2009	18,624,249	149,402	1,762,309	10,110,993	791,480	852,203	558,612	32,849,248
2010	18,444,385	183,257	2,014,996	11,526,911	802,607	825,330	489,976	34,287,462
2011	18,938,769	138,825	2,260,531	11,811,555	957,007	837,667	531,416	35,475,770
2012	19,754,269	439,851	2,294,661	10,949,982	1,118,107	844,879	482,365	35,884,114
2013	18,899,497	255,931	2,278,350	10,906,934	764,685	854,076	532,309	34,491,782
Change 2004-2013	28.08%	60.49%	77.74%	50.98%	-0.39%	14.42%	46.32%	36.33%

132

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

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

Fiscal Year	Tax Year	Real Residential Property	Real Commercial Property	Personal Property	Public Utilities	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2004	2003	\$ 272,157,350	\$ 190,580,631	\$ 51,252,805	\$ 10,267,203	\$ 524,257,989	2.87	\$ 1,754,591,303	30%
2005	2004	274,953,825	200,439,682	53,451,907	10,153,519	538,998,933	2.87	1,797,548,472	30%
2006	2005	322,792,500 (2)	223,983,134 (2)	52,163,372 (2)	11,390,458 (2)	610,329,464 (2)	2.55 (2)	2,045,715,665 (2)	30% (2)
2007	2006	334,908,739	231,506,227	58,065,289	11,091,196	635,571,451	2.55	2,132,117,298	30%
2008	2007	347,866,446	268,472,911	44,405,787	9,269,913	670,015,057	2.65	2,227,521,739	30%
2009	2008	354,598,524	280,288,355	44,651,529	9,427,296	688,965,704	2.77	2,285,093,952	30%
2010	2009	360,138,810	275,346,400	40,958,797	8,596,571	685,040,578	2.77	2,281,080,692	30%
2011	2010	434,209,725 (2)	314,892,290 (2)	47,347,150 (2)	10,508,868 (2)	806,958,033 (2)	2.39 (2)	2,701,000,491 (2)	30% (2)
2012	2011	434,510,575	314,409,168	45,795,106	9,960,967	804,675,816	2.39	2,694,826,422	30%
2013	2012	428,632,500	313,900,532	44,521,899	10,420,634	797,475,565	2.39	2,666,634,267	30%

- (1) Overall assessment ratios and effective rates for 1973 and thereafter are weighted averages due to varying constitutional assessment ratios which became effective statewide January 1, 1973. Assessment ratios are Residential Property, Real at 25% with all bank accounts and \$7,500 of all other items in the hands of a taxpayer exempt; Commercial and Industrial - Real at 40% and Personal at 30% except that the Personal Property of eligible Banks is 40%; Public Utilities (excluding Railroads and Telecommunications) - All Property both Real and Personal at 55%; Railroads and Telecommunications - Real and Personal at 40%.
- (2) All properties were reappraised in tax year 2005 (fiscal year 2006) and tax year 2010 (fiscal year 2011).

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

Fiscal Year Ended June 30,	Overlapping Rate					
	City Direct Rate		Anderson County		Roane County	
2004	\$	2.87	\$	3.14	\$	2.445
2005		2.87		3.22		2.445
2006		2.55	(1)	2.68	(1)	2.02 (1)
2007		2.55		2.68		2.02
2008		2.65		2.68		2.27
2009		2.77		2.68		2.27
2010		2.77		2.68		2.36
2011		2.39	(1)	2.26	(1)	1.9051 (1)
2012		2.39		2.35		1.97
2013		2.39		2.35		1.97

134

- Notes: The City of Oak Ridge is located in two Tennessee counties: Anderson and Roane.
- Overlapping rates are those of county governments that apply to property owners within the City of Oak Ridge. Approximately 17% of the taxable real parcels (2,242 of 13,463) are located in the Roane County portion of the City.
- The City's basic property tax rate may be increased only by a majority vote of the Oak Ridge City Council.
- The City's base tax rate is the total direct rate.
- (1) Each governmental unit operates under different property tax assessment rolls which were certified at the time of their most recent reappraisal programs (Oak Ridge, Anderson County and Roane County - tax years 2005 (fiscal year 2006) and 2010 (fiscal year 2011)).

**CITY OF OAK RIDGE, TENNESSEE
PRINCIPAL PROPERTY TAXPAYERS
CURRENT TAX YEAR 2012 AND NINE YEARS AGO
(For Fiscal Year 2013 and 2004)**

135

Taxpayer	Type of Business	Tax Year 2012			Tax Year 2003		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor (ORNL)	\$ 44,219,336	1	5.54%	\$ 11,666,398	2	2.22%
Oak Ridge Projects LLC	Real Estate Developer	37,011,567	2	4.64%	-	-	-
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	13,384,685	3	1.68%	10,838,880	3	2.07%
R&R Properties/Richard Chinn	Entrepreneur	12,074,608	4	1.51%	6,018,265	7	1.15%
Methodist Medical Center of Oak Ridge	Health Services	10,557,920	5	1.32%	7,495,470	6	1.43%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	9,827,319	6	1.23%	4,096,141	10	0.78%
Wilkinson Realty	Apartment Complexes	8,325,024	7	1.04%	-	-	-
A & M Enterprises Inc.	Real Estate Developer	6,634,680	8	0.83%	-	-	-
JMM Realty LLC	Real Estate	5,667,240	9	0.71%	-	-	-
ORNL Federal Credit Union	Credit Union	4,452,632	10	0.56%	-	-	-
BellSouth	Communications	-	-	-	7,503,930	5	1.43%
Boeing Tennessee Inc.	Manufacturing and Engineering	-	-	-	12,394,653	1	2.36%
Crown America	Shopping Mall/Misc. Development	-	-	-	8,772,377	4	1.67%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	-	-	-	5,057,257	8	0.96%
BNFL, Inc.	Environmental Services	-	-	-	4,582,926	9	0.87%
TOTAL		\$ 152,155,011		19.08%	\$ 78,426,297		14.95%

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

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

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount (1)	Percentage of Levy
2004	2003	\$ 15,046,204	\$ 14,460,793	96.1%	\$ 442,379	\$ 14,903,172	99.0%	\$ 143,032	1.0%
2005	2004	15,469,269	14,934,125	96.5%	470,196	15,404,321	99.6%	64,948	0.4%
2006	2005	15,563,401	15,280,442	98.2%	249,004	15,529,446	99.8%	33,955	0.2%
2007	2006	16,207,072	15,901,543	98.1%	268,161	16,169,704	99.8%	37,368	0.2%
2008	2007	17,755,399	17,303,022	97.5%	411,864	17,714,886	99.8%	40,513	0.2%
2009	2008	19,084,350	18,519,409	97.0%	535,008	19,054,417	99.8%	29,933	0.2%
2010	2009	18,975,624	18,120,891	95.5%	831,319	18,952,210	99.9%	23,414	0.1%
2011	2010	19,286,297	18,322,654	95.0%	835,188	19,157,842	99.3%	128,455	0.7%
2012	2011	19,231,752	18,695,063	97.2%	310,675	19,005,738	98.8%	226,014	1.2%
2013	2012	19,059,666	18,350,887	96.3%	-	18,350,887	96.3%	708,779	3.7%

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

**CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLES
JUNE 30, 2013**

<u>Tax Year</u>	<u>Property Tax Receivable Balance June 30, 2012</u>	<u>Property Tax Levied</u>	<u>Abatements & Adjustments</u>	<u>Collections</u>	<u>Allowance For Uncollectibles (1)</u>	<u>Net Receivable Balance June 30, 2013</u>
2003	\$ 143,371	\$ -	\$ (6)	\$ 333	\$ (143,023)	\$ 9
2004	65,289	-	(8)	333	(64,647)	301
2005	33,976	-	-	21	(33,658)	297
2006	37,527	-	(19)	140	(37,368)	-
2007	40,632	-	(17)	102	(40,505)	8
2008	34,698	-	24,803	29,568	(29,933)	-
2009	103,425	-	(2,142)	77,869	(22,942)	472
2010	225,924	-	(17,174)	80,295	(32,197)	96,258
2011	671,934	-	(135,245)	310,675	(43,000)	183,014
2012	16,897,744	250,484	(142,227)	16,297,222	(65,000)	643,779
2013	<u>-</u>	<u>19,135,503</u>	<u>-</u>	<u>717,063</u>	<u>(90,000)</u>	<u>18,328,440</u>
Totals	<u>\$ 18,254,520</u>	<u>\$ 19,385,987</u>	<u>\$ (272,035)</u>	<u>\$ 17,513,621</u>	<u>\$ (602,273)</u>	<u>\$ 19,252,578</u>

Note: The levy for the 2013 tax year is recorded as a deferred revenue at fiscal year end June 30, 2013.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Building Materials	\$ 36,619,633	\$ 39,673,175	\$ 40,776,983	\$ 37,880,776	\$ 35,481,658	\$ 34,138,282	\$ 30,745,142	\$ 31,099,957	\$ 31,773,463	\$ 33,639,309
General Merchandise	125,090,959	127,395,302	124,051,789	123,663,006	124,791,075	118,728,929	110,798,271	108,715,888	108,552,978	102,079,781
Food Stores	49,207,201	47,469,754	48,120,643	48,976,457	51,694,210	54,720,524	52,434,001	52,396,812	53,690,571	54,855,425
Autos, Boats, Aircrafts	117,679,886	112,106,399	103,902,534	94,622,000	79,474,112	60,212,915	41,885,747	38,755,289	45,134,866	43,364,628
Apparel	4,747,894	4,929,433	3,949,972	3,173,228	2,819,117	2,495,202	968,129	369,009	331,097	277,747
Furniture and Home Décor	8,806,076	8,873,574	8,440,156	9,136,238	8,339,378	7,136,115	6,939,017	6,692,774	6,677,903	6,827,787
Eating and Drinking Places	48,750,254	54,382,199	57,691,722	59,495,118	63,019,291	63,915,240	62,371,582	61,244,467	63,528,925	64,408,275
Miscellaneous Retail	40,978,996	48,575,457	53,497,507	51,826,964	56,124,638	52,747,534	50,724,180	54,468,249	52,466,973	51,935,742
Total	\$ 431,880,899	\$ 443,405,293	\$ 440,431,306	\$ 428,773,787	\$ 421,743,479	\$ 394,094,741	\$ 356,866,069	\$ 353,742,445	\$ 362,156,776	\$ 357,388,694
Oak Ridge/Anderson County Local Sales Tax Rate	2.25%	2.25%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Oak Ridge/Roane County Local Sales Tax Rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%

Source: Tennessee Department of Revenue, Research Division

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

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

<u>Fiscal Year</u>	<u>Oak Ridge/ Anderson County</u>	<u>Anderson County</u>	<u>Oak Ridge/ Roane County</u>	<u>Roane County</u>
2004	2.25%	2.25%	2.75%	2.50%
2005	2.75% (1)	2.25%	2.75%	2.50%
2006	2.75%	2.25%	2.75%	2.50%
2007	2.75%	2.75% (1)	2.75%	2.50%
2008	2.75%	2.75%	2.75%	2.50%
2009	2.75%	2.75%	2.75%	2.50%
2010	2.75%	2.75%	2.75%	2.50%
2011	2.75%	2.75%	2.75%	2.50%
2012	2.75%	2.75%	2.75%	2.50%
2013	2.75%	2.75%	2.75%	2.50%

Notes: The maximum local sales tax rate allowed by Tennessee State law is 2.75%.

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

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

Fiscal Year	Governmental-type Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	QZAB	Notes Payable	Capital Leases	Electric Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases			
2004	\$ 35,265,000	\$ -	\$ 20,043,765	\$ 719,243	\$ 21,550,000	\$ 4,800,000	\$ 19,890,589	\$ -	\$ 102,268,597	13.06%	\$ 3,734
2005	32,820,000	7,049,360	44,992,765	445,193	20,730,000	4,470,000	21,927,521	-	132,434,839	16.67%	4,836
2006	30,285,000	7,641,275	44,938,765	228,476	19,895,000	4,130,000	27,442,240	-	134,560,756	16.26%	4,913
2007	27,650,000	7,131,857	65,882,765	-	19,045,000	3,780,000	30,191,887	1,166,355	154,847,864	18.19%	5,654
2008	24,870,000	6,622,439	70,769,753	544,157	18,165,000	3,410,000	31,450,975	1,073,538	156,905,862	17.17%	5,729
2009	39,190,000	6,113,020	55,084,053	713,129	6,885,000	13,100,000	32,780,315	976,098	154,841,615	16.70%	5,654
2010	46,390,000	5,603,602	54,979,053	420,076	5,955,000	22,710,000	32,017,179	873,806	168,948,716	18.31%	5,760
2011	43,330,000	5,094,184	54,760,053	119,869	4,990,000	22,310,000	36,779,054	766,420	168,149,580	18.23%	5,733
2012	40,235,000	4,584,765	54,488,053	851,825	3,990,000	31,700,000	33,932,728	653,686	170,436,057	17.96%	5,811
2013	36,920,000	4,075,347	54,162,053	930,736	2,980,000	31,165,000	34,844,047	535,338	165,612,521	(1)	5,647

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

(1) Data Not Available.

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

**CITY OF OAK RIDGE, TENNESSEE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental-type Activities		Business-type Activities	Less; Amounts Available in Debt Service Reserves (1)	Net General Obligation Bonds	Actual Taxable Value of Property	Population	Taxable Value of Property	Debt Per Capita
	General	Obligation Bonds	General Obligation Bonds						
2004	\$	35,265,000	\$ 4,800,000	\$ 1,720,797	\$ 38,344,203	\$ 1,754,591,303	27,387	2.2%	\$ 1,400
2005		32,820,000	4,470,000	2,078,344	35,211,656	1,797,548,472	27,387	2.0%	1,286
2006		30,285,000	4,130,000	2,157,384	32,257,616	2,045,715,665	27,387	1.6%	1,178
2007		27,650,000	3,780,000	2,133,894	29,296,106	2,132,117,298	27,387	1.4%	1,070
2008		24,870,000	3,410,000	2,206,897	26,073,103	2,227,521,739	27,387	1.2%	952
2009		39,190,000	13,100,000	2,145,639	50,144,361	2,285,093,952	27,387	2.2%	1,831
2010		46,390,000	22,710,000	2,101,485	66,998,515	2,281,080,692	29,330	2.9%	2,284
2011		43,330,000	22,310,000	1,965,344	63,674,656	2,701,000,491	29,330	2.4%	2,171
2012		40,235,000	31,700,000	1,735,104	70,199,896	2,694,826,422	29,330	2.6%	2,393
2013		36,920,000	31,165,000	1,609,459	66,475,541	2,666,634,267	29,330	2.5%	2,266

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Excludes restricted debt service reserves.

**CITY OF OAK RIDGE, TENNESSEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2013**

<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	\$ 36,920,000	100%	\$ 36,920,000
Notes Payable	54,162,053	100%	54,162,053
Qualified Zone Academy Bonds (QZAB)	4,075,347	100%	4,075,347
Capital Lease	930,736	100%	930,736
Debt Service Fund	<u>(10,297,194)</u>		<u>(10,297,194)</u>
Total Direct Debt	<u>85,790,942</u>		<u>85,790,942</u>
Overlapping:			
Anderson County, Tennessee	56,890,825	39.78%	*
Roane County, Tennessee	<u>35,125,659</u>	12.31%	*
Total Overlapping Debt	<u>92,016,484</u>		<u>26,955,139</u>
Total Direct and Overlapping Debt	<u>\$ 177,807,426</u>		<u>\$ 112,746,081</u>

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

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

**CITY OF OAK RIDGE, TENNESSEE
PLEGGED - REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Electric Revenue Debt								Water and Sewer Revenue Debt							
Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage Ratio	Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage Ratio
2004	\$ 35,873,470	\$ 33,623,285	\$ 2,250,185	\$ 810,000	\$ 580,229	\$ 1,390,229	1.62	2004	\$ 12,044,747	\$ 8,688,053	\$ 3,356,694	\$ 956,705	\$ 783,515	\$ 1,740,220	1.93
2005	35,671,697	32,545,257	3,126,440	820,000	694,765	1,514,765	2.06	2005	11,978,901	9,113,823	2,865,078	1,030,368	868,746	1,899,114	1.51
2006	38,881,488	35,131,961	3,749,527	835,000	764,318	1,599,318	2.34	2006	12,874,950	10,064,683	2,810,267	1,070,673	1,163,287	2,233,960	1.26
2007	41,915,066	38,798,182	3,116,884	992,673	923,836	1,916,509	1.63	2007	14,243,446	11,549,776	2,693,670	1,274,724	1,312,552	2,587,276	1.04
2008	45,573,802	41,103,159	4,470,643	984,750	854,487	1,839,237	2.43	2008	16,842,748	12,311,926	4,530,822	1,373,195	1,258,007	2,631,202	1.72
2009	52,565,380	46,957,765	5,607,615	1,009,087	862,630	1,871,717	3.00	2009	19,930,455	12,393,252	7,537,203	1,424,187	1,024,740	2,448,927	3.08
2010	48,691,801	43,330,957	5,360,844	1,043,424	883,244	1,926,668	2.78	2010	19,326,409	11,958,264	7,368,145	1,476,696	944,845	2,421,541	3.04
2011	54,822,625	48,037,377	6,785,248	1,083,095	927,875	2,010,970	3.37	2011	18,716,157	12,682,614	6,033,543	1,517,889	993,162	2,511,051	2.40
2012	54,954,964	48,781,668	6,173,296	1,122,765	891,920	2,014,685	3.06	2012	18,641,547	12,704,883	5,936,664	1,585,275	1,182,886	2,768,161	2.14
2013	55,708,671	48,714,134	6,994,537	1,137,769	850,604	1,988,373	3.52	2013	20,990,765	13,315,440	7,675,325	1,750,948	1,251,386	3,002,334	2.56

(1) Operating expenses do not include interest, depreciation or in-lieu of taxes paid to other City funds.

**CITY OF OAK RIDGE, TENNESSEE
DEMOGRAPHIC STATISTICS
1980, 1990 AND 2000 CENSUS YEAR INFORMATION AND LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(2) Median Age	(2) Unemployment Rate	School Enrollment
1980	27,662	\$ 255,707,528	\$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	482,321,910	17,661 (1)	39.6 (1)	4.9% (1)	4,432
2000	27,387	679,005,891	24,793 (1)	43.4 (1)	3.2% (1)	4,491
2004	27,387	782,939,556	28,588	(3)	4.9%	4,285
2005	27,387	794,414,709	29,007	(3)	5.1%	4,280
2006	27,387	827,580,366	30,218	(3)	4.7%	4,306
2007	27,387	851,105,799	31,077	(3)	4.2%	4,394
2008	27,387	913,822,029	33,367	(3)	5.7%	4,362
2009	27,387	927,077,337	33,851	(3)	9.9%	4,411
2010	29,330	922,897,780	31,466	43.5 (1)	8.7%	4,472
2011	29,330	922,311,180	31,446	(3)	9.4%	4,458
2012	29,330	948,737,510	32,347	(3)	8.6%	4,468
2013	29,330	(3)	(3)	(3)	7.4%	4,687

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

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

(3) Data Not Available.

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

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
BWXT Y-12	5,000	1	13.20%	3,883	2	10.84%
UT-Battelle	4,500	2	11.88%	4,700	1	13.12%
Methodist Medical Center	1,350	3	3.56%	1,300	3	3.63%
UCOR	1,337	4	3.53%	N/A	N/A	N/A
Science Applications Int'l Corp. (SAIC)	1,000	5	2.64%	869	6	2.43%
Oak Ridge Associated Universities	1,000	6	2.64%	650	10	1.81%
Energy Solutions (AKA Duratek, Scientific Ecology Group, Inc.)	620	7	1.64%	N/A	N/A	N/A
Sitel (Client Logic)	600	8	1.58%	720	7	2.01%
Navarro Research & Engineering	445	9	1.17%	N/A	N/A	N/A
ORNL Federal Credit Union	381	10	1.01%	N/A	N/A	N/A
Wackenhut-Oak Ridge Team	N/A	N/A	N/A	694	9	1.94%
Oak Ridge Schools	N/A	N/A	N/A	700	8	1.95%
Bechtel Jacobs Co. LLC	N/A	N/A	N/A	986	4	2.75%
BNFL, Inc.	N/A	N/A	N/A	915	5	2.55%
	<u>16,233</u>		<u>42.85%</u>	<u>15,417</u>		<u>43.03%</u>

Source: Oak Ridge Chamber of Commerce and Tennessee Department of Labor and Workforce Development

Notes: The City of Oak Ridge resides in two counties, Anderson and Roane. For the Percentage of Total City Employment, Anderson County's Civilian Workforce was used.

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

		Full-time Equivalent Employees at June 30									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	City Clerk	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	City Manager	3.00	3.00	3.00	3.00	4.00	3.50	3.50	3.50	4.00	2.00
	City Court	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
	Legal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Services	Computer Services	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00
	Personnel	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	Stationery Stores	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Finance	8.00	8.00	8.00	8.00	8.00	8.00	10.00	10.00	10.00	11.00
	Business Office	15.00	15.00	15.00	15.00	15.00	15.00	13.00	13.00	11.00	11.00
Police	Supervision	2.00	2.00	2.00	2.00	3.00	2.50	3.00	3.00	3.00	3.00
	Investigations	8.00	8.00	8.00	8.00	11.00	11.00	11.00	11.00	11.00	12.00
	Staff Services	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
	Patrol	41.00	47.00	47.00	47.00	44.00	44.00	45.00	45.00	45.75	44.75
	Emergency Communications	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
	Animal Control	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50
	School Resource Officer Program	2.00	2.00	2.00	2.00	3.35	3.35	3.35	3.35	2.35	2.35
	Special Programs Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25
Fire	Supervision	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00
	Prevention	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Fighting	42.00	42.00	42.00	42.00	71.00	71.00	71.00	71.00	71.00	71.00
Public works	Supervision	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.50	5.00	5.00
	Engineering	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
	Equipment Shop	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
	Work pool	44.00	44.00	44.00	40.00	43.50	40.00	40.00	40.00	40.00	43.00
	Water plant	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
	Wastewater Treatment Plant	16.00	16.00	16.00	20.00	20.00	19.00	19.00	19.00	19.00	21.25
	West End Waterworks	0.00	0.00	0.00	0.00	0.00	7.00	8.00	8.00	8.00	8.00
Community Development	Supervision	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
	Planning	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Code Enforcement	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
	Grant Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00

146

(Continued)

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

	Full-time Equivalent Employees at June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Recreation and Parks										
Supervision	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Indoor Aquatics	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18
Outdoor Aquatics	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27
Centers, Camp & Programs	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02
Athletics	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Scarboro Center	1.39	1.39	1.39	1.39	2.39	2.39	2.39	2.39	2.39	2.39
Senior Center	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Library	16.68	16.68	16.68	17.00	17.00	17.00	17.75	17.75	17.75	17.75
Electric	34.00	34.00	34.00	34.00	34.00	35.00	35.00	35.00	35.00	35.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Subtotal	348.64	354.64	353.64	354.96	390.81	393.31	397.06	397.06	396.56	400.81
Education										
Teachers	401.30	396.10	401.20	406.70	414.90	390.00	398.70	420.50	420.90	418.60
Non-Teachers	305.08	302.20	273.39	266.14	282.39	296.70	306.10	271.47	260.53	243.83
Subtotal	706.38	698.30	674.59	672.84	697.29	686.70	704.80	691.97	681.43	662.43
Total	1,055.02	1,052.94	1,028.23	1,027.80	1,088.10	1,080.01	1,101.86	1,089.03	1,077.99	1,063.24

147

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

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Ordinances Adopted	20	15	17	22	31	20	17	22	19	20
Resolutions Adopted	127	144	127	108	107	113	108	120	114	103
Number of Court Cases-City Violations	3,429	1,709	2,881	3,483	3,566	4,198	4,861	4,412	3,905	4,776
Administrative Services										
Applications Received and Processed	653	891	784	839	804	1,527	774	1,122	1,029	634
Purchase Orders Issued for Departments	2,254	4,524	4,525	4,106	4,619	4,720	4,778	4,979	4,947	4,648
Purchase Orders Issued for Stock Purchases	1,420	1,219	1,350	1,328	1,138	706	836	853	803	754
Business Licenses Issued	1,282	1,345	1,392	1,344	1,339	1,295	N/A	1,071	1,164	1,134
New Business Licenses Issued	N/A	224	174	163						
Police										
Serious Crimes	620	544	539	551	475	481	437	438	488	1,379
Burglaries	383	394	394	348	378	426	417	319	266	200
Total Arrests	2,975	2,691	2,938	2,871	2,780	3,571	3,228	3,075	2,157	2,044
Total Calls for Services	32,854	32,854	35,544	37,055	35,159	38,660	30,999	31,157	26,505	33,215
Animal Apprehensions	2,708	2,500	2,850	2,342	1,805	2,341	2,077	2,592	1,440	939
Registered Animals	4,040	4,400	4,200	4,000	2,000	2,515	1,592	1,466	2,132	2,314
Fire										
Number of Calls	3,264	3,560	3,743	3,721	4,095	4,489	4,457	4,528	4,549	4,825
Public Fire Education	10,993	10,993	9,000	10,750	11,000	11,000	11,000	5,000	8,860	9,874
Violations Reported by Department Inspection	850	850	900	1,060	1,642	520	941	1,405	1,183	1,828
Average Response Time (Mins.)	4.0	4.0	4.0	4.3	4.5	4.1	4.1	5.38	5.20	6.11
Average Control Time (Mins.)	4.0	4.0	4.0	4.0	4.5	4.0	10.4	6.45	15.58	5.15
Community Development										
Site Plans Reviewed										
Non-Residential	19	18	19	6	9	15	13	11	14	11
Residential	76	110	112	108	39	45	0	22	13	13
Building Permits	582	582	599	567	552	488	497	440	413	301
Plumbing Permits	400	400	518	584	474	440	390	376	306	296
Electrical Permits	530	530	643	629	507	434	520	492	369	373
Nuisance Abatement	1,691	1,691	757	620	733	726	1,076	1,285	1,110	920
Abandoned Vehicles	416	416	416	150	127	289	219	234	196	139
Housing Inspections	48	48	66	62	64	149	101	109	111	37
Park and Recreation										
City-Wide Special Events	7	7	7	7	7	7	7	7	7	7
Cold Facts Program Participants	2,325	2,341	2,327	2,353	2,387	2,401	2,409	2,429	2,433	2,246
Pool Attendance	78,938	60,775	75,741	77,153	78,689	70,759	66,182	82,861	79,535	67,535
Summer Camp Enrollment	860	1,100	870	949	997	1,000	1,050	1,093	1,005	1,126
Athletic Activities										
Youth Participants	212	186	147	155	166	189	223	196	202	270
Adult Participants	1,496	1,845	1,784	1,579	1,707	1,898	1,774	1,562	1,724	1,581
Youth Teams	20	18	16	17	16	19	21	20	20	24
Adult Teams	106	138	129	113	124	142	125	118	127	117

(Continued on Next Page)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Library										
Total Volume	118,411	114,707	114,707	112,550	113,890	115,159	117,310	122,250	124,714	121,729
Total Non-Print Material	51,692	52,415	52,415	57,241	57,673	59,258	60,683	60,386	54,420	53,322
Total Circulation	204,681	204,585	182,400	186,215	180,293	181,826	174,906	174,292	160,978	160,876
Registered Patrons	27,604	23,735	23,455	22,171	20,209	22,301	22,520	24,111	22,624	22,943
Reference Questions and Reader Service	33,029	35,622	33,217	29,883	31,170	30,914	33,011	34,539	34,263	34,032
Story Time Attendance	5,395	5,355	4,167	5,262	5,335	4,699	4,797	4,022	5,461	4,217
Public Works										
Street Sign Maintenance and Installation	341	412	259	370	286	388	296	300	291	381
Traffic Control and School Flashing Signals Inventory	390	390	390	390	390	390	390	390	390	452
Hours for Maintenance and Installation	2,508	2,508	1,865	2,147	2,040	2,080	2,214	2,062	2,555	3,582
Public Street Lights										
Inventory	5,431	5,426	5,426	5,447	5,426	5,426	5,784	5,784	5,802	5,918
Hours for Maintenance and Installation	1,536	1,606	2,082	1,807	1,133	1,627	1,479	1,400	2,821	1,867
Mowing of ROW (Acres)	15	15	15	15	15	15	15	15	21	21
Electric										
Purchased Power										
Kilowatts-Hours Purchased	551,468,429	534,063,705	539,597,265	547,543,621	557,257,006	545,153,900	550,862,526	558,180,714	554,707,916	552,739,792
Amount	\$ 27,615,311	\$ 26,543,605	\$ 28,833,331	\$ 32,063,010	\$ 34,364,532	\$ 40,786,288	\$ 36,808,216	\$ 41,266,396	\$ 41,686,544	\$ 41,620,222
Electric Sales										
Kilowatts-Hours Sold	525,327,120	514,560,835	505,272,128	521,693,354	528,247,375	522,075,626	520,702,657	532,192,597	528,200,469	531,085,115
Amount	\$ 35,245,630	\$ 35,051,657	\$ 38,227,317	\$ 41,184,247	\$ 44,844,650	\$ 51,764,998	\$ 47,916,469	\$ 53,998,663	\$ 52,650,987	\$ 52,891,248
Cost Per Kilowatt-Hour Purchases	\$0.0501	\$0.0497	\$0.0534	\$0.0586	\$0.0617	\$0.0748	\$0.0668	\$0.0739	\$0.0752	\$0.0753
Percentage of Losses and Unaccounted for KH Purchases	4.74%	3.65%	6.36%	4.72%	5.21%	4.23%	5.48%	4.66%	4.78%	3.92%
Water										
Gallons Treated (Thousands)	3,907,730	3,700,000	4,045,928	3,367,518	3,732,957	3,921,905	3,687,716	3,438,372	3,209,465	2,721,411
Gallons Purchased (Thousands)	-	-	-	34,445	23,282	16,025	16,313	18,014	18,000	19,407
Gallons Pumped (Thousands)	-	-	-	3,370,193	3,673,932	3,937,930	3,704,029	3,456,386	3,227,465	2,740,818
Gallons Sold (Thousands)	3,680,361	3,521,730	3,699,823	2,870,928	3,249,385	3,346,471	3,166,137	2,987,370	2,744,528	2,551,268
Line Losses and Gallons Unaccounted for (Thousands)	N/A	N/A	N/A	533,710	424,547	591,459	537,892	469,016	482,937	189,550
Percentage of Losses and Unaccounted for Gallons to Total Provided (Thousands)	N/A	N/A	N/A	15.7%	11.6%	15.0%	14.5%	13.6%	15.0%	6.9%
Average Daily Consumption (Thousands of Gallons)	10,083	9,649	10,137	7,866	8,902	9,168	8,674	8,185	7,519	6,990
Wastewater										
Clinch River Industrial Park Plant										
Gallons Treated (Thousands)	1,724	1,600	1,600	1,200	1,021	1,448	1,890	57	0	0
Rarity Ridge										
Gallons Treated (Thousands)	-	-	-	-	2,433	37,841	37,662	33,138	37,820	47,160
West End Plant										
Gallons Treated (Thousands)	1,942,491	2,100,000	2,100,000	1,600,000	1,579,946	1,589,821	1,997,308	1,790,493	1,819,991	1,627,351
Schools										
Enrollment	4,285	4,280	4,306	4,394	4,362	4,411	4,472	4,532	4,468	4,458
Average Daily Membership	4,279	4,284	4,348	4,364	4,407	4,452	4,472	4,532	4,456	4,438
Average Daily Attendance	4,066	4,061	4,127	4,142	4,185	4,220	4,214	4,288	4,240	4,274
Average Test Scores (ACT)	24.4	24.5	24.3	23.6	23.6	24.7	23.0	23.4	23.2	23.0

* Some information is not available due to system changes.

**CITY OF OAK RIDGE, TENNESSEE
CAPITAL ASSETS STATISTIC BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	23	23	23	23	23	25	30	35	32	32
Unmarked Vehicles	5	6	6	6	8	8	8	11	11	11
Animal Control	2	2	2	2	2	2	2	3	3	3
Other Vehicles	9	9	9	9	8	8	8	6	6	6
Fire										
Stations	3	3	3	3	4	4	4	4	4	4
Fire Trucks (Pumpers and Ladder)	6	6	6	6	9	9	9	9	9	10
Rescue Vehicles - Radio Equipped	2	2	2	2	3	3	3	3	3	3
Sedans - Radio Equipped	4	4	4	4	6	6	8	8	8	8
Fire Specialists' Vehicles	5	5	5	5	5	5	4	4	4	4
HazMat Truck	-	-	-	-	-	-	-	-	-	1
Ambulances	-	-	-	-	-	-	-	-	-	2
Park and Recreation										
Parks	14	14	14	14	14	14	15	15	15	15
Parks/Greenbelt (Total Acres)	2,237	2,237	2,237	2,237	2,237	2,237	2,300	2,300	2,300	2,500
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	22	22	22	22	22	22	22	22	22	22
Baseball Parks	5	5	5	5	5	5	5	5	5	5
Softball Parks	6	6	6	6	6	6	6	6	6	6
Gymnasium	1	1	1	1	2	2	2	2	2	2
Golf Course	1	1	1	1	1	1	1	1	1	1
Soccer Fields	9	9	9	9	9	9	9	9	9	9
Community Centers	3	3	3	3	3	3	3	3	3	3
Disc Golf Courses	-	-	-	1	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Roads and Streets	217.75	222.33	226.00	226.00	227.72	227.87	229.59	229.59	229.59	229.59
Miles of Sidewalks	100.92	103.64	104.29	108.36	110.76	110.92	111.23	119.68	119.68	119.68
Electric										
Miles of Electric Lines	282.00	282.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00
Number of Regular Street Lights	5,431	5,426	5,447	5,463	5,463	5,463	5,784	5,802	5,802	5,918
Number of Private Outdoor Lights	1,577	1,577	1,577	1,568	1,574	1,385	1,385	1,393	1,393	1,393
Water										
Miles of Water Main	225.77	225.77	231.90	231.90	240.86	241.35	243.12	244.00	244.00	245.69
Number of Fire Hydrants	2,500	2,700	2,580	2,574	2,683	2,845	2,845	2,845	2,845	2,845
Treatment Plants	1	1	1	1	1	2	2	2	2	2
Wastewater										
Miles of Sewer Main	245.87	245.87	245.87	250.00	259.78	260.07	260.59	261.27	261.27	262.23
Treatment Plants	2	2	2	2	3	3	3	2	2	2
Treatment Capacity (Thousand of Gallons)	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010
Schools										
Elementary Schools	4	4	4	4	4	4	4	4	4	4
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1

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

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

Fiscal Year	Waterworks (1)			
	Electric Revenue	Water Revenue	Wastewater Revenue	Total
2004	\$ 35,913,653	\$ 6,343,489	\$ 5,704,123	\$ 47,961,265
2005	35,724,771	6,225,551	5,756,389	47,706,711
2006	38,922,932	7,088,332	5,788,969	51,800,233
2007	41,971,757	7,867,191	6,377,350	56,216,298
2008	45,608,826	9,925,588	6,774,328	62,308,742
2009	52,597,386	10,713,173	7,632,541	70,943,100
2010	48,737,266	10,225,818	7,501,780	66,464,864
2011	54,868,484	9,829,932	7,274,937	71,973,353
2012	55,021,285	9,708,510	7,322,581	72,052,376
2013	55,712,659	10,291,510	9,137,319	75,141,488

Note: Revenues exclude one-time grant proceeds and capital contributions by developers.

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

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

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Electric (1)											
<u>Residential</u>											
	Base Charge	\$ 6.57	\$ 7.30	\$ 7.37	\$ 7.46	\$ 7.70	\$ 7.70	\$ 7.70	\$ 9.70	\$ 9.70	\$ 9.70
	All kWh	0.06544	0.66790	0.07732	0.07622	0.08800	0.09300	0.09250	0.09589	0.09760	0.09748
<u>Commercial</u>											
GSA1	Base Charge	\$ 15.00	\$ 17.00	\$ 17.17	\$ 17.37	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93
	All kWh	0.07178	0.07382	0.08571	0.08432	0.09686	0.10211	0.10250	0.10805	0.10989	0.10977
GSA2	Base Charge	\$ 30.00	\$ 55.00	\$ 55.56	\$ 56.20	\$ 58.00	\$ 58.00	\$ 58.00	\$ 80.00	\$ 80.00	\$ 80.00
	1st 15,000 kWh	0.07421	0.07746	0.08938	0.08803	0.10069	0.10594	0.10633	0.10967	0.11151	0.11139
	Additional kWh	0.03823	0.03935	0.04601	0.04557	0.05463	0.05873	0.05624	0.06139	0.06212	0.06201
	kWh, 51-1,000	10.67	10.93	12.55	12.25	13.31	13.65	14.58	14.58	14.93	14.93
GSA3	Base Charge	\$ 80.00	\$ 150.00	\$ 151.52	\$ 153.28	\$ 158.19	\$ 158.19	\$ 158.19	\$ 200.00	\$ 200.00	\$ 200.00
	All kWh	0.03901	0.04087	0.04754	0.04712	0.05623	0.06033	0.05784	0.06277	0.06350	0.06339
	kW, 0 - 1,000	10.09	10.09	11.95	11.61	12.69	13.05	14.03	14.03	14.40	14.40
	kW, 1,001 - 5,000	12.02	12.02	14.27	13.88	15.17	15.59	16.75	16.75	17.18	17.18
<u>Outdoor Light</u>											
	All kWh	\$ 0.04377	\$ 0.04622	\$ 0.05265	\$ 0.05166	\$ 0.05943	\$ 0.06368	\$ 0.06110	\$ 0.06429	\$ 0.06524	\$ 0.06512
<u>Water</u>											
	Minimum Bill (0-2,000 gallons)	\$ 8.01	\$ 8.01	\$ 8.01	\$ 9.65	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50	\$ 13.50	\$ 13.50
	Next 8,000 gallons per 1,000 gallons	3.10	3.10	3.10	3.75	4.55	4.55	4.55	4.55	5.25	5.60
	Next 40,000 gallons per 1,000 gallons	2.77	2.77	2.77	3.35	4.05	4.05	4.05	4.05	4.55	5.10
	Next 150,000 gallons per 1,000 gallons	2.29	2.29	2.29	2.75	3.20	3.20	3.20	3.20	3.75	5.10
	Next 800,000 gallons per 1,000 gallons	1.90	1.90	1.90	2.30	3.20	3.20	3.20	3.20	3.75	5.10
	Next 1,000,000 gallons per 1,000 gallons	1.56	1.56	1.56	2.30	3.20	3.20	3.20	3.20	3.75	5.10
<u>Wastewater</u>											
	Minimum Bill (0-2,000 gallons)	\$ 10.50	\$ 10.50	\$ 11.50	\$ 11.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 18.50	\$ 18.50
	Next 8,000 gallons per 1,000 gallons	3.75	3.75	4.13	4.13	5.15	5.15	5.15	5.15	6.45	7.75
	Next 40,000 gallons per 1,000 gallons	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75
	Next 50,000 gallons per 1,000 gallons	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75
	Next 4,999,900 gallons per 1,000 gallons	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75
	All over 5,000,000 gallons per 1,000 gallons	5.90	5.90	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75

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

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

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

Fiscal Year	Electric				Water		Wastewater	
	Residential	Small Lighting and Power	Large Lighting and Power	Street and Outdoor Lighting	Residential	Commercial	Residential	Commercial
2004	12,964	1,698	360	62	10,955	1,425	10,671	1,167
2005	13,042	1,731	346	61	11,019	1,492	10,740	1,169
2006	13,096	1,797	339	64	11,160	1,518	10,866	1,167
2007	13,542	1,817	345	61	11,285	1,568	11,007	1,190
2008	13,556	1,787	342	60	11,313	1,561	11,032	1,176
2009	13,608	1,840	354	61	11,260	1,634	10,990	1,197
2010	13,673	1,869	367	61	11,285	1,634	11,017	1,201
2011	14,004	1,793	377	61	11,285	1,661	11,022	1,209
2012	13,901	1,814	363	61	11,244	1,677	10,978	1,219
2013	13,908	1,826	376	62	11,250	1,658	10,982	1,207

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

Customer	2013					2004				
	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Rank	Percentage Of Total Sales	Annual Demand	Annual Kwh Usage	Annual Sales Dollars	Rank	Percentage Of Total Sales
City of Oak Ridge	63,931	25,569,719	\$ 2,942,495	1	5.56%	58,781	26,888,841	\$ 1,668,010	1	4.73%
US Department of Energy	62,458	34,255,182	2,745,617	2	5.19%	17,841	7,364,289	474,971	7	1.35%
Methodist Medical Center	46,749	22,146,558	2,130,682	3	4.03%	43,823	22,077,781	1,332,151	3	3.78%
Energy Solutions (AKA GTS Duratek, Manufacturing Sciences)	30,633	36,487,177	1,930,137	4	3.65%	(1)	21,811,514	1,100,894	4	3.12%
USEC Inc.	35,757	17,875,071	1,711,792	5	3.24%					
Oak Ridge Board Of Education	39,661	13,665,942	1,485,519	6	2.81%	34,184	12,795,922	858,547	6	2.44%
Oak Ridge Project LLC	29,343	14,198,000	1,330,504	7	2.51%					
Advanced Measurement	14,650	8,010,150	720,130	8	1.36%	14,567	7,978,100	455,926	9	1.29%
Coors Tek	11,993	6,815,000	644,165	9	1.22%	-	-	-		0.00%
Oak Ridge Associated Universities	14,965	6,366,315	635,462	10	1.20%	-	-	-		0.00%
BNFL	-	-	-			49,405	24,214,400	1,650,266	2	4.68%
Boeing	-	-	-			(1)	21,466,016	1,033,074	5	2.93%
Manufacturing Sciences	-	-	-			18,126	708,520	465,171	8	1.32%
BWXT Y-12	-	-	-			15,243	7,320,419	438,342	10	1.24%
Total			<u>\$ 16,276,503</u>		<u>30.77%</u>			<u>\$ 9,477,352</u>		<u>26.89%</u>

Note:

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

AWWA WLCC Free Water Audit Software: Reporting Worksheet

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WAS v4.2

[Back to Instructions](#)

Water Audit Report for: **City of Oak Ridge, Tennessee**
 Reporting Year: **2013** / **7/2012 - 6/2013**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

WATER SUPPLIED

<< Enter grading in column 'E'

Volume from own sources:	<input type="button" value="7"/>	<input type="button" value="8"/>	2,721.411	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<input type="button" value="7"/>	n/a	0.000	MG/Yr
Water imported:	<input type="button" value="7"/>	10	19.407	MG/Yr
Water exported:	<input type="button" value="7"/>	n/a	0.000	MG/Yr
WATER SUPPLIED:			2,740.818	MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	<input type="button" value="7"/>	7	2,447.954	MG/Yr
Billed unmetered:	<input type="button" value="7"/>	n/a	0.000	MG/Yr
Unbilled metered:	<input type="button" value="7"/>	n/a	0.000	MG/Yr
Unbilled unmetered:	<input type="button" value="7"/>	10	87.214	MG/Yr
AUTHORIZED CONSUMPTION:	<input type="button" value="7"/>		2,535.168	MG/Yr

Click here: for help using option buttons below

Pcnt: Value:

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

MG/Yr

Apparent Losses

Unauthorized consumption:	<input type="button" value="7"/>	8	6.852	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed				
Customer metering inaccuracies:	<input type="button" value="7"/>	8	75.710	MG/Yr
Systematic data handling errors:	<input type="button" value="7"/>	6	16.100	MG/Yr
Apparent Losses:	<input type="button" value="7"/>		98.662	

Pcnt: Value:

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	<input type="button" value="7"/>		106.988	MG/Yr
WATER LOSSES:			205.650	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:	<input type="button" value="7"/>		292.864	MG/Yr
= Total Water Loss + Unbilled Metered + Unbilled Unmetered				

SYSTEM DATA

Length of mains:	<input type="button" value="7"/>	7	246.0	miles
Number of active AND inactive service connections:	<input type="button" value="7"/>	7	13,289	
Connection density:			54	conn./mile main
Average length of customer service line:	<input type="button" value="7"/>	10	0.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<input type="button" value="7"/>	5	80.0	psi

COST DATA

Total annual cost of operating water system:	<input type="button" value="7"/>	7	\$8,032,541	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<input type="button" value="7"/>	8	\$6.27	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<input type="button" value="7"/>	7	\$743.49	\$/Million gallons

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	<input type="text" value="10.7%"/>
Non-revenue water as percent by cost of operating system:	<input type="text" value="9.5%"/>
Annual cost of Apparent Losses:	<input type="text" value="\$618,611"/>
Annual cost of Real Losses:	<input type="text" value="\$79,545"/>

Operational Efficiency Indicators

Apparent Losses per service connection per day:	<input type="text" value="20.34"/>	gallons/connection/day
Real Losses per service connection per day*:	<input type="text" value="22.06"/>	gallons/connection/day
Real Losses per length of main per day*:	<input type="text" value="N/A"/>	
Real Losses per service connection per day per psi pressure:	<input type="text" value="0.28"/>	gallons/connection/day/psi
<input type="button" value="7"/> Unavoidable Annual Real Losses (UARL):	<input type="text" value="97.07"/>	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	<input type="text" value="106.99"/>	million gallons/year
<input type="button" value="7"/> Infrastructure Leakage Index (ILI) [CARL/UARL]:	<input type="text" value="1.10"/>	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 77 out of 100 *****

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Volume from own sources**
- 2: Billed metered**
- 3: Unauthorized consumption**

[For more information, click here to see the Grading Matrix worksheet](#)

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY
For the Fiscal Year Ended June 30, 2013

Grantor Agency	Program Name	CFDA	Grant/ Contract Number	Accrued (Deferred) Revenues July 1, 2012	Revenues Received	Adjustments	Expenditures	Accrued (Deferred) Revenues July 1, 2013
<u>DIRECT FEDERAL FINANCIAL ASSISTANCE</u>								
U.S. Department of Energy	Police Patrolling Services	81.502	DE-FG05-05OR23196	\$ 300,000	\$ 450,000	\$ -	\$ 300,000	\$ 150,000
U.S. Department of Energy	Center for Oak Ridge Oral History	81.049	DE-SC0000033	119,835	179,650	-	116,433	56,618
U.S. Department of Housing and Urban Development	Community Development Block Grant (HUD)	14.218	N/A	31,459	208,291	-	236,497	59,665
U.S. Department of Housing and Urban Development	Economic Development Initiative-Special Projects (EDI-SP)	14.251	B-09-SP-TN-0160	31,844	-	-	32,302	64,146
U.S. Department of the Interior	Preserve America Grant	15.929	47-08-AP-4038	14,310	-	-	-	14,310
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX0992	1,896	14,072	8,995	3,181	-
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0059	7,183	7,715	(8,995)	9,527	-
U.S. Department of Justice	Public Safety Communications System- Law Enforcement	16.580	2008-DD-BX-0186	-	904,327	-	-	(904,327)
U.S. Department of Justice	Grants Admin Div.- Law Enforcement Technology	16.580	2008CKWX0546	-	140,295	-	-	(140,295)
U.S. Department of Justice	Bulletproof Vest Partnership	16.607	N/A	17,733	17,733	-	-	-
Environmental Protection Agency	West End Water	66.202	XP-95452410-0	87,655	392,740	-	553,085	248,000
TOTAL DIRECT FEDERAL FINANCIAL ASSISTANCE				611,916	2,314,823	-	1,251,025	(451,882)
<u>INDIRECT FEDERAL FINANCIAL ASSISTANCE</u>								
Federal Highway Administration Through TN Department of Transportation	Transportation Enhancement Program Greenway Development	20.205	HPP-9115(11)	221,409	181,822	(39,587)	-	-
U.S. Department of Housing and Urban Development Through TN Housing Development Agency	Homeless Emergency Shelter Grants	14.231	DG0934555	4,667	4,667	-	-	-
U.S. Department of Housing and Urban Development Through TN Housing Development Agency	Homeless Emergency Solutions Grants	14.231	ESG-12-19	-	23,325	-	31,437	8,112
U. S. Department of Energy Through TN Department of Military	Emergency Management Planning, Fire Department	81.502	34101-51312	-	16,000	-	16,000	-
U. S. Department of Energy Through TN Department of Military	Emergency Management Planning, Fire Department	81.214	34101-21613	-	-	-	16,000	16,000
U. S. Department of Energy Through TN Department of Environment & Conservation	Tennessee Oversight Interlocal Agreement Services	81.502	32701-01419	-	-	-	44,617	44,617
Federal Emergency Management Agency Through TN Emergency Management Agency	Public Assistance	97.036	34101-48312	1,124	1,124	-	-	-
Federal Emergency Management Agency Through Department of Homeland Security	Emergency Management Planning, Fire Department	97.044	EMW-2012-FO-00480	-	76,390	-	76,390	-
TOTAL INDIRECT FEDERAL FINANCIAL ASSISTANCE				227,200	303,328	(39,587)	184,444	68,729
TOTAL FEDERAL FINANCIAL ASSISTANCE				839,116	2,618,151	(39,587)	1,435,469	(383,153)
<u>STATE ASSISTANCE PROGRAMS</u>								
Tennessee Department of Agriculture	Farmers Market Grant		DG-1235548	-	840	-	840	-
Tennessee Department of Transportation	Governor's Highway Safety		Z12GHS225	5,729	16,147	(2,129)	12,547	-
Tennessee Department of Transportation	Governor's Highway Safety		Z13GHS240	-	14,201	-	19,250	5,049
Tennessee Department of Transportation	Safe Routes to School		SRTS-9115(13)	4,385	-	-	(4,385)	-
Tennessee Department of Transportation	An Operating Assistance Project		GG 11-33710-00	28,773	18,721	-	31,733	41,785
Tennessee Department of Transportation	An Operating Assistance Project		GG 13-34064-00	-	23,897	-	66,559	42,662
TOTAL STATE ASSISTANCE PROGRAMS				38,887	73,806	(2,129)	126,544	89,496
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS				\$ 878,003	\$ 2,691,957	\$ (41,716)	\$ 1,562,013	\$ (293,657)

CITY OF OAK RIDGE, TENNESSEE
Notes to the Schedule of Federal and State Financial Assistance Activity
For the Year Ended June 30, 2013

Note 1 - Basis of Presentation

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

Note 2 - Loans Outstanding

At June 30, 2013, the City of Oak Ridge had outstanding loans obtained through the State Revolving Loan Fund. These loans were funded by federal and state sources as noted in the schedule below. Loan proceeds totaled \$350,248 from state sources. Loan payments totaled \$812,718 during the fiscal year.

<u>State Revolving Fund Loan</u>	<u>Balance</u>	<u>Federal Funding</u>	<u>State Funding</u>
SRF97-102	\$ 6,393,693	2%	98%
SRF98-117	2,778,590	0%	100%
SRF02-159	<u>6,055,194</u>	34%	66%
Total	<u>\$ 15,227,477</u>		

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 31, 2014. Our report includes a reference to other auditors who audited the financial statements of the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency referenced as 09-3 and described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency referenced as 10-1 and described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

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

City of Oak Ridge's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 31, 2014

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Oak Ridge, Tennessee's ("the City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditor's results sections of the accompanying schedule of findings and questioned costs.

The City's basic financial statements include the operations of the Oak Ridge Schools, which received \$4,429,590 in federal awards which is not included in the schedule during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Oak Ridge Schools because we were separately engaged to perform the Oak Ridge Schools' audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Oak Ridge, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Oak Ridge, Tennessee is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pugh & Company, P.C.

Certified Public Accountants
Knoxville, Tennessee
January 31, 2014

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

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

Major federal programs for the City of Oak Ridge for the fiscal year ended June 30, 2013 are:

Program Name	<u>CFDA#</u>
Environmental Protection Agency: Congressionally Mandated Projects	66.202
U.S. Department of Energy: Police Patrolling Services	81.502

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

Auditee qualified as low-risk auditee? yes no

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013

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

Unresolved Prior Year Audit Findings:

Finding 09-3	Information Technology Policies and Procedures
Criteria:	Formal policies and procedures for information technology that conform to best practices are essential to protect important, and in some cases, confidential data from unauthorized access and provide for appropriate disaster recovery.
Condition:	The City does not have adequate formal policies and procedures related to passwords, user ID's, new user access privileges, external vulnerability/penetration testing, and testing of backup media.
Context:	Formal policies and procedures are necessary to ensure all personnel utilize information technology assets as intended, systems are periodically tested and available to authorized users, access is restricted to only users who have a valid business reason for such access, and backup data files are available in the event of a disaster.
Effect:	Unauthorized users could gain access to information technology systems. In the event of a disaster, backup data files may not recoverable.
Cause:	The City does not have sufficient policies and procedures in place to properly protect important data from unauthorized access and provide for appropriate disaster recovery.
Recommendation:	Procedures should be developed to properly ensure all personnel utilize information technology assets as intended, systems are periodically tested and available to authorized users, access is restricted to only users who have a valid business reason for such access, and backup data files are available in the event of a disaster.
Current Status:	Information technology policies have been implemented for information security and technology use. As a result, improved processes have been put in place by June 30, 2013. The AS400 is an older operating system which limits certain controls. Improvements have been made under this finding although this finding is not completely resolved due to limitations of the older operating system.
Management's Response:	The City has formed an IT Steering Committee that is in the process of reviewing citywide software solutions. The purchase of a replacement for the AS400 has been delayed until the software selection process is completed. The size and need for an AS400 replacement will be dependent on the outcome of the software decision.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013

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

Unresolved Prior Year Audit Findings (continued):

Finding 10-1	Capital Asset Recordkeeping
Criteria:	Capital asset records are to be accounted for in a complete and accurate manner.
Condition:	Extensive Excel spreadsheets are used for the maintenance of capital asset records. These spreadsheets have no controls to protect the hardcoded data or formulas from intentional or unintentional modifications. These spreadsheets are also subject to limited review.
Context:	The use of a computer software program designed specifically for the maintenance of capital assets recordkeeping would increase the integrity of the capital asset records.
Effect:	The opportunity exists for significant errors due to the complexity of the current spreadsheets for capital assets given the large number of individual assets maintained.
Cause:	The significant number of individual fixed asset records, lack of controls to protect data from modifications, and limited review of the capital asset spreadsheets create the potential risk.
Recommendation:	We recommend that the City utilize a software program specifically designed for capital asset record maintenance and incorporate sufficient review procedures of such recordkeeping.
Current Status:	This finding has not been resolved as of June 30, 2013.
Management's Response:	The City has formed an IT Steering Committee that is in the process of reviewing citywide software solutions. A software solution for capital asset recordkeeping will be part of this selection process.

CITY OF OAK RIDGE, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2013

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

None.

CITY OF OAK RIDGE



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Corrective Action Plan

Finding 09-3

Information Technology Policies and Procedures

Name of

Contact Person:

Amy Fitzgerald Ph.D., Government and Information Services Director

Corrective Action:

Once a citywide plan for software solutions has been formulated by the IT Steering Committee and approved by City Council, the size and need for an AS400 replacement can be determined and replaced accordingly.

Anticipated

Completion Date:

June 30, 2015

Finding 10-1:

Capital Asset Recordkeeping

Name of

Contact Person:

Janice McGinnis, Finance Director

Corrective Action:

An IT Steering Committee has been formed for software review, which includes capital asset recordkeeping software.

Anticipated

Completion Date:

June 30, 2015