

# **ANDERSON COUNTY, TENNESSEE**

*CUSIPs 033789 & 033790*

## **Continuing Disclosure Document**

For Fiscal Year - Ending  
June 30, 2017

The purpose of this document is to fulfill the continuing disclosure requirements of the Securities and Exchange Commission, Securities Act of 1934, Rule 15c2-12 (b) (5).

Dated: December 21, 2017

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

# INTRODUCTION

## PURPOSE

This document is being published by the Anderson County, Tennessee (the “County”) in compliance with the continuing disclosure requirements of the Securities and Exchange Commission Rule 15c2-12, which governs primary and secondary market disclosure as it applies to municipal bond issuers.

## INTENT

The intent of this Continuing Disclosure Document (the “Document”) is to provide relevant information to investors regarding changes or events which could affect the value of municipal securities. Under this ruling, municipal issuers must provide annual financial information and continuing notification of important developments that may affect the value of their municipal securities.

If you wish any further information on any of the prior five fiscal years, please contact the County’s Dissemination Agent at: Cumberland Securities Company, Inc., P.O. Box 24508, Knoxville, TN 37933; Telephone (865) 988-2663; Email [gretchen.pelham@cumberlandsecurities.com](mailto:gretchen.pelham@cumberlandsecurities.com).

## DISTRIBUTION

The County, in compliance with SEC Rule 15c2-12, is submitting this Document and a copy of its Comprehensive Annual Financial Report for fiscal year ending June 30, 2017, to the Electronic Municipal Market Access (EMMA) website for the Municipal Securities Rulemaking Board (MSRB) on [www.emma.msrb.org](http://www.emma.msrb.org).

## MATERIAL EVENT NOTICES

Listed below are eleven events that may trigger prompt notification rules if they are deemed to be of material importance to investors.

- \* Delinquencies on interest and principal payments
- \* Defaults unrelated to nonpayments
- \* Unexpected use of reserves due to financial problems
- \* Unscheduled draws on credit enhancements due to financial problems
- \* Change in banks or other providers of credit, or their failure to provide funds
- \* Adverse tax opinions or other events that affect the tax-exempt status of a bond
- \* Changes in the rights of a bond investor
- \* Bond calls
- \* Defeasance (where bonds are prepaid and the indenture is declared null and void)
- \* Release, substitution or sale of property securing debt service
- \* Changes in a bond’s credit rating
- \* Tender Offers
- \* Bankruptcy, insolvency, receivership or similar proceedings by issuer
- \* Consummation of a merger, consolidation or acquisition involving issuer
- \* Appointment of a successor or change of trustees

## DIRECTORY

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## **GENERAL INFORMATION**

### **LOCATION**

Anderson County (the "County") is located in the northeastern portion of the State of Tennessee. To the north, the County is bordered by Campbell County. Union and Knox Counties make up the County's eastern border while Roane County provides its southwestern border. Morgan and Scott County make up Anderson County's northwestern border. The City of Clinton, the county seat, is situated about 17 miles northwest of Knoxville. Other incorporated towns in the County are Lake City, Norris, Oliver Springs and Oak Ridge. The City of Oak Ridge is approximately 20 miles from the City of Knoxville.

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"

### **GENERAL**

Approximate land area of Anderson County is 216,320 acres with the proportion in farms being 57.0%. Major crops are tobacco, corn, wheat and rye. The County is located almost precisely in the center of the eastern half of the United States, equidistant between the southern-most tip of Florida and the northernmost corner of Maine. The area is also the population center of the country with more than 70 million people living within a 500-mile radius, only one day's drive from this central location. This makes Anderson County an ideal distribution center for more than 76% of the major markets in eastern America and a leading area in Tennessee, a state that ranks 15th in industry.

The County 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 (Knoxville and Farragut), Anderson (Oak Ridge and Clinton), Blount (Maryville and Alcoa), Campbell (LaFollette), Grainger (Rutledge), Loudon (Loudon), Morgan (Wartburg), Roane (Harriman) and Union (Maynardville) Counties.

The County 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 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 three school systems located within the County. *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 2015 enrollment of about 6,605 students for 479 teachers. The *Oak Ridge City School System* operates seven schools covering pre-school through 12. The fall 2015 enrollment was about 4,479 students with 302 teachers. In addition to the City system, a parochial school also exists within the County covering grades one through eight with an enrollment of approximately 200 students. The *Clinton City School System* operates three elementary schools. The fall 2015 enrollment was about 915 students with 62 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. 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.

*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 2016 enrollment was about 5,780 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 school. 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 2015 enrollment was 502 students.

*Source:* Tennessee Technology Center at Harriman.

## **MEDICAL**

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.

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 the largest employer in the area. The organization is governed by a voluntary board of directors composed of community leaders and medical professionals.

*Source:* Covenant Health and Methodist 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. In 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 electromagnetic 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 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 County 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 DOE in Oak Ridge 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.

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.

Oak Ridge National Lab. 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 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 (described below) 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 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.

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 five supercomputers, the currently under construction "Summit", the as of yet unnamed exascale computer, 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 fully operational by early 2019) 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. Titan is able to make about 27 quadrillion calculations per second, measured as 27 petaflops. Summit will expand that capability to around 200 petaflops. Due to the energy that the new supercomputer will produce while computing 200 petaflops, Summit will produce more heat per square centimeter than tiles on the bottom of a spaceship re-entering Earth's atmosphere. Therefore,

Summit will be cooled by water pumped through plates that sit on top of the computer's chips. In all, Summit will use up to 15 megawatts, equivalent to the power 9,000 to 18,000 homes would consume, depending on the time of day. At peak, Titan uses about 9 megawatts.

And the yet-unnamed exascale computer (which will be the world's first) ORNL hopes to build by 2021 and will be 50 times faster than the fastest supercomputer in use today. This exascale computer will take the place of Titan.

The National Oceanic and Atmospheric Administration (the "NOAA") sponsors 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 (and was ranked the fastest supercomputer in the world in 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. The total cost of the "Titan" was estimated to be about \$100 million.

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".

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.

Tennessee Valley Authority (the "TVA"). TVA provides support, technology, expertise, and financial resources to existing businesses and industries in its service area, including the County, 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 has 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 plant. 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-25 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 equated 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. The National Nuclear Security Administration (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 in 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<sub>2</sub>) emissions, Bull Run burns a blend of low-sulfur coal. Construction of a scrubber to further reduce SO<sub>2</sub> began in 2005 and is scheduled for completion in 2009. To reduce nitrogen oxides (NO<sub>x</sub>), 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<sub>2</sub>) emissions, all nine units use a blend of low-sulfur coal. Scrubbers were added to the units to further reduce SO<sub>2</sub>. 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.

*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.

*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 County, and a few parks which were developed by private firms. 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. All of the park's 28 sites, totaling approximately 80 acres, have been sold to industries.

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. The Technical Center is a 262,000-square foot office complex consisting of five structures, all of which are fully leased.

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 designed to provide building sites and amenities desired by high-tech companies while still preserving the area's scenic beauty. There is one corporate headquarters located in the park, Carbon Fiber Technology, which opened in 2013.

The *Valley Industrial Park*, a 90-acre site has more than 20 industrial facilities located within the Park. 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.

Listed below are the larger employers located in the County:

<b>Major Employers in Anderson County<sup>1</sup></b>		
<b><u>Name</u></b>	<b><u>Product</u></b>	<b><u>Employment</u></b>
Y-12 National Security Complex	National Security	4,800
Oak Ridge National Lab <sup>2</sup>	National Security	4,327
UCOR	Environmental Management	1,640
Oak Ridge Schools	Public School System	1,323
SamLip (SL) Tennessee	Manufacturing	1,200
Methodist Medical Center	Health Care	1,200
Anderson County Schools	Education	1,050
SiTel	Customer Service Centers	1,000
Aisin Automotive Casting	Automotive Parts	825
Eagle Bend Manufacturing	Manufacturing	800
Oak Ridge Associated Universities	Research & Development	800
Science Applications, Int'l. Corp.	IT Research & Engineering	546
Anderson County	Government	515
ORNL Federal Credit Union	Financial Institution	504
Carlstar Group	Tire Manufacturing	500
Energy Solutions	Nuclear Engineering Services	473
City of Oak Ridge	Government Administration	461
Leidos Engineering	National Security & Engineering	375

<sup>1</sup> Contains employers located in both the counties the City of Oak Ridge lies in.

<sup>2</sup> ORNL is a joint venture of University of Tennessee and Battelle

Source: Knoxville News Sentinel, Anderson County Audit and the City of Oak Ridge – 2017.

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## EMPLOYMENT INFORMATION

For the month of October 2017, the unemployment rate for Oak Ridge stood at 3.1% with 13,890 persons employed out of a labor force of 14,330. For the month of October 2017, the unemployment rate for Anderson County stood at 3.3% with 33,230 persons employed out of a labor force of 34,360.

The Knoxville MSA's unemployment for October 2017 was at 2.9% with 406,390 persons employed out of a labor force of 418,320. As of October 2017, the unemployment rate in the Knoxville-Sevierville-Harriman CSA stood at 2.9%, representing 521,790 persons employed out of a workforce of 537,270.

	Unemployment				
	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average
	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
National	8.1%	7.4%	6.2%	5.3%	4.9%
Tennessee	8.0%	8.2%	6.7%	5.8%	4.8%
<b>Oak Ridge</b>	<b>7.4%</b>	<b>7.6%</b>	<b>6.2%</b>	<b>5.3%</b>	<b>4.6%</b>
Index vs. National	91	103	100	100	94
Index vs. State	92	93	93	91	96
<b>Anderson County</b>	<b>7.8%</b>	<b>7.9%</b>	<b>6.8%</b>	<b>6.0%</b>	<b>5.0%</b>
Index vs. National	96	107	110	113	102
Index vs. State	97	96	101	103	104
<b>Knoxville MSA</b>	<b>6.6%</b>	<b>6.9%</b>	<b>6.2%</b>	<b>5.4%</b>	<b>4.5%</b>
Index vs. National	81	93	100	102	92
Index vs. State	82	84	93	93	94
<b>Knoxville-Sevierville- Harriman CSA</b>	<b>7.5%</b>	<b>7.7%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>4.7%</b>
Index vs. National	93	104	105	123	96
Index vs. State	94	94	97	112	98

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

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## ECONOMIC DATA

### Per Capita Personal Income

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
National	\$42,453	\$44,267	\$44,462	\$46,414	\$48,112
Tennessee	\$37,452	\$38,771	\$38,806	\$40,233	\$42,094
<b>Anderson County</b>	<b>\$35,912</b>	<b>\$36,160</b>	<b>\$35,840</b>	<b>\$36,972</b>	<b>\$38,637</b>
Index vs. National	85	82	81	80	80
Index vs. State	96	93	92	92	92
<b>Knoxville MSA</b>	<b>\$36,331</b>	<b>\$37,981</b>	<b>\$37,764</b>	<b>\$39,188</b>	<b>\$40,870</b>
Index vs. National	86	86	85	84	85
Index vs. State	97	98	97	97	97
<b>Knoxville-Sevierville-Harriman CSA</b>	<b>\$34,882</b>	<b>\$36,329</b>	<b>\$36,275</b>	<b>\$37,595</b>	<b>\$39,187</b>
Index vs. National	82	82	82	81	81
Index vs. State	93	94	93	93	93

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

### Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Anderson County</u>	<u>Clinton</u>	<u>Oak Ridge</u>
Median Value Owner Occupied Housing	\$178,600	\$142,100	\$131,200	\$144,200	\$149,800
% High School Graduates or Higher Persons 25 Years Old and Older	86.70%	85.50%	85.1%	87.3%	91.9%
% Persons with Income Below Poverty Level	13.50%	16.70%	19.7%	13.4%	16.9%
Median Household Income	\$53,889	\$45,219	\$42,880	\$40,729	\$49,100

Source: U.S. Census Bureau State & County QuickFacts - 2015.

## 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 recreational 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

*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.

*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 plant. 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.

*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.* 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.

*Samlip Tennessee.* An automotive parts supplier, Samlip Tennessee, will invest \$80.5 million and create 1,000 jobs to expand its Clinton facility in the Eagle Bend Industrial Park, which was operational in 2015. This 2015 expansion added 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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**ANDERSON COUNTY, TENNESSEE**  
SUMMARY OF BONDED INDEBTEDNESS

				As of June 30, 2017
AMOUNT ISSUED	PURPOSE (1)	DUE DATE	INTEREST RATE(S)	AMOUNT OUTSTANDING
\$ 1,700,000	Loan Agreement, Series 2001	May 2021	Variable	\$ 499,000
3,000,000	Loan Agreement, Series 2006	May 2025	Variable	1,476,000
2,450,000	General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds)	May 2028	Fixed	1,625,000
1,750,000	General Obligation Refunding Bonds, Series 2011A	May 2019	Fixed	610,000
14,750,000	General Obligation Bonds, Series 2011D	May 2029	Fixed	7,175,000
8,030,000	General Obligation Refunding Bonds, Series 2017	May 2035	Fixed	8,030,000
1,400,000	General Obligation Capital Outlay Notes, Series 2017A	June 2029	Fixed	1,400,000
7,535,000	(2) Rural School Refunding Bonds, Series 2010B	May 2026	Fixed	7,210,000
2,050,000	(2) Rural Elementary School Refunding Bonds, Series 2011B	May 2019	Fixed	230,000
2,000,000	(2) Rural Elementary School Bonds, Series 2011E	May 2031	Fixed	1,850,000
352,931	(2) Rural Elementary School Loan, Series 010-002 (EESI)	2022	Fixed	182,353
2,050,000	(2) Rural Elementary School Ref. Bonds, Series 2013	March 2018	Fixed	330,000
4,505,215	(2) Rural Elementary School Loan, Series 2014A	May 2031	Fixed	4,010,000
6,205,000	(3) Rural High School Refunding Bonds, Series 2010C	May 2025	Fixed	5,460,000
8,000,000	(3) Rural High School Bonds, Series 2011F	May 2031	Fixed	7,515,000
4,890,000	(3) Rural High School Ref. Bonds, Series 201	March 2018	Fixed	465,000
5,180,000	(3) Rural High School Loan, Series 2014B	May 2031	Fixed	4,560,000
1,200,000	(3) Rural High School Note, Series 2016	April 2019	Fixed	832,000
489,502	(4) Energy Efficient Note, Series 2011	November 2021	Fixed	216,202
352,931	(4) Energy Efficient Note, Series 2012	August 2022	Fixed	182,360
957,236	(4) Capital Lease, Series 2003	December 2020	Fixed	336,162
<u>\$ 78,847,815</u>	<b>TOTAL BONDED DEBT (1)</b>			<u>\$ 54,194,077</u>

**NOTES:**

- (1) The above figures do not include all short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report". Excludes USDA Loan of \$125,000 payable from the Public Library Fund (\$118,455 outstanding) or \$223,225 Note payable through Ambulance Service Fund (\$163,000 outstanding) or \$501,365 Capital Lease for Phone System payable from General Debt Service Fund (\$234,006 outstanding).
- (2) Payable from Rural School Debt Service Fund (Elementary).
- (3) Payable from Education Debt Service Fund (High School).
- (4) Payable from General Purpose School Fund.

**ANDERSON COUNTY, TENNESSEE**  
Indebtedness and Debt Ratios

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are attached herein 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 document.

For the Fiscal Year Ended June 30					
<b>INDEBTEDNESS</b>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>TAX SUPPORTED</b>					
G.O. Bonds & Notes - County-Wide and Schools	\$21,639,000	\$22,002,741	\$21,368,727	\$20,402,997	\$21,549,724
G.O. Bonds - Rural Elementary School	12,475,000	16,320,215	15,475,000	14,565,000	13,812,353
G.O. Bonds - Rural High School	16,450,000	20,940,000	20,020,000	20,225,000	18,832,000
<b>TOTAL TAX SUPPORTED</b>	<b>50,564,000</b>	<b>59,262,956</b>	<b>56,863,727</b>	<b>55,192,997</b>	<b>54,194,077</b>
<b>TOTAL DEBT</b>	<b>50,564,000</b>	<b>59,262,956</b>	<b>56,863,727</b>	<b>55,192,997</b>	<b>54,194,077</b>
Less: D.S. Fund - County-Wide					
Less: D.S. Fund - Rural Elementary School	(2,520,389)	(2,755,631)	(2,981,887)	(3,133,536)	(3,306,294)
(Includes Notes Due to Fund)	(209,560)	(12,376)	(60,433)	(86,842)	(370,959)
Less: D.S. Fund - Rural High School (Includes Notes Due to Fund)	(2,049,244)	(2,256,378)	(1,755,208)	(1,654,410)	(1,239,027)
<b>NET DIRECT DEBT</b>	<b>45,994,367</b>	<b>54,250,947</b>	<b>52,126,632</b>	<b>50,405,051</b>	<b>49,648,756</b>
<b>OVERLAPPING DEBT - (1)</b>	<b>97,423,704</b>	<b>93,188,335</b>	<b>100,214,617</b>	<b>74,661,052</b>	<b>71,170,154</b>
<b>NET DIRECT &amp; OVERLAPPING DEBT</b>	<b>143,418,071</b>	<b>147,439,282</b>	<b>152,341,249</b>	<b>125,066,103</b>	<b>120,818,911</b>
<b>PROPERTY TAX BASE</b>					
County-Wide					
Estimated Actual Value	\$ 5,640,586,826	\$ 5,720,496,455	\$ 5,715,272,032	\$ 5,473,537,110	\$ 5,611,802,105
Estimated Appraised Value	5,640,586,826	5,720,496,455	5,715,272,032	5,473,537,110	5,611,802,105
Estimated Assessed Value	1,621,362,073	1,647,794,297	1,648,263,620	1,589,995,204	1,636,077,168
Rural Elementary School - (2)					
Estimated Actual Value	\$ 2,451,276,020	\$ 2,455,217,421	\$ 2,457,662,008	\$ 2,280,022,069	\$ 2,292,182,241
Estimated Appraised Value	2,451,276,020	2,455,217,421	2,457,662,008	2,280,022,069	2,292,182,241
Estimated Assessed Value	654,842,231	655,154,586	656,457,495	611,592,164	614,500,212
Rural High School - (3)					
Estimated Actual Value	\$ 3,483,954,920	\$ 3,533,921,985	\$ 3,535,769,809	\$ 3,359,814,636	\$ 3,488,284,838
Estimated Appraised Value	3,483,954,920	3,533,921,985	3,535,769,809	3,359,814,636	3,488,284,838
Estimated Assessed Value	976,464,995	991,666,247	992,798,568	949,574,167	992,512,938

(1) OVERLAPPING DEBT includes that portion of debt incurred by the Cities of Clinton and portions of Oak Ridge, Oliver Springs and Rocky Top in Anderson County.

(2) Includes only property located outside the corporate limits of the Cities of Clinton and Oak Ridge.

(3) Includes only property located outside the corporate limits of the City of Oak Ridge.

<b>DEBT RATIOS - COUNTY-WIDE</b>	<b>For the Fiscal Year Ended June 30</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
TOTAL DEBT to Estimated Actual Value	0.90%	1.04%	0.99%	1.01%	0.97%
TOTAL DEBT to Appraised Value	0.90%	1.04%	0.99%	1.01%	0.97%
TOTAL DEBT to Assessed Value	3.12%	3.60%	3.45%	3.47%	3.31%
NET DIRECT DEBT to Estimated Actual Value	0.82%	0.95%	0.91%	0.92%	0.88%
NET DIRECT DEBT to Appraised Value	0.82%	0.95%	0.91%	0.92%	0.88%
NET DIRECT DEBT to Assessed Value	2.84%	3.29%	3.16%	3.17%	3.03%
OVERLAPPING DEBT to Estimated Actual Value	1.73%	1.63%	1.75%	1.36%	1.27%
OVERLAPPING DEBT to Appraised Value	1.73%	1.63%	1.75%	1.36%	1.27%
OVERLAPPING DEBT to Assessed Value	6.01%	5.66%	6.08%	4.70%	4.35%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	2.54%	2.58%	2.67%	2.28%	2.15%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	2.54%	2.58%	2.67%	2.28%	2.15%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	8.85%	8.95%	9.24%	7.87%	7.38%
<b>PER CAPITA RATIOS - COUNTY-WIDE</b>					
POPULATION (1)	75,411	75,468	75,528	75,749	75,936
PER CAPITA PERSONAL INCOME (2)	\$35,840	\$36,972	\$38,637	\$38,637	\$38,637
Estimated Actual Value to POPULATION	74,798	75,800	75,671	72,259	73,902
Assessed Value to POPULATION	21,500	21,834	21,823	20,990	21,545
TOTAL DEBT to POPULATION	671	785	753	729	714
NET DIRECT DEBT to POPULATION	610	719	690	665	654
OVERLAPPING DEBT to POPULATION	1,292	1,235	1,327	986	937
NET DIRECT & OVERLAPPING DEBT to POPULATION	1,902	1,954	2,017	1,651	1,591
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	28.51%	28.93%	28.89%	27.71%	28.37%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	0.89%	1.04%	1.00%	0.96%	0.94%
OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	3.60%	3.34%	3.43%	2.55%	2.43%
NET DIRECT & OVERLAPPING DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	5.31%	5.28%	5.22%	4.27%	4.12%

(1) Computations are based upon estimates extracted from Tennessee Association of Business publications and Bureau of the Census Information.

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

<b>DEBT RATIOS - RURAL ELEMENTARY SCHOOL</b>	<b>For the Fiscal Year Ended June 30</b>				
	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>
TOTAL DEBT to Estimated Actual Value	0.51%	0.66%	0.63%	0.64%	0.60%
TOTAL DEBT to Appraised Value	0.51%	0.66%	0.63%	0.64%	0.60%
TOTAL DEBT to Assessed Value	1.91%	2.49%	2.36%	2.38%	2.25%
NET DIRECT DEBT to Estimated Actual Value	0.50%	0.66%	0.63%	0.64%	0.59%
NET DIRECT DEBT to Appraised Value	0.50%	0.66%	0.63%	0.64%	0.59%
NET DIRECT DEBT to Assessed Value	1.87%	2.49%	2.35%	2.37%	2.19%
<b>PER CAPITA RATIOS - RURAL ELEMENTARY SCHOOL</b>					
POPULATION (1)	36,084	36,276	36,177	36,398	36,585
PER CAPITA PERSONAL INCOME (2)	\$35,840	\$36,972	\$38,637	\$38,637	\$38,637
Estimated Actual Value to POPULATION	67,932	67,682	67,934	62,641	62,654
Assessed Value to POPULATION	67,932	67,682	67,934	62,641	62,654
TOTAL DEBT to POPULATION	346	450	428	400	378
NET DIRECT DEBT to POPULATION	340	450	426	398	367
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	0.96%	1.22%	1.11%	1.04%	0.98%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	0.95%	1.22%	1.10%	1.03%	0.95%

(1) Computations are based upon estimates extracted from Tennessee Association of Business publications and includes only that portion of the population residing outside the Cities of Clinton and Oak Ridge.

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



<b>DEBT RATIOS - RURAL HIGH SCHOOL</b>	<b>For the Fiscal Year Ended June 30</b>				
	<u><b>2013</b></u>	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>
TOTAL DEBT to Estimated Actual Value	0.47%	0.59%	0.57%	0.60%	0.54%
TOTAL DEBT to Appraised Value	0.47%	0.59%	0.57%	0.60%	0.54%
TOTAL DEBT to Assessed Value	1.68%	2.11%	2.02%	2.13%	1.90%
NET DIRECT DEBT to Estimated Actual Value	0.41%	0.53%	0.52%	0.55%	0.50%
NET DIRECT DEBT to Appraised Value	0.41%	0.53%	0.52%	0.55%	0.50%
NET DIRECT DEBT to Assessed Value	1.47%	1.88%	1.84%	1.96%	1.77%
<b><u>PER CAPITA RATIOS - RURAL HIGH SCHOOL</u></b>					
POPULATION (1)	45,992	46,165	46,226	46,447	46,634
PER CAPITA PERSONAL INCOME (2)	\$35,840	\$36,972	\$38,637	\$38,637	\$38,637
Estimated Actual Value to POPULATION	75,751	76,550	76,489	72,337	74,801
Assessed Value to POPULATION	75,751	76,550	76,489	72,337	74,801
TOTAL DEBT to POPULATION	358	454	433	435	404
NET DIRECT DEBT to POPULATION	313	405	395	400	377
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	1.00%	1.23%	1.12%	1.13%	1.05%
NET DIRECT DEBT Per Capita as a % of PER CAPITA PERSONAL INCOME	0.87%	1.09%	1.02%	1.03%	0.98%

(1) Computations are based upon estimates extracted from Tennessee Association of Business publications and includes only that portion of the population residing outside the City of Oak Ridge.

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

**ANDERSON COUNTY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS**

General Debt Service - Excludes Rural Elementary School and Rural High School  
Debt

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1)				% Total Principal Repaid
	<u>Principal</u>	<u>Interest (2)</u>	<u>Treasury Rebate</u>	<u>TOTAL</u>	
2018	\$ 936,000	\$ 679,003	\$ (27,409)	\$ 1,587,593	4.50%
2019	969,000	658,765	(25,725)	1,602,040	
2020	985,000	623,450	(23,837)	1,584,613	
2021	1,003,000	587,154	(21,805)	1,568,349	
2022	1,038,000	552,766	(19,600)	1,571,166	23.69%
2023	1,098,000	516,157	(17,063)	1,597,095	
2024	1,137,000	477,655	(14,525)	1,600,130	
2025	1,181,000	437,692	(11,900)	1,606,792	
2026	1,209,000	396,248	(9,188)	1,596,061	
2027	1,243,000	348,834	(6,248)	1,585,587	51.88%
2028	1,306,000	299,864	(3,216)	1,602,648	
2029	1,235,000	248,298	-	1,483,298	
2030	1,160,000	201,825	-	1,361,825	
2031	1,195,000	170,505	-	1,365,505	
2032	1,225,000	138,240	-	1,363,240	81.29%
2033	1,265,000	105,165	-	1,370,165	
2034	1,300,000	71,010	-	1,371,010	
2035	1,330,000	35,910	-	1,365,910	100.00%
	<u>\$ 20,815,000</u>	<u>\$ 6,548,537</u>	<u>\$ (180,514)</u>	<u>\$ 27,183,023</u>	

**NOTES:**

(1) The above figures do not include all short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the "Comprehensive Annual Financial Report". Excludes USDA Loan of \$125,000 payable from the Public Library Fund (\$118,455 outstanding) or \$223,225 Note payable through Ambulance Service Fund (\$163,000 outstanding) or \$501,365 Capital Lease for Phone System payable from General Debt Service Fund (\$234,006 outstanding).

(2) Includes the Gross Interest Cost on the General Obligation Bonds, Series 2010 (Federally Taxable Build America Bonds).

**ANDERSON COUNTY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS**

Rural Elementary School Debt - Excludes General Debt Service and  
Rural High School Debt

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2018	\$ 995,292	\$ 421,144	\$ 1,416,436	7.21%
2019	1,040,292	396,394	1,436,686	
2020	1,070,292	366,744	1,437,036	
2021	1,095,292	336,194	1,431,486	
2022	1,120,292	304,894	1,425,186	38.53%
2023	1,115,893	272,844	1,388,737	
2024	1,140,000	240,044	1,380,044	
2025	1,175,000	205,200	1,380,200	
2026	1,225,000	165,700	1,390,700	
2027	725,000	124,200	849,200	77.48%
2028	740,000	100,513	840,513	
2029	775,000	77,800	852,800	
2030	785,000	52,425	837,425	
2031	810,000	26,650	836,650	100.00%
	<u>\$ 13,812,353</u>	<u>\$ 3,090,744</u>	<u>\$ 16,903,097</u>	

**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 "Comprehensive Annual Financial Report".

**ANDERSON COUNTY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS**

Rural High School Debt - Excludes General Debt Service and Rural  
Elementary School Debt

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1)			% All Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2018	\$ 1,457,000	\$ 602,912	\$ 2,059,912	7.74%
2019	1,505,000	570,439	2,075,439	
2020	1,115,000	533,450	1,648,450	
2021	1,140,000	500,563	1,640,563	
2022	1,175,000	466,925	1,641,925	33.94%
2023	1,210,000	432,238	1,642,238	
2024	1,245,000	396,500	1,641,500	
2025	1,275,000	355,713	1,630,713	
2026	1,325,000	313,900	1,638,900	
2027	1,375,000	266,213	1,641,213	68.09%
2028	1,425,000	216,838	1,641,838	
2029	1,475,000	165,463	1,640,463	
2030	1,525,000	112,400	1,637,400	
2031	1,585,000	57,338	1,642,338	100.00%
	<u>\$ 18,832,000</u>	<u>\$ 4,990,889</u>	<u>\$ 23,822,889</u>	

**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 "Comprehensive Annual Financial Report".

**ANDERSON COUNTY, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS**  
General Debt Service - Paid by General Purpose School Fund  
As of June 30, 2017

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1) & (2)			% Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2018	\$ 173,925	\$ 37,650	\$ 211,575	23.67%
2019	185,856	27,605	213,461	48.97%
2020	199,222	16,224	215,446	76.08%
2021	114,119	3,346	117,465	91.62%
2022	55,709	-	55,709	99.20%
2023	5,893	-	5,893	100.00%
	<u>\$ 734,724</u>	<u>\$ 84,826</u>	<u>\$ 819,550</u>	

**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 "Comprehensive Annual Financial Report".

(2) Includes a Headstart Facilities Capital Lease due through December 1, 2020 outstanding in the amount of \$336,162.

## FINANCIAL INFORMATION

### INTRODUCTION

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### BASIS OF ACCOUNTING AND PRESENTATION

All governmental funds, expendable trust funds and agency 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.

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 ambulance service receivables.

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## FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The County 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 County. The following table depicts fund balances and retained earnings for the last five fiscal years ending June 30.

<b><u>For the Fiscal Year Ended June 30,</u></b>					
<b><u>Fund Type</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
<i>Governmental Funds:</i>					
General	\$ 6,140,901	\$ 7,858,162	\$ 9,217,686	\$10,485,984	\$ 9,985,258
Highway/Public Works	1,775,915	2,447,654	2,223,952	3,508,655	3,107,083
General Debt Service	2,520,389	2,755,631	2,981,887	3,133,536	3,306,294
Other Governmental	<u>8,632,200</u>	<u>4,408,662</u>	<u>3,972,661</u>	<u>4,010,570</u>	<u>4,833,546</u>
<b>Total</b>	<b><u>\$19,069,405</u></b>	<b><u>\$17,470,109</u></b>	<b><u>\$18,396,186</u></b>	<b><u>\$21,138,745</u></b>	<b><u>\$21,232,181</u></b>
<i>Proprietary Net Assets:</i>					
Ambulance Service Fund	\$2,259,285	\$1,401,323	\$1,365,780	\$ 908,334	\$ 559,610
Internal Service Fund	<u>64,117</u>	<u>494,068</u>	<u>266,904</u>	<u>266,904</u>	<u>460,543</u>
<b>Total</b>	<b><u>\$2,323,402</u></b>	<b><u>\$1,895,391</u></b>	<b><u>\$1,632,684</u></b>	<b><u>\$1,175,238</u></b>	<b><u>\$1,020,153</u></b>

Source: Comprehensive Annual Financial Reports of Anderson County, Tennessee.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues:</b>					
Local Taxes	\$ 15,881,502	\$ 16,539,125	\$ 16,607,353	\$ 16,851,499	\$ 17,131,579
Licenses and Permits	284,283	443,118	398,036	304,082	352,987
Fines, forfeitures and penalties	611,883	452,513	387,588	396,915	438,440
Charges for current services	447,224	458,406	519,444	606,285	580,808
Other local revenue	735,568	835,605	580,379	551,722	564,349
Fees Recv'd from County Officials	4,046,489	4,059,132	3,919,202	3,979,478	3,935,125
State of Tennessee	2,434,759	2,542,515	2,784,301	2,519,605	2,220,400
Federal Government	779,060	944,038	485,960	558,706	895,730
Groups	112,653	63,171	50,857	151,359	120,256
<b>Total Revenues</b>	<b>\$ 25,333,421</b>	<b>\$ 26,337,623</b>	<b>\$ 25,733,120</b>	<b>\$ 25,919,651</b>	<b>\$ 26,239,674</b>
<b>Expenditures:</b>					
General Government	\$ 3,515,206	\$ 3,362,978	\$ 3,856,931	\$ 3,481,537	\$ 3,878,980
Finance	2,719,463	2,709,820	2,752,163	2,909,277	3,044,210
Administration of Justice	3,367,071	3,010,385	2,888,317	3,085,247	2,941,456
Public Safety	11,833,176	11,984,442	12,039,921	12,209,507	12,964,072
Public Health & Welfare	1,204,118	1,188,297	1,263,752	1,146,239	1,138,713
Social, Cultural & Recreational Services	43,470	43,000	43,000	92,163	103,005
Agricultural & Natural Resources	194,312	210,497	209,216	231,371	243,121
Other Operations	1,188,106	1,047,169	824,956	848,332	1,377,228
Highways	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital Projects	303,232	714,130	409,328	194,992	698,502
<b>Total Expenditures</b>	<b>\$ 24,368,154</b>	<b>\$ 24,270,718</b>	<b>\$ 24,287,584</b>	<b>\$ 24,198,665</b>	<b>\$ 26,389,287</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 965,267	\$ 2,066,905	\$ 1,445,536	\$ 1,720,986	\$ (149,613)
<b>Other Sources and Uses:</b>					
Note / Lease Proceeds	\$ -	\$ -	\$ 501,365	\$ -	\$ -
Proceeds from Sale of Capital Assets	7,307	2,993	1,650	7,928	12,775
Insurance Recovery	7,829	8,345	19,300	19,389	6,704
Operating Transfers - In	175,564	230,407	200,000	-	-
Operating Transfers - Out	(750,880)	(591,389)	(808,327)	(480,005)	(370,592)
<b>Total Other Sources &amp; Uses</b>	<b>\$ (560,180)</b>	<b>\$ (349,644)</b>	<b>\$ (86,012)</b>	<b>\$ (452,688)</b>	<b>\$ (351,113)</b>
Net Change in Fund Balances	\$ 405,087	\$ 1,717,261	\$ 1,359,524	\$ 1,268,298	\$ (500,726)
<b>Fund Balance July 1</b>	<b>5,735,814</b>	<b>6,140,901</b>	<b>7,858,162</b>	<b>9,217,686</b>	<b>10,485,984</b>
<b>Fund Balance June 30</b>	<b>\$ 6,140,901</b>	<b>\$ 7,858,162</b>	<b>\$ 9,217,686</b>	<b>\$ 10,485,984</b>	<b>\$ 9,985,258</b>

Source: Comprehensive Annual Financial Report for Anderson County, Tennessee.



## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle County 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. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% 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. All collateral must be held in a third party escrow account for the benefit of the County. For reporting purposes, all investments are stated at cost which approximates market value. The County Trustee is responsible for the administration of all County investments.

## **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 value 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 1 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 10 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 on-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 and the County, property in the County reflected a ratio of appraised value to true market value of 1.00. The following table shows pertinent data for tax year 2016<sup>1</sup>.

<u>Class</u>	<u>Assessed Valuation</u>	<u>Rate</u>	<u>Appraised Value</u>
Public Utilities	\$ 46,539,836	55%	\$ 106,433,697
Commercial and Industrial	498,727,400	40%	1,246,818,500
Personal Tangible	157,034,257	30%	523,447,208
Residential and Farm	<u>933,775,675</u>	25%	<u>3,735,102,700</u>
<b>Total</b>	<b><u>\$1,636,077,168</u></b>		<b><u>\$5,611,802,105</u></b>

Source: 2016 Tax Aggregate Report of Tennessee and the County.

The estimated assessed value of property in the County for the fiscal year ending June 30, 2017 (Tax Year 2016) is \$1,636,077,168 compared to \$1,589,995,204 for the fiscal year ending June 30, 2016 (Tax Year 2015). The estimated actual value of all taxable property for Tax Year 2016 is \$5,611,802,105 compared to \$5,473,537,110 for Tax Year 2015.

*Property Tax Rates and Collections - County-Wide.* The following table shows the property tax rates and collections of the County for Tax Years 2013 through 2017 as well as the aggregate uncollected balances for each fiscal year ending June 30.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year <sup>1</sup>	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	as of June 30, 2017 Amount	Pct
2013	\$1,647,794,297	\$2.529	\$40,226,997	\$37,697,807	93.7%	\$ 199,431	0.5%
2014	1,648,263,620	2.529	40,044,880	37,953,500	94.8%	359,409	0.9%
2015	1,589,995,204	2.7903	42,877,374	40,768,406	95.1%	574,965	1.3%
2016	1,636,077,168	2.7903	44,203,194	41,919,681	94.8%	2,283,513	5.2%
2017	1,636,077,168*	2.7903	45,651,459*	IN PROCESS			

\* Estimated

<sup>1</sup> The tax year coincides with the calendar year, therefore, tax year 2017 is actually fiscal year 2017-2018.

*Ten Largest Taxpayers.* For the fiscal year ending June 30, 2017 (tax year 2016), the ten largest taxpayers in the City were as follows:

<u><b>Taxpayer</b></u>	<u><b>Type of Business</b></u>	<u><b>Assessed Valuation</b></u>	<u><b>Taxes Levied</b></u>
1. Samlip Tennessee	Automotive	\$ 37,361,701	\$1,030,773
2. Oak Ridge Project (Y-12)	Manufacturing	36,006,346	934,185
3. Magna International	Manufacturing	18,712,166	516,250
4. Aisin Automotive	Automotive	15,399,275	424,851
5. Summit Properties	Real Estate	13,439,260	371,391
6. R&R Properties	Real Estate	11,958,480	310,263
7. Methodist Medical Center	Hospital	11,308,320	294,202
8. Wal-Mart	Retail	9,592,267	258,013
9. General Motors LLC	Automotive	9,206,260	253,992
10. Bell South	Telecommunications	<u>9,285,520</u>	<u>250,946</u>
<b>TOTAL</b>		<b><u>\$172,269,595</u></b>	<b><u>\$4,644,866</u></b>

*Source:* Comprehensive Annual Financial Reports of Anderson County, Tennessee.

## **PENSION PLANS**

Employees of Anderson County are members of the Political Subdivision Pension Plan (PSP), 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. 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 five 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 five years of service who become 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. Members joining the system after July 1, 1979, become vested after five 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, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Anderson County 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 County's retirement programs, please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the County attached herein.

## **UNFUNDED ACCRUED LIABILITY FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

The Anderson County School Department participates in the state-administered Local Education 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 Section 8-27-302, Tennessee Code Annotated (TCA). Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the 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's website at <http://tn.gov/finance/act/cafr.html>.

For more information, see the Notes to the General Purpose Financial Statements located herein.

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