OFFICIAL STATEMENT

NEW ISSUE Rating: Standard & Poor's: "AA+"
BOOK-ENTRY-ONLY (See "MISCELLANEOUS-Rating")

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS - Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "LEGAL MATTERS - Tax Matters" herein).

$9,140,000
CITY OF OAK RIDGE, TENNESSEE
General Obligation Refunding Bonds, Series 2015A

Dated: December 18, 2015 Due: June 1 (as indicated below)

The $9,140,000 General Obligation Refunding Bonds, Series 2015A (the "Bonds") shall be issued by the City of Oak Ridge, Tennessee (the "City") as book-entry-only Bonds in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") except as otherwise described herein. DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on June 1, 2016 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City have been irrevocably pledged. The Bonds are also payable from and secured by certain sales tax revenues of the City as described herein.

Bonds maturing June 1, 2022 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2021.

Maturity (June 1)	Amount	Interest Rate	Yield	CUSIPS **	Maturity (June 1)	Amount	Interest Rate	Yield		CUSIPS **
2016	$ 640,000	5.00%	0.25%	671783 RF7	2021	$1,000,000	5.00%	1.51%		671783 RL4
2017	800,000	5.00	0.66	671783 RG5	2022	2,200,000	2.00	1.80	c	671783 RM2
2018	850,000	5.00	0.90	671783 RH3	2023	800,000	2.00	2.03		671783 RN0
2019	1,000,000	5.00	1.08	671783 RJ9	2024	900,000	2.00	2.19		671783 RP5
2020	950,000	5.00	1.29	671783 RK6						

c = Yield to call on June 1, 2021.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approving legal opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters in connection with the Bonds will be passed upon for the City by Kenneth R. Krushenski, Esq., counsel to the City. It is expected that the Bonds, in book-entry-only form, will be available for delivery through the facilities of DTC, New York, New York, on or about December 18, 2015.

Cumberland Securities Company, Inc.
Financial Advisor

November 17, 2015

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate (as defined herein), and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

** These CUSIP numbers have been assigned by Standard & Poor’s CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc., and are included solely for the convenience of the Bond holders. The City is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

CITY OF OAK RIDGE, TENNESSEE

MEMBERS OF CITY COUNCIL

Warren L. Gooch, *Mayor*
Ellen Smith, *Mayor Pro Tem*
Trina Baughn
Kelly Callison
Rick Chinn, Jr.
L. Charles Hensley
Charles J. Hope, Jr.

CITY OFFICIALS

Mark S. Watson
City Manager

Janice E. McGinnis
Finance Director

Bruce Applegate
Acting City Clerk

Kenneth R. Krushenski
City Attorney

UNDERWRITER

Fidelity Capital Markets
Boston, Massachusetts

REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

FINANCIAL ADVISOR

Cumberland Securities Company, Inc.
Knoxville, Tennessee

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APPENDIX C: GENERAL PURPOSE FINANCIAL STATEMENTS – THE CITY OF OAK RIDGE, TENNESSEE

SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Official Statement*.

Issuer	City of Oak Ridge, Tennessee (the "City" or "Issuer"). See APPENDIX B contained herein.
The Bonds	$9,140,000 General Obligation Refunding Bonds, Series 2015A (the "Bonds").
Security	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City have been irrevocably pledged. The Bonds are also payable and secured by certain sales tax revenues of the City as described herein.
Purpose	The Bonds are being issued for the purpose of providing funds to (i) refund all or a portion of certain outstanding indebtedness of the City, as described herein; and (ii) pay all legal, fiscal and administrative costs incident to the issuance and sale of the Bonds.
Optional Redemption	The Bonds are subject to optional redemption prior to maturity on or after June 1, 2021, at the redemption price of par plus accrued interest. See section entitled "SECURITIES OFFERED - Optional Redemption".
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. Interest on the Bonds will be exempt from certain taxation in Tennessee, all as more fully described in the section entitled "LEGAL MATTERS-Tax Matters" and APPENDIX A included herein.
Rating	Standard & Poor's: "AA+". See the section entitled "MISCELLANEOUS - Rating" for more information.
Registration and Paying Agent	Regions Bank, Nashville, Tennessee (the "Registration Agent").
Bond Counsel	Bass, Berry & Sims PLC, Knoxville, Tennessee.
Financial Advisor	Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS - Financial Advisor; Related Parities; Others", herein.
Underwriter	Fidelity Capital Markets, Boston, Massachusetts.
Book-Entry-Only	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION – Book–Entry-Only System".
General	The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See the

section entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.

Disclosure ..... In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID"), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled "MISCELLANEOUS-Continuing Disclosure."

Other Information ..... The information in the Official Statement is deemed "final" within the meaning of the Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof. For more information concerning the City, or the Official Statement, contact Mr. Warren L. Gooch, Mayor, P. O. Box 1, Oak Ridge, Tennessee 37831-0001, Telephone: (865) 425-3432; or the City's Financial Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663.

GENERAL FUND
Summary of Changes In Fund Balances

For the Fiscal Year Ended June 30

	2010	**2011**	**2012**	**2013**	**2014**
Beginning Fund Balance	$ 7,535,775	$ 9,169,606	$ 9,468,748	$9,217,049	$10,060,140
Revenues	37,045,524	38,222,434	39,008,221	38,623,875	38,974,825
Expenditures	18,636,851	21,162,492	21,497,435	21,551,918	22,748,714
Other Financing Sources:					
Transfers In	2,500,515	2,685,282	2,855,907	3,393,631	3,012,318
Transfers Out	(19,275,357)	(19,446,082)	(20,618,392)	(19,622,497)	(19,824,859)
Excess of Revenue/Other Sources Over (Under)	1,633,831	299,142	(251,699)	843,091	(586,430)
Ending Fund Balance	**$ 9,169,606**	**$ 9,468,748**	**$ 9,217,049**	**$10,060,140**	**$9,473,710**

Source: City of Oak Ridge Financial Statements with Report of Certified Public Accountants.

$9,140,000
CITY OF OAK RIDGE, TENNESSEE
General Obligation Refunding Bonds, Series 2015A

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto is furnished in connection with the offering by the City of Oak Ridge, Tennessee (the "City" or "Issuer") of its $9,140,000 General Obligation Refunding Bonds, Series 2015A (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, and other applicable provisions of the law and pursuant to resolutions (the "Resolution") adopted by the City Council of the City (the "City Council") on November 16, 2015.

The Bonds are being issued for the purpose of providing funds to (i) refinance a portion of certain outstanding indebtedness of the City, as described herein; and (ii) pay all legal, fiscal and administrative costs incident to the issuance and sale of the Bonds.

REFUNDING PLAN

With the proceeds of the Bonds, the City is proposing to refinance a portion of its outstanding indebtedness (the "Outstanding Indebtedness") under that certain Loan Agreement (the "B-9-A Loan Agreement") dated as of February 25, 2005 between the City and The Public Building Authority of Blount County, Tennessee (the "Authority") that related to the loan to the City of the proceeds of the Authority's Local Government Public Improvement Bonds, Series B-9-A.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the "Plan") for the Outstanding Indebtedness was submitted to the Director of State and Local Finance for the State of Tennessee for review, and the report with respect to the Plan was issued on October 29, 2015.

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from the date of issuance December 18, 2015. Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing June 1, 2016. The Bonds are issuable in registered book-entry-only form only and in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Clerk. No Bond shall be valid until it has been authenticated by the manual signature of an authorized representative of the Registration Agent and the date of authentication noted thereon.

SECURITY

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of, premium, if any, and interest on the Bonds, the full faith and credit of the City have been irrevocably pledged. The Bonds shall also be payable from and secured by the City's share of revenues derived from the sales and use tax levied and collected within the City pursuant to Sections 67-6-701, et seq., Tennessee Code Annotated (the "Sales Tax"), subject to any prior lien with respect to such Sales Tax in favor of the holders of other outstanding obligations of the City.

The City through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The tax required to be levied as described above may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the City to the payment of debt service on the Bonds, including the Sales Tax revenue described above.

The Bonds will not be obligations of the State of Tennessee.

OPTIONAL REDEMPTION

Bonds maturing June 1, 2022, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2021 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the City Council of the City, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

NOTICE OF REDEMPTION

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in

any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository, if applicable, or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as described below.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth (15) day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book entry system maintained by DTC (the "Book Entry Only System"). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a

wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

Payments of Principal and Interest. Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds f or their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE FINANCIAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Bonds. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

None of the Issuer, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's Book-Entry-Only system has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent, the Financial Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent, the Financial Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect

Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be applied by the City as follows:

(a) A portion of the proceeds from the sale of the Bonds shall be used to pay costs of issuance of the respective projects, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

(b) The remainder of the proceeds from the sale of the Bonds, together with such other City funds as may be identified by the Mayor and, if applicable, investment earnings on the foregoing, shall be applied to refinance the Outstanding Indebtedness.

DISCHARGE AND SATISFACTION OF BONDS

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving or such notice); or

3. By delivering such Bonds to the Registration Agent for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall

thereupon cease, terminate and become void; and if the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations (defined herein) deposited as aforesaid.

Except as otherwise provided in this section, neither Defeasance Obligations nor moneys deposited with the Registration Agent nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes hereof, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described herein, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

REMEDIES OF BONDHOLDERS

Under Tennessee law, any bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such bondholder.

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LEGAL MATTERS

LITIGATION

There are no claims against the City, including claims in litigation, which, in the opinion of the City, would have a material adverse effect on the City's financial position. There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds.

TAX MATTERS

Federal

General. Bass, Berry & Sims PLC, Knoxville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended, (the "Code")
- is not a preference item for a bondholder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "CHANGES IN FEDERAL AND STATE TAX LAW" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on the Bonds as it accrues is excluded from a bondholder's federal gross income under the Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in the Bonds will be increased. If a bondholder owns one of the Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the Official Statement, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the Official Statement, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the Official Statement, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the Official Statement, in final form, and having attached thereto a copy of the Official Statement, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel. Bond Counsel has not prepared the Preliminary Official Statement or the Official Statement, in final form, or verified

their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the Preliminary Official Statement or Official Statement, in final form, except for the information in the section entitled "LEGAL MATTERS - Tax Matters." The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The Bond Counsel's opinion will be delivered with the Bonds and the form of Bond Counsel opinion is included in APPENDIX A.

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MISCELLANEOUS

RATING

Standard & Poor's Rating Services ("Standard & Poor's") has given the Bonds the rating of "AA+".

There is no assurance that such rating will continue for any given period of time or that the ratings may not be suspended, lowered or withdrawn entirely by Standard & Poor's, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds. Any such downward change in or withdrawal of the ratings may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of Standard & Poor's and any explanation of the significance of such rating should be obtained from Standard & Poor's.

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on November 17, 2015. Details concerning the public sale were provided to potential bidders and others in the Detailed Notice of Sale and the Preliminary Official Statement that was dated November 9, 2015.

The successful bidder for the Bonds was an account led by Fidelity Capital Markets, Boston, Massachusetts (the "Underwriters") who contracted with the City, subject to the conditions set forth in the Detailed Notice of Sale and Bid Form to purchase the Bonds at a purchase price of $9,732,874.46 (consisting of the par amount of the Bonds, plus a net offering premium of $622,656.80 less an underwriter's discount of $29,782.34) or 106.486591% of par.

FINANCIAL ADVISOR; RELATED PARTIES; OTHER

Financial Advisor. Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as financial advisor (the "Financial Advisor") to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Financial Advisor has not been engaged by the City to compile, create, or interpret any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT concerning the City, any of its affiliated or constractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Finaincial Advisor as to its accuracy or completeness or otherwise. The Financial Advoisor is not a public accounting firm and has not been engaged by the City to review or audit any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in accordance with accounting standards.

Regions Bank. Regions Bank (the "Bank") is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to state and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the City in other normal commercial banking capacities, it will be compensated separately for such services.

Official Statements. Certain information relative to the location, economy and finances of the Issuer is found in the Preliminary Official Statement, in final form and the Official Statement, in final form. Except where otherwise indicated, all information contained in this Official Statement has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Financial Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the Preliminary Official Statement, in final form, and the Official Statement, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

Bond Counsel. From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the City and may do so again in the future.

Other. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the City's Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

DEBT RECORD

There is no record of default on principal or interest payments of the Issuer. Additionally, no agreements or legal proceedings of the Issuer relating to securities have been declared invalid or unenforceable.

ADDITIONAL DEBT

In addition to the Bonds, the City has additionally authorized the issuance of bonds to refund all or a portion of its outstanding indebtedness under that certain Loan Agreement, dated February 16, 2005 between the Authority and the City pursuant to which the City borrowed the proceeds of the Authority's Local Government Public Improvement Bonds, Series B-9-A and all or a portion of its outstanding indebtedness under that certain Loan Agreement dated December 21, 2006 between the Authority and the City pursuant to which the City borrowed the proceeds of the Authority's Local Government Public Improvement Bonds, Series B-11-A. The City also has ongoing capital needs and may or may not issue additional debt in the future.

CONTINUING DISCLOSURE

The City will, at the time the Bonds are delivered, execute a continuing disclosure certificate (the "Disclosure Certificate") under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City by not later than twelve (12) months after the end of each fiscal year commencing with the fiscal year ending June 30, 2015 (the "Annual Reports"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The Annual Reports (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Reports or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

Five-Year History of Filing. In the past five years, the City has filed its Annual Reports at www.emma.msrb.org under the base CUSIP Number 671783 which is the base CUSIP Number for the City; however, the City inadvertently failed to also file such Annual Reports under the CUSIP Number of certain conduit issuers of bonds for which the City was an obligated person. The City has now additionally filed its Annual Reports for all outstanding bonds for which it is an obligated person under the conduit issuer's CUSIP Number. While it is believed that all appropriate filings were made with respect to the ratings of the City's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12. With the exception of the foregoing, for the past five years, the City has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted auditing standards, provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-20;

1. The indebtedness and debt ratios as of the end of such fiscal year, together with information about the property tax base as shown on pages B-21 and B-22;

2. Information about the Bonded Debt Service Requirements – General Obligation Fund as of the end of such fiscal year as shown on page B-23;

3. Information about Bonded Debt Service Requirments– Water and Sewer System as of the end of such fiscal year as shown on page B-24;

4. Information about Bonded Debt Service Requirments– Electric System as of the end of such fiscal year as shown on page B-25;

5. The fund balances and retained earnings for the fiscal year as shown on page B-27;

6. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-28;

7. Summary of Revenues, Expenditures and Changes in Fund Balances - Electric Fund for the fiscal year as shown on page B-29;

9. The estimated assessed value of property in the City for the tax year ending in such fiscal year and the total estimated appraised value of all taxable property for such year as shown on page B-36;

10. Property tax rates and tax collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-36; and

11. The ten largest taxpayers as shown on page B-37.

Any or all of the items listed above may be incorporated by reference from other documents, including OFFICIAL STATEMENTS in final form for debt issues of the City or related public entities, which have been submitted to each of the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is an OFFICIAL STATEMENT, in final form, it will be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:

    a. Principal and interest payment delinquencies;

    b. Non-payment related defaults, if material;

    c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

g. Modifications to rights of Bondholders, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution, or sale of property securing repayment of the securities, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Termination of Reporting Obligation. The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default. In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in the Preliminary Official Statement and Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in the Preliminary Official Statement and Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither the Preliminary Official Statement and Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The Preliminary Official Statement and Official Statement, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in this Preliminary Official Statement or the Official Statement, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this Official Statement as "final" as of its date within the meaning of the Rule 15c2-12.

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CERTIFICATION OF ISSUER

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ Warren L. Gooch
City Mayor

ATTEST:

/s/ Bruce Applegate
City Clerk

APPENDIX A

FORM OF BOND COUNSEL OPINION

LAW OFFICES OF
BASS, BERRY & SIMS PLC
900 SOUTH GAY STREET, SUITE 1700
KNOXVILLE, TENNESSEE 37902

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Oak Ridge, Tennessee (the "Issuer") of the $9,140,000 General Obligation Refunding Bonds, Series 2015A (the "Bonds") dated December 18, 2015. We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the City Council of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer to which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Issuer. The Bonds shall also be payable from and secured by the Issuer's share of revenues derived from the sales and use tax levied and collected within the Issuer pursuant to Sections 67-6-701, et seq., Tennessee Code Annotated (the "Sales Tax"), subject to any prior lien with respect to such Sales Tax in favor of the holders of other outstanding obligations of the Issuer.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for purposes of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding the federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

LOCATION

The City of Oak Ridge, Tennessee (the "City") is located in the eastern portion of the scenic Tennessee River Valley between the Cumberland Mountains and the Southern Appalachians. Most of Oak Ridge is contained in a southern portion of Anderson County (the "County"). It is approximately 22 miles northwest of Knoxville. Scott, Campbell and Union Counties all border Anderson County to the north. Knox County borders Anderson County to the east. Morgan and Roane Counties border Anderson County to the west.

A portion of the City of Oak Ridge is also located in Roane County. This portion includes facilities run by the U.S. Department of Energy (the "DOE"): the Oak Ridge National Laboratory (the "ORNL") and the Y-12 National Security Complex (the "Y-12"). These facilities were built during World War II and produced uranium 235 for the first atomic bomb. The project was known as the "The Manhattan Project"

The City has considerable acreage of meadow and wooded hills within the 18 square miles of its residential and commercial area. Atlanta, Chattanooga, Nashville, Louisville, Lexington and Asheville are with 200 miles, connected by interstate highways. The Great Smoky Mountain National Park, the most visited of all the national parks, is within a 90 minute drive.

GENERAL

The City is part of the Knoxville Metropolitan Statistical Area (the "MSA") that had a population of 837,571 according to the 2010 US Census. The MSA includes Knox, Anderson, Blount, Campbell, Grainger, Loudon, Morgan, Roane and Union Counties.

The City is also part of the Knoxville-Sevierville-Harriman Combined Statistical Area (the "CSA"). According to the 2010 Census, the CSA had a population of 1,056,442. The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke and Sevier Counties. The City of Knoxville is the largest city in the CSA with a population of 178,874 according to the 2010 Census. The population of Anderson County is estimated to be 75,129 persons per the U.S. Bureau of the Census in 2010. The population of the City of Oak Ridge in 2010, according to the U.S. Bureau of the Census, was 29,330.

TRANSPORTATION

The City and County have access to several transportation facilities. Four state highways, Route 95, 61, 58, and 62, intersect in the County, and access to Interstates 75 and 40 is also available. The County is served by the CSX Railroad, Norfolk Southern Railroad, and L & N Railroad, bus lines and numerous truck lines. The nearest general aviation airport is located at Jacksboro, Tennessee, approximately 15 miles away from the County. There is also an airstrip at Oliver Springs, 5 miles outside Oak Ridge. Commercial air service is provided by McGhee Tyson Airport, a major commercial and freight air terminal at Alcoa, Tennessee about 25 miles away.

Oak Ridge borders the Clinch River's navigable waterway for 42 miles along the shores of Watts Bar and Melton Hill Lakes. These TVA waterways connect to the Tennessee River. Channelization of the Tennessee River to a 9-foot minimum navigable depth from its junction with the Ohio River at Paducah, Kentucky to Knoxville, Tennessee gives the County the benefits of year round, low cost water transportation and a port on the nation's 10,000 mile-inland waterway system. This system formed largely by the Mississippi River and its tributaries, effectively links the County with the Great Lakes to the north and the Gulf of Mexico to the south.

EDUCATION

There are two school systems located within the County. The *Oak Ridge City School System* operates seven schools covering pre-school through 12. The fall 2014 enrollment was about 4,438 students with 322 teachers. In addition to the City system, a parochial school also exists within the City limits covering grades one through eight with an enrollment of approximately 200 students. *Anderson County School System* has a very extensive school system made up of 17 schools countywide. These schools can be broken down into nine elementary schools, four middle schools, two high schools, and one vocational school. Anderson County had a fall 2014 enrollment of about 6,651 students for 480 teachers.

Source: Tennessee Department of Education.

Oak Ridge Associated Universities (the "ORAU") is a consortium of 100 colleges and universities and a contractor for the DOE located in Oak Ridge, Tennessee. Founded in 1946, ORAU works with its member institutions that include the University of Tennessee and its satellite campuses. The purposes are to help their students and faculty gain access to federal research facilities throughout the country; to keep its members informed about opportunities for fellowship, scholarship, and research appointments; and to organize research alliances among its members. ORAU has contracted with the U.S. Nuclear Regulatory Commission since 1992 for radiation training and managing the Radiation Emergency Center / Training Site in Oak Ridge and the Technical Training Center in Chattanooga. Through the Oak Ridge Institute for Science and Education, the DOE facility that ORAU operates, undergraduates, graduates, postgraduates, as well as faculty enjoy access to a multitude of opportunities for study and research. A pioneer in technology transfer, with historic contributions in nuclear medicine and health physics, ORAU today conducts specialized training in nuclear related areas of energy, health and the environment. Appointment and program length range from one month to four years. Many of these programs are especially designed to increase the numbers of underrepresented minority students pursuing degrees in science - and engineering - related disciplines. ORAU currently does about $100 million in work annually that falls outside the contract for managing the Oak Ridge Institute for Science and Education.

Source: Oak Ridge Associated Universities, University of Tennessee at Chattanooga.

The University of Tennessee, Knoxville (the "UTK") is one of the oldest land-grant universities in the nation. There are 220 buildings on a 550 acre campus. Blount College, the UTK's forerunner, was established in Knoxville in 1794, two years before Tennessee became a state. With a fall 2015 enrollment of more than 27,845 students, UTK is the largest campus in the UT System. The University of Tennessee System is a statewide institution governed by a 26-member Board of Trustees appointed by the governor of Tennessee. Institutions of the UT system are UTK, UT Health Science Center in Memphis, UT Chattanooga, UT Martin, UT Space Institute in Tullahoma, and UT Institute for Public Service in Knoxville. In addition to the primary campus, the Agricultural

Campus houses the UT Institute of Agriculture, a statewide administrative unit that includes the College of Veterinary Medicine, the College of Agricultural Sciences and Natural Resources, the Agricultural Extension Service and the Agricultural Experiment Stations.

UTK is a major research institution, attracting more than $150 million in externally sponsored programs annually. The Division of Aeromedical Services is one of the country's most respected and comprehensive aeromedical programs. The university is a co-manager with Battelle of the nearby ORNL. UT-Battelle, LLC, was established in 2000 as a private not-for-profit company for the sole purpose of managing and operating the ORNL for the DOE. Formed as a 50-50 limited liability partnership between the University of Tennessee and Battelle Memorial Institute, UT-Battelle is the legal entity responsible delivering the DOE's research mission at ORNL. Faculty and students experience unparalleled research and learning opportunities at the DOE's largest science and energy lab.

The University conducts externally-funded research totaling more than $300 million annually, including some $17.3 million annually in research sponsored by ORNL. Areas of joint research with ORNL include the Bioenergy Science Center's work on cellulosic ethanol; the Center for Computational Sciences partnership with the National Science Foundation; and the Science Alliance, with divisions in biological, chemical, physical, and mathematical/computer science. UT/ORNL Joint Institutes and Centers include Biological Sciences, Computational Sciences, Neutron Sciences, Heavy Ion Research and the National Transportation Center.

Source: University of Tennessee, UT-Battelle and Knoxville News Sentinel.

Roane State Community College Oak Ridge Campus. Roane State Community College, which began operation in 1971 in Harriman, Tennessee, is a two-year higher education institution which serves a fifteen county area. Fall 2014 enrollment was about 5,832 students. Designed for students who plan to transfer to senior institutions, the Roane State academic transfer curricula include two years of instruction in the humanities, mathematics, natural sciences, and social sciences. Approximately 21 college transfer programs and/or options are offered by the college.

Roane State's 104-acre main campus is centrally located in Roane County where a wide variety of programs are offered. Roane State has nine locations across East Tennessee – the Roane County flagship campus; an Oak Ridge campus; campuses in Campbell, Cumberland, Fentress, Loudon, Morgan and Scott Counties; and a center for health science education in West Knoxville.

Source: Roane State Community College.

The Tennessee Technology Center at Harriman. The Tennessee Technology Center at Harriman is part of a statewide system of 26 vocational-technical schools. The Tennessee Technology Center meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The Technology Center at Harriman serves the eastern region of the state including Anderson, Loudon, Meigs, Morgan, Rhea, and Roane Counties. The Technology Center at Harriman began operations in 1970, and the main campus is located in Roane County. Fall 2013 enrollment was 550 students.

Source: Tennessee Technology Center at Harriman.

MEDICAL

Oak Ridge residents have access to two hospitals, Methodist Medical Center and Roane Medical Center, which are both affiliated with Covenant Health. Covenant Health is a comprehensive health system established in 1996 by the consolidation of Fort Sanders Health System, Knoxville, Tennessee, and MMC HealthCare System, parent company of Methodist Medical Center of Oak Ridge, Tennessee. With headquarters located in nearby Knoxville, the system provides comprehensive services throughout East Tennessee. It is also one of the largest employer in the area. The organization is governed by a voluntary board of directors composed of community leaders and medical professionals.

The *Methodist Medical Center of Oak Ridge* has 301 beds and 188 physicians representing at least 30 specialties from primary health care to open heart surgery. It is a full-service regional medical facility. Methodist Medical Center dates back to 1942 and became part of Covenant Health in 1996.

Source: Covenant Health and Methodist Medical Center.

Roane Medical Center has about 105 beds and a large medical staff of about 140 physicians and nurses. The general medical and surgical facility is located in Harriman. In 2008 it joined Covenant Health (based in Knoxville) as the sixth acute care facility in the health system. Construction in 2011 began on a new $72 million facility (see “RECENT DEVELOPMENTS” for more information).

Source: Roane Medical Center.

SCIENCE AND ENERGY

History

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. The original town site was built during World War II to house and furnish necessary facilities for the employees of the uranium plants. This project (known as the "Manhattan Project") was transferred to the Atomic Energy Commission in 1947, and the community was operated by contractors under the control of the Atomic Energy Commission. In 1955 the Atomic Energy Commission sold the homes and land to the residents. By 1959 the residents voted in favor of incorporation under a modified city manager-council form of government.

Since the 1940's, the nuclear industry has been the largest employer for the City of Oak Ridge and Roane and Anderson Counties when a weapons fabrication division was built 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 to be utilized in the world's first atomic bomb. Some 80,000 workers were hired for emergency construction of the laboratories and offices on the 56,000 acre site. At the peak of production during the war, 23,000 employees kept the separation units working at a cost of $500 million for the entire project.

Today, the DOE occupies approximately 33,000 acres and almost 1,200 buildings within the Oak Ridge city limits, and employs over 13,000 in engineering, skilled and semi-skilled crafts, technical and administrative support. Since October 1999 The DOE has contracted with the University of Tennessee and Battelle to manage the ORNL. UT-Battelle began management of the lab on June 1, 2000. Consolidated Nuclear Security, a Bechtel-led contractor team, took over management of the Y-12 nuclear weapons plant effective July 1, 2014 (BWXT, Inc. was the appointed contractor for the Y-12 Plant). DOE awarded its environmental cleanup contract to Bechtel Jacobs from 1997 to 2011. URS-CH2M Oak Ridge took over the cleanup contract in 2011.

Research

The extensive energy research and development conducted by private and public agencies make the city one of the world's great research centers. The presence of the University of Tennessee, the ORNL, Oak Ridge Associated Universities and the Tennessee Valley Authority (the "TVA") makes Oak Ridge a prime location for research facilities, as well as technology-based and conventional manufacturing industries. Science is a worldwide business, and the facilities at the DOE in the City have attracted a large number of technical people and their families. ORNL campus also houses visiting scientists and researchers that come to work at the world-class facility in an $8.9 million Guest House (built in 2010) with 47 units. The City is well prepared to accommodate families from abroad and the school system is equipped to ease language and cultural differences.

BioEnergy Sciences Center (the "BESC"). BESC is one of only three sites in the country operated by one of the DOE's new bioenergy research centers. It opened in ORNL in 2007. BESC works to accelerate research in the development of cellulosic ethanol and other biofuels, and make biofuel production cost competitive on a national scale. The new site received $135 million in federal funding. The University of Tennessee serves as one of the academic partners, providing specialized instrumentation, plant breeding technologies and new microbe discovery. Energy crops like switchgrass, which can be grown on marginal crop land, can produce affordable, domestic renewable fuel without raising food or feed costs. The BESC is dedicated to studying how to economically break down the cellulose in those sources to convert it into usable sugars for ethanol production.

Roane and Anderson Counties are also able to benefit from many other advanced technology and research and development based companies located in the area. The University of Tennessee, the Technology 2020 project and TVA are some of these companies that are in the area.

Oak Ridge National Lab. The ORNL is a multiprogram science and technology laboratory managed for the DOE by UT-Battelle, LLC. Scientists and engineers at ORNL conduct basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science; increase the availability of clean, abundant energy; restore and protect the environment; and contribute to national security. ORNL also performs other work for the DOE, including isotope production, information management, and technical program management, and provides research and technical assistance to other organizations. The laboratory is a program of DOE's Oak Ridge Field Office.

ORNL also boasts having the Spallation Neutron Source accelerator project and several supercomputers for scientific purposes. These unique projects bring about 3,000 scientists to visit

each year for varying periods of time, and numerous small industries to be spun off from the experiments and findings. Each job created is expected to have an impact on housing, retail banking, automobile and transportation, hotels, restaurants, hospitals, and business services.

The world's most powerful neutron science project is the *Spallation Neutron Source* (the "SNS") at ORNL. The giant research complex, spread across 75 acres on Chestnut Ridge a couple of miles from the main ORNL campus, is the world's top source of neutrons for experiments. The SNS is an accelerator-based neutron source built in Roane County by the DOE. The SNS provides the most intense pulsed neutron beams in the world for scientific research and industrial development. At a total cost of $1.4 billion, construction began in 1999 and was completed in 2006. In 2009, SNS reached full power when it set the world record in producing beam power three times more powerful than the previous world record. More neutrons are produced with a higher beam power.

Neutron-scattering research has a lot to do with everyday lives. For example, things like jets; credit cards; pocket calculators; compact discs, computer disks, and magnetic recording tapes; shatter-proof windshields; adjustable seats; and satellite weather information for forecasts have all been improved by neutron-scattering research. Neutron research also helps researchers improve materials used in high-temperature superconductors, powerful lightweight magnets, aluminum bridge decks, and stronger, lighter plastic products. The medical field will also be impacted with new drugs and medicines expected from experiments at the SNS.

ORNL is also completing a series of upgrades at the *High Flux Isotope Reactor*. This ORNL facility is sometimes referred to as the lab's "other" billion-dollar machine. It is the world's most powerful research reactor, and it is used to perform experiments similar to - but different from - those to be done at the Spallation Neutron Source.

Neutron-scattering research has a lot to do with everyday lives. For example, things like jets; credit cards; pocket calculators; compact discs, computer disks, and magnetic recording tapes; shatter-proof windshields; adjustable seats; and satellite weather information for forecasts have all been improved by neutron-scattering research. Neutron research also helps researchers improve materials used in high-temperature superconductors, powerful lightweight magnets, aluminum bridge decks, and stronger, lighter plastic products. The medical field will also be impacted with new drugs and medicines expected from experiments at the SNS.

ORNL's *Supercomputers* are housed in a 170,000-square-foot facility that includes 449 staff and 40,000 square feet of space for computer systems and data storage. The facility will house or has housed four supercomputers, the planned "Summit", the "Titan" (currently the world's second fastest supercomputer), the "Kraken", and the now dismantled "Jaguar" (which at one point was the world's fastest supercomputer). The machines will work on breakthrough discoveries in biology, fusion energy, climate prediction, nanoscience and many other fields that will fundamentally change both science and its impact across society.

The DOE awarded IBM an estimated $162 million contract to build the new "Summit" supercomputer (expected to be completed in 2017) at ORNL to be used for a wide range of scientific applications including combustion science, climate change, energy storage and nuclear power. The "Summit" is expected to be five times faster than the "Titan" supercomputer already online at

ORNL, which was ranked the fastest supercomputer in the world in 2012.

The National Oceanic and Atmospheric Administration's (the "NOAA") sponsor the supercomputer, called "Titan", funded with Recovery Act money. NOAA awarded Cray and ORNL a $47 million contract to provide the supercomputer "Titan" to work on climate research. The Cray supercomputer, the "Titan", was online in late 2012 after several years of development to replace the "Jaguar" supercomputer at ORNL. When the "Titan" was listed as the world's fastest computer in late 2012 it marked the fourth time a computer from ORNL has achieved that distinction since 1953. The "Titan's" purpose is to support research in energy, climate change, efficient engines and materials science. "Titan" has been billed as a 17.5-petaflops machine, which means it is capable of a peak performance of about 17,500 trillion (or 17.5 quadrillion) mathematical calculations per second. That speed is about 10 times the capability of the first "Jaguar", which at one time was the world's fastest computer. The total cost of the "Titan" was estimated to be about $100 million, but about $20 million was saved by reusing much of the "Jaguar" structure.

The DOE and the National Science Foundation (the "NSF") sponsor the supercomputer "Kraken" which came on line in 2009. The NSF awarded the University of Tennessee (the "UT"), ORNL and other institutions a $65 million grant to build "Kraken" to work on a range of scientific challenges, such as climate change and new medicines. UT's "Kraken" is housed with the ORNL's "Titan".

The DOE awarded ORNL and its development partners – Cray Inc., IBM Corp. and Silicon Graphics Inc. - $25 million in funding to build the "Jaguar" supercomputer, which is now obsolete and replaced as of 2012.

A dedicated effort by the DOE to transfer technology to the private sector that was heretofore held as proprietary to the U.S. Government alone has led to an unparalleled growth in new business development in the area. Licenses have been granted to existing firms as well as start-up firms to manufacture for commercial use products using state-of-the-art technology in robotics, ceramics and nuclear medicine.

Through interagency agreements, DOE's Oak Ridge facilities have launched a highly successful "work for others" program. Local firms contract with numerous federal agencies to provide services and products. The value of these contracts have grown from approximately $50 million in 1983 to $270 million in recent years.

Technology 2020. The Technology 2020 project was initiated in 1993 to capitalize on the unique resources of the East Tennessee region: the presence of the ORNL, UTK, the headquarters of the TVA, and a significant number of both large and small technology companies in the region. A $4.5 million investment has been made by DOE, South Central Bell, the Tennessee Public Service Commission and Lockheed-Martin to set up a regional telecommunications laboratory and has been termed the area's "on-ramp to the information highway". This economic development resource center is located in Oak Ridge's Commerce Park. An 18,000 square foot facility has been constructed on the 5.2 acre site. The facility is used for testing and demonstrating new communications technologies and applications. It offers video conferencing, training and multi-media presentation capabilities and a new business incubator for emerging companies. The facility is expected to be

particularly important to rural communities that might not otherwise have access to advanced communications resources.

Tennessee Valley Authority (the "TVA"). TVA provides support, technology, expertise, and financial resources to existing businesses and industries in the Valley to help them grow and be more efficient and profitable. These resources include technical assistance, low-interest loans, and other tools needed by businesses for successful operation.

University of Tennessee. The University of Tennessee's flagship campus in Knoxville is home to a wide array of vigorous programs doing research on issues vital to the community, the state, the nation, and the world. The university has collaborative relationships with public and private agencies including ORNL, Battelle Memorial Institute (forming UT-Battelle), St. Jude Children's Research Hospital, the Memphis Bioworks Foundation, and the Boston-Baskin Cancer group (forming UT Cancer Institute).

National Institute for Mathematical and Biological Synthesis (NIMBioS) is a first-of-its-kind institute dedicated to combining mathematics and biology to solve problems in both scientific fields. The center is funded by a 2008 $16 million award from the National Science Foundation and is located at the University of Tennessee. A unique aspect of NIMBioS will be its partnership with the Great Smoky Mountains National Park. The park and its Twin Creeks Science Center play a key role in the institute's work, with the park serving as a testing ground for many of the ideas that come from NIMBioS. Partners in NIMBioS include the US Department of Agriculture and the US Department of Homeland Security, IBM and ESRI, a developer of software and technology related to geographic information systems. It draws over 600 researchers each year to Knoxville.

Source: City of Oak Ridge, ORNL, Y-12 National Security Complex and the Knoxville News Sentinel.

Nuclear

Integrated Facilities Disposition Program. The DOE approved a massive $18 billion Oak Ridge cleanup campaign. The cleanup program would demolish more than 400 contaminated building at ORNL and the Y-12 nuclear weapons plan. The program would also focus on mitigating polluted ground water at the sites and other actions to reduce environmental damage. The work began in 2011 and could take up to 45 years to complete.

In 2015 $424 million was set aside for the environmental cleanup activities in Oak Ridge. The 2009 stimulus act passed by Congress gave the DOE Oak Ridge's office $1.9 billion for environmental cleanup projects. The stimulus money sent directly for projects in Oak Ridge, $1.2 billion, saved or created about 3,863 new jobs through sub-contracting construction-type jobs as well as technical and specialty positions associated with handling radioactive materials and evaluating environmental risks. The clean-up money was divided among four sites: $239 million to ORNL, $292 million to Y-12, $144 million to East Tennessee Technology Park and $80 million to the Transuranic Waste Processing Center. At Y-12 alone, seven cleanup projects created 2,000 jobs, demolished about 150,000 square feet of old buildings and got rid of about 74,000 cubic meters of waste.

A former gaseous diffusion building was torn down by the DOE as part of its program to convert the former K-25 site for use by private industry. The K-29 Building was part of a series of mammoth buildings to enrich uranium for weapons and fuel for nuclear power plants. The building went into operation in 1951 and was shut down in 1987. The building in size equates to 6 1/2 football fields under one roof. Demolition was completed at the end of 2007. The gigantic K-25 building, a mile long U-shaped structure that processed the uranium in WWII, was demolished in 2010.

Y-12 National Security Complex. The Y-12 National Security Complex is another large federal plant in Oak Ridge. The ongoing functions of the Y-12 plant are to support the DOE's weapons design labs, recover U-235 from spent nuclear weapons and provide support to other government agencies.

Y-12 has been undergoing a major modernization program. Y-12 is a key facility in the U.S. Nuclear Weapons Complex and is responsible for ensuring the safety, reliability, and security of the nuclear weapons stockpile and serves as the nation's primary repository of highly enriched uranium. Y-12 houses the country's stockpile of bomb-grade uranium, builds uranium bomb parts and dismantles nuclear weapon systems as needed to support a much smaller nuclear arsenal. National Nuclear Security Administration's (the "NNSA") is planning to transform the nuclear weapons complex to be smaller, more efficient and more cost effective. The goal is by 2020 to have only two facilities where there used to be 700 buildings.

Contractors have already demolished dozens of World War II era buildings at Y-12, about a million square feet since 2001, to reduce the surveillance and maintenance costs, and to support the new programs. Some new office buildings already have been built, including the Jack Case Center that holds about a third of the workforce, or around 1,500 employees. This $58 million, 420,000-square-foot office building was completed in the summer of 2007. A new 137,000-square-foot visitor's center and auditorium, for about $18 million, was also completed in 2007.

A planned $120 Million water treatment plant to capture Y-12 mercury runoff is expected to begin construction in 2017 and begin filtering 1,500 gallon a minute of water by 2020.

The $549 million *Highly Enriched Uranium Materials Facility* at Y-12, a storage complex for weapons-grade uranium, was completed in late 2008. This storage facility replaced multiple aging facilities and allows for storage of its uranium stocks in one central location that represents maximized physical security with minimal vulnerabilities and operating costs. It is designed to protect the large cache of U-235 against any type of terrorist assault. The facility is currently over 85% storage capacity of bomb-grade uranium.

The *Uranium Processing Facility* (the "UPF") Project, cornerstone of Y-12's new modernization strategy, will replace current enriched uranium and other processing operations. It will replace Y-12's main production center and cost billions of dollars. The design phase began in 2006, construction began in 2009, and should be operation by 2025. Construction of the UPF will accelerate consolidation of aging facilities, bringing production operations currently housed in multiple buildings together, reducing the size of the plant's highest security area by 90 percent, improving the overall security posture, making the plant more secure and saving millions of dollars

in annual operating costs.

Source: City of Oak Ridge, ORNL, Y-12 National Security Complex and the Knoxville News Sentinel.

POWER PRODUCTION

Bull Run Fossil Plant. TVA's Bull Run Fossil Plant is located on Bull Run Creek near Oak Ridge in Anderson County. It is the only single-generator coal-fired power plant in the TVA system. When the generator went into operation in 1967, it was the largest in the world in the volume of steam produced. Bull Run has a single coal-fired generating unit. The winter net dependable generating capacity is about 870 megawatts. The plant consumes about 7,300 tons of coal a day. Bull Run's boiler, one of the largest in the United States, contains about 300 miles of tubes.

Electricity is generated at Bull Run by the process of heating water in a boiler to produce steam. Under extremely high pressure, the steam flows into a turbine that spins a generator to make electricity. Bull Run generates more than six billion kilowatt-hours of electricity a year, enough to supply about 430,000 homes. It has been ranked the most-efficient coal-fired plant in the nation 13 times and is consistently in the top five each year.

To reduce sulfur dioxide (SO_2) emissions, Bull Run burns a blend of low-sulfur coal. Construction of a scrubber to further reduce SO_2 began in 2005 and is scheduled for completion in 2009. To reduce nitrogen oxides (NO_X), the plant uses a selective catalytic reduction system as well as combustion and boiler optimization controls. In 2010 TVA had spent about $5.7 billion on emission controls at its fossil-fuel plants to ensure that this power supply is generated as cleanly as possible, consistent with efficiency.

Kingston Fossil Plant. TVA's Kingston Fossil Plant is located on Watts Bar Reservoir on the Tennessee River near Kingston in Roane County. At the time it was finished in 1955, Kingston was the largest coal-burning power plant in the world. Kingston has nine coal-fired generating units. The winter net dependable generating capacity is 1,456 megawatts. The plant consumes some 14,000 tons of coal a day.

Electricity is produced at each of Kingston's nine coal-fired units by the process of heating water in a boiler to produce steam. Under extremely high pressure, the steam flows into a turbine that spins a generator to make electricity. Kingston generates about 10 billion kilowatt-hours of electricity a year, enough to supply more than 700,000 homes.

To reduce sulfur dioxide (SO_2) emissions, all nine units use a blend of low-sulfur coal. Scrubbers are being added to the units to further reduce SO_2. This project cost about $500 million. TVA spent about $6 billion on emissions controls at its fossil-fuel plants to ensure that this power supply is generated as cleanly as possible, consistent with efficiency.

Source: Tennessee Valley Authority.

Kingston Ash Slide. An estimated 1.1 billion gallons of water and fly ash burst from a failed retention pond for the TVA Kingston Fossil plant near Harriman in December 2008. The breach of a 40-acre earthen holding pond at the coal-burning power plant discharged 5.4 million cubic yards, or about 1.1 billion gallons, of fly ash and water across 300 acres, destroying three homes, closing

roads, rail road tracks and clogging the Emory River. TVA was fined $11.5 million by the State of Tennessee, and the agency has incurred legal bills of $10.8 million. The agency also paid $42.5 million to Roane County to offset the economic impact of the spill. In 2011 TVA approved to spend $53 million to build a gypsum dewatering facility at the Kingston Plant. The cleanup of the ash spill is expected to be completed in 2014.

Norris Dam. TVA's Norris Dam, the first dam TVA built, is located in Anderson County on the Clinch River. Construction of the Dam began in 1933, just a few months after the creation of TVA, and was completed in 1936. Norris Dam is 265 feet high and stretches 1,860 feet across the Clinch River. The generating capacity of Norris is 131,400 kilowatts of electricity. Norris Dam is a popular tourist and recreation destination, and in summer 2005 TVA opened a new visitor center at the dam. Visitors can learn about the history of Norris, hydropower operations, and TVA's management of the river system.

Source: Tennessee Valley Authority.

MANUFACTURING AND COMMERCE

A dedicated effort by the DOE to transfer technology to the private sector that was heretofore held as proprietary to the U.S. Government alone has led to an unparalleled growth in new business development in the City. Licenses have been granted to existing firms as well as start-up firms to manufacture for commercial use products using state-of-the-art technology in robotics, ceramics and nuclear medicine.

Currently, there are several industrial parks in the County which were developed by the municipality, and a few parks which were developed by private firms. The number of tenants, the diversity of their products and total employment in these parks point to a stable and thriving economic sector. The *Municipal Industrial Park* was the first park to be developed by the County and has been fully privatized for some years.

The activities undertaken by these firms include generalized and highly specific tooling and machining operations; design and manufacture of instrumentation and measurement devices; design and fabrication of metal bellows, piping and damping systems; custom fabrication of aluminum and zinc die cast parts, design and manufacture of food packaging systems; super-conducting magnet design and fabrication; and decontamination, restoration and recycling of nuclear equipment components and materials.

Oak Ridge completed building the infrastructure for the 118-acre *Bethel Valley Industrial Park* in 1989. Twenty of the park's 28 sites, totaling approximately 80 acres, have been sold to industries providing more than 200 jobs.

The *Clinch River Industrial Park* is a 100-acre site that has been fully privatized since 1990. The Scientific Ecology Group, Inc. and International Technology Corporation (IT) occupy the 8 lots within this park resulting in employment of approximately 1,300 individuals. Both firms operate decontamination waste facilities. The *Clinton / I-75 Industrial Park* has about 40 acres near Interstate 75.

Commerce Park, a 300-acre fully planned industrial/research and development park developed by Lockheed Martin is strategically located as the northern anchor to the Technology Corridor. Approximately 150 acres have been sold to date to five firms, including Coors Technical Ceramics, Feintool Tennessee, M-4 Environmental, and the Oak Ridge Technical Center. The Technical Center is a 262,000 square foot office complex consisting of five structures, all of which are fully leased. Additionally, the park is home to the newly constructed Technology 2020, a $4.5 million state of the art telecommunication center. The project was completed in early 1996.

Located on the west side of Oak Ridge, *The East Tennessee Technology Park* (the "ETTP") is a compilation of resource-rich industrial facilities which have their beginnings in the Manhattan Project during World War II. The site's original mission was to enrich uranium in the uranium 235 isotope for use in atomic weapons and subsequently for use in the commercial nuclear power industry. The plant was permanently shut down in 1987 and in 1996 reindustrialization went into effect with efforts focusing on restoration of the environment, decontamination and decommissioning of the facilities, and management of legacy wastes. The biggest task includes dismantlement and demolition of the K-25 building – a mile-long, U-shaped structure that was built to process uranium.

The ETTP site also serves as the test location of the next-generation enrichment technology under the U.S. Enrichment Corporation's American Centrifuge Program. This technology will allow the United States to maintain energy security through use of state-of-the-art materials, control systems and manufacturing processes to enrich uranium. Centrifuges are presently tested at the site for eventual use in a full-scale American Centrifuge Plant by the end of the decade.

The goal is to create a brownfields industrial park known as *Heritage Center* under coordination of the Community Reuse Organization of East Tennessee. Also, near the ETTP site is Horizon Center, which includes more than 1,000 acres of pristine greenfield land that is available for private industrial use.

The Horizon Center is a greenfield industrial park with more than 1,000 acres ready for immediate development. Horizon Center is a new site designed to provide building sites and amenities desired by high-tech companies while still preserving the area's scenic beauty. There are two corporate headquarters located in the park, with a total investment about $33 million.

The *Valley Industrial Park*, a 90-acre site has more than 20 industrial facilities located within the Parks. The activities undertaken by firms in this park include development and manufacturing of robotics devices; development of coating materials; manufacturing of security devices; integrated information management services; manufacturing of precision measuring devices; tooling and machining operations; rolling and fabrication of metal sheet products; and a waste management facility. See "RECENT DEVELOPMENTS" for more information.

Source: Knoxville News Sentinel.

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Listed below are the larger employers located in the County:

Major Employers in Anderson County[1]

Name	Product	Employment
BWXT Y-12	National Security	7,000
Oak Ridge National Lab[2]	National Security	4,374
Anderson County	Government	1,716
Methodist Medical Center	Health Care	1,080
Anderson County Schools	Education	1,050
Oak Ridge Associated Universities	Research & Development	933
SL Tennessee[3]	Manufacturing	750
SiTel	Customer Service Centers	725
Eagle Bend Manufacturing	Manufacturing	671
Oak Ridge Schools	Public School System	668
Energy Solutions	Nuclear Engineering Services	625
Aisin Automotive Casting	Automotive Parts	580
UCOR	Environmental Management	565
Science Applications, Int'l. Corp.	IT Research & Engineering	550
ORNL Federal Credit Union	Financial Institution	486
Navarro Research & Engineering	Engineering & Administrative Services	445
Department of Energy (2 departments)	National Security	440
City of Oak Ridge	Government Administration	401
Carlisle Tire & Wheel	Manufacturing	400
Faris Enterprises (McDonalds)	Restaurants	400
Client Logic	Customer/Technical Service	387
Southern Tube Form	Metal Tubing for Auto Industry	365
Leidos Engineering	National Security & Engineering	350
USEC	Engineering Services	330
Jacobs Engineering	Environmental Management	322
Washington Group	Waste Management	300
Pro2Serve	National Security	250
Food Lion Corporation	Distribution	250

[1] Contains employers located in both the counties the City of Oak Ridge lies in.
[2] ORNL is a joint venture of University of Tennessee and Battelle
[3] SL Tennessee will have an estimated 1,750 employment once its next expansion is completed.
Source: Knoxville News Sentinel, Anderson County Audit and the City of Oak Ridge – 2015.

EMPLOYMENT INFORMATION

For the month of September 2015, the unemployment rate for Oak Ridge stood at 5.1% with 13,340 persons employed out of a labor force of 14,060. For the month of September 2015 the unemployment rate for Anderson County stood at 5.8% with 31,700 persons employed out of a labor force of 33,670.

The Knoxville MSA's unemployment for September 2015 was at 5.3% with 384,510 persons employed out of a labor force of 405,890. As of September 2015, the unemployment rate in the Knoxville-Sevierville-Harriman CSA stood at 5.4%, representing 489,770 persons employed out of a workforce of 517,880.

Unemployment

	Annual Average **2010**	Annual Average **2011**	Annual Average **2012**	Annual Average **2013**	Annual Average **2014**
National	9.6%	8.9%	8.1%	7.4%	6.2%
Tennessee	9.7%	9.2%	8.0%	8.2%	6.7%
Oak Ridge	**8.2%**	**7.7%**	**7.4%**	**7.6%**	**6.2%**
Index vs. National	85	87	91	103	100
Index vs. State	84	84	92	93	93
Anderson County	**9.0%**	**8.4%**	**7.8%**	**7.9%**	**6.8%**
Index vs. National	94	94	96	107	110
Index vs. State	93	91	97	96	101
Knoxville MSA	**7.9%**	**7.3%**	**6.6%**	**6.9%**	**6.2%**
Index vs. National	82	82	81	93	100
Index vs. State	81	79	82	84	93
Knoxville-Sevierville-Harriman CSA	**8.9%**	**8.3%**	**7.5%**	**7.7%**	**6.5%**
Index vs. National	93	93	93	104	105
Index vs. State	92	90	94	94	97

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

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ECONOMIC DATA

Per Capita Personal Income

	2009	2010	2011	2012	2013
National	$39,379	$40,144	$42,332	$44,200	$44,765
Tennessee	$34,439	$35,426	$37,151	$39,002	$39,558
Anderson County	**$34,261**	**$35,464**	**$37,394**	**$38,576**	**$39,148**
Index vs. National	87	88	88	87	87
Index vs. State	99	100	101	99	99
Knoxville MSA	**$33,723**	**$34,714**	**$36,586**	**$37,997**	**$38,506**
Index vs. National	86	86	86	86	86
Index vs. State	98	98	98	97	97
Knoxville-Sevierville-Harriman CSA	**$32,548**	**$33,476**	**$35,223**	**$36,557**	**$37,039**
Index vs. National	83	83	83	83	83
Index vs. State	95	94	95	94	94

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Social and Economic Characteristics

	National	Tennessee	Anderson County	Clinton	Oak Ridge
Median Value Owner Occupied Housing	$176,700	$139,200	$127,000	$128,100	$148,400
% High School Graduates or Higher Persons 25 Years Old and Older	86.0%	84.4%	83.8%	84.7%	90.9%
% Persons with Income Below Poverty Level	15.4%	17.6%	18.2%	12.3%	17.7%
Median Household Income	$53,046	$44,298	$43,620	$40,156	$53,834

Source: U.S. Census Bureau State & County QuickFacts - 2013.

TOURISM AND RECREATION

American Museum of Science and Energy. Drawing thousands of visitors from across the United States and abroad are the American Museum of Science and Energy and the Oak Ridge Graphite Reactor. More than 225,000 persons visit the Museum annually. The museum opened in 1949 in an old wartime cafeteria of the ORNL. Its guided tours took visitors through the peaceful uses of atomic energy. The present facility, opened in 1975, continues to provide the general public

with energy information. The museum includes historical photographs, documents and artifacts explaining the story of Oak Ridge and the Manhattan Project. There is an Exploration Station that offers self-directed activities which explore light and color, sound, problem-solving, static electricity, robotics, vision and more. It also includes exhibits on Y-12 and National Defense, the Earth's energy resources and nuclear reactors and energy.

The X-10 Graphite Reactor at ORNL, formerly known as the Clinton Pile and X-10 Pile, was the world's second artificial nuclear reactor and was the first reactor designed and built for continuous operation. The Graphite Reactor is open to the public and a National Historic Landmark. Also, an overlook display at the Oak Ridge Gaseous Diffusion Plant and facilities of the TVA is available for visitors.

Source: American Museum of Science and Energy.

Arboretum. The Arboretum is a project of the University of Tennessee Forest Resources Research and Education Center located in Oak Ridge. It generally hosts more than 30,000 visitors annually. This 250 acre research and education facility has over 2,500 native and exotic woody plant specimens that represent 800 species, varieties, and cultivars. The Arboretum serves as an outdoor classroom to university students in a variety of fields. It is also a place that provides a natural laboratory for research in plant uses, genetics and adaptability, insect and disease control, and the management of associated natural resources. The facility is recognized as an official Wildlife Observation Area and part of the National Watchable Wildlife Program by the Tennessee Wildlife Resources Agency. It is also recognized by the Holly Society of America as an official Holly test garden and the trails are part of the Tennessee Recreational Trail System.

Source: Forest Resources Research and Education Center.

Melton Hill Reservoir. TVA's Melton Hill Dam is located in Loudon County on the Clinch River. Melton Hill Reservoir extends almost 57 miles upstream from Melton Hill Dam to Norris Dam along the county lines of Loudon, Roane, Knox and Anderson Counties. Unlike other TVA reservoirs, Melton Hill is not used for flood control. But because it's used for power production, the level of the water in the reservoir fluctuates about four feet throughout the year. Melton Hill Reservoir has a nationally recognized rowing course and is a spring training site for collegiate teams from throughout the eastern United States. The reservoir has hosted a number of national championships. Melton Hill Reservoir extends the reach of barge traffic 38 miles up the Clinch River to Clinton, Tennessee, making the area attractive to industries that rely on this mode of transportation.

Source: Tennessee Valley Authority.

Parks nearby. Within 50 miles of the County are over a dozen lakeside resorts and State parks with cabins for rent, camping facilities, or both. The State parks - Cove Lake and Norris Dam in Campbell County, Big Ridge in Union County and Cumberland Mountain in Cumberland County - all offer cabins, camping and restaurants. Great Smoky Mountains National Park is a scenic seventy-five minute drive south of the County. Big South Fork National Recreation Area, with its top rated white water rafting, is only a sixty minute drive north.

Norris Reservoir. Norris Reservoir extends 73 miles up the Clinch River and 56 miles up the Powell from Norris Dam. It covers 5 counties: Anderson, Campbell, Union, Claiborne and Grainger

Counties. Norris provides 809 miles of shoreline and 33,840 acres of water surface. It is the largest reservoir on a tributary of the Tennessee River. Norris Reservoir is an important component of the system TVA set up to reduce the risks of these disasters. The area around the Clinch River receives more than 45 inches of rain a year. In the past, floodwaters on the Clinch sometimes inundated areas hundreds of miles downstream. The recreational use of Norris Reservoir exceeds that of any other tributary reservoir in the TVA river system. Water sports at Norris include boating, water skiing, swimming, and excellent fishing.

Source: Tennessee Valley Authority.

Watts Bar Reservoir. TVA's Watts Bar Dam is located along the Meigs and Rhea County line on the Tennessee River. Watts Bar Reservoir extends 72.4 miles northeast from the Dam to Fort Loudoun Dam through Rhea, Meigs, Roane and Loudon Counties. Watts Bar, located about midway between Knoxville and Chattanooga, is one of nine TVA dams on the Tennessee River. The reservoir attracts millions of recreation visits each year for boating, fishing, swimming, camping, and other outdoor activities. Watts Bar also creates a slack-water channel for navigation more than 20 miles up the Clinch River and 12 miles up its tributary, the Emory. The lock at Watts Bar handles more than a million tons of cargo a year, and the reservoir plays an important role in flood control. In conjunction with other tributary and main-river reservoirs above Chattanooga, it is of special value to that city, which is the point of greatest flood hazard in the Valley.

Source: Tennessee Valley Authority.

OTHER DEVELOPMENTS

Becromal. In 2012 Becromal, a manufacturer of aluminum foils for electrolytic capacitors, closed its facility in the Yarnell Industrial Park in Clinton. The company is moving the manufacturing to Iceland. About 30 workers were laid off.

CVMR. In May 2015 CVMR will establish its global headquarters in Oak Ridge, moving all of its current operations from Toronto, Canada. This will result in 620 new jobs. CVMR is investing $313 million in the new facility for the production of advanced metal materials for a variety of industries, including aerospace, energy, automotive and medical devices. CVMR plans to quadruple its production capacity at the site over the next three years and will begin construction of additional facility in June 2015. Company officials cited the proximity of the Oak Ridge National Laboratory in its decision to move from Canada.

The Oak Ridge facility will house CVMR USA's corporate headquarters, research and development, production of nano materials and metallurgical coating services, customer support, product development and planning for US production facilities. The CVMR Centre of Excellence for Innovation in Powder Metallurgy will collaborate with academic, industrial, government and businesses entities interested in the development of advanced materials and innovative technologies. The Centre will focus on production of new metallurgical products that can benefit the metal industry.

CVMR® Corporation is a privately held multinational, multi-disciplinary organization operating in four continents. The company specializes in project management of large mining operations, mineral processing plant design, construction and commissioning. A large portion of the

US plant will be dedicated to the production of metal powders used in 3D Printing (Additive Manufacturing) and producing graphene for advanced products.

Dura-Line. Headquartered in Knoxville, Dura-Line is a manufacturer of conduit products for the telecommunications industry. In 2015 the company announced a new $25 million facility in Clinton that will create 70 new jobs.

Eagle Bend Manufacturing Inc. Eagle Bend began an expansion project to the 25-year-old plant in Clinton in 2012. The $64 million project will create 188 new jobs over the next 5 years. The plant added another 100,000 square feet to the current 344,000 square feet. The company is an automotive part supplier for cars and light trucks worldwide. It is a division of Magna International Inc. of Canada.

Integrated Facilities Disposition Program. The DOE approved a massive $14.5 billion Oak Ridge cleanup campaign. The cleanup program would demolish more than 400 contaminated building at ORNL and the Y-12 nuclear weapons plan. The program would also focus on mitigating polluted ground water at the sites and other actions to reduce environmental damage. The work began in 2011 and could take up to 25 years to complete.

The 2009 stimulus act passed by Congress gave the DOE Oak Ridge's office $1.9 billion for environmental cleanup projects. The stimulus money sent directly for projects in Oak Ridge, $1.2 billion, saved or created about 3,863 new jobs through sub-contracting construction-type jobs as well as technical and specialty positions associated with handling radioactive materials and evaluating environmental risks. The clean-up money was divided among four sites: $239 million to ORNL, $292 million to Y-12, $144 million to East Tennessee Technology Park and $80 million to the Transuranic Waste Processing Center. At Y-12 alone, seven cleanup projects created 2,000 jobs, demolished about 150,000 square feet of old buildings and got rid of about 74,000 cubic meters of waste. All clean-up projects have an extended deadline of 2015.

Oak Ridge Associated Universities (the "ORAU"). In 2015 the ORAU received a five-year $7.3 million contract for radiation training for the U.S. Nuclear Regulatory Commission (the "NRC"). The new contract with NRC will include training at the contractor's Oak Ridge facilities, as well as development and maintenance of the NRC's Technical Training Center in Chattanooga.

Oak Ridge National Laboratory. In 2011 ORNL cut 350 jobs to prepare for anticipated federal budget cuts in the Fiscal Year 2011-2012. In late 2014 the national lab employed 4,374.

ORNL is in the final stages of a $300 million project to provide a modern campus for the next generation of great science. A unique combination of federal, state and private funds is building 13 new facilities. Included in these new facilities will be the Laboratory for Comparative and Functional Genomics, the Center for Nanophase Materials Sciences, the Advanced Microscopy Laboratory, the Oak Ridge Center for Advanced Studies and the joint institutes for computational sciences, biological sciences, and neutron sciences. ORNL has been selected as the site of the Office of Science's National Leadership Computing Facility for unclassified high-performance computing.

In early 2009 and in 2012 ORNL dedicated two solar arrays, respectively. The first one is a 288-foot span of solar array panels that provides 51.25 kilowatts of power to the lab's grid. The latest array cost $800,000 and provides 200 kilowatts. These arrays will offset nearly half of the power use in one of ORNL's research facilities and expand a green initiative known as the "sustainable campus" project.

In the summer of 2009 ORNL broke ground on a $95 million chemistry laboratory funded with federal stimulus money. The new 160,000-square-foot Chemical and Materials Science Building replaced old labs in a 1950s-era structure across the street from the construction site. Completion was in the summer of 2011. In 2010 the $8.9 million Guest House was built on the ORNL campus. It houses visiting scientists and researchers that come to work at the world-class facility. The min-hotel has 47 units.

ORNL Credit Union. The ORNL Credit Union opened its $30 million corporate headquarters in the Horizon Center in 2011. The consolidation of operations in Anderson and Knox Counties employ about 257 people, with an additional 100 more workers hired in the next 10-15 years.

SL Tennessee. An automotive parts supplier, SL Tennessee, will invest $80.5 million and create 1,000 jobs to expand its Clinton facility in the Eagle Bend Industrial Park, which will be operational by April 2015. This 2015 expansion will add 250,000 more square feet to its existing 500,000 square feet under roof. The company already has made $50 million in expansions and added 400 workers since 2010. This will make it the largest employer in Anderson County. In 2013 the company leased a 65,000-square-foot facility in the Eagle Bend Industrial Park and added 250 new jobs. A 2010 expansion cost about $35 million and added another 100,000 square feet to the existing 164,000-square-foot plant. The expansions are due to the new Volkswagen automotive plant north of Chattanooga. SL America Corporation has three facilities in North America and more than 6,000 employees world-wide.

Source: City of Oak Ridge, the OakRidger, ORNL, Y-12 National Security Complex and the Knoxville News Sentinel.

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CITY OF OAK RIDGE, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED		PURPOSE	DUE DATE	INTEREST RATE(S)		OUTSTANDING AS OF JUNE 30, 2015
$ 7,400,000	(4)	General Obligation Loan, Series 1995	May 2023	Variable	(7)	$ 3,372,500
1,000,000		General Obligation Loan, Series 2001	May 2017	Variable	(7)	179,000
3,000,000	(2)	Water & Sewer Revenue & Tax Loan, Series 2001	May 2022	Variable	(7)	1,393,000
12,425,000	(3)	Electric Revenue Refunding Bonds, Series 2003	Jun 2018	Fixed		960,000
7,049,360		Qualified Zone Academy Bonds, Series 2004	Nov 2020	Fixed		3,056,510
15,000,000		Local Gov. Public Imp. Bonds, Series B-9-A	Jun 2025	Fixed		13,650,000
9,000,000	(5)	General Obligation Loan, Series 2006	May 2026	Variable	(7)	5,804,000
5,325,000		Local Gov. Public Imp. Bonds, Series B-11-A	Jun 2038	Fixed		5,325,000
11,000,000	(9)	General Obligation Loan, Series 2008	May 2027	Variable	(7)	10,860,000
27,285,000	(6)	General Obligation Refunding Bonds, Series 2009	Jun 2025	Fixed		26,280,000
21,140,000	(9)	Local Gov. Public Imp. Bonds, Series VII-E-1	Jun 2036	Synthetic Fixed	(7)	21,140,000
20,000,000	(10)	General Obligation Bonds, Series 2009B	Jun 2041	Fixed		19,750,000
4,735,000	(8)	Local Gov. Public Imp. Bonds, Series VI-M-1	Jun 2036	Synthetic Fixed	(7)	4,735,000
5,240,000		General Obligation Refunding Bonds, Series 2010	Jun 2021	Fixed		3,155,000
5,000,000		Interfund Capital Outlay Note, Series 2010	Nov 2015	Fixed		1,190,476
9,810,000	(2)	General Obligation Bonds, Series 2011B	Jun 2028	Fixed		9,510,000
5,000,000	(2)	General Obligation Loan, Series 2012	June 2033	Variable		4,675,000
23,205,000	(11)	General Obligation Bonds, Series 2013	June 2013	Fixed		19,340,000
18,000,000	(2)	State Revolving Fund Wastewater Loan, Series 2014	June 2035	Fixed		17,600,000
3,000,000	(2)	State Revolving Fund Wastewater Loan, Series 2014	June 2037	Fixed		3,000,000
$ 213,614,360		**TOTAL BONDED DEBT**				$ 174,975,486
9,140,000		Plus: General Obligation Refunding Bonds, Series 2015A	June 2024	Fixed		9,140,000
9,615,000		Plus: General Obligation Refunding Bonds, Series 2015B	June 2032	Fixed		9,615,000
(20,325,000)		Less: Refunded Bonds	Apr 2015	Fixed		(18,975,000)
$ (63,879,718)		Less: Revenue-Supported Debt				(88,218,923)
$ 148,164,642		**NET BONDED DEBT**				$ 86,536,563

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) Revenue & Tax Supported bonds.

(3) Revenue Supported bonds.

(4) Water and Wastewater system revenues support $2,803,735 of this outstanding debt.

(5) Water and Wastewater system revenues support $4,408,896 of this outstanding debt, while the Electric system revenues support the remaining $2,207,104.

(6) The Electric system revenues support $10,070,000 of this outstanding debt.

(7) The City budgets to account for interest rate and/or basis risk. For more information, see the notes to the Financial Statements in the CAFR.

(8) The Borrower's Series VII-E-1 obligation refunded the Borrower's Series VI-D-3 obligation and $11,000,000 of the VI-H-1 obligation. The Authority on behalf of the Borrower has entered into interest rate swap agreements with respect to Series VI-D-3 and VI-H-1 Bonds. The interest rate swap agreement with respect to the Series VI-D-3 Bonds still remains outstanding and serves as a hedge for the portion of the Series VII-E-1 Bonds allocated to the refunding of the Series VI-D-3 Bonds. The interest rate swap agreement with respect to the Series VI-H-1 Bonds still remains outstanding and serves as a hedge for the portion of the Series VII-E-1 Bonds allocated to the refunding of the Series VI-H-1 Bonds and for the Series VI-M-1 Bonds.

(9) The Water & Wastewater system revenues support $1,794,416 of this outstanding debt. The Electric system revenues support $1,453,296 of this outstanding debt.

(10) The Water & Wastewater system revenues support $5,000,000 of this outstanding debt. The Electric system revenues support $5,000,000 of this outstanding debt.

(11) The Water & Wastewater system revenues support $19,870,000 of this outstanding debt.

CITY OF OAK RIDGE, TENNESSEE

Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the CAFR and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this Official Statement.

	For the Fiscal Year Ended June 30					After Issuance of 2015A & 2015B Bonds
INDEBTEDNESS	**2011**	**2012**	**2013**	**2014**	**2015**	**2015**
TAX SUPPORTED						
General Obligation Bonds & Notes	$98,324,237	$94,852,818	$91,112,400	$87,393,982	$83,601,563	$83,381,563
Golf Course	$4,860,000	$4,455,000	$4,035,000	$3,600,000	$3,155,000	$3,155,000
TOTAL TAX SUPPORTED	$103,184,237	$99,307,818	$95,147,400	$90,993,982	$86,756,563	$86,536,563
REVENUE SUPPORTED						
Water & Sewer Revenue Bonds & Notes	35,108,209	48,791,527	51,964,714	67,732,392	68,824,408	68,824,408
Electric Revenue Bonds & Notes	23,970,934	22,848,169	21,710,400	20,482,626	19,394,516	19,394,516
TOTAL REVENUE SUPPORTED	$59,079,143	$71,639,696	$73,675,114	$88,215,019	$88,218,923	$88,218,923
TOTAL DEBT	$162,263,380	$170,947,514	$168,822,514	$179,209,000	$174,975,486	$174,755,486
Less: Revenue Supported Debt	($59,079,143)	($71,639,696)	($73,675,114)	($88,215,019)	($88,218,923)	($88,218,923)
Less: Debt Service Fund	(11,993,611)	(11,029,837)	(10,297,194)	(10,098,497)	(9,461,652)	(9,461,652)
NET DIRECT DEBT	$91,190,626	$88,277,981	$84,850,206	$80,895,485	$77,294,911	$77,074,911
OVERLAPPING DEBT (1)	20,048,340	20,625,778	26,955,139	26,062,789	12,118,932	12,118,932
NET DIRECT & OVERLAPPING DEBT	$111,238,966	$108,903,759	$111,805,345	$106,958,274	$89,413,843	$89,193,843
PROPERTY TAX BASE (2)						
Estimated Actual Value	$ 2,869,530,816	$ 2,725,338,129	$ 2,693,276,719	$ 2,714,739,582	$ 2,739,211,457	$ 2,739,211,457
Appraised Value	2,317,256,108	2,725,338,129	2,693,276,719	2,714,739,582	2,739,211,457	2,739,211,457
Assessed Value	695,472,776	813,836,892	804,659,163	813,657,512	825,281,660	825,281,660

(1) OVERLAPPING DEBT Includes the City's share of Anderson and Roane County's Net Direct Debt.

(2) The Property Tax Base figures are based on both Counties the City is located in, Anderson and Roane County.

Source: Comprehensive Annual Financial Report for City of Oak Ridge, Tennessee and City Officials.

DEBT RATIOS	For the Fiscal Year Ended June 30					After Issuance of 2015A & 2015B Bonds
	2011	2012	2013	2014	2015	2015
TOTAL DEBT to Estimated Actual Value	5.65%	6.27%	6.27%	6.60%	6.39%	6.38%
TOTAL DEBT to Appraised Value	7.00%	6.27%	6.27%	6.60%	6.39%	6.38%
TOTAL DEBT to Assessed Value	23.33%	21.01%	20.98%	22.03%	21.20%	21.18%
NET DIRECT DEBT to Estimated Actual Value	3.18%	3.24%	3.15%	2.98%	2.82%	2.81%
NET DIRECT DEBT to Appraised Value	3.94%	3.24%	3.15%	2.98%	2.82%	2.81%
NET DIRECT DEBT to Assessed Value	13.11%	10.85%	10.54%	9.94%	9.37%	9.34%
OVERLAPPING DEBT to Estimated Actual Value	0.70%	0.76%	1.00%	0.96%	0.44%	0.44%
OVERLAPPING DEBT to Appraised value	0.87%	0.76%	1.00%	0.96%	0.44%	0.44%
OVERLAPPING DEBT to Assessed Value	2.88%	2.53%	3.35%	3.20%	1.47%	1.47%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	3.88%	4.00%	4.15%	3.94%	3.26%	3.26%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	4.80%	4.00%	4.15%	3.94%	3.26%	3.26%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	15.99%	13.38%	13.89%	13.15%	10.83%	10.81%
PER CAPITA RATIOS						
POPULATION (1)	29,295	29,320	29,419	29,419	29,419	29,419
PER CAPITA PERSONAL INCOME (2)	$37,394	$38,576	$39,148	$39,148	$39,148	$39,148
Estimated Actual Value to POPULATION	97,953	92,952	91,549	92,278	93,110	93,110
Assessed Value to POPULATION	23,740	27,757	27,352	27,658	28,053	28,053
Total Debt to POPULATION	5,539	5,830	5,739	6,092	5,948	5,940
Net Direct Debt to POPULATION	3,113	3,011	2,884	2,750	2,627	2,620
Overlapping Debt to POPULATION	684	703	916	886	412	412
Net Direct & Overlapping Debt to POPULATION	3,797	3,714	3,800	3,636	3,039	3,032
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	14.81%	15.11%	14.66%	15.56%	15.19%	15.17%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	8.32%	7.80%	7.37%	7.02%	6.71%	6.69%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	1.83%	1.82%	2.34%	2.26%	1.05%	1.05%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	10.15%	9.63%	9.71%	9.29%	7.76%	7.74%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census.

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

CITY OF OAK RIDGE, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - General Obligation

Fiscal Year Ending June 30, 2015

F.Y. Ended	Existing Debt - General Obligation (1)				Less: Refunded Bonds			General Obligation Refunding Bonds, Series 2015A			General Obligation Refunding Bonds, Series 2015B			Total Bonded Debt Service Requirements(1)				% Principal
6/30	Principal	Interest	Net Treasury Subsidy	TOTAL	Principal	Interest	TOTAL	Principal	Interest (3)	TOTAL	Principal	Interest (3)	TOTAL	Principal	Interest (2)	Treasury Subsidy	TOTAL	Repaid
2016	$ 4,136,418	$ 3,995,695	$ (192,997)	$ 7,939,116	$ (400,000)	$ (425,266)	$ (825,266)	$ 640,000	$ 153,944	$ 793,944	$ -	$ 114,858	$ 114,858	$ 4,376,418	$ 3,839,232	$ (192,997)	$ 8,022,653	5.06%
2017	4,527,140	3,870,505	(192,997)	$ 8,204,648	(450,000)	(836,531)	(1,286,531)	800,000	308,000	1,108,000	-	253,675	253,675	4,877,140	3,595,648	(192,997)	8,279,791	
2018	4,499,745	3,687,940	(191,080)	$ 7,996,605	(500,000)	(820,219)	(1,320,219)	850,000	268,000	1,118,000	-	253,675	253,675	4,849,745	3,389,396	(191,080)	8,048,061	
2019	4,629,669	3,529,225	(191,080)	$ 7,967,815	(550,000)	(801,469)	(1,351,469)	1,000,000	225,500	1,225,500	-	253,675	253,675	5,079,669	3,206,931	(191,080)	8,095,520	
2020	4,469,930	3,367,420	(186,646)	$ 7,650,704	(500,000)	(780,844)	(1,280,844)	950,000	175,500	1,125,500	-	253,675	253,675	4,919,930	3,015,751	(186,646)	7,749,035	27.85%
2021	4,645,564	3,185,297	(186,646)	$ 7,644,215	(550,000)	(760,844)	(1,310,844)	1,000,000	128,000	1,128,000	-	253,675	253,675	5,095,564	2,806,128	(186,646)	7,715,046	
2022	4,097,183	2,992,633	(186,646)	$ 6,903,170	(2,600,000)	(738,844)	(3,338,844)	2,200,000	78,000	2,278,000	650,000	253,675	903,675	4,347,183	2,585,464	(186,646)	6,746,001	
2023	4,298,626	2,804,072	(186,646)	$ 6,916,052	(3,100,000)	(615,344)	(3,715,344)	800,000	34,000	834,000	2,150,000	240,350	2,390,350	4,148,626	2,463,078	(186,646)	6,425,058	
2024	4,075,000	2,604,103	(186,646)	$ 6,492,457	(3,300,000)	(468,094)	(3,768,094)	900,000	18,000	918,000	2,350,000	192,405	2,542,405	4,025,000	2,346,414	(186,646)	6,184,768	
2025	3,805,000	2,401,303	(186,646)	$ 6,019,657	(1,700,000)	(303,094)	(2,003,094)	-	-	-	2,165,000	134,125	2,299,125	4,270,000	2,232,334	(186,646)	6,315,688	53.14%
2026	4,020,000	2,228,953	(176,760)	$ 6,072,193	-	(232,969)	(232,969)	-	-	-	160,000	76,103	236,103	4,180,000	2,072,087	(176,760)	6,075,327	
2027	3,857,288	2,033,307	(164,817)	$ 5,725,778	-	(232,969)	(232,969)	-	-	-	160,000	71,463	231,463	4,017,288	1,871,801	(164,817)	5,724,272	
2028	2,015,000	1,850,219	(153,553)	$ 3,711,666	-	(232,969)	(232,969)	-	-	-	420,000	66,503	486,503	2,435,000	1,683,752	(153,553)	3,965,200	
2029	1,985,000	1,745,469	(145,883)	$ 3,584,585	-	(232,969)	(232,969)	-	-	-	430,000	53,063	483,063	2,415,000	1,565,563	(145,883)	3,834,679	
2030	2,045,000	1,643,219	(140,131)	$ 3,548,087	-	(232,969)	(232,969)	-	-	-	445,000	38,873	483,873	2,490,000	1,449,123	(140,131)	3,798,991	71.10%
2031	1,820,000	1,537,969	(134,380)	$ 3,223,589	-	(232,969)	(232,969)	-	-	-	465,000	23,743	488,743	2,285,000	1,328,743	(134,380)	3,479,363	
2032	4,315,000	1,446,969	(134,380)	$ 5,627,589	-	(232,969)	(232,969)	-	-	-	220,000	7,700	227,700	4,535,000	1,221,700	(134,380)	5,622,320	
2033	4,515,000	1,231,219	(134,380)	$ 5,611,839	-	(232,969)	(232,969)	-	-	-	-	-	-	4,515,000	998,250	(134,380)	5,378,870	
2034	2,295,000	1,005,469	(134,380)	$ 3,166,089	-	(232,969)	(232,969)	-	-	-	-	-	-	2,295,000	772,500	(134,380)	2,933,120	
2035	2,390,000	890,719	(134,380)	$ 3,146,339	-	(232,969)	(232,969)	-	-	-	-	-	-	2,390,000	657,750	(134,380)	2,913,370	89.61%
2036	2,490,000	771,219	(134,380)	$ 3,126,839	-	(232,969)	(232,969)	-	-	-	-	-	-	2,490,000	538,250	(134,380)	2,893,870	
2037	2,600,000	646,719	(134,380)	$ 3,112,339	(2,600,000)	(232,969)	(2,832,969)	-	-	-	-	-	-	-	413,750	(134,380)	279,370	
2038	2,725,000	532,969	(134,380)	$ 3,123,589	(2,725,000)	(119,219)	(2,844,219)	-	-	-	-	-	-	-	413,750	(134,380)	279,370	
2039	2,500,000	413,750	(134,380)	$ 2,779,370	-	-	-	-	-	-	-	-	-	2,500,000	413,750	(134,380)	2,779,370	
2040	2,500,000	260,000	(84,448)	$ 2,675,552	-	-	-	-	-	-	-	-	-	2,500,000	260,000	(84,448)	2,675,552	98.27%
2041	1,500,000	97,500	(31,668)	$ 1,565,832	-	-	-	-	-	-	-	-	-	1,500,000	97,500	(31,668)	1,565,832	100.00%
	$ 86,756,563	$ 50,773,861	$ (3,994,705)	$ 133,535,719	$ (18,975,000)	$ (9,465,391)	$ (28,440,391)	$ 9,140,000	$ 1,388,944	$ 10,528,944	$ 9,615,000	$ 2,541,229	$ 12,156,229	$ 86,536,563	$ 45,238,643	$ (3,994,705)	$ 127,780,501	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) The City budgets to account for interest rate and/or basis risk.

CITY OF OAK RIDGE, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - Water & Sewer

For Fiscal Year Ending June 30, 2015

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1) Principal	Interest (2)	Net Treasury Subsidy	TOTAL	% Principal Repaid
2016	$ 2,292,874	$ 2,110,350	$ (93,349)	$ 4,309,875	3.33%
2017	2,532,145	2,051,978	(93,349)	4,490,775	
2018	2,738,695	2,036,361	(93,349)	4,681,708	
2019	2,815,938	1,959,788	(93,349)	4,682,377	
2020	3,296,007	1,880,799	(93,349)	5,083,457	19.87%
2021	3,491,314	1,787,928	(93,349)	5,185,892	
2022	3,588,879	1,682,752	(93,349)	5,178,283	
2023	3,808,612	1,564,121	(93,349)	5,279,384	
2024	4,006,923	1,446,091	(90,153)	5,362,861	
2025	4,122,250	1,324,058	(82,244)	5,364,063	47.50%
2026	4,272,759	1,194,329	(74,156)	5,392,932	
2027	4,298,376	1,060,885	(66,806)	5,292,456	
2028	4,320,840	917,689	(52,726)	5,185,803	
2029	4,102,909	770,371	(35,470)	4,837,810	
2030	4,256,169	615,599	(18,214)	4,853,553	78.38%
2031	3,355,623	454,000	-	3,809,623	
2032	3,465,270	347,731	-	3,813,001	
2033	3,581,115	229,922	-	3,811,037	
2034	2,958,163	108,914	-	3,067,076	97.79%
2035	1,168,415	14,694	-	1,183,109	99.49%
2036	173,979	4,917	-	178,896	99.74%
2037	177,155	1,742	-	178,896	100.00%
	$ 68,824,408	$ 23,565,018	$ (1,166,557)	$ 91,222,868	

NOTES:

Statements in the CAFR.

(2) The City budgets to account for interest rate and/or basis risk.

CITY OF OAK RIDGE, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS - Revenue Supported Bonds - Electric System

For Fiscal Year Ending June 30, 2015

F.Y. Ended	**Total Bonded Debt Service Requirements (1)**				% Principal
6/30	Principal	Interest (2)	Net Treasury Subsidy	TOTAL	Repaid
2016	$ 1,173,448	$ 941,022	$ (96,752)	$ 2,017,718	6.05%
2017	1,149,453	893,017	(96,752)	1,945,718	
2018	1,200,124	836,291	(96,752)	1,939,664	
2019	1,251,463	787,511	(96,752)	1,942,222	
2020	1,302,801	736,470	(96,752)	1,942,519	31.34%
2021	1,364,807	672,169	(96,752)	1,940,224	
2022	1,391,812	605,003	(96,752)	1,900,063	
2023	1,488,818	548,421	(96,752)	1,940,487	
2024	1,551,491	484,674	(96,752)	1,939,414	
2025	1,619,498	416,188	(96,752)	1,938,935	69.57%
2026	567,505	343,311	(96,752)	814,064	
2027	333,296	317,773	(96,752)	554,318	
2028	450,000	302,775	(96,752)	656,023	
2029	450,000	275,775	(88,124)	637,651	
2030	450,000	248,775	(79,496)	619,279	81.18%
2031	450,000	221,775	(70,868)	600,907	
2032	450,000	194,775	(62,240)	582,535	
2033	450,000	167,775	(53,613)	564,162	
2034	450,000	140,775	(44,985)	545,790	
2035	450,000	113,775	(36,357)	527,418	92.78%
2036	450,000	86,100	(27,513)	508,587	
2037	475,000	58,425	(18,670)	514,755	
2038	475,000	29,213	(9,335)	494,878	100.00%
	$ 19,394,516	$ 9,421,789	$ (1,748,973)	$ 27,067,331	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

(2) The City budgets to account for interest rate and/or basis risk.

FINANCIAL INFORMATION

INTRODUCTION

The City has an appointed Finance Director who is in charge of the City Finance Department. The Finance Department is responsible for all general accounting, financial reporting, purchasing, warehousing and utility accounting functions of the City.

As required by the City Charter and generally accepted accounting principles (GAAP), all City funds and account groups are organized according to standards established by the Government Accounting Standards Board (GASB). The City's financial reporting system is designed to provide timely, accurate feedback on the City's overall financial position and includes, at a minimum, quarterly reports to the City Council. All City financial statements are audited annually by independent certified public accountants.

The City has received annually the GFOA Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report since the City was incorporated. The Certificate of Achievement recognizes that the City's financial statements meet the strict standards of GASB. The City's General Purpose Financial Statements, which are extracts of the Comprehensive Annual Financial Reports are included herein.

BASIS OF ACCOUNTING AND PRESENTATION

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as a net current asset. Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general ruling include: (1) sick pay which is not accrued, and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred. The reserve method is used to estimate the allowance for doubtful accounts for electric, water and sewer service receivables.

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FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The City maintains fund balances, net assets or retained earnings in most major operating funds. Additionally, several reserves have been established to address specific needs of the City. The Reserve for Debt Retirement was established to accumulate excess revenues from the sales tax which were pledged to the retirement of outstanding general obligation school debt. The following table depicts fund balances, net assets and retained earnings for the last five fiscal years.

	For the Fiscal Year Ended June 30,				
Fund Type	**2010**	**2011**	**2012**	**2013**	**2014**
Governmental Funds:					
General	$ 9,169,606	$ 9,468,748	$ 9,217,049	$10,060,140	$ 9,473,710
School Fund	3,875,139	5,688,681	5,981,008	6,289,435	5,922,323
Capital Projects	2,388,176	1,376,440	2,133,392	1,547,444	1,697,888
Debt Service	12,313,862	11,993,611	11,029,837	10,297,194	10,098,497
Other Governmental	3,645,216	4,147,958	4,443,884	3,258,912	3,553,843
Total	**$31,391,999**	**$32,675,438**	**$32,805,170**	**$31,453,125**	**$30,746,261**
Proprietary Net Assets:					
Electric Fund	$25,059,115	$27,438,551	$29,083,453	$31,810,398	$34,162,638
Waterworks Fund	49,466,807	50,968,514	50,241,222	53,042,355	54,708,551
Nonmajor Fund	701,942	775,250	826,989	949,522	1,583,110
Internal Service Funds	6,209,212	6,402,024	6,640,799	6,840,207	6,797,188
Total	**$81,437,076**	**$85,584,339**	**$86,792,463**	**$92,642,482**	**$97,251,487**

Source: Comprehensive Annual Financial Reports of the City of Oak Ridge, Tennessee.

CITY OF OAK RIDGE, TENNESSEE

Five Year Summary of Revenues, Expenditures and
Changes In Fund Balances - General Fund
For the Fiscal Year Ended June 30

	2010	2011	2012	2013	2014
Revenues:					
Local taxes	$ 21,251,049	$ 21,947,796	$ 23,172,607	$ 21,915,100	$ 23,176,750
Licenses and Permits	243,947	207,479	173,179	167,826	174,011
Intergovernmental Revenue	13,402,358	13,885,336	13,397,048	14,187,861	13,292,265
Charges For Services	308,894	1,352,979	1,370,125	1,370,919	1,342,178
Fines and Forfeits	1,325,167	332,805	324,693	419,490	353,138
Interest and Investment Earnings	49,477	25,034	63,426	52,964	30,839
Miscellaneous	464,632	471,005	507,143	509,715	605,644
Total Revenues	$ 37,045,524	$ 38,222,434	$ 39,008,221	$ 38,623,875	$ 38,974,825
Expenditures and Other Uses:					
General Government	$ 942,585	$ 969,826	$ 905,182	$ 854,416	$ 1,841,776
Administration	836,966	889,831	917,059	927,140	-
Public Safety	10,287,751	10,219,162	10,276,714	10,335,807	10,473,956
Public Works	1,922,605	1,931,858	4,511,849	4,552,683	4,640,079
Community Services	4,646,944	7,151,815	4,886,631	4,881,872	5,792,903
Total Expenditures	$ 18,636,851	$ 21,162,492	$ 21,497,435	$ 21,551,918	$ 22,748,714
Excess of Revenues & Over (under) Expenditures	$ 18,408,673	$ 17,059,942	$ 17,510,786	$ 17,071,957	$ 16,226,111
Other Financing Sources (Uses):					
Interfund Transfers - In	$ 2,500,515	$ 2,685,282	$ 2,855,907	$ 3,393,631	$ 3,012,318
Interfund Transfers - Out	(19,275,357)	(19,446,082)	(20,618,392)	(19,622,497)	(19,824,859)
Interfund Transfers - Out Component Fund	-	-	-	-	-
Other Transfers	-	-	-	-	-
Total Other Financing Sources (Uses)	$ (16,774,842)	$ (16,760,800)	$ (17,762,485)	$ (16,228,866)	$ (16,812,541)
Excess of Revenue and Other Sources over (Under) Expenditures and Other Sources	$ 1,633,831	$ 299,142	$ (251,699)	$ 843,091	$ (586,430)
Residual Equity Transfers	$ -	$ -	$ -	$ -	$ -
Fund Balance July 1	$ 7,535,775	$ 9,169,606	$ 9,468,748	$ 9,217,049	$ 10,060,140
Prior Period Adjustment	-	-	-	-	-
Fund Balance June 30	**$ 9,169,606**	**$ 9,468,748**	**$ 9,217,049**	**$ 10,060,140**	**$ 9,473,710**

Source: Comprehensive Annual Financial Report for City of Oak Ridge, Tennessee

CITY OF OAK RIDGE, TENNESSEE

Five Year Summary of Revenues, Expenditures and
Changes In Fund Balances - Electric Fund
For the Fiscal Year Ended June 30

	2010	2011	2012	2013	2014
Operating Revenues:					
Charges for Services	$ 47,916,470	$ 53,998,664	$ 52,650,987	$ 52,891,247	$ 55,752,733
Other	775,331	823,961	2,303,977	2,817,424	931,109
Total Operating Revenues	$ 48,691,801	$ 54,822,625	$ 54,954,964	$ 55,708,671	$ 56,683,842
Operating Expenses:					
Maintenance and Administrative	$ 6,522,737	$ 6,770,981	$ 7,095,124	$ 7,093,911	$ 7,532,551
Purchased Power and Water	36,808,220	41,266,396	41,686,544	41,620,223	42,445,405
Depreciation	2,146,302	2,263,229	2,389,559	2,057,575	2,175,288
Total Operating Expenses	$ 45,477,259	$ 50,300,606	$ 51,171,227	$ 50,771,709	$ 52,153,244
Operating Income (Loss)	$ 3,214,542	$ 4,522,019	$ 3,783,737	$ 4,936,962	$ 4,530,598
Non-Operating Revenues (Expenses):					
Intergovernmental Revenue	$ -	$ -	$ 26,546	$ -	$ -
Capital Contributions	-	-	-	-	-
Interest Revenue	45,465	45,859	39,775	3,988	4,489
Interest Expense	(888,342)	(870,681)	(781,711)	(680,717)	(719,445)
Total Non-Operating Revenues (Expenses)	$ (842,877)	$ (824,822)	$ (715,390)	$ (676,729)	$ (714,956)
Net Income (Loss) Before Operating Transfers	$ 2,371,665	$ 3,697,197	$ 3,068,347	$ 4,260,233	$ 3,815,642
Operating Transfers In (Out):					
Operating Transfers In	$ -	$ -	$ -	$ -	$ -
Operating Transfers Out	(1,394,708)	(1,317,761)	(1,423,445)	(1,438,864)	(1,463,402)
Total Operating Transfers In (Out)	$ (1,394,708)	$ (1,317,761)	$ (1,423,445)	$ (1,438,864)	$ (1,463,402)
Net Income	$ 976,957	$ 2,379,436	$ 1,644,902	$ 2,821,369	$ 2,352,240
Retained Earnings - July 1	$ 24,082,158	$ 25,059,115	$ 27,438,551	$ 29,083,453	$ 31,810,580
Prior Year Adjustments	-	-	-	(94,242)	(182)
Retained Earnings - June 30	**$ 25,059,115**	**$ 27,438,551**	**$ 29,083,453**	**$ 31,810,580**	**$ 34,162,638**

Source: Comprehensive Annual Financial Reports for City of Oak Ridge, Tennessee.

BUDGETARY PROCESS

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

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

2. A public hearing is conducted at the Municipal Building to obtain taxpayer comments.

3. Prior to July 1, the budgets for all governmental funds are legally enacted through passage of an ordinance by City Council.

4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Budgetary control is also achieved for the Debt Service Fund through general obligation bond indenture provisions.

6. The budgets for all governmental funds are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that in the General, Special Revenue, and Capital Projects Funds, encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. The adjustments necessary to convert the basis of budgeting to GAAP represent the net change in encumbrances outstanding at the beginning and ending of the fiscal year.

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

8. During the year, supplementary appropriations were necessary for the School Fund. Refer to the City's Annual Comprehensive Annual Financial Report.

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle City operating funds is controlled by State statute and local policies. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. Unless deposited in a financial institution participating in the State Consolidated Collateral Pool, all demand deposits or Certificates of Deposit must be secured by similar grade collateral (such as direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit) pledged at 105% of market value for amounts in

excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. The Finance Director is responsible for the administration of all City investments.

Unless deposited in an institution participating in the State Collateral Pool, all collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost which approximates market value.

Prevailing State law does not allow cities or counties in the State to invest in reverse repurchase agreements or unusual “derivative" products.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

(a) Public Utility Property, to be assessed at 55% of its value;
(b) Industrial and Commercial Property, to be assessed at 30% of its value; and
(c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of $7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its values upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January I for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least I 0 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

State Assessments of Public Utility Property; State Board of Equalization. The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

Periodic Reappraisal and Equalization

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an one-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

Valuation for Property Tax Purposes

County Valuation of Property. The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

State Valuation of Public Utility Property. The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole *(i.e.,* the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

Certified Tax Rate

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the *"Certified Tax Rate")* which will provide the same *ad valorem* revenue for

that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

Tax Freeze for the Elderly Homeowners

The Tennessee Constitution was amended by the voters in November, 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is $500 for the year in which he becomes eligible, his property taxes will remain at $500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

Tax Collection and Tax Lien

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

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Assessed Valuations. According to the Tax Aggregate Report, property in the County and City reflected a ratio of appraised value to true market value of 1.00 in Anderson County. The following table shows pertinent data for tax year 2014[1].

Class	Estimated Assessed Valuation*	Assessment Rate	Estimated Appraised Value*
Public Utilities	$ 11,380,860	55%	$ 26,072,990
Commercial and Industrial	340,144,160	40%	850,360,400
Personal Tangible Property	48,372,540	30%	161,241,667
Residential and Farm	425,384,100	25%	1,701,536,400
Total	**$825,281,660**		**$2,739,211,457**

Source: 2014 Tax Aggregate Report and the City.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2015 (tax year 2014) is $825,281,660* compared to $813,657,512* for the fiscal year ending June 30, 2014 (tax year 2013). The estimated actual value of all taxable property for tax year 2014 is $2,739,211,457* compared to $2,714,739,582* for tax year 2013.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the City for tax years 2010 through 2014 as well as the aggregate uncollected balances for each fiscal year ending June 30, 2014.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year (1)	Assessed Valuation*	Tax Rates	Taxes Levied	Amount	Pct	as of June 30, 2014 Amount	Pct
2010	$813,836,892	$2.39	$19,286,297	$18,322,654	95.0%	$12,196	0.1%
2011	809,735,786	2.39	19,231,752	18,695,063	97.2%	87,090	0.5%
2012	804,659,163	2.39	19,059,666	18,350,887	96.3%	195,426	1.0%
2013	813,657,512	2.39	19,427,727	18,853,042	97.0%	574,685	3.0%
2014	825,281,660	2.39	19,699,050	IN PROCESS			

* Includes both Counties the City is located in.

[1] The tax year coincides with the calendar year, therefore, tax year 2014 is actually fiscal year 2014-2015.

Ten Largest Taxpayers. For the fiscal year ending June 30, 2014 (tax year 2013), the ten largest taxpayers in the City were as follows:

	Taxpayer	Type of Business	Assessed Valuation	Percentage of Total
1.	UT Battelle	National Laboratory	$ 44,228,213	5.44%
2.	Oak Ridge Projects LLC	Real Estate	36,615,687	4.50%
3.	Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	13,386,915	1.65%
4.	Richard Chinn (R & R Properties)	Entrepreneur	12,224,583	1.50%
5.	Methodist Medical Center	Health Services	10,456,410	1.29%
6.	Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	12,805,030	1.58%
7.	Wilkinson Realty	Apartment Complexes	8,217,604	1.01%
8.	A&M Enterprises Inc.	Real Estate Developer	2,757,280	0.71%
9.	BellSouth	Communications	6,228,130	0.77%
10.	Advanced Measurement Tec (ORTEC)	Manufacturing Services	4,861,672	0.60%
	TOTAL		**$154,781,523**	**19.04%**

Source: The City.

SALES TAX

Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of *Tennessee Code Annotated* as amended, (the "Act"), Anderson and Roane Counties levy a county-wide local option sales tax. Under the Act, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or city is limited under State law to two and three-fourths percent (2 3/4%).

Pursuant to the Act, the levy of a sales tax by a county precludes any city from within the county from levying a sales tax, but a city may levy a sales tax in addition to the county's sales tax a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three fourths percent (2 3/4%). If a city is located in more than one county, each portion of the city that is located in a separate county is treated as a separate city for purposes of determining the maximum sales tax rate.

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

The revenues from the county-wide sales taxes of Anderson and Roane Counties are distributed pursuant to the provisions of the Act and other provisions of the *Tennessee Code Annotated*. Fifty percent (50 %) of the revenues raised through the county-wide sales taxes are directed to educational purposes and are distributed to all organized school systems, such as the City's school system, in the county in which the taxes are collected based upon the average daily attendance of each school system. The balance of the sales tax collections are divided between the general fund of the county in which the taxes are collected and all incorporated cities or towns in such county based upon the situs of collection.

Sales tax receipts available to the City and its school system from the city-wide sales tax and the City's portion of the county-wide sales taxes are as follows:

	FY 2010	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**
City	$11,526,911	$11,811,555	$10,949,982	$10,906,934	$ 9,694,331
Schools	3,935,389	4,005,204	3,984,776	4,986,448	4,854,777
TOTAL	**$15,462,300**	**$15,816,759**	**$14,934,758**	**$15,893,382**	**$14,549,108**
**Sites of Collection Roane/ Anderson	24%/76%	22%/78%	20%/80%	23%/77%	16%/84%

**Based on City Collections

Source: City of Oak Ridge Department of Finance and Comprehensive Annual Financial Report of the City.

The Act authorizes a local jurisdiction, by resolution of its governing body, to pledge proceeds raised by the power and authority granted by the Act to the punctual payment of principal of and interest on bonds, notes or other evidence of indebtedness issued for purposes for which such proceeds were intended to be spent. The security provisions of the Bonds do not include a pledge of available local option sales tax revenues as additional security.

The increase in the sales taxes has allowed the City to move away from a primary reliance on property taxes to a more equitable funding formula utilized in property taxes, sales taxes and other revenues. The net result of the new sales taxes has been nearly a substantial reduction in the historical level of the City's property tax rate (see PROPERTY TAX - Property Tax Rates and Collections, contained herein).

PENSION PLANS

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 administrated by the TCRS. Benefits are determined by a formula using the member’s high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with 5 years of service who became

disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Active members on June 1, 1994 became vested after 5 years of service. Benefit provisions are established in State statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increase is less than .50%. The maximum annual COLA is capped at 3.0%. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the Notes to Financial Statements located in the General Purpose Financial Statements of the City located herein.

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APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

THE CITY OF OAK RIDGE, TENNESSEE

2014

Comprehensive Annual Financial Report
City of Oak Ridge, Tennessee

For the Fiscal Year Ended
June 30, 2014

CITY OF OAK RIDGE, TENNESSEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2014

Prepared by
FINANCE DEPARTMENT

City of Oak Ridge, Tennessee
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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CITY OF
OAK RIDGE

POST OFFICE BOX 1 • OAK RIDGE, TENNESSEE 37831-0001

January 30, 2015

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, 2014, 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 Coulter & Justus, 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, 2014, 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 unmodified opinion that the City of Oak Ridge's financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the City of Oak Ridge

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

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

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

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

The City provides a full range of services, which includes police and fire protection; electric, water and wastewater services; residential solid waste collection; the construction and maintenance of highways, streets and infrastructure; public library, recreational activities and cultural events. The Oak Ridge Schools operate under the City Charter and are considered part of the City and therefore, has been included as an integral part of the City of Oak Ridge's financial statements. In addition to general government activities, the City is financially accountable for the Convention and Visitors' Bureau whose activities are reported separately within the City of Oak Ridge's financial statements. Added in fiscal 2014, was the Oak Ridge Land Bank which was allowed for establishment under new state legislation sponsored by the City to reclaim unused, vacant and/or undesirable land for revitalization. Also included are the activities of the Oak Ridge Public Schools Education

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

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

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

The budget is presented by fund, function (e.g., public safety), and department (e.g., police). The budget is legally appropriated at the fund level. Department heads may make transfers of appropriations within a department and the City Manager may make transfers of appropriations between departments. Transfers of appropriation between funds, however, require approval of City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and school fund, this comparison is presented on pages C-8 – C-9 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 E-3. The comparison for the capital projects and debt service funds are presented on pages E-19 and E-20, 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 strong economic environment. Recently, the development pace has escalated, particularly in the retail sector. Oak Ridge has not been impacted as much as many areas in the country during the recent nationwide economic downturn due to the large presence of the federal government in Oak Ridge and the federal stimulus money awarded to those entities.

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

industrial development. At full power, SNS will deliver 1.4 million watts (1.4 MW) of beam power onto the target. Scientists from around the work visit each year to study materials that will form the basis for new technologies in telecommunications, manufacturing, transportation, information, biotechnology and health. The complex includes the Joint Institute for Neutron Sciences, a 32,000 square-foot facility supporting users who come to Oak Ridge for experiments at the SNS and the High Flux Isotope Reactor and a guest house, providing an on-site hotel for scientists conducting experiments at the ORNL facilities.

In 2005, construction of a $50 million private sector funded complex was completed at ORNL to house a new supercomputer. This was the first privately owned facility to be located on the federal reservation on which the City received real property tax payments based on the appraised value of the building. With three similar type facilities completed at ORNL and the Y-12 complex, the construction of taxable facilities on federal property represents a significant revenue stream for the City. In fiscal 2014, the real property taxes on these facilities were $2,168,582.

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

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

The Department of Energy (DOE) is funding a five-year project to design, license and help commercialize small, modular nuclear reactors (SMR's) in the US. DOE will fund up to half the cost of the $450 million project under a cost-share agreement with Babcock & Wilcox (B & W), the lead company selected to implement it. The Tennessee Valley Authority and Bechtel are also partners. DOE says it expects Nuclear Regulatory Commission licensing and achievement of commercial operations by mid-2020's. 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 released 490 acres for private development that has been transferred to the City of Oak Ridge Industrial Development Board and developed into Horizon Center Industrial Park. Located at Horizon Center is the new $35 million Carbon Fiber Technology Facility. The facility demonstrates 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.

Since late 2012, there has been a significant upturn in economic activity in Oak Ridge. Multiple restaurants, a fuel/convenience center, and specialty grocery store have opened at newly constructed sites. In the spring of 2014, a three-story, $13.8 million 64,000 square-foot Health Sciences and Technology Building expansion to Roane State Community College's Oak Ridge campus was completed. Protomet has just completed an expansion to its corporate location in Bethel Valley Commerce Park.

Completed is a 91-unit assisted living facility developed in partnership with Methodist Medical Center of Oak Ridge that is three stories and features 18 memory-care residences. Recently completed is Dogwood Manor an independent living apartment complex for the low-to-moderate seniors. The historic Alexander Inn is undergoing a $6 million renovation into an assisted living facility by a private developer in partnership with Knox Heritage, a nonprofit organization dedicated

to preserving historic properties, and a grant from the Department of Energy.

Recently completed is the 123,000 square-foot Kroger Marketplace which opened at the end of June 2014. The site also contains a 12,000 square-foot strip center which will be completed in the spring of 2015 and 5 additional outparcels still under development. Across the street another 12,000 square-foot strip center is under construction. UT Arboretum, a 250 acre research and education facility that has over 2,500 native and exotic woody plant specimens, is currently constructing a new meeting facility.

There currently is an option for the sale of the Oak Ridge Mall site to Crosland Southeast developers, a retail and mixed-use development firm. This sale of the Mall site will be a major economic development accomplishment that will allow for redevelopment of the underutilized 65 acre site located in the center of Oak Ridge. It is anticipated that demolition of the current mall and redevelopment of the site could begin by mid-2015. Plans currently call for new retail shops, an office complex, housing and a hotel along with several outparcel options.

New housing construction is slowly recovering from the nationwide downturn in 2008. 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. A clubhouse has been recently completed at this site. 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.

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 $2,401,428 under this contract in fiscal 2014. The contract was renewed for an additional four years through September 30, 2015.

The City also entered into a 5-year agreement with DOE under which the City assumed responsibility for water and wastewater services to the ETTP site. The City acquired the ETTP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETTP site. Wastewater will be processed at the City's new Rarity Ridge wastewater plant. The ETTP water plant is near the end of its useful life. Under terms of the contract, DOE will provide funding to fully operate the water plant and provide $500,000 each year of the contract for the City to build new infrastructure from the City's main water plant to serve the ETTP site. On May 29, 2008, the City assumed water and wastewater operations to the ETTP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. 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 ETTP water plant and the Rarity Ridge wastewater plant during that time frame. In fiscal 2014, the City received $1,488,208 under terms of this contract. The contract ended in September 2014. Customers that were previously serviced under the contract were transitioned to regular retail water and wastewater usage rates.

Long-term financial planning

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

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

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

Water and wastewater capital improvements will be funded through the issuance of long-term debt. On September 29, 2011, the City issued $9,810,000 in bonds to fund the first phase of these improvements and an additional $5,000,000 loan was closed in December 2012. In late June 2013, the City was approved for two low-interest rate loans totaling $18,000,000 from the Tennessee State Revolving Fund (SRF) Loan program. The SFR loans include a $400,000 principal forgiveness. In May 2014, the City was approved for an additional $3,000,000 loan to provide funding to complete the capital improvement projects required to meet the AO. As part of an overall debt refunding and restructuring in August 2013, the City received $3,585,000 in new debt proceeds to fund water and wastewater projects.

Significant rate increases have been adopted for both water and wastewater rates with the first phase effective May 1, 2012 and the second phase effective January 1, 2013. A new water and wastewater rate review was conducted in the summer 2013 which resulted in the adoption of rate increases effective January 1, 2014 and January 2015. A rate study is planned for the summer of 2015. Annual rate increases for both water and wastewater services are anticipated to occur through 2019.

City revenues from local sales and use tax collections were 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 has experienced a decline in local sales and use tax collections that continued into fiscal 2014. Overall, local sales and use tax collections are budgeted to increase 1.6% in fiscal 2015 due to recent retail developments including the Kroger Marketplace.

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. The Oak Ridge Land Bank was established as a part of the program.

Awards and Acknowledgements

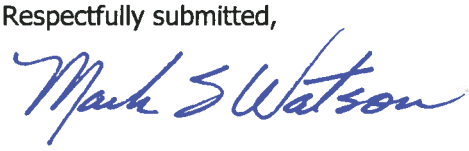
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oak Ridge, Tennessee, for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2013. This is the fifty-third consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

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

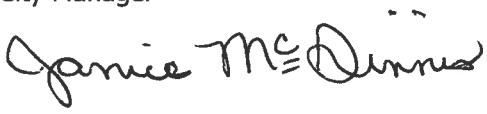
In addition, the City has also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the past thirty consecutive years. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories,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

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

Respectfully submitted,



Mark S. Watson
City Manager



Janice E. McGinnis
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oak Ridge

Tennessee

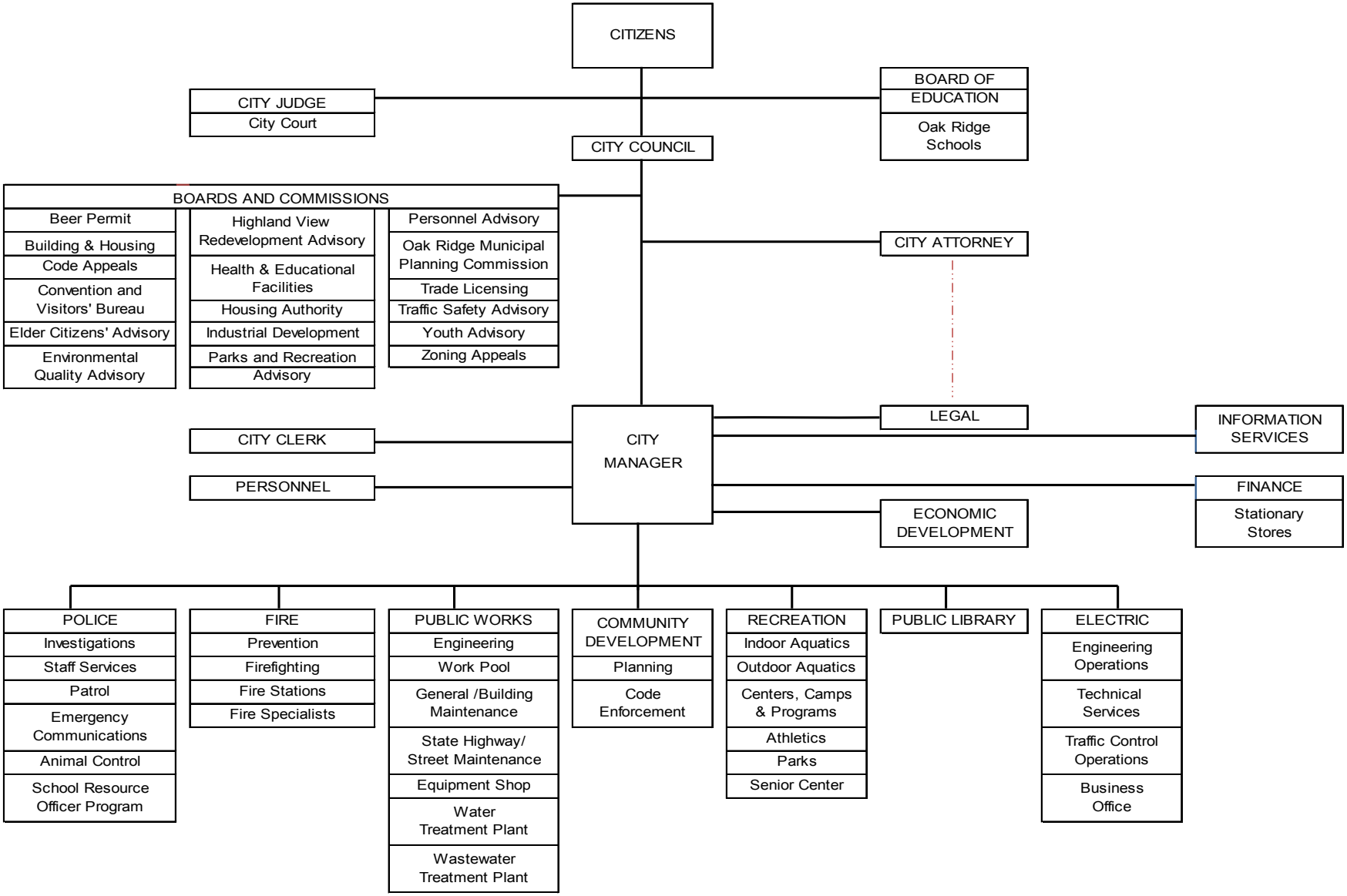
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Organizational Chart

City of Oak Ridge, Tennessee



CITY OF OAK RIDGE, TENNESSEE

CITY OFFICIALS

Mayor

Thomas L. Beehan

Members of City Council

Trina Baughn
Anne Garcia Garland
L. Charles Hensley
Charles J Hope, Jr.
D. Jane Miller
David N. Mosby

City Manager

Mark S. Watson

Department Directors

Kathryn Baldwin	Community Development Director
Jack L. Suggs	Electrical Director
Janice E. McGinnis	Finance Director
R. Darryl Kerley	Fire Chief
Kathy McNeilly	Library Director
E. Joshua Collins, Jr.	Parks & Recreation Director
Penelope H. Sissom	Personnel Director
James T. Akagi	Police Chief
Gary M. Cinder	Public Works Director

City Attorney	City Judge	City Clerk
Kenneth R. Krushenski	Robert A. McNees III	Diana Stanley

Board of Education

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

Superintendent of Schools

Bruce Borchers, Ed.D

Assistant Superintendent of Schools

Christopher Marczak, Ed.D

9717 Cogdill Road
Suite 201
Knoxville, TN 37932

COULTER & JUSTUS, P.C.

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Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of City of Oak Ridge, Tennessee (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Fund or the School Equipment Replacement Fund, which represent 42% of assets, (14%) of net position, and 46% of revenues of the governmental activities of the City. We did not audit the financial statements of the Oak Ridge Public Schools Education Foundation, Inc., a discretely presented component unit, which represents 94% of both the assets and net position of the aggregate discretely presented component units. We did not audit the financial statements of the Scholarship Fund, which represents 100% of the assets and net position of the fiduciary funds of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for those entities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Auditor's Responsibility (continued)

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages B-1 through B-12 and the schedules of funding progress on pages D-1 through D-2 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 with sufficient evidence to express an opinion or provide any assurance.

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

Other Matters (continued)

Other Information

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

The other supplementary information section and the schedule of federal and state financial assistance activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the other supplementary information section and the schedule of federal and state financial assistance activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Coulter & Justus, P.C.

Knoxville, Tennessee
January 30, 2015

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, 2014. 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 $152,782,249 (*net position*). Of this amount, $33,918,138 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

- Net position increased by $3,237,122 (2.2%) compared to last fiscal year's ending net position related to current operations. The City of Oak Ridge's changes in net position are detailed on page B-4 of this report.

- Total revenues decreased $5,051,076 compared with the prior fiscal year, comprised of a $3,421,206 reduction in revenues in governmental activities and a $1,629,870 reduction in business type activities. The comparative reduction in governmental activities revenue is primarily due to $3,169,165 in other revenues that resulted from a positive change in the fair value of interest rate swap derivative instruments in 2013. Changes in business-type activities revenue include a decrease of $2,371,131 in capital grants and contributions related to the donation of waterworks capital infrastructure to the City by private developers in the prior year.

- The City's property tax rate remained at the fiscal 2013 rate of $2.39 per $100 of assessed valuation. Electric rates increased an inflationary 1.3% in October 2013 and water and wastewater rates increased 10% and 15%, respectively, in January 2014.

- As of the close of the current fiscal year, the City of Oak Ridge's governmental funds reported combined ending fund balances of $30,746,261, a decrease of $706,864 in comparison with the prior year. The reductions were planned and include a $586,430 reduction in the General Fund and a $367,112 reduction in the School Fund.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $7,406,202, or 32.6% of total general fund expenditures. Expenditures do not include transfers to other funds, which totaled $19,824,859 in the City's general fund.

- At June 30, 2014, the General Fund had a nonspendable fund balance of $1,589,485. This includes a $1,428,572 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 $5,331,614. This is 9.7% of expenditures for fiscal 2014.

- Overall, the City's total debt increased by $79,065 (.05%) during the current fiscal year. During fiscal year 2014, the City issued $23,205,000 in General Obligation Refunding Bonds which included $3,600,000 in additional funding for waterworks capital projects. Wastewater debt increased $3,547,607 related to draws on State Revolving Fund Loan (SRF) program loans during 2014. At year-end there was $17,431,623 remaining available for draw on SRF approved loans for 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 position* presents information on all the City of Oak Ridge's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Oak Ridge is improving or deteriorating.

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

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

The government-wide financial statements include not only the City of Oak Ridge itself (known as the *primary government*) and the operations of the Oak Ridge Schools, but also the legally separate Convention and Visitors Bureau and the Oak Ridge Land Bank 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 C-1 through C-3 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 eleven 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 seven 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 C-4 - C-9 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.

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 three 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 C-10 – C-13 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 C-14 – C-15 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 C-16 – C-65 of this report.

Other information. The *required supplementary information* presented on pages D-1 – D-2 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 E-1 – E-22 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Oak Ridge, assets exceeded liabilities by $152,782,249 at the close of the most recent fiscal year.

By far the largest portion of the City of Oak Ridge's net position (76.7%) reflects its net investment in capital assets (e.g., land, building, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Oak Ridge uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Oak Ridge's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Oak Ridge's Net Position

	Governmental activities		Business-type activities		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Current and other assets	$ 64,351,437	$ 63,539,937	$ 25,615,289	$ 18,570,350	$ 89,966,726	$ 82,110,287
Capital assets	132,467,246	137,073,043	153,794,896	148,685,965	286,262,142	285,759,008
Total assets	196,818,683	200,612,980	179,410,185	167,256,315	376,228,868	367,869,295
Long-term liabilities outstanding	101,762,816	106,062,351	74,832,696	69,173,524	176,595,512	175,235,875
Other liabilities	7,951,520	26,691,450	13,101,808	12,280,516	21,053,328	38,971,966
Total liabilities	109,714,336	132,753,801	87,934,504	81,454,040	197,648,840	214,207,841
Deferred inflows of resources	24,776,397	4,116,327	1,021,382	-	25,797,779	4,116,327
Net position:						
Net investment in capital assets	37,380,405	39,509,172	79,767,734	79,088,293	117,148,139	118,597,465
Restricted	1,715,972	-	-	-	1,715,972	-
Unrestricted	23,231,573	24,233,680	10,686,565	6,713,982	33,918,138	30,947,662
Total net position	$ 62,327,950	$ 63,742,852	$ 90,454,299	$ 85,802,275	$152,782,249	$149,545,127

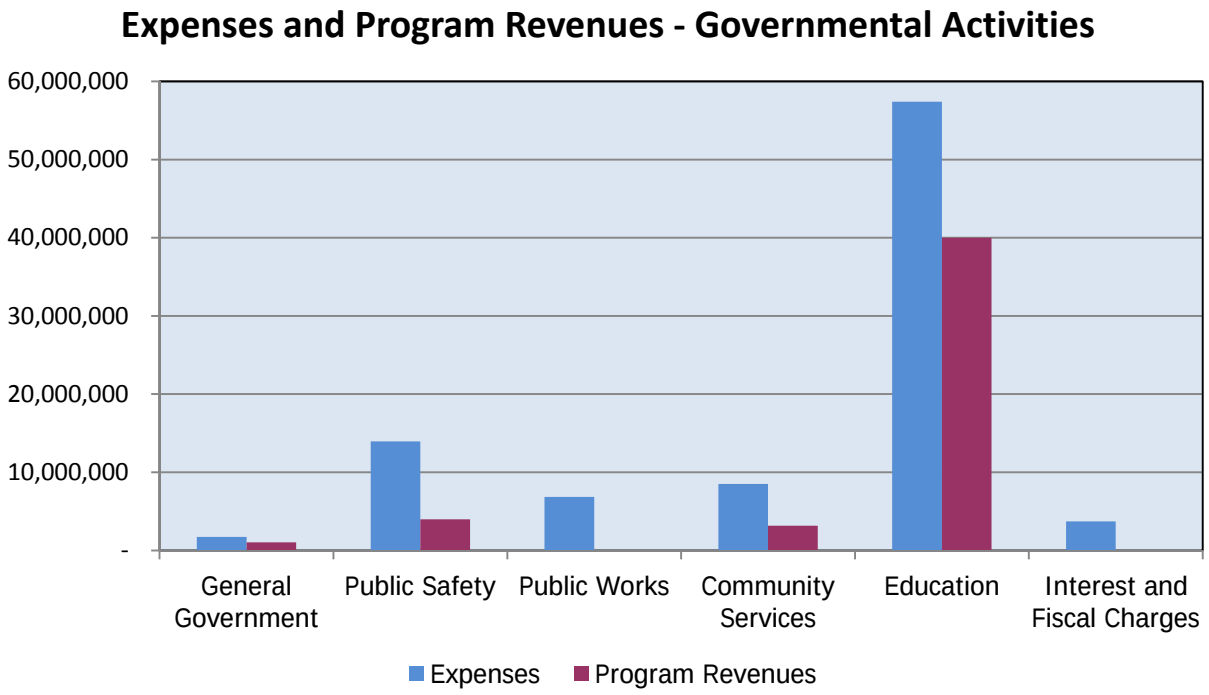
An additional portion of the City's net position (1.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position $33,918,138 may be used to meet the government's ongoing obligations to citizens and creditors.

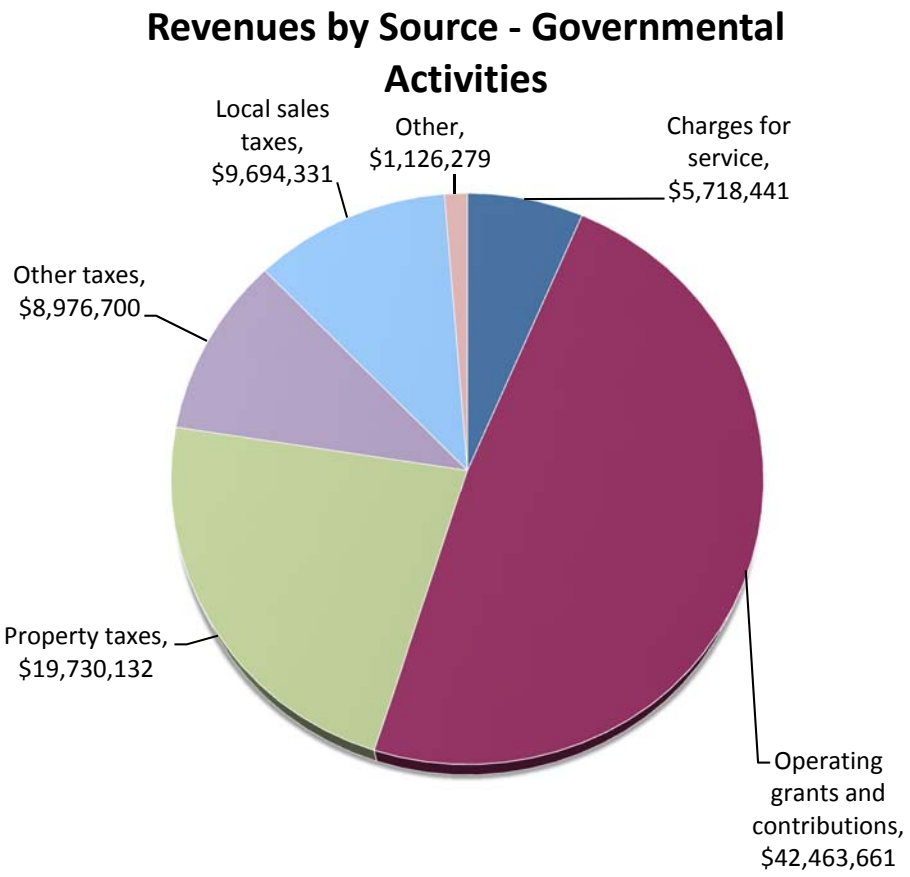
At the end of the current fiscal year, the City of Oak Ridge is able to report positive balances in all three categories of net position for both the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities decreased the City of Oak Ridge's net position by $1,414,902. Revenues from charges for services increased $285,906 and operating grants and contributions increased $181,483, primarily from School grants. Property tax collections increased $544,787. Other taxes decreased $699,125, primarily in local sales and use tax collections resulting from reduced spending by federal contractors located in Oak Ridge from AARA stimulus funding. Miscellaneous revenues decreased $3,734,257 in comparison to the prior year from a large investment income change in the fair value of an interest rate swap during 2013.

City of Oak Ridge's Changes in Net Position

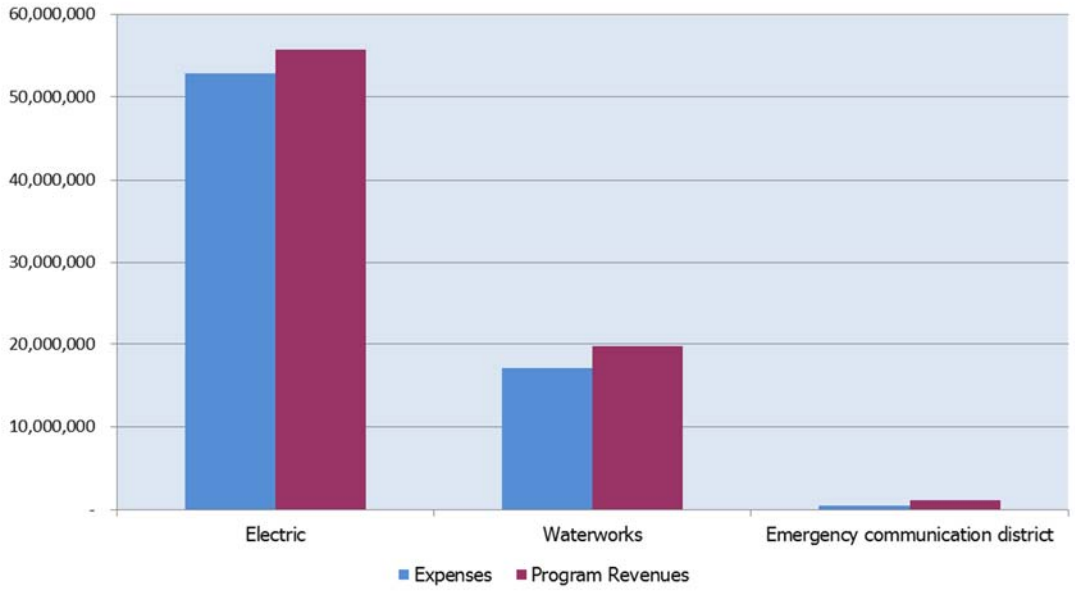
	Governmental activities		Business-type activities		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Revenues:						
Program revenues:						
Charges for service	$ 5,718,441	$ 5,432,535	$ 75,875,581	$ 73,895,440	$ 81,594,022	$ 79,327,975
Operating grants and contributions	42,463,661	42,282,178	692,522	33,931	43,156,183	42,316,109
Capital grants and contributions	-	-	138,929	2,510,060	138,929	2,510,060
General revenues:						
Property taxes	19,730,132	19,185,345	-	-	19,730,132	19,185,345
Other taxes	18,671,031	19,370,156	-	-	18,671,031	19,370,156
Other	1,126,279	4,860,536	1,426,675	3,324,146	2,552,954	8,184,682
Total Revenues	87,709,544	91,130,750	78,133,707	79,763,577	165,843,251	170,894,327
Expenses:						
General government	1,722,852	1,876,699	-	-	1,722,852	1,876,699
Public safety	13,952,499	13,228,802	-	-	13,952,499	13,228,802
Public works	6,837,541	7,060,805	-	-	6,837,541	7,060,805
Community services	8,505,463	8,088,462	-	-	8,505,463	8,088,462
Education	57,401,831	56,876,776	-	-	57,401,831	56,876,776
Interest and fiscal charges	3,716,578	3,747,845	-	-	3,716,578	3,747,845
Electric	-	-	52,872,689	51,452,426	52,872,689	51,452,426
Waterworks	-	-	17,063,502	19,069,463	17,063,502	19,069,463
Emergency communication district	-	-	533,174	416,911	533,174	416,911
Total expenses	92,136,764	90,879,389	70,469,365	70,938,800	162,606,129	161,818,189
(Decrease) increase in net position before transfer	(4,427,220)	251,361	7,664,342	8,824,777	3,237,122	9,076,138
Transfers	3,012,318	2,911,267	(3,012,318)	(2,911,267)	-	-
(Decrease) increase in net position	(1,414,902)	3,162,628	4,652,024	5,913,510	3,237,122	9,076,138
Net position, beginning of period	63,742,852	60,580,224	85,802,275	80,151,664	149,545,127	140,731,888
Prior period adjustment	-	-	-	(262,899)	-	(262,899)
Net position, end of period	$ 62,327,950	$ 63,742,852	$ 90,454,299	$ 85,802,275	$ 152,782,249	$ 149,545,127


Expenses and Program Revenues - Governmental Activities
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
General Government
Public Safety
Public Works
Community Services
Education
Interest and Fiscal Charges
Expenses
Program Revenues

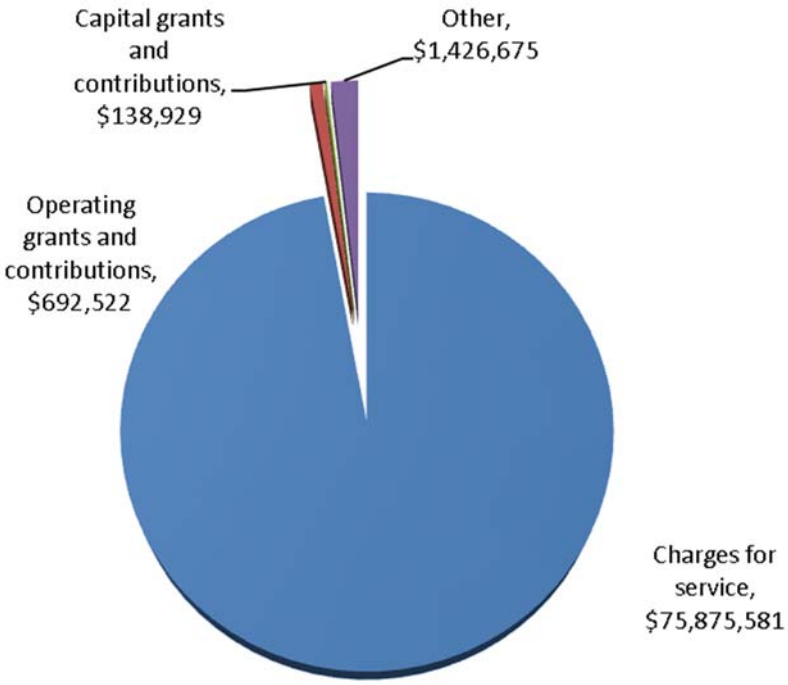

Revenues by Source - Governmental Activities
Local sales taxes, $9,694,331
Other, $1,126,279
Charges for service, $5,718,441
Other taxes, $8,976,700
Property taxes, $19,730,132
Operating grants and contributions, $42,463,661

Business-type activities. Business-type activities increased the City of Oak Ridge's net position by $4,652,024. In a comparison to the prior year, Charges for services increased $1,980,141, primarily due to increases in electric and waterworks rates during fiscal 2014 and operating grants and contributions increased $658,591 from a state grant in the Emergency Communications District Fund. Capital grants and contributions decreased $2,371,131 due to higher capital asset contributions by private developers and a federal grant for construction of a water line in fiscal 2013.

Expenses and Program Revenues - Business-type Activities



Revenues by Source – Business-type Activities



The net position of the electric fund increased by $2,352,240 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. In October 2013, Electric rates increased by an inflationary 1.3% for routine operations.

The net position of the waterworks fund increased by $1,666,196 from fiscal 2013. The change is primarily from increases in revenues from rate increases in water of 10% and wastewater of 15% effective January 1, 2014

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 $30,746,261, a decrease of $706,864 in comparison to the prior year. Of this amount, $1,891,818 is nonspendable and is comprised of a $1,428,572 long-term interfund note receivable, inventory and prepaid items, $9,617,768 is restricted with externally enforceable limitations on use, $218,611 is committed, $11,611,862 is assigned as designated usage and $7,406,202 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 $7,406,202, while total fund balance was $9,473,710. 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 32.6% of total general fund expenditures. However, unassigned fund balance only represents 17.4% 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 $586,430 during the current fiscal year. The general fund had a budgeted fund balance decrease of $1,199,351. Revenues were $585,614 above budget, primarily due to higher than anticipated property, business and state shared taxes. Expenditures were $111,587 below budget, primarily due to retirements and employee turnover.

Actual General Fund revenues increased overall $350,950 from the preceding fiscal year. Taxes increased $1,261,650 primarily due to moving revenues from occupancy tax collections to the General Fund from the Economic Diversification Fund, a special revenue fund, which was closed at the end of fiscal 2013, and higher property and state shared taxes. This increase was offset by a decrease of $895,596 in intergovernmental revenues; primarily from lower local sales and use tax collections in the Roane County portion of Oak Ridge from federal contractors.

There were budgetary amendments to the legal expenditure appropriation of the School Fund during fiscal 2014 of $2,205,804.

The debt service fund has a total fund balance of $10,098,497, of which $7,746,809 is restricted to debt service on Oak Ridge High School debt issuances and $2,351,688 is assigned for the payment of debt service. The net decrease in fund balance of the debt service fund during the current year was $198,697.

The capital projects fund has a total fund balance of $1,697,888. The net increase in fund balance during the year was $150,444 due to the delay of planned capital expenditures until fiscal 2015.

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

Unrestricted net position at the end of the year amounted to $3,314,444 for the electric fund, $7,339,572 for the waterworks fund, and $1,002,684 for the emergency communications district fund. Unrestricted net position increased $342,149 in the electric fund and $4,616,202 in the waterworks, primary from higher cash levels resulting from rate increases. The unrestricted net position of the emergency communications district fund decreased by $15,633.

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, 2014, amounts to $286,262,142 (net of accumulated depreciation), which is a $503,134 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	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
Land	$ 3,221,245	$ 3,362,844	$ 880,193	$ 755,193	$ 4,101,438	$ 4,118,037
Construction in progress	538,312	99,325	4,207,900	1,882,930	4,746,212	1,982,255
Buildings	80,838,680	83,821,262	-	-	80,838,680	83,821,262
Improvements	7,092,347	7,218,825	-	-	7,092,347	7,218,825
Infrastructure	30,017,951	31,013,077	-	-	30,017,951	31,013,077
Equipment	10,758,711	11,557,710	3,354,707	3,115,776	14,113,418	14,673,486
Electric Plant	-	-	49,002,621	47,655,324	49,002,621	47,655,324
Waterworks Plant	-	-	96,349,475	95,276,742	96,349,475	95,276,742
Total	$132,467,246	$137,073,043	$153,794,896	$ 148,685,965	$286,262,142	$285,759,008

Capital asset activity increased $2,141,298 in governmental activities and $12,327,756 in business-type activities in 2014. Major capital asset events during the current fiscal year included the following:

- Community services and development activities added $699,966 to complete construction of a dog park utilizing donated funding, to start the primarily grant funded Jackson Square Revitalization project, for equipment replacement at the Golf Course, for the addition of bathrooms at Melton Lake Park, and for efforts in the City's "Not In Our City" program for the purchase of blighted properties for demolishment and revitalization.
- Public safety added $587,266, including police cars and the purchase of new police software. General government added $36,891 primarily for computer hardware.
- Public works activities added $104,087 in capital assets, which included stormwater improvements, street maintenance equipment and energy efficiency updates in the City facilities including lighting replacement.

- Educational activities increased $713,088, and included $511,122 in construction in process at year end.

- Business-type activities added $12,327,756 in capital assets. $3,020,030 in electrical capital assets was added, primarily for routine replacement of overhead and underground distribution systems. $8,656,133 in waterworks capital assets was added, which included $1,580,266 in water improvements and $7,075,867 in wastewater improvements. Wastewater capital projects included those required to meet the Administrative Order by the Environmental Protection Agency (EAP). The above includes $102,305 in donated water and wastewater assets during the fiscal year. $651,593 was added in the emergency communications capital, primarily to remodel and upgrade the City's 911 dispatch center.

Additional information on the City of Oak Ridge's capital assets can be found in Note 12 on pages C-41 – C-42 of this report.

Long-term debt. At the end of the current fiscal year, the City of Oak Ridge had total long-term debt outstanding of $165,691,586. Of this amount, $91,470,689 comprises debt backed solely by the full faith and credit of the City. $72,335,897 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 $1,885,000 in remaining debt is backed by the income and revenues from the operation of the electric power distribution system.

City of Oak Ridge's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
General obligation and Revenue bonds	$ 33,715,000	$ 36,920,000	$50,520,000	$34,145,000	$ 84,235,000	$ 71,065,000
Qualified Zone Academy Bonds (QZAB)	3,565,929	4,075,347	-	-	3,565,929	4,075,347
Long-term notes and loans	53,658,053	54,162,053	23,289,801	34,844,047	76,947,854	89,006,100
Capital leases	531,707	930,736	411,096	535,338	942,803	1,466,074
Total	$ 91,470,689	$ 96,088,136	$74,220,897	$69,524,385	$165,691,586	$165,612,521

The City of Oak Ridge's total debt increased by $79,065 (0.05%) during the current fiscal year.

Effective November 1, 2010, the waterworks fund entered into a $5,000,000 interfund loan with the General Fund. Under Tennessee State Law, this is in the form of a capital outlay note issuance by the waterworks fund. The note will be repaid over a 6 year period. The balance at June 30, 2014 was $1,428,572.

In December 26, 2012, the city closed on a $5,000,000 draw loan through the Tennessee Municipal Bond Fund to fund water and wastewater capital improvements. During fiscal 2014, the City drew $1,075,719 on the loan leaving $352,825 available to draw.

In late June 2013, the City was approved for an $18,000,000 loan through the State Revolving Fund Loan Program (SRF). In May 2014, the City was approved for an additional $3,000,000 SRF Loan. Loan proceeds will be used for wastewater capital projects that are required under the EPA Administrative Order. The principal balance of these loans was $3,547,607 at June 30, 2014, leaving $17,431,623 available to draw.

On August 15, 2013, the City issued $23,205,000 in General Obligation Bonds, Series 2013 which refunded $19,881,973 in outstanding debt, including the outstanding Series 2003 General Obligation Bonds and the outstanding 1997, 1998 and 2002 State Revolving Fund (SRF) Loans. The issue also provided an approximate $3,000,000 in additional funding for sewer projects and $600,000 for water projects.

The City has $25,675,000 in outstanding debt for which the City has entered into an interest rate swap agreement. Under terms of the swap agreements, the city effectively pays a fixed rate on the debt plus or minus the difference between the variable interest due to the bondholders and the variable rate received from the counterparty. For additional information regarding these swaps refer to Note 13.

Additional information on the City of Oak Ridge's long-term debt can be found in Note 13 on pages C-43 – C-60 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.
- Assessed values have increased due to development projects completed in late 2013 and 2014, which includes multiple restaurants, new convenience store center, specialty grocery store and assisted living facilities. Overall, property taxes are projected to increase 2.2% in fiscal 2015.
- Recently completed was the 123,000 square-foot Kroger Marketplace which opened at the end of June 2014. The site also contains a 12,000 square-foot strip center and 5 outparcels which will be completed in calendar 2015. Also, in the planning stages is the sale and redevelopment of the 65 acre Oak Ridge mall site. Enhanced revenues are not expected to begin from this project until the fall of 2016.
- Overall, local sales and use tax collections are anticipated to increase 1.6% due to recent retail developments including the Kroger Marketplace. Sales and use tax collections continue to be negatively impacted due to reduced spending by the federal contractors located within Oak Ridge.
- Inflationary trends in the region compare with national indices. Pressures generally come from drivers such as medical, retirement, and utilities. Medical costs, while still increasing, have stabilized somewhat due to a restructuring of plans offered by the City. Retirement rates change biennially and the rate was flat for fiscal 2015. TVA is continuing to restructure wholesale rates, which is anticipated to result in annual rate increases over the next few years in the 1.5% to 3% range. Water and wastewater rate increases were adopted effective January 1, 2014, and January 1, 2015. Annual rate increases are anticipated to continue in the near term for both these services due to major capital needs to maintain these systems.
- $304,751 in fund balance is budgeted to be drawn in fiscal 2015, primarily to maintain the property tax rate at the fiscal 2014 level. Future property taxes will be impacted by approximately 3.4-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 2015 fiscal year.

During the fiscal 2014, the unassigned fund balance in the general fund increased by $930,565 to $7,406,202. This increase was primarily from the utilization of assigned fund balance first and the annual payment of the $5,000,000 interfund loan from the general fund to the City's waterworks Fund of $238,095. This $5,000,000 loan amount is classified as nonspendable fund balance at year end in the general fund. It will be repaid by the waterworks fund over a six year period. The interfund loan balance at June 30, 2014, is $1,428,572.

Management has again been conservative in estimating revenues for 2015. The City's fiscal 2015 property tax rate remained at the fiscal 2014 rate of $2.39 per hundred dollars of assessment.

Requests for Information

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

City of Oak Ridge, Tennessee

Statement of Net Position

June 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Oak Ridge Land Bank	Convention and Visitors Bureau	Education Foundation
Assets						
Cash and cash equivalents	$ 35,351,091	$ 10,620,553	$ 45,971,644	$ -	$ 99,782	$ 127,891
Investments	-	-	-	-	-	5,810,013
Receivables, net	21,593,330	9,341,375	30,934,705	-	-	132,036
Due from other governments	5,384,985	452,378	5,837,363	-	-	-
Due from component unit	1,350	-	1,350	-	-	-
Property inventory	-	-	-	271,048	-	-
Inventory, at cost	380,943	2,608,576	2,989,519	-	-	-
Prepaid items	77,297	-	77,297	-	-	-
Restricted assets:						
Cash and cash equivalents	133,869	4,020,979	4,154,848	-	-	-
Long-term internal note receivable	1,428,572	(1,428,572)	-	-	-	-
Capital assets nondepreciable	3,759,557	5,088,093	8,847,650	-	-	-
Capital assets depreciable, net	128,707,689	148,706,803	277,414,492	-	-	-
Total assets	196,818,683	179,410,185	376,228,868	271,048	99,782	6,069,940

City of Oak Ridge, Tennessee

Statement of Net Position (continued)

June 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Oak Ridge Land Bank	Convention and Visitors Bureau	Education Foundation
Liabilities						
Accounts payable	$ 2,734,153	$ 10,029,794	$ 12,763,947	$ -	$ -	$ -
Accrued liabilities	4,384,233	158,807	4,543,040	-	-	204
Deposits payable	524,928	2,508,824	3,033,752	-	-	-
Due to other governments	29,262	20,411	49,673	-	-	-
Due to primary government	-	-	-	1,350	-	-
Contracts payable	-	203,186	203,186	-	-	-
Accrued interest payable	278,944	180,786	459,730	-	-	-
Long-term liabilities:						
Due within one year	7,103,552	4,049,794	11,153,346	-	-	-
Due in more than one year	94,659,264	70,782,902	165,442,166	-	-	-
Total liabilities	109,714,336	87,934,504	197,648,840	1,350	-	204
Deferred inflows of resources						
Deferred property taxes	20,202,457	-	20,202,457	-	-	-
Derivative instruments - interest rate swaps	4,554,584	-	4,554,584	-	-	-
Advance payments	19,356	1,021,382	1,040,738	-	-	-
Total deferred inflows of resources	24,776,397	1,021,382	25,797,779	-	-	-
Net position						
Net investment in capital assets	37,380,405	78,797,599	116,178,004	-	-	-
Restricted for:						
Drug enforcement	211,237	-	211,237	-	-	-
Street improvements	1,282,923	-	1,282,923	-	-	-
Public transportation	77,840	-	77,840	-	-	-
Education	143,972	-	143,972	-	-	6,069,736
Unrestricted	23,231,573	11,656,700	34,888,273	269,698	99,782	-
Total net position	$ 62,327,950	$ 90,454,299	$ 152,782,249	$ 269,698	$ 99,782	$ 6,069,736

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

City of Oak Ridge, Tennessee

Statement of Activities

For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: Oak Ridge Land Bank	Component Units: Convention and Visitors Bureau	Component Units: Education Foundation
Primary government:										
Governmental activities:										
General government	$ 1,722,852	$ 938,000	$ 95,278	$ -	$ (689,574)	$ -	$ (689,574)	$ -	$ -	$ -
Public safety	13,952,499	1,293,905	2,696,418	-	(9,962,176)	-	(9,962,176)	-	-	-
Public works	6,837,541	-	-	-	(6,837,541)	-	(6,837,541)	-	-	-
Community services	8,505,463	2,375,420	777,669	-	(5,352,374)	-	(5,352,374)	-	-	-
Education	57,401,831	1,111,116	38,894,296	-	(17,396,419)	-	(17,396,419)	-	-	-
Interest and fiscal charges	3,716,578	-	-	-	(3,716,578)	-	(3,716,578)	-	-	-
Total governmental activities	92,136,764	5,718,441	42,463,661	-	(43,954,662)	-	(43,954,662)	-	-	-
Business-type activities:										
Electric	52,872,689	55,752,733	-	-	-	2,880,044	2,880,044	-	-	-
Waterworks	17,063,502	19,650,454	-	138,929	-	2,725,881	2,725,881	-	-	-
Emergency communication district	533,174	472,394	692,522	-	-	631,742	631,742	-	-	-
Total business-type activities	70,469,365	75,875,581	692,522	138,929	-	6,237,667	6,237,667	-	-	-
Total primary government	$ 162,606,129	$ 81,594,022	$ 43,156,183	$ 138,929	(43,954,662)	6,237,667	(37,716,995)	-	-	-
Component units:										
Oak Ridge Land Bank	1,350	-	271,048	-	-	-	-	269,698	-	-
Convention and Visitors Bureau	271,155	-	14,000	-	-	-	-	-	(257,155)	-
Education Foundation	539,590	-	-	198,606	-	-	-	-	-	(340,984)
Total component units	$ 812,095	$ -	$ 285,048	$ 198,606	-	-	-	269,698	(257,155)	(340,984)
General revenues:										
Property taxes					19,730,132	-	19,730,132	-	-	-
In-lieu of tax payments					2,279,959	-	2,279,959	-	-	-
Sales taxes					9,694,331	-	9,694,331	-	-	-
Unrestricted state shared taxes					4,211,529	-	4,211,529	-	-	-
Business taxes					1,128,925	-	1,128,925	-	-	-
Occupancy taxes					508,147	-	508,147	-	-	-
Wholesale beer and liquor taxes					848,140	-	848,140	-	-	-
Investment earnings					49,097	10,927	60,024	-	-	269,378
Miscellaneous					1,077,182	1,415,748	2,492,930	-	305,648	-
Transfers					3,012,318	(3,012,318)	-	-	-	-
Total general revenues and transfers					42,539,760	(1,585,643)	40,954,117	-	305,648	269,378
Change in net position					(1,414,902)	4,652,024	3,237,122	269,698	48,493	(71,606)
Net position - beginning of year					63,742,852	85,802,275	149,545,127	-	51,289	6,141,342
Net position - end of year					$ 62,327,950	$ 90,454,299	$ 152,782,249	$ 269,698	$ 99,782	$ 6,069,736

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

City of Oak Ridge, Tennessee

Balance Sheet
Governmental Funds

June 30, 2014

	General	School	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 5,943,699	$ 9,056,584	$ 1,693,703	$ 9,865,064	$ 3,275,175	$ 29,834,225
Receivables, net	21,585,813	7,517	-	-	-	21,593,330
Due from other funds	64,890	-	-	-	-	64,890
Due from other governments	2,738,492	1,876,515	4,185	233,433	532,360	5,384,985
Due from component unit	1,350	-	-	-	-	1,350
Inventories, at cost	160,913	-	-	-	91,167	252,080
Prepaid items	-	73,139	-	-	4,158	77,297
Long-term interfund note receivable	1,428,572	-	-	-	-	1,428,572
Total unrestricted assets	31,923,729	11,013,755	1,697,888	10,098,497	3,902,860	58,636,729
Restricted assets:						
Cash and cash equivalents	-	-	-	-	133,869	133,869
Total assets	$ 31,923,729	$ 11,013,755	$ 1,697,888	$ 10,098,497	$ 4,036,729	$ 58,770,598
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	$ 656,745	$ 1,510,943	$ -	$ -	$ 335,471	$ 2,503,159
Accrued liabilities	284,202	3,561,133	-	-	53,263	3,898,598
Deposits	524,928	-	-	-	-	524,928
Due to other funds	-	-	-	-	64,890	64,890
Due to other governments	-	-	-	-	29,262	29,262
Total liabilities	1,465,875	5,072,076	-	-	482,886	7,020,837
Deferred inflows of resources:						
Deferred property tax	20,984,144	-	-	-	-	20,984,144
Advance payments	-	19,356	-	-	-	19,356
Total deferred inflows of resources	20,984,144	19,356	-	-	-	21,003,500
Fund balances:						
Nonspendable	1,589,485	73,139	-	-	229,194	1,891,818
Restricted	-	298,959	-	7,746,809	1,572,000	9,617,768
Committed	-	218,611	-	-	-	218,611
Assigned	478,023	5,331,614	1,697,888	2,351,688	1,752,649	11,611,862
Unassigned	7,406,202	-	-	-	-	7,406,202
Total fund balances	9,473,710	5,922,323	1,697,888	10,098,497	3,553,843	30,746,261
Total liabilities, deferred inflows of resources and fund balances	$ 31,923,729	$ 11,013,755	$ 1,697,888	$ 10,098,497	$ 4,036,729	$ 58,770,598

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

City of Oak Ridge, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2014

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

Total fund balances - governmental funds		$ 30,746,261
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		129,873,746
Internal service funds are used by management to charge the costs of insurance and equipment replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		6,797,188
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 position.		781,687
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
General obligation debt	(33,065,000)	
Qualified zone academy bonds (QZAB)	(3,565,929)	
Capital lease obligation	(531,707)	
Notes payable	(53,658,053)	
Discounts and premiums (net)	(1,379,192)	
Compensated absences	(2,499,602)	
Termination benefits	(440,480)	
OPEB obligation	(5,917,679)	
Derivative liability - ineffective interest rate swap	(4,554,584)	
Accrued interest	(258,706)	(105,870,932)
Net position of governmental activities		$ 62,327,950

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 Year Ended June 30, 2014

	General	School	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	23,176,750	$ -	$ -	1,335,365	$ -	$24,512,115
Licenses and permits	174,011	-	-	-	-	174,011
Intergovernmental	13,292,265	38,894,296	4,185	-	4,109,547	56,300,293
Charges for services	1,342,178	1,111,116	-	892,732	938,274	4,284,300
Fines and forfeitures	353,138	-	-	-	906,992	1,260,130
Investment earnings	30,839	-	1,667	9,628	2,960	45,094
Miscellaneous	605,644	351,107	79,889	402,714	16	1,439,370
Total revenues	38,974,825	40,356,519	85,741	2,640,439	5,957,789	88,015,313
Expenditures						
Current:						
General government	1,841,776	-	-	-	-	1,841,776
Public safety	10,473,956	-	-	-	3,434,052	13,908,008
Public works	4,640,079	-	-	-	840,534	5,480,613
Community services	5,792,903	-	-	-	2,151,361	7,944,264
Education	-	50,132,796	-	-	-	50,132,796
Capital outlay	-	-	435,297	-	-	435,297
Debt service:						
Principal	-	1,790,488	-	3,917,715	134,000	5,842,203
Interest	-	2,913,179	-	3,261,137	3,468	6,177,784
Bond issuance costs	-	-	-	50,701	-	50,701
Total expenditures	22,748,714	54,836,463	435,297	7,229,553	6,563,415	91,813,442
Excess (deficiency) of revenues over expenditures	16,226,111	(14,479,944)	(349,556)	(4,589,114)	(605,626)	(3,798,129)
Other financing sources (uses)						
Transfers in	3,012,318	14,112,832	500,000	4,311,470	900,557	22,837,177
Transfers out	(19,824,859)	-	-	-	-	(19,824,859)
Refunding bonds issued	-	-	-	3,423,947	-	3,423,947
Payment to refunded bond escrow	-	-	-	(3,345,000)	-	(3,345,000)
Total other financing sources (uses)	(16,812,541)	14,112,832	500,000	4,390,417	900,557	3,091,265
Net change in fund balances	(586,430)	(367,112)	150,444	(198,697)	294,931	(706,864)
Fund balances - beginning	10,060,140	6,289,435	1,547,444	10,297,194	3,258,912	31,453,125
Fund balances - ending	$ 9,473,710	$ 5,922,323	$ 1,697,888	$ 10,098,497	$ 3,553,843	$ 30,746,261

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

City of Oak Ridge, Tennessee

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	$ (706,864)
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 depreciation expense exceeded capital outlays in the current period.	(4,253,556)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net assets.	(268,148)
Tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	52,416
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. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,218,956
Change in fair value of ineffective derivative - interest rate swap	(438,257)
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.	23,570
The internal service funds are used by management to charge the costs of insurance and equipment replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(43,019)
Change in net position of governmental activities	$ (1,414,902)

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 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
Revenues						
Taxes	$ 22,771,431	$ 22,771,431	$ 23,176,750	$ -	$ 23,176,750	$ 405,319
Licenses and permits	225,000	225,000	174,011	-	174,011	(50,989)
Intergovernmental	13,172,113	13,172,113	13,292,265	-	13,292,265	120,152
Charges for services	1,330,000	1,330,000	1,342,178	-	1,342,178	12,178
Fines and forfeitures	354,000	354,000	353,138	-	353,138	(862)
Investment earnings	41,667	41,667	30,839	-	30,839	(10,828)
Miscellaneous	495,000	495,000	605,644	-	605,644	110,644
Total revenues	38,389,211	38,389,211	38,974,825	-	38,974,825	585,614
Expenditures						
Current:						
General government	1,897,185	1,897,185	1,841,776	-	1,841,776	55,409
Public safety	10,508,868	10,508,868	10,473,956	93,267	10,567,223	(58,355)
Public works	4,680,082	4,680,082	4,640,079	-	4,640,079	40,003
Community services	5,841,653	5,841,653	5,792,903	(25,780)	5,767,123	74,530
Total expenditures	22,927,788	22,927,788	22,748,714	67,487	22,816,201	111,587
Excess (deficiency) of revenues over (under) expenditures	15,461,423	15,461,423	16,226,111	(67,487)	16,158,624	697,201
Other financing sources (uses)						
Transfers in	2,914,085	2,914,085	3,012,318	-	3,012,318	98,233
Transfers out	(19,574,859)	(19,574,859)	(19,824,859)	-	(19,824,859)	(250,000)
Net other financing uses	(16,660,774)	(16,660,774)	(16,812,541)	-	(16,812,541)	(151,767)
Net change in fund balances	(1,199,351)	(1,199,351)	(586,430)	(67,487)	(653,917)	545,434
Fund balance - beginning	10,034,360	10,034,360	10,060,140	(25,780)	10,034,360	-
Fund balance - ending	$ 8,835,009	$ 8,835,009	$ 9,473,710	$ (93,267)	$ 9,380,443	$ 545,434

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 School Fund

For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance With Final Positive (Negative)
Revenues						
Intergovernmental	$ 38,413,307	$ 38,479,000	$ 38,894,296	$ -	$ 38,894,296	$ 415,296
Charges for services	1,371,507	1,371,507	1,111,116	-	1,111,116	(260,391)
Other	312,122	395,801	351,107	-	351,107	(44,694)
Total revenues	40,096,936	40,246,308	40,356,519	-	40,356,519	110,211
Expenditures						
Current:						
Education	50,638,436	52,844,240	50,132,796	-	50,132,796	2,711,444
Debt service:						
Principal	1,791,328	1,791,328	1,790,488	-	1,790,488	840
Interest	2,913,179	2,913,179	2,913,179	-	2,913,179	-
Total expenditures	55,342,943	57,548,747	54,836,463	-	54,836,463	2,712,284
Excess (deficiency) of revenues over (under) expenditures	(15,246,007)	(17,302,439)	(14,479,944)	-	(14,479,944)	2,822,495
Other financing sources (uses)						
Transfers in	13,862,832	14,112,832	14,112,832	-	14,112,832	-
Total other financing sources (uses)	13,862,832	14,112,832	14,112,832	-	14,112,832	-
Net change in fund balances	(1,383,175)	(3,189,607)	(367,112)	-	(367,112)	2,822,495
Fund balance - beginning	6,289,435	6,289,435	6,289,435	-	6,289,435	-
Fund balance - ending	$ 4,906,260	$ 3,099,828	$ 5,922,323	$ -	$ 5,922,323	$ 2,822,495

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

City of Oak Ridge, Tennessee

Statement of Net Position
Proprietary Funds

June 30, 2014

	Business-type Activities				Governmental Activities
	Electric	Waterworks	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 5,985,858	$ 3,639,184	$ 995,511	$ 10,620,553	$ 5,516,866
Receivables, net	7,022,373	2,301,805	17,197	9,341,375	-
Due from other governments	-	415,854	36,524	452,378	-
Prepaid items	-	-	-	-	-
Inventories, at cost	1,470,701	1,137,875	-	2,608,576	128,863
Restricted assets:					
Cash and cash equivalents	101,418	2,898,179	1,021,382	4,020,979	-
Total current assets	14,580,350	10,392,897	2,070,614	27,043,861	5,645,729
Noncurrent assets:					
Capital assets, net	51,500,317	101,303,056	991,523	153,794,896	2,593,500
Total noncurrent assets	51,500,317	101,303,056	991,523	153,794,896	2,593,500
Total assets	66,080,667	111,695,953	3,062,137	180,838,757	8,239,229
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	8,337,950	1,655,532	36,312	10,029,794	230,994
Accrued liabilities	70,292	88,515	-	158,807	485,635
Deposits	2,438,824	70,000	-	2,508,824	-
Due to other governments	-	20,411	-	20,411	-
Current portion of noncurrent liabilities	1,386,329	2,533,036	130,429	4,049,794	230,222
Contracts payable	-	203,186	-	203,186	-
Accrued interest payable	60,690	109,860	10,236	180,786	20,238
Total current liabilities	12,294,085	4,680,540	176,977	17,151,602	967,089
Noncurrent liabilities:					
Compensated absences	32,374	167,922	-	200,296	8,406
Notes payable	3,364,515	18,919,191	280,668	22,564,374	-
Bonds payable	16,163,212	33,077,215	-	49,240,427	451,954
Other post employment benefits obligation	63,843	142,534	-	206,377	14,592
Total noncurrent liabilities	19,623,944	52,306,862	280,668	72,211,474	474,952
Total liabilities	31,918,029	56,987,402	457,645	89,363,076	1,442,041
Deferred inflows of resources:					
Grants received in advance	-	-	1,021,382	1,021,382	-
Total deferred inflows of resources	-	-	1,021,382	1,021,382	-
Net position					
Net investment in capital assets	30,848,194	47,368,979	580,426	78,797,599	1,944,947
Unrestricted	3,314,444	7,339,572	1,002,684	11,656,700	4,852,241
Total net position	$ 34,162,638	$ 54,708,551	$ 1,583,110	$ 90,454,299	$ 6,797,188

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

City of Oak Ridge, Tennessee

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds

For the Year Ended June 30, 2014

	Business-type Activities				Governmental Activities
	Electric	Waterworks	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:					
Charges for services	$ 55,752,733	$ 19,650,454	$ 472,394	$ 75,875,581	$ 7,095,230
Miscellaneous	931,109	484,639	-	1,415,748	-
Employer's contributions	-	-	-	-	4,018,501
Employees' contributions	-	-	-	-	999,294
Total operating revenues	56,683,842	20,135,093	472,394	77,291,329	12,113,025
Operating expenses:					
Maintenance and administrative	7,532,551	11,360,975	382,994	19,276,520	1,458,768
Purchased power and water	42,445,405	56,571	-	42,501,976	-
Depreciation	2,175,288	4,447,422	126,614	6,749,324	720,566
Materials	-	-	-	-	1,011,863
Medical/liability claims	-	-	-	-	211,821
Insurance premiums	-	-	-	-	5,258,073
Other benefits	-	-	-	-	3,528,744
Total operating expenses	52,153,244	15,864,968	509,608	68,527,820	12,189,835
Operating income (loss)	4,530,598	4,270,125	(37,214)	8,763,509	(76,810)
Nonoperating revenues (expenses):					
Gain on disposal of capital assets	-	-	-	-	67,074
Revenue from other governments	-	-	692,522	692,522	-
Investment earnings	4,489	4,592	1,846	10,927	4,003
Interest expense	(719,445)	(1,198,534)	(23,566)	(1,941,545)	(37,286)
Net nonoperating revenues (expenses)	(714,956)	(1,193,942)	670,802	(1,238,096)	33,791
Income (loss) before capital contributions and transfers	3,815,642	3,076,183	633,588	7,525,413	(43,019)
Transfers out	(1,463,402)	(1,548,916)	-	(3,012,318)	-
Capital contributions	-	138,929	-	138,929	-
Change in net position	2,352,240	1,666,196	633,588	4,652,024	(43,019)
Net position - beginning	31,810,398	53,042,355	949,522	85,802,275	6,840,207
Net position - ending	$ 34,162,638	$ 54,708,551	$ 1,583,110	$ 90,454,299	$ 6,797,188

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

City of Oak Ridge, Tennessee

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2014

	Business-type Activities				Governmental Activities
	Electric	Waterworks	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	$ 56,110,992	$ 19,811,945	$ 475,310	$ 76,398,247	$ 12,142,967
Payments to employees for salaries and benefits	(3,168,782)	(3,490,502)	-	(6,659,284)	(473,080)
Payments to suppliers and service providers	(45,986,008)	(6,813,555)	(350,612)	(53,150,175)	(10,725,052)
Net cash provided by operating activities	6,956,202	9,507,888	124,698	16,588,788	944,835
Cash flows from noncapital financing activities					
Transfers to other funds	(1,463,402)	(1,548,916)	-	(3,012,318)	-
Federal grants	-	15,854	669,282	685,136	-
Net cash (used in) provided by noncapital financing activities	(1,463,402)	(1,533,062)	669,282	(2,327,182)	-
Cash flows from capital and related financing activities					
Proceeds from the issuance of long-term debt	-	8,507,268	-	8,507,268	-
Proceeds from the sale of capital assets	-	-	-	-	5,946
Contributed capital	-	102,305	-	102,305	-
Acquisition and construction of capital assets	(2,975,457)	(8,046,009)	(651,594)	(11,673,060)	(636,473)
Principal paid on capital debt	(1,130,310)	(1,832,322)	(124,241)	(3,086,873)	(49,705)
Interest paid on capital debt	(802,839)	(1,250,989)	(26,660)	(2,080,488)	(18,611)
Net cash (used in) provided by capital and related financing activities	(4,908,606)	(2,519,747)	(802,495)	(8,230,848)	(698,843)
Cash flows from investing activities					
Interest on investments	4,489	4,592	1,846	10,927	4,003
Net cash provided by investing activities	4,489	4,592	1,846	10,927	4,003
Net increase (decrease) in cash and cash equivalents	588,683	5,459,671	(6,669)	6,041,685	249,995
Cash and cash equivalents - beginning	5,498,593	1,077,692	2,023,562	8,599,847	5,266,871
Cash and cash equivalents - ending	$ 6,087,276	$ 6,537,363	$ 2,016,893	$ 14,641,532	$ 5,516,866
Cash and cash equivalents are classified as:					
Current assets	$ 5,985,858	$ 3,639,184	$ 995,511	$ 10,620,553	$ 5,516,866
Noncurrent restricted assets	101,418	2,898,179	1,021,382	4,020,979	-
Total cash and cash equivalents - ending	$ 6,087,276	$ 6,537,363	$ 2,016,893	$ 14,641,532	$ 5,516,866

City of Oak Ridge, Tennessee

Statement of Cash Flows (continued)
Proprietary Funds

For the Fiscal Year Ended June 30, 2014

	Business-type Activities				Governmental Activities
	Electric	Waterworks	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	$ 4,530,598	$ 4,270,125	$ (37,214)	$ 8,763,509	$ (76,810)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	2,175,288	4,447,422	126,614	6,749,324	720,566
Gain on disposal of capital assets	-	-	-	-	61,128
Changes in assets and liabilities					
Receivables	(539,412)	(323,148)	2,916	(859,644)	29,942
Deferred charges	-	2,754	-	2,754	-
Prepaid items	26,116	-	-	26,116	-
Inventories	144,304	43,811	-	188,115	(2,277)
Due from other governments	45,772	(167,853)	(419)	(122,500)	-
Accounts payable	584,739	1,187,513	32,801	1,805,053	63,882
Accrued liabilities	18,287	9,349	-	27,636	179,278
Due to other governments	-	20,411	-	20,411	-
Compensated absences	(3,194)	565	-	(2,629)	(32,507)
Customer deposits	(33,438)	-	-	(33,438)	-
Other post employment benefit obligations payable	7,142	16,939	-	24,081	1,633
Total adjustments	2,425,604	5,237,763	161,912	7,825,279	1,021,645
Net cash provided by operating activities	$ 6,956,202	$ 9,507,888	$ 124,698	$ 16,588,788	$ 944,835
Schedule of non-cash capital and related financing activities					
Refunding of long-term debt	$ -	$ 16,612,477	$ -	$ 16,612,477	$ -
Forgiveness of long-term debt	$ -	$ 20,770	$ -	$ 20,770	$ -

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

City of Oak Ridge, Tennessee

Statement of Net Position
Fiduciary Funds

June 30, 2014

	Private Purpose Trust - Scholarship Fund
Assets	
Cash and cash equivalents	$ 320,486
Total assets	320,486
Liabilities	
Due to other funds	1,400
Total liabilities	1,400
Net Position	
Held in trust for scholarships	319,086
Total net position	$ 319,086

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

City of Oak Ridge, Tennessee

Statement of Changes in Net Position
Fiduciary Funds

For the Year Ended June 30, 2014

	Private Purpose Trust - Scholarship Fund
Additions	
Contributions	$ 6,500
Investment earnings	1,284
Miscellaneous	500
Total additions	8,284
Deductions	
Scholarship awards	7,985
Total deductions	7,985
Change in net position	299
Total net position - beginning	318,787
Total net position - ending	$ 319,086

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

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 Land Bank. In August 2013, City Council amended the property maintenance regulations ordinance to create a Land Bank Corporation in accordance with *Tennessee Coded Annotated §13-30-101 ET SEQ*, The Oak Ridge Land Bank Corporation is a not-for profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Oak Ridge Land Bank Corporation's Board of Directors consists of 7 directors appointed by City Council, one of which is a member of City Council. The Land Bank program was developed to support economic revitalization through returning vacant, abandoned and tax delinquent properties to productive use. In January 2014, the City donated twelve previously blighted residential properties to the Oak Ridge Land Bank Corporation.

The Oak Ridge Land Bank Corporation publishes separate financial statements, which may be obtained at the following address:

Oak Ridge Land Bank Corporation
P.O. Box 1
Oak Ridge, TN 37831-0001

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. 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, TN 37830

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, the Foundation's main purpose is to provide financial support to the schools.

The Foundation has been audited by a separate certified public accounting firm for the year ending December 31, 2013. The Foundation's results have been presented with a different year-end.

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

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

Related Organizations

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

b. Government-wide and Fund Financial Statements

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

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

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

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

The City reports the following major governmental funds:

General Fund

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

School Fund

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

Capital Projects Fund

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

Debt Service Fund

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

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 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 resources legally held in trust for use of scholarship awards. All resources of the fund, including investment earnings, may be used for scholarship awards.

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 certain 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 non-grant 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. Beginning with fiscal 2014, property taxes are levied July 1. Previously, property taxes were levied on June 1 and the revenue from that levy was recognized in the following fiscal year beginning July 1, the year in which the tax revenues are intended to finance (see Note 2).

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

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

d. Budgets and Budgetary Accounting

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

1. By early-June, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Also, a six-year capital budget is developed and presented to City Council prior to preparation of the upcoming annual operating budget.

2. A public hearing is conducted at the Municipal Building to obtain taxpayer comments.

3. Prior to July 1, the budgets for all governmental funds are legally enacted through passage of an ordinance by City Council.

4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Expenditures may not exceed appropriations at the fund level.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Budgetary control is also achieved for the Debt Service Fund through general obligation bond indenture provisions.

6. The budgets for all governmental funds are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that in the General, Special Revenue, and Capital Projects Funds, encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. The adjustments necessary to convert the basis of budgeting to GAAP represent the net change in encumbrances outstanding at the beginning and ending of the fiscal year.

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

8. During the year, supplementary appropriations were necessary for the School Fund. Refer to Note 21.

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, 2014, unbilled revenue was estimated at $1,522,155 in the Electric Fund and $512,217 in the Waterworks Fund.

h. Allowances for Doubtful Accounts

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

i. Pledges Receivables

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

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

j. Inventories and Prepaid Items

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

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

k. Compensated Absences

Employees of the City and Schools are granted general (vacation) and emergency (sick) leave in varying amounts. In the event of termination, an employee is paid for accumulated general (vacation) leave; however, accumulated emergency (sick) leave is not paid. Upon retirement, the accumulated emergency (sick) 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. In the fund financial statements, governmental fund types expense compensated absences as they are paid. The compensated liability is not reported in their respective fund financial statements because it is not expected to be liquidated with available financial resources.

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. The composite method is primarily 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% - 5% composite method
Improvements	15 - 40 years	2.5% - 6.667% composite method
Equipment	3 - 20 years	

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

For proprietary fund assets, interest is capitalized on construction costs incurred with tax-exempt debt using the interest rate on borrowed funds. The amount of interest cost incurred on tax-exempt debt is reduced by the amount of interest earnings for the year. Interest is capitalized on construction costs incurred with taxable debt using the average interest rate on the borrowed funds. The capitalization period is from the date of the borrowing until the construction period is complete. Capitalized interest in the City's business type funds totaled $185,195 for fiscal year 2014.

m. Long-term Obligations

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

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

n. Interfund Transactions

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

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

o. Net Position

The City's net position is classified as follows:

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

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

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

p. Fund Balance

Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances of the City's governmental funds are classified into the following categories:

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

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

When both restricted and unrestricted resources are available for use, it is the School's policy and City's practice to expend any available restricted, committed or assigned resources, in that order, prior to expending unassigned resources.

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 and City practice to use the committed fund balance first; the assigned fund balance second; and then the unassigned fund balance as it is needed.

State statutes require the School Fund to maintain a minimum unrestricted fund balance of 3% of current year's expenditures. For the current fiscal year ending June 30, 2014, the Schools met the minimum fund balance as required by state law.

q. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year-end are reported as assigned fund balances. On June 16, 2014, City Council adopted by resolution the encumbrance of $93,267 in the General Fund for the installation of sprinklers and related improvements at Fire Station number 3.

r. Deferred Outflows/Inflows of Resources

The statement of net position will sometimes report a separate section for deferred outflows of resources, in addition to assets. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) so will not be recognized as inflow of resources (revenue) until that time.

Deferred inflows of resources consist of the following at June 30, 2014:

		Governmental Activities
Deferred inflows of resources:		
Deferred property taxes in General Fund	$	20,202,457
Derivative instruments - interest rate swap (Note 13)		4,554,584
Advance payments in School Fund		19,356
Total deferred inflows of resources	$	24,776,397

s. Use of Estimates

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

u. New GASB Standards

The City plans to adopt Governmental Accounting Standards Board (GASB) *Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27,* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 60*, both required for fiscal periods after June 15, 2014, in the year ending June 30, 2015. These Statements improves accounting and financial reporting for pensions. The City and Schools have employees who participate in the Tennessee Consolidated Retirement Systems Defined Benefit Pension Plan. Management is in the process of determining the effects that the adoption of these Statements will have on the financial statements. See Note 4.

2. PROPERTY TAX

All property taxes are assessed on January 1 of each year. Property taxes receivable are recorded at this lien date. The City's 2013 property tax roll, which funded fiscal 2014, was levied on June 1 on the assessed value as listed by the applicable County Assessor's Office and was delinquent on August 1. The revenue from that levy was recognized in the fiscal year beginning July 1, 2013, the year in which it is intended to finance. Beginning with the City's 2014 property tax roll, the levy date will be on July 1 of each year and delinquent on September 1. The revenue from that levy will be recognized in the fiscal year beginning July 1, 2014, the year in which it is intended to finance. The amount of deferred property taxes recorded in the General Fund at June 30, 2014, is $20,984,144.

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, 2013, was $812,875,607. The appraised value was $2,708,542,582 making the total assessed value approximately 30% of the total appraised value.

Taxes were levied at a rate of $2.39 per $100 of assessed value. Current tax collections of $18,853,042 for the fiscal year ended were approximately 97.0% 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. Consolidated Nuclear Security, LLC assumed responsibility as the major contractor at the Y-12 plant effective July 1, 2014. DOE plants account for 29% of total water sales and 20% of wastewater revenues. Since DOE purchases electricity directly from TVA, DOE does not purchase power from the City.

The City receives financial assistance and in-lieu of tax payments from DOE. The City received $1,660,945 from DOE in tax payments in fiscal 2014. The annual payments are subject to congressional appropriation.

During fiscal 2008, the City entered into an agreement with DOE and DOE's ETTP site contractor to assume fire and emergency medical response duties for the ETTP site. Under the agreement with DOE, through its contractor, the City received over $10,000,000 in funding over the four-year period of the agreement. On October 1, 2007, DOE transferred 2.23 acres of land, the ETTP fire station and firefighting and ambulance vehicles and equipment to the City to operate this facility. The City added an additional 28 employees to man this station, which will also serve the west end of Oak Ridge. The West End Fund, a special revenue fund, was established by the City to account for the operations of the ETTP fire station. During fiscal 2012, the contact was extended through September 30, 2015. The City received $2,401,428 from DOE in fiscal 2014.

In 2008, the City entered into a 5-year agreement with DOE and DOE's ETTP site contractor, under which the City assumed responsibility for water and wastewater services to the ETTP site. The City acquired the ETTP water plant, as well as, water and wastewater lines, booster stations and other infrastructure from DOE in order for the City to provide these services to the ETTP site. The ETTP 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 ETTP site. On May 29, 2008, the City assumed water and wastewater operations to the ETTP site. These operations are accounted for in the City's Waterworks Fund, an enterprise fund. 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 ETTP water plant and the City's Rarity Ridge wastewater plant during that time frame. During fiscal 2013, the contract was extended to September 30, 2014. The City received $1,480,208 under this contact in fiscal 2014.

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Tennessee Consolidated Retirement System, 15th 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. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014 was 14.87% of annual covered payroll. The contribution requirement of plan members is set by State statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2014, the City's annual pension cost of $2,734,100 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2011 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent 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, 2011 was 11 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 of APC Contributed	Net Pension Obligation
June 30, 2014	$ 2,734,100	100.00%	$ -
June 30, 2013	2,721,830	100.00%	-
June 30, 2012	2,699,388	100.00%	-

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 87.46 percent funded. The actuarial accrued liability for benefits was $92.32 million, and the actuarial value of assets was $80.74 million, resulting in an unfunded actuarial accrued liability (UAAL) of $11.58 million. The covered payroll (annual payroll of active employees covered by the plan) $18.08 million, and the ratio of the UAAL to the covered payroll was 64.03 percent.

The schedules 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, 15th 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, 2014, was 10.18% of annual covered payroll. The contribution requirements of plan members are set by State statute. Contribution requirements for the Schools are established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2014, Oak Ridge Schools' annual pension cost of $601,852 to TCRS was equal to Oak Ridge Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2013, 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, 2013, was 1 year. An actuarial valuation was performed as of July 1, 2013, which established contribution rates effective July 1, 2014.

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2014	$ 601,852	100.00%	$ -
June 30, 2013	$ 624,635	100.00%	$ -
June 30, 2012	662,054	100.00%	-

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 94.82% funded. The actuarial accrued liability for benefits was $26.19 million, and the actuarial value of assets was $24.83 million, resulting in an unfunded actuarial accrued liability (UAAL) of $1.36 million. The covered payroll (annual payroll of active employees covered by the plan) was $6.17 million, and the ratio of the UAAL to the covered payroll was 21.99%.

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

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities,

information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

Teaching Personnel

Plan Description

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

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, 15th Floor, Andrew Jackson State Office Building, Nashville, TN 37243-0230 or can be accessed at http://www.tn.gov/treasury/tcrs/Schools.

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, 2014, was 8.88% 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, 2014, 2013 and 2012, were $2,242,021, $2,261,737, and $2,347,755, respectively, equal to the required contributions for each year.

5. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description – City Employee Other Than Schools

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

Funding Policy

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

Eligibility

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

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)	$	307,781
Interest on Net OPEB Obligation		24,383
Adjustment to the ARC		(29,068)
Annual OPEB Cost		303,096
Contributions Made		(225,336)
Increase in OPEB Obligation		77,760
Net OPEB Obligation, Beginning of Year		609,583
Net OPEB Obligation, End of Year	$	687,343

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

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	$303,096	74.3%	$687,343
June 30, 2013	293,293	66.5%	609,583
June 30, 2012	237,736	56.3%	511,343

Funded Status and Progress

The funded status of the plan as of June 30, 2014, is as follows:

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

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

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between employer and plan members to that point. Actuarial calculations reflect a long-term perspective. In the July 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.0% funding interest rate and an annual healthcare trend rate of 7% for 2014. The healthcare trend rate will decrease by 1% annually to an ultimate medical cost trend rate of 5% by 2016. Both rates include a 2.5% inflation assumption. The annual payroll growth rate is assumed to be 2.5%. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis with the remaining amortization period for the unfunded actuarial accrued liability as of June 30, 2014 of 26 years.

Plan Description – Schools

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

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

	Teacher Group Insurance Plan
Annual Required Contribution (ARC)	$ 620,000
Interest on net OPEB Obligation	194,178
Adjustment to the ARC	189,177
Annual OPEB Cost	1,003,355
Contributions Made	(406,509)
Increase in OPEB Obligation	596,846
Net OPEB Obligation, Beginning of Year	4,854,459
Net OPEB Obligation, End of Year	$ 5,451,305

Three-Year Trend Information

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	$ 1,003,355	40.5%	$ 5,451,306
June 30, 2013	911,339	42.9%	4,854,459
June 30, 2012	904,790	34.8%	4,334,885

Funded Status and Progress

The funded status of the plan as of June 30, 2014, is as follows:

Actuarial Valuation Date	July 1, 2013
Actuarial Accrued Liability (AAL)	$ 6,214,000
Actuarial Value of Plan Assets	-
Total Unfunded AAL	$ 6,214,000
Funded Ratio (Actuarial Value of Assets as a Percentage of the AAL)	0.0%
Annual Covered Payroll	$ 25,247,984
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	24.6%

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

Actuarial Methods and Assumptions

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, 2013, 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 7.5% initially for the Employee Group, and the Local Education plans. The rate decreases to 7% in fiscal year 2015, and then will reduce by decrements to an ultimate rate of 4.7% in fiscal year 2044. All rates include a 2.5% inflation assumption. Premium subsidies in the Medicare Supplement plan are projected to remain unchanged and, consequently, trend rates are not applicable. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning July 1, 2007. Payroll is assumed to grow at a rate of 3%.

6. ON-BEHALF PAYMENTS

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 2014 was $69,599 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 2014 was $111,810 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 2014, the City contributed $242,847 toward retiree's insurance premium costs with 23 retirees receiving the benefit at fiscal year-end. At fiscal year-end, there were 369 active members in the plan. 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 2014, the Schools reimbursed approximately $65,744 to 24 retirees, which has been recorded as an expenditure in the School Fund. At fiscal year-end, there were 604 active members in the plan.

At June 30, 2014, the estimated liability and expense of school employee termination benefits reported in the government-wide financial statements is $440,480. Termination benefits are measured at the discounted present value of expected future benefit payments. A discount rate of 1.62% and a projected healthcare cost trend rate of 12.0% were used to estimate the effect of making these payments over a five-year period.

8. ACCOUNTS RECEIVABLE

Customers are billed for electric and waterworks services monthly on a cyclical basis. Unbilled revenue for utility services rendered but not yet billed as of the close of the fiscal year in the amount of $1,522,155 was recorded in the Electric Fund and $512,217 in Waterworks Fund at June 30, 2014.

Receivables at June 30, 2014 consist of the following:

Fund	Taxes	Customer Accounts	Other	Gross Receivables	Allowance for Uncollectibles	Net Receivables
General	$ 21,465,154	$ 615,023	$ 552,913	$22,633,090	$ (1,047,277)	$21,585,813
School	-	7,517	-	7,517	-	7,517
Electric	-	8,541,971	-	8,541,971	(1,519,598)	7,022,373
Waterworks	-	2,301,805	-	2,301,805	-	2,301,805
Nonmajor	-	-	17,197	17,197	-	17,197
Total	$ 21,465,154	$ 11,466,316	$ 570,110	$ 33,501,580	$ (2,566,875)	$ 30,934,705

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 $11,202,561. Deposit policies authorize the City to maintain their operating and excess funds in bank accounts and certificates of deposit with banks or credit unions that have a branch located within the Oak Ridge city limits. Banks or credit unions shall be fully insured by the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). In addition, accounts with balances in excess of FDIC or NCUA insurance levels must participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

At June 30, 2014, 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 $38,923,655 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, 2014 the City had the following investments and maturities:

		Investment Maturities	
	Fair Value	Less then 1 year	More than 1 year
State of TN Local Government Investment Pool	$ 38,923,655	$ 38,923,655	$ -

Investment income (loss) in the Scholarship Fund for 2014 consisted of the following:

Interest and Dividends	$ 1,284

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.

Component Unit – Education Foundation

At June 30, 2014, the Education Foundation had the following deposits and investments.

Description	Fair Value
Deposits:	
Bank Deposits and Certificates of Deposit	$ 127,891
Investments:	
Money Market Accounts	71,806
U.S. Treasury Notes Bonds	2,679,627
Mutual Funds	3,058,580
	5,810,013
Total	$ 5,937,904

Short-term investments held in money market accounts are reported as investments instead of cash equivalents because the Foundation holds those funds in restricted purposes.

Investments at Fair Value

Investment income for 2014 consisted of the following:

Interest and Dividends	$ 107,618
Realized Gains on Investments	75,862
Unrealized Gains on Investments	85,898
Total	$ 269,378

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.

11. RESTRICTED ASSETS

Restricted assists of $133,869 in the State Street Aid Fund, a special revenue fund, is for the City's share of expenditures related to State of Tennessee street resurfacing projects in Oak Ridge. Restricted assets in the Emergency Communications District Fund of $1,021,382 are from unspent grant proceeds on deposit at the City for upgrades to the City's radio communications system. A corresponding liability amount of $1,021,382 is shown on the balance sheet of the Emergency Communications District Fund as a deferred inflow. The Waterworks Fund had $2,694,992 in remaining bond proceeds from the August 2013 debt issuance. The Waterworks Fund's restricted assets include $203,186 in contractor retainage deposits. A corresponding liability amount of $203,186 is included in contracts payable on the balance sheet of the Waterworks Fund. The Electric Fund's restricted assets is comprised of funds set aside to satisfy legal covenants regarding debt service on Electric Fund long-term debt issuances. The "current debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The governmental and proprietary funds restricted assets at June 30, 2014 are as indicated below:

	Governmental-type Activities	Business-type Activities			Total Per Government-wide Financial Statements
	State Street Aid Fund	Electric Fund	Waterworks Fund	Emergency Communication District Fund	
Capital Projects					
Grant Proceeds	$ -	$ -	$ -	$ 1,021,382	$ 1,021,382
Bond Proceeds	-	-	2,694,993	-	2,694,993
City Share of State Capital Project	133,869	-	-	-	133,869
Retainage	-	-	203,186	-	203,186
Current Debt Service Account	-	101,418	-	-	101,418
Total	$ 133,869	$ 101,418	$ 2,898,179	$ 1,021,382	$ 4,154,848

12. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2014 was as follows:

	Beginning Balances	Increases	Decreases and Reclassifications	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 3,362,844	$ 160,000	$ (301,599)	$ 3,221,245
Construction in Progress	99,325	511,122	(72,135)	538,312
Total Capital Assets Not Being Depreciated	3,462,169	671,122	(373,734)	3,759,557
Capital Assets Being Depreciated:				
Infrastructure	52,408,470	54,126	-	52,462,596
Buildings	132,815,478	119,595	(52,579)	132,882,494
Improvements Other than Buildings	14,308,385	471,817	-	14,780,202
Machinery and Equipment	30,485,149	824,638	(805,947)	30,503,840
Total Capital Assets Being Depreciated	230,017,482	1,470,176	(858,526)	230,629,132
Less Accumulated Depreciation for:				
Infrastructure	(21,395,393)	(1,049,252)	-	(22,444,645)
Buildings	(48,994,216)	(3,102,177)	52,579	(52,043,814)
Improvements Other than Buildings	(7,089,560)	(598,295)	-	(7,687,855)
Machinery and Equipment	(18,927,439)	(1,695,770)	878,080	(19,745,129)
Total Accumulated Depreciation	(96,406,608)	(6,445,494)	930,659	(101,921,443)
Total Capital Assets Being Depreciated, Net	133,610,874	(4,975,318)	72,133	128,707,689
Governmental Activities Capital Assets, Net	$ 137,073,043	$ (4,304,196)	$ (301,601)	$132,467,246

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

General Government	$ 181,402
Public Safety	387,820
Public Works	1,530,727
Community Service	873,172
Education	3,472,373
Total Depreciation Expense	$ 6,445,494

Capital asset activity for the business-type activities for the year ended June 30, 2014 was as follows:

	Beginning Balances	Increases	Decreases and Reclassifications	Ending Balances
Business-type Activities:				
Capital Assets Not Being Depreciated				
Land	$ 755,193	$ 125,000	$ -	$ 880,193
Construction in Progress	1,882,930	12,416,342	(10,091,372)	4,207,900
Total Capital Assets Not Being Depreciated	2,638,123	12,541,342	(10,091,372)	5,088,093
Capital Assets Being Depreciated				
Electric Plant in Service				
Transmission	11,345,993	-	-	11,345,993
Distribution	69,405,403	3,312,879	(446,470)	72,271,812
Water Plant in Service	69,179,290	1,580,267	(428,033)	70,331,524
Wastewater Plant in Service	85,599,251	4,220,943	-	89,820,194
Equipment	8,808,899	660,682	(920,565)	8,549,016
Total Capital Assets Being Depreciated	244,338,836	9,774,771	(1,795,068)	252,318,539
Less Accumulated Depreciation for:				
Electric Plant in Service				
Transmission	(4,107,574)	(340,380)	-	(4,447,954)
Distribution	(28,988,498)	(1,672,243)	493,511	(30,167,230)
Water Plant in Service	(27,869,083)	(2,157,086)	26,507	(29,999,662)
Wastewater Plant in Service	(31,632,716)	(2,169,865)	-	(33,802,581)
Equipment	(5,693,123)	(409,750)	908,564	(5,194,309)
Total Accumulated Depreciation	(98,290,994)	(6,749,324)	1,428,582	(103,611,736)
Total Capital Assets Being Depreciated, Net	146,047,842	3,025,447	(366,486)	148,706,803
Business-type Activities Capital Assets, Net	$ 148,685,965	$ 15,566,789	$ (10,457,858)	$ 153,794,896

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

Electric	$ 2,175,288
Waterworks	4,447,422
Emergency Communications	126,614
Total Depreciation Expense	$ 6,749,324

13. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the City for the year ended June 30, 2014:

	Beginning Balances	Additions	Retirements/ Reductions	Ending Balances	Due Within One Year
Governmental Activities:					
General Fund:					
General Obligation Bonds	$ 36,220,000	$ 3,335,000	$ (6,490,000)	$ 33,065,000	$ 3,050,000
Qualified Zone Academy Bonds (QZAB)	4,075,347	-	(509,418)	3,565,929	509,418
Notes Payable	54,162,053	-	(504,000)	53,658,053	478,000
Unamortized Debt Discount	(48,239)	(1,531)	48,703	(1,067)	(557)
Unamortized Debt Premium	1,525,716	88,947	(234,404)	1,380,259	221,211
Capital Lease Obligations	930,736	-	(399,029)	531,707	410,474
Compensated Absences	2,655,817	2,192,185	(2,348,400)	2,499,602	2,131,723
School Termination Benefits	486,380	19,844	(65,744)	440,480	73,061
OPEB Obligation	5,268,788	1,206,214	(557,323)	5,917,679	-
City Equipment Replacement Rental Fund:					
General Obligation Bonds	700,000	-	(50,000)	650,000	200,000
Unamortized Bond Discount	(4,693)	-	793	(3,900)	(3,900)
Unamortized Reoffering Premium	2,951	-	(498)	2,453	499
Compensated Absences	74,536	42,318	(74,825)	42,029	33,623
OPEB Obligation	12,959	6,364	(4,731)	14,592	-
Total Long-term Liabilities - Governmental Activities:	$106,062,351	$ 6,889,341	$(11,188,876)	$101,762,816	$ 7,103,552
Business-type Activities:					
Electric Fund:					
Bonds	$ 18,050,000	$ -	$ (1,095,000)	$ 16,955,000	$ 925,000
Notes Payable	3,660,400	-	(132,773)	3,527,627	163,111
Unamortized Bond Discount	(133,750)	-	133,750	-	-
Unamortized Reoffering Premium	205,783	-	(36,285)	169,498	36,285
Compensated Absences	297,501	268,249	(271,443)	294,307	261,933
OPEB Obligation	56,701	27,842	(20,700)	63,843	-
Waterworks Fund:					
General Obligation Bonds	16,095,000	19,870,000	(2,400,000)	33,565,000	1,065,000
Notes Payable	15,956,170	1,075,719	(817,322)	16,214,567	842,984
State Revolving Fund Program Loan	15,227,477	3,547,607	(15,227,477)	3,547,607	-
Unamortized Bond Discount	(125,477)	(10,135)	128,855	(6,757)	(3,686)
Unamortized Reoffering Premium	126,731	519,573	(32,646)	613,658	33,373
Compensated Absences	762,723	454,477	(453,912)	763,288	595,365
OPEB Obligation	125,594	66,030	(49,090)	142,534	-
Emergency Communications Fund:					
Capital Lease Obligation	535,338	-	(124,242)	411,096	130,429
Total Long-term Liabilities - Business-type Activities	$ 70,840,191	$25,819,362	$(20,398,285)	$ 76,261,268	$ 4,049,794

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 Series 2013 Bonds refunded $19,881,973 in outstanding debt, including $3,345,000 in General Obligation Bonds funded by the General Fund. The remainder of the bonds refunded by this debt issuance are accounted for in the Waterworks Fund. The underwriters discount was $27,927 and there was $22,774 in other issuance costs. The bonds were issued at an $88,947 premium. There was a $1,531 loss on the refunding which is being amortized over the remaining life of the new bonds, which has the same remaining life as the old bonds. The City recorded its aggregate debt service payments by $173,411 from the time of the refunding through maturity, which resulted in an economic gain of $164,460 on the refunding. The interest rate on the bonds is at 2% with the bonds maturing in 2016. The principal balance of the bonds outstanding at June 30, 2014, was $2,650,000.

The debt amortized below includes $9,300,000 in taxable general obligation Build America Bonds (BABS) issued in November 2009 for various city capital projects, including completion of the Oak Ridge High School renovation. The federal government provides a 35% subsidy on the interest payment due on these bonds. The bonds mature in 2041 with interest rates ranging from 5.63% to 6.5%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's June 2014 interest subsidy payments were reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2015. The treasury rebate amortized in the table below is based on a 7.3% subsidy reduction. Interest subsidies received totaled $187,511 during the year ended June 30, 2014.

Debt service requirements to maturity for general obligation bonds for the fiscal year ended June 30, 2014, are as follows:

Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2015	$ 3,050,000	$ 1,530,056	$ (187,309)	$ 1,342,747	$ 4,392,747
2016	3,135,000	1,454,556	(187,309)	1,267,247	4,402,247
2017	3,260,000	1,347,506	(187,309)	1,160,197	4,420,197
2018	3,420,000	1,194,006	(187,309)	1,006,697	4,426,697
2019	3,195,000	1,057,206	(187,309)	869,897	4,064,897
2020-2024	7,705,000	3,481,200	(936,545)	2,544,655	10,249,655
2025-2029	2,500,000	2,556,188	(829,355)	1,726,833	4,226,833
2030-2034	300,000	2,086,750	(677,046)	1,409,704	1,709,704
2035-2039	2,500,000	2,068,750	(671,206)	1,397,544	3,897,544
2040-2041	4,000,000	357,500	(115,991)	241,509	4,241,509
Total	$ 33,065,000	$ 17,133,718	$ (4,166,688)	$ 12,967,030	$ 46,032,030

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, 2014:

	Governmental Activities			
	Balance 7/1/13	Additions / Transfers	Reductions	Balance 6/30/14
Series 2003, GO Refunding Bonds Issue: $7,485,709, Maturing 2016 Interest Rate: 2.00% - 4.00%	$ 3,345,000	$ -	$3,345,000	$ -
Series 2009, GO Refunding Bonds Issue: $17,215,000, Maturing 2022 Interest Rate: 3.00% - 5.00%	17,215,000	-	-	17,215,000
Series 2009B, Build America Bonds (BABS) Issue: $9,300,000, Maturing 2041 Interest Rate: 5.63% - 6.50% Interest Treasury Subsidy: 35% of Interest Payment	9,300,000	-	-	9,300,000
Series 2010, GO Refunding Bonds Issue: $5,240,000, Maturing 2021 Interest Rate: 3.00% - 4.00%	4,035,000	-	435,000	3,600,000
Series 2011, GO Refunding Bonds Issue: $7,420,000, Maturing 2015 Interest Rate: 2.00%	2,325,000	-	2,025,000	300,000
Series 2013, GO Refunding Bonds Issue: $3,345,000, Maturing 2016 Interest Rate: 2.00%	-	3,335,000	685,000	2,650,000
Total General Obligation Bonded Debt	$36,220,000	$3,335,000	$6,490,000	$33,065,000

Qualified Zone Academy Bonds (QZAB) – General Fund

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

Projected amortization schedule for QZAB are as follows:

	Governmental Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2015	$ 509,418	$ 2,445	$ 511,863
2016	509,419	2,445	511,864
2017	509,418	2,445	511,863
2018	509,419	2,445	511,864
2019	509,418	2,445	511,863
2020-2021	1,018,837	4,890	1,023,727
Total	$ 3,565,929	$ 17,115	$ 3,583,044

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, 2014. Annual interest payments are amortized below using a .98% interest rate, which was the actual weekly rate at June 30, 2014.

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, 2014, the outstanding principal balance of the loan was $207,000. Annual interest payments are amortized below using a 1.17% interest rate, which was the actual weekly rate at June 30, 2014.

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, 2014, the outstanding principal balance of the loan was $14,000,000. 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.

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 began in 2014 with maturity in 2027. Annual interest payments are amortized below using a 0.82% interest rate, which was the actual weekly rate at June 30, 2014.

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

Projected debt service requirements to maturity for notes payable are as outlined below. The interest rate varies on a weekly basis and is paid monthly for the TMBF loans. Annual interest payments on variable interest rate loans are amortized using the actual weekly rate at June 30, 2014. For budgeting purposes, the City uses a 4.50% interest rate for variable rate loans.

	Governmental Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2015	$ 478,000	$ 1,815,155	$ 2,293,155
2016	492,000	1,800,715	2,292,715
2017	552,722	1,785,655	2,338,377
2018	570,326	1,768,297	2,338,623
2019	625,251	1,748,854	2,374,105
2020-2024	12,862,466	8,067,137	20,929,603
2025-2029	13,182,288	5,412,813	18,595,101
2030-2034	14,690,000	3,625,983	18,315,983
2035-2038	10,205,000	1,069,126	11,274,126
Total	$ 53,658,053	$ 27,093,735	$ 80,751,788

Notes Payable - Swap Agreements

As of June 30, 2014 the City had the following derivative instruments outstanding:

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

[1]Refunded to Series VII-E-1 in 2009

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

The fair value balance and notional amounts of derivative instruments outstanding at June 30, 2014, 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, 2014		June 30, 2014 Notational Amount
	Classification	Amount	Classification	Amount	
Governmental Activities					
Investment Derivative: Pay-fixed Interest Rate Swap Series VI-D-3[1]	Investment Loss	$ (171,051)	Debt	$ (1,959,526)	$ 10,000,000
Investment Derivative: Pay-fixed Interest Rate Swap Series VI-H-1[2]	Investment Loss	(267,206)	Debt	(2,595,058)	$ 15,675,000
		$ (438,257)		$ (4,554,584)	

[1]Refunded to Series VII-E-1 in 2009

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

Derivative Swap Agreement Details

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

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

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The swap Series VI-D-3 did not meet that criteria and therefore is classified as an investment derivative. The City recorded a liability for the investment derivative totaling the negative fair value of $1,959,526 in the statement of net position. The city also recorded the current year change in fair value of $171,051 in the statement of activities as interest and fiscal charges.

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

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.725% and receives a variable payment computed as 63.50% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of $10 million and the associated variable-rate bond has a $10 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2033. As of June 30, 2014, rates were as follows:

	Terms	Rates
Interest Rate Swap:		
Fixed Payments to Counterparty	Fixed	3.725%
Variable Payment from Counterparty	% LIBOR	-1.080%
Net Interest Rate Swap Payments		2.645%
Variable Rate Bond Coupon Payments		0.663%
On-going Variable Rate Bond Payments		0.200%
Effective Synthetic Interest Rate on Bonds		3.508%

Fair Value: As of June 30, 2014 the swap had a negative fair value of ($1,959,526). 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, 2014, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP"), now Raymond James Financial, Inc. was rated "BBB" and "Baaa2 by Moody's as of June 30, 2014.

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, 2014, 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.

	Variable Rate Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Net Interest Rate Swap	Total
2015	$ -	$ 63,300	$ 264,500	$ 327,800
2016	-	63,300	264,500	327,800
2017	-	63,300	264,500	327,800
2018	-	63,300	264,500	327,800
2019	-	63,300	264,500	327,800
2020-2024	-	316,500	1,322,500	1,639,000
2025-2029	-	316,500	1,322,500	1,639,000
2030-2033	10,000,000	205,514	858,743	11,064,257
Total	$ 10,000,000	$ 1,155,014	$ 4,826,243	$ 15,981,257

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

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

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The swap Series VI-H-1 did not meet that criteria and therefore is classified as an investment derivative. The City recorded a liability for the investment derivative totaling the negative fair value of $2,595,058 in the statement of net position. The city also recorded the current year changes in fair value of 267,206 in the statement of activities as an interest and fiscal charges.

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

Terms: Under the swap, the Authority pays the counterparty a fixed payment of 3.536% and receives a variable payment computed as 63% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of $15.675 million and the associated variable-rate bond has a $15.675 million principal amount. At no time will the notional amount on interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds and/or Series VI-M-1. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index™ (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2036. As of June 30, 2014, rates were as follows:

	Terms	Rates
Interest Rate Swap:		
Fixed Payments to Counterparty	Fixed	3.536%
Variable Payment from Counterparty	% LIBOR	-1.071%
Net Interest Rate Swap Payments		2.465%
Variable Rate Bond Coupon Payments		0.633%
On-going Variable Rate Bond Payments		0.200%
Effective Synthetic Interest Rate on Bonds		3.298%

Fair Value: As of June 30, 2014, the swap had a negative fair value of ($2,595,058). 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, 2014, 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 of Dublin, Ireland, 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, 2014, DEPFA's credit rating had been downgraded and was rated "BBB" by Standard and Poor's (Stable Outlook), "Baa3" by Moody's Investors Service (Stable Outlook) and "BBB+" by Fitch Ratings (Negative Outlook). The counterparty has posted all collateral requirements with a third-party custodian.

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

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

Swap Payments and Associated Debt: As of June 30, 2014, 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.

	Variable Rate Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Net Interest Rate Swap Payment	Total
2015	$ -	$ 99,223	$ 386,389	$ 485,612
2016	-	99,223	386,389	485,612
2017	-	99,223	386,389	485,612
2018	-	99,223	386,389	485,612
2019	-	99,223	386,389	485,612
2020-2024	-	496,115	1,931,945	2,428,060
2025-2029	6,225,000	435,860	1,697,307	8,358,167
2030-2034	4,600,000	248,558	967,923	5,816,481
2034-2036	4,850,000	43,809	170,599	5,064,408
Total	$ 15,675,000	$ 1,720,457	$ 6,699,719	$ 24,095,176

City Equipment Replacement Rental Fund

The debt amortized below includes $700,000 in taxable general obligation Build America Bonds (BABS) issued in November 2009 used to purchase computer hardware. The federal government provides a 35% subsidy on the interest payment due on these bonds. The bonds mature in 2019 with interest rates ranging from 2.875% to 4.63%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's 2013 and 2014 interest subsidy payments were reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2015. The treasury rebate amortized in the table below is based on a 7.3% subsidy reduction. Interest subsidies received totaled $8,952 during the year ended June 30, 2014.

Debt service requirements to maturity for Equipment Replacement Rental Fund general obligation debt for the fiscal year ended June 30, 2014 are as follows:

	Governmental Activities				
Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2015	$ 200,000	$ 26,125	$ (8,476)	$ 17,649	$ 217,649
2016	-	19,875	(6,448)	13,427	13,427
2017	150,000	19,875	(6,448)	13,427	163,427
2018	-	13,875	(4,502)	9,373	9,373
2019	300,000	13,875	(4,502)	9,373	309,373
Total	$ 650,000	$ 93,625	$ (30,376)	$ 63,249	$ 713,249

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 $292,234 at year-end.

On July 10, 2012, the Schools entered into a $479,112 capitalized lease purchase agreement with California First National Bank for the purchase of technology equipment. Of the technology equipment included in the lease purchase agreement, only software of $25,000 was capitalized, as all other equipment cost less than $5,000, individually, and these were expensed in accordance with the School's capitalization policy as described in Note 1. Terms of the lease require initial payment of $124,550 and three annual payments of $124,550 at 2.668% interest through July 10, 2015. The principal balance was $239,473 at year-end.

Fiscal Year Ending June 30,	
2015	$ 425,569
2016	124,550
Total future minimum lease payments	550,119
Less amounts representing interest	18,412
Present value of minimum lease payments	$ 531,707

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 $1,885,000 at June 30, 2014.

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, 2014.

In November 2009, the City issued $20,000,000 in taxable general obligation Build America Bonds (BABS) for various city capital projects. $5,000,000 of the bond proceeds will be utilized for Electric Fund capital projects. The annual debt service requirement on this portion of the BABS is to be repaid from Electric Fund revenues and accordingly, have been recorded as a long-term liability of the Electric Fund. The federal government provides a 35% subsidy on the interest payment due on these bonds. Principal payments will occur from 2028 to 2038 with interest rates ranging from 6% to 6.15%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's 2013 and 2014 interest subsidy payments were reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2015. The treasury rebate amortized in the table below is based on a 7.3% subsidy reduction. Interest subsidies received totaled $98,341 during the year ended June 30, 2014.

Debt service requirements to maturity for bonds funded by the Electric Fund for the fiscal year ended June 30, 2014, are as follows:

	Business-type Activities				
Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2015	$ 925,000	$ 826,619	$ (98,235)	$ 728,384	1,653,384
2016	960,000	789,619	(98,235)	691,384	1,651,384
2017	1,000,000	751,219	(98,235)	652,984	1,652,984
2018	1,045,000	701,219	(98,235)	602,984	1,647,984
2019	1,055,000	659,419	(98,235)	561,184	1,616,184
2020-2024	5,860,000	2,534,545	(491,176)	2,043,369	7,903,369
2025-2029	2,010,000	1,536,825	(482,417)	1,054,408	3,064,408
2030-2034	2,250,000	973,875	(315,974)	657,901	2,907,901
2035-2038	1,850,000	287,512	(93,283)	194,229	2,044,229
Total	$ 16,955,000	$ 9,060,852	$ (1,874,025)	$ 7,186,827	$ 24,141,827

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 $2,074,331 at June 30, 2014. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.83% interest rate, which was the actual weekly rate at June 30, 2014.

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, 2014. Principal payments will occur from 2015 through 2027. Annual interest payments are amortized below using a 0.82% interest rate, which was the actual weekly rate at June 30, 2014.

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, 2014. Projected debt service requirements to maturity as of June 30, 2014 as follows:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total Requirements
2015	$ 163,111	$ 28,998	$ 192,109
2016	213,448	27,614	241,062
2017	149,453	25,894	175,347
2018	155,124	24,652	179,776
2019	196,463	23,338	219,801
2020-2024	1,239,729	92,920	1,332,649
2025-2027	1,410,299	20,786	1,431,085
Total	$ 3,527,627	$ 244,202	$ 3,771,829

General Obligation Bonds – Waterworks Fund:

On August 15, 2013, the City issued $23,205,000 in General Obligation Bonds, Series 2013 which refunded the outstanding Series 2003 General Obligation Bonds and the outstanding 1997, 1998 and 2002 State Revolving Fund (SRF) Loans. The Series 2013 Bonds refunded $19,881,973 in outstanding debt, including $15,112,030 in SRF wastewater loans and provided an approximate $3,000,000 in additional funding for sewer projects and $600,000 for water projects. The bonds were issued at a $519,573 premium. The underwriters discount was $166,388 and there was $129,574 in other issuance costs. There was a $10,135 loss on the refunding which is being amortized over the remaining life of the old bonds, which is shorter than the remaining life of the new bonds. There was an economic loss of $72,267 on the refunding. The bonds revised the City's annual waterworks debt service payments into a more manageable structure. There has been considerable pressure on the wastewater rates since the Administrative Order issued by the United States Environmental Protection Agency (EPA) was received by the City in 2010. The annual debt service payments are to be funded through the applicable water and wastewater rates. Interest rates range from 2% to 4.375% with the bonds maturing in 2034. The principal balance of the bonds outstanding at June 30, 2014 was $18,955,000.

In November 2009, the City issued $20,000,000 in taxable general obligation Build America Bonds (BABS) for various city capital projects. $5,000,000 of the bond proceeds will be utilized for Waterworks Fund capital projects. The annual debt service requirement on this portion of the BABS is to be repaid from Waterworks Fund revenues and accordingly, have been recorded as a long-term liability of the Waterworks Fund. The federal government provides a 35% subsidy on the interest payment due on these bonds. Principal payments will occur from 2023 to 2030 with interest rates ranging from 5% to 6%, before the 35% federal subsidy is applied. The City has no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. The City's 2013 and 2014 interest subsidy payments were reduced due to the federal sequestration. The subsidy reduction is expected to continue into fiscal 2015. The treasury rebate amortized in the table below is based on a 7.3% subsidy reduction. Interest subsidies received totaled $94,882 during the year ended June 30, 2014.

On September 29, 2011, the City issued $9,810,000 in General Obligation Bonds Series 2011B for capital improvements to the City's water and wastewater system. The annual debt service payments are to be funded through the applicable water and wastewater rates. Interest rates range from 2% to 3% with the bonds maturing in 2028. The principal balance of the bonds outstanding at June 30, 2014 was $9,610,000.

Debt service requirements to maturity for bonds funded by the Waterworks Fund for the fiscal year ended June 30, 2014, are as follows:

	Business-type Activities				
Fiscal Year Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total Requirements
2015	$ 1,065,000	$ 1,255,225	$ (94,780)	$ 1,160,445	$ 2,225,445
2016	830,000	1,233,925	(94,780)	1,139,145	1,969,145
2017	435,000	1,217,325	(94,780)	1,122,545	1,557,545
2018	445,000	1,208,625	(94,780)	1,113,845	1,558,845
2019	480,000	1,197,275	(94,780)	1,102,495	1,582,495
2020-2024	7,080,000	5,575,925	(470,655)	5,105,270	12,185,270
2025-2029	12,610,000	3,969,901	(316,176)	3,653,725	16,263,725
2030-2034	10,620,000	1,304,556	(18,494)	1,286,062	11,906,062
Total	$ 33,565,000	$16,962,757	$ (1,279,225)	$15,683,532	$ 49,248,532

Notes Payable – Waterworks Fund

The City executed loan agreements for $6,152,006 and $3,000,000 during fiscal 1995 and 2001, respectively, with the TMBF to fund water and wastewater system rehabilitation and expansion. The 2003 to 2016 maturities of the 1995 loan were paid from the proceeds of the General Obligation Refunding Bonds Series 2003. The remaining portion of the 1995 loan matures in 2023 and the 2001 loan matures in 2022. The outstanding principal balance on these loans at June 30, 2014 was $4,359,735. Annual interest payments are amortized below using a .98% and .86% interest rate on the 1995 and 2001 loan, respectively, which was the actual weekly rate at June 30, 2014.

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 $4,143,670 at June 30, 2014. Annual principal payments will occur through 2026. Annual interest payments are amortized below using a 0.83% interest rate, which was the actual weekly rate at June 30, 2014.

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, 2014. Principal payments will occur from 2017 through 2027. Annual interest payments are amortized below using a 0.82% interest rate, which was the actual weekly rate at June 30, 2014.

In December 2012, the City executed a $5,000,000 loan agreement through the TMBF waterworks improvements. The outstanding principal balance of the loan was $4,488,175 at June 30, 2014. This is a draw loan whereby funds are drawn as work is performed. There is $352,825 available for draw on this loan at year-end. The loan is for a 20-year term with principal payments beginning in 2014. Annual interest payments are amortized below using a .99% interest rate, which was the actual weekly rate at June 30, 2014.

During fiscal 2011, the General Fund loaned the Waterworks Fund $5,000,000 for bridge financing of waterworks capital improvements. Under Tennessee State Law, these type loans between City funds are required to be in the form of capital outlay notes. State law requires City Council to adopt a resolution authorizing the obligation and obtainment of approval from the Comptroller of the Treasury or Comptroller's designee in accordance with the requirements of Title 9, Chapter 21, Part 6, Tennessee Code Annotated. The interfund loan is dated November 1, 2010. On July 11, 2011, City Council retroactively authorized the issuance of $5,000,000 in capital outlay notes as of November 1, 2010, and on August 8, 2011 the City received notification of the retroactive approval of the capital outlay notes by the Comptroller's Office. The notes were originally issued for a three year term. Approval must be obtained from the Comptroller in increments of three year periods for a maximum total of nine years. In June 2013, City Council approved an extension of the loan with the expectation that the loan will mature in November 2019. The Comptroller has approved a three year extension of the loan through November 2016. A request to the Comptroller for an additional three year extension will be made at that time. The loan has a 1% interest rate. The capital outlay notes were recorded as an advance to other funds in the City's General Fund and as liability for notes payable in the Waterworks Fund. The capital outlay notes had an outstanding balance of $1,428,572 at June 30, 2014.

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, 2014, with projected debt service requirements to maturity as follows:

Fiscal Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total Requirements
2015	$ 842,984	$ 148,145	$ 991,129
2016	869,647	139,338	1,008,985
2017	1,297,621	130,935	1,428,556
2018	1,358,645	118,891	1,477,537
2019	1,388,581	106,313	1,494,894
2020-2024	6,184,500	348,707	6,533,207
2025-2029	3,246,415	118,421	3,364,836
	1,026,174	20,014	1,046,188
Total	$ 16,214,567	$ 1,130,764	$ 17,345,331

Tennessee State Revolving Fund Loan (SRF) – Waterworks Fund

In June 2013, the State approved the City's application for an $18,000,000 loan through the SRF to fund wastewater projects mandated to meet terms of an Administrative Order (AO) from the United States Environmental Protection Agency (EPA). The State approved issuance of a $14,000,000 SRF loan and a $4,000,000 SRF loan that contains a 10% principal forgiveness. These are draw loans whereby funding draws occur after expenditures for projects are made by the City. The outstanding principal balance of these loans was $3,360,676 and $186,931, respectively, at June 30, 2014. The interest rate, including fees, is 1.23%. Principal payments begin for a 20-year period when the capital projects are substantially complete.

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 loans. It is not anticipated that revenues from these sources will be required to fund the debt service on these loans.

In June 2014, the State approved the City's application for a $3,000,000 loan through the SRF to complete the capital projects required to meet the EPA AO. The interest rate on this loan is 1.81%. No loan proceeds had been drawn on this loan as of June 30, 2014.

A projected amortization schedule for outstanding SRF loans as of June 30, 2014 is as follows:

	Business-Type Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total Requirements
2015	$ -	$ 44,720	$ 44,720
2016	157,432	42,750	200,182
2017	159,380	40,803	200,183
2018	161,351	38,831	200,182
2019	163,347	36,835	200,182
2020-2024	847,547	153,364	1,000,911
2025-2029	901,279	99,632	1,000,911
2030-2034	958,417	42,494	1,000,911
2035	198,854	1,328	200,182
Total	$ 3,547,607	$ 500,757	$ 4,048,364

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, 2014 are as follows:

Year Ending June 30,	
2015	150,902
2016	150,902
2017	150,901
Total Future Minimum Lease Payments	452,705
Less:	
Amount Presenting Interest at 4.98%	(41,609)
Current Portion of Capital Lease	(130,429)
Long-term Capitalized Lease Obligation	$ 280,667

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 $64,890 due to the General Fund. The Due To/From's resulted from timing between cash disbursements for grant eligible items and cash reimbursement from grant awards.

Advances to and from accounts represent long-term loans between funds. During fiscal 2012, the General Fund advanced the Waterworks Fund $5,000,000 for bridge financing for Waterworks capital improvements. Under Tennessee State Law, these type loans between City funds are required to be in the form of capital outlay notes. Annual principal payments are anticipated to be due in seven remaining equal installments with interest at 1% per annum. Approval must be obtained from the Comptroller's office in 2016 for another three year loan extension through November 2019. The capital outlay notes were recorded as an advance to other funds in the City's General Fund and as liability for notes payable in the Waterworks Fund. The balance at June 30, 2014 was $1,428,572.

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 In					
Transfer Out	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Funds	Total
General Fund	$ -	$ 14,112,832	$ 500,000	$4,311,470	$ 900,557	$ 19,824,859
Electric Fund	1,463,402	-	-	-	-	1,463,402
Waterworks Fund	1,548,916	-	-	-	-	1,548,916
Total	$ 3,012,318	$ 14,112,832	$ 500,000	$4,311,470	$ 900,557	$ 22,837,177

16. COMMITMENTS

At June 30, 2014, the City had remaining contractual commitments for professional services, construction contracts and equipment purchases totaling $11,002,217 for the following projects:

Projects	Spent-To-Date	Commitment Remaining	Committed Fund
Jackson Square Project Phase I	$ 98,901	$ 54,044	Capital Projects
Fire Station #3 Sprinkler Sys	-	93,268	General
Line Construction	2,465,598	633,830	Electric
Tree Pruning, Brush Control	779,531	605,551	Electric
Switchgear Equip for WWTP	-	319,765	Electric
Fiber Optic Cable Project	-	159,868	Electric
Sewer Pump Station	-	222,035	Waterworks
Water Treatment Plant Improvements	533,836	175,134	Waterworks
Wastewater Distribution System Rehab	2,151,264	17,181	Waterworks
Water Tank Improvements	403,486	728,687	Waterworks
West End Waterworks Expansion	1,929,193	152,023	Waterworks
Engineering for Sewer Remediation	853,822	146,178	Waterworks
Administrative Order EPA	8,772,312	6,004,812	Waterworks
Equipment	243,404	1,689,841	Equipment Replacement
Total	$ 18,231,347	$ 11,002,217	

Electric projects will be funded through existing cash reserves and a 1.2% rate increase adopted in October 2013. Waterworks Fund projects will be funded through debt issuances during fiscal 2013 and 2014 and revenues generated through the respective rate structure. In December 2012, the City issued a $5,000,000 loan through the TMBF for water and wastewater projects. $21,000,000 in State Revolving Fund Loans have been approved for projects under the EPA Administrative Order. In August 2013, the City restructured debt and issued an additional approximate $3,585,000 for waterworks projects. Rate increases for both water and wastewater services were adopted by City Council with effective dates of January 2014 and January 2015. Capital Projects Fund and Equipment Replacement Rental Fund capital projects will be funded through existing cash reserves.

17. FUND BALANCE

At June 30, 2014, fund balance is classified as follows:

	Major Governmental Funds					
	General Fund	School Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Nonspendable:						
Inventory	$ 160,913	$ -	$ -	$ -	$ 91,167	$ 252,080
Prepaids	-	73,139	-	-	138,027	211,166
Advances to Other Funds	1,428,572	-	-	-	-	1,428,572
Restricted To:						
Education Programs	-	298,959	-	-	-	298,959
Debt Service	-	-	-	7,746,809	-	7,746,809
Drug Enforcement	-	-	-	-	211,237	211,237
Street Improvements	-	-	-	-	1,282,923	1,282,923
Public Transportation	-	-	-	-	77,840	77,840
Committed To:						
Education Programs	-	218,611	-	-	-	218,611
Assigned To:						
2015 Budgeted Fund Balance Draw	304,751	-	-	-	-	304,751
Education	-	5,331,614	-	-	-	5,331,614
Debt Service	-	-	-	2,351,688	-	2,351,688
Capital Projects	-	-	1,697,888	-	-	1,697,888
Economic Development	80,005	-	-	-	-	80,005
Grant Projects	-	-	-	-	112,877	112,877
General Government	93,267	-	-	-	-	93,267
Recreation	-	-	-	-	553,437	553,437
Fire and Emergency Services	-	-	-	-	184,193	184,193
Special Programs	-	-	-	-	902,142	902,142
Unassigned	7,406,202	-	-	-	-	7,406,202
Total	$ 9,473,710	$5,922,323	$1,697,888	$ 10,098,497	$3,553,843	$ 30,746,261

Nonspendable fund balances include $252,080 in inventory, comprised of $160,913 in the General Fund, $50,078 in the State Street Aid Fund and $41,089 in the Golf Course Fund and $211,166 in miscellaneous prepaids. The General Fund has an outstanding advance to the Waterworks Fund for capital improvements in the amount of $1,428,572.

Restrictions and commitments in the School Fund of $298,959 and $218,611, respectively, were primarily for the Career Ladder Program, extended school program and for the Central Cafeteria. The $7,746,809 restricted fund balance in the Debt Service Fund is from that portion of local sales tax collections that resulted from a .50% increase in the sales tax approved by Oak Ridge voters at referendum. These sales tax proceeds are restricted to paying the debt issued for the renovation and construction at the ORHS until all the debt is extinguished. Restrictions in the Drug, State Street Aid and Street and Public Transportation Fund are due to state law restrictions on the revenues accounted for in those funds.

In the General Fund, $304,751 has been assigned as the budgeted fund balance draw for fiscal 2015. City Council assigned $80,005 for economic development endeavors and $93,267 for sprinklers and related improvements at Fire Station 3.

18. LITIGATION

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

19. RISK MANAGEMENT

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

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

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

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 2014 is $500 except for boiler and machinery, which is $1,000. In fiscal 2014, the city paid $231,581 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 2014 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, 2014 and June 30, 2013 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year End
2014	$ 358,410	$ 163,048	$ (481,381)	$ 40,077
2013	$ 355,167	$ 512,834	$ (509,591)	$ 358,410

20. ENVIRONMENTAL PROTECTION AGENCY ADMINISTRATIVE ORDER

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

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

21. BUDGET AMENDMENT

Governmental Fund	Original Budget	Additional Appropriations	Final Budget
School Fund	$ 55,342,943	$ 2,205,804	$57,548,747
School Equipment Replacement Fund	142,209	-	142,209
Total	$ 55,485,152	$ 2,205,804	$57,690,956

22. SUBSEQUENT EVENTS

The City has entered into an agreement with Leasing 2, Inc. for the lease purchase of two fire pumper trucks. The fire trucks were delivered to the City in August 2014. Terms of the lease call for annual lease payments of $98,937 from November 2014 to November 2025. Interest is at 3.35%.

CITY OF OAK RIDGE, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/01/2013	$ 80,739	$ 92,319	$ 11,580	87.46%	$ 18,084	64.03%
7/01/2011	75,720	85,962	10,242	88.09%	18,988	53.94%
7/01/2009	65,245	79,499	14,254	82.07%	18,692	76.26%
7/01/2007	64,415	70,282	5,867	91.65%	15,456	37.96%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/01/2013	$ 24,833	$ 26,190	$ 1,357	94.82%	$ 6,173	21.99%
7/01/2011	22,960	23,254	294	98.74%	6,243	4.70%
7/01/2009	19,549	19,961	412	97.94%	6,215	6.62%
7/01/2007	19,103	19,617	514	97.38%	6,177	8.32%

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

The purpose of the disclosure is to provide information that approximates the funding progress of the plan.

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/01/2013	$ -	$ 3,104	$ 3,104	0.00%	$ 9,275	33.47%
7/01/2012	$ -	$ 3,022	$ 3,022	0.00%	$ 9,049	33.40%
7/01/2011	$ -	$ 2,481	$ 2,481	0.00%	$ 14,095	17.60%
7/01/2010	$ -	$ 2,370	$ 2,370	0.00%	$ 9,100	26.04%
7/01/2008	$ -	$ 2,181	$ 2,181	0.00%	$ 8,878	24.57%

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/01/2013	$ -	$ 6,214	$ 6,214	0.00%	$ 25,248	24.6%
7/01/2011	$ -	$ 7,109	$ 7,109	0.00%	$ 25,942	27.4%
7/01/2010	$ -	$ 6,815	$ 6,815	0.00%	$ 24,998	27.3%
7/01/2009	$ -	$ 6,716	$ 6,716	0.00%	$ 24,847	27.0%
7/01/2007	$ -	$ 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.

The amount reported here for covered payroll relates to the fiscal year in which the valuation was performed.

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.

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, 2014

	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End	Special Programs	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	$ 1,184,257	$ 65,355	$ -	$ 215,906	$ 645,479	$ 227,907	$ 936,271	$ 3,275,175
Due from other governments	210,306	50,599	271,455	-	-	-	-	532,360
Inventories, at cost	50,078	-	-	-	41,089	-	-	91,167
Prepaid items	-	-	-	4,158	-	-	-	4,158
Restricted assets:								
Cash and cash equivalents	133,869	-	-	-	-	-	-	133,869
Total assets	$ 1,578,510	$ 115,954	$ 271,455	$ 220,064	$ 686,568	$ 227,907	$ 936,271	$ 4,036,729
Liabilities								
Accounts payable	$ 111,640	$ 38,114	$ 64,174	$ 4,669	$ 92,042	$ 13,672	$ 11,160	$ 335,471
Accrued liabilities	-	-	252	-	-	30,042	22,969	53,263
Due to other funds	-	-	64,890	-	-	-	-	64,890
Due to other governments	-	-	29,262	-	-	-	-	29,262
Total liabilities	111,640	38,114	158,578	4,669	92,042	43,714	34,129	482,886
Fund balances								
Nonspendable	$ 183,947	$ -	$ -	$ 4,158	$ 41,089	$ -	$ -	$ 229,194
Restricted	1,282,923	77,840	-	211,237	-	-	-	1,572,000
Assigned	-	-	112,877	-	553,437	184,193	902,142	1,752,649
Total fund balances	1,466,870	77,840	112,877	215,395	594,526	184,193	902,142	3,553,843
Total liabilities and fund balances	$ 1,578,510	$ 115,954	$ 271,455	$ 220,064	$ 686,568	$ 227,907	$ 936,271	$ 4,036,729

City of Oak Ridge, Tennessee

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	State Street Aid	Street and Public Transportation	Grant	Drug Enforcement Program	Golf Course	West End	Special Programs	Total Nonmajor Governmental Funds
Revenues								
Intergovernmental	$ 758,828	$ 165,242	$ 688,771	$ 95,278	$ -	$ 2,401,428	$ -	$ 4,109,547
Charges for services	-	-	-	-	938,274	-	-	938,274
Fines and forfeitures	-	-	-	24,810	-	-	882,182	906,992
Investment earnings	952	58	-	245	754	159	792	2,960
Miscellaneous	-	-	-	16	-	-	-	16
Total revenues	759,780	165,300	688,771	120,349	939,028	2,401,587	882,974	5,957,789
Expenditures								
Current:								
Public safety	-	-	148,780	129,350	-	2,371,378	784,544	3,434,052
Public works	840,534	-	-	-	-	-	-	840,534
Community services	-	210,439	583,080	-	1,357,842	-	-	2,151,361
Debt service:								
Principal	-	-	134,000	-	-	-	-	134,000
Interest	-	-	3,468	-	-	-	-	3,468
Total expenditures	840,534	210,439	869,328	129,350	1,357,842	2,371,378	784,544	6,563,415
(Deficiency) excess of revenues (under) over expenditures	(80,754)	(45,139)	(180,557)	(9,001)	(418,814)	30,209	98,430	(605,626)
Other financing sources								
Transfers in	660,000	60,000	180,557	-	-	-	-	900,557
Total other financing sources	660,000	60,000	180,557	-	-	-	-	900,557
Net change in fund balances	579,246	14,861	-	(9,001)	(418,814)	30,209	98,430	294,931
Fund balance - beginning	887,624	62,979	112,877	224,396	1,013,340	153,984	803,712	3,258,912
Fund balance - ending	$ 1,466,870	$ 77,840	$ 112,877	$ 215,395	$ 594,526	$ 184,193	$ 902,142	$ 3,553,843

City of Oak Ridge, Tennessee

State Street Aid Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	$ 758,828	$ -	$ 758,828	$ 755,000	$ 3,828
Interest	952	-	952	200	752
Total revenues	759,780	-	759,780	755,200	4,580
Expenditures					
Current:					
Public works	840,534	(3)	840,531	2,210,450	1,369,919
Total expenditures	840,534	(3)	840,531	2,210,450	1,369,919
(Deficiency) excess of revenues (under) over expenditures	(80,754)	3	(80,751)	(1,455,250)	1,374,499
Other financing sources					
Transfers in	660,000	-	660,000	660,000	-
Total other financing sources	660,000	-	660,000	660,000	-
Net change in fund balances	579,246	3	579,249	(795,250)	1,374,499
Fund balance - beginning	887,624	(3)	887,621	887,621	-
Fund balance - ending	$ 1,466,870	$ -	$ 1,466,870	$ 92,371	$ 1,374,499

City of Oak Ridge, Tennessee

Street and Public Transportation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	$ 165,242	$ -	$ 165,242	$ 200,125	$ (34,883)
Interest	58	-	58	-	58
Total revenues	165,300	-	165,300	200,125	(34,825)
Expenditures					
Current:					
Community services	210,439	-	210,439	260,000	49,561
Total expenditures	210,439	-	210,439	260,000	49,561
(Deficiency) excess of revenues (under) over expenditures	(45,139)	-	(45,139)	(59,875)	14,736
Other financing sources					
Transfers in	60,000	-	60,000	60,000	-
Total other financing sources	60,000	-	60,000	60,000	-
Net change in fund balances	14,861	-	14,861	125	14,736
Fund balance - beginning	62,979	-	62,979	62,979	-
Fund balance - ending	$ 77,840	$ -	$ 77,840	$ 63,104	$ 14,736

City of Oak Ridge, Tennessee

Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	$ 688,771	$ -	$ 688,771	$ 1,998,844	$ (1,310,073)
Total revenues	688,771	-	688,771	1,998,844	(1,310,073)
Expenditures					
Current:					
Public safety	148,780	-	148,780	148,707	(73)
Community services	583,080	-	583,080	1,935,694	1,352,614
Debt service:					
Principal retirement	134,000	-	134,000	95,000	(39,000)
Interest and fiscal charges	3,468	-	3,468	-	(3,468)
Total expenditures	869,328	-	869,328	2,179,401	1,310,073
(Deficiency) excess of revenues (under) over expenditures	(180,557)	-	(180,557)	(180,557)	-
Other financing sources					
Transfers in	180,557		180,557	180,557	-
Total other financing sources	180,557	-	180,557	180,557	-
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	112,877	-	112,877	112,877	-
Fund balance - ending	$ 112,877	$ -	$ 112,877	$ 112,877	$ -

City of Oak Ridge, Tennessee

Drug Enforcement Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Year ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	$ 95,278	$ -	$ 95,278	$ 40,000	$ 55,278
Fines and forfeitures	24,810	-	24,810	55,000	(30,190)
Interest	245	-	245	750	(505)
Other	16	-	16	1,000	(984)
Total revenues	120,349	-	120,349	96,750	23,599
Expenditures					
Current:					
Public safety	129,350	(2,993)	126,357	255,200	128,843
Total expenditures	129,350	(2,993)	126,357	255,200	128,843
(Deficiency) excess of revenues (under) over expenditures	(9,001)	2,993	(6,008)	(158,450)	152,442
Fund balance - beginning	224,396	(2,993)	221,403	221,403	-
Fund balance - ending	$ 215,395	$ -	$ 215,395	$ 62,953	$ 152,442

City of Oak Ridge, Tennessee

Golf Course Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Charges for services	$ 938,274	$ -	$ 938,274	$ 1,345,000	$ (406,726)
Interest	754	-	754	2,000	(1,246)
Total revenues	939,028	-	939,028	1,347,000	(407,972)
Expenditures					
Current:					
Community services	1,357,842	(7,827)	1,350,015	1,385,000	34,985
Total expenditures	1,357,842	(7,827)	1,350,015	1,385,000	34,985
(Deficiency) excess of revenues (under) over expenditures	(418,814)	7,827	(410,987)	(38,000)	(372,987)
Fund balance - beginning	1,013,340	(7,827)	1,005,513	1,005,513	-
Fund balance - ending	$ 594,526	$ -	$ 594,526	$ 967,513	$ (372,987)

City of Oak Ridge, Tennessee

West End Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	$ 2,401,428	$ -	$ 2,401,428	$ 2,401,428	$ -
Interest	159	-	159	1,500	(1,341)
Total revenues	2,401,587	-	2,401,587	2,402,928	(1,341)
Expenditures					
Current:					
Public safety	2,371,378	-	2,371,378	2,568,000	196,622
Total expenditures	2,371,378	-	2,371,378	2,568,000	196,622
Excess (deficiency) of revenues over (under) expenditures	30,209	-	30,209	(165,072)	195,281
Fund balance - beginning	153,984	-	153,984	153,984	-
Fund balance - ending	$ 184,193	$ -	$ 184,193	$ (11,088)	$ 195,281

City of Oak Ridge, Tennessee

Special Programs Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Fines and forfeitures	$ 882,182	$ -	$ 882,182	$ 410,000	$ 472,182
Interest	792		792	50	742
Total revenues	882,974	-	882,974	410,050	472,924
Expenditures					
Current:					
Public safety	784,544	-	784,544	1,120,000	335,456
Total expenditures	784,544	-	784,544	1,120,000	335,456
Excess (deficiency) of revenues over (under) expenditures	98,430	-	98,430	(709,950)	808,380
Fund balance - beginning	803,712	-	803,712	803,712	-
Fund balance - ending	$ 902,142	$ -	$ 902,142	$ 93,762	$ 808,380

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.

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

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

City of Oak Ridge, Tennessee

Combining Statements of Net Position
Internal Service Funds

June 30, 2014

	Insurance	City Equipment Replacement	School Equipment Replacement	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 1,917,466	$ 2,743,775	$ 855,625	$ 5,516,866
Inventories, at cost	-	128,863	-	128,863
Total current assets	1,917,466	2,872,638	855,625	5,645,729
Noncurrent assets:				
Capital assets, net	-	2,100,224	493,276	2,593,500
Total assets	1,917,466	4,972,862	1,348,901	8,239,229
Liabilities				
Current liabilities:				
Accounts payable	40,077	190,917	-	230,994
Accrued liabilities	479,344	6,291	-	485,635
Current portion of noncurrent liabilities	-	230,222	-	230,222
Accrued interest payable	-	20,238	-	20,238
Total current liabilities	519,421	447,668	-	967,089
Noncurrent liabilities:				
Compensated absences	-	8,406	-	8,406
Bonds payable	-	451,954	-	451,954
Other post employment benefit obligations payable	-	14,592	-	14,592
Total noncurrent liabilities	-	474,952	-	474,952
Total liabilities	519,421	922,620	-	1,442,041
Net position				
Net investment in capital assets	-	1,451,671	493,276	1,944,947
Unrestricted	1,398,045	2,598,571	855,625	4,852,241
Total net position	$ 1,398,045	$ 4,050,242	$ 1,348,901	$ 6,797,188

City of Oak Ridge, Tennessee

Combining Statements of Revenues, Expenses and Changes in Net Position
Internal Service Funds

For the Year Ended June 30, 2014

	Insurance	City Equipment Replacement	School Equipment Replacement	Total
Operating revenues:				
Charges for services	$ 3,904,338	$ 3,165,309	$ 25,583	$ 7,095,230
Employer's contributions	4,018,501	-	-	4,018,501
Employees' contributions	999,294	-	-	999,294
Total operating revenues	8,922,133	3,165,309	25,583	12,113,025
Operating expenses:				
Maintenance and administrative	-	1,458,768	-	1,458,768
Depreciation	-	596,510	124,056	720,566
Materials	-	1,011,863	-	1,011,863
Medical/liability claims	211,821	-	-	211,821
Insurance premiums	5,258,073	-	-	5,258,073
Other benefits	3,528,744	-	-	3,528,744
Total operating expenses	8,998,638	3,067,141	124,056	12,189,835
Operating income (loss)	(76,505)	98,168	(98,473)	(76,810)
Nonoperating revenues (expenses):				
Gain on disposal of capital assets	-	61,128	5,946	67,074
Investment earnings	1,663	2,340	-	4,003
Interest expense	-	(37,286)	-	(37,286)
Net nonoperating revenue	1,663	26,182	5,946	33,791
Change in net position	(74,842)	124,350	(92,527)	(43,019)
Total net position - beginning	1,472,887	3,925,892	1,441,428	6,840,207
Total net position - ending	$ 1,398,045	$ 4,050,242	$ 1,348,901	$ 6,797,188

City of Oak Ridge, Tennessee

Combining Statements of Cash Flows
Internal Service Funds

For the Year Ended June 30, 2014

	Insurance	City Equipment Replacement	School Equipment Replacement	Total
Cash flows from operating activities				
Receipts from interfund charges	$ 8,922,133	$ 3,192,498	$ 28,336	$ 12,142,967
Payments to employees for salaries and benefits	-	(473,080)	-	(473,080)
Payments to suppliers and providers	(8,837,627)	(1,887,425)	-	(10,725,052)
Net cash provided by operating activities	84,506	831,993	28,336	944,835
Cash flows from capital and related financing activities				
Proceeds from the sale of capital assets	-	-	5,946	5,946
Acquisition and construction of capital assets	-	(554,102)	(82,371)	(636,473)
Principal paid on capital debt	-	(49,705)	-	(49,705)
Interest paid on capital debt	-	(18,611)	-	(18,611)
Net cash used in capital and related financing activities	-	(622,418)	(76,425)	(698,843)
Cash flows from investing activities				
Interest on investments	1,663	2,340	-	4,003
Net cash provided by investing activities	1,663	2,340	-	4,003
Net increase (decrease) in cash and cash equivalents	86,169	211,915	(48,089)	249,995
Cash and cash equivalents - beginning	1,831,297	2,531,860	903,714	5,266,871
Cash and cash equivalents - ending	$ 1,917,466	$ 2,743,775	$ 855,625	$ 5,516,866

City of Oak Ridge, Tennessee

Combining Statements of Cash Flows (continued)
Internal Service Funds

For the Year Ended June 30, 2014

	Insurance	City Equipment Replacement	School Equipment Replacement	Total
Reconciliation of operating (loss) income to net cash provided by operating activities				
Operating (loss) income	$ (76,505)	$ 98,168	$ (98,473)	$ (76,810)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:				
Depreciation	-	596,510	124,056	720,566
Gain on disposal of capital assets	-	61,128	-	61,128
Change in assets and liabilities				
Receivables	-	27,189	2,753	29,942
Inventories, at cost	-	(2,277)	-	(2,277)
Accounts payable	(18,333)	82,215	-	63,882
Accrued liabilities	179,344	(66)	-	179,278
Compensated absences	-	(32,507)	-	(32,507)
Other post employment benefit obligations payable	-	1,633	-	1,633
Total adjustments	161,011	733,825	126,809	1,021,645
Net cash provided by operating activities	$ 84,506	$ 831,993	$ 28,336	$ 944,835

City of Oak Ridge, Tennessee

General Fund
Schedule of Revenues

For the Year Ended June 30, 2014

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
Taxes			
General property taxes:			
Real property	$ 17,936,705	$ 17,971,000	$ (34,295)
Personal property	1,258,899	1,187,000	71,899
Public utilities	242,623	249,000	(6,377)
Interest and penalties	291,542	135,000	156,542
Total general property taxes	19,729,769	19,542,000	187,769
Other property taxes:			
Other than assessed	619,014	531,431	87,583
Total other property taxes	619,014	531,431	87,583
Gross receipts taxes:			
Beer wholesale	602,644	620,000	(17,356)
Liquor wholesale	245,496	243,000	2,496
City sales tax	394,808	455,000	(60,192)
Business taxes	1,128,925	880,000	248,925
Room occupancy taxes	456,094	500,000	(43,906)
Total gross receipts taxes	2,827,967	2,698,000	129,967
Total taxes	23,176,750	22,771,431	405,319
Licenses and permits:			
Beer and liquor licenses and permits	21,491	22,000	(509)
Building permits	106,439	145,000	(38,561)
Electrical permits	16,919	20,000	(3,081)
Plumbing permits	14,315	20,000	(5,685)
Animal registration permits	11,319	10,500	819
Other licenses and permits	3,528	7,500	(3,972)
Total licenses and permits	174,011	225,000	(50,989)

City of Oak Ridge, Tennessee

General Fund
Schedule of Revenues (continued)

For the Year Ended June 30, 2014

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
Intergovernmental:			
State shared:			
Sales tax	$ 2,098,511	$ 2,030,000	$ 68,511
Income tax	584,494	405,000	179,494
Excise tax	28,313	10,000	18,313
Beer barrelage	13,878	14,500	(622)
Mixed drink tax	106,561	110,000	(3,439)
TVA replacement	327,779	335,000	(7,221)
TVA impact	233,143	100,000	133,143
County shared:			
Sales tax - Roane County	1,954,299	2,255,000	(300,701)
Sales tax - Anderson County	6,009,859	6,100,000	(90,141)
State grants in aid	0	500	(500)
Federal:			
DOE in-lieu of taxes	1,660,945	1,662,113	(1,168)
DOE grants	274,483	150,000	124,483
Total intergovernmental	13,292,265	13,172,113	120,152
Charges for services			
General government:			
General and administration cost	20,249	20,000	249
Public safety:			
Police and fire reports	21,729	20,000	1,729
Animal shelter fees	34,383	32,000	2,383
Community services:			
Solid waste	1,003,273	1,004,000	(727)
Total general services	1,079,634	1,076,000	3,634

City of Oak Ridge, Tennessee

General Fund
Schedule of Revenues (continued)

For the Year Ended June 30, 2014

	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
Use of property:			
Youth and adult activities	$ 2,510	$ 5,000	$ (2,490)
Outdoor pool	108,438	105,000	3,438
Indoor pool	36,823	45,000	(8,177)
Rental of lands and buildings	75,963	64,000	11,963
Community centers rental	38,810	35,000	3,810
Total use of property	262,544	254,000	8,544
Total charges for services	1,342,178	1,330,000	12,178
Fines and forfeitures:			
City court fines	57,889	60,000	(2,111)
City court costs	90,513	90,000	513
Bail forfeitures	155,031	160,000	(4,969)
Misc. court revenues	16,049	4,000	12,049
Library fines	33,656	40,000	(6,344)
Total fines and forfeitures	353,138	354,000	(862)
Investment earnings	30,839	41,667	(10,828)
Miscellaneous revenue:			
CATV Franchise	445,613	425,000	20,613
Land Sales Proceeds	74,900	-	74,900
Right of Way	65,000	60,000	5,000
Miscellaneous	20,131	10,000	10,131
Total miscellaneous revenue	605,644	495,000	110,644
Total revenues	$ 38,974,825	$ 38,389,211	$ 585,614

City of Oak Ridge, Tennessee

General Fund
Schedule of Expenditures by Function

For the Year Ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
General government:					
Legislative:					
City council	$ 112,345	$ -	$ 112,345	118,559	$ 6,214
Total Legislative	112,345	-	112,345	118,559	6,214
Executive:					
City clerk	102,244	-	102,244	109,822	7,578
City manager	219,355	-	219,355	233,957	14,602
Total executive	321,599	-	321,599	343,779	22,180
Judicial:					
Legal	241,979	-	241,979	238,558	(3,421)
City court	212,511	-	212,511	208,252	(4,259)
Total judicial	454,490	-	454,490	446,810	(7,680)
Administration:					
Computer services	382,392	-	382,392	411,866	29,474
Personnel	239,426	-	239,426	238,744	(682)
Stationery stores	77,413	-	77,413	79,322	1,909
Finance	183,896	-	183,896	188,117	4,221
Utilities business office	70,215	-	70,215	69,988	(227)
Total administration	953,342	-	953,342	988,037	34,695
Total general government	1,841,776	-	1,841,776	1,897,185	55,409
Public safety:					
Police:					
Supervision	308,029	-	308,029	298,814	(9,215)
Investigations	1,012,802	-	1,012,802	1,039,944	27,142
Staff Services	393,006	-	393,006	395,248	2,242
Patrol	3,782,202	-	3,782,202	3,796,653	14,451
Emergency communications	306,546	-	306,546	320,857	14,311
Animal control	325,701	-	325,701	300,685	(25,016)
School resource officer program	124,764	-	124,764	112,934	(11,830)
Total police	6,253,050	-	6,253,050	6,265,135	12,085
Fire:					
Supervision	197,592	-	197,592	205,635	8,043
Prevention	118,036	-	118,036	118,062	26
Firefighting	3,697,088	-	3,697,088	3,653,279	(43,809)
Fire stations	149,511	93,267	242,778	122,158	(120,620)
Fire specialists	58,679	-	58,679	144,599	85,920
Total fire	4,220,906	93,267	4,314,173	4,243,733	(70,440)
Total public safety	10,473,956	93,267	10,567,223	10,508,868	(58,355)

City of Oak Ridge, Tennessee

General Fund
Schedule of Expenditures by Function (continued)

For the Year Ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance with Final Budget Positive (Negative)
Public works:					
Supervision	22,867	-	22,867	22,921	54
Engineering	131,115	-	131,115	128,482	(2,633)
State highway maintenance	132,042	-	132,042	84,095	(47,947)
General maintenance	443,813	-	443,813	400,558	(43,255)
Central service building	115,394	-	115,394	128,355	12,961
Municipal building	143,340	-	143,340	153,371	10,031
Traffic control and lights	1,020,449	-	1,020,449	1,080,300	59,851
Solid waste	2,631,059	-	2,631,059	2,682,000	50,941
Total public works	4,640,079	-	4,640,079	4,680,082	40,003
Community services:					
Community development:					
Supervision	194,022	-	194,022	192,654	(1,368)
Planning	123,895	-	123,895	129,873	5,978
Economic development	34,440	-	34,440	38,038	3,598
Marketing	627,659	-	627,659	461,000	(166,659)
Code enforcement	357,111	-	357,111	404,953	47,842
Housing initiatives	108,638	-	108,638	150,000	41,362
Total community development	1,445,765	-	1,445,765	1,376,518	(69,247)
Recreation:					
Supervision	272,919	(25,780)	247,139	254,862	7,723
Special events	112,718	-	112,718	125,000	12,282
Indoor aquatics	180,989	-	180,989	206,465	25,476
Outdoor aquatics	281,407	-	281,407	285,657	4,250
Centers, camps & programs	741,050	-	741,050	753,915	12,865
Athletics	146,539	-	146,539	145,021	(1,518)
Parks	783,080	-	783,080	812,954	29,874
Scarboro center	183,859	-	183,859	180,739	(3,120)
Senior center	282,368	-	282,368	285,013	2,645
Total recreation	2,984,929	(25,780)	2,959,149	3,049,626	90,477
Library	1,362,209	-	1,362,209	1,415,509	53,300
Total community services	5,792,903	(25,780)	5,767,123	5,841,653	74,530
Total expeditures	22,748,714	67,487	22,816,201	22,927,788	111,587

City of Oak Ridge, Tennessee

Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Fiscal Year ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Acutal on Budgetary Basis	Final Budget	Variance Positive (Negative)
Revenues					
Intergovernmental	$ 4,185	$ -	$ 4,185	$ 2,000,000	$ (1,995,815)
Interest	1,667	-	1,667	2,000	(333)
Other	79,889	-	79,889	-	79,889
Total revenues	85,741	-	85,741	2,002,000	(1,916,259)
Expenditures					
Current:					
Capital outlay	435,297	-	435,297	3,030,000	2,594,703
Total expenditures	435,297	-	435,297	3,030,000	2,594,703
(Deficiency) excess of revenues (under) over expenditures	(349,556)	-	(349,556)	(1,028,000)	678,444
Other financing source					
Transfers in	500,000	-	500,000	500,000	-
Total other financing sources	500,000	-	500,000	500,000	-
Net change in fund balances	150,444	-	150,444	(528,000)	678,444
Fund balance - beginning	1,547,444	-	1,547,444	1,547,444	-
Fund balance - ending	$ 1,697,888	$ -	$ 1,697,888	$ 1,019,444	$ 678,444

City of Oak Ridge, Tennessee

Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)

For the Fiscal Year ended June 30, 2014

	Actual	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Positive (Negative)
Revenues					
Taxes	$ 1,335,365	$ -	$ 1,335,365	1,095,850	$ 239,515
Charges for services	892,732	-	892,732	892,732	-
Interest	9,628	-	9,628	14,000	(4,372)
Other	402,714	-	402,714	511,863	(109,149)
Total revenues	2,640,439	-	2,640,439	2,514,445	125,994
Expenditures					
Current debt service:					
Principal retirement	3,917,715	-	3,917,715	3,999,418	81,703
Interest and fiscal charges	3,261,137	-	3,261,137	4,014,124	752,987
Bond issuance costs	50,701	-	50,701	-	(50,701)
Total expenditures	7,229,553	-	7,229,553	8,013,542	783,989
(Deficiency) excess of revenues (under) over expenditures	(4,589,114)	-	(4,589,114)	(5,499,097)	909,983
Other financing sources (uses)					
Transfers In	4,311,470	-	4,311,470	4,311,470	-
Issuance of Refunding Debt	3,423,947	-	3,423,947	-	3,423,947
Escrow Deposit	(3,345,000)	-	(3,345,000)	-	(3,345,000)
Net other financing sources	4,390,417	-	4,390,417	4,311,470	78,947
Net change in fund balances	(198,697)	-	(198,697)	(1,187,627)	988,930
Fund balance - beginning	10,297,194	-	10,297,194	10,297,194	-
Fund balance - ending	$ 10,098,497	$ -	$ 10,098,497	$ 9,109,567	$ 988,930

CITY OF OAK RIDGE, TENNESSEE
GENERAL OBLIGATION BONDS PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES
June 30, 2014

Fiscal Year	Refunding Bonds Series 2013		2009B Build America Bonds				Refunding Bonds Series 2009		Refunding Bonds Series 2010		Refunding Bonds Series 2011		Total		
	Principal	Interest	Principal (2)	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Net Interest	Total Requirements
2015	$ 1,300,000	$ 53,000	$ 200,000	$ 603,438	$ (195,785)	$ 407,653	$ 1,005,000	$ 775,700	$ 445,000	$ 118,044	$ 300,000	$ 6,000	$ 3,250,000	$ 1,360,397	$ 4,610,397
2016	1,350,000	27,000	-	597,188	(193,757)	403,431	1,325,000	745,550	460,000	104,694	-	-	3,135,000	1,280,675	4,415,675
2017	-	-	150,000	597,188	(193,757)	403,431	2,785,000	679,300	475,000	90,894	-	-	3,410,000	1,173,625	4,583,625
2018	-	-	-	591,188	(191,811)	399,377	2,920,000	540,050	500,000	76,644	-	-	3,420,000	1,016,071	4,436,071
2019	-	-	300,000	591,188	(191,811)	399,377	2,640,000	423,250	555,000	56,644	-	-	3,495,000	879,271	4,374,271
2020	-	-	-	577,313	(187,309)	390,004	2,735,000	317,650	570,000	38,606	-	-	3,305,000	746,260	4,051,260
2021	-	-	-	577,313	(187,309)	390,004	2,870,000	180,900	595,000	20,081	-	-	3,465,000	590,985	4,055,985
2022	-	-	-	577,313	(187,309)	390,004	935,000	37,400	-	-	-	-	935,000	427,404	1,362,404
2023	-	-	-	577,313	(187,309)	390,004	-	-	-	-	-	-	-	390,004	390,004
2024	-	-	-	577,313	(187,309)	390,004	-	-	-	-	-	-	-	390,004	390,004
2025	-	-	550,000	577,313	(187,309)	390,004	-	-	-	-	-	-	550,000	390,004	940,004
2026	-	-	650,000	546,375	(177,271)	369,104	-	-	-	-	-	-	650,000	369,104	1,019,104
2027	-	-	600,000	509,000	(165,145)	343,855	-	-	-	-	-	-	600,000	343,855	943,855
2028	-	-	400,000	473,750	(153,708)	320,042	-	-	-	-	-	-	400,000	320,042	720,042
2029	-	-	300,000	449,750	(145,921)	303,829	-	-	-	-	-	-	300,000	303,829	603,829
2030	-	-	300,000	431,750	(140,081)	291,669	-	-	-	-	-	-	300,000	291,669	591,669
2031	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	-	-	279,509	279,509
2032	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	-	-	279,509	279,509
2033	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	-	-	279,509	279,509
2034	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	-	-	279,509	279,509
2035	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	-	-	279,509	279,509
2036	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	-	-	279,509	279,509
2037	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	-	-	279,509	279,509
2038	-	-	-	413,750	(134,241)	279,509	-	-	-	-	-	-	-	279,509	279,509
2039	-	-	2,500,000	413,750	(134,241)	279,509	-	-	-	-	-	-	2,500,000	279,509	2,779,509
2040	-	-	2,500,000	260,000	(84,357)	175,643	-	-	-	-	-	-	2,500,000	175,643	2,675,643
2041	-	-	1,500,000	97,500	(31,634)	65,866	-	-	-	-	-	-	1,500,000	65,866	1,565,866
Total	$ 2,650,000	$ 80,000	$ 9,950,000	$ 12,935,943	$ (4,197,061)	$ 8,738,882	$ 17,215,000	$ 3,699,800	$ 3,600,000	$ 505,607	$ 300,000	$ 6,000	$ 33,715,000	$ 13,030,289	$ 46,745,289

(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 or will not reduce the direct subsidy payments.
A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.
The treasury rebates shown incorporates a sequestration reduction rate of 7.3%.

(2) The 2009B Build America Bonds includes $650,000 reported in the Equipment Replacement Rental Fund (internal service fund).

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - GOVERNMENTAL ACTIVITIES
June 30, 2014

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		
	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Fees	Principal	Fees	Principal	Fees/ Interest	Total Requirements
2015	$ -	$ 5,574	$ 83,000	$ 2,341	$ 45,000	$ 62,733	$ -	$ 232,969	$ 350,000	$ 630,688	$ -	$ 719,968	$ -	$ 160,883	$ 440,585	$ 2,115	$ 68,833	$ 330	$ 987,418	$ 1,817,601	$ 2,805,019
2016	-	5,574	87,000	1,367	5,000	62,392	-	232,969	400,000	617,563	-	719,968	-	160,883	440,585	2,115	68,834	330	1,001,419	1,803,161	2,804,580
2017	65,722	5,521	37,000	397	-	62,354	-	232,969	450,000	603,563	-	719,968	-	160,883	440,585	2,115	68,833	330	1,062,140	1,788,100	2,850,240
2018	70,326	4,873	-	-	-	62,354	-	232,969	500,000	587,250	-	719,968	-	160,883	440,585	2,115	68,834	330	1,079,745	1,770,742	2,850,487
2019	75,251	4,180	-	-	-	62,354	-	232,969	550,000	568,500	-	719,968	-	160,883	440,585	2,115	68,833	330	1,134,669	1,751,299	2,885,968
2020	80,512	3,438	-	-	75,000	62,304	-	232,969	500,000	547,875	-	719,968	-	160,883	440,585	2,115	68,833	330	1,164,930	1,729,882	2,894,812
2021	86,145	2,645	-	-	35,000	61,718	-	232,969	550,000	527,875	-	719,968	-	160,883	440,585	2,115	68,834	330	1,180,564	1,708,503	2,889,067
2022	92,183	1,796	-	-	470,000	61,140	-	232,969	2,600,000	505,875	-	719,968	-	160,883	-	-	-	-	3,162,183	1,682,631	4,844,814
2023	98,626	887	-	-	1,100,000	56,877	-	232,969	3,100,000	382,375	-	719,968	-	160,883	-	-	-	-	4,298,626	1,553,959	5,852,585
2024	-	-	-	-	775,000	48,109	-	232,969	3,300,000	235,125	-	719,968	-	160,883	-	-	-	-	4,075,000	1,397,054	5,472,054
2025	-	-	-	-	1,555,000	41,253	-	232,969	1,700,000	70,125	-	719,968	-	160,883	-	-	-	-	3,255,000	1,225,198	4,480,198
2026	-	-	-	-	1,905,000	28,314	-	232,969	-	-	-	719,968	1,465,000	160,883	-	-	-	-	3,370,000	1,142,134	4,512,134
2027	-	-	-	-	1,717,288	12,877	-	232,969	-	-	-	719,968	1,540,000	111,106	-	-	-	-	3,257,288	1,076,920	4,334,208
2028	-	-	-	-	-	-	-	232,969	-	-	-	719,968	1,615,000	58,781	-	-	-	-	1,615,000	1,011,718	2,626,718
2029	-	-	-	-	-	-	-	232,969	-	-	1,570,000	719,968	115,000	3,907	-	-	-	-	1,685,000	956,844	2,641,844
2030	-	-	-	-	-	-	-	232,969	-	-	1,745,000	666,498	-	-	-	-	-	-	1,745,000	899,467	2,644,467
2031	-	-	-	-	-	-	-	232,969	-	-	1,820,000	607,068	-	-	-	-	-	-	1,820,000	840,037	2,660,037
2032	-	-	-	-	-	-	-	232,969	-	-	4,315,000	545,084	-	-	-	-	-	-	4,315,000	778,053	5,093,053
2033	-	-	-	-	-	-	-	232,969	-	-	4,515,000	398,128	-	-	-	-	-	-	4,515,000	631,097	5,146,097
2034	-	-	-	-	-	-	-	232,969	-	-	2,295,000	244,360	-	-	-	-	-	-	2,295,000	477,329	2,772,329
2035	-	-	-	-	-	-	-	232,969	-	-	2,390,000	166,199	-	-	-	-	-	-	2,390,000	399,168	2,789,168
2036	-	-	-	-	-	-	-	232,969	-	-	2,490,000	84,802	-	-	-	-	-	-	2,490,000	317,771	2,807,771
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	$ 34,488	$ 207,000	$ 4,105	$ 7,682,288	$ 684,779	$ 5,325,000	$ 5,477,506	$ 14,000,000	$ 5,276,814	$ 21,140,000	$ 13,511,659	$ 4,735,000	$ 2,104,390	$ 3,084,095	$ 14,805	$ 481,834	$ 2,310	$ 57,223,982	$ 27,110,856	$ 84,334,838

(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, 2014. For the 1994 loan this is .98%, 2001 loan 1.17%, and 2008 loan .82%.

(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 3.75% to 5.0%

(3) The loans through the Public Building Authority of Sevier County are under interest rate swap agreements. Refer to Note 13.

(4) Qualified Zone Academy Bonds (QZAB) is a federal program which provide interest free loans to finance eligible school renovations. The QZAB programs are administered through the state department of educations.

CITY OF OAK RIDGE, TENNESSEE
BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND
June 30, 2014

Fiscal	Electric Revenue Bonds Refunding Series 2003		General Obligation Bonds Refunding Series 2003		2009B Build America Bonds				Total		
						Coupon	Treasury	Net		Net	Total
Year	Principal	Interest	Principal	Interest	Principal	Interest	Rebate (1)	Interest	Principal	Interest	Requirements
2015	$ 925,000	$ 75,400	$ -	$ 448,444	$ -	$ 302,775	$ (98,235)	$ 204,540	$ 925,000	$ 728,384	$ 1,653,384
2016	960,000	38,400	-	448,444	-	302,775	(98,235)	204,540	960,000	691,384	1,651,384
2017	-	-	1,000,000	448,444	-	302,775	(98,235)	204,540	1,000,000	652,984	1,652,984
2018	-	-	1,045,000	398,444	-	302,775	(98,235)	204,540	1,045,000	602,984	1,647,984
2019	-	-	1,055,000	356,644	-	302,775	(98,235)	204,540	1,055,000	561,184	1,616,184
2020	-	-	1,135,000	314,444	-	302,775	(98,235)	204,540	1,135,000	518,984	1,653,984
2021	-	-	1,150,000	257,694	-	302,775	(98,235)	204,540	1,150,000	462,234	1,612,234
2022	-	-	1,210,000	200,194	-	302,775	(98,235)	204,540	1,210,000	404,734	1,614,734
2023	-	-	1,300,000	151,794	-	302,775	(98,235)	204,540	1,300,000	356,334	1,656,334
2024	-	-	1,065,000	96,544	-	302,775	(98,235)	204,540	1,065,000	301,084	1,366,084
2025	-	-	1,110,000	49,950	-	302,775	(98,235)	204,540	1,110,000	254,490	1,364,490
2026	-	-	-	-	-	302,775	(98,235)	204,540	-	204,540	204,540
2027	-	-	-	-	-	302,775	(98,235)	204,540	-	204,540	204,540
2028	-	-	-	-	450,000	302,775	(98,235)	204,540	450,000	204,540	654,540
2029	-	-	-	-	450,000	275,775	(89,475)	186,300	450,000	186,300	636,300
2030	-	-	-	-	450,000	248,775	(80,715)	168,060	450,000	168,060	618,060
2031	-	-	-	-	450,000	221,775	(71,955)	149,820	450,000	149,820	599,820
2032	-	-	-	-	450,000	194,775	(63,195)	131,580	450,000	131,580	581,580
2033	-	-	-	-	450,000	167,775	(54,435)	113,340	450,000	113,340	563,340
2034	-	-	-	-	450,000	140,775	(45,674)	95,101	450,000	95,101	545,101
2035	-	-	-	-	450,000	113,775	(36,914)	76,861	450,000	76,861	526,861
2036	-	-	-	-	450,000	86,100	(27,935)	58,165	450,000	58,165	508,165
2037	-	-	-	-	475,000	58,425	(18,956)	39,469	475,000	39,469	514,469
2038	-	-	-	-	475,000	29,212	(9,478)	19,734	475,000	19,734	494,734
Total	$ 1,885,000	$ 113,800	$ 10,070,000	$ 3,171,040	$ 5,000,000	$ 5,776,012	$ (1,874,022)	$ 3,901,990	$ 16,955,000	$ 7,186,830	$ 24,141,830

(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 or will not reduce the direct subsidy payments.
A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.
The treasury rebates shown incorporates a sequestration reduction rate of 7.3%.

CITY OF OAK RIDGE, TENNESSEE
BOND PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND
June 30, 2014

Fiscal Year	General Obligation Bonds Refunding Series 2013		2009B Build America Bonds				General Obligation Bonds Refunding Series 2011 B		Total		
	Principal	Interest	Principal	Coupon Interest	Treasury Rebate (1)	Net Interest	Principal	Interest	Principal	Net Interest	Total Requirements
2015	$ 965,000	$ 707,550	$ -	$ 292,125	$ (94,780)	$ 197,345	$ 100,000	$ 255,550	$ 1,065,000	$ 1,160,445	$ 2,225,445
2016	730,000	688,250	-	292,125	(94,780)	197,345	100,000	253,550	830,000	1,139,145	1,969,145
2017	235,000	673,650	-	292,125	(94,780)	197,345	200,000	251,550	435,000	1,122,545	1,557,545
2018	245,000	668,950	-	292,125	(94,780)	197,345	200,000	247,550	445,000	1,113,845	1,558,845
2019	255,000	661,600	-	292,125	(94,780)	197,345	225,000	243,550	480,000	1,102,495	1,582,495
2020	665,000	653,950	-	292,125	(94,780)	197,345	225,000	239,050	890,000	1,090,345	1,980,345
2021	1,025,000	634,000	-	292,125	(94,780)	197,345	225,000	234,550	1,250,000	1,065,895	2,315,895
2022	1,055,000	603,250	-	292,125	(94,780)	197,345	275,000	230,050	1,330,000	1,030,645	2,360,645
2023	375,000	561,050	200,000	292,125	(94,780)	197,345	975,000	223,863	1,550,000	982,258	2,532,258
2024	285,000	546,050	450,000	282,125	(91,535)	190,590	1,325,000	199,488	2,060,000	936,128	2,996,128
2025	290,000	537,500	450,000	257,375	(83,505)	173,870	1,375,000	166,363	2,115,000	877,733	2,992,733
2026	305,000	528,800	400,000	232,063	(75,293)	156,770	1,500,000	128,550	2,205,000	814,120	3,019,120
2027	215,000	518,888	750,000	209,063	(67,830)	141,233	1,650,000	86,550	2,615,000	746,671	3,361,671
2028	825,000	510,288	900,000	165,000	(53,534)	111,466	1,235,000	37,050	2,960,000	658,804	3,618,804
2029	1,815,000	481,413	900,000	111,000	(36,014)	74,986	-	-	2,715,000	556,399	3,271,399
2030	1,890,000	408,813	950,000	56,999	(18,494)	38,505	-	-	2,840,000	447,318	3,287,318
2031	1,910,000	333,213	-	-	-	-	-	-	1,910,000	333,213	2,243,213
2032	1,990,000	256,813	-	-	-	-	-	-	1,990,000	256,813	2,246,813
2033	2,075,000	169,750	-	-	-	-	-	-	2,075,000	169,750	2,244,750
2034	1,805,000	78,969	-	-	-	-	-	-	1,805,000	78,969	1,883,969
Total	$ 18,955,000	$ 10,222,747	$ 5,000,000	$ 3,942,750	$ (1,279,225)	$ 2,663,525	$ 9,610,000	$ 2,797,264	$ 33,565,000	$ 15,683,536	$ 49,248,536

(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 or will not reduce the direct subsidy payments.
A portion of the subsidies in fiscal 2013 and 2014 were reduced due to the federal sequestration.
The treasury rebates shown incorporates a sequestration reduction rate of 7.3%.

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - ELECTRIC FUND
June 30, 2014

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/Fees	Principal	Interest/Fees	Principal	Interest	
2015	$ 138,111	$ 17,098	$ 25,000	$ 11,900	$ 163,111	$ 28,998	$ 192,109
2016	143,448	15,949	70,000	11,665	213,448	27,614	241,062
2017	149,453	14,756	-	11,138	149,453	25,894	175,347
2018	155,124	13,514	-	11,138	155,124	24,652	179,776
2019	161,463	12,224	35,000	11,114	196,463	23,338	219,801
2020	167,801	10,881	-	10,851	167,801	21,732	189,533
2021	174,807	9,486	40,000	10,824	214,807	20,310	235,117
2022	181,812	8,032	-	10,523	181,812	18,555	200,367
2023	188,818	6,521	-	10,523	188,818	17,044	205,862
2024	196,491	4,951	290,000	10,328	486,491	15,279	501,770
2025	204,498	3,317	305,000	7,939	509,498	11,256	520,754
2026	212,505	1,616	355,000	5,405	567,505	7,021	574,526
2027	-	-	333,296	2,508	333,296	2,508	335,804
Total	$ 2,074,331	$ 118,345	$ 1,453,296	$ 125,856	$ 3,527,627	$ 244,201	$ 3,771,828

(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, 2014. The interest rate for the 2005 loan is .83% and 2008 loan .82%.

CITY OF OAK RIDGE, TENNESSEE
NOTE PRINCIPAL AND INTEREST
REQUIREMENTS BY FISCAL YEAR - WATERWORKS FUND
June 30, 2014

Fiscal Year	Public Building Authority of Clarksville, TN TMBF Series 1994 (1)		Public Building Authority of Clarksville, TN TMBF Series 2001 (1)		Public Building Authority of Clarksville, TN TMBF Series 2005 (1)		Public Building Authority of Clarksville, TN TMBF Series 2008 (1)		Public Building Authority of Clarksville, TN TMBF Series 2012 (1) (2)		Capital Outlay Notes Interfund Loan From General Fund (3)		2013-324 State Revolving Fund Loan Interest/Fee at 1.23% (4)		2013-325 State Revolving Fund Loan Interest/Fee at 1.23% (5)		Total		
	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Interest	Principal	Interest/Fees	Principal	Interest/Fees	Principal	Fees/ Interest	Total Requirements
2015	$ -	$ 27,477	$ 163,000	$ 13,312	$ 275,889	$ 34,204	$ -	$ 14,714	$ 166,000	$ 44,152	$ 238,095	$ 14,286	$ -	$ 3,383	$ -	$ 41,336	$ 842,984	$ 192,864	$ 1,035,848
2016	-	27,477	171,000	11,900	286,552	31,907	-	14,714	174,000	42,507	238,095	10,833	8,295	2,253	149,137	40,497	1,027,079	182,088	1,209,167
2017	323,978	27,216	180,000	10,418	298,547	29,521	75,000	14,664	182,000	40,784	238,096	8,333	8,398	2,150	150,982	38,653	1,457,001	171,739	1,628,740
2018	346,674	24,022	189,000	8,858	309,876	27,035	85,000	14,042	190,000	38,982	238,095	5,952	8,502	2,046	152,849	36,785	1,519,996	157,722	1,677,718
2019	370,949	20,605	198,000	7,221	322,537	24,454	60,000	13,362	199,000	37,100	238,095	3,571	8,607	1,941	154,740	34,894	1,551,928	143,148	1,695,076
2020	396,888	16,949	208,000	5,505	335,199	21,769	60,000	12,870	208,000	35,129	238,096	1,190	8,714	1,834	156,654	32,980	1,611,551	128,226	1,739,777
2021	424,655	13,037	218,000	3,703	349,193	18,977	60,000	12,378	217,000	33,069	-	-	8,821	1,727	158,592	31,043	1,436,261	113,934	1,550,195
2022	454,417	8,852	229,000	1,814	363,188	16,069	-	11,926	227,000	30,920	-	-	8,930	1,618	160,553	29,081	1,443,088	100,280	1,543,368
2023	486,174	4,373	-	-	377,182	13,045	160,000	11,818	237,000	28,672	-	-	9,041	1,507	162,539	27,095	1,431,936	86,510	1,518,446
2024	-	-	-	-	392,509	9,904	295,000	10,415	248,000	26,324	-	-	9,153	1,395	164,550	25,084	1,109,212	73,122	1,182,334
2025	-	-	-	-	408,503	6,635	315,000	7,983	259,000	23,868	-	-	9,266	1,282	166,585	23,049	1,158,354	62,817	1,221,171
2026	-	-	-	-	424,497	3,234	335,000	5,386	270,000	21,304	-	-	9,381	1,167	168,646	20,988	1,207,524	52,079	1,259,603
2027	-	-	-	-	-	-	349,416	2,630	282,000	18,630	-	-	9,497	1,051	170,732	18,902	811,645	41,213	852,858
2028	-	-	-	-	-	-	-	-	295,000	15,836	-	-	9,614	934	172,844	16,790	477,458	33,560	511,018
2029	-	-	-	-	-	-	-	-	308,000	12,915	-	-	9,733	815	174,982	14,652	492,715	28,382	521,097
2030	-	-	-	-	-	-	-	-	322,000	9,865	-	-	9,853	695	177,146	12,488	508,999	23,048	532,047
2031	-	-	-	-	-	-	-	-	337,000	6,675	-	-	9,975	573	179,337	10,297	526,312	17,545	543,857
2032	-	-	-	-	-	-	-	-	352,000	3,338	-	-	10,099	449	181,556	8,078	543,655	11,865	555,520
2033	-	-	-	-	-	-	-	-	15,175	137	-	-	10,224	324	183,802	5,833	209,201	6,294	215,495
2034	-	-	-	-	-	-	-	-	-	-	-	-	10,350	198	186,075	3,559	196,425	3,757	200,182
2035	-	-	-	-	-	-	-	-	-	-	-	-	10,478	70	188,376	1,257	198,854	1,327	200,181
Total	$ 2,803,735	$ 170,008	$ 1,556,000	$ 62,731	$ 4,143,672	$ 236,754	$ 1,794,416	$ 146,902	$ 4,488,175	$ 470,207	$ 1,428,572	$ 44,165	$ 186,931	$ 27,412	$ 3,360,677	$ 473,341	$ 19,762,178	$ 1,631,520	$ 21,393,698
	$ 4,359,735																		

(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, 2014.
For the 1994 loan this is .98%, 2001 loan .86%, 2005 loan .83%, 2008 loan .82% and 2012 loan .99%.

(2) The City is still drawing funds on the 2012 TMBF loan as capital projects occur. At June 30, 2014, $352,825 remains available for draw.
The amortization schedule is based on the annual payments that would occur if the loan had been closed at the current outstanding principal amount.

(3) 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%.

(4) The City is still drawing funds as capital projects occur on this loan through the State Revolving Loan Fund . At June 30, 2014, $10,639,324 remains available for draw.
Principal payments will begin when the projects have been substanially completed.
The amortization schedule is based on the annual payments that would occur if the loan had been closed at the current outstanding principal amount.

(5) The City is still drawing funds as capital projects occur on this loan through the State Revolving Loan Fund . At June 30, 2014, $3,792,299 remains available for draw.
Principal payments will begin when the projects have been substanially completed.
This loan contains a 10% principal forgiveness which is relflected in the amortization schedule.
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, 2014

Fiscal Year	Principal	Interest	Total Requirements
2015	$ 130,429	$ 20,473	$ 150,902
2016	136,924	13,978	150,902
2017	143,743	7,158	150,901
Total	$ 411,096	$ 41,609	$ 452,705

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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Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	$ 33,185,737	$ 31,540,540	$ 35,621,496	$ 48,509,856	$ 45,110,444	$ 36,306,869	$ 38,500,904	$ 39,810,637	$ 39,509,172	$ 37,380,405
Restricted	31,250,750	16,254,147	8,437,063	-	-	-	-	-	-	1,715,972
Unrestricted	(14,201,534)	4,868,333	13,040,675	17,395,007	18,213,217	25,468,174	26,701,583	20,769,587	24,233,680	23,231,573
Total Governmental Activities Net Position	$ 50,234,953	$ 52,663,020	$ 57,099,234	$ 65,904,863	$ 63,323,661	$ 61,775,043	$ 65,202,487	$ 60,580,224	$ 63,742,852	$ 62,327,950
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	$ 63,928,694	$ 62,355,102	$ 63,965,893	$ 71,964,232	$ 75,244,455	$ 74,961,657	$ 75,189,718	$ 73,448,261	$ 79,088,293	$ 78,797,599
Restricted	136,824	137,467	135,365	138,433	417,473	-	-	-	-	-
Unrestricted	(812,669)	731,699	(1,261,077)	(2,737,805)	(2,748,855)	266,207	3,992,597	6,703,403	6,713,982	11,656,700
Total Business-type Activities Net Position	$ 63,252,849	$ 63,224,268	$ 62,840,181	$ 69,364,860	$ 72,913,073	$ 75,227,864	$ 79,182,315	$ 80,151,664	$ 85,802,275	$ 90,454,299
Primary Government										
Invested in Capital Assets, Net of Related Debt	$ 97,114,431	$ 93,895,642	$ 99,587,389	$ 120,474,088	$ 120,354,899	$ 111,268,526	$ 113,690,622	$ 113,258,898	$ 118,597,465	$ 116,178,004
Restricted	31,387,574	16,391,614	8,572,428	138,433	417,473	-	-	-	-	1,715,972
Unrestricted	(15,014,203)	5,600,032	11,779,598	14,657,202	15,464,362	25,734,381	30,694,180	27,472,990	30,947,662	34,888,273
Total Primary Government Net Position	$ 113,487,802	$ 115,887,288	$ 119,939,415	$ 135,269,723	$ 136,236,734	$ 137,002,907	$ 144,384,802	$ 140,731,888	$ 149,545,127	$ 152,782,249

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General Government	$ 2,804,799	$ 2,296,955	$ 958,808	$ 1,418,117	$ 3,338,015	$ 2,299,795	$ 2,473,719	$ 1,634,750	$ 1,876,699	$ 1,722,852
Public Safety	8,044,813	8,609,654	9,354,706	11,951,624	12,293,756	12,170,498	12,417,297	12,798,262	13,228,802	13,952,499
Public Works	4,080,500	4,042,211	4,245,565	4,551,008	4,380,741	4,470,805	4,848,131	7,221,150	7,060,805	6,837,541
Community Services (1)	8,331,681	9,907,380	10,944,438	11,026,261	11,592,367	10,716,684	10,911,603	8,541,374	8,088,462	8,505,463
Education	41,056,629	45,823,972	44,222,039	42,637,039	51,313,351	55,550,747	55,542,535	57,585,524	56,876,776	57,401,831
Interest and Fiscal Charges	2,290,550	2,316,963	2,974,889	4,244,444	4,840,057	4,965,671	4,418,981	8,536,676	3,747,845	3,716,578
Total Governmental Activities Expenses	66,608,972	72,997,135	72,700,445	75,828,493	87,758,287	90,174,200	90,612,266	96,317,736	90,879,389	92,136,764
Business-type Activities:										
Electric	35,094,294	37,926,429	41,773,668	44,072,861	49,952,558	46,365,601	51,171,287	51,952,938	51,452,426	52,872,689
Waterworks	12,774,404	13,776,337	15,788,355	16,615,370	17,222,147	16,845,380	17,770,763	18,621,033	19,069,463	17,063,502
Emergency Communication District	390,131	347,391	356,781	553,265	568,519	456,154	505,551	478,965	416,911	533,174
Golf Course (1)	1,660,137	-	-	-	-	-	-	-	-	
Total Business-type Activities Expenses	49,918,966	52,050,157	57,918,804	61,241,496	67,743,224	63,667,135	69,447,601	71,052,936	70,938,800	70,469,365
Total Primary Government Expenses	$ 116,527,938	$ 125,047,292	$ 130,619,249	$ 137,069,989	$ 155,501,511	$ 153,841,335	$ 160,059,867	$ 167,370,672	$ 161,818,189	$ 162,606,129
Program Revenues										
Governmental Activities:										
Charges for Services										
General Government	$ 1,064,844	$ 1,050,931	$ 1,068,902	$ 1,069,158	$ 1,058,252	$ 931,544	$ 940,076	$ 935,280	$ 937,120	$ 938,000
Public Safety	309,132	414,184	445,986	406,046	433,075	1,404,083	1,046,023	895,676	940,256	1,293,905
Community Services (1)	1,225,819	2,558,599	2,505,024	2,481,141	2,417,965	2,508,040	2,580,572	2,572,394	2,358,126	2,375,420
Education	1,669,657	1,853,765	1,791,167	2,065,529	1,810,598	1,715,903	1,544,327	1,427,525	1,197,033	1,111,116
Operating Grants and Contributions	30,012,921	31,365,321	32,698,403	38,302,402	39,948,251	40,677,481	41,364,846	41,485,129	42,282,178	42,463,661
Capital Grant and Contributions	3,723,502	240,814	31,308	465,589	244,318	154,393	3,452,280	118,686	-	-
Total Governmental Activities Program Revenues	38,005,875	37,483,614	38,540,790	44,789,865	45,912,459	47,391,444	50,928,124	47,434,690	47,714,713	48,182,102
Business-type Activities:										
Charges for Services										
Electric	35,051,657	38,227,318	41,184,246	44,844,650	51,764,998	47,916,470	53,998,664	52,650,987	52,891,247	55,752,733
Waterworks	11,908,497	12,800,009	14,138,838	16,734,346	19,819,808	19,218,854	18,625,204	18,551,034	20,500,542	19,650,454
Emergency Communication District	433,727	436,143	527,319	518,063	493,639	521,059	522,412	505,107	503,651	472,394
Golf Course (1)	1,149,015	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	11,526	30,848	-	-	-	55,000	24,456	33,931	692,522
Capital grant and contributions	1,569,130	122,436	1,003,056	5,062,972	1,067,960	185,089	1,915,670	695,756	2,510,060	138,929
Total business-type activities program revenues	50,112,026	51,597,432	56,884,307	67,160,031	73,146,405	67,841,472	75,116,950	72,427,340	76,439,431	76,707,032
Total primary government program revenues	$ 88,117,901	$ 89,081,046	$ 95,425,097	$ 111,949,896	$ 119,058,864	$ 115,232,916	$ 126,045,074	$ 119,862,030	$ 124,154,144	$ 124,889,134

(Continued)

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental Activities	$ (28,603,097)	$ (35,513,521)	$ (34,159,655)	$ (31,038,628)	$ (41,845,828)	$ (42,782,756)	$ (39,684,142)	$ (48,883,046)	$ (43,164,676)	$ (43,954,662)
Business-type Activities	193,060	(452,725)	(1,034,497)	5,918,535	5,403,181	4,174,337	5,669,349	1,374,404	5,500,631	6,237,667
Total Primary Governmental Net Expense	$ (28,410,037)	$ (35,966,246)	$ (35,194,152)	$ (25,120,093)	$ (36,442,647)	$ (38,608,419)	$ (34,014,793)	$ (47,508,642)	$ (37,664,045)	$ (37,716,995)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Real & Personal Property Taxes	$ 15,529,602	$ 15,734,618	$ 16,283,441	$ 17,770,961	$ 19,169,307	$ 18,999,090	$ 18,975,327	$ 20,228,638	$ 19,185,345	$ 19,730,132
In-lieu of Tax Payments	3,826,332	3,860,930	3,903,756	3,988,922	1,657,594	1,914,745	2,154,611	2,182,332	2,278,350	2,279,959
Sales Taxes	9,032,154	9,904,536	9,810,033	10,799,248	10,110,993	11,526,911	11,811,555	10,949,982	10,906,934	9,694,331
Unrestricted State Shared Taxes	3,144,403	3,492,328	4,071,325	4,010,334	3,653,748	3,571,878	3,664,292	3,934,144	4,033,802	4,211,529
Business Taxes	841,718	999,362	913,226	849,823	791,480	802,606	957,007	1,118,107	764,685	1,128,925
Occupancy Taxes	397,925	427,608	455,744	542,126	558,612	489,976	531,416	482,365	532,309	508,147
Wholesale Beer & Liquor Taxes	761,905	774,866	812,010	839,642	852,203	825,329	837,667	844,879	854,076	848,140
Gain (Loss) on Sale of Capital Assets	171,713	254,595	(17,362)	43,940	(623,323)	4,149	1,704	-	-	-
Investement Earnings	629,166	752,673	1,147,655	975,309	428,472	108,194	69,411	91,463	81,431	49,097
Investment Income - Change in Fair Value of Interest Rate Swap	-	-	-	-	-	-	-	-	3,169,165	-
Miscellaneous	924,210	1,382,109	938,511	2,010,017	1,434,418	1,474,112	1,423,314	1,572,966	1,609,940	1,077,182
Transfers	(42,800)	357,963	277,530	288,910	2,831,471	2,796,515	2,685,282	2,855,907	2,911,267	3,012,318
Total Governmental Activities	35,216,328	37,941,588	38,595,869	42,119,232	40,864,975	42,513,505	43,111,586	44,260,783	46,327,304	42,539,760
Business-type Activities:										
Investement Earnings	78,765	52,996	80,328	57,500	41,179	54,083	55,470	56,362	16,499	10,927
Miscellaneous	718,284	729,111	847,612	837,554	935,324	882,886	914,914	2,394,490	3,307,647	1,415,748
Transfers	42,800	(357,963)	(277,530)	(288,910)	(2,831,471)	(2,796,515)	(2,685,282)	(2,855,907)	(2,911,267)	(3,012,318)
Total Business-type Activities:	839,849	424,144	650,410	606,144	(1,854,968)	(1,859,546)	(1,714,898)	(405,055)	412,879	(1,585,643)
Total Primary Government	$ 36,056,177	$ 38,365,732	$ 39,246,279	$ 42,725,376	$ 39,010,007	$ 40,653,959	$ 41,396,688	$ 43,855,728	$ 46,740,183	$ 40,954,117
Change in Net Positions										
Governmental Activities	$ 6,613,231	$ 2,428,067	$ 4,436,214	$ 11,080,604	$ (980,853)	$ (269,251)	$ 3,427,444	$ (4,622,263)	$ 3,162,628	$ (1,414,902)
Business-type Activities	1,032,909	(28,581)	(384,087)	6,524,679	3,548,213	2,314,791	3,954,451	969,349	5,913,510	4,652,024
Total Primary Government	$ 7,646,140	$ 2,399,486	$ 4,052,127	$ 17,605,283	$ 2,567,360	$ 2,045,540	$ 7,381,895	$ (3,652,914)	$ 9,076,138	$ 3,237,122

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FUND BALANCE PRIOR TO TO IMPLEMENTATION OF GASB 54:										
General Fund										
Reserved	$ 453,839	$ 423,518	$ 422,938	$ 548,835	$ 343,657	$ 135,666	$ -	$ -	$ -	$ -
Unreserved	4,660,255	5,057,758	5,349,352	6,939,442	7,192,118	9,033,940	-	-	-	-
Total General Fund	$ 5,114,094	$ 5,481,276	$ 5,772,290	$ 7,488,277	$ 7,535,775	$ 9,169,606	$ -	$ -	$ -	$ -
All Other Governmental Funds										
Reserved	$ 34,182,819 (1)	$ 17,738,377	$ 9,904,689	$ 1,462,252	$ 2,317,399	$ 1,157,059	$ -	$ -	$ -	$ -
Unreserved, Reported in										
Special Revenue Funds	6,717,456	7,299,423	6,137,197	5,568,643	5,138,235	6,363,296	-	-	-	-
Capital Projects Funds	(710,174)	2,158,115	1,604,832	398,073	859,020	2,388,176	-	-	-	-
Debt Services Funds	3,886,972	6,402,404	8,349,601	7,082,125	6,113,799	12,313,862	-	-	-	-
Total All Other Governmental Funds	$ 44,077,073	$ 33,598,319	$ 25,996,319	$ 14,511,093	$ 14,428,453	$ 22,222,393	$ -	$ -	$ -	$ -
FUND BALANCE UNDER GASB 54:										
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,127,143	$ 3,451,953	$ 1,852,008	$ 1,589,485
Assigned	-	-	-	-	-	-	1,495,303	722,871	1,732,495	478,023
Unassigned	-	-	-	-	-	-	2,846,302	5,042,225	6,475,637	7,406,202
Total General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,468,748	$ 9,217,049	$ 10,060,140	$ 9,473,710
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 214,907	$ 131,987	$ 138,746	$ 302,333
Restricted	-	-	-	-	-	-	10,917,510	10,639,781	10,022,584	9,617,768
Committed	-	-	-	-	-	-	310,114	74,825	219,106	218,611
Assigned	-	-	-	-	-	-	11,764,159	12,741,528	11,012,549	11,133,839
Total All Other Governmental Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,206,690	$ 23,588,121	$ 21,392,985	$ 21,272,551

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$ 22,122,240	$ 23,137,472	$ 23,312,693	$ 25,085,558	$ 23,557,540	$ 23,870,515	$ 24,642,294	$ 25,493,765	$ 23,719,470	$ 24,512,115
Licenses and Permits	340,802	465,364	272,409	271,002	269,593	243,947	207,479	173,179	167,826	174,011
Intergovernmental	41,555,706	43,662,911	45,623,695	52,017,449	52,800,138	54,566,054	55,865,796	55,811,807	56,985,039	56,300,293
Charges for Services	3,760,492	4,990,381	5,172,706	5,263,455	5,103,858	4,929,556	4,918,875	4,864,632	4,454,758	4,284,300
Fines and Forfeitures	283,826	391,570	429,453	397,230	427,921	1,410,770	1,032,384	864,838	919,078	1,260,130
Interest earnings	599,462	696,241	1,070,165	915,773	403,054	100,348	61,417	84,769	74,640	45,094
Miscellaneous	958,272	1,518,029	1,124,325	2,026,641	1,390,671	1,366,852	1,334,952	1,465,537	1,557,362	1,439,370
Total Revenues	69,620,800	74,861,968	77,005,446	85,977,108	83,952,775	86,488,042	88,063,197	88,758,527	87,878,173	88,015,313
Expenditures										
General Government	1,425,945	1,311,330	1,345,236	1,428,396	1,769,576	1,779,551	1,859,657	1,676,059	1,781,556	1,841,776
Public Safety	7,971,991	8,524,042	9,201,187	11,717,322	12,389,138	12,889,356	12,784,971	13,175,763	13,471,207	13,908,008
Public Works	3,149,133	3,059,468	3,101,813	3,330,686	3,109,202	3,119,170	3,505,753	5,827,027	5,988,107	5,480,613
Community Services	7,877,890	9,269,663	10,239,087	10,326,239	10,881,008	9,921,715	10,095,406	7,724,713	7,942,668	7,944,264
Education	42,399,884	44,009,380	46,138,202	50,627,491	49,912,738	52,243,216	52,643,880	54,153,457	54,200,956	50,132,796
Capital Outlay	4,378,599	16,058,967	29,658,532	17,180,904	4,302,395	2,094,333	1,491,798	2,740,542	1,529,216	435,297
Debt Service										
Principal	2,146,000	2,756,042	2,624,468	2,804,954	3,128,567	3,180,146	3,455,366	3,671,419	3,973,611	5,842,203
Interest	1,943,304	2,275,531	2,936,984	4,210,966	4,604,579	3,992,258	3,968,903	3,668,566	3,733,276	6,177,784
Issuance costs and other charges	-	-	308,516	86,766	305,589	187,802	101,047	-	-	50,701
Total Expenditures	71,292,746	87,264,423	105,554,025	101,713,724	90,402,792	89,407,547	89,906,781	92,637,546	92,620,597	91,813,442
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,671,946)	(12,402,455)	(28,548,579)	(15,736,616)	(6,450,017)	(2,919,505)	(1,843,584)	(3,879,019)	(4,742,424)	(3,798,129)
Other Financing Sources (Uses)										
Bonds Issuance	32,533,063	1,032,500	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	1,523,179	175,761	151,047	-	-	-
Refunding Bonds Issued	-	-	-	-	38,355,000	10,543,267	7,420,000	-	-	3,423,947
Payments to Refund Bonds Escrow	-	-	-	-	(39,572,590)	(10,058,002)	(7,470,000)	-	-	(3,345,000)
Loan Issuance	-	-	21,000,000	4,945,988	2,806,300	8,889,735	-	-	-	-
Loan Discount	-	-	(39,937)	-	-	-	-	-	-	-
Capital Lease Issuance	-	-	-	732,479	471,515	-	340,694	1,152,844	479,112	-
Transfers In	17,814,432	19,356,881	19,554,689	24,326,902	27,619,160	28,419,392	22,131,363	23,474,300	23,316,128	22,837,177
Transfers Out	(17,857,232)	(18,098,498)	(19,277,159)	(24,037,992)	(24,787,689)	(25,622,877)	(19,446,081)	(20,618,393)	(20,404,861)	(19,824,859)
Total Other Financing Sources (Uses)	32,490,263	2,290,883	21,237,593	5,967,377	6,414,875	12,347,276	3,127,023	4,008,751	3,390,379	3,091,265
Net Changes in Fund Balances	$ 30,818,317	$ (10,111,572)	$ (7,310,986)	$ (9,769,239)	$ (35,142)	$ 9,427,771	$ 1,283,439	$ 129,732	$ (1,352,045)	$ (706,864)
Debt Service as a Percentage of Noncapital Expenditures	6.1%	7.1%	7.3%	8.3%	9.0%	8.2%	8.4%	8.2%	8.5%	13.2%

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
2005	$ 15,341,027	$ 188,575	$ 1,317,779	$ 9,032,154	$ 841,718	$ 761,905	$ 397,925	$ 27,881,083
2006	15,520,774	213,844	1,405,994	9,904,536	999,362	774,866	427,608	29,246,984
2007	16,105,953	177,488	1,401,412	9,810,033	913,226	812,010	455,744	29,675,866
2008	17,673,704	97,257	1,542,713	10,799,248	849,823	839,642	542,126	32,344,513
2009	18,624,249	149,402	1,762,309	10,110,993	791,480	852,203	558,612	32,849,248
2010	18,444,385	183,257	2,014,996	11,526,911	802,607	825,330	489,976	34,287,462
2011	18,938,769	138,825	2,260,531	11,811,555	957,007	837,667	531,416	35,475,770
2012	19,754,269	439,851	2,294,661	10,949,982	1,118,107	844,879	482,365	35,884,114
2013	18,899,497	255,931	2,278,350	10,906,934	764,685	854,076	532,309	34,491,782
2014	19,437,864	291,905	2,279,959	9,694,331	1,128,925	848,140	456,094	34,137,218
Change 2005-2014	26.71%	54.80%	73.02%	7.33%	34.12%	11.32%	14.62%	22.44%

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

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

Fiscal Year	Tax Year	Real Residential Property	Real Commercial Property	Personal Property	Public Utilities	Total Taxable Assessed Value (1)	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2005	2004	$ 274,953,825	$ 200,439,682	$ 53,451,907	$ 10,153,519	$ 538,998,933	2.87	$ 1,797,548,472	30%
2006	2005	322,792,500 (2)	223,983,134 (2)	52,163,372 (2)	11,390,458 (2)	610,329,464 (2)	2.55 (2)	2,045,715,665 (2)	30% (2)
2007	2006	334,908,739	231,506,227	58,065,289	11,091,196	635,571,451	2.55	2,132,117,298	30%
2008	2007	347,866,446	268,472,911	44,405,787	9,269,913	670,015,057	2.65	2,227,521,739	30%
2009	2008	354,598,524	280,288,355	44,651,529	9,427,296	688,965,704	2.77	2,285,093,952	30%
2010	2009	360,138,810	275,346,400	40,958,797	8,596,571	685,040,578	2.77	2,281,080,692	30%
2011	2010	434,209,725 (2)	314,892,290 (2)	47,347,150 (2)	10,508,868 (2)	806,958,033 (2)	2.39 (2)	2,701,000,491 (2)	30% (2)
2012	2011	434,510,575	314,409,168	45,795,106	9,960,967	804,675,816	2.39	2,694,826,422	30%
2013	2012	428,632,500	313,900,532	44,521,899	10,420,634	797,475,565	2.39	2,666,634,267	30%
2014	2013	427,197,050	323,818,832	51,305,149	10,554,576	812,875,607	2.39	2,708,542,582	30%

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

(2) All properties were reappraised in tax year 2005 (fiscal year 2006) and tax year 2010 (fiscal year 2011).

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

Fiscal Year Ended June 30,	City Direct Rate		Overlapping Rate: Anderson County		Overlapping Rate: Roane County	
2005	$ 2.87		$ 3.22		$ 2.445	
2006	2.55	(1)	2.68	(1)	2.02	(1)
2007	2.55		2.68		2.02	
2008	2.65		2.68		2.27	
2009	2.77		2.68		2.27	
2010	2.77		2.68		2.36	
2011	2.39	(1)	2.26	(1)	1.9051	(1)
2012	2.39		2.35		1.97	
2013	2.39		2.35		1.97	
2014	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% of the taxable real parcels (2,247 of 13,419) 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 2013 AND NINE YEARS AGO
(For Fiscal Year 2014 and 2005)

Taxpayer	Type of Business	Tax Year 2013 Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Tax Year 2004 Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor (ORNL)	$ 44,228,213	1	5.44%	$ 24,743,044	1	4.72%
Oak Ridge Projects LLC	Real Estate Developer	36,615,687	2	4.50%	-		-
Oak Ridge Tech Center Oak Ridge Corp Partners	Office Complex	13,386,915	3	1.65%	10,838,880	3	2.07%
R&R Properties/Richard Chinn	Entrepreneur	12,224,583	5	1.50%	7,241,320	6	1.38%
Methodist Medical Center of Oak Ridge	Health Services	10,456,410	6	1.29%	7,291,840	5	1.39%
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	12,805,030	4	1.58%	4,091,334	10	0.78%
Wilkinson Realty	Apartment Complexes	8,217,604	7	1.01%	-		-
A & M Enterprises Inc.	Real Estate Developer	5,757,280	9	0.71%	-		-
BellSouth	Communications	6,228,130	8	0.77%	7,406,636	4	1.41%
Advanced Measurement Tec (ORTEC)	Manufacturing and Services	4,861,672	10	0.60%	-		-
Boeing Tennessee Inc.	Manufacturing and Engineering	-		-	12,699,771	2	2.42%
Crown America	Shopping Mall/Misc. Development	-		-	5,693,600	7	1.09%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	-		-	5,057,257	8	0.94%
BNFL, Inc.	Environmental Services	-		-	5,010,305	9	0.96%
TOTAL		$ 154,781,523		19.04%	$ 90,073,987		16.66%

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

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

Fiscal Year Ended June 30,	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount (1)	Percentage of Levy
2005	2004	$ 15,469,269	$ 14,934,125	96.5%	$ 470,501	$ 15,404,626	99.6%	$ 64,643	0.4%
2006	2005	15,563,322	15,280,442	98.2%	249,304	15,529,746	99.8%	33,576	0.2%
2007	2006	16,206,820	15,901,543	98.1%	268,145	16,169,688	99.8%	37,132	0.2%
2008	2007	17,755,317	17,303,022	97.5%	412,384	17,715,406	99.8%	39,911	0.2%
2009	2008	19,084,592	18,519,409	97.0%	533,586	19,052,995	99.8%	31,597	0.2%
2010	2009	18,975,624	18,120,891	95.5%	833,946	18,954,837	99.9%	20,787	0.1%
2011	2010	19,286,610	18,322,654	95.0%	951,760	19,274,414	99.9%	12,196	0.1%
2012	2011	19,143,158	18,695,063	97.7%	361,005	19,056,068	99.5%	87,090	0.5%
2013	2012	19,097,895	18,350,887	96.1%	551,582	18,902,469	99.0%	195,426	1.0%
2014	2013	19,427,727	18,853,042	97.0%	-	18,853,042	97.0%	574,685	3.0%

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

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAX RECEIVABLES
JUNE 30, 2014

Fiscal Year	Tax Year	Property Tax Receivable Balance June 30, 2013	Property Tax Levied	Anticipated Current Year Levy	Abatements & Adjustments	Collections	Allowance For Uncollectibles	Net Receivable Balance June 30, 2014
2005	2004	$ 64,948	$ -	$ -	$ -	$ 305	$ (64,643)	$ -
2006	2005	33,955	-	-	(79)	300	(33,576)	-
2007	2006	37,368	-	-	(252)	(16)	(37,132)	-
2008	2007	40,513	-	-	(82)	520	(39,911)	-
2009	2008	29,933	-	-	242	(1,422)	(31,597)	-
2010	2009	23,414	-	-	-	2,627	(20,787)	-
2011	2010	128,455	-	-	313	116,572	(12,196)	-
2012	2011	226,014	-	-	(88,594)	50,330	(30,055)	57,035
2013	2012	708,779	-	-	38,229	551,582	(40,000)	155,426
2014	2013	18,418,440	252,254	-	39,970	18,135,979	(57,512)	517,173
	2014	-	-	19,699,050	-	69,802	(50,000)	19,649,050
	Totals	$ 19,711,819	$ 252,254	$ 19,699,050	$ (10,253)	$ 18,926,579	$ (417,409)	$ 20,378,684

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Building Materials	$ 39,673,175	$ 40,776,983	$ 37,880,776	$ 35,481,658	$ 34,138,282	$ 30,745,142	$ 31,099,957	$ 31,773,463	$ 33,639,309	$ 33,009,792
General Merchandise	127,395,302	124,051,789	123,663,006	124,791,075	118,728,929	110,798,271	108,715,888	108,552,978	102,079,781	95,533,463
Food Stores	47,469,754	48,120,643	48,976,457	51,694,210	54,720,524	52,434,001	52,396,812	53,690,571	54,855,425	55,253,965
Autos, Boats, Aircrafts	112,106,399	103,902,534	94,622,000	79,474,112	60,212,915	41,885,747	38,755,289	45,134,866	43,364,628	51,886,198
Apparel	4,929,433	3,949,972	3,173,228	2,819,117	2,495,202	968,129	369,009	331,097	277,747	341,387
Furniture and Home Décor	8,873,574	8,440,156	9,136,238	8,339,378	7,136,115	6,939,017	6,692,774	6,677,903	6,827,787	6,465,171
Eating and Drinking Places	54,382,199	57,691,722	59,495,118	63,019,291	63,915,240	62,371,582	61,244,467	63,528,925	64,408,275	66,958,642
Miscellaneous Retail	48,575,457	53,497,507	51,826,964	56,124,638	52,747,534	50,724,180	54,468,249	52,466,973	51,935,742	49,093,236
Total	$ 443,405,293	$ 440,431,306	$ 428,773,787	$ 421,743,479	$ 394,094,741	$ 356,866,069	$ 353,742,445	$ 362,156,776	$ 357,388,694	$ 358,541,854
Oak Ridge/Anderson County Local Sales Tax Rate	2.25%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Oak Ridge/Roane County Local Sales Tax Rate	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.50%

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
2005	2.75%	(1)	2.25%		2.75%	2.50%
2006	2.75%		2.25%		2.75%	2.50%
2007	2.75%		2.75%	(1)	2.75%	2.50%
2008	2.75%		2.75%		2.75%	2.50%
2009	2.75%		2.75%		2.75%	2.50%
2010	2.75%		2.75%		2.75%	2.50%
2011	2.75%		2.75%		2.75%	2.50%
2012	2.75%		2.75%		2.75%	2.50%
2013	2.75%		2.75%		2.75%	2.50%
2014	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

	Governmental-type Activities				Business-type Activities						
Fiscal Year	General Obligation Bonds	QZAB	Notes Payable	Capital Leases	Electric Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2005	$ 32,820,000	$ 7,049,360	$ 44,992,765	$ 445,193	$ 20,730,000	$ 4,470,000	$ 21,927,521	$ -	$ 132,434,839	16.67%	4,836
2006	30,285,000	7,641,275	44,938,765	228,476	19,895,000	4,130,000	27,442,240	-	134,560,756	16.26%	4,913
2007	27,650,000	7,131,857	65,882,765	-	19,045,000	3,780,000	30,191,887	1,166,355	154,847,864	18.19%	5,654
2008	24,870,000	6,622,439	70,769,753	544,157	18,165,000	3,410,000	31,450,975	1,073,538	156,905,862	17.17%	5,729
2009	39,190,000	6,113,020	55,084,053	713,129	6,885,000	13,100,000	32,780,315	976,098	154,841,615	16.70%	5,654
2010	46,390,000	5,603,602	54,979,053	420,076	5,955,000	22,710,000	32,017,179	873,806	168,948,716	18.31%	5,760
2011	43,330,000	5,094,184	54,760,053	119,869	4,990,000	22,310,000	36,779,054	766,420	168,149,580	18.23%	5,733
2012	40,235,000	4,584,765	54,488,053	851,825	3,990,000	31,700,000	33,932,728	653,686	170,436,057	17.96%	5,811
2013	36,920,000	4,075,347	54,162,053	930,736	2,980,000	31,165,000	34,844,047	535,338	165,612,521	17.52%	5,629
2014	35,092,745	3,565,929	53,658,053	531,707	1,885,000	49,411,399	23,289,801	411,096	167,845,730	(1)	5,705

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

(1) 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 General Obligation Bonds	Business-type Activities General Obligation Bonds	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
2005	$ 32,820,000	$ 4,470,000	$ 2,078,344	$ 35,211,656	$ 1,797,548,472	27,387	2.0%	1,286
2006	30,285,000	4,130,000	2,157,384	32,257,616	2,045,715,665	27,387	1.6%	1,178
2007	27,650,000	3,780,000	2,133,894	29,296,106	2,132,117,298	27,387	1.4%	1,070
2008	24,870,000	3,410,000	2,206,897	26,073,103	2,227,521,739	27,387	1.2%	952
2009	39,190,000	13,100,000	2,145,639	50,144,361	2,285,093,952	27,387	2.2%	1,831
2010	46,390,000	22,710,000	2,101,485	66,998,515	2,281,080,692	29,330	2.9%	2,284
2011	43,330,000	22,310,000	1,965,344	63,674,656	2,701,000,491	29,330	2.4%	2,171
2012	40,235,000	31,700,000	1,735,104	70,199,896	2,694,826,422	29,330	2.6%	2,393
2013	36,920,000	31,165,000	1,609,459	66,475,541	2,666,634,267	29,419	2.5%	2,260
2014	35,092,745	49,411,399	2,351,688	82,152,456	2,708,542,582	29,419	3.0%	2,792

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

(1) Excludes restricted debt service reserves.

CITY OF OAK RIDGE, TENNESSEE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2014

Jurisdiction	Net Debt Outstanding	Percentage of Debt Applicable To the City		City's Share of Debt
Direct:				
City of Oak Ridge -				
General Obligation Bonds	$ 36,920,000	100%		$ 36,920,000
Notes Payable	54,162,053	100%		54,162,053
Qualified Zone Academy Bonds (QZAB)	4,075,347	100%		4,075,347
Capital Lease	930,736	100%		930,736
Debt Service Fund	(10,098,497)			(10,098,497)
Total Direct Debt	85,989,639			85,989,639
Overlapping:				
Anderson County, Tennessee	54,650,548	39.81%	*	21,756,383
Roane County, Tennessee	35,125,659	12.26%	*	4,306,406
Total Overlapping Debt	89,776,207			26,062,789
Total Direct and Overlapping Debt	$ 175,765,846			$ 112,052,428

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							
Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage Ratio
2005	$ 35,671,697	$ 32,545,257	$ 3,126,440	$ 820,000	$ 694,765	$ 1,514,765	2.06
2006	38,881,488	35,131,961	3,749,527	835,000	764,318	1,599,318	2.34
2007	41,915,066	38,798,182	3,116,884	992,673	923,836	1,916,509	1.63
2008	45,573,802	41,103,159	4,470,643	984,750	854,487	1,839,237	2.43
2009	52,565,380	46,957,765	5,607,615	1,009,087	862,630	1,871,717	3.00
2010	48,691,801	43,330,957	5,360,844	1,043,424	883,244	1,926,668	2.78
2011	54,822,625	48,037,377	6,785,248	1,083,095	927,875	2,010,970	3.37
2012	54,954,964	48,781,668	6,173,296	1,122,765	891,920	2,014,685	3.06
2013	55,708,671	48,714,134	6,994,537	1,137,769	850,604	1,988,373	3.52
2014	56,683,842	49,977,956	6,705,886	1,130,310	802,839	1,933,149	3.47

Water and Sewer Revenue Debt							
Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage Ratio
2005	$ 11,064,913	$ 9,113,823	$ 1,951,090	$ 1,030,368	$ 868,746	$ 1,899,114	1.03
2006	11,755,265	10,064,683	1,690,582	1,070,673	1,163,287	2,233,960	0.76
2007	12,443,469	11,549,776	893,693	1,274,724	1,312,552	2,587,276	0.35
2008	14,631,506	12,311,926	2,319,580	1,373,195	1,258,007	2,631,202	0.88
2009	17,623,161	12,393,252	5,229,909	1,424,187	1,024,740	2,448,927	2.14
2010	17,246,951	11,958,264	5,288,687	1,476,696	944,845	2,421,541	2.18
2011	16,664,365	12,682,614	3,981,751	1,517,889	993,162	2,511,051	1.59
2012	16,653,517	12,704,883	3,948,634	1,585,275	1,182,886	2,768,161	1.43
2013	19,120,259	13,315,440	5,804,819	1,750,948	1,251,386	3,002,334	1.93
2014	20,135,093	11,417,546	8,717,547	1,832,322	1,250,989	3,083,311	2.83

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

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

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Income	(2) Median Age	(2) Unemployment Rate	School Enrollment
1980	27,662	$ 255,707,528	$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	482,321,910	17,661 (1)	39.6 (1)	4.9% (1)	4,432
2000	27,387	679,005,891	24,793 (1)	43.4 (1)	3.2% (1)	4,491
2005	27,387	794,414,709	29,007	(3)	5.1%	4,280
2006	27,387	827,580,366	30,218	(3)	4.7%	4,306
2007	27,387	851,105,799	31,077	(3)	4.2%	4,394
2008	27,387	913,822,029	33,367	(3)	5.7%	4,362
2009	27,387	927,077,337	33,851	(3)	9.9%	4,411
2010	29,330	922,897,780	31,466	43.5 (1)	8.7%	4,472
2011	29,330	922,311,180	31,446	(3)	9.4%	4,458
2012	29,330	948,737,510	32,347	(3)	8.6%	4,468
2013	29,419	945,291,308	32,132	43.4	7.4%	4,458
2014	29,419	(3)	(3)	(3)	7.0%	4,671

(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

	2014			2005		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
BWXT Y-12	4,500	1	12.84%	4,300	1	12.16%
UT-Battelle	4,400	2	12.55%	3,917	2	11.08%
Methodist Medical Center	1,175	3	3.35%	1,500	3	4.24%
UCOR	1,383	4	3.95%	N/A		N/A
Sitel (Client Logic)	700	5	2.00%	600	10	1.70%
Oak Ridge Schools	649	6	1.85%	687	9	1.94%
Energy Solutions (AKA Duratek, Scientific Ecology Group, Inc.)	625	7	1.78%	N/A		N/A
Oak Ridge Associated Universities	549	8	1.57%	722	7	2.04%
Science Applications Int'l Corp. (SAIC)	546	9	1.56%	885	6	2.50%
ORNL Federal Credit Union	412	10	1.18%	N/A		N/A
Wackenhut-Oak Ridge Team	N/A		N/A	720	8	2.04%
Bechtel Jacobs Co. LLC	N/A		N/A	1,105	5	3.13%
BNFL, Inc.	N/A		N/A	1,200	4	3.39%
	14,939		42.63%	15,636		44.22%

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	4.00	3.50	3.50	3.50	4.00	2.00	2.00
City Court	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Legal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Administrative Services										
Computer Services	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00
Personnel	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Stationery Stores	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance	8.00	8.00	8.00	8.00	8.00	10.00	10.00	10.00	11.00	11.00
Business Office	15.00	15.00	15.00	15.00	15.00	13.00	13.00	11.00	11.00	11.00
Police										
Supervision	2.00	2.00	2.00	3.00	2.50	3.00	3.00	3.00	3.00	3.00
Investigations	8.00	8.00	8.00	11.00	11.00	11.00	11.00	11.00	12.00	13.00
Staff Services	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Patrol	47.00	47.00	47.00	44.00	44.00	45.00	45.00	45.75	44.75	43.75
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	3.50	3.50	4.00
School Resource Officer Program	2.00	2.00	2.00	3.35	3.35	3.35	3.35	2.35	2.35	3.35
Special Programs Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25
Fire										
Supervision	2.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Prevention	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fighting	42.00	42.00	42.00	71.00	71.00	71.00	71.00	71.00	71.00	71.00
Public works										
Supervision	4.00	4.00	4.00	4.00	4.00	3.50	3.50	5.00	5.00	5.00
Engineering	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Equipment Shop	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Work pool	44.00	44.00	40.00	43.50	40.00	40.00	40.00	40.00	43.00	43.00
Water plant	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	12.00
Wastewater Treatment Plant	16.00	16.00	20.00	20.00	19.00	19.00	19.00	19.00	21.25	22.00
West End Waterworks	0.00	0.00	0.00	0.00	7.00	8.00	8.00	8.00	8.00	7.00

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Community Development										
Supervision	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Planning	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Code Enforcement	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Grant Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Recreation and Parks										
Supervision	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Indoor Aquatics	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18	4.18
Outdoor Aquatics	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27	6.27
Centers, Camp & Programs	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02	11.02
Athletics	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Scarboro Center	1.39	1.39	1.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39
Senior Center	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Library	16.68	16.68	17.00	17.00	17.00	17.75	17.75	17.75	17.75	17.75
Electric	34.00	34.00	34.00	34.00	35.00	35.00	35.00	35.00	35.00	35.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Subtotal	343.64	342.64	343.96	379.81	382.31	385.06	385.06	384.56	389.81	392.06
Education										
Teachers	396.10	401.20	406.70	414.90	390.00	398.70	420.50	420.90	418.60	411.48
Non-Teachers	302.20	273.39	266.14	282.39	296.70	306.10	271.47	260.53	243.83	237.60
Subtotal	698.30	674.59	672.84	697.29	686.70	704.80	691.97	681.43	662.43	649.08
Total	1,041.94	1,017.23	1,016.80	1,077.10	1,069.01	1,089.86	1,077.03	1,065.99	1,052.24	1,041.14

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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Ordinances Adopted	15	17	22	31	20	17	22	19	20	16
Resolutions Adopted	144	127	108	107	113	108	120	114	103	124
Number of Court Cases-City Violations	1,709	2,881	3,483	3,566	4,198	4,861	4,412	3,905	4,776	3,672
Administrative Services										
Applications Received and Processed	891	784	839	804	1,527	774	1,122	1,029	634	981
Purchase Orders Issued for Departments	4,524	4,525	4,106	4,619	4,720	4,778	4,979	4,947	4,648	4,052
Purchase Orders Issued for Stock Purchases	1,219	1,350	1,328	1,138	706	836	853	803	754	834
Business Licenses Issued	1,345	1,392	1,344	1,339	1,295	N/A	1,071	1,164	1,134	1,523
New Business Licenses Issued	N/A	N/A	N/A	N/A	N/A	N/A	224	174	163	152
Police										
Serious Crimes	544	539	551	475	481	437	438	488	1,379	1,289
Burglaries	394	394	348	378	426	417	319	266	200	156
Total Arrests	2,691	2,938	2,871	2,780	3,571	3,228	3,075	2,157	2,044	2,142
Total Calls for Services	32,854	35,544	37,055	35,159	38,660	30,999	31,157	26,505	33,215	27,060
Animal Apprehensions	2,500	2,850	2,342	1,805	2,341	2,077	2,592	1,440	939	1,208
Registered Animals	4,400	4,200	4,000	2,000	2,515	1,592	1,466	2,132	2,314	2,211
Fire										
Number of Calls	3,560	3,743	3,721	4,095	4,489	4,457	4,528	4,549	4,825	5,015
Public Fire Education	10,993	9,000	10,750	11,000	11,000	11,000	5,000	8,860	9,874	11,612
Violations Reported by Department Inspection	850	900	1,060	1,642	520	941	1,405	1,183	1,828	2,091
Average Response Time (Mins.)	4.0	4.0	4.3	4.5	4.1	4.1	5.38	5.20	6.11	6.15
Average Control Time (Mins.)	4.0	4.0	4.0	4.5	4.0	10.4	6.45	15.58	5.15	5.00
Community Development										
Site Plans Reviewed										
Non-Residential	18	19	6	9	15	13	11	14	11	16
Residential	110	112	108	39	45	0	22	13	13	11
Building Permits	582	599	567	552	488	497	440	413	301	201
Plumbing Permits	400	518	584	474	440	390	376	306	296	209
Electrical Permits	530	643	629	507	434	520	492	369	373	225
Nuisance Abatement	1,691	757	620	733	726	1,076	1,285	1,110	920	314
Abandoned Vehicles	416	416	150	127	289	219	234	196	139	55
Housing Inspections	48	66	62	64	149	101	109	111	37	20
Park and Recreation										
City-Wide Special Events	7	7	7	7	7	7	7	7	7	7
Cold Facts Program Participants	2,341	2,327	2,353	2,387	2,401	2,409	2,429	2,433	2,246	2,251
Pool Attendance	60,775	75,741	77,153	78,689	70,759	66,182	82,861	79,535	67,535	64,074
Summer Camp Enrollment	1,100	870	949	997	1,000	1,050	1,093	1,005	1,126	1,125
Athletic Activities										
Youth Participants	186	147	155	166	189	223	196	202	270	229
Adult Participants	1,845	1,784	1,579	1,707	1,898	1,774	1,562	1,724	1,581	1,356
Youth Teams	18	16	17	16	19	21	20	20	24	23
Adult Teams	138	129	113	124	142	125	118	127	117	97

(Continued on Next Page)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Library										
Total Volume	114,707	114,707	112,550	113,890	115,159	117,310	122,250	124,714	121,729	115,523
Total Non-Print Material	52,415	52,415	57,241	57,673	59,258	60,683	60,386	54,420	53,322	54,234
Total Circulation	204,585	182,400	186,215	180,293	181,826	174,906	174,292	160,978	160,876	152,007
Registered Patrons	23,735	23,455	22,171	20,209	22,301	22,520	24,111	22,624	22,943	22,569
Reference Questions and Reader Service	35,622	33,217	29,883	31,170	30,914	33,011	34,539	34,263	34,032	35,825
Story Time Attendance	5,355	4,167	5,262	5,335	4,699	4,797	4,022	5,461	4,217	4,328
Public Works										
Street Sign Maintenance and Installation	412	259	370	286	388	296	300	291	381	1
Traffic Control and School Flashing Signals										
Inventory	390	390	390	390	390	390	390	390	452	452
Hours for Maintenance and Installation	2,508	1,865	2,147	2,040	2,080	2214	2062	2555	3582	3328
Public Street Lights										
Inventory	5,426	5,426	5,447	5,426	5,426	5784	5784	5802	5918	5084
Hours for Maintenance and Installation	1,606	2,082	1,807	1,133	1,627	1479	1400	2821	1867	1994
Mowing of ROW (Acres)	15	15	15	15	15	15	15	21	21	21
Electric										
Purchased Power										
Kilowatts-Hours Purchased	534,063,705	539,597,265	547,543,621	557,257,006	545,153,900	550,862,526	558,180,714	554,707,916	552,739,792	558,514,614
Amount	$ 26,543,605	$ 28,833,331	$ 32,063,010	$ 34,364,532	$ 40,786,288	$ 36,808,216	$ 41,266,396	$ 41,686,544	$ 41,620,222	$ 42,445,405
Electric Sales										
Kilowatts-Hours Sold	514,560,835	505,272,128	521,693,354	528,247,375	522,075,626	520,702,657	532,192,597	528,200,469	531,085,115	538,220,807
Amount	$ 35,051,657	$ 38,227,317	$ 41,184,247	$ 44,844,650	$ 51,764,998	$ 47,916,469	$ 53,998,663	$ 52,650,987	$ 52,891,248	$ 55,752,732
Cost Per Kilowatt-Hour Purchases	$0.0497	$0.0534	$0.0586	$0.0617	$0.0748	$0.0668	$0.0739	$0.0752	$0.0753	$0.0760
Percentage of Losses and Unaccounted for KH Purchases	3.65%	6.36%	4.72%	5.21%	4.23%	5.48%	4.66%	4.78%	3.92%	3.63%
Water										
Gallons Treated (Thousands)	3,700,000	4,045,928	3,367,518	3,732,957	3,921,905	3,687,716	3,438,372	3,209,465	2,721,411	2,984,107
Gallons Purchased (Thousands)	-	-	34,445	23,282	16,025	16,313	18,014	18,000	19,407	21,049
Gallons Pumped (Thousands)	-	-	3,370,193	3,673,932	3,937,930	3,704,029	3,456,386	3,227,465	2,740,818	3,005,156
Gallons Sold (Thousands)	3,521,730	3,699,823	2,870,928	3,249,385	3,346,471	3,166,137	2,987,370	2,744,528	2,551,268	2,623,089
Line Losses and Gallons Unaccounted for (Thousands)	N/A	N/A	533,710	424,547	591,459	537,892	469,016	482,937	189,550	382,067
Percentage of Losses and Unaccounted for Gallons to Total Provided (Thousands)	N/A	N/A	15.7%	11.6%	15.0%	14.5%	13.6%	15.0%	6.9%	12.7%
Average Daily Consumption (Thousands of Gallons)	9,649	10,137	7,866	8,902	9,168	8,674	8,185	7,519	6,990	7,187
Wastewater										
Clinch River Industrial Park Plant										
Gallons Treated (Thousands)	1,600	1,600	1,200	1,021	1,448	1,890	57	-	-	-
Rarity Ridge										
Gallons Treated (Thousands)	-	-	-	2,433	37,841	37,662	33,138	37,820	47,160	25,028
West End Plant										
Gallons Treated (Thousands)	2,100,000	2,100,000	1,600,000	1,579,946	1,589,821	1,997,308	1,790,493	1,819,991	1,627,351	1,579,620
Schools										
Enrollment	4,280	4,306	4,394	4,362	4,411	4,472	4,532	4,468	4,458	4,671
Average Daily Membership	4,284	4,348	4,364	4,407	4,452	4,472	4,532	4,456	4,438	4,464
Average Daily Attendance	4,061	4,127	4,142	4,185	4,220	4,214	4,288	4,240	4,274	4,212
Average Test Scores (ACT)	24.5	24.3	23.6	23.6	24.7	23.0	23.4	23.2	23.0	23.3

* Some information is not available due to system changes.

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Vehicles	23	23	23	23	25	30	35	32	32	44
Unmarked Vehicles	6	6	6	8	8	8	11	11	11	14
Animal Control	2	2	2	2	2	2	3	3	3	3
Other Vehicles	9	9	9	8	8	8	6	6	6	10
Fire										
Stations	3	3	3	4	4	4	4	4	4	4
Fire Trucks (Pumpers and Ladder)	6	6	6	9	9	9	9	9	10	10
Rescue Vehicles - Radio Equipped	2	2	2	3	3	3	3	3	3	4
Sedans - Radio Equipped	4	4	4	6	6	8	8	8	8	8
Fire Specialists' Vehicles	5	5	5	5	5	4	4	4	4	2
HazMat Truck	-	-	-	-	-	-	-	-	1	1
Ambulances	-	-	-	-	-	-	-	-	2	2
Park and Recreation										
Parks	14	14	14	14	14	15	15	15	15	15
Parks/Greenbelt (Total Acres)	2,237	2,237	2,237	2,237	2,237	2,300	2,300	2,300	2,500	2,600
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Tennis Courts	22	22	22	22	22	22	22	22	22	23
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	2	2	2	2	2	2	2
Golf Course	1	1	1	1	1	1	1	1	1	1
Soccer Fields	9	9	9	9	9	9	9	9	9	9
Community Centers	3	3	3	3	3	3	3	3	3	3
Disc Golf Courses	-	-	1	2	2	2	2	2	2	2
Library	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Roads and Streets	222.33	226.00	226.00	227.72	227.87	229.59	229.59	229.59	229.59	229.59
Miles of Sidewalks	103.64	104.29	108.36	110.76	110.92	111.23	119.68	119.68	119.68	119.68
Electric										
Miles of Electric Lines	282.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00	286.00
Number of Regular Street Lights	5,426	5,447	5,463	5,463	5,463	5,784	5,802	5,802	5,918	5,084
Number of Private Outdoor Lights	1,577	1,577	1,568	1,574	1,385	1,385	1,393	1,393	1,393	1,355
Water										
Miles of Water Main	225.77	231.90	231.90	240.86	241.35	243.12	244.00	244.00	245.69	249.05
Number of Fire Hydrants	2,700	2,580	2,574	2,683	2,845	2,845	2,845	2,845	2,845	2,541
Treatment Plants	1	1	1	1	2	2	2	2	2	2
Wastewater										
Miles of Sewer Main	245.87	245.87	250.00	259.78	260.07	260.59	261.27	261.27	262.23	262.10
Treatment Plants	2	2	2	3	3	3	2	2	2	2
Treatment Capacity (Thousand of Gallons)	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010	30,010
Schools										
Elementary Schools	4	4	4	4	4	4	4	4	4	4
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1

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

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

		Waterworks (1)		
Fiscal Year	Electric Revenue	Water Revenue	Wastewater Revenue	Total
2005	$ 35,724,771	$ 5,311,562	$ 5,756,389	$ 46,792,722
2006	38,922,932	5,968,647	5,788,969	50,680,548
2007	41,971,757	6,067,214	6,377,350	54,416,321
2008	45,608,826	7,714,345	6,774,328	60,097,499
2009	52,597,386	8,405,879	7,632,541	68,635,806
2010	48,737,266	8,146,360	7,501,780	64,385,406
2011	54,868,484	7,778,140	7,274,937	69,921,561
2012	55,021,285	7,720,479	7,322,581	70,064,345
2013	55,712,659	8,421,005	9,137,319	73,270,983
2014	56,683,842	8,744,456	9,542,067	74,970,365

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

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Electric (1)											
Residential											
	Base Charge	$ 7.30	$ 7.37	$ 7.46	$ 7.70	$ 7.70	$ 7.70	$ 9.70	$ 9.70	$ 9.70	9.83
	All kWh	0.66790	0.07732	0.07622	0.08800	0.09300	0.09250	0.09589	0.09760	0.09748	0.10284
Commercial											
GSA1	Base Charge	$ 17.00	$ 17.17	$ 17.37	$ 17.93	$ 17.93	$ 17.93	$ 17.93	$ 17.93	$ 17.93	18.14
	All kWh	0.07382	0.08571	0.08432	0.09686	0.10211	0.10250	0.10805	0.10989	0.10977	0.11535
GSA2	Base Charge	$ 55.00	$ 55.56	$ 56.20	$ 58.00	$ 58.00	$ 58.00	$ 80.00	$ 80.00	$ 80.00	80.95
	1st 15,000 kWh	0.07746	0.08938	0.08803	0.10069	0.10594	0.10633	0.10967	0.11151	0.11139	0.11699
	Additional kWh	0.03935	0.04601	0.04557	0.05463	0.05873	0.05624	0.06139	0.06212	0.06201	0.06600
	kW, 51-1,000	10.93	12.55	12.25	13.31	13.65	14.58	14.58	14.93	14.93	15.42
GSA3	Base Charge	$ 150.00	$ 151.52	$ 153.28	$ 158.19	$ 158.19	$ 158.19	$ 200.00	$ 200.00	$ 200.00	202.38
	All kWh	0.04087	0.04754	0.04712	0.05623	0.06033	0.05784	0.06277	0.06350	0.06339	0.06739
	kW, 0 - 1,000	10.09	11.95	11.61	12.69	13.05	14.03	14.03	14.40	14.40	14.89
	kW, 1,001 - 5,000	12.02	14.27	13.88	15.17	15.59	16.75	16.75	17.18	17.18	17.76
Outdoor Light											
	All kWh	$ 0.04622	$ 0.05265	$ 0.05166	$ 0.05943	$ 0.06368	$ 0.06110	$ 0.06429	$ 0.06524	$ 0.06512	0.06926
Water											
Minimum Bill (0-2,000 gallons)		$ 8.01	$ 8.01	$ 9.65	$ 11.50	$ 11.50	$ 11.50	$ 11.50	$ 13.50	$ 13.50	14.85
Next 8,000 gallons per 1,000 gallons		3.10	3.10	3.75	4.55	4.55	4.55	4.55	5.25	5.60	6.16
Next 40,000 gallons per 1,000 gallons		2.77	2.77	3.35	4.05	4.05	4.05	4.05	4.55	5.10	5.61
Next 150,000 gallons per 1,000 gallons		2.29	2.29	2.75	3.20	3.20	3.20	3.20	3.75	5.10	4.57
Next 800,000 gallons per 1,000 gallons		1.90	1.90	2.30	3.20	3.20	3.20	3.20	3.75	5.10	4.57
Next 1,000,000 gallons per 1,000 gallons		1.56	1.56	2.30	3.20	3.20	3.20	3.20	3.75	5.10	4.57
Wastewater											
Minimum Bill (0-2,000 gallons)		$ 10.50	$ 11.50	$ 11.50	$ 13.50	$ 13.50	$ 13.50	$ 13.50	$ 18.50	$ 18.50	21.28
Next 8,000 gallons per 1,000 gallons		3.75	4.13	4.13	5.15	5.15	5.15	5.15	6.45	7.75	8.91
Next 40,000 gallons per 1,000 gallons		5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75	8.91
Next 50,000 gallons per 1,000 gallons		5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75	8.91
Next 4,999,900 gallons per 1,000 gallons		5.05	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75	8.91
All over 5,000,000 gallons per 1,000 gallons		5.90	5.55	5.55	6.45	6.45	6.45	6.45	7.75	7.75	8.91

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

	Electric				Water		Wastewater	
Fiscal Year	Residential	Small Lighting and Power	Large Lighting and Power	Street and Outdoor Lighting	Residential	Commercial	Residential	Commercial
2005	13,042	1,731	346	61	11,019	1,492	10,740	1,169
2006	13,096	1,797	339	64	11,160	1,518	10,866	1,167
2007	13,542	1,817	345	61	11,285	1,568	11,007	1,190
2008	13,556	1,787	342	60	11,313	1,561	11,032	1,176
2009	13,608	1,840	354	61	11,260	1,634	10,990	1,197
2010	13,673	1,869	367	61	11,285	1,634	11,017	1,201
2011	14,004	1,793	377	61	11,285	1,661	11,022	1,209
2012	13,901	1,814	363	61	11,244	1,677	10,978	1,219
2013	13,908	1,826	376	62	11,250	1,658	10,982	1,207
2014	13,961	1,803	393	62	11,216	1,668	10,948	1,199

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

	2014					2005				
Customer	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
Energy Solutions (AKA Scientific Ecology, GTS Duratek, Manufacturing Sciences)	98,155	31,011,172	$ 2,042,225	1	3.66%	(1)	21,811,514	$ 1,105,856	3	3.15%
City of Oak Ridge	67,231	25,159,212	3,025,566	2	5.43%	58,950	11,584,841	1,886,662	1	5.38%
US Department of Energy	60,982	33,284,325	2,690,476	3	4.83%	17,092	8,173,180	500,710	7	1.43%
Methodist Medical Center	53,468	26,267,026	2,504,934	4	4.49%	43,938	12,087,109	1,371,242	2	3.91%
Oak Ridge Board Of Education	39,729	14,106,516	1,529,963	5	2.74%	33,222	2,565,001	862,065	6	2.46%
USEC Inc.	33,873	17,287,997	1,638,742	6	2.94%	-	-	-		-
Oak Ridge Project LLC	29,260	14,252,000	1,338,371	7	2.40%	-	-	-		-
Oak Ridge Tech Ctr	18,751	7,876,067	789,903	8	1.42%	-	-	-		-
BWXT Y-12	15,714	6,539,322	653,134	9	1.17%	17,432	8,169,238	475,962	9	1.36%
Advanced Measurement	14,321	7,511,400	687,798	10	1.23%	15,450	8,307,500	492,638	8	1.41%
Rogers Group Inc.	-	-	-		-	22,680	4,511,167	442,468	10	1.26%
BNFL	-	-	-		-	30,302	6,520,000	1,010,098	5	2.88%
Boeing	-	-	-		-	(1)	21,466,016	1,033,415	4	2.95%
Total			$ 14,858,887		26.65%			$ 8,075,260		23.04%

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

AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0

American Water Works Association.
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? Click to access definition
+ Click to add a comment

Water Audit Report for: City of Oak Ridge, Tennessee (0000522)
Reporting Year: 2014 7/2013 - 6/2014

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 (n/a or 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

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

Master Meter and Supply Error Adjustments

WATER SUPPLIED

<---------- Enter grading in column 'E' and 'J' ---------->

						Pcnt:	Value:	
Volume from own sources:	8	2,984.107	MG/Yr	5		0.09%		MG/Yr
Water imported:	10	21.049	MG/Yr	5		1.00%		MG/Yr
Water exported:	n/a	0.000	MG/Yr					MG/Yr

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER SUPPLIED: 3,002.264 MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

				Pcnt:	Value:	
Billed metered:	7	2,523.868	MG/Yr			
Billed unmetered:	n/a	0.000	MG/Yr			
Unbilled metered:	n/a	0.000	MG/Yr			
Unbilled unmetered:	10	84.070	MG/Yr		84.070	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

Use buttons to select percentage of water supplied **OR** value

AUTHORIZED CONSUMPTION: ? 2,607.938 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

394.326 MG/Yr

Apparent Losses

				Pcnt:	Value:	
Unauthorized consumption:		7.506	MG/Yr	0.25%		MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	9	78.058	MG/Yr	3.00%		MG/Yr
Systematic data handling errors:	6	15.151	MG/Yr		15.151	MG/Yr

Apparent Losses: ? 100.714 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: ? 293.612 MG/Yr

WATER LOSSES: 394.326 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: ? 478.396 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	7	263.0	miles
Number of active AND inactive service connections:	7	13,168	
Service connection density:		50	conn./mile main

Are customer meters typically located at the curbstop or property line? Yes

Average length of customer service line: (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure:	5	80.0	psi

COST DATA

Total annual cost of operating water system:	7	$8,021,262	$/Year	
Customer retail unit cost (applied to Apparent Losses):	8	$7.11	$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	7	$825.52	$/Million gallons	☐ Use Customer Retail Unit Cost to value real losses

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

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0
American Water Works Association.
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Water Audit Report for: City of Oak Ridge, Tennessee (0000522)
Reporting Year: 2014 7/2013 - 6/2014

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 75 out of 100 ***

System Attributes:

	Apparent Losses:	100.714	MG/Yr
+	Real Losses:	293.612	MG/Yr
=	Water Losses:	394.326	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	99.22	MG/Yr
	Annual cost of Apparent Losses:	$716,080	
	Annual cost of Real Losses:	$242,382	Valued at Variable Production Cost

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	15.9%	
	Non-revenue water as percent by cost of operating system:	12.8%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	20.95	gallons/connection/day
	Real Losses per service connection per day:	61.09	gallons/connection/day
	Real Losses per length of main per day*:	N/A	
	Real Losses per service connection per day per psi pressure:	0.76	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	293.61	million gallons/year
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	2.96	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

City of Oak Ridge, Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor	Program Title	CFDA Number	Contract Number	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
Federal Awards							
Direct Federal Awards							
U.S. Department of Energy	Police Patrolling Services	81.502	DE-SC0004894	$ (150,000)	$ 150,000	$ 446,538	$ (446,538)
U.S. Department of Energy	Center for Oak Ridge Oral History	81.049	DE-SC0000033	(56,618)	128,889	80,825	(8,554)
U.S. Department of Housing and Urban	Community Development Block Grant (HUD)	14.218	B-11-MC-470010				
			B-12-MC-470010	(59,665)	297,642	259,580	(21,603)
U.S. Department of Housing and Urban	Economic Development Initiative	14.251	B-09-SP-TN-0160	(64,146)	88,746	35,248	(10,648)
U.S. Department of the Interior	Preserve America Grant	15.929	47-08-AP-4038	(14,310)	14,310	-	-
U.S. Department of Justice	Public Safety Communications System - Law Enforcement	16.58	2008-DD-BX-0186	904,327	-	207,211	697,116
U.S. Department of Justice	Grants Admin Div.- Law Enforcement Technology	16.58	2008CKWX0546	140,295	-	30,963	109,332
Environmental Protection Agency	West End Water	66.202	XP-95452410-0	(248,000)	248,000	15,854	(15,854)
	Total direct federal awards			451,883	927,587	1,076,219	303,251
Pass-Through Programs							
U.S. Department of Housing and Urban Through TN Housing Development Agency	Homeless Emergency Solution Grants	14.231	ESG-12-19	$ (8,112)	$ 39,465	$ 31,353	$ -
U. S. Department of Energy Through TN Department of Military	Emergency Management Planning, Fire Department	81.214	34101-21613	(16,000)	16,000	-	-
U. S. Department of Energy Through TN Department of Environment &		81.502	32701-00830	-	59,104	29,843	29,261
	Tennessee Oversight Interlocal Areement Services	81.502	32701-01419	(44,617)	83,213	87,734	(49,138)
	Total Program 81.502			(44,617)	142,317	117,577	(19,877)
National Highway Traffic Safety TN Department of Transportation	Governor's Highway Safety	20.607	Z13GHS240	(5,049)	10,074	5,025	-
	Governor's Highway Safety	20.607	Z14GHS263	-	6,025	15,482	(9,457)
	Total Program 20.607			(5,049)	16,099	20,507	(9,457)
Environmental Protection Agency, Office of Through TN Department of Environment and	Capitalization Grants for Clean Water State Revolving Funds	66.458	CS470001XX	-	3,568,377	5,180,419	(1,612,042)
	Total indirect federal awards			(73,778)	3,782,258	5,349,856	(1,641,376)
	Total federal awards			378,105	4,709,845	6,426,075	(1,338,125)

City of Oak Ridge, Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
For the Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor	Program Title	CFDA Number	Contract Number	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
State Financial Assistance							
Tennessee Department of Agriculture	Farmers Market Grant	N/A	DG-1338296	$ -	$ 1,467	$ 1,467	$ -
Tennessee Emergency Communication Board	Adjunct Necessary Equipment Tier I/II	N/A	N/A	-	664,282	449,348	214,934
Tennessee Department of Environment & Conservation	Clean TN Energy Grant	N/A	32701-01710	-	-	4,185	(4,185)
Tennessee Department of Transportation	Operating Assistance Project	N/A	GG 11-33710-00	(41,785)	41,785	-	-
Tennessee Department of Transportation	Operating Assistance Project	N/A	GG 13-34064-00	(42,662)	72,102	29,440	-
Tennessee Department of Transportation	Operating Assistance Project	N/A	GG 14-39908-00	-	35,902	76,510	(40,608)
	Total state financial assistance			(84,447)	815,538	560,950	170,141
	Total federal awards and state financial assistance			$ 293,658	$ 5,525,383	$ 6,987,025	$ (1,167,984)

1. LOANS OUTSTANDING

At June 30, 2014, there were outstanding balances of $3,547,607 on loans obtained through the State Revolving Loan Fund. The loans are 80% federally funded. Payments during the current fiscal year totaled $15,227,477.

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the City of Oak Ridge under programs of the federal and state governments for the year ended June 30, 2014. The schedule is presented using the modified accrual basis of accounting. The schedule excludes the Oak Ridge City Schools federal and state grant activity which is presented in a separate report.

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Oak Ridge, Tennessee (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2015. Our report includes a reference to other auditors who audited the financial statements of the School Fund, the School Equipment Replacement Fund, the Oak Ridge Public Schools Education Foundation, Inc., and the Scholarship Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

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

Internal Control over Financial Reporting (continued)

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

Compliance and Other Matters

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

Purpose of Report

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

Coulter & Justus, P.C.

Knoxville, Tennessee
January 30, 2015

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Report of Independent Auditors on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited compliance of the City of Oak Ridge, Tennessee (the City) 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, 2014. 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the operations of the School Fund or the School Equipment Replacement Fund because those funds engaged other auditors to perform audits and report separately in accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of 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, 2014.

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

Other Reporting Required by Government Auditing Standards

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

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

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

Purpose of Report

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

Coulter & Justus, P.C.

Knoxville, Tennessee
January 30, 2015

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Section I -- Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None reported
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements:	None reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	None reported

Identification of major programs:

CFDA	Name of Program
81.502	Police Patrolling Services
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

CITY OF OAK RIDGE, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Section II -- Financial Statement Findings

None reported.

Section III -- Federal Award Findings and Questioned Costs

None reported.

Section IV -- Summary Schedule of Prior Year Audit Findings

All prior year findings have been resolved.