

Roane County 2013 Annual Debt Report

Executive Summary #11a
September 7, 2012



Objectives of Report

- Comply with Roane County Debt Management Policy
- Enhance decision-making process
- Provide transparency
- Identify all estimated expenditures of principal, interest, and annual costs associated with the issuance of debt



Methodology for Report

- Obtain most recent Annual Audit
- Create an updated schedule of changes to include any new debt issuances and related expenditures incurred since the audit
- Create a multi-year budget for each debt service fund
- Graph multi-year budgets
- Graph property tax pennies needed to support budgets
- Graph a series of benchmarks compared to Roane County's data



Schedule of Debt Payments

By fund: Reflects the principal and interest that will be paid out during Fiscal Year 2013.

By Purpose: Reflects the principal and interest that will be paid out according to the purpose for indebtedness.

Debt Payments by Fund

Debt Service by Fund as of 6/30/13

	Principal	Interest	Total
• General Debt Service 151	\$1,740,681	\$1,358,258	\$3,098,939
• Rural Debt Service 152	1,150,000	612,165	1,762,165
• Education Debt Service 156	260,000	76,873	336,873
• Wastewater 204	39,671	87,345	127,016
• General Purpose School 141	59,724	-	59,724
• Total Debt Service	3,250,076	2,134,641	5,384,717

Debt Payments by Purpose

Indebtedness by Purpose as of 6/30/13

	Principal	Interest	Total
• General	\$1,615,000	\$735,051	\$2,380,051
• Roads and Bridges	100,000	30,894	130,894
• Industrial Development	25,681	138,788	164,469
• Schools	1,469,724	689,038	2,199,038
• Sewer lines	39,671	87,345	127,016
• Roane County Jail	-	453,525	453,525
Total Debt Service	3,250,076	2,134,641	5,384,717



Outstanding Net Debt

Net Debt is the difference in outstanding debt principal less all available fund balance.

This calculation shows how much debt would remain if all available fund balances were applied to the County's outstanding debt.

To calculate net debt:

Total Outstanding Principal-Fund Balance=Net Debt

Calculations show the net debt figures as of 6/30/12 and 6/30/13

Outstanding Net Debt Amount 6/30/12

	Total	151	152	156
• Total Outstanding Principal	51,911,154	35,546,154	14,285,000	2,080,000
• Fund Balance	5,478,485	2,458,884	2,197,412	822,189
• Net Debt	46,432,669	33,087,270	12,087,588	1,257,812

Outstanding Net Debt Amount 6/30/13

	Total	151	152	156
• Total Outstanding Principal	51,196,561	36,241,561	13,135,000	1,820,000
• Fund Balance	5,227,642	2,644,802	1,854,024	728,816
• Net Debt	45,968,919	33,596,759	11,280,976	1,091,184



Benchmark Comparisons

Benchmarking allows Roane County to compare current debt levels to national and local goals. By using national benchmarks and local goals it is easier to see where improvements need to be made.

Using the benchmarks as a guide the county commission and budget committee will work to ensure that the debt load of the county will not overwhelm the taxpayers, nor push the expense onto future generations.

Data for Benchmarking

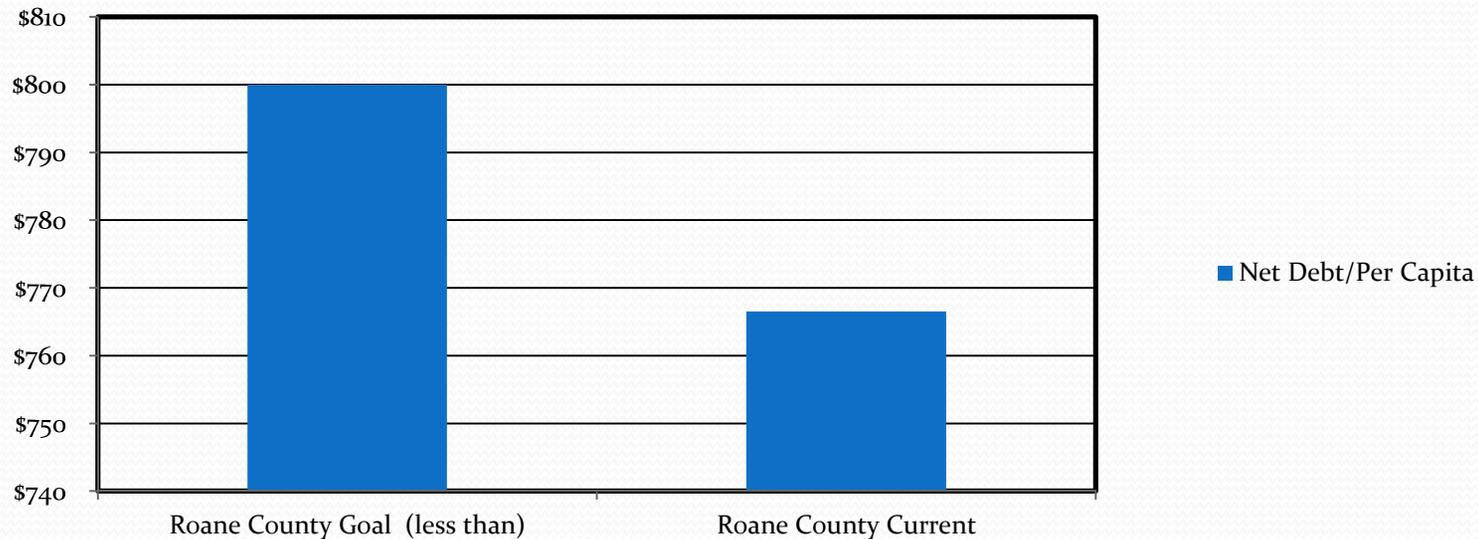
• Assessed Value of Property	6/30/12	\$1,259,564,318
• Per Capita Income	2008	\$32,260
• Population	2010	54,181
• Total Govt Expenditure Budget	7/1/12	\$94,439,752
• Debt Expenditure Budget	7/1/12	\$5,417,938

Benchmark Calculations 6/30/13

	National Benchmark	Goal	Roane County
Net Debt/per Capita		\$800	\$767
Total Debt/per Capita	\$1,200	\$800	\$945
Net Debt/Assessed Property Value		<10%	3.30%
Debt as % of Personal Income		<15%	2.93%
Ratio of Total Debt Exp/Total Oper Exp		< 5%	5.74%

Net Debt/per Capita

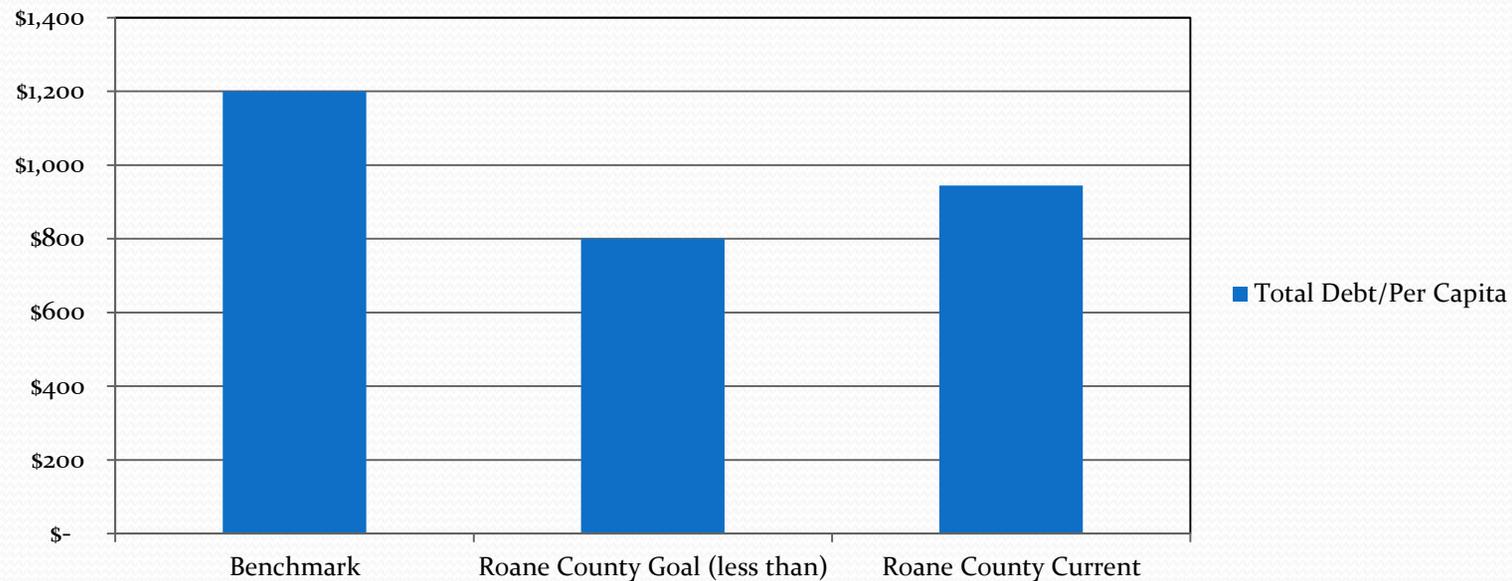
Net Debt/Per Capita



Net debt divided by the County's population gives us the dollar value of the outstanding debt in relation to each citizen of the County. Simply, if every citizen of Roane County handed over to the County an additional \$940, it would pay off all of the outstanding debt principal.

Total Debt/per Capita

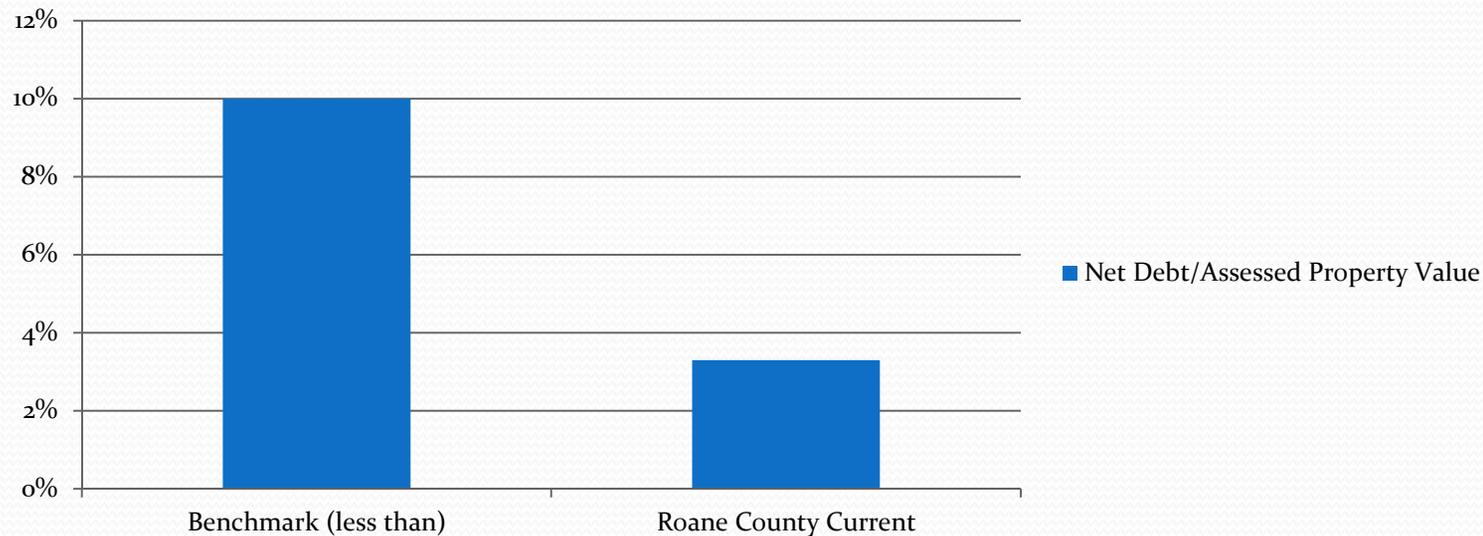
Total Debt/Per Capita



Total Debt Per Capita shows how much outstanding principal in debt the County owes in relation to the total population of the County. It is the goal of Roane County to have less than \$800 principal indebtedness per citizen.

Net Debt/Assessed Property Value

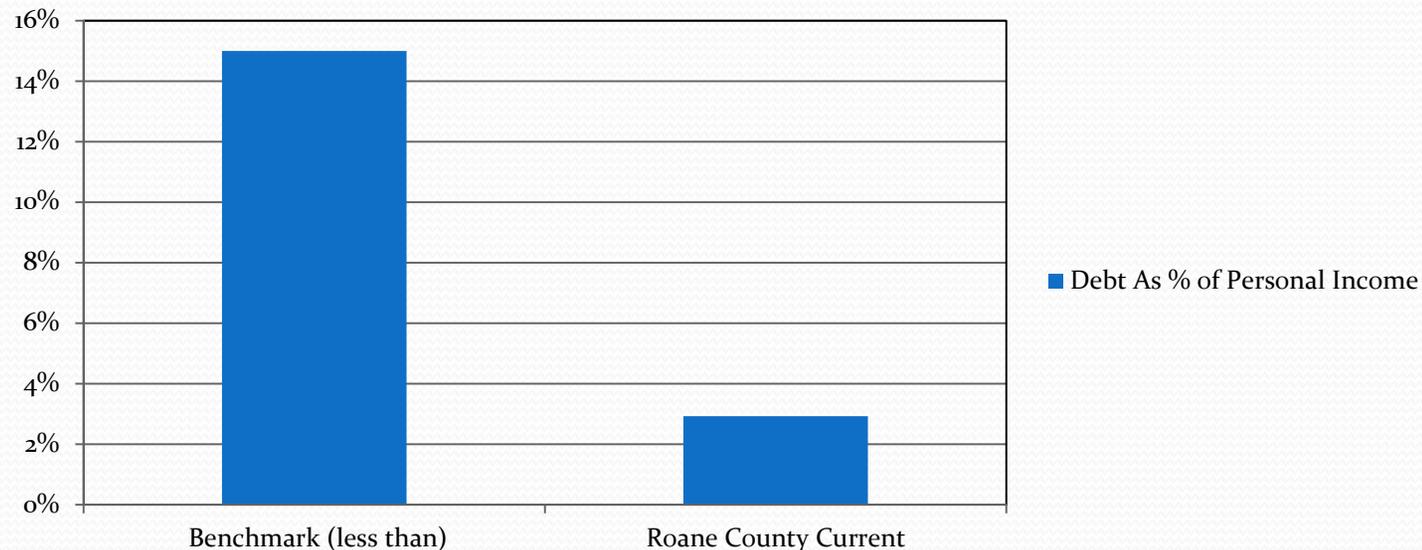
Net Debt/Assessed Property Value



Net Debt divided by the Assessed Property Value gives a measurement of how much debt exists in relation to the ultimate tax base that must support that debt. The larger the percentage, the higher the tax rate associated with debt must be. It is the intent of Roane County to be well below the benchmark of 10%.

Debt as % of Personal Income

Debt As % of Personal Income



Debt as % of personal income is used as an estimate to see how the county's debt load can be spread out among the residents in relation to some known benchmark. This figure is the per capita income of a Roane County citizen divided by the debt load of the county per citizen.

Other Ratios

Total Debt Expenditures as a Percentage of Total Operational Expenditures

The 2013 Budget adopted July 9, 2012 reflected the following:

Total Debt Expenditures:	\$5,417,938
Total Operational Expenditures:	<u>\$94,439,752</u>
% of Operational Costs Related to Debt:	5.74%



General Debt Service Fund-151

The purpose of this fund is to pay the general debt obligation of Roane County which may also include school debt.

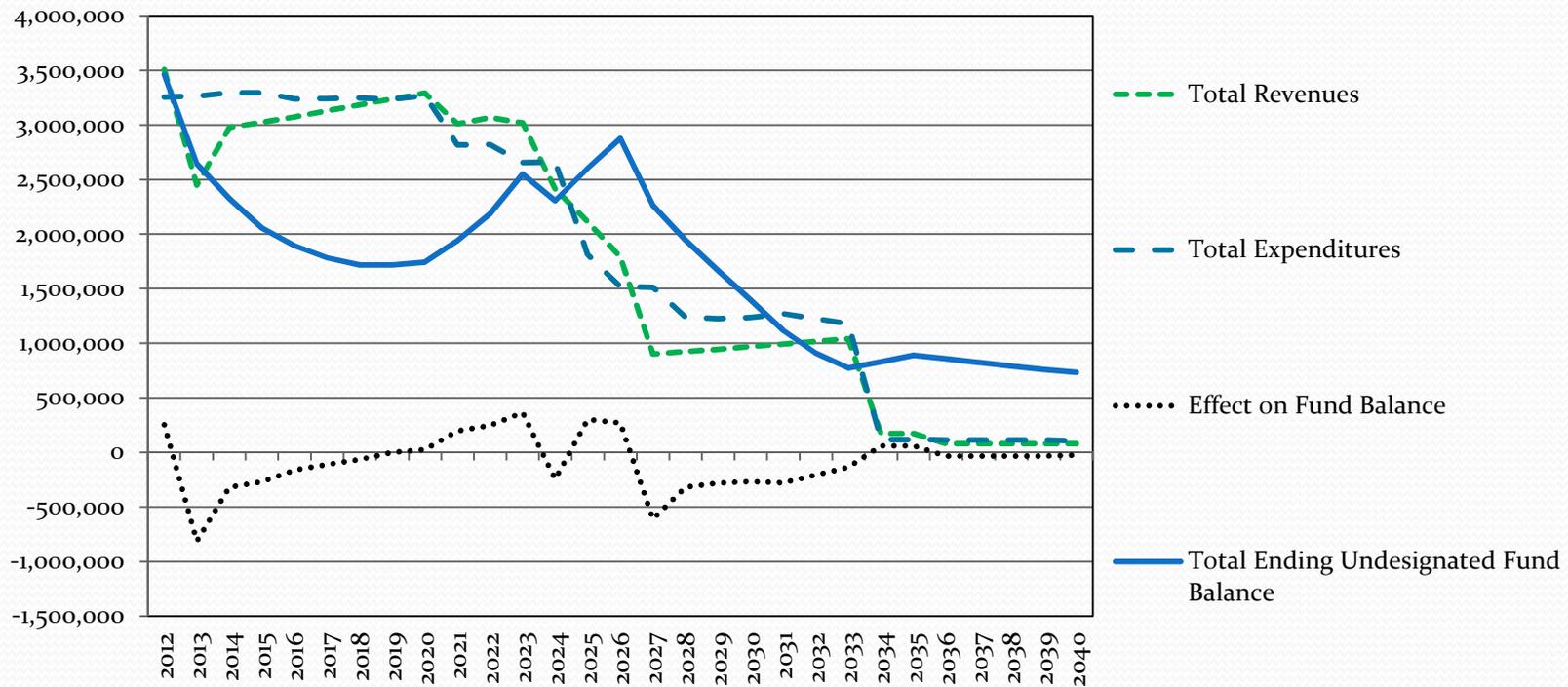
A multi-year budget has been prepared which includes current principal and interest payments to be paid from Fund 151.

Revenues are estimated and based on anticipated growth in property tax along with adjustments in the number of property tax pennies needed to support the budget and comply with the County's Fund Balance Policy.

This fund is supported by a countywide property tax that all residents of Roane County pay.

Multi-year Debt Budget-151

Multi-year Debt Budget for 151 General Debt Service





Rural Debt Service Fund-152

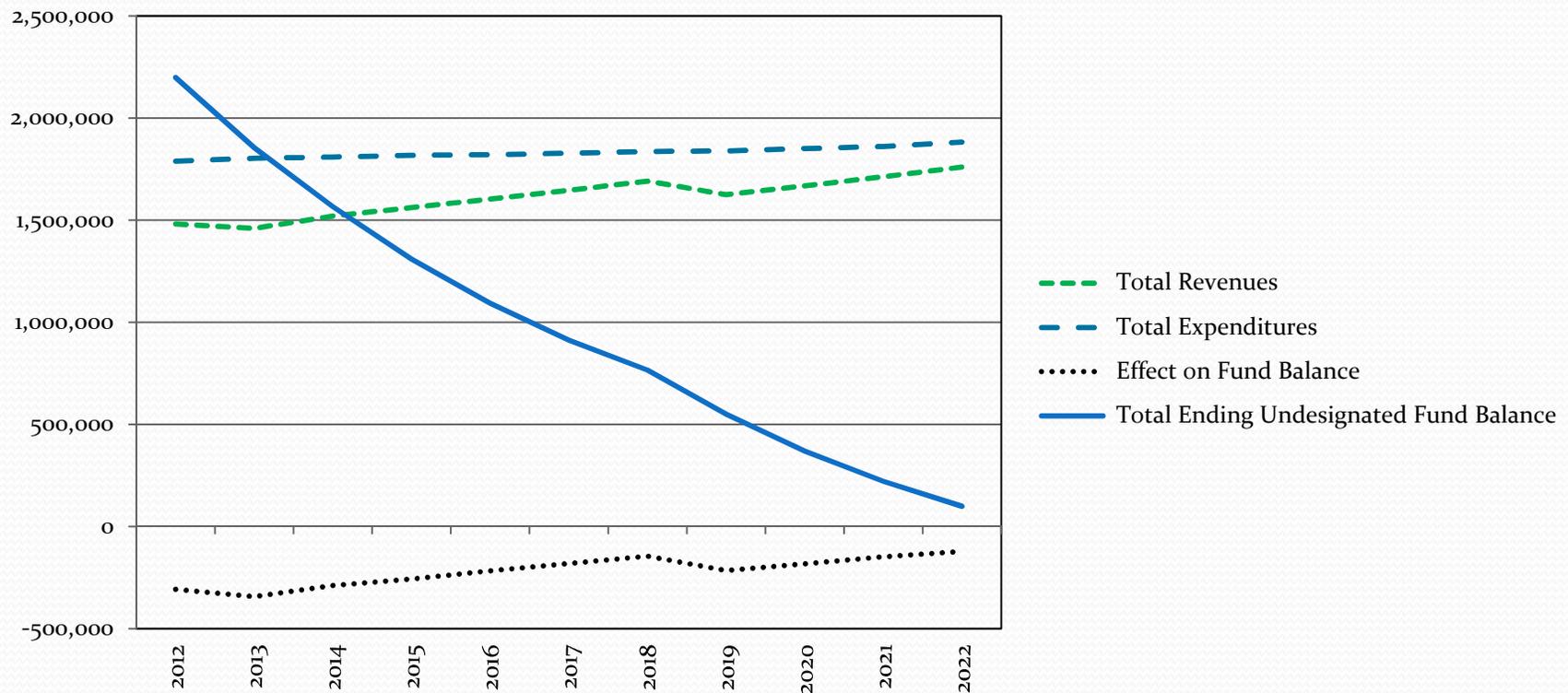
This fund was established to pay school debt issued before Harriman City Schools merged with the County School System. Therefore, only residents outside of Harriman and Oak Ridge pay the property tax that supports this fund. No future debt will be paid out of this fund. This fund will close in 2022.

As with the General Debt Service Fund, a multi-year budget has been prepared which includes all current principal and interest payments to be paid from the Rural Debt Service Fund.

Revenues are estimated and calculated based on a projected growth property tax, along with adjustments in the number of property tax pennies needed to support the budget and comply with the County's Fund Balance Policy.

Multi-year Debt Budget-152

**Multi-year Debt Budget for
Fund 152 Rural Debt Service**





Education Debt Service Fund-156

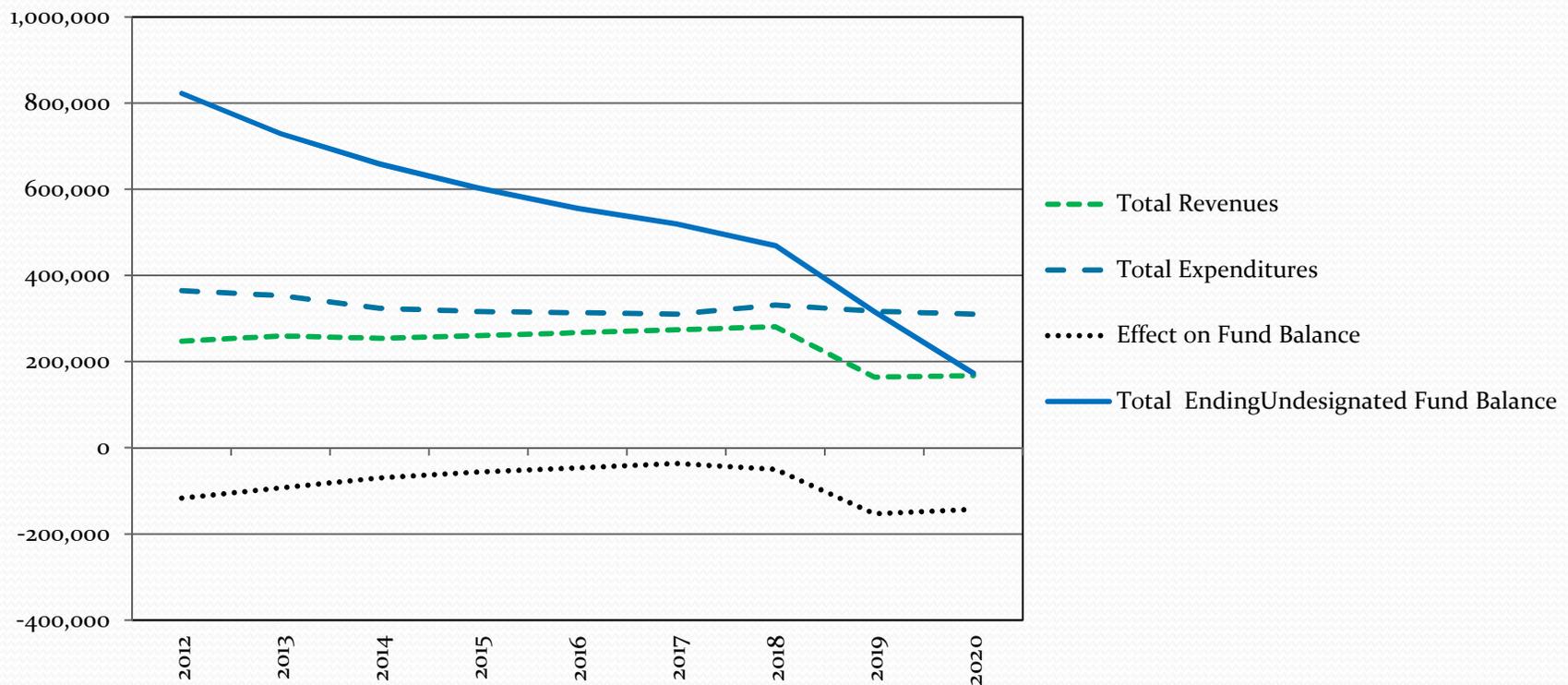
The purpose of this fund is to pay for Education Debt issued since the merger of the Harriman City Schools. No residents in the Roane County portion of Oak Ridge City are being taxed to pay for the indebtedness.

As with both the General Debt Service Fund and Rural Debt Service Fund, a multi-year budget has been created which includes all current principal and interest payments to be paid from the Education Debt Service Fund.

Revenues are estimated and calculated based on a projected growth in property tax along with adjustments in the number of property tax pennies needed to support the budget and comply with the County's Fund Balance Policy.

Multi-year Debt Budget-156

Multi-year Debt Budget for 156 Education Debt Service Fund



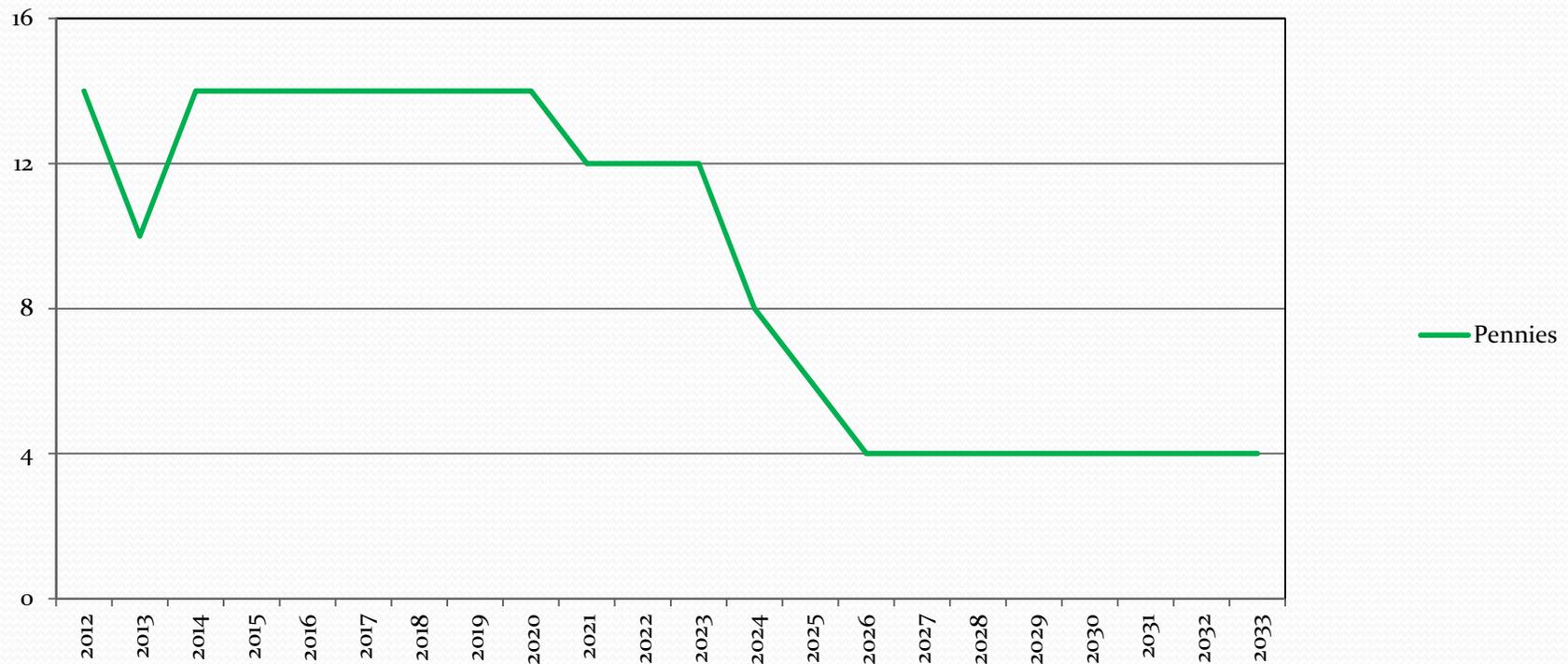


Penny Graphs

The penny graphs show the number of property tax pennies needed to support the annual multi-year budget of each Debt Service Fund. The final graph reflects the total number of property tax pennies needed to support all of Roane County's current debt obligations.

Penny Graphs

151 General Debt Service Fund Property Tax Pennies Needed to Support Annual Multi-Year Budget



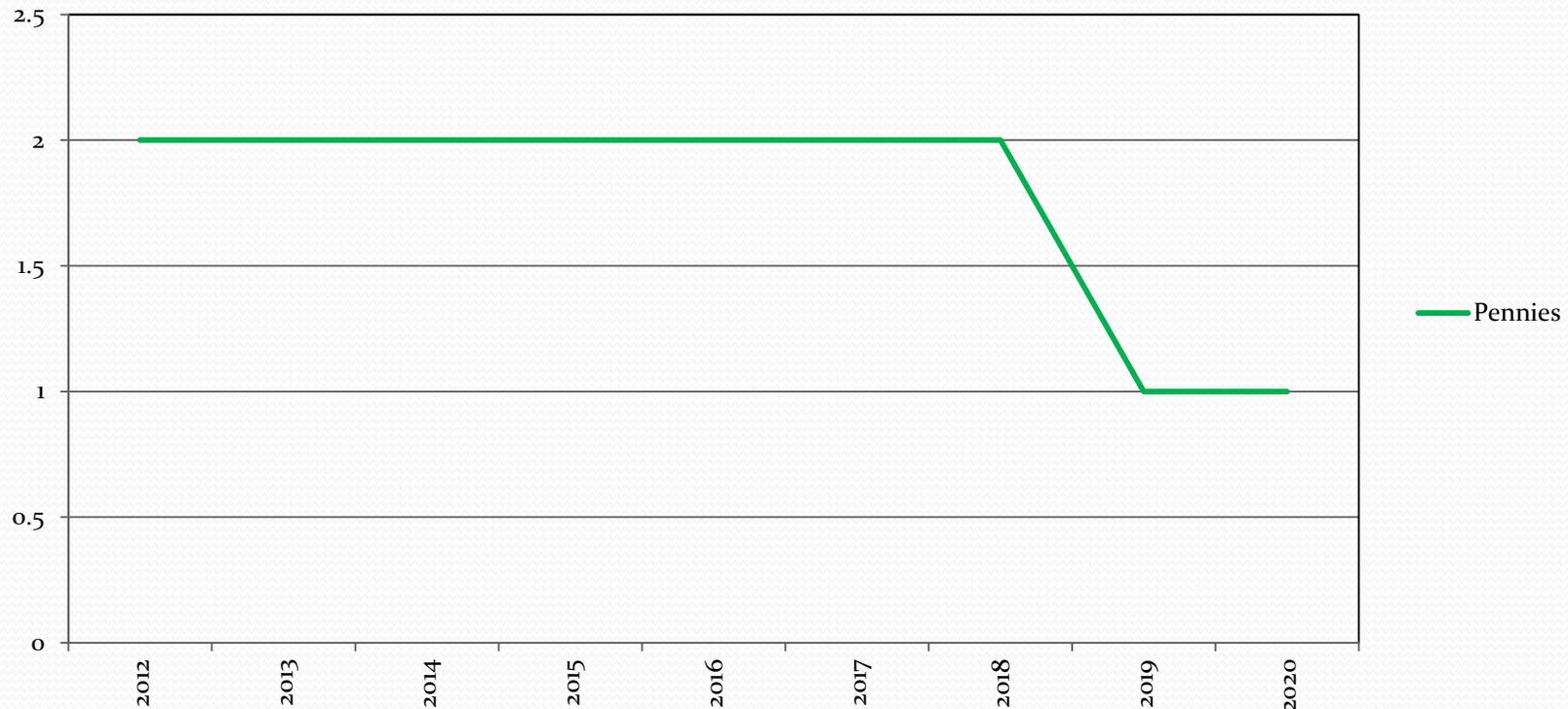
Penny Graphs (cont.)

152 Rural Debt Service Fund Property Tax Pennies Needed to Support Annual Multi-Year Budget



Penny Graphs (cont.)

156 Education Debt Service Fund Property Tax Pennies Needed to Support Annual Multi-Year Budget



Penny Graphs (cont.)

Combined Debt Service Funds Property Tax Pennies Needed to Support Annual Multi-Year Budget

