



Comprehensive Annual Financial Report  
City of Oak Ridge, Tennessee

For the Fiscal Year Ended  
June 30, 2012

# **CITY OF OAK RIDGE, TENNESSEE**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2012

Prepared by  
FINANCE DEPARTMENT

**City of Oak Ridge, Tennessee  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012**

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# CITY OF OAK RIDGE



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February 28, 2013

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, 2012, 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, 2012, 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, 2012 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 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, for overseeing the City's day-to-day operations, and for appointing heads of the various departments.

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

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

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

City Council has directed the City Manager to present a proposed budget that supports current council policies. Any additional programs or major modifications recommended by the City Manager are presented separately to City Council during budget deliberations. 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. The City Manager presents the proposed budget for the upcoming fiscal year to City Council at a work session or council meeting by mid-May. The Board of Education also presents the School Fund budget at this meeting, including a request for appropriation of City funds to meet program obligations. Budget work sessions 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 88. The comparison for the capital projects and debt service funds are presented on page 119 and 121, 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. Up to 2,000 scientists are expected to visit each year to study materials that will form the basis for new technologies in telecommunications, manufacturing, transportation, information, biotechnology and health. Recently completed on the ORNL campus is the \$9.2 million 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 an \$8.85 million guest house at ORNL, 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 2012, 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.

Final 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 2012, 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, a new Holiday Inn hotel, four new restaurants, three senior assisted/independent living housing projects, a new gas station/convenience store and a new Kroger's shopping center.

Just announced is the sale of the Oak Ridge Mall site to Crosland Southeast developers, a retail and mixed-use development firm. This sale of the Mall is 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 early 2014.

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 will open in the prior Panera Bread site. A new specialty grocery store is undergoing planning review for construction at this center.

In the fall of 2012, Kroger announced the purchase of approximately 25 acres in Oak Ridge which will be the location of a 113,531 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 spring of 2014 is expected to generate 250 new jobs.

Undergoing the building review process, is the construction of a new Weigel's gas station and convenience store. Under construction is a new Pizza Inn and Zaxby's restaurants.

Under construction is a new 91-unit assisted living facility. Methodist Medical Center of Oak Ridge is a partner in the venture, which will be three stories and feature 22 memory-care residences. Under planning review is Phase II of the Courtyards at Briarcliff providing independent living apartments for seniors and Dogwood Manor on Adams Lane to provide an independent living apartment complex for the low-to-moderate seniors.

Other 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, 51 condominium units, and has started a new section for duplex units.

**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 \$2,327,689 under this contract in fiscal 2012. 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 ETPP site. The City acquired the ETPP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETPP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETPP water plant is near the end of its useful life. Under terms of the contract, DOE 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 2012, the City received \$1,625,901 under terms of this contract. The current term of the contract ends in May 2013.

### **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. The City has \$1,295,054 available from an authorized loan from the Tennessee State Revolving Fund to finance the 2013 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.

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 has projected to spend over \$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 \$17,000,000 in water capital improvements, particularly to the water treatment plant and raw water intake system, over the next five 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. The City is in the process of applying for an \$18,000,000 low-interest rate loan from the Tennessee State Revolving Fund (SRF) Loan program. Significant rate increases were adopted for both water and wastewater rates with the first phase effective May 1, 2012 and the second phase effective January 1, 2013. Additional rate water and wastewater rate increase are anticipated to fund planned and ongoing capital projects and increased maintenance costs. Significant rate increases are expected to wastewater rates related to projects required to meet EPA AO. The next water and wastewater rate review is planned for the summer of 2013.

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 from the prior fiscal year. Sales tax collections are expected to continue to decline at a lower level through fiscal 2013, 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, 2011. This is the fifty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

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

In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past twenty-nine 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  
Deputy City Manager



Janice E. McGinnis  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Ridge  
Tennessee

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Christopher P. Moynell*

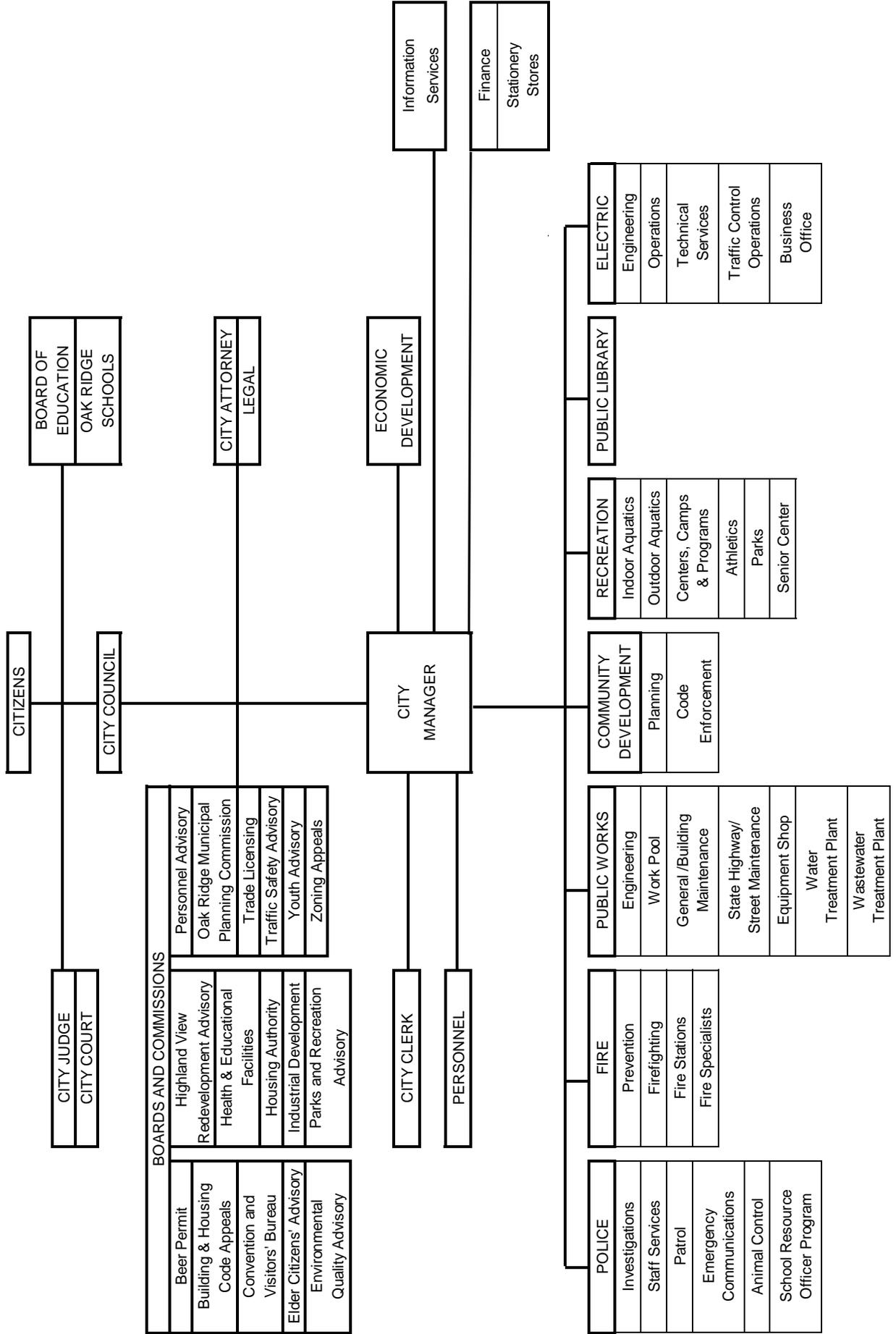
President

*Jeffrey R. Emer*

Executive Director

# ORGANIZATION CHART

## City of Oak Ridge, Tennessee



**CITY OF OAK RIDGE, TENNESSEE**

**CITY OFFICIALS**

**Mayor**

Thomas L. Beehan

**Members of City Council**

Anne Garcia Garland  
L. Charles Hensley  
Charles J Hope, Jr.

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

**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. McNees 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**

Thomas E. Bailey, Ed.D.

**Assistant Superintendent of Schools**

Marian Phillips

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TELEPHONE 865-483-5634

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit. The Oak Ridge Public Schools Education Foundation, Inc. comprises 99 percent of assets, 99 percent of net assets and 40 percent of revenues of the total discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oak Ridge Public Schools Education Foundation, Inc. is based on the report of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the general fund and the school fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-14 and the schedules of funding progress for the City Employee's Political Subdivision Pension Plan, the Oak Ridge City School Non-Teaching Employee's Political Subdivision Pension Plan, the Oak Ridge City School Employee's Postretirement Benefits, and the Oak Ridge City Employee's Postemployment Benefits on pages 85 and 86 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 and the other auditors 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 and the other auditors with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oak Ridge's financial statements. The combining and individual fund financial statements and schedules on pages 88 to 121 and 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 (Circular A-133) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules on pages 88 to 121 and schedule of federal and state financial assistance activity are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oak Ridge's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information 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.

*Pugh & Company, P.C.*  
Certified Public Accountants  
Knoxville, Tennessee  
February 28, 2013

## 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, 2012. 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 \$140,731,888 (*net assets*). Of this amount, \$27,472,990 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Net assets decreased by \$3,652,914, a decrease of 2.53% over fiscal 2011. The City of Oak Ridge's changes in net assets are detailed on page seven of this report. Total revenues decreased \$8,140,230, which included a reduction of \$4,553,508 in capital grants and contributions, primarily from capital infrastructure that was donated to the City by the State of Tennessee in 2011 in conjunction with the widening of the Oak Ridge Turnpike, which is also a state route. Charges for services decreased \$1,719,275, primarily due to the reclassification of electric related billings to the United States Department of Energy from charges for services to other revenue. There was an additional \$89,739 in operating grants and contributions and reduction of \$1,957,186 in other general revenues. Other general revenues in governmental activities were a negative \$3,166,444 due the negative 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 increased \$2,894,579 and included \$2,042,989 in educational expenses.
- The City's property tax rate remained at the fiscal 2011 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 \$32,805,170, an increase of \$129,732 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,042,225, or 23.5% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled \$20,618,393 in the City's general fund.
- At June 30, 2012, the General Fund had a nonspendable fund balance of \$3,451,953. This includes a \$3,333,333 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 \$5,676,413. This is 10.2% of expenditures for fiscal 2012.
- Overall, the City's total debt increased by \$2,286,477 (1.36 percent) during the current fiscal year. During fiscal year 2012, the City issued \$9,810,000 in general obligation bonds to fund water and wastewater capital projects.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Oak Ridge's basic financial statements. The City of Oak Ridge's basic financial statements comprise 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 assets* presents information on all the City of Oak Ridge's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Oak Ridge is improving or deteriorating.

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

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

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

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

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

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

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

The City of Oak Ridge maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, school fund, 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.

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 17-21 of this report.

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

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

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

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-84 of this report.

**Other information.** The *required supplementary information* presented on pages 85 and 86 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 88-121 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Oak Ridge, assets exceeded liabilities by \$140,731,888 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net assets (85.5 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Oak Ridge uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Oak Ridge's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### City of Oak Ridge's Net Assets

	Governmental activities		Business-type activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Current and other assets	\$ 65,063,320	\$ 63,051,368	\$ 16,189,950	\$ 11,112,277	\$ 81,253,270	\$ 74,163,645
Capital assets	139,880,563	143,210,693	143,815,487	140,132,720	283,696,050	283,343,413
Total assets	204,943,883	206,262,061	160,005,437	151,244,997	364,949,320	357,507,058
Long-term liabilities outstanding	116,849,467	108,837,844	68,247,620	61,091,719	185,097,087	169,929,563
Other liabilities	27,514,192	32,221,730	11,606,153	10,970,963	39,120,345	43,192,693
Total liabilities	144,363,659	141,059,574	79,853,773	72,062,682	224,217,432	213,122,256
Net assets:						
Invested in capital assets net of related debt	39,810,637	38,500,904	73,448,261	75,189,718	113,258,898	113,690,622
Restricted	-	-	-	-	-	-
Unrestricted	20,769,587	26,701,583	6,703,403	3,992,597	27,472,990	30,694,180
Total net assets	\$ 60,580,224	\$ 65,202,487	\$ 80,151,664	\$ 79,182,315	\$140,731,888	\$144,384,802

The remaining balance of *unrestricted net assets* (\$27,472,990) may be used to meet the government's ongoing obligations to citizens and creditors.

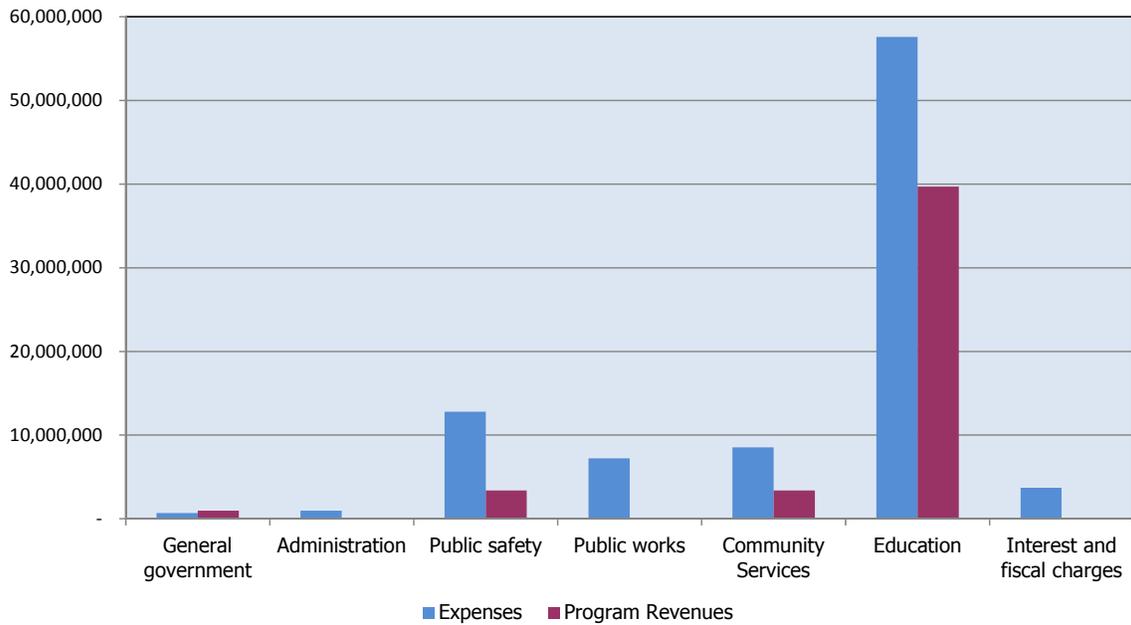
At the end of the current fiscal year, the City of Oak Ridge is able to report positive balances in all three categories of net assets for both the government as a whole, as well as for its separate governmental and business-type activities.

**Governmental activities.** Governmental activities decreased the City of Oak Ridge's net assets by \$4,622,263. Revenues from charges for services decreased \$280,123, mainly from public safety fines and operating grants and contributions increased \$120,283 primarily from School grants. Capital grants and contributions decreased \$3,333,594, due to capital infrastructure that was donated to the City by the State of Tennessee in 2011 in conjunction with the widening of the state route Oak Ridge Turnpike. Property tax collections increased \$1,253,311, primarily from delinquent property taxes collections. Other taxes decreased \$444,739, mainly from a decline in sales and use tax collections resulting from reduced local federal spending from stimulus dollars. Miscellaneous revenues decreased \$4,246,226 from an investment income change in the fair value of an interest rate swap.

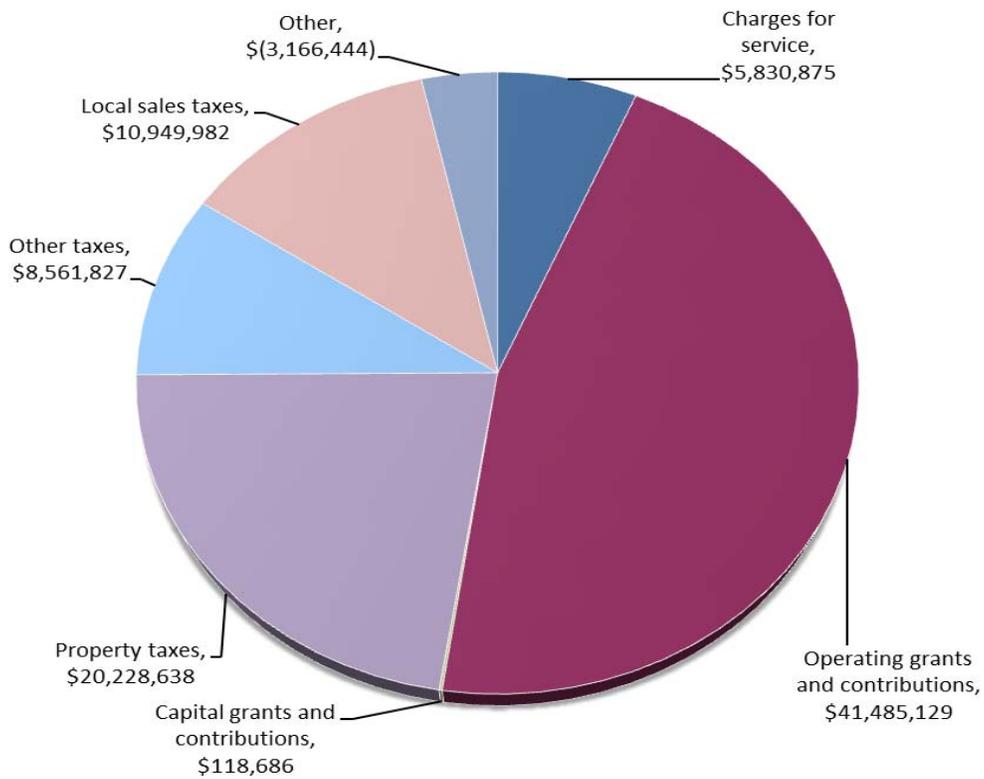
### City of Oak Ridge's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Revenues:						
Program revenues:						
Charges for service	\$ 5,830,875	\$ 6,110,998	\$71,707,128	\$73,146,280	\$ 77,538,003	\$ 79,257,278
Operating grants and contributions	41,485,129	41,364,846	24,456	55,000	41,509,585	41,419,846
Capital grants and contributions	118,686	3,452,280	695,756	1,915,670	814,442	5,367,950
General revenues:						
Property taxes	20,228,638	18,975,327	-	-	20,228,638	18,975,327
Other taxes	19,511,809	19,956,548	-	-	19,511,809	19,956,548
Other	(3,166,444)	1,079,782	2,450,852	970,384	(715,592)	2,050,166
Total Revenues	84,008,693	90,939,781	74,878,192	76,087,334	158,886,885	167,027,115
Expenses:						
General government	666,017	1,534,057	-	-	666,017	1,534,057
Administration	968,733	939,662	-	-	968,733	939,662
Public Safety	12,798,262	12,417,297	-	-	12,798,262	12,417,297
Public Works	7,221,150	4,848,131	-	-	7,221,150	4,848,131
Community Services	8,541,374	10,911,603	-	-	8,541,374	10,911,603
Education	57,585,524	55,542,535	-	-	57,585,524	55,542,535
Interest and fiscal charges	3,705,803	4,004,334	-	-	3,705,803	4,004,334
Electric	-	-	51,952,938	51,171,287	51,952,938	51,171,287
Waterworks	-	-	18,621,033	17,770,763	18,621,033	17,770,763
Emergency communication district	-	-	478,965	505,551	478,965	505,551
Total expenses	91,486,863	90,197,619	71,052,936	69,447,601	162,539,799	159,645,220
Increase (decrease) in net assets before transfer	(7,478,170)	742,162	3,825,256	6,639,733	(3,652,914)	7,381,895
Transfers	2,855,907	2,685,282	(2,855,907)	(2,685,282)	-	-
Increase (decrease) in net assets	(4,622,263)	3,427,444	969,349	3,954,451	(3,652,914)	7,381,895
Net assets – July 1, 2011	65,202,487	61,775,043	79,182,315	75,227,864	144,384,802	137,002,907
Net assets – June 30, 2012	\$60,580,224	\$65,202,487	\$80,151,664	\$79,182,315	\$140,731,888	\$144,384,802

### Expenses and Program Revenues - Governmental Activities

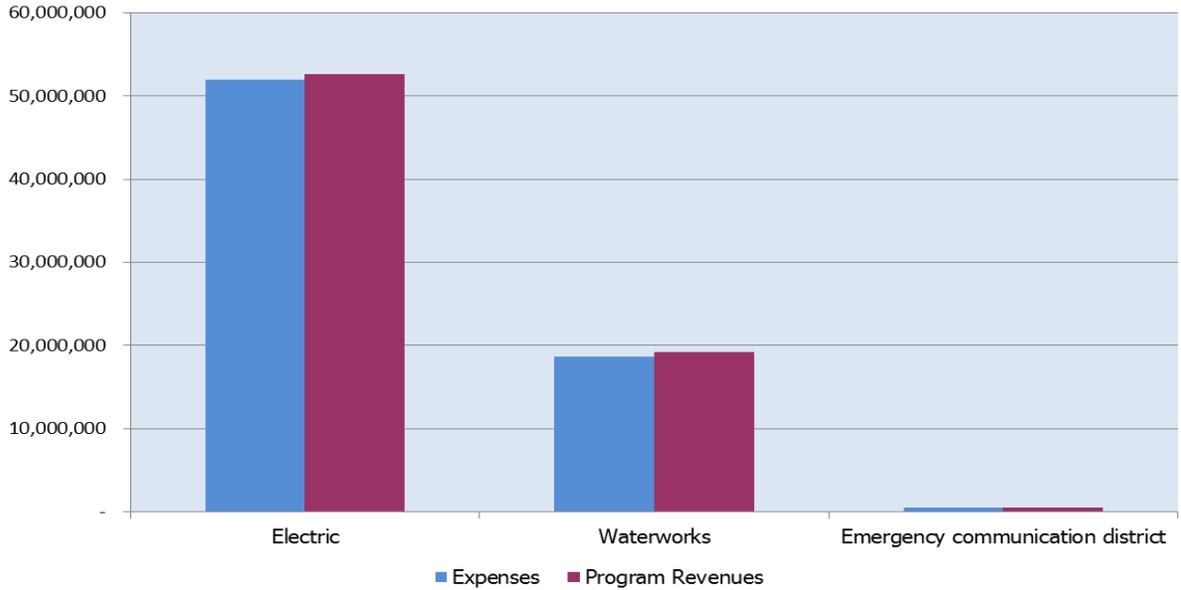


### Revenues by Source - Governmental Activities

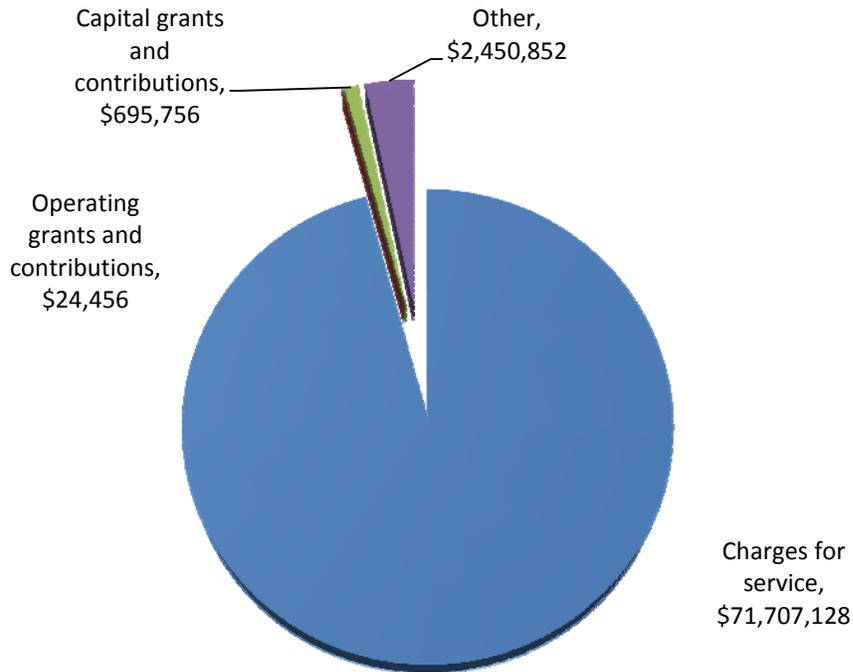


**Business-type activities.** Business-type activities increased the City of Oak Ridge’s net assets by \$969,349. Charges for services decreased \$1,439,152 and other general revenues increased \$1,480,468 due to the reclassification of electric related revenues from the US Department of Energy. Capital grants and contributions declined \$1,219,914 due to a reduction in capital asset contributions by private developers and the state during fiscal 2012.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source – Business-type Activities**



The net assets of the electric fund increased by \$1,644,902 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. TVA did a major restructuring to the wholesale power billing structure to distributors effective April 1, 2011. The City raised electric rates 1.9% in October 2010 in preparation for the new rate structure changes.

The net assets of the waterworks fund decreased by \$727,292 from fiscal 2011. Contributing to the decrease was \$683,200 increase in operating expenses. Operating revenues decreased \$74,610 in comparison to the prior fiscal year, primarily from \$604,114 in reduced revenues from treated water and wastewater charges for US Department of Energy (DOE) facilities. The reduction in revenue from DOE facilities was by water and wastewater rates increases effective May 1, 2012. An additional increase was approved by City Council effective January 1, 2013.

### **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 \$32,805,170, an increase of \$129,732 in comparison to the prior year. Of this amount, \$3,583,940 is nonspendable and is comprised of a \$3,333,333 long-term interfund note receivable, advances to other funds and prepaid items, \$10,639,781 is restricted with externally enforceable limitations on use, \$74,825 is committed, \$13,464,399 is assigned as designated usage and \$5,042,225 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 \$5,042,225, while total fund balance reaching \$9,217,049. 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 23.5% of total general fund expenditures. However, unassigned fund balance only represents 11.9% 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 decreased by \$251,699 during the current fiscal year. The general fund had a budgeted fund balance decrease of \$1,495,303. Expenditures were \$486,985 below budget, primarily due to retirements of several long-term employees. Revenues were \$667,952 above budget, primarily due to delinquent property tax and business tax collections.

General fund revenues increased overall \$785,787 from the preceding fiscal year. Intergovernmental revenues decreased by \$488,288 in comparison to the prior year due to a decline in collections from sales and use taxes generated from stimulus spending from federal contractors located within Oak Ridge. Tax collections were up \$1,224,811 in comparison to fiscal 2011, due to delinquent property and business tax collections.

There were no budgetary amendments to the legal expenditure appropriation of the General Fund during fiscal 2012.

The debt service fund has a total fund balance of \$11,029,837, of which \$9,294,733 is restricted to debt service on Oak Ridge High School debt issuances and \$1,735,104 is assigned for the payment of debt service. The net decrease in fund balance of the debt service fund during the current year was \$963,774.

The capital projects fund has a total fund balance of \$2,133,392. The net increase in fund balance of capital service fund during the current year was \$756,952, from operating transfers from the general fund. The unspent operating transfer proceeds are slated for projects that were delayed until fiscal 2013.

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

Unrestricted net assets at the end of the year amounted to \$1,751,591 for the electric fund, \$4,054,315 for the waterworks fund, and \$897,497 for the emergency communications district fund. Unrestricted net assets increased \$715,708 in the electric fund and \$60,781 in emergency communications fund from the prior fiscal year. The unrestricted net assets of the waterworks fund increased by \$1,934,317, mainly due to a \$1,666,667 reduction in the interfund loan amount owed to City’s General Fund.

**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, 2012, amounts to \$283,696,050 (net of accumulated depreciation), which is a \$352,637 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	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
Land	\$ 4,144,860	\$ 3,095,244	\$ 755,193	\$ 755,193	\$ 4,900,053	\$ 3,850,437
Construction in progress	-	-	3,635,309	3,018,225	3,635,309	3,018,225
Buildings	85,566,235	88,276,568	-	-	85,566,235	88,276,568
Improvements	7,061,396	6,806,912	-	-	7,061,396	6,806,912
Infrastructure	30,655,062	31,390,970	-	-	30,655,062	31,390,970
Equipment	12,453,010	13,640,999	3,440,984	3,130,787	15,893,994	16,771,786
Electric Plant	-	-	45,333,521	45,794,914	45,333,521	45,794,914
Waterworks Plant	-	-	90,650,480	87,433,601	90,650,480	87,433,601
<b>Total</b>	<b>\$139,880,563</b>	<b>\$143,210,693</b>	<b>\$143,815,487</b>	<b>\$ 140,132,720</b>	<b>\$283,696,050</b>	<b>\$283,343,413</b>

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

- Public Works activities added \$579,839 in capital assets, which included \$386,262 in streets, stormwater and sidewalk systems improvements. Other projects included

\$144,940 in equipment, improvements, and \$48,637 for remodel of Police Department and Mayor's Entrance at the Municipal Building.

- Community Services and Development activities added \$823,224, including \$49,916 to complete a community rebuild of the Cedar Hill Park playground, \$655,472 for continuing construction of the Melton Lake Greenway Phase IV, \$77,000 in land, \$16,575 for miscellaneous recreational facility improvements and \$24,261 in equipment.
- Educational activities increased \$1,367,576.
- Business-type activities added \$10,970,482 in capital assets. \$2,131,234 in electrical capital assets was added, primarily for routine replacement of overhead and underground distribution systems. \$8,839,248 in waterworks capital assets was added, which included \$3,261,410 in water improvements and \$5,577,838 in wastewater improvements. Wastewater capital projects included those required to meet the Administrative Order by the Environmental Protection Agency (EAP). Refer to Note 22. The above includes \$582,555 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 57 - 58 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 \$170,436,057. Of this amount, \$100,159,643 comprises debt backed solely by the full faith and credit of the City. \$66,286,414 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 \$3,990,000 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	
	FY2012	FY2011	FY2012	FY2011	FY2012	FY2011
General obligation and Revenue bonds	\$ 40,235,000	\$ 43,330,000	\$35,690,000	\$27,300,000	\$ 75,925,000	\$ 70,630,000
Qualified Zone Academy Bonds(QZAB)	4,584,765	5,094,184	-	-	4,584,765	5,094,184
Long-term notes and loans	54,488,053	54,760,053	33,932,728	36,779,054	88,420,781	91,539,107
Capital leases	851,825	119,869	653,686	766,420	1,505,511	886,289
<b>Total</b>	<b>\$100,159,643</b>	<b>\$103,304,106</b>	<b>\$70,276,414</b>	<b>\$64,845,474</b>	<b>\$170,436,057</b>	<b>\$168,149,580</b>

The City of Oak Ridge's total debt increased by \$2,286,477 (1.35%) 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 3 year period. The balance at June 30, 2012 was \$3,333,333.

In September 29, 2011, the City issued \$9,810,000 in General Obligation Bonds to fund water and wastewater capital improvements, including the first phase of wastewater capital required by the EPA Administrative Order.

During fiscal 2003, a \$7,000,000 was approved through the Tennessee State Revolving Fund (SRF) administered by the Tennessee Department of Environment and Conservation (TDEC) to finance the fiscals 2005 to 2013 phase of the wastewater system rehabilitation project. At June 30, 2012, there was \$1,295,054 remaining available funding from this loan.

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

Additional information on the City of Oak Ridge's long-term debt can be found in Note 13 on pages 59-77 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 Rarity Ridge, Rarity Oaks, Grove Park Commons, Crossroads at Wolf Creek, Clark's Preserve, and Centennial Village developments, enhanced revenues to the City are not anticipated from these projects until fiscal 2013 and beyond. These projects are continuing to move forward, however, progress on some has slowed considerably due to nationwide housing and construction lending trends. Therefore, moderate assessment growth is anticipated for fiscal 2013 from actual fiscal 2012 levels.
- Property tax collections are budgeted to drop 1.0% for fiscal 2013 based on a reduction in appraised value for parcels located in large development projects that have slowed due to the national economy.
- 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 2013 local sales and use tax collections were budgeted 4.6% below budget 2012. It is anticipation that a gradual slowing in the stimulus spending will occur in mid-fiscal 2013.
- Inflationary trends in the region compare with national indices. A major driver of increased expenses continues to be medical and retirement costs, which mirrors national trends. Increased costs for fuel, electricity and natural gas also impacted the fiscal 2013 budget.
- \$697,871 in fund balance is budgeted to be drawn in fiscal 2013, primarily to maintain the property tax rate at the fiscal 2012 level. Future property taxes will be impacted by approximately 7.75-cents if revenue growth does not occur to offset the fund balance draw in future fiscal years.

All of these factors were considered in preparing the City of Oak Ridge's budget for the 2013 fiscal year.

During the fiscal 2012, the unassigned fund balance in the general fund increased by \$2,195,923 to \$5,042,225. This increase was primarily from the first 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 three year period. The interfund loan balance at June 30, 2012 is \$3,333,333.

Management has again been conservative in estimating revenues for 2013. The City's fiscal 2013 property tax rate remained at the fiscal 2012 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 ASSETS**  
June 30, 2012

	Component Units					
	Governmental Activities	Business Type Activities	Total Primary Government	Convention and Visitors Bureau	Education Foundation	Total Reporting Unit
<b>Assets</b>						
Cash and cash equivalents	\$ 36,526,710	\$ 6,099,908	\$ 42,626,618	\$ 22,401	\$ 117,191	\$ 42,766,210
Investments	-	-	-	-	5,895,593	5,895,593
Receivables, net	19,630,180	8,827,084	28,457,264	12,125	-	28,469,389
Internal balances	112,500	(112,500)	-	-	-	-
Due from other governments	5,284,603	122,762	5,407,365	-	-	5,407,365
Inventory, at cost	20,994	3,225,877	3,246,871	-	-	3,246,871
Prepaid items	117,113	-	117,113	-	-	117,113
Restricted assets:						
Cash and cash equivalents	34,104	1,095,824	1,129,928	-	-	1,129,928
Deferred charges	3,783	264,328	268,111	-	-	268,111
Long-term internal note receivable	3,333,333	(3,333,333)	-	-	-	-
Capital assets nondepreciable	4,144,860	4,390,502	8,535,362	-	-	8,535,362
Capital assets depreciable, net	135,735,703	139,424,985	275,160,688	-	-	275,160,688
<b>Total assets</b>	<u>204,943,883</u>	<u>160,005,437</u>	<u>364,949,320</u>	<u>34,526</u>	<u>6,012,784</u>	<u>370,996,630</u>
<b>Liabilities</b>						
Accounts payable	2,773,718	8,812,127	11,585,845	-	-	11,585,845
Claims payable	300,000	-	300,000	-	-	300,000
Accrued liabilities	3,808,576	126,389	3,934,965	-	970	3,935,935
Deposits	598,358	2,344,653	2,943,011	-	-	2,943,011
Due to other governments	329,813	73,902	403,715	-	-	403,715
Unearned revenue	19,413,322	-	19,413,322	-	-	19,413,322
Contracts payable	-	99,152	99,152	-	-	99,152
Accrued interest payable	290,405	149,930	440,335	-	-	440,335
Long-term liabilities:						
Due within one year	6,918,377	5,549,242	12,467,619	-	-	12,467,619
Due in more than one year	102,645,598	62,698,378	165,343,976	-	-	165,343,976
Derivative instrument - interest rate swaps	7,285,492	-	7,285,492	-	-	7,285,492
<b>Total liabilities</b>	<u>144,363,659</u>	<u>79,853,773</u>	<u>224,217,432</u>	<u>-</u>	<u>970</u>	<u>224,218,402</u>
<b>Net assets</b>						
Invested in capital assets net of related debt	39,810,637	73,448,261	113,258,898	-	-	113,258,898
Restricted for:						
Education grants	-	-	-	-	6,011,814	6,011,814
Unrestricted	20,769,587	6,703,403	27,472,990	34,526	-	27,507,516
<b>Total net assets</b>	<u>\$ 60,580,224</u>	<u>\$ 80,151,664</u>	<u>\$ 140,731,888</u>	<u>\$ 34,526</u>	<u>\$ 6,011,814</u>	<u>\$ 146,778,228</u>

CITY OF OAK RIDGE, TENNESSEE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2012

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total Reporting Unit
					Governmental Activities	Business-type Activities	Total	Convention and Visitors Bureau	Education Foundation	
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 666,017	\$ 935,280	\$ 31,383	\$ -	\$ 300,646	\$ -	\$ 300,646	\$ -	\$ -	\$ 300,646
Administration	968,733	-	-	-	(968,733)	-	(968,733)	-	-	(968,733)
Public safety	12,798,262	895,676	2,375,520	113,766	(9,413,300)	-	(9,413,300)	-	-	(9,413,300)
Public works	7,221,150	-	-	4,920	(7,216,230)	-	(7,216,230)	-	-	(7,216,230)
Community services	8,541,374	2,572,394	815,077	-	(5,153,903)	-	(5,153,903)	-	-	(5,153,903)
Education	57,585,524	1,427,525	38,263,149	-	(17,894,850)	-	(17,894,850)	-	-	(17,894,850)
Interest and fiscal charges	3,705,803	-	-	-	(3,705,803)	-	(3,705,803)	-	-	(3,705,803)
Total governmental activities	<u>91,486,863</u>	<u>5,830,875</u>	<u>41,485,129</u>	<u>118,686</u>	<u>(44,052,173)</u>	<u>-</u>	<u>(44,052,173)</u>	<u>-</u>	<u>-</u>	<u>(44,052,173)</u>
Business-type activities:										
Electric	51,952,938	52,650,987	-	26,546	-	724,595	724,595	-	-	724,595
Waterworks	18,621,033	18,551,034	-	669,210	-	599,211	599,211	-	-	599,211
Emergency communication district	478,965	505,107	24,456	-	-	50,598	50,598	-	-	50,598
Total business-type activities	<u>71,052,936</u>	<u>71,707,128</u>	<u>24,456</u>	<u>695,756</u>	<u>-</u>	<u>1,374,404</u>	<u>1,374,404</u>	<u>-</u>	<u>-</u>	<u>1,374,404</u>
<b>Total primary government</b>	<u>\$ 162,539,799</u>	<u>\$ 77,538,003</u>	<u>\$ 41,509,585</u>	<u>\$ 814,442</u>	<u>(44,052,173)</u>	<u>1,374,404</u>	<u>(42,677,769)</u>	<u>-</u>	<u>-</u>	<u>(42,677,769)</u>
<b>Component units:</b>										
Convention and Visitors Bureau	\$ 389,990	\$ -	\$ 14,000	\$ -	-	-	-	(375,990)	-	(375,990)
Education Foundation	496,559	-	-	36,564	-	-	-	-	(459,995)	(459,995)
<b>Total component units</b>	<u>\$ 886,549</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 36,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(375,990)</u>	<u>(459,995)</u>	<u>(835,985)</u>
General revenues:										
Real & personal property taxes					20,228,638	-	20,228,638	-	-	20,228,638
In-lieu of tax payments					2,182,332	-	2,182,332	-	-	2,182,332
Sales taxes					10,949,982	-	10,949,982	-	-	10,949,982
Unrestricted state shared taxes					3,934,144	-	3,934,144	-	-	3,934,144
Business taxes					1,118,107	-	1,118,107	-	-	1,118,107
Occupancy taxes					482,365	-	482,365	-	-	482,365
Wholesale beer & liquor taxes					844,879	-	844,879	-	-	844,879
Investment earnings					91,463	56,362	147,825	3	265,641	413,469
Investment income - change in fair value of interest rate swaps, net					(4,830,873)	-	(4,830,873)	-	-	(4,830,873)
Miscellaneous					1,572,966	2,394,490	3,967,456	404,208	-	4,371,664
Transfers					2,855,907	(2,855,907)	-	-	-	-
Total general revenues and transfers					<u>39,429,910</u>	<u>(405,055)</u>	<u>39,024,855</u>	<u>404,211</u>	<u>265,641</u>	<u>39,694,707</u>
Change in net assets					(4,622,263)	969,349	(3,652,914)	28,221	(194,354)	(3,819,047)
Net assets - beginning					65,202,487	79,182,315	144,384,802	6,305	6,206,168	150,597,275
Net assets - ending					<u>\$ 60,580,224</u>	<u>\$ 80,151,664</u>	<u>\$ 140,731,888</u>	<u>\$ 34,526</u>	<u>\$ 6,011,814</u>	<u>\$ 146,778,228</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2012**

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 5,638,077	\$ 9,589,960	\$ 2,063,873	\$ 10,329,573	\$ 4,170,328	\$ 31,791,811
Receivables, net	18,669,799	21,805	-	469,124	469,452	19,630,180
Due from other funds	117,938	-	-	-	-	117,938
Due from other governments	2,612,617	1,806,602	221,409	231,140	412,835	5,284,603
Advances to other funds	112,500	-	-	-	-	112,500
Inventories, at cost	-	-	-	-	20,994	20,994
Prepaid items	6,120	88,167	-	-	22,826	117,113
Restricted assets:						
Cash and cash equivalents	-	-	34,104	-	-	34,104
Long-term interfund note receivable	3,333,333	-	-	-	-	3,333,333
Total assets	<u>\$ 30,490,384</u>	<u>\$ 11,506,534</u>	<u>\$ 2,319,386</u>	<u>\$ 11,029,837</u>	<u>\$ 5,096,435</u>	<u>\$ 60,442,576</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 550,488	\$ 1,677,784	\$ 45,156	\$ -	\$ 402,968	\$ 2,676,396
Accrued liabilities	257,139	3,520,115	-	-	24,971	3,802,225
Deposits	457,520	-	140,838	-	-	598,358
Due to other funds	-	-	-	-	117,938	117,938
Due to other governments	2,864	326,949	-	-	-	329,813
Deferred revenue	20,005,324	678	-	-	106,674	20,112,676
Total liabilities	<u>21,273,335</u>	<u>5,525,526</u>	<u>185,994</u>	<u>-</u>	<u>652,551</u>	<u>27,637,406</u>
<b>Fund balances:</b>						
Nonspendable	3,451,953	88,167	-	-	43,820	3,583,940
Restricted	-	141,603	34,104	9,294,733	1,169,341	10,639,781
Committed	-	74,825	-	-	-	74,825
Assigned	722,871	5,676,413	2,099,288	1,735,104	3,230,723	13,464,399
Unassigned	5,042,225	-	-	-	-	5,042,225
Total fund balances	<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>
 Total liabilities and fund balances	 <u>\$ 30,490,384</u>	 <u>\$ 11,506,534</u>	 <u>\$ 2,319,386</u>	 <u>\$ 11,029,837</u>	 <u>\$ 5,096,435</u>	 <u>\$ 60,442,576</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**

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

Ending fund balance - governmental funds	\$	32,805,170
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		136,723,989
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.		6,640,799
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.		699,354
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	\$	(39,465,000)
Qualified Zone Academy Bonds (QZAB)		(4,584,765)
Capital Lease Obligation		(851,825)
Notes Payable		(54,488,053)
Discounts and Premiums (net)		(1,665,764)
Compensated Absences		(2,592,930)
Termination Benefits		(384,075)
OPEB Obligation		(4,682,505)
Derivative Liability - Ineffective Interest Rate Swap		(7,285,492)
Accrued Interest		(288,679)
		(116,289,088)
Net assets of governmental activities	\$	60,580,224

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, 2012**

	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 23,172,607	\$ -	\$ -	\$ 1,838,793	\$ 482,365	\$ 25,493,765
Licenses and permits	173,179	-	-	-	-	173,179
Intergovernmental	13,397,048	38,263,149	-	-	4,151,610	55,811,807
Charges for services	1,370,125	1,401,325	-	892,732	1,200,450	4,864,632
Fines and forfeitures	324,693	-	-	-	540,145	864,838
Interest	63,426	-	1,830	13,998	5,515	84,769
Other	507,143	336,646	-	509,419	112,329	1,465,537
Total revenues	<u>39,008,221</u>	<u>40,001,120</u>	<u>1,830</u>	<u>3,254,942</u>	<u>6,492,414</u>	<u>88,758,527</u>
<b>Expenditures</b>						
Current:						
General government	905,182	-	-	-	-	905,182
Administration	917,059	-	-	-	-	917,059
Public safety	10,276,714	-	-	-	2,899,049	13,175,763
Public works	4,511,849	-	-	-	1,315,178	5,827,027
Community services	4,886,631	-	-	-	2,838,082	7,724,713
Education	-	55,490,939	-	-	-	55,490,939
Capital outlay	-	-	1,256,878	-	-	1,256,878
Debt service:						
Principal retirement	-	-	-	3,599,419	72,000	3,671,419
Interest and fiscal charges	-	-	-	3,664,297	4,269	3,668,566
Total expenditures	<u>21,497,435</u>	<u>55,490,939</u>	<u>1,256,878</u>	<u>7,263,716</u>	<u>7,128,578</u>	<u>92,637,546</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>17,510,786</u>	<u>(15,489,819)</u>	<u>(1,255,048)</u>	<u>(4,008,774)</u>	<u>(636,164)</u>	<u>(3,879,019)</u>
<b>Other financing sources (uses)</b>						
Transfers in	2,855,907	14,629,302	2,012,000	3,045,000	932,090	23,474,299
Transfers out	(20,618,392)	-	-	-	-	(20,618,392)
Capital lease issuance	-	1,152,844	-	-	-	1,152,844
Total other financing sources (uses)	<u>(17,762,485)</u>	<u>15,782,146</u>	<u>2,012,000</u>	<u>3,045,000</u>	<u>932,090</u>	<u>4,008,751</u>
<b>Net change in fund balances</b>	(251,699)	292,327	756,952	(963,774)	295,926	129,732
<b>Fund balance - beginning</b>	<u>9,468,748</u>	<u>5,688,681</u>	<u>1,376,440</u>	<u>11,993,611</u>	<u>4,147,958</u>	<u>32,675,438</u>
<b>Fund balance - ending</b>	<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>

**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, 2012**

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

Net change in fund balances - total governmental funds	\$ 129,732
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expenses (\$5,551,543) exceed net gain on disposal of fixed assets (\$0) and capital outlay (\$2,740,542) .	(2,811,001)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	34,518
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.	2,625,591
Change in fair value of ineffective derivative - interest rate swap	(4,830,873)
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.	(9,005)
The net change of the insurance fund of the internal service funds is reported with governmental activities.	1,843
The net change of the equipment replacement fund of the internal service funds is reported with governmental activities.	362,461
The net change of the school equipment replacement fund of the internal service funds is reported with governmental activities.	<u>(125,529)</u>
Change in net assets of governmental activities	<u><u>\$ (4,622,263)</u></u>

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2012**

General Fund						
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
<b>Revenues</b>						
Taxes	\$ 22,148,000	\$ 22,148,000	\$ 23,172,607	\$ -	\$ 23,172,607	\$ 1,024,607
Licenses and permits	203,000	203,000	173,179	-	173,179	(29,821)
Intergovernmental	13,771,199	13,771,199	13,397,048	-	13,397,048	(374,151)
Charges for services	1,348,070	1,348,070	1,370,125	-	1,370,125	22,055
Fines and forfeitures	362,000	362,000	324,693	-	324,693	(37,307)
Interest	50,000	50,000	63,426	-	63,426	13,426
Other	458,000	458,000	507,143	-	507,143	49,143
Total revenues	<u>38,340,269</u>	<u>38,340,269</u>	<u>39,008,221</u>	<u>-</u>	<u>39,008,221</u>	<u>667,952</u>
<b>Expenditures</b>						
Current:						
General government	969,669	969,669	905,182	-	905,182	64,487
Administration	915,888	915,888	917,059	-	917,059	(1,171)
Public safety	10,515,007	10,515,007	10,276,714	-	10,276,714	238,293
Public works	4,589,758	4,589,758	4,511,849	25,000	4,536,849	52,909
Community services	4,994,098	4,994,098	4,886,631	-	4,886,631	107,467
Total expenditures	<u>21,984,420</u>	<u>21,984,420</u>	<u>21,497,435</u>	<u>25,000</u>	<u>21,522,435</u>	<u>461,985</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>16,355,849</u>	<u>16,355,849</u>	<u>17,510,786</u>	<u>(25,000)</u>	<u>17,485,786</u>	<u>1,129,937</u>
<b>Other financing sources (uses)</b>						
Transfers in	2,765,000	2,765,000	2,855,907	-	2,855,907	90,907
Transfers out	(20,616,152)	(20,616,152)	(20,618,392)	-	(20,618,392)	(2,240)
Total other financing sources (uses)	<u>(17,851,152)</u>	<u>(17,851,152)</u>	<u>(17,762,485)</u>	<u>-</u>	<u>(17,762,485)</u>	<u>88,667</u>
<b>Net change in fund balances</b>	<u>(1,495,303)</u>	<u>(1,495,303)</u>	<u>(251,699)</u>	<u>(25,000)</u>	<u>(276,699)</u>	<u>1,218,604</u>
<b>Fund balance - beginning</b>	<u>9,468,748</u>	<u>9,468,748</u>	<u>9,468,748</u>	<u>-</u>	<u>9,468,748</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 7,973,445</u>	<u>\$ 7,973,445</u>	<u>\$ 9,217,049</u>	<u>\$ (25,000)</u>	<u>\$ 9,192,049</u>	<u>\$ 1,218,604</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND - SCHOOL FUND**  
For the Fiscal Year Ended June 30, 2012

	School Fund					
	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
<b>Revenues</b>						
Intergovernmental	\$ 38,985,230	\$ 38,987,227	\$ 38,263,149	\$ -	\$ 38,263,149	\$ (724,078)
Charges for services	1,572,274	1,572,274	1,401,325	-	1,401,325	(170,949)
Other	376,525	382,635	336,646	-	336,646	(45,989)
<b>Total revenues</b>	<u>40,934,029</u>	<u>40,942,136</u>	<u>40,001,120</u>	<u>-</u>	<u>40,001,120</u>	<u>(941,016)</u>
<b>Expenditures</b>						
Current:						
Education	57,577,851	56,575,222	55,490,939	-	55,490,939	1,084,283
<b>Total expenditures</b>	<u>57,577,851</u>	<u>56,575,222</u>	<u>55,490,939</u>	<u>-</u>	<u>55,490,939</u>	<u>1,084,283</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(16,643,822)</u>	<u>(15,633,086)</u>	<u>(15,489,819)</u>	<u>-</u>	<u>(15,489,819)</u>	<u>143,267</u>
<b>Other financing sources (uses)</b>						
Transfers in	14,629,302	14,629,302	14,629,302	-	14,629,302	-
Capital lease issuance	-	-	1,152,844	-	1,152,844	1,152,844
<b>Total other financing sources (uses)</b>	<u>14,629,302</u>	<u>14,629,302</u>	<u>15,782,146</u>	<u>-</u>	<u>15,782,146</u>	<u>1,152,844</u>
<b>Net change in fund balances</b>	(2,014,520)	(1,003,784)	292,327	-	292,327	1,296,111
<b>Fund balance - beginning</b>	<u>5,688,681</u>	<u>5,688,681</u>	<u>5,688,681</u>	<u>-</u>	<u>5,688,681</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 3,674,161</u>	<u>\$ 4,684,897</u>	<u>\$ 5,981,008</u>	<u>\$ -</u>	<u>\$ 5,981,008</u>	<u>\$ 1,296,111</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2012**

	<u>Enterprise Funds</u>				
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund</u>		<u>Internal Service Funds</u>
			<u>Emergency Communication District Fund</u>	<u>Totals</u>	
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	\$ 3,918,305	\$ 1,300,693	\$ 880,910	\$ 6,099,908	\$ 4,734,899
Receivables, net	6,545,116	2,259,121	22,847	8,827,084	-
Due from other governments	-	87,655	35,107	122,762	-
Inventory, at cost	-	-	-	-	3,225,877
Total current unrestricted assets	<u>10,463,421</u>	<u>3,647,469</u>	<u>938,864</u>	<u>15,049,754</u>	<u>7,960,776</u>
Restricted assets					
Cash and cash equivalents	98,360	997,464	-	1,095,824	-
Total current restricted assets	<u>98,360</u>	<u>997,464</u>	<u>-</u>	<u>1,095,824</u>	<u>-</u>
Total current assets	<u>10,561,781</u>	<u>4,644,933</u>	<u>938,864</u>	<u>16,145,578</u>	<u>7,960,776</u>
Noncurrent assets					
Capital assets, net	50,272,398	92,959,911	583,178	143,815,487	3,156,574
Advances to other funds	1,815,000	1,173,261	-	2,988,261	-
Deferred charges	94,424	169,904	-	264,328	3,783
Total noncurrent assets	<u>52,181,822</u>	<u>94,303,076</u>	<u>583,178</u>	<u>147,068,076</u>	<u>3,160,357</u>
Total assets	<u>62,743,603</u>	<u>98,948,009</u>	<u>1,522,042</u>	<u>163,213,654</u>	<u>11,121,133</u>
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable	7,882,644	779,278	25,089	8,687,011	222,438
Claims payable	-	-	-	-	300,000
Accrued liabilities	55,827	70,562	-	126,389	6,351
Deposits	2,274,653	70,000	-	2,344,653	-
Due to other governments	70,207	3,695	-	73,902	-
Advances from other funds	-	-	-	-	3,100,761
Current portion of long-term liabilities	1,417,944	4,012,950	118,348	5,549,242	126,435
Contracts payable	-	99,152	-	99,152	-
Accrued interest payable	67,912	65,741	16,277	149,930	1,726
Total current liabilities	<u>11,769,187</u>	<u>5,101,378</u>	<u>159,714</u>	<u>17,030,279</u>	<u>3,757,711</u>
Noncurrent liabilities					
Vacation benefits payable	60,950	140,616	-	201,566	13,442
Notes and loans payable	3,660,400	27,198,893	535,339	31,394,632	-
Bonds payable	18,122,033	16,160,630	-	34,282,663	698,307
OPEB liability	47,580	105,270	-	152,850	10,874
Total noncurrent liabilities	<u>21,890,963</u>	<u>43,605,409</u>	<u>535,339</u>	<u>66,031,711</u>	<u>722,623</u>
Total liabilities	<u>33,660,150</u>	<u>48,706,787</u>	<u>695,053</u>	<u>83,061,990</u>	<u>4,480,334</u>
<u>NET ASSETS</u>					
Invested in capital assets net of related debt	27,331,862	46,186,907	(70,508)	73,448,261	2,389,135
Unrestricted	1,751,591	4,054,315	897,497	6,703,403	4,251,664
Total net assets	<u>\$ 29,083,453</u>	<u>\$ 50,241,222</u>	<u>\$ 826,989</u>	<u>\$ 80,151,664</u>	<u>\$ 6,640,799</u>

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2012**

	Enterprise Funds				
	Electric Fund	Waterworks Fund	Nonmajor Fund		Internal Service Funds
			Emergency Communication District Fund	Totals	
<b>Operating revenues</b>					
Charges for services	\$ 52,650,987	\$ 18,551,034	\$ 505,107	\$ 71,707,128	\$ 10,223,090
Other	2,303,977	90,513	-	2,394,490	-
Employer's contributions	-	-	-	-	3,740,000
Employees' contributions	-	-	-	-	944,827
Total operating revenues	<u>54,954,964</u>	<u>18,641,547</u>	<u>505,107</u>	<u>74,101,618</u>	<u>14,907,917</u>
<b>Operating expenses</b>					
Maintenance and administrative	7,095,124	10,669,123	321,827	18,086,074	1,348,335
Purchased power and water	41,686,544	2,035,760	-	43,722,304	-
Depreciation	2,389,559	4,720,302	121,777	7,231,638	916,456
Materials	-	-	-	-	3,772,436
Medical/liability claims	-	-	-	-	544,996
Insurance premiums	-	-	-	-	4,907,007
Other benefits	-	-	-	-	3,172,001
Total operating expenses	<u>51,171,227</u>	<u>17,425,185</u>	<u>443,604</u>	<u>69,040,016</u>	<u>14,661,231</u>
<b>Operating income (loss)</b>	<u>3,783,737</u>	<u>1,216,362</u>	<u>61,503</u>	<u>5,061,602</u>	<u>246,686</u>
<b>Nonoperating revenue (expense)</b>					
Gain on sale of capital assets	-	-	-	-	9,455
Intergovernmental revenue	26,546	87,655	24,456	138,657	-
Interest revenue	39,775	15,446	1,141	56,362	6,694
Interest expense	(781,711)	(1,195,848)	(35,361)	(2,012,920)	(28,232)
Total nonoperating revenue (expense)	<u>(715,390)</u>	<u>(1,092,747)</u>	<u>(9,764)</u>	<u>(1,817,901)</u>	<u>(12,083)</u>
<b>Income (loss) before transfers and contributions</b>	<u>3,068,347</u>	<u>123,615</u>	<u>51,739</u>	<u>3,243,701</u>	<u>234,603</u>
Transfers out	(1,423,445)	(1,432,462)	-	(2,855,907)	-
Capital contributions	-	581,555	-	581,555	4,172
<b>Change in net assets</b>	<u>1,644,902</u>	<u>(727,292)</u>	<u>51,739</u>	<u>969,349</u>	<u>238,775</u>
<b>Total net assets - beginning</b>	<u>27,438,551</u>	<u>50,968,514</u>	<u>775,250</u>	<u>79,182,315</u>	<u>6,402,024</u>
<b>Total net assets - ending</b>	<u>\$ 29,083,453</u>	<u>\$ 50,241,222</u>	<u>\$ 826,989</u>	<u>\$ 80,151,664</u>	<u>\$ 6,640,799</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, 2012

	<u>Enterprise Funds</u>				
	Electric Fund	Waterworks Fund	Nonmajor Fund	Totals	Internal Service Funds
			Emergency Communication District Fund		
<b>Operating activities</b>					
Cash received from customers	\$ 55,604,195	\$ 18,505,384	\$ 516,397	\$ 74,625,976	\$ 14,909,274
Cash paid to employees	(2,838,887)	(3,055,148)	-	(5,894,035)	-
Cash paid to suppliers	(45,902,009)	(9,583,481)	(296,169)	(55,781,659)	(14,256,417)
<b>Net cash provided by operating activities</b>	<u>6,863,299</u>	<u>5,866,755</u>	<u>220,228</u>	<u>12,950,282</u>	<u>652,857</u>
<b>Noncapital financing activities</b>					
Transfers to other funds	(1,423,445)	(1,432,462)	-	(2,855,907)	-
Advances from (to) other funds	(275,000)	(193,344)	-	(468,344)	468,344
Federal grant proceeds	26,546	87,655	24,456	138,657	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(1,671,899)</u>	<u>(1,538,151)</u>	<u>24,456</u>	<u>(3,185,594)</u>	<u>468,344</u>
<b>Capital and related financing activities</b>					
Net proceeds from the issuance of long-term debt	-	9,918,381	-	9,918,381	-
Contributed capital	-	581,555	-	581,555	4,172
Acquisition and construction of capital assets	(2,069,614)	(8,692,593)	-	(10,762,207)	(378,417)
Principal paid on long-term debt	(1,122,765)	(3,251,942)	(112,733)	(4,487,440)	(205,000)
Interest paid on long-term debt	(891,920)	(1,232,886)	(38,169)	(2,162,975)	(28,916)
<b>Net cash used in capital and related financing activities</b>	<u>(4,084,299)</u>	<u>(2,677,485)</u>	<u>(150,902)</u>	<u>(6,912,686)</u>	<u>(608,161)</u>
<b>Investing activities</b>					
Interest and dividends on investments	39,775	15,446	1,141	56,362	6,694
<b>Net cash provided by investing activities</b>	<u>39,775</u>	<u>15,446</u>	<u>1,141</u>	<u>56,362</u>	<u>6,694</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,146,876	1,666,565	94,923	2,908,364	519,734
<b>Cash and cash equivalents</b>					
<b>Beginning of year</b>	<u>2,869,789</u>	<u>631,592</u>	<u>785,987</u>	<u>4,287,368</u>	<u>4,215,165</u>
<b>End of year</b>	<u>\$ 4,016,665</u>	<u>\$ 2,298,157</u>	<u>\$ 880,910</u>	<u>\$ 7,195,732</u>	<u>\$ 4,734,899</u>

(Continued)

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Enterprise Funds</u>				
	<u>Electric Fund</u>	<u>Waterworks Fund</u>	<u>Nonmajor Fund Emergency Communication District Fund</u>	<u>Totals</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income (loss)</b>					
<b>to net cash provided by</b>					
<b>(used in) operating activities</b>					
Operating income (loss)	\$ 3,783,737	\$ 1,216,362	\$ 61,503	\$ 5,061,602	\$ 246,686
Adjustments to reconcile operating income (loss)					
to net cash provided by (used in) operating					
activities:					
Depreciation	2,389,559	4,720,302	121,777	7,231,638	916,456
Gain on sale of equipment	-	-	-	-	(9,455)
Change in assets and liabilities					
(Increase) decrease in accounts receivable	182,844	(291,521)	11,290	(97,387)	-
(Increase) decrease in amortization of deferred charges	(9,758)	168,975	-	159,217	2,224
(Increase) decrease in inventory, at cost	-	-	-	-	(484,103)
(Increase) decrease in due to other governments	70,207	(83,960)	569	(13,184)	-
Increase (decrease) in accounts payable	39,057	71,995	25,089	136,141	(30,727)
Increase (decrease) in accrued liabilities	10,534	11,106	-	21,640	1,302
Increase (decrease) in accrued vacation	1,862	31,983	-	33,845	8,268
Increase in customer deposits	385,604	-	-	385,604	-
Increase (decrease) in OPEB liability	9,653	21,513	-	31,166	2,206
Total adjustments	<u>3,079,562</u>	<u>4,650,393</u>	<u>158,725</u>	<u>7,888,680</u>	<u>406,171</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 6,863,299</u>	<u>\$ 5,866,755</u>	<u>\$ 220,228</u>	<u>\$ 12,950,282</u>	<u>\$ 652,857</u>

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

CITY OF OAK RIDGE, TENNESSEE  
 STATEMENTS OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 June 30, 2012 and 2011

	Private-purpose Trust Fund	
	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 82,311	\$ 133,739
Investments, at fair value	240,555	238,304
Total assets	322,866	372,043
<b>Liabilities</b>		
Accounts payable	-	-
Total liabilities	-	-
<b>Net assets</b>		
Held in Trust for:		
Reserved for endowment	322,866	372,043
Total net assets	\$ 322,866	\$ 372,043

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

**CITY OF OAK RIDGE, TENNESSEE**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
For the Fiscal Years Ended June 30, 2012 and June 30, 2011

	Private-purpose Trust Fund	
	2012	2011
<b>Additions</b>		
Contributions	\$ 2,900	\$ 10,115
Investment income	7,703	6,245
Total additions	10,603	16,360
<b>Deductions</b>		
Scholarship awards	59,780	15,238
Total deductions	59,780	15,238
<b>Change in net assets</b>	(49,177)	1,122
<b>Total net assets - beginning</b>	372,043	370,921
<b>Total net assets - ending</b>	\$ 322,866	\$ 372,043

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

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30 2012**

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**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2012**

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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, 2012**

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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, 2011. The Foundation's results have been presented with a different year-end in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, paragraph 59.

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

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

**Related Organizations**

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

b. Government-wide and Fund Financial Statements

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government and its component 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, 2012**

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

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

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

The City reports the following major governmental funds:

General Fund

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

School Fund

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

Capital Projects Fund

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

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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Debt Service Fund

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

The City reports the following major enterprise funds:

Electric Fund

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

Waterworks Fund

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

The City also reports the following fund types:

Internal Service Funds

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

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

Private Purpose Trust Fund

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

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2012**

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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.

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

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

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

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

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

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

d. Budgets and Budgetary Accounting

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

1. By mid-May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is 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.

**CITY OF OAK RIDGE, TENNESSEE**  
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**For the Fiscal Year Ended June 30, 2012**

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8. During the year, supplementary appropriations were necessary for the School Fund. Refer to Note 20.

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.

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, 2012, unbilled revenue was estimated at \$1,702,601 in the Electric Fund and \$513,633 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.

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

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

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

k. Compensated Absences

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

l. Capital Assets

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

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

Infrastructure	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

During fiscal 2012, the estimated life of water and wastewater treatment plant processing equipment and other improvements were revised to meet the remaining estimated life of the assets as outlined in Note 21. Property under capital leases is stated at the lower of the present value of minimum lease payments or the fair market value at the inception of the lease. Once placed in use, such property is amortized using the straight-line method over the shorter of the economic useful life of the asset or the remaining term of the lease.

**CITY OF OAK RIDGE, TENNESSEE**  
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For proprietary fund assets, interest is capitalized on construction costs incurred with tax-exempt debt using the interest rate on borrowed funds. The amount of interest cost incurred on tax-exempt debt is reduced by the amount of interest earnings for the year. Interest is capitalized on construction costs incurred with taxable debt using the average interest rate on the borrowed funds. The capitalization period is from the date of the borrowing until the construction period is complete. Capitalized interest in the City's business type funds totaled \$152,199 for fiscal year 2012.

m. Long-term Obligations

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

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

n. Interfund Transactions

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

Advances between funds are 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 Assets/Fund Balance

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

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2012**

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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, 2012, the Schools met the minimum fund balance as required by state law.

Governmental fund equity is classified as fund balance. 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.

**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.

**CITY OF OAK RIDGE, TENNESSEE**  
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p. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year-end are reported as nonspendable fund balances.

q. Deferred Revenues

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

r. Estimates

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

s. Comparative Data

Comparative total data for the prior year, which was summarized from the 2011 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 2011 data comparable to that of 2012.

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, 2012 is \$19,997,576.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2012**

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

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

The 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, 2011, was \$810,334,603. The appraised value was \$2,715,172,673 making the total assessed value approximately 30 percent 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 \$18,695,063 for the fiscal year ended were approximately 96.5 percent of the tax levy.

3. DEPARTMENT OF ENERGY

The Department of Energy (DOE) has three major facilities in Oak Ridge that represent the largest activity at any one location within the nationwide DOE complex. Oak Ridge National Laboratory (ORNL), one of the nation's largest multipurpose research centers, develops safe, economic, and environmentally acceptable technologies for efficient production and use of energy. ORNL enhances area wide economic growth and development through its technology transfer program to private sector industries, as well as, sophisticated needs and uses for federal and private environmental/hazardous waste management, metals and ceramics technologies, and space-age tool and die industries. The former Oak Ridge K-25 Gaseous Diffusion Plant site, now known as East Tennessee Technology Park (ETTP), is a focal point for developing hazardous waste management impoundment and storage. Oak Ridge Y-12 plant is a highly sophisticated manufacturing and developmental engineering organization engaged primarily in programs vital to national defense. BWXT, Inc., UT-Battelle and 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 33% of total water sales and 23% 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 \$1,662,113 from DOE in tax payments in fiscal 2012. 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

**CITY OF OAK RIDGE, TENNESSEE  
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For the Fiscal Year Ended June 30, 2012**

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West End Fund, a special revenue fund, was established by the City to account for the operations of the ETPP fire station. During fiscal 2012, the contact was extended through September 30, 2015. The City received \$2,327,689 from DOE in fiscal 2012.

The City has 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. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETPP water plant is near the end of its useful life. Under terms of the contract, DOE through its contractor 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 Rarity Ridge wastewater plant during that time frame. The City received \$1,625,902 under this contact in fiscal 2012.

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.

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
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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, 10<sup>th</sup> Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

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, 2012 was 14.99% 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, 2012, the City's annual pension cost of \$2,699,388 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2009 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, 2009 was 20 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 2,699,388	100.00%	\$ -
June 30, 2011	2,888,931	100.00%	-
June 30, 2010	2,306,713	100.00%	-

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
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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.

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, 10<sup>th</sup> 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, 2012, was 10.36% 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.

**CITY OF OAK RIDGE, TENNESSEE  
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Annual Pension Cost

For the year ending June 30, 2012, Oak Ridge Schools' annual pension cost of \$662,054 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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, 2009, was 6 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 APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$ 662,054	100.00%	\$ -
June 30, 2011	655,080	100.00%	-
June 30, 2010	677,824	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.

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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, 10<sup>th</sup> Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs>.

Funding Policy

Most teachers are required by State statute to contribute 5.0% of salary to the plan. The Oak Ridge Schools are required to contribute at an actuarially determined rate. The rate for the fiscal year ending June 30, 2012, 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, 2012, 2011, and 2010 were \$2,347,755, \$2,262,292, and \$1,595,194, 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. As of January 1, 2010, 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://tennessee.gov/finance/act/cafr.html>.

**CITY OF OAK RIDGE, TENNESSEE**  
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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.

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)	\$ 239,488
Interest on net OPEB Obligation	16,295
Adjustment to the ARC	<u>(18,047)</u>
Annual OPEB Cost	237,736
Contributions Made	<u>(133,760)</u>
Increase in OPEB Obligation	103,976
Net OPEB Obligation, Beginning of Year	<u>407,367</u>
Net OPEB Obligation, End of Year	<u><u>\$ 511,343</u></u>

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

Three-Year Trend Information			
Fiscal Year Ending	Annual OBEB Cost	Percentage of OBEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$237,736	56.3%	\$511,343
June 30, 2011	231,528	47.9%	407,367
June 30, 2010	230,782	39.2%	286,807

Funded Status and Progress

The funded status on the plan as of June 30, 2012, was as follows:

Actuarial Valuation Date	July 1, 2011
Actuarial Accrued Liability (AAL)	\$ 2,480,813
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,480,813
Actuarial Value of Assets as a Percentage of AAL	0.00%
Covered Payroll (active plan members)	14,094,862
UAAL as a Percentage of Covered Payroll	17.6%

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

Actuarial Methods and Assumptions

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, 2010 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 10% for 2012. The healthcare trend rate will decrease by 1% annually to an ultimate medical cost trend rate of 5% by 2015. 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, 2012 of 28 years.

**CITY OF OAK RIDGE, TENNESSEE  
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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.

Annual OPEB Cost and Net OPEB Obligation

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

	<u>Teacher Group Insurance Plan</u>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Annual Required Contribution (ARC)	\$ 914,000	\$ 887,000
Interest on net OPEB Obligation	149,815	144,189
Adjustment to the ARC	<u>(159,026)</u>	<u>(136,575)</u>
Annual OPEB Cost	904,789	894,614
Contributions Made	<u>(315,256)</u>	<u>(353,452)</u>
Increase in OPEB Obligation	589,533	541,162
Net OPEB Obligation, Beginning of Year	<u>3,745,352</u>	<u>3,204,190</u>
Net OPEB Obligation, End of Year	<u><u>\$ 4,334,885</u></u>	<u><u>\$ 3,745,352</u></u>

**CITY OF OAK RIDGE, TENNESSEE**  
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Three-Year Trend Information			
Fiscal Year Ending	Annual OBEB Cost	Percentage of OBEB Cost Contributed	Net OPEB Obligation
June 30, 2012	\$ 904,789	34.8%	\$ 4,334,885
June 30, 2011	894,613	39.5%	3,745,352
June 30, 2010	880,373	40.7%	3,204,190

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.

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 9.25% for 2012. The trend will decrease to 8.75% in 2013 and then be reduced by decrements to an ultimate rate of 5% by 2021. The annual healthcare premium trend rate for the Medicare Supplement plan was 6.50% for fiscal year 2012. The trend will decrease to 6.25% in fiscal year 2013 and then will be reduced by

**CITY OF OAK RIDGE, TENNESSEE**  
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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 June 30, 2008.

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 2012 was \$55,797 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 2012 was \$109,812 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 2012, the City contributed \$77,067 toward retiree's insurance premium costs with 22 retirees receiving the benefit at fiscal year-end. At fiscal year-end, there were 325 active members in the plan with 55 employees vested for this benefit. The City funds its contribution of the retiree's insurance premiums on a pay-as-you-go basis.

The Schools will provide voluntary termination benefits for professional employees who agree to retire before age 65. Employees who retire at age 60, or after 30 years of creditable service in the Tennessee Consolidated Retirement System (TCRS) with at least 10 years 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 2012, the Schools reimbursed approximately \$53,740 to 28 retirees, which has been recorded as an expenditure in the School Fund. At fiscal year-end, there were 604 active members in the plan.

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At June 30, 2012, the estimated liability and expense of school employee termination benefits reported in the government-wide financial statements is \$384,075. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 0.72% and a projected healthcare cost trend rate of 10.0% were used to estimate the effect of making these payments over a five-year period.

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 \$1,702,601 was recorded in the Electric Fund and \$513,633 in Waterworks Fund at June 30, 2012.

Receivables at June 30, 2012 consist of the following:

Fund	Taxes	Customer Accounts	Other	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	\$18,886,498	\$ 650,552	\$ 841,614	\$20,378,664	\$(1,708,865)	\$18,669,799
School	-	21,805	-	21,805	-	21,805
Debt Service	-	-	469,124	469,124	-	469,124
Electric	-	8,059,898	-	8,059,898	(1,514,782)	6,545,116
Waterworks	-	2,259,121	-	2,259,121	-	2,259,121
Nonmajor	242,960	-	302,392	545,352	(53,053)	492,299
Total	<u>\$19,129,458</u>	<u>\$10,991,376</u>	<u>\$1,613,130</u>	<u>\$ 31,733,964</u>	<u>\$(3,276,700)</u>	<u>\$ 28,457,264</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 \$11,977,007. 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  
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At June 30, 2012, 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 \$31,882,826 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, 2012 the City had the following investments and maturities:

	Fair Value	Investment Maturities	
		Less than 1 year	More than 1 year
State of TN Local Government Investment Pool	\$31,861,850	\$31,861,850	\$ -
Certificates of Deposit	240,555	-	240,555
<b>Total Investments and Maturities</b>	<b>\$32,102,405</b>	<b>\$31,861,850</b>	<b>\$ 240,555</b>

**CITY OF OAK RIDGE, TENNESSEE**  
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Investment income (loss) in the Scholarship Fund for 2012 consisted of the following:

Interest and Dividends	\$ 7,703
Total	\$ 7,703

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  
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Component Unit – Education Foundation

At June 30, 2012, the Education Foundation had the following deposits and investments.

Description	Fair Value
Deposits:	
Bank Deposits and Certificates of Deposit	\$ 117,191
Investments:	
U.S. Treasury Notes Bonds	3,674,863
Mutual Funds	489,130
Common Stock	1,731,600
	5,895,593
Total	\$ 6,012,784

Investments at Fair Value

Investment income (loss) for 2012 consisted of the following:

Interest and Dividends	\$ 89,877
Realized Gains on Investments	346,748
Unrealized Losses on Investments	(170,984)
Total	\$ 265,641

At June 30, 2012, 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  
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11. RESTRICTED ASSETS

Restricted bond proceeds are the remaining funds from the proceeds of \$9,810,000 in General Obligation Bonds issued in September 2011 to fund waterworks capital improvement projects. These bond proceeds are restricted to the capital projects identified in the issuing bond resolution. 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 Capital Project and Waterworks Fund's restricted assets include contractor retainage deposits. The "current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The governmental and proprietary funds restricted assets at June 30, 2012 are as indicated below:

	<u>Governmental-type Activities</u>	<u>Business-type Activities</u>		Total Per Government- wide Financial Statements
	Capital Projects Fund	Electric Fund	Waterworks Fund	
Capital Projects				
Bond Proceeds	\$ -	\$ -	\$ 898,312	\$ 898,312
Retainage	34,104	-	99,152	133,256
Current Debt Service Account	-	98,360	-	98,360
<b>Total</b>	<u>\$ 34,104</u>	<u>\$ 98,360</u>	<u>\$ 997,464</u>	<u>\$ 1,129,928</u>

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12. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2012 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$ 3,095,244	\$ 77,000	\$ -	\$ 3,172,244
Construction in Progress	-	972,616	-	972,616
Total capital assets not being depreciated	<u>3,095,244</u>	<u>1,049,616</u>	<u>-</u>	<u>4,144,860</u>
Capital assets being depreciated:				
Infrastructure	50,718,147	284,138	-	51,002,285
Buildings	131,142,483	333,644	-	131,476,127
Improvements other than buildings	13,331,093	789,632	-	14,120,725
Machinery and Equipment	30,154,532	687,397	(628,505)	30,213,424
Total capital assets being depreciated	<u>225,346,255</u>	<u>2,094,811</u>	<u>(628,505)</u>	<u>226,812,561</u>
Less accumulated depreciation for:				
Infrastructure	(19,327,177)	(1,020,046)	-	(20,347,223)
Buildings	(42,865,915)	(3,043,977)	-	(45,909,892)
Improvements other than buildings	(6,524,181)	(535,148)	-	(7,059,329)
Machinery and Equipment	(16,513,533)	(1,864,810)	617,929	(17,760,414)
Total accumulated depreciation	<u>(85,230,806)</u>	<u>(6,463,981)</u>	<u>617,929</u>	<u>(91,076,858)</u>
Total capital assets being depreciated, net	<u>140,115,449</u>	<u>(4,369,170)</u>	<u>(10,576)</u>	<u>135,735,703</u>
Governmental activities capital assets, net	<u>\$ 143,210,693</u>	<u>\$ (3,319,554)</u>	<u>\$ (10,576)</u>	<u>\$139,880,563</u>

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

General government	\$ 178,133
Public safety	519,470
Public works	1,497,207
Community service	837,097
Education	3,432,074
Total depreciation expense	<u>\$ 6,463,981</u>

**CITY OF OAK RIDGE, TENNESSEE**  
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Capital asset activity for the business-type activities for the year ended June 30, 2012 was as follows:

	Beginning Balances	Increases	Decreases and Reclassifications	Ending Balances
<b>Business-type Activities:</b>				
Capital Assets not being depreciated				
Land	\$ 755,193	\$ -	\$ -	\$ 755,193
Construction in Progress	3,018,225	9,767,369	(9,150,285)	3,635,309
Total capital assets not being depreciated	<u>3,773,418</u>	<u>9,767,369</u>	<u>(9,150,285)</u>	<u>4,390,502</u>
Capital assets being depreciated				
Electric plant in service				
Transmission	9,311,743	-	-	9,311,743
Distribution	65,982,325	1,696,728	(107,258)	67,571,795
Water plant in service	62,221,632	2,750,684	(59,343)	64,912,973
Wastewater plant in service	75,596,980	4,971,854	-	80,568,834
Equipment	7,847,738	934,132	(95,571)	8,686,299
Total capital assets being depreciated	<u>220,960,418</u>	<u>10,353,398</u>	<u>(262,172)</u>	<u>231,051,644</u>
Less accumulated depreciation for:				
Electric plant in service				
Transmission	(3,595,884)	(279,352)	-	(3,875,236)
Distribution	(25,903,268)	(1,927,264)	155,751	(27,674,781)
Water plant in service	(22,794,631)	(2,538,881)	61,968	(25,271,544)
Wastewater plant in service	(27,590,381)	(1,969,402)	-	(29,559,783)
Equipment	(4,716,952)	(516,739)	(11,624)	(5,245,315)
Total accumulated depreciation	<u>(84,601,116)</u>	<u>(7,231,638)</u>	<u>206,095</u>	<u>(91,626,659)</u>
Total capital assets being depreciated, net	<u>136,359,302</u>	<u>3,121,760</u>	<u>(56,077)</u>	<u>139,424,985</u>
Business-type activities capital assets, net	<u>\$140,132,720</u>	<u>\$12,889,129</u>	<u>\$ (9,206,362)</u>	<u>\$143,815,487</u>

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

Electric	\$ 2,389,559
Waterworks	4,720,302
Emergency Communications	121,777
Total depreciation expense	<u>\$ 7,231,638</u>

**CITY OF OAK RIDGE, TENNESSEE**  
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**13. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2012:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
<b>Governmental Activities:</b>					
<b>General Fund:</b>					
General Obligation Bonds	\$ 42,355,000	\$ -	\$ (2,890,000)	\$ 39,465,000	\$ 3,245,000
Qualified Zone Academy Bonds (QZAB)	5,094,184	-	(509,419)	4,584,765	509,418
Notes Payable	54,760,053	-	(272,000)	54,488,053	326,000
Unamortized Debt Discount	(62,141)	-	6,951	(55,190)	(6,951)
Unamortized Debt Premium	1,916,192	-	(195,238)	1,720,954	195,238
Capital Lease Obligations	119,869	1,152,844	(420,888)	851,825	275,651
Compensated Absences	2,759,654	2,270,846	(2,437,571)	2,592,929	2,185,988
School Termination Benefits	375,331	62,484	(53,740)	384,075	61,598
OPEB Obligation	4,022,366	1,066,224	(406,085)	4,682,505	-
<b>City Equipment Replacement Rental Fund:</b>					
General Obligation Bonds	975,000	-	(205,000)	770,000	70,000
Unamortized Bond Discount	(9,859)	-	2,661	(7,198)	(2,661)
Unamortized Reoffering Premium	6,430	-	(1,793)	4,637	1,792
Compensated Absences	62,478	66,776	(58,508)	70,746	57,304
OPEB Obligation	8,668	5,044	(2,838)	10,874	-
<b>Total Long-term Liabilities - Governmental Activities:</b>	<b><u>\$112,383,225</u></b>	<b><u>\$ 4,624,218</u></b>	<b><u>\$ (7,443,468)</u></b>	<b><u>\$109,563,975</u></b>	<b><u>\$ 6,918,377</u></b>
<b>Business-type Activities:</b>					
<b>Electric Fund:</b>					
Bonds	\$ 20,060,000	\$ -	\$ (1,000,000)	\$ 19,060,000	\$ 1,010,000
Notes Payable	3,910,934	-	(122,765)	3,788,169	127,769
Unamortized Bond Discount	(165,652)	-	15,951	(149,701)	(15,951)
Unamortized Reoffering Premium	278,353	-	(36,285)	242,068	36,285
Compensated Absences	318,929	267,159	(265,297)	320,791	259,841
OPEB Obligation	37,927	22,071	(12,418)	47,580	-
<b>Waterworks Fund:</b>					
General Obligation Bonds	7,240,000	9,810,000	(420,000)	16,630,000	535,000
Notes Payable	16,507,514	-	(2,052,902)	14,454,612	2,069,898
State Revolving Fund Program Loan	16,360,606	108,381	(779,040)	15,689,947	811,392
Unamortized Bond Discount	(69,586)	(77,370)	10,159	(136,797)	(11,320)
Unamortized Reoffering Premium	54,414	88,018	(7,190)	135,242	8,510
Compensated Absences	708,103	644,043	(612,060)	740,086	599,470
OPEB Obligation	83,757	49,187	(27,675)	105,269	-
<b>Emergency Communications Fund:</b>					
Capital Lease Obligation	766,420	-	(112,733)	653,687	118,348
<b>Total Long-term Liabilities - Business-type Activities:</b>	<b><u>\$ 66,091,719</u></b>	<b><u>\$10,911,489</u></b>	<b><u>\$ (5,422,255)</u></b>	<b><u>\$ 71,580,953</u></b>	<b><u>\$ 5,549,242</u></b>

**CITY OF OAK RIDGE, TENNESSEE**  
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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. Interest subsidies received totaled \$202,059 during the year ended June 30, 2012.

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2013	\$ 3,245,000	\$ 1,737,806	\$ (202,059)	\$ 1,535,748	\$ 4,780,748
2014	3,120,000	1,664,406	(202,059)	1,462,347	4,582,347
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
2018-2022	14,320,000	4,577,788	(1,010,297)	3,567,491	17,887,491
2023-2027	1,800,000	2,787,313	(975,559)	1,811,754	3,611,754
2028-2032	1,000,000	2,182,750	(763,963)	1,418,787	2,418,787
2033-2037	-	2,068,750	(724,063)	1,344,687	1,344,687
2038-2041	6,500,000	1,185,000	(414,750)	770,250	7,270,250
Total	<u>\$ 39,465,000</u>	<u>\$ 20,618,531</u>	<u>\$ (4,898,927)</u>	<u>\$ 15,719,605</u>	<u>\$ 55,184,605</u>

**CITY OF OAK RIDGE, TENNESSEE**  
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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, 2012:

	Governmental Activities			Balance 6/30/12
	Balance 7/1/11	Additions / Transfers	Retirements	
Series 2003, GO Refunding Bonds Issue: \$7,485,709, Maturing 2016 Interest Rate: 2.00% - 4.00%	\$ 3,560,000	\$ -	\$ -	\$ 3,560,000
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%	4,860,000	-	405,000	4,455,000
Series 2011, GO Refunding Bonds Issue: \$7,420,000, Maturing 2015 Interest Rate: 2.00%	7,420,000	-	2,485,000	4,935,000
<b>Total General Obligation Bonded Debt</b>	<b>\$42,355,000</b>	<b>\$ -</b>	<b>\$ 2,890,000</b>	<b>\$39,465,000</b>

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  
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For the Fiscal Year Ended June 30, 2012**

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Projected amortization schedule for QZAB are as follows:

Fiscal Year Ending June 30,	Governmental Activities		Total Requirements
	Principal	Interest	
2013	\$ 509,418	\$ 2,445	\$ 511,863
2014	509,418	2,445	511,863
2015	509,418	2,445	511,863
2016	509,419	2,445	511,864
2017	509,418	2,445	511,863
2018-2021	2,037,674	9,780	2,047,454
Total	<u>\$ 4,584,765</u>	<u>\$ 22,005</u>	<u>\$ 4,606,770</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, 2012. Annual interest payments are amortized below using a 1.26% interest rate, which was the actual weekly rate at June 30, 2012.

In August 2001, City Council authorized the issuance of \$1,000,000 in general obligation debt through the TMBF to finance the expansion, renovation and equipping of the Scarboro Center. The United States Department of Housing and Urban Development (HUD) has approved a \$95,000 annual grant award that is to finance the annual principal and interest payments through the loans maturity in 2017. At June 30, 2012, the outstanding principal balance of the loan was \$417,000. Annual interest payments are amortized below using a 1.16% interest rate, which was the actual weekly rate at June 30, 2012.

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, 2012, the outstanding principal balance of the loan was \$14,550,000. 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.

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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 0.84% interest rate, which was the actual weekly rate at June 30, 2012.

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 64 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, 2012. 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
2013	\$ 326,000	\$ 2,178,178	\$ 2,504,178
2014	449,000	2,167,873	2,616,873
2015	478,000	2,155,137	2,633,137
2016	492,000	2,140,698	2,632,698
2017	607,722	2,125,581	2,733,303
2018-2022	5,684,417	10,326,932	16,011,349
2023-2027	18,255,914	8,061,080	26,316,994
2028-2032	11,180,000	5,739,167	16,919,167
2033-2037	14,290,000	2,394,981	16,684,981
2038	2,725,000	119,219	2,844,219
Total	<u>\$ 54,488,053</u>	<u>\$ 37,408,847</u>	<u>\$ 91,896,900</u>

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*Notes Payable - Swap Agreements*

As of June 30, 2012 the City had the following derivative instruments outstanding:

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

<sup>1</sup>Refunded to Series VII-E-1 in 2009

<sup>2</sup>Refunded to Series VII-E-1 bonds and Series VI-M-1 bonds

The fair value balance and notional amounts of derivative instruments outstanding at June 30, 2012, 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, 2012		June 30, 2012 Notional Amount
	Classification	Amount	Classification	Amount	
<b>Governmental Activities</b>					
Investment Derivative:					
Pay-fixed Interest Rate Swap					
Series VI-D-3 <sup>1</sup>	Investment				
	Revenue (Loss)	\$ (1,955,686)	Debt	\$ (3,075,802)	\$ 10,000,000
Investment Derivative:					
Pay-fixed Interest Rate Swap					
Series VI-H-1 <sup>2</sup>	Investment				
	Revenue (Loss)	\$ (2,875,187)	Debt	\$ (4,209,690)	\$ 15,675,000
		<u>\$ (4,830,873)</u>		<u>\$ (7,285,492)</u>	

<sup>1</sup>Refunded to Series VII-E-1 in 2009

<sup>2</sup>Refunded to Series VII-E-1 bonds and Series VI-M-1 bonds

**CITY OF OAK RIDGE, TENNESSEE**  
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**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 \$3,075,802 in the statement of net assets. The city also recorded the current year change in fair value of \$1,995,686 in the statement of activities as an investment loss.

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

*Terms:* Under the swap, the Authority pays the counterparty a fixed payment of 3.725 percent and receives a variable payment computed as 63.50 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2012, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payments to counterparty	Fixed	3.725%
Variable payment from counterparty	% LIBOR	<u>-0.616%</u>
Net interest rate swap payments		3.109%
Variable rate bond coupon payments		0.770%
On-going variable rate bond payments		<u>0.820%</u>
Effective synthetic interest rate on bonds		<u><u>4.699%</u></u>

**CITY OF OAK RIDGE, TENNESSEE**  
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*Fair value:* As of June 30, 2012, the swap had a negative fair value of (\$3,075,803). 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, 2012, 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, 2012, 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, 2012, 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.

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Fiscal Year Ending June 30,	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2013	\$ -	\$ 77,000	\$ 310,905	\$ 387,905
2014	-	77,000	310,905	387,905
2015	-	77,000	310,905	387,905
2016	-	77,000	310,905	387,905
2017	-	77,000	310,905	387,905
2018-2022	-	385,000	1,554,525	1,939,525
2023-2027	-	385,000	1,554,525	1,939,525
2028-2032	5,500,000	375,760	1,517,216	7,392,976
2033	4,500,000	34,650	139,907	4,674,557
Total	<u>\$ 10,000,000</u>	<u>\$ 1,565,410</u>	<u>\$ 6,320,698</u>	<u>\$ 17,886,108</u>

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 \$4,209,690 in the statement of net assets. The city also recorded the current year changes in fair value of \$2,875,187 in the statement of activities as an investment loss.

*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.

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*Terms:* Under the swap, the Authority pays the counterparty a fixed payment of 3.536 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$15.675 million and the associated variable-rate bond has a \$15.675 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds and/or Series VI-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, 2012, rates were as follows:

	Terms	Rates
Interest Rate Swap:		
Fixed payments to counterparty	Fixed	3.536%
Variable payment from counterparty	% LIBOR	-0.611%
Net interest rate swap payments		2.925%
Variable rate bond coupon payments		0.550%
On-going variable rate bond payments		0.911%
Effective synthetic interest rate on bonds		4.386%

*Fair value:* As of June 30, 2012, the swap had a negative fair value of (\$4,209,690). 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, 2012, 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, 2012, 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.

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*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, 2012, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2013	\$ -	\$ 86,213	\$ 458,478	\$ 544,691
2014	-	86,213	458,478	544,691
2015	-	86,213	458,478	544,691
2016	-	86,213	458,478	544,691
2017	-	86,213	458,478	544,691
2018-2022	-	431,063	2,292,390	2,723,453
2023-2027	2,975,000	423,088	2,249,979	5,648,067
2028-2032	5,575,000	264,550	1,406,877	7,246,427
2033-2036	7,125,000	118,663	631,047	7,874,710
<b>Total</b>	<b>\$ 15,675,000</b>	<b>\$ 1,668,429</b>	<b>\$ 8,872,683</b>	<b>\$ 26,216,112</b>

In January 2013, both bond issues under the swap agreements were converted to direct purchase bonds as outlined in Note 23, Subsequent Events.

City Equipment Replacement Rental Fund

On September 30, 1999, the City executed a general obligation loan agreement through the TMBF loan program for \$2,326,575 for the acquisition of four fire trucks and year 2000 compliant computer hardware and software. The outstanding principal balance of this loan was paid in its entirety from the proceeds of the General Obligation Refunding Bonds Series 2003. The debt service on the \$1,898,733 portion of the bonds required to refund the outstanding loan is to be repaid from revenues in the City Equipment Replacement Rental Fund, an internal service fund, a governmental-type activity. At year-end, the portion of the bonds paid through the Equipment Replacement Rental Fund had a principal balance of \$70,000 which will be paid in June 2013.

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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. Interest subsidies received totaled \$9,647 during the year ended June 30, 2012.

Debt service requirements to maturity for Equipment Replacement Rental Fund general obligation debt for the fiscal year ended June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Governmental Activities				Total Requirements
	Principal	Coupon Interest	Treasury Rebate	Net Interest	
2013	\$ 70,000	\$ 30,363	\$ (9,647)	\$ 20,716	\$ 90,716
2014	50,000	27,563	(9,647)	17,916	67,916
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
2018-2019	300,000	27,750	(9,713)	18,037	318,037
Total	<u>\$ 770,000</u>	<u>\$ 151,551</u>	<u>\$ (52,063)</u>	<u>\$ 99,488</u>	<u>\$ 869,488</u>

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 \$851,825 at year-end.

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Fiscal Year Ending June 30,		
2013	\$	301,019
2014		301,019
2015		301,019
Total Future Minimum Lease Payments		903,057
Less: Amount representing interest		(51,232)
Present Value of Minimum Lease Payments	\$	851,825

**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 \$3,990,000 at June 30, 2012.

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, 2012.

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. Interest subsidies received totaled \$105,971 during the year ended June 30, 2012.

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Debt service requirements to maturity for bonds funded by the Electric Fund for the fiscal year ended June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2013	\$ 1,010,000	\$ 920,919	\$ (105,971)	\$ 814,948	\$ 1,824,948
2014	1,095,000	870,419	(105,971)	764,448	1,859,448
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
2018-2022	5,595,000	3,041,295	(529,856)	2,511,439	8,106,439
2023-2027	3,475,000	1,812,163	(529,856)	1,282,307	4,757,307
2028-2032	2,250,000	1,243,875	(435,356)	808,519	3,058,519
2033-2037	2,275,000	566,850	(198,397)	368,453	2,643,453
2038	475,000	29,212	(10,224)	18,988	493,988
<b>Total</b>	<b>\$ 19,060,000</b>	<b>\$ 10,852,190</b>	<b>\$ (2,233,544)</b>	<b>\$ 8,618,646</b>	<b>\$ 27,678,646</b>

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 \$2,334,873 at June 30, 2012. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.99% interest rate, which was the actual weekly rate at June 30, 2012.

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, 2012. Principal payments will occur from 2015 through 2027. Annual interest payments are amortized below using a 0.84% interest rate, which was the actual weekly rate at June 30, 2012.

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, 2012. Projected debt service requirements to maturity as of June 30, 2012 as follows:

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Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2013	\$ 127,769	\$ 35,317	\$ 163,086
2014	132,773	34,042	166,815
2015	163,111	32,701	195,812
2016	213,448	31,082	244,530
2017	149,453	29,111	178,564
2018-2022	916,007	120,722	1,036,729
2023-2027	2,085,608	57,277	2,142,885
Total	<u>\$ 3,788,169</u>	<u>\$ 340,252</u>	<u>\$ 4,128,421</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, 2012 was \$1,820,000.

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. Interest subsidies received totaled \$102,244 during the year ended June 30, 2012.

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. The bonds were issued at a premium of \$88,018, underwriter's discount of \$77,370 and issuance costs of \$78,248, which are being amortized over the seventeen year life of the bonds. Interest rates range from 2% to 3% with the bonds maturing in 2028. The principal balance of the bonds outstanding at June 30, 2012 was \$9,810,000.

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Debt service requirements to maturity for bonds funded by the Waterworks Fund for the fiscal year ended June 30, 2012, are as follows:

Fiscal Year Ending June 30,	Business-type Activities				
	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2013	\$ 535,000	\$ 624,475	\$ (102,244)	\$ 522,231	\$ 1,057,231
2014	545,000	605,075	(102,244)	502,831	1,047,831
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
2018-2022	1,150,000	2,655,375	(511,219)	2,144,156	3,294,156
2023-2027	9,075,000	2,077,563	(445,462)	1,632,101	10,707,101
2028-2030	3,985,000	370,050	(116,550)	253,500	4,238,500
Total	<u>\$ 16,630,000</u>	<u>\$ 8,026,363</u>	<u>\$ (1,584,451)</u>	<u>\$ 6,441,912</u>	<u>\$ 23,071,912</u>

Notes Payable – Waterworks Fund

The City executed loan agreements for \$6,152,006 and \$3,000,000 during fiscal 1995 and 2001, respectively, with the TMBF to fund water and wastewater system rehabilitation and expansion. The 2003 to 2016 maturities of the 1995 loan were paid from the proceeds of the General Obligation Refunding Bonds Series 2003. The remaining portion of the 1995 loan matures in 2023 and the 2001 loan matures in 2021. The outstanding principal balance on these loans at June 30, 2012 was \$4,662,735. Annual interest payments are amortized below using a 1.26% and 1.02% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2012.

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 \$4,664,128 at June 30, 2012. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.99% interest rate, which was the actual weekly rate at June 30, 2012.

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, 2012. Principal payments will occur from 2017 through 2027. Annual interest payments are amortized below using a 0.84% interest rate, which was the actual weekly rate at June 30, 2012.

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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. In accordance with State law the notes have a maximum maturity of three fiscal years. Annual principal payments are due in three equal installments with interest at 1% per annum. 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 \$3,333,333 at June 30, 2012.

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, 2012, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total Requirements
2013	\$ 2,069,898	\$ 148,586	\$ 2,218,484
2014	2,086,893	127,865	2,214,758
2015	438,889	106,972	545,861
2016	457,552	102,559	560,111
2017	877,525	97,569	975,094
2018-2022	4,980,575	334,760	5,315,335
2023-2027	3,543,280	83,932	3,627,212
Total	<u>\$ 14,454,612</u>	<u>\$ 1,002,243</u>	<u>\$ 15,456,855</u>

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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 \$6,971,163 and \$3,013,838, respectively, at June 30, 2012. 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. \$5,704,946 in loan proceeds had been drawn as of June 30, 2012. A projected amortization schedule for outstanding SRF loans as of June 30, 2012 is as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Requirements</u>
2013	\$ 811,392	\$ 610,336	\$ 1,421,728
2014	1,038,707	573,264	1,611,971
2015	1,081,343	530,629	1,611,972
2016	1,125,724	486,236	1,611,960
2017	1,171,947	440,024	1,611,971
2018-2022	6,622,134	1,437,655	8,059,789
2023-2027	1,650,732	569,285	2,220,017
2028-2032	1,787,580	256,137	2,043,717
2033	400,388	8,355	408,743
Total	\$ 15,689,947	\$ 4,911,921	\$ 20,601,868

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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, 2012 are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 150,902
2014	150,901
2015	150,902
2016	150,901
2017	<u>150,902</u>
Total Future Minimum Lease Payments	754,508
Less:	
Amount presenting interest at 4.98%	(100,821)
Current portion of capital lease	<u>(118,348)</u>
Long-term capitalized lease obligation	<u><u>\$ 535,339</u></u>

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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 \$117,938 due to the General Fund. The Due To/From 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 due in three equal installments with interest at 1% per annum. 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, 2012 was \$3,333,333.

The General, Electric and Waterworks Funds, have advanced the Inventory Fund \$3,100,761 for the purchase of stock materials maintained in the City's warehouse. The costs of inventories are recorded as expenditures by the applicable user fund when the materials are consumed.

Receivable Fund	Payable Fund	Amount
General	Waterworks Fund	\$ 3,333,333
General	Inventory	112,500
Electric	Inventory	1,815,000
Waterworks	Inventory	1,173,261
Total		\$ 6,434,094

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	\$ -	\$ 14,629,302	\$ 2,012,000	\$ 3,045,000	\$ 932,090	\$ 20,618,392
Electric Fund	1,423,445	-	-	-	-	1,423,445
Waterworks Fund	1,432,462	-	-	-	-	1,432,462
Total	\$ 2,855,907	\$ 14,629,302	\$ 2,012,000	\$ 3,045,000	\$ 932,090	\$ 23,474,299

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16. COMMITMENTS

At June 30, 2012, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling \$9,712,215 for the following projects:

<u>Projects</u>	<u>Spent-To-Date</u>	<u>Commitment Remaining</u>	<u>Committed Fund</u>
Roane State Community College	\$ 250,000	\$ 250,000	Capital Projects
Melton Lake Park Pavilion	-	159,284	Capital Projects
Line Construction	941,098	2,158,330	Electric
Substation 800 Expansion	710,000	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	1,061,301	172,572	Waterworks
West End Waterworks Expansion	735,492	1,248,023	Waterworks
Administrative Order EPA	4,171,035	5,119,918	Waterworks
<b>Total</b>	<b><u>\$ 10,202,482</u></b>	<b><u>\$ 9,712,215</u></b>	

The second and final installment of the City's \$500,000 contribution toward the expansion of the Oak Ridge Roane State Community College campus will be funded through the Capital Projects Fund. In fiscal 2011, the General Fund transferred \$500,000 to the Capital Projects Fund to finance this contribution. A donation from UT-Battelle of \$140,838 will be utilized toward the \$159,284 contracted costs to build a pavilion at Melton Lake Park.

Electric and Waterworks Fund projects will be funded through debt issuances during fiscal 2012 and 2013 and revenues generated through the respective rate structure. Electric rates increased approximately 1.9% in October 2010 and 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. In September 2011, the City issued \$9,810,000 in bonds to finance water and wastewater capital improvements of which \$898,312 remained at fiscal year-end. An additional \$1,295,054 is available for wastewater projects from an approved State Revolving Fund loan. In December 2012, the City issued a \$5,000,000 variable interest rate loan through the Tennessee Municipal Bond Fund for water and wastewater projects.

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17. FUND BALANCE

At June 30, 2012, 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	\$ -	\$ -	\$ -	\$ -	\$ 20,994	\$ 20,994
Prepays	6,120	88,167	-	-	22,826	117,113
Advances to Other Funds	3,445,833	-	-	-	-	3,445,833
Restricted To:						
Education programs	-	141,603	-	-	-	141,603
Debt Service	-	-	-	9,294,733	-	9,294,733
Capital Projects	-	-	34,104	-	-	34,104
Drug Enforcement	-	-	-	-	222,848	222,848
Grant Projects	-	-	-	-	-	-
Street Improvements	-	-	-	-	905,313	905,313
Public Transportation	-	-	-	-	41,180	41,180
Committed To:						
Education programs	-	74,825	-	-	-	74,825
Assigned To:						
2013 Budgeted						
Fund Balance Draw	697,871	-	-	-	-	697,871
Education	-	5,676,413	-	-	-	5,676,413
Debt Service	-	-	-	1,735,104	-	1,735,104
Capital Projects	-	-	2,099,288	-	-	2,099,288
Economic Development	-	-	-	-	625,650	625,650
Grant projects	-	-	-	-	112,877	112,877
Recreation	25,000	-	-	-	1,156,649	1,181,649
Fire and Emergency Services	-	-	-	-	416,775	416,775
Special Programs	-	-	-	-	918,772	918,772
Unassigned	5,042,225	-	-	-	-	5,042,225
<b>Total</b>	<b>\$ 9,217,049</b>	<b>\$ 5,981,008</b>	<b>\$ 2,133,392</b>	<b>\$ 11,029,837</b>	<b>\$ 4,443,884</b>	<b>\$ 32,805,170</b>

Nonspendable fund balances include \$20,994 in inventory in the Golf Course Fund and \$117,113 in miscellaneous prepaids. General Fund Advances to Other Funds includes \$112,500 advanced to the Inventory Fund and \$3,333,333 advanced to the Waterworks Fund for capital improvements.

Restrictions in the School Fund of \$141,603 were primarily for the Career Ladder Program, extended contacts and for the Central Cafeteria. The \$9,294,733 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

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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.

The committed fund balance of \$74,825 in the School Fund is primarily for extended school programs.

\$25,000 was assigned in the General Fund for enhancements at Melton Lake Park in conjunction with the construction of a new pavilion. \$697,871 has been assigned as the budgeted fund balance draw in the General Fund for fiscal 2013.

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

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2012**

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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.

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 2012 is \$500 except for boiler and machinery, which is \$1,000. In fiscal 2012, the city paid \$330,340 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 2012 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, 2011 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
2012	\$ 372,538	\$ 544,996	\$ (562,367)	\$ 355,167
2011	\$ 141,629	\$ 712,010	\$ (481,101)	\$ 372,538

**CITY OF OAK RIDGE, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2012**

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20. BUDGET AMENDMENTS

Amendments to the fiscal 2012 budgeted expenditures are as follows:

<u>Governmental Fund</u>	<u>Original Budget</u>	<u>Additional Appropriations</u>	<u>Final Budget</u>
School Fund	\$ 57,577,851	\$ (1,002,629)	\$56,575,222

In order to retain the fiscal 2012 property tax rate at the fiscal 2011 level, City Council did not approve the Oak Ridge Schools operating transfer request from the City's General Fund for fiscal 2012. After City Council's adoption of the original budget ordinance, the Oak Ridge School Board met and reduced the total budgeted fiscal 2012 expenditures of the School Fund by \$1,002,629, reflecting the impact of the lower operating transfer from the City's General Fund. The budget ordinance was amended by City Council to set the appropriation of the School Fund at the reduced level of \$56,575,222.

21. CHANGE IN ESTIMATES

In fiscal 2012, the City made a change in estimate to the useful life of processing equipment and other improvements at the City's water and wastewater treatment plants. The change was made based on the estimated remaining life of these assets. The change had the effect of decreasing change in net assets on the Government-wide and Waterworks Fund statements for 2012 by \$431,377.

22. 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 rate increases of approximately 43% have been approved by City Council with implementation effective in two phases. The first wastewater rate increase was effective May 1, 2012 and the second phase is effective on January 1, 2013. Additional wastewater rate increases are expected 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 study is planned for the summer of 2013. On September 29, 2011, \$9,810,000 in debt was issued to fund water and wastewater projects, including the initial phase of EPA mandated capital expenditures. An additional \$23,000,000 in debt is anticipated to be issued as outlined in subsequent events below.

**CITY OF OAK RIDGE, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2012**

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23. SUBSEQUENT EVENTS

On December 26, 2012, the City closed on a \$5,000,000 loan through the Tennessee Municipal Bond Fund to finance water and wastewater capital improvements, including capital projects required to meet the EPA AO as outlined in Note 22. Interest is paid monthly with the rate varying weekly based on the Securities Industry and Financial Markets Association (SIFMA) index plus 90 basis points. Annual principal payments are scheduled from 2014 through 2033.

In January 2013, the City converted \$25,515,000 in Series VI-M-1 and Series VII-E-1 bonds from bonds that are remarketed weekly to investors to direct purchase bonds that are owned by US Bank. These two bond series are swap instruments as outlined on page 64 of the Notes. The purchase has a five year term, after which the City can 1) renew the agreement for another set time period, 2) seek other proposals, or 3) convert to another mode. The City has the option to terminate this agreement and convert to another mode, without penalty, at any time after 18 months. The principal payment amortization of the bonds remain at their current level, with final maturity of the VI-M-1 bonds in 2029 and final maturity of the VII-E-1 bonds in 2036. The bonds were converted to reduce variable interest rate risk on the bonds.

The City is in the process of applying for an \$18,000,000 loan through the Tennessee State Revolving Loan Fund to finance wastewater capital projects to meet the EPA AO outlined in Note 22. The loan will require approval by both the State and City Council.

**CITY OF OAK RIDGE, TENNESSEE  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2012**

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
7/01/11	\$ 75,720	\$ 85,962	\$ 10,242	88.09%	\$ 18,988	53.94%
7/01/09	65,245	79,499	14,254	82.07%	18,692	76.26%
7/01/07	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	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
7/01/11	\$ 22,960	\$ 23,254	\$ 294	98.74%	\$ 6,243	4.70%
7/01/09	19,549	19,961	412	97.94%	6,215	6.62%
7/01/07	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 affect 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, 2012**

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	
7/01/11	\$ -	\$ 7,109	\$ 7,109	0.00%	\$ 25,942	27.4%
7/01/10	\$ -	\$ 6,815	\$ 6,815	0.00%	\$ 24,998	27.3%
7/01/09	\$ -	\$ 6,716	\$ 6,716	0.00%	\$ 24,847	27.0%
7/01/07	\$ -	\$ 2,506	\$ 2,506	0.00%	\$ 24,528	10.2%

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b)-(a)	(a/b)	(c)	
7/01/11	\$ -	\$ 2,481	\$ 2,481	0.00%	\$ 14,095	17.6%
7/01/10	\$ -	\$ 2,370	\$ 2,370	0.00%	\$ 9,100	26.0%
7/01/08	\$ -	\$ 2,181	\$ 2,181	0.00%	\$ 8,878	24.6%

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

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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

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

**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, 2012

	SPECIAL REVENUE FUNDS							Total Nonmajor Governmental Funds	
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End		Special Programs
<b>Assets</b>									
Cash and cash equivalents	\$ 597,253	\$ 779,739	\$ 32,553	\$ -	\$ 228,748	\$ 915,002	\$ 544,418	\$ 1,072,615	\$ 4,170,328
Receivables, net	189,907	-	-	-	-	241,647	-	37,898	469,452
Due from other governments	-	134,993	38,800	239,042	-	-	-	-	412,835
Inventories, at cost	-	-	-	-	-	20,994	-	-	20,994
Prepaid items	19,443	1,450	-	-	1,933	-	-	-	22,826
Total assets	<u>\$ 806,603</u>	<u>\$ 916,182</u>	<u>\$ 71,353</u>	<u>\$ 239,042</u>	<u>\$ 230,681</u>	<u>\$ 1,177,643</u>	<u>\$ 544,418</u>	<u>\$ 1,110,513</u>	<u>\$ 5,096,435</u>
<b>Liabilities and fund balances</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 54,836	\$ 9,419	\$ 30,173	\$ 8,227	\$ 5,900	\$ -	\$ 102,672	\$ 191,741	\$ 402,968
Accrued liabilities	-	-	-	-	-	-	24,971	-	24,971
Due to other funds	-	-	-	117,938	-	-	-	-	117,938
Deferred revenue	106,674	-	-	-	-	-	-	-	106,674
Total liabilities	<u>161,510</u>	<u>9,419</u>	<u>30,173</u>	<u>126,165</u>	<u>5,900</u>	<u>-</u>	<u>127,643</u>	<u>191,741</u>	<u>652,551</u>
<b>Fund balances:</b>									
Nonspendable	19,443	1,450	-	-	1,933	20,994	-	-	43,820
Restricted	-	905,313	41,180	-	222,848	-	-	-	1,169,341
Committed	-	-	-	-	-	-	-	-	-
Assigned	625,650	-	-	112,877	-	1,156,649	416,775	918,772	3,230,723
Total fund balances	<u>645,093</u>	<u>906,763</u>	<u>41,180</u>	<u>112,877</u>	<u>224,781</u>	<u>1,177,643</u>	<u>416,775</u>	<u>918,772</u>	<u>4,443,884</u>
Total liabilities and fund balances	<u>\$ 806,603</u>	<u>\$ 916,182</u>	<u>\$ 71,353</u>	<u>\$ 239,042</u>	<u>\$ 230,681</u>	<u>\$ 1,177,643</u>	<u>\$ 544,418</u>	<u>\$ 1,110,513</u>	<u>\$ 5,096,435</u>

CITY OF OAK RIDGE, TENNESSEE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended June 30, 2012

	SPECIAL REVENUE FUNDS							Total Nonmajor Governmental Funds	
	Economic Diversification	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End		Special Programs
<b>Revenues</b>									
Taxes	\$ 482,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 482,365
Intergovernmental	296,001	760,369	165,420	570,748	31,383	-	2,327,689	-	4,151,610
Charges for services	-	-	-	-	-	1,200,450	-	-	1,200,450
Fines and forfeitures	-	-	-	-	88,972	-	-	451,173	540,145
Interest	864	1,063	48	-	376	1,272	923	969	5,515
Other	112,329	-	-	-	-	-	-	-	112,329
<b>Total revenues</b>	<b>891,559</b>	<b>761,432</b>	<b>165,468</b>	<b>570,748</b>	<b>120,731</b>	<b>1,201,722</b>	<b>2,328,612</b>	<b>452,142</b>	<b>6,492,414</b>
<b>Expenditures</b>									
Current:									
Public safety	-	-	-	47,831	149,596	-	2,548,633	152,989	2,899,049
Public works	-	1,154,463	-	160,715	-	-	-	-	1,315,178
Community services	1,058,566	-	210,674	460,023	-	1,108,819	-	-	2,838,082
Debt service:									
Principal retirement	-	-	-	72,000	-	-	-	-	72,000
Interest and fiscal charges	-	-	-	4,269	-	-	-	-	4,269
<b>Total expenditures</b>	<b>1,058,566</b>	<b>1,154,463</b>	<b>210,674</b>	<b>744,838</b>	<b>149,596</b>	<b>1,108,819</b>	<b>2,548,633</b>	<b>152,989</b>	<b>7,128,578</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(167,007)</b>	<b>(393,031)</b>	<b>(45,206)</b>	<b>(174,090)</b>	<b>(28,865)</b>	<b>92,903</b>	<b>(220,021)</b>	<b>299,153</b>	<b>(636,164)</b>
<b>Other financing sources (uses)</b>									
Transfers in	50,000	653,000	55,000	174,090	-	-	-	-	932,090
<b>Total other financing sources (uses)</b>	<b>50,000</b>	<b>653,000</b>	<b>55,000</b>	<b>174,090</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>932,090</b>
<b>Net change in fund balances</b>	<b>(117,007)</b>	<b>259,969</b>	<b>9,794</b>	<b>-</b>	<b>(28,865)</b>	<b>92,903</b>	<b>(220,021)</b>	<b>299,153</b>	<b>295,926</b>
<b>Fund balance - beginning</b>	<b>762,100</b>	<b>646,794</b>	<b>31,386</b>	<b>112,877</b>	<b>253,646</b>	<b>1,084,740</b>	<b>636,796</b>	<b>619,619</b>	<b>4,147,958</b>
<b>Fund balance - ending</b>	<b>\$ 645,093</b>	<b>\$ 906,763</b>	<b>\$ 41,180</b>	<b>\$ 112,877</b>	<b>\$ 224,781</b>	<b>\$ 1,177,643</b>	<b>\$ 416,775</b>	<b>\$ 918,772</b>	<b>\$ 4,443,884</b>

**CITY OF OAK RIDGE, TENNESSEE  
ECONOMIC DIVERSIFICATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011**

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 597,253	\$ 659,373
Receivables, net	189,907	130,475
Prepaid items	19,443	19,419
Total assets	\$ 806,603	\$ 809,267
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 54,836	\$ 10,344
Deferred revenue	106,674	36,823
Total liabilities	161,510	47,167
Fund balances:		
Nonspendable		
Prepaid items	19,443	19,419
Committed		
Economic development	-	250,000
Assigned		
Economic development	625,650	492,681
Total fund balances	645,093	762,100
Total liabilities and fund balances	\$ 806,603	\$ 809,267

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, 2012

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Taxes	\$ 482,365	\$ -	\$ 482,365	\$ 490,000	\$ (7,635)
Intergovernmental	296,001	-	296,001	1,000,000	(703,999)
Interest	864	-	864	1,000	(136)
Other	112,329	-	112,329	401,920	(289,591)
Total revenues	<u>891,559</u>	<u>-</u>	<u>891,559</u>	<u>1,892,920</u>	<u>(1,001,361)</u>
<b>Expenditures</b>					
Current:					
Community services	1,058,566	24	1,058,590	2,131,000	1,072,410
Total expenditures	<u>1,058,566</u>	<u>24</u>	<u>1,058,590</u>	<u>2,131,000</u>	<u>1,072,410</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(167,007)</u>	<u>(24)</u>	<u>(167,031)</u>	<u>(238,080)</u>	<u>71,049</u>
<b>Other financing sources (uses)</b>					
Transfers in	50,000	-	50,000	-	50,000
Total other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
<b>Net change in fund balances</b>	(117,007)	(24)	(117,031)	(238,080)	121,049
<b>Fund balance - beginning</b>	<u>762,100</u>	<u>-</u>	<u>762,100</u>	<u>762,100</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 645,093</u>	<u>\$ (24)</u>	<u>\$ 645,069</u>	<u>\$ 524,020</u>	<u>\$ 121,049</u>

CITY OF OAK RIDGE, TENNESSEE  
STATE STREET AID FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 779,739	\$ 513,698
Due from other governments	134,993	133,224
Prepaid items	1,450	115,350
Total assets	\$ 916,182	\$ 762,272
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 9,419	\$ 115,478
Total liabilities	9,419	115,478
Fund balances:		
Nonspendable		
Prepaid items	1,450	115,350
Restricted		
Street improvements	905,313	531,444
Total fund balances	906,763	646,794
Total liabilities and fund balances	\$ 916,182	\$ 762,272

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, 2012

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 760,369	\$ -	\$ 760,369	\$ 753,000	\$ 7,369
Interest	1,063	-	1,063	500	563
Total revenues	<u>761,432</u>	<u>-</u>	<u>761,432</u>	<u>753,500</u>	<u>7,932</u>
<b>Expenditures</b>					
Current:					
Public works	1,154,463	(113,900)	1,040,563	1,784,000	743,437
Total expenditures	<u>1,154,463</u>	<u>(113,900)</u>	<u>1,040,563</u>	<u>1,784,000</u>	<u>743,437</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(393,031)</u>	<u>113,900</u>	<u>(279,131)</u>	<u>(1,030,500)</u>	<u>751,369</u>
<b>Other financing sources (uses)</b>					
Transfers in	653,000	-	653,000	653,000	-
Total other financing sources (uses)	<u>653,000</u>	<u>-</u>	<u>653,000</u>	<u>653,000</u>	<u>-</u>
<b>Net change in fund balances</b>	259,969	113,900	373,869	(377,500)	751,369
<b>Fund balance - beginning</b>	<u>646,794</u>	<u>-</u>	<u>646,794</u>	<u>646,794</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 906,763</u>	<u>\$ 113,900</u>	<u>\$ 1,020,663</u>	<u>\$ 269,294</u>	<u>\$ 751,369</u>

CITY OF OAK RIDGE, TENNESSEE  
STREET AND PUBLIC TRANSPORTATION FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 32,553	\$ -
Due from other governments	38,800	61,490
Total assets	\$ 71,353	\$ 61,490
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 30,173	\$ 30,104
Total liabilities	30,173	30,104
Fund balances:		
Restricted		
Public transportation	41,180	31,386
Total fund balances	41,180	31,386
 Total liabilities and fund balances	\$ 71,353	\$ 61,490

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, 2012

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 165,420	\$ -	\$ 165,420	\$ 190,125	\$ (24,705)
Interest	48	-	48	-	48
Other	-	-	-	10,000	(10,000)
Total revenues	<u>165,468</u>	<u>-</u>	<u>165,468</u>	<u>200,125</u>	<u>(34,657)</u>
<b>Expenditures</b>					
Current:					
Community services	210,674	-	210,674	260,000	49,326
Total expenditures	<u>210,674</u>	<u>-</u>	<u>210,674</u>	<u>260,000</u>	<u>49,326</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(45,206)</u>	<u>-</u>	<u>(45,206)</u>	<u>(59,875)</u>	<u>14,669</u>
<b>Other financing sources (uses)</b>					
Transfers in	55,000	-	55,000	55,000	-
Total other financing sources (uses)	<u>55,000</u>	<u>-</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
<b>Net change in fund balances</b>	9,794	-	9,794	(4,875)	14,669
<b>Fund balance - beginning</b>	<u>31,386</u>	<u>-</u>	<u>31,386</u>	<u>31,386</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 41,180</u>	<u>\$ -</u>	<u>\$ 41,180</u>	<u>\$ 26,511</u>	<u>\$ 14,669</u>

CITY OF OAK RIDGE, TENNESSEE  
GRANT FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Due from other governments	\$ 239,042	\$ 226,924
Total assets	\$ 239,042	\$ 226,924
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 8,227	\$ 110,549
Accrued liabilities	-	998
Due to other funds	117,938	-
Deferred revenue	-	2,500
Total liabilities	126,165	114,047
 Fund balances:		
Restricted		
Grant projects	-	2,500
Assigned		
Grant projects	112,877	110,377
Total fund balances	112,877	112,877
Total liabilities and fund balances	\$ 239,042	\$ 226,924

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, 2012**

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Intergovernmental	\$ 570,748	\$ -	\$ 570,748	\$ 3,828,150	\$ (3,257,402)
Total revenues	<u>570,748</u>	<u>-</u>	<u>570,748</u>	<u>3,828,150</u>	<u>(3,257,402)</u>
<b>Expenditures</b>					
Current:					
Public safety	47,831	-	47,831	188,000	140,169
Public works	160,715	-	160,715	137,376	(23,339)
Community services	460,023	-	460,023	3,579,624	3,119,601
Debt service:					
Principal retirement	72,000	-	72,000	72,000	-
Interest and fiscal charges	4,269	-	4,269	23,000	18,731
Total expenditures	<u>744,838</u>	<u>-</u>	<u>744,838</u>	<u>4,000,000</u>	<u>3,255,162</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(174,090)</u>	<u>-</u>	<u>(174,090)</u>	<u>(171,850)</u>	<u>(2,240)</u>
<b>Other financing sources (uses)</b>					
Transfers in	174,090	-	174,090	171,850	2,240
Total other financing sources (uses)	<u>174,090</u>	<u>-</u>	<u>174,090</u>	<u>171,850</u>	<u>2,240</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - beginning</b>	<u>112,877</u>	<u>-</u>	<u>112,877</u>	<u>112,877</u>	<u>-</u>
<b>Fund balance - ending</b>	<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, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 228,748	\$ 257,130
Prepaid items	1,933	1,481
Total assets	\$ 230,681	\$ 258,611
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 5,900	\$ 3,340
Due to other governments	-	1,625
Total liabilities	5,900	4,965
Fund balances:		
Nonspendable		
Prepaid items	1,933	1,481
Restricted		
Drug enforcement	222,848	252,165
Total fund balances	224,781	253,646
Total liabilities and fund balances	\$ 230,681	\$ 258,611

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, 2012

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 31,383	\$ -	\$ 31,383	\$ 110,000	\$ (78,617)
Fines and forfeitures	88,972	-	88,972	55,000	33,972
Interest	376	-	376	750	(374)
Other	-	-	-	1,000	(1,000)
Total revenues	<u>120,731</u>	<u>-</u>	<u>120,731</u>	<u>166,750</u>	<u>(46,019)</u>
<b>Expenditures</b>					
Current:					
Public safety	149,596	-	149,596	350,000	200,404
Total expenditures	<u>149,596</u>	<u>-</u>	<u>149,596</u>	<u>350,000</u>	<u>200,404</u>
Excess (deficiency) of revenues over (under) expenditures	(28,865)	-	(28,865)	(183,250)	154,385
Fund balance - beginning	<u>253,646</u>	<u>-</u>	<u>253,646</u>	<u>253,646</u>	<u>-</u>
Fund balance - ending	<u>\$ 224,781</u>	<u>\$ -</u>	<u>\$ 224,781</u>	<u>\$ 70,396</u>	<u>\$ 154,385</u>

CITY OF OAK RIDGE, TENNESSEE  
 GOLF COURSE FUND  
 COMPARATIVE BALANCE SHEETS  
 June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 915,002	\$ 916,394
Receivables, net	241,647	143,269
Inventories, at cost	20,994	25,077
Total assets	<u>\$ 1,177,643</u>	<u>\$ 1,084,740</u>
 <b>Fund balances</b>		
Fund balances:		
Nonspendable		
Inventory	\$ 20,994	\$ 25,077
Assigned		
Recreation	1,156,649	1,059,663
Total fund balances	<u>1,177,643</u>	<u>1,084,740</u>
 Total liabilities and fund balances	 <u>\$ 1,177,643</u>	 <u>\$ 1,084,740</u>

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, 2012

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Charges for services	\$ 1,200,450	\$ -	\$ 1,200,450	\$ 1,345,000	\$ (144,550)
Interest	1,272	-	1,272	2,000	(728)
Total revenues	<u>1,201,722</u>	<u>-</u>	<u>1,201,722</u>	<u>1,347,000</u>	<u>(145,278)</u>
<b>Expenditures</b>					
Current:					
Community services	1,108,819	-	1,108,819	1,335,000	226,181
Total expenditures	<u>1,108,819</u>	<u>-</u>	<u>1,108,819</u>	<u>1,335,000</u>	<u>226,181</u>
Excess (deficiency) of revenues over (under) expenditures	92,903	-	92,903	12,000	80,903
Fund balance - beginning	<u>1,084,740</u>	<u>-</u>	<u>1,084,740</u>	<u>1,084,740</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,177,643</u>	<u>\$ -</u>	<u>\$ 1,177,643</u>	<u>\$ 1,096,740</u>	<u>\$ 80,903</u>

CITY OF OAK RIDGE, TENNESSEE  
WEST END FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 544,418	\$ 667,268
Total assets	\$ 544,418	\$ 667,268
 <b>Liabilities and fund balances</b>		
Accounts payable	\$ 102,672	\$ 10,611
Accrued liabilities	24,971	19,861
Total liabilities	127,643	30,472
 Fund balances:		
Assigned		
Fire and emergency services	416,775	636,796
Total fund balances	416,775	636,796
Total liabilities and fund balances	\$ 544,418	\$ 667,268

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, 2012

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 2,327,689	\$ -	\$ 2,327,689	\$ 2,624,088	\$ (296,399)
Interest	923	-	923	1,500	(577)
Total revenues	<u>2,328,612</u>	<u>-</u>	<u>2,328,612</u>	<u>2,625,588</u>	<u>(296,976)</u>
<b>Expenditures</b>					
Current:					
Public safety	2,548,633	-	2,548,633	2,893,000	344,367
Total expenditures	<u>2,548,633</u>	<u>-</u>	<u>2,548,633</u>	<u>2,893,000</u>	<u>344,367</u>
Excess (deficiency) of revenues over (under) expenditures	(220,021)	-	(220,021)	(267,412)	47,391
Fund balance - beginning	<u>636,796</u>	<u>-</u>	<u>636,796</u>	<u>636,796</u>	<u>-</u>
Fund balance - ending	<u>\$ 416,775</u>	<u>\$ -</u>	<u>\$ 416,775</u>	<u>\$ 369,384</u>	<u>\$ 47,391</u>

CITY OF OAK RIDGE, TENNESSEE  
SPECIAL PROGRAMS FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,072,615	\$ 705,582
Receivables, net	37,898	14,742
Total assets	<u>\$ 1,110,513</u>	<u>\$ 720,324</u>
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 191,741	\$ 100,705
Total liabilities	<u>191,741</u>	<u>100,705</u>
Fund balances:		
Assigned		
Special programs	918,772	619,619
Total fund balances	<u>918,772</u>	<u>619,619</u>
Total liabilities and fund balances	<u>\$ 1,110,513</u>	<u>\$ 720,324</u>

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, 2012

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
Fines and forfeitures	\$ 451,173	\$ -	\$ 451,173	\$ 625,000	\$ (173,827)
Interest	969	-	969	150	819
Total revenues	<u>452,142</u>	<u>-</u>	<u>452,142</u>	<u>625,150</u>	<u>(173,008)</u>
<b>Expenditures</b>					
Current:					
Public safety	152,989	-	152,989	1,243,000	1,090,011
Total expenditures	<u>152,989</u>	<u>-</u>	<u>152,989</u>	<u>1,243,000</u>	<u>1,090,011</u>
Excess (deficiency) of revenues over (under) expenditures	299,153	-	299,153	(617,850)	917,003
Fund balance - beginning	<u>619,619</u>	<u>-</u>	<u>619,619</u>	<u>619,619</u>	<u>-</u>
Fund balance - ending	<u>\$ 918,772</u>	<u>\$ -</u>	<u>\$ 918,772</u>	<u>\$ 1,769</u>	<u>\$ 917,003</u>

## Internal Service Funds

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

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

**Inventory Fund:** This fund is used to account for the costs of maintaining a central inventory of materials and supplies for use by all activities of the City.

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

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

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENTS OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2012 and 2011**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2012	2011	2012	2011	2012	2011	2012	2011	June 30, 2012	June 30, 2011
	<b>ASSETS</b>									
Current assets										
Cash and cash equivalents	\$ 1,698,749	\$ 1,714,276	\$ -	\$ -	\$ 2,152,306	\$ 1,167,001	\$ 883,844	\$ 889,032	\$ 4,734,899	\$ 3,770,309
Inventory, at cost	-	-	3,225,877	2,741,774	-	-	-	-	3,225,877	2,741,774
Restricted assets:										
Cash and cash equivalents	-	-	-	-	-	444,856	-	-	-	444,856
Total current assets	<u>1,698,749</u>	<u>1,714,276</u>	<u>3,225,877</u>	<u>2,741,774</u>	<u>2,152,306</u>	<u>1,611,857</u>	<u>883,844</u>	<u>889,032</u>	<u>7,960,776</u>	<u>6,956,939</u>
Noncurrent assets										
Capital assets, net	-	-	-	-	2,520,359	2,917,855	636,215	757,848	3,156,574	3,675,703
Deferred charges	-	-	-	-	3,783	5,140	-	-	3,783	5,140
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,524,142</u>	<u>2,922,995</u>	<u>636,215</u>	<u>757,848</u>	<u>3,160,357</u>	<u>3,680,843</u>
Total assets	<u>1,698,749</u>	<u>1,714,276</u>	<u>3,225,877</u>	<u>2,741,774</u>	<u>4,676,448</u>	<u>4,534,852</u>	<u>1,520,059</u>	<u>1,646,880</u>	<u>11,121,133</u>	<u>10,637,782</u>
<b>LIABILITIES</b>										
Current liabilities										
Accounts payable	55,167	72,537	125,116	109,357	42,155	69,979	-	1,292	222,438	253,165
Claims payable	300,000	300,000	-	-	-	-	-	-	300,000	300,000
Accrued liabilities	-	-	-	-	6,351	5,049	-	-	6,351	5,049
Advances from other funds	-	-	3,100,761	2,632,417	-	-	-	-	3,100,761	2,632,417
Current portion of long-term liabilities	-	-	-	-	126,435	254,738	-	-	126,435	254,738
Accrued interest payable	-	-	-	-	1,726	2,410	-	-	1,726	2,410
Total current liabilities	<u>355,167</u>	<u>372,537</u>	<u>3,225,877</u>	<u>2,741,774</u>	<u>176,667</u>	<u>332,176</u>	<u>-</u>	<u>1,292</u>	<u>3,757,711</u>	<u>3,447,779</u>
Noncurrent liabilities										
Vacation benefits payable	-	-	-	-	13,442	11,872	-	-	13,442	11,872
Bonds payable	-	-	-	-	698,307	767,439	-	-	698,307	767,439
OPEB liability	-	-	-	-	10,874	8,668	-	-	10,874	8,668
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722,623</u>	<u>787,979</u>	<u>-</u>	<u>-</u>	<u>722,623</u>	<u>787,979</u>
Total liabilities	<u>355,167</u>	<u>372,537</u>	<u>3,225,877</u>	<u>2,741,774</u>	<u>899,290</u>	<u>1,120,155</u>	<u>-</u>	<u>1,292</u>	<u>4,480,334</u>	<u>4,235,758</u>
<b>NET ASSETS</b>										
Invested in capital assets net of related debt	-	-	-	-	1,752,920	2,391,141	636,215	757,848	2,389,135	3,148,989
Unrestricted	1,343,582	1,341,739	-	-	2,024,238	1,023,556	883,844	887,740	4,251,664	3,253,035
Total net assets	<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>

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Years Ended June 30, 2012 and June 30, 2011**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2012	2011	2012	2011	2012	2011	2012	2011	June 30, 2012	June 30, 2011
	<b>Operating revenues</b>									
Charges for services	\$ 3,938,846	\$ 3,895,164	\$ 2,747,466	\$ 3,180,310	\$ 3,510,578	\$ 3,390,808	\$ 26,200	\$ 30,000	\$ 10,223,090	\$ 10,496,282
Employer's contributions	3,740,000	3,750,000	-	-	-	-	-	-	3,740,000	3,750,000
Employees' contributions	944,827	906,307	-	-	-	-	-	-	944,827	906,307
Total operating revenues	<u>8,623,673</u>	<u>8,551,471</u>	<u>2,747,466</u>	<u>3,180,310</u>	<u>3,510,578</u>	<u>3,390,808</u>	<u>26,200</u>	<u>30,000</u>	<u>14,907,917</u>	<u>15,152,589</u>
<b>Operating expenses</b>										
Maintenance and administrative	-	-	-	-	1,348,335	1,285,991	-	12,572	1,348,335	1,298,563
Depreciation	-	-	-	-	764,727	784,692	151,729	175,985	916,456	960,677
Materials	-	-	2,747,466	3,180,310	1,024,970	981,787	-	-	3,772,436	4,162,097
Medical/liability claims	544,996	712,011	-	-	-	-	-	-	544,996	712,011
Insurance premiums	4,907,007	4,640,154	-	-	-	-	-	-	4,907,007	4,640,154
Other benefits	3,172,001	3,172,001	-	-	-	-	-	-	3,172,001	3,172,001
Total operating expenses	<u>8,624,004</u>	<u>8,524,166</u>	<u>2,747,466</u>	<u>3,180,310</u>	<u>3,138,032</u>	<u>3,052,470</u>	<u>151,729</u>	<u>188,557</u>	<u>14,661,231</u>	<u>14,945,503</u>
<b>Operating income (loss)</b>	<u>(331)</u>	<u>27,305</u>	<u>-</u>	<u>-</u>	<u>372,546</u>	<u>338,338</u>	<u>(125,529)</u>	<u>(158,557)</u>	<u>246,686</u>	<u>207,086</u>
<b>Nonoperating revenue (expense)</b>										
Gain on sale of capital assets	-	-	-	-	9,455	10,622	-	1,704	9,455	12,326
Interest revenue	2,174	2,975	-	-	4,520	5,019	-	-	6,694	7,994
Interest expense	-	-	-	-	(28,232)	(34,594)	-	-	(28,232)	(34,594)
Total nonoperating revenue (expense)	<u>2,174</u>	<u>2,975</u>	<u>-</u>	<u>-</u>	<u>(14,257)</u>	<u>(18,953)</u>	<u>-</u>	<u>1,704</u>	<u>(12,083)</u>	<u>(14,274)</u>
<b>Income (loss) before transfers and contributions</b>	<u>1,843</u>	<u>30,280</u>	<u>-</u>	<u>-</u>	<u>358,289</u>	<u>319,385</u>	<u>(125,529)</u>	<u>(156,853)</u>	<u>234,603</u>	<u>192,812</u>
Capital contributions	-	-	-	-	4,172	-	-	-	4,172	-
<b>Change in net assets</b>	<u>1,843</u>	<u>30,280</u>	<u>-</u>	<u>-</u>	<u>362,461</u>	<u>319,385</u>	<u>(125,529)</u>	<u>(156,853)</u>	<u>238,775</u>	<u>192,812</u>
<b>Total net assets - beginning</b>	<u>1,341,739</u>	<u>1,311,459</u>	<u>-</u>	<u>-</u>	<u>3,414,697</u>	<u>3,095,312</u>	<u>1,645,588</u>	<u>1,802,441</u>	<u>6,402,024</u>	<u>6,209,212</u>
<b>Total net assets - ending</b>	<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>

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Years Ended June 30, 2012 and June 30, 2011**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2012	2011	2012	2011	2012	2011	2012	2011	June 30, 2012	June 30, 2011
<b>Operating activities</b>										
Cash received from customers	\$ 8,623,673	\$ 8,551,471	\$ 2,747,466	\$ 3,180,310	\$ 3,511,935	\$ 3,392,165	\$ 26,200	\$ 30,000	\$ 14,909,274	\$ 15,153,946
Cash paid to suppliers	(8,641,374)	(8,293,258)	(3,215,810)	(3,064,862)	(2,397,941)	(2,307,896)	(1,292)	(11,280)	(14,256,417)	(13,677,296)
<b>Net cash provided by (used in) operating activities</b>	<b>(17,701)</b>	<b>258,213</b>	<b>(468,344)</b>	<b>115,448</b>	<b>1,113,994</b>	<b>1,084,269</b>	<b>24,908</b>	<b>18,720</b>	<b>652,857</b>	<b>1,476,650</b>
<b>Noncapital financing activities</b>										
Advances from (to) other funds	-	-	468,344	(115,448)	-	(2,292)	-	-	468,344	(117,740)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>468,344</b>	<b>(115,448)</b>	<b>-</b>	<b>(2,292)</b>	<b>-</b>	<b>-</b>	<b>468,344</b>	<b>(117,740)</b>
<b>Capital and related financing activities</b>										
Net proceeds from the issuance of long-term debt	-	-	-	-	-	-	-	-	-	-
Contributed capital	-	-	-	-	4,172	-	-	-	4,172	-
Acquisition and construction of capital assets	-	-	-	-	(348,321)	(700,054)	(30,096)	1,704	(378,417)	(698,350)
Principal paid on long-term debt	-	-	-	-	(205,000)	(177,000)	-	-	(205,000)	(177,000)
Interest paid on long-term debt	-	-	-	-	(28,916)	(35,110)	-	-	(28,916)	(35,110)
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(578,065)</b>	<b>(912,164)</b>	<b>(30,096)</b>	<b>1,704</b>	<b>(608,161)</b>	<b>(910,460)</b>
<b>Investing activities</b>										
Interest and dividends on investments	2,174	2,975	-	-	4,520	5,019	-	-	6,694	7,994
<b>Net cash provided by investing activities</b>	<b>2,174</b>	<b>2,975</b>	<b>-</b>	<b>-</b>	<b>4,520</b>	<b>5,019</b>	<b>-</b>	<b>-</b>	<b>6,694</b>	<b>7,994</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(15,527)</b>	<b>261,188</b>	<b>-</b>	<b>-</b>	<b>540,449</b>	<b>174,832</b>	<b>(5,188)</b>	<b>20,424</b>	<b>519,734</b>	<b>456,444</b>
<b>Cash and cash equivalents</b>										
Beginning of year	1,714,276	1,453,088	-	-	1,611,857	1,437,025	889,032	868,608	4,215,165	3,758,721
End of year	\$ 1,698,749	\$ 1,714,276	\$ -	\$ -	\$ 2,152,306	\$ 1,611,857	\$ 883,844	\$ 889,032	\$ 4,734,899	\$ 4,215,165

Continued:

**CITY OF OAK RIDGE, TENNESSEE**  
**COMBINING STATEMENTS OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**For the Fiscal Years Ended June 30, 2012 and June 30, 2011**

	Insurance		Inventory		City Equipment Replacement		School Equipment Replacement		Totals	
	2012	2011	2012	2011	2012	2011	2012	2011	June 30, 2012	June 30, 2011
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>										
Operating income (loss)	\$ (331)	\$ 27,305	\$ -	\$ -	\$ 372,546	\$ 338,338	\$ (125,529)	\$ (158,557)	\$ 246,686	\$ 207,086
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation	-	-	-	-	764,727	784,692	151,729	175,985	916,456	960,677
Gain on sale of assets	-	-	-	-	(9,455)	-	-	-	(9,455)	-
Noncash adjustments - other	-	-	-	-	-	-	-	-	-	-
Noncash adjustments - other	-	-	-	-	-	-	-	-	-	-
<b>Change in assets and liabilities</b>										
(Increase) decrease in amortization of deferred charges	-	-	-	-	2,224	1,357	-	-	2,224	1,357
(Increase) decrease in inventory, at cost	-	-	(484,103)	39,396	-	-	-	-	(484,103)	39,396
Increase (decrease) in accounts payable	(17,370)	30,908	15,759	76,052	(27,824)	(891)	(1,292)	1,292	(30,727)	107,361
Increase (decrease) in claims payable	-	200,000	-	-	-	-	-	-	-	200,000
Increase (decrease) in accrued liabilities	-	-	-	-	1,302	(8,082)	-	-	1,302	(8,082)
Increase (decrease) in accrued vacation	-	-	-	-	8,268	(33,703)	-	-	8,268	(33,703)
Increase (decrease) in OPEB liability	-	-	-	-	2,206	2,558	-	-	2,206	2,558
Total adjustments	(17,370)	230,908	(468,344)	115,448	741,448	745,931	150,437	177,277	406,171	1,269,564
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (17,701)</b>	<b>\$ 258,213</b>	<b>\$ (468,344)</b>	<b>\$ 115,448</b>	<b>\$ 1,113,994</b>	<b>\$ 1,084,269</b>	<b>\$ 24,908</b>	<b>\$ 18,720</b>	<b>\$ 652,857</b>	<b>\$ 1,476,650</b>

**CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011**

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 5,638,077	\$ 4,067,154
Receivables, net	18,669,799	19,008,143
Due from other funds	117,938	-
Due from other governments	2,612,617	2,621,158
Advances to other funds	112,500	112,500
Prepaid items	6,120	14,643
Long-term interfund note receivable	3,333,333	5,000,000
Total assets	\$ 30,490,384	\$ 30,823,598
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 550,488	\$ 501,709
Accrued liabilities	257,139	192,952
Deposits	457,520	417,380
Due to other governments	2,864	3,429
Deferred revenue	20,005,324	20,239,380
Total liabilities	21,273,335	21,354,850
Fund balances:		
Nonspendable		
Advances to other funds	3,445,833	5,112,500
Prepaid items	6,120	14,643
Assigned		
Budgeted fund balance draw for next year	697,871	1,495,303
Recreation	25,000	-
Unassigned		
Total fund balances	9,217,049	9,468,748
Total liabilities and fund balances	\$ 30,490,384	\$ 30,823,598

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2012

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>TAXES</u>			
<u>General Property Taxes</u>			
Real Property	\$ 18,392,368	\$ 18,005,000	\$ 387,368
Personal Property	1,123,671	1,115,000	8,671
Public Utilities	238,230	250,000	(11,770)
Interest & Penalties	439,851	125,000	314,851
Total General Property Taxes	<u>20,194,120</u>	<u>19,495,000</u>	<u>699,120</u>
<u>Other Property Taxes</u>			
Other than assessed	520,219	510,000	10,219
Total Other Property Taxes	<u>520,219</u>	<u>510,000</u>	<u>10,219</u>
<u>Gross Receipts Taxes</u>			
Beer Wholesale	602,682	580,000	22,682
Liquor Wholesale	242,197	243,000	(803)
Sales Tax - Local	495,282	545,000	(49,718)
Min. & Gross Receipts	1,013,495	775,000	238,495
Rec. Fee on Bus. Tax	104,612	-	104,612
Total Gross Receipts Taxes	<u>2,458,268</u>	<u>2,143,000</u>	<u>315,268</u>
TOTAL TAXES	<u>23,172,607</u>	<u>22,148,000</u>	<u>1,024,607</u>
<u>LICENSES &amp; PERMITS</u>			
Retail Beer & Liquor Licenses & Permits	22,528	21,000	1,528
Bldg., Zoning & Exam.	104,521	125,000	(20,479)
Electrical & Exam.	14,824	20,000	(5,176)
Plumbing Exam.	13,542	20,000	(6,458)
Animal Registration	10,420	7,000	3,420
Other Licenses & Permits	7,344	10,000	(2,656)
TOTAL LICENSES & PERMITS	<u>173,179</u>	<u>203,000</u>	<u>(29,821)</u>
<u>INTERGOVERNMENTAL</u>			
<u>State Shared</u>			
Sales Tax	1,991,484	1,896,185	95,299
Income Tax	406,846	381,000	25,846
Excise Tax	9,663	45,000	(35,337)
Beer Barrelage	14,398	14,958	(560)
Mixed Drink Tax	107,409	91,000	16,409
TVA Replacement	342,149	324,683	17,466
TVA Impact	241,628	100,000	141,628
<u>County Shared</u>			
Sales Tax - Roane	2,451,645	2,850,000	(398,355)
Sales Tax - Anderson	6,164,262	6,105,000	59,262
<u>State Grants in Aid</u>			
	5,451	600	4,851
<u>Federal</u>			
DOE In-Lieu of Taxes	1,662,113	1,662,773	(660)
DOE Grants	-	300,000	(300,000)
TOTAL INTERGOVERNMENTAL	<u>\$ 13,397,048</u>	<u>\$ 13,771,199</u>	<u>\$ (374,151)</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF REVENUES  
For the Fiscal Year Ended June 30, 2012

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
<u>CHARGES FOR SERVICES</u>			
<u>General Government</u>			
General & Admin. Cost	\$ 20,500	\$ 23,000	\$ (2,500)
<u>Public Safety</u>			
Police and Fire Reports	21,318	20,000	1,318
Animal Shelter Fees	38,977	23,000	15,977
<u>Community Services</u>			
Solid Waste	1,004,652	1,007,000	(2,348)
Total General Services	1,085,447	1,073,000	12,447
<u>Use of Property</u>			
Youth and Adult Activities	3,841	5,000	(1,159)
Outdoor Pool	110,687	95,000	15,687
Indoor Pool	38,465	45,000	(6,535)
Rental of Lands and Buildings	104,574	95,070	9,504
Community Centers Rental	27,111	35,000	(7,889)
Total Use of Property	284,678	275,070	9,608
TOTAL CHARGES FOR SERVICES	1,370,125	1,348,070	22,055
<u>FINES AND FORFEITURES</u>			
City Court Fines	57,350	65,000	(7,650)
City Court Costs	82,288	85,000	(2,712)
Bail Forfeitures	140,943	160,000	(19,057)
Misc. Court Revenues	3,809	2,000	1,809
Library Fines	40,303	50,000	(9,697)
TOTAL FINES AND FORFEITURES	324,693	362,000	(37,307)
<u>INTEREST</u>			
	63,426	50,000	13,426
<u>OTHER REVENUES</u>			
CATV Franchise	422,796	390,000	32,796
Right of Way	60,000	60,000	-
Salvage Sales	219	-	219
Miscellaneous	24,128	8,000	16,128
TOTAL OTHER REVENUES	507,143	458,000	49,143
TOTAL REVENUES	\$ 39,008,221	\$ 38,340,269	\$ 667,952

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2012

	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	\$ 94,907	\$ -	\$ 94,907	\$ 110,785	\$ 15,878
Total Legislative	<u>94,907</u>	<u>-</u>	<u>94,907</u>	<u>110,785</u>	<u>15,878</u>
<u>Executive</u>					
City Clerk	106,430	-	106,430	113,767	7,337
City Manager	258,020	-	258,020	309,106	51,086
Total Executive	<u>364,450</u>	<u>-</u>	<u>364,450</u>	<u>422,873</u>	<u>58,423</u>
<u>Judicial</u>					
Legal	239,175	-	239,175	231,573	(7,602)
City Court	206,650	-	206,650	204,438	(2,212)
Total Judicial	<u>445,825</u>	<u>-</u>	<u>445,825</u>	<u>436,011</u>	<u>(9,814)</u>
TOTAL GENERAL GOVERNMENT	<u>905,182</u>	<u>-</u>	<u>905,182</u>	<u>969,669</u>	<u>64,487</u>
<u>ADMINISTRATION:</u>					
Computer Services	382,977	-	382,977	371,412	(11,565)
Personnel	224,367	-	224,367	232,377	8,010
Stationery Stores	76,262	-	76,262	74,702	(1,560)
Finance	164,332	-	164,332	164,865	533
Utilities Business Office	69,121	-	69,121	72,532	3,411
TOTAL ADMINISTRATION	<u>917,059</u>	<u>-</u>	<u>917,059</u>	<u>915,888</u>	<u>(1,171)</u>
<u>PUBLIC SAFETY:</u>					
<u>Police</u>					
Supervision	326,430	-	326,430	274,256	(52,174)
Investigations	965,813	-	965,813	929,095	(36,718)
Staff Services	450,222	-	450,222	401,436	(48,786)
Patrol	3,796,373	-	3,796,373	3,843,515	47,142
Emergency Communications	315,120	-	315,120	304,565	(10,555)
Animal Control	233,459	-	233,459	303,549	70,090
School Resource Officer Program	97,608	-	97,608	131,267	33,659
Total Police	<u>\$ 6,185,025</u>	<u>\$ -</u>	<u>\$ 6,185,025</u>	<u>\$ 6,187,683</u>	<u>\$ 2,658</u>

(Continued)

CITY OF OAK RIDGE, TENNESSEE  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY FUNCTION  
For the Fiscal Year Ended June 30, 2012

	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	\$ 207,078	\$ -	\$ 207,078	\$ 231,304	\$ 24,226
Prevention	119,606	-	119,606	118,711	(895)
Firefighting	3,568,524	-	3,568,524	3,710,458	141,934
Fire Stations	113,669	-	113,669	122,902	9,233
Fire Specialists	82,812	-	82,812	143,949	61,137
Total Fire	<u>4,091,689</u>	<u>-</u>	<u>4,091,689</u>	<u>4,327,324</u>	<u>235,635</u>
TOTAL PUBLIC SAFETY	<u>10,276,714</u>	<u>-</u>	<u>10,276,714</u>	<u>10,515,007</u>	<u>238,293</u>
<u>PUBLIC WORKS:</u>					
Supervision	114,208	-	114,208	108,010	(6,198)
Engineering	133,591	-	133,591	133,606	15
State Highway Maintenance	79,125	-	79,125	61,709	(17,416)
General Maintenance	363,523	25,000	388,523	384,543	(3,980)
Central Service Building	126,109	-	126,109	130,618	4,509
Municipal Building	146,059	-	146,059	153,991	7,932
Traffic Control and Lights	1,022,169	-	1,022,169	1,086,111	63,942
TOTAL PUBLIC WORKS	<u>1,984,784</u>	<u>25,000</u>	<u>2,009,784</u>	<u>2,058,588</u>	<u>48,804</u>
<u>COMMUNITY SERVICES:</u>					
<u>Community Development</u>					
Supervision	182,698	-	182,698	186,189	3,491
Planning	124,607	-	124,607	127,362	2,755
Code Enforcement	331,943	-	331,943	400,421	68,478
Total Community Development	<u>639,248</u>	<u>-</u>	<u>639,248</u>	<u>713,972</u>	<u>74,724</u>
<u>Recreation</u>					
Supervision	242,112	-	242,112	252,794	10,682
Indoor Aquatics	182,890	-	182,890	207,820	24,930
Outdoor Aquatics	300,394	-	300,394	278,487	(21,907)
Centers, Camps & Programs	715,892	-	715,892	732,490	16,598
Athletics	138,587	-	138,587	140,381	1,794
Parks	825,718	-	825,718	786,983	(38,735)
Scarboro Center	170,543	-	170,543	178,149	7,606
Senior Center	284,258	-	284,258	286,036	1,778
Total Recreation	<u>2,860,394</u>	<u>-</u>	<u>2,860,394</u>	<u>2,863,140</u>	<u>2,746</u>
<u>Library</u>	<u>1,386,989</u>	<u>-</u>	<u>1,386,989</u>	<u>1,416,986</u>	<u>29,997</u>
<u>Solid Waste</u>	<u>2,527,065</u>	<u>-</u>	<u>2,527,065</u>	<u>2,531,170</u>	<u>4,105</u>
TOTAL COMMUNITY SERVICES	<u>7,413,696</u>	<u>-</u>	<u>7,413,696</u>	<u>7,525,268</u>	<u>111,572</u>
TOTAL EXPENDITURES	<u>\$ 21,497,435</u>	<u>\$ 25,000</u>	<u>\$ 21,522,435</u>	<u>\$ 21,984,420</u>	<u>\$ 461,985</u>

**CITY OF OAK RIDGE, TENNESSEE  
SCHOOL FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011**

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 9,589,960	\$ 7,080,525
Receivables, net	21,805	38,302
Due from other governments	1,806,602	2,659,480
Prepaid items	88,167	53,580
Total assets	\$ 11,506,534	\$ 9,831,887
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 1,677,784	\$ 837,918
Accrued liabilities	3,520,115	3,223,948
Due to other governments	326,949	65,544
Deferred revenue	678	15,796
Total liabilities	5,525,526	4,143,206
 Fund balances:		
Nonspendable	88,167	53,580
Restricted	141,603	71,666
Committed	74,825	60,114
Assigned	5,676,413	5,503,321
Total fund balances	5,981,008	5,688,681
Total liabilities and fund balances	\$ 11,506,534	\$ 9,831,887

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, 2012

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Intergovernmental	\$ 38,263,149	\$ -	\$ 38,263,149	\$ 38,987,227	\$ (724,078)
Charges for services	1,401,325	-	1,401,325	1,572,274	(170,949)
Other	336,646	-	336,646	382,635	(45,989)
Total revenues	<u>40,001,120</u>	<u>-</u>	<u>40,001,120</u>	<u>40,942,136</u>	<u>(941,016)</u>
<b>Expenditures</b>					
Current:					
Education	55,490,939	-	55,490,939	56,575,222	1,084,283
Total expenditures	<u>55,490,939</u>	<u>-</u>	<u>55,490,939</u>	<u>56,575,222</u>	<u>1,084,283</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(15,489,819)</u>	<u>-</u>	<u>(15,489,819)</u>	<u>(15,633,086)</u>	<u>143,267</u>
<b>Other financing sources (uses)</b>					
Transfers in	14,629,302	-	14,629,302	14,676,428	(47,126)
Capital lease issuance	1,152,844	-	1,152,844	-	1,152,844
Total other financing sources (uses)	<u>15,782,146</u>	<u>-</u>	<u>15,782,146</u>	<u>14,676,428</u>	<u>1,105,718</u>
<b>Net change in fund balances</b>	292,327	-	292,327	(956,658)	1,248,985
<b>Fund balance - beginning</b>	<u>5,688,681</u>	<u>-</u>	<u>5,688,681</u>	<u>5,688,681</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 5,981,008</u>	<u>\$ -</u>	<u>\$ 5,981,008</u>	<u>\$ 4,732,023</u>	<u>\$ 1,248,985</u>

CITY OF OAK RIDGE, TENNESSEE  
 CAPITAL PROJECTS FUND  
 COMPARATIVE BALANCE SHEETS  
 June 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 2,063,873	\$ 1,534,586
Due from other governments	221,409	56,403
Restricted assets:		
Cash and cash equivalents	34,104	82
Total assets	\$ 2,319,386	\$ 1,591,071
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 45,156	\$ 214,631
Deposits	140,838	-
Total liabilities	185,994	214,631
Fund balances:		
Restricted		
Capital projects	34,104	82
Assigned		
Capital projects	2,099,288	1,376,358
Total fund balances	2,133,392	1,376,440
Total liabilities and fund balances	\$ 2,319,386	\$ 1,591,071

CITY OF OAK RIDGE, TENNESSEE  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL (BUDGETARY BASIS)  
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance Positive (Negative)
<b>Revenues</b>						
Intergovernmental	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ (100,000)
Interest	5,000	5,000	1,830	-	1,830	(3,170)
Other	1,424,569	1,424,569	-	-	-	(1,424,569)
Total revenues	<u>1,529,569</u>	<u>1,529,569</u>	<u>1,830</u>	<u>-</u>	<u>1,830</u>	<u>(1,527,739)</u>
<b>Expenditures</b>						
Current:						
Capital outlay	3,892,348	3,892,348	1,256,878	-	1,256,878	2,635,470
Total expenditures	<u>3,892,348</u>	<u>3,892,348</u>	<u>1,256,878</u>	<u>-</u>	<u>1,256,878</u>	<u>2,635,470</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,362,779)</u>	<u>(2,362,779)</u>	<u>(1,255,048)</u>	<u>-</u>	<u>(1,255,048)</u>	<u>1,107,731</u>
<b>Other financing sources (uses)</b>						
Transfers in	2,012,000	2,012,000	2,012,000	-	2,012,000	-
Total other financing sources (uses)	<u>2,012,000</u>	<u>2,012,000</u>	<u>2,012,000</u>	<u>-</u>	<u>2,012,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(350,779)	(350,779)	756,952	-	756,952	1,107,731
<b>Fund balance - beginning</b>	<u>1,376,440</u>	<u>1,376,440</u>	<u>1,376,440</u>	<u>-</u>	<u>1,376,440</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,025,661</u>	<u>\$ 1,025,661</u>	<u>\$ 2,133,392</u>	<u>\$ -</u>	<u>\$ 2,133,392</u>	<u>\$ 1,107,731</u>

CITY OF OAK RIDGE, TENNESSEE  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
June 30, 2012 and 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 10,329,573	\$ 11,640,514
Receivables, net	469,124	130,859
Due from other governments	231,140	222,238
Total assets	\$ 11,029,837	\$ 11,993,611
 <b>Liabilities and fund balances</b>		
Total liabilities	\$ -	\$ -
Fund balances:		
Restricted		
Debt service	9,294,733	10,028,267
Assigned		
Debt service	1,735,104	1,965,344
Total fund balances	11,029,837	11,993,611
Total liabilities and fund balances	\$ 11,029,837	\$ 11,993,611

CITY OF OAK RIDGE, TENNESSEE  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
For the Fiscal Year Ended June 30, 2012

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
<b>Revenues</b>					
Taxes	\$ 1,838,793	\$ -	\$ 1,838,793	\$ 2,132,000	\$ (293,207)
Charges for services	892,732	-	892,732	892,732	-
Interest	13,998	-	13,998	40,000	(26,002)
Other	509,419	-	509,419	1,012,213	(502,794)
Total revenues	<u>3,254,942</u>	<u>-</u>	<u>3,254,942</u>	<u>4,076,945</u>	<u>(822,003)</u>
<b>Expenditures</b>					
Debt service:					
Principal retirement	3,599,419	-	3,599,419	3,599,419	-
Interest and fiscal charges	3,664,297	-	3,664,297	4,042,231	377,934
Contingency	-	-	-	500,351	500,351
Total expenditures	<u>7,263,716</u>	<u>-</u>	<u>7,263,716</u>	<u>8,142,001</u>	<u>878,285</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(4,008,774)</u>	<u>-</u>	<u>(4,008,774)</u>	<u>(4,065,056)</u>	<u>56,282</u>
<b>Other financing sources (uses)</b>					
Transfers in	3,045,000	-	3,045,000	3,045,000	-
Total other financing sources (uses)	<u>3,045,000</u>	<u>-</u>	<u>3,045,000</u>	<u>3,045,000</u>	<u>-</u>
<b>Net change in fund balances</b>	(963,774)	-	(963,774)	(1,020,056)	56,282
<b>Fund balance - beginning</b>	<u>11,993,611</u>	<u>-</u>	<u>11,993,611</u>	<u>11,993,611</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 11,029,837</u>	<u>\$ -</u>	<u>\$ 11,029,837</u>	<u>\$ 10,973,555</u>	<u>\$ 56,282</u>

CITY OF OAK RIDGE, TENNESSEE  
GENERAL OBLIGATION BONDS PRINCIPAL AND INTEREST  
REQUIREMENTS BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES  
June 30, 2012

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	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Net Interest	
2013	\$ 285,000	\$ 145,200	\$ -	\$ 604,876	\$ (211,706)	\$ 393,169	\$ -	\$ 775,700	\$ 420,000	\$ 143,694	\$ 2,610,000	\$ 98,700	\$ 3,315,000	\$ 1,556,463	\$ 4,871,463
2014	660,000	133,800	50,000	604,876	(211,706)	393,169	-	775,700	435,000	131,094	2,025,000	46,500	3,170,000	1,480,263	4,650,263
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	<u>\$ 3,630,000</u>	<u>\$ 441,600</u>	<u>\$ 10,000,000</u>	<u>\$ 14,145,689</u>	<u>\$ (4,950,990)</u>	<u>\$ 9,194,698</u>	<u>\$ 17,215,000</u>	<u>\$ 5,251,200</u>	<u>\$ 4,455,000</u>	<u>\$ 780,393</u>	<u>\$ 4,935,000</u>	<u>\$ 151,200</u>	<u>\$ 40,235,000</u>	<u>\$ 15,819,090</u>	<u>\$ 56,054,090</u>

(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.

CITY OF OAK RIDGE, TENNESSEE  
 NOTE PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES  
 June 30, 2012

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 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			
2013	\$ -	\$ 7,157	\$ 76,000	\$ 4,749	\$ -	\$ 64,995	\$ -	\$ 232,969	\$ 250,000	\$ 651,313	\$ -	\$ 991,237	\$ -	\$ 225,759	\$ 440,585	\$ 2,115	\$ 68,833	\$ 330	\$ 835,418	\$ 2,180,623	\$ 3,016,041
2014	-	7,157	79,000	3,867	70,000	64,946	-	232,969	300,000	641,938	-	991,237	-	225,759	440,585	2,115	68,833	330	958,418	2,170,318	3,126,736
2015	-	7,157	83,000	2,950	45,000	64,377	-	232,969	350,000	630,688	-	991,237	-	225,759	440,585	2,115	68,834	330	987,419	2,157,581	3,145,000
2016	-	7,157	87,000	1,987	5,000	64,027	-	232,969	400,000	617,563	-	991,237	-	225,759	440,585	2,115	68,833	330	1,001,418	2,143,143	3,144,561
2017	65,722	7,090	92,000	976	-	63,988	-	232,969	450,000	603,563	-	991,237	-	225,759	440,585	2,115	68,833	330	1,117,140	2,128,026	3,245,166
2018	70,326	6,258	-	-	-	63,988	-	232,969	500,000	587,250	-	991,237	-	225,759	440,585	2,115	68,834	330	1,079,745	2,109,906	3,189,651
2019	75,251	5,368	-	-	-	63,988	-	232,969	550,000	568,500	-	991,237	-	225,759	440,585	2,115	68,833	330	1,134,669	2,090,266	3,224,935
2020	80,512	4,415	-	-	75,000	63,937	-	232,969	500,000	547,875	-	991,237	-	225,759	440,585	2,115	68,833	330	1,164,930	2,068,637	3,233,567
2021	86,145	3,396	-	-	35,000	63,336	-	232,969	550,000	527,875	-	991,237	-	225,759	440,585	2,115	68,834	330	1,180,564	2,047,016	3,227,580
2022	92,183	2,306	-	-	470,000	62,742	-	232,969	2,600,000	505,875	-	991,237	-	225,759	-	-	-	-	3,162,183	2,020,888	5,183,071
2023	98,626	1,139	-	-	1,100,000	58,368	-	232,969	3,100,000	382,375	-	991,237	-	225,759	-	-	-	-	4,298,626	1,891,847	6,190,473
2024	-	-	-	-	775,000	49,369	-	232,969	3,300,000	235,125	-	991,237	-	225,759	-	-	-	-	4,075,000	1,734,459	5,809,459
2025	-	-	-	-	1,555,000	42,334	-	232,969	1,700,000	70,125	-	991,237	-	225,759	-	-	-	-	3,255,000	1,562,424	4,817,424
2026	-	-	-	-	1,905,000	29,056	-	232,969	-	-	-	991,237	1,465,000	-	-	-	-	-	3,370,000	1,479,021	4,849,021
2027	-	-	-	-	1,717,288	13,214	-	232,969	-	-	-	991,237	1,540,000	155,910	-	-	-	-	3,257,288	1,393,330	4,650,618
2028	-	-	-	-	-	-	-	232,969	-	-	-	991,237	1,615,000	82,484	-	-	-	-	1,615,000	1,306,690	2,921,690
2029	-	-	-	-	-	-	-	232,969	-	-	1,570,000	991,237	-	5,483	-	-	-	-	1,685,000	1,229,689	2,914,689
2030	-	-	-	-	-	-	-	232,969	-	-	1,745,000	917,621	-	-	-	-	-	-	1,745,000	1,150,590	2,895,590
2031	-	-	-	-	-	-	-	232,969	-	-	1,820,000	835,799	-	-	-	-	-	-	1,820,000	1,068,768	2,888,768
2032	-	-	-	-	-	-	-	232,969	-	-	4,315,000	750,461	-	-	-	-	-	-	4,315,000	983,430	5,298,430
2033	-	-	-	-	-	-	-	232,969	-	-	4,515,000	548,134	-	-	-	-	-	-	4,515,000	781,103	5,296,103
2034	-	-	-	-	-	-	-	232,969	-	-	2,295,000	336,430	-	-	-	-	-	-	2,295,000	569,399	2,864,399
2035	-	-	-	-	-	-	-	232,969	-	-	2,390,000	228,819	-	-	-	-	-	-	2,390,000	461,788	2,851,788
2036	-	-	-	-	-	-	-	232,969	-	-	2,490,000	116,754	-	-	-	-	-	-	2,490,000	349,723	2,839,723
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	\$ 58,601	\$ 417,000	\$ 14,530	\$ 7,752,288	\$ 832,667	\$ 5,325,000	\$ 5,943,438	\$ 14,550,000	\$ 6,570,063	\$ 21,140,000	\$ 20,585,048	\$ 4,735,000	\$ 3,404,501	\$ 3,965,265	\$ 19,034	\$ 619,500	\$ 2,970	\$ 59,072,818	\$ 37,430,851	\$ 96,503,669

- (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, 2012. For the 1994 loan this is 1.26%, 2001 loan 1.16%, and 2008 loan .84%.
- (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 14.
- (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 departments of education.

CITY OF OAK RIDGE, TENNESSEE  
 BOND PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND  
 June 30, 2012

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	
2013	\$ 1,010,000	\$ 169,700	\$ -	\$ 448,444	\$ -	\$ 302,775	\$ (105,971)	\$ 196,804	\$ 1,010,000	\$ 814,948	\$ 1,824,948
2014	1,095,000	119,200	-	448,444	-	302,775	(105,971)	196,804	1,095,000	764,448	1,859,448
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	37,977	512,977
2038	-	-	-	-	475,000	29,212	(10,224)	18,988	475,000	18,988	493,988
<b>Total</b>	<b>\$ 3,990,000</b>	<b>\$ 402,700</b>	<b>\$ 10,070,000</b>	<b>\$ 4,067,928</b>	<b>\$ 5,000,000</b>	<b>\$ 6,381,562</b>	<b>\$ (2,233,545)</b>	<b>\$ 4,148,017</b>	<b>\$ 19,060,000</b>	<b>\$ 8,618,646</b>	<b>\$ 27,678,646</b>

(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.

CITY OF OAK RIDGE, TENNESSEE  
 BOND PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND  
 June 30, 2012

Fiscal Year	General Obligation Bonds		2009B Build America Bonds				General Obligation Bonds		Total		
	Refunding Series 2003		Principal	Coupon Interest	Treasury Rebate (1)	Net Interest	Refunding Series 2011 B		Principal	Net Interest	Total Requirements
	Principal	Interest					Principal	Interest			
2013	\$ 435,000	\$ 72,800	\$ -	\$ 292,125	\$ (102,244)	\$ 189,881	\$ 100,000	\$ 259,550	\$ 535,000	\$ 522,231	\$ 1,057,231
2014	445,000	55,400	-	292,125	(102,244)	189,881	100,000	257,550	545,000	502,831	1,047,831
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
<b>Total</b>	<b>\$ 1,820,000</b>	<b>\$ 185,000</b>	<b>\$ 5,000,000</b>	<b>\$ 4,527,000</b>	<b>\$ (1,584,450)</b>	<b>\$ 2,942,550</b>	<b>\$ 9,810,000</b>	<b>\$ 3,314,363</b>	<b>\$ 16,630,000</b>	<b>\$ 6,441,912</b>	<b>\$ 23,071,912</b>

(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 State Congress will not attempt to reduce the amount of the direct subsidy payments

CITY OF OAK RIDGE, TENNESSEE  
NOTE PRINCIPAL AND INTEREST  
REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND  
June 30, 2012

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	
	2013	\$ 127,769	\$ 23,109	\$ -	\$ 12,208	\$ 127,769	
2014	132,773	21,835	-	12,208	132,773	34,042	166,815
2015	138,111	20,510	25,000	12,190	163,111	32,701	195,812
2016	143,448	19,133	70,000	11,949	213,448	31,082	244,530
2017	149,453	17,702	-	11,410	149,453	29,111	178,564
2018	155,124	16,211	-	11,410	155,124	27,621	182,745
2019	161,463	14,664	35,000	11,386	196,463	26,049	222,512
2020	167,801	13,053	-	11,116	167,801	24,169	191,970
2021	174,807	11,379	40,000	11,088	214,807	22,467	237,274
2022	181,812	9,636	-	10,780	181,812	20,415	202,227
2023	188,818	7,822	-	10,780	188,818	18,602	207,420
2024	196,491	5,939	290,000	10,579	486,491	16,518	503,009
2025	204,498	3,979	305,000	8,133	509,498	12,112	521,610
2026	212,505	1,939	355,000	5,537	567,505	7,476	574,981
2027	-	-	333,296	2,570	333,296	2,569	335,865
<b>Total</b>	<b>\$ 2,334,873</b>	<b>\$ 186,911</b>	<b>\$ 1,453,296</b>	<b>\$ 153,342</b>	<b>\$ 3,788,169</b>	<b>\$ 340,252</b>	<b>\$ 4,128,421</b>

(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, 2012. The interest rate for the 2005 loan is .99% and 2008 loan .84%.

CITY OF OAK RIDGE, TENNESSEE  
 NOTE PRINCIPAL AND INTEREST  
 REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND  
 June 30, 2012

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)		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	Fees/Interest	
2013	\$ -	\$ 35,327	\$ 148,000	\$ 18,885	\$ 255,231	\$ 45,967	\$ -	\$ 15,073	\$ 1,666,667	\$ 33,333	\$ 576,144	\$ 274,404	\$ 235,248	\$ 117,432	\$ -	\$ 218,500	\$ 2,881,290	\$ 758,922	\$ 3,640,211
2014	-	35,327	155,000	17,366	265,227	43,432	-	15,073	1,666,666	16,667	600,156	250,392	244,932	107,748	193,619	215,124	3,125,600	701,129	3,826,730
2015	-	35,327	163,000	15,774	275,889	40,798	-	15,073	-	-	625,164	225,384	255,012	97,668	201,167	207,577	1,520,232	637,601	2,157,833
2016	-	35,327	171,000	14,101	286,552	38,058	-	15,073	-	-	651,216	199,320	265,500	87,180	209,008	199,736	1,583,276	588,794	2,172,070
2017	323,978	34,992	180,000	12,345	298,547	35,211	75,000	15,021	-	-	678,360	172,188	276,432	76,248	217,155	191,588	2,049,472	537,593	2,587,065
2018	346,674	30,886	189,000	10,496	309,876	32,246	85,000	14,384	-	-	706,632	143,916	287,808	64,872	225,620	183,124	2,150,609	479,925	2,630,534
2019	370,949	26,493	198,000	8,556	322,537	29,168	60,000	13,688	-	-	736,080	114,468	299,652	53,028	234,414	174,329	2,221,632	419,730	2,641,362
2020	396,888	21,792	208,000	6,523	335,199	25,965	60,000	13,184	-	-	766,752	83,784	311,988	40,692	243,551	165,192	2,322,378	357,131	2,679,510
2021	424,655	16,762	218,000	4,388	349,193	22,635	60,000	12,680	-	-	798,708	51,828	324,828	27,852	253,045	155,698	2,428,429	291,843	2,720,272
2022	454,417	11,381	229,000	2,149	363,188	19,167	-	12,217	-	-	831,951	18,552	338,196	14,484	262,909	145,835	2,479,660	223,785	2,703,445
2023	486,174	5,622	-	-	377,182	15,560	160,000	12,107	-	-	-	-	174,242	2,058	273,157	135,587	1,470,754	170,933	1,641,688
2024	-	-	-	-	392,509	11,813	295,000	10,669	-	-	-	-	-	-	283,804	124,939	971,313	147,422	1,118,735
2025	-	-	-	-	408,503	7,914	315,000	8,178	-	-	-	-	-	-	294,867	113,877	1,018,369	129,969	1,148,338
2026	-	-	-	-	424,497	3,857	335,000	5,518	-	-	-	-	-	-	306,360	102,383	1,065,857	111,758	1,177,615
2027	-	-	-	-	-	-	349,416	2,694	-	-	-	-	-	-	318,302	90,441	667,718	93,135	760,853
2028	-	-	-	-	-	-	-	-	-	-	-	-	-	-	330,709	78,034	330,709	78,034	408,743
2029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	343,600	65,143	343,600	65,143	408,743
2030	-	-	-	-	-	-	-	-	-	-	-	-	-	-	356,994	51,750	356,994	51,750	408,743
2031	-	-	-	-	-	-	-	-	-	-	-	-	-	-	370,909	37,834	370,909	37,834	408,743
2032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	385,367	23,376	385,367	23,376	408,743
2033	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400,389	8,355	400,389	8,355	408,743
<b>Total</b>	<b>\$ 2,803,735</b>	<b>\$ 289,236</b>	<b>\$ 1,859,000</b>	<b>\$ 110,583</b>	<b>\$ 4,664,128</b>	<b>\$ 371,792</b>	<b>\$ 1,794,416</b>	<b>\$ 180,632</b>	<b>\$ 3,333,333</b>	<b>\$ 50,000</b>	<b>\$ 6,971,163</b>	<b>\$ 1,534,236</b>	<b>\$ 3,013,838</b>	<b>\$ 689,262</b>	<b>\$ 5,704,946</b>	<b>\$ 2,688,423</b>	<b>\$ 30,144,559</b>	<b>\$ 5,914,163</b>	<b>\$ 36,058,722</b>

- (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, 2012. For the 1994 loan this is 1.26%, 2001 loan 1.02%, 2005 loan .99%, and 2008 loan .84%.
- (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, 2012, \$1,295,054 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, 2012

Fiscal Year	Principal	Interest	Total Requirements
2013	\$ 118,348	\$ 32,554	\$ 150,902
2014	124,242	26,660	150,902
2015	130,429	20,473	150,902
2016	136,924	13,977	150,902
2017	143,743	7,158	150,902
Total	<u>\$ 653,686</u>	<u>\$ 100,822</u>	<u>\$ 754,508</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.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 23,501,788	\$ 23,875,530	\$ 33,185,737	\$ 31,540,540	\$ 35,621,496	\$ 48,509,856	\$ 45,110,444	\$ 36,306,869	\$ 38,500,904	\$ 39,810,637
Restricted	-	-	31,250,750	16,254,147	8,437,063	-	-	-	-	-
Unrestricted	19,366,677	19,746,192	(14,201,534)	4,868,333	13,040,675	17,395,007	18,213,217	25,468,174	26,701,583	20,769,587
Total governmental activities net assets	<u>\$ 42,868,465</u>	<u>\$ 43,621,722</u>	<u>\$ 50,234,953</u>	<u>\$ 52,663,020</u>	<u>\$ 57,099,234</u>	<u>\$ 65,904,863</u>	<u>\$ 63,323,661</u>	<u>\$ 61,775,043</u>	<u>\$ 65,202,487</u>	<u>\$ 60,580,224</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 59,304,016	\$ 58,458,062	\$ 63,928,694	\$ 62,355,102	\$ 63,965,893	\$ 71,964,232	\$ 75,244,455	\$ 74,961,657	\$ 75,189,718	\$ 73,448,261
Restricted	136,362	144,094	136,824	137,467	135,365	138,433	417,473	-	-	-
Unrestricted	1,536,903	3,617,784	(812,669)	731,699	(1,261,077)	(2,737,805)	(2,748,855)	266,207	3,992,597	6,703,403
Total business-type activities net assets	<u>\$ 60,977,281</u>	<u>\$ 62,219,940</u>	<u>\$ 63,252,849</u>	<u>\$ 63,224,268</u>	<u>\$ 62,840,181</u>	<u>\$ 69,364,860</u>	<u>\$ 72,913,073</u>	<u>\$ 75,227,864</u>	<u>\$ 79,182,315</u>	<u>\$ 80,151,664</u>
Primary government										
Invested in capital assets, net of related debt	\$ 82,805,804	\$ 82,333,592	\$ 97,114,431	\$ 93,895,642	\$ 99,587,389	\$ 120,474,088	\$ 120,354,899	\$ 111,268,526	\$ 113,690,622	\$ 113,258,898
Restricted	136,362	144,094	31,387,574	16,391,614	8,572,428	138,433	417,473	-	-	-
Unrestricted	20,903,580	23,363,976	(15,014,203)	5,600,032	11,779,598	14,657,202	15,464,362	25,734,381	30,694,180	27,472,990
Total primary government net assets	<u>\$ 103,845,746</u>	<u>\$ 105,841,662</u>	<u>\$ 113,487,802</u>	<u>\$ 115,887,288</u>	<u>\$ 119,939,415</u>	<u>\$ 135,269,723</u>	<u>\$ 136,236,734</u>	<u>\$ 137,002,907</u>	<u>\$ 144,384,802</u>	<u>\$ 140,731,888</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 ASSETS**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,383,174	\$ 273,179	\$ 2,142,857	\$ 1,719,874	\$ 341,550	\$ 787,908	\$ 2,440,145	\$ 1,410,659	\$ 1,534,057	\$ 666,017
Administration	705,764	658,782	661,942	577,081	617,258	630,209	897,870	889,136	939,662	968,733
Public safety	8,117,808	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
Public works	2,383,800	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
Community services (1)	9,331,657	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
Education	39,642,525	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
Interest and fiscal charges	1,927,382	1,593,696	2,290,550	2,316,963	2,974,889	4,244,444	4,840,057	4,205,056	4,004,334	3,705,803
Total governmental activities expenses	\$ 63,492,110	\$ 64,074,214	\$ 66,608,972	\$ 72,997,135	\$ 72,700,445	\$ 75,828,493	\$ 87,758,287	\$ 89,413,585	\$ 90,197,619	\$ 91,486,863
Business-type activities:										91,486,863
Electric	\$ 33,916,143	\$ 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
Waterworks	12,414,120	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
Emergency Communication District	285,099	399,182	390,131	347,391	356,781	553,265	568,519	456,154	505,551	478,965
Golf Course (1)	1,618,415	1,694,542	1,660,137	-	-	-	-	-	-	-
Total business-type activities expenses	\$ 48,233,777	\$ 50,214,532	\$ 49,918,966	\$ 52,050,157	\$ 57,918,804	\$ 61,241,496	\$ 67,743,224	\$ 63,667,135	\$ 69,447,601	\$ 71,052,936
Total primary government expenses	\$ 111,725,887	\$ 114,288,746	\$ 116,527,938	\$ 125,047,292	\$ 130,619,249	\$ 137,069,989	\$ 155,501,511	\$ 153,080,720	\$ 159,645,220	\$ 162,539,799
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 41,181	\$ 53,534	\$ 1,064,844	\$ 1,050,931	\$ 1,068,902	\$ 1,069,158	\$ 1,058,252	\$ 931,544	\$ 940,076	\$ 935,280
Public safety	385,537	423,988	309,132	414,184	445,986	406,046	433,075	1,404,083	1,046,023	895,676
Community services (1)	1,072,590	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
Education	1,415,934	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
Operating grants and contributions	27,933,166	29,235,660	30,012,921	31,365,321	32,698,403	38,302,402	39,948,251	40,677,481	41,364,846	41,485,129
Capital grant and contributions	1,295,056	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	\$ 32,143,464	\$ 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
Business-type activities:										
Charges for services										
Electric	\$ 34,097,676	\$ 35,245,680	\$ 35,051,657	\$ 38,227,318	\$ 41,184,246	\$ 44,844,650	\$ 51,764,998	\$ 47,916,470	\$ 53,998,664	\$ 52,650,987
Waterworks	12,368,240	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
Emergency Communication District	334,469	442,362	433,727	436,143	527,319	518,063	493,639	521,059	522,412	505,107
Golf course (1)	1,164,059	1,154,697	1,149,015	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	11,526	30,848	-	-	-	55,000	24,456
Capital grant and contributions	1,653,294	522,961	1,569,130	122,436	1,003,056	5,062,972	1,067,960	185,089	1,915,670	695,756
Total business-type activities program revenues	\$ 49,617,738	\$ 49,306,829	\$ 50,112,026	\$ 51,597,432	\$ 56,884,307	\$ 67,160,031	\$ 73,146,405	\$ 67,841,472	\$ 75,116,950	\$ 72,427,340
Total primary government program revenues	\$ 81,761,202	\$ 81,943,515	\$ 88,117,901	\$ 89,081,046	\$ 95,425,097	\$ 111,949,896	\$ 119,058,864	\$ 115,232,916	\$ 126,045,074	\$ 119,862,030

(Continued)

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (31,348,646)	\$ (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)
Business-type activities	1,383,961	(907,703)	193,060	(452,725)	(1,034,497)	5,918,535	5,403,181	4,174,337	5,669,349	1,374,404
Total primary governmental net expense	<u>\$ (29,964,685)</u>	<u>\$ (32,345,231)</u>	<u>\$ (28,410,037)</u>	<u>\$ (35,966,246)</u>	<u>\$ (35,194,152)</u>	<u>\$ (25,120,093)</u>	<u>\$ (36,442,647)</u>	<u>\$ (37,847,804)</u>	<u>\$ (33,600,146)</u>	<u>\$ (42,677,769)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Real & personal property taxes	\$ 15,300,003	\$ 14,915,676	\$ 15,529,602	\$ 15,734,618	\$ 16,283,441	\$ 17,770,961	\$ 19,169,307	\$ 18,999,090	\$ 18,975,327	\$ 20,228,638
In-lieu of tax payments	3,767,668	3,758,201	3,826,332	3,860,930	3,903,756	3,988,922	1,657,594	1,914,745	2,154,611	2,182,332
Sales taxes	7,132,719	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
State shared taxes	2,295,886	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
Business taxes	704,225	767,714	841,718	999,362	913,226	849,823	791,480	802,606	957,007	1,118,107
Occupancy taxes	366,023	363,789	397,925	427,608	455,744	542,126	558,612	489,976	531,416	482,365
Wholesale beer & liquor taxes	708,589	746,472	761,905	774,866	812,010	839,642	852,203	825,329	837,667	844,879
Gain (loss) on sale of capital assets	547,202	-	171,713	254,595	(17,362)	43,940	(623,323)	4,149	1,704	-
Interest	284,166	185,766	629,166	752,673	1,147,655	975,309	428,472	108,194	69,411	91,463
Investment Income - change in fair value of interest rate swap								(760,615)	(414,647)	(4,830,873)
Miscellaneous	1,090,299	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
Transfers	(308,284)	(248,109)	(42,800)	357,963	277,530	288,910	2,831,471	2,796,515	2,685,282	2,855,907
Total governmental activities	<u>\$ 31,888,496</u>	<u>\$ 32,190,785</u>	<u>\$ 35,216,328</u>	<u>\$ 37,941,588</u>	<u>\$ 38,595,869</u>	<u>\$ 42,119,232</u>	<u>\$ 40,864,975</u>	<u>\$ 41,752,890</u>	<u>\$ 42,696,939</u>	<u>\$ 39,429,910</u>
Business-type activities:										
Interest	\$ 40,545	\$ 47,575	\$ 78,765	\$ 52,996	\$ 80,328	\$ 57,500	\$ 41,179	\$ 54,083	\$ 55,470	\$ 56,362
Miscellaneous	718,377	1,854,678	718,284	729,111	847,612	837,554	935,324	882,886	914,914	2,394,490
Transfers	308,284	248,109	42,800	(357,963)	(277,530)	(288,910)	(2,831,471)	(2,796,515)	(2,685,282)	(2,855,907)
Total business-type activities:	<u>\$ 1,067,206</u>	<u>\$ 2,150,362</u>	<u>\$ 839,849</u>	<u>\$ 424,144</u>	<u>\$ 650,410</u>	<u>\$ 606,144</u>	<u>\$ (1,854,968)</u>	<u>\$ (1,859,546)</u>	<u>\$ (1,714,898)</u>	<u>\$ (405,055)</u>
Total primary government	<u>\$ 32,955,702</u>	<u>\$ 34,341,147</u>	<u>\$ 36,056,177</u>	<u>\$ 38,365,732</u>	<u>\$ 39,246,279</u>	<u>\$ 42,725,376</u>	<u>\$ 39,010,007</u>	<u>\$ 39,893,344</u>	<u>\$ 40,982,041</u>	<u>\$ 39,024,855</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 539,850	\$ 753,257	\$ 6,613,231	\$ 2,428,067	\$ 4,436,214	\$ 11,080,604	\$ (980,853)	\$ (269,251)	\$ 3,427,444	\$ (4,622,263)
Business-type activities	2,451,167	1,242,659	1,032,909	(28,581)	(384,087)	6,524,679	3,548,213	2,314,791	3,954,451	969,349
Total primary government	<u>\$ 2,991,017</u>	<u>\$ 1,995,916</u>	<u>\$ 7,646,140</u>	<u>\$ 2,399,486</u>	<u>\$ 4,052,127</u>	<u>\$ 17,605,283</u>	<u>\$ 2,567,360</u>	<u>\$ 2,045,540</u>	<u>\$ 7,381,895</u>	<u>\$ (3,652,914)</u>

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

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

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>FUND BALANCE PRIOR TO IMPLEMENTATION OF GASB 54:</b>										
General Fund										
Reserved	\$ 439,018	\$ 522,954	\$ 453,839	\$ 423,518	\$ 422,938	\$ 548,835	\$ 343,657	\$ 135,666	\$ -	\$ -
Unreserved	5,250,633	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>\$ 5,689,651</u>	<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>
All Other Governmental Funds										
Reserved	\$ 1,260,853	\$ 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	7,036,584	6,956,167	6,717,456	7,299,423	6,137,197	5,568,643	5,138,235	6,363,296	-	-
Capital projects funds	2,778,902	2,424,090	(710,174)	2,158,115	1,604,832	398,073	859,020	2,388,176	-	-
Debt services funds	1,239,747	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>\$ 12,316,086</u>	<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>
<b>FUND BALANCE UNDER GASB 54:</b>										
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,127,143	\$ 3,451,953
Assigned	-	-	-	-	-	-	-	-	1,495,303	722,871
Unassigned	-	-	-	-	-	-	-	-	2,846,302	5,042,225
Total general fund	<u>\$ -</u>	<u>\$ 9,468,748</u>	<u>\$ 9,217,049</u>							
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,907	\$ 131,987
Restricted	-	-	-	-	-	-	-	-	10,917,510	10,639,781
Committed	-	-	-	-	-	-	-	-	310,114	74,825
Assigned	-	-	-	-	-	-	-	-	11,764,159	12,741,528
Total all other governmental funds	<u>\$ -</u>	<u>\$ 23,206,690</u>	<u>\$ 23,588,121</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)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 19,776,290	\$ 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
Licenses and permits	197,357	173,514	340,802	465,364	272,409	271,002	269,593	243,947	207,479	173,179
Intergovernmental	39,887,937	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
Charges for services	3,493,647	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
Fines and forfeitures	356,599	397,281	283,826	391,570	429,453	397,230	427,921	1,410,770	1,032,384	864,838
Interest	255,266	168,416	599,462	696,241	1,070,165	915,773	403,054	100,348	61,417	84,769
Other	1,287,694	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
<b>Total Revenues</b>	<b>\$ 65,254,790</b>	<b>\$ 66,020,561</b>	<b>\$ 69,620,800</b>	<b>\$ 74,861,968</b>	<b>\$ 77,005,446</b>	<b>\$ 85,977,108</b>	<b>\$ 83,952,775</b>	<b>\$ 86,488,042</b>	<b>\$ 88,063,197</b>	<b>\$ 88,758,527</b>
<b>Expenditures</b>										
General Government	\$ 668,580	\$ 653,026	\$ 743,092	\$ 722,370	\$ 734,797	\$ 805,413	\$ 883,736	\$ 942,585	\$ 969,826	\$ 759,000
Administration	684,778	625,253	682,853	588,960	610,439	622,983	885,840	836,966	889,831	917,059
Public Safety	7,888,433	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
Public Works	2,621,163	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
Community Services	7,521,630	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
Education	38,985,004	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
Capital Outlay	4,138,439	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
Debt Service										
Principal	1,981,813	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
Interest	1,886,179	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
Other Charges	-	-	-	-	308,516	86,766	305,589	187,802	101,047	-
<b>Total Expenditures</b>	<b>\$ 66,376,019</b>	<b>\$ 67,094,717</b>	<b>\$ 71,292,746</b>	<b>\$ 87,264,423</b>	<b>\$ 105,554,025</b>	<b>\$ 101,713,724</b>	<b>\$ 90,402,792</b>	<b>\$ 89,407,547</b>	<b>\$ 89,906,781</b>	<b>\$ 92,637,546</b>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,121,229)	\$ (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)
<b>Other Financing Sources (Uses)</b>										
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	197,263	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
Transfers in	18,893,928	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
Transfers Out	(20,024,343)	(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)
<b>Total other financing sources (uses)</b>	<b>\$ (933,152)</b>	<b>\$ 1,441,269</b>	<b>\$ 32,490,263</b>	<b>\$ 2,290,883</b>	<b>\$ 21,237,593</b>	<b>\$ 5,967,377</b>	<b>\$ 6,414,875</b>	<b>\$ 12,347,276</b>	<b>\$ 3,127,023</b>	<b>\$ 4,008,751</b>
<b>Net changes in fund balances</b>	<b>\$ (2,054,381)</b>	<b>\$ 367,113</b>	<b>\$ 30,818,317</b>	<b>\$ (10,111,572)</b>	<b>\$ (7,310,986)</b>	<b>\$ (9,769,239)</b>	<b>\$ (35,142)</b>	<b>\$ 9,427,771</b>	<b>\$ 1,283,439</b>	<b>\$ 129,732</b>
Debt service as a percentage of noncapital expenditures	6.2%	5.6%	6.1%	7.1%	7.3%	8.3%	9.0%	8.2%	8.4%	8.2%

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

Fiscal Year	Property	Interest & Penalty	In lieu	Local Sales	Gross Receipts	Wholesale Beer/Liquor	Room Occupancy	Total
2003	\$ 14,997,982	\$ 302,021	\$ 1,313,325	\$ 7,132,719	\$ 704,225	\$ 708,589	\$ 366,023	\$ 25,524,884
2004	14,756,203	159,473	1,281,816	7,224,109	767,715	746,472	363,789	25,299,577
2005	15,341,027	188,575	1,317,779	9,032,154	841,718	761,905	397,925	27,881,083
2006	15,520,774	213,844	1,405,994	9,904,536	999,362	774,866	427,608	29,246,984
2007	16,105,953	177,488	1,401,412	9,810,033	913,226	812,010	455,744	29,675,866
2008	17,673,704	97,257	1,506,999	10,799,248	849,823	839,642	542,126	32,308,799
2009	18,624,249	149,402	1,657,594	10,110,993	791,480	852,203	558,612	32,744,533
2010	18,444,385	183,257	1,914,745	11,526,911	802,607	825,330	489,976	34,187,211
2011	18,938,769	138,825	2,154,611	11,811,555	957,007	837,667	531,416	35,369,850
2012	19,754,269	439,851	2,182,332	10,949,982	1,118,107	844,879	482,365	35,771,785
Change 2003-2012	31.71%	45.64%	66.17%	53.52%	58.77%	19.23%	31.79%	40.14%

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

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

Fiscal Year	Real Residential Property	Real Commercial Property	Personal Property	Public Utilities	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2003	\$ 270,610,350	\$ 183,471,507	\$ 52,745,175	\$ 11,512,784	\$ 518,339,816	\$ 2.94	\$ 1,737,869,752	30%
2004	272,157,350	190,580,631	51,253,014	10,267,203	524,258,198	2.87	1,754,591,999	30%
2005	274,953,825	200,439,682	53,452,186	10,153,519	538,999,212	2.87	1,797,549,402	30%
2006	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	334,908,739	231,506,227	58,066,034	11,091,196	635,572,196	2.55	2,132,119,781	30%
2008	347,866,446	268,472,911	44,406,428	9,269,913	670,015,698	2.65	2,227,523,875	30%
2009	354,598,524	280,288,355	43,756,118	9,427,296	688,070,293	2.77	2,282,109,248	30%
2010	360,138,810	275,346,400	41,036,175	8,596,521	685,117,906	2.77	2,281,338,528	30%
2011	434,362,125 (2)	315,793,803 (2)	47,011,864 (2)	10,508,868 (2)	807,676,660 (2)	2.39 (2)	2,702,746,254 (2)	30% (2)
2012	438,298,602	315,659,237	46,415,797	9,960,967	810,334,603	2.39	2,715,172,673	30%

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

(2) All properties were reappraised in tax year 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
2003	\$ 2.94	\$ 3.14	\$ 2.11
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

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 percent of the taxable real parcels (2,238 of 13,445) 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 2011 AND NINE YEARS AGO  
(For Fiscal Year 2012 and 2002)**

Taxpayer	Type of Business	Tax Year 2011			Tax Year 2002		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor (ORNL)	\$ 44,342,552	1	5.47%	\$ -		-
Oak Ridge Projects LLC	Real Estate Developer	37,379,552	2	4.61%	-		-
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	13,389,718	3	1.65%	10,838,880	2	2.11%
R&R Properties/Richard Chinn	Entrepreneur	12,143,797	4	1.50%	5,389,880	6	1.05%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	11,106,421	5	1.37%	5,175,274	7	1.01%
Methodist Medical Center of Oak Ridge	Health Services	10,557,920	6	1.30%	8,636,987	4	1.69%
Wilkinson Realty	Apartment Complexes	8,652,508	7	1.07%	-		-
BellSouth	Communications	6,263,248	8	0.77%	8,638,280	3	1.69%
A & M Enterprises Inc	Real Estate Developer	6,486,240	9	0.80%	-		-
Advanced Measurement Technology	Global Manufacturer	4,510,858	10	0.56%	-		-
Boeing Tennessee Inc.	Manufacturing and Engineering	-		-	14,707,542	1	2.87%
Oak Ridge Mall	Shopping Mall/Misc. Development	-		-	7,976,814	5	1.56%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	-		-	5,057,257	8	0.99%
BNFL, Inc	Environmental Services	-		-	4,854,660	9	0.95%
Wal-Mart	Retail	-		-	3,800,690	10	0.74%
<b>TOTAL</b>		<b>\$ 154,832,814</b>		<b>19.11%</b>	<b>\$ 75,076,264</b>		<b>14.66%</b>

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

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
		Amount	Percentage of Levy		Amount	Percentage of Levy	Amount (1)	Percentage of Levy
2003	\$ 15,239,191	\$ 14,768,834	96.9%	\$ 332,228	\$ 15,101,062	99.1%	\$ 138,129	0.9%
2004	15,046,210	14,460,793	96.1%	442,046	14,902,839	99.0%	143,371	1.0%
2005	15,469,277	14,934,125	96.5%	469,863	15,403,988	99.6%	65,289	0.4%
2006	15,563,401	15,280,442	98.2%	248,983	15,529,425	99.8%	33,976	0.2%
2007	16,207,091	15,901,543	98.1%	268,021	16,169,564	99.8%	37,527	0.2%
2008	17,755,416	17,303,022	97.5%	411,762	17,714,784	99.8%	40,632	0.2%
2009	19,059,547	18,519,409	97.2%	505,440	19,024,849	99.8%	34,698	0.2%
2010	18,977,766	18,120,891	95.5%	753,450	18,874,341	99.5%	103,425	0.5%
2011	19,303,472	18,322,654	94.9%	754,893	19,077,547	98.8%	225,925	1.2%
2012	19,366,997	18,695,063	96.5%	-	18,695,063	96.5%	671,934	3.5%

- (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, 2012**

<u>Tax Year</u>	<u>Property Tax Receivable Balance June 30, 2011</u>	<u>Property Tax Levied</u>	<u>Abatements &amp; Adjustments</u>	<u>Collections</u>	<u>Allowance For Uncollectibles (1)</u>	<u>Net Receivable Balance June 30, 2012</u>
2002	\$ 154,755	\$ -	\$ (14,938)	\$ 1,688	\$ (138,057)	\$ 72
2003	159,097	-	(14,580)	1,146	(143,371)	-
2004	80,170	-	(15,084)	(203)	(65,280)	9
2005	46,051	-	(11,880)	195	(33,976)	-
2006	50,456	-	(11,138)	1,791	(37,527)	-
2007	52,463	-	(11,606)	225	(40,632)	-
2008	96,396	-	-	61,698	(32,411)	2,287
2009	466,653	-	3,487	366,715	(22,052)	81,373
2010	988,272	-	(7,455)	754,893	(65,000)	160,924
2011	17,151,219	238,067	3,588	16,720,940	(85,000)	586,934
2012	<u>-</u>	<u>19,000,567</u>	<u>(49,158)</u>	<u>2,053,665</u>	<u>(100,000)</u>	<u>16,797,744</u>
Totals	<u>\$ 19,245,532</u>	<u>\$ 19,238,634</u>	<u>\$ (128,764)</u>	<u>\$ 19,962,753</u>	<u>\$ (763,306)</u>	<u>\$ 17,629,343</u>

Note: The levy for the 2012 tax year is recorded as a deferred revenue at fiscal year end June 30, 2012.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Building materials	\$ 33,161,236	\$ 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
General merchandise	119,827,335	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
Food stores	50,336,043	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
Autos, Boats, Aircrafts	117,412,599	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
Apparel	4,581,100	4,747,894	4,929,433	3,949,972	3,173,228	2,819,117	2,495,202	968,129	369,009	331,097
Furniture and Home Décor	9,097,840	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
Eating and Drinking Places	45,876,116	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
Miscellaneous Retail	39,382,365	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
<b>Total</b>	<b>\$ 419,674,634</b>	<b>\$ 431,880,899</b>	<b>\$ 443,405,293</b>	<b>\$ 440,431,306</b>	<b>\$ 428,773,787</b>	<b>\$ 421,743,479</b>	<b>\$ 394,094,741</b>	<b>\$ 356,866,069</b>	<b>\$ 353,742,445</b>	<b>\$ 362,156,776</b>
Oak Ridge/Anderson County local sales tax rate	2.25%	2.25%	2.25%	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**

Fiscal Year	Oak Ridge/ Anderson County		Anderson County	Oak Ridge/ Roane County	Roane County
2003	2.25%		2.25%	2.75%	2.50%
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%

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			
2003	\$ 37,645,000	\$ -	\$ 19,295,028	\$ 132,977	\$ 22,360,000	\$ 5,125,000	\$ 18,997,695	\$ -	\$ 103,555,700	13.67%	\$ 3,781
2004	35,265,000	-	20,043,765	719,243	21,550,000	4,800,000	19,890,589	-	102,268,597	13.06%	3,734
2005	32,820,000	7,049,360	44,992,765	445,193	20,730,000	4,470,000	21,927,521	-	132,434,839	16.67%	4,836
2006	30,285,000	7,641,275	44,938,765	228,476	19,895,000	4,130,000	27,442,240	-	134,560,756	16.26%	4,913
2007	27,650,000	7,131,857	65,882,765	-	19,045,000	3,780,000	30,191,887	1,166,355	154,847,864	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	(1)	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	(1)	5,811

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						
2003	\$	37,645,000	\$ 5,125,000	\$ 1,239,747	\$ 41,530,253	\$ 1,737,869,752	27,387	2.4%	\$ 1,516
2004		35,265,000	4,800,000	1,720,797	38,344,203	1,754,591,999	27,387	2.2%	1,400
2005		32,820,000	4,470,000	2,078,344	35,211,656	1,797,549,402	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	2,132,119,781	27,387	1.4%	1,070
2008		24,870,000	3,410,000	2,206,897	26,073,103	2,227,523,875	27,387	1.2%	952
2009		39,190,000	13,100,000	2,145,639	50,144,361	2,282,109,248	27,387	2.2%	1,831
2010		46,390,000	22,710,000	2,101,485	66,998,515	2,281,338,528	29,330	2.9%	2,284
2011		43,330,000	22,310,000	1,965,344	63,674,656	2,702,746,254	29,330	2.4%	2,171
2012		40,235,000	31,700,000	1,735,104	70,199,896	2,715,172,673	29,330	2.6%	2,393

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

(1) Excludes restricted debt services reserves.

**CITY OF OAK RIDGE, TENNESSEE**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2012**

<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	\$ 40,235,000	100%	\$ 40,235,000
Notes Payable	54,488,053	100%	54,488,053
Qualified Zone Academy Bonds (QZAB)	4,584,765	100%	4,584,765
Capital Lease	851,825	100%	851,825
Debt Service Fund	<u>(11,029,837)</u>		<u>(11,029,837)</u>
 Total Direct Debt	 <u>89,129,806</u>		 <u>89,129,806</u>
Overlapping:			
Anderson County, Tennessee	39,957,000	40.51% *	16,186,581
Roane County, Tennessee	<u>33,990,792</u>	13.06% *	<u>4,439,197</u>
 Total Overlapping Debt	 <u>73,947,792</u>		 <u>20,625,778</u>
 Total Direct and Overlapping Debt	 <u>\$ 163,077,598</u>		 <u>\$ 109,755,584</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  
PLEDGED - 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
2003	\$ 34,655,612	\$ 31,647,977	\$ 3,007,635	\$ 730,000	\$ 740,151	\$ 1,470,151	2.05	2003	\$ 12,474,343	\$ 9,060,860	\$ 3,413,483	\$ 526,443	\$ 789,700	\$ 1,316,143	2.59
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

(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 AND 1990 CENSUS YEAR INFORMATION AND LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(2) Median Age	(2) Unemployment Rate	School Enrollment
1980	27,662	\$ 255,707,528	\$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	482,321,910	17,661 (1)	39.6 (1)	4.9% (1)	4,432
2003	27,387	757,743,516	27,668	(3)	4.7%	4,323
2004	27,387	782,939,556	28,588	(3)	4.9%	4,285
2005	27,387	794,414,709	29,007	(3)	5.1%	4,280
2006	27,387	827,580,366	30,218	(3)	4.7%	4,306
2007	27,387	851,105,799	31,077	(3)	4.2%	4,394
2008	27,387	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	(3)	(3)	(3)	9.4%	4,458
2012	29,330	(3)	(3)	(3)	8.6%	4,468

(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>2012</u>			<u>2003</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	4,600	1	13.15%	4,300	2	11.95%
UT-Battelle	4,500	2	12.87%	4,500	1	12.51%
Methodist Medical Center	1,350	3	3.86%	1,310	3	3.64%
UCOR	1,337	4	3.82%	N/A	N/A	N/A
Science Applications Int'l Corp. (SAIC)	1,000	5	2.86%	800	5	2.22%
Oak Ridge Associated Universities	1,000	6	2.86%	430	10	1.20%
Wackenhut-Oak Ridge Team	900	7	2.57%	N/A	N/A	N/A
Oak Ridge Schools	681	8	1.95%	700	9	1.95%
Energy Solutions (AKA Duratek, Scientific Ecology C	678	9	1.94%	N/A	N/A	N/A
Sitel (Client Logic)	600	10	1.72%	777	6	2.16%
Bechtel Jacobs Co. LLC	N/A	N/A	N/A	652	8	1.81%
BNFL, Inc	N/A	N/A	N/A	900	4	2.50%
Boeing Defense and Space	N/A	N/A	N/A	763	7	2.12%
	<u>16,646</u>		<u>47.60%</u>	<u>15,132</u>		<u>42.06%</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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	3.00	4.00	3.50	3.50	3.50	4.00
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	9.00
Personnel	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Stationery Stores	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	10.00	8.00	8.00	8.00	8.00	8.00	8.00	10.00	10.00	10.00
Business Office	13.00	15.00	15.00	15.00	15.00	15.00	15.00	13.00	13.00	11.00
Police										
Supervision	2.00	2.00	2.00	2.00	2.00	3.00	2.50	3.00	3.00	3.00
Investigations	8.00	8.00	8.00	8.00	8.00	11.00	11.00	11.00	11.00	11.00
Staff services	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Patrol	44.39	41.00	47.00	47.00	47.00	44.00	44.00	45.00	45.00	45.75
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	3.00	3.50
School resource officer program	3.00	2.00	2.00	2.00	2.00	3.35	3.35	3.35	3.35	2.35
Special Programs Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25
Fire										
Supervision	2.00	2.00	2.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00
Prevention	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fighting	40.00	42.00	42.00	42.00	42.00	71.00	71.00	71.00	71.00	71.00
Public works										
Supervision	5.00	4.00	4.00	4.00	4.00	4.00	4.00	3.50	3.50	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	46.00	44.00	44.00	44.00	40.00	43.50	40.00	40.00	40.00	40.00
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	14.00	16.00	16.00	16.00	20.00	20.00	19.00	19.00	19.00	19.00
West End Waterworks	0.00	0.00	0.00	0.00	0.00	0.00	7.00	8.00	8.00	8.00
Community Development										
Supervision	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Planning	3.00	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	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

(Continued)

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

	Full-time Equivalent Employees at June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Recreation and parks										
Supervision	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Indoor aquatics	3.93	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18
Outdoor aquatics	6.28	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27
Centers, camp, & programs	12.78	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02
Athletics	1.00	1.00	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	0.00	1.39	1.39	1.39	1.39	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	17.00	16.68	16.68	16.68	17.00	17.00	17.00	17.75	17.75	17.75
Electric	34.00	34.00	34.00	34.00	34.00	34.00	35.00	35.00	35.00	35.00
Economic Development	2.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Subtotal	354.48	348.64	354.64	353.64	354.96	390.81	393.31	397.06	397.06	396.56
Education										
Teachers	360.30	401.30	396.10	401.20	406.70	414.90	390.00	398.70	420.50	420.90
Non-Teachers	309.45	305.08	302.20	273.39	266.14	282.39	296.70	306.10	271.47	260.53
Subtotal	669.75	706.38	698.30	674.59	672.84	697.29	686.70	704.80	691.97	681.43
Total	1,024.23	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

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General government</b>										
Ordinances Adopted	23	20	15	17	22	31	20	17	22	19
Resolutions Adopted	177	127	144	127	108	107	113	108	120	114
Number of court cases-city violations	3,882	3,429	1,709	2,881	3,483	3,566	4,198	4,861	4,412	3,905
<b>Administrative services</b>										
Applications received and processed	930	653	891	784	839	804	1,527	774	1,122	1,029
Purchase Orders issued for departments	2,044	2,254	4,524	4,525	4,106	4,619	4,720	4,778	4,979	4,947
Purchase Orders issued for stock purchases	1,259	1,420	1,219	1,350	1,328	1,138	706	836	853	803
Business licenses issued	N/A	1,282	1,345	1,392	1,344	1,339	1,295	N/A	1,071	1,164
New Business licenses issued	N/A	224	174							
<b>Police</b>										
Serious crimes	662	620	544	539	551	475	481	437	438	488
Burglaries	331	383	394	394	348	378	426	417	319	266
Total arrests	2,511	2,975	2,691	2,938	2,871	2,780	3,571	3,228	3,075	2,157
Total calls for services	36,291	32,854	32,854	35,544	37,055	35,159	38,660	30,999	31,157	26,505
Animal apprehensions	2,116	2,708	2,500	2,850	2,342	1,805	2,341	2,077	2,592	1,440
Registered animals	4,659	4,040	4,400	4,200	4,000	2,000	2,515	1,592	1,466	2,132
<b>Fire</b>										
Number of calls	3,497	3,264	3,560	3,743	3,721	4,095	4,489	4,457	4,528	4,549
Public fire education	10,993	10,993	10,993	9,000	10,750	11,000	11,000	11,000	5,000	8,860
Violations reported by department inspection	850	850	850	900	1,060	1,642	520	941	1,405	1,183
Average response time (mins)	3.5	4.0	4.0	4.0	4.3	4.5	4.1	4.1	5.38	5.20
Average control time (mins)	3.6	4.0	4.0	4.0	4.0	4.5	4.0	10.4	6.45	15.58
<b>Community Development</b>										
Site plans reviewed										
Non-Residential	19	19	18	19	6	9	15	13	11	14
Residential	65	76	110	112	108	39	45	0	22	13
Building permits	494	582	582	599	567	552	488	497	440	413
Plumbing permits	348	400	400	518	584	474	440	390	376	306
Electrical permits	438	530	530	643	629	507	434	520	492	369
Nuisance Abatement	969	1,691	1,691	757	620	733	726	1,076	1,285	1,110
Abandoned vehicles	112	416	416	416	150	127	289	219	234	196
Housing inspections	86	48	48	66	62	64	149	101	109	111
<b>Park and Recreation</b>										
City-wide special events										
Cold Facts Program participants	2,174	2,325	2,341	2,327	2,353	2,387	2,401	2,409	2,429	2,433
Pool attendance	87,435	78,938	60,775	75,741	77,153	78,689	70,759	66,182	82,861	79,535
Summer camp enrollment	880	860	1,100	870	949	997	1,000	1,050	1,093	1,005
Athletic activities										
Youth participants	234	212	186	147	155	166	189	223	196	202
Adult participants	1,280	1,496	1,845	1,784	1,579	1,707	1,898	1,774	1,562	1,724
Youth teams	21	20	18	16	17	16	19	21	20	20
Adult teams	95	106	138	129	113	124	142	125	118	127

(Continued)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Library</b>										
Total volume	118,320	118,411	114,707	114,707	112,550	113,890	115,159	117,310	122,250	124,714
Total non-print material	48,993	51,692	52,415	52,415	57,241	57,673	59,258	60,683	60,386	54,420
Total circulation	220,269	204,681	204,585	182,400	186,215	180,293	181,826	174,906	174,292	160,978
Registered patrons	22,477	27,604	23,735	23,455	22,171	20,209	22,301	22,520	24,111	22,624
Reference questions and reader service	37,433	33,029	35,622	33,217	29,883	31,170	30,914	33,011	34,539	34,263
Storytime attendance	5,432	5,395	5,355	4,167	5,262	5,335	4,699	4,797	4,022	5,461
<b>Public Works</b>										
Street sign maintenance and installation	394	341	412	259	370	286	388	296	300	291
Traffic control and school flashing signals inventory	371	390	390	390	390	390	390	390	390	390
hours for maintenance and installation	2,278	2,508	2,508	1,865	2,147	2,040	2,080	2,214	2,062	2,555
Public street lights inventory	5,397	5,431	5,426	5,426	5,447	5,426	5,426	5,784	5,784	5,802
hours for maintenance and installation	2,250	1,536	1,606	2,082	1,807	1,133	1,627	1,479	1,400	2,821
Mowing of ROW (acres)	15	15	15	15	15	15	15	15	15	21
<b>Electric</b>										
<b>Purchased Power</b>										
Kilowatts-hours purchased	561,424,804	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
Amount	\$ 26,066,753	\$ 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
<b>Electric Sales</b>										
Kilowatts-hours sold	543,449,683	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
Amount	\$ 34,097,674	\$ 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
Cost per kilowatt-hour purchases	\$0.0464	\$0.0501	\$0.0497	\$0.0534	\$0.0586	\$0.0617	\$0.0748	\$0.0668	\$0.0739	\$0.0752
% losses and unaccounted for KH purchases	3.20%	4.74%	3.65%	6.36%	4.72%	5.21%	4.23%	5.48%	4.66%	4.78%
<b>Water</b>										
Gallons treated (thousands)	4,048,248	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
Gallons purchased (thousands)	-	-	-	-	34,445	23,282	16,025	16,313	18,014	18,000
Gallons pumped (thousands)	-	-	-	-	3,370,193	3,673,932	3,937,930	3,704,029	3,456,386	3,227,465
Gallons sold (thousands)	3,686,142	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
Line losses and gallons unaccounted for (thousands)	N/A	N/A	N/A	N/A	533,710	424,547	591,459	537,892	469,016	482,937
Percentage of losses and unaccounted for gallons to total provided (thousands)	N/A	N/A	N/A	N/A	15.7%	11.6%	15.0%	14.5%	13.6%	15.0%
Average daily consumption (thousands of gallons)	10,099	10,083	9,649	10,137	7,866	8,902	9,168	8,674	8,185	7,519
<b>Wastewater</b>										
<b>Clinch River Industrial Park Plant</b>										
Gallons treated (thousands)	2,400	1,724	1,600	1,600	1,200	1,021	1,448	1,890	57	0
<b>West End Plant</b>										
Gallons treated (thousands)	-	-	-	-	-	2,433	37,841	37,662	33,138	37,820
<b>West End Plant</b>										
Gallons treated (thousands)	2,200,000	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
<b>Schools</b>										
Enrollment	4,323	4,285	4,280	4,306	4,394	4,362	4,411	4,472	4,532	4,468
Average Daily Membership	4,346	4,279	4,284	4,348	4,364	4,407	4,452	4,472	4,532	4,456
Average Daily Attendance	4,127	4,066	4,061	4,127	4,142	4,185	4,220	4,214	4,288	4,240
Average Test Scores (ACT)	23.6	24.4	24.5	24.3	23.6	23.6	24.7	23.0	23.4	23.2

\* Some information is not available due to system changes.

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

<u>Function/Program</u>	<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>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	23	23	23	23	23	23	25	30	35	32
Unmarked Vehicles	5	5	6	6	6	8	8	8	11	11
Animal Control	2	2	2	2	2	2	2	2	3	3
Other Vehicles	9	9	9	9	9	8	8	8	6	6
<b>Fire</b>										
Stations	3	3	3	3	3	4	4	4	4	4
Fire trucks (Pumpers and ladder)	6	6	6	6	6	9	9	9	9	9
Rescue vehicles - radio equipped	2	2	2	2	2	3	3	3	3	3
Sedans - radio equipped	4	4	4	4	4	6	6	8	8	8
Fire Specialists' vehicles	5	5	5	5	5	5	5	4	4	4
<b>Park and Recreation</b>										
Parks	14	14	14	14	14	14	14	15	15	15
Parks (total acres)	2,237	2,237	2,237	2,237	2,237	2,237	2,237	2,300	2,300	2,300
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	1	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
<b>Library</b>										
Library	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Miles of roads and streets	211.42	217.75	222.33	226.00	226.00	227.72	227.87	229.59	229.59	229.59
Miles of sidewalks	98.73	100.92	103.64	104.29	108.36	110.76	110.92	111.23	119.68	119.68
<b>Electric</b>										
Miles of electric lines	281.35	282.00	282.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00
Number of regular street lights	5,397	5,431	5,426	5,447	5,463	5,463	5,463	5,784	5,802	5,802
Number of private outdoor lights	1,564	1,577	1,577	1,577	1,568	1,574	1,385	1,385	1,393	1,393
<b>Water</b>										
Miles of water main	225.40	225.77	225.77	231.90	231.90	240.86	241.35	243.12	244.00	244.00
Number of fire hydrants	2,501	2,500	2,700	2,580	2,574	2,683	2,845	2,845	2,845	2,845
Treatment plants	1	1	1	1	1	1	2	2	2	2
<b>Wastewater</b>										
Miles of sewer main	244.50	245.87	245.87	245.87	250.00	259.78	260.07	260.59	261.27	261.27
Treatment plants	2	2	2	2	2	3	3	3	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
<b>Schools</b>										
Elementary schools	4	4	4	4	4	4	4	4	4	4
Middle schools	2	2	2	2	2	2	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1

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

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

Fiscal Year	Electric Revenue	Waterworks (1)		Total
		Water Revenue	Wastewater Revenue	
2003	\$ 34,689,697	\$ 6,569,522	\$ 5,906,475	\$ 47,165,694
2004	35,913,653	6,343,489	5,704,123	47,961,265
2005	35,724,771	6,225,551	5,756,389	47,706,711
2006	38,922,932	7,088,332	5,788,969	51,800,233
2007	41,971,757	7,867,191	6,377,350	56,216,298
2008	45,608,826	9,925,588	6,774,328	62,308,742
2009	52,597,386	10,713,173	7,632,541	70,943,100
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

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**

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Electric (1)</b>											
<u>Residential</u>											
	Base Charge	\$ 5.80	\$ 6.57	\$ 7.30	\$ 7.37	\$ 7.46	\$ 7.70	\$ 7.70	\$ 7.70	\$ 9.70	\$ 9.70
	All kWh	0.06240	0.06544	0.66790	0.07732	0.07622	0.08800	0.09300	0.09250	0.09589	0.09760
<u>Commercial</u>											
GSA1	Base Charge	\$ 15.00	\$ 15.00	\$ 17.00	\$ 17.17	\$ 17.37	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93	\$ 17.93
	All kWh	0.06756	0.07178	0.07382	0.08571	0.08432	0.09686	0.10211	0.10250	0.10805	0.10989
GSA2	Base Charge	\$ 30.00	\$ 30.00	\$ 55.00	\$ 55.56	\$ 56.20	\$ 58.00	\$ 58.00	\$ 58.00	\$ 80.00	\$ 80.00
	1st 15,000 kWh	0.07000	0.07421	0.07746	0.08938	0.08803	0.10069	0.10594	0.10633	0.10967	0.11151
	Additional kWh	0.03587	0.03823	0.03935	0.04601	0.04557	0.05463	0.05873	0.05624	0.06139	0.06212
	kWh, 51-1,000	9.94	10.67	10.93	12.55	12.25	13.31	13.65	14.58	14.58	14.93
GSA3	Base Charge	\$ 80.00	\$ 80.00	\$ 150.00	\$ 151.52	\$ 153.28	\$ 158.19	\$ 158.19	\$ 158.19	\$ 200.00	\$ 200.00
	All kWh	0.03665	0.03901	0.04087	0.04754	0.04712	0.05623	0.06033	0.05784	0.06277	0.06350
	kWh, 0 - 1,000	9.41	10.09	10.09	11.95	11.61	12.69	13.05	14.03	14.03	14.40
	kWh, 1,001 - 5,000	10.56	12.02	12.02	14.27	13.88	15.17	15.59	16.75	16.75	17.18
<u>Outdoor Light</u>											
	All kWh	\$ 0.04377	\$ 0.04377	\$ 0.04622	\$ 0.05265	\$ 0.05166	\$ 0.05943	\$ 0.06368	\$ 0.06110	\$ 0.06429	\$ 0.06524
<u>Water</u>											
	Minimum Bill (0-2,000 gallons)	\$ 8.01	\$ 8.01	\$ 8.01	\$ 8.01	\$ 9.65	\$ 11.50	\$ 11.50	\$ 11.50	\$ 11.50	\$ 13.50
	Next 8,000 gallons per 1,000 gallons	3.10	3.10	3.10	3.10	3.75	4.55	4.55	4.55	4.55	5.25
	Next 40,000 gallons per 1,000 gallons	2.77	2.77	2.77	2.77	3.35	4.05	4.05	4.05	4.05	4.55
	Next 150,000 gallons per 1,000 gallons	2.29	2.29	2.29	2.29	2.75	3.20	3.20	3.20	3.20	3.75
	Next 800,000 gallons per 1,000 gallons	1.90	1.90	1.90	1.90	2.30	3.20	3.20	3.20	3.20	3.75
	Next 1,000,000 gallons per 1,000 gallons	1.56	1.56	1.56	1.56	2.30	3.20	3.20	3.20	3.20	3.75
<u>Wastewater</u>											
	Minimum Bill (0-2,000 gallons)	\$ 10.50	\$ 10.50	\$ 10.50	\$ 11.50	\$ 11.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 13.50	\$ 18.50
	Next 8,000 gallons per 1,000 gallons	3.75	3.75	3.75	4.13	4.13	5.15	5.15	5.15	5.15	6.45
	Next 40,000 gallons per 1,000 gallons	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75
	Next 50,000 gallons per 1,000 gallons	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75
	Next 4,999,900 gallons per 1,000 gallons	5.05	5.05	5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75
	All over 5,000,000 gallons per 1,000 gallons	5.90	5.90	5.90	5.55	5.55	6.45	6.45	6.45	6.45	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
2003	12,937	1,654	383	61	10,914	1,425	10,633	1,179
2004	12,964	1,698	360	62	10,955	1,425	10,671	1,167
2005	13,042	1,731	346	61	11,019	1,492	10,740	1,169
2006	13,096	1,797	339	64	11,160	1,518	10,866	1,167
2007	13,542	1,817	345	61	11,285	1,568	11,007	1,190
2008	13,556	1,787	342	60	11,313	1,561	11,032	1,176
2009	13,608	1,840	354	61	11,260	1,634	10,990	1,197
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

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

Customer	2012					2003				
	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	58,703	31,084,840	\$ 2,849,048	1	5.41%	61,892	28,137,825	\$ 1,658,485	1	4.86%
US Department of Energy	(1)	33,133,516	2,623,087	2	4.98%	18,417	8,610,172	502,941	8	1.48%
Methodist Medical Center	57,803	27,660,684	2,623,087	3	4.98%	43,231	22,646,356	1,279,024	3	3.75%
USEC Inc	36,293	20,951,422	1,915,740	4	3.64%	-	-	-	-	-
Energy Solutions (AKA GTS Duratek, Manufacturing Sciences)	(1)	30,498,561	1,556,610	5	2.96%	(1)	23,204,076	1,198,250	4	3.51%
Oak Ridge Board Of Education	40,983	14,220,948	1,524,202	6	2.89%	34,647	13,018,678	825,823	6	2.42%
Oak Ridge Project LLC	30,090	13,071,000	1,259,388	7	2.39%	-	-	-	-	-
Oak Ridge Technical Centers	18,818	7,929,499	784,189	8	1.49%	-	-	-	-	-
Advanced Measurement	14,973	8,046,600	722,054	9	1.37%	14,375	8,074,400	433,595	10	1.27%
Oak Ridge Associated Universities	16,549	6,943,710	691,976	10	1.31%	-	-	-	-	-
BNFL	-	-	-	-	-	43,832	22,048,069	1,322,921	2	3.88%
Boeing	-	-	-	-	-	(1)	22,193,878	1,122,828	5	3.29%
Manufacturing Sciences	-	-	-	-	-	19,710	8,514,080	507,370	7	1.49%
BWXT Y-12	-	-	-	-	-	16,071	7,925,422	446,889	9	1.31%
<b>Total</b>			<b>\$ 16,549,381</b>		<b>31.42%</b>			<b>\$ 9,298,126</b>		<b>27.26%</b>

**Note:**

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

[?](#) Click to access definition

Water Audit Report for: **City of Oak Ridge, Tennessee**

Reporting Year: **2012** 7/2011 - 6/2012

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:	<a href="#">?</a>	8	3,209.465	Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	<a href="#">?</a>	n/a	0.000	MG/Yr
Water imported:	<a href="#">?</a>	10	18.000	MG/Yr
Water exported:	<a href="#">?</a>	n/a	0.000	MG/Yr
<b>WATER SUPPLIED:</b>			<b>3,227.465</b>	MG/Yr

**AUTHORIZED CONSUMPTION**

Billed metered:	<a href="#">?</a>	7	2,677.095	MG/Yr
Billed unmetered:	<a href="#">?</a>	n/a	0.000	MG/Yr
Unbilled metered:	<a href="#">?</a>	n/a	0.000	MG/Yr
Unbilled unmetered:	<a href="#">?</a>	9	57.502	MG/Yr
<b>AUTHORIZED CONSUMPTION:</b>	<a href="#">?</a>		<b>2,734.597</b>	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)**

492.868 MG/Yr

**Apparent Losses**

Unauthorized consumption: [?](#) 8.069 MG/Yr  
 Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	<a href="#">?</a>	7	140.900	MG/Yr
Systematic data handling errors:	<a href="#">?</a>	6	8.405	MG/Yr

Apparent Losses: [?](#) 157.373

Pcnt:  0.25% Value:

5.00% 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: [?](#) 335.495 MG/Yr

**WATER LOSSES:** 492.868 MG/Yr

**NON-REVENUE WATER**

NON-REVENUE WATER: [?](#) 550.370 MG/Yr

= Total Water Loss + Unbilled Metered + Unbilled Unmetered

**SYSTEM DATA**

Length of mains:	<a href="#">?</a>	6	245.0	miles
Number of active AND inactive service connections:	<a href="#">?</a>	6	13,289	
Connection density:	<a href="#">?</a>		54	conn./mile main
Average length of customer service line:	<a href="#">?</a>	10	0.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	<a href="#">?</a>	5	80.0	psi

**COST DATA**

Total annual cost of operating water system:	<a href="#">?</a>	7	\$6,850,899	\$/Year
Customer retail unit cost (applied to Apparent Losses):	<a href="#">?</a>	8	\$3.25	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	<a href="#">?</a>	7	\$704.79	\$/Million gallons

**PERFORMANCE INDICATORS**

**Financial Indicators**

Non-revenue water as percent by volume of Water Supplied:	17.1%
Non-revenue water as percent by cost of operating system:	11.5%
Annual cost of Apparent Losses:	\$511,464
Annual cost of Real Losses:	\$236,453

**Operational Efficiency Indicators**

Apparent Losses per service connection per day:	32.44	gallons/connection/day
Real Losses per service connection per day*:	69.17	gallons/connection/day
Real Losses per length of main per day*:	N/A	
Real Losses per service connection per day per psi pressure:	0.86	gallons/connection/day/psi
<a href="#">?</a> Unavoidable Annual Real Losses (UARL):	96.91	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	335.49	million gallons/year
<a href="#">?</a> Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.46	

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

**WATER AUDIT DATA VALIDITY SCORE:**

**\*\*\* YOUR SCORE IS: 75 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**  
**Single Audit Report and Findings and Recommendations**  
**For the Fiscal Year Ended June 30, 2012**

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CITY OF OAK RIDGE, TENNESSEE  
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE ACTIVITY  
For the Fiscal Year Ended June 30, 2012

160

Grantor Agency	Program Name	CFDA	Grant/ Contract Number	Accrued (Deferred) Revenues July 1, 2011	Revenues Received	Expenditures	Accrued (Deferred) Revenues July 1, 2012
<b><u>DIRECT FEDERAL FINANCIAL ASSISTANCE</u></b>							
U.S. Department of Energy	Police Patrolling Services	81.502	DE-FG05-05OR23196	300,000	-	-	300,000
U.S. Department of Energy	Center for Oak Ridge Oral History	81.049	DE-SC0000033	37,390	37,079	119,523	119,834
U.S. Department of Housing and Urban Development	Community Development Block Grant (HUD)	14.218	N/A	9,842	136,017	157,634	31,459
	Community Development Block Grant (HUD)-Recovery Act	14.253	B09-MY-14-0010	-	4,500	4,500	-
U.S. Department of Housing and Urban Development	Economic Development Initiative-Special Projects (EDI-SP)	14.251	B-09-SP-TN-0160	1,350	-	30,494	31,844
U.S. Department of the Interior	Preserve America Grant	15.929	47-08-AP-4038	1,127	-	13,184	14,311
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX0992	1,896	-	-	1,896
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant	16.738	2009-DJ-BX-0059	3,011	-	4,172	7,183
U.S. Department of Justice	Grants Admin Div.- Law Enforcement Technology	16.580	2008-DD-BX-0186	-	24,456	24,456	-
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	87,655
TOTAL DIRECT FEDERAL FINANCIAL ASSISTANCE				<u>354,616</u>	<u>202,052</u>	<u>459,351</u>	<u>611,915</u>
<b><u>INDIRECT FEDERAL FINANCIAL ASSISTANCE</u></b>							
Federal Highway Administration Through TN Department of Transportation	Transportation Enhancement Program Greenway Development	20.205	HPP-9115(11)	56,403	359,372	524,378	221,409
U.S. Department of Housing and Urban Development Through TN Housing Development Agency	Homeless Emergency Shelter Grants	14.231	DG0934555	6,668	36,368	34,367	4,667
U.S. Department of Energy Through TN Department of Economic and Community Development	Energy Efficiency and Conversation Block Grant (EECBG)	81.128	GG1133468	28,227	79,348	51,121	-
U. S. Department of Energy Through TN Department of Military	Emergency Management Planning, Fire Department	81.502	DE-FG05-96OR22522	-	16,000	16,000	-
Federal Emergency Management Agency Through TN Emergency Management Agency	Public Assistance	97.036	34101-48312	-	30,341	31,465	1,124
TOTAL INDIRECT FEDERAL FINANCIAL ASSISTANCE				<u>91,298</u>	<u>521,429</u>	<u>657,331</u>	<u>227,200</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>445,914</u>	<u>723,481</u>	<u>1,116,682</u>	<u>839,115</u>
<b><u>STATE ASSISTANCE PROGRAMS</u></b>							
Tennessee Department of Argiculture	Farmers Market Grant		2875	(2,500)	-	2,500	-
Tennessee Department of Transportation	Governor's Highway Safety		Z11GHS283	13,758	13,758	-	-
Tennessee Department of Transportation	Governor's Highway Safety		Z11GHS225	-	4,197	9,926	5,729
Tennessee Department of Transportation	Safe Routes to School		SRTS-9115(13)	123,654	228,863	109,594	4,385
Tennessee Department of Transportation	An Operating Assistance Project		GG 11-33710-00	51,573	128,021	105,222	28,773
	Interlibrary Loan Program		N/A	-	531	531	-
TOTAL STATE ASSISTANCE PROGRAMS				<u>186,485</u>	<u>375,370</u>	<u>227,773</u>	<u>38,888</u>
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS				<u>\$ 632,399</u>	<u>\$ 1,098,852</u>	<u>\$ 1,344,455</u>	<u>\$ 878,002</u>

**CITY OF OAK RIDGE, TENNESSEE**  
Notes to the Schedule of Federal and State Financial Assistance Activity  
For the Year Ended June 30, 2012

**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, 2012, 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 \$89,696 from federal sources and \$18,685 from state sources. Loan payments totaled \$779,040 during the fiscal year.

<u>State Revolving Fund Loan</u>	<u>Balance</u>	<u>Federal Funding</u>	<u>State Funding</u>
SRF97-102	\$ 7,524,255	2%	98%
SRF98-117	3,239,786	0%	100%
SRF02-159	<u>5,704,946</u>	35%	65%
Total	<u>\$ 16,468,987</u>		

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the Convention and Visitors Bureau, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Oak Ridge, Tennessee (“the City”), as of and for the year ended June 30, 2012, which collectively comprise the City’s basic financial statements and have issued our report thereon dated February 28, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Oak Ridge 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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be 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 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 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
February 28, 2013

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the 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 each of the City's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Oak Ridge Schools, which received \$4,857,418 in federal awards which is not included in the schedule during the year ended June 30, 2012. 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.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Pugh & Company, P.C.*

Certified Public Accountants  
Knoxville, Tennessee  
February 28, 2013

**CITY OF OAK RIDGE, TENNESSEE**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

**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, 2012 are:

Program Name	<u>CFDA#</u>
U.S. Housing and Urban Development cluster:	
Community Development Block Grant	14.218
Neighborhood Stabilization Program	14.218
Community Development Block Grant – Recovery Act	14.253
U.S. Department of Transportation:	
Transportation Enhancement Program	20.205

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, 2012

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

#### Unresolved Prior Year Audit Findings:

<b>Finding 09-3</b>	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:	This finding has not been resolved as of June 30, 2012.
Management's Response:	Policies and procedures have been developed but not approved and placed into service. The Computer Services department is currently being restructured and once that process is completed policies and procedures will be redeveloped and placed into service.

**CITY OF OAK RIDGE, TENNESSEE**

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2012

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

Unresolved Prior Year Audit Findings (continued):

<b>Finding 10-1</b>	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, 2012. Software has been purchased but has not yet been implemented.
Management's Response:	The City has purchased software to be used for asset cost and maintenance tracking as required by the US Department of Environmental Protection Agency (EPA) Administrative Order (AO). An equipment module is part of this system. Due to the expediency mandated by the EPA, City priorities and resources have been allocated toward those modules that will be specifically used in conjunction with meeting AO requirements. The equipment module is expected to be evaluated by Finance Department staff during the City's fiscal 2013.

**CITY OF OAK RIDGE, TENNESSEE**

Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2012

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

None.



### 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:** The Computer Services Department has been recently restructured. That process now complete, information technology policies and procedures are being developed to be placed into service.
- Anticipated Completion Date:** June 30, 2013
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- Finding 10-1:** Capital Asset Recordkeeping
- Name of contact person:** Janice McGinnis, Finance Director
- Corrective action:** Over the next two years, the City will be reviewing financial and utility billing software to determine the best overall strategy for the City's software requirements. To meet requirements of the US Department of Environmental Protection Agency (EPA) Administrative Order (AO), the City purchased new software specifically designed to track asset costs and maintenance. During fiscal 2014, the Finance Department will be evaluating this system along with other software to determine the best overall fit for asset accounting for the City.
- Anticipated Completion Date:** June 30, 2014

